Architecture
Image Studies

Vol.7, Issue 1, pp.217-228, 2026
DOI: https://doi.org/10.62754/ais.v7i1.826

https://journals.ap2.pt/index.php/ais/index

Factor Influencing Inventory Management on Minimizing Cost with Reference Through Business Analysis in Amazon India: Case Study

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Abstract

A key concern for global manufacturers today is reducing inventory and inventory driven costs across their supply and distribution networks. Pressure to cut inventories continues to build for several reasons. Manufacturers no longer manage linear or stable supply chains. They juggle vast supply networks. Globalization of the supply network and supply base drive higher inventories and make cutting inventory more difficult. Globalization among consumers is putting pressure on product availability, prompting manufacturers, distributors and retailers to upgrade their stock keeping policies. Emerging market consumers are becoming as demanding as those in developed markets. These challenges are exacerbated by manufacturers' own product development decisions. The drive to innovate and increase the rate of new product introductions leads to high rates of new technology adoption for next generation products, putting enormous pressure on inventory management across extended supply chains. In this context, manufacturers have difficulty reducing inventory with traditional or even advanced inventory management techniques. Today's global manufacturers have largely hit limitations in leveraging material requirements planning and management processes and systems to cut inventories. Even advanced inventory management techniques, such as sales and operations planning or developing demand-pull replenishment systems with suppliers, have been either embraced or found to deliver less impact on overall inventory reduction than anticipated. In the last few years, a new paradigm has emerged: where one finds operations teams and planning teams of the manufacturer applying the latest techniques and technologies to improve inventory visibility, control and management across the extended supply network.

Keywords: *Inventory Reduction, Sustainable Supply Chains, Inventory Costs, Product Availability, Technology Adoption, Inventory Management Challenges.*

Submitted: 29 Jun 2025 **Revised:** 8 Dec 2025 **Accepted:** 16 Dec 2025 **Published:** 4 Jan 2026

Introduction

The worldwide spread of e-commerce, driven primarily by digitalization and cross-border online retailing, has significantly elevated the importance of efficient inventory management as a key factor in business competitiveness. The scope of inventory management has expanded beyond mere product tracking and storage to a sophisticated, technology-driven process that includes forecasting, automation, real-time visibility, and data analytics to ensure that stock is maintained at the appropriate level.

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In situations where companies experience fluctuating customer demand, shortened product life cycles, and increased customer expectations for fast delivery, advanced inventory systems are the primary tool for businesses to achieve strong operational performance, cost efficiency, and customer satisfaction (Uniserve, 2025; Mordor Intelligence, 2025; Mohammad et al., 2025a). Today's inventory management solutions are equipped with automated storage technologies, cloud-based synchronization, AI-driven demand forecasting, and real-time analytics, which can help to prevent overstocking, reduce stockouts, and ensure the smooth running of operations in different markets and channels.

Worldwide industry reports provide evidence of the rapid adoption of inventory management technologies. According to the 2024 Economic Times Logistics Report, the global inventory management system market, estimated at USD 2.76 billion in 2025, is projected to reach USD 3.89 billion by 2030, with a compound annual growth rate (CAGR) of 7.1%. This expansion indicates a shift from classical stock control, which is reactive, to predictive, data-driven inventory orchestration. The rising complexity of the supply chain is the primary reason holding costs are increasing, as regulations are becoming stricter. For example, the growing demand for real-time monitoring of supply chain emissions is further increasing the need for advanced systems. With the growth of omnichannel retail worldwide, companies are experiencing an unprecedented proliferation of SKUs and volatility in consumer purchasing patterns, which, in turn, require inventory systems to be more accurate, scalable, and capable of synchronizing operations (Fortune Business Insights, 2024; Mohammad et al., 2025b).

Amid this global situation, Amazon has become a leader in inventory management innovation. The Amazon ecosystem is a clear example of how data analytics, artificial intelligence, and automation can be used to revolutionize inventory processes, from demand forecasting to replenishment planning, across the end-to-end supply chain. The company's implementation of machine learning algorithms for sales velocity prediction, real-time inventory aging dashboards, and consolidated multi-channel systems contributes to the creation of lean and adaptive operational environments (Amazon/Scribd, 2025). Just-in-time (JIT) ordering, ABC classification, and FSN analysis, among other methods, help Amazon focus on increasing sales, reducing investment in non-moving stock, and maintaining fast fulfillment cycles (MACFAST, 2022; Mohammad et al., 2025c). Not only do these methodologies enhance warehouse efficiency, but they also support Amazon's core business strategy of providing customers with fast, low-cost, and reliable delivery.

