

Selling Experiences in RFID Business

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The edited version of the article appeared at The Jakarta Post, but I feel that the editing process has changed the real substance of the article, such as the terminology “bodystorming” that was edited to “brainstorming”, etc, therefore, I think it is necessary to post the original article.

According to Pine and Gilmore, the writers of “The Experience Economy”, we live in the era of transition from Service economy to Experience economy, where “selling experiences” will eventually replace the selling of services.

Unfortunately, selling experiences can be costly. The LEGO Company, a well-known Danish toy manufacturer that is famous with its colourful plastic bricks, that won 2002 Experience Stager of the Year awarded by the same Pine and Gilmore, ironically had to sell its LEGO theme parks to cut costs due staggering record-breaking losses of DKK 1.9 billion (around USD 328 million) in 2004.

Not a long time ago, we faced a similar challenge of selling experiences to a retail manager in one of the biggest retail chains in Denmark. The manager eagerly wanted to learn about RFID technology from our RFID expertise, and on the other hand, we needed to study various complex interactions of shoppers, Radio Frequency Identification (RFID) tag labelling processes and replenishment in a department store for our work on the adoption of RFID technology in the retail industry.

We ended up trading our expertise by conducting a one-hour Bodystorming session. During the session, one of our researchers and the retail manager jointly interacted with some actual tools and goods in the department store and acted some scenarios while brainstorming some ideas.

When one of our researchers explained about the design and capabilities of a future smart RFID-based shopping trolley, the manager acted out different ways of using the current shopping cart to get a better understanding how the smart trolley works. Suddenly, he asked the researcher to go with him to several other sections in the department store and demonstrate how the idea of smart shopping trolley can work in the non-food section of the department store, but not on some other sections, such as the bakery and fresh fruits section, because of labelling and packaging problems.

The manager could engagingly learn a lot of some RFID technology applications, and we could receive instant feedbacks from the manager and some significant insights to refine our RFID adoption strategy within one hour.

While some people claim that RFID technology makes good business sense, the real RFID adoption in the real world is always haunted by failures. The notorious case of customer loyalty cards in Extra Future Store supermarket in Germany can remind us that the ignorance of taking non-technological issues into consideration, such as privacy issues can be catastrophic. The supermarket was “forced” to drop the use of RFID tags in customer loyalty cards about one week from a planned public demonstration in March 2004, due to some privacy issues.

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Let's say you want to deploy an RFID-based self check-out system to solve long queue and theft problems in a retail store. In deploying the system, when you consider RFID as merely next-generation barcode technology, you are one step closer to adoption failure.

You need to think outside-the-box and identify the needs and solve problems of shoppers in using the system. You need to make sure that by using the system, their privacy is protected, their identity is secure from identity thieves and the self-check-out system is usable that shoppers can actually use the system without any usability problems, among some other non-technological issues. In a sense, you need to be able to sell experiences, and not only products and services.