



Press Release

LOSS PREVENTION RESEARCH COUNCIL

FOR IMMEDIATE RELEASE – April 30, 2009: *Looking for some objective, quantifiable data to prove the economic value of investing in shrink management during the current tough economy? Look no further than the Loss Prevention Research Council – specifically, some powerful and compelling new data that proves that investing in shrink management products suppresses theft and delivers impressive return on investment.*

The Loss Prevention Research Council – formed in 2001 by leading retailers to conduct objective research on ways to reduce shrink – recently published “Consumer Products Protection Project,” a study measuring the effectiveness of Keepers™, camera domes, and public-view monitors in deterring theft of Gillette blades and razor products in stores of four major retailers: Kroger, Kmart, Publix and Jewel-Osco.

The study detailed the financial benefit to retailers using each of the three loss-prevention product classes, both in absolute dollars and compared to control stores where no intervention techniques were used. Among the key findings:

- Shrink at retail cost in the 60 participating stores where loss-prevention products were used was cut by between 14 and 51 percent during the test period, while shrink at retail cost actually increased by 34 percent in control stores during the same time period.
- Shrink, measured on a unit basis, was 59 percent lower in stores where Keepers were deployed, compared with control stores. For stores with public-view monitors, unit shrink was 45 percent lower than in control stores, and for stores with camera domes, unit shrink was 107 percent lower.
- The average participating store would realize a positive financial return of more than \$33,000 in using Keepers over a three-year period, even assuming the continuation of today’s weak economy which has suppressed retail sales. For participating stores with camera domes, the three-year positive return was more than \$66,000, while test stores with public-view monitors would enjoy a three-year benefit of nearly \$18,000.

The study’s authors noted, “Shrink was lower for all three intervention groups from the pretest to the test periods, when measured at the number of items and at the retail value of those items,” adding that shrink for the control group actually increased for both units and retail value.

The authors also stated what many retailers have long felt to be true: “Evidence shows that shrink has been increasing in the current economic downturn. This fact is supported in this research project in which we found shrink levels increasing for the stores in the control group across the

pretest to the post-test periods.” This is consistent with research conducted and published in June 2008 by Preference Research, indicating that 95 percent of nearly 400 LP professionals surveyed felt there was a strong correlation between weak economies and increases in retail theft. That study also pointed out that more than 60 percent of the responding LP professionals felt cutbacks in their budgets would result in higher incidence of shrink.

Another key point uncovered by the report was the impressive return on investment (ROI) delivered by each of the three loss-prevention product classes. According to the study, Keepers paid back on their investment in about six months; domes in about five months, and public-view monitors in about 30 months. The varying ROI timeframes were influenced by the products’ different price points and costs associated with installing and maintaining the security devices.

In addition to conducting in-depth financial analysis of the economic impact of Keepers, camera domes and public-view monitors on shrink, the LPRC also conducted numerous in-person interviews with store employees and customers about the loss prevention products. Among the key findings:

- Customers generally felt comfortable with the notion of “being watched” by cameras in stores, and in some cases felt it actually improved their feeling of safety.
- Overwhelmingly, customers preferred the security interventions to having the blade and razor products being locked in a display case or kept behind a counter.
- The physical characteristics and appearance of Keepers were given high marks by customers, with 80 percent of the surveyed customers rating Keepers’ physical appearance an “A.”
- In almost all cases, customers said the use of Keepers and public-view monitors would make them “more likely” to buy the blade or razor products; in almost every instance, customers said the use of camera domes would make them “equally likely” to purchase the products. In no cases did customers feel “less likely” to buy the products because of the shrink management products.
- For the most part, employees did not believe that the security products affected shoppers’ normal behavior in any way.
- A majority of employees surveyed said that the interventions are effective in reducing theft of blades and razor products.
- Employees in stores where Keepers were used said it was “easy” to place the blade and razor products in the Keepers and “very easy” to place the Keepers in the display.

The study also noted several best practices that retailers should employ when it comes to getting the most out of their shrink management investments. For instance, the LPRC report authors cited employee training as a critical requirement in reducing theft by proper use of products such as those highlighted in the study. In particular, the report noted the efforts of Alpha and Checkpoint in incorporating feedback from Gillette in developing new employee training programs.

ABOUT THE LPRC: *The Loss Prevention Research Council uses fact-based research to develop crime and loss control solutions that improve the performance of its members and the industry. The LPRC was founded in 2001 by leading retailers including Target, Wal-Mart, OfficeMax, CVS, The Home Depot, Barnes and Noble and others in an effort to support the fact-based needs of the loss prevention industry. To date, the LPRC has conducted over 40 real-world loss prevention research projects for retailers and partners. The research involves industry publications, research literature, our members, innovative suppliers, academia, and in-house data. The LPRC explores, develops, and measures the loss reduction and financial impact of these initiatives using scientific methods like field experimentation, statistical analyses and benchmarking among others. LPRC also conducts confidential, proprietary research, training, expert witness and consulting for both members and non-members. For more information, visit www.lpresearch.org.*