

Retailers Estimate Shoplifting, Incidents of Fraud Cost \$44 Billion in 2014 According to National Retail Security Survey

RETAIL NEWS

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NRF/University of Florida Survey Finds Shrinkage Totaled 1.38% of Sales Last Year

Long Beach, California, June 24, 2015 – A new study being released from **NRF PROTECT**, the industry's largest retail loss prevention event in North America, finds that retailers lose billions of dollars to shoplifting, employee and vendor theft and administrative error – collectively known as inventory shrink. According to the National Retail Federation/University of Florida National Retail Security Survey, retailers say inventory shrink averaged 1.38 percent of retail sales, or \$44 billion, in 2014.* The report was sponsored by **The Retail Equation**.

Specifically, retailers surveyed estimate that shoplifting accounted for the largest part of reported shrink in 2014 – 38 percent, followed by employee/internal theft (34.5%), administrative and paperwork errors (16.5%), vendor fraud or error (6.8%) and unknown loss (6.1%).

“Retail loss prevention professionals have one of the hardest jobs in the industry – protecting their customers, employees and merchandise from the threat of harm and fraud, and the results of this survey prove the enormity of their task,” said NRF President and CEO Matthew Shay. “Retailers will continue to network with each other and educate decision makers in Washington about the burdens these crimes place on consumers, retail companies, their employees and the economy.”

“A common misperception about shoplifting is that retailers can ‘afford’ the loss of a candy bar or a pair of jeans, but the truth is that the industry loses billions of dollars each year at the hands of callous criminals that could be put towards human capital, promotions and other necessary business operations,” said NRF Vice President of Loss Prevention Bob Moraca. “Though we are encouraged by the partnerships forged with law enforcement over the years and advances in technology that will help deter a crime before it happens, criminals continue to thwart much of the progress retailers have made thus far.”

When it comes to loss prevention budgets, 39.4 percent of those surveyed say their budget for 2015 increased over last year; just over one-third (36.6%) said their budgets would be similar to what they were last year – leaving 23.9 percent of respondents with decreased resources.

Dr. Richard Hollinger, criminology professor at the University of Florida and lead author of the NRSS for the past 24 years, notes this year's shrink percentage is the lowest seen in the survey's history.

“Loss prevention professionals have done a commendable job of elevating the issue of shrink and retail fraud within their own companies and with industry insiders and the public, but the battle wages on to find ways to contain further losses to their businesses,” said Hollinger. “As retail issues like shrink and security become more complex, retailers should continue to work together as an industry to ensure continued partnerships, with the end goal of finding the most effective asset protection solutions possible.”

Media wishing to contact Dr. Hollinger can email press@nrf.com for an interview request.

About the Survey

The National Retail Security Survey is a survey of loss prevention executives that benchmarks retail shrinkage and operational information about how retailers are combating losses. The study, which surveyed 100 senior loss prevention executives from various sectors in retail in March and April 2015, is a partnership between the University of Florida and the National Retail Federation.

NRF is the world's largest retail trade association, representing discount and department stores, home goods and specialty stores, Main Street merchants, grocers, wholesalers, chain restaurants and Internet retailers from the United States and more than 45 countries. Retail is the nation's largest private sector employer, supporting one in four U.S. jobs – 42 million working Americans. Contributing \$2.6 trillion to annual GDP, retail is a daily barometer for the nation's economy. NRF's **This is Retail** campaign highlights the industry's opportunities for life-long careers, how retailers strengthen communities, and the critical role that retail plays in driving innovation. NRF.com.

** The methodology for the survey changed in 2015 and as such, NRF does not have comparable data from prior years for this year's report.*



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