



- QR codes have become ubiquitous—just as they're falling out of favor with advertisers
- "Very few people want to visit your corporate website to begin with"

When 29-year-old manufacturing worker Michael Helleesen sees a Quick Response code around his hometown of Racine, Wis., he sometimes scans it using an application he downloaded to his **Google** Android smartphone. More often than not, it takes Helleesen to a brand's website. "About 80 percent of the time, I'm disappointed that I scanned it," Helleesen says. "Mostly it's just curiosity at this point. I'm not actually expecting anything useful."

QR codes are dense grids of black-and-white boxes, a more sophisticated cousin to the bar code that can hold 100 times more information. The tags

can be put to many uses—inventory tracking, event ticketing—but no one has embraced them more visibly than advertisers. They pop up at stores, on posters, and in magazines to deliver coupons or direct shoppers to websites with more product details. QR codes convey "the appearance of being tech savvy," says Thaddeus Kromelis, a strategist at **WPP's**

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**Blue State Digital**, which has done work for Barack Obama's presidential campaigns. Over the last couple of years they've become much more common; in December 2011 they appeared in 8.4 percent of all magazine ads, up from 3.6 percent at the start of the year, according to marketing firm Nellymoser.

That ad trend may be reversing as more consumers, like Helleesen, realize QR codes aren't always worth the effort it takes to whip out a phone. According to Forrester Research, only 5 percent of Americans scanned a QR code between May and July of last year, the latest data available. "Advertisers are looking



at every way possible that they can connect with consumers," says Patti Freeman Evans, the analyst who edited the report. "Consumers aren't saying, 'Oh, I really want to be able to connect with companies and brands.'"

As a result, advertisers' "initial enthusiasm has tempered," says Chia Chen, a senior vice president at the **Publicis Group's** Boston-based **Digitas**. He estimates that 15 percent of his clients still use the codes. At WPP's **Possible Worldwide**, less than a fifth of clients have shown any interest in the tags this year, says Anders Rosenquist, the agency's director of emerging media. Both numbers are down, the firms say. Last year, Google halted a campaign in which it mailed QR-code stickers to retailers that would lead scanners to listings on the search company's site for local businesses.

QR codes have always had limitations as advertising tools. They can only be used by smartphone owners, who have to download an app and hold their phone steady to capture a clear image. The process doesn't work well with far-away billboards or in low lighting, and it requires cellular service. For some reason, advertisers have put them on posters found in subways and in United Continental's *Hemispheres In-Flight Magazine*, places where travelers usually don't have reception. Such examples have made QR codes the butt of jokes. A blog called WTF QR Code contains photos of poorly placed codes that no one could reasonably be expected to scan, such as on a billboard along the highway or inside a liquor bottle. Another blog called Pictures of People Scanning QR Codes has garnered hundreds of fans. The site contains no posts.

Engendering brand loyalty was never the intention of the small Tokyo-based team that invented the technology in 1994 at Denso Wave, a subsidiary of **Toyota Group**. The company created the square codes to improve inventory tracking for auto parts, says Koji Fujiyoshi, an executive there. Denso Wave patented its creation and published the specification online, allowing anyone to use QR codes for free. Some organizations have found creative uses for the technology. A wildlife refuge in Sanibel, Fla., has QR codes situated along its trails to give visitors more information about the animals

they see, according to Toni Westland, a ranger there. Rock the Vote is putting codes on T-shirts the organization is giving away at concerts this summer. Scanning them leads to voter registration forms, says Heather Smith, the organization's president.

To put it charitably, advertisers have been, well, less creative. "Very few people want to visit your corporate website to begin with," says Kelli Robertson, a director at **AKQA**, a digital ad agency acquired by WPP on June 20. "Fewer want to do it when they're out in the world or reading a magazine."

Even without advertisers, the QR code might thrive. Online ticket site **Fandango** says about 13 percent of the movie theaters it works with have installed QR-code readers to scan tickets displayed on smartphones. That number is expected to reach 25 percent by the end of the year, says Jessica Yi, Fandango's product chief. And smartphone ticketing will get a boost from **Apple** this fall when the next version of its iPhone operating system is released. The new software includes a feature called Passbook, a digital wallet to store boarding passes, coupons, movie tickets, and gift cards-many of which rely on QR codes. Passbook "will raise awareness" for QR codes, Yi says. "That's the great thing that Apple brings to the table."

Meanwhile, Denso Wave is working on what it calls "the next generation of QR codes," including versions that are smaller and can securely transmit encrypted data. One could even help crack down on counterfeit goods, Fujiyoshi says. And there will always be people who put the existing version of the QR code to unconventional uses. David Quiring, the Seattle owner of a headstone shop, sells a \$75 service that lets families set up websites devoted to their dearly departed. Those can be accessed by scanning QR-code stickers on tombstones. He ends up having to explain what a QR code is to every customer, and less than 30 percent of them buy the sticker, he says. "I've been trying to continue the move forward by actually bringing monuments into the 21st century," he says. "Nobody knows this technology is out there." — *Mark Milian*

*The bottom line QR codes are increasingly used for smartphone ticketing and other purposes, but they've been largely ineffective as advertising tools.*

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