



Leveraging Law Enforcement and Security Measures to Combat Organized Retail Crime

Law Enforcement's Vital Role in Creating a Safer Environment for Society and Communities

Organized retail crime (ORC) poses a significant challenge to law enforcement and society as a whole. While it is well known that financial losses, public safety concerns and broader societal impacts are all part of these issues, it is challenging to find a solution as crime rates continue to rise. The purpose of this whitepaper is to explore the role of law enforcement in combating organized retail crime. Retailers and consumers alike are negatively affected, which results in billions of dollars in losses each year. In order to effectively address this issue, law

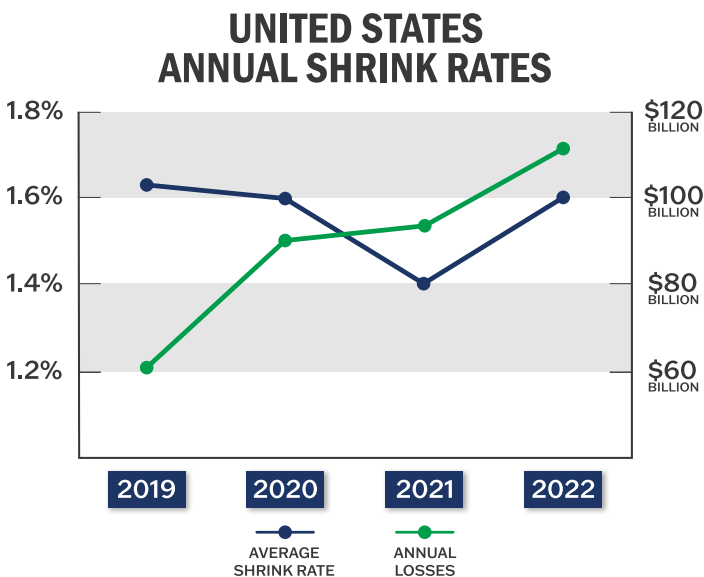
enforcement must work collaboratively with retailers and other stakeholders.

We present strategies and recommendations to enhance the fight against ORC, contributing to the protection of businesses and the safety of communities. A number of challenges associated with ORC are outlined, as well as strategies and best practices that retailers should follow to collaborate effectively with law enforcement and other stakeholders. It also discusses solutions and strategies to combat this growing problem.

The Nature of Organized Retail Crime

Organized retail crime occurs when groups of individuals steal merchandise from retail stores and then resell the items for profit through various channels. Businesses can suffer substantial financial losses as a result of ORC. Criminal activity in the retail sector specifically presents a range of challenges for businesses and requires effective security solutions to mitigate risks.

According to the 2023 National Retail Federation survey, the average shrink rate in 2022 increased to 1.6%, up from 1.4% in 2021 and in line with shrink rates seen in 2020 and 2019. When taken as a percentage of total retail sales in 2022, that shrink represents \$112.1 billion in losses, up from \$93.9 billion in 2021. (That's \$18.2 billion, just in the US in one year!)



While retail shrink encompasses many types of loss, it is primarily driven by theft, including organized retail crime. Theft – both internal and external – accounts for nearly two-thirds (65%) of retailers' shrink. Retailers are becoming especially concerned about the heightened levels of violence and threat of violence associated with theft and crime. Shoplifters today are aware that store employees won't stop them from stealing. They will look them

in the eye and walk out with the merchandise, knowing that the store staff legally cannot do anything physical.



THE IMPACT OF ORC ON RETAILERS AND SOCIETY – RISKS AND THREATS

Loss Prevention Programs

Having loss prevention programs in place is crucial for businesses to safeguard assets and reduce losses from theft, fraud and other types of shrinkage. There are, however, several risks and threats that security personnel face, which need to be identified and managed effectively. In loss prevention programs, there are several risks and threats to consider. According to respondents, their top three priorities for 2023 are controlling organized retail crime and improving employee training, awareness, and education programs.

TOP RETAIL RISKS AND THREATS	2023 (MORE OF A PRIORITY VS. ONE YEAR AGO)	2022 (MORE OF A PRIORITY VS. FIVE YEARS AGO)
ORGANIZED RETAIL CRIME	78.1%	70.7%
VIOLENCE DURING A CRIMINAL ACT	72.3%	N/A
HOMELESSNESS CONCERNS	72.3%	N/A
EXTERNAL THEFT (NON-ORC RELATED)	68.8%	74.1%
MASS VIOLENCE / ACTIVE ASSAILANT EVENT	65.6%	57.9%
GUEST-ON-ASSOCIATE VIOLENCE	65.2%	77.6%
ECOMMERCE FRAUD / LOSS	57.8%	N/A
INTERNAL (EMPLOYEE) THEFT	48.5%	56.9%
LOYALTY PROGRAM FRAUD	48.3%	49.1%

Source: The 2023 National Retail Security Survey

Shelf Sweeping and Shoplifting

ORC groups frequently use shoplifting as a tactic. Individuals may work alone or in groups to steal items from stores. Various items can be stolen, ranging from small and easy to conceal to large and valuable.

