

# NRF 2020 ORGANIZED RETAIL CRIME

*A benchmarking study on how ORC impacts the retail industry.*

**The annual Organized Retail Crime survey focused on the scope of current ORC activity, retailers' resources for fighting it and the overall impact on the industry.**

NRF surveyed 61 retailers to understand the trends surrounding the growing issue of ORC.

# Key findings

***Organized retail crime continues to burden the retail industry and the overall negative impact on retailers is significant:***

## 01

**Organized retail crime cost retailers an average \$719,548 per \$1 billion in sales**, up from \$703,320 in 2019. This is the fifth year in a row the figure has topped \$700,000 and is up significantly from \$453,940 in 2015.

## 02

The issue of ORC is continuing to grow: Among ORC victims, **three in four report an increase in the past year**. Retailers believe the increase in ORC-related incidents is a direct results of changing laws and penalties for shoplifting.

## 03

Many states have increased the threshold of what constitutes a felony, which has had the unintended consequence of allowing criminals to steal more without being afraid of stronger penalties related to felony charges. **Nearly two-thirds of retailers report that they've seen an increase** in the average ORC case value in these states.

## 04

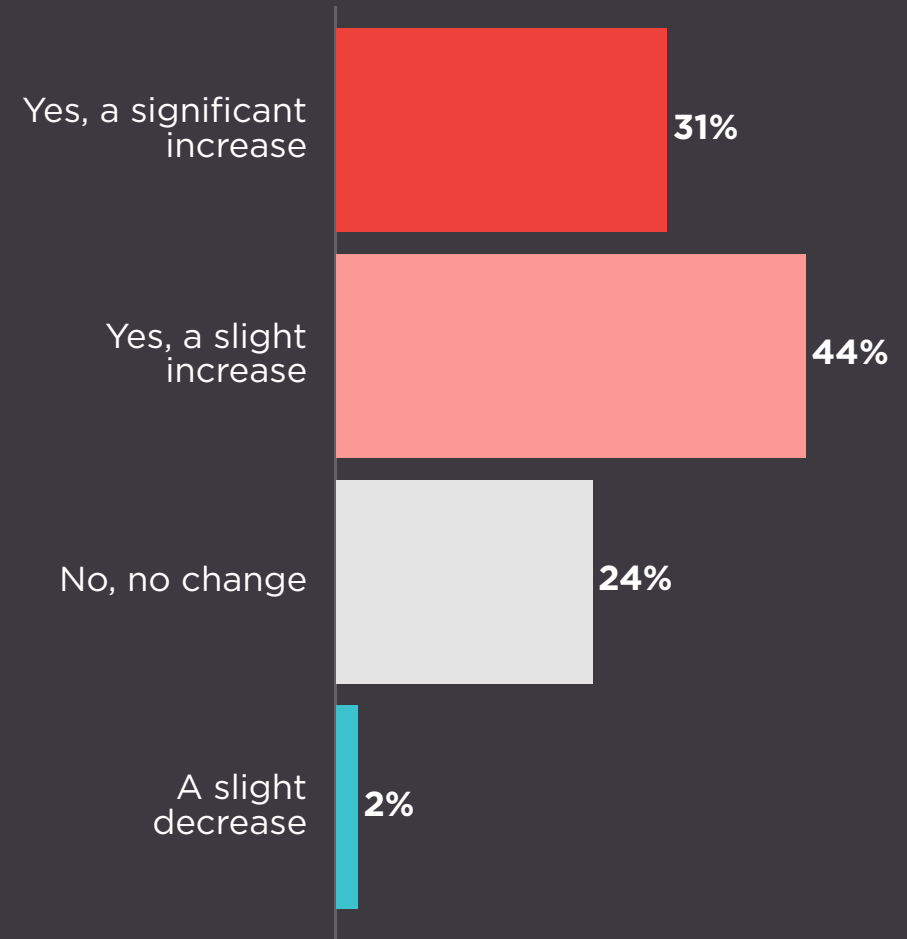
The industry is still supportive of a federal ORC law. **Over six in 10 believe a federal ORC law is needed to effectively combat this issue**. A federal law would help relieve the heavy burden on the industry.

