

GLOBAL PACKAGING TRENDS 2019



As technology connects and innovates packaging in the virtual world, consumers demand eco-friendly solutions to clean up the real world.



EDITOR'S NOTE

Welcome to Mintel's 2019 Global Packaging Trends where we define the challenges and opportunities that will impact manufacturers, companies, brands, and retailers in packaging markets around the world, over the coming months and years.

The four trends encompass broader themes of virtual connection, engineering innovation, e-commerce and sustainability, providing a full view of the global packaging industry in 2019.

Best wishes for the year ahead.



David Luttenberger, CPP
Global Packaging Director



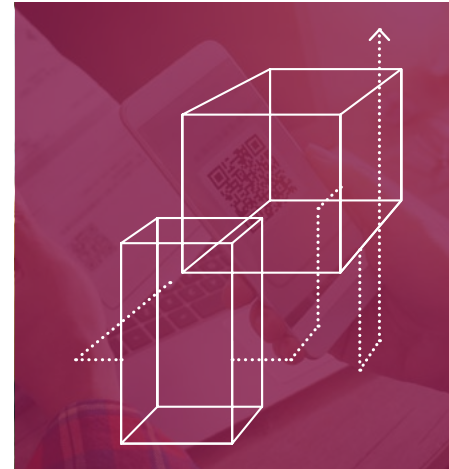
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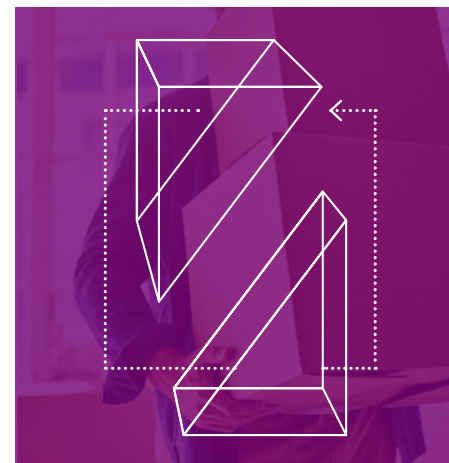
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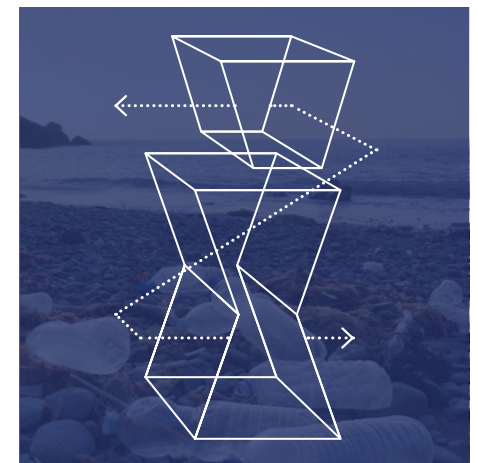
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CONNECTED PACKAGING

Multiple technologies are enabling brands to connect physical packaging to the virtual world.

Connected packaging is seeing renewed interest, driven by growth in ownership of connected devices worldwide and advancement in technologies that can link packaging to the online world. Brands today have a wealth of options to connect virtually with packaging, including QR codes and other graphic markers, near field communication (NFC), radio frequency identification (RFID), bluetooth, and augmented reality (AR).

Connected packaging creates a marketing opportunity, bringing the engagement and interaction of the online world to the shopper moment, potentially influencing and driving purchase. In the home, such connections can increase brand engagement, increase product use and add an experiential element to product interactions.



What's in it for the **consumer**?

Connected packaging can add value for the consumer by offering unique shopping experiences, meeting consumers' needs for interaction and personalising the shopper moment. Such connections can deliver unique experiences and enable omnichannel shopping. This aligns with Mintel Trend 'Experience Is All', which suggests that retailers' over-emphasis on speed, convenience and price has led consumers to crave experiences in bricks-and-mortar spaces and physical places.



Connected packaging can be used to build the brand story, provide specific product information and deliver promotional offers and discounts.



