

COLUMNS

## Next wave of mobile marketing: NFC, QR codes and location-based technology

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Smartphones have quickly become powerful tools for brands and marketers to interact and engage with consumers. Mobile applications have especially paved the way in mobile marketing strategies, allowing brands to reach their audiences through branded apps and other in-app mobile advertising opportunities.

A new generation of interactive mobile technologies has recently entered the scene that allows us to link real world and digital experiences and communication, among them near field communication (NFC), quick response (QR) codes and location-based services.

These technologies are all driving new channels of interaction between businesses and customers in real-time, context-sensitive environments.

While there is room for all of these technologies to transform how businesses can reach consumers, competing markets and inherent weaknesses within each technology could hinder mainstream adoption.

With this in mind, what should marketers consider before diving into these real-world linking technologies?

### QR codes

QR codes are physical bar codes that, when scanned with a mobile application, can connect users to digital content. Created in 1994 to track auto parts in Japan, the QR code has since made much headway in mainstream marketing campaigns due in part to its cheap, effective means for businesses to enhance more traditional marketing campaigns.

This hybrid approach of marrying print to digital is attractive for businesses wishing to experiment alongside current practices.

In addition to being easy to implement, QR codes can provide marketers with in-depth, accurate analytics, around exposure, product interaction and location-linked data.

For instance, a QR code featured in a magazine ad could provide immediate, real-time insights around reader engagement, their physical location and interaction with specific content.

But are they actually catching on?

QR codes require user familiarity, a third-party scanning app, and conscious action on the part of the mobile user, all of which provide hurdles to mainstream adoption.

However, increasing consumer awareness and scanning behavior point to a future where encountering QR codes

becomes an everyday occurrence.

#### Near field communication

NFC has gained a lot of interest recently due to its use in mobile payments, such as Visa's NFC contactless mobile payments. What has not yet been fully exploited is NFC's potential for implementing mobile marketing campaigns and storefront interactions.

Using high frequency transmission between chips embedded in individual smartphones and in the offline world, NFC quickly transfers information when chips are in close proximity to one another.

While broad NFC applications are still in the testing phase, businesses will soon have the ability to use this technology to track consumer traffic in stores, integrate daily deals offers with check-ins, and, similar to QR codes, connect real-world objects and marketing materials to digital content.

NFC has great potential to break down barriers and create a seamless experience between digital and physical interactions, as seen in Foursquare's recent test.

Yet, a few obstacles still stand in the way of mainstream adoption: NFC chips are not yet widely present in smartphones, and embedding them in posters and storefronts can be a relatively complicated and costly endeavor.

#### Location-based services

Location-based services represent a broad category of apps, mobile Web sites and phone features that enable mobile users to share their location to friends and businesses.

Social apps such as Foursquare and Facebook have helped shape mobile users' habits around checking in to real-world locations to receive social networking or gaming rewards. Now, these companies are partnering with businesses to leverage their platform for marketing and promotional purposes.

A recent application of leveraging location for marketing would be Groupon's recent launch of Groupon Now, which enables the Groupon app to alert potential customers to nearby business deals.

Location-based services, while great for blanketing select content to select mobile users, do not give much insight into individual consumer behavior or interest until the point of sale because most businesses must rely on third-party apps to execute these campaigns.

Additionally, consumers have privacy concerns, highlighted by the recent discovery of Apple's and Google's location tracking, which may delay or hinder the extent to which these services can delve into mobile user data.

#### Conclusion

With the glut of smartphones crowding the mobile phone market, there is no question that mobile marketing will take new and exciting forms in the next year.

However, before jumping into the first new mobile technology that comes your way, it is critical that you weigh the options to see which technology best fits your marketing objectives.

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