



A GUIDE TO WALMART'S LATEST RFID MANDATE

The updated requirements, how to
get started, and why other retailers
will likely follow suit



Walmart recently expanded the scope of its radio frequency identification (RFID) tagging requirements, adding several primary merchandise categories to its existing lineup of products that are required to have RFID tags. The company, which initiated its current RFID program in 2020, recognizes the positive impact smart tags – which utilize radio frequency waves to transfer data and identify objects without a line of sight – have throughout its operation, including:



Faster, more accurate inventory counting and ordering



Security and loss-prevention measures that fit seamlessly into their existing technology



Real-time inventory tracking and updates and better sales forecasting



Easier order picking and inventory coordination within their e-commerce function

Walmart announced last year that it would be expanding the scope of its RFID mandate into a larger number of product categories – and that latest mandate has gone into full effect. This expansion of Walmart's RFID program will greatly impact its suppliers and the service providers working with those suppliers.

Beyond the effect the program has on Walmart's own suppliers, it's also likely to serve as a catalyst for other retailers as well. They, too, will increasingly mandate technologies and systems that enable better inventory tracking, better security, and more efficient order picking.

Suppliers wishing to be ahead of the curve would be wise to integrate RFID technology now, rather than wait for additional retailer mandates. By doing so, they, too, can experience more precise inventory tracking, cost savings through automation, and improved data accuracy – and make certain their products reach the sales floor without delay.

Here, we'll take a closer look at the Walmart mandate and guide you through the steps a supplier must take to comply with an RFID program. These steps can likely be replicated when working with other retailers as RFID continues its surge throughout the retail marketplace.




UNDERSTANDING THE REQUIREMENTS

As of February 2024, Walmart now requires that nine additional product categories must have RFID tags affixed before hitting store shelves. Products without compliant labels will be restricted from in-store distribution. Here are the specific requirements:

Expanded category tagging: As noted earlier, suppliers are required to attach RFID tags to each individual product within the retailer's expanded range of specified categories. The newly added nine product categories are:

 Cameras and supplies

 Media and gaming


 Automotive

 Crafts

 Stationery

 Hardware

 Paint

 Lawn and garden

 Books

This RFID mandate has been implemented in phases, with compliance deadlines depending on the particular product category. The latest categories are in addition to the categories previously slotted for the program:


 Apparel

 Home

 Electronics

 Toys

 Sporting goods

 Automotive tires and batteries

Accurate data: Suppliers must provide accurate, up-to-date data for each specific product. This requirement ensures that Walmart has real-time visibility when it comes to inventory levels. As a result, Walmart can quickly recognize the best time to reorder its products, refill out-of-stock items faster, and head off an overabundance of surplus or outdated stock.

ARC certification: All Walmart suppliers must obtain certification from the RFID Lab at Auburn University – the Auburn Renewal Center (ARC) – for RFID tags. In operation since 2009, the ARC program ensures that RFID tags meet or exceed the retailer's performance requirements. Approximately a dozen retailers across the country now utilize the ARC program, as do various manufacturers and other organizations.



GETTING STARTED

If a new supplier contracts with Walmart for in-store distribution — or a current supplier distributes a new product in-store — the initial step is to determine if the latest company mandate requires the product to have RFID tags.

It's the supplier's responsibility to take the following steps for ARC-approved tag selection, placement, and approval before shipping the product to Walmart. As a note, working with a trusted labels vendor with specific RFID expertise can expedite this process and ensure compliance with the mandate.



Determine which specific type of RFID inlay is approved by Walmart for use on the product. Comprising an RFID microchip, antenna, and substrate, the inlay is mounted onto label material — think of the inlay as the “smart” portion of an RFID tag.



Source the RFID tags. As noted earlier, all samples must be ARC-approved.



Encode the RFID tags — this includes encoding the UPC as well as the unique serial number in the chip of an RFID tag. All RFID tags must be unique. A UPC number and a unique serial number on the inlay create an electronic product code or EPC. The EPC logo must also be printed on the label to showcase that this product has been approved to be on the shelf.



