

PRESS RELEASE

June 2013

### **More Shoplifters and Dishonest Employees Are Stealing Profits From U.S. Retailers According to 25<sup>th</sup> Annual Retail Theft Survey by Jack L. Hayes International**

**Wesley Chapel, FL** – Just 23 major retailers apprehended over 1.1 million shoplifters and dishonest employees and recovered over \$189 million from these thieves in 2012, according to the 25<sup>th</sup> Annual Retail Theft Survey conducted by Jack L. Hayes International, the leading loss prevention and inventory shrinkage control consulting firm.

"In 2012, shoplifting apprehensions increased 7.4% and the recovery dollars from shoplifters increased a amazing 22.7%". Dishonest employee apprehensions and recovery dollars also increased in 2012, 5.5% and 7.0% respectively", said Mark R. Doyle, President of Jack L. Hayes International. "It should be noted that these increases follow similar increases reported the previous year!" Mr. Doyle added, "The seriousness of retail theft is a much greater problem than many people realize. These theft losses are stealing profits from retailers and driving retail prices higher for the consumer."

#### **Highlights from this highly anticipated annual theft survey include:**

- Participants: 23 large retail companies with 18,900 stores and over \$596 billion in retail sales (2012).
- Apprehensions: 1,145,688 shoplifters and dishonest employees were apprehended in 2012, up 7.3% from 2011.
- Recovery Dollars: Over \$189 million was recovered from apprehended shoplifters and dishonest employees in 2012, up 18.1% from 2011.
- Shoplifter Apprehensions: 1,074,593 shoplifters were apprehended in 2012, up 7.4% from 2011.
- Shoplifter Recovery Dollars: Over \$138 million was recovered from apprehended shoplifters in 2012, an increase of 22.7% from 2011. An additional \$46.8 million was recovered from shoplifters where no apprehension was made, up a significant 25.2% from 2011.
- Employee Apprehensions: 71,095 dishonest employees were apprehended in 2012, up 5.5% from 2011.
- Employee Recovery Dollars: Over \$50 million was recovered from employee apprehensions in 2012, up 7.0% from 2011.
- One out of every 40 employees was apprehended for theft from their employer in 2012. *(Based on over 2.8 million employees.)*
- On a per case average, dishonest employees steal approximately 5.5 times the amount stolen by shoplifters (\$715.24 vs \$129.12).

For full survey results visit our website at: [www.hayesinternational.com](http://www.hayesinternational.com)

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# 25<sup>th</sup> ANNUAL RETAIL THEFT SURVEY

Jack L. Hayes International, Inc.

[www.hayesinternational.com](http://www.hayesinternational.com)

**More Shoplifters and Dishonest Employees are stealing profits from U.S. retailers. Highlights from this year's survey include:**

- ✓ **Participants:** 23 large retail companies with 18,900 stores and over \$596 billion in retail sales in 2012.
- ✓ **Apprehensions:** Participants apprehended 1,145,688 shoplifters and dishonest employees in 2012, up 7.3% from 2011.
- ✓ **Recovery Dollars:** Participants recovered over \$189 million from apprehended shoplifters and dishonest employees in 2012, up 18.1%.
- ✓ **Shoplifter Apprehensions:** 1,074,593 shoplifters were apprehended in 2012, up 7.4% from 2011.
- ✓ **Shoplifter Recovery Dollars:** Over \$138 million was recovered from apprehended shoplifters in 2012, up 22.7% from 2011. An additional \$46.8 million was recovered from shoplifters where no apprehension was made, up 25.2% from 2011.
- ✓ **Employee Apprehensions:** 71,095 dishonest employees were apprehended in 2012, up 5.5% from 2011.
- ✓ **Employee Recovery Dollars:** Over \$50 million was recovered from apprehended employees in 2012, up 7.0% from 2011.
- ✓ **One in every 40 employees** was apprehended for theft from their employer in 2012. (Based on over 2.8 million employees.)

