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2016 National Retail Security Survey

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2016 National Retail Security Survey

Dr. Richard Hollinger, University of Florida

The Retail Equation
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NRF NATIONAL RETAIL FEDERATION

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Overall Inventory Shrink as a Percentage of Sales

2014 Shrink	
.49% and below	15.8%
Between .50% and .99%	18.4%
Between 1 and 1.24%	19.7%
Between 1.25% and 1.49%	15.8%
Between 1.5% and 1.99%	13.2%
Between 2% and 2.99%	10.5%
3% and higher	6.6%

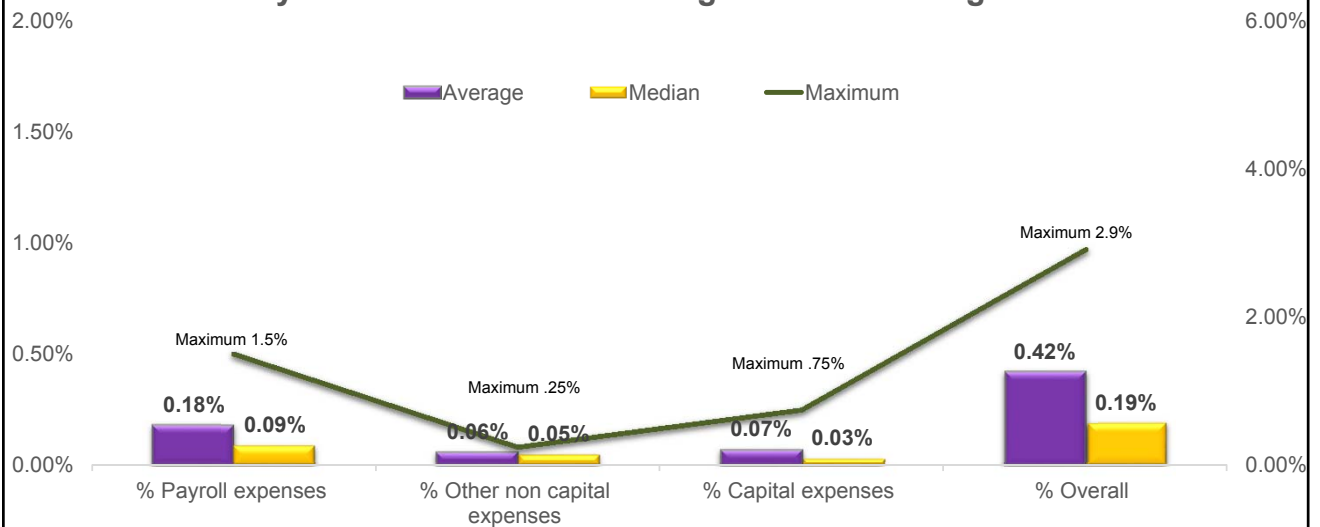Pie chart values: 5.4%, 14.9%, 13.5%, 5.4%, 17.6%, 17.6%, 25.7%
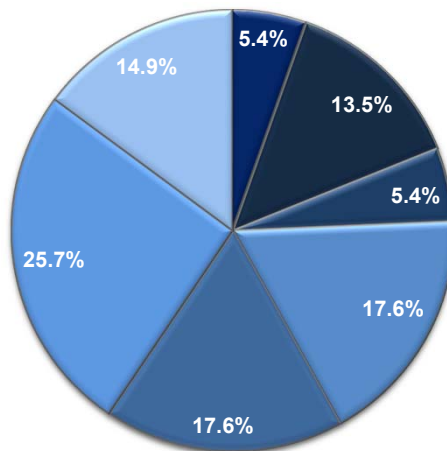
- 3% and higher
- Between 2% and 2.99%
- Between 1.5% and 1.99%
- Between 1.25% and 1.49%
- Between 1 and 1.24%
- Between .50% and .99%
- .49% and below

