

ECR Australasia

RETAIL READY PACKAGING

A Focus on Shelf Ready Packaging

An Industry Toolkit





ECR Australasia - working together for total customer satisfaction

Project Background

Efficient Consumer Response (ECR) is a business concept aimed at better satisfying consumer needs, through businesses and trading partners working together.

In doing so, ECR best practice will deliver superior business results by reducing costs at all stages throughout the supply chain, achieving efficiency and streamlined processes. ECR best practices can deliver improved range, consumer value, sales, service, convenience offerings and uniform industry standards. This in turn will lead to greater satisfaction of consumer needs.

ECR Australasia reflects a commitment to take costs out of the grocery supply chain and better satisfy consumer demands through the adoption of world's best practice. In an increasingly global food and grocery industry and a retail environment subject to rapid change, the future for Australian and New Zealand suppliers, retailers and wholesalers depends on increased efficiencies, reduced costs and added value for consumers. Influences such as global sourcing, new retail formats and channels, international retailers, competing products and services and technological innovation have all contributed to the pressure for change.

ECR Australasia is an initiative of manufacturers, retailers and wholesalers in the Australian and New Zealand food and grocery industry and is supported by the respective industry associations.

Launched in November 1999 and directed by a Board of ten senior industry executives, ECR Australasia seeks to build on earlier collaborative work in the industry in Australia and New Zealand and to access the outcomes of global ECR related activities. Access to the outcomes of international activities will enable ECR Australasia to take the best, adapt it to the Australasian scene and avoid the need to reinvent the wheel.

In 2006 the ECR Australasia Board recognised the need to develop common industry standards and guidelines to assist retailers, suppliers, wholesalers and packaging companies implement sustainable alternate packing solutions such as Retail Ready Packaging (RRP) and Shelf Ready Packaging (SRP). Unlike other ECR concepts RRP and SRP is not a standalone best practice and it can

impact numerous elements of the supply chain. If not implemented with due consideration to these impacts it has the potential to increase costs and reduce efficiencies.

The objective has been to share understanding and individual perspectives, to articulate the industry pressure and the movement towards wider development and more effective use of RRP. As part of RRP, SRP industry guidelines have been developed and published to facilitate efficient shelf replenishment processes. The working group recognises that standardisation can evolve into commoditisation and erode competitive difference; therefore this document acts as a guide to ensuring SRP implementation follows a case-by-case iterative process.

As with all ECR Australasia work streams the principles identified by the project team reflect ECR's charter. For more information about ECR Australasia or to view the charter, visit www.ecraustralasia.org.au

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1.0 Introduction

Significant changes in packaging are taking place in the Australian and New Zealand food and grocery industry due to the increased focus on supply chain efficiency and effectiveness.

The Australasian retail scene is one in which radical change is occurring. The major retailers are undergoing significant business transformation and the area of supply chain is no exception. The factors driving these changes include:

- the market for food and grocery is a declining share of the % of consumer spend;
- there is increasing overseas competition;
- increasing spend for foodservice and other outlets;
- market expectations;
- limited growth opportunities, particularly for additional stores leading to a focus on non-food such as liquor, petrol and pharmacy;
- and finally pressure on costs/efficiency, and margin increase to improve profitability.

As part of the drive to remove cost from the retail supply chain there is an increased motivation to evaluate the final 50 metres of the distribution channel. Traditional shippers limit the opportunity for in-store process improvements leading to the exploration of alternate packaging formats.

Alternate formats include Shelf Ready Packaging (SRP) and merchandising units, both of which fall under the Retail Ready Packaging (RRP) umbrella. RRP refers to products which are easy to identify, easy to open, easy to shelf, easy to shop and easy to dispose.



Shelf ready packaging allows for a number of consumer units to be placed directly onto the store shelf in one movement without the requirement of stacking individual items and without impacting on the visibility or access to the consumer units.

Merchandising units are reusable secondary packaging involving the use of dollies, milk cages etc where the product is merchandised in the unit and typically the unit is returned for re-use.

The focus of this toolkit is on SRP, providing a practical approach to support discussions with trading partners on its introduction and implementation.



Retailers see SRP as a vehicle to improve efficiency and ease in store costs, specifically by improving the shelf fill efficiency and the associated tasks of stock rotation. There is a view that the introduction of SRP will have a direct and positive impact on improving on-shelf availability. It is probable that benefits will vary on a case by case basis, however little empirical data is available at this stage to substantiate this claim and a subsequent course of action will be to substantiate the benefit of SRP.

Key Driver

Improve in-store efficiency through increased speed of replenishment leading to better on-shelf availability and increased sales.

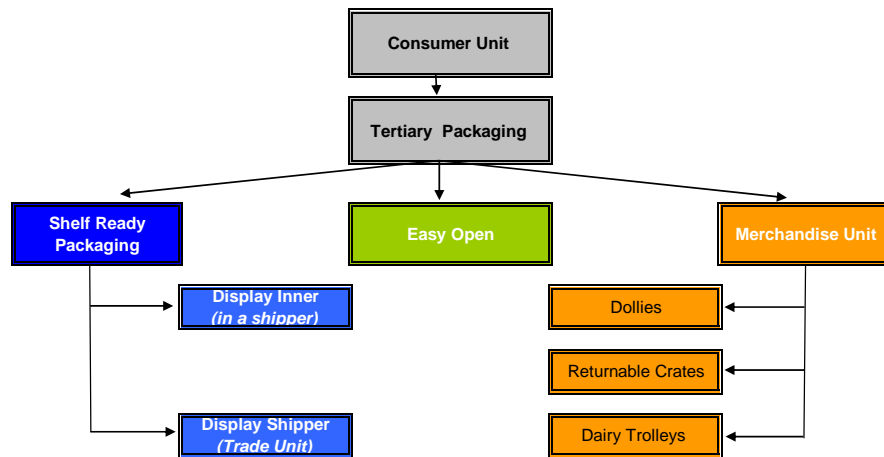
The consumer is fundamental to good SRP solutions. It is important that design elements are kept simple so consumers can easily identify the variant they are seeking. It is also important that packaging does not send mixed messages to the consumer; brand owners will need to be careful about the perception of their product and its qualities and have a clear strategy about how to design these into new packaging formats. Clearly there are both positive and negative implications for consumers.

A priority for progressing SRP formats is to clearly understand the problems associated with current packaging formats and to appreciate the requirements being driven through the retailer.

SRP cannot be considered in isolation; impact on the total supply chain and the current retailer driven transformation programs is an essential element in progressing long term sustainable solutions, but SRP is not necessarily the solution for all products and all categories.

The following diagram provides an overview of the various categories of SRP. Specific Packaging Options and Guidelines for SRP can be found in Section 8 of this document.

Retail Ready Packaging



FUNCTIONAL REQUIREMENTS - underpin all SRP options.

Easy to Identify

Easy to Open

Easy to Shelf

Easy to Shop

Easy to Dispose

2.0 GUIDING PRINCIPLES

ECR Australasian principles support the belief that business success comes from delighting the consumer through meeting or exceeding their expectations. To guide the discussions between trading partners, the following principles have been developed and companies are encouraged to adopt them at the commencement of their trading partner discussions. These principles are adopted from ECR Europe's work in this area.

The principles are:

- Always of value to the shopper, retailer and manufacturer
- Compliance with total supply chain efficiency
- Avoid fragmentation and complexity
- Maintain brand identity
- Measure implementation
- Requirement of long-term commitment from retailers and manufactures
- Compliance with Occupational Health and Safety requirements
- Compliance with the Australian National Packaging Covenant and New Zealand Packaging Accord

2.1 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. SRP should be aligned to the ECR principles 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 product and store loyalty. In order to achieve the desired results, and deliver the full potential of SRP solutions, additional investments may be necessary by trading partners (e.g. changes to packaging, changes to shelf fixtures, changes to handling processes).

To facilitate agreement between trading partners on the value an SRP solution will deliver, it is imperative to have a supporting total benefit analysis. The evaluation of the benefits, and any resulting increase in costs, should be performed collaboratively and follow the commonly agreed methodology as defined in Section 5 Business Case Framework.

The business case for SRP will differ on a case by case basis, and will include a variety of drivers that are impacted according to the product, category or channel in question. In each 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) and increased sales. Soft benefits such as improved product visibility, choice and presentation can be harder to value.

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

2.2 Compliance with total Supply Chain Efficiency Principles

The introduction of SRP solutions needs to take into account the impact on the total supply chain. Therefore any SRP execution should 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 and Transport Optimisation.

Further information on possible impacts to the supply chain are outlined in Section 6.2 Supply Chain Effectiveness and Efficiency and Appendix 10.2 Supplier Implementation Considerations.

2.3 Avoid Fragmentation and Complexity

SRP solutions should build on existing standards that currently contribute to supply chain optimisation. At a minimum it is recommended that:

- Optimised pallet and roll cage utilisation be maintained through modular dimensions of case and pallet footprints
- Industry agreed standards are used for case and pallet identification (GS1 standards)

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 (refer to Section 3.0 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 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.

2.4 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 of packaging. SRP must be designed 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 this principle.

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

2.5 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. 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 - measuring success and achievement of the implementation against the business case objectives, using the success criteria outlined in Section 5.0 Business Case Methodology.

2.6 Requirement of Long-term Commitment from Retailers and Manufacturers

ECR practice requires trading partners to work 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 required for a critical mass of volume. This should be 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)
- Period required to deliver the benefits identified in the Business Case
- Possibility to substitute with a more profitable practice
- Consideration of the sustainability of the new practice
- Product lifecycle driven by consumer demand

Long-term commitment and partnership means that trading partners cannot unilaterally cancel the SRP implementation. Any decision to discontinue an SRP execution needs to be decided jointly and the consequences dealt with accordingly.

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.

2.7 Compliance with Occupational Health and Safety requirements

Occupational Health and Safety (OHS) is an industry wide issue and company systems should aim to establish a streamlined business process ensuring companies' most valuable resource, their people, is protected.

SRP solutions must encourage, promote and facilitate improved OHS performance along the supply chain. This can be done through improving existing systems and removing barriers to enhanced performance. Areas of specific focus include pallet stabilisation, trade unit weights and ease of opening to limit the use of opening aids such as knives.

All states set out obligations in legislation to manage occupational health and safety (OHS) and it is an offence not to comply. The obligations vary from State to State and operations that function nationally must be aware of all the different requirements and comply with them all.

2.8 Compliance with the Australian National Packaging Covenant and New Zealand Packaging Accord

2.8.1 Australian National Packaging Covenant

The National Packaging Covenant is the voluntary component of a co-regulatory arrangement for managing the environmental impacts of consumer packaging in Australia. It is an agreement based on the principles of shared responsibility between key stakeholders in the packaging supply chain and all spheres of government.

The regulatory underpinning is provided by the National Environmental Protection (Used Packaging Materials) Measure (NEPM), designed to deal with free riders and non-signatories and applied at the jurisdictional level.

The Covenant has a second term from 2005 to 2010 and commits signatories to allow no further increases in packaging waste to landfill and to a national recycling target for packaging of 65% (up from 48% in 2005) by 2010.

The revised Covenant incorporates changes to substantially improve reporting and communication of both Covenant and signatory performance. While still a co-regulatory model, there is greater scrutiny on compliance with Covenant provisions.

The production, use and disposal of packaging has an impact on the environment. Manufacturer and retailer signatories to the Covenant agree to work towards 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 is a key area through which manufacturers and retailers will be impacted by the Covenant. The Covenant requires signatories to monitor and report on a number of specific key performance indicators relating to packaging and its management on an annual basis.

The Covenant is based on the principle of product stewardship. Essentially it's an ethic of shared responsibility for the life of

products including the environmental impact through to, and including, its ultimate disposal.

