

A background image showing three people standing on a rocky cliff, silhouetted against a vibrant sunset over a body of water. The person on the left wears a red and blue plaid shirt and khaki shorts. The person in the middle wears a dark long-sleeved shirt and blue leggings. The person on the right wears a dark jacket and dark pants. All three have their arms raised in a celebratory gesture.

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Webinar Wednesdays

## **Top Takeaways and Outstanding Questions from the Smart Packaging Overview, Use Cases & Value Webinar**

**Featuring Mark Baldwin from TUKU, Christina Cvetan from Ahead of the Curve, and James Lee from Jones Packaging**

**Webinar took place May 6, 2020**

**1**

'Smart' packaging is a quickly evolving space, and as such defining it can be a challenge: the terms intelligent, connected, and active packaging are often used interchangeably and their meanings and applications continue to evolve.

**2**

In terms of consumer accessibility to smart packaging: approximately 90% of smart phones manufactured in 2020 will have built-in (no app required) near-field communication (NFC) reading capability, up from less than 50% in 2015.

**3**

Try it! In Christina's presentation, go to the final use case 'Vita-lity' (slide 28) and scan away.

**4**

Connected packaging is part of the global convergence of technologies, real-time analytics, and machine learning used to track and control physical objects - often referred to as the Internet of Things (IoT). From pharmaceuticals (blister packs that notify user if medication needs to be taken), to manufacturing (parts that communicate: I'm wearing out and need maintenance!), the IoT, and Smart Packaging in particular, represent a large and growing marketplace.

**5**

Mission critical for Consumer Packaged Goods (CPG) companies is to connect directly with consumers, and access and control data that provides useful insights.

# 6

We've seen 'a decade of change in a few months', and certainly now is the time for companies to innovate and respond to the changing ways consumers are connecting with products and accessing information. Perhaps sooner than later we'll see virtual shopping on your local subway platform -- along the lines of what Tesco tried in South Korea.

## Outstanding Questions

**Do you think price of products will be increase if companies move to use smart packaging?**

That really depends on how the company perceives the value, for example many companies already spend 50 cents per email for validated emails. This method might be able to get you higher quality email addresses for CRM at half the cost. But at the moment, CRM Acquisition isn't thought of as part of packaging costs. So did we really increase the price when you look at the total value? We've found that if a product retails for less than 15-20 dollars, usually you can't make the math work. But one brand put a 50 cent dual tag NFC on a \$4.99 pack of processed cheese and made that math work without increasing price to the consumer. I can also think about certain industries in today's "new normal" where this added cost is to cover the fact that they have no one selling the product in store to differentiate it from other brand -- think of a cosmetics store where if you can't go in how do you learn product benefit and usage instruction...is that worth paying for?

Also -- the costs associated with connected / smart packaging programs should be covered by a company's marketing budget and should not be added to the cost-of-goods-sold. For connected packaging programs, the marketing budget could be allocated from other (less effective) marketing programs, resulting in zero impact to the price of the product. Connected packaging is certainly a marketing channel and a marketing expense.

**What kind of activity are you seeing in terms of ... geographic/location? product markets (RX vs food)? customer size (all/most larger)?**

We see more activity in higher value products or any product where counterfeiting is a real issue (e.g. a recent meeting talking about putting NFCs on n95 masks for this reason). Geographically we see more activity in AsiaPac because the technology has been there longer, and you have a high degree of counterfeiting (Christina's baby formula example was just 1 of 4 baby formulas in China using this type of tech). We actually see the highest use with smaller (challenger) brands, whereas large companies tend to be slower at integrating this into their infrastructure.