

Procter & Gamble's EPC Advantaged Strategy

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P&G Global Privacy Executive



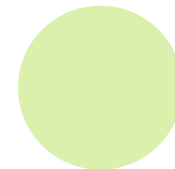
P&G EPC Team

Working Together. Winning Together.



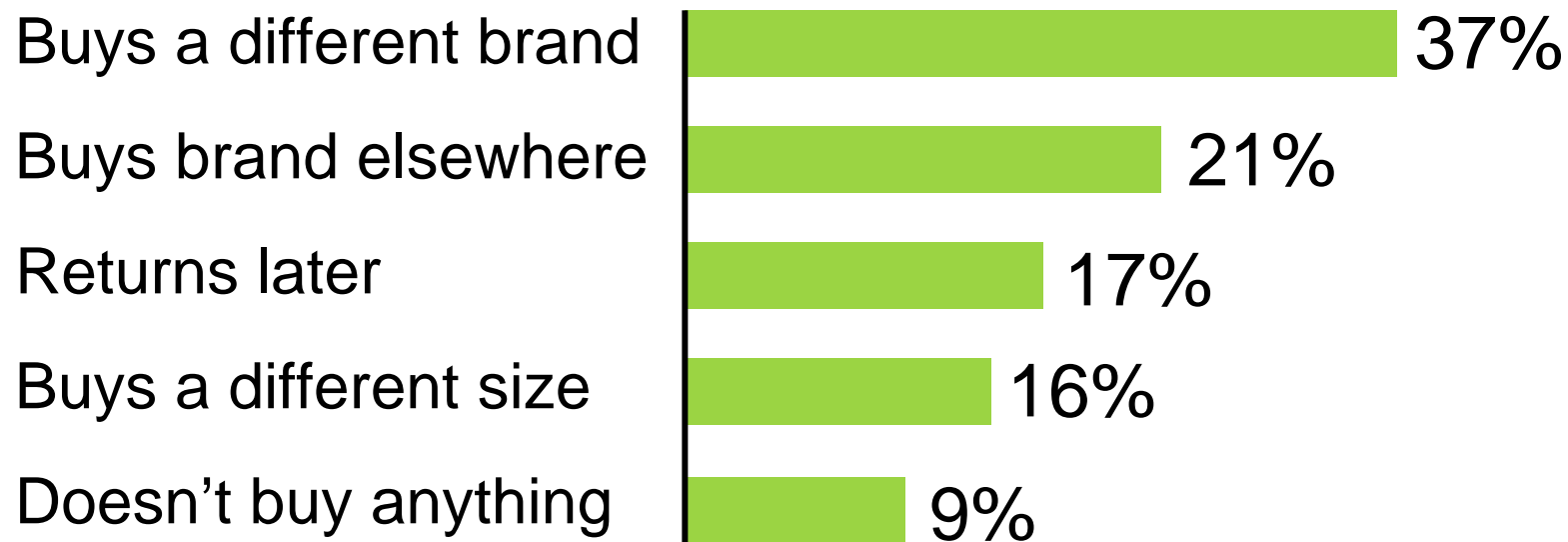
Supply Network Inefficiencies Result In Lost Product, Lost Sales And Lost Opportunities

- Inaccurate orders shipped/received
- Errors in data entry on shipment and receipt of goods
- Lack of stock visibility
- Theft/diversion
- Inefficient stock replenishment & reordering
- Out of stocks and lost sales



Not Finding Their Desired Choice, Shoppers Either Switch Brands, Stores Or Buy Nothing

Consumer Responses (%)



Transforming The Supply Network

The Electronic Product Code is like having a **“crystal ball”** to look into your supply chain

EPC provides **“Actionable Inventory Visibility”**

This enables the creation of **new work processes** that will allow goods to move more efficiently through the supply network resulting in:

- Less loss
- Fewer inaccuracies
- Better product availability
- Greater customer & consumer satisfaction



In 2003, P&G And Gillette Were Founding Members Of EPCglobal

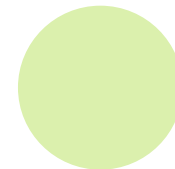
- Promotes global, multi-industry, user driven standards, collaboration and adoption using EPC
- Global membership now exceeds 800 businesses



Gillette And P&G Have Been Actively Engaged In Pilots

In-house and Retail pilots are critical to establishing the business case

- Test and learn the technology
- Develop a scaleable solution
- Validate the business case
- Drive deployment to deliver business benefits **NOW**



Let's Walk Through The Devens Pilot...

