

January 10, 2024

The Honorable Roger Williams
Chairman
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20002

The Honorable Nydia Velázquez
Ranking Member
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20002

RE: Full Committee Hearing: “Crime on the Rise: How Lawlessness is Impacting Main Street America”

Dear Chairman Williams and Ranking Member Velázquez:

The National Association of Convenience Stores (NACS), NATSO, Representing America's Travel Plazas and Truckstops, and SIGMA: America's Leading Fuel Marketers (together, “the Associations”) appreciate the Committee’s interest in exploring the crime that small businesses are increasingly facing across the nation.¹

Our members are concerned that the level of violence associated with crime in their stores, and the frequency of those crimes, has increased and evolved drastically over recent years. It has created challenges to the operation and viability of their businesses, and finding solutions to this crisis remains a top priority for our industry and our members.

I. Small Businesses Face Increasing Criminal Incidents

Small businesses in every community have faced a changing landscape over the past few years. In-store purchases are increasingly made online and the ability to work from home in the aftermath of COVID-19 has changed where people spend their days (and how they spend their dollars). Retail crime, however, has become a top issue of concern in our industry due to its dramatic increase. For example, since January 2020, the monthly per store losses due to theft in the convenience industry has more than doubled.² With that increase, by August of last year, merchandise losses due to theft reached an average per store per month total of \$1,953.³ This is a huge blow for businesses that survive on tiny profit margins of less than 2.5%.⁴ The Associations’ members have seen increases in theft of all products – including motor fuels, lottery tickets, tobacco products, and cases of beer.

To better understand the industry perspective on this growing trend, NACS conducted a survey of its members late last year. The results were instructive. More than half of the industry found it necessary to increase the number of their employees working on crime prevention.⁵ In fact, 31% of survey respondents reported that they had to increase that personnel by more than 10% over 2022.⁶ Among small businesses in particular, concerns about theft are rising. While some larger businesses in our industry

¹ NACS is an international trade association representing the interests of the convenience industry. NATSO currently represents approximately 5,000 travel plazas and truckstops nationwide, comprising both national chains and small, independent locations. SIGMA represents a diverse membership of approximately 260 independent chain retailers and marketers of motor fuel. In the United States, the industry includes more than 150,000 stores employing 2.44 million people. It is truly an industry of small business with a full 60 percent of the industry comprised of single-store operators. The industry handles about 165 million transactions each day – a number equivalent to about half of the U.S. population.

² NACS CSX Convenience Benchmarking Database

³ Id.

⁴ See [Operating and Net Margins \(nyu.edu\)](#)

⁵ 2023 NACS Crime and Loss Prevention Survey

⁶ Id.

worry more about theft by employees than that committed by others, small businesses are much more concerned about and negatively impacted by theft by external individuals.⁷ External theft has an outsized impact on small businesses as they do not have the resources to respond to the incidents that some larger companies can deploy.

Unfortunately, the quality of national data on the types of crime our members face is neither clear nor exhaustive. Main Street businesses have found that law enforcement officials in some areas of the nation are reluctant to respond to reports of theft in our members' stores. Not only have store managers been told that law enforcement will not respond to their calls, but they have also been told to stop bothering law enforcement by reporting these crimes at all. Some businesses within our industry have even been advised to hire private security rather than rely on local law enforcement to stop or investigate retail thefts. And, one company in our industry was even told by local law enforcement that they would be fined if they kept reporting their thefts.

We understand that law enforcement personnel perform incredibly difficult jobs and often are overwhelmed by the volume of crimes under their jurisdiction. Nevertheless, the predictable result is that many thefts do not get reported to law enforcement at all, and therefore are not recorded as part of crime statistics. Changes should be made to ensure better reporting and tracking of crime data. Understanding the nature and scope of the problem is important to finding reliable solutions.

