Loss Prevention in a Post-Recession World

Benchmark Report

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Executive Summary

Regardless of any long-term economic view, recent data shows consumer spending has risen, and retail results are significantly better than they have been for several years. Have pressures to improve shrink results have fallen as sales improve? Hardly. LP continues to be a high priority for retailers, but the panicky reactions of last year have returned to more historical reporting levels.

Business Challenges

Though the challenges associated with Loss Prevention have not changed much in the past year, retailers report that the sources of shrink have. Retailers still pay mind to organized retail crime (ORC) and the impact of their growth on the minds of criminals, but the actual top three sources of shrink are more focused on employee-related activities than they are on ORC.

Opportunities

With less concern over “bad guys doing bad things” in stores, retailers are honing in on the ability to manage more controllable issues – namely, reducing the amount of shrink occurring at the hands of their own staff. As the top identified opportunity, 80% say it is very important to reduce employee-related shrink, and 81% tell us the most important area to lower shrink is at the Point of Sale.

Organizational Inhibitors

LP professionals are becoming more challenged to prove new investments’ return than they were just 12 months ago when LP was perceived as a panacea to all that ailed retail. Further, the mass adoption of less mature LP technologies (and “low-tech” LP support) in recent years has created a deluge of data; without the proper business intelligence/analytics OR the manpower to review the volumes of information the average retailer’s LP hardware provides, much of the functionality is futile. Worse yet, more retailers than ever report LP reports up to the wrong executive, and for those who have a decent plan, execution is flawed from the start.

Technology Enablers

Minor differences in technology usage from last year include slight increases in the use of Sales Audit systems, Statistical Fraud Detection/Analytics, and Cash Management systems. However, technology adoption has been fairly glacial, and LP departments are increasingly short staffed, being asked to do more with less; the time for improved analytics and reporting is at hand. Interestingly, the LP business case for RFID is starting to emerge.

BOOTstrap Recommendations

We expect inflationary pressures to bring Loss Prevention and shrink back into the forefront for Retailers around the world. Because pressures to keep expenses down will also stay high, it is prudent to use capital funds for Business Intelligence and Analytics as a way to hold down shrink. Further, Retailers should take advantage of persistently high unemployment rates to upgrade their in-store workforces. A reinvigoration of background checks is one way to get this underway, along with retention and reward programs to keep talent in house. Using more automated cash management and recycling systems will help remove sources of temptation from all employees, while also potentially reducing bank deposit time-to-availability. Finally, we strongly recommend retailers eliminate “administrative errors” as a source of shrink once and for all. Specifically, we expect the CFO to be a valuable champion of eliminating this long overdue business issue.

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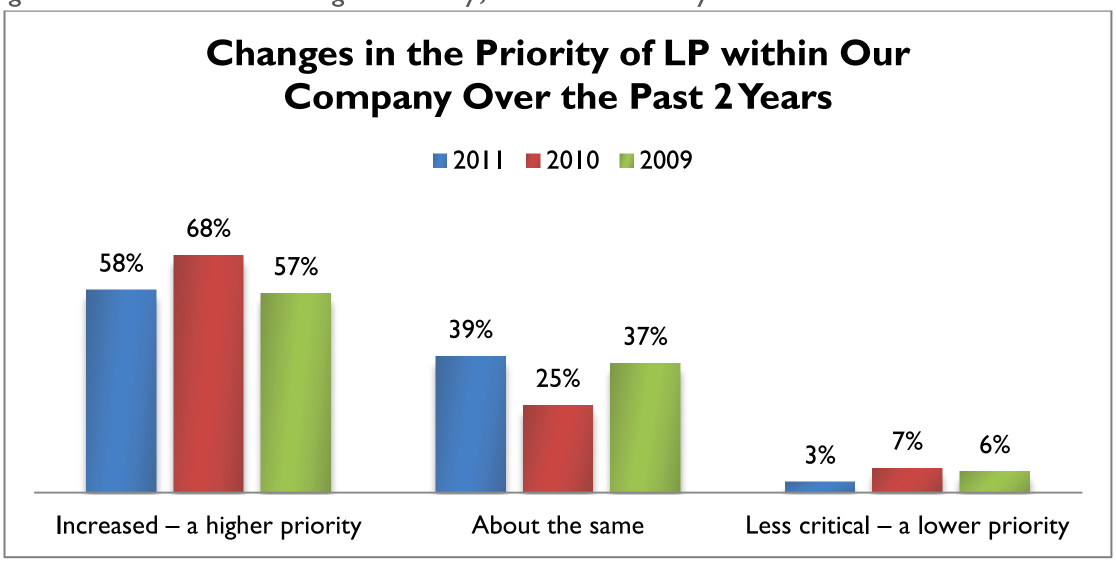
Research Overview

Why This Study Was Conducted

Economists and politicians are somewhat divided on the subject of the Great Recession of 2009. Some believe it is behind us, while others believe we are just in a temporary lull between two storms. Regardless of any long-term view, recent data shows consumer spending has risen, and retail results are significantly better than they have been for several years. So when we at RSR launched our most recent benchmark survey on Loss Prevention, we were curious to see if pressures to improve shrink results have fallen as sales improve.

The short answer is: Shrink management is still important but temperatures are not rising at the levels we saw last year. Clearly, while LP continues to be a high priority for retailers, the panicky reactions of last year have returned to more historical reporting levels (Figure 1).

Figure 1: LP is Still a High Priority, but the Frenzy Subsides



Source: RSR Research, February 2011

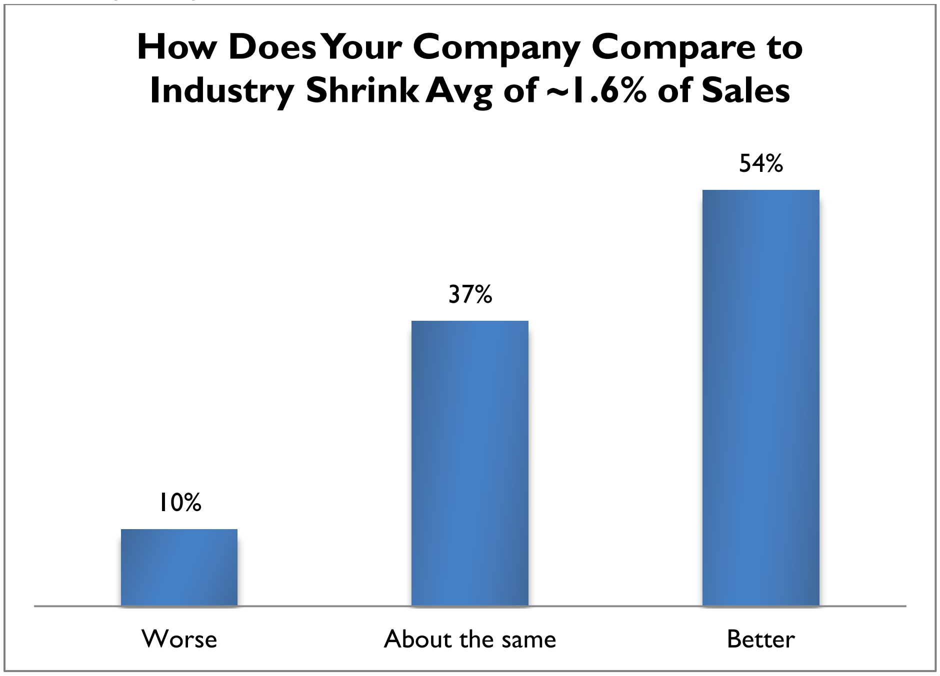
While the priority of LP is still increasing, it has stabilized for about 40% of our survey respondents.

This attitude is not unjustified. We also discovered that as the economy improves shrink also returns to historical levels. *Last year, 44% of survey respondents reported their shrink had risen as a result of the economy. This year that number has reduced to 30%,* with more than half of respondents reporting shrink remaining the same.

