SharpEnd

Connected Experience Report Vol. 2

APRIL 2024

KEY FINDINGS

89% of brands are currently using some form of connected experience to drive engagement in-store and on-product

85% of brands are committed to increasing their investment in connected experiences in the next 12 months

74% of brands have increased focus on connected experiences as part of their strategy in the past three years

92% of brands say first party data is a key pillar within their marketing strategy

78% of brands believe NFC delivers a more premium experience than QR Codes

Foreword

A Note From Our Founder

Imitation might be flattery. But it's also annoying.

Firstly, I'm sorry it's taken so long to release our second report. Quite a bit has happened, and annoyingly I can't blame Covid because it's all happened since then.

Since our first report in 2021 (downloaded more than 10,000 times) we've come a long way. We've tripled our full-time headcount, our clients are truly global and Bain Capital became an investor and wonderful partner to help us scale with confidence and structure across markets, sectors and technologies.

Our IDs, usually presenting themselves to the world as QR Codes and NFC tags, are across billions of products and media touchpoints in more than 130 countries. Our SaaS platform, called io.tt, is also now the enterprise platform of choice for consumer brands to scale connected products. (I hope no-one noticed the subtle sell).

As an industry, you don't need to travel far to see that digital triggers are appearing everywhere, on all kinds of media and packaging doing all sorts of useful and/or strange things.

We are very proud to have played a significant role in creating this industry, and remain committed to moving it forward at all times. They say the rising tide lifts all boats, and it's the reason we invest in independent research alongside our partners in the hope that it can benefit everyone.

Thankfully, SharpEnd isn't alone any more. And I hope anyone coming into the space can bring the same amount, or even more, originality and unique perspective. Even Celine had to take some time to find her voice.

Originality is a hard thing to replace, and an even harder thing to write about as the main topic for an intro section of a research report.

But with that in mind, I invite you to steal absolutely everything you're about to read. Pretend it's yours, take all the credit, just please put these insights to good use and keep in mind the rising tide.

Wishing you another pleasant read.

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Thank you to our partners

FEDRIGONI

Packaging INSIGHTS

epda European Brand & Packaging Design Association

SGK

Introduction

Welcome to the Connected Experience Report vol. 2

This Report is based on responses from 1,000+ brand and marketing budget holders and decision makers.

The results speak to mass adoption, excitement and limitless possibilities of the use of digital triggers (NFC and QR codes) to solve issues as diverse as: authenticity, traceability, brand engagement, driving sales, increasing loyalty and helping to build a richer data picture of brands' consumers.

Indeed the need to capture and build first party data as the marketing world moves into a new era of personalisation and consumer orientated privacy regulation (death of cookies) is uppermost in brands' minds and many see connected experiences coupled with a joined up CRM approach as they best way to get closer to their consumers, especially if this relationship has been dis-intermediated by retailers.

But above all, the research suggests that we are entering a new age beyond connected packaging, connected products and connected experiences. An age defined by a more holistic approach to experience and the ability to seamlessly connect everything together - the era of the connected consumer journey.

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01

BIG PICTURE STUFF GOES FIRST

A word from SharpEnd

Big Picture Stuff Goes First

My career has centred on the intersection of media, technology and critical thinking, from the dot com boom to the threshold of an AI-driven world today. It's been wild.

I've followed the path of digital disruption (and reported on it in my early career as a journalist) as it turned industries on their heads - music, publishing, TV, retail. All have had to embrace the digital wave. So it's with joy that I see it happening again.

Brands are reinventing how they engage their consumers and we're moving to a world where every interaction with a brand will feel like a personalised journey, tailored specifically to the individual consumer. From the moment they discover a product to the instant they make a purchase and beyond, every touchpoint - media, product, packaging, retail - one seamlessly connected, unforgettable experience.

These new experiences are creating rich first party data for brands, and also changing how they are driving change in the world through their sustainability efforts. It's a truly exciting environment to be working in and I hope that you feel the same way.

Greg Brooks, Chief Marketing Officer, SharpEnd

Exec Summary

Big Picture Stuff Goes First

This is a fast growing industry, with 74% of brands saying that the importance of connected experience technologies has grown for them over the past three years - 76% in the UK and 72% in the US.

However, even more significantly, **85% of brands report that they plan to increase spend on connected experiences over the next twelve months, rising to 88% of brands within the Alcoholic Beverages and CPG categories**. So why is that? Driving sales was called out as a key use of the technology (58%), closely followed by loyalty (48%) and first party data (45%).

Building connected consumer journeys will be vital to enabling brands to adopt data-led strategies. **First party data is a hot topic for brands, with a huge 92% saying it is a key pillar of their future marketing strategy.** As a result, 35% of brands said that they expected QR codes to impact their business in the next twelve months and 28% said the same of NFC, as these digital triggers generate large quantities of first party data. Brands are using this data for everything from New Product Development to marketing spend optimisation across the funnel.

Exec Summary

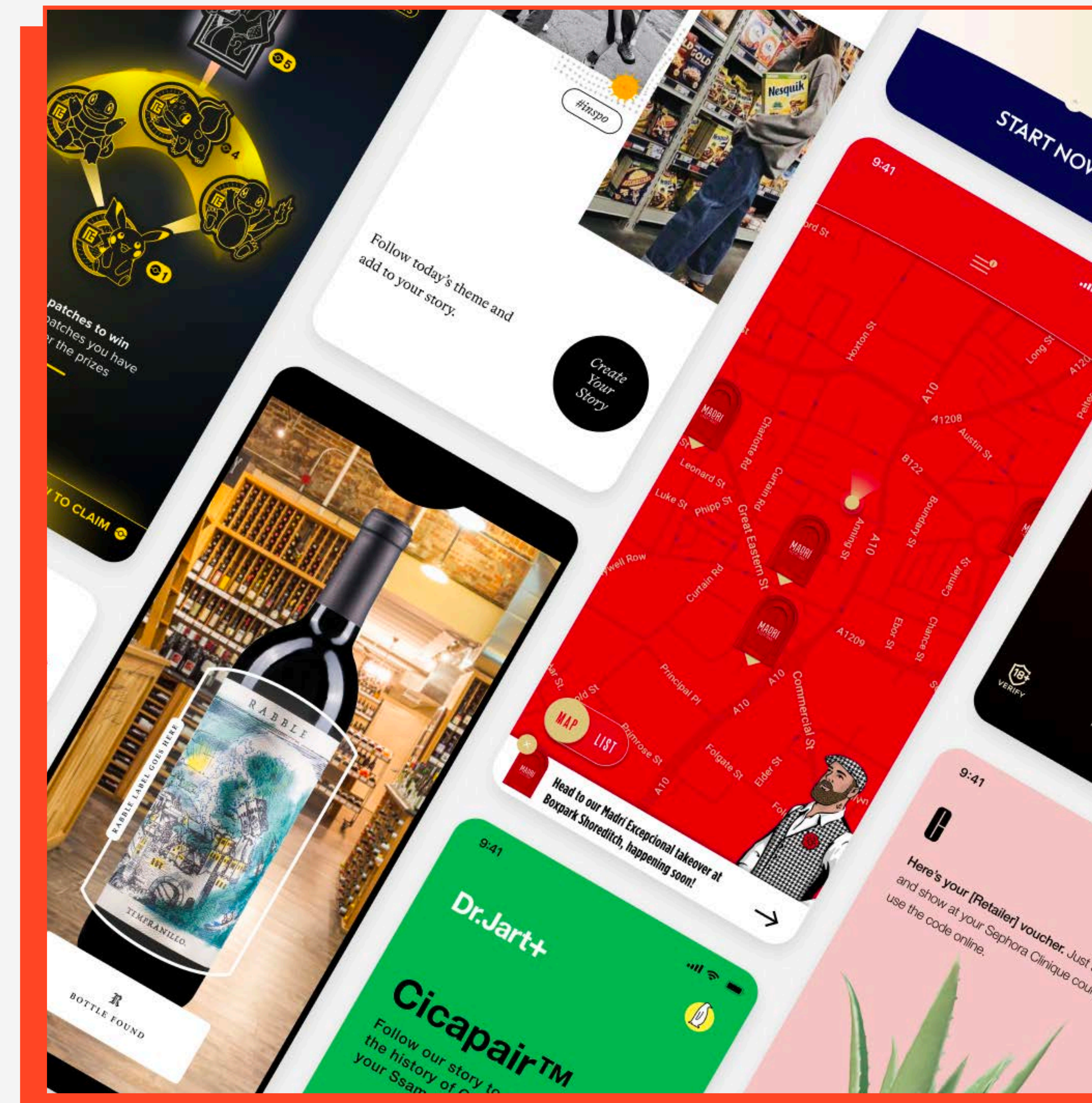
Big Picture Stuff Goes First

Looking deeper, on a market comparison basis, the data suggests that the impact of NFC will be greater in the UK than the US in the next twelve months, with **36% of brands expecting the technology to make an impact in the UK, compared to only 20% in the US**.

This sentiment is then reversed for QR codes, with 34% of brands in the UK calling out the technology as making an impact compared to 37% in the US. This points to differing maturity levels for these digital triggers in each market, but the pattern is clear, brands are creating more connected journeys for their consumers.

The C-Suite is now engaged with the technology too, with **90% of brands saying that their C suite team recognises the importance of connected experiences**, with the strongest awareness being in the CPG category, where brands are often disconnected from first party data.

This points to a new era, moving from connected experiences sitting in isolation to a more holistic world where connected experiences are the glue between products on shelves and media on screens, and connecting the entire consumer journey.



CONNECTED EXPERIENCES

A broad term to define all of the new ways in which brands can engage their audiences by activating their retail environments, media, products and packaging using different digital triggers - QR codes, NFC etc.

