NRF® NATIONAL
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2017 National Retail Security Survey

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The Retail Equation   sysrepublic

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Contents

I. Introduction and Methodology

The 2017 National Retail Security Survey is an annual study jointly conducted by Dr. Richard Hollinger of the University of Florida and the National Retail Federation. The study develops and analyzes retail loss prevention benchmarks to examine:

- Inventory shrinkage
- Staffing and budgeting for loss prevention departments
- Costs and deterrents to employee theft
- The impact of external retail crime

METHODOLOGY

The 2017 National Retail Security Survey was conducted online from March 29 to May 1, 2017, among retail industry loss prevention and asset protection professionals. Participants were asked about their company's loss prevention performance and actions in the 2016 fiscal year.

A total of 83 retailers participated in the 2017 National Retail Security Survey, with 62 full completes. Several companies participated in the survey on behalf of multiple brands within their portfolios.

In our analysis of the data for each question, we removed select instances of extreme outliers that distorted the overall results.

Due to the large number of responses from apparel retailers, those responses are occasionally segmented.

USE OF "AVERAGE" AND "MEDIAN"

Where logical, the data references both the "average" and "median" results. The two are not interchangeable. Including both affords readers the opportunity to benchmark their own results to the aggregated survey.

- **Average**: the number that is calculated by adding quantities together and then dividing the total by the number of quantities.
- **Median:** The middle value in a series of values arranged from smallest to largest.

Retail Market Categories Represented

Consumer electronics, computers and appliances	2.4%
Convenience store or truck stop	3.6%
Drug store or pharmacy	2.4%
General merchandise	6.0%
Grocery and supermarkets	8.4%
Home improvement, building, hardware, lumber and garden supply	3.6%
Household furnishings, housewares and furniture	7.2%
Jewelry and watches	6.0%
Shoes and accessories	6.0%
Specialty apparel	31.3%
Sporting goods, hobby, toys, book and music and recreational products	9.6%
Other	13.2%

Number of Stores

Up to 49	22.9%
50 to 200	27.7%
201 to 500	13.3%
501 to 1,000	13.3%
1,001 to 2,000	14.5%
2,000 or more	8.4%

Total Employees — Store Level (Managers and Sales Associates)

50,000 or more	13.0%
10,000 to 49,999	24.1%
5,000 to 9,999	18.5%
2,500 to 4,999	16.7%
1,000 to 2,499	13.0%
Up to 999	14.8%

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Total Employees — Company-wide

50,000 or more	16.7%
10,000 to 49,999	25.9%
5,000 to 9,999	18.5%
2,500 to 4,999	18.5%
1,000 to 2,499	7.4%
Up to 999	13.0%

FY 2016 Sales Volume

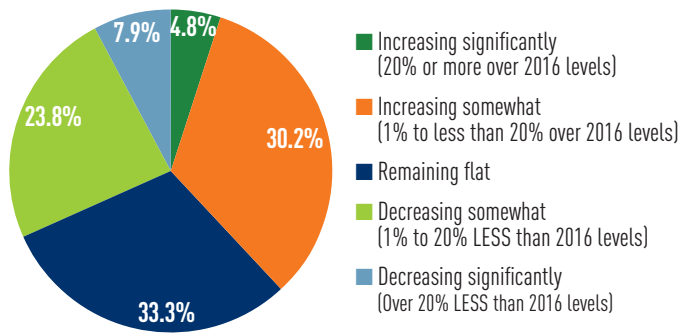|	
Up to $99 million	13.0%
$100 million to $499 million	11.6%
$500 million to $999 million	20.3%
$1 billion to $2.49 billion	20.3%
$2.5 billion to $4.9 billion	10.1%
$5 billion to $9.9 billion	10.1%
$10 billion to $24.9 billion	10.1%
$25 billion or more	4.3%

II. Executive Summary

As retailers continue to find themselves under financial pressure from many directions, shrink's toll on the bottom line is significant. With an average shrink rate of 1.44%, this cost the overall U.S. retail economy $48.9 billion in 2016.

For some retailers, it is a problem that shows no signs of slowing. Nearly half of all respondents report that shrink has increased in the past year: 23% of retailers find themselves with a shrink rate of 2% or greater — up from the previous year.

As if the scope of the problem weren't enough, shrink is trending higher at a time when two-thirds of LP budgets are flat or declining. LP staffs aren't increasing, either: 55% of respondents expect staff sizes to remain flat while another 21% anticipate staff cuts. Meanwhile, respondents said they need almost seven additional employees to keep up — especially employees with more sophisticated skills, marking a shift in the job description for LP professionals. Analysis and investigative abilities are much-needed skills in today's LP world, which come with a higher salary price tag.

