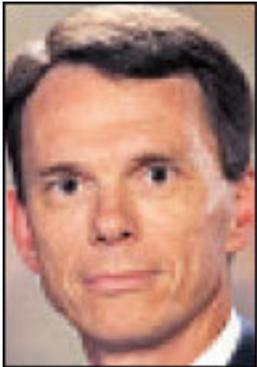


Why you should care where you are in the RFID adoption phase.

By Bill Hardgrave

Oct. 15, 2012—"When it comes to RFID, am I ahead of, behind or out of the game?" That's a question I am often asked by U.S. retailers, at conferences, by phone, in e-mail, on [Facebook](#) and via [LinkedIn](#). Clearly, RFID adoption is on their minds, and with good reason.

To be competitive, retailers must have high inventory accuracy. And studies conducted by [Auburn University](#) and the [University of Arkansas](#) with many U.S. retailers have shown that RFID can improve inventory accuracy from an industry average of 60 percent or less to more than 95 percent. With 95 percent accuracy, many retail problems are solved or attenuated—out-of-stocks go down, safety stock or unnecessary stock declines, and sales and/or margins improve.



Getting back to the retailers' question, I tell them: If you have fully deployed RFID throughout your stores—tagging all items in all stores—you are ahead. If you have not started considering potential uses for RFID in your stores, you are behind. If you're anywhere else, you're—well—in between.

In the past few years, RFID adoption by U.S. retailers—particularly those in apparel (both specialty and department stores)—has picked up significantly. Of those using RFID, I estimate roughly 10 percent are on their way to full deployment (none are fully deployed). Another 30 percent are at the beginning of phased deployment. The other 60 percent are evaluating how RFID can help them solve business problems and/or using pilot projects to set their strategies for phased deployment.

While the majority of end users are still in the early stages of RFID adoption, at least they are actively investigating and/or implementing the technology. I am concerned about the many retailers who are not yet asking about RFID deployment.

The fact is, any retailer without RFID has an inventory accuracy problem. Many retailers know they have a problem but do not want to admit it. Others truly do not realize they have a problem—they look at existing data and assume all is well, when, in reality, they are relying on bad information. And some retailers realize they have a problem and spend lots of resources trying to correct it. (Typically, they hire more workers to manually scan the bar codes on items, which is expensive and inefficient.)

Remember, the first step to solving a problem is acknowledging you have one. Then, you need good data to fix the problem. And third, you must address the related cost concerns. Tracking items with RFID provides good data and is more cost-effective than increasing labor resources.

In the near future, retailers will require RFID to be competitive. It's time for all retailers to ask, "Am I using or planning to use RFID to improve inventory accuracy?" If the answer is no, it's time to take steps to get into the game.

Bill Hardgrave is the dean of [Auburn University's College of Business](#) and the founder of [University of Arkansas' RFID Research Center](#). He will address other RFID adoption and business-case issues in this column. Send your questions to hardgrave@auburn.edu.