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Presented by



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

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

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# 1 Foreword

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 commissioned the production of a report on the subject of SRP between manufacturers, retail partners and packaging suppliers. This report is the culmination of 9 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  
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## 2 Contributors and Acknowledgments

This report was made possible by the support and contribution of members of ECR Europe; their leadership and direction and general willingness to share information and experiences has added significantly to the content of this project and resultant report. ECR Europe would like to thank the project team members who willingly gave their expertise as members of the ECR Europe SRP project team:

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### 3 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.

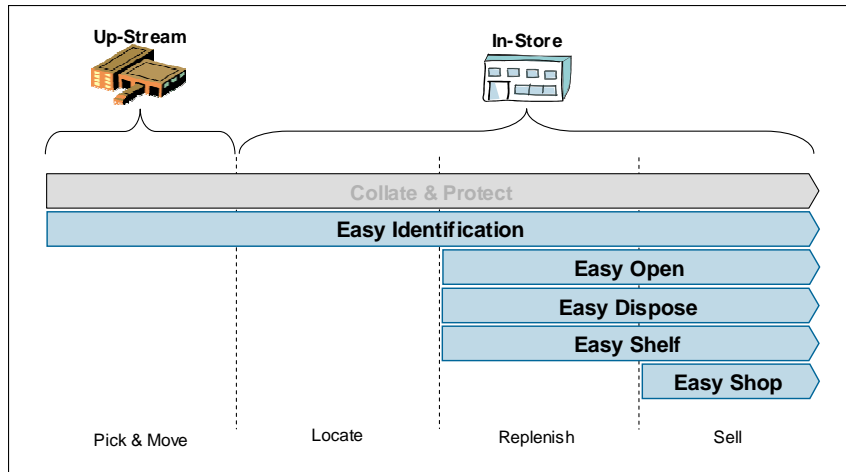
#### Guiding Principles

First of all, to guide the discussion between manufacturers and retailers, the following comprehensive set of guiding principles for SRP implementation is being recommended:

- |  |
|--|
| <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> |
|--|

#### 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.



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## 4 Glossary of Terms

Term / Abbreviation	Definition
COGS	Cost of Goods Sold
ECR	Efficient Consumer Response
KPI	Key Performance Indicator
MU	Merchandising Unit
NPD	New Product Development
OOS	Out of Stock
OSA	On Shelf Availability
PAV	see <i>SRP</i>
POP	Point of Purchase
POS	Point of Sale
RRP	see <i>SRP</i>
ROI	Return on Investment
Secondary Packaging	Carrier of the product / consumer unit, with or without primary packaging. For the scenario where the pallet is displayed as a merchandising unit, that whole unit is considered secondary packaging.
SKU	Stock Keeping Unit
SRP	Shelf Ready Packaging. Equivalent to RRP (retail ready packaging), ready to sell or PAV (prêt-à-vendre). SRP covers all types of shelf ready packaging, such as on-shelf tray, re-usable plastic tray, Pallet (full, ½, ¼), MU
Tertiary Packaging	Pallet ( <i>also see secondary packaging</i> )

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## 5 Guiding Principles

### Introduction

Unlike other ECR concepts, SRP is not a standalone best practice as such, and has to be considered in the context of existing best practice recommendations, such as Efficient Unit Loads. SRP can impact the entire product packaging system i.e. primary, secondary and tertiary packaging, which fulfil numerous functionalities along the global supply chain. Perceived in the right context, SRP can act as an enabler for better product availability and visibility to the consumer and more efficient replenishment operations.

To guide the discussions between manufacturers and retailers, and provide a basis for SRP implementation, the following comprehensive set of guiding principles for SRP implementation has been developed:

- Always of Value to the Shopper, Retailer and Manufacturer
- Compliance with Environmental Legislation and Public Policy Concerns
- Avoid Fragmentation and Complexity
- Maintain Brand Identity
- Measure Implementation
- Requirement of Long-term Commitment from Retailers and Manufacturers
- Compliance with total Supply Chain Efficiency Principles

Furthermore, companies need to consider that an initiative like the implementation of SRP requires the support of the top management.

As with every project launched by ECR Europe, the principles identified by this project on shelf ready packaging reflect the ECR Europe Operating Principles, which define the operational framework for implementing ECR best practices (see [Appendix III](#)).

### 5.1 Always of Value to the Shopper, Retailer and Manufacturer

The introduction of SRP solutions can have impacts throughout the total supply chain and necessitates a collaborative approach between trading partners. As such, any initiatives in respect of SRP should be aligned to the ECR Operating Principles and philosophy of delivering combined value to the shopper, retailer and manufacturer.

'Value' in ECR terms refers to improved consumer satisfaction, reflected in increased sales and improved brand and store loyalty. In order to achieve the desired results, and deliver the full value-adding potential of SRP solutions, additional investments may be necessary by the value chain partners (e.g. changes to packaging, changes to handling processes, etc.). In line with ECR Operating Principles, additional investments and risks should be shared between trading partners to ensure they are not unfairly assigned, with one partner enjoying benefits at the expense of the other and with no proven consumer benefit. Suitable apportionment should ensure a net increase in value is realised to all trading partners (based on agreed payback periods), whilst adding to consumer value.

To facilitate agreement between trading partners on the value an SRP solution will deliver, it is imperative that a supporting total value chain cost / benefit analysis be in place. The evaluation of the benefits, and any resulting increase in costs, should be performed collaboratively and follow a commonly agreed methodology as defined in the [Business Case Methodology](#), promoting a transparent and non-discriminatory process.

The business case for SRP will differ on a case by case basis, and will include a variety of business case drivers that are impacted according to the product, category or channel in question. In each

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case, hard and soft benefits must be demonstrated, and the value derived agreed. Hard benefits of SRP are typically easier to quantify, such as reduced out of stocks (OOS), reduced cost of replenishment, and increased sales, whilst soft benefits can be harder to value, such as improved product visibility, choice and presentation.

Where there is no supporting business case, and costs override any benefits, the introduction of SRP should be reconsidered for that product / category / channel.

## 5.2 Compliance with Environmental Legislation and Public Policy Concerns

The production, use and disposal of packaging has an impact on the environment. Manufacturers and retailers working under the ECR umbrella are dedicated to sustainable development and recognise the need to minimise the environmental impact of their activities, including the impact of packaging during its life-cycle.

Shelf Ready Packaging falls within the scope of the European packaging and packaging waste directive 94/62/EC. This directive lays down a number of essential requirements to which a packaging has to conform if it is to be allowed on the market. These requirements pertain to the quantitative and qualitative prevention of packaging waste, (i.e. limitation of a packaging's volume and weight), its re-use, recovery (recycling, energy recovery) or disposal in an environmentally sound manner, as well as to the limitation of hazardous and noxious substances, such as certain heavy metals. It is important that SRP executions do not contravene European and national packaging waste legislation (see [Appendix IV](#) for description of packaging waste legislation).

In the same spirit, SRP should not enter into conflict with any other relevant environmental legislation, such as the REACH regulation on chemicals, or public policy and consumer concern about the environmental impact of packaging. For instance, if an SRP execution leads to more packaging material, this has an impact on waste but also on connected activities, such as transport or air quality. Companies may want to give careful consideration to SRP executions in the light of their corporate social responsibility programmes, i.e. by carrying out an eco-balance of the materials used. If SRP is perceived by the public at large as being at odds with environmental concerns, the consumer acceptance of SRP will be undermined.

## 5.3 Avoid Fragmentation and Complexity

In the overall framework of ECR concepts and initiatives, SRP should be seen as an additional potential enabler to further promote supply chain optimisation and consumer value. In accordance with ECR operating principles it should not be addressed without adopting a total supply chain view. Implemented in isolation, and without reference to existing supply chain demands and best practice, SRP does not encourage optimisation.

SRP solutions should **build on existing standards** that currently contribute to supply chain optimisation, preferably at a European level to limit geography specific variants. At a minimum, it is recommended that:

- Optimised pallet and roll container utilisation be maintained through modular dimensions of case and pallet footprints (based on ISO standards, and supported by ECR work on Efficient Unit Loads and Transport Optimisation)
- Industry agreed standards are used for case and pallet identification (GS1 standards)

When evaluating SRP opportunities and implementations, discussions between trading partners should **focus on common and shared [Functional Requirements](#)**. Dialogue regarding changes and enhancements to outer packaging should reference the desired impact to the product, channel or category being reviewed, and should avoid prescribed solutions or technical specifications. Therefore,

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the manufacturer will be responsible for delivering an outer case or packaging solution that meets the agreed functional requirements in the most efficient way, whilst maintaining the freedom to innovate.

As well as meeting agreed functional requirements, SRP implementations should also take account of factors that can increase and promote introduction of product variants and associated packaging solutions. From a total supply chain efficiency perspective, the ideal would be to have one single SRP solution. However, acknowledging that this will not always be possible or suitable, partners should **minimise the number of SRP executions** per product / category / channel by limiting the impact of:

- Design variants such as artwork, packaging type.
- Packaging size, driven by shelf dimensions, number of facings, product turnover, and replenishment frequency. This may differ by store format (hyper, super & convenience) and geography.

It is therefore important to find a common denominator extracted from the different requirements and features, and respond with a limited number of SRP executions.

## 5.4 Maintain Brand Identity

For the manufacturer, it is important that brand identity throughout different stores be maintained, so that consumers can recognise and locate their products regardless of the shopping environment. SRP should be used to maintain, and where possible enhance, the branding and identification of the product. SRP implementation should be coherent with the brand image and should not limit the design, branding, marketing, and merchandising added value of packaging. On the contrary, SRP must be conceived and developed considering all the possibilities available for branding innovation, solution differentiation and packaging appearance.

For manufacturer brands, SRP should not be considered a lever for differentiation between retailers because it would imply that the manufacturer has to deliver banner-specific SRP solutions, which would be in contradiction with principle [Avoid Fragmentation and Complexity](#). More appropriate levers for store banner differentiation include: in-store furnishing and lighting, floor plans, in-store communication, aisles, replenishment execution, own brands, etc. If SRP is used to facilitate variety of retailer and store image, bilateral agreements have to be reached, based on the understanding that this is likely to add complexity and cost to the up-stream supply chain.

SRP that maintains brand identity facilitates product recognition by shop floor staff and consumers. It also facilitates supply chain and store backroom operations. Therefore, maintaining or increasing product brand identity can deliver benefits for product handling through ease of identification throughout the supply chain.

## 5.5 Measure Implementation

In order to establish whether SRP is successful in the market, implementation measurement needs to be carried out from two perspectives:

- SRP availability and usage (process measure). For the purpose of reporting, measuring availability of SRP should be done by calculating the sales volume available within SRP at the segment or category level. Usage would then be a measure of the total available SRP that is fully utilised, measured by its presence on-shelf or on display, resulting from successful [in-store execution](#).
- Implementation performance (business measure): Measuring success and achievement of the implementation against the business case objectives, using the following success criteria agreed by ECR Europe, outlined in the [implementation performance section](#).
  - Productivity / Cost

- 
- On-Shelf Availability
  - Shopper Satisfaction
  - Sales Volume

## **5.6 Requirement of Long-term Commitment from Retailers and Manufacturers**

ECR practice is about trading partners working together in developing an SRP road map. In view of the investments potentially required by trading partners, in particular manufacturers, a long-term commitment to SRP is desirable for a critical mass of volume, backed by internal sponsorship, as well as agreement and support at Board level.

The duration of the commitment required from partners engaged in SRP implementations should take into account the following:

- Payback period for investments (capital & non-capital) made for the SRP implementation
- Period required to deliver the benefits identified in the Business Case
- Possibility to substitute with a more profitable practice
- Realisation that the new practice is not sustainable
- Product lifecycle driven by consumer demand

Long-term commitment, however, should not inhibit the constant search for new, innovative and better ways to serve shoppers and consumers and to optimise supply chain efficiency.

## **5.7 Compliance with total Supply Chain Efficiency Principles**

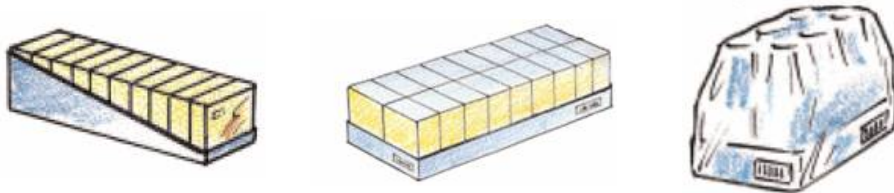
As laid down in the Operating Principles of ECR Europe, any supply chain practice needs to take into account the impact it will have on the total supply chain. Therefore, any SRP execution needs to be evaluated in the light of its total supply chain impact with reference to ECR best practice recommendations such as Efficient Unit Loads, Efficient Replenishment, Transport Optimisation, etc.

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## 6 SRP Types

SRP functionality can be delivered by a variety of solutions, and it is important to remember when evaluating alternatives that the result is not restricted to a corrugate tray or case displayed on-shelf. Below are some examples of the various SRP solutions available in the marketplace today.

