

Kraft to Track Containers with RFID

The company has chosen TrenStar to tag and track intermediate bulk containers through the supply chain.

May 26, 2003 - Kraft Foods, the largest food company in the US, plans to use RFID to improve the handling of intermediate bulk containers at its North Lawrence, New York, facility. The company has extended its contract with asset management company [TrenStar](#). The deal calls for TrenStar to upgrade from bar code tracking to an automated RFID system.

TrenStar doesn't sell RFID tags and readers. Instead, the company actually purchases high-value reusable containers and tracks them for its customers. The customers pay a small fee each time they use the container. This gives the customer predictable costs and removes the headache of having to manage assets and the data collection system (see [TrenStar: RFID with Less Risk](#)).

Under the terms of the four-year deal with Kraft, TrenStar will initially attach RFID tags to more than 1,000 800-liter stainless steel containers, which carry the fruit from suppliers to the North Lawrence facility, where Kraft makes yogurt. TrenStar will own all the containers and says it will deploy a mix of handheld and fixed RFID readers to track them throughout the supply chain.

The goal behind upgrading to RFID is to cut operating costs by more efficiently tracking and managing the containers. That means suppliers will have to pay for leased containers only when they need them. The savings can be substantial, according to Jim Krigbaum, TrenStar's manager of food solutions. "One supplier told us that if they improve the turnaround of a container by a half turn a week they could save \$2 million a year," he says.

TrenStar will continue to use bar codes on the containers, but will use a combination of handheld and fixed readers at key pinch points -- such as at unloading -- to collect data automatically. The system should reduce errors significantly.

"RFID promises to correct all problems in retrieving data at key pinch points," says Krigbaum. "With bar codes, if you have a forklift driver that doesn't scan the bar code, you lose that ability. Hands-off scanning means no human intervention and 100 percent scanning compliance and accuracy."

Smaller suppliers that can't invest in fixed RFID readers will enter information about using handheld RFID readers and bar code scanners. Some may even choose to enter data manually at a password-protected portal managed by TrenStar. Kraft and its suppliers can log onto the portal to see the precise location of containers in the supply chain.

One advantage of TrenStar's approach is that the company has already built sophisticated software for managing data. Supply chain managers can generate custom reports on container turns and even drill down and see the history of movements of a specific unit.

TrenStar will lease the containers to contracted Kraft fruit preparation suppliers. It will retrieve the empty containers from Kraft's North Lawrence facility and deliver them to the suppliers. Suppliers are charged a

small fee each time a container is filled. TrenStar says Kraft absorbs some of the cost indirectly in the price of the supplies.

TrenStar uses low-frequency RFID tags to track beer kegs for several UK breweries. Krigbaum says that over the next 90 days, his company will evaluate which of its own RFID systems is best suited to Kraft supply chain. The deployment should take about four months. -- By Jonathan Collins

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