

# ASSET PROTECTION

**PEOPLE | PROPERTY | REPUTATION**

March 10-13, 2013

Pointe Hilton Tapatio Cliff | Phoenix, AZ.



## ***Benefit Denial:***

Deters professional and self-use thieves and diverters since stolen goods have little or no value to end-users.



## ***LPRC***

*Using fact-based research to develop crime and loss control solutions that improve the performance of its members and the industry.*

Founded in 2000 by leading retailers, including Target, Walmart, OfficeMax, CVS, and The Home Depot in an effort to support the evidence-based needs of the Loss Prevention industry.

Executives from over 80 leading corporations working with scientists in 12 working groups and action teams to create solutions.

## Offender “Overload” Concept



WARNING TO  
SHOPLIFTERS



### Protective Cues

- Multiple
- Obvious
- Proximate
- Credible

### “Overload”

- Concern
- Doubt
- Fear



### Effects

- Displace
- Desist



*Product prevention's objectives are to get would-be offenders to desist or displace their attempts by:*

Making theft attempts **more difficult** and lengthy (increase effort)

Making theft attempts **seem riskier** (increase risk)

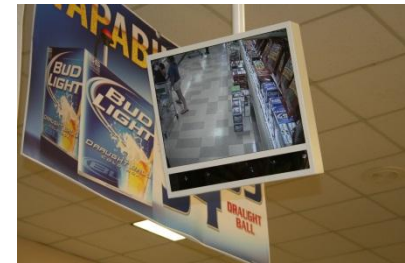
Making theft attempts **less beneficial** (decrease reward)

*We also need to “market” these threats to theft success to offenders.*

Thieves must **SEE** our cues

Thieves must **GET** our cues

Thieves must **FEAR** our cues





## *How LP/AP Techniques Specifically Work*

### **Protective Fixture Treatment Modes and Mechanisms of Action (Example):**

*This slide illustrates how protective measures specifically make theft too risky, difficult, and/or unprofitable*

**Mode of action 1: Increase Effort:** *Increase needed tasks, special knowledge, the need for special tools; increase required time, force/strength, and danger to access and/or remove an asset*

Specific effort mechanism of action 1: Some offenders perceive the bottles are locked in the protective fixture

Specific effort mechanism of action 2: The fixture slows selection rates down by requiring a sequence of movements to select and remove one pack adding delay time to select each bottle

Specific effort mechanism of action 3: The selection sequence requires two hands to operate the mechanism while removing the bottle(s) making item concealment more difficult

**Mode of action 2: Increase Risk:** *Increase perceived risk of detection, rapid response/detainment, and swift and serious formal and informal sanctions*

Specific risk mechanism of action 1: The subject knows the ratchet noise made when the bottle shelf is opened to access a bottle notifies others in the area of the protected item's access by a customer/offender

**Mode of action 3: Reward/Benefit Denial:** *Limit quantity, damage or destroy asset (unless purchased) to reduce value to the offender for personal and/or convert to cash use*

Specific reward/benefit-denial mechanism of action 1: The protective fixture slows selection rates down by requiring a sequence of movements to select and remove one bottle adding delay time to select each bottle selection reducing the quantity of items able to be taken in a "safe" period of time reducing potential value or sufficient reward for the risk

## Benefit Denial Journey

- In 2009, a group of retailers from the Entertainment Merchants Association (EMA) published a list benefit denial technology requirements
- In 2010, the Loss Prevention Research Committee (LPRC) created the Benefit Denial Working Group, with a focus on “developing and testing benefit denial technologies for high-risk products”
- Most leading retailers are actively seeking a viable benefit denial technology as a means to attack Organized Retail Crime (ORC) and Employee Theft, and many have gone public to demand a shift to benefit denial solutions
- In 2012, the RILA Horizons Committee issued a call for Benefit Denial solutions, and published a list of functional priorities (TPD)



Entertainment Merchants Association

### EMA Threshold Requirements

#### Minimum Threshold Requirements

- ✓ Extremely high level of protection integrity (“it works”) – Database hacking impossible or repaired via renewable security. Physical work-a-rounds must be minimal and time prohibitive.
- ✓ Transparent to consumer – 99.99% accuracy in store level activation; no action to be taken by the consumer.
- ✓ Integrity over life of product (cradle to grave) – content not impacted due to benefit denial technology by environmental factors or supply chain conditions.
- ✓ Seamless / easy at front end; no increase in POS transaction time.
- ✓ Activation confirmed at POS (audible and visible signal; flexibility to deploy register stops).
- ✓ Integration with existing POS systems.
- ✓ **No additional space at checkout**
- ✓ Firmware/diagnostics for in-store equipment (readers, etc.) can be done over network.
- ✓ Database maintained at both store and enterprise level.
- ✓ Flexible across packaging types.
- ✓ No increase in package dimensions.
- ✓ Maintain direct business relationship between retailers and content providers.

