

BRITISH RETAIL CONSORTIUM  
for successful and responsible retailing



# Retail Crime Survey 2013



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# I. FOREWORD

Retail is integral to the UK economy and we need to do all we can to help the sector thrive. The results from the latest annual Retail Crime Survey of BRC members makes clear that crime continues to undermine their growth and profitability.

This year's survey recorded the highest level of shop theft for nine years and the overwhelming majority of retailers say that the level of fraud they suffer is climbing. Although the direct cost of crime against retailers is down from the peak of 2010-11, it remains more than double that of six years ago.

The retailers I speak to remain frustrated by the service they sometimes receive from law enforcement. A lack of confidence in the police response drives the chronic underreporting of offences by businesses, illustrated by the stark fact that just one in ten shop thefts were reported to the police last year.

The BRC continues to campaign for crimes against retailers to be taken seriously within the criminal justice system and our policy recommendations are set out in this report. I would like to highlight two of these, which if implemented, would deliver significant change in terms of how crime affecting retailers is tackled.

The first is the adoption of a single, national definition for business crime by the police so that it can be properly measured, analysed and addressed. We cannot fight it effectively until the true scale of the problem is understood. This is why we strongly support the proposal developed by Deputy Chief Constable Sue Fish, the business crime lead at the Association of Chief Police Officers, to introduce such a definition.

Secondly, there needs to be a step change in the capacity of law enforcement to deal with fraud, from the reporting process through to prosecution. At present, law enforcement is simply not keeping pace with the scale of criminal activity in this area.

However there are positive signs that the importance of tackling crime against business is finally receiving the attention it deserves.

We welcome the Government's new strategy to fight serious and organised crime in the UK and it is important that this is translated into a difference on the ground. For the second year in a row, our survey suggests that organised groups targeting higher value goods are pushing up the average cost of theft offences.



Another important step forward is the new Code of Practice for Victims of Crime published by the Ministry of Justice. For the first time, it allows all businesses the right to present an Impact Statement to court, explaining how a crime has affected them. At a local level, we are pleased that the majority of Police and Crime Commissioners recognise the need to work closely with local businesses to tackle crime in their policing plans. However these need to be translated into tangible, clear priorities for action.

This is why we very much welcome the development of a dedicated business crime strategy for London and would like to see this approach replicated elsewhere. The engagement between retailers, police, policy makers and others in the capital represents an emerging model of effective partnership working.

Retailers are at the heart of local communities. Like all victims, they deserve to know that when a crime is reported, meaningful action will be taken against those responsible for it. And the retail sector wants to work alongside the police and other partners to help reduce the crime which affects them.

Helen Dickinson  
Director General

## 2. KEY FINDINGS

# £511m

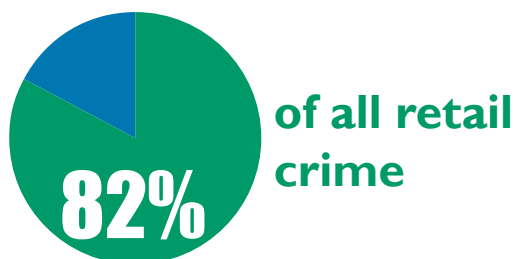
### COST OF CRIME

The direct cost of retail crime was **£511m** in 2012-13. Although marginally lower than the previous year, it remains **166 per cent** higher than in 2007-08.

An estimated  
**2.7m**  
offences across  
the sector

### TOTAL OFFENCES

There were **766,227** offences resulting in loss or damage to property last year. Extrapolation across the sector as a whole means there were an estimated **2.7m** such offences against the UK retail industry.



### CUSTOMER THEFT

Customer theft accounted for **82 per cent** of all retail crime by volume in 2012-13. This was the highest level for nine years, but just one in ten offences were reported to the police.

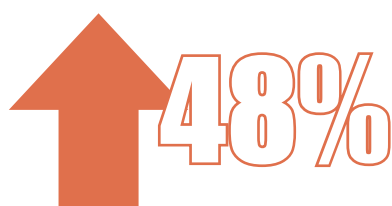
The average value of customer theft increased by **62 per cent**, to **£177 per incident**.

An average cost of  
**£1,200**  
per incident in 2012-13

### EMPLOYEE THEFT

Employee theft accounted for **5.3 per cent** of all retail crime by value, but **0.7 per cent** in terms of volume.

Although this was a reduction compared to 2011-12, the level of offences was still the **second highest for nine years**.



### ROBBERY

Robberies per 100 stores increased from 4.8 to **7.1 incidents** in 2012-13.

## BURGLARY

The number of burglaries fell by **49 per cent** compared to last year. However the average cost per crime increased from £1,730 to **£2,067**.

An average cost of  
**£2,067**  
per incident in 2012-13

## CRIMINAL DAMAGE

The average cost per incident of criminal damage jumped by **114 per cent** in 2012-13, from £962 to **£2,062**. The overall number of offences fell by **21 per cent**.



## E-CRIME AND FRAUD

Fraud accounted for **41 per cent** of the total cost of crime in 2012-13.

The majority of retailers reported that cyber attacks pose a critical threat to their business. Hacking and denial of service attacks were the most serious threat in the last 12 months.

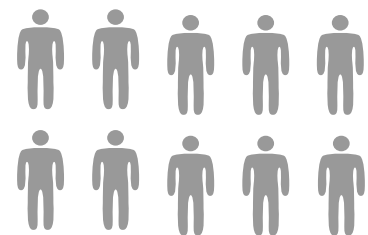


**80%** of retailers reported a rise in fraud

## VIOLENCE AGAINST STAFF

In 2012-13, there were **38 incidents** of violence and abuse per 1,000 employees.

There were **26 incidents** per 1,000 staff of non-physical abuse or aggressive behaviour, **eight incidents** of violence with injury and **four incidents** of violence without injury per 1,000 staff.



**38 incidents of violence and abuse per 1,000 staff**

## CRIME PREVENTION

Expenditure on crime and loss prevention was **£521m** in 2012-13, with the median spend **£2m per retailer**.



**£2M** per retailer

## 3. POLICY RECOMMENDATIONS

### MEASUREMENT AND ANALYSIS

- Introduction of a single, national definition for business crime in the UK to enable these offences to be properly measured, analysed and ultimately solved by the police.
- Use of an agreed definition for business crime to 'tag' such crimes on police systems so that this data can be used to full operational effect.
- Routine publication of data on the number of business crimes reported and detected, in the same way as other crime statistics.

### PARTNERSHIP

- Closer partnership work between retailers, government, law enforcement and others to fully utilise the sector's data, knowledge and expertise.
- Better two-way exchange of information and best practice to improve responses to retail crime.
- Tackle the chronic under-reporting of retail offences through building retailers' confidence in the response they receive from the criminal justice system.

### LOCAL ENGAGEMENT

- Retail crime treated as a policing priority locally, with the views of local businesses reflected in Police and Crime Commissioner Plans.
- Development of dedicated strategies to tackle business crime, like the strategy for London produced by Mayor's Office for Policing and Crime.
- Introduction of a single point of contact for retailers in each police force, to improve day-to-day engagement between the police and local businesses.

## THEFT

- Shop theft taken seriously within the criminal justice system and the significance of its impact on the retail sector fully recognised.
- National policy developments relating to shop theft, such as new streamlined procedures for police-led prosecutions, ensure that offenders are dealt with effectively.
- Continued work between police and retailers to develop and implement effective theft reduction strategies.

## FRAUD

- A step change in the law enforcement response to fraud, with a greater proportion of these offences resulting in prosecution.
- Significant improvement in the Action Fraud reporting process, including the development of a bulk upload fraud reporting tool which is fit for purpose.
- Increased capacity within police forces to deal with fraud cases received from the NFIB.

## SERIOUS AND ORGANISED CRIME

- Action to prevent, identify and tackle serious, organised and cross-border crime more effectively.
- Close engagement between retailers and the new National Crime Agency and National Cyber Crime Unit, to the fight the most serious criminal activity.
- Greater sharing of threat information with retailers by law enforcement, particularly in relation to cyber crime.

## VIOLENCE

- Businesses to receive the same response from the criminal justice system as other victims of crime, particularly when cases involve violence against a member of staff.
- Adoption of the BRC's Tackling Violence Against Staff guidelines, which set out best practice in this area.

# 4. SURVEY OVERVIEW





## 4. INTRODUCTION

At present, there is no comprehensive measure of crime committed against businesses in the UK. Data is not collected or published in the same way as other offending and there is no official definition of business crime.

We cannot fight crime against businesses effectively until the true scale of the problem is measured and understood. This is why the BRC supports the proposal to introduce a single, national business crime definition through ACPO along with the capability for police to 'tag' business crimes on their IT systems. If adopted, this would represent a significant step forward in dealing with retail crime, allowing police forces to collect and analyse data and then develop focused partnerships with businesses to target resources where they are most needed.

In the absence of reliable official data, the BRC Retail Crime Survey provides valuable evidence to help fill the gap in our understanding about the impact of crime on retailers, a key sector of our economy.

