

PROTECT YOUR STORE



INSIDE AND OUT

By LAURA DURHAM

Resourcefulness is key in protecting your store from security threats — both internally and externally.

From installing the latest in intelligence software to getting surrounding community members to keep an eye out for any suspicious activity, retailers are doing their utmost to keep their stores safe...and statistics indicate this is working.

Global shrinkage down

According to crime statistics released by the South African Police Service last month, the number of reported shoplifting cases between April 2010 and March 2011, dropped by 11.6% (from 88 634 to 78 383 cases).

In addition, the 2010 Global Retail Theft Barometer (GRTB) reveals that globally, shrinkage has fallen by -5.6% as retailers put almost 10% more funds into security and loss prevention. "Total global shrinkage (stock loss from crime or waste expressed as a percentage of retail sales) cost retailers and the public US\$ 107.3 billion, equivalent to 1.36% of their retail sales."



Besides some barbed wire on the roof, Mohaus Butchery in Alexandra relies on the community around the store to keep an eye out for tsotsis.

Resourceful retailers make the most of technology and community buy-in

Sources of shrinkage in the Middle East and Africa region are collated as follows:

- Shoplifters – 37%
- Employees – 36%
- Admin error – 18%
- Vendor – 9%

These figures are still quite alarming though, especially when we consider that over 50% of shrinkage is as a result of insufficient internal control and management.

"The industry-wide affliction referred to as 'shrinkage' seems destined to remain a permanent financial headache for retailers. Typical shrink / loss rates of 1-2% may sound insignificant to those outside the industry, but these percentages mean that retailers stand to lose billions of Rand in annual profit," comments Alex Robinson of the retail division of G4S Secure Solutions.

Retailers are therefore looking for a total solution, which still offers customers a pleasant shopping environment but with stringent control measures in place. Antonio Smith, manager of retail solutions at ADT Business Solutions agrees, saying that the combination of local knowledge, international support, industry leading technology and the understanding of industry trends allows ADT to offer retailers a "true holistic offering" with regards to safety and security.

"There is a need to increase the awareness to all within a retail business on how shrinkage affects them directly – personalise the impact on them as an individual," he says.

Based on a budget

The security solution a retailer chooses is very much dependent on budget but regardless, "security is top of mind and retailers will install the best security they can afford to secure their premises, product, staff and customers," says Neville Rothfusz, regional managing director at Chubb Fire and Security, South Africa.

Doing the best on one's budget is particularly true of the spazas that litter the townships, where budget and generally small trading areas prevent high tech security systems. Township shebeens, for example, are typically run by women and securing the meeting place for her majority male clientele is a priority. For Mama Shiela, who runs Sheila's Shebeen in Alexandra, having steel bars that separate the alcohol (including expensive bottles of Johnny Walker Blue) and her customers is not enough. "I'm sometimes open until 2am so I really need some security here," she says.

At the same time, many might argue that there is no need for technologies like CCTV

Safety & security feature



Statistics are down in the retail sector as retailers are spending more on installed sophisticated equipment to not only prevent general pilferage and armed robberies, but also to protect the safety of their customers.

cameras and electronic article surveillance (EAS) tagging because of the community spirit.

Mabuso Mahlangu agrees. Mahlangu is store manager at Mohaus Butchery in Alexandra, a store which stocks a range of groceries and take away food options. "There is no need for security inside because there is a lot of family behind the store and they are always watching," he says. Although, they did add barbed wire to the fence and wall to protect the store just in case.

Another way of reducing the risk is to install a grill or bar. You will not come across too many tuckshops or shebeens in the township that do not employ this method of protection. Given Mabilu opens S.M Mabilu Cash Store from 6am to 9pm every day and he says that thanks to the bar protection, he has had no security problems to date.

Another budget friendly solution is to implement end control whereby security guards at the exit of the store check every customer's till slip against the goods. This

benefits both the store (preventing any items to have been slipped through the till) and the customer (making sure they have everything they paid for). This has become common practice for most cash & carries and wholesalers.

Incentives also work well in bringing customers on board in the fight against theft in-store. Kit Kat Kliptown, Soweto, for example, offers a R100 bonus if one customer catches another stealing. "Some people say the cost of our CCTV security and checking system is not worth the result, but we cannot put a price to it," says Kit Kat CEO, Riaz Gani.

Remove temptation

The reality in shoplifting is that the 80/20 principle applies, with 80% of thefts involving about 20% of a store's product inventory. The GRTB says that globally in 2010, "thieves stole a wide range of merchandise, but tended to focus on expensive popular branded items". This included razor blades/shaving products; cosmetics/face creams and perfumes;



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alcohol; fresh meat/expensive foodstuffs; infant formula and coffee; and branded sunglasses and watches.

One way of curbing this is to remove these products from the general section of the store, and position them behind the kiosk so they are easier to watch and customers have to ask for products specifically. Another option is to keep the product in-store but lock them away in a glass cabinet, which involves a staff member unlocking it for the customer.

