

Jelena Franjković, mag. oec.

Faculty of Economics in Osijek
J. J. Strossmayer University of Osijek
Osijek, Croatia
E-mail: jelenaf@efos.hr

Martina Ferencić, MSc

Podravka d.d.
Koprivnica, Croatia
E-mail: martina.ferencic@podravka.hr

Davor Dujak, PhD

Associate Professor
Faculty of Economics in Osijek
J. J. Strossmayer University of Osijek
Osijek, Croatia
E-mail: ddujak@efos.hr

MARKETING OPPORTUNITIES OF RETAIL READY PACKAGING – THE CASE OF CROATIAN FOOD MANUFACTURERS

UDK / UDC: 621.798

JEL klasifikacija / JEL classification: M31

Prethodno priopćenje / Preliminary communication

Primljeno / Received: 16. svibnja 2017. / May 16, 2017

Prihvaćeno za tisak / Accepted for publishing: 21. lipnja 2017. / June 21, 2017

Abstract

Retail Ready Packaging (RRP) has become a very common on today's retail shelves of fast moving consumer goods sector as a form of packaging that encompasses best characteristics of both secondary and primary packaging. Although greatest benefits enjoy retailers through more efficient in-store operations, manufacturers also seek for better RRP optimization. Therefore, retail (shelf) ready packaging requires great attention in all aspects of its creative and functional designing and implementation, which entails considerable costs, mostly for manufacturers. While significant attention was given in the literature to RRP benefits for retailers, this paper consider RRP from manufacturers' point of view. The survey study among food manufacturers in Croatia was conducted in order to find out how demanding and comprehensive the RRP introduction was and what are the key benefits that can be recognized and utilized as marketing opportunities for manufacturers. Results suggest improvements in impulsive buying of a product and faster shelf replenishment as most valuable factor of RRP for

food manufacturers. Additionally, RRP serves as a tool for manufacturer-retailer cooperation improvement. Finally, manufacturers usually implement RRP in up to 6 months' time frame, almost exclusively in cooperation with other supply chain members. Therefore manufacturers should utilize mentioned marketing functions of RRP in order to most effectively turn the inevitable RRP cost into increased retail sales of their products.

Keywords: *retail ready packaging, food manufacturers, shelf space, in-store marketing*

1. INTRODUCTION

When we talk about ways of communication that brands are using for communicating towards their consumers, automatically we are thinking about classical promotional activities in form of advertising (either through traditional or on-line media). This is because the advertising for a long time was a dominant communication tool (Kesić, 2003). In accepted contemporary marketing theory the right way of looking into brand communication is by applying the concept of integrated marketing communication (IMC). Some authors (Barker et al., 2011; Percy, 2014) consider the primary packaging as one of elements of the integrated marketing communication concept. Percy (2014, p. 142) emphasises packaging as a crucial element of IMC and explains that just as with all other forms of marketing communication, the visual element of a package - it's "massage" - should differentiate it from competitors. Also he explains that well-designed packages can attract attention at the point-of-purchase, a critical attribute for any product where the brand purchase decision follows from recognition brand awareness. In fast moving consumer goods (FMCG) market brand loyalty is relatively weak "habit" and consumers tend to stay "satisfied" with it, especially, if they are constantly reminded of the brand (Silayoi and Speece, 2004).

In the modern era of overwhelming information that we receive from variety of sources, one relevant source is the product packaging. Back in early 1900, development of packaging strongly influenced the development of marketing and "what the manufacturer could name, he could advertise" (Tedlow, 1996, cited in Twede, 2012). The product packaging becomes a dominant communication source for products that consumers tend to buy without detailed pre-buying planning, or buy as a routine, like for example food products. Underwood and Ozanne (1998, p. 208) explain that while we may not know what television shows consumers are watching, which advertisements they have zipped and zapped, or where consumers are strolling in hyperspace, we do know that within the retail environment consumers come in contact with the packaged product. They further also explain that as more point-of-purchase decisions are being made, the potential for packaging to communicate and influence choice is heightened. In favor of the latter, in its' survey, POPAI (2012) found out that shoppers are specifically planning less and deciding more at the shelf – in the time period from 1977 to 2012, point-of-purchase decision rate has increased from 65% to 76% or according to Rundh (2012), it is even 80%.

In terms of examining the packaging issues one often forgets that the primary packaging is not the only packaging of products present in the retail supply chain. Secondary packaging has also become an important ingredient in the packaging concept especially if it is used for display purposes in the retail outlet (Rundh, 2012). Although the main role of secondary or transport packaging is connected with distributional and logistical problems, with the appearance of Retail Ready Packaging (RRP) the space for marketing function of secondary packaging has been opened. According to Durston (2006), back in the RRP beginnings, programme director of TPL Logistics Management Keith Rosser recognized that RRP can improve shelf space, marketing and perceived availability. Secondary packaging nowadays plays a dual role and becomes a merchandising tool to attract consumers at the point of sale (PMMI, 2014). Out of five “easy principals” of functional requirement that RRP has to have (easy to identify, easy to open, easy to shelf, easy to shop and easy to dispose (ECR Europe, 2006, p. 15)) two of them, *easy to identify* and *easy to shop*, are connected with shopping process and are supposed to be designed to simplify the in-store buying process (marketing function). RRP is used both for on-shelf (shelf ready packaging) and off-shelf (display ready packaging) merchandising and it rapidly became a vital marketing element (Wever et al., 2008). Marketing function includes branding aspects and the design of the package as well, and a basic pre-condition is that the exterior appearance maintains the level that is expected of a design brand (Rundh, 2012). The battles for customers’ attention at the point-of-purchase are nowadays going on, not only among primary product packaging, but also among secondary, retail ready packaging, which are on the store shelves and require constant changes, innovations and improvements to stay interesting to customers and to draw their attention better than competition does. Up to 40% of the primary product on the shelf can be obscured by secondary packaging (Smurfit Kappa, 2015a) what clearly indicates on the opportunities and importance of visual attractiveness of RRP. Recently one of the leading RRP producers developed even more improved secondary packaging, named Shelf-Facer, that improves shelf presentation by pulling the products to the front (Smurfit Kappa, 2015b) and this way makes more efficient both packaging, primary and secondary.

