



Shoplifting

Crime Against Business

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Shoplifting is claimed by many to be America's fastest growing crime. Dollars lost and the number of arrests and convictions have both increased in recent years. Many thefts go unreported, however, because they are not observed or because apprehension, prosecution and conviction are believed to be too costly and time consuming. Instead, the losses sustained are reported as "inventory shrinkage" and/or "regular business loss."

Business owners are not the only victims of shoplifting. Consumers also bear the burden in increased prices or lost tax revenue. An estimated \$24 billion was lost nationally due to shoplifting in 1980. This cost of shoplifting includes the costs of security and prosecution as well as the value of merchandise stolen.

North Dakota has shown an increase in shoplifting offenses and value of merchandise stolen as depicted by Table 1. This is considered to be just the tip of the iceberg because of the number of offenses that go unreported and undetected. Nationally, over 70 percent of all shoplifters apprehended are released without the police being brought into the case. One estimate is that 34 shoplifters get away for every one caught.

Table 1. Shoplifting Offenses and Losses Reported for North Dakota.

North Dakota			
Year	Number of Offenses	Dollar Value of Property Stolen	Average Dollar Value Per Offense (rounded)
1977	1369	\$23,499	\$17
1978	1513	35,812	24
1979	1650	42,366	26
1980	1425	49,141	34
1981	1572	66,065	42
1982	1553	75,336	49
1983	1598	64,093	40
1984	1702	56,606	33
1985	2128	88,275	41

Source: North Dakota Attorney General's Office.

Shoplifting prevention is frustrating for many business owners. The very nature of a business is to bring goods and customers together with a resulting sale, but when that "togetherness" results in theft, it takes many, many sales for the owner to break even. For example, if a business operates on a 1 percent

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margin, which is not uncommon for a supermarket, and a \$5 steak leaves in someone's purse, it takes an additional \$500 in sales to cover that loss. If a hardware store working on a 10 percent margin has a \$2 pair of pliers stolen, profits on the next \$20 in sales go to make up for the theft.

Businesses most frequently shoplifted are those selling small, easily concealed items, such as hardware stores, drug stores, clothing stores, grocery stores, and department and variety stores. However, no business is entirely immune to shoplifting. Stores located in small communities and suburban shopping centers are more likely to be victimized by professional shoplifters than are stores in metropolitan areas.

Business owners/managers can develop an effective shoplifting prevention policy and program by learning who the shoplifter is, how he operates, and how vulnerable their businesses are. By implementing techniques that lessen potential areas of vulnerability, shoplifting losses can be reduced.

Who is the Shoplifter?

One out of every five persons that enter a place of business is a shoplifter in that or some other store. The shoplifter can be an amateur or a professional, and can be of any size, age, color or sex. Amateurs work alone or in groups and make up about 80 percent of those apprehended for shoplifting. Professional shoplifters usually operate in pairs and often are called "rounders." Professionals target small towns and suburban shopping centers and are very seldom apprehended.

Age and sex are not limiting factors. Children as young as six years old have been caught shoplifting, as have senior citizens. Both men and women shoplift. But the most frequent shoplifter is a female, teenage to early twenties in age with no prior arrest record. Professionals tend to be in their late 20s to early 40s.

Many shoplifters have sufficient money to pay for the merchandise they steal, and when caught will try to talk their way out of arrest by offering to pay for the goods they have taken. Shoplifters generally believe they will not be caught, and nothing will become of it if they are.

Shoplifters may be hard to distinguish from other customers but watch for the customer who:

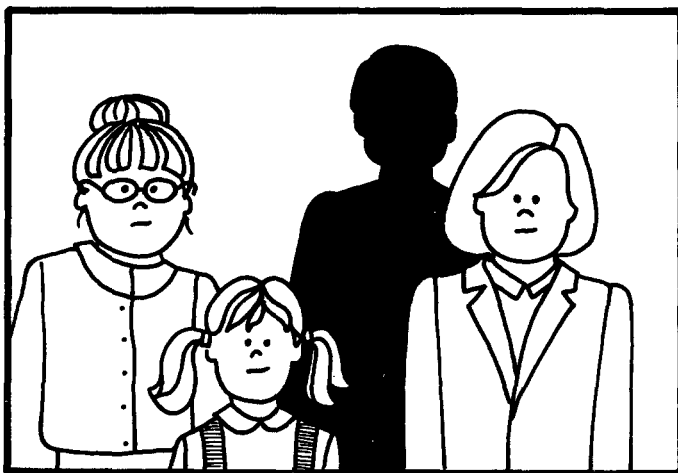
- is more concerned with watching and examining people than the merchandise
- repeatedly leaves and returns to the same counter or area of the store
- is nervous or edgy
- asks for or takes empty bags or boxes

