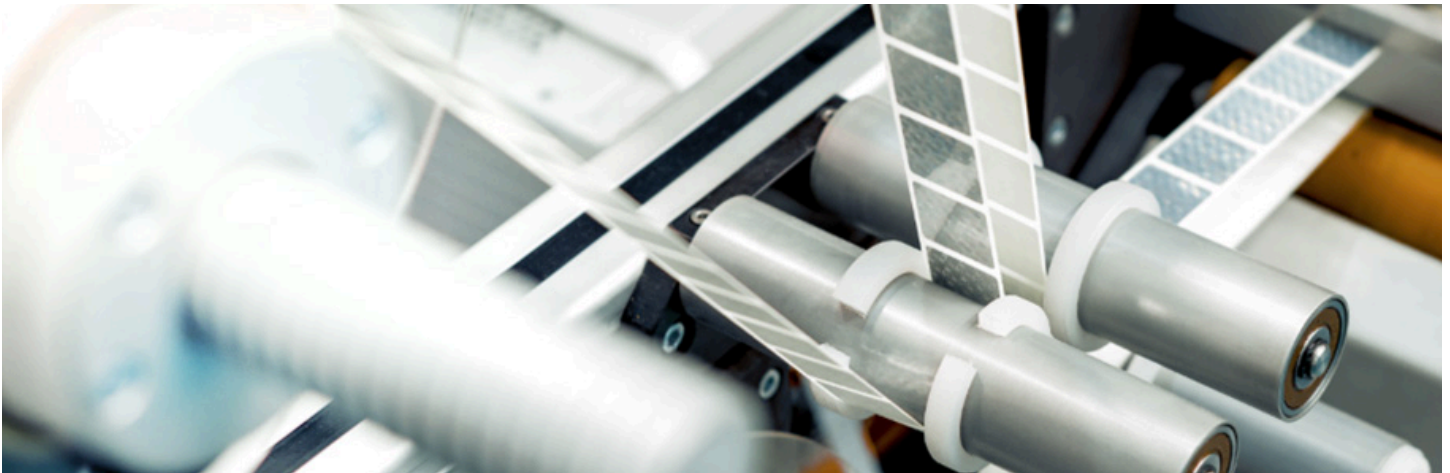


Walmart Goes All-In on RFID

Avery Dennison is supporting Walmart's initiative to incorporate RFID technology into the products on their store shelves. Here's how label converters can take part in the opportunity.



Walmart has been on a journey to utilize RFID technology for years. After wide adoption in the apparel category, this initiative is being expanded to several other categories. It's a tremendous opportunity for label converters, as inlays are commonly affixed to packaging through product labeling. Let's dive into the opportunity and look at how Avery Dennison — one of the world's leading suppliers of RFID inlays and label materials — can help you make the most of it.

Truly a giant

It's hard to imagine modern life without Walmart. The giant operates more than 4,600 stores in the U.S. and more than 10,000 worldwide. With \$600 billion in global annual revenue, the company is the world's largest retailer by a long shot. A Walmart store typically stocks more than 140,000 items on its shelves.

Operating profitably at such a massive scale, year after year, requires new solutions to help manage inventory, reduce stockouts and increase overall efficiency. To that end, Walmart is going all-in on radio frequency identification technology, or RFID.

A crucial piece of the IoT puzzle

Although the technology dates back decades, the last 20 years have witnessed a boom in the adoption of RFID, making the technology more cost competitive. Numerous industries, including retail, health care and transportation, have adopted RFID for applications such as supply chain management and inventory tracking.

Today, RFID is a crucial piece of the technology puzzle that is the Internet of Things (IoT). It creates a reliable trigger to connect the physical product to its digital twin throughout the supply chain. Organizations that adopt RFID seek a variety of benefits, including better operational efficiency, increased visibility of goods and assets, reduced costs, improved security and heightened consumer engagement. These are exactly the types of benefits sought by the world's largest retailer, Walmart.

Why is Walmart expanding use of RFID technology?

Walmart expects it to provide several benefits:

- **Easier, faster and more accurate inventory management** than what's possible using traditional barcodes and readers.
- **Greater accuracy in tracking product inventory movement** through the company's global supply chain — from source to point of purchase — to help reduce theft, misplacement, spoilage and other forms of inventory leakage.
- **Boosted customer confidence when buying online for store pickup** (in other words, ensuring customers can be confident that a product shown as in stock at a particular store is actually in stock).
- **Optimized inventory** to ensure that the right products are in the right place at the right time — the time customers want them.



How is RFID implementation happening?

Walmart is utilizing a phased implementation. In 2022, the company implemented RFID for all apparel suppliers. With 100% of the apparel items tagged, they announced additional product categories in 2023, including electronics, domestics, sporting goods, toys and housewares. It initially targeted the largest suppliers in these categories but is expanding to include others.

The company is also directing brand owners to resources that ensure their products meet the company's RFID standards. Walmart's supplier RFID specifications are performance-approved by the RFID laboratory at Auburn University. A close partner with Walmart, the University is a recognized leader in the study and application of RFID technology. Auburn's continued role includes testing all proposed consumer-facing RFID integrated packaging to ensure it complies with Walmart specifications.

Avery Dennison is one of just nine global RFID inlay suppliers approved by both Walmart and Auburn to provide support and expertise to any organization seeking to understand and adopt RFID technology. Being included on the exclusive list recognizes our RFID capabilities, materials expertise and global capacity for supporting customers.

What should converters know?

This brings us to the important role that converters play — and the opportunity for individual converters to differentiate themselves as a go-to packaging resource for RFID.

Most brands will choose to either integrate RFID inlays into their prime label or add a companion label to product packaging that includes an RFID inlay. Brands will need converters that can provide customized RFID solutions and understand the dynamics of label and packaging production to ensure they have an optimal RFID solution.

RFID technology is not immune to challenges as materials like water and metal can negatively impact performance. As a result, some product categories, such as sporting goods, crafts and fabrics, garden, paint, automotive, and health and beauty, may require additional innovation to make RFID work seamlessly with product packaging and ensure readability. Again, this is an area where label converter expertise will prove crucial.

How to get started

For as long as many of us can remember, Walmart has represented a tremendous opportunity for product packaging and labeling. As we move forward, converters that can provide RFID expertise will have a leg up on those that do not.

Avery Dennison is in a prime position to help. As a stakeholder in this Walmart initiative (one of nine approved RFID suppliers), working with us means you already have an experienced implementation partner. We offer a broad portfolio of RFID inlays and other solutions, backed by application and technical support. To learn more about how we're supporting Walmart and its suppliers as the retailer implements its RFID initiative, visit rfid.averydennison.com or contact your Avery Dennison representative.

label.averydennison.com

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