

Health & Beauty Case Study

Shrink Management is now recognised as a significant contributor to **brand equity** that can benefit both *sales* and *operational efficiency*, and significantly reduce *theft*.

Health and Beauty represents one of the most conflictive **CRAVED** product categories due to their small size and their relatively high sales value.

In 1999 a market leading cosmetics brand sought to expand its distribution channels in Europe beyond the traditional format of specialised sales outlets by **moving away from** assisted selling, a practically universal sales process at the time, to a more efficient open display merchandise sales floor format.

To grow sales, the brand turned to modern grocery distribution, specifically those banners with **hyper** and **supermarkets**.

For sales to be successful in this channel, the **packaging** format had to evolve.

The acronym **CRAVED** will help you remember which goods are most stolen. These are **Concealable, Removable, Available, Valuable, Enjoyable, and Disposable**.



Blister packaging was developed in order to allow the cosmetics to be sold in **open** merchandising, making all products available to consumers through self service.

To enable this process, articles had to be secured to avoid an escalation in shrink, especially as the whole range could be considered as **CRAVED**.

To ensure effective, uniform and universal integrated security, preserve product presentation and reduce costs, the decision was taken to **RF-Source Tag** the articles during manufacture.

This pioneering change led to the **standardisation** of the open merchandising format for all cosmetics brands now seen in all major food chains.





Case Study 1

- A leading cosmetics producer was sustaining losses that threatened the continuity of its sales to a major retailer.
- Shrinkage was almost **30%** and sales were falling by **2.2%** per year.
- Both retailer and the vendor entered a **collaborative** process to develop a packaging format that could reverse the situation.
- Part of that process involved the **renovation** of the product range presentation.
- Secure **clamshell blisters** were employed and RF source tagging incorporated into the packaging.
- The **RF label** was overprinted with real variable data to replace the barcode label.

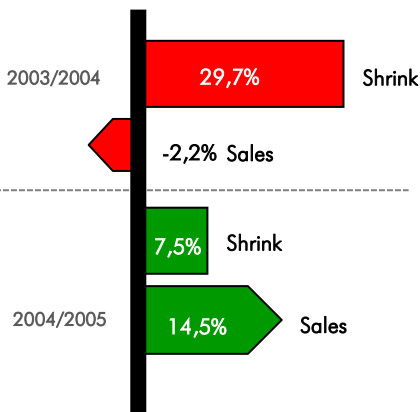
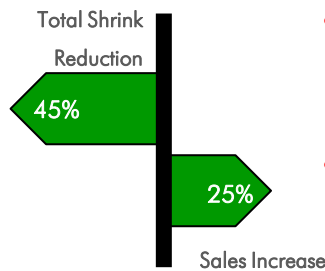


- A specialist Drugstore chain in Europe undertook a study to assess the impact of changing the sales process & product presentation of cosmetics in store. Mascara had shrink levels of **75%**, other cosmetics **45%**. Additionally product presentation suffered from in store labelling efforts and was not effective.

Case Study 2



- To develop a solution, both retailer and supplier worked together to turn a shared problem into a common opportunity.
- Product presentation was reviewed, fewer products were made available on shelf, some open display was removed from "red" or hot stores.
- For all other stores, merchandise packaging was revised to incorporate security blisters and RF-source tagging to enable secure open merchandising.



- Thanks to the **collaborative effort**, in 12 months, sales were growing at **14,5%** and shrink had fallen by **72%**.

Case Study 3

- In some cases it is not allowed to modified the product packaging at source.
- When this happens specific labelling solutions were employed to raise consumers awareness of the fact that merchandise was security tagged.
- Applied directly in store, trials with a major drugstore chain in the USA have resulted in a **70%** improvement in shrink using visible tagging techniques.
- This specialist labelling solution provides on product security and also allows important barcode information to be read at POS.