# Overall impact

**\$719,548**

Average loss per  
\$1 billion in sales  
due to organized  
retail crime in the  
past 12 months

*Have you seen an increase in ORC activity in  
the past 12 months at your company?  
(Only among ORC victims)*



# Reduced penalties cause ORC increase

*Why do you think your company has seen an increase in ORC activity?*

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***Relaxed law enforcement guidelines***

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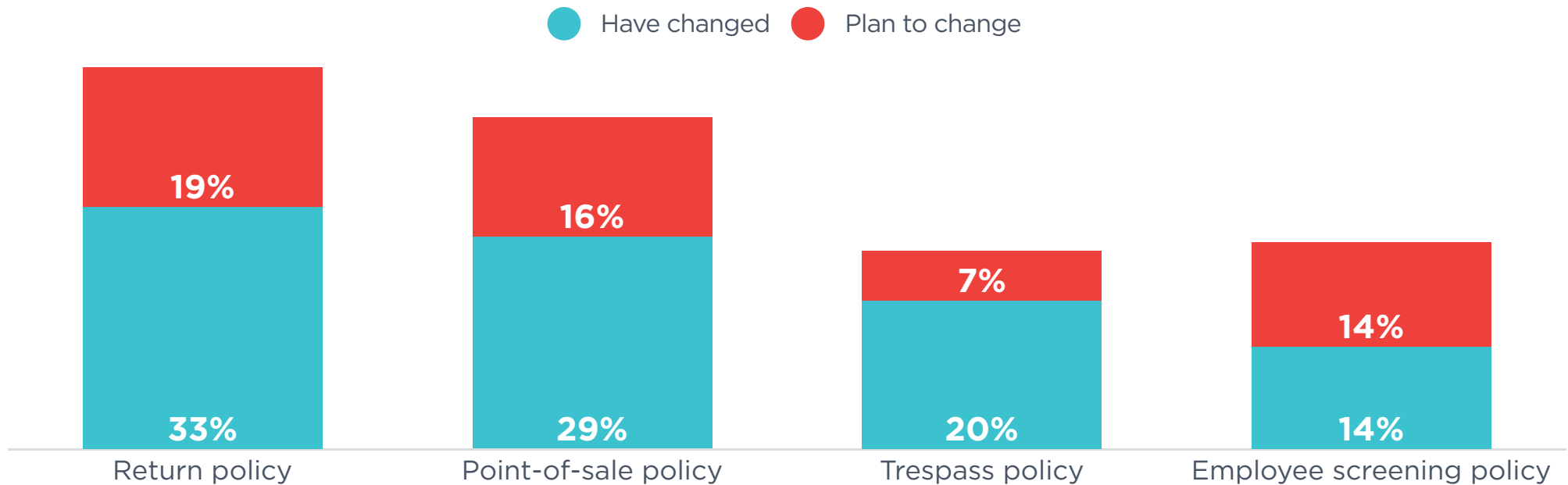
***Shoplifting law changes, limited loss prevention in stores***

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***Decreased penalties in shoplifting laws***

# Changing policies

*Within the past 12 months, has your company changed, or do you plan to change, any of the following policies to address ORC?*



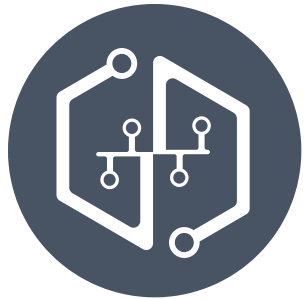
**Retailers continue to revisit their policies and shift strategies to fight and prevent ORC-related incidents.**

# Efforts to fight risk



**61%**

of respondents say their company is prioritizing ORC more now compared with 5 years ago



**52%**

of respondents say their company is allocating additional technology resources to address risk

