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Retail theft costs reach \$104B annually

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Thieves are costing retailers and consumers \$104 billion each year, or about \$230 per household, according to the second annual Global Retail Theft Barometer.

"Shrink is a serious threat to retailers' bottom lines, and amounts to a hidden tax on consumers who are already dealing with the strain of tightening household budgets during the economic downturn," said Rob van der Merwe, president and chief executive officer of **Checkpoint Systems**, a merchandise tracking and security company that sponsored the study.

Shrinkage is described as stock lost from crime or waste as a percentage of sales.

In North America, shrinkage totaled \$42.3 billion, or 1.48 percent of sales, with the U.S. accounting for most of it.

The cost of retail crime, which was calculated on the basis of crimes by customers, employees and suppliers/vendors (excluding internal error), plus the costs of loss prevention, were \$112.8 billion in 2008, compared with \$108.1 billion last year.

Employee theft is the No. 1 cause, making up 46.3 percent of shrinkage in North America.

Retailers reported that stolen merchandise accounted for 38.4 percent, or \$14.6 billion, of internal fraud, while 23.8 percent of internal losses were in the form of stolen cash, coupons, vouchers or gift cards comprising more than \$9 billion.

Nearly 5.3 million customers and employees were caught stealing between July 1, 2007, and June 30, 2008, with 84.6 percent of them customers. The average amount stolen or admitted stolen per customer theft incident was \$328. But employees actually stole the most, averaging \$1,842.

The total value recovered, including customer and employee theft, was \$3 billion.

And, in case you were wondering what it is that people stole, thieves appear to be fairly consistent in their choices, regardless of geographic region.

Shaving products, cosmetics, alcohol, meat and other expensive foods, infant formula, CDs and DVDs, fashion, electronic games, cellular phones and watches are among the favorites.

Retailers estimated that they lost, on average, between 2 percent and 5 percent of new product lines, with such popular products as Harry Potter books, electronic games and recent DVDs reaching loss levels of up to 8 percent.

The report is based on data from a survey of 920 large retailers with combined sales of \$814 billion and 115,612 operating retail outlets.