

Retailer Tests RFID on Garments

Kaufhof of Germany will track garments from Gerry Weber to two of its stores to see how RFID can boost supply chain efficiency and reduce theft.

July 3, 2003 - German retailer Kaufhof, a unit of the Metro group, has begun a pilot in which it will track every garment from women's clothing supplier Gerry Weber through the supply chain to two of its stores. The pilot, part of Metro's "Future Store" initiative (see [Metro Opens Store of the Future](#)), is expected to last three months and cover some 20,000 garments.

"The main goal of the project is to test the practical viability of RFID in everyday business," says Melanie Plöger, a spokesperson for Kaufhof. "RFID promises benefits for Kaufhof, its employees and customers within a foreseeable future. It's the basis for efficient management of the logistic chain."

A 13.56 MHz RFID tag that uses the SLI chip from [Philips Semiconductors](#) will be integrated with hangtags. Meyer & Meyer, a logistics company based in Osnabrück, Germany, will apply the RFID hangtags to the garments before shipping the garments to Kaufhof's depot in Neuss. From there, they will be sent to Kaufhof department stores in Wesel and Münster and sold in Gerry Weber shops within those stores.

Kaufhof wants to determine to what extent RFID tracking can reduce supply chain shrinkage and boost productivity. The items will be scanned when they arrive at its depot in Neuss and when they leave. They will be scanned again when they arrive at the receiving dock of the department stores and when they arrive in the Gerry Weber shops.

Readers will be installed on the shelves to track the goods in the shops, and staff will also be able to use handheld readers to locate items, either in storage or that have been placed in the wrong location by customers. The goal is to have better information about what items are in stock and where they are, so staff can spend more time with customers. The tags will be read at the point of sale and then removed to protect the privacy of consumers.

Kaufhof is relying on [Siemens Business Services](#), an international IT service provider that is part of the Siemens Group, to manage the project, integrate the RFID systems and provide the software for managing the RFID data. Siemens will also calculate the return on investment at the end of the pilot project. RFID readers will be provided by [Siemens A and D](#), a unit of the Siemens Group that makes industrial automation equipment.

Kaufhof's Plöger declined to say whether the German retailer planned to roll the system out if the test prove successful. But European retailers are clearly ahead of their US counterparts in the process of evaluating and deploying RFID. Italy's Benetton Group has been evaluating RFID systems for four years and is testing technology today (see [Benetton Talks About RFID Plans](#)). And the UK's Marks & Spencer plans to tag all the clothes at one of its store as part of a pilot this fall (see [EPC in Fashion at Marks and Spencer](#)).

"Perhaps the market has been passing the US by," says Peter Abell, an independent consultant who was the head of AMR Research's retail practice until recently. "A lot of the knowledge is in companies in Europe."

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