What's in it for the **brand**?

Connected packaging can enable differentiation of a product from its competitors on store shelves. Not only does this extend the potential for communicating product attributes, but linking consumers to an online space can create a direct connection to shoppers handling the product.

Connected packaging also offers significant data collection benefits. Many consumers are willing to share their information when accessing online content, enabling brands, and the agencies they work with, to track consumer-pack interaction in real time. This can be used in a number of ways; for example to build consumer profiles, measure campaign performance or to provide real-time feedback on marketing activities.

Trend in action

1 QR codes and other digital markers

Digital markers are printed patterns that can activate an action, such as opening a webpage on a smartphone. QR codes are the most well known digital markers, however, many brands or service providers have created their own proprietary markers. These include Snapchat's Snapcodes, Amazon's SmileCodes, Coca-Cola's sip & scan marks and Spotify Codes to name a few.

Of all these digital codes, it is QR codes that have become the most widespread. In 2018, Asia Pacific had the highest regional

From Nigeria, Fanta Fruit Twist Sparkling Mixed Fruit Drink retails in a 330ml recyclable can featuring a Snapcode that links to exclusive Snapchat filters and lenses (via Mintel GNPD).



use of QR codes on consumer packaged goods (CPG) launches. According to Mintel Global New Products Database (GNPD), almost 9% of all CPG launches in Asia Pacific featured a QR code, while 5% occurred in Europe. However, poor use of QR codes, including a lack of on-pack signposting and lack of consumer benefit/engagement, risks giving QR codes a poor reputation.



Malibu included an NFC tag on select bottles that leads consumers to promotional content such as drink recipes, a bar locator and an opportunity to win prizes (via The Spirits Business).

2 Near field communication

Near Field Communication (NFC) is a simple tag that can be incorporated into packaging. By tapping an NFC-enabled pack with a smartphone, the consumer can launch branded content such as videos, or simply be directed to product information. A benefit of NFC tags is that there is no need for the consumer to download a specific app to their phone.

Each NFC-enabled tag integrated into product packaging has a unique ID. This enables product tracking and authentication and allows interactions with a single consumer. Delivered content can be used to build brand loyalty and be linked to e-commerce capabilities, such as enabling re-purchase.

3 Augmented reality

The use of packaging-directed augmented reality (AR) allows brands to position the pack directly within a consumer's real world experience. AR has the potential to provide instructional guidance; for example, demonstrating functional packaging attributes can provide a way to compare products for the shopper and aid the purchase decision.

However, most examples of AR on CPG packaging have been used to provide fun, interactive experiences. This aligns with Mintel Trend, 'Play Ethic', suggesting adult life is becoming busier and down-time is becoming increasingly squeezed. With less leisure time available, consumers are devoting free time towards fun, playful and even juvenile pursuits.



The Walking Dead Wine, by The Last Wine Company, builds on the popularity of the 19 Crimes wine app, which first brought augmented reality to wine labels (via YouTube).

Final thought

Connected packaging can be the link between physical and digital shopping worlds, giving brands a route to some control over how the brand and product is viewed online, as well as being able to deliver engaging content and product-specific information to directly influence purchasing decisions.





CLOSING THE LOOP

Consumers have been recycling some packaging for years. But they are now demanding the ability to recycle more and to understand how recycling really works.

During the past year, proclamations by brands and converters touting commitment to 100% recyclable materials or packaging that is 100% recycled have dominated industry headlines. The reality that few have yet to fully consider is how, where and who will be supplying and recycling these materials. These are simple questions that don't have definitive answers.

Though recyclable packaging claims have become common, claims to include recycled

content are still rare. Low availability of high-quality recycled plastic and concerns over food safety are hampering the use of recycled material in food and drink. Brands have opportunities to meet consumer demands for more recyclable packaging. While eco-responsible packaging can be complex to engineer, the way in which that responsibility is communicated to consumers on-pack must be simple, straightforward, and actionable.

What's in it for the consumer?

