

# Mango Category Shrink: Retail Grocery Channel



November 2019

## Objectives & Methodology

### Objectives:

- To understand current mango category shrink in the retail grocery channel
- To determine the main causes of shrink at retail and what programs have been successful at reducing shrink
- To use the findings to create best practices and to decrease shrink at retail

### Methodology:

- Phase 1: Data Collection
  - CP collected data from March 2017 to March 2019 for fresh, whole mangos from a cross section of retailers/divisions
  - Analyzed retailer shipment (mangos into the store) and sales (mangos out of the store) data
  - Aggregated the data and then calculated an average shrink rate for the mango category
- Phase 2: Qualitative interviews
  - Retailer interviews focused on where the most shrink occurs, top causes of mango shrink, programs retailers have used



### Key Findings

There is a disconnect between retailers' perception and actual shrink
 Shrink averaged 21%, higher than the 15% average reported by retailers

Retailers have bigger issues with shrink with yellow mangos than with red
 Staff and consumers think the wrinkled appearance means the mango is bad

Shrink is most likely to occur at the display or at check-out
 Plus, staff may not be following best practices for temperature and rotating

Only one participating retailer has a shrink management program
 Has been successful in decreasing shrink

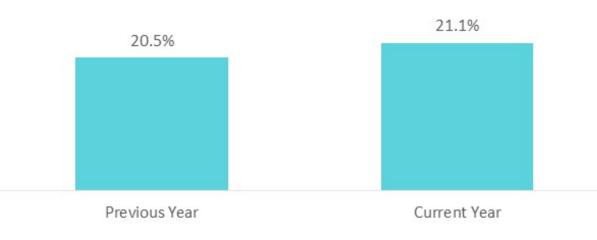




### Mango Category Shrink

Participating retailers have an aggregate shrink of 21.1% for the mango category

Retailers believe mango shrink to be about 15% on average



Mango Category Shrink

- At an average price of \$0.86 per unit, a one-point drop in shrink would result in an additional \$3.7M in mango sales nationally
  A decrease in mango shrink from 21.1% to 15% would result in an additional
  - **\$22.4M** in mango sales nationally

Source: Category Partners analysis powered by Nielsen US Scan, 2018.

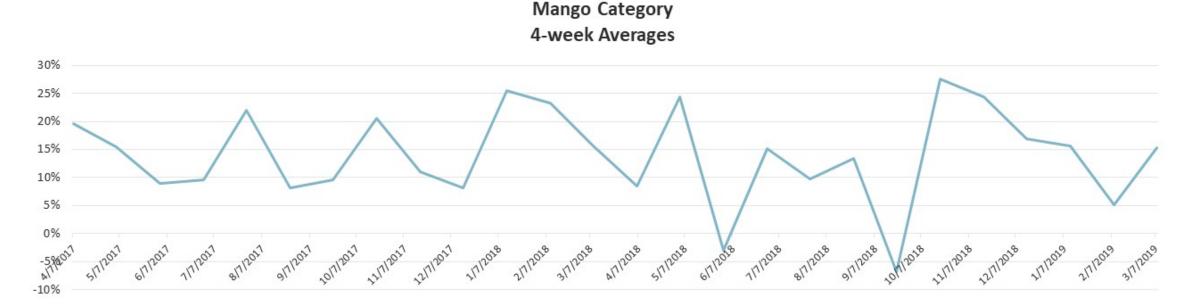


Note: Current year runs from March 2018 though March 2019

### Mango Category Shrink

Mango shrink varies significantly throughout the year, without any clear seasonality

- Retailers noted higher shrink is often due to the variety carried and over-supply
  - "It can be 24%-28% for yellow mangos, because of the shriveling, and also getting the forecast wrong."





