Fighting the Theft Epidemic:
How Retailers Can Create More Secure Stores

Retail crime is on the rise and unfortunately, it's not just a regional or national problem — it's a global phenomenon. From American retailers closing down hard-hit stores to Spanish shops locking up olive oil, retailers worldwide are struggling to control their losses without negatively impacting their brand experience.

The Scope of the Problem

Since the opening of the first self-service grocery store in 1916, retailers have accepted a certain amount of unknown stock loss, also known as shrink or shrinkage, in exchange for more impulse buys and higher basket spend. But unfortunately, that delicate balance is shifting. In its 2023 National Security Survey, the National Retail Federation (NRF) reported that the average shrink rate in the United States increased from 1.4% to 1.6%. While that may sound like a small number, it amounts to $112.1 billion in yearly lost revenue. And with 35.8% of American retailers suffering from a shrink rate higher than 2%, the losses are hitting some harder than others. And throughout Europe, retailers are sharing equally dramatic losses, with just one Dutch retailer losing €100 million a year.

Shrink is not synonymous with theft, however, as it covers all unknown losses, including clerical errors. Yet the NRF estimates that nearly two-thirds of shrink in the United States is due to theft. On the other side of the Atlantic, the British Retail Consortium (BRC) claims retailers in the UK lost £1.8 billion to customer theft last year alone.

While it's hard to prove the exact percentage of stolen stock, the number of violent incidents and altercations has increased in stores. Two-thirds of retailers in the United States have reported an increase in violence during theft attempts. And in the UK, retailers last year faced over 1,300 violent or abusive incidents a day, an increase from nearly 870 the year before. Even Canada has seen a rise, with the number of violent retail theft incidents increasing 300% over the last four years.

And it's the retail workers that suffer. In Britain, the Union of Shop Distributive and Allied Workers (USDAW) found that 18% of their survey respondents had been physically assaulted in 2023, while the year before just under 8% reported the same. In response, the British government recently announced that assaults against shop workers will be classified as a stand-alone offense — though the penalties are only slightly different than standard assault charges and are still dependent on police responding to callouts.
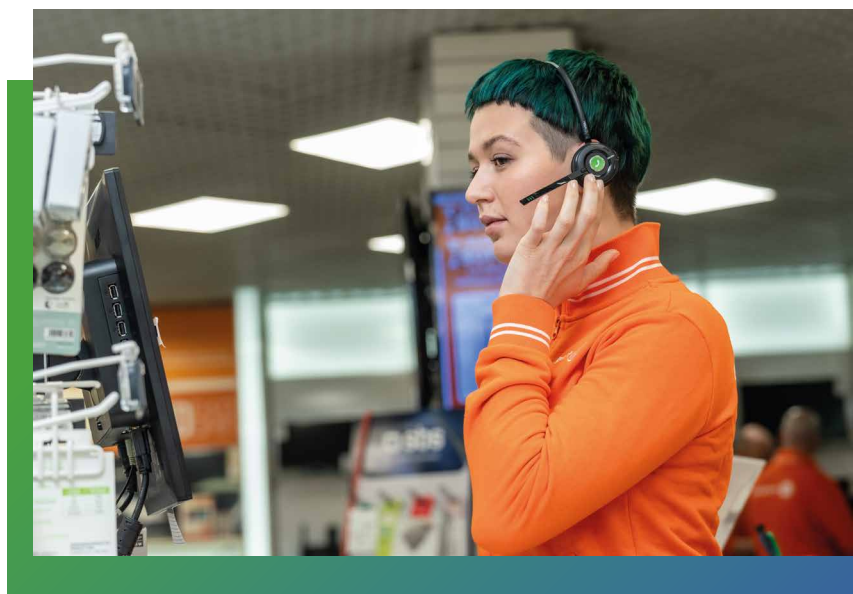
Even for those incidents that don't result in violence, the impact of the theft is felt beyond the money lost. When theft happens in a store, it can lead to a loss of customer loyalty and sales. A 2023 Statista report found that about a quarter of surveyed US in-store shoppers stopped shopping in stores as frequently after witnessing retail theft or its effects, and 15% started shopping at competitors instead. Thus, the increase in retail crime is not only about the stock lost; it's about employee and customer safety and brand protection.