### Shelf - Tray/case on-shelf and end-of-aisle



### Merchandising Unit – Promotional display, Dolly, Pallet / ½ Pallet / ¼ Pallet



### Re-usable – Plastic tray



Reference to the [Functional Requirements](#) will help identify the most suitable alternative SRP types for evaluation and assessment, and through inclusion of packaging suppliers and innovation, new designs and materials will increase the variety and choice available.

*For the purpose of this document, the following clarification is made:*

- *Tertiary packaging is the pallet*
- *Secondary packaging is the carrier of the product / consumer unit, with or without primary packaging. There can also be multiple layers of secondary packaging, for example inner case. For the scenario where the pallet is displayed as a merchandising unit, that whole unit is considered secondary packaging.*

## 7 Functional Requirements

### Introduction

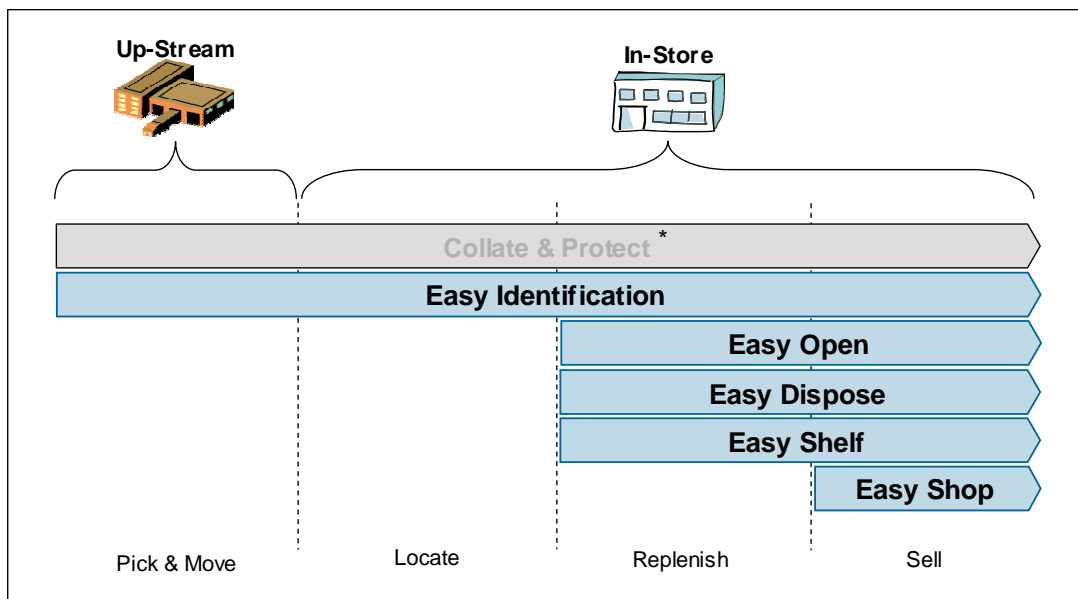
As stated in the [Avoid Fragmentation and Complexity](#) Guiding Principle: “When evaluating SRP opportunities and implementations, discussions between value chain partners should focus on common and shared Functional Requirements. Dialogue regarding changes and enhancements to outer packaging should reference the desired impact to the product, channel or category being reviewed, and should avoid prescribed solutions or technical specifications. Therefore, the manufacturer will be responsible for delivering an outer case or packaging solution that meets the agreed functional requirements in the most efficient way, whilst maintaining the freedom to innovate”

Historically, the sole purpose of secondary packaging has been to collate and protect the product. This section will focus on the additional functionality packaging solutions need to provide for good SRP, and distinguish between those directly affecting the store personnel (easy identification, open, shelf and dispose) and those impacting the shopper/consumer (easy shop). It is important to highlight that an SRP solution, just as previous packaging solutions, will have to demonstrate COLLATE and PROTECT functionality, in order to successfully move product through the supply chain.

The diagram below illustrates where the five SRP Functional Requirements identified deliver value within the Supply Chain:

**Easy Identification**  
**Easy Open**  
**Easy Dispose**  
**Easy Shelf**  
**Easy Shop**

The requirements can vary in importance according to the product, SRP type, and existing complexity, and should be seen as part of a continuum. Even when the business case for a full SRP implementation does not exist, it may be possible to improve the overall functionality of an existing packaging solution with little or no investment through targeting selected functional requirements.








\* For recommendations on secondary packaging please refer to the ECR Europe Efficient Unit Loads Blue Book (1997), and to relevant recommendations issued at the national ECR level.

## 7.1 Easy Identification

'Easy Identification' assists the selection of the right product and helps reduce errors and misses during the handling in warehouses and stores. Whether a member of store staff looking to replenish from the back of store, or a warehouse picker locating a product, attributes that assist the identification of the product promote accuracy of the task the individual is executing.

The need to promote identification and location of product in store for the consumer will be covered in more detail by the [Easy Shop](#) functional requirement.

The requirements identified below are considered to be best practice for most packaging solutions, whether considered to be SRP or not.

	Attribute	Description	Good SRP
	Visual product identification	<ul style="list-style-type: none"> <li>- Product visible through the packaging (e.g. plastic), or a clear representation of the product visible on the packaging.</li> <li>- Product code, product name, contents, variants, best before dates should be clearly displayed, preferably on at least two sides</li> <li>- GS1 identifications (e.g. Pallet Labels) are easily accessible and scanned by the staff during handling</li> </ul>	 
	Shopper negligible information	<p>This information relates to logistics data of the product. Ideally it should not be on the front side facing the consumer.</p> <ul style="list-style-type: none"> <li>- Best Before dates should contrast to the background (e.g. Black ink on a bottle containing black liquid is not good).</li> <li>- Best Before date location and print should facilitate product rotation by store staff</li> <li>- To facilitate handling, the product code should be bar coded and the product name printed in a size and text to ease its readability.</li> <li>- Refer to GS1 case labelling recommendations for information to include on the product (GS1 general specifications, section 2.2).</li> </ul>	
	Warehouse Focused	<ul style="list-style-type: none"> <li>- Products are palletized so that their types and brands are recognized</li> <li>- GS1 identifications (e.g. Pallet Labels) are easily accessible and scanned by the staff during handling</li> </ul>	









## 7.2 Easy Open

In order to secure the benefits identified in the [Business Case](#) relating to easier and quicker replenishment, all SRP should be easy to open and facilitate the in-store supply chain execution.

Complicated and time-consuming packaging solutions can have many adverse impacts in-store. Consumers can be affected by congested aisles or stock out occurrences as a result of slow and inefficient replenishment, hindering their ability to reach or find the product.

SRP should be easy to open in-store but it should be sufficiently robust in up-stream supply chain operations, for example, during picking in a warehouse because of potential losses, shrinkage, and health and safety considerations.





Preferably the SRP unit requires no opening, e.g. a re-usable crate. However, where this is not possible or suitable, the following attributes have been identified as contributing towards 'Easy Open', ensuring quick and efficient replenishment in-store.

	Attribute	Description	Good SRP
	Simple Instructions	<ul style="list-style-type: none"> <li>- Simple pictorial user instructions that minimise text facilitate multi-geography implementation, and avoid language barriers.</li> </ul>	
	Quality	<ul style="list-style-type: none"> <li>- Integrity, quality and appearance of the product should not be compromised during opening of the SRP unit.</li> <li>- Use of tools (e.g. knife) for opening should be avoided to prevent damage to the consumer units and their contents. If tools are required, clear instructions and suitable design should be provided.</li> <li>- The SRP unit itself should also be protected against damage during opening to maintain an aesthetically pleasing presentation.</li> <li>- Where tearing is required to open the SRP unit, suitable design should enable the unit to be held and gripped easily. Tearing should not leave a rough edge on the packaging.</li> </ul>	 
	Uncomplicated handling	<ul style="list-style-type: none"> <li>- Shrink wrap, if used, needs to be easily removed, and should not require puncturing (as this can result in damaged product)</li> <li>- Opening should not require more than one person, and the number of handlings required to open should be minimised.</li> <li>- Opening time should contribute to a quicker and simpler replenishment process resulting in a time saving per consumer unit (refer to Solution Assessment Tool on the ECR Europe website)</li> </ul>	
	Staff and Consumer Safety	<ul style="list-style-type: none"> <li>- Use of tools (e.g. knife) for opening should be avoided to promote safety in the work place. If tools are required, this should be clearly explained by using pictograms.</li> <li>- During or after opening, no sharp edges should exist that could represent a danger for either staff or shoppers.</li> </ul>	

### 7.3 Easy Shelf

SRP solutions should facilitate the replenishment and shelving or display of product in one-move e.g. where case to shelf, or MU to fixture, is replenished in one move rather than decanting single units. This aspect is often closely linked with [Easy Open](#) as the two functional requirements are part of the overall replenishment process.

As well as promoting one-move replenishment, the 'Easy Shelf' functional requirement covers the need to facilitate good shelf-fill, i.e. avoiding air gaps on shelf. Whilst primarily focused on on-shelf solutions, several of the requirements below also apply to other types of SRP (merchandise units, returnable plastic crates).








	Attribute	Description	Good SRP
	Packaging Stability	<ul style="list-style-type: none"> <li>- The display unit, after the removal of any unwanted secondary packaging, must remain stable during the shelving or display process</li> <li>- Twisting or bending of the remaining secondary packaging (i.e. after removing lid, plastic wrap, etc) during display is not acceptable. To avoid this, the weight of the loaded product should be considered.</li> <li>- The product must keep its position and intended orientation during the display process. Shift of the product whilst loading must be avoided.</li> </ul>	
	Optimise Space	<ul style="list-style-type: none"> <li>- Unit counts (e.g. case count) should be calculated based on optimum shelf fill and product rate of sale</li> <li>- For on-shelf solutions, preferably support the ability to store a minimum of 2 SRP units on shelf to help prevent out of stock</li> <li>- Multiple facing options from the same unit increase flexibility and implementation options where orientation of the consumer unit is not important.</li> <li>- SRP solutions should be stackable on shelf or next to it.</li> <li>- Apply ISO modular dimensions as much as possible to promote good cube fill through the supply chain to avoid air gaps.</li> </ul>	
	Ease of Handling	<ul style="list-style-type: none"> <li>- Dimension and weight of SRP has to fulfil national or European regulations / directives. Position on shelf or display will impact the acceptable weight of the full SRP unit and the ability to replenish easily.</li> <li>- SRP should support in-store staff through the inclusion of handles/ hand holes or other mechanisms, if this will make the handling process easier.</li> <li>- SRP should enable easy access to primary packs for price-marking or security tagging without having to take each individual product out of the case.</li> <li>- Clearly mark the front facing(s) graphically on the removable part of the SRP.</li> </ul>	

For more information on best practice replenishment please refer to [In-Store execution](#) later in this section.

## 7.4 Easy Dispose

SRP solutions will have limited success if the benefits delivered through improved replenishment are hindered by more cumbersome and time consuming removal and disposal. Ease of disposal is vital to keep aisles free and open to support the shopping experience for the consumer.

Any increased use of packaging materials should be kept to a minimum, and all packaging implementations should be aligned to EU legislation.





	Attribute	Description	Good SRP
	Easy to collapse	<ul style="list-style-type: none"> <li>- For one-trip SRP units, the packaging should become flat with a minimum amount of effort and handling steps, ready for processing through a simple "disposal" solution.</li> <li>- The requirement of tools should be avoided to dispose, fold, collapse or stack.</li> <li>- Physical tearing of materials and use of tools (e.g. knife) should be avoided to minimise risks for staff injury</li> <li>- Where possible, add instructions (pictograms) to collapse the box</li> </ul>	 
	Respect Legislation	<ul style="list-style-type: none"> <li>- EU directive 92/64 and relevant national implementation legislation regarding prevention, recovery and recycling should always be respected.</li> </ul>	
	Returnable / re-usable / recyclable	<ul style="list-style-type: none"> <li>- Simple and clear instructions for re-use / recycle</li> <li>- For returnable plastic crates, each returnable system needs to have clear individual instructions for re-usage. The crates need to be stackable to secure efficient transport and handling in-store and demands good systematic procedures for supply chain flow.</li> <li>- For promotional displays, different materials need to be easily identified and possible to separate. The corrugated material, often of more complex nature needs a clearly identified folding.</li> </ul>	
	Simplicity	<ul style="list-style-type: none"> <li>- Keep the number of materials to a minimum.</li> <li>- Empty tertiary packaging should be collapsible or stackable</li> <li>- Remaining waste should be easily separable to different materials to ensure efficiency, and avoid contamination between recyclable materials and disposal.</li> </ul>	 


## 7.5 Easy Shop

As detailed in the [Business Case Methodology](#), SRP can improve product availability and reduce out of stocks, resulting in increased sales. However, an SRP implementation may give little or reduced benefit if the product is not simple to identify and locate within store, and be simple to select or replace from the shelf, fixture or merchandising unit by the shopper. Therefore, the attributes that facilitate and promote the shopping experience for the consumer have been grouped into 'Easy Shop'.

Many of the attributes that contribute to 'Easy Shop' are visual aspects and help the consumer to identify a product and the correct variant, whether a planned purchase or an impulse purchase. However, physical attributes also need to be considered to ensure that once located, the consumer is not hindered in selecting and picking the product from the shelf or fixture and, if required, replacing it.