Recycling may be second nature to some, but the inconvenience of cleaning and sorting waste for recycling is a barrier for others.

In response, an increasing number of schemes are aiming to reward recycling behaviour. For example, in Turkey, commuters can trade empty bottles for credit on Istanbul Cards, the city's travel card.

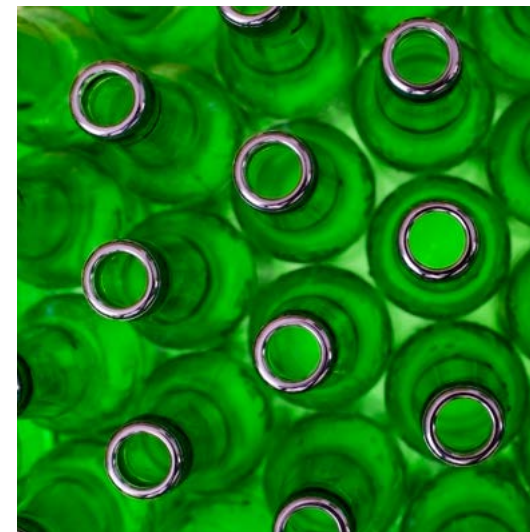
In the UK, motorists receive a 20p parking voucher for every bottle they bring to the CitiPark in Leeds.



What's in it for the brand?

Greater clarity on which parts of food packaging can be recycled is the top factor that would encourage consumers to recycle more frequently. Just 27% of global new beauty and personal care launches in 2017 featured an environmentally friendly packaging claim, with recyclable packaging accounting for only part of this (drink 27%, food 9%).

Food packs that are made of several different component materials are widespread, making them difficult or impossible to recycle fully. While some products show a simple breakdown of



which parts of packaging are recyclable, this is not universal. Products that are more vocal about how easy they are to recycle should win the loyalty of consumers by presenting a more proactive and environmentally responsible image.

Trend in action

1 Re-engineered recycling

Recognising the lack of domestic recycling infrastructure, the American Chemistry Council's (ACC) Plastics Division has announced new plastic resin producer targets with the aim of recycling or recovering all plastic packaging used in the US by 2040.

Development of a new polyethylene terephthalate (PET) resin that can be extrusion blow-molded on shuttle machines allowed Coca-Cola's 89oz Simply Orange's

bottle to switch materials from hard-to-recycle materials to the widely-accepted PET.

By also optimising the bottle design, Coca-Cola is able to reduce annual plastics usage by more than 1.5 million pounds. The pressure-sensitive label on the bottle now uses an innovative adhesive that separates the label from the bottle during the recycling process, further improving the package's recyclability.

Coca-Cola's 89oz Simply Orange juice bottle vastly improves its recyclability and presents a technical "first" in plastics manufacturing (via Coca-Cola).



2 High-quality recycled content a reality

OceanBound Plastic's Envision has organised a special collection of plastics within 50 kilometers of coast lines that lie along known at-risk areas for marine debris.

Its first customer, VITA, is using the 100% recycled plastic for its haircare products. This disproves the long-held theory that recycled resin is low-quality and can only be used in small percentages.

The resin used in the master batch also carries the colourant, a key attribute for beauty and personal care packaging. Water usage in the recycling and converting process is



Envision organized a special collection of plastics within 50 kilometers of a coast line where marine debris was apparent, and then recycled the material for hair care product bottles (via Packaging Digest).

extremely limited and kept solvent-free so that it can be repurposed as grey water for landscape irrigation.

Envision also works to ensure the distance between manufacturers and warehousing is calculated precisely and used in a proprietary scoring system to best choose manufacturing partners for the lowest possible carbon emissions.

3 Consumers campaign for change

Launched in September 2018, the #PacketInWalkers campaign called on snacks brand Walkers to address plastic waste and encouraged consumers to use the brand's freepost address to send their empty packs.

This followed a petition on the 38 Degrees website, signed by more than 300,000 people, asking Walkers and other manufacturers to change the materials for their packets to one that is recyclable or, even more preferably, a non-plastic environmentally friendly material.