CONNECTED PACKAGING

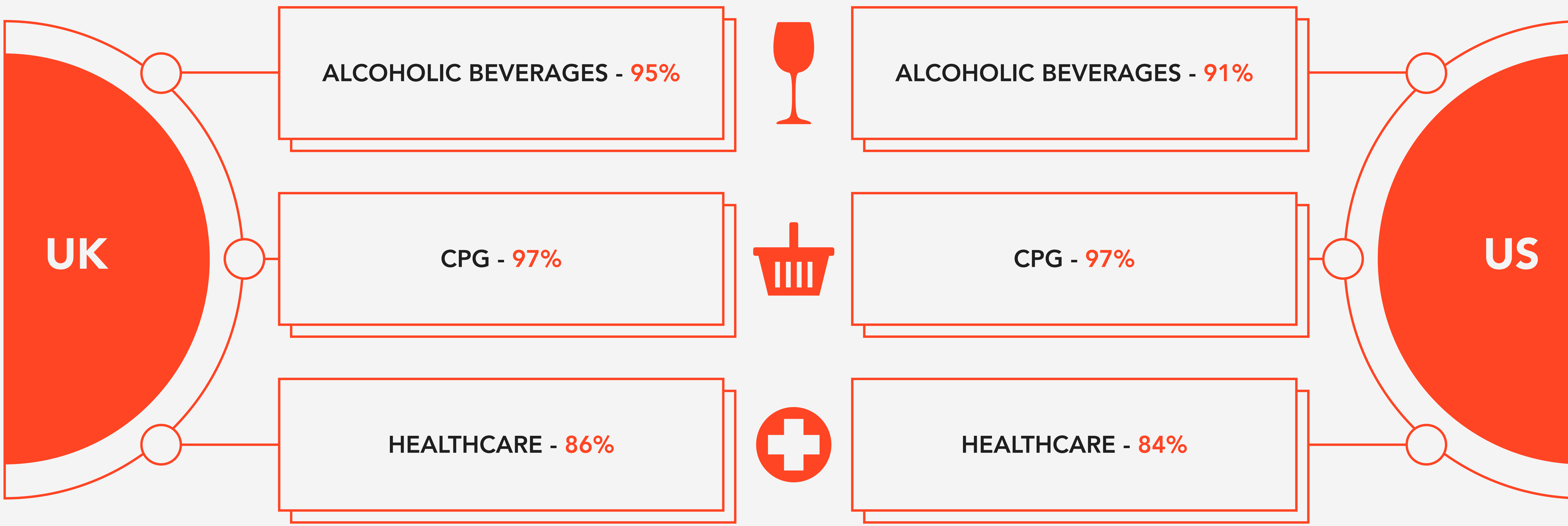
Scan, Point or Tap - brands are connecting directly with consumers via smartphones using QR codes, image recognition, Augmented Reality (AR) or contactless Near Field Communication (NFC) from their products and packaging.

CONNECTED CONSUMER JOURNEY

A holistic approach to connected experiences and connected packaging that focuses on the entire experience and lifecycle of a consumer's relationship with a brand. It is distinguished from individual experiences or digital triggers by an approach that focuses on connecting all touchpoints that a consumer may interact with related to a brand - product, packaging, media, environment (store / event etc).

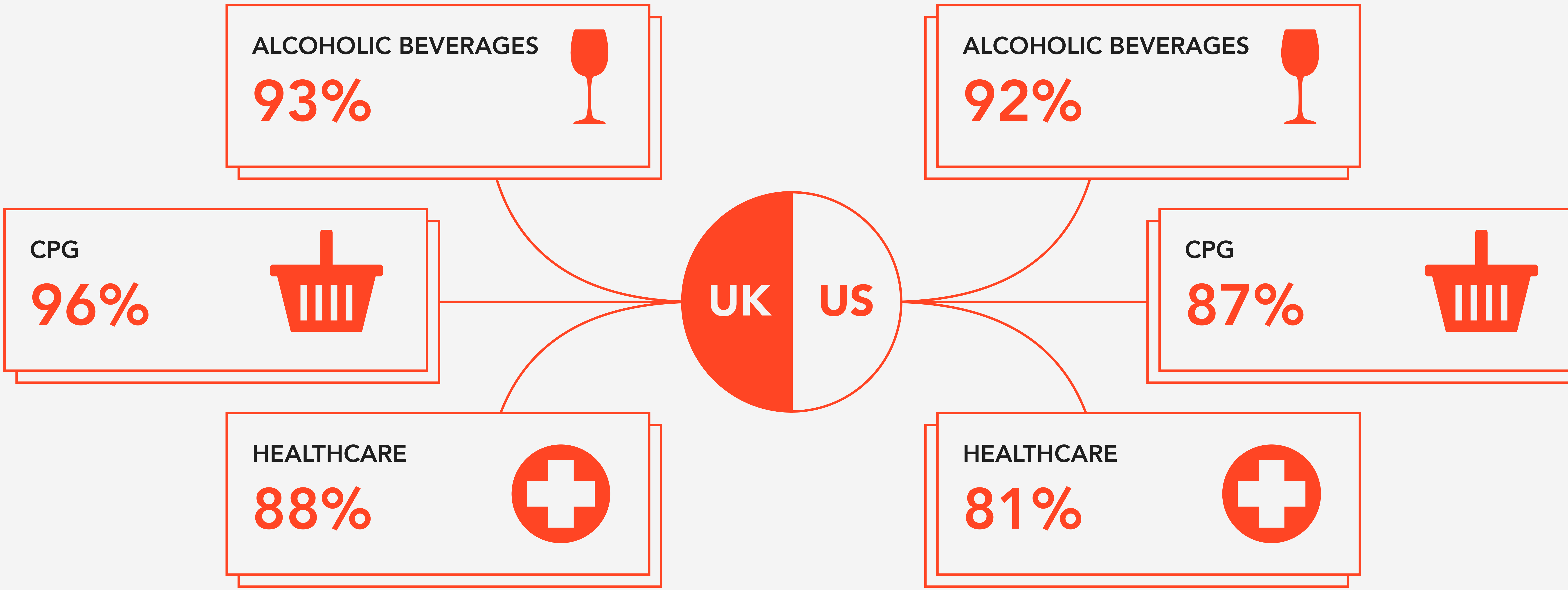
First party data is #1 priority of modern marketing strategies

92% of brands say first party data is key to their marketing strategy



Use of connected experiences is maturing amongst brands

89% of brands are using connected experiences within their marketing programmes



Connected experiences have increased importance for brands

74%	of brands have increased the importance of connected experience within their organisations over the last 3 years

UK		US
77%	ALCOHOLIC BEVERAGES	72%
71%	CPG	75%
69%	HEALTHCARE	84%

Investment is growing in the next 12 months...

85% of brands are increasing their investment into connected experiences in the next 12 months

UK

ALCOHOLIC BEVERAGES
88%

CPG
92%

HEALTHCARE
82%

US

ALCOHOLIC BEVERAGES
89%

CPG
84%

HEALTHCARE
75%

Brands have specific key drivers for delivering connected experiences...

SECTOR	UK	US
ALCOHOLIC BEVERAGES	Sales (50%) 1st Party Data (43%) Loyalty (48%)	Sales (50%) 1st Party Data (40%) Loyalty (37%)
CPG	Sales (51%) 1st Party Data (49%) Loyalty (52%)	Sales (71%) 1st Party Data (47%) Loyalty (48%)
HEALTHCARE	Sales (62%) 1st Party Data (57%) Loyalty (49%)	Sales (58%) 1st Party Data (42%) Loyalty (56%)

The C-Suite has an increased awareness of connected experiences

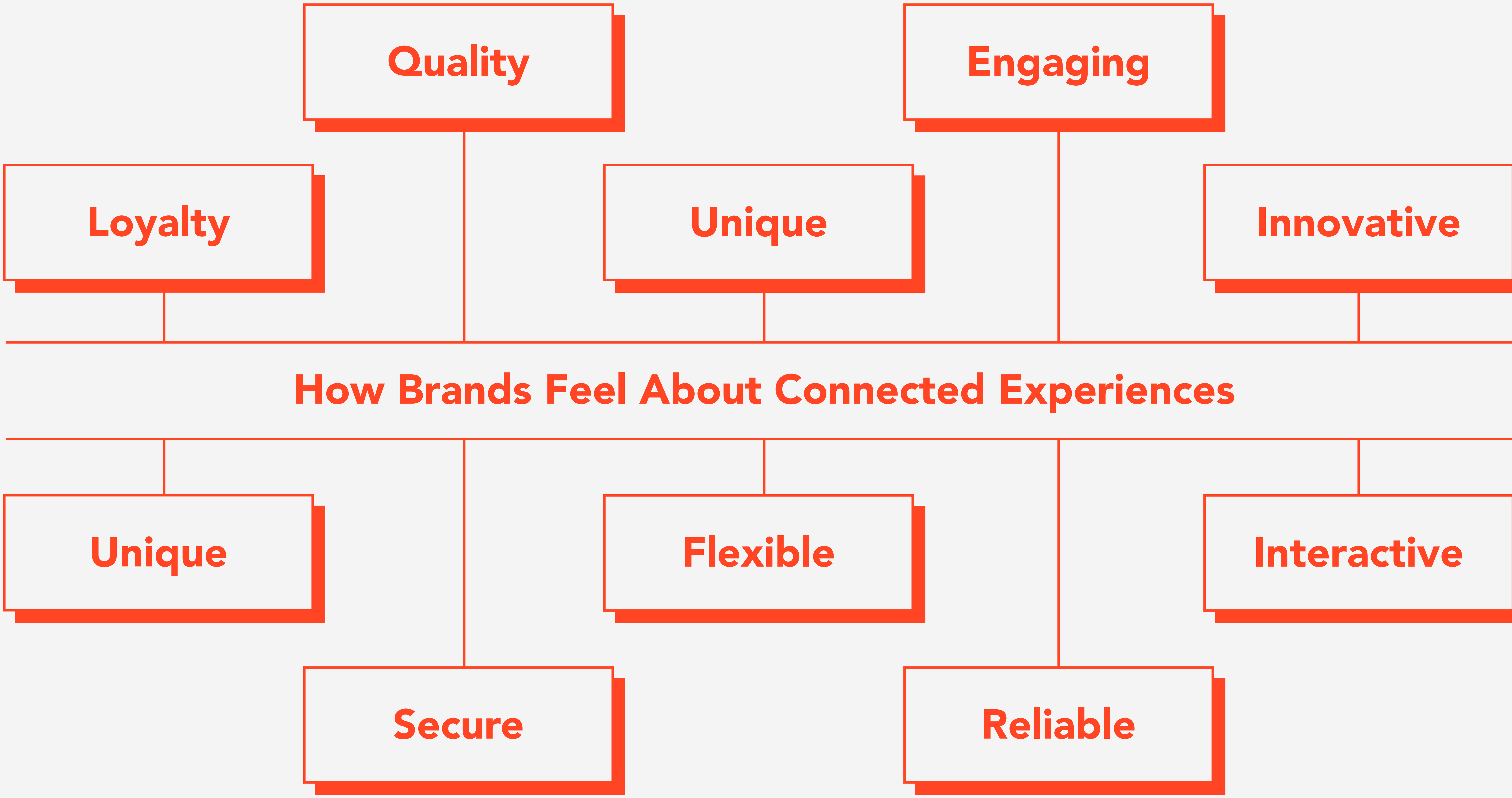
90% Of C-Suites understand the importance of connected experiences in their company

	UK	US
ALCOHOLIC BEVERAGES	90%	92%
CPG	93%	92%
HEALTHCARE	90%	84%

Despite rising awareness, it is still not easy to **implement connected experiences**

47% Of brands have some resistance when pitching connected experiences

	UK	US
ALCOHOLIC BEVERAGES	46%	45%
CPG	41%	49%
HEALTHCARE	56%	50%


Quality
Engaging
Loyalty
Unique
Innovative
How Brands Feel About Connected Experiences
Unique
Flexible
Interactive
Secure
Reliable

Case Study

Madrí Excepcional

Madrí created the world's most connected brand experience in 2023 with *Madrí Excepcional*, a complete connected consumer journey crossing media, product, packaging and experience.

Madrí not only connected the product, they elevated their approach with out of home connected media, connected posters, connected Madrí events, all alongside the connected experience triggered through the QR code on-pack.

Scanning the QR code across all touchpoints unlocked the 'Soul of Madrid', inviting consumers to go through the Madrí Red Door.

