NFC and Marketing
Bridging the Gap
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Graduating from Université du Québec à Montréal with a MBA in Marketing Research, Catherine Bourcier has become an enviable Marketing and Communications specialist. For more than 15 years, she has acquired undeniable professional experience with Secor, Molson Canada and Yellow Pages. Catherine joined Newad in 2006, as Director, Marketing Research before being appointed as the head of Newad’s Strategic Planning and Analysis department four years later. Catherine’s role is to oversee Newad’s research effort in addition to evolving the development of the company’s marketing plans. Catherine held a Board of Director’s position on the Marketing Research and Intelligence Association (MRIA), from 2006 to 2010, and remains an active member to this day.

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What is NFC?

Background & Opportunities

Smart Poster Case Studies

Other NFC Case Studies

Contributors
It’s Not Just For Payments

In the last two years, much has been written about Near Field Communication (NFC) technology. Although most of the hype is still centered on mobile wallets and other payment applications, this technology also offers exciting opportunities to both consumers and advertisers.

In fact, NFC technology can and is already being used for advertising and promotional purposes around the globe. Through “smart posters”, POS items, magazine ads and most recently the “Strappy” system (NFC-enabled strap covers in Japan’s transit system), consumers can access content with a quick tap of their NFC-enabled smartphone. This content can range from a simple video to a highly targeted and personalized offer.

In short, the promotional and advertising opportunities offered by NFC are almost limitless and the aim of this document is to analyze how NFC technology is currently being used by companies around the world to engage and interact with consumers.

NFC is Intuitive, Easy and Convenient

NFC is a wireless communication technology that allows data to be transferred between enabled electronic devices (such as smartphones, tablets, Smart TV and similar devices) by touching them together or bringing them a few centimeters apart. The most common use of NFC in the market right now is mobile payments (e.g. MasterCard PayPass, Visa Paywave).

Communication is also possible between an NFC device and an unpowered NFC chip, called a “tag”. These can be embedded into “smart posters”, product packaging, magazine ads, promotional items, etc. For example, by simply tapping an NFC enabled-smartphone to a “smart poster”, a consumer can gain instant access to a world of rich media and content, including product information, videos, special offers, coupons, music, ticketing, etc. NFC can also be used for identification or authentication purposes (e.g. check in at the airport or a hotel).

Not only is NFC technology very intuitive, convenient and easy to use for consumers (basically a “touch and go” approach), it also has the ability to enable largely proprietary wireless networking platforms to inter-operate seamlessly.

Many smartphones are already equipped with NFC technology. Juniper research estimates that 1 in 5 smartphones worldwide will be NFC-enabled by 2014 and according to the Yankee Group, the number of NFC-enabled smartphones will reach 203 million in 2015 (a CAGR of 208% from 2011).

For smartphones that are not already NFC-enabled, solutions such as Moneto (NFC-enabled iPhone case and/or microSD) allow users to make transactions via PayPass terminals.

That being said, since 1) not all cellphones are currently NFC-enabled and 2) NFC tags are not well adapted for mass printing such as direct mail, newspaper and magazine ads (expensive and add slight bulk and weight), NFC and QR Codes will probably be used in a complementary fashion for several years.
Projections

Projections by the Yankee Group indicate that NFC will begin to displace QR Code scans in the next few years in the US. Their report estimates that the proportion of mobile subscribers scanning QR codes will peak at just 8% next year, before falling to 5% in 2015. NFC will eventually trump QR codes in terms of usability, security, and capacity.

In other reports Yankee Group predicts that NFC will not overtake QR code usage until 2016. One thing is for sure “Companies that put all their faith (and investment) in one technology over another are risking failure for no reason. Smart players must adopt technology agnosticism to future-proof and succeed in this highly volatile marketplace”.

Recent study from Juniper Research suggests that 1 in 5 smartphones will have NFC by 2014. Based on the numbers from comScore Canadians are well on their way to reaching that projection. According to TSI's report “Canadian Payments Forecast - 2012”, 80% of the smartphones in Canada will be NFC-enabled by 2016. No matter which projections you rely on NFC adoption is growing fast.

NFC Penetration Among Smartphone Owners

Source: comScore Inc, MobiLens, Persons 13+, September 2012
While NFC has only recently emerged in North America, it has been enthusiastically adopted for years in other countries, such as Japan where virtually all commuters in major metropolitan areas now use NFC to pay their fare. Moreover, payments using NFC-enabled phones or cards can be made at many locations in this country, including convenience stores, newsstands, restaurants, various retailers and vending machines. Note that at this time, 6 out of 10 cellphones in Japan are NFC-enabled, which represents an impressive 70 million units.

