

IN-Store

insights from global retailers

Spring 2011

in this issue...
**Gomez Pardo, Petrol Slovenia,
Conad del Tirreno,
HEMA, PAK'nSAVE, Belle,
IGA Allambie Heights**

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Welcome to a new edition of In-Store featuring the latest trends, news and insights from global retailers. While the retail industry evolves and moves at an unprecedented pace, what are you doing to keep up? New store formats and multi-channel sales are creating many exciting opportunities to embrace innovative solutions and services that help you remain in step with shopper demand and drive your business forward. Knowing what's hip, what's selling, what's available – and what's ready to buy – has never been more important.

In this fast paced global environment managing seasonal inventories, leveraging promotional campaigns, ensuring shelves are stocked, avoiding markdowns, and making sure high-value goods are available for shoppers are all critical factors in helping boost the bottom line and creating opportunities for future growth.

In this issue, we spotlight leading retailers from a variety of vertical markets in Latin America, Europe, and Asia Pacific. Learn first-hand about their experiences as they share business challenges and successes achieved by making investments in a variety of in-store technologies designed to help improve retail performance and security.

We greatly value your feedback. If you have comments or ideas for stories you would like featured in future editions, please email us at In-Store@tycoint.com.

Stay tuned... there's plenty more In-Store!

Managing Editor: Gay Gagliardi

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LATIN AMERICA



Gomez Pardo Supermarkets Safeguards Inventory While Improving the Bottom Line

Argentinean supermarket chain Gomez Pardo offers a variety of popular highly stolen products such as cosmetics, perfumes, batteries and bottled wines and spirits. To protect their three stores from theft in Tucuman City, Gomez Pardo (owned by parent company La Lugenze) embraced the benefits of Acousto-Magnetic (AM) technology in safeguarding their inventory and reducing shrink.

Thanks to the effective techniques of sales representative Maximo Gor and his strong connection with Gomez Pardo, he introduced the retailer to an integrated security approach to protect their stores. With his attention to detail and excellent customer service, he combined several products from the Sensormatic portfolio to provide the customer with a robust set of EAS solutions to satisfy all of their security needs.

To help improve the customer checkout process at the front end, Gomez Pardo chose the Essentials AMB-1200 deactivator. With its low profile design and reliable performance the AMB-1200 was the perfect fit for the retailer's check stands. Allowing products to be openly merchandised while enhancing their level of protection, Gomez Pardo's integrated approach included Sensormatic Ultra-Post detection systems, Ultra-Tag and Ultra-Tag MT to protect bottled wines and spirits.

"We have found the Sensormatic Essentials system extremely effective in reducing shrink of highly pilfered items like cosmetics, batteries, wines and perfume. We have Sensormatic systems in all of our stores, which provide great performance and a seamless checkout process at the front end." "La Lugenze SRL," Cadena de Supermercados, Argentina

[Click for more information on Sensormatic Essentials platform.](#)



EUROPE

Petrol, the leading Slovenian energy company, is the principal strategic supplier of oil and other energy products to the Slovenian market. Through an extensive distribution network of proprietary service stations, Petrol provides drivers on Slovenia's roads and highways with a broad range of automotive goods and services and a wide selection of household and food products and other merchandise.

The core area of operations of the Petrol Group is oil trading activities. Petrol's principal competitive advantage over potential competitors is its extensive network of 348 modern service stations in Slovenia and abroad.

The principal development direction of the Petrol Group is the introduction of new energy activities, in particular the sale of gas, heat and electricity, but in the long run also renewable energy sources.

For more information, visit <http://www.petrol.si/en/>.

Business Partner Tenzor Deploys Essentials Solutions Chain Wide at Petrol Slovenia

With more than 300 convenience stores throughout the country, Petrol Slovenia offers a wide range of highly pilfered items including food, liquor, motor oil and first aid kits. As one of our business partners in Slovenia, Tenzor identified this potential opportunity for the Essentials platform based on Petrol Slovenia's experience with EAS at selected outlets.

Petrol Slovenia encountered shrink issues at certain

locations, which exceeded their acceptable level. Some of their stores had RF systems; however, they were not satisfied with the performance.