Of course, the more sophisticated and increasingly popular solution is electronic article surveillance (EAS) tags, where an alarm will sound if a customer tries to walk out with a tagged item.

Here are a few inexpensive and easy-to-implement ways to reduce shoplifting in your store:



One way of reducing the risk of high theft items is to remove these products from the general section of the store, and position them behind the kiosk so they are easier to watch and customers have to ask for products specifically.



Storing loose items like sweets under the counter, where only staff can access, is an inexpensive way of removing the threat of sticky fingers.



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- Greet every customer. It is great for customer service, as well as a deterrent for shoplifters who do not want to be noticed.
- Look for irregular customer behavior: Customers splitting up and one trying to keep you busy; nervous shoppers; a customer who is watching the staff members more than shopping; shoppers that come into the store often but seldom buy anything.
- Keep your store neat and organised because shoplifters like to leave empty packages in disorganised and messy areas.
- Shoplifters like to go to blind spots so you may want to install some mirrors to make it easier to see the entire store from certain vantage points.
- Place signs throughout your store that make it clear to customers that shoplifters will be prosecuted to the full extent of the law.

Finding the right solution

"The effective loss prevention solution model today centres around pattern matching and recognition of trends, distributions, contributions and decision-support information, whilst using one's own experience and circumstances to manage the daily activities in the business," explains G4S's Alex Robinson.

Smaller groups or independent operators face the same challenges regarding shrinkage

Safety & security feature

and often have limited resources at their disposal. Robinson therefore advises store operators to implement training and awareness of all staff categories within the business to elevate understanding of:

- Their direct role and responsibility to reduce shrinkage
- Reinforce ongoing communication and discussions that loss prevention and asset protection form part of daily functions and responsibilities
- Reward desired and corrective behaviour and listen to staff concerning the challenges they experience in dealing with losses – both from an internal or external influence perspective
- Importance of regular cycle / unit counts.

"When employees at all levels have a clear understanding of the positive impact that they can have on the organisation's overall financial health, they are actively empowered to grow margins from within the system itself," he argues.

Surveillance success

There are various solutions available to retailers, says ADT's Antonio Smith, but an integrated and holistic solution works best, combining alarms and intrusion detection, 24-hour monitoring and armed response, source tagging, CCTV and video surveillance.

Roy Alves, country manager for Axis Communications SA says that there has been a big shift to video quality in CCTV

and video surveillance, with retailers now preferring high definition (HD) quality, with high frame rate becoming a secondary factor. "It is also important that the correct cameras are chosen for every unique environment," he says.

"Statistics are down in the retail sector as retailers are spending more on installed sophisticated equipment to not only prevent general pilferage and armed robberies, but also to protect the safety of their customers," comments Chubb's Neville Rothfusz. In addition to high quality footage, there are also solutions available for a more proactive approach, such as the tamper alarm. If a camera is bumped, covered or if there is a scene change, no image or if the camera goes out of focus, an email notification is sent to the control room operator to alert him to the specific problematic camera.

Alves says one of the issues facing the industry in South Africa at the moment is the lack of regulation. "It is easy to bend the rules in South Africa so there is a move to create a standard which will stipulate that equipment has a warranty, with replacement stock in the country and that it uses new generation software," he explains.

The other big challenge is that the technology is not managed properly. He attributes this to two reasons: "Price is everything and there are no support or maintenance agreements in place between the retailer and supplier."



Another budget friendly solution is to implement end control whereby security guards at the exit of the store check every customer's till slip against the goods.

Cameras are also getting smarter and using analytics, retailers can learn a lot more about what goes on in-store – from feet count to monitoring tills to root out sweethearting. Alves says that while CCTV presence does initially help in reducing retail theft, these numbers tend to pick up again once staff and customers work out the shortfalls of the system. To this end, some retailers are choosing off-site monitoring, which involves exception reporting by a third party. This is particularly useful when looking back at the Global Retail Theft Barometer numbers – employees are to blame for 36% of total retail shrinkage.

The latest surveillance products coming out have also been made easy-to-install which reduces labour costs and time for the retailer. In addition, routine maintenance becomes hassle free and there is no need



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Owner of Newclare Motors in Johannesburg, Zak Adams says card fraud and shrinkage has been dramatically reduced since installing HDTV network video.

CASE STUDY:

Surveillance at Shell

As part of the knockdown and rebuild of his Shell forecourt at Newclare Motors in Johannesburg, owner and manager, Zak Adams decided to source and install an upgraded version of his existing analogue surveillance system. With great results.

Adams' number one priority was to install a system that could provide excellent image quality in an efficient, easy-to-operate manner. He also wanted an intelligent system that could interpret activities and operate as a value-adding business tool. He considered several options available on the security surveillance market before choosing Axis HD network cameras.

