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Achieving Shoplifting Deterrence

Creating an active deterrent is critical to building an effective loss prevention program.

EXIT

How Environmental Conditions Can Promote Theft

(6)

When shoplifters enter a store, the setting helps determine their behavior. Immediately, they assess the pros and cons by scanning the physical environment and judging its appeal as a theft target before deciding to take action. The offender weighs reward/opportunity versus risk, and then decides whether or not to steal. Experts agree that all three components, known as the Theft Triangle, must be in place for shoplifting to occur: 1) perceived need for an item, 2) a low risk of getting caught, and 3) access to the item. To truly impact loss prevention efforts, it is not enough to prevent crime; retailers want to deter attempts to commit a crime. An effective way to do this is to influence an offender's perception of the crime situation - to increase awareness of risk, decrease a sense of product accessibility, or to reduce criminal motivation. Therefore, creating an active deterrent - one that can coexist in a store environment welcoming to shoppers - is critical to building an effective loss prevention program.

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EAS Technology and Deterrence

Deterrence is achieved when a potential thief decides not to shoplift because the calculated risk is too great. Long considered a staple in the fight against external losses, Electronic Article Surveillance (EAS) systems can provide an excellent active deterrent against shoplifting. However, for EAS systems to provide long-term protection and return on investment, several key elements must be in place:

// System detection rate - This is measured by the number of times the system accurately senses an active EAS tag or label that enters the detection field. Shoplifters quickly identify stores with low performing EAS systems, as they pose little risk. EAS systems that can deliver 95% + detection rates have a high deterrence value. Systems must reliably detect EAS sensors in noncooperative environments across the detection zone – high detection rate; quality labels and tags.

// False alarms - Excessive false or phantom alarms decrease the effectiveness of EAS technology by eroding employee confidence in the technology. Store associates eventually ignore alerts when they occur, reducing system deterrence. Excessive false alarms can also interfere with a store's shopping experience. EAS systems should only alarm when an active tag is exiting the store, minimizing or eliminating ancillary alarms for long term program reliability and ensuring a welcoming store environment. Reliable label deactivation and detectors that can filter out tags in the area (but not exiting the store) help manage ancillary alarms – and keep employee confidence, customer satisfaction and system deterrence high.

- // EAS tags and labels EAS systems only work when anti-shoplifting labels or tags are applied to merchandise. Retailers may invest in the highperforming EAS systems, only to experience poor detection rates if the labels or tags are not of similar quality and performance as counterfeit and substandard offerings could comprise the whole system. Labels are an effective deterrent and can be applied to a variety of different merchandise categories. Also, they can be applied or embedded directly into product or packaging at the source of manufacture, making them less prone to tampering or removal. High-performing labels will be capable of detection even within the center area of the pedestals, a difficult and vulnerable area to protect. Labels with detection rates greater than 90% offer the best level of merchandise protection.
- // EAS sensors that cannot be detached from protected merchandise - Many commonly stolen products can be difficult to protect with some EAS labels or tags. Deterrence against shoplifting can only be achieved if highly stolen merchandise can be effectively protected with the right

EAS sensors that cannot be decoupled from the items. Fragrances, over the counter medications, and wines and spirits are often packaged in foils or contain fluids that can detune or "turn off" some frequencies of EAS labels or tags. Likewise, delicate fabrics, sporting goods and women's pumps can be difficult to protect if the right tags or labels are not available. In creating deterrence against shoplifting, it is important that the technology can protect the most highly pilfered items, while ensuring that shoppers can pick up items or try them on. Retailers can use the following security sensors to help deter theft for:

- // Apparel hard tag or sewn-on labels
- // Broad Range of Categories labels
 embedded in packaging
- // Consistent EAS tagging Proper tagging is a critical element in creating an environment that discourages shoplifting. Tags need to be consistently applied to the right merchandise. Also, tags should not cover important product information, and they should be difficult to remove. Maintaining an effective EAS tagging program requires attention and management. Source tagging continues to be the most popular way to ensure consistent and effective EAS tagging.

Source Tagging: Key to Long-Term EAS Effectiveness

An integral part of any EAS deployment is a robust, comprehensive, and efficient tagging program. Source tagging is the process of applying EAS labels or tags at the point of manufacturing. It allows merchandise to arrive at the store already protected against theft and be placed immediately on the selling floor. It frees sales associates to service their customers, rather than tagging goods. Centralizing label application results in consistent tagging that is more effective and efficient for shrink reduction efforts.

Embedding the EAS label in the product packaging, commonly referred to as Phase II application, is the most popular type of source protection, according to Tyco's source tagging certification lab submissions. EAS labels inside products or packaging ensures important manufacturer information is not covered, provides maximum security, and keeps a wouldbe thief guessing as to what is and is not protected against theft – ensuring that deterrence benefits are extended to the entire store.

