



Liquidating Surplus Inventory:

7 Smart Ways to Get Rid of Excess Stock



Table of contents.

01	Refresh, re-merchandise, or remarket	2
02	Discount the items (but be strategic about it).....	4
03	Bundle items.....	5
04	Offer them as freebies or incentives	6
05	See if you can return or exchange them.....	7
06	Sell them on online marketplaces or to liquidation companies.....	8
07	Donate - then take advantage of tax and marketing opportunities	9
08	Final words	10



Introduction.

Having too much stock on hand is pretty high up on the list of no-nos for retailers. In addition to taking up precious backroom or shelf space, surplus stock ties up capital and can keep you from reinvesting in your business or buying things you actually need.

If you're sitting on excess stock, fret not. Here are 7 proven tips for getting rid of surplus inventory.

01

Refresh, re-merchandise, or remarket.

When an item isn't selling, the problem might not be the product itself. In some cases, the issue may lie in how you're marketing or positioning the merchandise.

Here are a few steps to improve the performance of your slow-moving stock:

- **Reposition the products in your store.** Put them in a different area in the shop, or switch up their shelf arrangements. Make them look new and fresh for your staff and customers, who may not have even seen the items in the previous location.
- **Remarket them online.** Take new photographs, and publish a blog post telling people about the advantages of the products.
- **Retrain your associates.** Refresh the attitude of your staff. Maybe they don't like the product or are unsure about how to sell it. If this is the case, it's time to retrain them.

A word of caution: while remarketing a product can pay off, it may require you to shell out funds.

Fashion retailer Vanessa Cooreman Smith of Flourish Boutique warns that retailers should be smart when implementing such tactics. A marketing refresh “can increase your cost in the item, so be careful. But if you have an item that you think could be a good seller, and your current images or marketing efforts aren't doing it justice, then this can be a good strategy.”



02

Discount the items (but be strategic about it).

A strategic discount could be just the thing to get people to buy. Here are some tips to implement your offers:

- **Discount in increments.** Start with a low discount, then continue to increase it if the item still doesn't sell.
- **Have a sale event.** Kick things into high gear by turning it into a flash sale. Make a bigger splash by turning it into a sale "event."

"Twice a year, we have a big overstock sale — where we encourage a doorbuster mentality and discount things as deeply as we can to free up our capital for new items." - Vanessa Cooreman Smith, Flourish Boutique

Some notes on sales:

- **Wisely time and implement your sale events.** If you hold sales too often, they can lose their allure. Too-frequent sales can also train customers to hold off on buying from you until you discount your items.
- **Collect information from new customers.** Add them to your loyalty program or email list so you can alert them when you have new (and more profitable) items in your store.

03

Bundle items.

Consider grouping certain products together and selling them for a slightly lower price than if bought separately. This'll allow you to move merchandise without having to take such a big hit on your profits.

Try the following bundle methods:

- **Bundle multiple units of the same item.** Group several units of the same product, and sell them as a package.

Example: if you want to move merchandise that comes in multiple colors, bundle them together to see if they sell faster.

- **Bundle complementary products.** Does the surplus stock complement any other items in your store? Add value to both products (and potentially sell them more quickly) by bundling them together.

Example: Offer free pacifiers for every baby bottle sold.

- **Bundle your slow-moving merchandise with faster-moving ones.** If an item isn't moving as quickly as you'd like, see if you can pair it with a product that has a faster sell-through rate.

Example: T-We Tea, a San Francisco-based retailer that sells house-made teas and accessories, noticed that their low-margin items (such as tea accessories) were moving faster than their high-margin ones (house-made teas). They opted to group them together at a slightly lower price — and as a result, they were able to move products faster while maximizing profits at the same time.

04

Offer them as freebies or incentives.

This tactic works best for low-cost items. If a product is tough to sell, use it as a giveaway or incentive instead. Here's how:

- **Offer it as a "bribe."** Use the product to get people to sign up for your mailing list or to increase their basket size (e.g. "Spend \$50 and get a free bag!").
- **Use it as a giveaway.** This is one of the tactics that Flourish Boutique implements in their stores if they find that a particular item is a "dud" but doesn't have such a high cost. "We'll use it as a freebie or giveaway in event swag bags."

05

See if you can return or exchange them.

"When possible, return the merchandise to your vendor in exchange for credit or new merchandise," adds retail management consultant Judy Crockett. **"If they sold you a dog or if the product simply was wrong for your market, make a case for returning it. Just be sure you're keeping the merchandise undamaged and in fresh packaging. Your vendor wants to keep you as a customer. Use that relationship to your advantage."**

If you have a great relationship with your vendors, definitely explore this option. Just look at what Miami luxury men's boutique OFY is doing. According to owner Ofir Farahan, OFY works with their vendors to swap merchandise when certain styles aren't selling.

"We've developed strong relationships with our vendors who will allow swaps," he says. **"They don't want products sitting on the floor for so long, and obviously we don't either. So we work hand-in-hand to try to find a way out."**



06

Sell them on online marketplaces or to liquidation companies.

- Try to sell the items on sites like eBay, Amazon, or Etsy.
- Go the liquidation-company route, and just sell your surplus inventory to organizations that specialize in taking stock out of merchants' hands. Do note that these companies may cherry-pick items and will buy merchandise at much lower price points, so you likely won't see any profits with this method.

07

Donate - then take advantage of tax and marketing opportunities.

One other option? Donate your surplus inventory to charity, and get some tax deductions and PR opportunities as a result.

- Research how these deductions work in your state or country, then start giving what you can.
- According to Gary C. Smith, President of NAEIR.org (a gifts-in-kind organization that provides free merchandise to non-profits, schools, and churches), businesses in the United States “**can earn a federal income tax deduction under Section 170 (e)(3) of the U.S. Internal Revenue Code.**”
- See if there's a story you can pitch to the media. It's not just about taxes, though. Amy Kilvington, a Marketing Executive at Interior Goods Direct, says that donating your merchandise can also have a PR benefit.
- “**We recently worked with Dog's Trust [the UK's largest dog welfare charity] to donate and make products for them out of our materials. It's been great PR for us.**”

Final words.

Hopefully this handout gives you some ideas on how to unload your surplus stock. But remember: the best way to deal with excess inventory is to avoid having it in the first place.

Stay on top of your inventory data, and pay close attention to how stock is moving in your store. This will help you forecast demand and plan accordingly.

Need a tool to help you stay on top of your inventory? [Vend's powerful inventory management features](#) can help you improve efficiency, gain visibility into your stock, and automate your hardest jobs — so you always have the right amount of merchandise at the right time.



About Vend

Vend is a cloud-based retail software platform that enables retailers to accept payments, manage their inventories, reward customer loyalty and garner insights into their business in real time. Vend is simple to set up, works with a wide range of point of sale devices and operates on any web-capable device with a browser.

Whether it's simplifying the inventory process, cutting 30 minutes from their end-of-day bookkeeping or making it simpler for them to sell their products on multiple channels, Vend's mission is to make retailers' lives easier.

With Vend, retailers are able to focus less on transaction and inventory concerns and more on creating that relationship with their customers. Vend aims to empower merchants by putting the right data and tools into retailers' hands and enabling them to do things themselves – and succeed.



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