The Changing Landscape

Even with the move to omnichannel retail, which accelerated during the pandemic, the recent uptick in retail crime can't be blamed on it alone. There are a lot of factors across markets, but some common threads are the cost of living crisis, influencer trends and the rise of organized retail crime.

Cost of Living Crisis

First, people are honestly more desperate. Inflation, though predicted to drop down to a global average of 5.8% this year, has hit consumers hard. And with rising rents, and massive layoffs in certain sectors, many households don't have as much disposable income as they used to. As a result of this and the rise of online shopping, footfall has dropped making it easier to steal items as there are fewer people in-store to raise the alarm. This can lead some desperate people to take items either because they are essentials or because they can be sold on online marketplaces, providing income that can cover their needs.

However, the higher prices for items, especially for essentials like meat, olive oil or baby formula, have also bred resentment among certain consumers who see them as akin to robbery. Especially in the case of large retailers, some consumers feel they are enacting justice by taking items, especially by "forgetting" to scan items at self-checkouts. They particularly target large stores with self-checkout machines because they believe that companies are making billions by reducing staff, an act seen as unethical.

Influencer Trends

Perhaps the strangest shoplifting trend is one driven by influencers. Called "cleptos", mainly young women and teenagers share their shoplifting hauls on social media while also advising their followers on how to evade cameras and other store security systems. A global phenomenon but particularly popular in America and Brazil, these influencers use emojis like blueberries and specific hashtags such as "borrow tips and tricks" to gain followers and add to the conversation. And again, while they take joy in the challenge of shoplifting, they always advise their followers to go after the big retailers, not small independent shops.

Organized Retail Crime

But it isn't just individuals that are driving the increase. Organized retail crime (ORC), perpetrated by criminal groups often with the intent to resell items through other platforms, has been a growing problem. If you think about it, it makes perfect sense. There's quite a lot of money in retail and the spaces are easily accessible and open to the public. All it takes are two people working together, one to distract the store associate and one to take items. From there, the items are sold on through online marketplaces, traditional markets or flea markets. In some instances, criminal groups exploit the complexity of the modern retail model by attacking distribution centers and launching complex return scams. No matter how it's done the result's the same — retailers are out of pocket and the costs are passed onto consumers while criminal organizations make money at everyone's expense.

While not a universal phenomenon, in some places penalties for shoplifting have been lowered in the last few years. In California, for example, when the value of stolen items is under $950, the crime is classified as a misdemeanor, not a felony. This lowers the priority of the crime making police less likely to report to the scene. Add to that company nonconfrontation policies designed to keep staff safe, and you have a perfect storm that rarely penalizes serial offenders for retail theft, encouraging ORC. However, in other places, the law is starting to catch up. So far in the United States, 34 states have adopted ORC laws and the Combating Organized Retail Crime Act has been introduced to Congress. The act, supported by the NRF, plans to combat ORC by establishing an Organized Retail Crime Coordination Center that would work to counter ORC activity not only nationally but internationally.

Because, as many retailers are finding, what may first appear to be a simple stand-alone shoplifting incident upon further investigation may actually be connected to an international crime ring. This also explains why it has become such a widespread problem.

