RFID in retail is approaching its tipping point, in fact, its use has more than doubled in the last two years (Kurt Salmon). This is a trend expected to continue until RFID is not only synonymous, but expected within retail. The benefits, it seems, far outweigh the costs at this point. With RFID tags averaging around ten to fifteen cents a tag*, tags can provide retailers with hundreds of benefits. The most common and heavily valued benefit from implementing RFID is that of inventory accuracy. Coming hand-in-hand with inventory accuracy is also customer satisfaction, because stock outs are less likely to occur when inventory count is so readily accessible. According to a survey conducted by Kurt Salmon in 2016, profit margins also improved by over 60% after implementing RFID within retail stores (Kurt Salmon). This major increase seems to far outweigh the menial costs of RFID tagging, at least for medium-large companies, which is another reason why we should expect to see retailers adopting this technology more in the coming years.

The benefits do not stop with profit margins and inventory accuracy, either. Retailers can begin offering a larger variety of products so that they can satisfy more consumers, and so that the consumers are not walking out of a store disappointed that they didn’t find what they wanted. Shelf space is therefore used to its full potential, stocking what’s wanted, getting rid of what’s not, and offering the choices that the consumers want.

While the benefits of RFID have been repeatedly shown, it seems that there are still some retailers whose management are focused on “other priorities” than that of which RFID can fix(Kurt Salmon). In 2014, 45% of respondents said this was the main reason their company had not fully adopted RFID—that’s now grown to 86% among non-adopters (Kurt Salmon). While the details of these “priorities” have not been released, why would retailers want to fall behind their competitors and not adopt a clearly beneficial technology?

Obviously, as previously mentioned, the size of the retail store matters. In fact, “just 9% of retailers with revenues over $1 billion who piloted RFID decided against broader implementation, but that number shoots up to 44% among retailers with less than $1 billion in revenue”(Kurt Salmon).

Evidently, adoption rates are higher in larger businesses, the survey found that 76% of retailers with revenues exceeding 1 billion had implemented the technology in comparison to 87% of those with revenues greater than 5 billion (Kurt Salmon 6). Small and mid-sized enterprises(SME’s) however, are experiencing slower rates of adoption, even though RFID is thought to be the technology that will revolutionize operations management in the future (qtd. In Wamba et.al 981). While RFID implementation has proven to provide significant benefits to those businesses that have been able to adopt it, SME’s have been significantly slower in implementation rates and this can be attributed to infrastructure expenses and managerial objectives.

Small and mid-sized enterprise are defined by select quantitative criterion, with the most common being the number of employees. The European Commission, in putting a forth a definition states that “The criterion of staff numbers (the ‘staff headcount criterion’) remains undoubtedly one of the most important, and must be observed as the main criterion…” (European Commission Article 4). As such, it defines the category of SME’s as one that employs fewer than 250 individuals and has an annual turnover not exceeding 50 million Euros and/or an annual balance sheet total not greater than 43 million euros (European Commission Title 1, Article 2). The World Bank defines SME’s based on number of employees, total assets in US dollars and annual sales in US dollars and a business has to meet the criteria of number of employees and at least one financial criteria (qtd. in Berisha and Pula 19). In the United States, the definition put forth by the SBA's Office of Advocacy is the most commonly used, broadly defining SME's as all enterprise with fewer than 500 employees (United States International Trade Commission).

REFERENCES

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