In spite of the fact that advantages of RRP are well known for retailers, particularly logistics benefits, this topic is not enough studied in scientific and professional literature. And in addition to that, most of papers address the topic from retailers’ perspective and are focused on investigating the advantages for retailers. To help filling identified literature gap, this paper turns to investigating how food manufacturers can benefit from adopting the RRP to their normal way of equipping and marketing their products. Previous research (Dujak et al., 2014) shows that food manufactures are widely implementing RRP to their normal product equipment process although this means their packaging costs are increasing.

The goal of this paper is to investigate how well food manufacturers in Croatia are implementing RRP in terms of the design of the packaging, how much time they invest in the development process, do they use help of their partners (for example packaging suppliers) for the designing and developing, and what they think

about the benefits of RRP from their point of view. In order to answer these questions the survey among Croatian food manufacturers has been conducted. Survey was constructed to cover the sample of food manufactures with more than 50 employees and to be well distributed among the companies according to different food industries based on NACE 2007 classification¹.

2. LITERATURE REVIEW

2.1. Food Products and Packaging

Packaging has several important functions in the distribution part of supply chain - from the manufacturer to the final consumer in the retail trade. The first and most obvious function is to contain and protect the product on its way from the manufacturer to the end-user. A second function is to display and promote the product on the supermarket shelf by attracting the consumer's attention and creation of a positive impression in order to get the consumer buying the product in a highly competitive environment (Rundh, 2005).

In Table 1 main functions from the technical packaging side and from marketing side are listed, and also divided into categories of different goods or industries.

Table 1

The multi-function of packaging

Category	Packaging function	Marketing function
Transport packages for consumer products	Package must protect products with high moisture content, possibility to staple the packages	Handling physical distribution, storing and display in consumer outlet
Transport packages for industrial products	Package must protect products during changing conditions (sea transport in containers), possibility to staple heavy items	Handling physical distribution, storing and display in business-to-business situations, prevent theft
Packaging board for consumer products (pharmaceutical and media products)	Package must prevent the product and give safety and hygiene. Display the content and prescription of the use of the product	Physical distribution, storing, marketing communication, preventing copying, design, branding, pricing
Packaging board for consumer products (dry food products) and coated or laminated packaging board for consumer products (frozen food and liquid products)	Packaging must preserve taste and safety of the content	Physical distribution, display and communication with consumers, design, branding, pricing

Source: Rundh (2005, p. 681)

¹Statistical classification of economic activities in the European Community, abbreviated as NACE, is the nomenclature of economic activities in the European Union; the term NACE is derived from the French Nomenclature statistique des activités économiques dans la Communauté européenne (Eurostat, 2014)

The two of them are connected with different food products: transport packaging for consumer goods and packaging for frozen, liquid and dry food products. Transport packaging in the terms of marketing functions are focused on the store facility itself. Last one listed in the table 1 is connected with primary packaging of food products and marketing functions in that context are emphasising communication towards consumers (communication of brand, design, and price). Additionally, marketing function of packaging in business-to-business situations is present through whole supply and distribution chain, where companies upstream and downstream from the manufacturer get in touch with secondary branded packaging and are included in its development and design.

Innovation in food and beverage packaging is mostly driven by consumer needs and demands influenced by changing global trends, such as increased life expectancy, fewer organizations investing in food production and distribution and in those terms new solutions are often connected with environment friendly packaging or even intelligent packaging like for example temperature control packaging (Dobrucka, 2013).

Packaging food technologies are also developing as a response to consumer demands or industrial production trends towards mildly preserved, fresh, tasty and convenient food products with prolonged shelf-life and controlled quality. In addition, changes in retailing practices, or consumers' lifestyle, present major challenges to the food packaging industry and act as driving forces for the development of new and improved packaging concepts (Dobrucka et al., 2015) where in that context one of those new concepts is also Retail Ready Packaging.

2.2. Food Products and Retail Ready Packaging

Retail ready packaging (RRP) is a form of transit packaging designed not only for transportation purposes, but also to ease and facilitate the process of in-store replenishment (supply chain function). As a secondary packaging, it is packaging where the actual products are being shipped in from the manufacturer to the retailer (Schrijver, 2013, p. 6). But in the same time, RRP is packaging that enhance the shopping experience for the consumer (Pira International, 2011) and this way benefits all supply chain members (marketing function). RRP allows goods to be moved direct to the point of sale with minimal handling, and to be easily collapsed, disposed of and ready for recycling (Coles, 2013, p.199).

Retailers oriented on its costs and final customer, primarily hard discounters, have recognized potential for improvement of traditional packaging. In their everlasting quest for ways of cutting cost to ensure the lowest possible price, hard discounters have recognized opportunities for savings through RRP's - primarily reducing the time needed to replenish the shelves (Dujak et al., 2014). Creevy (2010) concludes that RRP, in today's forms, first entered European stores in early 2000s - but even before that there were RRP attempts. Some authors (Creevy, 2010) see German hard discounter Aldi as a pioneer of RRP due

to his use of pallets or boxes (that products are delivered on by the supplier) as display units in their stores but according to The Institute of Grocery Distribution, UK retailer Tesco is the pioneer in using RRP. In 2005 Tesco started to organize RRP meetings with their consumer packed goods suppliers. After that, The Institute of Grocery Distribution has done the same with Sainsbury's in UK and in the following years continued with their activities all over the world, from Baltic to Australia and North America (Reynolds, 2010).