Average=1.38%
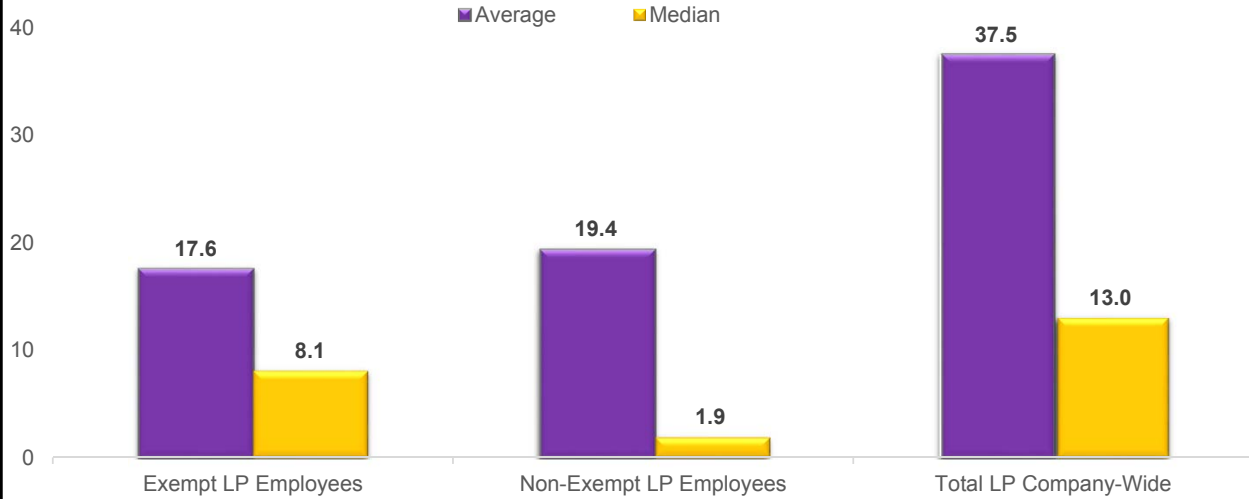Median=1.21%

Source of Inventory Shrinkage
(Average)

Source	Percentage
% Shoplifting/external (including ORC)	39.3%
% Employee theft/internal	35.8%
% Administrative and paperwork error	16.8%
% Vendor fraud or error	4.8%
% Unknown loss	7.2%
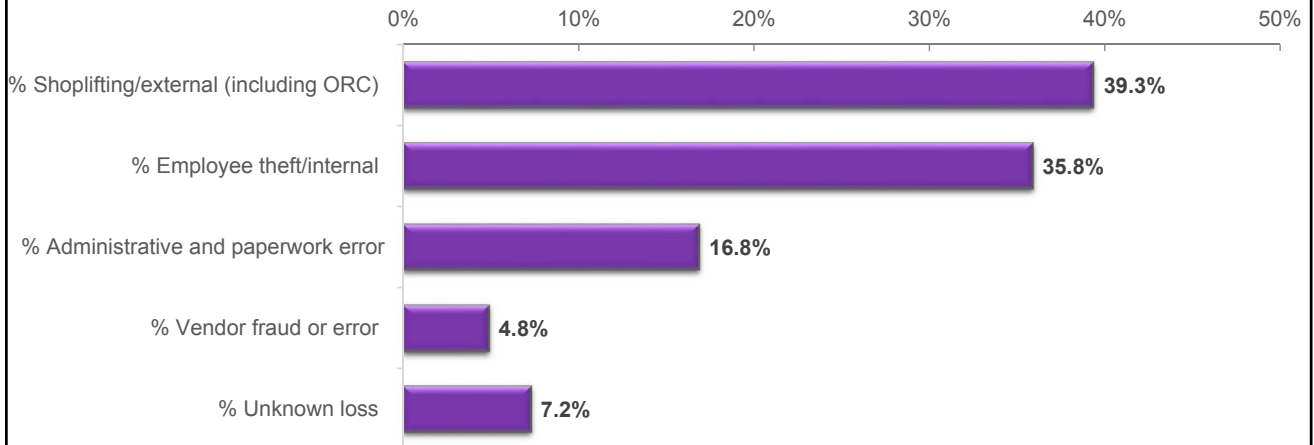
Security and Loss Prevention Budget as a Percentage of Sales

