Chapter 16
A Dilemma for Retailers:
How to Make Store Surveillance Secure and Appealing to Shoppers

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ABSTRACT

Retailers use a number of ambient, design, and social elements with the aim of creating a unique, pleasant, and engaging Customer Shopping Experience (CSE). However, a store may be made paradoxically less attractive by the feelings of insecurity generated by the fact that the same elements can also encourage shoplifting. As a result, retailers have to balance their efforts to enhance a store's attractiveness by ensuring a high level of sales environment surveillance without interfering with the shopping experience. The aim of this chapter is to propose a conceptual framework that enriches the analysis of the development of retailer/consumer relationships by highlighting how retailers can make store surveillance simultaneously secure and appealing to shoppers. The analysis draws heavily on theoretical evidence in the marketing, environmental psychology, service, and retail management literature, and indicates that retailers' investments in store design, staff training, and technological systems can ensure adequate security levels without compromising customers' shopping experiences as long as the surveillance allows them to have direct contact with the store, its articles, and staff.

INTRODUCTION

Retailers acknowledge the importance of using a store's environment to create a unique customer experience (e.g. Turley & Milliman, 2000) that will make a shopping expedition pleasant and engaging, positively influence customer shopping behaviour, and increase sales. By incorporating atmospheric elements in the retail environment (Kotler, 1973; Hamrouni & Touzi, 2011), stores induce specific emotional effects that enhance the likelihood of customer purchases and the possibility of creating long-lasting consumer relationships (Babin & Attaway, 2000). Stores have become emotional places (e.g. Arnold & Reynolds, 2003; Borghini et al., 2009): stock assortments, visual merchandising, category management and all of the structural, sensorial and social characteristics of store design help to create a specific atmosphere and stimulate involvement (see Mehrabian &

Russell, 1974; Donovan & Rossiter, 1982; Baker, 1986; Berman & Evans, 1995; Turley & Milliman, 2000; Turley & Chebat, 2002). Enhancing the customer shopping experience (CSE) by means of exciting trade types and activities can have a significant magnetic attraction for shoppers (Ooi & Sim, 2007).

However, such strategic choices can have opposite effects on customer behaviour: a pleasant and comfortable store environment is greatly appreciated but, although open merchandising improves the shopping experience and increases sales, it can also encourage shoplifting (Phillips et al., 2005) and generally lead to increased retail shrinkage. "Shrinkage" or "shrink" is "stock loss from crime or waste expressed as a percentage of retail sales" as defined by the Global Retail Theft Barometer (GRTB, 2007), an annual study of the cost of merchandise theft and availability for the global retail industry. The 2012-2013 edition was funded by Checkpoint Systems (global leader in merchandise availability solutions for the retail industry, including loss prevention and merchandise visibility) and was undertaken in 2013 by Euromonitor International (world leader in strategy research for consumer markets). The data of this survey of 160,000 stores in 16 countries show that shrinkage amounted to more than $112 billion in 2012 (about 1.4% of global retail sales) and, with the global economic crisis still under way in 2013, remains a pressing problem that transversally involves all continents and markets. The lowest shrink rates were recorded in Japan (1% of retail sales), followed by Hong Kong, Australia and Germany (1.1%). The US and China came in at 1.5% of retail sales. The highest rates were recorded in Brazil and Mexico (1.6%). Shrinkage has four main causes (Bamfield, 2012): a) shoplifting by customers, including organised crime (41% in 2012); b) theft by dishonest employees (30%); c) in-house and administrative errors, including price, process or accounting errors (21%); and d) fraud by suppliers/manufacturers (9%). Shrinkage affects shoppers in a number of ways, including reduced on-shelf availability, reduced assortments, defensive merchandising, and economic losses: every year, retail thefts cost each Italian family €144.00, each European family €145.00, and each global family €101.00. This cost is an "invisible tax" paid by consumers (Thornton, 1992), although it is not necessarily applied by all retailers because it depends on the business policies of the individual chain, and the criteria and margins on which they base their product sale prices. However, if it is applied, it is a substantial burden on families especially at times of financial constraints.

As shoplifting is the main cause of shrinkage, it is clearly important for retailers to keep ahead of dishonest customers and monitor shoplifters' intentions in order to obtain the most from their security investments. However, this raises the important question as to whether store surveillance is compatible with customer satisfaction, which means that retailers must seek an appropriate compromise between the need to protect their stores against shoplifting and the need to minimise the impact of this protection on their customers' shopping experience. In other words, they have to try to enhance the store's attractiveness by ensuring a high level of sales environment surveillance.

The aim of this chapter is to propose a conceptual framework that highlights what retailers can do to maintain a high level of sales environment security and merchandise protection measures, and still satisfy their customers' experiential expectations. It contributes to enriching the analysis of the development of retailer/consumer relationships by highlighting the importance for retailers of creating a system of store surveillance that is secure against shoplifting and appealing for shoppers in three ways: it reviews the main publications that provide useful information concerning a store's attractiveness and surveillance; it proposes a conceptual framework for considering how retailers can enhance their CSE and ensure store security

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