

Taking Label Performance and Utility to a New Level

Next-generation labels allow retailers to provide more security with greater flexibility than ever in apparel and other vertical markets.

As retailing has evolved into an increasingly complex set of business processes, retailers have sought new ways to both secure their merchandise and improve the shopping experience for consumers. In apparel and other markets, retailers and consumer packaged goods manufacturers have sought to add new types of security labels to their clothing lines and other items where the physical size of anti-theft tags is a key consideration.

Of course, retailers have been clamoring for smaller, more reliable tags for years—partly in hopes of reducing shrink by protecting more products, and partly to cut down on the number of false alarms caused by older tags. But technological advances in label development have been hard-pressed to keep up with the new demands of retailers. In some cases, the tags were simply too large to be properly secured to small, delicate apparel, or discrete packaging, while in other cases retailers struggled with alarm integrity, particularly deactivation/reactivation problems.

That's changing, however. A new generation of smaller, more reliable and better-performing labels for apparel and other industries is appearing, due to some impressive new technical achievements. As a result, retailers and their CPG partners now can secure their merchandise more reliably and cost-effectively than ever before.

What makes a superior label? Retailers have consistently voiced the need for their labels to

continue improving in four different areas:

- Better detection performance
- Smaller form factors
- Decreased false alarms
- Improved deactivation performance

There are numerous examples where retailers and CPGs have pushed their labeling suppliers to meet dramatically changing product requirements. Take intimate apparel: This segment has experienced skyrocketing growth in recent years, due to customer demand for new shapes and colors, resulting in larger selections and more SKUs. Add in some aggressive and innovation promotion, and the category has enjoyed higher selling prices and profit margins. At the same time, because of the products' small sizes, open displays and lack of protective packaging, it's a product area that's become very attractive to thieves. Retailers increasingly need new forms of labels to protect this merchandise, without inhibiting sampling and hands-on evaluation.



APPAREL RETAILERS AND CLOTHING MANUFACTURERS ARE BENEFITING FROM A NEW LINE OF HIGH-PERFORMANCE ANTI-THEFT LABELS.

Another example: High-priced accessories in apparel or electronic stores. When you consider how easy it is for someone to grab an expensive wallet or high-speed wireless card from the shelf/display and walk out of the store, the need to provide an extra level of security makes a lot of sense. Small labels enable both covert and overt tagging options for these high-priced goods, whether part of a fully

“The next generation of anti-theft labels is being integrated into comprehensive shrink management and merchandise visibility systems in stores and throughout the supply chain.”

integrated packaging solution or a uniquely integrated solution. For instance, an EAS desiccant pouch (ideal for concealed security in wallets and other small leather items) can now allow retailers to protect these expensive products more reliably than ever.

Electronics, entertainment products, cosmetics.... the list of potential applications for smaller, better-performing and more reliable labels goes on and on. But retailers have generally been thwarted in their efforts to tag more of their clothing and other products where small size is a requirement, and improved performance and reliability are essential.

Until now. Some major breakthroughs now allow for the development and application of smaller, higher-performing labels for apparel and other industries. The introduction of sophisticated new materials, previously not possible for label development and mass production, has advanced

the state of the art of anti-theft labels. These materials have helped label manufacturers produce tags that are thinner and smaller than before, while offering equivalent or even better performance on detection and deactivation. Additionally, new advanced circuit designs aid in downsizing the label's footprint, while improving the signal-to-noise ratio necessary to improve detection and deactivation.

Another key opportunity for these new, smaller, high-performance labels is the ability to integrate them into more comprehensive shrink management and merchandise visibility systems in stores and throughout the retail supply chain. When these new labels are combined with

EAS antennas, data management software, video surveillance systems and pallet- and item-level RFID systems, retailers develop a 360-degree view of shrink in their stores, and a holistic view of all their valuable merchandise throughout their supply chains.

To meet these diverse and challenging needs of retailers and their suppliers, Checkpoint Systems has developed the EP (Enhanced Performance) Label family. EP Labels are the product of more than three years of research and development work, driven by a number of patented technologies and processes to create the industry's smallest high-performance labels. In a nutshell, EP Labels are smaller, more accurate, offer better performance and are more reliable than older competitive products.

How much of an improvement over older label designs do EP Labels represent? Testing done by TUV Rheinland—an independent testing organization that analyzes and measures safety and quality of a wide variety of new products—indicates that, compared to competitive products, EP Labels offer:

- Up to 19 percent better detection
- 8 percent better deactivation
- 30 percent better yields for live tags on arriving merchandise
- 11 percent smaller form factor for similar detection performance

Through the improved design and manufacturing processes, Checkpoint's EP Labels achieve a post-integration yield of 99 percent, compared with 90 percent or less in the case of all competitor labels.

