

# Media Providers Entertain RFID's Potential

The entertainment media industry ponders where and when RFID should be deployed to improve its supply chain, while retailer Best Buy is leading the charge to use RFID in improving customer service.

By Mary Catherine O'Connor

June 23, 2006—At [Entertainment Supply Chain Academy](#), held in Los Angeles this week, producers of entertainment media gathered with logistics and supply chain specialists to discuss strategies for improving the entertainment supply chain. A number of technological solutions were discussed, including radio frequency identification. During the Tuesday session, RFID technology vendors [OATSystems](#), [ADT](#) and [VeriSign](#) described different ways supply chain partners in the entertainment industry could deploy RFID to increase efficiencies and data accuracy.

Movie studios and other entertainment industry stakeholders, in reaction to these proclaimed benefits, echoed what many consumer packaged goods companies have been saying for years: RFID sounds great, but it's too expensive and lacks a clear return on investment. For the entertainment industry, however, the challenge of getting an ROI may be even greater. Many suppliers of entertainment media make frequent direct-to-store deliveries of newly released product, rather than shipping large pallets of single SKUs to retail distribution centers. As such, these suppliers would not easily be able to copy the pallet slap-and-ship business processes many CPG companies are presently using to comply with retailer mandates.

Still, [Best Buy](#)'s senior vice president for the global supply chain, Daniel Currie, revealed a number of encouraging results from an RFID technology trial during which the retailer examined the effectiveness of RFID tags attached to individual video games at a single RFID-enabled Best Buy store. The tests showed RFID to be an effective tool in boosting sales and keeping products in stock.

"We had a 98.7 percent in-stock rate on tagged goods," said Currie, "and using RFID simplified the search process." This enabled staff members to find tagged goods more quickly than non-tagged items. Improved stock levels and product availability, he added, led to a 14 percent increase in the number of tagged units sold.

Rather than discussing supply chain applications, Currie focused his keynote on how Best Buy is concentrating its RFID efforts on improving customer service, through initiatives such as RFID-enabled loyalty cards. "We think our opportunity with RFID is with the customer," he said, adding that consumer concerns over the use of RFID and protecting personal information will be addressed by making all RFID-based consumer programs opt-in only.

Paul Mackinaw, VeriSign's principal consultant, noted that movie studios and other producers of entertainment media could leverage RFID technology not just for improved supply chain operations, but also for authenticating product as a means of fighting counterfeit products. It could also serve as a tool for ensuring that retailers introduce new titles to the sales floor on the appropriate release date, not before or after.

Randy Dunn, director of RFID sales and marketing for ADT, revealed that his company's engineers are

developing technology today that will eventually enable manufacturers of optical media, such as CDs and DVDs, to combine EPC-compliant UHF inlays with low-frequency electronic article surveillance tags manufactured by ADT's business arm, Sensormatic. Most disc packagers are already integrating this technology into packaging for such media. Prototypes of the dual LF/UHF tags are not yet available, but Dunn says ADT believes the combined inlay would be a cost-effective way to integrate RFID into optical media.

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