What is Stock Keeping Unit

Learn everything there is to know!

Primaseller

An SKU (Stock Keeping Unit) is a particular type of item for sale, and defines all attributes associated with the item, such as manufacturer, description, material, size, color, packaging, warranty terms, etc.

An SKU code is also called product code, part number or MPN (Maunfacturer's Part Number).

A retailer can either choose an SKU code that is convenient for him to understand and use, or, he can use the same SKU code that the supplier he bought from, had given to the product.

Is it OK to use the barcode as my SKU code?

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A barcode is the graphical representation of a number, or a combination of letters and numbers.

Many sellers use barcodes as their SKU codes. This is not a recommended practice, because an SKU code, unlike a bar code, can easily be understood by humans. It is impossible to immediately identify a product by looking at the barcode, as they are just a few numbers and letters. The seller will have to scan the barcode using a barcode scanner, or look it up from the barcode database. This is a waste of time.

Why should I use SKU codes for my products?

The main purpose of giving SKU codes to your products is to obtain accurate inventory results, as they will help you have an extremely reliable and organized database.
Any minute error in your inventory details and specifications could create big time loss for you. So, having an efficient and consistent set of data is imperative.

Let's look at an example. Suppose you have 3 Levis shirts of large, medium and small size in your stock. Each variation of the Levis shirt should have its own SKU code.

You can group them together in your store based on the different sizes and colors. But, you might have 30 Levis large shirts in blue color. So, whenever a large blue shirt is sold, unless you have a specific SKU code to that shirt, you will be confused about which large blue shirt was sold. So, unless you have SKU codes to identify each and every one of your product, you will not get reliable inventory details.

Multichannel sales scenario

If you are a seller selling on multiple channels, for example, a retail store, a Magento store and Amazon marketplace, you must make sure that you give proper SKU codes to your products. This is because when you are integrating all these channels, in order to identify which product you sold on which sales channel, different SKU codes help.

B2B scenario

When you are selling products to a retailer, he can either use the same SKU codes as yours, or he can give the products, SKU codes of his choice. The only thing to be kept in mind is that either you should know what SKU code your customer (i.e., the retailer) is using or, he should know what SKU code you are using for that particular product and co-ordinate accordingly.

How to choose an SKU code for my product?

- It is advisable to not use your supplier's SKU code. Create one for yourself. This will be easier because more than one of your suppliers might use the same SKU code for different products. So, this might ultimately end up in a lot of confusion. Apart from this, suppose you switch to another supplier at another point of time. Then, you might have to change the SKU code again. This should be avoided.

- It is ideal to use an SKU code with 4-12 characters.
- Do not start the SKU code with a '0'.
- Do not use characters that could confuse people or software.
- Choosing an SKU code differs from business to business.

For example, a seller doing business with apparels will have SKUs very different from a seller doing business with fashion accessories like earrings, bracelets, etc.

If you are selling a black Polo Tee-shirt of shoulder size 34, then a good SKU code for this can be PO-TS-34-BK

PO – represents that the brand is Polo, TS – represents Tee shirt, 34 – shoulder size, BK – represents the color black.

Every SKU code has to be chosen with the right logic. This will help you in quickly understanding the products as soon as one comes across the SKU code. It is extremely important for accurately tracking your inventory, and thus avoiding losses.

Primaseller is an inventory management software that helps retailers manage inventory and process orders across different channels of sale. We help them in integrating all their offline and online channels of sale like Magento, Shopify, Amazon, eBay, Flipkart, etc. This helps sellers save a lot of time that they spend managing inventory at multiple places.