Retail Crime in Canada:
The Hidden Crisis Impacting Business, Communities and Safety

LPRC
LOSS PREVENTION RESEARCH COUNCIL

RCC RETAIL COUNCIL OF CANADA



EXECUTIVE SUMMARY

This report presents findings from a comprehensive survey conducted by the Loss Prevention Research Council (LPRC) in partnership with Retail Council of Canada (RCC). It provides insights from several different corporations, which account for $68 Billion of the $612 Billion annual retail sales and represent more than 20,000 retail locations across Canada. These companies represent every major sector of retail. The goal of the survey was to gain insights into understanding how retailers are dealing with the current state of retail crime in Canada, focusing on Loss Prevention (LP) and Asset Protection (AP) strategies, organized retail crime (ORC), and emerging threats in the industry.

In recent years there has been a sharp increase in violent crime and organized retail crime across Canada and retailers are having to adjust how they operate in order to deal with these concerning trends. In this report, we analyze responses from retailers and focus on the evolution of retail crime, how it has changed, how Canadian retailers are reacting to it and insights to what needs to change.

We draw **6 main conclusions** about retail crime in Canada. First, retail crime has increased drastically in level of violence and aggression, and it is not a victimless crime as often described. Violence and aggression associated with retail crime have increased by 60.9% (as reported by retailers within this report), with over three-quarters of respondents observing more violent shoplifters. RCC has been organizing Retail Blitz projects with police and retailers across the country and, through the combined result of three (3) blitzes which run for two weeks at a time, we found that 17.7% of persons arrested

were repeat offenders, 5% were flagged as violent, 6.7% had outstanding warrants, and 4.1% had more than 30 previous incidents with police. During these blitzes, law enforcement seized 121 weapons.

Second, organized retail crime (ORC) has evolved and nearly half of respondents report a significant increase in ORC-related violence. The ability to sell through illicit marketplaces, whether it be brick and mortar "fences" or online marketplaces, has become more prevalent. There are still booster groups and professional ORC rings; however, ORC increasingly involves groups that operate a online marketplace selling stolen merchandise that they acquire from vulnerable individuals (e.g., substance-involved, unhoused, or trafficked persons).

Third, retail losses have increased significantly, with respondents reporting an average shrink rate of 1.5% which equate to $9.2 Billion of the annual retail sales of $612 Billion. A report released in 2018 stated that retail shrink in Canada was at $5 Billion, and we are now nearly double that number 5 years later. We have seen retailers closing retail locations across various markets in Canada where it is no longer sustainable to operate. The National Retail Federation (NRF) 2023 Retail Security Survey reported a retail shrink rate of 1.6% which represents $112.1 Billion in losses. In comparing the Canadian population to US population, losses across both nations are on par. The number of major urban centres in Canada are far less than that of the US, so it can be argued that retail crime is much more centralized in Canada to a few major markets.

Fourth, Information sharing is a struggle. Information is not gathered in a consistent manner, and therefore benchmarking is difficult to complete. Further, lack of understanding how to share information without breaching Privacy laws makes it very difficult for retailers to openly share information with police and amongst each other, both for the purpose of having a harmonized account of retail crime and to alert each other of active criminals so measures can be taken in a timely manner to protect and prepare front line workers. With a unified Privacy Act (minus those provinces which

IN THREE RETAIL BLITZ PROJECTS:

17.7%
of persons arrested were repeat offenders

5%
were flagged as violent

6.7%
had outstanding warrants

4.1%
had more than 30 previous incidents with police

have their own) and one Federal Criminal Code, it should be possible to create an acceptable model for sharing criminal intelligence without fear of repercussions from legislators and public critique for being offside to what is in the best interest of the public.

Fifth, retailers report spending approximately 1% of sales on their Loss Prevention programs. We do not know if this is the right amount, however many respondents reported flat or increasing LP/AP budgets with investments being made in technology, training, security staff and merchandising techniques to restrict access to products. There is a significant variation in LP / AP staffing across organizations and areas of focus for these departments with the majority focused on investigations, followed by physical security and ORC.

Sixth, retailers report frequently engaging with RCC and law enforcement partners on Loss Prevention matters, but have limited interactions with other organizations including justice, legislators and government. Despite this, there is overwhelming support (95.2%) for ORC legislation, with respondents emphasizing the need for stronger penalties and legal tools to deter retail crime and support law enforcement.

Overall, our report documents the challenges of collecting, verifying, and analysing retail crime in Canada. Similarly, there are also concerns with the lack of coordination for consistent and timely reporting of crime data, as well as the application of Canadian laws necessary for a justice system that works. Our findings reinforce the findings published in the Urban Violent Crime Report by the McDonald Laurier Institute in September 2024. Here, the researchers found "publication of consistent, transparent, and timely crime data is essential to a well-performing justice system." The MLI researchers found that based on 5 conversations with police services, "a general lack of coordination and consistency in reporting practices, even among cities submitting data to shared databases with supposedly uniform reporting requirements" (pp. 4-5). In Canada, where we have a single Criminal Code whose provisions are uniform across the country, it is agreed that this should not happen. There is an urgent need to improve the quality and comparability of crime data and adopting one harmonized system for reporting crime.

Finally, this report demonstrates that retailers are willing and want to collaborate with law enforcement, justice, legislators and all areas of government to bring about sustainable and effective change to address the increasing rate of violence in retail, organized retail crime and losses. There are examples of improved levels of support from law enforcement in some cities and a modest amount of support from justice and government. The improved collaboration is driven by the work undertaken by the RCC National Taskforce and at the RCC Manitoba Executive Taskforce and Working Group. It is concerning that many police services, justice departments and government agencies across the country have chosen not to engage with RCC's National Taskforce to work together on solutions to improve safety within the communities they serve.

TABLE OF CONTENTS

EXECUTIVE SUMMARY 2

INTRODUCTION 7

OVERVIEW OF THE PROJECT 9

CHARACTERISTICS OF THE CANADIAN RETAIL ENVIRONMENT 11

SHRINK AND RETAIL CRIME IN CANADA 15

THE STATE OF LOSS PREVENTION AND ASSET PROTECTION IN CANADA 20

ORGANIZED RETAIL CRIME 25

- ORC ACTIVITIES CONDUCTED IN COLLABORATION WITH POLICE 27

RECOMMENDATIONS 30

- RETAIL CRIME IS CRIME, NOT JUST "PETTY SHOPLIFTING" 30
- STANDARDIZED CRIME AND SHRINK REPORTING ARE CRUCIAL 30
- CONSIDER EXPANDING RESOURCES TO ADDRESSING THE ISSUE THROUGH TECHNOLOGIES 31
- CONTINUE TO EXPLORE PARTNERSHIPS AND TECHNOLOGIES TO ADDRESS RETAIL CRIME 31
- LEGAL REFORM MAY BE REQUIRED TO PREVENT A "REVOLVING DOOR OF JUSTICE" 32

GLOSSARY OF TERMS 33

APPENDIX 35

TABLE OF FIGURES

FIGURE 1: MAP OF STORE LOCATIONS BY POPULATION SIZE 13

FIGURE 2: ORC HOT CITIES AND REGIONS BY POPULATION SIZE 26

LIST OF TABLES

TABLE 1: RESPONSIBILITIES OF LP/AP EMPLOYEES BY LOCATION 22

TABLE 2: 7 ORC ACTIVITIES RESOLVED BY LAW ENFORCEMENT 28

TABLE 3: SECTOR AND SUB-SECTORS OF RESPONDENTS 35

TABLE 4: FREQUENCY OF NUMBER OF STORES 35

TABLE 5: FREQUENCY OF RETAIL STORES BY PROVINCE/TERRITORY 35

TABLE 6: TOP TARGETED ORC REGIONS AND CITIES 36

TABLE 7: FREQUENCY OF NUMBER OF EMPLOYEES 37

TABLE 8: NUMBER OF LP/AP PERSONNEL BY SECTOR 37

TABLE 9: NUMBER OF LP/AP PERSONNEL BY SIZE 37

TABLE 10: SHRINK PERCENTAGES BY SECTOR 37

TABLE 11: AVERAGE LOSS PER SHOPLIFTING EVENT BY SECTOR 38

TABLE 12: AVERAGE LOSS PER SHOPLIFTING EVENT BY SIZE 38

TABLE 13: PERCENTAGE INCREASE IN VIOLENCE BY SECTOR 39



INTRODUCTION

Every day, retailers are victimized by individuals engaged in prolific and repeated theft; unfortunately, this often escalates to assault and or robbery upon front line workers. In fact, 76.2% of retailers responded that they have seen an increase in violence during a shoplifting incident. Retailers responded they are also seeing a higher level of violence associated with ORC thefts, with 81.0% respondents reporting that ORC offenders have grown more violent.