The objectives of the Covenant are to:

- reduce environmental harm arising from the disposal of used packaging and
- to conserve resources through better design and production and
- to improve the re-use and recycling of used materials.

A key component of the revised Covenant is the revised Environmental Code of Practice for Packaging and Guidelines (the Code). It is a specific KPI in the Covenant.

The objectives of the new Code are to ensure effective and clearly documented practices are in place to address environmental concerns in the product development of new or the review process for packaging and packaged products.

The Code is a tool for the design and manufacture of innovative packaging that meets the sometimes conflicting demands of the market and the environment while also recognising the important role of packaging in the product supply chain.

The new Code is made up of the Code itself and attached guidelines to assist in its application. For further information visit: <http://www.deh.gov.au/settlements/waste/covenant/index.html>

2.8.2 New Zealand Packaging Accord

The New Zealand Packaging Accord is a joint waste reduction initiative between the New Zealand packaging industry, local and central Government and the recycling industry.

The objective of the Accord is to improve the sustainability of packaging used in New Zealand by:

- Brand Owners and retailers taking the primary responsibility for product stewardship throughout the package life-cycle.
- Greater material and energy efficiency in the production, use and recovery of packaging materials.
- Supply chain initiatives that foster markets for sustainably-made packaging, including more use of recovered packaging material.

Both major New Zealand grocery retailers are signatories of the Accord and encourage suppliers to adopt and comply with the **Code of Practice for the Packaging of Consumer Goods**, a self-regulatory code of practice developed by the Packaging Council of New

Zealand. The Code seeks to promote excellence in environmental design of packaging while preserving its functionality (e.g. product integrity, public safety, consumer appeal).

In accordance with the Code, and in order to minimise the environmental impact throughout its life-cycle, packaging should be designed such that:

- The pack volume and weight are reduced to the minimum commensurate with maintaining the necessary safety and hygiene of the packaged product.
- It should be able to be reused or recovered and the environmental impacts arising from the recovery or disposal are minimised.
- Harmful or hazardous substances and materials occurring in emissions, ash or leachate on disposal are minimised.

Notwithstanding the above, packaging must be suitable to withstand the rigors of the supply chain, preserve the integrity of the product and meet customer requirements for presentation.

Full copies of the Packaging Accord and Code of Practice may be downloaded from the Packaging Council's website at www.packaging.org.nz

3.0 FUNCTIONAL REQUIREMENTS

Functional requirements underpin the implementation of all forms of SRP and should allow trading partners a framework for open dialogue to avoid prescribed solutions or technical specifications. This dialogue will ensure a case-by-case implementation approach is maintained, and is aligned with the functional requirements and key considerations (refer Section 4) for the adoption of SRP options.

Functional Requirements could be adopted for all types of packaging, not just SRP solutions and should assist in improving the speed of replenishment. The table below provides an overview of the Functional Requirements against the main areas of impact.

Functional Requirements				
Area of greatest importance	Consumer	In-store	Back of store	DC Centre
Easy to Identify	✓	✓	✓	✓
Easy to Open		✓		
Easy to Shelf		✓		
Easy to Shop	✓			
Easy to dispose		✓	✓	✓

Further detail on SRP options and requirements is available in Section 9.0 Packaging Options and Guidelines.

3.1 Easy to identify

Easy identification assists the choice of the correct product and rotation of stock through the supply chain with particular emphasis on the distribution centre, back of store and shelf replenishment processes.

How easy is it to recognise the product by viewing the outer carton?

Packaging should clearly communicate what is inside. This communication should be visible on more than one side to maximise the chances of the information being sighted, for example when the product is on a pallet or in a roll cage.

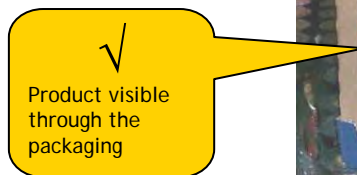
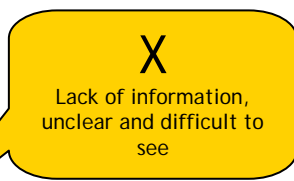
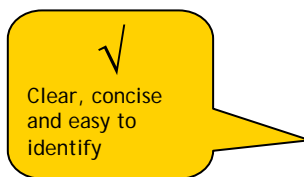
Acceptable Solution:

- *Clearly printed Brand, Product and Variant on at least 4 sides of the outer packaging. (Refer to Appendix 10.4 Commercial Checklist)*
- *Product text should be as large as practical*
- *Best before dates should be clearly printed and legible*

N.B. If print and apply barcodes are used, printed Brand, Product and Variant descriptions need to be on 2 sides.

Best in Class Suggestions:

- *Product visibility through the packaging*
- *Product pictorials depicting the consumer unit printed onto the outer packaging*
- *Outer packaging mirrors the appearance of the consumer unit*
- *Colour coding, ambient, frozen temperature controlled*
- *Pallet identification*



3.2 Easy to open

The product should facilitate easier and quicker shelf replenishment processes. The packaging should be opened easily in one or two steps preferably without the aid of tools such as knives.

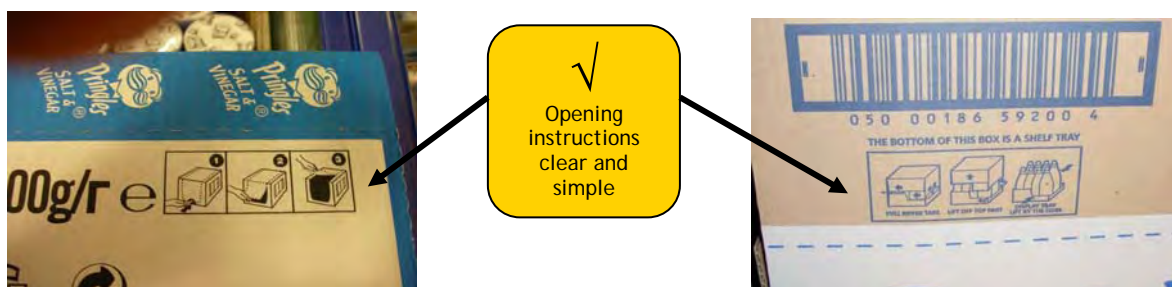
The store assistant using the packaging should be able to see how to open the carton, what part of the carton is used to place the product on shelf and what part of the carton is discarded.

Acceptable Solution:

- *Easy to understand instructions on how to open the carton*
- *The process for opening a carton via perforations should not exceed the time taken to open the carton conventionally*
- *Torn perforations should leave neat lines i.e. clean perforations maintaining an attractive presence on the shelf*
- *Packaging should be strong enough to move with the product through the supply chain without unwrapping but still remain easy to open*

Best in Class Suggestions:

- *Simple pictorial opening instructions that are easily understood*
- *Shrink wrap should be easily removed without the need to puncture the wrap*
- *Packaging should facilitate opening in one step through the use of mechanisms such as cardboard sleeves*
- *The use of tools such as knives to open packaging should be avoided*
- *The opening point should be quick to locate*





✓
Simple to open

X
Opening leaves
untidy perforations



3.3 Easy to shelf

Through the use of the remaining tray, the SRP should enable the products within the tray to be placed on the shelf easily and safely, in one movement. Without this requirement being met, the SRP solution is not fit for purpose.

Acceptable Solution:

- *Packaging weight and design are fit for purpose*
- *The shelf component of the RRP, i.e. the remaining tray used to merchandise the products is strong enough to lift and move without the tray buckling and/or releasing product from the tray*
- *Shelf component of the packaging can be easily removed from the packaging*

Easy to shelve, tray strength



Product collapses when shelved



3.4 Easy to shop

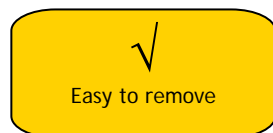
The SRP should not create any barriers to purchase. The shopper should be able to easily buy product from the SRP and return the product easily to the shelf if they choose. The SRP should allow the customer to easily identify the Brand, Product and Variant whilst not hindering their ability to self-select.

Acceptable Solution:

- *White-lined board or board in one generic colour that is closely related to the principle colour of the consumer unit & whereby the consumer unit visibility is maximised. As a guide, at least 80% of the product should be visible to the consumer whilst in the tray*
- *SRP unit should not cover important consumer information. Both the Brand and Product description should be visible on the consumer unit whilst in the tray*
- *If the Variant and Net Weight of the consumer unit are concealed on the consumer unit by the tray, this information needs to be printed on the display portion of the tray*
- *Packaging provide no barriers to removal and replacement on the shelf*
- *Supply Chain barcodes, GTINs should not be printed on the display portion of the remaining SRP tray*

Best in Class Suggestions:

- *The SRP should be designed with the whole category in mind in an effort to improve brand recognition for the products on-shelf*
- *SRP unit graphics should mirror the consumer unit design*
- *Where the opportunity exists, the merchandising of the product should be reviewed with the view to enhance visibility for e.g. moving the product from face-up to face-on*





X
Shopper has difficulty
removing the product

3.5 Easy to dispose

Packaging materials chosen should be recyclable. For product with multiple packaging types materials should be easily separated for recycling. Packaging should be easy to stack and remove from store aisles.

Acceptable Solution:

- *If using glue, ensure that its application is not so liberal as to compromise the breaking down of the carton. If this cannot be achieved, tape is the preferred solution*
- *Outer packaging can be easily collapsed and flattened for bundling*
- *Appropriate logos are used to indicate recycling*

Best in Class Suggestions:

- *Use the minimum amount of packaging whilst ensuring the product travels safely through the supply chain*
- *If different packaging materials are used, ensure they are not stuck together*
- *Any plastic trays can nest for disposal*

4.0 KEY CONSIDERATIONS

The following have been identified as the key considerations to the adoption of SRP options between trading partners and their businesses and along their respective supply chains.

Supplier	Discipline	Retailer
<ul style="list-style-type: none"> Are SRP options considered during ideation and concept development? Have the investment options been assessed as part of the life cycle costing for the product? 	Research & Development	<ul style="list-style-type: none"> Is SRP included in new product briefs?
<ul style="list-style-type: none"> Is the existing equipment capable of meeting altered pack format requirements? Are investments and upgrades in new equipment required? Does the payback period match with company policy? What is the impact on the cost to serve? Does the SRP option meet with the retailers requirements? Does the SRP solution align with the Brand identity? Are there requirements to design the whole of category? 	Manufacturing	<ul style="list-style-type: none"> Is the retailer aware of the potential costs for implementing SRP option versus the proposed cost savings?
<ul style="list-style-type: none"> Does the SRP lend itself to efficient pallet utilisation? (i.e. 80% plus) What is the impact on the order multiple and does this effect the transport efficiency? Are the packaging solutions suitable in providing protection to the consumer unit? Have transport trials been conducted? 	Transport	<ul style="list-style-type: none"> Does the SRP lend itself to efficient pallet and roll cage utilisation? Are the packaging solutions suitable in providing protection to the consumer unit? Have transport trials been conducted?
<ul style="list-style-type: none"> Does SRP impact on warehouse functionality, procedures and costs? Are the packaging solutions providing adequate protection? Have warehousing trials been completed? Is the product easy to identify in the warehouse? 	Warehousing & Distribution Centres	<ul style="list-style-type: none"> Can the SRP product be accommodated in both manual and automated warehouses? Does SRP impact on warehouse functionality, procedures and costs? Is the packaging providing adequate protection? Have warehousing trials been completed? Is the product easy to identify in the warehouse?

