

Two Views of an Historic Moment

Wal-Mart's launch of its initial RFID implementation in Texas is historic. But some see it as an ominous step toward a world of greater surveillance.

By Mark Roberti

May 3, 2004—*RFID Journal* has published many important articles over the past couple of years. For example, we broke the stories that Gillette planned to buy 500 million RFID tags from Alien Technology, and that the U.S. Department of Defense planned to require the use of RFID in its supply chain. But no article we have published is more significant than Friday's news that Wal-Mart was going live with its initial RFID implementation in Texas (see [Wal-Mart Begins RFID Rollout](#)). Given Wal-Mart's size—and the number of global companies involved in the first phase of the rollout—the tracking of EPC tags in Texas is clearly the start of the widespread use of RFID in the global supply chain.

The people at Wal-Mart—not just Linda Dillman and Simon Langford, who are leading the effort, but the many engineers and associates involved—understand that they are transforming retail—again. The folks at EPCglobal and Auto-ID Labs are understandably very proud. And I feel a personal sense of vindication because many pundits dismissed *RFID Journal* early on for its conviction that RFID would be a profoundly important supply chain technology.

I see RFID's use in the supply chain as an opportunity to improve efficiency, reduce waste and cut costs for consumers. When RFID eventually moves into stores in five to 10 years, it will be a chance to provide consumers with smarter products, better service and innovations that will improve their lives. Yet, I know others see Wal-Mart's move as the start of RFID in the supply chain as the beginning of the end of privacy—perhaps even freedom itself. (Has the advent of a new technology ever changed the nature of government? Seems like a good topic for someone's doctoral thesis.)

I'm not going to rehash my arguments about why RFID will *not* be a threat to consumers. People will believe what they want to believe, despite facts and rational arguments. What I would like to point out here is that Wal-Mart has handled this initial rollout beautifully. The retailer invited local print journalists in Texas and local news stations to come into the stores and see how the RFID systems will be used (“Look, Ma, no readers on the shelves!”).

Wal-Mart also explained in a press release that the packaging of individual printers and scanners from Hewlett-Packard would have RFID tags. Each product will have a symbol on its packaging indicating it contains an RFID tag, and there will be signs on the shelves indicating the presence of the tags in some items. Wal-Mart also said that some of these tagged products could wind up in its stores in other states, because the stores are served by the same distribution center.

Unfortunately, Wal-Mart's openness will not prevent some privacy advocates from misrepresenting what the retailer is doing. And it will not stop some legislators from believing that something nefarious is afoot. But Wal-Mart and its partners can point to evidence that they spelled out clearly for their customers that RFID tags are being used—and how.

Wal-Mart has always been secretive about its use of information technology, because IT is such an important competitive edge for the company. I'm sure it would have preferred not to be so public about its use of RFID. The retailer clearly understands the sensitivities involved and wants to reassure its customers that it has taken steps to ensure that the use of RFID will not infringe on their privacy. (It sometimes amazes me that consumer advocates don't understand how much companies value their customers.)

For the vendors that make RFID technologies, the companies that plan to use it to gain greater efficiencies and those of us who write about it, Friday was an important and exciting day—in part, because Wal-Mart handled it well. I'm looking forward to covering, over the next 10 years, how RFID improves the way we do business and improves the lives of consumers. There's no doubt in my mind that there is only one correct view of reality, and it doesn't involve anyone called Big Brother.

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