



Connected Packaging: Your best performing owned media channel



Foreword

This guide is a condensed version of the 'How Connected Packaging Works' report, written by Experience Is Everything founder, Paul Simonet, with contributions from marketing leaders including Orlando Wood and Caspar Thykier. For the full report, head to the Experience Is Everything website: www.eieie.com/



Zappar is the world's leading augmented reality platform and creative studio for mobile and web apps. Since 2011, Zappar's mission has been to democratise AR and get it into the hands and lives of as many people as possible, unlocking value for businesses and end-users alike. Zappar's award-winning AR platform and creative consultancy, enable brands, businesses and license partners across the world to deploy innovative and market-leading AR solutions across the mobile web and native apps.

Zappar's partners include; Coca-Cola, McDonald's, Nestle, PwC, 7-Eleven, Puma, BBC, Bombay Sapphire, Kelloggs, Fanta, Walmart, Unilever and Samsung among others.



Experience Is Everything is a first-of-a-kind specialist in always-on packaging. We provide end-to-end experiences for companies looking to maximise the value of their connected packaging with their customer base around the world. We do this through a team of creative, technology and marketing specialists, geared to capitalise on the explosive growth in connectivity worldwide. We help global brands take control of meaningful direct connection with customers via the 'owned medium' their packaging.

System1

System1, The Effectiveness Agency, are world leaders in advertising effectiveness, brand equity and new product innovation measurement and guidance. System1 works closely with the Institute of Practitioners in Advertising to understand what makes for effective advertising creative, providing thought-leadership in publications such as the widely acclaimed Lemon, IPA, 2019. Their Test Your Ad service provides fast and comprehensive coverage of advertising performance across categories and enables brands to improve their advertising performance before it airs.

Key findings from the study

AR advertising
outperforms
traditional advertising
by **55%** in this study

The overall levels of
Happiness and Surprise
elicited from the AR
campaign were at 87
points versus 56 for the
advertising norm – a **55%
increase** over the ad norm

Only 1% of ads
achieve a 5-star
rating

The AR experience
achieved **one of the
highest ever ratings**
recorded by System1
across the 40,000+
ads they've tested to
date.

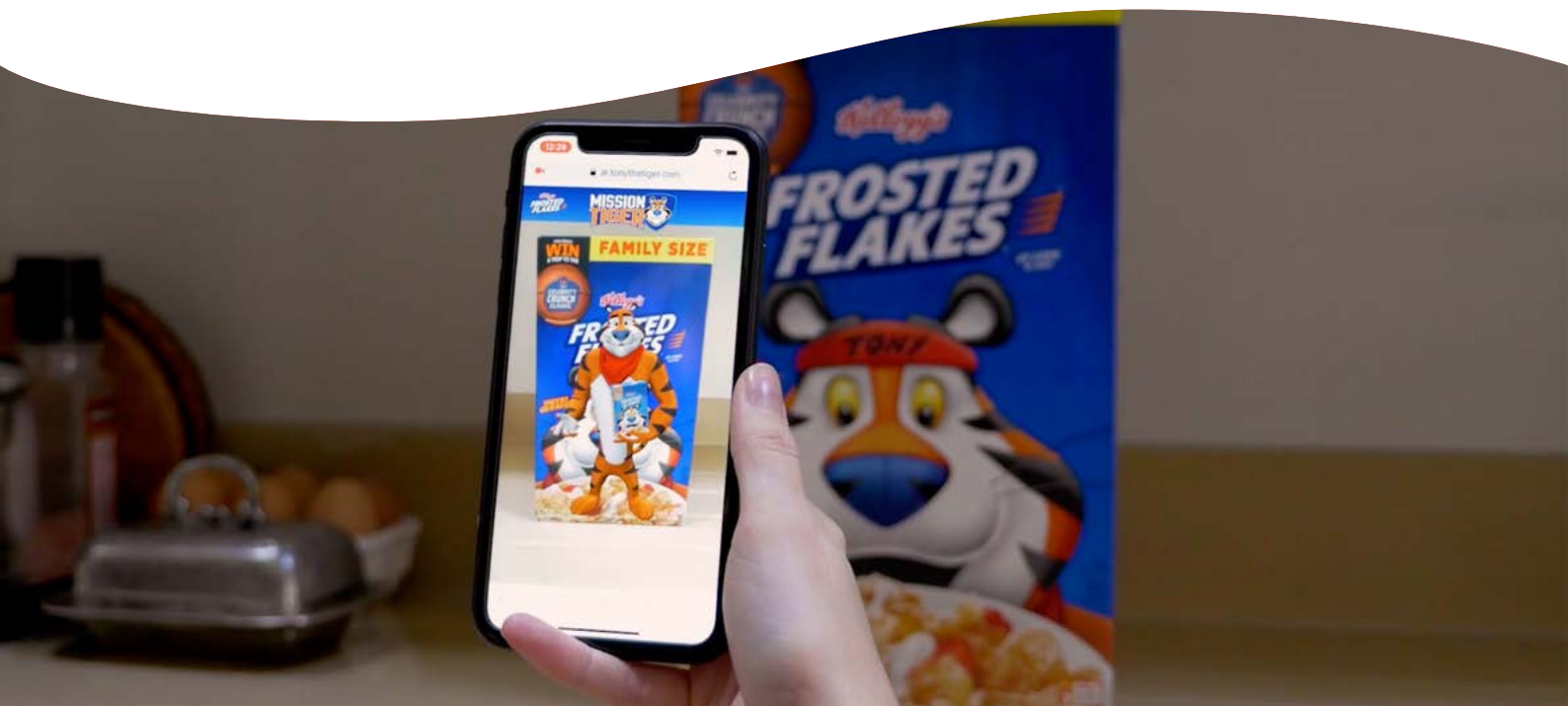
AR delivers:
2-4% average scan rate for CPG
90+ seconds average dwell time
2.9x scans per user