Cases are EPC tagged



The SKU is scanned for each production run



The SKU is used to generate the unique EPC

Production Line Details

Schubert 92

Current Product :	Venus 8 (SKU: 4008)	change	
Pallet Building Summary at	Schubert 92: Pallet Building		
Pallet Building Controls	(Start)		
Errors in Last 5 Minutes			
Location	Error_Count	Task	Details
No results were returned for this query.			



The pallet moves from the pack center to the DC via a verification tunnel



The cases are aggregated to a pallet



The EPC is written, verified & recorded



Let's Walk Through The Devens Pilot...

Pallet is identified using one or more EPC tags



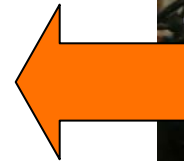
The DC receives goods and data verifies payment to pack center



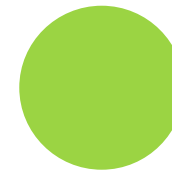
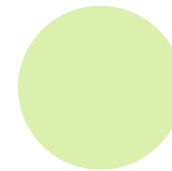
Customer order is processed and verified



Efficient
Accurate
Transparent

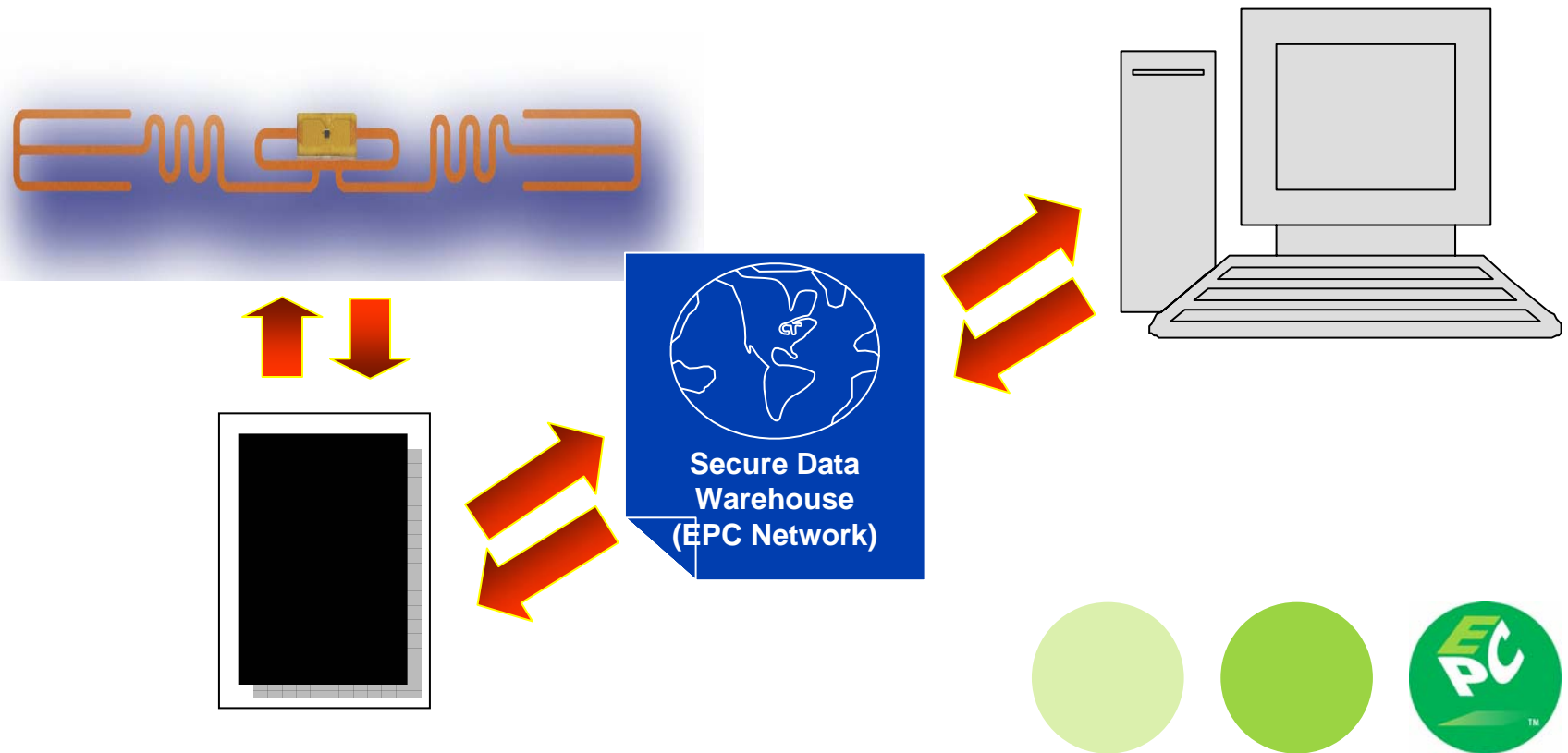


Exit door readers record and confirm shipment



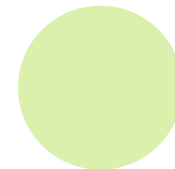
How The EPC Works

The identity can be read remotely via a secure data warehouse



Pilots Were Conducted To Demonstrate The Benefits Of Tagging Promotional Displays and New Items

- Incremental sales
- More shopper satisfaction
- Greater leverage of marketing investment
- Improved labor productivity