Compared with last year, is your LP budget in 2017 increasing, decreasing or remaining the same?

- Increasing significantly (20% or more over 2016 levels)
- Increasing somewhat (1% to less than 20% over 2016 levels)
- Remaining flat
- Decreasing somewhat (1% to 20% LESS than 2016 levels)
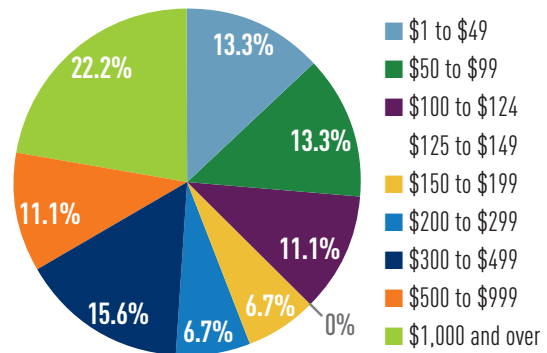- Decreasing significantly (Over 20% LESS than 2016 levels)

LP teams these days are less inclined to benefit from the assistance of front line retail personnel in preventing shrink. Two thirds of respondents said non-LP personnel cannot make shoplifting apprehensions — which has been consistent for several years. What is changing are LP awareness programs: Most have declined in use in the past year, with active shooter training and paycheck

stuffers the only exceptions. Use of technology to combat various types of shrink — such as data mining — dropped, raising the question of whether the technology is no longer seen as worth the investment.

Yet costs related to shrink are increasing, while punitive actions are decreasing. The average cost per shoplifting incident doubled in 2017 to $798.48, perhaps due to decriminalization and the increase in the felony threshold in many states. Dishonest employees account for an average of $1,922.80 per act — up almost $400 in the past two years — with retailers attributing 30% of inventory shrinkage to inside jobs. But, for the third year in a row, external crime/ORC has outpaced employee theft. Perhaps most troubling is the increase in shrink related to administrative and paperwork errors: About 20% of shrinkage is related to this category — up 4.5 percentage points in a year. There has been a decrease in loss to armed robberies: The average dollar loss dropped to $5,309.72, down from more than $8,000 in the 2016 report.

Average Dollar Loss Per Shoplifting Incident

- $1 to $49
- $50 to $99
- $100 to $124
- $125 to $149
- $150 to $199
- $200 to $299
- $300 to $499
- $500 to $999
- $1,000 and over

Another growing — and costly — challenge of fraud relates to returns. For the first time, the 2017 NRSS put a dollar figure on the costs to retailers: The average costs of return fraud was $1,766.27, with a median of $171.

Actions against shoplifters have dropped significantly, as have actions against dishonest employees. Even methods for screening out dishonest employees on the front end have dropped. Only multiple interviews, computer-assisted interviews, handwriting analysis

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and verification of employment history and education increased in use. Other methods, such as drug testing and driver record checks have dropped.

LP has a role to play in cybersecurity as well. While few LP professionals have direct responsibilities, many sit on teams or provide resources to this rapidly evolving area of shrink.
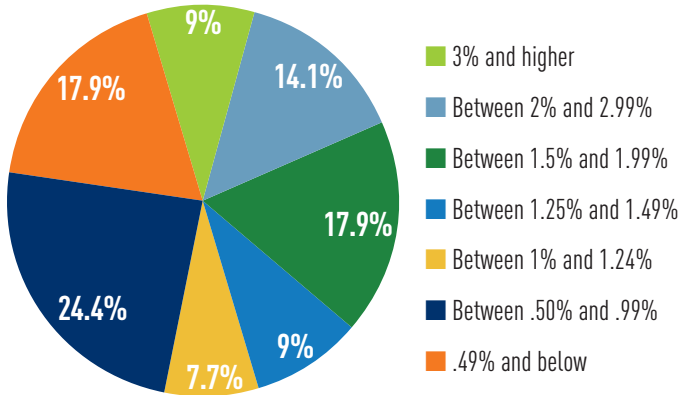
There is no denying that shrink is extremely costly to today's retailers. But the impact of a challenging retail environment requires LP teams to find ways to combat increasingly sophisticated — and expensive — tactics while looking for ways to cut costs. It is a monumental task, to be sure — and one in which the data shows some ground may have been lost.

III. Inventory Shrinkage

AVERAGE OF 1.44% SLIGHTLY INCREASES OVER 2016 1.38% RATE

- Those reporting the highest levels of shrink — 2% or greater — continues to tick upward: In 2015, only 17.1% of respondents reported that level of shrink; in the 2017 report, 23.1% said their losses were that high. Those reporting a shrink of less than 1 percent also grew to 42.3%, up from 34.2% in 2015.

