



Retail Crime Survey 2011

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FOREWORD



The rioting and disorder that we witnessed in August of last year thrust retail crime into the public eye and highlighted the importance of tackling retail crime at an early stage. This criminal behaviour had a significant impact on retail business but, most importantly, on retail staff and customers. It was reassuring to see so many of those responsible remanded in custody and given custodial sentences. Nevertheless, the high percentage of those who had previous convictions remains a matter of significant concern.

A worrying trend this year is the increase in threats and verbal abuse to retail staff. The BRC's Tackling Violence Working Group set up last year, has made significant progress in tackling the under-reporting of these incidents and in challenging the perception that this abuse is 'part of the job'. There is still, however, more to be done. The BRC will be producing guidelines for retailers to tackle violence in the workplace. These will be published in March 2012.

A significant challenge for the year ahead will be securing the opportunity for retailers to influence the locally elected Police and Crime Commissioners (PCCs). The BRC will be producing a briefing pack for PCC candidates and will be working with the Home Office to ensure that they understand the impact of retail crime and that retailers are genuinely involved in setting local crime priorities.

Despite a reduction in theft and burglaries reported in this year's survey the value of these offences has increased significantly. This is likely to reflect an increase in more serious and organised offending. The BRC has highlighted concern previously at the absence of consistent collaboration on cross border criminal activity. We are, therefore, reassured to see that the new Strategic Policing Requirement launched by the Home Secretary addresses these concerns and will ensure that locally elected commissioners collaborate with other police forces and with key partners to tackle cross border, national and international crimes.

We continue to have concerns, however, that it will be challenging to balance the duty to respond to issues which more transparently affect the community with the demands of tackling serious and organised criminal offences such as e-crime and fraud. The BRC is working with the Department of Business, Innovation and Skills to establish a Retail Cyber Security Forum. This will address the specific concerns of the retail sector and ensure that consumers are safe when shopping online.

A handwritten signature in blue ink that reads "Stephen Robertson." The signature is written in a cursive, flowing style.

Stephen Robertson
Director General
British Retail Consortium

EXECUTIVE SUMMARY

The 2011 Retail Crime Survey was completed by 52 retailers, employing 1,567,344 staff and between them accounting for 53 per cent of total UK retail turnover.

Retail crime cost UK retailers £1.4 billion in 2010/11, equivalent to 130,000 full time retail jobs. This is a 31 per cent increase compared with last year's survey. Retailers recorded a reduction in the number of customer thefts, employee thefts and burglaries. However, the average cost per incident increased across all categories of crime.

Customer theft and fraud made up the largest share of offences by both cost and by the number of incidents, representing 87.8 per cent and 97.1 per cent of the totals respectively.

Retailers continue to invest heavily to protect their premises better, the effect is clearly demonstrated by the continuing reduction in burglaries and also attempted burglary as a share of criminal damage. Expenditure on crime and loss prevention rose by 1.4 per cent in 2010/11, with a median expenditure of £700,000 per retailer.

The average level of shrinkage was estimated at 1.55 per cent, expressed as a proportion of sales. This is an increase on the 1.28 per cent recorded in the previous year's survey.

Offences arising from the August riots have been recorded separately.

Customer theft accounted for 59.6 per cent of all losses by value. Compared with last year's survey, the number of incidents per 100 stores fell by 19 per cent. Despite the decline in incidents, the cost associated with customer theft has continued to climb. Over the past 12 months, the average cost per incident amounted to £85.50, compared with £70.44 in 2009/10, an increase of 21 per cent.

Our respondents reported 444,990 incidents of customer theft in 2010/11. It is estimated that a similar number of thefts were undetected or unknown. Accounting for these undetected thefts, retailers in our survey are likely to have faced upwards of 950,000 thefts. Grossed up to account for the whole industry, incidents of customer thefts are likely to be in the region of 1.5 to 2 million.

Employee theft accounted for 3.7 per cent of all retail crime by value. Offences per 1,000 employees fell by 24 per cent when compared to the previous year. The average value stolen per incident increased by 18 per cent to £342.17.

It is reassuring to see that the increase in offences reported in last year's survey has been reversed. In addition, although the average cost per incident has increased, it remains significantly below the seven year average of £537. The fall in the number of offences, and below average cost per incident, were largely attributable to the ongoing investment by retailers in data mining.

Robberies increased by 20 per cent per 100 stores and accounted for 1.3 per cent of retail crime by value. The average cost per incident increased by 17 per cent from £847 to £989. However, it remains markedly below the long term average of £2,658 per incident over the last seven years.

A worrying trend reported in this year's survey is the increase in the use of weapons and the higher level of physical violence.

Burglaries accounted for 5.8 per cent of retail crime by value. The number of incidents per 100 stores fell by 42 per cent. However, the cost per incident rose significantly by 83 per cent to an average of £2,093. Although the cost per burglary remains below its long-run seven year average, the percentage increase is significant and indicates the seriousness of the crime.

Overall, burglaries were at their lowest level since 2004. The systematic targeting of higher value goods and reported changes in the associated modus operandi indicates an increase in organised offending.

Criminal damage incidents per 100 stores rose by 63 per cent when compared with last year. Despite a decrease in the proportion of offences attributed to attempted burglary, there was a significant increase in offences linked to anti-social behaviour. Retailers also reported an increase in metal theft leading to criminal damage.

The reduction in offences relating to attempted burglaries is a clear indication of retailers' continued investment in anti-burglary devices. However, while there is a distinct possibility of further social unrest in the form of protests or demonstrations, retailers can expect to see further acts of criminality affecting retail premises.

Violence against staff remains an unacceptable threat to the health and well-being of the retail sector's three million employees. In 2010/11, the total number of incidents against employees rose by 83 per cent to 25.7 offences per 1,000 employees. The change was driven by a significant increase in the number of verbal abuse incidents and threats of violence, which increased to 13.3 and 8.8 incidents per 1,000 employees respectively. Nevertheless, retailers saw a reduction in the number of physical incidents of violence, which more than halved to 3.7 incidents per 1,000 employees. At least 35,313 retail staff suffered from threats, verbal or physical abuse in the last year.

The increase in reported offences can also be attributed to retailers' greater focus on encouraging the reporting of offences.

Fraud increased significantly in the past year, with 78 per cent of retailers recording a rise. Fraud accounted for 12.3 per cent of retail crime by the number of incidents and 28.2 per cent of retail crime by cost, a notable increase on the previous year.

Retailers reported just over 50 per cent of offences to the police, indicating that the true scale and cost of fraud offences is likely to be very substantial.

The August riots cost retailers in our sample an estimated £18.3 million and affected approximately 6.9 per cent of retail outlets. In addition, the riots affected over 20,000 retail staff, representing 1.5 per cent of retail employees. The average cost per incident was £8,157, but varied considerably by store, location and type of offence.

Offences included theft, arson, robbery, burglary and criminal damage, with the highest concentration of offences in burglary and criminal damage.

In addition, the full impact of losses in terms of sales, both during and in the aftermath of the riots, is likely to push up the full cost of the riots significantly above the estimated £18.3 million represented by our sample.

The key challenges over the next year are to:

1. Ensure that the impact of retail crime as witnessed in the August 2011 riots is clearly understood and that retail crime remains high on the agenda, with more effective sentencing for those who continue to offend against retail.
2. Secure effective engagement between retailers and Police and Crime Commissioners ensuring that the valuable role which retail plays in delivering safe and vibrant communities is understood and that retailers are genuinely involved in setting local crime priorities.
3. Continue to tackle the under-reporting of offences, especially those involving violence against staff and to challenge the perception that abuse is 'part of the job'. This will become increasingly important as police begin to place greater importance on crime maps to determine local crime priorities.
4. Provide evidence that highlights the impact that increasing e-crime and fraud has on the retail sector and on economic growth to ensure that retailers are provided with an effective means to report these offences.

RECOMMENDATIONS

The BRC is calling for:

ON SENTENCING

- Limited out-of-court disposals to first time offenders.
- Robust sentencing which accurately reflects previous offending.
- Consistent use and payment of Penalty Notices for Disorder.
- Appropriate sentencing in cases of violence against staff, adequately reflecting the seriousness of these crimes.

ON UNDERSTANDING CRIMINALITY AND POLICE PRIORITIES

- Continued engagement of the police with the BRC and its members to find effective means of communication during future events/disorder.
- A National Strategic Assessment on retail crime to clearly demonstrate the links between retail crime and other crimes that impact on local communities plus also highlight the links with other serious/organised offences.
- Effective police recording of offences affecting retail. In particular, separate recording of commercial burglary, currently brigaded with domestic sheds and garages.

ON FRAUD

- Research to quantify the impact of rising offences on retail sector. The BRC will commission this in 2012.
- Ongoing consultation with retailers on the development of the Cyber Crime Unit and Economic Crime Command of the National Crime Agency.
- Collaboration between the BRC and the Department of Business, Innovation and Skills to progress the Retail Cyber Security Forum.

ON PARTNERSHIPS

- Further development of the BRC supported best practice website and examples of effective engagement: www.tacklingretailcrimetoegether.co.uk
- Early discussions between potential Police and Crime Commissioners and the BRC to ensure that retail is recognised as a cornerstone of safe and vibrant communities and that retailers are genuinely involved in setting local crime priorities.
- Development of minimum standards for Business Crime Reduction Partnerships to ensure retail members obtain maximum return on investment.

INTRODUCTION

SURVEY INFORMATION

This year's Retail Crime Survey was completed by 52 retailers, employing 1,567,344 staff and between them representing 53 per cent of total retail turnover. This sample represents a greater proportion of sales compared with previous years.

A broad range of retailers participated in this year's survey, from large multiples to medium and small retailers, including a number of independent proprietors and pure online retailers. The sample included regular participants and a range of new respondents, together representing the relative balance of the high street.

FIGURE 1.0 NUMBER OF OUTLETS, BY RETAIL CATEGORY

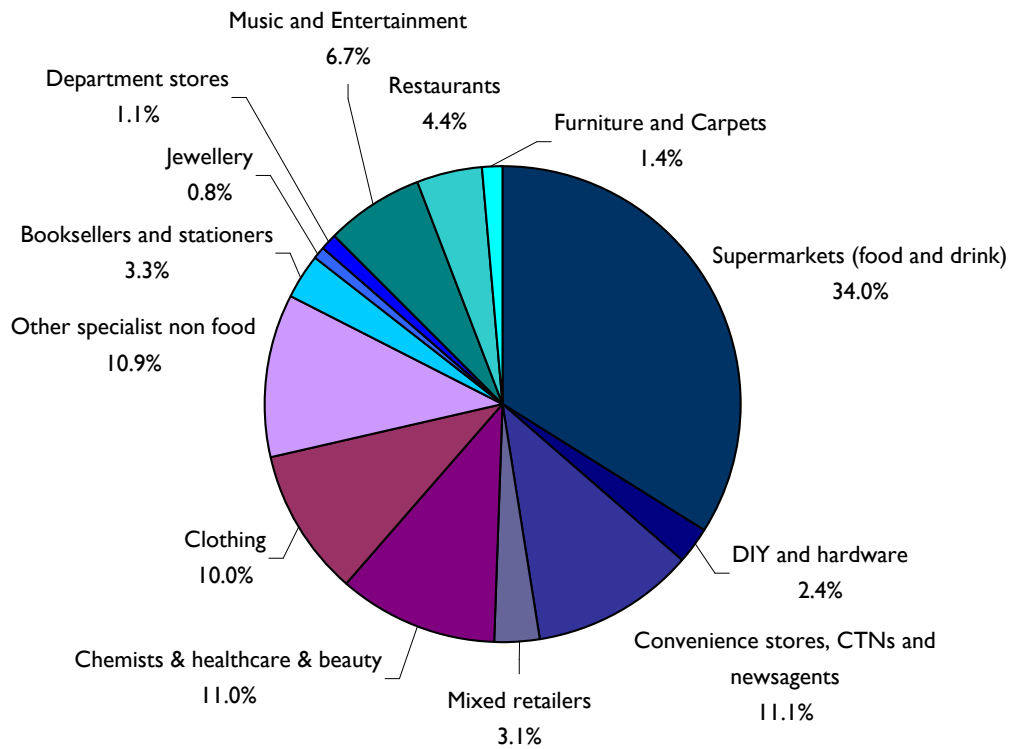


FIGURE I.1 SALES AREA (SQ. FT.), BY RETAIL CATEGORY

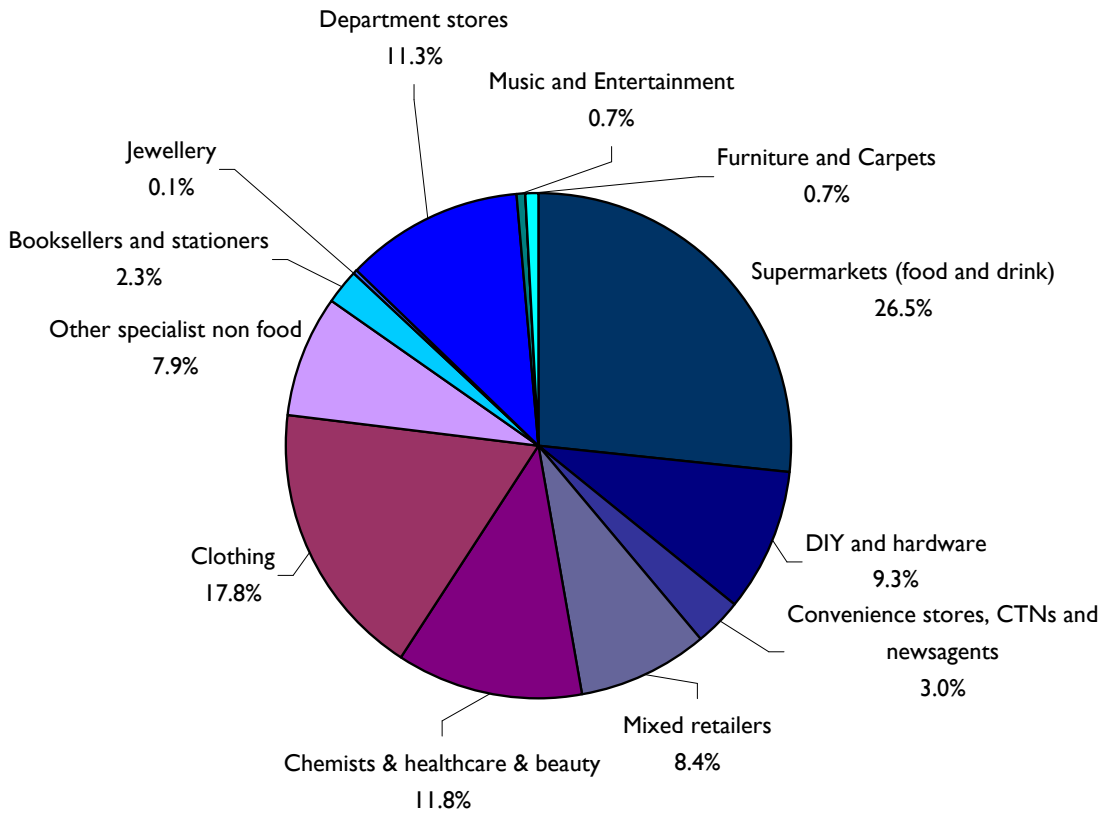
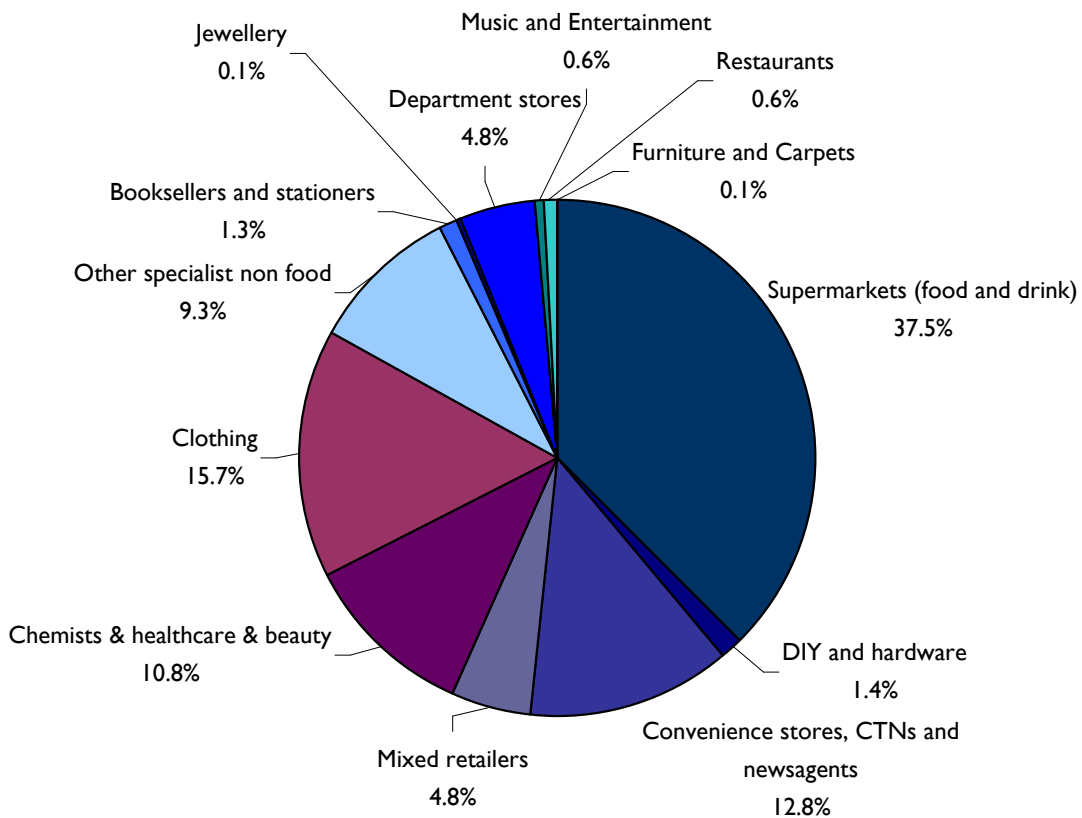
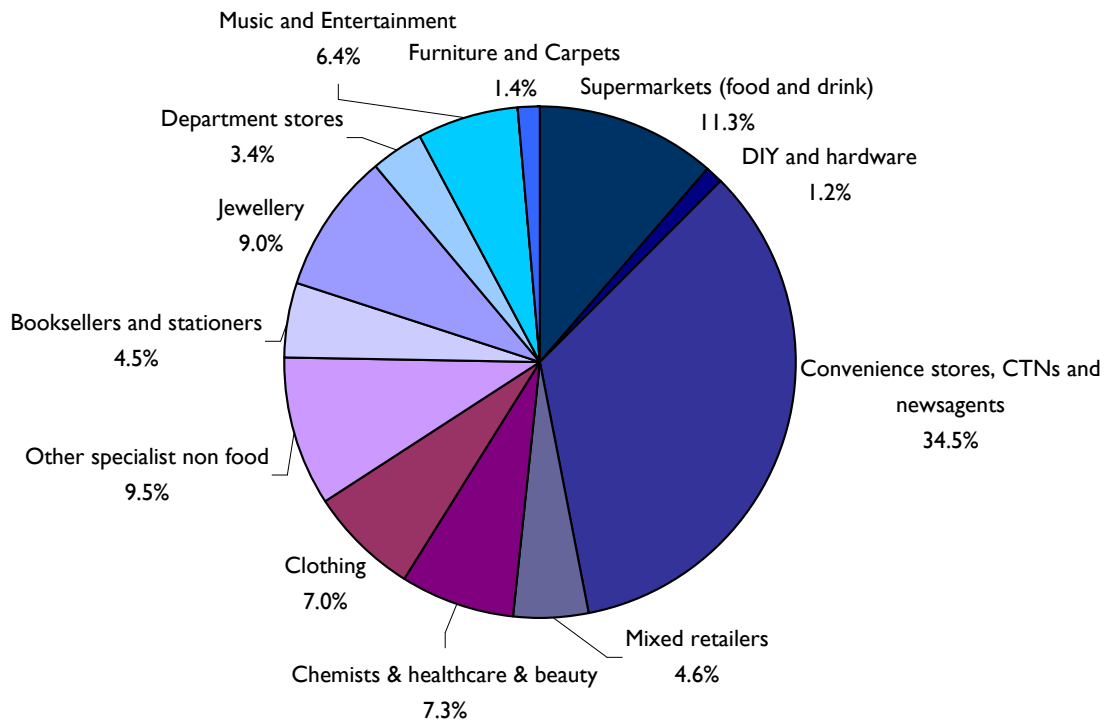


FIGURE I.2 NUMBER OF EMPLOYEES, BY RETAIL CATEGORY



This year's survey is consistent with previous years, enabling year-on-year comparisons, but also tackles new and topical issues. In particular, this year's survey reports on the impact of the August riots and disorder on retail businesses and staff. The questions in the survey also aimed to gain a better understanding of fraud offences, resulting from the growing popularity of e-commerce and card-not-present transactions.

FIGURE 1.3 EMPLOYEES PER SQ. FT. SALES AREA, BY RETAIL CATEGORY



OVERVIEW

Retail crime cost UK retailers £1.4 billion in 2010/11, an increase of over 30 per cent. This is equivalent to over 130,000 full time retail jobs.

On average, each incident of crime was more expensive in 2011 compared with 2010. The average cost per incident rose in the range of 7 per cent to 83 per cent across the different offences.

