

eBook

Data Driven Loss Prevention

Yes, You Can Provide
Customers Amazing
Omnichannel Shopping
Without Shrink



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01

Shrink the Shrink in Retail

“**My advice to other Asset Protection (AP) leaders is to not write things off by thinking that something looks too good to be true. Be open to challenging the status quo and willing to put new solutions to the test.**”

DIRECTOR OF GLOBAL RETAIL
ASSET PROTECTION AND INVESTIGATIONS
Under Armour



Shrink the Shrink in Retail

Retail is recovering from its rough, recent past and is starting to expand again. Unfortunately, so is the shrinkage that plagues stores everywhere.

However, did you know there have been major technological advancements that help retailers do omnichannel retail right? That there's an easy, efficient way to arm the entire organization with data that helps minimize losses, manage inventory more profitably, and prove the worth of loss prevention in improving the bottom line?

You no longer have to settle for old, outdated loss prevention solutions that worsen the shopping experience. Instead, you can seize your opportunity now to “shrink the shrink” in retail and improve the efficiency and profitability of your entire business.

This ebook explains how some of the best retailers in the world are using item-level data to future proof for new retail processes and add new purpose and functionality to their existing technology. These leading retailers are also achieving better inventory management, higher revenues, and more frictionless checkout with fewer resources than ever, for amazing shopping experiences without shrink. And surprisingly, they're realizing cost savings, as well.

After reading this ebook, you'll understand why Under Armour's Director of Global Retail Asset Protection and Investigations regrets not seriously evaluating RFID solutions sooner:

“I kicked myself for not actively looking earlier, and for not challenging my team to be looking.— Director of Global Retail Asset Protection and Investigations, Under Armour

Here's what you'll learn:

- **How better data helps you anticipate and stop fraud before it happens**
- **How RFID helps companies streamline the whole omnichannel shopping process—for higher revenue and a better bottom line**
- **What types of companies are adopting RFID-based solutions, and why?**
- **RFID-enabled techniques that successful companies are using to streamline and upgrade their customer experiences—while reducing shrink and improving margins**
- **How the data that RFID systems provide can make restocking faster and easier—and supply chains stronger, more efficient, and more profitable**



Q2

Better Times Are Coming— Will You Be Ready?

Retailers who use RFID for their stock management report that a **3-4%** increase in stock file accuracy correlates to a **1%** increase in sales.

Better Times Are Coming

Better times are ahead for retail. However, the expected surge in in-store shopping makes it even more critical that retailers and their loss prevention teams can figure out how to provide the amazing omnichannel shopping experiences customers expect, while still suppressing shrink. As stores reopen and national economies begin to improve, experts expect retail sales to grow at an extremely healthy rate in many countries. The National Retail Federation predicts that 2021 retail sales will rise to between \$4.44 trillion and \$4.56 trillion.

That growth is in omnichannel, too. The NRF expects that non-store and online sales, which are included in this total, will grow between 18 percent and 23 percent to a range of \$1.09 trillion to \$1.13 trillion—as consumers continue to flock to ecommerce, including mobile apps and websites.

Many experts expect a torrent of pent-up demand as shoppers return. McKinsey research shows that 50 percent of consumers expect to treat themselves with extra spending, particularly in categories suppressed by the pandemic: apparel, beauty, and electronics.

Plus, after more than a year of trying new retailers and new retail channels to meet their needs, many customers have become accustomed to seamless hybrid and omnichannel experiences. The use of BOPIS (Buy Online, Pickup In Store) and MOPIS (Mobile Order, Pickup In Store) has expanded significantly.

Providing these mixed buying options while reopening stores will challenge everyone involved in retail, including loss prevention professionals, as they confront a surge of customers who are probably less loyal and more demanding than ever before.

New Expectations Seamless Shopping

Retailers need to aim for breathtaking in-store brand experiences, executed flawlessly and supported by fast, flexible and frictionless checkout options. However, with the introduction of new concepts like mobile and self-checkout, retailers run into the risk of higher levels of shrink.

Retailers are rapidly implementing an array of new seamless checkout methods including:

- **Item scanning from mobile device**
- **Mobile payment**
- **Curbside pickup**
- **Self checkout**
- **Buy online, pickup in store**

Amazon is even testing out payment methods where consumers just take whatever products they want from a store and walk out. Advanced camera systems track their product selections and bill their accounts automatically without them having to do anything.

Of course it comes as no surprise that these new payment options open up a world of opportunities for thieves.

