“How to prevent shrinkage in retail”

by Ignace Noë, owner and founder
Sources of retail shrinkage according to the Global Retail Theft Barometer in Europe*

Shrinkage:
an accountancy figure

- shoplifters (47.5%)
- employees (30.5%)
- internal errors (15.9%)
- suppliers / vendors (6.1%)
• ‘Shrinkage’ or ‘shrink’ is an accountancy figure, reflecting the difference between the financial revenue the business should have received (based upon inventory and purchases) and the amount actually received. Shrinkage losses are caused mainly by people stealing goods or money from the company but also by a range of small or large process errors, accounting lapses and pricing mistakes that produce apparent inventory losses.

• Although ‘shrinkage’ is often used as a proxy for retail crime it is not identical to crime against shops because it includes error and waste as well as crime. It is a convenient figure used almost universally by retailers for management-control purposes.
Sources of Global Retail Shrinkage

The question of whether retail shrinkage is mainly caused by shoplifters or by dishonest employees is impossible to determine. This is because the scale of most individual shrinkage losses is uncertain and who perpetrates these losses is often unknown. Opinions vary between different types of retailers and different countries. What is shown in this figure are retailers’ perceptions of their sources of retail crime.
Requirements to prevent shoplifting

- **Organizational measurements**
  *Store policies and procedures*

- **Structural measurements**
  *Good retail store management such as store lay-out, adequate inventory controls and follow common security practices to combat shoplifting*

- **Technological measurements**
  *EAS and CCTV*
Stopping Shoplifters With Strong Policies

• It is important to plan store policies and procedures for shoplifting early in the business planning process. You hope it will never happen in your store, but the truth is — it will. And when it does, retailers and their staff should be prepared to handle the situation.

• Take the following into consideration when writing your shoplifting policies:
  - How do you approach a customer you suspect?
  - Is your policy to confront a suspect, and if so how do you confront them?
  - Who do you call or contact after an incident?
  - What documentation do you need after an incident and what information will it contain?
Using preventive measures against shoplifters

• One of the most effective tools to prevent shoplifting is good retail store management. Retailers should also use store layout, adequate inventory controls and follow common security practices to combat shoplifting. In your design, try to minimize the number of "hidden" places in the store. In other words, a place where an employee cannot see what a customer is doing. Not only is it a bad idea to block all views for shoplifting, but it also impacts your ability to provide service. Avoid overcrowding shelves so that you can still view across them.

• A great way to prevent theft is through proactive customer service. If an employee is actively engaged with a customer, then it is very hard for the thief to steal. They know they are being watched. Use customer service to prevent shoplifting, it's your best weapon. Offer to take hung items to a dressing room for the client. Then check that garments are not double-hung.

• Keeping your store merchandised well is a big help in the fight against shoplifting. If you have disorganized shelves, how would you know someone stole from you? Empty space on a shelf or display table should be a big signal something is wrong. But only if you are focused on merchandising.
EAS electronic article surveillance

- Mainly preventive nature
to prevent people from shoplifting
- Focusses on external theft
- Security gates at the entrance/exit
  hard tags, labels
- RF and AM
  metal detection, line protection
CCTV closes circuit television

- Preventive and repressive nature
- Focusses on as well external and internal theft
- Datamining in combination with video analytics
People Counting

- **Conversion**
  counting the number of visitors

- **Cash register link**

- **Staff exclusion**

- **Options**
  heatmapping, dwelltime, realtime, queue detection, car count, gender recognition

- **Streetcounting**
  persons, cars, mopets, bikes
Thank you!

Source: Retail Theft Barometer