Introduction

The FreightWatch International Supply Chain Intelligence Center (FWI SCIC) actively tracks and records cargo theft activity around the globe, categorizing stolen loads under twelve different product types and tracking by date, location, modus operandi (MO), value, and specific product. This report summarizes the U.S. theft data collected in Q3-2015 and analyzes trends derived from database content, law enforcement information, and industry personnel. It also draws on observations by personnel in the field.

The FWI SCIC records only those cargo thefts reported by reliable sources, such as transportation security councils, insurance companies and law enforcement organizations. While this does not allow us to capture 100% of incidents, it provides a sufficient cross section of cargo thefts, allowing us to identify trends and deliver in-depth, accurate analysis of the breadth of cargo theft in the United States.

Additionally, Last-Mile Courier thefts have been removed from the following charts and analyses, as this is a different form of cargo theft, with highly distinct criminal elements, MOs, and security measures. Unless otherwise specified, the remainder of this report focuses on large scale cargo thefts, so as not to skew data and trends based on full-truckload and facility losses.

United States: Q3-2015 Cargo Theft Trends

In the third quarter of 2015, the FreightWatch International Supply Chain Intelligence Center (FWI SCIC) recorded a total of 152 cargo thefts in the United States. During this time, 63 of these incidents occurred in July, 57 occurred in August, and 32 occurred in September. The average loss value per incident during this time was $199,467. Compared with the previous quarter (Q2-2015), this represents an 18% decrease in volume and a 7% increase in value. Compared with the same quarter last year (Q3-2014), this represents a 24% decrease in volume and a 38% decrease in value. The value for Q3-2014, however, was skewed by a single large facility theft; if this value is removed as an outlier, the decrease in average value from Q3-2014 to Q3-2015 becomes 3%. It should also be noted that the amount of thefts valued at over one million dollars was recorded at nine for Q3-2014 and five for Q2-2015, with one reported in Q3-2015 as of the publication of this report.

It should be noted that delays in incident reporting typically cause measurable increases in theft volumes in the weeks following publication of FWI quarterly reports. As such, totals for the most recent quarter are expected to rise above those recorded thus far. It is FWI SCIC practice to use updated theft numbers for past quarters when comparing them to current three-month totals.

INCIDENT HEAT MAP — US Q3-2015
What type of cargo is being stolen?

FOOD & DRINKS continues to be the most stolen product type in Q3-2015, with 22% of total thefts in the U.S. during this time. Products that were primarily targeted in this category include Meats (24%) and Nuts (18%). Electronics, whose largest share of thefts were comprised of Televisions & Displays (28%), ranked as the second most stolen product type, with 12% of the total in Q3-2015. Home & Garden and Auto & Parts tied for third, with each recording 11% of the total. The largest share of Home & Garden thefts (31%) came from Appliances (31%), while Auto & Parts thefts were dominated by Tires (71%). Building & Industrial came in fourth with 9%, with 36% of its incidents recorded as Industrial Equipment thefts.

Where is cargo crime occurring?

CALIFORNIA ranks as the top state for cargo theft with 20% of total thefts in Q3-2015. This represents a decrease of 6% from Q2-2015’s total and a decrease of 26% from Q3-2014’s total. California’s thefts are mainly comprised of Food & Drinks (39%) and Electronics (23%). TEXAS, with 16% of the total, came in second in Q3-2015, with Building & Industrial and Metals leading the product types at 21% each. FLORIDA, ranked third in this quarter with 15% of the total, has seen decreases in its theft count from comparative quarters, falling 29% from Q2-2015 and 33% from Q3-2014. However, Florida’s share of total thefts in Q3-2015 was only 12% less than Q2-2015 and 6% lower than Q3-2015. The product type with the most thefts in Florida was Food & Drinks (27%). GEORGIA, although decreasing in incident count from Q2-2015, made up a larger portion of overall thefts in Q3-2015 at 12%, seeing its share of total thefts rise by 9% over Q2-2015 and doubling the theft rate in Q3-2014, even while dropping 10% in volume from Q2-2015 and rising by 50% from Q3-2014. Home & Garden accounted for 27% of thefts in Georgia in Q3-2015, a larger share than any other product type. One noteworthy state on this list is NEVADA, which is making its first ever appearance in the top 10 in ninth place with 2% of the total, a significant increase over the zero recorded thefts in the state in either comparative quarter. It should be noted that all thefts that occurred in Nevada in Q3-2015 were Facility Thefts of Electronics.