In the instances where perpetrators are arrested, they are often released the same day to go back and re-offend and threaten the same people. Whether it is police not moving charges forward, prosecutors stating there are insufficient grounds to hold the individual for trial, or judges unwilling to convict, all of these outcomes signal to offenders that their crimes are not a priority to the criminal justice system and, therefore, they will face few consequences for their crimes. Unfortunately, the

76.2%

of retailers responded that they have seen an increase in violence during a shoplifting incident.

81.0%

respondents reported that ORC offenders have grown more violent.

harms caused go far beyond the loss of merchandise – these crimes are taking a very serious toll on retail workers and customers.

In response to the increase of violence during shoplifting incidents, retailers have begun collectively focusing on making retail locations safer for employees and customers and protecting the people, properties and merchandise in specific areas. For example, in 2022, the RC National Advisory Committee commissioned a National Taskforce and invited law enforcement agencies, justice and government agencies to join retailers at the table to work on solutions. The RCC appreciates the police services that accepted this invite, joined the National Taskforce, and have continued to work with RCC and its members. This includes Vancouver, Edmonton, Winnipeg, Halton, Peel and York Police agencies. While other police agencies participate, there is inconsistent attendance and participation in collaborative projects with retailers. Finally, Manitoba deserves a special mention. A provincial RCC-led Executive Taskforce and a Business Working Group have been in place for over two years that has facilitated retailers, Winnipeg Police Services, Manitoba Prosecutions and members from the office of the Minister of Justice to work together to implement solutions to reduce the level of retail crime.

As a result of an increase in the severity and frequency of retail offending, retailers report that they are making greater investments to protect their employees, their products and their properties. In fact, 87% responded they have added guards, 73.9% responded they have added additional security devices to secure products and 87% responded they have made additional security investments to fortify their locations.

With all this in mind, this report will detail the key findings of a survey conducted in 2024 between the Retail Council of Canada and the Loss Prevention Research Council. It is split into the following sections:

- Understanding the characteristics of the existing Canadian retail environment.
- Identifying the extent of shrink and retail crime in Canadian stores.
- Describing current loss prevention and asset protection practices in Canada
- Providing a special discussion on organized retail crime (ORC).



OVERVIEW OF THE PROJECT

To better understand the baseline retail context within Canada, the Loss Prevention Research Council (LPRC) collaborated with the Retail Council of Canada (RCC) to distribute a survey between May 6th and June 12th of 2024. The survey included much of the content that the National Retail Federation has included in their annual surveys, and the RCC and LPRC appreciate the NRF's permission to use many of the questions. The online survey was created on Qualtrics and distributed by the RCC in two waves: a pilot test and distribution to the rest of the membership.

The pilot test was conducted with 8 board members within the organization between March 14th and March 18th. An additional board member was provided with the survey to take on April 25th to further refine the survey instrument. This was done for two primary reasons. First, board members could test to make sure the online survey was working properly, as well as to make sure survey questions were readable and answerable. Second, having the board members take the survey meant they could communicate to other members not only the value of the survey, but also the time allocation and type of questions present on the survey.

For the primary distribution, we contacted RCC members via a listserv between May 6th and June 12th. A total of 36 responded to this wave of the survey. Even still, throughout the survey, not all respondents answered all of the questions, or they felt that some of the questions did not apply to their organization. Nevertheless, percentages of respondents are required to provide the reader with some context into how questions were answered from the survey.



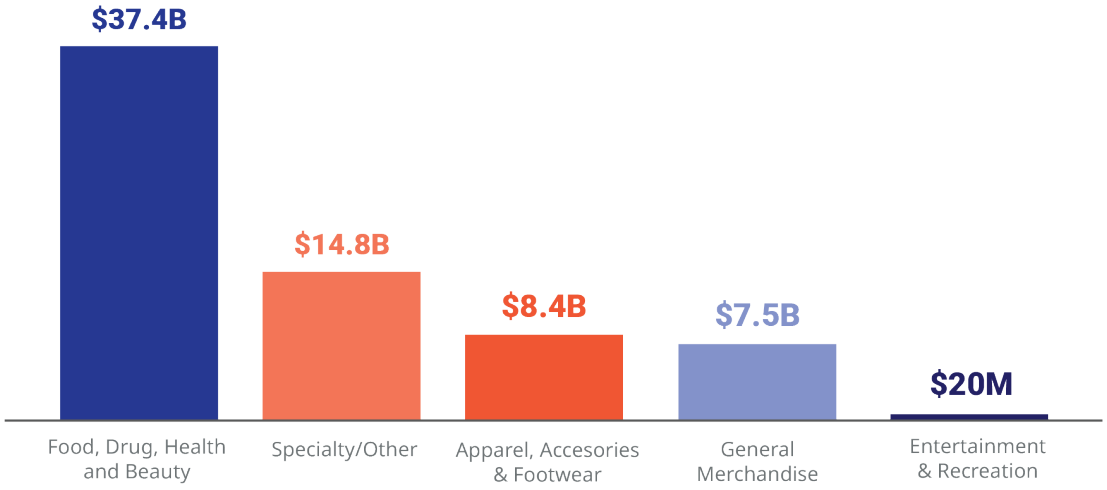
CHARACTERISTICS OF THE CANADIAN RETAIL ENVIRONMENT

Though industry leaders have continued to provide insight into the state of retail on an annual basis, our collective understanding of the nature and extent of retail loss within the Canadian context is still limited. Furthermore, given that many industry studies have focused on shrink in the U.S. context, it is important to situate the state of "shrink" and operations of loss prevention and asset protection within the unique context of the Canadian retail market. As such, this section provides an overview of the characteristics of the respondents to the survey to contextualize the results of further sections.

The number of stores operated by participants in the study was relatively small, with half of respondents (50%) having 200 or fewer stores operating by the end of the 2023 calendar year, with over a quarter of these respondents having fewer than 50 stores (26.3%). Within these stores, 59.3% of participants had fewer than 10,000 employees. An average of 72 of these personnel are LP/AP personnel, though this does vary by sector and size.

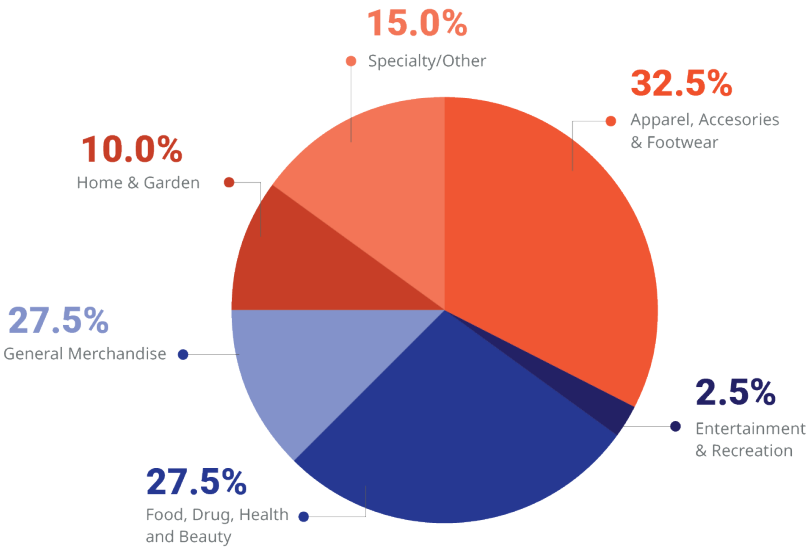
Nevertheless, **these stores represent approximately $68.1 billion CDN in total sales revenue for 2023.** Of course, sales volumes vary by retail sector; in fact, in this study, food, drug, health and beauty corporations accounted for well over half of this total revenue ($37.5 billion CDN). Regardless, relatively few stores and employees are responsible for generating billions of dollars of economic activity in Canada.

RESPONDENT REVENUE BREAKDOWN BY SECTOR (CDN)



Similarly, there was variation in the percentage of respondents by sector represented within the data, with more than half of respondents either representing food, drug, health and beauty companies (32.5%) or apparel and accessories (27.5%). Though a full breakdown of the sectors and sub-sectors are provided in the Appendix, the following represents a sector breakdown of the participants in this study:

PERCENTAGE OF RESPONDENTS BY SECTOR



The geographic distribution of retail locations tends to align with population size within Canadian provinces and territories. The top three locations with stores as presented by the respondents are Ontario (84.2%), Alberta (76.3%) and Manitoba (73.7%). The locations with the least number of stores by respondent are Nunavut (5.3%), Yukon (13.2%), and the Northwest Territories (13.2%). This can be visualized in the map provided below. Full percentages of stores located by province and territory are provided in the Appendix of this report.