Your most powerful owned media channel

There was a great Tweet from a gentleman called Taylor Holiday where he mused, **“Your unboxing experience is the only marketing channel with 100% open rate.”** That really struck a chord with our thinking and work over the years around connected packaging and its role as a powerful owned media channel.

There are two critical moments of discovery in any product journey —at point of purchase and point of consumption. A lot of time and energy is naturally given to the all-important moment of truth at the point of purchase where top of mind awareness, strong brand recall and shelf standout are critically important to securing a sale. Here visual impact and clarity are key.

But perhaps not as much attention has been given to the importance and power of product packaging once in hand and on shelf at home where the potential for interaction, engagement and dwell time is less fraught and more contextually relevant to drive future purchase. Arguably, as Taylor suggests, this is the moment where you have someone’s 100% full attention. They’re quite literally bought into your product and ready to learn more about its provenance, ingredients, credentials, purpose, instructions, brand tie-ups, promotions and ultimately its story.



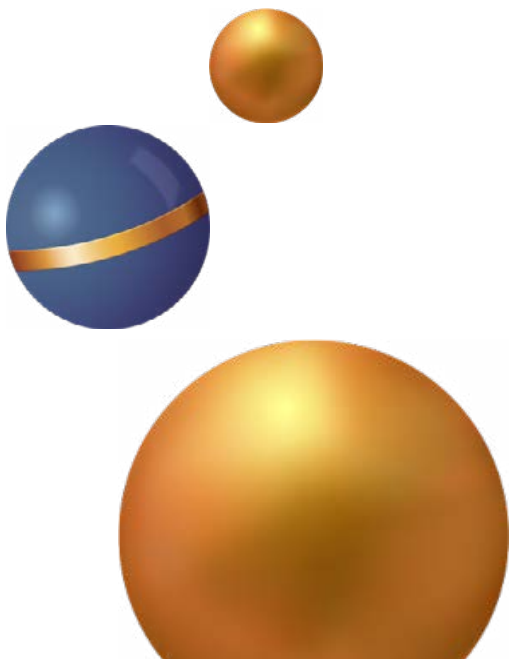
A willing audience

This is a willing audience. But then there's only so much of that narrative that you can squeeze onto the side of your product or pour into its aesthetics. That's where the potential and power of connected pack experiences come into play –to say much more than words on a pack (small words at that) can do.