For the apparel category, retailers may choose between sewn-on EAS labels or recirculated hard tags applied at the source. Hard tags have been a reliable and trusted element of EAS systems for many years, so source application of re-usable, recirculated hard tags is the most popular and fastest growing approach for protecting apparel at the source. According to Tyco, the visible source tag recirculation program has played a prominent role in the retail source tagging model, with steady year over year growth. Over four billion apparel items have been shipped with a re-circulated visual source tag over the last five years.



Primary retailer benefits of source tagging include:

- // Increased Revenue: Merchandise arrives properly secured against theft and ready to display
- // Decreased Shrink: Merchandise is protected at point of manufacturer and throughout the supply chain
- // Enhanced Shopper Experience: Associates spend more time servicing customers then tagging merchandise in store

Additional benefits that extend across the retail organization:

For Operations:

- // Labor savings and/or labor reallocation
- // Opportunity for increased sales associate productivity
- // Improvement in speed to floor no more in-store tagging

For Merchandising:

- // Flexibility in displaying goods products out of lock up
- // Less stock outs, increased inventory turns

- // More saleable goods due to proper tag application
- // Foundation for migration to RFID-based inventory intelligence

For Loss Prevention:

- // Reduced shrink from shoplifting and internal theft
- // Higher tagging compliance with more merchandise protected
- // Strong deterrent throughout the supply chain

Deploying an effective source tagging program is best approached with a solid business plan. The most effective and comprehensive programs are tailored to address a retailer's specific loss prevention and operational challenges. Designing a source tagging program starts with assessing the current situation, selecting an experienced provider, building a program to address specific goals, and finally rolling out the program. It also includes processes and tools to measure results with timely dashboards and report cards, so the program can be adjusted and fine-tuned for optimal success.

Monitoring Health and Effectiveness of EAS Systems

EAS systems, like any technology, need to be monitored, managed and measured. Today's EAS systems can provide in-depth actionable reporting to ensure that all devices are at peak working order and important processes are being followed - ensuring that active deterrence is maintained. Retailers need the ability to measure Key Performance Indicators (KPIs) to effectively manage their loss prevention program. EAS reporting can identify potential problems and even provide remote diagnostics, alerting the retailer if something is wrong with any of the individual components that make up the entire program.

- // Monitor status and health of devices to avoid unplugged deactivators at the POS or detection systems at the exit doors
- // Understand store associates' response time to alarms and verify compliance to corporate Loss Prevention standard operational procedures
- II Better manage alarms to enhance shoppers experience while maximizing the deterrent value of detection systems

Integrating Technology Increases Level of Deterrence

To further enhance the value of EAS systems, a growing number of retailers are layering loss prevention capabilities and integrating EAS with other technologies. Adding anti-jammer software and foil-lined (or booster) bag detection increases the level of deterrence against professional thieves and Organized Retail Crime (ORC) groups. Integrating video with EAS systems can provide verification and detail around an alarm event, helping with investigations, potentially identifying thieves, and enabling action to be taken. Layering loss prevention technology raises the risk factor for would-be thieves, and likewise increases deterrence.



FUNDAMENTALS FOR EAS SYSTEM DETERRENCE	
1	Systems must reliably detect EAS sensors in non-cooperative environments across the detection zone – high detection rate; quality labels and tags
2	Solution must minimize/ eliminate ancillary alarms for long term program reliability and to ensure welcoming store environment
3	Systems must be able to accurately distinguish between what has/ has not been paid for – includes reliable deactivation at POS
4	 EAS sensors that cannot be decoupled from items being protected Apparel - hard tag or sewn-on labels Broad Range of Categories - labels embedded in packaging
5	EAS tags and labels must be consistently applied to theft-prone merchandise
6	Active source tagging program
7	Measuring KPIs and monitoring health of EAS systems for effective program management
8	Technology integration increases level of deterrence



Conclusion

Shoplifting has consistently impacted the retail industry, and unfortunately it will not disappear anytime soon. According to the 2015 National Retail Security Survey (NRSS) conducted in the United States, retailers surveyed reported an average shrinkage of 1.38%. This amounted to a staggering \$44.02 billion dollars in lost sales revenues to retailers. Grocery stores and supermarkets reported the highest average shrinkage, 3.23%.

Retailers can safeguard their businesses by building an end-to-end environment of deterrence that takes advantage of the full arsenal of available options. Loss Prevention programs are optimized when the entire system works in unison and potential shoplifters are cognizant of the efforts taken by the retailer to deter theft. Raising the risk of getting caught and protecting merchandise while still making it available to honest customers can shift the theft triangle in the favor of the retailer. The combination of technology, information and store personnel working together makes a loss prevention program most effective.



// Notes



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Leverage our strength and experience

Tyco Retail Solutions is a leading global provider of integrated retail performance and security solutions, deployed today at more than 80 percent of the world's top 200 retailers. Customers range from single-store boutiques to global retail enterprises. Operating in more than 70 countries worldwide, Tyco Retail Solutions provides retailers with real-time visibility to their inventory and assets to improve operations, optimize profitability and create memorable shopper experiences.

The Tyco Retail Solutions portfolio for retailers is sold direct through Tyco businesses and authorized business partners around the world.

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