

THE HAYES REPORT

ON LOSS PREVENTION

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Mark R. Doyle Talks - - -

30th Survey & NRF Protect



Yes, this Summer newsletter is about a month earlier than normal due to multiple requests for the results of our 30th Annual Retail Theft Survey (see below). I would like to sincerely thank the 21 large retailers who participated, as without their continued support this survey would not be possible. We continue to do this survey at our own expense, and the results are greatly appreciated by many retailers, especially those loss prevention executives who depend on these statistics to help justify budgets and

minimize staff reductions.

The important NRF Protect 2018 LP Conference and Expo is being held in Dallas, TX at the Gaylord Texan Resort on June 11-13, 2018. If you attend this conference (and you should), don't miss the "Conquering Chaos" session which takes place on Wednesday, June 13th at 10:30am. This session, moderated by my colleague Michael Mershimer, will discuss how two national retailers are meeting their day-to-day LP challenges by utilizing shared resource service providers to supplement components of their Loss Prevention program and initiatives.

Have a safe & enjoyable Summer! \$

Theft Continues - - -

30th Annual Retail Theft Survey

By Mark R. Doyle

We recently completed our 30th Annual Retail Theft Survey, and you can find the results on pages 4 & 5 of this newsletter. For additional information, and to download a complimentary copy of this survey visit our website at: <http://hayesinternational.com>.

Overall apprehensions increased 1.65% with shoplifter apprehensions up 2.27% and dishonest employee apprehensions down 3.95%. Overall dollar recoveries from these apprehensions increased 8.13%, with

shoplifting dollars up 12.90% and dishonest employee dollars down 6.96%. (*Note: The apprehension and dollar recoveries from shoplifters has increased in 8 of the past 10 years!*)

It should be noted that the companies participating in this annual theft survey actively practice the concept of true loss prevention. They all use multiple anti-theft tools to prevent theft, with the apprehension of thieves as a secondary step in their Shrinkage Control Programs. \$

Did You Know

- OSHA recommends periodic walk-around inspections by Management to demonstrate commitment to worker safety, and to determine if safety and health programs are being complied with. The below link is a Safety Walk-Around Fact Sheet for Managers.

https://www.osha.gov/shpcampaign/docs/SHP_Safety-Walk-Arounds-for-Managers.pdf

OSHA.gov

- Organizations of all sizes in every industry depend on background checks to help ensure sound hiring decisions. Most common background checks and percent of companies performing these checks:
 - Criminal/Public Records (84%)
 - Prior Employers/References (73%)
 - Identity 66%
 - Education Verification (51%)
 - Motor Vehicle (50%)
 - Prof Licenses/Qualifications (44%)
 - Credit History (29%)

HireRight

- Nearly four in five companies (79%) were hit by a breach in the last year, and almost seven out of ten companies (68%) expect to be impacted by further breaches this year. In addition, while 83% of businesses agree that technology is effective in preventing breaches, 73% think technology struggles to keep up with security threats.

The Known Unknowns of Cyber Security

- 89% of kids say they know other kids who shoplift, and 66% say they hang out with those kids.

National Association for Shoplifting Prevention

Stay Alert - - -

Shoplifting - Danger Lurks

By Jack L. Hayes

If you have been a subscriber to our quarterly newsletter “*The Hayes Report on Loss Prevention*” over the past years, you likely have read a few warnings about those dangers arising when anyone attempts to stop or confront a suspected shoplifter.

Since this newsletter contains our 30th Annual Retail Theft Survey, I thought it may be worthwhile to issue this critical safety reminder.

Below is just a “sampling” of recent 2018 cases citing the dangers involved when a store employee, customer, or police officer encounters an alleged thief:

- Texas: A store Loss Prevention agent noticed a man behaving suspiciously and possibly trying to steal something. An off-duty police officer working at the store detained the man and found he had a felony warrant. Two police officers arrived and confirmed he was a wanted man, and when trying to arrest him, the man pulled out a handgun and shot the officers and LP agent before fleeing. One police officer died from his injuries, and the other officer and store LP agent were hospitalized.

