EAS Tag Recirculation

Efficient and Cost-effective Apparel Source Tagging

Executive Summary

Electronic Article Surveillance (EAS) Source Tagging and EAS Tag Recirculation™ are playing a large role in the evolution of retail logistics and loss prevention. Retailers realize that in-store tagging is very expensive, time consuming, and highly inefficient, and they are looking toward solutions that move EAS tagging to the most economical place in the logistics chain - out of the store, and back toward where the merchandise is manufactured.

Enterprising early adopters of EAS Tag Recirculation include three Gap Inc. brands (Gap and Old Navy), Kohl's, Lululemon, Inditex (Zara brand worldwide), TESCO (UK), Guess? Europe, Walmart (Chile), and El Corte Inglés (Spain).

Over the past several years, these retailers have proven that EAS Tag Recirculation provides important benefits, including:

Financial

- ! Predictable cost of operating the tagging portion of an EAS program.
- ! Potential for productivity gain from redeploying store associate hours from tagging to selling.
- ! Better shrinkage results and more security than with other EAS tagging methods.
- ! No capital requirements for additional EAS tags, unless you so choose.
- ! Potential for cash rebates for the return of tags and pins.
- ! Incremental sales because merchandise is sold rather than stolen.

Operational

- ! Merchandise arrives at stores source tagged, secure and floor ready.
- ! Recirculation speeds up merchandise availability for sale while eliminating missed tagging.
- ! The flexibility to utilize the existing tag inventory within the process.
- ! More tagging consistency, less apparel damage.
- ! Maximum tagging protection during peak inventory periods.
- ! No customer issues with tag pollution, when un-deactivated EAS sewn-in labels set off alarms.

Sustainability and Safety

- ! Apparel hanger recirculation can be introduced in tandem with EAS Tag Recirculation for greater savings and contributions to sustainability efforts.
- ! Recirculation contributes to safety initiatives - including mandated policies reducing "touches".
- ! No environmental issues caused by the non-degradable components of disposable labels

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EAS Tag Recirculation Overview

By implementing EAS Tag Recirculation, retailers achieve higher levels of efficiency and customer satisfaction through this sustainable, innovative growth program spearheaded by the Loss Prevention department.

Since Electronic Article Surveillance (EAS) was invented in the late 1960s, apparel retailers have spent millions of dollars buying plastic tags and millions more in labor costs to affix them on garments the “old fashioned” way—piece by piece—using labor supplied by store associates.

Based upon the model successfully implemented for reusable clothes hangers, apparel manufactures can also affix reusable plastic EAS tags and ship the merchandise source tagged, secure and floor ready.

EAS Tag Recirculation is managed throughout the process by All-Tag Corporation. We supply reusable EAS tags to apparel manufacturers anywhere in the world. Tags are removed at the point-of-sale, collected and recovered.

Cash rebates can be paid for the recoveries. The tags are then sent to a processing center where they are inspected, repackaged and recirculated to the apparel manufacturers.

EAS Tag Recirculation Process Chart

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Supplies: Retailer contracts with All-Tag to supply tags, instructs apparel manufacturer to order from us and to affix tags during the manufacturing process.

Ships: Apparel manufacturer establishes a business relationship with us and orders the appropriate tags. Tags are affixed at source and shipped to stores “secure and floor ready.”

Removes & Boxes: Merchandise is sold at POS; tags/pins are removed and boxed at the store. Cartons are picked up directly from stores; back hauled to distribution centers or shipped to regional consolidation points for future pick-up.

Collects: We collect and ship tags/pins to one of the processing operations.

Pays: Retailer can receive a quarterly cash rebate based on tag/pin returns.

Sorts: Tags are sorted, inspected, prepared for recirculation, and stocked for subsequent orders from apparel manufacturers.

Re-Supplies: Process repeats.

Reports: Customized reports provide retailers with a complete accounting of the tag volume and location within the supply chain – including orders to apparel manufacturers.

Combating Current Issues Facing Retailers

Asset Protection Issues

Reusable visible EAS tags offer the highest level of security against theft. EAS Tag Recirculation provides “investment free” tagging during peak inventory periods—maximizing shoplifting deterrent. Current EAS tag inventory could be included in the recirculation program to reduce the costs.

