



## Who Benefits from QR Codes?

*2D bar codes are a great marketing strategy, at least in theory*

Quick response (QR) codes let marketers and advertisers make virtually any flat surface—from ads in magazines to billboards on subway platforms—interactive. The concept is simple: Consumers scan the codes with their smartphones, and the codes can initiate any number of actions, including launching a mobile application, taking users to a Web site, linking to videos, or generating a sales call.

The seemingly ubiquitous black-and-white squares are so cheap that marketers are placing them anywhere and everywhere they can. The prevailing thought is that the technology is cheap enough, so why not?

And with the increasing proliferation of smartphones, adoption of this mobile-enabled marketing tactic should follow. But so far, consumer adoption remains low, and fragmented implementation options have led to consumer and

marketer confusion, according to a new report from Forrester Research.

The Forrester report points out that only 5 percent of American consumers scanned a QR code during a three-month period in mid-2011.

Nonetheless, these early adopters—mostly younger, more affluent males—number about 14 million. And among them, nearly 20 percent (or 2.8 million) made a purchase after scanning one of these codes, according to research firm Chadwick Martin Bailey.

But the numbers are rising, and are predicted to continue to do so into the near future. Forrester's research indicates that the number of U.S. citizens who used 2D bar codes in a three-month period in mid-2011 jumped from 1 percent in 2010 to 5 percent in 2011—the latter represents 15 percent of all smartphone users. The number of 2D bar code scans also saw an increase, with bar code management vendor Scanbuy today processing 40 scans per minute in the U.S., three times more than a year ago.

AT&T estimates that 10.4 million scans were made via its Code Management Platform between January 1 and October 31, 2011, and that 44 million people currently have a scanner app on their phones.

Forrester's research points to four obstacles to broader adoption:

- Many consumers do not know what QR codes are or how to use them;
- QR codes require users to download an application to their phones;
- There are no standards for codes and readers; and
- Content is often disappointing. Most codes only took consumers to company Web sites.

These hurdles will fall as consumer awareness grows and more phones come equipped with the necessary applications built in, predicts Melissa Parrish, a Forrester analyst and author of the



report, titled "U.S. Marketers Stay Ahead of 2D Bar Codes."

But for broader adoption to take place, QR codes need to be relevant and beneficial to both the consumer and the marketer.

To that end, Parrish suggests that prior to starting a marketing campaign that involves QR codes, marketers should first determine their goals, use consumer behaviors to determine placement of the codes, ensure value and a good user experience that delivers compelling content, include consumer education within their marketing strategies, and set low expectations at first.

In a second report, titled "2D Bar Codes: Driving Consumers to Purchase," Forrester analyst Julie Ask identified several companies that have made good use of 2D bar codes. They include retailers Walgreens, Target, The Home Depot, Best Buy, Lowes, Tesco, and Zappos.com; Delta Airlines; *USA Today*; Progressive; Ryobi; Canon; Sudafed; and consumables manufacturers Dentyne, Coca-Cola, Uncle Ben's, Simply Orange, and Honey Bunches of Oats.

Media is a big user of the bar codes, according to Ask's research, which found that *USA Today*, *Lucky* magazine, and

*Martha Stewart Living* all make use of the codes in every issue.

*USA Today*, for example, recently inked a deal with AT&T to feature AT&T Mobile bar codes on its pages every day. The codes take readers to interactive, multimedia content.

"As the Web becomes increasingly mobile, mobile bar codes act as links bridging the physical and digital worlds, opening new channels for content delivery and occasions for one-to-one dialogue with consumers," said Chris Hill, vice president of advanced mobility solutions at AT&T, in a statement. —Leonard Klie

## Social CRM Off to a Strong Start

*2012 could prove favorable for capital investments and growth in the social sphere*

Investors are recognizing the growing clout of the social conversation with enterprises, propagating several investments in social enterprise applications at the beginning of the year.

Lithium Technologies banked \$53.4 million from New Enterprise Associates as well as SAP Ventures and various other sources to fuel product development, engineering, and heightened service delivery for existing customers.

Rob Tarkoff, Lithium president and CEO, called the investment a testament to social CRM's staying power. "Brands will continue to go social in an even bigger way in 2012 and beyond," he said in a statement.

"I'm very excited about social media in general because...now we're in the phase of early majority, the 'How do I actually do this as a business?' stage, says Natalie Petouhoff, social media executive education program director at the UCLA Anderson School of Business. "We're starting to see the conversation around, 'What's the business value? How do I apply this? What's the ROI?' because these [companies] are very structured."

Almost simultaneously, social

relationship startup Nimble stepped up its game with \$1 million in seed money from Google Ventures and angel investors, including Dharmesh Shah, Don Dodge, Jason Calacanis, and Dallas Mavericks owner Mark Cuban. In a statement, Cuban referred to Nimble as a CRM service that "is one of the best tools any small to medium-sized business that wants to increase sales and productivity can have." Nimble plans to expand upon its social business platform, adding sales and marketing functionalities, and to improve social relationship management and collaboration in an entire company environment.

In August 2011, Gartner forecasted social CRM investments to surpass \$1 billion by the end of 2012; how it will be defined remains at the forefront of related thought.

"The Lithium announcement reinforces the demand in the market for social business solutions," notes David Northington, CEO of GlobalOne. "We are investing into all aspects of what is now evolving as social CRM. Our social business services practice was established at the beginning of this year with a team of industry veterans who have a clear

point of view and expertise in the space."

GlobalOne marked a \$25 million investment from Columbia Capital this summer to continue its growth pattern; at the end of 2011, it acquired a Vodafone mobile app team, which Northington says will address "internal collaboration as part of social CRM as well as helping [clients] leverage social CRM into their existing marketing efforts."

B2C and B2B companies will need to define clear benefits of social CRM, according to Gartner. "Use by consumers accounts for over ninety percent of spending on social CRM, but spending on business-to-business use is growing faster and will account for thirty percent of total social CRM spending by 2015," said Adam Sarnier, research director at Gartner, in the report.

In the enterprise and SMB environment, expect to see deeper insights into social business data, both in the form of data and subsequent analysis of that data, industry experts say.

"[2012] for me is the year of analytics and the year of integrating," Petouhoff says, though she notes that a true social CRM system will need to incorporate social marketing, social sales, and social customer service. "This is the year of taking all these separate point solutions and integrating them into something that can be called—maybe, just maybe—social CRM." —Kelly Liyakasa

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