

Shrinking Losses at TJ Hughes



Retail Crime

According to the Centre for Retail Research, shrinkage losses in the UK were equivalent to 1.59% of turnover during the financial year 2003-4¹ or £73.24 per person. Customer theft accounted for 44%, staff theft 36%, suppliers 5% and internal errors 15%. High though the total losses are, they are lower than

the 1.69% of turnover the year before. However one retailer – TJ Hughes - is achieving reductions in shrinkage that make these national improvements appear paltry. CCTV is an essential part of their loss prevention strategy, as the system at their 65000 sq ft Watford store illustrates.

The CCTV System

Like any good CCTV system design, the start point was to identify the requirements of the system and the risks to be addressed. Phil Cater, Head of Loss Prevention for TJ Hughes, is very clear on these. “We have three main risk areas that the system must address. First there is external theft – shoplifting by customers. Second is internal theft – the various methods a few rogue staff members use for theft and fraud. Our third area is health and safety issues, covering the safety of our staff and customers, and the avoidance of fraudulent compensation claims.”

With those risks in mind, the positioning and requirements of the cameras can be planned, although Phil says “it is not an exact science”. The factors considered included:

- the physical layout of the store, with special attention to overcoming the problems of obstructions and hidden areas
- high risk areas, which include both tills and high risk merchandise
- customer flow patterns
- continuity of surveillance.

The last point – continuity - is a particular issue in larger stores. Shoplifters must ideally be watched and recorded by CCTV at all times from picking up the item to leaving the store. If there is not continuity, and assurance that an item picked up in

¹ Source: European Retail Theft Barometer IV, 2004

one location in the shop has not been discarded on the way to the exit, TJ Hughes would be open to accusations of wrongful arrest.

Covering the whole of the store required 48 cameras internally and externally, mixing fixed and PTZ capabilities:

- 5 Vista VPC9132 colour/mono static cameras cover the car park and the outside of the building
- 5 Vista VPC9432 cameras capture images of everyone entering the store; this high-quality camera is particularly effective at handling the challenge of light level changes around the door area
- 16 Vista PowerDomes and 21 Vista VFD4V9C fixed domes cover all areas within the store - tills, the long walkways within the store
- 1 Vista VPC9132 colour camera covers the goods holding area.

The 48 cameras link to three 16-channel Vista Triplex™ Columbus Digital Video Recorders (VC16Te-320) each with a 320GB hard disk. The control room that houses the DVRs also has a control panel of six monitors, Vista PVD1700DG and PVD1510DG. Radio links from the control room are used to direct loss prevention staff on the shop floor to the scene of any problem. A PC in the control room is linked to the Columbus DVRs and takes image streams as required using the Columbus WaveReader software.

Impressive results

The success in reducing shrinkage speaks for itself. When Phil arrived, the stock loss at TJ Hughes was running above the national average. It is now well below the national average. The value Within the store of this reduction has been measured at several million pounds, a testament to Phil's approach. These impressive figures calculate as a 6-month payback period for well-targeted CCTV investment – a compelling business case.



Installation issues

The installation at the Watford store was completed by IFS Contractors Ltd of Bootle, a large company capable of handling national contracts. Watford was their fourth job for TJ Hughes, and the partnership works well. Project Manager Derrick Ashton explains "I've worked with Phil long enough now to know what he wants, and I can now produce designs that need little change before client sign-off.

"When it comes to equipment supply, Phil is very happy with our preference as a company for using Norbain. We find that they support us better than any other distributor. On every aspect of their business - customer service, training, stock levels, returns policy, product development, product warranties - there isn't a distributor that comes close to Norbain's all round quality of service. I've used the technical support line at ten to seven, and I've ordered cameras at five to seven that arrived next morning. That is exactly what installers need."