The Key Video Surveillance Trends Set to Change the Face of Retail Loss Prevention

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Overview of Results of - CCTV in Retail Survey: Northern Europe (2012)
- Perceptions of CCTV in retail today
- System use today – Analogue vs IP
- Retailers Plans for future technology investments

Video Surveillance Trends in Retail
- Key drivers influencing retailers to adopt IP Video
- Technology trends set to change the face of loss prevention in retail
About the Centre for Retail Research

> European research into
  - Retail trends
  - Online retailing
  - IT in retail
  - Crime & shrinkage issues [Shopping and Crime book]
  - Civil recovery against thieves

web: www.retailresearch.org
Effect of Shrinkage on Northern European Retailers

Shrinkage as a % of Retail Sales*

* European Retail Theft Barometer Survey 2011
Survey focused on current and future use of CCTV technologies to tackle loss prevention

- Identify what emerging technologies retailers were planning to invest in

Survey sent to a sample of 2200 retailers across Northern Europe (UK, Ireland, Sweden, Denmark, Finland and Norway)

- Survey carried out between June – Aug 2012

Positive response (32% response rate: 701 retailers (41,300 Stores))

- 25% of responses were stores with 100 stores or more
Retailer Profile by Country/Sub Region

Respondents by Country
- Sweden: 19%
- Norway: 12%
- Ireland: 12%
- Denmark: 11%
- Finland: 9%
- UK: 37%

Respondents by Sub Region
- Nordics: 51%
- UK & Ireland: 49%
## Number of Stores Owned by Retailers Responding to the Survey

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of Stores</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>20,312</td>
</tr>
<tr>
<td>Sweden</td>
<td>6,627</td>
</tr>
<tr>
<td>Denmark</td>
<td>4,306</td>
</tr>
<tr>
<td>Norway</td>
<td>4,272</td>
</tr>
<tr>
<td>Ireland</td>
<td>3,401</td>
</tr>
<tr>
<td>Finland</td>
<td>2,882</td>
</tr>
</tbody>
</table>
Perceptions of Current Use of CCTV
Current Use of CCTV in Retail by Country

Retailers using CCTV today

- UK: 92%
- Norway: 84%
- Sweden: 82%
- Finland: 71%
- Ireland: 67%
- Denmark: 65%
Impact of CCTV on Losses: Northern Europe

Impact of CCTV Upon Losses - Northern Europe

- 1%-10% fall in losses: 44%
- 11%-20% fall in losses: 22%
- 21%-50% fall in losses: 13%
- Not experienced any decrease: 17%
- More than 50% fall in losses: 2%
- Don’t know: 2%
Video Surveillance Today and in the Future
Retail Video Surveillance In Use Today: Northern Europe

Types of Camera in Use - Northern Europe

- Analogue: 77%
- Both: 11%
- Network IP: 11%
- Don't Know: 1%
Retailers Planning to Migrate to IP Cameras: Northern Europe

Proportion of Analogue CCTV Users Planning to Adopt Network IP Cameras – Northern Europe

- Yes: 41%
- No: 39%
- Don’t Know: 20%
Retailers Planning to Migrate to IP Cameras: Sweden and UK

Proportion of Analogue CCTV Users Planning to Adopt Network IP Cameras - Sweden

- Yes: 53%
- No: 36%
- Don't Know: 11%

Proportion of Analogue CCTV Users Planning to Adopt Network IP Cameras - UK

- Yes: 58%
- No: 22%
- Don't Know: 20%
Reasons for Adopting Network IP Video: Northern Europe

Main Reason for Adoption of IP Video - Northern Europe

- Integration with BI applications: 41%
- Better Remote Access: 31%
- Quality of Image (HDTV): 12%
- Scalability: 7%
- Reduced Total Cost of Ownership: 5%
- Flexibility: 5%
Reasons for Adopting Network IP Video: Sweden and UK

Main Reason for Adoption of IP Video - Sweden

- Better Remote Access: 30%
- Reduced Total Cost of Ownership: 20%
- Quality of Image (HDTV): 20%
- Scalability: 20%
- Integration with BI applications: 10%
- Flexibility: 0%

Main Reason for Adoption of IP Video - UK

- Integration with BI applications: 37%
- Better Remote Access: 22%
- Scalability: 12%
- Quality of Image (HDTV): 12%
- Reduced Total Cost of Ownership: 9%
- Flexibility: 8%
Main Barriers to Adopting Network IP Cameras: Northern Europe

Main Barriers to Adoption - Northern Europe

- IT Department Collaboration: 41%
- No Clear Business Case: 26%
- Other Organisational Priorities: 18%
- Integrator Recommendations: 8%
- Do Not Understand Technology: 7%
Attitudes to CCTV (UK and Nordics)
Has the 2011 UK Riots Changed Public Perception of the Need for Effective Video Surveillance?

- Yes: 44%
- Unsure: 31%
- No Discernable Difference: 25%

44% of UK retailers cited last year’s UK riots had made the public more positive to the need for CCTV surveillance.
Does CCTV Legislation Curb Retailers Tackling Theft and Employee Fraud?

