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# AAFA Helps Members Save While Improving Efficiency With RFID Technology

By Kevin M. Burke

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One day soon, it will be a fact that the use of Radio Frequency Identification (RFID) technology will be table stakes for apparel and footwear companies that want to do business with most retailers in the industrialized world. To get into the game, they will need that capability.

That day is rapidly approaching, and AAFA is now ready to help.

On our AAFA web home page, [www.apparelandfootwear.org](http://www.apparelandfootwear.org), if you click on the "RFID Savings Program" line, you will find information about a creative new program that we developed to provide member companies with significant savings if they want to begin taking advantage of this new technology today, rather than waiting until it becomes, in effect, a mandatory requirement for doing business. Frankly, we believe that RFID is destined to affect the entire business supply chain, in an even broader way than the Universal Product Code (UPC) did years ago.



Already, Wal-Mart, Target and the U.S. Department of Defense require most of their suppliers to use RFID labels on pallets and cases. It won't be long before that same policy covers individual products as well. Momentum is building in the retail community. It is only a matter of time before additional retailers embrace the technology to compete with companies like Wal-Mart and Target because of the advantage of efficiencies that it provides. And when they do, suppliers will be required to jump on board.

Ultimately, every component of the distribution chain—suppliers, distributors and retailers alike—will benefit from this technology as cost of implementation, equipment and supplies continue to moderate. ROI will become clear due to the

increased efficiency and availability of information that RFID will make possible. In fact, ROI has already been established by these early adopters. You know that neither Wal-Mart nor Target would be investing in a technology, unless they were certain of its importance and its contribution to the bottom line.

Carolyn Walton, vice president of information systems at Wal-Mart Stores Inc., earlier this year spoke at the RFID World convention in Grapevine, TX.

"We saw that our out-of-stocks were reduced by 16 percent with the use of RFID," Ms. Walton reported during a seminar. "We also saw that when an item is out of stock, if it was tagged with RFID, it was replenished, put on the shelf, three times faster than it normally would."

She said that when the company rolled out its pilot program at the beginning of 2005, it included more than 100 suppliers, 500-plus RFID-equipped stores and five distribution centers. Next January, she said, the company will add more suppliers, will have doubled the number of stores, and will have more than 1,000 locations that can receive tagged products and merchandise. There will be more than 600 suppliers on the RFID program.

That's just Wal-Mart. Obviously, they are the 100 lb. Gorilla of discount retailing, but what they do will influence the rest of the industry as competitors are pressured to achieve the same kind of efficiencies. Implementation of RFID will move into virtually every product category, and apparel and footwear is no exception.

In fact, to learn more about RFID, please visit the RFID Resource Page located on our website. You'll find basic information from experts in the industry, case studies about industry companies that are using RFID, the latest RFID news, a listing of industry events and more.

AAFA has been providing that information to members for some time now, but several AAFA members asked us to do more. So, in January, we launched the new AAFA RFID Savings Program (RSP) with the help of an industry task group represented by four leading member companies.

The heart of this program includes special sharply discounted rates for RFID labels that AAFA negotiated with Avery Dennison Retail Information Services, a leading supplier of labels, tickets and tags to the apparel and footwear industry.

It is important to understand that these reduced rates are available *exclusively* to AAFA members who are producers and providers of apparel and footwear products. Some companies have already reported significant savings due to their participation in the program, which is still in its infancy. In fact, one member has said that they are saving almost 42% on RFID labels.

Under the new program, you can purchase Avery Dennison's new Gen 2 "AD-220" labels or Gen 1 RFID labels. These labels, offered at below-market rates for large and small companies alike, can be used for meeting RFID requirements for major retailers. Minimum orders can be as low as 5,000 labels.

The RSP Program offers these key benefits:

Exclusive to AAFA members

Volume pricing

Free labels for testing

Labels compatible with all major RFID printer models

Help-desk assistance from Avery Dennison Retail Information Services

No cost to participate

AAFA is pleased to offer this program as a benefit of membership. We've negotiated the best possible price for RFID labels with one of the top suppliers in the industry in an effort to provide the best possible service to our members.

While some companies may view RFID implementation as an option today, that will change. Julie England, a vice president at Texas Instruments Inc., who presented the keynote address at that RFID World conference, pointed out that the technology got its initial boost when Wal-Mart, the U.S. Department of Defense and a handful of other major retailers required suppliers to use it.

"Reality is setting in," she said. "The hype is out of the market."



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