As a result of shoplifting, retailers suffer direct financial losses, consumers pay more and retail environments can become unsafe. A fear of crime has pushed nearly one-third of all consumers to shop online instead of in-store, and an additional 12% to shop less overall (according to a report by Pitney Bowes).

ORC groups typically plan and execute thefts on a larger scale and more frequently compared to individual shoplifters. The increased frequency and scale of theft may cause loss prevention teams to struggle, resulting in higher losses and operational disruptions.

A majority of shelf sweeping is carried out by organized crime groups rather than individual

shoplifters. Often, these groups are made up of multiple individuals working together to remove items from store shelves as quickly as possible.

It is common for shelf sweepers to target high-value items that are easily resold on the black market. Among these products are electronics, designer clothing, cosmetics, pharmaceuticals and other valuables.

Increase in Theft Incidents

Similar to previous years, theft – both internal and external – accounts for nearly two-thirds (65%) of retailers' shrink. Everyone knows that theft incidents are on the rise, but why? Most theft incidents are committed by repeat offenders. A theft may occur at various retailers over a period of time, or they may repeatedly target the same stores. The National Retail Federation survey found that repeat offenders are an ongoing concern with 70% of respondents reporting an increase in theft from repeat offenders and 53% seeing an increase in violence from this group of thieves.

Supply Chain Disruptions

There are several ways in which organized retail crime can disrupt the supply chain. It is difficult to manage inventory effectively when theft occurs frequently. There is the possibility of retailers overstocking or understocking items due to difficulty maintaining accurate inventory counts. As a result, sales can be lost or carrying costs can increase.

In order to prevent supply chain disruptions, retailers often have to allocate more resources. Loss prevention strategies include hiring security personnel, investing in surveillance technology and implementing loss prevention strategies.

Homelessness in Retail Stores

It is not uncommon for homeless people to resort to theft, including organized retail crime, as a means of survival. The ethical dilemma for retailers is to deal with theft while considering the underlying circumstances of those involved. As an alternative to solely relying on punitive measures, some retailers partner with security officers to address and deter the issue.

When it comes to homelessness in retail stores, a brand's image can be affected, making customers feel unsafe or uncomfortable shopping in that location.

Brand Image

A retailer's brand image can be damaged in several ways by recurring ORC. Shoppers may perceive the store as unsafe, which discourages them from shopping there. Retailers may lose trust when their management and security are perceived to be inadequate. The retailer's reputation can be further damaged by media coverage as well as social media when it comes to negative news.

In each of these scenarios, the brand has been devalued and there is generally a loss of trust from the public. Measuring the monetary impact of a

brand's image taking a negative turn can range significantly, but proactive security measures can assist in mitigating damage to their reputation while maintaining customer loyalty.

The Shareholder Experience

Concerns are often raised by shareholders and stakeholders who have financial investments in stores that are being affected by ORC. According to the 2023 National Retail Federation Survey, retailers are taking action across their locations due to retail crime. Over 45% of retailers reduced store operating hours and 28% reported closing store locations. When profits are down, shareholders are less likely to continue investing in a company.

Retailers encounter higher operating expenses as a result of preventing, detecting and responding to these issues. The impact can be significant, affecting the ability of the company to meet demand as well as reducing shareholder value.

Impact on Law Enforcement

The majority of consumers (53%) believe retail crimes like shoplifting have increased in their communities since the pandemic (2023 National Retail Federation survey). There is a huge strain on law enforcement agencies currently as well. The increasing incidences of retail theft and related offenses often require law enforcement agencies to divert resources from other critical tasks to combat the problem.

Retail stores and law enforcement are partnering together with Congress and federal agencies to expand criminal offenses related to ORC. Congress introduced a bill at the beginning of this year called the [Combating Organized Retail Crime Act of 2023](#). The goal of this bill is to hold individuals involved in retail crime accountable for their actions. Improved laws and the continued partnership should increase resources while working towards a common goal of reducing crime rates.

THE SOLUTION: COMBATING ORC AND PROTECTING COMMUNITIES WITH LAW ENFORCEMENT

There are different ways to prevent and fight retail crime, but what is truly effective? Utilizing law enforcement as security personnel is the ultimate way to protect stores and communities.

Staffing Up for the Holidays

A security staffing plan is crucial during the holiday season. An increase in shopping traffic means that retail security personnel are needed more than at any other time during the year. There are often huge sweeps at national retail stores, especially on Black Friday. A report by Travelers Insurance indicates that total theft incidents reported on Black Friday are about 2% higher than the average day. That might not seem like a lot, but a 2% increase is significant, and the crime increase becomes more important when looking at the trend in a more retail-specific context. These crowds can be managed more effectively by off-duty police officers, who can ensure that shoppers remain orderly and conflicts can be resolved quickly.

