

# SHOPPING FOR PROFIT

By Don Ray

They call themselves spotters, checkers, shopping investigators, observers or just plain shoppers. They do their work in grocery stores, restaurants, airports, department stores, cocktail lounges, discos or nearly any other kind of establishment that relies upon direct public contact. Although they differ in age, sex or race and work for as little as a free meal or as much as a manager's salary, their jobs are basically the same. They all pass themselves off as typical consumers to check on the efficiency, honesty, attitude and appearance of front-line employees and on the overall operation of the establishment.

Shopping services, as they're generally referred to in the retail world, are an invaluable tool to any businessman or entrepreneur who cannot personally oversee his operation around the clock. They provide him with a patron's-eye-view of his establishment and allow him to see how his employees function "when the boss ain't around."

The shopping services survive because store owners have learned that their greatest loss comes not from shoplifters but from employee theft. Estimates vary as to the ratio of losses from shoplifting to employee theft, but many accept the figures released in a 1974 report by the U.S. Department of Commerce which indicate shoplifting accounted for only 25% of total shortages in retail stores with the balance accounted for by employee theft. The report estimates that for every dollar lost to shoplifters in discount stores, three are lost to employees.

When Earl W. Morris started the first shopping service in 1896 in Cincinnati, Ohio he was mainly interested in catching thieving employees. A former Pinkerton Detective, Morris was asked by a merchant friend to check on the salesman in his clothing store while he went on vacation. The businessman returned from his trip to discover Morris had caught each of the fourteen employees stealing. They all confessed and made restitution. Morris received a percentage of the recovered money and quickly went into the business as the Morris Audit Company.

Since those early days of the Morris firm, though, much of the emphasis in the field has been put on matters other than dishonesty such as the overall quality of the service. Bud Meyerkamp, president of Central Bureau of Investigation, a Westwood based firm which provides shopping services to restaurant

chains as well as other establishments, points out to his clients the importance of correcting service problems before they become a serious problem.

"Poor food, attitude, service or management in restaurants is not noticeable to an owner until months later when what would have been repeat customers fail to return," said Meyerkamp. "By the time the owner discovers he has a problem the damage is usually irreparable. We send our people into the restaurant to observe the entire operation. They report on the appearance of the exterior, their initial greeting, the time it takes to be seated, the grooming of the personnel, the quality of the food and drinks and even the condition of the restrooms. When the owner reads one of our reports it's as if he disguised himself and experienced his own restaurant for the first time."

When Meyerkamp's shoppers work a bar or cocktail lounge they are looking closely for dishonest bartenders and for violations of the Alcoholic Beverage Control Act of the State of California. By hiring private investigators, bar owners hope to uncover violations before Department of Alcoholic Beverage Control investigators or local police can find them. Violations of the A.B.C. Act, such as serving to minors, refilling bottles or serving contaminated beverages or liquor which has lost its proof by evaporation, can result in criminal action which could easily put a bar owner out of business. Dishonest bartenders can easily steal more money than they make in wages. They specialize in not ringing up drinks on the cash register, overcharging, short-changing the customer and simply pocketing the money. They make up inventory losses which would eventually arouse suspicion by underpouring in the shot glass, diluting the bottles of liquor or pouring drinks from their own bottles.

A classic example of the ingenuity of a crooked bartender is told and retold by people who shop bars. A bar owner who kept good business records noticed a sharp drop in profits that pointed to his two evening bartenders. He hired a shopping service to watch the two men to determine which one was the thief. After several frustrating weeks of patronizing the establishment the shopping service owner admitted to his client that none of his shoppers could detect any stealing going on. He described to the bar owner how each bartender served drinks properly, gave receipts, issued proper change and worked out of their individual reg-

isters at either end of the bar. The investigator was baffled until the bar owner said, "What do you mean, 'individual registers'?" I only own one cash register!" The story only proved that the store owner had never once dropped unexpectedly at night to look in on the operation.

The grocery store is another place where shoppers can be useful in identifying the causes of profit losses. Although cashiers can and occasionally do steal, more often the losses can be traced to inaccurate keying of the register. A study released by a large shopping service indicated the average customer was undercharged 4c each time he or she went to the checkstand. This seemingly small error factor becomes noticeable when applied to a typical supermarket that handles 12,000 customers per week.

*“... for every dollar lost to shoplifters . . . three are lost to employees.”*

The yearly loss would run \$2557.00. For a chain of stores the loss becomes staggering.

Most large stores subscribe to a large commercial shopping service that sends a crew of shoppers to each store on a monthly basis to buy five items or less. These purchases, never produce or other perishables, are returned to the store a later date after their prices have been compared to the cash register tape. The shoppers complete a form which tells the store owner or manager who was shoplifted, their appearance, attitude, the items bought and the net over or under charged.

The people at the Fazio's chain of markets, though, found these types of services to be ineffective because of the small purchases and the amount of time they take to report any deficiencies. Jerry Sturgeon, Fazio's security director, employs a team of three people who do nothing but shop his stores. He feels that these people are more effective because they are allowed to buy as many items as they wish and are not restricted from purchasing perishable items. After they have made a "typical family purchase" they go to their car and immediately check

*continued on page*