Legend: Average, Median, Maximum

	% Payroll expenses	% Other non capital expenses	% Capital expenses	% Overall
Average	0.18%	0.06%	0.07%	0.42%
Median	0.09%	0.05%	0.03%	0.19%
Maximum	1.5%	.25%	.75%	2.9%

Retail Loss Prevention Employees Company Wide-per $1 Billion in Annual Sales

LP Management – Representation by Demographic Groups
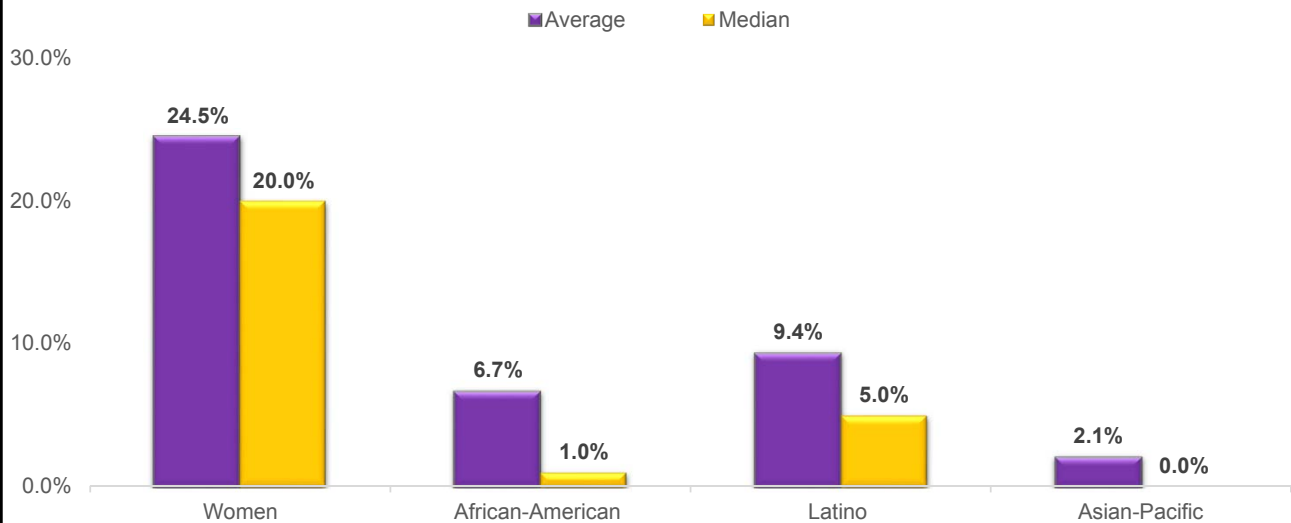
Employee Integrity Screening Options Used by Retailers

Response	2015	% Point Difference
Criminal conviction checks	89.2%	+0.2 ⬆
Multiple interviews	81.5%	-4.8 ⬇
Verify past employment history	61.5%	-11.1 ⬇
Personal reference checks	58.5%	-3.1 ⬇
Drug screening (laboratory)	55.4%	-4.9 ⬇
Driving history	41.5%	-7.8 ⬇
Education verification	35.4%	-8.4 ⬇
Credit checks	33.8%	+5.0 ⬆
Computer assisted interview	16.9%	-11.9 ⬇
Pre-employment honesty testing	15.4%	-1.0 ⬇
Mutual protection association	12.3%	0.0
Worker's compensation claims	4.6%	+3.2 ⬆
Handwriting analysis	0.0%	0.0

