

PRESS RELEASE

June 6, 2019

Shoplifters and Dishonest Employees Continue to Steal, With Case Values Soaring, According to Jack L. Hayes International's 31st Annual Retail Theft Survey!

Wesley Chapel, FL – Over 279,000 shoplifters and dishonest employees were apprehended in 2018 by just 20 large retailers who recovered over \$114 million from these thieves, according to the 31st Annual Retail Theft Survey conducted by Jack L. Hayes International, the leading loss prevention and inventory shrinkage control consulting firm.

"Theft case values soared in 2018 with the average shoplifting case value (\$301.97) increasing 11.8%; the average dishonest employee case value (\$1,361.37) increasing an amazing 30.1%; and the total average theft case value (\$408.77) up 17.0%! While the retailers participating in this survey did not apprehend as many thieves as they did the previous year, they were recovering more dollars from the thieves they did apprehend," said Mark R. Doyle, President of Jack L. Hayes International, Inc. Mr. Doyle added, "With the increase in dollar recoveries, retail theft overall continues to be a serious problem for retailers negatively impacting their bottom-line, which results in higher prices to consumers."

Highlights from this highly anticipated annual theft survey include:

- Participants: 20 large retail companies with 13,674 stores and over \$330 billion in retail sales (2018).
- Apprehensions: 279,196 shoplifters and dishonest employees were apprehended in 2018, down 11.8% from 2017.
- Recovery Dollars: Over \$114 million was recovered from apprehended shoplifters and dishonest employees in 2018, up 3.2% from 2017.
- Shoplifter Apprehensions: 251,051 shoplifters were apprehended in 2018, down 11.7% from 2017.
- Shoplifter Recovery Dollars: Over \$75 million was recovered from apprehended shoplifters in 2018, a decrease of 1.4% from 2017.
- Employee Apprehensions: 28,145 dishonest employees were apprehended in 2018, down 12.7% from 2017.
- Employee Recovery Dollars: Over \$38 million was recovered from employee apprehensions in 2018, up 13.5% from 2017.
- Average Case Values: Total Theft: up 17.0%; Shoplifters: up 11.8%; Dishonest Employees: up 30.1%
- Shrink: 55.0% of survey participants reported an increase in shrink in 2018, with 35.0% reporting a decrease in shrink, and another 10.0% reported shrink stayed about the same.

31st ANNUAL RETAIL THEFT SURVEY

Jack L. Hayes International, Inc.

www.hayesinternational.com

APPREHENSIONS DOWN, BUT CASE VALUES SOAR!

Shoplifters and Dishonest Employees continue stealing, negatively impacting profits of U.S. retailers. Survey highlights include:

- ✓ **Participants:** 20 large retail companies with 13,674 stores and over \$330 billion in retail sales in 2018.
- ✓ **Apprehensions:** Participants apprehended 279,196 shoplifters and dishonest employees in 2018, down 11.8% from 2017.
- ✓ **Recovery Dollars:** Participants recovered over \$114 million from apprehended shoplifters and dishonest employees in 2018, up 3.2%.
- ✓ **Shoplifter Apprehensions & Recovery Dollars:** 251,051 shoplifters were apprehended in 2018, down 11.7%; and over \$75 million was recovered from apprehended shoplifters in 2018, down 1.4%.
- ✓ **Employee Apprehensions & Recovery Dollars:** 28,145 dishonest employees were apprehended in 2018, down 12.7%; however over \$38 million was recovered from apprehended employees in 2018, up 13.5%.
- ✓ **Total Theft Case Value:** The average case value was \$408.77, up 17.0% in 2018.
- ✓ **Shoplifting Case Value:** The average shoplifting case value in 2018 was \$301.97, a substantial increase of 11.8% from 2017.
- ✓ **Employee Theft Case Value:** The average dishonest employee case value in 2018 was \$1,361.37, up an amazing 30.1% from 2017.

