

2009



Supermarket Security and Loss Prevention

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Food Marketing Institute

Supermarket Security and Loss Prevention 2009

**Supermarket Security and
Loss Prevention 2009**

Prepared by:
Food Marketing Institute
Research Department



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Food Marketing Institute (FMI) conducts programs in public affairs, food safety, research, education and industry relations on behalf of its 1,500 member companies — food retailers and wholesalers — in the United States and around the world. FMI's U.S. members operate approximately 26,000 retail food stores and 14,000 pharmacies. Their combined annual sales volume of \$680 billion represents three-quarters of all retail food store sales in the United States. FMI's retail membership is composed of large multi-store chains, regional firms and independent supermarkets. Its international membership includes 200 companies from more than 50 countries. FMI's associate members include the supplier partners of its retail and wholesale members.

Checkpoint Systems, Inc. (NYSE:CKP), Checkpoint Systems Inc. is the leading supplier of retail shrink management solutions. Checkpoint's global team helps retailers — and their suppliers — reduce theft, increase inventory visibility and provide consumers with greater merchandise availability through the company's rapidly evolving RF technology, expanding shrink management offerings and Check-Net labeling solutions. Checkpoint has more than one million RF devices installed in stores today and, since the advent of the modern retail age, has secured more than 100 billion products. Scaling cost efficiently, Checkpoint's solutions provide increased revenues and profits to a fast-growing community of successful retailers and a superior experience for their consumers. Listed on the NYSE (NYSE:CKP), Checkpoint operates in every geographic market and has more than 3,900 employees worldwide. For more information, please visit www.checkpointsystems.com.

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Result Highlights

In 2009, the impact of the economic recession on food retailing remains the most far-reaching issue affecting change in shoppers, retailers and manufacturers alike. Historically, an economy in trouble often leads to an increase in theft-related loss. In last year's report we saw an increase in shrink after a three-year low. This year's report shows a decline in average shrink and demonstrates that loss prevention is back on track as the economy rebounds. Retailers are training their associates more, curbing internal theft and fighting back against shoplifting and organized retail crime. All signs point to a strong loss prevention initiative that will continue into the future.

Employee Theft

Employee theft remains at the top of the list of concerns for loss prevention executives. However, this year it constituted less theft than shoplifting. An estimated 33.1 percent of total shrink is attributed to employee theft. Companies averaged 2.5 incidents per store in 2008 — a decrease from 3.2 reported last year, indicating great improvement. On average, companies incurred more than \$23,000 in additional costs per year due to employee theft, translating into \$495 per store or \$232 per incident. Fewer thefts were reported at the front-end this year, comprising only 62 percent of theft as opposed to the 75 percent reported last year. Most companies terminate employees following theft incidents, averaging 76 employees per company in 2008.

Shoplifting

Shoplifting overcame employee theft to make up the largest segment of loss for food retailers. Companies apprehended an average of 380 shoplifters per company—an increase from the 249 per company in 2007. The cost of merchandise taken increased to \$40 per incident. Health and beauty care products were the most frequently taken, most likely due to their high resale value. Meat was the second most frequently shoplifted item, followed by liquor, razor blades and baby formula. The majority of companies demanded compensation for shoplifting through civil recovery and recouped an average of 39 percent of the monies demanded, a decrease from the 26 percent collected last year.



Organized Retail Crime (ORC)

ORC remains a top three concern for food retailers. Nearly two-thirds, 65.1 percent, noted an increase in ORC since 2007. Similarly, 78.0 percent have allocated additional resources to combat the problem. When ranking ORC as a threat to the company on a scale of one through five, where five is most severe, high volume stores averaged 4.00, compared with 2.56 for those with sales under \$100 million.

Other Forms of Theft

- Worthless checks increased significantly and amounted to a median loss of \$275,626 per company in 2008. The total value of worthless checks more than doubled to an estimated \$95 million.
- Credit and debit card transactions make up 50 percent of all transactions. Credit and debit card chargebacks doubled to \$12,000 per company in 2008.
- Gift card fraud continues to challenge the retail sector, increasing along with their availability. Nearly all stores offer gift cards, and 68.7 percent of companies have experienced some type of fraud, theft or tampering.
- Half of all companies reported at least one robbery in 2008, with a median of \$613 taken per incident.

Companies in the top 75th percentile of shrink as a percentage of annual sales were considered “Top Performers”. These retailers consistently reported greater detection and more thorough follow-up of loss prevention issues, establishing a culture of low tolerance in order to decrease shrink.



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Dear Supermarket Retailer:

Checkpoint is proud to sponsor the Food Marketing Institute's Supermarket Security and Loss Prevention Study for the third consecutive year.



Unfortunately, supermarket shrink was on the rise in 2007 – increasing to 2.30 from the 2006 rate of 1.52. While to some degree increased theft is expected in the current economic climate, I think it's also a great opportunity for the industry to determine if it's going to accept increased shrink as an unfortunate outcome or if there is more that can be done to fight this peril to the bottom line.

Employee theft, shoplifting and organized retail crime were once again among the top concerns cited by many of the supermarkets responding to the survey. These three distinct types of theft highlight the need for a well-rounded and inter-connected shrink management program. Checkpoint is pleased to be a company at the forefront of solutions that work together to combat shrink from the supply chain through to the individual store level.

Some of the advanced solutions at your disposal include new Evolve antennas, with increased performance bolstered by 360 RF and Software Defined Radio technologies; enhanced digital video solutions; a software suite designed to make audits and compliance easier than ever before; and new products for your highest theft items from our Alpha division.

We'd like to extend our thanks to FMI for their excellent work on the 2008 study. We are happy to provide support to a shrink study dedicated to the specific concerns of supermarkets, and we know you will find a wealth of information contained within its pages.

Sincerely,

A handwritten signature in black ink, appearing to read "N. Khalil".

Nicholas J. Khalil

President, North America
Checkpoint Systems, Inc.

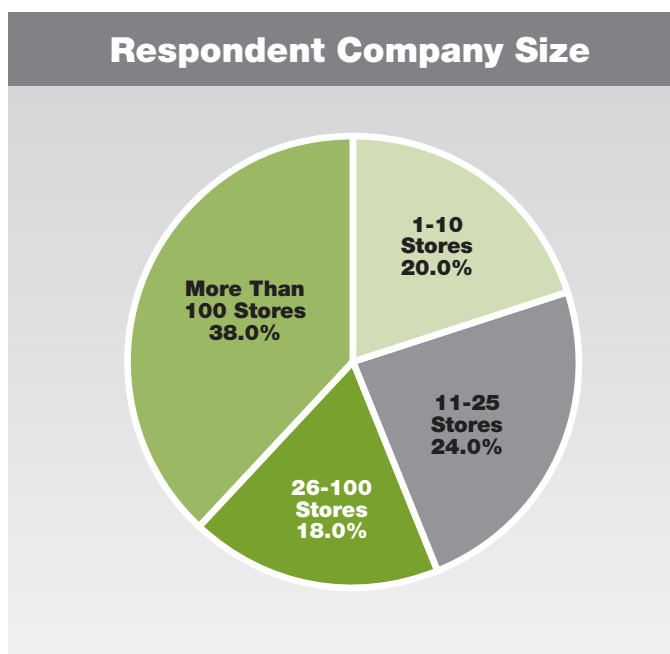
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Introduction

Retailers had many ups and downs in 2008. The economy struggled to regain traction in a volatile market. Bailouts and bankruptcy riddled the headlines and food retailers stood their ground trying to eke out a profit. The economy played a large part in every aspect of operations including loss prevention. Loss prevention executives experienced additional pressure to help offset losses by protecting inventory and managing shrink strategies. Few departments in the supermarket have as much direct impact on the bottom line as the loss prevention team. Even the smallest change in shrink can result in company savings of hundreds of thousands of dollars. Tasked with a wide array of services, from physical security to pre-employment screening, the loss prevention department is active on the front lines and behind the scenes to protect employees and products.

Supermarket Security and Loss Prevention 2009 provides benchmarks and information on several loss categories. Information was collected from food retailers of various sizes, sales volumes and formats across the country. This report assists in comparing company results to those of other

independent, regional and chain retailers in order to establish and maintain a productive loss prevention strategy. The report includes historic and current benchmarks, identifying areas of growing concern for supermarket security and loss prevention personnel. Aside from the overall average, many benchmarks are provided by company size (measured in number of stores operated), annual sales and store format (conventional supermarket and super/combination stores). These appear in the detailed tables in the back of the report and are referenced throughout the text.





In 2009, 50 companies participated in the survey, representing 7,847 stores. Respondents represent a range of regions, formats and sizes, from one-store operators to national chains. More than half of responding companies operate between one and 100 stores.

When segmented based on their annual company retail sales, more than half report sales of \$1 billion or fewer, and 22.4 percent generate more than \$3 billion annually. (Tables 1 and 2)

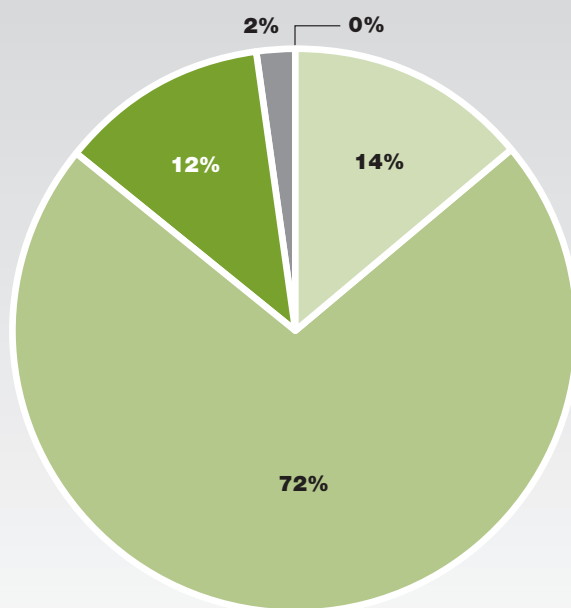
For more information on how the study was conducted, see the Methodology section.

Economic Pressures Directly Linked to Increase in Theft

As economic woes continue to fill the nation's headlines, retailers are still faced with a series of changes in the marketplace. Shopping behaviors continue to shift as consumers seek to save on the grocery bill by substituting routine purchases with money-saving alternatives or eliminating luxury foods altogether. Shoppers are trading down, using coupons, sales promotions and value packs to save even further. Some, however, are cutting back their grocery expenses in an entirely different way.

An overwhelming majority of food industry loss prevention executives at retailing and wholesaling companies have noticed theft-related loss has increased over the past 12 months. Wholly 86 percent have seen at least a slight increase in theft-related loss, 12 percent more than last year.

Have you noticed a change in theft-related loss over the past 12 months?



- A big increase in theft-related loss
- Somewhat of an increase in theft-related loss
- No change in theft-related loss
- Somewhat of a decrease in theft-related loss
- A big decrease in theft-related loss



Loss prevention executives firmly believe the recession is a factor in the increases in theft-related losses reported over the past 12 months. Nearly 86 percent believe the economy is either somewhat or a major factor in the reported change. Although factors such as high gas prices and the credit-crunch aren't as drastic as in 2008, high levels of unemployment persist and the effects are still felt by consumers. Loss prevention executives' impressions on the ultimate destination of the stolen items are fairly evenly split between the perpetrator's own consumption (43.5 percent) and products for resale or fencing (56.5 percent). Respondents point at several causes for the rise in theft-related loss: 87.5 percent report an increase in shoplifting and 47.9 percent are dealing with increased employee theft. A much lower number (8.3 percent) are seeing an increase in vendor theft.

As loss prevention executives draw a direct link between the nation's economic woes and increasing theft-related shrink levels, the economy is slowing its downward trajectory if not yet showing signs of improvement. After a slight increase in consumer spending, mostly attributed to the cash-for-clunkers program, spending has declined after a five-month break by 0.5 percent in September. Low or decreased consumer spending will continue as incomes remain flat and high unemployment levels continue. This report may provide the benchmarking tools to identify areas of priority.

Measuring Supermarket Shrink

Methods Used

Shrink represents a universal issue affecting retailers of all sizes and industries. Not all shrink calculations are the same but they all revolve around a central principle: the percentage of total sales that did not get paid for. Because every company is different, no one shrink solution will work for everyone. Varying formats, the number of SKUs and budget for loss prevention can affect how shrink is approached. The first step in addressing shrink at retail or wholesale is to identify and measure the problem. Once shrink has been quantified and qualified, goals and policies can be developed to attack the problem areas. Often, companies use different measurements in different departments of the store. This study includes the two most common methods:

- Retail method — calculates loss using the retail price
- Cost method — reports loss based on the per-item cost to the company

Shrink in 2008

Retailers reported a median shrink figure of 1.91 percent in 2008 — a significant decrease from last year's average of 2.30 percent. (Table 3) This is a nice recovery from 2007 though not as low as the 1.52 percent reported in 2006. Regional companies posted the highest shrink levels in both 2007 and 2008.

	2008 Shrink Median %	2007 Shrink Median %	2006 Shrink Median %	2005 Shrink Median %
Less Than 1%	28.1	20.7	27.2	35.5
1% to 1.9%	25.0	20.7	20.4	22.6
2% to 2.9%	31.3	37.9	37.4	29.0
3% or More	15.6	20.7	13.6	12.9

More than half of all companies (53.1 percent) reported annual shrink levels of less than 2.00 percent, better than both 2007 and 2006 numbers. Companies operating 11-100 stores had higher than average shrink, while large chains performed far better than average. Top performers reported a median shrink percentage of 0.44 percent and did not report an increase from 2007.

The first step in addressing shrink is to identify and quantify the problem.



Median Annual Shrink

	%
Independents (1-10 Stores)	1.62
Regionals (11-100 Stores)	2.56
Chains (101 or More Stores)	0.96

ANNUAL SHRINK FIGURES

	%				
	Overall	Less Than 1%	1% to 1.9%	2% to 2.9%	3% or More
Percentage of Respondents	100.0	28.1	25.0	31.3	15.6
1 to 10 Stores	21.9	33.3	12.5	30.0	0.0
11 to 25 Stores	28.1	0.0	37.5	20.0	80.0
26 to 100 Stores	12.5	0.0	25.0	20.0	0.0
101+ Stores	37.5	66.7	25.0	30.0	20.0

Survey results indicate that retailers are continuing to gain control over shrink levels, with 50.0 percent of companies reporting an equal or decreasing level of shrink compared with the prior year. The other 50.0 percent saw an increase, however overall shrink medians show promising results that any increases are moderate in nature. Companies with annual sales of more than \$3 billion were once again the largest group with a decline in shrink: 60.0 percent of these companies experienced a decline in 2008. Companies with less than \$1 billion in sales were most likely to report an increase in shrink. (Table 4)

Shrink by Department

Shrink percentages vary by product category and company size. Pharmacy and dry grocery historically report the lowest shrink percentage of department (not total retail) sales. Bakery, floral, produce and deli departments experienced the highest this year, as in years past. It is important to remember that spoilage is included in calculating shrink for those departments.

SHRINK AS A PERCENTAGE OF DEPARTMENT SALES

	Measured at Cost	Measured at Retail
	%	%
Floral	11.72	4.71
Bakery	11.04	3.93
Deli	8.05	4.46
Produce	6.21	5.14
Meat and Seafood	5.62	4.22
General Merchandise	3.58	1.98
Health and Beauty Care	2.89	1.45
Liquor	1.46	0.89
Dairy	1.42	0.86
Dry Grocery	0.95	2.06
Frozen Foods	0.80	0.51
Pharmacy	0.47	0.49

Attributing Shrink

Impact of Loss Categories on Supermarket Operations

Using a scale ranging from one (least severe) to 10 (most severe), retailers rated the impact of different loss categories on their businesses. Employee theft once again ranked as having the most severe impact, followed by shoplifting. Organized retail crime (ORC) was the third concern, unchanged from last year. In places four and five, worthless checks and vendor theft remained the same as well. Credit/debit card fraud moved up slightly in concern as did shopping cart theft.

Respondents added other categories to the list below including bottom of the basket, unsaleables and policy violations. There was little variation in the impact based on company size or sales. It is interesting to note that companies with 1-10 stores report less of a concern with credit/debit card fraud and companies with more than 100 stores report less of a concern with shoplifting. (Table 5)

AVERAGE SCORE ON SCALE 1-10

	2008	2007	2006
Employee Theft	6.69	7.39	7.85
Shoplifting	6.31	6.70	7.00
Organized Retail Crime	5.70	5.48	5.95
Worthless Checks	4.85	5.07	4.63
Vendor Theft	4.40	4.57	4.20
Credit/Debit Card Fraud	4.06	3.11	3.39
Self-Checkout Loss	3.97	3.82	2.63
Gift Card Fraud	3.82	3.45	3.48
Other	3.80	5.00	4.80
Shopping Cart Theft	3.29	2.59	2.38
Robberies	3.20	2.76	2.39
Counterfeit Money	2.87	2.59	2.44



Loss Categories as a Percentage of Total Shrink

Employee theft, shoplifting, organized retail theft and vendor theft comprise the majority of loss prevention-related shrink in a supermarket. In the past, employee theft was rated the most severe problem facing retail operations. In 2008, however, shoplifting rose to claim the top spot. Retailers attribute 35.2 percent of all shrink to shoplifting and 33.1 percent to employee theft. This marks the first time in six years that shoplifting exceeded employee theft in severity. Companies with 26-100 stores reported employee theft as a larger problem than shoplifting as did those with \$1 billion-\$3 billion in annual sales. The top performers reported a greater incidence of shoplifting than employee theft. (Table 6)

	Percentage 2008	Percentage 2007	Percentage 2006	Percentage 2005
Employee theft	33.1	40.7	38.6	38.1
Shoplifting/ORC	35.2	31.3	31.5	35.3
Vendor theft	7.4	8.7	9.2	8.8
Other	24.3	19.2	20.7	18.1

Employee Theft

Tracking and preventing employee theft is a serious issue affecting food retailers. Comprising 33.1 percent of all shrink in 2008, this is a significant decrease from 40.7 percent in 2007 and 38.6 percent in 2006. Employee theft is a controllable and costly loss area.

