

2023

Retail Security Survey

The State of National Retail Security
and Organized Retail Crime



National Retail Federation



The National Retail Federation passionately advocates for the people, brands, policies and ideas that help retail thrive. From its headquarters in Washington, D.C., NRF empowers the industry that powers the economy. Retail is the nation's largest private-sector employer, contributing \$3.9 trillion to annual GDP and supporting one in four U.S. jobs — 52 million working Americans. For over a century, NRF has been a voice for every retailer and every retail job, educating, inspiring and communicating the powerful impact retail has on local communities and global economies. nrf.com

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Loss Prevention Research Council



The Loss Prevention Research Council was founded in 2000 by leading retailers and Dr. Read Hayes in an effort to support the evidence-based needs of loss prevention decision-makers. To date the LPRC has conducted over 300 real-world loss prevention research projects for retailers and partners.

The LPRC strives to provide comprehensive research, development opportunities, and collaborative spaces for our members that will enable the innovation of loss & crime control solutions.

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Introduction

Retail crime, violence and theft continue to impact the retail industry at unprecedented levels. The effects of these criminal acts are not isolated to large national brands or large metropolitan cities. Daily media reports show that no business is immune, and these issues touch retailers of all segments, sizes and locations across the United States.

The National Retail Federation's National Retail Security Survey, now in its 32nd year, surveys loss prevention (LP) and asset protection (AP) professionals throughout the retail industry to capture data about risks, threats and vulnerabilities from the previous fiscal year, as well their forward-looking priorities. The study also asks about retailers' loss prevention and asset protection programs. For the second year in a row, the study was conducted in partnership with the Loss Prevention Research Council.

Shrink or shrinkage is the measurement of losses calculated by a retailer during a specific period of time, categorized across various means of retail loss. This year's study found that the average shrink rate in FY 2022 increased to 1.6%, up from 1.4% in FY 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. While retail shrink encompasses many types of loss, it is primarily driven by theft, including organized retail crime (ORC). Theft – both internal and external – accounts for nearly two-thirds (65%) of retailers' shrink. However, for some sectors, theft can represent more than 70% of overall shrink.

While theft has an undeniable impact on retailer margins and profitability, retailers are highly concerned about the heightened levels of violence and threat of violence associated with theft and crime. Retailers' top priority remains providing a safe workplace for associates and a safe shopping experience for customers. Eighty-eight percent of retailers report that shoplifters (overall) are somewhat more or much more aggressive and violent compared with one year ago. And those that specifically track the number of violent shoplifting incidents reported that they saw their number of shoplifting events involving violence increase by over one-third (35%) on average.

ORC, which is one of many types of retail theft, is another area where retailers are seeing higher levels of violence. Last year, 81% of respondents reported that ORC offenders had grown more violent. Compounding that this year, more than two-thirds (67%) of respondents said that they were seeing even more violence and aggression from ORC perpetrators compared with a year ago.

Of course, not all crime occurs in person; retailers also reported increases in areas such as ecommerce fraud or phone scams to solicit gift cards or cash. While less common, sizeable minorities reported increases in delivery fraud; stolen goods being sold on third-party sites; return fraud; and loyalty fraud and abuse.

As a result of this increasingly alarming crime landscape, retailers continue to make investments in personnel, budgets, technology and other resources to prevent theft and fraud. They also are partnering with law enforcement at federal, state and local levels. Despite these ongoing efforts, many retailers have been forced to take more drastic action, including reducing operating hours in some locations (45%), reducing/altering the availability of products in stores (30%), or even closing some locations (28%).

In 2022, NRF successfully advocated Congress to pass the bipartisan INFORM Consumers Act as part of the omnibus spending package, which was signed into law in January 2023. Now in effect, the measure will help bring transparency to online marketplaces by requiring them to verify the identities of high-volume third-party sellers. Doing so will help curb the fencing of stolen merchandise and address the sale of counterfeit goods.

Market transparency alone will not stop ORC, which is why NRF strongly supports the Combating Organized Retail Crime Act (H.R. 895/S. 140). The bipartisan legislation has been introduced in both the House and Senate and continues to gain co-sponsors.

