

Evidence-Based Strategies for Reducing Retail Losses

Finding the Optimal Level of Loss Prevention

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Summary

Retail Loss Prevention (LP) faces increasingly complex challenges due to modern retail practices and technological advancements. Traditional methods focusing solely on theft and fraud are insufficient. The expanded remit of LP involvement now includes safety, risk management, logistics, online security, and cyber threats across omnichannel retail environments, all while facing resource constraints.

Modern retail practices and technology have opened new avenues for criminal activity, requiring LP teams to address diverse issues from physical theft to cyber threats. Adapted from policing, the Triple T model (Targeting, Testing, Tracking) offers a structured, evidence-based approach to LP. The model is comprised of:

- **Targeting:** Identify high-risk areas through the implementation of the *Total Retail Loss* framework to measure and prioritise various types of loss beyond theft.
- **Testing:** Systematically test interventions.
- **Tracking:** Continuously monitoring outcomes.

Benefits: Enhanced efficiency, reduced losses, improved security, better resource allocation, and measurable improvements in profitability and operational efficiency.

Introduction

LP teams face significant challenges as modern retail evolves. New operational procedures, sales channels, and payment methods create opportunities for criminal activity. For example, self-checkout systems have increased both inadvertent and intentional losses, alongside customer dissatisfaction and aggression.

Balancing LP with sales is critical. Excessive LP measures deter customers, while insufficient measures increase losses. Internal organisational dynamics often hinder comprehensive LP strategies due to conflicting departmental goals.

Adoption of an evidence-based LP model would provide a more integrated and informed approach than conventional practice. The Triple T model helps LP managers create compelling business cases for strategic investments by demonstrating financial and operational benefits.

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Adapting the Triple T Model to Retail Loss Prevention

Targeting in Retail LP

Identify high-risk areas or behaviours leading to losses using the TRL model, which categorises losses into stores, supply chain, e-commerce, and corporate environments. This helps in prioritising areas or problems that, if addressed, would deliver the greatest impact for the business.

Testing in Retail LP

Implement and evaluate LP strategies empirically through controlled experiments and trials. Retailers can leverage their ability to measure outcomes accurately, unlike law enforcement, which often faces constraints in experimental rigour and consistent data collection.

Tracking in Retail LP

Continuously monitor the outcomes of implemented strategies using data analytics and reporting tools. Retailers' control over their environments allows for precise tracking and timely adjustments, enhancing the effectiveness of LP strategies.

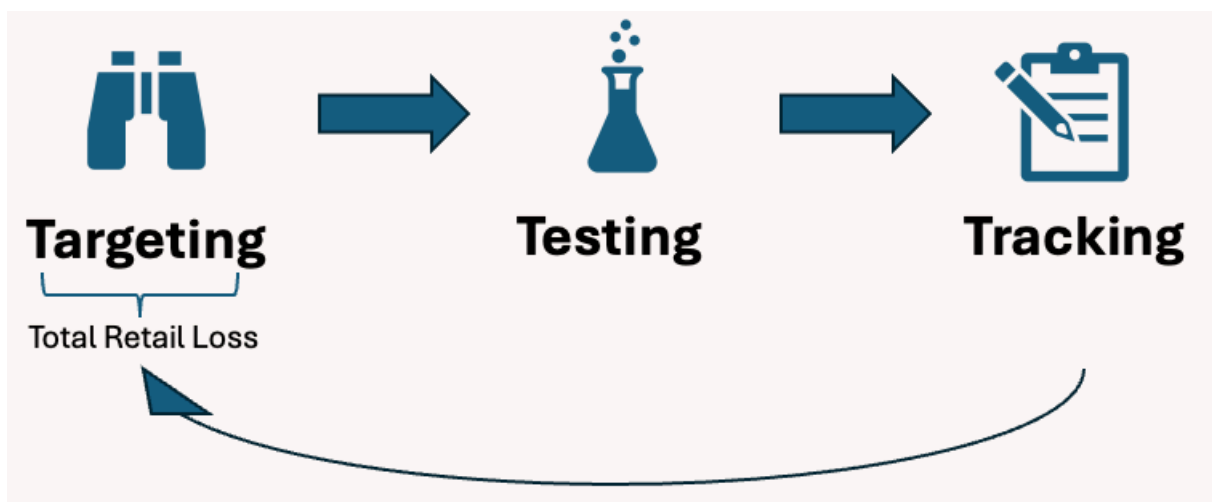


Figure 1: Evidence-Based Loss Prevention: Triple T Model

Conclusion

Retailers are uniquely positioned to realise the potential of the Triple T model, achieving significant reductions in losses and improvements in profitability. By focusing on a structured, evidence-based approach, retailers can enhance their LP strategies, optimise resource allocation, and achieve better operational efficiency and profitability.

This document provides a high-level overview of the Triple T model and its benefits for retail LP. The full white paper delves deeper into a practical roadmap for implementation, including detailed steps for assessing current LP practices, forming cross-functional workgroups, and scaling successful strategies across retail environments.