

Smart Packaging and the Future of Brands

Using innovation, intelligence, and information to put the customer at the center

Overview

Technology innovation and the Internet of Things (IoT) are forcing companies to adopt perpetual change. No industry, segment, or market is immune. Consumers are forcing both brands and the packaging industry to evolve to focus on bringing products to the market that reduce costs and increase revenues...while driving brand awareness, sustainability, competitiveness, food safety, shelf life, and consistency. Further, the packaging market is moving from conventional packaging and becoming interactive, aware, and intelligent. We at Moor Insights & Strategy (MI&S) have recognized how the Internet of Things, Big Data, and consumer-based technologies are changing how these companies drive more value and new revenue opportunities.

Nyro Packaging, now a Jabil Company, is meeting these realities head-on within the Consumer Packaged Goods (CPG), Food & Beverage, Consumer Health, Commercial, and Consumer Durables markets. To address these truths, the new Nypro Packaging has deployed a series of solutions to help the top brands with enhanced product innovation, systems engineering, and execution. Further, Nypro is driving many of the conversations and market thought leadership to build the first smart packaging platform to drive success at every stage of market and product evolution. Nypro's smart packaging platform consists of four vital smart packaging formats.

- **Conventional Packaging** Custom functional packaging solutions focused on design and technology integration; materials and decoration capabilities to enhance products on shelf, deliver on the brand promise to help their customers to grow market share
- **Hybrid Packaging** Combines rigid and flexible materials to create custom solutions that build value for brands and consumers alike with improved economics, shelf presence, convenience, and sustainability
- **Active Packaging** Advanced materials and electronics to enable additional function and protection to new package and device platforms
- **Intelligent Packaging** Custom package platforms offering dynamic and immersive experiences that enable interaction between brand, consumers, and retailers

Because of their new affiliation with Jabil, Nypro Packaging now offers industry-leading capabilities unlike any company in their industry. Nypro works with its customers to bring smart packaging solutions to life through a broad and unique combination of capabilities.

Nyro with Jabil have begun to engage in new forms of packaging that will provide this differentiation which include custom rigid, flexible, hybrid, and intelligent product

solutions through their brand packaging initiative called “Smart Packaging. Brand Brilliance.”

Smart Packaging. Brand Brilliance: Bridging the gap between brands and consumers

At a high level, smart packaging is essentially a conversation between people, brands, and objects. These smart packaging solutions will become the enablers for enhancing the consumers’ experience with the product and brand at multiple levels. Furthermore, smart packaging technologies will allow brands to connect packaging solutions with devices in ways that will drive new and unique opportunities to create value for their customers.

On-pack sensing / communication with devices, dynamic interaction, read / write memory capabilities, and supply chain tracking are but a few of the features now feasible in the packaging category.

Nypro’s packaging innovation is designed to expand their scope of business and meet the changing needs of their top brand customers. Within the four (4) market segments Nypro serves, there are several megatrends and growth drivers that we have identified that will help Nypro build its leadership position in the brand differentiation game.

1. Consumer Packaged Goods
2. Food & Beverage packaging
3. Consumer Health
4. Industrial or Commercial packaging

There is no doubt that the packaging industry is undergoing significant transformation. Customer behaviors are changing as they become more connected to the products they purchase; technology is allowing brands an opportunity to interact with and build relationships with end users and partners. Due to economic factors and other forces—such as brand defection or traded value—the packaging industry has seen the aggressive growth of lower-cost, high-margin store brands. These trends are forcing brands to fundamentally adjust not just their customer value maps, but how they go-to-market.

Further, the packaging market has been rocked by mergers and acquisitions (M&A) activity by contract manufacturers and the brands. With all this change, today’s brand manager needs a cost-effective, end-to-end, custom solution that touches everywhere as consumers interface with the product.

As companies adopt and rely on technology to improve their businesses, they sometimes lose sight of the number one business driver: the customer. Too often, companies try to let technology solve internal **business** challenges, rather than using technology to solve **customer** challenges or create new customer experiences. What promises to set manufacturers apart in today’s hypercompetitive market is the ability to address the preferences and priorities of their customers. Customer loyalty has become the key business issue of our times. In an effort to help solve shelf visibility and

customer challenges, Kraft cream cheese has deployed several innovative smart packaging innovations to stand out. Please [click here](#) to access the use case.