Nevertheless, Amazon India is a salient example of a complex and dynamic environment for inventory management. India's e-commerce market is highly volatile in terms of demand and is characterized by regional diversity and consumer preferences shaped by cultural, seasonal, and festival-related purchasing patterns (PayGlocal, 2025). While developed markets have stable logistics infrastructure, India faces challenges such as fragmented transportation networks, less reliable last-mile connectivity, and fluctuating lead times across regions (HSA Tutoring, 2024; Elmobayed et al., 2024). Handling the vast range of products sold by thousands of sellers requires Amazon India to be highly accurate, responsive, and technologically adaptable. The complexity does not stop here; it increases further when rural market expansion, infrastructure inconsistencies, and ongoing inventory realignment across fulfillment centers are considered.

As a result, Amazon India follows a highly localized version of global best practices. Real-time automation in the warehouse helps reduce human errors during scanning, picking, and packing. At the same time, AI-based forecasting models can forecast demand at very detailed geographic and specific category levels (Scribd/Amazon India, 2025; Mohammad et al., 2025d). The ABC and FSN categories help determine the appropriate working capital balance by ensuring that fast-moving, high-demand products are available in stores at the right quantities, while avoiding overstocking of low-demand products or products that have become obsolete. The restocking schedules are influenced in the same way by regional sales patterns, enabling Amazon to align more closely with India's diverse consumption trends.

Despite these improvements, inventory problems remain. Monthly tracking trends show that the issue of keeping stock at the right level is still a significant problem that leads to excess inventory, stockouts, supply chain disruptions, and a rise in operational expenses (Budhiraja, 2024; Mohammad et al., 2025e; Al-Adwan et al., 2025). Factors such as inaccurate or outdated product information, delays in replenishment cycles, and logistics bottlenecks also affect fulfillment speed and customer satisfaction. On the other hand, high storage costs and the risk of stock becoming obsolete are issues that sellers in the Amazon marketplace ecosystem must address. As competition intensifies in India's e-commerce industry, an effective inventory management system is necessary not only for the smooth running of operations but also for sustaining long-term profitability and market leadership.

In addition, trends in global supply chains, such as building resilience, the need for sustainability, and the synchronization of omnichannel operations, are prompting companies like Amazon to continuously refine their systems and adopt more flexible and intelligent inventory models (Bastian Solutions, 2024; Future Market Insights, 2025; Mohammad et al., 2025f). The ever-increasing pressure to reduce emissions, to use resources optimally, and, at the same time, to maintain real-time visibility into inventory network activities across a large area underscores the need for technologically advanced, precise inventory solutions. For Amazon India, it is essential to balance global best practices with local considerations to achieve its objectives of cost minimization, operational efficiency, and strategic growth.

In sum, inventory management has become a key factor in determining the success of e-commerce platforms in the modern digital economy. Amazon India, operating in a complex and competitive market, is a clear example of how stock management systems should be robust, automated, and adaptive. By using AI-driven forecasting, JIT practices, ABC/FSN analysis, and cloud-based data systems, Amazon seeks to minimize costs, reduce inefficiencies, and provide the best possible customer experience. Nevertheless, challenges such as infrastructure fragmentation, demand fluctuations, and rising operational costs accompany the need for innovative solutions. As e-commerce develops, the companies that want to stay in the game must be the ones who have adopted advanced systems that are capable of providing real-time visibility, predictive accuracy, and strategic alignment with not only global trends but also local market conditions.

Research Objective

RO1: To examine the effect of Cost Analysis on how total inventory cost is affected by lead time, economic order quantity (EOQ), inventory holding levels, and demand variability, and determine optimal strategies to minimize overall inventory-related expenses.

RO2: To examine the effect Quantifying the impact of lead time on total inventory cost with a case study to illustrate how either lowering or optimizing lead times can help reduce inventory costs.

RO3: To examine the effect of how EOQ calculation and ordering practice affect inventory costs, and determine the most advantageous order quantity that minimizes total ordering and holding costs.

RO4: To examine the effect of the level of inventory held on the total cost of inventory, in order to determine best practices for managing the trade-off between holding inventory and storing it.

