

Loss Prevention

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Product Protection - Promoting Sales While Preventing Loss

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It wasn't too long ago that the best way to deter shoplifters was to lock up your high-risk, high-value products or keep them behind the counter. But with ever-increasing competition and shrinking margins, successful retailers need to have their merchandise out on the sales floor, where potential customers can touch it, examine it, and try it on.

While EAS and CCTV technologies offer tried-and-true ways to reduce losses due to theft, retailers are partnering with product-protection solutions providers to develop a variety of customer-friendly solutions to supplement those tools. The newest solutions are designed not only to protect the merchandise, but to help sell it, too.

Retailers are very clear about what they need in the product protection areas. They want solutions that make it as difficult as possible for potential thieves to get to and remove merchandise, while at the same time, make it as easy as possible for customers to examine and purchase it. They want solutions that are affordable and easy for sales associates to use and that allow customers to shop at their own pace, unintimidated by salespeople hovering over them while they try on or examine merchandise.

Jon Roberts, product protection manager for CVS/pharmacy, describes his company's philosophy like this: "The EAS program is the backbone of our product-protection strategy upon which we build all other solutions. EAS is the first line of defense, and it has no interference in the shopping experience for our customer. All changes to the current environment need to deliver the appropriate ROI for the business and improve on the customer shopping experience as it is today."

Untether Your Physical Protection

Cables, lanyards, hard tags, spider wraps, and security bars are an integral part of almost every retail setting. Security products vendors are working to find ways to improve their functionality as security devices as well as to make the devices less intrusive. Battery-powered alarms, combined with more flexible wire lanyards in a variety of sizes, are eliminating the need for customers to have to find a clerk to release items. These compact, battery-operated, cable-lock devices can be attached to purses, luggage, backpacks, apparel, and a plethora of other items that customers want to be free to pick up and examine while shopping.



"We want to have open displays, where people can try on sporting apparel and look in the mirror without having to wait for an associate to unlock the garment," says Dave Lund, director of LP for Dick's Sporting Goods. "The new battery-operated apparel tethers and cable locks give customers the freedom to try on different sizes and move around the store with the merchandise. The tethers have five-year batteries, so we can use them year after year." Just as importantly, the tethers provide a visual deterrent to would-be thieves, as well.

Cables, hard tags, and spider wraps are available with several alarming options. The lowest-cost versions sound an alarm if the product is removed from the store without proper deactivation. The next level includes an alarm that sounds if the devices are tampered with in the store. The latest technology provides security at three levels:

1. The first alarm sounds if merchandise or its security device is tampered with inside the store.

2. The second alarm sounds if the item passes through an EAS field without being deactivated.

3. The third alarm, also triggered by the EAS field, starts a continuous alarm ringing on the stolen item, which helps identify thieves after they leave the store.

The continuous ringing from the stolen product relieves store employees of having to risk mistakenly accusing an innocent customer who happens to be leaving at the same time as the thief, making this solution attractive for busy retailers that typically have large numbers of customers leaving the store at the same time. The alarms also are audible through foil-lined bags that professional thieves often use.

In response to retailers' requests for easier and more secure ways to manage keys to locking cases and fixtures, solutions vendors are developing keys that use programmable infrared (IR) technology. These can be programmed to work only in specific stores and to time out after a given amount of time. They can be reprogrammed as necessary when employees turn over, making keys that terminated employees had access to unusable.

Advances in EAS Tags

While EAS tags have been around for a long time and are used in virtually every retail segment, improvements to functionality and effectiveness continue to be made. To facilitate source tagging, different types of EAS tags and labels are now available that can be applied at the manufacturing stage to virtually any type of product or packaging, including challenging products such as cosmetics, jewelry and watches, eyeglasses, bottles, sporting goods, and various do-it-yourself items. Universal Surveillance Solutions recently introduced a new pinless EAS tag that doesn't tear or leave holes in garments. Since it's small and unobtrusive, it doesn't detract from merchandising displays and is less cumbersome for customers when trying on apparel.

To provide an extra layer of in-store protection, TAG Company's new series of "smart" EAS tags sound an alarm if they are tampered with in the store, such as if a customer tries to cut a tag off a garment. These tags also act as traditional EAS tags, sounding if the merchandise is passed through an EAS pedestal without being deactivated.

Finally, several large apparel retailers are adopting visible source tags (VST) in place of the more traditional sewn-in labels. Much like a traditional hard tag, the VST, which is applied at the manufacturing level, offers a higher level of security and deterrence than the sewn-in labels.