- The apparel sector was slightly below the overall average at 1.36%, but showed a slight increase over 2016's 1.2% for that sector.

- Nearly half — 48.8% — said shrink has increased in the past year while almost two in 10 reported that it remained flat.

- In apparel, 15 of 26 respondents said shrink had grown. Only eight of 26 reported a slight decrease.

SHOPLIFTING, INCLUDING ORC, AGAIN THE TOP SOURCE OF INVENTORY SHRINKAGE, OUTPACING EMPLOYEE THEFT

- Shoplifting has again surpassed employee theft as the leading cause of shrink, though both have shown slight declines since 2015.

- Respondents reported that 21.3% of shrink is due to an administrative or paperwork error, up from 16.8% last year.

- In apparel, both the rates of shoplifting (41.0%) and employee theft (35.5%) were higher than the overall average. Vendor fraud (3.6%) and administrative/paperwork error (12.8%) were slightly below the average. Unknown losses were 7.0%.

Overall Inventory Shrink as a Percentage of Sales

- 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

Source of Inventory Shrinkage (Average Proportion)
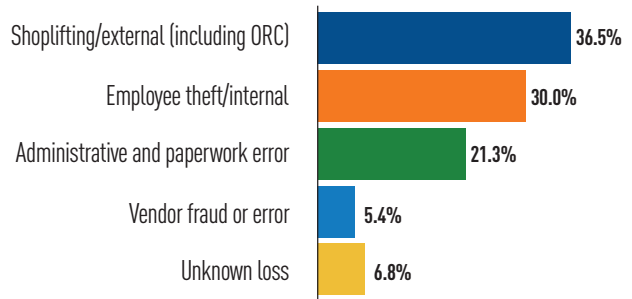
	2017	2016	2015
Shoplifting/external (including ORC)	36.5%	39.3%	38.0%
Employee theft/internal	30.0%	35.8%	34.5%
Administrative and paperwork error	21.3%	16.8%	16.5%
Vendor fraud or error	5.4%	4.8%	6.8%
Unknown loss	6.8%	7.2%	6.1%

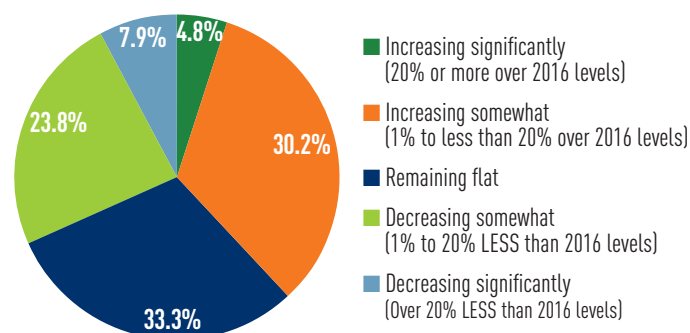|	2017	2016	2015
3% and higher	9.0%	5.4%	6.6%
2% to 2.99%	14.1%	13.5%	10.5%
1.5% to 1.99%	17.9%	5.4%	13.2%
1.25% to 1.49%	9.0%	17.6%	15.8%
1% to 1.24%	7.7%	17.6%	19.7%
.50% to .99%	24.4%	25.7%	18.4%
.49% and below	17.9%	14.9%	15.8%
Average	1.44%	1.38%	1.38%
Median	1.20%	1.21%	1.18%

IV. Staffing and Budgets for the Loss Prevention Department

A THIRD SAY BUDGETS REMAIN FLAT

- 7.9% of LP departments will see a budget decrease of greater than 20 percent this year. That is significantly higher than those reporting similar decreases in 2016 and 2015.
- In apparel, only four of 22 respondents have a higher budget in 2017 compared with the previous year. Nine of 22 expect flat budgets while two expect significant decreases.

Compared with last year, is your LP budget in 2017 increasing, decreasing or remaining the same?

- ■ Increasing significantly (20% or more over 2016 levels)
- ■ Increasing somewhat (1% to less than 20% over 2016 levels)
- ■ Remaining flat
- ■ Decreasing somewhat (1% to 20% LESS than 2016 levels)
- ■ Decreasing significantly (Over 20% LESS than 2016 levels)