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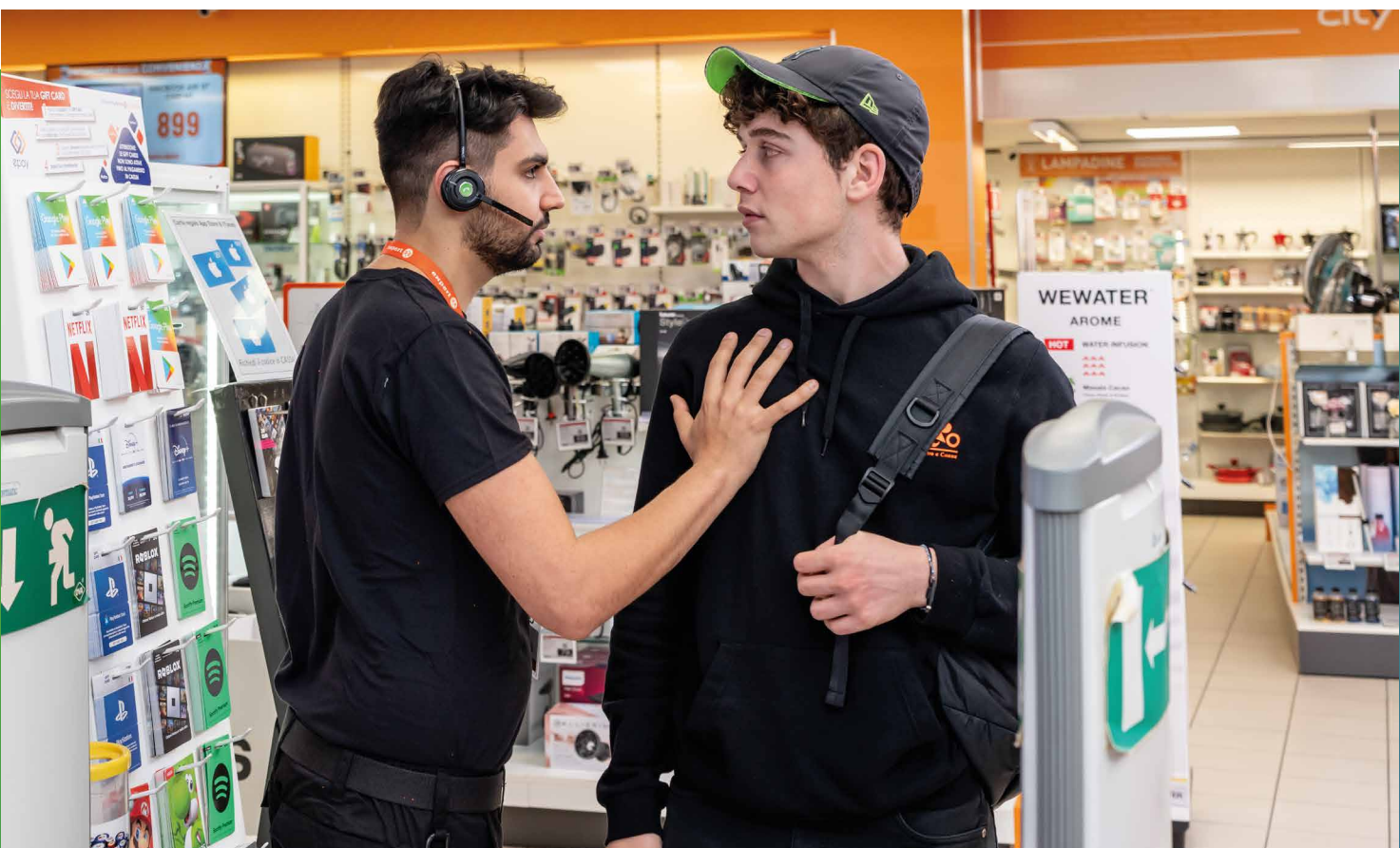
Fighting Back

While few stores would dream of returning to counter service, though the concept is still alive and well in UK stores such as Argos and Screwfix, the increase in theft has led retailers to find ways to restrict the movement of goods in and out of stores. In the United States, that has led to installing clear locked cabinets requiring customers to either find or summon a store associate to open them, creating a service bottleneck similar to counter service in a different form.

Gates at the entrance or exit, including closing gates and open scanners, also help restrict movement in and out of the store, either stopping people from dashing out the nearest door or alerting staff to unpaid goods. This also means that retailers have started tagging more items as their value and/or theft rate increases. Stores in the UK have been mocked for putting tags on cheese and meat, but in some circumstances, it's a quick and easy way to keep an eye on products without making any procedural or technological changes.

Since self-checkouts are theft hot spots, some retailers have removed them completely while others have established receipt checks near the exit. However, since the second option also stretches staff thin and makes customers feel targeted, it creates a lose-lose situation.