Which type of cargo crime is dominant here?

UNSECURED PARKING The most prevalent location for large scale cargo thefts continues to be Unsecured Parking, identified in 82% of reported incidents. Of these thefts, 26% occurred at Public Parking and another 16% each from Truck Stops and Roadside. Thefts from Warehouse/DC came in second with 15% of thefts, and Secured Parking areas accounted for 3% of thefts this quarter.
THEFT OF FULL TRUCKLOAD Incidents involving Theft of Full Truckload continued to be the most prevalent method of theft during Q3-2015, with 81% of all reported thefts. Additionally, Theft of Full Truckload represented an average loss value of $206,278. Pilferage, a theft type that is utilized by organized cargo thieves and opportunistic criminals alike, accounted for 9% of total thefts this quarter, a rise of 7% from Q2-2015, but a much larger 163% increase over the rate of Pilferage in Q3-2014. Fictitious Pickups represented 5% of thefts in Q3-2015, remaining steady from both Q2-2015 and Q3-2014. Facility Thefts represented 5% of the theft total in Q3-2015 and had the highest average value of any theft type at $310,575. Outside of Last-Mile Courier thefts, Hijacking was not recorded in any full truckload thefts in Q3-2015, likely due to the much stiffer penalties imposed if violence or threat of violence is involved in the theft.

What is the value of the stolen cargo?

Despite an overall 18% drop in incident count from the previous quarter, two product types experienced elevated theft volume from the previous quarter as well as the same quarter last year. Pharmaceuticals increased its count of thefts over both the previous quarter of Q2-2015 and the same quarter of last year Q3-2014, by 125% and 350% respectively, while increasing the share of total thefts by 174% and 495%. Furthermore, Tobacco also saw increases in theft volume and rate over both comparative quarters. In terms of theft volume, Tobacco rose by 50% and 200% over Q2-2015 and Q3-2014 respectively, while rising 82% and 296% in terms of theft rate.

Two other product types experienced a decline from one comparative quarter but a rise over the other in terms of theft volume. Reported incidents of Food & Drinks theft decreased by 3% from Q3-2014 but rose 10% from Q2-2015. Similarly, Miscellaneous fell by 17% from Q2-2015 but doubled over Q3-2014.

While Alcohol and Auto & Parts each remained very close to their previous totals, several other product types saw decreased totals from both comparative quarters. Building & Industrial fell behind the totals of Q2-2015 and Q3-2014 by 36% and 50% respectively. Clothing & Shoes fell by 8% and 29% respectively, while Electronics dropped by 36% and 49%, Home & Garden by 39% and 45%, Metals by 36% and 44%, and Personal Care by 58% and 44%.

The average loss value across all incidents was $199,467 for Q3-2015, which is 7% higher than Q2-2015 but 38% lower than Q3-2014. Electronics recorded the highest average value in this quarter at $797,454, 121% higher than Q2-2015. Pharmaceuticals, at $558,000, experienced a 151% increase in average loss value from Q2-2015, coming in second for this quarter. Alcohol experienced a rise of 38% to record an average loss value of $115,237. Auto & Parts ($117,571) recorded higher theft values than were recorded in either comparative quarter, coming in 14% and 48% higher than Q2-2015 and Q3-2014 respectively.
Quarterly Spotlight: Pilferage

To better serve the security-minded logistics community, the FreightWatch International Supply Chain Intelligence Center (FWI SCIC) is spotlighting one product category, theft type, or trend in each business quarter report.

This quarter’s spotlight focuses on the theft type Pilferage. It relies on data recorded from Q2-2014 through Q3-2015 (18 months) to identify trends and provide comparisons. Unless otherwise specified, any data refers to the time period of Q2-2014 through Q3-2015.

Historically, Pilferage typically accounts for 6% or less of total reported cargo theft incidents in any given year. This type of theft has typically been seen as less damaging to the supply chain and is very likely the most under-reported type of cargo theft, due to lower values being dismissed as loading or inventory errors, or losses being considered less damaging than the pitfalls of rising insurance premiums or brand damage. While Pilferage is the main method of theft for unorganized, street level criminals, organized cargo thieves also employ this tactic as a method of intelligence gathering, breaking into loads to verify the cargo and then pulling back to judge response time and determine what security measures may be in place on the load. With Pilferage accounting for just over 10% of total theft incidents thus far in 2015, and trends indicating a likely continued rise, organized theives are utilizing this method to hone in on their desired shipments and make better use of their efforts to obtain higher value freight in the face of an ever increasingly secured supply chain for high value targets.

