

RFID's Consumer Benefits

You'd never know it from the press coverage, but RFID offers many consumer benefits.

April 28, 2003 - One of the things that annoys me about the stories being written about RFID and privacy is there is an underlying assumption that RFID was dreamed up by big corporations to boost profits and give them the power to gather information about their customers. If that were the case, I would be among those opposing the technology. But the fact is that RFID has many, many consumer benefits.

Last week, we published a feature about Intel's research into how RFID can be used to assist those that have Alzheimer's disease or other cognitive impairments (see [How RFID Aids Alzheimer's Patients](#)). Is Intel doing this for purely altruistic reasons? No. The systems will create demand for its processors if they prove useful. But if Enron manipulating electricity prices in California was business at its worst, this is business at its best. The research could not only be profitable; it could profoundly improve the lives of both the patients and the people who take care of them. In fact, as the world's population ages, this work could help millions of people.

This week, we are running a feature on a startup called PharmaSeq, which has created a very-low cost transponder, the only one I know of that's powered by light. It can be used to do cost-effective gene testing, which is bound to help medical research and save lives. It can also be used to authenticate goods (see [Startup Puts RFID in the Spotlight](#)). If you are an AIDS patient, and you spend thousands of dollars for drugs, only to find out that they are counterfeit, then you might understand the benefits of identifying and tracking unique items with RFID.

RFID is expected to have the biggest impact in the supply chain, where it will cut costs, cut inventories and reduce out of stocks. Do all the benefits go to businesses? I don't think so. If two companies reduce their costs by 5 percent, chances are high that competition will force them to pass along at least some, if not all, of the savings to consumers.

On a macro scale, RFID has the potential to dramatically improve the way we use resources. Today, companies produce goods in the hope that consumers will buy them. In the future, RFID will help to better match supply and demand, so we are not producing huge amounts of product that no one really wants. More efficient use of resources is critical to preserving the environment. And, of course, RFID will also help the environment by making it possible to identify goods that can be recycled (not to mention hazardous materials that need to be disposed of according to special procedures).

For these reasons alone, it's obvious that the solution to the privacy problem is not to ban all RFID tags in consumer products. But there are other benefits as well. A couple of years ago, my house was broken into and my television was stolen. Even if the police had managed to recover it, they had no way of knowing it was mine. If it had an RFID tag in it, it might have been returned to me. (Fewer insurance claims might also reduce the average consumer's homeowner's insurance.)

Making objects smart through the use of RFID creates a wealth of potential benefits for consumers. Some are minor, such as creating smart appliances that read a tag and know how to cook your frozen pizza or wash your cashmere sweater. Some are potentially more important. Tags on meat and other food products could improve

the recall processes in the event of a problem with bacteria. That could save lives.

People who call for a ban on RFID tags in consumer products or for boycotts of companies that use these tags are, in my view, doing the public a disservice. The debate over privacy is just beginning. But I hope that as we go forward, journalists will begin to understand the issues and present a more balanced view of what RFID can do and who gets the benefits from it. This is not us against them. It's about how we make sure everyone gets the benefits of RFID technology, while trying to minimize the potential for its abuse.

Mark Roberti is the Editor of RFID Journal. If you would like to comment on this article, send e-mail to mroberti@rfidjournal.com.

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