Incidents of Employee Theft

Companies discovered an average of 72 incidents of employee theft in 2008. This equals six incidents per month at an average company. Logically, as the number of employees of a company increases, so does the number of incidents per company. Store format also affects the number of detected incidents. Conventional supermarkets recorded an average 17 incidents, while larger super/combination stores reported 164 thefts per year. (Table 7) Top performers reported a median of 154 thefts per company in 2008.

These numbers represent detected thefts and should not be confused with actual thefts. It is safe to assume that the number of actual thefts is greater than those detected by each company.

Employee theft decreases while shoplifting remains roughly the same.

	Median Number of Thefts per Store per Year	Average Number of Thefts per Store per Year
2008	1.7	2.5
2007	1.7	3.2
2006	1.7	3.1
2005	1.5	4.3
2004	1.5	3.3

Median Versus the Average

The median is a better indicator of the average performance because it is not distorted by unusually high or low outliers in the sample. The median represents the midpoint for a particular measure, with 50 percent of respondents below it and 50 percent above it. The average, or mean, is calculated by dividing the sum of all values in a particular question by the number of companies that answered the question.



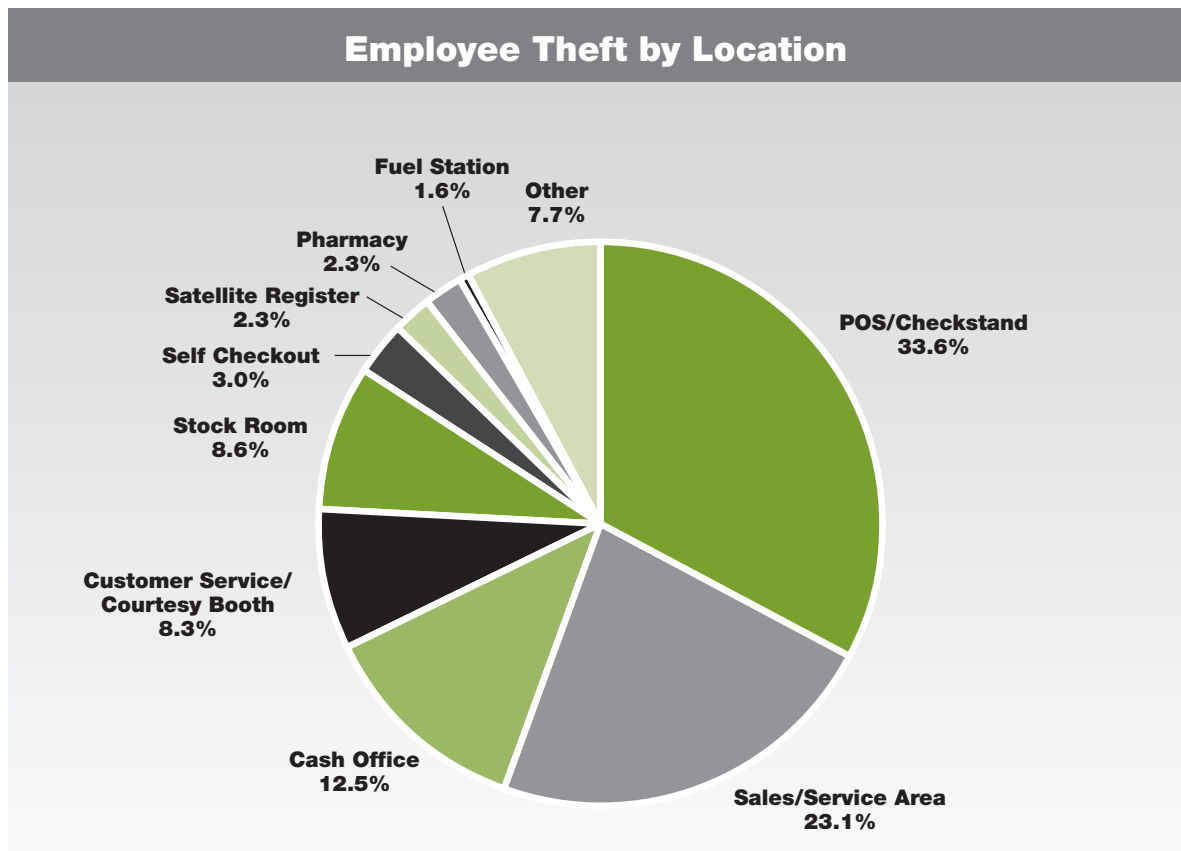
Value of Cash and Merchandise Recovered

As the economy dipped, retailers stepped up their efforts to recover cash and merchandise from employee theft in order to maintain profitable stores. Companies recovered a median of \$23,456 of cash and merchandise from employee theft in 2008, roughly \$5,000 more than the amount recovered in 2007. Respondents recovered a median of \$595 per store in 2008, which translates into \$232 recovered for every employee theft incident. These numbers are very similar to data from 2007. This represents recovered and discovered items only — just a portion of the actual problem. (Table 8)

Employee Theft	Median \$	Average \$
Company	23,456	162,041
Store	495	728
Incident	232	434

Employee Theft by Location

Employee theft occurs in every department and location in the store. Historically, a few locations have been more popular than others. Fewer thefts (38.9 percent) were reported at the front-end, checkstands and self-checkout, this year. While, 23.1 percent were reported in the sales/service area. In the past, front-end theft constituted more than 50.0 percent and sales/service comprised less than 15 percent of all thefts. (Table 9)



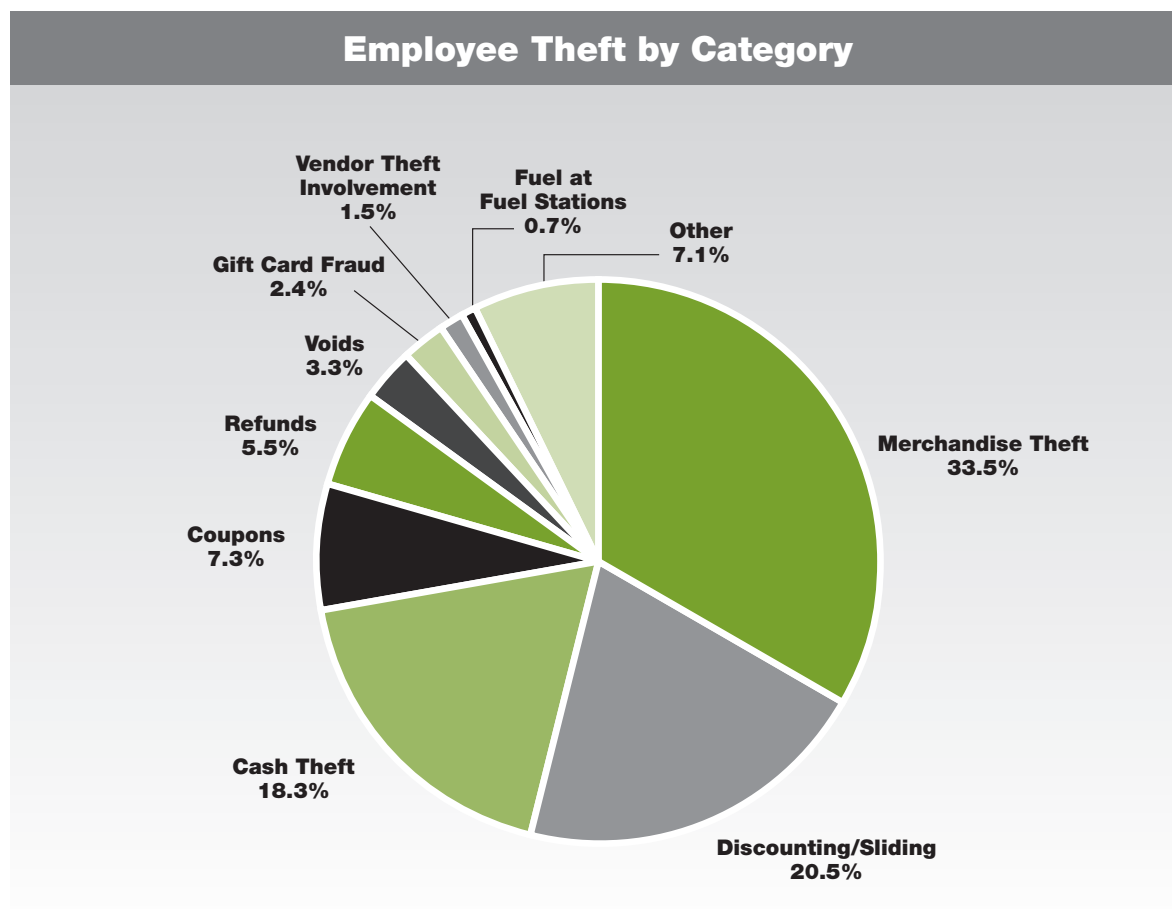


The number of employee thefts per company has remained stable and reinforces the need for continued efforts to discourage employee theft in all locations.

Types of Employee Theft

Retailers have to be one step ahead of every employee on training and surveillance in order to remain profitable. This year, merchandise theft was the most common form of employee theft, but there are other types of theft such as discounting, sliding and cash theft that follow closely behind.

Retailers estimate that 33.5 percent of all employee theft involves taking merchandise, followed by discounting/sliding at 20.5 percent. Cash theft was third at 18.3 percent. No other category this year was in the double digits. (Table 10)



Independents reported that 83.1 percent of all employee theft was due to discounting/underringing and merchandise and cash theft. In this year's data, there were no discernable patterns between sales and company size in employee theft.



Employee Terminations as a Result of Employee Theft

Companies reported a median of 76 employee terminations per year as a result of theft, with an average of 161. The number of terminations is directly related to the number of stores operated, and thus the number of employees on staff. The primary store format reflects the size (and number of employees) difference: conventional supermarkets reported 21 terminations due to theft, while super/combination stores had 134 employee terminations per company. Respondents reported one employee termination per store as a result of theft with an average of 1.1, a slight increase from 2007. In addition to terminating employees, 33.3 percent of companies also prosecuted employees due to theft or misconduct. (Tables 11, 12 and 13)

Less than half of all companies have a threshold for determining when they will prosecute an employee for involvement in employee theft or misconduct. (Table 14) For those companies, the amounts range greatly and are not always based on a monetary value. Many companies rely on the evidence available and the viability of presenting a court case against an employee. Those with monetary thresholds range from \$5 to \$2,500. Demonstrating the severity of employee theft, one-third of the responding companies indicated having prosecuted cases exceeding \$25,000. Fully 14.8 percent of companies reported cases of more than \$50,000, and the highest amount prosecuted in 2008 was \$75,000.

	Median \$	Average \$
Highest Dollar Amount Prosecuted in Employee Theft Case	5,360	19,479

Shoplifting



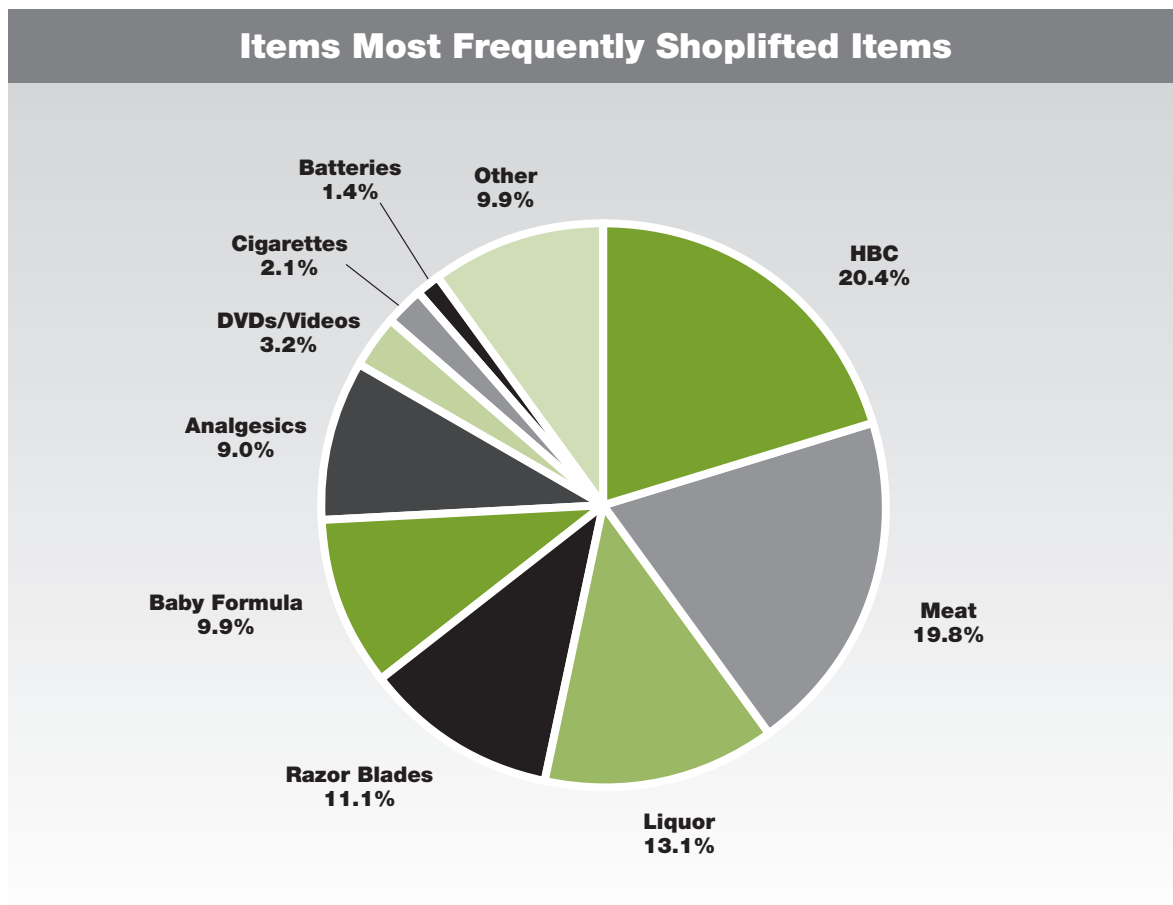
Shoplifting and organized retail crime (ORC) accounted for 35.2 percent of shrink in 2008. Determining the difference between shoplifters and those associated with ORC groups is not easy, but the type of product and the amount taken provide some clues. It is important to keep in mind that food retailers can only report the number of shoplifters detected, and it can be assumed that the problem is greater than reported.

Number of Shoplifters Apprehended

Companies reported apprehending 380 shoplifters per company in 2008. (Table 15) This translates to an average of 13 shoplifters detected per store annually. Reporting a wide range of dollar values, companies recovered a median of \$11,384 from shoplifters in 2008 and an average of \$40 per shoplifting incident. National chains report as much as \$14 million in stolen goods recovered. (Table 16)

Items Most Frequently Shoplifted

Companies were asked to identify their top five types of merchandise most often taken. For the past two years meat was the most shoplifted item. In 2008 health and beauty care (HBC) items were the most shoplifted products. Included in the category are antacids, oral care products and diet pills — popular with organized retail crime gangs and typically high-ticket items. Meat followed closely as the second most taken product. Holding strong in the number three slot, beer/liquor was the third most taken item at 13.1 percent.



Releasing or Prosecuting Shoplifters

Not all retailers have the time or manpower to prosecute all apprehended shoplifters. Retailers criminally prosecuted an average of 40.0 percent of shoplifters apprehended.

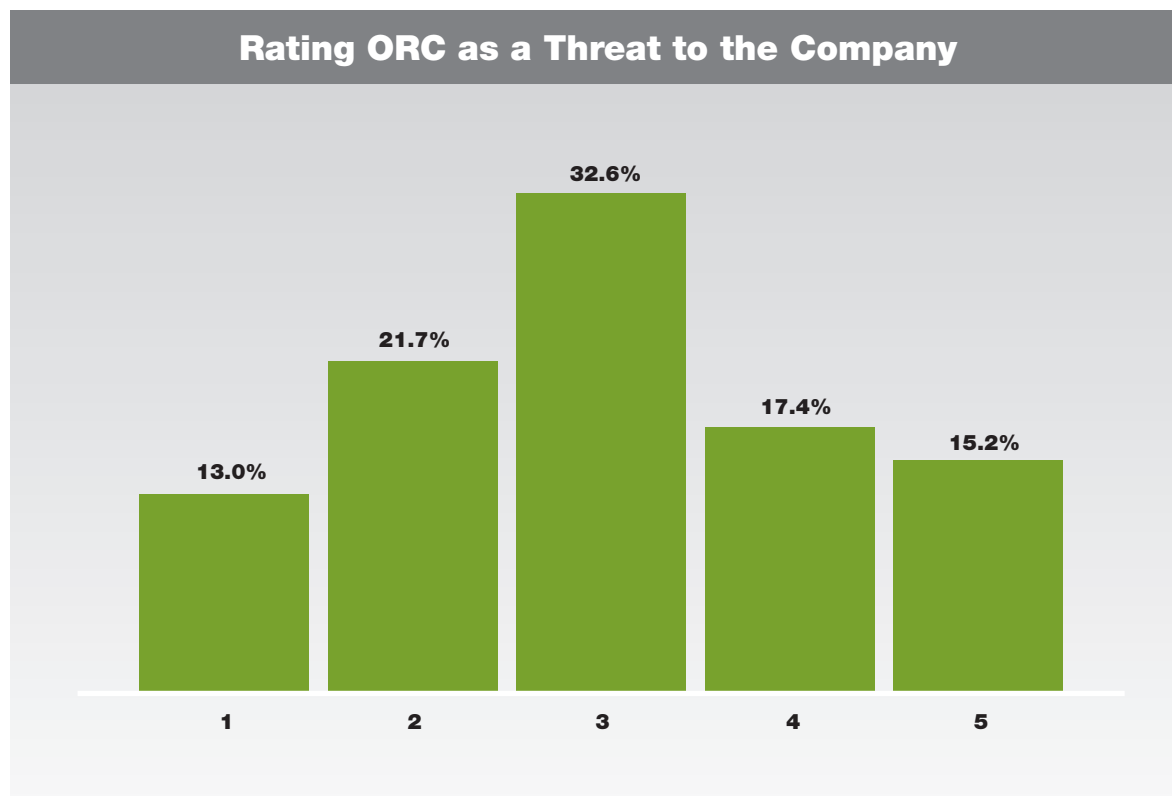
Civil Recovery

In an effort to recover the cost of lost merchandise, 81.8 percent of companies use civil recovery to demand compensation from shoplifters. Practices vary among responding companies, although larger companies appear more likely to use civil recovery. More than one-third of all companies using civil recovery have in-house programs (47.4 percent). Another third (31.6 percent) outsource civil recovery, and the remaining 21.1 percent use both in-house and outsourced programs to recoup costs. Companies operating 11 to 25 stores show a higher likelihood of having in-house programs. Of all shoplifters, 74.0 percent were prosecuted using civil recovery statutes. Retailers demanded a median of \$21,252 and recouped \$8,377. (Tables 17 and 18).

