



No. 221

Patterns of Victimization Among Small Retail Businesses

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Surveys of crime against business are beginning to grow, providing mounting evidence of the high risks many businesses face, and the substantial financial costs incurred. This paper reports results from what is only the second major national crime survey of businesses in Australia. The survey focused on small retailers in six sectors, providing a sample of nearly 4,000 businesses. This paper looks at which crimes were most commonly experienced in 1998–99, and how those experiences varied across the retail sectors. For every 100 businesses surveyed, 62 incidents of burglary occurred. Liquor outlets were particularly vulnerable, with 37 per cent experiencing at least one incident of burglary and 24 per cent being burgled more than once. The issue of repeat victimisation (which has been the focus of much recent work in relation to crime against households) is also examined. Results here confirm that similar patterns apply to businesses—a minority of businesses, repeatedly targeted, account for a large proportion of all the crimes measured. Therefore, crime prevention directed at repeatedly victimised businesses will be more effective than random targeting. The findings in this paper are an important indication to retailers of their level of vulnerability.

Adam Graycar
Director

Victim surveys, in which people are asked directly whether they have been a victim of crime in a given period, are now well established as one way of assessing the extent of crime. Such surveys have the advantage of being able to include crimes that go unreported to the police. They also allow much more analysis of how crime risks vary for different groups and about which police figures are generally poor. The emphasis in victim surveys, however, has largely been on crimes against householders and their property, with less attention paid to crimes against businesses. While interest in business victimisation has increased in recent years, research in this domain is still limited and more work has been done in countries other than Australia (for example, Bowers 2001; Fisher & Looye 2000; Gill 1998; Hopkins & Ingram 2001; Mirrlees-Black & Ross 1995; Tilley & Hopkins 1998).

This relative lack of attention is surprising given that police figures rarely say much about businesses as victims, and that the risks of some crimes are likely to be higher for businesses than for households. For example, the last Crime and Safety Survey in 1998 showed that five per cent of Australian households had been burgled (ABS 1999a). Based on the findings of the Small Business Crime Survey, the figure for small retail businesses is much higher at 27 per cent. Further, of those crime surveys conducted with businesses, many have either focused on a single type of business or a single type of crime (for example, shoplifting). Where the focus has been wider, it has usually been on broad business sectors (such as manufacturing, construction, retail and transport). Less attention has been paid to different types of businesses *within* a sector, and to

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the range of their victimisation experiences. The current paper partially fills this gap by presenting findings on victimisation patterns among different types of Australian businesses within one sector (retail).

Victimisation of Businesses in Australia

In Australia, the most significant previous study of business victimisation was the national survey by the Australian Institute of Criminology reported in Walker (1994). This had a sample of nearly 1,000 businesses spread across primary industries, tourism/recreation, manufacturing and retail (the latter numbering about 400). The next major national survey—on which this paper is based—was the Small Business Crime Survey conducted jointly in 1999 by the Australian Institute of Criminology and the Council of Small Business Organisations of Australia, with funding from the National Crime Prevention Program. The survey sampled just over 4,000 businesses, mainly in the retail sector. Preliminary results were published in late 2000 (Perrone 2000). The current paper builds on these results.

The final analysis is based on 3,834 businesses with results weighted for better national

representativeness. Six retail sectors were covered:

- cafes/restaurants (half the sample after weighting);
- general stores/milk bars;
- liquor outlets;
- service stations;
- newsagents; and
- pharmacies.

Details of the survey and weightings are provided at the end of this paper.

The businesses were asked about their experience of various types of crime during the financial year July 1998 to June 1999. Those who reported incidents of crime were asked some additional questions about what happened. These included questions on the costs incurred from crime (to be reported in Taylor & Mayhew forthcoming).

Victimisation Rates in the Small Business Crime Survey

Victimisation levels are usually measured in three ways: prevalence rates, incidence rates and concentration rates (see box below). Concentration rates are most pertinent to repeat victimisation.

Across the six retail sectors, 49 per cent of businesses experienced at least one incident of crime (the overall prevalence rate). The prevalence, incidence and concentration rates for

different types of crime (either attempted or completed) are shown in Table 1.

