White Paper

Diminishing Retail Loss with AI-Powered Software Solutions

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Executive Summary

As retail theft, fraud, and inefficiencies become an increasing concern to retailers with each passing year, many retailers have chosen to implement loss prevention solutions. DTiQ's software solutions address common challenges associated with loss prevention efforts remotely to maximize retailers' convenience and accessibility while keeping their employees, customers, and business assets secure.

By analyzing the motivations of shoplifters, shoplifting deterrents, and proven loss prevention results, DTiQ created customizable loss prevention software solutions for retailers' peace of mind when they cannot be on-site. Since loss prevention necessities vary for every retailer, DTiQ created solutions that harness these variances for optimal success.

Definitions and Acronyms

- **Internal Theft:** *Theft by staff.*
- **External Theft (Shoplifting):** *Customer theft.*
- **POS:** *Point of Sale*
- **QSR:** *Quick Service Restaurant*
- **C-stores:** *Convenience stores*
- **ROI:** *Return on Investment*

Retail Theft, Fraud, and Inefficiencies

The most common types of retail loss include internal, external and process or control failures. Together, these categories account for 91.2% of all retail theft, while the remaining 8.9% comes from unknown losses or other sources. [5].

- **Internal Theft: 28.5%**
- **External Theft: 37%**
- **Internal Process Error: 25.7%**
- **Unknown Loss: 7.7%**
- **Other Sources: 1.2%**

Retail Loss

■ Theft　　■ Internal Process Error　　■ Other Sources
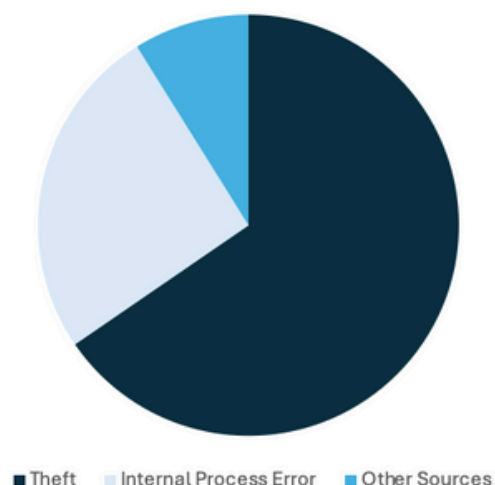
Shoplifting is the most common type of retail theft. A survey delivered by LendingTree found that 90% of shoplifters claimed they stole due to inflation and the state of the economy [6].

Each state has a different amount of money that determines when theft becomes a felony. The average amount is $1,156 but only 4.3% of shoplifting cases are worth more than $1,000, which may be considered a felony. New Jersey currently has the lowest amount at $200 (implemented in 1978). In contrast, Wisconsin and Texas both have thresholds of $2,500, established in 2001 and 2015 respectively [7].

Percentage of Thefts Defined as Felonies
(Based on the Average State Felony Threshold)

4.3

95.7

■ Felony ■ Misdemeanor
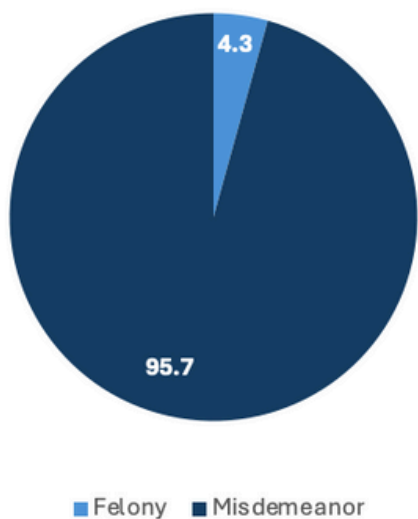
85.5%

small businesses experience retail theft each year

From 2019 to 2023

Retailers surveyed by the NRF (National Retail Federation) prompted an average 83% increase in shoplifting arrests even though 65% of those surveyed reported less than half of the shoplifting incidents they witnessed. When surveyed on reporting theft and fraud to law enforcement, 62% of retailers noted their lack of reports were due to lack of law enforcement response, while 56% cited that the dollar loss of the theft or fraud was either too low or below the state's felony threshold [3, p16].

