

RETAIL NEWS INSIDER

THE COST OF CRIME

WHEN PETTY THEFT ISN'T SO PETTY

CRIME SERIES PART 3



The award-winning Interactions *Retail News Insider* offers a look at the trends, best practices and news affecting today's retail environment as it relates to engaging shoppers and driving sales.

As the flagship publication for Interactions, *Retail News Insider* provides insight on trends that affect all levels of our business, practical sales tips for our field teams as well as the latest news from our own consumer experience marketing experts. Our team embraces the concept that the world of shopper engagement is an ever-evolving marketplace, and goes inside the stories to take a look at what's happening in the U.S. and across the globe.

Retail News Insider has been named by numerous industry awards organizations as the best publication for associates. We are proud to set the standard for excellence in communication across industries, as well as for our own organization.

Platinum Award Newsletter
Hermes Creative Awards

Gold Award Interactive Communication/E-Newsletter
AVA Digital Awards

Gold Award Corporate Newsletter
MarCom Awards

Best Digital Communication Vehicle
International Association of Business Communicators Gold Quill Awards

Best Internal Publication
MarCom Awards

Best Employee Publication
International Academy of Visual Arts Communicator Awards

Best In-House Trade Publication
San Diego Press Club

Best Regularly Featured Column (Essentials to Engagement)
Content Marketing Awards

Produced by Interactions Marketing, 2016

Advertising
To learn about advertising in *Retail News Insider*, email newsletters@daymon.com.

IN THIS ISSUE



03 Executive Perspectives
From the President



03 Editor's Corner
The Bottom Line on the Cost of Crime



04 Essentials to Engagement
If You Grill It, They Will Come!



04 From the Front Lines
Safety First—For Yourself and Your Shoppers



05 Meet the Expert
Getting Social Media Savvy with Alison Clancy



06 Market Watch
The Cost of Crime – Part 3: When Petty Theft Isn't So Petty



10 Trending Tastes
No Longer the Bad Boy of Foods—How Fat Is Staging a Comeback



11 Knowledge Portal
The Experiential Explosion—More Companies Realizing the Return on Engagement



Bharat Rupani
President, Retail Services

Last month, I had the pleasure of leading an orientation class for a group of new hires. These associates were from all over the organization, including Interactions and all divisions of our parent company, Daymon Worldwide. Joined by my fellow leaders from our sister companies, I spent the day with the group and discussed (among other things):

The Importance of Investing in People

Daymon's History and Evolution:

How in 1970, two men joined together with the goal of maximizing the market potential of private brand products. The rest is history!

Our Long-Term Business Strategy:

What we are doing to consistently improve how we provide solutions for retailers and brands.

The Daymon Value Proposition:

What sets us apart and how our business model is unique.

There are many benefits to onboarding and investing in associates early on. Arming hires with information about our company increases overall understanding of the big picture, boosts confidence, and elicits high retention rates and increased productivity. Having exceptional levels of associate engagement is great for us, but it also means that we're providing only the best talent to our partners.

I've said in past issues of this publication that we're a very human business. This doesn't just apply to our clients and the millions of shoppers we connect with on a daily basis, but it also includes our internal team members. Daymon spans over 51 countries and 39,000 associates, and we pride ourselves on individually recognizing and supporting each and every team member. By building solid human connections internally, we reflect and mimic the same connections with our customers.

When the orientation concluded for the day, I was pleased to discover that after 19 years with Daymon, I still caught myself learning a few new things and enjoyed connecting with associates face-to-face. These are the kind of human moments that I value the most.

All my best,

Bharat Rupani

Bharat Rupani

[Editor's Corner] The Bottom Line on the Cost of Crime

This issue marks the last installment in our three-part series on the cost of crime in retail. This month we're tackling an age-old issue: theft of products. When you think retail theft, small-time shoplifting is probably the first thing that comes to mind. And while these petty crimes do pose a significant risk for retailers, it turns out organized crime rings and employee theft are greater concerns.

Fortunately, there are a number of ways retailers can help prevent and deter all types of theft. In fact, a recurring theme among the stories featured in our crime series shows that while the risks are present—and may never completely go away—retailers have the ability to reduce them.

As we learn in this month's Market Watch feature on page 6, retailers already have some of the tools they need to reduce theft—namely, their own employees. As experts point out, educating and empowering associates at every level to play a role in loss prevention can be a highly effective, yet simple, strategy.