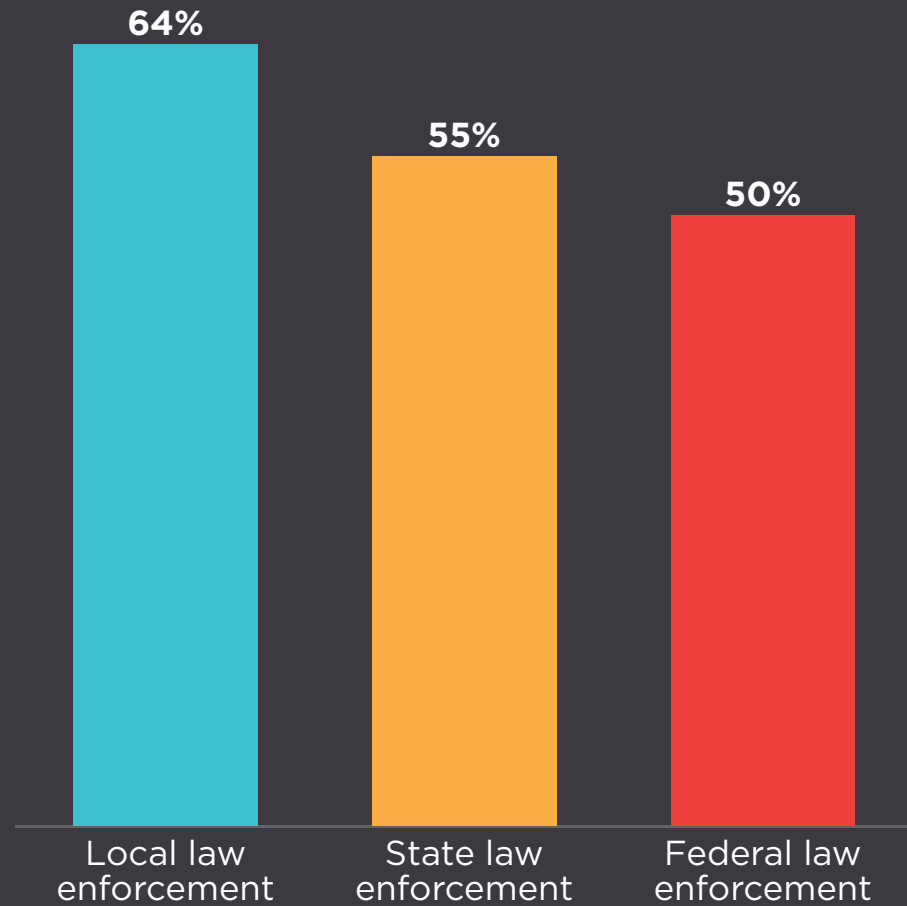


**36%**

of respondents say their company is increasing its annual loss prevention budget

# Retailers need more support

How satisfied have you been with the support you receive from each of the below law enforcement agencies?  
(% satisfied)



# 62%

Believe a federal ORC law is needed to effectively combat ORC



# Why a federal law is needed

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*Needed to influence the response to major ORC problems not attended to by local police departments*

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*We need to arm our federal law enforcement partners with a statute where they can address interstate ORC gangs and are not required to find others that fit the issue*

