

Washington State retailer TOP Food & Drug issues RFID cards to help it provide customers with discounts, refunds, recall data and other personalized services.

By Claire Swedberg

Apr. 3, 2009—Consumers at [TOP Food & Drug](#), a food retail chain in Washington State, are using RFID-enabled loyalty cards as part of a program known as TOP Connection, that provides them with services far beyond a typical loyalty card's price reductions.

The TOP Connection card links to an Internet-based system to dole out such benefits as recall notifications, refunds of prices that drop following a purchase, and refund credit for items shoppers were dissatisfied with. The system, designed by Bellingham, Wash., software company [Accelitec](#), also enables customers to manage their shopping experience on the store's Web site, where patrons can input a shopping list, track previous purchases and sign up for discounts later provided at the point of sale.



Peter Gruman

The company began using the system in September 2008, in four western Washington stores, located in Olympia, Tacoma, Grays Harbor and Lacey. After the trial is completed later this spring, TOP may expand to a full permanent deployment at its 14 remaining stores, says Emily Mallahan, director of TOP development at [Hagggen](#), the retail chain's parent company.

Until TOP initiated this program, Mallahan says, it had opted not to provide any loyalty cards to its customers, whom the store refers to as "guests." The retailer had not found loyalty cards to be of much benefit to users beyond offering special price discounts at the point of sale. Instead, TOP wanted a way to provide more personalized service to consumers. "This stems from wanting to add value," she says. "We wanted to establish an open communication with our guests." That communication could add value, she notes, by making it easier for shoppers to receive discounts, return products or learn about recalls.

The loyalty card is available in two forms: a key fob, and a sticker that can be affixed to a cell phone, both designed by [Vanguard ID Systems](#). The card contains a [UPM Raflatac](#) high-frequency (HF) 13.56 MHz passive RFID inlay compliant with the ISO 14443 standard, and encoded with a unique encrypted ID number. When a customer joins the program, the ID number is linked to information the shopper inputs into a personal Web page at TOP Food's Web site. This data includes instructions regarding how that customer wants to be alerted in the case of a recall or a potential credit—either by phone, text message or e-mail, or not at all. The card's ID number also links to data showing that individual's purchase history. The server is hosted by TOP Food & Drug, while Accelitec provides software that applies credits to customers' accounts and generates alerts.

The four stores have interrogators installed at cash registers that can capture the ID number of a card positioned a few centimeters away.

Thus far, says Accelitec's president, Peter Gruman, the system offers three elements. The first is a low-price guarantee that automatically provides customers with a credit whenever an item's price is reduced within seven days after that purchase is made; the credit is then applied to the shopper's next purchase cost. The system also allows for automatic refunds in the case of purchasing a spoiled item. If, for instance, a customer takes a gallon of milk home and discovers it has gone bad, he or she can call the store, provide his or her card ID number and receive credit automatically. The third element, automatic recall notification, involves sending an alert to all customers who have purchased a product that has been recalled, and warning them that the specific item does not meet store standards, or that is being recalled by the vendor and should be discarded.

TOP also initiated a promotion in which the retailer sent some of its customers an e-mail stating that if they visited the store within 48 hours and spent \$25, they would earn an extra \$5 discount at the point of sale.

Accelitec has been working on several solutions for store loyalty at a variety of retailers, Gruman says, but while the software firm initially considered bar-code or mag-stripe options, it determined RFID to be the best solution. RFID provides greater security than mag-stripe technology, he explains, because personal data is never exposed, and remains in the back-end system, with only the encrypted ID number transmitted. As such, he notes, more options are available to customers, such as paying for purchases by presenting only the loyalty card, as well as connecting other customer data to that card, based on information input by the patron on his or her personalized Web page. Product vendors have shown an interest in this system, Gruman says, as have retailers, because they could then use it to provide coupons to loyal customers, or to entice those who would not be considered loyal shoppers.

In the future, TOP plans to allow customers to input information such as a shopping list. If the store then installs a monitor and RFID interrogator near its entrances, Gruman says, a customer could utilize that service to access his or her shopping list upon arrival, and receive details such as where needed items are located, along with which brands are on sale. The system can also enable customers to instruct it to automatically deduct a transaction cost from a credit card or debit card, thereby enabling them to pay for transactions with the loyalty card alone. To date, Mallahan says, guests have not shown interest in this service, so it has not been included.

Approximately 60 percent of the four TOP stores' customers have signed up to use the card since September, Mallahan says, with several hundred new applicants added each week. "We feel the program has been very successful," she states, noting, "I think we've just scratched the surface as to what we can do with it."

In addition, Accelitec has plans to modify and expand the system as new technology becomes available. In the future, for instance, Gruman says he would like to provide the system on NFC-enabled

cell phones. The widespread use of such phones within the United States, however, may still be several years out, he estimates.