



BEYOND THE BREAK-IN:

*ADT SURVEY OF SMALL BUSINESS RETAILERS'
EVERYDAY SECURITY CONCERNS*

APRIL 2014

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Background and Methodology

ADT is releasing a product specifically designed for small business retailers. The product offering will be designed to meet the specific needs of those businesses – like managing short-term holiday employees and remote access to surveillance video. This research was designed to identify the key pain and pressure points experienced by small business retailers, specifically during the 2013 holiday season, for use to garner publicity during the product launch early in 2014.

The research was designed to learn:

- Primary security and productivity pain points for small business retailers during the 2013 holiday season.
- Primary security and productivity priorities for small business retailers looking ahead to 2014.
- Identify the types of solutions, security and productivity tools that small business retailers equate with success.
- Generate headlines to support ADT's efforts in their product roll out.

To meet these objectives, Harris Interactive conducted a seven-minute online survey from January 17th - January 29th, 2014 among 712 small business retailers with less than 100 employees and with annual revenue of less than \$5 million.

Respondents were weighted by company size to be representative of the US small businesses.



Key Findings

Key Findings

Security Sentiment and its Effectiveness

Only one-third of retailers voice confidence in their current security: Small business retailers had mixed sentiment regarding the security of their business from theft prior to the 2013 holiday season. One-third felt their businesses were extremely/very secure (32%), one-third felt their businesses were secure (33%), and one-third felt their businesses were somewhat/not at all secure (35%). And, two-thirds of small business retailers (68%) said their businesses ended up being as secure as they thought they would be during the holiday season. Only one in five retailers indicated that their business ended up being less secure than they thought (16%).

One-quarter say their efforts are not effective: Retailers also shared mixed sentiment on how effective they found their security measures during the 2013 holiday season. Just over one-third of retailers found their security to be extremely/very effective (37%) or to be effective (38%), while one-quarter of retailers viewed their security measures as somewhat/not at all effective (25%).

Growth beyond 10 employees = less security: Small business retailers who were more likely to say they did not feel their businesses were secure or they found their security not to be effective were more likely to have between 10-24 employees, earn between \$1 million - \$2.5 million in revenue annually, hire seasonal employees, and screen those seasonal employees in-house. Additionally, those who felt their businesses were not secure and their measures were not effective were more likely to say their productivity suffered during the holiday season.

Additionally, those who fit this profile were:

- ✓ More likely to be focused on reducing theft, improving technology and data security, and improving the physical security of their location
- ✓ They voiced more concern about theft by customers, break-ins and theft by employees
- ✓ Few said they worried about data breaches
- ✓ They desire video surveillance as a tool to help monitor security
- ✓ More likely to agree that their businesses ended up being less secure than they thought



Key Findings

Security Concerns and Tools

Concern on theft and vandalism – but are focused on driving sales and revenue: Retailers are most concerned that their businesses will be a victim of theft by customers (79%), vandalism (66%), or break-ins (64%). Despite this high concern towards theft, small business retailers are focused more on increasing sales and revenue over the next year than they are with protecting their business from loss. Increasing sales and revenue (94%), as well as increasing marketing efforts (63%), are the top-cited priorities for small businesses retailers over the next year. Only one-third of small business owners are viewing reducing theft and loss of product (32%) and improving technology and data security (31%) as priorities for the next year.

Video Surveillance is the solution retailers are seeking: Video surveillance is the top security tool that retailers think would keep their businesses safe from theft or vandalism (66%), followed by indoor and outdoor cameras visible to customers and employees (59%).

Video is being used by less than one-half of retailers; instead , they rely on the deadbolt: Yet, despite video surveillance being a top tool for feeling secure, not even half of retailers surveyed have these devices (46%). The most-utilized tools that small business retailers currently have in place are deadbolt locks or access control solutions (56%), door chime upon entry and exit (55%) and alarm systems (50%). Those who do not have any security system in place say price was the largest hindrance (65%).

Those retailers who feel secure use door chimes, alarms and cameras: Those retailers who felt like their businesses were secure prior to the holidays were more likely to have door chimes (62%), alarm systems (56%), monitored alarm systems (53%), motion detectors (44%), indoor/outdoor security cameras (39%), and door/window contacts linked to a monitored security system (42%).

Price is the stumbling block: For retailers who do not have a security solution, price is the driving reason they have yet to implement a solution.



Key Findings

What kind of product would help?

Small businesses want video surveillance, with recording and web-enabled features: If retailers could choose a security system or solution that could help automate business operations, the most desired aspects of this system would be real-time video surveillance (59%), video surveillance recorded to a DVR (59%) and remote viewing of critical areas through video surveillance from any web-enabled device (52%).

Nearly two-thirds say this product would be useful : When asked how useful a product would be that offers a single solution to help protect storefronts and automates it for better productivity and higher sales, one-third of small business retailers (63%) thought this product could be useful. Intensity for this is higher among retailers who felt their operations weren't effective, with one in five of those retailers stating that this option would be extremely useful for their business (20%).



Security

Increasing sales and marketing efforts are top priorities in 2014 for small business owners.

