



Costco Members Tap Into the Future of Checkout

Summary

Tapping to pay is quickly becoming the standard way to pay at checkouts around the world for a number of reasons: it is one of the fastest ways to pay; it is secure; intuitive and flexible in that it enables digital payments across a range of form factors, including cards, mobile and wearables.

Driven by a continued focus on improving their member experience, Costco, a global retail leader, implemented contactless technology at the point-of-sale across more than 525 warehouses in the U.S. in August 2018. The Costco Anywhere Visa Cards—the co-brand credit cards from Citi—were issued with contactless technology to all cardholders.

Six Weeks After Launching Contactless Payments Across Their Warehouses

60%

More than 60 percent of all Costco Anywhere Visa Card transactions at Costco occurred by tapping to pay.

22%

More than 22 percent of all electronic debit/credit payments transactions at Costco were conducted by tapping to pay.

The company cites member and employee satisfaction and improved checkout speed as an outcome of this implementation, with education and training for their cashiers along with a clear, visual checkout experience as critical factors of its success.

Serving Members With Speed and Convenience

Costco decided to implement contactless technology to deliver an improved experience: it offered the benefit of speed, while delivering the same dynamic security as EMV® chip, which has proven effective at reducing counterfeit fraud.

"Tap to pay improved the Costco members' experience. It's fast and easy, so members got through checkout more quickly. Also, some members prefer paying with digital wallets, which this allowed them to do at Costco. It's also secure, with EMV chip technology at its core," said Paul Latham, Senior Vice President of Costco Membership, Marketing and Services.

"Saving even one or two seconds at checkout created shorter lines and improved cashier productivity. We really appreciated this operational improvement," said Mr. Latham.

Costco co-branded cardholders were quick to recognize the benefits of this fast and simple way to pay. Six weeks after implementation, more than 60 percent of all Costco Anywhere Visa Card transactions at Costco occurred by tapping to pay.

"Given the Costco Anywhere Visa Card is contactless-enabled, we expected our members would be inclined to tap to pay in our warehouses and were happy to see members' positive reactions and immediate preference for contactless payment," added Mr. Latham.



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Six Key Implementation Steps

1 Upgrade	Updated software to existing POS that included enabling Visa Quick Chip and EMV contactless solutions. This allowed consumers to tap to pay at any point, even before the final amount was known.
2 Staff Training	Educated and trained employees, which leveraged Visa's Merchant Training Guide .
3 Empower Cashiers	Relied on cashiers to help Costco members recognize and adopt tap to pay.
4 Customer Awareness	Created custom POS signage on terminal to drive awareness of tap to pay.
5 Pilot, Iterate	Piloted in a small number of Costco locations before installing nationwide to evaluate the member experience, technical functionality and any changes required to sales associate training.
6 Contactless Ready	Gradual but full EMV contactless roll-out across all Costco warehouses in the U.S.

Employee and Member Satisfaction

Costco warehouse employees were on the frontline of any changes that effected the member experience, and Costco ensured these employees were equipped to provide the best customer service to their members. Costco leveraged Visa's Merchant Training Guide and other resources/training examples to educate cashiers on how to tap to pay at checkout. As a result of this training, Costco staff not only were knowledgeable on the technology and how to use it, but became believers in the benefits of tapping to pay after witnessing firsthand the enhanced checkout experience for members.



A close-up photograph of a hand holding a silver Visa credit card over a payment terminal. The terminal is white and black with a keypad. The background is blurred, showing what appears to be a retail environment.

"Costco put their members at the heart of their decision making when they launched the ability to tap to pay at checkout across their warehouses, and it shows it paid off based on the uptick in usage."

**Dan Sanford, Vice President of
Consumer Products, Visa**

Future Proof

The Costco success story highlights what to expect as more contactless cards, mobile phones and connected devices come to market in the U.S.

"Costco's approach to implementing contactless payments provides valuable insights to merchants looking to increase their throughput and enhance the customer experience at the point of sale while maintaining the same dynamic security as EMV chip,"

said Dan Sanford, Vice President of Consumer Products. "Costco put their members at the heart of their decision making when they launched the ability to tap to pay at checkout across their warehouses, and it shows it paid off based on the uptick in usage."

Find out more about implementing EMV contactless through Visa's streamlined process [here](#).