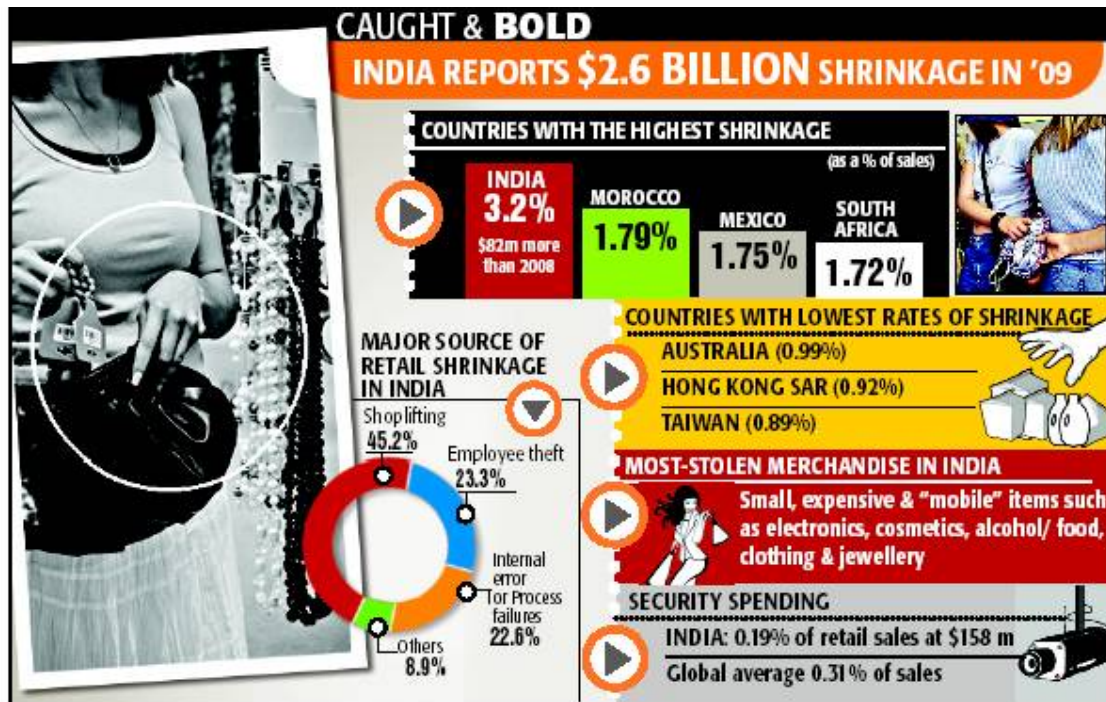


RETAIL THEFT MOST IN INDIA



SOURCE: The Global Retail Theft Barometer 2009 (GRTB 2009) Survey

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IT'S one of the most sought-after shopping markets that Wal-Mart and every other big retailer is desperate to get in to, but India is also the place where retailers are most prone to shoplifting and employee theft.

The country tops the world in retail shrinkage rate at 3.2% of total sales, according to the Global Retail Theft Barometer 2009 that tracked retail loss and crime in 41 countries and regions including the US, China, India, Europe, Japan and Australia.

Some of the country's retailers, however, said the study was unfair to India and that inventory loss was not a big issue here.

The survey conducted by Centre for Retail Research and funded by Checkpoint systems covered 1,285 stores in India and more than 1.2 lakh stores around the world and reported \$7.4 billion as the total value of shrinkage between July 2008 and June 2009.

Retail shrinkage is basically the difference between the value of stock as per the book and the actual stock in a store and includes loss due to shoplifting, employee theft, supplier fraud and paperwork errors.

India's shrinkage loss of \$2.6 billion was the

highest among nine Asia Pacific countries covered in the survey.

One retailer ET spoke to said that the situation was not grim. "Though shrinkage is a concern in India, the situation is not of hand. Customer shrinkage is typically lesser than 1%, but in value terms the figures can be big," said the person, requesting anonymity.

The most stolen merchandise by Indians included electronics, cosmetics, alcohol/food, clothing and jewellery as they are small, lightweight and easy to conceal and transport.

Kumar Rajagopalan, president, Retail Association of India, said the survey is being unfair to India. "In India, modern retail is only 5% of the total retail, and 95% is still non-modern retail, the survey is being unfair to the market."

According to him, modern retailers who have been in the business for more than three to four year know how to handle shrinkage and have managed to put in place systems that take care of shoplifting and employee theft. The actual shrinkage rate for modern retailers, he said, would be less than half of what the survey found.

"Major factors to worry about are accounting errors and stock loss because of dumps and wastage," he said. That is because the country still does not have a good inventory

taking system or a robust IT system in place.

And even if some retailers spend money on bringing in state-of-art systems, the lack of training facilities do not enable use of the systems to the optimum, said Mr Rajagopalan.

In spite of all this, international retailers looking at entering the country are still keen on coming in, he said. This is because only experienced retailers with robust processes in place can reduce the menace of shrinkage in the retail business and help grow the overall market.

In the Asia-Pacific region, China is at number two in terms of retail shrinkage.

The survey puts the cost of crime — that is, shoplifting plus employee theft plus suppliers/vendors fraud plus loss prevention expenditure — at \$2,190 million for India. While this is a big figure, only 29.7% of the 50 most-stolen product lines were covered by surveillance systems, leaving a large part of the merchandise still unprotected.

The survey attributed 33.6% of shoplifting thefts around the world to economic recession as the perceived cause.

Interestingly, only less than 20% of the retailers in the Asia-Pacific region plan to increase their investments in loss-prevention solutions. So, it looks like shrinkage will remain a concern for some time to come.