

About the Current Crime Trends Survey

The Retail Industry Leaders Association's (RILA) Current Crime Trends Survey is the brainchild of the RILA [Crimes Against Business Subcommittee](#). This original survey examines the observations, actions and reactions of retailers since the start of the existing economic downturn to the current time, with considerable emphasis on the economy's impact on the retail environment through criminal actions and behavior.

As seen from the loss prevention perspective, 52 of the largest and fastest growing retailers in the US, representing grocery, drugstore, mass merchant, specialty store, apparel, electronics and appliances and fabric and craft retail responded. This survey is separated into the following three segments: specialty, large format and grocery/drugstore.

About The Retail Industry Leaders Association

The [Retail Industry Leaders Association](#) (RILA) is a trade association of the largest and fastest growing companies in the retail industry. Member companies include more than 220 retailers, product manufacturers, and service suppliers, which together account for more than \$1.5 trillion in annual sales. RILA members operate more than 100,000 stores, manufacturing facilities and distribution centers, have facilities in all 50 states, and provide millions of jobs domestically and worldwide.

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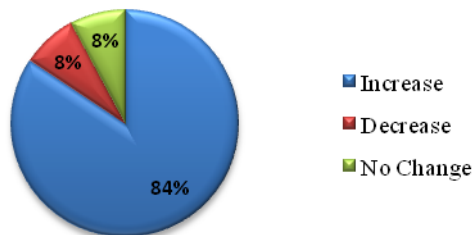
RILA Current Crime Trends Survey

According to RILA's Crime Trends Survey, as economic pressures increase, crimes of opportunity as well as sophisticated organized theft are on the rise. The survey compiles the perspective of 52 of the largest retailers operating in the U.S. Based on survey findings, RILA reports sizable increases in amateur or opportunistic shoplifting events, financial fraud, robberies and burglaries as well as increases in organized retail crime (ORC) across all retail segments.

- 84% of retailers surveyed have experienced an increase in amateur/opportunistic shoplifting

“Instances of amateur or opportunistic shoplifting are increasing at an alarming pace. This spike in activity corresponds directly with current economic pressures.” ~ Paul Jones, vice president asset protection

Theft/Amateur Shoplifting



Specialty retail segment, grocery/drugstore segment and large format segment all reported a significant increase in amateur shoplifting.

Potentially contributing to these increases is the perception, in some cases public pronouncements, that local law enforcement authorities dealing with their own budget reductions will be limited in their ability to address crimes of this nature.

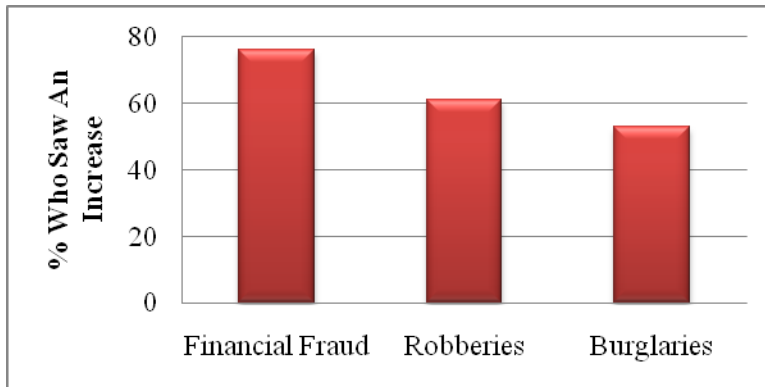
- King County, WA is facing a budget shortfall. In response on October 1, 2008 the Prosecuting Attorney established a new policy that they will no longer prosecute or arrest retail or property theft under \$1,000, despite \$250 being the threshold for a felony in WA and instead will issue tickets. Even more drastic, the Sheriff announced that she will no longer pursue any property theft under \$10,000 due to staff and budget limits.
 - Budget cuts may pay off for retail thieves; *Seattle Post Intelligencer*, 5 December 2008

The increase in issues related to robberies, burglaries, and fraud also appear consistent with historical crime trends associated with economic distress and job instability.