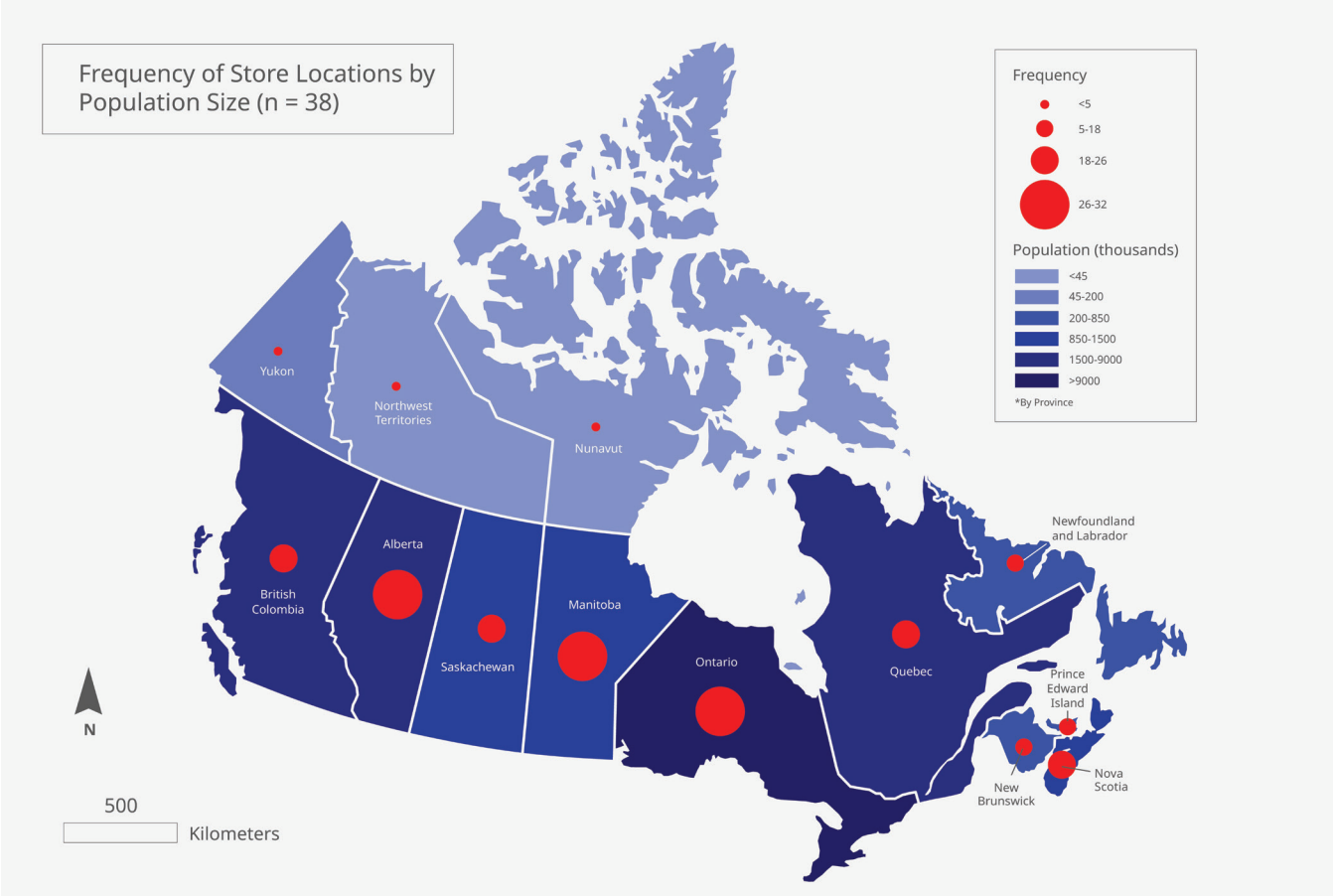


FIGURE 1: MAP OF STORE LOCATIONS BY POPULATION SIZE

Retail modes and mechanisms Canadian retailers use to engage in transactions of their products to their customers. **Although all participants indicated that their stores offered traditional checkout, the most common delivery mechanisms are Buy Online Pickup In Store (BOPIS; Buy Online Pickup In Store) (69%), e-commerce sales delivered by UPS or other carrier (58.6%), and buy online ship from store (55.2%)**. The least utilized delivery options are mobile point-of-sale operated by an

associate (3.4%), grab-and-go/automated checkout (3.4%), and self-checkout via mobile device (6.9%).

Although RCC members have regular connections to local law enforcement and other loss prevention/asset protection teams, they have room to grow for other partnerships that could aid them in loss prevention. Most companies regularly engaged with the Retail Council of Canada (90.5%), local law enforcement (81%), and other retail loss prevention/asset protection teams (61.9%). In this way, organizations seem likely to work with groups that are proximally useful for solving cases (law enforcement and other loss prevention/asset protection teams). The least utilized partnerships included the Coalition of Law Enforcement and Retailers (CLEAR; 61.9% of respondents do not engage with them), Cyber & Infrastructure Security Agency (61.9% of respondents do not engage with them), and the Loss Prevention Retail Council (LPRC; 38.1% of respondents do not engage with them). All of these are US-based organizations and have historically focused on retail crime in the US; however, CLEAR and the LPRC present opportunities for Canadian retailers to expand their efforts to other equally motivated groups for addressing retail crime.



SHRINK AND RETAIL CRIME IN CANADA

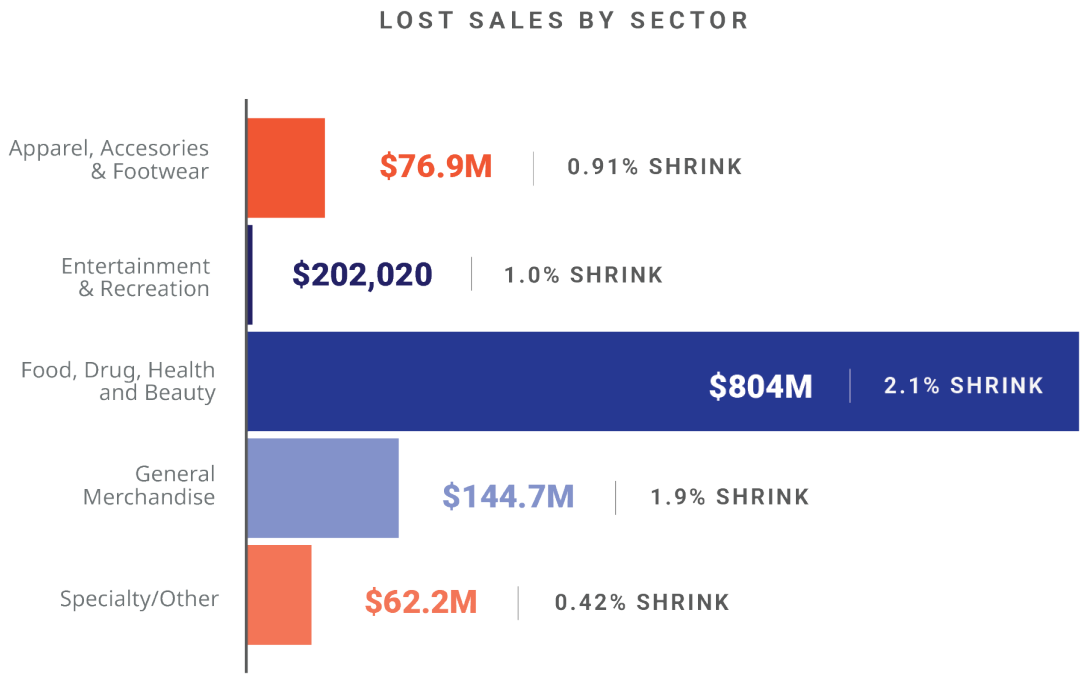
"Shrink" remains a deep concern for retailers regardless of country boundaries. It directly impacts the overall profit of a retail company. There are several sources of shrink, including malicious/criminal sources and non-malicious/non-criminal. For example, shrink can be generated by individuals who steal merchandise from a store, but it can also be generated by retail cashiers who forget to add a zero when ringing up someone purchasing 10 of the same items. However, in the absence of better measures, shrink is often used to describe the nature and extent of retail crime.

However, shrink, is not a standardized industry metric – different organizations may include different types of losses in their calculation of "shrink", but different organizations are also more susceptible to different types of shrink. For example, some retail segments, especially those that sell fresh products, realize more losses due to waste and spoilage. All these factors make it challenging to monitor the impact of shrink across the industry without a common operating definition. Nevertheless, this section covers different aspects of "shrink" as reported by participating corporations.

Retail crime, however, consists of a variety of property and violent incidents that happen within, and outside of, retail frontends. Though often mischaracterized as just "petty shoplifting", retail crime can include problematic issues such as robbery, smash and grabs, and even organized retail crime.

In particular, crime and disorder within retail stores present challenges to the safety and wellbeing of both employees and customers within those spaces. Such crime and disorder not only disrupt the safety within the store itself, but its ripple effects can be felt by the surrounding communities that rely on these retail storefronts for survival. Another challenge when trying to understand crime within the retail industry is its underreporting, where crime statistics reliant on police reports may not fully capture the extent of incidents happening in stores.

