



Source Tagging Council

Product Protection

Promoting Sales While Preventing Loss

Visible Source Tag Implementation

Orlaith Murphy
Gap Inc.

Agenda



Product Protection -- *Promoting Sales While Preventing Loss*

- **Preparation**

- Business Case Development
- Production and Infrastructure Considerations

- **Implementation**

- Sourcing & Logistics
- Store Operations & Communication

- **Integration**

- Partnership for Success
- Recycling Program

Preparation



Product Protection -- *Promoting Sales While Preventing Loss*

- **Meet with Sourcing/Production Departments**
 - Supply Chain Considerations: Purchase Orders; “Cut & Make” and Cost Including Freight charges
 - Allocate merchandise to protect: consider fabrication, accessories, product seasonality
 - Quality assurance – testing product for “bruising” and “damage”
- **Evaluate the existing merchandise protection infrastructure**
 - Meet with your store design team to determine equipment placement/construction
 - Will 100% of stores/DC’s need equipment? Are you applying a “regional” strategy?
 - Store “simplification opportunity”
- **Leverage a finance partner to develop a compelling business case**
 - Labor Impact: By moving tagging out of the store, compute labor savings
 - Shrink Impact: Return on Investment at the item level; shortage savings in supply chain
 - Ongoing Costs: Annual Cost of Goods Sold Expense increase and ongoing potential merchandise damage/defective costs
- **Sell Your Initiative!**
 - Create a clear, concise document including financials, process mapping, benchmarking. Include installation photographs/sample merchandise to support your business case.

Implementation



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■ EAS Equipment Evaluation

- Store Design
- Installation of new equipment

■ Factory Ordering System

- Purchase Orders
- Merchandise Forecast
- Exception Lists
- Tag Placement Guidelines

■ Store Communication & Training

- Process Overview
- Frequently Asked Questions
- Resource Point

Integration



Product Protection -- *Promoting Sales While Preventing Loss*

- **Program Success!**

- Banana Republic has realized 3 inventory cycles of shortage improvement

- **VST as a platform for your overall merchandise protection strategy**

- Localized strategies for a “blended” approach, for example, urban markets
- International

- **Establish a forum for feedback**

- Email Box for Stores
- Quarterly VST Meeting with Production, Store Operations, Loss Prevention

- **Recycling Program**

- Support your organization’s Environmental Principles & Practices