Looking for a cost effective solution to implement chain wide, Tenzor recommended a pilot installation of Essentials solutions to help them evaluate replacing the RF systems.

For the specific pilot location, Tenzor approached the customer four times to present the Essentials pilot concept, and made regular contacts in the Croatian and Serbian markets. They equipped the pilot store with the Essentials AMS-1140 detection system and deactivator, combined with a variety of labels and tags.

Based on their overall satisfaction with the performance of our Essentials platform, Petrol Slovenia will gradually implement the solution at convenience stores experiencing higher theft rates.

[Click for more information on
Sensormatic Essentials platform.](#)



ADT in Italy and Conad del Tirreno: a winning partnership to reduce shrinkage in Retail

Conad del Tirreno is a large grocery Cooperative with locations spread throughout Tuscany, Lazio, Sardinia and the province of La Spezia, and under the following brands: E. Leclerc Conad, Conad Superstore, Conad, Conad City, Saporì & Dintorni and Margherita.

Conad's mission, as indeed highlighted in its tagline "Artists in quality, masters in convenience", is to satisfy consumers' needs in a perspective always in line with new trends and demands. It is also thanks to effective security systems, that Conad del Tirreno can adequately support its relationship with customers.

In fact, this leading retailer decided to adopt proper security, anti-theft measures several years ago, by choosing a versatile technology partner able to offer the highest level of protection in each product category.

Conad started their operations in the '70s. A few years later, Sensormatic began providing its security systems to support the development of protection in the food industry with Electronic Article Surveillance (EAS) systems in HF (High Frequency), before transitioning to electromagnetic technology during the years of modernization of retail ('80s and '90s). Later on, after its proliferation, Conad del Tirreno and the rest of the marketplace definitely opted for the acousto-magnetic technology.

Nowadays, due to growing brand and format differentiation, retailers also feel a growing need to control and minimize theft. Based on data reported by several studies on theft, shrinkage continues to represent a concerning issue. Acknowledging this reality facing companies and the whole industry on a daily basis, ADT in Italy, part of Tyco International, offers a complete range of



anti-theft solutions or EAS able to more effectively fight the phenomenon associated with increased shoplifting.

The Sensormatic line includes anti-theft systems and specific protections for various items, in addition to solutions designed to analyze the flow of visitors, store business intelligence, and RFID.

Conad del Tirreno, having made a precise technological choice in the acousto-magnetic Ultra-Max system, decided to evaluate each store for the best antenna configuration to protect the checkout zones, rather than entrances and exits without purchases. To satisfy the different needs of a store, they implemented a Maxcalibur antenna for an easy and practical access to the cash register by the customer; UltraLane antenna for variable in-lanes; and Ultra-Exit for entrances and exits without purchases, able to cover a range up to 2.4 meters.

Moreover, retailers can leverage effective, multi-level anti-theft protection tools to prevent theft while covering the needs of all product categories within the various departments: from food to new tags for bottles with superlock release, and even hard tags with tacks or lanyards.

In terms of recent technology developments affecting the cash counter, noteworthy is the adoption of deactivators with acousto-magnetic technology directly integrated into the scanners, with a net cost savings and further improved performance.

If theft protection is an imperative for all outlets, for Conad it is even more so, especially



within an ever changing retail environment. Guaranteeing the consumer a safe shopping experience is, in fact, an essential value to maintain high standards of quality in the type of service provided.

Relying on suppliers such as ADT – accustomed to providing the best solutions and continuing innovation - has produced important results: today 95% of Conad del Tirreno stores with anti-theft are protected by Sensormatic systems.



Case Study: HEMA franchise analyzes cash transactions

HEMA franchises are operated by some 110 independent retailers whose ability to adapt to the local market allows them to run their shops with extra care and attention. These retailers are united in HEMA's franchise organization the Association of Affiliated Companies (AAC) which, among other things, works to discover ways to further improve shop efficiency.

