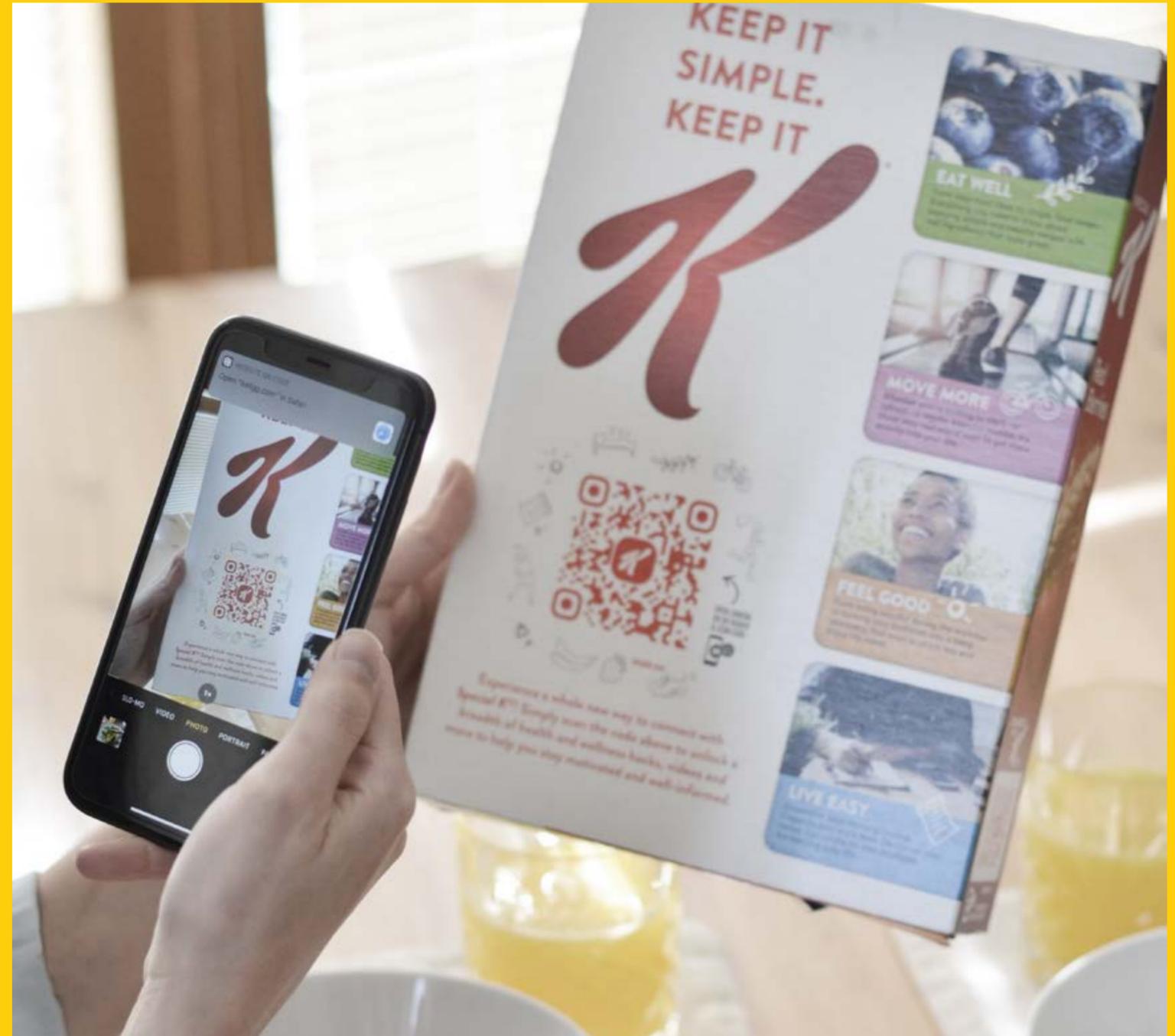


How connected packaging works



Foreword

I am convinced that 'How Connected Packaging Works' is a major contribution in bringing connected packaging to the forefront of brand marketing.

It adds thoughtfully presented, real data and insight to what has become a hot topic in recent months.

It was my experience as President of the IPA that the means by which brands can most effectively reach consumers are constantly evolving and adapting –even more so with the abundance of new digital opportunities such as AR, AI, voice recognition, visual recognition and the rest.

I am convinced connected packaging is a positive disruption within the marketing landscape that will bring brands and consumers closer together, put clients further in control of their own marketing eco-system and prove hugely cost effective as well as highly efficient in engaging consumers and growing sales.

**Ian Priest,
Non Executive Chairman
Experience Is Everything**



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Management summary

Management summary

- This new report by Experience Is Everything, a specialist in always-on packaging, investigates the conditions for the explosive growth in connected packaging worldwide over the coming decade.
- Written by Experience Is Everything founder, Paul Simonet, with contributions from marketing leaders including Orlando Wood and Caspar Thykier, it explains how the world's biggest companies will increasingly look to their packaging to harness millions and millions of direct-to-consumer interactions every day.

Management summary

The report will demonstrate—

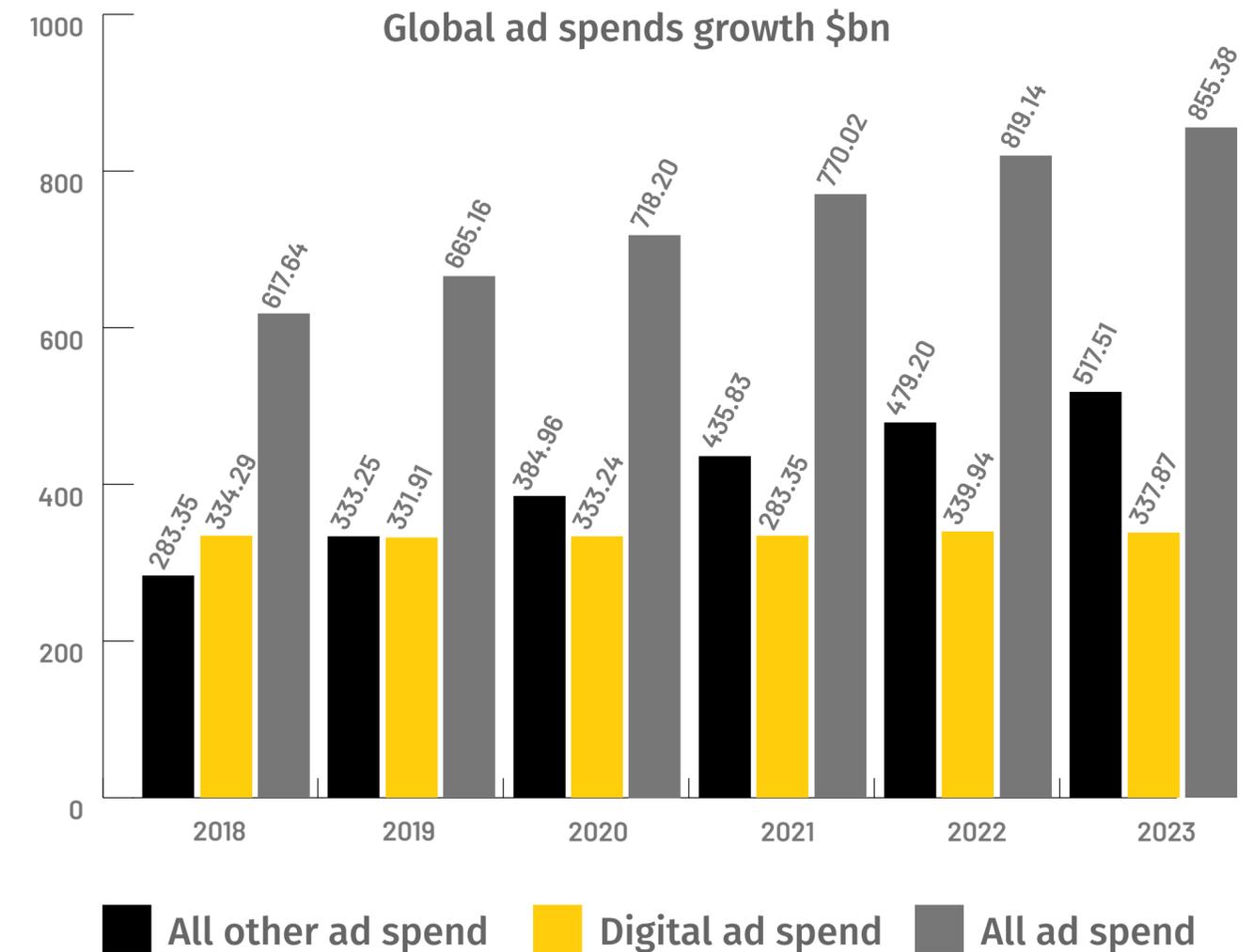
1. The coronavirus pandemic has changed the way consumers view QR codes, liberating their role on packaging for brands (EIE Global Connections Audit)
2. Scanning is at early maturity in major markets worldwide, with high penetration, diversifying use and increased frequency (EIE Global Connections Audit)
3. New creative communications via connected pack AR significantly outperform conventional broadcast messaging (Source: EIE System1 AR Research)
4. The Connected pack offers higher engagement with a customer and zero wastage (EIE/Zappar Global Connected Benchmark Study)
5. The Connected pack offers a uniquely engaging way to demonstrate sustainability and complete transparency of purpose in action to the customer (EIE/Zappar Global Connected Benchmark Study)
6. E-commerce —Connected pack usage drives e-comm at greater scale than other digital channels (EIE Marketing Analytics Platform)

The inevitable rise of
connected packaging
—as an owned medium

Potential market sizing

During the next 5 years we expect the proportion of Ad spend diverted to connected pack (to support Sustainability, CRM and DTC ecommerce) to be on average between 0.5 and 1%.

Over 5 years this will deliver a market value in the region of \$20BN.



Source: E Marketer (Ad Age)

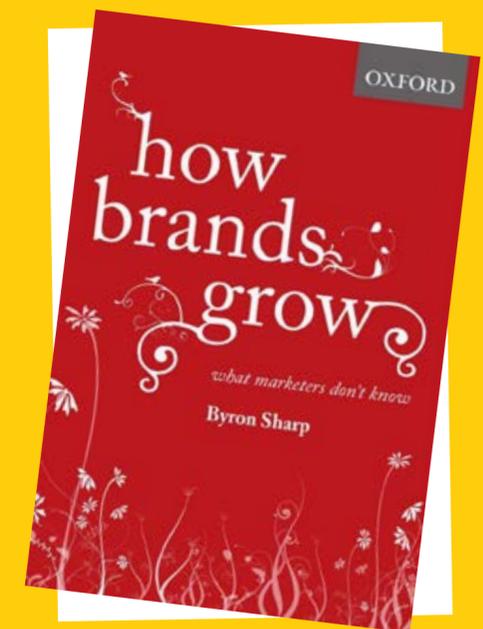
Welcome to connected packaging 2021 style

Byron Sharp paints an enticing picture of a more precise digital marketing future where device driven consumer reach is married to consumer need and behavioural relevance.



Reaching all potential buyers of a brand, at the right time and at low cost, is tricky and there is much to learn.

The digital revolution is creating new opportunities to reach consumers in different ways, at different times and fit in better to their heterogeneous lives'



'How Brand's Grow' –P55

A door waiting for a key

It has long been utterly obvious to marketers that their packaging represents the single greatest opportunity to communicate in the most direct fashion with consumers who either buy their product already or are considering buying their product in the immediate future.

That's why a casual glance at pretty much any piece of packaging on a real or digital shelf reveals an intense desire to communicate as much as possible, in as small a space as possible. Product in hand at the point of decision is clearly the last 'moment of truth' for a purchase so the temptation to load in as many facts as possible becomes almost irresistible.

But there are marketers who have also understood that

packaging, particularly in some categories is not just a final prompt but it's an always on medium.

One cereal marketer from a well-known FMCG company is not untypical. *"I've always wondered what would be the media value of our own packaging, if we could calculate it. It would be millions!!!"*

He wasn't wrong. If you take a leading detergent product for example, that might have a household penetration of 30% in the UK, call it eight million households, and an average frequency of 4 times a year and an average usage cycle of 20 times to renewal you are heading rapidly beyond half a billion pack exposures a year to users— with absolutely no wastage!

A door waiting for a key

None of that would matter much if the only opportunity to communicate to this most valuable of consumers, actual users, were in the small print left on the back of the pack.

But now that is not the case. Connected packaging has changed all that. Now everything that a brand is or wants to say is available via a simple single on pack code.

If a pack is a door to a brand then a code printed on the pack is the key.

