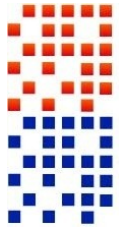


Keeper Research Project

*A Test of the Keeper Theft Deterrent
System in Kroger Stores*

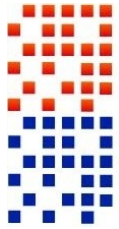
Read Hayes, PhD ~ Tracy Johns, PhD ~ Michael Scicchitano, PhD ~ Candy Carmel-Gilfilen, M.Arch

Real Science. Real Results.



LPRC: Evidence-based Solutions

- **LPRC's Mission:**
 - **Support members' crime & loss control efforts:**
 - Disseminate rigorously researched LP best methods



Evolution of Retail Loss Prevention

Security

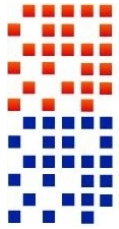
Lock up product and apprehend thieves- performance based on partly on the number of offender apprehensions

Loss Prevention

More proactive efforts- but largely based on simple comparison and small test data, or anecdotal feedback

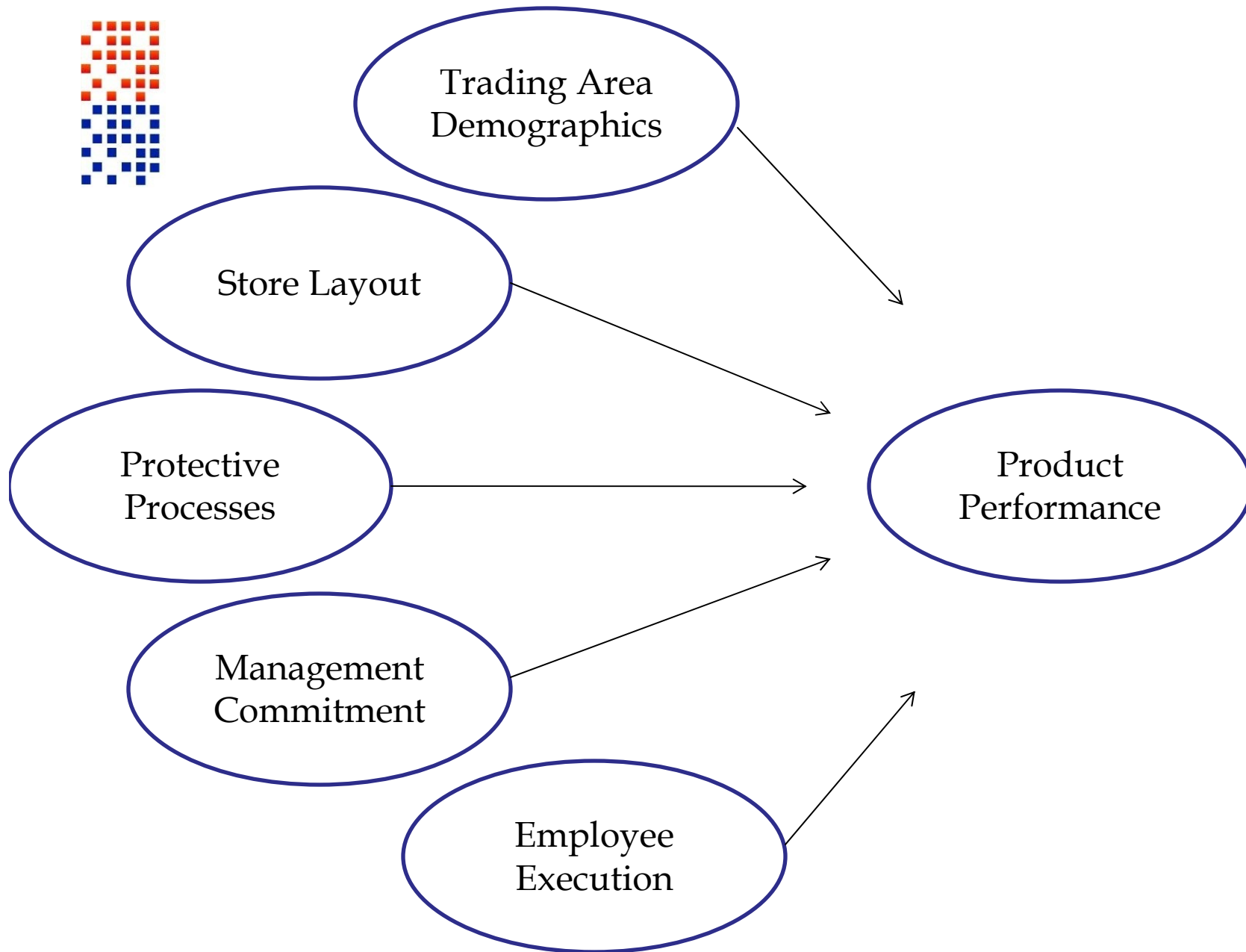
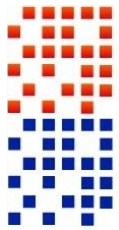
Fact-based LP

