

Impact case study (REF3b)

<p>Institution: University of Leicester</p>
<p>Unit of Assessment: 22 Social Work and Social Policy (Criminology)</p>
<p>Title of case study: Sell More Lose Less: Helping Retail Organisations Manage Their Losses</p>
<p>1. Summary of the impact</p> <p>Globally, the impact of loss of goods within organisations is highly significant in economic terms, with estimates suggesting the retail sector alone loses approximately \$232 billion a year. This can take the form of internal and external theft, inter-company fraud and a whole range of process-related losses. Traditional approaches have typically focused on responding to the symptoms of these losses through the adoption of a range of short-term technological fixes such as product tags and CCTV.</p> <p>The research undertaken by Beck has focused on helping organisations to better understand the root causes of these losses, which can be found in a range of operational failures embedded within business practices. His work has provided retail organisations across the globe with new insights, tools and techniques to more effectively measure, monitor and control the problem of loss, which has enabled them to make multi-billion pound savings.</p>
<p>2. Underpinning research</p> <p>All the research discussed in this case study has taken place at the University of Leicester between 1999 and 2013 by Professor Adrian Beck, Head of the Department of Criminology, partly while acting as academic advisor to the ECR Europe Shrinkage Group (a joint retailer/manufacturer representative body: http://www.ecr-europe.org/about-ecr/what-is-ecr). The traditional approach to understanding loss within retail organisations focuses primarily on the threat posed by external (shoplifters) and internal thieves (members of staff) with ever more elaborate technological 'solutions' being developed to respond to it, such as the use of Electronic Article Surveillance tags and CCTV. However, many of these solutions have a short-lived impact, with offenders quickly finding ways to defeat any intervention.</p> <p>The research by Beck has focused on helping organisations through a critical review of how the problem is conceptualised, to put the problem of theft into a broader loss context, where typically non-theft losses, such as damage and error, could account for as much as 70% of the problem (1). His work has drawn attention to the key role operational failures play in either directly generating loss or creating the opportunities for thieves to steal. His findings have pointed to the need to identify and ameliorate the root causes of the problem rather than continuing to react to the symptoms, e.g. eliminating crime-encouraging business processes rather than trying to catch more thieves. In addition, his work has helped businesses to begin to redefine the role of those responsible for dealing with loss, moving them away from being pseudo police officers focused on catching criminals, towards being business partners operating as 'agents of change', interested in developing cross functional collaborative solutions that are hard wired into business operations that ultimately deter offending and minimise non theft losses (1).</p> <p>Working with a range of case study companies in both Europe and the US, Beck's research has identified not only the way in which operational failures can and do occur across the entire retailing sector (such as the initial design of the product, how it is moved across supply chains and the way in which it is displayed and sold within stores) but also how they can be identified and subsequently rectified (6, 5). This involved the development (with Chapman and Peacock) of the ECR Europe Loss Prevention Road Map – a structured business tool using techniques such as Process Mapping and Failure Mode Effect Analysis to help organisations identify operational failures and create suitable and sustainable solutions (1).</p> <p>In addition, case-study research with US retailers (2007) enabled Beck to develop a model describing the key elements organisations need to develop to deliver effective and sustainable loss prevention – The Loss Prevention Pyramid (1, 6). Focused on three key areas: Strategic, Organisational and Operational factors, the Loss Prevention Pyramid provides organisations with a framework of 11 key elements that are required to deliver effective loss prevention. This work has</p>

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been brought together (2009, with Peacock) under the overarching theme of *New Loss Prevention*, which gives organisations both the broad theoretical framework within which to understand why and how loss occurs within retailing, but also the tools and techniques to identify operational failures and develop appropriate and sustainable solutions (1). More recently, the addition of the Loss Prevention Benchmarking Tool enables organisations to track their performance against an industry-wide standard as well as periodic changes within their own organisation: <http://www.ecr-shrink-group.com/benchmarking-tool>.

This work is on-going as new processes and operations develop within retailing such as self-scan and mobile checkouts, which present new opportunities and risks for loss to occur. Beck's work (2011) has looked at how these new technologies can change offending behaviour and how organisations can redesign business practices to respond to these new and evolving risks (2). More recently, he has been working with Durex to help them redesign their packaging to increase the deterrent impact of security signage on products most likely to be stolen in retail stores.

3. References to the research

- 1) Beck, A. with Peacock, C. (2009) *New Loss Prevention: Redefining Shrinkage Management*, Basingstoke: Palgrave Macmillan.
- 2) Beck, A. (2011) 'Self-scan Checkouts and Retail Loss: Understanding the Risk and Minimising the Threat', *Security Journal*, 24 (3): 199-215.
- 3) Beck, A. (2007) 'The Emperor Has No Clothes: What Future Role for Technology in Reducing Retail Shrinkage?', *Security Journal*, 20 (2): 57-61.
- 4) Beck, A. (2010) *Packaging Design for Shrinkage Prevention*, An ECR Europe Blue Book, Brussels: ECR Europe.
- 5) Beck, A. and Peacock, C. (2009) 'Breaking the Shrinkage Life Cycle: Developing New Loss Prevention', *Loss Prevention*, November-December, 46-52.
- 6) Beck, A. and Peacock, C. (2007) 'Lessons from the Leaders of Retail Loss Prevention', *Harvard Business Review*, November, 34.