Functionality relating visual attributes that improve the ability to identify and locate a product elsewhere in the supply chain are referenced in the [Easy Identification](#) section of the functional requirements.

	Attribute	Description	Good SRP
	Assist Identification	<ul style="list-style-type: none"> <li>- The shopper-facing portion of the unit should not include bar codes, technical labelling or any other information that is not intended for the shopper.</li> <li>- Where possible, the front facing to mime the contained consumer units. As well as helping identification through shape, this can also help to ensure correct product is selected where variants and multiple pack-sizes exist.</li> <li>- The name of the product and/or its brand/ manufacturer's logo are displayed on the front facing(s) of the SRP unit to ensure quick recognition and visibility to the shopper</li> <li>- The SRP unit should not cover any important information from the primary packaging that shoppers would expect to see, including product, brand or variety (unless the secondary packaging displays information obstructed on the consumer unit)</li> </ul>	
	Enhance Appearance	<ul style="list-style-type: none"> <li>- The SRP unit should make a positive contribution to the shopper experience by improving brand and product identification, whilst maintaining range differentiation.</li> <li>- The SRP unit artwork should not diminish the appearance of the store or category e.g. unprinted, brown corrugate can reduce the quality of the shopper experience and should be avoided.</li> <li>- The SRP could be colourful to attract the attention of the shopper (e.g. Manufacturer's Corporate Colours)</li> <li>- Product variants could be highlighted through use of colours</li> </ul>	
	Simple to Handle	<ul style="list-style-type: none"> <li>- There should be no additional barriers to picking up or replacing the product from and back into the SRP unit when in situ, taking into account any impeded access to the product from the fixture.</li> <li>- The SRP solution should not result in consumer units being so tightly packed, or held in place, that ease of access for the shopper is reduced.</li> </ul>	

	Does not Degrade	<ul style="list-style-type: none"> <li>- The product must remain stable as the SRP unit is shopped and prevent product from falling over where applicable</li> <li>- SRP unit should be easy to identify and still visually appealing for the consumer when half emptied</li> <li>- The SRP unit should maintain the above minimum requirements regardless of the number of primary units remaining.</li> </ul>	
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## 7.6 SRP Solution Assessment Tool

### Introduction

The SRP Solution Assessment Tool<sup>1</sup> provides a simple and consistent way to evaluate the “SRPness” of a given product, family of products, packaging solution, or even category.

Prior to assessment, the relative importance of the Functional Requirements must be agreed between Trading Partners, including the relevance of the individual questions (yellow cells). The assessment is then conducted by completing ‘Yes’ or ‘No’ for each applicable question (orange cells).

The SRP Assessment Tool has been developed with 3 objectives in mind:

1. To support the development of SRP solutions: it should be used to evaluate alternative solutions and designs, and aid selection of the most suitable (in conjunction with the economic impact evaluated in the [Business Case](#)).
2. To provide a simple and effective collaboration tool, that when used in conjunction by the retailer and supplier, helps to identify functionality gaps. More specifically, individual Functional Requirement scores highlight the areas with opportunities for improvement. The tool also helps clarify the relative importance of the Functional Requirements and should be part of every SRP negotiation.
3. To facilitate management reporting of [SRP Availability and Usage](#). The SRP solutions assessment tool (on the ECR Europe website) can be used to evaluate whether a given product is SRP or not, based on an agreed minimum score (e.g. 75% overall without any specific functional requirements ranking less than 65%)

<sup>1</sup> Adapted from the ECR UK RRP Assessment Tool (2005)

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## 8 Business Case Methodology

### Introduction

This section provides a common methodology and the tools for retailers and manufacturers to assess the costs and benefits of implementing SRP, enabling them to take a total supply chain view and to come to an informed decision on SRP execution, with the ultimate goal of enhancing shopper experience and maximising joint business benefits.

To aid this process, and provide a framework within which supply chain partners can work collaboratively, an 8-Step Approach has been developed.

Use the methodology below to enter into SRP discussions with trading partners. It will help to ensure alignment against objectives and expectations, assist in identifying the high priority areas for initial focus, and guide the cost / benefit assessment to confirm if opportunities provide suitable value and should be pursued.

#### 8-Step Approach



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## 8.1 STEP 1 – Validate with Guiding Principles

### Validate with Guiding Principles

Trading partners entering into collaboration on SRP initiatives should review the ECR SRP [Guiding Principles](#) and agree that their approach and intentions are consistent with them. If alignment does not exist then progress on a collaborative basis is likely to be undermined.

The 7 Guiding Principles defined:

1. Always of Value to the Shopper, Retailer and Manufacturer
2. Compliance with Environmental Legislation and Public Policy Concerns
3. Avoid Fragmentation and Complexity
4. Maintain Brand Identity
5. Measure Implementation
6. Requirement of Long-term Commitment from Retailers and Manufacturers
7. Compliance with total Supply Chain Efficiency Principles

Common understanding between trading partners is essential, and the Guiding Principles serve as the first step to ensuring this exists at the outset of any engagement. Based on this common understanding, trading partners must prove their willingness by allocating adequate resources to the project and share data as agreed in the collaboration arrangement, emphasising that trust between partners is a key enabler of collaborative success.

Willingness to collaborate is the most critical success factor and, if absent, remains the most obstructive barrier to effective SRP implementation and realisation of the potential benefits.



## 8.2 STEP 2 – Adopt Value Chain Impact Approach

### Adopt Value Chain Impact Approach

In line with the [7<sup>th</sup> Guiding Principle](#), any SRP initiative should take account of the impact it will have on the total supply chain.

For many manufacturers, the introduction of a new product is focussed on consumer needs alone, delivering innovation and value to the consumer to meet their requirements. Associated packaging solutions are therefore also consumer-centric.

#### Consumer focussed

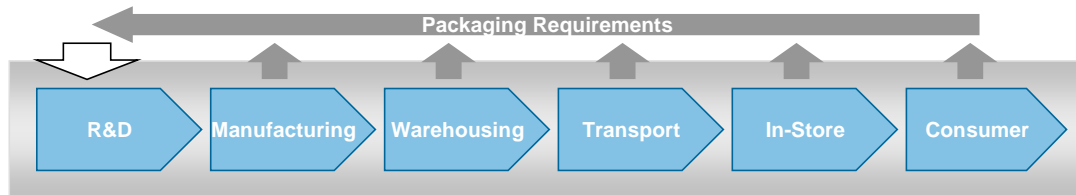


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The requirements and functions of packaging differ throughout the supply chain and all aspects should be considered as part of any NPD or package re-design process. For example, a small transit packaging size may improve in-store merchandising flexibility, but reduce picking efficiencies in the warehouse.

Therefore, initiatives investigating the business case for SRP should also consider and understand the full supply chain impact. That is not to say that all packaging requirements can be accommodated, but to emphasise the need for fully cross-functional involvement during the assessment. This ensures decisions are fact-based and transparent, allowing suitable trade-offs where conflicting requirements exist.

### **Supply Chain Focussed**



An assessment taking into account the full supply chain, including returns management if applicable, not only ensures business case credibility, it also encourages internal cross-functional support and/or understanding of the resulting initiatives. Moreover, where an overall SRP implementation is challenged, the full supply chain assessment facilitates identification of selected wins by focussing on improvement areas that avoid any overriding costs that a full SRP implementation may have driven (in line with the [Functional Requirements](#)).

## **8.3 STEP 3 – Perform High Level Assessment**

### **Perform High Level Assessment**

Before embarking on an SRP exercise, it is important to decide whether the targeted product, category, or channel (store format) is suited for such an endeavour. Therefore, two high-level assessment tools have been developed to help establish business focus on areas that have potential to deliver maximum benefit and value.

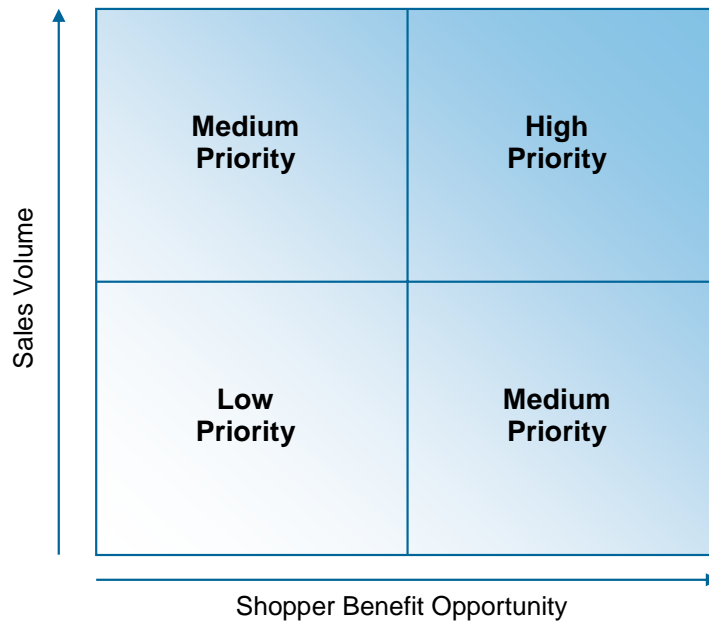
#### **8.3.1 Category / Product**

Where possible, prioritisation and assessment by category is preferable as this would typically encompass a number of products. Where product variety and associated packaging solution is diverse within a category (dimensions, shape, material etc), focus at a product level is more suited. Discussions between trading partners should agree whether a category/ sub-category approach is suitable, or products within a category should be targeted.

Once agreed, priority can be ascertained by mapping against two axes:

- Shopper Benefit Opportunity
- Sales Volume





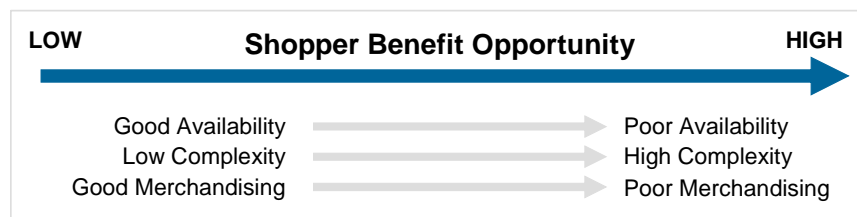
Measures

**Volume:** Consider influencing factors that may distort sales volume metrics, and whether seasonal lines should be included. For example, this could be an averaged volume, base volume or peak volume, each potentially identifying different priorities.

**Shopper Benefit Opportunity:** Depending on the category or product, this may manifest itself in a number of ways:

- **Availability** – the availability of the required product
- **Complexity of replenishment (last 50 metres)** – affecting the shopper through aisle congestion, product quality, availability etc.
- **Merchandising** – the ability to identify and ‘shop’ the required product, including appearance and visual impact.

Take account of the [Functional Requirements](#) to help confirm opportunity areas and map the different shopper benefit opportunities on the axis according to the template below.



Priority

**High:** Products and categories that are high volume, and for which significant shopper benefit opportunities exist, provide the greatest potential for SRP to deliver improvements. Towards the extremities of the axis, MUs, ½ Pallets and Dollys are more likely to be considered as SRP solutions.

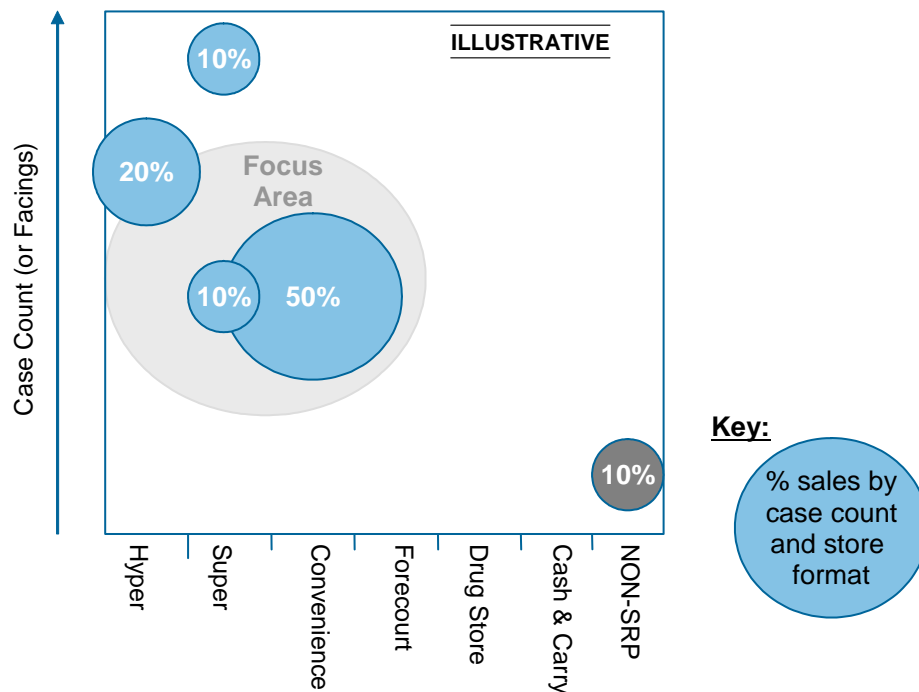
**Medium:** Initiatives for high shopper opportunity but lower volume lines will typically be driven by the retailer who can benefit most from in-store savings. High volume but lower shopper opportunity lines are likely to be driven by the manufacturer who benefits most from potential sales uplift.