Consumer Electronics

Perhaps the biggest area of growing need for new product protection solutions is in the consumer electronics segment. As consumer electronics devices grow in sophistication and shrink in size, retailers of digital cameras, camcorders, cell phones, iPods, and PDAs are looking for better ways to display these types of products. Prospective customers want to comparison shop by trying out the devices' functions before deciding to purchase. In order for customers to fully grasp the products' features, which will determine the brand or model they will purchase, it is critical that the products' displays and controls are functional.

As a result, recent developments in this area have focused on displays that provide both security and power. These solutions operate off either battery or AC power, so they can be moved around and set up anywhere without worrying about wires. They come in a variety of sizes and styles, and can be used with retractable tethers that allow customers to pick up the device, turn it completely around, and interact fully with it. Most have audible alarms that are triggered when the display is tampered with, as well as visible indicators to let would-be thieves know they are armed. They can be changed out in minutes, allowing retailers to set up temporary displays or move displays around at a moment's notice. As an added bonus, since customers are forced to return the devices to their stands after finishing with them, they keep your merchandise displays organized, attractive, and looking the way merchandising teams want them.

Until recently, laptop computers were a particular challenge for retailers. People buy laptops because they are lightweight, sleek, and compact. "We used to use standard laptop lockdowns that sounded an alarm if someone tried to remove them," says Kevin Ach, director of LP for Office Depot. "The security devices were effective—they prevented anyone from walking away with the devices—but they were large and clunky, which detracted from the products. Our merchandising group wanted something that was less bulky and that would allow customers to appreciate the laptops' designs and attributes."

Office Depot worked with Protex International to design an improved display unit using Plexiglas to form unobtrusive lockdown bars. The laptop...or DVD player...sits on an aluminum track that is attached to the counter or a shelf. The screen-bar assembly locks each laptop into place on the aluminum track, preventing movement by unauthorized personnel, but at the same time permitting customers to use the computer's keyboard and controls (see photo above).

Screen bars are available in several sizes to accommodate a wide range of products. Each track holds multiple laptops and is designed with a sliding track system that offers retailers the freedom to quickly and easily reposition their merchandise, or alter the number of items on display. This system is mechanical, but can be used in conjunction with electronic alarms for additional security. Since implementing the new laptop lockdowns, Office Depot has seen a marked improvement in sales of those items.

"We also significantly improved the sales of our digital cameras when we started using security devices that provide power as well as alarms," adds Ach. "Now, customers can handle the equipment and test their functions before deciding which one to purchase. This has led to far fewer returns on these products."

For larger items, such as plasma and flat-panel TV screens, self-contained, reusable electronic alarm sensors are available. One end is attached to the screen, while the other is attached to a countertop or stationary display fixture. If any sensor is removed or the cable is cut, the alarm will sound.

Fixtures

Store fixtures have evolved, as well, to help provide different levels of security

where needed. At CVS/pharmacy where it is imperative to allow customers to have access to merchandise, Roberts is implementing new "intelligent" fixtures that allow the retailer to openly display high-shrink merchandise, such as razors, cosmetics, and batteries. Anti-sweep fixtures have hooks with exaggerated curves in them that make it difficult to remove more than one of an item at a time. These hooks can be locked to the gridwall or slatwall to prevent thieves from taking the entire hook.

For a higher level of security, locking devices are available that can be inserted on the hooks behind several items of merchandise. This way, the retailer can make a sufficient quantity of an item available to satisfy that day's estimated demand. After those are sold, a store associate would have to unlock the remaining items.

Fully locking hooks are an option for extra-high-risk or high-value items. With these displays, customers can see, touch, and examine the merchandise, but they can't remove it without having a store associate unlock it. Swivel tabs can be attached to merchandise or to keepers or safers that allow merchandise to be easily rotated 360 degrees so customers can see all sides even while it is locked up.

Time-delay fixtures, the newest addition to the marketplace, allow only one piece of merchandise to be removed from the hook within a certain amount of time. Popular for infant formula, razor blades, and similar items, these fixtures effectively put a stop to sweeping. Infant formula-specific fixtures allow the customer a clear view of the product, but only one canister can be removed in a given amount of time.

Greater Collaboration Leads To Successful Solutions

Increasingly, vendors are partnering with retailers to design other product-specific fixtures to address especially challenging high-risk products, such as golf clubs. In these cases, the fixtures double as attractive, efficient displays for the products, but include alarms and/or tethers to keep the products from being removed.

Dick's Sporting Goods' Lund notes that vendors frequently visit their stores to see exactly what the retailer needs, and they are often willing to develop new or modified products to solve niche problems.

