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 **Peltz Shoes drops RFID technology***RFID labels were a learning tool for the independent shoe retailer who has since moved on from the RFID technology.*

In 2009, Peltz Shoes incorporated the RFID tag approach for labeling their entire product selection in retail stores and warehouse. This RFID tag wasn’t just being used for its radio frequency identification, but was also being used to provide detailed label information on the shoe boxes to provide brand, style, color, size, and price. At that time, Vice President/CEO Gary Peltz felt that the growing RFID technology could increase efficiency in tracking and inventory management that would ultimately contribute to one goal: accurate inventory. The intention was to provide customers with the correct quantity on hand within the back office system and the e-commerce site www.peltzshoes.com.

Since then, Peltz found that using RFID tags resulted in high labor cost to apply the tags, high label costs, and inaccurate inventory levels. Part of the problem was that the RFID printer would print unactivated tags that were undetectable until inventory cycle counts were initiated. Also, if an associate mistakenly put the wrong label on a box, the inventory would not be counted correctly. Both of these issues caused another incurred cost: unexpected labor to remove the tags from the boxes to re-label and re-inventory. A great feature of the RFID technology is that the scanners picked up the RFID extremely fast, however it often missed labels as well; the scanners were 99% accurate, however the 1% caused a big increase in labor. If scanning 300,000 pairs of shoes, 1%, of those, or 3,000 pairs, would need to be manually verified for accuracy. The time and effort involved to correct such inaccuracies did not warrant the extra costs when compared to the low expense and accuracies of hand-scanning the entire inventory.

A big factor in the decision at Peltz to discontinue the use of RFID was the high costs. When adopting the RFID program, there are substantial costs associated with the printers, labels, thermal ribbon, and scanning equipment. Although seemingly small, the 11 cents per-label cost was the main reason for cancelling the RFID program. Every box needed to have a label to prevent inventory inaccuracies, which meant all of the retail stores plus the warehouse had to have an RFID label printer and supplies to keep up with the inventory. Peltz found that, while trying to keep up with its continuously growing 300,000 + unit inventory, this became extremely expensive and time consuming.

In 2015 Peltz made the decision to no longer utilize RFID in an effort to better serve its employees and customers, and moved to rely solely on barcode scanning for inventory control. This has resulted in better inventory counts, lower inventory reconciliation levels, and has helped to ensure customers receive proper inventory counts as they make their purchases. If manufacturers applied RFID labels at the factory inside of the actual product, it would be much more beneficial. Doing so would increase inventory accuracy straight from the factory, but would also have the added benefits of preventing mismates and theft. Peltz says that RFID is a great tool, but for all of the inaccuracies and associated high costs, it will not be a viable solution until a significant manufacturing change at the wholesale level occurs.

**To learn more about Peltz Shoes please visit:** [**http://www.PeltzShoes.com**](http://www.PeltzShoes.com)