

PRESS RELEASE

June 2016

### **The Apprehension of Shoplifters and Dishonest Employees Has Increased in 9 of the Past 10 Years, According to Jack L. Hayes International's 28th Annual Retail Theft Survey!**

**Wesley Chapel, FL** – Over 1.2 million shoplifters and dishonest employees were apprehended in 2015 by just 25 large retailers who recovered over \$200 million from these thieves, according to the 28<sup>th</sup> Annual Retail Theft Survey conducted by Jack L. Hayes International, the leading loss prevention and inventory shrinkage control consulting firm.

"Retail theft, by both shoplifters and employees, continues to plague the retail industry. Our latest Annual Retail Theft Survey (28th) reflects an increase in both shoplifter and dishonest employee apprehensions, 2.0% and 1.0% respectively, in 2015. Overall recoveries from those apprehensions totaled over \$200 million and was up 1.2%", said Mark R. Doyle, President of Jack L. Hayes International. "It should be noted that the apprehension of shoplifters and dishonest employees has increased in 9 of the last 10 years!" Mr. Doyle added, "Retail theft causes consumers to pay higher prices for goods, and is having a detrimental effect on retailers' bottom-line profits."

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

- **Participants:** 25 large retail companies with 21,288 stores and over \$700 billion in retail sales (2015).
- **Apprehensions:** 1,246,003 shoplifters and dishonest employees were apprehended in 2015, up 2.0% from 2014.
- **Recovery Dollars:** Over \$200 million was recovered from apprehended shoplifters and dishonest employees in 2015, up 1.2% from 2014.
- **Shoplifter Apprehensions:** 1,170,056 shoplifters were apprehended in 2015, up 2.0% from 2014.
- **Shoplifter Recovery Dollars:** Over \$150 million was recovered from apprehended shoplifters in 2015, an increase of 3.2% from 2014. An additional \$142 million was recovered from shoplifters where no apprehension was made, up a significant 18.8% from 2014.
- **Employee Apprehensions:** 75,947 dishonest employees were apprehended in 2015, up 1.0% from 2014.
- **Employee Recovery Dollars:** Over \$55 million was recovered from employee apprehensions in 2015, down 4.0% from 2014.
- **One out of every 38 employees** was apprehended for theft from their employer in 2015. *(Based on almost 3.0 million employees.)*
- **Shrink:** 60% of survey participants reported an increase in shrink in 2015, with just 24% reporting a decrease in shrink, and 16% reported shrink stayed about the same.

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

**Contact:** Mark R. Doyle (813) 991-5628  
President [mrd@hayesinternational.com](mailto:mrd@hayesinternational.com)

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

Jack L. Hayes International, Inc.

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

***APPREHENSIONS & RECOVERY DOLLARS INCREASE  
in 9 of LAST 10 YEARS!***

Theft continues to plague the retail industry as evidenced by over 1.2 million apprehensions (Shoplifters and Dishonest Employees) in 2015, by just 25 large retail organizations. Highlights from survey include:

- ✓ **Participants:** 25 large retail companies with 21,288 stores and over \$700 billion in retail sales in 2015.
- ✓ **Apprehensions:** Participants apprehended 1,246,003 shoplifters and dishonest employees in 2015, up 2.0% from 2014.
- ✓ **Recovery Dollars:** Participants recovered over \$206 million from apprehended shoplifters and dishonest employees in 2015, up 1.2%.
- ✓ **Shoplifter Apprehensions:** 1,170,056 shoplifters were apprehended in 2015, up 2.0% from 2014.
- ✓ **Shoplifter Recovery Dollars:** Over \$150 million was recovered from apprehended shoplifters in 2015, up 3.2% from 2014. An additional \$142 million was recovered from shoplifters where no apprehension was made, up 18.8% from 2014.
- ✓ **Employee Apprehensions:** 75,947 dishonest employees were apprehended in 2015, up 1.0% from 2014.
- ✓ **Employee Recovery Dollars:** Over \$55 million was recovered from apprehended employees in 2015, down 4.0% from 2014.
- ✓ **One in every 38 employees** was apprehended for theft from their employer in 2015. (Based on almost 3.0 million employees.)