Nevertheless, our survey recorded a sharp fall in the number of incidents across most categories of crime. Incidents per 100 outlets fell in the range of 18 per cent to 42 per cent for customer theft, employee theft and burglary, but increased for robbery and criminal damage.

FIGURE 1.4 RETAIL CRIME 2010/11, BY COST

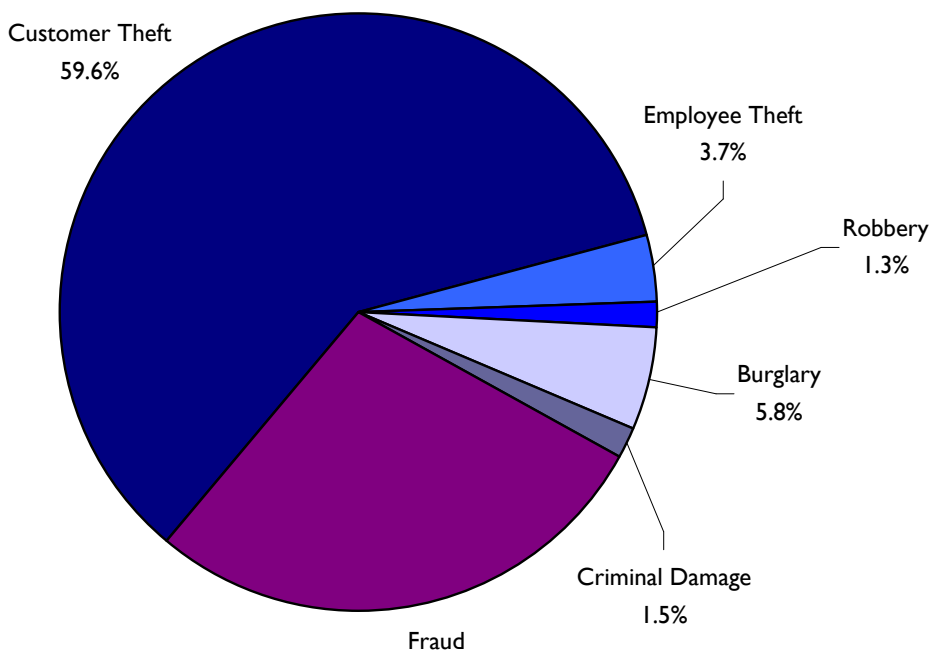
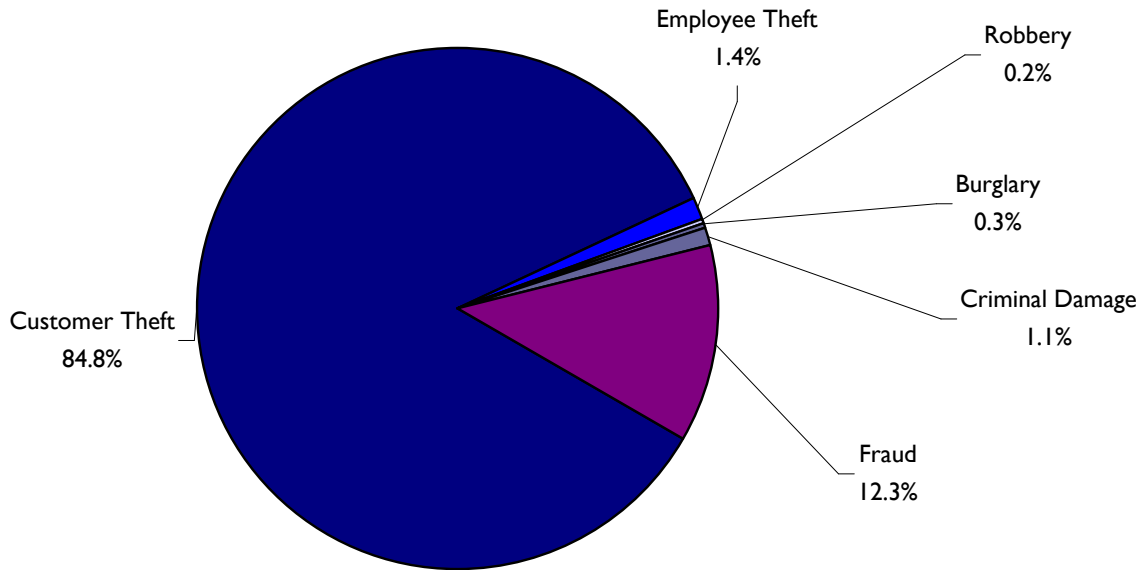
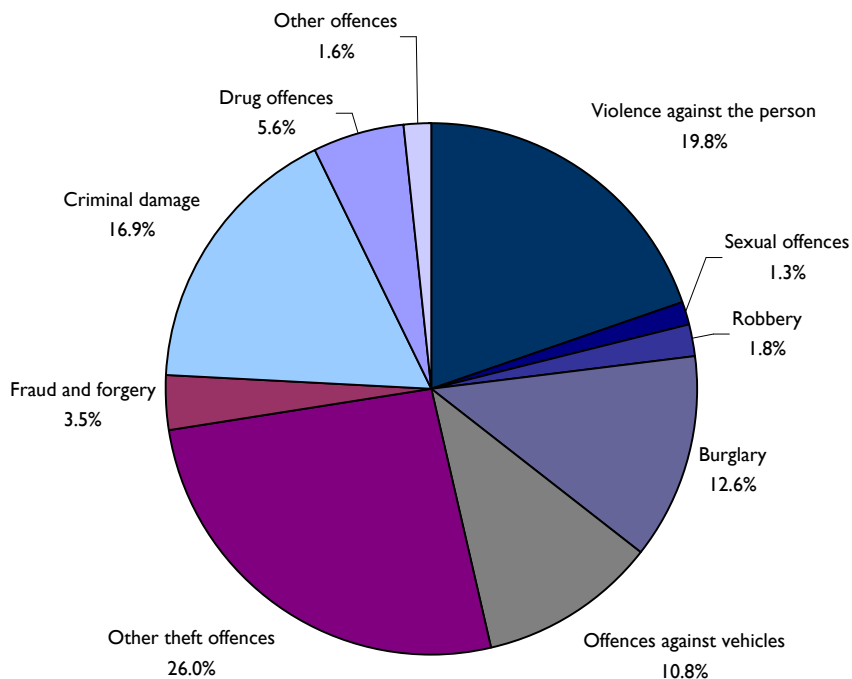


FIGURE I.5 RETAIL CRIME 2010/11, BY NUMBER OF INCIDENTS



Retailers estimated the average level of shrinkage for 2010/11 at 1.55 per cent of retail sales, compared with 1.28 per cent in the previous 12 months. Respondents attributed an average of 27 per cent of shrinkage to process failure, 27 per cent to external theft, 20 per cent to internal theft and a further 5 per cent to inter-company fraud. According to the Global Retail Theft Barometer 2010/11, shrinkage averaged 1.45 per cent of sales across 43 countries, an increase of 0.09 percentage points on the previous year, when shrinkage made up 1.36 per cent of sales. Compared with the global average, UK retailers have seen a disproportionate increase in shrinkage. Although some retail crime over the past 12 months can be attributed to the August riots and disorder, many believe retail crime is increasingly the product of the UK's economic environment.

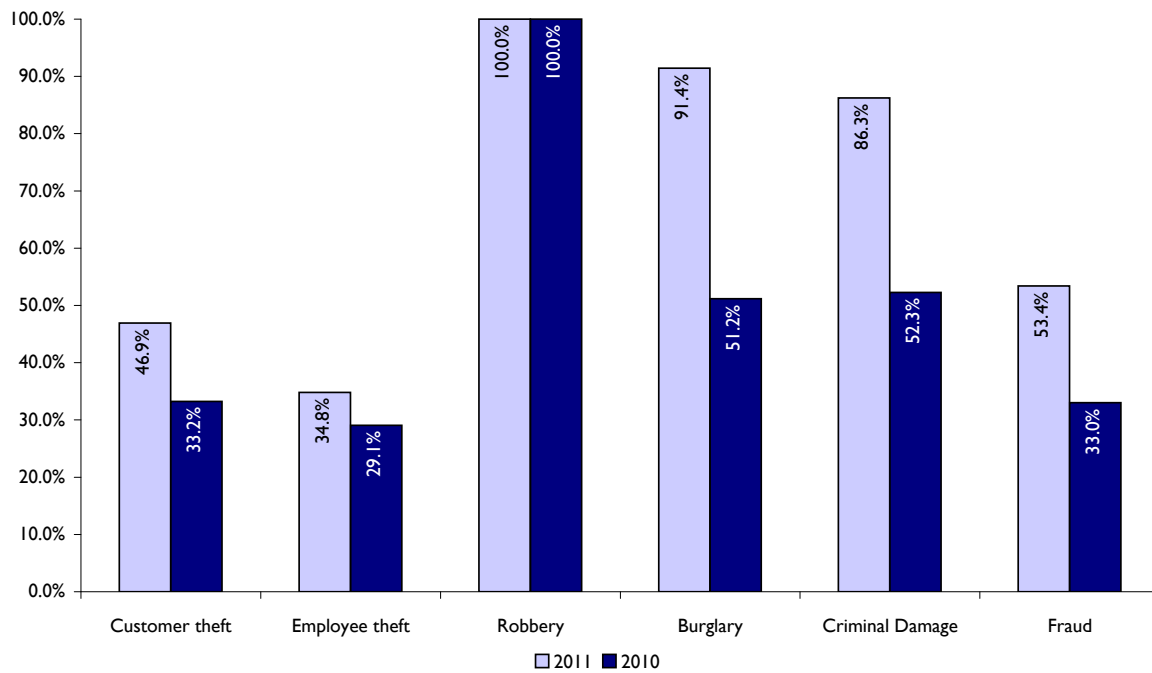
FIGURE I.6 POLICE RECORDED CRIME IN ENGLAND AND WALES, 2010/11



Source: Home Office

Figure 1.6 displays the number of incidents across a range of offences as a proportion of total recorded crime in England and Wales in 2010/11. The distribution of offences is heavily weighted towards violence against the person and theft offences. Theft comprises just 26 per cent of the total. This is in stark contrast with the retailers' experience where customer theft accounts for 85 per cent of all retail crime. Similarly, the percentage of total incidents attributed to fraud is 3.5 per cent, compared with 12.3 per cent in the retail sector. The discrepancy in the proportion of incidents in each category is therefore likely to create divergent priorities for action between police and the retail sector. This is further emphasised by the significant under-reporting of incidents involving customer theft, employee theft and fraud. Although there has been a noticeable increase in reporting of crime on the previous 12 months, more than 50 per cent of customer and employee thefts remain unreported. Engagement between the police and the retail sector must be improved if progress is to be made in tackling crime more effectively.

FIGURE 1.7 PROPORTIONS OF INCIDENTS REPORTED TO THE POLICE



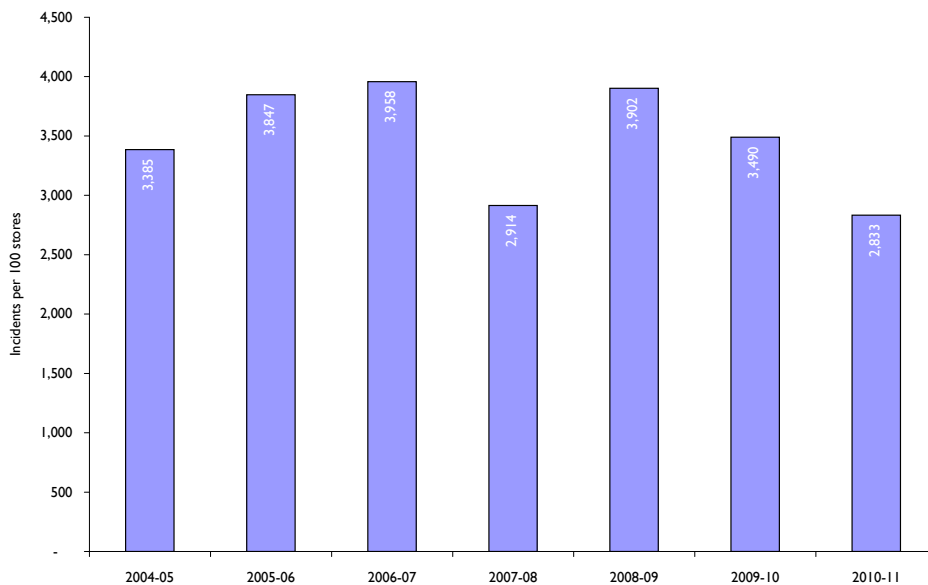
(*revised methodology)

CUSTOMER THEFTS

Customer thefts remain the largest component of retail crime, accounting for 60 per cent of crime by cost and 85 per cent of incidents. Nevertheless, last year saw the lowest level of incidents per 100 stores over the last seven years. Customer thefts fell to 2,833 offences per 100 stores, from 3,490 the previous year.

Despite the decline in incidents, the cost associated with customer thefts has continued to climb. Over the past 12 months, the average cost per incident amounted to £85.50, compared with £70.44 in 2009/10, an increase of 21 per cent.

FIGURE 1.8 CUSTOMER THEFTS PER 100 STORES, 2004/11



Our respondents reported 444,990 incidents of customer theft in 2010/11. A further 53.2 per cent of customer thefts were estimated as undetected or unknown. Accounting for undetected thefts, retailers in our survey are likely to have faced upwards of 950,000 thefts. Grossed up to account for the whole industry, incidents of customer thefts are likely to be in the region of 1.5 to 2 million. Assuming a 12 hour opening day, this translates into 406 incidents every hour across the retail sector.

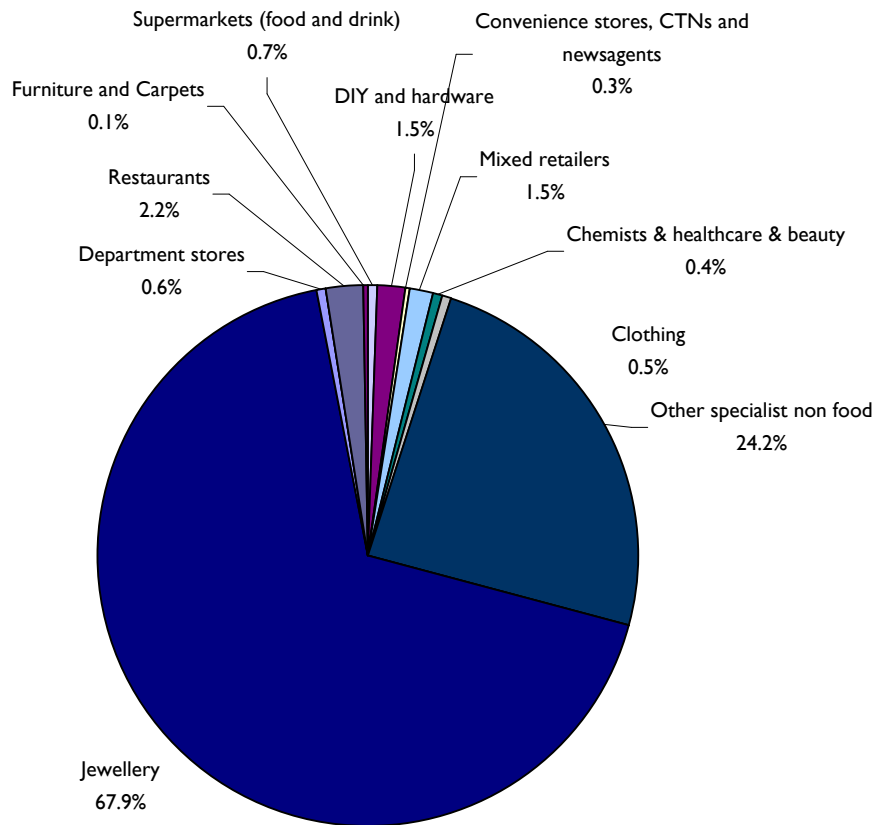
In addition, the cost of individual thefts could be many times the average £85.50, ranging from £2.50 to £27,000 per incident across retailers in our sample, with substantial variation between different types of retailers.

It is therefore surprising that retailers continue to report less than half (46.9 per cent) of all incidents to the police. Consequently, the true level of theft occurring in any given area is likely to be unknown. This is reflected in national figures of reported crime which bear little resemblance to the experience of retailers. (See Figure 1.6).

TABLE I. CUSTOMERTHEFTS PER 100 STORES AND COST PER INCIDENT, 2004/11

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	% change 2010-11	Average 2004-11
Customer thefts per 100 stores	3,385	3,847	3,958	2,914	3,902	3,490	2,833	-18.8 per cent	3,476
Cost per incident	£104.00	£149.00	£156.00	£69.00	£45.00	£70.44	£85.50	21.4 per cent	£96.99

FIGURE I.9 CUSTOMER THEFT - COST PER INCIDENT, BY RETAIL CATEGORY



Figures I.9 and I.10 demonstrate the variation in cost and offences of theft across the retail sector. There is a strong positive correlation¹ between retailers' average floor space and the number of offences, indicating that large format stores, such as supermarkets, are more likely to suffer from customer theft. (See Figure I.36).

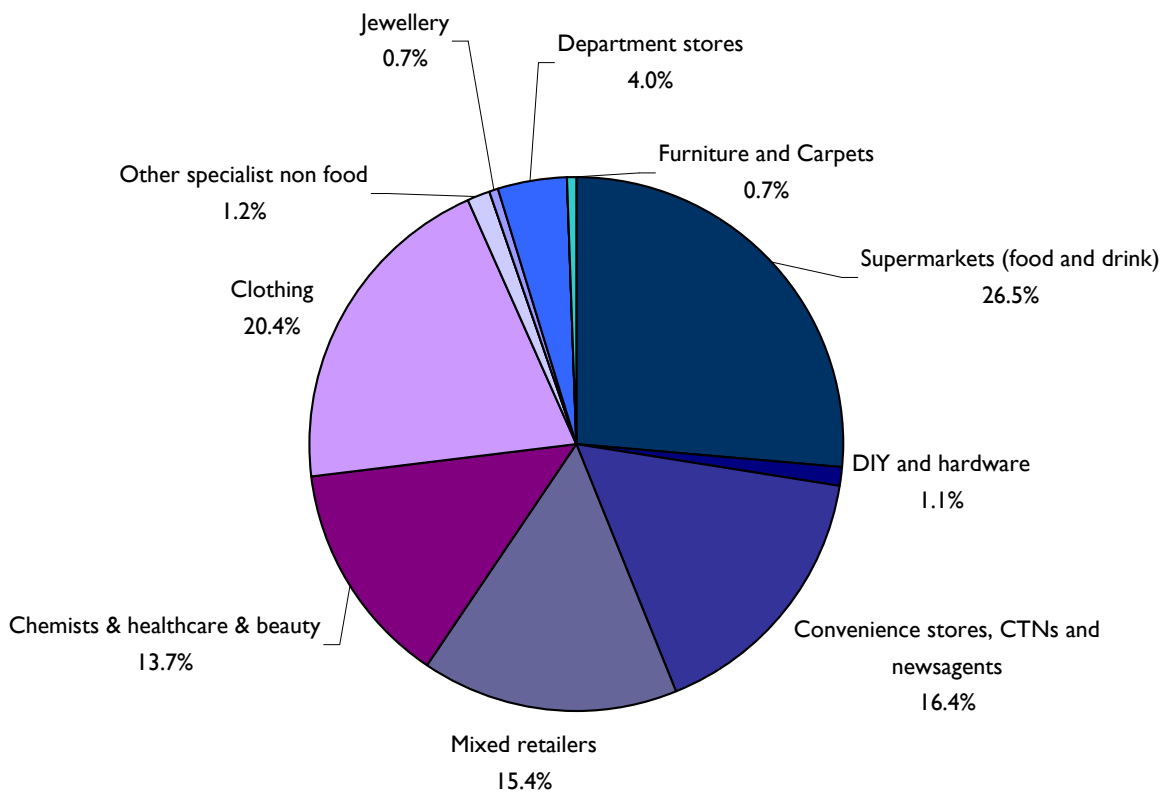
In 2010/11, supermarkets comprised the largest portion of incidents per sq. ft. of sales area, namely 3.6 incidents per 1,000 sq. ft. Nevertheless, the value lost with each incident of customer theft was comparatively low at 0.7 per cent of thefts by average cost.

On the other hand, jewellery thefts made up the largest portion of thefts by cost per incident, directly correlated to the high value of items sold, but just 0.7 per cent of incidents per sq. ft. of sales area.

¹ The correlation coefficient between the average sales area and number of customer thefts is $R^2 = 0.7$.

Exceptions to the broader trend were small format retailers such as convenience shops and chemists, representative of independent retailers with fewer employees per sales area (See Figure 1.3) and typically long opening hours. Convenience retailers suffered 2.2 incidents per 1,000 sq. ft. of sales area in the past year, although the value lost with each incident was low. Chemists experienced 1.9 incidents per 1,000 sq. ft. The number of offences per sq. ft. in this category of retailers is disproportionately high relative to business turnover, and likely to indicate, both vulnerability of the store format and lower investment in crime and loss prevention. There is, therefore, greater scope to address retail crime in this part of the retail sector, to protect both retailers and staff, and to ensure that small and medium sized retailers are not burdened with additional costs in this difficult economic climate.

FIGURE 1.10 CUSTOMER THEFT - INCIDENTS PER SQ. FT. SALES AREA, BY RETAIL CATEGORY



POLICY RESPONSES AND ACTIVITY DURING 2011

Customer theft continues to be the most significant offence, both in terms of number of incidents and cost.