2014 Small Business Priorities



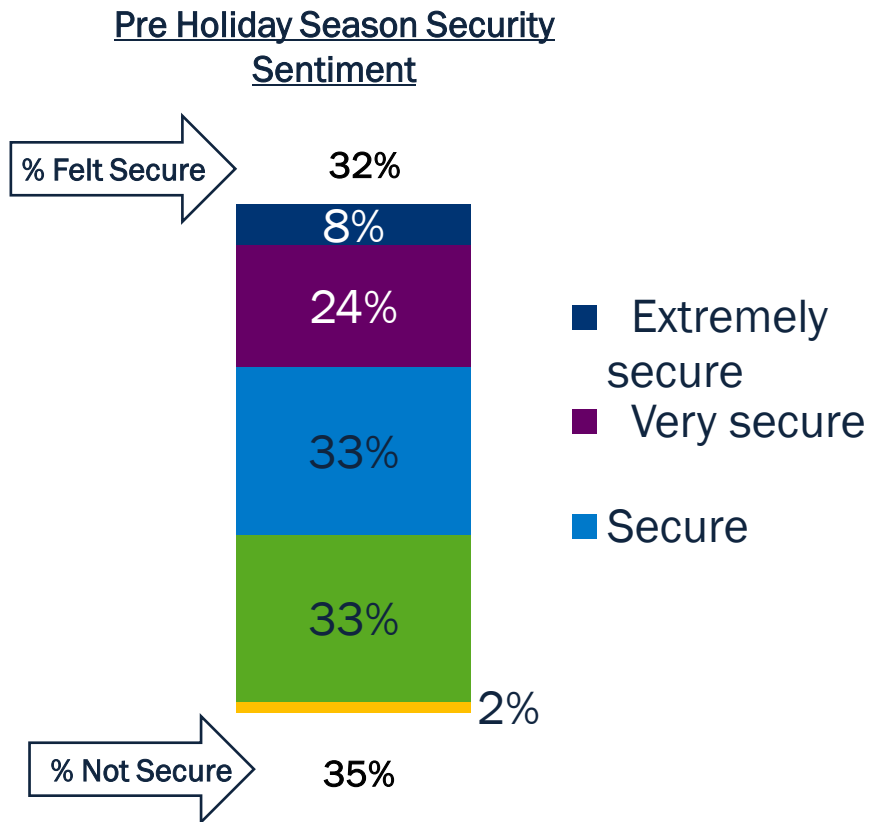
Base: Qualified Respondents (n=712)

Q700 Looking at the year ahead, which of the following have you decided are priorities for your business? Please choose all that apply.

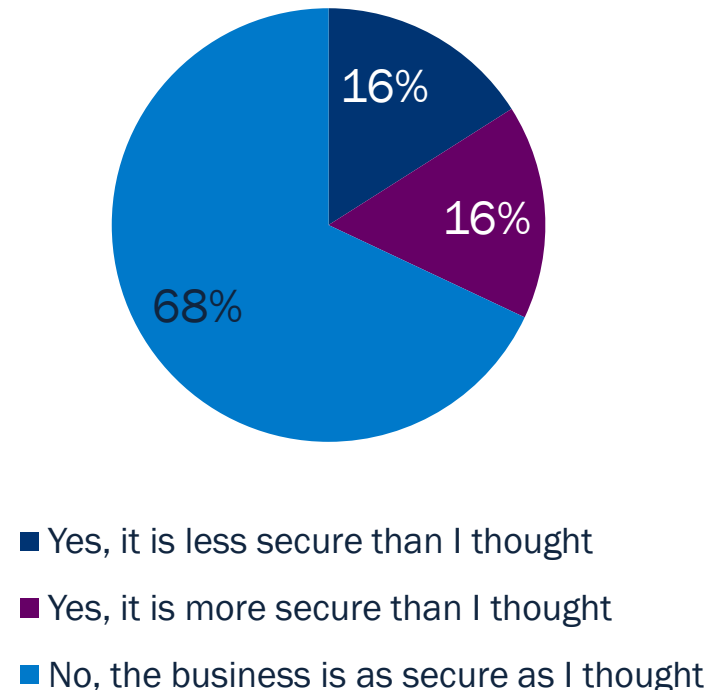


Prior to the holidays, one-third of small businesses felt that they were extremely or very secure from theft.

Two-thirds of business owners said their businesses were as secure as they thought they were prior to the holidays.



Post Holiday Season Security Sentiment



Base: Qualified Respondents (n=712)

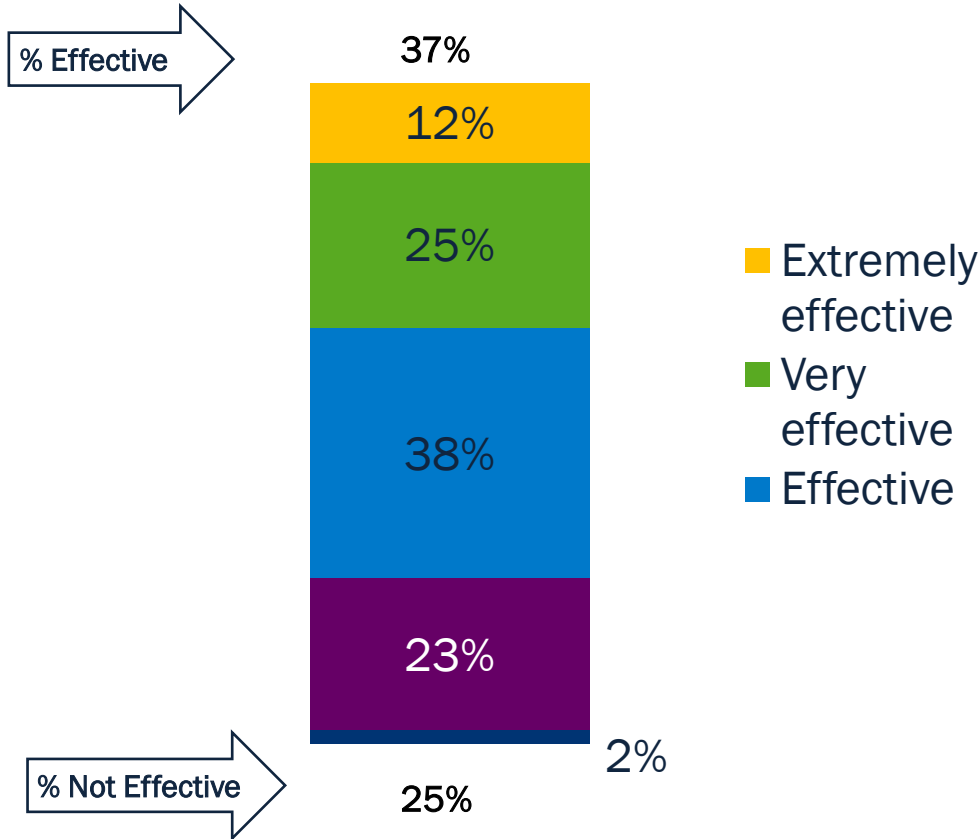
Q705 Thinking back to before the 2013 holiday season began, how secure did you think your business was from theft?

