

Gillette to Buy 500 Million EPC Tags

An executive told Auto-ID Center members that his company will soon announce a major purchase from Alien Technology.

Exclusive: Nov. 15, 2002 - At the Auto-ID Center's board meeting yesterday, there was one piece of news that everyone was talking about. Just before the representatives from 83 sponsor companies broke for lunch, Dick Cantwell, Gillette's VP of worldwide beauty care products, told the group that his company plans to purchase 500 million RFID tags from Alien Technology, the Morgan Hill, Calif. Startup.

Cantwell said that Gillette expects to formally announce in the strategic supplier relationship with Alien within a week to 10 days and that shipments of the tags, which will be compliant with the Auto-ID Center's specification, should begin in March.

The news is stunning because of the sheer size of the order. No one has good market numbers, but half a billion tags is probably more than the total number of RFID tags in use today. "People couldn't stop talking about it over lunch," says one person present, who didn't want to be identified.

Gillette was a founding sponsor of the Auto-ID Center, and Cantwell serves as chairman of the MIT-based organization. So it's probably no surprise that the company is the first to actually commit to using the tags, which will carry the Auto-ID Center's electronic product code. Still, the news came as a surprise because no one expected a major company to make a purchase this soon.

Cantwell told the sponsors how important RFID is to his company and to the consumer packaged goods industry. He said Gillette would tag pallets and cases. He did not say how much Gillette will pay for the tags, but Alien's Jeff Jacobsen told RFID Journal back in July that it can assemble the tags for less than ten cents (see [Alien Demos World's First Sub-10-Cent RFID Tag](#)).

The purchase by Gillette, when it is made official, will mark a major milestone in the commercialization of low-cost RFID tags and the development of the Auto-ID Center's EPC network. Many people have said it is impossible to create a 10-cent tag or that it will take years for the Auto-ID Center's technology to be adopted.

The news is also a signal to the CPG industry as a whole that some leading companies are already far enough along in developing a business case and evaluating the technology to make a commitment. It will likely spur other companies to ramp up their own efforts. And it will likely set off a flurry of deal making that will result in more such announcements in the coming months.

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