Is Automated Checkout RFID’s Killer Ap?

And if so, is it feasible given the state of the technology today?

Mark Roberti, Founder & Editor, RFID Journal
Agenda

• Sam’s Club’s Strategy
• Is it feasible?
  – What are the biggest challenges?
• What success at Sam’s Club will mean
• Where automated checkout makes sense
Sam’s Club’s Strategy

• In January 2008, Sam’s Club indicated it would move to item-level tagging by October 2009
• Later it backed off the deadline
• Company says it still plans to track items, perhaps starting in early 2011
• The goal is automated checkout — in 30 seconds or less
Put an End to This
Sam’s Club Strategy

• Would greatly enhance the customer experience
• Would enable Sam’s Club to steal considerable market share
• What would it mean for the RFID industry?
• And what would be the impact on other retails?
What would it mean for RFID?

• The first item-level deployment in a major mass merchandise store would transform RFID
• Thus far, CEOs have been able to ignore the technology
• If it affects customers, it can no longer be ignored
• All retailers would need to look at RFID
• Could put to rest the privacy debate because customers would love the technology
Is Automated Checkout Feasible

- Sam’s Club clearly believes it is
- It may be for certain types of retailers
- Or for certain products/areas within a store
- It is not feasible in a grocery store today
  - Many items are too inexpensive
The Sam’s Advantage

- Wholesale clubs sell in bulk
- Items are easier to tag
- Cost more
But Sam’s has Challenges

• How do you tag this?
But Sam’s has Challenges

• Or this?
Checkout is an issue

- You have to read every tag every time
- But what happens when a customer removes a tag?
- Or hides a tagged item
A possible solution
A Possible Solution

• From startup Express Bag
• The company claims its carts, without RFID, will:
  • Reduce labor costs (no one to bag goods)
  • Eliminate conveyors
  • Cut checkout times in half
  • Reduce environmental waste

PUT RFID 2 WRK
A Possible Solution

- Express Bag could be a good interim step until RFID is embedded in products
- Employees pick up each item
  - Each RFID tag is read
  - Visual or audible confirmation
  - Item is placed in canvas bag on other side of cart
What will Success at Sam’s mean for retail?

- All retailers will have to take a hard look at RFID
- If it impacts the customer experience it has to be considered
Who Can Automate Checkout?

- Apparel retail is not a good candidate
  - Items are RF friendly but can’t embed tag in clothes (privacy issues) and hang tags are easily removed
  - You might want checkout staff to talk to customers, suggest accessories or additional items
Who Can Automate Checkout?

• Home improvement is a candidate
  – Many items are high value
  – Some items are low-value or difficult to tag
Who Can Automate Checkout?

- High end retailers want to provide personalized service
- Low-end retailers can’t put a tag on every item without destroying their margins
- So is automated checkout only good at wholesale stores?
Think Outside the (Cash) Box

• High end retailers could eliminate cash registers
• Store associates with handhelds get real-time inventory visibility
• Call for items to be brought to the floor
• Read tags on items, writes “paid,” and issue a receipt, like a car rental company
Think Outside the (Cash) Box

• RFID servers multiple purposes
  – Inventory management
  – Theft deterrent
  – Customer service
  – Checkout
Think Outside the (Cash) Box

• This could work for
  – Shoe stores
  – Department stores
  – Home furnishing
  – Electronics
  – Other stores where a high degree of service is required
Other ways to use automated checkout

- Use it within an area of your store
- Grab-and-go sandwiches
- Self service kiosks
In summary

• Automated checkout is not the killer app.
• It could have a big impact on adoption.
• Companies can use it tactically within areas of their store.
• Checkout should be seen as part of a larger solution.

PUT RFID 2 WRK
THANK YOU

PRESENTATIONS AVAILABLE AT:

rfidjournaevents.com/presentations