Throughout the experience, the 'Soul of Madrid' journey for consumers saw them learn Spanish phrases, earn discount vouchers through each new scan of a new Madrí drink, have early-bird access to Madrí events and even access a map of local places to drink Madrí in their area.

02

DESIGNERS, YOUR INDUSTRY NEEDS YOU

Visionary Contributor

Designers, Your Industry Needs You

Consumers appetite for innovative design is palpable, and designers are at the forefront of developing this interest by creating amazing experiences that connect brands with consumers.

In the age of AI, designers must continuously innovate and educate brands on the potential of connected packaging experiences, to significantly enhance consumer engagement and brand loyalty. By showcasing the benefits and potential return on investment, designers can reveal untapped possibilities to brands, spurring them to explore new opportunities.

Transparency, communication, and evidence of tangible benefits are key. Brands need to see case studies, prototypes, and data-driven results that demonstrate the effectiveness of design solutions. The design community can help by actively engaging with brands, understanding their challenges, and presenting solutions that resonate with their direction from a brand strategy point of view.

At PepsiCo Design, we make it a priority to shape a brand strategy that leverages the comprehensive capabilities of design for an immersive brand experience.

It is about of the strategic value that design partners bring. It's about fostering a shared vision and clear objectives that align with the brand's goals and consumer expectations.

Looking to the future, and thanks to the incredible potential of AI, I anticipate a significant evolution in the landscape of personalised experiences within the next 24 to 48 months. As technology advances, costs come down, and consumer demand for personalised and interactive experiences grows, we can expect more widespread adoption of smart packaging solutions. Brands will become more comfortable with experimenting and investing in these technologies as they recognise the competitive advantage and value they offer in terms of consumer data, engagement, and loyalty. This shift will likely reshape the way we interact with products and brands, heralding a new era in consumer experience.

Christian Saclier, VP of Design Innovation at PepsiCo

A word from our partner

Designers, Your Industry Needs You

How do we understand how consumers engage with products in a supermarket, when there are around 40,000 products they can choose? And what's the communicative role of packaging in this scenario?

With an average attention span of 1.7s per product when browsing a shelf, we can only capture impulses and as such we're only scratching the surface. We're reduced to looking for simple patterns to match with our experience and knowledge, and to extrapolate these into deeper insights and actions.

How can product suppliers and brands overcome that? The space on packs is extremely limited, the retail environment is wild and whether a bottle or a bag, a small hangtag or even a bigger box – an increased intensity of messages is unavoidable.

At the same time consumers expect the highest possible transparency regarding the origin, ingredients and use of packaged goods. This is where design and technology can expand the communication space of packaging and connectivity is key.

Uwe Melichar, Vice President, European Brand & Packaging Design Association

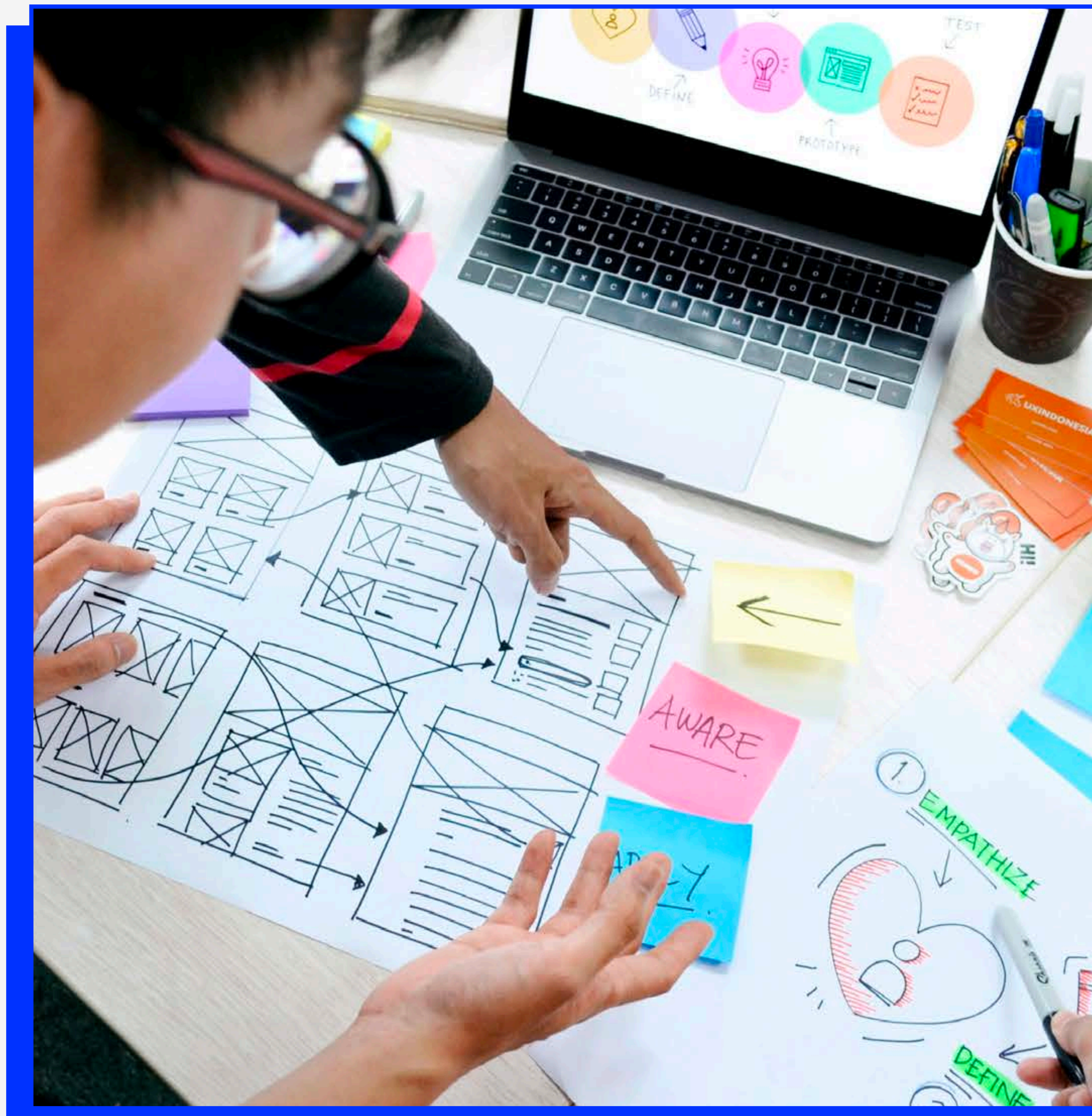
Exec Summary

Designers, Your Industry Needs You

A massive 96% of brands believe connected experiences are an important component in their marketing strategy, but still there are lingering concerns about the impact of adding QR codes and NFC digital triggers to products and packaging, with 72% of brands expressing concern about how this is achieved.

The industry most concerned about how digital triggers impact their packaging is the Alcoholic Beverages sector (83%), followed by CPG (73%). The Healthcare industry is far less concerned (59%), reflecting the way in which, and the needs for which, these products are selected by consumers.

Despite this concern, **there is a huge amount of desire to use on-pack triggers to achieve a range of goals: improve accessibility (54%), improve brand narrative (50%), share more information (49%) and for traceability (48%)**. Sectoral differences are clear when it comes to usage of these on-pack triggers, with healthcare showing the biggest desire to use for traceability (49%) and CPG for improving brand narrative (54%). This is aligned with the different needs of consumers in these verticals - reassurance and deeper engagement.



Exec Summary

Designers, Your Industry Needs You

There is almost universal 'trust' from brands that design partners can implement connected packaging (97%), but this drops dramatically when asked if they 'fully trust' those partners (57%).

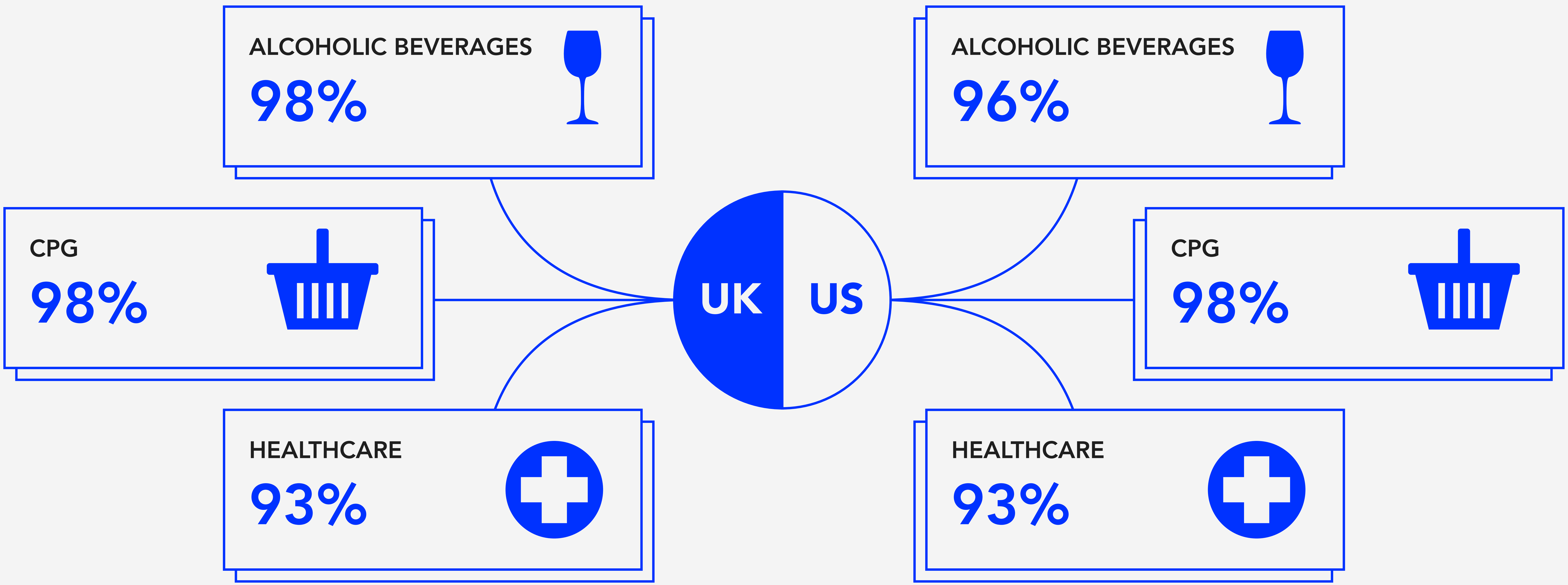
This level of trust also diverges by market, with the highest level of 'full trust' shown by Alcoholic Beverages brands in the UK (63%) and the lowest also by Alcoholic Beverage brands, but in the US (53%).

Despite this 'trust gap', **93% of brands say that they are willing to experiment with new connected experiences**, with the highest levels of willingness found in the Alcoholic Beverages and CPG categories in the UK, which both scored over 50% on being 'very open' to experimentation.

These figures are further reinforced by the finding that 89% of Alcoholic Beverages brands and 90% of CPG brands, plan to launch more connected experiences in the next twelve months. However, the US healthcare market is lagging well behind (75%).