*Copyright 2016 Jack L. Hayes International, Inc.*

# JACK L. HAYES INTERNATIONAL, INC.

Consultants in Asset Protection & Safety

## SURVEY PARTICIPANTS

- 25 Large Retail Companies
- 21,288 Stores (representing an excellent cross-section of the United States)
- \$703,726,429,595 in Annual Retail Sales (2015)

## TOTAL RETAIL THEFT APPREHENSIONS

	<u>2014</u>	<u>2015</u>	<u>#/\$</u>	<u>Difference</u> <u>Pct.</u>
Apprehensions	1,222,000	1,246,003	24,003	1.96%
Recoveries	\$204,142,987	\$206,529,916	\$2,386,929	1.17%
Avg. Case Value	\$167.06	\$165.75	-\$1.30	-0.78%

## Retail Theft Apprehensions Breakdown

### SHOPLIFTING

	<u>2014</u>	<u>2015</u>	<u>#/\$</u>	<u>Difference</u> <u>Pct.</u>
Apprehensions	1,146,753	1,170,056	23,303	2.03%
Recoveries	\$146,049,421	\$150,772,653	\$4,723,232	3.23%
Avg. Case Value	\$127.36	\$128.86	\$1.50	1.18%
Hours Per Apprehension* (*9 companies reporting)	34.86	35.69		2.38%
Recoveries (No Apprehension Made)	\$120,040,489	\$142,611,822	\$22,571,333	18.80%

### DISHONEST EMPLOYEES

	<u>2014</u>	<u>2015</u>	<u>#/\$</u>	<u>Difference</u> <u>Pct.</u>
Apprehensions	75,247	75,947	700	0.93%
Recoveries	\$58,093,566	\$55,757,263	-\$2,336,303	-4.02%
Avg. Case Value	\$772.04	\$734.16	-\$37.88	-4.91%

Source: 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)

27520 Water Ash Drive

Wesley Chapel, FL 33544

(813) 991-5628

## HIGHLIGHTS FROM JACK L. HAYES INTERNATIONAL'S 28th ANNUAL RETAIL THEFT SURVEY

### TOTAL RETAIL THEFT

- Survey participants apprehended a total of 1,246,003 dishonest individuals (shoplifters and employees) in 2015, an increase of 2.0% from the prior year. In addition, dollars recovered from those apprehended thieves totaled over \$200 million, which was a 1.2% increase from 2014.
- For every \$1.00 recovered by our surveyed companies, \$19.61 was lost to retail theft. Therefore, **only 5.1%** of total retail theft losses resulted in a recovery.

### SHOPLIFTING

- **Apprehensions:** Survey participants apprehended 1,170,056 shoplifters in 2015, an increase of 2.0% from the prior year.
- **Recoveries:** Dollars recovered from shoplifting apprehensions totaled over \$150 million in 2015, a 3.2% increase from 2014. This was the 13th increase in shoplifting recovery dollars in the past 14 years.
- Dollars recovered from shoplifters where no apprehension was made (over \$142 million) increased an amazing 18.8% in 2015. This was the **19th consecutive year** of increases.
- **Case Value:** The average shoplifting case value in 2015 was \$128.86, reflecting a slight increase (1.2%) from 2014 (\$127.36).

### EMPLOYEE THEFT

- One out of every 38 employees was apprehended for theft from their employer in 2015. *(Based on comparison data of almost 3.0 million employees.)*
- **Apprehensions:** Survey participants apprehended 75,947 dishonest employees in 2015, up 1.0% from 2014.
- **Recoveries:** Dollars recovered from dishonest employee apprehensions totaled over \$55 million in 2015, a decline of 4.0% from 2014.

**JACK L. HAYES INTERNATIONAL, INC.** is recognized as the foremost loss prevention / inventory shrinkage control consulting firm in the world. In addition to their loss prevention and shrinkage control 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 include a detailed review of stores, facilities and home office functions as they relate to the primary shrinkage causing factors.
- ✓ ***Third-Party Store & DC/Warehouse Audits:*** These visits/audits provide a realistic picture of daily operations; measure compliance to LP/Safety programs; and greatly assist in keeping programs on-track.
- ✓ ***Distribution Center Loss Prevention/Security Review:*** This analysis focuses on distribution, 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.
- ✓ ***Safety & OSHA Compliance Analyses & Assessments:*** These studies include a detailed review of locations as they relate to loss thru worker comp claims, accidents, injuries, and OSHA citations/violations.
- ✓ ***Risk Management Services:*** We provide risk assessment analyses, safety programs, self-insured feasibility studies, and related analyses.

