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Study: Retailers Use IP Video Surveillance for Loss Prevention Today, Business Performance Tomorrow

At NRF's BIG Show, LPRC Survey Shows Continued Market Shift to IP Video Surveillance in Retail with Intelligent Video Analytics and Business Systems Integration as Driving Trends

CHELMSFORD, Mass. and NRF BIG Show, NY (booth #943) – Jan. 14, 2013 – Axis Communications, the global leader in network video, today announced the results of the Loss Prevention Research Council's (LPRC) "CCTV in Retail 2012" report at the National Retail Federation's (NRF) BIG Show in New York City (booth #943). The survey, commissioned by Axis in October 2012, shows the increased adoption of IP-based video surveillance technology by retail organizations and their growing interest in cross-functional uses of digital video systems, such as video analytics and point of sales (POS) integration for improved sales, marketing and operations.

For the "CCTV in Retail 2012" report, loss prevention (LP) executives from 47 national and regional retailers completed an online survey about their company's use of video surveillance, perceptions about the effects of video surveillance and the additional uses of IP-based digital systems beyond security and LP. All companies surveyed currently use video surveillance in their stores, with nearly 64 percent of stores having some form of IP-connected system.

This survey followed a similar LPRC study from 2010, which reported that only 31.3 percent of respondents had IP cameras or a combination of IP/analog in their stores. Additionally, the use and awareness of intelligent applications for purposes beyond security and LP has grown. The high-level results of the "CCTV in Retail 2012" report include:

Migration to IP Video:

In 2010, two-thirds of respondents said they use analog-only systems, as compared to about one-third who have analog-only today;

Of those who use analog-only systems, 43 percent say they have an IP migration strategy in place, while 21.4 percent would like to create a plan in the future;

The main drivers for the adoption of IP video solutions were better image quality/HDTV and integration with other business systems and intelligent video;

Only 38.5 percent of respondents with IP-connected digital systems have access to live surveillance footage via a mobile device, yet 87.5 percent would find it beneficial;

“Cost of technology refresh” remained the biggest obstacle for the adoption of IP video, yet the rise of cross-functional uses of digital video for improved sales, operational efficiencies and new revenue opportunities could lead to budget contributions by other departments.

Intelligent Video for Sales, Marketing and Operational Efficiency:

Of the retailers who use IP-based video systems for cross-functional benefits outside of security and LP, 93 percent have seen a positive impact on operations, while 40 percent have seen a positive impact on merchandising;

Nearly one-quarter named “integration with business intelligent video, such as analytics and POS integration” as a main driver for adopting a network/IP system;

People Counting was by far the most used non-LP analytic application, with 46.3 percent of respondents deploying this feature, up from 27 percent in 2010;

Dwell Time Analysis (20 percent) and Heat Map or Hot/Cold Zone (18.2 percent) usage increased in 2012, while 38.3 percent of respondents use video analytics to detect POS fraud;

Queue Counters are used by less than 10 percent of companies surveyed, yet 50 percent say they may use this application in future. Similarly, while no respondents said they utilize Out of Stock Alerts today, more than 56 percent say they may use them in the future;

Nearly 32 percent of respondents utilize surveillance to help analyze “shopping & buying behavior,” with 20 percent using video to measure shelf and product placement effectiveness;

More than 60 percent of respondents said that having no one to monitor or analyze video data was the biggest drawback of a video surveillance system, suggesting the need for improved intelligence and proactive alerts.

Another interesting stat that emerged from the findings was that nearly three-quarters of executives use covert cameras for LP.

“Our most recent survey of leading retail Asset Protection decision-makers indicates the wants are driving the needs for retail video surveillance, as intelligent applications and additional uses of video are opening new doors for the shift to IP solutions,” said Dr. Read Hayes, director, LPRC, and a Research Scientist at the University of Florida. “Retail executives are telling us IP video gives them greater resolution, flexibility and a much better future upgrade path.”

“The need for cameras in stores for LP and security is a given. It’s the cross-functional uses of digital IP video that will propel the industry into the next phase of retail surveillance,” said Jackie Andersen, business development manager for retail, Axis Communications, Inc. “There are many greenfield opportunities ranging from IP migration strategies [video encoder solutions, hosted video, edge storage, etc.] to looping in POS and video analytics data that are taking IP video mainstream for retailers with a quantifiable impact on sales and operations.”

Axis Communications, along with its software and analytic partners, will showcase intelligent IP

video surveillance solutions at the NRF BIG Show in booth #943 from January 14-15. Spokespeople will be on hand to discuss full survey results as well as today's leading LP and video surveillance trends.

Note to editors: About one-half of respondents work for a retailer that operated more than 500 stores, while nearly one-third operated between 101 and 500 stores. A further breakdown of the respondents, including average store size and retail category, can be found in the Executive Summary. For more details or complete results, contact Domenic Locapo at dlocapo@axis.com.

About Axis Communications

As the market leader in network video, Axis is leading the way to a smarter, safer, more secure world – driving the shift from analog to digital video surveillance. Offering network video solutions for professional installations, Axis' products and solutions are based on an innovative, open technology platform.

Axis has more than 1,200 dedicated employees in 40 locations around the world and cooperates with partners covering 179 countries. Founded in 1984, Axis is a Sweden-based IT company listed on NASDAQ OMX Stockholm under the ticker AXIS. For more information about Axis, please visit our website www.axis.com.

Contacts:

fama PR, Inc.

Jennifer Sricharoenchaikit, 617-986-5023

axis@famapr.com

Axis Communications, Inc.

Domenic Locapo, 978-614-2074

dlocapo@axis.com