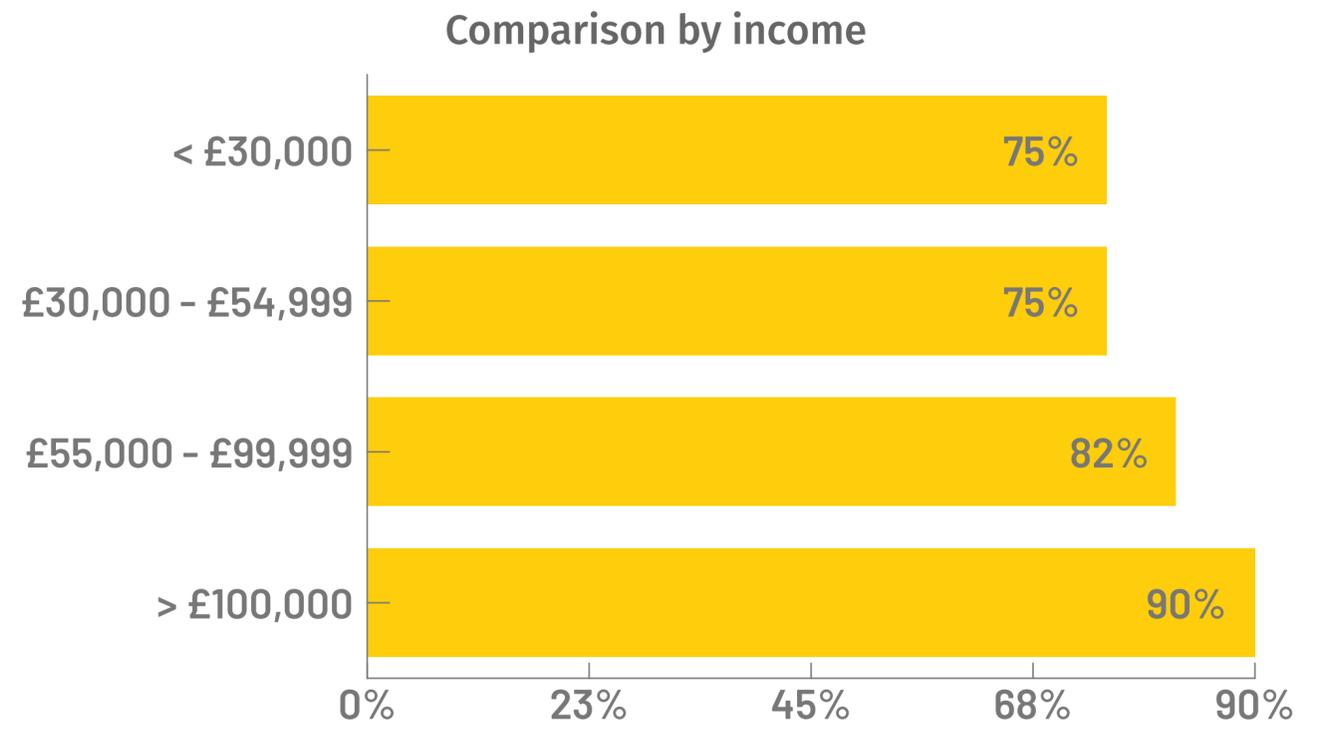
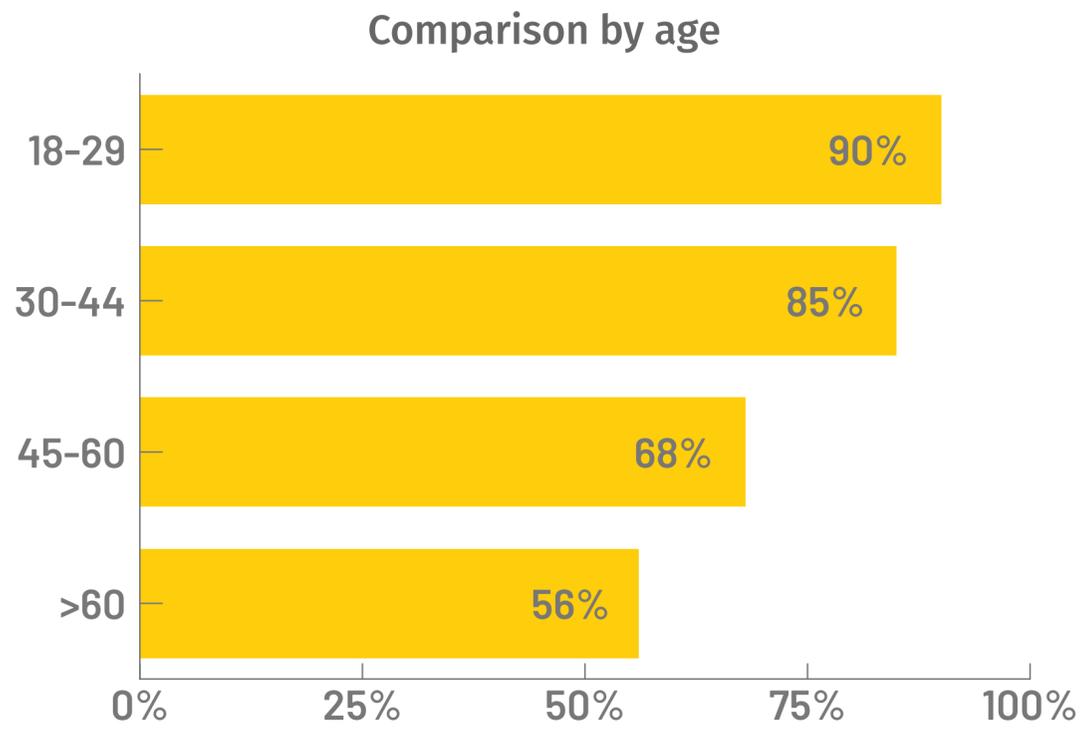
Connected scanning across all types of printed codes has become a mass activity.



***A leading detergent product,
might have half a billion pack
exposures a year to users.***



Who is Scanning In the last month? (2020) U.K.



> 75.9% have scanned any code in the last month (57.1% in 2019).

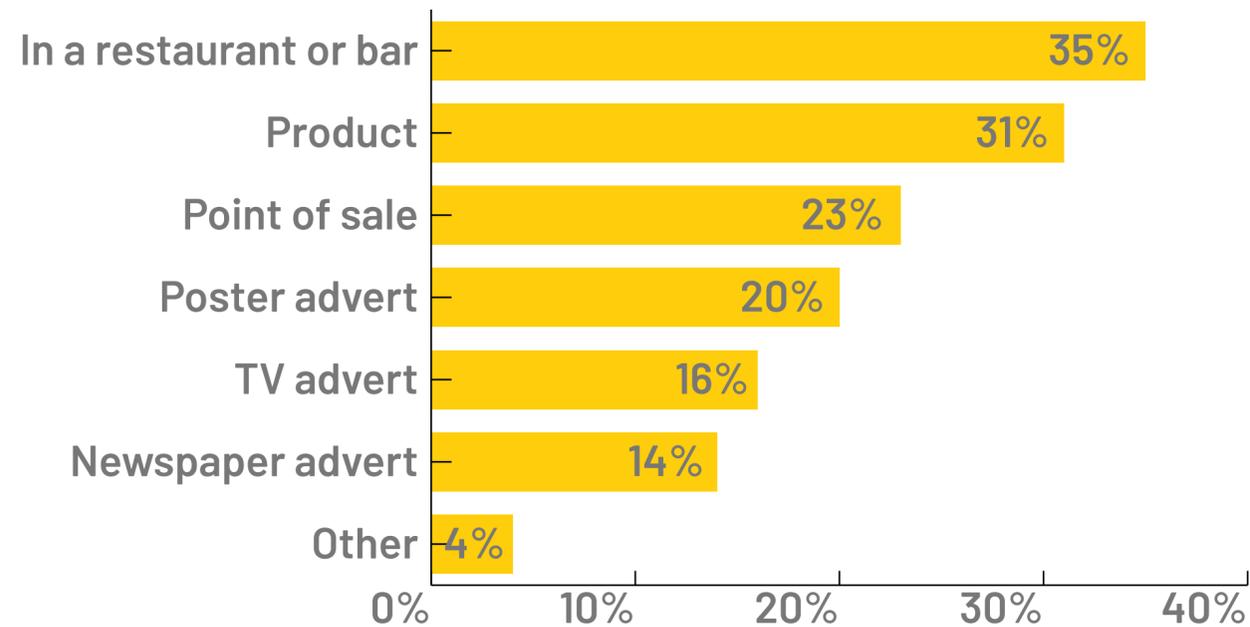
The comeback kid —the not so humble QR code

The story of the rise to indifference of the QR code ten or so years ago is well documented. Interesting, ugly, underwhelming.

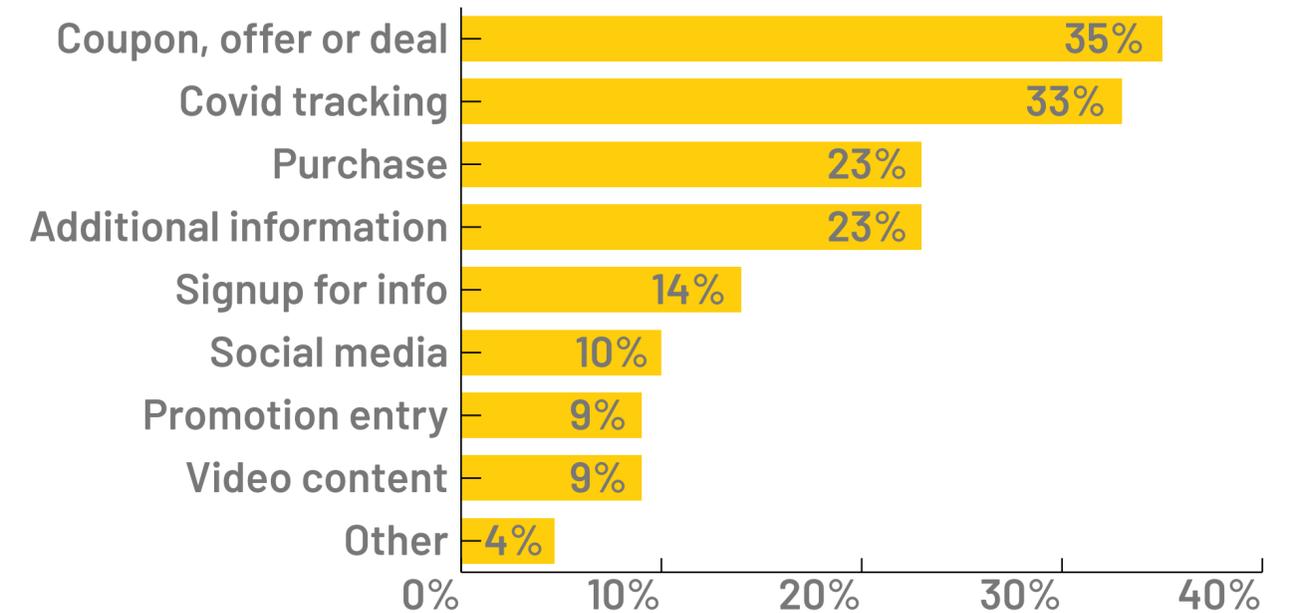
But that has all changed as a result of 2 things. First mobile phone manufacturers determined that it was in their long-term economic interest to make QR codes readable from their native device cameras, removing the need for a consumer to download a QR reader application to their phone. Second, the QR code has emerged as a low risk consumer communication channel in the face of a global pandemic.

Where did people scan from and what's the reason for scanning? (2020) U.K.

Where did people scan from



The reason for scanning



*% is calculated based on connected code users who have scanned code in the last 12 months

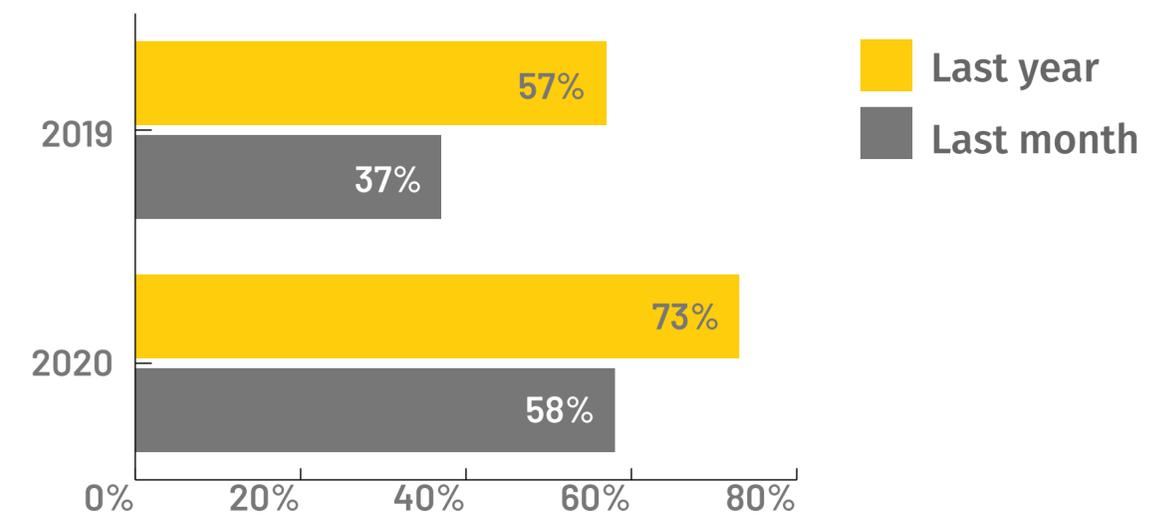
QR codes have reached and exceeded the threshold of a mass medium

A recent audit of the UK market for connection showed that QR codes had been used by almost 75% of people in the last year and by almost 60% of people in the last month. This represents an increase of almost 50% in the rate of QR engagement in the last year.

QR codes have reached and exceeded the threshold of a mass medium in the space of 6 months.

Of course, across all types of code scanning there is a marginal bias towards younger users, but equally obviously there is a bias to better off more valuable users also.

Have people scanned a QR code in the last year and last month?