In addition to efforts in Congress, NRF has worked closely with federal agencies, state lawmakers, local law enforcement and news media across the country to draw attention to ORC. The effort has been successful, with at least 34 states passing ORC laws, as NRF continues to urge additional states to update the definition of ORC and adopt sufficient criminal penalties.

About the Study

The 2023 National Retail Security Survey results contain insights from 177 retail brands, which accounted for 22% of annual retail sales in 2022 and represent more than 97,000 retail locations across the United States.

Participating companies cover 28 different retail sectors. The sectors with the greatest representation included specialty men's and women's apparel, grocery and supermarkets, jewelry and accessories, department stores, and shoes and footwear stores.

See glossary of terms for a full set of definitions.

Retail Risk & Threat

Priorities

This chapter of the report focuses on the nature of loss prevention and asset protection teams and programs throughout the United States, and explores the responsibilities of loss prevention programs, size of LP/AP teams, budgetary priorities and changes, and the use of technology in the industry.

Figure 1. Risks and Threats

Response	2023 (more of a priority vs. <u>one</u> year ago)	2022 (more of a priority vs. <u>five</u> 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%
E-commerce fraud / loss	57.8%	n/a
Internal (employee) theft	48.5%	56.9%
Loyalty program fraud	48.3%	49.1%

Other longstanding risks and threats continue: Robbery, burglary, guest-on-guest violence, employee-on-employee violence, return fraud, gift card fraud, payment fraud and coupon/discount fraud hold the same level of priority as the year prior.

Looking forward, respondents listed their top three priorities for 2023 as: improving and enhancing employee training, awareness and education programs; workplace violence prevention/employee safety; and controlling organized retail crime.

Inventory Loss & Shrinkage

Shrink or shrinkage is the measurement of losses calculated by a retailer during a specific period of time, categorized across various means of retail loss. Measured as a percentage of sales, shrink percentage often includes losses caused by both internal and external theft, operational or process mistakes and systemic errors.

On average, retailers reported inventory shrink of 1.6%, which is slightly up from last year and in line with shrink rates in 2019 and 2020.

Figure 2. Inventory Shrink Calculated at Retail

Category	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
3% and higher	13.2%	10.7%	15.7%	18.2%	10.9%	9.1%	9%
Between 2% and 2.99%	22.6%	16.1%	11.8%	9.1%	14.5%	10.9%	14.1%
Between 1.5% and 1.99%	11.3%	8.9%	11.8%	15.2%	10.9%	12.7%	17.9%
Between 1.25% and 1.49%	7.6%	8.9%	17.6%	7.6%	10.9%	9.1%	9%
Between 1% and 1.24%	9.4%	17.9%	9.8%	19.7%	3.6%	16.4%	7.7%
Between .5% and .99%	18.9%	19.6%	21.6%	16.7%	21.8%	20%	24.4%
.49% or lower	17%	17.9%	11.8%	13.6%	27.3%	21.8%	17.9%
Average	1.6%	1.4%	1.6%	1.6%	1.4%	1.3%	1.4%
Median	1.4%	1.2%	1.3%	1.3%	1%	1.1%	1.2%

It's important to note that shrink percentages can vary significantly by retail sector. Sectors such as pharmacy, grocery, department stores and mass merchandise have average shrink rates of over 2%, while those in specialty apparel have average shrink rates of 1.9%. Retail segments including jewelry, watches, home furnishings and furniture, and footwear average below 1.5% or less. On par with previous years, theft – both internal and external – accounts for nearly two-thirds (65%) of retailers' shrink. As a whole, when taken as a percentage of total retail sales in 2022, survey respondents' average shrink percentage (1.6%) represents \$112.1 billion in losses, up from \$93.9 billion in 2021.

So, where does the shrink occur? Respondents attributed their overall shrink to different sources of loss. External theft, including ORC-related events, accounted for an average of 36% of total loss. Internal (employee) theft reported in at 29% of shrink loss. Process, control failures and errors fell at 27%, with unknown (6%) and other (1%) rounding out the total shrink loss percentages.

