



Request for Idea Partner

For

Loss Prevention/Benefit Denial in the Fragrance Category

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I. Introduction

A. Overview of Elizabeth Arden

Elizabeth Arden, founded in 1910 on Fifth Avenue in New York City, is one of the most recognized names in beauty and is known around the world for quality, glamour, product innovation and its iconic Red Door. Elizabeth Arden's globally recognized portfolio includes skincare, color, and fragrance products, PREVAGE® anti-aging formulas, the celebrity fragrance brands of Elizabeth Taylor, Mariah Carey, Britney Spears, Taylor Swift and Usher; the designer fragrance brands of Juicy Couture, Alfred Sung, Badgley Mischka, Bob Mackie, Geoffrey Beene, Halston, John Varvatos, Kate Spade, and Rocawear; the lifestyle fragrance brands Curve, Giorgio Beverly Hills, and PS Fine Cologne.

With over a 35% market share of mass retail fragrance sales in the U.S., Elizabeth Arden is a category leader for fragrance across multiple retailers. As such, Elizabeth Arden is partnering with retailers including CVS, Fred Meyer, Kohl's, Meijers, Rite Aid, Sears Holding Company, Target, Walgreens and Walmart, as well as the Loss Prevention Research Council, to facilitate the development of a comprehensive Loss Prevention/Benefit Denial program that can be scaled across multiple retailers in order to increase sales while at the same time decreasing loss due to retail theft. These nine retailers have over 25,000 retail locations throughout North America, with 60+ fragrance SKUS being represented on average within each retailer.

Additional information about Elizabeth Arden can be found at www.elizabetharden.com.

B. Situation Overview

Fragrances are some of the most targeted items for theft in retail stores. Organized retail theft rings account for 80% of the theft in fragrances while the remaining 20% is made up of individual shoplifters. The traditional response from manufacturers and retailers alike has been to limit access to fragrance product. But, limiting product access for thieves also limits access for shoppers. This limiting of access can reduce sales by 30%. Therefore Elizabeth Arden and Elizabeth Arden's retailers need to find a new solution to deter retail theft.

Elizabeth Arden is looking to partner with an individual or company that can successfully develop and implement an effective idea or solution that both deters theft and enables shoppers' interaction with the product. If this idea or solution needs further engineering or manufacture sourcing, Elizabeth Arden is willing to consider investing in this process. Elizabeth Arden is especially keen to "Benefit Denial" ideas, or, solutions that do not allow the fragrance to be used if stolen.

C. Background on Today's Solutions

The prevalent theme of most Loss Prevention/Benefit Denial solutions has predominantly been to limit the opportunities for retail theft by limiting the availability for individuals to have easy access to product. As a result, the main focus has been on making it difficult for individuals to easily remove product from the shelf. While this may have had some success in preventing retail theft, one unintended consequence of this approach has been lost sales due to the fact that shoppers have not been able to easily interact with product.

With this in mind, ideas that adhere exclusively to the current prevalent trend in Loss Prevention/Benefit Denial of limiting access to product at shelf will not be considered for further development as part of this RFIP.

Examples of current solutions:



D. Why a Need for New Solutions

The idea or solution must meet three prominent objectives regarding Loss Prevention/Benefit Denial in the Fragrance category:

- To sell more by getting the product in the hands of the shopper whenever possible.
- Fragrances are a presentation sensitive product. Whatever Loss Prevention/Benefit Denial programs are in place should not detract from the merchandising presentations. In fact, such programs should enhance the presentation.
- Loss Prevention/Benefit Denial programs must be a cost-effective deterrent to the 20% of thieves that account for 80% of the loss.

E. Items for Consideration

Items to consider when developing a new approach to Loss Prevention/Benefit Denial are:

- In the cases where retail theft does occur, decrease the rewards the retail thief may receive afterwards by denying the benefit of the product if it is not purchased through legitimate channels.
- Increase the risk that a thief will be apprehended.
- Increase the effort it takes for retail theft to occur.

II. Opportunity

This request for idea partner (RFIP) invites you or your company to submit ideas or solutions for Loss Prevention/Benefit Denial to support multiple fragrance brands across multiple retailers. Specifically, we are looking for a partner with an effective theft deterrence idea or solution that can work with Elizabeth Arden and their retail partners to bring this idea or solution to market.