The BRC has worked hard to ensure that the Government and law enforcement community recognise the impact of shop theft and the links which this offence has with other crimes that impact on the community. As a result, offences of shoplifting are now displayed on crime maps found on the local crime and policing website for England and Wales: www.police.uk

However, many crimes continue to go unreported because victims do not believe the police will take any action or, if they do, that criminals will be brought to justice. It is therefore important to remember that the actual number of offences is likely to far exceed those recorded on crime maps.

It is imperative that, once they take office in November 2012, locally elected Police and Crime Commissioners (PCCs) do not rely solely on crime maps to determine the nature of local issues and the accompanying levels of appropriate resourcing. They must also make good use of the extensive knowledge and understanding of the issues found in local areas, through close liaison with neighbourhood policing teams, local residents and, importantly, local businesses.

To ensure that PCCs understand the importance of engaging with retailers, the BRC has started to prepare briefing material to assist each PCC to understand the impact of retail crime and the valuable contribution that retailers make to cutting crime in the community. This material will be published in early 2012.

POLICY RESPONSES NEEDED IN 2012

Law enforcement activity following the August 2011 riots showed the significant proportion of offenders who had previous convictions. It is imperative that sentencing is robust and accurately reflects previous offending behaviour.

Out-of-court disposals should be limited to first time offenders and need to be effectively managed to ensure that these sentences serve as a deterrent. More offenders should appear before the courts to ensure better informed decisions are reached on appropriate sentencing.

The evidence gathered in this year's survey will be used to lobby the Ministry of Justice and law enforcement community to promote the need for more effective sentencing. It will also be used to promote the need for better engagement between police, PCCs and retailers.

EMPLOYEE THEFTS

In 2010/11 employee theft accounted for 3.7 per cent of retail crime by cost, a larger proportion compared with criminal damage and robbery combined. The number of employee incidents made up 1.4 per cent of offences.

Employee theft comprises the theft of anything of value from the retailer by an employee or an accomplice, such as stealing merchandise, cash, or a range of other related activity. It can also include serious financial fraud, involving senior or managerial staff.

The incidents of employee theft per 1,000 employees fell by 24 per cent to 5.2 offences in the past year. This is a welcome return to the downward trend prior to 2009 and remains significantly below the long term average.

However, the average cost per incident increased by 18 per cent to £342.17. Each offence committed by an employee costs approximately four times more than that committed by a customer. It would appear that in these offences resulting financial gain is maximised. It is therefore crucial that the issue of employee theft is addressed and effectively tackled and that employers have the right tools and police support to deal with offenders.

FIGURE 1.11 EMPLOYEE THEFT - INCIDENTS PER 1,000 EMPLOYEES, 2004/11

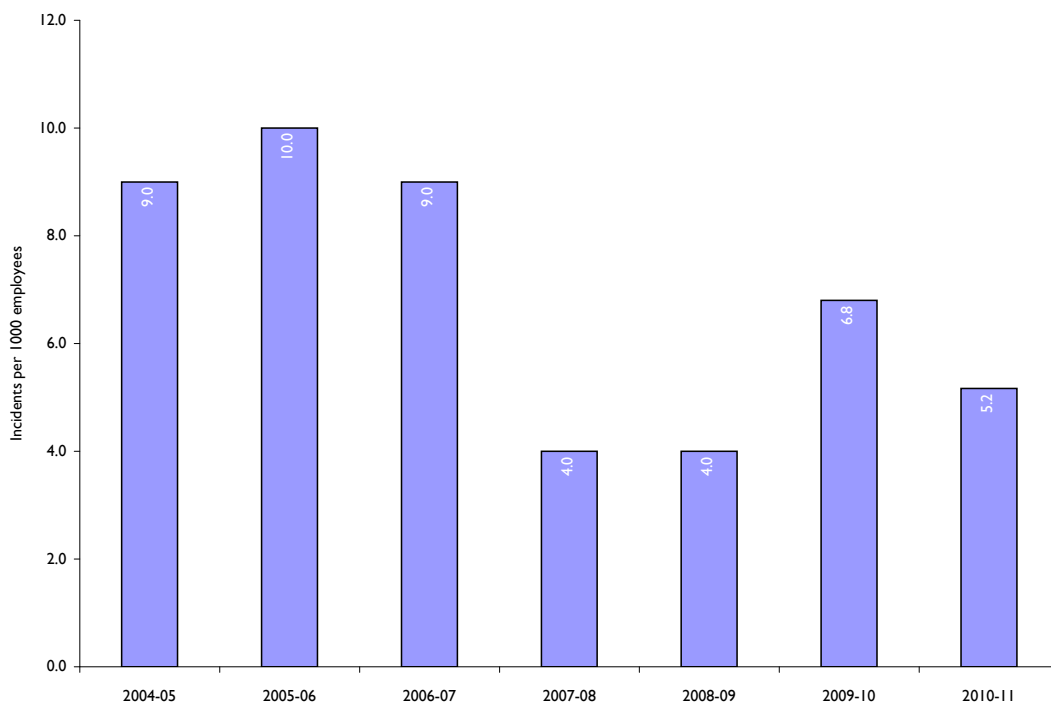


TABLE 2. EMPLOYEE THEFT - INCIDENTS PER 1,000 EMPLOYEES AND AVERAGE COST PER INCIDENT, 2004/11

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	% change 2010-11	Average 2004-11
Employee thefts per 1,000 employees	9.0	10.0	9.0	4.0	4.0	6.8	5.2	-24.0 per cent	7
Cost per Incident	£685.00	£738.00	£597.00	£235.00	£872.00	£289.55	£342.17	18.2 per cent	£536.96

In 2010/11, there were over 7,000 incidents of employee theft in our sample. Respondents estimated that a further 55.9 per cent of incidents were undetected. Grossing up for the whole industry, the incidents of employee offences are likely to be in the range of 25,000 to 35,000.

In addition, the average cost per incident varies substantially across retailers, ranging from £6 to £16,000. Given both the loss of trust involved in employee theft and the relatively high value of the stolen stock or cash, it is perhaps surprising that fewer than 35 per cent of employee thefts were reported to the police in the last year.

FIGURE 1.12 EMPLOYEE THEFT - COST PER INCIDENT, BY RETAIL CATEGORY

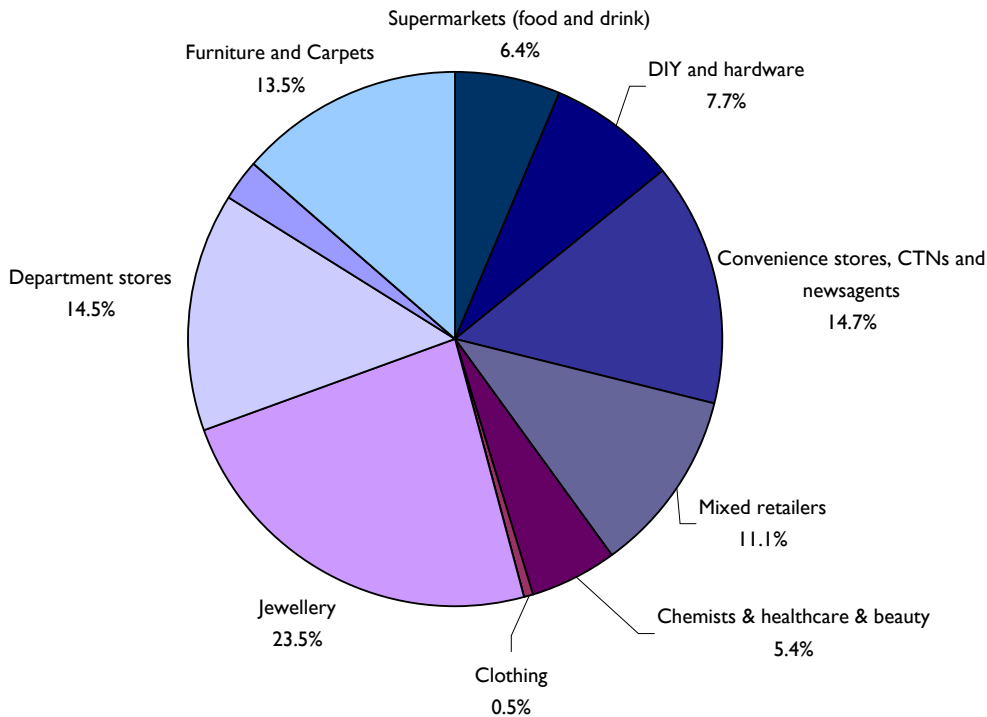
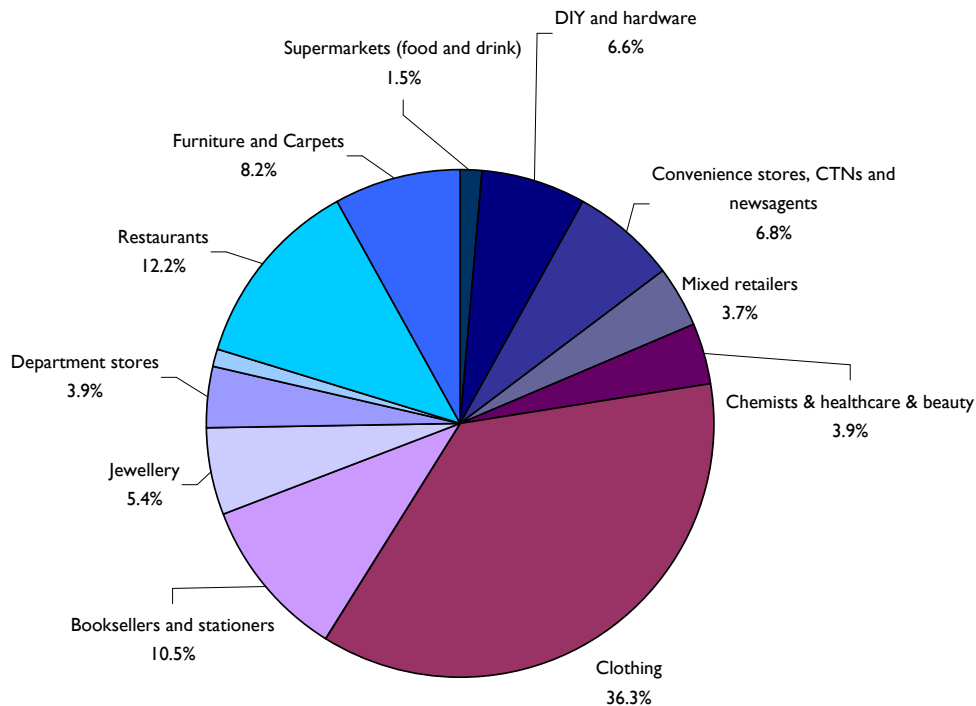


FIGURE 1.13 EMPLOYEE THEFT - INCIDENTS PER 1,000 EMPLOYEES, BY RETAILER CATEGORY



The average cost per incident by retail category highlights the variation in the distribution of employee thefts across the retail sector.

Jewellery retailers and department stores comprised the largest proportion of employee thefts by average cost. Jewellery and department store thefts are likely to be of a similar nature and reflective of the high value goods sold within the respective categories. Both categories also saw fewer incidents per sq. ft. suggesting that employee thefts were rare but of a high value.

Convenience stores also recorded a large proportion of thefts by average cost, namely 15 per cent. Although convenience retailers have fewer employees, the greater transparency of the business model is likely to inflate their portion of employee incidents.

Clothing retailers, on the other hand, lost a small average value per incident but had the highest percentage of incidents per 1,000 employees (36.3 per cent).

In contrast, supermarkets appear to have been particularly effective in preventing crime and loss from employee theft, with just 1.5 per cent of incidents per 1,000 employers. The contributing factors may be largely due to increased investment in data mining.

On the whole, variation in employee crime across the sector highlights the need for greater communication between retailers on methods of prevention and reporting in tackling the costly incidence of theft by staff. For instance, policies vary considerably between retailers with some reporting all employee thefts and others relying heavily on internal disciplinary procedures and civil recovery. In addition, better police support may encourage reporting and may provide retailers with better tools in dealing with internal crime.

POLICY RESPONSES AND ACTIVITY DURING 2011

The results of this year's survey show that despite a further reduction in employee theft the average value of goods stolen has actually increased. However, this remains well below the average value of stolen goods when looking at the survey results from 2004 to 2011.

Last year's survey reported retailers' significant investment in data mining. The long term reduction in the average value of stolen goods demonstrates the value of data mining in ensuring that offenders are caught at an early stage. This ensures associated losses are minimised.

Against the backdrop of a challenging employment market, it seems likely that better data mining techniques have acted as a deterrent to offending.

POLICY RESPONSES NEEDED IN 2012

The BRC will continue to lobby for more effective sentencing for retail thieves, including staff. The impact of employee theft needs to be clearly understood and reflected in sentencing decisions. It is not just the business that is affected but also the morale of colleagues.

It is also important that retailers continue to invest in data mining and other systems which assist the detection and investigation of these offences.

ROBBERY

Robbery: taking anything of value from any person by force, threat of force or violence.

Robberies, typically violent, are a highly unacceptable form of retail crime with potentially serious and long lasting effects on staff or customers caught up in the incident. Over the last year, robberies have seen an increase of 20 per cent to 4.8 incidents per 100 outlets. Many retailers share the sentiment that the increase in violent crime can be linked with the socio-economic environment in the UK.

In 2010/11, robberies accounted for 1.3 per cent of crimes by cost and 0.2 per cent of crimes by the number of incidents.

FIGURE I.14 ROBBERY - INCIDENTS PER 100 STORES, 2004/11

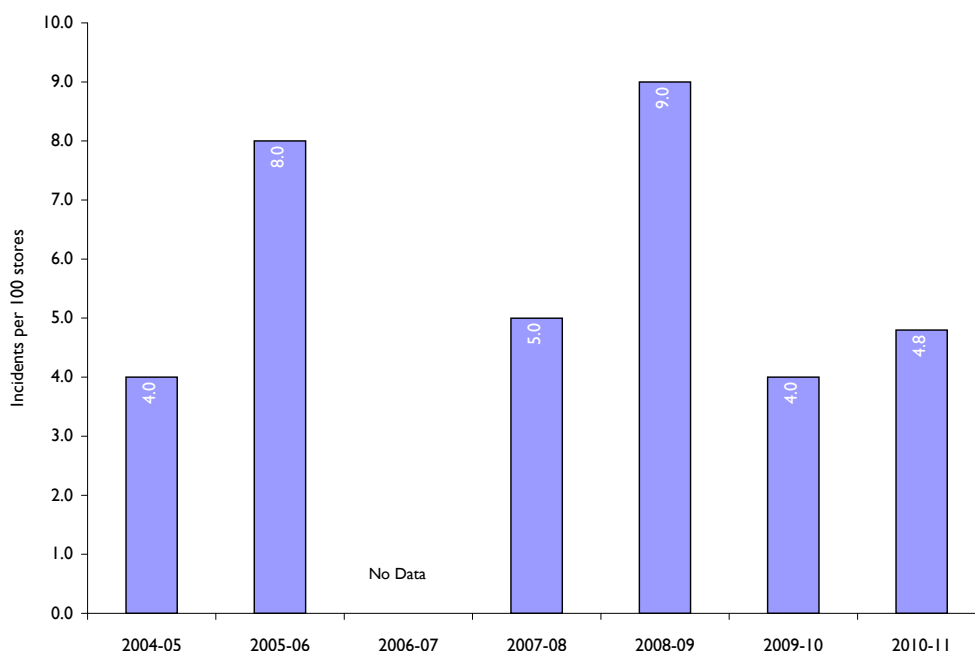


TABLE 3. ROBBERY – INCIDENTS PER 100 STORES AND AVERAGE COST PER INCIDENT, 2004/11

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	% change 2010/11	Average 2004/11
Robberies per 100 outlets	4.0	8.0	No Data	5.0	9.0	4.0	4.8	19.9 per cent	6
Cost per incident	No Data	No Data	£4,028.00	£5,350.00	£2,077.00	£846.60	£989.28	16.9 per cent	£2,658.18

The average cost per robbery rose by 16.9 per cent to £989.28, from £846.60. Despite the moderate increase in cost per incident, the value lost per robbery remains significantly below its long term average of £2,658.18.

Nevertheless, the average cost of robberies, excluding damage to property, ranged from just £136 to £25,000 per incident in our sample.

FIGURE I.15 ROBBERY - COST PER INCIDENT, BY RETAIL CATEGORY

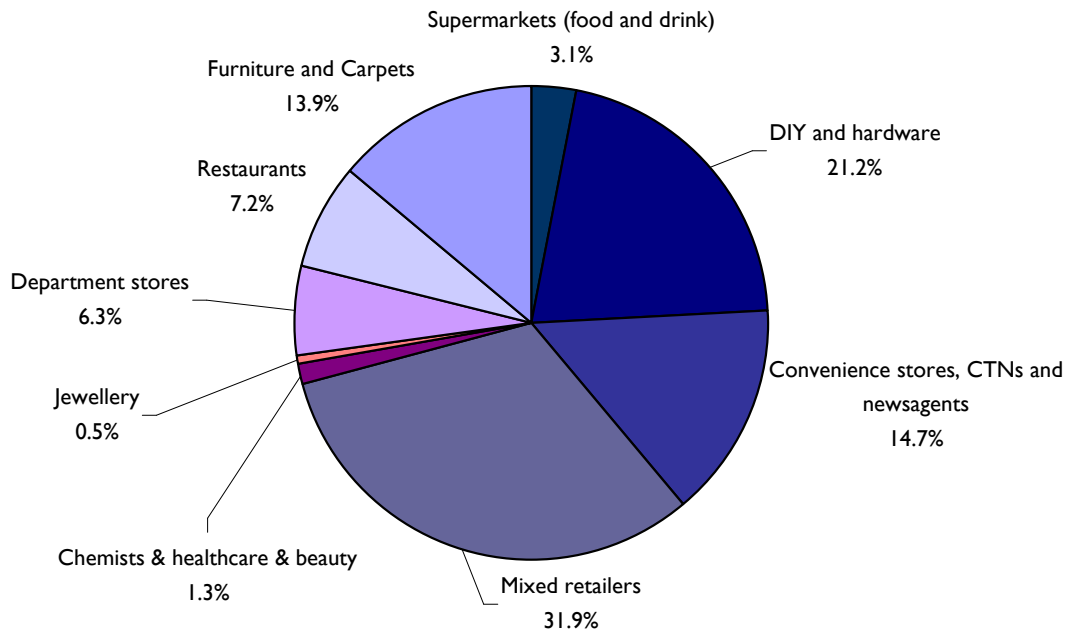
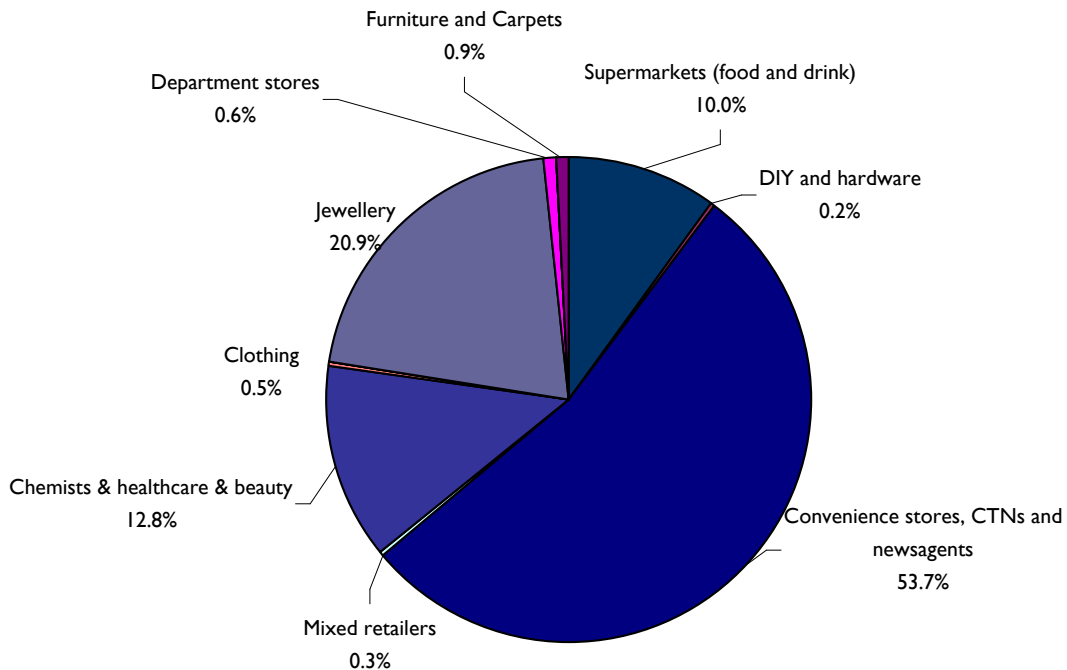


FIGURE I.16 ROBBERY - INCIDENTS PER SQ. FT. SALES AREA, BY RETAIL CATEGORY



Across the retail categories, robberies in convenience retailers accounted for 53.7 per cent of incidents per sq. ft. of sales area. Similarly chemists, who also tend to have a smaller store format, suffered 12.8 per cent of robberies per sq. ft. Although the value lost per incident in both categories was relatively low, namely 1.3 per cent and 14.7 per cent of average cost per incidents for chemists and convenience retailers respectively, it is clear that stores in those categories were targeted for robberies. This is likely to be explained by lower staffing levels, longer opening hours, ATMs in-store as well as the location of convenience stores, CTNs and newsagents. In addition, many stores fell target to the damage and disorder during the August riots.