Depending on the retail segment, the type of merchandise sold and the size of retail locations, sources of loss may differ. Some retailers reported external losses of more than 40% of their overall shrink percentage, whereas those who sell merchandise such as luxury or personal care items under lock and key might experience a lower rate of external shrink loss. However, shrink alone does not tell the full story of retail theft and its impact on the industry – particularly since the types of loss retailers include in shrink can vary widely. For example, more than three-quarters (78%) of respondents do not include ecommerce goods loss in their shrink calculation, and over half (57%) do not include supply chain loss or theft. As a result, the actual dollar loss associated with shrink (and with theft in particular) is likely heavily underreported. In addition, retail theft has broader implications for retailers and communities beyond dollar loss alone.

Consequences of Violence & Crime

The current landscape of theft and violence across retail has an impact on both associates and consumers. The inability to hire and retain associates, the inability to maintain inventory stolen on a daily basis, and environments prone to violence cause concern over associate and consumer safety.

Retailers were asked if they took any specific actions across their location(s) due to retail crime, social and/or physical disorder, or violence.

- **45.3% reduced specific store(s) operating hours**
- **29.7% reduced or altered in-store product selection(s)**
- **28.1% of respondents reported closing a specific store location(s)**

“ Retailers are seeing unprecedented levels of theft coupled with rampant crime in their stores, and the situation is only becoming more dire. Far beyond the financial impact of these crimes, the violence and concerns over safety continue to be the priority for all retailers, regardless of size or category. ”

– **David Johnston**

External Theft & Organized Retail Crime

Retail continues to be plagued by growing levels of retail theft, from individuals who steal a few items for personal use to more violent “smash-and-grab” incidents. Then there are the organized retail crime groups that aid and direct individuals to commit theft for the resale of stolen merchandise to fund other illicit activities.

Most often, retailers reported, shoplifting involves an individual or individuals (groups of <3 persons) working together to steal. These individuals include both opportunistic shoplifters and those stealing to benefit an organized retail crime network. The most aggressive or violent shoplifters, as reported by respondents, are those involved in groups, gangs and smash-and-grab thefts, followed by repeat offenders.

Repeat offenders are an ongoing concern: 70% of respondents reported an increase in theft from repeat offenders, with 61% seeing an increase in financial loss and 53% seeing an increase in violence from this group of thieves.

Activity involving juveniles is another rising concern. More than 33% of respondents have seen increases across all aspects of juvenile shoplifting (frequency, financial loss and violence), and 41% reported an increase in juvenile violence during theft events.

As incidents of violence have increased, a growing number of retailers have taken a hands-off approach with shoplifters. Safety is a major concern. Respondents were asked who in their retail locations is allowed to stop or apprehend shoplifters. Compared with last year, more retailers reported that no employees are authorized to intervene in a shoplifting event.

Impact of Violence & Theft

It would be too easy to relegate the impact of retail theft to profitability. Violent and brazen acts by criminals increasingly have a profound effect on associates, customers and the shopping experience as a whole. The safety and security of retail associates and consumers is more important than any product or service being sold. It plays into the environment as well, including the ability to hire and retain quality employees, the accessibility of goods and a reduction in foot traffic. Several questions in this year's NRSS focused on violence, including who is most likely to be aggressive or violent, when it occurs, and the impact of violence on a store location.

A strong majority of retailers agreed that shoplifters overall are more aggressive and violent than a year ago, but to what degree? Some 88% of respondents said "somewhat more or much more." Perhaps more concerning: 49% reported that shoplifters overall are "much more" violent and aggressive compared with one year ago. More than half of respondents reported an increase among the most serious offenses involving violence, such as guest-on-associate violence (e.g., customer dissatisfaction), violence involving a weapon, and violence during a shoplifting event.

As for specific theft offenders using violence during shoplifting, 53% of respondents reported a moderate or substantial increase in repeat offenders, whereas 41% saw an increase with juveniles; 59% saw no change with juveniles being more violent versus 47% saw no change in violence with repeat offenders.