Hiring additional off-duty law enforcement officers will deter shoplifters, allow employees to provide better service to customers and protect people in the event of an emergency. However, it can be extremely challenging to find reliable, professional officers. Working with a security provider can handle that burden and time sink for you. They can also help you determine if it would be beneficial to leverage other services such as remote video guarding or armed security officers.

Off-Duty Law Enforcement

While people believe that store employees have the power to stop shoplifters or crime, oftentimes they are unauthorized to do so. Off-duty law enforcement officers have specialized training and experience handling security and law enforcement issues. Potential criminals can be deterred by their presence and shopping environments can remain safe. Off-duty officers respond rapidly and effectively in the case of a security incident. Additionally, having the presence of officers in stores enhances the level of security that customers and employees feel in the store.

WHO CAN STOP OR APPREHEND SHOPLIFTERS IN YOUR LOCATIONS?	2023	2022
NO EMPLOYEES ARE AUTHORIZED	41.4%	37.9%
LOSS PREVENTION / ASSET PROTECTION PERSONNEL	58.6%	56.9%
OFF-DUTY / DETAILED LAW ENFORCEMENT OFFICER	32.8%	N/A
NON-LP / AP PERSONNEL (E.G., STORE MANAGERS)	12.1%	19.0%
CONTRACT SECURITY PERSONNEL	8.6%	N/A

Note: Not all retailers have in-store loss prevention resources or utilize outside security/law enforcement in all or any locations and may result in less than 100% of retailers responding to this question.

Source: The 2023 National Retail Security Survey

However, there are challenges that come with employing off-duty police. Oftentimes it's hard to find officers available for work. When it comes to scheduling and paying them on time, it can be a headache for managers. A security provider with an established network of officers can take the burden off your shoulders and solve your problems by managing your off-duty law enforcement program.

In addition to off-duty police, other security measures, such as surveillance systems, alarms and well-trained store personnel should also be employed. Security plans should address security threats and vulnerabilities with multiple layers of protection.

Remote Video Solutions

Combining off-duty law enforcement with remote video cameras and 24/7 monitoring goes one step further in protecting your stores.

Live video feeds and recorded footage can be accessed remotely by retailers, security personnel and security companies via secure internet connections. This allows for real-time monitoring and rapid response to any security incidents.

Cloud-based video surveillance systems store footage securely in the cloud instead of on-site. Physical damage or theft of equipment on-site reduces the risk of data loss while providing flexibility and accessibility.

Creating a Comprehensive Security Program

Retail stores need to implement comprehensive security programs to protect assets, employees and customers against theft and other security threats. Developing a retail security program is simple when working with a knowledgeable security partner.



Here are some key factors that you and your security partner will review when developing a program:

- **Risk assessment:** Find out what security threats and vulnerabilities exist in your store, including shoplifting, employee theft, vandalism, burglary and cyber threats to determine what areas to focus on in your plan.
- **Access control:** To ensure that only authorized personnel are allowed entry, implement access control measures.
- **Security policies and procedures:** Outline the roles and responsibilities of employees when it comes to security policies and procedures.
- **Emergency response planning:** Create a plan outlining how to deal with fire emergencies, medical emergencies and security incidents.
- **Employee training:** Educate employees on security awareness, including how to prevent fraud and theft.
- **Security audits:** Your security partner will perform security audits to evaluate the effectiveness of your security measures.
- **Continual assessment and improvement:** Regularly review and update your security program to adapt to changing circumstances and emerging threats.

Working with a Managed Security Services Provider

There are many benefits of working with a managed security services provider (MSP). MSP models offer organizations the ability to outsource their security services, leveraging the resources of specialized professionals. These models are unique as they stand out from traditional programs, allowing the focus to be

placed on clients' needs and expectations, along with other supporting factors such as timely speed to being on post in emergency situations, right fitting the security provider to the needs of the specific site and being able to customize a security program with options such as uniforms and training.

It's important to make sure you are working with the right provider who is there to exceed expectations and enhance your security program by building customized solutions.

A security provider with a deep vendor network can quickly staff sites at any location in the country. Combining that with innovative software that shares valuable, transparent data points to clients will truly take your security program to the next level. Lastly, by using a managed services provider, clients experience cost savings. Clients are able to better leverage their time and resources in other areas instead of spending more to hire in-house employees.

ABOUT PROTOS SECURITY



Protos Security is a premier software-enabled security services provider offering guarding services, off-duty services and remote services for a diverse customer base across North America. Through a unique managed services model, clients gain access to a vast and agile provider network for security service delivery. Protos' unwavering commitment to innovation and software excellence paired with real-time security program data insights ensures that Protos is a relentless advocate for clients and their people.

For more information on Protos Security, please visit www.protossecurity.com.