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.
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.

Source: NRF Organized Retail Crime Survey 2020
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)

- Yes, a significant increase: 31%
- Yes, a slight increase: 44%
- No, no change: 24%
- A slight decrease: 2%

Source: NRF Organized Retail Crime Survey 2020
Reduced penalties cause ORC increase

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

“Relaxed law enforcement guidelines”

“Shoplifting law changes, limited loss prevention in stores”

“Decreased penalties in shoplifting laws”

Source: NRF Organized Retail Crime Survey 2020
Within the past 12 months, has your company changed, or do you plan to change, any of the following policies to address ORC?

- **Return policy**: 33% have changed, 19% plan to change
- **Point-of-sale policy**: 29% have changed, 16% plan to change
- **Trespass policy**: 20% have changed, 7% plan to change
- **Employee screening policy**: 14% have changed, 14% plan to change

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.

Source: NRF Organized Retail Crime Survey 2020
Retailers need more support

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

- Local law enforcement: 64%
- State law enforcement: 55%
- Federal law enforcement: 50%

62% Believe a federal ORC law is needed to effectively combat ORC

Source: NRF Organized Retail Crime Survey 2020
Why a federal law is needed

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

"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"

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

Source: NRF Organized Retail Crime Survey 2020
Cargo theft

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

58%

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

<table>
<thead>
<tr>
<th>Location</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>En route from the distribution center to a store</td>
<td>45%</td>
</tr>
<tr>
<td>At the distribution center</td>
<td>40%</td>
</tr>
<tr>
<td>At the store</td>
<td>38%</td>
</tr>
<tr>
<td>En route from one store to another store</td>
<td>35%</td>
</tr>
<tr>
<td>En route from the manufacturer to the distribution center</td>
<td>25%</td>
</tr>
</tbody>
</table>

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.

Source: NRF Organized Retail Crime Survey 2020
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.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Los Angeles</td>
</tr>
<tr>
<td>2</td>
<td>Chicago</td>
</tr>
<tr>
<td>3</td>
<td>Miami</td>
</tr>
<tr>
<td>4</td>
<td>New York</td>
</tr>
<tr>
<td>5</td>
<td>San Francisco</td>
</tr>
<tr>
<td>6</td>
<td>Baltimore</td>
</tr>
<tr>
<td>7</td>
<td>Atlanta</td>
</tr>
<tr>
<td>8</td>
<td>Washington, D.C.</td>
</tr>
<tr>
<td>9</td>
<td>Philadelphia</td>
</tr>
<tr>
<td>10</td>
<td>Sacramento</td>
</tr>
</tbody>
</table>

Source: NRF Organized Retail Crime Survey 2020
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?

- 2018: 51%
- 2019: 51%
- 2020: 64%

% who've seen an increase

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

- Much more: 31%
- Somewhat more: 26%
- The same: 41%
- Less: 2%

Source: NRF Organized Retail Crime Survey 2020
**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?*

<table>
<thead>
<tr>
<th>Location</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes - found on websites</td>
<td>50%</td>
<td>51%</td>
<td>59%</td>
</tr>
<tr>
<td>Yes - found in pawn shops</td>
<td>15%</td>
<td>17%</td>
<td>20%</td>
</tr>
<tr>
<td>Yes - found in check cashing stores</td>
<td>9%</td>
<td>3%</td>
<td>6%</td>
</tr>
<tr>
<td>Yes - found in other venues</td>
<td>11%</td>
<td>19%</td>
<td>9%</td>
</tr>
<tr>
<td>No</td>
<td>20%</td>
<td>29%</td>
<td>30%</td>
</tr>
<tr>
<td>Not sure</td>
<td>24%</td>
<td>5%</td>
<td>6%</td>
</tr>
</tbody>
</table>

*Source: NRF Organized Retail Crime Survey 2020*
Top items stolen by ORC gangs

What are the top stolen items by ORC gangs?

- Designer clothes: 34%
- Designer handbags: 16%
- High-end liquor: 13%
- Allergy medicine: 13%
- Pain relievers: 13%
- Laundry detergent: 21%
- Deodorant: 15%
- Denim pants: 11%
- Contraceptives: 10%
- Cell phones: 8%
- Razors: 20%
- Laptops/tablets: 13%
- Cigarettes: 10%
- Energy drinks: 7%
- Infant formula: 13%
- High-end vacuums: 5%
- Teeth whitening strips: 10%
- High-end appliances: 5%

Source: NRF Organized Retail Crime Survey 2020
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.