"As a sporting goods retailer, we carry many specialty items that require unique protection measures," says Lund. "We work regularly with security vendors to develop innovative solutions to meet our special needs, such as the back clamps we use for baseball bats, golf clubs, and the like. We don't carry large quantities of those types of products, so it's essential that we minimize the number we lose to shoplifters. It's very disappointing to our customers if they come in to purchase something like a hockey stick for the new season and it's out-of-stock due to theft. The vendors have worked with us to develop solutions and then to reengineer them as we gain insight into how shoplifters are reacting to them. I think we've been involved in three or four generations of a couple of the solutions we use."

Lance Weeden, director of sales for Alpha Security, says collaboration with retailers to develop new solutions is an ongoing process. Although occasionally a retailer will approach the vendor with a specific security challenge, more often than not, new products evolve out of the research the vendor conducts through interaction with a wide range of retailers.

"We contact retailers in all market segments and ask them what their five or six highest shrink items are," says Weeden. "One of the key responsibilities of our product managers is to go out to the stores and talk with the store managers, associates, and LP departments. We also host technology reviews at our headquarters. We bring the retailers' common concerns to our product engineers, who work on developing model solutions. We then bring those models back to the retailers for their input."

If there's sufficient buy-in from the retail population, Alpha will put the new solution into production. Weeden admits that not all retailers' problems can be solved through this process. If a problem is too unique, or involves a small niche market, it may not generate a large enough volume to be cost-effective, at least given current technology.

In addition to working with retailers to develop product-specific and customer-friendly solutions, security product vendors are working more closely with merchandise manufacturers. "We want to stay on top of new developments in merchandise, so we can design solutions to meet evolving needs or to address the new challenges that new products bring, as occurs frequently in the electronics market," says Weeden. "By being aware of what new products are coming out, or what changes are being made, we can have effective solutions available at the same time the new products are introduced, so retailers don't have to suffer through a period of vulnerability while protection solutions catch up."

Vendors are also working with merchandise and fixture vendors to develop solutions that are already built into the merchandise and/or fixtures, eliminating effort on the retail end. In this vein, retailers in all markets are seeing an increase in the number of merchandise vendors who are offering source tagging.

Source tagging has been very successful for manufacturers of electronics, CDs, software, and batteries, whose customers convinced them of the long-term benefits of source tagging, including reduced shortages and quicker sell-throughs. "We are continuing to work with our vendors to encourage them to source-tag merchandise with EAS tags," says Office Depot's Ach. "While we've made a great deal of progress in that goal, we'd still like to see more of our vendors do that."

What's on the Horizon?

The trend in product protection solutions appears to be to make available an ever-growing array of products that can be mixed and matched to meet retailers' needs. There are products for every risk level, merchandise type and size, and level of desired customer interactivity, and is making it possible for retailers to craft customized solutions that minimize shrink and maximize sales in their own unique settings.

Several retailers identified some unmet needs they'd like to see addressed, however. Lund would like to see more affordable specialty protective devices for the golf clubs, baseball bats and mitts, and other specialty items that Dick's sells that sound alarms when tampered with in-store. One of his challenges is managing the variety of devices his stores use. "Using a smaller number of devices offers several advantages," explains Lund. "It's easier to train employees how to use them, and you don't need multiple detachers to remove tags and cables. But we carry such a wide variety of merchandise that we end up needing a lot of different solutions. I'd like to see more multiple-use devices that we could use on a range of merchandise."

At CVS, Roberts is looking for more affordable fixtures that are scalable so that they can be used from low- to high-risk environments. "For example, I'd like to see a shelving system that could be used with or without built-in intelligence, along with having the option to build in the right level of protection for the high-risk items," he notes. "I feel that time-delay fixtures and affordable intelligent shelving will play a part in achieving our product protection goals in the future, along with continuing to explore layout design options and process improvements."

Even though it's still in the testing stage, RFID (radio frequency identification) offers another potential loss prevention tool. While RFID's most likely real value for retailers lies in inventory management, it builds on loss prevention efforts by adding an

extra layer of product movement reporting. Retailers can combine item-level RFID tracking with DVR technology to provide the ultimate view of who is moving merchandise and when and where they're moving it. Catching someone on camera as he or she picks an item off the shelf only tells you that he or she took it from the shelf. Tracking the location of the item via an RFID tag tells you whether the product has left the store without being purchased.

The ultimate goal...embraced by LP and store merchandisers alike...of keeping product on the sales floor, not locked behind a counter or in a case, is becoming easier to achieve. However, CVS' Roberts offers a valuable reminder applicable to all retailers—essentially, that technology alone will not solve the shrink challenge.

"I believe the best way to manage high-risk product is to work collaboratively with all internal departments in your company and the supplier community that sells you high-risk product," he concludes. "Taking a holistic approach to product protection and developing a layering approach when implementing solutions for high-risk product is a key in the management of high-risk items."

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