Companies Using Civil Recovery	%
2008	81.8
2007	76.2
2006	80.9
2005	70.7
2004	75.0

Organized Retail Crime (ORC)

ORC continues to affect food retailers in every part of the country. Retailers rated ORC the third highest factor impacting their company, following employee theft and shoplifting. On a scale of one to five, where five is the most severe, 34.7 percent rated ORC as a one or a two, while 32.6 percent rated it a four or five. The average overall ranking was 3.0. The severity of the problem changes based on company size. Awareness level also impacts the perception of ORC impact on overall losses. The ORC problem appears not as intense as in other retail sectors, although larger companies do consider the problem more severe than smaller companies. Companies with annual sales over \$3 billion rated the impact an average of 4.5 on the five-point scale, compared with 3.0 for independent operators. (Table 19)





Nearly two-thirds (65.1 percent) noted an increase in ORC over 2008. This is likely an indication of awareness and education within the food retail sector; however it is the second year in a row in which a significant increase was seen. (Table 20)

Allocating Additional Resources to Combat ORC

The majority of companies (78.0 percent) allocated more resources to combat ORC in 2008. This includes additional personnel and added security equipment. More than half of all retailers initiated the addition of cameras and additional loss prevention training in their stores, 59.0 and 61.5 percent, respectively. Additional product marking technology was added in one-third of all stores to help combat ORC. Smaller retailers were more likely to bring in additional training and cameras and less likely to use product marking technology and additional personnel. Large chains (more than 100 stores) were more likely to add corporate personnel and additional training.

Regional chains (11-100 stores) were the least likely to add product marking technology and additional training. This group has a fraction of the financial means and awareness level of national chains when it comes to ORC, yet remains more active than independent operators in allocating resources. (Tables 21 and 22)

Success with ORC prevention has been directly linked to the involvement of senior-level company executives. More than one-quarter of loss prevention departments (28.6 percent) have been asked by senior executives in their companies to present information on ORC. In addition, 40.8 percent of companies are assisting in the formation of legislation to combat ORC. (Table 20)

Many organizations and loss prevention groups have created networks and databases to assist retailers in tracking and monitoring ORC in their region and across the nation. A whopping 61.7 percent of food retailers are not currently participating in tracking ORC — compared with 46.7 percent abstaining in 2007. Of the 38.3 percent who are using databases, 34.0 percent are tracking within their companies, 6.4 percent are participating in a state or regional database, and 6.4 are participating in a national database. (Table 23)

Other Forms of Theft

Other forms of theft make up just 24.3 percent of total losses. Many of these categories rated high on the list of retailer concerns, including worthless checks, vendor theft and gift card fraud. The information below provides a closer look at worthless checks, robberies and money transactions including debit and credit cards, cash and gift cards.

Worthless Checks

Due to economic decline more worthless checks are showing up at retail. As checks decline in use and technology improves, it becomes less risky for retailers to accept checks. Despite many security measures, check fraud and consumers with insufficient funds to cover purchases still target food retailers. In total, 821,754 worthless checks were accepted by the responding retailers worth more than \$95 million. This is more than double the \$40 million reported in 2007. (Table 24)

Retailers estimated that roughly 23 percent of worthless checks were from fraud, while 77 percent were attributed to insufficient funds. This is a small but important shift towards insufficient funds transactions, which indicates consumers struggling in a rough economy. When just looking at fraudulent transactions, identity fraud was linked to an estimated 26 percent of cases, while check fraud accounted for 45 percent. (Table 25)

Worthless checks increased significantly and averaged \$275,626 per company in 2008. For some companies, the total was more than \$21 million. (Table 26) Technology to prevent the acceptance of worthless checks is becoming more readily available and includes automatic check payment systems, biometric readers and centralized databases of customer information. As technology improves and banking procedures move into real-time, the number of worthless checks is expected to fall even further.

Money Transactions

Any monetary transaction leaves retailers open to fraud, whether it be counterfeit money, fraudulent gift cards or stolen credit cards. As payment technology evolves, consumers have more credit and debit cards in their wallets than cash. Gift cards also present vulnerability and are used to launder stolen money from credit cards and altered to steal funds from honest consumers' gift cards.



Credit and debit card fraud is an increasing problem for food retailers, registering as the sixth most severe problem impacting retailers. As more consumers use plastic for purchases additional costs are incurred by retailers, both to combat fraud and also to provide a reliable and safe payment option for all consumers. Credit and debit card transactions combined currently make up 50 percent of all transactions. Retailers estimated credit/debit card chargebacks cost \$12,000 per company in 2008. This is double the \$6,000 reported in 2007, yet similar to the \$12,480 reported in chargebacks in 2006. (Table 27)

More than half of all retailers (53.2 percent) operate a money services business (e.g., Western Union and wire-transfers) within their stores. These businesses have come under close scrutiny from the government, looking for terrorist funds and other money-laundering practices. The Internal Revenue Service (IRS) audits these services for any sign of suspicious activity. In 2008, companies reported a median of one IRS audit per year with an average of 6 per year. In 2007, independents and regionals reported none or one audit every two to three years. In 2008 however, companies with 11-25 stores experienced an average of 11 audits per year and stores with more than \$3 billion in sales saw an average of 20 audits a year. (Table 28)

Gift Card Fraud

Gift card fraud continues to challenge the retail sector, increasing along with their availability. Companies have discovered many different schemes, including tampering with bar codes to increase the value on stolen gift cards or purchasing gift cards with worthless checks or stolen credit cards. Almost all supermarket companies (97.9 percent) sell gift cards of some kind. Most have gift cards for their own company (97.9 percent), but many feature cards for other retail outlets and restaurants as well. More than half (68.8 percent) sell other retail gift cards and 68.8 percent sell gift cards for restaurants. (Table 29)

	Gift Cards Sold in Grocery Stores 2008	Gift Cards Sold in Grocery Stores 2007	Gift Cards Sold in Grocery Stores 2006
	%	%	%
Company Gift Cards	97.9	92.9	93.2
Other Retail Gift Cards	68.8	64.3	59.1
Restaurant Gift Cards	68.8	61.9	47.7
Prepaid Credit Cards	56.3	47.6	47.7
No Gift Cards	2.1	4.8	4.5

Three-quarters of all companies selling gift cards (68.7 percent) experienced gift card tampering, fraud or theft — a decrease from 78.0 percent in 2007. Four in 10 (41.7 percent) experienced a combination of internal and external tampering or fraud. (Table 30)

Companies used several methods to combat tampering and gift card fraud. POS monitoring of gift card sales was the most widely used at 85.0 percent of companies. Other methods include restricting the number of gift cards one can purchase and limiting the amount of money that can be charged to a gift card 32.5 percent and 30.0 percent respectively. More than one-third of



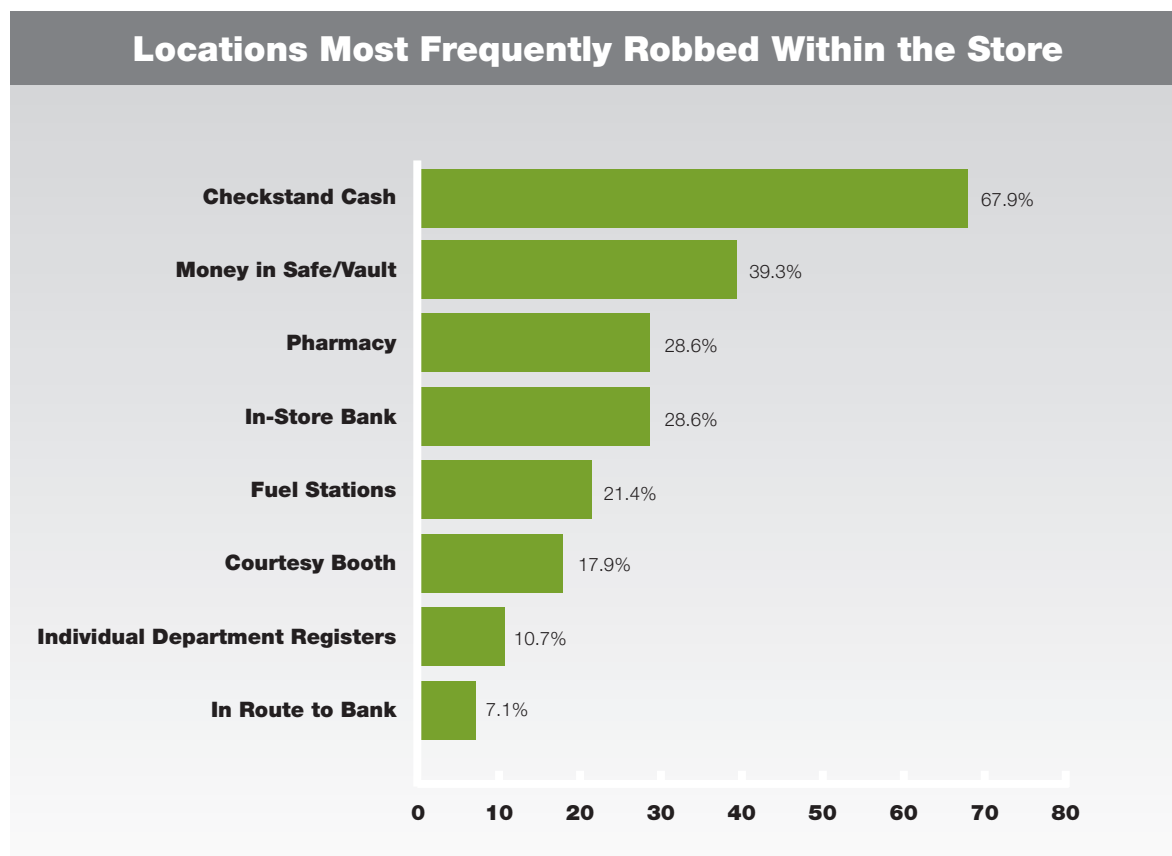
companies (46.2 percent) limit the payment options for gift cards to prevent further fraud. None of these numbers had a significant change since 2007. (Table 31)

Robberies

Half of all companies (54.0 percent) reported at least one robbery during 2008. Companies averaged \$15,006 lost to robberies in 2008, with a median of \$4,146. (Table 32) On a per-incident basis, robbers averaged \$2,433 with a median of \$613.

	Median Amount Stolen per Robbery	Average Amount Stolen per Robbery
2008	\$613	\$2,433
2007	\$798	\$2,348
2006	\$475	\$1,221
2005	\$1,048	\$3,543
2004	\$1,867	\$2,789

The areas frequently targeted during robberies include the front-end, in-store bank, pharmacy and money in a safe or vault. This is the first time in a long time that the courtesy booth was not in the top three areas robbed.



Preventative Measures

Several methods are employed by food retailers to prevent loss, including closed circuit television (CCTV), employee training, point-of-sale exception monitoring, employee hotlines and emergency preparedness training. All of these segments combine to create an effective loss prevention strategy.

Closed Circuit Television (CCTV)

Almost all responding food retailers (94.0 percent) use CCTV in at least one of their stores. Retailers are using a combination of tape, digital and IP CCTV in order to best adapt their systems to company culture and capabilities. CCTV can be useful in combating internal and external theft by acting as both a deterrent and a documentation tool. In 2008, companies were asked about CCTV usage in retail stores, distribution centers and corporate offices. In distribution centers CCTV is used primarily in access areas and outside the building such as the parking lot, receiving dock and shipping dock. Retailers are using systems throughout the store with the cash office and receiving dock being monitored most frequently. At corporate offices, access points and the reception/lobby area are the most likely to have CCTV coverage. (Tables 33, 34, 35 and 36)

92 percent
of retailers are
using digital
CCTV to
combat shrink.

Use of CCTV in Retail Store Areas

	%
Cash Office	97.9
Receiving Dock	97.9
Back Room	95.8
Checkstands/Lanes	95.8
Sales Floor	93.8
Access Points	91.7
Parking Lot	81.3
Computer Room	60.4
Pharmacy Sales	60.4
Receiving Bay	59.6
Pharmacy Prep Area	52.1
Time Clock	48.9
Deli Prep Area	47.9



In addition to monitoring live in the store, CCTV images can be stored in digital files. These files can be accessed remotely as well as used for reviewing at a later time. Supervisors can access transaction information and view video of the transaction simultaneously from any location. Currently, 81.3 percent of companies use remote video monitoring and retrieval.

Exception Monitoring

Point-of-sale (POS) exception monitoring is used by 85.1 percent of all companies to combat internal shrink. When used frequently, POS exception monitoring can be an effective security tool. It can also be used to curb negative performance trends by employees. All responding companies with \$1 billion or more in annual sales use POS exception systems. Smaller companies are less likely to use POS exception monitoring in their stores. (Table 37)

In order to maximize the capabilities of any POS system, it must be audited to track and document errors and suspicious patterns. Many times, cashier behaviors and training errors (such as incorrect void entries or improperly scanned merchandise) can be recognized and corrected early by auditing the POS system. In addition, patterns of frequent voids and unusually high coupon use could indicate an incident of employee theft and require further monitoring. More than half of retailers (58.1 percent) audit the system daily, and 39.5 percent audit them weekly. For those with more than 1-10 stores, daily audits were reported by 85.7 percent of companies. (Table 38) Every top performer audits their POS system daily or weekly.

	Frequency of POS Exception Monitoring 2008 %	Frequency of POS Exception Monitoring 2007 %	Frequency of POS Exception Monitoring 2006 %
Daily	58.1	54.5	54.5
Weekly	39.5	38.6	38.6
Biweekly	0.0	0.0	0.0
Monthly	2.3	4.4	2.3
Other	0.0	2.3	4.6

One in three companies (35.4 percent) has the ability to track inventory shrink by SKU in addition to the POS audits. Among companies with more than \$3 billion in annual sales, 70.0 percent can track inventory shrink by SKU. Companies of every size continue to invest in technology to maintain accurate inventory records. (Table 39)

Locked Products

Locking products or using any of the many benefit-denial systems available today can be a major theft deterrent. By placing products in locked shelves or individual plastic cases, commonly stolen items remain on the shelf. More than eight in 10 companies (86.7 percent) use benefit-denial tags or systems in at least one of their stores. The most commonly taken items are some of the most frequently locked ones as well. More than half of all companies lock cigarettes, more than a quarter lock liquor, alcohol, razor blades and baby formula. (Table 40)



Locked in Cases or Other Benefit-Denial Devices

	%
No Products Are Locked	13.3
Cigarettes	62.2
Baby Formula	35.6
Beer/Wine/Alcohol	33.3
Liquor	31.1
Razor Blades	28.9
Contraceptives	22.2
Analgesics	17.8
DVDs/Videos	15.6
Other HBC	13.3
Other Nonfoods	11.1
Batteries	8.9
Antacids/Heart Burn Medication	6.7
Diet Pills/Supplements	6.7
Oral Care Products	6.7
Vitamins	4.5
Film	2.2
Meat	0.0
Seafood	0.0

Biometric Readers

Use of biometric technology is growing in all retail sectors. Food retailers are using biometrics in different areas of the supermarket. More than one-third of companies (42.6 percent) are using them in at least one store, compared with 22.9 percent when the question was first asked in 2005. The majority of biometric readers are used for time clocks (61.9 percent). Other applications include check-cashing, access control, computer access and payment systems. Fingerprint and palm readers were the two types of biometric systems mentioned by respondents. (Table 41)

Employee Hotlines

Employees are given an opportunity to assist with loss prevention through the use of employee hotlines. Hotlines are provided through the headquarters office or by third party companies that maintain confidentiality for employees reporting problems in the store. Seven in 10 companies (71.4 percent) use employee hotlines. More than one-third (36.7 percent) operate in-house programs, and 34.7 percent use a third party to maintain the program. Larger companies are much more likely to use hotlines than independents, averaging 89.9 percent and 50.0 percent, respectively. (Table 42)

Companies with hotlines averaged 13 calls in 2008, and 45.0 percent of those calls were valid or legitimate. The calls reported several issues in the store and with management. Theft, drugs and sexual harassment have been the key issues for the past six years. Food safety and workplace violence were included as separate issues and remain relevant.



**Median Number of Hotline Calls
Received per Company**

Employee Theft	4
Drugs	2
Sexual Harassment	3
Workplace Violence	2
Food Safety	1
Other	36

Of the companies providing hotlines, 41.0 percent allow tips to be sent electronically to the loss prevention department. This provides another option for employees concerned about maintaining confidentiality.