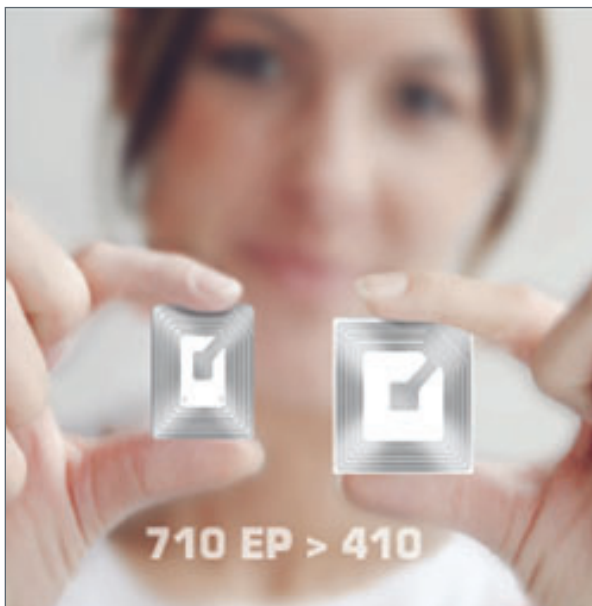
EP Labels offer another key benefit to retailers: support for wider aisles. Using EP Labels in conjunction with Checkpoint's new Evolve RF-

EAS antenna system allows aisles to be placed as much as 8 feet apart, thus improving store aesthetics and customer mobility in and out of stores. In addition to the wider aisles, EP labels with Evolve offer a 60 percent improvement—when comparing legacy labels and system technologies of the same size and aisle width.

Checkpoint's EP Label family represents solutions for a broad cross-section of applications and customer problem areas. These include:

- 410 EP: Offers similar performance as Checkpoint's original 310 labels, but in a smaller form factor
- 710 EP: Provides upgraded performance over the 410, but at a smaller size equal to the size of the current 710 label
- 2410 EP: The smallest functional EAS label on the market
- 2815 EP: Designed for Health and Beauty Care (HBC) products
- 3015 EP: Designed for jewelry cards and HBC products
- 2510 EP: Created for wide-aisle and floor-system applications
- 2933 EP and 2940 EP: Round labels for bottles, promotional items and other products previously difficult to tag with square or rectangular labels.
- 610 EP Pinfeed: For high-quality laser printing applications
- EP P2S family: Aimed at apparel label integration, primarily pocket tags and sewn-in solutions

The EP P2S family, in particular, represents an important step forward for apparel retailers and their manufacturers. This product line uses advanced materials to create a permanent deactivation solution; after a single wash or dry cleaning, the label

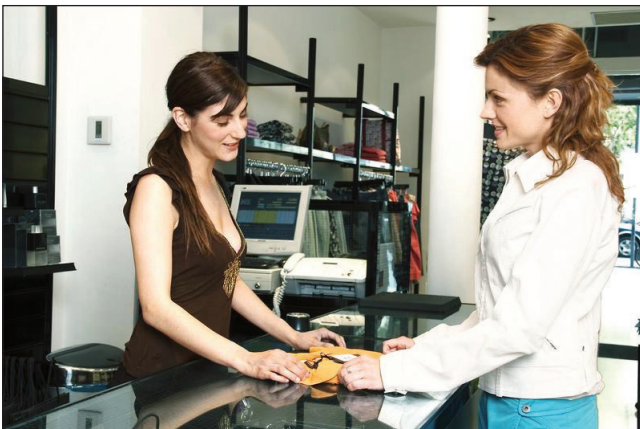


breaks down and can no longer be activated. This eliminates the long-standing problem of older labels becoming reactivated resulting in a false alarm upon entering a store's EAS antenna field, and causing store personnel to lose confidence in the system.

How else are customers benefiting from EP Labels? In addition to permanent deactivation and wider aisles, retailers now can significantly increase the percentage of their merchandise protected by shrink management systems. And, the different form factors and styles means the right label can be applied to the proper merchandise, such as pocket tags that can be made to look like traditional care labels.

EP Labels also deliver the benefit of high static tolerance, resulting in more "live" tags arriving at the store post-integration, while tighter frequency tolerance decreases the incidence of false alarms.

Finally, EP Labels can be applied quickly and efficiently, either at the manufacturing source, in a distribution center or at the retail store. These labels have been successfully applied to 4x6 cardstock at a rate of up to 500 per minute—more than 200 percent faster than competitive labels typically are applied. In addition to high-speed automatic application, EP labels have also been put to the test on a wide variety of thermal transfer printers. The EP labels produced a



high-quality thermal image and the barcode received an A rating, the highest possible rating, every time. The second printing tier of EP Labels takes distribution center printing to a new level with the introduction of a high-speed, multi-lane laser pinfeed product. The EP laser pinfeed product will enable the use of wider aisles and tagging of more SKUs for the end user, while the smaller size will help to optimize the process at the distribution level. EP labels can also be custom printed to meet retailers' branding and promotional demands. EP Labels also have been successfully tested with a wide variety of handtools, including a number of Checkpoint's own HLS tools that have been specifically designed for use with the EP Labels family.

Checkpoint Systems: Your Shrink Management Partner

Checkpoint Systems is the leading supplier of shrink management solutions. Checkpoint partners with retailers to reduce theft, achieve operational excellence, increase inventory visibility and provide customers with greater merchandise availability. Our advanced RF technology, broad merchandise protection programs, added-value software and real-time labeling solutions help retailers increase sales and cut costs.

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