



by Casey C. Chroust

Chroust is executive vice president of retail operations for the Retail Industry Leaders Association. RILA's members include retailers, product manufacturers, and service suppliers who together account for more than \$1.5 trillion in annual sales with more than 100,000 stores, manufacturing facilities, and distribution centers domestically and abroad. Chroust can be reached at 703-600-2014 or casey.chroust@retail-leaders.org.



The Latest Retail Crime Trends

It's no secret that it has been a tough two years for retailers, and moving into 2010 forecasters are again pointing to another challenging year ahead. While there have been some encouraging signs of improvement, high unemployment and job insecurity continues to dampen consumer confidence and spending. Plus, for a second consecutive year retailers are reporting theft to be on the rise.

Current Trends

According to the semi-annual RILA *Current Crime Trends Survey*, 78 percent of retailers report seeing an increase in amateur and opportunistic shoplifting, 65 percent report seeing an increase in organized retail crime, and 74 percent report seeing an increase of stolen items being found in on-line marketplaces compared to traditional fencing operations, flea markets, and pawn shops.

The Retail Industry Leaders Association's (RILA) *Current Crime Trends Survey* was first released in December 2008 examining the observations, actions, and reactions of retailers in correlation with the existing economic downturn. RILA has continued to monitor these trends over the past year, launching a follow-up survey in May 2009 and our most recent survey in December 2009.

RILA asked retail loss prevention professionals to report measured or perceived changes in crimes against retailers over the last six months. Respondents included the largest and fastest growing retailers in the U.S., ranging from grocery, mass merchant, specialty store, apparel, electronics, appliances, and craft retail segments.

According to the report, retailers are seeing an increase in burglary and fraud while reporting that other types of crimes, such as robbery and ID theft, are unchanged and continue to remain problems for retailers. These trends remain consistent with historical crime trends associated with economic distress and job instability, and therefore continue to persist alongside the current economic climate.

Gathering Case Information

When developing loss prevention cases, 85 percent of retailers report that most of their intelligence is gathered by their LP staff and 15 percent report that it is gathered by district and divisional stores.

Retailers also rated the level of assistance to develop cases and information they receive from federal, state, and local

law enforcement, on-line auction sites, and other retailers when compiling cases and investigations. State and local law enforcement were rated as offering the most assistance and information followed closely by other retailers. On-line auction sites were rated as improving, but still needing to provide more information. Federal law enforcement was cited as offering some assistance, but limited information.

Retailers reported that there were no decreases in stolen items being found on on-line marketplaces, pawn shops, flea markets, and traditional fencing operations. Seventy-five percent of retailers saw an increase of stolen items being found in on-line marketplaces, 47 percent in flea markets, 47 percent in traditional fencing operations, and 16 percent in pawn shops.

While there have been some encouraging signs of improvement, high unemployment and job insecurity continues to dampen consumer confidence and spending. Plus, for a second consecutive year retailers are reporting theft to be on the rise.

Changes in Shrink

Retail respondents also reported a decrease in shrink, noting that this decrease is not attributable to a decline in theft, but citing both process improvements and a decline in their sales base and therefore fewer inventories to manage.

As LP professionals know, complex cities and highly urbanized states are often the first to display increases in unlawful activity. Previous survey results in both December 2008 and April 2009 had shown increases permeating beyond these regions and into a number of non-traditional, rural/suburban areas not typically prone to such increases. According to the December 2009 report, retailers saw a decrease in shrink across non-traditional markets.

In regard to shrink within specific business segments, retailers reported shrink to be worse in electronics and in health and beauty aids followed by cosmetics, jewelry, and video games and, finally, in grocery and high-end merchandise.

Resources

Sixty-five percent of respondents reported that they have not seen loss prevention and security staffing models change due to economic pressures. Prevention methods that have proven successful to deter incidents include:

- Radio frequency (RF) electronic article surveillance (EAS)
 - Increased use of exception-based reporting and video analytics
 - Electronic hiring and more diligent background checks
 - Improved store-level reporting
 - Hiring of off-duty law enforcement to cover front doors during busiest hours
 - Increased use of video surveillance systems
 - Increased use of anti-theft devices like spider wraps and keepers
 - Store management spending more time on the floor
- Also reported were several new and innovative prevention approaches being considered, tested, and used by retailers, including:
- Offering store-level associates incentives related to shrink reduction
 - Detailed training of store management at the district level and of staff in key positions within the store
 - Reallocation of LP resources to provide the same or more coverage with less
 - Increased awareness training

Organized Retail Crime

Retailers must continue to work together to build awareness and solutions and react to these trends quickly through resource allocation, process improvement, and capital spending. They must also collaborate with trade associations at the national and state levels, legislators, and law enforcement to address these issues.

RILA remains dedicated to strengthening the position of the retail industry and providing support, thought leadership, networking, research, benchmarking, and education to the loss prevention community to help solve these issues while encouraging all retailers to get involved in these efforts.

RILA co-chairs the Coalition Against Organized Retail Crime (CAORC) and will continue the campaign for the passage of federal legislation to combat this rising crime and encourage all retailers to join. Visit the Coalition web site at www.stopretailcrime.com.

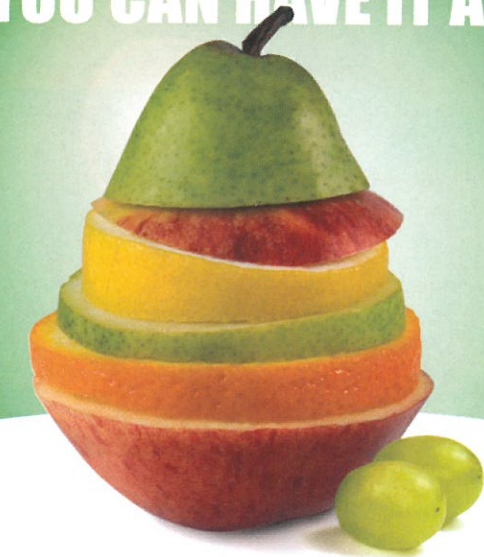
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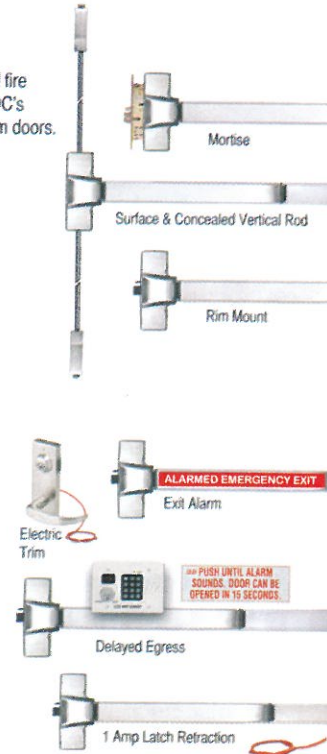
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