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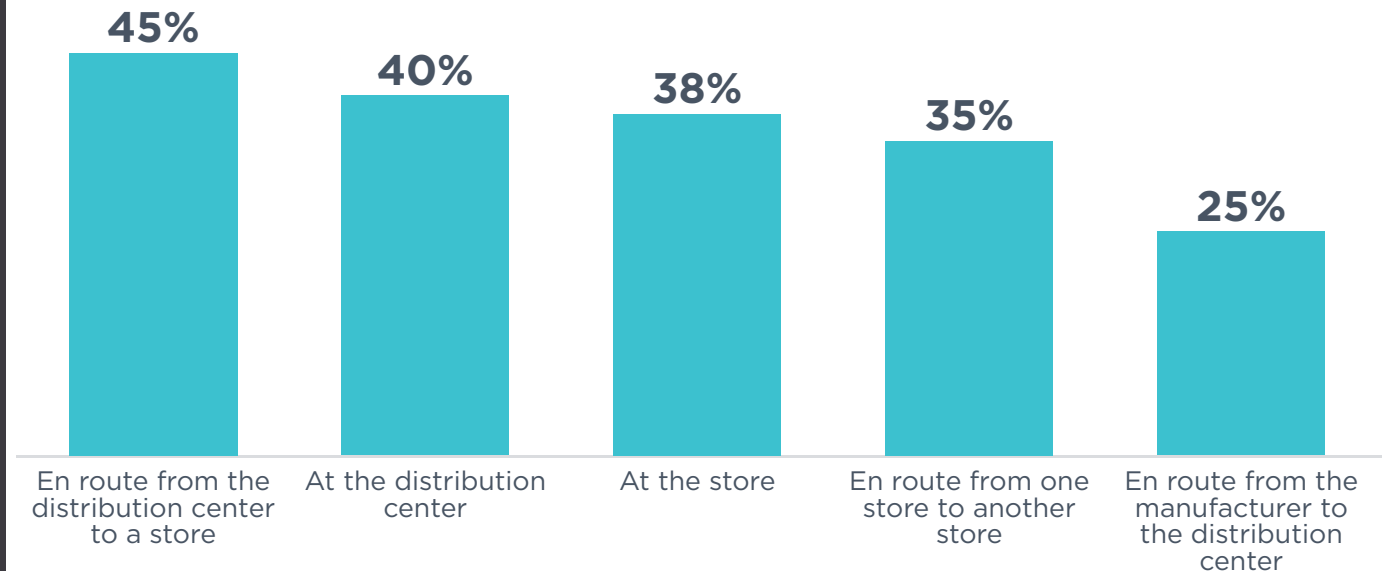
*Most ORC issues are across state lines and need the ability to utilize federal agencies*

# Cargo theft

58%

Have been a victim of cargo theft in the past 12 months

*Within the past 12 months, where has your company been the victim of cargo theft?*



**Over half have experienced cargo theft in the last year.**

En route from a distribution center to a store is the most common place for this to occur.

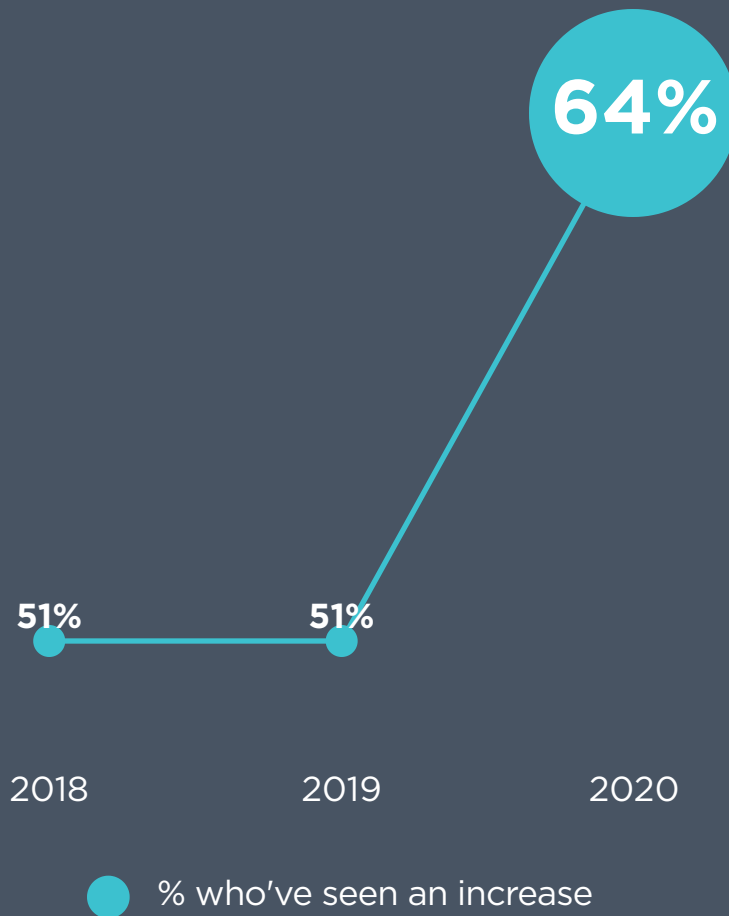
# Top cities affected by ORC

*In order to maintain a current list of the top cities/metropolitan areas affected by ORC, please indicate up to 10 cities where your stores/distribution centers are affected most.*

