

Best Buy to Deploy RFID

The consumer electronics retailer says it will require suppliers to use Electronic Product Codes on pallets and cases beginning in January of 2006.

By Mark Roberti

Aug. 31, 2004—Best Buy announced today that it plans to deploy Electronic Product Code technology to increase its supply chain efficiency over the next several years. The Minneapolis-based consumer electronics retail chain will require its major suppliers to begin applying EPC-compliant tags to product cases and pallets by Jan. 2, 2006. It expects to have all cases and pallets from all suppliers tagged by May 2007.

Paul Freeman, RFID program director for Best Buy, told *RFID Journal* that many of his company's high-level goals are the same as those of other retailers that have issued RFID mandates, including Wal-Mart and Target. But Best Buy has some advantages in using the technology because it sells high-value goods.

"We have found with our suppliers that the tag cost is not nearly the deal breaker that it is for consumer product goods manufacturing," he says. "And a lot of our cases have a single item, so we can get some traction on item-level."

Best Buy has been discussing its RFID plans with its suppliers for a while, and it has sent its suppliers a detailed document that outlines the steps that they have to take and the steps Best Buy has to take in order to use RFID tags in the retailer's supply chain.

"We'll be having kick-off meetings with all the vendors involved," Freeman says. "We looked at it and felt that a fair amount of time for any company to start with RFID is about 12 months. Some might need a little more time, but we've built in a buffer to give them time to get up to speed."

Best Buy plans to test several applications of the technology in select stores and distribution centers in the coming year. "Overall, one of our goals with RFID is to increase the velocity of the supply chain," says Freeman. "We need to move the product more efficiently and faster and reduce the forecast windows, which benefits everyone."

Best Buy participated in an [Accenture](#)-supported consortium that examined the potential benefits of RFID implementation across the consumer electronics supply chain. The company also talked with suppliers and surveyed customers. Best Buy now plans to team with Accenture to refine its RFID strategy, manage rollout and implementation and assist its suppliers with meeting its integration and compliance requirements.

He adds that Best Buy's suppliers should gain significant internal benefits from deploying RFID, but in addition, the retailer will work with its suppliers to share data that enables them to deliver the right goods to the right location at the right time.

"We addressed data sharing in the document we sent to our suppliers," he says. "We're going to work with them to see what data is valuable. They've given us some criteria, and we'll work with them to determine what

data makes sense to share for their benefit and ours."

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