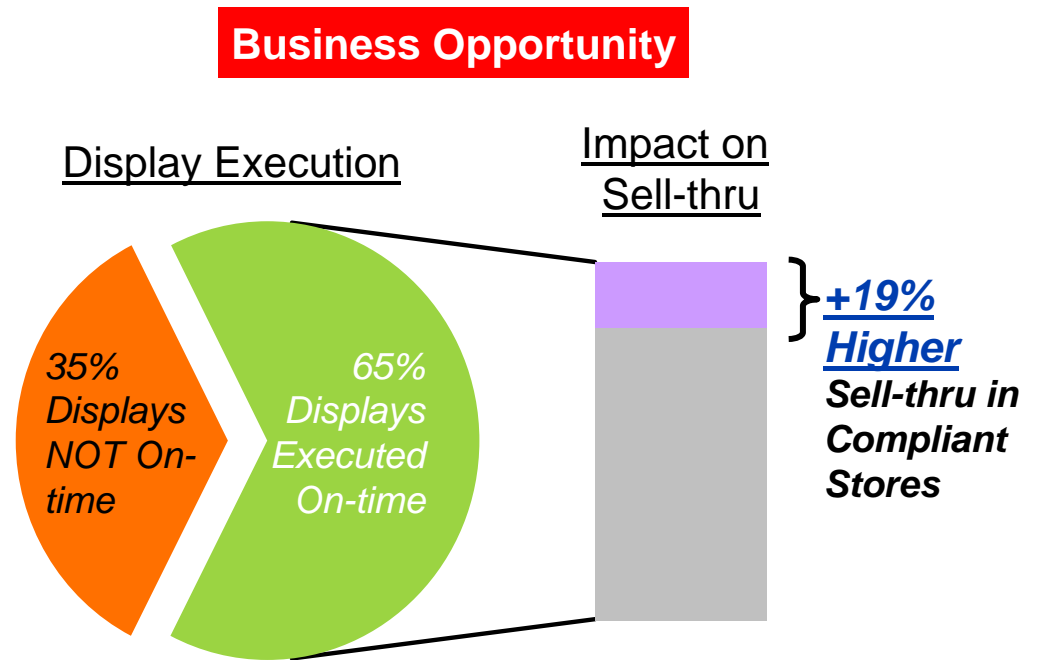


Venus Disposables Promotion Pilot

EPC tagged displays shipped to stores. Promotion supported with advertising

EPC reads provided visibility so displays could be 'fast tracked' to sales floor

- Idle inventory eliminated
- In-stock at all times
- Incremental sales recorded

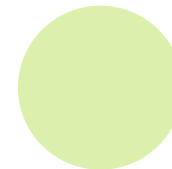


Examples of Display Cases

End Aisle – EndCap



