Assessing the Impact of RFID on Return Center Logistics

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Abstract

We assess the impact of RFID on a logistics firm had implemented RFID for the outbound operations of a return center. The rationale for this particular deployment was the negative impact of operational inefficiency on its profits, measured by the incidence of claims by the firm’s customers for missing or damaged product. Controlling for process complexity, shipment characteristics, and customer characteristics, we demonstrate empirically that the use of RFID reduced the incidence of such claims by over 50% for this logistics firm. These results are robust to the use of different model specifications and different controls.