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RFID Skeptics Embrace RFID

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After hearing numerous case studies presented by early adopters at the RFID Journal—AAFA Apparel & Footwear Summit, some attendees said they would recommend their companies start pilots.

By Mark Roberti

Aug. 27, 2007—A lot of people are still skeptical about radio frequency identification technology. At the RFID Journal—AAFA Apparel & Footwear Summit, some said they were curious to learn what's going on in their industry, but that they didn't believe RFID would work well enough to deliver benefits for their company. Others came away believing the investment wasn't worth the time and effort, because their supply chains were already very efficient, but still wanted to hear about other companies' experiences.

By the end of the event, several people had a change of heart and planned to recommend their companies at least launch a pilot and begin exploring the potential benefits. Why such a change of heart? Because they'd heard from early adopters who explained the real-world benefits they've been getting from the technology, and they had a chance to see and experience the technology firsthand in the exhibit hall.

The event covered every aspect of the apparel and footwear supply chain—from managing raw materials to improving the shopping experience in stores. Bridget Chan, CIO of Esquel, a major Hong Kong-based shirt manufacturer, showed how her company uses RFID to track the different qualities of cotton it gets from China, and how the company tracks work-in-process as cotton is spun into yarn, the yarn is woven into fabric and the fabric is sewn into shirts.

After Chan's presentation, another speaker came up to me and said, "That was fascinating. I'm going to talk to our suppliers in Asia to see if they are tracking quality like that."

Götz Pfeifferling, CIO of Lemmi Fashion, a German seller of children's clothes, explained how his company provided tags and interrogators to suppliers in Asia so they could tag the goods and read the tags before shipping the apparel items to Germany. Lemmi, which offers up to 64 different colors and sizes for each style, was having problems managing inventory accurately and was, thus, unable to get the right items to its retail customers.

By using RFID to track goods from Asia as they arrive at the warehouse and are picked and shipped, the company has reduced its labor costs, increased the number of items the warehouse can handle and improved its ability to deliver the right goods to the right customer every time.

Lemmi recently switched from an HF system to an EPC Gen 2 UHF system. Pfeifferling said the company attained a return on investment on the HF system and expects to get a return on the UHF

system in eight months as well, based on the labor savings it has achieved.

Bill Holder, CIO of Dillard's, a leading U.S. department store, gave an excellent presentation in which he showed how using RFID could help the company achieve cost savings and increase revenue over time by reducing labor, decreasing shrinkage, improving sales and streamlining inventory processes.

There were also presentations focused on in-store operations. Frank Cornelius, RFID project leader at New Balance, showed how the U.S. footwear company is RFID-tagging one style of men's running shoes in a factory store. The company believes RFID can help it manage store inventory more efficiently, and plans to scale up the pilot. It will then bring in its retail partners to show how RFID can be used to sell more New Balance sneakers.

Neco Can, co-owner of the Industry Standard, a hip urban couture boutique in Columbus, Ohio, explained how he's using RFID to improve the shopping experience. His store uses the MagicMirror developed by Paxar (now part of Avery Dennison) and the Big Space, a systems integration firm focused on enhancing the retail experience, to provide information about clothing items (see MagicMirror Could Assist Retail Customers). Other RFID-based systems enable young, tech-savvy shoppers to e-mail information to friends, pointing them to a Web site where they can view the shoppers trying on clothes and send comments via text message.

After the event, some minds were definitely changed. One attendee from a maternity clothing manufacturer told me his company probably wouldn't invest in RFID to achieve supply-chain efficiencies. However, he believed that in-store applications such as the MagicMirror, which could increase sales, would likely be very attractive to upper management.

Another gentleman from a company that manufactures men's apparel said his firm had to get started soon. "It's clear that this is the wave of the future, and we should get started now," he said. "That way, when one of our customers asks us to start doing this, we'll be able to meet their requirements without a problem."

Attendees were able to see the MagicMirror as part of a demonstration area put together by Avery Dennison, Motorola and Vue Technology. And Checkpoint Systems showed off an interactive, RFID-enabled shoe display. When an attendee picked up a shoe, the system allowed that person to view information about that product and make such choices as color and size. In the real world, the system would then summon a store associate to bring such a pair of shoes from the back room.

"The technology has come a long way and is a lot more advanced than I realized," one attendee told me. "I plan to give a full report to our senior management and let them know not only that we should get started, but that we are already behind some of our competitors."

I have a feeling that some of the presentations at next year's event will include real-world case studies from the folks who were sitting on the fence before this year's event.

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Mark Roberti is the founder and editor of RFID Journal. *If you would like to comment on this article, click on the link below.*