

# ORC vs. SOH

(Organized Retail Crime)

(Stock On Hand)

## Which is the Bigger Problem?

### Facts about ORC

**\$453,940**

Average loss per \$1 billion in annual sales due to ORC (median of \$194,340)

**62.7%**

of retailers' top management understands the complexity and severity of ORC on their business

**31.8%**

of retailers are allocating more staff (up 22% from 2014) and more technology to tackle the ORC issue

**24.2%**

are committing other budget resources to combat ORC

**\$434,032**

Average approximate dollar value (specifically salaries and wages) of company personnel allocated to combat ORC

**37.9%**

of retailers surveyed experienced cargo theft in the last year

*Of the retailers surveyed:*

**78%**

of thefts occurred en route from the distribution center to the store

**52%**

of thefts occurred en route from the manufacturer to the distribution center

**30%**

of thefts occurred en route from the one store to another store

**30%**

of thefts occurred at the distribution center

### Facts about SOH

Walmart admits leaving almost

**\$3 billion**

on the table as a result of out-of-stocks

Target closed all

**133 stores**

in Canada with SOH issues

said to be a key reason

**21% to 43%**

of consumers go to other stores to buy out-of-stock items

**72%** of out-of-stocks

were due to faulty in-store ordering & replenishing practices

**\$129.5 billion**

Total cost of out-of-stocks (North America only)

**\$123.4 billion**

Total cost of overstocks (North America only)

**\$14.6 billion**

Total cost of lost sales because staff couldn't find the item in backstock (North America only)

Retailers worldwide could add

**\$117 million**

in revenue for every

**\$1 billion**

in sales by addressing the SOH issues

**ORC**

is a

**\$34.67 billion problem**

in North America.\*

**\$34.67 B = \$1.04 B**

**lost profits\*\***

**Stock-on-Hand**

issues are a

**\$252.9 billion problem**

in North America.\*

**\$252.9 B = \$7.6 B**

**lost profits\*\***

Losses due to SOH issues are

**7.5 x greater**

than losses caused by ORC



SOURCES:

- 2015 NRF Survey on ORC
- Whitepaper: "We Lost Australia!" by IHL Group
- Whitepaper: "SOH: Bigger Than ORC?" by The Calibration Group
- <http://www.forbes.com/sites/paularosenblum/2014/04/15/http://www.scdigest.com/ontarget/14-05-27-1.php?cid=8108>
- <http://www.scdigest.com/ontarget/14-05-27-1.php?cid=8108>
- <https://hbr.org/2004/05/stock-outs-cause-walkouts>
- <http://www.sasrlink.com/blog/entry/preventing-lost-sales>

\* ORC estimate for North America is US and Canada only

\*\* Calculations based on retail net profit of 3%