In Aisle - On Shelf



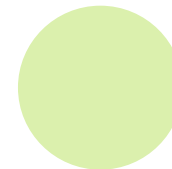
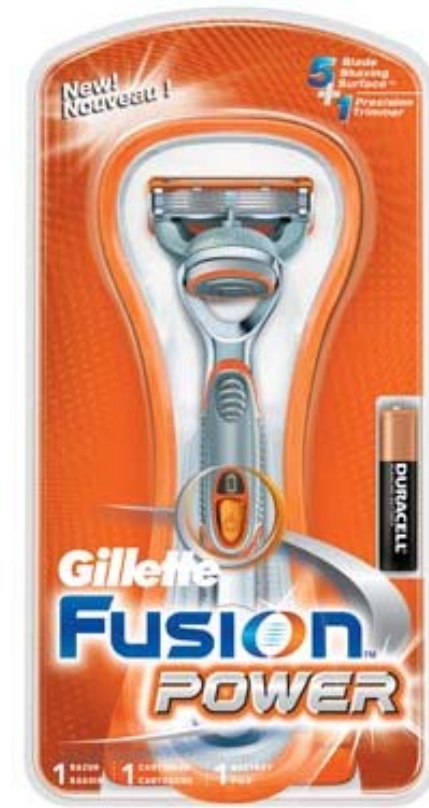
Gillette Fusion Launch

EPC used in EPC-enabled stores to help ensure perfect retail execution to coincide with 2006 Super Bowl launch

The first new product packaging designed to be 'EPC-friendly'

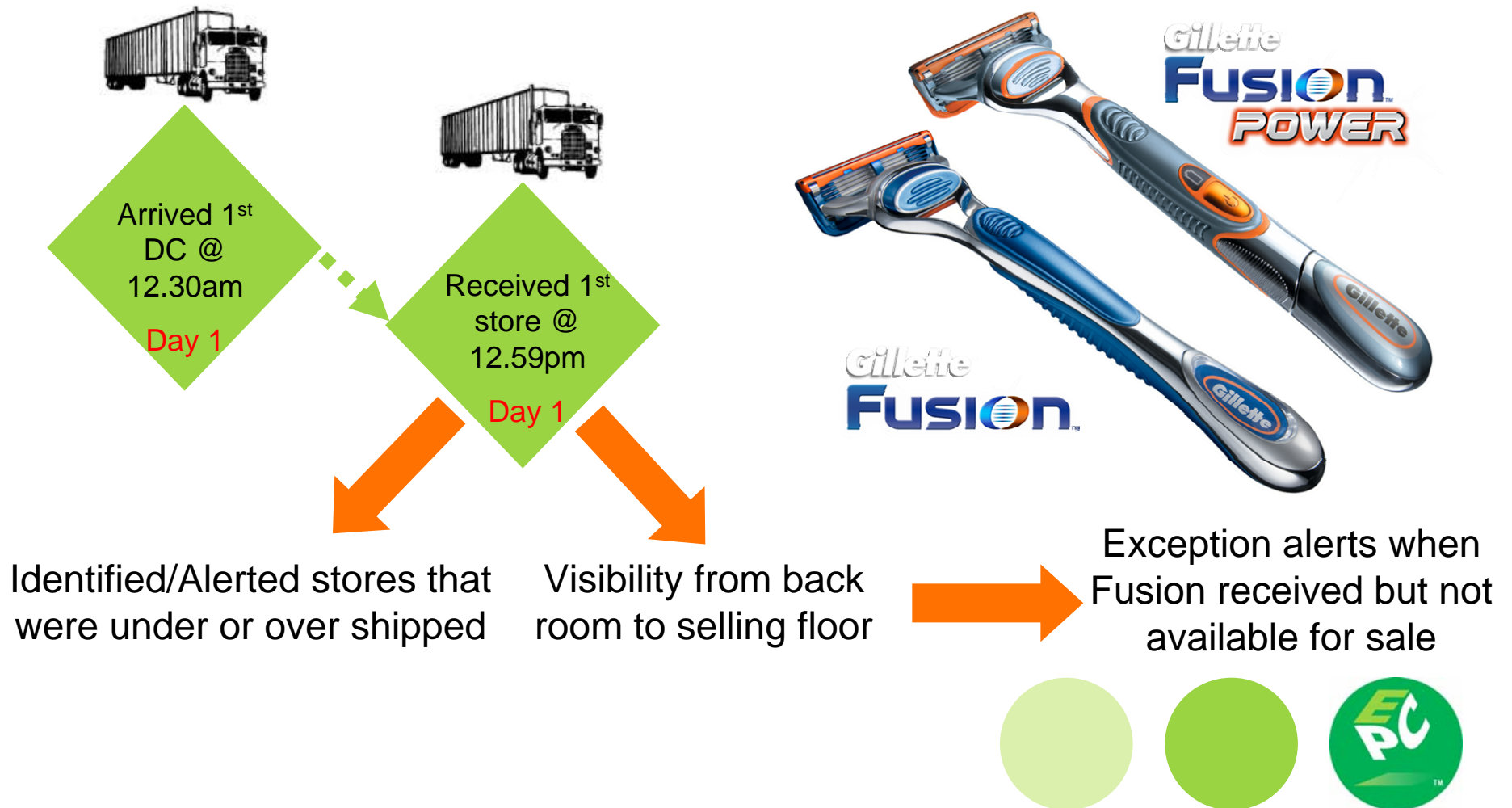
EPC used on Fusion cases, displays and pallets

