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RFID and the Environment

One reason I've always been adamantly opposed to the idea of requiring retailers to kill or remove RFID tags at the point of sale is that I believe the technology can play a positive role in helping companies reduce the environmental impact of their products' disposal. Recent events have only strengthened my feeling on this issue.

In late June, the U.S. House of Representatives passed a climate and energy bill mandating a 17 percent decrease in greenhouse gas emissions by 2020 and an 83 percent cut by 2050. The bill aims to achieve these reductions by putting a price on carbon dioxide through a cap-and-trade system. The idea is that companies unable to meet the targets can purchase credits from those able to reduce emissions by more than the specified level.



One challenge, however, will be in determining who deserves credit. If a regulator claims a company's products traveled 500 miles by truck and assesses a penalty, how will the business prove that its products actually traveled half that distance? RFID could be used to confirm the point of departure and the point of arrival, so that the exact distance can be measured. If the bill includes credits for recycling, how will a firm prove it recycled 1,000 personal computers or 50,000 tons of corrugate? RFID could be employed to track items to recycling facilities.

On July 16, Wal-Mart held a meeting with 1,500 suppliers in Bentonville, Ark., and announced a new sustainability effort. Wal-Mart has engaged a group of universities to create a method for evaluating how sustainable or environmentally friendly products are. Businesses will be required to put simple information on their products, so consumers can make purchasing decisions based, in part, on how much impact a particular product has on the environment.

In his remarks at the meeting, Wal-Mart's president and CEO,

Mike Duke, said: "Despite all the work that's been done, we see only bits of information, but not the full picture across the supply chain. We don't know the patterns, hidden costs and impacts of the products we make and sell, nor do we have a single source of data or a common standard for evaluating the sustainability of products." In other words, it's important to understand all of the things put into a product and the impact they have on the environment, as well as the lifecycle of the product itself, in order to assess how environmentally friendly a product is. I believe visibility and sustainability (and traceability, but that's another issue) are all inextricably linked. Companies require visibility through the very end of a product's lifecycle if they are to be better stewards of the environment.

Regardless of what you might think of cap and trade, or of Wal-Mart's sustainability initiative, there is an opportunity for companies to use the visibility that RFID provides to look at the materials they use, their manufacturing operations, their supply chain and so forth, in order to reengineer products and processes to reduce costs and the impact their products have on the environment.

Wal-Mart created a program in 2005 to increase the efficiency of its truck fleet by 2008. The company says it increased efficiency by 38 percent. Now it wants to double fleet efficiency by 2015. One key will be new fuel efficiency technologies, but RFID might play a role by enabling more efficient replenishment and, therefore, fewer trips for trucks between distribution centers and stores.

Wal-Mart presented a video at the meeting entitled "The Secret Life of Sour Cream," which described how Wal-Mart launched 12 innovation projects in the dairy supply chain that will save participants \$250 million a year. For example, it made the sour cream all-natural, and eliminated more than 1,300 miles from the product's distribution. These efforts, Wal-Mart reports, reduced costs for the consumer and improved the

product's quality.

Over the long term, as RFID proliferates, companies will be better able to understand what goes into their products, what happens to the goods between the factory and the store, and how recycling is handled. This visibility will enable companies to cut costs at every stage of a product's lifecycle, and provide better information for their customers. So these efforts are good for business, good for the environment and good for consumers.

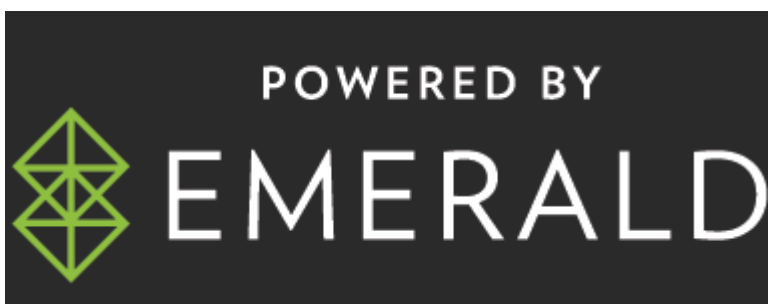
Mark Roberti is the founder and editor of RFID Journal. If you would like to comment on this article, click on the link below. To read more of Mark's opinions, visit the RFID Journal Blog or click here.



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