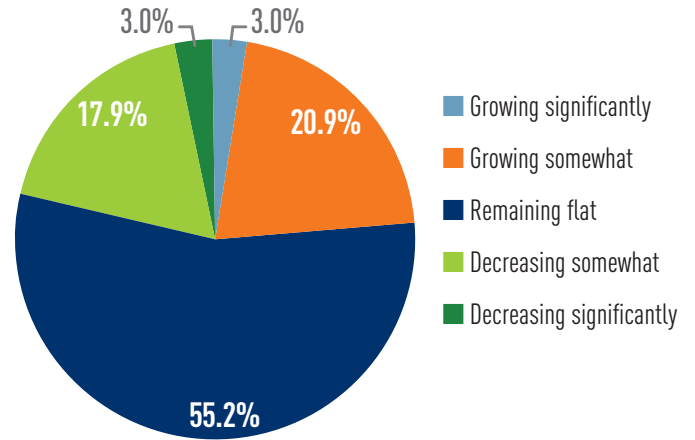|	2017	2016	2015
Increasing significantly (20% or more over 2016 levels)	4.8%	12.3%	1.4%
Increasing somewhat (1% to less than 20% over 2016 levels)	30.2%	30.8%	38.0%
Remaining flat	33.3%	24.6%	36.6%
Decreasing somewhat (1% to 20% LESS than 2016 levels)	23.8%	30.8%	22.5%
Decreasing significantly (Over 20% LESS than 2016 levels)	7.9%	1.5%	1.4%

RETAILER SECURITY AND LOSS PREVENTION BUDGETS AVERAGING 0.40% OF SALES

	2017	2016	2015
Average (% of Sales)			
Payroll expenses	0.13%	0.18%	0.22%
Other noncapital expenses	0.11%	0.06%	0.13%
Capital expenses	0.07%	0.07%	0.14%
Overall	0.40%	0.42%	0.42%
Median (% of Sales)			
Payroll expenses	0.06%	0.09%	0.11%
Other noncapital expenses	0.03%	0.05%	0.07%
Capital expenses	0.02%	0.03%	0.04%
Overall	0.19%	0.19%	0.30%
Maximum (% of Sales)			
Payroll expenses	1.00%	1.50%	1.50%
Other noncapital expenses	1.00%	0.25%	1.00%
Capital expenses	1.00%	0.75%	1.00%
Overall	3.00%	2.90%	2.50%

FEWER THAN ONE IN FOUR SEE INCREASES IN HIRING

- The average LP team has 43.6 employees per $1 billion in sales. In apparel, the average is 19.5 per $1 billion in sales.
- In apparel, four of 23 expect hiring in LP in the coming year while 12 report flat staff sizes.
- There is a sizeable gap between what is expected and what is needed. Respondents said they needed an average of 6.9 additional LP employees to be successful.
- LP professionals still make the bulk of shoplifting stops. Only 32.3% of survey respondents said their company allows non-LP personnel to make shoplifting apprehensions.
- Respondents felt that they need more employees with analytical skills to be successful. Strong investigative experience also was frequently mentioned as a need.

Compared with last year, are your LP teams in 2017 growing, decreasing or remaining the same in regard to number of employees?


- Growing significantly — 3.0%
- Growing somewhat — 20.9%
- Remaining flat — 55.2%
- Decreasing somewhat — 17.9%
- Decreasing significantly — 3.0%

What skills or specific roles do you need more of for your programs to be successful or grow?

MANAGEMENT COMPLIANCE
BUSINESS CYBER LEADERSHIP ARTICULATE
ANALYTICS AUDITORS STORES
SALES TECHNOLOGY INTERVIEWING
DIGITAL SAFETY
OPERATIONS OBSERVANT FIELD TRAINING
INVESTIGATIVE
COMMUNICATIONS

WOMEN, MINORITIES SHOW SLIGHT GAINS IN LP MANAGEMENT; STILL ROOM TO GROW TO REFLECT POPULATION

- When compared to 2015, only female managers have shown an increase over time. In that survey, 23.1% of LP managers were female. African-American (7.7%) and Latino (9.7%) management all have shown slight decreases in the past two years.
- The apparel sector ranks slightly above the overall averages in LP management who are female at 30.6%, Latino (13.5%) and African-American (8.7%).

LP Management —Representation by Demographic Groups

- Average
- Median
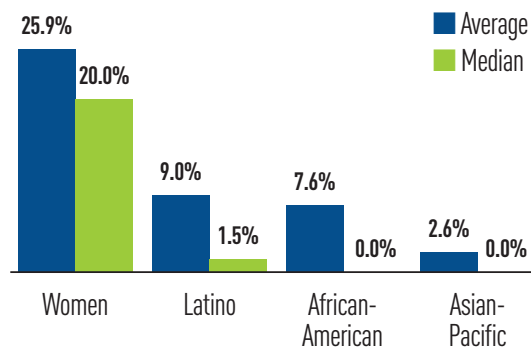
	2017 Avg.	2017 Median	2016 Avg.	2016 Median
Women	25.9%	20.0%	24.5%	20.0%
Latino	9.0%	1.5%	9.4%	5.0%
African-American	7.6%	0.0%	6.7%	1.0%
Asian-Pacific	2.6%	0.0%	2.1%	0.0%