### KEY FACTS ABOUT RETAIL IN THE UK

- Almost 3 million people work in retail in the UK.
- The retail sector generates almost 5 per cent of our GDP.
- There are almost 300,000 retail outlets in the UK.

## 4.1 SURVEY COVERAGE

This year the BRC Retail Crime Survey was completed by 30 retailers, who together employ 1.4 million staff and between them represent 51 per cent of the retail sector by turnover. This is one of the most extensive surveys in terms of coverage since the survey's inception over 10 years ago.

A broad range of retailers participated in this year's survey, from large multiples to smaller retailers, including a number of pure online retailers. The sample included regular participants and new respondents, together representing a cross-section of UK retailing.

FIGURE 1: NUMBER OF OUTLETS, BY RETAIL CATEGORY

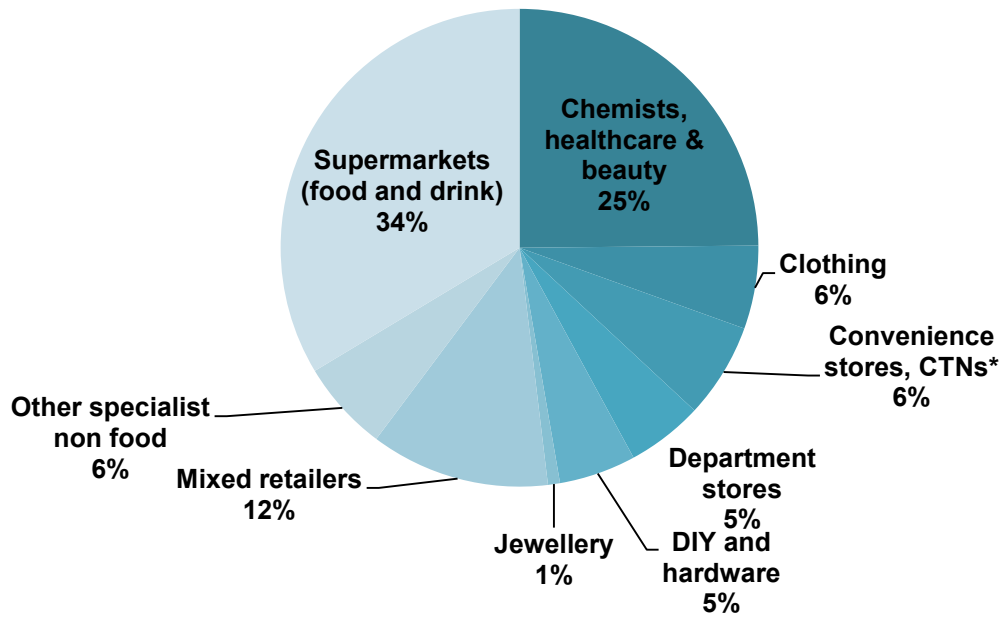
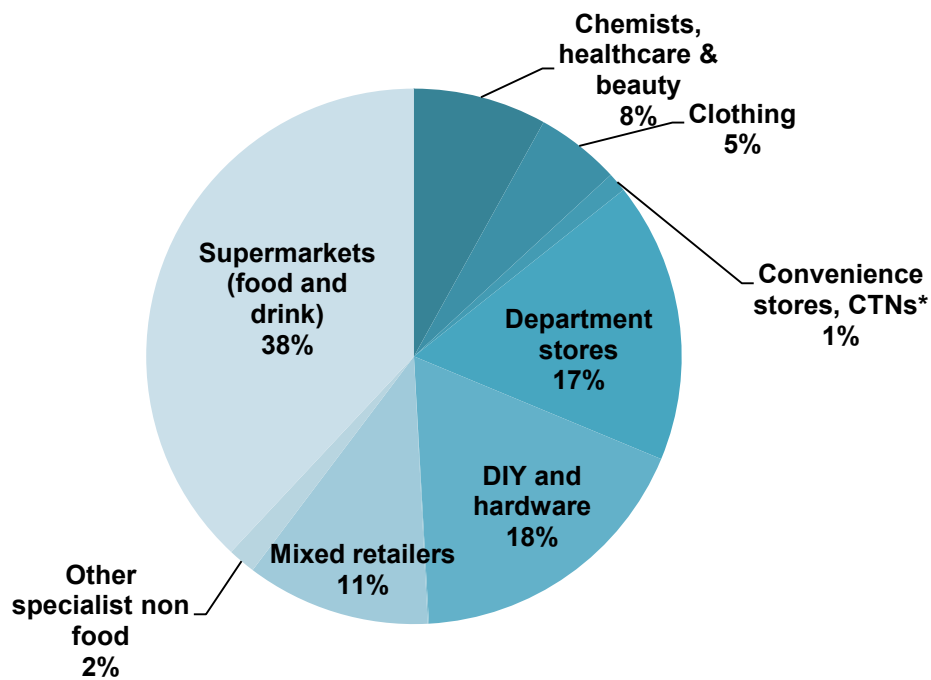
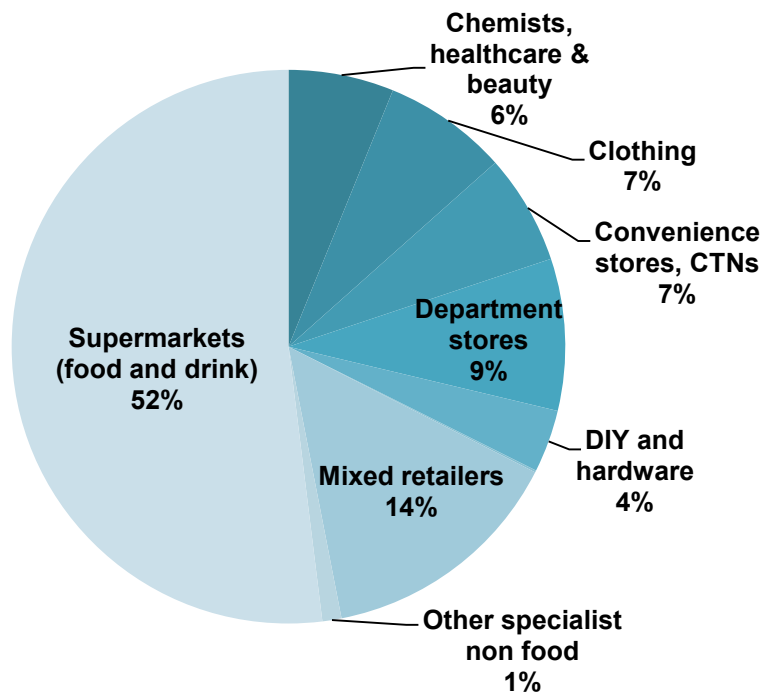


FIGURE 2: SALES AREA BY RETAIL CATEGORY



\* CTN - Confectioners, Tobacconists and Newsagents.

FIGURE 3: NUMBER OF EMPLOYEES, BY RETAIL CATEGORY



## 4.2 SUMMARY OF SURVEY RESULTS

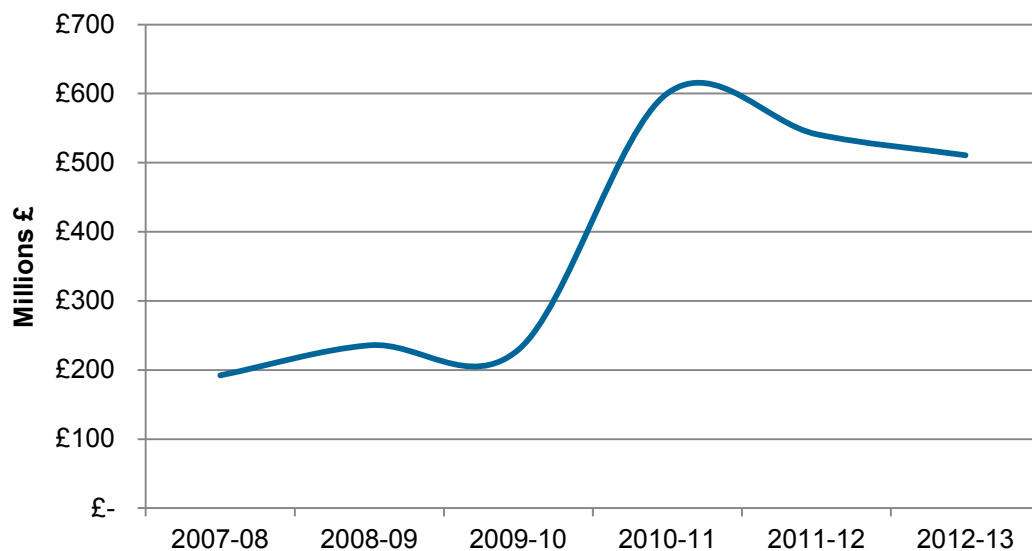
In 2012-13, there were 766,227 offences against retailers resulting in loss or damage to property recorded in our survey. Extrapolation of the results from our sample to the whole retail sector means that there were an estimated 2.7 million crimes committed against the industry last year. This does not include violence suffered by shop staff or other criminal activity which is not picked up within the six key offence categories below. Therefore the level of crime against the retail sector is, in reality, much higher.

