

Global Retail Theft Barometer Study Finds Shrink at Highest Levels Since 2007

Up 6,6% Over Previous Year, Shrink Rate Reaches €88.878 million Worldwide

Shrink rate up due to increased shoplifting, employee fraud, organized retail crime

Cost of retail losses to European shoppers averages €150 per family

PHILADELPHIA, Pennsylvania, USA, October 18, 2011 – Shoplifting, employee or supplier fraud, organized retail crime and administrative errors cost the retail industry €88.878 million in 2011 or 1,45% of sales. This global shrink rate is 6,6% (7,8% in Europe higher than the previous year, according to the [Global Retail Theft Barometer](#), and is the highest recorded by the survey since 2007.

The study, underwritten by an independent grant from [Checkpoint Systems](#), Inc. (NYSE: CKP), monitored the cost of shrink (loss from shoplifting, employee theft and administrative errors) in the global retail industry between July 2010 and June 2011. It found that shrink increased in all regions surveyed. Customer theft, including shoplifting and organized retail crime, up 13,4%, was the primary cause in most countries around the world costing retailers €38.434 million or 43,2% of shrink.

Dishonest employees were responsible for €31.080 million or 35% of shrink globally. In Europe, a majority of retailers perceive dishonest customers as the single most important source of loss, responsible for €17.299 million of losses or 47,7% of total shrink. However, the average amount admitted stolen by employees in Europe was more than fourteen times the average stolen by shoplifters.

“Although there are commentators who view retail crime as a harmless or intriguing social phenomenon or simply as a cost of doing business, this ignores the impact of criminal gangs, growing levels of violence against employees and customers, and the links between retail crime and drugs, fraud and extortion,” said Professor Joshua Bamfield, Director of the [Centre for Retail Research](#) and author of the study. “Moreover, retail crime on average cost families in the 43 countries surveyed an extra €149 on their shopping bill, up from €139 last year. In Europe, that figure was €150.”

Correlation Between Security Spending and Theft

The 2011 study also found that while retailers increased their spending on loss prevention and security by 5,6% over 2010 to €21.120 million globally, loss prevention equipment's share of total loss prevention expenditures actually declined slightly. This may be why fewer thieves were apprehended globally. Notably, shrink in Europe increased 7,8%, topping the global average.

“Of the top 50 global retailers who responded to the survey, the ones which reported a decline in shrink from the previous year did not construe loss prevention merely as a matter of theft, but worked across their operations to systematically combat shoplifting, employee theft, vendor loss and administrative errors. Ninety-six percent of these retailers’ stores used audit programmes to monitor the use of loss prevention policies and above all, the retailers increased their loss prevention spending almost twice as much as the global average,” added Professor Bamfield.

Global Retail Shrink Rates

The countries suffering the highest rate of shrink included India (2,38% of retail sales), Russia (1,74%) and Morocco (1,72%). The lowest rates of shrink were found in Taiwan (0,91%), Hong Kong SAR (0,95%), and Japan and Austria (both 1,04%). Europe rate was 1.39%.

Shrink by Vertical Markets

Shrink varies according to business type, vertical market and country. In 2011, some of the highest average shrink rates were found in apparel/clothing and fashion/accessories (1,87%) followed by cosmetics/perfume/health & beauty/pharmacy (1,79%). Among the highest shrink items was cheese (3,09%). Shrink for health and beauty items such as mascara, eye liner and eye shadow increased globally by 30% to 2,14% and outerwear shrink increased by 15,3% to 2,94%. Meanwhile, footwear shrink increased by 1% to 0,99% globally and by 10,8% in Europe.

“As global economic growth stalled in the past year, retailers did not increase capital equipment expenditures at the same rate as the rest of their loss prevention expenditures,” said Farrokh Abadi, President Shrink Management Solutions, Checkpoint Systems. “The result, unfortunately, may be seen in higher shrink numbers. As illustrated by Professor Bamfield, the retailers who most successfully combated shrink last year invested judiciously in comprehensive loss prevention solutions.”

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 underwritten through an independent grant from [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 43 countries and regions across the world, including the U.S., China, India, Europe, Russia, Japan and Australia. South Korea is included for the first time this year. This report has been prepared from a confidential details provided by 1,187 of the largest retailers (representing more than 250,000 retail outlets) with combined sales of €736.285 million, representing a cross-section of countries and retail vertical markets.

About The Centre For Retail Research

The fifth edition of the Global Retail Theft Barometer (eleventh edition for Europe) has been produced by Professor Joshua Bamfield, Director of the Centre for Retail Research (www.retailresearch.org) with the support 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.

CONTACT:

Annabel Lemétais

Checkpoint Systems

+34 93 745 4825