

Target Tests RFID for Security

The retailer is testing passive tags on products to enhance supply chain security.

By Mark Roberti

Dec. 10, 2004—Caroline Landwehr, global security strategies manager for Target, the Minneapolis-based retailer, says her company is exploring the use of passive RFID to help secure the supply chain, as well as to improve efficiencies.

"We believe that over the next two to five years, we will see a move from smart containers to smart cargo in smart containers," Landwehr said at the National Cargo Security Council RFID Seminar in Long Beach, Calif., this week.

Target has 1,313 stores, 22 distribution centers and three import warehouses. It is usually ranked either second or third in imports to the United States. (Wal-Mart is the largest importer, and Target and Home Depot vie for the second spot.)

Landwehr said that it costs companies approximately \$300 in additional labor each time a cargo container receives a nonintrusive inspection and approximately \$1,000 if the goods are unloaded for a thorough inspection.

Target is a charter member in Customs-Trade Partnership Against Terrorism (CTPAT), a U.S. Customs and Border Protection program launched after 9/11. As part of that effort, Target worked with [ADT Security Services](#) to tag cartons of goods at a manufacturing facility in Manila, the Philippines. The cases were tracked through the supply chain to a deconsolidation point within the United States.

The project had several aims. One was to see if the technology could be used to reduce theft. "We thought we would be able to identify loss quicker in the supply chain because if the count is different at one load from the last, we can go investigate," she said.

Another aim was to create an electronic manifest, which is required by U.S. Customs 24 hours before a ship bound for the United States leaves a foreign port. And Target also hoped to learn how the technology could improve overall efficiency in the supply chain.

For the test, Target and its Manila supplier used passive Class 0 tags attached to cartons holding decorative household items. The tag's unique serial number was associated with a purchase order. And the goods were tracked through several nodes in the supply chain until they reached California.

Landwehr said that Target also used bar codes on the goods, and the RFID test was done in parallel with its normal bar code tracking systems. She said RFID wouldn't be fully integrated into Target's operations until the retailer has more information about the benefits, by examining the results of this test and conducting future tests

"Through projects like this, we are learning a lot," she said. "We are looking for real benefits and we think there is huge potential."

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