Respondent Pool Tends to Over-perform

Over the four years RSR has conducted its Loss Prevention Benchmarks, we've discovered a certain amount of "self-selection" among out survey respondents. Our respondent pool consistently tends to outperform the industry in shrink results. This year is no exception (Figure 2).

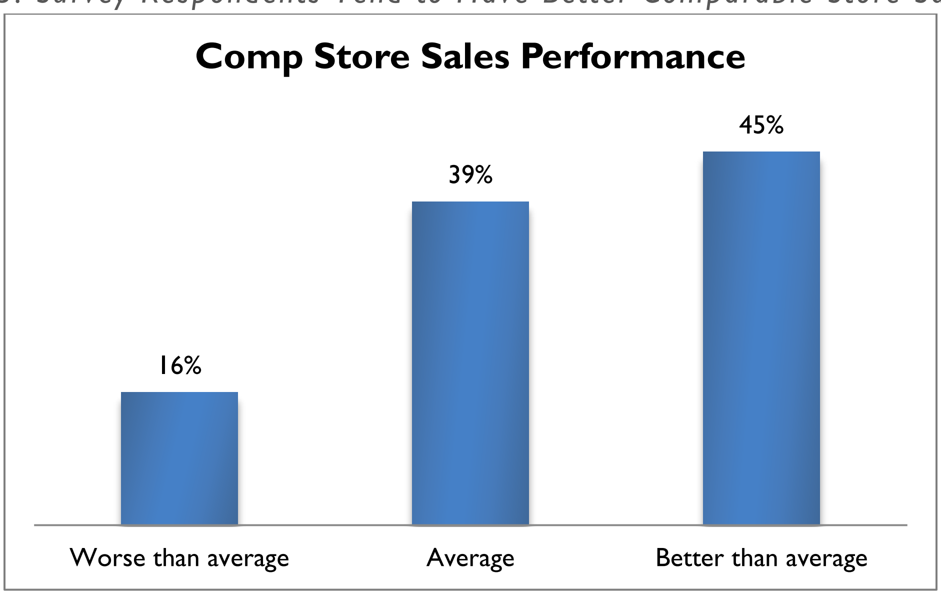
Figure 2: Survey Respondents Tend to Have Better Shrink Results



Source: RSR Research, February 2011

Similarly, our respondents also tend to outperform in year-over-year comparable store/channel sales results as well (Figure 3).

Figure 3: Survey Respondents Tend to Have Better Comparable Store Sales



Source: RSR Research, February 2011

We attribute this self-selection to the fundamental characteristic of over-performers, who RSR refers to as “Retail Winners.” They consistently show recognition of the importance of excellence across all areas of their companies and most often use technology enablers to support that excellence. The core of RSR's benchmark methodology is the assumption, supported by many years of data, that comparable store sales improvements are not an accident, or solely the result of having a "hot" product. So while Loss Prevention is not a competitive activity – in fact, it is one area where the industry tends to interact and share successes and failures, winners shine by virtue of their engagement in these non-competitive areas as well.

Methodology

RSR uses its own model, called the "BOOT," to analyze Retail Industry issues. We build this model with our survey instruments. Appendix A contains a full explanation of the methodology.

In our surveys, we continue to find differences in the thought processes, actions, and decisions made by retailers who outperform their competitors and the industry at large – Retail Winners. The BOOT model helps us better understand the behavioral and technological differences that drive sustainable sales improvements and successful execution of brand vision.

Defining Winners and Why They Win, and Why Laggards Fail

Our definition of Retail Winners is straightforward. We judge retailers by year-over-year comparable store sales improvements. Assuming industry average comparable store sales growth of three percent, we define those with sales above this hurdle as "Winners," those at this sales growth rate as "average," and those below this sales growth rate as "laggards" or "also-rans." As previously noted, it is consistent throughout much of RSR's research findings that Winners don't merely do the same things better, they tend to do different things. They think differently. They plan differently. They respond differently. We understand (and the data also shows) that following dour years like 2009 gives retailers an easier ride to comparable store sales improvements in the following year. Still, the data is generally unambiguous. Retail Winners think differently.

Laggards also tend to think differently. They may have spectacular vision, but often fail on execution. They may forget the power and breadth of choices today's customer has. They fail to re-invent themselves when it becomes obvious their existing business model is no longer working. They don't change their business processes in an effective manner, and so they either eschew technology enablers, or don't gain expected Return on Investment on those they DO buy. In good times, they skate by: in tough times these weaknesses come back to haunt them.

Survey Respondent Characteristics

RSR conducted an online survey from November 2010 - January 2011 and received answers from 74 qualified retail respondents. Respondent demographics are as follows:

- Job Title:

Senior Management (CEO, CFO, COO)	19%
Vice President	20%
Director/Manager	52%
Associate/Staff & Other	9%

- 2009 Revenue ($ Equivalent):

Less than $50 Million	16%
$51 - $499 Million	22%
$500 - $999 Million	19%
$1 - $5 Billion	16%
Over $5 Billion	25%

- Market Segment:

General Merchandise and Apparel	53%
Fast Moving Consumer Goods	29%
Other	18%

- Headquarters/Retail Presence

	Headquarters	Presence
USA	72%	75%
Canada	7%	34%
Latin America	3%	20%
Europe	7%	27%
United Kingdom	0%	17%
Middle East	1%	11%
Africa	1%	2%
Asia/Pacific	7%	23%

- Year-Over-Year Comparable Store Sales Growth Rates (assume average growth of 3%):

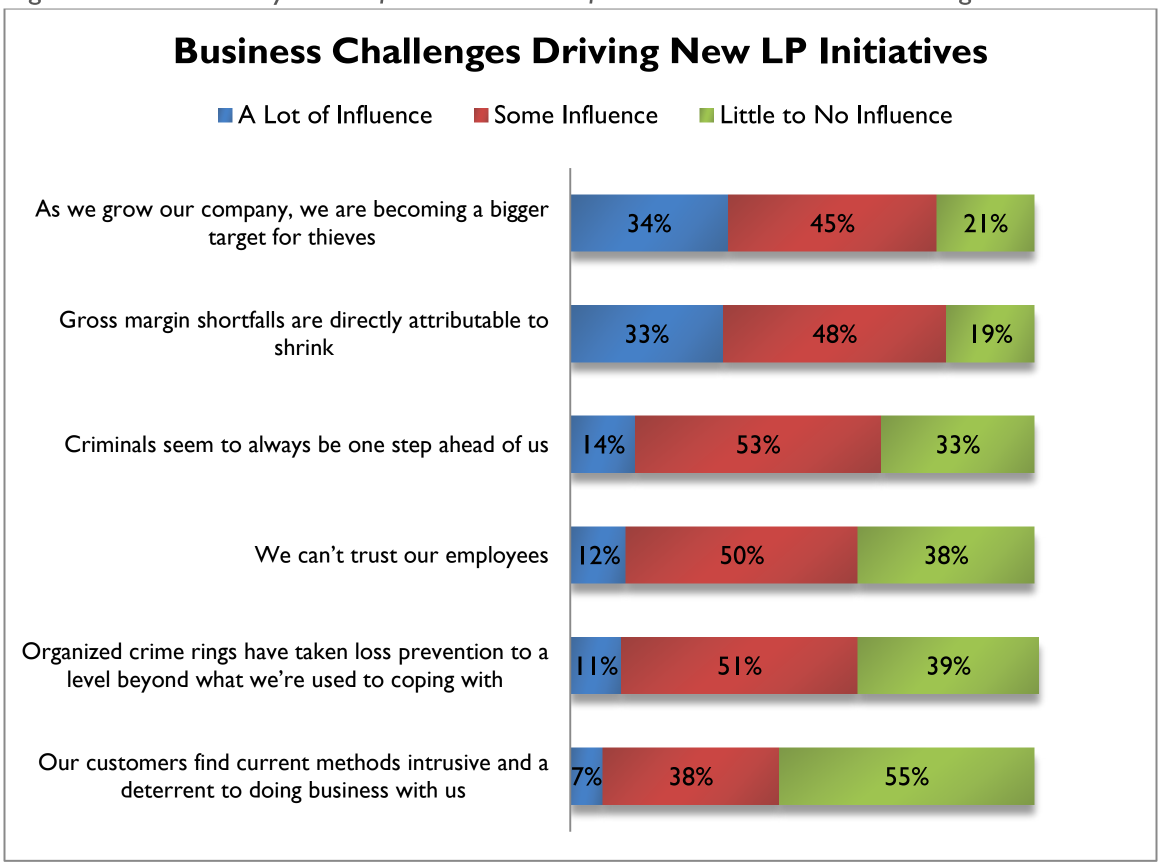
Worse than Average	16%
Average	39%
Better than Average	45%

Business Challenges

Growth Brings Fear, Gross Margin Improvements the Prize

Generally, we ask Retailers to choose between the most critical business challenges they face. This year, we decided to give our respondents more flexibility – we asked them to report ALL the influential business challenges driving new LP initiatives. While no one challenge was reported by a majority of respondents as very influential, a familiar pattern did emerge (Figure 4).

