

RETAIL THEFT

An Update

By Keith Mexsom



 BARRY HELLBERG.

While anecdotal reports suggest that tighter economic times mean retailers are experiencing an exponential increase in customer and staff theft, is there any real evidence to show that is indeed the case?

Overseas reports certainly indicate a sizeable increase in retail theft both before and during the economic downturn. For instance, Britain's Financial Times reported that the country's largest retailer, Tesco, had experienced a 36 per cent increase in shop thefts during 2008 compared to the previous year.

As more shoppers find themselves a little short of cash, they may, possibly for the first time in their life, be tempted to pocket essentials. And, as retailers feeling the pinch of declining sales employ fewer staff, there is certainly less chance of both the professional and opportune thief to get caught.

During a downturn, retailers are also more likely to employ less costly part-timers and youth workers, some of whom may themselves steal directly from their employer to supplement their poor wages, or neglect to take full payment when serving unemployed relatives and friends.

In order to retain customers, some retailers might also relax their policy on returns, and provide refunds without adequately questioning the lack of a receipt. This sympathetic approach may also extend to refunds for goods previously stolen from them, and for goods accompanied by fake receipts, now easily obtainable to order from a number of websites.

In New Zealand, there have been no appreciable studies of retail theft trends since Professor John Guthrie of Otago University undertook a National Survey of Retail Theft and Security, the results of which were published in 2003.

Professor Guthrie's study revealed then that some \$564 million was being lost by retailers as a result of customer and employee theft. The survey of 181 retailers indicated that customers were then responsible for 58 per cent of that loss with staff having stolen the remainder.

In the absence of any evidence to support what change, if any, there may have been during the past six years, Security Today sought the opinion of two individuals who are at the coal face of the retail trade today: Barry Hellberg, the Government Relations Consultant for the New Zealand Retailers Association and a 20 year veteran of the Association; and Ian Seed, the National Loss Prevention Manager for Progressive Enterprises Limited.

Among other things, Security Today was keen to find out if they thought the cost of theft to the retail industry had increased or not, and if any measures had been introduced, or were planned, to reduce losses in the industry.

Barry Hellberg – Unfortunately, there are no recent figures out there to indicate if either or both customer and employee theft may be on the rise. Retail theft is said to cost the industry between \$1 million and \$2 million a day in lost sales, or around about \$540m a year. But all of these things are guesstimates. Suffice it to say it's a problem. Tighter economic times have led to it becoming perhaps more of a problem in some areas.

To combat the problem, the New Zealand Retailers Association (NZRA) has done a number of things in association with the major retailers. For some five years, the NZRA has provided member access to various independent consultants to advise smaller, owner operator retailers about loss prevention matters. For instance, there is Dan Thompson in Auckland and Steve Davis in Christchurch.

The way it works is that a consultant provides the retailer with about an hour of their time free and then anything over and above that becomes a commercial arrangement between the consultant and the retailer. We also have two advisers in our main office who are able to provide advice on a whole raft of industrial, consumer type issues, including theft. Sadly, the numbers taking up the service have not been as great as the NZRA would have hoped for.

Security Today: Can the lack of participation be explained?

Barry Hellberg: - I think it comes down to the fact that small, owner-operator retailers are there essentially to run their business in today's trying retail environment. Their chief cost centres are wages and lease costs and while theft is still deemed to be a problem, I suppose they only deal with it as and when a situation arises. That's the reality of the retail world.

In the meantime, the NZRA continues to work with the police, both nationally and regionally, particularly with shop theft seminars and other initiatives. A couple of years ago, the latest burglary booklet published by the police was sent out to every retailer in New Zealand and is accessible on our website.

Security Today: What other initiatives are in place?

Barry Hellberg: There is of course the Retail Crime Prevention Group (RCPG) which was formed about mid 2007. The RCPG acts as a mechanism to allow retail industry members to share their views on common issues, such as shop theft, with a view to finding common solutions.

The RCPG meets every two months in Auckland and its membership is comprised of the loss prevention managers of the major supermarket and chain stores in the country – retailers that are essentially also members of the Retailers Association. I act as the Group's minute secretary, and convenor.

Security Today: What retail theft solutions are the RCPG presently considering?

Barry Hellberg: There are probably two major matters occupying the RCPG at the moment. One is up and running and the other hasn't yet been put in place.

The first is source tagging which is the use of radio frequency (RF) technology to minimise the theft of goods – particularly small units of high value, such as batteries, cosmetics and the like.

The group of retailers most involved in that technology operate under what's known as the New Zealand Source Tagging Alliance. They held their inaugural conference last year and the next one is scheduled for Auckland on the 1st of July. The Alliance is led by Ian Seed, the National Loss Prevention Manager for Progressive Enterprises.

The second initiative relates to information sharing about groups of individuals suspected or convicted of shop theft but that's still in the melting pot in the sense that finance is still being raised for it. There will also have to be legal aspects cleared off on that as well.

Other issues that are being considered by the RCPG include dumpster diving which seems to be a localised problem down south, and the retail standards developed by the Retail Institute which is the new name for the retail industry training organisation.

The Institute develops unit standards which are taught by polytechnics to assist retail staff to get up to speed with retail issues. Those standards have been developed by the Retail Institute which has worked with a group of retailers, some of whom are from the RCPG, and others like Steve Davis and Scott Newland of Shared Faces.

At its previous meeting, the RCPG endorsed those standards as the appropriate way forward. So there are three or four issues that the RCPG have addressed, or is in the process of addressing, during the past 18 months.



Security Today: How successful has the RCPG's collaborative approach been in dealing with such issues?

Barry Hellberg: Those involved wouldn't still be there if they thought that they were wasting their time and they are all there voluntarily. Their employers pay for their air fares but most were there at the start and are still there 18 months on, and that would indicate to me that the group is more than just a talkfest.

Security Today: How closely affiliated is the RCPG with the Police?

Barry Hellberg: Pretty close, in my opinion. The Auckland District Regional Commander attends the RCPG meetings every two months and the Retailers Association also meets with the police in Wellington during the intervening months.

One of the purposes for these meetings is to discuss retailers' expectations as far as the police response to retail theft is concerned. There is currently a proposal for a Memorandum of Understanding or a partnership agreement to be negotiated between the police and the Retailers Association - similar to one recently agreed between the Association and the New Zealand Food Safety Authority, which basically formalises consultation procedures.

Otherwise, to my knowledge, there is no regular exchange of intelligence between the RCPG and the Police except for what individual retailers might impart about particular incidents, such as organised retail theft activity and the like.

Security Today: Does the RCPG have any figures to indicate how widespread the selling of stolen stock by markets and internet sites might be?

Barry Hellberg: No. Individual companies may have intelligence which they may or may not choose to share with you but there are problems with stuff ending up at markets and similar types of itinerant activities. Counterfeit goods are a separate issue, but I think the chain stores are becoming increasingly concerned about finding merchandise within itinerant trading markets. I suppose one of the hopes is that retailer cooperation through the RCPG might lead to better identification of stolen stock in time. 🔒