

# What is rfid technology in what ways can it improve supply chain functioning

[Business](#), [Marketing](#)



Radio Frequency Identification in the Supply Chain Today, there are companies that are making the gravest mistakes in business through failing to make accurate predictions on demand of their products. This has been through being late to supply supermarkets and other shops with catalogue or sometimes producing more than what is in demand thus having to take care of excess stock in their warehouses. To get rid of these problems, companies are taking the global chain supply chain management more seriously and are eliminating informational and procedural bottlenecks to ensure increased efficacy in their timing of orders and making of inventory decisions. This paper discusses one of the most efficient and trusted method of ensuring inventory efficiency is attained, the use of Radio Frequency Identification. The supply chain Radio Frequency Identification, abbreviated as RFID, is a technology used by some retailers and wholesalers to track goods along the supply chain (Millsap para. 4). This method employs the use of concealed RFID tags made by joining radio antennas with microchips. The tags can store up to two kilobytes of information. In the tag memory, information such as the product identification, price of the item, and its manufacture date is stored. The RFID tags are then attached on individual products or the packaging where they are read by a reader collecting information about the product and then transferring it to a computer system.

With the use of RFID, companies can increase their efficiency of the global supply chain management through the visibility they devices offer on the demand of the products and ordering decision of customers. The RFID tags are effective in decreasing the Bullwhip effects. Since ordering and sales are closely related, companies can make proper decisions through Just in Time

(JIT) information received from the tags and can, therefore, decrease effects of inefficient handling and making improper inventory decisions (Millsap para. 1). Although there have been ethical issues raised in regard to the tags, it is evident that they are very helpful in the supply chain.

#### Work Cited

Millsap, Daniel. WAL-MARTS USE OF RFID IN GLOBAL SUPPLY CHAIN MANAGEMENT. 2012.