4. Details of the impact

With shrinkage having a significant economic impact on the profitability of retailers around the globe (\$232 billion annual losses), a key measure of impact has been the number of organisations that have adopted the tools and techniques developed by Beck through his research to try and address these losses. For instance, the New Loss Prevention approach, including the Loss Prevention Road Map and Pyramid is now part of the working practices of the following companies: Adidas (Global), Ahold (Europe and USA), Best Buy (US), Coles (Australia) Checkpoint (Global), Metro (Global), Proctor & Gamble (Global), Sainsbury's (UK), Target (US), Tesco (UK), Walmart (UK, US and International) and Woolworths (Australia): <http://www.ecr-shrink-group.com/case-studies>. In addition, parts of the De Beers family of companies have begun to adopt this approach for the control of diamond losses across their value chains: De Beers South Africa, NAMDEB (Namibia), DEBMARINE (Namibia), DEBSWANA (Botswana). In 2013, Beck worked with Durex to help them redesign their packaging to improve the deterrent impact of security-related symbols and product protection devices – the new packaging will be launched in late 2013.

In addition, Beck has organised and presented at a wide range of practitioner conferences and workshops around the world to raise awareness of his research and offer practitioners the opportunity to gain hands-on experience of using some of the tools he has developed, including:

- *Introducing New Loss Prevention*: Barcelona, 2009; Dublin, 2010; Dallas, 2010; Philadelphia, 2010; Orlando, 2011; Leicester, 2011; Luxemburg, 2011; Botswana, 2011 & 2012; Namibia, 2011 & 2012, Johannesburg, 2011 & 2012; Brussels, 2012; London 2012.
- *Cooling the Risk of Hot Products: A One-Day Workshop on Managing Retail Shrinkage*: Brussels, 2010.
- *Shrinkage and Self-scan Checkouts: Benefits, Challenges and Opportunities*: Brussels, 2011.

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- *Keeping Shrinkage Low: Benchmarking Your Business Against the Best!*: Brussels, 2008.
- *Sell More Lose Less: Introducing New Loss Prevention*: Melbourne and Sydney, 2012, Santiago, 2013; Rio de Janeiro and Sao Paulo, 2013.

He has also presented to senior loss prevention teams within particular organisations, such as Walgreens, 2010; Walmart, 2011; Metro, 2012, Adidas, 2012; De Beers (Global Senior Executive team), 2011; De Beers South Africa (Senior Executive team), 2011 NAMDEB (Namibia, Senior Executive team), 2011; DEBMARINE (Namibia, Senior Executive team), 2011 & 2012; DEBSWANA (Botswana, Senior Executive team), 2011.

In addition, Beck has been invited to present his work at practitioner and academic conferences including, the Retail Leaders Association annual conferences in the US (2009); the annual Retail Fraud Conferences in the UK (2008, 2009, 2010, 2011, 2012 & 2013); the US Food Marketing Institute annual conference (2010); the American Society for Industrial Security (2012) and the annual ECR Europe conferences (2008, 2009, 2011, 2012 & 2013).

Beck has also produced over 20 reports on this subject, the majority of which are made freely available to the practitioner community via the web. Some examples include:

Beck A. (2011) *The Impact and Control of Shrinkage at Self-scan Checkouts*, An ECR Europe White Paper, Brussels: ECR Europe.

Beck, A. (2010) *Packaging Design for Shrinkage Prevention*, An ECR Europe Blue Book, Brussels: ECR Europe.

Beck, A. (2008) *Preventing Retail Shrinkage: Measuring the 'Value' of CCTV, EAS and Data Mining Tools*, An ECR Europe White Paper, Brussels: ECR Europe.

Persuading retail organisations to publish statistics on their levels of loss is not easy – it is considered highly sensitive information and not something they are generally prepared to make publicly available. However, a review undertaken for ECR Europe Shrinkage Group (an influential joint trade and industry body which Beck has been the academic advisor to since 1999) by academics from Cranfield University estimated that for those organisations adopting the Loss Prevention Road Map (9 companies responded to the survey) they estimated they had saved €620,574,000 in one year through using the approaches developed by Beck (with Chapman and Peacock) as part of the ECR Europe Shrinkage Group (2010).

More recently (2012), a representative from the Australian retailer Coles, announced that by using the approach developed by Beck and the ECR Europe Shrinkage Group, they had achieved an annual saving of Aus\$100 million, with an expectation that a further Aus\$100 million would be saved in each of the following two years. More broadly, in 2010 then Chairman of Tesco, Sir Terry Leahy and Co-Chair of ECR Europe, said of the work of the ECR Europe Shrinkage Group: 'in the hands of consultants this would be worth millions'.

Through working closely with a wide range of companies and representative bodies, undertaking extensive dissemination work through producing practitioner publications and organising and presenting workshops and seminars, Beck's research findings have been widely adopted across the world. They have made a significant difference to the way in which organisations not only think about the problems they face but also how they go about developing more effective and sustainable strategies to improve their business performance.

5. Sources to corroborate the impact

The following organisations can be contacted about the integration of the tools and approach developed by Beck and their impact upon the way in which theft, fraud and other forms of loss are now perceived and managed within retail organisations:

Adidas; Global Director of Profit Protection; Adidas Group.

Ahold; Head of Group Asset Protection and co-chair of the ECR Europe Shrinkage Group; Royal Ahold NV.

Asda; Director of Loss Prevention; Asda Stores Ltd.

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Best Buy, Vice President Asset Protection; Best Buy HQ.

Sainsbury's; Head of Corporate Security; Sainsbury's Supermarkets Ltd.

Chapman, P. (2010) *Report on the Impact of the ECR Europe Loss Prevention Road Map*, Cranfield: Cranfield University. (Savings generated by a sample of European retailers using the Road Map).

ECR Europe Conference 2012 Poster (<http://www.ecr-shrink-group.com/images/pdf/ECR-Poster-2012.pdf>) (evidences statement by Sir Terry Leahy and outputs from Shrinkage Group).