The challenge

The deployment of business intelligence technology to optimize cost and revenue is becoming increasingly important in the retail sector. In this context, the need arose among the AAC management to register all the exceptions that take place at the checkouts, and in this way to increase discipline with respect to POS transactions within the stores. The information generated from an analysis of the daily transactions via the POS systems should reveal these exceptions. The AAC sought a platform to collect and analyze this information in order to use it as a basis for developing a strategy to improve efficiency in the organization.

This program is linked to the HEMA central server where all POS transactions are processed every night. All positive and negative exceptions per establishment that are above the national average are detected in this way.



AAC requirements

In November 2008, AAC initiated a process to select a solution to improve operational efficiency on the shop floor. A major factor in achieving this goal is the ability to identify losses and obtain insight into how products are scanned at the checkouts. Ultimately, the goal is for retailers to be able to better understand and control the full sales process.

HEMA FRANCHISEES

Since it was founded in 1926, HEMA has grown into a retail chain with more than 500 shops, of which 230 are franchise stores. HEMA distinguishes itself by offering HEMA brand products with a contemporary design and an attractive price. With these HEMA focuses on a broad customer base.

ADT's Sensormatic Analytics met all the technical requirements of AAC. Until then, this English language package had only been used in the United States. A precondition for AAC was that the package must be fully translated into Dutch. ADT agreed to this, and has also integrated specific HEMA terminology into the solution for the franchise organization.

The solution

AAC is the first in Europe to use the NaviStor module by ADT Sensormatic Analytics. This platform identifies conspicuous transactions based on benchmarking and trending.

At the core of Sensormatic Analytics is the ability to analyze large amounts of data and concisely present it as easily useable intelligence. By using Key Performance Indicators (KPIs) a retailer can for example sort, filter, order and score the data. In this way the software package makes it possible for ADT customers to quickly and simply identify critical areas of their operation that are in need of attention and improvement.

The NaviStor module also provides ADT customers with reports on exceptions that occur at the checkout. The system indicates, among others, positive as well as negative POS activities that require action, and it identifies checkout personnel that might need training. The system is able to e-mail reports on exceptions to the right people. ADT NaviStor also provides retailers with graphic information on shop trends per department and checkout employee. The NaviStor integrated data mining software package also makes it possible to quickly analyze data, isolate trends, and rapidly and accurately implement any operational measures necessary.

Starting on 1 September 2009, the first HEMA franchisees began analyzing POS data using NaviStor. Since then the package has been rolled out to all HEMA franchises. HEMA makes all of the POS data available. Every night, data from approximately 1,300 checkouts is processed



HEMA

via the package. This data is copied to the centralized application and then analyzed based on the KPIs. These KPIs are established in advance in consultation with the HEMA franchise organization. As a result, the software can for example analyze incorrect POS

transactions, transactions with specific codes and return transactions.

This information is made available centrally, but processed locally. It is not the branch manager but the franchisee working locally who is responsible for analyzing the package. Each retailer has access to the information for his or her own locations.

To encourage the correct use of the solution all retailers attend a one-day training session. At the beginning of the day the theory on the capabilities of Sensormatic Analytics is covered. This is followed by practical training working with the tool itself. Because all HEMA terminology is included in the application, retailers easily recognize the terms. This contributes significantly to the ease of use, and has resulted in a short learning curve for the retailers.

Since the package is very extensive, a choice was made to make four different profiles available to retailers in phases. The AAC NaviStor test team, consisting of five retailers, tests each profile. After approval by the team, each profile is rolled out to the other retailers; gradually expanding the capabilities of the total package.

Results

Since all POS transactions are inputs that can be recorded, it is possible to analyze them later. The analysis of this data resulted in a number of important findings. It appeared, for example, that the discipline of employees to use the correct product code, instead of a less useful alternative code, was much lower than expected. All HEMA articles contain a bar code and it was expected that virtually all articles would be properly scanned at the checkouts using this code. When the barcode is not recognizable, the barcode number can be typed in manually. In reality; however, HEMA found that in four to five percent of cases, employees opted to use the alternative code that registers the article only as a part of a product group. This alternative code is quicker but its use



