

PRESS RELEASE

May 5, 2020

Shoplifters and Dishonest Employees Continue to Steal Profits from U.S. Retailers, According to Jack L. Hayes International's 32nd Annual Retail Theft Survey!

Wesley Chapel, FL – Over 348,000 shoplifters and dishonest employees were apprehended in 2019 by just 21 large retailers who recovered over \$136 million from these thieves, according to the 32nd Annual Retail Theft Survey conducted by Jack L. Hayes International, the leading loss prevention and inventory shrinkage control consulting firm.

"Two-thirds of retailers participating in this survey reported an increase in shrink in 2019, which is reflected in their reported apprehensions and recovery dollars. Overall apprehensions increased 2.44% and recovery dollars from those apprehensions were up 4.88%. Shoplifting apprehensions and recover dollars increased 3.04% and 3.50% respectively, with recovery dollars from shoplifting incidents without an apprehension increasing by 11% (to \$176 million) over the prior year," said Mark R. Doyle, President of Jack L. Hayes International, Inc. Mr. Doyle added, "While employee theft apprehensions were down 2.93%, the recovery dollars from those apprehensions increased 7.75%. Overall, retail theft continues to be a serious problem for retailers negatively impacting their bottom-line, and creating more out-of-stocks and higher prices to the consumer."

Highlights from this highly anticipated annual theft survey include:

- **Participants:** 21 large retail companies with 18,994 stores and over \$510 billion in retail sales (2019).
- **Shrink:** 66.7% of survey participants reported an increase in shrink in 2019, with 23.8% reporting a decrease in shrink, and another 9.5% reported shrink stayed about the same.
- **Apprehensions:** 348,036 shoplifters and dishonest employees were apprehended in 2019, up 2.44% from 2018.
- **Recovery Dollars:** Over \$136 million was recovered from apprehended shoplifters and dishonest employees in 2019, up 4.88% from 2018.
- **Shoplifter Apprehensions:** 315,095 shoplifters were apprehended in 2019, up 3.04% from 2018.
- **Shoplifter Recovery Dollars:** Over \$90 million was recovered from apprehended shoplifters in 2019, an increase of 3.50% from 2018.
- **Employee Apprehensions:** 32,941 dishonest employees were apprehended in 2019, down 2.93% from 2018.
- **Employee Recovery Dollars:** Over \$45 million was recovered from employee apprehensions in 2019, up 7.75% from 2018.

32nd ANNUAL RETAIL THEFT SURVEY

Jack L. Hayes International, Inc.

www.hayesinternational.com

APPREHENSIONS & DOLLAR RECOVERIES INCREASED IN 2019!

More losses as Shoplifters and Dishonest Employees continue to steal profits from U.S. retailers. Highlights from this year's survey include:

- ✓ **Participants:** 21 large retail companies with 18,994 stores and over \$510 billion in retail sales in 2019.
- ✓ **Apprehensions:** Participants apprehended 348,046 shoplifters and dishonest employees in 2019, up 2.4% from 2018.
- ✓ **Recovery Dollars:** Participants recovered over \$136 million from apprehended shoplifters and dishonest employees in 2019, up 4.9%.
- ✓ **Shrink Trend:** Two-thirds (66.7%) of retailers participating in this survey reported an increase in shrink in 2019.
- ✓ **Shoplifter Apprehensions & Recovery Dollars:** 315,095 shoplifters were apprehended in 2019, up 3.0%; and over \$90 million was recovered from apprehended shoplifters in 2019, up 3.5%.
- ✓ **Employee Apprehensions & Recovery Dollars:** 32,941 dishonest employees were apprehended in 2019, down 2.9%; however over \$45 million was recovered from apprehended employees in 2019, up 7.8%.
- ✓ **Employee Theft Case Value:** The average dishonest employee case value in 2019 was \$1,380.62, up 11.0% from 2018.

SURVEY PARTICIPANTS

- 21 Large Retail Companies (Dept, MM/Big-Box, Specialty Apparel, Supermarkets)
- 18,994 Stores (representing an excellent cross-section of the United States)
- \$510,353,861,980 in Annual Retail Sales (2019)

TOTAL RETAIL THEFT APPREHENSIONS

	<u>2018</u>	<u>2019</u>	<u>#/\$</u>	Difference <u>Pct.</u>
Apprehensions	339,749	348,036	8,287	2.44%
Recoveries	\$130,103,758	\$136,450,112	\$6,346,354	4.88%
Avg. Case Value	\$382.94	\$392.06	\$9.12	2.38%

Retail Theft Apprehensions Breakdown

SHOPLIFTING

	<u>2018</u>	<u>2019</u>	<u>#/\$</u>	Difference <u>Pct.</u>
Apprehensions	305,813	315,095	9,282	3.04%
Recoveries	\$87,896,534	\$90,971,116	\$3,074,582	3.50%
Avg. Case Value	\$287.42	\$288.71	\$1.29	0.45%
Hours Per Apprehension* (9 companies reporting)	38.72	33.44		- 13.64%
Recoveries (No Apprehension Made)	\$159,015,646	\$176,505,815	\$17,490,169	11.00%

DISHONEST EMPLOYEES

	<u>2018</u>	<u>2019</u>	<u>#/\$</u>	Difference <u>Pct.</u>
Apprehensions	33,936	32,941	- 995	- 2.93%
Recoveries	\$42,207,224	\$45,478,996	\$3,271,772	7.75%
Avg. Case Value	\$1,243.73	\$1,380.62	\$136.89	11.01%

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HIGHLIGHTS FROM JACK L. HAYES INTERNATIONAL'S 32nd ANNUAL RETAIL THEFT SURVEY

TOTAL RETAIL THEFT

- Survey participants apprehended a total of 348,036 dishonest individuals (shoplifters and employees) in 2019, an increase of 2.4% from the prior year. Dollars recovered from those apprehended thieves also increased 4.9% to over \$136 million in 2019.
- For every \$1.00 recovered by our surveyed companies, \$14.75 was lost to retail theft. Therefore, **only 6.3%** of total retail theft losses resulted in a recovery.