Literature Review

Global Perspective of Amazon India

From a global perspective, inventory management plays a crucial role in achieving cost savings by balancing demand and supply, reducing holding costs, and ensuring smooth operations across international supply chains. Companies worldwide are using strategies such as Just-in-Time (JIT), Economic Order Quantity (EOQ), and ABC analysis to maintain optimal stock levels while reducing excess inventory and associated costs (Kumar & Rajesh, 2021). The use of Artificial Intelligence (AI), Internet of Things (IoT), and Big Data analytics enables real-time tracking, demand forecasting, and automated replenishment systems, thereby reducing waste and logistics costs (Chong et al., 2020). Major players such as Amazon, Toyota, and Walmart use data-driven inventory management systems to enhance responsiveness and cost efficiency across their global networks (Christopher, 2016). Furthermore, globalization has highlighted the need for collaborative inventory practices and multi-echelon inventory optimization (MEIO) to tackle changes in international markets and transportation costs (Ivanov & Dolgui, 2020; Mohammad et al., 2025g). modern global inventory management combines technology, analytics, and lean principles to build a cost-efficient, resilient, and flexible supply chain that supports sustainability and customer satisfaction.

Inventory Management in Amazon India

Inventory management has always been the significant factor contributing to the success of Amazon India, as it enabled effective operations and thus a high level of customer satisfaction in a diverse and fast-growing market. The company implements a technology-driven system that involves demand forecasting, warehouse automation, supply chain optimization, and data analytics to maintain product availability that is both timely and cost-effective (Economic Times, 2024). Amazon India runs a network of more than 60 fulfillment centers (FCs) with a storage capacity of 43 million cubic feet, in addition to regional hubs and local delivery stations spread across urban and rural areas. The centres have the facilities to store, package, and distribute goods, thus they are instrumental in reducing delivery times, for instance, via the newly built 600,000 sq. ft. Kolkata FC. Inventory planning at Amazon is driven mainly by predictive analytics and AI. Machine learning models incorporate historical sales data, seasonal patterns, and regional preferences to forecast demand accurately and thereby avoid stockouts and overstocking (IERJ, 2024; Mohammad et al., 2025h). Additionally, cost-optimization tools such as ABC Analysis, Just-in-Time (JIT), and Economic Order Quantity (EOQ) are employed to enhance stock control and resource allocation further. The use of automation technology has made processes such as picking, packing, and sorting not only more efficient but also less prone to human-origin errors, as systems from robotics, IoT tracking, barcode systems, and conveyor belts work together to achieve this. Vendor-Managed Inventory (VMI) is a strategy used to enhance cooperation and interaction with suppliers by giving vendors the authority to resupply based on real-time data. Amazon, through its centralized digital dashboard, tracks primary performance metrics, including inventory turnover, stockout rates, carrying costs, and DIO. The company's inventory cycle is a data-driven loop that operates continuously: forecasting, planning, warehousing, distribution, customer feedback, and reanalysis. This interconnected approach is the company's strategy to increase productivity, reduce waste, and enable delivery that is fast, reliable, and accessible across the entire country.

Inventory Management Control in Amazon

Amazon's strong global performance is very much dependent on the company's ability to keep its inventory costs under control while at the same time delivering fast and offering a wide range of products. Since its entry into India in 2013, Amazon has focused on developing advanced logistics infrastructure supported by predictive analytics, AI forecasting, lean warehousing, and real-time monitoring. All these systems together help lower excess stock levels, reduce storage costs, and facilitate the free flow of goods across its network of more than 100 fulfillment centers (Economic Times, 2024). By using AI-powered demand forecasting, Amazon can recognize changes in customer behaviour, account for seasonal variations, and consider market signals; as a result, overstocking and stockouts are significantly reduced (TriviumCo, 2023). The Inventory Performance Index (IPI) is designed to encourage sellers to maintain efficient stock levels, as they are rewarded for good performance with lower fees. On the other hand, the cost-cutting measures are further supported by Just-in-Time (JIT) replenishment and Vendor-Managed Inventory (VMI), which enable suppliers to restock their goods directly from the source of real-time demand. One of the main reasons that warehouses are efficient is automation. IoT tracking devices and Amazon Robotics units, typically installed in warehouses, help reduce errors, accelerate processes, and increase storage capacity by enabling goods to be placed in smaller compartments. To maximize turnover and prevent product aging, the following methods are used: dynamic storage fees, long-term storage penalties, and FIFO rotation. Regional-specific ordering decisions are informed by financial instruments such as EOQ and inventory cost analysis. Amazon, through its global AWS-based integration, is in a position to share the most effective methods across regions and, at the same time, apply predictive replenishment models worldwide. The journey of continuous improvement, propelled by data feedback loops and Kaizen principles, is the primary reason why Amazon's inventory system remains sleek, flexible, and devoted to the consumer.