Less than a month later, Walkers reacted by announcing the UK's first nationwide recycling scheme for crisp packets.



Consumers are sending empty crisp packets to Walkers to create awareness about their packaging, which is likely destined to spend years in landfills or worse, oceans (via @AinoKattelus Twitter).

Final thought

With no option to ship packaging waste off-shore and out of sight, we are likely to see fast improvements in recycling facilities, particularly in those countries that have relied on China as an end market for waste. This will drive up capacity for high-quality recycled material and in the long term, potentially drive down cost. With consumers already thinking that recyclable packaging is standard, brands have an opportunity to differentiate and ride consumer awareness of recycling issues by being part of the solution and committing to using recycled material in new packaging.

REINVENTING THE BOX

As consumers increasingly embrace online shopping, branded e-commerce packaging and packaging strategies are changing the face of the industry.

Packaging and brand professionals agree the rapid development of e-commerce has had a greater impact on the business, technologies, supply chain, engineering, and design of packaging globally than anything the industry has experienced in the past several decades.

Unlike efforts in the early 2000s to incorporate radio-frequency identification (RFID) tags to item-level packaging or the 2006 roll out of the Walmart Scorecard, e-commerce poses challenges and opportunities at

every link in the supply chain. These challenges are being met with initiatives that drive costs down and consumer engagement up.

There are limitless opportunities for brand marketers to think about the next generation of shelf presence, the “hero images” on retailers’ websites, and the “unboxing” experience when a product and package is delivered. From an environmental perspective, e-commerce is already a catalyst for new ideas in sustainable design.

Global E-commerce sales reached more than US\$2.1 trillion in 2017 and are expected reach US\$3.8 trillion by 2021, representing an annual growth rate of around 14% per year. With total global retail sales of an estimated US\$15 trillion, e-commerce has reached a market share of 14%, which is forecast to reach 22% by 2021.

Countries with relatively high – and increasing – e-commerce market shares are China, South Korea and Indonesia, while the most important countries for e-commerce value sales are the US, China, the UK, and Japan.



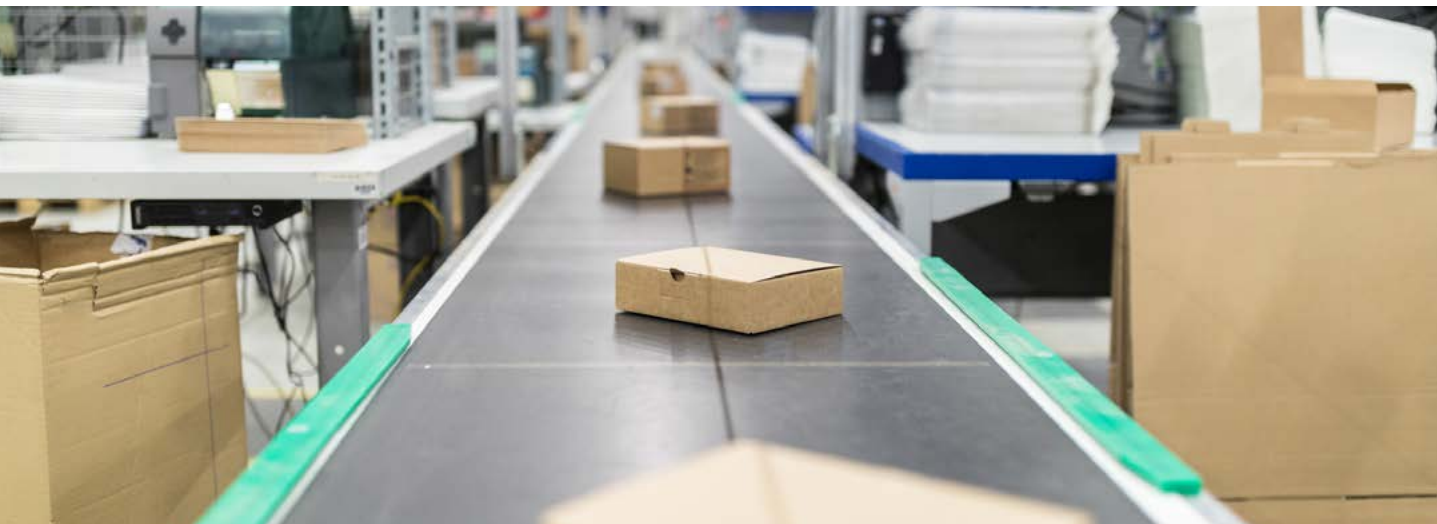
What's in it for the consumer?