When it comes to retail assortment - „nearly 100 percent of discounters' products use RRP, compared with only about 40 percent of non-discounters“ (Warschun, 2011).

Efficient Consumer Response (ECR) published their first Retail Ready Packaging Toolkit in 2006 where the five RRP functional requirements were specified (ECR Europe, 2006, p. 15): Easy Identification, Easy Open, Easy Dispose, Easy Shelf and Easy Shop. Five easy of RRP primarily benefit to retailer during in-store operations (ECR Europe, 2006, p. 6). One more study concluded that we can expect growth of RRP use in the world at a CAGR (Compound Annual Growth Rate) of 3.57 percent over the period 2013-2018 (Infiniti Research Limited, 2014).

Regarding RRP types, ECR Europe (2006, p. 14) classifies all RRP in three types: shelf RRP, merchandising RRP and re-usable RRP.

Main benefits of RRP can be investigated in the store itself, and there IGD (IGD Supply Chain Analysis, 2011) finds considerable number of advantages:

- More accurate stock counting and order generating,
- Less product damages through case cutting,
- Faster identification of products in back room,
- Increased speed in building promotional displays,
- Faster spotting of stock by replenishment teams,
- Faster stocking of shelves,
- Reduced damages, shrink and waste,
- Reduce time to train new staff,
- Less double handling of stock,
- Improved code rotation,
- Faster code checking.

All these benefits should be accomplished with one major goal – to increase sale through its higher on-shelf availability resulting for higher sale and profit both for retailer and manufacturer. And this is the way retailers usually present to manufacturers a need for RRP implementation. Hence, RRP can be classified as a type of retailers' supply chain management collaboration initiative. This initiative can be expressed directly by retailers, or indirectly through necessity arising from competition of other manufacturers who have had direct

request of retailers. Either way, cost of implementing RRP packaging is almost always and exclusively on manufacturers (Dujak et al., 2014).

Majority of RRP are used for food products (nearly 78%) and beverages (16%), and non-foods counts for only 6% in 2010 (Pira International, 2012). In the scientific literature most RRP studies are in the field of fresh food packaging, where the need for this type of packaging is the greatest (Jeyamkondan et al., 2000; Stubbs et al. 2002; Eilert, 2005; Walsh and Kerry, 2012; Venturini et al., 2006; Ranade, 2008). The problem that food manufacturers in Europe and USA (Arzoumanian, 2011), as well in Croatia, usually emphasize is a lack of fair distribution of benefits that result from RRP. Regardless of the increased sales, the introduction of RRP usually leads to an increase in the cost of packaging for manufacturer, while significantly reducing in-store costs at retailers. Fair distribution of achieved savings or costs caused by RRP would represent incentive for further collaboration in other supply chain management areas. Research from United Kingdom has shown that almost half manufacturers in 2006 do not manage to return its investment in RRP, but they still do it “to remain competitive and maintain good customer relationships” (Food Manufacture, 2006).

Considering the fact that there is a large competition for limited shelf space, especially in grocery stores, requirements for packaging with smaller number of products (with single-shelf facings) have become more prevalent (Lorenzi, 2014) and manufacturers should seize the opportunity. Nevertheless previous research (Dujak et al., 2014) identifies the set of benefits for food manufactures also:

- better shelf visibility,
- better shelf “position keeping”,
- better product image,
- better relation with retailers,
- easier start of cooperation with new retailers.

Listed benefits combine direct rise of shelf visibility and creation of better relationship between brands and consumers which leads to improved impulse buying and brand positioning at the point of sales. RRP is transforming from secondary packaging into even more effective sales promotions tool and as branded transport and display packaging, it got deserved attention at the shelf. It improves shelf presentation and turns out as effective, almost free in-store marketing tool for retailers and manufacturers. By using the small store/shelf space as much as possible to send even more branded messages manufacturers exploit one more additional advertising opportunity in the store.

With modern technology and packaging innovations, packaging has become a key interface in the working relationships among suppliers, manufacturers, distributors and end-users, and in their interaction with the physical environment (Coles et al., 2003, cited in Vernuccio et al., 2010). When it

comes to packaging design, there are three basic functions that must be fulfilled: marketing function, logistics function (directly to the customer from manufacturer) and environmental function (reverse logistics) (Johansson et al.1997, cited in Garcí'a-Arca and Prado Prado, 2008). Furthermore, Hansen (1986) described that packaging has specific influence on buying behaviour through three general packaging aspects: communication, functionality and environment. Even though these are characteristics of primary product packaging, quite old but still mentioned today (Clement,2007; Arslanagić et al., 2014), they can also be transferred to retail ready packaging, when it comes to its in-store marketing role. In the stated model, communication aspect refers to graphic design, information and brand promotion. All these characteristics are included in two of Five easy of retail ready packaging – easy to identify and easy to shop. Secondly, functionality refers to conditions related to transport from a distributor to retail, and home carrying, use and storage for the primary packaging, but for the retail ready packaging it usually ends in the store. Functionality of RRP is most present through requirements easy open and easy shelf, both most useful in the in-store activities. Transport functionality is even more emphasized for the secondary packaging, when it comes to logistics requirements, and it is greater challenge to design functional and durable retail ready packaging comparing to traditional secondary packaging because of modular packaging and perforations. Finally, environmental aspect describes disposal of packaging after use, what is related to RRP requirement of easy disposal – less material, easily pressed and without duct tape which was often used for traditional secondary packaging.

In the time of standardized secondary packaging, when its' only purpose was to protect the products inside to the delivery point, marketing departments were not largely involved in its design. In the case of RRP, they are involved at least equally as packaging, production and logistics departments or even more and that is also where comes out the importance of marketing functions of RRP for manufacturers. Design of RRP usually goes simultaneously with the (re)design of final product packaging, to complement the visual presentation. Additionally, Aichlmayr (2009) says that many companies are training their design staff to understand various interactions through supply chain. Garcí'a-Arca and Prado Prado (2008) proposed an organizational structure based on the design team, the implementation team and the support team, aiming to accomplish the design and rationalization of the packaging and to ensure the involvement of different departments such as trade area, logistics, production, marketing, purchases, etc. In the paper *An exploratory study of marketing, logistics and ethics in packaging innovation* (Vernuccio et al, 2010), the strong potential for integration of marketing and logistical packaging innovations were founded, mostly for primary packaging that was in focus, but it could apply as well for secondary retail ready packaging.

