

Empowering the Next Generation of Loss Prevention

How Retailers Can Make Shrink Management Systems Work Smarter

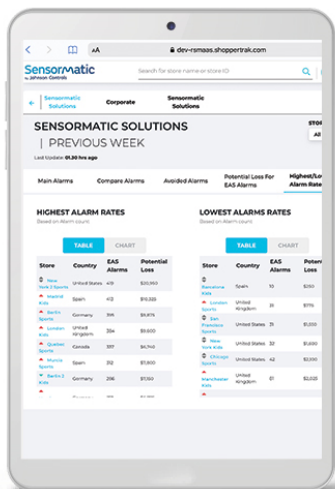


Get Your Stores to Tell You More with Shrink Analytics

Managing shrink in the rapidly changing world is more challenging for retailers than ever before. Everyone from shoppers to criminals have access to smart devices and technology designed to make their lives, and shoplifting, easier. To keep up, retailers are starting to adapt and adopt new in-store technology themselves.

With billions at stake, it's imperative for retailers to do more with their existing equipment and make their Electronic Article Surveillance (EAS) systems work smarter. By using a connected, cloud based analytics platform, like the Sensormatic Solutions' Shrink Management as a Service (SMaaS), retailers can be more proactive in protecting their merchandise and customers with:

- Predictive analytics to help reduce shrink and provide more insight into root causes to stop loss before it happens.
- 24/7/365 monitoring of all connected EAS devices to ensure systems are online and functioning properly.
- Detailed insights to help improve merchandising and loss prevention efforts for maximum on-shelf availability.
- Data to help optimize staffing during peak alarm and occupancy times, allow more focus on the customer experience and identify any training gaps.



FACTOIDS

Global shrink rate:

1.82%

External theft/shoplifting:

34.34%

of total global retail shrinkage

Global retail shrink in losses:

\$99.56B



| Region | Shrinkage, 2017-2018 as a percentage (%) of sales | Shrinkage value (\$ billion) |
|---------------|---|------------------------------|
| USA | 1.85% | 42.49 |
| Europe | 1.83% | 29.05 |
| Latin America | 1.81% | 3.99 |
| Asia Pacific | 1.75% | 24.03 |
| Global | 1.82% | 99.56 |

Source: "2018 Sensormatic Global Shrink Index Study"
<https://shrinkindex.sensormatic.com/>

The Power of Predictive Analytics

Retail stores produce troves of data that may not be easily accessible to store management. For example, many retailers struggle to answer questions like:

- What is the equipment uptime percentage and total down time of your EAS systems at the individual store level and across your enterprise?
- What's your highest alarming store? Lowest?
- Can you identify historical trends in occupancy? What time of day do you see the most alarms?
- Can you identify Organized Retail Crime (ORC) trends?

What if retailers could walk into their stores and view the answers to those questions in a simple dashboard? Now, retailers can view the data they need, right at their fingertips, gaining better visibility and allowing them to recognize and quickly address problems. Retailers can also receive notifications when activity occurs that may need immediate action.

With nearly 650 locations, U.K. supermarket chain and Walmart subsidiary, Asda, has been at the forefront incorporating a connected, cloud-based loss prevention program. According to Asda's Senior Manager for Asset Protection, Andrew Rees, "It gives us a holistic view of what is happening where in our stores' loss prevention efforts. This will be invaluable going forward. We won't be reacting on hunches — we'll be reacting on what the data is telling us about our shrinkage."

BENEFITS OF A BETTER MANAGED SYSTEM



- 24/7/365 remote EAS management ensures your systems are up and running.



- Detailed data and geo-mapping of loss events reveal Organized Retail Crime (ORC) patterns.



- Email notifications when data or activity exceeds a predetermined threshold so you only focus on what's important.



- Data to help strategically plan staffing to improve security and tactically protect merchandise — resulting in improved on-shelf availability and customer experience.



- More accurate, predictive data results in improved proactive and preventative decision making.



- Demonstrate to stakeholders how loss prevention impacts their bottom line.