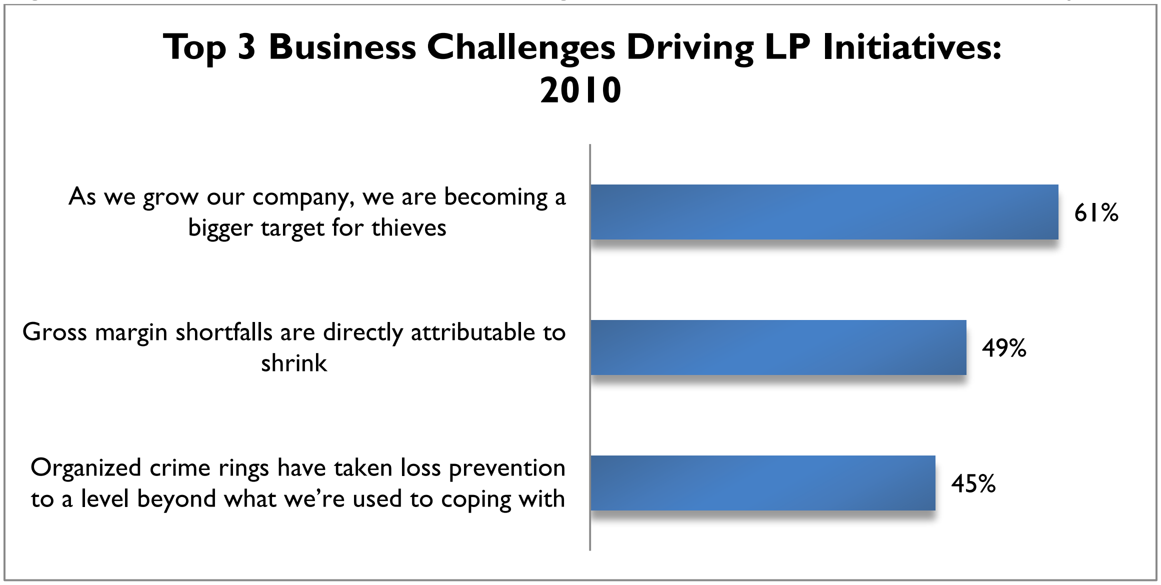
Figure 4: A Laundry List of Somewhat Influential Business Challenges



Source: RSR Research, February 2011

A third of respondents report growth and gross margin shortfalls as the most influential challenges driving their LP initiatives. But we can also see significant influence from organized crime, ever more clever criminals and untrustworthy employees. If we compare this to the top business challenges in 2010, we can see very little has actually changed (Figure 5).

Figure 5: In a World of Forced Rankings, Similar Concerns Rise to the Top



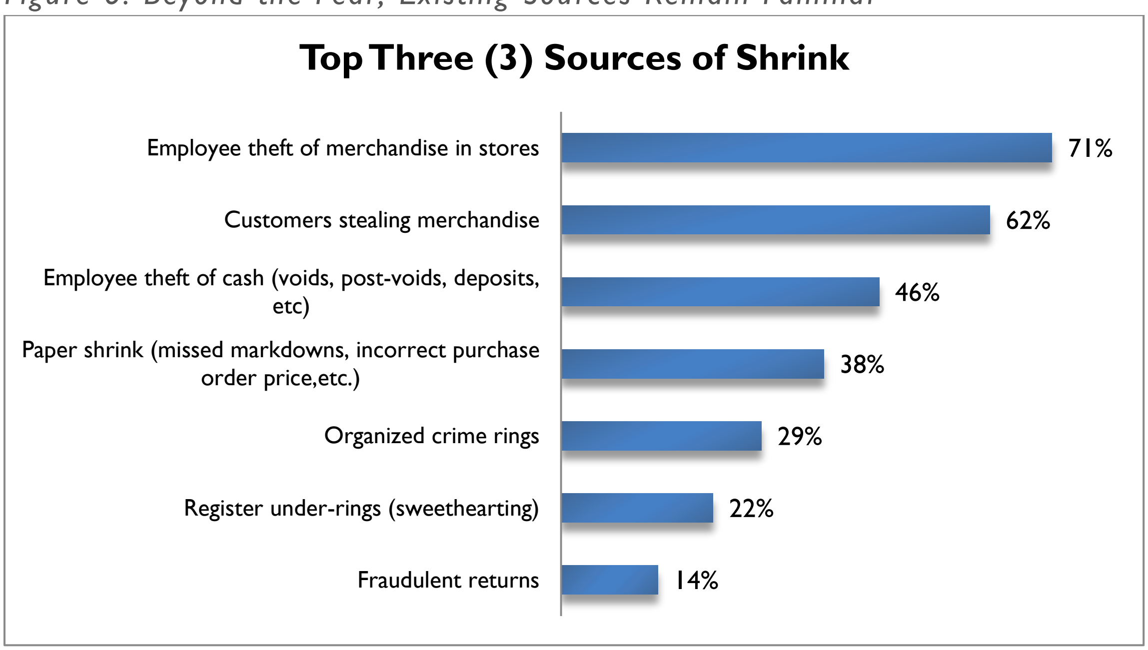
Source: RSR Research, January 2010

Interestingly, when we take a look at current sources of shrink the story changes slightly.

Beyond the Fear, Traditional Sources of Shrink Still Predominate

While retailers fear organized crime and the impact of their growth on the minds of criminals, the actual top three sources of shrink are more focused on employee-related activities than they are on Organized Crime Rings (Figure 6).

Figure 6: Beyond the Fear, Existing Sources Remain Familiar



Source: RSR Research, February 2011

Employee theft in one form or another represent two of the top-three sources of shrink, while shoplifters (customers stealing merchandise) round out the top-three choices. Employee theft of merchandise is of greatest concern to mid-market retailers, peaking at 86% and 92% among retailers with annual revenue of $51-$500 million and $500-$999 million respectively, while it declines to roughly 60% in retailers of all other sizes, both large and small. Further, among those respondents who report continued rise in shrink as a result of the economy, 40% report employees are stealing even *more* merchandise. In general, there was more parity among all respondents in their view of shoplifting.

Employees also have an impact on the next most frequently cited source, Paper Shrink. We remain shocked that administrative errors remain such a significant problem in the age of EDI, statistical receipt sampling, bar-coded cases, pallets and items, and a move to the cost, rather than the retail method of accounting. The number of respondents reporting this as a top-three source of shrink has remained constant at approximately 38% throughout the years we have studied the topic. It doesn't get better as the companies grow. In fact, it gets significantly worse, doubling from 22% at the smallest retailers to 47% at the largest.

