



Retail Agility

THE RISE IN RETAIL CRIME

For what comes next
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Introduction

Retail crime has become a pervasive issue with consequences that extend far beyond the immediate victims.

It is no longer just an operational challenge for businesses - it is a societal problem born from an unprecedented surge in theft, abuse, and violence. The consequences ripple through communities, threatening employee wellbeing, financial stability, and even the future of the high street.

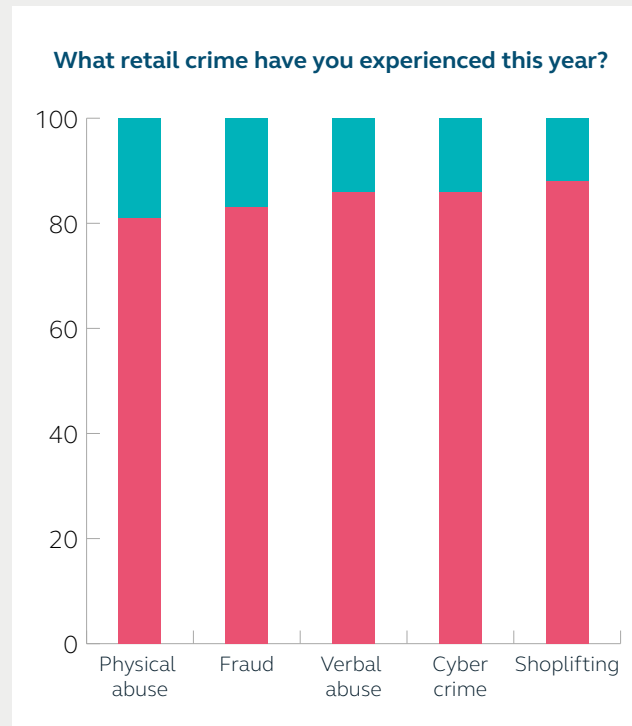
Our research underscores the scale of this epidemic with 100% of the top 100 UK retailers experiencing some form of crime in the past year.

The internal costs of addressing retail crime are staggering and unavoidable, encompassing HR initiatives, enhanced surveillance systems, and product tracking technologies. However, the impact is not confined to retailers alone - it spreads across society, with far-reaching economic and social repercussions. However, retail is the front line.

The government's acknowledgment of these issues marks progress, yet businesses - already burdened with higher employment costs, reduced Business Rates Relief, and inflation - are calling for immediate, practical solutions.



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PEOPLE IMPACT

Employees are paying a heavy price for the rise in retail crime. Our survey revealed **44%** of retailers have seen increased turnover, while **42%** face recruitment difficulties. Higher absenteeism (**41%**) further reflects the strain on staff, and there's a higher demand for mental health support, with **29%** reporting a rise in staff anxiety and depression.

FINANCIAL IMPACT

The financial impact of retail crime transcends the losses from theft, damage, and personal injury. Retailers face increased costs from higher wages, security investments, and compliance with regulatory measures. In fact, **80%** of retailers report increased costs related to safety and security measures.

