How packaging will change

**David Feber:** Packaging is ubiquitous. It touches almost every person on the planet. It affects things that human beings need to survive: food, healthcare, personal care. All of that is packaged. Today, none of that has a lot of intelligence. But there are real concerns with a lot of those products. There are concerns of spoilage, there are concerns of authenticity (“Is this what I thought I was getting?”), and there are concerns of origin (“Where is this coming from?”). With different types of intelligence and sensing, those packages can be much more dynamic and can help in two ways. One way is, “Don’t throw this out, even though it’s past its expiry date.” Or, on the other side, “That yogurt container that you just bought that is supposed to last two weeks hit a temperature that caused it to spoil, and don’t consume it.” Those are the types of examples that we suspect we’ll see.

**Nick Santhanam:** You go to the supermarket. You decide to buy a bottle of alcohol. You buy it, and you say, “I don’t know what to do.” Instead, think about if the packaging on it is able to tell you one thing: how to make a cocktail. Two, when you scan it, it tells you, “You can make a cocktail, which suits you this way, because I know this is the type of cocktail you like and make. Here are the two other ingredients you need to buy.” And you’re going to have it. So, it’s becoming a personalized assistant to you.

**Daniel Nordigården:** What is already being tested now is digital print. How can I have my name on a beverage bottle? Or, when I buy a jar of jam or something, how can I have my name on it—or some kind of customized promotion? I think, especially for in-store sales, that kind of personalization will be important to drive the sale of goods.

**David Feber:** You could envision the packaging changing to you as a consumer having your own personalized container that can be reused over and over—that your Instacart shopper picks up from your house, fills with strawberries, and brings back to your house. We may see more micro supply chains set up in certain communities that have a higher demand for consumer personalization or [that have] requirements for packaging to be sustainable and personalized and reusable.

The future of packaging

McKinsey experts expect tomorrow’s packaging to be smart, personalized, and reusable.
Nick Santhanam: A great example people talk about is vegetable-based packaging. Think about it this way: you go buy a burger, then you throw away the box. What happens if you can eat the box? What happens if you can heat up the box and put it into your soup? What if it’s algae based or if it’s protein based? Then you can reuse it but not reuse it as a package—but in a different application. You can end up eating it. Or your dog can end up eating it. Those are the kinds of innovation I believe you’re going to see in the next five years, ten years, 15 years.

“Must dos” for packaging companies

David Feber: We’re seeing a lot of packaging companies that are waiting for their customers to come and ask for something different. The challenge with that is, often, when these customers ask for something different, they’re going to a new converter. So, there’s a real opportunity for packaging converters to step ahead, understand how these trends are affecting consumers and therefore their customers, and come in with solutions.

Daniel Nordigården: Going forward, there needs to be much closer partnerships with brand owners, with retailers, with upstream recyclers, and even downstream—with new types of customers, like e-retailers—to think through, “How is this packaging going to work in the value chain? How do you develop this to solve a pain point?” Going forward, I think more and more relocation of assets closer to customers—close by or even in house—will happen a lot.

Nick Santhanam: The point on innovation is not to go attract ten PhDs from Cal Tech [California Institute of Technology] and put them in Silicon Valley. It’s about finding what the biggest customer pain point is that he or she is not able to solve. Two, how do you solve it? But not alone—solve it in an ecosystem; solve it with a partner. Three, get your organization to act. Go do it. And when you fail, fail fast. It’s about getting your organization to be agile, to be “customer back.” If you fail, that’s OK. Learn from it and move fast.

David Feber is a partner in McKinsey’s Detroit office, where Daniel Nordigården is a senior expert; Nick Santhanam is a senior partner in the Silicon Valley office.

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