Offence	Number of crimes reported in 2012-13 BRC survey
Customer theft	631,391
Employee theft	5,051
Robbery	901
Burglary	1,685
Criminal damage	5,492
Fraud	121,707
<b>TOTAL</b>	<b>766,227</b>

Our survey suggests that the direct cost of crime suffered by the retail sector was £511 million in 2012-13, a marginal fall of 5.6 per cent compared with the previous year's £541 million. This cost represents the combined losses from the six key offences and is equivalent to 41,511 full-time entry level jobs in retail<sup>1</sup>.

Although the direct cost of crime has fallen from a peak in 2010-11, it remains 166 per cent higher than in 2007-08 and significantly above the six year average of £385 million.

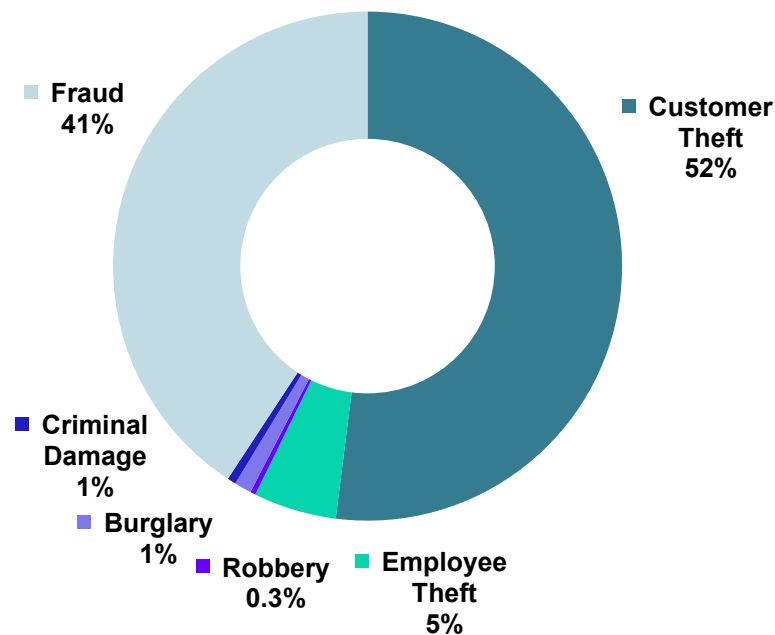
**FIGURE 4: DIRECT COST OF RETAIL CRIME, 2007-08 TO 2012-13**



Customer theft and fraud together account for the majority of the cost of retail crime, contributing over 90 per cent of the total.

<sup>1</sup>. This is the annual salary of an employee earning the current National Minimum Wage of £6.31, before NI and tax contributions and is based on an average number of hours worked per week of 37.5 hours.

**FIGURE 5: RETAIL CRIME 2012-13, BY DIRECT COST**



The level and cost of crime against retailers demonstrates the importance of ensuring that the need to tackle it effectively is recognised, both at national and local levels. Police and Crime Commissioners (PCCs) should work with retailers and other partners to ensure that tackling retail crime is a local policing priority. Whilst the majority of PCCs refer to working with businesses in some way in their Police and Crime Plans, the extent of this varies widely. The BRC would like PCCs to develop a dedicated business crime strategy for their area, as the Mayor’s Office for Policing and Crime is doing in London.

## TRENDS IN OFFENDING

In 2012-13, customer theft<sup>2</sup> reached its highest level for nine years and there was a significant increase in robbery. Whilst the number of burglary and criminal damage offences fell, the average cost per incident of these crime types increased compared to the previous year. This trend was also replicated for customer theft, where the average cost of each offence has jumped by 62 per cent.

## ORGANISED CRIME

A key factor driving the upward trend in the cost of offences is thought to be the impact of organised crime gangs, who are systematically targeting higher value items. Half of fraud is thought to be committed by organised groups. Anecdotal evidence reported in the survey suggests that such groups are now travelling further to conduct criminal activity and bulk theft of designer goods to order is becoming more common. The capability of law enforcement to respond to offending which crosses police force borders is therefore a significant challenge which must be met.

<sup>2</sup>. Please see the Glossary section at the end of the document for a definition of offences.

While Police and Crime Commissioners have a duty to respond to cross border crime, this must be translated into an effective operational response. The Government's Serious and Organised Crime Strategy and the creation of the National Crime Agency (NCA) demonstrate a welcome commitment by government to tackle the most serious organised crime. Retailers want to work with the NCA and a single point of contact for retail within the Agency would make this easier. The Strategy proposes greater sharing of intelligence and threat information with the private sector and we would like to see this in practice. Greater two-way sharing of information would increase our capacity to tackle such crime more effectively.

## FRAUD AND E-CRIME

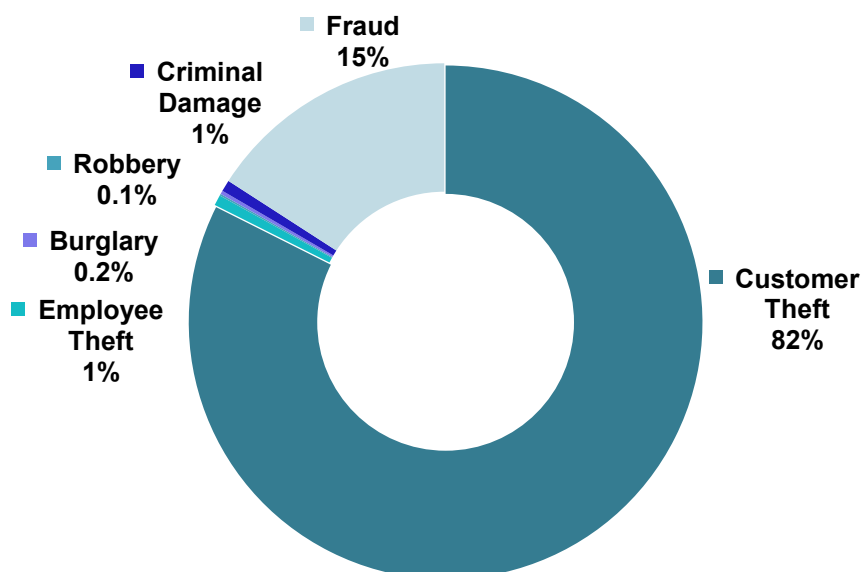
The overwhelming majority of respondents to our survey say that the levels of fraud they suffer is growing, with a 15 per cent increase in incidents of fraud reported in 2012-13. Unsurprisingly given the growth in e-commerce, the majority of fraud is committed online and retailers remain concerned about how to respond effectively. There needs to be a step change in the proportion of reported fraud offences which result in enforcement action and, ideally, prosecution.

The majority of retailers suffered some form of cyber attack in 2012-13, with hacking and denial of service attacks posing the most critical threats to their businesses. The BRC will continue to engage with the new National Cyber Crime Unit in the National Crime Agency so that retailers receive more information about emerging cyber threats and exchange intelligence where possible.

## VIOLENCE

Retail staff continue to suffer an unacceptable level of violence and abuse at work. In 2012-13, there were 38 incidents of violence and abuse per 1,000 employees. Almost a third of these were violent. The retail sector's three million employees need to have confidence that they will receive the same response from police when they are a victim of violence in the workplace as other victims of violent crime.

**FIGURE 6: RETAIL CRIME 2012-13, BY NUMBER OF INCIDENTS**



## UNDERREPORTING

This year's survey found that the underreporting of retail crime continues to be a significant challenge. While 60 per cent of burglaries were reported to police last year, just 46 per cent of fraud was reported and only 9 per cent of customer theft. This is the lowest reporting rate for customer theft since we began collecting this data.

One in three respondents to the survey indicated that the most significant reason preventing them from reporting crime was because they had no confidence in the police response, up markedly from last year. This is a worrying indication that they do not believe the criminal justice system serves them well. Until this improves and reporting rates increase, the true level of retail crime will remain unknown.

## CRIME PREVENTION AND PARTNERSHIPS

Although there is some work to be done to build the retail sector's confidence in the police response, retailers continue to invest heavily in loss prevention and want to play their part in tackling the crime which affects them and the local community. Last year expenditure on loss prevention totalled £521m, with a median spend of £2m per retailer.

The BRC continues to emphasise the value of partnership working between retailers and law enforcement. Three quarters of retailers are members of Business Crime Reduction Partnerships and the majority encourage staff to engage with local police teams. More effective engagement between police and retailers in London has led to the development of a dedicated business crime strategy. Once in place, we hope this will lead to tangible improvements in the way that crimes against retailers are tackled.

