

RFID
JOURNAL
LIVE!

20 **YRS**
2003 - 2022

MAY 17 - 19, 2022
MANDALAY BAY | LAS VEGAS, NV

RETAIL RFID: A MACRO VIEW

MARSHALL KAY & JP KAMEL

MANAGING DIRECTORS

RFID SHERPAS

MAY 18, 2022

RFID SHERPAS: Who We Are

- Founded in 2007
- Team members based in USA, Canada, UK
- Management Consultants focused primarily on Retail
- We are not Analysts (like Gartner, Forrester)
- We are not System Integrators
- We do not sell RFID software, equipment, tags

We Have Chronicled Retail RFID For 20 Years



Featured Opinions, July 30, 2006 | www.rfidjournal.com

Missing: Specialty Apparel Retailers

With the most to gain from item-level tagging, why aren't these retailers giving RFID the attention it deserves? By Marshall Kay



Marshall Kay

APPAREL AND FOOTWEAR retailers can gain valuable benefits, particularly at the store level, from item-level RFID. Those are the main findings of studies conducted by Kurt Salmon Associates (KSA), addressed at length in the white paper *"Moving Forward With Item-Level RFID in Apparel & Footwear."* But no class of apparel retailers stands to gain as much from item-level RFID within the next

few years as such vertically integrated specialty retailers as Aeropostale, Banana Republic and Talbots.

In-store deployment of item-level RFID is simplest within specialty stores

Department stores and mass merchants have disparate merchandise departments on their selling floors. That makes extending RFID-enabled processes across a critical mass of selling zones more cumbersome because it requires greater coordination. By comparison, the selling floor of a specialty retailer is more homogeneous. Merchandise recovery processes are less variable, making it easier for specialty retailers to introduce and extend new practices, especially those rolled out on a category-by-category basis.

Specialty retailers have the strongest financial incentive to manage inventory with RFID

Specialty retailers bear full financial responsibility for unsaleable merchandise and inventory in the pipeline. They, therefore, have the greatest incentive to use RFID to maxi-



Adapt Or Die



There once was a time you could truly ask a Retail CEO:

“Does your company use computers?”

Inaccurate “Store Level” Inventory Data Is Becoming A Back Breaker



- Precision is now an expectation
- Like a deadly Carbon Monoxide leak
- Won't see it coming

When Is Not Using RFID Like “Thumbing Your Nose” At Your Customers & Employees?



- Most true in stores that sell clothing or footwear
- Slightly less true in Luxury
- Will one day be true in Grocery, QSR, Drug Stores

The Early Years Of Retail RFID Felt Like This



- Lots of Starts/Stops/Restarts
- Logic didn't always dictate which retailers were ahead
- Winners adopted a genuine Test & Learn mindset

Certain CEOs Saw RFID's Importance

“RFID gives us the most complete view of our inventory that we have ever had. It’s quickly becoming the most precise tool in our arsenal to meet an individual consumer’s specific need at the exact right moment.”



Nike's Chairman/CEO
on an Earnings Call
in June 2019

Where Are We Today?

Used At All Price Points ...



By The Biggest Brands



What Will The Future Hold?