Two retail partners, four DC's and over 400 stores



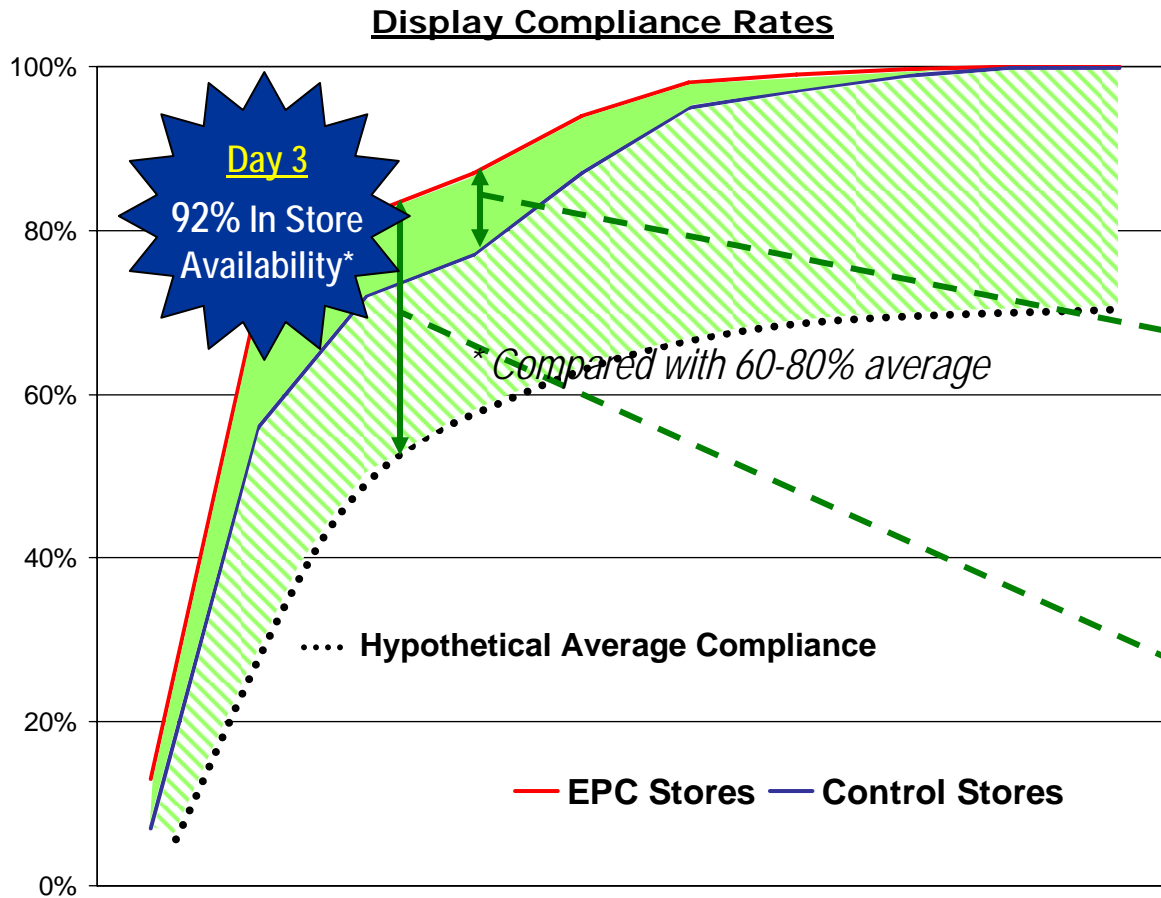
Gillette Fusion Launch - Learning

EPC visibility enabled process modification targeting non-compliant stores



Gillette Fusion Launch - Learning

On average, EPC-enabled Stores achieved earlier compliance and realized greater sales compared to Control Stores