- carries or wears an overcoat on a warm day, or a raincoat on a clear day, or who wears excessively baggy clothing
- carries shopping bags from stores not in the area
- returns merchandise in grocery bags, bags from other stores, or no bag
- returns merchandise with an inconsistent/suspicious story about how and when he obtained the merchandise
- insists on paying for merchandise in another department
- carries a shopping bag or a neatly wrapped package (it could be a trap box)
- carries other items (newspapers, gloves, magazines)
- remains by back walls, behind columns or fixtures and in blind spots
- carries large purses, bags or backpacks which seem empty or contain little
- is loud and insistent in an attempt to intimidate you on returns
- you would normally not expect to see carrying a shopping bag (men and juveniles especially)

Shoplifters often work in pairs or groups. Be aware of:

- customers who come in together and separate with one of them gaining the clerk's attention some distance away from the other (especially when dealing with small, high priced merchandise such as jewelry)
- groups of customers gathered around racks or displays
- two or more customers with one standing between you and their companion(s), blocking your sight

These persons may or may not be shoplifters. But, the odds are high that you will find out most of the shoplifters that enter your store are among those who display these types of behavior.



How do Shoplifters Operate?

Many shoplifters operate alone and steal any time of the day, any day of the week. A particularly active time for shoplifters is when the stores are crowded and clerks are busy. For many stores, this time period is mid to late afternoon, Wednesday through Saturday or Sunday. Shoplifters are particularly active on Fridays and Sundays (where Sunday opening is permitted by law) between 3 and 6 p.m.

Shoplifters select stores, and places within those stores, where they cannot be readily seen by the cashiers or sales clerks. They look for anything that obstructs vision or reduces visibility - high sales counters, tall displays, free standing signs, and poor lighting.

Many methods and devices are used to carry out the crime. Pockets, purses, shopping bags, trap boxes and false pregnancy cages are frequently used to "stash" the take. The more sophisticated shoplifter uses equipment suited to his planned theft. Hooked belts permit many items to be carried away from the store under a baggy coat. Extra pockets sewn into the lining of a jacket or coat are often used. A sling between a woman's legs, covered by a dress or skirt, can allow support for a small portable television or other large, bulky items.

Some shoplifters operate in groups, with some diverting the attention of the clerk while others pocket merchandise. Group shoplifters are also likely to pass merchandise from one to another to reduce the possibility of detainment if they think they have been spotted by an alert employee.

Professional shoplifters have been known to walk right out of a store with televisions, furniture, and appliances in full view. They are not trying to hide anything. They act as though they have a legitimate reason to be doing what they are doing.

Another tactic is to damage the goods in the store and then take them to the store repair service. Knobs removed from televisions and appliances, loose or missing buttons, and other similar non-damaging irregularities are sufficient reason to ask for repair. If the store doesn't require a sales receipt, the item is tagged with the criminal's name and he returns hours or days later to pick up the repaired item without having paid for it.

Another commonly used method is to pick up an item in the store and approach the clerk with, "I received this as a gift. I don't have a sales receipt, but can I get the money back or can I get another in its place?" Whether the shoplifter is successful in receiving cash or an exchange, he/she leaves the store with what appears to be a legitimate purchase or with cash.

Price tag switching is another technique used in shoplifting. The thief doesn't try to conceal or take

the merchandise without paying, but instead switches tags so he pays a smaller amount at the check-out counter. Tamper proof price tags, or a unique price tag stapling method (recognizable by employees) can help control this method of shoplifting.

Knowing who the shoplifter is, which can be almost anyone, and how he operates, which is any way he can, provides the initial framework for developing a shoplifting prevention program. You also need to examine your individual business for vulnerability.