Indications show that NFC will likely soar in North America over the next couple of years. Most major credit cards as well as companies like Google, Verizon, AT&T, T-Mobile, and MasterCard are adopting the technology. Major phone manufacturers such as Samsung, Nokia, Blackberry, HTC and Sony are launching various NFC-enabled devices this year. Furthermore, the ISIS initiative (a consortium in the USA between AT&T, T-Mobile and Verizon in partnership AmEx, Capital One, and Chase Credit Card) launched in two test markets this Fall; Salt Lake City and Austin. If all goes well, the program should be rolled out across North America. CIBC and Rogers have also launched their own version of the mobile wallet this fall; a first for the Canadian market.

Major credit card companies are also putting pressure on retailers to upgrade their equipment in order to be more secure and NFC compliant, which should help propel this technology forward in the next year.

In the next couple of years, most new smartphones will be NFC-enabled and it can be expected that NFC-based signage and ad material will be as pervasive as NFC-enabled mobile payments. Note that Newad and Astral Out-Of-Home have already installed “smart posters” (NFC-enabled boards) in their OOH network in Canada.

It is believed that the user adoption rate for NFC marketing will grow quickly, since the use of NFC for this specific purpose is risk-free and non-binding, unlike a mobile payment transaction. Moreover, NFC should have a quicker adoption rate than QR codes since there is no app to download and “tapping” a tag is easier and faster than scanning a QR code.

For these reasons, NFC offers great opportunities for advertisers to engage consumers through an interactive, mobile-friendly experience and provide them with relevant and targeted content. Seconds after tapping their smartphone to a “smart poster” or other NFC-based ad material, consumers could be provided with coupons, deals, videos, music, contact information, product literature, social networking connections and much more (see case study section for more information).

Of course, just like with QR codes, the effectiveness of an NFC campaign will rely on mobile friendly and contextually relevant content that adds value to the consumer.
A recent study conducted by ClearChannel and PosterScope with 1000 smartphone owners in the UK and USA showed that consumers are very open to NFC marketing. The great majority of respondents (88%) said that if they saw a “smart poster” that interested them, they would consider using NFC to interact with it.

Most of them said that they would interact for functional reasons such as downloading a voucher / special offer (85%), getting location information / directions (84%), accessing content (76%), downloading an app (69%), or making a purchase (57%). Many would also interact for social reasons such as sharing content with others (59%), checking in (52%), liking/following a brand (45%) or playful reasons: just for fun (67%), linking to gaming content (34%).

88% of smartphone owners would consider using NFC to interact with posters.

**Reasons to Interact with “Smart Posters”**

- Functional: 92%
- Social: 72%
- Playful: 69%

*Base: Smartphone owners who would consider using NFC to interact with posters
Source: “Smartphone Real World Interactors” study, Clear Channel & Posterscope, April 2012
Consumers Will Engage Almost Anywhere

The great majority of these smartphone owners would also consider interacting with “smart posters” in many out-of-home locations and while commuting.

Consumers Need To Be Educated About NFC

For NFC marketing to be successful, consumers will need to be educated about the technology and its capabilities. According to the recent ClearChannel and PosterScope study, only half of smartphone owners know about NFC and about a fifth of them have used it in the past. Moreover, 60% of those who own an NFC-enabled phone do not realize it.

Education is also key to the success of NFC since it correlates positively with the desire of owning an NFC-enabled phone: after viewing an OOH interaction video, the perceived importance of NFC jumped from 36% to 70%. This is particularly important since 68% of those interviewed intend to change their handset in the next year. Finally, 95% also agreed that a common NFC logo should be used as a call-to-action.

- 86% of smartphone owners know about NFC.
- 60% of those with an NFC-enabled phone don’t realize it.
- 18% of smartphone owners have used NFC.
- 70% believe it is important that their next phone has NFC.

Source: “Smartphone Real World Interactors” study, Clear Channel & Posterscope, April 2012
With a single tap you can...

Download free recipes
View fashion show footage
Purchase tickets
View the latest listings
Enter to win
Map the closest locations
Order a free sample
Sign-up new members

NFC Best Practices

Include a call to action in the creative
Let the consumer know how to interact and what to expect
Drive to mobile friendly content
Make the content relevant to the time and place
Track the interaction with the tag and behaviour afterwards
Be weary of cell reception and test the tags in the field
“Smart Posters” / OOH Case Studies
1. **Scotiabank Scene Debit Card, Canada (2012)**

In June 2012, Scotiabank launched the first street level NFC campaign in Canada using 80 faces in areas that targeted pedestrian traffic, early adopters of technology, banks and movie theatres. This was part of a multi-channel campaign.

A clear call to action was included on the creative with an incentive to engage. Opportunity was to win four free movies with a scene debit card sign up.

Credit card sign ups, student banking and sales overall were up considerably for Scotiabank compared to same time last year.