Our phone has become the evolutionary appendage we can't live without. It's the first thing we turn to when we wake up and the last thing we switch off at the end of the day. It is the means through which we (individually) creatively impact our digital social lives through carefully curated and enhanced posts, images, video, avatars and face filters. In fact, it's less a smartphone than a smart camera/ computer in our pockets.

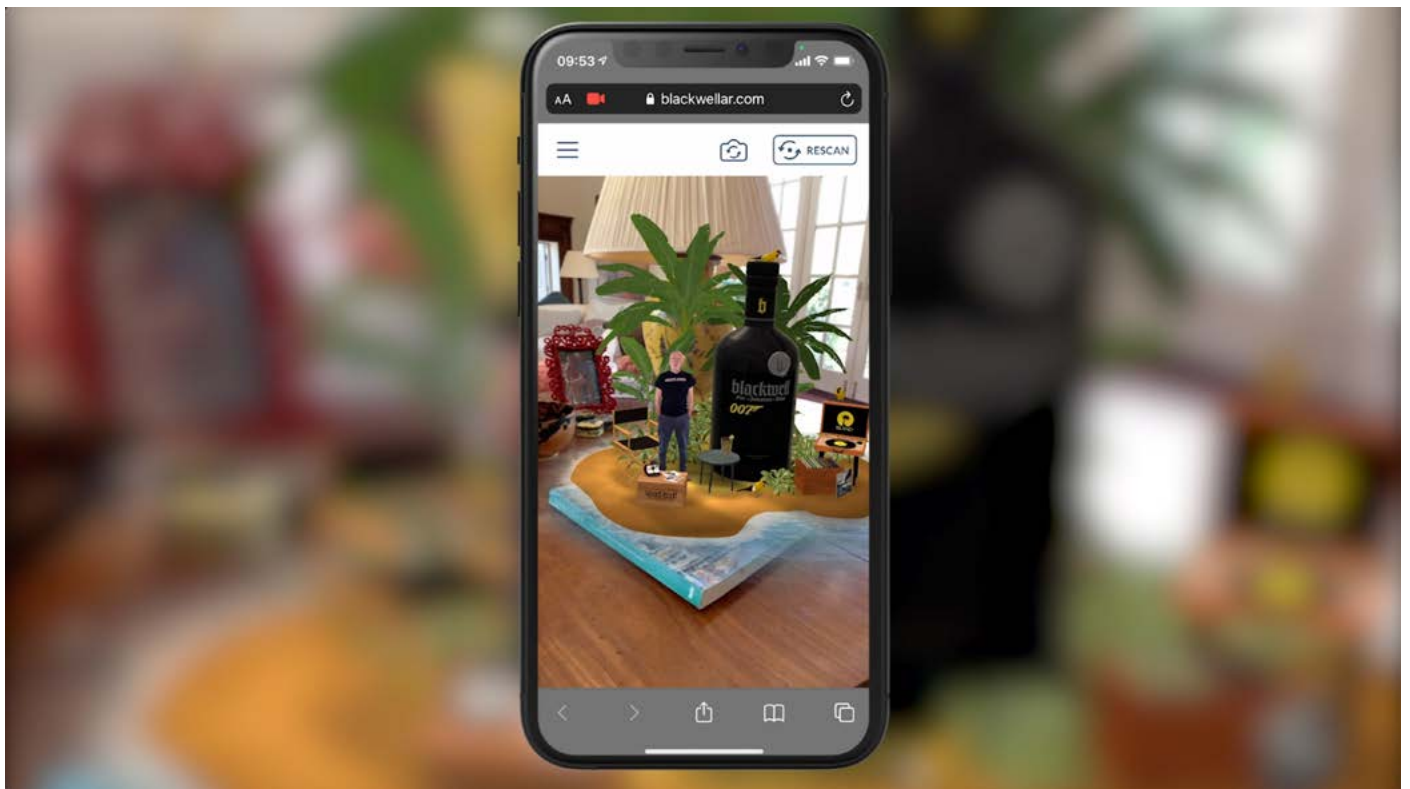
Through that camera, we're able to cast a new lens on the world around us thanks to the facilitating technology that is augmented reality. AR allows us to scan the world around us through QR codes and images to discover additional layers of information and experience be it from print, packaging, products, places and faces.

