

Despite Validating Substantial Benefits, Procter & Gamble Ends Current Tagging Effort for Promotional Displays at Wal-Mart

EPC Success Requires “Deep Levels of Collaboration,” P&G Says; Co-Packers Sending Back the Gear

SCDigest Editorial Staff

The news this week that Procter & Gamble was ending its trial program of tagging promotional displays with EPC RFID tags for use at Wal-Mart stores is another powerful example of the disconnects that still exist in adopting RFID in the consumer goods to retail channel, even as it moves steadily along in other applications and sectors.

P&G acknowledges it sent letters to its “co-packers” to end display tagging and return the tagging equipment that P&G had supplied them. “Co-packer” is a term used in the consumer packaged goods industry for a wide range of contract manufacturers and logistics service providers, which are often used in the industry to build promotional displays.

The news was in one sense surprising, as P&G and other manufacturers had seen excellent results from tagging displays to improve execution at the store. Gillette, for example, which was later acquired by P&G, in one early pilot found a 28% sales lift from EPC tagging of displays. Why? Because large retail stores are not very good at getting these displays out to the floor on the date they are scheduled and keeping them stocked.

Former P&G executive **Dick Cantwell** (now at Cisco), for example, told SCDigest in 2007 that he estimated complete promotional “compliance” in store at just 45%. (See [SCDigest Unplugged Interview with Procter & Gamble on RFID](#).)

Paul Fox, Director of Global External Relations, confirmed to SCDigest that those early findings continued to be “validated” by more recent data.

“Our work within the area of merchandising, or what

EPC data can show where there are breakdowns in store execution that reduce merchandising and promotion effectiveness, but in the end it is the retailer and local store managers that must act on this visibility to improve that performance.

you call promotional displays, has shown that use of the EPC can result in improved promotional effectiveness, increased sales, and higher shopper satisfaction,” Fox says.

“Deep Collaboration” is Needed for EPC Success

Nevertheless, P&G is ending its trial with Wal-Mart – and it doesn’t take too much effort to read between the lines.

“EPC has many potential applications throughout the supply chain that can benefit the manufacturer, the retailer, and most importantly the shopper,” Fox told us. “However, we have learned that in order to achieve **sustainable** benefits, it requires deep levels of collaboration between the retailer and the manufacturer, and the commitment to use the actionable visibility provided by the EPC to change business practices.”

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Proving the Business Case for Display Execution Excellence

- More than 25 pilots; over 1,000 stores
- Proved that EPC can significantly & consistently improve retail display execution → strong ROI
 - Large % of store not compliant
 - Strong sales lift by being in-stock and on-time
 - High value of display versus small tag cost
 - Display tagging is easier, read rates & tag survival rates are high



P&G has Actively Touted the Benefits of EPC for Promotional Displays



end it is the retailer and local store managers that must act on this visibility to improve that performance.

“We will continue to work with Wal-Mart on EPC in other areas, as well as focusing on working with other retailer partners on collaborative programs that can benefit shoppers,” such as promotional display tracking, Fox added.

“If you are going to achieve those sustainable benefits from EPC, you have to be committed to changing business processes,” Fox added. “All we showed with our work at Wal-Mart was that the EPC can have a profound effect on merchandising effectiveness. We proved that. Now we are moving on.”