Supplier	Discipline	Retailer
<ul style="list-style-type: none"> Have the sales rates, number of facings and order multiples been assessed? Are the differing retailers shelf depths considered? Does the SRP enhance the product display? 	In-store	<ul style="list-style-type: none"> Have the sales rates and number of facings been assessed? Will the packaging fit on the majority of allocated space without the product falling out? Have the aesthetics of shelf been considered? Can the SRP solution fit in the shelf? Is the differences in store planograms considered? Does the product facilitate easier and quicker replenishment processes? Can the pack be opened easily without the aid of knives? Is there clear instructions on how to open the SRP? Does the SRP enhance the product display and provide for off location / promotional display? How will store delivery be impacted? Is the product easy to identify in back of store when commencing replenishment processes, including date code? Does the SRP save time to replenish versus individual decant?
<ul style="list-style-type: none"> Can the consumer easily identify the brand and variant? Is the date code easy to view by the consumer? 	Consumer	<ul style="list-style-type: none"> Can the consumer easily buy the product from the SRP unit when it is on the shelf? Can the consumer return the product easily if they choose? Can the consumer easily identify the key product information?
<ul style="list-style-type: none"> Are the packaging materials chosen recyclable? What is the weight of the packaging? What is the impact and obligations under the National Packaging Covenant / Packaging Accord? 	Environment	<ul style="list-style-type: none"> For products with multiple product types are they easily separated and recycled? Is there recycling facilities available for the product types? What is the impact and obligations under the National Packaging Covenant / Packaging Accord?

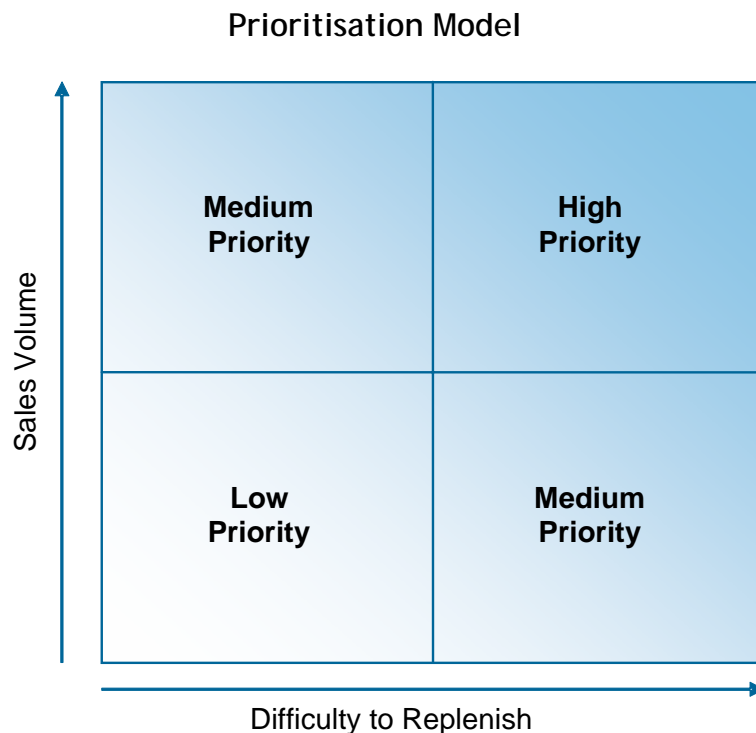
5.0 PRIORITISATION APPROACH

Implementing SRP solutions requires a planned and collaborative approach. The decision to commence evaluation of options occurs between trading partners. To assist in prioritising the most appropriate products or categories the following prioritisation approach has been developed. This should allow trading partners to have a constructive dialogue around the products and categories most suitable and their priority ranking.

Retailer and supplier alignment on priorities and timings is critical to ensuring focus on the right products at the right time.

All New Product Development (NPD) should be evaluated for SRP in the early stages of the project, including the time taken from concept stage to in-store availability.

The product prioritisation model below provides a clear guide to a systematic product implementation approach.



Priority should be given to those products that have a high sales rate per store and products are difficult and labour intensive to replenish. Products which can easily be converted to SRP solutions should also be considered.

The prioritisation of product or category will be a decision made collaboratively between trading partners. The following sections provide an insight into the retailers approach to prioritising product for SRP:

5.1 Coles Group Limited

Coles Group Limited is working collaboratively with suppliers using a category approach to converting items into Shelf Friendly Packaging (SFP); making it easier for our suppliers, merchants and in-store team members.

Coles is managing the conversion of items on a category-by-category basis. Suppliers are encouraged to work closely with their Coles Merchant and Customer Planning Manager to agree and prioritise their products within the targeted category, based on suitability, fit for purpose, and strategic alignment.

This category approach ensures a manageable process for suppliers and Coles; however, suppliers outside nominated categories are also advised to seek solutions and establish plans in readiness for conversion, as new categories are included.

5.2 Foodstuffs

Foodstuffs NZ view retail ready packaging (RRP) as having impacts across the total supply chain. Although an important component of total RRP, we see the opportunities much wider than solely Shelf Ready Packaging.

This approach is inclusive of the Industry as a whole. There will be components Foodstuffs can control or influence and components that suppliers/manufacturers can control/influence. In both cases, efficiencies will be delivered and the benefits need to be shared

The benefits gained through implementing RRP should ultimately result in a lower priced product and higher shelf availability for the retail consumer. To realise the opportunities, we support the following approach:

- The retailer and supplier/manufacturer/distributor need to review and confirm their scope of influence and control;
- Industry standards should be adopted that make it clear for all parties expectations. These standards should explicitly consider Industry existing agreements such as the Packaging Accord and Waste Minimisation initiatives.
 - o If the standards are not industry-wide, it will result in duplication across the various points of the supply chain, diluting the potential benefits;

- Where RRP changes are made with a particular retailer, these changes should be in consultation with other retailers or other suppliers in the category;

5.3 Metcash Trading Ltd

Metcash represent over 4,500 independent supermarket stores and therefore will operate with the generalised industry guidelines.

5.4 Woolworths Ltd

Woolworths will actively promote the introduction of SRP formats with the objective of improving replenishment processes, stock presentation and rotation - leading to improved sales, availability and efficiency.

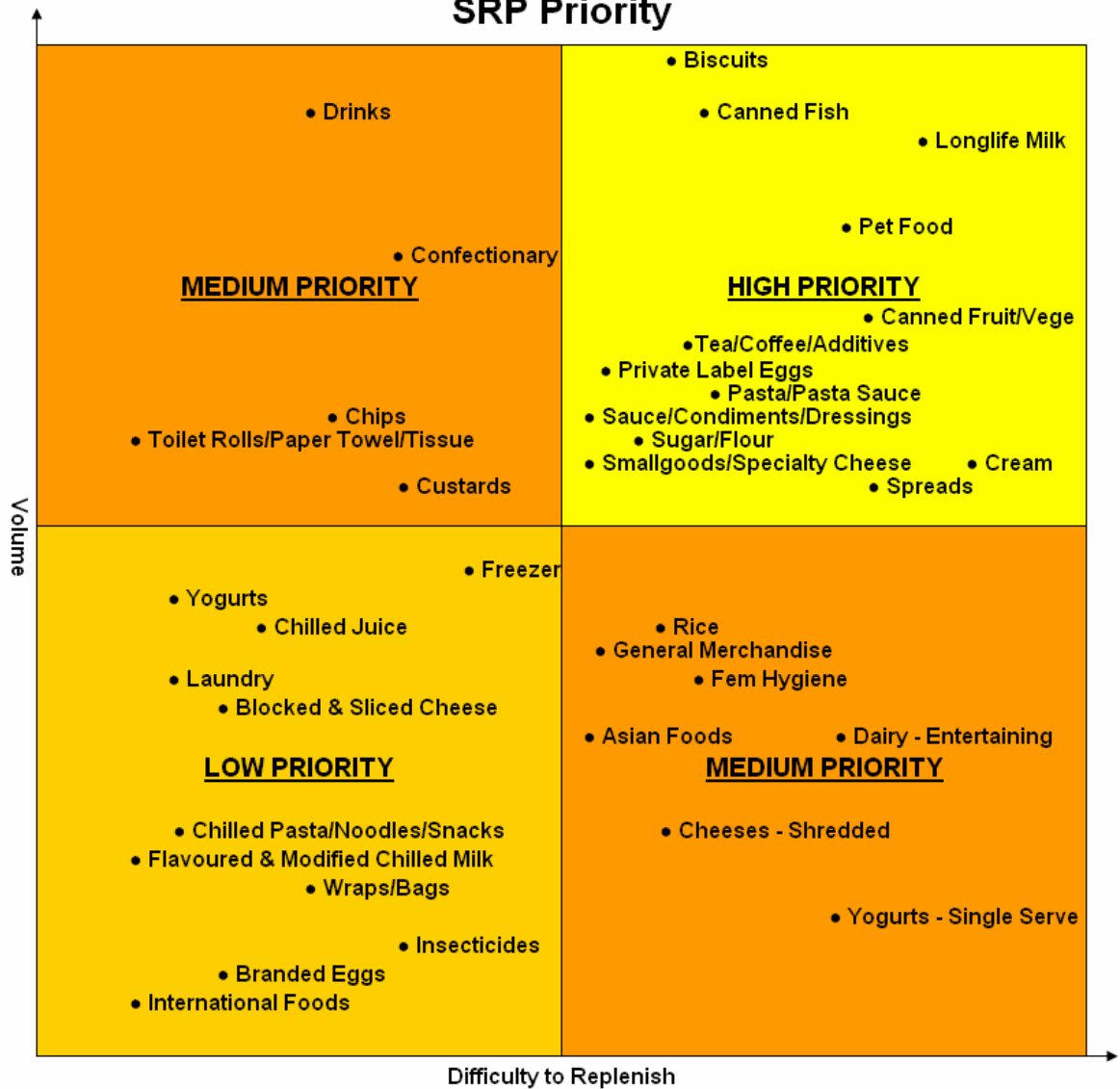
Approach:

A continued high priority will be placed on products meeting Woolworths Case + MPL criteria, i.e. an optimal case size for each product that is reflective of sales velocity and shelf holding capacity.

SRP development will be driven by a prioritised category approach where:

- **HIGH PRIORITY:** SRP solutions will be actively sought across the entire category
- **MEDIUM PRIORITY:** Products will be reviewed with respect to SRP opportunities and groups of products within categories will be targeted where appropriate in order to exploit the benefits of SRP.
- **LOW PRIORITY:** SRP solutions will not be actively pursued. If SRP solutions are presented for implementation and are mutually beneficial, they will be used.

Woolworths Model SRP Priority



Decision Pending

- Cook in Sauces
- HBA
- Medicinal
- Recipe Bases
- Soups
- Dried Fruits/Nuts
- Nutritional

6.0 BUSINESS CASE FRAMEWORK

The introduction of SRP is an opportunity for trading partners to collaborate on end-to-end supply chain costs and benefits. To date this has not occurred and retailers have indicated they are not prepared to share or even divulge the benefits of the introduction of SRP.

The working group was unable to reach agreement on this critical element of SRP introduction. However to help companies a Business Case Framework has been developed to assist in determining the benefits and costs associated with the introduction of SRP solutions.

Framework

- Validate with Guiding Principles
- Supply Chain effectiveness and efficiency
- Cost Model Analysis
- Track and Measure Implementation

6.1 Validate with Guiding Principles

Trading partners entering into discussion on the adoption of SRP solutions for new and/or existing products should review the Guiding Principles as detailed in the Section 2.0.