Despite shoplifters indicating that the economy was the primary motivator for their crime, retail theft is also a growing concern for small businesses that do not possess the income of retail giants to stay afloat despite growing theft concerns. At least 85.5% of small businesses experience retail theft each year, with 68.4% losing at least $1,000 each month to retail theft, and 95.78% losing at least $500 per month. For small businesses, the loss prevention strategies implemented include increased prices (64%) and security camera installation (50.5%) [5].

In addition to theft, return fraud was more of a concern to 57% of retailers from early 2023 to 2024 than in previous years [3, p6]. Since over 10% of all in-store, online, and holiday returns are fraudulent, this concern is based on evidence across the retail sector [5].

As shoplifting incidents increase for retail businesses with each year, retail executives are forced to find solutions that work for their business. With 73% of retailers reporting more violence during shoplifting incidents in 2024 than in 2023, the threat of shoplifting is compounded with the potential for altercation [3, p9]. If an employee attempts to stop a shoplifter, retailers fear they could be putting themselves or the customers in danger. From 2022 to 2024, the percentage of retailers prohibiting employees from stopping, approaching, or apprehending shoplifters increased from 38% to 42% [3, p11].

A National Retail Federation (NRF) survey of senior loss prevention and security executives in early 2024 revealed a 93% increase in the average number of shoplifting incidents per year in 2023 when compared to 2019. From 2023 to 2024, the survey revealed a 26% average increase [3, p7]. To combat this increase in shoplifting incidents, retailers are directed to loss prevention strategies.In the 2024 fiscal year, 61% of senior executives surveyed by the NRF increased their budgets from the previous fiscal year for loss prevention solutions, whereas 52% increased their budgets for physical loss prevention equipment [3, p15].

Proven Loss Prevention Strategies

Many retailers have implemented or suggested loss prevention strategies in response to the growing risk of retail loss.

The US Chamber of Commerce's 2024 article on Retail Loss Prevention Strategies includes [1]:

- Merchandising strategies and inventory insights to track theft
- Visible theft deterrents: Security cameras and signage indicating shoplifter prosecution
- Employee training: Visible employees are a deterrent

The National Retail Federation's Impact of Retail Theft Violence survey lists the most common preventative measures implemented by surveyed retailers [3, p10]:

- **Added measures to lock or secure merchandise from theft**
  - Implemented in 2023: 67%
  - Implemented or planned to implement in 2024: 67%
- **Added or increased uniformed security in stores**
  - Implemented in 2023: 75%
  - Implemented or planned to implement in 2024: 59%
- **Reduced in-store product selection**
  - Implemented in 2023: 30%
  - Implemented or planned to implement in 2024: 38%
- **Reduced store hours**
  - Implemented in 2023: 46%
  - Implemented or planned to implement in 2024: 34%
- **Closed store locations**
  - Implemented in 2023: 30%
  - Implemented or planned to implement in 2024: 23%

The NRF's survey also indicates the increase in security measures from 2019 to 2024 among retailers who used the indicated measures in 2019:

- Merchandise locking cages, cases, or hooks: 69% increase
- EAS, ink, spider wraps, or other item theft deterrence tags: 42% increase
- Removal of product from in-store selection: 66% increase
- Inventory ID (RFID, digital ID): 53% increase
- Shopping cart locks, receipt checking, or exit gates (Exit Security): 53% increase
- Self-checkout item scanning detection or identification: 50% increase

Increase of Existing Security Measures from 2019 to 2023
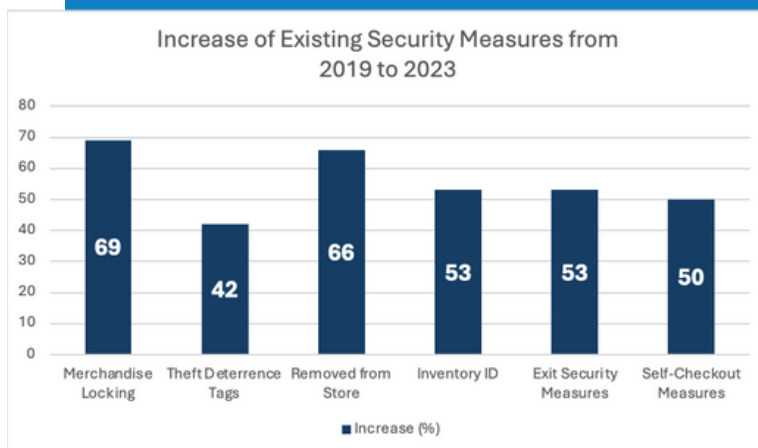
DTiQ's Loss Prevention Solutions

DTiQ's Retail Loss Prevention solutions are tailored to your business needs. We harness proven strategies that allow you to prevent retail loss remotely. With remote monitoring and data analytics, your employees, customers, and business assets will remain secure.