V. Employee Integrity Screening

MULTIPLE INTERVIEWS REMAINS THE TOP METHOD OF EMPLOYEE SCREENING. DRUG SCREENING AND DRIVING HISTORY CHECKS SEE SIZEABLE DROPS

- Using multiple interviews continues to grow as the top method of verifying employee integrity.
- Other, more costly and controversial methods such as drug screening, driving history and credit checks have seen significant drops. Those have been declining in use since the 2015 survey.
- Verification methods, including past employment history and education, are growing in use.
- Apparel ranks these methods in largely the same order.

Employee Integrity Screening Options Used by Retailers

	2017	% Point Difference from 2016
Multiple interviews	91.0%	2.0 ▲
Criminal conviction checks	85.1%	-4.1 ▼
Verify past employment history	73.1%	11.6 ▲
Personal reference checks	58.2%	-0.3 ▼
Education verification	43.3%	7.9 ▲
Drug screening (laboratory)	40.3%	-15.1 ▼
Driving history	28.4%	-13.1 ▼
Credit checks	26.9%	-6.9 ▼
Computerassisted interview	20.9%	4.0 ▲
Preemployment honesty testing	14.9%	-0.5 ▼
Mutual protection association	9.0%	-3.3 ▼
Handwriting analysis	3.0%	3.0 ▲
Workers' compensation claims	1.5%	-3.1 ▼

VI. Loss Prevention Awareness and Training Programs

ALMOST ALL METHODS TO INCREASE LP AWARENESS DECLINE; ACTIVE SHOOTER TRAINING AND PAYCHECK STUFFERS SEE INCREASES

- After an increase in the 2016 survey, newsletters are now on the decline. In 2015, 54.1% of respondents said they used this method of communication.
- Periodic programs, honesty incentives, bulletin board notices and LP committees showed significant declines in use compared to 2016.

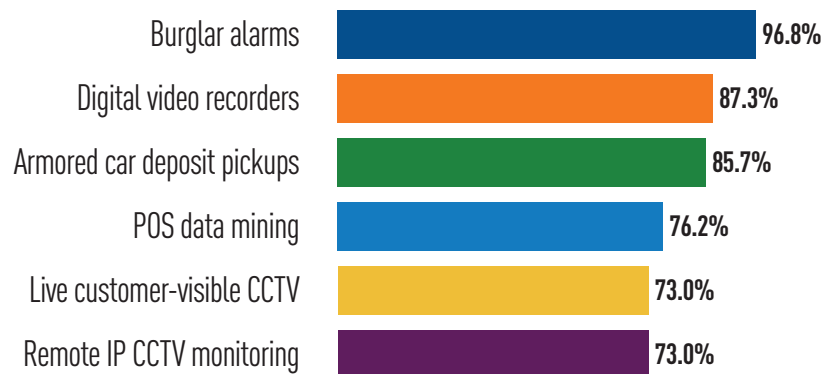### Loss Prevention Awareness Programs Used by Retailers

	2017	% Point Difference from 2016
Anonymous telephone "hotline"	90.5%	-3.3 ▼
Code of conduct	88.9%	-1.9 ▼
Bulletin board notices and posters	81.0%	-11.4 ▼
Discussion during new hire orientation	81.0%	-2.2 ▼
Active shooter training program	63.5%	2.0 ▲
Training videos	58.7%	-7.5 ▼
Anonymous online/email notification system	52.4%	-7.6 ▼
Internet, web-based communications	50.8%	-4.6 ▼
Periodic programs and lectures	47.6%	-10.9 ▼
Newsletters	41.3%	-31.0 ▼
Honesty incentives (e.g. cash and gifts)	36.5%	-20.4 ▼
Internet interactive or CDROM training	34.9%	-9.7 ▼
In-store, employee LP committees	28.6%	-12.9 ▼
Training audio/announcements	20.6%	-7.1 ▼
Employee surveys about LP issues	17.5%	-8.7 ▼
Paycheck stuffers	11.1%	4.9 ▲

Other methods cited by respondents included in-store video display messaging (back of house); conference calls/webinars/store-specific programs and fraud prevention training on multiple subjects.

LP SYSTEMS, INCLUDING SOME FORMS OF TECHNOLOGY AND PERSONNEL, SHOW DECLINES

- While armored car deposit pickups grew between 2016 and 2017, they are not as frequently used as they were in 2015 when 90.4% of respondents cited this type of deterrent.

