

Looking Back at the Wal-Mart RFID Time Line

From Initial Announcement in June 2003 to Procter and Gamble Pull Out of Display Tagging Last Week, We Review Key Announcements and Events

SCDigest Editorial Staff

It is coming up on six years since Wal-Mart first announced its intention to roll out an RFID tagging program with suppliers.

SCDigest decided to take a look back, and offers below a timeline of major announcements and events associated with that rollout. For a graphical view of this time line, go here: [Wal-Mart RFID Time-Line](#). (Note - may need to increase magnification in web browser. You can also right click and do a "save target as" to download the image file.)

June, 2003: Wal-Mart's then CIO **Linda Dillman** announces the start of the retailer's EPC compliance program at a meeting of the VICS organization, saying Wal-Mart would ask its top 100 suppliers to begin tagging pallets and cases starting in January 2005.

August, 2003: Wal-Mart says it will require all of its suppliers to put RFID tags carrying Electronic Product Codes on pallets and cases by the end of 2006. "We have asked our 100 top suppliers to have product on pallets employing RFID chips and in cases with RFID chips. By 2006, we will roll it out with all suppliers," Wal-Mart spokesman **Tom Williams** says.

November 2003: Wal-Mart brings the "top 100 suppliers" into Bentonville to learn more details of its RFID program, qualifying its previous announcement by saying the initial requirement will be for the first 100 to tag pallets and cases being shipped to three Texas DCs in January 2005.

April 2004: Wal-Mart begins its RFID trial by receiving cases and pallets of product with EPC tags at a

February 2009: Procter & Gamble says that after "validating" the benefits of RFID in merchandising and promotional displays, it is ending its pilot program with Wal-Mart for those displays, implying Wal-Mart is not acting on the information to improve store execution.

single distribution center in Sanger, TX as part of a test being conducted with eight suppliers. The tagged goods are to track goods to the back of seven Wal-Mart stores in Texas served by the DC. The first eight suppliers, which each tagged just a small number of SKUs, were **Gillette, Hewlett-Packard, Johnson & Johnson, Kimberly-Clark, Kraft Foods, Nestlé Purina PetCare, Procter & Gamble, and Unilever.**

June 2004: Wal-Mart meets with its top 100 and "next 200" suppliers in Bentonville to lay out its RFID tagging requirements and timeline. Suppliers are told that by June 2005, RFID systems will be operating in up to six of its distribution centers and 250 stores. Wal-Mart further says that it expects to be using EPC technology in up to 13 distribution centers and 600 Wal-Mart and Sam's Club stores by the end of 2005.

Deadline for the "next 200 suppliers" to start tagging cases and pallets is set for January 2006, though what shipments to what DCs is not clear.

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October 2004: Wal-Mart says it plans to start shipping RFID-tagged cases and pallets to a Sam's Club store in Plano, Texas very soon, starting the division's RFID program.

January 2005: Many but not all of the "top 100" start shipping some tagged products to three Wal-Mart DCs in Texas.

March 2005: CIO Linda Dillman says Wal-Mart is on track to support RFID capability in 600 stores and 12 distribution centers by the end of the year.

October 2005: Wal-Mart says that by the end of this month, it will have installed radio frequency identification systems in more than 500 stores and five distribution centers.

October 2005: Wal-Mart says it expects the next wave of 300 suppliers (making 600 total) to start shipping tagged cases and pallets by January 2007.

October 2005: A Wal-Mart sponsored report from the University of Arkansas' Information Technology Research Institute, a part of the Sam Walton College of Business, releases a report based on its preliminary study of the impact of RFID on reducing retail out-of-stocks (OOS). The researchers conclude that RFID reduced OOS at store level by 16% over non-RFID based stores.

January 2006: Wal-Mart says it is piloting a program with a few suppliers and EPCGlobal to generate advance ship notices for supplier shipments based on RFID reads.

January 2006: Supposed deadline for the "next 200 suppliers" to begin sending some tagged product to some DCs, though relatively few do in any meaningful way.

March 2006: Wal-Mart says it is working on two "proof of concept" pilots for using sensors

along with RFID tags to track produce and environmental temperatures as the products move along the supply chain.

