PostCom

USPS' Mobile Barcode Promotion Overview

May 18, 2011

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- **Mobile Barcodes**
  - ✓ What are they?
  - ✓ How are they used?
  - ✓ Who's using them?
  - ✓ How to use them
  - ✓ Future technologies
- **USPS Mobile Barcode Promotion**
  - ✓ Requirements
  - ✓ Postage Discounts

- Mobile phones can now be enabled to read a variety of 2D mobile barcodes. These include:

QR codes	Trillcode
Microsoft tag codes	Quickmark
Data Matrix	Shotcode
Cool-Data-Matrix	mCode
Aztec	Beetagg
Upcode	

- The QR Code is the most widely used format for marketing.

- Bottom Line: Pick a format that is compatible with applications already installed on smartphones.
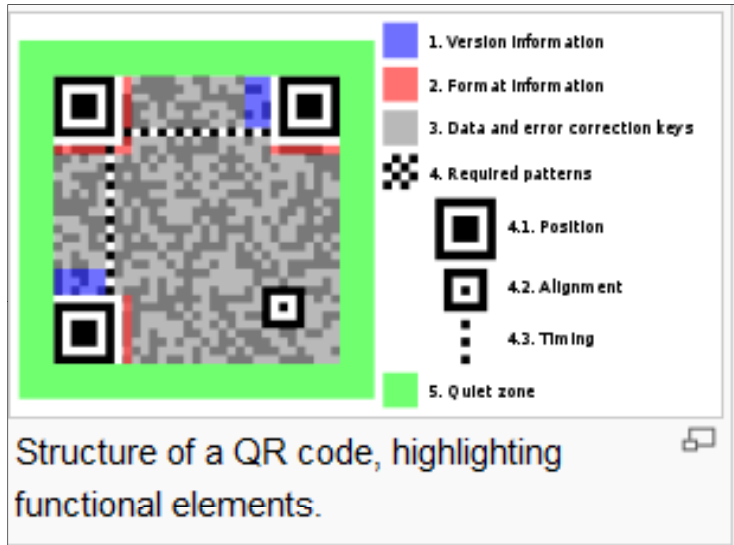
- The most common use of mobile barcodes is to request information or a service or content from a Web site. It might be details of:
  - A link to pull up a detailed item description with additional pictures or to see a detailed invoice or statement.
  - A promotion, or a discount voucher via SMS or MMS.
  - To activate a download such as a ringtone, music track or game.
  - Click to call an IVR or human agent.
  - Buy a travel or concert ticket.
- The key is that mobile barcodes are a "pull technology", a permission-based way for a consumer to engage with an advertiser or medium.
  - This is a very important attribute since there is a great deal of consumer angst and regulatory concern about intrusive mobile marketing.
  - Big brands are understandably wary of engaging in any advertising activity that compromises their reputation by alienating their customers and have stayed away from "push campaigns" like mass emails and SMS text messages.
  - This the reason that so many people that use Direct Mail are jumping on the Mobile Barcode bandwagon.

- **Use a Mobile Barcode to perform a meaningful action on the mobile phone:**
  - Connect to a website address.
  - Download an MP3.
  - Dial a telephone number.
  - Prompt your email client with a sender address.
  - Display a message to the user.
  - Send an SMS text message.
  - Download a vCard.
 - Connect to a wireless network.

What are QR Codes?

1. Version information
2. Format information
3. Data and error correction keys
4. Required patterns
    4.1. Position
    4.2. Alignment
    4.3. Timing
5. Quiet zone

Structure of a QR code, highlighting functional elements.

