

Retailer's Solution to Help Prevent High Volume Merchandise Theft

Current industry trends

As sales volumes decrease in a down economy, shoplifting is on the rise. Sinking sales have forced retailers to operate with leaner staffing, leaving stores more vulnerable to theft. Statistics from the National Association for Shoplifting Prevention states that approximately 1 in 11 Americans are shoplifters. Savvy shoplifters to organized crime rings have found that with the use of shopping carts, they can look less conspicuous and retrieve more items in one swoop, rolling large volumes of unpaid goods right out the door. Compounding the issue, the use of the Internet and online auction sites makes distribution of stolen merchandise easier than ever before.

Pushout prevention technology

Previously, to combat cart-based theft, coined “pushout theft”, retailers were challenged to find loss prevention solutions that were both effective and affordable. While manning points of entry and exit is an effective solution, the additional workforce can be costly. Some retailers use video surveillance to digitally record loss events. However, to catch or to retrieve all items before they are taken out the door, additional personnel must be hired to monitor the video and act as it happens. Another option available is Electronic Article Surveillance (EAS), the use of security tags with sensors at the exits, sounding an alarm when someone walks out with a tagged item. EAS solutions are quite effective in preventing theft, however, if items are not equipped with a security tag or if the tag has been removed, the alarm will not sound as the item exits the store and retailers will never know a loss event just occurred. Unfortunately, even if a store chooses to invest in an EAS solution, tags will not prevent some perpetrators from sprinting off with the items even after the alarm sounds.

One effective solution to dramatically reduce pushout theft, that does not require hiring additional staff is Gatekeeper Systems' purchek[®] system. purchek prevents shoplifters from pushing carts out of a store without first paying for merchandise. Each shopping cart is equipped with the Gatekeeper Systems' patented self-locking wheel. Shoppers must go through an open checkout to receive permission to leave the store. Once the merchandise is paid for, the shopper completes their shopping experience without ever knowing of the interaction. However, if the shopper does not checkout, the cart is disabled when they attempt to exit, preventing the cart from leaving the store with unpaid merchandise.

With purchek, retailers may choose the type(s) of real-time, event notification they would like to utilize to alert store personnel to immediately respond to the theft attempts. These include: 1) visible strobe alarm, 2) audible or silent alarm, or 3) digital recording device. Additional system capabilities give retailers the ability to network with other in-store surveillance with the use of Advanced Wireless Communications two-way radios, or Sensormatic[®] UltraLink[®] technology. These real-time notification systems allow stores

flexibility in response and collection of detailed data as well as the ability to transfer information to a centralized location for reporting giving instantaneous results.

Case Study

According to the University of Florida's 2007 National Retail Security Survey, American retailers are battling an 11.8 billion dollar a year issue due to stealing by shoppers. James Estes, The Director of Loss Prevention at 21 "The Markets" supermarkets has been deep in the trenches dealing with this issue during his 20 years in loss prevention. Equipped with extensive experience and knowledge, Estes still was having major loss issues attributed to shoplifting and theft in a handful of his supermarkets. Estes noticed that in particular stores, an excessive amount of loss was occurring. Loss prevention methods he had relied on in the past including closed-circuit TV (CCTV) at the store were not minimizing the loss. Estes was desperate to find an effective solution to implement that would not break the bank yet would yield a proven return.

Frustrated, Estes discussed these issues with loss prevention colleagues. An investigator in the Loss Prevention Department for a major supermarket chain suggested a solution that he had measured success with in the chain's family of stores. The investigator, impressed with the effectiveness of the system in reducing store's shrink, suggested Estes try Gatekeeper Systems' purchek solution which he had implemented in nearly 100 of the chain's stores so far.

Solution

Estes chose to test Gatekeeper's purchek system in one store initially to see if he would garner similar returns as his colleague. Estes chose to have an audible alarm and a visual strobe to notify the store that an event was taking place.

Results/ROI

According to Estes, once installed, the purchek system "proved itself immediately and proved to be very valuable". The results astounded Estes and his team. Nine pushout thefts were stopped in the first 12 days of installation. Estes estimates \$1,200 in merchandise was recovered with meat and seafood being the largest targets. The system immediately put an end to his pushout theft issue without another event occurring for six months. Estes results were typical for a purchek installation where catches are very high in the first 30-45 days. The system becomes preventative after the initial catch period as the perpetrators are either caught or go elsewhere. Word also spreads quickly throughout organized crime rings that that store can no longer be targeted.

Estes was able to quickly gage the system's results. "The improvement [in the store's shrink numbers] was nearly immediate." Without giving away numbers, Estes further stated that the Gross Margins for the store went up "considerably". He estimated the Return on Investment (ROI) would "...take only 19 weeks to have the system pay for itself." This ROI, from a loss prevention standpoint, typically cannot be achieved so

quickly with most other loss prevention methods. When asked if he will be installing purchek at other locations, Estes exclaimed “It was just so successful...that we took the other challenging locations and installed.”

Conclusion

Estes, pleased with the effectiveness of the system, chose to install purchek at eight of his locations largely depending on loss levels, demographics, and location of the store. When Estes was asked what most surprised him about the system, he noted, “I would have to say how invisible it is and how excellent it works. The customers didn’t notice the system unless the alarm is triggered.” Estes, elaborating on his satisfaction went on to say, “It’s been fantastic working with the Gatekeeper Team and from a lost prevention stand point it’s the best money I’ve ever seen spent and I’ve been in the business of LP for 20 years.”

About Gatekeeper Systems

Gatekeeper Systems product suite of intelligent cart solutions offers retailers innovative technology for stores to minimize merchandise loss and reduce asset and labor expenditures. Gatekeeper’s loss prevention and cart containment solutions utilize locking wheel technology to reduce shrink by putting an end to cart based shoplifting and shopping cart loss. Cart management solutions increase safety and reduce labor costs by maximizing productivity while simultaneously resulting in a positive store image. For over a decade, Gatekeeper has been committed to quality products backed by expansive service and support capabilities. 19 of the top 20 global retailers that use shopping carts rely on Gatekeeper solutions to protect their assets and maximize profits. For more information, visit www.gatekeepersystems.com.

For more information, please contact Karryn Gleckner, Marketing Communications Manager at Gatekeeper Systems 949-271-3939 or kgleckner@gatekeepersystems.com.