The shrink percentage reported by participating companies is 1.5% across the industry, and it is very impactful to the Canadian economy. In 2023, the average inventory shrink percentage was 1.5% across all sectors, with the highest shrink percentage reported by food, drug, health and beauty sectors (2.1%) and the lowest in specialty/other (0.42%). If we treat this as loss of possible sales (and make the assumption that all the loss inventory could have been sold within the financial year), based on the sales reported in the same fiscal year, represents potentially up to $1.04 billion Canadian dollars of loss within this sample alone[1]. The most recent report by Statistics Canada released in July 2024 indicates that retail sales for Canada, with the exclusion of Automotive dealers, is $51B monthly or $612B annually. Based on the shrink average of 1.5%, the retail industry is now estimated to lose $9.2B annually[2].



[1] This assumes that the total sales volume reported in the previous section represents 98.5% Of the total inventory since 1.5% of inventory was reported as loss here.

[2] Stats Can Monthly Retail Sales by Industry

The challenge in fighting "shrink" partly stems from the data used to capture it. Most participants indicated that shrink is calculated as either the percentage of sales based on cost value of goods (47.8%) and percentage of sales based on retail price value of goods (43.5%), although, as mentioned previously, the definition used for the inventory shrink percentage focused on the monetary amount of the retail value divided by the monetary amount of the sales.

Additionally, most events seem to have both incident summary and detailed levels of data recorded by participants, with the highest events being employee theft (100%), cash/deposit theft (91.3%), robbery (87%) and burglary/break-in (87%). The events with the lowest percentage that report both incident summary and detailed levels were known loss/missing items (56.5%), vendor/delivery loss (60.9%) and fraudulent returns (65.2%). Detailed level data can be important for potentially identifying the causes of such loss while incident summary data provides a limited overview of those offenses at the store or regional level.

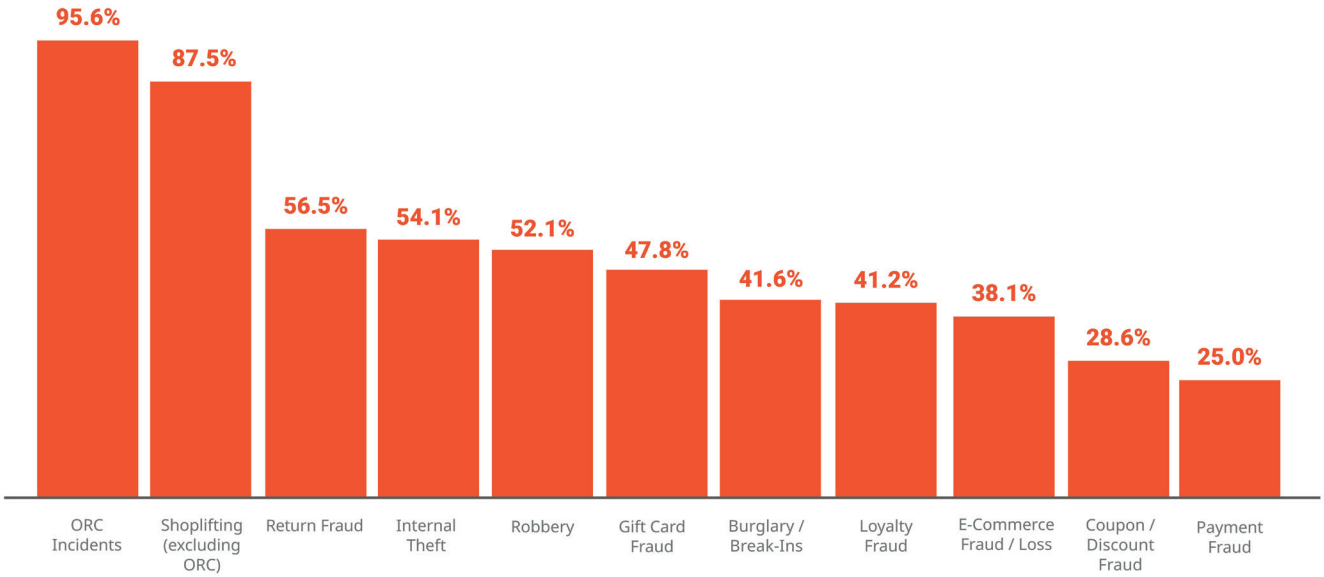
Most respondents use an in-house developed database or spreadsheet (52.2%); the second most commonly used option was traditional case management or incident reporting software (30.4%). While these can be useful for cataloguing and collating data, it may be difficult to identify repeat offenses and offenders in an actionable way.

Different sectors are being hit differently in terms of shoplifting loss. Respondents indicated that the average Canadian dollar loss per shoplifting incident was $363.02, but there are differences by both sector and size. The sectors with the highest losses per shoplifting event are apparel, accessories and footwear ($780.89) and home and garden ($720.00). Those with the lowest losses are general merchandise ($35.00) and entertainment and recreation ($100.00). For size, companies with less than 50 stores experienced the highest loss per shoplifting event ($787.00) followed by 50-200 stores ($347.33). Those with the lowest loss reported per shoplifting event were 1,001-2,000 stores ($20.00) and 2,001-5,000 stores ($125.00).

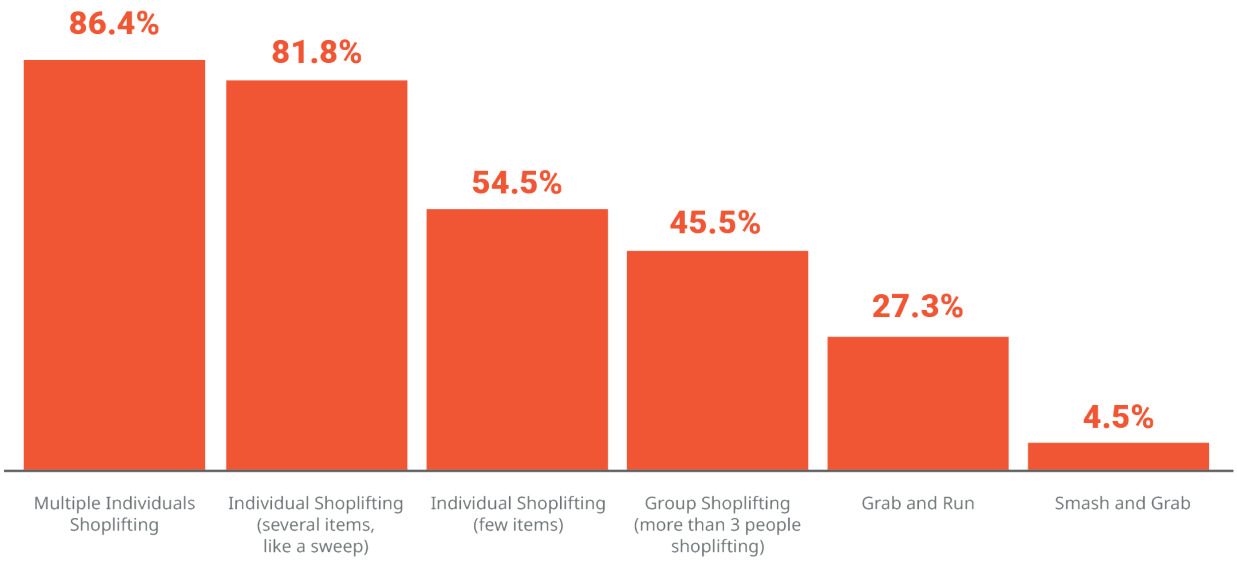
Organized retail crime is considered the number one theft-related incident Canadian retailers are facing. Respondents were asked to determine their concerns for theft and violence. The top three concerns within theft-type incidents are ORC incidents (95.6%), shoplifting (87.5%), and return fraud (56.5%). The least three concerns include burglary/ break-ins (8.4%), robbery (13.0%), and coupon/discount fraud (14.3%).

Mass incidents, including incidents involving an individual who shoplifts multiple items at a time, or multiple individuals all shoplifting at the same time, were the top concerns for external theft events happening in Canadian stores. The top three identified concerns of external theft events include multiple individuals shoplifting (86.4% indicated this was one of the top three concerns) and individual shoplifting with several items (like a shelf sweep; 81.8%) and individual shoplifting with a few items (54.5%). Events with the least concern included grab and run events (27.3%) and smash and grab events (4.6%). No respondents indicated that burglaries focused on merchandise theft were not a top concern for them.

