

Retailers fighting back against shoplifters: What they call 'shrinkage' is just theft to most of us.

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A high-profile shoplifting incident at the Milford Sears has brought to light a multibillion-dollar problem for U.S. retail operations the industry calls "shrinkage."

Most people know it as stealing and it's a crime that never got much attention. Until June 19.

That's when WTNH-TV personality Desiree Fontaine was arrested for shoplifting \$105 worth of merchandise at Sears in the Westfield Connecticut Post mall.

From the individual who slips a pack of gum into a pocket at the supermarket checkout line to a team of professionals who swoop into a high-end retailer and clean out thousands of dollars in merchandise, shoplifting costs U.S. retailers \$33.5 billion annually, according to the National Retail Federation.

Retailers are fighting back with elaborate security systems and specially trained staff, the techniques used to catch Fontaine when she allegedly walked out of Sears without paying for her merchandise.

Area retailers are hesitant to publicize their anti-theft measures, but, according to the National Retail Federation, 89.5 percent of retailers surveyed this year report being the victim of organized retail crime, committed by sophisticated theft rings, in the past 12 months.

Ashley Hardie, manager of media relations for Wal-Mart Stores Inc., said each location develops a security plan with local authorities, which could include increasing the number of surveillance cameras or improving parking lot lighting or adding police patrols.

But she would not go into detail. "When it becomes public, it defeats the purpose of having those systems in place," Hardie said.

Peter Indorf, owner of Peter Indorf Jewelers, with locations in New Haven and Madison, said he has an Internet-based monitoring system that allows him to view either property in real time via computer, in addition to using site-based monitors.

"Everybody who walks into the store is filmed," he said. The images are archived on a server.

The system also saved him from liability when an \$18,000 ring was shipped out but didn't make it to its destination.

“What saved my bacon on it was that the cameras recorded my daughter putting it into the box,” he said, adding that single incident saved him the lion’s share of his investment in the technology.

“We’re incredibly vigilant about store security,” he said.

Steven Sell, vice president of global marketing for Checkpoint Systems Inc., a New Jersey-based provider of computerized anti-theft systems for retailers and some banking clients, said retail theft reached \$114.8 billion worldwide in 2009, with the largest annual increase occurring in North America to the tune of 8.1 percent.

That’s after 5.8 million theft incidents were stopped and nearly \$6 billion in stolen merchandise was recovered. Of those caught, 85.6 percent were shoplifters and 14.4 percent were employees.

The average amount stolen or admitted by shoplifters was \$225.90 globally and \$436.24 in North America. The average employee theft reached an average of \$1,889.02 in North America and \$2,535.52 in Europe. The two regions respectively make up 40 percent and 30 percent of retail losses globally, the report said.

Checkpoint sponsors the yearly Global Retail Theft Barometer, in cooperation with the Centre for Retail Research in Nottingham, England.

The 2008 total came in lower at \$104.5 billion globally.

Retailers surveyed attributed one-third of the increase in shoplifting to the economic recession, said Professor Joshua Bamfield, author of the study and director of the center.

Thieves tend to focus on small, easily concealed and expensive brand-name items that are popular and easily resold in the black market or on eBay, Sell said. Topping the list of vulnerable items are electronic games, DVDs, iPods, clothing, cosmetics, perfumes, alcohol, fresh meat, expensive foodstuffs, razor blades, mobile phones and watches.

Milford police said Fontaine left Sears with a \$42 Hawaiian shirt, a necklace, two pairs of \$3.99 earrings and a bottle of cologne in her bag. The items’ total value was \$104.98. She was stopped by a security guard who told police he watched Fontaine enter dressing rooms — on two occasions — with items that were no longer visible when she left the fitting rooms. The price tags were allegedly found in the dressing rooms.

The morning traffic reporter and host of “Connecticut Style” is on personal leave and has not appeared on the air since the arrest. She is scheduled to appear in court July 6 and her attorney is Hugh F. Keefe of New Haven.

Sell said technology has improved retailers’ ability to prevent theft by both employees and outsiders and to solve cases. “If they can reduce theft by 15 percent, it goes right to their bottom line,” he said. “They’ve got to replace that item at full price and they have to sell seven or eight

of them to make it up. We help them look at the entire supply chain.”

EAS systems, or electronic article surveillance, read tags that are attached to merchandise at the door. Stores also are using closed-circuit televisions to monitor shoppers and employees.

When it comes to high-theft items such as software, there is a popular solution known in the industry as a keeper, which is a plastic encasement with an alarm that will sound in a thief’s hands or at doorways. “It’s going to be screaming in their hands quite a long way,” Sell said.

Offenders who were voluntarily interviewed said they avoid keepers, he said.

If retailers locked everything in cases or in keepers, they probably would not sell many items. On the other hand, if all of their merchandise were laid out in an easily accessible way, a lot of items would disappear.

“Somewhere in the middle is the right equation,” Sell said.

Technology that consumers can see provides the first line of defense.

“It helps keep the honest people honest,” Sell said.

The top deterrent for high-end department stores is a large staff of sales representatives who are interacting with customers and making eye contact, he said. “That’s a turnoff for a thief. They want to walk in and not be noticed.”

Gerry Katz, owner of Gerry’s Shell Food Mart in New Haven, said he upgraded his camera system after an employee was grazed in the head by a robber’s bullet in 2007. Similar to Indorf’s system, Katz can monitor customer and employee activity at the gas station and convenience store by computer or cell phone.

The item most often stolen there, Katz said, is baby formula, followed by cigarettes. “I keep two people on at night, which is more expensive for me. Security is always an issue and you’re always putting more money into it,” he said.

The new frontier in store security, Sell said, is technology known as RFID, which uses radio frequency tags with chips in them. It transmits a message that describes the item and tracks every place it goes from shipment to warehouse to the retail floor and off to the register and out of the door.

“Retailers can’t afford it on every product but it gives them real-time evidence (of theft),” he said, adding that Checkpoint works with the retail industry in its lobbying efforts for stiffer penalties.

“Every retailer has this problem,” Sell said. “The good news is we have a lot of solutions and we’re making a dent in it.

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