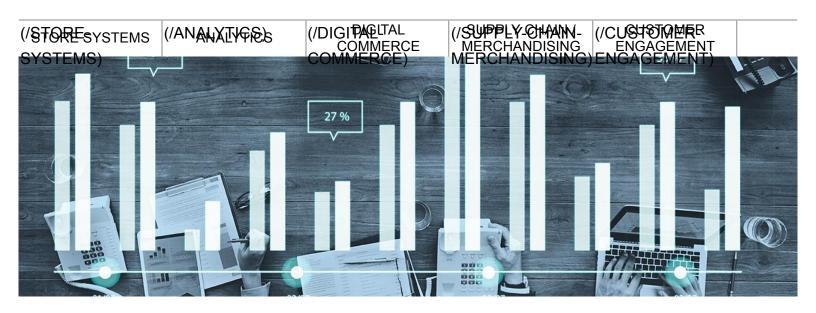
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HOW TO SUCCESSFULLY ROLL OUT RFID



How to Successfully Roll Out RFID

By JOHN-PIERRE KAMEL AND MARSHALL KAY - 12/18/2017

RFID is quickly (and quietly) becoming mainstream within the apparel industry, especially among vertically integrated specialty retailers. Zara, the world's largest, has completed its global rollout. H&M and Uniqlo — the second and third biggest — are now completing the work needed to roll out too. Discount mass merchant Target is operating with all apparel and soft home goods tagged.

RFID tagging in other product categories is also at an all-time high. Macy's is aiming to operate with nearly 100% of its merchandise tagged by the end of 2018. In certain product categories, Macy's is charging suppliers \$.60 for every unit that arrives without a properly encoded RFID tag. Marks & Spencer is fast approaching the 100% mark too.

The pace at which retailers move from pilot to rollout has quickened. In the past, an exploratory pilot in Year 1 would be followed by a much larger pilot in Year 2 and then a chain-wide rollout in Year 3. Today, it is not uncommon for a retailer go from pilot to chain-wide rollout in 24 months. Today's pilots are no longer "testing the

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- (/) **HOW TO SUCCESSFULLY ROLL OUT RFID**With more at stake financially, there is less room for error. With that in mind, here is what we typically advise our clients:
- **1.** Test both in-store benefits and chain-wide benefits. Chain-wide benefits including planning and allocation, supply chain, and asset protection should be considered in the pilot. Move to inventory updates as soon as you are ready, and leverage this inventory visibility to enhance your omnichannel program.
- **2.** Ensure the pilot is statistically significant and gives you the information you need to move forward. Testing new processes? Different store footprints? Different technology options? Establish key metrics and KPIs, then baseline them before the program begins. Measure and report results against a defined set of control stores.
- **3.** Cross-functional executive sponsorship is essential and the project team managing the program on a day-to-day basis should be well rounded, with representation from store operations, inventory control, finance, omnichannel, asset protection and IT.
- **4.** Conduct a comprehensive requirements assessment, examining your short-, medium-, and long- term needs. Too often retailers gloss over this step and find themselves constrained by the limitations of their vendor's solution.
- **5.** Don't over-complicate your initial solution footprint. Simple is always better.
- **6.** There is plenty of room for negotiation, if you know what to ask for. Push your vendors to accommodate your specific needs.
- **7.** Change management can be surprisingly hard. When creating your budget, assume that there will be a need to retrain a subset of your employees.
- **8.** Invest in tools that let you remotely monitor the timeliness and quality of execution in your stores.
- 9. When buying your RFID solution focus on TCO (total cost of ownership), not just

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There is one last piece of advice. Draw on the knowledge of independent experts to support you in each of these areas. Not only can they save you money and time (and perhaps a few headaches), you are more likely to end up with a solution that properly addresses both your short- and long-term requirements.

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