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Presented by



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## Executive summary

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### **Shelf Ready Packaging (Retail Ready Packaging)**

**Addressing the challenge:  
a comprehensive guide for a collaborative approach**

How can we make shelf-filling operations and consumer shopping trips simpler? This is not really a new concern, but an overriding one when consumer focus on price requires always more innovative solutions to cut costs while improving the shopping experience.

Previous surveys published by ECR Europe show that a significant number of out-of-stocks are related to issues occurring in the last 50 meters: it is sometimes not so easy for the store personnel to identify the product at the back of store; then to put it on shelf without damaging it; to open swiftly the outer case and perform efficiently the shelf refill activity.

In this context, Shelf Ready Packaging appears to be one potential solution to address these multiple challenges, where the cost of implementation can be justified by the expected benefits in terms of product on-shelf availability improvement, consumer recognition enhancement and shelf replenishment effectiveness.

Shelf Ready Packaging (SRP) is the term used throughout this publication to refer to a product that comes in a ready merchandised unit which is easy to identify, easy to open, can easily be put onto the shelf and disposed of, allowing an optimisation of shelf replenishment and enhanced visibility. SRP is synonymous with RRP (Retail Ready Packaging), and ready to sell or PAV (prêt-à-vendre). SRP covers all types of shelf ready packaging, including promotional displays, pallets, etc.

There is currently a multiplication of local and proprietary SRP initiatives in Europe. Major retail chains in Europe have asked suppliers to provide products in shelf ready packaging or are preparing to do so. There is a risk of proliferation of contradictory guidelines, which would endanger the initial vision of bringing more value to the consumer. In addition, there are discussions between manufacturers and retailers about where the costs and benefits of SRP actually occur.

Therefore, the ECR Europe Executive Board initiated a joint project on the subject of SRP between manufacturers, retail partners and packaging suppliers. The present report is the culmination of 11 months of work by the ECR Europe Shelf Ready Packaging project team, where manufacturers, ECR national representatives and packaging suppliers worked jointly with retailers, ably supported by Accenture. The objective has been to formulate the business case and work on the definition of common principles and functional requirements for SRP design applicable across Europe. In this context coordination and alignment of the various local ECR initiatives is essential.

We hope you find this document a valuable introduction and a good starting point to your journey through the SRP world

Xavier Hua  
Carrefour



Bernard Fradin  
Kraft Foods



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# 1 Executive Summary

SRP is a reality today. Numerous stores all across Europe demonstrate a fairly high level of implementation. Expected benefits from SRP sit both in the area of productivity (shelf replenishment effectiveness) and of business opportunity (On Shelf availability improvement, improvement of product recognition in shelf by the shoppers). But surprisingly, so far very little shopper research has been done to understand in detail how the shoppers interact with SRP.

The international survey about SRP performed by IGD in the UK, France, Germany and Spain during the first half of 2006 provides interesting learnings: first of all, SRP definitely impacts the shopper. On the one hand, shoppers quote positive SRP impacts such as “facilitating in-shelf product identification”, “making the shelf more appealing”, or “helping draw attention to new products”. On the other hand, the same shoppers highlight two critical points:

- SRP superior design is key: get it wrong, and the shopper will walk!
- From a general perspective, shoppers will not accept extra cost for benefiting from SRP.

For these reasons, SRP cannot be considered as a standalone best practice, whose generalisation would bring substantial and measurable benefits at the industry level. Its implementation should follow a case-by-case iterative, rather than systematic or dogmatic approach. This report aims to provide you with a methodological framework, comprehensive tools, and testimonials for embarking on your journey through the SRP world.

## Scope

Shelf Ready Packaging (SRP) is the term used throughout this publication to refer to a product that comes in a ready merchandised unit which is easy to identify, easy to open, can easily be put onto the shelf and disposed of, allowing an optimisation of shelf replenishment and enhanced visibility. SRP is synonymous with RRP (Retail Ready Packaging), and ready to sell or PAV (prêt-à-vendre). SRP covers all types of packaging which goes to the retail outlet, including promotional displays, pallets, trays, crates, etc.

