

Retail Experience Network

Case Study - Coty® PDQ Tray



Overview

Holiday sales are critical for the fragrance industry – more than 50% of annual sales can take place in the weeks before Christmas. Securing prime space at retail plays a critical role in capturing those sales.

For Coty®, a significant portion of that prime retail resides in the aisles of Wal-Mart®. Coty® merchandises a vast array of fragrances in PDQ trays at Wal-Mart® during the Holiday season. Prior to 2007 program launch, Coty® was challenged with improving the ecological footprint of their pdq's as part of Wal-Mart's® overall Sustainability Initiative.

Objective

In order to secure placement in the holiday aisle set, Coty® had to satisfy some crucial requirements. Compliance with Wal-Mart's® holiday program merchandising standards was a must. In the spirit of sustainability, these standards also had to be met while mitigating the environmental impact. At minimum, the solution had to remain cost neutral -- cost reduction was ideal.

Strategy

Wal-Mart's® Holiday PDQ requirements are well defined and quite basic – simple flexo-printed graphics presented on a 24" tray. Given the simplicity of the program, finding significant opportunities for improvement would prove to be a challenge.

For starters, we explored six different tray/shipper and combo-style designs in an effort to reduce corrugated materials (savings were incremental at best). We also investigated options to replace EPS foam product holders with more environmentally material (eco-friendlier options proved to be too pricey).

Ultimately, the best solution was realized through a cooperative effort between International Paper and Coty®. A new tray design was developed and approved that reduced the material requirements by 5%. Even greater results were achieved via "right-sizing" the primary package – by creating cartons that evenly used the amount of space inside the tray we were able to completely eliminate the need for side fillers in most trays. In addition, the primary package redesign also facilitated replacement of foam inserts with eco-friendly corrugated components.

Results

Wal-Mart® was pleased... And so was Coty®! In 2007, Coty® was awarded placement of over 150 SKU's in 318,000 PDQ's at Wal-Mart. And they were able to do so in a fashion that yielded significant savings -- economically and environmentally:

- Over 30% in overall cost savings for the program (2007 compared to 2006)
- 76% reduction in foam components ... which also resulted in 64% reduction in inbound trucks to our packaging facility
- Even with replacement of foam fillers with corrugated components, 10.6% reduction in corrugated materials achieved through overall reduction of filler components