

About the Current Crime Trends Survey

The Retail Industry Leaders Association's (RILA) Current Crime Trends Survey was first released in December of 2008 examining the observations, actions and reactions of retailers in correlation with the existing economic downturn. RILA has continued to monitor these trends over the past year, launching a follow-up survey in May of 2009 and our most recent survey in January 2010.

RILA asked retail loss prevention professionals to report measured or perceived changes in crimes against retailers over the last six months. Respondents included the largest and fastest growing retailers in the US, ranging from grocery, mass merchant, specialty store, apparel, electronics, appliances, and fabric & craft retail.

This survey originated from the RILA Crimes Against Business Committee.

About The Retail Industry Leaders Association

The Retail Industry Leaders Association (RILA) is the trade association of the world's most innovative and successful retail companies, whose executives participate in RILA for its unique educational forums, its effective public policy advocacy, and its advancement of the retail industry.

RILA members include more than 200 retailers, product manufacturers, and service suppliers, which together account for more than \$1.5 trillion in annual sales, millions of American jobs and more than 100,000 stores, manufacturing facilities and distribution centers domestically and abroad.

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Survey Information

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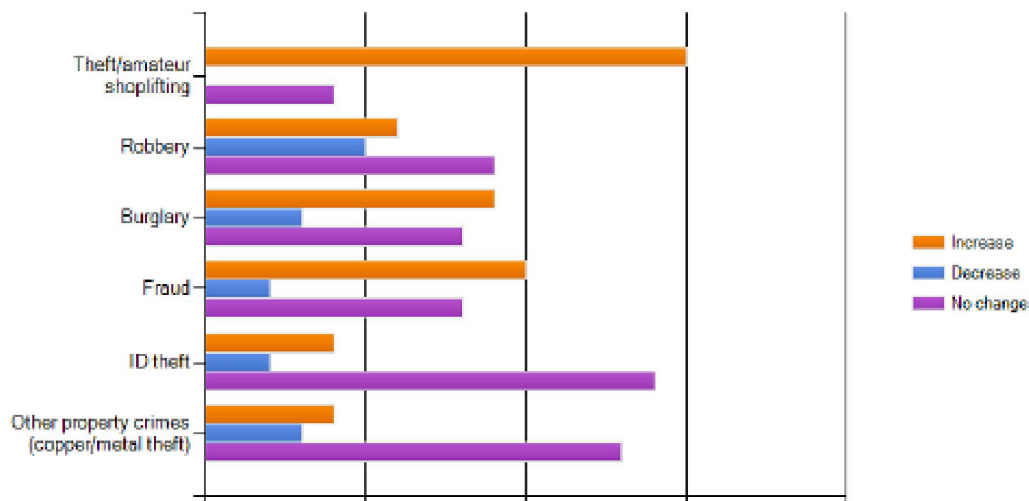
Retail Crime Trends:

According to the survey, the largest retailers report that retail crime is continuing to rise as the economy turns toward recovery.

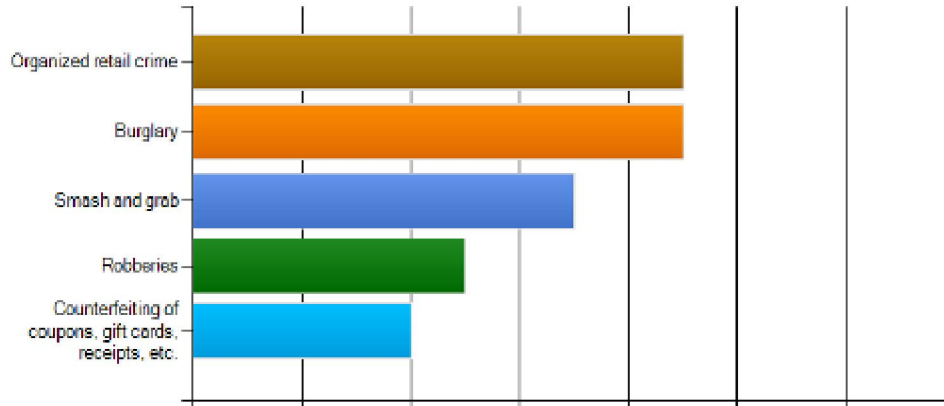
- **78%** of retailers report seeing an increase in amateur and opportunistic shoplifting
- **65%** of retailers report seeing an increase in organized retail crime
- **74%** of retailers report seeing an increase of stolen items being found in online market places compared to **47%** in traditional fencing operations, **47%** in flea markets and **16%** in pawn shops

Retailers are also seeing an increase in burglary and fraud while reporting that other types of crimes, such as robbery and ID theft, are unchanged and continue to remain problems for retailers. These trends remain consistent with historical crime trends associated with economic distress and job instability and therefore continue to persist alongside the current economic climate.