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## **SURVEY PARTICIPANTS**

- 23 Large Retail Companies
- 18,900 Stores (representing an excellent cross-section of the United States)
- \$596,396,845,808 in Annual Retail Sales (2012)

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## **TOTAL RETAIL THEFT APPREHENSIONS**

	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>#/\$</u></b>	<b>Difference <u>Pct.</u></b>
Apprehensions	1,067,514	1,145,688	78,174	7.32%
Recoveries	\$160,585,722	\$189,601,438	\$29,015,716	18.07%
Avg. Case Value	\$150.43	\$165.49	\$15.06	10.01%

## **Retail Theft Apprehensions Breakdown**

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### **SHOPLIFTING**

	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>#/\$</u></b>	<b>Difference <u>Pct.</u></b>
Apprehensions	1,000,151	1,074,593	74,442	7.44%
Recoveries	113,066,629	\$138,751,524	\$25,684,895	22.72%
Avg. Case Value	\$113.05	\$129.12	\$16.07	14.22%
Hours Per Apprehension*	62.39	51.84		-16.91%
(*10 companies reporting)				
Recoveries (No Apprehension Made)	\$37,389,343	\$46,811,021	\$9,421,678	25.20%

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### **DISHONEST EMPLOYEES**

	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>#/\$</u></b>	<b>Difference <u>Pct.</u></b>
Apprehensions	67,363	71,095	3,732	5.54%
Recoveries	\$47,519,093	\$50,849,914	\$3,330,821	7.01%
Avg. Case Value	\$705.42	\$715.24	\$9.82	1.39%

**Source:** Jack L. Hayes International, 27520 Water Ash Drive - Suite 100, Wesley Chapel, FL 33544  
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# HIGHLIGHTS FROM JACK L. HAYES INTERNATIONAL'S 25th ANNUAL RETAIL THEFT SURVEY

## TOTAL RETAIL THEFT

- Survey participants apprehended a total of 1,145,688 dishonest individuals (shoplifters and employees) in 2012, an increase of 7.3% from the prior year. In addition, dollars recovered from those apprehensions totaled over \$189 million, which was an 18.1% increase from 2011.
- For every \$1.00 recovered by our surveyed companies, \$25.00 was lost to retail theft. Therefore, **only 4.0%** of total retail theft losses resulted in a recovery.

## SHOPLIFTING

- **Apprehensions:** Survey participants apprehended 1,074,593 shoplifters in 2012, an increase of 7.4% from the prior year.
- **Recoveries:** Dollars recovered from shoplifting apprehensions totaled over \$138 million in 2012, a substantial 22.7% increase from 2011. This was the 10th increase in shoplifting recovery dollars in the past 11 years.
- For the **16<sup>th</sup> consecutive year**, dollars recovered from shoplifters where no apprehension was made (over \$46 million) increased. In 2012, this increase was a substantial 25.2%.
- **Case Value:** The average shoplifting case value in 2012 was \$129.12, which was an increase of 14.2% from 2011's average case value.

## EMPLOYEE THEFT

- One out of every 40 employees was apprehended for theft from their employer in 2012. *(Based on comparison data of over 2.8 million employees.)*
- **Apprehensions:** Survey participants apprehended 71,095 dishonest employees in 2012, up 5.5% from 2011.
- **Recoveries:** Dollars recovered from dishonest employee apprehensions totaled over \$50 million in 2012, an increase of 7.0% from 2011.

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**JACK L. HAYES INTERNATIONAL, INC.** is recognized as the foremost loss prevention/inventory shrinkage control and safety consulting firm in the world. In addition to their loss prevention/shrinkage control and safety consulting practice, they also offer a variety of loss prevention/shrinkage control products and services which are utilized by 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 detailed review of stores, facilities, and home office functions.
- Safety & OSHA Compliance Analyses & Assessments:*** These studies examine the client's vulnerability to loss primarily thru worker comp claims, accidents, injuries, and OSHA citation/Violations. Once we identify the primary loss issues, we analyze the ways, methods and programs used to deal with those problems.
- Third-Party Store & DC/Warehouse Audits:*** We regularly perform Store and DC/Warehouse audits across the country for a variety of clients. These visits/audits provide the client with 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 and a priority within the company.
- Distribution Center Loss Prevention/Security Review:*** This analysis focuses on the distribution facility, and its daily operational procedures from a LP/security viewpoint. Areas of analysis include: receiving, shipping, access/egress, physical security and inventory accountability process.
- Program Design, Implementation & Field Audits:*** We design DC/ Warehouse and Store Loss Prevention/Shrinkage Control and Safety programs and related audits for various clients. We also assist clients with the implementation process of their new programs and audits.
- Risk Management Services:*** We provide risk assessment analyses, safety programs, self-insured feasibility studies, and related analyses.