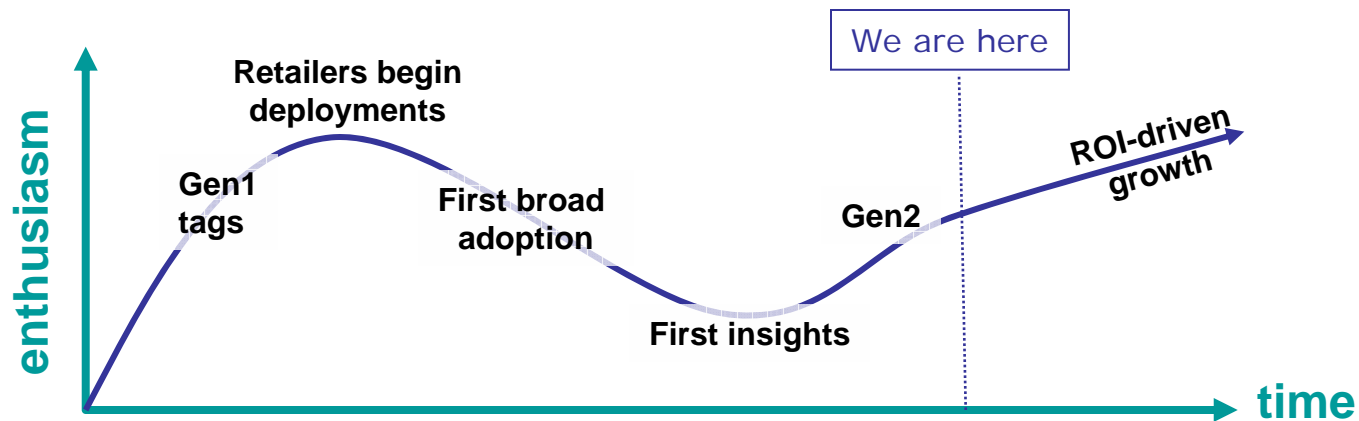
The value EPC provides is to improve performance in non-compliant stores by providing “actionable visibility” data to enable process modification

Given the importance of and commercial support for Fusion, Compliance was extraordinarily high. For “average” launches, EPC can potentially provide more benefit.



Pilots are Proving Real Business Benefits

- 2004...the year of RFID physics
 - does RFID work?
- 2005...the year of retailer deployments and discovery
 - what are the opportunities?
 - what work processes must change?
- 2006...the year of ROI Pilots
 - changing processes and delivering value
- 2007...a new way of doing business is established






EPC Advantaged Strategy

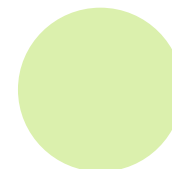
- It doesn't have to be “all or nothing”
 - Can help retailers and manufacturers collaborate & set priorities to better meet shoppers' needs
- Starts with “EPC Advantaged” products and scenarios, which can deliver benefits now!
 - “Advantaged”
 - “Testable”
 - “Challenged”
- Pilot implementation is “phased” based on the value proposition derived from pilot learning and work process change
- Provides flexibility to expand pilots while continuing to test & learn about new opportunities



The EPC Advantaged Strategy

Tiering allows for specific approaches focused on value creation to enable increasing (tagged) volume

	Approach	Product Examples
 Advantaged	Delivers benefits NOW: higher sales, productivity, reduced out of stocks, etc based on key retail process changes already identified	Promotional display modules Crest White Strips Gillette Blades and Razors
 Testable	Drives new learning and tests with some scale. Identifies the next round of Advantaged products and scenarios	Swiffer Braun appliances
 Challenged	Drives continued research at the manufacturer	Manual toothbrushes Pringles Cascade Anti-perspirants/deodorants



Public Issues



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Industry Guidelines Are In Place To Protect Consumer Privacy