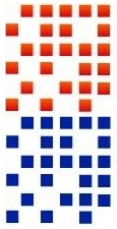
Moving to proactive efforts largely guided by thorough problem diagnoses, causal theories, and rigorous evidence- support company objectives and strategies- with higher CEO transparency



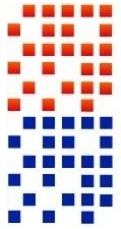
Getting Scientific: *Moving to Fact-based Action*

- StoreLab:
 - In-store product protection
 - Blades and razors
 - Gaming products
 - Current Retailers
 - Kmart, Kroger, Publix, CVS, SuperValu
 - Best Buy, Circuit City, Sears, Kmart
 - 12 -18 month store-based R&D





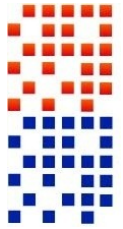
- StoreLab:
 - In-store product protection
 - Store layout
 - Employee level and tasking
 - Public view monitors
 - Keepers
 - Fixture concepts
 - CCTV domes
 - Interactions and other solutions



Current Project Goals

- The **Keeper Research Project** was designed to test the effects of keepers products on shrink and sales of blade & razor products in Kroger Stores

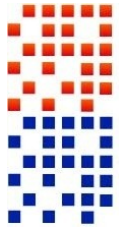




Current Project Objectives

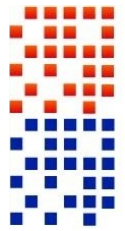
- Efficacy- Loss reduction/Sales boost
- Cost-effectiveness- Positive ROI
- Customer experience
- Employee execution/ best methods





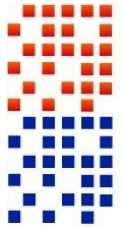
Project Goals

1. Do Keepers reduce the level of shrink/loss in test stores vs. control?
2. Do Keepers increase the number of sales in test stores vs. control?
3. Do Keepers reduce occurrences of products being out-of-stock vs. control?
4. Do the financial benefits of Keepers exceed project costs? (ROI)
5. How do customers perceive Keepers?
6. What are suggested 'best practices' for Keepers?



Project Background

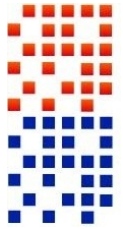
- Five test stores & five control stores in Atlanta area
- Keepers installed on 69 different blade & razor products
- Sales & shrink measured in pretest & two posttest periods from September 17, 2007 to February 12, 2008



Findings: Reduced Shrink

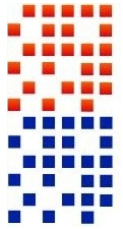
- Test & control stores had similar shrink levels for blade & razor products in pretest
- Shrink was lower in test stores (those with Keepers) than control stores in posttest periods

Group	Pretest	Posttest 1	Posttest 2
Test	- 22%	- 11%	- 0.3%
Control	- 23%	- 14%	- 20%



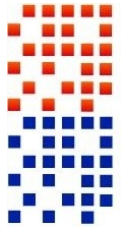
Findings: Increased Sales

- Sales of blade & razor products increased in 4 of 5 test stores (those with Keepers)
- Sales decreased in all 5 control stores (those without Keepers)



