

Organized Retail Crime

What is organized retail crime?

Organized retail crime is the large-scale theft of retail merchandise with the intent to resell the items for financial gain. ORC typically involves a criminal enterprise employing a group of individuals who steal large quantities of merchandise from a number of stores and a fencing operation that converts the stolen goods into cash. Stolen items can be sold through online auction sites, at flea markets and even to other retailers. In addition to targeting stores, ORC gangs engage in cargo theft activities. They also commit other frauds such as using stolen or cloned credit cards to obtain merchandise, changing bar codes to pay lower prices, and returning stolen merchandise to obtain cash or gift cards. ORC is distinct from ordinary shoplifting committed by individuals seeking goods for personal use.

ORC is not just 'shoplifting'

While the retail industry has been dealing with shoplifting and ORC for many years, dramatic video footage of major smash-and-grab and large-scale theft incidents at both large national retailers and smaller businesses across the country has recently brought increased media attention to the topic. Unlike shoplifting events where an individual steals for personal consumption or use, there has been a dramatic increase across the nation in the number of large-scale, targeted thefts using methods of coordinated and planned attacks on retailers. Retail loss prevention teams and law enforcement have active efforts to investigate the growing number of cases of ORC and build cases but are frequently hampered by lack of visibility into the scope of retail crime groups' activities, which can be national or even international. In response, NRF has stepped up its efforts to have Congress address the issue.

Why it matters to retailers

External theft, which includes ORC, is a primary driver of retail "shrink," which reached \$94.5 billion in 2021 — up from \$90.8 billion from 2020 — according to NRF's latest National Retail Security Survey. The report found that retailers saw an average 26.5% increase in ORC incidents in over the previous year. Retailers also reported an increase in violence and aggression associated with ORC.

Retailers face security-related challenges on many fronts. This year, 88% of retailers surveyed reported that the pandemic has resulted in an increase in overall risk for their company. Most reported that in-store, ecommerce and omnichannel fraud are all on the rise. Other factors contributing to the increase in ORC activity include less prosecution of crimes wrongly perceived as "victimless," increased felony thresholds that let thieves steal more while facing only a misdemeanor charge if caught, and the growth of online marketplaces. The losses drive up costs for retailers and, in turn, prices for consumers. Items stolen run the gamut from low-cost, easily fenced goods like razor blades and laundry detergent to designer clothing and high-end liquor.

ORC is also a safety threat for retail workers. Groups have been reported to use threats and acts of violence, including the use of weapons, and eight in 10 retailers noted an increase in violence by customers against workers in 2021. In addition, the theft and re-sale of items like non-prescription drugs or baby formula creates health risks because they might be stored improperly, sold after expiration or "cut" into larger quantities.