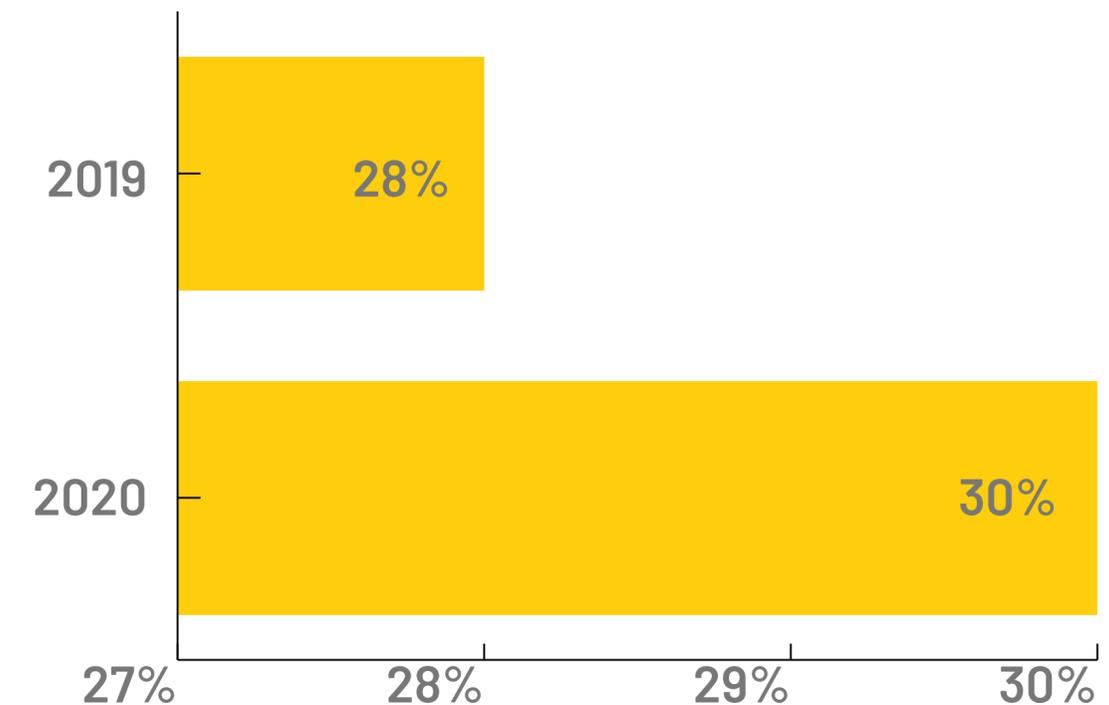
AR from QR –the magic is out of the bottle

The transformation of QR codes on packaging as a viable medium is exciting in and of itself. No end of brand story telling video, sponsorship assets or supply chain transparency –not to mention seamless re-purchase –is now available at the tap of an ‘open camera’ button from even the most challenged of small packaging spaces.

But at the same moment the availability of AR from web applications without the need for a downloaded application has made connected packaging not only one of the most available consumer media –it has made it one of the most innovative and creative.

Consumers are in for a treat in a way that even Byron Sharp might not have envisaged.

29.7% of connected code intender's have experienced AR using their smartphones.



Opt-in not skip out —it's all about trust

As a medium for brands, connected packaging has the extremely valuable characteristic of being highly available without being highly intrusive. Connected pack media makes an invitation from the brand at the point of decision, at the point of storage, at the point of use and at the point of replenishment in a way that is prominent without being intrusive. Data consistently suggests (see **Superior Engagement** section) that connected packaging has a higher quality of engagement than any other channel. This availability with avoid-ability makes connected packaging ever more relevant in a media environment that is increasingly as short on trust as it has long been short on attention.

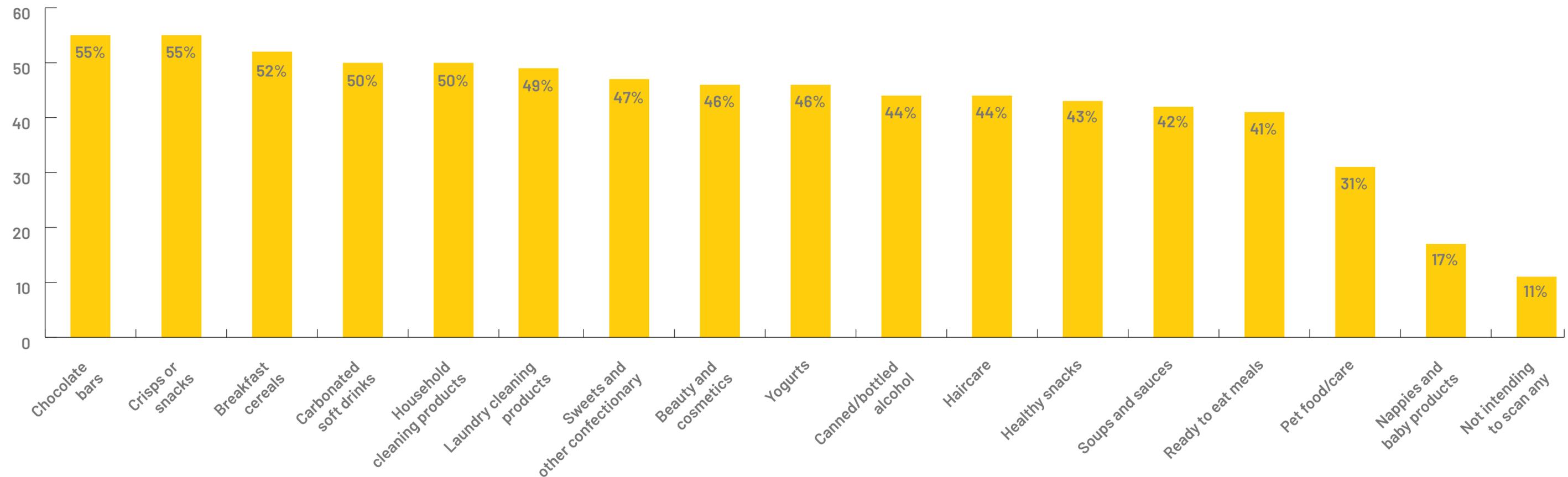
Why not spend 5% of your budget reaching 100% of your consumers

Like all new digital channels over the last 30 years—Cable/Satellite TV, OLV, Social, DTC E-comm there will be an adoption curve for consumers and for brands. In an increasingly pressurised world for brands, new opportunities to invest differently will be treated as sceptically as ever. However, the targeted efficiency of connected packaging to reach your own most valuable consumers, in a high-quality way, at effectively the marginal cost of pack print —without ever having to pay Google or Facebook for the privilege —is too good to ignore. Coke and Pepsi-co, Unilever and P&G, Mars and Mondelēz, McDonald's and Starbucks Nike and Adidas—

and everybody else are all looking how low cost owned media can produce high value engagement.

The shift is for all categories, not some

Which of the following types of products would you consider scanning in the next 6 months?



Source: EIE global connection audit

In 5 years there will no such thing as 'unconnected' packaging

Like a hotel without WI-FI, a coffee shop without a loyalty app, a newspaper without a twitter feed, like a restaurant without a ratings page, a school without an Instagram page or a teen without a Tik-Tok, a brand without connected packaging simply won't be a brand. No brand consumer will be able to understand why a company that wants their attention, their trust and their loyalty would not make the effort to engage them directly, tell their truth to them transparently and offer them greater value personally.

Connected pack will be a medium that is owned by the brand but an experience that is mutually owned by the brand and the consumer –it is not really about connected packaging at all –it's about brands becoming their own medium –in the most direct way imaginable.

Unleashing the creative power of AR from connected packaging

Produced in partnership with Caspar Thykier, Zappar & Orlando Wood System 1

Your most powerful owned media channel

There was a great Tweet recently from a gentleman called Taylor Holiday where he mused, *“Your unboxing experience is the only marketing channel with 100% open rate.”* That really struck a chord with our thinking and work over the years around connected packaging and its role as a powerful owned media channel.

There are two critical moments of discovery in any product journey –at point of purchase and point of consumption. A lot of time and energy is naturally given to the all-important moment of truth at the point of purchase where top of mind awareness, strong brand recall and shelf standout are critically important to

securing a sale. Here visual impact and clarity is key.

But perhaps not as much attention has been given to the importance and power of product packaging once in hand and on shelf at home where the potential for interaction, engagement and dwell time is less fraught and more contextually relevant to drive future purchase. Arguably, as Taylor suggests, this is the moment where you have someone's 100% full attention. They're quite literally bought in to your product and ready to learn more about its provenance, ingredients, credentials, purpose, instructions, brand tie ups, promotions and ultimately its story.

A willing audience

This is a willing audience. But then there's only so much of that narrative that you can squeeze onto the side of your product or pour into its aesthetics. That's where the potential and power of connected pack experiences come into play –to say much more than words on a pack (small words at that) can do.

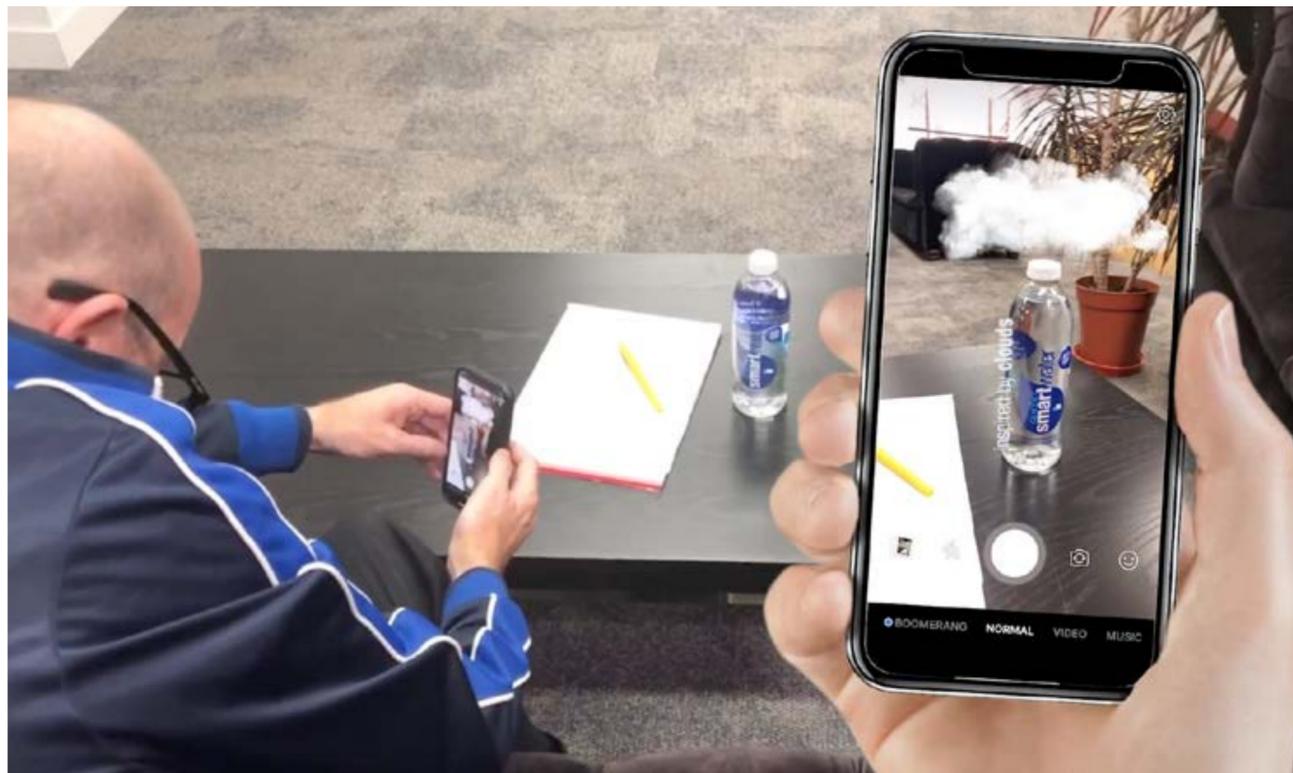
Our phone has become the evolutionary appendage we can't live without. It's the first thing we turn to when we wake up and last thing we switch off at the end of the day. It is the means through which we (individually) creatively impact our digital social lives through carefully curated and enhanced posts, images, video, avatars and face filters. In fact, it's less a smartphone as a smart-camera/ computer in our pockets.

Through that camera we're able to cast a new lens on the world around us thanks to the facilitating technology that is augmented reality. AR allows us to scan the world around us through QR codes and images to discover additional layers of information and experience be it from print, packaging, products, places and faces.

That's fundamentally important for brand owners with product packaging as it means that we can turn passive print into an always on, ownable digital discovery and media channel that you can control to serve up more relevant information to your consumers and get insights and data about what they're actually doing with your product when they're actually using it.

Discover additional layers

The example below is for the Coca-Cola company's SmartWater product where an AR experience explains the unique filtration process that produces this premium water in a way that words alone cannot.



If you're thinking that digital display of content is hardly going to move the needle you might be interested to learn that recent Shopify research showed that interactions with products having 3D/AR content showed a 94% higher conversion rate than for products without AR/3D. As humans we have an innate curiosity about the world around us, giving additional ways to digitally explore a product satiates that curiosity, it would appear.