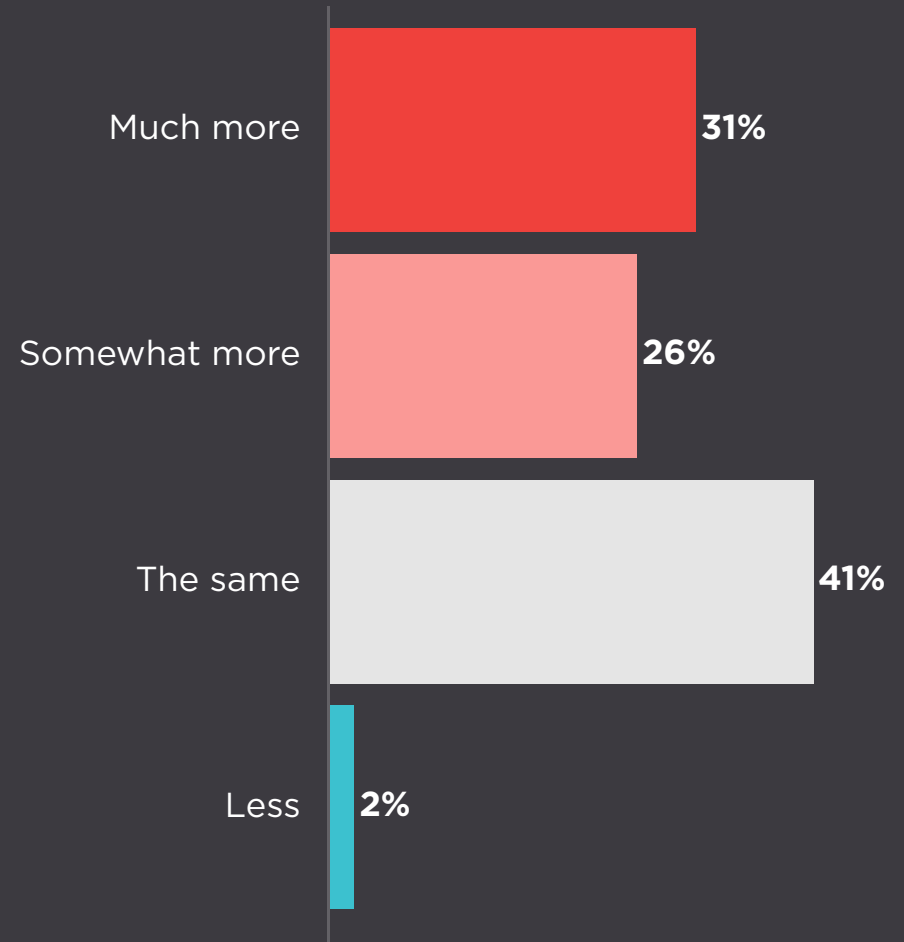
|   | Rank | Cities           |
|---|------|------------------|
|    | 1    | Los Angeles      |
|    | 2    | Chicago          |
|    | 3    | Miami            |
|    | 4    | New York         |
|    | 5    | San Francisco    |
|   | 6    | Baltimore        |
|  | 7    | Atlanta          |
|  | 8    | Washington, D.C. |
|  | 9    | Philadelphia     |
|  | 10   | Sacramento       |

# Additional impact of ORC

*In states where the felony threshold has increased and where your company has a presence, have you noticed an increase in the average ORC case value in that state?*