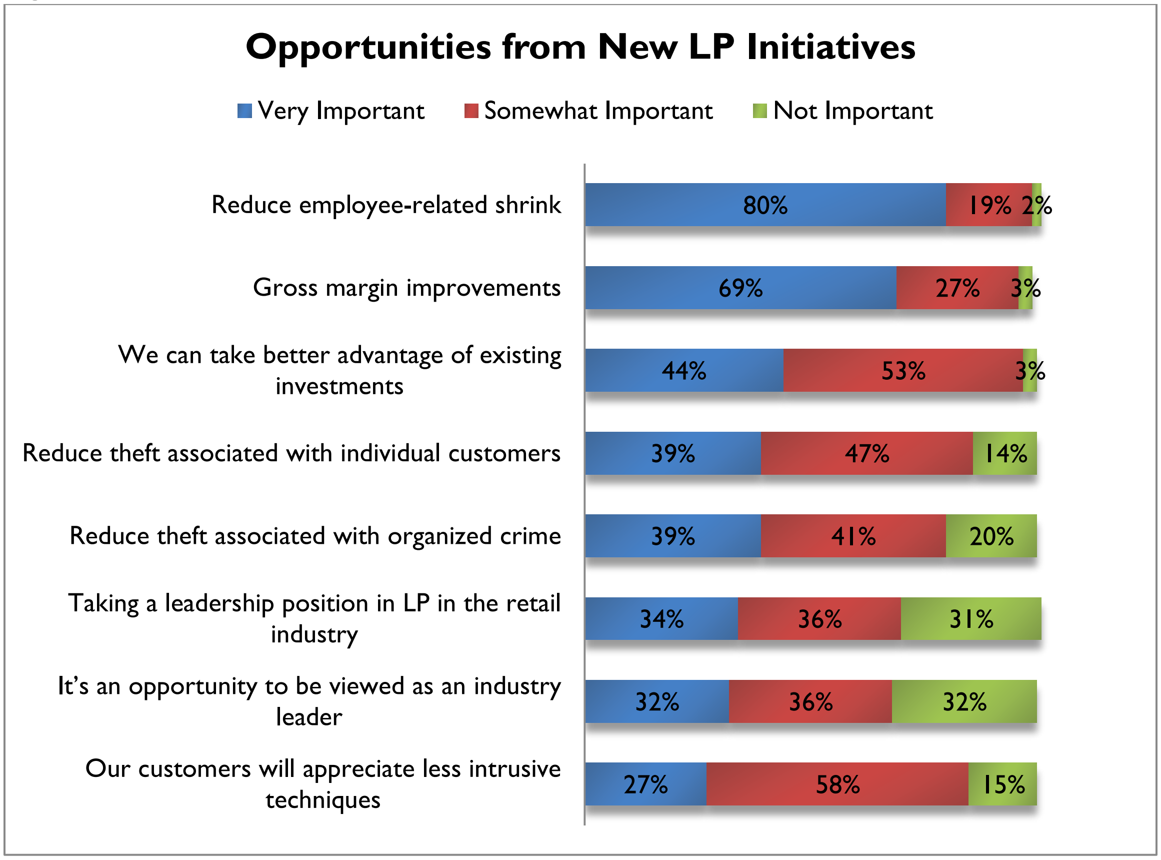
While Organized Crime Rings hold top of mind awareness in retailers' minds, their actual impact is not as profound. Activity peaks among the largest retailers, with 35% of retailers with revenue greater than $5 billion per year reporting this issue as a top three source of shrink.

Opportunities

Back in the Saddle…

As the economy "normalizes," so, too, do retailers' perceptions of the opportunities that new Loss Prevention initiatives evoke. This makes perfect sense: with less concern over "bad guys doing bad things" in stores, retailers are honing in on the ability to manage more controllable issues – namely, reducing the amount of shrink occurring at the hands of their own staff (80%, Figure 7).

Figure 7: Where to Look?



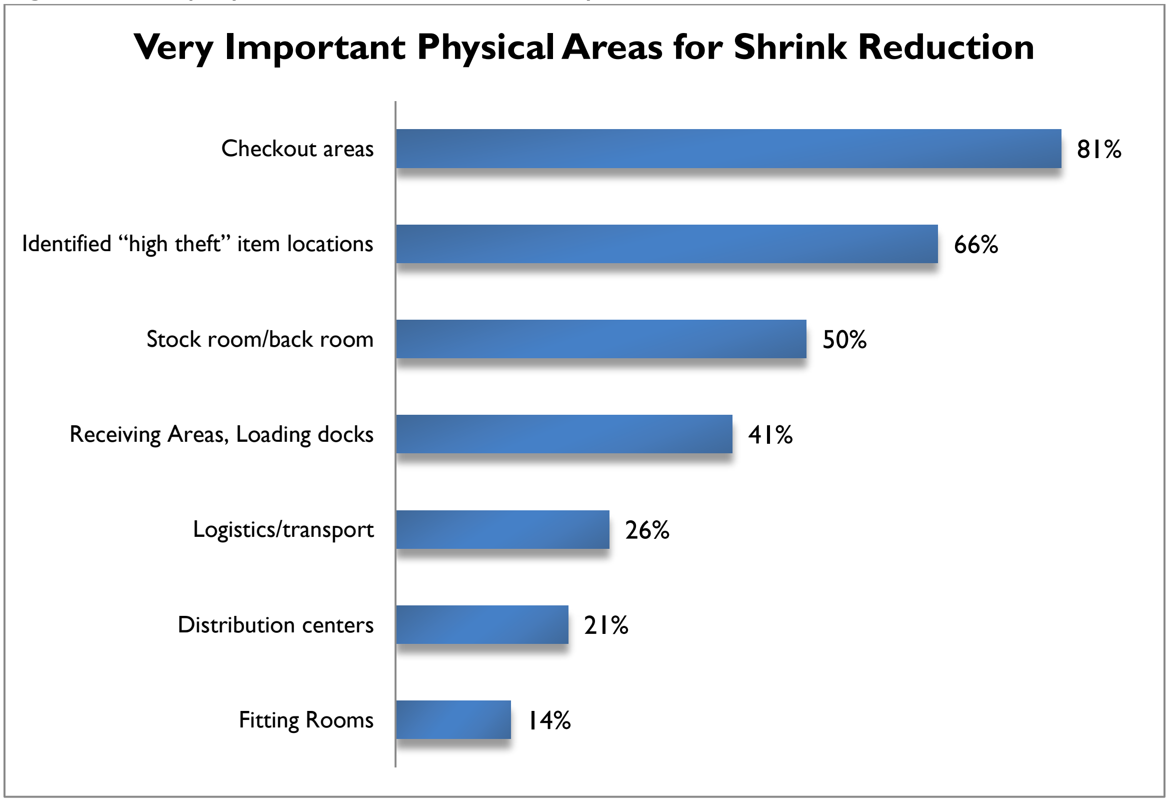
Source: RSR Research, February 2011

As we will see in the Technology Enablers section of this report, retailers don't see any less opportunity – they continue to work diligently to "crack the code" of Loss Prevention. However, it is a comfort to see the drama associated with an outside world in widespread recession calming down, enabling them to focus on the more traditional sources of shrink; fears surrounding theft associated with individual customers and organized crime rings stalls, yet gross margin improvements remain top of mind.

…And Back to Basics

Because of this more reasonable economic market, Retailers are able to turn their focus toward "bread and butter" issues; it should come as no surprise that the checkout area remains the top spot retailers want to investigate in 2011 (81%, Figure 8). As a result, the opportunity to use new hardware and corresponding analytics tools to analyze what's really transpiring at the POS abound.