Source: Wikipedia

- **Quick Response codes.**

- **Two-dimensional, square matrix barcodes.**

- **Originally created in 1994 by Denso-Wave - a subsidiary of Toyota in Japan - to track inventory.**

- **Widely used for a long time in Japan and South Korea.**

- **Natively supported by Google Android.**

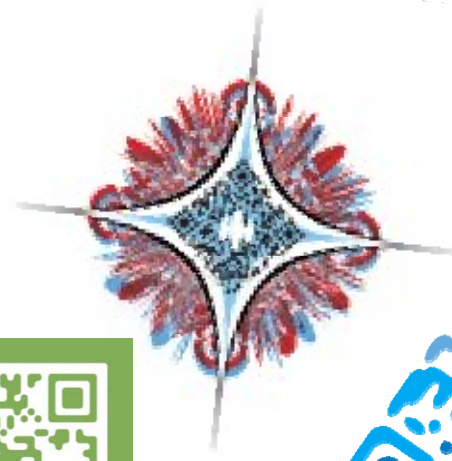- **Large number of free apps available for other smartphones.**
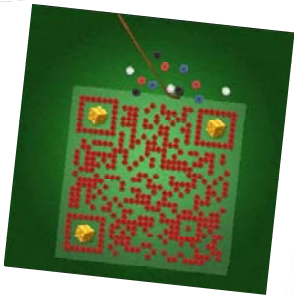
- Can hold thousands of alphanumeric characters.

- Encode with text, photos, videos, maps, URL's, etc.

- Readable by QR scanners & camera phones equipped with QR applications.

- Content can be decoded at high speed when scanned.

- It doesn't have to be just black and white.

- Be creative and unique.

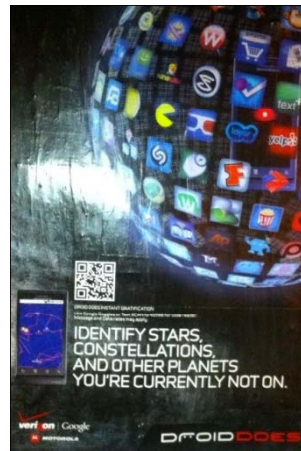- **Now commonly used by retailers and businesses to distribute multimedia digital content.**

  - ✓ Easy to use.

  - ✓ Scanning requires less effort than typing a URL.

  - ✓ Stores much more information than one-dimensional codes.

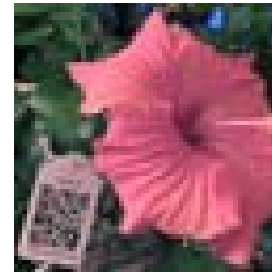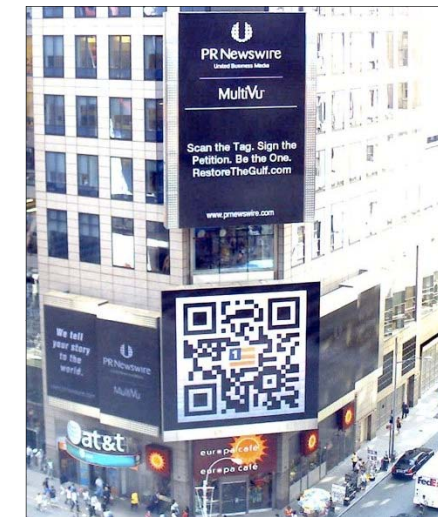 - ✓ Average 368,000 searches on the Internet per month!

Best Buy's Mood QR Code

Verizon "Droid" poster

QR Code Plant Labels aka "HortyCodes"

QR Codes to help clean up the Gulf

Tissot watches

Wine maker's QR Code label

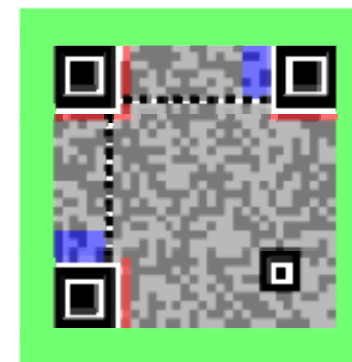QR Code on TV

Calvin Klein

QR Code for Unilever's Clear shampoo

- **QR code maximum data capacity:**
  - Numeric code only   Max. 7,089 characters
  - Alphanumeric   Max. 4,296 characters
  - Binary (8 bits)   Max. 2,953 bytes
  - Kanji/Kana   Max. 1,817 characters