- Kansas: Loss prevention associate observed a man and woman exit the store with a home surveillance system for which they didn’t pay. When the couple got outside, the LP officer tried to stop them and got into a struggle with the woman. The man then shot the LP associate who was taken to a nearby hospital where he was treated and released.

- Tennessee: Police are searching for a man who they are calling a violent shoplifter. Police said when the store clerk confronted the shoplifter, he allegedly knocked the store clerk into a shelf. The man reportedly got away with several items worth hundreds of dollars.

- Illinois: Shoplifters at a big city’s clothing store have punched, shoved and even spit on employees, who have reported the problem and are still waiting for help, a store manager said, “*I can no longer keep my staff safe because I can’t keep myself safe and I don’t know what to do.*”

Unfortunately, violence is the name of the game: some suspects in their desperate attempt to escape will pull and use a weapon. Others, resort to assaulting anyone in their pathway to freedom. Most importantly, know your Company’s policy pertaining to what actions are to be taken in event a suspected theft is observed.

Experiences show the greatest risk of serious injury to a store employee or customer is likely to occur when:

- Aggressive contact/confrontation with the suspect
- Chases inside & outside of a store
- Pursuing suspect into a parking lot
- Chasing a suspect in a vehicle

Remember, if we can get just one LP member, manager, or associate to alter any past high-risk approach and turn those actions into a positive strategy, the message in this article is worthwhile! Don’t ignore the risks involved. Always, follow company policies ... Stay alert! \$

Popular Shoplifting Device- - -

Booster Bags

By Mark R. Doyle



What is a “Booster Bag”?

First, let’s review the definition of a ‘Booster Bag’ by a couple dictionary sources as found on the web.

• Wikipedia.org defines a ‘booster bag’ as: “a handmade bag used to shoplift, typically from retail stores, libraries, and any other location employing security detectors to deter theft.”

• UrbanDictionary.com defines a ‘booster bag’ as: “A cleverly disguised shopping bag that is lined in some manner with aluminum foil so that it renders electronic shoplifting sensors useless. Used by shoplifters to secret their ill-gotten goods out of the store unnoticed.”

When was the first “Booster Bag” used?

Historical writings refer to ‘booster devices’ being used in the early 1700s or before. The first shoplifters criminally convicted for using a “booster-device” could have been Mary Robinson and Jenny Holmes. They were convicted for stealing a silver cup and an eighty yard roll of Mantua silk on December 24, 1726. Ms. Holmes (34 years old) and Ms. Robinson (70 years old) were both sentenced and put to death for the crime of shop-lifting.

Here are some recent examples of “booster bags” being used today, some 300+ years after they were first invented.

-New Jersey: In March of this year, two men were apprehended with “\$3,700 worth of clothing, \$1,280 in cash and a load of booster bags” when they tried to sell the stolen clothing.

-Nebraska: In December 2017, three women stole from three area mall

stores, 17 times in one month, taking \$5,000 worth of merchandise each time using “booster bags”. The police are still searching for the women.

-Oregon: 9 people have been accused of stealing more than \$102,000 from local supermarkets. The two main methods of theft these thieves used: “Booster Bags’ and “Push Outs”.

-Arizona: A few years ago, five people were arrested for allegedly using specially designed pants (booster pants) to steal from drug stores throughout the area. They stole more than \$30,000 worth of merchandise by using “booster pants”, as described by the police.

So what can retailers do to limit their vulnerability to thieves using “Booster Bags”?

-Laws: Work with State Legislators to pass laws that make the simple possession of an anti-shoplifting countermeasure device a felony. The state of Florida has such a law (Florida Statute 812.015(7)).

-Technology: Several security providers offer booster-bag detection devices which send an alert (visual and/or audible) to store management when a foil lined bag is detected entering the store.

-Education/Customer Service: Educate associates on the use of ‘booster-bags’, and remember shoplifters typically want and need privacy to commit their acts of theft, so take it away from them with good customer service. \$

Testing For Success



The results of our 30th Annual Retail Theft Survey reflect the number of shoplifters apprehended and the dollars recovered from these thieves continues to rise. Take our short quiz to find out if your anti-shoplifting strategies are effective to help control external losses.