April 2006: Wal-Mart says it will phase out the use of Gen 1 tags by in favor of Gen 2 by mid-year, saying it will no longer accept the use of Gen 1 tags on the cases and pallets it receives from its suppliers after June 30.

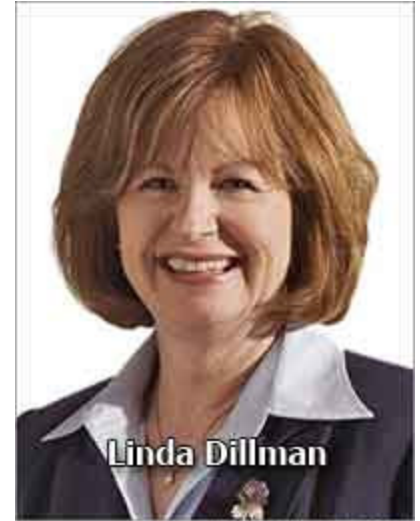
April 2006: Linda Dillman leaves as CIO to take an executive role in Human Resources. **Rollin Ford**, previously head of supply chain and logistics, becomes CIO. Ford subsequently takes a much lower profile approach to RFID.

September, 2006: Wal-Mart announces that by January 31, 2007, another 500 of Wal-Mart's 3,900 stores will have RFID readers installed. If it happened, that would bring the total of RFID-enabled Wal-Mart stores up to 1,000.

February 2007: The Wall Street Journal runs an article entitled "Wal-Mart's Radio-Tracked Inventory Hits Static." The article says, "Wal-Mart Stores Inc.'s next leap forward in ultra-efficient distribution is showing signs of fizzling," given a lack of internal progress in rolling out the technology and a lack of value for suppliers.

Rollin Ford writes rebuttal letter to the WSJ, and Wal-Mart finds the CIO of **Campbell's Soup** and the chairman of **Smucker's** to support RFID value prop. Meanwhile, CIO of **Sara Lee** says at the same time that RFID isn't making sense at the current level of cost and performance.

October 2007: Wal-Mart announces a major change in its RFID strategy, largely abandoning the initial pallet/case focus on shipments going to Wal-Mart stores in favor of three focus areas: (1) shipments going to Sam's



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Club; (2) promotional displays and products going to Wal-Mart stores; (3) tests to see RFID's impact in improving category management in select areas. "We're coming at RFID from a different angle," Wal-Mart's VP of Information Technology, **Carolyn Walton**, says at the EPC Global conference.

January 2008: Wal-Mart announces its first real compliances "penalties" for failure to tag products, specifically for shipments to its Sam's Club chain. Wal-Mart says in letter to suppliers that a failure to tag pallets sent to its distribution center in DeSoto, Texas, or directly to one of its stores served by that DC after January 31 will be charged a service fee, starting at \$2 per untagged pallet on Feb. 1, and capping at \$3 per pallet on Jan. 1, 2009.

Wal-Mart also announced its plans for the Sam's Club rollout (later changed):

- Jan 30, 2008: pallet-level tagging for DeSoto, Tex., distribution center.
- Oct. 31, 2008: pallet-level tagging for an additional four distribution centers, case- and mixed-pallet level tagging for Texas distribution center.
- Jan. 30, 2009: pallet-level tagging for remaining 17 distribution centers, case- and mixed-pallet level tagging for an additional four distribution centers.

- Oct. 31, 2009: case- and mixed-pallet level tagging for the remaining 17 distribution centers; selling-unit -level tagging for Texas distribution center.
- Jan. 30, 2010: selling-unit-tagging for an additional four distribution centers.
- Oct. 31, 2010: selling-unit-tagging for remaining 17 distribution centers



Rollin Ford

January 2009: Sam's Club dramatically lowers penalties for failure to tag pallets from 2-3 dollars per pallet to just 12 cents – what Wal-Mart estimates it will cost Sam's to do the tagging itself. It also pushes back the rollout schedule announced the previous January, saying the tagging requirement will apply only to pallets sent to the DeSoto DC or stores served by that DC in 2009. DC. Pallet-level tagging is expected to be rolled out chain-wide in 2010, while the deadline for tagging sellable units is "under review."

February 2009: Procter & Gamble says that after "validating" the benefits of RFID in merchandising and promotional displays, it is ending its pilot program with Wal-Mart for those displays, implying Wal-Mart is not acting on the information to improve store execution.