Supermarkets and department stores, on the other hand, had 10 per cent and 0.6 per cent of incidents per sales area, respectively. The cost of robberies was also fairly low. It therefore appears that there is a correlation between the size of the retailer and the likelihood of robbery.

On the whole, our survey results highlight the particular severity of robberies for smaller retailers. As the average cost per robbery is very high, robberies deal a disproportionate blow to small retailers for whom the cost comprises a larger proportion of operating revenue. As a result, more should be done to address the vulnerability of small and medium sized retailers and to prevent future offences.

POLICY RESPONSES AND ACTIVITY DURING 2011

There has been a 20 per cent increase in robbery offences. This is of particular concern as members are reporting an increase in the use of weapons and violence. Despite the increase however, offences of robbery remain well below the peak in 2008/2009.

The BRC has continued to work closely with police and the security industry to ensure that the reduction in CVIT offences continues. The best practice guidelines for retailers on CVIT were refreshed and republished by the BRC in January 2011. These guidelines set out a number of simple steps that can be taken by retailers to reduce vulnerabilities and ensure the safety of CVIT crews.

The BRC's Tackling Retail Violence Working Group has also begun collating examples of good practice adopted by retailers to protect their staff from violence and robbery. Guidelines on tackling violence in the workplace are due to be launched in March 2012.

POLICY RESPONSES NEEDED IN 2012

Information obtained from SaferCash, a police liaison service which aims to reduce CVIT offences, and the police, indicates that displacement from CVIT to other cash offences has been limited. It is, however, important that the police continue to keep retailers informed of trends and advise them of any increase in offences. To help avoid offences, retailers should continue to use the guidelines produced by the BRC as best practice to reduce vulnerabilities and ensure that current progress is maintained.

The BRC has highlighted concern previously at the absence of consistent collaboration on cross border criminal activity. It is reassuring to see that the Strategic Policing Requirement (SPR) recently published by the Home Office takes account of these concerns. The SPR aims to ensure that locally elected commissioners collaborate between police forces and with key partners to tackle cross border, national and international crimes.

A close partnership between retailers, the police and the security industry will continue in relation to these offences. This will ensure that members are alerted at the earliest opportunity of any increase or displacement to offences of robbery. The BRC will continue to work closely with Ministers and officials to ensure that retailer priorities in this area of offending are well understood.

BURGLARY

Burglary: entering a building unlawfully with intent to commit a felony or to steal valuable property.

Burglaries accounted for 5.8 per cent of the cost of retail crime in 2010/11.

Over the last 12 months, the number of burglaries fell by more than 40 per cent to 10.2 burglaries per 100 outlets. Some retailers had commented that this reduction was due to reduced opportunities for offences resulting from longer trading hours. There had also been a reduction in temporary, and frequently less secure, storage previously used for holding products during the snow in 2010/11.

Despite the fall in incidents, the average cost per burglary rose by 82.5 per cent to £2092.85. Although the cost per burglary remains below its long-run average, the percentage increase is significant and indicates the severity of the crime.

Retailers reported over 90 per cent of burglaries to the police, an improvement on 2009/10, when just 51 per cent of burglaries were reported to the police.

FIGURE 1.17 BURGLARY – INCIDENTS PER 100 STORES, 2004/11

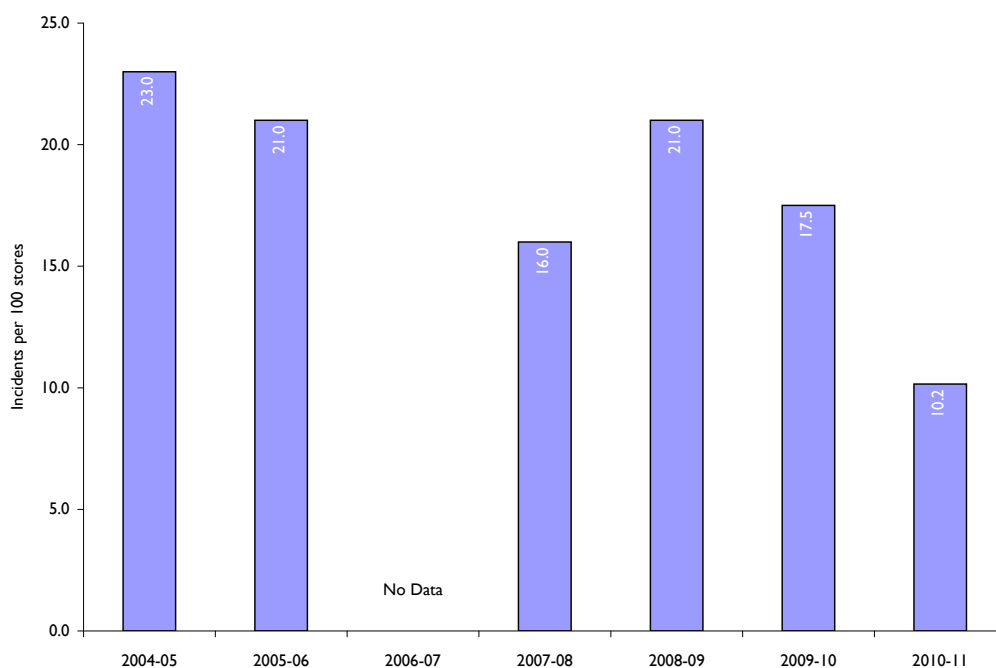


TABLE 4. BURGLARY - INCIDENTS PER 100 STORES AND AVERAGE COST PER INCIDENT, 2004/11

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	% change 2010-11	Average 2004-11
Burglaries per 100 outlets	23.0	21.0	No Data	16.0	21.0	17.5	10.2	-42.0 per cent	18
Average value stolen	No Data	£4,027.00	£4,028.00	£2,800.00	£1,887.00	£1,146.69	£2,092.85	82.5 per cent	£2,663.59

The incidents of burglary were inversely correlated with the sales area of the retailer. Jewellers remain a particular target, due to the high re-sale value of gold and other valuables, which has also risen significantly in recent years.

On average, there were 0.1 incidents for every 10,000 sq. ft. of sales area. Supermarkets accounted for 13.4 per cent of incidents per sales area; however the overwhelming share of incidents were recorded by convenience retailers, namely 37.9 per cent.

FIGURE I.18 BURGLARY – AVERAGE COST PER INCIDENT, BY RETAIL CATEGORY

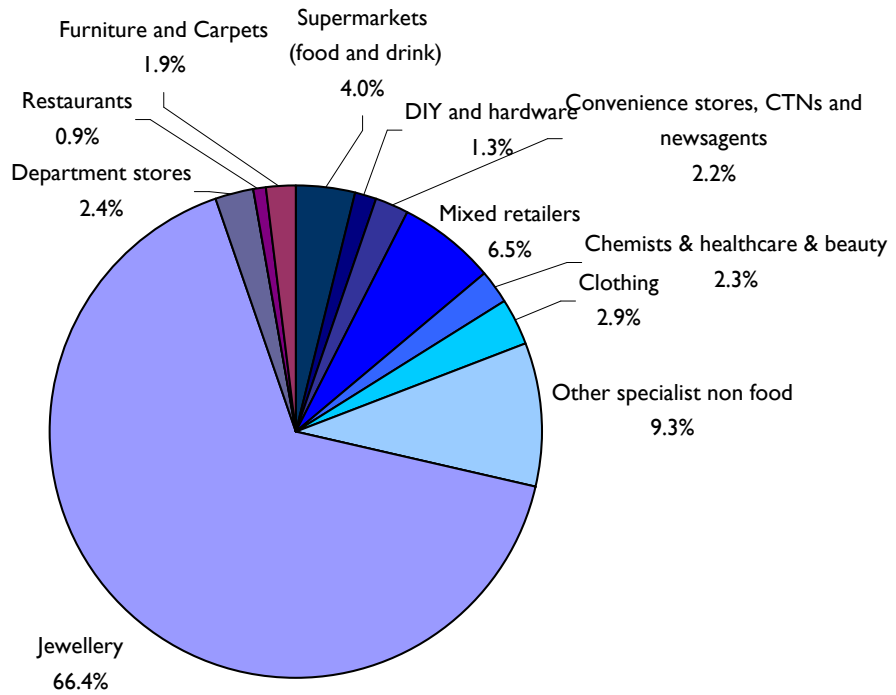
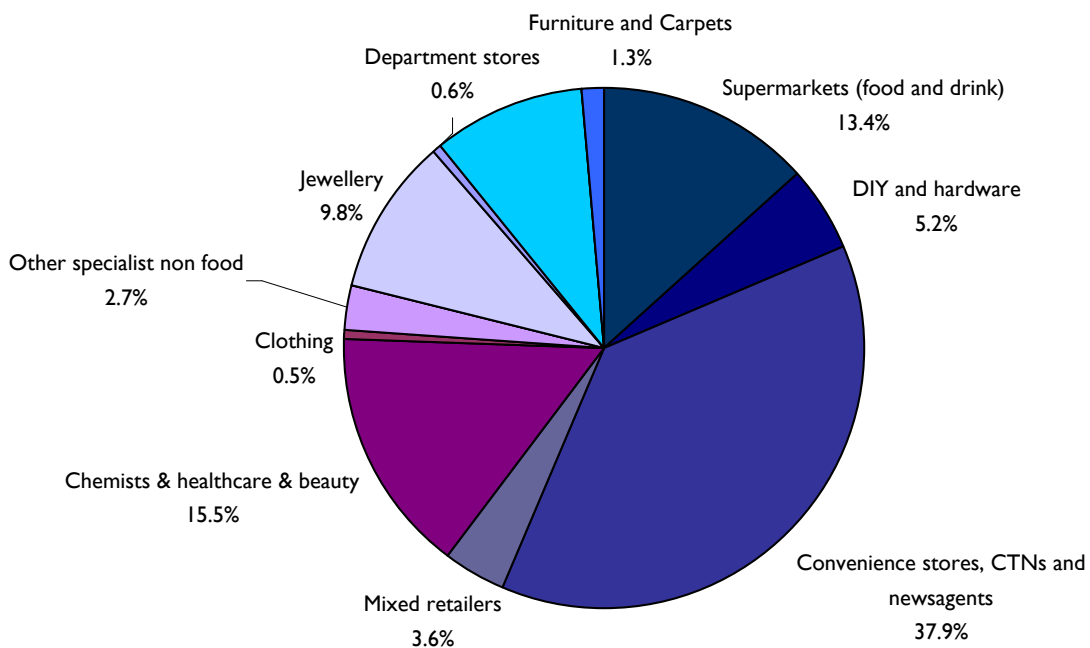


FIGURE I.19 BURGLARY – INCIDENTS PER SQ. FT. OF SALES AREA, BY RETAIL CATEGORY



POLICY RESPONSES AND ACTIVITY DURING 2011

The number of burglary offences has continued to decline and are currently at the lowest level since 2004. Last year's survey found that significant investment had been made by retailers to protect their premises and staff better. This investment appears to have been very effective with a decrease in thefts and burglaries.

Nevertheless, despite the reduction in offences the overall value stolen has increased. The systematic targeting of higher value goods and a change in the modus operandi to commit these offences is a likely indication of an increase in more organised criminality.

POLICY RESPONSES NEEDED IN 2012

Despite an overall reduction in the number of offences, we have found an increase for certain sub sectors. It is important that the value of enhanced cash handling procedures and the use of improved protection of safes is recognised. Retailers are also advised to include security of storage as part of their contingency planning in adverse weather conditions – increased temporary storage may be less secure.

The BRC retains concerns about the accuracy of police recorded crime due to the inability to extract burglary data for business premises from other sorts of location, for example domestic sheds and garages. It is imperative that Police and Crime Commissioners (PCCs) are able to fully assess the extent of offending in the local community. This ongoing concern will be highlighted in the briefing report the BRC is producing for PCCs.

CRIMINAL DAMAGE

Criminal damage: crimes where a person intentionally or recklessly destroys or causes damage to another person's property.

Criminal damage rose by 62.8 per cent over the last 12 months, to 32.6 incidents per 100 stores. Offences of criminal damage saw the largest year-on-year increase, across all incidents of retail crime. Criminal damage accounted for 1.1 per cent of incidents per 100 outlets and 1.5 per cent of the average cost of crime. The cost of criminal damage per incident rose by 6.7 per cent to £176.37.

The increase in offences is likely to have contributed to the greater incidence of police reporting, namely 86.3 per cent of criminal damage, compared with 52.3 per cent last year. Nevertheless, according to official police recorded crime statistics (Figure 1.6) criminal damage to buildings other than dwellings fell by 13 per cent on the previous year. Retailers will continue to work with their local forces to build up an accurate picture of the local pattern of criminal damage and the existence of any hotspots. The current disparity between official and retailer data may lead to misallocation of police resources.

FIGURE 1.20 CRIMINAL DAMAGE INCIDENTS PER 100 OUTLETS

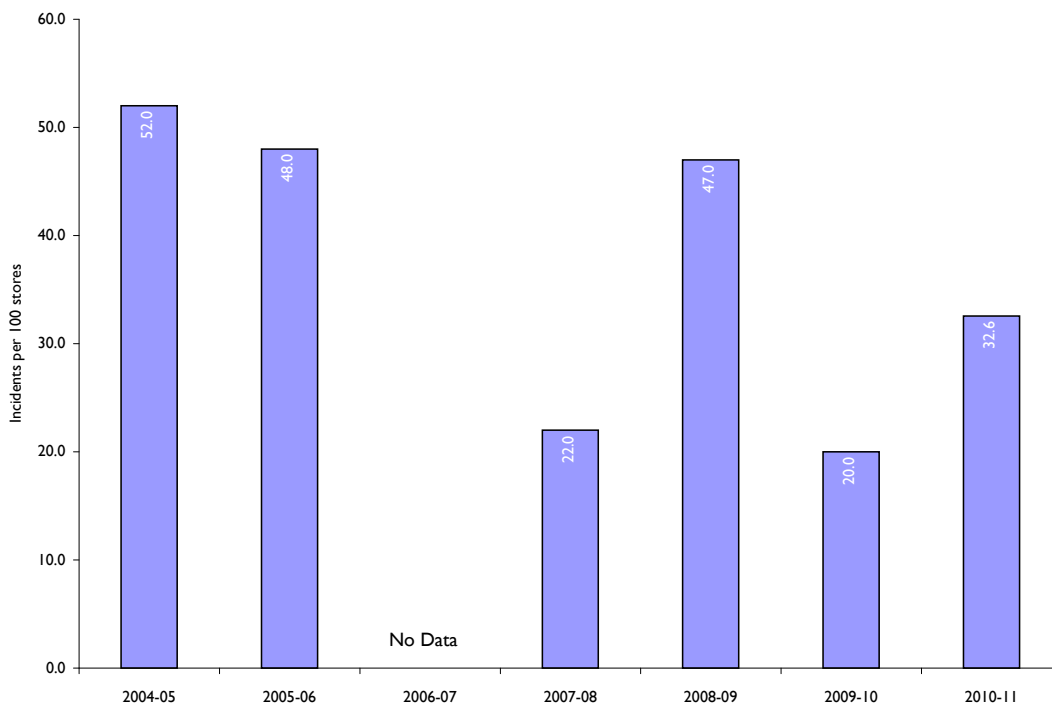


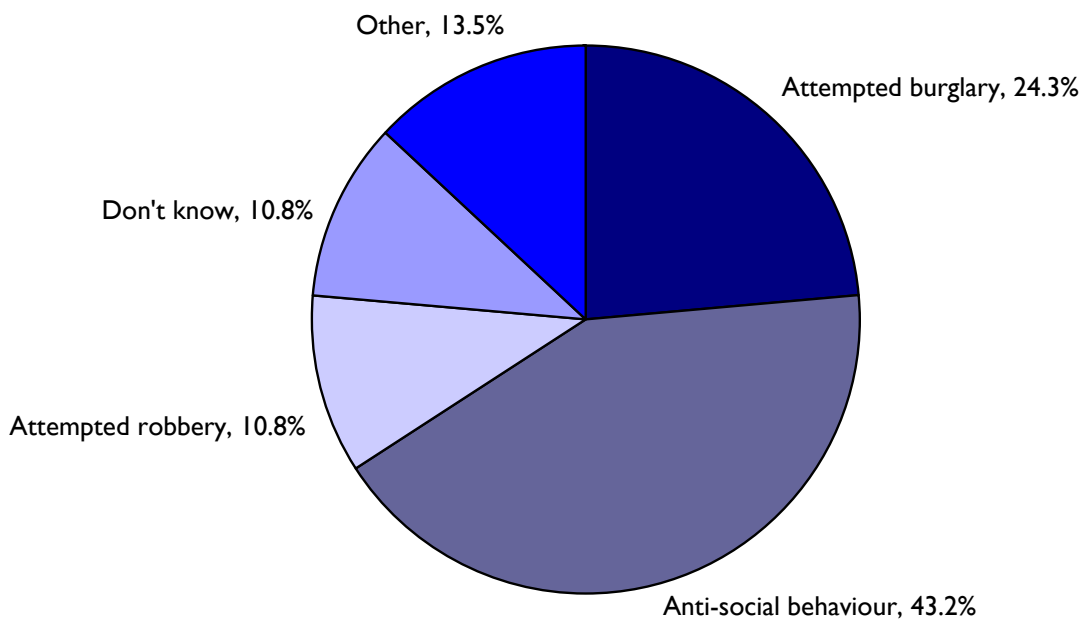
TABLE 5. CRIMINAL DAMAGE INCIDENTS PER 100 OUTLETS AND AVERAGE COST PER INCIDENT

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	% change 2010-11	Average 2004-11
Criminal Damage per 100 outlets	52.0	48.0	No Data	22.0	47.0	20.0	32.6	62.8 per cent	37
Cost per Incident	N/A	N/A	N/A	N/A	N/A	£165.25	£176.37	6.7 per cent	No Data

Criminal damage was predominantly made up of anti-social behaviour (Figure I.21) which accounted for 43.2 per cent of incidents. Attempted burglaries comprised 24.3 per cent of incidents, compared with 60 per cent in 2009/10 when they made up the largest proportion of criminal damage. Attempted robbery comprised a further 10.8 per cent of incidents, compared with 3 per cent last year.

Many retailers noted that negative popular sentiment regarding both the political and economic climate had been a contributing factor to the change in the distribution of criminal damage towards anti-social behaviour. A number of one-off factors can also account for this year's figures, namely a number of demonstrations, primarily in London, as well as riot-related disorder¹.

FIGURE I.21 CAUSES OF CRIMINAL DAMAGE, REASONS BY PERCENTAGE OF RESPONDENTS



On average, there were 0.3 incidents of criminal damage per 10,000 sq. ft. Unlike other offences of retail crime, criminal damage displayed a weaker correlation between store size and the likelihood of incidents. Convenience stores and clothing retailers recorded over 50 per cent of incidents in the past 12 months. Supermarkets also saw a high proportion of incidents, namely 18.4 per cent.

Nevertheless, criminal damage to department stores and jewellers made up the largest proportion of cost per incident. Retailers reported that the predominant trend in criminal damage over the past year had been of attempted and actual theft of assets, damage to premises and in particular, the theft of metal.

¹ 20 per cent of respondents in our sample were unable to fully extract incidents attributed to the riots from the figures submitted in the report.