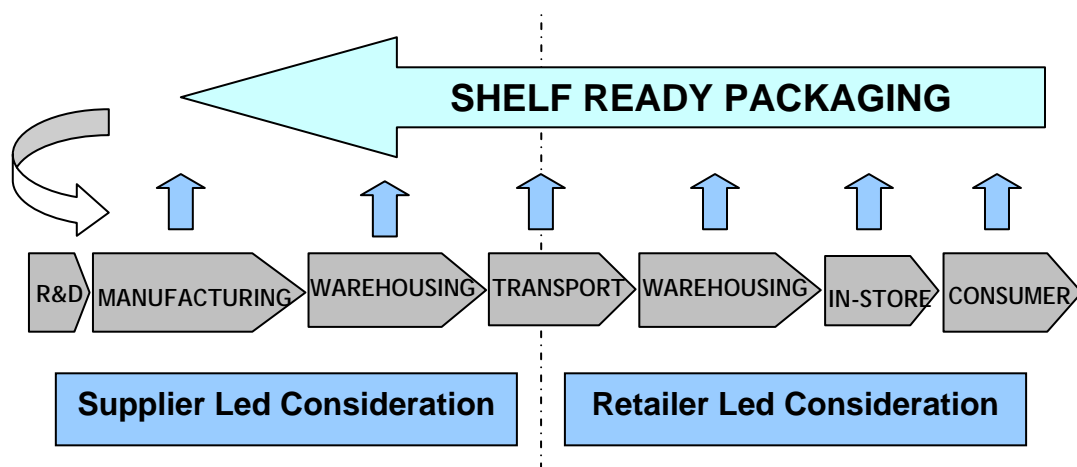
Alignment on the principles should be sought and trading partners must develop common understanding of each of the guidelines and the impact of the changes to their respective businesses.

6.2 Supply Chain Effectiveness and Efficiency

The impact of the introduction of SRP needs to be reviewed against the impact to the total supply chain. Trading partners have different responsibilities along the supply chain and these need to be analysed against overall benefits.

Retailers are continually evaluating alternate transport media to deliver product to their stores. SRP must be robust enough to move through supply chain in/on a range of handling media including pallets, roll cages, 'forkable' display units and dollies.

The following graphic illustrates the impact of the introduction of SRP on the Supply Chain and the areas of consideration for retailers and suppliers.



6.3 Cost Model Analysis

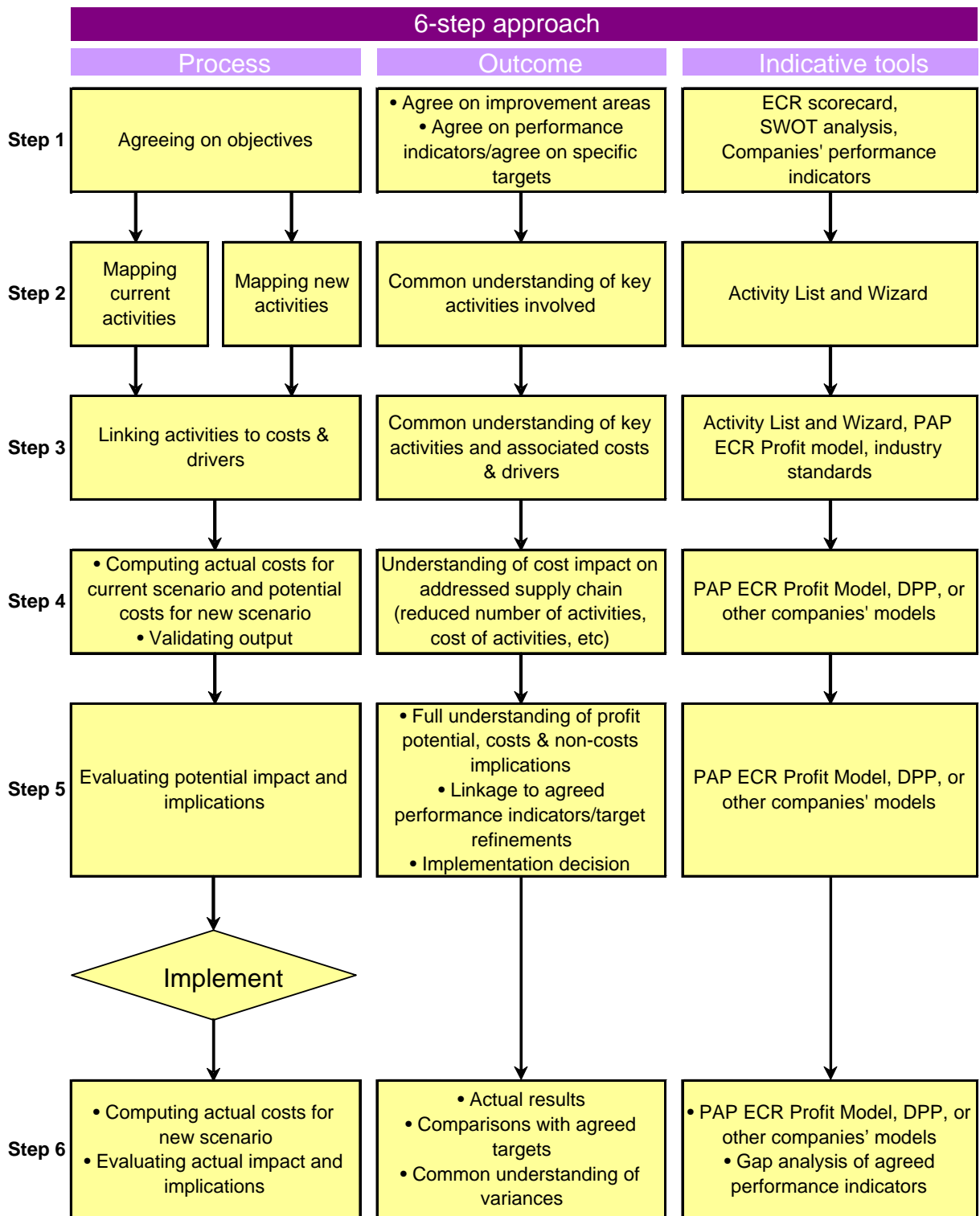
A review of the economic impact of SRP on the supply chain (inclusive of pallet utilisation, storage, transport costs, shelf space utilisation, labour costs, capital expenditure, impact on total packaging costs and environmental impacts) will improve understanding of this initiative prior to introduction.

Without an understanding of operating costs along the supply chain and the net profit of categories and SKU business-wide and inter-business behaviour, patterns will remain sub-optimal in maximising both consumer value and the value of the enterprise.

Cost to serve should be clearly understood by manufacturers as a planning tool to be used in the negotiation of realistic SRP implementation arrangements to avoid eroding margins.

ECR Australasia reports on *The Profit Impact of ECR* and *Efficient Product Movement* provide a framework for determining cost to serve and will assist in trading partner discussions.

The 6-step methodology (overleaf) is a tool that can be used collaboratively by trading partners in determining the cost benefit of introducing SRP.



6.4 Performance Measures Post Implementation

It is essential to measure the performance of SRP following its implementation. If a solution is not delivering the benefits or is detrimental to the consumer, suitable corrective action should be taken. Several suggested performance measures are highlighted below and trading partners are encouraged to discuss and agree the measures prior to implementation. Data and information should be shared between trading partners to ensure fact based decisions. It should be noted that currently there is no agreed industry measure for either on-shelf availability or shopper satisfaction.

Suggested Areas for Metric Alignment



Performance Measures

- In-store costs
- In-store acceptance
- Consumer Research
- Supply Chain costs
- Sales Volume
- Shelf replenishment time
- Time and Motion studies
- OSA

7.0 IN-STORE EXECUTION

7.1 Coles Group Limited

Using a category approach to Shelf Friendly Packaging (SFP) provides a clear process of conversion for suppliers and allows for improved in-store execution. The approach is further supported through the development of SFP KPI's, improved communication in stores, and, the underlying commitment from Coles Group to making the shopping experience simpler for our customers, store teams and trading partners.

A category approach for SFP works in-line with range review and layout issue dates. This ensures that SFP design is included in the store layouts and Planogram. This will significantly improve store team member recognition of SFP and therefore will realize the true in-store benefit - making it safer, faster and easier to replenish and recover product daily.

How can suppliers assist this approach?

The category approach requires support from suppliers to implement the layout according to the Coles Planogram. Suppliers during this period can support in-store execution by:

- Communicating the SFP category across their business, including any store representatives;
- Periodic reviews of the implemented layout;
- Actively sharing feedback and being committed to working together for mutual improvement.

7.2 Foodstuffs

Foodstuffs New Zealand's priority is to ensure any savings resulting from a more efficient supply chain via its own network and that of its suppliers result in lower costs for its members and retail consumers. This extends to cover store operational practices, including ensuring the configuration of deliveries from Foodstuffs distribution centres are optimised for handling, put-away and finally display on the retail shelf.

In doing this we will:

- work closely with local and international supplier to help identify, prototype and trial any RRP changes;
- ensure we are being the very best supplier to our stores for our complete Private Label range;
- ensure that the product range, pack sizes and replenishment operations result in the most optimal store delivery practices as possible;

7.3 Metcash Trading Ltd

Metcash represent over 4,500 independent supermarket stores and therefore will operate with the generalised industry guidelines.

Metcash is cognisant of varied independent store sizes with all shelf ready packaging developments.

7.4 Woolworths Ltd

SRP will only be implemented where:

- The SRP meets Woolworths Logistics specification
- The SRP solution is intuitively more efficient by design, i.e. Easy to ID, Open, Replenish and Dispose/Recycle.
- The SRP is easy to shop, providing customer value through enhanced product recognition and availability
- The SRP can be accommodated via store planograms
- The fixturing is conducive to SRP use

Case size and configuration needs to be agreed upon with the Business Team **prior** to the commencement of SRP development. Prototype SRP designs should be submitted to the relevant Business Team for approval.

The Woolworths Packaging Checklist, (used to ensure packaging suitability) is available at www.woolworths.com.au ('Vendors' link).

The implementation of new SRP will be executed through the formal Range Review process. However, if SRP is provided outside the Range Review process, it may be considered at the discretion of the business team.

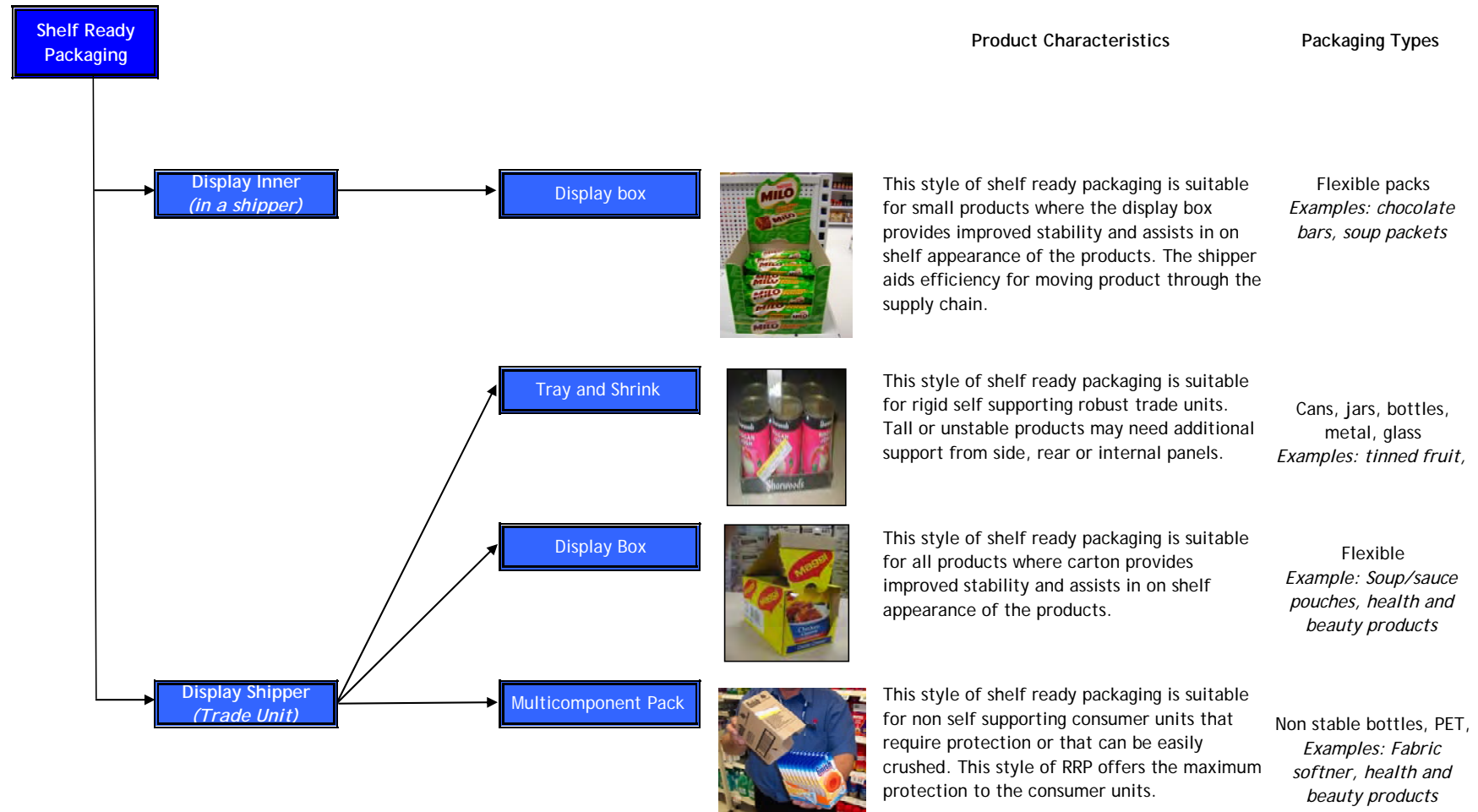
The uptake of SRP at store level will be driven by:

1. Planogram Implementation
2. SRP lines are clearly identified on in-store ticketing
3. Ongoing training and compliance focus


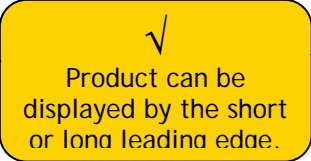

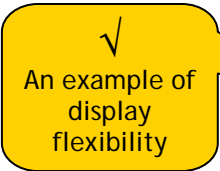

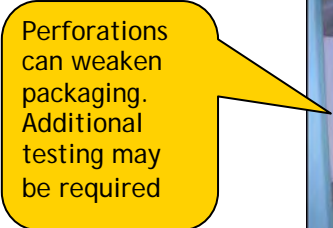

8.0 PACKAGING OPTIONS AND GUIDELINES

There is a wide range of SRP options available. This section provides some guidance on the more common options and their specific characteristic requirements. Underlying the Packaging Options and Guidelines are the functional requirements; refer to Section 3.0 for additional details.

Shelf Ready Packaging



FUNCTIONAL REQUIREMENTS - underpin all SRP options.

SHELF READY PACKAGING - GENERAL CHARACTERISTICS	
The characteristics listed in this table should be applied to all possible SRP solutions.	
Weight	The target weight is $\leq 12\text{KG}$. For trays containing glass $\leq 10\text{Kg}$. Packs greater than 12Kg and $< 20\text{kg}$ need to be negotiated with the buyers and a risk assessment completed. Risk assessment and authorisation $\geq 20\text{Kg}$. Warning signs should be printed on trade units is applicable.
Bulky goods	Refer to retailers Heavy and Bulky specifications.
Display Flexibility	<p>Where possible the shelf ready packaging unit should allow for display by the short or long leading edge. (i.e. 2×3 may be displayed as a 2 or a 3 front facing) Text and logos should be on both sides to facilitate either facing being used</p> <div>      </div>
Strength	<p>The shelf ready packaging unit should maintain its integrity, stability and strength when moved through the supply chain and onto the shelf or display position. Product may be moved through automated and manual distribution centres and either on pallets or roll cages.</p> <div>   </div>



SHELF READY PACKAGING - GENERAL CHARACTERISTICS



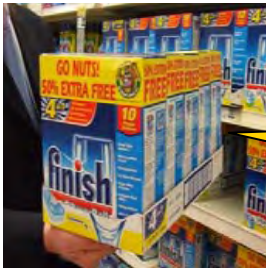

The characteristics listed in this table should be applied to all possible SRP solutions.


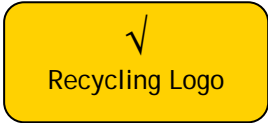
<p>Off Location Display</p>	<p>The shelf ready packaging unit should be capable of being used in off location displays. It should be easy to move back to the fixture at the end of a promotion.</p> <div data-bbox="416 300 698 635"> </div> <div data-bbox="719 308 860 459"> <p>✓ Aisle Display</p> </div> <div data-bbox="913 384 1055 536"> <p>✓ Gondola Display</p> </div> <div data-bbox="1102 308 1431 611"> </div> <div data-bbox="1509 379 1650 531"> <p>✓ Floor Display</p> </div> <div data-bbox="1680 308 2038 616"> </div>
<p>Shelf Depth / Dimensions</p>	<p>The shelf ready packaging must fit the majority of planograms. Shelf depths vary from retailer to retailer and store formats. Ensure discussion with retailer prior to undertaking development. Consider shelf fixtures.</p> <p>Coles Group Limited nominal shelf depth - 505mm</p> <p>Woolworths Ltd nominal shelf depth - 465mm. For further detail on Woolworths shelf dimensions refer to Planogram Dimensions Listing and Apollo User Fields - http://www.woolworths.com.au/Vendors/vendorguide/categorydevsched.asp</p> <p>Foodstuffs Auckland nominal shelf depth - 450mm</p>
<p>Order Multiple</p>	<p>The order multiple will depend on the sales volume and should be agreed between trading partners.</p> <p>Coles requirements are for OM +2 must fit on the shelf behind the SRP.</p> <p>Woolworths requirements are for OM + 25% must fit on the shelf behind the SRP.</p> <p>A quantity can be created from 2 SRP units e.g. stacked on top of each other if shelf space permits.</p> <div data-bbox="1014 1150 1326 1321"> <p>✓ Example of display flexibility by order multiple</p> </div> <div data-bbox="1476 1158 1751 1374"> </div>

SHELF READY PACKAGING - GENERAL CHARACTERISTICS	
The characteristics listed in this table should be applied to all possible SRP solutions.	
Communication Requirements	
Number and Placement of Bar Code Symbols for carton and cases	<p>GTIN's must receive a satisfactory GS1 verification report. Refer to Appendix 10.6 for further GS1 information specific to the introduction of shelf ready packaging.</p> <p>Specific requirements are:</p> <ul style="list-style-type: none"> - GTINs on 6 sides for brown board - GTIN on 2 sides for print and apply labels - GTINs on 2 adjacent sides for white lined board - GTIN magnification @ 80 to 100% for corrugate - GTIN magnification @ 50 to 100% for non-corrugate - GTIN magnification @ 25 to 100% for non-corrugate and temperature controlled product - Must be clearly visible and not partially hidden. - GTIN must not be over any perforation or seam. - Where practical use an elongated or wrap around bar code, must not be truncated - Ink jet bar codes are not acceptable
Human Readable (Product) Descriptions	<p>Alpha and numeric text should clearly identify the product encased within. It should be printed on at least 4 sides (or at least 2 adjacent sides for print and apply labels).</p> <p>Where there are written descriptions acronyms and technical jargon should be avoided. Generic marketing messages may be included. Promotional slogans or flags are not acceptable.</p> <p>Product description includes:</p> <ul style="list-style-type: none"> - Vendor / Brand name - Product Description - Consumer unit size - Number of units - Temperature marking (minimum 1 side) - Recycling logo (minimum 1 side) - Any other legislative requirements e.g. Best Before, Use By, Batch Code (minimum 1 side)

SHELF READY PACKAGING - GENERAL CHARACTERISTICS The characteristics listed in this table should be applied to all possible SRP solutions.	
	<div data-bbox="483 220 797 411" data-label="Text"> <p>✓ A good example of descriptors</p> </div> <div data-bbox="501 416 887 673" data-label="Image"> </div> <div data-bbox="936 408 1227 619" data-label="List-Group"> <ul style="list-style-type: none"> Vendor Name Product description GTIN Unit size & number </div>
Date Code	<p>Product date code information should be easy to recognise, legible, have consistent positioning, contrasting colours, and easy to read fonts.</p> <div data-bbox="427 820 719 1011" data-label="Text"> <p>✓ Best before - adequate space</p> </div> <div data-bbox="777 802 1193 1078" data-label="Image"> </div> <div data-bbox="1216 825 1738 1080" data-label="Image"> </div> <div data-bbox="1765 820 2056 954" data-label="Text"> <p>✓ Clear, legible and easy to read</p> </div>

Colour	<p>The colour of the shelf ready packaging unit should be complementary to the product and variant and assist the consumer in their choice. Raw brown board is not acceptable. Colour and branding should maximise visual impact.</p> 
Branding	<p>Shelf ready packaging can be used to enhance the product brand, generic marketing messages are permitted on the lip but short term promotional messages or flags are not permitted.</p> 
Hazardous Items	<p>Appropriate legislative labelling and packaging required.</p>

SHELF READY PACKAGING - GENERAL CHARACTERISTICS	
The characteristics listed in this table should be applied to all possible SRP solutions.	
Performance Issues	
SRP Identification	The trade unit must be easily identified as shelf ready packaging.
Pallet Configuration	<p>Pallet configuration should maximise pallet utilisation aiming to minimise storage space. The pallet should be stable with no overhang.</p> <p>As a general rule pallet utilisation should a minimum - 80%</p> <p>Compression strength for pallet top load should be tested.</p> <p>Product should be palletised to assist easy identification.</p> <p>Retailers utilise roll cages for delivery from distribution centre to store, SRP should be designed for movement on pallet and roll cage. The nominal dimensions for a roll cage are 798mm x 798mm x 1800mm.</p> <div>  <p>✓ Maximised pallet load</p>  <p>✓ Consider the requirement for SRP to be transported via a roll cage</p> </div>
Handling	<p>The shelf ready packaging unit must be strong enough to maintain the integrity of the trade unit throughout the supply chain including automated distribution centres and manual handling.</p> <p>Pallet integrity throughout the distribution network is essential, minimum glue between layers is required, no glue is preferred.</p> <p>Manual handing tests successful.</p> <div>  <p>✓ Tray strength satisfactory</p>  <p>X Strength of tray does not permit easy shelf stacking</p> </div>

SHELF READY PACKAGING - GENERAL CHARACTERISTICS	
The characteristics listed in this table should be applied to all possible SRP solutions.	
Recyclability	<p>Materials, where possible, should be recyclable. Recycling logo and packaging content should be displayed on the base panel. Consideration to impacts on the National Packaging Covenant and Packaging Accord.</p>  