3. RESEARCH METHODOLOGY

For the purpose of this paper research was conducted from June 2014 to January 2015 on Croatian food manufacturing companies. Base for the population and sample production was Register of Croatian Companies done by Croatian Bureau of Statistics for Croatian Chamber of Economy (Register of Croatian Companies, 2014). The study included Croatian companies that have met the 5 following criteria:

- Active company that is not in bankruptcy,
- Have more than 50 employees,
- Croatian founder,
- Type of organisation: Limited liability company or Joint-stock company,
- Activity code according to NACE2007: C10 (Manufacture of food products).

There were 105 companies in Croatia that meet those criteria, and for research purpose they were divided into two groups: medium Croatian food manufacturers (MCFM) with more than 50 and less than 250 employees (74 companies), and large Croatian food manufacturers (LCFM) with 250 or more employees (31 companies). To all of them were sent the e-mail with a link to the online survey (questionnaire). Questionnaire was aimed to find out food manufacturers' level of RRP adoption and time of first implementation. Also, it measured proportion of products with RRP in whole assortment with their proportion of turnover, level of change in costs associated with RRP, as well as main advantages of RRP for manufacturers. Furthermore the survey was to investigate how well food manufactures are implementing RRP in terms of the design of the packaging, how much time they invest in the development process, do they use help of their partners (for example packaging suppliers) for the designing and developing etc.

Research questionnaire was developed by adapting questions from previous RRP research (IGD Supply Chain analysis, 2011; ECR Italia, 2010;), as well as on the basis of interviews with employees of Croatian large food manufacturer from packaging, logistics and marketing department. Most research constructs were measured using multiple-item 5-point Likert scales.

With sample $n=34$, overall response rate was 32,38 %, ($n_{LCFM}=20$, response rate 64,52% in LCFM; $n_{MCFM}=14$, response rate 18,92% in MCFM). Answers were provided by logistical or marketing managers of companies.

In Table 2 it is possible to see distribution of the companies in the sample in relationship to the distribution of the companies in the population, all arranged according to NACE 2007 classification.

Table 2

Distribution of the companies in the sample and population according to different food industries (according to NACE 2007)

Food industry (NACE 2007)	Frequency	Share in sample (%)	Population	Share in population (%)
C101 Processing and preserving of meat and production of meat products	7	20,6	19	36,8
C102 Processing and preserving of fish, crustaceans and molluscs	2	5,9	8	25
C103 Processing and preserving of fruit and vegetables	3	8,8	5	60
C104 Manufacture of vegetable and animal oils and fats	1	2,9	3	33,3
C105 Manufacture of dairy products	2	5,9	10	20
C106 Manufacture of grain mill products, starches and starch products	3	8,8	7	42,9
C107 Manufacture of bakery and farinaceous products	5	14,7	38	13,15
C1081 Sugar manufacture	2	5,9	3	66,7
C1082 Manufacture of cocoa, chocolate and sugar confectionery	5	14,7	5	100
C1083 Processing of tea and coffee	0	0	3	0
C1084 Manufacture of condiments and other food supplements	1	2,9	1	100
C1089 Manufacture of other food products	3	8,8	3	100
Total	34	100,0	105	

Source: survey

Furthermore, Table 3 shows the distribution of the companies in the sample according to the size of the company.

Table 3

Characteristics of sample according to size of a company

Populations' segments	Population N	Sample n	Respondent rate $f = \frac{n}{N}$
LCFM (more than 250 employees)	31	20	64,52 %
MCFM (between 51 and 250 employees)	74	14	18,92 % (31,11 %*)
Total	105	34	32,38 %

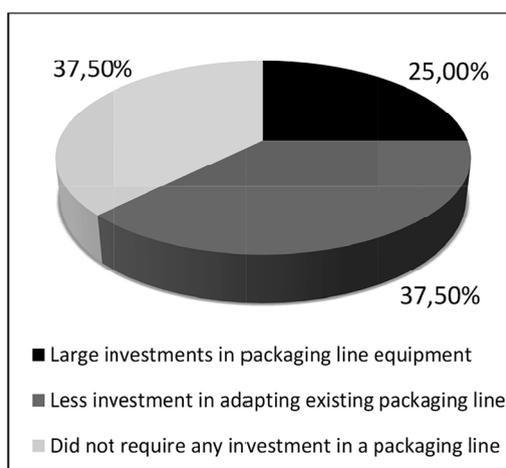
Source: survey

Note: * % without industry C107

If one takes into consideration that 29 of 74 MCFM belong in category C107 Manufacture of bakery and farinaceous products, for which is not characteristic to use RRP as much as in other FMCG categories, response rate is satisfactory for MCFM as well (31,11 % without industry C107).

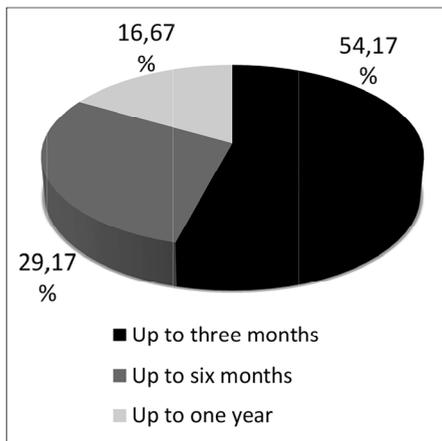
4. RESEARCH RESULTS

The introduction of RRP has required certain financial investments and time (Graph 1 and 2), but it was to some extent “must have”, due to retailers’ requests and competition which has already implemented RRP on the retailers’ shelf. It is interesting that of those who did not have any investment in a packaging line, even 44,44 % of them needed more than three months for introduction of first RRP.