Figure 8: Employees Back Under Scrutiny



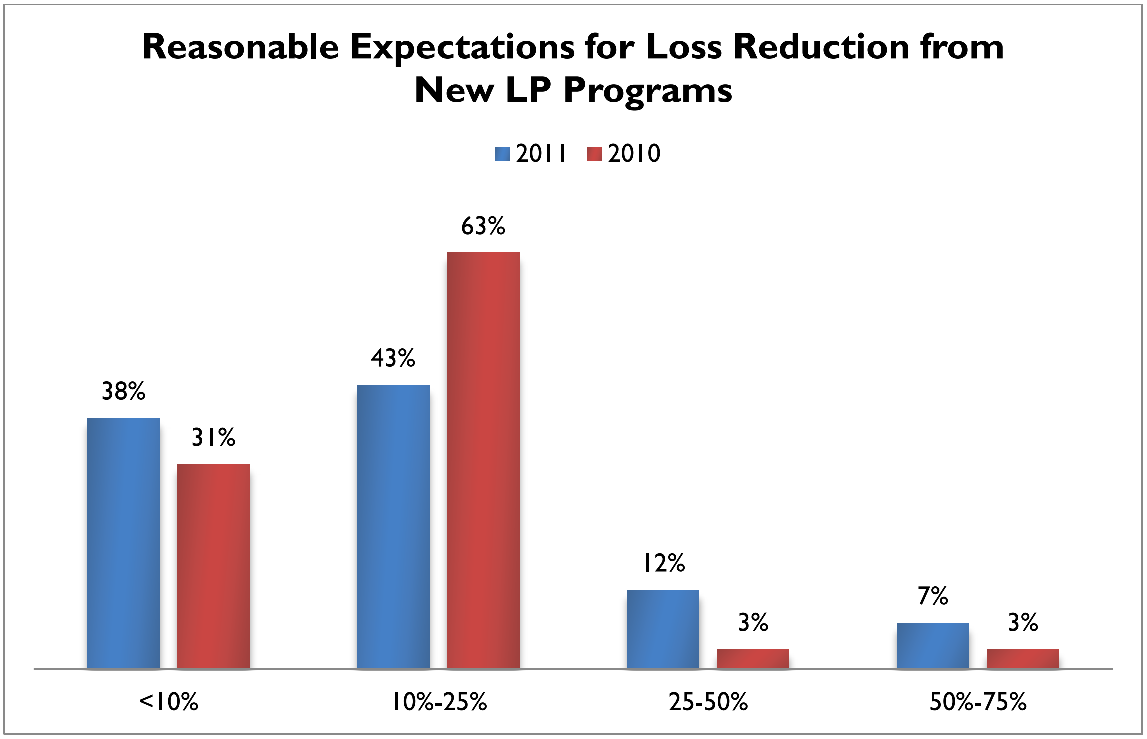
Source: RSR Research, February 2011

Similarly, high theft item areas hold opportunity to provide benefits from new technologies and initiatives as well (66%), but will likely be leveraged on the back of investments to learn more about employee-related shrink. Stock rooms, back rooms (50%) and receiving/loading areas (41%) round out the most important physical areas where Retailers see loss reduction opportunity. In a further indicator that 2011 is "the year retailers return their focus to employee-related shrink," these ratios are consistent across retailers of all performance, market, and revenue bands.

Better, But Still in Need of Adjustment

Compared to last year, this year's respondents hold much more reasonable expectations for the type of loss reductions new LP programs can provide. In fact, 2010 numbers indicate that at a time when retailers were hurting – in nearly every aspect of their day-to-day business – LP represented something of a fictional "magic bullet." Indeed, with 63% expecting up to a 25% reduction in losses from a new Loss Prevention initiative, it is apparent that many retailers still-in-business at the time were grasping: criminal behavior was no doubt high, but to suggest that a number that has been virtually constant for decades would drop so dramatically was hardly a "reasonable" expectation (Figure 9). LP is a mightily important component of the retail enterprise, but to put such faith in its ability to make up for broken overall retail practices (or economic chaos) is the hallmark of lagging strategy.

Figure 9: An Adjustment in Progress



Source: RSR Research, February 2011

It is, however, worth calling out differences in this year's expectations by product segment. The overall numbers in Figure 9 are slightly skewed by the still seemingly-unreasonable expectations of certain retailers, particularly by those selling Fast Moving Consumer Goods:

- 47% of General Merchandise and Apparel (GMA) retailers expect less than 10% loss reduction from a new LP program; only 13% of FMCG retailers agree;
- Instead, 19% of FMCG feel that a 25-50% reduction in losses is attainable, compared to only 6% of GMA stores; and,
- Another 19% of grocery retailers feel that a new LP program can bring them 50-75% loss reduction - a complete fantasy - vs. only 3% of general merchandise stores.

No doubt, FMCG retailers are tasked with selling some of the most readily saleable stolen goods. In fact, The National Retail Federation's cautionary list of the most frequently stolen items (often re-sold on eBay, and very often not properly handled/maintained) is comprised predominantly of baby formula, over-the-counter medications, and health and beauty items. Advil, Benadryl, cosmetics, pregnancy tests, Gillette and Schick razors, Nicorette, Rogaine, Similac – the list goes on and on, and virtually all are the domain of the FMCG retailer.

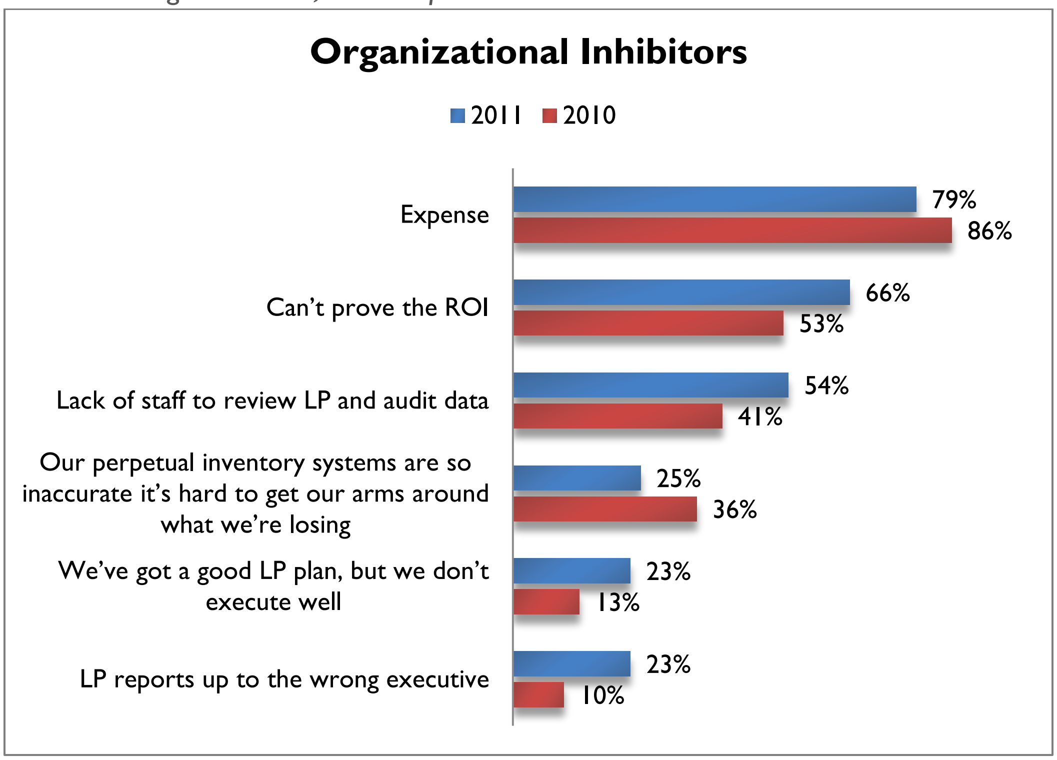
Yet in spite of this harsh reality, FMCG retailers really need to adjust their expectations of how they can toe the line on loss; **50-75% reductions are simply not reasonable statistics to expect from any LP department, tool or technique**.

Organizational Inhibitors

What's in the Way?

Having seen how LP priorities have shifted so far, it's not surprising to learn that more organizations are having a slightly easier time finding budget, but at the same time, are becoming more challenged to prove those new investments' return than they were just 12 months ago when LP was perceived as a panacea for all that ailed retail (66% vs. 2010's 52%, Figure 10).