Burglary was the most commonly experienced crime, with 27 per cent of businesses victimised at least once. Shoplifting (customer theft) was the next most commonly experienced crime, with 21 per cent of businesses victimised. The rates of victimisation for shoplifting seem low when compared to some other business survey estimates (for example, Walker 1994; Mirrlees-Black & Ross 1995). Part of the explanation is that the current results are somewhat dominated by cafes/restaurants/takeaway food outlets; they formed half of the current sample, but a relatively low eight per cent reported experiencing shoplifting. In Walker's sample, however, the range of retailers was broader than the six categories sampled here, with food retailers comprising only 28 per cent of his retail sample. It can also be seen from Table 1 that there was a substantial difference in how often different types of crimes occurred in the Small Business Crime Survey. Shoplifting stood out with about 674 incidents reported per 100 premises and 39 incidents reported per victim. This probably reflects the fact that shop retailers offer a multitude of items that customers can steal, many of them small and easy to conceal.

Victimisation by Retail Sector

Table 2 shows the percentage of businesses within each retail sector that experienced particular crimes at least once. It can be seen that:

- liquor outlets were victimised more often than any other type of retailer for eight of the 11 crimes, and for the rest they were in second position;
- service stations were at relatively high risk for a number of crimes, particularly employee theft and fraud, credit card fraud and vandalism;

Prevalence rates indicate the proportion of targets that have fallen victim to a particular type of crime at least once. For example, a prevalence rate of five per cent for burglary would mean that five out of 100 businesses in the sample have experienced one or more incidents of burglary in the previous year.

Incidence rates indicate the number of crimes experienced per 100 targets. An incidence rate of five for burglary, therefore, would mean that for every 100 premises in the sample, five incidents of burglary have occurred in the previous year. The incidence rate will be higher than the prevalence rate if some businesses experience more than one incident.

Concentration rates reflect the average number of incidents per victim. A concentration rate of five for burglary would mean that an average of five burglaries were experienced by each business that had fallen victim to burglary in the previous year.

Table 1: Prevalence, incidence and concentration rates of victimisation for different crimes for small business retailers ^a

	Percentage victimised once or more	Incidents per 100 businesses	Average number of crimes per victim	Victims		
				% victimised once	% victimised twice	% victimised three or more
Burglary	27	62	2	45	25	30
Shoplifting	21	674 ^b	39 ^b	8	11	81
Vandalism	18	55	3	35	25	40
Cheque/credit card fraud	10	68	7	28	25	47
Employee theft	8	64	8	47	23	30
Assault/threat	7	27	4	38	22	40
Armed robbery	6	9	1	73	17	10
Theft from vehicles	4	8	2	63	24	13
Unarmed robbery	3	5	2	72	11	17
Theft of motor vehicles	3	4	2	70	14	16
Employee fraud	2	8	4	59	9	32
Any crime ^c	49	944	22			

- a. For each crime type, victims are those who experienced either an attempt and/or a successful incident. The number of victimisations is counted across both attempts and completed incidents.
- b. These figures take account of the fact that a substantial proportion of victims were unable to put a figure on the exact number of thefts that they had experienced (Tilley and Hopkins [1998] found the same problem with UK businesses). The figures for shoplifting are averaged only across victimised businesses that were able to indicate the number of times theft was attempted or occurred.
- c. A very small proportion of businesses also said they had experienced bribery/extortion or some other type of crime. These crimes are included in the total count of crime.

Source: AIC Small Business Crime Survey, 1999 [computer file]

- general stores and pharmacies were at moderately high risk of both burglary and shoplifting; and
- cafes/restaurants/takeaways had a markedly low shoplifting prevalence compared with the other retail sectors.

Repeat Victimisation

There is now substantial evidence that the chance of being a victim of crime is not random. Some

people and places are targeted more frequently than others, such that a small proportion of victims experience a large proportion of all crimes (Farrell 1995; Mukherjee & Carcach 1998). Repeat victimisation in relation to crimes against householders and their property has drawn substantial attention (see Laycock 2001 for a review). Less attention has been paid to repeat victimisation in the business sector, although what research has been done has

confirmed that it follows a similar pattern to households (Bowers 2001; Fisher & Looye 2000; Gill 1998; Hopkins & Ingram 2001; Mirrlees-Black & Ross 1995; Tilley & Hopkins 1998).

