



## **Dealing with Shrinkage**

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Shrinkage has always been, and will always be, a major issue in the produce industry. Shrinkage is something that effects every level of the produce industry. Shrinkage can occur when the goods are shipped from the grower to the wholesaler, or when it sits in the refrigerated holding areas in the back of the retail store. The Produce Marketing Association has compiled data that shows the national retail average for produce shrink at the retail level is around six percent. Considering that there are about thirty thousand stores in the United States, translating to more than a 2.1 billion dollar loss, it is no wonder that shrink is an ever present concern. There are, however, some things that can be done by growers and retailers to minimize shrink.

On the grower side, post harvest and transportation are the main focus for controlling shrink. Maintaining the cold chain is very important in preserving the quality of fruits and vegetables. When harvesting produce it is important to cool them as soon as possible. After fruits and vegetables have been harvested they continue to use oxygen and carbon to produce waste products like carbon dioxide, water and heat. This process is called respiration. Since the produce has been harvested it will begin to consume itself because the necessary resources are no longer available to replenish the sugars and starches used in respiration. Removing field heat from newly harvested produce the respiration process can be slowed and can, therefore, increase its shelf life. The closer a plant comes to its freezing point, the slower its respiration rate becomes. There are four basic methods of cooling produce: forced air; hydrocooling; vacuum cooling; and icing.

After post harvest cooling has been taken care of, it is then an issue of transportation to the next level of the supply chain. Since there is no way to be one hundred percent sure what happens to goods once they have left the grower, it is important to use a transportation service that can ensure that the cold chain is not broken when the produce is in route to its destination. An initial step should be to inspect trucks for temperature-control devices. Most truckers have found it to their benefit to maintain strict regulations concerning suitable temperatures.

For retailers, it begins at the loading docks where inspections and checking procedures upon delivery play a very important role in a retailer's ability to minimize shrink. Some retail chains have specific items that, when brought to the loading docks, every case is checked. Also, they will not accept any fruit or vegetable that does not meet their standards, even marginal produce is sent back. Trimming certain goods, like leaf lettuce, is important to preparing product for store presentation. Some produce departments even go as far as to put their fruits and vegetables through a luke-warm water baths when trimming. After that, it is vitally important that it is immediately placed in a refrigerated area to maintain the cold chain.

Even when growers conduct harvesting and transportation perfectly, and retailers trim, rotate, and display produce perfectly, shrink can still occur. This type of shrink occurs at the cash register due to mis-rings or incorrect labeling. Some have found that eighty percent of their shrink is due to mis-rings at checkout and improper labeling of produce. The

addition of the four digit PLU code by growers has been a large help to reduce this type of shrink. Something retailers have done to combat this type of shrink is to have cashiers go through a training program covering produce department issues. This, combined with weekly tests, seems to be helping on the front-end mistakes.

From the time fruits and vegetables are harvested to the time they leave the store it is important that certain steps are taken to ensure that the shelf life of the goods is maximized and shrinkage is minimized. As mentioned in the opening, there is a considerable amount of money lost each year to shrinkage. By all levels of the supply chain working together in an effort to minimized shrinkage where ever possible, it is absolutely possible that millions of dollars can be saved.