Q710 And has your opinion of how secure your business is changed now that the 2013 holiday season is over?



One-quarter of small business owners felt their security measures during the 2014 holiday season were not effective.

Effectiveness of Security Measures



Business profile of those who felt security was not effective:

- 10 – 24 employees
- \$1 million - \$2.5 million in revenue
- More likely to hire seasonal employees
- Screen seasonal employees in-house

Base: Qualified Respondents (n=712)

Q715 How effective did you find your businesses security measures during the 2013 holiday season?



The majority of small business owners have some concern that they will be a victim of theft or some security breach.

Concern Business May Be Victim Of:

% Concerned

	Concern Business May Be Victim Of:					% Concerned
Theft of merchandise by customers	21%	31%	22%	15%	11%	79%
Vandalism	34%	31%	20%	10%	5%	66%
Break-ins	26%	26%	21%	10%	7%	64%
Online security	42%	25%	17%	9%	7%	58%
Theft of merchandise by employees	43%	28%	16%	7%	6%	57%
Data breach	44%	27%	15%	8%	6%	56%
Vendor fraud	65%	17%	10%	5%	3%	35%

Not at all concerned
 Somewhat concerned
 Concerned

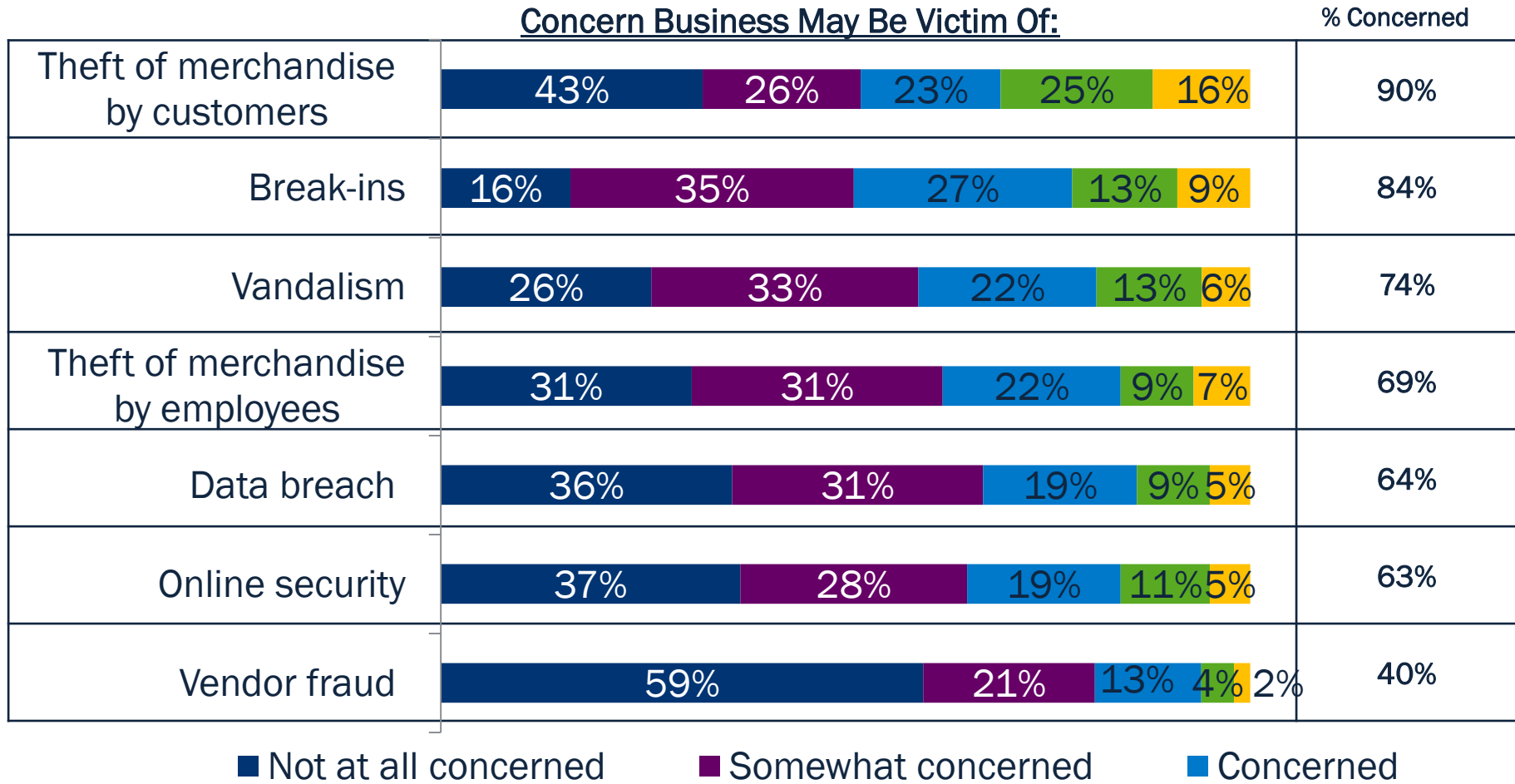
Base: Qualified Respondents (n=712)

Q720 How concerned are you that your business may be a victim of each of the following?



The overwhelming majority of retailers who felt their business was not secure were most concerned with theft by customers.