“The current uptick in theft, fraud and robbery are an unfortunate, yet unsurprising consequence of an economy in distress.” ~ Paul Jones, vice president asset protection, RILA

Additional Serious Crimes Increasing

- 76% have experienced an increase in financial fraud
- 61% have experienced an increase in robberies
- 53% have experienced an increase in burglaries

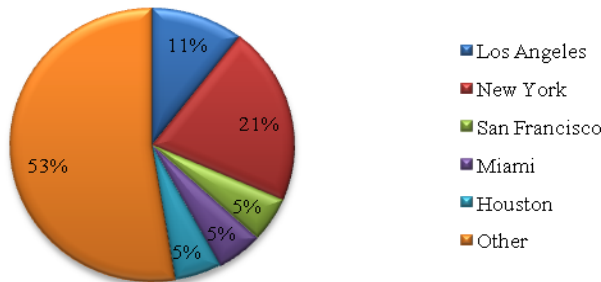


Regional Increases a Troubling Sign

The survey denotes 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. However, survey results show that increases have permeated beyond these regions and onto a number of non-traditional regions including:

- **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?



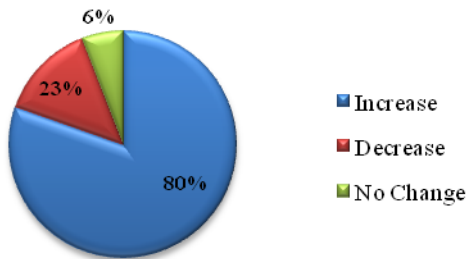
Organized Retail Crime

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.

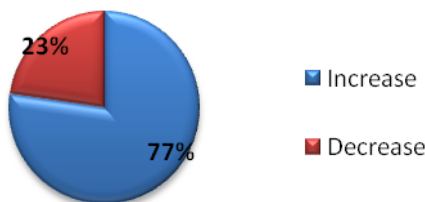
- 80% of retailers surveyed reported experiencing an increase of organized retail crime (Estimates of the scale of ORC range in the tens of billions of dollars annually.)

Organized Retail Crime

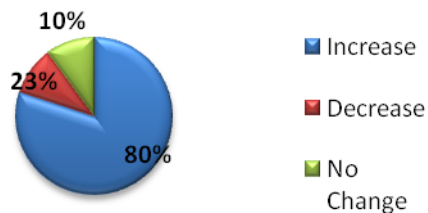


- 89% of those responding within the grocery/drugstore segment followed closely by the large format segment where 80% reported increases. Finally, 77% of specialty retailers reported noticeable increases in organized retail crime.

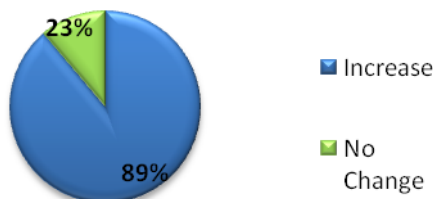
Specialty



Large Format



Grocery/Drugstore



“Organized retail criminals are ramping up their activity. The resulting ability to fund additional crimes should be a concern to everyone.” ~ 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 the 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.

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 2008, three bills were introduced in Congress to address this growing crime.
 - The Organized Retail Crime Act of 2008 (**HR 6491**) Introduced by Congressman Brad Ellsworth (D-IN)
 - The E-Fencing Enforcement Act of 2008 (**HR 6713**) Introduced by Congressman Bobby Scott (D-VA)
 - The Combating Organized Retail Crime Act of 2008 (**S 3434**) Introduced by Senator Richard Durbin (D-IL).
- 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

Directional trends indicate that challenges lie ahead as retailers work to develop proactive strategies and solutions to address these serious and increasing crime issues. The current economic instability has had widespread effects on American consumers. Retailers understand full-well the challenges these difficult times present and are resolute in making careful adjustments in their operations to come to proactive solutions and meet the needs of consumers.

RILA recognizes the importance of advocacy, education, thought leadership and the importance 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 and are in the midst of actively planning a portfolio of leading educational events for our conference in May 2009 to assist all retailers.

Finally the Retail Industry Leaders Association has collaborated with [The Loss Prevention Research Council](#) and Dr. Read Hayes to produce the [First National Report on Organized Retail Crime](#). The purpose of this groundbreaking report is to educate law enforcement, retailers, legislators and the public about this growing crime problem. The report is set to be released in the coming weeks, for more information visit www.rila.org.