Hotline calls can occasionally lead to employee terminations after investigation. Companies reported an average of two employees being terminated as a result of the hotline program. This is the same as last year, showing a continuing need for an anonymous way for employees to report dishonest or problem employees.

Loss Prevention Training and Personnel

Getting your whole staff on board with a competitive loss prevention strategy is essential to effective implementation. Staff training creates an opportunity for all employees to become a part of the loss prevention solution at the store level. Formal loss prevention training is provided for an array of employees from the store manager to the baggers. (Table 43) Between 2005 and 2006, retailers significantly increased the amount of loss prevention training at all levels. In 2008, companies increased training for store detectives, operations management, regional management and pharmacy personnel. Nearly two-thirds (61.5 percent) of respondents indicated an increase in loss prevention training as a result of an increase in organized retail crime (ORC). This has influenced the overall level of training received by staff at all levels among food retailers.

	Formal Loss Prevention Training Provided 2008	Formal Loss Prevention Training Provided 2007	Formal Loss Prevention Training Provided 2006
	%	%	%
Store Managers	85.7	87.5	81.4
Store Detectives	64.3	52.5	58.1
Store Personnel			
Below Level of Manager	57.1	60.0	65.1
Operations Middle Management	54.8	52.5	48.8
Regional Loss Prevention			
Management	52.4	45.0	46.5
Security Officers	47.6	50.0	44.2
Pharmacy Personnel	31.0	25.0	20.9



In-house training for security and loss prevention staff is done on the job and in the classroom. In 2008, respondents averaged 18 hours of classroom time and 110 hours of on-the-job training. This is an increase from 16 hours of classroom training and 80 hours on the job in 2007. Classroom and on-the-job training increases with company size. (Tables 44 and 45)

Education Opportunities

All supermarket retail employees have opportunities to learn and develop skills through education. Loss prevention personnel have several options when looking to develop their knowledge base. Food retailers are well known for supporting their employees in educational endeavors. Conferences and seminars provide information on the fundamentals of loss prevention, as well as updates on current and future trends. Companies provide varied amounts of support and funding for education programs. The majority of responding companies finance conferences and seminars for personnel in the loss prevention field. College training courses are funded by 45.0 percent of companies and 27.5 percent support their associates in getting educational credits for their training. One in 10 companies allows time off but requires employees to self-fund education. Eighty percent of responding companies offer at least one form of educational support.(Table 46)

	Financed Education Opportunities 2008	Financed Education Opportunities 2007	Financed Education Opportunities 2006
	%	%	%
Conferences/Seminars	95.0	100.0	95.1
College Training Courses	45.0	30.6	34.1
CEUs	27.5	22.2	19.5
Allow Time off but Education Is Self-Funded	10.0	2.8	4.9

Emergency Preparedness

As record keeping, transaction data and customer information is more frequently stored in electronic files, emergency preparedness and back up plans are coming into play. Any disaster, whether natural, electronic or manmade can cripple the operations of any business. Having a solid emergency plan in place is a front-line issue for loss prevention executives. Anticipating and preparing for a breakdown in physical or electronic infrastructure requires the participation of multiple departments within a company. More than three-quarters of all companies (77.6 percent) have a crisis team in place for large-scale emergencies.

Among the companies with a team in place, 50.0 percent meet regularly to evaluate and update emergency plans. In addition to team meetings, training is provided for staff members in the event of an emergency. Four in 10 companies (42.2 percent) reported training all of their employees in emergency preparedness. Management and above receive training in 37.8 percent of companies, while 26.7 percent train corporate employees.

More than half of all companies (56.0 percent) periodically test their emergency plans. In the last year, 40.0 percent of respondents used their emergency plan during an actual crisis. Every emergency presents different challenges, and 15.4 percent rate their plan as fair but needing



additional work. More than a third (35.9 percent) felt that the plan was good and only encountered one or two major problems. Fully 28.2 percent felt the crisis plan was excellent and had no major problems.

Emergency Plan Success

	%
Excellent, No Major Problems	28.2
Good, One or Two Major Problems	35.9
Fair, Plan Requires Some Work	15.4
Poor, Back to the Drawing Board	0.0
Unknown	20.5

The majority of companies (84.8 percent) maintain an off-site back-up facility for data and other essential information. Information for consumers on disaster preparation is provided to customers in 34.0 percent of companies.

Loss Prevention Outsourcing

As labor and healthcare costs continue to climb, many loss prevention functions are outsourced. Retail security officers remain the most outsourced function with 76.7 percent of companies looking to vendors for assistance with their programs. Shoplifting apprehension and distribution security officers are outsourced by 40.0 percent and 30.0 percent, respectively. Other outsourced areas include awareness programs/materials and safety audits.

PCI Compliance

The payment card industry (PCI) created a standard for data security referred to as PCI compliance. Compliance can protect consumer payment information, although the standards are specific and require constant vigilance. In 2007, 64.9 percent of respondents reported being PCI-compliant. In 2008, 89.1 percent are currently compliant with another 8.7 percent planning to become PCI-compliant in the near future.

Compliance Audits

Security compliance audits are routinely performed to assess the status of loss prevention and risk management programs within a company. Five out of six companies indicated using compliance audits at least once a year. Roughly one-quarter (27.9 percent) audit on a daily or weekly basis. Another 25.6 percent audit on a bi-weekly or monthly basis, 20.9 percent audit quarterly and 7.0 percent audit annually. The majority of audits (58.1 percent) are performed using paper and pencil forms. More than a third (37.2 percent) are using a PDA or laptop based audit with in-house hosting.

Security compliance audits can look at a variety of areas. More than 70.0 percent of companies perform shrink audits and operational/procedural audits.



**Types of Audits Conducted by
Loss Prevention Department**

	%
Operational/Procedural compliance audits	73.3
Shrink Audits	71.1
Security Assessment Audits	68.9
Safety Audits	64.4
Food Defense/Food Safety/Bioterrorism Audits	33.3
Pharmacy (HIPAA) audits	6.7
Other	6.7

Top Performers

This chapter takes a closer look at the top 75th percentile reporting the lowest annual shrink as a percentage of retail sales in 2008. This group is identified as the “top performers.” They reported shrink rates ranging from 0.10 percent to 0.75 percent. Two-thirds of all top performers were companies with more than 100 stores. In total, top performers represent 928 stores.

	All Stores	Top Performers
	%	%
Independents (1-10 Stores)	20.0	33.3
Regionals (11-100 Stores)	42.0	0.0
Chains (101 or More Stores)	38.0	66.7
Less Than \$100 Million	18.4	33.3
\$100.1 Million-\$1 Billion	34.7	0.0
\$1-\$3 Billion	24.5	44.4
More Than \$3 Billion	22.4	22.2
Conventional Supermarkets	32.0	33.3
Super/Combination Stores	68.0	66.7

Top performers had an average shrink percentage significantly lower than that of average retailers. In many areas they demonstrated a sound loss prevention approach and proven methods for curbing loss. Worthless checks and shoplifting had a more severe impact on top performers than the average retailer. The number of discovered shoplifters and employee thefts is higher, as is the amount of money recovered from shoplifters and employee theft. Top performers prosecuted shoplifters more frequently and had more employee terminations as a result of employee theft. All of these factors lead to a culture of lower tolerance within the company and a decrease in annual shrink.



	All Stores	Top Performers
Median Annual Shrink as a Percentage of Retail Sales	1.91%	0.44%
Median Number of Shoplifters Apprehended	380	400
Median Total Dollar Value Recovered From All Shoplifters	\$11,384	\$22,172
Median Number of Employee Thefts Recorded	72	154
Median Value of Merchandise Recovered From Employee Theft	\$23,456	\$38,707
Median Number of Employee Terminations as a Result of Employee Theft	76	190
Median Number of Classroom Training Hours	18	22
Median Number of On-The-Job Training Hours	110	160
Median Number of Worthless Checks Accepted	3,567	14,890
Median Value of Worthless Checks Accepted	\$275,626	\$1,269,546
Median Net Credit/Debit Card Chargeback	\$12,000	\$48,500
Percentage Using Point-of-Sale Exception Monitoring	85.1%	100.0%
Percentage Auditing Point-of-Sale Reports Daily or Weekly	97.6%	100.0%

Organized Retail Crime: A \$30 Billion Problem

Organized Retail Crime or ORC is growing problem throughout the United States affecting a wide range of retail establishments including the supermarket industry. According to federal law enforcement officials and loss prevention experts, ORC now accounts for as much as \$30 billion in losses annually at store level.

Because of the magnitude of ORC and its impact on retailers and consumers, and given the fact that there is no federal law on the books that specifically addresses this type of criminal activity, FMI has been advocating the need for enactment of legislation by Congress to make ORC a federal felony. Passage of such a bill must include provisions relating to the internet, and that's because ORC gangs have embraced technology and are now selling stolen merchandise on internet auction sites rather than thru flea markets, pawn shops and shady store-front operations.

ORC Rings Have Discovered the Internet

To illustrate the magnitude of the problem regarding stolen merchandise being sold on internet auction sites, FMI sites the following cases:

In 2008, an enormous organized retail crime ring was broken up in Polk County, Florida. What began as a single shoplifting investigation turned up a sophisticated enterprise that stole up to \$100 million in medicine, health and beauty aids. Operating for at least five years, the ORC ring operated out of two warehouses, three flea markets and **two websites**.

In June of 2008, state and federal law enforcement broke up two ORC rings in the San Jose / San Francisco Bay area. Seventeen individuals were arrested and over \$5.5 million worth of stolen merchandise was recovered including razor blades, infant formula, teeth whitening strips and otc medicines that were being resold through storefronts, flea markets and **the Internet**.

Sensitive stolen military technology including expensive night vision equipment and F-14 components were being illegally sold on **E-Bay and Craig's List according to a recent Government Accounting Office Report (GAO-08-6447) released in the Spring of 2008.**



In 2008, the Federal Trade Commission received a record number of complaints, some 160,000, related to Internet fraud linked to losses of \$200 million. Half of the complaints involved online auctions.

An Atlanta, Georgia couple was prosecuted recently for selling at least \$150,000 worth of fraudulently obtained gift cards on **an internet auction site**.

A couple in Chicago, Illinois, sold about \$3 million worth of stolen merchandise on an **internet auction site** before being stopped by the Federal Bureau of Investigation (FBI) and local police.

In February of 2008, seven individuals were indicted in Kansas City, Missouri for selling \$1.2 million worth of stolen merchandise on an **internet auction site**.

In November of 2005, eleven individuals were indicted in Chicago, Illinois by a federal grand jury for selling more than \$2 million worth of stolen merchandise through an **internet auction site**.

In August of 2009, more than a dozen individuals who were pawn shop employees were arrested in Connecticut by local law enforcement for selling stolen merchandise through **an online auctioneer**.

Two individuals were arrested for selling more than \$6 million in pirated software **over the internet** between late 2002 through October 2005.

In September of 2008, the head of an ORC ring was arrested in Queens, New York, for selling \$80,000 worth of stolen Victoria Secret lingerie on an **internet auction site**.

Forty nine individuals operating a multistate ORC network were federally prosecuted. The investigation led to the seizure of more than \$3 million in stolen merchandise and \$950,000 in cash. The suspects told federal investigators they resold much of the stolen product on an **internet auction site because of the anonymity assured by the site**.

A U.S. Postal Service employee in March of 2009 was charged with stealing more than \$600,000 in postage stamps. The individual sold the stolen stamps for less than their face value on an **internet auction site** starting back in 2000.



Internet Auction Sites Need to be More Accountable

Clearly, internet auction sites need to be more accountable for what is being posted and sold on their platforms. Allowing internet auction sites to sit idly by while making a profit on the posting and sale of stolen merchandise is simply wrong and should not be tolerated. That's why **FMI and the supermarket industry is supporting the enactment of three timely initiatives in the 111th Congress. They are the E-Fencing Enforcement Act of 2009 (H. R. 1166) sponsored by Representative Bobby Scott (D-VA), the Organized Retail Crime Act of 2009 (H. R. 1173)** introduced by Representatives Brad Ellsworth (D-IN) and Jim Jordan (R-OH), and the Combating Organized Retail Crime Act of 2009 (S. 470) sponsored by Senator Richard Durbin (D-IL).

These three important initiatives address ORC from slightly different perspectives and each proposal would make the internet a less attractive venue for selling stolen products. The bills do not impose unreasonable burdens on internet auction sites. They simply call for much needed transparency, accountability and modest recordkeeping requirements for internet auction sites and their "high volume sellers". High volume sellers are defined as individuals who conduct at least \$12,000 in sales on an internet auction site in a 12-month period.

The chart below provides a side-by-side analysis of the key provisions in the three ORC bills that have been introduced in Congress. For further information, contact Ty Kelley, FMI's Director of Government Relations at 202-220-0629 or at tkelley@fmi.org.



DURBIN BILL

S. 470

(Combating Organized Retail Crime Act of 2009)

Title / Bill No.

Summary

Expands the crimes of transporting and selling or receiving stolen goods to include thefts having an aggregate value of \$5,000 or more during a 12 month period. Modifies the crimes of fraud involving access devices to include UPC labels, gift cards, RFID tags, stock keeping unit numbers, and electronic article surveillance tags. Sets forth provisions to prevent sales of illegally obtained goods in a physical or online retail marketplace and to grant enforcement powers to states through injunctive or other relief against persons engaged in ORC.

Fraud in Connection with Access Devices

Expanded to include UPC labels, gift cards, RFID tags, stock keeping unit numbers, and electronic article surveillance tags.

Requirements Imposed on Online Retail Marketplaces

Retailers authorized by the US AG may file illegal sales activity forms with the AG and marketplace operators. Within 30 days of being presented with an illegal sales activity form accompanied by documentary evidence, online retail marketplace and physical retail marketplace (flea market) operators must determine whether there is clear and convincing evidence of ORC and must file a suspicious activity report including this determination with the AG. No later than 24 hours after filing a report with the AG, the operator should notify the person who presented the form and evidence that the operator filed the report. If the operator has determined that there is clear and convincing evidence of ORC, the operator must, within 5 days of filing the report with the AG, either terminate the seller's access to the marketplace or request that the seller show evidence within 30 days that the seller has not used the marketplace for ORC purposes. The operator must notify the AG of its actions against the seller. Must keep high volume seller's contact information (name, telephone, email, valid physical postal address, and any other identifier) and records of reports and investigations for 3 years. If the high volume seller fails to provide a valid physical postal address, the operator of online retail marketplace must notify the seller (within 5 days) of the seller's duty to display such address. If still noncompliant 15 days after being notified, the operator must terminate the user's ability to conduct transactions through the marketplace and file a suspicious activity report with the AG.



ELLSWORTH BILL

H.R. 1173

(Organized Retail Crime Act of 2009)

Defines ORC as the stealing, embezzlement, or obtaining by fraud, false pretenses, or other illegal means, of retail merchandise in quantities that would not normally be purchased for personal use or consumption for the purpose of reselling or otherwise reentering retail merchandise in commerce or the recruitment of persons to participate in such activities. Modifies the crime of transporting and selling or receiving stolen goods to include ORC activities, and makes the facilitation of ORC, including through the operation of an online marketplace, a crime. Expands the crime of fraud involving access devices to include gift cards, UPC, or RFID to obtain goods or services illegally. Imposes reporting and other requirements on operator of online marketplace and high volume sellers relating to the sale of goods and services suspected of being acquired through ORC.

Expanded to include gift cards, UPC labels, and RFID transponders.

Operators of online marketplaces must expeditiously investigate when credible evidence of sales of goods or services acquired through ORC on its marketplace comes to its attention and remove from the online marketplace or disable access to material from the online marketplace of sellers offering goods or services when the result of the investigation provides knowledge or reasonable cause to know that the goods or services were acquired through ORC.

Operators must maintain a record of all investigations for a minimum of three years.

Contact information and the transactional record of all high volume sellers must be maintained for three years.

Require sellers of property whose merchandise packaging identifies the property as being available from a particular or exclusive retail source, to post such identifying information conspicuously on the Internet site where other information about the property is posted.

SCOTT BILL

H.R. 1166

(E-Fencing Enforcement Act of 2009)

Imposes a duty on any online market provider to disclose the contact information of any high volume seller who has listed goods or items for sale on such provider's online marketplace that matches the description of stolen goods listed in a signed report from a criminal law enforcement agency. Requires an online market provider to retain contact information on high volume sellers for 3 years and deny high volume sellers access to the marketplace if such provider has good reason to believe that the seller acquired the goods unlawfully. Allows a person aggrieved by an Internet marketplace provider's failure to comply to obtain appropriate relief in a civil action.

No language in bill.

Online marketplace providers must disclose contact information (name, telephone & address at which legal process can be served) of high volume sellers to persons ("inquirer with standing") who provide to the provider a signed report made to or received from a criminal law enforcement agency reporting the unsolved theft from that person during the preceding 365 days of goods matching the description of those offered on the online marketplace after the theft.

The provider must maintain the contact information for three years after receipt of that information from the high volume seller.

Upon the request of an "inquirer with standing," the provider must determine, based on information reasonably available or that can be obtained without undue expense, if the goods for sale in its marketplace were legally acquired. If the provider determines that there is good reason to believe the goods were unlawfully acquired, the provider must preclude access to the high volume seller to the marketplace with respect to those goods or items.



DURBIN BILL

S. 470

(Combating Organized Retail Crime Act of 2009)

Definition of High Volume Seller

A user of an online retail marketplace who, in any 12 month period during the previous 24 months entered into: (1) multiple discrete sales or transactions resulting in the accumulation of an aggregate total of \$12,000 or more in gross revenues or (2) 200 or more discrete sales or transactions resulting in the accumulation of \$5,000 or more in gross revenues.

