

The New Digital Store

Leveraging Next-Generation Video Solutions in a Retail Environment

In today's highly competitive environment, retail security teams are faced with overwhelming issues associated with inventory shrinkage, as well as other losses arising from security claims prevention challenges. These challenges necessitate a more intelligent and efficient method of assessing and identifying site-related activities that result in these losses.

To maintain a retailer's competitive edge, new solutions must provide advanced business and operational analysis. In a time where profit margins are dependant on the constructive reuse of resources across business units, it is critical to leverage the same set of tools and monitoring platforms to serve the entire organization from marketing and customer care to operations and logistics, as well as traditional security and loss prevention.

A new generation of video analytics technology facilitates this collaboration across the traditionally segregated IT and security departments. By enhancing video monitoring with powerful analytics tools, retailers can obtain a deeper level of insight into virtually every element of visitor activity. These powerful solutions deliver critical intelligence on how to acquire, convert, and retain more customers. For this reason, video analytics solutions are being rapidly adopted as the next generation of business intelligence tools in the retail industry.

Business Challenges in the Retail World

Twenty-first century retailing is characterized by unprecedented challenges in operations activities, cost structures, supplier relationships and merchandising, consumer expectation management, and consumption prediction. Overcoming these challenges



requires the use of existing resources for strategic business applications.

An example of this is the use of video surveillance systems and video analytic technology to collect marketing data through the observation of customer behavior. By observing dynamic customer behavior, retailers gain insights as to which merchandising and/or marketing

levers likely caused a customer's behavior in each store. This approach is founded on actual customer behavior analyzed in real-time, and not by how consumers say they will behave, such as in focus groups. The result is a unique in-store experience tailored to the target customer. In addition, having better control over order processing, inventory management, and

the status of shipments and deliveries is becoming increasingly important. By mapping customers' purchase behaviors, retailers are able to maintain the optimum amount of inventory on hand to align with the supply-and-demand chain.

Loss Prevention and Security Challenges

According to recent studies, U.S. retailers suffered \$33.6 billion in inventory shrinkage due to employee theft, shoplifting, administrative errors, and vendor fraud in 2003. Of those losses, a staggering 47 percent resulted from employee theft. In addition, while incidences of shoplifting outnumber those of employee theft, the average cost of employee theft is much greater than the cost of shoplifting.

In order to manage these challenges appropriately, loss prevention teams must have a more intelligent and efficient method of assessing and identifying site-related activities that result in these losses.



The challenges associated with loss prevention are usually, but not exclusively, related to point-of-sale (POS) activities, in which employee theft plays a major role. Cash losses created by various fraudulent return methods and merchandise turnover with no associated transaction are abundant.

Each of these sources of loss could be eliminated by an intelligent POS solution. If the POS system is integrated with a video monitoring solution, transactions can be autonomously assessed and recorded. Intelligent loss prevention solutions must intuitively assess what is happening at the suspect counter, alert personnel so the area can be secured, and identify the critical pieces of video

data to eliminate the need to examine many hours of video post fact. The resulting inherent inability to efficiently and effectively prevent most cases of theft on the spot can save retailers billions of dollars per year.

Verint Nextiva Retail Analytics Actionable Intelligence for a Smarter Retail Enterprise

Nextiva™ Analytics help retailers address their most important security and business challenges, from loss prevention, protection against crime, and reduction of litigation and claims to greater operational efficiency and a distinctive and profitable in-store customer experience.

Nextiva Analytics apply sophisticated algorithms to video and data from your physical security and enterprise systems to deliver actionable intelligence—timely, mission-critical insights for more effective decision making. This actionable intelligence helps you transform challenge into opportunity and enhance security and performance throughout the enterprise.

Nextiva Retail Analytics provide a variety of solutions that support the transition to the retail enterprise digital store. Some examples of these solutions are set out below.

The **Nextiva People Counting Solution** records an accurate count of the people entering and exiting a site, providing this intelligence for analysis and distribution to appropriate staff throughout the organization. Nextiva People Counting can differentiate between people and inanimate objects, such as differentiating between a person and a shopping cart, and can differentiate between a single individual and a “buying group,” defined by two people, such as a couple walking in together. This buying group would represent one paying customer.

Nextiva Traffic Flow Analysis provides automatic monitoring of customer flow, patterns, and clusters throughout the store, tracking people across camera views and determining the length of their stays in each store area.

By monitoring customers as they move throughout the store, Nextiva Traffic Flow can help retailers gauge product appeal, watch for customers in need of service, and establish trends in customer flow. The intelligence this application generates can be critical to improving the effectiveness of merchandising and marketing strategies.

Nextiva POS Integration and Analysis provides an effective way to identify and investigate suspicious POS activity. Nextiva POS Integration and Analysis uses proprietary algorithms to analyze millions of daily transactions to produce exception reports of suspect transactions. This allows loss prevention agents to intelligently sort through the suspect transactions and to promptly access the video and receipt information associated with each transaction.

Nextiva POS Integration and Analysis can help loss prevention teams reduce shrinkage and provide evidence for investigation and legal follow up.

Verint. Powering Actionable Intelligence.®

Verint Systems (NASDAQ:VRNT) is a leading global provider of analytic software-based solutions for communications interception, networked video, and business intelligence. Verint solutions transform voice, video, and text into actionable intelligence—timely, mission-critical insights for achieving strategic goals.

Since 1994, Verint has been committed to developing innovative solutions that help our customers achieve their strategic objectives. Verint solutions are market focused to address industry-specific challenges and objectives. More than a third of the approximately 1,200 Verint professionals around the globe are dedicated to continually enhancing Verint solutions to help our customers meet their objectives.

Today, more than 1,000 organizations in over 50 countries rely on Verint's actionable intelligence solutions to enhance security, boost operational efficiency, and fuel profitability. ■