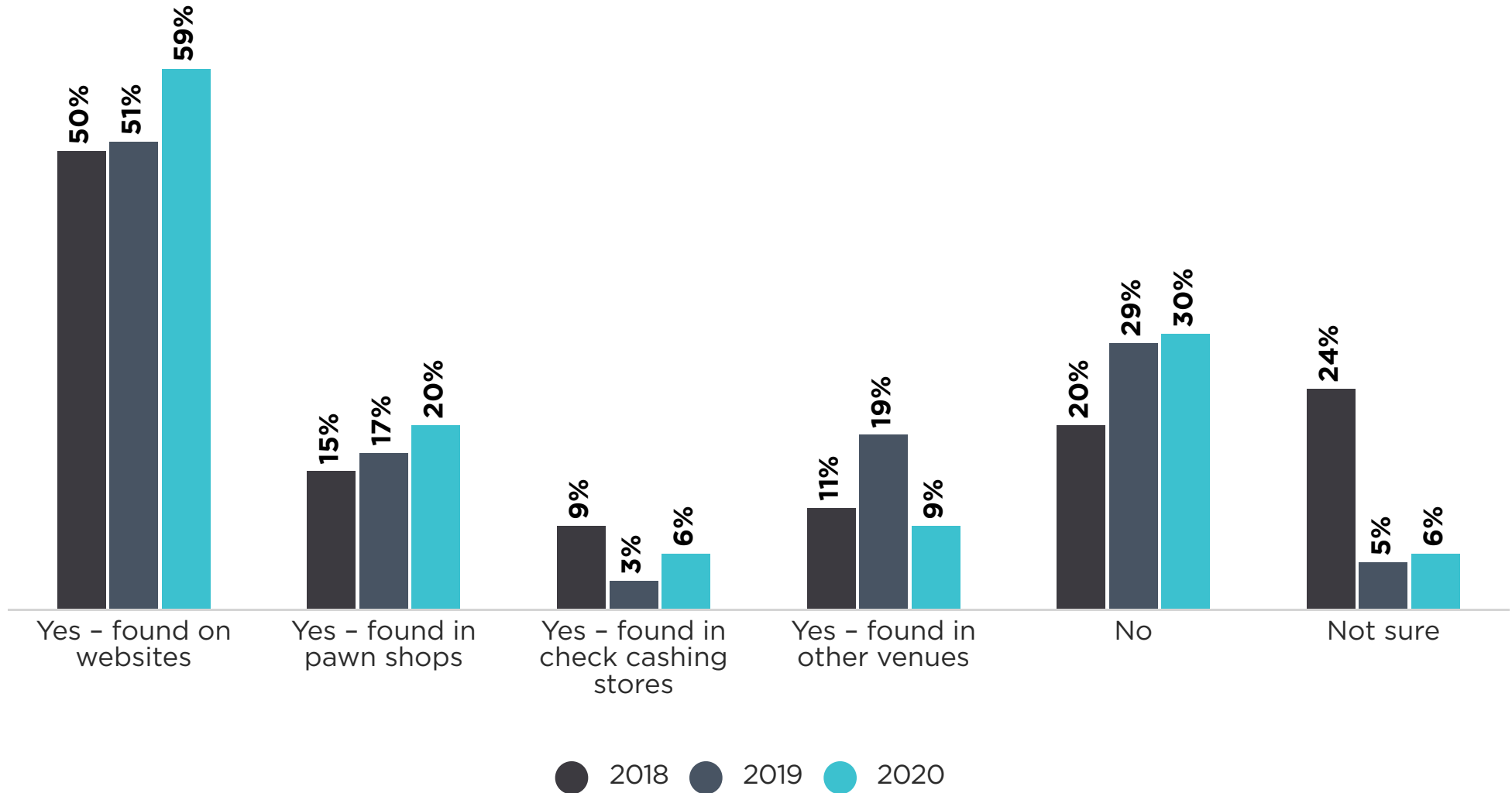


*Are ORC gangs exhibiting more or less aggression and violence than they did last year?*