Several product types see higher theft rates within Pilferage than across all theft types; these types illustrate which products organized criminal groups are targeting. With 9% of the total, Pharmaceuticals accounts for a 264% higher theft rate in Pilferage than across all theft types. Tobacco, a highly desired but often well secured product type, recorded a 248% increase in theft rate, accounting for 3% of total recorded Pilferage. Accounting for 32% of total Pilferage, 116% higher than its share of all theft types, Electronics is the number one most targeted product in this theft type. And at an average loss value of $56,984, these are not losses to be ignored. Clothing & Shoes recorded the highest average value of any product within Pilferage at $155,575, in addition to a 16% increase in theft rate.

Geographically, it is no surprise that Pilferage hotspots mirror traditional hotspots for cargo theft and are concentrated around major intersections of interstate travel. With 86% of Pilferage occurring at Unsecured Parking areas, and 62% of those thefts occurring at Truck Stops, Public Parking and Roadside locations, employing best practices at these locations is an essential part of a layered security program to mitigate the threat of theft. Additionally, rashes of similar Pilferage can indicate organized theft activity. For example, there were recently three separate incidents of Pilferage within three weeks in Memphis, Tennessee. All three of these thefts targeted the Pharmaceuticals product type while waiting to deliver at the final destination, and all three suffered losses of the same amount of product from the same location on a trailer that was breached in the same way. Instances such as these will make it unsurprising to see a theft or attempted Theft of Full Truckload of Pharmaceuticals either in or on its way to Memphis in the coming months. Typically clustered around unsecured locations at the outskirts of cities, we can see from the map above that Pilferage is most severe around Atlanta, Memphis, Dallas, Chicago, Los Angeles, and the New Jersey/Pennsylvania areas.
Conclusion

Although Pilferage may seem like a less severe form of cargo theft, it is not only vastly under-reported, but a method by which career cargo thieves can perfect their methods and obtain more lucrative and sensitive shipments. Any Pilferage events experienced – especially similar, nearby and recent – should be taken as a warning that the next theft event may be a much larger event, and shippers should take the opportunity to harden their supply chain.

For more information on FreightWatch International or our logistics security services please contact: info@freightwatchintl.com

A Note About FreightWatch International Data

Unless otherwise noted, the theft statistics in this assessment are derived from data collected by the FreightWatch International Supply Chain Intelligence Center and other information collected from reliable sources. The Intelligence Center captures cargo theft and supply chain risk data from numerous sources across the globe. These include, but are not limited to, the databases of FreightWatch International (FWI), its customers, law enforcement agencies, industry organizations, insurance industry sources, and news reports. This report offers an analysis of the data collected during the third quarter of 2015, providing insight into cargo theft and supply chain risk across the globe.

Please note that cargo theft goes largely unreported; as such, total theft figures for a particular country or region are likely higher than stated. In addition, global cargo theft circumstances and risks change, sometimes frequently and quickly, and in ways that may make the facts and opinions expressed here no longer valid. Therefore, the extent to which organizations rely on the information provided in this assessment should be solely at their discretion.

About FreightWatch International

FreightWatch International (FWI) is a leading provider of global logistics security services, offering tracking and monitoring solutions that provide organizations with cargo security, transparency and supply chain integrity from origin to destination. Using real-time visibility technology and layered solutions, organizations can actively monitor their cargo anywhere in the global supply chain to mitigate the risks associated with theft, spoilage, counterfeiting and more. With operations across the globe, FWI is uniquely positioned to deliver services regionally across diverse supply chains.

FWI is part of Sensitech Inc., a leading provider of supply chain visibility solutions. These solutions enable global leaders in the life sciences, food and industrial markets to track and monitor assets across the supply chain to protect the integrity of temperature-sensitive products. Sensitech is an ISO 9001:2008 company based in Beverly, Massachusetts, with more than 30 sales, service and distribution locations around the world. Sensitech is a part of UTC Building & Industrial Systems, a unit of United Technologies Corp. (NYSE: UTX), a leading provider to the aerospace and building systems industries worldwide.

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