P&G was a founding signatory to the EPC User Guidelines

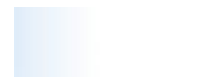
- The user guidelines set out clear principles for the use of the technology and are applied by all companies utilizing the EPC. The guidelines cover four primary areas:
 - **Consumer Notice**
 - **Consumer Choice**
 - **Consumer Education**
 - **Record Use, Retention and Security**
- Full details on the guidelines are available at www.epcglobalinc.org

EPCglobal 

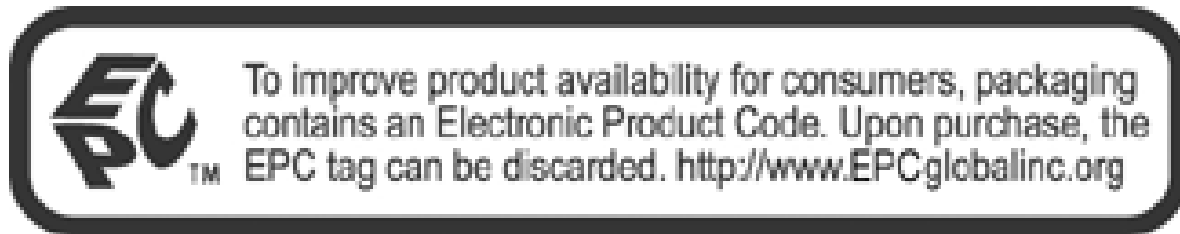


P&G helped create a multi-sector best practices document

- Facilitated by Center for Democracy and Technology (CDT)
- Three other consumer advocate individuals
- Technology development companies
- End User representatives from financial services, pharmaceuticals, library, automotive, retail supply chain, technology consumer products, etc.
- Emphasis on linkage to personally identifiable information (PII) -- Fair Information Practices



Examples of P&G application of the guidelines



On cases and Pallets

Rx Test – spring 05



Consumer research facility



This Facility utilizes Electronic Product Codes (EPC) and Radio Frequency Identification to improve your shopping experience.

More information about EPC can be found at: www.epcglobalinc.org



Search
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Product Information

Choose a Category
 Choose by Brand

Get in Touch With Us

Company

Who We Are
 Science Behind the Brands
 Our Commitment

Global Responsibility
 Corporate Governance
 Privacy
 Electronic Product Coding
 Application
 Policies

Company Help

For Customers:

Section

Additional Services:

Section

Send a Report:

Section

Your Privacy



Corporate Privacy Information

- ▶ **P&G Privacy Policy**
Procter & Gamble takes pride in the high standards we set for consumer privacy.
- ▶ **P&G Privacy Statement**
- ▶ **P&G Position on Electronic Product Coding (EPC)**
Procter & Gamble is pursuing the use of EPC to create efficiencies in the supply chain. Read more.
- ▶ **EPC FAQs**
Learn more about EPC technology.
- ▶ **Privacy News**
Consumer privacy issues continue to garner a great deal of press. Follow the emerging conversation.
- ▶ **EPC Technology Test Locations**
Follow this link for a complete list of testing locations.

PG.com - P&G Global Privacy Policy - Microsoft Internet Explorer
 File Edit View Favorites Tools Help
 Address http://www.pg.com/company/our_commitment/privacy_policy/privacy_policy_test_locations.jhtml

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 Choose by Brand

Get in Touch With Us

▶ **Company**
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 ▶ Science Behind the Brands
 ▶ Our Commitment
 ▶ Social Responsibility

Your Privacy

EPC Technology Test Locations

We are currently testing the costs and benefits of EPC technology with our retail partners at the following locations.

Approximate dates of the test	City, state, country	Number of stores participating	Brand(s) participating in the test	Where is the tag?
3 May 2004 to Present	Dallas, TX	163 stores	Pantene, Bounty, Always, Tide, Cheer and Gain	Case/Pallet and Gain
April 2003 to Present	Berlin, Germany			

Your Privacy

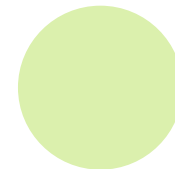
- ▶ P&G Privacy Policy
- ▶ P&G Position on Electronic Product Coding (EPC)
- ▶ **EPC Technology Test Locations**
- ▶ EPC FAQs
- ▶ Privacy News

2 PM

Consumer Education Is Key To Allaying Privacy Concerns

Shoppers should understand the fundamental aspects of the EPC

- How the EPC works
- How it will be used
- The measures in place to protect their privacy
- The benefits the EPC will deliver



Consumer Benefits



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The Benefits That The EPC Will Bring To Consumers Are Significant

- Improved retail availability of everyday products
- Health and safety reassurance
 - Product integrity
 - Streamlined product recalls
 - Expanded product information
- Enhanced retail environments
 - Faster checkout
 - Streamlined returns
- Identification of stolen goods
- Evolution of 'smart' appliances



In Closing...