In traditional retailing, a key component of purchase consideration is branding and messaging on the exterior of a package. In e-commerce, brands are learning that messaging and branding should be split between the secondary, or shipping container, and then shifting traditional decoration and copy to the interior. This reversal of design elements gives consumers a sense of delight and surprise when receiving and opening an e-commerce purchase.



What's in it for the brand?

While consumers currently prefer to buy groceries in-store instead of online, the convenience of buying clothing, electronics, and even beauty and personal care items online will eventually spill over into food, drink, and household products. That is exactly why packaging that meets the demands of e-commerce shipping channels must be designed and commercialised now.



Trend in action

1 The Amazon effect

What began as wrap rage – the over-packaging and inability to easily open products purchased online – has become wrap revenge. During the past 10 years, Amazon's sustainable packaging initiatives have eliminated more than 244,000 tons of excess packaging materials, avoiding 500 million shipping boxes.

Amazon's Frustration-Free Packaging programs have grown to include both Frustration-Free Packaging (FFP) and Ships in Own Container (SIOC). The SIOC initiative, which produces less waste than traditional



In 2017, Amazon estimated 305 million shipping boxes had been eliminated through its Frustration-Free Packaging program (via Packaging Digest).

packaging, enables more efficient fulfillment and streamlined distribution, appropriate external package branding for manufacturers, while the reduction in packaging materials and components respects the environment.

2 Rise in e-commerce packaging

Procter & Gamble continues to push the boundaries of package innovation specifically for e-commerce. In November 2018, P&G made a media splash when it introduced its super-concentrated liquid laundry care detergent in a bag-in-box type carton designed specifically for e-commerce which conforms to Amazon's ISTA-6 e-commerce protocol.

The carton features a punch-out card on the side panel that hides the spout mechanism, and another on the top that hides a dispensing

cup. Integrated into the bottom panel are pop-up "feet" that enable easy dispensing when placed on a flat shelf.

The carton uses 60% less plastic and the product uses 30% less water vs the comparable 150oz plastic Tide Original jug.



To eliminate excessive packaging, P&G designed the Tide Eco-Box to ship efficiently and to cut down on plastic that is used in the traditional Tide jug (via Packaging Europe).

3 Packaging that helps thwart porch piracy

To help combat e-commerce package theft – or at least conceal what's in the box or padded mailer, Sealed Air has developed StealthWrap – an opaque wrap that shrinks to the dimensions of the primary

e-commerce package to create a damage-resistant covering. StealthWrap eliminates the need for additional shipping cartons and materials, and is said to reduce billable freight by up to 18 percent.



StealthWrap provides a damage-resistant covering that obscures identification on primary packaging and has sustainable benefits such as reduction in packaging (via Business Wire).

