

THE HAYES REPORT

ON LOSS PREVENTION

QUARTERLY

SUMMER 2020

VOL. 35 NO. 3

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What your competition is doing to reduce/control shoplifting in their stores, can have a major impact on the level of shoplifting in your store. How well does your store compare with your competition when it comes to anti-shoplifting controls and measures?
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Mark R. Doyle Talks - - -

The Survey Says...Theft Increased in 2019



This Summer newsletter is about a month earlier than usual due to multiple requests for the results of our 32nd Annual Retail Theft Survey (see below and pages 4 & 5). We will have more stats and discuss some thoughts behind the numbers in future issues of this newsletter. I would like to express our sincere thanks to 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. As of this writing, stores are beginning to reopen, and it is good to see the industry moving forward once again. Be on high alert for increases in shoplifting and internal theft as thieves have had their supply cutoff (stores closed), and many have lost their jobs and may be facing financial difficulties. Stay vigilant, stay safe, stay healthy and we will all get through this together. \$

Losses Up in 2019 - - -

32nd Annual Retail Theft Survey

By Mark R. Doyle

We recently completed our 32nd 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 with some thoughts behind the number, visit our website at:

<http://hayesinternational.com/news/annual-retail-theft-survey/>

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 appre-

hensions increased 2.4% and recovery dollars from those apprehensions were up 4.9%. Shoplifting apprehensions and recovery dollars increased 3.0% and 3.5% respectively, with recovery dollars from shoplifting incidents without an apprehension increasing 11% to \$176 million. While employee theft apprehensions were down 2.9%, the recovery dollars from those apprehensions increased 7.8%. 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. \$

Did You Know

- In 2019, the number of reported identify theft frauds in the United States jumped by 45%, with the states of Georgia, Florida and California reporting one-third of all U.S. identity theft reports.

Precise Security/FTC Consumer Sentinel

- Cargo theft at retail locations breaks down as follows:
 - Convenience Stores 48.1%
 - Service/Gas Stations 24.5%
 - Specialty Stores 10.4%
 - Dept/Discount Stores 9.4%
 - Grocery/Supermarket 3.8%
 - Liquor Store 2.8%
 - Shopping Mall 1.0%

FBIUCR

- Password length is much more important than password complexity when it comes to securing your passwords. Instead of using a short complex password that is hard to remember, consider using a longer password (minimum 15 characters) involving multiple words.

National Institute Standards & Technologies

- The General Duty Clause, Section 5(a)(1) of the Occupational Safety and Health Act is intended to give OSHA a means to address hazards for which no standard is on the books. To no surprise, GDC citations are challenged more often than citations stemming from other standards.

Safety + Health

- 7 in 10 responding retailers say a federal law is needed to effectively fight ORC.

2019 Organized Retail Crime Report

Be Aware & React - - -

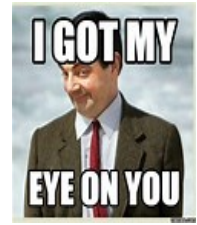
Competition's Impact on Shoplifting

By Mark R. Doyle

When evaluating your location's shoplifting vulnerability, do you look outside your four walls at what other retailers are doing within your center/mall, especially your immediate competition? When working with client locations we ask them this question and many times we get a blank stare or "No, why?" Then we ask them about their competition's pricing, sales strategies and current promotions, they quickly reply with what's happening in these areas with their competitors. We will then ask them why they know all this information about their competitor's pricing, sales promotions, etc. but nothing about what they are doing to control shoplifting. Once again, we get the blank stare or "I don't know".

We most often find this scenario within smaller to midsize retailers. Store management has little to no idea what their competition is doing within the area of anti-shoplifting, and how their actions may be influencing theft at their own store. When it comes to shoplifting prevention, we have found that shoplifters are creatures of habit like many people and will take the path of least resistance when possible. So if your competition has better anti-shoplifting controls and measures in place than your store does, they are likely "pushing" the shoplifters to your store.

For example, does your competition:
- Have more sales floor coverage and provide better customer service



than you do?

- Have less "blind spots" on their sales with better overall sales floor visibility than you?

- Utilize any anti-shoplifting "tools" that your store does not, including: EAS (electronic article surveillance), Ink/Fluid Tags, CCTV system, Customer View Monitors, Facial recognition, RFID, Anti-shoplifting signage, Spider wraps, Keeper boxes, etc.)?

- Protect their high value/highly pilferable merchandise in locked showcases while your store openly displays with little if any protection?

- Use fitting room checkers, or locks FR doors and monitors customer usage of FR more closely than your store?

- Uses off-duty police, guard or a greeter and you do not?

- Have a stricter refund policy than your store does?

- Does your competition prosecute shoplifters and your store does not?

Unfortunately if you answered "Yes" to several of the above questions, your store could be known as an "easy mark" to shoplifters.

So what should you do? We recommend visiting 3 to 4 nearby competitor stores and evaluate what they are doing to reduce/control shoplifting within their stores. Remember, your anti-shoplifting measures should be better than, or at least equal to, your competitors to keep your store from being known as an "easy mark" for shoplifters. \$

OSHA's Most Cited in 2019 - - -

Top 10 Safety Violations

By Mark R. Doyle

OSHA recently released their statistics for the "Top 10" most frequently cited safety violations during 2019. Knowing these "Top 10" violations should assist you in analyzing your own operations to ensure they are in continued compliance. We highly recommend this analysis take place in the near future, so you can keep your associates and customers safe and avoid any big fines from OSHA (see two examples below).