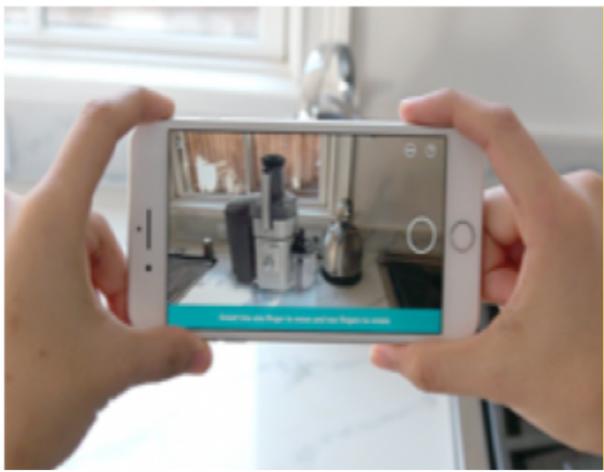
Attention levels of AR

We know this too through our own neuro-science research which showed that visual attention doubled amongst the nationally representative sample of individuals across the spectrum for experiences and activities delivered with AR versus an online experience via a laptop or tablet; whilst the level of memory recall from these activities increased by 75%. The simple conclusion was that connected pack AR facilitates 'active learning through doing'. It's not a passive experience. It's opt-in and engaging.

Neuro-science expert Heather Andrew emphasised the point in a [recent study](#).

"At Neuro-Insight we've researched brain response to many different media, and this study has shown that AR delivers exceptionally high attention levels - 45% higher than the average we see for TV viewing or general online browsing"

Heather Andrew,
CEO Neuro-Insight UK



Non-AR task



AR task



Low cognitive activity  High cognitive activity

AR put to the test

To understand the creative impact of AR and how it compares with other communications we teamed up with System1, who are experts in testing communications for their commercial effectiveness.

System1's research methodology is based on psychologist Paul Ekman's core human emotions. Through years of research with communications effectiveness data, System1 have developed a means of measuring emotional response to communications to determine their effectiveness. Their emotional scale is weighted for business impact; happiness and surprise are key for long-term market share growth.

This is summarised in a Star rating score where 1-Star

represents little to no growth and 5-Stars 3% growth for every 10 percentage points of extra share of voice, assuming an average quality of competitor advertising. System1 also measures disgust, fear, sadness, anger, contempt, along with the strength of any emotion aroused, plus neutrality (the proportion of people feeling 'nothing'). (For further details on System1's approach, see the book 'Lemon' by Orlando Wood, published by the Institute of Practitioners in Advertising, 2019).

It is very difficult to achieve a high Star score. From System1's extensive testing of advertising (over 40,000 ads tested), only 1% of ads achieve a 5 star rating, with 53% achieving a 1 star rating and thus having little to no long-term impact at all.

How it performed

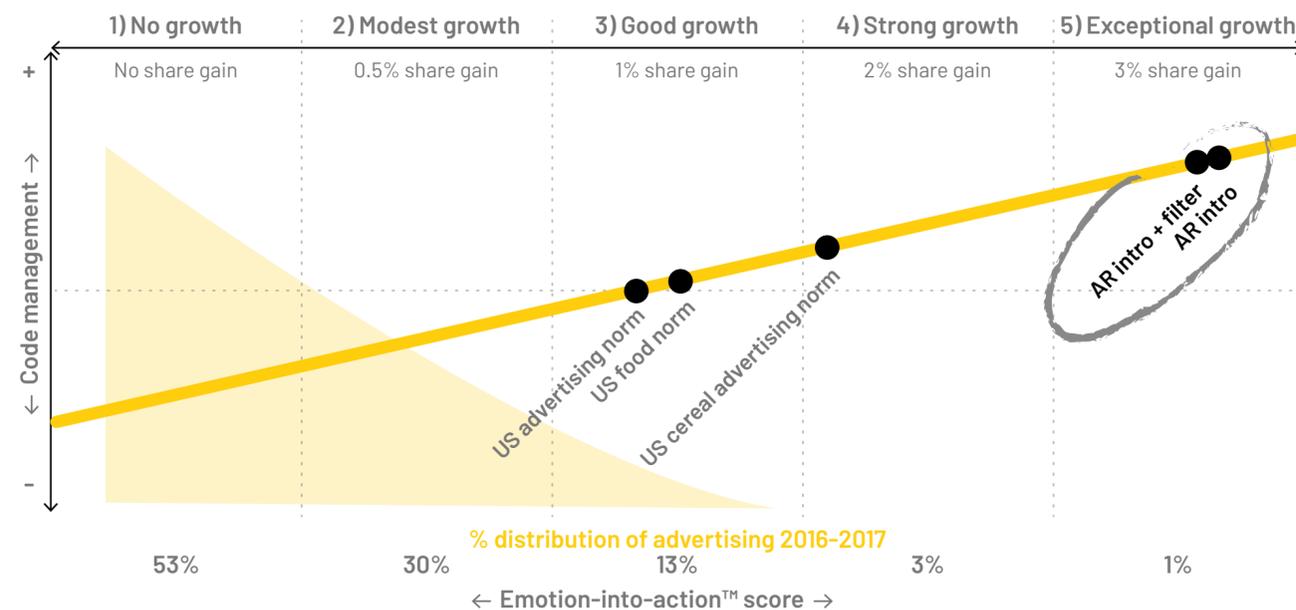
We took an existing Web AR experience we'd delivered for a national household CPG brand, with a well known brand character, and compared it with normative advertising testing data for the category and with the current in market advertising for that same brand.

The AR creative, activated from the packaging, introduced the iconic brand character in 3D and the campaign theme for the product. In a second version of the AR creative this was followed by an invitation to apply some simple face filters, which put the user in the context of the experience. The call to action itself was clearly displayed on the packaging with a QR code, a scan of which launched the experience; a clear reason for participation, stating the benefit, was also provided.

The **System1** research, conducted with a robust and relevant sample of 150 participants, showed that the AR experience outperformed category communications norms and indeed achieved the highest rating on record. The AR execution scored 5-Stars, compared with an industry norm of 3-Stars. It also significantly outperformed high-performing category ads on lack of neutrality (i.e. arousal of any emotion), with much greater intensity of emotion felt overall.

How it performed

Both AR intro and AR intro + filter earn high 5 stars landing above the US advertising, food and cereal norms.



System1 © System 1 Group PLC

The overall levels of Happiness and Surprise elicited from the AR campaign were at 87 points versus 56 for the advertising norm – a 55% increase over the ad norm.

“ The AR experience outperformed category communications norms and indeed achieved the highest rating on record. ”

The smile factor

FaceTrace® emotional response



Significance level **A B C** = 95%

Which of these faces reflects how you feel about the experience on your phone?
To what degree does this experience make you feel (selected emotion)?

Total sample

System1 © System 1 Group PLC

Brand characters in AR

Orlando Wood, Chief Innovation Officer at System1, and authority on the effectiveness of brand characters in advertising, said of the findings,

"These striking results show with statistical confidence the benefits of an immersive AR experience for emotional connection, when benchmarked against advertising.

We know that 'character' (along with 'incident' and 'place') is important in advertising for driving emotional response and holding attention. Yet, despite the established effectiveness of recurring advertising characters, very few advertising campaigns use them today.

AR experiences are the new frontier in the use of

characters; exciting because the technology enables you, through character, to connect with audiences in a place of their choosing. AR experiences undoubtedly provide activation opportunities, but perhaps the most interesting and useful marketing role they can play is to strengthen the recognition of your brand assets and forge an emotional connection with users. When activated, AR experiences can help establish and reinforce long-term memory structures. Why is this important? Because it helps to raise the salience of your brand over others at the next purchase occasion, whilst at the same time reducing price sensitivity to your brand, with obvious implications for profit gain".

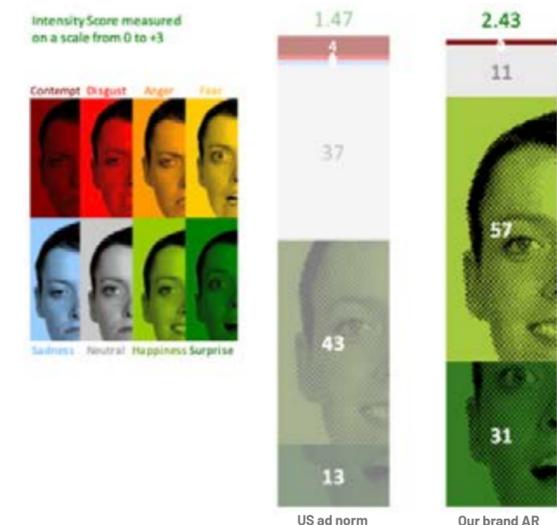
When activated, AR experiences can help establish and reinforce long-term memory structures

The magic is in bringing the passive, physical package to life in a contextually relevant setting with AR where, through a user's device, they can 'drive', interact and control the narrative through spatial storytelling. As Arthur C. Clarke whimsically remarked all those years ago, "Any sufficiently advanced technology is indistinguishable from magic", and that would seem the case for connected packaging where the creative impact is akin to experiencing a little bit of magic.

That sense of creative surprise is clearly seen within the test data.

Overall emotional profile | AR intro

FaceTrace® | emotional triggers



Good

It was cool, however it didn't really engage or bring any emotion out of me. It was slow. My children are much older than what this experience affects.

This is very good

I enjoyed this video. This is very good. It makes me happy. I felt happy because it was really cool and easy to do. Great graphics, think my child would love it. Easy to access and positive message. I would support this motion to help kids.

New

It's a 3d advertisement that is very different from anything I have seen. I like the way the character was in 3d form, that was very interesting.

What is it about this experience that makes you feel (selected emotion)?

System1 © System 1 Group PLC

When activated, AR experiences can help establish and reinforce long-term memory structures

“ These striking results show with statistical confidence the benefits of an immersive AR experience for emotional connection, when benchmarked against advertising. ”

In summary, the data at our disposal across the spectrum of neuro-science, marketing and advertising research, and category benchmarking, show the impact

that AR has in connected packaging and how it can deliver success.

What they collectively tell us is that your product and packaging are the most valuable piece of owned media real-estate at your disposal. We can turn that passive print into a digital portal of discovery that features living characters, brand assets, augmented story telling entertaining and delighting your end customers, creating a direct conversation with them, and delivering added value to the brand and product experience through the interaction of connected packaging and emerging AR tech.

How connected packaging
is achieving
superior engagement to all
other digital channels

Nobody scans a pack by accident

It is one of the more disappointing characteristics of digital brand engagement statistics that a lot of it isn't –engagement that is.

We are all sadly familiar with the click through that leads to no follow through. Indeed, the latest 'success' of the online paid for advertising world 'short form non-skip-able video' is the admission of a disastrous failure rather than a triumph of engagement.

Connected packaging as a medium is an exception. Every category we have looked at reveals the same phenomenon –consumers who connect with connected pack are more likely to stay connected.

Take the dreaded bounce rate. We continually observe that for the same brand the bounce rate for connected packaging visit is less than a half of what it is for .com. In the most extreme of cases the bounce rate for a .com can be 10 times higher than for connected packaging for the same brand.

	Bounce rate	Avg. session duration	Returning users %
Brand A .com	68.5%	00:49	11.2%
Brand A connected platform	21.3%	01:27	25.3%

Committed, intentional engagement

All connected pack bounce rates we have observed are below 30% and a significant proportion of them are in single digits.

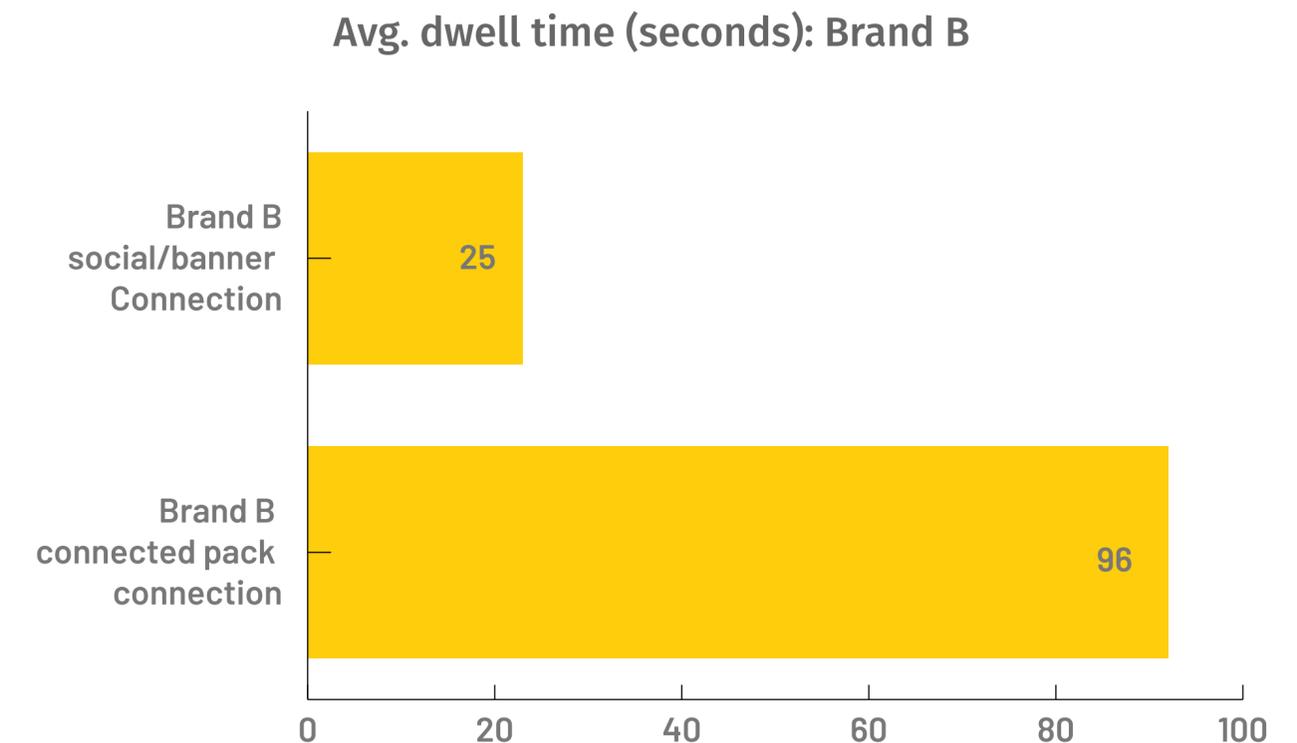
The conclusion seems pretty clear that connected pack scan is a committed, intentional act by a brand user which typically leads to committed, intentional engagement.