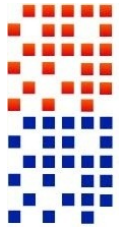
Findings: Out-of-Stock

- OOS results are inconclusive
- OOS increased in both test & control stores from pretest to posttest periods
- OOS increased more rapidly in test than control stores from pretest to posttest periods
- *Results may be an artifact of increased holiday sales in test stores- and higher sales in the test condition*



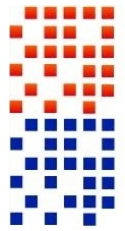
Financial Benefits (ROI)

- Keepers result in a financial benefit of nearly \$8,000 over the three-year life span of the Keepers products
- Internal Rate of Return is 139.46%
- Payback in years is 8 months



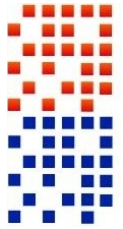
ROI Summary

	Posttest Period	Over 3-year Life Span
Benefits		
Reduced shrink at cost	\$2,169.07	\$14,098.96
Improved sales at margin	\$363.77	\$2,364.51
Costs		
Keeper purchase cost	- \$5,522.20	- \$5,522.20
Keeper replacement cost	- \$441.60	- \$2,870.40
Incremental Labor cost	- \$14.25	- \$92.63
Net benefit for Posttests	- \$3,445.21	\$7,978.24
Internal Rate of Return		139.46%
Payback in Years		8 months



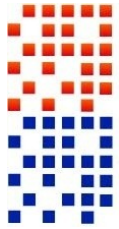
Store Layout

- Located off main aisle with pertinent products
- Line of sight created with POS
- Dome & monitor on aisle
- Keepers organized, maintained
- EAS, Uniformed officers (evening)
- Control entry/exit, employee positioning



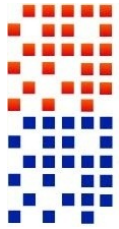
Store Layout





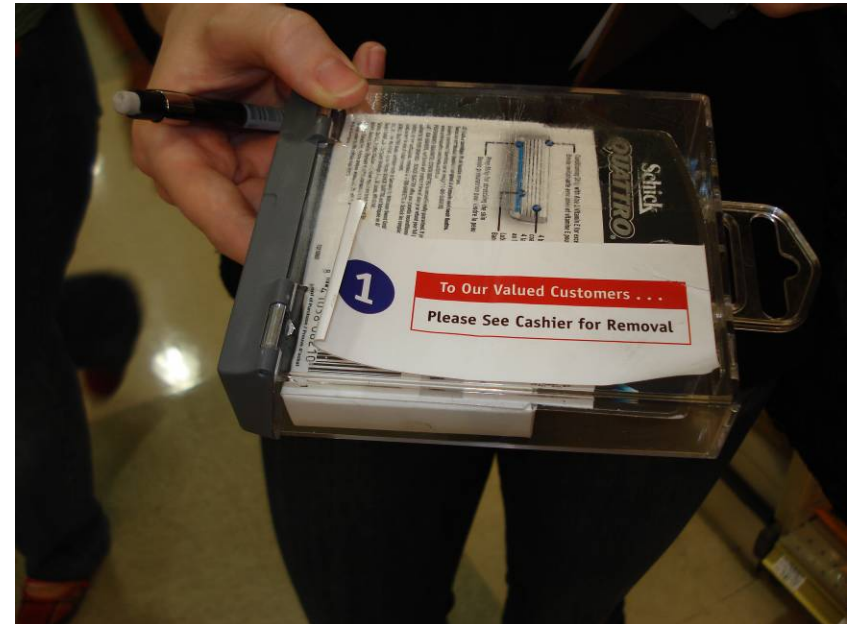
Employee Perceptions

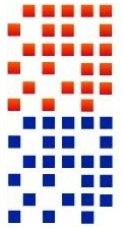
- In general, employees report minimal problems in the use or display of plastic Keepers
- Of the 25 employees interviewed, all were positive
- Employees:
 - Aware of purpose & supportive
 - Positive feedback on training, operation, & POS
 - No recommendations, except use for more products
- Supervisors:
 - No problems, process followed for all employees
- Cashiers:
 - Easy to use
 - No additional time to take out of Keeper
 - Noticed more razors coming through lanes