Check List for Shoplifting Vulnerability

You can begin to determine your vulnerability to the crime of shoplifting by answering the following questions:

	Yes	No
1. Does your business feature small, valuable items?	___	___
2. Do employees ignore shoplifters?	___	___
3. Do you permit customers to carry shopping bags and other parcels while they shop?	___	___
4. Do you permit customers to browse unwatched in remote areas of the business?	___	___
5. Do you permit groups of young people to "hang out" in your business?	___	___
6. Can price tags be switched from one item to another?	___	___
7. Are your employees too busy to be aware of potential shoplifters?	___	___
8. Can customers leave your business without walking past an employee?	___	___
9. Are you concerned about a potential loss of good will and business if you follow a policy of vigorously prosecuting shoplifters?	___	___
10. Do employees greet customers when they enter the store?	___	___
11. Do you call the police when you've identified a shoplifter stealing from your business?	___	___
12. Do you post signs warning against shoplifting from your business?	___	___
13. Do employees know how shoplifters operate?	___	___
14. Are employees able to observe every corner and aisle in your business?	___	___
15. Is your business well lighted?	___	___
16. Do you use electronic price tags?	___	___
17. Do you use merchandise anchors or alarms for high priced items?	___	___
18. Are your employees trained in identifying potential shoplifters?	___	___
19. Are your employees trained in how to deal with someone caught shoplifting?	___	___

A "yes" to any of questions 1 to 9, or a "no" to any of questions 10 to 19, identifies a point of possible shoplifting vulnerability. Your next step is to identify ways of tightening your business security. You may or may not be able to change answers to some of the questions. Even if you don't, your answers provide you with awareness of vulnerable areas. For example, if you answered "yes" to question 1, it is unlikely that you will change that to "no" unless you completely change your line of business. At the same time, an answer "yes" to question 1 should cause you to think of ways to increase merchandise security. Methods you may want to consider include electronic tagging, display anchors, locked display cases, displays behind sales counters, or auxiliary protection methods, such as mirrors or cameras.

Guidelines for Protection

Employee Motivation

An alert employee is one of the best defenses against shoplifting. The employee must simultaneously watch both customers and merchandise. A person thought to be shoplifting must be watched continuously, as he may pass the merchandise to another person, change his mind and discard the merchandise, or change his mind and produce and pay for the goods at the check-out counter.

Many potential shoplifters can be prevented from committing the act by adhering to the following guidelines:

- Provide good customer service with quick initial contact and regular and repeated follow-up.
- Provide good customer service in the fitting rooms. (Ask if they need help by getting another size, or clearing merchandise out of the way, etc.)
- Watch the eyes of suspicious customers; they will always be wandering around the area, even though they try to appear to be looking at merchandise.
- Know your merchandise and prices and watch for switched tags.
- Keep fitting rooms attended if possible and clean them regularly.
- Be aware of the location and approximate quantity of high priced merchandise.
- Train employees not to be afraid to challenge and ask questions of suspicious customers and situations.
- Increase staffing during peak times and closing.
- Do not allow paperwork to be completed by the sales staff on the selling floor - it may be more important to watch or assist the customer.
- Control the refunds procedure requiring proof of purchase, or insist on mailing refunds

without proof of purchase after the transaction can be verified.

- Ask for detailed information on all refunds and be alert for inconsistencies.
- Train your sales people to tactfully handle multiple customers.

Help improve employee motivation by providing training for your employees that improves job skills and opens the way for advancement or increased responsibility. This should include training in the dangers of false accusations, false arrest or detainment, and the responsibility of testifying in court when the shoplifter is prosecuted.

Recognize the efforts of your employees by letting them know of your pleasure for a job well done. Some employers offer their employees an incentive for being alert to shoplifters by rewarding them with a portion of the profits retained. Strive to have employees be as concerned for your business as they would be if it were their own.

Merchandise Display and Structural Control

Merchandise must be protected and yet displayed in a manner that is attractive to customers. Customers must be given ample opportunity to examine goods offered for sale.

Electronic tagging makes it impossible for merchandise to leave the store without sounding an alarm unless the tags have been deactivated at the cash register. Many electronic tags are attached to articles in such a manner that their removal by tearing or pulling will destroy the item sought. Tamper-proof labels, those that tear apart when removed, plastic strips that must be cut with scissors, and hard-to-break plastic strings are good for many items. If you display clothing, alternate the direction of the hook part of the hangers. This prevents the thief from grabbing an armful of clothing from the rack and fleeing. Security hangers that can only be unlocked by an employee are especially good for high priced garments, such as furs and other expensive clothing.