# 5. DETAILED RESULTS





## 5.1 CUSTOMER THEFT

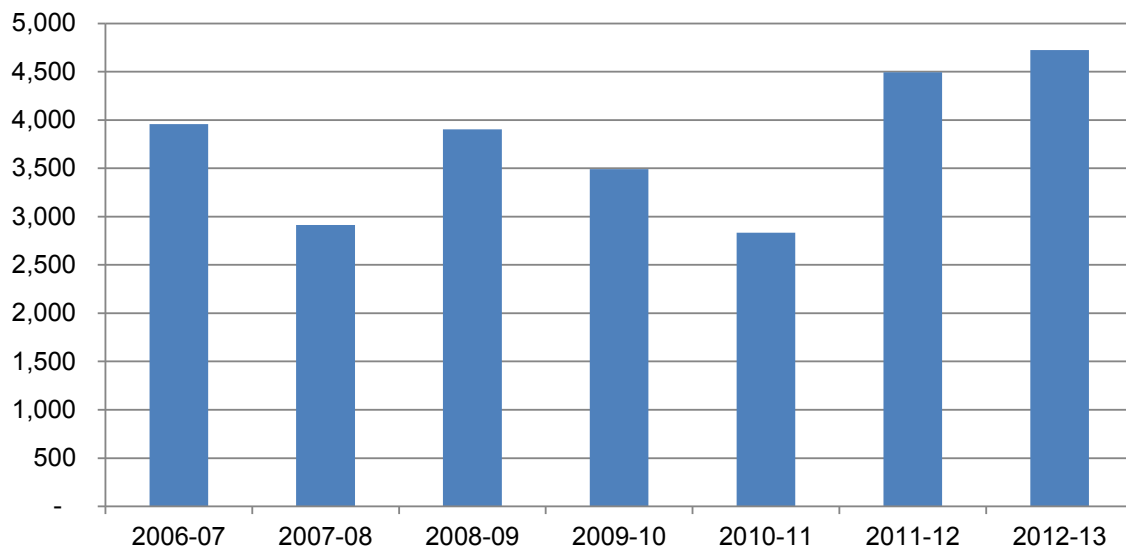
Our respondents reported 631,391 incidents of customer theft<sup>3</sup> in 2012-13, which is the highest rate recorded in the survey for nine years. It remains the single biggest component of retail crime, accounting for 82 per cent of all incidents by volume and 52 per cent of the total direct cost of retail crime. The annual number of thefts per 100 stores increased to 4,725, up 5 per cent on the previous year and 26 per cent above the average for the years since 2006-07.

**62%**  
increase in  
average cost of  
customer theft

On average, retailers in our sample estimated that just over a quarter of customer thefts went undetected, so the actual number of incidents is likely to be far higher.

Despite the high level of theft, retailers told us that in 2012-13 they reported only 9 per cent of customer theft offences to the police, even lower than the 12 per cent reported in the previous year. This is an indication of the lack of confidence businesses have in the police response to customer theft and the perception that it is often perceived as a 'victimless' crime and as a result not taken seriously.

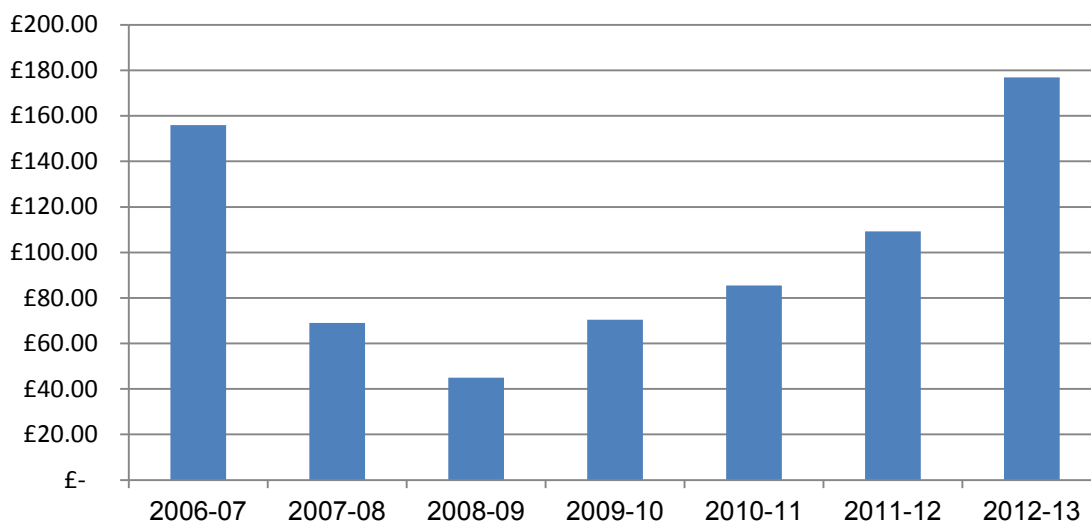
**FIGURE 7: CUSTOMER THEFTS PER 100 STORES, 2006-07 TO 2012-13**



In 2012-13, the average value of customer theft per incident reached £177, compared to £109 in the previous year, a 62 per cent increase. This is the highest average value of theft for nine years.

3. Please see the Glossary section at the end of the document for a definition of offences.

**FIGURE 8: AVERAGE COST OF CUSTOMER THEFT, 2006-07 TO 2012-13**



Our survey revealed that department stores and mixed retailers suffered from the highest average value of thefts, accounting for 39 per cent and 34 per cent of the average value per incident respectively. The average value of a department store or mixed retailer theft was around six times the value of the average supermarket theft.

Respondents told us that organised crime gangs systematically targeting higher value items is a factor driving up the average cost of customer theft. The items targeted included branded electrical goods, designer clothing, handbags and power tools. As well as being prepared to travel further to commit such thefts, anecdotal evidence indicates that organised groups are also more willing to obtain a wide range of high value items, rather than focusing on theft of a particular brand or item as previously.

**TABLE 1: CUSTOMER THEFT**

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Per cent change 2011-12	Average 2006-13
Customer thefts per 100 stores	3,958	2,914	3,902	3,490	2,833	4,495	4,725	5%	3,760
Cost per incident	£156	£69	£45	£70	£86	£109	£177	62%	£102

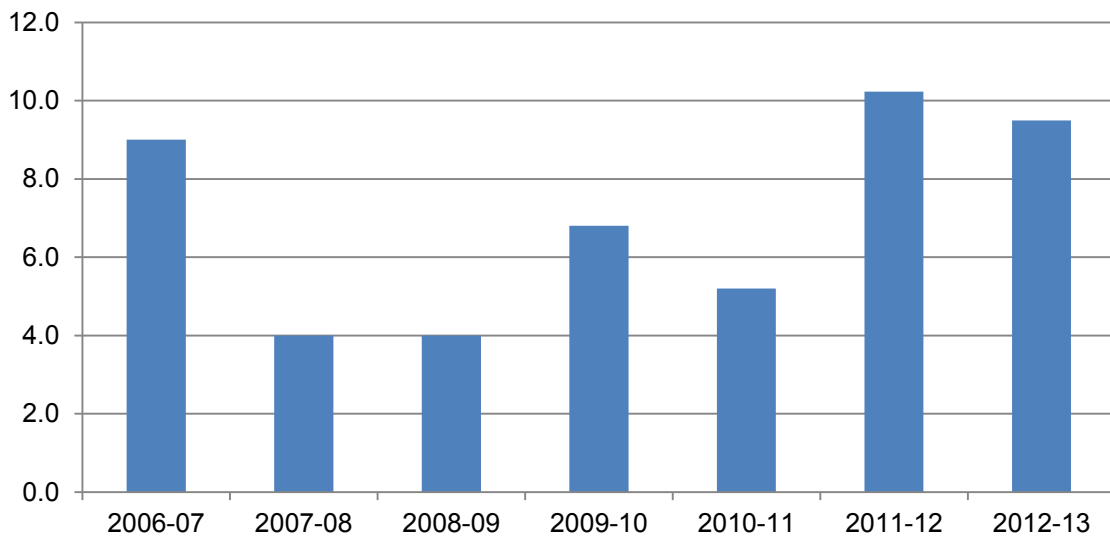
## 5.2 EMPLOYEE THEFT

In 2012-13 there were 5,051 incidents of employee theft recorded in the survey, which accounted for 0.7 per cent of the total number of incidents but 5.3 per cent of retail crime by cost. There were 9.5 incidents of employee theft per 1,000 employees, marginally down on the previous year. Employee theft was the only offence out of the six key offences<sup>4</sup> reported in the survey which fell in both in terms of volume and value last year.

Employee theft can include a diverse range of activities such as stealing merchandise or money, retaining receipts, voiding a sale after a customer has paid and retaining the money, overcharging, short-changing, false mark-downs, credits for non-existent returns or exchanging counterfeit goods for genuine merchandise and passing a product through a till without charge. It can also include serious financial fraud involving managerial staff.

