

Discuss the
advantages and and
challenges of rfid in
logistic industry



Advantages and Limitations of RFID and Advantages of Radio Frequency Identification (RFID) The technology helps logistics providers with the easy calculation of stock when it is received in the warehouse from the supplier's premises. The stocks that companies purchase may be large making them vulnerable to miscalculations once they reach the warehouse. However, in the presence of RFID, the technology tracks all stocks from when they leave the supplier's premises until they arrive at their destination. Workers of the purchasing organization also compare the stock that left the supplier's point with the one that they receive, and in case of discrepancies, they conduct an investigation to eliminate the inconsistency. Therefore, the tracking of goods by the use of an exceptional serial number makes it easy for employees to calculate and find stocks (Jones, & Chung, 2008).

RFID also enables companies to reduce stock outs from their warehouses, and this helps to maintain customers especially those who run out of patience easily (Ustundag, 2013). This is because companies are able to determine their reorder levels, and at this point, they order new stock. By the time the new stock arrives at the company's stores, the buffer stock is used to satisfy the available demand.

The technology also helps logistics managers in saving the time that they would use to move from one location to another to check the conditions of their stocks (Ustundag, 2013). This is because RFID does the work of recording and transmitting the condition of goods. If the technology was not there, organizations would have employed people to do this work, and this would consume more time and cost.

Disadvantages of Radio Frequency Identification

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The major limitation of RFID in logistics is that it is expensive to acquire and use (Jones, & Chung, 2008). The chips used by this technology and the tags that are attached to goods to enable companies in tracking them are expensive. Therefore, most logistics departments do not afford to use the technology in their companies.

RFID is also complicated and requires to be used only by skilled workers who have the knowledge of the technology (Ustundag, 2013). However, most of the companies employ lowly skilled workers who require less pay than the highly skilled ones. This causes these workers to mishandle RFID leading to low or no achievement of the main objective of the technology. The high expenses associated with the technology also make it possible only for few companies to acquire and use it.

Some companies such as Procter and Gamble argue that the technology is unreliable because it still experiences some errors that would still take place in a manual system (Jones, & Chung, 2008). The unreliability that is caused by errors makes it hard for logisticians to acquire it because they end up increasing their expenses while reducing their profitability.

RFID lacks a standard mode of compatibility with various logistics departments in different parts of the world (Ustundag, 2013). The incompatibility of the technology used in one place with the goods in another location is considered a weakness by multinational companies. This is because these companies operate in different parts of the world, and they would like a standard form of technology.

References

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