Victims in Retail
The reality of Retail Crime
Introduction

The NFRN represents more than 15,000 independent retailers across the United Kingdom and the Republic of Ireland. The majority of our members offer out of hour’s convenience retailing often open in the early hours of the morning until late in the evening.

Over the past few years, our members have voiced their growing concerns with the level of retail crime affecting their business and their way of life. Retail crime encompasses a wide range of offences that are committed against either retail businesses or premises or the business owner or staff.

The NFRN was integral in establishing up the All Party Parliamentary Group on Retail Crime and is secretariat of the group. The APPG aims to raise awareness and combat the serious damage crime has on the retail industry, costing more than £613million a year and rising. Retail businesses list crime as one of their biggest concerns, which can even cost them their business. Not only does this have a significant impact on jobs, but when an independent retailer closes, the local community loses out too.

Small and micro retailers are too often targeted because they do not have the sufficient security that larger retailers have and despite investing heavily in crime reduction methods such as CCTV cameras, security cameras and high cost items behind the till, small and micro retailers experience high amounts of theft and an increasing level of violence and abuse against staff.

Retail Crime in Numbers

The most recent data provided by the British Retail Consortium (BRC) states that the direct cost of retail crime was a record £613 million in 2014-2015, an increase of 2% on the previous year. Their earliest data of 2007-08 shows the direct cost of retail crime was £192million – a 219% increase.

10,119 shop thefts per day, which means theft occurring every 8 seconds

Fraud is committed in the retail industry every 40 seconds more than 1,900 per day

£21.11 is lost every second through retail crime, more than £1.82 million per day and rising
Violence and Abuse

Retail staff continues to suffer an unacceptable level of violence and abuse in their workplace, which for a large proportion of NFRN members, is also their home. Data collected from the BRC survey shows the human cost of retail crime is growing, with a 28% increase in offences involving abuse or violence against shop workers; 41 incidents per 1,000 employees, up from 32 per 1,000 on the previous year. From the 41 incidents, 21 were ‘violent’. In this time period, staff reported 48,530 such incidents in their stores.

Case Study: Luton

On Christmas Eve 2015, Mrs Patel (pictured) was attacked in her store in Luton and sustained life threatening injuries. Six years prior, Mrs Patel’s husband, Jashbhai was murdered outside their store.

USDAWs (Union for Shop and Distributive Allied Workers) Freedom from Fear campaign found that in 2014, an average of 241 retail staff were victims of violent abuse every single day, in an industry of 3 million workers. The retail sector needs to have the confidence in their workplace and that they will receive the same response and protection from the police as someone who is a victim of violence and abuse elsewhere.

Case Study: Walthamstow

Sunny, a 70 year old shop keeper in Walthamstow was stabbed and left in a critical condition whilst defending himself, his wife, business and customers when a gang of men attempted to raid his store.

**Cause** – NFRN members tell us that triggers for violence often include when a member of staff challenges customers suspected of theft or when asked for proof of age.

**Cause** – Small retailers, particularly newsagents, off-licences and convenience stores are targeted by gangs and organised crime because they are seen as ‘easy targets’, often because they do not have security or profile of larger retailers and often because smaller retailers generally operate with cash only. The NFRN calls for greater protection for small and mico businesses as they are the most vulnerable.
Robbery

The latest crime statistics from the ONS showed that knife crime rose 9% in the year to over 28,000 offences. The most common weapon used in robberies of NFRN members stores are knives.

There were 5 robberies per 100 stores in 2014-15, an increase of 6% compared to the previous year. This is a worrying rise for retailers in what is inherently a violent crime which does not only have a financial loss but can potentially cost a retailer their life.

The cost of robbery has risen 12% to an overwhelming £1,433 per incident, which again, is a substantial financial loss which can cost a retailer their entire business. Business robbery is often linked with organised crime and it is crucial that Police and Crime Commissioners have a clear agenda to crack down on organised crime which overall will reduce armed robbery.
A significant cost to the retail industry is shop theft. The 2014/15 BRC Crime Survey revealed a record high in terms of the cost to retailers of shop theft. The average value of an incident of customer theft was £325, compared to £241 in 2013-14; a 35% increase, which is in correlation with the 36% increase in the average cost over the last five years.

In 2008/09 customer theft cost an average of £45 per incident, compared with 2014/15 at £325, a 622% increase. Retailers are often forced to increase their prices in order to regain lost profits and keep their business trading – the result of this is the customer pays the price of crime.

When retailers were asked what they believe the most significant threat to their business is, 40% responded ‘theft by customers’, followed second by Fraud (including cyber fraud), with 24%. Retailers continue to invest heavily in loss prevention; however, micro businesses do not have the financial capability to invest in loss prevention and security that larger retailers have, therefore, more vulnerable need to trust a reliable and responsive local police force.

Businesses responding to the BRC survey said they would like to see better police collaboration for the investigation of crime that crosses police force borders. This organised criminal activity can often fall into gaps in police activity – although regional organised crime police response units have been created, the NFRN are concerned about the capability of law enforcement to respond to offenders across borders.

The NFRN recognise that there is a significant under reporting of crime, in particular shop theft. Respondents to one of our recent crime surveys indicated that the reasons they did not report crime to police was; 33% believe that the Police are unable to adequately prosecute shop lifters, whilst 44% said the cost of the theft was ‘too small’ for all the time and hassle spent. We believe that no crime is too small – and we cannot simply ignore crime because of the cost.

