

Smart solutions, empowered staff:

Fighting the loss prevention crisis



The loss prevention epidemic

In retail stores across North America and Europe, criminal activity is at an all-time high. Since the end of the Covid-19 lockdowns and a return to in-person shopping, dealing with shoplifting, looting and organized theft has become the new normal for retailers. Shop thefts have [more than doubled](#) in the UK over the past six years, while in the US shrink accounted for [\\$112.1 billion in losses](#), up from \$93.9 billion in 2021.

Facing a tsunami of criminality, retailers are struggling to find an adequate response. Brands like Waitrose have resorted to [offering free coffees](#) to passing police officers, hoping that their presence in stores will deter thieves, while [Sports Direct](#) have been trialling face recognition software to track and monitor repeat offenders, and [H&M](#) is looking to replace their security tags with smart sensors that are harder to detach. Target, meanwhile, has resorted to simply [closing nine of its stores](#) in US retail hotspots, citing an “unsustainable business performance” created by ongoing crime.

Retail bosses are also increasingly calling out for help. In the UK, [almost 90 retail leaders](#), including the bosses of Tesco, Sainsbury’s, Boots and WH Smith, have written to the government demanding firmer action on crime, including tougher sentencing and the recording of all incidents. “Retail can’t solve this issue all on its own,” [John Furner](#), head of Walmart’s US operations, has told analysts, while Chair of the John Lewis Partnership, [Sharon White](#), has called shoplifting an “epidemic”.

Robust and effective solutions are desperately needed to give retailers peace of mind, shoppers a renewed sense of safety, and to protect frontline staff.

“Retailers are seeing unprecedented levels of theft coupled with rampant crime in their stores, and the situation is only becoming more dire.”

[NRF Vice President for Asset Protection and Retail Operations, David Johnston](#)



Why now?

27% increase in shoplifting in the UK's 10 biggest cities

British Retail Consortium

We are living in uncertain times. With inflation ballooning, the cost of living has been increasing and shoppers everywhere are feeling the pinch. The increased price of everyday goods is one potential reason why some people might be turning to theft to make ends meet. A [recent BBC report](#) profiled a range of people, from someone on Universal Credit to an Oxford University student, each claiming that shoplifting had become a new necessity.

With theft at such high levels, though, it can't just be individuals taking desperate measures. Organized retail crime, where gangs coordinate thefts from particular stores, is another increasing reality in the fight against shrink. Since certain products such as alcohol, cigarettes and baby formula deliver high-value resale on the black market, gangs are fleecing retailers as part of their criminal activity. The [Association of Convenience Stores](#) found most thieves are repeat offenders, suggesting the presence of gang recruiting to carry out a "shopping list" of thefts for resale. 70% of retailers also believed the threat of organized retail crime had increased during the past five years, according to the 2022 National Retail Security Survey.

Police resources and penalties for shoplifting are urgently in need of updating. In the UK, shoplifting of goods worth £200 or less is deemed a summary offence and tried in a magistrates' court. In the US, meanwhile, 38 states don't consider shoplifting as a felony unless over \$1,000 worth of products are stolen.

This low level of scrutiny has probably contributed to discouraging police from investigating, except when repeat offenders are involved. 44% of retailers in the [British Retail Consortium's](#) annual crime survey rated the police response as "poor" or "very poor".

"The police don't come," one [supermarket manager from Nottingham](#) has said. "Unless the thief has stolen around £500 worth of items, they aren't interested."

Shoplifting seems an open secret, so much so that social media site TikTok even features hundreds of videos sharing tips on how to shoplift or encouraging "looting challenges". The hashtag "borrow tips and tricks" has amassed [8.9 billion views](#) to date.

The combined high price of goods, easy access to information and relatively minimal policing means retailers are increasingly having to take security into their own hands by equipping staff with body cameras, providing specialist training and more accurate monitoring systems. Ultimately, the extra vigilance all comes at a hefty cost, with 28% of retailers reporting being forced to close a specific store location, 45% reducing operating hours and 30% altering in-store product selection as a direct result of retail crime, according to the latest [NRF figures](#).

"The cost of living started my shoplifting."

Ash, BBC report

The unsustainable cost of crime



The consequences of theft for retail businesses runs far deeper than just the cost of the stolen items. In addition to replacing lost goods, retailers have to fund added security costs – from new personnel to updated tags on items and increased camera coverage across their stores – as well as updating software systems, increasing payroll and even providing new training for frontline staff on how to deal with outbursts of abuse or violence associated with confronting criminals.

The combined cost lands at \$112.1 billion in losses in 2022 for US retailers, while the [British Retail Consortium](#) has estimated £1 billion in losses for UK-based businesses each year. Grocery chain [Co-op has reported £33 million](#) already lost in the first six months of 2023 because of theft, while John Lewis has suffered a £12m year-on-year increase in theft and [Next has reported a 0.2% reduction](#) of its profit margin. [Target has alerted](#) investors that shrink will cut its profits this year by \$500 million more than in 2022.

1,000 shop theft incidents recorded each day

Co-Op UK stores in 2023

Then there is the psychological cost of criminal activity on staff who must remain alert and can receive abuse from suspects. With levels of retail violence and abuse reaching over [850 incidents per day](#) in the UK according to the latest research, the constant vigilance required of staff can seriously affect morale, as well as lead to feelings of frustration, helplessness and discomfort as they might be required to remain passive while criminal activity takes place.

