

Checkpoint Backs Goliath

Labeling and security systems provider Checkpoint invests in Goliath Solutions and its plan to use RFID to track retail displays.

By Jonathan Collins

March 2, 2004—Goliath Solutions, a startup that plans to use RFID to help consumer packaged goods (CPG) companies track the deployment of in-store merchandise displays, has announced a \$2.5 million investment Checkpoint Systems, in return for a minority stake in the privately held company.

Checkpoint, a Thorofare, N.J.-based company that provides labeling and security systems to retailers, asserts that the funding is part of its larger investment strategy to innovate and grow RFID-based solutions for retailers and CPG brand owners. In addition, the company says, its partnership with Goliath will enhance its opportunities to be a full turnkey solution provider of RFID supply chain applications from source to shelf. Goliath will use the new funds to develop its offerings, but also doubtless hopes to profit from Checkpoint's experience in integrating RFID into packaging.

According to Goliath, verifying the efficacy of retail marketing displays has been a hit-or-miss affair for CPG companies, even though they spend a huge amount of money in the process. "Consumer packaged goods companies spend some \$15 billion to produce and distribute their displays and significantly more in deals with retailers to get those displays in their stores, but they can only audit around 5 percent of those displays to see if they are deployed when and where they should be," says Bob Michelson, CEO at Goliath, which is based in Chicago.

Currently, it is difficult and costly to monitor when, where and how long these displays are deployed. To get a sense of how well stores are complying with their display agreements, CPG makers usually hire third-party auditors who visit just a tiny percentage of all stores with displays. Goliath estimates that 50 percent of the time, retailers do not deploy displays in a timely and consistent manner. The company bases its estimates on market research collected from three primary sources: Information Resources Inc. (IRI), Nielsen and Point-Of-Purchase Advertising International (POPAI). IRI and Nielsen are the industry leaders in reporting and analyzing in-store sales; POPAI is the largest industry trade association for in-store advertising.

With its RFID tags embedded in retail displays and its readers deployed within stores, Goliath says its system can collect real-time information and transmit it by phone line or pager service to its data center, where the data can be collated and delivered to CPG marketers for tracking and analysis. Goliath plans to install its equipment for free and then charge a fee to CPG marketers for the information the company collects.

"We are not in business to sell technology. We deploy the technology in the store, but our clients pay for the information we can then deliver," says Michelson.

Goliath sees additional benefits to its technology: With the participation of the retail stores, the data can be matched with sales data from point-of-sales terminals to give a direct correlation of how effective in-store displays and marketing materials are in helping to drive sales.

The company says it has already run trials of its RFID and data analysis service at BP convenience stores at gas stations in New York, Chicago, Atlanta and Denver, in which four types of merchandise displays were tagged and tracked during a six-week period.

Having contracted with an unnamed RF engineering firm, Goliath says it has designed an UHF RFID system that enables its passive tags to be read more than 36 feet away from its readers. Those readers are about the size of a videocassette and run on two AA batteries. Goliath claims that the reason its readers get such a long read range while using so little the power is because of the nature of the RFID monitoring its system is designed to do. Unlike traditional RFID readers placed at a receiving door, Goliath's readers will have to take readings only at predictable times every few hours and connect with static tagged merchandise displays and marketing materials.

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