Kenya's retailers sound alarm over increased pilferage

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If you are a shopper in Nairobi and you walk into Nakumatt Lifestyle, you will notice something - baby milk is stored in a glass cabinet, under lock and key. That key is in the custody of one employee. These security measures by Nakumatt and other retail outlets are as a result of increased cases of operational losses occasioned by shoplifting and general theft. The losses (shrinkage) industry players fear could be a case of an emerging organised pilferage ring targeting local supermarkets.

Speaking during a Kenya Retail Industry conference organised by GfK, a market research company, Atul Shah, Nakumatt Holdings managing director, said local retailers are loosing more than 1.5% of turnover due to increased cases of shoplifting and general store stock losses arising from theft. Shah says the emerging organised pilferage ring is targeting high value products such as electronic items, furniture items, baby food products cosmetics, and general food items.

Kenya's formal retail trade market is estimated to be worth more than KSh 200billion and annual losses from pilferage are estimated at KSh three billion. Statistics from the 2011 Global Retail Theft Barometer (GRTB), produced by the Centre For Retail Research reveal that global shrinkage covering customer theft, employee theft and general stock losses due to internal systems errors in 2011 exceeded US$119 billion.

The study covered 1 187 global retailers in 43 countries. It revealed that global shrink rate grew by 6.6% from 1.36% of global sales to 1.45% with India, Russia and Morocco as the most affected countries.

"What we previously thought to be small time cases of shoplifting has unfortunately evolved to become an organised crime leading to high shrinkage rates on our stockholding," Shah explained adding that conventional in store policing measures are not helping. He recommends a review of existing laws that will make it more punitive both for shoplifters and employees tried under theft by servant clauses.

The wholesale and retail sector is the second most important economic driver in Kenya having registered a 7.3% growth beating the manufacturing, building and construction, agriculture, transport and communication sectors according to the 2012 national economic survey.

"All local formal retailers need to engage in housekeeping by forming an industry lobby association to champion our interests. We must start speaking in one voice and seeking recognition and incentives to help accelerate our growth," Shah appealed to retail players.

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