1st Person

The NFC Revolution is Nearly Here

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A few years ago, you would struggle to find a packaging publication that didn't mention *something* about NFC in smart packaging and how it was going to change the world. However, over the last couple of years, the hype surrounding NFC has died down somewhat. And that's exactly as it should be.

After the packaging industry realized the enormous potential of this technology, the NFC community has gotten down to the important task of actually *making it happen*, focusing on driving down costs and optimising the technology to make it commercially viable for fast-moving, high-volume, low-margin consumer goods.

Now the NFC revolution is nearly here. Based on research by Grand View Research, the global smart packaging market is expected to reach US$27bn by 2024, and NFC is projected to be the fastest growing segment, registering a compound annual growth of more than 12% in the next eight years. Other groups, such as the Active and Intelligent Packaging Industry Association and the NFC Forum, support these projections, stating that they also expect to see double-digit, year-on-year growth in the NFC smart packaging sector.

There are many reasons to be excited about the prospects of NFC in smart packaging. The advantages for consumers and brands are indisputable. With a simple tap of a smartphone, consumers can access information about products. This could be anything from recipe ideas, to "how-to" guides, to reminders to re-order the product.

Consumers can also receive promotional offers and get interactive, with games and competitions. For brands, there are opportunities to interact with consumers like never before and build direct customer engagement. The technology is also likely to have a significant impact on the supply chain and retail environments, enabling easier, faster and more accurate stock-checking and checkout–and higher levels of automation overall.

NFC overcomes many of the shortcomings of other technologies currently used to provide the identification of, and interactivity with, consumer goods. It can carry and communicate far more information than barcodes; the information can be dynamic (different in the shop to when clicked later); and is preferred by consumers, as it is easier to use. It also takes up far less room than QR codes and can even be integrated under existing packaging, so it doesn't interfere with existing branding.

The last few years have seen several brands make innovative use of NFC smart packaging. The prestigious Bordeaux winery Château Le Pin, which produces some of the most expensive wines in the world, has used NFC tags to allow customers to authenticate the vintage and access information on the grape variety of the wine. Stora Enso has integrated an NFC-enabled sensor into its boxes of luxury chocolates, giving consumers a way to check that the box had not previously been opened. Also,

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PACKAGING STRATEGIES NEWS
Volume 35, No. 19 | October 31, 2017
Packaging Strategies News (ISSN 8755-6189) is published 22 times a year (including an annual industry review). For more information, contact:

Packaging Strategies
600 Willowbrook Lane, Suite 610
West Chester, PA 19382-4550, U.S.A.
Tel: 1-610-436-4220
1-800-524-PACK (7225)
Email: editors@packagingstrategies.com

Subscription Information:
Toll-free number: 855-228-8923
Phone: 818-487-2078
Email: packstrat@pubservice.com

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Lucozade released promotional bottles that could be used to access free public transport via the London Tube's NFC tap-to-pay system. In fact, a single NFC device in smart packaging can be multi-functional, allowing for a wide range of use cases, from entertainment to offers.

So, if the technology is maturing and the advantages of NFC are so manifest, why isn't it everywhere already? The answer to that is simple: To date, it has been too expensive.

There has been a steady reduction in the price of NFC tags, down from around 15-20 cents to about 10 cents, or less. As you'll note from the examples above, NFC has generally only been applied to high-value goods or special promotional items that can accommodate this relatively high additional cost. To make significant inroads into the FMCG sector, the cost of producing NFC for smart packaging will have to reduce radically.

How low? The figure we're hearing from industry sources is somewhere around the one cent mark for FMCG (in very high volumes of course). This figure is supported by industry commentators such as Hanna Langstron of RFID Arena. When debating when NFC would take off, Langstron claims, "One indicator that several grocery retailers mention is when a tag's cost is under one cent, that's when." This is a view backed up by the UK-based project called SCOPE, (funded in part by Innovate UK), which aims to encourage the development of ultra-low-cost NFC tags.

Obviously, this is a drastic price reduction when compared to most solutions on the market today. New processes and technologies are emerging that will lead to exciting reductions in the cost of the key components behind NFC tags, so the one cent target will be achievable in the not-too-distant future. Also, the recent technology innovations in NFC deliver flexibility and impact-resistance, opening up the possibility of integration into bags, pouches and other forms of flexible packaging.

It is the reduction in price, though, more than anything else, that will be the driver in NFC smart packaging rolling out in significant volumes within the next few years. I also expect that, like Wi-Fi, NFC smart packaging will be one of those innovations that rather "creeps up" on us: When it takes off, it will take off in a big way, and we will wonder how we ever managed without it. PS

Nutrition Facts Label: FDA to Extend Compliance Dates

The U.S. Food and Drug Administration is proposing to extend the compliance dates for the Nutrition Facts and Supplement Facts label final rule and the Serving Size final rule from July 26, 2018, to Jan. 1, 2020, for manufacturers with $10 million or more in annual food sales. Manufacturers with less than $10 million in annual food sales would receive an extra year to comply—until Jan. 1, 2021.

The FDA is committed to making sure that consumers have the facts they need to make informed decisions about their diet and the foods they feed their families. The proposed rule only addresses the compliance dates. The FDA is not proposing any other changes to the Nutrition Facts Label and Serving Size final rules.

The agency is proposing to extend the compliance dates in response to the continued concern that companies and trade associations have shared, regarding the time needed for implementation of the final rules. These stakeholders expressed concerns about their ability to update all products by the original compliance dates and the importance of obtaining clarification from the FDA on a number of technical issues relating to the final rules.

Pending completion of this rulemaking, they intend to exercise enforcement discretion with respect to the current July 26, 2018, and July 26, 2019, compliance dates.

Written or electronic comments on the extension of the compliance dates are being accepted for 30 days, beginning on October 2, 2017. The FDA is only accepting comments on the extension of the compliance dates. PS

Editor's note: For an in-depth look at this issue, see PSN*'s Oct. 16th 1st Person: "*What Does the FDA's New Nutrition Facts Label Mean to the Industry*?" written by Claudia Lewis, Co-Chair of Venable's FDA Practice.* PS