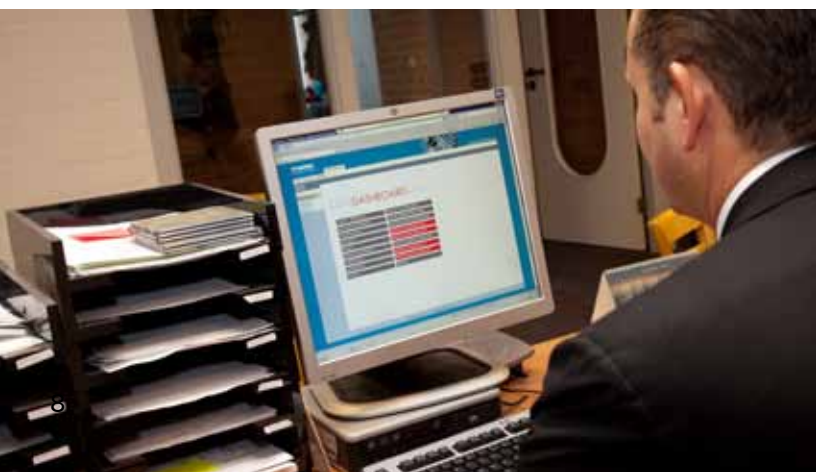
should be minimized because it undermines proper stock registration.

The system also makes it easy to see who performed specific POS transactions. This allowed the franchisees to provide individual training to those who needed it. AAC has also adjusted the POS training given to each new employee based on the NaviStor analysis results. A combination of these adjustments and individual training for employees who have been working at the store for a longer period, has allowed AAC to significantly increase discipline on the part of employees working at the checkout.

Because the number of errors made by employees is now substantially lower, structural points requiring improvement have become more obvious, and AAC has also been able to optimize its processes to increase total shop floor efficiency. Using NaviStor has also allowed AAC to identify and reward employees who respond positively, which has also increased employee satisfaction. Within three months AAC, with the help of Sensormatic Analytics, has succeeded in increasing discipline on the shop floor and implementing POS processes that provide better insight into this important part of the goods flow.

Why ADT?

The decisive reason for choosing ADT Sensormatic Analytics was the application of true, automated business



intelligence to the POS processes. Sensormatic Analytics initially uses more than video images to detect and analyze exceptions in the POS process. The system also examines all POS data and applies modern analysis methods.

ADT Sensormatic Analytics also provides graphical reports that make it easy for a retailer to identify and avoid exceptions. This process is much more accurate and efficient than other solutions on the market that try to detect exceptions based on video images alone.

In addition, after an exception is identified ADT Sensormatic Analytics is able to use the video images to further locate the cause; enabling the retailer to take preventative measures. In fact, several shops are conducting a pilot with video images fully linked to the POS data. This allows the corresponding video images for each transaction to be called up directly.

The confidence in ADT, built up over many years in other areas, also played a positive part in AAC's decision to choose Sensormatic Analytics. The two parties are discussing ways to further expand their collaboration. An important theme is examining whether the analysis of the reports generated by NaviStor, which is currently being done by the franchisees themselves, can be taken over by a central team from ADT. ADT has a team of NaviStor experts that trains and assists retailers, keeps the KPIs up to date and modifies them when necessary to combat ever-changing fraud strategies. This can further increase ease of use and efficiency.



ASIA PACIFIC



PAK'nSAVE

Case Study: PAK'nSAVE Achieves a Return on Investment within Six Months

Situational Background

PAK'nSAVE's policy is to provide New Zealand's lowest food prices. The grocery chain, which is owned by the Foodstuffs Group, follows a food warehouse format unique to New Zealand supermarket shopping. Stores buy and stock a range of everyday basic products in bulk, and doing this in large volumes means that savings are passed on to customers in the form of New Zealand's lowest overall food prices.



The chain also reduces in-store costs, with basic style stores without fancy floor coverings, extravagant shelving or expensive lighting. Their stores offer a practical and functional environment with wide aisles, where grocery items are stacked on shelves in their boxes so that it's easy to shop. Customers pack their own groceries, so as to further cut costs.

