



The Bottom line on EAS

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Here, Mike writes for PoV about the profit opportunities provided by more efficient EAS.

“Source tagging is a simpler solution to strengthen ROI”

Are you one of the loss prevention, security or asset protection executives that view your EAS tag and system expenses against shrink reduction? If so, then you know it's a fairly simple equation: Annual capital expense divided by two, versus shrink reduction that season (compared to pre-EAS). Then, factor out the savings against the capital expenditure schedule and ongoing expenses. It's simple enough to see if EAS is offsetting

shrink. But, of course that has nothing to do with profitability. If that's all you are looking at you are missing the profit opportunities source tagging EAS presents. Let's take a few minutes to look at the total picture: The person applying your tags costs payroll. What kind of study have you done to determine that EAS expense? I know, based on my personal experience in my last few companies, the average hard tag took 19 seconds to apply. That works out to 189 units an hour;

assuming no interruptions. I'd guesstimate that EAS expense to be about \$9US an hour per location per 189 units... with spotty compliance. All of a sudden, that return on investment looks a little less secure.

There is an easy argument to be made that having product on the selling floor enables you to sell it. It's hard to find anyone to disagree. Part of your challenge, however, is finding what that increased sales factor is.

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Keys to maximizing profitability through EAS Source Tagging

1. Base a balanced solution on three key elements: improved shrink reduction, minimized operational impact & improved consumer experience
2. Identify incremental value and drive organizational alignment for outstanding execution
3. Promote ownership culture at store level of the EAS program
4. Partner with your product vendors so that they understand the impact source tagging can have on their bottom line
5. Select a source tagging solutions partner capable of exploring all aspects of your business needs:
 - Scalability
 - Global sourcing
 - Third party compliance management
 - Supply chain & vendor inventory management
 - Provide LP insight into merchant decisions on EAS application
 - EAS to RFID via electronic data management



How source tagging cuts the payroll cost

There is a simpler solution to strengthen your ROI: source tagging. Check-Net®, Checkpoint's Global Sourcing and Order Fulfillment program, will cut the payroll cost considerably and increase tagging compliance to 100%, making the EAS ROI much more attractive. Hard tags provide a visible deterrent so effective to amateur and impulsive thieves. Check-Net® provides up-to-date technology, with global applications. I mention that because I've also had the experience that most up-to-date technology can have a positive impact over older technology without any other control deviation. Frankly, I was surprised at the results, but upgraded location after upgraded location proved the point. If your goal is to provide a more powerful ROI, perhaps hard tags alone aren't the right EAS solution to consider. Instead, the ability to integrate tags into your branding may be the right avenue for some categories. Considerations such as price point, fabrication or product presentation will help to

maximize your ROI. With integrated tags, the visibility of the EAS tag is lost; however the EAS circuit may be hidden in a variety of places. Changing the location of the EAS circuit helps to keep the thieves guessing.

Getting the mix right

There are other side benefits. If you are "Branding" then the EAS solution may also protect that Brand along with the actual merchandise. Forcing the removal of the Brand tag means less money for the product for professional thieves. Another, less obvious but more critical benefit, is at point of sale. Long lines are a customer satisfaction killer. Think about removing hard tags at POS, four, maybe six seconds per item? Have you studied it? How many items can a single cashier process within your acceptable wait time guidelines? I know they can process more without having to remove hard tags. The ability to deactivate an integrated EAS tag while scanning at POS is a big time saver. Those seconds add up during peak business times.

The right mix of product protected with both hard and integrated EAS tags, delivered floor and compliance ready is a customer satisfaction win. Your internal customers will benefit by getting product to the sales floor quicker and your external customer will have a more pleasant experience. Both will surely benefit from a better in-stock position. Now all you have to do is tie that to the bottom line. ■

