

# Manufacturers Worldwide See Growing Value in RFID

Whether driven by mandates or plans to improve supply chain visibility, manufacturers are slowly picking up the pace of RFID deployments, according to a worldwide survey.

By Claire Swedberg

Feb. 26, 2007--Manufacturers worldwide are increasing their spending on RFID at a slow but steady pace, according to a survey conducted by [Manufacturing Insights](#). The survey of 96 manufacturers in Asia, Europe and the United States, conducted in December, highlights the different ways RFID is being implemented across regions and industry groups, and for different purposes.

The consulting firm published the results in a report, "RFID Worldwide Perspective," intended to offer useful information for companies who have yet to implement an RFID system or are in the early stages of doing so. "The idea behind this survey is that instead of offering the same old thing, such as statistics as to who is using RFID, we would find the motivation that has driven manufacturers and help companies who are still on the fence about RFID technology determine how to move ahead," says Kimberly Knickle, director of research.

The survey asked whether companies had implemented RFID in 2006 or plan to do so in 2007 or 2008. The respondents worked for a range of manufacturers, including those that make consumer packaged goods and electronics, as well as aerospace, defense and pharmaceutical companies. All were asked what their expectations for RFID were, what stage of deployment they were in, what benefits they have achieved or expect to achieve, and how they selected partners, Knickle says.

In Asia, where a large percentage of manufacturers are third-party logistics providers, companies moving ahead with RFID are motivated to improve asset tracking and supply chain visibility, and less so by mandates, which ranked last among their influences. Most of these companies already are tagging items for shipping throughout the supply chain.

U.S. companies placed retail mandates and federal regulatory requirements at the top of the list for primary objectives for an RFID implementation, with track-and-trace improvements falling far behind. In the United States, more than 87 percent of respondents indicated they were spending some money on RFID, usually less than \$250,000. However, that figure is expected to rise this year, Knickle says, which indicates that RFID budgets may be growing. About 42 percent of U.S. companies indicated they intend to spend between \$250,000 and \$500,000 in 2007.

In Western Europe, companies lag in RFID adoption, but those that are making that investment are focusing on enabling supply chain efficiencies for the smaller European retail stores to which they provide their products.

Among specific industries, the study found consumer electronics manufacturers are most concerned about asset management, due to the higher value of each product. Consumer packaged products manufacturers,

which provide goods such as groceries and retail store items, ranked reducing labor costs as their top RFID motivator. Most pharmaceutical companies indicated their initiatives were driven by compliance with regulatory mandates.

"The piece that we were happy to see was, that while plenty of companies are being pushed into this by mandates, the benefits are greater than just compliance with those mandates," she says. In fact, most companies polled were benefiting from better asset management for high-value products and manufacturing equipment.

Manufacturers of discrete products will be encouraged by the results of this study, which should show them not only where their peers are in RFID progress but also how to fuel their own deployments, according to Knickle.

"RFID Worldwide Perspective" is the first report in a series being released over the course of the year. The entire report is available to Manufacturing Insights members, while the organization releases a complimentary newsletter every two weeks that summarizes RFID findings, she says.

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