There is huge **belief in connected experiences**

96%	of brands say connected experiences are an important component in their marketing strategy



But still lingering concerns about the impact of digital triggers on packaging...

72% of brands concerned with how digital triggers (e.g. QR/ NFC) will affect the look of their packaging

UK	US
ALCOHOLIC BEVERAGES - 82%	ALCOHOLIC BEVERAGES - 84%
CPG - 85%	CPG - 61%
HEALTHCARE - 66%	HEALTHCARE - 53%

There are 4 key reasons brands are using connected experiences

01

ACCESSIBILITY

54%

02

IMPROVE BRAND NARRATIVE

50%

03

TRACEABILITY

48%

04

SHARE MORE INFORMATION

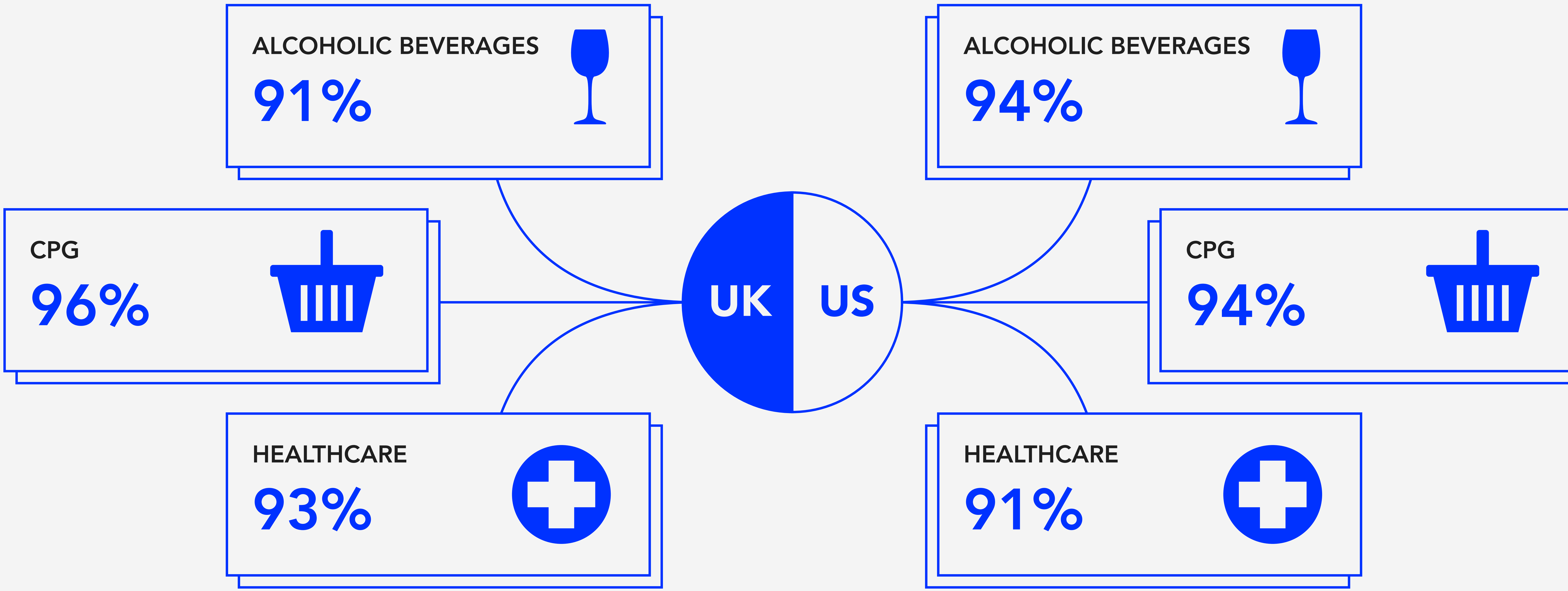
49%

General trust in design partners is there, but a lack of overall maturity still shows...

98%	of brands **'trust'** their design partners to provide the right level of expertise on implementing connected packaging
57%	of brands **'fully trust'** their design partners to provide the right level of expertise on implementing connected packaging

And despite the ‘trust gap’ there is still huge desire to experiment with connected experiences

93% of brands are open to experimenting with new connected experience technologies



With many brands planning to launch more connected packaging programmes in the next 12 months

87% of brands are planning to launch more connected packaging in the next 12 months

UK		US
ALCOHOLIC BEVERAGES - 92%		ALCOHOLIC BEVERAGES - 86%
CPG - 89%		CPG - 90%
HEALTHCARE - 87%		HEALTHCARE - 75%

Case Study

Boots TENS Pain Relief

Boots wanted to help consumers select the best device from their health device range and use them effectively.

TENS pain relief machines can be complex to use and rely on consumers using traditional paper manuals to understand the technology and set it up correctly. To communicate this, package design carries a lot of complex information and cumbersome instruction manuals. The result of this complexity is consumers having a poor experience, resulting in negative sentiment.

QR codes were placed on POS in-store and on product packaging leading to a guided experience for consumers on how to select the correct pain relief product and a step-by-step digital guide to set it up. A digital diary also allowed them to track pain levels as a point of reference if requiring further medical care. The solution transformed customer reviews has led to a roll out across the wider range of devices.

03

DON'T CALL IT A GREENWASH

A word from our partner

Don't Call it a Greenwash

The pace at which technology connects consumers to product information and marketing communication matches our urgent need for sustainable solutions.

QR codes and NFC enable deeper, richer brand experiences (alongside AR and VR) leading to greater brand loyalty. A simple package can evolve into a dynamic, immersive portal, offering a comprehensive view of a product's environmental, social, and economic impact and also become a vital feedback loop between consumers and producers.

Product and brand transparency comes with responsibility. Consumer trust begins with credible reporting and disclosures. Building on this foundation, connected packaging can convey a detailed narrative about a product's journey—from sourcing raw materials to the product's benefits and its disposal process.

Consumers, hungry for knowledge, urge brands to disclose more about their impacts and continuous improvement strategies. With connected packaging technologies, crucial information is literally at their fingertips, enabling informed decisions and fostering greater engagement with sustainability efforts.

Courtney Lorenz, Senior Director Global Environmental Sustainability, SGK

Exec Summary

Don’t Call it a Greenwash

A huge 91% of brands believe they should be adopting connected experiences to support their sustainability efforts, with 85% stating a strong belief that it can help them reach their sustainability goals.

An even larger number **(93%) of brands said they would be using connected experiences for sustainability programs in the next 24 months** - with 89% of healthcare brands, 93% of CPG brands and 97% of Alcoholic Beverage brands planning activity.

However, both the CPG and Healthcare sectors show a significant gap between the UK and US in the level of belief they have that connected experiences can help them reach sustainability goals - (CPG 93% UK, 85% US) (Healthcare 83% UK, 74% US). This gap could be for many reasons, but is most likely sector specific issues as the Alcoholic Beverages category is largely consistent (88% UK and 86% US).

Despite high levels of desire to use the technology for sustainability, there is still major concern about being labeled as a ‘greenwasher’, **with 72% of brands saying the fear of being labelled as ‘greenwashing’ prevented them doing consumer outreach regarding sustainability**. This fear was highest in the Alcoholic Beverage category (85%) and lowest in Healthcare (62%).

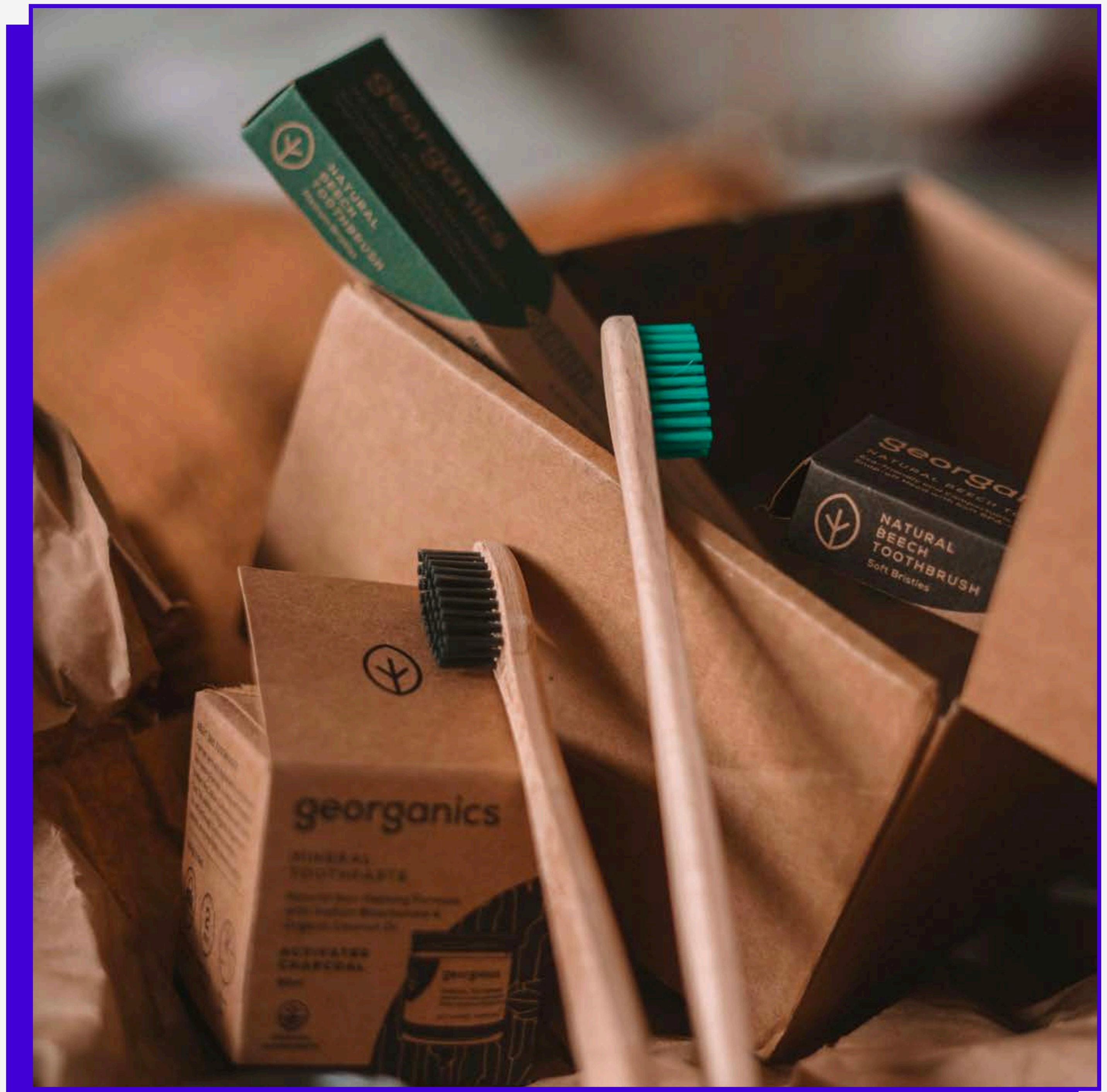
Exec Summary

Don’t Call it a Greenwash

Brands are also using connected experiences in different ways to promote their sustainability credentials. The most common use is for education about the product (59%), followed by rewards for those who recycle (56%) and information on how and where to recycle (54%).

