Retail Innovation Shout Out: Marks & Spencer Takes RFID Tagging to the Next Level

RFID (radio-frequency identification) is not a new concept, particularly for shipping and logistics. However, increased awareness, updated technology, reduced tag cost, and the shift to tagging merchandise at the point of production has made SKU-level RFID an emerging trend and reality for retailers.

The technology has the potential to benefit a wide range of retailers, such big box and department store retailers like The Home Depot and Kohl’s that carry tens of thousands SKUs, as well as smaller specialty stores, all with a fundamental objective to minimize out of stock product. Although inventory and replenishment systems provide some level of bookkeeping support, store associates must hand count or scan UPCs to capture on-hand inventory. Out of stock product easily equates to lost sales and reduced customer satisfaction. This is why the UK’s largest clothing retailer, Marks & Spencer, hopes to become the first retailer to tag 100% of merchandise over 2014 and 2015. They have already seen a 40% reduction in out of stock merchandise and 50% increase in inventory accuracy.

RFID enables enterprise awareness of inventory, resulting in increased flexibility and responsiveness to consumer demand - essential for supporting an “on-demand” omnichannel business model. The applications of RFID technology go beyond inventory control, with potential benefits in loss prevention, consumer engagement and checkout. As Tara Donaldson of Sourcing Journal Online stated, “The only way you can guarantee omnichannel is if you know exactly what you have and where you have it.”

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