

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 –two national chains and four regional chains
- 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

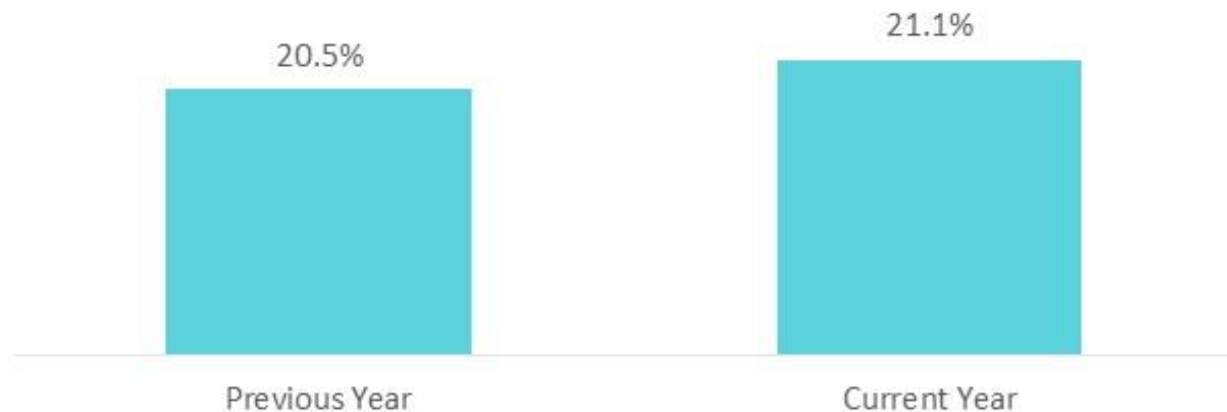
- There is a disconnect between retailers' perception and actual shrink
 - Shrink averaged 21%, higher than the 15% average reported by retailers
- Retailers have bigger issues with shrink with yellow mangos than with red
 - Staff and consumers think the wrinkled appearance means the mango is bad
- Shrink 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



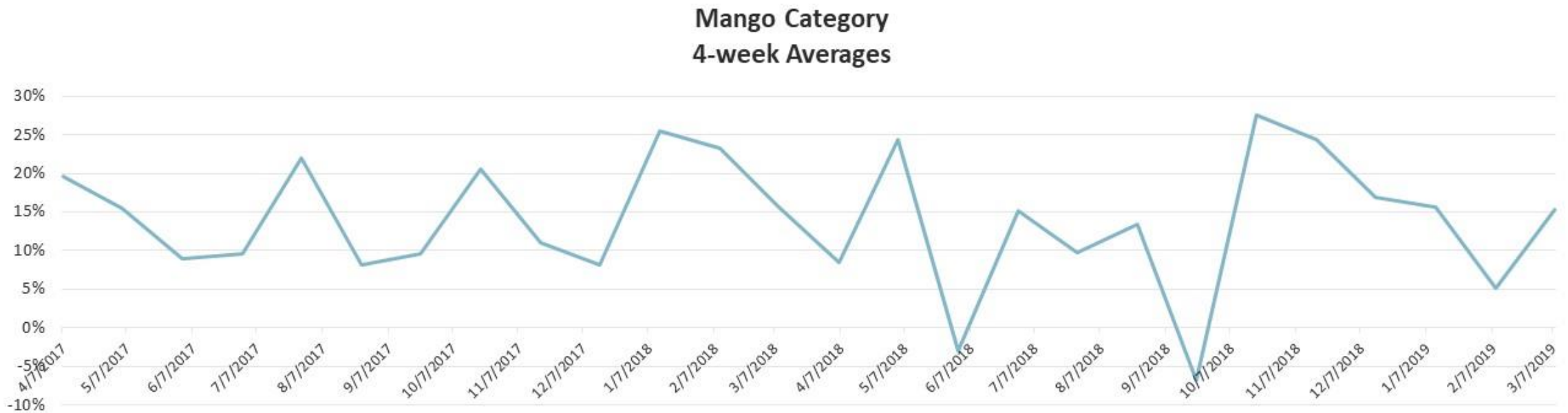
Note: Current year runs from March 2018 through March 2019

- 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.

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

15%

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

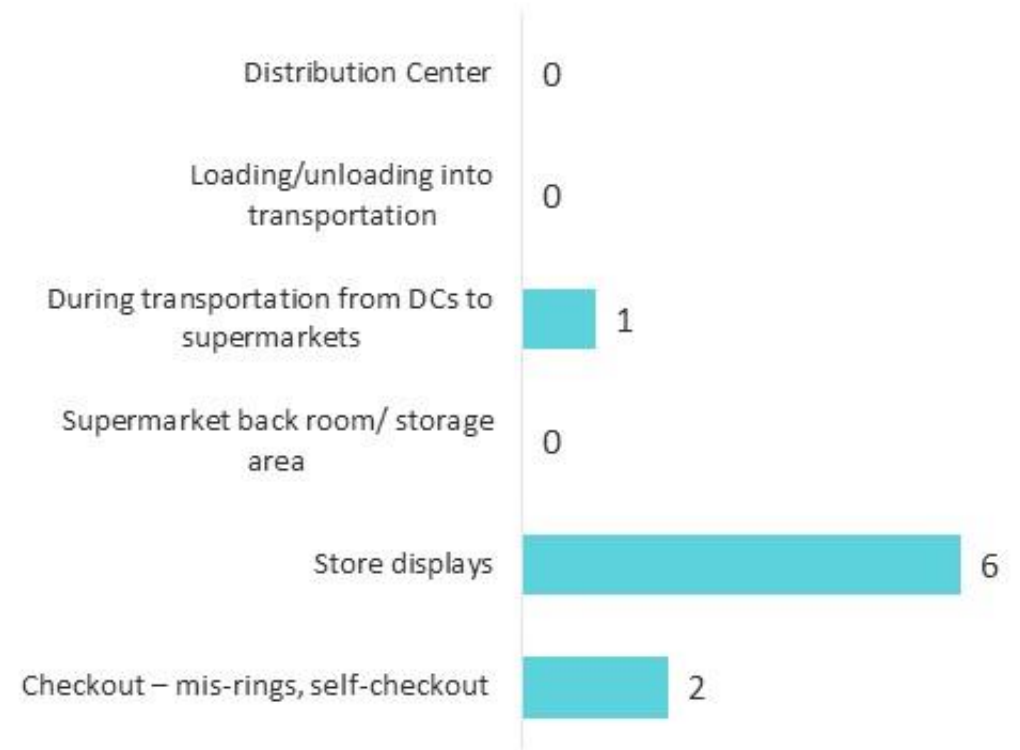
- Most retailers do not set goals for mango shrink
 - One of the six retailers has a target shrink number
 - Two retailers do not have a target, but try to keep produce shrink below 10%
 - Two retailers track produce shrink, but do not have a target

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?



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

3x-7x

Order mangos
three to seven
times/week

Maybe?

May be storing
mangos in
refrigeration

Room Temp

Mango displays are
at room temp

Tropicals

Generally display
mangos with other
tropicals

Displays

Fixtures vary: RPC's,
boxes and bulk

5.8SF

Display size ranges
from 18 x 24 inches
to 2 x 6 feet

2-3

Stack displays two to
three mangos high

Daily

Rotate mangos on
display at least once

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