CALL TO ACTION

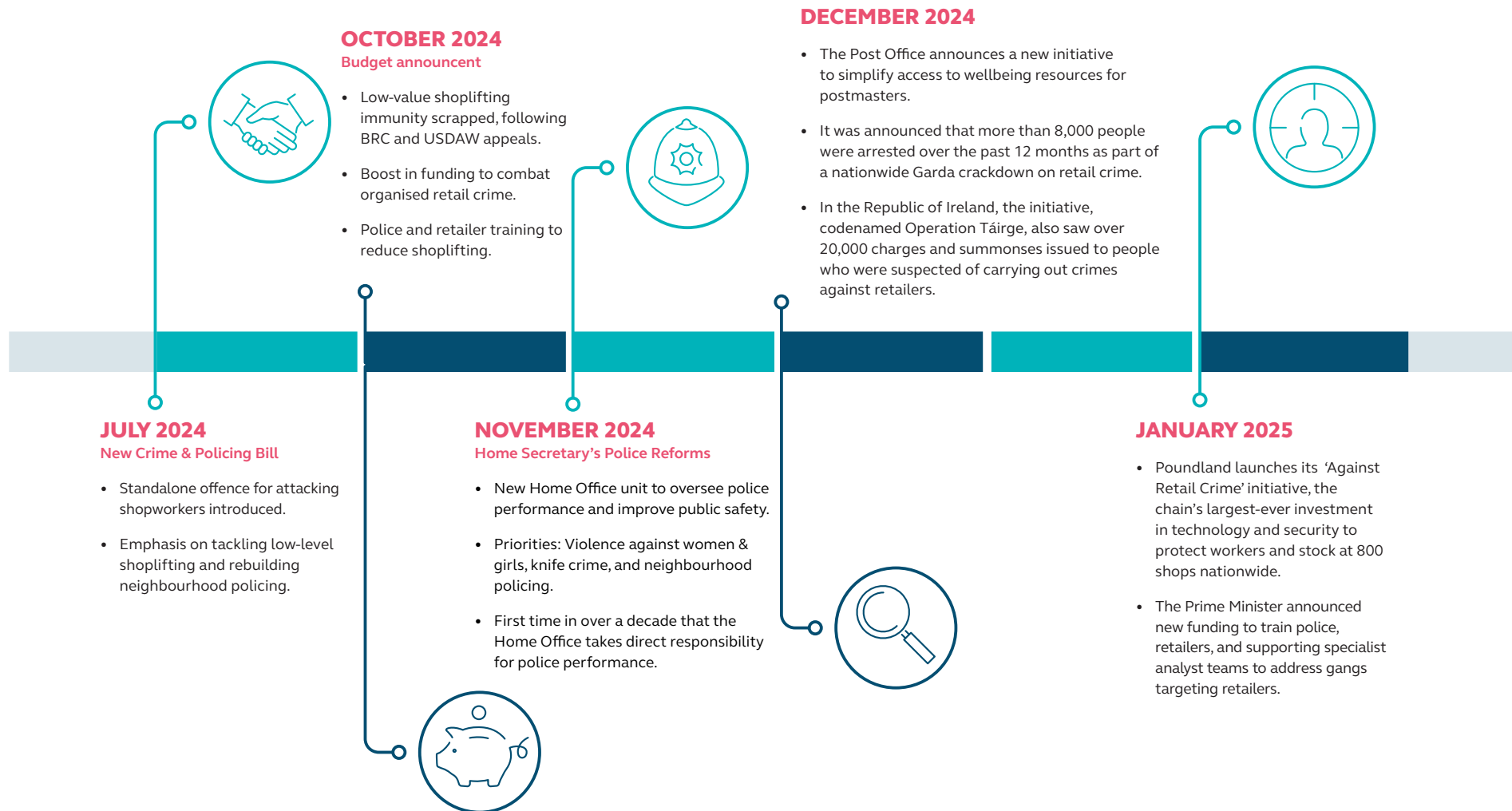
To combat the growing threat of retail crime, a multi-faceted strategy is essential and retailers must take a forward-looking approach.

We recommend retailers:

- 1 Invest in advanced technologies:** surveillance, enhanced tagging systems, and robust cybersecurity frameworks.
- 2 Prioritise employee wellbeing:** Training programs, mental health support, and workforce resilience initiatives are vital.
- 3 Foster collaboration:** Sector-wide partnerships are crucial to addressing both physical and digital threats.

Recent announcements

THE GOVERNMENT IS INTENSIFYING ITS FOCUS ON RETAIL CRIME TO SUPPORT RETAILERS.





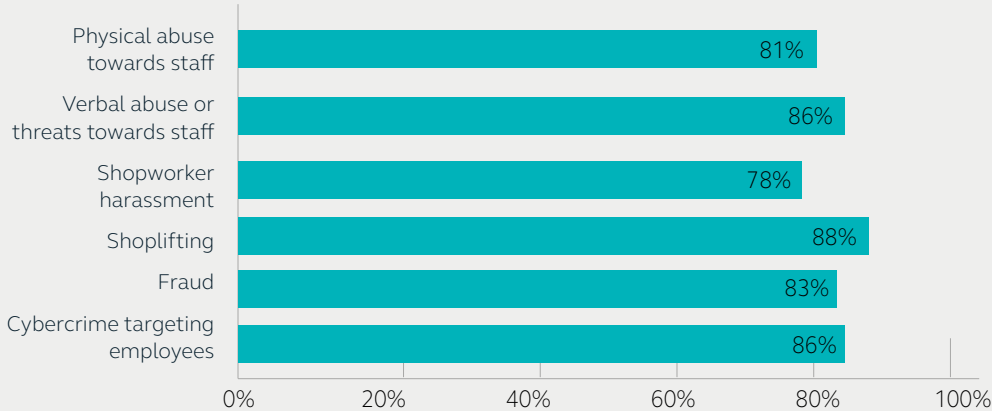
The rise in retail crime

THE IMPACT ON PEOPLE

Retail crime is rising, and this affects people. Our survey (featuring 100 of the UK's top retailers), identifies shoplifting (**88%**), fraud (e.g., payroll fraud, identity theft, **83%**), and cybercrime targeting employees (e.g., phishing, data breaches, **86%**) as key types of crime experienced in the past year.