When asked why connected experiences should be used for sustainability, **brands said that the main usage should be for recycling information (61%)**, followed by helping to drive behaviour change (50%), providing nutritional guides (43%) and promoting circularity (40%). The CPG sector showed the strongest desire for connected experiences to be used for recycling (67%).

Readiness for various upcoming regulatory changes were all reassuringly high - Extended Producer Responsibility - EPR (80%), Corporate Sustainability Reporting Directive - CSRD (80%), Sustainable Finance Disclosure Regulation - SFDR (81%) and Sustainable Disclosure Requirements - SDR (82%). The Alcoholic Beverages sector is best placed in its readiness status, leading in EPR (85%), CSRD (85%) and SFDR (83%).



91%

of brands believe they should be adopting connected experiences to support sustainability efforts.

Connected experience has an important role to play in communicating sustainability efforts...

85% of brands say connected experiences could help them reach their sustainability goals

	UK	US
ALCOHOLIC BEVERAGES	88%	86%
CPG	93%	85%
HEALTHCARE	83%	74%

And many **brands are planning to use connected experiences for sustainability** in next 24 months

93% of brands will be using connected experiences for sustainability programmes in the next 24 months

	UK	US
ALCOHOLIC BEVERAGES	99%	95%
CPG	93%	92%
HEALTHCARE	91%	86%

Brands want to use connected experiences to communicate different messages around sustainability depending on sector and geography

SECTOR	UK	US
ALCOHOLIC BEVERAGES	Rewards for Recycling (62%) Education on Product (60%) Where / How to Recycle (58%) Behaviour Change (49%)	Rewards for Recycling (45%) Education on Product (52%) Where / How to Recycle (57%) Behaviour Change (<40%)
CPG	Rewards for Recycling (59%) Education on Product (54%) Where / How to Recycle (55%) Behaviour Change (54%)	Rewards for Recycling (62%) Education on Product (65%) Where / How to Recycle (47%) Behaviour Change (44%)
HEALTHCARE	Rewards for Recycling (62%) Education on Product (57%) Where / How to Recycle (58%) Behaviour Change (58%)	Rewards for Recycling (48%) Education on Product (63%) Where / How to Recycle (47%) Behaviour Change (56%)

Brands are well prepared for incoming legislation that mandates reporting on environmental, social & governance (ESG) metrics and packaging data.

80%
of brands are ready for **EPR**

Extended Producer Responsibility

80%
of brands are 'ready' for **CSRD**

Corporate Sustainability Reporting Directive

81%
of brands are ready for **SFDR**

Sustainable Finance Disclosure Regulation

82%
of brands are ready for **SDR**

Sustainable Disclosure Requirements

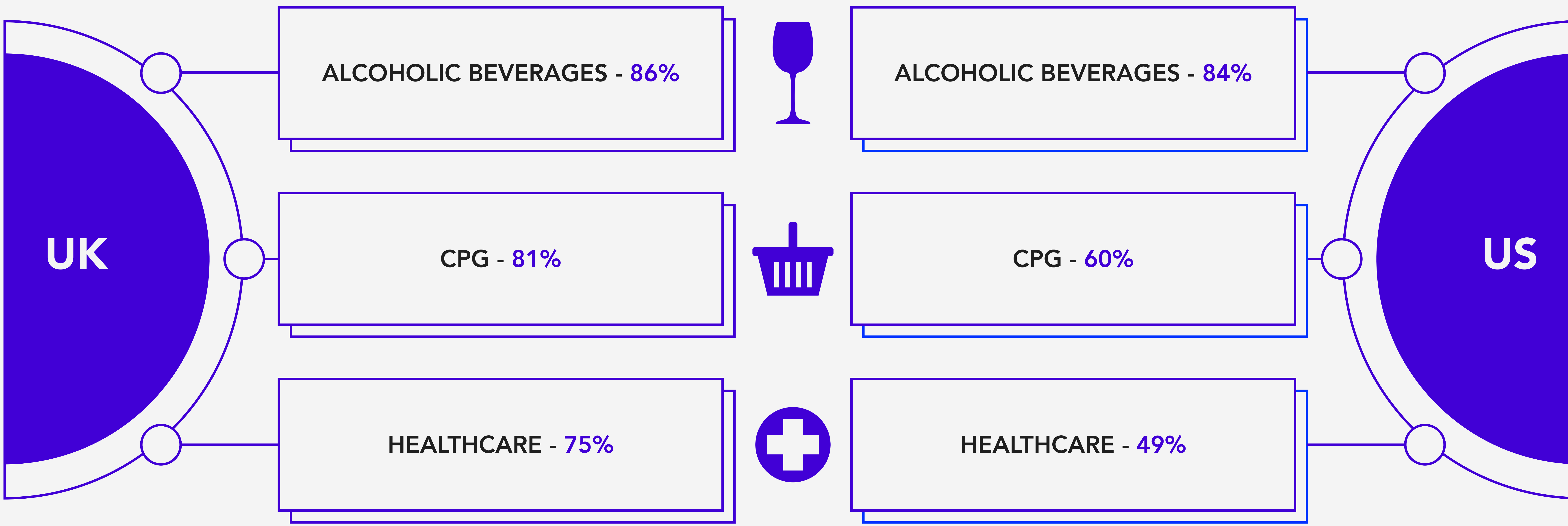
Brands are well prepared for incoming legislation that mandates reporting on environmental, social & governance (ESG) metrics and packaging data.

UK		US
EPR **(85%)** CSRD **(86%)** SFDR **(85%)** SDR **(86%)**	**ALCOHOLIC BEVERAGES**	EPR **(84%)** CSRD **(83%)** SFDR **(82%)** SDR **(84%)**
EPR **(83%)** CSRD **(87%)** SFDR **(88%)** SDR **(91%)**	**CPG**	EPR **(76%)** CSRD **(73%)** SFDR **(76%)** SDR **(81%)**
EPR **(78%)** CSRD **(79%)** SFDR **(80%)** SDR **(80%)**	**HEALTHCARE**	EPR **(73%)** CSRD **(73%)** SFDR **(74%)** SDR **(72%)**

72%

of brands are prevented from doing consumer outreach around sustainability over fears of being labelled as greenwashing

The concern about being labelled as 'Greenwashing' is most prevalent in the alcoholic beverages category, and in the UK vs US as a whole



Case Study

Bastille

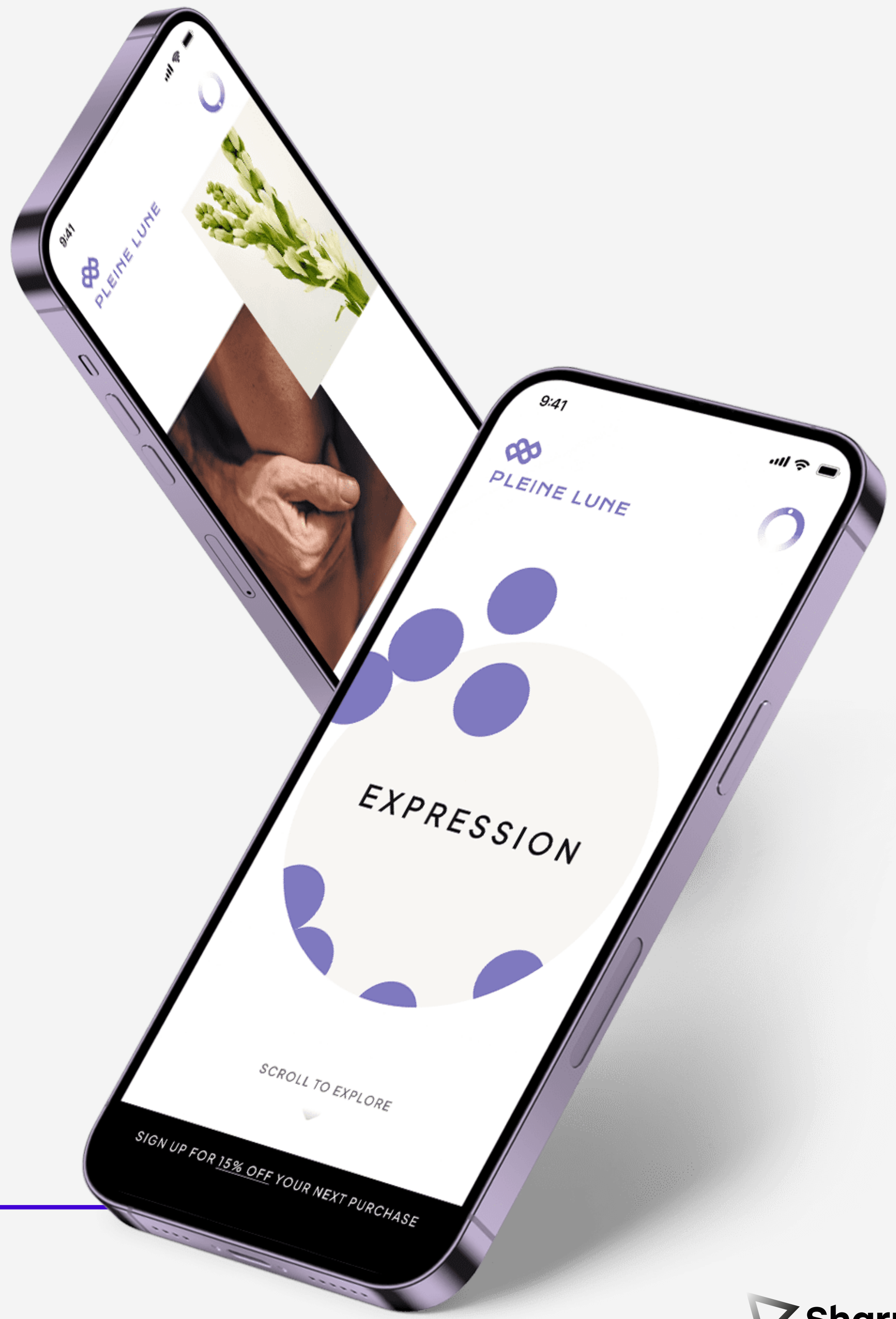
Bastille took a uniquely engaging approach to showcase transparency across its supply chain.

Eschewing vague sentiment or platitudes about sustainability, Bastille wanted to give the consumer a direct connection between the product in their hand and how it was created.

Every item had its own digital ID, meaning every experience was unique to its own bottle.

When scanned, an on-pack QR code directed the consumer on a journey to explore the origins of ingredients, fragrance composition, sustainability details and the date of bottling - of that specific bottle.

Leveraging RFID, this solution also gave Bastille better insight into every step of their supply chain from source to consumer. It helped identify inefficiencies, bolster inventory management, and combat counterfeit products.



04

TAPPING INTO THE NFC OPPORTUNITY

Visionary Contributor

Tapping Into the NFC Opportunity

By leveraging NFC, brands are not merely keeping up with technology - they are pioneering the path to a digitally integrated world where products offer truly dynamic and trustworthy experiences.