Among Retailers Who Felt Business Was Not Secure



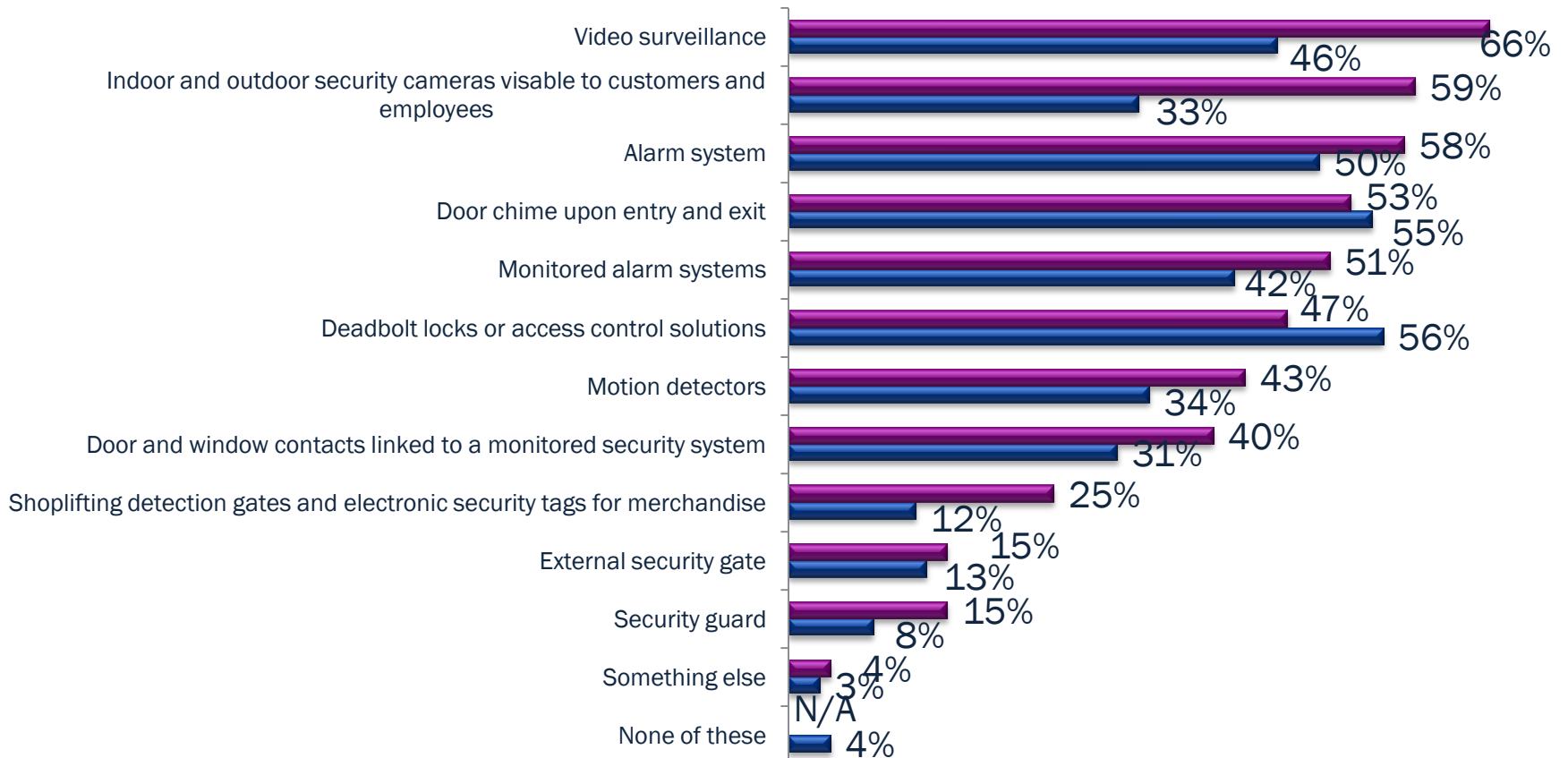
Base: Those Who Felt Business Was Not Secure (n=254)

Q720 How concerned are you that your business may be a victim of each of the following?



Although most businesses utilize deadbolt locks and access control solutions, the most preferred security tool is video surveillance, both indoor and outdoor.

Tools To Keep Businesses Secure vs. Tools Businesses Have



■ Would be able to keep business secure ■ Tools business currently has

Base: Qualified Respondents (n=712)

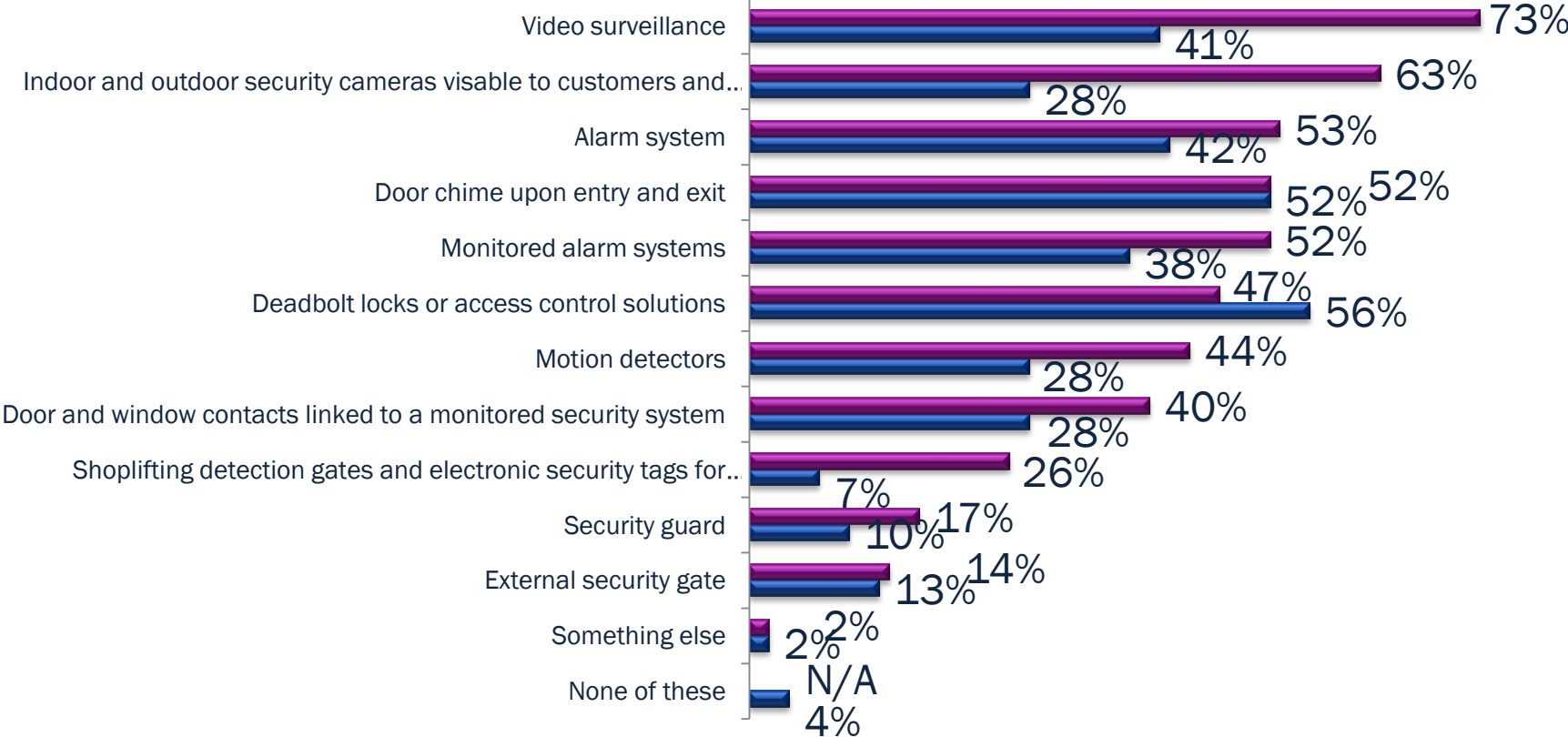
Q725 Which of the following tools, if any, do you think would be able to keep your business secure from theft and/or vandalism? Q730 And which of the following security tools, if any, does your business currently have in place?



