

GROCERY HEADQUARTERS

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Weis Markets' Grand Ambitions

GHQ takes a stroll through retailer's modern flagship store

CENTER STORE
WAKING UP TO INNOVATION

FOCUS ON FRESH
FALLING FOR AUTUMN PRODUCE

SELLING WELLNESS
NONFOODS GOES NATURAL

EQUIPMENT DESIGN & OPERATIONS
KEEPING COOL WITH COMPLEX REFRIGERATION



GHQ Exclusive

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TECH SOLUTIONS

TO TAG A THIEF

► *Video, anti-theft devices and software can help grocery retailers reduce shrink and manage inventory.*

BY NORA CALEY

THERE ARE MORE WAYS than ever for grocery retailers to lose money, and prime culprit shrink – encompassing everything from shoplifting to employee theft to wasted fresh food – has become a complex issue.

There are also more places in the store where shrink can occur, and thieves are getting creative with how to steal merchandise. Luckily for retailers, technology that uses video, big data and the stores' POS system can help reduce these losses.

"Shrink in grocery has more variables than in other retail verticals," asserts Carl Rysdon, VP sales and marketing for Thorofare, N.J.-based Checkpoint Systems. Supermarkets are susceptible to shrink because the stores have several sources of waste, high throughput, high dollar value and open customer formats. Key categories and items that tend to suffer shrink include meat, wine, Tide detergent, batteries, teeth whitening, pregnancy tests, razor blades, supplements, allergy relief and hair loss.

Checkpoint offers advanced shrink management solutions and merchandise visibility solutions, including Electronic Article



Surveillance (EAS), soft labels with RFID tags on the product packaging that are deactivated at the checkout scanner. The labels are source tagged, i.e., put on the products at the manufacturers' sites, saving labor at the store level.

"It's a chain-wide problem that has to also be managed at the store level," Rysdon says. "The store manager for instance notices things that are bigger hits." For example, with organized retail crime (ORC), a gang does a shelf sweep at a store, and suddenly there are no razors.

The company offers solutions such as Spider Wrap, which looks like a puck with cables wrapped around a high-priced item, such as housewares or electronics. These devices and the tags are designed to be visible to the consumer, without detracting from the brand marketing. "When they see a product protection device or EAS label they tend to view that

item to have more value," Rysdon says.

Checkpoint works with the retailer to figure out which items to tag. "A best practice is to measure shrink to the SKU level so that you know exactly where your losses are coming from," he notes. The store can then decide which items to tag. "These will help grocers increase customer satisfaction through on shelf availability, reduce shrink, and improve their bottom line."

DON'T ANNOY THE HONEST CUSTOMERS

Customer satisfaction is important in reducing theft. "Not only do retailers need to make sure they have good in-stock conditions, but they must consider the impact their loss prevention policies have on the checkout process," says Pedro Ramos, VP of sales for Mount Laurel,

N.J.-based data analytics company Agilence. Many supermarkets have point-of-sale controls such as requiring manager intervention to control refunds and voids. “The research conducted by Agilence suggests that not only does this process not reduce fraud – it actually has a negative impact on customer service and raises POS labor costs.”

Agilence offers data analytics software, 20/20 Retail, that takes all the data produced by retailers from multiple systems, analyzes it and produces actionable outputs.

WATCH AND WEIGHT

One common technology to deter theft is surveillance video, but it has its drawback. Malay Kundu, founder and CEO of StopLift Checkout Vision Systems in Cambridge, Mass., explains that no one wants to sit in a back room watching these videos, and most stores do not want to have to pay someone to perform this tedious task. Also, security people who look at video screens are often monitoring the wrong section of the store. “They are looking for people in the aisles,” he says.

Instead, Kundu says, retailers should be looking at the front of the store. StopLift is a

checkout vision system that analyzes the video from the store’s existing video system and compares it to transaction data. The system can detect scan avoidance, which includes leaving items in the cart, or loading groceries into a bag on the floor instead of on the scales. Stop Lift also offers Self-Checkout Accelerator, which does not alert the system when, for example, the shopper sets down her purse on the scale, a mistake that usually makes the whole checkout process come to an annoying, time consuming halt. “It’s good for honest shoppers and good for retailers,” affirms Kundu.

StopLift also offers ScanItAll, which can detect sweethearting, such as when an employee covers up a barcode or doesn’t scan the item and lets a friend get merchandise without paying for it.

WASTING AWAY

Theft is not the only threat to grocers’ bottom line. “The biggest threat is operational shrink,” says Kevin Carleton, senior director of customer success for Dedham, Mass.-based Reflexis. These losses are due to practices such as over-ordering, not sanitizing in fresh areas, and loading too much fresh product on

shelves. To make matters worse, he says, there are other costs involved. “In production areas like meat, seafood and bakery, you are spending payroll to produce items that might not sell and that you have to throw away.”

Reflexis offers several solutions that help the store managers see the amount of fresh food that is being thrown away. The produce gets scanned before it is discarded, so the system can issue an alert to store management, and recommend a series of best practice steps to take in response. “The system raises awareness and enables the store to course correct in time rather than waiting until the end of the fiscal reporting period,” Carleton says.

Inventory management must happen in the warehouse, too. “We think it starts up chain,” says Skip Eastman, CEO of South Bend, Ind.-based Twinlode Corp., a manufacturer of pallet rack systems and other warehousing products. “We help people watch their inventory levels, and identify the high shrinkage items.”

Twinlode offers products such as Pallet Flow Rack, which increases productivity up to 50 percent, as loading and picking are done from opposite sides for first in/first out inventory retrieval. ⚙️

WATCHING VIDEOS AT WORK

VIDEO IS STILL AN INDISPENSIBLE TOOL FOR COMBATING CRIME. “Having a good video surveillance system and comprehensive loss prevention program are essential,” says Lisa Ciappetta, senior director, national accounts for Boca Raton, Fla.-based ADT. “Video can also help with liability issues, training, deterrence and apprehension of both internal and external theft.”

With advancements in **intelligent video surveillance** or **IP-based video systems**, the systems can send **alerts when there is a slip and fall, suspicious activities at the register**, or when a **price scan falls out of allowable range** for a particular food category. Managers can view the video from a smartphone or tablet.

Ciappetta says other technologies include applications that **lock the wheels of a shopping cart**, and **sounds an alarm, if the cart exits but was not checked out at the register**. This prevents push-outs, a common method Organized Retail Crime (ORC) gangs use.

There is also technology that can detect a possible shelf sweep and send an alarm. These technologies can also be tied to the video surveillance system for documentation of the event.

“There are many other things that are specific to certain types of losses, but we feel video gives you the biggest bang for your buck,” Ciappetta says.