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Smart Labels: Driving innovation and growth

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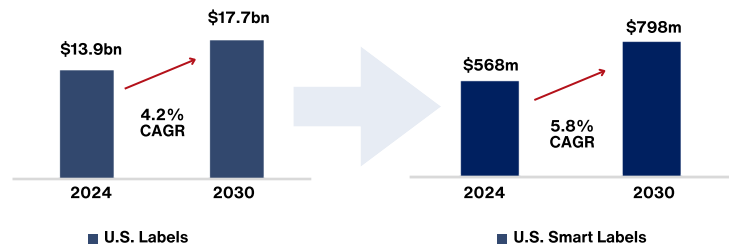
Smart label technologies continue to drive growth within the wider packaging industry.

INTRODUCTION

- As the U.S. packaging industry continues to evolve towards increased digitization, smart labels, which integrate technologies like RFID, NFC, QR codes and sensors. Beyond enabling real-time tracking, authentication, and consumer engagement, smart labels sit at the intersection of packaging, data, and digital infrastructure making.
- Companies operating in the space of smart label technologies are becoming highly attractive bolt-on acquisition assets for both strategic players and private equity platforms.

THE MARKET

The U.S. smart label market is projected to grow at a 5.8% CAGR through 2030, outpacing the traditional labeling market estimated at a 4.2% CAGR over the same period, signaling a clear shift toward intelligent packaging solutions and technologies.



NOTABLE PLAYERS



Identiv and InPlay are developing BLE ('Bluetooth Low Energy') enabled smart labels for real-time tracking and sensing in cold chain, pharma, and logistics applications.



Avery Dennison Smartrac provides digital ID technologies that authenticate product history and enable tracking and inventory solutions, positioning it as a leader in smart labels.



CCL Industries acquired eAgile to strengthen its intelligent label offerings by integrating RFID into specialty packaging for product tracking, authentication, and supply chain visibility.

M&A IMPLICATIONS

Industry packaging players looking to stay competitive are seeking bolt-on acquisitions with smart label technologies that offer:



Technological Differentiation: Traditional converters can integrate digital capabilities into their core offering, improving client stickiness and margins.



Cross-Sell Potential: Smart labeling can be layered onto existing packaging products (cartonboard, flexible, plastic), unlocking incremental revenue from existing customers.



Access to High-Growth Markets: Smart labels often serve high-regulation or innovation-driven industries (e.g. pharma, medtech), providing access to defensible, higher-growth end markets.



Scalable Integration: Most smart label players are small-to-mid-sized with limited capex needs, making them ideal bolt-on acquisitions for industry leaders and private equity platforms.

SMART LABELS IMPLEMENTED ACROSS END MARKETS

- The smart labeling segment of the market is having a positive and transformative impact on the broader packaging industry.
- With major flagship brands leading adoption, packaging providers are under growing pressure to innovate or risk obsolescence.
- For consolidators, this shift presents a compelling M&A opportunity to acquire and integrate smart label capabilities to stay ahead of customer demands, along with driving value in a high-growth segment of the packaging industry.

End Market	Smart Market	Example
 Pharmaceuticals	The pharmaceutical industry uses technologies like QR codes, RFID, or NFC to enable digital traceability, authentication, and real-time data access.	• Hanmi Pharmaceutical tracks c. 60m units annually with RAIN RFID, automating order to shipment. • The system improves accuracy, cuts costs, ensures traceability, and prevents counterfeits.
 Food & Beverage	QR codes, sensors, or time-temperature indicators are used to enable real-time traceability, verify authenticity, and monitor freshness or spoilage of food and beverages.	• Mowi partnered with EVRYTHING to give its seafood a unique digital ID, enabling full provenance access via QR code. • The system collects anonymized data to enhance transparency, trust, and product insights.
 Beauty & Retail	Smart labels, usually QR codes or NFC tags, link packaging to digital content like tutorials, ingredient info, usage guides, and AR ('Augmented Reality') virtual try-on tools.	• Puma's NYC flagship store uses QR codes and RFID to deliver AR experiences and detailed product info. • RFID tech also streamlines inventory management and detects counterfeit returns.
 Industrial	Industrial companies use QR codes, or IoT sensors to improve logistics and supply chain management by enabling real-time tracking, condition monitoring, and automated inventory control, reducing errors and boosting efficiency.	• Siemens employs RFID-enabled smart labels in manufacturing and distribution to track parts, tools, and products in real time. Each tag includes: ◦ A unique identifier linked to the product's digital twin ◦ Live location data for in-transit tracking ◦ Environmental condition monitoring (e.g., temperature, vibration)

