

Could “pigeon-holing” types of loss be contributing to rising shrinkage for some retailers?

Submitted by: Really Effective Marketing

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New Survey suggests old silo approach could be costing some dear...

Mass merchants and department stores have seen a massive 58% increase in shrinkage rates since last year, which is no surprise as they continue to treat online and store loss prevention separately according to the 2016 UK Retail Fraud Survey.

Published by Retail Knowledge (<http://www.retailrisk.com>) and sponsored by WIS International (<http://www.countonwis.com>), one of the leading global inventory and data collection services companies, for the second consecutive year, the Survey is the most extensive report into the systems, processes and strategies of the UK's top retailers available.

Increasingly retailers are taking a joined up approach to store and online loss prevention taking a holistic approach to risk across all channels. Only a few years ago the Survey concluded that hardly any retailers took this stance. However, this year only 30.3% of retailers continue to operate in silos across channels, a major shift in how risk is managed. In this respect Mass Merchants and Large format speciality are lagging behind, with 60% and 40% respectively still treating channels separately.

Those taking an holistic approach to loss prevention across all channels have seen a decrease in shrinkage rates whilst those who have opted for the separate approach have seen a massive increase in the last year which has contributed to the £2.34 Billion loss to shrink.

Paul Bessant of Retail Knowledge comments: “Today departments work together across the broad range of disciplines necessary to support the multiple channels through which business is conducted. This inter-departmental approach typifies the operations of leading retailers and is reflected in this survey which, inter alia, documents the change from a silo approach to online and offline, to a holistic one.

Only 36.6% of retailers treat online and offline separately, compared with figures going back to 2013 when the figure was closer to 100%! This is really great news, considering shrink has fallen again this year, it really shows that working collaboratively is the most effective way of beating retail crime. Those retailers that do treat online and offline separately need to rethink their approach if they are to effectively lower shrink year on year.”

Further highlights of the Survey include the decrease in credit card fraud; down from 55% (2015) to 51% (2016), return fraud has dropped from last year's figure of 0.5% to 0.33% of sales and interestingly store loss prevention spend has jumped to 1.06% of sales from 0.6% of sales.

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Notes to Editors

Retail Knowledge, who commissioned the Survey, are owners of the Retail Risk conference series. It is the

largest risk and loss prevention conference series in the world promoting best practice and leadership in risk and loss prevention across five continents.

The Retail Risk shows are the definitive events for all aspects of physical and technological fraud prevention within the retail and online environment. Building on the increasing success of their events in London, Leicester and Dublin, Retail Risk conferences have now also been launched in Cape Town, Dubai, Oslo, Amsterdam, New York, Dallas, Singapore and Melbourne with further shows being added in the near future, making it the largest retail fraud and loss prevention conference series in the world.

Survey Sponsors:

WIS International is one of the leading global inventory and data collection services companies. Using their internally developed software, patented hardware and skilled workforce they provide physical inventory counting, merchandising and space optimisation services to the majority of leading retailers worldwide. WIS International maintains an industry reputation for many first-ever, proprietary technology innovations including the integrated, single-handed inventory count terminal.

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