



THE STATE OF ORGANIZED RETAIL CRIME (ORC)

Challenging organized criminal activity with anti-theft security measures



1. Executive Summary

Organized crime takes many forms, but retail crime is one of the least-often addressed. That is exactly what makes retail stores such unprepared, easy targets. As with many areas of security, prevention through deterrence works, but to deter criminal activity you first need to understand what to look out for. This paper will explain what Organized Retail Crime (ORC) is and how it operates, so that store owners can take the necessary proactive steps to mitigate loss and maximize safety, security, and profits.

2. Problem

Organized Retail Crime (ORC) involves two or more criminals who are working together to steal retail merchandise. This can include everything from partners working in tandem to shoplift an item to an organized attack on a vehicle transporting cargo or a stolen merchandise fencing ring. There is no cut-and-dried standard form that ORC takes.



ORC might present itself as a massive operation which is part of a well-structured hierarchy, or it might be small, localized groups, working as shiftless, decentralized units moving from place to place. The former may utilize more professional and methodical approaches in order to score bigger profits. The latter often tend to be more mobile and unpredictable, such as a gang rushing in to steal a large quantity of unprotected merchandise all at once. It comes in various shapes and sizes, and can rear its ugly head anytime, anywhere.

Virtually every industry is affected by ORC activities. All stores are targets, with the largest retail franchises suffering the most losses each year. In terms of what types of items are commonly stolen, trends show that gang-related ORC tends to focus on commodities such as higher-end retail clothing, phones, liquors, and handbags, as well as common use items like baby formula, over-the-counter drugs, batteries, packaged meat products, deodorant, cosmetics, detergent, and razors.

And the financial impact of ORC is significant—The National Retail Federation reports that Organized Retail Crime:

“costs the retail industry approximately \$30 billion each year,” with 71.3% of retailers surveyed noted that ORC consistently rises each year.

To make matters worse, 54.7% of respondents did not believe their management recognized the seriousness of the issue, even as robbery and burglary rates increased by 8.6% since 2016. Threat increases cannot be willfully ignored, yet retailers seem to be unaware of the severity of the risks they face each and every day.

One of the most insidious elements of this scourge, sadly, is the insider threat. Employees make perfect conspirators with organized criminals because they’re able to learn the security protocols and weak spots of the business they work for and ultimately betray.

ORC is not represented by a lone, casual shoplifter; it’s comprised of thieves who have training and experience, know how to work together and plan ahead so they won’t get caught. To fight back effectively, you’ve got to learn and implement solutions that are proven to work.

Solutions

Through intentional anti-theft prevention planning and modernization, retailers are pushing back against the ceaseless onslaught of ORC. Implementing the right security solutions will prevent and deter theft, helping to ensure your merchandise is protected. It'll also help keep employees and customers safer, as we'll discuss below.

The range of solutions to curb ORC is broad, but we've put together a list of best practices, some tips on employee vetting and training, plus the top critical security essentials which all retailers should incorporate immediately.



Best Practices

Network with Local Retailers

Prior to 9/11, one of the largest hindrances in preventing criminal activities was the lack of information sharing between organizations. The lesson learned applies to retail stores, too. Businesses are stronger and better prepared when they work and act together.

Stay connected with other retailers in your local area and share information related to any thefts or suspicious activities noticed. This will help raise baseline awareness regarding tactics and traits to watch out for and how to plan ahead. Share resources, too. Nothing is more inefficient than reinventing the wheel. You might learn about a new process or technology being used by your peers which could benefit your business.

Display a Security Presence

Depending on the size of your store and scope of your budget, a greeter or security guard could be appropriate. Having a person posted at the entrance and exit point is a strong deterrent and lets everyone know your store takes security seriously. These individuals do not have to appear intimidating, though. What's more, security can serve double duty by welcoming customers as they enter and thanking them as they leave. Depending on store policy, they may also serve to physically prevent thieves from running out of the store with stolen merchandise.

Advertise your Video Surveillance

Federal law doesn't regulate the use of video surveillance, and not all states require stores to display signage. However, from both a legal and theft deterrence standpoint, it may make sense for your business to advertise the fact that you are utilizing security cameras.

Granted, customers and ORC perpetrators are aware of video surveillance capabilities, but signs serve as an excellent reminder, and an additional warning to would-be ORC thieves. The University of North Carolina at Charlotte conducted a study of 422 felon burglars and found that only 13% of criminals would continue with a theft attempt after seeing a video camera around.

Employee Vetting & Training

Without question, the risk of insider threats is very real. Thorough employee screening can go a long way in preventing shrinkage due to workers teaming up with organized criminals. Carefully review background check information to make the most educated decisions when reviewing applicant qualifications.



It's also important to integrate "integrity testing" questions. Depending on how you have established your application process, you can include these as screening questions to be filled out online, or for use later during a verbal, face-to-face interview.

