



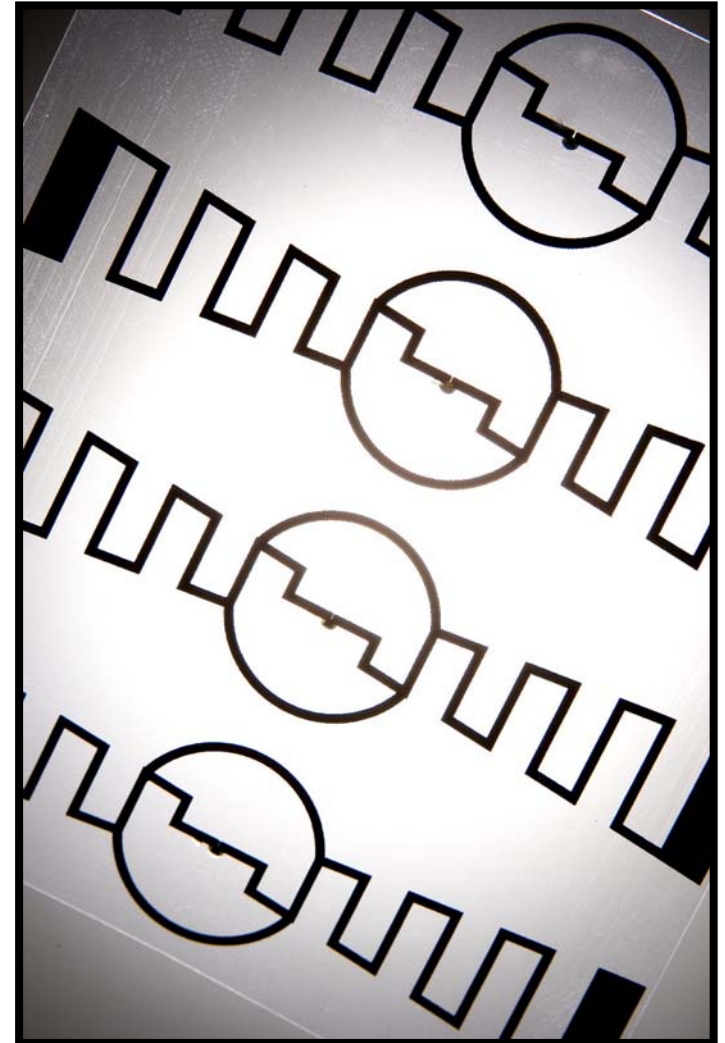
# EPC: How is it changing the supply chain?

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Forum on Regional  
Competitiveness

# Agenda

- Wal-Mart's Mission
- Why RFID
- Benefits of Electronic Product Codes
- Moving Forward





***“Our philosophy has always been this simple:***

***We are agents for our customers.***

***And to do the best job possible, we’ve got to become the most efficient deliverer of merchandise that we can.”***

**– Sam M. Walton**



"It's on the water."



“We’re waiting for it to be released.”



"It's being loaded as we speak."