Those who feel their businesses are not secure cited video surveillance as a tool that could keep their business most secure.

Among Retailers Who Felt Business Was Not Secure

Tools To Keep Businesses Secure vs. Tools Businesses Have



■ Would be able to keep business secure

■ Tools business currently has

Base: Those Who Felt Business Was Not Secure (n=254)

Q725 Which of the following tools, if any, do you think would be able to keep your business secure from theft and/or vandalism? Q730 And which of the following security tools, if any, does your business currently have in place?



Price is the largest barrier when selecting security solutions for small businesses.

Reasons Businesses Don't Have Security Solutions:



***CAUTION: SMALL BASE SIZE**

Base: Those Who Do Not Have Any Security System (n=32)

Q735 If you do not have a security solution in your business, why not? Please select all that apply.



Real-time surveillance and the ability to record surveillance – tools that fewer than one-half have – are the most sought solutions to help automate business security

Security Features Desired To Help Automate Business Operations:



Base: Qualified Respondents (n=712)

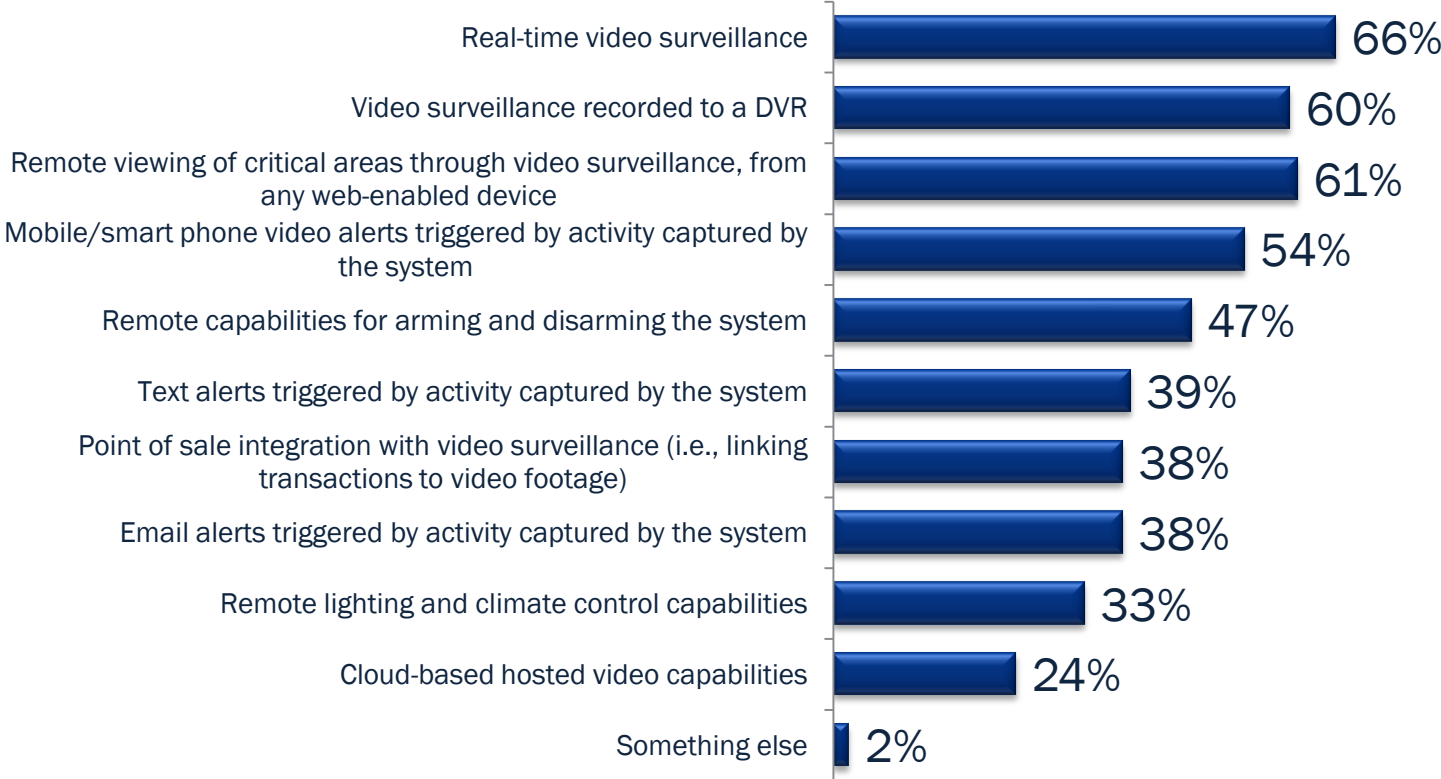
Q740 If you were to choose a security system or a solution that could help automate your business operations, which of the following aspects would you want included? Please select all that apply.