In industries vulnerable to counterfeiting like pharmaceuticals and luxury goods, NFC offers a straightforward solution for verifying authenticity but also a valuable tool to deliver full product traceability and brand transparency.

With the added scalability of digital IDs and the proliferation of integrated services, NFC-enabled products now also embolden brands to champion true sustainability, offering novel resources and access to second-hand marketplaces.

Picture this: a tap on an NFC-enabled product or package unveils repair guides and facilitates appointments, elongating product lifecycles, curbing environmental footprints and boosting brand loyalty.

But the magic of NFC goes beyond security and sustainability; it turns each product into a gateway, delivering dynamic experiences directly tailored to individual preferences.

In essence, the integration of NFC into products and packaging is now offering brands a new suite of services to build deeper connections with their customers.

It's not just an improvement - it's a leap into a future where every product interaction is a dynamic, engaging experience that builds deeper relationships, fosters trust, and drives innovation.

Fabrizio Rinaldi, Innovation and Digital Transformation Manager, Giorgio Armani

A word from our partner

Tapping Into the NFC Opportunity

The results of this survey uncover a very promising trend.

Companies and consumers are increasingly looking for "connected" solutions and this interest is set to trigger significant innovations throughout the industry.

Yet unlocking this potential in full requires robust solutions, strong case studies and a growing understanding of both technologies and their applications.

The future for NFC is extremely exciting and we are glad to be part of it as a strategic partner for brands interested in smart packaging and labels solutions.

Antonio Linardi,
RFID Business Director, Fedrigoni

Exec Summary

Tapping into the NFC Opportunity

A huge 70% of brands say they are already using NFC in some way for their products or marketing, but the opportunity now is to move out of the experimentation phase into scaled roll outs across product lines.

The Alcoholic Beverages sector leads the way in NFC usage (84%), followed by CPG (67%) and Healthcare (58%).

Cost is still one perceived barrier to mass NFC adoption, with 58% of brands listing it as a concern, other issues included awareness of the digital trigger (39%), supplier capability (35%) and a lack of case studies proving the technology (29%). However, 15% of brands said there was no barrier to them using NFC in their products or marketing.

These results show that NFC has a huge potential for growth in the coming years, but given it is a newer form of digital trigger, and comes with more complexity, brands are seeking education and reassurance around how best to use it.

There was overwhelming agreement that NFC is a more premium solution for connected experiences than QR codes (79%). UK sentiment on this premium positioning (86%) outstripped that of the US (72%), which suggests a greater maturity in the understanding and use of its capabilities.

Exec Summary

Tapping into the NFC Opportunity

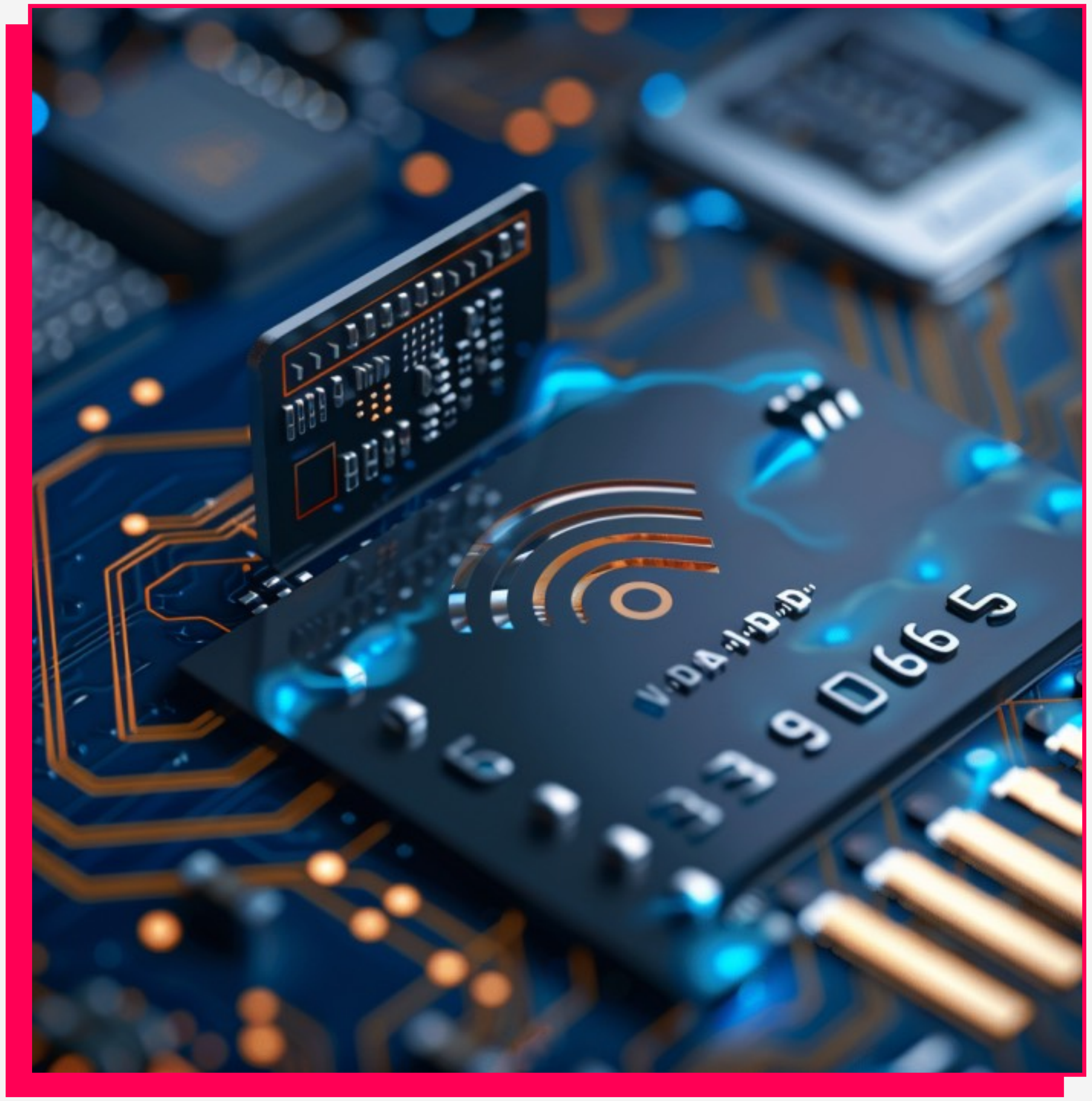
There is a general level of readiness amongst the supplier community to implement NFC, with 85% of brands saying that their suppliers are able to incorporate NFC into their products / packaging, but this drops to 51% when asked if they are already doing this with them.

This is backed up by the finding that **86% of brands think that their business could benefit from greater education on NFC** as a marketing technology, rising to 90% in the Alcoholic Beverage sector.

However, **85% of brands are willing to pay more for NFC, as opposed to QR codes**, to be integrated into their products.

These findings taken together suggest a huge pent up demand for NFC that can be unlocked by better education about its uses and benefits.

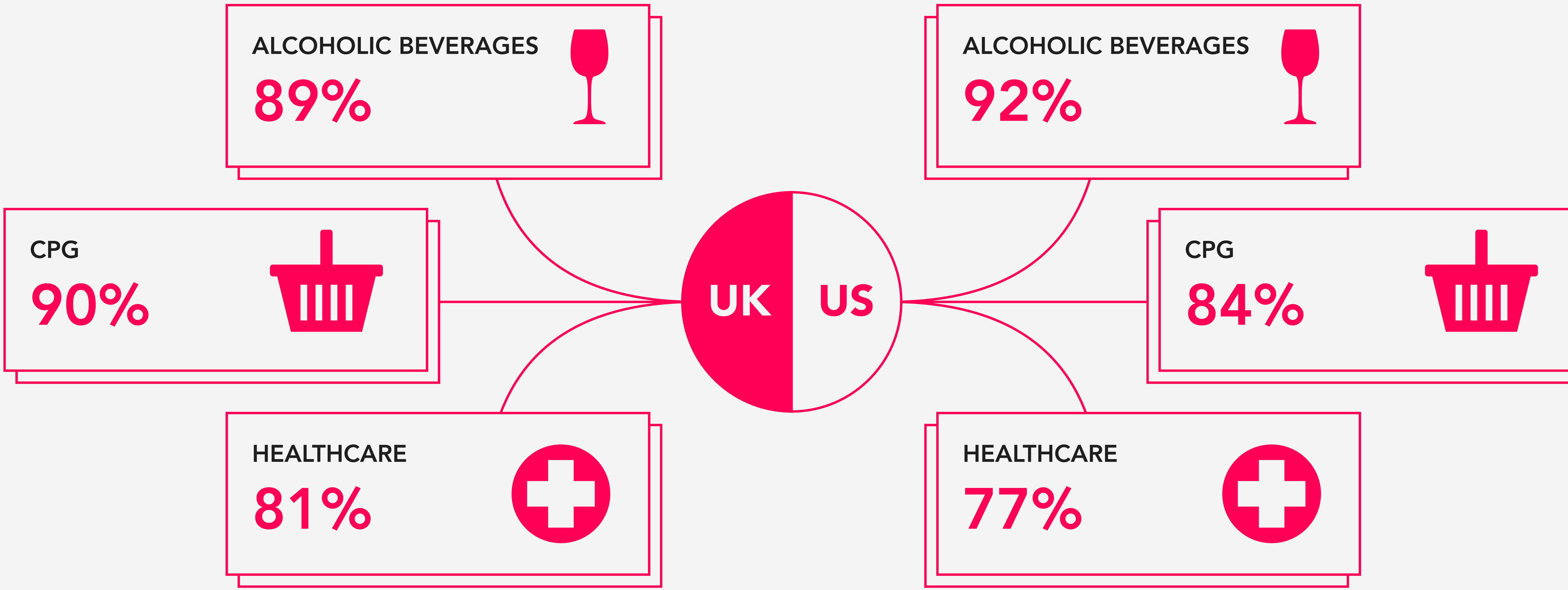
The number one usages for NFC were Authentication (92%) and Traceability (92%), followed by Engagement (90%) and Serialisation (88%). The CPG category had the strongest favourability for using the technology for Serialisation (90%), Authentication (94%) and Engagement (91%), whereas the Alcoholic Beverage sector led in Traceability (93%).



85%

of brands are willing to pay more for NFC enablement as opposed to standard QR codes for products.