High Volume Seller Requirements

Operators shall require high volume sellers to provide a valid physical postal address, and shall provide the address to an authorized person within 15 days of receiving a suspected illegal sales activity form about that high volume seller.

Allowable types of Action:

US AG may take action against ORC sellers, retail marketplace operators, and persons that: (1) make false statements in any suspected illegal sales activity form with intent to influence operators, or (2) make materially false statements in any suspicious activity report. State AG can bring civil action in district court.

No private right of action permitted by Act.

Forfeiture Language

No

Available Crimes for Prosecution

Transportation of Stolen Goods
Sale or Receipt of Stolen Goods
Fraud in Connection with Access Devices

Directs the US Sentencing Commission to review and, if appropriate, amend federal sentencing guidelines for persons convicted of offenses involving ORC.

State Law Preemption

No preemption of state law

Effective Date

120 days after enactment



ELLSWORTH BILL

H.R. 1173

(Organized Retail Crime Act of 2009)

A seller on an online marketplace who in the past 12 months has made or offered to make discrete transactions aggregating at least \$12,000.

SCOTT BILL

H.R. 1166

(E-Fencing Enforcement Act of 2009)

Any person who, through the online marketplace, sells or offers for sale goods or items: (1) of a value of \$5,000 or more in any single offering or (2) of a value of \$12,000 or more in one or more offerings during the course of the preceding 365 days.

High volume sellers must post name, telephone number and legitimate address on the Internet site or provide, upon request of any business that has a reasonable suspicion that goods or services at the site were acquired through ORC, its name, telephone number, and legitimate physical address.

No language in bill.

Businesses who have had goods sold or used in facilitation of ORC in an online marketplace may bring a civil action against the operator of the online marketplace.

Any person aggrieved by a failure of an Internet marketplace provider to comply with this section may, in a civil action, obtain appropriate relief.

A final judgment or decree rendered in favor of the United States in any criminal proceeding brought by the United States under this Act shall stop the defendant from denying the essential allegations of the criminal offense in any subsequent civil proceeding brought by any business whose goods or services were sold or otherwise used in an act of ORC.

Any property used to commit ORC, or proceeds from ORC, may be subject to forfeiture.

No

Transportation of Stolen Goods
 Sale or Receipt of Stolen Goods
 Facilitation of Organized Retail Crime
 Fraud in Connection with Access Devices

No language in bill to amend criminal statutes, but bill includes congressional declaration that knowing participation in a scheme to fence stolen goods, including by providing an Internet marketplace for goods, constitutes transportation of stolen goods.

Directs the US Sentencing Commission to review and, if appropriate, amend federal sentencing guidelines for persons convicted of offenses involving ORC.

No preemption of state law

No language in bill.

120 days after enactment

No language in bill.

Detailed Tables

TABLE 1 Respondent Profile

Q: Number of stores in 2008

	Number of Respondents	Total Stores Operated	Percent of Respondents
	#	#	%
All Respondents	50	7,847	100.0
Size			
1-10	10	46	20.0
11-25	12	204	24.0
26-100	9	478	18.0
More Than 100	19	7,119	38.0
Independents Versus Chains			
Independents (1-10 Stores)	10	46	20.0
Regionals (11-100 Stores)	21	682	42.0
Chains (101 or More Stores)	19	7,119	38.0
Annual Sales			
Less Than \$100 Million	9	68	18.4
\$100.1 Million-\$1 Billion	17	356	34.7
\$1 Billion-\$3 Billion	12	1,442	24.5
More Than \$3 Billion	11	5,910	22.4
Store Format			
Conventional Supermarket	16	597	32.0
Super/Combination Stores	34	7,250	68.0



TABLE 2: Number of Stores Operated by 2008 Annual Sales

	1-10 Stores	11-25 Stores	26-100 Stores	100+ Stores
	%	%	%	%
Less Than \$100 Million	80	0	13	0
\$100.1 Million-\$1 Billion	20	100	38	0
\$1 Billion-\$3 Billion	0	0	38	47
More Than \$3 Billion	0	0	13	53

NOTE: Percentages may not add to 100 percent due to rounding

TABLE 3 Annual Shrinkage as a Percentage of Retail Sales

Q: What was your company's total shrink figure as a percent of retail sales for 2008?

	Mean	Median	Number of Respondents
	%	%	#
All Respondents	2.26	1.91	32
Size			
1-10	1.44	1.62	7
11-25	3.89	2.96	9
26-100	2.10	2.21	4
More Than 100	1.57	0.96	12
Independents Versus Chains			
Independents (1-10 Stores)	1.44	1.62	7
Regionals (11-100 Stores)	3.34	2.56	13
Chains (101 or More Stores)	1.57	0.96	12
Annual Sales			
Less Than \$100 Million	1.26	0.93	6
\$100.1 Million-\$1 Billion	3.46	2.45	12
\$1 Billion-\$3 Billion	0.87	0.44	5
More Than \$3 Billion	2.13	2.06	8
Store Format			
Conventional Supermarket	2.78	2.00	11
Super/Combination Stores	1.99	1.85	21



TABLE 4 Change in Annual Shrink

Q: Did your annual shrink increase, decrease or remain the same?

	Increased	Decreased	Remained the Same	Number of Respondents
	%	%	%	#
All Respondents	50.0	34.1	15.9	44
Size				
1-10	55.6	44.4	0.0	9
11-25	58.3	25.0	16.7	12
26-100	62.5	25.0	12.5	8
More Than 100	33.3	40.0	26.7	15
Independents Versus Chains				
Independents (1-10 Stores)	55.6	44.4	0.0	9
Regionals (11-100 Stores)	60.0	25.0	15.0	20
Chains (101 or More Stores)	33.3	40.0	26.7	15
Annual Sales				
Less Than \$100 Million	62.5	37.5	0.0	8
\$100.1 Million-\$1 Billion	64.7	23.5	11.8	17
\$1 Billion-\$3 Billion	50.0	12.5	37.5	8
More Than \$3 Billion	20.0	60.0	20.0	10
Store Format				
Conventional Supermarket	50.0	28.6	21.4	14
Super/Combination Stores	50.0	36.7	13.3	30



TABLE 5 Rating the Impact of Loss Categories

Q: On a scale of 1 to 10, with 10 being most severe, how would you rate the impact of the following on your company?

	All Respondents	1-10 Stores	11-25 Stores	26-100 Stores	More Than 100 Stores	Independents (1-10 Stores)	Regionals (11-100 Stores)	Chains (101+ Stores)
	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean
Counterfeit Money	2.87	2.88	3.55	2.13	2.78	2.88	2.95	2.78
Credit/Debit Card Fraud	4.06	2.44	4.64	4.67	4.21	2.44	4.65	4.21
Gift Card Fraud	3.82	2.00	3.91	4.43	4.32	2.00	4.11	4.32
Employee Theft	6.69	6.44	5.91	7.67	6.79	6.44	6.70	6.79
Organized Retail Crime	5.70	3.50	5.18	6.44	6.58	3.50	5.75	6.58
Robberies	3.20	0.88	4.00	2.44	4.11	0.88	3.26	4.11
Self-Checkout Loss	3.97	2.57	5.25	4.33	4.12	2.57	4.70	4.12
Shoplifting	6.31	7.33	6.18	6.44	5.84	7.33	6.30	5.84
Shopping Cart Theft	3.29	2.22	4.55	2.57	3.33	2.22	3.78	3.33
Vendor Theft	4.40	3.25	5.27	3.11	5.00	3.25	4.30	5.00
Worthless Checks	4.85	4.88	4.18	5.11	5.11	4.88	4.60	5.11

	All Respondents	Less Than \$100 Million	\$100.1 Million-\$1 Billion	\$1 Billion-\$3 Billion	More Than \$3 Billion
	Mean	Mean	Mean	Mean	Mean
Counterfeit Money	2.87	2.86	3.25	3.00	2.36
Credit/Debit Card Fraud	4.06	2.38	4.19	5.17	3.91
Gift Card Fraud	3.82	1.67	3.69	4.55	4.45
Employee Theft	6.69	6.75	6.50	6.00	7.55
Organized Retail Crime	5.70	4.43	5.13	5.75	7.18
Robberies	3.20	0.86	3.20	4.75	3.18
Self-Checkout Loss	3.97	1.40	5.00	4.10	4.20
Shoplifting	6.31	6.00	6.94	5.00	7.00
Shopping Cart Theft	3.29	2.50	3.80	3.00	3.27
Vendor Theft	4.40	3.71	4.50	4.83	4.36
Worthless Checks	4.85	5.14	4.69	5.18	4.64



TABLE 6 **Attributing Annual Shrink**

Q: What percentage of your company's total shrink is attributable to...?

	Shoplifting	Employee Theft	Vendor Theft	Other	Number of Respondents
	%	%	%	%	#
All Respondents	35.2	33.1	7.4	24.3	42
Size					
1-10	38.4	24.0	7.9	29.7	9
11-25	33.2	28.0	6.9	32.0	11
26-100	28.6	44.6	7.4	19.4	7
More Than 100	37.9	37.1	7.5	17.5	15
Independents Versus Chains					
Independents (1-10 Stores)	38.4	24.0	7.9	29.7	9
Regionals (11-100 Stores)	31.4	34.4	7.1	27.1	18
Chains (101 or More Stores)	37.9	37.1	7.5	17.5	15
Annual Sales					
Less Than \$100 Million	41.9	33.1	10.3	14.8	8
\$100.1 Million-\$1 Billion	29.7	28.6	5.8	36.0	15
\$1 Billion-\$3 Billion	36.3	46.5	7.9	9.4	8
More Than \$3 Billion	37.2	29.6	7.3	26.0	11
Store Format					
Conventional Supermarket	33.5	36.9	8.6	21.0	13
Super/Combination Stores	36.0	31.4	6.9	25.7	29

NOTE: Percentages may not add to 100 percent due to rounding



TABLE 7 Incidents of Employee Theft

Q: How many total incidents of employee theft were recorded in your retail stores in 2008?

	Mean	25th Percentile	50th Percentile (Median)	75th Percentile	Base
	#	#	#	#	#
All Companies	221	15	72	201	46
Size					
1-10	9	1	3	17	10
11-25	38	14	30	69	12
26-100	159	130	169	200	8
More Than 100	522	170	257	710	16
Independents Versus Chains					
Independents (1-10 Stores)	9	1	3	17	10
Regionals (11-100 Stores)	87	16	65	154	20
Chains (101 or More Stores)	522	170	257	710	16
Annual Sales					
Less Than \$100 Million	5	1	2	11	9
\$100.1 Million-\$1 Billion	61	17	36	88	17
\$1 Billion-\$3 Billion	229	145	179	262	12
More Than \$3 Billion	870	195	715	1,703	7
Store Format					
Conventional Supermarket	48	2	17	69	16
Super/Combination Stores	314	38	164	326	30



TABLE 8 Value of Cash/Merchandise Recovered

Q: What was the total known value of the cash/merchandise recovered (include all employee theft incidents) in 2008?

	Mean	25th Percentile	50th Percentile (Median)	75th Percentile	Base
	\$	\$	\$	\$	#
All Companies	162,041	2,775	23,456	103,577	42
Size					
1-10	2,528	375	1,500	4,550	8
11-25	27,263	678	9,831	12,498	12
26-100	72,738	21,000	53,542	132,000	7
More Than 100	396,613	56,000	96,779	416,857	15
Independents Versus Chains					
Independents (1-10 Stores)	2,528	375	1,500	4,550	8
Regionals (11-100 Stores)	44,017	1,000	12,000	53,542	19
Chains (101 or More Stores)	396,613	56,000	96,779	416,857	15
Annual Sales					
Less Than \$100 Million	2,439	100	1,500	5,000	7
\$100.1 Million-\$1 Billion	28,336	820	9,831	22,289	16
\$1 Billion-\$3 Billion	86,967	30,191	67,761	144,062	12
More Than \$3 Billion	877,547	111,070	484,470	1,575,000	6
Store Format					
Conventional Supermarket	17,888	1,150	8,293	22,884	14
Super/Combination Stores	234,118	8,003	45,054	160,771	28



TABLE 9 Employee Theft by Location in the Store

Q: What was the percentage breakdown of employee thefts by location?

	All Respondents	1-10 Stores	11-25 Stores	26-100 Stores	More Than 100 Stores	Independents (1-10 Stores)	Regionals (11-100 Stores)	Chains (101 or More Stores)
	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean
Cash Office	12.5	9.1	18.5	11.3	10.3	9.1	15.8	10.3
Customer Service/Courtesy Booth	8.3	1.1	12.4	10.2	8.4	1.1	11.6	8.4
Fuel Station	1.6	0.0	0.0	2.0	3.7	0.0	0.7	3.7
Pharmacy	2.3	0.0	1.7	6.4	2.4	0.0	3.4	2.4
POS/Checkstand	33.6	42.6	24.1	34.4	35.3	42.6	27.9	35.3
Sales/Service Area	23.1	18.7	24.0	17.0	27.9	18.7	21.4	27.9
Satellite Register	2.3	0.0	3.3	3.8	2.2	0.0	3.5	2.2
Self-Checkout	3.0	11.3	0.2	0.3	1.6	11.3	0.2	1.6
Stock Room	5.9	5.8	7.4	6.8	4.2	5.8	7.2	4.2
Other	7.7	11.4	9.2	8.0	4.1	11.4	8.7	4.1

	All Respondents	Less Than \$100 Million	\$100.1 Million-\$1 Billion	\$1 Billion-\$3 Billion	More Than \$3 Billion
	Mean	Mean	Mean	Mean	Mean
Cash Office	12.5	14.0	15.5	11.2	6.8
Customer Service/Courtesy Booth	8.3	0.0	12.0	8.2	9.3
Fuel Station	1.6	0.0	0.6	3.8	2.3
Pharmacy	2.3	0.0	1.5	5.0	2.6
POS/Checkstand	33.6	44.4	25.6	30.6	42.8
Sales/Service Area	23.1	8.1	25.4	27.5	27.5
Satellite Register	2.3	0.0	2.7	2.6	3.4
Self-Checkout	3.0	12.5	0.3	1.3	1.4
Stock Room	5.9	8.1	6.7	4.9	3.2
Other	7.7	12.9	10.4	5.0	0.9

NOTE: Percentages may not add to 100 percent due to rounding



TABLE 10 Type of Employee Theft

Q: What was the percentage breakdown by type of employee theft?

	All Respondents	1-10 Stores	11-25 Stores	26-100 Stores	More Than 100 Stores	Independents (1-10 Stores)	Regionals (11-100 Stores)	Chains (101 or More Stores)
	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean
Cash Theft	18.3	15.4	20.0	15.3	20.0	15.4	18.1	20.0
Coupons	7.3	1.5	12.1	5.3	7.8	1.5	9.4	7.8
Discounting/ Sliding	20.5	37.6	10.4	24.0	17.7	37.6	15.9	17.7
Fuel at Fuel Stations	0.7	0.0	0.2	2.0	0.9	0.0	0.9	0.9
Merchandise Theft	33.5	30.1	36.3	33.3	33.3	30.1	35.1	33.3
Refunds	5.5	1.5	5.8	5.2	7.6	1.5	5.5	7.6
Gift Card Fraud	2.4	0.1	4.2	2.9	1.8	0.1	3.6	1.8
Vendor Theft Involvement	1.5	0.1	2.7	2.2	1.0	0.1	2.5	1.0
Voids	3.3	0.1	5.3	4.0	3.1	0.1	4.7	3.1
Other	7.1	12.9	3.6	6.6	6.8	12.9	4.8	6.8

	All Respondents	Less Than \$100 Million	\$100.1 Million-\$1 Billion	\$1 Billion-\$3 Billion	More Than \$3 Billion
	Mean	Mean	Mean	Mean	Mean
Cash Theft	18.3	12.4	19.5	18.9	20.4
Coupons	7.3	1.4	10.8	3.0	13.0
Discounting/ Underringing	20.5	50.7	11.5	20.2	12.9
Fuel at Fuel Stations	0.7	0.0	0.2	1.2	1.1
Merchandise Theft	33.5	16.4	39.2	37.8	32.0
Refunds	5.5	1.4	5.4	5.8	8.6
Gift Card Fraud	2.4	0.0	3.6	1.3	3.7
Vendor Theft Involvement	1.5	0.7	2.1	1.5	1.2
Voids	3.3	0.7	4.5	3.0	4.1
Other	7.1	15.4	3.8	7.4	3.0

NOTE: Percentages may not add to 100 percent due to rounding



TABLE 11 Employee Terminations as a Result of Employee Theft

Q: How many employee terminations did you have as a result of employee theft or misconduct in 2008?

	Mean	25th Percentile	50th Percentile (Median)	75th Percentile	Base
	#	#	#	#	#
All Companies	161	17	76	204	42
Size					
1-10	12	2	8	26	8
11-25	43	16	37	69	12
26-100	153	130	169	200	8
More Than 100	351	106	224	387	14
Independents Versus Chains					
Independents (1-10 Stores)	12	2	8	26	8
Regionals (11-100 Stores)	87	20	65	154	20
Chains (101 or More Stores)	351	106	224	387	14
Annual Sales					
Less Than \$100 Million	7	1	5	12	7
\$100.1 Million-\$1 Billion	64	21	38	102	17
\$1 Billion-\$3 Billion	192	121	187	288	12
More Than \$3 Billion	617	138	544	1,134	5
Store Format					
Conventional Supermarket	53	9	21	80	14
Super/Combination Stores	214	38	134	231	28



TABLE 12 Employee Prosecutions as a Result of Employee Theft

Q: How many employee prosecutions did you have as a result of employee theft or misconduct in 2008?