Retailers reported that they are being targeted by more organised, sophisticated criminals who steal high value items. Almost one third of customer theft was attributed to organised criminal gangs, many of whom operate around the country. The capability of law enforcement to respond to this kind of offending which crosses police force borders presents a significant challenge, but is one which must be met.
Retailers reported 209,847 incidents of fraud in 2014-15, an increase of 55% on the previous year. Fraud accounted for 16% of the total number of incidents and 36% of the total cost of crime. One of the main contributors was credit and debit card fraud.

When asked what they thought would be the top crime related threats to their businesses over the next two years, retail respondents to the BRC survey said that cyber enabled fraud is the second most significant threat; with 24% of businesses feeling threatened by fraud.

Fraud and cyber crime needs to be approached more seriously in tackling the problem of conviction rates. Too often conviction rates have been low, which is not an adequate deterrent for the offence which results in many businesses being destroyed by a cruel and menacing act.

The NFRN urges the Police to engage with businesses of all levels regarding fraud by assisting in establishing more business partnerships and working closely with small businesses who are on the frontline in terms of risk to fraud.

### Case Study: MOPAC’s Fraud Funnel (Business Crime Strategy 2014-2016)

- **81,631** frauds reported to police by London based businesses
- 758 of those were reports deemed to be solvable by NFIB (National Fraud Intelligence Bureau)
- 177 of those were onward referrals of ‘packages’ to MPS (Metropolitan Police Services)
- 95 packages went to investigation
- 44 packages where no further action was taken
- 29 packages investigated by MPS but were closed
- 9 packages resulted in successful police or judicial outcomes

The Mayor of London's Police and Crime department described police response to fraud as 'inadequate'. An astonishingly small proportion of fraud cases are actually solved by the police in London, creating a ‘Fraud Funnel’.
Criminal Damage

Retailers reported 11,000 incidents of criminal damage in the BRC Survey, compared with the 8,217 reported in the previous year. However, the approximate number of crimes experienced in the retail industry exceeds 30,000.

On average, there are 45 incidents of criminal damage reported by 100 stores, up from 43 on the previous year, with the average cost per incident rising as well, to £802 per incident a 16% increase. This is a substantial cost for a small business; as a result a retailer is forced to increase prices of their products, or delays plans for growing their business to recover their losses.

Burglary

The number of burglaries per 100 stores has recently been reported to have increased by 13% from 2014-15 and the cost of each incident rose by more than 10% to a record £2,008 in 2015.

Retailers have continued to invest heavily in security to protect their premises in the aim of ‘designing out’ property crime, in particular burglary. Despite this, the increase in burglaries reported is a worry for businesses.

There has been some improvement in the number of reporting in burglary offences, with around 97% of incidents reported in 2014-15 compared with 85% in 2013-14; however it is still a concern that some burglaries go unreported at all.
The illicit tobacco and alcohol market are of a particular concern to independent retailers as the proliferation of such products results in a substantial loss of sales which puts retailers out of business altogether. The health impacts of illicit tobacco and alcohol are also of a serious worry.

The NFRN feels the proliferation of the illicit trade is partly due to the fact that the chance of reward is far greater than the consequences of being caught. In 2012-13 there were only 265 prosecutions for tobacco smuggling.

There is strong evidence supporting claims that illicit trade directly finances organised crime and fuels other criminal activity. By tackling the illicit trade market, it will help reduce the funding of other illegal activity.
The NFRN conducted a ‘retail crime survey’ of its 15,000 members and found that there was a huge level of under-reporting of crime. Members did not report certain incidents to the police for a number of reasons. Regarding theft; 25% of respondents said that the Police did not respond to their initial reporting of the crime, 23% said the Police were unable to catch the offender; 34% said that the process takes up too much time to pursue.

Those that did report incidents of crime to the police, an incredible 59% said no arrests were made as a result. When members responded to their experience when dealing with the Police with shop theft; 65% of respondents felt that police dealt ‘poorly’ or ‘very poorly’ with shop theft related crime.

Our survey matches the ‘Crimes against businesses – victimisation survey’ conducted by the Home Office, which found that only 44% of shop theft was reported to the police. This is believed to be because the police do not take shop theft seriously, compared with burglary which generally sees a reporting rate of 95% of incidents.

Further evidence that shop theft is overlooked is that when asked if a shop theft incident at our members business has ever resulted in a conviction, a staggering 57% said ‘no’. There is not a sufficient deterrent for shop lifting offences, which has resulted in.

The NFRN will be conducting a detailed retail crime survey to all members and gather detailed responses of the types of crimes and level of crime taking place at their business, as well as their experience of working with the Police. The NFRN will be presenting the survey findings to Police and Crime Commissioners, Government Ministers and MPs.
Retail Crime in Numbers

£613 million
The direct cost of retail crime per year according to latest figures.

3,401,948
Approximate number of customer thefts experienced in the UK retail sector.

Every 8 seconds
How often shop theft occurs in the retail sector.

£325
The average cost per incident of shop theft, an increase of 35% on the previous year.

39 per cent
Smaller, independent retailers are 39% more likely to receive assaults, threats and abuse from customers than a larger chain.

600 per cent
Smaller, independent retailers on average have a 600% greater chance of being a victim of burglary.

241
An average of 241 shop workers assaulted every day in 2014.
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If you have any questions regarding the issues raised in this newsletter, or would like to meet with the NFRN or independent retailers in your area, please get in contact by emailing:

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