**7%**  
drop in  
offences

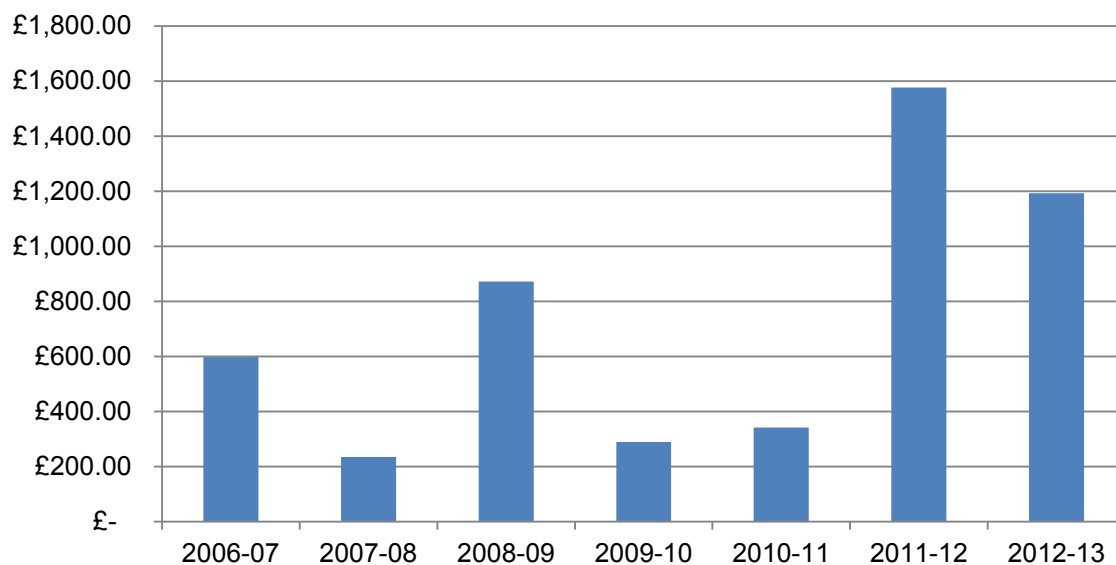
**FIGURE 9: EMPLOYEE THEFT PER 1,000 EMPLOYEES, 2006-07 TO 2012-13**



Although the average cost per incident of employee theft fell by 24 per cent compared to 2011-12 to £1,192, this remains the second highest average value recorded for nine years. Retailers reported increasing amounts of internal fraud committed using in-house computer systems, such as fraudulently crediting loyalty cards.

4. Customer theft, employee theft, robbery, burglary, criminal damage and fraud.

**FIGURE 10: AVERAGE COST OF EMPLOYEE THEFT PER INCIDENT, 2006-07 TO 2012-13**



On average, each theft committed by an employee costs almost seven times that committed by a customer. Given both the loss of trust involved in employee theft and the relatively high value of the stolen stock or money, it is surprising that fewer than 40 per cent of such thefts were reported to the police last year.

It is important that the issue of employee theft is addressed and that retailers share best practice about identifying and tackling it effectively.

**TABLE 2: EMPLOYEE THEFT**

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Per cent change 2011-12	Average 2006-13
Employee thefts per 1,000 employees	9.0	4.0	4.0	6.8	5.2	10.2	9.5	-7.2%	7
Cost per incident	£597	£235	£872	£290	£342	£1,577	£1,192	-24%	£729

## 5.3 ROBBERY

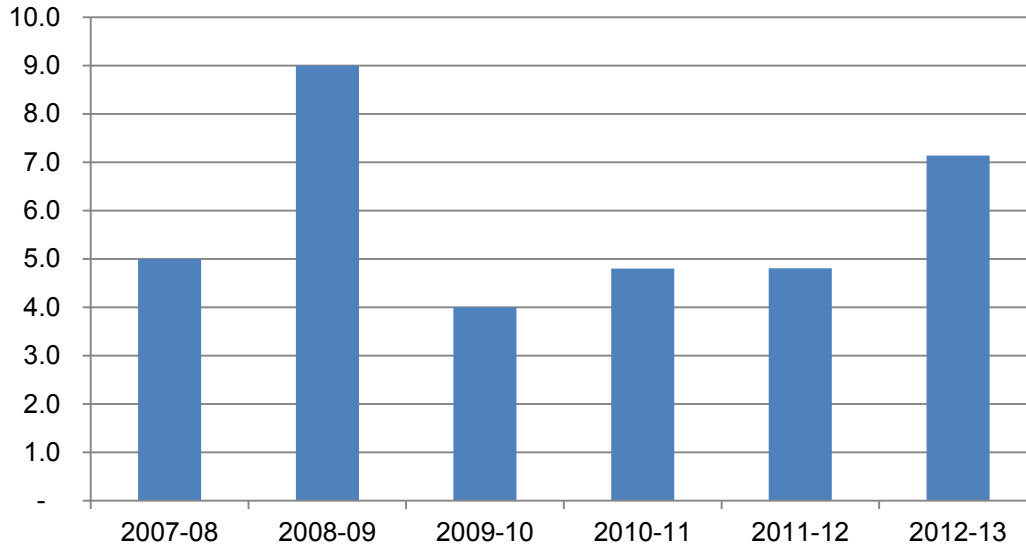
There were 7.1 robberies per 100 stores in 2012-13, a 48 per cent increase compared to the previous year. Although the level of robberies remains below the peak of 2008-09, this increase in theft with the use or threat of force is a concern, particularly given the potentially serious long term impact such a crime has on the staff or customers exposed to it.

In 2012-13, robberies accounted for 0.3 per cent of crimes by cost and 0.1 per cent of crimes in terms of the number of incidents. The average cost per robbery has more than halved compared with last year, falling from £3,005 per incident in 2011-12 to £1,316 per incident in 2012-13.

**48%**  
increase in robbery

This could be an indication that measures put in place to prevent robbery are having an effect- such as more secure cash handling procedures- so that even if a robbery does take place, criminals gain less from the attack.

**FIGURE 11: ROBBERY INCIDENTS PER 100 STORES, 2007-08 TO 2012-13**



There has been recent progress in tackling Cash and Valuables in Transit (CVIT) robberies, numbers of which have reduced. The CVIT industry has made considerable investment to combat this crime, ranging from new technology and training for couriers to deployment of surveillance vehicles in high risk areas. Working with government, police and the security industry, the BRC produced best practice guidelines to help retailers prevent CVIT robberies and these guidelines are reviewed on a regular basis to ensure that they remain up to date<sup>5</sup>.

5. BRC, *Cash and Valuables in Transit: Best Practice Guidelines for Retailers 2012*

Action to reduce CVIT robbery is a good example of the significant benefits which can be achieved through strong partnerships between retailers, the police and other partners. Many police forces have committed both time and resources to reduce the CVIT crime suffered by businesses in the form of dedicated police operations. These have proven to be extremely effective in helping to reduce CVIT robberies and improve detection rates.

**TABLE 3: ROBBERY**

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Per cent change 2011-12	Average 2007-13
Robberies per 100 stores	5.0	9.0	4.0	4.8	4.8	7.1	48%	5.8
Cost per incident	£5,350	£2,077	£848	£988	£3,005	£1,316	-56%	£2,264

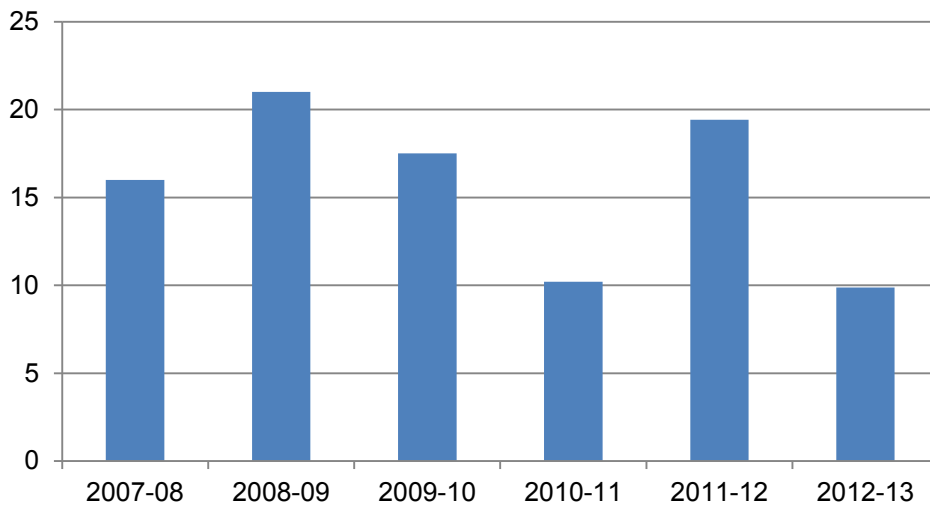
## 5.4 BURGLARY

There were 1,685 burglaries reported in the survey in 2012-13, which represents a 49 per cent reduction compared to the previous year. This is welcome, although it should be noted that this reduction is from an unusually high base in 2011-12 due to the impact of the riots in August of that year.