Real-time video surveillance was seen as the top solution to help automate business operations among retailers who felt their businesses were not secure.

Among Retailers Who Felt Businesses were Not Secure

Security Features Desired To Help Automate Business Operations:

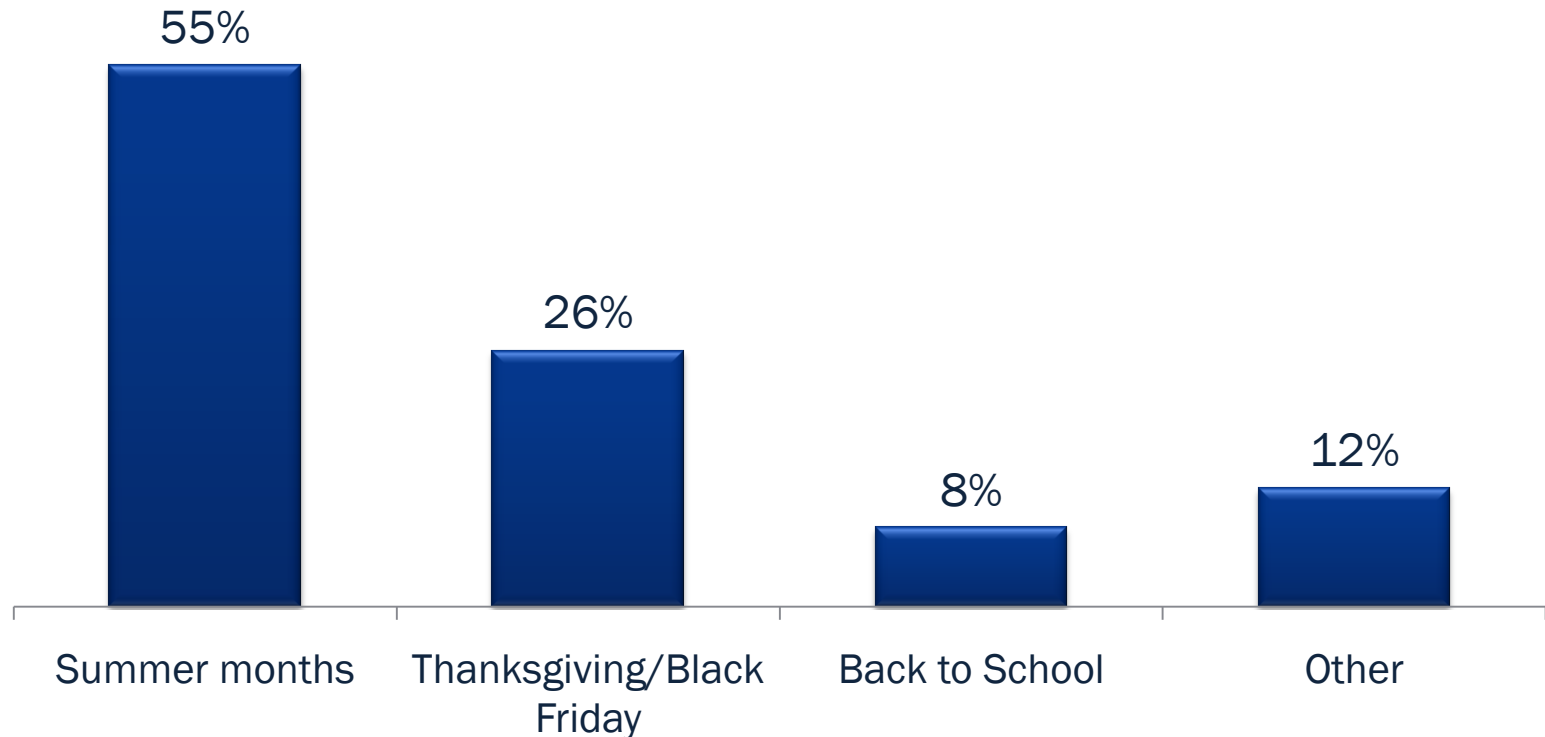


Base: Those Who Felt Business Was Not Secure (n=254)

Q740 If you were to choose a security system or a solution that could help automate your business operations, which of the following aspects would you want included? Please select all that apply.

Outside of the winter holiday season, summer months are the most vulnerable times for businesses from a security perspective.

Time of Year Business is Most Vulnerable



Base: Qualified Respondents (n=712)