Employee training is critical, and must be standardized, equally distributed, and ongoing. Training should be documented, with routine assessments conducted to ensure knowledge retention by all employees. Also, keep in mind that a solid training routine has to be kept fresh and updated with the latest methods and policies you wish to use, to include training on any technological upgrades implemented.

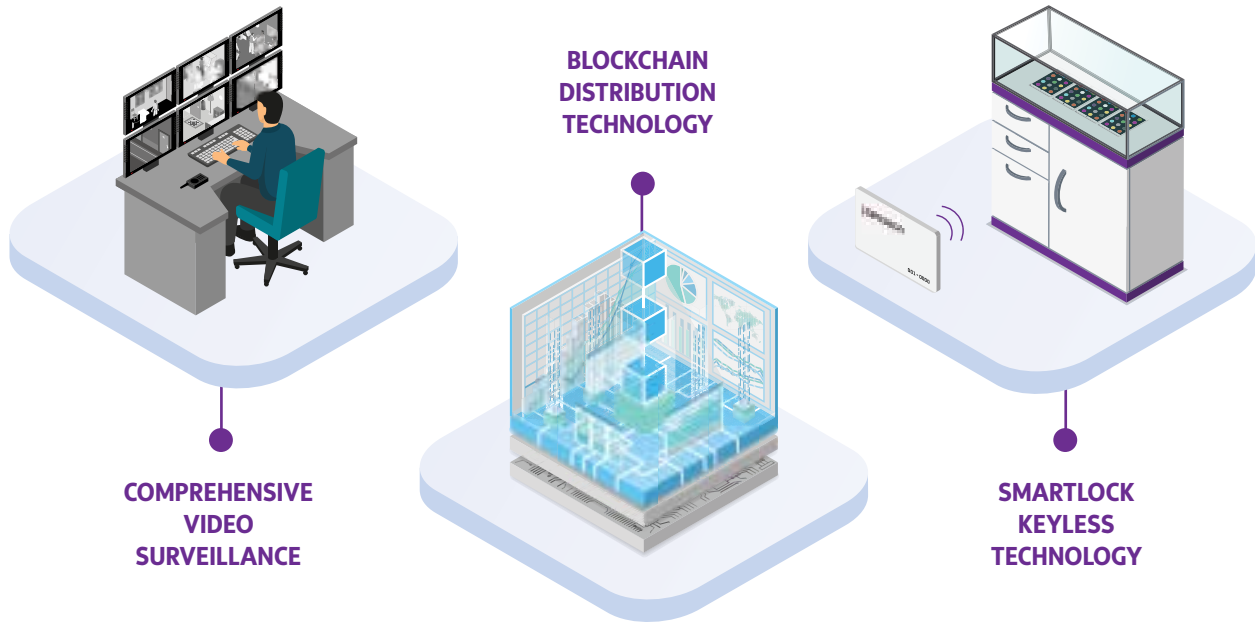
Thorough training can save lives and prevent injuries. Consider this—every store has a different policy on how they allow workers to confront thieves when they are detected in the act of committing a crime. While many stores have no formal written policy, others take a clear "no chase" or "limited chase" stance, with some specifying a "no touch" rule.

Workers need to be thoroughly trained on your policies and procedures so they know what to do during such contingencies in order to avoid dangerous escalation.

Stores should seek to avoid turning an active theft into an actual robbery, where the criminal brandishes a weapon or feels otherwise compelled to resort to violence. Safety first, as always. And by fortifying your store and making it a harder target, you'll automatically lessen the odds of such occurrences from ever happening.

The final word on training: owners must foster a sense of responsibility as well as an environment of teamwork. This happens through training workers to be engaged in all aspects of theft prevention and reporting, which includes the potentially uncomfortable, but necessary, need for employees to report other employees if they are suspected of criminal activity. The insider threat is huge, and employees have to be trained to stay vigilant and to speak up. If a worker knows of such activity but doesn't report it, they may be liable, too.

Security Essentials



Comprehensive Video Surveillance

Retail stores should have cameras positioned to monitor all areas of the premises, excluding those required to offer privacy. Such exclusions include restroom facilities, which should be marked with warning signs to not take merchandise into them; and changing rooms, which should be secured and attended to by an employee in person.

All points of sale, any other area where cash is handled, all doors, and every aisle where merchandise is displayed or stored in inventory should be comprehensively covered by clear video surveillance. This serves dual purposes—to act as a deterrent while also capturing footage to identify thieves and to use as potential evidence, when necessary.

Because of the importance of this footage, it's crucial for it to be streamed to protected recording devices which cannot be accessed or tampered with. Many stores also rely on additional low-profile cameras, the locations of which are known to only a select few individuals.

Blockchain

At the warehouse and supply chain operational level, blockchain technology can allow for

increased visibility and tracking of products, making it simpler to expeditiously identify potential losses, to include theft due to ORC. Leveraged correctly, blockchain can allow retailers to trace delayed or misplaced shipments, among many other beneficial applications associated with this new secure technology.

