

CODE BLUE? MAYBE NOT

QR codes could be entering their second act

by M.V. GREENE

Fueled by a climate of ever-advancing technologies, the hottest digital innovations can be here today and gone tomorrow. But sometimes instead of going away, a digital innovation morphs into something else. That seems to be what is occurring with QR codes.

Probably the best way to view the typically square, maze-looking codes today is under the guise of a transformation. The technology's key players — marketers, advertisers, retailers, brands, developers and vendors — seem intent on being more adroit and strategic; not just placing QR codes on packages, but deciphering and exploiting the analytics of the consumers scanning them.

The technology benefits from a strong backbone because scanning into smart devices is something consumers have become accustomed to, according to observers.

“If you walk through the aisles of grocery stores or clothing stores, there are more and more QR codes today than there were four years ago,” says Maryann Moschides, chief marketing officer for mobile relationship management systems provider Scanbuy. “So you’re not teaching someone a behavior. They already know to scan them and use them and look for something.”

BRANDING POSSIBILITIES

The technology sprang from Japanese users beginning around the early 2000s when smartphone adoption, more robust there at the time than in the United States, was soaring. As they began to catch on in the U.S., marketers attached QR codes to everything from product packaging and catalogs to business cards and billboards.

That opened up a world of possibilities for delivering dedicated text, video, audio and images. QR codes were hyped as unlocking the doors to content such as product ratings,



specifications, demos and expert advice, consumer reviews and how-to-guides.

Julie Ask, vice president and principal analyst for Forrester Research, recalls the hype in U.S. markets over QR codes, noting that a bit of caution is always prudent when adopting emerging technologies.

“We advised our clients to have realistic expectations,” Ask says. “Every technology is overhyped by its constituents. That is a given.”

Ask saw a core challenge with QR codes — that they seemed to work better for serving existing customers than acquiring new ones.

“Your best customers download the apps,” she says, referring to store-branded applications. “Once there, they can use search, text or voice, or receive push notifications that deep link into apps, which is a better and faster solution to get to content pages than 2D barcodes.”

Forrester estimates that only about 13 percent of companies it has surveyed employ 2D barcodes.

Jennifer Wise, a Forrester senior analyst



advertisement,” she says. “Many brands tried them a few years ago, but didn’t know how to use them. They were putting them on their packages and putting them in their advertisements, but they weren’t delivering a personalized message. They weren’t delivering a mobile experience.”

INSTANT PRODUCT INFORMATION

New approaches and opportunities for QR code use are surfacing as the technology has matured. The Grocery Manufacturers Association’s SmartLabel initiative, unveiled in December 2015 and operating on the Scanbuy platform, provides consumers with access to information about product contents. More than 30 manufacturers, such as Hershey Co., Kellogg Co. and Tyson Foods, are involved in the effort.

Hershey piloted QR Codes on packaging for its rollout of Holiday Hershey’s Kisses Milk Chocolates and Hershey’s Milk Chocolate Bars to highlight that the products are made with simple ingredients and no artificial flavors. Consumers can scan the code and get instant and detailed product information, including ingredients, nutrition facts and allergens.

The GMA forecasts that 30,000 products will feature a QR code-based SmartLabel by the end of 2017, saying the initiative “will change how people shop and will help them get answers to questions they have on the products they purchase when they want that information.”

Another burgeoning use has been for messaging. The China-based WeChat platform, with a reported 650 million monthly users, has found significant success using QR codes to engage users; the codes lead WeChat consumers to opt-in with brands for discounts and rewards while being exposed to millions of third-party apps.

Other popular platforms such as Snapchat and Shazam have also been using QR codes to enhance user access to their services.

Moschides calls QR codes “mobile triggers” that provide a platform to compel consumers to engage with brands, similar to universal product codes or even developing innovations such as image recognition and augmented reality technologies.



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who surveys the business-to-consumer marketplace, adds that one hitch confronting QR code development was the lack of what she terms a “value exchange.” She says branded apps traditionally have done a better job of clearly stating the value of the opportunity to consumers, something QR codes will need to catch up to.

“Education is still lacking around how to use [QR codes] and what to do with them,” she says. App consumers are loyal “with a direct information need that they know the scan will deliver on.”

Some hiccups in the development of QR codes have put pressure on developers and vendors to right the ship. It also meant having the marketplace look at the potential power of QR codes differently, says Moschides.

One key change in the way key players are thinking about QR code deployment is that it cannot be a standalone exercise.

“QR codes have always been about allowing consumers to get something from their brand, whether it’s on a product or a package or in an

She says a number of developments are occurring to enhance QR codes' viability, including casting a keener eye to the data generated by the scans. Brands are starting to use QR codes more proactively in order to create that value for consumers by tapping into the data, she says.

If a consumer's smartphone is set for Spanish, for instance, the content being requested through a QR code can be delivered in that



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language for a personalized experience, Moschides says. Though it may take more technological effort to do so, such an approach means “using the technology in a really smart way,” she says. “It’s using a technology that is proven and has existed to deliver information.”

DESIGNER CODES

In a report released last year, Scanbuy reported that the most popular types of content accessed via mobile scans were product information, app downloads, video, coupons and mobile commerce sites. The report also said the average scan engagement per user was five, with men 35 to 44 years old engaging more than any other demographic.

To leverage the analytics, brands and retailers should focus on a series of questions

related to user profiling and segmentation, notably asking what they want to achieve from a marketing and advertising standpoint, Moschides says.

“Just like any other type of execution in marketing, you have to have all of those discussions in order for them to be successful,” she says. “It has to be well thought out. You have to know what you are going to achieve, what’s the [return on investment] behind it.”

Another enhancement observers point to is improvement in the codes' physical design. QR codes are showing up with new bells and whistles such as color and different shapes. Dot-less QR codes being promoted by developers can be imprinted with images such as corporate branding or animation.

“They don’t have to be these square black and white codes anymore. They can be very much designer,” Moschides says. “It definitely is becoming more of the package, rather than just an extra utility.”

Whatever the ultimate fate of the QR code, Traci Gregorski, vice president of marketing for retail promotions and pricing intelligence firm Market Track, says there is no better time than now to engage consumers with digital innovations: The 2015 holiday season will be remembered as a period when brands and retailers truly embraced the power of digital, and consumers responded in kind.

“The age of digital has finally matured to an extent that the retail industry is really having to pay attention,” she says. “We’re no longer talking about small numbers here. The growth that is being experienced, especially during key holiday times, is significant.”

Whether the innovation is around QR codes or other digital opportunities for engagement, Gregorski says brands and retailers must focus on user experience, which in many instances trumps price.

“One of the things that has become really evident is that shoppers and consumers want things to be really easy,” she says. “And if we are going to introduce some kind of change management to get them to use something new like QR codes, you have to give them a really good reason to do so. It has got to be worth their while to really stick.” **STORES**

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