What trends are you seeing in the following types of incidents?

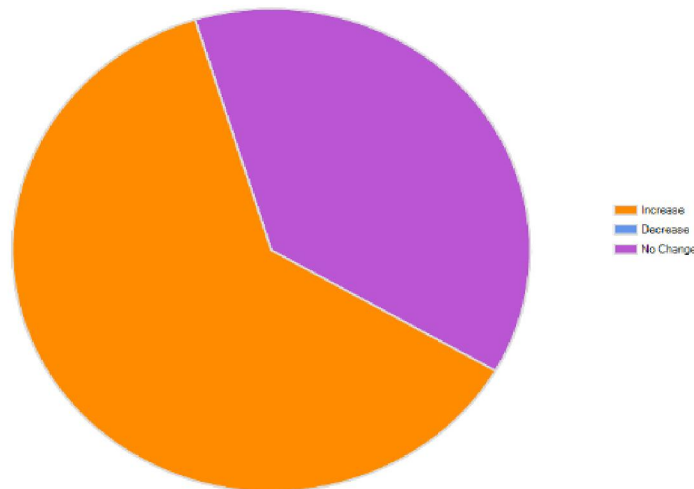


Any common methods being identified?



“These trends are deeply troubling. We have seen a steady increase in retail crimes over the last year as criminals continue to take advantage of the current economic climate to expand their activity,” said Casey Chroust, executive vice president, retail operations.

What trends are you seeing in organized retail crime?

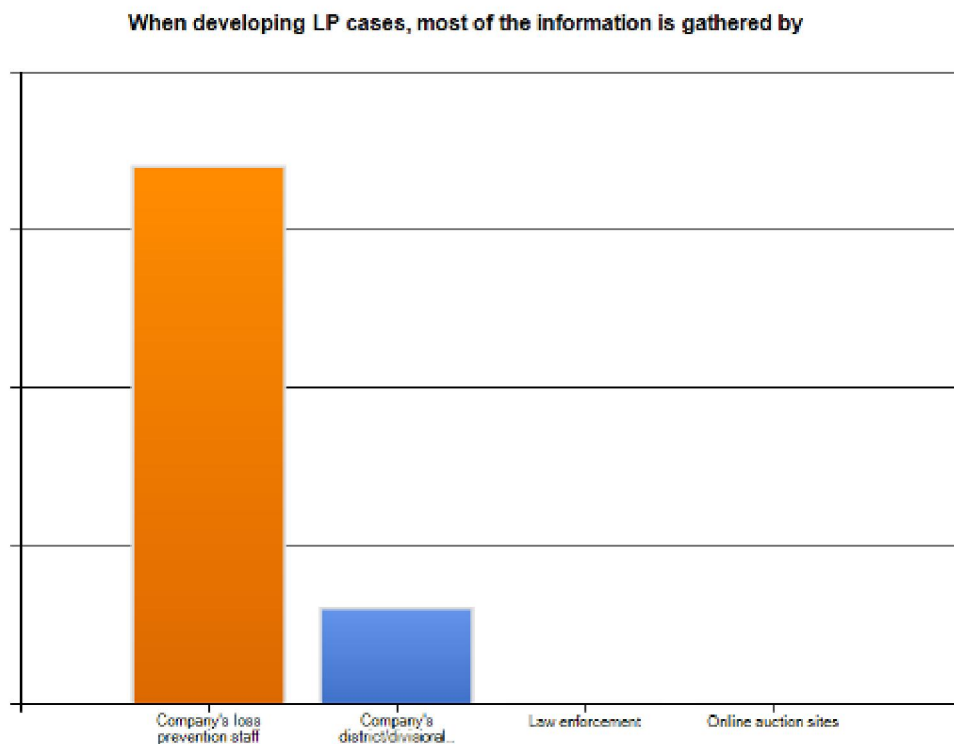


“When stolen goods due to organized retail crime are mishandled or altered, the health and safety of end users can be jeopardized. In most cases, consumers are unaware of the unlawful source of the products purchased from anonymous sellers. This is of particular concern when sensitive items such as baby formula, diabetic test strips and over the counter medicine is involved.” said Casey Chroust, executive vice president, retail operations.