That's fundamentally important for brand owners with product packaging as it means that we can turn passive print into an always-on, ownable digital discovery and media channel that you can control to serve up more relevant information to your consumers and get insights and data about what they're actually doing with your product when they're actually using it.



Discover additional layers

This example below for Blackwell Rum explores the story of this product and its connection with Ian Fleming and the Bond franchise using AR in a way that words alone cannot.



If you're thinking that digital display of content is hardly going to move the needle you might be interested to learn that recent Shopify research showed that **interactions with products having 3D/AR content showed a 94% higher conversion rate than for products without AR/3D**. As humans we have an innate curiosity about the world around us, giving additional ways to digitally explore a product that satiates that curiosity, it would appear.

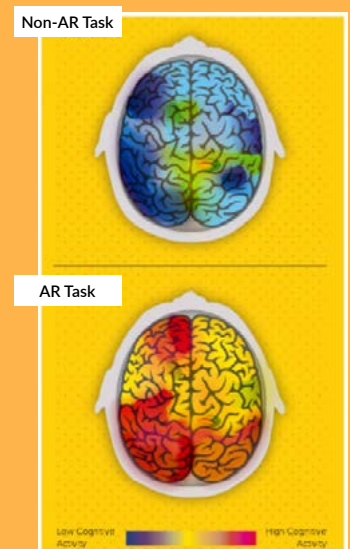
Attention levels of AR

We know this too through our own neuroscience research which showed that visual attention doubled amongst the nationally representative sample of individuals across the spectrum for experiences and activities delivered with AR versus an online experience via a laptop or tablet; whilst the level of memory recall from these activities increased by 75%. The simple conclusion was that connected pack AR facilitates 'active learning through doing'. It's not a passive experience. It's opt-in and engaging.

Neuro-science expert Heather Andrew emphasised the point in a [recent study](#).

“At Neuro-Insight we’ve researched brain response to many different media, and this study has shown that AR delivers exceptionally high attention levels – 45% higher than the average we see for TV viewing or general online browsing”

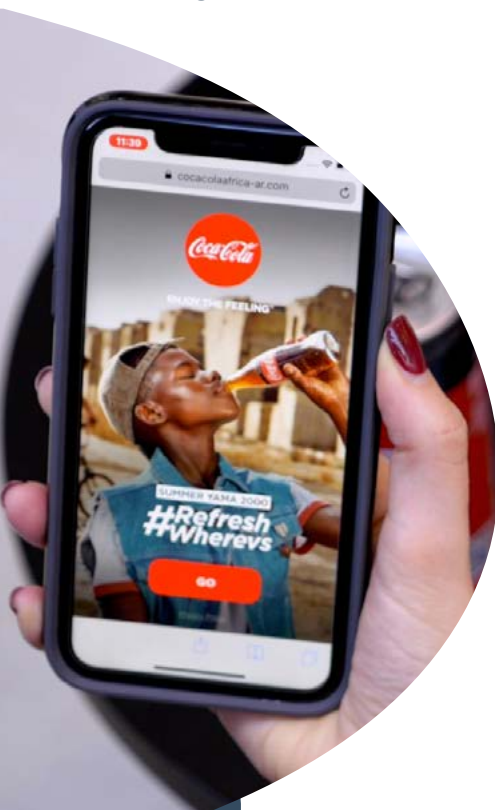
Heather Andrew, CEO at Neuro-Insight UK



AR put to the test

To understand the creative impact of AR and how it compares with other communications we teamed up with System1, who are experts in testing communications for their commercial effectiveness and Experience Is Everything as part of their broader report on the value in connected platforms and packaging.

System1's research methodology is based on psychologist Paul Ekman's core human emotions. Through years of research with advertising effectiveness data, System1 has developed a means of measuring emotional response to advertising to determine its effectiveness. Their emotional scale is weighted for business impact; happiness and surprise are key for long-term market share growth.