However, some stores have taken matters further by simply not stocking certain items in stores due to a high theft rate. And in certain high-theft areas, retailers in the US have reduced hours and even closed stores, cutting off whole communities from their brand. Thus pushing more people to either shop online or with competitors.

Data Challenges

While many of the strategies mentioned above reduce theft, they mainly focus on restricting access to products or creating physical or alarmed barriers around the store. When it comes to spotting patterns and finding solutions that help retailers deter thieves and serve customers better, there are less intrusive technology solutions that can help reduce theft while still maintaining a high level of customer satisfaction. However, to find a solution that works retailers need to also consider three major data challenges.

Underreporting

It's hard to discourage or catch repeat thieves if the crime is never reported. Yet, due to several factors many retail crimes aren't. According to the BRC, in the UK only 8% of reported retail crimes were prosecuted and in many cases, the police may not respond to a callout at all. As a result, retailers are unlikely to bother reporting an incident.

For internal theft, retailers often have internal policies to discipline and deal with the situation. But since it is a separate process, the theft might not be recorded, giving the company an incomplete picture of the scale of the problem. And while we're not suggesting that companies should forego internal policies, especially ones that work to address the behavior and give workers the chance to improve, ensuring that that is done in tandem with reporting the loss, and if necessary, the crime is the best way to keep accurate records and discourage others from making the same mistakes. Because if employees see that someone is just quietly "let go" due to theft and that there were no legal repercussions, it could encourage them to steal or the guilty party may just repeat the same behavior at their next place of employment.

Then there's the issue of insurance. If the value of the items stolen is low, retailers may not see any value in filing a claim or, at best are unsure if they will benefit. In a 2023 Statistica report, it was found that three-quarters of small retailers in the United States didn't issue claims for this reason while just over half stated they chose not to report some crimes because they didn't want their insurance rates to rise.

Whatever the reason, underreporting gives both businesses and eventually policymakers an unclear picture of the actual scope of the problem, making it harder to enact changes that protect individuals and the bottom line.

Lack of Data

When it comes to providing evidence or uncovering trends, retailers struggle to access the data they need when they need it. The issue? Most of the data they have is siloed and not easily accessible. This means that it's hard to compare information on missing stock and suspicious activity over the CCTV as the two systems are often separate and don't interact.

IOf course, then there's the issue of CCTV itself. It's only as good as the people watching it. Security personnel have to be alert and able to identify suspicious behavior from the footage. And if it's being viewed at a remote location, the information may take a while to get to the shop floor. Plus, if it isn't caught in real time, then someone needs to sift through the footage to find evidence of wrongdoing or to support a charge.

And finding and sharing evidence quickly can make or break a shoplifting case. In fact, the Retail Crime Action Plan launched in October 2023 in the UK, clearly sets out what retailers need to provide so that police can successfully pursue a case. This includes sending CCTV footage of the whole incident and an image of the shoplifter as quickly as possible after the event. The longer it takes to collect evidence, the less likely anything will come of the charges.