SHOPLIFTING

- **Apprehensions:** Survey participants apprehended 315,095 shoplifters in 2019, an increase of 3.0% from the prior year.
- **Recoveries:** Dollars recovered from shoplifting apprehensions totaled over \$90.9 million in 2019, an increase of 3.5% from 2018.
- **Recoveries (no apprehension):** Dollars recovered from shoplifters where no apprehension was made (over \$176 million) increased 11.0% in 2019. Dollars have increased in 21 of the past 22 years!
- **Case Value:** The average shoplifting case value in 2019 was \$288.71, a slight increase of 0.5% from 2018 (\$287.42).

EMPLOYEE THEFT

- **Apprehensions:** Survey participants apprehended 32,941 dishonest employees in 2019, down 2.9% from 2018.
- **Recoveries:** Dollars recovered from dishonest employee apprehensions totaled over \$45 million in 2019, up 7.8% from 2018.
- **Case Value:** The average dishonest employee case value in 2019 was \$1,380.62, a substantial increase of 11.0% from 2018's average case value (\$1,243.73).

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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32nd 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 35 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.](#)

32nd ANNUAL RETAIL THEFT SURVEY – 2020

Jack L. Hayes International, Inc.

Shrink Trend:

14 of the 21 retailers (66.7%) had an increase in company shrink
05 of the 21 retailers (23.8%) had a decrease in company shrink
02 of the 21 retailers (09.5%) had no change in company shrink

Shoplifting Apprehensions:

09 of 21 retailers (42.9%) had an increase in shoplifter apprehensions
10 of 21 retailers (47.6%) had a decrease in shoplifter apprehensions
02 of 21 retailers (09.50%) had no change in shoplifter apprehensions

Shoplifting Recoveries:

08 of 21 retailers (38.1%) had an increase in shoplifter recovery dollars
11 of 21 retailers (52.4%) had a decrease in shoplifter recovery dollars
02 of 21 retailers (09.5%) had no change in shoplifter recovery dollars

Shoplifting Recoveries Without an Apprehension:

11 of 15 retailers reporting (73.3%) had an increase in shoplifting recovery dollars without an apprehension
04 of 15 retailers reporting (26.7%) had a decrease in shoplifting recovery dollars without an apprehension
00 of 15 retailers reporting (00.0%) had no change in shoplifting recovery dollars without an apprehension

Dishonest Employee Apprehensions:

08 of 21 retailers (38.1%) had an increase in employee theft apprehensions
13 of 21 retailers (61.9%) had a decrease in employee theft apprehensions
00 of 21 retailers (00.0%) had no change in employee theft apprehensions

Dishonest Employee Recoveries:

11 of 21 retailers (52.4%) had an increase in employee theft recovery dollars
09 of 21 retailers (42.9%) had a decrease in employee theft recovery dollars
01 of 21 retailers (04.7%) had no change in employee theft recovery dollars

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32nd ANNUAL RETAIL THEFT SURVEY – 2020

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Based upon our survey results, for every \$1.00 recovered, \$14.75 is lost to retail theft. Therefore, **only 6.3 percent** of total retail theft losses result in a recovery.

Support/Calculation for the Above Statement:

- Annual retail sales of the participating companies were \$510,353,861,980.
- According to the 2019 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 2019)	\$510,353,861,980
Shrinkage (retail sales x 1.38%)	\$ 7,042,883,295
Allowance for "Paper-Related" Shrinkage (shrinkage x 30%)	-\$ 2,112,864,989
Shrinkage/Losses Due to Theft	\$ 4,930,018,306
Recovery Dollars (Survey Participants 2019)	-\$ 312,955,927 (6.3%)
Unaccounted-For Theft Losses	\$ 4,617,062,379 (93.7%)

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HAYES INTERNATIONAL'S 32nd ANNUAL RETAIL THEFT SURVEY

SHOPLIFTING - Thoughts Behind The Numbers

We asked our survey participants why their Shoplifting apprehensions and recovery dollars increased or decreased in 2019; they contributed the following:

Increased:

- Increased ORC (Organized Retail Crime) activity
- Legislation increasing felony thresholds embolden thieves
- More 'hit n run'/fleeing shoplifters
- Increased focus on the issue of shoplifting
- Less staffing created more opportunities for shoplifters

Decreased:

- More focus placed on recovery, than apprehension
- Increase in LP awareness and customer service
- Less LP/AP staff due to restructuring or transition
- More preventative measures in place (ie. Public View Monitors, Greeters, etc.)
- Less attention to shoplifting and more toward systemic shrink issues

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.
- **Thieves View Shoplifting as a High Reward, Low Risk Endeavor**
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.
- **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 32nd ANNUAL RETAIL THEFT SURVEY

EMPLOYEE THEFT - Thoughts Behind The Numbers

We asked our survey participants why their Dishonest Employee apprehensions and recovery dollars increased or decreased in 2019; they contributed the following:

Increased:

- More focus/attention toward associate theft
- Improved technology/analytic tools resulted in more DE cases
- Low unemployment rate in 2019, resulted in less quality hires
- Increase in merchandise credit card and loyalty card frauds
- Less associates in store created more opportunities for dishonest employees

Decreased:

- Added technology to higher risk stores to reduce exposures
- Better education and awareness programs for associates
- Decrease in LP Staff due to restructuring or transition
- Less focus on apprehensions and more focus on shrink creating processes
- 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, in 2019 some retailers 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.