#### Ability to deactivate and reactivate

- ✓ No interference with other technologies deployed on-disc.
- ✓ No impact on other business models.
- ✓ Meets safety standards (i.e. choking-resistant).
- ✓ Expandable outside United States.
- ✓ Must receive 1st party publisher approval.
- ✓ Works for DVD, Blu-ray, and all video game optical disc formats.
- ✓ Assembly vendors need automatable solution with ability to active/deactivate.
- ✓ Technology and/or its components can be licensed (following a period of time).

#### High Priority

- ✓ Can't detract from packaging.
- ✓ Applicable to other product lines.
- ✓ Works for additional business models.
- ✓ Minimizes dual inventory requirements.
- ✓ Fits w/ current retailers' practices/policies

#### Valuable Additions

- ✓ Merchant identifier.
- ✓ Unique ID.
- ✓ Visual cue to activation on package
- ✓ **Audible notification at store exit if not deactivated.**

#### 5.1 Benefit Denial Customer Interface

- Does not function without sales validation.
- Requires one validation at first use only.
- Provides a unique validation code to customer at POS.
- Provides a means to enter validation code to activate (e.g. remote control, touch screen, etc.).
- Has no adverse impact on transaction speed.
- Does not interfere with other store systems.
- Is adaptable to mobile telephone technology, including tendering on the device (e.g. product registration, etc.).
- Does not require more space than existing hardware specs at POS.
- Does not require additional procedure at POS.
- Does not require any physical attachment to the product.
- Communicates to multiple retail system environments.
- Customer does not need an internet connection to make product functional.
- Has multiple options for activation channels.

#### Non-Customer Interface

- Does not function without sales validation.
- Requires one validation at POS.
- Provides a means to activate without customer interface.
- Has no adverse impact on transaction speed.
- Does not interfere with other store systems.
- Is adaptable to mobile technology, including tender (e.g. product registration, etc.).
- Does not require more space than existing hardware specs at POS.
- Does not require additional physical procedure at POS.
- Does not require any physical attachment to the product.
- Communicates to multiple retail system environments.

## **LPRC Working Group Definition**

***Benefit Denial:*** A system or technology designed into, or applied to, retail products that prevents anyone from gaining the value or use of the product without first making a legitimate purchase. The system or technology should protect the product(s) from point of manufacture throughout the entire supply chain and have no significant negative impact on the consumer



## **LPRC Working Group Mission Statement**

**To foster industry engagement and participation in efforts to develop, test and bring to market a benefit denial solution for the retail marketplace. Encourage technology providers to make investments in technologies and solutions which will protect products from point of manufacture through to point of consumer purchase.**

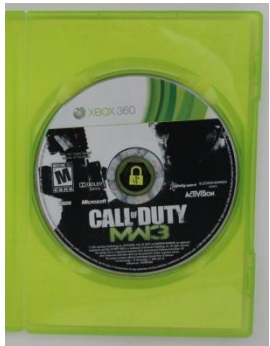
## *LPRC Working Group 2013 objectives*

- ❖ Prioritizing product sets/categories that could/should be targeted for Benefit Denial technology
- ❖ Grow the size and scope of active BDWG participants to add category scope and leverage with key product manufacturers
- ❖ Develop messaging that clearly explains the power of a BD deterrent to all constituents (retailers, consumer products manufacturers, consumers, thieves).
- ❖ Develop a set of measurable benefits that would/could accrue from the use of a BD system (ie, shortage reduction, GM impact of incremental sales, productivity improvement, etc.).

## Test store results



- Scope: One store test, partnered with Proteqt and Microsoft. Tested multiple XBOX video game titles
- Status: Test began July 2012 is still running currently.
- Results and learnings to date:
  1. Shrink improvement was seen verses product protected by keepers.
  2. Store feedback is that process is straightforward quicker and easier than process to remove from keepers.
  3. Store hardware and locks performed to expectation.
  4. Signage/Awareness learning's
    - a) Display signing impact is unclear, partially due to limited size of test.
    - b) Exterior package sticker effectiveness impacted by simple changes in size and design.
    - c) Package Interior impact feedback suggests needs to be simple/un-alarming
  5. Item level RFID facilitates valuable reporting, surveillance
- Plans: increase volume, item tracking, testing controls, etc.





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## *Working group leaders*

**Tim Fisher – Best Buy**

**Adam Estep - Big Lots**

**Bob Dilonardo – Retail Consulting**

**Jeff Fulmer – Barnes and Noble**



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**Next Steps**