### Retailers' Definition of Shrink

Retailers generally define shrink as only what is "thrown away"

Only items that do not go through the register are considered shrink



*Self-reported* category shrink ranged from **7%** to **21%** 

Tracking varies:

- Two at category level
- Two at item level
- One by color
- One does not track

Most retailers do not set goals for mango shrink

- One of the six retailers has a target shrink number
- Two retailers do not have a target, but try to keep produce shrink below 10%
- Two retailers track produce shrink, but do not have a target

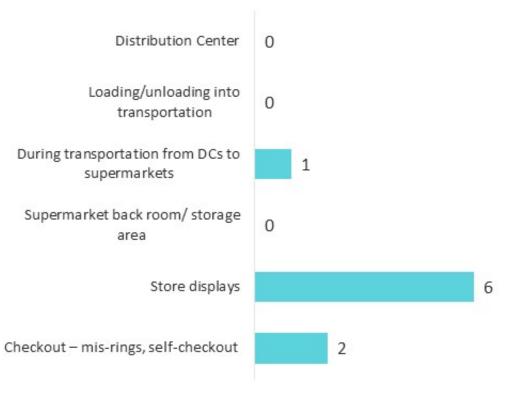


## Where and Why Shrink Occurs

Shrink is most likely to occur at the floor display or at check out

- At the display, ripeness and consistency are a concern:
  - "Often the product hasn't been handled right. It's not at the right ripeness level. We don't have a mechanism for ripening. As long as it's sweet and not too soft, we sell it. There is no consistency with mangos. Mangos make up 2% of tropical sales and that's how much attention they get."
  - "Mainly the yellow mangos and the shriveling. Associates and consumers think they are bad."
- At check-out, mis-rings are an issue:
  - "At checkout, mis-rings. If the item is not identified, it could be a 16-year-old cashier trying to identify the product."

Within your organization, where is mango category shrink most likely to occur?





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## Shrink Variations by Variety



Retailers said the wrinkled appearance of the Honey mangos' skin contributes to higher shrink:

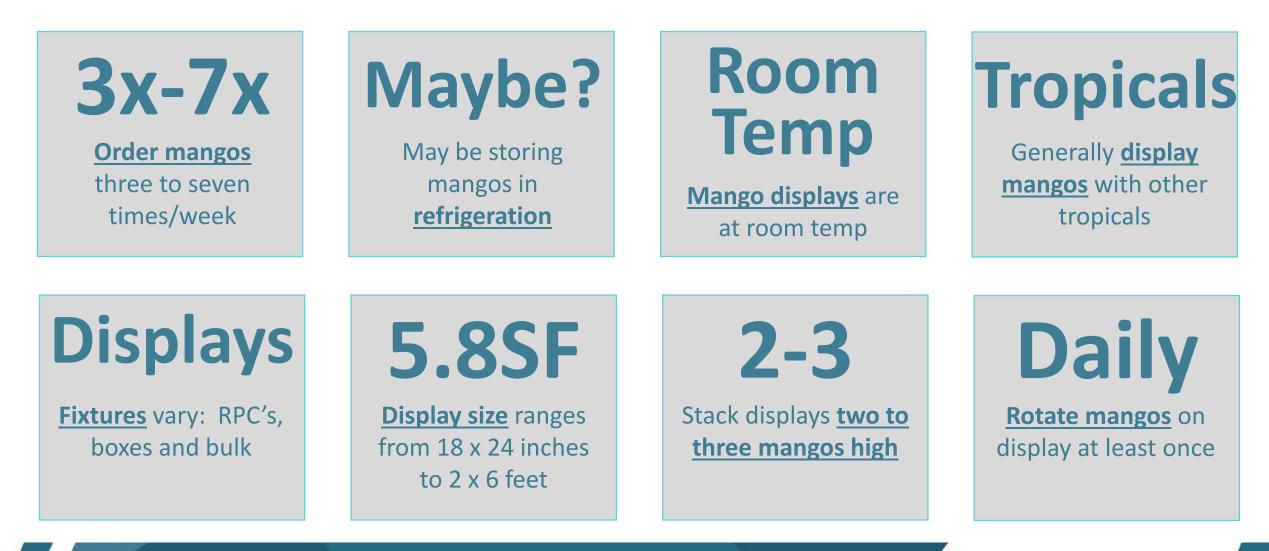
Yellow mangos have higher shrink. They are smaller, and when they start to ripen, the skin shrivels. Associates think shriveling is bad and throw them away. Sometimes when they arrive in store, they are green. They don't turn yellow until they shrivel. People just don't know."



- Retailers believe red mangos have the lowest shrink, due to more frequent promotions:
  - "Red, they are in the mix all the time. They are carried all the time, and we promote them quite often."



### **Current In-store Practices**





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