- EPC adoption is progressing
- Seeing benefits today – “Actionable EPC Visibility” is enabling process change
- A phased deployment of products based on a value proposition can lead to business benefits **now...** “EPC Advantaged Strategy”
- Continued learning will lead to new “discoveries” and solutions
- Public Policy is best addressed upfront, **BEFORE** it becomes an issue
- Those that understand and use EPC first will have a competitive advantage



Lessons Learned From The Past

“Over the course of a few years a new technology annihilated distance and shrank the world faster and further than ever before.”

“The benefits of the network were relentlessly hyped by its advocates and dismissed by the skeptics. Governments and regulators tried and failed to control the new medium and attitudes to everything from news gathering to diplomacy had to be completely rethought.”

“A worldwide network spanned continents and oceans, it revolutionized business practice and gave rise to new forms of crime. Romances blossomed. Secret codes were devised by some and cracked by others.”

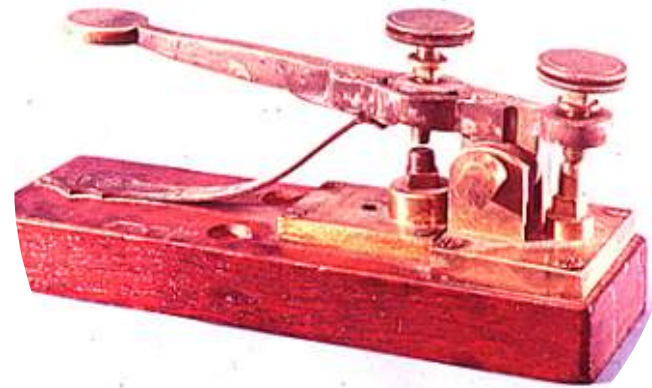
**What New
Technology
Was It?**



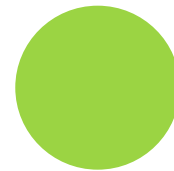
The
Internet....?



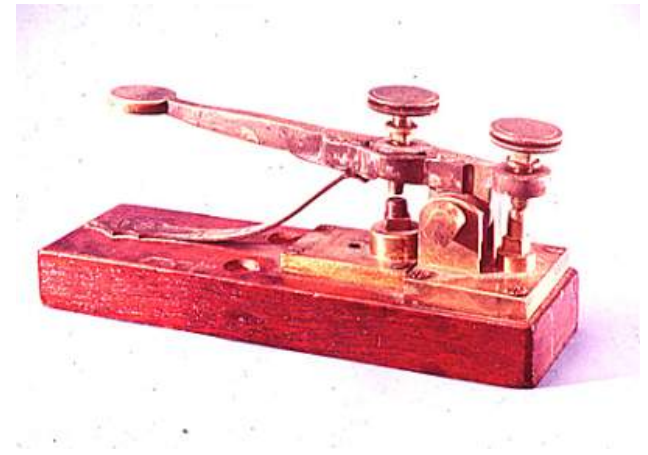
The Telegraph...1884



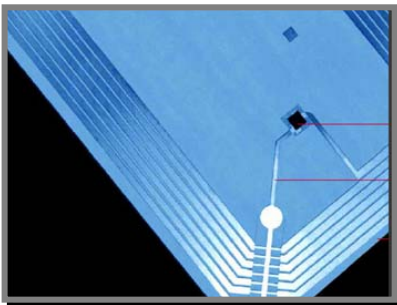
Source: National Museum of American History, from the US Patent Office



The Telegraph - 1844



Today, we are undergoing another technology revolution, a new network - no less controversial...no less powerful. EPC is proving that we can reinvent the way we collaborate and do business. The future is repeating itself. The future is **now!**



The EPC - 2006





P&G EPC Team

Working Together. Winning Together

Touching lives, improving life. *P&G*TM