Version 1
21x21
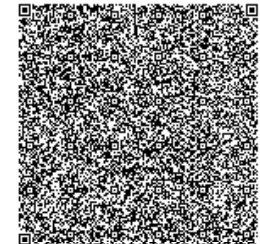10-25 chars

Version 2
25x25
20-47 chars

Version 3
29x29
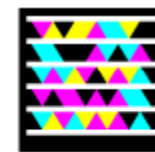35-77 chars

Version 4
33x33
67-114 chars

Version 10
57x57
174-395 chars

Version 40
177x177
1852-4296 chars

Source: Wikipedia

- Microsoft has adopted "QR code" technology for Windows Live.

- MS tag, formally called "High Capacity Color Barcode," is based on clusters of colorful triangles instead of square pixels.
  - Reduced size with a lot of information compared to the QR code.
  - Camera phones can read this a little better. Need internet access to read MS Tags since it works the same way as other codes like shotcodes.
  - Better tracking to know exactly how, when, and where your tags are being used. Can change the content behind the code without having to replace the MS Tag.

- USA Today has adopted this technology.

- There are four basic content types:
  - URL
  - Freeform text
  - vCard
  - Phone Dialer
- Maximum 1,000 characters.
- Can be used to download apps.
- Can password protect the information.
- Microsoft tag allows Tag creators to identify each mobile phone used to scan one of their tags by using a unique *device ID*. If you want your Tag solution to be able to identify users every time they scan a particular Tag, you can request that the device ID be sent, as part of a URL, every time that one of your URL Tags is scanned.
- The Windows Live Barcode service consists of two elements:
  - Online tools to generate barcodes for business contact cards or personal messages.
  - A mobile scanning application to read QR codes into a Windows Mobile handset.

- **Datamatrix** does everything the QR Code can do but can store more information and can be scaled down to very small sizes.
  - However, in a popularity contest, the QR code is still wins.
- **Shotcodes** created by the University of Cambridge to store a look up number consisting of 49 bits of data that will access a central server holding the information in the scanned code.
  - The URL is sent back to the scanner and will redirect to the right URL

Other types of 2D codes, but QR codes are currently the most popular in the US, Japan and Korea

- Write down exactly what it is you want the user to do AFTER they have scanned the QR Code.

- Make sure the landing page is mobile friendly because users capture this information on a smartphone.

- Non-Smartphone users need alternative access methods using technologies like PURLs.

- To scan a QR code, you have to carry the right phone with the right camera, be connected to the internet and have downloaded one of the many QR scanning apps out there.

- Use an ISO 18004 certified barcode generator.
  - Specifies the QR Code 2005 symbology characteristics, data character encoding methods, symbol formats, dimensional characteristics, error correction rules, reference decoding algorithm, production quality requirements, and user-selectable application parameters.
- What format will the barcode be generated in?
  - PDF/X-1a
    - PDF/X is an umbrella term for several ISO standards that define a subset of the PDF standard. The purpose of PDF/X is to facilitate graphics exchange, and it therefore has a series of printing related requirements which do not apply to standard PDF files.
    - In PDF/X-1a all fonts need to be embedded and all images need to be CMYK or spot colors.
  - .PNG
  - Make sure to pick the appropriate method to match your printer capabilities and to produce a barcode to spec.