Speaking of empowerment, we want to give you the power to share your feedback. Love the latest feature? Wish we'd cover a topic you haven't seen yet? Visit our Facebook page at [facebook.com/InteractionsMarketing](https://www.facebook.com/InteractionsMarketing) and let us know!

All the best,

Angelica Martinez

Angelica Martinez



Angelica Martinez
Communications
Manager

IF YOU GRILL IT, THEY WILL COME!

With Memorial Day just behind us and Independence Day on the horizon, it's safe to say that grilling season is officially upon us! According to the Hearth, Patio and Barbecue Association, 80 percent of consumers own a grill—and 97 percent of those consumers have used it in the past year. While hot dogs and hamburgers top the list of favorite grilling items, Sales Advisors can help shoppers think outside the bun by sharing these creative grilling ideas.

Save Like ...



FRUITS AND VEGGIES GO GREAT ON THE GRILL!



Encourage shoppers to use mushrooms in place of burgers, or grill other veggies as a side dish. Don't forget dessert: lightly charred pineapple or peaches topped with ice cream.

Save Like ...



Amp up the flavor!

Share simple ideas for homemade rubs and marinade. Think brown sugar, ground coffee, cinnamon and chili powder for ribs. Or lemon juice, chopped herbs, olive oil and garlic for chicken.

Save Like ...



BEYOND BBQ— New Ways to Grill



Give shoppers other ideas for using their grill. They can steam fish and vegetables in foil packets, lower the lid to grill pizza—or cook a whole chicken cooked over a can of beer or soda.

[From the Front Lines]

SAFETY FIRST—FOR YOURSELF AND YOUR SHOPPERS

While June marks the official celebration of National Safety Month, safety is an important issue for Sales Advisors all year round. This month, Lead Sales Advisor Susan Degata shares her tips for keeping yourself and your shoppers healthy and well.



Degata points out that safety begins even before you hit the sales floor by making sure all of your equipment is secured under your cart. "Microwaves, utensils and everything else stays under the cart until we get to our spot," she says. "If an item fell off, you could hurt yourself or a customer." She's also careful to push her cart out slowly, watching for customers and obstacles that may be in the way.



During your event, cooking safety and food safety are two primary concerns. Degata stresses the importance of using cutting gloves and proper cooking utensils, as well as keeping two sets of cutting boards and knives—one for raw foods and another for cooked food. Keeping foods at the right temperature is also critical for preventing illness—and providing the best possible sample. "I keep cold foods, salads and fruit on ice, and hot foods wrapped in foil or covered on the skillet," says Degata. "I also check the temperature of foods regularly."

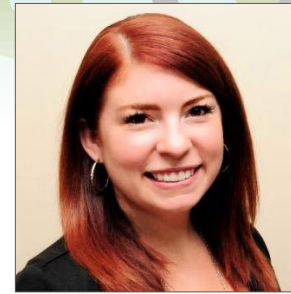


Allergies are another safety issue Sales Advisors have to be aware of. "I always ask customers if they have any allergies before they try a sample," Degata says. If they do, have customers read the ingredients on the label(s) of any products you're sampling. And if there's any doubt, don't take the risk. Remember, safety comes first!



Susan Degata
Lead Sales Advisor

GETTING SOCIAL MEDIA SAVVY WITH ALISON CLANCY



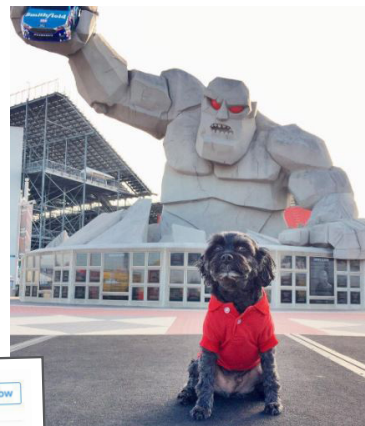
Alison Clancy
Communications Manager

From Facebook and Snapchat to Instagram and LinkedIn, it's clear that social media continues to play an ever greater role in consumers' daily lives. We sat down with Alison Clancy, Communications Manager and Interactions' resident social media expert, to learn more about the impact of social channels—and how retailers and brands can put it to work for them.

RNI: Why is social media engagement valuable for retailers?

