

**NEWSBRIEF: FAST FACTS
– COST OF DOING BUSINESS**

Shoplifting (shrinkage) is seldom recognised or quantified as a significant contributor to the cost of doing business, price rises and inflation.

Myer department store recently released its six-monthly financial report. One statement registered. Shoplifting had increased by 11% to 1.7% of turnover.

Applied to the broader \$400 billion per annum High Street retail sector that equates to \$6.8 billion each year.

Add a further \$2.04 billion to the \$120 billion per annum supermarket hub. The total is close to \$9 billion dollars, figuratively, walking out the door, unpaid.

In NSW generally, shrinkage reportedly increased by 23.7% during 2022. Both figures are disturbing features as consumers emerge from COVID lockdowns and return to bricks 'n' mortar stores.

For perspective contemplate this comparative analysis. Amazon declared its 2022 annual turnover to have increased more than 25%, to \$3 billion.

Alas, shoplifting (shrinkage) in Australia is some three times the volume of Amazon.

With profits - after expenses, before tax - for supermarkets at around 7%, to compensate for each one dollar lost to shoplifting, \$14.00 of additional sales need to be transacted.

In the broader general retail cluster, profits average around 14%, necessitating \$7.00 in additional revenue to recover each \$1.00 lost to shrinkage.

Be aware. Shoplifting is impacting margins, profits, and the cost of doing business – regardless of what part of the economy.

Contact: Barry Urquhart
Managing Director
Marketing Focus
Mobile: 041 983 5555
Email: urquhart@marketingfocus.net.au
Office: (08) 9257 1777