- When it comes to CCTV, remote IP and point-of-sale exception-based interfaces increased while hidden and visible live CCTV and simulated visible CCTV all showed decreases.

- Deterrents using retail staff — including guards and door greeters/receipt checkers — showed

sizeable drops. The use of fitting room attendants also declined slightly. The use of mystery/honesty shoppers increased slightly.

- Use of theft deterrent devices, secured fixture displays and ink/dye denial tags dropped while microwave and RF electronic security tags increased.

- Respondents also reported using uniformed guards in select stores, off-duty police officers in uniform and patrol vehicles and security in suits at flagship stores.

Top Loss Prevention Systems in Use

System	Value
Burglar alarms	96.8%
Digital video recorders	87.3%
Armored car deposit pickups	85.7%
POS data mining	76.2%
Live customer-visible CCTV	73.0%
Remote IP CCTV monitoring	73.0%

	2017	2016	% Point Difference from 2016
Burglar alarms	96.8%	93.8%	3.0 ▲
Digital video recorders	87.3%	93.8%	-6.5 ▼
Armored car deposit pickups	85.7%	73.4%	12.3 ▲
POS data mining	76.2%	82.8%	-6.6 ▼
Live customer-visible CCTV	73.0%	82.8%	-9.8 ▼
Remote IP CCTV monitoring	73.0%	60.9%	12.1 ▲

### Retail Loss Prevention Systems with the Greatest Change in Use Compared to 2016

	2017	2016	% Point Difference from 2016
Secured fixture displays	28.6%	46.9%	-18.3 ▼
Vendor/source acousto-magnetic tagging	4.8%	20.3%	-15.5 ▼
Armored car deposit pickups	85.7%	73.4%	12.3 ▲
Remote IP CCTV monitoring	73.0%	60.9%	12.1 ▲
Door greeter/receipt checker	25.4%	37.5%	-12.1 ▼
Simulated, visible CCTV	14.3%	-25.0%	-10.7 ▼
Check approval database screening systems	46.0%	-56.3%	-10.3 ▼

VII. Dishonest Employees

APPREHENSIONS, ACTIONS DECREASE

- The number of apprehensions, terminations, prosecutions and civil demands declined significantly when compared with 2016.

- In apparel, the average number of apprehensions (409.4) was slightly higher than the overall average while the number of terminations (336.0) was about on par. The average number of prosecutions (59.4) was lower than the overall average. The number of civil demands (158.9) was higher than the overall average.

Apprehensions and Actions Taken Against Dishonest Employees
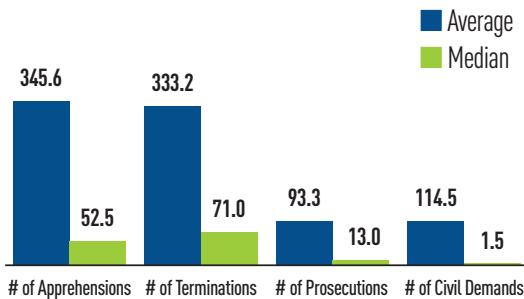
|	2017 Avg.	2017 Median	2016 Avg.	2016 Median
# of apprehensions	345.6	52.5	865.3	137.5
# of terminations	333.2	71.0	552.7	136.0
# of prosecutions	93.3	13.0	158.3	20.0
# of civil demands	114.5	1.5	241.5	25.5

THE AVERAGE DOLLAR LOSS PER DISHONEST EMPLOYEE WAS $1,922.80.

- The median loss per dishonest employee in 2017 ($962.60) also was higher than 2016 ($622) and 2015 ($730.92).

- Respondents reported significant jumps in average dollar losses above $2,000, with 31.6% reporting those totals. That compares with 20.3% that reported average dollar losses that high in 2016 and 17.8% in 2015.

- The biggest changes in amount occurred between $500 and $999. In 2017, only 15.8% of

respondents cited this average. That compares with 32.2% in 2016 and 30.6% in 2015.

- Apparel had an average loss of $1,132 per dishonest employee and a median of $899.

- When it comes to deterring employee theft, most retailers cited awareness and training as among their biggest techniques in 2017. These far outweigh high-tech solutions like fingerprint identification at the POS and facial recognition. Overall, just six of 63 respondents said they had implemented fingerprinting and three had implemented or are testing facial recognition. In apparel, three of 22 said fingerprinting was implemented throughout all their stores. None in either the overall or apparel categories said they had plans to explore these technologies this year or next.