RESPONDENT CONCERNS FOR THEFT AND VIOLENCE

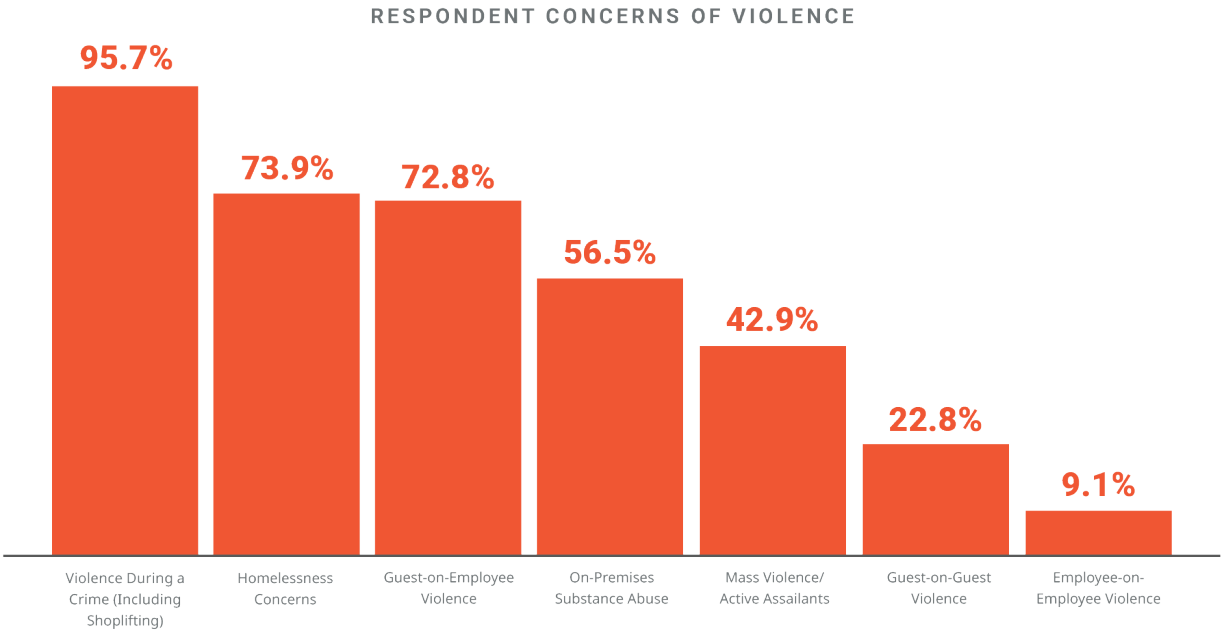


RESPONDENT TOP CONCERNS OF EXTERNAL THEFT EVENTS



However, shoplifting in the Canadian landscape is becoming increasingly dangerous. 90.5% of respondents indicated that shoplifters are exhibiting more violence than compared to 2022, with an average increase in violent incidents of 60.9%. This tracks with the concerns posed in the next section, where the violence as part of the commission of a crime is the number one violence-related concern for Canadian retailers.

Violence used in the commission of another crime, such as shoplifting, is the number one violence-related incident Canadian retailers are facing. For violence, the top three concerns include violence during a crime (95.7%), homelessness concerns (73.9%), and guest-on-employee violence (72.8%). The least three concerns are mass violence / active assailants (42.9%), guest-on-guest violence (22.8%) and employee-on-employee violence (9.1%)



There is a need to review the Criminal Code of Canada and apply adequate language that can be utilized in relation to retail theft or retail crime. The current terms like Theft Under $5000, Theft Over $5000, Fraud Under and Fraud Over are not adequate to help with providing solutions to allow for proper enforcement of retail crimes. A repeat and prolific offenders who steal items under $100 many times over and commits violence while doing so are typically charged with Theft Under, which is a crown elect/ hybrid indictable (felony) offence and rarely does a crown proceed with inditement. A combination of amendments to the Criminal Code and clear guidelines for prosecutors to utilize and apply the law when specific thresholds are met, should allow for a greater number of enforcement of individuals who repeatedly and aggressively victimize retailers and their staff.

Section 271(1) of the criminal code states that everyone commits an offence who assaults a person with intent to resist or prevent the lawful arrest or detention of himself, herself, or another person is guilty of an indictable offence and is liable to imprisonment for a term not exceeding five years. When a security agent or retail Loss Prevention agent is assaulted by a person committing a theft, section 270(1) of the criminal is not applied or enforced. When members were asked about the application of this section of the criminal code, when their team members are assaulted, none could recite an incident where it has been applied.



THE STATE OF LOSS PREVENTION AND ASSET PROTECTION IN CANADA

It is also important to discuss is the state of loss prevention and asset protection within Canada to see how retailers are responding to the concerns discussed in the previous section. This section discusses the available resources available to loss prevention/asset protection staff of Canadian retailers and describes the techniques and solutions they are using to mitigate risk and reduce harm within their stores.

Loss prevention and asset protection make a small share of total budget for Canadian companies. The participants reported loss prevention/asset protection budgets that were 2.8% of sales, on average, though two outliers were present in this data. When removed, the average was 1.2% of sales. However, there is variation by sector and size of the organization. Among the sectors represented, specialty stores had the highest percentage directed at the budget (9.3%), followed by apparel, accessories and footwear (2.2%) and food, drug, health and beauty (1.3%). The sector that devoted the smallest percentage to the budget is entertainment and recreation (0.0%).

In terms of size, the highest percentage of sales devoted to loss prevention/asset protection budget is with organizations between 2,001-5,000 stores (10%) followed by organizations between 50-200 stores (6.9%) and 501-1,000 (3%). Interestingly, the size category with the smallest percentage of the budget is those with 1,001-2,000 stores (0.24%). However, well over half of respondents indicated that their LP/AP budgets were either staying the same in 2024 (37.5%) or increasing by less than 10% (29.2%).

Guards, equipment and technology are the most utilized solutions for addressing "shrink" and retail crime. With regards to resources addressing those risks, most respondents tended to increase resources to address the above issues. The top resources increasing since 2023 were 3rd party security personnel (58.3%), capital allocation for LP equipment (54.2%), technology software or solutions (50%), and employee training related to workplace violence (50%). In terms of decreasing resources, participants mentioned internal payroll (21.7%), 3rd party security personnel (16.7%), capital allocation for LP equipment (16.7%), and employee training for preventing loss (8.3%). Neither technology usage nor training for workplace violence decreased in resource allocation.

Training and maintaining rules for conduct were identified as the most effective awareness strategies for dealing with loss. The most effective education and awareness strategies in preventing loss were identified as having a code of conduct (91.3%), internet/computer-based training videos (87.5%), and face-to-face training during new hire orientation (73.9%). Those deemed the least effective were anonymous online/email notification program (41.7%), anonymous telephone hotline (37.5%), and bulletin board notices/poster (20.8%).

Loss prevention and investigation, workplace violence and physical security are the top responsibilities for LP/AP employees, regardless of location. Respondents were also asked about the perceived level of insight of LP/AP personnel within three areas of their company: physical stores, distribution centers/manufacturing areas, and corporate offices. Across all area categories, Canadian retailers felt the primary responsibilities of LP/AP staff focus on addressing loss prevention and workplace violence (including active assailants). Secondary and tertiary responsibilities of LP/AP personnel typically included tasks like emergency and threat response, resiliency programs, safety and inventory management. A full breakdown of these perceived roles and responsibilities by location are provided in Table 1. Responsibilities closer to the top of the chart indicate higher designated priorities than those lower on the chart.

TABLE 1 : RESPONSIBILITIES OF LP/AP EMPLOYEES BY LOCATION

Location	Primary Responsibility	Secondary Responsibility	Tertiary Responsibility	Limited Responsibility
Physical Retail Location	• Loss Investigation • Loss Prevention Program • ORC Investigations • Workplace Violence & Active Shooter • Dedicated Violence Threat Assessment Team	• Emergency Response Plans/Teams • Safety • Business Continuity & Resiliency Programs • Cash & Deposit Management	• Inventory Control Auditing • Physical Inventories • Background Screening • Shipment & Delivery Management • Cybersecurity Online Platform Reviews	• Environmental or Employee Health • Pharmacy Compliance & Auditing • Food Safety • Waste and Damage Management
Distribution or Manufacturing Locations	• Physical Security Systems • Loss Investigations • Loss Prevention Program • Workplace Violence & Active Shooter	• Cargo & Supply Chain Loss • Physical Inventories • Emergency Response Plans/Teams • Dedicated Violence Threat Assessment Team	• Safety • Inventory Control Auditing • Food Safety • Business Continuity & Resiliency Programs	• Shipment & Delivery Management • Employee Health • Background Screening • Waste & Damage Management
Corporate or Regional Offices	• Loss Investigations • Physical Security Systems • Event Security • Workplace Violence & Active Shooter	• Emergency Response Plans/Teams • Building Safety • Dedicated Violence Threat Assessment Team	• Executive Safety & Protection • Business Continuity & Resiliency Programs • Travel Safety Programs	• Background Screening • Employee Health • Food Safety

Centralized internal resourced security operations centers (SOCs) are generally utilized for physical security monitoring, disasters and critical events, but opportunities exist for expansion of these units for other purposes. Centralized SOCs among Canadian retailers are in various states of implementation, with some respondents indicating they are fully implemented while others suggesting they have not been considered within their organizations. The primary use of these SOCs, for those that indicated they are fully or mostly implemented, include physical security/alarm monitoring (65.4%), critical events and incidents (61.5%), disaster and emergency events (53.8%). Most also indicated these centralized SOCs are staffed 24 hours a day and 7 days a week (53.9%). Few respondents indicated they are currently used for location risk intelligence (34.6%) and employee safety and travel security (30.8%), presenting possible opportunities of growth for these resources.