AC: Social media builds brand presence and spreads awareness—but most importantly, it provides a direct line to customers and feedback. It has become a very real and human way to connect directly with shoppers and to respond to their needs and preferences, which ultimately helps build loyalty and trust.

we post pictures of Tuxlee meeting fans, test driving cars, mingling with racers and promoting Advance's Speed Perks rewards program. It gives consumers a peek into the tour, even if they can't be there, and creates a buzz around each new stop. We also respond to and share content from fans who have met Tuxlee. This creates a really strong customer relationship that they'll remember next time they're in an Advance Auto Parts store.



RNI: What are the best social media platforms to use?

AC: Each social platform is its own universe. The audience that chooses to spend time engaging on one platform might be completely different from the audience that chooses to hang out on another. When you're looking at social channels to use, especially for business, make your decision based on what your goals are and who you're trying to speak to. It really helps to know your customer well, and then figure out where they hang out online.

RNI: What are your top Dos and Don'ts for social media campaigns?

AC: DO be human and speak like one online. DO engage with and delight your community. DO think outside the box when it comes to content. DON'T be afraid to be transparent. DON'T always "sell" or focus on being self-promotional. DON'T be scared of negative community feedback—use it to make your company or product even better!

RNI: Can social media be used to enhance experiential marketing campaigns?

AC: Absolutely. At Interactions, we offer our clients assistance with social media monitoring and content creation. For example, for the Advance Auto Parts mobile tour, we manage an Instagram account (@TuxleeOnTour) that belongs to the canine mascot of the tour. Every day,



THE COST OF CRIME

WHEN PETTY THEFT ISN'T SO PETTY

CRIME SERIES PART 3
By Retail News Insider

Think shoplifting is a victimless crime? Think again. Whether you're a retailer or a consumer—you pay the price for retail theft. Here's how: Each year, U.S. retailers lose over **\$40 billion dollars** due to the loss of physical inventory (shrink), according to the National Retail Federation (NRF). The majority of those losses come from internal or external theft of product from retail shelves and warehouses. And when products go missing, everyone pays—through lost profits, less inventory to choose from and ultimately higher prices. In the end, it's estimated that retail theft costs the average American family over \$420 every year.

This final feature in our three-part series on the cost of crime in retail takes a look at how retail theft has evolved—from individual shoplifters to organized teams of associates and others in supply chain working together to score major hauls. We give you the brazen examples of in-store theft and what retailers must do to protect themselves.

UNDERSTANDING THE LANDSCAPE

The majority of retail shrink is due to three main causes: “petty” shoplifting, organized crime and employee theft.

Let’s start by taking a closer look at shoplifting. According to the National Association for Shoplifting Prevention, most shoplifters are opportunists—that is, they don’t plan to steal in advance. The decision to pocket products is often made in the heat of the moment. In fact, many shoplifters will make legitimate purchases during the same visit. Sometimes that can even be part of the strategy—taking bar code stickers from less expensive items and placing them on higher-priced items in order to benefit from a “discount” when they checkout at the register.

As Bob Moracas, Vice President of Loss Prevention for the NRF, points out, “it may be called petty theft, but it’s not a kid stealing a candy bar. It’s much more sophisticated. There are pretty substantial things going out the door.” The NRF estimates the average shoplifting incident results in about \$318 worth of losses.

Organized retail crime (ORC) rings represent a more premeditated and professional version of what we typically think of as shoplifting. These gangs are generally headed by a “fence”—a person who plans to acquire and profit from stolen merchandise. The fence works with a number of “boosters”—individuals paid to shoplift the items the fence wants.

“Organized crime commonly targets more high-end stores, handbag stores, grocery and drug stores, and electronics stores,” says Moracas. “They want to grab as much product as possible and of the highest value and get it out the door so they can convert it to cash somehow—either selling it or bringing it back in fraudulent returns.” The NRF estimates ORC costs retailers \$450,000 for every \$1 billion in products sold.

Employee theft also has a big impact on retailers’ bottom lines. “The [cost of the] average internal case is much higher than the typical shoplifting case,” says Lisa LaBruno, Senior Vice President of Retail Operations for the Retail Industry Leaders Association. “Associates can often steal longer before they are identified, whereas shoplifters are often caught quickly.” This bears out in the latest security survey by the NRF, where retailers put the average cost of an employee theft case at over \$1,500.

In addition to being less likely to be caught quickly, employees may also have the advantage of knowing the inner workings of the retailer. They may have access to

larger quantities of products in the storeroom or warehouse, as well.