	Mean	25th Percentile	50th Percentile (Median)	75th Percentile	Base
	#	#	#	#	#
All Companies	59	6	18	80	37
Size					
1-10	9	1	3	19	5
11-25	23	1	18	35	11
26-100	63	5	83	99	6
More Than 100	102	15	22	120	15
Independents Versus Chains					
Independents (1-10 Stores)	9	1	3	19	5
Regionals (11-100 Stores)	37	3	18	83	17
Chains (101 or More Stores)	102	15	22	120	15
Annual Sales					
Less Than \$100 Million	5	1	4	10	4
\$100.1 Million-\$1 Billion	27	1	18	38	14
\$1 Billion-\$3 Billion	40	11	19	82	12
More Than \$3 Billion	203	54	125	384	6
Store Format					
Conventional Supermarket	11	2	13	19	10
Super/Combination Stores	78	9	35	97	27



TABLE 13 Employee Civil Recovery Cases as a Result of Employee Theft

Q: How many civil recovery cases did you have as a result of employee theft or misconduct in 2008?

	Mean	25th Percentile	50th Percentile (Median)	75th Percentile	Base
	#	#	#	#	#
All Companies	122	0	11	119	30
Size					
1-10	13	0	10	30	3
11-25	26	0	6	60	10
26-100	50	0	0	135	6
More Than 100	279	4	120	477	11
Independents Versus Chains					
Independents (1-10 Stores)	13	0	10	30	3
Regionals (11-100 Stores)	35	0	1	65	16
Chains (101 or More Stores)	279	4	120	477	11
Annual Sales					
Less Than \$100 Million	3	0	0	10	3
\$100.1 Million-\$1 Billion	24	0	6	51	12
\$1 Billion-\$3 Billion	82	0	8	185	10
More Than \$3 Billion	609	131	494	1,202	4
Store Format					
Conventional Supermarket	27	0	10	46	9
Super/Combination Stores	163	0	16	187	21



TABLE 14 Threshold for Prosecuting Employees

Q: Do you have a threshold for determining when to prosecute an employee?

	Yes	No	Number of Respondents
	%	%	#
All Respondents	46.7	53.3	45
Size			
1-10	50.0	50.0	8
11-25	45.5	54.5	11
26-100	50.0	50.0	8
More Than 100	44.4	55.6	18
Independents Versus Chains			
Independents (1-10 Stores)	50.0	50.0	8
Regionals (11-100 Stores)	47.4	52.6	19
Chains (101 or More Stores)	44.4	55.6	18
Annual Sales			
Less Than \$100 Million	50.0	50.0	6
\$100.1 Million-\$1 Billion	50.0	50.0	16
\$1 Billion-\$3 Billion	41.7	58.3	12
More Than \$3 Billion	50.0	50.0	10
Store Format			
Conventional Supermarket	46.2	53.8	13
Super/Combination Stores	46.9	53.1	32



TABLE 15 Incidents of Shoplifting

Q: How many shoplifters did your company apprehend in 2008?

	Mean	25th Percentile	50th Percentile (Median)	75th Percentile	Base
	#	#	#	#	#
All Companies	1,421	58	380	1,516	45
Size					
1-10	66	6	33	104	10
11-25	301	54	193	499	12
26-100	1,072	257	1,002	1,828	8
More Than 100	3,408	489	1,531	5,788	15
Independents Versus Chains					
Independents (1-10 Stores)	66	6	33	104	10
Regionals (11-100 Stores)	609	83	329	881	20
Chains (101 or More Stores)	3,408	489	1,531	5,788	15
Annual Sales					
Less Than \$100 Million	48	5	15	60	9
\$100.1 Million-\$1 Billion	272	73	193	399	16
\$1 Billion-\$3 Billion	1,483	407	1,271	1,793	12
More Than \$3 Billion	5,794	3,043	3,064	8,017	7
Store Format					
Conventional Supermarket	139	15	81	250	15
Super/Combination Stores	2,062	218	861	2,636	30



TABLE 16 Total Dollar Value Recovered From All Shoplifters

Q: What was the total dollar value recovered from all shoplifters in 2008?

	Mean	25th Percentile	50th Percentile (Median)	75th Percentile	Base
	\$	\$	\$	\$	#
All Companies	411,040	4,658	11,384	92,021	44
Size					
1-10	3,123	125	1,500	6,815	8
11-25	15,377	2,962	5,295	11,470	12
26-100	55,549	11,864	45,081	103,577	8
More Than 100	1,089,491	24,604	65,319	339,965	16
Independents Versus Chains					
Independents (1-10 Stores)	3,123	125	1,500	6,815	8
Regionals (11-100 Stores)	34,445	3,761	10,324	53,236	20
Chains (101 or More Stores)	1,089,491	24,604	65,319	339,965	16
Annual Sales					
Less Than \$100 Million	2,238	25	600	5,000	8
\$100.1 Million-\$1 Billion	14,502	3,500	7,086	12,000	15
\$1 Billion-\$3 Billion	58,316	12,310	43,570	89,829	12
More Than \$3 Billion	2,140,221	131,597	281,993	1,444,276	8
Store Format					
Conventional Supermarket	4,722	800	5,000	7,708	14
Super/Combination Stores	600,655	9,504	43,570	131,597	30



TABLE 17 Civil Recovery

Q: Do you use civil recovery statutes to recoup some of the costs of apprehending shoplifters? Yes/No

Q: Is your program: In-house/Outsourced/Both?

	Use Civil Recovery?		Who Manages Program?			
	Yes	Number of Respondents	In-House	Outsourced	Both	Number of Respondents
	%	#	%	%	%	#
All Respondents	81.8	44	47.4	31.6	21.1	38
Size						
1-10	50.0	8	50.0	50.0	0.0	4
11-25	75.0	12	70.0	10.0	20.0	10
26-100	87.5	8	42.9	57.1	0.0	7
More Than 100	100.0	16	35.3	29.4	35.3	17
Independents Versus Chains						
Independents (1-10 Stores)	50.0	8	50.0	50.0	0.0	4
Regionals (11-100 Stores)	80.0	20	58.8	29.4	11.8	17
Chains (101 or More Stores)	100.0	16	35.3	29.4	35.3	17
Annual Sales						
Less Than \$100 Million	50.0	6	66.7	33.3	0.0	3
\$100.1 Million-\$1 Billion	76.5	17	50.0	35.7	14.3	14
\$1 Billion-\$3 Billion	90.9	11	50.0	20.0	30.0	10
More Than \$3 Billion	100.0	9	30.0	40.0	30.0	10
Store Format						
Conventional Supermarket	66.7	12	44.4	44.4	11.1	9
Super/Combination Stores	87.5	32	48.3	27.6	24.1	29

NOTE: Percentages may not add to 100 percent due to rounding



TABLE 18 Money Demanded and Recouped Through Civil Recovery

Q: What percentage of total shoplifting cases did you file with civil recovery?

Q: What was the total dollar amount demanded from civil recovery?

Q: What was the total dollar amount recouped from civil recovery?

	Filed With Civil Recovery	Amount Demanded	Amount Recovered
	%	\$	\$
All Respondents	74.0	21,252	8,377
Size			
1-10	20.0	250	600
11-25	77.5	4,036	2,600
26-100	88.0	5,361	8,179
More Than 100	65.5	218,650	49,630
Independents Versus Chains			
Independents (1-10 Stores)	20.0	250	600
Regionals (11-100 Stores)	80.0	5,271	3,160
Chains (101 or More Stores)	65.5	218,650	49,630
Annual Sales			
Less Than \$100 Million	10.0	125	300
\$100.1 Million-\$1 Billion	75.0	5,271	2,319
\$1 Billion-\$3 Billion	72.0	210,800	28,855
More Than \$3 Billion	73.0	450,872	78,682
Store Format			
Conventional Supermarket	64.5	2,000	4,000
Super/Combination Stores	74.0	100,230	15,809



TABLE 19 Organized Retail Crime as a Threat to Your Company

Q: On a scale of one to five, with five being severe, how would you rank ORC as a threat to your company?

	Mean	Median	Number of Respondents
	#	#	#
All Respondents	3.00	3.00	46
Size			
1-10	2.40	3.00	10
11-25	2.27	2.00	11
26-100	3.75	3.50	8
More Than 100	3.47	4.00	17
Independents Versus Chains			
Independents (1-10 Stores)	2.40	3.00	10
Regionals (11-100 Stores)	2.89	3.00	19
Chains (101 or More Stores)	3.47	4.00	17
Annual Sales			
Less Than \$100 Million	2.56	3.00	9
\$100.1 Million-\$1 Billion	2.40	3.00	15
\$1 Billion-\$3 Billion	3.27	3.00	11
More Than \$3 Billion	4.00	4.50	10
Store Format			
Conventional Supermarket	2.19	2.00	16
Super/Combination Stores	3.43	3.00	30



TABLE 20

Assessing Organized Retail Crime

Q: Have you experienced an increase in Organized Retail Crime (ORC) in your stores over the past year? Yes/No

Q: In the past year have you been asked by a Senior Executive in your company to present information on ORC? Yes/No

Q: Are you assisting in the formation of legislation regarding ORC? Yes/No

	Increase in ORC?		Asked by Senior Executive?		Assisting in Legislation?	
	Yes	Number of Respondents	Yes	Number of Respondents	Yes	Number of Respondents
	%	#	%	#	%	#
All Respondents	65.1	43	28.6	49	40.8	49
Size						
1-10	44.4	9	10.0	10	20.0	10
11-25	40.0	10	8.3	12	33.3	12
26-100	100.0	8	44.4	9	55.6	9
More Than 100	75.0	16	44.4	18	50.0	18
Independents Versus Chains						
Independents (1-10 Stores)	44.4	9	10.0	10	20.0	10
Regionals (11-100 Stores)	66.7	18	23.8	21	42.9	21
Chains (101 or More Stores)	75.0	16	44.4	18	50.0	18
Annual Sales						
Less Than \$100 Million	50.0	8	11.1	9	22.2	9
\$100.1 Million-\$1 Billion	50.0	14	11.8	17	29.4	17
\$1 Billion-\$3 Billion	72.7	11	25.0	12	50.0	12
More Than \$3 Billion	88.9	9	70.0	10	60.0	10
Store Format						
Conventional Supermarket	42.9	14	12.5	16	25.0	16
Super/Combination Stores	75.9	29	36.4	33	48.5	33



TABLE 21 Organized Retail Crime Resources

Q: Have you allocated resources to address ORC?

	Corporate Personnel	Additional Security Systems	Additional Security Personnel	Additional Cameras	Additional Loss Prevention Training	Product Marking Technology	Base
	%	%	%	%	%	%	#
All Companies	30.8	28.2	30.8	59.0	61.5	33.3	39
Size							
1-10	0.0	16.7	16.7	50.0	66.7	16.7	6
11-25	12.5	12.5	12.5	75.0	12.5	0.0	8
26-100	22.2	44.4	22.2	77.8	66.7	22.2	9
More Than 100	56.3	31.3	50.0	43.8	81.3	62.5	16
Independents Versus Chains							
Independents (1-10 Stores)	0.0	16.7	16.7	50.0	66.7	16.7	6
Regionals (11-100 Stores)	17.6	29.4	17.6	76.5	41.2	11.8	17
Chains (101 or More Stores)	56.3	31.3	50.0	43.8	81.3	62.5	16
Annual Sales							
Less Than \$100 Million	0.0	20.0	0.0	60.0	40.0	20.0	5
\$100.1 Million-\$1 Billion	15.4	15.4	30.8	69.2	38.5	0.0	13
\$1 Billion-\$3 Billion	36.4	45.5	27.3	63.6	72.7	36.4	11
More Than \$3 Billion	66.7	22.2	55.6	33.3	88.9	77.8	9
Store Format							
Conventional Supermarket	0.0	11.1	11.1	55.6	33.3	11.1	9
Super/Combination Stores	40.0	33.3	36.7	60.0	70.0	40.0	30



TABLE 22 Benefit Denial Systems

Q: Are you marking products? Yes/No

Q: Are you using benefit denial tags or systems? Yes/No

	Marking Products?		Using Benefit Denial Tags or Systems?	
	Yes	Number of Respondents	Yes	Number of
	%	#	%	#
All Respondents	49.0	49	37.5	48
Size				
1-10	20.0	10	10.0	10
11-25	33.3	12	27.3	11
26-100	44.4	9	44.4	9
More Than 100	77.8	18	55.6	18
Independents Versus Chains				
Independents (1-10 Stores)	20.0	10	10.0	10
Regionals (11-100 Stores)	38.1	21	35.0	20
Chains (101 or More Stores)	77.8	18	55.6	18
Annual Sales				
Less Than \$100 Million	22.2	9	11.1	9
\$100.1 Million-\$1 Billion	23.5	17	25.0	16
\$1 Billion-\$3 Billion	66.7	12	50.0	12
More Than \$3 Billion	90.0	10	60.0	10
Store Format				
Conventional Supermarket	37.5	16	26.7	15
Super/Combination Stores	54.5	33	42.4	33



TABLE 23 Organized Retail Crime Databases

Q: Do you participate in a database program designed to track ORC?

	National Database	State/Regional Database	Tracking Within Company	No, We Do Not Track ORC	Base
	%	%	%	%	#
All Companies	6.4	6.4	34.0	61.7	47
Size					
1-10	0.0	10.0	10.0	80.0	10
11-25	9.1	0.0	9.1	81.8	11
26-100	0.0	0.0	44.4	55.6	9
More Than 100	11.8	11.8	58.8	41.2	17
Independents Versus Chains					
Independents (1-10 Stores)	0.0	10.0	10.0	80.0	10
Regionals (11-100 Stores)	5.0	0.0	25.0	70.0	20
Chains (101 or More Stores)	11.8	11.8	58.8	41.2	17
Annual Sales					
Less Than \$100 Million	0.0	11.1	0.0	88.9	9
\$100.1 Million-\$1 Billion	6.3	0.0	18.8	75.0	16
\$1 Billion-\$3 Billion	0.0	0.0	45.5	54.5	11
More Than \$3 Billion	20.0	20.0	70.0	30.0	10
Store Format					
Conventional Supermarket	6.7	0.0	0.0	93.3	15
Super/Combination Stores	6.3	9.4	50.0	46.9	32

NOTE: Percentages may not add to 100 percent due to multiple responses



TABLE 24 Acceptance of Worthless/Counterfeit Checks

Q: How many worthless/counterfeit checks did your company accept in 2008?

	Mean	25th Percentile	50th Percentile (Median)	75th Percentile	Base
	#	#	#	#	#
All Companies	24,707	143	3,567	15,630	34
Size					
1-10	1,884	10	150	791	7
11-25	2,476	30	2,112	4,473	10
26-100	8,933	4,625	11,482	11,966	5
More Than 100	63,120	5,371	20,616	48,413	12
Independents Versus Chains					
Independents (1-10 Stores)	1,884	10	150	791	7
Regionals (11-100 Stores)	4,628	150	3,000	9,100	15
Chains (101 or More Stores)	63,120	5,371	20,616	48,413	12
Annual Sales					
Less Than \$100 Million	2,067	9	83	3,165	6
\$100.1 Million-\$1 Billion	3,807	416	2,224	5,746	13
\$1 Billion-\$3 Billion	13,756	150	11,482	18,398	11
More Than \$3 Billion	156,714	29,575	135,577	304,990	4
Store Format					
Conventional Supermarket	7,587	11	2,112	10,291	12
Super/Combination Stores	34,046	150	7,550	19,507	22



TABLE 25 Bad Checks

- Q: What percentage of bad checks were fraud?
- Q: What percentage of bad checks were NSF?
- Q: What percentage of bad checks were ID fraud?
- Q: What percentage of bad checks were check fraud?

	Fraudulent Checks	NSF Checks	ID Fraud	Check Fraud
	%	%	%	%
All Respondents	23	77	26	45
Size				
1-10	32	68	7	48
11-25	18	82	40	59
26-100	21	79	47	41
More Than 100	21	79	22	31
Independents Versus Chains				
Independents (1-10 Stores)	32	68	7	48
Regionals (11-100 Stores)	19	81	42	52
Chains (101 or More Stores)	21	79	22	31
Annual Sales				
Less Than \$100 Million	37	63	14	55
\$100.1 Million-\$1 Billion	16	84	32	51
\$1 Billion-\$3 Billion	17	83	36	23
More Than \$3 Billion	27	73	15	56
Store Format				
Conventional Supermarket	33	67	23	51
Super/Combination Stores	18	82	28	41



TABLE 26 Total Dollar Amount of Worthless/Counterfeit Checks

Q: What was the total dollar amount of worthless/counterfeit checks (face value)?

	Mean	25th Percentile	50th Percentile (Median)	75th Percentile	Base
	\$	\$	\$	\$	#
All Companies	2,316,672	20,071	275,626	1,601,250	42
Size					
1-10	11,862	2,625	8,400	23,399	8
11-25	316,721	14,000	200,000	373,946	11
26-100	541,759	75,000	440,000	1,043,000	7
More Than 100	5,632,379	1,104,887	1,923,787	3,690,343	16
Independents Versus Chains					
Independents (1-10 Stores)	11,862	2,625	8,400	23,399	8
Regionals (11-100 Stores)	393,736	59,750	205,000	565,624	18
Chains (101 or More Stores)	5,632,379	1,104,887	1,923,787	3,690,343	16
Annual Sales					
Less Than \$100 Million	7,187	1,000	3,000	12,000	7
\$100.1 Million-\$1 Billion	363,806	20,095	200,000	475,000	15
\$1 Billion-\$3 Billion	1,126,939	104,750	1,046,500	1,749,734	12
More Than \$3 Billion	11,164,684	1,964,654	2,773,627	21,614,506	7
Store Format					
Conventional Supermarket	569,283	4,350	78,500	489,834	14
Super/Combination Stores	3,190,366	50,185	759,000	1,813,439	28



TABLE 27 Credit and Debit Card Fraud Loss

Q: What was your net credit/debit card chargeback in 2008?

