

Ocean Spray Using RFID Analytics Tool to Reduce Out-of-Stocks

The juice and fruit supplier is employing a new service from TR3 Solutions to track the location of its products and act proactively wherever needed.

By Claire Swedberg

May 1, 2007—Ocean Spray, an agricultural cooperative owned by more than 750 cranberry and grapefruit growers in the United States and Canada, will soon begin using a new module to TR3 Solutions' On-Demand system to sort through the volumes of data resulting from its RFID deployment.

By early May, the company intends to begin using the Web-based Zero Sales Prevention module to help it interpret data coming from the multitude of RFID reads taken throughout the supply chain on its way to Wal-Mart. With the module, Ocean Spray hopes not only to keep track of its juice and fruit products' location, but also to home in on the most important issues—such as depleted stock at the many stores it supplies—and to act proactively where efforts are most needed.

"Our interest was in understanding what conditions exist at the retailer through the use of RFID," says Ocean Spray's Wal-Mart team leader, Doug Heffron. Currently, the co-op has a team of staff members who review data to track deliveries and inventory levels, but it has no visibility regarding a product's location in a store. For instance, a product may be in a store's back room but not on a shelf or display during a promotion. The company intends to immediately identify exceptions so it can correct product flow, determine the cause and take quick corrective action. In the case of a product located in a store's back room but not on the shelf, an agent might be deployed to alert store personnel about the shelf out-of-stock.

Ocean Spray applies EPC Gen 2 passive UHF tags to cases of its 64-ounce cranberry juice cocktail for delivery to as many as 1,000 Wal-Mart stores. Each tag is read at the point of arrival at a Wal-Mart distribution center, when it leaves the distribution center and when it arrives at a Wal-Mart store, then again when taken to the sales floor. Often, a tagged case can be moved to the floor and back again several times—for example, in the event of a promotion. The empty box's tag can then be read again when it reaches the trash compactor, signaling the cycle's completion.

With numerous RFID reads on thousands of cases daily, Ocean Spray had been swamped with more information than it could properly act on. "Without the help of a tool," Heffron says, "mining this level of data becomes impractical, if not impossible."

The new module enables Ocean Spray to continue capturing its reads on a daily basis. Its software system automatically sends data regarding all RFID reads, via an Internet connection, to TR3 Solutions. TR3 then processes the data and routes it to a Web site resembling a dashboard, which shows the most relevant data Ocean Spray needs to be aware of. The dashboard indicates shipment locations, any problems that may be occurring and where a problem might be expected to occur within the next few days.

"They can log on at any time and see the latest alerts," says TR3's president, Tom Rauh. The dashboard also displays those issues that may be the most urgent. An empty shelf at a high-traffic store, for example, is costlier for Ocean Spray than in a smaller, less active store. "That allows us to prioritize or focus on the high-volume areas first," Heffron explains.

The software system also provides root cause analysis, so it can not only indicate a store may not have the product it should, but it also determines whether deliveries are arriving late to the distribution center or leaving the DC late. It can also determine if a sales forecast adjustment is needed, or if, for example, a sudden increase in consumer purchasing resulting from a heat wave is the cause for store-level out-of-stocks on cranberry juice.

With all that information already analyzed, Heffron says, "We have the ability to respond appropriately. I'm very optimistic. If this system actually delivers as promised, it will be a really phenomenal tool."

RELATED_ARTICLES TR3's chief operating officer, Dan Gallagher, notes, "Product suppliers don't want to spend their day looking for potential problems. Today, they may have analysts poring through data, but we are turning that manual process automatic."

TR3 says Ocean Spray is one of a half dozen manufacturers involved in developing the module, which will be added to the current On Demand Solution.

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