Alarmingly, physical, and verbal abuse are two of the most reported crimes experienced by retailers. For instance, **100%** of grocery retailers reported acts of physical violence against staff, while fashion, home, and life sectors reported **84%**, **79%**, and **75%** respectively. Meanwhile, verbal abuse was also experienced by **100%** of grocery retailers surveyed, with instances in fashion (**90%**), home (**86%**), and life (**79%**) slightly exceeding those of physical abuse.

What types of retail crime has your business experienced in the past year?



The increased levels of crime have had a significant effect on employees. Increased employee turnover (44%) and difficulties in recruitment (42%) highlight the pressing challenge of maintaining a team in a highly stressful environment. With higher levels of absenteeism clearly signifying the physical and mental impact.

In this environment, 50% of retailers state that there is now an increased need for training and development, with 71% prioritising de-escalation techniques. Higher rates of depression and anxiety (29%) and greater staff demand for mental health support (18%) also stand as potent reminders that retail crime affects employees' home lives as well as workplace stability and wellbeing.

In which of the following areas has retail crime impacted your workforce?



What skills do you consider essential for your workforce to effectively manage retail crime?



Helen Dickinson, OBE, Chief Executive, British Retail Consortium comments

“Despite retailers investing huge sums in crime prevention, violence and abuse against retail workers is climbing. With over 1,300 incidents every day, government can no longer ignore the plight of ordinary, hardworking retail colleagues. Teenagers taking on their first job, carers looking for part-time work, parents working around childcare. And while the violence can be over in a moment, the victims carry these experiences with them for a lifetime. And we all know the impact does not stop there – it affects their colleagues, friends, and the family our colleagues go home to. This is a crisis that demands action now.”



Investing in people

Higher levels of absenteeism mean retailers must prioritise employee wellbeing.

Employees are the lifeblood of the sector, essential for enabling safe, productive, and authentic shopping experiences. Investment in wellbeing is good for the individuals, and good for the businesses where they work. It also builds their trust in their place of work. Increased wages and National Insurance contributions mean employees are more valuable than ever, especially as they navigate increasingly demanding and stressful working conditions. Also if an employee leaves their job due to burnout, or unsafe working conditions, it ultimately harms their health and that of the business.

Consequently, robust training programmes in areas like de-escalation, reporting procedures, health & safety, and customer engagement are essential to empower employees. Beyond technical training, employers can make workers feel more valued by introducing wellbeing initiatives, such as mental health support, stress management resources, and flexible scheduling where possible.



Liz Cotton, Partner, Employment comments

“Employers have a legal duty to protect the health, safety and welfare of their employees and this duty covers both mental health as well as physical health. To build a resilient workforce, retailers should conduct detailed risk assessments and regularly review these, particularly following an incident. Investing in training is also key, whether that be training colleagues on how to manage escalating situations, mental health training for shop floor workers, or training managers on dealing with internal workplace grievances – these will all help foster a workplace safety culture. For colleagues who are victims of violence, any available support and how to access it should be clearly communicated. Having robust reporting and whistleblowing procedures also prioritises employee safety and value. Investing in workplace safety culture properly brings many advantages, including in recruiting and retaining talent, boosting morale, reducing sickness absence levels and improving overall efficiency.”



What are retailers' obligations to protect staff?

Retailers in the UK are obliged to protect staff from workplace violence and abuse under multiple employment laws and regulations.



DUTY OF CARE

Under the **Health and Safety at Work Act 1974**, employers are responsible for providing a safe working environment. This duty includes all forms of work-related violence, which the Health and Safety Executive defines as: "Any incident in which a person is abused, threatened or assaulted in circumstances relating to their work."



EMPLOYMENT CONTRACT IMPLICATIONS

In cases where a retailer fails to comply with its obligations towards its employees this may lead to claims being brought against the retailer for e.g. discrimination, unfair dismissal or harassment.