Repeat or multiple victimisation refers to a business, person or property target suffering more than one incident of crime within a given time frame. One problem with measuring it is the source of data used. As has been noted, survey

Table 2: Percentage of businesses within each retail sector experiencing different types of crime

	Cafes/ restaurants	General stores	Liquor outlets	Service stations	Newsagencies	Pharmacies	All retailers
Burglary	23	31	37	28	29	28	27
Vandalism	15	18	29	20	15	16	18
Shoplifting	8	35	45	21	20	34	21
Cheque/credit fraud	6	15	21	15	7	8	10
Employee theft	9	8	9	10	5	5	8
Assaults/threat	5	7	19	7	6	6	7
Armed robbery	4	7	9	8	9	9	6
Theft from vehicles	4	3	6	3	4	2	4
Unarmed robbery	2	7	4	2	4	4	3
Theft of motor vehicle	2	0	6	3	2	1	3
Employee fraud	2	1	3	4	1	2	2
Any crime	38	57	72	50	57	61	49

Source: AIC Small Business Crime Survey, 1999 [computer file]

information has the advantage over police records in counting incidents not reported by victims to the police. However, the police are likely to have crime records spanning a longer period of time than it is reasonable to question people about. This “time window” issue is very pertinent to assessing the extent of repeat victimisation accurately: essentially, more people and targets will be repeat victims the longer the period over which victimisation is measured (compare Farrell & Pease 1993). Many victimisation surveys use a “recall period” of 12 months (in the case of the Small Business Crime Survey it was the 1998–99 financial year). This is thought to be long enough for something to have happened, but not too long for respondents’ memories to

is that an initial incident of victimisation leads to an increased probability of another incident occurring—perhaps, for instance, because the offender tells someone he or she knows that a property is easy to get into, or because getting away with it the first time leads an offender to target the same victim again. The second explanation is that certain targets are particularly susceptible to victimisation (because of their siting, for instance, or because they look poorly secured). What marks them out as a potential crime target on one occasion will also mark them out on another. There is no clear consensus as to which explanation is better. Both probably play a part, possibly in different degrees for different types of crime.

targets who are non-victims, single victims and repeat victims. The main constraints here come from the number and type of risk-related variables a survey can accommodate. Maintaining a reasonable survey length is one issue in this regard. Another is maintaining anonymity. A third—and the most difficult—is obtaining sufficiently detailed information about factors that will affect vulnerability (for example, the general level of crime in the area, precise siting of the premises, operational practices and interior design).

For the crimes covered in the Small Business Crime Survey, Table 1 (last three columns) shows the proportion of victims of each type of crime who experienced one, two, or three or more crimes within the year. For burglary,

Table 3: Percentage of single and repeat victims by retail sector for selected crimes

	Cafes/ restaurants	General stores	Liquor outlets	Service stations	Newsagencies	Pharmacies	All retailers
Burglary							
Single victim	11	18	13	10	14	12	12
More than once	12	13	24	18	15	16	15
Vandalism							
Single victim	7	3	8	5	4	8	6
More than once	8	15	21	15	11	8	12
Shoplifting^a							
Single victim	1	3	1	2	2	3	2
More than once	7	32	44	19	18	31	19
Cheque/credit card fraud							
Single victim	2	4	5	2	2	3	2
More than once	4	11	16	13	5	5	8

a. Respondents who experienced shoplifting but could not specify the number of times were classified here as having experienced it more than once.

Source: AIC Small Business Crime Survey, 1999 [computer file]

faller. Obviously, though, the level of repeat victimisation will be a snapshot within this time frame. What is counted as a single victimisation against a business in a year may in fact be a repeat of an incident that occurred before the year, or the first of a series of incidents happening after it.

Repeat victimisation has proved easier to demonstrate than to explain. Briefly, though, there are two dominant explanations for repeat victimisation. The first

In any event, though, the dynamics of repeat victimisation have yet to be fully pinned down. Studies of the target choices made by offenders are useful (they endorse both explanations above) but are inevitably limited in scope. Neither surveys nor police records can do much in the way of explaining *why and in what manner* a target is repeatedly chosen. The usual approach to explaining heightened risk has been to compare the characteristics of people and

shoplifting, vandalism, cheque/credit card fraud, employee theft and assault/threat, victims more often than not experienced more than one incident. Repeat incidents were most evident for shoplifting, credit card fraud and vandalism (offences for which overall risks were comparatively high). Repeat incidents were less frequent when overall risks were comparatively low. This applies, for instance, to robbery and thefts of and from vehicles.

Repeat Victimization by Retail Sector

To investigate differences *within* the six retail sectors, Table 3 provides the percentage of businesses in each that experienced single or multiple incidents of each of the four most commonly experienced crimes. A number of results stand out:

- Repeat incidents are common across all six retail sectors. In nearly all cases, victims were more likely to experience more than one incident.
- Repeat incidents of burglary appear to occur more often at liquor outlets and service stations. Repeat vandalism was particularly common among general stores, while repeat credit card fraud hit service stations most. The repeat victims here may differ from more occasional victims in terms of what they sell, how they sell or where they sell. The data collected in the Small Business Crime Survey is insufficient to unravel this further.
- As well as having the highest prevalence rates for all four crimes, as already seen, liquor

outlets also had generally high levels of repeat victimisation. This points to their particular vulnerability to crime.

