

## **About the Current Crime Trends Survey**

The Retail Industry Leaders Association's (RILA) Current Crime Trends Survey debuted in December of 2008 and examined the observations, actions and reactions of retailers from the start of the existing economic downturn through December 2008.

As a follow up to the December 2008 Crime Trends Survey, RILA asked retail loss prevention professionals to report measured or perceived changes in crimes against retailers over the last four months. Respondents included 32 of the largest and fastest growing retailers in the US, ranging from grocery, mass merchant, specialty store, apparel, electronics and appliances and fabric and craft retail.

This survey originated from the RILA Crimes Against Business Subcommittee

## **About The Retail Industry Leaders Association**

The [Retail Industry Leaders Association](#) is the trade association of the world's largest and most 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 promotes consumer choice and economic freedom through public policy and industry operation excellence. Its members include the largest and most successful companies in the retail industry—retailers, product manufacturers, and service suppliers—which together account for more than \$1.5 trillion in annual sales. RILA members provide millions of jobs and operate more than 100,000 stores, manufacturing facilities, and distribution centers domestically and abroad.

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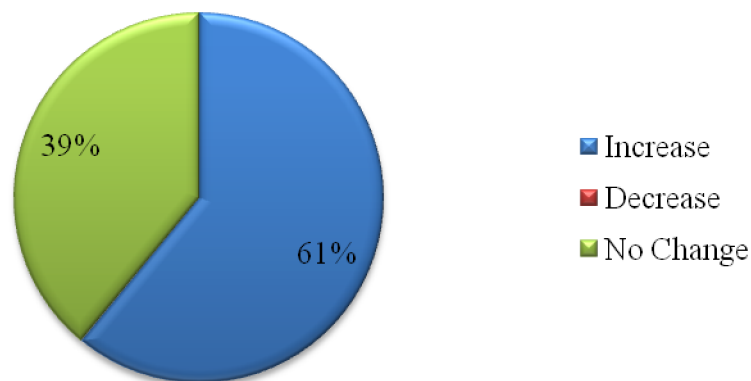
## RILA Current Crime Trends Survey

According to RILA's Crime Trends Survey, as economic pressures have persisted into 2009, amateur or opportunistic shoplifting events, financial fraud, robberies and burglaries as well as large increases in organized retail crime (ORC) have continued to climb across all retail segments.

- 61% of retailers surveyed have experienced an increase in amateur/opportunistic shoplifting in the last 4 months.
- Not a single retailer responding reported a decrease in amateur/opportunistic shoplifting since last surveyed in December 2008.

*“As we continue to track these trends into 2009, instances of amateur or opportunistic shoplifting has not decreased, instead continue to rise. This spike in activity corresponds directly with persistent economic pressures.” ~ Paul Jones, vice president asset protection*

### Theft/Amateur Shoplifting

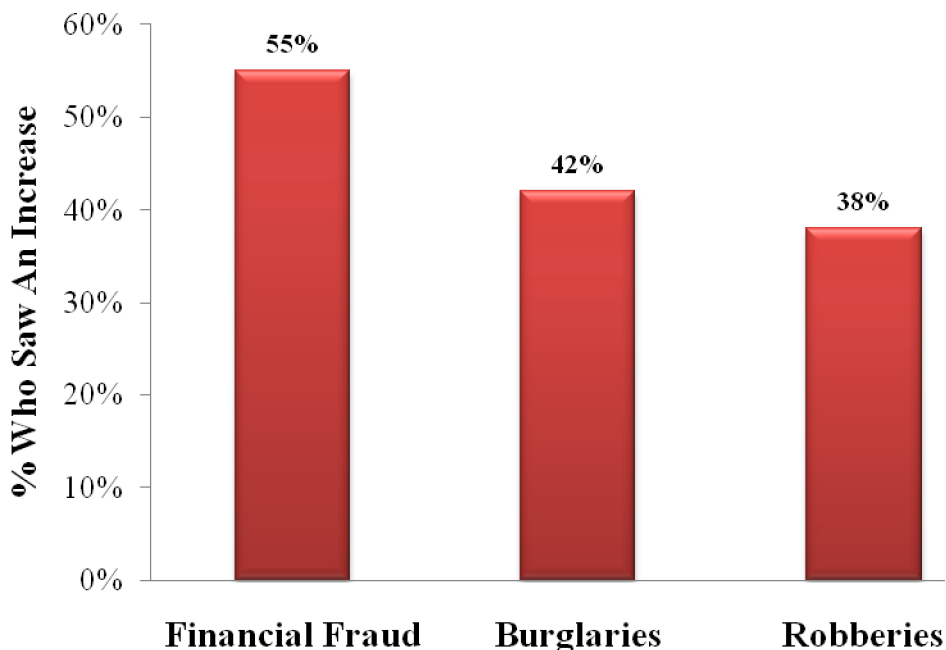


The increase in issues related to robberies, burglaries, and fraud remain consistent with historical crime trends associated with economic distress and job instability and therefore continue to persist alongside the current economic climate.