	Mean	25th Percentile	50th Percentile (Median)	75th Percentile	Base
	\$	\$	\$	\$	#
All Companies	186,588	1,000	12,000	87,569	33
Size					
1-10	10,047	213	1,000	1,250	9
11-25	6,004	1,000	2,100	14,300	7
26-100	37,674	9,900	20,748	82,374	4
More Than 100	451,867	35,956	90,137	779,944	13
Independents Versus Chains					
Independents (1-10 Stores)	10,047	213	1,000	1,250	9
Regionals (11-100 Stores)	17,520	1,825	9,200	14,800	11
Chains (101 or More Stores)	451,867	35,956	90,137	779,944	13
Annual Sales					
Less Than \$100 Million	21,158	375	1,000	43,250	9
\$100.1 Million-\$1 Billion	5,253	1,000	1,962	12,475	8
\$1 Billion-\$3 Billion	54,084	11,625	36,000	86,261	8
More Than \$3 Billion	780,400	45,000	318,887	1,400,000	7
Store Format					
Conventional Supermarket	34,204	1,000	1,000	79,816	13
Super/Combination Stores	285,638	7,550	20,856	195,786	20



TABLE 28 Money Services

Q: Do you have a money services business? Yes/No

Q: If yes, how many IRS audits did you have in 2008?

	Have Money Services?		How Many IRS Audits?		
	Yes	Number of Respondents	Mean	Median	Number of Respondents
	%	#	#	#	#
All Respondents	53.2	47	5.6	1.0	20
Size					
1-10	60.0	10	2.8	1.5	6
11-25	25.0	12	10.7	10.0	3
26-100	71.4	7	0.3	0.0	3
More Than 100	61.1	18	7.6	1.0	8
Independents Versus Chains					
Independents (1-10 Stores)	60.0	10	2.8	1.5	6
Regionals (11-100 Stores)	42.1	19	5.5	0.5	6
Chains (101 or More Stores)	61.1	18	7.6	1.0	8
Annual Sales					
Less Than \$100 Million	55.6	9	2.8	1.5	4
\$100.1 Million-\$1 Billion	31.3	16	7.6	6.0	5
\$1 Billion-\$3 Billion	66.7	12	0.4	0.0	8
More Than \$3 Billion	66.7	9	19.7	5.0	3
Store Format					
Conventional Supermarket	31.3	16	2.2	1.0	5
Super/Combination Stores	64.5	31	6.7	1.0	15



TABLE 29 Gift Card Sales

Q: Do you sell gift cards in your stores?

	Company Gift Cards	Pre-Paid Credit Cards	Restaurant Gift Cards	Other Retail Gift Cards	No Gift Cards	Number of Respondents
	%	%	%	%	%	#
All Companies	97.9	56.3	68.8	68.8	2.1	48
Size						
1-10	100.0	30.0	30.0	40.0	0.0	10
11-25	100.0	45.5	54.5	45.5	0.0	11
26-100	88.9	66.7	77.8	88.9	11.1	9
More Than 100	100.0	72.2	94.4	88.9	0.0	18
Independents Versus Chains						
Independents (1-10 Stores)	100.0	30.0	30.0	40.0	0.0	10
Regionals (11-100 Stores)	95.0	55.0	65.0	65.0	5.0	20
Chains (101 or More Stores)	100.0	72.2	94.4	88.9	0.0	18
Annual Sales						
Less Than \$100 Million	88.9	11.1	11.1	22.2	11.1	9
\$100.1 Million-\$1 Billion	100.0	62.5	68.8	62.5	0.0	16
\$1 Billion-\$3 Billion	100.0	75.0	91.7	91.7	0.0	12
More Than \$3 Billion	100.0	70.0	90.0	90.0	0.0	10
Store Format						
Conventional Supermarket	93.3	33.3	46.7	46.7	6.7	15
Super/Combination Stores	100.0	66.7	78.8	78.8	0.0	33



TABLE 30 Gift Card Fraud

Q: Have you experienced gift card tampering, fraud or theft?

	Internal Only	External Only	No	Both Internal and External	Number of Respondents
	%	%	%	%	#
All Respondents	6.3	20.8	31.3	41.7	48
Size					
1-10	0.0	10.0	80.0	10.0	10
11-25	8.3	16.7	41.7	33.3	12
26-100	11.1	33.3	11.1	44.4	9
More Than 100	5.9	23.5	5.9	64.7	17
Independents Versus Chains					
Independents (1-10 Stores)	0.0	10.0	80.0	10.0	10
Regionals (11-100 Stores)	9.5	23.8	28.6	38.1	21
Chains (101 or More Stores)	5.9	23.5	5.9	64.7	17
Annual Sales					
Less Than \$100 Million	0.0	0.0	100.0	0.0	9
\$100.1 Million-\$1 Billion	11.8	23.5	29.4	35.3	17
\$1 Billion-\$3 Billion	0.0	41.7	0.0	58.3	12
More Than \$3 Billion	11.1	0.0	11.1	77.8	9
Store Format					
Conventional Supermarket	0.0	12.5	62.5	25.0	16
Super/Combination Stores	9.4	25.0	15.6	50.0	32

NOTE: Percentages may not add to 100 percent due to rounding



TABLE 31 Preventing Gift Card Fraud

Q: What measures have been taken to combat gift card tampering, fraud or theft?

	Limited Dollar Amount on Gift Card	POS Monitoring	Tender Restriction	Quantity Limit	Number of Respondents
	%	%	%	%	#
All Respondents	30.0	85.0	46.2	32.5	40
Size					
1-10	42.9	71.4	57.1	57.1	7
11-25	20.0	80.0	40.0	30.0	10
26-100	16.7	83.3	40.0	33.3	6
More Than 100	35.3	94.1	47.1	23.5	17
Independents Versus Chains					
Independents (1-10 Stores)	42.9	71.4	57.1	57.1	7
Regionals (11-100 Stores)	18.8	81.3	40.0	31.3	16
Chains (101 or More Stores)	35.3	94.1	47.1	23.5	17
Annual Sales					
Less Than \$100 Million	40.0	80.0	60.0	40.0	5
\$100.1 Million-\$1 Billion	21.4	71.4	42.9	35.7	14
\$1 Billion-\$3 Billion	36.4	100.0	45.5	27.3	11
More Than \$3 Billion	33.3	88.9	50.0	33.3	9
Store Format					
Conventional Supermarket	30.0	80.0	80.0	20.0	10
Super/Combination Stores	30.0	86.7	34.5	36.7	30



TABLE 32 Cash/Merchandise Taken in Robberies

Q: What was the total dollar amount of cash/merchandise taken from all robberies in 2008?

	Mean	25th Percentile	50th Percentile (Median)	75th Percentile	Base
	\$	\$	\$	\$	#
All Companies	15,006	656	4,146	23,069	22
Size					
1-10	*	*	*	*	0
11-25	593	25	400	1,353	4
26-100	7,444	319	2,263	19,750	4
More Than 100	21,285	3,128	5,921	25,436	14
Independents Versus Chains					
Independents (1-10 Stores)	*	*	*	*	0
Regionals (11-100 Stores)	4,018	138	613	3,393	8
Chains (101 or More Stores)	21,285	3,128	5,921	25,436	14
Annual Sales					
Less Than \$100 Million	*	*	*	*	1
\$100.1 Million-\$1 Billion	524	50	250	1,135	5
\$1 Billion-\$3 Billion	12,180	2,043	5,567	24,587	8
More Than \$3 Billion	32,221	4,700	17,986	43,261	7
Store Format					
Conventional Supermarket	6,378	125	4,000	13,821	5
Super/Combination Stores	17,543	895	4,700	23,988	17

NOTE: * Data reported by fewer than three companies



TABLE 33 Electronic Equipment

Q: What percentage of your stores have the following electronic security systems?

	Tape CCTV	Digital CCTV	EAS	Access Control	Electronic DSD Receiving	Shopping Cart Containment
	Mean %	Mean %	Mean %	Mean %	Mean %	Mean %
All Companies	14.2	81.4	23.3	33.0	82.8	13.6
Size						
1-10	35.0	86.0	25.0	25.0	100.0	10.0
11-25	12.8	81.7	5.9	31.8	62.6	10.6
26-100	5.8	86.4	31.7	33.0	87.1	16.1
More Than 100	13.1	76.8	33.4	36.1	87.8	16.2
Independents Versus Chains						
Independents (1-10 Stores)	35.0	86.0	25.0	25.0	100.0	10.0
Regionals (11-100 Stores)	10.5	83.4	14.5	32.2	72.2	12.6
Chains (101 or More Stores)	13.1	76.8	33.4	36.1	87.8	16.2
Annual Sales						
Less Than \$100 Million	25.0	86.1	33.3	25.8	82.0	10.0
\$100.1 Million-\$1 Billion	13.9	81.8	6.9	34.6	72.6	9.1
\$1 Billion-\$3 Billion	12.5	79.2	19.4	35.9	100.0	4.5
More Than \$3 Billion	11.6	79.1	52.9	29.4	78.0	32.1
Store Format						
Conventional Supermarket	1.9	85.3	16.3	32.1	74.9	16.5
Super/Combination Stores	19.6	79.5	25.9	33.4	86.0	12.3



TABLE 34 Areas Where CCTV Is Used

Q: Where is CCTV used in Distribution Centers?

	Access Points	Freezer Vaults	Shipping Dock	HBC Storage	Parking Lot	Break Rooms	Receiving Dock	Refrigeration Rooms	Time Clock	Computer Rooms	Base
	%	%	%	%	%	%	%	%	%	%	#
All Companies	86.2	41.4	93.1	62.1	96.6	41.4	93.1	48.3	44.8	82.8	29
Size											
1-10	*	*	*	*	*	*	*	*	*	*	2
11-25	75.0	50.0	100.0	50.0	100.0	50.0	100.0	50.0	75.0	100.0	4
26-100	80.0	40.0	100.0	60.0	100.0	40.0	100.0	40.0	60.0	100.0	5
More Than 100	94.4	38.9	94.4	66.7	100.0	38.9	94.4	50.0	38.9	77.8	18
Independents Versus Chains											
Independents (1-10 Stores)	*	*	*	*	*	*	*	*	*	*	2
Regionals (11-100 Stores)	77.8	44.4	100.0	55.6	100.0	44.4	100.0	44.4	66.7	100.0	9
Chains (101 or More Stores)	94.4	38.9	94.4	66.7	100.0	38.9	94.4	50.0	38.9	77.8	18
Annual Sales											
Less Than \$100 Million	33.3	33.3	66.7	33.3	66.7	33.3	66.7	33.3	33.3	66.7	3
\$100.1 Million-\$1 Billion	80.0	60.0	100.0	60.0	100.0	60.0	100.0	60.0	80.0	100.0	5
\$1 Billion-\$3 Billion	100.0	36.4	100.0	72.7	100.0	36.4	100.0	45.5	36.4	90.9	11
More Than \$3 Billion	90.0	40.0	90.0	60.0	100.0	40.0	90.0	50.0	40.0	70.0	10
Store Format											
Conventional Supermarket	57.1	14.3	85.7	42.9	85.7	42.9	85.7	28.6	57.1	85.7	7
Super/Combination Stores	95.5	50.0	95.5	68.2	100.0	40.9	95.5	54.5	40.9	81.8	22



TABLE 35 Areas Where CCTV Is Used

Q: Where is CCTV used in Retail Stores?

	Access Points	Pharmacy Sales	Back Room	Pharmacy Prep Area	Cash Office	Computer Room	Parking Lot	Deli Prep Area	Receiving Dock	Receiving Bay	Sales Floor	Checkstand/lanes	Time Clock	Base
	%	%	%	%	%	%	%	%	%	%	%	%	%	#
All Companies	91.7	60.4	95.8	52.1	97.9	60.4	81.3	47.9	97.9	59.6	93.8	95.8	48.9	48
Size														
1-10	90.0	10.0	90.0	10.0	100.0	50.0	80.0	50.0	100.0	60.0	100.0	100.0	40.0	10
11-25	91.7	50.0	91.7	41.7	91.7	50.0	83.3	41.7	100.0	83.3	75.0	91.7	81.8	12
26-100	87.5	87.5	100.0	87.5	100.0	75.0	87.5	62.5	100.0	42.9	100.0	100.0	62.5	8
More Than 100	94.4	83.3	100.0	66.7	100.0	66.7	77.8	44.4	94.4	50.0	100.0	94.4	27.8	18
Independents Versus Chains														
Independents (1-10 Stores)	90.0	10.0	90.0	10.0	100.0	50.0	80.0	50.0	100.0	60.0	100.0	100.0	40.0	10
Regionals (11-100 Stores)	90.0	65.0	95.0	60.0	95.0	60.0	85.0	50.0	100.0	68.4	85.0	95.0	73.7	20
Chains (101 or More Stores)	94.4	83.3	100.0	66.7	100.0	66.7	77.8	44.4	94.4	50.0	100.0	94.4	27.8	18
Annual Sales														
Less Than \$100 Million	77.8	0.0	100.0	0.0	100.0	44.4	66.7	44.4	100.0	55.6	100.0	100.0	33.3	9
\$100.1 Million-\$1 Billion	94.1	58.8	88.2	52.9	94.1	58.8	88.2	47.1	100.0	75.0	82.4	94.1	81.3	17
\$1 Billion-\$3 Billion	91.7	83.3	100.0	66.7	100.0	66.7	75.0	50.0	100.0	50.0	100.0	91.7	41.7	12
More Than \$3 Billion	100.0	90.0	100.0	80.0	100.0	70.0	90.0	50.0	90.0	50.0	100.0	100.0	20.0	10
Store Format														
Conventional Supermarket	75.0	25.0	100.0	18.8	100.0	50.0	87.5	50.0	100.0	81.3	100.0	100.0	56.3	16
Super/Combination Stores	100.0	78.1	93.8	68.8	96.9	65.6	78.1	46.9	96.9	48.4	90.6	93.8	45.2	32



TABLE 36 Areas Where CCTV Is Used

Q: Where is CCTV used in Corporate Offices?

	Access Points	Computer Rooms	Break Rooms	Hallways	Mail Room	Reception/Lobby	Parking Lot	Executive Area	Receiving	Egress Points	Time Clock	Base
	%	%	%	%	%	%	%	%	%	%	%	#
All Companies	84.8	81.8	18.2	66.7	30.3	87.9	76.7	42.4	54.5	60.6	30.3	33
Size												
1-10	*	*	*	*	*	*	*	*	*	*	*	1
11-25	50.0	75.0	12.5	50.0	12.5	75.0	71.4	37.5	25.0	50.0	25.0	8
26-100	100.0	83.3	33.3	50.0	16.7	83.3	83.3	33.3	50.0	50.0	50.0	6
More Than 100	94.4	88.9	16.7	83.3	44.4	100.0	81.3	50.0	72.2	72.2	27.8	18
Independents Versus Chains												
Independents (1-10 Stores)	*	*	*	*	*	*	*	*	*	*	*	1
Regionals (11-100 Stores)	71.4	78.6	21.4	50.0	14.3	78.6	76.9	35.7	35.7	50.0	35.7	14
Chains (101 or More Stores)	94.4	88.9	16.7	83.3	44.4	100.0	81.3	50.0	72.2	72.2	27.8	18
Annual Sales												
Less Than \$100 Million	*	*	*	*	*	*	*	*	*	*	*	1
\$100.1 Million-\$1 Billion	63.6	63.6	18.2	45.5	18.2	72.7	60.0	27.3	27.3	45.5	36.4	11
\$1 Billion-\$3 Billion	100.0	100.0	18.2	90.9	27.3	100.0	70.0	54.5	72.7	63.6	45.5	11
More Than \$3 Billion	90.0	80.0	20.0	70.0	50.0	100.0	100.0	50.0	70.0	80.0	10.0	10
Store Format												
Conventional Supermarket	75.0	75.0	0.0	62.5	12.5	87.5	62.5	25.0	12.5	50.0	25.0	8
Super/Combination Stores	88.0	84.0	24.0	68.0	36.0	88.0	81.8	48.0	68.0	64.0	32.0	25



TABLE 37 Point-of-Sale Exception Monitoring

Q: Does your company utilize point-of-sale exception monitoring to combat internal shrink?

	Yes	No	Number of Respondents
	%	%	#
All Respondents	85.1	14.9	47
Size			
1-10	70.0	30.0	10
11-25	75.0	25.0	12
26-100	87.5	12.5	8
More Than 100	100.0	0.0	17
Independents Versus Chains			
Independents (1-10 Stores)	70.0	30.0	10
Regionals (11-100 Stores)	80.0	20.0	20
Chains (101 or More Stores)	100.0	0.0	17
Annual Sales			
Less Than \$100 Million	66.7	33.3	9
\$100.1 Million-\$1 Billion	76.5	23.5	17
\$1 Billion-\$3 Billion	100.0	0.0	12
More Than \$3 Billion	100.0	0.0	9
Store Format			
Conventional Supermarket	75.0	25.0	16
Super/Combination Stores	90.3	9.7	31



TABLE 38 Point-of-Sale Exception Auditing

Q: How often do you audit/monitor point-of-sale reports?

	Daily	Weekly	Monthly	Quarterly	Base
	%	%	%	%	#
All Companies	58.1	39.5	2.3	0.0	43
Size					
1-10	85.7	14.3	0.0	0.0	7
11-25	41.7	50.0	8.3	0.0	12
26-100	57.1	42.9	0.0	0.0	7
More Than 100	58.8	41.2	0.0	0.0	17
Independents Versus Chains					
Independents (1-10 Stores)	85.7	14.3	0.0	0.0	7
Regionals (11-100 Stores)	47.4	47.4	5.3	0.0	19
Chains (101 or More Stores)	58.8	41.2	0.0	0.0	17
Annual Sales					
Less Than \$100 Million	83.3	16.7	0.0	0.0	6
\$100.1 Million-\$1 Billion	50.0	43.8	6.3	0.0	16
\$1 Billion-\$3 Billion	50.0	50.0	0.0	0.0	12
More Than \$3 Billion	66.7	33.3	0.0	0.0	9
Store Format					
Conventional Supermarket	69.2	23.1	7.7	0.0	13
Super/Combination Stores	53.3	46.7	0.0	0.0	30

NOTE: Percentages may not add to 100 percent due to rounding



TABLE 39 Tracking Inventory Shrink by SKU

Q: Does your company have the ability to track inventory shrink by SKU?

