

THE HAYES REPORT ON LOSS PREVENTION

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In This Issue

2023 NRSSPage 1

Highlights from the recently released 2023 National Retail Security Survey are listed here. Take a look, some numbers may surprise you!

Trends in Shoplifting StatisticsPage 2

This article reviews the last 10 years of shoplifting statistics from our Annual Retail Theft Survey (Years 2013 thru 2022) and some of the trends and highlights we noticed.

The LP Basics = Increased ProfitsPage 3

In this article Mark reminds us that the LP Basics are the foundation of any successful LP Program. These basics need to be implemented and complied with on a daily basis to help ensure year-end profits.

Testing For SuccessPage 3

With the new year upon us, now is a great time to check your shrink program preparation for the new year. Take our short test to gauge your shrink readiness for 2024.

The Bulletin BoardPage 6

See the Bulletin Board for some Background Screening stats.

Mark R. Doyle Talks - - -

Let's Make 2024 a Great Year



Goodbye 2023, Hello 2024! For many retailers 2023 was a difficult year with a stagnant economy, increased inflation which slowed consumer buying, and increases in organized retail theft, where many of these incidents were displayed in the media. When I look to 2024, I think preparation will be one of the keys to shrinkage improvement. Hopefully you have already begun your YE shrink program review and have started to make adjustments or corrections for 2024. Upon receiving and analyzing your 2023 YE shrink results, final program adjustments should be made, Target/Focus locations selected, and programs promptly rolled out (within 3-4 weeks of receiving YE shrink results).

Let's make 2024 an awesome year, and don't forget to follow us on the web, LinkedIn, Facebook and X! \$

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2023 National Retail Security Survey

By Mark R. Doyle

Some highlights from the 2023 National Retail Security Survey:

- YE 2022 shrink increased over 14% from 2021, coming in at 1.6% vs 1.4% in 2021.
- Retail sectors such as pharmacy, grocery, dept stores and mass merchants have annual shrink rates of over 2%, while those in specialty apparel have an average shrink rate of 1.9%.
- When taken as a percentage of total retail sales in 2022, shrink represents \$112.1 billion in losses, up from \$93.9 billion in 2021.
- 67% of respondents stated violence and aggression from ORC perpetrators had increased from a year ago.
- Internal and external theft accounted-for nearly two-thirds (65%) of Retailers' shrink. In some retail sectors theft accounted for more than 70% of shrink.
- Respondents attributed their shrink as follows: 36% External Theft; 29% Internal Theft; 27% Process, Control Failures & Errors; 6% Unknown; and 2% Other/Rounding.
- Retailers also reported increases in losses in areas such as ecommerce fraud and phone scams to solicit gift cards or cash.

The report can be downloaded at:

<https://nrf.com/research/national-retail-security-survey-2023> \$

Did You Know

- Thirty-eight (38) states do not consider shoplifting a felony unless \$1,000 or more is stolen.
D&D Daily
- A growing problem called “Cyber Shoplifting” is when a customer states they did not receive their package, or the package was damaged in the process, and they ask for their money back. These type cases have risen more than 40% in just the past two years.
Joplin News/Chargebacks911
- The best and worse states for Identify Theft per 100,000 residents in 2023 were:
Best:
 - . Vermont
 - . South Dekota
 - . Montana
 - . Wyoming
 Worst
 - . Washington DC
 - . Georgia
 - . Florida
 - . Nevada*FTC*
- Five best practices to be cyber secure:
 - . Enable multifactor authentication
 - . Don't use shared account credentials
 - . Change default username and password
 - . Check for software updates
 - . Set up user permission levels*Openeye.net*

Ten Year History - - -

Trends in Shoplifting Statistics

By Mark R. Doyle

The participants in our Annual Retail Theft Survey are all large retailers with AP/LP staffs dedicated to the prevention of theft (internal and external). Most use EAS, CCTV, security packaging, lock-up devices / cases, EBR (exception-based reporting) software, various pre-employment screening tools, and have thorough AP/LP training and awareness programs. They first prevent theft and make apprehensions as a last resort. Yet, shoplifting apprehensions continue to rise.

I thought it would be interesting to look back at the last ten years of statistics from our Annual Retail Theft Surveys and look for any shoplifting trends. I found the following:

(Note 1: Survey participants change slightly from year to year, so “% Change” is based on common participants for that year who also supplied statistics for the previous year. Note 2: 2020 was *Covid year)

Survey Participant Information

<u>Survey</u>	<u>Year</u>	<u># Retailers</u>	<u># Stores</u>	<u>Retail Sales</u>
35th	2022	26	22,182	\$704 Billion
34th	2021	25	22,751	\$656 Billion
33rd	2020*	22	18,594	\$507 Billion
32nd	2019	21	18,994	\$510 Billion
31st	2018	20	13,674	\$331 Billion
30th	2017	21	16,409	\$428 Billion
29th	2016	23	16,038	\$377 Billion
28th	2015	25	21,288	\$703 Billion
27th	2014	25	23,250	\$703 Billion
26th	2013	23	23,204	\$669 Billion

Shoplifting Apprehensions/Recoveries/Avg Case Value

<u>Year</u>	<u>Appr +/- %</u>	<u>\$ Recover +/- %</u>	<u>Avg SL Case Value</u>	<u>Avg Case Val +/-</u>
2022	+50.9%	+90.5	\$ 802.01	+26.2%
2021	- 16.2%	+06.1%	\$1,178.58	+26.6%
2020*	- 43.8%	- 36.5%	\$ 310.11	+13.0%
2019	+03.0%	+03.5%	\$ 288.71	+00.5%

Continued on Page 5

Testing For Success

Welcome to 2024! With the new year upon us, now is a great time to check your shrink program preparation. Take our short test below to gauge your shrink readiness for 2024.