Factors Influencing Inventory Management

Effective inventory cost management relies on several key factors that enable the system to be efficient, accurate, and financially controlled. Firstly, accurate demand forecasting is essential. For instance, by employing AI, machine learning, and data analytics, a company like Amazon can keep the inventory levels in line with the demand of consumers and thus, not only do they avoid the situation of overstocking, which is costly, but they also do not run out of stock, which is a loss of sales. On the other hand, poor forecasting leads to excess inventory, which in turn results in greater markdowns and higher shipping costs (TriviumCo, 2023). The next point is that supplier reliability and lead time are the two factors that most greatly influence inventory costs. If the lead time is short and constant, it is possible to maintain low safety stock, which in turn reduces storage costs. To reduce variability in lead times, Amazon implements Vendor-Managed Inventory (VMI) and long-term supplier partnerships, thereby making replenishment more predictable (Business.Amazon.in, 2024). Moreover, effective warehouse management is a direct means of controlling costs. To reduce labor, automation, robotics, optimized layouts, and IoT tracking are among the measures that can be implemented. By using AGVs and real-time tracking, Amazon's fulfillment centers in India can increase throughput and, in turn, reduce perunit storage costs (InfobeamSolution, 2024). Additionally, the inventory turnover rate measures how effectively goods are sold and replaced. Faster turnover will reduce the cost of holding stock, a practice supported by Amazon through its dynamic pricing and AI-based promotional activities (M19.com, 2024). Last but not least, external factors such as inflation, supply chain disruptions, rising fuel prices, and government policies are also affecting cost management. By operating locally based fulfillment centers and adopting a multi-tiered approach, companies like Amazon can mitigate these risks (Economic Times, 2024).

Lead Time

Determining cost efficiency and inventory levels depends heavily on lead-time the interval between ordering goods and actually receiving them. Reduced lead times enable Amazon India's high-volume operations to have smaller, more frequent replenishments, therefore lowering storage expenses and the need for big safety stocks (Business.Amazon.in, 2024). On the other hand, inconsistent or lengthy lead times can result in overstocking or emergency procurement, thereby raising costs. Amazon makes sure vendors follow tight deadlines by means of real-time supply chain monitoring and Vendor-Managed Inventory (VMI), thereby resolving this. Reduced lead time, therefore, immediately improves customer happiness, operational agility, and cost management.

Hypothesis (H1*):* Shorter and more consistent lead times significantly reduce total inventory costs in Amazon India's supply chain.

Economic Order Quantity

The EOQ model helps determine the most cost-effective order size that balances ordering costs and holding costs (Harris, 1913). For Amazon India, which manages millions of SKUs, EOQ is crucial in maintaining inventory efficiency. By integrating EOQ principles with AI-based demand forecasting and automated replenishment systems, Amazon optimizes order quantities across its fulfillment centers. This reduces excessive stock accumulation, avoids frequent order processing costs, and ensures smooth supply flow. Optimizing EOQ not only contributes to cost savings but also enhances product availability, reducing backorders and improving service reliability (InfobeamSolution, 2024).

Hypothesis (H2): Optimizing Economic Order Quantity (EOQ) improves Amazon India's ability to minimize total inventory costs*.*

Inventory Holding Cost

The cost of holding inventory is the total expenditure incurred for maintaining stocks that consist of warehousing, depreciation, obsolescence, insurance and capital lock up. Amazon India's costs increase rapidly because of this, given the sheer scale of its operations and the diversity of its inventory. The cost implications can be reduced through intelligent design and operation of innovative warehouse storage systems, IoT-based stock tracking, and efficient use of warehouse space, thereby reducing… (More) Sell. Amazon. Com, 2024). The promulgation of an Inventory Performance Index (IPI) also keeps sellers lean on inventory, avoiding holding costs. Negative relationship is expected between holding costs and cost efficiency: higher holding costs erode profitability, whereas lower holding costs enhance financial performance.

Hypothesis (H3): Higher inventory holding costs negatively affect Amazon India's inventory cost control and overall profitability.

Demand Variability

The cost of holding inventory is the total expenditure incurred in maintaining stocks, including warehousing, depreciation, obsolescence, insurance, and capital locked up. Amazon India's costs increase rapidly because of this, given the sheer scale of its operations and the diversity of its inventory. The cost implications can be reduced by intelligent design and operation of warehouse innovative storage systems, IoT-based stock tracking, enabling efficient use of warehouse space, and reducing (More) sales. Amazon. com, 2024). The promulgation of an Inventory Performance Index (IPI) also keeps sellers lean on inventory, avoiding holding costs. A negative relationship is expected between holding costs and cost efficiency: higher holding costs erode profitability, whereas lower holding costs enhance financial performance.