HEALTH AND SAFETY COMPLIANCE

Retailers' responsibilities include conducting regular risk assessments and implementing safety measures under the Management of Health and Safety at Work Regulations 1999. These need to be suitable and sufficient and therefore will need to take into account the risks presented by crimes against shop workers in particular stores.



Duncan Reed, Partner, Commercial Regulatory comments

"Under the sentencing guidelines, the financial penalties can be significant for non-compliance. Even if there isn't a significant breach of legal obligations, the financial implications can still be considerable. The expectation is clear: given the significant risks involved, changes must be implemented swiftly. Retailers are expected to monitor store operations closely and deploy strategies and equipment to manage these risks effectively. Failure to address these issues could result in financial penalties, and regulatory scrutiny. As this issue has gained considerable traction in the news and is frequently highlighted across the retail sector. The risks are not insignificant. Retailers should review employee contracts and facilitate wider engagement with their employees, as concerns about wellbeing tie into broader health and safety responsibilities. By implementing robust measures, retailers can fulfil their obligations and protect their workers effectively."

The financial impact

In the Autumn budget (October 2024), Chancellor Rachel Reeves outlined measures aimed at enhancing crime prevention and safety and also announced significant economic measures impacting businesses and their workers.

The national minimum wage will go up to £12.21 an hour in April after a **6.7%** increase, with more than 3 million workers in line for a pay rise. Whilst the minimum wage for workers aged 18 to 20 will go from £8.60 to £10 an hour, (a **16%** rise that's the largest ever). So alongside operational costs, many retailers will also have to increase salaries for key workers.

National Insurance for workers hasn't increased, although employers' NI will be increasing by 1.2% to 15% from April 2025. However, The Employment Allowance will increase from £5,000 to £10,500, which according to the government means 865,000 employers won't pay any National Insurance at all next year.

From 2026/27, two new lower business rates will also be introduced for these industries. The current 75% relief (due to expire in 2025) will be replaced by a 40% relief on business rates for 24/25, up to a maximum discount of £110,000. Despite the small business tax multiplier also being frozen from next year, industry leaders are concerned about the potential financial strain on businesses already facing economic hardships and the effects of retail crime.

Against this backdrop, retailers including Tesco, Boots, Marks & Spencer, and Next have all written to Rachel Reeves to say that a **£7bn** increase in annual costs after October's budget will lead to job cuts and higher prices, with the BRC estimating that retailers will face a **£2.3bn** bill from April.

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So, how are retailers planning to navigate and manage the increase in costs from the budget?

DEALING WITH INCREASED COSTS

Retailers are exploring a range of financial strategies to mitigate rising costs, but the most common (**44%**) is passing them onto customers through higher prices.

This approach means that the rise in retail crime is as much of an issue for consumers as it is for businesses. **42%** of retailers plan to increase product prices specifically to offset these crime-related expenses. Meanwhile, **29%** are absorbing these costs internally, accepting the financial strain without adjustments to pricing or operations because they fear losing customers to lower-priced competitors.

Additionally, to streamline and reduce costs, **24%** of retailers are implementing cost-saving measures in other areas, and **20%** are adjusting operational strategies to improve efficiencies.

