

London Paper Issues RFID Card to Increase Reader Loyalty

The Evening Standard hopes its Eros card will boost newspaper sales.

By Mary Catherine O'Connor

Sept. 27, 2007—Selling newspapers in London is a tough game, but *The Evening Standard* is using RFID to gain a competitive edge. The popular daily paper, targeted at commuters who ride the London Underground subway system, sells between 200,000 and 300,000 copies per day, at a cost of £0.50 (\$1.12) apiece. It must compete, however, with a bevy of free dailies (known as "freesheets") with a combined daily circulation of around 900,000.

In an effort to expand its readership, entice readers to buy the paper more frequently and gather insights into the buying habits and interests of its readers, the *Standard* has launched an RFID-based loyalty/debit card. The paper's managing director, Andrew Mullins, hopes readers will become enamored with the Eros Reward Card because of the discounts it offers on the newsstand price (the paper does not offer home delivery), as well as other perks, such as free song downloads from iTunes.

The card was rolled out this week at London's Waterloo Underground station, Mullins says. Staffers have been signing up users, providing new enrollees an Eros card and using Web-enabled wireless PDAs to record their names and e-mail addresses. By the time the commuters reach their home or office, an e-mail message should already have arrived from the *Standard*, providing a link to a registration page where they can use their bank or a credit card account to load value on their Eros account.

The discount is determined by the specific amount loaded onto the card. For instance, loading £4 (\$8.10) on the card provides a savings of £1 (\$2.02), with the cardholder paying £0.40 (\$0.81) apiece for 10 copies of the paper. Loading £34 (\$68.82) on the card yields a per-paper cost of £0.34 (\$0.69), a savings of £16 (\$32.39) on 100 copies.

In addition to getting free music downloads, the card user also qualifies for discounts at select area restaurants and merchants. In exchange for the deals, readers must provide some personal information and agree to receive promotional e-mail messages from the *Standard*, but Mullins considers this a quid pro quo arrangement.

"There is a value exchange and a trust exchange," Mullins explains. "You only give someone your information if you trust them, and the value exchange here is considerable. We might send an e-mail to cardholders that alerts them when they are running low on credits, and then also suggest that they buy the paper the next morning because we have a great feature on so-and-so."

"We won't start spamming [Eros card holders] from a whole bunch of advertisers," Mullins adds, "which is tempting in the short term but disastrous in the long term."

The Eros card employs the same technology as the Oyster card, an RFID-based fare payment card used by

more than 10 million British commuters in the city's subway and bus system. The high-frequency (13.56 MHz) passive inlay inside the Eros card contains a Mifare chip from [NXP Semiconductors](#). The card contains a magnetic stripe onto which the customer's account ID number is encoded; that number is also printed on the face of the card.

Unlike the Oyster card, however, the financial transaction is performed remotely with Eros. That is, the amount of money in the Eros account is stored on a server, and the transaction is performed through a payment network, via a message sent from the reader terminal containing the account ID encoded to the card's RFID chip. In contrast, when a commuter uses an Oyster card, the interrogator deducts the fare's value from an amount stored on the card.

The Evening Standard worked with several technology vendors to develop the card, Mullins says. TS3 Services Ltd., its lead integration partner, provided the application software that enables online registration and maintains the database card IDs and the value assigned to each card. TS3 Services also installed the RFID-enabled payment terminals—manufactured by [Sagem](#)—at the 15 newspaper vendors accepting the Eros cards, in and around the Waterloo station.

RELATED_ARTICLES The company worked with [Conchango](#), a business consultancy in the financial services industry, to develop an interface between the Eros software and the payments network to process transactions when cardholders load value onto their cards. Starting next month, the *Standard* plans to roll out the service to more than 30 subway stations and surrounding vendors.

According to Mullins, the *Standard* hopes the discounts will entice readers to use the Eros card to purchase the paper with a quick pass of the card over the reader, rather than buying another periodical using a MasterCard or Visa contactless card. Both credit card organizations are rolling out their respective RFID payment cards (PayPass and payWave), which banks in the United Kingdom are beginning to issue (see [MasterCard Rolls Out Contactless Carpet in the U.K.](#)). These cards are heavily marketed to commuters as a method of paying for inexpensive items, such as newspapers or coffee, without having to dig for bills or coins.

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