Graph 1 The investment required for RRP implementation

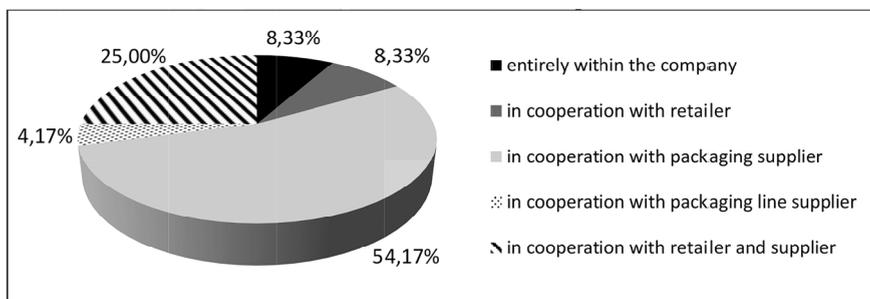
Source: survey



Graph 2 The time needed for the implementation of the first RRP

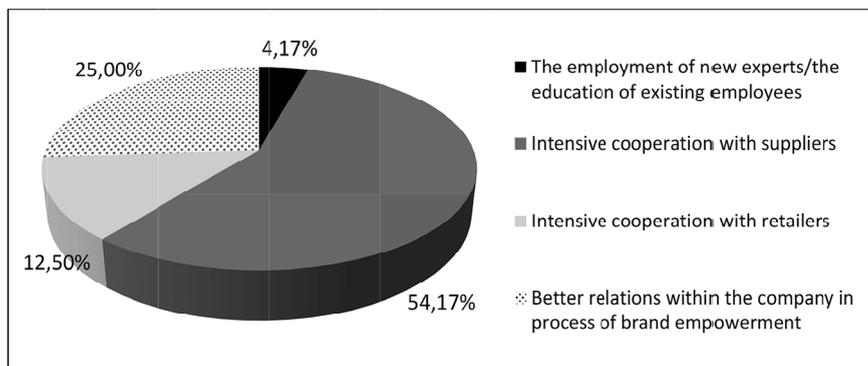
Source: survey

As already mentioned before, RRP improves communication not only with final buyers, but also with other partners in supply chain. The importance of this is evident when it comes to packaging suppliers whose innovation skills and willingness for development are crucial. Graph 3 shows that 54,17 % companies develop its RRP solutions with packaging supplier, while 25% of them develop it both with packaging suppliers and retailers. Only 8,33 % of manufacturers develop RRP alone - entirely within the company. That confirms that RRP solutions can only be delivered in "genuine partnership" (IGD, 2005). In this situation they are together developing a new product to some extent, what increases trust and improves future relationship. Except improvement of relationship with suppliers (54,17 %), RRP significantly improves relations within the company in process of brand empowerment (Graph 4)



Graph 3 The cooperation for RRP development solutions

Source: survey



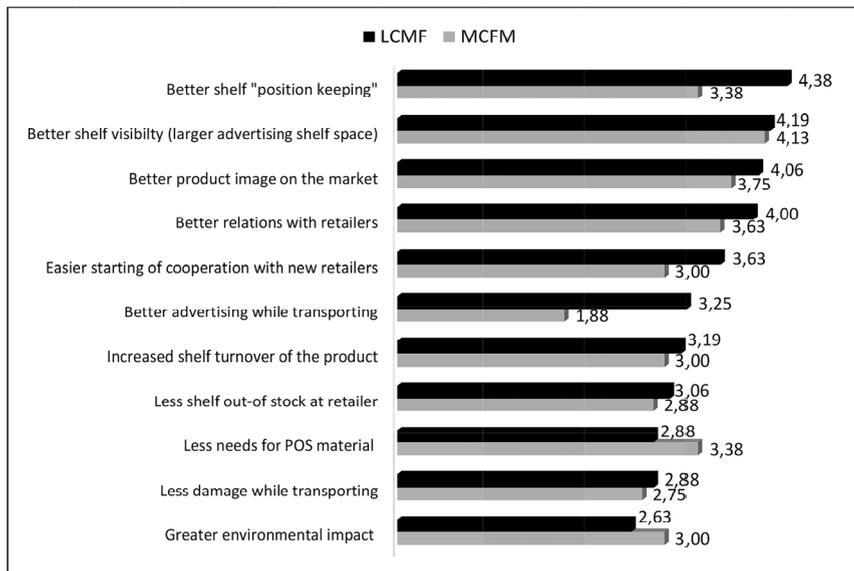
Graph 4 The impact of RRP within the company

Source: survey

When it comes to company size, medium and large companies perceive differently marketing benefits of RRP (Graph 5), mostly due to different marketing budget and the level of overall marketing communication. By using 5-point Likert scale with 1-“Not advantage at all”, and 5-“Exceptional advantage” as anchors, key benefits of RRP for manufacturers has been examined. As the greatest benefit of RRP, large companies find better shelf “position keeping”, what emphasizes the importance of shelf position that communicates with final buyer and keeping it in every situation, which they are aware of. That RRP complements the overall marketing communication which is at high level for LCFM, one can see from generally higher ratings given by LCFM and particularly from high ratings for better product image on the market (mean= 4,06), better relations with retailers (mean = 4) and easier starting of cooperation with new retailers (mean = 3,63).

