

The Future Today

Intermec's RFID technology automates pallet tracking for real-time inventory visibility at METRO Group's Future Store

By Lorna White

MAKING SHOPPING easier and more convenient is a goal shared by retailers and customers alike. Taking the lead in making this vision a reality is Düsseldorf, Germany-based METRO Group, one of the world's top five retailers with annual sales of more than €53 billion.

Through the Future Store Initiative, METRO Group is promoting innovations in retailing on an international level. Its model store in Rheinberg is designed to demonstrate how technology can benefit retailing operations from inventory to point of sale.

A consortium of more than 40 partners from the IT, consumer goods and service industries, including Intermec Technologies, SAP, Intel and IBM, powers the Future Store. Technologies and systems are tested and further developed in an actual retail setting to help set standards for retailing that can be implemented on an international scale.

RFID at the core

One of the core technologies employed in the Future Store project is radio frequency identification (RFID). This is one of the first demonstrations of RFID technology based on international standards that can be used worldwide.

Intermec's RFID systems allow retailers to track goods throughout their supply chains, from the initial product order through shipment, delivery, warehousing, shelf stocking, and all the way to the point of sale. This innovative pallet- and case-tracking application is more efficient and accurate than manual tracking and it cuts time spent on administration while providing a thorough inventory report that helps METRO Group better serve its customers.

"Demonstrating the business advantages of new technologies such as Intermec's Intellitag RFID will vividly illustrate how retailers can

increase system-wide efficiency and inventory accuracy while at the same time increasing profits," said Zygmunt Mierdorf, member of the management board of METRO Group.

RFID at work

At the manufacturing stage, goods receive an RFID tag that contains a unique number called a Global Trade Identification Number (GTIN) and a serial number that allow it to be identified at every point along the supply chain. As the goods leave the factory floor and pass through dock doors, the Intermec readers read the tags on the pallets and cases, identifying all the products and automatically building the manifest.

The tags are read again at the distribution center and warehouse, where arrival is confirmed and the information is sent into the inventory system. To avoid duplicate entries and to guarantee inventory accuracy, the RFID tags on the empty cartons and pallets are read a final time, then removed or disabled. Each scan provides complete and accurate shipment, back-store and front-store inventory levels. This information is then sent to METRO Group's SAP enterprise resource planning system. The RFID readers also provide inventory and expiration date control of cosmetics and food products.

The METRO Group Future Store Initiative has been so successful that a multi-stage plan beginning November 2004 will provide for approximately 100 of Metro's suppliers to outfit all pallets and transport packages with RFID tags in their production facilities for goods bound for 10 of the METRO Group's central warehouses and for some 250 outlets of the company. ■

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