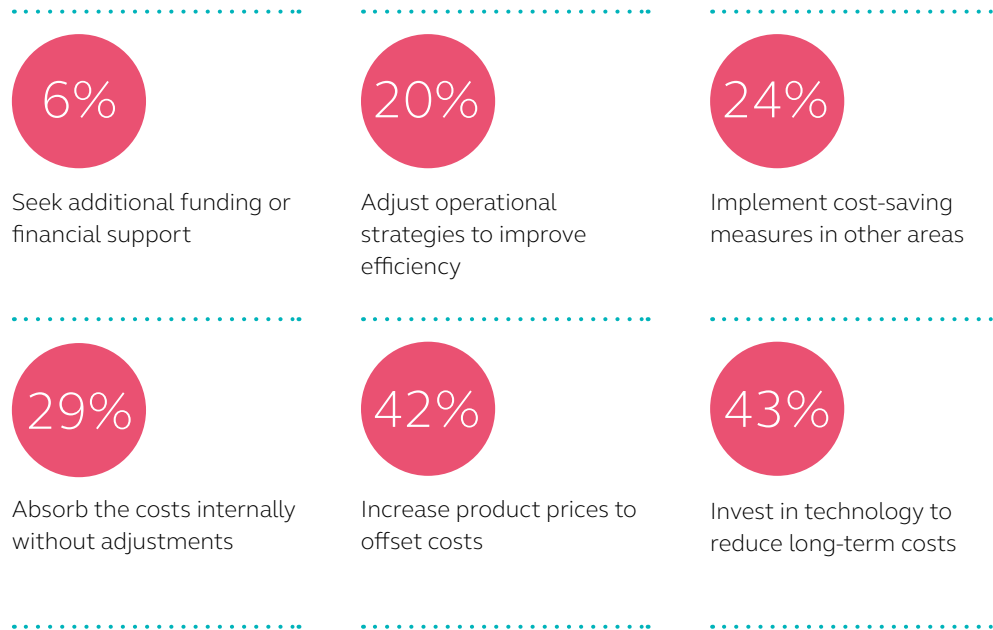
44%

of retailers plan to pass increased costs onto customers through higher prices.

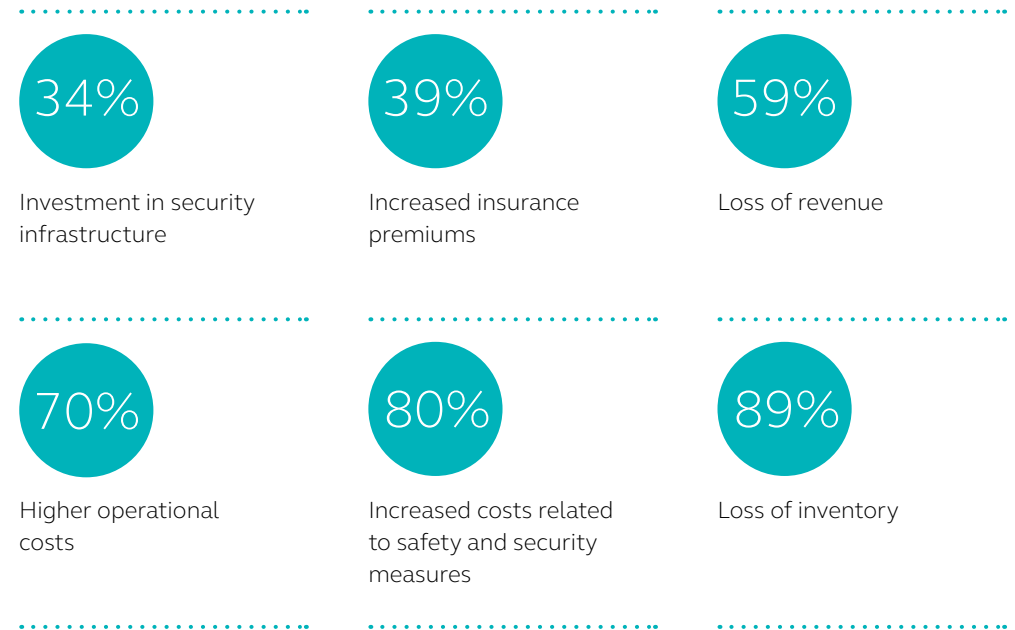
The economic repercussions of retail crime are widespread and varied, affecting everything from daily operations to long-term business strategies on top of increased employment costs. **89%** of retailers are reporting material losses in inventory, which has a direct financial impact. In addition, **34%** have invested in additional security infrastructure, illustrating how retail crime has forced companies to prioritise safety over increased profits.



How do you plan to address the increased costs associated with combating retail crime?



What are the economic implications of retail crime for your business?



MITIGATION STRATEGIES

Retailers are implementing various strategies to fight the growing challenge of retail crime, with tagging products (to deter theft and track inventory) being the most common action (adopted by 61% of businesses). Restricting product displays or access follows closely, with 57% of retailers taking this step to limit shoplifting. Modified store layouts, chosen by 44%, aim to improve visibility and control over store areas, while 45% have enhanced in-store security, bringing in additional safeguards to discourage criminal activity.

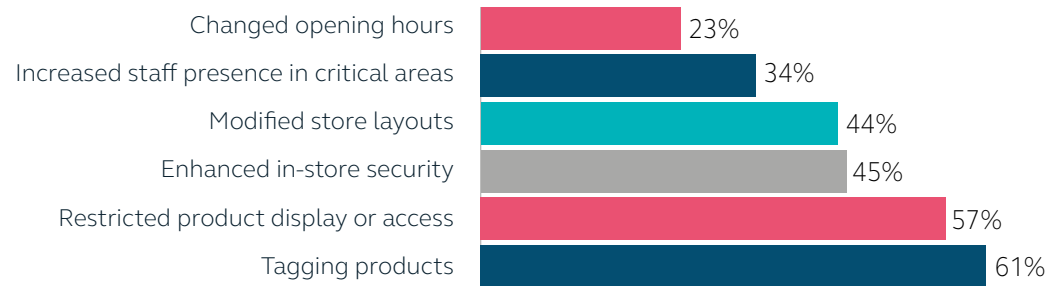
Increased staff presence in critical areas (34%) provides a human deterrent, and some retailers (23%) have even altered opening hours to close earlier and reduce the potential for incidents at night.