However, alternative forms of SOCs (such as virtual/decentralized and 3rd party monitoring) may provide opportunities for companies without the resources to fully man internalized SOCs for their purposes. Decentralized SOCs were primarily used for

critical events and incidents (27.3%), disaster and emergency events (22.7%), and physical security/alarm monitoring (22.7%). 3rd party SOCs were primarily utilized for critical events and incidents (12.0%), disaster and emergency events (8.0%) and employee safety and travel security (8%).

Most LP/AP personnel are authorized to make a stop, though hired guards are a close second. Loss prevention and asset protection personnel were authorized to stop suspected shoplifters by most participating organizations (57.1%) with contract security personnel following suit (47.6%). Interestingly, a little over half of respondents (52.4%) indicated that no employees were authorized, though this may be due to interpreting this to mean "other" employees not being allowed to apprehend suspected shoplifters.

Adding security guards, technologies and fortifications to stores, especially improved surveillance, are the main mechanisms for dealing with retail crime and disorder. Due to the concerns with retail crime and social/physical disorder, most respondents indicated they either added security guards to stores (87.0%), made additional security investments to fortify their store locations (87.0%), or secure a product within the retail space (73.9%). When asked what measures or technologies were deemed successful, the majority of respondents indicated some form of improved surveillance and information sharing (55.6%) as being particularly helpful, such as the use of a shared incident platform (16.7%) or cameras with analytics (33.3%). A little over a third of respondents (38.9%) suggested the use of security personnel (either additional LP/AP staff or 3rd party security guards) and a third of respondents (33.3%) indicated better access control and target hardening.

EAS pedestals remain the most utilized technology within the Canadian retail ecosystem. The top three technologies that Canadian retailers have implemented, or are "in progress" of implementing, include EAS Systems (RF/AM; 54.2%), AI-based E-commerce fraud detection analytics (33.3%), and self-service locking cases or lockers (17.4%). The top three technologies never implemented among participants include gunshot detection (86.4%), advanced weapon detection (77.3%), and robotics or drone use for inventory management (77.3%)



ORGANIZED RETAIL CRIME

As indicated in a previous section, concerns about organized retail crime (ORC) within Canada are on the rise. As such, it is important to separately discuss concerns with ORC within the Canadian retail landscape. This section will highlight not just the resources being used for tackling ORC, but also the "hottest" places and products targeted by ORC rings as identified by participating retailers.

Existing LP/AP personnel and resources are the primary mechanisms for investigating ORC in Canadian retail stores. When looking at the structures currently used for investigating ORC within Canadian retail organizations, most rely on existing LP/AP resources (52.4%). Nearly one-fifth of respondents (19.1%) indicated there were no ORC investigative resources that they currently utilize. However, it is unclear from the current study the types of training these investigators are receiving for handling ORC, as well as the investigative techniques they are using. Further research should explore both of these important factors.

ORC incidents are also particularly violent, similar to shoplifting concerns. Similarly to increased violence in shoplifting, respondents viewed that there has been an increase in aggression for ORC-related incidents. Nearly four in five respondents (81%) indicated that violence has increased to some degree for those kinds of incidents. However, it is important to note that shoplifting and ORC have different characteristics despite both being theft. Shoplifting may be limited to just the initial theft from a retail store, but ORC also includes trafficking and the resale of that product into either legitimate or illicit secondhand markets.

Toronto, Mississauga and Vancouver lead as ORC "problem cities". The top three targeted cities and regions for ORC were Toronto (81%), Mississauga (76.2%) and Vancouver (61.9%). Targeted areas generally trended towards populated areas, as seen in the following map, with a full list of targeted cities provided in the Appendix:

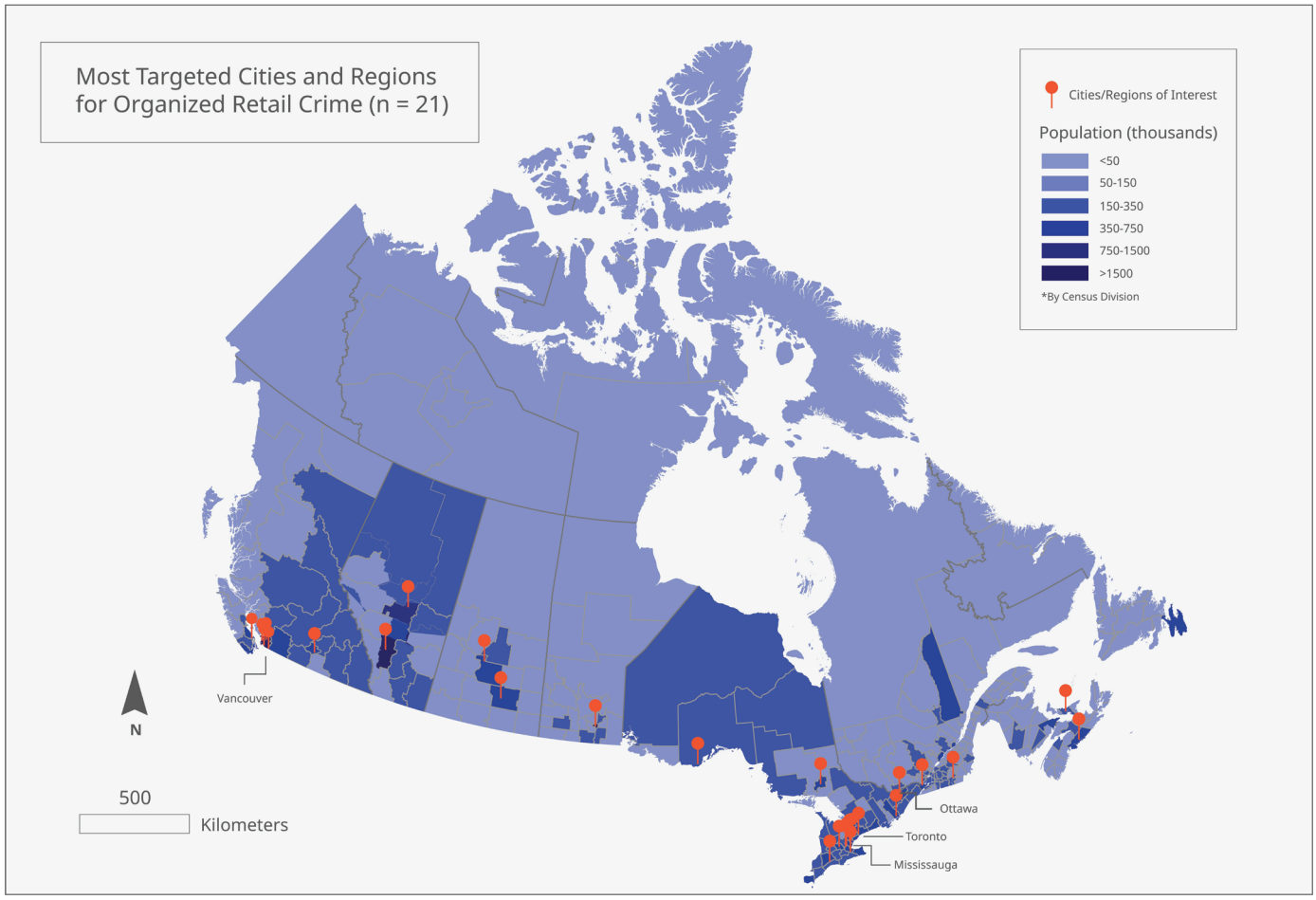


FIGURE 2: ORC HOT CITIES AND REGIONS BY POPULATION SIZE

According to participants, food and beverage items are the most targeted products for ORC. In terms of the most commonly targeted products, food and beverage items seemed to be the number one concern (42.1%) followed by electronics and appliances (31.6%). Both apparel products and health/beauty products were tied for the third most targeted products (26.3%).

The call for more ORC legislation is overwhelming. With the above concerns, most respondents call for increased ORC legislation to address organized retail crime (95.2%). The most commonly cited reasons are the lack of consequences currently for ORC (46.7%), the challenges in the characteristics of ORC (such as the separation for shoplifting and spanning into online markets; 46.7%), and current issues within the criminal justice system (such as requiring prosecution, etc.; 40%).

Based on the above, ORC continues to be an issue for retail and the growth of illicit markets and violent repeat offenders who are involved in ORC has added a greater level of risk and concern for retailers. RCC is advocating for changes at a federal and provincial level to deal with ORC. Highlighted below are just 7 Projects where RCC member companies participated and a total of $10,842,000 of merchandise was recovered as a result of ORC investigations conducted by police services in partnership with retail organizations. This has been accomplished without a formal Joint forces operations or Organized Retail Crime Association and/or Legislation and a limited number of participants.