1. Do you have a formal written LP/Shrink Control Program for your store and DC locations and has it been updated for 2024? **Yes No**
(Note: If you answered 'No', go directly to the bottom of this column).

2. Has your Store Program been written with realistic shrink requirements that stores can comply with given the lower staffing levels in many stores? **Yes No**

3. Will your 2024 Program be ready to roll-out within 3-4 weeks after receiving your year-end 2023 shrink results? **Yes No**

4. Does your 2024 Program address/focus on last year's highest loss locations, departments, and/or merchandise? **Yes No**

5. Does your Program require high loss/target locations create an "Action Plan" to address and correct their high loss areas? **Yes No**

6. Is a formal "third party" audit process in place to measure program compliance and help ensure program success? **Yes No**

Less than Six 'Yes' answers means some work is needed if you are to have shrink success in 2024.

(Note: If #1 was answered 'No', good luck on meeting your 2024 shrink goals!) \$

Compliance to Daily Controls - - -

The LP Basics = Increased Profits

By Mark R. Doyle

As we begin the 2024 new year, let's all make a commitment to keep the "LP Basics" a **daily** priority within our stores, warehouses, and distribution centers. While some losses do occur at the time of physical inventory taking (inaccurate counts, misidentifying merchandise, etc.), the greater majority of our losses occur day-to-day throughout the year. There are many opportunities for loss to occur from the time of product receipt, until it is purchased by our customers, or returned to a vendor/supplier, or disposed of. So, let's start 2024 off the right way by checking to ensure that your location is consistently doing the 'LP basics', day in and day out, no exceptions. We believe this is one of those areas that management sometimes takes for granted as being consistently complied with, since most companies have policies and procedures in place to address these 'basic' loss prevention/shrinkage control issues. Yet, our experiences consistently show that many locations, especially those with high losses, fail to properly implement, maintain, or consistently comply with 'basic' loss prevention policies and procedures on a daily basis.

Here are just a few "LP basics" you should be complying with on a daily basis.

Opening/Closing: From both a security and safety point-of-view, ensure two associates are always present at the opening and closing of the store/location.

Customer Service: All customers should be promptly greeted upon entering and then approached and offered assistance throughout their visit. Associates should not be so task oriented that they get tunnel vision and ignore customers walking about the sales floor.

Fitting Rooms: Lock and/or monitor fitting rooms at all times to ensure product going in is counted and accounted-for upon customer exiting. Keep fitting rooms clean, and caulk inside areas where tags/tickets could be concealed.

Manage Technology/Devices: Remember, technology (EAS, CCTV, merchandise alarms, locked showcases, keeper boxes, etc.) must be managed, and policies/procedures regarding this technology adhered to at all times.

Continued on Page 4

Believe It or Not

Over Half of Charges Recommended in Shoplifting Crackdown NOT Approved

The Vancouver Police launched a crackdown on chronic and violent shoplifters called "Project Barcode". Six months after charges were forwarded for prosecution on 217 people, less than half were approved and even fewer led to a conviction. Vancouver Police state the thieves were caught in the act, and they had very secure and solid evidence for each case. Police are asking the B.C. AG office why minimal charges have been filed.

Shoplifter Uses Unusual Getaway Vehicle

A Texas woman was observed on camera inside a store stealing a suitcase, boots, several items of clothing, and pepper spray. She drove away from the store with more than \$2,900 in unpaid for merchandise. She was apprehended by police on her getaway vehicle - a stolen motorized grocery cart!

Florida Pastor Leads \$5 Million Theft Ring

Police state a Florida Pastor and founder of a halfway house used his position and threat of abuse to manipulate vulnerable people into stealing 5-6 times daily. The goods would be delivered to the Pastor who along with his wife and mother, sold the items on the web. Police believe the Pastor was operating the theft ring for over 5 years, bringing the total loss of merchandise to over \$5 million.

Continued From Page 3

The 'LP Basics' = Increased Profits

Door Controls: *Back Doors:* All back/emergency exit doors should be protected by a *functioning* local alarm-lock which is 'set' at all times. *Overhead Doors:* These doors should be closed and padlocked when not in actual use, to prevent unauthorized entry or 'pass-outs'. *Customer Doors:* These entryways should be monitored at all times.

Bags Checks: All associates (including mgmt.) should have their bags consistently inspected immediately prior to exiting the location.