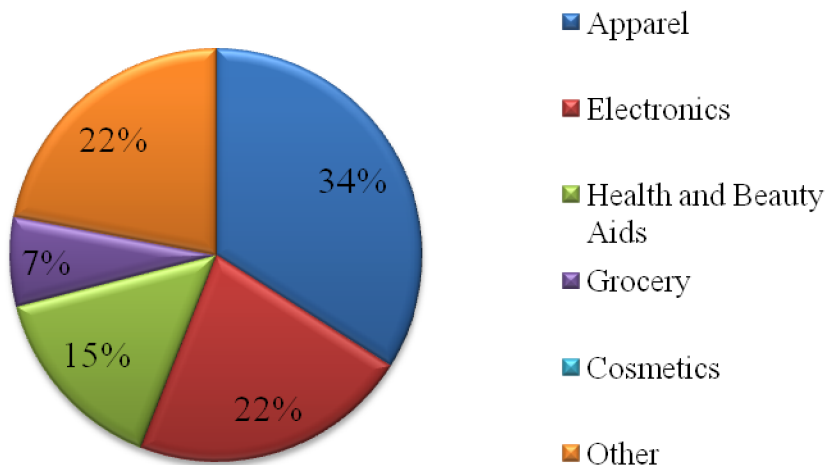
*“These crimes present unwelcomed challenges to retailers and communities of all sizes directly impacted their growth” ~ Paul Jones, vice president asset protection, RILA*

**Additional Serious Crimes Have Increased Since December 2008**

- 55% have experienced an increase in financial fraud
- 42% have experienced an increase in burglaries
- 38% have experienced an increase in robberies



**What business segment is most impacted by rising crime trends?**



**Continued Regional Increases in Crime Trends a Troubling Sign**

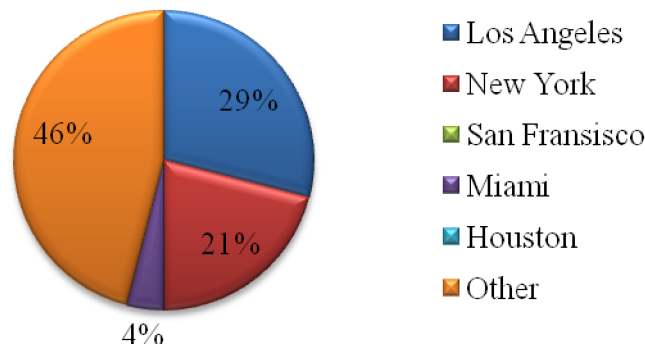
Survey results in both December 2008 and April 2009 note upward trends in regions not typically prone to such increases. Complex cities and highly urbanized states are often the first to display increases in unlawful activity. Survey results show that increases have permeated beyond these regions and onto a number of non-traditional regions.

**April 2009:**

- **Cities:** Birmingham, Chicago, Cleveland, Columbus, Dallas, Detroit, Hilton Head, Houston, Little Rock, ,Orlando, Phoenix, Portland, Kansas City
- **States:** Alabama, Arizona, Arkansas, Florida, Georgia, Illinois, Kansas, New Jersey, Maryland, Michigan, Mississippi, Missouri, North Carolina, Oregon, Texas

Respondents noted that they are seeing increases all across the East Coast, Rural Southeast, West Coast, Midwest, Gulf Coast and in areas with high unemployment rates and home foreclosures, “small town America,” and rural markets.

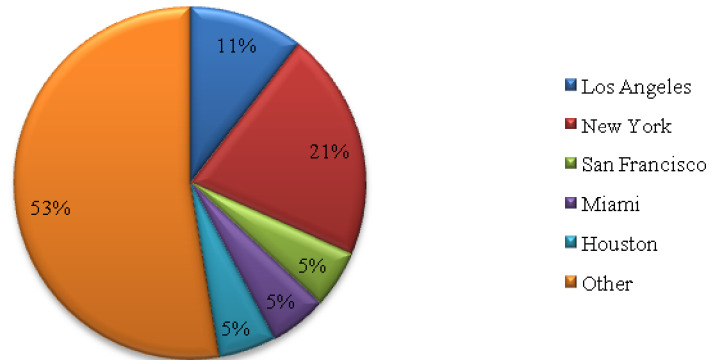
**What geographical markets are most impacted by incident increase?**



**December 2008**

- **Cities:** Atlanta, Austin, Blue Springs, Cincinnati, Dallas, Houston, Kansas City, Mobile, Montreal, Naples, Nashville, Orlando and St. Louis.
- **States:** Arizona, Colorado, Iowa, Kansas, Missouri and New Mexico.