FIGURE I.22 CRIMINAL DAMAGE AVERAGE COST PER INCIDENT BY RETAILER TYPE

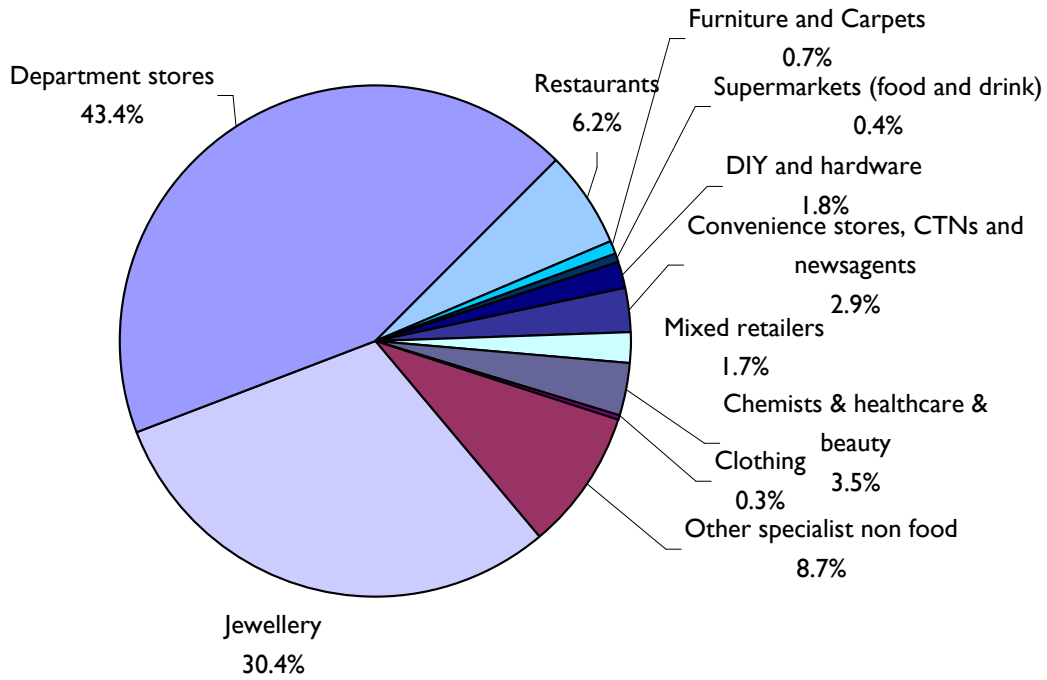
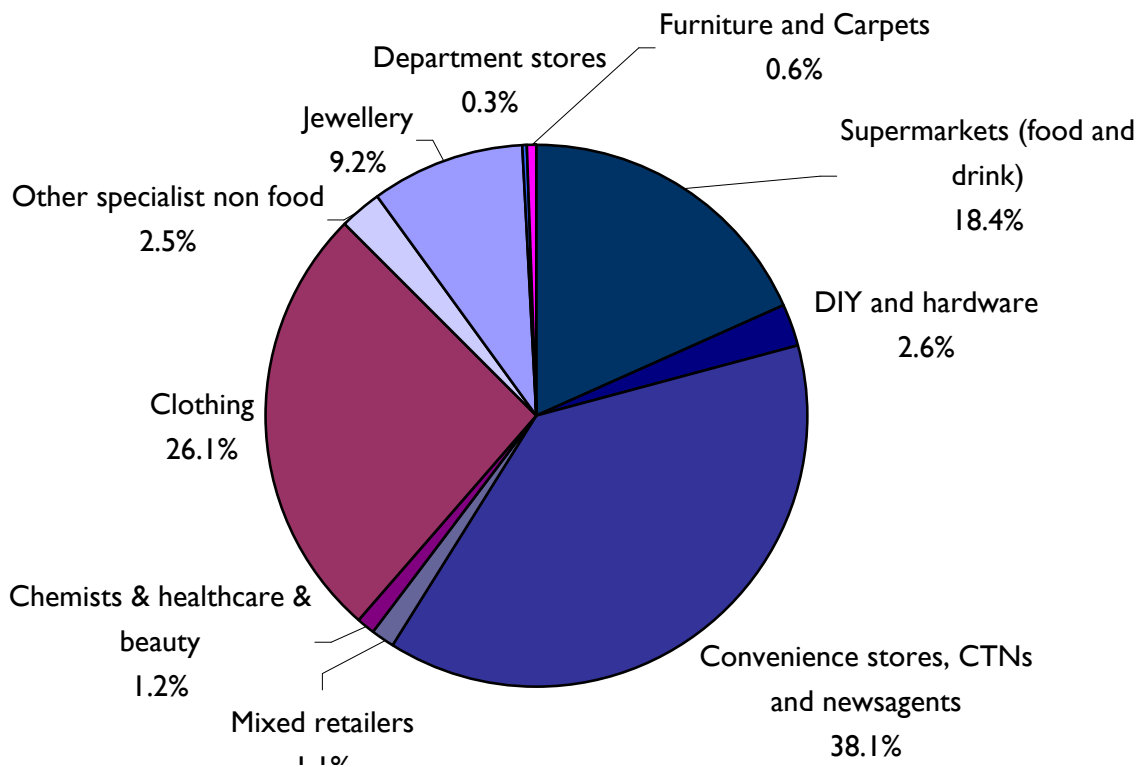


FIGURE I.23 CRIMINAL DAMAGE INCIDENTS PER SQ. FT. OF SALES AREA BY RETAILER TYPE



POLICY RESPONSES AND ACTIVITY DURING 2011

The number of offences involving criminal damage has increased in this year's survey. There has been a notable increase in criminal damage arising as a result of anti-social behaviour. The proportion of incidents arising from attempted burglary has however decreased significantly and is substantially lower than in previous years. This is reflective of increased expenditure on anti-burglary devices.

A number of retailers also identified increased metal theft as being a reason for an increase in the impact of this offence type on their businesses. The BRC has participated in an initial attempt to collate the number of incidents affecting the retail sector and raising the profile of these offences with Government. Further work in this area will progress next year.

POLICY RESPONSES NEEDED IN 2012

The reduction in offences arising from attempted burglary is clear evidence that continued investment from retailers has been beneficial. However, the level of incidents associated with an increase in anti-social behaviour is a major concern.

It is expected that protests and demonstrations will continue to take place throughout 2012 and consequently we may witness further acts of criminality against retail premises. It is therefore essential that the police continue to engage with the BRC and its members to find the most effective ways to communicate with businesses in the course of future events/disorder.

It is important that the impact from the August 2011 riots on the retail sector is fully understood and that effective sentencing of those involved in offences against the retail sector becomes the norm.

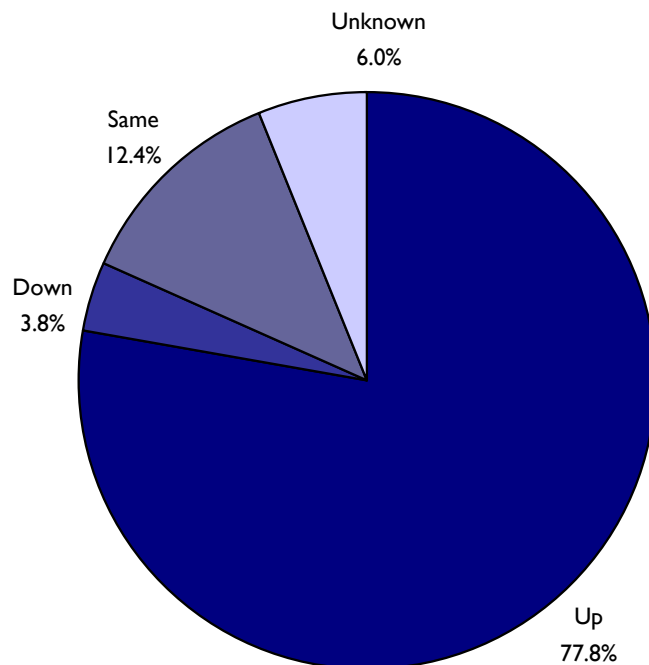
The BRC continues to lobby for more consistent use and payment of Penalty Notices for Disorder issued for criminal damage and shop theft. The evidence gathered in this year's survey supports the BRC's aim of promoting the need for more effective sentencing.

FRAUD

Fraud: an act of deception carried out for the purpose of unfair, undeserved and/or unlawful gain, especially financial gain.

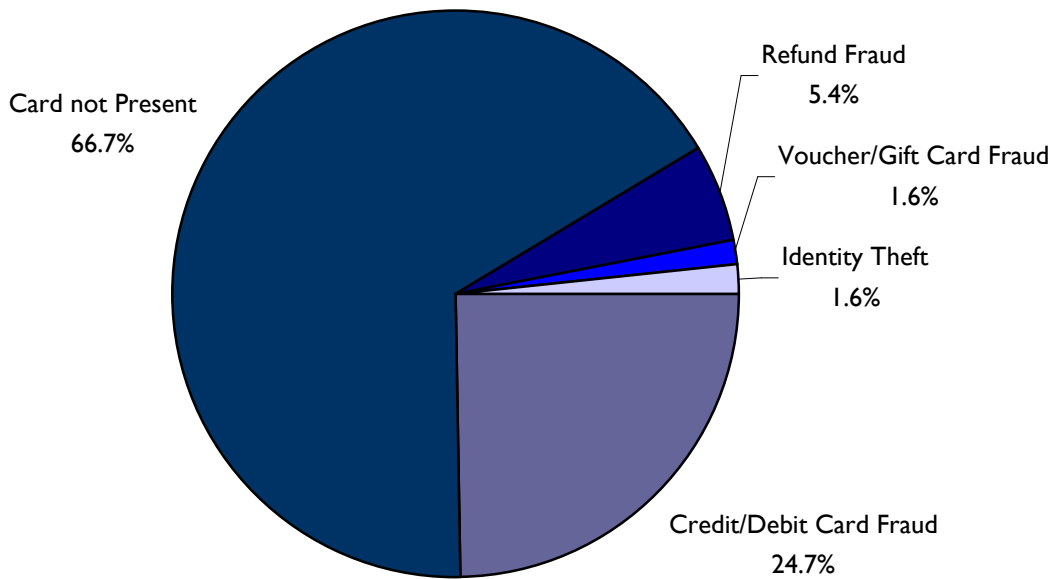
Over three quarters of retailers participating in this year's survey recorded an increase in fraud over the last 12 months, compared with 64 per cent in the previous year. A further 12.4 per cent of respondents indicated that fraud remained the same. The combined impact amounted to 12.3 per cent of retail crime by the number of incidents and 28.2 per cent of retail crime by cost, compared with 1.3 per cent and 10.7 per cent respectively. The cost of fraud saw the largest absolute increase in the last 12 months, compared with all other forms of retail crime, including the cost of crime and loss prevention. In addition, many retailers identified fraud arising from their growing online and multichannel operations as the most significant emerging issue they faced.

FIGURE 1.24 DIRECTION OF CHANGE IN INCIDENTS OF FRAUD, BY PERCENTAGE OF RESPONDENTS



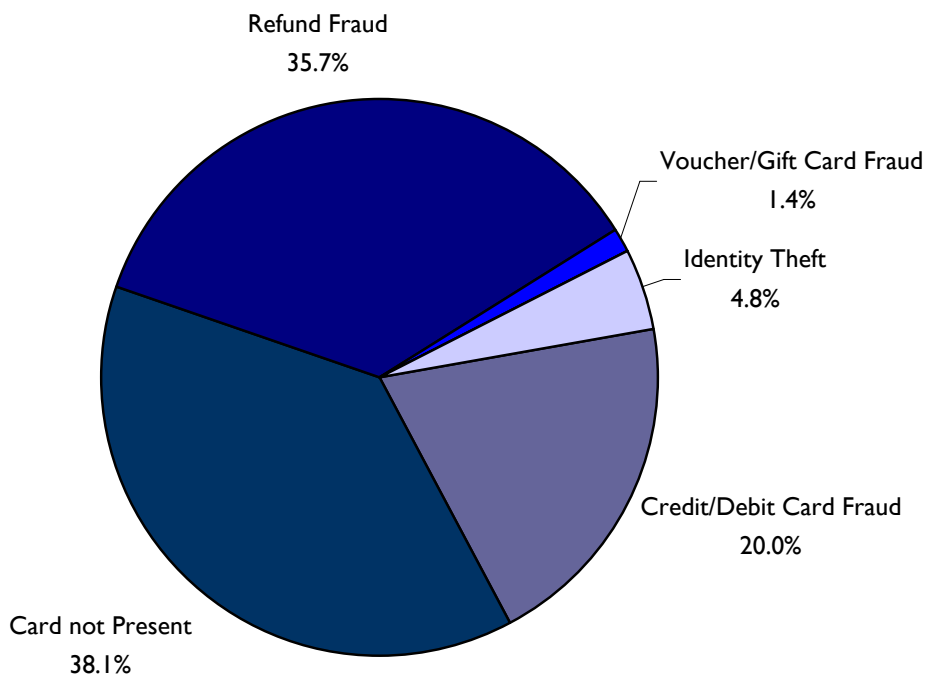
The majority of fraud incidents in the past 12 months (67 per cent) were attributed to card not present transactions, followed by credit/debit card fraud (25 per cent) and incidents of customers fraudulently seeking refunds (5 per cent). Fraudulent transactions, where the cardholder is unavailable for PIN or signature checks, have shown significant growth over the last few years. In 2009/10, card not present transactions accounted for 40.1 per cent of fraud, compared with 66.7 per cent in the last year. The growth in the number of incidents of card-not-present fraud aligns with retailers' increasing concern about fraudulent transactions arising from their e-commerce operations. As retailers continue to expand their multi-channel offer and as the number of direct retailers continues to grow, card not present security will demand greater attention from retailers, card issuers, payment facilitators, and the police.

FIGURE 1.25 FRAUD INCIDENTS, BY TYPE OF FRAUD



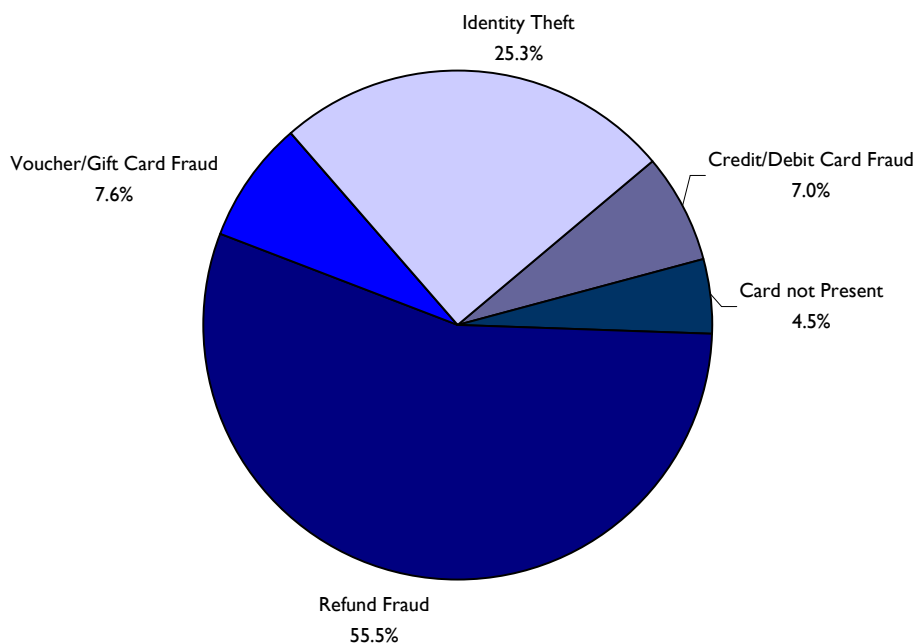
The greatest proportion of cost was also attributed to card not present fraud (38 per cent), followed closely by refund fraud (35.7 per cent) and credit/debit card fraud (20 per cent). Although the proportion of fraud by cost attributed to fraudulent refunds has fallen from 52 per cent to 36 per cent in the past year, the absolute cost of refund fraud remains high and very costly. Indeed, the average cost of an incident of refund fraud remains the highest across all categories, and comprises over a half of fraud by average cost. The forging of receipts continues to become more sophisticated. Retailers will seek to use improved staff training and refund monitoring to help to reduce these figures in the future, although multichannel operations can make this challenging.

FIGURE 1.26 FRAUD, BY COST



Looking at the average cost per incident of fraud, we can also see that while identity theft comprises a small proportion of the number of incidents and of the overall cost of fraud, single occurrences can be very costly. (Figure 1.27) Retailers need to work collaboratively with payment facilitators and police to eliminate the risk of identity theft, to both their business and to the consumer.

FIGURE 1.27 FRAUD, BY AVERAGE COST PER INCIDENT



Overall, retailers estimated that just over half of fraud (50.5 per cent) could be attributed to organised groups, while a further 42.7 per cent was the result of independent or impulse fraudsters. The prevalence of organised fraud is of particular concern and needs to be better addressed by retailers and police alike.

The reporting of offences to the police varied substantially across the different types of fraud. Refund fraud remained the most reported, with 95.8 per cent of refund fraud incidents. Similarly, voucher/gift card fraud as well as credit/debit card fraud saw reasonable rates of reporting, with 65.5 per cent and 45.5 per cent of incidents respectively. However, card not present and identity theft fraud remain a particular area for concern, with just 2.6 per cent and 1.5 per cent of incidents reported respectively. The importance of e-fraud was echoed by many retailers, who noted a lack of police understanding in dealing with e-crime as well as a lack of significant appetite to take on such cases. Indeed, 86 per cent of respondents cited 'No confidence in police response' as a top three reason for not reporting fraud to the police, with 35 per cent citing this as their number one reason. (Figure 1.29)

Across all fraud, 'Relatively small loss or damage to premises or property' was the main reason for not reporting fraud, identified by 94 per cent of respondents. Around 70 per cent of respondents also noted that reporting fraud was too time consuming, while 34 per cent failed to report fraud because it was only an attempt. (Figure 1.29)

Emerging issues and trends are therefore primarily concerned with improvements in the understanding of complex incidents, such as identity theft and organised card not present fraud, greater police interest in taking on such cases, as well as a better structure to deal with cross-constabulary incidents.

FIGURE I.28 FRAUD REPORTED TO THE POLICE, BY TYPE OF FRAUD

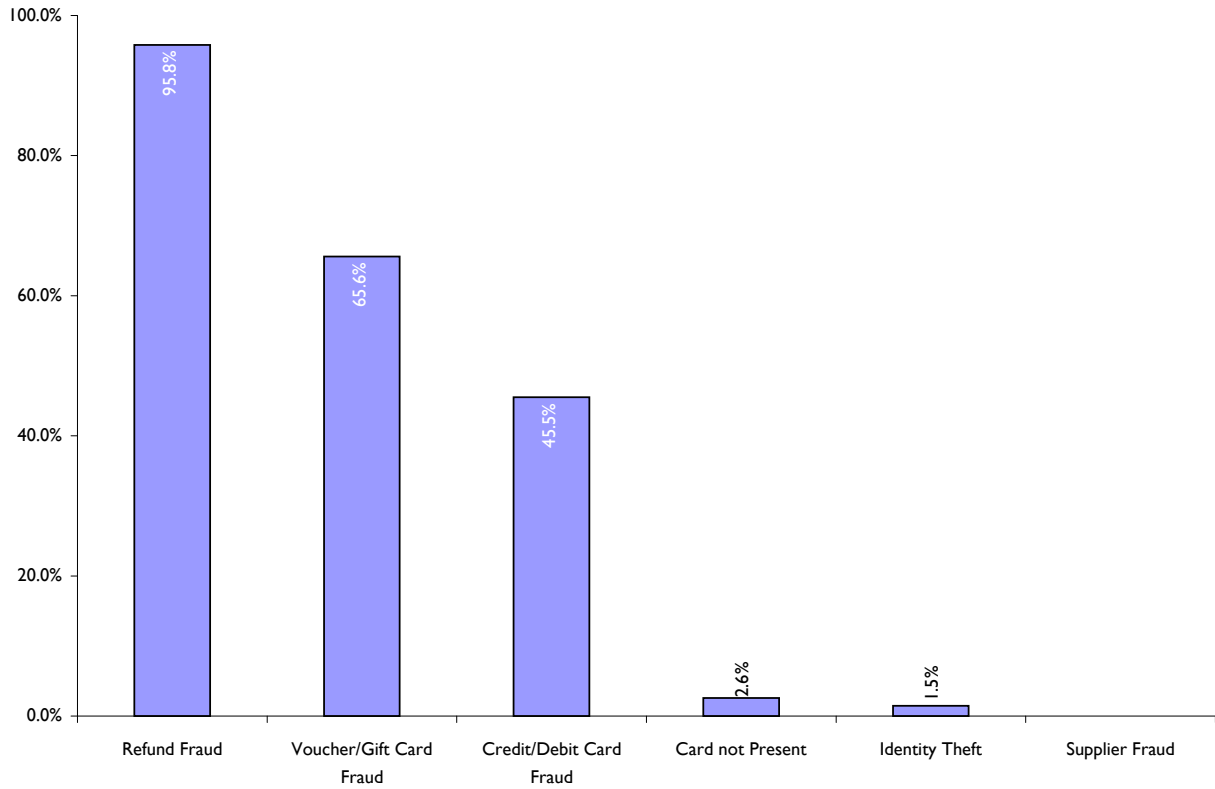
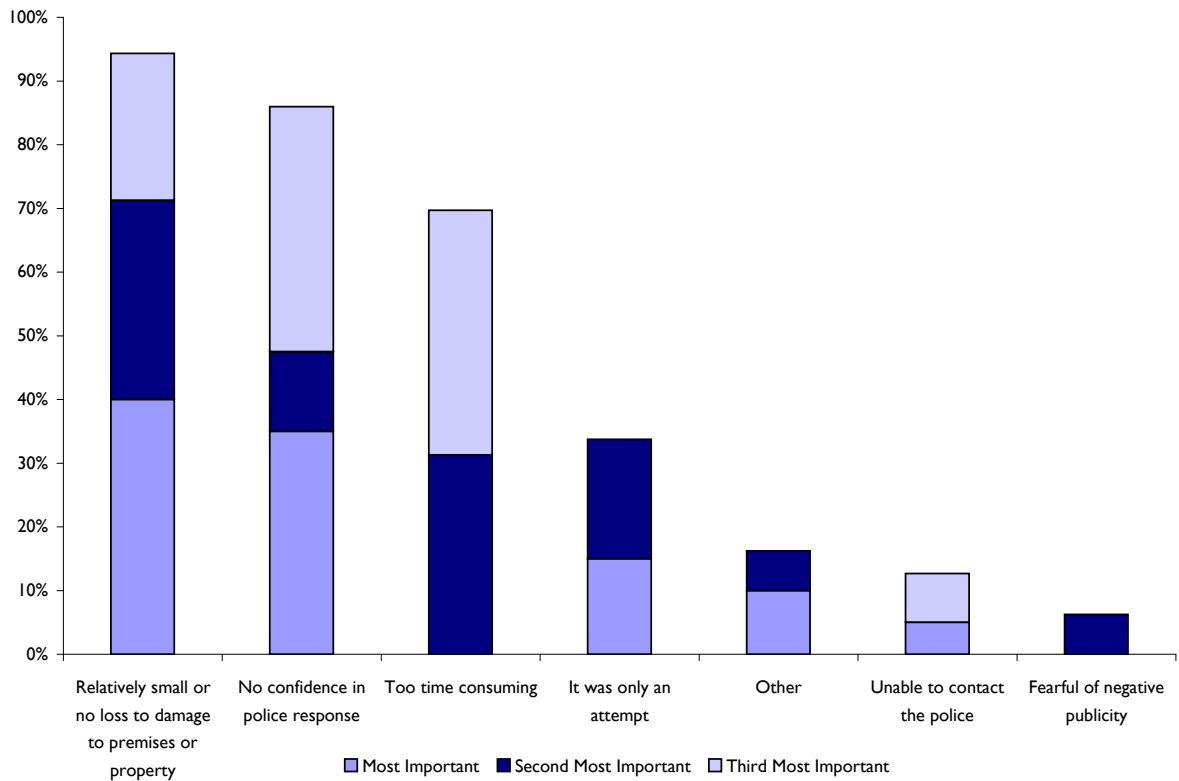


