

# Retailers take a heavy-handed approach to combat theft

## Article

**The trend:** Retailers are struggling to find a middle ground between preventing theft and improving the in-store experience.

- Measures to deter theft, such as locking products up or adding alarms, have introduced friction into the shopping journey as customers wait for staff to unlock cabinets or retrieve items from storerooms.

- But attempts to simplify the shopping experience have facilitated theft: **Wegmans** ended use of its self-checkout app, citing losses that made the program untenable.

**The context:** Retailers lost \$94.5 billion last year due to retail shrink in 2021, up from \$90.8 billion the previous year, per the National Retail Federation's 2022 Retail Security Survey.

- Theft and violent crime in stores have risen since the beginning of the pandemic, as limited in-store staffing and a surge in ecommerce created an opportunity for thieves to sell stolen goods on online marketplaces.
- Almost half of retailers—44.5%—increased their loss prevention and asset production budgets in 2022, with most investments going toward tech and equipment.

**A heavy-handed approach:** More retailers have turned to locking items up or shifting inventory to stockrooms to keep shoplifters from snatching items off shelves. But these tactics are frustrating to shoppers who must now wait for a retail associate for assistance.

- **Home Depot** has locked up more products over the past 12 months as the company grapples with an increase in theft attempts compared with pre-pandemic levels, the retailer's vice president of asset protection, **Scott Glenn**, told The Wall Street Journal.
- While Home Depot tries to avoid locking items away because customers don't like the inconvenience, the retailer saw an increase in sales thanks to more stable inventory levels after securing high-theft items.
- In the US, **less than 5% of Best Buy's products are locked up or stored away** to prevent theft, per **Damien Harmon**, the company's executive vice president of omnichannel. But that percentage may skew higher in stores located in areas with more retail theft.

## Attitude of US Adults Toward the Customer Service Experience, Jan 2022

% of respondents

Willing to switch brands/companies because of a bad customer service experience

86%

Willing to switch brands/companies because I know another company will give me a better customer service experience

83%

Share good customer service experiences with friends/family or on social media

75%

Willing to pay more if the experience is more convenient

70%

Share bad customer service experiences with friends/family or on social media

64%

Note: ages 18-65

Source: Shep Hyken, "The 2022 ACA Study: Achieving Customer Amazement," April 1, 2022

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**A better way:** Keeping items under lock and key is a “triage-type scenario,” Glenn said—a measure for buying time to test more customer-friendly options. While no retailer has developed a perfect solution, there are a number of approaches, such as reformatting stores to have fewer products on shelves or adding staff to high-risk areas, that can help reduce the possibility of theft.

- As ecommerce accounts for a growing share of Best Buy's revenues, the retailer is keeping less inventory on store shelves. In certain cases, instead of stocking products in the open, the retailer has added QR codes that shoppers can scan to fill their carts with items, which are then retrieved when the customer checks out.
- Among other measures, **Ulta Beauty** is investing in associate training and hiring more staff to help reduce theft's impact on its bottom line.

**The big takeaway:** Theft is a huge problem for retailers—but so is the risk of alienating consumers over a poor shopping experience. “From a customer standpoint, there is not much worse than wanting to spend your money and not being able to access what you want,” noted **Patty Soltis**, eMarketer principal analyst at Insider Intelligence. One bad experience could send shoppers fleeing to the relative ease and convenience of **Amazon** or other competing retailers.

Instead of thinking solely about theft prevention, retailers should follow Best Buy's example and think about prevention within the context of the holistic shopping experience, aligning security with increased convenience and efficiency.

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