

The 60 Second Guide to Total Retail Loss

A new report from the Retail Industry Leaders Association advocates a radical new way to think about how to understand and measure loss in retailing.

Shrink no longer cutting the mustard

- There is no agreed definition of what constitutes ‘shrinkage’.
- Most estimates are based only upon measures of merchandise losses where the cause is unknown.
- Estimates usually only cover stores – losses in the supply chain or E-commerce are rarely included.
- There is little standardization on how it should be measured – cost or retail?
- Its categorization is confusing and often relies upon catch all phrases that lack clarity.
- Definitional ambiguity has led to some types of loss being ‘hard baked’ into retail businesses.

Times they are a changing

- Since shrinkage was first used, more than 100 years ago, retailing has gone through profound change.
- New technologies, formats and ways of shopping have generated new opportunities and risks.
- New data sources now make it possible to understand a broader range of losses across retail businesses.

Getting to grips with Total Retail Loss

- Offers a new definition of loss: ‘*events and outcomes that negatively impact retail profitability and make no positive, identifiable and intrinsic contribution to generating income*’.
- Encompasses not just the loss of merchandise but also cash and margin.
- Covers the entire retail business – physical stores, supply chain, e-commerce and corporate activities.
- Recognizes the key difference between known and unknown losses.
- Made up of 31 categories of known losses and 2 categories of unknown loss.

The value of implementing Total Retail Loss

- **Helping to better manage retail complexity:** shrinkage no longer reflects and properly conveys the scale, nature and impact of retail losses, particularly as the retail environment becomes more dynamic and fast changing.
- **Generating greater transparency and accountability:** all forms of loss are captured, reducing opportunities for some to be hidden within the business.
- **Creating opportunities – unlocking baked-in losses:** by adopting a more systematic approach to defining ‘loss’ under a single typology, new profit enhancing opportunities will be created.
- **Maximizing the potential of the Loss Prevention Team:** LP Teams have developed impressive problem solving skills – see what a difference they can make when they are given a broader palette of losses to address.
- **Helping to make good business choices:** evaluating retail investments needs high quality data on both sales and all possible losses to avoid unprofitable cross functional trade-offs. **Total Retail Loss** can help your business make good choices.

Find out more

Get a free copy of the full report by clicking [HERE](#)

For further information contact Professor Adrian Beck: beckbrc@gmail.com



TOTAL RETAIL LOSS