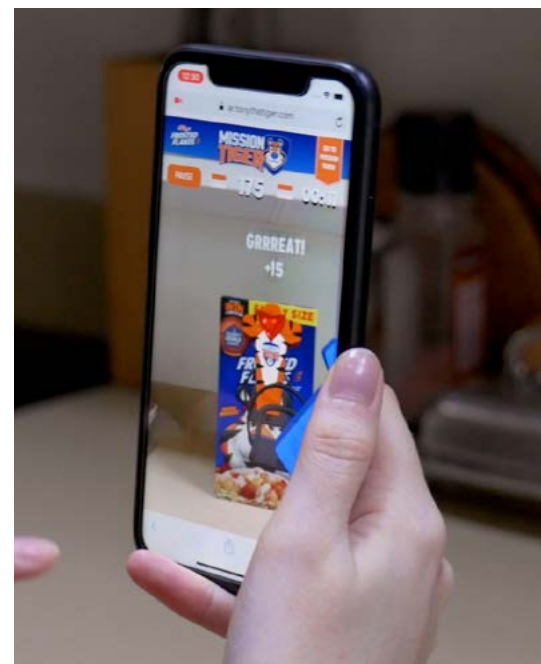
This is summarised in a Star rating score that shows the potential of the advertising creative to amplify the effects of share of voice, where 1-Star represents little to no growth potential and 5-Stars exceptional growth potential. System1 also measures disgust, fear, sadness, anger, contempt, along with the strength of any emotion aroused, plus neutrality (the proportion of people feeling 'nothing'). (For further details on System1's approach, see the book 'Lemon' by Orlando Wood, published by the Institute of Practitioners in Advertising, 2019).

It is very difficult to achieve a high Star score. From System1's extensive testing of advertising (over 40,000 ads tested), only 1% of ads achieve a 5-star rating, with 53% achieving a 1-star rating and thus having little to no long-term impact at all.

How it performed

We took an existing Web AR experience we'd delivered for a national household CPG brand, with a well-known brand character, and compared it with normative advertising testing data for the category and with the current in-market advertising for that same brand.

The AR creative, activated from the packaging, introduced the iconic brand character in 3D and the campaign theme for the product. In a second version of the AR creative, this was followed by an invitation to apply some simple face filters, which put the user in the context of the experience. The call to action itself was clearly displayed on the packaging with a QR code, a scan of which launched the experience; a clear reason for participation, stating the benefit, was also provided.



The System1 research, conducted with a robust and relevant sample of 150 participants, showed that the AR experience outperformed category communications norms and indeed achieved the highest rating on record.

The AR execution scored 5-Stars, compared with an industry norm of 3-Stars. It also significantly outperformed high-performing category ads on lack of neutrality (i.e. arousal of any emotion), with a much greater intensity of emotion felt overall.

Both the AR intro alone and AR intro with face filter earn high 5 Star ratings landing above the US advertising, food and cereal norms.

The overall levels of Happiness and Surprise elicited from the AR campaign were at **87 points** versus 56 for the advertising norm – a **55% increase** over the ad norm.



“The AR experience comfortably surpassed category norms for advertising, achieving an emotional response that was amongst the very highest on record.”

Orlando Wood, Chief Innovation Officer at System1



The smile factor

FaceTrace® emotional response



Total sample

Significance level **A B C = 95%**

Which of these faces reflects how you feel about the experience on your phone?
To what degree does this experience make you feel (selected emotion)?

System1 © System1 Group PLC



Brand characters in AR

Orlando Wood, Chief Innovation Officer at System1, and authority on the effectiveness of brand characters in advertising, said of the findings,

“These striking results show with confidence the benefits of an immersive AR experience for emotional connection. We know that ‘character’ (along with ‘incident’ and ‘place’) is important in advertising for driving emotional response and holding attention. Yet, despite the established effectiveness of recurring advertising characters, very few advertising campaigns use them today.”



