



RFID: What Does Congress Need to Know?

Smart Labeling for the Consumer Packaged Goods Supply Chain

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Small in proportion but monumental in its effect, radio frequency identification (RFID) represents a big change in the consumer goods supply chain. The initiatives of Wal-Mart, Target, the Department of Defense and other organizations requiring case-and-pallet labeling for RFID affect thousands of organizations worldwide. RFID implementation is a real opportunity for those companies and individuals that support the retail industry. It is no small task, a viewpoint shared by people charged with the job of bringing their companies into compliance.

A typical RFID system consists of four main components: tags, an encoder, readers and a host computer. The RFID tag is made up of a microchip and a flexible antenna encased in a plastic-coated inlay. The encoder is used to write information to the tag. In coming years, RFID tags might be built into products and product packaging. For now, the most common format is a shipping label with a built-in tag or smart label, which can be printed and placed on each case or pallet.

Smart labels — labels that contain RFID tags — provide a solution by offering the lowest cost, most practical, least disruptive way to implement RFID in the retail supply chain. With smart labels, consumer goods suppliers can succeed at achieving compliance with little-to-no business interruption. With smart labels, companies can stream RFID into their current bar-code labeling system, using proven tools to integrate both the physical tags and the associated electronic product code (EPC) data. They even can capture a database of information that provides traceability to each printed label.

Even if it weren't a requirement for doing business with Wal-Mart and the Department of Defense, RFID is poised to transform supply-chain operations over the next decade. Using smart labels allows every element along the supply chain — from the manufacturing floor, to warehouses, to store shelves — to track what the product is, when it was made and where it is going. What's important to know is that the information contained in the smart label:

- Will improve efficiencies by reducing errors in receiving
- Keep products in stock
- Decrease misplaced inventory, theft and counterfeiting
- Lowering administrative and labor costs

Ultimately, RFID can ensure products are on the shelves when customers want them, increasing revenue for manufacturers and retailers alike.

By attaching smart labels on cases and pallets, consumer goods companies are placing themselves at the forefront of a new era. What may appear to be a forced change with no return on investment may actually become a way for companies to rethink and re-engineer processes, enhance their value as business partners, and capture a profitable return on their RFID investments.