

RF Payment **at** **CVS/pharmacy®**



express
pay



Overview

- About **CVS/pharmacy**[®]
- Speed of Checkout
- American Express RF Phoenix Beta Test
- RF Deployment Decision
- RF Enabled Payment Terminal Rollout Strategy
- Contactless Benefits
- RF Activity

CVS/pharmacy[®]

We help people live longer,
healthier, happier lives.



new lower prices
on over
5,000 items

CVS

Speed of Checkout

- Credit/Debit card sales represent 53% of all sales where the consumer has the choice of payment
- Credit/Debit card transactions traditionally take longer to process at the register
- RF significantly decreases transaction time relative to cash and cards
- Legacy equipment hindered our ability to provide improved services
 - RF contactless capability
 - Electronic Signature Capture
 - Improved processing times
 - Video display capabilities

Average Cash Transaction

33.7 seconds

Average Card Transaction (w/o Signature)

26.7 seconds

-7.0 sec vs. cash

Average RF Transaction

12.5 seconds

-14.2 sec vs. card

-21.2 sec vs. cash

American Express-Phoenix RF Test



- **CVS/pharmacy** Beta tested ExpressPay in the Phoenix Market (19 stores) in 2004
- **CVS/pharmacy** partnered with AMEX on in-store P.O.P, along with a targeted market advertising blitz in the first half of 2004 designed to generate RF foot traffic and awareness
- The Phoenix pilot showed that consumers made larger purchases at CVS with ExpressPay versus Cash
- AMEX Market Basket increased measurably during the marketing blitz
- RF functionality continued as part of an extended test until the chain installation of the RF enabled payment terminals in 2005

Chain Deployment Decision

CVS/pharmacy's decision to deploy RF enabled Payment Terminals to all stores was based on various factors

- Phoenix Test Market analysis and results
- It positioned **CVS/pharmacy** as the first chain drug and national retailer to accept contactless methods of payment in all locations
 - Drives “early adopter” foot traffic to **CVS/pharmacy** locations
 - **CVS/pharmacy** had already planned to implement during payment terminal refresh

RF Payment Terminal Rollout Strategy



- **CVS/pharmacy** upgraded/replaced over 40,000 RF enabled, signature capture Payment Terminals in 5,400 + stores
- Stores were upgraded with RF Payment Terminals as part of a staggered rollout from February through July
 - Rollout was coordinated by **CVS/pharmacy** Rollout Operations Center and Store Operations. The payment terminals were installed by various low voltage vendors
 - Total time to install Payment Terminal was approximately 1-2 hours per store, and required minimal effort on the part of the store crew
- All stores received “What is RF” information, along with associated **CVS/pharmacy** job aids, at time of installation
- All payment terminals are branded with AMEX, MasterCard and Visa RF logos
- **CVS/pharmacy** now has over 50,000 RF terminals in over 6,200 stores.

RF Payment at CVS/pharmacy®



Contactless Pros & Cons

Pros

- Speed of checkout
- Increased Market Basket?
- First to Market
- WOW Factor

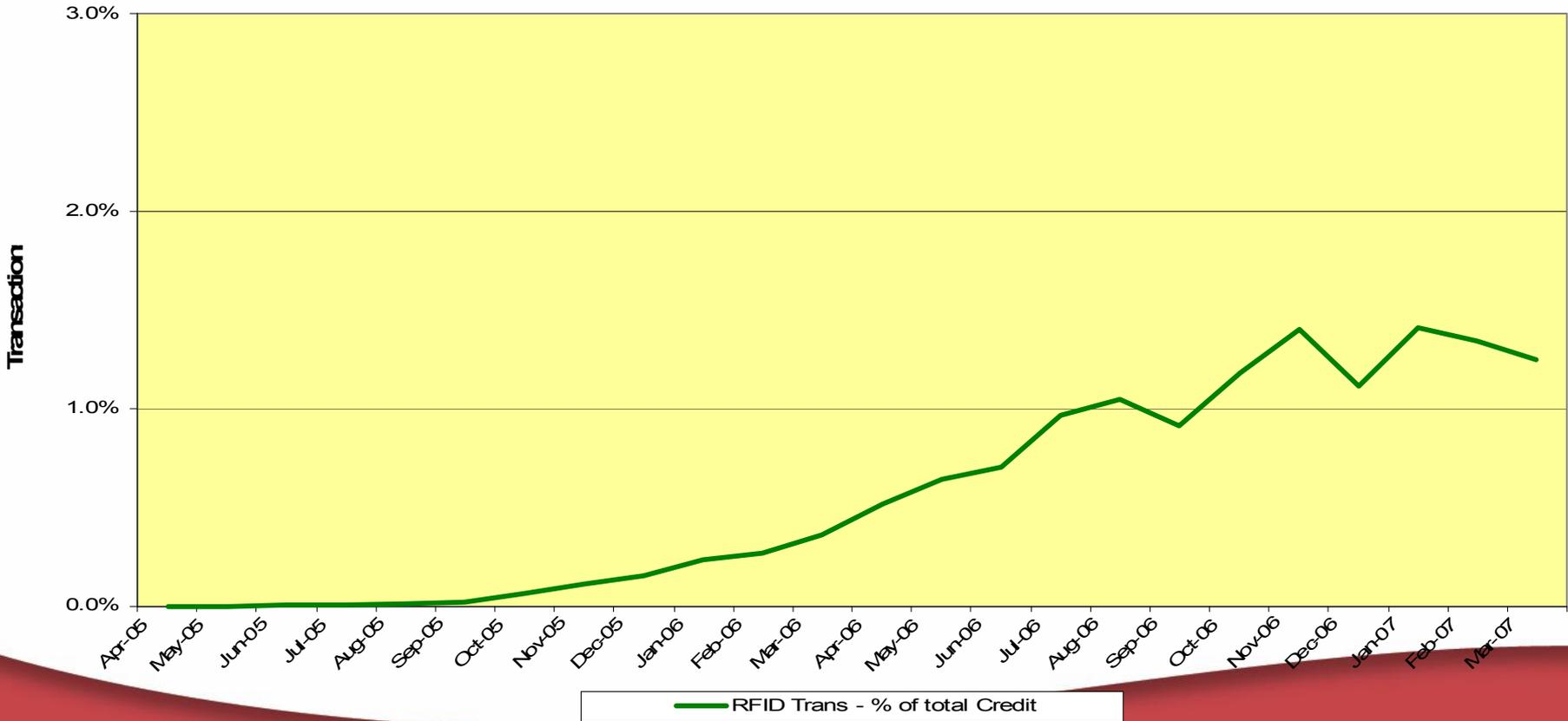
Cons

- Signature +\$25
- Interchange Costs on Cash?
- Slow issuer adoption
- Early antennae issues

RF Activity

- Approximately 20MM RF contactless cards issued to date by American Express, MasterCard and Visa

RFID Trans vs. Total Plastic



Cost of Payments

- Cash and Checks are a lower cost of tender in comparison to Credit, Signature Debit and PIN Debit transactions
- Card associations need to implement lower RF processing rates if they are to get increased retail acceptance of converting traditional cash sales