Gathering Case Information:

When developing Loss Prevention (LP) cases, all retail respondents reported that the majority of their intelligence is gathered from within their organization.

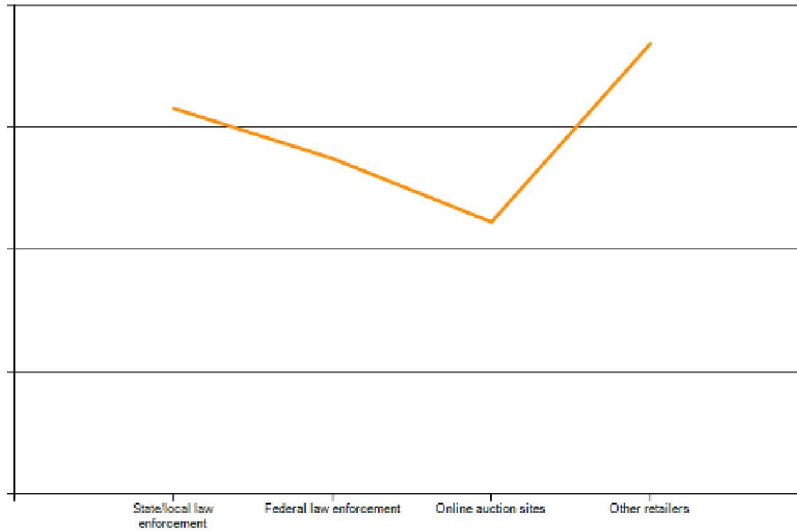
- **85%** of retailers report that most of their intelligence is gathered by their corporate loss prevention staff
- **15%** report that it is gathered by district and divisional stores



Retailers also rated the level of assistance and information they receive from federal, state and local law enforcement, online auction sites and other retailers when compiling cases and investigations.

Retailers report that other retailers were rated as offering the most assistance and information followed closely by State and local law enforcement. Federal law enforcement was cited as offering some assistance but limited information. Online auction sites were rated as improving but still needing to provide more information and assistance.

Please rate the following entities by the level of information/assistance that you receive from them when compiling cases/investigations (1 being no information, 5 bring the all information asked for).



Retailers reported that there were no decreases in stolen items being found in online marketplaces, pawn shops, flea markets and traditional fencing operations.

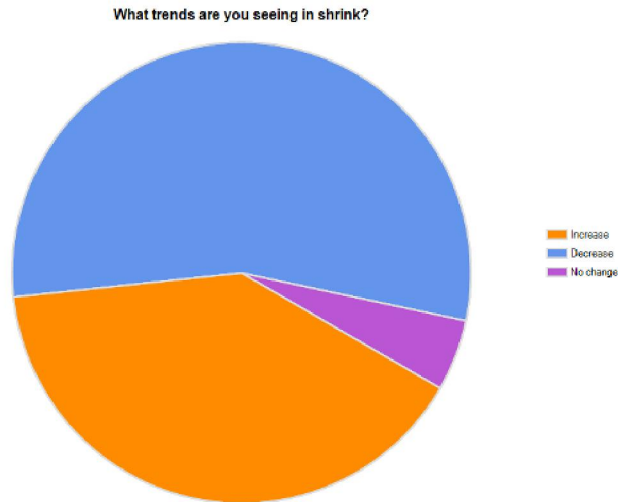
- **75%** of retailers saw an increase of stolen items being found in online marketplaces
- **47%** in flea markets
- **47%** in traditional fencing operations
- **16%** in pawn shops

Have you seen an increase in stolen items being found in the following channels?



