

THE FUTURE OF PACKAGING

Smart bottles and edible boxes: what McKinsey expects packaging to look like.

Key trends that will be reshaping the packaging industry in the next 5–10 years include the development of e-commerce, changing consumer preferences, margin compression in fast-moving consumer goods (FMCG) and retail, and focus on sustainability and digitalisation. According to WestRock CEO Steve Voorhees, the greatest changes in packaging will be related to its performance.

TODAY WE SEE CONSUMER PREFERENCES EVOLVING AND SHIFTING TOWARDS SUSTAINABLE AND RECYCLABLE PACKAGING THAT CONTAINS LESS MATERIAL.

The idea of intelligent packaging of the future is supported by David Feber, partner in McKinsey's Detroit office, Daniel Nordigården, senior expert, and Nick Santhanam, senior partner in the Silicon Valley office.

David Feber believes that, apart from extending products' shelf life, it will be able to advise on whether the near-expired food is still safe to consume or give a warning if the food has been stored at improper temperatures.



The time-temperature indicator from the German technology manufacturer Bizerba. Source: 2.bp.blogspot.com.

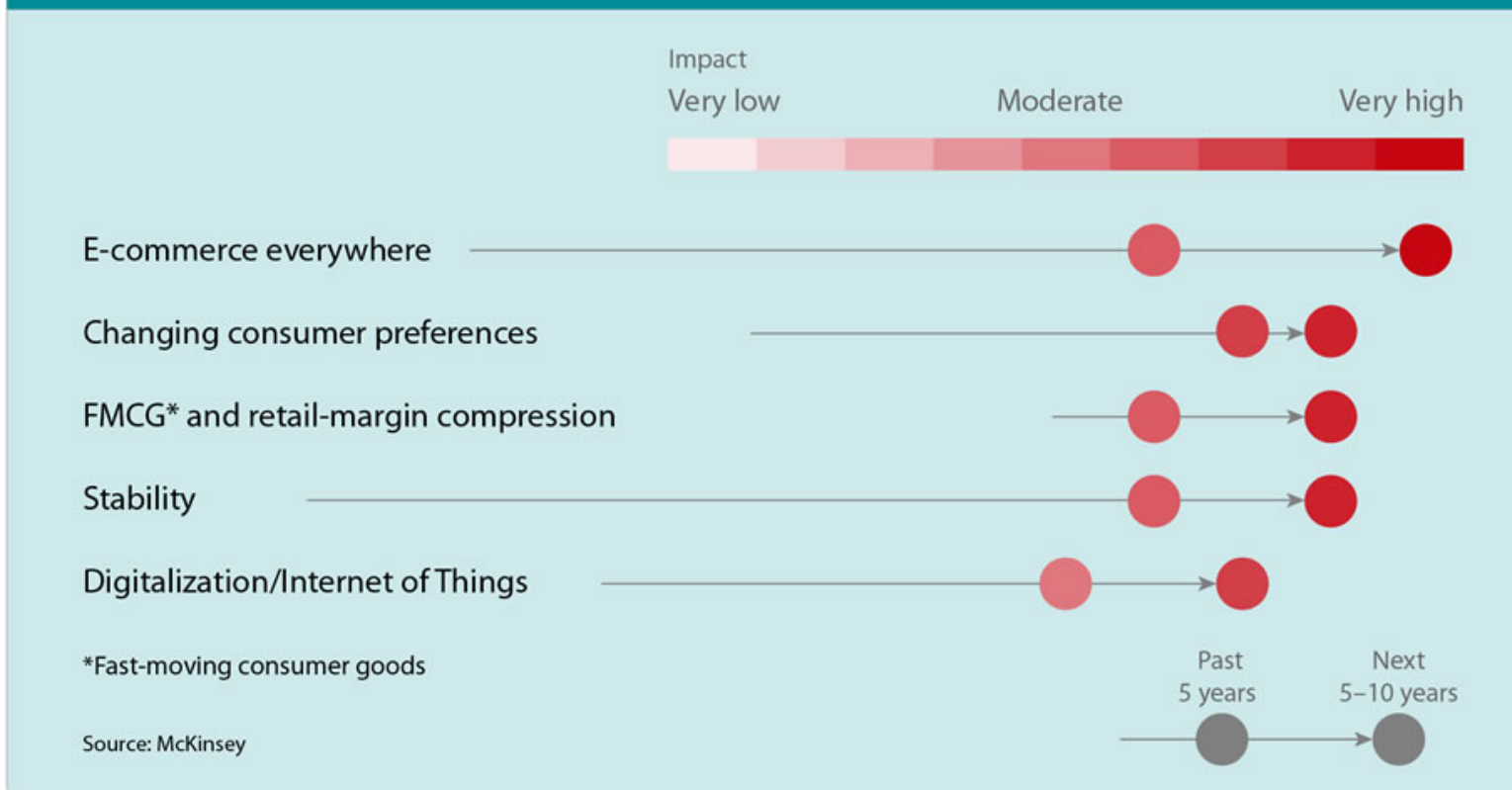
APART FROM EXTENDING PRODUCTS' SHELF LIFE, TOMORROW'S PACKAGING WILL BE ABLE TO ADVISE ON WHETHER THEY ARE STILL SAFE TO CONSUME.

Experts also view the shift towards personalisation as an important driver of sales in traditional retail. When scanned, such packaging will provide personalised tips on other ingredients needed for one's favourite dish based on the purchase history. Hence, it is set to become a personal assistant to all consumers over the next decade, thinks Nick Santhanam.

Even now, the packaging is getting more interactive to reach out to the customers and convince them to buy the product. For instance, take the 19 Crimes wine collection. Each package has a picture of a convict who was transported to Australia for crimes committed in England in the 19th century. If you download an app, you can point it at the package and hear the criminals come to life and tell their story.

Another future trend is edible and reusable packaging. Nick Santhanam describes it this way: "In 10–15 years, a burger box will be algae- or protein-based and edible. People will be able to eat it themselves or feed it to their pets. Or it may become reusable and suitable for storing other food."

Trends reshaping the packaging industry



EXPERTS ALSO VIEW THE SHIFT TOWARDS PERSONALISATION AS AN IMPORTANT DRIVER OF SALES IN TRADITIONAL RETAIL.

The packaging of tomorrow will be innovative, personalised and reusable.

In order to further enhance the packaging technology, brand owners, retailers and recyclers should build closer partnerships across the value chain. According to McKinsey, innovation requires large-scale production, therefore mergers and acquisitions seen in the global packaging industry recently will continue.

Ted Doheny, Sealed Air President and CEO, believes that packaging companies need to focus on innovation to support profitable growth and value creation. The new industry drivers are automation, artificial intelligence, and blockchain.