Brands Are Making Packages the Media of the Future

Amid Ad Avoidance and Tougher Retailer Policies, Packages Become Higher Priority

Consumers may keep finding ways to avoid ads, and retailers are making it harder for brands to get displays into stores. But packaged-goods marketers have much more control over one medium: their own packages. Thanks to technological advances, those packages are likely to morph into digital devices that can serve as hubs for marketing programs in the years ahead.

Of course, consumer packaged-goods marketers have been toying with smart packages of a sort since the 1980s. The new generation of ideas includes McDonald's recent Happy Meal boxes in Sweden that convert into virtual reality headsets for kids to view videos.

But advances in printing technology -- which include incorporating electronics, batteries and computer logic into packages -- hold much more promise.

Kodak Chief Technology Officer Terry Taber envisions the future this way: "The retailer will have the ability to do quick inventory by having the in-store cloud communicate with packages on the shelves." Once shoppers get home, he said, "Packages will automatically communicate with their home system what they bought, when it was bought and maybe even record receipt information. If it's perishable, you'll get alerts when foods will be going bad in the next few days. Smart systems will evolve so when you open your device an app will suggest a menu based on what you have in the house. And if you have any warranty issues, the receipts are automatically stored. How far in the future is that? Maybe 10 or 15 years. But it will happen."

Mr. Taber sees Kodak's immediate smart packaging priorities in such areas as tracking time and temperature in the supply chain for perishable products or safeguarding against counterfeiting.

The Grocery Manufacturers Association late last year launched its SmartLabels initiative with 30 major CPGs that by 2017 will make detailed ingredient, safety and other information for 30,000 products instantly available by scanning package codes with smartphones (or other means, including at retail service desks).

Such efforts, while less sexy on the surface, also build infrastructure that makes other marketing applications more economically feasible, Mr. Taber said. Ultimately, he envisions a world of "connected packages" that "get the voice of the customer flowing back to the producer in ways that have never been discussed before." That could mean using packages to facilitate brand loyalty programs or to trigger offers to instantly repurchase products when sensors indicate they're nearly used up. Packages could even allow for completely automatic recording of purchase and use data by large panels of consumers without retailer involvement.

Marketers are certainly interested. Unilever's Foundry program for marketing-tech startups recently brought in the AIPIA for a session on smart packaging. The company's Marmite brand was among the early users of image-recognition which delivers recipes and other information to people who scanned packages with their phones, said Jeremy Basset, who heads the Foundry.

Some capabilities that might ultimately be incorporated into smart packages are already being embedded into products. Clorox, for example, last week launched a Brita Infinity water pitcher that as its filters are used up can automatically reorder them through Amazon's Dash program. And Church & Dwight Co.'s First Response recently announced a pregnancy test that sends results to a smartphone app that also encompasses a pregnancy education and relationship program.
GMA's initiative, while limited from a marketing standpoint, "will begin to train the shopper that the package is no longer two dimensions. It now extends into the digital realm.

These capabilities are drawing more interest from marketers now that Walmart has joined other retailers in restricting space for in-store events.