FIGURE I.29 REASONS FOR NOT REPORTING FRAUD, BY PERCENTAGE OF RESPONDENTS



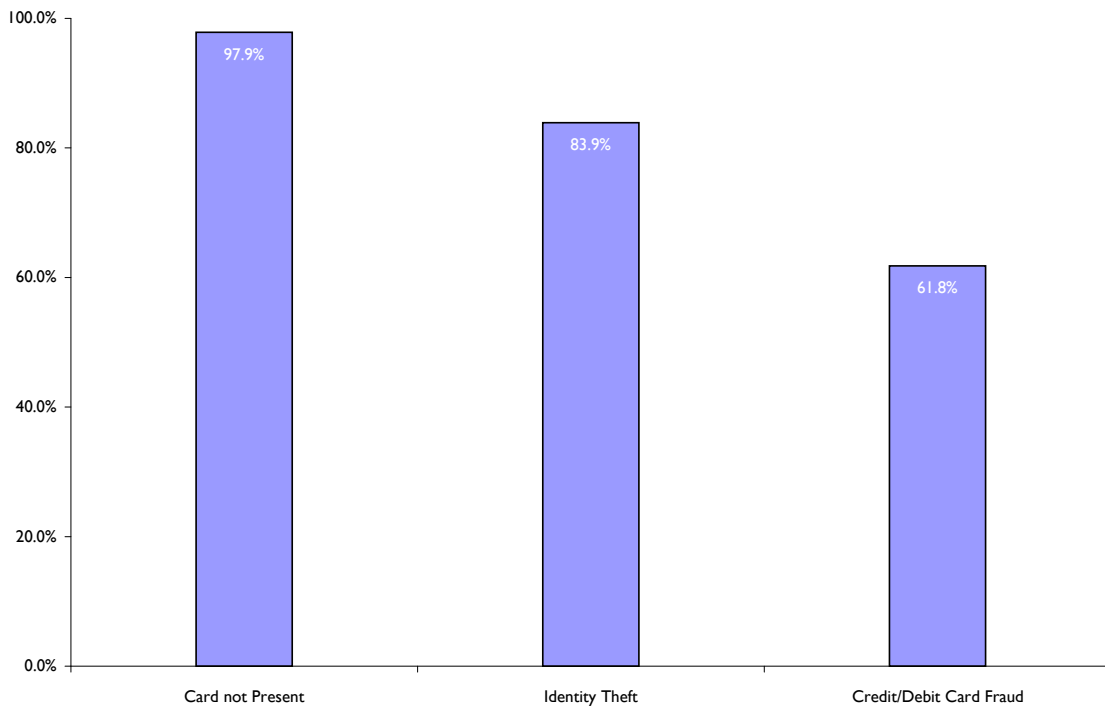
COMPUTER AND INTERNET RELATED CRIME

This is the fourth year in which the Retail Crime Survey has investigated computer and internet related retail crime. In 2011 internet sales represented around 8.8 per cent of retail sales, compared with 7.6 per cent in 2010. E-commerce continues to form an increasingly important channel to market for many retailers, in addition to being the main channel for a growing number of purely online retailers.

E-fraud is the main form of internet retail crime. Often regarded as a low risk or 'easy' opportunity for criminals, due to low prosecution rates, it's becoming an increasingly important concern for retailers.

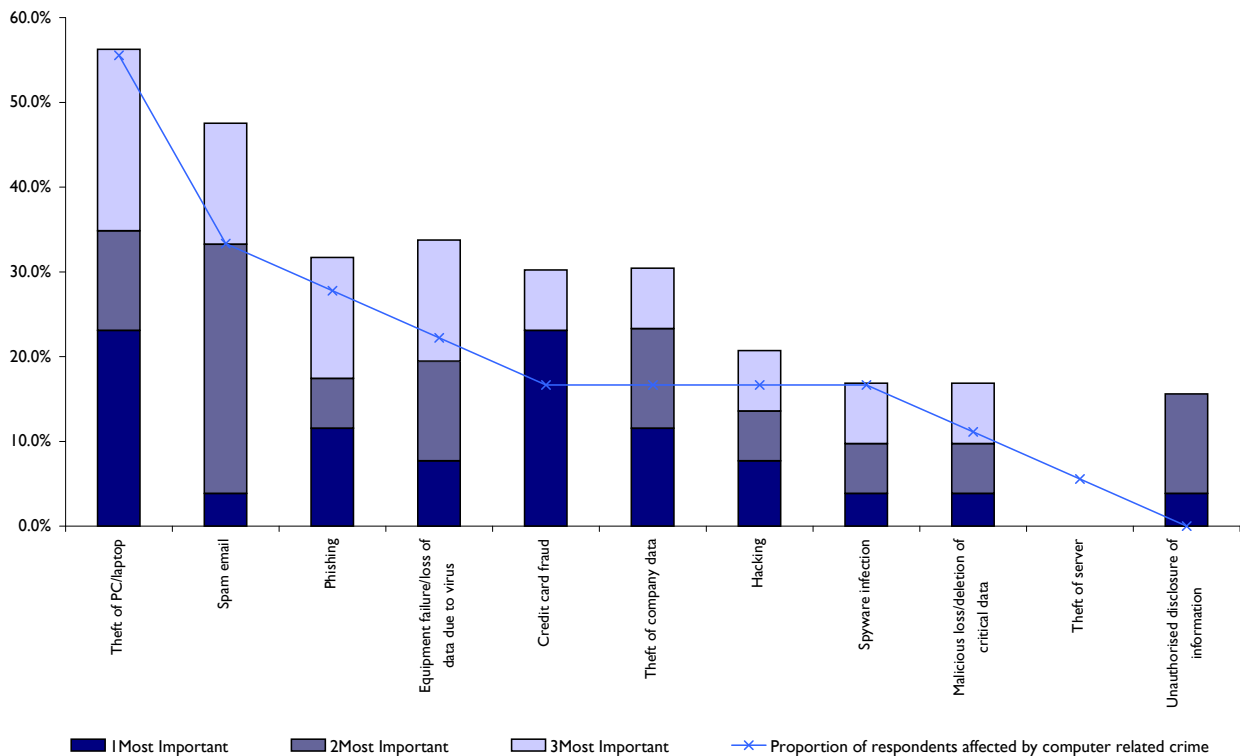
Over the past 12 months, retailers identified 97.9 per cent of card-not-present fraud, 83.9 per cent of credit/debit card fraud and 61.8 per cent of credit/debit card fraud as attributable to e-fraud. Given that collectively the above types of fraud make up 93 per cent of all incidents, it is clear that e-fraud is quickly becoming one of the largest and also most costly areas of retail crime. Therefore, more police and retailers resources should be dedicated to tackling e-fraud.

FIGURE 1.30 PROPORTION OF FRAUD INCIDENTS ATTRIBUTABLE TO ONLINE FRAUD



Looking at e-crime and computer related crime more broadly, we can see that retailers were most commonly affected by theft of pc/laptop. Retailers also placed the most importance on this type of crime. The second most common type of computer related crime was spam email, which affected 47.5 per cent of respondents, followed closely by phishing at 31.7 per cent of respondents. However, retailers' top concern was credit card fraud, followed by theft of company data. Across all crimes, retailers' priorities were broadly in line with incidents. Looking forward, retailers are likely to focus on areas of e-crime where there is greater disparity between incidents and importance, namely equipment failure/loss of data due to virus, spyware infections or malicious loss/deletion of crucial data.

FIGURE 1.31 PROPORTION OF RESPONDENTS AFFECTED BY COMPUTER RELATED CRIME VS TOP 3 MOST IMPORTANT COMPUTER-RELATED CRIMES, BY PERCENTAGE OF RESPONDENTS



POLICY RESPONSES AND ACTIVITY DURING 2011

The BRC continues to work closely with the Government, National Fraud Authority and Law Enforcement Community to ensure that the impact of e-crime and fraud affecting the retail sector is clearly understood.

A number of the recommendations highlighted in the BRC's report *Future Online Security: Tackling e-crime and Fraud* have now been acted on and will be progressed further during 2012. These include the plans for creating the Cyber Crime Unit and Economic Crime Command within the National Crime Agency, which are expected to take shape over the course of the coming year.

Following the publication of the BRC's report, the Cabinet Office commissioned the Cyber Security Operations Centre to conduct research into cyber security and the threats to the retail sector. This research has led to a new Retail Cyber Security Forum being established in partnership with the BRC and Department for Business, Innovation and Skills. This forum will address the specific concerns of retailers and will ensure that consumers remain safe when shopping online.

Building on the work of this partnership, the Government's recently published Cyber Security Strategy specifically highlights the importance of the UK's online retail economy and sets out how the Government will work in partnership with the BRC to enhance cyber security.

Persistent campaigning for more effective use of intelligence has led to the remit of Action Fraud, the National Fraud Reporting Centre established by the National Fraud Authority and the National Fraud Intelligence Bureau (NFIB) being extended. Retailers will now have the ability to report fraud and cyber offences via Action Fraud and directly to the NFIB.

POLICY RESPONSES NEEDED IN 2012

The BRC will commission research in 2012 to provide much needed quantification of the impact of this emerging area of criminal activity. This will be used as a robust evidence base to lobby Government and the law enforcement community for a more effective response to increasing offences and to inform the development of that response.

This evidence will be crucial as the BRC continues to work with the law enforcement community to ensure a better response to e-crime and fraud offences, particularly at the local level.

It is important that retailers are fully involved in the planning of the Cyber Crime Unit and Economic Crime Command of the National Crime Agency. The BRC will hold a further e-crime summit in March 2012 to provide members with the opportunity to influence the direction of the new Retail Cyber Security Forum.

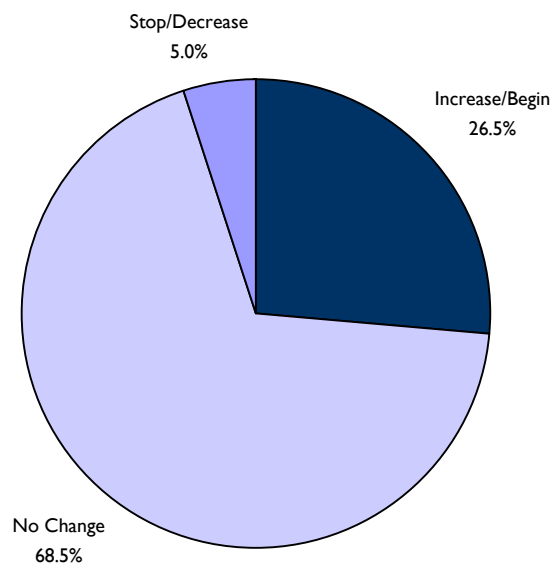
CRIME AND LOSS PREVENTION

Crime and loss prevention rose by an estimated 1.4 per cent in 2010/11. Retailers continue to invest heavily in crime prevention, with a median expenditure of £700,000 in our sample.

Over the next 12 months, the majority of retailers in our survey reported intentions to maintain current levels of crime and loss prevention expenditure (69 per cent), with 26 per cent of retailers planning to invest in new equipment for crime and loss prevention, while the remaining 5 per cent intended to stop or decrease current expenditure.

We expect the upward trend in crime and loss prevention to remain steady over the next few years, especially while unemployment remains high and disposable incomes are squeezed. Indeed, 58 per cent of respondents recorded an increase in crime and loss prevention expenditure as a result of the economic downturn. A further 33 per cent indicated an increase in crime and loss prevention following the August riots and disorder, however we expect this to be an underestimate as crime prevention measures in response to the riots are likely to be implemented after new budgets are drawn up. Accordingly, we expect to see an increase in expenditure over the next 12 months.

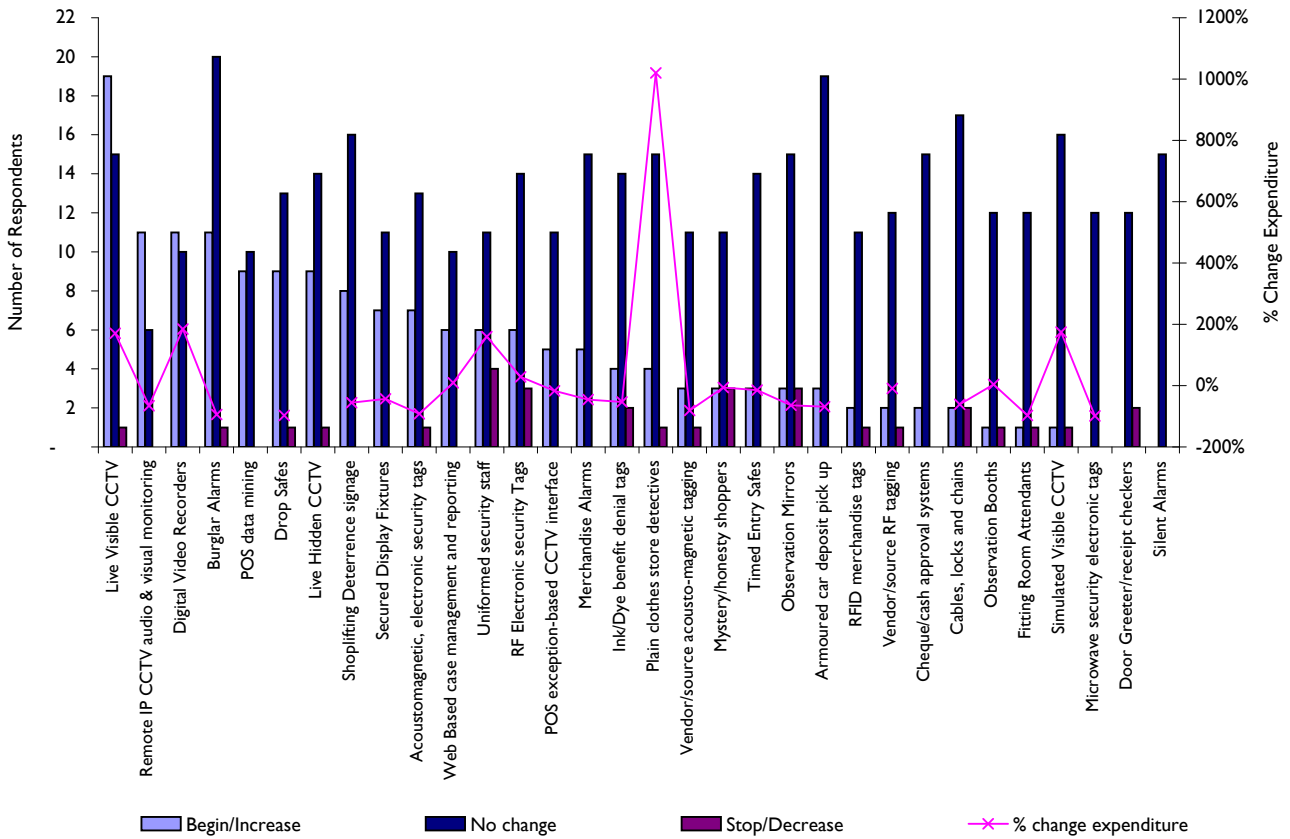
FIGURE 1.32 INVESTMENT IN CRIME AND LOSS PREVENTION IN THE NEXT 12 MONTHS, PERCENTAGE OF RESPONDENTS



Retailers indicated a number of changes in their preference of crime prevention equipment and resources over the last year. A range of tools such as silent alarms, microwave security, electronic tags and observation booths have received low levels of investment in the past 12 months and are set to remain constant over the next 12 months. At the same time, a number of resources have grown in popularity, namely tools such as live visible CCTV and burglar alarms, which have seen both an increase in expenditure and are expected to receive further investment through 2012. Figure 1.33 displays the relationship between past expenditure and future investment decisions. For instance, having received a large level of investment over the past 12 months, most retailers intend to make no change to expenditure in armoured car deposit pick-ups in the next year. Similarly, further expenditure on timed entry safes is likely to be put on hold over the next 12 months.

Retailers' expenditure on uniformed security staff remained the highest category across all crime and loss prevention tools, and grew by 7 per cent between 2010/11 and 2009/10. The largest positive change in expenditure was in Simulated Visible CCTV, which rose by 1020 per cent, while the largest negative change was on Web-based case management reporting, which fell by 99 per cent.

FIGURE I.33 CRIME LOSS PREVENTION EQUIPMENT AND RESOURCES BY PERCENTAGE OF RESPONDENTS VS AMOUNT SPENT IN THE PAST 12 MONTHS



Retailers use a further set of tools to combat retail fraud. In-house screening appears to be the most popular tool, closely followed by CVV2 and AVS. Although 3D Secure was not the first choice for most retailers this year, it was the second most important tool based on retailers' top three choices. Given the rising level of fraud incidents, we expect to see a greater proportion of retailers implementing fraud prevention tools over the coming years.

FIGURE I.34 TOOLS USED TO COMBAT FRAUD, BY PERCENTAGE OF RESPONDENTS

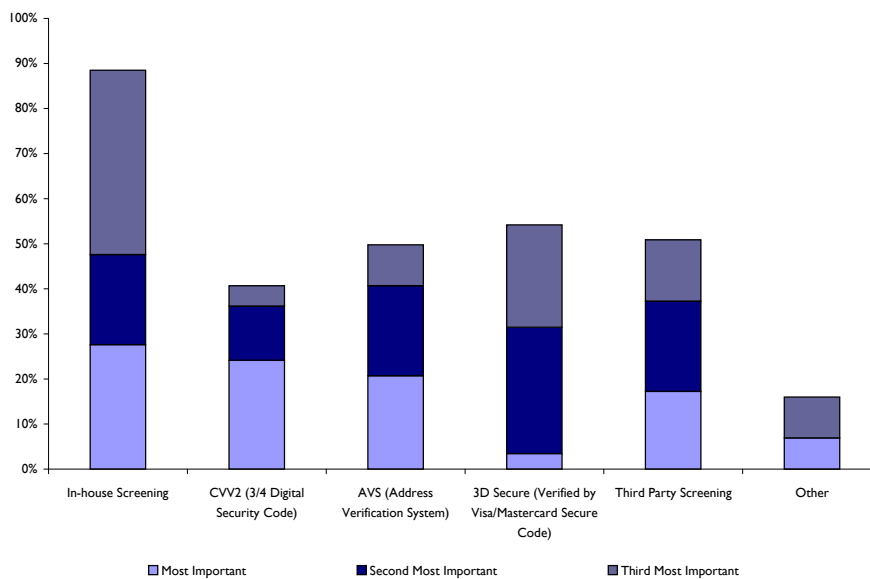
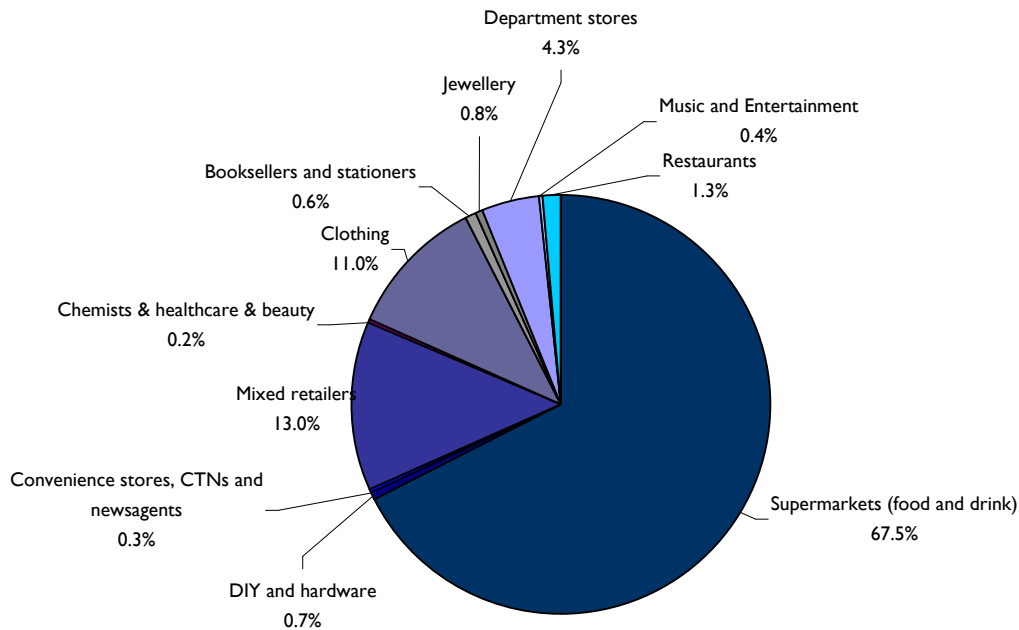
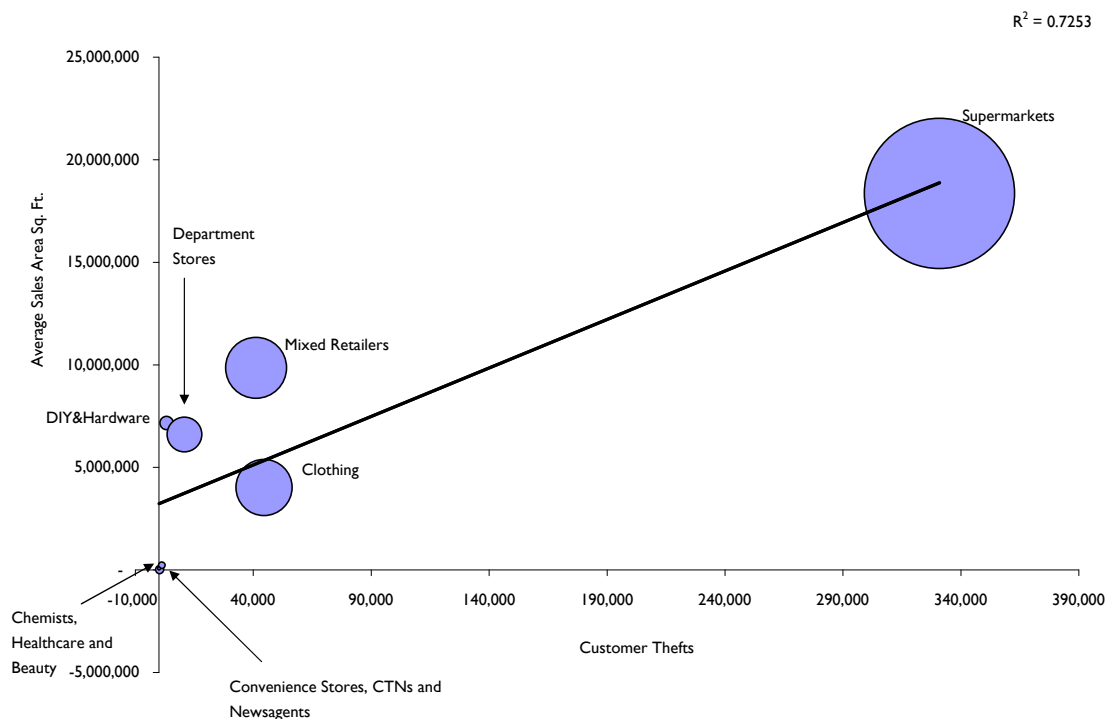


FIGURE I.35 EXPENDITURE ON CRIME AND LOSS PREVENTION, BY RETAIL CATEGORY



Variation in crime and loss prevention expenditure across retail categories was broadly linked to store size¹. Supermarket expenditure accounted for over 67 per cent of spend, compared with 0.3 per cent for convenience stores and 0.8 per cent for jewellers. Crime and loss prevention is also positively correlated with the number of incidents of customer theft¹. Clothing and mixed retailers invest a similar amount on crime and loss prevention and record roughly the same amount of thefts, even though mixed retailers have a larger average sales area.