Figure 10: Budgets Thaw, but Expectations Harden



Source: RSR Research, February 2011

Further, while perpetual inventory obstacles have become less of an issue, our aggregate response pool contains far more LP professionals than in years' past (when more line-of-business executives have responded). These loss prevention insiders tell us that the LP plan is more often stymied from the get go – 23% say LP reports up to the wrong executive, vs. just 10% last year. More worrisome is that more of these respondents – the ones with boots on the ground – say that there is a lack of staff to review LP and audit data (54% in 2011). This tells us that the mass adoption of less mature LP technologies (and "low-tech" LP support) in recent years has created a deluge of data; without the proper business intelligence/analytics OR the manpower to review the volumes of information the average retailer's LP hardware provides, much of the functionality is futile.

All of these factors add up to an LP plan is planned well, but executed sub-optimally.

The BI Story Continues

To get past these roadblocks, our LP expert respondents confirm previous suspicions: Too much data without the proper staff or technologies to review it has created a significant need for enhanced business analytics (56%, Figure 11).

Figure 11: Retailers Need More Tools and Staff to Get the Job Done

Source: RSR Research, February 2011

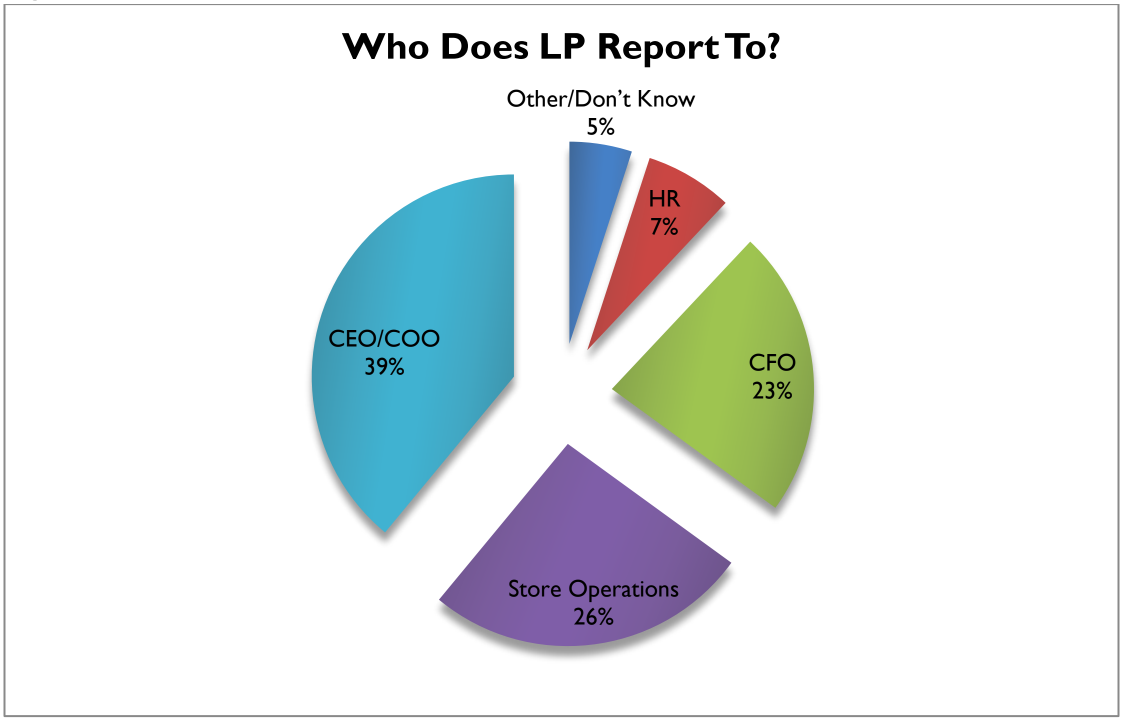
Digital video surveillance tools are no doubt both saint and sinner in this new conundrum. Past years' research has shown that almost every major retailer has adopted the hardware components (cameras and to a lesser degree, networks), required to have a DVS LP "solution." The question remains what to do with them now.

Granted, the sophistication these technologies have given retailers provides a better opportunity to react to in-store crime than retailers have ever had before. But even now, beyond their use in forensic investigation to flagged events, most retailers continue to struggle with practical ways to make day-to-day sense of the overwhelming amount of data these tools create. As reports pile up, all members of the enterprise – from those choosing which products to order, to those choosing where those products should be placed in store, and all the way to those trying to make sure those products aren't stolen – everyone stands to gain profoundly from smarter, less labor-intensive intelligence software; none more so than those in the LP department. The time to take advantage of next-gen analytics is at hand.

Time to Get it Right

Lastly, we have already seen that our respondents increasingly think LP reports up the wrong executive. But who is that Executive, and more importantly, who should it be? (Figure 12)

Figure 12: A Still-Broken Model



Source: RSR Research, February 2011

The answer may not be so difficult to find. For starters, more respondents reported LP reporting up to the CEO/COO than ever before (39% this year, 26% last). At the same time, the number of those reporting to the CFO dropped significantly (38% last year vs. 23% this year). And throughout our years of study, RSR has always maintained the LP department should not be reporting to Store Operations – such a hierarchy is like having a fox in charge of guarding the henhouse.

With more LP departments feeling the crunch of being understaffed and reporting a harder time getting the BI tools needed to perform their tasks properly, it would seem a logical conclusion that LP is a most appropriate direct-report to the CFO. Retail Winners and larger retailers agree:

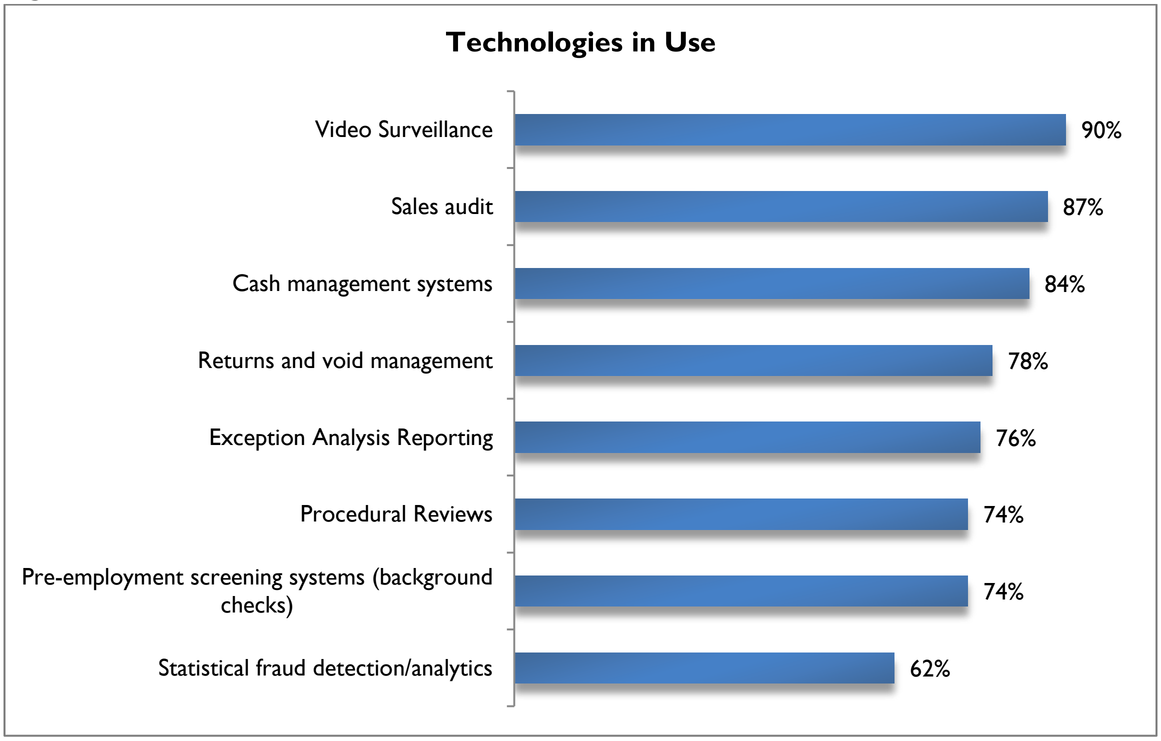
- Fewer Winners (34%) have their LP departments report to the CEO/COO than average and lagging performers (44%);
- Only 17% of Winners' LP departments report to Store Operations, vs. 34% of all other performers;
- Mega-retailers' ($5 billion plus) number one choice to oversee Loss Prevention is the CFO (35%); only 18% entrust that functionality to Store Operations.