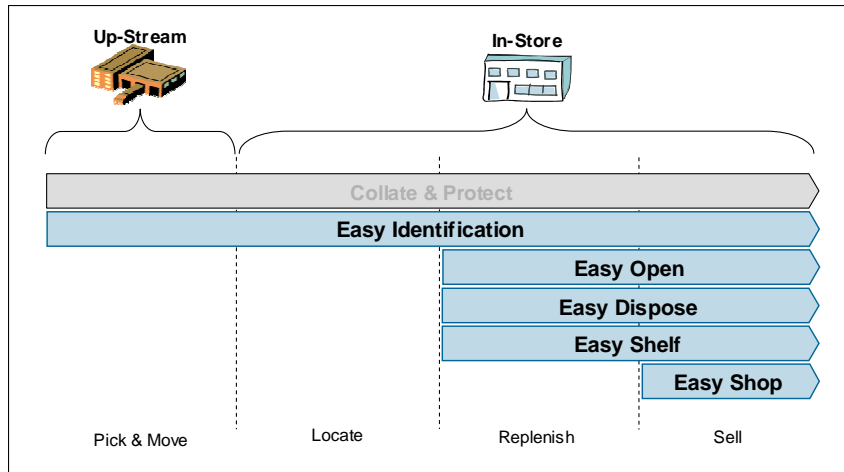
## Guiding Principles

First of all, to guide the discussion between manufacturers and retailers, the following comprehensive set of guiding principles for SRP implementation has been established:

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| <ul style="list-style-type: none"><li>• Always of Value to the Shopper, Retailer and Manufacturer</li><li>• Compliance with Environmental Legislation and Public Policy Concerns</li><li>• Avoid Fragmentation and Complexity</li><li>• Maintain Brand Identity</li><li>• Measure Implementation</li><li>• Requirement of Long-term Commitment from Retailers and Manufacturers</li><li>• Compliance with total Supply Chain Efficiency Principles</li></ul> |
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## Functional Requirements

Experience shows that it is generally easy to define what is not SRP. Reversely, it is sometimes not so straight forward to define precisely what is SRP. An industry agreement on common functional requirements for SRP design, applicable across Europe, is therefore an important pre – requisite. The following diagram illustrates the five SRP requirements validated by the ECR Europe workgroup:



The requirements listed above can vary in importance according to the product, and should be taken into consideration alongside existing ECR Europe recommendations pertaining to efficient unit loads design throughout the supply chain (1997). The assessment tool provided in this document allows the relative importance of these requirements, for a specific product or group of products, to be weighted collaboratively, and to measure the compliance of a specific SRP design with each of these requirements. 100% compliance with all the functional requirements should not be a systematic target: depending on product characteristics, it may appear that some of these requirements are not applicable in a particular case. However, Easy Identification (facilitation of product identification in warehouse or back store) will always be considered best practice for most packaging solutions, whether SRP or not.

## Business Case

SRP implementation, can in many cases, impact the cost structure of a product, since it may require industrial investment or additional outer packaging cost. However, as mentioned above, shoppers are not willing to pay for any extra cost related to SRP implementation. A collaborative and consistent business case approach is therefore required to assess the costs and benefits of implementing SRP on one specific product or group of products.

The eight-step approach illustrated below enables retailers and manufacturers to take a total supply chain view and to make an informed decision on SRP execution, with the ultimate goal of enhancing shopper experience and maximising joint business benefits.



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The eight-step approach includes a business case assessment tool. This comprehensive Excel tool will help you prioritise the cost and benefit drivers applicable to your SRP projects, and to perform an end-to-end simulation with a detailed cost and benefit measurement for both retailer and manufacturers. It will also enable you to benchmark different SRP execution options.

It is important to understand that the scope of a business case should not be limited to one specific retail partner or product. Look for opportunities to combine or spread cost and benefit to build a business case involving a number of trading partners or a number of products.

Finally, tracking results and measuring implementation success, based on the initial business case, is important to identify if the solution needs to be reviewed and take suitable corrective action. The report also provides you with a simple set of process KPIs, such as SRP availability and usage, assessing the spread of SRP across retail partners consistently.

## **In Store Execution**

Once a retailer and a manufacturer have agreed on the development of an SRP solution in line with the guiding principles, functional requirements and business case approach, it is imperative that the solution is fully utilised.

To maximise the success of implementation, SRP should be approached as a company initiative, supported by the top management, both at manufacturer and retailer level.

The following 3 step process will ensure a successful in store execution:



Successful execution relies mainly on management communication, staff training, usage tracking and feedback. The store audit checklist provided in this document will facilitate the initiation of a continuous improvement approach on SRP, by capturing at the shelf level the feedback from the store personnel in light of the expected benefits of a specific SRP execution.