Display small valuable items, such as jewelry, cameras, watches, electronic items and appliances, in locked display cases. Make sure these cases are sturdy. Strong frames with laminated plastic glass prevent "smash and grab" attacks while displaying goods in a fashionable manner. Caution employees to show only one or two items at a time and to stay with the customer during examination.

The method with which customers move around as well as in and out of your business can control the likelihood of shoplifting. Arrange fitting rooms so customers are funneled past the terminal station. Allow for only one entrance/exit for the fitting room(s). Arrange high priced merchandise in the vicinity of the terminal. Turnstiles at entrances and exits not only deter shoplifting, but are also beneficial in providing security from robbery. Be

sure to check with your community's fire regulations before initiating controls to limit movement.

Wide area detection mirrors increase visibility in corners and at the ends of aisles. These mirrors also alert the would-be shoplifter that your business is security conscious.

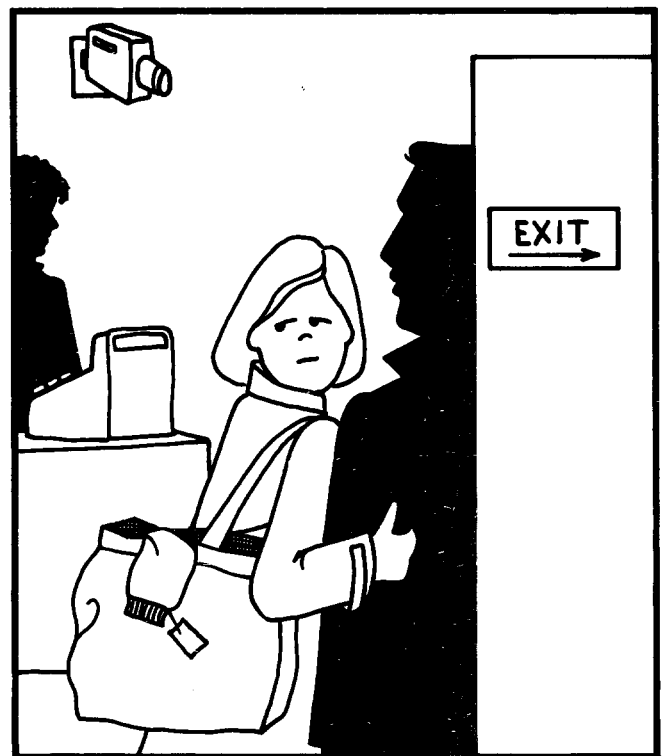
Two-way mirrors and cameras are effective methods of surveillance but are costly as they require a monitoring employee. However, non-operating cameras and unattended two-way mirrors may serve as psychological deterrents.

Remove blind spots or displays which block your view or allow a customer to hide. Merchandise display tables and shelves that are low and uncluttered make an attractive display. Increase employee visibility across wide areas, and help the employee notice when items have been removed.

Darkness is a good friend of shoplifters, employee thieves and burglars. Light all areas of the business. Good lighting helps honest customers examine the goods and it deters thieves.

Alarms, such as those used in electronic tagging, serve to alert employees of a possible shoplifter. Alarms can also be used to warn of wrongful entry into certain display cases.

The cost-effectiveness of these controls will depend on the size and type of business. Small stores in rural areas may not be able to afford costly detection systems.



Apprehension

Do not detain the person unless you actually witness the theft. The following guidelines provided by the Fargo Police Department may be helpful in legally detaining a suspected shoplifter.

