



## Global Retail Theft Barometer Study Finds Shrink Down 5.6%, to \$107.3 Billion Worldwide

***Theft's Costs to U.S. Shopping Families Equal to an Average of \$422.68***

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***Increased loss prevention spending of 9.7% globally contributed to lower shrink rates***

***Shrink decreases 6.8% in U.S.; but more than one-third of American retailers still experienced higher attempted or actual theft***

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**THOROFARE, N.J., Oct. 19, 2010** –Global retail theft totaled \$107.3 billion in 2010, representing a 5.6% decrease from the prior year (6.8% in the U.S.), according to the fourth annual edition of the [Global Retail Theft Barometer](#), a summary of which is available at <http://globalretailtheftbarometer.com/press/>. The Global Retail Theft Barometer is the only global study on retail shrink.

The study, sponsored by an independent grant from [Checkpoint Systems](#), monitored the costs of shrink (loss from shoplifting/employee crimes and administrative errors) in the global retail industry between July 2009 and June 2010, and found that shrink decreased in all regions surveyed. The biggest decrease was in North America. Still, the proportion of global retailers that reported increased actual or attempted shoplifting in 2010 was 31.1% (36.7% in the U.S.).

“Even with the shrink decrease, retail crime cost the average family in the 42 countries surveyed an extra \$186 on their shopping bill,” said Professor Joshua Bamfield, Director of the [Centre for Retail Research](#) and author of the study. “In the U.S., that number was \$422.68, a phenomenal figure.”

### **Correlation Between Increased Security Spending and Decrease in Theft**

The 2010 study also found that retailers increased their spending on loss prevention and security by 9.7% over 2009, to \$26.8 billion globally; in the U.S. the increase in loss prevention spending over 2009 amounted to 12.5%.

“The correlation between increased security spending and a global 5.6% decrease in theft is very significant,” said Bamfield. “It highlights the importance of continued advancement and improvement of loss prevention programs, as reducing theft is key to the success and growth of retailers’ businesses.”

“In 2008 at the start of the economic downturn, the temptation for retailers was to reduce their loss prevention spending,” commented Rob van der Merwe, Chairman, President and Chief Executive Officer, Checkpoint Systems. “This typically leads to an increase in shrink and that is what we saw with the 2009 Theft Barometer study. Retailers quickly realized the need to correct this trend and began to invest in smart deployments that could be quickly implemented with high ROIs, such as increased protection of high-theft merchandise, and more employee training and store audits. This resulted in a short-term win and a decrease in shrink.

“As we continue to slowly recover from the recession,” he continued, “it is perhaps the right time to combat shrink with a more comprehensive path and begin looking to the merging technologies that will carry retailers through to the future. Examples include the newest generation of EAS and also RFID technology to additionally provide better tracking and visibility of inventory across the supply chain, leading to the elimination of out-of-stocks and increased sales.”

## **Global Retail Shrink Rates**

Shrink cost retailers \$107.3 billion during the study period, representing 1.36% of global retail sales. This is down from 1.43% the previous year. The country with the highest rates of shrink as a percentage of sales was India (2.72% of retail sales). The lowest rate of shrink was found in Taiwan (0.87%). The US rate was 1.50%.

## **Items With Increased Shrink Rates**

While shrink is down overall, some of the most stolen items have suffered increased shrink since last year, including children's wear, outerwear, shaving products, luxury cooked meats and infant formula.

## **Shrink by Global Vertical Markets**

Shrink varies according to business type, vertical market and country. In 2010, some of the highest average shrink rates were found in apparel/clothing and fashion/accessories (1.72%); and cosmetics/perfume/beauty supply/ pharmacy (1.70%).

## **Origins of Shrink**

Customer theft, including shoplifting and organized retail crime caused the greatest shrink loss in most countries at 42.4% of shrink, followed by employee theft at 35.3%.

“Although retailers have made considerable progress in introducing new anti-shrink policies, more than 25% of the retail ‘top fifty’ most-stolen product lines still have no specific protection,” said van der Merwe. “So our industry needs to accelerate innovation to help better protect retailers and consumers.”

## **More U.S. Highlights**

- North American retailers are different from the rest of the world in regarding employee theft as their greatest shrink problem, causing 43.7% of shrink. The second largest source was shoplifting at 35%.
- Some 47.8% of U.S. retailers reported that they experienced increased losses from organized retail crime (ORC).
- The highest average rates of shrink were in cosmetics/perfume/beauty supply/pharmacy (1.88%), auto parts/hardware/building materials retail (1.75%) and apparel/clothing/fashion and accessories (1.69%).

## **The Survey**

Started in 2001 in Europe and expanded in 2007 globally, the [\*Global Retail Theft Barometer\*](#) (GRTB) is an annual survey conducted by the Centre for Retail Research in Nottingham, UK and sponsored by [Checkpoint Systems](#). This study is the largest and most comprehensive survey of retail theft and crime in the world. The study covers key trends in retail shrink and crime in 42 countries and regions across the world, including the U.S., China, India, Europe, Japan and Australia. Russia is included for the first time this year. This report has been prepared from a confidential details provided by 1,103 of the largest retailers with combined sales of \$873.8 billion, representing a cross-section of countries and retail vertical markets.

## **About The Centre For Retail Research**

The fourth edition of the Global Retail Theft Barometer (tenth edition for Europe) has been produced by Professor Joshua Bamfield, Director of the Centre for Retail Research ([www.retailresearch.org](http://www.retailresearch.org)) with the cooperation of Checkpoint Systems, Inc. The CRR is an independent organization providing research and consultancy for the retail sector dealing with the changing face of retailing and focusing on retail fraud and crime. It has carried out extensive studies dealing with the costs of crime and the application of electronic and computerized systems to combat shop theft and fraud in many parts of the world.

## **About Checkpoint Systems, Inc.**

Checkpoint Systems is a global leader in shrink management, merchandise visibility and apparel labeling solutions. Checkpoint enables retailers and their suppliers to reduce shrink, improve shelf availability and leverage real-time data to achieve operational excellence. Checkpoint solutions are built upon 40 years of RF technology expertise, diverse shrink management offerings, a broad portfolio of apparel labeling solutions, market-leading RFID applications, innovative high-theft solutions and its Web-based Check-Net data management platform. As a result, Checkpoint customers enjoy increased sales and profits by improving supply-chain efficiencies, by facilitating on-demand label printing and by providing a secure open-merchandising environment enhancing the consumer's shopping experience. Listed on the NYSE (NYSE:CKP), Checkpoint operates in every major geographic market and employs 5,700 people worldwide. For more information, visit [www.checkpointsystems.com](http://www.checkpointsystems.com).

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**CONTACT:**

George Cohen  
GCC, Inc.  
617-325-0011

[George@gccpr.com](mailto:George@gccpr.com)

Jennifer Henry  
Checkpoint Systems, Inc.  
800-257-5540