

# Where did all the \$\$\$ go?

Possibly the biggest bottom-line opportunity for Australian retailers is literally walking out the door.

**\$9B+**

is lost each year to internal and external retail theft in Australia.<sup>1</sup>

**10%**

of retailers report thefts to police.<sup>1</sup>

**2.5%**

of retail theft is witnessed, with most theft revealed by audit.<sup>2</sup>

**2-3%**

Loss of sales due to shoplifting

**...translates to...**

**~25%**

Loss in profit.<sup>3</sup>

## Theft ... or shrinkage

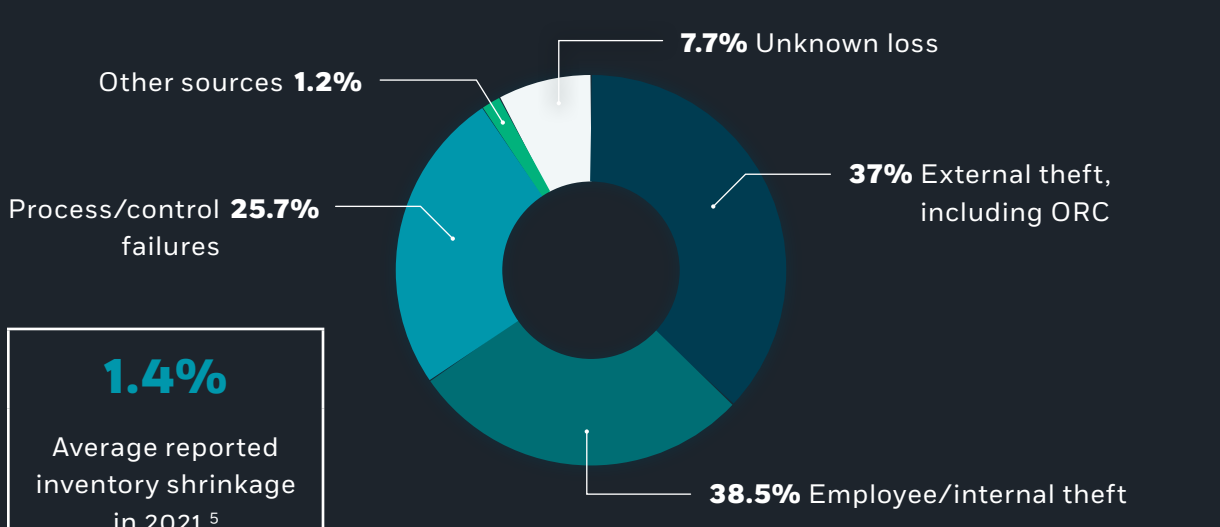
Retail theft can only be measured and addressed when it is detected. Otherwise, the loss of inventory is identified after the fact by audit and recorded as shrinkage.

But shrinkage is more than just theft, and theft is more than just shoplifting.

**shrinkage** (*noun*)

*/'ʃrɪŋkɪdʒ/* (say 'shringkij)

6. the loss of retail stock as a result of shoplifting, vendor fraud, administrative error, damage, etc.<sup>4</sup>



Source: 2022 Retail Security Survey, National Retail Federation (U.S. data)<sup>5</sup>

## The inside story of retail theft

While external theft (shoplifting) gets most of the attention, internal or employee theft also represents a major loss to retailers.

**\$461.86**

Average dollar loss (USD) per shoplifter incident.<sup>6</sup>

**\$1,551.66**

Average dollar loss (USD) per dishonest employee incident.<sup>6</sup>



### Stealing products

Employees have more opportunity to access and conceal items in more areas of the store.



### Gift card theft

Issuing fake refunds on activated gift cards which the employee keeps – or giving a blank card to the customer while keeping the loaded one.



### Sweethearting

Not checking out items for a friend or family member – or letting others use their employee discount.

## The impact on employee safety

Shrinkage isn't the only negative outcome of retail theft.

**85%**

Retail workers who have experienced verbal abuse while trying to prevent theft.<sup>7</sup>

**1 in 3**

Retail workers who have experienced physical abuse while trying to prevent theft.<sup>7</sup>

**78%**

Retailers who feel verbal or physical abuse of staff is increasing.<sup>7</sup>

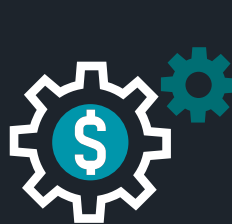
## Process and control failures

Process inefficiencies, human error and accidental breakages also add to a retailer's losses.



### Bottom-of-Basket (BOB)

Overlooked items at the bottom of the basket or shopping trolley.



### Pricing errors

Mislabeling and incorrect markdowns can mean items are sold for less or refunded for more.



### Stocking errors

Incorrectly stored perishables, particularly grocery items, may spoil before being sold.



### Receiving / inventory errors

When fulfillment errors aren't caught when new shipments arrive, the retailer may pay for items not received only to record them as missing stock later.



### Damaged merchandise

Employees may discard a damaged item without following the correct inventory procedure.

Taken altogether, retail theft and shrinkage represent a major opportunity for Australian retailers to reduce losses and protect the bottom line.

1. "Increased Retail Crime & Related Violence", Essential Retail, National Retail Association. (Accessed: 08 March 2023)  
 2. Centre for Retail Research, UK Retail Crime Statistics: The National Survey of Retail Crime and Security – referenced in Understanding and Controlling Retail Theft, Australian Institute of Criminology, May 2000.  
 3. Shapland, J. 1995, "Preventing Retail-Sector Crimes" in Building a Safer Society: Strategic Approaches to Crime Prevention, University of Chicago Press – referenced in Understanding and Controlling Retail Theft, Australian Institute of Criminology, May 2000.  
 4. Macquarie Dictionary, 2023  
 5. 2022 Retail Security Survey, National Retail Federation (U.S. data)  
 6. 2021 Retail Security Survey, National Retail Federation (U.S. data)  
 7. Abuse Is Forcing Workers Out of Retail, National Retail Association, 2021