

Wal-Mart Expands RFID Mandate

The world's largest retailer says that it will ask *all* suppliers to tag pallets and cases by the end of 2006.

Aug. 18, 2003 - If anyone still has any doubts that Wal-Mart is serious about deploying RFID technology in its supply chain, they should be dispelled by its latest revelation. The world's largest retailer says it will require all suppliers to put RFID tags carrying Electronic Product Codes on pallets and cases by the end of 2006.

"We have asked our 100 top suppliers to have product on pallets employing RFID chips and in cases with RFID chips," says Wal-Mart spokesman Tom Williams. "By 2006, we will roll it out with all suppliers."

Linda Dillman, Wal-Mart's CIO, publicly announced in June that the retailer would ask its top suppliers to tag pallets and cases beginning in January 2005 (see [Wal-Mart Draws Line in the Sand](#)). The news created a storm in the retail and consumer packaged goods industries.

Suppliers are still struggling to come to grips with what the requirement means for them. The Wal-Mart requirement was the hot topic at a recent trade association meeting attended by representatives from Johnson & Johnson, Kimberley Clark, Procter & Gamble, Unilever and others.

"The only consensus was that there's a lack of clarity of what it really means," says one executive who was present. "We are all a little worried that the technology has a way to go before it's robust enough to be implementable in a live distribution center environment. And we worry about doing something before the technology is ready and possibly having something that's obsolete quite quickly."

The news that Wal-Mart is expanding the requirement to all of its suppliers might not cause the same tumult as the first announcement. That's because smaller suppliers may be able to move more quickly to tag their limited number of stock keeping units (SKU) than large suppliers, which may have hundreds of SKUs, each with different RF properties. And they have an extra year to learn how to deploy the technology for their own benefit.

Wal-Mart plans to hold a gathering for its suppliers in the fourth quarter to provide more details on how it expects them to tag pallets and cases. Some of the larger suppliers are concerned that the schedule doesn't leave them enough time to meet the January 2005 deadline.

"Wal-Mart has said they will define in greater detail what they mean in the fourth quarter, but that leaves us less than a year to do this," says a supply chain executive from one major manufacturing company. "Nobody is going to want to deploy new technologies in November and December, because that's the big selling season."

[RFID Journal Home](#)

Copyright ©2005 RFID Journal, Inc. All Rights Reserved