Top 5 "Hot Orc Product" Categories

1. **FOOD AND BEVERAGE**
   (like meat, candy, and alcohol)
2. **ELECTRONICS AND APPLIANCES**
   (excluding Power Tools)
3. **APPAREL, SHOES AND ACCESSORIES**
   (such as denim jeans and handbags)
4. **HEALTH AND BEAUTY**
   (such as fragrance and cosmetics, and over-the-counter medicine)
5. **BABY EQUIPMENT AND FORMULA**

ORC ACTIVITIES CONDUCTED IN COLLABORATION WITH POLICE

Since 2023 several retail ORC investigations have been conducted by various police services. Below is a list of a few of those projects. For the seven projects below, a total of $10,842,000 was recovered and 410 people arrested.

TABLE 2 : 7 ORC ACTIVITIES RESOLVED BY LAW ENFORCEMENT

ORC Activities /Projects	Project Totals	Arrests	Description
Halton Police Project Kingfisher	$2,000,000	11	ORC Project resulted in $2million in goods recovered, $600,00 in cash seized, 11 people charged, more than a dozen locations, including warehouses, residences and storage lockers were searched
Vancouver Project Barcode Anti-Fencing	$650,000	5	Vancouver police initiated an operation tracking stolen merchandise to investigate illicit markets for stolen goods. $650K in merchandise recovered, $155,000 in cash, thousands in drugs. To date the Project Barcode initiative has resulted in 1200 arrests and $1.4 million in stolen property
Surrey Facebook Marketplace Reseller	$43,000	1	Surrey woman selling stolen goods on Facebook Marketplace, Surrey RCMP executed search warrant and recovered $43K
York Regional Police The Theft Project	$150,000	170	Over 358 charges laid against 172 people
Halton Police Shoppers Drug Mart Project	$1,000,000	5	May 2024 HRPS Executed 5 search warrants at a facility in Peel. $489K returned to Shoppers and in addition merchandise tied to tractor trailer load thefts was recovered. Total project recovery was $1million.
Peel Police Project Big Rig	$6,990,000	15	A joint taskforce was formed to investigate trailer thefts. Investigation resulted in total of 15 arrests, 73 charges, $6.9M cargo recovered, $2.2M in value of trailers, total of $9.2M in property recovered
Winnipeg Anti Theft Initiative	$9,000	203	$1.1Million in provincial funds provided for anti-theft initiative in Winnipeg. Police officers proactively deployed to business communities that experience repeat, prolific and violent crimes



RECOMMENDATIONS

Based on the report provided thus far, several recommendations are suggested to continue the exploration of retail crime within Canada and address such concerns. These recommendations are listed in no particular order and should be treated as equally concerning and worthy of attention.

RETAIL CRIME IS CRIME, NOT JUST "PETTY SHOPLIFTING"

As detailed in this report, retail crime is not just limited to "petty shoplifting". Rather, retail crime broadly covers a range of property and violent crimes that can negatively impact both employees and customers alike. For instance, return fraud (neither shoplifting nor other forms of ORC) was the third most pressing concern that Canadian retailers face. As such, fraud may be an overlooked crime type in the narrative against broader retail woes.

Similarly, retail locations are not immune to violence that may also be experienced in the surrounding communities. In fact, even that "petty shoplifting" may lead to violence in the stores, which often increases the harm and fear experienced by employees and customers. Not only does it impact the broader Canadian economy with lost sales, but there are additional costs associated with ensuring staff and customer safety, as well as escalating property offenses within the stores. Future research should also continue to identify the different crimes and disorder that occur in retail spaces and their subsequent impacts on the health and wellbeing of employees and community members.

STANDARDIZED CRIME AND SHRINK REPORTING ARE CRUCIAL

Retailers use many different definitions and approaches to measuring shrink. In this survey, respondents were nearly evenly split just on how they defined shrink in their stores. This lack of consistency disrupts our ability to accurately identify not only a benchmark for what shrink is within the industry, but also impacts our ability to address different industry issues or concerns. For example, the effective methods of addressing theft and damage will be very different – if our measures are inaccurate or imprecise, we cannot target problems effectively.

Additionally, limited reporting of theft or violent events to law enforcement creates additional challenges in both knowing the true extent of these crimes across communities in Canada, but but it also makes it more challenging to provide a united and effective response to these issues. This can also further cascade into issues with prosecutions – if fewer cases are entered into the criminal justice system through law enforcement, investigators lack the ability to link incidents as part of cases, and fewer are ultimately prosecuted. Nevertheless, continued engagement with the criminal justice system seems like a necessary next step to address the broader concerns of retail crime.

There are certainly limitations within this report given the relatively low response rate by RCC members. Indeed, this presents a challenge when understanding the full extent of retail crime within Canada: how do we know for certain what is going on if very few speak up about these issues? However, despite these limitations, this report does provide some glimpse into the issues plaguing retailers within Canada. We can only hope future studies continue to reach out to more and more retailers to provide increasingly accurate numbers within the industry.

CONSIDER EXPANDING RESOURCES TO ADDRESSING THE ISSUE THROUGH TECHNOLOGIES

New technologies present opportunities to identify threats and react to them in potentially cost-effective ways. However, most retailers mentioned either a flatlined or only slightly increased budget when it comes to addressing these issues. While we understand there are limited funds available that can be allocated to loss prevention for retailers, we would encourage further conversations with other internal groups within retail corporations (especially those responsible for the budget) with the use case of saving money by reducing shrink and loss. If technologies and solutions can be efficiently utilized, more product can be available on the shelves to bridge the loss gap of $9.2 billion annually.

CONTINUE TO EXPLORE PARTNERSHIPS AND TECHNOLOGIES TO ADDRESS RETAIL CRIME

Although respondents of this survey seemed tightly knit with the RCC, local law enforcement and LP/AP teams of nearby retailers, it is important to continue branching out to other groups that are aligned with addressing retail crime. For example, especially the retailers located within mall locations, retailers could work with such co-located groups and expand their security and investigative resources.

Similarly, emerging technologies present opportunities to supplement and augment existing LP/AP practices to address retail crime, as mentioned in the previous recommendation. However, a word of caution must be mentioned—continuing research should trial and test these solutions within the retail ecosystem to better understand their effectiveness and usability in the field before they are widely adapted. Research institutions, like the Loss Prevention Research Council and others, provide opportunities for understanding these technologies before adoption.

LEGAL REFORM MAY BE REQUIRED TO PREVENT A "REVOLVING DOOR OF JUSTICE"

As mentioned previously, there needs to be continued engagement with all parts of the Canadian criminal justice system to further streamline the processing of offenders through the system. There is overwhelming support for increased legislation of ORC, with one of the most commonly cited reasons being to address the problems with current criminal justice processes. As such, increased advocacy for working with these groups and addressing any legal concerns is likely necessary as part of a holistic approach to addressing retail crime.

GLOSSARY OF TERMS

SHRINK OR SHRINKAGE

Shrink or shrinkage is the measurement of losses calculated by a retailer during a specific period of time, categorized across various means of retail loss. Measured as a percentage of sales, shrink percentage often includes losses caused by both internal and external theft, operational or process mistakes and systemic errors.

SHRINK CATEGORIES

For the purposes of this study, respondents were provided specific categories of shrink and asked to report percentages of loss related to each individual category. Those categories are defined as:

Internal Theft: Acts of theft committed by an employee, or in collusion with an employee by outsiders. Internal theft methods vary but often include cash/deposit theft, fraudulent refunds, merchandise theft or providing discounted or free merchandise to non-employees.

External Theft: Thefts like shoplifting, burglary or break-in, robbery, credit card fraud and other retail crimes committed by non-employees. These thefts could include the loss of merchandise or monies.

Process, Control Failures and Errors: Losses that occurred through normal business operations and may be due to cashier errors, inaccurate system pricing, accidental loss or damages and other operational or systemic errors.

Other: Retailers may include additional areas of loss based upon their individual business structure or segment. This bucket may include expired goods, vendor or third party-related losses, claims, etc.

Unknown: This category of reported loss allowed a respondent to include reported losses that have occurred, but due to certain circumstances may not be properly categorized.

ORGANIZED RETAIL CRIME (ORC)

For the purposes of this year's survey, organized retail crime is defined as theft / fraud activity conducted with the intent to convert illegally obtained merchandise, cash, cargo or cash equivalent for financial gain. Organized retail crime typically involves a criminal enterprise that organizes large scale thefts from a number of retail stores and employs a

fencing operation to sell the illegally obtained goods for profit. It should be distinguished from traditional "shoplifting," which is typically a theft by a single individual of a small number of goods for personal use or consumption.