BEST PRACTICES: HOW RETAILERS CAN PREVENT THEFT

It’s important to point out that the problem of shrink due to theft is well-known to retailers. It’s not an issue they are burying their heads in the sand about. In fact, two-thirds of retailers reported decreases in losses due to theft in 2015—a testament to the strides they are making in combatting it. So what are those retailers doing that others can learn from?

“The loss prevention programs that are best-in-class are those that effectively manage shrink as a business function; analyzing the issues and leading a cross-functional coalition of merchants, operators and solution providers to deliver results,” says Paul Jones, Vice Chairman of The Loss Prevention Foundation. “These are the same programs that invest in their loss preventions teams through education and certification.”



THE COST OF SHRINK IN RETAIL

[\$44 billion]



INSIDE THE CRIMINAL MIND: RISK VS. REWARD

Why does theft persist? A variety of social and economic factors play a role, but perhaps one of the most interesting to consider is the risk vs. reward ratio retail thieves face. Consider these facts:

- The average shoplifter is caught only 1 out of every 48 times he or she shoplifts.
- In some states, getting caught with and convicted of stealing up to \$100 worth of merchandise carries no jail time—only a fine (up to \$250 for the first offense in Massachusetts, for example).
- If a shoplifter steals an average of \$75 worth of merchandise 48 times, but only gets caught and fined once, he or she can still make a hefty profit—\$3,350 to be exact.

Sources: National Association for Shoplifting Prevention, Commonwealth of Massachusetts



LaBruno echoes the importance of education, not just for loss prevention associates, but for all employees. She says retailers can help reduce both internal and external theft by “creating a culture of honesty and getting employees to take ownership of what shrink is and how it affects them.”

LaBruno goes on to explain that when employees understand shrink can negatively impact job opportunities within the store as well as compensation, they’re more motivated to take ownership of it. This can not only encourage employees to point out suspicious behaviors they see in their colleagues, but also understand the need for security measures such as bag checks, cash register video surveillance and random audits.

In addition, associates need to be educated on potential warning signs to watch for in shoppers. “Retailers need to train employees to look for suspicious activity—like shoppers coming in with booster bags—bags lined with a foil material so when criminals put merchandise in there and leave the store, the article surveillance system doesn’t go off,” says Moracas. Nervous body

language, lack of eye contact, and baggy or heavy clothing worn during warm weather are other red flags.

Retailers can also put technology to good use in preventing and deterring theft. According to Moracas, some of the technology strategies that have the biggest return on investment (ROI) for retailers include closed-circuit TV systems, public-facing monitors and article surveillance tools like electronic tags, security cases and smart shelves.

Visible technologies like cameras let would-be thieves know they’re being watched and can often help deter shoplifting. More discrete methods can help catch those who choose to steal anyway. For example, smart shelves use radio-frequency signals to monitor the amount of product on a shelf and can send alerts to store personnel when potential theft takes place, such as a large amount of items being swept off all at once.

LaBruno points out that retailers should also stay informed about evolving technologies that promise to take security one step further (perhaps even one step ahead of the criminals)—things like biometrics, facial recognition and prescriptive analytics. For example, a number of retailers in the U.K. have are using facial recognition to help identify known shoplifters when they walk into the store. Photos of shoppers entering the store are taken automatically and run against a



Combining CCTV with facial recognition takes security to the next level.



database of known criminals. If there's a match, an alert is sent to the store. Biometrics can be used to track and restrict employee access to certain areas.

For employee-theft in particular, both Moracas and LaBruno agree that transaction verification and exception-based reporting programs built into point-of-sale systems are invaluable. These systems track and monitor transactions and employee behavior, analyzing the resulting data to highlight potential anomalies (and potential theft). Taking it one step further, these systems can be combined with prescriptive analytics, so they not only alert retailers to potential problems, they also recommend the best course of action to take based on previous results.

In addition to preventive strategies, LaBruno also points out that when theft does occur, particularly ORC, it's critical for retailers to collaborate with law enforcement—and even each other. She notes that when retailers share information about theft with other retailers and law enforcement, they can combine their investigative efforts and potentially their losses in order to prosecute the criminals at a higher level with higher punishments which may help reduce future theft.

For individual cases of shoplifting, many retailers are benefiting from participation in restorative justice programs. These programs aim to educate shoplifters about the harms of retail theft, and often require them to pay the retailer back for the items stolen.

