

# Security and sales – keeping a delicate balance

Theft can be rampant at retail during the holiday season, but Keri Allan learns that overly-restrictive displays and packaging can thwart shoppers as well as thieves

The holiday season is a time for festive cheer and good will to all men, but for retailers of hugely popular presents such as CDs and DVDs, it's also a time of heightened stress and security. Along with products like razor blades and lipstick, DVDs and CDs are in the top products that thieves like to target – easy to pick up and walk out with, especially during the run-up to Christmas which sees stores filled to the brim with winter shoppers. So how do retailers deal with security during these mad months?

"The holiday season certainly is the busy season for DVDs, games and CDs in the retail environment," says Ari Samet, sales and marketing associate, AGI Polymatrix in the US. "Depending on the title and channel, losses due to theft can be 15% or more. To combat this problem, retailers are turning to security packaging to deter theft at their stores."

David Nuttall, managing director of Checkpoint Systems UK, agrees: "Security is most definitely an increased concern during the

holiday season. Opportunities abound for thieves to take advantage of the busy period and strike when retailers are at their most vulnerable. However, many retail operators plan their activity well in advance, and this includes preparing for the increase in Christmas crime."

Interestingly, though, it may be a heightened concern, but according to security packaging manufacturers, retailers do not really request a greater number of packages with anti-security devices at these times. Rather, they put importance on security throughout the year, and make sure their products are secure at all times.

"When it comes to retailers, I do not believe they have requested additional security, as it pertains to media packaging, compared with other times of the year," says Shelli Kaiser, executive director of marketing at Nexpak in the US.

"They want one simple, secure system for all year round," according to Sean Maddox, marketing manager of UK's AGI Amaray. "They

don't want complex systems where staff have to be trained on how to use them. They want security solutions that reduce labour costs."

However, the majority of retailers are only too conscious of the importance of heightened security during the Christmas period. With the huge increase in shoppers and in-store activity, it would be unwise not to take security seriously. With this in mind, retailers use a number of different anti-theft devices to deter would-be criminals, some having a better effect than others, and some not being the most suitable solution for browsing.

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**“Many retailers will make packaging bigger or bulkier to make it more difficult to steal”**

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## Securing and protecting

Physical measures to protect stock are the most common short-term solutions to preventing retail theft, but shops can risk losing customers if they take on the work themselves. Although in-store labelling is effective, it can be a time-consuming process and at busy periods like Christmas, staff hours are better spent attending to customers. One solution is source tagging.

"Typically, the theft index for source tagged articles drops by more than half when implemented," says Nuttall. "Most importantly, because the tags are integrated into the product's packaging, they are usually invisible and, therefore, have no effect on the appearance of the product. Knowing that products have been source-tagged offers the retailers peace of mind that their stock is protected, whilst also freeing up precious staff time for other purposes."

Secure merchandising is also an option for retailers looking to protect stock. Historically, retailers have used defensive methods such as closed window displays or 'master bagging' techniques; however, research has shown that these can negatively impact sales.

Closed window displays allow retailers to securely display their stock; however, the product

*(Continued on page 20)*



**Unobtrusive Red Tag security devices do not interfere with the shopping experience**



*(Continued from page 18)*

position behind a locked cabinet prevents any kind of physical assessment, a factor which might ultimately dissuade purchase. According to a survey conducted by GfK in 2006, closed window displays have prevented 73% of European consumers from buying products at least once in the past.

'Master bagging', which requires consumers to exchange an on-shelf product at the point-of-sale terminal with another kept behind the counter, is another preventative measure. Although it is an effective anti-theft solution, the extra time taken to swap the goods over can prohibit potential buyers as there are often delays involved, which adds time and hassle

Sean Maddox, AGI Amaray

onto the, possibly already stressful, customer shopping experience.

There is still, of course, the 'safer' – large plastic cases to deter thieves. Although some retailers still use these to deter thieves, safers are disappearing from many stores because they also deter customers. "All retailers take anti-theft precautions, and all have costs. But some result in reduced sales, particularly the safer. With the amount of people in stores over the run-up to Christmas, retailers don't want to use these kinds of products," notes Maddox.

"There is a high cash value for products like an 8GB flash drive – something like that fits into the palm of your hand and poses a much higher risk of theft," says Craig Hill, national sales manager, Imation. "Many retailers will make packaging bigger or bulkier

## **“Opportunities abound for thieves to take advantage of the busy period and strike when retailers are at their most vulnerable”**

to make it more difficult to steal. Larger stores often use glass cabinets where the items will be displayed and you need to ask a member of staff if you want to have a look. For smaller stores these products often end up being relegated to the other side of the counter. The problem is, people are unable to experience the touch and feel of the item which is self-defeating for the retailer.