II. The Nature of Crimes Committed Has Changed for the Worse

In addition to the amount of crime and theft at retail stores, the nature of those crimes has changed. Thieves have become more brazen and more violent when conducting their crimes. Often, they do not even try to hide that they are stealing. They know that due to our members' safety protocols, employees are trained not to try to physically stop shoplifters. They also know that law enforcement responses to these crimes typically cannot happen fast enough to stop the crime (or do not happen at all). One of the fastest-rising areas of concern for businesses in our industry is the potential for violent crime against employees.⁸ Employee safety is a top priority for the industry, and the heightened concern about employees facing violent crime is one of the most alarming and striking findings of NACS's recent industry survey.

These incidents can be frightening for employees and customers as well as costly for businesses. In some instances, they are captured on store surveillance cameras.⁹ Our members have even attempted to use these alarming videos as a deterrent by making them public.¹⁰

III. Increases and Changes in Crime Have an Outsized Impact on Small Businesses

Small businesses in our industry are disproportionately impacted by increases in both the number and type of crimes. These impacts range from lost revenue to difficulties with recruiting and retaining employees as well as public perceptions of our businesses.

It is imperative that customers and employees feel safe in our stores. The Associations' members have therefore invested in ways to combat crime and promote security in their locations – resources that negatively impact on their bottom line. Our members have spent resources on security cameras, alarm systems and technology solutions and, for some, security guards. In fact, across the industry, the largest areas of spending on crime prevention are in technology and video analytics solutions.¹¹ These security

⁷ 2023 NACS Crime and Loss Prevention Survey

⁸ Id.

⁹ See <https://www.youtube.com/watch?v=tWsIneU-5ng>. Viewer discretion is advised.

¹⁰ Brett Dworski, "How a Kansas City c-store is using YouTube to deter shoplifters," C-Store Dive (Jan. 18, 2023)(available at [How a Kansas City c-store is using YouTube to deter shoplifters | C-Store Dive \(cstorediver.com\)](https://www.cstorediver.com))

¹¹ 2023 NACS Crime and Loss Prevention Survey

investments are especially necessary in jurisdictions where law enforcement has been reluctant to respond. The Associations' members have also increased spending on employee training in an effort to increase situation awareness, deescalate threatening situations and to help protect the safety of store personnel and customers.

Additionally, even businesses with 10 or fewer stores have dedicated nearly two full-time employees to loss prevention activities.¹² That is more significant than it appears. Many of these businesses have 50 employees or less, but a percentage of those employees spend nearly all of their time on addressing security and crime in the store. And as noted above, the NACS Crime and Loss Prevention Survey also shows that spending on personnel and other security measures is growing across the industry.

IV. Implications for Policy

Crime issues are complex and vary across localities. Bipartisan, bicameral legislation pending in this Congress, however, could be helpful. The Combating Organized Retail Crime Act of 2023 (H.R. 895 and S. 140) would increase federal enforcement of organized retail crime in which groups of professionals work together to steal and resell store merchandise. Importantly, the bill would create an Organized Retail Crime Coordination Center within the Department of Homeland Security to coordinate the federal, state, and local law enforcement response to organized retail crime. The Associations support this legislation.

However, organized retail crime is just one aspect of this broader problem. As mentioned earlier, the lack of good data presents challenges to finding effective solutions. We encourage Congress to explore potential avenues to make the reporting of crimes easier and less burdensome for businesses and law enforcement.

In addition, the interplay between substance abuse, mental health issues and the crimes conducted in our locations is significant and merits attention. We urge Congress, as well as state and local government officials, to explore the interconnectedness of these issues.

V. Conclusion

The Associations applaud the Committee for conducting this important hearing on crime issues and potential policy solutions. The growth in these problems creates safety concerns that none of us want. We look forward to working with you on policy solutions that will provide our employees and customers with the confidence that they are safe in our retail locations along with relief from the financial losses associated with criminal activity.

Sincerely,

National Association of Convenience Stores (NACS)
NATSO, Representing America's Travel Plazas and Truckstops
SIGMA: America's Leading Fuel Marketers

¹² 2023 NACS Crime and Loss Prevention Survey