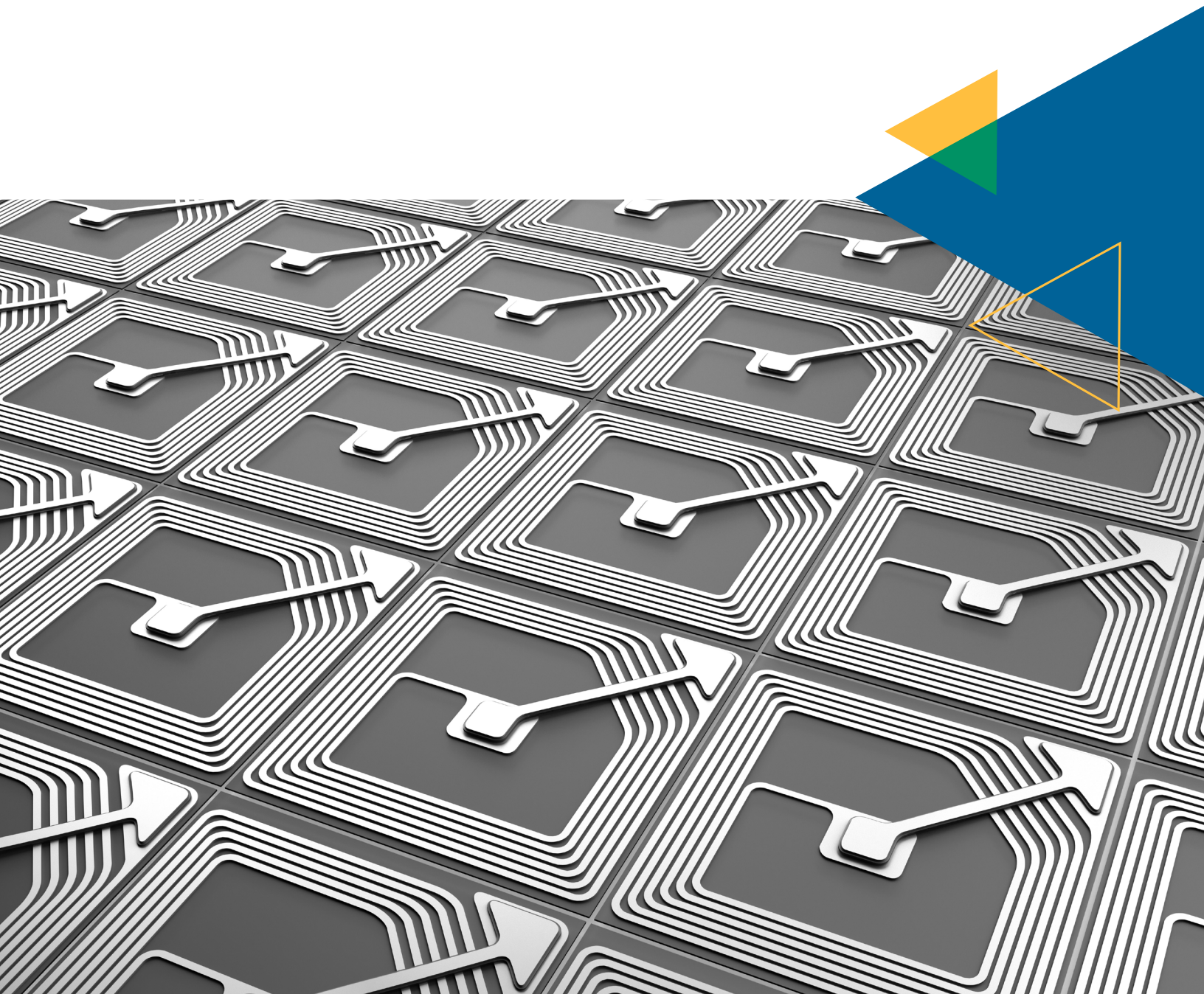
Attach RFID tags to each product before shipment to Walmart. An all-temp permanent adhesive or acrylic adhesive is the most common attachment method for standard applications (other methods include epoxy, rivets, wires or ties, and embedding the tag). Keep in mind that RFID tags should not interfere with packaging artwork. Walmart has created RFID placement guides for apparel, packaging, and other products, and makes these available to its suppliers.

MORE MANDATES ON THE HORIZON?

Walmart will no doubt continue to expand its RFID program in the next couple of years, targeting additional product categories such as food and beverage. It is recommended that manufacturers and suppliers begin preparing now for the retailer's expanded mandate.

In the future, you can also expect more retailers to follow Walmart's RFID lead. Companies like Dick's Sporting Goods, Nordstrom, and BJ's Wholesale Club have already instituted their own RFID programs and mandates, with Target and Costco not far behind.

Various other retailers and product manufacturers have certainly had RFID and smart labels on the back burner in recent years. Now, Walmart's expanded mandate has sounded a clarion call for an RFID industry that will likely grow dramatically in the coming months. After all, the myriad benefits and cost savings that RFID technology offers to retailers and suppliers alike are just too significant to ignore.





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