

Canadian Retailer Wraps Up RFID Pilot

Canadian supermarket giant Loblaw has recently completed an RFID pilot project and plans to work closely with its suppliers to develop an RFID strategy.

By Mary Catherine O'Connor

Nov. 10, 2006—A few weeks after completing its first RFID pilot, Loblaw Companies Ltd., the \$27 billion Canadian supermarket and general-merchandise chain, announced that the preliminary results have already helped the retailer identify ways to improve the flow of product into its stores. Still, Loblaw said it has no immediate plans to roll out any type of tagging requirement or mandate to its suppliers, acknowledging that deploying the technology is no simple task.

"RFID is not a plug-and-play technology. You can't just turn it on and go," warned Roman Coba, Loblaw's senior vice president, addressing attendees of the first annual RFID Journal LIVE! Canada conference, held this week in Toronto.

Coba speaks from experience. He helped conduct a six-month pilot program involving three of the chain's retail centers and four of its suppliers: General Mills (GM), Maple Leaf, Scott and Unilever. Coba's advice to attendees was to start learning about RFID technology now rather than "waiting for someone else to perfect it." He urged, "If you see value in RFID, get the education and [deploy] it."

The seminal Canadian pilot ended Oct. 31 and was administered by the Canadian RFID Center, a testing and education facility located at the site of IBM's Canadian headquarters in Markham, Ontario (see Canadian RFID Center Debuts). The goal of the pilot was to compile findings on the use of RFID in tracking consumer products to see if they would validate RFID's ability to improve overall supply-chain performance.

"We wanted to separate the hype from the facts on how the technology works," he said, "and then publish and share the results." The pilot participants plan to spend the next two months examining the results, though Coba said early findings helped the retailer identify some unusually long product dwell times in some of the retail centers' storage areas. By addressing these, it could improve the flow of product into its stores to ensure that its store shelves remain stocked.

The pilot's structure matched that of RFID deployments by Wal-Mart and other retailers: Suppliers applied EPC Gen 2 RFID smart labels to cases and pallets of specific stock-keeping units (SKUs) at their warehouses, encoded them with EPCs and compiled a manifest of case and pallet EPCs before shipping them to the retailer. Interrogators installed at the receiving docks of the Loblaw-owned stores read the tags as the shipments were received; interrogators mounted above the doors leading to the front of the stores read the tagged cases as employees brought them to and from the sales floor; and another set of readers detected the tagged cases as workers placed them into a box crusher. All of the tag data was sent to a central database, which participants could access throughout the pilot.

The companies started designing the pilot in May, then spent June and July on site surveys and hardware installation. The testing did not get underway in earnest until August, so although it spanned six months, the

pilot only generated data for three. "It was a real eye-opener," said Coba, in regard to the technology's deployment. "It took about a month just to get the readers up and running [and properly configured]."

The participants are hoping that the technology will help improve their businesses in five specific areas: enabling faster and more accurate proof of delivery through the use of advance shipping notices containing the serialized EPCs of the shipped cases; increasing inventory visibility by showing where tagged cases and pallets were last read; tracking and tracing tagged shipments; improving the management of promotional items; and enabling workers to spend less time hunting for specific products and more time stocking shelves and helping customers. Improvements in these areas would benefit both Loblaw and its suppliers.

Stressing the importance of mutual benefits, Coba said Loblaw wants to take a highly collaborative approach to testing the technology. He noted that while his company believes RFID can improve its business processes, some suppliers have expressed skepticism about the technology's potential benefits, and that this needs to be addressed. "The suppliers have to benefit, too," he said. "This is not a one-way street." Loblaw, Coba stated, does not plan to roll out any type of tagging requirement or mandate to its suppliers at this time. "We'll get the results, share them with our suppliers and then decide what's next."

Attendees of the conference also heard the results of a three-month trial involving [Staples Business Depot](#)—the 270-store Canadian unit of [Staples Inc.](#)—along with three of its suppliers, [PricewaterhouseCoopers Canada](#) and a number of RFID technology vendors (see [Staples Business Depot Sees Big Benefits From RFID Test](#)).

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