

# Kroger Turning to RFID to Stay Fresh

The grocer has enlisted the help of RFID middleware provider OATSystems to help it deploy an RFID tracking system for its case-ready meat products.

By Mary Catherine O'Connor

Dec. 20, 2005—Though often named as one of the retailers likely to follow in Wal-Mart's footsteps by initiating an RFID mandate to its suppliers, Cincinnati-based grocery giant The Kroger Co. has not yet announced any RFID directives. It is, however, working with OATSystems to deploy a field trial of RFID technology to track and manage case-ready (previously weighed and packaged) meat products through its supply chain.

The Kroger Co. is the country's third largest retailer, based on annual revenue. It owns the Kroger supermarket chain, as well as 14 others, including Ralphs, King Soopers and Quality Food Centers. In total, it operates more than 2,500 supermarkets. Under increasing competitive pressures from Wal-Mart and other large retailers that sell fresh food, many of the country's supermarket chains are trying to gain a competitive advantage by improving the quality and sell-through of their fresh products.

Marc Osofsky, vice president of marketing and product management for OATSystems, says his company will provide Kroger with RFID middleware and systems integration services. Using battery-powered RFID tags attached to sensors, the grocer plans to track the temperature history of meat products as they move through the supply chain before reaching Kroger's distribution centers and retail stores. It will also use passive RFID tags to track case-ready meat within the retail environment.

While the companies are not releasing details surrounding the trial, grocers can use RFID within retail locations to automate the discounting of products based on shelf life, or to ensure that the first items to expire are the first sold to consumers. "Marking down fresh products generally involves employees making manual inspections of the products to check their expiration date and then marking them down accordingly," says Osofsky. Using RFID, grocers could automate this process. They might even use the technology in an interactive manner with consumers, he says, by installing readers on the retail floor and then allowing consumers to read the tags on the packaging to confirm expiration date and current price.

"There are huge opportunities [for RFID] around fresh product management for things such as case-ready meat products, dairy, seafood and produce," Osofsky claims.

"AMR Research has found that for most grocers, fresh items makes up 50 percent of profits, but 60 percent of shrinkage [items lost to spoilage or theft]," says Osofsky. By helping to ensure that fresh goods are sold before reaching their expiration date, he says, RFID could potentially save a large grocery store chain hundreds of millions of dollars annually and cut the 60 percent loss in half.

Tracking the temperature of perishable products as they move through the cold chain can improve the quality and lengthen the shelf life of fresh products such as fruits and vegetables by alerting grocers to places within the supply chain where produce is often allowed to get too warm or too cold. "[Grocery stores] make the most

money from fresh products, but fresh products are generally not managed very well, so a lot of people are looking at RFID to help them sell more fresh products," says Osofsky.

Kroger had been testing RFID in some of its Midwest locations as part of an electronic alarm system to reduce theft of select meat products, according to a July 18, 2004, [article](#) in the *Oakland Press*, a newspaper based in Pontiac, Mich., near Detroit. Osofsky could not comment on whether Kroger is still using RFID in this capacity, or whether the RFID system OATSystems will help deploy will integrate with the theft-prevention tags.

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