Loss Prevention Awareness Programs Used by Retailers

Response	2015	% Point Difference
Anonymous telephone "hotline"	93.8%	-0.8 ⬇
Bulletin board notices and posters	92.3%	+4.5 ⬆
Code of conduct	90.8%	0.3
Discussion during new hire orientation	83.1%	-7.4 ⬇
Newsletters	72.3%	+18.2 ⬆
Training videos	66.2%	-5.4 ⬇
Active Shooter training program	61.5%	-4.7 ⬇
Anonymous online / email notification system	60.0%	+4.6 ⬆
Periodic programs and lectures	58.5%	+7.1 ⬆
Honesty incentives (e.g. cash & gifts)	56.9%	+2.8 ⬆
Internet, webbased communications	55.4%	0.0
Internet interactive or CDROM training	44.6%	0.0
In-store, employee LP committees	41.5%	+3.7 ⬆
Training audio/announcements	27.7%	+0.7 ⬆
Employee surveys about LP issues	26.2%	-2.2 ⬇
Paycheck stuffers	6.2%	-1.9 ⬇

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Top Loss Prevention Systems in Use

System	Percentage
Burglar alarms	93.8%
Digital video recorders	93.8%
Live customer visible CCTV	82.8%
POS data mining	82.8%
Armored car deposit pickups	73.4%
Web-based case management and reporting	64.1%
Remote IP CCTV monitoring	60.9%
Live, hidden CCTV	59.4%
Uniformed guards	57.8%
Check approval database screening systems	56.3%

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Retail Loss Prevention Systems with The Greatest Change in Use Compared to 2014

Response	2015	% Point Difference
POS data mining	82.8%	+12.9 ↑
Live customer visible CCTV	82.8%	+7.5 ↑
Armored car deposit pickups	73.4%	-17.0 ↓
Live, hidden CCTV	59.4%	-6.4 ↓
Uniformed guards	57.8%	+7.1 ↑
Check approval database screening systems	56.3%	-10.8 ↓
Cables, locks and chains	54.7%	-9.7 ↓
Merchandise alarms	42.2%	-8.5 ↓
IP analytics	39.1%	+9.0 ↑
Silent alarms	34.4%	+7.0 ↑
Plain clothes store detectives	26.6%	-14.5 ↓
RFID merchandise tags for inventory control	7.8%	-8.6 ↓

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Apprehensions and Actions Taken Against Dishonest Employees

(Average, Median)

	Average	Median
# of Apprehensions	865.3	137.5
# of Terminations	552.7	136.0
# of Prosecutions	158.3	20.0
# of Civil Demands	241.5	25.5
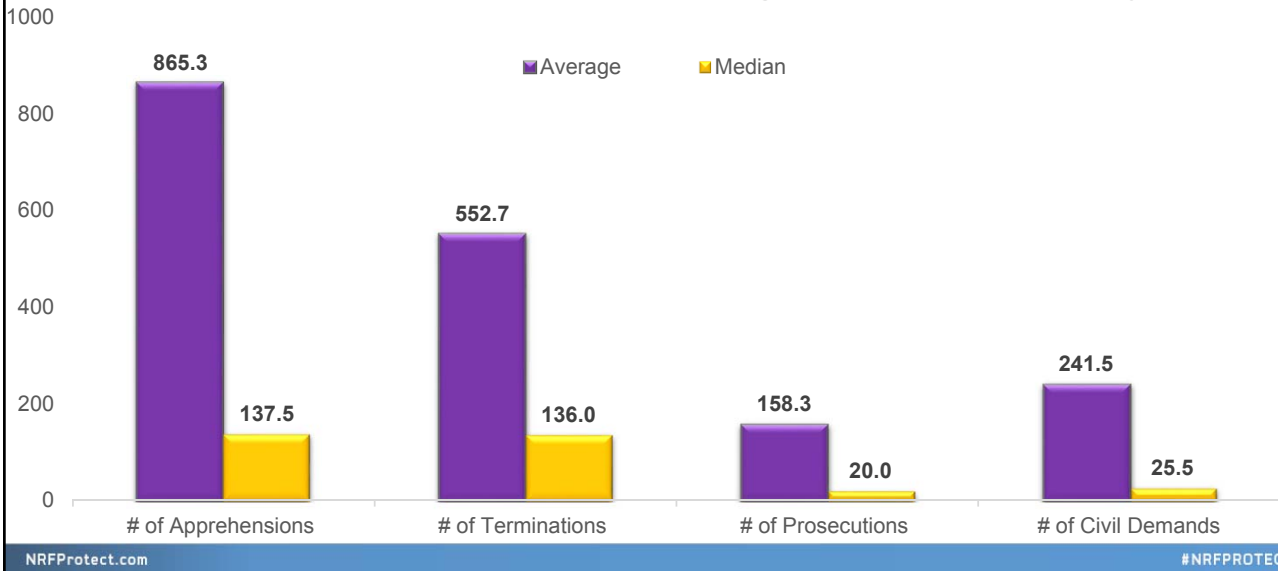
Average Dollar Loss per Dishonest Employee Case

