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RFID for Customer Satisfaction

Retailers know customers are unhappy when they don't find the items they came in to buy, so they pack the shelves with a lot of goods and hope they don't run out of stock. But a retailer's in-stock rate is only part of the equation when it comes to customer satisfaction. More important is employee

knowledge about the store and its products.

That's the result of a 2007 study on retail store execution by Wharton operations and information management professors Marshall L. Fisher and Serguei Netessine and doctoral student Jayanth Krishnan. The three collected data during a 17-month period from a retailer with more than 500 stores. The study, "Retail Store Execution: An Empirical Study," asked questions about the customer experience. Customers were chosen randomly after checkout to respond to a satisfaction survey, and were invited to call a toll-free number to answer a series of questions. The researchers developed formulas and adjusted for factors such as seasonality, trends within individual stores and store heterogeneity.



Illustration: iStockphoto.

The study found that when it comes to customer satisfaction, the biggest driver is employee knowledge and assistance. The presence of the product is secondary. Customers often need a store associate's assistance, according to the researchers, and they think an item is not available to buy if there is no associate to explain the product.

RFID can have a big impact on both drivers. RFID improves inventory accuracy to nearly 99 percent (roughly 65 percent in most apparel stores that don't use RFID), because it enables retailers to take inventory daily or weekly, which leads to better in-stock availability. RFID can also improve customer impressions of the retailer, because the technology gives store associates highly accurate information about what is in the store, and where, which allows them to better serve customers.

To provide more product information, forward-thinking retailers are employing "RFID personal shoppers." Several stores have introduced magic mirrors, which read the tags on clothing shoppers are trying on and then display product information, such as available sizes and colors in stock, and appropriate accessories. Others provide customers with RFID-enabled devices, so they can receive specific garment suggestions as they browse tagged merchandise. RFID-enabled kiosks let customers access a wealth of information about tagged merchandise on display, and RFID video systems let customers pick up tagged items to see product information on a touch screen.

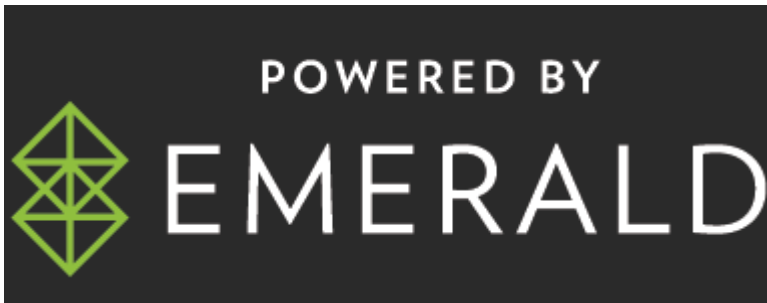
The Wharton study notes it's "reassuring to see that satisfied customers do buy more," and "knowledgeable employees are instrumental in facilitating product availability." Now, RFID can help both real and virtual sales assistants keep customers satisfied.



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