- 1.6 per cent of businesses accounted for 70 per cent of all shoplifting incidents; and
- 6.7 per cent of businesses accounted for 70 per cent of all vandalism incidents.

The skewed nature of victimisation can also be illustrated in terms of different retailers (Table 4). Thus, although cafes, restaurants and takeaway food outlets comprised half the retailers in the six sectors, they accounted for only 39 per cent of the burglaries, 18 per cent of the shoplifting incidents, 34 per cent of all incidents of vandalism and 23 per cent of all crime incidents (see first row of Table 4). In contrast, liquor outlets comprised about one-eighth of the sample

Table 4: *The distribution of crime across the six retail sectors (column percentages)*

	% of all retailers	% of all burglary incidents	% of all shoplifting incidents	% of all vandalism incidents	% of all crimes
Cafes/restaurants	51	39	18	34	23
General stores	8	7	22	9	20
Liquor outlets	13	25	24	23	23
Service stations	11	12	9	16	12
Newsagencies	9	9	11	12	10
Pharmacies	8	8	16	6	12

Source: AIC Small Business Crime Survey, 1999 [computer file]

Proportions of Crime

Another perspective on repeat victimisation is to look at what proportion of businesses accounts for what proportion of the crimes measured. The findings from the Small Business Crime Survey are very similar to those found with retail businesses in the United Kingdom (Mirrlees-Black & Ross 1995). Thus:

- 1.7 per cent of businesses accounted for 24 per cent of burglaries;

Details of the Small Business Crime Survey

Information for the Small Business Crime Survey was collected at the end of 1999 via a postal questionnaire devised with the assistance of the Council of Small Business Organisations of Australia. The questionnaire was sent to about 28,000 randomly selected small businesses within a restricted set of sectors generally thought to have higher crime risks. Respondents were asked to recount experiences of crime during the 1998–99 financial year. There was a response rate of 16 per cent. A preliminary analysis of the results was presented in 2000 (Perrone 2000). There are, however, some differences between the present analysis and that of Perrone (2000). First, a small number of non-retail businesses in the initial sample (n=114) were excluded to leave a retail-only sample. Second, to be consistent with the Australian Bureau of Statistics (ABS) definition of small business (ABS 1999b), some businesses employing 20 or more full-time staff were also excluded (n=139). Third, results were weighted for better national representativeness.

In comparison with the available ABS national figures for each of the six retail sectors, the sample slightly under-represented cafes/restaurants/takeaways, general stores and liquor outlets, and over-represented service stations, newsagencies and pharmacies. To correct for this, the sample was weighted according to ABS national figures for (i) the size of the retail sector and (ii) business size (that is, number of employees). A further weight (iii) was applied to reflect the national as opposed to the sample distribution across Australian states and territories. Nationally, the number of small businesses in the six retail sectors comprised approximately 72,400 in 1999. The data presented in this paper are weighted up to this number, incorporating the other weights described. This yielded a sample comprising cafes/restaurants/takeaways (51%), general stores/milk bars (8%), liquor outlets (13%), service stations (11%), newsagencies (9%) and pharmacies (8%).

but accounted for about one-quarter of all burglaries, shoplifting incidents and incidents of vandalism, and just under one-quarter of all crime incidents.

Conclusion

This paper has highlighted the extent of self-reported crime against small retail businesses in Australia and has shown that patterns of victimisation vary among different types of retailer. More than a quarter of businesses had experienced at least one incident of burglary, while around one-fifth experienced shoplifting and vandalism. Victimisation against general stores, service stations and pharmacies was relatively high, but liquor outlets were the most vulnerable of all.

Even when they are victimised, some businesses are hit much more frequently than others. The nature and extent of repeat victimisation among small retail businesses was also shown to vary by sector. Liquor outlets appear to be particularly vulnerable to repeat incidents, making their overall risks higher than other sectors. This points to the fact that liquor outlets may be attractive to offenders because of what they sell. Whether opening hours, business practices or other factors also increase their risk remains unknown but is worth investigating further.

Identifying repeatedly victimised businesses has the potential both to reduce a substantially greater number of crimes than randomly targeting small businesses in general, and to provide the means for obtaining further information about factors which might differentiate repeat victims from non-repeat victims. While the Small Business Crime Survey was not able to unravel *why* some businesses experience repeat

victimisation and others do not, the results have underlined the value of measuring potential risk factors more fully and sensitively in future surveys of crime against business.

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