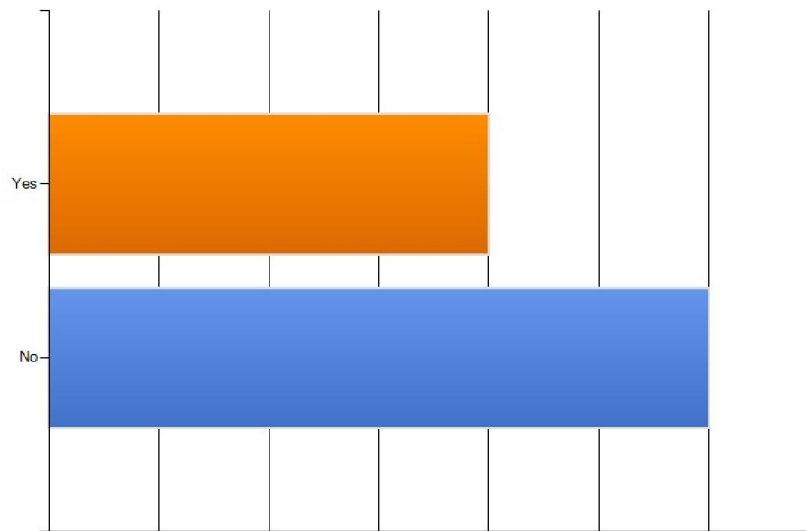
Shrink:

Retail respondents also reported a decrease in shrink, noting that this decrease is not attributable to a decline in theft but citing both process improvements and a decline in their sales base and therefore smaller inventories to manage.

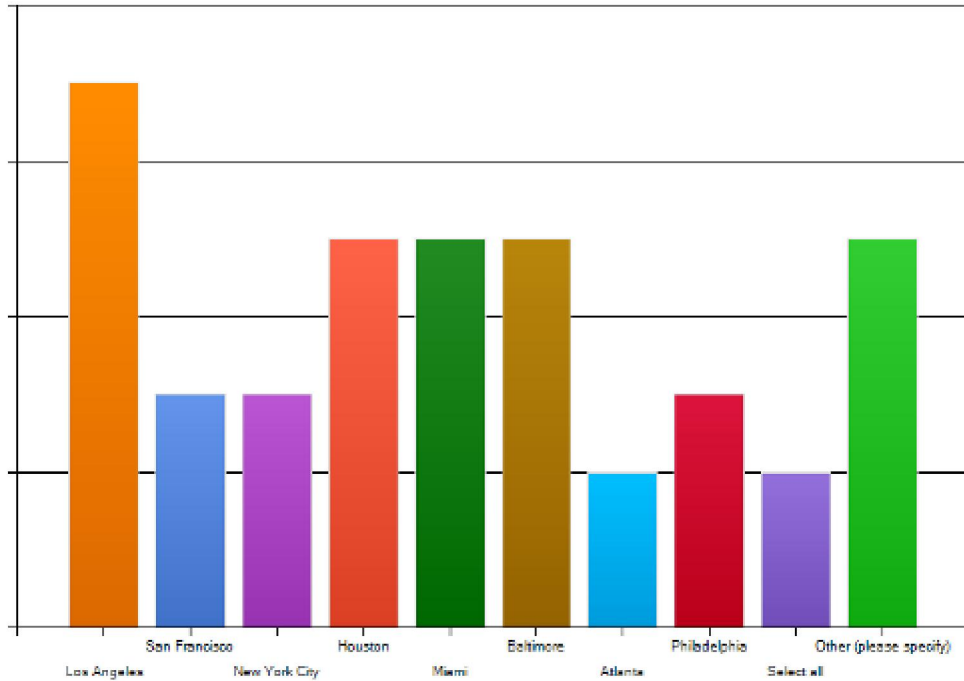


Complex cities and highly urbanized states are often the first to display increases in unlawful activity. Previous survey results in both December 2008 and April 2009 had shown increases permeating beyond these regions and into a number of rural and suburban areas not typically prone to such increases. According to the January 2010 report retailers saw a decrease in shrink across rural and suburban markets.

Have there been increases of incidents in rural and suburban markets? (e.g. Kansas City, KS)

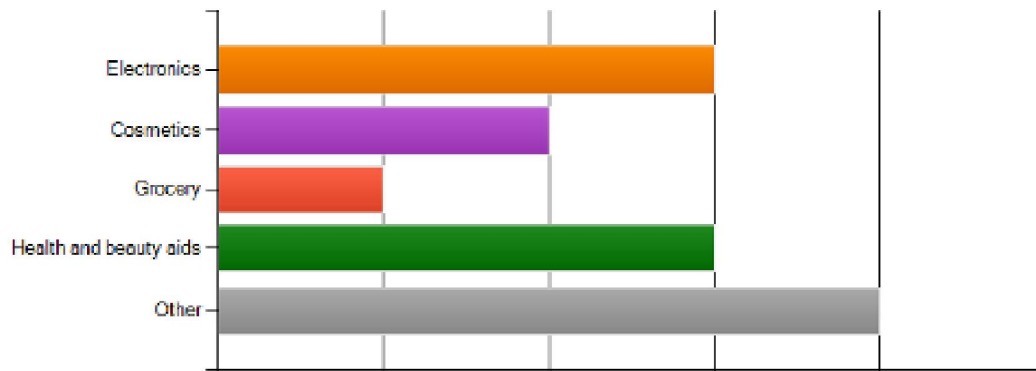


What geographical markets have seen the most increase?



