

# Wal-Mart's On Track to Hit Target

The retailer says that by January, 500 more of its 3,900 stores will be using RFID technology to track goods entering their premises, bringing the total to 1,000.

By Claire Swedberg

Sept. 12, 2006—[Wal-Mart](#) announced it is moving forward with its RFID initiative by bringing the next phase of its chain of stores online for RFID technology, and by switching from EPC Gen 1 RFID tags to Gen 2 tags. By January 31, the end of the retailer's fiscal year, another 500 of Wal-Mart's 3,900 stores will be using RFID technology to track goods entering their premises. This will bring the total of RFID-enabled Wal-Mart stores up to 1,000, fulfilling the goal the company set for itself in October 2005 (see [Wal-Mart To Expand RFID Tagging Requirement](#)).

The retailer is also working with its next 300 largest suppliers to ensure that they tag their products with test cases in October. This group will go live with RFID technology in January 2007, joining 300 other suppliers that have already done so.

At the same time, Wal-Mart is phasing out the use of Gen 1 RFID tags as pallets and cases already tagged with Gen 1 tags complete the supply cycle. All new products making their way through the distribution network must be labeled with Gen 2 tags.

In April, Wal-Mart announced that after June 30, it would require its suppliers to stop using Gen 1 tags (see [Wal-Mart Specifies Gen 1 Sunset, Forklift Pilot](#)). Since then, however, the company has taken a flexible approach in enforcing this deadline. "Obviously, we have product in the supply chain that we still need to read until it is all sold through," says Simon Langford, Wal-Mart's director of RFID strategy and transportation systems.

"We are monitoring the flow-through of the Gen 1 tags [Class 0 and Class 1], and will turn each protocol off when depleted," Langford says. "I anticipate Class 0 being turned off in the next four to six weeks, and Class 1 by the end of the year." He explains that some of the transition must accommodate suppliers who packaged their products and attached Gen 1 tags as early as 2005. "We do have one or two seasonal suppliers—really only a handful of suppliers—that packaged product last year for this coming season, so we will flow this through, although our readers will spend less of the time looking for Gen 1 tags and more time looking to read Gen 2 tags."

In a press release issued today, Wal-Mart executive vice president and chief information officer Rollin Ford stated, "We are actively engaged in designing some new initiatives that will accelerate our program even further and, in so doing, create even more value for everyone involved." Langford, however, was unable to comment on what those initiatives might be.

Wal-Mart has not set a date by which cases and pallets from all its suppliers must be tagged. "We encourage suppliers to get involved sooner, rather than later," Langford says.

Wal-Mart believes that use of RFID has helped it significantly reduce out-of-stocks and excess inventory at its stores. That claim is supported by a 2005 study carried out by the University of Arkansas (see RFID's Impact at Wal-Mart Greater Than Expected).

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