Average Dollar Loss Per Dishonest Employee Case
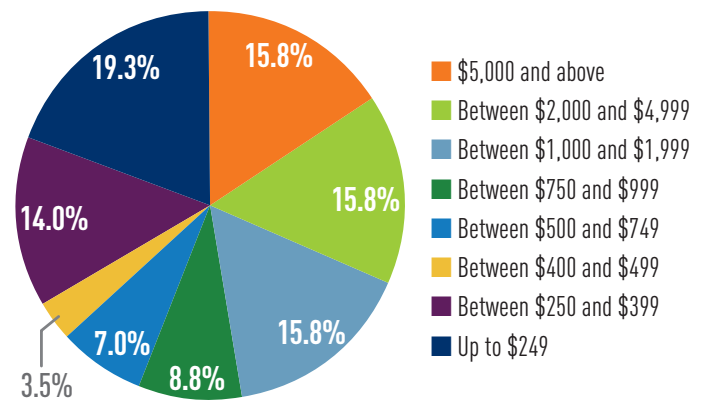
	2017	2016	2015
$5,000 and above	15.8%	1.7%	6.5%
$2,000 to $4,999	15.8%	18.6%	11.3%
$1,000 to $1,999	15.8%	13.6%	16.1%
$750 to $999	8.8%	10.2%	14.5%
$500 to $749	7.0%	22.0%	16.1%
$400 to $499	3.5%	11.9%	14.5%
$250 to $399	14.0%	10.2%	9.7%
Up to $249	19.3%	11.9%	11.3%
Average	$1,922.80	$1,233.77	$1,546.83

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VIII. External Retail Crime

THE AVERAGE NUMBER OF APPREHENSIONS, PROSECUTIONS, CIVIL DEMANDS DROP SIGNIFICANTLY
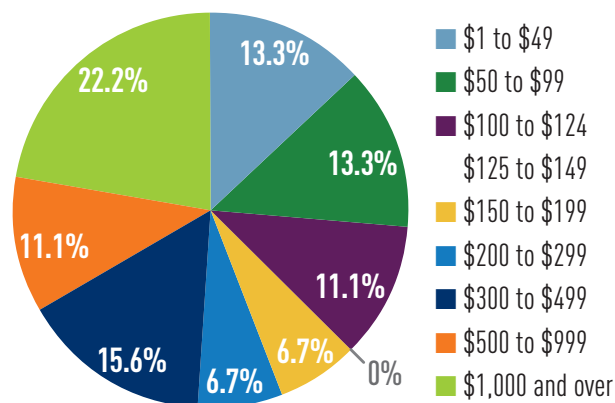
- The number of apprehensions — stops without referrals — dropped in half in 2017. Prosecutions and civil demands dropped significantly as well.
- The number of actions taken against shoplifters has declined significantly since 2015.
- The average shoplifting loss has more than doubled in the last year.
- The loss per shoplifting incident was slightly higher for those in the apparel sector, with an average of $974.37 and a median of $300.
- Those respondents experiencing losses of $1,000 or more increased significantly at 22.2%, compared with 4.4% in 2016 and 8.2% in 2015. In all, almost half — 48.9% — of respondents experienced an average loss of more than $300. That has doubled since 2016.
- Losses at the lower end of the scale, less than $125, dropped from 46.7% in 2016 to 37.7% in 2017.

Actions Taken in Shoplifting Incidents
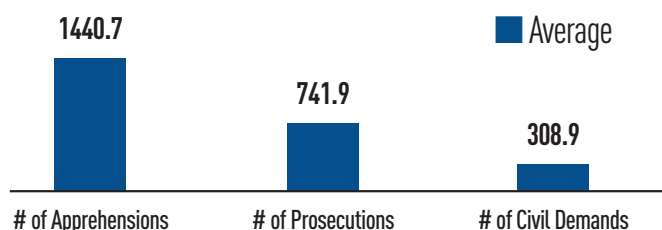
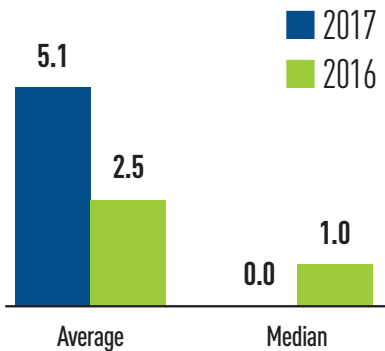|	2017 Avg.	2016 Avg.	2015 Avg.
# of apprehensions	1440.7	3322.7	3455.1
# of prosecutions	741.9	1934.6	2738.7
# of civil demands	308.9	2201.4	1216.3

Average Dollar Loss Per Shoplifting Incident

Legend:
- $1 to $49
- $50 to $99
- $100 to $124
- $125 to $149
- $150 to $199
- $200 to $299
- $300 to $499
- $500 to $999
- $1,000 and over

