

Counting the Cost

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Just as Harry Enfield's loathsome Loads a money character summed up the culture of 1980s greed, Little Britain's Vicky Pollard is considered the unwelcome face of the noughties.

In the context of a sketch show, this teenager's total lack of respect for authority is hilarious, but Vicky's lifestyle of merrily clocking up ASBOs, petty thieving and wanton vandalism is painfully close to what's happening in our society today. For retailers, the anti-social antics of unruly young people could be a reason for rapidly increasing instances of criminal damage to property, which has resulted in escalating insurance claims in the past 12 months.

The British Retail Consortium Retail Crime Survey 2004/2005 has revealed a near doubling of criminal damage costs to retailers since the last survey. The price of criminal damage – specifically vandalism, arson and graffiti – has nearly doubled, from £14 million in 2003 to £24 million, the report states

Nick James, assistant policy director of the BRCs Retail Crime Policy Advisory Group, says it is difficult to pinpoint any one cause for such damage, which goes hand-in-hand with a rise in physical assaults and verbal abuse. "Some commentators suggest that the perception of lax policing and weak deterrents are to blame," says James. "Others point to a permissive, rights-centric society where individuals come before community. In reality, a mixture of factors is likely to be at play."

Separately, the latest findings from AXA's Business Crime Index has shown an increase of 24 per cent in the number of crime-related business insurance claims settled during the second quarter of this year compared with the first three months. The value of the average crime-related settlement in this period was £3,743.

AXA property insurance manager Neil Mercier says that three out of four retailers experience at least one criminal act against their property in the course of a year. He believes, from his experience in dealing with retailers, the problem is spiralling out of control.

"Although police figures say crime is going down, we see that business crime is getting considerably worse," says Mercier. "About 90 per cent of the crimes we are dealing with are break-ins and malicious damage and a small percentage is arson."

Mercier says that the typical cost of damage – a smashed shop window for instance – is £700 to £800, but if arson is involved this brings the repair bill into thousands.

While insurance will cover these costs, it is in retailers' interests to deter such acts, because they will be hit by indirect costs to the business while repairs are made. "Insurance will make allowance for lost business, but there is normally more at stake. A store covered in graffiti does not attract new customers and, at worst, a store closed for several months following an arson attack will affect long-term customer loyalty," says Mercier. On top of this, no claims bonuses will be lost and insurance premiums will go up if damage is claimed for repeatedly, he explains.

With police forces already stretched to breaking point dealing with other areas of crime, commentators do not expect business crime to become a priority any time soon. "It is down to the retailers to do their utmost to protect themselves against malicious damage," says Mercier. "Investment in anti-graffiti paint, metal shutters, alarms and CCTV, if an area requires it, makes sense. Getting involved in local campaigns against anti-social behaviour can also help put pressure on the police to take action."

Argos security solutions manager Adrian Sherry says that changes to store layouts and window displays can dramatically reduce the risk of after-hours damage to property and theft.

"About 10 or 15 years ago, there were far more instances of our store windows being smashed in at night, because we used to display product in the windows," he says. "Now posters and graphics are used to make up the displays, which take away the incentive for vandals and thieves."

If deterrents can be found, fewer late-night incidents may ease pressure on store managers, suggests ORIS Consulting managing director Laurence King. "Asking store managers to turn out in the middle of the night to turn off alarms and make the premises secure is not at all popular," he says. "Female managers will probably want to take their husbands with them and the whole episode can ruin a family's weekend."

King adds that retailers risk losing good managers and deputies, who tire of the hassle of sorting out vandalised stores during the night.

One option is to employ the services of a third-party security firm, which will act as an emergency keyholder. “But that is an added cost to the retailer,” says King. Alarm systems are also expensive to operate and the rules governing the police response are getting tougher. In an attempt to crack down on false call-outs, the police often remove their service after three false alarms. In such cases, a security firm must be paid to come out, says King.

Home Office recognition of the scale of retail crime and its cost to the consumer could help ease the burden on store operators. The BRC has long campaigned for this and has gained commitment from Hazel Blears, the Home Office Minister of State, to focus on the issues.

Leading retailers, including Boots and WH Smith, alongside the BRC’s Retail Crime Policy Advisory Group, are working closely with the Government and the police to develop a set of practical ways of tackling violence, theft and damage to stores and staff.

A national strategy to combat retail crime is at hand, but in the short term, security experts urge retailers to do their utmost to out-fox the petty criminals of this world, rather than sit back and let it happen. RW