1. Are your anti-shoplifting safeguards as least equal to or greater than your competitors? **Yes No**
2. Have all store associates been trained and are they practicing effective customer service techniques to prevent shoplifting? **Yes No**
3. Does your store have open/clear site lines on the sales floor, and are valuable, pilferable and highly popular items displayed in visible areas? **Yes No**
4. Are high value/highly pilferable items displayed on the sales floor adequately protected; and quantity on display limited? **Yes No**
5. If you use EAS, are required items consistently tagged at or above the 98% level? **Yes No**
6. If you have fitting rooms, are they kept locked or is a FR attendant employed? **Yes No**
7. If you use CCTV, is equipment fully operational, camera placement optimum, and is system used / managed properly? **Yes No**

Hopefully you were able to answer “YES” to all of the above questions. If not, you may be an “easy mark” for a shoplifter, so take action now to correct any deficiencies! \$



Believe It or Not

Clueless Shoplifters!

Hiding in Plain Sight

Police were on their way to a reported shoplifting incident when they spotted the suspect's vehicle at a gas station. A man and woman took off running, crossing each other's paths and looking very confused. They finally decided to jump a fence, and once over, they realized they were in the yard of the police station. The man jumped back over the fence and was promptly arrested, while the woman tried hiding under a bench outside the police station. Police found and arrested her too.

Play-Doh Leads to Shoplifting Suspect

Police responded to a call after store employees found several electronic anti-shoplifting devices concealed in a clay-like toy in an apparent attempt to neutralize the devices. The attempt failed and the suspect fled the scene. Police took the clay-like material to their Forensic Department where they found a finger print match for a 55 year-old man with a long criminal record.

Thief Uses Plastic Bottle Wrap as Mask

In an attempted robbery/burglary a man was seen on video running from the store with the plastic wrapper from a case of water over his head! Police asked the public to "Help us catch him, after you stop laughing". \$

SURVEY PARTICIPANTS

- 21 Large Retail Companies
- 16,409 Stores (representing an excellent cross-section of the U.S.)
- \$428,180,872,917 in Annual Retail Sales (2017)

TOTAL RETAIL THEFT APPREHENSIONS

	<u>2016</u>	<u>2017</u>	<u>Difference</u> <u>#/\$</u>	<u>Pct.</u>
Apprehensions	425,022	432,046	7,024	1.65%
Recoveries	\$174,150,449	\$188,300,301	\$14,149,852	8.13%
Avg. Case Value	\$409.74	\$435.83	\$26.09	6.37%

Retail Theft Apprehensions Breakdown

SHOPLIFTING

	<u>2016</u>	<u>2017</u>	<u>Difference</u> <u>#/\$</u>	<u>Pct.</u>
Apprehensions	383,081	391,760	8,679	2.27%
Recoveries	\$132,298,007	\$149,359,289	\$17,061,282	12.90%
Avg. Case Value	\$345.35	\$381.25	\$35.90	10.40%
Hours Per Appreh.*	29.72	26.51		-10.80%
(*10 companies reporting)				
Recoveries (No Apprehension Made)	\$157,166,943	\$185,566,529	\$28,399,586	18.07%

EMPLOYEE THEFT

	<u>2016</u>	<u>2017</u>	<u>Difference</u> <u>#/\$</u>	<u>Pct.</u>
Apprehensions	41,941	40,286	-1,655	-3.95%
Recoveries	\$41,852,442	\$38,941,012	-\$2,911,430	-6.96%
Avg. Case Value	\$997.89	\$966.61	-\$31.28	-3.13%

**HIGHLIGHTS FROM JACK L. HAYES INTERNATIONAL'S
30TH ANNUAL RETAIL THEFT SURVEY**

TOTAL RETAIL THEFT

Survey participants apprehended a total of 432,046 dishonest individuals (shoplifters and employees) in 2017, an increase of 1.7% from the prior year. In addition, dollars recovered from those apprehended thieves totaled over \$188 million, which was an 8.1% increase from 2016.

