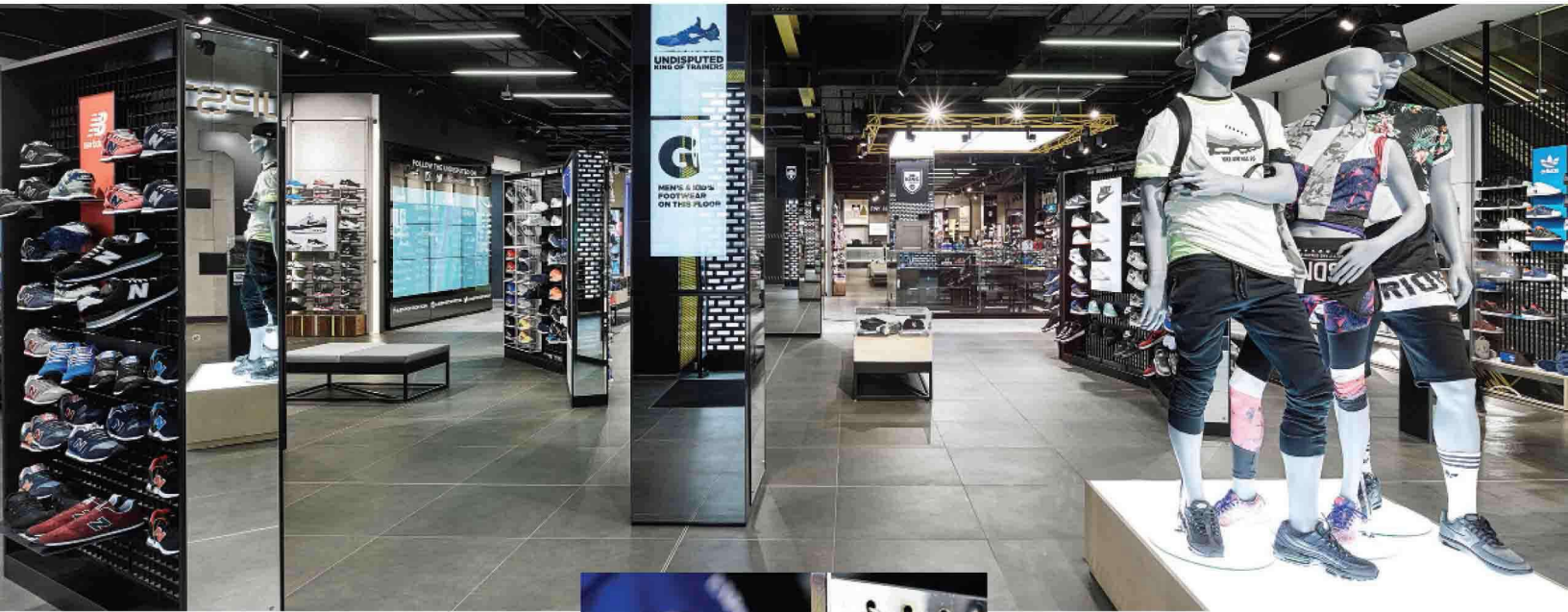


The Displacement Plan

High-tech electronic article surveillance tags preclude theft



by DAVID P. SCHULZ

Build a better mousetrap and the world will beat a path to your door, as the old saying goes. For Sean Welch, it would be more like: Build a better electronic article surveillance tag and retailers will beat a path to your door.

The first retailer on that path was JD Sports Fashion, which operates more than 800 stores in the United Kingdom, Ireland and continental Europe from its base in Manchester, England. Earlier this year, the company opened its first store outside of Europe, in Kuala Lumpur, Malaysia.

The EAS device in question, the Concept Tag by Agon Systems, is the brainchild of a Danish inventor who had little opportunity to develop and perfect the device until Agon Systems stepped in.

Agon Systems was in the EAS business and JD Sports was a long-time customer, so the two partnered on a pilot program for the Concept Tag. Testing took about two years.

“The tag was sent away for changes to be made to design on three occasions,” says Tim Edwards, group loss



When the Concept Tag first goes into a store, there is a **60 percent** reduction in theft loss over the first three months.

control director at JD Sports. “Once the final approved version was tested, we then extended the trial to another handful of stores before the rollout. This process all took time.”

The tags were first available in July 2015, about the same time JD Sports was opening a 35,000-square-foot flagship store in London. Some

65,000 Concept Tags were ordered, in anticipation of nearly half a million visitors; not one tag was removed surreptitiously in the store during this period, says Sean Welch, CEO of Agon Systems.

Unlike most EAS tags that can be compromised by the deft use of a magnet, the Concept Tag requires a high-powered motor to be released. The motor is the same type used to operate hospital beds and creates pressure in excess of 100 pounds to enable the tag to be removed, Welch says.

To ensure extra security for the system, the tags are made in China while the release devices are manufactured at a single factory in Europe. This enables Agon Systems to control sales of the motorized release device to buyers of its Concept Tags.

TWO-LEVEL REDUCTION

Following the July 2015 introduction, “JD Sports was so pleased that they rolled it out to a dozen locations,” Welch says. Once the retailer realized how effective the tags were — and had the data to prove it — 200 additional stores were added.