Reducing costs by these methods enables PAK'nSAVE to pass the savings directly on to customers, without sacrificing the quality of products offered.

The Challenge

Mt Albert PAK'nSAVE is one of the chain's busiest stores, serving tens of thousands of customers weekly. Like all grocery stores, Mt Albert PAK'nSAVE aims to minimize stock loss through shoplifting and 'sweet hearting' (whereby checkout staff avoid scanning high value items in friends or family members grocery shopping). Commonly stolen high value items include meat, razor blades batteries, and health and beauty products.

The Solution

To reduce shoplifting a number of Auckland PAK'nSAVE stores use ADT Sensormatic electronic article surveillance (EAS) theft prevention systems, including one of its busiest stores in the suburb of Mt Albert.

In addition to video surveillance, Mt Albert PAK'nSAVE installed the following Sensormatic solutions:

- Maxcalibur and Ultra-Post, which were customised to PAK'nSAVE's brand colours
- Customised signage

Thanks to the easily-concealed slim-line EAS security labels, stock losses are down for commonly stolen high value meat, razor blades batteries, and health and beauty products. The labels can be slipped unobtrusively into packaging, enabling double-tagging as a backup measure for determined shoplifters who manage to remove one tag. Microwaveable labels under meat tray absorbent pads have also proven successful. The pads can not only help protect the meat's freshness and visual appeal, but also deliver hard-to-defeat, anti-theft protection with acousto-magnetic technology.

Additionally, Sensormatic's advanced technology means that false alarms are a rarity, thus avoiding embarrassing customers who have not shoplifted, and preventing unnecessary disruption to store personnel.

The Results

Mt Albert PAK'nSAVE's management believes the store achieved a return on its investment within six months. What's more, stock takes show gross profit improvement in

the two years since the EAS system was installed.

"ADT is very responsive and provides excellent service and a great product. Using Sensormatic EAS technology has helped to make a significant difference to our profitability because would be shoplifters know that Mt Albert PAK'nSAVE takes security seriously," said Colin Sheehan, Store Manager Mt Albert PAK'nSAVE.

Management has been impressed with the robust nature of the EAS hardware: "The pedestals are constantly knocked by shopping carts and probably get hit thousands of times a year and function just as well as when they were installed two years ago."

What's more, the word appears to have spread that Mt Albert PAK'nSAVE takes security seriously, with former repeat offenders now giving the store a wide berth.

[Click here for more on the Sensormatic EAS solutions visit](#)





Belle Embraces Traffic Intelligence to Improve Store Performance and Enhance the Customer Shopping Experience

Belle International Holdings Limited is the number one women's shoe retailer in the People's Republic of China, operating 9,612 retail outlets in mainland China, and close to 200 retail outlets in Hong Kong and Macau. They offer a variety of brand names including Hush Puppies, 2Gether, Mirabelle, Belle, Teenmix, Staccato, Tata, Fato, JipiJapa, Joy & Peace and Bata. In 2008, Belle was named number eight in the Business Week Asia 50, the publication's annual ranking of top Asian companies.

The Challenge

With more than 100 stores in Hong Kong, Belle had been looking for a traffic intelligence solution for their outlets as an important tool for determining the store's conversion rates. Knowing how many people frequent their stores and at what time allows Belle to focus on a number of operational areas such as how many sales people are required, sales rates and which promotions are attracting shoppers to their stores.

The Solution

Belle was interested in reliable accuracy and after sales service, selecting ADT as their provider after deploying a pilot installation. The Traffic Intelligence solution offered by ADT distinguishes between incoming and outgoing shopper traffic, counts side-by-side traffic and tracks multiple people simultaneously. Comparing people counting information to sales transaction data allows retailers like Belle to calculate the rate of sales per customer

visit. Sensors detect and count the number of shoppers entering and leaving a store, placing a time stamp on each count to provide detailed reports highlighting data that's important to the retailer.

The Result

According to Bryan Fan, Manager, Information Technology for Belle, "This system helps us to understand more about the traffic flow in our stores. Information is solid and reliable, unlike the old days; when our staff had to manually count customer traffic. By comprehensive comparison of different reports, we are able manage resource allocation more efficiently; hence, fully utilize the benefits of the system."