Data Protection Policies

The other issue is how to manage data effectively. Since the introduction of the General Data Protection Regulation (GDPR) in Europe, 17 countries from Australia to Turkey have introduced similar data protection policies, including the California Consumer Privacy Act.
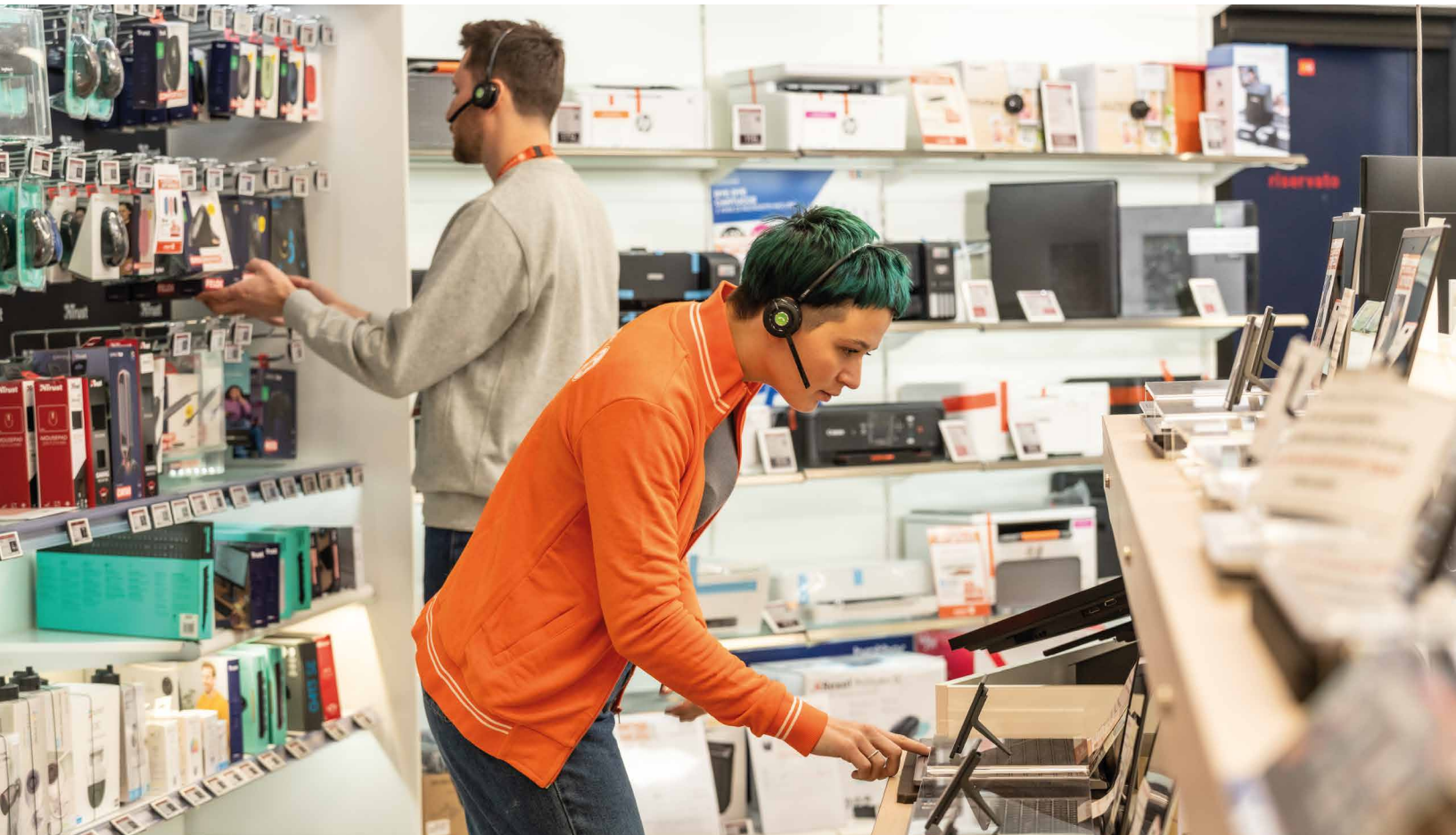
The general purpose of these policies is to give consumers control over their data with GDPR requiring businesses to allow consumers to opt-in, not opt-out, of data sharing and to only use data for the stated purposes. It also means that data has an expiration date and needs to be deleted regularly, depending on the disclosed purpose.

Thus, following GDPR or similar policies doesn't mean data can't be collected but that it must be done responsibly. When collecting data for loss prevention purposes, data should be grouped and anonymized to spot trends without identifying specific individuals. The exception is CCTV as the fact that shoppers can be identified from the footage serves as a deterrent as well as evidence. However, the camera should only be used for purposes that have been disclosed. As a result, if you are using AI-powered surveillance that tracks suspicious gestures, it should be posted or announced in store so customers are aware it's in operation. It also means you can't use those same cameras to gather marketing information or spy on staff. And once footage has been captured, you need to ensure that it is deleted regularly and only accessible to authorized personnel.