Last year, 81% of respondents reported that ORC offenders had become more violent. This year, more than two-thirds (67%) of respondents said they were seeing even more violence and aggression from ORC perpetrators compared with a year ago.

Figure 3. Who can stop or apprehend shoplifters in your locations?

Response	2023	2022
No employees are authorized	41.4%	37.9%
Loss prevention / asset protection personnel	58.6%	56.9%
Non-LP / AP personnel (e.g., store managers)	12.1%	19%
Contract security personnel	8.6%	n/a
Off-duty / detailed law enforcement officer	32.8%	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.

Organized Retail Crime

For the purpose of this study, ORC is defined as “theft/fraud activity conducted with the intent to convert illegally obtained merchandise, cash, cargo or cash equivalent into financial gain (no personal use), typically through their online or offline sales.” ORC is also defined as typically involving a criminal enterprise that organizes large scale thefts from a number of retail stores and employs a fencing operation to sell illegally obtained goods for financial gain. These gains then fuel other, more dangerous, illicit activity (guns, drugs, human smuggling, etc.).

ORC groups often target specific items or types of goods. Over recent years, we have seen that targeted goods have expanded, where the focus may not entirely be based on price point. Goods can range from high-price, high-fashion items to everyday product needs that have a fast resale capability. Based on the retail segment, some of the most frequently targeted items include:

Figure 4. Most Frequently Targeted Items by ORC Groups

Category	Top ORC Items Include...
Accessories	Backpacks, handbags, hats, jewelry, sunglasses
Clothing	Athletic clothes, denim, graphic t-shirts, lingerie, underwear, outerwear, suit jackets, workwear
Electronics	Mobile devices and tablets, audio, batteries, cell phone accessories, connected technologies, gaming consoles and games, office printers, printer ink and toner

Figure 4. Most Frequently Targeted Items by ORC Groups, Cont'd.

Category	Top ORC Items Include...
Food and Beverage	Alcohol, candy and gum, energy drinks, frozen seafood, fresh meat and seafood
Footwear	Branded athletic shoes, designer footwear, high-end Western boots, work boots
Health, Beauty and Personal Care	Body cream, body wash, cosmetics, deodorant, fragrance, grooming needs, health, oral care, over-the-counter medications (especially pain), respiratory care, shave products, shower gel, vitamins and supplements
Home Furnishings and Home Improvement	Bedding, candles, drop-front shoeboxes, fragrance, home electronics, household chemical, household paper, small electric appliances, mechanic tools, electrical wire, flooring, hardware, plumbing, tools, inflatable mattresses, kitchen accessories, laundry detergent, branded appliances, vacuums, swimming pools
Infant Care	Diapers, infant formula
Other	Ammunition, baseball bats and gloves, cash, fuel, gift sets, golf balls, lottery tickets, luggage, party supplies, costumes and masks, trading cards, toys

Retailers also use various factors, indicators and processes to distinguish ORC or ORC-related incidents from other external thefts. Over 80% of respondents use evidence stemming from actual investigations along with their ability to identify repeat offenders. More than 60% utilize technologies or software to identify ORC groups, along with monitoring the types of frequency of specific items stolen by individuals or groups.

Organized retail crime continues to be a priority for most retailers, and they continue to invest in personnel and technology to identify and prevent ORC actors: 31% of respondents have a dedicated ORC team and another 31% use shared LP/AP resources to investigate ORC events. Forty-six percent of respondents have increased their internal resources dedicate to anti-ORC efforts, and 44% have increased their use of technology, hardware and/or software applications to prevent, deter and investigate ORC.

ORC can happen anywhere. All the same, retailers have identified the cities and metropolitan areas most affected by ORC. The top of the list, according to respondents, includes Los Angeles, Calif; San Francisco/Oakland, Calif., and Houston, Texas. The top 10 are as follows.