	Yes	No	Number of Respondents
	%	%	#
All Respondents	35.4	64.6	48
Size			
1-10	20.0	80.0	10
11-25	33.3	66.7	12
26-100	33.3	66.7	9
More Than 100	47.1	52.9	17
Independents Versus Chains			
Independents (1-10 Stores)	20.0	80.0	10
Regionals (11-100 Stores)	33.3	66.7	21
Chains (101 or More Stores)	47.1	52.9	17
Annual Sales			
Less Than \$100 Million	11.1	88.9	9
\$100.1 Million-\$1 Billion	35.3	64.7	17
\$1 Billion-\$3 Billion	18.2	81.8	11
More Than \$3 Billion	70.0	30.0	10
Store Format			
Conventional Supermarket	25.0	75.0	16
Super/Combination Stores	40.6	59.4	32



TABLE 40 Locked Merchandise

Q: Which products are locked in cases or benefit denial devices?

	All Respondents	1-10 Stores	11-25 Stores	26-100 Stores	More Than 100 Stores	Independents (1-10 Stores)	Regionals (11-100 Stores)	Chains (101+ Stores)
	%	%	%	%	%	%	%	%
No Products are Locked	13.3	0.0	9.1	22.2	18.8	0.0	15.0	18.8
Beer/Wine/Alcohol	33.3	0.0	45.5	22.2	50.0	0.0	35.0	50.0
Contraceptives	22.2	11.1	18.2	55.6	12.5	11.1	35.0	12.5
Baby Formula	35.6	11.1	27.3	44.4	50.0	11.1	35.0	50.0
DVDs/Videos	15.6	0.0	36.4	22.2	6.3	0.0	30.0	6.3
Liquor	31.1	22.2	45.5	11.1	37.5	22.2	30.0	37.5
Razor Blades	28.9	0.0	27.3	55.6	31.3	0.0	40.0	31.3
Oral Care Products	6.7	0.0	9.1	22.2	0.0	0.0	15.0	0.0
Diet Pills/Supplements	6.7	22.2	9.1	0.0	0.0	22.2	5.0	0.0
Antacids/Heart Burn Medication	6.7	0.0	0.0	22.2	6.3	0.0	10.0	6.3
Analgesics	17.8	22.2	18.2	22.2	12.5	22.2	20.0	12.5
Batteries	8.9	0.0	0.0	22.2	12.5	0.0	10.0	12.5
Cigarettes	62.2	66.7	72.7	66.7	50.0	66.7	70.0	50.0
Film	2.2	0.0	0.0	0.0	6.3	0.0	0.0	6.3
Meat	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Seafood	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vitamins	4.5	0.0	0.0	11.1	6.3	0.0	5.0	6.3
Other HBC	13.3	22.2	0.0	11.1	18.8	22.2	5.0	18.8
Other Nonfoods	11.1	11.1	9.1	0.0	18.8	11.1	5.0	18.8



TABLE 40 Locked Merchandise

Q: Which products are locked in cases or benefit denial devices?

	All Respondents	Less Than \$100 Million	\$100.1 Million-\$1 Billion	\$1 Billion-\$3 Billion	More Than \$3 Billion	Conventional Supermarket	Super/Combination Stores
	%	%	%	%	%	%	%
No Products are Locked	13.3	12.5	6.3	18.2	22.2	7.1	16.1
Beer/Wine/Alcohol	33.3	0.0	43.8	54.5	22.2	28.6	35.5
Contraceptives	22.2	12.5	25.0	36.4	11.1	21.4	22.6
Baby Formula	35.6	0.0	31.3	45.5	55.6	7.1	48.4
DVDs/Videos	15.6	0.0	31.3	9.1	11.1	7.1	19.4
Liquor	31.1	25.0	37.5	18.2	44.4	35.7	29.0
Razor Blades	28.9	0.0	31.3	54.5	11.1	21.4	32.3
Oral Care Products	6.7	0.0	12.5	9.1	0.0	0.0	9.7
Diet Pills/Supplements	6.7	12.5	12.5	0.0	0.0	14.3	3.2
Antacids/Heart Burn Medication	6.7	0.0	6.3	9.1	11.1	0.0	9.7
Analgesics	17.8	0.0	31.3	9.1	22.2	14.3	19.4
Batteries	8.9	0.0	6.3	18.2	11.1	0.0	12.9
Cigarettes	62.2	62.5	75.0	45.5	55.6	71.4	58.1
Film	2.2	0.0	0.0	9.1	0.0	0.0	3.2
Meat	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Seafood	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vitamins	4.5	0.0	0.0	9.1	11.1	0.0	6.7
Other HBC	13.3	25.0	0.0	9.1	22.2	21.4	9.7
Other Nonfoods	11.1	0.0	12.5	18.2	11.1	14.3	9.7



TABLE 41 Use of Biometric Readers

Q: Do you use biometric readers? Yes/No

	Use Biometric Readers?		
	Yes	No	Number of Respondents
	%	%	#
All Respondents	42.6	57.4	47
Size			
1-10	22.2	77.8	9
11-25	50.0	50.0	12
26-100	50.0	50.0	8
More Than 100	47.1	52.9	17
Independents Versus Chains			
Independents (1-10 Stores)	22.2	77.8	9
Regionals (11-100 Stores)	50.0	50.0	20
Chains (101 or More Stores)	47.1	52.9	17
Annual Sales			
Less Than \$100 Million	25.0	75.0	8
\$100.1 Million-\$1 Billion	47.1	52.9	17
\$1 Billion-\$3 Billion	41.7	58.3	12
More Than \$3 Billion	50.0	50.0	10
Store Format			
Conventional Supermarket	46.7	53.3	15
Super/Combination Stores	40.6	59.4	32



TABLE 42 Employee Hotline Program

Q: Does your company utilize an employee hotline program and how is it administered?

	In-House Contract	Third-Party Contract	No Hotline	Number of Respondents
	%	%	%	#
All Companies	36.7	34.7	28.6	49
Size				
1-10	50.0	0.0	50.0	10
11-25	33.3	8.3	58.3	12
26-100	44.4	55.6	0.0	9
More Than 100	27.8	61.1	11.1	18
Independents Versus Chains				
Independents (1-10 Stores)	50.0	0.0	50.0	10
Regionals (11-100 Stores)	38.1	28.6	33.3	21
Chains (101 or More Stores)	27.8	61.1	11.1	18
Annual Sales				
Less Than \$100 Million	55.6	0.0	44.4	9
\$100.1 Million-\$1 Billion	35.3	17.6	47.1	17
\$1 Billion-\$3 Billion	33.3	58.3	8.3	12
More Than \$3 Billion	30.0	60.0	10.0	10
Store Format				
Conventional Supermarket	56.3	12.5	31.3	16
Super/Combination Stores	27.3	45.5	27.3	33

NOTE: Percentages may not add to 100 percent due to rounding



TABLE 43 Loss Prevention Training For Personnel

Q: Does your company provide formal loss prevention training for the following?

	Regional Mgmt	Operations Mgmt	Store Mgr	Pharmacy	Personnel below Mgr	Security Officers	Store Detectives	Base
	%	%	%	%	%	%	%	#
All Companies	52.4	54.8	85.7	31.0	57.1	47.6	64.3	42
Size								
1-10	16.7	50.0	100.0	16.7	50.0	33.3	33.3	6
11-25	45.5	72.7	81.8	18.2	45.5	36.4	63.6	11
26-100	28.6	42.9	100.0	42.9	71.4	42.9	71.4	7
More Than 100	77.8	50.0	77.8	38.9	61.1	61.1	72.2	18
Independents Versus Chains								
Independents (1-10 Stores)	16.7	50.0	100.0	16.7	50.0	33.3	33.3	6
Regionals (11-100 Stores)	38.9	61.1	88.9	27.8	55.6	38.9	66.7	18
Chains (101 or More Stores)	77.8	50.0	77.8	38.9	61.1	61.1	72.2	18
Annual Sales								
Less Than \$100 Million	0.0	20.0	100.0	0.0	20.0	20.0	20.0	5
\$100.1 Million- \$1 Billion	42.9	71.4	85.7	21.4	57.1	35.7	64.3	14
\$1 Billion- \$3 Billion	75.0	58.3	91.7	50.0	66.7	66.7	58.3	12
More Than \$3 Billion	70.0	40.0	70.0	30.0	60.0	60.0	90.0	10
Store Format								
Conventional Supermarket	41.7	58.3	91.7	8.3	41.7	41.7	41.7	12
Super/Combination Stores	56.7	53.3	83.3	40.0	63.3	50.0	73.3	30



TABLE 44 Length of Classroom Training

Q: How long is your classroom training program for in-house security/loss prevention staff?

	Mean	25th Percentile	50th Percentile (Median)	75th Percentile	Base
	# hours	# hours	# hours	# hours	#
All Companies	36	4	18	40	36
Size					
1-10	10	2	4	22	5
11-25	16	2	14	25	10
26-100	71	8	16	40	7
More Than 100	41	8	28	53	14
Independents Versus Chains					
Independents (1-10 Stores)	10	2	4	22	5
Regionals (11-100 Stores)	39	4	16	30	17
Chains (101 or More Stores)	41	8	28	53	14
Annual Sales					
Less Than \$100 Million	4	3	4	4	4
\$100.1 Million-\$1 Billion	17	2	16	30	13
\$1 Billion-\$3 Billion	50	12	35	90	9
More Than \$3 Billion	66	8	24	45	9
Store Format					
Conventional Supermarket	11	2	4	20	9
Super/Combination Stores	44	8	20	40	27



TABLE 45 Length of On-the-Job Training

Q: How long is your on-the-job training program for in-house security/loss prevention staff?

	Mean	25th Percentile	50th Percentile (Median)	75th Percentile	Base
	# hours	# hours	# hours	# hours	#
All Companies	137	55	110	130	38
Size					
1-10	37	3	20	80	5
11-25	104	24	80	105	10
26-100	119	25	100	240	6
More Than 100	192	108	120	180	17
Independents Versus Chains					
Independents (1-10 Stores)	37	3	20	80	5
Regionals (11-100 Stores)	109	31	80	120	16
Chains (101 or More Stores)	192	108	120	180	17
Annual Sales					
Less Than \$100 Million	32	2	4	91	4
\$100.1 Million-\$1 Billion	103	25	80	110	13
\$1 Billion-\$3 Billion	173	120	120	230	12
More Than \$3 Billion	197	84	120	160	8
Store Format					
Conventional Supermarket	67	4	80	120	11
Super/Combination Stores	165	80	120	200	27



TABLE 46 Education Opportunities for Loss Prevention Personnel

Q: Do you finance any education opportunities for LP personnel?

	CEUs	Conferences/ Seminars	College Training Courses	Allow Time Off But Education Is Self-Funded	Base
	%	%	%	%	#
All Companies	27.5	95.0	45.0	10.0	40
Size					
1-10	20.0	100.0	20.0	0.0	5
11-25	18.2	90.9	36.4	27.3	11
26-100	28.6	100.0	71.4	0.0	7
More Than 100	35.3	94.1	47.1	5.9	17
Independents Versus Chains					
Independents (1-10 Stores)	20.0	100.0	20.0	0.0	5
Regionals (11-100 Stores)	22.2	94.4	50.0	16.7	18
Chains (101 or More Stores)	35.3	94.1	47.1	5.9	17
Annual Sales					
Less Than \$100 Million	0.0	100.0	0.0	0.0	4
\$100.1 Million-\$1 Billion	21.4	92.9	42.9	21.4	14
\$1 Billion-\$3 Billion	27.3	100.0	54.5	0.0	11
More Than \$3 Billion	50.0	90.0	50.0	10.0	10
Store Format					
Conventional Supermarket	18.2	90.9	27.3	18.2	11
Super/Combination Stores	31.0	96.6	51.7	6.9	29



Methodology

Supermarket Security and Loss Prevention 2009 presents key data for executives to measure the results of their security and loss prevention programs against those of other supermarket companies of similar size, annual sales and format. It is based upon a survey conducted by FMI. Questionnaires were mailed out in the spring and reflect the previous year (i.e., *Supermarket Security and Loss Prevention 2009* collects data from 2008). FMI conducts this research annually.

Mail-in questionnaires were sent to FMI member and nonmember companies in the United States. Fifty retail and wholesale companies responded representing 7,847 stores. This is an increase from last year when 45 companies responded representing 7,800 stores.

Unless otherwise noted, all the data presented in this report are medians.

Since the sample of companies in FMI's survey changes annually, direct comparisons should be made with caution. Year-to-year differences may be a reflection of a particular group of companies surveyed. Nonetheless, FMI believes that the conclusions drawn from the annual survey present an accurate picture of the general trends in loss prevention. Percentages may not add to 100 percent due to rounding.

Other FMI Loss Prevention Resources

Education

Loss Prevention List Serve

Restricted to FMI members, this eshare group is dedicated to sharing information regarding loss prevention and security issues, including proposed security legislation, security alerts, counterfeit check artists, fraudulent coupons, robberies and burglaries.

Asset Protection Conference

FMI's *new* Asset Protection Conference has been developed to meet the specific needs of food retail industry executives charged with protecting the organization's assets: people, reputation and property. The 2010 Asset Protection program incorporates key features of FMI's Loss Prevention and Risk, Insurance and Safety Management conferences, including:

- Function-specific interactive breakouts and discussion groups.
- Supermarket-specific education with emphasis on revenue protection.
- Hands-on exercises featuring real-world supermarket crisis situations.
- Vendor table-top exhibits showcasing the latest shrink, security and safety solutions.
- Opportunities to meet peers and colleagues with similar experiences and interests.

To learn more about either of these resources, contact Aileen Dullaghan Munster at adullaghan@fmi.org or 202.220.0704.

Shoplifting: Awareness and Prevention Program

This web-based or video course is designed to help employees gain an understanding of the economic effect of shoplifting, commonly used shoplifting techniques and ways to identify these behaviors. Visit the online store for more information: www.fmi.org/store/



Government Relations

FMI works on the national level to address loss prevention issues, including organized retail crime legislation and tracking, e-fencing, theft-event aggregation, penalty thresholds, anti-shoplifting devices and gift card fraud. For more information, contact Ty Kelley at tkelley@fmi.org or 202.220.0629 or visit us online at www.fmi.org/loss/

FMI also co-chairs the Coalition Against Organized Retail Crime, which was founded to provide information and resources about ORC. More information about this growing problem can be found online at www.stopretailcrime.com/index.php

General Information

Food Marketing Institute

Phone: 202.220.0600

Research: research@fmi.org

Education: educ@fmi.org

Information Services: information@fmi.org

FMI Research and Benchmarking Resources

FMI is the premier source for market intelligence on the food retailing industry. Retailers, wholesalers, manufacturers, consultants and government officials are just some of the readers benefiting from FMI's comprehensive research materials on a wide variety of topics. The reports offer useful insights into the realities of the marketplace as well as the minds of the consumer, and provide the tools to make solid business decisions that ultimately help grow profitability, manage risk and achieve competitive advantages.

Annual Reports:

U.S. Grocery Shopper Trends **BESTSELLER**

Shopper attitudes and behaviors as they impact and relate to the grocery store

The Food Retailing Industry Speaks **BESTSELLER**

Comprehensive annual review of the food retailing industry

Annual Financial Review

Key financial ratios and trends for benchmarking performance

The Power of Meat

An in-depth look at meat through the shoppers' eyes

Supermarket Pharmacy Trends

Key pharmacy trends including financial, staffing and operational statistics

Facts About Store Development

Trends in new store construction, remodels and closures

Security and Loss Prevention Study

Benchmarks for security and loss prevention programs in U.S. supermarkets

Management Compensation Study for Retailers and Wholesalers

Compensation and benefits statistics for more than 70 key management positions



Shopping for Health

A practical understanding of how health and nutritional concerns influence grocery purchases

Distribution Center Benchmarks

Comprehensive overview and benchmarks for operating a food distribution center

Transportation Benchmarks

Key benchmarks for food retailer and wholesaler transportation and fleet management

Miscellaneous Recent Studies

Customer and Employee Accident Study

Benchmarks for public liability and workers' compensation claims in the supermarket industry

Food Retailing Technology Benchmarks 2008

Overview of the use and expansion of technology in U.S. supermarkets

Independent Operator Insights Into Wholesaler Relations and Services

Overview and report card of wholesaler services according to independents

The Past and Present Landscape of Food Wholesaling

Overview of food distributors in the United States

Mature Millennials: Food Retailing Attitudes and Behaviors

An in-depth look at the shopping habits and behaviors of the Mature Millennials' consumer group

El Mercado

In-depth study of U.S. Hispanic grocery shopping preferences and attitudes

Se Habla Isn't Enough: Private Brands Among Hispanics

Overview of the perceptions and shopping habits of U.S. Hispanics as they relate to private brands

Free Resources

Grocery Shopping: Who, Where and When

Food Retailer Contributions to Consumer Health and Wellness 2008

Running on Fumes 2008

Improving Supply Chain Practices for Open-Dated Products 2008

A Comprehensive Guide to Retail Out-of-Stock Reduction in the Fast-Moving Consumer Goods Industry 2007

Sustainability and Recycling in the Food Industry 2007

2016 Future Value Chain

2006 Unsaleables Benchmark Report

2006 Synchronization Report

Purchasing/Download Information

Visit the FMI store at www.fmi.org/store/
Call 202.220.0723 (for print copies only)

General Information

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