## Products / Services

- "The Hayes Report" on Loss Prevention Newsletter (quarterly)
- Loss Prevention/Shrinkage Control Training Workbooklet
- Safety Committee Formation and Consultation
- Pre-Employment Screening & Surveys (sister-company IntegriView)

### For additional information, please contact:

Jack L. Hayes International, 27520 Water Ash Drive-Suite 100, Wesley Chapel, FL 33544  
Telephone: (813) 991-5628 Website: [www.hayesinternational.com](http://www.hayesinternational.com)

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# 25<sup>th</sup> ANNUAL RETAIL THEFT SURVEY – 2013

## Jack L. Hayes International, Inc.

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### **Shoplifting Apprehensions:**

09 of 22 retailers (40.9%) had an increase in shoplifter apprehensions

13 of 22 retailers (59.1%) had a decrease in shoplifter apprehensions

### **Shoplifting Recoveries:**

15 of 22 retailers (68.2%) had an increase in shoplifter recovery dollars

07 of 22 retailers (31.8%) had a decrease in shoplifter recovery dollars

### **Shoplifting Recoveries Without an Apprehension:**

10 of 16 retailers reporting (62.5%) had an increase in shoplifting recovery dollars without an apprehension

06 of 16 retailers reporting (37.5%) had a decrease in shoplifting recovery dollars without an apprehension

### **Dishonest Employee Apprehensions:**

14 of 23 retailers (60.9%) had an increase in employee theft apprehensions

05 of 23 retailers (21.7%) had a decrease in employee theft apprehensions

04 of 23 retailers (17.4%) had no change in employee theft apprehensions

### **Dishonest Employee Recoveries:**

15 of 23 retailers (65.2%) had an increase in employee theft recovery dollars

08 of 23 retailers (34.8%) had a decrease in employee theft recovery dollars

### **Shrink Trend:**

09 of the 23 retailers (39.1%) had an increase in company shrink

10 of the 23 retailers (43.5%) had a decrease in company shrink

04 of the 23 retailers (17.4%) had no change in company shrink

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# 25<sup>th</sup> ANNUAL RETAIL THEFT SURVEY – 2013

## Jack L. Hayes International, Inc.

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Based upon our survey results, for every \$1.00 recovered, \$25.00 is lost to retail theft. Therefore, **only 4.0 percent** of total retail theft losses result in a recovery.

### Support/Calculation for the Above Statement:

- Annual retail sales of the participating companies were \$596,396,845,808.
- According to the 2012 National Retail Security Survey, the average shrinkage is 1.41% 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 2012)	\$596,396,845,808
Shrinkage (retail sales x 1.41%)	\$ 8,409,195,526
Allowance for “Paper-Related” Shrinkage (shrinkage x 30%)	<u>-\$ 2,522,758,658</u>
Shrinkage/Losses Due to Theft	\$ 5,886,436,868
Recovery Dollars (Survey Participants 2012)	<u>-\$ 236,412,459</u> ( 4.0%)
<b>Unaccounted-For Theft Losses</b>	<b>\$ 5,650,024,409 (96.0%)</b>

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# HAYES INTERNATIONAL'S 25<sup>th</sup> ANNUAL RETAIL THEFT SURVEY

## Thoughts Behind The Numbers - Shoplifting

### What was the cause(s) behind the continued increase in shoplifting apprehensions and recovery dollars in 2012?

#### **Survey participants contribute the following to increased shoplifting activity:**

- Organized Retail Crime (ORC) activity is growing and getting more complex
- Economic conditions are not getting better
- Reduced staff/payroll restrictions (less associates on sales floor)
- Increased LP/AP staff productivity
- Overburdened Criminal Justice System
- Stronger awareness among store personnel
- Higher demand for store goods and store credit

### Why does shoplifting continue to plague the retail industry?

#### **Hayes International believes the following contributes to the shoplifting problem:**

- **Organized Retail Crime is Increasing**  
Losses from Organized Retail Crime are reported to be over \$30 billion annually, triple what they were just 10 years ago. These thieves work in teams often using distraction to commit their theft of items such as over-the-counter medicines; razors; baby formula; batteries; CDs & DVDs; tools and designer clothing. It is not uncommon for retailers to tell of experiences where groups of professionals, hardcore, or international shoplifting gangs 'hit' their stores using 'booster-bags' and similar shoplifting devices. Losses routinely are reported in the thousands of dollars per incident.
- **Stolen Merchandise Easier to Sell**  
Many thieves have found that selling their stolen items through various on-line auction sites results in quicker sales and much higher prices than the traditional selling of items on the street or at a local flea market. This easy access to a much larger audience has resulted in shoplifting becoming a highly popular way to quickly get cash.
- **Reduced Sales Floor Coverage / Customer Service**  
Less employees on the sales floor servicing customers, creates greater opportunities for thieves to steal.