Average=**$1233.77**
Median=**$622**

- $5,000 and above — 18.6%
- Between $2,000 and $4,999 — 13.6%
- Between $1,000 and $1,999 — 10.2%
- Between $750 and $999 — 22.0%
- Between $500 and $749 — 11.9%
- Between $400 and $499 — 10.2%
- Between $250 and $399 — 11.9%
- Up to $249 — 1.7%
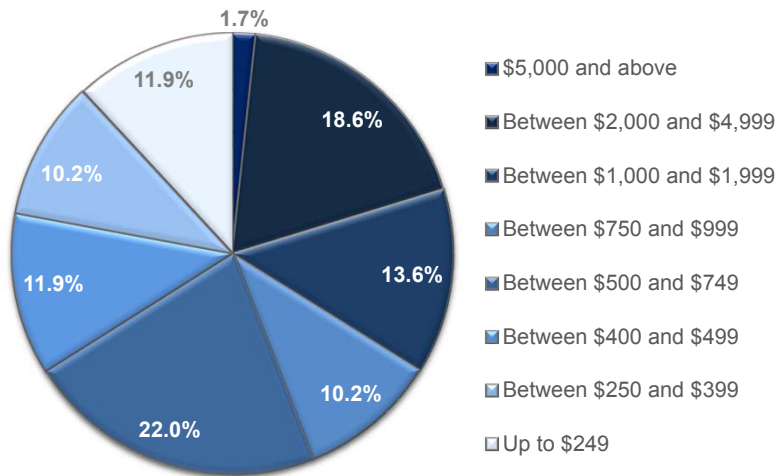
Actions Taken in Shoplifting Incidents

Average | Median

- # of Apprehensions: 3322.7 / 10.0
- # of Prosecutions: 1934.6 / 7.5
- # of Civil Demands: 2201.4 / 0.0