Technology Enablers

Traditional Tools Still in Place, but Change is Coming

Retailers spend a lot of time talking about Loss Prevention, yet in many ways, it seems the tools they use have remained essentially the same (Figure 15).

Figure 13: A Familiar Set of Tools



Source: RSR Research, February 2011

We find only minor differences in technology usage from last year including:

- An 8% increase in the use of Sales Audit systems
- An 8% increase in the use of Cash Management systems
- An 11% decrease in the use of Computer Based Training Systems
- A 5% increase in the use of Statistical Fraud Detection and Analytics

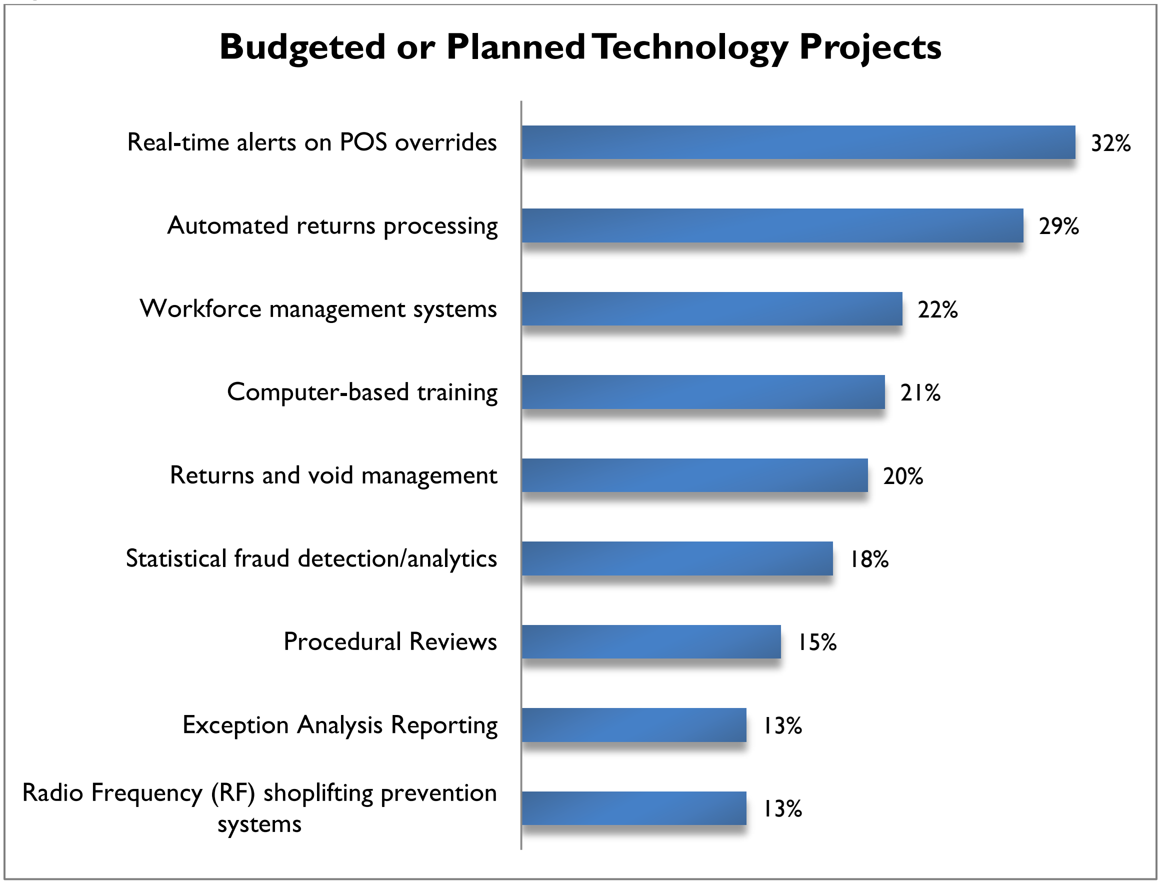
Similarly, the low-tech tools used to support Loss Prevention show some interesting changes:

- The use of Loss Prevention/Safety teams has dropped from 86% of respondents to 62%
- On-hand adjustment audits have dropped from 77% of respondents to 71%

RSR believes the work-intensive nature of LP teams and adjustment audits have contributed to this decline, and by the same token, increases in the use of technologies like Sales Audit, Cash Management and Statistical Fraud Detection and Analytics are driven by the lack of staff needed to manage those applications.

In fact, the desire to take people out of the LP equation comes into sharper focus when we look at budgeted and planned tools on Retailers' agendas (Figure 16).

Figure 14: More Automated Tools on Retailers' Radar Screens



Source: RSR Research, February 2011

We can see a trend emerging to educate employees through real-time alerts, improve or enhance the returns process, and improve the management of the in-store labor pool.

RFID Creeping Back to Relevancy

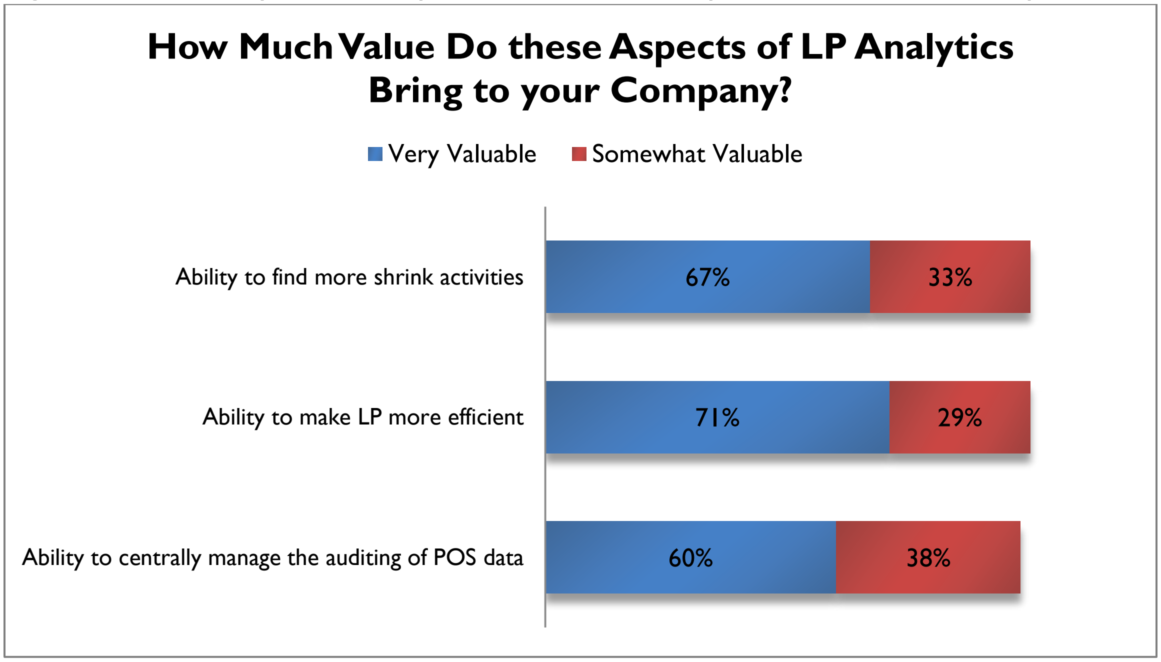
Interestingly, we are starting to see Radio Frequency (RFID) gain some traction as part of an in-store LP program. The RF tags can ultimately provide cross-departmental benefits of "truing up" perpetual inventory systems and locating misplaced items (most especially in the apparel retailing segment).