=====

### **A MUST READ BOOK** **Business Fraud - From Trust to Betrayal**

In this revolutionary and award winning book, Jack L. Hayes, one of the nation's top experts on business crime, reveals a number of startling facts such as:

- The six devastating internal fraud-producing mistakes most often made by management.
- Why it is a huge mistake to rely on auditors to keep your workplace free from fraud.
- The three factors consistently creating the greatest internal fraud risk in any organization.

#### ***Read this insightful book and you will:***

- Change your way of thinking if you believe your operation is not at risk to fraud.
- Find out how REALLY vulnerable your operation is to fraud and embezzlement.
- Learn where, why, and how these crimes occur.
- Learn 7 easy steps to protect your business from fraud.

(Note: This book is available for under \$20 on [www.amazon.com](http://www.amazon.com))

#### **For additional information, please contact:**

Jack L. Hayes International, 27520 Water Ash Drive-Suite 100, Wesley Chapel, FL 33544

Telephone: (813) 991-5628

Email: [operations@hayesinternational.com](mailto:operations@hayesinternational.com)

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

**[Jack L. Hayes International, Inc.](http://www.hayesinternational.com)**

---

# 28<sup>th</sup> ANNUAL RETAIL THEFT SURVEY – 2016

## Jack L. Hayes International, Inc.

---

### **Shrink Trend:**

15 of the 25 retailers (60.0%) had an increase in company shrink  
06 of the 25 retailers (24.0%) had a decrease in company shrink  
04 of the 25 retailers (16.0%) had no change in company shrink

### **Shoplifting Apprehensions:**

13 of 25 retailers (52.0%) had an increase in shoplifter apprehensions  
12 of 25 retailers (48.0%) had a decrease in shoplifter apprehensions

### **Shoplifting Recoveries:**

17 of 25 retailers (68.0%) had an increase in shoplifter recovery dollars  
08 of 25 retailers (32.0%) had a decrease in shoplifter recovery dollars

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

13 of 16 retailers reporting (81.2%) had an increase in shoplifting recovery dollars without an apprehension  
03 of 16 retailers reporting (18.8%) had a decrease in shoplifting recovery dollars without an apprehension

### **Dishonest Employee Apprehensions:**

14 of 25 retailers (56.0%) had an increase in employee theft apprehensions  
11 of 25 retailers (44.0%) had a decrease in employee theft apprehensions

### **Dishonest Employee Recoveries:**

12 of 25 retailers (48.0%) had an increase in employee theft recovery dollars  
13 of 25 retailers (52.0%) had a decrease in employee theft recovery dollars

*Copyright 2016 Jack L. Hayes International, Inc.*

---

# 28<sup>th</sup> ANNUAL RETAIL THEFT SURVEY – 2016

## Jack L. Hayes International, Inc.

---

Based upon our survey results, for every \$1.00 recovered, \$19.61 is lost to retail theft. Therefore, **only 5.1 percent** of total retail theft losses result in a recovery.

### Support/Calculation for the Above Statement:

- Annual retail sales of the participating companies were \$703,726,429,595.
- According to the National Retail Security Survey, the average shrinkage is 1.38% 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 2015)	\$703,726,429,595
Shrinkage (retail sales x 1.38%)	\$ 9,711,424,728
Allowance for “Paper-Related” Shrinkage (shrinkage x 30%)	<u>-\$ 2,913,427,418</u>
Shrinkage/Losses Due to Theft	\$ 6,797,997,310
Recovery Dollars (Survey Participants 2014)	<u>-\$ 349,141,738</u> ( 5.1%)
<b>Unaccounted-For Theft Losses</b>	\$ 6,448,855,572 (94.9%)

Copyright 2016 Jack L. Hayes International, Inc.