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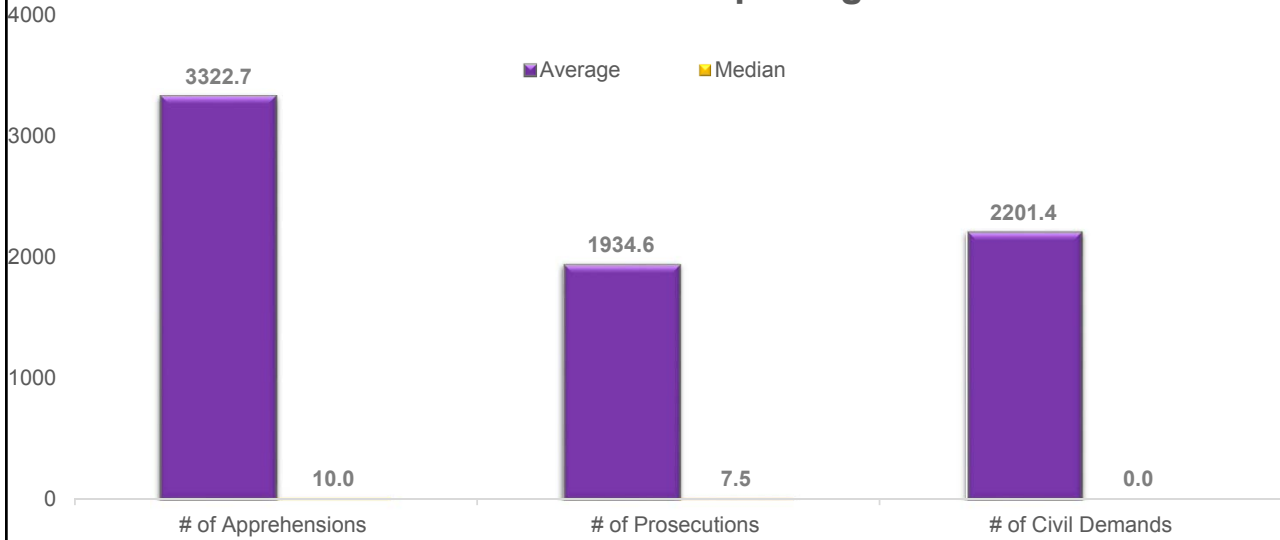
Average Dollar Loss per Shoplifting Incident

Average=**$377**
Median=**$138**

Pie chart values:
- $1 to $49
- $50 to $99
- $100 to $124
- $125 to $149
- $150 to $199
- $200 to $299
- $300 to $499
- $500 to $999
- $1000 and over

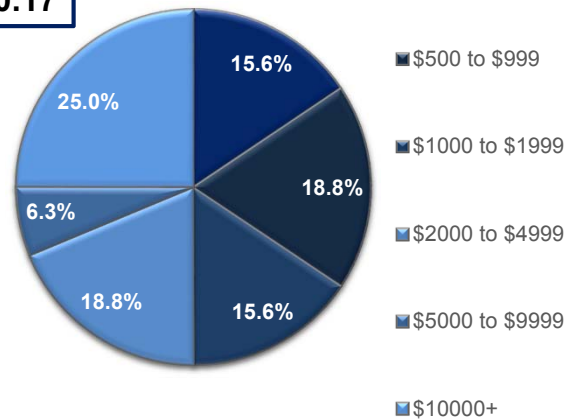8.9%, 20.0%, 17.8%, 6.7%, 11.1%, 11.1%, 8.9%, 11.1%, 4.4%

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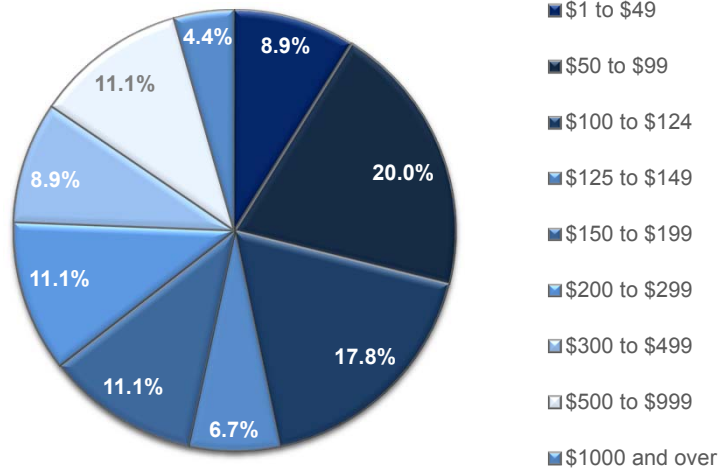
Number of Robberies per $1 Billion in Sales in FY 2015 — Average Dollar Loss per Shoplifting Incident

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