Elevate Store Performance with a Healthy EAS System

The time and resources retailers dedicate to monitoring in-store equipment alone can impact shrink performance, especially in larger format stores. Add in the downtime of equipment that can occur and retailers are putting valuable time and profits at risk. By moving from manual to automatic and remote management, retailers not only gain greater transparency into what is happening with their equipment, but they also gain:



Building upon our EAS foundation, we now have new insights and centralized management which provides efficiencies with our EAS equipment, allowing us to refocus our efforts and more proactively manage our estate in real-time across 642 stores.”

— ANDREW REES,
SENIOR MANAGER, ASSET
PROTECTION, ASDA



- Improved uptime with fewer nuisance alarms
- Real-time monitoring and management of connected EAS equipment
- Quick response and issue resolution
- Remote diagnostics (including firmware/software updates, service scheduling) and remediation
- Onsite service call reduction
- More value and confidence in your EAS system
- Ability to access data anywhere via multiple device types.

Ultimately, by minimizing downtime and having more accurate diagnostics in real time, retailers can spend more time and resources focusing on optimizing store performance and driving a better customer experience.



GIVE EAS A BOOST WITH VIDEO

- Loss prevention teams can view video clips of EAS incidents and alarm triggers
- Single dashboard view for alarms and device health monitoring of both video and EAS systems
- Capture and play video from the incident (pre, during, and post-event) for analysis
- Drill down and filter by type, zone, date/time for investigation
- Integrates with exacqVision to utilize video associated with shrink events for better forensic analysis and case management for EAS loss events.

Optimize Staffing and Training to Focus on Customer Experience

According to the Harvard Business Review¹, brick-and-mortar retailers are cutting expenditures on workers. As an example, the U.S department store segment, cut head count per store by more than 10%, while wages have dropped by 4%. Training budgets are also being trimmed. With understaffing and undertrained store employees already becoming a burden on in-store operations, it takes away from the biggest advantage these retailers have: face-to-face interaction.

A tool like SMaaS can help automate in-store monitoring to offload manual tasks from employees so they can really focus on creating a better customer experience, building brand loyalty and ultimately, boosting sales.

Shoppers may not know that loss prevention strategies are at work in the background, but they do know the sound (and frustration) of a nuisance beep or “false alarm” at the door. When this happens, employees are often unsure whether it’s a system malfunction or actual shoplifting event. To avoid a negative experience, they typically dismiss the alarm and wave the shopper out the door. The alternative option of putting high-cost items in a locked case or behind the counter puts the retailer at risk of creating a negative experience as well.

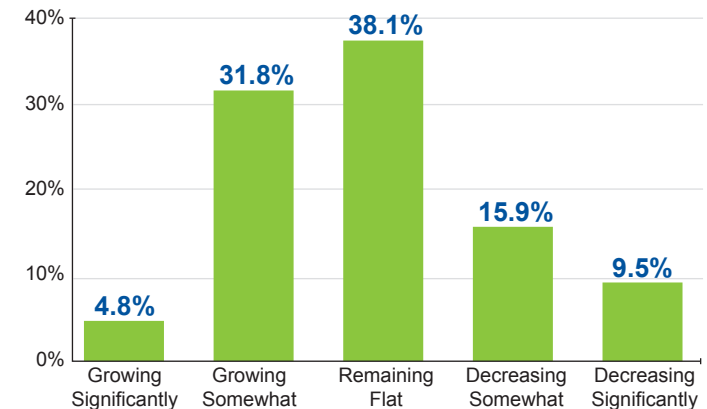
With access to the right data in real time, employees can focus on being engaged with the shopper for a more meaningful transaction, rather than worrying about whether or not in-store equipment is functioning properly.

The detailed data can:

- Show peak alarm times in store
- Show patterns to expose training gaps
- Identify best practices across stores
- Optimize store budget and time
- Optimize staffing
- Identify times of peak occupancy
- Understand when after-hours activity is occurring to identify possible internal theft problems



2019 Growth Rate of Loss Prevention Teams



Source: "2019 National Retail Security Survey"
<https://nrf.com/research/national-retail-security-survey-2019>
<https://hbr.org/2019/01/retailers-are-squandering-their-most-potent-weapons>

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Making a Case for the Next Generation of Loss Prevention: Asda

In 2017, Asda implemented Sensormatic Solutions' connected, cloud-based loss prevention service, SMaaS in its 650 locations. The U.K. supermarket chain thought SMaaS was a logical move from its traditional EAS systems so it could start collecting and acting on alarm trigger data.