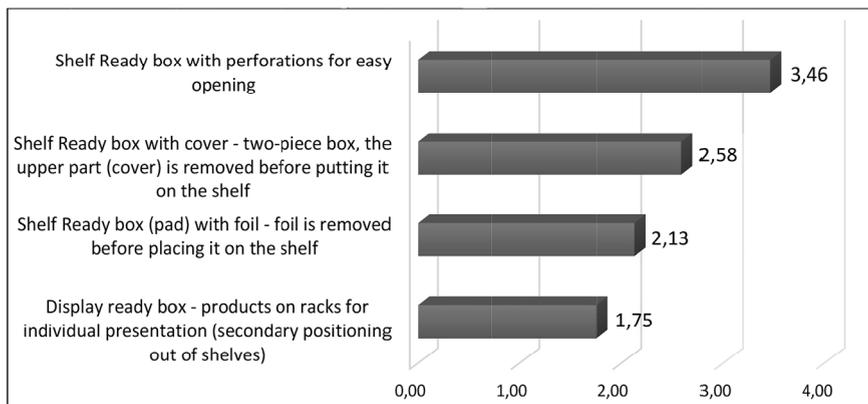
The greatest difference in rating is for benefit better advertising while transporting, for LCFM mean is 3,25 and for MCFM mean is 1,88.

As an in-store marketing tool for MCFM, RRP replaces to some extent other POS material (mean = 3,375), while LCFM do not find it as interesting (mean = 2,88), probably due to the larger marketing budget and the entire image that POS material complement, as well as RRP. It is interesting that MCFM have recognized greater environmental impact (mean =3) of RRP than the LCFM (mean =2,63), because nowadays sustainability is very powerful marketing tool.



Graph 5 Means of RRP benefits from manufacturers' perspective by the company size
 Source: survey

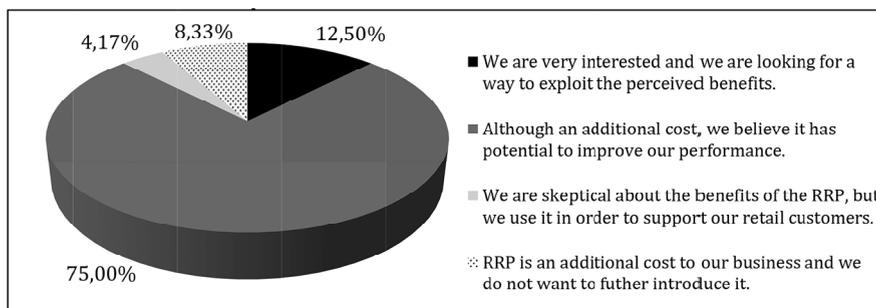
The type of RRP that Croatian food manufacturers mostly use is shelf ready box with perforations for easy opening (Graph 6). It is the type that corresponds to many FMCG industries whose products are smaller sized. This type of RRP offers increased advertising opportunities due to larger packaging surface then in case of primary packaging or in case of type with foil. Display ready box type of RRP is most suitable for advertising, but also most expensive type (reason for rarest use by manufacturers).



Graph 6 Used types of RRP

Source: survey

The attitude of Croatian food manufacturers towards RRP in the future based on their RRP experience so far, can be seen on Graph 7.



Graph 7 The attitude towards RRP in the future

Source:survey

Even though RRP for food manufacturers is only cost-demanding and not cost-sharing initiative which came from retailers, they have recognized it as an opportunity to improve their performance in various levels and aspects. 87,5 % of companies see RRP as a tool they will further develop and implement in order to use perceived benefits and improve their performance.

5. CONCLUSION

One of many changes initiated by retailers is Retail Ready Packaging, which brings most benefits to retailers' in-store replenishment activities, the most expensive activities. Taking into consideration the fact that RRP significantly decreases costs of FMCG shelf replenishment, food manufacturers whose products belong to this group, must accept this additional cost and strive to make the most of it for themselves. RRP should be their marketing tool, both up- and downstream in the supply chain, bearing in mind the physical contact that the final consumer has with RRP at the point of purchase.

Research has shown that Croatian food manufacturers are aware of the complexity of RRP introduction considering the needed time and investment. It confirms the importance of RRP functionality within the production, through the distribution chain and the visual attractiveness all along to the final consumer. One can see how different and more challenging RRP is from previous transport packaging, because of its' functionality requirements, but also because it is present on the shelf where it is in contact with final consumer. That makes secondary packaging, or more precisely RRP, one more area where manufacturers

are competing for consumers' attention in the store, but also to differentiate themselves in the distribution chain.

The research also showed that most commonly used type of RRP is shelf ready box with perforations for easy opening. That type of box offers the largest area for branded messages and the possibility of emphasizing the company's logo or any other targeted advertisement after opening with its modularity. Shelf ready box with foil leaves less space for advertising and it is less often used.

Large food manufacturers are aware that nowadays RRP is one of the common requests from retailers, great majority of them use RRP, 83,3 % (Dujak et al, 2014) and generally they see greater benefits in RRP comparing to medium food manufacturers. Large companies see more marketing opportunities in every phase in product distribution – primarily to advertise and strengthen their brand to final consumers, as well as to all participants of supply chain who get in contact with secondary packaging. Additionally, it helps them to improve and strengthen their relationship marketing with retailers and to maintain their role in category management process, especially space management on the shelf level.

Generally, food manufacturers are aware of the benefits that RRP provides. Despite being the cost for them, they believe it can improve their performance. Therefore, they should take the advantage of all its marketing potential and opportunities.

Research limitations arise from the fact that research was conducted only among Croatian food manufacturers with various shares of different food industries, and therefore could be seen as indicative research. Further research should also include beverage and non-food products belonging to FMCG industry, and manufacturers from other countries as well.

REFERENCES

Aichlmayr, M. (2009) Transport Packaging: From Liability to Opportunity. *Material Handling Management*. [Online] ProQuest Database 64(9), Available from: <http://www.proquest.com/> (Accessed: 23rd February, 2015).

