

RFID Heats Up in Latin America

Countries south of the Rio Grande see the benefits of RFID and are moving ahead faster than you might think.

By Mark Roberti

May 28, 2007—Last week, I traveled to Mexico City to speak at a retail technology event, ReTechLA, hosted by Tyco/ADT for its customers. The 220 attendees from Mexico and other Latin American countries were, by and large, knowledgeable about radio frequency identification and interested in leveraging its potential.

In fact, it was clear there's a lot more going on in Latin American than people might realize. Hewlett-Packard Brazil's tagging of printers has gotten quite a bit of attention, of course—the company won an RFID Journal Award this month. But few other projects have received much notice.



During the event, Javier Mendez Trujillo, dynamic response manager for Liverpool, one of the largest retailers in Mexico, described several extensive pilots the company has undertaken, including utilizing RFID to inventory the apparel section of two of its stores. RFID, said Mendez, has reduced the time it takes to count items by 80 percent.

Louis Alberto Gil, logistics director for Almacenes Exito, a large Colombian retailer, spoke with Pedro Blanco, logistics director for Compania de Galletas Noel, a Colombian supplier of cookies and crackers. The two described an extensive pilot in which Noel is shipping goods to Exito, which are then tracked from Noel's distribution center, through Exito's DC and to the store. The goal is to determine the capabilities and limits of the technology.

"We worked hard with Noel," said Gil, adding, "With what we learned, we are now able to expand the pilot to more suppliers and more stock-keeping units. We believe this tech will enable us to get over the final problem needed to reduce the out-of-stock number below 8 percent."

Latin American companies have a lot to gain from adopting RFID. For one thing, the region is competing with China and other low-cost manufacturing centers. By getting out in front and adopting RFID, Latin American companies can steal a march on companies in other regions moving more slowly.

The Latin American region produces a great deal of fresh produce and foodstuffs for the United States and Canada. By employing RFID in the cold chain, the countries in that area of the world can reduce spoilage and improve profits. RFID can also be used to collect the data needed to comply with U.S. regulations implemented after the Sept. 11 terrorist attacks to protect the food supply.

In addition, Latin American companies that adopt RFID and become leaner and more efficient can prosper, which will create new jobs and help improve the overall standard of living.

The cover story for the next issue of RFID Journal magazine will delve much more deeply into RFID adoption in Latin America, exploring how companies doing business there can benefit from the technology. From my admittedly brief visit, I got the sense a lot of people understand the benefits and are ready to take advantage of RFID.

Mark Roberti is the founder and editor of RFID Journal.