Merchandising Issues

Source tagging eliminates lag time for apparel reaching the selling floor, increasing selling time. It adds consistency in tag positioning, assures tagging compliance, and minimizes damaged merchandise. Tag placement standards must be provided to the apparel manufacturers. The apparel manufacturer’s “use fee” to obtain a tag, and any tagging labor cost (if one is added to the invoice) would become part of the cost-of-goods, rather than a capital cost for the tag and an expense item for the tagging labor.

By the Numbers – EAS Tagging Cost Comparison

Implementing EAS Tag Recirculation lowers direct and indirect costs compared to any other EAS tagging method:

Cost Per Item – The cost of obtaining, affixing and removing a tag is lower in the EAS Tag Recirculation model than with any other EAS tagging method - especially in-store.

Labor Cost – EAS Tag Recirculation requires fewer in-store tagging payroll hours, resulting in more available time to focus on selling and customer service.

Lower Inventory Shrinkage – EAS Tag Recirculation ensures the highest level of tagging compliance and consistency – resulting in less shortage and merchandise damages.

More Sales – Unlike the in-store tagging model, there is no lag time for merchandise to reach the selling floor– providing more opportunities for incremental sales.

Source Tagging Cost Comparison per Garment

	Tag Recirculation	**Tag in Store**
Obtain the Tag	9.0¢*	0.3¢**
Use the Tag		
Affix	0	17.0¢***
Remove	5.8¢***	8.5 ¢***
Handling	1.0¢	1.0¢
Total	15.8¢	26.8¢
Cash Rebate	(4.0¢)****	n/a
Net Cost per Garment	**11.8¢**	**26.8¢**

*Estimated cost your apparel vendor will pay for the tag to be shipped to them.

**Estimated Tag cost divided by the tag's useful life (10-year life, 3 turnovers per year).

***According to ZipRecruiter, the average hourly wage in 2024 for an entry level sales associates $21.25 per hour. Rates vary by location. Generally accepted time and motion studies confirm that about 125 tags can be affixed per hour, and about 250 tags can be removed.

****A cash rebate on each returned tag is available as an inducement for retailers to promptly return them to the recirculation network. Quick turnaround streamlines the process and minimizes investment in extra tags.

Note: This is just one example of how a Recirculation program can be structured. ALL-Tag can customize the program to meet every retailer's individual loss prevention and financial requirements.

Frequently Asked Questions

Q: How do I get my apparel vendors to affix the tags?
A: Work with your merchants to add the tag/pin as a trim item, such as a price ticket or branding label, on apparel purchase orders. Normally this is not a difficult conversation. Apparel manufacturers are accustomed to adding hangers and other trim items to garments, and, in most cases, tags are not difficult toad in the production process.

Q: If the apparel vendor orders tags, who owns them?
A: Depending upon the structure of the arrangement, either the retailer or the company managing their circulation.

Q: What is the tag "float"?
A: The number of extra tags and pins needed to cover the tags in transit from retail stores to a central collection point; then to the recirculation processing center; then to the apparel manufacturer who affixes the tags; and finally, back to the retail store.

Q: How is the float estimated?
A: Estimating float involves a formula that includes the number of tag-able items sold annually; an estimate of peak units sold (holiday); and an estimate (16.0 weeks) of the total time a tag is in transit (see What is the tag "float"? – above).

Q: If I use my existing tag inventory, do I have to buy the tags in the float?
A: Not necessarily, but the most cost-effective method is purchasing tags, since they can be depreciated over time, and outlive their "accounting life". Alternatively, the recirculation company would provide tags for the term of the contract.

Q: Could I recirculate products like ink tags, alarming tags, safer and electronic cable wraps?
A: Yes, but the per unit recirculation fee for the specialty tag varies by its cost, size and weight.

Q: What is the most efficient way for a retailer to collect tags/pins? At the store level? Or the distribution center level? Or a central consolidation point?
A: The collection arrangement can be tailored to the needs of the retailer. It really depends on the retailer's operation structure. Including tags/pins in a regular backhaul already in-place from the stores to a DC or central consolidation point is generally the most cost-effective method.