

Target expects organized retail crime to drive additional \$500 million in losses

 wjla.com/news/nation-world/target-expects-organized-retail-crime-to-drive-additional-500-million-in-losses-shoplifting-burglary-theft-security-national-retail-federation-earnings

AHTRA ELNASHAR | The National Desk

May 18, 2023

00:00

02:08

WASHINGTON (TND) — Inventory shrink driven by organized retail crime is expected to reduce Target's profitability by an additional \$500 million this year, Target CEO Brian Cornell said during a quarterly earnings call with investors Wednesday.

Cornell said the company is investing in strategies to prevent it and manage the financial impact so stores can remain open. Though the company's first quarter gross margin rate was slightly higher than last year's due to factors like lower freight costs and higher retail prices, the gains were partially offset by the increase in shrink — which can also include product damage and employee theft.

According to the National Retail Federation's 2022 [National Retail Security Survey](#), retailers on average saw a 26.5% increase in organized retail crime incidents in 2021.

Unlike individuals shoplifting for personal use, organized retail crime is usually committed by groups connected to a larger crime rings that resell the goods, often online.

00:00

02:08

Inventory shrink driven by organized retail crime is expected to reduce Target's profitability by an additional \$500 million this year, Target CEO Brian Cornell said during a quarterly earnings call with investors Wednesday. (TND)

"Nobody is in favor of throwing every shoplifter in jail but we definitely are in favor of breaking up rings and making it clear that if you participate in these rings you're gonna be prosecuted," said Stephanie Martz, the NRF's chief administrative officer and general counsel.

Montgomery County Public Schools' review of employee histories reveals criminal violations

Martz said crime rings tend to target national chains over small businesses because their store layouts tend to be consistent, making it easier for criminals to replicate thefts at other locations.

Theft is an issue throughout supply chains, often occurring before a product even hits the shelf.

"It's everywhere. We see it on loading docks. We see it from trains and trucks that are going from loading docks to warehouses. We see it from warehouses to stores. We see it along every part of the supply chain and our members are trying to harden that supply chain as much as possible but you know, we're a massive country and it's a massive effort," Martz said.

Last year, as part of the budget for fiscal year 2023, Congress passed and President Joe Biden signed the Integrity, Notification, and Fairness in Online Retail Marketplaces for Consumers Act aimed at increasing transparency requirements for high-volume third-party online sellers.