

# Organized retail theft-related ‘violent incidents’ are on the rise

Article

**The trend:** Organized retail theft-related violent incidents are on the rise, said **Target** CEO **Brian Cornell** during the company’s earning call.

- “It’s an urgent issue, not just for Target, but across the entire retail industry,” he said. “It is a problem that impacts the availability of product, [that] makes shopping conditions less

convenient, and unfortunately, what I'm most concerned with is [that it] puts our team and our guests in harm's way.”

**The details:** The increase in organized retail theft is having a significant impact on retailers' bottom lines.

- **Target expects to take a [\\$500 million hit](#) to its profitability due to retail theft this year**, up 25% from \$400 million last year.
- **Walmart, TJX, Foot Locker, and Ross Stores** all pointed to the growing challenge of theft-related shrink in their most recent earnings calls.
- **Scott Glenn, Home Depot's** vice president of asset protection, told CNBC in March **crime is increasing at double-digit rates**.
- The issue also contributed to merchants such as **Nordstrom** and **REI** shuttering some of their [urban locations](#).

**The ripple effects:** Twenty-seven percent of retailers reported a rise in organized retail crime incidents, and 81% reported an increase in violence and aggression associated with those types of incidents, [per](#) a 2022 National Retail Federation survey.

- That drove 52% to increase their loss prevention and technology budgets to address those issues.
- Those efforts have done little to assuage store associates' concerns about their own personal safety. Those workers' worries about organized retail theft add to the ongoing challenge retailers face to [hire and retain workers](#) in a tight labor market.
- The situation is also hindering the customer experience. While TJX expects its shrink to be similar to last year, that's only due to its multiple steps to secure merchandise by tagging, tethering, and casing inventory. However, those prevention measures increase friction because they often require a shopper to find an associate to assist them. That takes time and hinders the [customer experience](#)—especially when many stores are [understaffed](#).

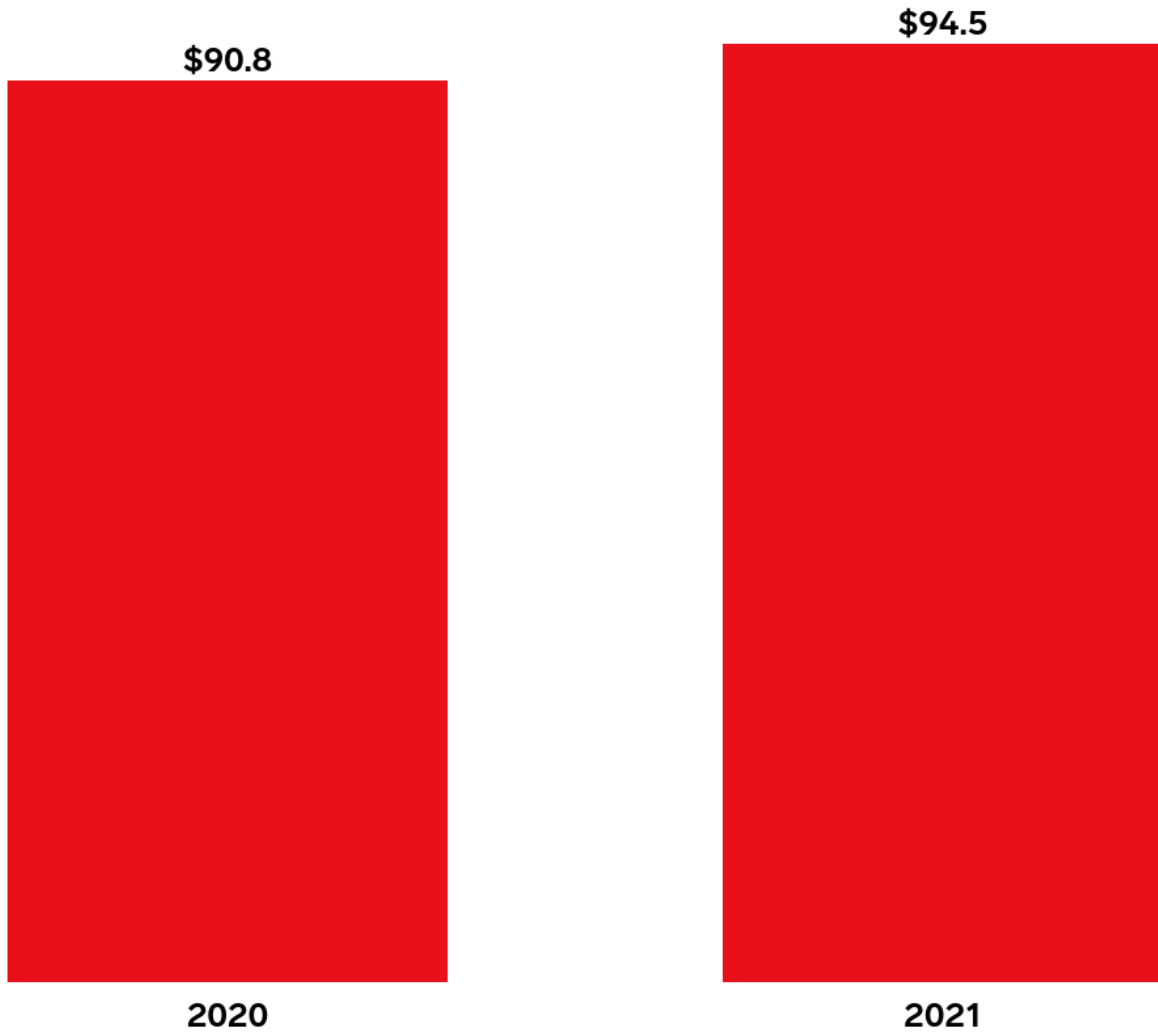
**Addressing the issue:** Shrink represents an industry-wide challenge, said **John Furner**, president and CEO of Walmart US, during the company's earnings call. “Retail can't solve this issue all on its own,” he said. “It will take communities stepping up and enforcing the law to be able to bring this issue back under control.”

- Some cities are taking action. In New York City, where the number of shoplifting complaints increased every year since 2018 (save 2020), Mayor **Eric Adams** released a comprehensive [plan](#) to “beat back on retail theft through a combination of law enforcement, prevention, and intervention,” he said.
- NRF is lobbying for the [Combating Organized Retail Crime Act](#), which would create a function within the US Department of Homeland Security to combat the theft issue.

**The big takeaway:** There’s no quick fix to address organized retail theft. Furner is correct that communities need to come together to address the issue.

# Retail Shrink, 2020-2021

billions



Source: National Retail Federation (NRF) "National Retail Security Survey, September 2022"

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