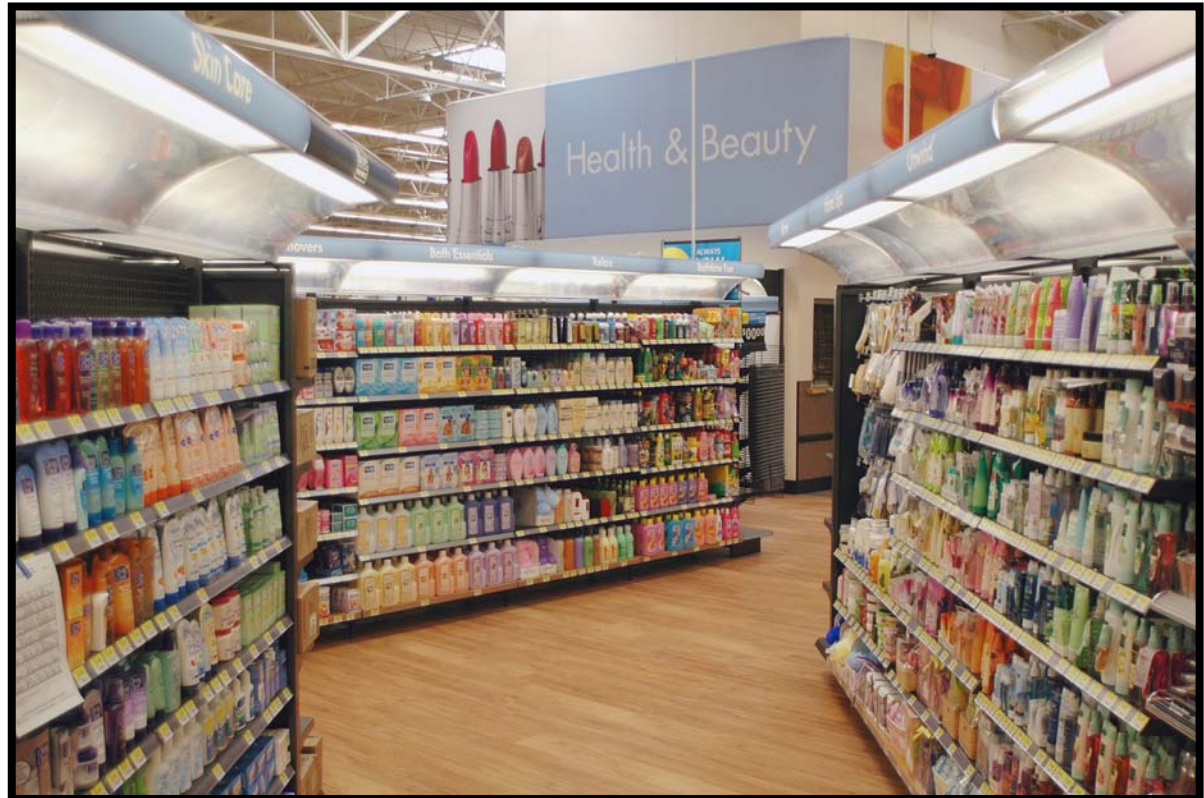
"It just left our loading dock."





# Simple job:

- Ensure products are on the shelf when customers want to buy them





# Reality check ...



# Getting product to the customer



Innovation and precise execution are instrumental in getting to the customer the:

right product,

to the right place,

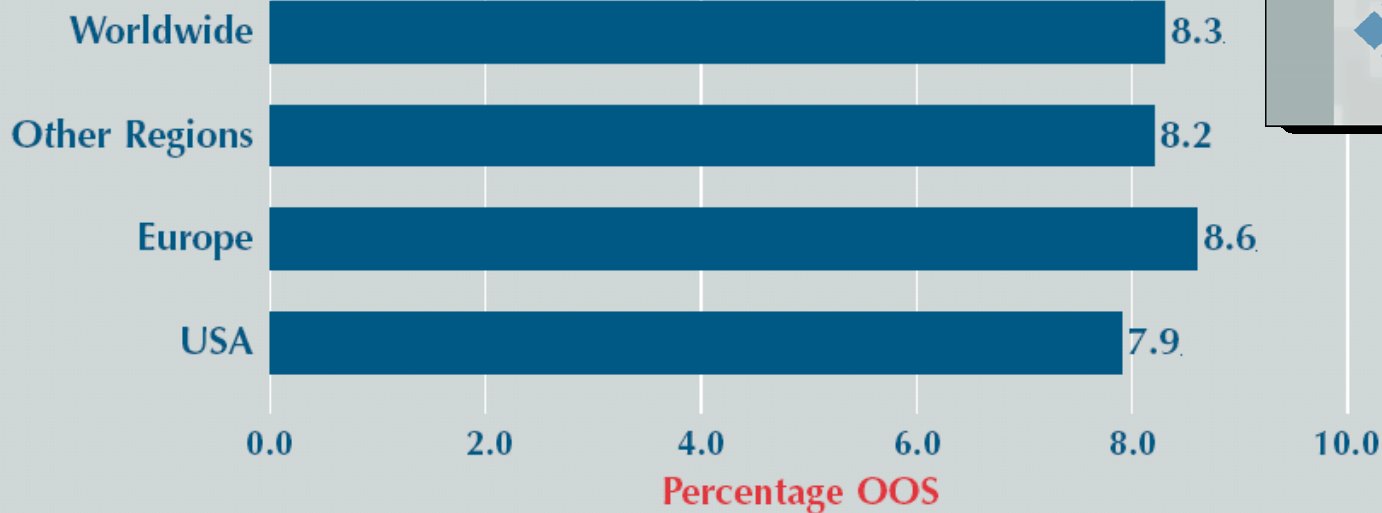
in the right quantity,

at the right time.