The penalties for breaking GDPR are serious. In 2022, European data protection authorities issued €1.65 billion in fines and companies can lose a percentage of their annual revenue for non-compliance. And since an organization's data responsibilities also extend to third parties they work with, companies need to work with technology vendors who understand these rules and can ensure compliance.

The Right Tools for the Job

The most important part of any loss prevention solution is one that is often overlooked — the people. As impressive as any AI solution or tagging system is, if it doesn't support and improve the workload of your employees on the ground, it won't be successful. That's why a complete retail communication solution, such as x-hoppers, is such a game-changer.

Flexible enough to connect all store staff on one broadcast channel or on different team channels, **x-hoppers uses secure**, **wireless DECT headsets**, allowing store associates to discreetly update managers or security personnel on suspicious customer activity without alerting other shoppers. They can also use the headset to record conversations with customers they feel are suspicious or threatening, and at the same time allow other staff members to listen in as a way to call for help.

And since the headsets can integrate with nearly any system, team members can receive notifications from self-checkouts, letting them know when they are in use, if there's a weight error or if a product needs an identification check. This allows staff members to keep a closer eye on suspicious individuals while also ensuring customers are served promptly.

x-hoppers also employs **AI theft detection** software that integrates with CCTV cameras to identify suspicious gestures and send real-time alerts to the headsets or over the PA system, allowing retailers the flexibility to choose how and who receives the notifications to align with store policies. The system can even post notifications along with a video clip of suspicious behavior to a dedicated chat, making it easy to review the footage quickly or to send it to the police as evidence.

Built-in data and analytics also provide detailed reports on the number and nature of notifications, commonly used words and phrases and even scans from smart call points, giving retailers an even bigger picture of what's happening in store to help them uncover the root causes of shrink. While automatic transcription and daily recaps can aid investigations and help the manager identify training opportunities.

And finally, since x-hoppers is built on Wildix technology, an established European UCaaS vendor that ensures its products are secure by design, proper data management is part of x-hoppers's DNA.

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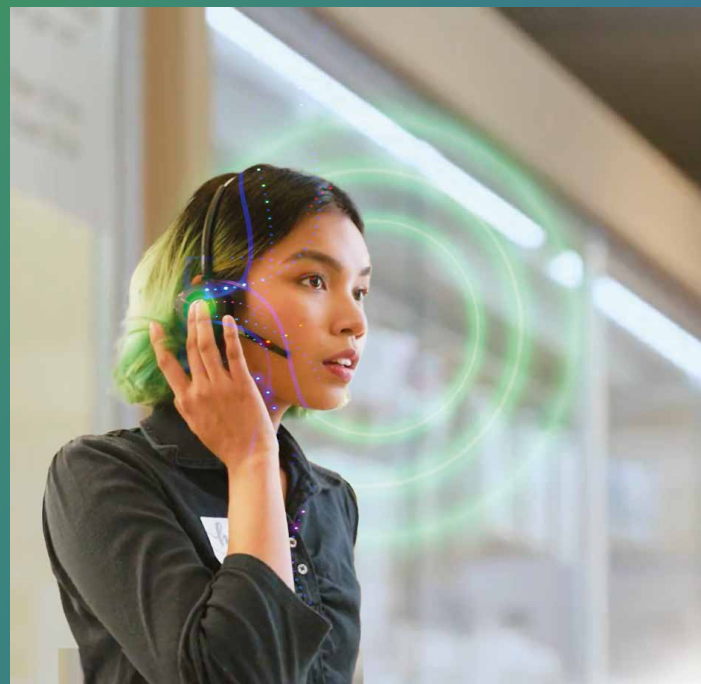
Key Takeaways

Nevertheless, whatever you choose to combat retail theft in your store, make sure you choose a solution that:

Supports your security staff instead of replacing them	Helps you provide timely evidence to police, even if they are still catching up
Isn't stand-alone and can integrate with other systems, supporting a long-term store plan	Follows data protection policies

And does all of this in a way that enhances, not diminishes the in-store shopping experience.