SURVEY PARTICIPANTS

- 20 Large Retail Companies (Dept Store, Mass Merchant, Big Box)
- 13,674 Stores (representing an excellent cross-section of the United States)
- \$331,101,126,145 in Annual Retail Sales (2018)

TOTAL RETAIL THEFT APPREHENSIONS

	<u>2017</u>	<u>2018</u>	<u>#/\$</u>	Difference <u>Pct.</u>
Apprehensions	316,704	279,196	-37,508	-11.84%
Recoveries	\$110,620,301	\$114,126,134	\$3,505,833	3.17%
Avg. Case Value	\$349.29	\$408.77	\$59.48	17.03%

Retail Theft Apprehensions Breakdown

SHOPLIFTING

	<u>2017</u>	<u>2018</u>	<u>#/\$</u>	Difference <u>Pct.</u>
Apprehensions	284,450	251,051	-33,399	-11.74%
Recoveries	\$76,859,289	\$75,810,324	-\$1,048,965	- 1.36%
Avg. Case Value	\$270.20	\$301.97	\$31.77	11.76%
Hours Per Apprehension*	26.51	26.51		0.00%
(*10 companies reporting)				
Recoveries (No Apprehension Made)	\$128,666,529	\$126,878,736	-\$1,787,793	-1.39%

DISHONEST EMPLOYEES

	<u>2017</u>	<u>2018</u>	<u>#/\$</u>	Difference <u>Pct.</u>
Apprehensions	32,254	28,145	-4,109	-12.74%
Recoveries	\$33,761,012	\$38,315,810	\$4,554,798	13.49%
Avg. Case Value	\$1,046.72	\$1,361.37	\$314.65	30.06%

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HIGHLIGHTS FROM JACK L. HAYES INTERNATIONAL'S 31st ANNUAL RETAIL THEFT SURVEY

TOTAL RETAIL THEFT

- Survey participants apprehended a total of 279,196 dishonest individuals (shoplifters and employees) in 2018, a decrease of 11.8% from the prior year. However, dollars recovered from those apprehended thieves increased 3.2% to over \$114 million in 2018.
- For every \$1.00 recovered by our surveyed companies, \$12.79 was lost to retail theft. Therefore, **only 7.8%** of total retail theft losses resulted in a recovery.

SHOPLIFTING

- **Apprehensions:** Survey participants apprehended 251,051 shoplifters in 2018, a decrease of 11.7% from the prior year.
- **Recoveries:** Dollars recovered from shoplifting apprehensions totaled over \$75.8 million in 2018, a slight decrease of 1.4% from 2017.
- **Recoveries (no apprehension):** Dollars recovered from shoplifters where no apprehension was made (over \$126 million) decreased 1.4% in 2018. This was the first decrease in over 20 years.
- **Case Value:** The average shoplifting case value in 2018 was \$301.97, reflecting a substantial increase (11.8%) from 2017 (\$270.20).

EMPLOYEE THEFT

- **Apprehensions:** Survey participants apprehended 28,145 dishonest employees in 2018, down 12.7% from 2017.
- **Recoveries:** Dollars recovered from dishonest employee apprehensions totaled over \$38 million in 2018, up a substantial 13.5% from 2017.
- **Case Value:** The average dishonest employee case value in 2018 was \$1,361.37, an amazing increase of 30.1% from 2017's average case value (\$1,046.72).

JACK L. HAYES INTERNATIONAL, INC. is recognized as the foremost loss prevention/inventory shrinkage control consulting firm in the world. For over 40 years Hayes International has been conducting Shrinkage Control Analyses and Assessments; Developing and implementing LP/Shrinkage Control Programs; Conducting 3rd party audits; and providing hybrid or full outsourced LP services to hundreds of the finest retail, manufacturing, and industrial organizations throughout the world.