Hypothesis (H4): Greater demand variability increases inventory management costs, thereby reducing cost-optimization efficiency in Amazon India.

Underlying Theory

Amazon India's inventory management and cost control measures reflect a blend of well-founded concepts drawn from operations management, logistics, and strategic management. They consist of the Economic Order Quantity (EOQ) Model, Just-in-Time (JIT) Inventory Theory, Systems Theory, and the Resource-Based View (RBV). The integration of these concepts reveals how Amazon implements innovations, data analytics, and logistics optimization to achieve the goals of cost efficiency, supply chain agility, and customer satisfaction in the rapidly evolving Indian e-commerce environment.

The Economic Order Quantity (EOQ) Model is one of the main tools that guide Amazon's decisions regarding the optimal order size and the optimal reorder point, thereby balancing the costs of ordering and holding. Amazon, by incorporating EOQ with its advanced analytics systems, modifies order quantities based on current demand, regional consumption patterns, and storage capacity. In this way, Amazon maintains a minimum stock level in some warehouses, while in others it eliminates weighing to enhance operational efficiency and customer satisfaction.

The Just-in-Time (JIT) Inventory Theory, which comes from Toyota's production philosophy and was introduced by Ohno (1988), is of core importance in Amazon's operations in India. JIT focuses on ordering goods only when demand is present, thereby reducing waste and unnecessary stockholding. Through JIT, Amazon replenishment has become a fully automated process that uses real-time tracking tools, replenishment algorithms, and vendor-managed inventory (VMI), enabling suppliers to replenish stock when set points are met.

Thus, JIT enables Amazon to be "business-ready" in a market such as India, where consumer demand is highly variable due to festivals, regional shopping trends, and socio-economic diversity, while maintaining a lean inventory level. Amazon has additionally improved the JIT roll-out by introducing IoT-attached surveyors and machine learning models that supply inventory turnovers, forecast demand changes, and supplier evaluation at the fulfillment centers. These "solutions" not only cut down on storage capacity but enable Amazon to meet the cost-efficiency and agility goals of its "supply chain".

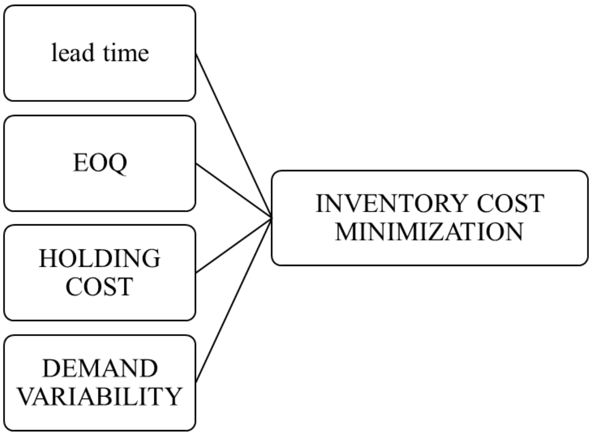
Systems Theory provides an additional foundation by viewing the Amazon supply chain as an interconnected system in which relationships among its components govern its overall functioning. By integrating procurement, warehousing, demand forecasting, logistics, and customer service through its centralized digital infrastructure, Amazon embodies Systems Theory. AI-powered forecasting methods, IoT logistics monitoring, and automated fulfilment technologies, along with cloud-based analytics, work as a cohesive unit to synchronize inventory operations.

Examples of ongoing feedback loops include customer reviews, return behavior, and real-time sales data, which assist forecasting and decision-making systems and are a feature of this systemic integration. This setup enables Amazon India to respond efficiently to issues, make rapid decisions across departments, and maintain cost levels even during surges in demand or supply chain disruptions.

The Resource-Based View (RBV) posits that Amazon's competitive advantage derives from resources that are distinct, valuable, and difficult to imitate. The technological base of Amazon, which includes, among others, its proprietary algorithms, automated fulfilment systems, robotics, AWS cloud computing capabilities, and the logistics network that spans the whole country, is a major strategic resource reservoir according to RBV.

These resources enable Amazon to be a high-speed, accurate, and cost-efficient service provider at a large scale, which many competitors in India cannot match. Investments in region-specific warehouses, delivery facilities in rural areas, robotics, and predictive analytics are among the ways the tech giant is further consolidating its resource advantage in the Indian market.