A. Definitions

- **Loss Prevention** – This term is applied to those solutions that work to reduce the amount of theft and shrinkage within a business, usually through an in-store system that utilizes store fixtures, cameras, mirrors, electronic sensors, etc.
- **Benefit Denial** – This term is applied to those solutions that in some way render an item useless (or damaged) if it is not purchased through a legitimate retail channel.

B. RFIP Assignment

Develop a brief overview of a Loss Prevention/Benefit Denial program for the fragrance category that addresses the key considerations of the retailers and is scalable across multiple retail environments. The overview should include information on the idea or solution, as well as any conceptual/engineer drawings and/or renderings, program lifecycle information, execution details, logistics information that may be available, as well as any parameters you or your company will use in the development of pricing.

The overall goals for this assignment are: (1) develop an idea or ideas that provide an innovative approach for securing fragrance testers at shelf; (2) provide loss prevention/benefit denial solutions for stores moving from a secured selling environment to an open sell environment; and (3) provide solutions that allow stores that currently have an open sell environment to minimize loss due to theft.

C. Evaluation Criteria

- Ability to demonstrate an understanding of the shopping environment and design with the shopper in mind.
- Ability to demonstrate a robust and compelling rationale and process for arriving at design, development, timing, implementation and measurement for programs.
- Act as a true partner with dedicated resources.
- Ability to demonstrate an understanding of design for a solution that allows for the easiest and most efficient installation.

D. Confidentiality of RFIP

This RFIP and the information contained herein, as well as any additional information that may be provided to your company by Elizabeth Arden as part of the RFIP process or through subsequent or related discussions, is considered confidential and proprietary to Elizabeth Arden. It is provided to your company for the sole purpose of enabling it to respond to this RFIP, and is to be kept in confidence.

E. No Publicity

You and/or your company may not use any Elizabeth Arden trademark or make any public announcement related to this RFIP, including its participation in the RFIP process.

III. Instructions and Guidelines for Responding to this RFIP

A. Contact Person for Submissions

The sole and exclusive contact person (the “**Contact Person**”) for all communications related to or required in connection with this RFIP, including all notifications, inquiries, submissions and responses is:

E-mail Address: AssetProtection@elizabetharden.com

Do not contact or disclose any information related to this RFIP, including your company’s response in response to this RFIP, to any other person – including any Elizabeth Arden employee – without the prior written approval of the Contact Person.

B. Format for Submissions

Key Dates

An electronic copy of your Company’s response to **Section IV, RFIP Questions** is due no later than **5:00 P.M. Central Standard Time on Monday, September 26, 2011; however, we encourage submission as soon as possible so work on the idea or solution can start.**

C. Submitting Questions to Elizabeth Arden

If you have questions, submit them to the Contact Person before **5:00 PM CST at your earliest convenience**. Questions and requests for information should be answered in the order they appear in the RFIP. In the interest of fairness to all participants in the RFIP process, any response Elizabeth Arden provides to inquiries will be made available to all participants and Elizabeth Arden generally will not respond to late inquiries. Please use the Q&A spreadsheet to submit your questions (Copy of RFIP QA Template_Shopper_Marketing).

The questions should be responded to as thoroughly, yet concisely, as possible. If your company is unable to meet any specified requirement, you must state that inability and explain it thoroughly. Unclear, ambiguous statements, such as "all reasonable effort to provide", should be avoided.

D. Submitting Your Response

Proposals are due at **5:00 PM CST on September 26, 2011.**

Responses to this RFIP should be sent to the Contact Person via e-mail in Word or PDF format. Additionally, please put all attachments (concept drawings, engineering drawings, etc.) on one jump drive and send it to the Contact Person.

E. Conditions to Submitting Response

Elizabeth Arden reserves the right to pursue discussions and negotiations, and to ultimately enter into an agreement with, any vendor it may select in its sole and absolute discretion, including a vendor who may

not have participated in this RFIP process. Elizabeth Arden's selection of a vendor for this project shall be made in its sole and absolute discretion, and no vendor participating in this RFIP process shall be entitled to any prior consultation or notice regarding such selection.

IV. Information Regarding You or Your Company to be Included in the Response

1. Provide the full name of your company, the address of its principal place of business, a description of the type of business in which it is engaged under this name (i.e., the goods, services and/or other products offered), its legal designation (corporation or certification), and date on which it was formed.
2. Provide the name, job title, address, phone number, and e-mail address of the main contact person for the RFIP.