Consumers who connect with connected pack are more likely to stay connected

Stay –just a little bit longer

Not only are observable bounce rates significantly lower for connected packaging but their dwell times are significantly higher. Nearly all connected pack activities we have observed have a dwell time in excess of 90 seconds. It is perhaps obvious to point out *"that's because the investment behind creative for connected pack is greater"*, which in some cases is for sure true. That said a recent example for a major ice cream brand connected the same content from ad banners and social as was delivered from connected pack. The same content delivered from connected packaging had almost 4x the dwell time.

It may be obvious but it seems clear that connected brand users are more interested in what the brand has to offer than anyone else.



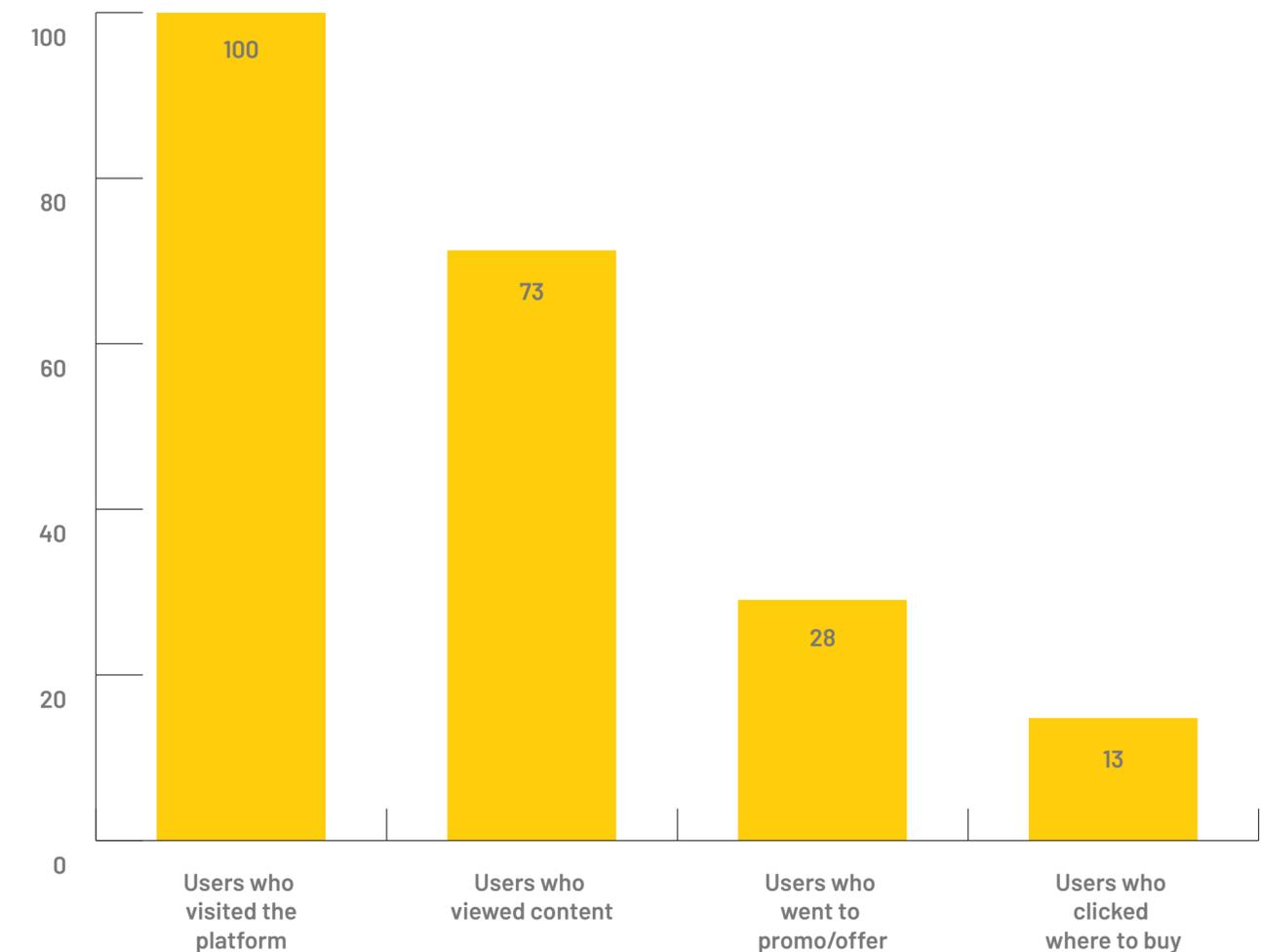
Not only but also —the 4 Cs

The dwell times of connected pack are impressive but so is the range of engagement that typically takes place.

Successful connected packaging sites are optimised for multiple engagement across the 4 C's— **creative**, **content**, **community** and **commerce**.

On average across our major lifestyle sites each visitor who viewed a content article viewed at least 3 articles in total and on the same site up to 20% of all visitors undertook an activity that was of commercial value to the brand (buy now or data exchange) as well as engaging with content.

Content engagement (visits and clicks): Brand C (indexed)



Not just for 'coupon cutters'

Indeed, it is worth observing that the multi-faceted engagement of connected pack is one of its most valuable aspects. Connected packaging was originally introduced to many FMCG brands as a way of increasing general consumer participation in promotions (not just 'coupon cutters' as they are sometimes, disparagingly known). In fact, across the vast majority of connected promotions we handle, in excess of 60% of participants come direct from the connection. Nevertheless, we have been happy to observe that when a promotion ends and promotional packaging dwindles in the market, the desire of consumers to engage does not typically dwindle. Connected packaging for the same brand is just as likely to excite pure content interest from 'brand content pack' connections as it is to get promotional

interest from promotional pack connection.

At a macro level it is perhaps worth acknowledging the generic motivations for the use of connected packaging are indeed many and various and that they support a plethora of the most on trend marketing challenges and opportunities.

A universe of experience opportunities



Keep them coming back for more

It almost goes without saying that connected pack is a committed user focused medium and to that extent we would expect that users would be prepared, over time, to return to the connected experiences.

As yet it is clear that connected pack is not an habituated user channel in consumers lives –we have not created a ‘let’s check the pack’ reflex yet amongst regular users. It remains to be seen what a reasonable return rate will be and it is assumed it will be different for different categories, seasons and motivations

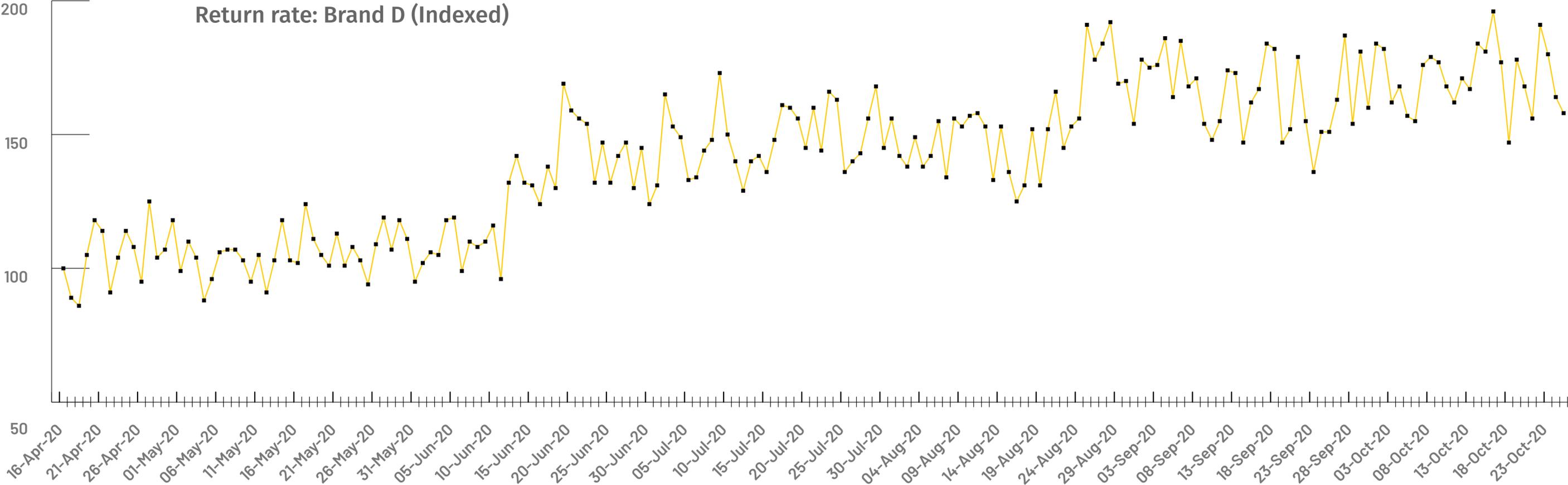
That said most connected pack executions have a return rate somewhere between 20 and 30%

which suggests ,at least, that the experiences are rewarding enough in many cases to be accessed more than once. Indeed for certain AR gaming executions from connected packaging the average returning rate is 100%.

In addition it is clear from almost all connected pack observations that return rates improve over time without any diminution in the headline growth rate.

These early indications suggest that across any user base, connected packaging has the potential to embed itself into consumer habits in a way that will build engagement and thereby repeat purchase over time.

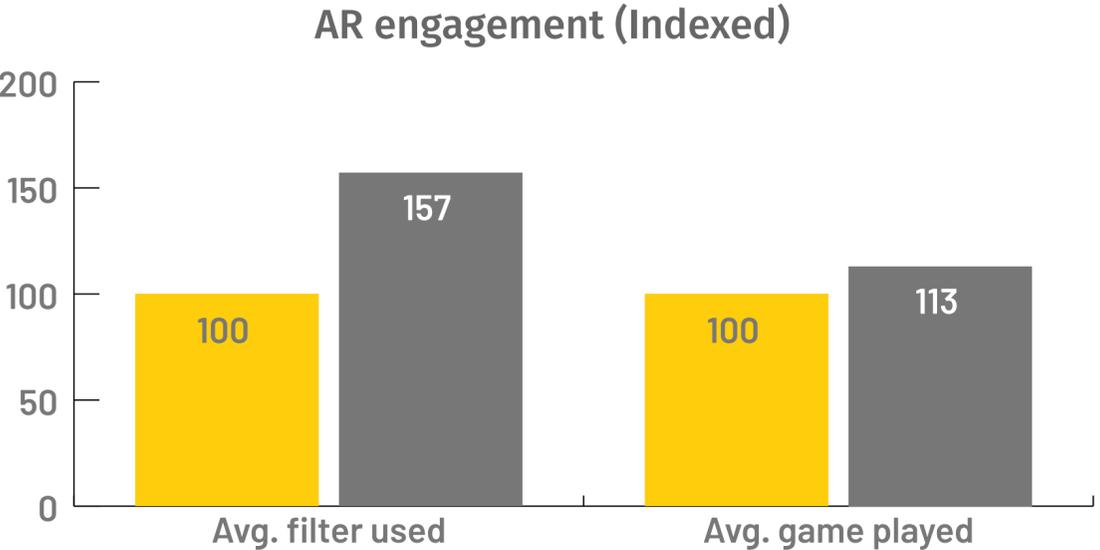
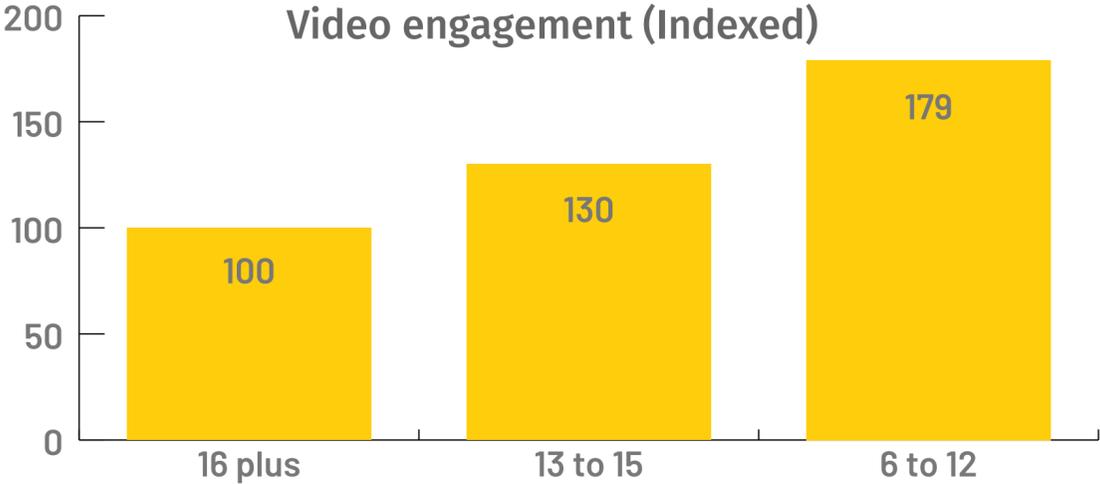
—and more



Different strokes for different folks

It is perhaps one of the most powerful features of connected packaging that it has the potential to support a number of different purposes seamlessly and perhaps naturally it is seen to service different users in different ways. Younger users seem naturally more attracted to more entertainment content delivered in more creative ways and that older audiences seem more committed to value and informational content.