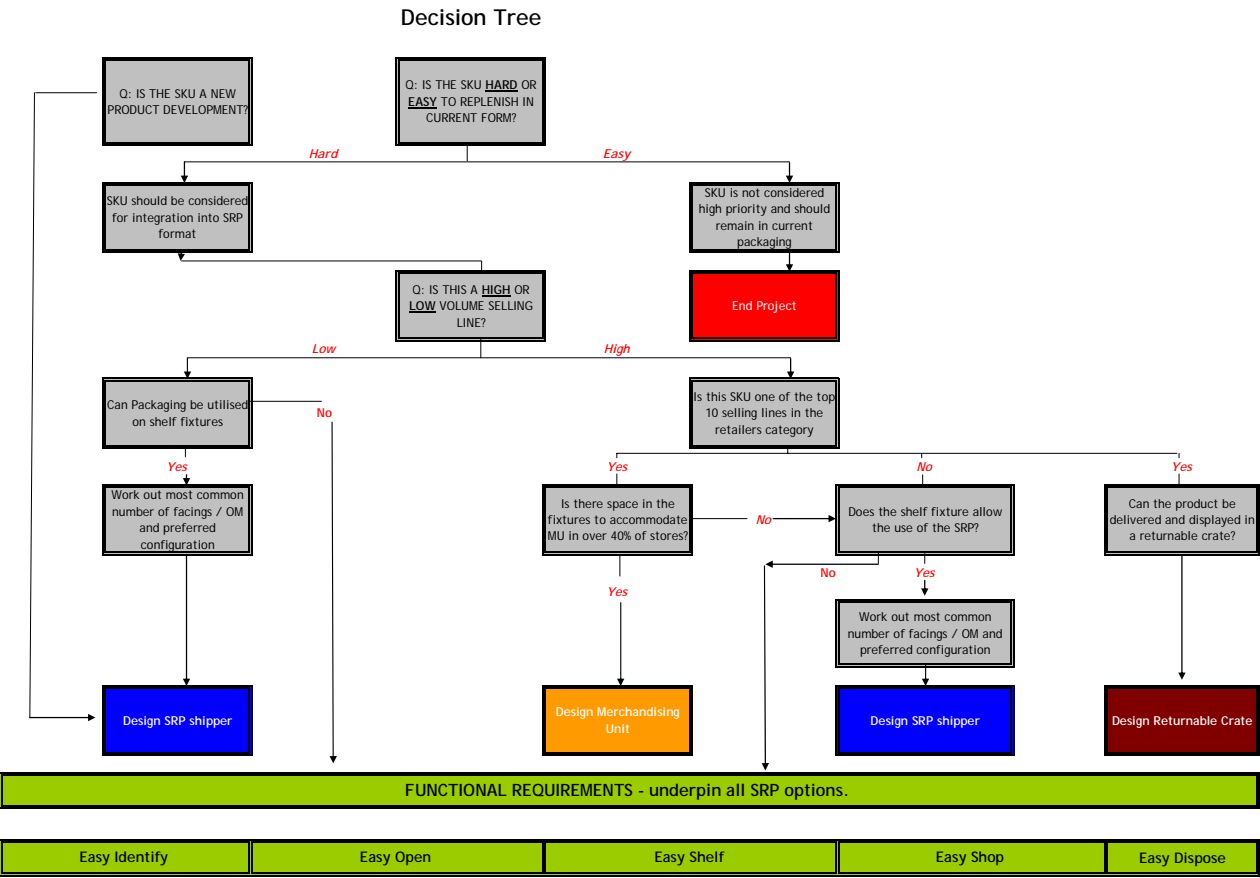
Exemptions: In some circumstances exemptions from standards can be justified for example the savings or efficiency gains in one stage exceeds the corresponding negative effect in other stages.

	DISPLAY SHIPPER (TRADE UNIT)			DISPLAY INNER (IN A SHIPPER)
	Tray & Shrink	Display Box	Multicomponent Pack	Display Box
General Description	Cardboard corrugate or plastic tray with a removable plastic overwrap, the tray containing the consumer units is placed directly on the shelf.	The consumer units are presented in a display box which acts as the trade unit throughout the supply chain and is placed directly onto the retail shelf.	The packaging has more than one component (non RSC or wraparound). Generally two pieces with separate lid and base often made from different substrate of board. Colour may be added to individual components of the unit.	A Shipper is used to transport the Display Inners to the customers DC's. The inners are then sent to store separately. The consumer units are presented in the display inner directly onto shelf. A minimum of 4 Inners should be contained in the shipper (inner / intermediary pack).
Examples of Use				
Specific Characteristics				
Design	A number of options can be considered including standard trays, cut away sections, wedge trays, trays with dividers. Tray choice is dependent on product type. Trays must have clean cut edged, not sharp. Tray height must be as low as possible to ensure ease of shopping for the consumer.	A number of options can be considered dependent on the consumer unit e.g. removable or folding panels. The display box must have clean cut edges with no sharp protrusions when converted for display for the retail shelf.	A removable lid (used to protect the product during transit), is generally removed at store with the remaining tray then placed on shelf to display the consumer units. Removable lids generally provide a cleaner edge, but can be more complex to produce.	The Inners generally have perforated strips for easy opening, often with some panel to be removed prior to display. The display box must have clean cut edges with no sharp protrusions when converted. Design must allow for a minimum of four display boxes per shipper.
Materials	Packaging material should be as thin as possible to conserve shelf space without detracting from the trade units stability. Coefficient of friction (CoF) for plastic over wrap should be within 0.25 to 0.35.	Packaging material should be as thin as possible to conserve shelf space without detracting from the trade unit stability.	Packaging material should be as thin as possible to conserve shelf space without detracting from the trade unit stability.	Packaging material should be as thin as possible to conserve shelf space without detracting from the trade unit stability.
Sealing	Plastic over wrap should be easy to remove, perforations or an easy opening seal is preferred.	The removable or folding panels should be easy to remove and not impeded with glue or tape. Stapling is not permitted.	The use of excessive glue and / or tape is to be avoided to ensure easy opening can be maintained. Stapling is not permitted.	The removable or folding panels should be easy to remove and not impeded with glue or tape. Stapling is not permitted.
			 	
Product Visibility	The display lip of the shelf piece should allow maximum product visibility e.g. as a guide the front of the tray should be <20% of the product height.	The display lip of the shelf piece should allow maximum product visibility e.g. as a guide the front of the tray should be <20% of the product height.	The display lip of the shelf piece should allow maximum product visibility e.g. as a guide the front of the tray should be <20% of the product height.	The display lip of the shelf piece should allow maximum product visibility e.g. as a guide the front of the tray should be <20% of the product height.
Opening Instructions	Clear text and/or pictorial opening instructions are preferred. Trade units should be converted in one sequence. The opening should limit the use of knives in store.	Clear text and/or pictorial opening instructions are preferred. Trade units should be converted in one sequence. The opening should limit the use of knives in store.	Clear text and/or pictorial opening instructions are preferred. Trade units should be converted in one sequence. The opening should limit the use of knives in store.	Clear text and/or pictorial opening instructions are preferred. Trade units should be converted in one sequence. The opening should limit the use of knives in store.

9.0 APPENDIX

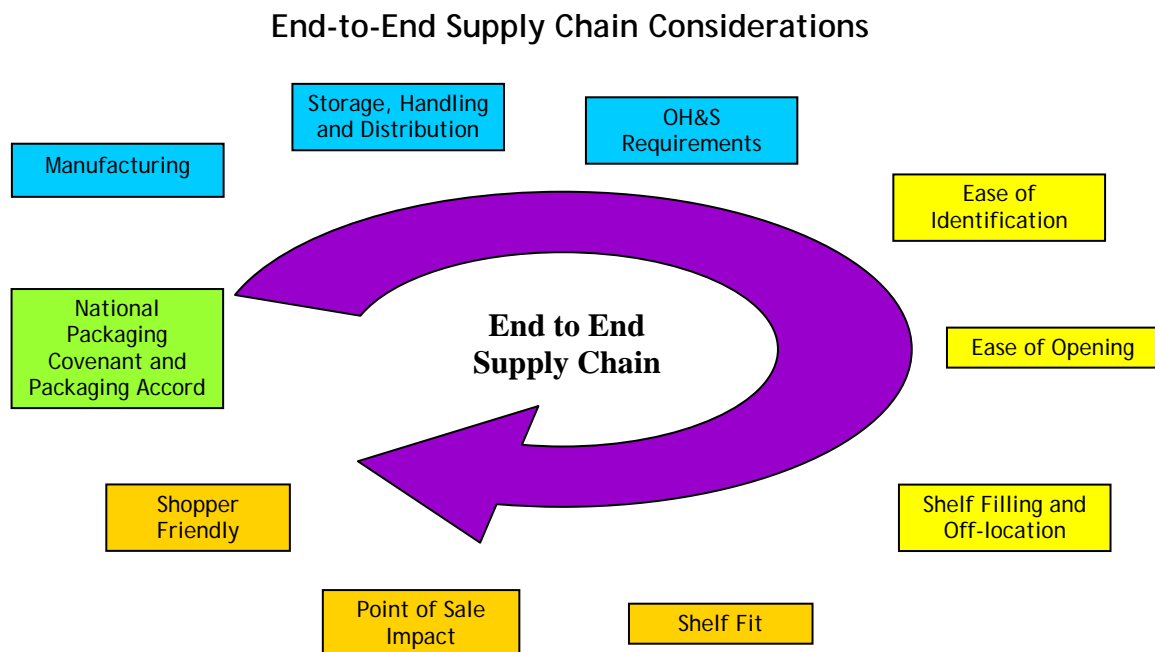
9.1 Decision Tree

The model developed and outlined below will assist in planning products suitable for shelf ready packaging and therefore support supplier companies in prioritising their product and category ranges in advance of annual capital expenditure programmes.



9.2 Supplier Implementation Considerations

The Supplier Implementation Considerations are not intended to be a complete technical guide, but are designed to be used in conjunction with retailer guidelines to prompt the questions which need to be asked in the development of shelf ready packaging solutions. To facilitate ease of use the considerations have been grouped into logical areas within the end-to-end supply.



Manufacturing Considerations

What will be the impact on the manufacturing process by the introduction of SRP?

Changes to case count

- Reduced output rates

Changes in packaging complexity

- Requirement for additional / longer changeovers

Effect on palletisation complexity

- Reduced palletiser throughput

Requirement for capital investment

- Estimated number of years to pay back capital

Time taken to introduce equipment changes

Requirement for additional change parts

- Due to increased packaging complexity

Packaging development costs

- Artwork initiation, stereos, tooling costs
- Use of generic packaging

Annual costs of packaging

- Increased use of colour, white line, board grade, board type

Requirement for additional packaging to maintain product quality / integrity

- Use of shippers

Storage, Handling and Distribution Considerations.

What will be the impact on the storage, handling and distribution processes in the end to end supply chain by the introduction of shelf ready packaging?

Changes to pallet utilisation / pallet density

- Increased number of pallets due to less product per pallet
- Increased storage, handling and distribution costs

Changes to pallet top-loading

- Reduced storage efficiency due to inability to block stack pallets
- Cost of additional racking

Changes to pallet stability

- Load stability and duty of care in transportation

Changes to case count

- Increased picking due to less product per case

Packaging design

- Integrity of traded unit in manual handling - won't fall apart
- Ability of traded unit to provide product protection

Suitability for all markets / distribution points

- Increased number of SKUs if SRP isn't suitable for all customers / markets

Occupational Health and Safety Considerations.

What risk assessment and considerations have been made for the shelf ready packaging?

Manual Handling: a single non-repetitive action

- Lifting, carrying, putting down
- Traded unit and SRP weight conformance to current retailer requirements
- Traded unit and SRP conformance to current retailer requirements for bulky items

Ergonomic: body stressing as a result of repetitive movement

- Repetitive strain injury
- Increased manual picking due to reduction in case count

Striking: a part of the body being struck by some other article

- Elimination of the use of knives

- Integrity of traded unit in manual handling - wont fall apart
 - Pallet stability / load stability
- Chemical exposure and burns: contact with harmful substances
- Suitability of packaging
- Appropriate labelling to meet all OH&S requirements
- Heavy, sharp, hazardous, bulky
- Conformance to all OH&S legislation and guidelines

Ease of Identification Considerations

What will be implemented to ensure that the Shelf Ready Packaging and traded unit are easily identified in the distribution centre and at the back of store?