Property management and real estate changes are also prompting retailers to develop practical ways to combat retail crime. The most popular approach (63%) is collaborating with property owners and landlords to develop effective crime prevention strategies, showcasing an increasing emphasis on cooperative efforts to protect workers and customers to make retail safer.

Additionally, 52% of businesses are investing in enhanced property security features, such as reinforced doors and secure entry points, and half of respondents anticipate the need for more frequent property assessments and updates. Furthermore, 35% are integrating security considerations directly into lease agreements, emphasising the importance of embedding safety into contractual agreements.

Changes in property layout and design to improve security, as well as updates in insurance or management practices, each see engagement from 23% of retailers, while 9% foresee no significant impact on their approach. Our data reflects a broad range of strategies retailers are deploying to adapt to a shifting security landscape, with collaboration, physical enhancements, and frequent assessment all featuring prominently.

What measures have you taken to mitigate retail crime?



How do you anticipate changes in property management and real estate might impact your approach to retail crime prevention?



Utilising AI

Integrating AI into workplace safety and supply chain management can potentially offer substantial cost-saving opportunities for businesses.

For instance, AI-driven systems can proactively identify potential offenders with concealed weapons and stolen items. The Co-op has spent £18m in 2024 on measures to protect staff, including the installation of AI technology in 14 of its stores to detect if someone has left without paying for an item or has entered with a concealed weapon. Despite these innovations, the system does not use facial recognition technology.

Likewise, the UK parliament has confirmed that the police are also using new technologies for crime prevention, such as predictive policing using AI to predict hotspots for future crime.

However, it's worth noting that debates on the legality of using AI for facial recognition and crime prevention are still ongoing. Academics and civil liberties groups have also raised multiple concerns, including the intrusiveness of facial recognition technology (FRT) and its impact on privacy rights, and a lack of oversight, accountability, and transparency.

SUPPLY CHAIN OPTIMISATION

In 2020, AI algorithms were introduced to analyse historical data and market trends to predict demand accurately, allowing businesses to optimise inventory levels, as well as reduce holding costs and the amount of excess stock in stores. With fewer goods stored on-site, the risk of large-scale theft is greatly reduced. AI-powered inventory management enables retailers to easily identify stock discrepancies and determine which of their stores are the most vulnerable.



Ed Hayes, Partner,
Tech IP and Data comments

”Unlike the EU and some other jurisdictions, the UK has no specific AI regulation at the moment. Retailers with operations in multiple international locations will need to consider whether they take a uniform approach to deployment of AI systems, following the most stringent rules they are subject to in any one jurisdiction across all their locations, or take different approaches depending on local law. In any case, with significant movement in the AI regulatory space, retailers implementing AI across their operations will need to stay aware of the latest regulations, as tech implementations that are compliant today may become unlawful in the future.

Generally, AI systems used to optimise supply chains pose fewer risks, as their focus is typically operational data rather than personal data, and any personal data they process is unlikely to be ‘special category’ data for which tighter rules apply. As with any deployment, though, organisations should still ensure they understand the tech they are deploying and the scope of its data collection and use, to be sure they are compliant.

For what comes next...

Technology, when combined with in-store changes and workforce support, can offer a solution to the rise in retail crime.