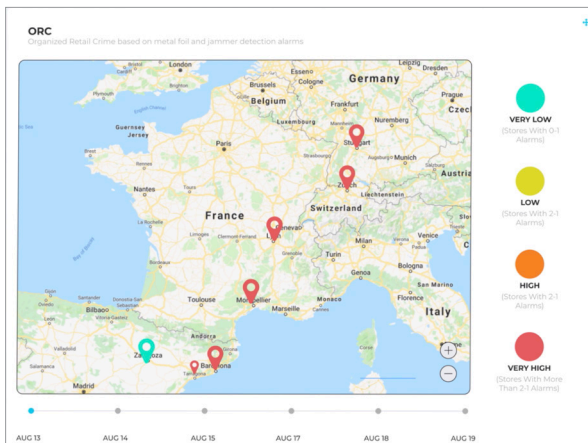
FACTOID

ORC mapping provides detailed insights into broader theft activity in a **specific geographic area** for predictive shrink management.

"We're always looking to be on the edge of technology, but we're also practical. We weren't going to make a change just because it was a new system. It fits with the replacement schedule for our EAS systems," Senior Manager for Asset Protection Andrew Rees told *Stores Magazine*, in January 2019.

SMaaS is scalable so retailers, like Asda, can start small and roll out to multiple locations over time. By diving into the dashboards, the supermarket chain was able to learn best practices at one location and easily share with other locations.

Asda has also taken data-driven preventative measures to control shrink. One report² found that 97% of retailers were victims of ORC in the past year and that 68% saw an increase in ORC activity. But for Asda, Rees can see locations have been hit on the system's ORC map and quickly notify police and security in neighboring stores. "It allows us to be more proactive in loss prevention and stopping thieves from causing too much damage," he says. "We're not reading a report of some stores that have been hit a few weeks ago."



2. https://losspreventionmedia.com/two-thirds-of-retailers-see-increase-in-organized-thefts-says-new-survey/?utm_source=ActiveCampaign&utm_medium=email&utm_content=Two-Thirds+of+Retailers+See+Increase+in+Organized+Thefts+Says+New+Survey&utm_campaign=LPM+Daily+1911211



THE SMAAS EFFECT ON SHRINK

- Shrink reduction
- Best practices to share across all store locations
- Holistic view of loss prevention efforts
- Reinvigorated EAS technology investment
- Ability to track patterns like ORC activity
- More analytics-focused business acumen

Starting Your Next-Gen Loss Prevention Journey



STEP 1: Choose a team with industry expertise to help you merge traditional EAS equipment into a connected cloud-based analytics program. Select a collaborative loss prevention solutions partner that can help determine your specific needs using its team of experts.



STEP 2: Create awareness around operational impact of loss prevention program. Examples include alarm rate by traffic, reduction in average alarm rate per store and per area, reduction in service calls, increased equipment uptime, and more. SMAaS gives you the information you need, anywhere, on any device, with customizable widgets and easy-to-navigate dashboards.



STEP 3: Create a deployment plan to determine what works best for your stores with the least amount of disruption. Leverage a scalable solution that can be rolled out to more locations at your own pace, especially for retail chains in multiple countries with multiple languages.



STEP 4: Choose a cloud-based platform, for seamless integration with your current EAS systems and to avoid buying, adding or extending licenses.



STEP 5: Listen to the data and take action. Identify shrink patterns in real time and take proactive preventative measures to predict ORC activities and other events that may lead to increased shrink. Make data-driven decisions to optimize staffing, identify training gaps, reduce shrink, improve overall sales, track store occupancy and demonstrate to stakeholders the value of a proactive loss prevention tool.



THE SMAAS EXPERIENCE

- Predictive analytics
- ORC tracking activity
- Proactive remote equipment management
- Easy-to-read dashboard giving you the data you need when you need it

Take shrink control to the next level with Shrink Management as a Service (SMaaS)

Learn how SMaaS can help you make proactive, data-driven decisions that improve store operations and protect your bottom line.

► **Schedule a Demo**