## HAYES INTERNATIONAL'S 28<sup>th</sup> 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 2015; they contributed the following:*

#### **Increase:**

- Prop 47 in California and similar laws in other states that raised/increased the felony threshold on shoplifting
- More associate training on identifying shoplifting behaviors
- Continued growth of ORC with more Gift Card/Mdse Credit Card fraud
- Technology (video & analytics) driving focus to areas of opportunity
- Fewer sales associates on the selling floor to prevent thefts

#### **Decrease:**

- Increase in ORC, led to focus on larger cases (quality over quantity)
- Change in LP/AP staffing levels (less LP/AP personnel on sales floor)
- Training of associates to focus on prevention instead of apprehensions
- Associate(s) monitoring customer entrances/exits for theft prevention

***Hayes International contributes the following items to the shoplifting problem:***

- **Fewer Associates on Sales Floor Results in Less Customer Service**  
There are simply far fewer sales associates on the sales floor these days, providing shoplifters with the privacy they want/need to commit their theft acts. More retailers are becoming self-service, instead of customer service focused.
- **States Are Increasing Shoplifting Felony Thresholds**  
There are currently 29 states with a felony threshold for Shoplifting/Larceny of \$1,000 or higher. Shoplifting thefts less than these high dollar thresholds results in a misdemeanor offense only, meaning less police assistance and little if any punishment. Thieves view shoplifting as a high reward, low-risk endeavor.
- **Increases in Organized Retail Crime (ORC)**  
Losses from ORC are reported to be over \$30 billion annually, with 97% 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.
- **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.

**Copyright 2016, Jack L. Hayes International, Inc. [www.hayesinternational.com](http://www.hayesinternational.com)**

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



## SHOPLIFTING

- Total retail losses are approximately \$44.2 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:

<b><u>Time Frame</u></b>	<b><u>Dollars</u></b>	<b><u>Incidents</u></b>
Annually	\$13 - \$18 Billion (\$13.26 - \$17.68 Billion)	260 - 350 Million (265 - 353 million)
Daily (365 days)	\$36 - \$48 Million (\$36,328,000 - \$48,438,000)	700,000 – 950,000 (726,575 – 968,767)
Per Hour (24)	\$1.5 - \$2.0 Million (\$1,513,698 - \$2,018,264)	30,000 - 40,000 (30,274 – 40,365)
Per Minute (60)	\$25,000 - \$33,000 (\$25,228 - \$33,637)	500 - 650 (504 – 672)

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

**Copyright 2016, Jack L. Hayes International, Inc. [www.hayesinternational.com](http://www.hayesinternational.com)**

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

# HAYES INTERNATIONAL'S 28<sup>th</sup> ANNUAL RETAIL THEFT SURVEY

## Thoughts Behind The Numbers - Employee Theft

*We asked our survey participants why their Employee Theft apprehensions and recovery dollars increased or decreased in 2015; they contributed the following:*

### **Increase:**

- Additional focus on dishonest employee investigations
- Enhanced POS exception reporting software/programs
- Reduced 'checks and balances' giving dishonest employees more opportunities to commit thefts
- Quality of new-hires was reduced
- Less supervision of sales associates, and more access to secured products for customer service reasons

### **Decrease:**

- Focus to drive cases down through more deterrence
- Less time spent on internal cases due to increase in external cases (shoplifting)
- Overall less associates, so less dishonest employees
- Increased use of pre-employment screening tools

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

- **Questionable Pre-Employment Screening Process**  
We hear of retailers reducing their pre-employment screening requirements in an effort to reduce their costs or to quickly staff a store/location. This results in more 'questionable' employees being hired. When statistics show one out of every 38 employees is actually caught stealing by their employer, there has to be some type of breakdown in the pre-employment screening process.
- **Internal Controls Compromised By Fewer Associates & Less Supervision**  
Reductions in staffing levels has resulted in less supervision over associates, and associates performing tasks previously completed by management only (unlocking showcases, issuing refunds, etc.) thus increasing the opportunity for dishonest associates to commit acts of theft with less chance of detection.
- **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**  
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 rationalize their theft acts.

**Copyright 2016, Jack L. Hayes International, Inc. [www.hayesinternational.com](http://www.hayesinternational.com)**