Taken together, these theories—EOQ, JIT (Ohno, 1988), Systems Theory, and RBV—constitute the conceptual basis of Amazon India's inventory and cost control system. EOQ ensures optimal order placement decisions; JIT benefits from waste minimization and supports lean operations; Systems Theory guarantees the integration of the supply chain from start to finish; and RBV provides the rationale for Amazon's unmatched technological and operational capabilities. Theories cited here shed light on how the company achieves operational excellence, customer satisfaction, and strategic cost efficiency in the rapidly evolving e-commerce-centric Indian context.



Methodology

A quantitative research approach has been opted for as it offers objective, measurable, and statistically reliable outcomes. A descriptive correlational design is used to depict the current situation and assess the extent to which the selected independent variables relate to employees' behavioral intention toward industry work. The design is applicable here because the variables are not manipulated; instead, the study assesses the prevalence of workplace conditions and establishes statistical associations. The random distribution of the questionnaire is intended to reduce the risk of bias and ensure that respondent selection is fair. The study setting is non-contrived, as employee data were collected in their usual work environment at Amazon Chennai.

The unit of analysis is an organization, specifically Amazon's inventory operations. The perceptions, behaviors, and experiences of each employee (laborer or operational worker) at Amazon Chennai will reflect the organization's inventory practices and operational dynamics; therefore, each employee can be treated as a unit of analysis. A non-probability sampling method is employed here, as access to respondents depends on organizational permission rather than on random selection from the population list. Even though the minimum sample size required for statistically valid power is 234, the number of questionnaires to be distributed is 400, so as to limit the problem of incomplete or inaccurate responses. Information will be collected via an Internet-based questionnaire administered via Google Forms. To access the survey, participants must scan a QR code distributed in the workplace. The digital data-collection mode will make the study more accessible, reduce errors during manual data entry, and provide an efficient and accurate method for entering data from the responses. Participation is voluntary, and respondents' identities will be kept confidential. They will also be assured that the collected data will be used solely for research purposes.

Regarding all the measurement items, respondents will be provided with a five-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree) to indicate their attitudes and perceptions. Demographic variables will be gauged through nominal scales. The adoption of such a measurement approach enables comparison of results and aligns with robust statistical analyses of behavioral and operational constructs. The collected data will be analyzed using SPSS Version 29, which is known for its effectiveness and accuracy in data screening, coding, and hypothesis testing. In the initial phase of data screening, the incomplete or inconsistent responses will be removed to ensure data integrity. The researcher will apply descriptive and correlational analysis to address the lead time, EOQ, stock-in and stock-out processes, and JIT as the factors influencing employees' behavioural intention toward industry work at Amazon Chennai.

Results

Table 1. Respondents Demographic Profile

Gender	Male	155	86.1
	Female	25	13.9
Age	Below 25 years	40	22.2
	25-34	56	31.1
	35-44	48	26.7
	45-54	25	13.9

	Above 55 years	11	6.1
	Total	180	100.0
Education status	Diploma	49	27.2
	Bachelor	45	25.2
	Master	39	21.7
	Doctorate	7	3.9
	Other	40	22.2
	Total	180	100.0
Experience	Less than 1	20	11.1
	1-3	58	32.2
	4-6	48	26.7
	7-10	37	20.6
	10	17	9.4
	Total	180	100.0
Industry	Manufacturing	19	10.6
	Retail	20	11.1
	Logistics	89	49.4
	E commerce	23	12.8
	Other	29	16.1
	Total	180	100.0

(Source: Self–created)

Multiple Linear Regression Analysis

Table 2. Model Summary Result

Model Summary[b]					
Model	R	R Square	Adjusted R-Square	Std. Error of the Estimate	Durbin-Watson
1	.761[a]	0.579	0.579	0.47657	2.226

a. Predictors: (Constant), Lead time, EOQ, Holding Cost, Demand Variability.

b. Dependent Variable: Inventory Cost Minimization.