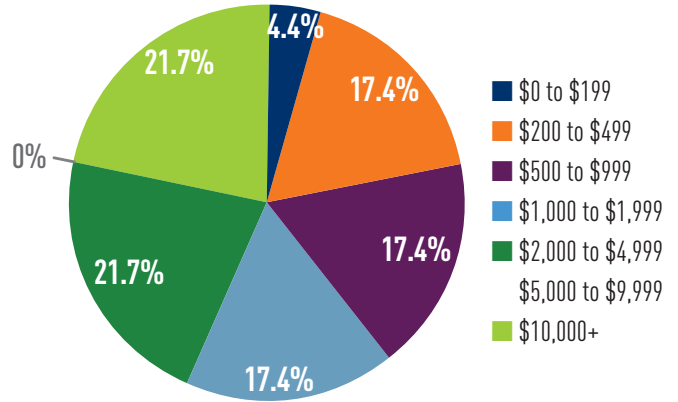|	2017	2016	2015
$1 to $49	13.3%	8.9%	6.1%
$50 to $99	13.3%	20.0%	20.4%
$100 to $124	11.1%	17.8%	10.2%
$125 to $149	0.0%	6.7%	4.1%
$150 to $199	6.7%	11.1%	16.3%
$200 to $299	6.7%	11.1%	12.2%
$300 to $499	15.6%	8.9%	10.2%
$500 to $999	11.1%	11.1%	12.2%
$1,000 and over	22.2%	4.4%	8.2%
Average	$798.48	$376.80	$317.84
Median	$230	$138	$165

OTHER FORMS OF LOSS ALSO COST RETAILERS EACH YEAR

- Another growing — and costly — challenge of frauds relates to returns. For the first time, the 2017 NRSS attempted to put a dollar figure on the costs to retailers. The average costs of return fraud was $1,766.27 with a median of $171.

- In apparel, the average cost of return fraud — $968.81 — was practically as high as shoplifting ($974.37).

- Retail robberies declined in average cost compared to 2016, down to $5,309.72 compared with $8,170.17 in 2016. But since 2015, the average loss per robbery has more than doubled. In 2015, each robbery resulted in a loss of about $2,464.50.

Number of Robberies Per $1 Billion in Sales in FY 2016

2017
2016

5.1 (Average, 2017)
2.5 (Average, 2016)
0.0 (Median, 2017)
1.0 (Median, 2016)

Average Dollar Loss Per Robbery

- $0 to $199 — 4.4%
- $200 to $499 — 17.4%
- $500 to $999 — 17.4%
- $1,000 to $1,999 — 17.4%
- $2,000 to $4,999 — 21.7%
- $5,000 to $9,999 — 0%
- $10,000+ — 21.7%

Cyberthreats and data breaches also impact retailers but often fall outside the full responsibility of LP. In 2017, respondents said they would be able to assist in response to a data breach through the following methods:

An established data incident response plan	56.5%
An established data incident response team (across LP, IT, legal, communications departments)	56.5%
Outside consultant or technical services to provide data incident response assistance	30.7%
Cyber insurance to help mitigate potential losses to business	35.5%
Alongside IT, conducting a risk assessment or similar test of the system security to determine vulnerabilities	53.2%
Participating in a table-top exercise with a mock data security incident to test systems, response plan and inter-departmental collaboration	33.9%

Conclusion

There is no denying the tight margins facing today's retailers. Even incremental improvements against shrink could go a long way in improving results. But to combat the many facets of shrink, retailers must provide LP professionals the resources to combat an increasingly sophisticated criminal, whether it is an employee who skims a bit off the top or a massive organized retail criminal operation that has mastered return fraud.

LP is changing and the demands for additional skills are increasing, but the 2017 NRSS provides a snapshot of the extremely challenging environment.

This research could not be conducted without the participation of retailers. Thank you for helping to provide understanding of the current landscape of loss prevention. The NRSS study is an invaluable tool for the retail and solution provider communities and our law enforcement partners, as well as for legislative efforts that impact retail crime and media awareness campaigns. We look forward to working with you for years to come.

We wish to express our thanks to our study sponsor, The Retail Equation, for underwriting the 2017 NRSS. We are very grateful to Dr. Hollinger at the University of Florida for the many years that he has shared his time, insights and counsel for this study.

Please feel free to contact Bob Moraca or Dr. Hollinger if you have any questions or feedback about this study.

Warmest regards,

Bob Moraca
VP, Loss Prevention
National Retail Federation
moracar@nrf.com

Dr. Richard Hollinger
Professor, Department of Sociology
And Criminology & Law
University of Florida
rhollin@ufl.edu

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