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New Report Reveals the Extent of Losses from Self-Checkout and Identifies Practical Ways to Manage it

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ATLANTA & LONDON--(BUSINESS WIRE)--Nov. 27, 2018-- Today, the ECR Community Shrinkage and On-shelf Availability Group (OSA) and NCR launched a new comprehensive report that assesses the potential impact of self-checkout (SCO) technologies on retail loss and provides best practices and guidance on how to address and balance risks. While the report "Self-Checkout in Retail: Measuring the Loss" found that levels of stock loss are higher at SCO than at staffed checkouts, it also points out that there are a variety of best-practice operational techniques as well as a range of existing and emerging technologies that retailers can use to keep shoppers honest and accurate.

"This is the first study that has been able to quantify the risks associated with SCO technologies and the evidence shows that they present a wide range of opportunities for customers to generate retail losses," explained Adrian Beck, Emeritus Professor at the University of Leicester and author of the study. "It was surprisingly difficult not only to obtain reliable, robust and verifiable data on the losses associated with SCO systems, but also on the effectiveness of the approaches being adopted to try and manage them."

Retailers count their stock loss typically as a percentage of their sales, which, according to a prior ECR report, is about 0.67% of sales in grocery retail. This new report suggests that a typical retailer can experience an increase in stock loss of 1 basis point for every one percent of sales that go through fixed SCO machines. For instance, a typical store with 25% of their sales value going through fixed SCO could see additional stock losses of 0.25% of sales value.

Stores using Scan-and-Go technologies could see an increase of between 0.7 and 10.4 basis points of additional loss for every one percent of sales processed. In the study, the average utilization rate for Scan-and-Go was 2.8% of sales value, suggesting additional stock loss of between 0.01% and 0.29% of sales value.

John Fonteijn, Chair of the ECR Community Shrinkage and On-shelf Availability Group summarizes: "Retailing is becoming ever more dependent upon a host of technologies, many of which are increasingly focused upon improving the customer journey. This report will help retail organizations to continue to reap the benefits that self-scan technologies can bring while doing so within a sustainable business model."

The report goes on to consider ways in which SCO technologies can be controlled, including the use of effective guardians and a range of emerging technologies. The report also underlines the importance of monitoring data on the risk of loss relating to SCO as well as adopting a more joined up approach to SCO management and control.

"As the industry is moving at an ever-faster pace towards frictionless checkout, the various self-scanning technologies are a key strategic element in retailers' store development plans," added Dusty Lutz, Vice President & General Manager, Store Transformation Solutions at NCR Corporation. "The report shows that there is an opportunity to leverage emerging computer vision and artificial intelligence technologies as a more effective and less resource-intensive solution to simultaneously help improve both security and customer experience. For example, our latest security solutions can help detect when a shopper is attempting to substitute an expensive steak for the price of bananas, or tries to leave half of their items in their cart without scanning them."

The report is based upon data collected from 13 major retailers operating in Europe and the US, including analysis of: 140 million Scan and Go transactions; 17 million transaction audits; video analytics of €72 billion of fixed SCO transactions; and comparative stock loss data from thousands of retail stores. It is the most comprehensive study to date on the scale and extent of stock losses associated with SCO technologies. It focuses on highlighting the risks and advocating a set of strategies that may help to minimize stock loss so that retailers can better achieve the operational benefits and improved customer journey enabled by SCO technologies.

Webinar on results for retailers

Retailers, academics and technology providers will discuss the findings, implications and develop new responses during a global webinar at 1pm GMT on Thursday, December 6, 2018, with a series of interactive follow-up workshops in 2019. Retailers can register for the webinar here. The report is free to download from the ECR Community Shrink & OSA group website.

About the ECR Community Shrinkage and On-shelf Availability Group

The Group is part of the ECR Community, a voluntary and collaborative retailer-manufacturer platform with a mission to 'fulfil consumer wishes better, faster and at less cost'. Over the past 19 years, the Group has acted as an independent think tank focused on creating imaginative new ways to better manage the problems of loss and on-shelf availability across the retail industry. Championing the idea of Sell More and Lose Less, the Group is open to any retailer and manufacturer to join. Its work is supported by research funding provided by Checkpoint Systems, Oliver Wyman and RGIS. More information on www.ecr-shrink-group.com.

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