

Fighting Back

LOSS PREVENTION TECHNOLOGY HELPS RETAILERS FIGHT THEFT

BY DORI SALTZMAN

» **WHEN THE FBI AND THE NATIONAL RETAIL FEDERATION (NRF) GET** together to fight crime, you know what they're collaborating on must be important to retailers. Loss, also called shrinkage, is a huge issue for retailers, and one of the main causes of loss is theft. According to a 2006 survey by the NRF, 81 percent of retailers admitted to being victims of organized retail crime (ORC), while 48 percent reported an increase in organized crime thefts. FBI numbers indicate that organized retail crime accounts for \$30 billion a year.

To combat the growing power of retail crime rings, the FBI and the NRF have partnered to create a retail crime database. The database includes information about suspects, getaway vehicles, stolen merchandise ID numbers, as well as photos and video footage. The purpose of the database is to track crime, identify related incidents and ultimately bust crime rings.

External theft is not the only culprit on which shrinkage can be blamed. Sadly a large number of retailers also suffer from employee theft. An AMR Research study found that internal theft accounted for 50 percent of shrinkage in 2006. Finding methods to fight theft-driven shrinkage — such methods are known as loss prevention — is essential in a competitive environment where every dollar counts.

Once composed only of security guards and cameras, loss prevention strategies continue to evolve. Today, a successful retail loss prevention program typically includes personnel, software and hardware working in tandem. Retailers with e-commerce channels also now incorporate Internet fraud prevention systems into their strategies. However, the processes continue to evolve, and loss prevention hardware continues to improve. Closed-circuit video/television monitoring systems are giving way to digital systems, and the older alarm-triggering tags are giving way to RF-tags.

Reno, Europe's second largest shoe retailer, recently embarked on a new loss prevention program, deploying RF-tags to more than 700 retail locations across six countries. The system, provided by Checkpoint Systems, places thin tags, created especially for footwear, onto products. The tags are designed to be easier for cashiers to deactivate, creating fewer false alarms. In addition, store entrances will be redesigned to minimize the appearance of security devices, and create wider, more customer-friendly entrances. "Not only should RF merchandise tagging help us to effectively reduce losses, it should also further improve the shopping experience for the customer," says Hans-Werner Konigs, divisional manager of organization and goods control at Reno.

INTELLIGENT VIDEO

Bloomington's also is taking its fight against crime further into the future with a trial-run of a "smart" digital video system from IntelliVid. Using the Video Investigator system, the upscale department store can analyze digital video both in real-

time and forensically. The software monitors customers in the store and sales transactions, and flags suspicious behavior, sending real-time alerts to on-the-floor detectives.

An element of the system, computer-aided tracking (CAT), has already helped the retailer nab shoplifters. In one instance when a sales

associate found security tags scattered on the floor, the system was used to track, in reverse-time, the path of the tags to determine when, where and who removed them. The sales associate recognized the shoplifter as a "regular" and when the customer returned, detectives were alerted and caught the thief in the act. **RIS**

SCORECARD: LOSS PREVENTION

The chart below is a comparison guide of product specifications and functionalities in a specific category to help retailers begin their search for vendors in the RFP process. The chart is not a comprehensive resource. Please visit vendor Web sites for further information.

VENDOR NAME/WEB SITE	PRODUCT NAME	SPECIAL FEATURES
ADT www.adt.com	Electronic Article Surveillance	ADT's Electronic Article Surveillance options include detection systems, deactivators, labels, EAS tags, Benefit Denial tags and detachers. The Ultra Max anti-shoplifting technology offers a small theft label footprint and integrates directly into products.
Aspect Loss Prevention www.aspectlp.com	Elite LossPrevention	Elite LossPrevention features enterprise-level exception reporting, DVR link readiness and case management, and comes in traditional client/server, remote (ASP) or thin client (Web-based) formats.
Checkpoint Systems www.checkpointsystems.com	Liberty EAS System	The Liberty family of antennas combines next-generation RF technology with communications and remote alarm data-capture capabilities. A variety of antenna options including floor and overhead systems.
Datavantage/CommercialWare www.davantagecorp.com	XBR Store Analytics	XBR Store Analytics focuses on exception-based reporting. Identifies, tracks, manages and resolves issues including fraudulent transactions, productivity concerns and training or compliance issues. Multiple reports available.
Epicor CRS www.crsretail.epicor.com	CRS LossPrevention	Features a Web-based user interface, exception report management, the Quick Focus Investigator, case journals, digital video camera integration and custom report-writing. The Quick Focus feature enables retailers to look for repeat patterns.
Fujitsu Transaction Solutions http://us.fujitsu.com/retailing	ReturnCENTER and StoreCENTER	ReturnCENTER allows retailers to centrally maintain sales orders and returns information, and access customer transaction information in real-time. StoreCENTER allows retailers to report on fraudulent activity in real-time.
Infoglide Software www.infoglidesoftware.com	Identity Resolution Engine (IRE)	Integrates with existing systems and analyzes identity data and transactional characteristics to uncover suspicious relationships between, and actions by, specific individuals. Applications include LP Intelligence and Real-Time Returns.
IntelliVid www.intellivid.com	Video Investigator	Video Investigator software works with retailers' existing video surveillance systems, transforming them from passive recording devices into proactive devices. It automatically monitors store activities.
Oracle www.oracle.com/retail	Oracle Retail Returns Management	Accesses centralized, cross-channel, purchase and return data to help cashiers determine whether a refund should be given and if so, in what tender, and whether positive ID and/or manager's approval is required.
Retail Decisions www.redplc.com	ReD Shield	ReD Shield fraud prevention is designed to detect and eliminate global card fraud in a card-not-present (CNP) environment — Internet, mail and telephone order. Features custom rules, a neural network and pattern recognition engines.
Retail Technologies www.rtc-group.com	Loss Prevention Analyzer	Loss Prevention Analyzer is a bolt-on to the JDA Merchandising System-i (MMS-i) Sales Audit module. It provides the user with a graphical, browser-based, point-and-click interface to monitor cashier exception transaction activity.
The 41st Parameter www.the41.com	FraudNet	Helps retailers detect and prevent fraudulent transactions online. Enables forensic identification of devices to pinpoint fraudulent activity before products are shipped. Decreases the volume of transactions that require manual review.
Torex Retail www.torexretailna.com	Torex Loss Prevention	Uses an XML interface and the ARTS data model so it supports data import from a wide range of third party POS systems. Offers ability to drill down to item level and pinpoint losses that arise from fraud and failure to follow procedures.