If you **reasonably believe** that a person has committed or is in the process of committing a shoplift, you should take the following steps:

1. If possible, inform your superior as to what you saw.
2. At all times, follow the suspected shoplifter and watch the person until that person has passed the last cash register. It is best to wait until the suspected shoplifter has gone outside.
3. Stop the suspected shoplifter and identify yourself. Ask the shoplifter to return with you to the manager's office. Do not place the suspected shoplifter under arrest at this time nor should you accuse the suspected shoplifter of any crime. You may use any **reasonable manner** in detaining this suspected shoplifter.
4. After the suspected shoplifter has arrived at the manager's office, you or your superior may do the following as long as you act reasonably:
 - a. Require the suspected shoplifter to identify himself or herself.
 - b. Verify this identification.
 - c. Determine whether the person has, in his possession, unpurchased merchandise. Ask the person to empty all pockets, handbags, billfolds, or containers. "If" it can be determined that he is in possession of unpurchased merchandise, such merchandise may be confiscated and the suspected shoplifter should be told that he is being placed under arrest. The police should be called at this time.
 - d. When the unpurchased property has been taken from the suspected shoplifter, **make sure** that an employee, preferably a manager, retains control of the merchandise until it is handed over to the police. **DO NOT PUT THE MERCHANDISE BACK ON THE RACK.** Also, a manager should "tag" any stolen merchandise and note on the tag the date, time and his initials.

North Dakota law states that no merchant nor storeowner nor his employees shall be held civilly or criminally liable for any "mistakes" made **as long as** all of the foregoing steps have been done reasonably.

See Appendix A for more information on the North Dakota Retail Theft Act regarding shoplifting.

Prosecution

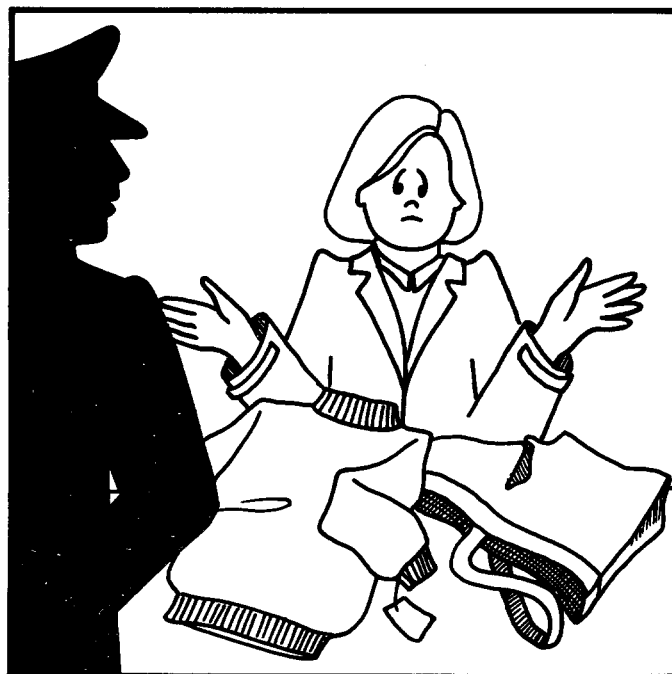
Prosecution is both costly and time consuming. Yet crime prevention officials are increasingly encouraging merchants to prosecute and advertise their successful convictions. Post signs warning shoplifters they will be prosecuted. When you have developed a successful record, post signs stating your store's number of shoplifting arrests and the number of convictions. Update the signs at regular intervals. Your business will soon have a street reputation of being "tough on shoplifters" and that's a reputation with which your store can prosper.

Aids to Prosecution

Establish a store policy for handling shoplifters and make sure all employees are familiar with the procedures to be followed. Obtain the services of an attorney to guide you in developing your policy, and have the policy reviewed by your local police. Police personnel can help you establish a policy that will help them in arresting and reporting shoplifters and will help you win conviction.

Your policy should include:

- * How stolen merchandise is to be inventoried, perhaps photographed, dated, initialed and retained for evidence.
- * How written statements from witnesses can be used as part of the police report.
- * How to be polite, but firm, with your duty to protect merchandise offered for sale.
- * Ways to avoid physical contact, even though the suspected shoplifter may try to cause a scene and make threats of "I'll take you to court," "You'll pay for this," and other similar outbursts.



- * How to detain a suspect and call the police. (The possibility of false arrest is always present. Many times it may be necessary to follow through with prosecution to avoid the counter charges of false arrest or libel of character.)

Remember that the police can't prosecute. Only you, the store owner, can follow through with prosecution. It's a lengthy, costly, time-consuming affair, and you may wonder if it's really worth it. Recall the earlier example of added sales needed to make up for a steak going out of the store in someone's purse, or the pair of pliers that left unrecorded. Then ask yourself, "Can I afford **not** to prosecute?"