For every \$1.00 recovered by our surveyed companies, \$11.54 was lost to retail theft. Therefore, only **8.7%** of total retail theft losses resulted in a recovery.

SHOPLIFTING

Apprehensions: Survey participants apprehended 391,760 shoplifters in 2017, an increase of 2.3% from the prior year.

Recoveries: Dollars recovered from shoplifting apprehensions totaled over \$149 million in 2017, an increase of 12.9% from 2016.

Case Value: The average shoplifting case value in 2017 was \$381.25, reflecting a substantial increase (10.4%) from 2016 (\$345.35).

Dollars recovered from shoplifters where no apprehension was made (over \$185 million) increased an amazing 18.1% in 2017. This was the **21st consecutive year** of increases.

EMPLOYEE THEFT

Apprehensions: Survey participants apprehended 40,286 dishonest employees in 2017, down 4% from 2016.

Recoveries: Dollars recovered from dishonest employee apprehensions totaled over \$38 million in 2017, down 7% from 2016.

Case Value: The average dishonest employee case value in 2017 was \$966.61, a decrease of 3.1% from 2016's average case value (\$997.89).

One out of every 35 employees was apprehended for theft from their employer in 2017. *(Based on comparison data of over 1.4 million employees.)*

ADVISORY BOARD



Jack L. Hayes

Internationally recognized expert on Asset Protection who has consulted for some of the finest retail companies world-wide over his 50 years in the industry. Producers of several award winning LP training programs and author of the book "Business Fraud: From Trust to Betrayal".

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President/Owner of Jack L. Hayes International. For over 30 years has consulted with some of the finest companies in the world assisting them in the design and implementation of programs to control inventory shrinkage and loss.

The Hayes Report is published quarterly by Jack L. Hayes International, Inc., 27520 Water Ash Drive-Suite 100, Wesley Chapel, FL 33544. Telephone (813) 991-5628

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Jack L. Hayes International is recognized as the foremost loss prevention/inventory shrinkage control consulting firm in the world. They offer a variety of related services and products utilized by hundreds of the finest retail, manufacturing and industrial organizations throughout the world.

Consulting Services & Products:

- ✓ Shrink Control Analyses and Assessments
- ✓ Safety & OSHA Compliance Analyses and Assessments
- ✓ Third Party Store & Warehouse/ DCLP and Safety Audits
- ✓ Custom Designed and Implemented LP & Safety Programs and Audits
- ✓ Outsourced LP Services
- ✓ Annual Retail Theft Survey
- ✓ "The Hayes Report" on Loss Prevention Newsletter (quarterly)
- ✓ Pre-employment Screening

For additional information on Jack L. Hayes International's loss prevention/shrinkage control services, including consulting and outsourced LP services, visit our website at:

<http://www.hayesinternational.com>

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The Bulletin Board



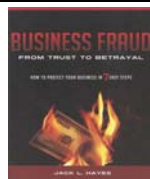
Highlights From

"Sensormauc Global Shrink Index" Report

- Shrinkage was the highest in the U.S (1.85% of retail sales), while Europe was second at 1.83%
- U.S. fashion and accessories stores had the highest rate of shrink by retail vertical (2.43%), office equipment stores had the lowest (1.26%).
- U.S shrink loss percentages:
 - #1) Shoplifting 35.55%,
 - #2) Employee Theft 24.54%,
 - #3) Vendor/Supplier Losses 21.47%
- Most likely items stolen from U.S. stores: Fashion Clothing; Cosmetics; Jewelry; Confectionary; Consumer Electronics.
- Brands targeted the most for theft in U.S. included: Guess, Gap, Revlon, Apple, Samsung and Sony.

Share your favorite 'Bulletin Board' items. Submissions for "The Bulletin Board" should be addressed to:

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or emailed to: operations@hayesinternational.com



40th Anniversary Book Give-Away Continues

Due to multiple requests, we are making additional copies of Jack's award winning book "Business Fraud - From Trust to Betrayal" available free of charge as part of Jack L. Hayes International 40-Year Anniversary celebration. For your complimentary copy email your name, title and shipping address to: operations@hayesinternational.com.