**Low:** The benefits available are reduced for these products or categories. This may only be relative due to overriding higher priorities, or as a result of limited potential due to effective existing SRP solutions.

It is important to note that the tool is a guide only, and when the axes are used as a 'relative' measure, as high priorities are addressed, previously ranked medium or low priorities may be promoted to high priorities.

### 8.3.2 Channel / Store Format

For products that are available in a variety of case counts (or a variety of 'facing' options), and are sold through a number of distribution channels or store formats, there is additional focus required to ensure maximum value potential is targeted.



Sales volume mapped in the previous tool should be categorised into the relevant distribution channels / formats. The following three principles should be noted to assist the use of the tool:

- It is important that total sales volume for a product across the entire customer base is mapped.
- The Channel / Format options are not fixed and should be amended for the markets and geographies relevant to the specific case. Or it may be that square meterage is more relevant as an axis for certain assessments.
- There should always be a 'NON-SRP' channel / format to capture sales volume where it is known that SRP would not be adopted (either not a requirement, or where store size/format limits the applicability).

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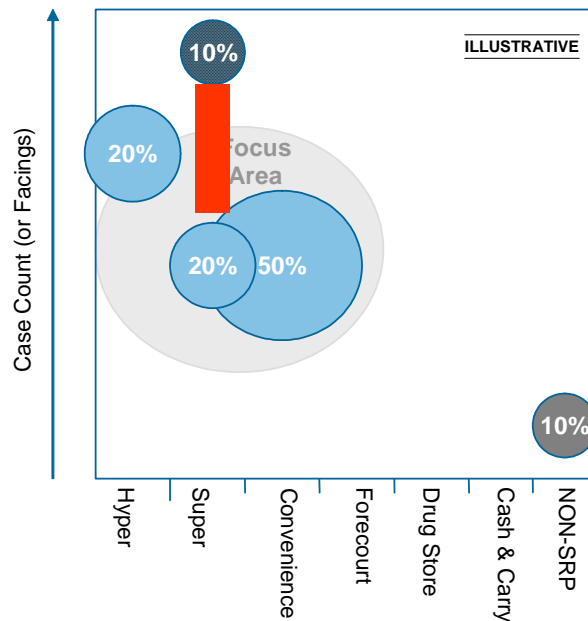
The output from this tool can be used two-fold:

- 1) The resulting area of focus is where the highest density of sales volume is mapped (excluding the 'Non-SRP' category). Therefore, in the example, the case count that accounts for 60 % of total sales (50% convenience and 10% Super) should be the primary focus for an SRP execution.

For NPD, or where new case size / facings are being requested or considered, the tool can be used to map the hypothetical or anticipated volumes to help prioritise the focus area.

- 2) The tool can also be used help identify SKU rationalisation opportunities either to reduce overall supply chain complexity, or to maximise the potential benefits of the SRP execution (either as part of the initial assessment, or to help identify the critical mass required if re-evaluating a previously challenged execution)

For example, there maybe an opportunity to rationalise to a single format in the 'Super' channel, increasing the potential benefits delivered from an SRP implementation.



Where this is not possible, the tool facilitates discussions and negotiations between trading partners to highlight SRP executions that are unlikely to be pursued and of value.

#### 8.4 STEP 4 – Define & Evaluate Alternative Solutions

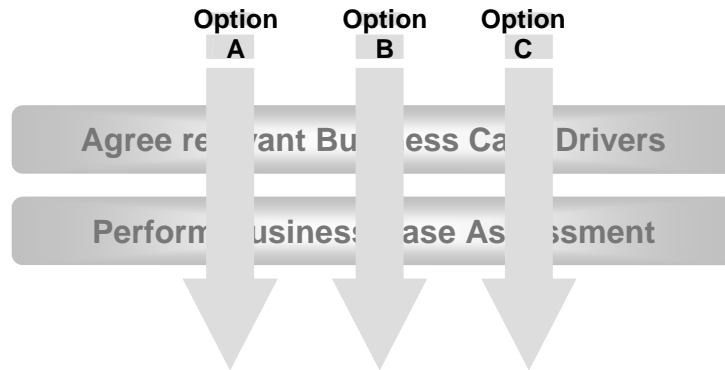
##### Define & Evaluate Alternative Solutions

Having identified the products for focus, it is necessary to define and evaluate the alternative solutions to perform the business case assessment on. This step does not require a detailed 'technical' specification of a packaging solution but does require an appreciation and understanding of the main [Functional Requirements](#) an SRP implementation for a product is addressing.

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### Why?

In order to progress to steps 5 and 6 where the relevant business case drivers are agreed, and the business case assessment performed, it is important to have performed a rough-cut evaluation to determine the solution(s) to be assessed. For example, an MU may result in a different driver priority profile compared to an on-shelf tray.



The high-level definition should attempt to clarify which alternatives should be evaluated and assessed, as often it will be easier to evaluate the alternatives in parallel whilst performing the cost/benefit exercise (rather than multiple iterations and loops that could prove time consuming and costly).

Typically this will be a manufacturer-led activity, ensuring suitable involvement with packaging supplier and retailer to perform a rough-cut high level design.

The evaluation of the alternatives may consider the following:

- Different SRP Types (on-shelf tray, re-usable tray, pallet / MU, or other). External tools exist to assist evaluation e.g. ECR UK [RRP Decision Tree](#)
- If the SRP solution will be packaged on-line
- Case size / facing changes (if applicable). External tools exist to assist evaluation e.g. ECR UK [Case Size Calculator](#)

Often the alternatives will be straight forward to define, and some will be easy to rule out immediately through an understanding of your products and business. For example, a very heavy product is unlikely to be in an on-shelf tray solution as it would not meet maximum weight guidelines. Equally, a very small slow moving product would not be well-suited to a pallet solution.

Agree the alternatives to be evaluated.

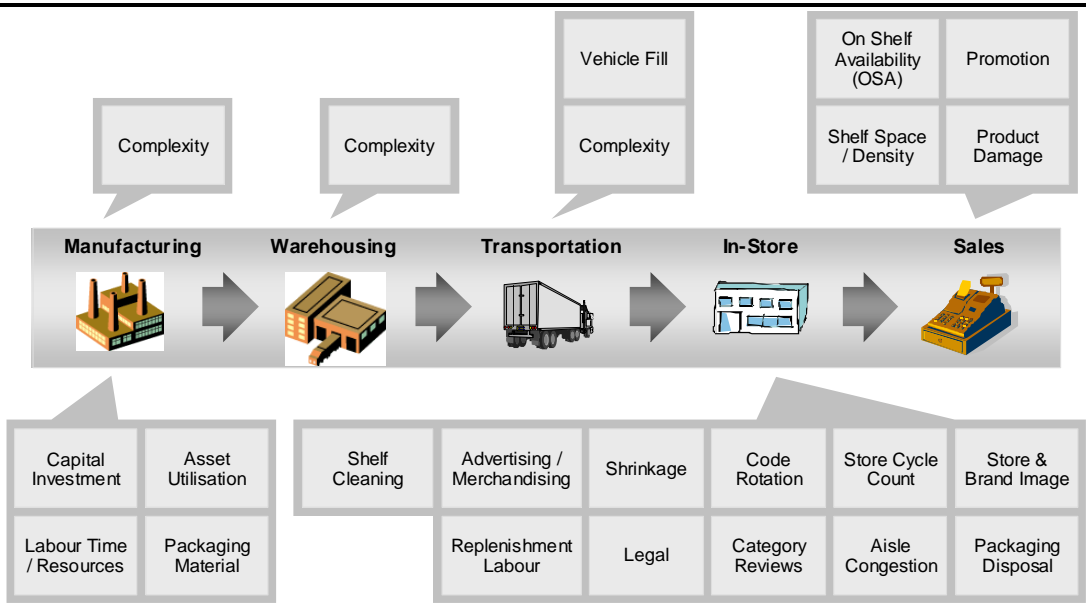
## 8.5 STEP 5 – Agree Relevant Business Case Drivers

### Agree relevant Business Case Drivers

Following the high level assessment, and identification of alternative solutions, a more detailed assessment is required to validate the existence of a business case.

Before attempting to calculate the business case, it is necessary to agree the priority business case drivers to include in the business case assessment. This should be done on a case-by-case basis for each product assessed, and for each alternative solution identified in the previous step.

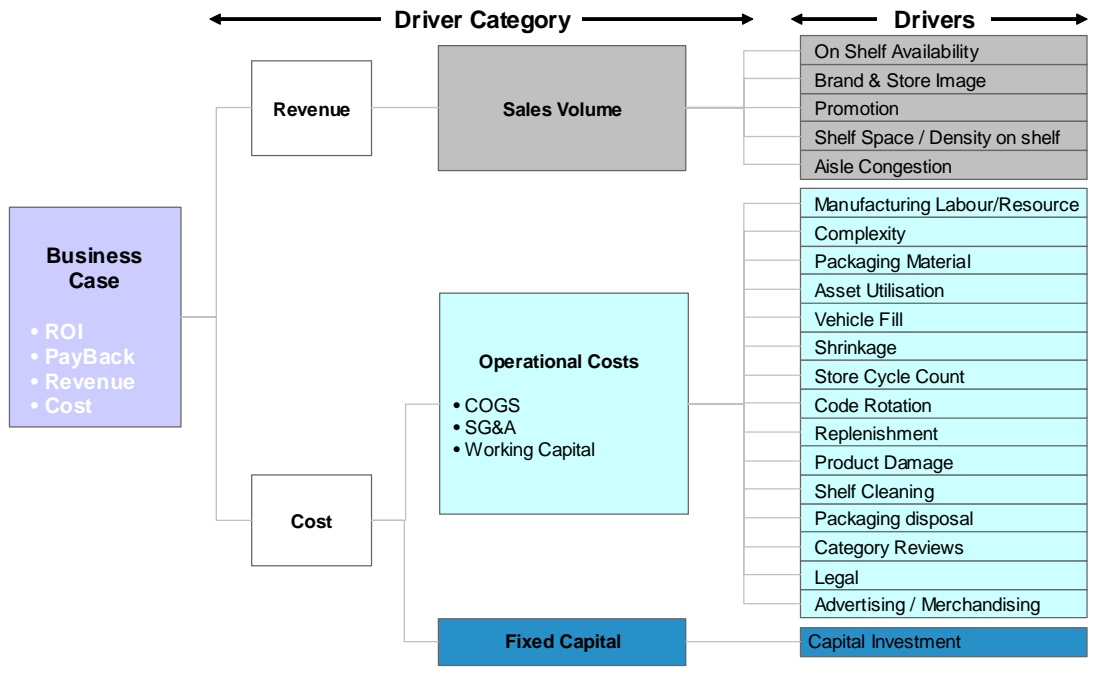
The following diagram illustrates the 21 business case drivers identified that an SRP implementation could potentially impact, and their location within the supply chain.



When agreeing the relevant drivers for a product, it is necessary to consider the known areas of opportunity (e.g. currently a low OSA, or 'expensive' to replenish), as well as the impact to drivers as a result of change to the current solution. The agreed list of drivers may vary considerably according to each 'alternative' being assessed, hence the importance for them to be assessed in parallel to understand and compare the full impact.

Ensure that [Step 2](#) is suitably adopted to ensure that the full impact on the supply chain is understood, and that relevant functions and departments are involved. This approach will help to ensure that all affected parties are engaged, and will assist with the impact and cost/benefit assessment.

To aid the actual assessment, and communicate to a more senior or finance orientated audience, the following diagram illustrates the impact each of the drivers has in the value tree, and whether it is a cost or revenue driver.



Drivers that grow sales and volume will increase revenue. These drivers are most relevant when additional investment or on-costs are experienced in order to source the additional funds required.

Operational costs include Cost of Goods Sold (COGS), Selling, General & Administrative (SG&A), and Working Capital elements. SRP implementations can impact these elements positively (reducing cost) through increased efficiency or productivity, or negatively (increasing cost) through on-costs and investment. Associated savings or on-costs of SRP on Operational Costs are on-going, in contrast to fixed capital costs which are one-off investments.

Working collaboratively with your trading partner, and using your combined knowledge of the product, category, industry, shopper, and supply chain, use the 'Driver Prioritisation' sheet in the Business Case Assessment Tool (*can be downloaded from the ECR Europe website*) to agree priority drivers. Drivers that are negligible, or are not possible to quantify, should be avoided and used only as 'swaying' factors when a neutral business case is returned.