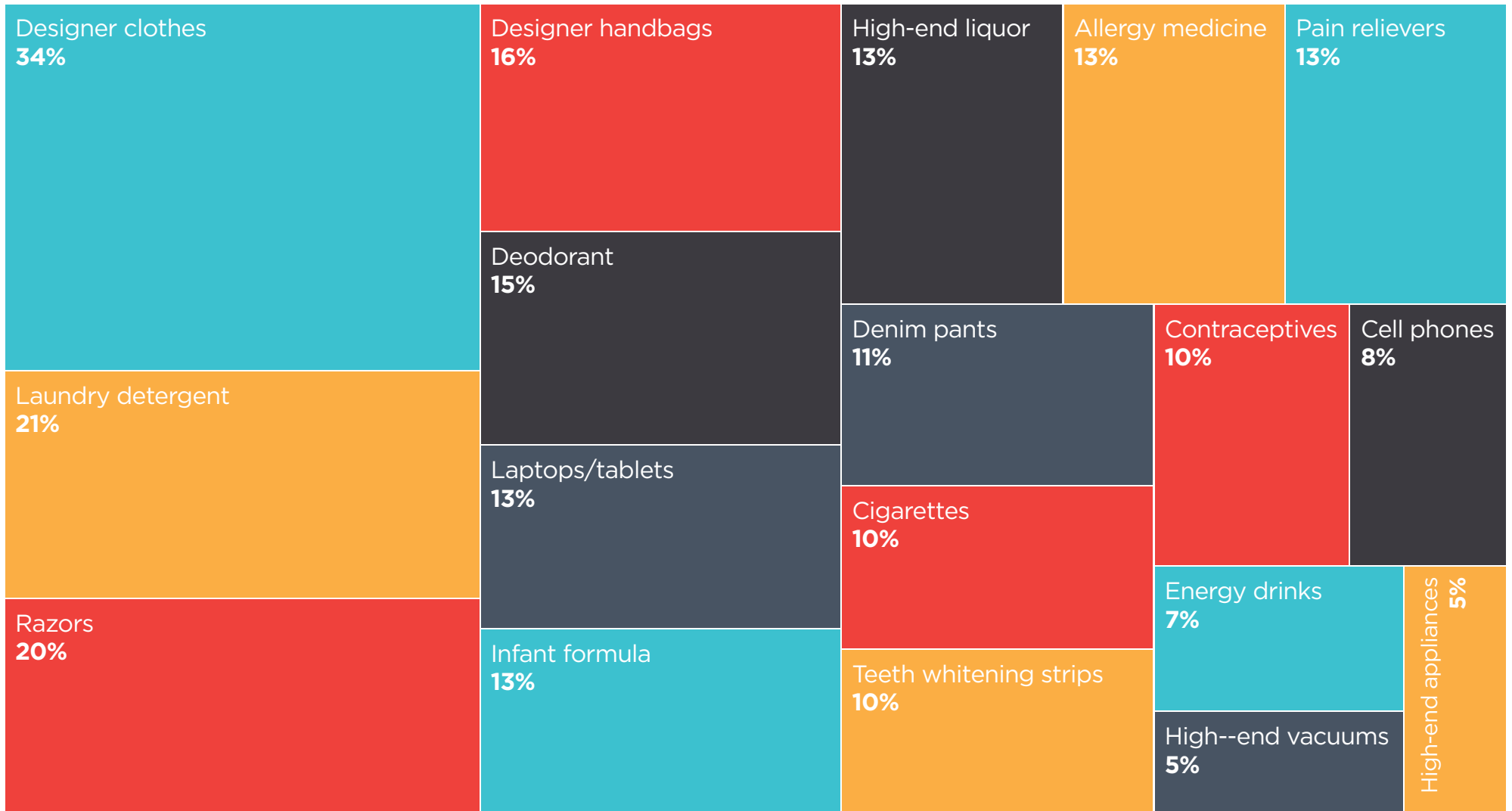
# Recovered merchandise

*Within the past 12 months, has your company experienced boosters stealing merchandise, returning it for merchandise credit or gift cards, then selling the merchandise credit/cards to secondary market buyers/sellers for cash?*



# Top items stolen by ORC gangs

*What are the top stolen items by ORC gangs?*



# About the survey

The 2020 Organized Retail Crime survey includes information from 61 retailers who participated anonymously. The survey was fielded February 24, 2020 – April 21, 2020. Many questions asked participants about their experience over the last 12 months.

The survey occurred in the midst of the COVID-19 shutdowns and respondents' answers may reflect that uncertainty. Findings are directional only. All findings are among the responding companies and have not been scaled as a reflection on the retail industry as a whole.