# Why RFID

## Overall OOS Extent (Averages)



Source: ECR Europe  
2004

7.9% OOS = 14 million customers per week not finding what they came for!

# How does the consumer respond?



■ Does not purchase the item:	9%
■ Substitutes a different brand:	26%
■ Buys item at another store:	31%
■ Substitutes the same brand:	19%
■ Delays purchase:	15%

# Verifying the results



- Independent study over 29 weeks
- Largest out-of-stock study globally
- Conducted by University of Arkansas
- Results are published and available at <http://scmr.uark.edu>



**Supply Chain  
Management Research  
Center**



**SAM M.  
WALTON**  
COLLEGE of BUSINESS



# What are the results?

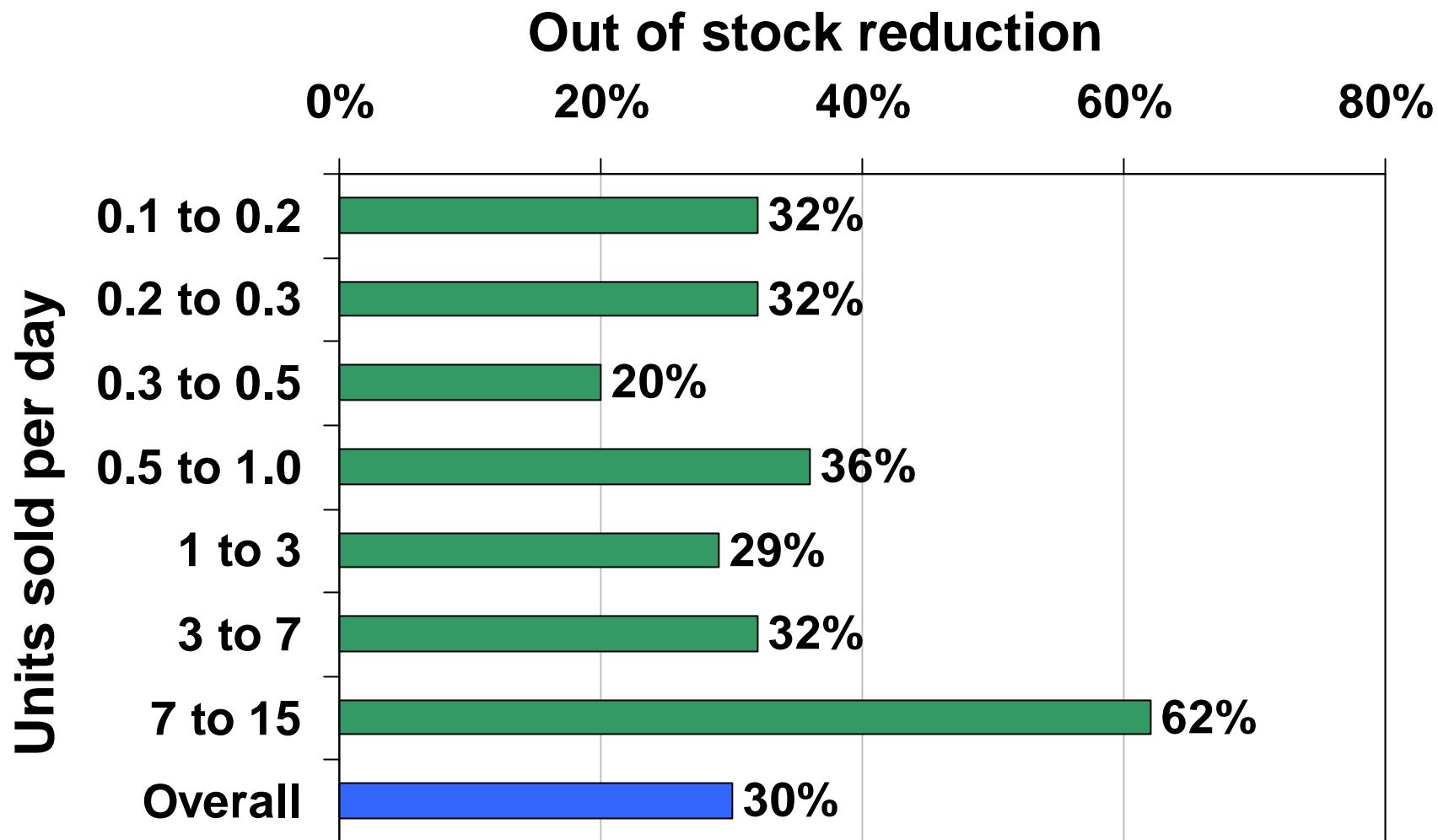
- Out of stock items replenished 3 times faster than non-tagged items
- 10% reduction in manual orders
  - Reduced inventory