Building an end-to-end platform for smart packaging

Jabil and Nypro are in a unique position to provide an end-to-end smart packaging solution. Nypro believes smart packaging is all about integrating capabilities tailored specifically to enhance its customers' packaging solutions. Nypro plus Jabil take it a step further by leveraging deep expertise in supply chain and logistics as well as a global footprint that produces economies of scale most competitors cannot touch.

Jabil has made a significant commitment to leading smart packaging thought leadership from ideation, prototype, and commercialization of products. In early 2015, Jabil opened its 100,000 ft² Blue Sky Center in San Jose, California to support both end-to-end product development and the integration of innovative technologies for smart packaging, manufacturing, and supply chain solutions under one roof. Jabil is also in the process of opening another technology center in Chicago to add additional support for its customers.

More recently, Nypro announced a bold step into the smart packaging marketplace by acquiring Plasticos Castella of Spain. This acquisition allows Nypro to expand their geographic footprint and establish presence in Europe, while extending their expertise within the food & beverage and CPG marketplace.

Achieving clarity in a disruptive market: How Nypro differentiates

Nypro and its parent company Jabil have a tremendous amount of sector domain expertise within packaging, systems integration, and supply chain. One of the critical themes highlighted in any conversation with Jabil executives is the company's deep sector, application, and domain expertise in the 20+ markets they serve. Jabil always leads with industry experience and leverages it extensively to support its customers' go-to-market goals. We have stated before that Jabil and Nypro's industry experience is one of its biggest competitive differentiators.

Nypro and Jabil have made a significant investment in technology, tools, and infrastructure to scale and adapt to any customer challenge. As smart packaging becomes more interactive and intelligent, Jabil's unified data and internal systems will eventually enable brand managers to have a 360-degree view of their supply chains and customer preferences and nuances. Unifying the information technology (IT) backbone enables a broader range of data and analytics. Nypro is in a unique position to drive thought leadership and improved market positioning by leveraging Jabil's advanced proprietary analytics and advanced procurement and supplier intelligence to improve customer intelligence at across the supply chain.

Nypro separates itself even further through management of customer relationships. Each customer team, regardless the size of the customer, is customized and managed as an individual business unit with cross-customer leverage. Nypro provides its teams with the authority to deal proactively with customer issues before they become

problems. These teams own their P/L and are empowered with the capacity and authority to ensure that its products are brought to market on time and in line with quality and performance standards.

Moving from theory to practice, practice to execution: Smart packaging is here

The packaging industry has entered a transformational era. High-velocity economies, connected and impatient end users, and the explosion of highly customized products make it more difficult for brands to rise above the noise. This transformation has moved the smart packaging market front-and-center. What promises to set brands apart in the inevitable shakeout to come is an ability to address preference and priorities of their customers. Smart packaging is pushing brands to start considering how they can build powerful and personal relationships with end customers. They will need to focus on addressing customer needs more effectively and act on what they learn more quickly.

As brands continue to be challenged by consumer demands, expect to see significant turmoil and a growing emphasis on strengthening and enhancing the consumer experience. Firms like Nypro are working diligently to help their customers to not just survive, but thrive in this emerging industry.

Companies that listen to their customers and focus on addressing their needs while helping them overcome challenges are the more likely to be successful. Nypro's end-to-end capabilities enable the team to learn from and anticipate its customer's needs and dispatch capabilities to address them. With the support of Jabil, Nypro can match its own resources and those of its partners and supply chain to the preferences and priorities of its brand customers. Nypro works hard to consider not only what the customer needs, but what they can deliver to differentiate—with profitability.

Nypro is leading many of the conversations about how smart packaging is changing the industry from ideation to commercialization. Nypro is focused on helping its customers to improve innovation, ROI, and increase revenue opportunities. Nypro and Jabil's deep domain expertise, IoT and supply chain heritage, and the ability to test and bring to market innovation under one roof at their Jabil Blue Sky Center create a significant barrier-to-entry for competitors. Smart packaging is going to force companies to link not just products, packaging, and customers but the supply chain and IoT into one dynamic network. This is a future we are all moving toward and it will be interesting to see who wins the race.

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