AR experiences are the new frontier in the use of characters; exciting because the technology enables you, through character, to connect with audiences in a place of their choosing. AR experiences undoubtedly provide activation opportunities, but perhaps the most interesting and useful marketing role they can play is to strengthen the recognition of your brand assets and forge an emotional connection with users. When activated,

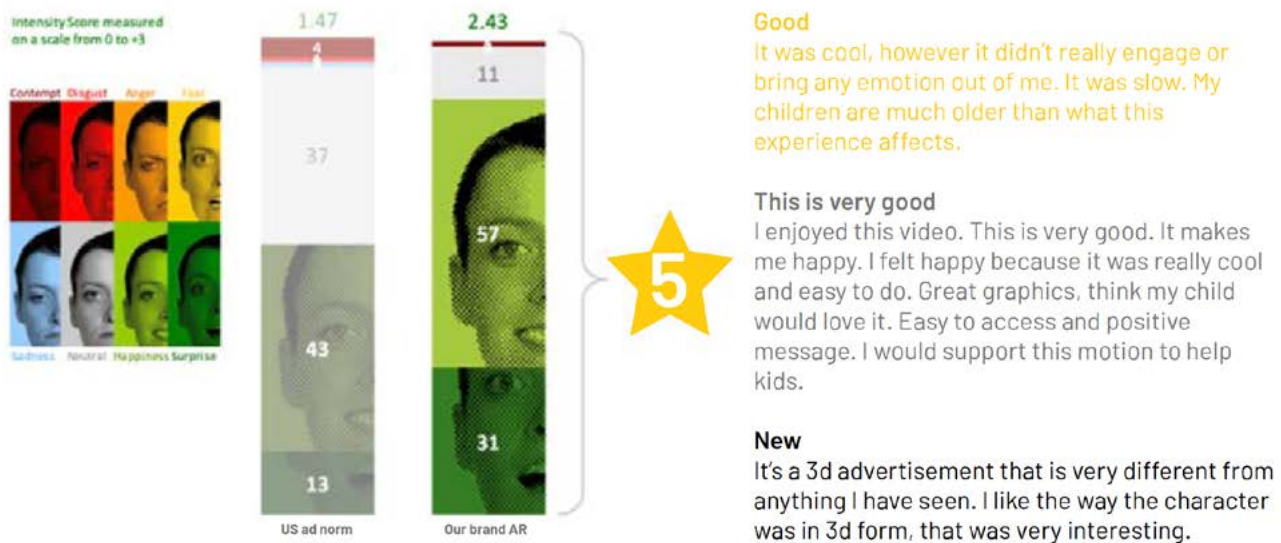
AR experiences can help establish and reinforce long-term memory structures. Why is this important? Because it helps to raise the salience of your brand over others at the next purchase occasion, whilst at the same time reducing price sensitivity to your brand, with obvious implications for profit

When activated, AR experiences can help establish and reinforce long-term memory structures

The magic is in bringing the passive, physical package to life in a contextually relevant setting with AR where, through a user's device, they can 'drive', interact and control the narrative through spatial storytelling.

As Arthur C. Clarke whimsically remarked all those years ago, "Any sufficiently advanced technology is indistinguishable from magic", and that would seem the case for connected packaging where the creative impact is akin to experiencing a little bit of magic. That sense of creative surprise is clearly seen within the test data.


Overall emotional profile | AR intro FaceTrace® | emotional triggers



What is it about this experience that makes you feel (selected emotion)?

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When activated, AR experiences can help establish and reinforce long-term memory structures



“These striking results show the benefits of an immersive AR experience for emotional connection, and how they might be used alongside brand building advertising.”

In summary, the data at our disposal across the spectrum of neuroscience, marketing and advertising research with System1, and category benchmarking in collaboration with Experience Is Everything, show the impact that AR has in connected packaging and how it can deliver success.

What they collectively tell us is that your product and packaging are the most valuable piece of owned media real-estate at your disposal. We can turn that passive print into a digital portal of discovery that features living characters, brand assets, augmented storytelling entertaining and delighting your end customers, creating a direct conversation with them, and delivering added value to the brand and product experience through the interaction of connected packaging and emerging AR tech.



To learn more about the research you can watch Caspar Thykier (CEO & Co-Founder, Zappar) with Orlando Wood (CIO, System1) and Paul Simonet (Director, Experience is Everything) discussing the research findings and talking about the power of connected packaging. [Watch Now >>](#)





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