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Second to None

In my previous column, *Building on Retail's RFID Foundation*, I began the discussion of second-order (S0) use cases of item-level RFID. Forward-thinking retailers will use these S0 applications to create a competitive advantage. I also identified distributed-order management, which can help retailers execute an omnichannel strategy, as a key S0 application. Here are four more S0 applications retailers

would be wise to consider.

Enhancing the customer experience: Do you remember the “magic mirrors” and “smart dressing rooms” introduced 10 years ago? The concepts were sound, but they were ahead of their time. Without inventory accuracy, these RFID-enabled interactive devices, designed to help customers shop for clothing and related accessories, don’t work. Now, their time has come, and there are many ways retailers can use them to engage shoppers and boost sales.



Cycle-counting strategies: Before RFID, retailers typically conducted cycle counts just once or twice per year. With tagged merchandise, retailers can cycle count once a day, twice a week or once a month. Or they can use zonal monitoring to take real-time, all-the-time inventory. Retailers can develop cycle-counting strategies—that is, determine how often to count each category or store—based on issues such as shrinkage and time of year. An appropriate cycle-counting strategy that can, and likely will, vary by category, store and season will be key to effective, ongoing inventory management and accuracy.

Conversion: Are customers looking at the new line of dresses hanging near the store entrance? Are they trying on those dresses? Buying them? The transition from shelf or hanger to dressing room to purchase is often referred to as “conversion.” Retailers typically rely on observation and counts of items taken into dressing rooms to determine conversion. These manual methods are time-consuming and error-prone. RFID can provide real-time, complete insight into

customer traffic flow and shopping habits.

Loss prevention: Originally, the RFID Research Center listed loss prevention as one of the foundational use cases because loss is something all retailers face. But we now refer to the foundational use case as loss detection and the S0 use case as loss prevention. Why? Because it is easy for retailers to use RFID for loss detection (see my column Will RFID Kill EAS? to find out how to do that), but it will be the innovative retailer that uses the data to prevent shrinkage.

These are only a few of the many unique and amazing things retailers can do when they use item-level RFID. Most likely, the best and most creative uses of RFID in retail have yet to be imagined.

Bill Hardgrave is the dean of Auburn University's Harbert College of Business and the founder of the RFID Research Center. He will address other RFID adoption and business case issues in this column. Send your questions to hardgrave@auburn.edu. Follow him on twitter at @bhardgrave.



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