The Top 10 safety violations and the top hazard(s) cited for each violation are:

#1 Fall Protection - General

Failure to provide adequate fall protection (sides & holes)

#2 Hazard Communication

Failure to develop/maintain written Haz Comm Program & Training

#3 Scaffolding

Failure to provide adequate fall protection & support

#4 Lockout/Tagout

Failure to develop/maintain written lockout/tagout Program and training

#5 Respiratory Protection

Failure to evaluate need/use of respirator, and written program

#6 Ladders

Failure of ladder side rails and used only for designed purpose

#7 Powered Industrial Trucks

Failure to operate safely and ensure operator competency and training

#8 Fall Protection - Training

Failure to provide and train employees exposed to fall hazards

#9 Machine Guarding

Failure to provide proper machine guarding

#10 Personal Protective Eye/Face

Failure to ensure affected employees use correct eye & face protection

The penalties OSHA assesses for failure to adhere to the above and other safe workplace practices can be significant, especially if there are repeat and willful violations. Two examples:

A retail specialty chain was assessed \$898,692 in penalties/fines following a complaint and inspection of 4 locations. Major citations:
- 8 repeat, and 3 serious violations
- Unsafe storage/stacking of boxes
- Blocked electrical panels
- Improper ladder use
- Blocked aisles & exit routes

A facility was assessed \$782,526 in penalties/fines following a complaint. Major citations:
- 7 serious, 6 willful, 1 repeat and 3 other-than-serious violations
- Failure to train on Lockout/Tagout
- Lack of machine guarding
- Failure to comply with forklift regulations
(Note: OSHA placed the company in its Severe Violator Enforcement Program.)

Have a safe and successful 2020! \$

Testing For Success



We hear of break-ins to stores and warehouses/facilities not only through our industry connections but also in the media (ie. Thief cuts hole in wall/roof/OH door; Man stays in store overnight; etc.). Take the short quiz below to see if your alarm system is sufficient to protect your location.

1. Does each authorized associate have their own unique alarm code (no sharing of codes)? **Yes No**
2. Has your location's alarm code list been reviewed and updated within the past 3 months? **Yes No**
3. Does your alarm system protect all points of entry (doors, windows, etc.), contain internal traps (motion, sound, beams), and have a backup device in case of compromise? **Yes No**
4. Has a thorough review/tests of each point-of-protection of your alarm system been completed within the past 3 months? **Yes No**
5. Does alarm company make immediate notification when alarm is accessed outside of authorized hours; and are alarm reports reviewed for unusual activity? **Yes No**

Hopefully, you were able to answer "Yes" to all five questions above. If not, take corrective actions now to reduce your vulnerability to break-ins and stay-ins. \$



Believe It or Not

Using Diversion to Steal

In central Florida deputies say a woman used an unusual diversion tactic to shoplift from a store. According to police, a woman clogged the store's toilets causing them to overflow to distract store employees as she walked out of the store with over \$400 in store merchandise. Investigators stated when the employees went to investigate the bathroom issue, the woman exited the store and was then seen placing the stolen items in the dumpster. After dumping the merchandise, she was seen talking to someone in a vehicle who then approached the trash dumpster as if to gather the stolen items placed inside. The woman took off running when the store employees spotted her outside the store.

Bar Code Used Multiple Times

A known shoplifter was observed spending too much time at a self-checkout station and the police were called. Upon exiting the store, the woman was approached by officers and showed them her receipt which reflected she had purchased a \$0.55 Play-Doh container over 30 times. However, there was not a single can of Play-Doh in her cart, instead she had almost \$600 worth of items in her cart. The woman used a Play-Doh bar code stuck to her hand which she scanned multiple times to commit her under-ring theft.

SURVEY PARTICIPANTS

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

TOTAL RETAIL THEFT APPREHENSIONS

	<u>2018</u>	<u>2019</u>	<u>Difference</u>	
			<u>#/\$</u>	<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>Difference</u>	
			<u>#/\$</u>	<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 Appreh.*	38.72	33.44		- 13.64%
(*9 companies reporting)				
Recoveries	\$159,015,646	\$176,505,815	\$17,490,169	11.00%
(No Apprehension Made)				

EMPLOYEE THEFT

	<u>2018</u>	<u>2019</u>	<u>Difference</u>	
			<u>#/\$</u>	<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%

**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. Dollar 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.

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 2018, 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.

One out of every 50 employees was apprehended for theft from their employer in 2019. *(Based on comparison data of over 1.6 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. Producer of several award winning LP training programs and author of the book "Business Fraud: From Trust to Betrayal".

David J. Cherrington

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

Mark R. Doyle

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.

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Design and layout by Cathy A. Doyle.

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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:

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The Bulletin Board

Pushout Theft Stats

(A person or people who roll through a retailer's store exit with a loaded shopping cart of unpaid merchandise.)

Average Pushout Theft Dollar Amount: \$1,342

Average Age of Pushout Theft Shoplifter: 33

Days of the Week With Highest Pushout Thefts: Thurs & Wed

Time of Day with Highest Pushout Thefts: 8pm to 6am

Top 5 Most Pushed Out Items: Food/Alcohol, Electronics, Clothing, Power Tools, Appliances

Large Dollar Amount Stolen: \$17,491 (Power Tools)

Most Items Stolen: 323 (\$11,427)

(Source: 2019 Pushout Theft Annual Snapshot)

* * * * *

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

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Wesley Chapel, FL 33544
or emailed to: operations@hayesinternational.com



Trucker 'Singing the Booze' When Beer Goes Missing!

A new truck driver called to tell his boss his truck had broken down and it would take \$2,000 to tow and fix. His boss said he was on his way but upon arrival the truck carrying 1,500 cases of beer and driver were not to be found. Four days later police got a tip of someone selling beer from a trailer in front of a residence. The street party led to the driver's arrest. \$

