

MANAGING IN-STORE SHRINKAGE IN RETAIL

Engrained in retail vocabulary, the term “shrinkage” is a significant issue affecting all types of retailers. Shrinkage describes the reduction in stock caused by a variety of factors, the most common being shoplifting [37%] and staff theft [30%]¹, and can range between 1.5 to 2.5 per cent of sales¹, depending on the nature of the store.

Aside from the financial impact in terms of stock loss – over £4.8bn of revenue was lost to retailers in 2019 due to crime – shrinkage generates additional costs from monitoring, managing and resolving security issues. From lost management time through to IT systems, each incident investigated can cost thousands.

As the retail environment continues to evolve new points of contact need to be monitored and managed. For example, self-scanning devices used in supermarkets and automated self-checkout systems in use across the industry.

Trust between the retailer and the consumer needs to increase significantly to enable these new solutions, but trust is a key cause in the challenge of shrinkage. There are also other key factors to consider. The safety and security of employees and other consumers is of paramount importance and there are examples of situations that have escalated causing injury and damage to people and property.

For retailers to survive in the coming years, they need to strike a balance in providing an enticing consumer experience, managing the inevitability of shrinkage, whilst ensuring a safe working and shopping environment for all.

25+

year's retail experience

Relationships with

TOP 10

UK retailers

Partnerships with leading CCTV and surveillance systems providers

5,150

cameras/security systems installed and supported

THE SHRINKAGE CHALLENGE

At a time when margins are under more pressure than ever before, retailers face many challenges trying to prevent losses, including:

- As people shop in different ways the increased use of self-checkouts and self-scanning introduces new vulnerabilities into the security landscape, where losses are harder to spot
- CCTV implementations are generally designed for ‘whole store’ monitoring rather than close tracing of individuals within the store environment making shrinkage difficult to identify
- Retailers are obligated to keep their staff and other customers out of harm's way and so detection and capture becomes inconsistent and risky
- Large value goods can be protected with RFID or other physical security tags, but many retailers are keen to avoid these due to the impact on the fluidity of the consumer experience or the aesthetics of packaging on expensive products
- Security monitoring, via CCTV for example, requires active, real-time monitoring by trained staff. This represents an additional operating cost over and above the cost of visible shop floor security, which is increasingly a core requirement for safety and security
- Retailers often lack support from the relevant authorities with most cases of product theft downplayed as petty crime. Re-offending becomes a common occurrence as criminals become familiar with the security vulnerabilities that exist within their target store

¹ <https://www.shopify.co.uk/retail/loss-prevention-retail-shrinkage>

OPTIMISING THE RETAIL ENVIRONMENT TO MANAGE SHRINKAGE

At Computacenter, we understand the issues in trying to prevent losses and maximising security. We can advise, source, install and support employee technology including:

1 CCTV & SURVEILLANCE SYSTEMS

- On-premises or cloud-based CCTV systems track and identify customers during their time on the retail premises
- Typically supported with intelligent analytics platforms that can identify and focus on individuals of interest within the store
- Monitored discreetly in the back office with a relay between shop floor colleagues and security officers reducing the need for intervention
- Ability to monitor “dwell” times of individuals with unusual behaviour automatically notifying administrators instead of manually searching the array of cameras in-store
- Presence of CCTV cameras and signage can be a deterrent to petty criminals

2 BODY WORN CAMERA SYSTEMS

- Used by shop floor staff to provide real-time recording from a first-person perspective of what is happening in a store
- Can capture footage that can be used for validation and potential prosecution
- Avoids the need for staff to intervene in circumstances where it is not safe to do so

3 MOBILE COMMUNICATION DEVICES

- Enables shop floor, back office and security staff to communicate in real-time and deal with any potential issues quickly and effectively



4 RFID & SECURITY TRACKING

- Small devices fitted to valuable items that can be used in conjunction with security scanning barriers at store entry exit points
- Can also be used for inventory management purposes

5 FACIAL RECOGNITION SOFTWARE

- Multiple uses inc. approximate estimation of consumer age and demographics (useful for other screening purposes such as Challenge 25) or for detecting repeat offenders

6 SECURE LOCKERS

- Secure storage of mobile and handheld devices for shift-based staff
- As part of the returns service linking into inventory systems to update stock records

HELPING COMBAT SHRINKAGE AND DELIVERING MATERIAL BENEFIT

COMPUTACENTER DEPLOYS IP CLOUD-BASED CCTV SOLUTION TO HELP MAJOR UK RETAILER INCREASE STAFF PROTECTION, LOSS PREVENTION AND DELIVER VALUABLE BUSINESS INSIGHTS

The solution successfully addressed three main business challenges:

Staff Protection

As the number one priority, the solution helped staff deal with challenging and aggressive customers

Loss prevention

With no reliable track and trace system in place, the CCTV solution helped reduce the number of high-end products that were being taken on a daily basis

Business Analytics

The solution provided valuable business insight and analytics, counting footfall and customer behaviours around promotional aisles etc

The CCTV solution even drew praise from the local police force who commented that it was the most advanced IP security system it had ever seen deployed in a retail environment and helped the retailer reduce its losses.

COMPUTACENTER: HOLISTIC SECURITY & PROTECTION

DIGITAL
me.

WORKPLACE

Identity Management solutions to secure and protect employee and consumer identities

DIGITAL
Trust.

SECURITY

Advanced Cyber-defence solutions to provide real-time and pre-emptive threat detection and response

DIGITAL
Connect.

NETWORK

CCTV and surveillance systems that support physical/in-store security

DIGITAL
Power.

CLOUD & DATA CENTER

Core infrastructure to enable data capture and storage, as well as advanced analytics to identify shrinkage

COMPUTACENTER: WHY WE ARE DIFFERENT

Computacenter has a long and established presence in the retail sector. We work with many leading retail brands to leverage technology to deliver innovative new retail experiences, as well as optimising the management and operation of in-store technology. Our credentials include:

- A strong heritage in retail, providing end-to-end solutions to some of the UK and Europe's largest retail organisations
- Largest IT reseller in the UK holding strong relationships with a broad array of vendors to help optimise your commercial engagement
- Technology independent and able to advise, source, implement and manage technologies from all the market leading vendors
- Our expertise across workplace, cloud, data center, networking and security, offers retailers an end-to-end customer solution
- We provide opinion and thought leadership on market trends and recommend new innovative solutions
- We offer financial solutions to support technology transformation and deployment, making us a flexible and committed partner