

Wal-Mart Embraces RFID's Green Potential

The retailer says it is using the technology not only to improve customer service and profitability, but also to boost the planet's environmental health.

By Claire Swedberg

May 1, 2007—"What's good for the planet is good for business," said Wal-Mart's CIO, Rollin Ford, who extolled RFID's potential to improve the environmental health of the world and the financial health of the retail giant and its suppliers, as well as provide benefits to its customers. At Monday's keynote address at RFID Journal LIVE! 2007, Ford reiterated Wal-Mart's goal to deploy RFID at another 400 of its stores this year, in addition to the 1,000 already using the technology to track cases and pallets of goods.

In addition, Ford said, Wal-Mart intends to use the technology to help increase all its stores' efficiency by 20 percent within seven years. "We're not backing off, or slowing down," he asserted.

"Over the past year, Wal-Mart has been very public about its focus in sustainability," Ford told attendees, drawing a connection between greater supply chain efficiency—resulting from RFID technology use—and sustainability. "Certainly, there are places within the supply chain where inventory becomes inaccurate," he said. "Using RFID to locate errors, get to root causes and achieve accurate forecasts leads to efficiency, which leads to sustainability."

Wal-Mart predicts that in helping to track inventory more accurately, RFID will improve sustainability by reducing unnecessary truck deliveries, as well as by reducing customers' trips to the store for items that were out of stock during their initial visit. "Twenty-four million people shop our stores every day. If only 100,000 extra trips are saved by having stock there," he said, exhaust emissions would drop, benefiting the environment.

But it's not just the planet that serves to benefit from such plans. Out-of-stocks, Ford explained, costs Wal-Mart and its suppliers lost sales amounting to about 2 percent of the retailer's entire sales—and almost half of that 2 percent is the result of inventory inaccuracies. If RFID were to resolve about 10 percent of that inaccuracy, he predicted, the retailer and its suppliers could gain about \$250 million annually.

To help it achieve this goal, Wal-Mart is using RFID-enabled forklifts to track tagged cases and pallets at some of its Sam's Club stores. This deployment, Ford stated, allows the store to locate merchandise in back rooms and warehouses with 99.9 percent accuracy.

RELATED_ARTICLES "The bottom line," said Ford, "is we're going to continue to invest and innovate, and be sure RFID is affordable and available [to suppliers]." He added, "We will continue partnering with others, providing education and sharing best practices," as well as providing improved visibility of data.

Additionally, the retailer is looking at how RFID could be used to reduce the waste stream for electronic devices. Wal-Mart is part of a group of companies applying for a grant with the Environmental Protection Agency to research ways RFID technology could be part of a solution.