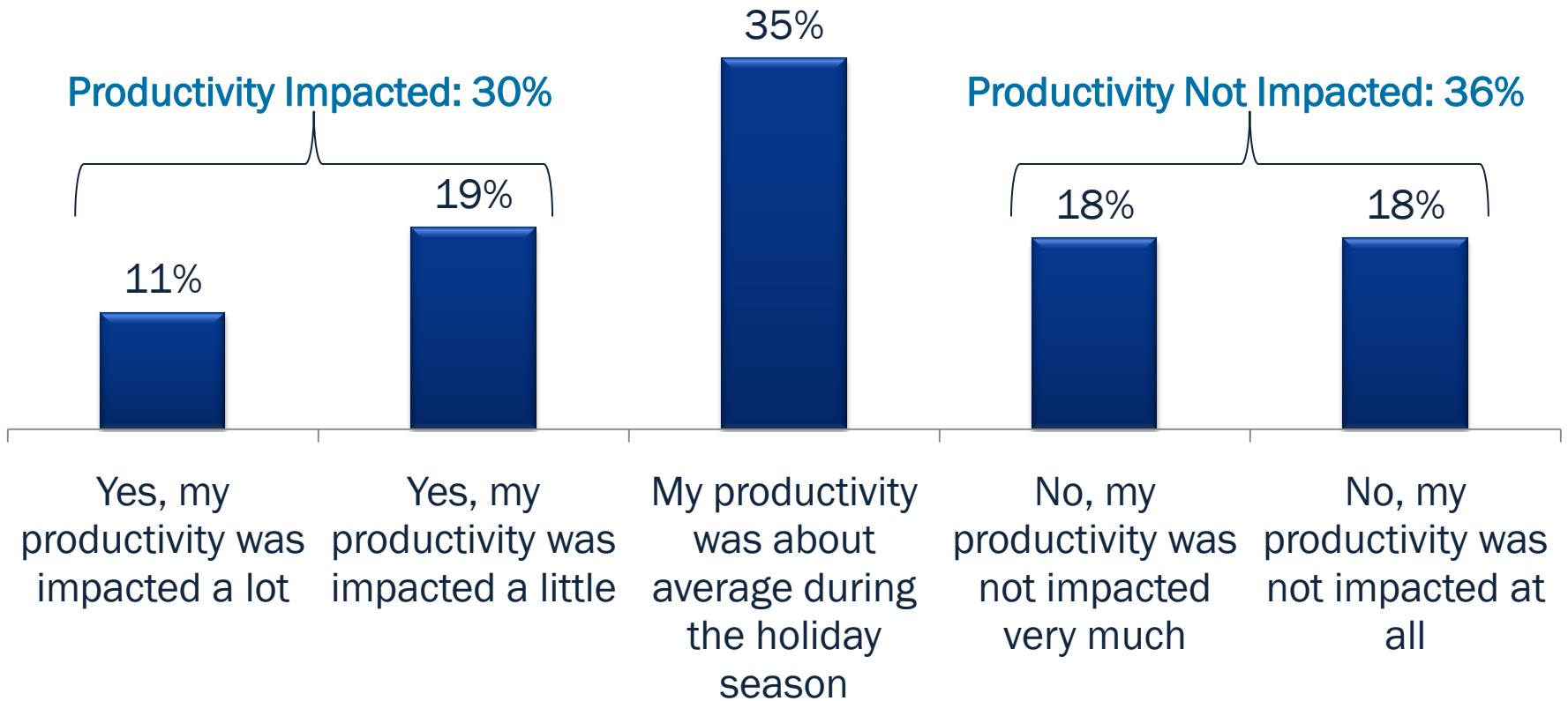
Q745 Outside of the winter holiday season, what time of year do you believe your business is the most vulnerable from a security perspective? Please select one.



Productivity

One-third of small businesses had their productivity impacted during the 2013 holiday season.

Productivity Impact During 2013 Holiday Season



Base: Qualified Respondents (n=712)

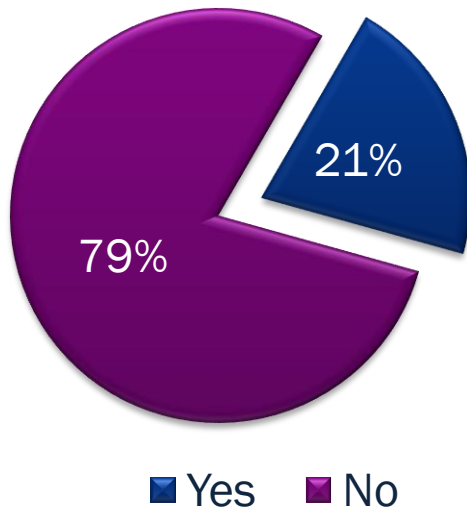
Q750 Was your productivity as a small business owner affected during the 2013 holiday season?



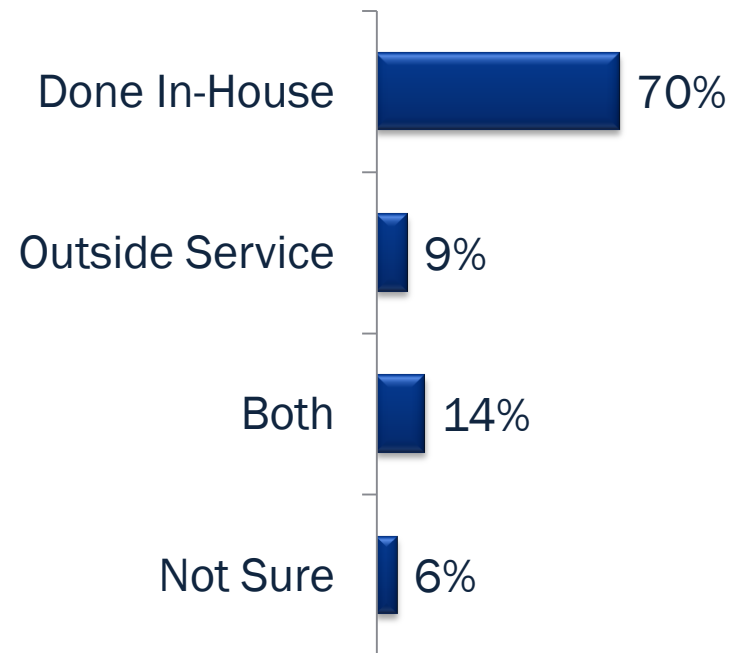
One in five small business owners hired seasonal employees during the 2013 holiday season.

- Of those who hired seasonal employees, the majority used in-house services to screen and background check employees.

% Hired Seasonal Help



Services Used To Hire Outside Help



Base: Qualified Respondents (n=712)

Q755 Did you hire temporary or seasonal employees for the 2013 holiday season?

