

# Albertsons Lays Out RFID Plan

The second-largest supermarket chain in the United States met with suppliers and explained how it plans to roll out RFID technology.

By Mark Roberti

Nov. 12, 2004—Senior executives from Albertsons, the second-largest supermarket chain in the United States, recently spelled out how Albertsons plans to begin deploying RFID technology in its supply chain. Rather than issuing a firm RFID mandate, the company is taking a collaborative approach with suppliers. Albertsons met with about 450 representatives from more than 110 suppliers at the Bank of America Center in Boise, Idaho, in late September. The meeting was part of an overall technology summit to showcase several of the technology initiatives that Albertsons is rolling out.

"Early next year, we will be starting our pilot project in the Dallas/Fort Worth area with several stores and a select group of suppliers," says John Raudabaugh, vice president of systems implementation at Albertsons. "Beginning in March 2005, we will solicit volunteer suppliers to implement RFID in waves, each month."

The goal is to have all of its suppliers tagging shipments by October 2005. Seven companies are participating in the initial project: General Mills, Gillette, Kimberly Clark, Kraft, Procter & Gamble, SC Johnson and Sara Lee.

Raudabaugh says Albertsons is taking an incremental approach, rather than requiring all major suppliers to use RFID tags starting on the same day, because the company wants to learn as the technology matures.

"This new, evolving technology will change many of the processes in how we conduct and go to market with our business," he tells *RFID Journal*. "In today's supply chain world, there are a number of opportunities for product to get lost or disappear from the manufacturer to the store shelf. The EPC network, and the maximizing of our RFID technology, will allow us to design the consumer demand chain of the future, where there is a crystal-clear vision of where products are—from manufacturer to check-out."

Like Wal-Mart and the U.S. Department of Defense, Albertsons wants its suppliers to use tags that meet EPCglobal's Gen 2 specifications, as soon as the tags become available. Until Gen 2 tags are available, Albertsons will accept Class 0, Class 0+ and Class 1 tags that have a 96-bit Electronic Product Code. (For the initial trial, the retailer will also accept 64-bit EPC tags.)

Albertsons plans to work with suppliers to determine which product groups should be tagged first and how best to tag cases and pallets of those products. The aim is to help suppliers identify, categorize and adopt best practices that can be incorporated into RFID guidelines for the entire supply chain.

"There are a number of case types, such as plastic totes, shrink-wrapped bundles, corrugated containers and bags of product like onions and potatoes," Raudabaugh says. "Some products can be difficult to tag, and some case-level containers don't lend themselves well to readability even if tagged properly. Because no two suppliers face the same tagging and placement challenges or business processes, we will work to

accommodate each supplier on a case-by-case basis throughout the pilot until we have solid, coordinated standards defined."

The number of different product types, or stock-keeping units, tagged by each supplier will be determined through discussions between Albertsons and each supplier. In the initial stages, the retailer does not expect that it will be able to read every tag on items received into its distribution centers and stores, but the company will work with suppliers to develop tagging guidelines that will ensure accurate reads.

Raudabaugh says that Albertsons chose to launch the initial phase of its implementation in Texas because suppliers are now shipping tagged cases to that area. He says suppliers have been supportive of the collaborative approach Albertsons is taking.

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