FIGURE I.36 CUSTOMER THEFTS VS AVERAGE SALES AREA VS CAPITAL SPENT ON CRIME AND LOSS PREVENTION



1. The correlation coefficient between customer theft and average sales area is $R^2 = 0.725$ and customer theft and number of incidents is $R^2 = 0.998$
 2. Bubble size (in diameter) represents capital spent on crime prevention.

Over half (56 per cent) of retailers are members of Business Crime Reduction Partnerships (BCRPs), while one third are also members of Business Improvement Districts (BIDs). Since last year, a greater proportion of respondents have become involved with local initiatives, 69 per cent compared with 63 per cent in 2009/10. The overwhelming majority of retailers (97 per cent) also encouraged staff to engage with local police teams in the last year, compared with 90 per cent the previous year.

The trend in crime prevention partnerships across most retailers is a focus on local communities and schemes. Many were also in partnership with other local businesses and city centre schemes.

However, there appear to be potential areas of improvement for BIDs and BCRPs. In particular, there is scope for a greater focus in ensuring retailers receive value for money.

POLICY RESPONSES AND ACTIVITY DURING 2011

The BRC has continued to work with key partners in the Government and law enforcement agencies to ensure that the important role of retail in delivering safe and vibrant communities is understood.

In October 2011 the BRC launched a new website www.tacklingretailcrimetgether.co.uk which enables retailers to share best practice examples of how they are supporting their local communities and policing teams to reduce crime and criminality. The site already contains a range of case studies aimed at providing an effective response in offender management, partnership working and youth education.

The Local Engagement Working Group established by the BRC in 2011 has been working to ensure that locally elected Police and Crime Commissioners are well briefed on the extent and impact of crimes affecting the retail sector.

This Working Group is also engaged in activity to support local business crime partnerships to operate consistently across the country and to enable retailers to clearly judge the benefits of being involved in these partnerships.

POLICY RESPONSES NEEDED IN 2012

As a key partner in the community it is essential that retailers have the ability to work with the locally elected Police and Crime Commissioner to ensure that they understand the full extent and impact of retail crime. The BRC will continue to engage with Ministers and officials to ensure that retailers' priorities are clearly understood and to secure access to potential PCCs at the earliest opportunity.

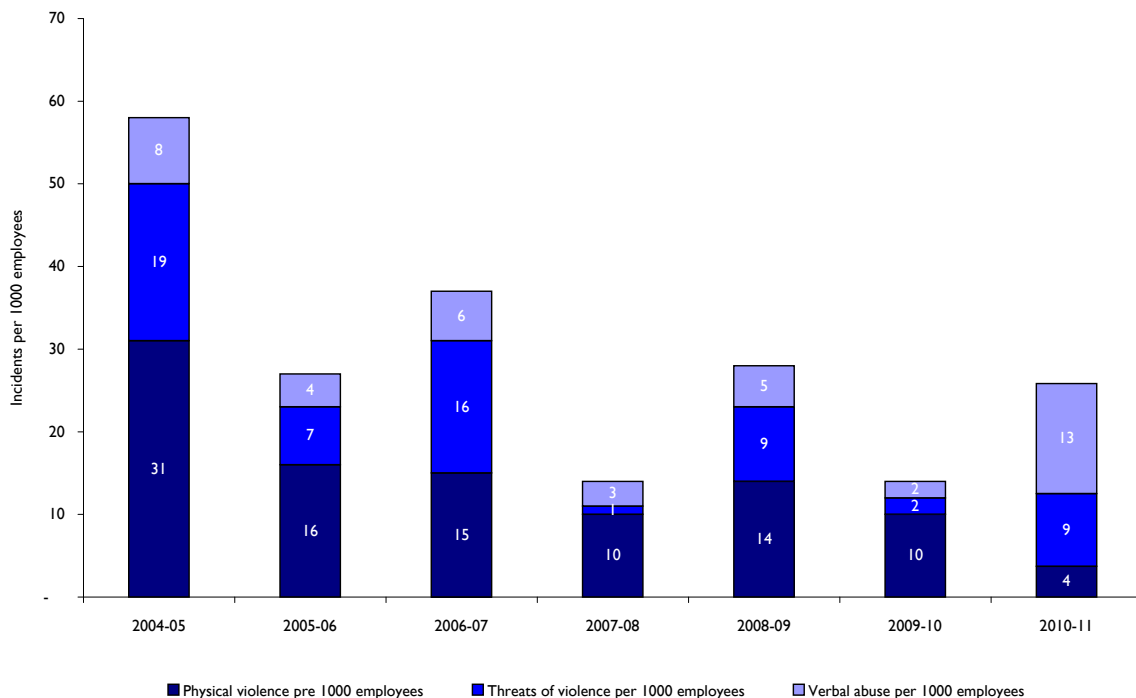
The emphasis on sharing good practice will become increasingly important. The BRC will continue to develop the website www.tacklingretailcrimetgether.co.uk and will encourage local police to make more effective use of the support offered by retailers.

Due to the greater reliance on crime maps and police recorded data it is important that retailers continue to tackle the under-reporting of offences.

VIOLENCE AGAINST STAFF AND ANTI-SOCIAL BEHAVIOUR

Violence against retail staff remains an unacceptable threat to the health and well-being of the retail sector's three million employees. In 2010/11, the total number of incidents against employees rose by 83 per cent to 25.7 offences per 1,000 employees. The change was driven by a significant increase in the number of verbal abuse incidents and threats of violence, which rose to 13.3 and 8.8 incidents per 1,000 employees respectively. Nevertheless, retailers saw a reduction in the number of physical incidents of violence, which more than halved to 3.7 incidents per 1,000 employees.

FIGURE 1.37 COMPOSITION OF ANTI-SOCIAL BEHAVIOUR AND VIOLENCE INCIDENTS PER 1,000 EMPLOYEES 2004/11



Retailers continue to invest in staff safety with increased surveillance by CCTV and through the employment of security guards. Nevertheless, these measures are often inefficient against verbal abuse, which this year rose to its highest recorded level, above the long term average of 6 incidents per 1,000 employees.

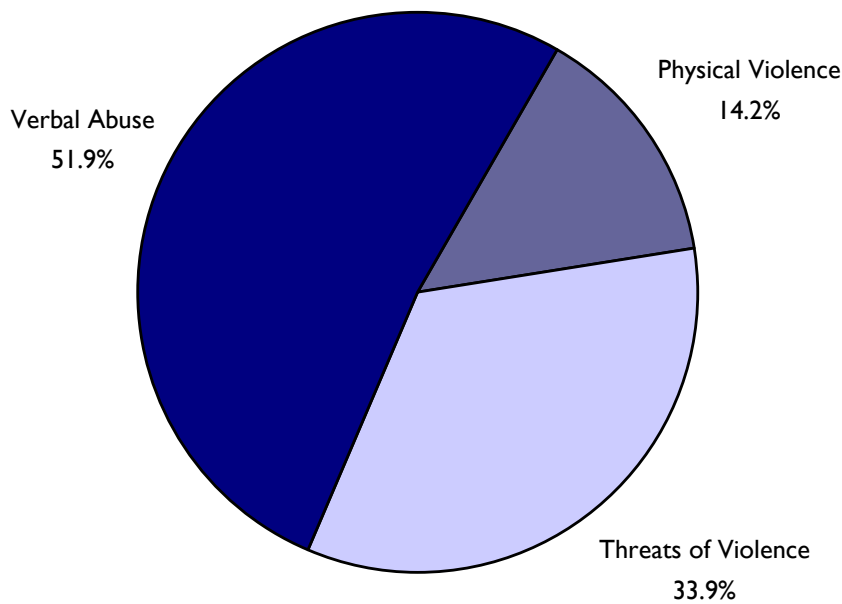
Despite the overall increase in the incidents of violence and anti-social behaviour against employees over the past year, it's clear that incidents are following a downward long run trend. Over the last seven years, total incidents have reduced by a compound annual rate of 30 per cent. This is encouraging for the retail sector and indicative of the measures taken by retailers to protect employees.

TABLE 6. SUMMARY OF VIOLECE AND ANTI SOCIAL BEHAVIOUR PER 1,000 EMPLOYEES 2004/11

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	% change 2010-11	Average 2004-11
Physical violence per 1,000 employees	31	16	15	10	14	10	3.7	-62.8 per cent	14
Threats of violence per 1,000 employees	19	7	16	1	9	2	8.8	339.5 per cent	9
Verbal abuse per 1,000 employees	8	4	6	3	5	2	13.3	566.2 per cent	6
Total number of incidents per 1,000 employees	58	27	37	14	28	14	25.7	83.3 per cent	29

Over the last 12 months, verbal abuse and threats of violence made up over three quarters of incidents. The share of total incidents which comprised threats of violence has risen most prominently, while the shares of physical violence and verbal abuse incidents have reduced.

FIGURE I.38 ANTI-SOCIAL BEHAVIOUR AND VIOLENCE, BY PERCENTAGE OF RESPONDENTS

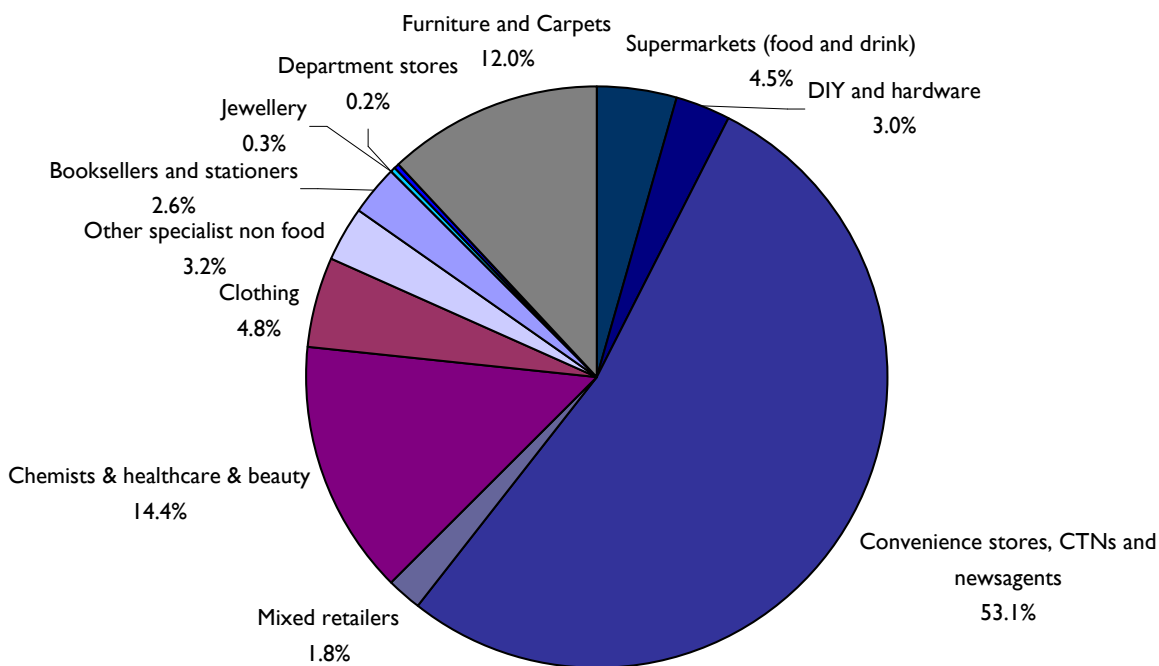


A broader assessment of the categories of retailers affected by anti-social behaviour and violence demonstrates that smaller shop formats are most vulnerable, in particular convenience stores, which accounted for over 50 per cent of incidents per 1,000 employees. This was predominantly made up of incidents of physical violence.

Supermarket employees, on the other hand, had the greatest share of threats of violence (16.3 per cent), compared with verbal abuse (3.4 per cent) and physical violence (2.5 per cent).

Furniture and carpet retailer employees also had a notable share of incidents. Incidents predominantly comprised of verbal abuse (14.7 per cent), compared with 6.7 per cent of physical violence and 7.9 per cent of threats of violence.

FIGURE I.39 VIOLENCE AND ANTI-SOCIAL BEHAVIOUR PER 1,000 EMPLOYEES, BY RETAIL CATEGORY



According to the official police recorded crime statistics, total violence against the person decreased by 6 per cent in 2010/11, taking account of a wider age range and commercial victims. The experience of retail employees is markedly different from that of the general public, highlighting the vulnerability of staff to violence and anti-social behaviour and the need for greater police support.

Retailers reported varied circumstances under which incidents arise. The central trends surrounded confrontation of theft or refusal of refund. Smash and grab raids and snatch thefts were associated with violent behaviour towards staff. Another area of verbal confrontation related to ID requests and the refusal of tobacco or alcohol sales.

Looking forward, there appears to be scope for improvement in reporting and recording of violent crimes against staff. In particular, many retailers suggested reporting by staff was based on the severity of the abuse or behaviour and a large majority didn't have a system in place to record all incidents. Retailers and police should work together to improve communication, reporting and to ensure offenders are prosecuted accordingly.

POLICY RESPONSES AND ACTIVITY DURING 2011

This year's survey has shown a significant increase in threats of violence and verbal abuse, which is a worrying trend. This reported increase could, however, be partly due to an increased retailer focus on tackling the under-reporting of these offences. Nevertheless, it is inevitable that under-reporting will remain a significant problem with many employees accepting abuse as 'part of the job'. The levels recorded in the survey are therefore still likely to understate the problem.

Research conducted by the charity Retail Trust - www.retailtrust.org.uk - found that 60 per cent of retail staff reported having been treated aggressively. Around 56 per cent of those affected claimed to have suffered aggression more than three times in a year. Alarmingly, 40 per cent had stated that it had made them question whether they wanted to stay working in retail.

The BRC has continued to work closely with the Union of Shop, Distributive and Allied Workers (USDAW) to ensure that the efforts being made by retailers to reduce violence in the workplace are acknowledged and that best practice is shared.

In an attempt to understand more about the reasons for under-reporting the BRC has conducted a survey of staff perceptions, the findings of which are currently being analysed. The results will help to inform the guidelines for retailers which the BRC plans to launch shortly.

POLICY RESPONSES NEEDED IN 2012

It is important that retailers continue to develop effective methods to prevent violence and abuse against staff. The BRC's best practice guidelines for tackling violence in the workplace will be produced in March 2012. The guidance sets out a number of simple steps that can be taken by retailers to reduce vulnerabilities and ensure the safety of their staff.

Retailers will continue to tackle the under-reporting of offences and seek ways to effectively communicate how they are tackling violence in the workplace. It is however equally important that triggers for offending outside of the control of retailers are also effectively managed. These include increasing incidents of anti-social behaviour and associated verbal abuse.

While retailers are investing in ways to provide extra reassurance to staff, for example through monitored alarms and enhanced security provision, it is essential that retail staff feel that they are supported by their local police and that offenders caught for ongoing abuse and threatening behaviour are dealt with appropriately by the courts.

It is imperative that employees in the retail sector feel supported by the law. This is especially important when considering that a high level of violence/abuse against shop workers occurs as a result of them refusing under-age sales or preventing shop theft, thus upholding the law. Any act of violence against a shop worker should be treated seriously and reflected by appropriate sentencing.

IMPACT OF RIOTS (AUGUST 2011)

BACKGROUND

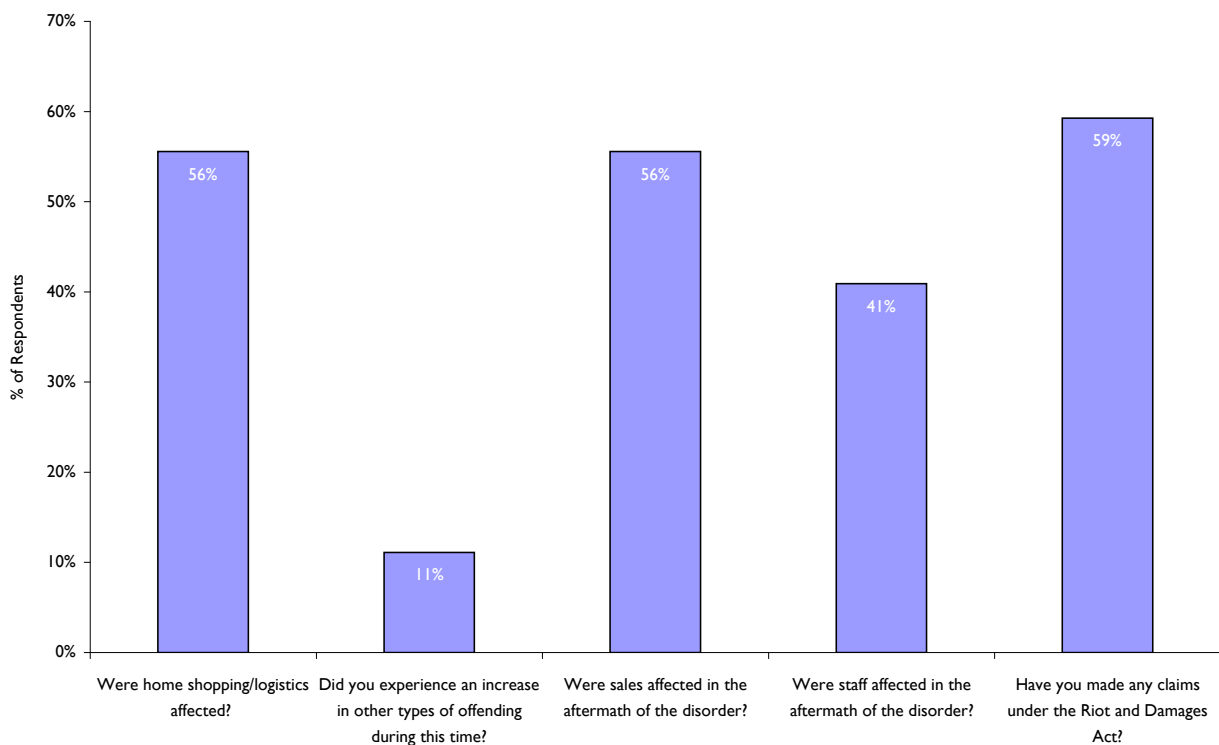
Retail crime was thrust into the spotlight in August 2011 when widespread rioting and disorder took place across the country. The riots began in Tottenham on Saturday 6 August and spread rapidly. Other key locations affected included Manchester and the West Midlands. The final significant activity took place on 10th August.

The Government's interim report has estimated that between the 6th and 10th August there were 13,000 – 15,000 people actively involved in the riots. In total more than 5,000 crimes were committed. This includes 1,860 incidents of arson and criminal damage, 1,649 burglaries, 141 incidents of disorder, 366 incidents of violence against the person and 5 fatalities. These offences had a significant impact on retail business across the country but, equally importantly, on retail staff, customers and the communities which they serve.

Residential and business premises suffered criminal damage, disorder and widescale looting between the 6th and the 8th August 2011. This affected a vast number of retail premises and had a significant impact on retail employees, consumers and retail trade. As part of this year's annual Retail Crime Survey, the BRC has investigated the impact of the riots on retail businesses and retail staff.

