

Adopting 'smart' shopping trolley no easy task

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According to Pine and Gilmore (PG), the writers of The Experience Economy, we live in an era of transition from a service to an experience economy, where the selling of "experiences" will eventually replace the selling of services.

Unfortunately, the selling of experiences can be costly.

LEGO, the well-known Danish toy manufacturer famous for its colorful plastic bricks, which won PG's 2002 Experience Stager of the Year award, ironically had to sell its theme parks to cut costs due to staggering, record-breaking losses of around US\$ 328 million in 2004.

Not so long ago, we faced a similar challenge in selling experiences to a retail manager in one of the largest retail chains in Denmark.

The management eagerly wanted to learn about Radio Frequency Identification (RFID) technology from our expertise in the field, while we needed to study the complex interactions between shoppers, RFID tag-labeling processes and replenishment in a department store for our work on the adoption of RFID technology in the retail industry.

RFID, in theory, facilitates the automatic re-ordering of stock as customers place items in their shopping trolleys, as well keeping track of what each customer intends to purchase.

We ended up trading our expertise by engaging in a one-hour brainstorming session.

When one of our researchers explained 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 of how a smart trolley works.

Suddenly, he asked the researcher to go with him to several other sections in the department store and demonstrate how the smart shopping trolley concept could work in the nonfood section of a department store, but not in others, such as the bakery and fresh fruit sections, because of labeling and packaging problems.

The manager was able to learn much from RFID technology applications, and we were able to receive instant feedback from the manager and some significant insight to refine our RFID adoption strategy within one hour.

While some people claim that RFID technology makes good business sense, actual RFID adoption in the real world has, thus far, been marked by failure.

The notorious case of customer loyalty cards in Extra Future Store supermarket in Germany is a reminder that to ignore nontechnological issues, such as privacy, can be catastrophic.

The supermarket was obliged to drop the use of RFID tags in customer loyalty cards about one week from a planned public demonstration in March 2004, due to privacy issues.

If a company is interested in adopting RFID technology, it must think beyond technological challenges, such as Information Technology. It must be able to see that RFID adoption is more about selling experiences than selling products or services.

Let's say you want to deploy an RFID-based, self-check-out system to solve problems of long lines and theft in a retail store.

In deploying the system, if you consider RFID as merely a form of next-generation barcode technology, you are one step closer to its failure upon adoption.

You need to think "outside the box" and identify the needs and solutions to the problems shoppers encounter when 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 in a practical sense.