

# Consumers Voice Opinions on RFID

A survey of U.S. consumers by Cap Gemini Ernst & Young reveals some occasionally surprising desires and concerns regarding RFID.

By Jonathan Collins

Feb. 2, 2004—A survey on U.S. consumers' perceptions of RFID technology has shown that the majority of consumers are unaware of the technology and that the appeal of RFID lies not in changing their shopping experience but in recovery of stolen items, improving product safety and lowering the price of goods. Conducted in October 2003 by business and technology services provider Cap Gemini Ernst & Young with assistance from SmartRevenue, a Ridgefield, Conn.-based research firm, the survey polled 1,000 U.S. adults 18 years of age or older in an Internet survey. The composition of the consumers surveyed was representative of the entire U.S. population from the standpoint of age, gender, education and residential location. The respondents were asked to complete an online questionnaire that included a brief explanation of RFID and a wide range of questions regarding the technology, as well as basic demographic questions such as gender, age and education.

“The goal of the survey was to gain a better understanding of consumer awareness of RFID,” says Edward Westenberg, senior manager in Cap Gemini Ernst & Young Global’s retail practice in New York City. “Retailers and CPG manufacturers considering RFID deployment should take the benefits and concerns that are important to consumers into consideration.”

The survey found that just 23 percent of consumers had heard of RFID technology, and that among those who recognized the term, perceptions were mixed. For example, when those who had heard of the technology were asked whether they perceived RFID as favorable or as unfavorable, 48 percent answered they didn’t know or had no opinion about it, while 42 percent indicated they had a favorable perception, and just 10 percent had an unfavorable perception.

Although more than 75 percent of the survey respondents didn’t recognize RFID as a technology by name, about half of the consumers surveyed indicated they used or had heard of existing services such as Mobil Speedpass or highway toll devices like E-Zpass. However, eight out of 10 of that 50 percent were not aware that these applications use RFID technology.

Awareness of things like Speedpass stems from the value that these services bring to consumers, and if retailers and CPG companies are going to win similar consumer awareness for their own RFID deployments they will have to deliver similar tangible benefits for consumers, says Westenberg.

According to the survey results, the RFID-enabled benefits that consumers value are not necessarily the same ones currently determining RFID deployment by retailers and CPG manufacturers. Although some retailers such as Metro Group have used trial deployments of RFID as a way to help merchants combine individual consumer identification and purchasing history with RFID-prompted selections and sales suggestions, consumers are wary of such developments. The survey found that the benefits of RFID least important to consumers were increased access to more products, instant recognition of preferences that can lead to

faster/better service, and instant in-aisle suggestions for companion products.

The survey also asked consumers about their apprehensions related to RFID. From a list of issues that had the potential to make respondents feel “extremely concerned,” the three most frequently chosen were (1) the use of consumer data by a third party, (2) an increase in targeted direct marketing and (3) the potential for tracking consumers via their product purchases.

“The survey shows that retailers and CPG manufacturers need to educate consumers about where their data will be stored and the privacy policies related to the data,” says Westenberg.

Consumer support for RFID mostly involves security and safety. The survey found that the top two benefits most important to respondents were the potential for faster recovery of stolen items (rated as “extremely important” by 71 percent of respondents) and improved car anti-theft capabilities (70 percent of respondents). In third place was savings stemming from reduced product costs (rated as “extremely important” by 66 percent). Improved security (such as protection from tampering or counterfeiting) of prescription drugs came in fourth (65 percent), and faster, more reliable product recalls ranked as the fifth (62 percent).

While many of the respondents claimed they would be willing to buy an RFID-enabled product to get the benefits that are important to them, a far smaller percentage said they would consider paying more to receive those benefits.

Cap Gemini Ernst & Young published the survey’s results in a report entitled , available on the company’s Web site at [www.us.cgey.com](http://www.us.cgey.com).

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