

The company has informed its contract manufacturers to stop tagging displays bound for Wal-Mart immediately.

By Mark Roberti

Feb. 13, 2009—The [Procter & Gamble Co.](#) (P&G), a pioneer in the use of Electronic Product Code (EPC) technologies in the supply chain, has ceased placing EPC tags on promotional displays bound for [Wal-Mart's](#) RFID-enabled stores. Kim Zimmer, Procter & Gamble's leader for global EPC RFID technology and operations, sent an e-mail this week to the company's contract manufacturers, stating: "P&G has made the decision to end the EPC Display Tagging project at Wal-Mart, effective immediately."

The e-mail instructed contract manufacturers not to order any additional EPC RFID tags, and not to apply any tags they already have in stock. These companies were also asked to return to P&G's EPC lab the laptop, handheld RFID reader and wireless router that P&G had provided to enable them to capture EPC data before shipping displays to Wal-Mart, as well as any tags not already applied to displays.

Paul Fox, P&G's director of global external relations, confirms that his company has halted the tagging initiative. "The EPC has many potential applications throughout the supply chain that benefit not just manufacturers like Procter & Gamble but also retailers and, most importantly, shoppers," he says. "We've been working on these applications for close to 10 years. We have learned that to secure sustainable benefits, the use of EPC requires deep levels of collaboration between the manufacturer and the retailer, and a commitment to use the actionable visibility provided by the EPC to change business processes.

"One of the applications is improved merchandising effectiveness. And the work we conducted with Wal-Mart has shown that this use of the EPC can deliver improved promotional effectiveness, better sales and, most importantly, higher shopper satisfaction. That validation work with Wal-Mart is now complete. But we will continue to focus on working with our retail partners on collaborative programs that can benefit the shopper. "

Procter & Gamble, Fox says, is by no means abandoning its EPC efforts. The company and its contract manufacturers will continue to tag cases of some products being shipped to Wal-Mart.

"We remain firm believers that the EPC can have profound benefits for the retail/consumer packaged goods industry," he states. "While we have completed the validating of the use of the EPC for merchandising effectiveness, we continue to work with Wal-Mart on other EPC projects."

Managing promotional displays has been seen as one of the big benefits CPG companies have been derived from EPC tagging. The data supplied by Wal-Mart can show whether displays are in a store's back room, and when they should be moved out to the sales floor. When the displays are out on the

floor at the time that a related advertising campaign is running, sell-through of the promoted products can increase by as much as 20 percent (see [P&G Finds RFID 'Sweet Spot'](#) and [Wal-Mart, Suppliers Affirm RFID Benefits](#)).

One of Procter & Gamble's contract manufacturers, who has requested anonymity, says that while P&G does utilize the EPC data it receives from Wal-Mart to direct merchandisers to stores at which there are issues getting product on the shelf, the company is frustrated that Wal-Mart's sales associates have not acted on the data in order to improve compliance with promotional programs.

P&G's managers, the contract manufacturer explains, "were asked to put the tag on and absorb the cost of that, and I think they felt Wal-Mart should be doing more to live up to their end of the bargain. Why put the tag on if Wal-Mart's not going to act on the data?"

Like P&G, Wal-Mart stresses that it continues to work with one of its major trading partners. "Procter & Gamble remains a valuable partner as we expand and develop new applications for EPC," says Dan Fogleman, a Wal-Mart spokesperson. "We cannot discuss every aspect of that partnership, but we are working toward wider implementation."

John Seaner, VP and general manager at [EPCglobal US](#), praises P&G's commitment to validating EPC RFID applications and unlocking the technology' potential.

"For any new technology," Seaner says, "the path to ubiquity is never a straight line, and this certainly will be the case with EPC and RFID. If it weren't for the pioneering investments and visions of companies like P&G and others in the EPCglobal community, we wouldn't be seeing the breadth and richness of uses of this technology that we see today. We continue to see very valuable applications of EPC being deployed in asset tracking, work-in-process monitoring and a host of traceability applications in myriad industries, including health care, chemicals and aerospace."

Related Articles

[Sam's Club Reduces Tagging Fee](#)

[Sam's Club Provides Clarity on EPC RFID Plans](#)

[Farmacias del Ahorro Prescribes RFID to Track Assets](#)

[Paddling to Profits](#)