

Survey Says Manufacturers Drive RFID Uptake

An NCR-sponsored poll of manufacturers and retailers indicates manufacturers have taken the lead in RFID implementation, spurring adoption by retailers.

By Claire Swedberg

May 26, 2006—RFID adoption in the retail world is being fueled by manufacturers, according to a survey of worldwide companies conducted by retail market research company [Retail Systems Alert Group](#). The adoption rate, once fueled primarily by retail mandates, is now being led by voluntary manufacturer implementations, the survey found.

For the third annual retail study—"RFID: How Far, How Fast?"—a total of 122 manufacturers and retailers were surveyed about their RFID deployments and their plans. While 44 percent of manufacturers have at least developed an RFID implementation timeline, only about 9 percent of retailers have done so.

That does not surprise John Greaves, the RFID Global Group vice president at [NCR](#), the business systems provider that sponsored the survey. "Retail uptake has been overtaken by manufacturing uptake," Greaves says. "We think that is very positive. We expected it, but we were very pleased to find we were right."

The fact that so many manufacturers are serious about RFID implementation likely means retail will ultimately follow, as more of the goods they sell arrive with RFID tags. "Once manufacturers are tagging their products, retailers will naturally feel a greater incentive to implement their own RFID program," Greaves says.

During the past three years, Greaves explains, the surveys have shown an evolution. At first, he says, 90 percent of respondents installing RFID technology were doing so because of retailer mandates. By the following year, at least 40 percent were choosing to implement RFID systems voluntarily. In the coming years, Greaves expects steady growth in RFID implementation by both retailers and manufacturers. "We think the total volume of RFID worldwide will see solid incremental increases," he says. Those gains will occur more quickly for some companies than for others, however.

This year's study also found that 70 percent of retailers with annual sales over \$5 billion will implement some kind of RFID system within the next 18 months. The bigger businesses often have greater integration issues, though, making implementation more challenging than it might be for a small company.

"This is not a technological evolution—it's a business revolution," Greaves says. Unlike the former, he says, which could amount to nothing more than an upgrade in a bar-coding system, implementing RFID requires process changes, new IT architecture and a way to provide data analysis. For large companies, deploying the technology might necessitate a large-scale, international overhauling of their business plan.

"One of the biggest cultural challenges [for RFID] has to do with business," Greaves says. That is because large businesses, with operations around the globe and numerous plants with different platforms and different hardware managers, must first bring the various facilities into one business model before they can install a

single RFID solution. "You can't blame RFID for that," he says. Still, small- to medium-sized companies can move more nimbly and are adopting RFID technology at a fast rate.

Next year, the survey will include representatives from the hospitality, transportation, health-care and restaurant sectors, and will break down businesses by size, region and vertical market. This year's survey will be available on the [Retail Systems Web site](#).

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