

Global Retail Theft Barometer 2010

Progress Made, Opportunities Abound

This year's Global Retail Theft Barometer (GRTB) report shows something we haven't seen in a few years—a decrease in shrink. Falling by 5.6 percent from last year's nearly \$115 billion mark to just above \$107 billion, retailers have clearly made some headway in the battle against shrink.

While that's good news, none of us are ready to celebrate a problem that “only” costs the global retail industry \$107 billion just yet. In the United States alone, theft still costs retailers...and customers...\$39.3 billion.

Checkpoint Systems sponsors this study, conducted annually by Professor Joshua Bamfield of the Centre for Retail Research in Nottingham, U.K., to serve as a guide in developing solutions that serve the entire retail operation, from source to store.

What Worked in 2010 and What Does the Research Indicate for 2011?

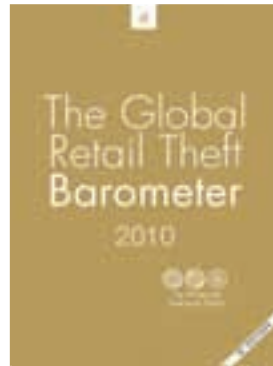
For starters retailers increased spending on loss prevention and security for the first time in three years. In the U.S., where the reduction in shrink was 6.9 percent or \$2.9 billion, that increase amounted to a 12.5 percent increase and cost \$12 billion.

The 2010 GRTB indicates that the industry still has room for improvement—more than 25 percent of product lines are not protected from theft.

But it's not necessarily just a matter of spending more. The key is to spend *smart*, and there is an increasingly sophisticated array of loss prevention and merchandise visibility solutions available to help fight shrink and theft, while also improving things like inventory management, operations, and other vital parts of every retailer's business. Loss prevention is becoming a “team sport,” and integrating retail systems helps expand functionality to other areas while streamlining investments.

LP hardware and systems was the category that saw the greatest percentage of year-over-year increase, and with good reason. With electronic article surveillance systems, such as Checkpoint's EVOLVE system, today's shrink systems have moved to the point of true convergence and integration, where all types of loss prevention systems—digital video, intrusion alarms, EAS, merchandise protection, and others—can contribute valuable data and functionality as part of an interconnected, event-driven solution.

There are already many opportunities for retailers to take advantage of interconnected and integrated systems. In simpler forms,



high-theft merchandise can be protected with an Alpha 3-Alarm Hard Tag that will alarm if it's tampered with while on the product, will alarm again when detected by a store's EVOLVE EAS system, and continue to alarm if the item is taken from the store.

Intrusion alarms and EAS systems interfaced with video systems can bookmark, for instance, each time an alarm occurs or a fire exit or receiving dock door is opened. The ability to quickly pinpoint these events enhances the value of both the intrusion and video surveillance systems. More sophisticated examples

include protecting receiving docks, cash offices, and other critical areas with 24-hour active alarm devices, using dedicated keypads or card readers to control access...and help ensure staff compliance with safety and security policies.

Of course, store employees have to be adequately trained and comfortable in the use of security systems and policies have to be enforced. Ninety-two percent of North American retailers added increased compliance audits and 89 percent implemented more employee training.

Room for Improvement

The 2010 GRTB indicates that the industry still has room for improvement—more than 25 percent of product lines are not protected from theft. The hardware/DIY and apparel industries suffer from higher shrink than other industries, and organized retail crime (ORC) appears to be on the rise, particularly in North America.

Choosing Checkpoint as a partner in the fight against shrink will help retailers cover all the bases:

- Tracking inventory from the time it leaves the factory until it is sold to a customer,
- Identifying spots where security is weak and items are vulnerable, and
- Developing solid, intelligent strategies to protect and manage their inventories.

As the industry moves toward RFID-based merchandise-visibility solutions, the *Global Retail Theft Barometer* may just have more good news to report in the coming years.

NOTE: For a more in-depth discussion of the GRTB, listen to an archived webinar by Professor Bamfield on the LossPrevention magazine web site, www.LPportal.com. ■

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Helping Retailers Grow Profitably