Mobile Marketing Tool for Retailers

- **QR Codes are seen everywhere.**
  - ✓ Billboards
  - ✓ In-store displays
  - ✓ Event ticketing
  - ✓ Trade shows
  - ✓ Print ads
  - ✓ Business cards
  - ✓ Direct mail campaigns
  - ✓ Email marketing   *And more!*
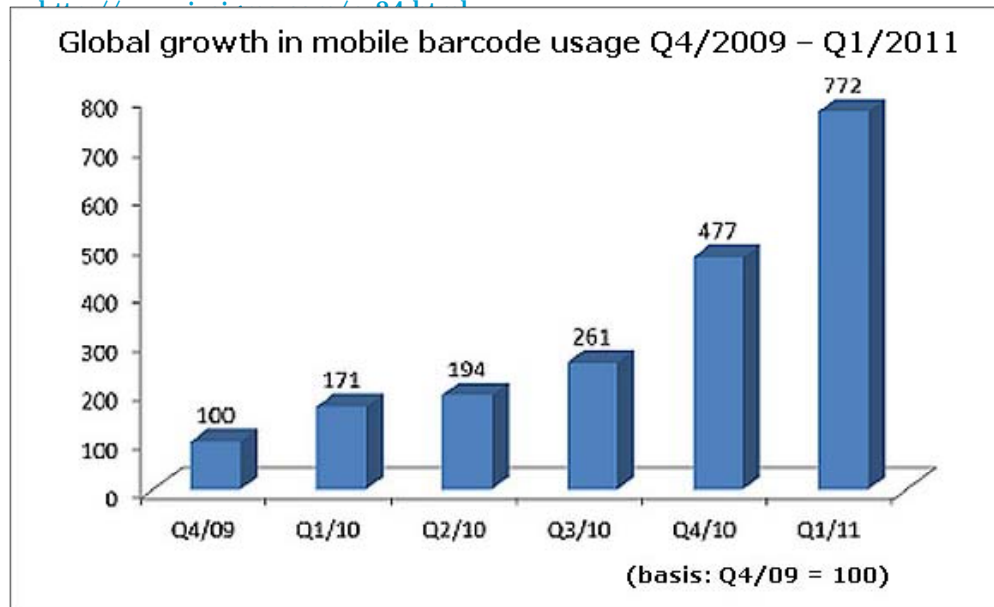
Mobile Marketing Tool for Retailers

- Roughly one out of five Fortune 500 companies use QR Codes although this usage is mainly to extend information distributed in advertising.

- Retailers and businesses using QR codes.

  - ✓ Starbucks
  - ✓ HBO
  - ✓ Ford
  - ✓ Best Buy
  - ✓ New York Magazine
  - ✓ Disney
  - ✓ The JFK Presidential Library and Museum

Adoption and Usage Around the Globe

Source: Global Growth in Mobile Barcode Usage Q1/2011

3GVision Press Release April 5, 2011

Global growth in mobile barcode usage Q4/2009 – Q1/2011

Quarter	Value
Q4/09	100
Q1/10	171
Q2/10	194
Q3/10	261
Q4/10	477
Q1/11	772

(basis: Q4/09 = 100)

Top 10 users of mobile barcodes during Q1/2011 *
(1) 1. United States
(2) 2. Italy
(3) 3. Germany
(7) 4. United Kingdom
(8) 5. Netherlands
(6) 6. Canada
(5) 7. France
(4) 8. Hong Kong
(17) 9. Spain
(15) 10. Switzerland
 () – Position in Q4/2010

Top 5 growing countries for Q1/2011 *
1. United States (181.1% Growth over Q4/2011)
2. United Kingdom (166.5%)
3. Netherlands (146.3%)
4. Spain (94.4%)
5. Canada (94.0%)

* - Data reported here does not include Japan, which is widely accepted as the leader in QR Code popularity and usage

QR Codes for Multichannel Marketing

- QR codes add value to direct mail by combining mobile technology into direct mailpieces.

- Integrates multimedia digital content with your mailpieces.

- Allows multichannel marketing.

- Easy way to drive traffic to your website.

- Easy and convenient way for your customers and prospects to instantly get information on products and services.

- Benefit from USPS postage discounts during the promotion period.