The research employed multiple linear regression analysis to examine how IV1, IV2, IV3, and IV4 collectively predict the dependent variable. As noted by Coolican (2018), the R-squared value in regression analysis indicates the proportion of variance in the dependent variable explained by the independent variables; values closer to 1 indicate stronger explanatory power (List et al., 2019). Referring to the SPSS results (Table X), the R value of 0.761 indicates a strong positive relationship between the four independent variables and the dependent variable, while the R^2 value of 0.579 shows that IV1, IV2, IV3, and IV4 jointly explain 57.9% of the total variance in the dependent variable. This is further supported by the Adjusted R^2 value of 0.579, which closely aligns with the R^2 value and confirms the adequacy of the model fit despite the inclusion of multiple predictors. The Standard Error of the Estimate (0.47657) falls within an acceptable range, indicating that the predicted values closely approximate the observed values, and the Durbin–Watson statistic of 2.226, which lies within the acceptable range of 1.5 to 2.5, suggests the absence of autocorrelation among the residuals. Overall, these findings demonstrate that IV1-IV4 collectively account for the variability in the dependent variable, thereby confirming the regression model's suitability for hypothesis testing.

Table 3: Hypothesis Result

Hypothesis	Significance Value ($p < 0.05$)	Results
H1: Lead Time has a Significant Impact on Inventory Cost Minimization.	P = 0.000	Accepted
H2: Economic Order Quantity (EOQ) Positively Affects Inventory Cost Efficiency.	P = 0.006	Accepted
H3: Inventory Holding Cost Negatively Impacts Inventory Cost Control	P = 0.051	Rejected

H4: Demand Variability Significantly Influences Inventory Cost Optimization.	P=0.002	Accepted

Table 3 summarizes the results of hypothesis testing from the multiple regression analysis. In terms of statistical significance, Lead Time (H1) significantly influenced the Inventory Cost Minimization (p = 0.000), thus confirming H1. Likewise, Economic Order Quantity (EOQ) (H2) significantly and positively influenced the Inventory Cost Efficiency (p = 0.006), thereby confirming H2. On the contrary, the results revealed that Inventory Holding Cost (H3) did not significantly affect Inventory Cost Control (p = 0.051), thereby rejecting H3. Additionally, Demand Variability (H4) significantly influenced the Inventory Cost Optimization (p = 0.002), thereby confirming H4. In aggregate, the results revealed that Lead Time, EOQ, and Demand Variability are significant contributors to the regression equation, whereas inventory holding costs do not significantly affect inventory cost control.

Discussion

The objective of the research was outlined in the first chapter, and it was to find out whether factors such as Lead time, EOQ, Inventory holding, and Demand Variability have a significant impact on Inventory Cost at Amazon India (Chennai). After the research aim was clearly explained in the first chapter, the review of the existing literature on the variables took place in the second chapter. Four (4) hypotheses have been created in this chapter to correspond with the research questions and research objectives. The research employed the Theory of Cost Management by Ajzen as the underlying theory, which concerns four broad categories of factors that lead to changes in lead time and inventory cost. All the results and the findings are summarized. Chapter 4 shows that the value of R-squared in the model summary indicates that the independent variables in this study, which are Lead time, EOQ, Inventory holding cost, and Demand variability, have a positive influence on the dependent variable (Inventory cost) by 57%. Fernando (2021) states that the R-squared value represents the proportion of variance explained, and that an R-squared above 0.5 indicates a moderate correlation. An R-squared of 57% means that 43% of the variance is attributable to variables outside this model. Singh (2025) points out that numerous factors may influence the inventory costs of labourers responsible for managing workloads and inventory at Amazon. Other relevant factors, such as development opportunities, working environment, workplace culture, management skills, and so on, cannot be included in this study due to time constraints. The factors for this study were selected by the researcher, who was solely responsible for the decision, based on their field of interest.

RO1: To examine the impact of Lead Time on Inventory Cost Minimization/strong

The results indicate that lead time positively and significantly contributes to inventory cost minimization. The beta coefficient of 0.227 and the p-value of 0.000 (which is less than the 0.05 significance level) support the conclusion. In other words, shorter and more consistent lead times significantly reduce inventory-related expenses for Amazon's supply chain operations.

This evidence aligns with prior research, which argues that as lead times become more efficient and predictable, they reduce the required buffer stock, safety stock, and holding costs. For Amazon India, the reduction of lead time variability facilitates replenishment by making it smoother, and thus, unnecessary inventory buildup as well as total inventory cost can be decreased.

RO2: To evaluate the influence of Economic Order Quantity (EOQ) on Inventory Cost Efficiency/strong

EOQ had a beta coefficient of 0.129 and a p-value of 0.051, which was slightly more than the 0.05 significance level. This indicates that EOQ does not significantly affect inventory cost efficiency in Amazon Chennai operations.

One reason for this finding may be that Amazon's inventory system is primarily based on real-time analytics, automated forecasting, and dynamic replenishment. Therefore, employees may not directly apply EOQ formulas in their daily work. Instead, inventory decisions may be delegated to automated systems, thereby making EOQ less applicable or visible to staff.