SHOPLIFTING

Generally defined as the unauthorized removal or taking of merchandise or goods from a retail store without paying for the items. Certain state laws may include other acts involving petty theft, intentionally paying less for an item than its sale price (e.g., ticket switching) or other acts of larceny involving retail merchandise.

OPPORTUNISTIC OR AMATEUR SHOPLIFTER

Individual(s) who steal because an opportunity presents itself or to meet a personal need for items such as food, clothing or health items.

REPEAT OFFENDERS

Individual(s) who steal regularly, taking as much merchandise as possible in a single incident. These individuals often steal with the knowledge and connections – which can include ORC groups – on how to resell the merchandise for financial gain. They are also the group with the most potential for violence.

APPENDIX

TABLE 3: SECTOR AND SUB-SECTORS OF RESPONDENTS

Sector	Frequency
Apparel, Accessories, and Footwear	13 (32.5%)
Shoes and Footwear	1 (7.7%)
Specialty Men's Apparel	2 (15.4%)
Specialty Women's Apparel	2 (15.4%)
Specialty Men's and Women's Apparel	2 (15.4%)
Specialty Men's, Women's and Children's Apparel	4 (30.8%)
Blank	2 (15.4%)
Entertainment & Recreation	1 (2.5%)
Books & Magazines	1 (100%)
Food, Drug, Health and Beauty	11 (27.5%)
Beauty and Personal Care	1 (9.1%)
Drug Store or Pharmacy	2 (18.2%)
Grocery and Supermarkets	5 (45.5%)
Liquor, Wine, Beer or Tobacco Products	3 (27.3%)
General Merchandise	5 (12.5%)
Discount, Mass Merchandise, or Super Center	3 (60.0%)
Home & Garden	4 (10.0%)
Home Improvement, Building, Hardware, Lumber and Garden Supply	4 (100%)
Specialty/Other	6 (15.0%)
Cards, Gifts, Floral, and Novelty	1 (16.7%)
Consumer Electronics, Computers, and Appliances	1 (16.7%)
Food Service/Restaurant	1 (16.7%)
Other	3 (50.0%)

TABLE 4: FREQUENCY OF NUMBER OF STORES

Number of Stores	Frequency
LESS THAN 50 STORES	10 (26.3%)
50-200 STORES	9 (23.7%)
201-500 STORES	7 (18.4%)
501-1,000 STORES	6 (15.8%)
1,001-2,000 STORES	2 (5.3%)
2,001-5,000 STORES	3 (7.9%)
GREATER THAN 5,000 STORES	2 (5.3%)

TABLE 5: FREQUENCY OF RETAIL STORES BY PROVINCE/TERRITORY

PROVINCE	FREQUENCY (%)	2023 POPULATION
ALBERTA	29 (76.3%)	4,756,408
BRITISH COLUMBIA	26 (68.4%)	5,581,127
MANITOBA	28 (73.7%)	1,465,440
NEW BRUNSWICK	18 (47.4%)	842,725
NEWFOUNDLAND & LABRADOR	15 (39.5%)	540,418
NORTHWEST TERRITORIES	5 (13.2%)	44,760
NOVA SCOTIA	22 (57.9%)	1,066,416
NUNAVUT	2 (5.3%)	40,817
ONTARIO	32 (84.2%)	15,801,768
PRINCE EDWARD ISLAND	17 (44.7%)	175,853
QUÉBEC	21 (55.3%)	8,948,540
SASKATCHEWAN	25 (65.8%)	1,218,976
YUKON	5 (13.2%)	45,148

TABLE 6: TOP TARGETED ORC REGIONS AND CITIES

CITY/REGION	FREQUENCY (%)
ABBOTSFORD	2 (9.5%)
AJAX	2 (9.5%)
BRAMPTON	9 (42.9%)
BURNABY	5 (23.8%)
CALGARY	6 (28.6%)
COQUITLAM	2 (9.5%)
EDMONTON	9 (42.9%)
HALIFAX METROPOLITAN AREA	2 (9.5%)
HAMILTON	8 (38.1%)
KELOWNA	4 (19.0%)
KINGSTON	2 (9.5%)
KITCHENER	2 (9.5%)
LANGLEY CITY	2 (9.5%)
LONDON	8 (38.1%)
MISSISSAUGA	16 (76.2%)
MONTREAL	9 (42.9%)
NANAIMO	4 (19.0%)
OSHAWA	1 (4.8%)
OTTAWA	11 (52.4%)
REGINA	1 (4.8%)
SASKATOON	2 (9.5%)
SHERBROOKE	1 (4.8%)
SUDBURY	1 (4.8%)
SURREY	5 (23.8%)
THUNDER BAY	2 (9.5%)
TORONTO	17 (81.0%)

VANCOUVER	13 (61.9%)
WATERLOO	2 (9.5%)
WHITBY	1 (4.8%)
WINNIPEG	9 (42.9%)
YORK REGION	10 (47.6%)

TABLE 7: FREQUENCY OF NUMBER OF EMPLOYEES

NUMBER OF EMPLOYEES	FREQUENCY
0 – 1,499	5 (18.5%)
1,500 – 4,999	3 (11.1%)
5,000 – 9,999	8 (29.6%)
10,000 – 24,999	5 (18.5%)
25,000 – 49,999	4 (14.8%)
50,000 – 99,999	2 (7.4%)

TABLE 8: NUMBER OF LP/AP PERSONNEL BY SECTOR

Sector	Total	Averages
Apparel, Accessories and Footwear (n = 7)	758	108
Entertainment and Recreation (n = 1)	0	0
Food, Drug, Health, and Beauty (n = 9)	677	75
General Merchandise (n = 2)	20	10
Home and Garden (n = 1)	151	151
Specialty/Other (n = 6)	264	44
Total/Combined (n = 26)	1,870	72

TABLE 9: NUMBER OF LP/AP PERSONNEL BY SIZE

SIZE CATEGORY	TOTAL	AVERAGE
LESS THAN 50 STORES (N = 7)	93	13
50-200 STORES (N = 5)	519	104
201-500 STORES (N = 6)	594	99
501-1,000 STORES (N = 5)	462	92
1,001-2000 STORES (N = 1)	7	7
2,001-5000 STORES (N = 2)	195	98
GREATER THAN 5,000 STORES	-	-

TABLE 10: SHRINK PERCENTAGES BY SECTOR

Sector	Average Percentage
Apparel, Accessories and Footwear (n = 4)	0.91%
Entertainment & Recreation (n = 1)	1.0%
Food, Drug, Health, and Beauty (n = 8)	2.1%
General Merchandise (n = 2)	1.9%
Home and Garden	-
Specialty/Other (n = 3)	0.42%
Total/Combined (n = 18)	1.5%

TABLE 11: AVERAGE LOSS PER SHOPLIFTING EVENT BY SECTOR

Sector	Average CDN Loss per Shoplifting Event	Total CDN Loss per Shoplifting Event
Apparel, Accessories and Footwear (n = 5)	$780.89	$3,904.47
Entertainment and Recreation (n = 1)	$100.00	$100.00
Food, Drug, Health, and Beauty (n = 7)	$220.43	$1,543.00
General Merchandise (n = 2)	$35.00	$70.00
Home and Garden (n = 1)	$720.00	$720.00
Specialty/Other (n = 3)	$186.67	$560.00
Total/Combined (n = 19)	$363.02	$6,897.47

TABLE 12: AVERAGE LOSS PER SHOPLIFTING EVENT BY SIZE

NUMBER OF STORES	AVERAGE CDN LOSS PER SHOPLIFTING EVENT	TOTAL CDN LOSS PER SHOPLIFTING EVENT
LESS THAN 50 STORES (N = 5)	$787.00	$3,935.00
50-200 STORES (N = 3)	$347.33	$1,042.00
201-500 stores (n = 6)	$147.50	$885.00
501-1,000 stores (n = 3)	$296.82	$890.47
1,001-2,000 stores (n = 1)	$20.00	$20.00
2,001-5,000 stores (n = 1)	$125.00	$125.00
Greater than 5,000 stores	-	-

TABLE 13: PERCENTAGE INCREASE IN VIOLENCE BY SECTOR

Sector	Average Percentage Increase
Apparel, Accessories and Footwear (n = 2)	37.0%
Entertainment and Recreation (n = 0)	-
Food, Drug, Health, and Beauty (n = 7)	35.9%
General Merchandise (n = 1)	67%
Home and Garden (n = 0)	-
Specialty/Other (n = 3)	133.3%
Total/Combined (n = 13)	60.9%



Christina Burton, PhD

RESEARCH SCIENTIST

Loss Prevention Research Council

Rui Rodriguez

EXECUTIVE ADVISOR, LOSS PREVENTION & RISK MANAGEMENT

Retail Council of Canada
Conseil Canadien Du Commerce de Détail

LPRC LOSS PREVENTION RESEARCH COUNCIL

RCC RETAIL COUNCIL OF CANADA

CCCD CONSEIL CANADIEN DU COMMERCE DE DÉTAIL