Our large-scale software and in-house program management solutions eliminate the need for hiring a team to guarantee convenient and affordable loss prevention solutions. DTiQ's solutions allow your business to partner with industry leaders in the retail sector for specialized advice on optimizing your loss prevention efforts.

- **The AI-enabled 360iQ software is an intelligent video solution for tracking operational performance, preventing unqualified risk claims, reducing loss, and gaining training opportunities.**
  - The Cloud Archive feature stores selected footage on the DTiQ cloud to prevent data loss from on-site storage technology.

Our solutions provide actionable insights and assign a dedicated team to your loss prevention efforts. After a DTiQ Audit, one of our data analysts will be assigned to transform your POS data into constructive feedback to optimize your operational efficiency.

Personalized Audits

Our SmartAudit™ services allow business owners to evaluate areas of concern with a customizable ten-question list. Common areas of concern include transactional fraud, operational compliance, speed of service, employee productivity, opening and closing performances, food safety, and operational security. All audits will be reviewed by an expert in data analytics to optimize your improvement and catch any potential hazards from the information you provide.

Dunkin' Franchise Group's ROI From SmartAudit™
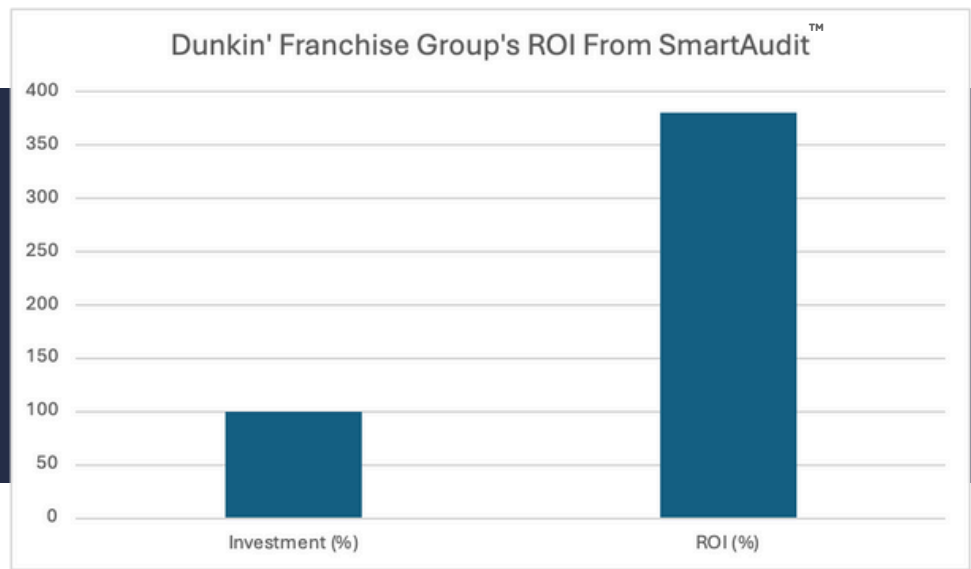
One Dunkin' franchise group used SmartAudit™ to gain a 380% ROI [8], proving that using SmartAudit™ pays off.

Using this service, business owners have noted improved service speed, employee productivity, and workplace safety as well as a reduction in internal theft. **After employing SmartAudit™, 80% of locations have seen an improvement in refunds, discounts, and voids. Currently, SmartAudit™ reviews 1.8 million transactions per year.**

"We've caught several theft-related incidents and other loss prevention-related issues thanks to the SmartAnalysis solution and the automatic weekly reports sent to us."

