

# Office Depot Accepting Contactless Payments

The office supply merchant is the first major retail establishment outside of fast-food restaurants, convenience stores and theaters to adopt Visa payWave and similar RFID-enabled credit cards.

By Mary Catherine O'Connor

Aug. 29, 2007—Office Depot has become the latest major U.S. retailer to announce accepting payments made with RFID-enabled payment devices. The office supply retailer has installed RFID payment terminals at 25 percent of its 1,100 retail locations around the United States, says Office Depot spokesperson Melissa Perlman, and intends to outfit all the stores with payment terminals by the end of September.

Office Depot decided to accept the contactless payment format as a convenience to customers. An RFID inlay embedded inside a credit or debit card or key fob is read when a consumer holds the device close to an RFID interrogator embedded in a specialized payment terminal. A chirp or beep indicates a card has been successfully read.

Not having to swipe the magnetic strip on payment cards cuts down on overall transaction time, according to research conducted by several credit card organizations, including Visa, MasterCard and American Express. What's more, no signature is required for purchases under \$25. Office Depot is accepting RFID-enabled payment cards or fobs bearing the Visa payWave, MasterCard PayPass or American Express ExpressPay logos.

"It's all about customer service and creating an innovative, convenient [payment] option for our customers," says Perlman. "We're creating a complete [payment] solution, providing what customers need, as well as what they want." And what consumers want, she says, is a quick and convenient visit to the store and a variety of payment methods.

Office Depot is the first major retailer outside of quick-service restaurants, convenience stores and movie theaters to embrace RFID. Credit card organizations initially marketed RFID payment technology to such merchants as 7-Eleven and McDonald's because the majority of these companies' transactions are for small-ticket items historically paid for with cash (see [Chase Offers Contactless Cards in a Blink](#) and [At McDonald's, ExpressPay Fits the Bill](#)).

The merchants were attracted to the technology because research has shown it can expedite customers through queues, potentially translating to higher sales and throughput. Just because Office Depot doesn't sell hot dogs or movie tickets to customers in a hurry, Visa points out, doesn't mean that making the payment transactions speedier and more convenient for customers isn't still a valuable proposition.

"We were [initially] focusing on places people go to on a regular basis to make small-ticket purchases," says Brian Triplett, senior vice president of emerging product development for Visa USA, "but that value proposition isn't limited to [convenience stores and quick-service restaurants]." Visa started with those markets, he explains, because it wanted to incorporate the technology into the types of merchants that consumers visit frequently—places where they could get exposure to the technology and be likely to use it to

save time.

Currently, 7.3 million Visa payWave cards and 16 million MasterCard PayPass cards are in circulation worldwide. Now that issuance of RFID cards and key fobs is becoming more widespread, an increasing number of merchants are likely to begin accepting them. Triplett believes a much broader array of merchants will accept RFID payment in the future, and that it will become just another payment option. As retailers upgrade their in-store point-of-sale systems, he predicts, they'll chose payment terminals capable of reading RFID payment devices.

RELATED\_ARTICLES T.J. Sharkey, MasterCard Worldwide's senior vice president of U.S. merchant sales, explains that the company's focus is on helping merchants drive sales, regardless of merchant type. "MasterCard [PayPass]'s expansion into Office Depot does not represent a departure from our strategy, but rather an expansion of it," he says. "The benefits of PayPass—speed and convenience at the point of sale, resulting in faster throughput and happier customers—are being felt by merchants in all sectors that place a premium on such things."

According to Sharkey, research has shown that MasterCard PayPass cardholders tend to display loyalty to merchants that accept PayPass. This, he states, is another factor that will attract more merchants to begin outfitting stores to accept the payment method.

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