THE THREAT OF CYBERCRIME

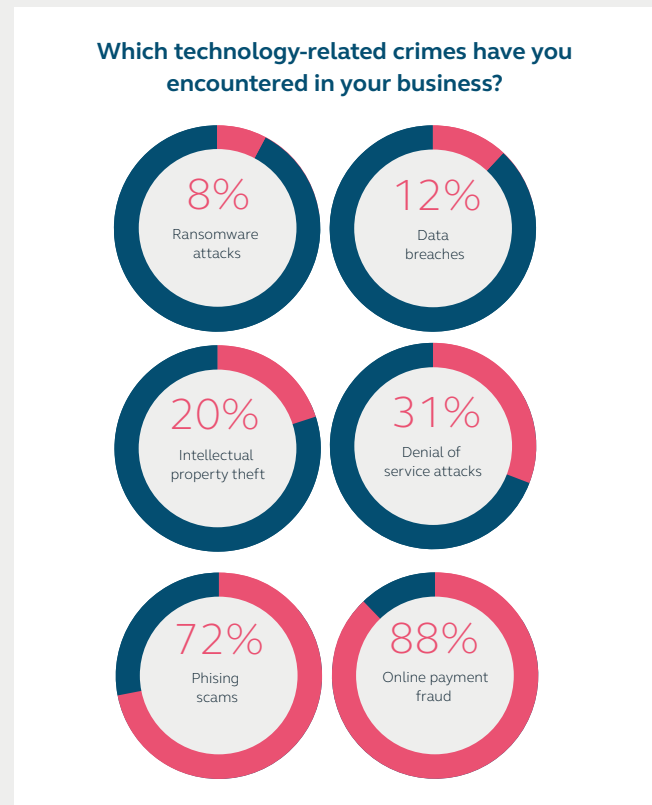
While traditional retail crimes like shoplifting continue to affect businesses, the rise of cybercrime represents a growing threat. Consequently, retailers are now being forced to adapt their crime prevention strategies to include digital defences against fraud, data breaches, and online theft.

Technology-related crimes have become a significant concern for retailers, with online payment fraud emerging as the most prevalent threat, impacting 88% of respondents. Phishing scams follow closely, affecting 72% of businesses and highlighting the persistent risk posed by deceptive emails and fake links targeting employees and customers. Denial of service (DoS) attacks have also hit 31% of businesses, disrupting operations by overwhelming systems and affecting online accessibility. Finally, data breaches are another serious threat.

£3.58m

The average cost of a data breach in the UK rose to £3.58 million between March 2023 and February 2024 – marking a 5% increase from the previous year, and affecting 12% of retailers.

Faced with this broad, sophisticated arsenal of cyberthreats, businesses need comprehensive cybersecurity strategies. The integration of technology in crime prevention has become a critical aspect of retail security, as it takes continual investment in physical and digital security to stay one step ahead of evolving threats.



Ed Hayes, Partner,
Tech IP and Data comments

“Research and data released by regulators regularly shows that the most significant issue in cybersecurity is human error, and that is often the result of a lack of training. Common scenarios include employees clicking on links or attachments to malicious emails, responding to phishing attempts, or getting caught in impersonation attacks (especially where retail workers may have little contact with ‘head office’ employees and be at heightened risk of falling victim to those sorts of exploits. To mitigate these risks, organisations should implement comprehensive cybercrime awareness training and regular refresher courses. Some organisations conduct simulated phishing attacks to assess vulnerability, with high click rates indicating a need for enhanced training.”

What emerging technologies do you plan to implement to combat retail crime?

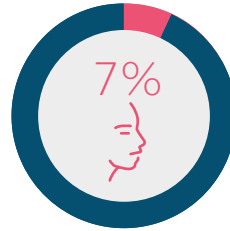
FUTURE INVESTMENT

Technology offers a path in reducing long-term costs for some businesses, with 43% planning to invest in technological solutions as a proactive measure against rising expenses.

For 38% of retailers, enhanced product tagging and tracking systems lead the charge.

33% intend to invest in surveillance camera systems to deter and document criminal activity.

Furthermore, 17% of businesses are embracing AI insights – analysing shopper behaviour data to identify potential threats before theft occurs.



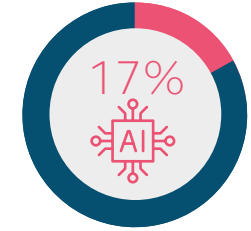
Facial recognition technology



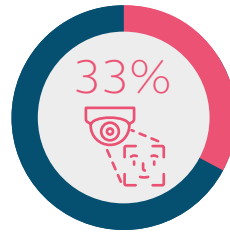
Biometric security systems



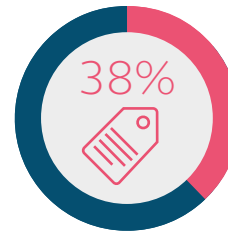
Blockchain for secure transactions



AI Driven Analytics



Increased surveillance camera systems



Enhanced product tagging and tracking systems



Ed Hayes, Partner, Tech IP and Data comments

“When deploying technologies like surveillance systems or supply chain optimisation tools, organisations must comply with data protection laws, such as the UK GDPR. For systems involving high risk processing, like surveillance tools, this includes conducting Data Protection Impact Assessments (DPIAs) to identify and mitigate risk in the use of personal data. If organisations are using these sorts of tools for the first time, they might need to update employee and customer-facing privacy notices, signage in areas where surveillance systems are used, and documents such as employee handbooks. It’s also crucial to have and follow clear data retention policies, retaining personal data only in ways consistent with the lawful basis for which it is collected, and keeping it for specified timeframes, typically for surveillance systems for days or weeks only.”