Product identification

- Improve visibility at back of store to stand out from the brown board
- Brand, variant, size etc highlighted on traded unit
- Use of colours on traded unit to highlight and group products

Human readable information

- Present on at least the minimum number of sides as specified by the retailer
- Content conforms to current retailer requirements
- Date codes easily visible to aid stock rotation

Barcodes

- Present on at least the minimum number of sides as specified by the retailer
- Specifications conform to industry guidelines and retailer requirements
- Barcode verification report issued

Ease of Opening Considerations

What will be implemented to ensure that the shelf ready packaging solutions and traded units are easily opened in distribution centres and store?

Identification and visibility

- Identification of traded unit and SRP as “easy open”
- Highlighting of tare-tabs
- Highlighting of perforations

Clear opening instructions

- Use of pictorials
- Concise instructions

Opening operation

- Easily opened without damaging the display tray or consumer units
- Simple and quick to open
- Consistent finish to opened SRP
- Knife not required to open traded unit or SRP

Shelf Filling and Off-location Considerations

What will be implemented to ensure that the shelf ready packaging improves shelf filling and off-location display in store?

Identification

- SRP to be clearly labelled as “Shelf Ready” / “Display Ready”
- Use of SRP logo

Reduced damages to the consumer unit

Shelf Filling

- Reduced shelf fill time compared with non-SRP
- One-step operation to put SRP on shelf
- Stability of opened SRP when being transferred to shelf
- Correct orientation of consumer units within SRP

Residual product

- Ease of replenishment of SRP when partially / fully shopped
- Presentation of product in SRP when partially shopped
- Stock rotation of loose stock on shelf

Suitability for off-location display as required

Shelf Fit Considerations

What will be implemented to ensure that the merchandising layout and shelf ready packaging solutions are aligned?

Product facings

- $CML = Case + 2$
- $WW = Case + MPL$ (25% shelf holding capacity)
- Impact on current minimum number of facings

Shelf capacity

- Impact of SRP wall thickness on shelf space
- Impact on current stock weight
- Impact on overall number of product listings in category

Reduction of additional / loose consumer units on shelf

Ability of SRP to provide dual facings where appropriate

Ability to fit shelves in greater than 70% of stores

Impact on current shelf fixings

- Requirement to change current fixings

- Cost / time impact of any changes

Point of Sale Consideration

What will be implemented to maximise point of sale impact with shelf ready packaging?

Attract consumer

- Use of colour, branding and logos

Shelf presence

- Elimination of brown board on shelf
- Hide barcodes on shelf
- SRP to be neat and tidy when opened and on shelf
- Stability of consumers units in SRP when partially shopped

Additional information

- Use of promotional messages on SRP display tray

Product protection and quality

Understand consumers' perception to SRP

Shopper Friendly Considerations

What will be implemented to ensure that the Shelf Ready Packaging solution is shopper friendly?

Maximum SRP lip height to be 20% of consumer unit height

Ease of identification

- Use of branding
- Use of colour to differentiate product ranges / variants etc

Consumer unit label visibility

- Maximise consumer unit label visibility
- Obscured consumer unit information visible on SRP lip

Consumer unit access

- Easy removal / replacement of consumer unit from SRP when on shelf
- Visibility of consumer unit on shelf when SRP is partially / fully shopped

Australian National Packaging Covenant / New Zealand Packaging Accord

What will be implemented to ensure that the shelf ready packaging solution meets the requirements of the Australian National Packaging Covenant and the New Zealand Packaging Accord?

Source Reduction

- Use minimum material quantities

- Optimise transport efficiency
- Reduce energy

Potential for Reuse

- Returnable units

Recovery and Recycling

- Collapsible and stackable packaging
- Use of single material or ability to separate materials
- Use of degradable materials

Ability to Incorporate Recycled Content

- Use of recycled or partly recycled material

Minimising Impacts of Packaging

- Minimise hazardous or toxic material

Propensity to Become Litter

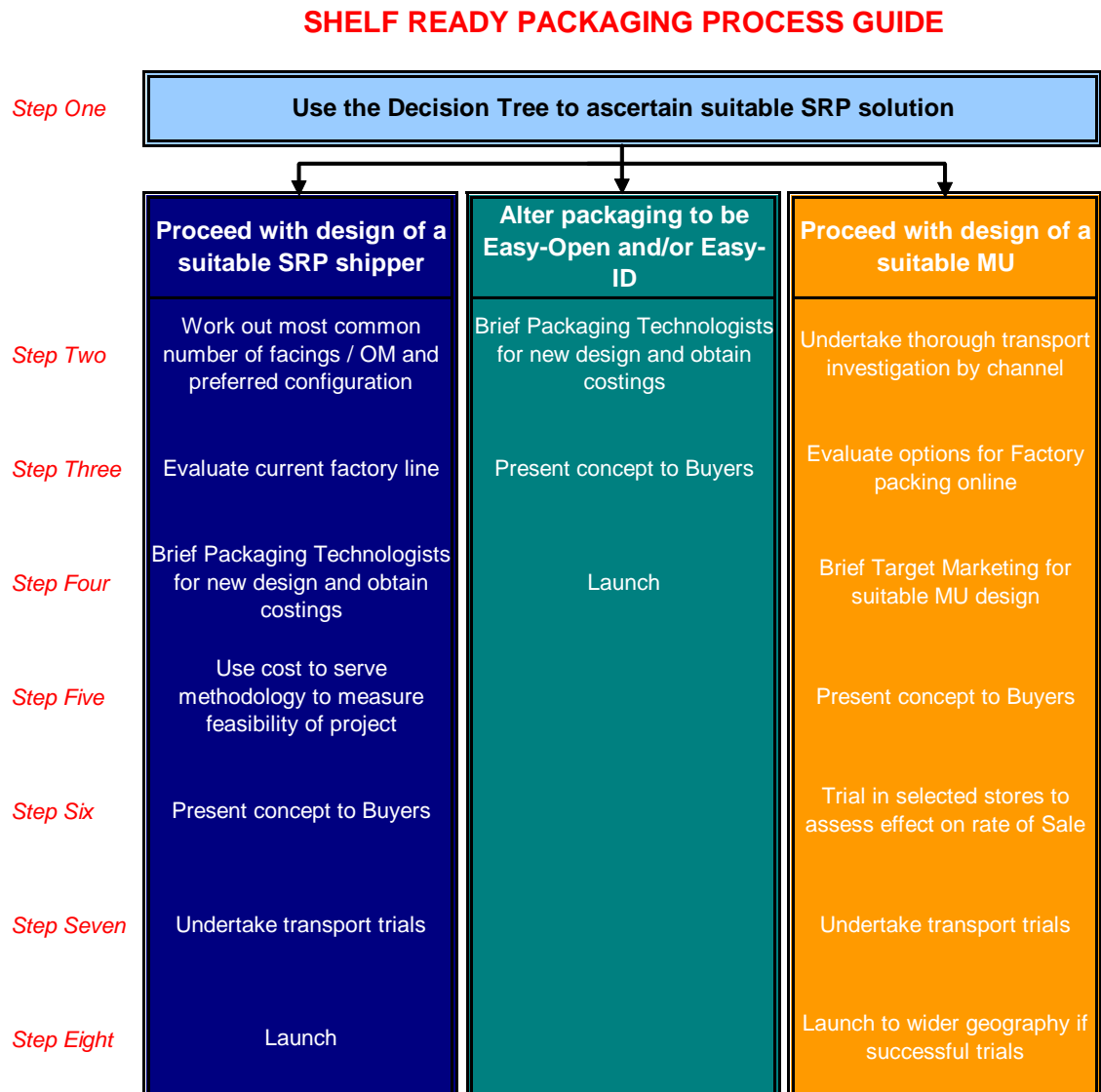
- Minimise number of separable components

Consumer Information

- Use of recycle logo

9.3 Process Guide

The following Process Guide provides suggested steps for suppliers working on SRP solutions.



9.4 Commercial Checklist

The Commercial Checklist aims to ensure that all Retailer requirements have been considered in the development of shelf ready packaging solutions. It should be used in conjunction with Section 8 Packaging Guidelines and Options.

The Commercial Checklist can be used:

- By the supplier during the development of shelf ready packaging
- When presenting solutions to trading partners.

It provides an opportunity to highlight clearly any non-compliance, establish acceptance of these non-compliances or discuss the need for further development to be made.

RETAIL READY PACKAGING - COMMERCIAL CHECK LIST

PURPOSE OF DOCUMENT: 1. A check list to be used by the Supplier during the development of RRP to: (a) ensure that all Retailer requirements have been considered (b) highlight any non-compliances 2. The completed check list to be used when presenting the RRP solution(s) to the Retailer(s) to establish acceptance or discuss need for alterations to be made. 3. Retailer to sign document once approval has been given to proceed 4. To be used in conjunction with the following guidelines/mandatory requirements: RRP Industry Guidelines, GST, Packaging Covenant, OH&S				
GENERAL DETAILS: DATE OF MEETING: _____ ATTENDEES AT MEETING: _____ PACKAGING SAMPLE AND DRAFT ARTWORK PRESENTED AT MEETING: [Yes / No] PRODUCT DESCRIPTION: [Consumer unit description, unit of measure, proposed order multiple] RETAILER REQUIREMENTS: SHELF DEPTH: _____ SHELF HEIGHT: _____ NUMBER OF FACINGS: _____ CM SIZE (CASE + MPL (WW) & / OR CASE + 2 (CML)) _____ SHELF-READY OR EASY-TO-OPEN (* Refer to Glossary) [Shelf-Ready / Easy-Open] SUPPLIER PROPOSAL PROPOSED CONSUMER UNIT CONFIGURATION WITHIN THE RRP [No. of consumer unit facings x No. of consumer units deep] PROPOSED RETAIL READY PACKAGING FORMAT [eg perforated RSC, tray & shrink, tray & lid] PROPOSED INTRODUCTION DATE: _____				
BUYER SIGN-OFF TO PROCEED				
REQUIREMENT				
COMMENTS				
HANDLING, STORAGE & DISTRIBUTION				
Acceptable pallet utilisation (to minimise storage space)				
No overhang on pallet				
Acceptable pallet load stability (OH&S)				
Satisfactory compression strength for pallet top load				
Will not fall apart when moving through the Supplier & Retailer's DC's				
Manual handling test conducted successfully				
Minimum of 4 shelf-ready inners if shipped in an outer trade unit				
OH&S				
Trade-Unit weight is 12kgs or less (up to 16kg is permitted)				
Warning signs printed on Trade-Unit if applicable				
No knife required to open the Trade-Unit				
SUPPLY CHAIN IDENTIFICATION				
GTINs on 6 sides (required on brown board)				
GTINs on 2-adjacent sides (required for print&apply labels)				
GTINs on 2-adjacent sides (required for white-lined board)				
GTIN magnification @ 80-100% for corrugate / 50-100% non-corrugate				
GTIN not over any perforation/seams				
Human Readables on 4 sides (2 for Print&Apply)				
Human Readables clearly visible at back of store				
Shelf-ready shipped as inners: 4 human readables + 1 GTIN				
GTINs to receive satisfactory GST verification report				
EASY TO OPEN				
Trade unit clearly identified as easy-to-open (with logo)				
Opening point quick to locate				
Opening instructions easy to follow (with pictorial if it will help)				
Easy and quick to open in one or two steps				
Finger holes for perforations				
Tape not covering perforations				
Converted tray has a clean cut and presentable lip				
SHELF FILLING & OFF-LOCATION (for shelf-ready packaging)				
Trade-unit is clearly identified as "shelf-ready" (with logo)				
Consumer units can be transferred to shelf in one quick step				
Shelf-ready tray is stable when being transferred to shelf				
Consumer units are stable when being transferred to shelf				
Shelf-ready can be utilised for off-location displays (if required)				
SHELF FIT (for shelf-ready packaging)				
WW's Case + MPL (25% of shelf holding capacity)				
CML's Case + 2 (Order Multiple)				
Shelf-ready fits in majority of store planograms (70%+ of stores)				
Shelf-ready allows for dual facing display where feasible (i.e. cans products)				
Shelf-ready fits in shelf heights				
POINT OF SALE IMPACT (for shelf-ready packaging)				
Maximum consumer unit visibility on shelf (80% as a guide)				
Lip Height maximum of 20% of consumer unit height				
Colour and branding maximises visual impact to catch attention				
Colour coding used for variants of range where feasible				
Shelf ready appearance is neat and very presentable				
Consumer units remain stable as the shelf-ready is shopped				
Consumer units behind shelf-ready unit are visible				
SHOPPER FRIENDLY (for shelf-ready packaging)				
Consumer unit information obscured by lip is displayed on lip (i.e. unit of measure)				
Easy for shopper to remove and return consumer unit if unwanted				
DISPOSAL & NATIONAL PACKAGING COVENANT				
Easy to collapse and dispose of packaging				
Packaging in line with National Packaging Covenant				
Recycling logos printed on all trade unit packaging components				
GLOSSARY OF TERMS: Consumer Unit - pack sold to customer (can be individual unit or multipack) Easy-Open - packaging that is designed to be opened without a knife. Clear instructions to be printed GTIN - Global Traded Item Number (Barcode) Human Readable - text and numbers to be readable in English language Retail-Ready-Packaging - all packaging designed to maximise efficiencies throughout Supply Chain (includes Shelf-Ready/Easy-Open/Easy-Identifiable) Shelf-Ready - packaging that is utilised at shelf-point to prevent individual decanting of products Trade Unit - carton used to ship multiple consumer units. Can also be referred to as "carton", "Shipper", "Order Multiple", "Vendor Pack", "Outer"				