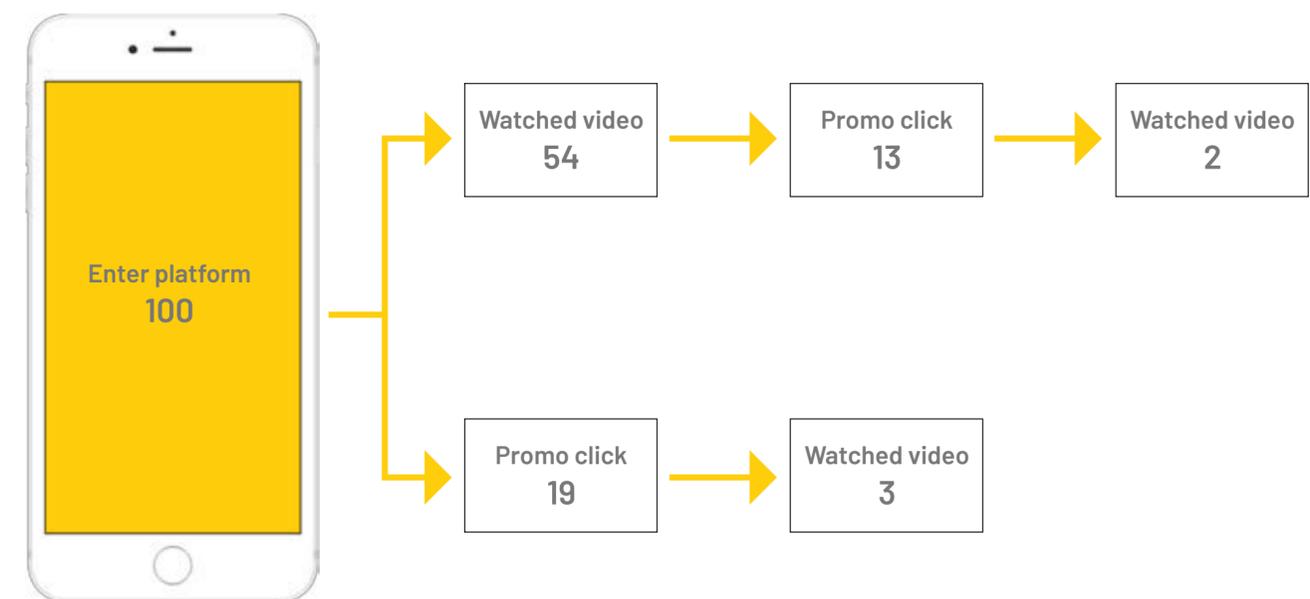
Connected pack allows us to get the user and the chooser via the same channel with no extra cost and at a point in time that can influence purchase.



Entertainment supporting promotion

That said it is clear that entertainment and promotional content can co-exist happily. There seems to be no evidence that entertainment content distracts from more transactional objectives. Indeed, it seems that in the context of content value promotions, entertainment content supports the promotional purposes.

54% go straight to promo, 13% go to promo after video view
(Indexed engagement)

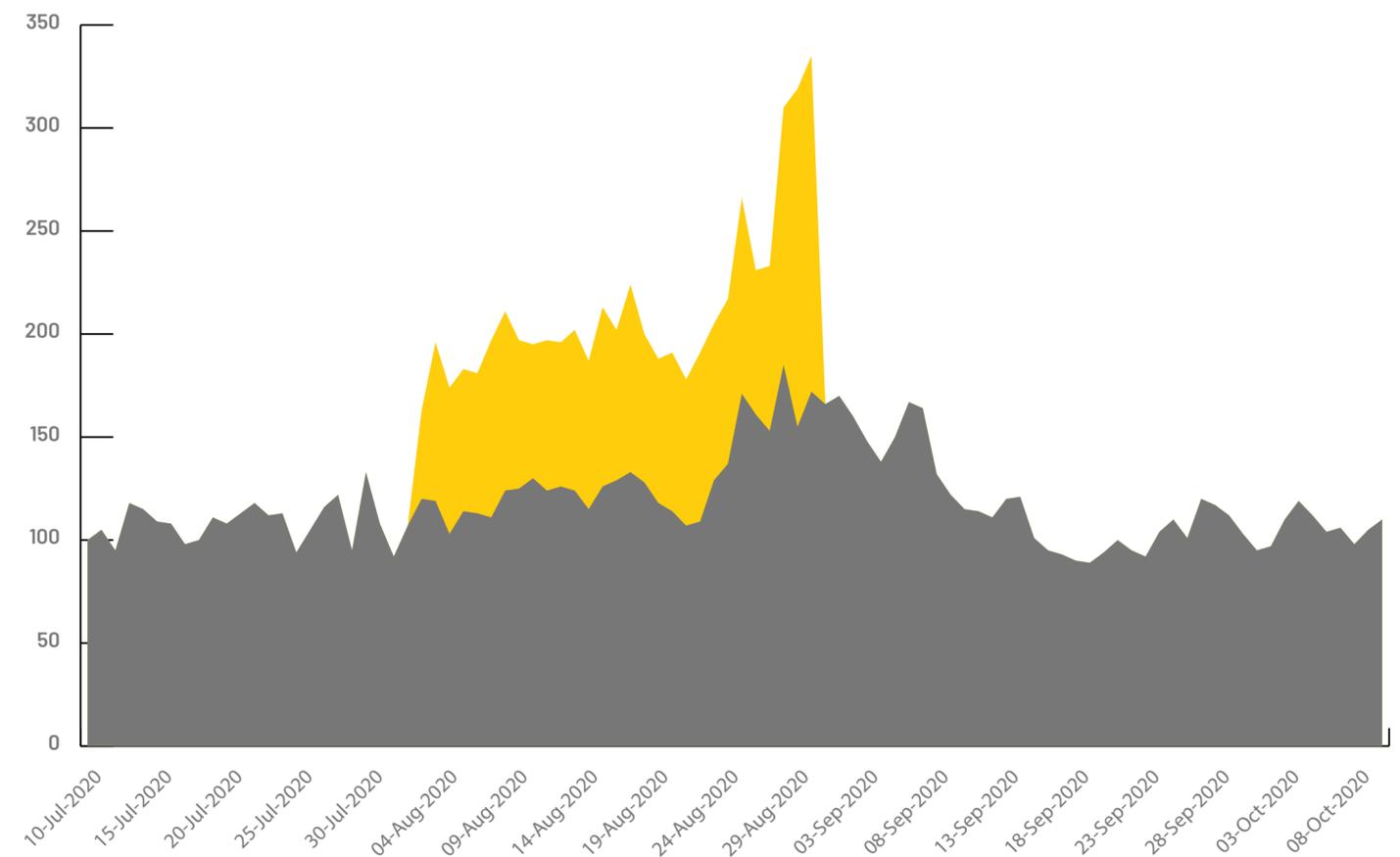


*Based on 16+ user

From users like me –for users like me

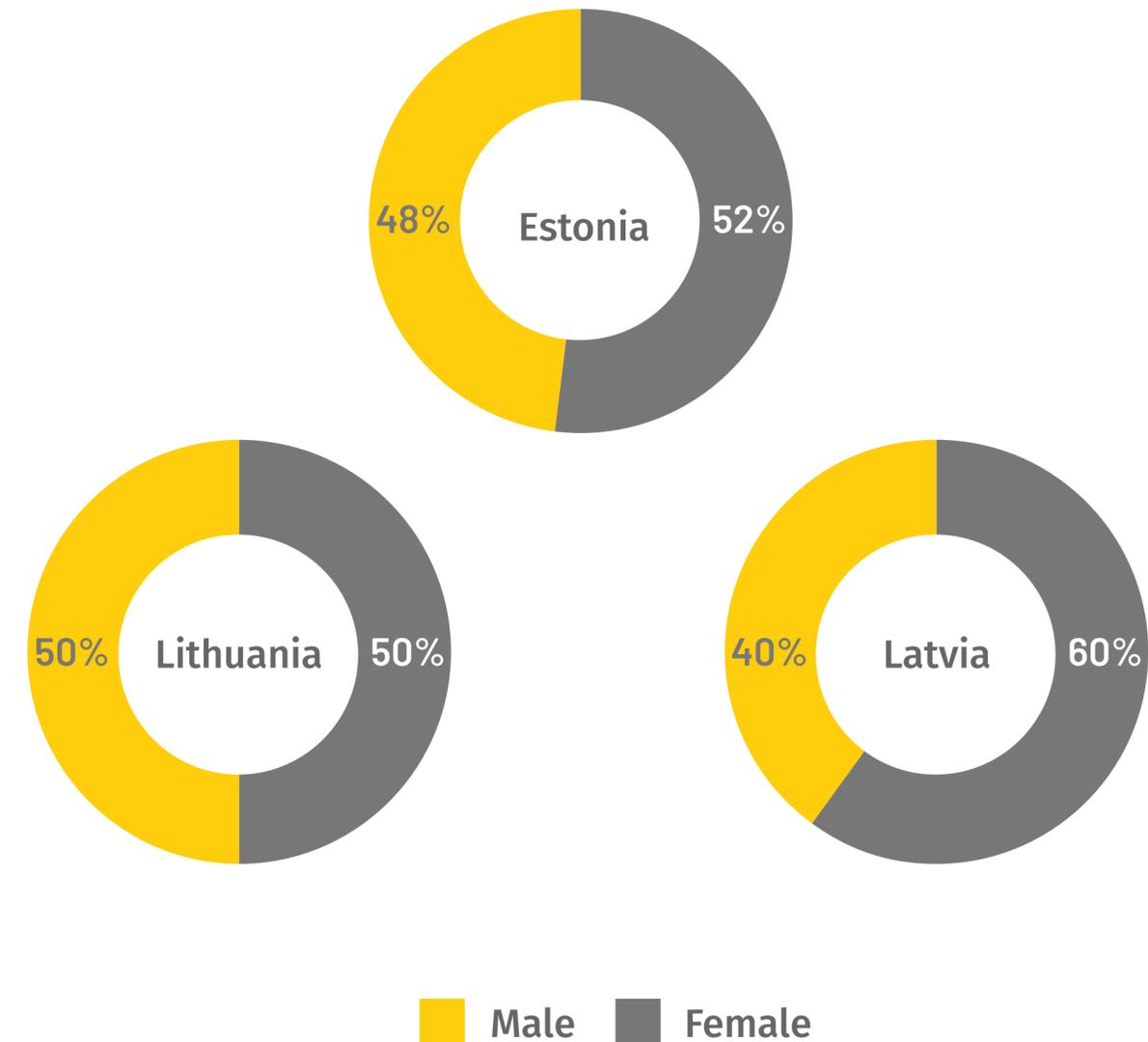
Finally, and not of least significance, when considering connected packaging as a medium that integrates with other media, connected pack operates very effectively with influencer driven social. We have experienced a number of case studies where the activities of brand influencers –super users if you like –have had an extremely positive effect on scanning and participation rates amongst ‘influenced’ audiences. Connected packaging and influencer based social are natural partners for the future of opt in digital brand engagement.

Number of visits over time



Drive engagement

Generic social support for connected packaging has a positive impact and specific influencers can drive specific influencer audiences to engage. In a multi country connected campaign only one country included female influencers in the connected pack promotion. The differential participation influence is clear.



No shit! —Sherlock

In summary, it is perhaps the most banal of all observations about connected packaging as a medium, that it appears to appeal most directly to users who have the greatest willingness to engage and participate with the brand. In that most unremarkable of truths, however, exists its greatest value. Connected pack is the greatest single opportunity a brand has to deepen its relationship with its most valuable users —existing heavy users —and its highest potential —current light users —at the lowest possible cost.

Connected pack is the greatest single opportunity a brand has to deepen its relationship with its most valuable users at the lowest cost.

The media value
of connected packaging

Driving with the rear view mirror

It is always a challenge to establish a performance understanding of an emerging channel. It is a consistent client refrain when asked to choose between an established and a new channel—*"Well at least with X (established channel) I know what I'm getting..."*.

To be able to explain the commercial efficiency of connected packaging we are going to have to try a little harder.

It's media Jim —but not as we know it

As a medium connected pack is unusual in a number of ways. But perhaps the most fundamental distinction is a negative one —it has 0% wastage.

Pretty much every other medium can seek to guarantee to deliver a brand a relevant audience within the limits (sometimes strained) of the industry measurement standards. The brand reach is a more or less significant subset of the gross audience reach.

Not so with connected pack. There is a guaranteed 1:1 relationship between the brand reach and the audience reach —because without the brand usage behaviour, there is no 'owned media' experience.

This 1:1 reach efficiency of course has its limitations— it is a very bad way to talk to current non users— but it is an extremely good way to talk to heavy, medium and light existing users at the marginal cost of printing a code on a piece of packaging you already pay to print on, to present content that in most cases you already have.

It is of course a commonplace that for any established brand as much as 80% of next year's sales will come from people who, at various frequencies, bought this year this year. If you were only trying to mitigate casual disloyalty amongst your current base, then connected pack would clearly be an extremely efficient medium.

An appointment to view medium

For light users, the numerical majority for any brand, connected packaging is particularly valuable for giving a uniquely powerful and direct way of reinforcing a competitive offer at extremely low cost.

The relevance of the context in which a brand message is delivered is often the subject of discussion in media circles. Speaking at last years launch of IPA Touchpoints Martin Greenbank of Channel 4 noted— "*Context is a really critical component of achieving truly effective communication*". It has been a common idea in the broadcast/on demand world for some years to point to the differential value of a medium that consumers actively, even committedly, choose to use, as opposed to one that they simply receive in the process of actively

doing something else.