Figure 5. Top Cities and Metropolitan Areas Affected by ORC in 2022

Rank	City or Metropolitan Area
1	CA - Los Angeles
2	CA - San Francisco/Oakland
3	TX - Houston
4	NY - New York
5	WA - Seattle
6	GA - Atlanta
7 - 8	CA - Sacramento, IL - Chicago
9 - 11	CO - Denver, FL - Miami, NM - Albuquerque

Figure 6. Top Cities and Metropolitan Areas Affected by ORC, 2017 - 2021

	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
1	CA - Los Angeles	CA - Los Angeles	CA - Los Angeles	CA - Los Angeles	NY - New York
2	CA - SF/Oakland	CA - SF/Oakland	IL - Chicago	NY - New York	CA - Los Angeles
3	NY - New York	IL - Chicago	FL - Miami	TX - Houston	FL - Miami
4	TX - Houston	NY - New York	NY - New York	IL - Chicago	IL - Chicago TX - Houston (tie)
5	FL - Miami	FL - Miami	CA - San Francisco	FL - Miami	CA - SF/Oakland
6	IL - Chicago	TX - Houston	MD - Baltimore	CA - SF/Oakland GA - Atlanta (tie)	GA - Atlanta
7	CA - Sacramento	GA - Atlanta	GA - Atlanta	MD - Baltimore PA - Philadelphia TX - DFW (tie)	MD - Baltimore
8	WA - Seattle	CA - Sacramento	Washington, D.C.	CA - Sacramento	FL - Orlando
9	GA - Atlanta	MD - Baltimore	PA - Philadelphia	CA - Orange Co. NV - Las Vegas (tie)	NJ - Northern NJ Washington D.C. PA - Philadelphia TX - DFW (tie)
10	TX - DFW	NV - Las Vegas WA - Seattle (tie)	CA - Sacramento	CA - San Diego	FL - Ft. Lauderdale WA - Seattle

No matter the prevalence of ORC, retailers can't fight it alone. Public policies and partnerships with law enforcement are crucial. In terms of public policy, 72% of respondents reported an increase in average value per incident in areas that increased felony thresholds. Initiatives to reduce or eliminate cash bail also make an impact; 67% reported an increase in repeat offenders in these areas.

Nearly all (93%) respondents are in support of federal ORC legislation. The most common reasons for supporting legislation were: (1) the need for increased penalties/consequences; (2) the interstate nature of the criminal activities; (3) the need for consistency across jurisdictions; (4) the potential deterrent or preventative effect; and (5) the need for additional funding and resources to address the ORC problem.

Retailers partner with a variety of stakeholders at the local, state and federal level to identify and investigate organized retail crime. LP and AP professionals tend to be most satisfied with their partnerships with federal stakeholders. Satisfaction with state and local law enforcement varies significantly depending on whether the state has a dedicated ORC taskforce.

Internal Theft

Internal (employee) theft is just as concerning for retailers as other forms of theft. Employees have more access to merchandise and monies; more control over security measures and processes; and opportunities not available to outsiders. An employee who decides to steal or collude with outsiders to steal often does so at a higher loss per incident than external thieves.

Particularly over the past several years, retailers have increased their use of technologies to deter, detect and investigate internal theft. Increased training, awareness and proactive efforts to educate employees about theft have positively impacted the overall losses due to employee theft. Even though external theft has surpassed internal theft as the largest contributor to overall retail loss, it remains the second largest contributor of loss, and its prevention must be a key part of a retailer's asset protection program. It's no small matter: The average dollar loss reported for an internal theft was \$2,180 per investigation, which falls in line with 2021 and 2020 levels.

Merchandise theft, refund fraud, cash/deposit theft and passing off merchandise to friends (sweethearting, sliding, free bagging) were the top four reported methods of internal theft reported.

The top five mitigation solutions used by retailers to prevent, detect or investigate internal theft included: exception-based reporting software and programs; CCTV systems and video; employee training and awareness; tip hotlines and tip rewards; and point-of-sale transactions/system anomaly notifications and alerts.

Ecommerce Fraud

The retail industry continues to evolve into a more omnichannel environment, supporting ecommerce and digital sales channels. This evolution has brought a change in how loss prevention and asset protection teams manage ecommerce fraud. Additionally, ORC groups do not only operate with thefts that involve shoplifting from a physical store. Groups can operate in a digital or ecommerce environment, using new means of obtaining stolen merchandise. This year, our survey focused on asking respondents about their engagement in the ecommerce and digital space, and what they have started to see in any evolution of fraud in this omnichannel environment.