According to Jones, "programs that are designed by criminal justice professionals and coupled with crime-specific educational material... make a meaningful difference in recidivism rates." These programs provide another important tool that retailers can use to enhance their approach to reducing and deterring theft. They not only reduce the drain on criminal justice resources—they also offer a cost-effective solution for the retailers.

IS THE INVESTMENT WORTH THE PAYOFF?

With the great lengths loss prevention professionals must go to and the costs of their efforts increasing every year, it's natural to wonder whether the investment is worth the payoff. LaBruno acknowledges "all of these investments are expensive, and retailers need to do analyses to see what the ROI is as it relates to their specific circumstances."

She also stresses that retailers cannot discount the significant risks theft poses from a financial, brand reputation and customer service perspective. Increased theft can mean immediate as well as



Biometrics can deter and track theft.

future losses, not to mention potential physical harm to both associates and customers.

"As ORC gangs are being taken more seriously, there's more at stake for the offenders, so they're getting bolder and more violent," says LaBruno. Nearly one in five shoplifting apprehensions in 2013 resulted in some type of physical or verbal violence, according to an NRF survey.

As for concerns that some deterrent strategies might harm the consumer experience, both Moracas and LaBruno believe the majority of customers understand the need for such measures. Moracas adds that when obvious deterrents are in place, such as visible monitoring systems, "most consumers feel more comfortable that they're not going to be victimized by crime."

Overall, experts agree that as long as security measures are implemented thoughtfully, with retailers using careful analysis and education to strike a balance between the protections they put in place and the impacts on associate and consumer perceptions, the benefits for all involved outweigh the potential inconveniences.



MARKET WATCH CALENDAR

January	Merchandising & Big Data
February	Experiential Marketing
March	Bottom Line: Investing in Technology
April	The Cost of Crime, Part 1
May	The Cost of Crime, Part 2
June	The Cost of Crime, Part 3
July	Grocery Labor Market
August	Exponential Technology
September	Giving Back: The New Marketing Cause
October	Engaging Innovation
November	Voice of the Consumer
December	2017 Trends

2016

Up Next

NO LONGER THE BAD BOY OF FOODS—HOW FAT IS STAGING A COMEBACK

In the 1980s and 1990s, one of the hottest food claims out there was “low-fat” or “fat-free.” Fat-free “butter” spray, skim milk and low-fat snack foods were in; real butter, whole fat dairy and red meat were out. From the American Heart Association to the U.S. Department of Agriculture, nutrition experts touted low-fat diets as the answer to smaller waistlines, lower cholesterol and longer lives. But as it turns out, they didn’t have the whole story. Now, more than two decades later, fat is making a comeback—in a big way.

Fat first got its negative reputation in the 1970s when a group of scientists made the correlation that in countries where people ate higher fat diets, there was a higher incidence of heart disease. They theorized that eating more fat increased the risk of heart attacks, high cholesterol and other cardiovascular problems. Everyone from the American Heart Association to the U.S. government took note and prescribed a lower-fat, higher carbohydrate diet for better health.

Fast forward 20 years and instead of seeing improvements in heart disease, health experts saw little change—other than our waistlines getting bigger. Investigating the cause, they went back to the original studies. Digging deeper, researchers found that the countries that ate higher fat diets also ate more refined carbohydrates and sugar, and had other differences in health habits.

Combined with new studies from scientists at Harvard, the University of Cambridge and other prestigious institutions, it became clear that fats weren’t the sole culprit of the problem. And in fact, those refined carbs and sugars we used to replace the fat we took out of our diets may have made consumers’ health worse.

Diet trends over the last decade have moved from low-calorie and low-fat to low-carb and moderate (or in some cases, even high) fat as a result. Consider the Atkins or Mediterranean diet.

Butter and olive oil started to make their way back into our shopping carts. Then thick, creamy yogurts, rich cheeses and yes—bacon!

As more shoppers began to reject low-fat or fat-free substitutes, CPGs responded in kind. Today, you’re likely to find a wider range of coconut oils, creamy soups, nut butters, cheesy pastas, nut- and seed-based nutrition bars, full-fat salad dressings and rich, dark chocolate desserts as compared to low-fat offerings in your local grocery aisles.

Many CPGs are also touting the health benefits of certain fats, especially omega-3s found in foods like salmon, flaxseed, chia seeds and walnuts. And it’s all good news for consumers. Not only can fat actually be good for us—it makes food taste great, too.