NFC is seen as a valuable technology that is worth investment, with a huge majority of brands willing to pay more for NFC over QR Codes

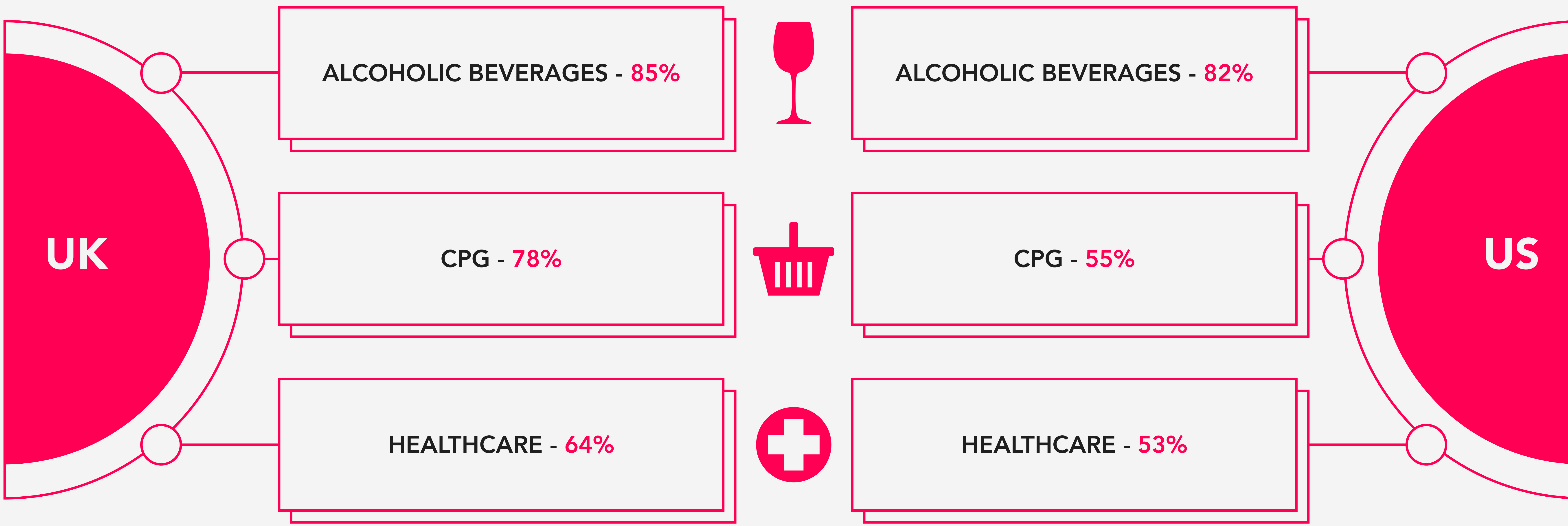


70%

of brands say they are already using NFC in some way for their products or marketing

SharpEnd

NFC adoption is heaviest in the Alcoholic Beverages sector and with a bias to the UK over the US



79%

of brands see NFC as a more premium solution for connected experiences than QR codes

NFC was seen as a more premium solution than QR Codes by all sectors, led by the CPG sector in the UK

UK		US
86%	ALCOHOLIC BEVERAGES	77%
89%	CPG	74%
82%	HEALTHCARE	65%

86%

of brands believe their business could benefit from greater education on NFC as a marketing technology

To fully take advantage of the opportunity the majority of brands still believe that they need eduction to better understand and utilise NFC technology for their brands

UK

ALCOHOLIC BEVERAGES - 90%

CPG - 91%

HEALTHCARE - 85%

US

ALCOHOLIC BEVERAGES - 90%

CPG - 83%

HEALTHCARE - 78%

Some sectors are better placed than others to take advantage via their suppliers, but not all are taking that advantage yet

85%	of brands said their suppliers are able to incorporate NFC into their products / packaging
51%	of brands said they were already using this option

Some sectors are better placed than others to take advantage via their suppliers, but not all are taking that advantage yet

SECTOR	UK	US
ALCOHOLIC BEVERAGES	AVAILABLE (94%) USING (62%)	AVAILABLE (92%) USING (49%)
CPG	AVAILABLE (92%) USING (56%)	AVAILABLE (80%) USING (44%)
HEALTHCARE	AVAILABLE (81%) USING (47%)	AVAILABLE (74%) USING (47%)

NFC has multiple usages...

88%
of brands see **serialisation** as an important use

92%
of brands see **authentication** as an important use

92%
of brands see **traceability** as an important use

90%
of brands see **engagement** as an important use

And these usages vary by sector and geography

UK	Sector	US
Serialisation **(89%)** Authentication **(94%)** Traceability **(94%)** Engagement **(89%)**	**ALCOHOLIC BEVERAGES**	Serialisation **(90%)** Authentication **(90%)** Traceability **(92%)** Engagement **(89%)**
Serialisation **(92%)** Authentication **(94%)** Traceability **(95%)** Engagement **(94%)**	**CPG**	Serialisation **(87%)** Authentication **(92%)** Traceability **(88%)** Engagement **(89%)**
Serialisation **(83%)** Authentication **(90%)** Traceability **(90%)** Engagement **(89%)**	**HEALTHCARE**	Serialisation **(86%)** Authentication **(90%)** Traceability **(91%)** Engagement **(90%)**

Case Study

Balmain x Pokémon

Luxury fashion house Balmain created a limited edition Pokémon collaboration and wanted to enable the collection to sit in both the physical and digital worlds.

By tapping a limited edition NFC-enabled patch on a Balmain x Pokémon jacket with their smartphones, fans embarked upon a unique Pokémon adventure.

The tap authenticated the digital twin of their Pokémon patch opening a gateway to exclusive content and rewards for the Pokémon universe.

Users continued their hunt to 'catch them all' by tapping more patches on the jacket and eventually unlocked the legendary Pokémon patch to get a chance to win VIP passes to the Balmain festival.

05

THE TRENDS AND LEGISLATION BIT

A word from our partner

The Trends and Legislation Bit

Packaging design and waste management faces myriad problems globally and major companies, start-ups, scale-ups and researchers are working to alleviate these issues by improving product designs and pushing for infrastructural development.

Bio-based materials, reusable packaging models, material minimization and advanced recycling technologies are some of the most widely touted solutions in the industry.

But of all these innovations, communication via connected experience — for both industry professionals and consumers — holds the strongest potential to mitigate the industry's footprint on our lives and the environment.

With over a trillion pieces of packaging circulating the globe every day, scanning products to ensure safety and legitimacy could become standard procedure for consumers and an obligation for producers — who can then protect themselves from greenwashing litigation and back up their marketing claims.

Louis Gore Langton,
Editor, Packaging Insights

Visionary Contributor

The Trends and Legislation Bit

Consumers are demanding more information on the products they buy, from what they are made of and where they are produced to how best to use and recycle them.

At the same time, the legislative and regulatory landscape grows ever more challenging with over 600 global reporting initiatives for ESG alone. This has left many businesses grappling with a plethora of new data and labelling demands, both at home and when trading overseas.

Governments are implementing regulations to promote sustainable packaging practices and efforts are underway to harmonise labelling requirements across borders, but if left unchecked, varying demands across different regions and categories could drive complexity for brands and confusion for consumers. It is therefore critical that data is captured according to agreed standards to ensure interoperability of data throughout the supply chain. Only that way can it be used as a trusted source for both businesses and consumers.

Packaging needs to work harder. However, physical space is finite which is why many are increasingly turning to connected packaging, typically in the form of QR codes.

This shift also comes in response to growing consumer demand that all things should be instantly knowable, so building trust with consumers in a way that supports convenience and ease is bound to give businesses a competitive edge.

That is why GS1 UK is now supporting a global transition to the next generation of on-pack labelling – QR codes powered by GS1. These next generation barcodes can be used to easily obtain trusted product information with one simple scan.

Sarah Atkins, CMO, GS1

Exec Summary

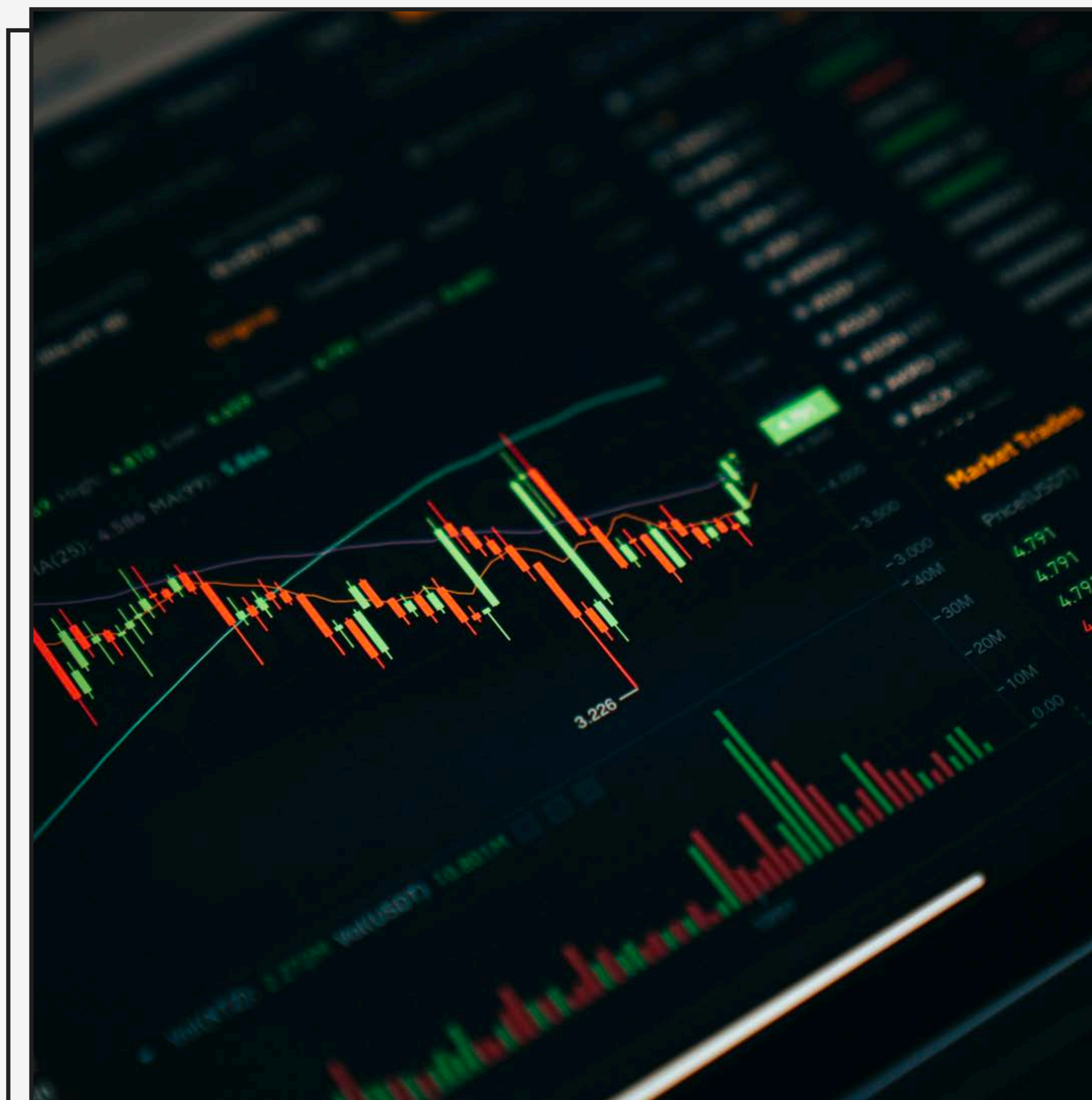
The Trends and Legislation Bit

Brands are reporting huge demand from consumers for connected packaging, with 95% of brands reporting demand for QR codes and 93% for NFC solutions for consumers.