9.5 In-Store Audit Checklist

Following an implementation it is recommended that a review of the SRP solution be performed to ensure guidelines are met, metrics achieved and efficiencies attained. It is suggested that the following audit pro-forma could be adopted by trading partners and used in a collaborative fashion to ensure long term sustainable SRP solutions are adopted.

Store Audit Checklist		
Location:		
Type of Store:		
Date:		
Checklist	Question	Support
Introduction follow up	To what level is the SRP used? If the SRP is not used as planned, WHY? Was training material used?	100% or what level? Shelf fit, packaging solution, look? What was good/bad?
Logistics	Is the SRP damaged when arriving to the store? Is the SRP easy to ID? Is the SRP Easy to transport from back of store to shelf?	Supply chain damage or shrinkage? Do you spot the SRP from a distance, content, Id etc? Heavy or falls apart on route to the shelf?
Merchandising Study	Is the solution fit for the shelves or display? Is there promotional fit? Is the maintenance /removing of empty SRP easy? Is there an SRP shelf identifier or similar used? Is FIFO stock rotation on shelf simplified? Has it been correctly placed on shelf/display? Has the SRP been properly opened? Are there any ergonomic concerns?	Does the OM + retailer requirements fit on the shelf? Promotions handled in the eh same way? Where do you put last products? Empty SRP in the way of the shopper? Retail specific solution? Stock rotation adherence? Is the font facing position unclear? Done in a correct way and left over material visible? Heavy lifting, odd movements needed?
Packaging Solution Endurance	Is the SRP easy to open? is the SRP easy to place on shelf/display? Is the packaging structure still good after use? Is it easy to separate materials and fold? Are there comments related to SRP from customers? Are there cleaning challenges?	Opens easily and quicker than before? Does not collapse or fall apart when lifted? Does the SRP look good after opening and some shopping completed? If multiple materials, possible to separate waste streams without tools? More dust or packaging pieces than before?
Appearance in use	Are packaging graphics still good after use? is brand visibility clear whilst shopping?	Colour durability clean colours until removed? Brand still clearly visible when half full?
Store Position	Any additional work needed in-store to prepare for SRP? SRP positioning and shelf fit? Can SRP be used on shelves at the end of promotion?	Stickers, unfolding or removing of protections etc? Position easy to identify? Fit between everyday packaging solutions and promo?
Measurements	Do you have KPI's in place?	Are targets in place?
Top improvement suggestions		
1		
2		
3		
4		
5		

9.6 GS1 Standards

The Australian and New Zealand Grocery Industry has already defined the requirements for the bar code symbol marking of non-retail trade items, often referred to as trade units, shippers or inners. Below is an extract of what this guideline covers and a table that summarises the bar code symbol requirements stipulated by both GS1 and the specific Australian and New Zealand Retailer requirements.

All levels of trade items (including inners if the inner is an item which at any point in the supply chain may be priced, ordered, invoiced or upon which there is a need to retrieve pre-defined information) not sold at retail point of sale are to be allocated a Global Trade Item Number (GTIN) and bar coded with either an ITF-14, GS1-128 (formerly UCC/EAN-128), EAN-13 or UPC-A symbology.

The Australian and New Zealand grocery industries have provided a comprehensive guideline that details the requirements for the printing of a bar code for non-retail items (commonly referred to as trade units): http://www.gs1au.org/assets/documents/info/industry_guidelines/gl_grocery.pdf

Numbering Type	Bar Code Type	Substrate	Retail Trade Items				Non Retail Items				
			Magnification		Height	Location	Magnification			Location	
			Min %	Max %			Min %	Max %	Retailer Preference	GS1	Retailer Preference
GTIN-8	EAN-8		80	200	Dependant on magnification refer to GS1 Australia Manual	As per retail trade item location requirements					
GTIN-12	UPC-A		80	200			150	200	200		
GTIN-13	EAN-13		80	200			150	200	200		
GTIN-14	ITF-14	Corrugate					62.5	100	80-100	<ul style="list-style-type: none"> Minimum 1 side For efficiency of scanning highly recommended minimum of two sides. Bar code symbol placement, the lower edge of the vertical bars should be placed 32 mm from the lower edge of the base of the carton and no closer than 19mm from any vertical edge. Where packaging does not allow for the 32 mm rule, contact GS1 for further information on alternate locations. 	<ul style="list-style-type: none"> May request 6 sides of a carton marked with a bar code White line board on 2 adjacent sides Generic labelled items minimum 2 adjacent sides.
		Non-corrugate					50	100	50-100		
GTIN-14	GS1-128	Non-Corrugate					48.7	100	80-100		

9.7 Glossary of Terms

In the Australian and New Zealand market nomenclature for SRP and its components can be confusing. This glossary attempts to provide clarity on some of the more common and specific terms used by retailers, wholesalers and suppliers.

Consumer Unit

A unit of measure that a consumer would purchase. Packaging that is designed so that it can be displayed as a product unit to the consumer at the point of purchase. It can be a single unit, multiple items packaged as one item or a full carton or trade unit containing many consumer units.

Other names for a consumer unit include:

- *CoP*
- *Primary Pack*

Display ready packaging

Packaging formats that facilitate off shelf bulk display of the product.

Display Inner (in a shipper)

The consumer units are presented in a display box, a minimum of 4 are placed into a shipper (inner/intermediary pack). The shipper is moved through the supply chain to the point of distribution or store where it is removed with the display box being placed on the shelf.

Display Shipper (Trade Unit)

The consumer units are presented in a display box which acts as the trade unit throughout the supply chain and is placed directly onto the retail shelf.

Other names for a display shipper include:

- *convertible shipper*

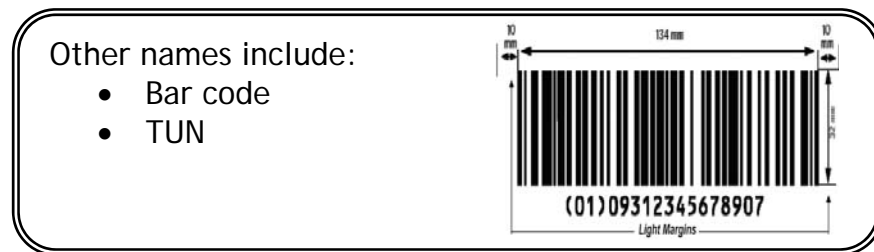


Easy-to-open

A form of outer packaging containing consumer units - designed for easy opening with clear instructions. The principles of easy-to-open should be adopted for standard and shelf ready packaging. Easy-to-open packaging is designed to be opened without any aids e.g. knives. Easy-to-open instructions should be clear and concise. It provides an increased speed for the shelf replenishment process.

GTIN

Global Traded Item Number (Barcode)



Human readable

Product description that is indicated in text and numbers to be readable in English language

Merchandising Units

Reusable secondary packaging involving the use of dollies, milk cages, pallet display etc where the product is merchandised in the unit and typically the unit is returned for re-use



Multi Component Pack

The packaging has more than one component (unlike an RSC or wraparound). Generally two pieces with separate lid and base often made from different substrate of board. Colour may be added to individual components of the unit.

Other names for a multi-component pack include:

- *convertible cardboard shipper*
- *convertible corrugated shipper*
- *2 or 3 piece shipper*
- *Tray and lid shipper*



Non Retail Ready Packaging

A trade unit that does not have an easy to open feature and cannot be used directly on the shelf.

Order Multiple

A non-retail item that is the unit of measure ordered by a store i.e. an order multiple of 12 would indicate that the store orders 1 and will receive 12 units.

Retail Ready Packaging (RRP)

A general term for both shelf ready packaging and merchandising units that are designed to maximise efficiency throughout the supply chain. RRP solutions should be broadly based on functional requirements such as easy-to open, easy-to-identify, and shelf ready packaging etc.

Secondary Packaging

Can refer to the shipper or inner that holds the consumer units.

Other names for secondary packaging include:

- *Intermediate package*
- *Shipper*
- *Inner*

Shelf Ready Packaging (SRP)

A form of outer packaging containing consumer units - designed to be used directly on the shelf. It provides a vehicle for multiple products to be placed directly onto retailer's shelves without the requirement of stacking individual items, without impacting on the visibility or access to the consumer units.

Other names for shelf ready packaging include:

- *Shelf friendly packaging*
- *Retail ready packaging*

Shelf Ready Tray (SRT)

Typically cardboard corrugate or plastic tray with a removable plastic over-wrap, the tray containing the consumer units is placed directly onto the shelf.

Other names for shelf ready trays include:

- *Cardboard tray with plastic over wrap*
- *Tray and shrink pack*
- *Tray and over-wrap*



Trade Unit

A unit to facilitate the shipping of consumer units. Typically the non-retail item that is ordered by the store and invoiced against.

Other names for trade unit trays include:

- Non-retail item
- Carton
- Shipper
- Order multiple
- Vendor pack



10.0 Additional Information Source

Coles Group Limited

Shelf Friendly Packaging - CML Supplier Guidelines

<http://www.supplier.coles.com.au/businessTransformation/default.asp> (click on Shelf Friendly Packaging)

ECR Europe

ECR Europe SRP Bluebook due in December 2006/January 2007 www.ecrnet.org

Foodstuffs

www.foodstuffs.co.nz

GS1 Australian

www.gs1au.org

GS1 New Zealand

www.gs1nz.org

IDG UK

International SRP Report - www.igd.com/srp

SRP bluebook - www.igd.com/ecr

Metcash Trading Ltd

www.metcash.com

National Packaging Accord

www.packaging.org.nz

National Packaging Covenant

www.deh.gov.au/settlements/waste/covenant/index.html

Woolworths Ltd

Packaging & Barcode Specification for Consumer Units, Trade Units & Logistics Units

<http://www.woolworths.com.au/packagin%20barcode%20spec%20v4.0%20vendor%release%20june%202006.pdf>