For Belle, this data can be merged with time and attendance systems to ensure the store is properly staffed to meet customer demand during the busiest times. Additionally, the data allows retailers to measure the effectiveness of advertisements and promotional activity. This valuable operational information provides Belle with an added return on investment from their loss prevention and security solutions.

Recognizing that traffic management information is critically important for Belle, ADT provided rapid response time to get the solution in place and



operational. In addition, Belle's management valued the quality performance of the system as well as the strong relationships with ADT sales and technical support for a skillfully executed deployment that achieved winning results. Now, Belle can use real-time intelligence throughout its retail locations to help improve profits and reduce operational costs – and ultimately to create a more memorable shopping experience.

[Click here for more information on Sensormatic Traffic Intelligence solutions.](#)





Case Study: IGA Allambie Heights Embraces an Integrated Security Solution

Margins in the retail sector are always tight, especially in highly-competitive and uncertain economic times. No matter what size your store, shoplifting and internal theft can be devastating to your profitability.

The Problem – Stock loss was hurting the bottom line

Andrew Bray, owner of IGA (Independent Grocers Association) store at Allambie Heights in northern Sydney was increasingly concerned about the level of product shrinkage at his store and its impact on profits.

After assessing his options, he decided he needed to invest in an assessment and upgrade of his existing security system. After comprehensive research and discussions with a number of security vendors, Andrew selected ADT Security to assist him with developing a customized solution.

"I wanted to better manage the business – an effective security system is crucial."
 - Andrew Bray, Owner,
 IGA Allambie Heights



The Solution – A cost-effective tailored security upgrade

ADT Security was selected as they combined state of the art technology solutions with highly trained and qualified service technicians, all backed by one of the most experienced and well regarded companies in the industry.

With their vast experience in retail security, ADT Security Sensormatic systems provide superior detection levels and a very low level of false alarms.

In planning the upgrade, ADT Security worked closely with Andrew to incorporate existing alarms, resulting in reduced installation costs. One of the advantages of ADT Security systems is the forward-backward compatibility built into most products and systems.

As Andrew commented, "It makes sense to have just a single security platform and ADT Security provided a one stop solution."

Protection from end-to-end

With a range of small high value stock and family necessities such as razors, baby food, and batteries, as well as everyday items, independent grocers are especially

vulnerable to theft. ADT Security worked with Andrew to specify components that would be ideally suited to his local supermarket store.

Security labels on high risk products will activate the store alarm if an attempt is made to remove them without deactivation. The Ultra-Exit system offered by ADT is well suited to the wide door area of Andrew's store.

It can protect an opening of 2.4m from just 2 pedestals, so devices at individual checkouts are not required. Other systems require additional pedestals to cover the same distance. The integrated people counting feature provides Andrew with helpful information about customer numbers at different times of the day; a useful aid in managing staff rosters and analyzing sales patterns.

The security solution includes a video surveillance system with 15 indoor dome cameras located in the sales area, delivery dock, aisles and deli area. An external vandal resistant dome is positioned at the shop entry. As well as being recorded, images are displayed on a public view monitor to deter would-be thieves. This monitor can also overlay text, giving Andrew the opportunity to increase sales of weekly specials and generate additional revenue from advertisers.

ALWAYS THERE- 24/7

Deterring and detecting thieves day and night, ADT Security provides 24 hour alarm monitoring. If an alarm activates, ADT Security personnel can respond promptly, making the store a tough challenge for criminals.

Security systems that deliver real returns

ADT Security offers flexible and affordable end-to-end security solutions trusted by 80% of the world's top 100 retailers.

Andrew has been extremely pleased with the outcome. He has noticed that just having the system in place is an effective visual deterrent for shoplifters. He's been able to observe subtle changes in customer behavior as they notice the security cameras and pedestals.

The result:

Shrinkage has fallen dramatically and profits are up.

"I'm confident that if a customer has a labeled product that hasn't been paid for the system will go off!" - Andrew Bray, Owner, IGA Allambie Heights