THE Experiential EXPLOSION

More Companies Realizing the Return on Engagement

Experiential marketing is having a moment—one that shows no signs of stopping. In a survey by Event Marketing Institute, 79 percent of Fortune 1000 brands surveyed said they planned to execute more experiential programs year over year, and budgets increased an average of 6.1 percent. That's triple the growth of annual retail sales.

Why the increased interest and investment in experiential marketing? The growth of digital content—and the decrease in our attention spans that has resulted—plays a significant role, says Ryan Dee, Senior Account Executive for Interactions. “All research points to the fact that we are in a stage of our digital evolution where we have reached maximum capacity. There's so much content out there now, traditional forms of advertising no longer have the same effect. Today, for consumers to stop and really pay attention, the content or message has to be incredibly compelling.”

That's where events come in. “Through human-to-human interaction, experiential marketing events are able to break through the advertising malaise to actively engage with consumers and create brand affinity,” says Dee. Research from Event Marketing Institute backs shows the same trend—87 percent of consumers say live marketing events are more effective than TV commercials and 98 percent are more likely to buy a product after experiencing it.

Not only is the use of experiential marketing expanding, events are getting ever-more creative. Take the recent flash mob performance Interactions recently executed for



Experiential can take a tradeshow from spectator sport to full throttle excitement.



Fashion events show magazine readers how to translate haute couture into wearable trends.

a retail store grand opening. Brand Ambassadors dressed as regular shoppers excited and delighted the real shoppers by breaking into song and dance in the middle of the store.

“That's the type of event that stops shoppers in their tracks,” says Dee. “If you're looking at your phone and people start singing and dancing around you, you either put down your phone to watch or you start taking a video of them and creating content of your own.” This, in turn, often turns shoppers into champions of the brand, sharing their experiences with friends and family members.

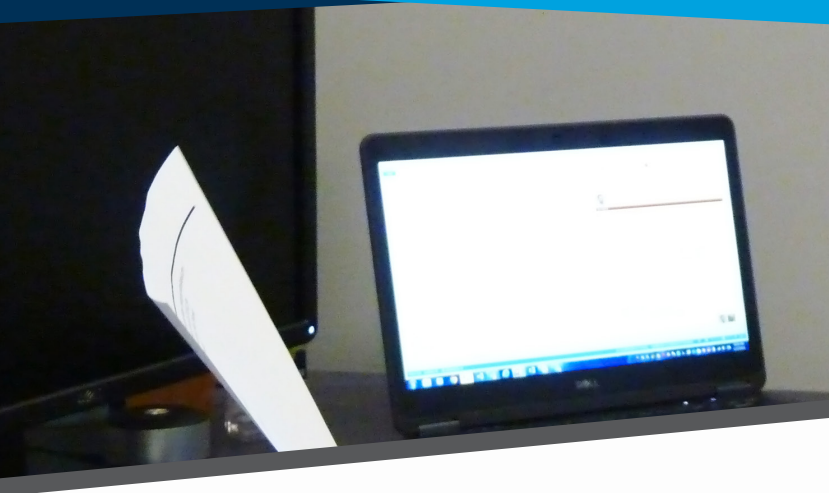
To be clear, it's not just retailers who can (and are) benefitting from experiential marketing. Any business with a product or a service can use experiential. “Sign spinners engaging passersby to visit a local tax preparation firm, an immersive tradeshow event for an auto maker, a fashion show that brings to life trends from the pages of a magazine—there's something for everyone.”

Dee also points out that events don't have to be grand productions to make an impact. “It's a common misconception that experiential is expensive but it doesn't have to be,” he explains. “We've worked with budgets small and large. Even something as simple as a product demonstration can be very effective. A well-trained and knowledgeable Brand Ambassador can bring a product or service to life for consumers in a way that traditional forms of media simply cannot.”

To learn more about putting experiential to work for your brand, contact Lindsay Steller, Director of Sales and Marketing, at lsteller@interactionsmarketing.com.



DAYMON DOES: SPEED TO SHELF



MARIA RODRIGUEZ from Daymon Worldwide received a phone call from a retail buyer looking for general merchandise concepts to complement a new food theme they were launching. Maria and her team came up with concepts in a couple of days. A full item list with costs followed that same week.



The Daymon team brought this general merchandise program to market in record time – and it drove incremental sales and profits for the retailer. Custom solutions for our partners in a snap – just another day at the office for Maria and Daymon Associates just like her.



To learn more, please contact
our CEO, Jim Holbrook, at
JimH@daymon.com

**PUT US TO WORK
FOR YOU.**