That's where RFID EAS comes in.



Old Shrink Problems Reappear—with New Ones on the Rise, Too



Shrink Problems Reappear

Old Shrink Problems Reappear—with New Ones on the Rise, Too

As paying customers return to stores, so do shoplifters—and the shrink they cause. Shoplifting often rises after economic shocks such as the pandemic, and this time appears to be no exception. Already, headlines scream news of the growing surge in shoplifting and shrink:

In a news report titled [“From California, to Washington and New York, coordinated](#)

[shoplifting attacks are caught on camera,”](#) [NBCnews.com](#) reports that “Organized retail crime is so widespread, some stores have opted to reduce hours or shut down altogether.”

No large cities are untouched, and shoplifting-related losses are a problem from Nashville to San Francisco.

According to Jack L. Hayes International’s annual survey, thefts went up more than 19 percent in 2020, despite lockdowns, increasing the likelihood of greater shrink when most stores reopen.

3 Reasons Shrink Could Get Worse

Stores that are reopening or expanding their hours during pandemic recovery—or making any major changes in their customer-facing operations—face added risk for the following reasons:

Untrained employees: New, less thoroughly vetted employees will be added as stores reopen. Experienced ones will be challenged to adapt to new, frequently changing post-pandemic procedures and selling processes.

New inventory risks with omnichannel: Thieves and fraudsters will probably find new ways to create shrink by exploring weaknesses in multi-channel-fraud prevention. Jordan McKee, research director at Forbes warns store loss prevention decision-makers that “It’s critical to watch for fraud across the entirety of their customer journey. Bad actors are increasingly diversifying their efforts by exploiting less-protected touchpoints.”

A surge in organized retail crime (ORC): Retail crime was already increasing before the pandemic, and returning stores face a surge in shrink-producing crime, according to Instore Magazine, which calls organized retail crime “a ‘multi-billion dollar problem’ affecting retailers of every size.”

New payment/checkout methods: As we’ve discussed, its easy for new ways of shopping to quickly turn into new ways of stealing. LP staff may lack effective tools to combat these new types of theft.



04

Want to Get a Handle on Shrink—Without Damaging the Customer Experience?

Even before the pandemic, old-style shrink-control measures, such as hard tags, were often at odds with stores' attempts to make shopping experiences pleasant, efficient, and quick. These measures often required associates to slow down the checkout process and use special equipment to remove tags. Post-pandemic, many shoppers have become used to the more frictionless experience of online shopping—which doesn't include standing in long lines to check out.

A major problem now is how to provide seamless, enticing shopping experiences without the shrink that has often been an unpleasant consequence that comes with the convenience of modern shopping practices.

Aside from being unsightly and bulky, hard tags cause consumers to wait in longer lines while employees remove the tags from every item. They also cause items to take longer to be replenished and consume employee hours as store staff have to manually tag each item that gets placed on the floor.

Are you ready to tackle these challenges? If you are, you'll join the ranks of loss prevention experts at a host of successful brands and retailers such as Under Armour, H&M, Adidas, and more. Not only have they experienced the value of RFID in the war on shrink, but they've achieved better results on other metrics, such as increased sales revenue and reduced costs associated with inventory. That's because the same loss prevention practices that thwart thieves also increase operational efficiency and help retailers make sure that genuine customers can quickly find and pay for their purchases, improving customer experience.

RFID adopters now have greater insight into these actionable questions, day-in, and day-out, often in real time:

Which exact items are being stolen?

How and when do losses happen?

Who is responsible for the shrink, and how can we stop them?

How can we boost sales due to fewer stockouts?

How can we cut inventory costs?

How do we predict the next theft or fraud—and prevent it?

How do we continue to improve the seamless brand-building shopping experiences for which our stores are so famous—while slashing shrink in ways that are virtually invisible to paying customers?

“

RFID is going to drive improved inventory holding costs and it is also going to reduce our transportation costs both in direct and in wholesale.”

—MATTHEW FRIEND
Nike CEO



How RFID Can Help You Achieve Better Shopping Experiences Without Shrink

The levels of (organized) theft are rising; the hard tag is less and less of a useful option; there is a need for more actionable and real-time data for LP teams to work more effectively; and finally the modern consumer expects a seamless shopping experience, with easy checkouts and without any long queues.

This all might feel overwhelming. Is there a way to address all these challenges?

Luckily, there is. And you might already be using it. It's called RFID.