Conclusion

Retail crime presents a multifaceted challenge for UK retailers, impacting profitability, employee safety, and customer trust.

A CALL FOR MORE COLLABORATION

Traditional threats like theft are now compounded by the rise of cybercrime, making it essential for retailers to prioritise collaboration, workforce training, and investment in both physical and digital security measures.

The UK's top 100 retailers have shared that their key legal challenges include health and safety compliance, data protection laws, and navigating new legislation. For those adopting advanced technologies to combat crime, ensuring alignment with regulatory obligations—such as managing AI-driven data and maintaining workplace safety—is critical.

Looking ahead, the retail sector must prioritise people, innovation and adaptability. By integrating cutting-edge technologies, fostering collaboration, and investing in workforce support, retailers can build resilience and create safer, more efficient environments

Retailers see industry-wide collaborations and public initiatives as critical strategies, with 41% supporting collaboration across the sector and 25% advocating for public awareness campaigns. These collaborations bring together retailers, law enforcement, and local authorities to pool and share knowledge and expertise, then develop a coordinated approach to make it far more challenging for criminals to find gaps in retailers' security.

FIVE PRIORITIES FOR TACKLING RETAIL CRIME:

- 1 Cross-sector collaboration:** Partner with property managers, law enforcement, and other retailers to share data, address vulnerabilities, and advocate for systemic reform.
- 2 Enhance workforce training:** Equip and support employees with de-escalation techniques, security awareness, and practical skills to respond and deal effectively with threats.
- 3 Invest in long-term security:** Align technology investments with infrastructure improvements to deter crime and manage costs.
- 4 Stay legally agile:** Ensure policies related to employment, health, and safety adapt to emerging risks and evolving regulations.
- 5 Proactively protect assets:** Allocate resources to smarter security systems, trained personnel, and cross-industry initiatives for immediate and sustainable safety improvements.

The impacts of retail crime extend beyond businesses to the workforce and the wider community. Retailers cannot afford to delay action, as the financial, human, and societal costs continue to rise.



Our findings show that retail crime is a growing problem but it is not just a business issue. The solution lies in a unified approach that combines innovation, workforce resilience, and meaningful government support to protect employees, businesses, and communities”.

Perran Jervis, Head of Retail & Consumer Goods



About TLT

How we can help

We advise many of the UK's leading retailers and consumer goods businesses. Our clients represent over 15,000 stores, one million employees, and £100 billion of retail sales, so we understand the unique challenges retailers face in today's evolving landscape.

Our national retail team has an in-depth understanding of the industry, offering advice in context and solutions that work. We provide strategic advice on major projects, as well as support for in-house teams on day-to-day matters.

We are ranked among the very best law firms in Chambers UK 2020 for Retail (UK-wide), an independent guide to the legal profession. We also support retailers through our retail-specific training programme, seminars, e-alerts, industry reports, risk reports and are actively involved in retail industry groups.

RESEARCH METHODOLOGY

To gain a sector and category view of the retail sector, independent research was conducted by GlobalData on behalf of TLT LLP. GlobalData interviewed 100 leading UK retailers in October 2024. In all cases, interviews were carried out with senior management. The sample was representative of sectors within the retail space including food and grocery, fashion and beauty, home sectors, and lifestyle and leisure. All charts, data and statistics featured in this report are the product of the research.

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Employment law

We provide bespoke training for HR and in-house legal teams, line managers, and pension trustees to help navigate the complex employment law environment with our business-focused legal advice.

Technology and compliance

We help retailers with development and licensing, ICT procurement, outsourcing, cloud services, e-commerce, social media, and data privacy.

Regulatory

We are experienced at representing retailers facing investigations and prosecutions by Local Authorities and the HSE, and regularly provide training to internal teams as well as senior managers and directors.

Supply chain management

We advise on supply agreements, health & safety and environmental issues, employment matters, and marketing and advertising (including ASA compliance), logistics and warehousing, product issues, and recalls.



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