**26%** of street-level interactions were through NFC.


2. **Telus Digital Campaign, Canada (2012)**

In September 2012, Telus was the first advertiser to launch on the new, NFC enabled digital street columns in Montreal, Canada. They utilized all 6 spots on the digital column to connect with downtown urbanites in Montreal.

A clear call to action was included on the creative and the NFC tag led to a promotional offer as well as a number of supporting videos.

30 sites were activated with 6 different messages. Peak engagement times were during the lunch hour.

**32%** of interactions came from NFC vs QR codes

**87%** of NFC engagements were through an Android device
The BNPA partnered with Newad and Astral to bring NFC technology to College & University campuses and transit shelters in the Greater Toronto Area.

The Newad indoor ads and Astral Out-Of-Home transit shelters invited consumers to “Tap or Scan to Win” a $500 prize pack filled with 2012 winning products from the BNPAs as well as a Rexall gift card.

Overall, the campaign generated a 68% conversion rate (i.e. two-thirds of those who interacted with the “smart poster” ad actually followed through and completed a contest entry).

To view a video of the case study, click here.

In the UK’s Largest NFC-Enabled OOH Campaign to date, Nestlé seeded the market with six Kit Kat chocolate bars fitted with a GPS tracker. The promotion depended on the consumers finding the winning bars and activating the GPS. A team then delivered the £10,000 prize to the winner.

Over 3,000 locations were fitted with NFC/QR Touchpoints that directed users to live contest updates and to a secondary Facebook contest via an on-pack code.

Smartphone interactions were designed to drive users to a mobile landing page where updates on the number of GPS bars left were made, thus allowing consumers to interact with the promotion via their entire OOH campaign.


4. Kit Kat “We Will Find You” Campaign, UK (2012)
5. **JCDécaux & Kinetic Worldwide**  
**NFC Advertising Test, England (2012)**

The 'Test the Near Future' pilot was the world's first large-scale deployment of NFC-enabled advertising media. All outdoor advertising sites and posters in the town of Reading were equipped with NFC and QR codes.

Each week, different advertisers provided special content, including offers, vouchers, games, and music.

78% had a positive experience, citing ease-of-use as key to trial's success.  
80% of non-NFC phone owners said they would like to use it in the future.

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6. **Prepaid Card Sign-Up, Kuwait (2010)**

A shopping mall in Kuwait added value for its retailers by placing "smart posters" at the entrances of the mall.

Shoppers could touch their NFC-enabled phones on the posters to opt in and receive special offers of the day. The offers are matched to the user's profile so that each shopper receives relevant and attractive offers. This has been particularly beneficial to the advertised businesses, as it drives pre-qualified (more motivated) customers to their establishments.

In addition, the payment processor benefits, as these incentives are also tied to a specific mode of payment.

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5. Source: NFCWorld.com, May 2012 (Contributors: JCDécaux, Kinetic Worldwide, Town of Reading, Morrisons, H&M, Universal DVD, Universal Special Projects, Mercedes, ITV2, Lucozade Sport, EA Games, Unilever’s Lynx, Tony & Guy, Magnum and Vasoline.  
7. **NFC Parcours Princesse Grace, Monaco (2008)**

This project, named “NFC Parcours Princesse Grace Monaco,” enables NFC device users to touch NFC Smart Posters at the memorial sites on each stage of the itinerary at the Parcours in Monaco, to receive information and directions, creating a completely new experience. This project demonstrates how NFC technology can reduce the number of printed brochures used in the tourist industry, while providing users with interactive and realtime information through the simplicity of touch.

This experimental project has now been in use in the Principality of Monaco since 2008.

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8. **BART NFC Mobile Payment & Transportation Pilot, USA (2008)**

The Bay Area Rapid Transit (BART) in San Francisco used “smart posters” in an NFC mobile payment pilot project, to successfully drive traffic to merchant locations.

NFC posters for Jack in the Box were deployed in multiple BART train stations, allowing participants to tap their phone for directions to the nearest Jack in the Box location and any special promotions at that time.

Participants could then use their phones to ride the BART system to the nearest location and simply tap their phones on the contactless readers at Jack in the Box to pay for their meals.

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7. Source: NFC Forum, April 2011 (Contributors: WIMA, Nokia, NXP Semiconductors, Monaco Government Tourism & Convention Authority)
8. Source: NFC Forum, April 2011 (Contributors: VIVOtech, BART, Sprint, First Data, Jack in the Box, Cubic)
9. **Strappy System, Japan (2012)**

The Strappy system, developed by Japan-based firm Shunkoshia, allows train passengers to access advertisements and other information via a Near Field Communication (NFC) equipped strap cover.

