

Retailers use technology to thwart would-be thieves

by Jennifer Davies

Each year shoplifters become more brazen and crafty, dreaming up new and audacious ways to steal everything from baby formula to Levi's jeans to Crest White Strips.

To keep up, retailers are coming up with new ways to thwart would-be shoplifters.

Those technologies were on display recently at the National Retail Federation's Loss Prevention Conference and Expo in San Diego.

No longer relying only on run-of-the-mill sensor tags and video surveillance cameras, stores are using a wide range of new technologies, from intelligent video service - in which a camera zooms in on suspect behavior - to sensors that alert the store when too many items are in a dressing room or taken off a shelf.

SMOKING OUT SHOPLIFTERS - Herb Rifkin of New York-based Ameritag gets a demonstration of Flashfog, a security product that fills a room with nontoxic smoke when triggered. CNS Photo by Dan Trevan.

Joe LaRocca, the vice president of loss prevention for the federation, said companies need to invest in cutting-edge technologies because losses from theft and fraud continue to climb, increasing to \$41.6 billion in 2006 from \$37 billion in 2005.

"It is low-risk, high-reward proposition," LaRocca said of retail theft, in which many of the crimes are considered misdemeanors but the potential profit can be impressive.

He said the real challenge is not the lone teenager who steals a Lacoste polo shirt on a dare, but rather the organized groups that are willing to steal a shelf full of Levi's jeans and sell them on the black market.

In the past few years, organized retail crime, as it is called, has exploded as the Internet has provided an anonymous venue by which to sell stolen goods. A recent National Retail Federation survey found that 79 percent of retailers reported being victims of an organized shoplifting ring.

The groups can employ any number of tactics to grab a large quantity of goods. First, the groups make sure to case the stores, looking for where the cameras are and sizing up how attentive the staff is, LaRocca said. Once it has identified a store's weak spots, the shoplifting gang can simply run into a store and clear a whole shelf of Gillette razors - which rank among the most popular theft items, along with Levi's and baby formula.

There are more subtle ways to shoplift as well. One popular method is to use a shopping bag lined with aluminum to thwart a store's sensors. Another tactic is to have an accomplice pretend to mistakenly set off the sensor while the person with the stolen merchandise walks out the door.

LaRocca said organized retail crime has been able to flourish as the government has focused on other criminal matters, from drugs to terrorism. The potential profit is huge, he said. If the thieves sell the merchandise either at a pawnshop or on the Internet, they can expect to get anywhere from 30 to 50 cents on the dollar.

If the thieves decide to return the material using a fake receipt, then they not only get the full cost of the item, they also get the sales tax, making about \$1.08 for every dollar stolen.

Because it is difficult to find the goods after they are stolen, the key is to prevent theft in the first place, said Dick Lockard, director of The Big Space.

The Big Space, along with Motorola and Paxar, have created what they call the Magicmirror, which scans items that have radio-frequency identification chips embedded in the price tags.

When a shopper enters the dressing room, the mirror quickly lists all the items and sizes she has brought in. If the shopper wants a medium instead of a small, she taps the mirror and a sales associate is alerted to the request through a mobile device.

Lockard said the Magicmirror, which is already in use at a few boutiques in Europe and will be in the United States by the end of the summer, helps improve customer service, which in turn prevents theft.

"It's just making people more aware," he said.

German Arias, president of Flashfog, said the key is to make it hard for thieves to complete their mission. Putting up bars or gates only forces would-be burglars to use bigger and better tools. His solution is to smoke out the thieves - literally.

When triggered, his Flashfog device fills a 1,000-square-foot room with nontoxic smoke in 30 seconds. The smoke and strobe lights make it almost impossible to see, he said.

"Thieves have two goals: No. 1 is to steal, and No. 2 is to not get caught," Arias said.

He said that as soon as the smoke begins to billow, shoplifters run. If not, the smoke slows them enough so that police can get to the scene and arrest them.

But it is not just outsiders who can hurt a retailer's bottom line. The National Retail Federation estimated that 47 percent of all losses, about \$19.5 billion, were due to employee theft. To combat the inside jobs, companies such as ADT are working on analytical tools that can find suspicious transactions, such as returns.

Chris Garrison, ADT's business development manager for emerging technologies, said retailers used to go through receipts manually, trying to spot fraud. Now, companies can find anomalies quickly with the help of databases and real-time video monitoring.

Garrison said one example was a cashier who defrauded her company by keeping a \$60 shaver behind the cash register. When relatives and friends came in, the cashier would simply scan the shaver as a return and give them the \$60 in cash.

ADT's software was able to highlight the fact that the store's returns outpaced others in the chain and that the same item was being returned repeatedly to the same cashier.

Lisa Ciappetta, director of commercial marketing for ADT, said that while shoplifting is an important issue, most retailers realize employee theft is a much bigger problem.

"Employees are getting more and more resourceful every day," she said. "The problem isn't just going to go away."

Retailers use technology to thwart would-be thieves by Jennifer Davies