Summary

Retail business people will always be faced with the problem of shoplifting. The goal should be to make the shoplifter's task as difficult as possible. Shoplifters do not want to be seen or noticed by store personnel. Good customer service can deter them from committing the crime because it puts them on notice that you are watching them.

Prevention is one of the most effective strategies to combat this crime. Knowing who shoplifters may be, how they operate, motivating employees to be alert, and arranging the store so that customers can always be watched are effective deterrents. Policies for apprehension and prosecution should be consistently followed.

Appendix A

CHAPTER 51-21 – RETAIL THEFT ACT North Dakota Century Code

51-21-01. DEFINITIONS. – As used in this chapter, unless the context requires otherwise:

1. "Merchandise" means any item of tangible personal property, and specifically includes shopping carts.
2. "Merchant" means an owner or operator of any retail mercantile establishment or any agent, employee, lessee, consignee, officer, franchisee or independent contractor or such owner or operator.
3. "Retail mercantile establishment" means any place where merchandise is displayed, held, offered, or stored for sale to the public.
4. "Premises of a retail mercantile establishment" includes, but is not limited to, the retail mercantile establishment, any common-use areas in shopping centers, and all parking areas set aside by a merchant, or on behalf of a merchant, for the parking of vehicles for the convenience of the patrons of said retail mercantile establishment.
5. "Person" means any natural person or individual.

6. "Full retail value" means the merchant's stated or advertised price of the merchandise.
7. "Shopping cart" means those push carts of the type or types which are commonly provided by grocery stores, drug stores, or other retail mercantile establishment for the use of the public in transporting commodities in stores and markets and, incidentally, from the stores to a place outside the store.
8. An item is "concealed" within the meaning of this chapter if, even though there is some notice of its presence, the item itself is not visible through ordinary observation.

51-21-02. PRESUMPTION. – Any person concealing upon his person or among his belongings, or causing to be concealed upon the person or among the belongings of another, unpurchased merchandise displayed, held, offered, or stored for sale in a retail mercantile establishment and removing it to a point beyond the last station for receiving payments in that retail mercantile establishment shall be prima facie presumed to have so concealed such merchandise with the intention of permanently depriving the merchant of possession or of the full retail value of such merchandise.

51-21-03. DETENTION OF SUSPECT – PROCEDURE. – Any peace officer or merchant who reasonably believes that a person has committed, or is in the process of committing theft may detain such person, on or off the premises of a retail mercantile establishment, in a reasonable manner and for a reasonable length of time for all or any of the following purposes:

1. To require the person to identify himself.
2. To verify such identification.
3. To determine whether such person has in his possession unpurchased merchandise, and, if so, to recover such merchandise.
4. To inform a peace officer of the detention of the person and surrender custody of that person to a peace officer.
5. In the case of a minor, to inform a peace officer, the parents, guardian, or other private person interested in the welfare of that minor of this detention and to surrender custody of said minor to the person informed.

51-21-04. CIVIL AND CRIMINAL IMMUNITY FOR ACTS OF DETENTION. – Any peace officer or merchant who detains any person as permitted under section 51-21-03 shall not be held civilly or criminally liable for any cause of action allegedly arising from such detention.

51-21-05. CIVIL REMEDY AGAINST ADULT SHOPLIFTERS OR THE PARENT OF A MINOR SHOPLIFTER. – An adult who commits the offense of theft from a merchant shall be civilly liable to the merchant for the retail value of the merchandise, plus exemplary damages of not more than two hundred fifty dollars, costs of suit, and reasonable attorney's fees. The parent or legal guardian of an unemancipated minor who while living with the parent or legal guardian commits the offense of theft from a merchant shall be civilly liable to the merchant for the retail value of the merchandise, plus exemplary damages of not more than two hundred fifty dollars, costs of suit, and reasonable attorney's fees. A conviction or plea of guilty for the theft is not a prerequisite to the bringing of a suit hereunder. A parent or legal guardian of an unemancipated minor shall not be civilly liable under this section if it is determined by the court that one of the principal rationales for the shoplifting was a desire on the part of the minor to cause his parent or legal guardian to be liable under this section.

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