RO3: To Determine Whether Inventory Holding Cost Negatively Impacts Inventory Cost Control/Substantially, the inventory holding cost, contrary to the expectation, was the beta coefficient 0.197 with the p-value of 0.002 showing a strong, significant relationship, which is positive and not negative. The hypothesis (H3) was rejected since the relationship was in the opposite direction to that which was expected.

The idea here is that employees feel that higher holding costs put more pressure on the organization to follow stricter control over the inventory, which means that holding cost issues might be the source of tighter planning and control measures being activated rather than there being a direct link to the reduction of inventory costs.

This may also indicate that Amazon's extensive storage facilities and the automated nature of operations may be the reason employees are not heavily burdened by holding costs.

RO4: To analyze the Influence of Demand Variability on inventory cost optimization. Demand variability had a beta coefficient of 0.352 and a p-value of 0.002, indicating that demand variability significantly and strongly influenced inventory cost optimization. Among all predictors, this variable had the most significant impact.

The high level of demand uncertainty compels Amazon to increase safety stock, while order quantities must be adjusted frequently, resulting in higher inventory costs. Therefore, if demand variability is reduced through improved forecasting, machine learning models, and customer data analytics, it will directly help Amazon lower inventory cost inefficiencies.

The results of this study provide a comprehensive understanding of the factors influencing inventory cost management at Amazon Chennai.

Regarding RO1, the analysis indicates that lead time has a positive and significant impact on inventory cost minimization, with a beta coefficient of 0.227 and a p-value of 0.000. This confirms that shorter and more consistent lead times enable smoother replenishment cycles, reduce the need for buffer and safety stock, and consequently lower overall inventory-related expenses. This finding aligns with previous studies emphasizing that predictable and efficient lead times enhance operational efficiency and reduce holding costs.

For RO2, the impact of Economic Order Quantity (EOQ) on inventory cost efficiency was found to be minimal and statistically insignificant, with a beta coefficient of 0.129 and a p-value of 0.051. This suggests that, within Amazon Chennai, employees may not rely directly on traditional EOQ calculations, as inventory decisions are governed mainly by automated systems, real-time analytics, and dynamic replenishment strategies, thus reducing the practical relevance of EOQ in day-to-day operations.

With respect to RO3, inventory holding costs were expected to influence inventory cost control negatively; however, the findings revealed a significant positive relationship (beta = 0.197, $p = 0.002$). This indicates that higher holding costs may motivate employees and management to implement stricter control measures, such as improved planning, monitoring, and operational discipline, rather than to reduce inventory expenditures directly. The result may also reflect the mitigating effect of Amazon's extensive storage infrastructure and automated systems, which reduce the perceived burden of holding costs on operational decisions.

For RO4, demand variability was the most influential factor, with a substantial effect on inventory cost optimization (beta = 0.352, $p = 0.002$). The high variability in customer demand compels frequent adjustments in order quantities, coupled with heightened safety stock requirements, the direct effects of which hit at the very core of inventory costs. Advanced forecasting, machine learning models, and analytics at the level of customer data will substantially reduce demand uncertainty. It thus enables more accurate inventory planning and improved control of inventory costs.

Overall, the findings indicate that operational consistency, demand management, and data-driven decision-making can be key to managing inventory costs more effectively in highly automated e-commerce operations such as Amazon Chennai. While traditional EOQ models may be of limited relevance in such a technologically advanced environment, lead time management, demand variability control, and strategic oversight of holding costs remain crucial levers for improving supply chain efficiency while reducing total inventory costs. These insights offer practical implications for operations managers and theoretical contributions to the supply chain management literature on evolving inventory cost drivers in modern automated warehouse environments.

Conclusion

This, in effect, concludes that the key determinants of inventory cost management within Amazon's warehouse operations in Chennai pertain to the analysis of Lead Time, EOQ, Inventory Holding Cost, and Demand Variability. The findings identify Lead Time and Demand Variability as crucial for minimizing and optimizing inventory costs. In contrast, Inventory Holding Cost, though generally regarded as a burden, may facilitate tighter control and planning practices. In contrast, EOQ proved less important in this high-tech, automated, data-driven environment, indicating the reduced relevance of classical inventory models in modern e-commerce operations. The results underscore that real-time data analytics, demand forecasting, and operational agility are indispensable elements in effective inventory cost management and provide valuable insights for both academic research and practical supply chain decision-making.

Acknowledgement

This research was partially funded by Zarqa University.

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