Consulting Services

- ✓ ***Shrinkage Control Analyses & Assessments:*** These studies examine the client's vulnerability to the primary shrinkage causing factors (internal theft, external theft, and paper/systems), and the ways, methods and programs currently used to deal with these problems. Analysis includes a detailed review of stores, facilities and home office functions.
- ✓ ***Distribution Center Loss Prevention/Security Review:*** This analysis focuses on the distribution facility, and its daily operational procedures from a LP/security viewpoint.
- ✓ ***Program Design, Implementation & Field Audits:*** We design and implement Store and DC/Warehouse Loss Prevention/Shrinkage Control and Safety programs and related audits.
- ✓ ***Outsourced Loss Prevention Services:*** We provide full outsourced loss prevention solutions, or a hybrid of loss prevention services that complement the client's current loss prevention program/efforts.
- ✓ ***Third-Party Store & DC/Warehouse Audits:*** We regularly perform Store and DC/Warehouse audits for a variety of clients. These visits/audits provide a realistic picture of normal daily operations; measure compliance to the company's LP/Safety Programs; and greatly assist in keeping their programs on-track.
- ✓ ***Loss Prevention Organizational Review:*** During this review, we evaluate and make recommendations regarding the highly technical/complex issues of LP as they relate to structure, staffing, productivity, equipment investments, etc.

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31st Annual Retail Theft Survey

For additional information, statistics, and our thoughts-behind-the-numbers, visit our website at: <http://hayesinternational.com/news/annual-retail-theft-survey/> where you can view a downloadable/printable PDF version of the survey.

The Hayes Report on Loss Prevention Newsletter

For a free sample of The Hayes Report on Loss Prevention newsletter, which we have been publishing on a quarterly basis for over 34 years, visit our website at <http://hayesinternational.com/products/the-hayes-report-on-loss-prevention-newsletter/> and click-on the newsletter pic. If you wish to sign-up for this FREE quarterly newsletter then simply enter your email address at the top of the same screen in the "Subscribe to our newsletter" box.

[Jack L. Hayes International, Inc.](#)

31st ANNUAL RETAIL THEFT SURVEY – 2019

Jack L. Hayes International, Inc.

Shrink Trend:

11 of the 20 retailers (55.0%) had an increase in company shrink
07 of the 20 retailers (35.0%) had a decrease in company shrink
02 of the 20 retailers (10.0%) had no change in company shrink

Shoplifting Apprehensions:

08 of 20 retailers (40.0%) had an increase in shoplifter apprehensions
10 of 20 retailers (50.0%) had a decrease in shoplifter apprehensions
02 of 20 retailers (10.0%) had no change in shoplifter apprehensions

Shoplifting Recoveries:

10 of 20 retailers (50.0%) had an increase in shoplifter recovery dollars
08 of 20 retailers (40.0%) had a decrease in shoplifter recovery dollars
02 of 20 retailers (10.0%) had no change in shoplifter recovery dollars

Shoplifting Recoveries Without an Apprehension:

03 of 15 retailers reporting (20.0%) had an increase in shoplifting recovery dollars without an apprehension
09 of 15 retailers reporting (60.0%) had a decrease in shoplifting recovery dollars without an apprehension
03 of 15 retailers reporting (20.0%) had no change in shoplifting recovery dollars without an apprehension

Dishonest Employee Apprehensions:

07 of 20 retailers (35.0%) had an increase in employee theft apprehensions
12 of 20 retailers (60.0%) had a decrease in employee theft apprehensions
01 of 20 retailers (05.0%) had no change in employee theft apprehensions

Dishonest Employee Recoveries:

12 of 20 retailers (60.0%) had an increase in employee theft recovery dollars
07 of 20 retailers (35.0%) had a decrease in employee theft recovery dollars
01 of 20 retailers (05.0%) had no change in employee theft recovery dollars

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31st ANNUAL RETAIL THEFT SURVEY – 2019

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Based upon our survey results, for every \$1.00 recovered, \$12.79 is lost to retail theft. Therefore, **only 7.8 percent** of total retail theft losses result in a recovery.

Support/Calculation for the Above Statement:

- Annual retail sales of the participating companies were \$331,101,126,145.
- According to the 2018 National Retail Security Survey, the average shrinkage is 1.33% of sales (at retail).
- Shrinkage allowance for paper/systems errors was assigned a **very conservative** 30% dollar figure. (*This figure is believed to exceed realistic "paper-related" shrinkage which we estimate to be less than 25 percent.*)

Annual Sales (Survey Participants 2018)	\$331,101,126,145
Shrinkage (retail sales x 1.33%)	\$ 4,403,644,978
Allowance for "Paper-Related" Shrinkage (shrinkage x 30%)	-\$ <u>1,321,093,493</u>
Shrinkage/Losses Due to Theft	\$ 3,082,551,485
Recovery Dollars (Survey Participants 2018)	-\$ <u>241,004,870</u> (7.8%)
Unaccounted-For Theft Losses	\$ 2,841,546,615 (92.2%)