In regard to shrink within specific business segments, retailers reported shrink to be worse in electronics and video games, and health and beauty aids, followed by cosmetics, grocery and finally high end merchandise, jewelry and other miscellaneous items that fell under the “other” category.

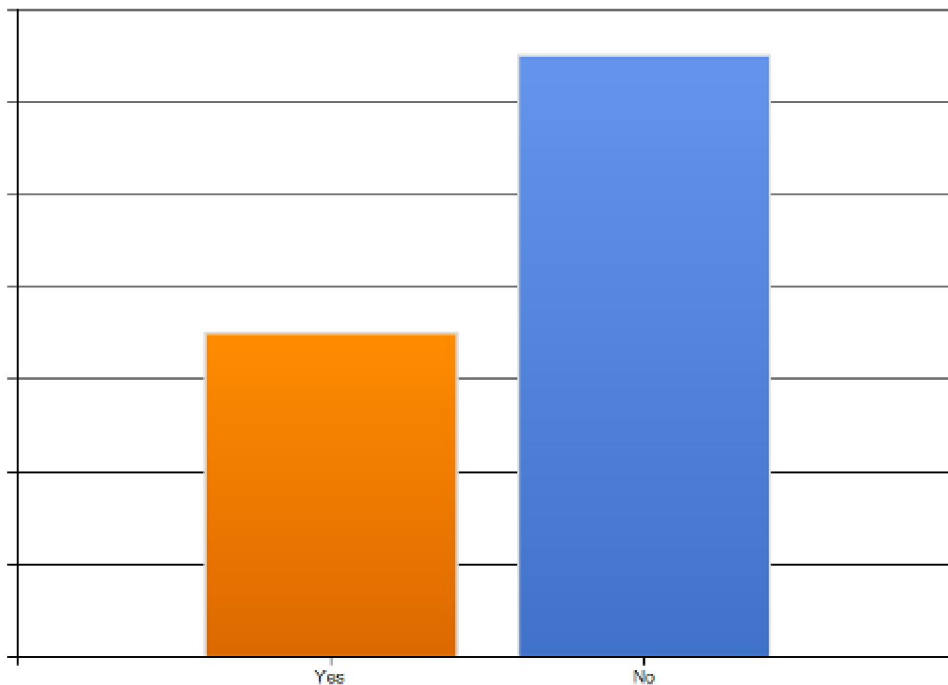
In what business segment has shrink been the worse?



Resources:

Sixty-five percent (65%) of respondents reported that they have not seen loss prevention and security staffing models change due to economic pressures. Prevention methods that have proven successful to deter incidents include:

Have loss prevention/security staffing models changed due to the economic pressures?



- Radio frequency (RF) electronic article surveillance (EAS)
- Increased use of exception based reporting and video analytics
- Electronic hiring and more diligent background checks
- Improved store level reporting
- Hiring of off-duty law enforcement to cover front doors during busiest hours
- Increased use of video surveillance systems
- Increased use of anti-theft devices like spyder wraps and keepers
- Store Management spending more time on the floor

Also reported were several new and innovative prevention approaches being considered, tested and used by retailers, including:

- Offering store level associates incentives related to shrink reduction
- Detailed training of Store Management at the district level and of staff in key positions within the store

- Reallocation of Loss Prevention resources to provide the same or more coverage with less
- Increased awareness training

Solutions and Recommendations to Combat Growing Crime Trends/Organized Retail Crime:

Retailers must continue to work together to build awareness and solutions and react to these trends quickly through resource allocation, process improvement and capital spending. They must also collaborate with trade associations at the national and state levels, legislators and law enforcement to address these issues.

RILA remains dedicated to strengthening the position of the retail industry and providing support, thought leadership, networking, research, benchmarking and education to the loss prevention community to help solve these issues while encouraging all retailers to get involved in these efforts.

RILA chairs the Coalition Against Organized Retail Crime, (CAORC) and will continue the campaign for the passage of federal legislation to combat this rising crime and encourage all retailers and their partners to join.