- No: 44%
- Yes: 44%
- Not Sure: 12%

Almost half of Nordic retailers cited that existing CCTV legislation restricts their ability to have an effective video surveillance system to tackle theft and employee fraud.
What is driving retailers to consider IP Video and what are the emerging technologies for loss prevention?
This is Axis

> Founded in 1984
> Worldwide presence in more than 40 countries
> Global #1 in network video*
  – Driving the shift from analog to digital video surveillance
  – Developed first network camera in 1996
  – 1400 employees** focused on network video
> Ongoing commitment to open standards
> Global Tier 1 Retail customer base

Trends in video surveillance within retail

- Analytics providing business intelligence
- Demand for better image quality
- Remote access and cloud based services
- Edge Recording
Retailers Interest in Business Intelligence Applications
Awareness and Interest in Non Security IP Applications

### Awareness of Non-Security Network IP Applications – Northern Europe

- People Counting: 77%
- Dwell Time: 64%
- Queue Management: 63%
- Hot/Cold Zones: 51%
- Out of Stock Alerts: 33%

### Interest in Non-Security Network IP Applications - Northern Europe

- People Counting: 40%
- Queue Management: 37%
- Hot/Cold Zones: 23%
- Dwell Time: 20%
- Out of Stock Alerts: 15%
Evolving retail landscape

- Bricks and Mortar store
- Mobile
- Web
- Social Media

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Conventional approach to video within a store...

Retailers cite IT dept collaboration and lack of a clear business case as biggest obstacles to network video*

Loss Prevention ➔ One Application ➔ Single Budget

*Centre for Retail Research
The Opportunity - Cross Department Collaboration

- Many Applications
- Multiple Departments
- Shared Deployment Costs

Optimise display strategies (Marketing)

Loss Prevention (Security)

Improve store layouts (Merchandising)

Improve customer service (Operations)

Measure Store performance (Regional Manager)
Real time customer metrics – People Counting

- Calculate conversion rates
- Improve customer service
- High level of accuracy
Improve customer experience – Queue Management

- Increase customer satisfaction and loyalty
- Improve sales
- Optimise staff resources

Increase customer satisfaction and loyalty

Improve sales

Optimise staff resources
Optimise display strategies – Customer Dwell Analysis

- Understand customer behaviour
- Evaluate merchandising strategies
- Manage Digital marketing
Visualise customer traffic patterns – Heatmap Analytics

- Improve store design
- Optimise product placement strategies
- Remove bottlenecks
Intelligent network video integration

Camera detects motion

Video streaming into analytic detecting gender

Display changes to a targeted promotion
Enhancing loss prevention with HDTV and Analytics
HDTV – Capture more detail

BENEFITS
• 0.1 Megapixel equivalent to CIF
• 0.4 Megapixel equivalent to 4CIF

CIF resolution

3 Megapixel Resolution
Multi View Streaming - Reducing the TCO

Quad view in video management software

1 Camera = 4 Views
Current and Planned Investments in POS Video Analytics

Current Use of Video Analytics for POS Fraud - Northern Europe

- No: 82%
- Yes: 16%
- Not Sure: 2%

Planned Use of Video Analytics for POS Fraud - Northern Europe

- No: 58%
- Yes: 35%
- Not Sure: 7%
Change in video surveillance strategy required?

Number of thieves apprehended by retailers 2011 (Europe)

- **Employees**
  - 134,739
  - 4%

- **Shoplifters**
  - 3,150,408
  - 96%

- Average amount stolen per incident:
  - Employees: €1,381.40
  - Shoplifters: €93.85

*Source: Global Retail Theft Barometer Survey 2011

Disproportionate spend on surveillance to tackle visible fraud e.g. Shoplifting

25% of European retailers have plans to implement a new video surveillance system over the next 12 months

Potential opportunity for network video integrated with analytics to detect POS fraud
Profit Protection – Tackling employee theft

Pos Exception reporting
- Cashier Fraud
- Operator Errors
- Promotion Execution
- Systemic Errors

Network Video

Visual verification of causes of loss
Reduce shrinkage
Improve operational efficiencies

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Retailers Interest in Remote Access to In-Store Video
75% of Retailers Want Remote Access to In-Store Video

Remote Access to In-Store Video - Northern Europe

- Both in-store and centrally/Regionally: 54%
- In the Store: 24%
- Centrally/Regionally: 22%

Strong Demand for Remote Access: Northern Europe
Current and Future Mobile Access to In-Store Video

Do you Currently Access Video Footage Via a Mobile Device - Northern Europe

- No: 93%
- Yes: 5%
- Not Sure: 2%

Would You Find it Beneficial to Have Mobile Access to Your Surveillance System - Northern Europe

- Yes: 57%
- No: 29%
- Not Sure: 19%
Making remote access a reality..
Benefits of wider organizational access to video

- Merchandising Effectiveness
- Improve Employee Efficiency

Remote User

Internet

Remote User
Emerging Trend: Edge Based Recording
Interest in Edge Recording for Small Systems < 16 Cameras

Retailers Expressed a High Level of Interest in Using Network Cameras with Edge Based Recording Eliminating the Need for a DVR

Interest in Edge Recording for Smaller Systems - Northern Europe

- Yes: 66%
- No: 24%
- Not Sure: 10%
Simple and Cost Effective Solution

Coaxial cables

DVR

Network

On-site viewing

Internet

From home

On the move

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www.axis.com
Thank You

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