Employee Perceptions

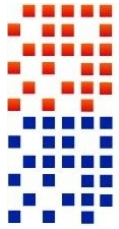
- A few uncommon difficulties & inconsistencies exist:
 - Use of stickers to hide UPC's not universal
 - Stickers are wearing (could be due to application)
 - Stocking & procedural issues are not universally clear
 - Shelf-tagging not universal





Consumer Perceptions

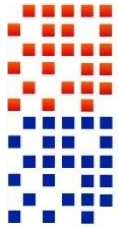
- All 43 interviewed consumers reacted positively to plastic Keepers
- Most consumers were unaware of Keepers and their purpose
- Most consumers said Keepers would have no influence on their purchase of blade products
- Consumer quotes:
 - *“Product has done wonders”*
 - *“Extremely improved from before”*
 - *“Use on more products”*
 - *“Make sure trained at registers”*



Consumer Perceptions: Survey Results

Characteristics of Participants:

1.	Gender	
	Male	37% (n=16)
	Female	63% (n=27)
2.	Age	41.9 (mean)
3.	Times/month shop	10.1 (mean)
4.	Products shop for:	
	Groceries	100% (n=43)
	Health & Beauty	57.5% (n=23)
	Prescriptions/OTC	52.5% (n=21)
	Cleaning/Home	37.5% (n=15)
	Paper/Office	30.0% (n=12)



Consumer Perceptions: Survey Results

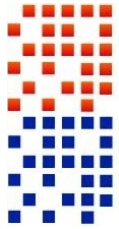
Level of Importance: 5=Extremely Important, 1=Not Important

Overall Store Layout

1.	Adjacencies of Product	4.44 (n=43)
2.	Aesthetic Design	4.07 (n=43)
3.	Branding, Identity, Images	3.93 (n=43)
4.	<i>Circulation Path, Aisle Width</i>	<i>4.20 (n=43)</i>
5.	Customer Convenience	4.49 (n=43)

Overall Security

1.	Screeners, Spatial Boundaries	4.14 (n=43)
2.	Natural Surveillance	3.72 (n=43)
3.	<i>Employee/Product Placement</i>	<i>4.17 (n=42)</i>
4.	Locking Product Up	3.49 (n=43)



Consumer Perceptions: Survey Results

Plastic Keepers: Effectiveness

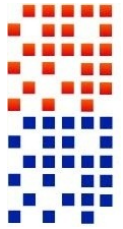
5=Extremely Effective, 1=Not Effective

1.	CCTV	4.45 (n=43)
2.	Plastic Keepers	4.26 (n=43)
3.	EAS	4.26 (n=43)
4.	Uniformed Security Officers	4.14 (n=43)

Plastic Keepers: Success of Strategies

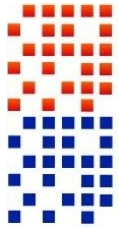
5=Extremely Successful, 1=Not Successful

1.	Aesthetic Design	3.98 (n=43)
2.	Placement of Keeper	4.14 (n=43)
3.	Ease of Use	4.30 (n=43)



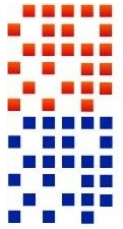
Best Practices: Suggestions

- Training Content & Process
 - All employees should be trained on purpose, process, & execution of Keepers
 - Secure hand-keys with extra key in stock area
- Customer Notification
 - Develop universal system for stickers, may be different based on product type
 - Develop signage for Keeper aisle
- Product Storage Areas
 - Create processing area in security cage



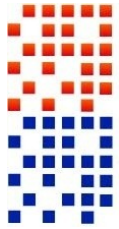
Best Practices: Suggestions

- Product Display & Maintenance
 - Aisle should be walked frequently to make sure merchandise is available
- POS & Recycling
 - Small box at each register, collected daily & taken to processing area
- Product Issues
 - 1 defective Keeper reported in process, 4 to 6 stolen or broken Keepers



Lessons Learned

- Both employees & customers reacted positively to use of plastic Keepers
- Consumers rated Keepers 3.98+ on aesthetics, placement, ease of use, effectiveness
- Employee training is critical to success
- Revisions to process (over the course of the study) have improved system
- No solution is perfect for every store
- Not stand-alone solution – use cameras, pvm, special fixture enhancement



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