Arslanagić, M., Peštek, A. and Kadić-Maglajlić, S. (2013) Perceptions of healthy food packaging information: do men and women perceive differently? In *Procedia - Social and Behavioral Sciences 109* (2014) Elsevier Ltd. [Online] 2nd World Conference On Business, Economics And Management - WCBEM 2013, p.78-82. Available from: <http://www.sciencedirect.com/> (Accessed: 23rd February, 2015).

Arzoumanian, M. (2011) Retail Ready Packaging: Easy Does It. *Paperboard Packaging*, [Online] 96(3). p. 24-28. Available from:

<http://connection.ebscohost.com/c/articles/66209887/retail-ready-packaging-easy-does-it>, (Accessed:23rd August, 2014).

Barker, N., Valos, M., Shimp, T. A. (2011)*Integrated Marketing Communications*. Cengage Learning, UK.

Clement, J. (2007). Visual influence on in-store buying decisions: an eye-track experiment on the visual influence of packaging design. *Journal of Marketing Management*, 23(9-10), p. 917-928.

Coles, R. (2013) Paper and paperboard innovations and developments for the packaging of food, beverages and other fast-moving consumer goods.in Farmer, N. (Ed.).*Trends in packaging of food, beverages and other fast-moving consumer goods (FMCG)- Markets, Materials and Technologies*. Woodhead Publishing Limited, p. 187-220.

Creevy, J. (2010). 10 ways Aldi changed retail, *Retail Week*, [Online] Available from: <http://www.retail-week.com/sectors/food/10-ways-aldi-changed-retail/5015950.article>, (Accessed: 21st August, 2014).

Dobrucka, R. (2013) The future of active and intelligent packaging industry. *LogForum - Scientific Journal of Logistics*, 9(2).p. 103-110.

Dobrucka, R., Cierpiszewski, R. and Korzeniowski, A. (2015) Intelligent food packaging – research and development. *LogForum - Scientific Journal of Logistics*, 11(1).p 7-14.

Dujak, D., Ferenčić, M. and Franjković, J. (2014) “Retail Ready Packaging – What’s in it for Food Manufacturers?” In *Proceedings of the 14th International Scientific Conference Business Logistics in Modern Management*, 16 October, Segetlija et al. (ed.), Osijek, Croatia: J. J. Strossmayer University of Osijek, Faculty of Economics, pp. 43-61.

Durston, J. (2006) Get ready for the RRP revolution. *Grocer*, [Online] ProQuest Database p.41. Available from: <http://www.proquest.com/> (Accessed: 23rd February, 2015).

ECR Europe (2006)*Shelf Ready Packaging (Retail Ready Packaging), Addressing the challenge: a comprehensive guide for a collaborative approach*, [Online] Available from: <http://www.ecr-europe.org/ecr-library?view =single &id=6>, (Accessed: 24th June, 2014).

Eilert, S. J. (2005) New packaging technologies for the 21st century. *Meat Science*, 71(1), p. 122–127.

Eurostat (2014) Glossary: Statistical classification of economic activities in the European Community (NACE), [Online] Available from: http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary: Statistical_classification_of_economic_activities_in_the_European_Community_%28NACE%29, (Accessed: 2nd March, 2015).

Food Manufacture (2006) Reader poll: Shelf-ready dilemma for suppliers,[Online] Available from: <http://www.foodmanufacture.co.uk/Business-News/Reader-poll>, (Accessed: 24th June, 2014).

García-Arca, J. and Prado Prado, J.C. (2008) Packaging design model from a supply chain approach. *Supply Chain Management: An International Journal*, 13(5), p.375–380.

Hansen, U. (1986) Verpackung und konsumenten verhalten (packaging and consumer attitudes).*Marketing*, 8(1), p. 5-12.

Infiniti Research Limited (2014) Global Retail Ready Packaging Market 2014-2018, [Online] Available from: <https://www.reportbuyer.com/product/2051561/global-retail-ready-packaging-market-2014-2018.html>, (Accessed: 23rd June, 2014).

Institute of Grocery Distribution (2005) *Retail Ready Packaging*. Watford, UK.

Jeyamkondan, S.; Jayas, D. S.; Holley, R.A (2000) Review of centralized packaging systems for distributing of retail-ready meat, *Journal of Food Protection*, 63(6), p. 796–804.

Kesić, T. (2003) *Integrirana marketinška komunikacija*. Opinio, Zagreb.

Lorenzi, N. (2013). What's new in secondary packaging? *Snack Food & Wholesale Bakery* - February 2013.

Percy, L. (2014) *Strategic Integrated Marketing Communications*. Routledge, Abingdon and New York.

Pira International (2012) Retail ready packaging market is forecast to reach \$63.4 billion by 2017, [Online] Available from: <https://www.smitherspira.com/market-reports/retail-ready-packaging-markets-are-forecast-to-reach-63-4-billion-by-2017.aspx>, (Accessed: 22nd August, 2014).

PMMI (The Association for Packaging and Processing Technologies) (2014).*2014 Secondary Packaging Market Research Study*. Izquierdo, J., Feldman, P. (ed.) Reston, USA.

POPAI Point Of Purchase Advertising International (2012). Shopper Engagement Study.[Online] Available from: http://www.popai.fr/textes/Shopper_Engagement_Study.pdf, (Accessed: 29th June, 2015).

Ranade, S. S. (2008) The Indian food sector: retail-ready packaging of milk and milk products. *Indian Dairyman*, 60(3), p. 79–80.

Reynolds, P. (2010) A Guide to Retail-ready Packaging, *Packaging World*,[Online] Available from: <http://www.packworld.com/package-design/retail-ready/guide-retail-ready-packaging>, (Accessed: 23rd August, 2014).

Rundh, B. (2012) Linking packaging to marketing: how packaging is influencing the marketing strategy. *British Food Journal*, 115 (11), p. 1547-1563.

Rundh, B. (2005) The multi-faceted dimension of packaging. *British Food Journal*, 107(9), p. 670- 684.

