

Tag Pollution Survey Results

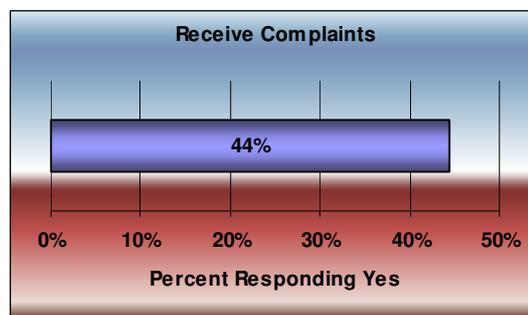
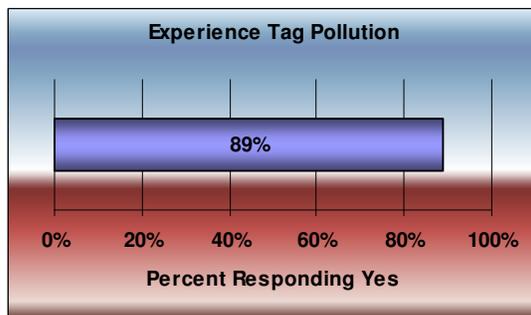
Over the last several years, many retailers who utilize EAS technology to reduce theft have moved the tagging responsibility to manufacturers and distributors. This is referred to as Source Tagging in the industry and has created multiple benefits. One benefit is the reduction of labor that was used for the intensive task of tagging one item at a time at the store level. Furthermore, it allows for automation of tag application somewhere up the supply chain.

The automation of tag application, as well as the effort around inventory logistics, has allowed many retailers to benefit from EAS technology that would not have been able to afford it previously. However, as with other areas of business, new beneficial processes bring challenges along the way. With source tagging, the challenge has become “Tag Pollution”. Tag pollution occurs when an EAS tag leaves a store still “active” and the shopper sets off alarms by carrying the active tag from store to store throughout a mall environment. One might wonder how or why an EAS tag would be released active. The answer often lies with the automation of source tagging.

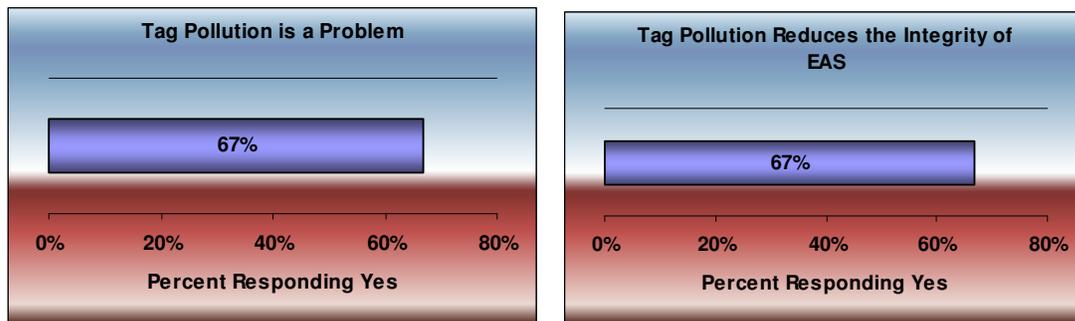
Manufacturers are often asked by retailers to tag the product before sending to the store or distribution center. The automated application makes it easy to simply tag all or most of the lot. One philosophy promotes that there is no harm in sending active tags to stores without EAS systems because they simply pass through. So, many manufacturers find it easier and less expensive to tag all their products rather than maintain multiple inventories.

To many shoppers setting off alarms is simply annoying. But, to many retailers, it is disturbing. The more this occurs, the less important alarms become. The less important they become, the less integrity the EAS system retains. Some retailers have attempted to deal with this situation in ways such as positioning greeters at the entrance of the store in order to deactivate the tags as they come in. But, as effective as this is, it can be costly.

A recent market survey from the top 100 mall retailers resulted in some very interesting data. One clear piece of information is that retailers are very much aware of tag pollution. The data shows that 89% of the retailers responding to the poll have experienced tag pollution.



These results also clearly show that retailers believe that tag pollution decreases the effectiveness of their loss prevention efforts due to the reduction in the importance of alarms. The only way to maintain the integrity of these systems, that have so clearly proven their ability to reduce shrink, is to reduce tag pollution.



With all this in mind, how can tag pollution be reduced so that retailers can control theft while keeping the cost of source tagging down for the manufacturers? One model is to allow the manufacturer to tag all product, allowing them to keep one inventory of the SKU, but then deactivate the tagged items before going to stores that do not use that technology. Obviously, the use of typical counter top systems would not keep up with the volumes. However, conveyor mounted large scale systems that deactivate by the case, and even by the pallet, can certainly handle the task.

In the year 2000, J. Crew was cutting all the EAS tags out of their garments that came back into the distribution center for sale via outlet stores or their website. Neither venue had a mechanism for deactivating embedded tags. To allow ladies to put on a new blouse and set off all the alarms in a mall was simply not an acceptable scenario to J. Crew.

Today, J. Crew utilizes bulk deactivation at the distribution center level. When cases come in from stores to be converted for sale at outlets stores, or the website, nothing needs to be opened. Each case is placed on the conveyor and passes through the deactivator to be readied for sale. The labor saved by using this bulk deactivation system has paid for the machine times.

Just as we cannot completely eliminate theft, we will never succeed at eliminating all tag pollution. However, with good management and the use of new technologies, the EAS systems that are so heavily relied upon for loss prevention will retain their integrity.