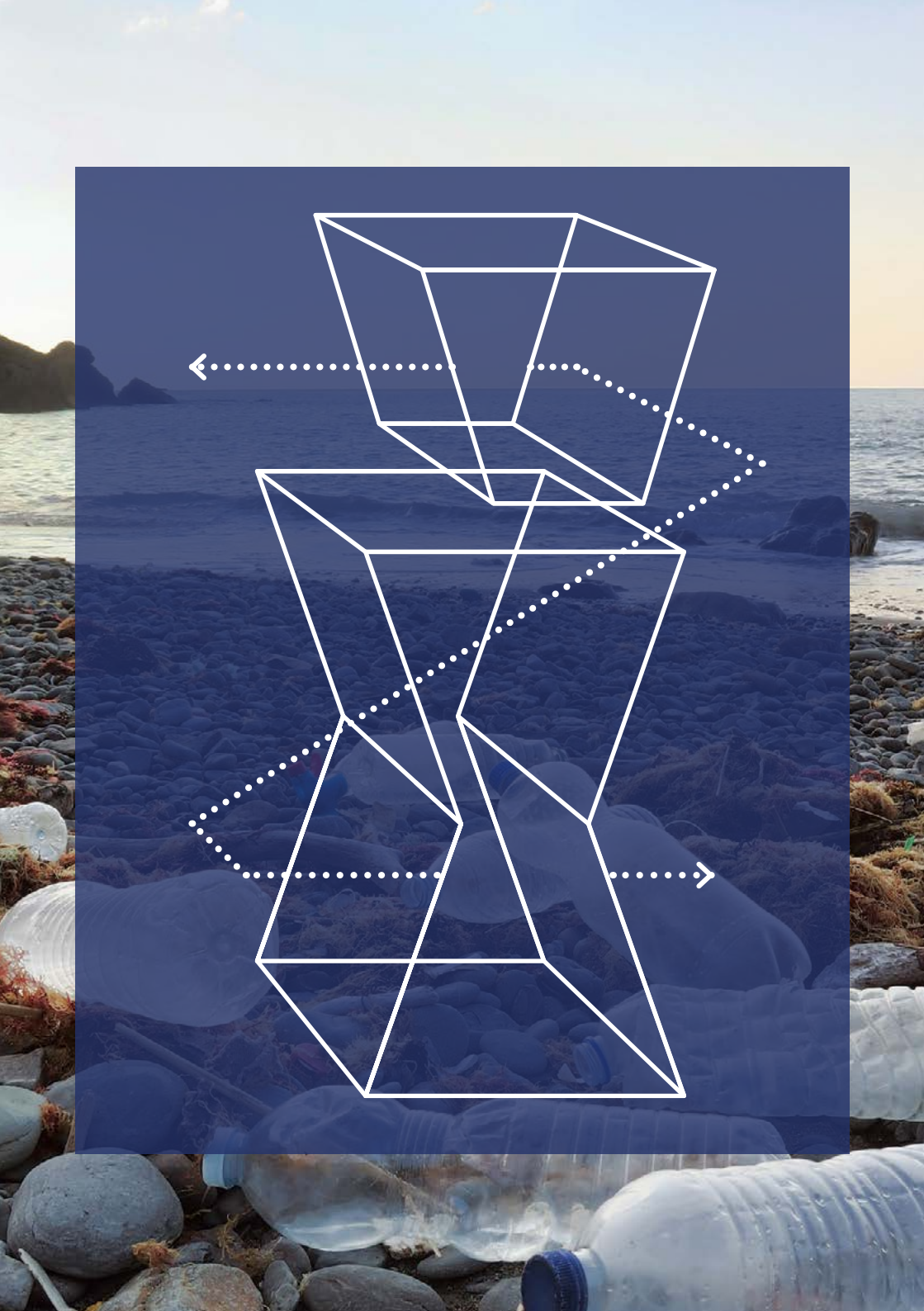


Final thought

Consumers have varying expectations depending on whether the product ordered online is a household cleaning product, an expensive piece of clothing, or a box of chocolates. But brands must consider that consumers will continue to equate the quality of the product and brand with the care taken to package and ship it.

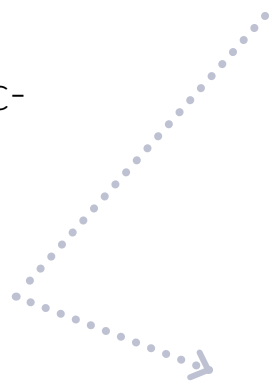
Products can be handled 20 times or more in the e-commerce supply chain. Only through an established e-commerce packaging strategy can brands design packs for the worst-case distribution scenario. Leaks, dents, and spills will reflect negatively on your brand, not the e-tailer or shipper.