Base: Respondents Who Hired Seasonal Help (n=156)

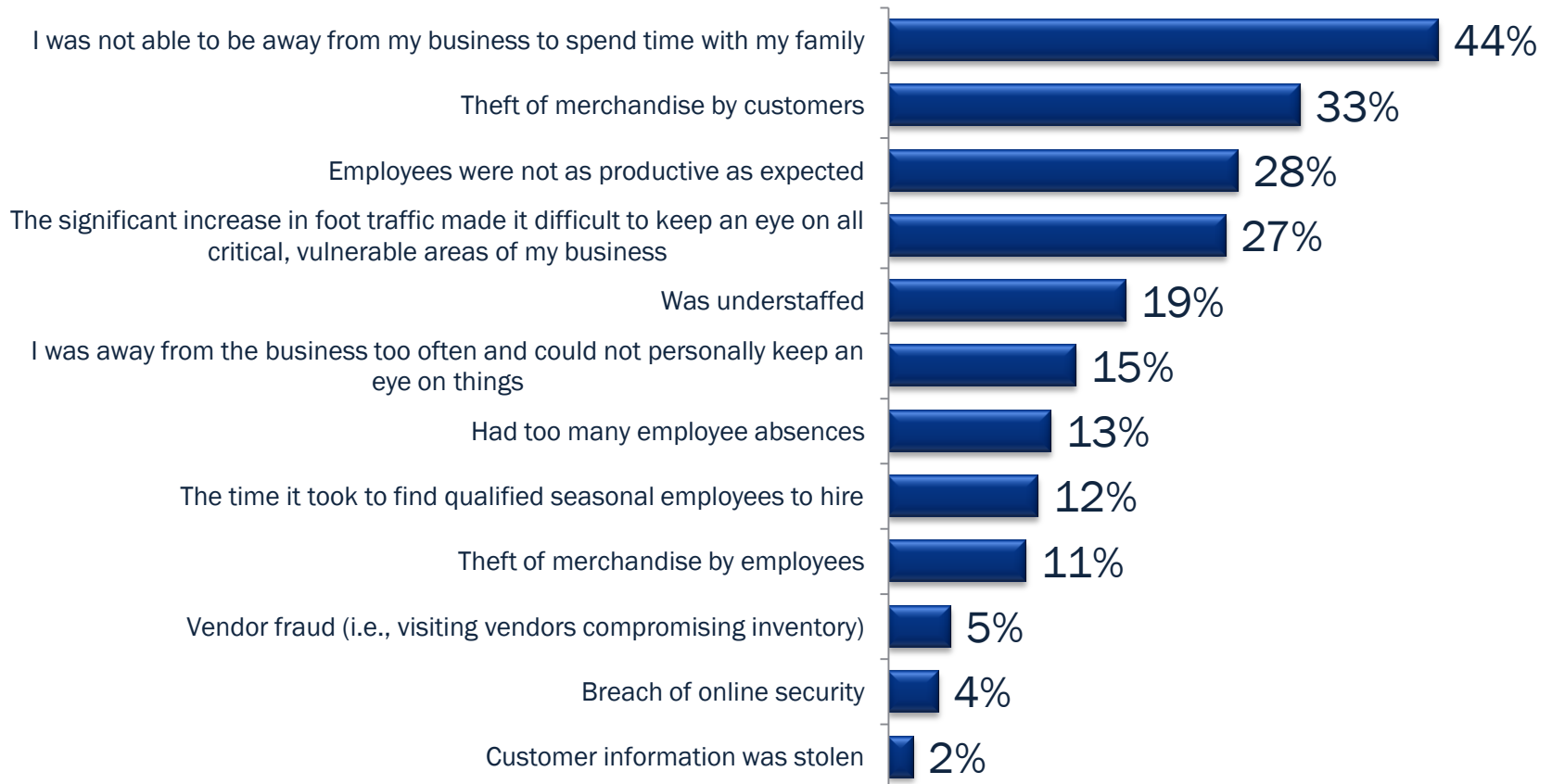
Q760 Did you use an outside service to help you screen or background check applicants or was everything done in-house?



Almost half of small business owners cited not being able to spend time with family as their largest challenge during the holiday season.

- Additionally, one-third cited theft as a top challenge, and just over one-quarter cited employee productivity.

Concerns and Challenges During the Holiday Season



Base: Qualified Respondents (n=712)

Q765 Which of the following were concerns or challenges you faced as a small business retailer during the holiday season?



Future preparations for the next holiday season center around staffing and increasing security efforts.

	Total
STAFFING (NET)	27%
Hire additional/seasonal staff	15%
Hire qualified/trustworthy/dedicated personnel	4%
Hire early	4%
INCREASE SECURITY EFFORTS (NET)	22%
Increased security/monitoring/surveillance	10%
Implementing security camera system in areas of the store that hidden	6%
No changes/nothing different	5%
The same as this year and last year	4%
Being better organized/prepared/aware	4%
Better/more accurate inventory counts	4%
Other	9%
None/Nothing	16%
Don't Know	3%
Declined to Answer	2%

“Have a much bigger staff on the big sale holidays.”

“Hire additional staff to lighten my load of responsibilities.”

“More video cameras and maybe an extra security person to walk the floor.”

“More robust inventory of items we know will sell well and hard to steal...easy to track.”

**Codes greater than 4% shown*

Base: Qualified Respondents (n=712)

Q770 Knowing what you know now, what preparations will you make prior to the next winter holiday season?



Business Demographics

Gender	Total	Line of Business	Total
n=	712	n=	712
Male	47%	Storefront/Retail - Brick and Mortar	41%
Female	53%	Storefront/Retail - Other	59%

Age	Total	Employment Status	Total	Company's Total Gross Revenue	Total
n=	712	n=	712	n=	712
18-29	16%	Budgeting and financial decisions	76%	Less than \$200,000	28%
30-49	40%	Hiring/terminating employees	73%	\$200,000 to \$499,999	22%
50-64	38%	Payroll	63%	\$500,000 to \$999,999	19%
65+	8%	Business security	53%	\$1 million to \$2.49 million	21%
Mean	46	Forecasting revenue	55%	\$2.5 million to \$4.99 million	10%

Number of Employees	Total	Region	Total	Employment Status	Total
n=	712	n=	712	n=	712
1	6%	East	24%	Employed full time	61%
2 to 4	38%	Midwest	25%	Employed part time	9%
5-9	21%	South	29%	Self-employed	31%
10-24	23%	West	22%		
25-49	9%				
50-99	2%				



Thank You