Driver	Area of Impact	Category	Measuring Methodology	Priority
1 On-Shelf Availability	Sales	Volume	Incremental margin from reduced on-shelf out-of-stock assuming 1% OSA increase = 1/3% sales increase	Yes
2 Brand & Store image	In-Store	Volume	Incremental margin gain / loss from brand image (for manufacturer) and store image (for retailer)	Yes
3 Promotion / Advertising	Sales	Volume	Planned incremental cost or saving input by trading partners, when compared to cost of alternative media such as POP materials, advertising, etc.	Yes
4 Shelf Space / Density on shelf	Sales	Volume	Incremental margin gain / loss from difference in shelf facing dimensions of the new package	Yes
5 Aisle congestion	In-Store	Volume	Incremental margin from change in aisle congestion due to packaging change	Yes
6 Manufacturing Labour & Resource	Manufacturing	Cost	Difference in manufacturing conversion cost due to the change in the packaging	Yes
7 Complexity	Manufacturing / Warehousing / Transportation	Cost	Two components (both will be incurred if the change results in SKU increase/decrease) • Fixed cost/SKU spend yearly to maintain additional complexity • Incremental inventory carrying cost	Yes
8 Packaging Material	Manufacturing	Cost	Additional cost/unit * annual sales	Yes
9 Asset utilization	Manufacturing	Cost	Cost of change in asset utilization, calculated by manufacturer according to internal procedures	Yes
10 Vehicle Fill	Transportation	Cost	Average cost of transporting a m3 of product * difference in product volume due to packaging change * annual volume	Yes
11 Shrinkage	In-Store	Cost	Difference in stock loss before & after change	Yes
12 Cycle count	In-Store	Cost	Average amount of time per stock count / cycle count * labor cost	Yes
13 Code Rotation	In-Store	Cost	• Reduced waste from stores / scrap (predicted) • Time saved through faster code checking and code rotation	Yes

**ILLUSTRATIVE**

Collaborative agreement between Supplier & Retailer on relevant Business Case Drivers

High Priority Drivers	
1	12
3	13
8	19

**8.6 STEP 6 – Perform Business Case Assessment**

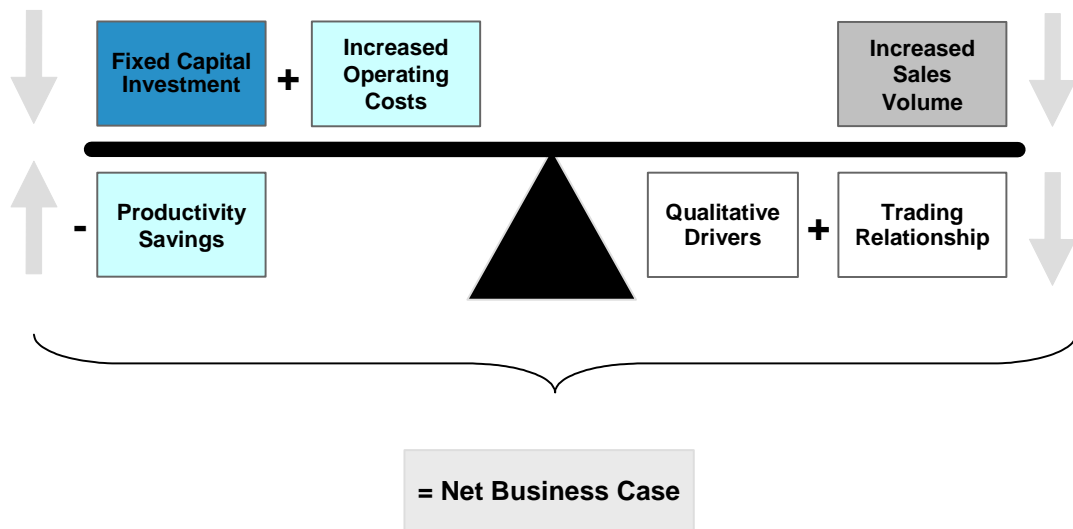
**Perform Business Case Assessment**

Having agreed the priority drivers to base the business case assessment on, use the assessment tool to capture the impact to each trading partner, and calculate if a business case exists.

In accordance with the Guiding Principles and ECR best practice, transparency and information sharing encourage the collaborative assessment to be done at the detailed driver level. Where this is not possible, it may be required to perform the assessment at the driver category level. However, when the latter approach is adopted, reduced granularity and visibility of costs and benefits can hinder progress when not suitably distributed (but an overall business case exists) and negotiations are required to progress.

Some drivers may have an impact to both trading partners, some maybe a cost to one but a benefit to others, and some may be only relevant to one trading partner. Use the assessment tool to capture the impact to each trading partner, positive or negative, using the 'Data Entry & Driver Calculation' sheet.

The tool will then 'balance' the costs against the benefits, and provide a net business case result in the final sheet of the tool, both overall, and by trading partner.



Where SRP implementations are expected to deliver productivity savings in excess of any on-cost to both partners, then increased sales volumes are not required to justify the overall business case (although maybe required to justify at a trading partner level if one trading partner enjoys the majority of benefit whilst the other covers the additional cost).

The outcome will be dependent on the factors, tolerances and thresholds input by the trading partners for each assessment. For example, accepted Return on Investment (ROI) and payback periods will vary by company, and according to risk (for SRP implementations requiring investment of any significance). Equally this can be dependent on margins as an SRP implementation increasing sales by x% on a high margin product can support a larger investment that a sales increase of x% on a low margin product (assuming equal volume).

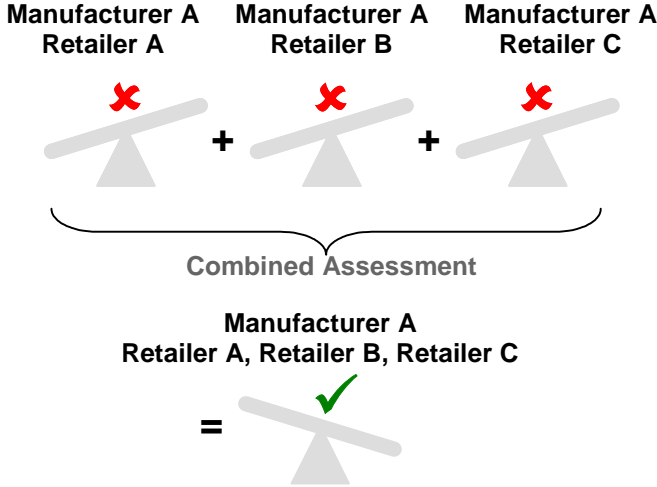
The outcome of the Assessment will indicate if further progress can be made, both at an overall product level, as well as at a trading partner level. For example, a win-win is clearly a green light to continue to the implementation stage of the process. Where an overall business case exists but the cost and benefit are not suitably distributed to make it a win-win, then qualitative drivers may be used to validate if the implementation is commercially suitable, or trading relationships used to negotiate a distribution of benefit so that it is a win-win for both trading partners (assuming a more suitable alternative is not available).



Sales volume uplift can be harder to predict and calculate, especially when limited experience or benchmarking is available, whereas cost elements are often easier to quantify. When sales uplift is not known and cannot be estimated, it may be sufficient to calculate the required uplift to cover the investment required. For example, if the known additional investment (net of any productivity savings) for an SRP implementation would require a 20% sales uplift to cover the investment within the acceptable payback period, the trading partners should know if this is a realistic target. Refer to the final sheet in the Business Case Assessment Tool for calculated sales uplift required (in addition to that already entered).

It is important that business case assessments be combined to evaluate the overall opportunity where relevant. For example, from a manufacturer perspective, an SRP implementation for a particular product may be suitable for a number of retailers. An assessment on an individual basis may not

provide an overall business case if the capital expenditure outweighs productivity and sales improvements each time. However, if the one-off capital expenditure cost is the same regardless of volume produced, the productivity and sales improvements delivered across a number of retailers combined may provide an overall justification.



Equally, an overriding capital expenditure to facilitate an SRP implementation could be diluted if the same equipment enables other SRP implementations for other products with no additional investment required. Therefore, split across a number of products, the combined productivity savings and sales uplift may justify the initial investment.

In summary, even if the initial outcome of the business case assessment is not positive, do not automatically disengage. 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. Involve or negotiate with other interested parties to align requirements, find common ground, or achieve critical mass, thus providing an overall business case for all.

### 8.7 STEP 7 – Implement Solution or Selected Improvements

**Implement Solution or Selected Improvements**

Having evaluated the different SRP alternatives in steps 5 and 6, select the alternative with the most positive outcome to proceed through the remainder of the methodology.

Following evaluation of the business case, and assuming suitable resolution of the outcome at a trading partner level if required, the overall result may still not be a compelling business case.



**Perform Business Case Assessment**

✓ Agreed Opportunity

? Challenged Execution

**Review Functional Requirements**

✓ Selected Wins

✗ Already SRP / Out of Scope / No Business Driver

For SRP assessments that provide a clear business case, a full SRP implementation is suitable. Trading partners should move to confirming the [Functional Requirements](#) so that the manufacturer can work with their packaging supplier to deliver a suitable 'technical' solution.

Where the outcome of the business case is not so positive, the challenged execution can progress in one of two ways, both of which start with reviewing the functional requirements suitable to the product and category in question:

- 1) Based on the functional requirements, there may be selected wins that can be implemented. For example, it maybe possible to make the product 'Easy ID' as the overriding cost element that challenged the execution was new machinery to facilitate 'Easy Open'.
- 2) Alternatively, there may be insufficient benefit to justify an execution. It may be that the existing solution is already suitable SRP, or existing factors are inhibiting any improvement (e.g. not yet reached 'critical mass')

The outcome is therefore a full or partial SRP implementation, and for those products where no overall benefit is realised, an agreement to re-evaluate or focus on the next high priority product identified in the high level assessment (Step 3).

**8.8 STEP 8 – Track / Measure Implementation Success**

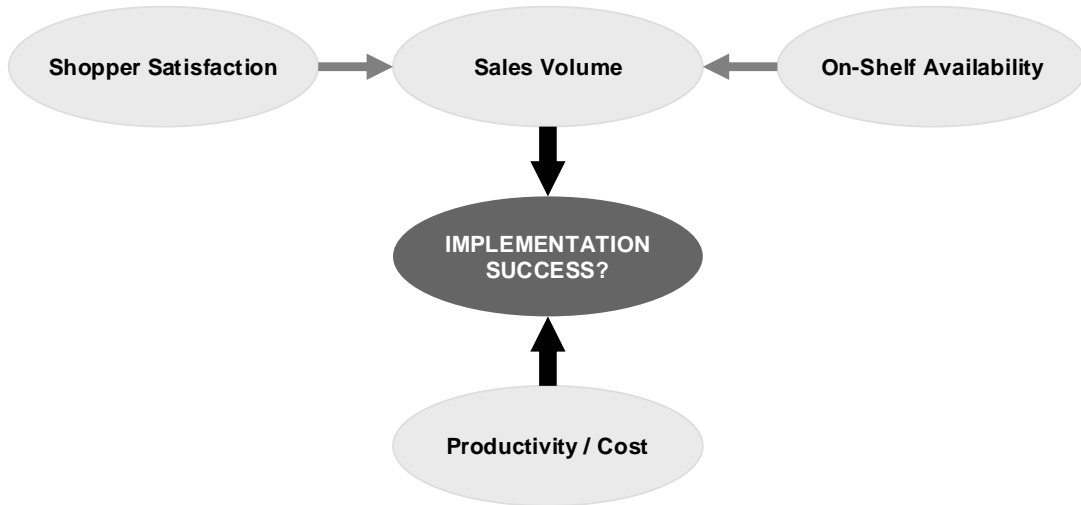
**Track / Measure Implementation Success**

**8.8.1 Implementation Performance**

It is important to ensure the success of an implementation is measured and tracked. If an implementation is not delivering the benefits set out in the original business case justification, the solution needs to be reviewed and suitable corrective action taken. If, following best efforts, the execution continues to fail, regressive action should be considered between trading partners.

The following four areas have been identified as the best measures to track the success of SRP implementations as they target the main objectives and benefits that SRP seeks to address.

**Measurement Area Summary:**



**Productivity / Cost**

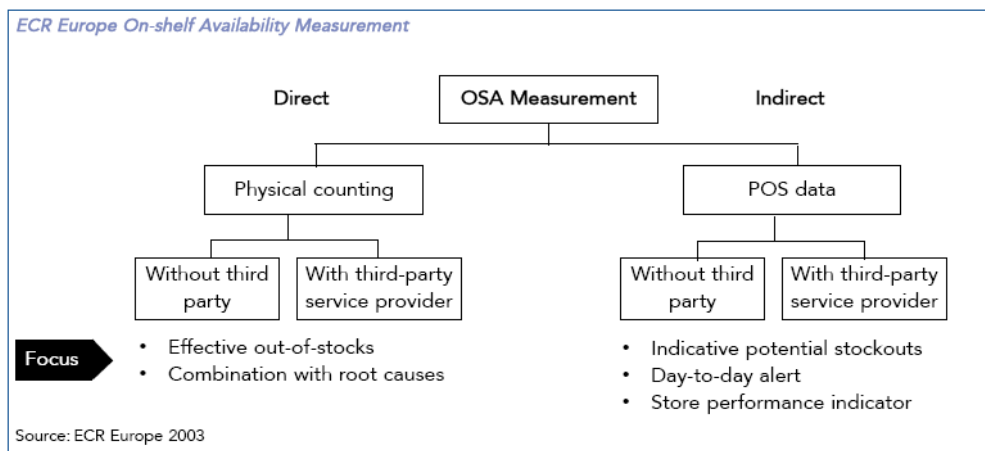
Business case drivers relating to cost and productivity selected for inclusion in the assessment should be evaluated following the implementation.

