

# Leveraging New Technology in Retail Security

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**M**odern retailers are faced with unprecedented pressures for sales and profit growth, customer satisfaction, employee retention, supply-line management, and more. Nearly without exception, the metrics that drive retail management behavior are at odds with one another; that is, success on one is often achieved at the expense of another.

This is most obvious in many of the measures impacted by the efforts to control retail shrink. Overzealous attempts to secure merchandise make it more difficult for associates to access the same, ultimately resulting in a negative impact on customer satisfaction and sales. Not enough control ultimately leads to increased shrink that is typically driven by internal theft—a result of every associate having improper access to valuable merchandise. All of this is fueled by the dizzying pace of associate turnover.

## Typical Security Products Do Not Meet the Needs of Retailers

Most products designed to secure high-value merchandise are a slightly enhanced version of the same lock and key designed over 140 years ago by Linus Yale. Controlling who has keys and whether or not those have been copied can be a huge problem. High-security locks do a fairly good job of securing the merchandise as long as keys are controlled. In addition, associates have access to areas 24/7.

The risk with mechanical locks is further enhanced when change is needed. With typical mechanical locks and keys, to change an associate's access rights means the lock must be re-keyed. Additionally, due to the cost of re-keying, retailers often wait until several infractions mount in order to control the cost, further contributing to the lack of security.



## New Products Offer Better Solutions

The pressure created by today's economic and competitive landscape is forcing retailers to find new ways to solve many of the historically overlooked problems. Technology has changed enough over recent years to offer retail management a better

solution—a way to appropriately secure valuable merchandise while empowering retail associates with fast, but auditable access to merchandise, increasing customer satisfaction and sales. The result is secured merchandise, increased sales, and decreased shrink; a previously elusive trio of targets.

## Digital Masterkeying

Medeco Logic is the union of a patented mechanical keying system with an innovative miniaturized access control module that is contained within the cylinder and key. This means that a retailer can have scheduling and auditing available anywhere a “standard” lock is today without difficult installation or wiring. Additionally, it allows managers to provide all associates with a key, which gives them immediate ability to assist a customer seeking more information on a product.

## Loss Prevention Calculations

|  |              |                              |
|--|--------------|------------------------------|
| Total shrink dollars   | \$17,000,000 | 1.7% of \$1 billion in sales |
| Percentage of current shrink attributable to internal theft  | 55%          | Industry average             |
| Anticipated decline with audit records on locked merchandise | 30%          | Assumption                   |
| Value of audit feature per year                              | \$2,805,000  | Calculated from above        |

## Savings via Audit

By having an audit record available for access to secured merchandise, retailers might speculate on a reduction in shrink by as much as 30 to 50 percent. Using 55 percent (industry average) of a retailer's loss attributable to employee theft, a retailer with average dollar loss in shrink of 1.7 percent of sales (industry average) and with annual sales of \$1 billion could recapture nearly \$3 million or 30 percent of sales.

## Support Is an Important Part of Any System

Medeco has a national network of retail security service providers who install, support and service this product at all of their locations throughout the U.S. and Canada.

*This feature is an excerpt from the white paper entitled “Leveraging New Technology in Retail Security.” For a full copy, contact Jennifer Riley at [jriley@medeco.com](mailto:jriley@medeco.com). For more information about Logic, please contact Joseph Kingma, director of business development at Medeco High Security Locks at 800-675-7558 ext. 1683 or [jkingma@medeco.com](mailto:jkingma@medeco.com). ■*