– SmartAnalysis DTiQ Customer

Data Analytics

Our SmartAnalysis solution utilizes advanced data reporting capabilities to monitor customer counts, store traffic, and average wait times. By using both current data and historical trend analysis, the video and audio analytics solutions will enhance your operational efficiency. In addition to these analytics, our DTiQ loss prevention solution includes inventory management systems.

QSR and C-Store Loss Prevention

Our SmartAssurance is a loss prevention solution tailored to QSR and C-stores. It offers a dedicated Program Director for your business, investigative services for employee theft, audit best practices for staff training on loss prevention, and targeted store programs to reduce shrinkage in your stores.

Speed of Service: AI-Enabled Solutions

The AI-enabled In-Store Speed of Service solution uses Video Analytics to optimize your speed of service. Actionable insights and historical trend reports provide additional information to track key performance indicators. By employing In-Store Speed of Service, retailers can make informed decisions to enhance operational efficiency.

The Peak Times Speed of Service solution is a variant of the In-Store solution with customizable time of day selections spanning up to 3 business hours to find bottlenecks and opportunities during peak hours. Peak Times Speed of Service includes comparative analysis by day or week for enhanced operational efficiency during peak business hours.

Heatmaps

Our DTiQ Heatmaps solution uses heatmaps for optimal surveillance. It analyses store performance to monitor layout, staff efficiency, and promotional placement.
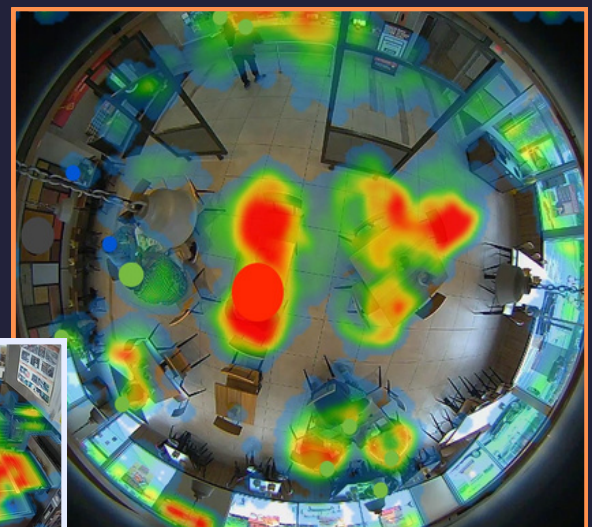
Innovative Solutions

Delivery Dispute Management

The SmartDispute solution uses cloud storage, video surveillance, and POS data integration to manage disputes for third-party deliveries. SmartDispute sends the transaction data and video evidence of your dispute to the third-party service to simplify the delivery dispute process.

DTiQ Loss Prevention solutions implement loss prevention strategies remotely. By using remote monitoring and surveillance, customers and employees have no responsibility to confront or apprehend shoplifters. Since the surveillance includes employee only areas of the store as well, any internal theft will be caught on camera. Informing employees and customers of the surveillance is recommended to deter both internal and external theft, which collectively account for 65.5% of retail loss [5].

With the growing threat of shoplifting, retailers continue to increase their budgets and teams to implement loss prevention strategies [3]. At DTiQ, we combine advanced software with a dedicated team of experts to optimize retailers' loss prevention efforts.

Securing the Future

Contact us to secure your business's future today!

📞 **800.933.8388**

🌐 **www.dtiq.com**

Thank You

References

1. *[1] Hamstra, M. (2024, December, 16). Proven Ways to Fight Retail Theft This Holiday Season Yield Year-Round Business Lessons. US Chamber of Commerce. https://www.uschamber.com/co/good-company/launch-pad/proven-ways-to-fight-retail-theft-this-holiday-season*
2. *[2] Crime Trends in US Cities Mid-Year 2024 Update*
3. *[3] The Impact of Retail Theft Violence*
4. *[4] The Importance of Loss Prevention in Combatting the Rise of Organized Retail Theft*
5. *[5] Retail Theft (Shoplifting) Statistics*
6. *[6] More Than 1 in 5 Americans Have Shoplifted, With Grocery and Department Stores the Easiest Targets*
7. *[7] Raise the Threshold*
8. *[8] Dunkin' Case Study with DTiQ*