**What geographical markets are most impacted by incident increase?**



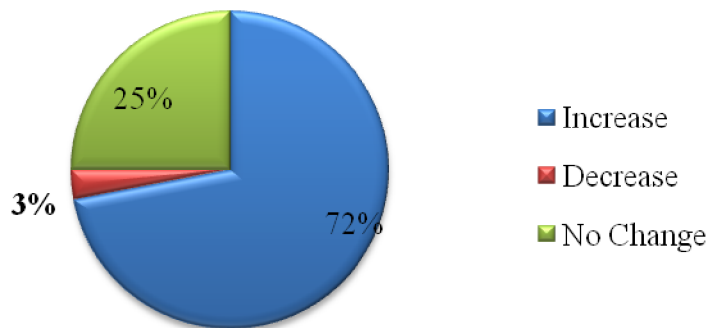
**Organized Retail Crime**

ORC involves sophisticated crime rings that steal and stockpile huge quantities of merchandise that they then sell often to unwitting buyers. The stolen merchandise is sold through flea markets, swap meets, pawn shops and increasingly through internet auction sites.

Unlike simple shoplifting or other crimes of opportunity, ORC growth attributed to a slowed economy is less likely to decline as the economy improves. The criminal enterprises associated with ORC become reliant on the revenue derived from the commission of this crime and thus will likely continue to commit these crimes as the economy improves.

- 72% of respondents report that they continue to see an increase in organized retail crime. (Estimates of the scale of ORC range in the tens of billions of dollars annually.)

**Organized Retail Crime**



*“Organized retail criminals continue to increase their activity, this is a serious crime issue with real health and safety implications, and the profits from ORC are often used to fund additional criminal activity.” ~ Paul Jones, vice president asset protection*

ORC criminals rely on a patchwork of antiquated state laws that allow them to evade detection and prosecution. Operating with near impunity, organized retail crime gangs flourish, feeding other criminal activity. Additionally, ORC puts customers at risk when they unwittingly purchase improperly handled goods such as diabetic test strips and baby formula. ORC also harms communities by funding other criminal activity as well as depriving them of the tax revenues essential to funding critical services.

*“These trends confirm that organized retail criminals are capitalizing on the challenges of the current economic climate and show no sign of slowing. The resulting ability to fund additional crimes should be a concern to everyone,” added Jones.*

To learn more about how organized retail crime works, and to see other examples of how this affects all of us or to write your member of congress urging support for legislation to combat ORC visit [orcawareness.com](http://orcawareness.com)

### **Solutions and Recommendations to Combat Growing Crime Trends/Organized Retail Crime**

- Retailers must to continue to work with local law enforcement to address these issues
- Retailers must to react to these trends quickly through resource allocation, process improvement and capital spending.
- Retailers must continue to collaborate with each other, RILA and law enforcement to build awareness and solutions.
- RILA and its members will be working with law enforcement to help retailers by providing thought leadership, networking, research, benchmarking and education and encourage all retailers to get involved in these efforts
- RILA co-chairs [Coalition Against Organized Retail Crime](#), (CAORC) to advocate federal legislation to address organized retail crime. In 2009, three bills were introduced into the 111th Congress to address this growing crime.
  - **The Combating Organized Retail Crime Act of 2009 S470** introduced by Senator Dick Durbin (D-IL) and co-sponsored by Senator Amy Klobuchar (D-MN), would clarify existing law to give law enforcement the tools to fight ORC, require on-line and off-line market places to investigate suspicious sales, and place basic disclosure requirements on on-line marketplaces.
  - **The Organized Retail Crime Act of 2009 HR1173**, introduced by Congressman Brad Ellsworth (D-IN) and co-sponsored by Congressman Jim Jordan (R-OH), would amend federal criminal code, making it illegal to engage in activities that further organized retail crime. To deter illegal activities of organized retail criminals, it would also impose specific and narrow obligations upon on-line

- marketplaces known to be used by high-volume sellers of stolen merchandise.
- **The E-Fencing Enforcement Act of 2009 HR1166**, introduced by Congressman Bobby Scott (D-VA), is a carefully tailored bill that tackles the selling of stolen goods on-line, the bill would address ORC by imposing reasonable duties on on-line marketplaces to collect information that law enforcement can in turn use to prosecute those that fence goods on their websites. The bill requires that on-line marketplaces halt the sale of goods on websites if the goods are determined to be stolen.
  - RILA will continue the campaign to advocate for the passage of federal legislation to combat ORC and encourage all retailers to join the Coalition Against Organized Retail Crime.
  - Retailers need to work with their national and state retail associations to work with legislators and educate them on these rising crime issues and support necessary and needed changes to aid in curtailing rising retail crime.

### **Final Thoughts**

The current economic instability has had widespread effects on American consumers. Retailers understand full-well the challenges these difficult times present and as these directional trends continue retailers will remain ever watchful and poised to address these increasing crime issues and develop proactive strategies and solutions accordingly.

RILA recognizes the importance of advocacy, education, thought leadership and of collaboration. The RILA Crimes Against Business Subcommittee, Workplace Safety Subcommittee and Loss Prevention Steering Committee will be working to develop proactive solutions for our member companies in and around these issues in addition to plans leading educational events for our conference in May 2010 to assist all retailers.