



# THREE LP SOLUTIONS WITH UNINTENDED CONSEQUENCES



## THE SPEED OF TECHNOLOGY

Everyone can agree that technology has made life easier and, in many cases, safer. People all over the world tend to race toward the newest technology, such as the latest iPhone, or the most recent Virtual Assistant, such as the Amazon Echo. In some cases, newly offered features on some of these devices are so minimal they hardly warrant a new product release. Yet, people still line up to be the first to purchase them. This technomania is rarely concerning because it doesn't affect the masses. Any decision to purchase these technologies is a personal one.

But what if retailers are too quick to adopt a technological solution that they feel will positively impact their business? Worse yet – what if Loss Prevention (LP) executives unwittingly purchase a technological solution that either doesn't work as intended or puts their respective organizations in a liability situation?

Anyone who thinks this is a far-fetched scenario should rethink their position. Here are three technological solutions retailers have implemented that can have disastrous results.



## ENTRANCE/EXIT GATES

Gates installed at entrances and exits of retailers is not new to the retail scene. Many years ago, gates and turnstiles started popping up in stores located in rough areas in an effort to deter shoplifting. The premise of these gates is to prevent customers from exiting through the same doors from which they entered. With physical gates installed, customers wishing to leave the store must walk around to the designated exits typically located near the checkouts. This allows employees to potentially deter a method of shoplifting known as, Pushout Theft. Pushout Theft is the term used to describe a shoplifter who fills a shopping cart with merchandise and simply rolls it out the door without paying.

One of the many downsides to installing physical gates is that it sends a message to honest, law-abiding shoppers that they are likely shopping in a high-crime neighborhood deemed unsafe. One may argue that shoppers in the store are already aware of the crime risks within the neighborhood they are shopping, but that is not necessarily the case. Much like bars on the exterior of a store's windows indicate a high-crime area, gates on the inside of stores tend to create the same uneasy feeling for customers. And just like with exterior bars on storefronts, some shoppers stop shopping at stores that make them feel their safety is at risk. In other words, gates have been known to produce the unintended consequence of decreasing sales.

There are several other unintended consequences with installing physical gates. Elderly or disabled shoppers sometimes struggle to get through the gates. Sometimes children get caught between the gates, depending upon the design. Another unintended consequence was caught on video and was widely viewed by many Loss Prevention professionals. In this video, a shoplifter was trapped between the gate and the entrance door when he tried to exit the store with unpaid merchandise. He became violent and uncontrollable. This retailer had no idea at the time of installation that they were actually putting their employees and customers in danger by installing gates to deter shoplifting.

During a recent industry gathering, several retail Loss Prevention professionals were interviewed about LP solutions. When asked if they would consider installing gates in their high-theft stores, most indicated they would not. One LP executive stated, "I understand why LP executives are willing to implement interior gates as a shoplifting deterrent. However, I would imagine they would opt not to install them once they weigh the benefits against the issues they often cause." Another LP executive went on to say, "At my company we choose to ask ourselves, 'Are we designing for the criminal or the shopper?' In our stores, we spent a great deal of capital to create a frictionless shopping experience, and we feel installing gates goes against that model."

Although physical gates have the potential to reduce shrink by reducing pushout thefts, many LP executives feel there are less intrusive solutions that prevent pushout thefts just as effectively, such as Gatekeeper's Purchek™ system. Many refer to this solution as the "Gateless Gate," or the "Virtual Gate." This solution uses technology, not gates, to stop shopping carts from rolling out the door if the merchandise inside them hasn't been through an active checkout.

With this solution, honest customers don't even know the system is in place, and therefore, still get a welcoming feeling when entering the stores.



## SELF-CHECKOUTS

Self-Checkouts are an evolving technology that have become commonplace within many retailers. Although Self-Checkouts started out as systems in which customers scan and bag their own items in a designated area of the store, the technology has rapidly changed to allow customers to use mobile devices to scan and pay as they shop. The unintended consequence with this technology is theft of merchandise, thereby causing an increase in shrink.

In fact, a former executive for a large retailer recently revealed that shopper theft was a major reason why the company killed their self-scan/self-checkout initiative, which was a cashierless checkout technology. This program was nixed several months after expanding it to more than 100 of their stores. This was a very expensive unintended consequence.

***"Are we designing  
for the criminal  
or the shopper?"***

— Loss Prevention Executive

## FACIAL RECOGNITION SOFTWARE

Facial Recognition software made headlines recently when security at Washington-Dulles airport used the technology to identify someone trying to enter the United States with a fake passport. According to federal officials investigating the incident, the suspect may have gotten past a human agent who would have simply been trying to match his face to the passport photo. What has garnered most of the attention in this case, however, was the fact that the technology was installed just three days prior to foiling this crime – making some skeptics into instant believers.