But perhaps hinting at a coming change, brands are reporting that consumers have a greater 'high demand' for NFC solutions (50%) than QR codes (46%).

Demand is also higher in the UK than the US, with UK consumers reported as having 55% 'high demand' for NFC (compared to 45% in the US) and 47% high demand for QR codes (compared to 45% in the US).

The belief amongst brands is that this demand for more connected experiences from consumers is being driven by different factors including: easy access to brand information (27%), quick product and brand engagement (27%) and a greater understanding of a brand's personality (26%).



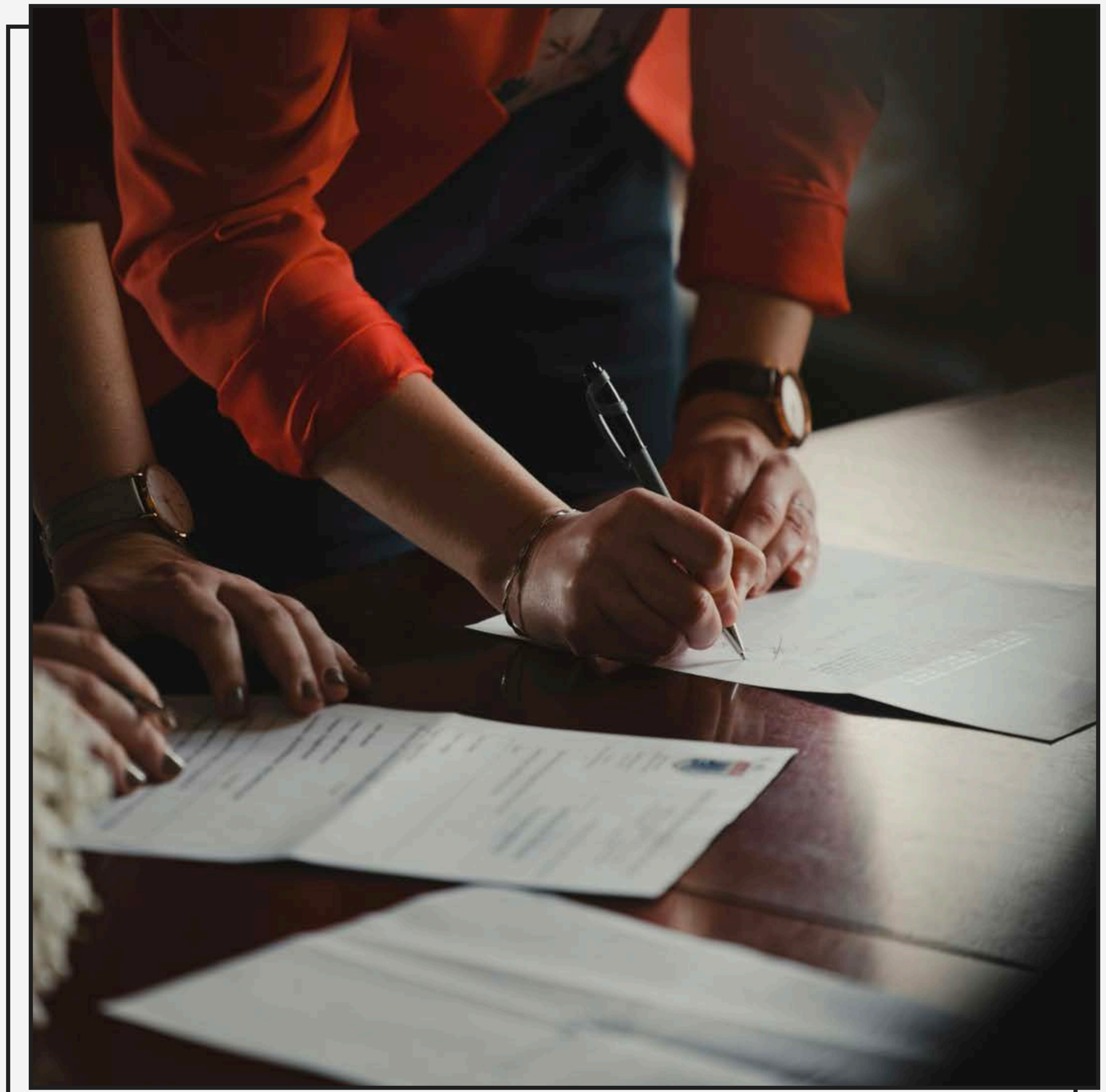
Exec Summary

The Trends and Legislation Bit

Brands also believe that the biggest incentive to invest more in connected technology is to create more personalised consumer experiences (23%) and interactive experiences for brand engagement (26%), so there is a clear link between consumer demand and the solutions that need to be created.

This also connects with brands' belief that important cultural factors impact consumer engagement for connected experiences, such as the rising importance of personalised customer experience (44%), product provenance that improves brand loyalty (37%), data protection concerns (37%) and that consumers buy into brands, rather than 'from' brands (33%).

Whilst there is a belief that legislators/policymakers are doing enough to support connected technology adoption (86%), there is also a belief that in the future connected technology may become mandatory for certain areas such as: sustainability credentials (50%), authentication (46%), ingredients and provenance (44%) and legitimising product claims (42%).



Brands believe there is demand from consumers for all forms of digital triggers...

93%

of brands say there is demand by consumers for NFC

95%

of brands say there is demand by consumers for QR Codes

92%

of brands say there is demand by consumers for RFID

With consistent demand from consumers across sectors for all forms of digital triggers...

SECTOR	UK	US
ALCOHOLIC BEVERAGES	NFC **(98%)** QR CODES **(99%)** RFID **(96%)**	NFC **(96%)** QR CODES **(97%)** RFID **(95%)**
CPG	NFC **(95%)** QR CODES **(97%)** RFID **(94%)**	NFC **(92%)** QR CODES **(94%)** RFID **(90%)**
HEALTHCARE	NFC **(91%)** QR CODES **(95%)** RFID **(91%)**	NFC **(87%)** QR CODES **(91%)** RFID **(85%)**

But there is a preference from consumers for NFC technology

50%

of brands say there is 'high demand' by consumers for NFC

46%

of brands say there is 'high demand' by consumers for QR Codes

36%

of brands say there is 'high demand' by consumers for RFID

And a bias by sector for NFC also

SECTOR	TECHNOLOGY (% HIGH DEMAND)
ALCOHOLIC BEVERAGES	NFC **(56%)** QR CODES **(46%)** RFID **(42%)**
CPG	NFC **(51%)** QR CODES **(45%)** RFID **(37%)**
HEALTHCARE	NFC **(44%)** QR CODES **(45%)** RFID **(29%)**

86%

of brands expect widespread adoption of connect experiences in the next 12 months

Brands also believe adoption is being driven by different consumer needs.

27%

of brands say ‘ease of access to brand information’ is biggest advantage for consumers

27%

of brands say ‘quick product and brand engagement’ is biggest advantage for consumers

26%

of brands say ‘a greater understanding of a brand’s personality’ is biggest advantage for consumers

Brands also believe adoption is being driven by different consumer needs.

SECTOR	UK	US
ALCOHOLIC BEVERAGES	Ease of access **(32%)** Quick Engagement **(29%)** Brand Personality **(21%)**	Ease of access **(26%)** Quick Engagement **(23%)** Brand Personality **(26%)**
CPG	Ease of access **(25%)** Quick Engagement **(26%)** Brand Personality **(29%)**	Ease of access **(26%)** Quick Engagement **(29%)** Brand Personality **(23%)**
HEALTHCARE	Ease of access **(27%)** Quick Engagement **(29%)** Brand Personality **(27%)**	Ease of access **(29%)** Quick Engagement **(26%)** Brand Personality **(22%)**

26%

of brands believe that the biggest incentive to invest more in connected experiences is to create more brand engagement

23%

of brands believe that the biggest incentive to invest more in connected experiences is to create more personalised consumer experiences

The most important cultural factors that impact consumer engagement for connected technology

44%

The rising importance of personalised consumer experience

37%

Product provenance that leads to improved brand loyalty

37%

Data protection concerns

The most important cultural factors that impact consumer engagement for connected technology

SECTOR	CULTURAL FACTOR
ALCOHOLIC BEVERAGES	Personalised Consumer Experience **(43%)** Provenance **(38%)** Data Protection **(35%)**
CPG	Personalised Consumer Experience **(47%)** Provenance **(39%)** Data Protection **(38%)**
HEALTHCARE	Personalised Consumer Experience **(43%)** Provenance **(33%)** Data Protection **(39%)**

86%

of brands believe that legislators/policymakers are doing enough to support connected technology adoption

50%

of brands believe that connected technology will become mandatory for use in communicating sustainability credentials

And there is a strong belief that the technology will become mandatory across a range of other issues

50%
Mandatory for sustainability credentials

46%
Mandatory for authentication

44%
Mandatory for ingredients and provenance

42%
Mandatory for legitimising product claims

And there is a strong belief that the technology will become mandatory across a range of other issues

SECTOR	UK	US
ALCOHOLIC BEVERAGES	Sustainability Credentials **(51%)** Authentication **(48%)** Ingredients and Provenance **(54%)** Legitimising Product Claims **(47%)**	Sustainability Credentials **(45%)** Authentication **(46%)** Ingredients and Provenance **(41%)** Legitimising Product Claims **(38%)**
CPG	Sustainability Credentials **(53%)** Authentication **(54%)** Ingredients and Provenance **(44%)** Legitimising Product Claims **(45%)**	Sustainability Credentials **(51%)** Authentication **(45%)** Ingredients and Provenance **(45%)** Legitimising Product Claims **(42%)**
HEALTHCARE	Sustainability Credentials **(52%)** Authentication **(41%)** Ingredients and Provenance **(37%)** Legitimising Product Claims **(40%)**	Sustainability Credentials **(50%)** Authentication **(41%)** Ingredients and Provenance **(44%)** Legitimising Product Claims **(39%)**

06

CLOSING ‘WORK WITH US’ SUBTLE HINTS

Next?

Closing 'Work With Us' Subtle Hints

So, you made it. 80 pages of goodness, and it's time to turn insights into action.

If you want to take full advantage, then you need to think big and beyond campaigns.

Commit yourself to meeting your consumer at every stage of their journey with a connected experience. This is not just about packaging.

Only by taking this holistic approach can you fully benefit from the flow of first party data that it will generate; and doing so creates deeper, connected and more meaningful relationships with your consumers.

We urge you to 'go big', and if you need us, get in touch.

Finally, please take a moment to be proud and energised.

From a small acorn grew an oak tree, and the IoT space has never been more relevant and exciting for brands and consumers alike.

Sent with love.

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Research

Our Methodology

The research was conducted by **Censuswide** with a sample of 1,023 respondents (aged 18+) who have decision making power over digital transformation CMO, Head of Digital Transformation across the UK and US (targeting brands and marketing / digital executives). The survey fieldwork took place between 20.03.2024 - 02.04.2024. Censuswide abide by and employ members of the Market Research Society which is based on the ESOMAR principles and are members of The British Polling Council.

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