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Inventory Benchmarking Vertical Sector Trends - Market Report

A critical benchmark for inventory management.

Inventory Benchmarking Vertical Sector Trends compares many of the world's leading manufacturers and retailers against key financial supply chain metrics.

In particular it:

- Defines the key ratios available from financial disclosures
- Conducts a by-industry vertical sector analysis of inventory management and benchmarking data for the high tech, automotive, retail, pharmaceutical, fashion and consumer goods industries
- Examines the supply chain and inventory management strategies of selected blue chip companies with reference to these benchmarks
- Where available, examines the different types of inventory held by these companies and how these have changed
- Compares and contrasts the performance of these companies.

This report contains:

- Inventory management strategies across key vertical sectors
- Supply chain strategies of the most influential manufacturers and retailers
- Analysis of supply chain performance by key ratios available from financial disclosures
- Compares inventory management performance by core benchmarks
- Exclusive access to an online data pack with interactive charts, tables and downloadable data.

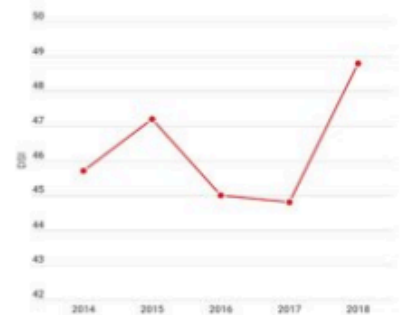
A sneak preview

3 Retail Amazon

- Providing a meaningful measure of Amazon's inventory management is not straightforward due to the diversified nature of the company.
- Cost of sales primarily consists of the purchase price of consumer products, digital media content costs, including video and music, packaging supplies, sortation and delivery centres and related equipment costs, and inbound and outbound shipping costs, including where Amazon is the transportation service provider.
- Third-party sellers maintain ownership of their inventory, regardless of whether fulfilment is provided by Amazon or the third-party sellers, and therefore these products are not included in Amazon's inventories.
- As the chart shows in 2018 there was a sharp rise in Amazon's DSI. In fact this data may understate the DSI, as the intangible part of Amazon's business is growing faster than that related to its physical retailing division.
- This means that whilst intangible sales are

driving up Cost of Sales, inventory levels will not rise as quickly, showing a lower DSI than would be the case if intangibles were separated out from Cost of Sales.

Figure 30 Amazon – DSI



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3.1 Retail: Department Stores

- The figures in the tables show the DSI level for Department Stores.
- It should be noted that there are limitations when evaluating this data. Despite operating large department stores, John Lewis in partnership with Waitrose, M&S and Sears all have significant operations in food & drink.
- Waitrose and M&S Food generate around 65% of revenue for their respective companies. (Considering only the cost of sales and inventory of M&S's Clothing & Home operations, gives a DSI figure of 127.2 days for 2017.)
- Due to the perishable nature of the goods, grocery retailers tend to have a lower days of inventory figure as stock needs to be shifted more quickly. Therefore, it is difficult to compare these companies against more traditional department store retailers.

Figure 32 Retail: Department Stores – Average DSI

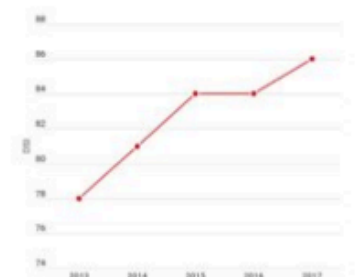


Table 7 Retail: Department Stores- Rankings of companies operating with the lowest DSI

Company	Rank	2013 DSI	Rank	2017 DSI
H2O Retailing Corporation	2	14.1	1	19.6
Isetan Mitsukoshi Holdings	3	21.7	2	22.6
Takashimaya	4	14.1	3	24.5
John Lewis	5	32.4	4	34.4
Marks & Spencer	7	45.7	5	42.2
J. Front Retailing	1	12.3	6	48.4
Debenhams	9	63.9	7	56.8
Woolworths	6	43.8	8	63.0
Next	8	52.4	9	63.6
Nordstrom	10	68.2	10	72.4

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Have a question? Contact Michael Clover mclover@ti-insight.com or call +44 (0)1666 519907 for more information or visit the report page: <https://www.ti-insight.com/product/inventory-benchmarking-vertical-sector-trends/>

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“Despite the textbooks telling us that inventory reduction should be the main goal for supply chain managers, the present market environment requires a far more sophisticated approach, balancing a range of important objectives”.

John Manners-Bell, Co-Author

Do you need to benchmark and optimize your own inventory strategy?



Ti Consultancy can help benchmark and optimize your inventory management and supply chain strategy.

Our team of consultants is made up of professionals with many years of experience working in their particular sector to optimize supply chain strategy.

To speak to one of our industry experts please contact Michael Clover mclover@ti-insight.com who will be happy to connect you with one of our consultancy teams.

Have a question? Contact Michael Clover mclover@ti-insight.com or call +44 (0)1666 519907 for more information or visit the report page: <https://www.ti-insight.com/product/inventory-benchmarking-vertical-sector-trends/>