The BRC has long raised concerns about the way in which commercial burglary is recorded by police. The official crime category of 'burglary other than a dwelling' includes domestic sheds and garages as well as business premises. This is another example of how the current measurement of crime against business is inadequate. The introduction of an agreed definition for business crime would allow data on the number of burglaries of commercial premises to be separately identified and analysed.



**FIGURE 12: BURGLARY INCIDENTS PER 100 STORES, 2007-08 TO 2012-13**



Despite the fall in the number of burglaries, the average cost of each increased by 19 per cent to £2,067 in 2012-13. This is another indicator that criminals are increasingly targeting higher value goods to steal. Burglary accounts for 1.1 per cent of the total cost of retail crime.

Respondents suggested that many attempted burglaries were reported as criminal damage, as would-be burglars failed to gain access to the building because of the security measures in place. Retailers continue to invest heavily in security to protect their premises and 'design out' such crime.

Although 60 per cent of burglaries were reported to the police last year, an improvement on the 41 per cent in 2011-12, it is still concerning that such a high proportion of burglaries are not reported.

**TABLE 4: BURGLARY**

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Per cent change 2011-12	Average 2007-13
Burglaries per 100 stores	16.0	21.0	17.5	10.2	19.4	9.9	-49%	15.7
Cost per incident	£2,800	£1,887	£1,147	£2,093	£1,730	£2,067	19%	£1,954

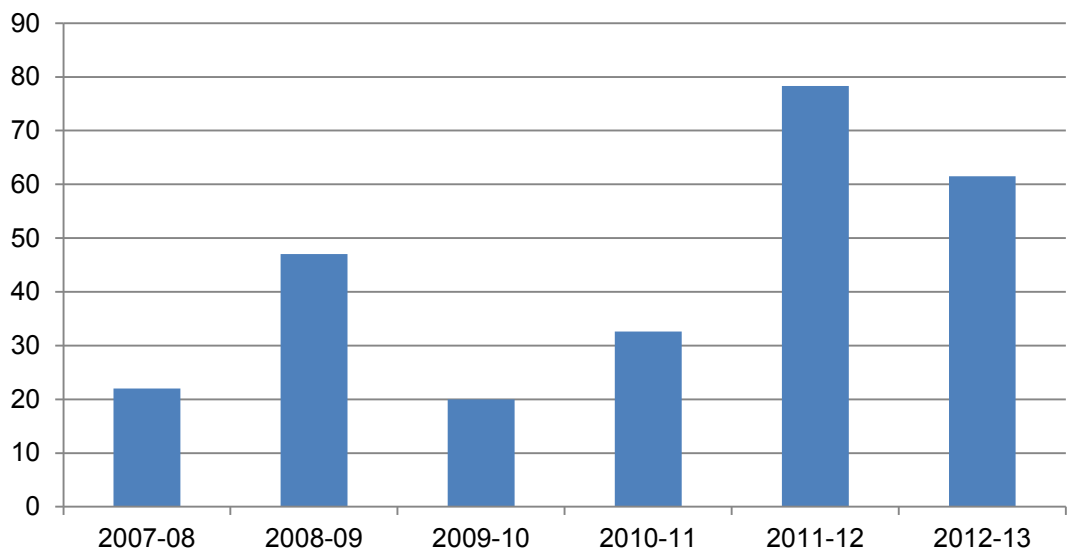
## 5.5 CRIMINAL DAMAGE

Criminal damage accounted for 1 per cent of both the total incidents and total cost of crime in 2012-13. Incidents of criminal damage fell by 21 per cent to 62 incidents per 100 stores although, as with burglary, the peak in 2011-12 is likely to have been in part due to the impact of the riots in August 2011. Despite this, the level of offences recorded in this year's survey is still the second highest number of offences in nine years. There was also a substantial rise in the cost per incident of criminal damage which rose by 114 per cent to £2,062 from £962 in the previous year.

**114%**  
increase in cost per incident

The sharp rise in the value of damage per incident did not lead to a greater proportion of criminal damage offences being reported to the police. This fell to just fewer than one in five compared to a 25 per cent reporting rate last year.

**FIGURE 13: CRIMINAL DAMAGE INCIDENTS PER 100 OUTLETS, 2007-08 TO 2012-13**



Attempted burglary accounted for 42 per cent of criminal damage, the single biggest cause, followed by anti-social behaviour at 17 per cent. Other causes included damage resulting from attempted theft, such as through people trying to remove security tags.



FIGURE 14: CAUSES OF CRIMINAL DAMAGE, PERCENTAGE OF RESPONDENTS

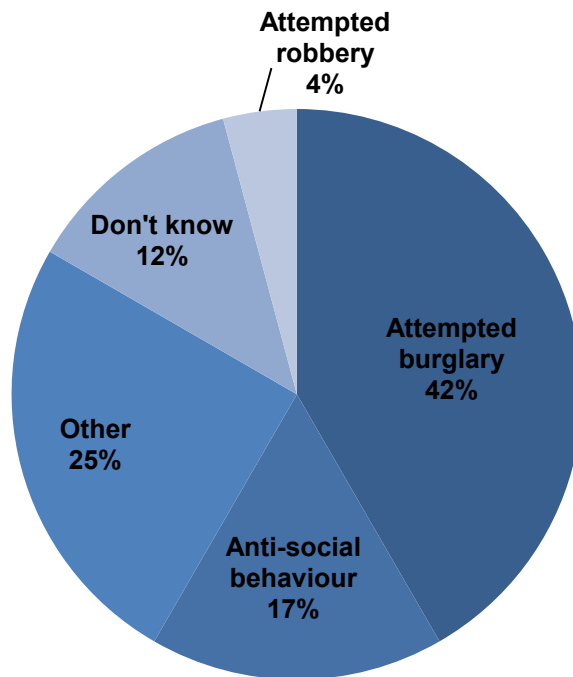


TABLE 5: CRIMINAL DAMAGE

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Per cent change 2011-12	Average 2007-13
Criminal damage per 100 stores	22	47	20	33	78	62	-21%	43.6
Cost per incident	No data	£276	£165	£176	£962	£2,062	114%	£728 <sup>6</sup>

6. This is the average cost per incident from 2007-08 to 2012-13

## 5.6 FRAUD

Retailers reported 121,707 incidents of fraud in 2012-13, up 15 per cent on last year. 80 per cent of retailers participating in the 2013 survey said that fraud had increased, compared to just eight per cent who reported a reduction.

Over the past 12 months, credit and debit card fraud<sup>7</sup> accounted for the majority of fraud, with instances of Card-Not-Present fraud within this category accounting for 46 per cent of all fraud incidents.

Credit and debit card fraud also accounted for the greatest proportion of costs incurred (53 per cent), closely followed by account credit fraud (30 per cent) and refund fraud (16 per cent).

Overall, retailers estimated that just over half of fraud was perpetrated by organised groups, with the remainder attributed to independent or impulse fraudsters.

**80%**  
of retailers  
say fraud has  
increased

FIGURE 15: FRAUD INCIDENTS BY TYPE

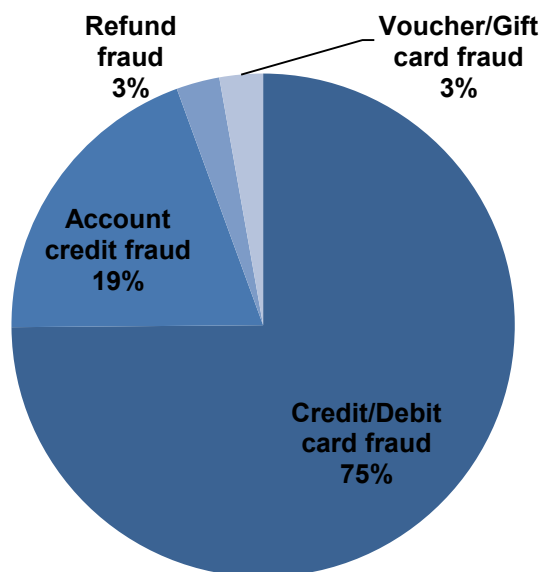
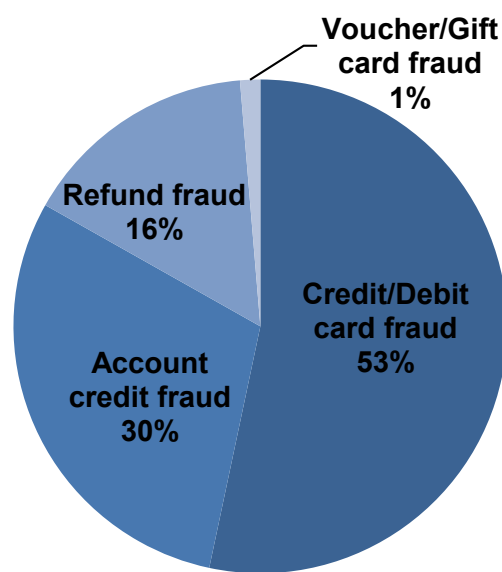