"On the flip side we are often asked for 'dummy packaging' to minimise security threats. As you would expect, this constitutes a package that looks like the real thing but doesn't contain the item. It would normally have a sticker stating that there is no physical product inside. Often this kind of packaging has a picture of the item in place of the actual device. This is certainly the case for the more expensive items like flash USB drives."

### **Preserving the shopping experience**

There is a large variety of anti-theft solutions out there but, as many can affect sales, especially impulse purchases, retailers prefer to use less obtrusive measures. This is why products such as AGI's Red Tag solution are so popular, says AGI's Samet. "Red Tag is a cost-effective, user-friendly solution that will lock the DVD into the hub and lock the box shut, preventing thieves from stealing the disc."

Other companies, however, are also bringing out new security solutions for this sector. For example, Kestrel Wireless has created a new kind of security for a wide range of products

including optical discs and other items such as inkjet cartridges and memory sticks.

“A chip with our RFA (Radio Frequency Activation) technology is inserted into a product during the manufacturing process,” says Kate Halkett, VP of marketing at Kestrel Wireless. Programmed to make the product inoperable until specific conditions have been met (such as payment), at the point-of-sale, an RFA-enabled reader scans the chip as part of a normal barcode-type scanning process. This information is sent to the Kestrel network for confirmation; if the product is confirmed, a code is sent back to the chip that re-enables the product.

“What this does is effectively make a product ‘worthless’ to thieves at any/all points along the supply chain, and when there’s no incentive to steal, theft stops,” Halkett points out. “Once the threat of theft is gone, many restrictive and expensive security devices can be removed such as glass cases and receipt checkers, and packaging no longer needs to be designed to help prevent theft. That means it can be smaller and greener. For example, DVDs can be packaged in paperboard packages that can be opened, instead of the hard plastic cases covered in layers of cellophane and tape.”

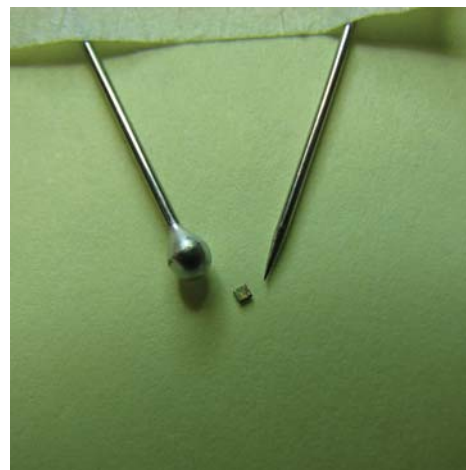
But it isn’t just the packaging retailers need to worry about; they also need displays that allow for security packaging; that can affect not only the type of display units used, but also the amount of stock that can be displayed at any given time. Like security packaging, displays can also run the risk of adversely impacting the shopping experience. Again, this is where solutions like Kestrel’s RFA and AGI’s Red Tag fit in.

“Retail displays, racks and shelves probably do change a little bit to coincide with the holiday season,” explains AGI’s Samet. “Fortunately, the Red Tag system does not change the structural packaging format of DVDs or games because a tag is horizontally inserted into the right side of the box locking the DVD into the hub and locking the box shut. It does not protrude in any way to affect

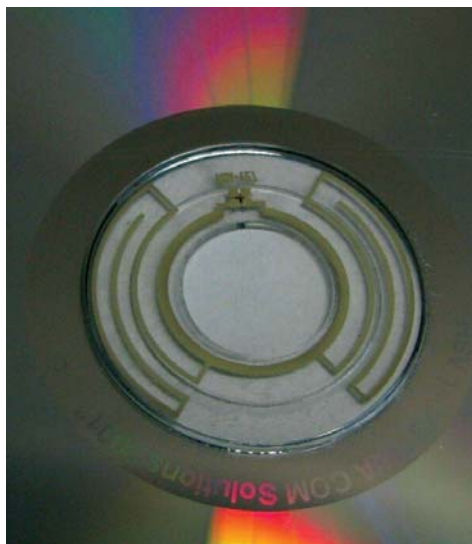
how media is displayed on the shelf. This is in contrast to the bulky, hard plastic cases that go over the standard DVD package and take up a lot of valuable shelf space.

“Also, Red Tag will allow retailers to remove DVDs or games from behind a locked glass case and out onto the open shelves, free for the customers to browse, but secured to prevent the thieves from stealing.”

Anti-theft measures are out there, and retailers are finding a growing number of non-obtrusive solutions that keep their stock safe but allow customers to hands-on browse. Interestingly, however, Christmas doesn’t make a huge change to how retailers deal with security issues; thieves don’t only strike during the festive season, and be well prepared for the rise in crime during this busy period. ●



Security on the head of a pin ●



Kestrel technology for DVD security