Schrijver, M. (2013) *Retail Ready Packaging and the Importance of Design*, Essay (Master), University of Twente, Behavioral School.

Silayoi, P. and Speece, M. (2004) Packaging and purchase decisions: An exploratory study on the impact of involvement level and time pressure. *British Food Journal*, 106(8), p. 607-628.

Smurfit Kappa (2015a) White Paper 1. Marketing On The Shelf Exactly How In Control Are You?[Online] *Open the future. info*, Available from: http://www.openthefuture.info/whitepapers/shopper_marketing_whitepaper_en.pdf, (Accessed: 20th July, 2015).

Smurfit Kappa (2015b) Visibility of shelf-ready raised. [Online] *Foodmanufacture.co.uk*, Available from: <http://www.foodmanufacture.co.uk/Packaging/Visibility-of-shelf-ready-raised> (Accessed: 15th September, 2015).

Stubbs, R. L., Morgan, J. B., Ray, F. K. and Dolezal, H. G. (2002) Effect of supplemental vitamin E on the color and case-life of top loin steaks and ground chuck patties in modified atmosphere case-ready retail packaging systems. *Meat Science*, 61(1), p. 1–5.

Tedlow, R.S. (1996) *New and Improved: The Story of Mass Marketing in America*, Harvard.

Twede, D. (2012). The birth of modern packaging. Cartons, cans and bottles. *Journal of Historical Research in Marketing*, 4(2), p. 245-272.

Underwood, R.L. and Ozanne, J. L. (1998) Is your package an effective communicator? A normative framework for increasing the communicative competence of packaging. *Journal of Marketing Communications*, 4, p. 207-220.

Venturini, A.C., Contreras, C. J. C. Sarantopoulos, C. I. G. L. and Villanueva, N.D.M. (2006) The effects of residual oxygen on the storage life of retail-ready fresh beef steaks master packaged under a Co-2 atmosphere. *Journal of Food Science*, 71(7), p. 560-566.

Vernuccio, M., Cozzolino, A. and Michelini, L. (2010). An exploratory study of marketing, logistics, and ethics in packaging innovations. *European Journal of Innovation Management*, 13(3), Emerald Group Publishing Limited, p. 333-354.

Walsh, H. and Kerry, J. P. (2012) Packaging of ready-to-serve and retail-ready meat, poultry and seafood products. In Kerry, J.P. (ed.). *Advances in meat, poultry and seafood packaging*. Woodhead Publishing Limited, p. 406–436.

Warschun, M. (2011) What Traditional Retailers Can Learn From The Discounters.[Online] *ATKearney*, Available from: http://www.atkearney.com/consumer-products-retail/ideas-insights/featured-article/-/asset_publisher/KQNW4F0xInID/content/what-traditional-retailers-can-learn-from-the-discounters/10192, (Accessed: 23rd August, 2014).

Wever, R., Bouvy, M., Hettema, A.W. and Stevels. A. (2008) A Packaging Supplier's Contribution To Branding And Sustainability. In *ICOVACS 2008 International Conference on Value Chain Sustainability. "Integrating Design, Logistics and Branding for Sustainable Value Creation" Proceedings*, November 12-14, Izmir, p. 278 – 284.

Jelena Franjković, mag. oec.

Sveučilište Josipa Jurja Strossmayera u Osijeku
Ekonomski fakultet
Osijek, Hrvatska
E-mail: jelenaf@efos.hr

Mr. sc. Martina Ferencić

Podravka d.d.
Koprivnica, Croatia
E-mail: martina.ferencic@podravka.hr

Dr. sc. Davor Dujak

Izvanredni profesor
Sveučilište Josipa Jurja Strossmayera u Osijeku
Ekonomski fakultet
Osijek, Hrvatska
E-mail: ddujak@efos.hr

MARKETINŠKE PRILIKE PAKIRANJA SPREMNOG ZA MALOPRODAJU - PRIMJER HRVATSKIH PROIZVOĐAČA HRANE

Sažetak

Ambalaža spremna za maloprodaju (RRP) danas se redovito pojavljuje na policama u maloprodaji robe široke potrošnje kao oblik ambalaže koji sadrži najbolje karakteristike i sekundarne i primarne ambalaže. Premda najveću korist imaju maloprodajni lanci jer je rad u prodavaonicama učinkovitiji, proizvođači također traže način brže optimizacije RRP-a. Zbog toga ambalaža spremna za maloprodaju (police u trgovinama) traži posebnu pažnju u svim aspektima kreativnog i funkcionalnog dizajna i primjene, što nosi velik trošak, najviše proizvođačima. Premda se u literaturi značajna pažnja posvećuje RRP prednostima za maloprodajne lance, u ovom se radu RRP razmatra s gledišta proizvođača. Među hrvatskim proizvođačima hrane provedeno je istraživanje čiji je cilj bio saznati koliko je uvođenje RRP-a zahtjevno i složeno te koje su njegove ključne prednosti koje proizvođači mogu prepoznati i iskoristiti u marketinšku svrhu. Rezultati istraživanja upućuju na poticanje impulzivne kupovine proizvoda i brže ponovno punjenje polica kao RRP čimbenik od kojeg će proizvođači hrane imati najviše koristi. Osim toga, RRP služi kao alat za poboljšanje suradnje proizvođača i maloprodajnog lanca. Proizvođači obično primjenjuju RRP u roku šest mjeseci, skoro isključivo u suradnji s drugim sudionicima u lancu nabave. Zato bi proizvođači trebali koristiti spomenute marketinške funkcije RRP-a, kako

bi što učinkovitije pretvorili neizbježni trošak RRP-a u povećanje prodaje svojih proizvoda u maloprodajnom lancu.

Ključne riječi: pakiranje spremno za maloprodaju, proizvođači hrane, mjesto na polici, marketing u prodavaonici.

JEL klasifikacija: M31