The heightened surveillance across stores ultimately leads to a negative experience for shoppers also, who might feel unjustly suspected. “From the consumer’s perspective, the feeling that everyone is watching you, suspecting you of shoplifting, creates a negative atmosphere,” Angela Y. Lee, a consumer psychologist, [told the New York Times](#). “If you’re treated like a potential thief, you’re going to have a bad experience, which will then make you less likely to shop there.”

The cost of theft is not just a consideration for retailers. Eventually, it comes to affect all of us.

\$112.1 billion lost – 2022 cost of shop theft

NRF



Everyday innovations

Retailers are nothing if not resourceful. Faced with growing incidences of in-store criminality, a number of new, technology-fueled options are being trialled to help businesses stem losses and prevent theft from occurring in the future.

Facial recognition

Sports Direct has introduced facial recognition cameras to identify repeat offenders and check their presence against a database of criminals. The Facewatch surveillance technology utilizes biometric cameras to perform real-time scanning, alerting employees to suspicious customers and potentially barring them from future visits to the premises.

John Lewis has also joined 10 of the UK's biggest retailers to fund a police operation, Pegasus, that will monitor CCTV pictures and use facial recognition technology to get a better understanding of shoplifting operations.

Body cameras

Wearable body cameras have been trialled in several Tesco stores, including a Cork premises that experiences a weekly shrink of €10,000. The supermarket chain has seen physical assaults increase by a third since 2022, leading boss Ken Murphy to call for tougher laws targeting offenders and increased vigilance to protect staff safety. Sainsbury's has also made body cameras available to its staff since 2018 in an effort to deter criminals with an increased surveillance presence.

Smart tagging

Brands like H&M and Zara have recently introduced smart tags that use a chip sewn into clothing to communicate with sensors throughout stores and allow for more advanced monitoring of items than the industry-standard hard plastic tags. Zara's owner Inditex reports that the technology could reduce checkout times by 50% and potentially lead to theft reductions of up to 80%. Lowe's has also produced an RFID program, Project Unlock, which embeds products with a chip that is set to inoperable and only unlocked when legitimately purchased and scanned.

Free coffee

A decidedly more low-tech approach has seen Waitrose offer free cups of coffee to passing police officers, hoping that by luring them in-store the increased presence of law enforcement would deter criminal activity. "Even just having a police car parked outside can make people think twice about shoplifting", Nicki Juniper, Head of Security at John Lewis Partnership, said.



The fightback begins

The retail landscape continues to be complex and fast-moving. With points-of-sale becoming increasingly diverse and flexible, producing greater densities of self-checkout options in smaller spaces, there are even more opportunities for theft to occur.

Yet, there are solutions at hand that harness new technology to provide peace of mind for retailers and a safe shopping experience for law-abiding customers.

Flooid has an impressive track record of working with the world's leading retailers to address a wide range of loss prevention issues.



Flooid Insights

Flooid Insights provides in-depth analytics to keep retailers informed about typical transactions and therefore those that deviate from the norm.



SCO systems accounted for 23% of unknown store losses

ECR Self Checkout in Retail Report



Flooid Self Checkout

Flooid's innovation within the SCO UI also gives the associate clear visibility to scans by the consumer to highlight exception behavior but also improves the user experience and keeps transaction flows smooth.



Over 60% of staff believe they cannot cope with the number of self checkout machines they are assigned to manage

[ECR Working on the Frontline of Retail Self-Checkout Report](#)



Floodid Empower

Floodid's Empower app enables associates to remotely monitor and respond to self-checkout issues in real-time and from the palm of their hand. Instant alerts allow staff to understand who needs help, meaning customers are no longer left waiting and employees can better catch non-payment activities.

Data analytics and a customizable algorithm additionally enable a real-time summary of scanned items and transaction values, giving staff the ability to check whether a customer's bag matches their bill. Wide-ranging compatibility means Empower can be deployed across self-checkout, cashier operated registers, convertible lanes, kiosks and the new generation of mobile POS devices.

Additionally, accurate weighing technology on customer-use devices can be valuable in helping to stop theft but equally causes more frequent interruptions for routine consumer behaviour, creates a negative, interrupted shopping experience, and adds cost and operational management time undermining the benefits and adoption of self-checkout. As an alternative, Floodid is working AI-driven companies like Edgify who are pioneering intelligent intervention software based on computer vision, producing false selection alerts, fraud detection and basket alerts.

It is ultimately through the intelligent application of cutting-edge software, advanced training for staff and new preventative measures that retailers will begin to lessen the flow of loss that has become an epidemic in their stores. Through working together, we can fight back, stem losses, improve safety, and restore the in-store experience.

If you are interested in learning how Floodid's solutions can help make your stores safer, more efficient and cost-effective, please speak to a member of our team.



About Floodid

Floodid, a Glory company, is the leading unified commerce platform provider that enables retail and hospitality brands to sell to customers flexibly and consistently, wherever they are and however they choose to shop. Our scalable cloud-native composable solution and services portfolio includes assisted and self-service experiences, an open API services platform and operational business analytics as well as estate management solutions that enable retailers to select the right mix of services and technology partners to facilitate the selling journey that's right for every customer. One composable, unified commerce platform. Unlimited innovation.

floodid.com

Floodid Inc.
4270 Glendale Milford Road
Cincinnati, OH 45242

T +1 833 915 0305
F +1 844 695 2740
marketing@floodid.com

© 2023 Floodid. All rights reserved