For a start, loss prevention departments are becoming more engaged and responsible for ecommerce fraud oversight. More than 50% of respondents stated their departments had direct or indirect oversights for in-store fraud (71%); online or mobile fraud (70%); loyalty abuse or fraud (66%); return fraud (60%); and chargeback fraud (60%). The holistic approach is timely; 52% of respondents have seen an increase in ecommerce fraud in the past year, which includes the capabilities of buy online, pick up in store (BOPIS). At the same time, traditional cons continue. Gift card scams, for example, including those involved in phone scams to lure either employees or customers to purchase gift cards for fraudsters, increased over the past year for 57% of respondents.

Respondents were asked to cite their top areas of concern with regard to the ecommerce, omnichannel or digital fraud environment. These responses were ranked from greatest to least priority. The top 10 included: account takeover/account security/credential stuffing; delivery not received/undelivered claims/appeasement claims; stolen credit/debit cards; chargebacks; BOPIS fraud; “friendly” fraud; loyalty abuse and fraud; porch piracy; system manipulation and loopholes; and instant credit returns.

While these were the top 10 concerns, retailers cited many more categories. These included problems with ship from store, employee safety during delivery, offender agility, and adaptation to security measures, among many other issues.

Retail Security Measures

The focus of loss prevention is to implement measures that can detect, deter, prevent or mitigate loss. To prevent theft and loss occurring today, retailers utilize longtime proven measures while also investing in innovative, cutting-edge technology for future prevention.

The current landscape of loss prevention has required many retailers to quickly implement or increase several security measures. When asked about resource allocation to address today's risks, several respondents are maintaining the same internal payroll (42%), allocating more resources in other areas to address risk. One-third (34%) of respondents, meanwhile, have increased payroll to support their risk efforts, and 45.15% have increased the use of third-party security personnel as a measure of prevention.

Respondents are also allocating funds toward technology and software solutions; 52% have increased that allocation over the past year, and 48% have increased capital allocation for additional LP/security equipment.

There's also increased emphasis on employee workplace violence training. As violence is one of the most concerning risks, 53% of respondents have increased or are increasing their training in this area.

Overall, the top 10 reported security measures and solutions retailers perceive to be "most successful in mitigating external losses over the past 12 months," included: CCTV and video systems; locking cases, lock boxes and cages; exception-based reporting systems/programs; LP staffing; enhanced, upgraded or integrated CCTV systems; off-duty officers; automatic pushout prevention systems; computer-based or virtual training for employees; awareness campaigns for employees; and collaboration with retail partners, law enforcement and prosecutors.

Several emerging technologies within the retail industry have opportunities to support loss prevention or asset protection endeavors. Many of these technologies are still being researched, are under consideration or are being used within organizations and being tested for loss prevention purposes. We asked retailers to provide the status of several emerging technologies within their department or organization. Over one-third of respondents (37%) are researching technologies including artificial intelligence-based ecommerce fraud detection analytics, with 13% having fully implemented this type of solution.

More than one-third (35%) of respondents are researching body-worn cameras for retail employees or LP personnel. No retailer reported being fully operational, but 11% are either piloting or testing the solution.

Mobile (parking lot) surveillance units, meanwhile, are already implemented in 18% of respondent locations, with 10% in the process of implementation. Another 19% are researching the use of this technology in their retail locations. Radio-frequency identification (RFID) technology continues to expand across the retail industry, used by many for inventory purposes. Over 33% of respondents continue to research this technology, with 17% piloting or testing RFID; 39% are researching or testing RFID identification tagging, while 31% are researching, testing or implementing RFID for benefit denial capabilities.

As new technologies continue to emerge, retailers are reviewing, piloting and testing various offerings. With facial recognition, for example, only 3% of respondents have fully implemented a solution, but 40% are researching, piloting or currently implementing either facial recognition or feature-matching technologies. Overall, electronic article surveillance (EAS) systems were reported as the most widely adopted and implemented technology.

