

U.S. High-Fashion, Off-Price Store Cuts Losses, Drives Sales with LP Solutions

Loehmann's uses Alpha high-theft solutions to open up sales opportunities

Like most fashion retailers, the U.S. retailer Loehmann's is constantly looking for ways to boost profits in a notoriously tight-margin business. So when Peter Levy, Loehmann's vice president for loss prevention, sat down to plot his strategy, his mission was clear. But as a veteran of the industry, his plan to contribute to the company's profit goals wasn't necessarily what you'd first think.

"It's not who you catch, but how much you sell," said the long-time LP professional, who is about to retire after fifteen years at Loehmann's and a long, distinguished career in loss prevention for such major retailers as Federated Department Stores/Macy's. Levy was interested in finding solutions that would not just cut shrink levels, but create new ways to get merchandise in front of consumers when they were looking to make buying decisions.

Achieving Shrink Below 1 Percent

Over the course of Levy's tenure at the New York-based retailer, his focus on cutting shrink has paid major dividends. He and his team adopted a number of forward-thinking practices to cut losses to the point where shrink fell below 1 percent of sales, appreciably lower than the retail average of 1.43 percent and the U.S. average of 1.61 percent, according to the *Global Retail Theft Barometer 2010*.

To help achieve and maintain its low shrink levels, Loehmann's had to address certain core problems. Until devising new solutions, Loehmann's only had two methods of protecting its merchandise—a traditional EAS hard tag for most merchandise and a locked, alarmed, cable-box system for outerwear. Neither of these methods worked well enough. Store associates and LP team members alike complained of a high number of defeated tags, and no one, especially Loehmann's customers, liked locked cable systems for outerwear.

"Locked cable systems inhibit sales," said Levy. "Store associates were required to unlock the cable boxes. Oftentimes, these boxes were left unlocked, allowing customers to steal merchandise. In some instances, customers wouldn't even try on a garment because it required finding a sales associate and then getting them to stand by while the customer tried on the garment, often leading to a feeling of intimidation on the customer's part."

Finally, Loehmann's needed unique solutions for different problems. "It didn't make sense that a piece of merchandise



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costing \$39.99 was secured the same way as a piece of merchandise costing \$1,039.99," he said. "Loehmann's wanted more options in terms of securing our merchandise."

Implementing Various Alpha Solutions

In taking the lead to reduce shrink, Levy turned to Checkpoint's Alpha division for help. Carina Lewis, Alpha's national account manager, worked in partnership with Levy and his team, bringing in new product development managers to discuss and design specific solutions to address their needs. Using Alpha's one-piece accessory tag on shoes, accessories, and lower priced handbags; 3-Alarm Cable Loks on outerwear and higher priced handbags; and 3-Alarm Hard Tags for high-theft denim and designer wear, Loehmann's was able to cut theft dramatically by providing "the right protection."

Levy added that the feedback from sales associates was that Alpha's solutions were easy to use and their customers gave strong, positive remarks about their ability to physically handle the protected merchandise. More importantly, thorough testing of Alpha's solutions indicated that sales increased as a result of creating an open merchandising environment. "Once we knew Alpha's 3-Alarm Cable Lok worked, we threw every locked cable box in the trash," said Levy.

During initial tests of the 3-Alarm Cable Lok, Levy noted, "In the stores we have monitored, sales have increased dramatically against stores with lock-down cable boxes. We have not lost one single item protected by the Alpha 3-Alarm Cable Lok." ■

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