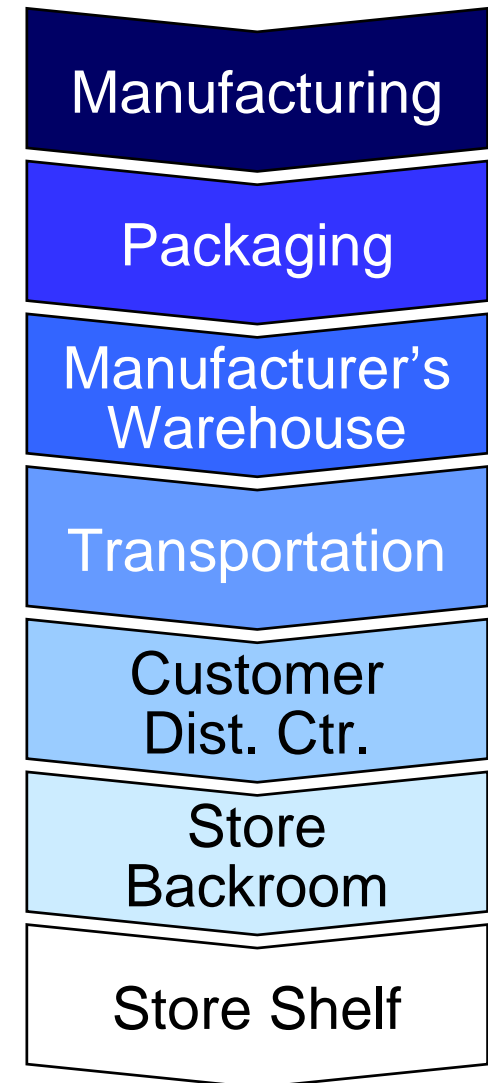
***Customer seeing effects at the shelf***



# Reducing out of stocks



- Supply chain visibility
  - From manufacturer to store shelf
  - Enables root cause analysis of supply chain inadequacies
  - Near real time visibility
  - Enables exception management



# Benefits of RFID

- Supply chain security
- Pedigree
- Smart recall



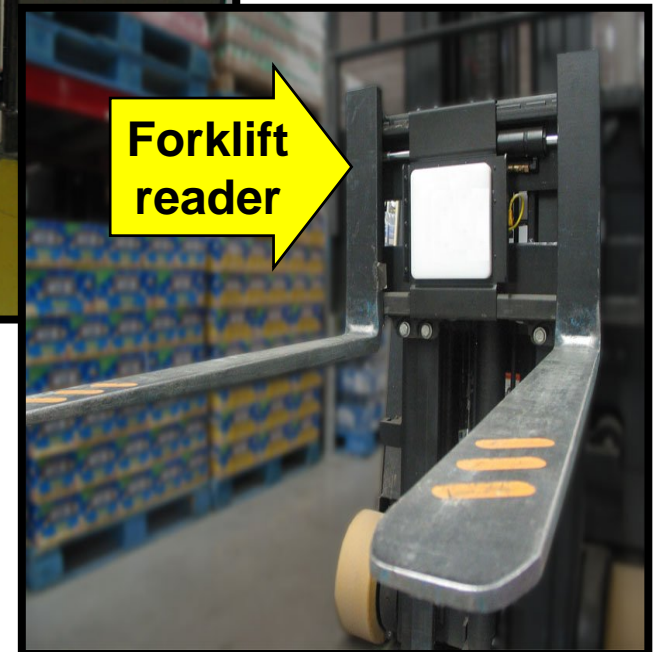
# Benefits of RFID

- Reduction of manual orders
- Claims Administration
- EPOD



# What can the Chicago area do?

- Encourage retail suppliers to take advantage of EPC benefits
- Certified EPC Lab for Suppliers to test
- Public Warehouses and 3PL's RFID Enabled
- Encourage and support technology and supply chain secondary education





## Korean Proverb:

A turtle travels only  
when it sticks its  
neck out.



About to be Taken to a  
Whole New Level





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