

Whitehall-Robins thwarts retail theft with source tagging

Whitehall-Robins Healthcare manufactures Advil® , one of the most popular pain relievers on the market and—because of its size and cost—a prime target for shoplifting or “retail shrink.” In 1998, the company instituted a pilot program which offered selected retailers the choice of ordering source-tagged packages of 21 stock keeping units (SKUs)—including Advil—as a means of controlling retail shrink losses. (Source tagging is applying an electronic article surveillance (EAS) tag at the point of manufacture and/or packaging rather than on-site by store personnel.)

In a nutshell

- Goal:** Cost-effectively help retailers reduce losses due to theft
- How:** Add electronic article surveillance (EAS) tag to product cartons
- Result:** Control of losses for retailer; enhanced sales for Advil

There was no price differential between source-tagged or open stock packages, and tags were available in both acousto magnetic and radio frequency (RF) technologies, allowing customers to choose tags that matched their existing in-store sensors.

“Among those Advil packages we tagged, we elected to mark every third carton,” says Gavin Jeffs, director of customer support for the Whitehall-Robins. “For shoplifting, the tag is primarily a deterrent, and we felt that one of three offered a sufficient disincentive. Professional thieves, on the other hand, would certainly take enough packages that at least one tagged carton would be included and would alert the store.”

The choice also enabled the company to stabilize the cost of tags at slightly more than one cent per carton and the total manufacturing cost of the source-tagging operation at three or four cents per unit. This low cost enables Whitehall-Robins to offer tagged and untagged Advil packages to retailers at the same price point.

“The cost of tagging is actually an investment for us,” explains Jeffs. “Source tagging encourages inner city and other high-risk outlets to begin ordering the larger size SKUs they



To deter retail theft without marring the package's shelf appearance, electronic article surveillance tags are applied to the inside of every third Advil carton. No packaging line changes were required and bottle loading is no different for cartons with or without tags.

have tended to avoid in the past and also to display more packages on their shelves rather than trying to control losses by understocking displays.”

Without specifying numbers, Jeffs states that the gains in sales have more than offset the investment in tagging.

Source tagging also represents an additional opportunity for Whitehall-Robins to partner with its retailers in improving store sales. Being proactive in this area means developing better trade relationships. For their part, participating retailers agree to increase shelf inventory reorder points and provide promotional support for the tagged products.

Later in 1998 the program was expanded to include three more customers. By 1999, the customers participating in the source tagging program accounted for 37% of all sales for Whitehall-Robins. Currently the manufacturer tags 28 SKUs and will add six more items during 2000.

“This is a growing service,” Jeffs points out. “We entered it early and have benefited significantly. Other manufacturers will have to follow simply because of the success of source tagging. Retailers will demand it.”

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Smooth Transition

Applying the tags has caused little change in the Whitehall-Robins Advil packaging operation. The acousto magnetic tags used on the Advil packages are provided by Sensormatic Electronics Corp., and the radio frequency tags by Checkpoint Systems Inc. Tags are applied by the carton manufacturer Rexam Medical Packaging according to specifications set by Whitehall-Robins.

Both the Checkpoint RF and the Sensormatic Ultra•Max 3[®] acousto magnetic tags are delivered to Rexam Medical Packaging in rolls. The flat Advil cartons that are to be tagged pass through a **Label-Aire Inc.** label applicator with a special "snorkel" attachment that enables it to handle the thicker tags with ease. Tags are applied to every third carton, and the cartons are then folded, glued and delivered to Whitehall-Robins knocked down.

The low-profile tags fit comfortably into the existing Advil cartons, and no redesign of the existing carton was necessary. The only change required was that the manufacturer added an identifying suffix to the existing bar code for each tagged SKU, for use in order picking.

According to Jeffs, there's no difference at all in running tagged cartons vs. non-tagged cartons on Whitehall-Robins' packaging line. Cartons erect the same; bottles load the same.

For more information from Checkpoint Systems Inc., call (800) 257-5540. For information from **Label-Aire Inc.**, call (714) 441-0700. For information from Sensormatic Electronics Corp., call (800) 327-1765.



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