Electronics



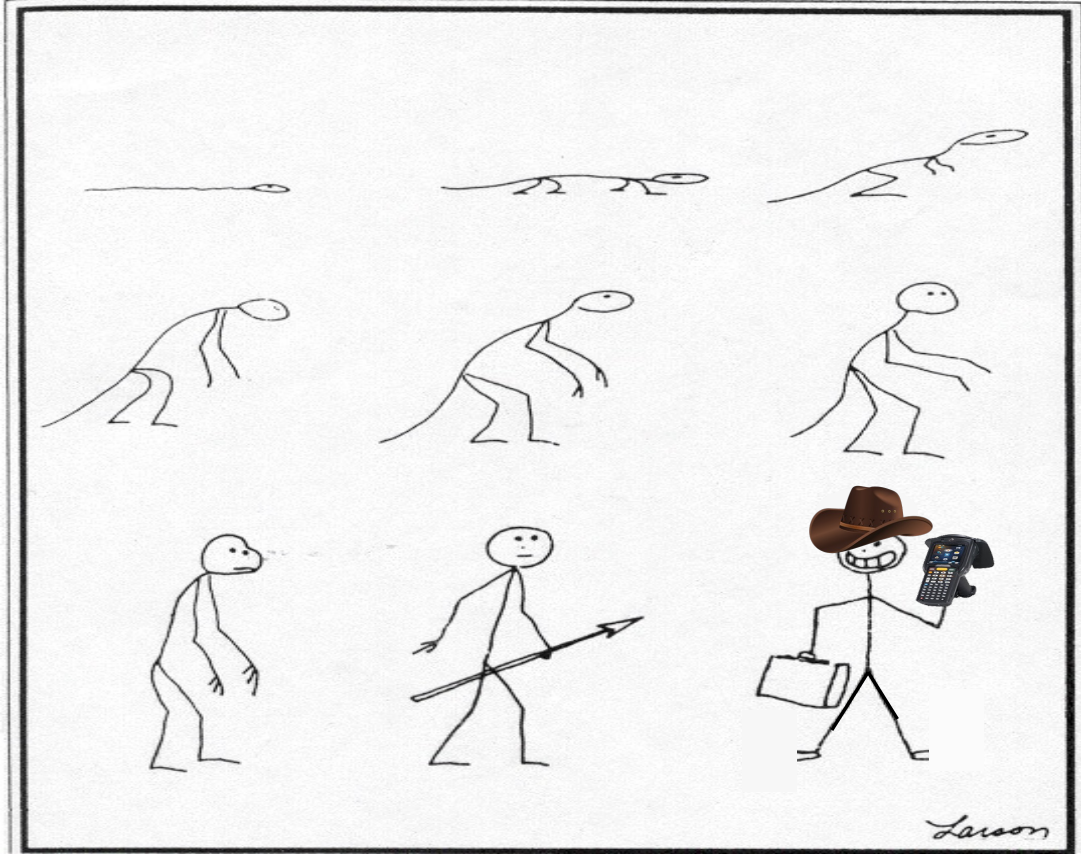
Food / Grocery



Personal Care



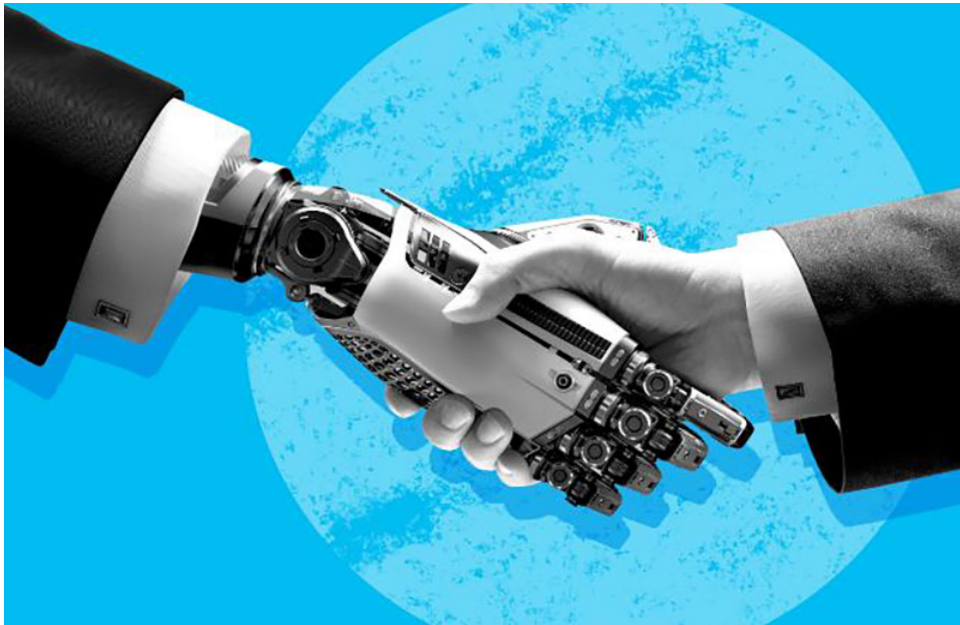
RFID Will Continue To Evolve



Advances in RFID technology have driven new Use Cases and expansion into new Verticals

- From pallets to cartons to units
- Transaction vs Real-Time Reading
- Next Gen tags are enabling new Use Cases and product expansion
- Next Generation of Standards

Predictions & Next Generation Use Cases



1. 95% is the new 65%
2. Hands Free RFID & Automation will finally be “affordable”
3. Will we Pass on PaaS?
4. Analytics and AI will be key
5. Innovative Customer solutions become the norm
6. Push further upstream from the store into the supply chain (DC and Factory)
7. Brand Protection & Loss Prevention will mature

Challenges and Considerations



1. Component Shortages and Supply Chain issues are impacting the RFID industry
 - Hardware and Tags are facing longer lead times and component shortages
 - It's not too early to start planning your Source Tagging program
2. Factories require low cost, simple tech, and high reliability solutions. More choices needed
3. If you are designing new DCs or new Store formats, design them with RFID in mind

Advice For New Programs

A Cross-Functional Team is CRITICAL

1

RFID can touch all areas of your business. A cross-functional team with executive sponsorship is critical to the success of the program

Phase 1 Rollouts, Not Pilots

2

The jury is in. RFID drives significant value and benefits. Pilots are no longer needed to prove the value but should be focused on testing and optimizing your new processes. Focus on Phase 1 Rollouts

CRAWL. WALK. RUN

3

Don't overcomplicate an initial deployment. Starting simple is always best and build on it from there. Don't let perfect be the enemy of good

The "Soft Stuff" is the Hard Stuff

4

People, Process & Change Management will be the hardest parts of your program. Plan for it

RFPs vs RF Don'ts

5

Execute a highly competitive RFP process. Leverage standards where you can. There is plenty of room for negotiation, not only about price

Advice For Existing Programs

Remote Execution

6

Invest in tools that let you remotely monitor the quality of execution in your stores

Focus on TCO

7

When buying and expanding your solution, focus on Total Cost Of Ownership ("TCO") and not initial investment

ROI and Expansion

8

The ROI for additional functionality beyond the core should stand on its own

Innovation is Key

9

As you expand, don't be afraid to innovate and try new things. The more your business plays with the tech the more ideas they will have

Data is King

10

RFID can produce a lot of data. Invest the time and explore ways of using your RFID data across all areas of your business

Marshall Kay

416-918-0560

marshall.kay@rfidsherpas.com

JP Kamel

416-722-3132

john-pierre.kamel@rfidsherpas.com

THANK YOU