Passengers can simply touch their compatible phone to the strap cover and get immediate access to the content being delivered to that NFC point.

The trial run of the system began in Tokyo in mid-May on several high-traffic train lines.

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10. **NFC Helping Defy Voter Suppression, USA (2012)**

Rock the Vote’s ‘We Will’ out-of-home media campaign aims to defy voter suppression efforts in the home stretch.

Launching across the nation, this campaign educates young people about changes in pending or passed legislation that will make it harder for them to vote, and reminds them of their collective power.

The campaign’s objective is to motivate youth to vote and shape the future, rather than merely accepting it.

Participants can connect with the interactive campaign by tapping or scanning the ‘smart posters’ to immediately register to vote, without having to download external applications.

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9. Source: Adage.com, June 2012; Pcmag.com, June 2012
10. Source: DailyDooh.com, October 2012 (Contributors: Blue Bite, TaskForce, Apartment One, PVBLIC Foundation, The Judge Group, Circle at Tufts University)
Other NFC Case Studies
1. **Lexus in Wired Magazine, USA (2012)**

Wired magazine and Lexus teamed up to create what they said was the first mass-produced print ad embedded with a near-field communication, or NFC tag.

The ad, which was found in 500,000 subscriber copies of Wired’s April 2012 issue, allowed readers with NFC-enabled phones to access a demo of the Lexus GS 2013’s Enform App Suite simply by holding their phone up to the ad.

2. **NFC Future Shop Project, Finland (2008)**

This project enabled participants to make food purchases at home by touching “smart shopping lists” with NFC devices.

The shopping lists were compiled according to the wishes of each participant, and they included NFC-enabled item cards for approximately 200 frequently purchased products (each item card included the name, details and a picture of the product). Selection was either made at the local store using a bar code reader, or at home using an NFC “smart product list”. The shopping order was delivered the same day.

1. Source: Lexus brings NFC-enabled print ad to Wired magazine, Jason Del Rey
2. Source: NFC Forum, April 2011 (Contributors: City of Oulu, Oulu Innovation, VTT Technical Research Centre of Finland, TeliaSonera, Tradeka)
In June 2012, two Gap stores in Tokyo participated in the “Like with a high-five” Summer T Coordinates campaign, in which customers connected the app to their Facebook account, and then got a bracelet in-store to act as an identifier.

When customers saw a staff member wearing an outfit they liked, they “high-fived” by touching the bracelet to their smartphone. The phone, after making a cheering sound, sent the outfit to the Facebook feed of that customer.

Restaurant Pannu offers meal ordering via NFC device, which includes “fast-track ordering” during the busy lunch hours.

Users can download the Restaurant Pannu application to their NFC devices. By touching an NFC tag on the restaurant table and then on the desired menu item, an order is sent to the backend system, which delivers the order to the restaurant’s payment system and kitchen.

Electronic lunch coupons can also be redeemed via the NFC ordering system. Users can access additional information from “smart posters” placed on the restaurants’ tables.
Astral Out-of-Home is one of Canada’s largest out-of-home advertising companies. With a network of more than 9,500 advertising faces strategically located in the key markets of Québec, Ontario and British Columbia, it offers a portfolio of four innovative product lines: outdoor advertising, street furniture, transportation and digital. As a forward-looking company, Astral Out-of-Home has embarked on a series of green-and-clean initiatives to reduce its ecological footprint and actively participate in sustainable development. Founded in 1961, Astral is one of Canada’s largest media companies. It operates several media properties—pay and specialty television, radio, out-of-home advertising and digital media properties—among the most popular in the country.

www.astraloutofhome.com

Newad reaches the highest concentration of the Young & Affluent in Canada by guiding millions of consumers to four targeted platforms: Indoor, with 21,500 digital and classic boards in over 3,000 establishments and 36.5 million impressions delivered each week; Experiential Marketing, with the production of 250 promotional events per year; Publishing & Content, with numerous Web properties reaching 450,000 visitors each month and the production of branded content (photos & videos, mobile applications, contests, social media management, white label content); and Web, including the Newad OnLine advertising network delivering, each month, 125 million pages views and 7.4 million visitors. Newad’s 350 employees set the trends in its Montreal, Toronto, Vancouver, Edmonton, Calgary and Moncton offices.

www.newad.com

Gauge Mobile develops and executes proximity marketing solutions that allow brands to engage with today’s mobile consumer. Their cloud-based analytics platform enables traditional media (TV, Radio, Print, Outdoor, Direct Mail), to engage consumers through their mobile devices by using bridging technologies (SMS, QR Codes, NFC) to deliver rich content, gather feedback and process transactions. The data is then aggregated across campaigns and media channels to help understand consumer behavior, improve customer experience with personalized offers and allocate the marketing budget more effectively.

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