"Adams' uncompromising insistence on exceptional resolution made a firm case for the deployment of HDTV network video. This technology offers more useful images in remarkable detail that allows the operator to read a number plate or clearly see an item being scanned at a till point," says Roy Alves, country manager for Axis Communications SA.

One of the most prevalent crimes affecting forecourts is garage card fraud where customers use stolen credit cards to purchase fuel. Adams has been able to reduce this dramatically thanks to two obstacles put in place by his new surveillance system.

Firstly, when management become aware that a fraudulent card has been used, it is possible to review the footage to ascertain a licence plate number and a detailed description of the perpetrator. This information can be used to pursue a criminal charge. Secondly, there is the opportunity to flag a particular licence plate in order to raise an automatic alarm when this vehicle returns to the premises.

Adams says his stock control has also improved tremendously as a result of the new system. With 53 network cameras, his staff have also realised that everything they do in-store is monitored 24-7.

"Before the revamp, I was doing stock take twice a day – with shrinkage at 5-6% of turnover. Post-revamp with the new system, I'm doing stock take once a month and shrinkage is down to 0.5% of turnover," he says.

to worry about long periods of down time in store. "At the end of the day it's about return on investment and the cost of ownership," Alves concludes.

Protecting the back-end

Besides protecting stock from pilferage in-store, it is important that stock is protected throughout the supply chain – especially for retail groups that operate from a distribution centre (DC) network.

Backdoor shrinkage during manufacturing and packaging, as well as pilferage of goods whilst in transport remains a major challenge to all manufacturers, retailers, and distribution companies. "The problem affects us all because it is the end user who pays for these shortages incurred by the retailers and manufacturers through higher prices," says Fred Scherf from Matchcheck.

One way of reducing the pilferage at the back-end of a store is to ensure good communication and understanding between management and staff – so everyone has the store's interests at heart.

Stephen Francis, general manager at Springs Cash & Carry agrees, saying that communication is key in reducing shrinkage. In addition, communication between staff and management is vital for the space management in his crowded 3 500m² store, as well as to reduce unnecessary costs. "We have to make the most of what we have when it comes to space and plan things such as deliveries effectively in terms of the time of day trucks arrive and how many trucks deliver goods in a day," he says.

"It is estimated the backdoor shrinkage and pilferage amounts to anything between 2-6% of the value of goods along the entire supply chain. This amount to billions of Rands lost every year to criminal syndicates operating between the major manufacturers and the retailers," says Scherf.

His company, Matchcheck, has designed and developed the 'Matchcheck', which is an automated computerised goods receiving and dispatching system for the elimination of backdoor shrinkage and the control of all goods received and/or dispatched. "The Matchcheck system is a secure and computerised material handling system (CMHS) that provides automated product weight verification, weight validation, supplier invoice and waybill/delivery note reconciliation", he explains.

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Any products outside of the specific weight tolerances are immediately identified and corrective action can be taken. The Matchcheck unit guarantees that the correct quantities of goods have been loaded and dispatched whilst confirming it on arrival at the end user clients or warehouse. The Matchcheck system has been developed over six years in conjunction with Makro. The first system was installed in February 2009 at Makro's DC in Chloorkop. The system runs daily without fault and has become an integral part of Makro's goods receiving and system management.

The Matchcheck system identifies, monitors and eliminates:

- Backend shrinkage
- Discrepancies in deliveries and expected deliveries
- Discrepancies in the receiving and dispatching of inventory
- Tampered goods
- Damaged goods
- High operating and handling costs
- Inaccurate manual data processing

- Provides accurate values on production/dispatch/receiving.

Intruder detection

An intruder alarm system is designed to detect intruder presence at your premises, explains Chubb's Neville Rothfusz.

"When detected, a siren will activate and communicate an alarm signal to one of our monitoring centres, from where an appropriate response will be coordinated. Intruder systems can be either hard-wired or wireless," he explains.

The purpose of an intruder alarm system is to protect the physical assets and people within a premises, to deter crime and vandalism and to ensure a prompt armed response service is dispatched in response to an alarm signal. There are a number of commonly utilised detection devices, including: Passive Infrared Sensors (PIRs), break glass sensors, vibration sensors, seismic vault and safe detectors, smoke and heat detectors, door and window magnetic contacts, external beams and outdoor passives for early detection and warning.

Access to the premises and store can also be restricted with the use of access cards, which consolidate employee credentials onto a single, secure smart card with photo ID. In addition to these basic features, the card can have a security device embedded that "enables secure windows and network login, PC 'locking', secure remote access (VPN), secure email with digital signatures and single sign-on to your enterprise and desktop applications," explains Rothfusz.

Reduce shrinkage, improve profits

In conclusion, retail security is a three-pronged approach. The experts agree that a holistic solution from a quality service provider is part of reducing shrinkage in-store. Further to this, buy-in from the community and customers helps boost the stigma attached to shoplifting. And thirdly, communication between staff and management is key so everyone in-store begins to understand that making a small difference in their role, will make a big difference to the business and its profitability as a whole.



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