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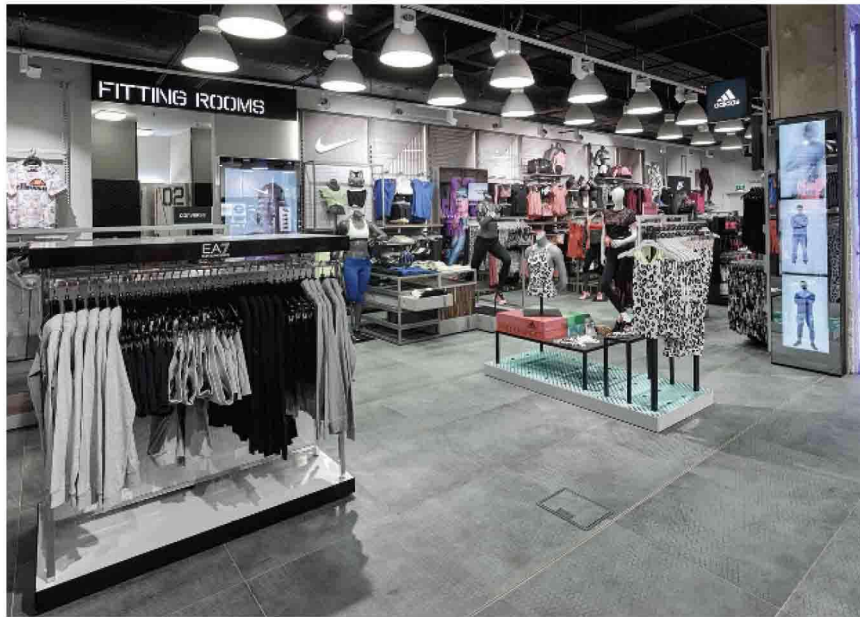
“If we take it as a percentage of external theft, it’s closer to 80 percent to 85 percent,” Welch says. During the second three-month period, the overall loss reduction rises to as much as 75 percent from pre-Concept Tag levels.

“There are two levels of shrinkage reduction,” Edwards says. “The first is because offenders can no longer remove the tags in store, but we still continue to suffer from even-more-organized crime groups who steal the product using other means” like foil-lined bags. However, these offenders “are then discovering the difficulty in removing the tags and move on elsewhere, hence the second-level improvement.”

The difficulty experienced shoplifters have in removing Concept Tags from merchandise led to the making of an effective marketing tool for Agon Systems. It began in a JD Sports store where an individual was spotted stealing goods, Edwards says.

“He returned the following day and was caught by our security team,” he says. “When detained, he was questioned why had he returned when he couldn’t remove the new Concept Tag from his previous theft.”

It turned out that the thief had not yet removed the tags from his earlier haul, but bragged that he could remove any tag. A serial criminal and convicted shoplifter, the thief was taken up on his boast and agreed to show how easily he could remove tags and have his efforts captured on camera.



Adidas, John Lewis and Abercrombie & Fitch are among retailers who have shown interest in using the Concept Tag in stores outside the United States.

After an hour, not only did he not remove the tag, but he destroyed the garment — eliminating any opportunity to re-sell the item — and injured himself in the process.

“I am delighted to see that our new tagging systems are causing criminals so much distress,” Edward says. “We only wanted to stop them stealing clothing but the fact that this fellow gets so frustrated and inflicts flesh wounds upon himself is, frankly, a bonus.”

‘DISPLACING CRIMINALS’

Welch says the video has placed the Concept Tag on retailers’ radar. “Having published this video footage,” he says, “we seem to finally have caught the attention of retailers who increasingly understand that those fitting the tag in the stores will not only see a reduction in their losses, but will be displacing the criminals to stores that do not have them.”

Welch says that Adidas, John Lewis and Abercrombie & Fitch are retailers that have shown interest in using the Concept Tag in stores outside the United States; plans are for the Concept Tag to be unveiled in the U.S.

by the middle of 2017.

The Concept Tag is costlier than ordinary EAS tags, though Welch says that has not been a major obstacle. “All we ever speak about is return on investment,” he says, “but the loss reduction is so great that the ROI is accomplished within six to nine months.”

“We use it on all merchandise where it can be correctly applied in the store,” Edwards says. “The

reason for this is simple: We do not want to displace the crime to other areas of our stores which do not have the tag. We want to deter it altogether and reduce burdens on store teams in dealing with shoplifters.”

The complexity of the Concept Tag and its motor-driven detacher doesn’t increase the time it takes store associates to remove it. “This was certainly an area of concern,” Edwards says, “but the removal mechanism is so slick that our colleagues now prefer this process.”

The effectiveness of the tag has helped JD Sports maintain its reputation of “industry leading shrink figures,” Edwards says.

“Current industry figures regularly quote losses in excess of 1 percent. We operate less than a quarter of that. The [JD Sports Fashion] Group has a profit protection culture that is led from the top tier of management and supported by all employees. After all, if the stock is stolen then it cannot be sold.” **STORES**

David P. Schulz has been writing for STORES since 1982 and is the author of several non-fiction books.