

# Staples Business Depot Sees Positive Results from Active Tag Test

Although the Canadian company found that the RFID system slashed out-of-stock levels and increased sales, it has yet to determine whether those benefits outweigh the costs of deploying the system chain-wide.

By Mary Catherine O'Connor

Oct. 19, 2007—Since May, [Staples Business Depot](#), the 270-store Canadian unit of [Staples Inc.](#), has been tracking the location and number of roughly 1,500 stock-keeping units (SKUs) at one of its Montreal retail locations. To do this, the retailer has been using IntelliTracker active RFID tags and readers, a proprietary system made by RFID systems provider [AbsoluteSky](#) (see [Staples Testing Active RFID for In-Store Tracking, Security](#)). [Fujitsu Transaction Solutions](#) provided installation and integration services for this platform.

The use of RFID has eliminated theft, slashed out-of-stock levels and increased sales of tagged items, says Joe Soares, Staples Business Depot's director of process engineering. According to Soares, the system has proven itself from a technical standpoint. However, he says, the company is still evaluating the business benefits it could accrue from rolling out the RFID solution across its stores on a permanent basis.

"There was no shrinkage on the tagged items during the trial," Soares explains. Although the tag would have triggered an alarm if someone had tried to exit the store with a tagged item that had not been paid for, no alarm events occurred during the pilot, and no tagged items left the store unsold. Soares, therefore, believes the mere presence of an IntelliTracker tag might have served as a theft deterrent.

Eliminating shrinkage, however, is just one of the RFID system's many paybacks. The staff employed a network of fixed-position IntelliTracker readers located throughout the store to maintain an ongoing inventory of tagged items, and used these number each night to correct any variances in the store's inventory system. For example, if the Staples system indicated there were five of a given MP3 player or laptop in the store, but the RFID-based inventory showed six of that item, the store's system was adjusted accordingly. The pilot store has seen a sales lift in the tagged items, compared with comparable products not tagged, and Soares attributes this to the fact that the staff had accurate inventory numbers for the tagged goods.

More accurate inventory levels provided another trickle-down benefit as well, Soares says—they led to more accurate product ordering for the tagged items. As a result, he claims, the store saw a 21 percent reduction in instances of tagged items falling out of stock, as compared with before such items were tagged. Staples also found that tagged SKUs sold better than those not tagged—likely due, he says, to greater product availability within the store.

About 2,000 IntelliTracker tags are in use at the Montreal store on high-value items the managers have deemed likely to be stolen. The tags have a rugged housing; measure 0.25 inch thick, 1 inch long and 1.25 inches wide; and are attached to the items via a variety of attachment methods. Soares says the tags showed a 100 percent read rate during the trial. And based on the average number of times the tags were reused during

the pilot (each was collected at the point of sale, then later placed on another of the same item), as well as the tag battery's expected five-year lifespan, the cost of each tag would be 8 cents.

Staples Business Depot has also performed an RFID trial using passive EPC Gen 2 tags attached to a test selection of pallets and cases of goods its suppliers sent to the store (see [Staples Business Depot Sees Big Benefits From RFID Test](#)). Soares, however, says that for now, the business is more interested in improving product visibility inside its stores than in its supply chains.

RELATED\_ARTICLES "We pay for goods upon receipt, and we do not have a warehouse—our suppliers ship direct to store," Soares states. From a cost point of view, this sets Staples Business Depot apart from other large retailers that store goods in warehouses or distribution centers, where employing passive, onetime-use RFID tags to improve supply chain visibility could offer more value.

But in the future, Soares adds, if many suppliers show an interest in attaching EPC tags to shipments of goods they send to Staples Business Depot stores, the company would likely invest in the reader and software infrastructure needed to utilize the technology. Soares says he expects to have a final decision on whether to roll out the IntelliTracker system on a permanent bases, and to other stores, in about one month.

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