Increasing trend in usage of mobile device.

- **Innovative mobile marketing tool.**

- **Gain customers from Print to Web.**

  ✓ Integrate mobile marketing tool with your direct mail advertising efforts.

  ✓ Bridge the gap between offline and online marketing campaigns.

  ✓ Bring your offline customers online.

How Can QR Codes Help My Business?

- **Quickly and easily link end users to your website for:**
  - ✓ New product/services info
  - ✓ Special offers
  - ✓ Product alerts
  - ✓ Other important announcements
- **Links to social media.**
  - ✓ Twitter
  - ✓ LinkedIn
  - ✓ Facebook
  - ✓ YouTube

Save $$ by reducing printing and mailing costs

Links Online and Direct Mailing Campaigns

Online

Use QR Code on Direct Mailing

Instantly get info on your smartphone!

Website
Product info,
Offers,
Buy Now!

U.S. Mail

3% postage discount

For Vendors:

- Anyone can generate their own basic QR code for free.

  ✓ Enter the appropriate data into the <u>QR code generator.</u>

  ✓ Print the code on your mailings, flyers, etc.

  ✓ Start driving traffic to your website.

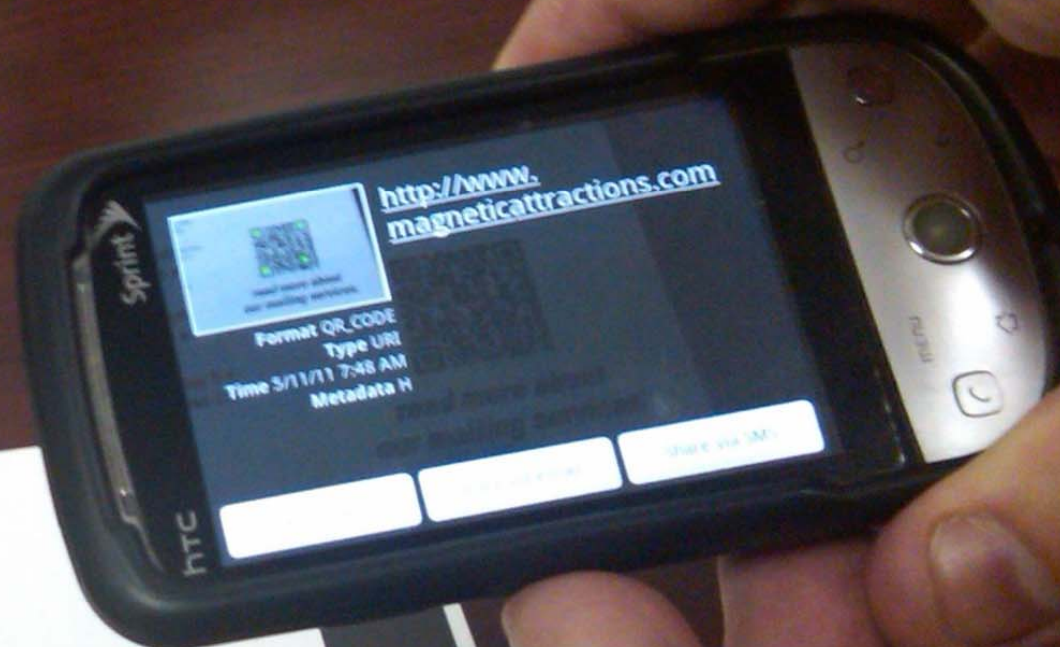- You will need to partner with someone for advanced barcodes.

<p align="center">Increase the value of direct mail by
integrating QR codes into your advertisements.</p>

How Does It Work?

For customers:

- Download a <u>QR code reader application </u>on your smartphone.

- Scan a QR barcode with your phone's application.

- Instantly get linked to the digital content of the web, text, phone numbers, etc. on your phone browser.

- Use your internet connection to access the content.