As has been observed in the first section above, nobody scans a pack by accident and it is clearly true that connected pack is an active appointment to view medium, with all the multiple engagement value with which that implies.

The context of use of connected pack as a medium could scarcely be more powerful —at the point of choice in store —at the point of storage in the home —at the point of use and need —at the point of disposal and re-purchase. These 4 'moments of truth' could scarcely be more relevant to modern brand choice and modern brand building.

Show me the money

The intuitive logic for the power of connected packaging as a new 'owned medium' may be undeniable but that is not the same as being able to deliver comparative competitive value when weighed against other media in a cost constrained, zero based budgeted media investment plan.

The obvious place to start, since connected pack is a digital medium, is the ubiquitous cost pre click, aka CPC.

The Cost, the first C bit, for connected pack can be evaluated as the cost of supplying the code and the cost of supplying and maintaining the digital content presentation behind the code –not the cost of the content itself.

On that basis a number of the connected pack platforms that we have developed match the most efficient Google CPC for nominated brands and way outdo the CPC performance of YouTube. This extremely strong performance has been, in 2020, significantly in advance of connected pack reaching anything like maturity as an engagement choice.

It is worth returning, when giving a clear assessment of the CPC of connected pack, to the 0 wastage point. The people doing the second C, the clicking bit, are in the case of connected packaging are ALL USERS.

There is no comparative CPC for any other medium.

Show me the money

At a fairly favourable assessment up to 75% of most other media exposures, though they hit, relatively speaking, the right audience seldom reach brand or even category users.

Beyond CPC, which is essentially an event measure it is also worth considering engagement as a source of greater commercial value from connected packaging.

The quality of reach of connected packaging is orders of magnitude more precise than other media.

We know (see Engagement above) that the average dwell time in connected packaging is multiples longer than other digital channels, whether they be .com or communication content via other channels.

As an assessment of the comparative value of connected packaging, it seems obvious then that some way of including the value of time spent within the connected pack channel should also be considered

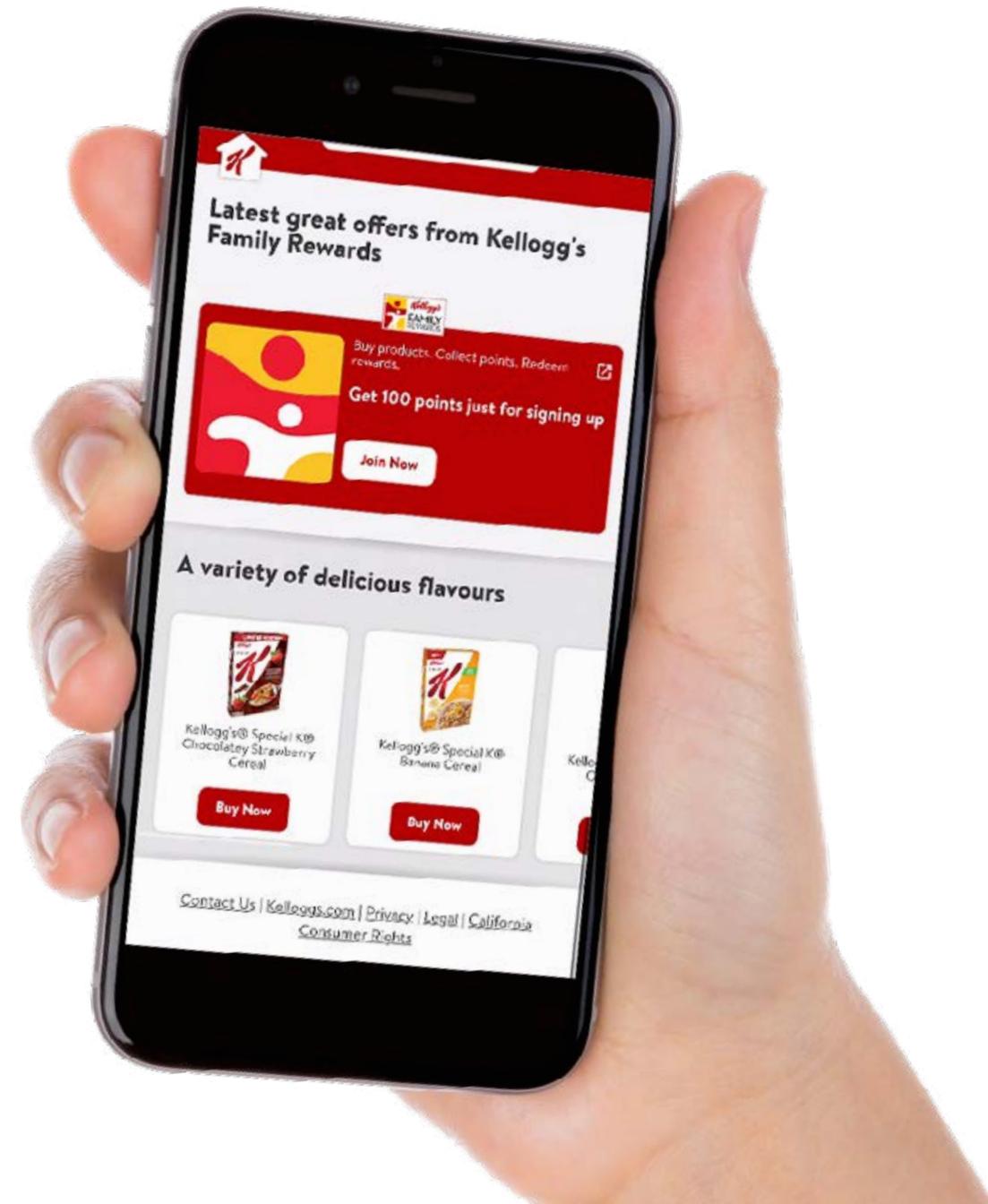
To that end we have been working hard to integrate the known media value concepts discussed here to produce a comparative value equation for connected pack.

CPV = User Reach x CPM x Delta CPC x Delta Dwell Time

Not just a comms medium but a sales channel

Finally, it is probably worth saying that connected pack as a medium is not simply a highly efficient communications channel it is a highly efficient sales channel.

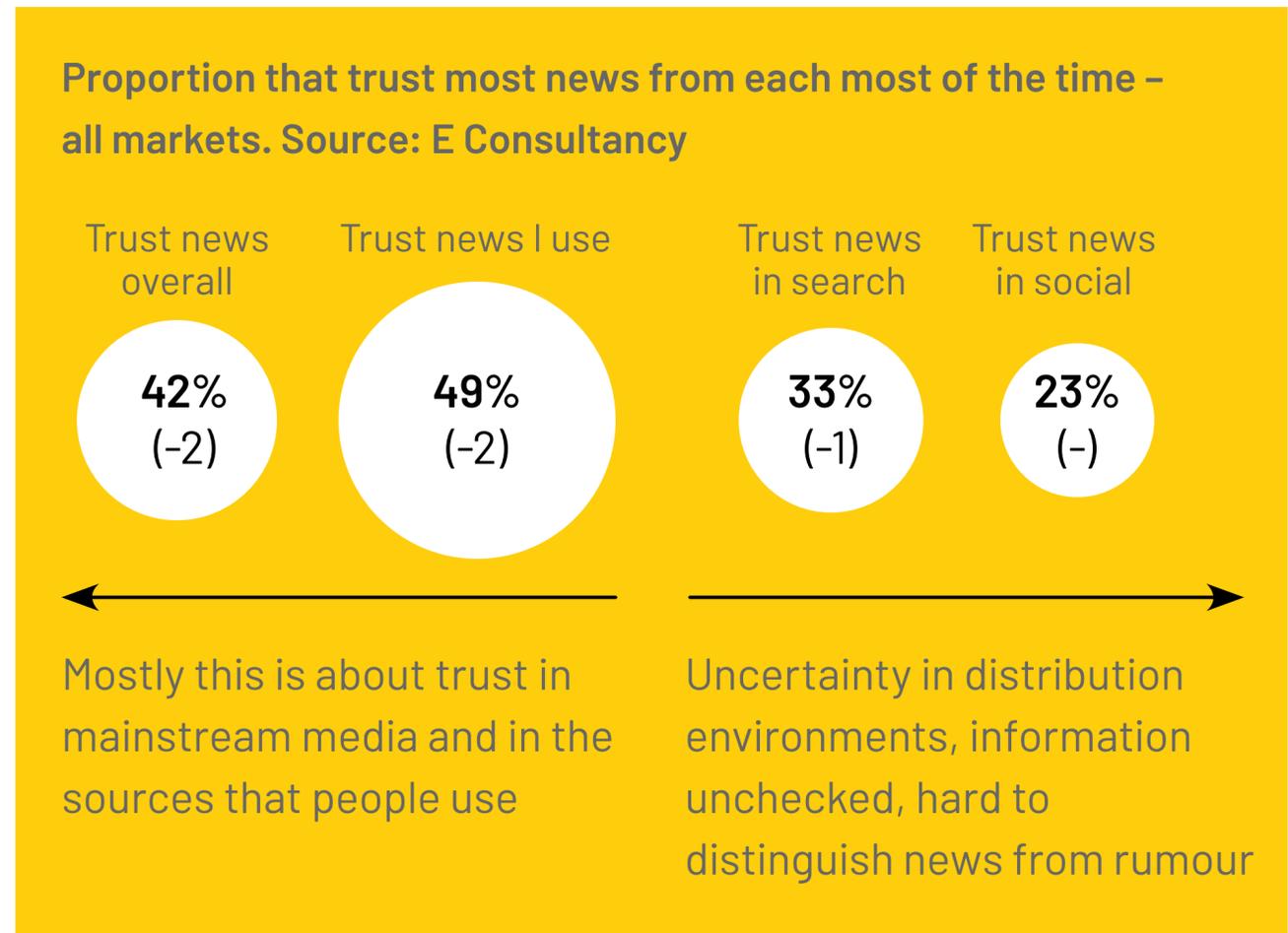
An efficiently managed connected pack channel can generate up to 20% of visits yielding a commercial action. Either participation in a value based promotional offer, or a direct E-comm action. This percentage dramatically outperforms the commercial activation from any other brand digital channel and reflects the value of providing a direct channel to known users at key moments of truth.



How connected
packaging is
leading the sustainability
drive for brands

Connected pack is the channel of trust: sustainability and purpose in action

The flight from Facebook and other social media has been the latest example of the breakdown in trust between brands, paid media and consumers. Many brands had hoped that social channels might prove an authoritative place for them to communicate about themselves to engaged consumers. This looks less and less likely to be the case.



Connected pack is the channel of trust: sustainability and purpose in action

And if you want to communicate about the most important issues –literally the most important issue on the planet– social channels lack credibility and therefore produce change too slowly.

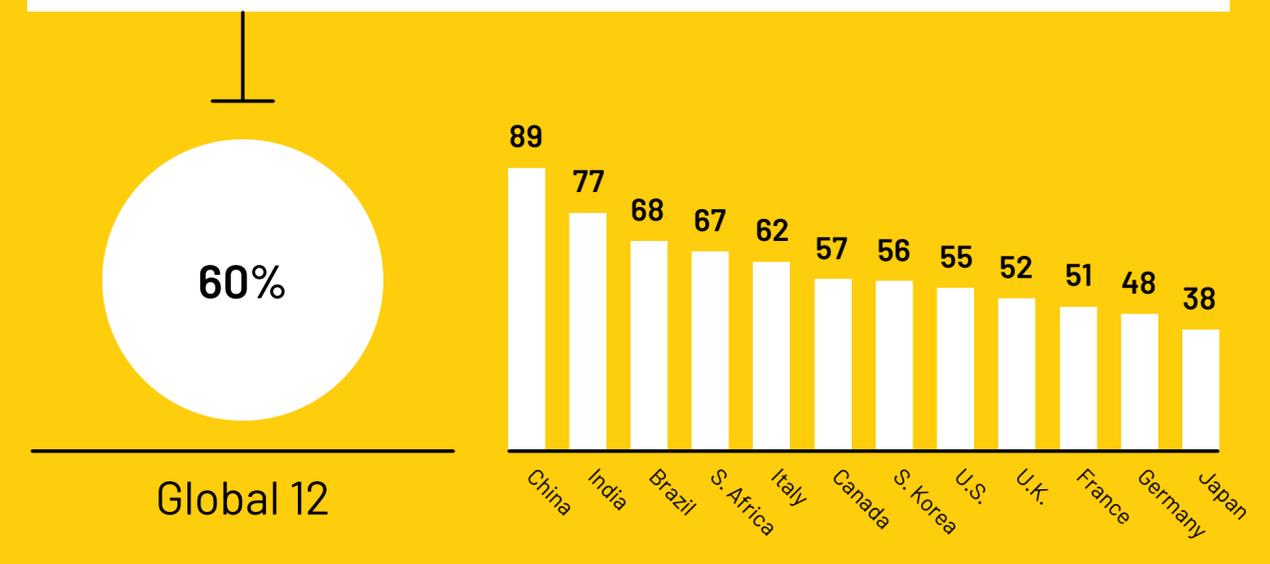
It is in this context that connected packaging presents an opportunity to engage with the most committed of consumers, in creative ways, in the most efficient way – and the most truthful way.

The need for trust in brands has rarely been more evident and the desire for brands to behave more sustainably is a growing global force.

People turning to brands they trust.