FIGURE 16: FRAUD BY COST, 2012-13

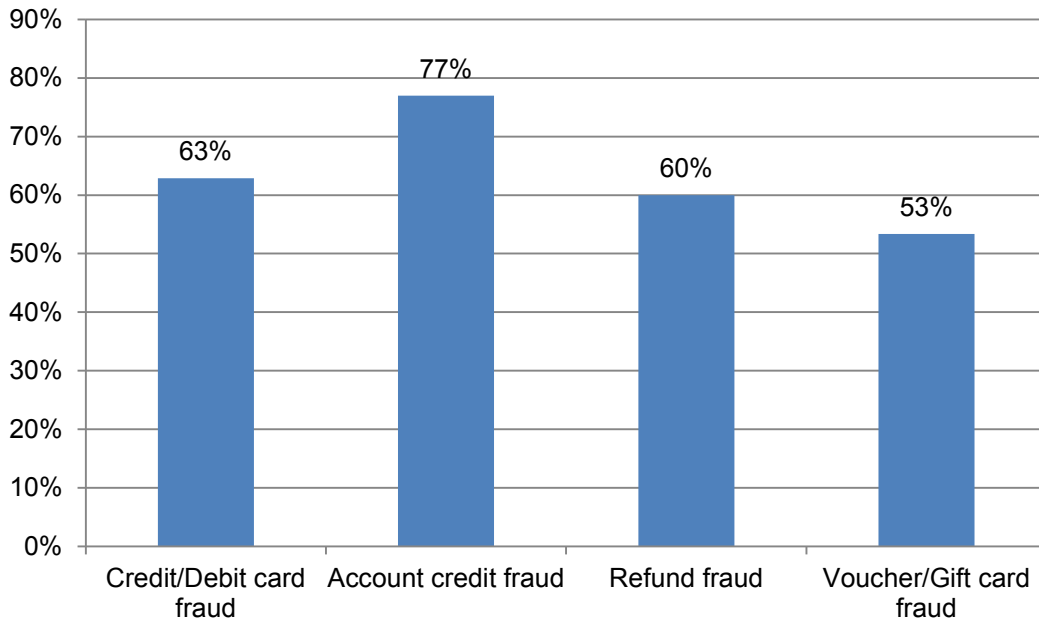


E-commerce forms an increasingly important channel to market for many retailers, in addition to being the primary channel for a growing number of pure online retailers. In 2012, internet sales represented around 9.3 per cent of retail sales, compared with 8.3 per cent in 2011. The same opportunities which e-commerce presents to retailers are those which can also be exploited by criminals.

The majority of fraud was committed online. Retailers identified that considerable proportions of credit/debit card fraud, account credit fraud, refund fraud and voucher/gift card fraud were committed online. Given that so much fraud is committed in this way, more police and retailers' resources need to be tailored to tackling it.

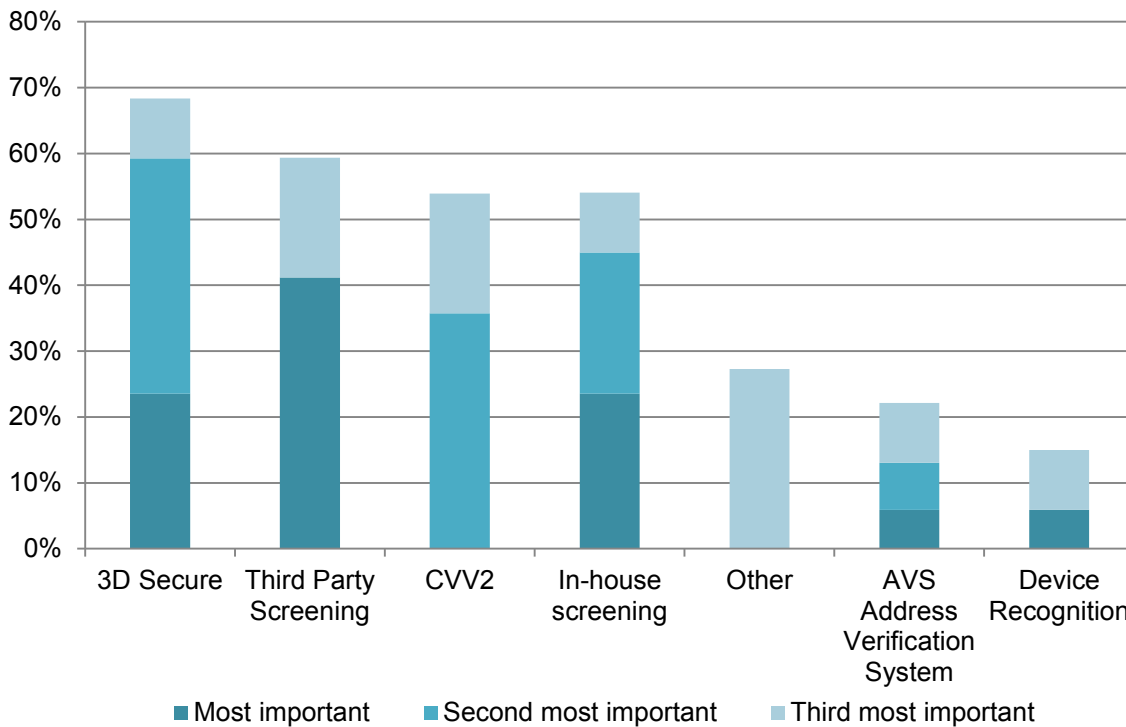
7. Please see the Glossary section at the end of the document for a definition of offences.

**FIGURE 17: PROPORTION OF FRAUD INCIDENTS COMMITTED ONLINE**



Retailers use a range of tools to combat fraud. 3D secure was the most widely used tool, used by almost 70 per cent of respondents, followed by third party screening.

**FIGURE 18: TOOLS RESPONDENTS USES TO PROTECT AGAINST FRAUD, BY PERCENTAGE OF RESPONDENTS**



One in three retailers reported that the predominant reason why incidents of fraud were not reported to the police was because they had no confidence in police response. A further 67 per cent of respondents reported this to be their second most important reason.

There must be improvements in the police response to fraud, an issue of major concern for the sector. The introduction of Action Fraud in April 2013 created a single, central reporting centre for fraud. Action Fraud feeds reports of fraud into the National Fraud Intelligence Bureau (NFIB) for further analysis, which then sends cases out to local police forces for further action.

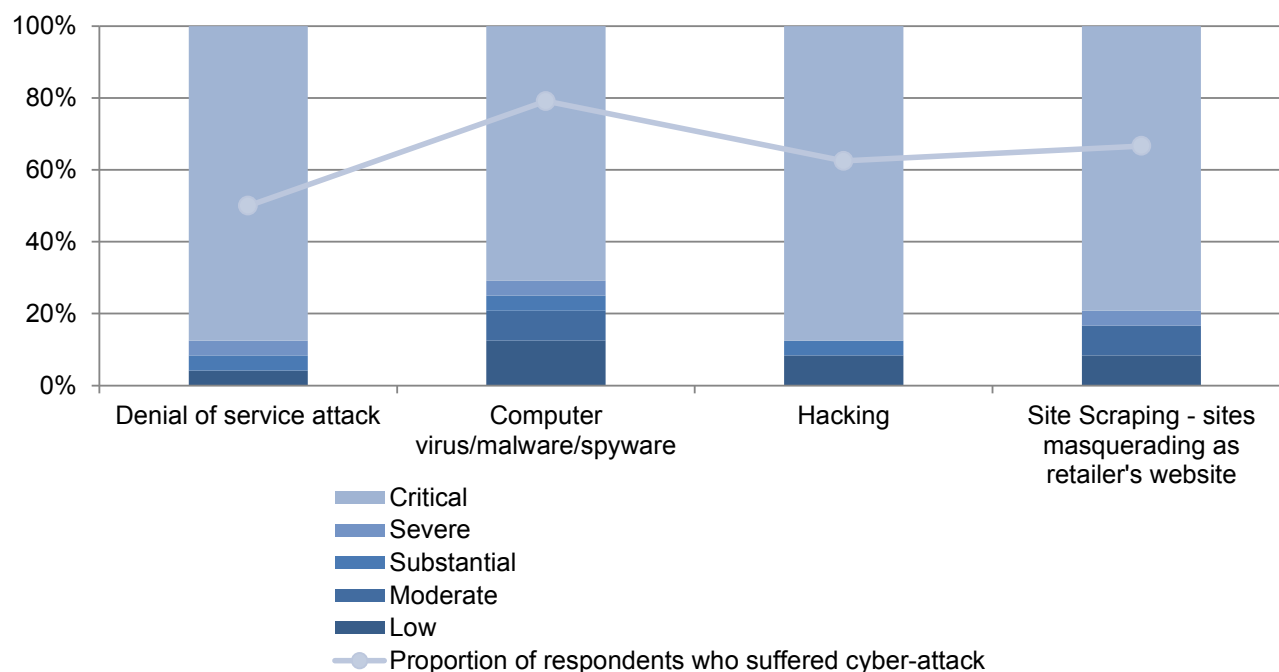
However, there is a lack of capacity within local police forces to progress fraud investigations received from the NFIB, meaning that many fraud reports do not result in any enforcement action being taken. Local forces often apply their own case acceptance criteria to decide that no further action should be taken, with the retailers receiving no feedback as to why this has happened.

