

Building a Case for

# Pushout Prevention

A GUIDE FOR  
LOSS PREVENTION  
EXECUTIVES



**GATEKEEPER**  
SYSTEMS

# Table of Contents

- 3** Introduction
- 5** How to Use this e-Book
- 6** Numbers Don't Lie. Perspectives Do.
- 8** Finding Common Ground
- 11** Next Steps
- 12** Conclusion
- 13** Gatekeeper Systems
- 14** Sources



# Introduction

According to the 2017 National Retail Security Survey published by the National Retail Federation, U.S. Retailers accumulated an inventory shortage valued at \$48.9 billion. The survey reports that about 36.5% of this astronomical number was caused by shoplifting, including organized retail crime. This means that shoplifters stole nearly \$18 billion in merchandise from retailers. However, the problem is much worse.

**\$48,900,000,000**

*The survey reports that about 39.3% of this astronomical number was caused by shoplifting, including organized retail crime.*

The \$18 billion of merchandise stolen by shoplifters does not account for lost sales due to those same stolen products no longer available to be sold. This is frightening to consider, especially in a retail climate becoming so heavily involved with omnichannel business models. When shoppers order merchandise online, retailers' inventory systems are indicating the merchandise is at the store ready for pick-up. The seriousness of the problem increases exponentially when the customer arrives at the store only to find the retailer is out-of-stock on the item. Aside from the loss of the item and the loss of the sale, retailers now have to contend with credibility issues and damage to their brand.



The most successful loss prevention executives understand the need to combat shoplifting on many different fronts. In-store detectives are utilized to detect and apprehend shoplifters, and technological solutions such as Electronic Article Surveillance (EAS) have also been employed. But many LP leaders see these common tools as confrontational by nature, and simply not enough to curb the tremendous financial challenges retailers continue to endure.

In an effort to assist loss prevention and company leaders to effectively communicate the need for a comprehensive pushout theft prevention solution, Gatekeeper Systems has created this e-Book. It is designed to provide relevant statistics to help formulate a complete, in-depth knowledge of the financial impact of push-out theft, and how best to address this shoplifting epidemic.

# How To Use This e-Book

This e-Book was written to be a helpful guide for assisting loss prevention and company executives with articulating the massive financial impact push-out theft continues to have on retailers' bottom lines, as well as tips on how to seek capital to fund a comprehensive pushout theft prevention solution.

**According to the most successful loss prevention executives, describing a shrink-related problem using non-shrink-related language and statistics is a powerful way to accomplish a capital-seeking objective.**

-PROFITS-



# Numbers Don't Lie. Perspectives Do.

One of the most basic truths is that everyone has an opinion about everything. However, opinions are almost always based on past experiences that unconsciously (and sometimes unjustly) influence the way perspectives are ultimately formulated. Therefore, successful executives find it crucial to understand the perspectives of whomever they are meeting with, then offer information that will impact the opposing views and align them with their own.

For example, a top executive may be opposed to providing capital for a shopping cart containment system with pushout theft prevention technology included because he or she believes shopping carts are inexpensive to replace when they are stolen, and also believes pushout theft incidents are uncommon. But would this top executive's perspective be altered if he or she was made aware of the following statistics?

## 18%

**DECREASE IN  
AMOUNT OF  
MERCHANDISE  
BOUGHT WHEN NO  
SHOPPING CART IS  
AVAILABLE**

(Wall Street Journal)

## \$803

**AVERAGE PUSHOUT  
THEFT LOSS  
IN 2017**

(Gatekeeper Systems)

## 45%

**INCREASE IN DOLLAR  
LOSS PER INCIDENT  
OVER THE LAST 12  
MONTHS**

(Gatekeeper Systems,  
NRF)

## \$40,150

**REQUIRED SALES TO  
GENERATE ENOUGH  
PROFIT TO COVER  
1 AVERAGE  
PUSHOUT THEFT**

(Based On  
2% Net Profit Margin)

**These are just a few statistics readily available to help bridge the gap that stands between opposing perspectives.**



Depending upon the many possible objections an LP professional may face when trying to obtain capital approval, other facts and statistics can be used to help support a “common ground” approach. When an LP executive begins working toward getting capital approval to fund an asset protection initiative, such as Gatekeeper’s comprehensive cart containment and pushout theft solution, he or she may be concerned that top executives will oppose the request. **The concern is that top executives may not be aware of all the other problems pushout thefts, as well as stolen shopping carts, bring to each store’s doorstep.**

For example, employee and customer safety may be the driving motivation that tips the scale in favor of capital funding for this initiative. **But could Gatekeeper’s solutions prevent injuries? According to PushoutTheft.com, an estimated 13.9% of pushout thefts ended in violence.** This is a staggering statistic, and one that garners serious pause. By eliminating pushout thefts altogether, it stands to reason employee and customer safety will improve.

It is clear that numbers don’t lie, so using available data to influence top executives’ perspectives can be a very powerful approach. It is paramount that before C-Suite executives are asked to make important decisions regarding capital allocation, they are given as many facts as possible.

*The secret to a successful capital-requesting presentation is to first find common ground, then discuss facts and statistics that nurture the identified commonalities.*



# Finding Common Ground

The most successful loss prevention and retail executives understand the importance of identifying common ground. The chart below illustrates one way to accomplish this. By understanding common ground with a CFO, or other senior executives, one can better formulate the best strategy for an effective capital-requesting presentation.