- **Increase in Fraudulent Returns/Refunds**

Losses from fraudulent returns/refunds are estimated at \$16 billion a year. Thieves create fraudulent receipts with desktop publishing software and color printers, and then return stolen items to the store for their full retail value (vs. 50% or less when sold over the internet or on the street).

- **Reduced Social Stigma & “Low Risk/Non-Offensive” Crime**

While the amateur shoplifter is finding the social stigma of shoplifting to be lessening, many professional and hardcore thieves find shoplifting is both a highly profitable and low jail-risk endeavor. Shoplifters know that violent crimes can draw jail time, while the prosecution of non-violent crimes such as shoplifting is not always encouraged by law enforcement, and therefore seldom results in ‘jail time’.

### ***Is Shoplifting a ‘victimless crime’?***

Absolutely not! While no one knows the actual negative impact that shoplifting has on the economy and general public, all evidence indicates that this crime is much more serious than many believe! Based upon our retail industry data analyses and extensive research over the past two decades it appears that this crime has steadily grown to the point that we now estimate that 600,000-800,000 shoplifting incidents occur daily within the United States. Furthermore, we conservatively estimate the daily take for this group of thieves is between \$30 and \$41 million.

Shoplifting is a big business that is costing both the retailer and the general public plenty! Stores suffer as result of lost profits; employees lose their jobs as result of cutbacks in staff or layoffs brought about because of those lost profits; consumers are penalized by higher retail prices; and the general public pays through increased taxes incurred as result of lost sales tax revenue on merchandise that was stolen. Furthermore, shoplifting also has a violent side! Today it is not uncommon to find serious injuries or even death happening to both store personnel and customers in those instances where suspected shoplifters violently resist being apprehended.

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## SHOPLIFTING

- Total retail losses are approximately \$37.1 billion annually (based on University of Florida survey)
- Shoplifting is conservatively estimated to account for 30% - 40% of total retail shrink/losses. (Both University of Florida and Hayes International surveys)
- Average shoplifting case for all types of retail is approximately \$50.00 (Based upon data taken from various surveys)

Therefore, Hayes International estimates the following number of theft incidents and dollars lost to shoplifters:

<u>Time Frame</u>	<u>Dollars</u>	<u>Incidents</u>
Annually	\$11 - \$15 Billion (\$11.13 - \$14.84 Billion)	220 - 300 Million (222 - 297 million)
Daily (365 days)	\$30 - \$41 Million (\$30,393,000 - \$40,658,000)	600,000 – 800,000 (609,863 – 813,151)
Per Hour (24)	\$1.3 - \$1.7 Million (\$1,270,548 - \$1,649,064)	25,000 - 34,000 (25,411 – 33,881)
Per Minute (60)	\$21,000 - \$28,00 (\$21,176 - \$28,234)	400 - 550 (424 – 565)

**Source:** Jack L. Hayes International, Inc.

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**Jack L. Hayes International, Inc.**

## HAYES INTERNATIONAL'S 25<sup>th</sup> ANNUAL RETAIL THEFT SURVEY

### Thoughts Behind The Numbers - Employee Theft

#### What was the cause(s) behind the continued increase in employee theft apprehensions and recovery dollars in 2012?

##### **Survey participants contribute the following to an increase in employee theft:**

- Economic conditions are not getting better
- Additional resources with more focus and priority towards DEs
- Better process controls and exception reporting capabilities
- Increased abuse of Loyalty Programs
- Enhance detection strategies
- More PT employees and less store supervision

#### Why does employee theft continue to be a problem in the retail industry?

##### **Hayes International believes the following contributes to the employee theft problem:**

- **Ineffective Pre-Employment Screening**

The first step to controlling internal theft starts at the point-of-hire; do not hire the "bad apple". Some retailers, in an effort to reduce their costs, have lowered their pre-screening requirements and are now hiring more 'questionable' employees. Anytime statistics show one out of every 40 employees is actually caught stealing by their employer, there has to be some type of breakdown in the pre-employment screening process.

- **Less Employee Supervision**

With lower management levels, there is less supervision of employee activities which results in more opportunities to commit theft.

- **Ease in Selling Stolen Merchandise**

Merchandise stolen by employees can be more quickly and easily sold, and for a much higher price using internet auction sites. This easy access to a much larger audience for stolen goods has resulted in more theft by those dishonest employees looking for quick cash.

- **Decline in Honesty**

There are more dishonest people throughout the nation today, and this decline in personal honesty is taking its toll. Almost daily 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 steal and to rationalize their theft acts. In addition, the part-time workforce is growing, and it is not uncommon to find that many such workers have less loyalty to their employer, and are more apt to take advantage of opportune circumstances.

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