Percent who agree. **Source: Edelman Trust Barometer**

In this time of crisis, I am turning more and more to the brands that I am absolutely sure that I can trust



Connected pack is the channel of trust: sustainability and purpose in action

Changing importance: companies behaving more sustainably.

% who say that companies behaving more sustainably has taken on the following importance because of coronavirus

	All	USA	UK	China	Germany	Brazil
	%	%	%	%	%	%
A lot more important	42	30	26	41	19	54
A little more important	32	23	25	40	30	24
No change	20	38	42	16	40	18
A little less important	3	5	5	2	5	2
A lot less important	2	4	3	1	6	1

Source: GWI Consumer Index

Everybody is at it

It's no surprise that companies around the world have been focusing on sustainability initiatives. And despite all the difficulties due to the Coronavirus pandemic, leading consumer companies know that the pressure to embrace sustainability is not going away. In fact, it will only get more important. Why? Consumers already wanted to learn more about the origins, ingredients and materials used to produce what they buy. After Covid-19, they are more focused than ever on health and safety and have been showing strong support for their local communities. 'We are all in this together,' right?

Nestlé and Unilever, both sustainability leaders, are still very much committed to their sustainability goals. Unilever has announced to net zero emissions from its products by 2039. Nestlé hasn't changed the plan to make 100% of its packaging recyclable or reusable by 2025. Also, most consumer goods companies are fully committed to tackling social inequality by helping communities affected by the crisis'.

Move fast –and fix things

According to Unilever CEO, Alan Jope:

“Businesses across sectors, governments across continents, NGOs, academics, researchers, scientists... we must all come together. We can’t put climate action on hold. We can’t tell the people who live in poverty to wait. 2020 is the year in which an unthinkable amount of public money is going to be spent in support of getting the economy back on track. But we should not be seeking to get the economy ‘back to normal’. Instead, we must emerge stronger and more resilient than we were before; ready to take decisive and definitive action to look after people and the planet”.

Trust

Research done by IBM and the National Retail Federation (2020) reported that 44% of consumers do not trust sustainability claims made by organizations. And, nearly half of participants said they do not have any information to verify the sustainability claims of products.

Consumers want more than just the list of ingredients on a label. They want details about sourcing, how products are made or processed, as well as how they are delivered. Of the consumers surveyed by IBM, 73% of participants said they would pay a premium if brands could show a sustainable sourcing and supply chain. Shoppers also seek information on corporate sustainability policies. Many want assurances that

brands support recycling, fund charitable causes, or take other actions demonstrating social responsibility. Increasingly consumers look to packaging for information as much as promotional value.

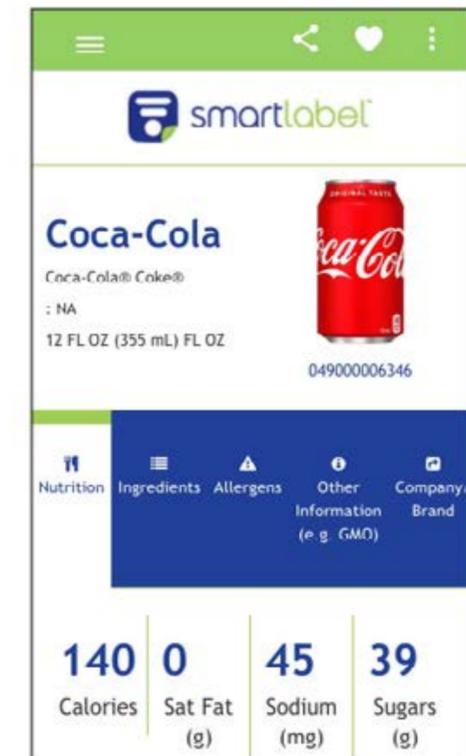
Building consumer trust by going above and beyond a simple ingredient list will be critical to gain their trust.

Space on pack

Companies attempting to build consumer trust with more information will struggle to do so. There is limited space on most packaging for brands to explain (in plain language!) what is in their products, where their ingredients are sourced from and the environmental consequences, negative and positive alike, of using them.

The SmartLabel initiative within North America is a producer initiative in response to a tightening legislative environment. SmartLabel is a transparency programme across a majority of leading FMCG manufacturers to make available detailed product information via a consistently branded 'SmartLabel' QR connection that presents standardised frames of product ingredient

information across a multitude of categories.



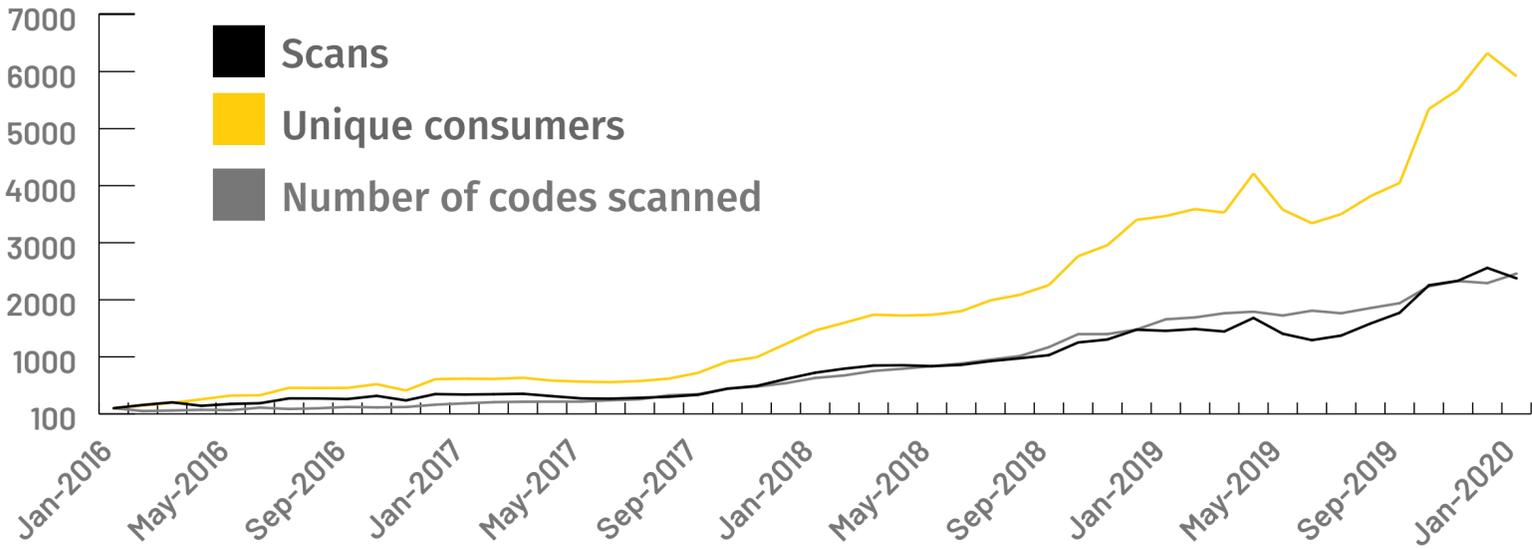
Detailed information is not transparency

However, it has become clear from the SmartLabel experience that the provision of detailed information does not necessarily result in a transparent experience— if I ask you a question and you hand me a manual full of terms that I don't recognise and don't relate to the

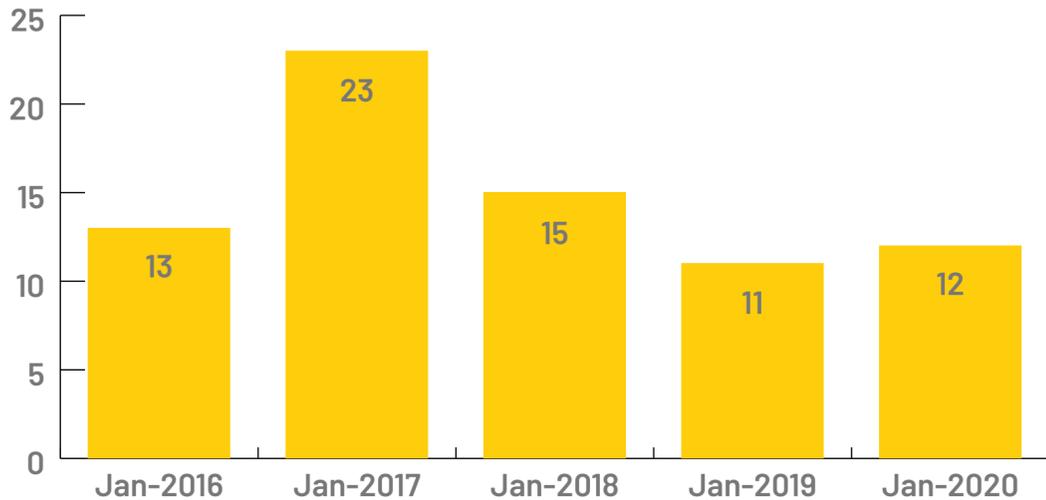
need behind my question, then you are not really being transparent with me.

The rates of real consumer use of SmartLabel codes have yet to come anywhere near the lofty ambitions of this ambitious and valuable project.

SmartLabel® QR code stats (Indexed)



Avg. scans per code



It's not just information, it's storytelling. It has to be creative

Successful sustainability or ethical messages deal with matters of life, death, freedom and morality –they are emotionally charged issues that benefit from powerful emotional expression. People tend to react to uplifting imagery, video and sound –not pie charts. They require the fusion of convenience with the head space to engage meaningfully with content.

If we are holding a product in our hands, brands have the opportunity to bring these sustainability stories or ethical issues to life. What's more, linking information on these experiences directly to product packaging draws a direct link for the consumer between purchase and

action, reinforcing their role as a participant in achieving sustainability goals, which in turn can be a powerful inspiration for brand trust and loyalty.



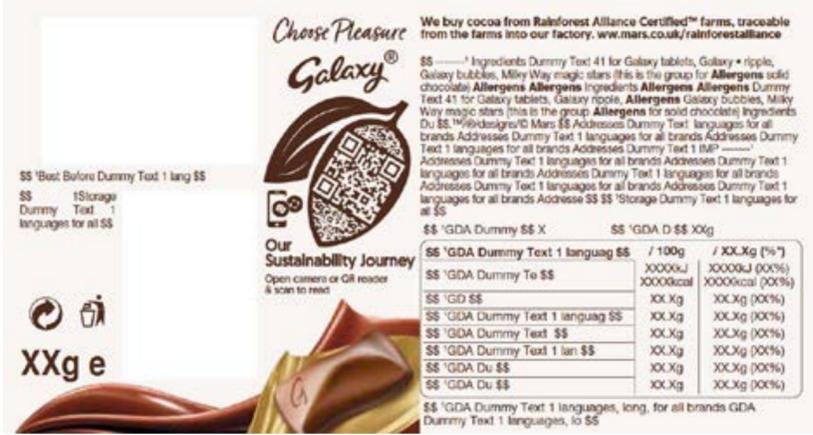
It's not just information, it's storytelling. It has to be creative

Take major producer Chiquita, for example. While best known for their bananas, they do a lot of work behind the scenes to support their farming communities through building and renovating school infrastructure and making key advances in farm management. By putting a code on the iconic blue Chiquita sticker, customers were able to scan their banana and unlock 360 videos that transported them to the farms themselves. This enabled consumers not only to see the work that their purchase contributed to in action but gave a platform directly to the people behind the product.

This simple connected product exercise achieved an

average dwell time of over a minute and a return rate of 27% –a remarkable achievement for a piece of supply chain comms.

Similarly the Mars Wrigley business has begun to explore the use of designed 'sustainability codes' on packaging.



Connectivity guides real behaviour change

Connected packaging not only acts as a source of information it acts as a stimulus to change behaviour.

Unilever use connected pack for the Cif refillable

packaging to illustrate to the consumer exactly how they can take advantage of this reduced plastics offering and how much plastic they are saving in the process.

Changing importance: reducing single-use plastic consumption

	All	USA	UK	China	Germany	Brazil
	%	%	%	%	%	%
A lot more important	37	26	24	32	17	52
A little more important	31	21	20	41	28	24
No change	24	43	46	22	42	18
A little less important	5	4	6	4	5	3
A lot less important	3	6	4	2	8	3

Source: GWI Consumer Index



Sustainable brand relationships as well as sustainable products

Other brands are using their connected packaging to support their committed re-cycling and re-use programmes and even more powerfully as the centre of their empowerment of consumers.

Consumers are looking for not just sustainable products but sustainable brand relationships. Nestlé confectionery has long recognised the challenges that are faced by 'sugar' dependent products when most parental advice points to the growing dangers of child obesity for more sedentary screen obsessed children with too much sugar in their diet. As well as real alterations in the sugar content of their confectionery,

Nestlé have used connected packaging to launch their 80 Awesome Things activity programme for kids, which provides connected content to get more active and less hooked on screen time.



Nestlé introduces '80 Awesome things to do' to encourage creativity and active play for families.

It's not just information, it's storytelling. It has to be creative

Similarly in North America, Kellogg's leading brand, Frosted Flakes ('covered in sugar frosting –they're Gr-r-eat') have used their connected packaging to launch and promote their Mission Tiger platform—a programme targeted at fundraising for de-funded middle school sports. Connected packaging uses AR Tony The Tiger and filters and games to engage children whilst celebrity support content targets adult fund raising. [View the AR](#)



Connected packaging —the new centre of brand trust

Many brands are realising that the most honest place to talk about the things that matter to them and to consumers is from the thing that matters most— the products they make and offer to their consumers.

With consumers' inherent mistrust of media messages, connected experiences from products add a sense of tangibility, truth and trust— but as ever in any brand communication creative engagement will always be more impactful than simple information.

Experience
is everything