When retailers started using RFID, they mostly used it for inventory management. Nowadays, the use cases for RFID in retail have broadened to other areas, including loss prevention.

In a nutshell, RFID for loss prevention works like this. A shopper, carrying items with RFID labels on them, leaves your store.

She passes through the RFID sensors in your EAS setup, which can be your typical floor mounted antenna or a more concealed antenna, hanging from the ceiling. When this happens, the EAS system captures the data associated with the item, such as which item it is, the location, day and time of the event and most importantly: if it was paid for or not.

RFID Insight

The power of RFID lies in capturing item level data, but what kind of data does RFID-based EAS 'see'?

[Click here for a deeper dive.](#)



Data Is a Means to an End

Of course, blindly gathering more data for the sake of capturing data is not the way to go if you want to offer seamless shopping experiences. It's important to keep in mind that data is a means to end: data leads to insights, which in turn help you make better decisions.

So what are areas where RFID can help you allocate resources better?

There are two ways to approach your loss prevention strategy in a data driven way:

- **Acting on theft events right when they occur; or**
- **Choosing a more long-term approach in preventing losses.**

Let's discuss both strategies – and how RFID enables both immediate as well as long term actions.

Catch the Data Catch the Thief

Traditionally, an EAS system had just one way of warning when a theft event occurs: flashing lights and screeching sounds. It goes without saying that this is still the case when using RFID technology in your EAS setup, but with RFID there are more ways to act on a theft event when it happens.

Because we now know which items triggered the alarm, we can use this data in multiple ways. In addition to alarms, we can send notifications to people if (suspected) theft events occur. For example, we can send a notification to store associates. Not

only will a store associate hear the alarms go off, she'll also receive a notification on her mobile device, telling her exactly which item at which entrance set off the alarm. We call this "turning a loss into a sale": the store associate checks with the customer and asks if something might have gone wrong when paying for their items.

And these notifications are not limited to store staff. In case of professional, large-scale ORC attacks, you can notify neighboring stores in case of such events. This way, stores can prepare themselves and you prevent future ORC events from happening.

Finding Patterns

All these tactics work for catching thieves, in the here and now. But how does this lead to offering seamless shopping experiences? Armed with the data of tens of thousands of items leaving your stores, you gain insights that might have been impossible to see before. Insights that lead to better decision making, and therefore a better allocation of resources.

With all the events captured by your EAS, you will start seeing patterns.

Which stores have a higher risk of theft events ("hot" stores)? And on which days of the week, and at which times? Which items are getting stolen more often? Which are the high risk items that need a visual deterrence? And which items are better served without a visual deterrence, because it speeds up the checkout process and facilitates a seamless shopping experience?

These questions might sound scary at first to some loss prevention managers. But with the data at your fingertips, you can make responsible and informed decisions. LP/AP managers currently answer these questions based on a gut-feeling and year-old inventory data. But RFID takes out the guesswork, answering these questions with facts and data.

With indispensable insights like these, you are ready to optimize your loss prevention strategies to facilitate seamless shopping experiences. RFID not only enables retailers to offer seamless shopping experiences to their customers, it also makes sure that theft, fraud and therefore shrinkage stay at a minimum.

We call this Seamless Shopping Without Shrink: an omnichannel-ready loss prevention strategy, utilizing realtime, accurate data and empowering retailers with fast, flexible and frictionless checkouts.



What makes RFID easy?

- **Inexpensive, small, and unobtrusive**
Tags don't have to be removed like the old-style, hard tags some stores still use.
- **Accurate and unique**
Every item is uniquely tagged, so individual items are identifiable.
- **Available in large quantities**
So retail businesses can use them everywhere if desired.
- **Easily usable for many different applications**
Variety of business cases, such as supply chain optimization, omnichannel enablement, sustainability, and loss prevention.

These characteristics help RFID systems improve operations in many different parts of retail, especially in loss prevention but also in any solution where inventory visibility is important. Retailers can track everything from sweaters to electronics to shoes, instantly checking on location within the store.

“

In a world of omnichannel, product availability is king.

We are impressed by how advanced iD Cloud is, yet how little IT effort it took to implement it, which makes adopting RFID extremely easy.”

—JON WRIGHT
Head of Global Loss Prevention & Safety
River Island

Want to learn more?

Check out our Solution Brief

Ready to explore?

Book a free demo here.

Every industry has its own unique challenges and opportunities. Nedap Retail creates unique solutions, geared to your industry, to help you take full advantage of social, mobile, cloud, and analytics as you transform your business.

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