No need to type URL's!
One scan and automatically get digital information

Open the QR scanner application
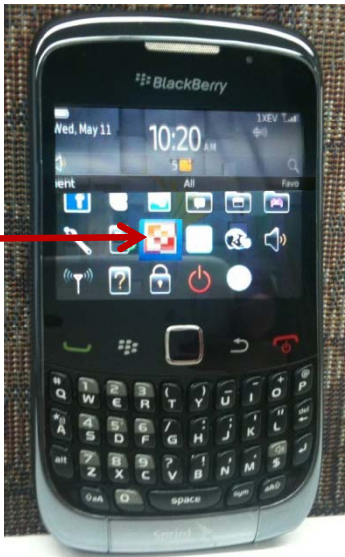
Take a photo of QR code

Instantly get linked to a website or any data from the code!

USPS Climbs Aboard the Bandwagon!

2011 Mobile Barcode Promotion:

- Builds awareness of mobile technology and demonstrates to mailers how mobile barcodes can increase the value of direct mail.

- Approved by the Postal Regulatory Commission (PRC) on May 17, 2011.

2011 Mobile Barcode Promotion:

- **3% postage discount** on First-Class and Standard Mail commercial Letters and Flats that contain a mobile barcode either inside or outside the mailpiece given at time of mailing.

- Targeted dates for this promotion are:
  July 1, 2011 to August 31, 2011.

- All companies, including mail service providers, who mail using a permit imprint and submit mailing documentation electronically (eDoc) are eligible to participate.

- Advance registration or application NOT required.

- All pieces in a mailing must contain the mobile barcode in order to be eligible for the incentive.

- Incentive is now available for nonprofit Standard mail thanks to the PRC ruling. USPS has to officially accept this.

- Mobile barcode must be two-dimensional and readable by mobile smart phones.

- Barcode must be intended to "initiate interaction with consumers via mobile smart phones to market, promote or educate." (marketing use only)

- Can not use for internal corporate processes.

- The incentive may be combined with the Intelligent Mail Full-Service discount and drop-ship discount, but may not be combined with any other incentive.

- Every mailpiece in the postage statement must include a QR code due to the short time to implement.

- Mail.dat 11-1 required. Can't participate with 09-1.

- Handling of commingled, co-mail or combined mailings.
  - Even if postage statements can be generated by client or version for any commingled, co-mail or combined mailing, they do not qualify for the discount unless all the pieces in the entire mailing contain the mobile barcode.
  - A large and medium sized Commingler both stated that they can't support this. Some others claim that they can. The above rule changes that.

- Individually presented and accepted mailings that are later copalletized are eligible for the mobile barcode promotion.

- For all mailings, a sample mailpiece with the mobile barcode must be presented to your local business mail acceptance unit for each postage statement submitted.

- PVDS mailings that qualify for the Mobile Barcode Promotion may be verified and paid for beginning June 10, 2011, provided the shipments are not deposited at destination entry postal facilities until July 1, 2011 or later.

- Early USPS CAT testing created TPR 77387 to correct an issue where discount was not calculated correctly for Flats mailings.

How to participate in QR promo:

- Submit qualifying First-Class or Standard Mail letters/flats electronically using a permit imprint payment method to the BME for acceptance within the specified promotion period and meet all other promotion requirements.

- There are no minimum volumes required to participate, but you must still meet the minimum applicable volumes required for the category and class of mail as outlined in the Domestic Mail Manual (DMM).

USPS Mobile Barcode Promotion

For more information on Mobile Barcode Promotion:

Contact the program office at mobilebarcode@usps.gov (as of April 22, 2011).

USPS Mobile Barcode Promotion Status

- Promotion has been filed with the PRC and approved with changes.
- Based on documents submitted, the PRC, USPS and Industry had some differences of opinion.
  - One filer stated that the USPS is throwing money away.
  - It was also commented that this looks like an NSA.
  - Flats are an issue (for the PRC) since they currently have cost coverage issues but they let them participate.
- The Postal Service is required to report, no later than 90 days following the close of the promotion period, on the volume of and gross discount awarded to each category of mail.