SMART LABEL M&A ACTIVITY

Date	Target	Target Description	Buyer	EV (\$)	EV / Rev (x)	EV / EBITDA (x)
Oct 2024		U.S.-based smart label company that manufactures RFID tags and labels, offering high durability, speed, and cost-efficient RFID converting.		\$1.8bn	1.4x	8.7x
Oct 2024		Belgian company offering NFC-based authentication, traceability, and consumer engagement solutions for premium brands across luxury, spirits, and fashion industries.		N/A	N/A	N/A
Jul 2024		U.S.-based company that provides custom label printing and RFID/NFC converting solutions for industries like retail, healthcare, automotive, warehouses, etc.		\$8.4bn	1.4x	7.9x
Feb 2024		Mexican label converter founded in 1981, specializing in pressure-sensitive, RFID, variable-information printed labels, tickets, badges etc.		\$0.35bn	N/A	N/A

Recent transaction activity in the labels and packaging industry suggests a strategic shift toward integrating smart labeling technologies, enhancing operational capabilities, and expanding market reach.

Strategic Expansion into Smart Labeling: Companies are increasingly investing in smart label solutions, such as RFID and NFC technologies, to meet growing demands for traceability, regulatory compliance, and consumer engagement. These acquisitions enable firms to offer advanced labeling solutions, improving supply chain efficiency and product authentication.

Enhancing Operational Capabilities: The integration of smart labeling technologies allows companies to streamline their operations, reduce costs, and improve product tracking. By acquiring firms with smart labelling expertise, companies can enhance their manufacturing processes and offer more efficient solutions to their customers.

Expanding Market Reach: M&A activities in the smart labeling sector also facilitate geographic expansion and access to new markets. For instance, ProMach's acquisition of Etiflex expands its geographical presence throughout North America, marking its first acquisition in the Mexican market.

CONCLUSION

Digital packaging innovations and in particular smart label technologies are reshaping the packaging industry. As regulatory demands for traceability, anti-counterfeiting, and supply chain visibility grow, alongside consumer expectations for transparency and engagement, businesses that embed smart labeling into their operations become significantly more compelling to potential buyers. These capabilities signal higher growth prospects, defensible margins, and relevance in an evolving market. Many acquirers prefer adding such technologies as bolt-on acquisitions or product complements, rather than developing them in-house, making companies with existing smart labeling expertise much more likely to be in demand and to achieve strong valuations.

PRACTICE TEAM



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Robert Adams is a leading Corporate Finance Advisor with a wealth of experience in Debt Fundraising and M&A. He is a Fellow of Chartered Accountants Ireland. He has developed a strong reputation for financing and refinancing business and property based portfolios, working across a broad range of Corporate Finance activities. He has significant commercial experience in undertaking M&A, Business Reviews, Due Diligences and Strategic Advisory for Corporate clients. Robert has developed a large client base across a broad range of sectors throughout Ireland.



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Rick Thomas, FOCUS's CEO, has 25 years of consulting, management and M&A advisory experience across industries including manufacturing, distribution, and food service. Prior to joining FOCUS, he served as Vice President at VSI, a boutique investment banking firm located in Washington, DC. He led M&A activities for publicly and privately held companies in the middle market, several of which have annual revenues in excess of \$1 billion.



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Brian Barrett, a FOCUS Managing Director, has extensive expertise in providing strategic advice to entrepreneurs, business owners and companies to assist them in achieving their strategic ambitions with nearly 20 years of corporate finance experience working with SME's, large corporates and semi state bodies.

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Sean Haynes is a senior advisor with over 20 years' experience in agricultural finance and operations. He co-founded Nova Asset Management and AgriCFO, advising clients on farm management, agri-investments, and improving financial and operational performance.



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Adam Ryan, a FOCUS executive, supports buy-side and sell-side engagements as well as capital raising. Prior to FOCUS, he worked at DelMorgan & Co., working across the U.S.. His experience includes working with founder-owned businesses in the advanced manufacturing and packaging sectors.



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Kate Elliott is the Director of Research and oversees the production of research, financial modeling and analysis, and writing assignments that are integral to FOCUS's process-driven methodology for executing M&A transaction work.