

## CVS Caremark Thwarts Theft With EAS

Electronic article surveillance (EAS) enabled CVS Caremark to reduce theft by 44%.

by Erin Harris

**C**VS Caremark is the largest pharmacy healthcare provider in the United States, and the company generates nearly \$99 billion a year. As one of the country's largest pharmacy benefits managers (PBMs), CVS Caremark provides access to a network of more than 64,000 pharmacies, including approximately 7,100 CVS/pharmacy stores. Yet, CVS Caremark is no different from other companies in that its executives are constantly looking for ways to do more with less. And, according to Michael Silveira, VP loss prevention at CVS Caremark, that means finding areas where the company can drive efficiencies and work with the operations and merchandising departments to proactively develop better tactics to increase on-shelf availability of high-velocity merchandise, how to protect it, and how to better present it to CVS Caremark's customers.

### Interdepartmental Stakeholders Choose EAS

As the LP function continues to change and evolve, retailers are challenged to do more than just prevent losses. Indeed, because LP solutions affect every aspect of the business, the technology solutions decision-making process starts in the boardroom. Several interdepartmental stakeholders are interested in choosing the right LP solution for the company. "We realize we can't prevent losses alone, and, as a company, we choose to look for business partners that work with us to help us achieve our short, mid- and long-term goals," says Silveira. In 2005, the company implemented Checkpoint's Liberty EAS systems and reaped a more than 250% increase in the number of products protected at the source. These newly protected products experienced a decrease in theft by nearly 44%. Since then, CVS Caremark has worked closely with Checkpoint to improve on



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# Case Study

## Loss Prevention/Security

the Liberty system and develop the next platform that can deliver additional operational savings, better performance, and other value-added features that are used by employees in operations and merchandising (e.g. people counters and IP [Internet Protocol] addressable service and reporting capabilities).

Based on the success of the Liberty EAS system, Silveira chose to implement additional Checkpoint solutions. In 2005, Checkpoint developed several features in its Evolve EAS system, which CVS Caremark implemented later that year. Silveira explains that EAS is the backbone of CVS Caremark's Product Protection program. "Simply stated, we needed to reduce shrink and increase sales while reducing operational costs," says Silveira. "We accomplish these objectives through Evolve's detection technology, and EAS allows us to better protect high-risk merchandise." Finally, Checkpoint's offerings include Alpha High-Theft Solutions, a division of Checkpoint. Alpha High-Theft Solutions include keepers, spider wraps, hard tags, and bottle security. For example, keepers are RF (radio frequency) visual displays that protect merchandise from theft, and keepers provide a visual deterrent. "Alpha High-Theft Solutions allow us to implement a layered approach to our

program whereby we add increasing levels of security to specific items, specific types of merchandise, or specific stores," says Silveira.

### Integrate LP Solutions

Evolve EAS ties in with the other LP solutions used by CVS Caremark. "EAS provides a baseline of protection in all stores, which allows us to tailor in additional solutions where needed," says Silveira. "For instance, we can incorporate Checkpoint's Alpha line of High-Theft Solutions on select high-theft products or categories where we need additional protection. We need the flexibility to apply different layers of solutions in higher risk stores and products where needed. All of these additional solutions are made more effective when used with Evolve. Additionally, CVS was one of the first retailers to test Checkpoint's new Clear Enhanced Performance EAS labels. The new labels are small, detect better with Evolve, and provide an improved look on merchandise. These new labels also use up to 70% less material than other EAS labels, which is the direction we want to move in." ■

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