Costco Isn't Facing Devastating Surges in Theft Like Target and Walmart — and the Reason Is Very Simple

Shrinkage, the loss of inventory not due to sales, is plaguing some of the biggest names in U.S. retail — but not one of them.

Costco's remained relatively unscathed by increasing theft, and its chief financial officer Richard Galanti offered a simple explanation during the company's fourth-quarter earnings call: limiting self-checkout, TheStreet reported.

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Self-checkout is only available at select locations, according to the company's site. That's in stark contrast to some retailers grappling with theft increases like Walmart, which offers the option at "a number of locations" and even piloted exclusively self-checkout stores, CNN Business reported.

Inventory shrink spiked 53% to $94.5 billion between 2019 and 2021, according to the National Retail Federation's annual survey. And a report from the UK's University of Leicester found that theft comprises almost 4% of inventory for retailers with self-checkout versus 1.5% for those without.

Walmart, Home Depot and Target executives have voiced concerns about the issue in recent earnings calls, with Target CEO Brian Cornell saying it's "unacceptable" and unsustainable,

Yahoo Finance reported. The retailer is closing nine stores across four states due to ongoing crime.

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"Over the past year, [shrink] has increased by less than one basis point [0.01 percentage point] more," Galanti said on the call. "So, no, thankfully, not a big issue for us."

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