There are large financial, social, and brand equity gains to be made in the e-commerce packaging arena just by exploiting elements of package optimisation rooted in sustainability.



PLASTIC-FREE

With the momentum behind a plastic-free aisle in every supermarket growing, brands need to consider what packaging solution can give them a place on the shelf.



As the scale of marine litter grows, there is now a growing consensus around the need for different attitudes to the material. In the UK, plastic pollution has become the most pressing environmental concern, cited by 47% of UK adults as the most important environmental issue.

While the term 'plastic-free' may appear to be a simple one, there is no universal definition. For example, the lack of definition has allowed Dutch organic supermarket chain, Ekoplaza to include cellulose-based plastics

within its plastic-free aisle. Cellulose-based plastic (usually cellulose acetate) is bio-based (made from plants) and biodegradable, suggesting that the 'right' kind of plastic may find a ready place in plastic-free aisles and stores.

New opportunities such as plastic-free aisles, package-free stores and alternative pack materials allow consumers to actively make choices about the plastic that is put out in the world.



What's in it for the **consumer?**

Package-free stores offer loose, unpackaged products. The shopper is required to bring along their own containers and products are bought by weight. This enables the shopper to buy just the amount of product they need, preventing food and packaging waste. Such stores typically focus on dry goods and some liquid beauty and household products.

What's in it for the **brand?**

The drive to plastic-free aisles shows consumer exhaustion with excess plastic packaging. However, few would want to lose the convenience and benefits plastic packaging can bring. Brands and retailers need

to be aware of the opportunity to remove plastic packaging where this can be done without storage or usage issues.

Even plastic-free packaging often includes plant-based plastics, showing the lack of clarity in the plastic-free call. Brands can address consumer confusion and leverage this to educate about 'good' plastic that preserves products, offers convenience and can be recycled, vs 'bad' plastic that adds little to the consumer experience.



Trend in action

1 Pack switching

In the UK, a2 Milk has become the first mainstream dairy brand to make a switch away from the standard High-density polyethylene (HDPE) bottles widely used in this category. The product will now be sold



in 100% recyclable (Forest Stewardship Council) FSC-certified paper-based cartons.

While the packaging reduces plastic use, the move does not address recycling issues. In the UK HDPE milk bottles are widely recycled and a closed loop recycling system ensures that all HDPE milk bottles contain up to 30% recycled content. Though cartons often use FSC-certified material, use of recycled plastic is not common.

a2 Milk switched its packaging from single-use plastic to 100% recyclable FSC-certified paper-based cartons (via The Guardian).



2 Niche stores drive plastic-free awareness

The desire for packaging-free retail can be seen in the recent opening of a number of 'plastic-free', 'packaging-free' or 'zero-waste' stores. For example, Earth.Food.Love. is a zero-waste store recently opened by former Manchester United footballer Richard Eckersley.

Earth.Food.Love is an organic, wholefoods, zero-waste shop that provides healthy eating without the waste that packaging can bring (via The Times).

3 Plastic-free private label

The UK retailer Iceland has pledged to remove plastic packaging from its own-label products by 2023. The chain made changes last year with two new meal ranges launching in paper-based trays rather than

the conventional black plastic. According to the retailer's consumer research, 80% of its customers say they would support a supermarket that decided to go plastic-free.



In the commitment to reduce the amount of plastic waste that is devastating oceans, UK retailer, Iceland is removing plastic packaging from its own label products by 2023 (via Economia).

Final thought

Consumer concern over growing plastic pollution is driving retailers to consider plastic-free aisles in store. Though small 'packaging-free' stores are appearing, the inconvenience of bringing multiple containers means that larger retailers will most likely look to alternative pack materials over offering loose products.

Brands should act now, either to ensure a place in emerging plastic-free zones by switching to acceptable pack materials, or by engaging with the debate, clearly explaining the benefits of plastic packaging to their product, and addressing plastic pollution concerns with appropriate end of life pack solutions.

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