- ## The average consumer is:
  - Bombarded with 2,904 messages per day.
  - Pays attention to 52 messages.
  - Remembers 4 of them.
- ## Mobile Barcode Promotion
  - 30% of people with smartphones have scanned a mobile barcode.
  - 68% of them have scanned 2 or more barcodes.
  - QR codes need to be relevant to the mailpiece. They must Market, Educate or Promote.
  - When asked if a barcode "can be used to point to a site promoting electronic diversion", he stated that the filing was not clear on that but they would not allow the discount.
  - The website that the barcode points to needs to be mobile enabled.
- ## A recent comment stated "this is the first time the we have offered an upfront discount on mail and we felt limiting the scope of eligible mail would reduce risks and enable successful implementation of the program. It is our intent to make future promotions more widely available".

You Must Track QR Codes

- QR codes can contain embedded information that aids in usage tracking.
- You use USPS Confirm to track your mail. You need to do the same for QR codes.
- Five QR code metrics to follow:
  - **Impressions.** This is the number of times the QR code is viewed in its original context or surface. This is usually the same as the number of impressions the ad, in which the QR code appears, gets.
  - **Snaps.** This is the number of people who snap a shot of the QR code and are linked to the landing page or other content.
    - Since U.S. smartphone penetration is roughly 30% and additional action is needed, snaps will be low relative to the impressions.
  - **Snap-through rate.** People who take the next action of doing something after hitting the landing page.
    - Expect this to be a very small percentage.
  - **Actions.** The number of people who ultimately buy or take the next step.
    - This should be in line with marketing goals.
  - **Conversion rate.** The percentage of people who convert from those who snap-through on your QR code or actions.

- **QR Codes require a smartphone with a QR code reader installed.**
  - This hinders usage since only about 30% of all U.S. mobile phone users have smartphones.
  - While newer smartphones come with QR code readers installed, older devices require users to download a reader, adding another step to the process.
- **It's hard to teach smartphone owners new habits.**
  - Consumers need to learn how to use QR code functionality.
  - QR codes are more functional than their design suggests.
  - Since QR code behavior is new, marketers may need to educate prospects and customers regarding the benefits.
- **You need to coax users with rewards.**
  - Give customers a reason to use your QR codes.
  - Remember, customers think "What's in it for me?"
  - There needs to be a call-to-action, and a benefit for clicking through.

- **Zoove (StarStar Codes)**
  - Can be used on any (at least 95% of them) mobile phones including phones without cameras.
  - You do this by dialing a short code. When consumers dial the code, they get a text message with a link or voice recording. Some recent examples include:
    - **Suzuki
    - **GSCookies for the Girls Scouts
    - **GMA for Good Morning America
- **Near-Field Communication (NFC)**
  - Like RFID, near field communication can quickly swap information between devices when they're touched together.
  - You can exchange things like text, images, URLs or other data simply by holding your phone up to various "smart tags."
  - Smart tags can be affixed to anything including mail pieces, posters stickers, glass, etc. and cost pennies to produce.
  - NFC is already big in Japan, where you can use your NFC-enabled phone to buy train tickets in Tokyo or as a contactless payment system at various retailers.
  - Samsung's Nexus S phone first to include this technology.

- ## A New Approach to USPS Pricing & Costing Webinar.
  - May 23rd
  - Presented by Jessica Lowrance, PostCom

- ## Comingling, Co-Mail, Co-Pal Clarified Webinar.
  - June 16th
  - Presented by Steve Krejcik, Pitney Bowes Presort Services, Inc., Frank Rozich and Robert Lindsey, RR Donnelley

- ## *"This Week in Postal"*
  - *http://postcom.org/postalweek/*

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