In our sample, retailers estimated that the riots cost approximately £18.3 million and affected 7 per cent of their outlets. In addition, the riots impacted over 20,000 retail staff, representing 1.5 per cent of retail employees. The average cost per incident was £8,157, but varied considerably by store, location and crime.

FIGURE 1.40 IMPACT OF AUGUST RIOTS, BY PERCENTAGE OF RESPONDENTS

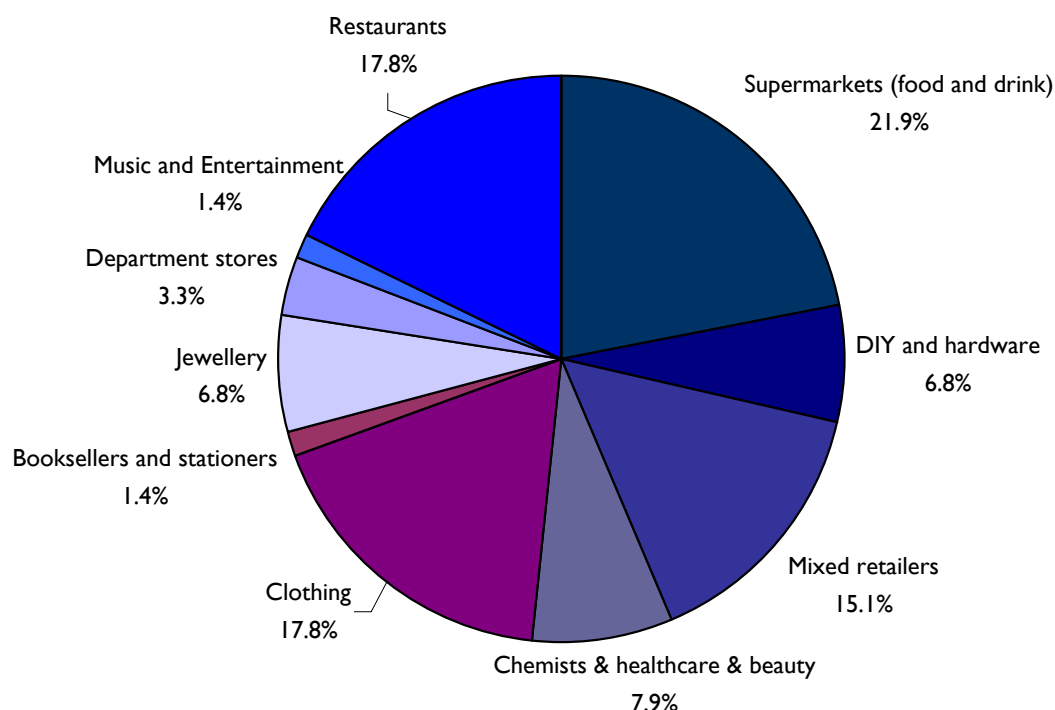


The August riots were wide reaching and affected retailers in a range of different ways beyond the immediate damage and disorder. 56 per cent of respondents reported a direct impact on sales in the aftermath of the riots. Sales were affected in three main ways: directly through missed sales opportunities as a result of preventative store closures and damaged stores, as a result of lower footfall, and due to the disruption to distribution and logistics.

Distribution and logistics disruptions were recorded by 56 per cent of respondents following the riots. In addition to disrupting sales, the riots also led to additional cost resulting from delivery delays and payment for overtime. Supermarkets and smaller grocers, who deal in perishable goods such as fruit and veg, would have been particularly hard-hit as a result.

A further 11 per cent of respondents also experienced an increase in other forms of crime following the riots, noting that there were greater numbers of personal attacks and low-level crime.

FIGURE 1.41 IMPACT OF AUGUST RIOTS, STORES AFFECTED AS PERCENTAGE OF ALL STORES, BY RETAIL CATEGORY

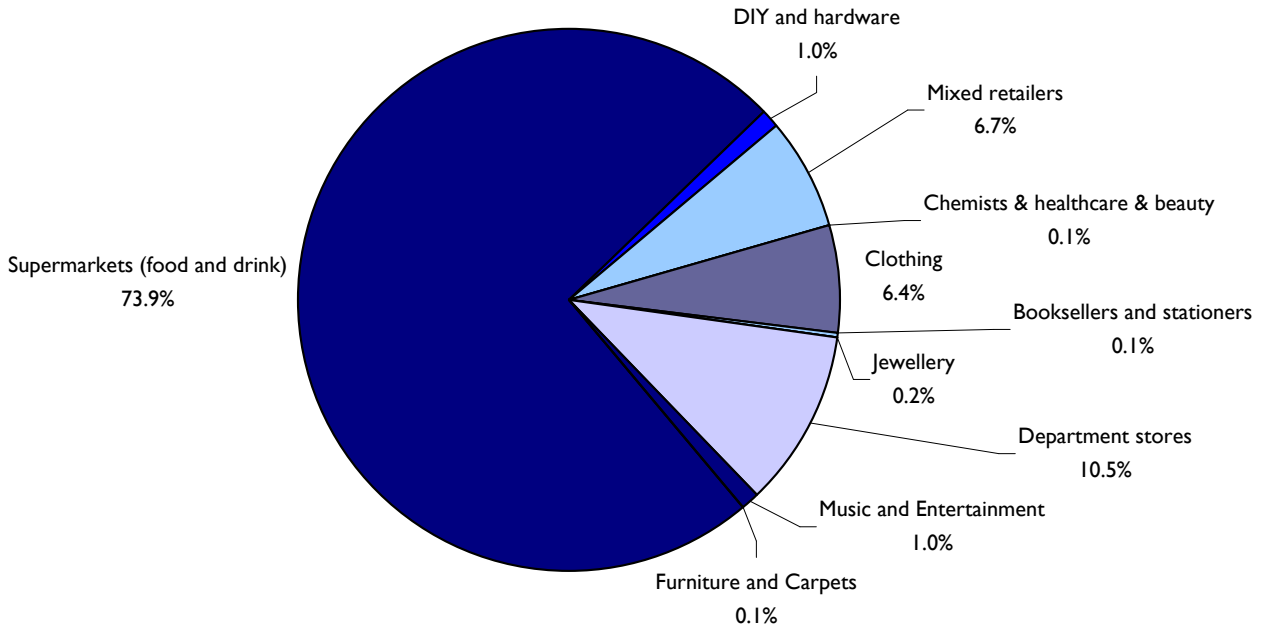


Supermarkets in our sample made up the largest proportion of affected stores (21.9 per cent), followed closely by restaurants (17.8 per cent), clothing retailers (17.8 per cent) and jewellers with 6.8 per cent.

The impact of the riots was also most costly for supermarkets, representing 73.9 per cent of the total cost of riots in our sample, followed by mixed retailers and clothing retailers with 6.4 per cent and 6.7 per cent respectively. This trend corresponds with the general pattern of riot attacks, namely the targeting of local high street chains and stores in vulnerable locations.

Department store retailers were also badly hit by the riots, representing 10.5 per cent of the total cost, and reporting the highest average cost per incident.

FIGURE I.42 IMPACT OF AUGUST RIOTS, TOTAL COST OF INCIDENTS, BY RETAIL CATEGORY



The number of incidents and the cost of the riots varied significantly by type of crime. Incidents of theft in our sample made up a relatively small proportion of offences; however they carried the highest overall cost. This was followed by burglary, criminal damage and arson. Incidents of arson were the most costly individual offences during the riots.

Although our sample suggests that store closures accounted for just over £1 million in costs, many retailers noted that they were unable to estimate the total cost of store closures in terms of disruption to trade, deliveries and delayed promotional activity. As a result, our figures on both the cost of store closures and the full cost of the riots are likely to be significantly underestimated, in particular as full or partial store closures were the most common impact of the riots.

FIGURE I.43 IMPACT OF AUGUST RIOTS, COST OF RIOTS VS NUMBER OF INCIDENTS, BY TYPE OF IMPACT

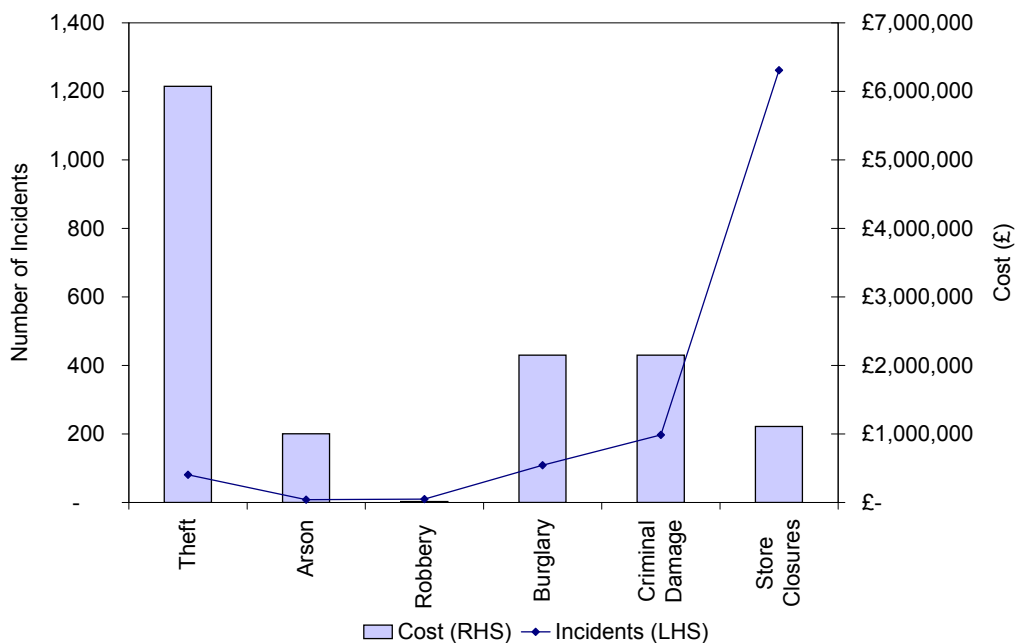
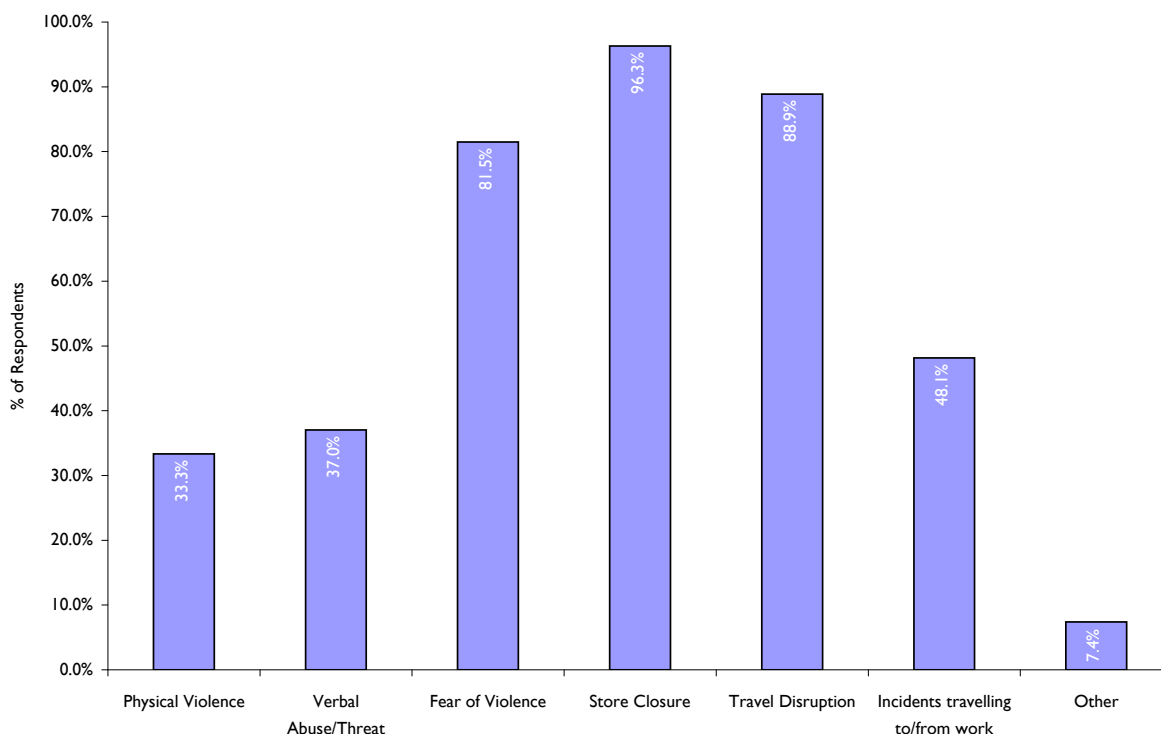


Figure 1.44 displays a number of ways in which retail staff were affected during the August riots and disorder. Nearly all retailers (96.3 per cent) reported that their employees were affected by store closures during the riots and a further 41 per cent of which were affected following the riots. (Figure 1.40). Over three quarters of respondents recorded travel disruptions for their staff, noting that employees were apprehensive about travel safety and disruptions. Indeed, 81.5 per cent of respondents said that their staff were fearful of violence, particularly as a result of future reprisals and the longer term effect of their stores' ability to trade. Just under half of respondents reported incidents with employees travelling to/from work, while physical and verbal violence was recorded by approximately one third of respondents.

FIGURE 1.44 IMPACT OF AUGUST RIOTS, IMPACT ON EMPLOYEES, BY PERCENTAGE OF RESPONDENTS



The total cost of the August riots to the retail sector is likely to be many times the lower-boundary estimate reported for retailers in our sample. The riots had a profound effect on sales, consumers and retail staff alike. Employees were particularly hard hit by the severity of the disorder, and it is worrying that retailers recorded incidents which occurred when employees were off premises, namely travelling between home and work, as well as a large number of incidents of physical and verbal abuse.

Respondents in our sample made just 51 claims under the Riot and Damages Act (RDA). However, the costs associated with the riots went far beyond physical damage to stores and the ability to claim under the RDA, for example costs relating to store closures and increased security. Looking forward, as retail crime remains high on the agenda, retailers and Government will need to work towards creating more effective sentencing against those who continue to offend against retailers and the 3 million people employed in the sector. In addition, violence and anti-social behaviour towards staff requires better reporting, more appropriate sentencing for offenders and, in particular, greater expenditure on prevention to eliminate offences altogether.

ACTION TAKEN

The BRC responded quickly to the challenges presented by the riots. Having identified broad retailer concerns about the lack of consistency of communication from the police, specifically the need to understand how police were responding to the increasing disorder and the need to verify local police advice on store closures, the BRC held a series of conference calls with its members. The BRC also established an emergency inbox to enable its members to validate the information being obtained locally and to share details of the resulting response.

At the same time, a BRC survey of retailers was undertaken to help the Government make an initial assessment of the costs incurred by local businesses. Approximately one third of BRC members responded, providing details of trading hours lost and the numbers of stores and employees impacted. This helped the Government to quickly establish the scale of the problem and enabled the BRC to communicate authoritatively on the impact of the riots on the retail sector.

Crucially, we also provided the Government with a clear picture of retailers' immediate priorities as they looked to address the impact and return to trading. As a result of meetings with senior ministers and other key figures the BRC was able to ensure that the Government's immediate response met its key aims including the ability and extension to the claim period under the Riots and Damages Act, Business Rate Relief for those affected and the provision of financial assistance to enable smaller retailers to carry out essential repairs and re-trade as quickly as possible.

In the month following the riots, the BRC's Heads of Security group held a debrief session. This focused on sharing examples of good practice, including locking shopping trolleys at night and ensuring that CCTV is in good working order and able to capture potential evidence.

Relationships established over a number of years proved highly beneficial in ensuring that BRC members were kept briefed on police action/activity from the outset. Further relationships were developed with representatives from each of the key forces – Metropolitan Police Service, West Midlands Police and Greater Manchester Police. Evidence from the initial survey was broken down for each of these forces and used in force impact statements in court. This helped to ensure that those involved received appropriate punishment and were remanded in custody.

FUTURE IMPACT

The retail sector was significantly reassured to see so many of those responsible remanded in custody and given custodial sentences. It is imperative that retail crime remains high on the agenda. Nine out of ten of those arrested for rioting were already known to the police.

The BRC will use the evidence gathered from this year's Retail Crime Survey to ensure that retail crime continues to receive the attention it deserves and to lobby for more effective sentencing against those who continue to offend against retailers.

It is likely that the continued economic downturn will have a significant impact on our towns and cities throughout 2012. It is likely that protests and demonstrations will continue to take place throughout the year. At the same time, it is conceivable that there could be further acts of criminality of the sort seen during August 2011. It is important that the police continue to engage with the BRC and its members to find the most effective ways to communicate with businesses during future events/disorder. This will be essential as we approach the 2012 Olympic Games.

FORWARD PREDICTIONS – KEY CHALLENGES IN 2012

LOCAL ENGAGEMENT

Locally elected Police and Crime Commissioners (PCCs) will take office on 22 November 2012. This will follow local elections on 15 November 2012. The role of the PCCs will be to ensure that the local police are accountable to their local communities, including local businesses.

Elections will be held in 41 of the 43 police force areas across England and Wales. The Metropolitan Police Service and City of London Police areas are an exception. The role of PCC within London falls to the Mayor. The Mayor will take on this role from January 2012.

As we move towards more locally based policing, it is imperative that retail is recognised as a cornerstone of safe and vibrant communities and that retailers are genuinely involved in setting local crime priorities.

The continued lack of an agreed definition of business crime will make it very difficult to quantify the extent of retail crime and the impact it has, not only on the retail sector, but, as importantly, on the wider community. In the absence of such a definition, we have clear concerns about the basis on which police commissioners will determine local policing priorities.

It is important to remember that those committing retail crimes are likely to be taking part in other offences within the local area. Perceptions of crime are undoubtedly shaped by what people witness in their local stores and hear from other members of their community, including the one in nine of the working population who are employed in retailing. The challenge is therefore to ensure that retailers are seen as a key partner within the community and consulted on crime priorities.

The BRC will produce a briefing pack in Spring 2012 for PCC candidates. This will provide each candidate standing for the role of PCC with an understanding of the impact of retail crime and the valuable contribution that retailers make to cutting crime in the community.

CROSS BORDER COLLABORATION

The Home Office recently published the Strategic Policing Requirement (SPR). This sets out the Home Secretary's views of the national threats that the police must address and the national policing capabilities she considers are required to counter those threats and thus cut cross border crime.

The BRC remains concerned at the absence of consistent collaboration on cross border criminal activity. It is therefore reassuring to see that the SPR seeks to address these concerns. The SPR should help to ensure that locally elected commissioners collaborate between police forces and with key partners to tackle cross border, national and international crimes.

However, the lack of effective measurement for retail crime may make it difficult to justify taking action against offenders who are not widely perceived as impacting the local community. The BRC strongly advocate a comprehensive National Strategic Assessment on retail crime. This would clearly demonstrate the links between retail crime and other crimes that impact on local communities; it would also highlight the links with other serious/organised offences.

E-CRIME

The BRC welcomes the intention to establish a National Crime Agency and the proposed improvements to the policing of serious and organised crime groups. We remain concerned, however, that there is a lack of adequate resources to effectively deal with offences such as fraud and e-crime, particularly at local force level.

The lack of effective measures for these offences will make it very difficult to justify taking action against offenders who are not widely perceived to be directly having an adverse impact on the local community. This will be especially relevant to e-crime offences which are extremely difficult to quantify and quite often involve activity in several different geographic locations, for example where the retailer is based, the destination to which goods were dispatched and where the credit or debit card used to commit the fraud is registered.

Retailers need to be sure that as they seek to expand their businesses via e-commerce the customers they attract will be well protected. Retailers invest significant resources in protecting their customers. But for too long, the current law enforcement response to e-crime and fraud has been inadequate.

The BRC has welcomed the announcement that the role of Action Fraud and the National Fraud Intelligence Bureau will be extended to receive reports on cyber offences and also from larger retailers. However, we retain concerns that there still does not appear to be any effective co-ordination or oversight of the work being undertaken by different law enforcement units with responsibility for e-crime. This picture is likely to become more complex as plans for the different units within the National Crime Agency are progressed. Opportunities to share valuable intelligence could therefore be lost.

It is imperative that there is representation from retailers on relevant advisory boards as the plans for the National Crime Agency and, in particular, the Cyber Crime Unit and Economic Crime Command, are progressed.

The BRC will be working with the Department of Business, Innovation and Skills (BIS) through the newly established Retail Cyber Security Forum in 2012 to address the specific concerns of retailers. A main priority for this forum will be to establish effective engagement with the key law enforcement agencies ensuring that consumers feel safe when making online purchases and consequently that multi-channel retailing continues to grow.

NOTES

ABOUT THE BRC

The British Retail Consortium (BRC) is the lead trade association representing the whole range of retailers, from the large multiples and department stores through to independents, selling a wide selection of products through centre of town, out of town, rural and virtual stores.

The BRC is the authoritative voice of retail, recognised for its powerful campaigning and influence within government and as a provider of excellent retail information.

<http://www.brc.org.uk>

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BRITISH RETAIL CONSORTIUM
for successful and responsible retailing

A photograph of a person wearing a red sweater and black pants, standing in a store aisle. The person's hands are visible, one holding a small white object. The background shows shelves stocked with various products, including bottles and boxes. A semi-transparent dark box is overlaid on the image, containing the website URL.

www.brc.org.uk/retailcrime