Methodology

The National Retail Security Survey (NRSS) has been conducted annually for more than three decades. The National Retail Federation, in partnership with the Loss Prevention Research Council, surveyed loss prevention and asset protection professionals throughout the industry to capture data about retail risks, threats and vulnerabilities throughout the industry, as well as information about loss prevention and asset protection programs and priorities.

This year there were several changes to the NRSS to meet the needs of a changing retail environment.

The 2023 NRF NRSS and ORC Survey Research was distributed during May, June and July of 2023. The survey was distributed via email to senior loss prevention and security executives using the NRF and LPRC's combined email distribution lists.

Quantitative Analyses

Most of the analyses contained in this report are quantitative, and nearly all statistics contained are either univariate or bivariate statistics. The results are summarized using several different approaches. In many cases, we summarize the data by providing the percentage of retailers that selected a response. In other cases, we summarize the data according to the average and median.

Qualitative Analyses

Throughout the survey, we also asked several open-ended questions; for these questions, respondents were asked to type their responses in text boxes. While these types of questions add richness to the data and the resulting report, the responses must be analyzed and summarized using a thematic analysis.

Glossary of Terms

Shrink or Shrinkage

Shrink or shrinkage is the measurement of losses calculated by a retailer during a specific period of time, categorized across various means of retail loss. Measured as a percentage of sales, shrink percentage often includes losses caused by both internal and external theft, operational or process mistakes and systemic errors.

Shrink Categories

For the purposes of this study, respondents were provided specific categories of shrink and asked to report percentages of loss related to each individual category. Those categories are defined as:

Internal Theft: Acts of theft committed by an employee, or in collusion with an employee by outsiders. Internal theft methods vary but often include cash/deposit theft, fraudulent refunds, merchandise theft or providing discounted or free merchandise to non-employees.

External Theft: Thefts like shoplifting, burglary or break-in, robbery, credit card fraud and other retail crimes committed by non-employees. These thefts could include the loss of merchandise or monies.

Process, Control Failures and Errors: Losses that occurred through normal business operations and may be due to cashier errors, inaccurate system pricing, accidental loss or damages and other operational or systemic errors.

Other: Retailers may include additional areas of loss based upon their individual business structure or segment. This bucket may include expired goods, vendor or third party-related losses, claims, etc.

Unknown: This category of reported loss allowed a respondent to include reported losses that have occurred, but due to certain circumstances may not be properly categorized.

Organized Retail Crime (ORC)

For the purposes of this year’s survey, organized retail crime is defined as theft / fraud activity conducted with the intent to convert illegally obtained merchandise, cash, cargo or cash equivalent for financial gain. Organized retail crime typically involves a criminal enterprise that organizes large scale thefts from a number of retail stores and employs a fencing operation to sell the illegally obtained goods for profit. It should be distinguished from traditional “shoplifting,” which is typically a theft by a single individual of a small number of goods for personal use or consumption.

Smash-and-Grab

This describes the violent tactic of smashing or destroying windows, display cases or other barriers in retail stores to conduct quick, large-scale thefts. These incidents entail advance planning and coordination among a group of thieves.

Shoplifting

Generally defined as the unauthorized removal or taking of merchandise or goods from a retail store without paying for the items. Certain state laws may include other acts involving petty theft, intentionally paying less for an item than its sale price (e.g., ticket switching) or other acts of larceny involving retail merchandise.

Opportunistic or Amateur Shoplifter

Individual(s) who steal because an opportunity presents itself or to meet a personal need for items such as food, clothing or health items.

Repeat Offenders

Individual(s) who steal regularly, taking as much merchandise as possible in a single incident. These individuals often steal with the knowledge and connections – which can include ORC groups – on how to resell the merchandise for financial gain. They are also the group with the most potential for violence.

ORC Thieves/Professionals

These individuals steal frequently, often moving across county and state lines, with a focused approach on which retailer to target and which merchandise to steal. These individuals have specific fencing operations to sell their stolen merchandise and may often be part of the criminal enterprise. Retailers must utilize resources and the assistance of law enforcement support to identify, investigate and determine these individuals and networks within a single criminal enterprise.