Track the assumed or expected costs / benefits related to the drivers agreed in [Step 5](#), using the same method of calculation and measurement for each driver as the original business case evaluation.

**On-Shelf Availability**

From a shopper's perspective, poor availability can be defined as 'an expectation to find an item but finding that product unavailable'. Whilst this situation may occur when a product is out-of-stock, the impact of a shopper not being able to find a product in-store due to poor merchandising should not be overlooked (Source: *ECR UK Availability, November 2004*).

As part of a wider on-shelf availability (OSA) study, ECR Europe identified 2 alternative measurement methods.



Physical counting, the direct approach, reports in real-time when a particular product is out-of-stock. However, only intermittent results are generated by this direct approach. Alternatively,

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OSA can be measured using the indirect approach, using Point of Sale (POS) data to identify atypically low sales or no sales, which equate to partial or total stockouts. This indirect approach gives management a tool for measuring performance on a daily basis.

Studies have shown improvement in OSA directly impacts sales, resulting in a widely accepted assumption that an improvement in OSA of 1% results in a 0.3% revenue uplift. The benefits of improved OSA can be found in the full report at ECRnet ([www.ecrnet.org](http://www.ecrnet.org)).

### Shopper Satisfaction

Research and insight from the shoppers perspective helps to understand if the solution is meeting their needs and addressing what is important to them.

Satisfaction can be measured by the impact it has on sales. For example, take the scenario where a new SRP solution is implemented, OSA increases to 100% but sales drop dramatically. Shopper research highlights that the consumer units are so tightly packed in the on-shelf tray solution, the shopper finds it too hard to remove and therefore does not purchase.

Other shopper insights may not have an immediate or direct impact on sales, but may have an impact on value, loyalty, and more qualitative aspects. For example, if an entire category went to an SRP solution shoppers are unlikely to stop purchasing, but may be dissatisfied if they thought environmental concerns were not being suitably addressed.

Whether quantitative or qualitative, the main purpose of the research should be to evaluate if the solution is successfully fulfilling the functional requirements intended, and improving overall shopper satisfaction. This can be through simple in-house surveys and questionnaires, or with the help of professional services, either as part of a targeted study using pilots and prototypes, or as part of a larger research activity.

Any broader insights can be used to feed into packaging design, helping to understand from the variety of solutions available in the marketplace, which are most effective and appealing from a shopper perspective.

Refer to the [Shopper Research](#) summary for more information and guidance.

### Sales Volume

Sales uplift will be required in most cases to offset investments (capital or on-going costs) required as a result of moving to an SRP solution. As highlighted above, OSA and elements of shopper satisfaction ultimately impact sales. Other drivers and benefits that may have been incorporated into the original business case such as promotion, advertising, and merchandising opportunities will also play their role.

This measurement is probably the most complex to understand, but one of the simplest to measure (e.g. average weekly sales). When measuring the impact an SRP solution has had on sales uplift, it can be difficult to isolate from other factors influencing sales such as promotional activity, seasonality, weather etc. These influences and their impacts need to be understood so as not to mask the effect SRP would have had in isolation.

It maybe that pilot and control stores are used to help isolate the specific impact an SRP solution has on sales.

Another important consideration is to ensure that sales measurements are not too focussed on the specific product being implemented in SRP. Whilst this can be a good indicator, the overall category and channel sales are required to help assess any cannibalisation or macro trends.

Whilst the 4 measurement areas focus on the SRP success criteria, it is important to highlight the need to ensure a balanced scorecard when measuring the success of any 'change' project. It is therefore recommended to monitor overall supply chain performance in parallel using suitable measures relating to cost, service, and quality.

In order to ensure transparent measurement and tracking, it is imperative that the KPIs and metrics used are captured before, as well as after, the SRP implementation. This provides a benchmark data set to measure success against. Be sure to agree the full set of performance criteria internally and between trading partners, and ensure that the methods of data collection, analysis, and calculation also remain consistent.

## 8.8.2 SRP Availability and Usage

### Availability

For macro business reporting and benchmarking purposes, SRP availability should be recorded and captured. Availability should be calculated as the percentage of sales volume available (manufactured and distributed) in SRP solutions. According to different requirements, this may be reported by brand, manufacturer, retailer, category, store format, geography etc.

As SRP is not considered standalone best practice (refer to [Guiding Principles](#)), care should be taken to avoid blanket targets and direct comparisons without prior investigation and assessment as to suitability.

To assess SRP implementation progress and availability, ECR Europe suggests that the Solution Assessment Tool (on the ECR Europe website) be used as a guideline, and propose a minimum measure of 75% be achieved to qualify as SRP (with the five functional requirements equally weighted).

Therefore, Manufacturer X, with the following products and SRP scores, achieves 60.9% SRP availability (assuming a minimum 75% score).

Product	Sales	% SRP	SRP	SRP Availability
1	20,000	80	✓	$20,000 / 115,000 \times 100 = 17.4$
2	50,000	85	✓	$50,000 / 115,000 \times 100 = 43.5$
3	10,000	30	✗	0
4	35,000	60	✗	0
<b>Total:</b>	<b>115,000</b>			<b>60.9%</b>

### Usage

To measure adoption and usage of the SRP solutions available, it is also important to measure the utilisation of SRP in-store. If an available SRP solution doesn't meet the expected usage, the benefits on which the business case was built will not be achieved (refer to the [In-Store Execution](#) section for information on how to improve usage).

Therefore, for the same Manufacturer X, based on the following store-audit usage data for the two products classed as SRP, achieves 78.5% Usage.

Product	Store	Sales	SRP Used	SRP Usage
1	A	15,000	✓	$15,000 / 70,000 \times 100 = 21.4$
1	B	5,000	✓	$5,000 / 70,000 \times 100 = 7.1$
2	A	15,000	✗	0
2	B	35,000	✓	$35,000 / 70,000 \times 100 = 50$
<b>Total:</b>		<b>70,000</b>		<b>78.5%</b>

## 9 In-Store Execution

### Introduction

Following an agreement to implement an SRP solution, based on a valid business case and addressing the functional requirements, it is imperative that the solution is then fully utilised. For too many SRP solutions the functionality is introduced in isolation, without adequate preparation, communication and monitoring in place, especially in the store. The performance of SRP also needs to be established and valued against agreed targets and store auditing to ensure sustained delivery of anticipated value.



### 9.1 Preparation

To ensure a successful implementation, SRP should be approached as a company initiative, supported by the top management. Therefore, companies should take into account the change management aspects of introducing SRP, and especially the impact to store staff of implementing a new way of working.

Implementation can be facilitated by testing prospective SRP solutions through the end-to-end supply chain. Learnings can be fed into the change management approach and also the business case to help 'sell' the SRP solution internally, e.g. the test might highlight new time or cost savings, or uncover additional training requirements on store or warehouse staff etc.

#### 9.1.1 Store Personnel

Successful Preparation requires timely communication, and a comprehensive training agenda:

STORE PERSONNEL PREPARATION	
MANAGERIAL COMMUNICATION	STAFF TRAINING
<ul style="list-style-type: none"> <li>✓ Company SRP Initiative</li> <li>✓ Different SRP Types</li> <li>✓ Expected Benefits &amp; Opportunities</li> <li>✓ Planned rollout</li> <li>✓ Instructions &amp; Training Material</li> <li>✓ Implications on work practices</li> <li>✓ ECR Europe Blue Book</li> <li>✓ Relevant ECR National Recommendations</li> </ul>	<ul style="list-style-type: none"> <li>✓ Benefits to staff and shoppers</li> <li>✓ How to identify</li> <li>✓ How to open and use</li> <li>✓ Planograms</li> <li>✓ Health &amp; Safety aspects</li> <li>✓ Practice</li> <li>✓ Examples of Good &amp; Bad SRP</li> <li>✓ Replenishment Best Practice</li> <li>✓ Opportunities to feedback</li> </ul>

## Communication:

Successful implementation will be led by store managers only if they themselves know and understand their company's involvement in, and use of, SRP. If the benefits, expectations and implications are not communicated to the store managers in a concise and timely manner, it is unlikely they will be able to lead their teams in the correct use and deployment of the solutions.

With the introduction of each new product into SRP, instructions should be sent to store and communicated to store staff. Details should include how to open and use the SRP, merchandising, replenishment, and disposal of secondary packaging, and be no longer than 1 page.

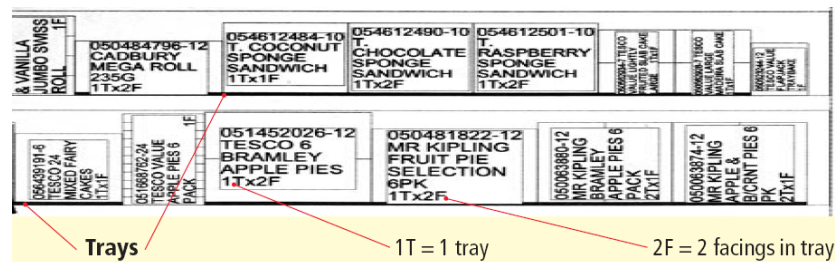
## Training:

The production of training materials should be viewed as good practice and not be used as part of trading negotiations, or incur a fixed fee. It is recommended that where possible, training material produced for store personnel take the form of videos and pictures as these methods are typically more effective.

The development of the store training material is ultimately the retailer's responsibility. However, where possible, its contents should be developed jointly with manufacturers and packaging suppliers to ensure the optimal use and handling of the (new) SRP solutions, thereby achieving optimised handling operations and cost in the stores.

Training of store staff should be as practical as possible, with demonstrations using SRP solutions and providing the opportunity to practice - request a sample case (fully marked) from the supplier to be used in training. If staff understand why SRP is used, and the benefits it provides to both themselves and the shopper, they are more likely to adopt best practice and use as instructed. Use the checklist above to ensure staff are suitably prepared for the introduction of SRP solutions.

To facilitate recognition, and help ensure suitable utilisation, ensure planograms are updated to reflect where SRP solutions should be used. The example below illustrates how Tesco's planogram helps staff to recognise usage.



Make the benefits of SRP to staff clear:

- Health & Safety improvement - reduced use of tools (e.g. knife)
- Simpler and quicker to find and replenish products
- Rotation and Cleaning easier
- Planogram compliance facilitated
- Reduced aisle congestion
- Improved Shopper Satisfaction

## 9.1.2 Trading Partners

Whilst the primary focus of this section is in-store, the communication and training across the Value Chain should not be overlooked, and is therefore worth referencing. This includes retailer head office, manufacturer, and packaging supplier.

As part of a broader communication and training plan, the following are recommended:

- Importance of using SRP and its benefits
- Examples of good and bad SRP
- Collaborative working (business case, SRP assessment...)
- Importance of store personnel training
- Importance of store communication, including clear indication of SRP usage on planograms

To fully understand the benefits of SRP and in-store considerations, it is strongly recommended that head office personnel, manufacturers and packaging providers involved in SRP projects spend time working in store, and retailers should encourage and facilitate this.

## 9.1.3 Information Technology

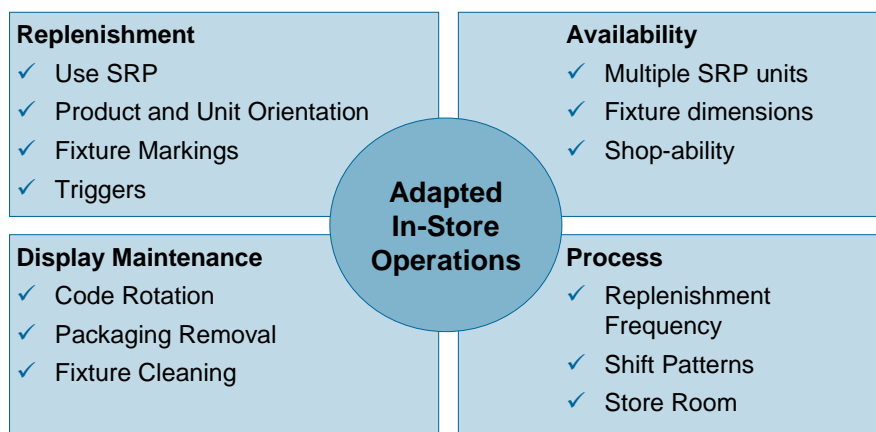
New SRP solutions may require changes to a manufacturer's or retailer's IT systems. Often the impact on IT is overlooked. The most common IT change required is the addition of a new pack size, or multiple, e.g. the SRP solution might be a ¼ pallet, but ¼ pallets are not set up as a sellable pack size on the inventory management and merchandising systems. Also consider adding a new product attribute field to the standing data to facilitate the introduction of SRP products.

## 9.2 Implementation

The implementation should be positioned as "Excellence in Execution" in order to fully benefit from the SRP concept in terms of facilitating shelf replenishment and ensuring a high product availability on shelves (best service to shoppers by reducing out of stocks on shelves).

### 9.2.1 Store Operations

It is necessary to promote the use of SRP in-store across the organisation, and provide instruction and best practice to support the successful deployment. It is anticipated that existing operations will need to be adapted to encompass SRP solutions and ensure full utilisation. The following framework highlights the main areas to consider, and includes some best practice recommendations.