While very few retailers are actually taking advantage of this technology today, seeding all existing inventory with new tag formats typically takes a year or longer. RSR believes retailers are starting to hedge their bets on the future benefits of item-level RFID. The lure of reducing false out-of-stocks remains strong, along with potential opportunities to reduce the number of physical inventories required to keep corporate records accurate.

Why Analytics? Why Now?

Retailers use a wide variety of tools and techniques to support their loss prevention efforts. Most involve cost, personnel, and constant monitoring. However, over the past four years, retailers have highlighted the value of business intelligence and other analytics in supporting their LP initiatives. This year we asked about specific aspects in more detail (Figure 17).

Figure 15: Efficacy, Efficiency and Evaluation Key Value Points of Analytics



Source: RSR Research, February 2011

Results were generally consistent across all retailing segments, but differences did emerge by revenue band:

- All but the smallest retailers find a lot of value in improving the efficiency of their LP departments (43% vs. the average of 71%)
- The lower tier mid-size retailers (annual revenue of $51-$499 million) were most interested in moving to centrally managed audits of POS data (80% reported it very valuable vs. the average of 60%))
- The largest retailers, those with annual revenue greater than $5 billion were most interested in finding more shrink activities (73% vs. the average of 67%).

RSR sees clear logic behind these results:

- The smallest retailers haven't dedicated enough staff to Loss Prevention to realize more efficiencies
- As retailers grow from the category of "small" into the mid-tier, centrally managing data, and associated efficiencies start to reach top-of-mind awareness. They clearly move out of the realm of "mom and pops" into critical mass, where they cannot keep up with de-centralized data.
- The largest retailers have most likely gone as far as they can in squeezing margin improvements from suppliers. Additional margin improvements must come from within.

The recession may be behind us, but retailers will continue to attempt to "crack" the Loss Prevention code. These see the answer in adding more advanced analytics to their existing tool sets, while keeping their eye on ever-encroaching Organized Retail Crime (ORC).

BOOTstrap Recommendations

Work Smarter, Not Harder

As we enter more inflationary times, gross margin pressures will begin to rise again. At the same time, it is unlikely Retailers will be in a position to just throw labor at the problem. Instead, RSR recommends enhancing the business intelligence and analytics used to identify problems pro-actively, rather than forensically.

Reconsider Employee Relations

Particularly in the United States, with unemployment at persistently high rates, we have been surprised to see retailers missing the opportunity to improve the quality of the in-store workforce. While a detailed discussion of hiring and retention programs is beyond the scope of this document, it's worthy to note that we've seen a reduction in pre-employment screening programs. We strongly recommend increasing the use of these programs, coupled with better on-boarding programs, and retention systems that highlight and reward the more thoughtful and honest employee.

At the end of the day, the in-store employee is both the retailer's face to the world, and his largest source of shrink. It only makes sense to put more focus in this area.

Remove Sources of Temptation

We have seen a strong recent trend in the use of cash management and recycling machines at both small and large footprint retailers. These tools are far smarter than old-fashioned safes. They have multiple advantages: eliminating the need for employees to handle cash, saving store managers' time, and because reconciliation is often automated, decrease the time it takes for bank deposits to become available to the retailer.

Give LP the Staff/Tools They Need

RSR has found in much of its research on Business Intelligence, the value in reducing "lag time to action." LP is certainly no exception. Providing analytics in near-real-time to those who are in an operational position to do something about it is critical to controlling and managing shrink. Towards that end, we recommend the following:

- Data aggregation and exception analysis delivered to the right person, on portable devices, so that action can be taken immediately
- Centralized management of data dispersion, to insure that chain-wide, or even geographically similar patterns can be quickly identified and acted upon
- Use technology to help find new areas that are vulnerable to theft and other malfeasance

Get Administrative Houses in Order

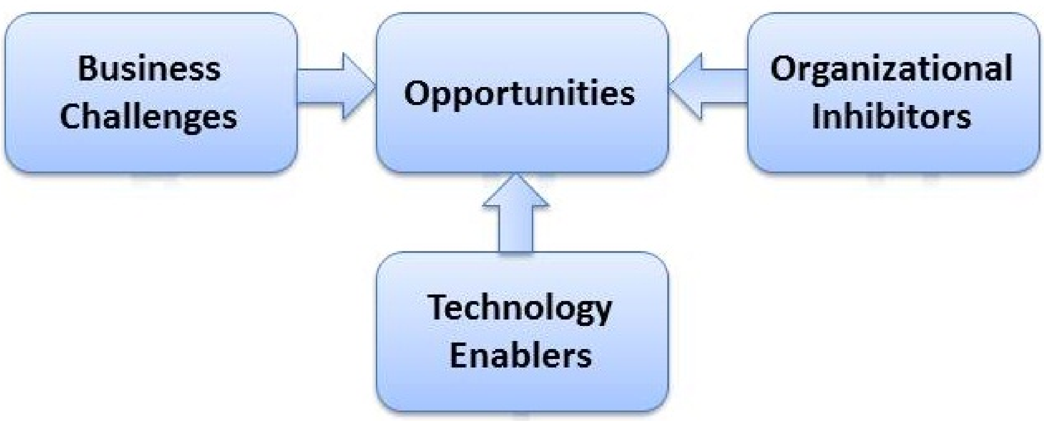
It remains incomprehensible to us that in 2011, more than a third of retailers report "administrative errors" as a top-three source of shrink. We have long passed the time when there was any justification for missed markdowns, incorrect Purchase Order prices or continued receiving errors are acceptable. These problems must be fixed with procedural changes. The CFO is a perfect candidate to lead the charge in getting rid of these once and for all.

Appendix A: RSR's Research Methodology

The "BOOT" methodology is designed to reveal and prioritize the following:

- **Business Challenges** – Retailers of all shapes and sizes face significant **external** challenges. These issues provide a business context for the subject being discussed and drive decision-making across the enterprise.
- **Opportunities** – Every challenge brings with it a set of opportunities, or ways to change and overcome that challenge. **The ways retailers turn business challenges into opportunities often define the difference between Winners and "also-rans."** Within the BOOT, we can also identify opportunities missed – and describe leading edge models we believe drive success.
- **Organizational Inhibitors** – Even as enterprises find opportunities to overcome their external challenges, they may find **internal** organizational inhibitors that keep them from executing on their vision. Opportunities can be found to overcome these inhibitors as well. Winning retailers understand their organizational inhibitors and find creative, effective ways to overcome them.
- **Technology Enablers** – If a company can overcome its organizational inhibitors it can use technology as an enabler to take advantage of the opportunities it identifies. Retail Winners are most adept at judiciously and effectively using these enablers, often far earlier than their peers.

A graphical depiction of the BOOT follows:



Appendix B: About Our Sponsor

IBM is a multinational computer, technology and IT consulting corporation headquartered in Armonk, North Castle, New York, United States. IBM is the world's largest technology company and the second most valuable global brand. IBM's Retail Store Solutions is the premier worldwide supplier of point of sale, self-service, and other store technology solutions. With over 35 years' experience in the retail industry, IBM has been the #1 global POS vendor since 1992. Currently, over 60% of the world's 100 largest retailers trust IBMs POS platforms to run their business.

Innovative by design and optimized for retailers of all sizes, IBM retail store solutions provide a fast ROI and low TCO, and allow retailers to adapt, extend and grow their store environments securely and non-disruptively, while helping to protect the planet.

For more information, please visit www.ibm.com/products/retail

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Appendix C: About RSR Research

Retail Systems Research ("RSR") is the only research company run by retailers for the retail industry. RSR provides insight into business and technology challenges facing the extended retail industry, providing thought leadership and advice on navigating these challenges for specific companies and the industry at large. We do this by:

- **Identifying information** that helps retailers and their trading partners to build more efficient and profitable businesses;
- **Identifying industry issues** that solutions providers must address to be relevant in the extended retail industry;
- **Providing insight and analysis** about a broad spectrum of issues and trends in the Extended Retail Industry.