

# Wal-Mart Canada Making RFID Progress

Twenty Wal-Mart stores in Canada are collecting RFID data, helping to eliminate overstocks; the retailer will study the impact of harsh winter weather on RFID equipment.

By Mary Catherine O'Connor

Nov. 27, 2007—With 20 stores equipped with RFID readers and a dozen suppliers tagging shipments of goods bound for those stores, [Wal-Mart Canada](#)'s nascent RFID deployment is up and running, said Nicole O'Connor, director of the organization's information systems division, at the opening keynote of the second annual [RFID Journal LIVE! Canada](#) conference in Toronto, Ontario. And while the scope of Wal-Mart Canada's RFID deployment is dwarfed by that of its U.S. parent company—which involves more than 1,000 stores and 600 suppliers—that doesn't mean the technology's potential impact on the 278-store Canadian chain is insignificant.

"We've done some estimates into what the impact [of adopting RFID] would be to Wal-Mart globally, and it's in the millions of dollars," O'Connor told attendees. Wal-Mart Canada, she said, is focused on using RFID technology to eliminate product out-of-stocks as an initial area of benefit.

Each RFID-equipped Canadian Wal-Mart store is now reading tagged cases of product moving through its loading docks, as the cases are brought onto and off the sales floors, and as the empty cases are placed into box crushers. In addition, some of the dozen suppliers involved in the RFID implementation are tagging the displays used for showcasing promotional products, to improve visibility into whether the displays are being moved to the sales floor according to schedule.

Thus far, O'Connor indicated, the equipment is performing well, with a 99.5 percent read rate since the stores began reading tags this summer. While the company has not yet gathered definitive data regarding out-of-stock reductions or sales lift based on its RFID use, it has seen a 42 percent reduction in manual orders placed by store associates across the 20 stores using RFID, according to Michael Vitalei, Wal-Mart Canada's RFID strategy manager.

Associates sometimes place manual orders for goods they discover to be out of stock on store shelves, even if more of those goods are available in the back room. But in stores using RFID, associates carry handheld computers prompting them not to reorder if the out-of-stock goods are still in the back room. Reducing manual orders for goods already in stock is an important goal for Wal-Mart, Vitalei explained, because such orders can lead to overstocks within the stores, as well as generate unnecessary transportation costs and carbon emissions.

Another vital technology test remains for Wal-Mart Canada: the ability to read tags on frigid Canadian loading docks. "Winter has just started," O'Connor said. "One objective is to validate that there [will] not be adverse impact [to RFID equipment and read rates] from the cold climate. We want to see if we'll get the read rates we've been getting [so far]."

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plans to concentrate its efforts on analyzing the RFID data it is collecting, and working with suppliers to identify areas of focus going forward. As with suppliers for Wal-Mart's U.S. locations, those involved in Wal-Mart Canada's RFID implementation are pulling read-event data from Wal-Mart's Retail Link extranet. "We want to further understand the data and the ROI," O'Connor told attendees. "We'll have continued focus on working with our vendor partners, and finding areas where the technology can improve our processes."

"We've made great progress with EPC RFID so far," said O'Connor, stressing that this success is due to its close collaboration with participating suppliers and RFID vendors. "Without partners, we wouldn't be where we are." Still, the readability of tags in Canada's harsh weather looms as a significant unknown. Without reliable tag reads, Vitalei noted, applications based on tag data analysis won't produce the benefits Wal-Mart Canada and its suppliers are seeking.

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