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## **a. Replenishment**

Consider adapting replenishment according to the following guidelines:

- Use the full SRP unit (and not consumer unit by consumer unit as before).
- Display the SRP unit with the facing that shows the brand, message to shopper, etc. If this is unclear, and multiple orientations are possible, the SRP unit needs to be displayed so that logistics information (bar codes, etc) is not visible to the shopper.
- It is recommended that markings or coloured stickers be used on shelf (e.g. Carrefour) to indicate to staff which products should be merchandised in SRP (especially useful when product is located on more than one display, some of which do not support SRP).
- Emphasis on continuous replenishment through triggering before the SRP unit is totally empty. For example:
  - For on-shelf trays, replenish systematically when less than 1/3 full, and put in front of the replenished SRP unit the consumer units remaining from the previous box.
  - If 2 or more SRP units are merchandised, which is desirable, replenish when the first becomes empty

## **b. Display Maintenance**

Ensure SRP units are used to facilitate display maintenance, and do not cause an obstruction to the shopper:

- Code Rotation – during replenishment and maintenance, ensure best before / expiry date is used in a way that units with the shortest expiry date are put at the front, and that rotation is done by 'outer'.
- Packaging Removal – To keep fixtures and shelves appealing and easy to shop, ensure packaging removal becomes as critical as product replenishment. From the shopper's perspective, obstructed products can be equivalent to being out of stock.
- Fixture Cleaning - Instruct staff that cleaning time will be reduced since handling will be by SRP unit (and not consumer unit by consumer unit) when cleaning the shelf / fixture.

Be aware that there are changes to shelf maintenance when using SRP. Some of the time saved by introducing SRP will be used with shelf maintenance.

## **c. Availability and reduced out of stocks**

The focus should be around improved availability

- Good product availability can be facilitated by displaying a certain number of SRP units. Since the optimal number of SRP units depends on the product rotation and the available space, it needs to be jointly agreed between the Retailer and the Manufacturer.
- Be aware of fixture dimensions hindering utilisation of SRP, and limiting use of more than one unit.
- Check 'ease of shop' after replenishing to ensure actual availability, and that access to the product is not restricted

## **d. Process**

Be aware of process changes that may support, or be enabled, by the introduction and utilisation of SRP solutions:

- Moving a product to an SRP solution may result in a different number of consumer units per trade unit (box). This aspect may impact the shelf replenishment frequency. However, a drastic change in shelf replenishment planning is not anticipated.
- SRP units may facilitate the move to spreading replenishment shifts and associated headcount throughout the day.
- Ensure store room processes, storage, equipment and preparation areas support the use of SRP, especially when moving to returnable and /or larger MU and pallet solutions. This also applies to transport and warehouses.



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## 9.2.2 Utilisation

Trading partners need to be advised when SRP solutions are not used and the key reasons. Some common causes of non-utilisation have included:

- The solution is not optimal end-to-end, preventing good execution at the retailer's facilities e.g. pallet design (including its modularity: quarter, half pallet), SRP pack size and product rotation.
- The pack size of the trade unit (box) is not compatible with the category management in the store
- Number of facings is not suitable for the rotation of the product
- Impact on stock inventory levels
- Shelf / Fixture design incompatible with the SRP solution
- The SRP design does not meet the functional requirements in this report, and impacts the shopper through poor identification, ease of shop, visual appeal etc.
- Staff in-store are not adequately informed of the reasons for the change

## 9.3 Sustaining

Sustaining the implementation of the SRP concept so that it delivers the expected benefits in the medium and long term will be achieved through:

1. Simple and pragmatic measurement system based on a set of success criteria
2. Regular store auditing
3. Structured feedback to all key stakeholders in the chain, from manufacturer to packaging supplier.

### 9.3.1 Success Criteria

To help track success, the criteria identified below include the most important aspects to consider when assessing the results of the implementations. Depending on the size and complexity of the business, category, and store, additional aspects may also be considered.

As well as the macro [Implementation Performance](#) and [Usage](#) measures described in the business case methodology, focus on store-level success criteria ensure each store is contributing to the overall success, and any challenged executions at a micro level are not un-intentionally masked. As would be expected, some of the overall performance measures at a store level are taken from the measures.

Recommended in-store success criteria:

- Product availability (OSA) is improved (re optimal service to shoppers)
- Percentage usage of the SRP solutions delivered
- Consumer reaction / satisfaction: improved atmosphere in the store, better product display / accessibility, enhanced product attractiveness
- Assessment of staff reaction to the new concept
- Productivity improved: easier product identification in the store, reduced handling and replenishment time, reduced absenteeism due to injuries, reduced damages when handling products and shrinkage, better handling of empties and packaging for recovery

### 9.3.2 In-store execution Audit

To facilitate successful execution in-store, the following audit has been developed (*can be downloaded from the ECR Europe website*). The auditing sessions should be based on the instructions given and the success criteria listed above. The Store Manager should regularly review the way SRP is used, and take corrective actions to help staff adopt good practice. To complement the Store Manager reviews, a periodic audit should also be triggered by the Head Office of the Retailer. Also recommended is the inclusion of SRP reviews in the regular store efficiency review meetings.

# STORE AUDIT CHECKLIST

Location: \_\_\_\_\_ Type of Store: \_\_\_\_\_ Date & Country: \_\_\_\_\_

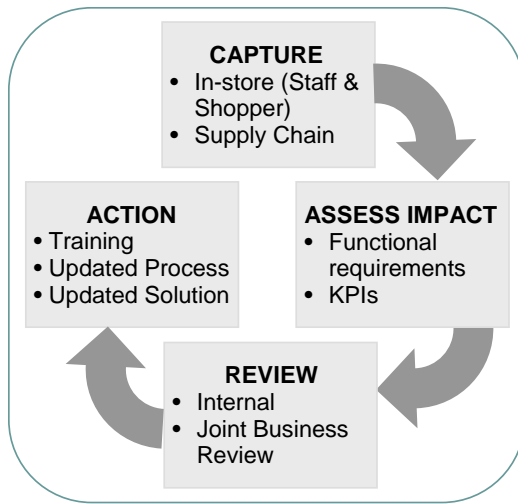
Checklist	Question	Support
<b>Introduction follow up</b>	• To what level is the SRP used?	100% ? or what level?
	• If the SRP is not used as planned, WHY?	Shelf fit, packaging solution, look?
	• Was training material used?	What was good/ bad?
<b>"Logistics"</b>	• Is the SRP damaged when arriving at the store?	Supply chain damage or shrinkage?
	• Is the SRP Easy to ID?	Do you spot the SRP from a distance, Content ID clear?
	• Is the SRP Easy to transport from backroom to shelf?	Heavy or falls apart on route?
<b>Merchandising study</b>	• Is the solution fit for the shelves or display?	2 full SRP's fit the shelf?
	• Is there promotional fit?	Promotions handled in the same way?
	• Is the maintenance / removing of empty SRP easy?	Where do you put the last products? Empty SRP in the way of the shopper?
	• Is there an SRP shelf identifier or similar used?	Sticker or alike solution
	• Is FIFO stock rotation on shelf simplified?	Less out of date products thrown away?
	• Has it been correctly placed on shelf / displayed?	Is the front facing position unclear?
	• Has the SRP been properly opened?	Done in a correct way and left over material visible?
<b>Packaging solution endurance</b>	• Are there any ergonomic concerns?	Heavy lifting, odd movements needed?
	• Is the SRP easy to Open?	Opens easily and quicker than before?
	• Is the SRP easy to place on shelf / display?	Does not collapse or fall apart when lifted?
	• Is the packaging structure still good after use?	Does the SRP look good after opening and some shopping down?
	• Is it easy to separate materials and fold?	If multi material, possible to separate into wastestreams without tools
	• Is it easy to store and return reusable solutions to backroom?	Flow of reusable trays or alike easy to follow?
	• Are there comments related to SRP from customers?	ID, look or accessibility, replacability?
<b>Apperance in use</b>	• Are there any cleaning challenges?	More dust or packaging pieces than before?
	• Are packaging graphics still good after use?	Colour durability, clean colours until removed?
<b>Store position</b>	• Is brand visibility clear whilst shopping down?	Brand still clearly visible when half full?
	• Any additional work needed in-store to prepare SRP MU?	Stickers, unfolding or removing of protection etc.?
	• Simple SRP MU positioning and good fit (If not shelf)?	Position easy to identify?
<b>Measurements</b>	• Can Packaging from SRP MU be used on shelves at promo end?	Fit between everyday packaging solutions and promo?
	• Do you have KPI's in place and are they known by the staff?	Also the specific targets?

## Top 5 improvements suggestions from store staff

- 1 \_\_\_\_\_
- 2 \_\_\_\_\_
- 3 \_\_\_\_\_
- 4 \_\_\_\_\_
- 5 \_\_\_\_\_

### 9.3.3 Feedback

To ensure continuous improvement along the supply chain, and an optimal service to shoppers with high product availability, it is recommended to introduce suitable methods to capture and provide feedback on the performance of the SRP solutions delivered.



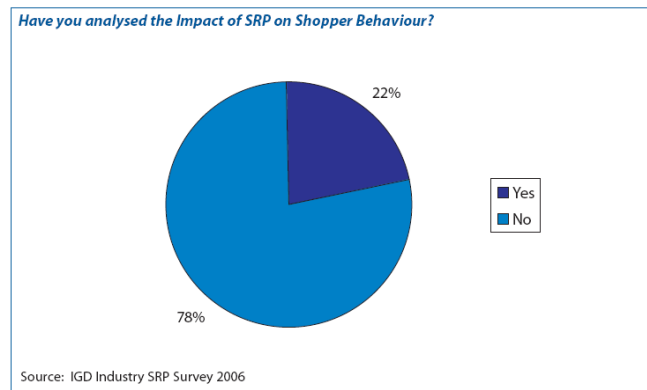
#### **Feedback Loop**

- **Capture:** Encourage feedback and suggestions on improvement opportunities from store auditing results, performance in stores, logistics handling in warehouses etc.
- **Assess Impact:** Illustrate performance of SRP by explaining the impact it is having on KPIs or functional requirements
- **Review:** Review what action can be taken both internally and collaboratively to address the opportunities identified.
- **Action:** Implement the agreed solutions through re-training, process improvement, or design improvement (caution to avoid continuous change of solution, and associated cost, for the latter).

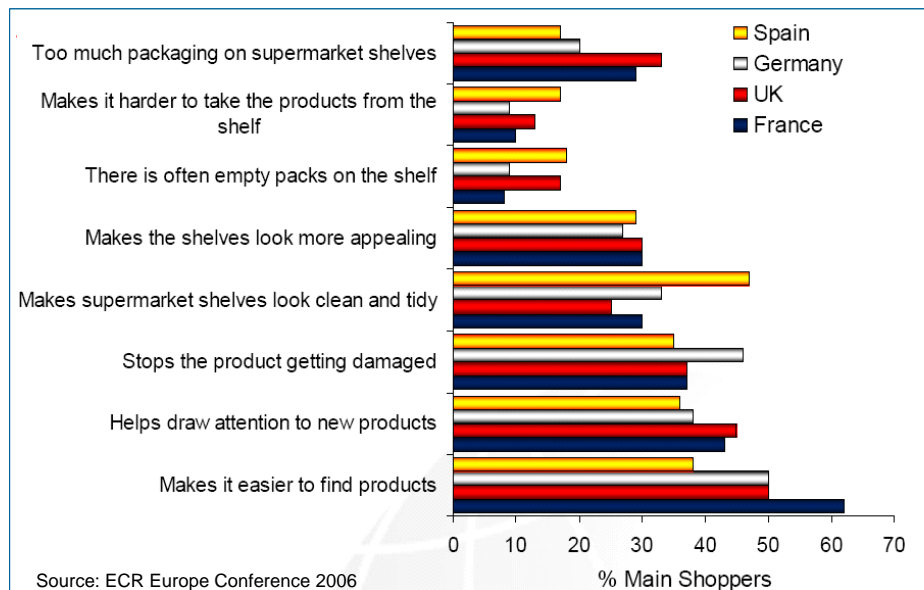
## 10 Appendices

### 10.1 Appendix I – Shopper Research

Understanding what the shopper thinks of SRP may sound like an obvious exercise but yet only one in five companies across Europe have assessed the impact of SRP on Shopper Behaviour, consistent across retailers and suppliers (*Source: IGD's International SRP Report, May 2006*). Businesses cited reasons such as “we’ve implemented quickly and involved cross functional teams across businesses”.



Shopper research can provide valuable insight into the success and impact SRP implementations have, and if it is truly of value to the shopper. For example, the IGD found that whilst SRP can make shelves look clean and tidy, and more appealing for shoppers, it can also be perceived negatively with too much packaging on shelf.



However, the same IGD survey also found that half of the British and German shoppers surveyed agreed that packaging makes it easier to find products compared to 62% of French shoppers. Only 38% of Spanish shoppers believe packaging improves product visibility.

