

If at First You Don't Succeed

Companies should keep an open mind about RFID applications.

By Kevin Ashton

Aug. 4, 2008—In a current TV ad for MasterCard, break-dancers check out of a hip boutique in seamlessly choreographed perpetual motion until one young man makes the mistake of trying to pay with cash. Everything grinds to a halt. Then, realizing his error, the man reaches for his credit card and, with a single swipe, restarts the dance and restores his coolness. The point of the ad is that it's quicker and easier to use a card than to fumble with money. Visa has similar commercials.

These ads make me smile, and not because of their clever humor. By 1997, the credit card industry had developed RFID-based cards as an alternative to the familiar magnetic stripe. The idea was simple: Within a decade—so about now—everyone would be using smart cards that didn't need to be swiped to make faster, more convenient payments. Instead, we have a blitz of TV advertising touting the convenience of the good old magnetic stripe. So what happened, and what does it tell us about RFID?

First, the sudden and largely unforeseen rise of Internet connectivity in the late 1990s made it much easier for retailers to hook up their credit card terminals to data networks, and the card ID number stored in the magnetic stripe was more than enough to provide all the functionality and security anybody could ever need. Retailers didn't see the point of changing their checkout systems to support the newer chip-based cards.

Second, and more important, consumer habits die hard. The swipe of the credit card is familiar, and it gives people a sense of control over their transaction and their money. Wireless credit cards make most people think of wireless pickpockets.

But this doesn't mean the technology developed for wireless credit cards was useless. The only thing wrong was the application. Over the past five years, RFID credit card technology has been subtly repurposed to become a fast, convenient technology in places where people actually want to make a transaction as quickly as possible—places such as subway trains and sporting events, where hundreds or thousands of people are trying to get through turnstiles as quickly as possible.

RELATED_ARTICLES This is a common occurrence in business. The odor remover Febreze, for example, wasn't popular for its original application of getting odors out of clothes, but pet owners embraced it as a way to get the smell of wet dog out of their sofas and cars.

While companies haven't abandoned the notion of using RFID in the supply chain to track everything everywhere, it has yielded to an idea with much faster payback—wireless tagging of promotional displays. The moral of the story for end users seems clear: If your first application doesn't meet your expectations, try to get started with another—even if it means refocusing your original idea or redefining something as basic as what you mean by "payment."

Kevin Ashton was cofounder and executive director of the Auto-ID Center.