Trash Removal: Trash contents should be inspected by a manager/2nd person immediately prior to removal; boxes/cartons should always be flattened prior to removal; and clear trash bags used in all trash receptacles.

POS Transactions: Critical POS transactions such as refunds, voids, price overrides, etc. should be consistently verified at the time of occurrence by a manager/2nd person.

Pre-Employment Screening: Prior to hiring new associates, ensure your company's pre-screening requirements are fully complied with to assist in hiring only honest and 'quality' associates.

LP/Shrink Training: *New Hires:* Ensure all new-hires are familiar with your location's LP/Shrink Control Program, and all company P&Ps as they relate to merchandise accountability and control. *Current Associates:* Ongoing LP/Shrink materials should be regularly provided to and reviewed with all associates.

Receiving Process: If inbound freight is not received and documented accurately your numbers/inventory will be off from the start. Follow your company's receiving policy and promptly document and report any O/S/Ds.

Transfer/Delivery Process: Always double check for picking accuracy before finalizing any transfer or delivery.

Damaged & Defective Product: Product received or found damaged/defective in your location, must be treated the same as good saleable items and processed per policy.

Auditing: Ensure consistent compliance to company policies/procedures by conducting unannounced audits. By reducing the opportunity, you reduce the chance of theft/loss.

These are just some of the 'LP Basics' when it comes to practicing good loss prevention on a daily and consistent basis. Remember, daily controls will result in positive year-end profits. Now go have a great 2024! \$

Advisory Board

Mark R. Doyle

President/Owner of Jack L. Hayes International. For over 35 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.

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.

David J. Cherrington

Professor of Organizational Leadership and Strategy at BYU; certified SPHR, and recognized authority on employee dishonesty and white-collar crime.

Michael S. Mershimer

Globally recognized advisor to America's favorite franchised, retail & food service brands. For 30 years, has advised on & designed solutions which improve franchise sales reporting, brand compliance, and inventory shrink.

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Continued From Page 2

Trends in Shoplifting Statistics

Shoplifting Apprehensions/Recoveries/Avg Case Value

Year	Appr + / - %	\$ Recover + / - %	Avg SL Case Value	Avg Case Val +/-
2018	- 11.7%	- 01.4%	\$ 301.97	+ 11.8%
2017	+ 02.3%	+ 12.9%	\$ 381.25	+ 10.4%
2016	- 00.2%	- 00.9%	\$ 203.18	- 00.7%
2015	+ 02.0%	+ 03.2%	\$ 128.86	+ 01.2%
2014	+ 07.4%	+ 07.5%	\$ 133.80	+ 00.3%
2013	+ 02.5%	+ 04.5%	\$ 130.89	+ 02.0%

SL Recovery Dollars w/o an Apprehension Made

Year	\$ Recovered	Percent Increase/Decrease
2022	\$485 million	+ 44.1
2021	\$339 million	+ 51.5%
2020*	\$ 87 million	- 42.8%
2019	\$176 million	+ 11.0%
2018	\$126 million	- 1.4%
2017	\$185 million	+ 18.1%
2016	\$163 million	+ 14.6%
2015	\$142 million	+ 18.8%
2014	\$ 82 million	+ 15.2%
2013	\$ 98 million	+ 22.2%

Trends or highlights over the past 10 years include:

- The average shoplifting case value has risen in 9 of the past 10 years.
- The average shoplifting case value has increased more than 530% over the past 10 years.
- The dollars recovered from shoplifters where no apprehension was made - shoplifter was identified and ditched merchandise prior to leaving the store – has increased by double digits almost every year! \$
- Dollars recovered from shoplifters where no apprehension was made have skyrocketed the last 2 years. \$



Jack L. Hayes International, Inc. 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
- DC/Whse LP/Security Reviews
- Custom Designed & Implemented LP & Safety Programs and Audits
- 3rd Party Store & DC/Warehouse LP and Safety Audits
- Outsourced LP Services (Full or Hybrid)
- LP Organizational Review
- The Hayes Report on Loss Prevention Newsletter (quarterly)
- Annual Retail Theft Survey (35th)

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

You can email Mark R. Doyle @ mrd@hayesinternational.com

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The Bulletin Board

Background Screening Summary

Most Important Factors When Choosing a Screening Provider:

- . 68% Speed
- . 49% Accuracy of results
- . 49% Cost

Most Common Pre-Employment Checks:

- . 86% Criminal
- . 69% Social security number verification
- . 52% Drug and/or alcohol testing

Where Candidate Discrepancies Were Most Often Found:

- . 86% Employment verification
- . 43% Education verification
- . 24% Criminal – previous undisclosed convictions

Top Benefits of Pre-Employment Screening:

- . 66% Better Quality hire
 - . 52% More consistent safety & security
 - . 42% Improved regulatory compliance
- (Source: 2023 Global Benchmark Report – Hire Right)

Share your favorite 'Bulletin Board' items. Submissions for "The Bulletin Board" should be emailed to: operations@hayesinternational.com

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Safety Signage: Really?

