

RETAIL

## Robberies rise at luxury retailers as holidays approach

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*San Francisco's Union Square was the target of organized retail crimes in November. Image credit: Visit California*

By SARAH RAMIREZ

As luxury stores around the U.S. face a wave of grab-and-go, flash mob-style thefts, retailers are taking steps to protect their employees and shoppers.

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Major cities including San Francisco and Chicago, as well as affluent suburban areas, have seen these types of thefts in recent weeks, with Louis Vuitton, Burberry, Bloomingdale's and Nordstrom among the targeted brands and retailers. In addition to costing brands thousands of dollars in damages, concern is climbing as these crimes become more violent and brazen during the holiday shopping season.

"Flash robberies, where large groups of people participate in a smash and grab' in retail stores during business hours, are a recent, and for the most part unprecedented, threat," said John Philippi, regional vice president at global security and technology consulting firm [Guidepost Solutions](#).

"While stopping flash robberies entirely might not be feasible in the immediate future, retailers need to make protecting employees and shoppers their top priority," he said.

### Smash and grab

This recent string of coordinated luxury thefts began this fall and has continued through the Thanksgiving holiday weekend. Organized retail crime, however, has been a growing problem for several years and has accelerated since the start of the COVID-19 pandemic.

"These robberies are often organized via social media, which is certainly a new way for organized crime to occur," Mr. Philippi said. "This allows large groups of nefarious actors to coordinate quickly and away from the location of the robbery, so as to not arouse immediate suspicion."

According to the [National Retail Federation](#), companies cite several factors for increased retail crime, including limited loss prevention in stores and relaxed law enforcement guidelines or shoplifting penalties. Store closures and the growth of online marketplaces where criminals can liquidate stolen merchandise have also contributed to the increase of organized thefts.

Retail and security experts agree that the pandemic has exacerbated to these issues.



*This Nordstrom location in Walnut Creek, CA was one of several hit by an organized retail crime in recent weeks. Image credit: Google Maps*

"The pre-existing drop-off in foot traffic make these stores easier targets," said Paula Rosenblum, managing partner at [RSR Research](#), Miami.

"On a good day, luxury [brand] stores, excluding major retailers obviously, tend to have a small number of high-value transactions," she said. "As sales move online, there are fewer people in stores."

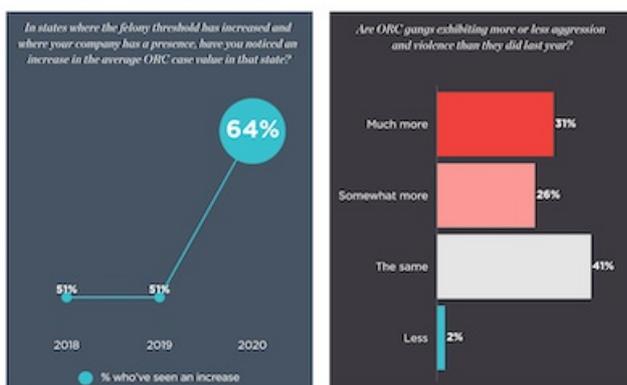
Per the NRF's [2020 Organized Retail Crime Survey](#), which was conducted in spring 2020, three quarters of retailers saw an increase in these crimes in the previous 12 months while almost two-thirds saw an increase in the value of stolen merchandise. On average, organized retail crime (ORC) costs retailers more than \$700,000 for every \$1 billion in sales.

The NRF's [2021 Retail Security Survey](#), which was published in August 2021 and asked respondents about the 2020 fiscal year, found similar trends regarding ORC.

The leading items stolen by organized retail criminals were designer clothing at 22.2 percent, while designer handbags ranked third at 14.8 percent.

Los Angeles, San Francisco and Chicago were the most affected cities and all three markets have been impacted in recent weeks as well. Areas most at-risk tend to be densely populated with a high volume of stores located close to one another.

More than six in 10 retailers reported that the groups participating in organized thefts were more violent than in the past year, with 37 percent reporting the criminal activity was "much more" aggressive than previously.



*Organized retail crime has worsened in recent years. Image credit: NRF*

"Recent news regarding organized retail thefts at national retailers shows that the toll from this criminal activity continues to be a serious problem in several major metropolitan areas across the U.S.," said Jason Straczewski, vice president of government relations and political affairs at the NRF, Washington.

Some of November's luxury smash-and-grab robberies have turned violent, however, although police departments have made arrests in several cases.

Outside of Oakland, CA, two Nordstrom employees were assaulted, and one was pepper sprayed by thieves on Nov. 20, [according to the Walnut Creek police department](#). The organized theft involved approximately 80 people.

Also in the Bay Area, Kevin Nishita a former police officer working as an armed security guard with a local television station was shot on Nov. 24 while working with a news crew covering a robbery at Prime 356, a high-end resale store. Mr. Nishita was hospitalized and **succumbed to his injuries on Nov. 27.**

Other recent incidents include a group of 14 suspects stealing an estimated **\$120,000 worth of merchandise at a Louis Vuitton** boutique outside Chicago on Nov. 17, while several Nordstrom locations have been hit across California. On Rodeo Drive in Beverly Hills, CA, there have also been **attempted robberies at several storefronts** including Louis Vuitton and Saks Fifth Avenue.



*Would-be thieves attempted to break into luxury stores on Rodeo Drive. Image credit: Rodeo Drive*

"The safety of our employees and customers is always our top priority, and it's important to us that we create a store environment where everyone feels safe and welcome," **Nordstrom** said in a statement. "This includes positioning security personnel inside and outside of our stores and working closely with mall security and law enforcement to anticipate and minimize risk.

"We also have enhanced training and protocols designed to ensure all our teams feel prepared to respond in the event of a safety incident," the retailer said. "Given recent incidents at our stores and across the industry, we're heightening our in-store security presence and implementing additional protective measures to keep everyone safe."

#### Retail challenges

Department stores and retailers are increasingly dealing with criminal activity, both in-store and online.

Besides prolonged store closures, 2020 also brought periods of civil unrest that led to break-ins at bricks-and-mortar locations.

In late May and early June 2020, luxury brands and retailers including Chanel, Bloomingdale's and Nordstrom were damaged as Black Lives Matter demonstrations took place across the country following the murder of George Floyd at the hands of Minneapolis police. Break-ins took place in several cities, including New York, Los Angeles and Seattle (**see story**).

Many luxury stores in cities such as New York also boarded up the week of the 2020 presidential election in preparation for potential demonstrations. Ultimately, however, no widespread property damage was reported (**see story**).

In addition to crimes at physical stores, brands must also protect themselves and their consumers from online fraudulent behavior.

A core group of repeat sellers are responsible for a disproportionate share of illicit activity on online marketplaces and social sites, per brand protection software provider Incopro. According to a spring 2021 report, counterfeiting and piracy may reach \$4.2 trillion by next year, placing 5.4 million jobs at risk (**see story**).

Technology will play a major role in protecting businesses and consumers on- and offline. More than half of retailers plan to make more technological investments to combat organized retail crimes, according to the NRF.

"Retailers can use tactics such as creating broad sightlines, the use of electronic surveillance systems, and external security measures to create a sense of safety for customers," said Guidepost Solutions' Mr. Philippi.

"While there may not be a foolproof way to stop flash robberies in the immediate future, by using the technological tools at their disposal, setting up stores in a way that can make customers feel safe and training employees how to spot the right signs, retailers can position themselves to recover after a flash robbery and earn the public's trust."

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