*Source: Winning Over the CFO: A Practical Guide for Loss Prevention Executives (Nedap Retail, 2016)*



In the chart on the previous page, one can see the commonality between a CFO and an LP executive: **Profit, Growth, Revenue, Efficiency and Attribution.**

With this in mind, an LP executive may try the following strategy to successfully nurture the identified commonality factors:

**Profit:** Shoplifting is a direct contributor to profit erosion. Costs of Goods are inflated due to retailers having to purchase replacement merchandise to fill the shelves after shoplifters cleared them out. Added to the profit erosion are the potential labor costs of hiring more staff to combat excessive shoplifting issues.

**Growth:** A top priority for executives is the growth of an organization. When large losses are incurred, growth is stymied.

**Revenue:** Shoplifting diminished sales. This is one area in which not much attention has been given, but this is a serious adverse effect of shoplifting. When a pushout theft occurs, particularly by a professional booster, there is a high likelihood that at least one shelf of a particularly high-valued item was cleared, or “swept.” This leaves an empty shelf, and customers cannot purchase products from empty shelves.



**Efficiency:** The term “Labor Reduction” is music to the ears of any senior executive. This is because labor is typically the highest cost to the business. **It stands to reason that when an LP executive is asking for capital to purchase Gatekeeper’s cart containment and pushout theft prevention solutions, that labor reduction can potentially be added to the Return on Investment (ROI) equation.** Is it possible to reduce store detective hours in favor of implementing this technological solution to combat shoplifting? If not, what about labor reallocation? Perhaps it makes more sense to use Gatekeeper’s solutions to redistribute how and where LP agents spend their time. **By not having to watch the front door, perhaps more time can be spent on store audits, or investigating vendor fraud, employee theft, and paperwork and pricing errors...all contributors to profit erosion.**

**Attribution:** There is much ado about how much success (or failure) a company’s financial accomplishments can be attributed to Loss Prevention initiatives, as well as the entire LP team. Although top executives frequently analyze contributions and efficiencies of every department within an organization, **an LP executive would be remiss to not include an ROI calculation supporting the implementation of an initiative such as Gatekeeper’s cart containment and pushout theft prevention solutions.**

Perhaps more than other departmental leaders, Loss Prevention executives are constantly challenged to show their worth. It is not enough to reflect on the previously successful fiscal quarter or annual shrink result. Top executives frequently ask the proverbial question, “what have you done for me lately?” As a result, the most successful LP executives do well by touting all of the positive contributions their initiatives, programs and team members have made, to their top executives.



# Next Steps

These next steps for building a successful case for comprehensive cart containment and pushout theft prevention solutions are widely shared among the most successful business executives:

Use statistics and actual loss data to first discuss **what Gatekeeper's cart containment and pushout theft solutions will solve**, or the existing issues with the solutions being replaced.

Explain the benefits of Gatekeeper's cart containment and pushout theft solutions and **how they will solve the dilemmas** that currently exist.

Explain the plan of **how Gatekeeper's cart containment and pushout theft solutions will be implemented** as it relates to needed resources, including implementation time frame.

Be prepared to **discuss the Return on Investment** in terms of break-even point and go-forward financial benefits (reduced shrink, increased sales, lower cart replacement costs).



# Conclusion

Pushout theft is considered by most successful LP executives as a leading cause of loss to their respective organizations. However, because it is not easily detected, it is impossible to know exactly how severe the epidemic truly is. It is extremely difficult to identify every time a pushout theft occurs but when it does, a massive amount of loss is immediately realized. **Unlike the amateur who may occasionally steal a \$10 lipstick, it doesn't take many pushout thefts at \$803/incident to wreak havoc on financial shrink results.**

Presenting top executives with non-confrontational solutions that protect shopping carts from being stolen, as well as prevent push-out thefts from occurring, is a solid way to show value in any organization that prides itself on employee safety and inventory shortage prevention.

*By utilizing the industry's best-practice capital request processes described in this e-Book, LP professionals will have a much better chance of implementing their winning shrink reduction strategies, especially those that solve shrink-related, profit-eroding issues in a non-confrontational way.*



# Gatekeeper Systems®

Gatekeeper Systems' expanded product suite of intelligent cart solutions offers solutions for EVERY retailer's needs to minimize merchandise loss and reduce asset and labor expenditures.

**Gatekeeper's loss prevention, retail analytics, and cart containment solutions utilize patented locking wheel technology to put an end to cart based shoplifting, shopping cart loss, and uninformed decision-making.** Cart management solutions increase safety and reduce labor costs by maximizing productivity while simultaneously resulting in a positive store image.

Intelligent pushout theft prevention solutions stops thieves and their cart full of unpaid merchandise from leaving the store. Customizable wheel technology allows retailers to defend their entire store or just a high loss department based on the store's unique layout.

**NEW** Retail Analytics solutions provide increased visibility for informed decision making. Increase efficiency, optimize fleet size, and perfect the entire customer shopping experience with store and enterprise level analytics.

*Find out why 19 of the top 20 retailers that use shopping carts rely on Gatekeeper solutions.*



# Sources

## National Retail Security Survey

<https://nrf.com/resources/retail-library/national-retail-security-survey-2017>

## Wall Street Journal

<https://www.wsj.com/articles/SB9433955872693036%20>

## PushoutTheft.com

<https://www.pushouttheft.com>



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