As a result, evidence indicates that the proportion of reported fraud cases resulting in some enforcement action or prosecution is woefully low. The extent of the problem is demonstrated by the fact that in London, of the solvable fraud reports which have been sent out from the NFIB to the MPS for further action since the inception of Action Fraud, just 3 per cent have been solved<sup>8</sup>.

## CYBER CRIME

'Cyber crime' is activity which utilises the internet to target data or other digital material or cases in which the primary motive of the attack is to disrupt systems or services. The majority of retailers said cyber-attacks posed a critical threat to their business in 2012-13. Hacking and denial of service attacks were the most critical threats, with 63 per cent and 50 per cent of retailers respectively reporting that they were affected by these types of activity. However, in terms of volume, the most common attacks were from computer viruses and malware, experienced by almost four in five retailers.

**FIGURE 19: PROPORTION OF RESPONDENTS WHO SUFFERED CYBER-ATTACKS VS THREAT POSED BY CYBER-ATTACKS, BY PERCENTAGE OF RESPONDENTS**



The recent creation of the National Cyber Crime Unit (NCCU), within the National Crime Agency, as a dedicated resource to fight the most serious cyber crime is a welcome development. Making the UK more resilient to cyber attack is crucial to ensuring the UK remains a good place to do business online.

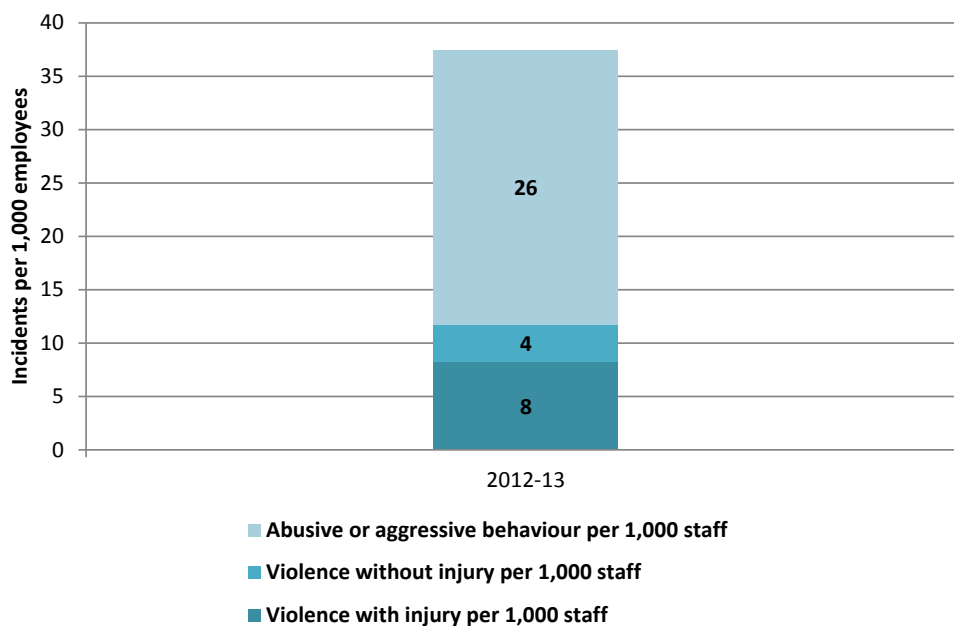
8. MOPAC, *Business Crime Strategy: Protecting Jobs and Growth in London: Consultation on draft proposals*, 26 November 2013

## 5.7 VIOLENCE AND ABUSE

Violence and abuse against staff remains an unacceptable threat to the health and well-being of the retail sector's three million employees. In 2012-13, there were 38 incidents of violence and abuse per 1,000 employees. Abusive or aggressive behaviour, rather than physical violence, accounted for most of these incidents. Nevertheless, there were 12 violent incidents per 1,000 staff, with two-thirds resulting in injury.

**12**  
violent  
incidents per  
1,000 staff

**FIGURE 20: VIOLENCE AND ABUSE AGAINST STAFF - INCIDENTS PER 1,000 EMPLOYEES**



This year the three categories relating to violence and abuse used in the Retail Crime Survey were revised, to ensure that there is a clear distinction between each and to align the violence definitions with those used in official crime statistics.

As a result, the data on violence and abuse in this year's survey is not directly comparable with that from previous surveys. However, the distribution of incidents between the three categories is broadly consistent with that recorded in previous years.

Respondents suggest that the majority of violence and abuse occurs when staff challenge customers suspected of theft, when asking for proof of age, in relation to a store ban or if customers are being detained on suspicion of an offence.

Retailers continue to invest in staff safety with increased surveillance by CCTV and employment of security guards in order to tackle violence and abuse against retail employees. It is also vitally important that police support retailers with an effective police response.

The BRC has produced guidelines to help tackle violence against retail staff, which sets out good practice to identify and minimise potential triggers for violence and abuse<sup>9</sup>.

## 5.8 CRIME PREVENTION AND LOCAL PARTNERSHIPS

This year's survey showed that expenditure on crime and loss prevention totalled £521m in 2012-13 and the median spend on crime prevention per retailer reached £2m.

The overwhelming majority of retailers (96 per cent) encourage staff to engage with local police teams. Three quarters of retailers are members of Business Crime Reduction Partnerships (BCRPs), while just over two in five are members of Business Improvement Districts (BIDs).

Although many retailers reported positive experiences in terms of local partnership working to tackle retail crime, it is clear that most businesses would like to see the crimes affecting them treated as more of a priority by police forces. There still needs to be more engagement between police, retailers and other partners locally. Respondents said that they would like to see some improvements in the quality and consistency of schemes such as BIDs and BCRPs in terms of how they operate in different areas.

Police and Crime Commissioners (PCCs) should ensure that working with retailers and other partners to tackle retail crime is a local policing priority. PCCs also have a part to play in identifying and promoting effective partnership practice. As our survey demonstrates, retailers invest heavily in local crime reduction partnerships and the value of these should be recognised and replicated where appropriate.

The BRC undertook a range of activity both before and after the PCC elections to explain how, through working with retailers, PCCs can help to cut crime affecting local communities. We are pleased that the majority of the PCCs have recognised in some way the need to work with businesses in their Crime and Policing Plans. However the degree to which PCCs set out specific proposals to tackle crimes affecting businesses varies greatly, from brief references to consulting with business to more detailed commitments about specifically working with retailers to tackle crime affecting them.

We would like PCCs to work with retailers and other local businesses to develop a strategy to cut business crime, as the Mayor is doing in London. PCCs can also take other steps which would make a real difference to retailers on a day-to-day basis, such as ensuring that police forces have in place a single point of contact to engage with retailers. This would help to better utilise the data, knowledge and expertise about crime prevention held by retailers

**£521m**  
spent on crime  
prevention

9. BRC, *Tackling Violence Against Staff, Best Practice Guidelines for Retailers, 2012*  
[http://www.brc.org.uk/brc\\_show\\_document.asp?id=4364&moid=7696](http://www.brc.org.uk/brc_show_document.asp?id=4364&moid=7696)

## GLOSSARY

**Burglary** is defined as entry into any building on the premises without permission with intent to steal.

**Criminal Damage** is deliberate damage or destruction of property, including arson.

**Robbery** is where force or the threat of force is used either during or immediately prior to a theft or attempted theft.

## FRAUD

**Credit/debit card fraud** is use of lost, stolen or counterfeit credit or debit cards or the personal information from them in order to obtain goods fraudulently. Card-Not-Present fraud is where neither the card nor card holder is present at the point of sale.

**Account credit fraud** is either account takeover, where an existing customer's account is hijacked or use of an individual's identity to open a new account to make unauthorised transactions.

**Refund fraud** is fraudulent refunds such as denying receipt of the goods or returning different goods than those dispatched.

**Voucher/gift card fraud** is use of fraudulent gift vouchers to obtain goods.

## THEFT

**Theft by customers** is an offence where money, goods, company property or services are stolen from the business at that premises.

**Theft by employees** covers thefts of money, services or property owned by the business which are committed by employees.

## VIOLENCE

**Violence with injury** includes assaults and robberies where physical injury was sustained.

**Violence without injury** includes assaults or robberies where no physical injury was sustained.

**Other abusive or aggressive behaviour** is instances of non-physical aggressive, intimidating or abusive behaviour towards staff.

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## ABOUT THE BRC

The British Retail Consortium (BRC) is the lead trade association representing the whole retail industry, from the large multiples and department stores through to independents, selling a wide selection of products through centre of town, out of town, rural and virtual stores.

The BRC's mission is to make a positive difference by advancing vibrant and consumer focused retail. We aim to achieve this by standing for what is important to the industry and working in partnership with our members to shape debates and influence outcomes.

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