Smartlock Technology

High-value and high-risk products should be protected in display cases, thus offering an immediate deterrent to theft. By securing these cases with modern, keyless smart locks, retailers will greatly reduce their need to rely on outdated physical keys. These old keys are simply far too easy to lose track of or to be duplicated without anyone ever noticing.

Senseon Secure offers retailers the perfect solution with our wide assortment of affordable, smart locks for cabinets, cases, and drawer locks. Featuring programmable, radio-frequency identification (RFID) card and fob access controls, these locks are made to install seamlessly into virtually any size of opening, in any configuration. Owners can even install them into custom-built cabinetry, on sliding doors, and two-way drawers.

But enabling you to get rid of keys is not the only benefit. Senseon smart locks are concealed from view once installed. The advantage of this is, unlike traditional locks, thieves don't even know where to start if they want to break into the display. That serves as yet an additional layer of deterrence...enough to turn most ORC criminals away to go looking for softer targets.

With Senseon Secure, the only people who have access to a locked area are those granted explicit authorization. Each employee will receive a unique, customizable permission set which is simple to program and easy to update.

Using upgraded features offered through the Secure Plus option, owners and managers can view stored data to see exactly who accessed any given lock at which time, tackling the insider threat effectively and efficiently. Outside threats will immediately recognize the challenges of breaking into cabinets and drawers, while insiders will see how closely they're connected to every move—if they steal, they'll almost immediately be discovered thanks to digital fingerprints left at the scene.

Senseon Secure Features:

Senseon Secure's keyless smart cabinetry and drawer locks have been praised by leading industry experts for their ability to make life easier for owners, while providing next-generation protection for high-theft merchandise. Our low-profile electronic locks were painstakingly designed with flexibility and ease of use in mind.

Standard Senseon Secure features include:

- Multiple locking options, including manual relock or timed automatic relock;
- Alarm notification, warning when an opening has been left unlocked for a set amount of time;
- Re-lock on Open, a customizable feature allowing other locks to engage if a drawer is opened.

Senseon Plus features:

For even more advanced options, Senseon Plus enables users to track data such as when a lock is unlocked, and by whom. This powerful feature gives invaluable insight to owners who want to see who is accessing which areas and at what exact times.

Senseon Plus features include:

- Audit trails and reports, captured on Senseon controllers and quickly exported at any time by authorized users to produce easy-to-read reports and analytics;
- Discrete access, allowing customizable access to specific openings within a cabinet;
- Dual authorization, requiring two authorized users to swipe at the same time;
- Delay to Open, which allows users to build in a specific time for a lock to open after a card is swiped.

Impact

Loss prevention doesn't happen by itself. ORC continues to thrive when retailers fail to take action to stop it. The only way to do that is by investing the time and resources to integrate the above best practices and technologies. Doing so will have a tangible impact on curbing the effects of ORC on your bottom line.

Retail stores can no longer simply rely on law enforcement agencies to deal with these issues. As noted by the National Retail Federation, 56 percent of retailers who responded to their poll on ORC stated that they'd seen no "additional support from law enforcement for combating ORC in the past 12 months." Criminal activity is so prevalent, the police have their hands full.

The bottom line: businesses must assume responsibility to improve their security posture and protect their own merchandise and profits to the best of their abilities.

Senseon offers a full range of solutions to assist with that.

Conclusion

Retailers who are ready to take a stand against Organized Retail Crime should thoroughly and objectively assess their own policies, technologies, and areas of weakness...then get to work implementing strategies which will improve the security of your merchandise, customers, and workers.

Criminals are a highly adaptive group, always on the lookout for new ways to steal as much of your merchandise as possible, heavily denting your profits which can have detrimental ripple effects of your economic viability. By always keeping a few steps ahead of these criminals, you'll deprive them of the opportunity and word will quickly spread that thieves should go elsewhere—because your store is too hard a target.

Resources

2018 ORC Survey (National Retail Federation)

https://cdn.nrf.com/sites/default/files/2018-11/NRF_ORCS_IndustryResearch_2018_FINAL.pdf

Retail Shoplifting Policies and Procedures (Loss Prevention Magazine)

<https://losspreventionmedia.com/retail-shoplifting-policies-procedures/>

Do Surveillance Cameras Actually Deter Criminals? (Arcdyn)

<https://www.arcdyn.com/articles/do-surveillance-cameras-actually-deter-criminals/>

The problems with employee integrity tests (Workable)

<https://resources.workable.com/tutorial/employee-integrity-tests>

How to Tell a Boss That a Co-worker Is Stealing Money (Chron)

<https://work.chron.com/tell-boss-coworker-stealing-money-26729.html>

What are the Top 5 Blockchain Applications in Logistics? (Kryptographe)

<https://www.kryptographe.com/top-5-blockchain-applications-logistics/>

ORC on the rise (NRF)

<https://nrf.com/blog/orc-rise>



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