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It is interesting to note that shoppers in all countries see more functional benefits of SRP rather than aesthetic ones. This is reflected in the fact that larger proportions of shoppers think SRP can make products easier to find and draw attention to new products, protect products and prevent untidiness than the proportion who think SRP makes shelves look appealing. Below is an example of accessibility of a product, it is important for both the retailer and manufacturer that SRP solutions do not hinder this functional requirement. Robust piloting and testing in store will help to iron out these potential issues.

### Accessibility of the product



*"I don't think I could get that out  
without wrecking my nails."*  
Comment from Shopper

When interpreting these results, it is of note that the research was conducted across a number of Retailers, in a number of geographies, and with no special preparation in store. Therefore, shoppers would have been exposed to differing levels of SRP presence, with a variety of solutions, and executed in-store with variable levels of success. Surveyed again in a store with higher SRP penetration, with best-in-class in-store execution, the results could have been considerably different. (The research also focuses on 'On-shelf' SRP solutions).

However, what the research does tell us, and as concluded in the IGD survey, "The focus of SRP solutions needs to be broader than just availability and replenishment. Using robust shopper research can only help drive businesses towards a successful solution. Get it right and you'll turn on the shopper get it wrong and you may lose the shopper!". For more detailed information, including analysis by Retailer and Geography, please refer to the IGD Shopper SRP Survey (2006), available at [www.igd.com/srp](http://www.igd.com/srp).

## 10.2 Appendix II – Packaging Standards

The tables below detail secondary and tertiary packaging requirements to be considered in conjunction with the Functional Requirements for SRP implementations. As referenced in the Guiding Principles of the Blue Book, SRP is not standalone best practice and it is important to consider the other requirements placed on packaging within the supply chain, summarised below.

The following list of requirements helps capture and reference relevant minimum European standards to take into account regarding packaging and packaging waste management.

No minimum requirements for the Shelf size are available on EU level. Shelf sizes differ from country to country and even differ by retailers individually.

Secondary packaging requirements	Requirement/Recommendation on EU level	References for each country
Labelling identification	GS1 standard (GS1 general specifications, version 7.0, January 2006, section 2.2 "Numbering and symbol marking of logistics units)	
Weight	Maximum 15 kg	<ul style="list-style-type: none"> <li>Guidelines and legislation on the maximum weight allowed for a secondary unit load exist, but they differ by country. Harmonisation is desirable with a recommended maximum weight of about 15 kg. The European Council directive 89/391/EEC should be a reference.</li> <li>UK: recommended maximum weights under health and safety legislation and see <a href="http://www.igd.com/ecr">www.igd.com/ecr</a></li> <li>Belgium: secondary and tertiary packaging recommendations <a href="http://www.ECRBelgium.org">www.ECRBelgium.org</a></li> <li>Norway. See <a href="http://www.ecr.no">www.ecr.no</a></li> <li>Sweden. See <a href="http://www.ecr.se">www.ecr.se</a></li> <li>Germany. See <a href="http://www.gs1-germany.de">www.gs1-germany.de</a></li> <li>Finland. See <a href="http://www.ecr-finland.com">www.ecr-finland.com</a></li> <li>France: See <a href="http://www.ecr-france.org">www.ecr-france.org</a></li> </ul>
Height	See tertiary packaging	
Packaging module	ISO standard 3394:1984, as endorsed by ECR Europe blue book on Efficient Unit Loads (1997) - 600 x 400 mm	Application of ISO standard is voluntary and varies across countries.

Tertiary packaging requirements	Requirement/Recommendation on EU level	References for each country
Labelling identification	GS1 standard (see reference above)	
Height	Recommended by ECR Europe in blue book on Transport Optimisation (2000): maximum 2.40m or 1.20m	<p>Country specific recommendation are available, e.g.</p> <ul style="list-style-type: none"> <li>Sweden: maximum 1250 mm</li> <li>Finland: maximum 1100 mm</li> <li>Belgium: maximum 1850 mm in case of pallet of max 500 kg the height can be exceeded in accordance with retailer</li> <li>Germany: CCG1 – 1050mm, CCG2 – 1600-1950mm</li> <li>France: max. 1800 – 1950 mm for homogeneous pallets</li> </ul>
Base module	ISO standard 3676:1983, as endorsed by ECR Europe blue book on Efficient Unit Loads (1997) - 800 x 1200 mm (Euro-pallet) or 1000 x 1200 mm (industry pallet)	All countries in Europe implement the pallet standard.

Waste Management	Requirement/Recommendation on EU level	References for each country
Description of procedures	High-level procedures in EU directive 94/62	Country specific recommendations are available: <ul style="list-style-type: none"> <li>• Finland. See <a href="http://www.ecr-finland.com">www.ecr-finland.com</a></li> <li>• Germany. GS 1 Germany recommendation “Efficient waste management”</li> <li>• UK. IGD Bluebook on RRP</li> <li>• Belgium: see <a href="http://www.ECRBelgium.org">www.ECRBelgium.org</a> secondary and tertiary packaging</li> <li>• France: see <a href="http://www.conseil-emballages.org">www.conseil-emballages.org</a> and <a href="http://www.ecr-france.org">www.ecr-france.org</a></li> </ul>
Compliance with EU waste Directive (94/62)	Yes	National Packaging Waste legislation is in place in every country in Europe to comply with EU Directive 94/62/EC

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## 10.3 Appendix III – ECR Europe Operating Principles

A **shared vision**: Working Together to Fulfil Consumer Wishes Better, Faster and at Less Cost<sup>2</sup> with a **shared business process** leading to **shared benefits** across the Value Chain

An **operational framework** for trading partners committed to implement ECR Practice

### 1) Generating Demand

ECR Practice requires both trading partners:

- to jointly analyse consumer and shopper data in order to mutually understand and respect one's consumer/shopper marketing objectives when developing and reviewing the category;
- to focus on delivering cost effectively the most relevant set of products and services that truly add choice and value to consumers;
- to jointly define a set of business Key Performance Indicators (e.g. consumer, market, productivity and financial), to measure the results against these objectives.

### 2) Managing the Supply Chain Efficiently

ECR Practice requires both trading partners:

- to adhere to supply chain management standards and protocols recommended by ECR Europe;
- to jointly define a set of objectives and processes for optimising product planning, forecasting and replenishment as well as in-store logistics:
- -to achieve full visibility of product flow along the supply chain so that consumer demand is always met
- -to jointly make efforts to move to paperless transactions (e.g. using data flow to clear deliveries and invoices);
- to jointly define a set of objectives and processes for optimising on shelf availability;
- to apply a commonly agreed method in order to evaluate total costs and benefits related to supply chain changes;
- to share benefits and risks whilst adopting a total supply chain view;
- to jointly define a set of business Key Performance Indicators to measure results against these objectives

### 3) Making Information-Based Decisions

ECR Practice requires both trading partners:

- to exchange information in order to support business decisions;
- to agree on a common process, cost effective for both partners, to systematically gather and/or exchange the best possible information in a structured way;
- to establish a non-discriminatory and transparent process for evaluating the information leading to any business decision (e.g. KPI's, scorecards);

All information exchange between trading partners should happen in strict accordance with the applicable competition laws.

### 4) Organising to implement ECR

ECR Practice requires both trading partners:

- to promote the ECR mindset and way of working to all management and staff;
- to dedicate appropriately skilled resources from both sides in order to implement ECR Practice in pursuit of category benefits;

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<sup>2</sup> Consumer definitions of value addition typically relate to choice, availability, price, freshness, quality, relevance, innovation, service and convenience. In addition, consumers value the easy availability of information that enables informed purchasing choices and a purchasing environment that is physically and/or socially enjoyable.



- to invest in ECR Demand Generating, Supply Chain Management and Enabling practices only in pursuit of tangible and measurable business and category objectives;
- to support ECR Practice in their trading agreement, however ECR Practice may not be linked to the trade terms;
- to link personal / team rewards to the defined business KPI's.

#### 5) Respecting competition law

ECR is designed to serve the interest of the consumer. ECR Practice may not be used to restrict competition between suppliers. Companies undertaking ECR projects should apply ECR Practice in strict respect of applicable competition laws. ECR Europe is committed to strong and fair competition in support of which competition guidelines are issued which focus on demand side projects; in particular they provide:

- that no sensitive information should be exchanged between competitors; and
- that along the supply chain itself, parties should not enter into agreements that restrict the other party in its freedom to set prices, choose trading partners, decide product assortments, and otherwise manage sales to consumers or other customers.

### 10.4 Appendix IV – Packaging Waste Directive



EU Packaging Waste Directive

### 10.5 Appendix V – ECR UK SRP Tools

For more information on these tools, please refer to the [ECR UK RRP Blue Book](#), 2005

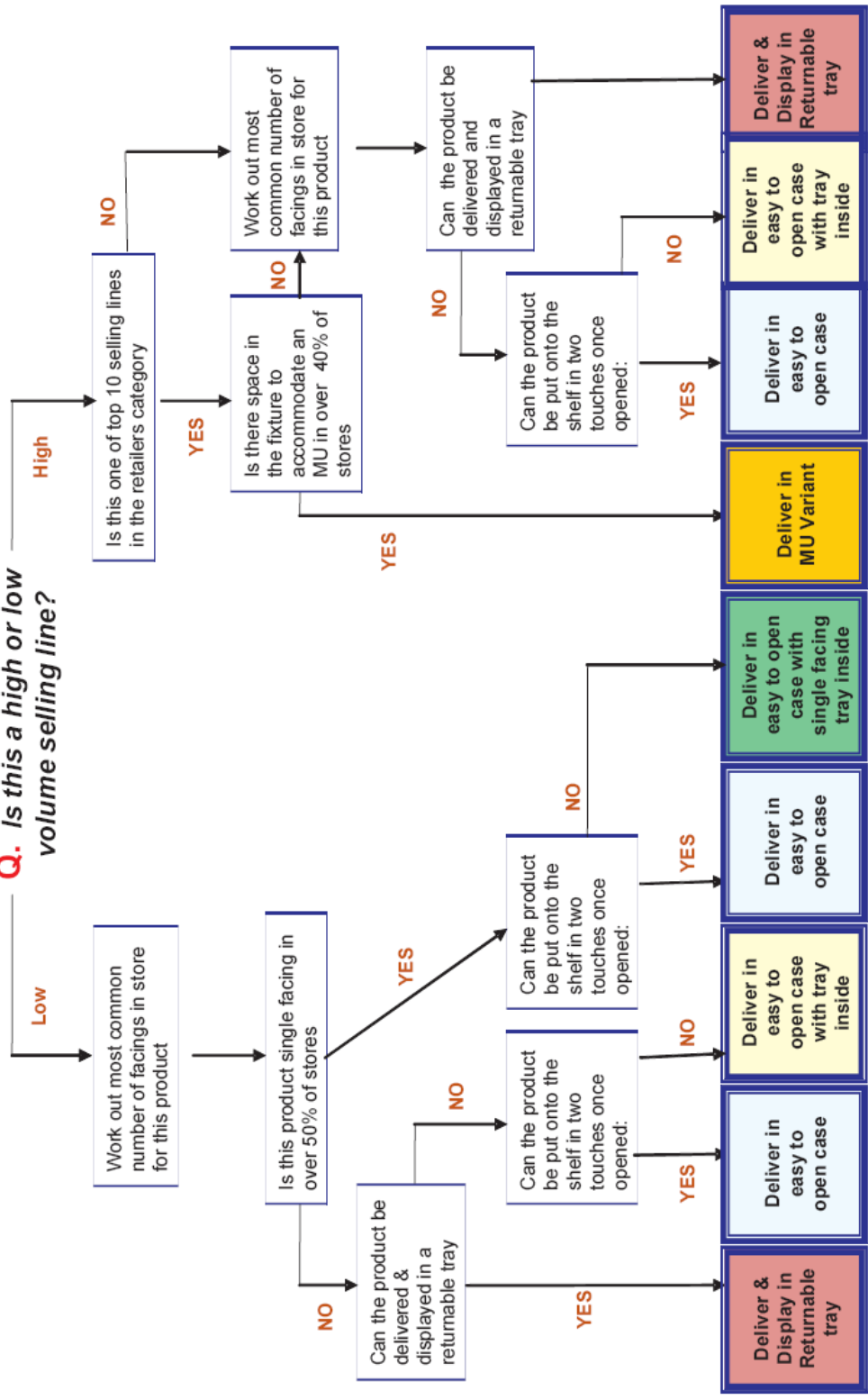
#### Case Size Calculator

<i>Case Size Calculation Example</i>				
Rate of Sale (units /store / week)	Minimum Shelf inventory (% of weekly sale)	Minimum Store stock holding in cases	(Rate of Sale x Min shelf inventory as a % of weekly sales)/Store stock holding in cases	= Suggested Case Size
60	36%	1.5	$\frac{(60 \times 36\%)}{1.5}$	= 14

Source: ECR UK

The Retail Ready Packaging Decision Tree

**Q. Is this a high or low volume selling line?**



Source: ECR UK

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## 10.6 Appendix VI – Case Studies and Testimonials

Case Studies and Testimonials on SRP implementation are available on the ECR Europe website.

## 10.7 Appendix VII – Disclaimer

The study represented in this publication is promoted by the members of ECR Europe and has been achieved thanks to the active support of the aforementioned participating companies and organisations; the project work was authored and undertaken by consultants at Accenture.

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