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HAYES INTERNATIONAL'S 31st ANNUAL RETAIL THEFT SURVEY

Thoughts Behind The Numbers - Shoplifting

We asked our survey participants why their Shoplifting apprehensions and recovery dollars increased or decreased in 2018; they contributed the following:

Increased:

- Increased focus on the issue of shoplifting
- More ORC (Organized Retail Crime) activity
- Increase in the number of low to mid-level shoplifters
- Felony thresholds being raised/increased in various states
- Less associates on the sales floor creating more opportunities for shoplifters

Decreased:

- Less LP/AP staff due to restructuring or transition
- More preventative measures in place (ie. Public View Monitors, Greeters, etc.)
- Better display standards/product protection
- Less attention to shoplifting and more toward systemic shrink issues
- Increased focus on prevention, instead of apprehension

Hayes International cites the following shoplifting issues:

- **Reduced Customer Service Due to Fewer Sales Associates on Floor**
Fewer sales associates on the sales floor provides shoplifters with the privacy they want/need to commit their acts of theft. Unfortunately, more retailers are becoming self-service, instead of customer service focused.
- **Shoplifting Felony Thresholds Increasing**
There are currently 29 states with a felony threshold for Shoplifting/Larceny of \$1,000 or higher. Shoplifting cases less than these high dollar thresholds result in a misdemeanor offense only, meaning less police assistance and little if any punishment. Thieves view shoplifting as a high reward, low-risk endeavor.
- **Stolen Merchandise is Easy to Sell to Larger Audiences**
Many thieves have found that selling their stolen items through various on-line auction sites, or returning their stolen goods for a merchandise credit or gift card (which they sell to a second party) results in quicker sales and much higher prices than the traditional selling of items on the street or at a local flea market.
- **Organized Retail Crime (ORC) Continues to Increase**
Losses from ORC are reported to be over \$30 billion annually, with almost 100% of retailers acknowledging they have been a victim of ORC activity in the past 12 months. These thieves work diligently to commit their theft of popular items such as over-the-counter medicines; razors; batteries; tools; cell phones; and designer clothing. It is common for them to work in "teams", employ distraction techniques, and use 'booster-bags' to circumvent anti-shoplifting systems.

HAYES INTERNATIONAL'S 31st ANNUAL RETAIL THEFT SURVEY

Thoughts Behind The Numbers - Employee Theft

We asked our survey participants why their Dishonest Employee apprehensions and recovery dollars increased or decreased in 2018; they contributed the following:

Increased:

- Improved exception-based reporting software resulted in more DE cases
- Low unemployment rate, reduced applicant pool (hiring fewer quality employees)
- More merchandise credit card and loyalty card frauds
- Less associates in store creates more opportunities for dishonest employees

Decreased:

- Less LP/AP staff due to restructuring or transition
- Less focus on apprehensions and more focus on shrink creating processes
- More associate training and focus on prevention
- Less associates resulted in less employee cases

Hayes International cites the following employee theft issues:

- **Less Effective or Reduced Pre-Employment Screening Requirements**
More restrictions on various types of pre-employment screening has resulted in the hiring of less than desirable associates. In addition, some retailers have reduced their pre-screening requirements in an effort to save money and staff locations more quickly.
- **Less Supervision of Associates and Fewer Associates Overall**
Opportunities for dishonest associates to commit acts of theft/abuse with less chance of detection has increased with reductions in staff and supervisors.
- **Stolen Merchandise is Easy to Sell to Larger Audiences**
Dishonest employees have found that selling stolen items through various on-line auction sites, or having a friend or family member return the stolen goods for a merchandise credit or gift card (which they sell to a second party) results in quicker sales and much higher prices.
- **General Decline in Honesty**
On a regular basis we hear of business, government, law enforcement, celebrities, sports figures, and even church leaders being caught up in questionable activities. Such events make it easier for "borderline" employees to rationalize their theft acts.