Facial recognition technology is the latest weapon to enter the law enforcement arsenal. While law enforcement agencies are having some success with this technology, retail loss prevention executives are chomping at the bit to learn how facial recognition software can benefit their shrink prevention objectives.

According to Forbes Magazine, “Facial recognition software is being used to instantly identify known shoplifters after they enter a retail store.” Although Forbes is correct that there are some retailers trying out the software, it is too early to claim success.

Even if this technology proves to be successful in identifying shoplifters, retailers will have to create policies to guide LP professionals and store personnel on how to react. Should retailers immediately approach the computer-identified shoplifter and ask them to leave the store? Should they start surveillance on the suspected shoplifters for their entire store visit even if they aren’t doing anything wrong? These are complicated questions that still need to be unraveled. But if they are not correctly addressed, retailers will find themselves in myriad of discrimination-based lawsuits, costing much more than the cost of the shrink they are trying to prevent in the first place.

While all of this is happening, something interesting happened to a customer in an Apple store. Whether or not facial recognition software was at play has yet to be determined, but here are the facts of the case:

- » An 18 year old student was confronted with a police report by a security agent from SIS, a third-party security firm hired by Apple, and was accused of theft in one of Apple’s Boston stores.
- » The student claimed he couldn’t have been the suspect in the Boston theft because on that date he was at his senior prom in Manhattan.
- » The student ultimately filed a \$1 billion lawsuit against Apple for damages, including causing him to be arrested by the NYPD at his home at 4:00am, which caused him to miss school and a midterm exam, which he claimed hurt his grades.
- » The NYPD detective investigating the Apple thefts immediately knew this was a case of mistaken identity as soon as he watched the security footage, and has stated publicly the student is innocent.

Apple claims they do not use facial recognition, but it is possible their third-party security vendor does.



# The NYPD detective investigating the Apple thefts immediately knew this was a case of mistaken identity

Regardless of the outcome here, this incident brings to light what could happen if Loss Prevention executives are too quick to implement any facial recognition software that hasn't been properly tested and proven to be accurate. This technology is in its early adoption phase, and retailers should exercise extreme caution before diving in head-first.

## KNOWING WHEN...

Knowing what solution to implement and when to implement it is at the very heart of every Loss Prevention executive's job. They are charged with protecting their respective organizations' assets while simultaneously pinching pennies in their very limited budget. Making a mistake can be very costly. Because of this, it is imperative that precision-thinking is the dominant trait utilized in making every decision regarding the solutions they choose to purchase and install.

LP executives should always try to determine what unintended consequences can arise from a newly implemented solution or technology. Should facial recognition technology be deployed, and if so, what happens to the LP executive's reputation if the software is inaccurate and their company is sued? Should an LP executive have gates installed at their entrances, and if so, what happens to the LP executive's reputation if customers negatively perceive the gates as an inconvenience that goes against the "open and inviting" ambiance company executives are trying to offer?

As these thought-provoking questions are pondered, the following quote should be considered: *"A reputation once broken may possibly be repaired, but the world will always keep their eyes on the spot where the crack was."* - Joseph Hall



# ABOUT CALIBRATION

Calibration Group, LLC is a full-service marketing, communications, and consulting firm specializing in providing relevant, educational content for the loss prevention, asset protection, and safety professions. We are also the leading provider of Loss Prevention Awareness campaigns that successfully modify employee behavior. Calibration has mastered the ability to move beyond simple awareness and communication. **We create. We deliver. We inspire.**

For more information about Calibration Group, visit [www.calibrationgroup.com](http://www.calibrationgroup.com).



Amber Bradley, founder of Calibration Group, LLC, is a brand-positioning expert with extensive experience across multiple business disciplines, including marketing and public relations. Amber's proven success in creating multi-tiered, strategic marketing and communication campaigns continues to yield unmatched results for solutions providers, as well as retail loss prevention and operations professionals.

Amber also serves as Executive Director for the Restaurant Loss Prevention and Security Association (RLPSA), and is a contributing editor for the D&D Daily, a daily e-news outlet specializing in providing the most relevant news for retail loss prevention, safety, and security professionals.



David E. George, CFE, CFI is managing partner of Calibration Group, LLC. Previously, David served as vice president over Asset Protection for Dollar General Stores, a company with more than 13,000 stores in 43 states. While serving Dollar General, David was responsible for the Asset Protection field team, the Asset Protection corporate team, the Shrink Improvement team, and the Shrink Analytics team. David also worked in tandem with Dollar General's Inventory Management team to improve stock-on-hand while simultaneously reducing stockroom inventory.

Prior to Dollar General, David held the vice president of Asset Protection position with Harris Teeter Supermarkets, Inc., a regional chain based out of Matthews, NC. He served Harris Teeter for more than 14 years, and has had previous loss prevention leadership roles with Kmart Supercenters.

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