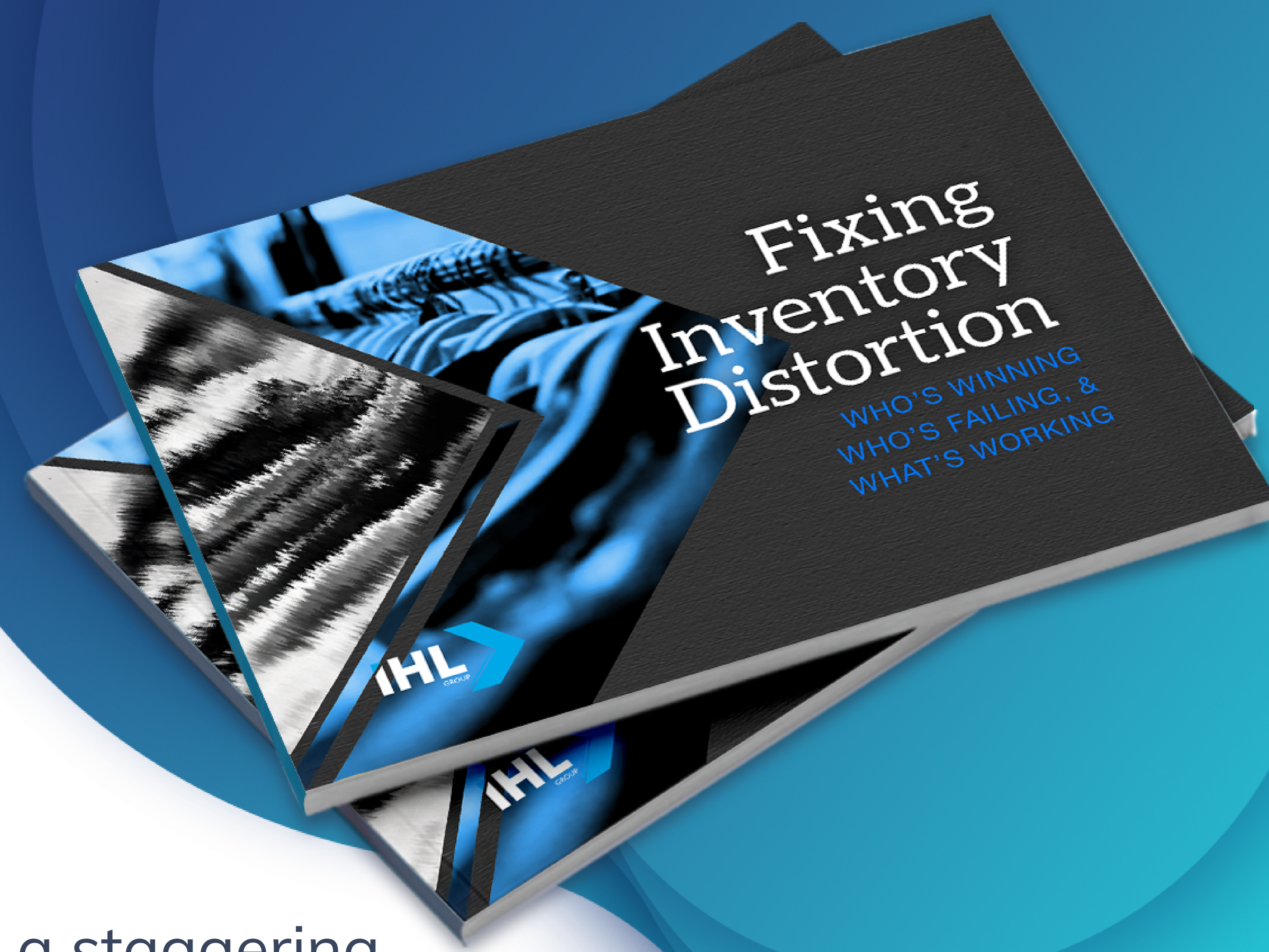
The $1.73 Trillion Planning Crisis

Global Inventory Distortion: The Hidden Threat to Retail Profitability



While retailers invest billions in digital transformation, a staggering $1.73 trillion vanishes annually through inventory distortion — revealing fragmented retail planning processes that fail to align assortments, inventory, and demand. This breakdown drains 6.5% of global retail sales, with two-thirds lost to out-of-stocks when customers leave empty-handed, and one-third to overstocks requiring deep discounts. The solution lies in unified planning platforms that turn fragmentation into competitive advantage.

$1.73T
Annual Global Inventory Distortion Cost

66.9%
$1.16 Trillion
Out-of-Stocks
Lost Sales

33.1%
$572 Billion
Overstocks
Markdown Losses

= **6.5%** of Global Retail Sales **OR** South Korea's **Entire GDP**

Global Impact by Region

APAC	EMEA	North America	LATAM
37%	**28%**	**24%**	**10%**
$642B	**$491B**	**$415B**	**$180B**
Largest absolute losses	Best improvement: -31.1%	Theft & Tariff challenges	Highest rate: 7.9% of sales

Where the Money Goes

Out-of-Stock Drivers

Empty shelves	**$690.9B**
Service failures	**$165.6B**
Location issues	**$145.2B**
Price mismatches	**$77.4B**

Overstock Drivers

Supplier issues	**$198.0B**
Planning failures	**$148.8B**
Spoilage/waste	**$100.7B**
Personnel issues	**$59.5B**

The Enterprise Planning Platform Solution

Retailers achieving superior performance share three characteristics: unified data platforms, integrated AI-driven forecasting, and continuous scenario planning capabilities. **95%+** Inventory Accuracy Achievable

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Source: IHL Group Inventory Distortion Study 2025