



SUMMARY



Customer
Lowes Foods

Industry
Grocery

Challenge
As Lowes Foods expanded as an organization, so did its need for an advanced software solution that would help preserve the top-quality and locally focused shopping experience its customer community deserved.

Benefits/Outcomes

- Voids reduced by 76% in a year
- Hundreds of thousands of dollars in losses avoided due to increased visibility and accountability

Solution

- Zebra Prescriptive Analytics (ZPA) - Sales Module

Lowes Foods Reduces Voids by 76% and Mitigates Risk with Zebra Prescriptive Analytics

Lowes Foods is an American regional grocer servicing the states of Virginia, Georgia, North Carolina and South Carolina. Locally owned and operated with approximately 150 stores and more than \$1 billion in revenue, Lowes is one of the largest grocers in the Mid-Atlantic region of the United States.

As a grocer with a firm commitment to its community, Lowes Foods invests heavily to ensure its customers receive an optimal in-store experience.

Company Challenges

Like all grocers, Lowes Foods experiences its fair share of losses to fraud and non-compliance. Grocers suffer from high inventory costs, and, since many of their products are essential, they are a prime target for fraudsters. Thus, it was critical for its asset protection (AP) team to have a software product that would help them both identify and quickly resolve sources of loss.

Seeking a Solution

After an extensive product selection process, Lowes Foods chose the ZPA Sales module to replace its existing exception-based reporting (EBR) tool. ZPA's ease of use, excellent customer service, quick implementation process and use of targeted prescriptive actions sent directly to stakeholders were the deciding factors.

"We looked into a number of different solutions to help us elevate our services and offerings and found that ZPA best fit our needs," said Tony Hiatt, Manager of Investigations, Lowes Foods. "The product is very intuitive, requiring minimal training. We were up and running within three days of loading our data into the solution. [ZPA's] remarkable customer service allowed us to see immediate results in the way we run our business and in turn, pass that improved experience along to our consumers."

Within days of implementation, the Sales module began alerting Lowes Foods' AP investigators to trends and patterns associated with areas leaking profit – including shrink, process mistakes and more – while also sending them the best practice actions needed to resolve them.

Fraud and Non-compliance: Voiding the Voids

Lowes Foods has already seen many notable successes and wins with the help of the ZPA Sales module. The ZPA Sales module unlocks granular-level analysis of individual functions like voids, which can be due to a mistaken charge or used to hide theft. Lowes Foods began monitoring all voids, particularly at self-checkout where the attendants were required to keep a log of all voids they performed. Incidents of both fraud and non-compliance were uncovered via this ZPA-powered scrutiny, and appropriate action was taken.

Ultimately, Lowes Foods was able to reduce voids by 76% over the course of a year. In the words of Lowes Foods' Director of Store Operations, "that's 76% less opportunities that I have a customer standing in line, waiting on someone to fix a void." This examination and review of voids is ongoing.

Fraud: The Kool-Aid Bandit

ZPA also helped Lowes Foods detect fraudulent transactions at self-checkout (SCO) stations. Upon deployment, it alerted AP to several smaller size transactions, all with the same debit card, at the same store and for the same item – a single packet of Kool-Aid mix. CCTV footage showed a customer approach the SCO with a full cart, scan the Kool-Aid, and then simply bag other items and leave the store after paying pennies.

The "Kool-Aid Bandit," as he was dubbed, was apprehended the next time he entered his local store and was forced to pay restitution of more than \$1,000. ZPA provided Lowes Foods with tools that it can now use to detect and eliminate self-checkout fraud across the entire organization.

Non-compliance: Avocados From Nowhere

Lowes Foods configured the ZPA Sales module to watch for non-compliance as well. In one memorable incident, a cashier accidentally entered the PLU code for avocados (4046) as the customer's quantity of purchase – or 4,046 avocados worth more than \$8,000. The cashier caught his mistake – but he made an even more serious one trying to correct it. Instead of voiding the avocados, he refunded them as a grocery return. This had two major consequences:

1. The store's grocery department was billed more than \$8,000 for the refund.
2. The store's produce department saw 4,046 avocados removed from its inventory sheet. The replenishment system saw this as a shortage and placed an order for another full stock of avocados, which created additional costs.

The Sales module sent a full description of the mistake to Lowes Foods AP, which intervened to reverse the false refund and cancel the avocado replenishment. Identifying this incident also made AP question why its POS system would even allow such a large purchase when none of its stores carried anywhere near this amount of avocados. Ultimately, Lowes did not suffer any financial losses from the incident due to the ZPA software in place, and permanent action was taken to mitigate future risk from questionable POS functions like large rings.





“[76% fewer voids means] 76% less opportunities that I have a customer standing in line, waiting on someone to fix a void.”

-Director of Store Operations,
Lowes Foods

Fraud: High Steaks

To mitigate the loss of meat products, the ZPA Customer Success team helped Lowes Foods AP set up an algorithm that flags meat purchases at self-checkout that are priced suspiciously low. The algorithm analyzed purchases and soon alerted AP to an employee with a large number of these low-value meat purchases. An investigation and interview led to the employee confessing to stealing hundreds of dollars' worth of steaks. He would attach miniscule price tags to the meat and pay for it at self-checkout, allowing him to purchase expensive cuts for a fraction of their original costs. He was terminated and forced to pay restitution. Lowes Foods AP now has another, similar algorithm deployed to identify those stealing expensive items using price tags from bakery items. Altogether, these patterns continue to mitigate significant risk.

Non-compliance: It's Five o'Clock Somewhere

Like many retailers, Lowes Foods is not permitted to sell alcohol before a certain time of the day. The problem was that some online orders must be fulfilled before this time, and some contain alcohol. Should a full-service in-store shopper scan alcohol before 7 a.m., the register invalidates the scan. It is then on the shopper to track the purchase and add the alcohol back to the order later in the day.

Unfortunately, many shoppers were not catching these error messages and continued to scan the rest of their customers' orders, resulting in alcohol leaving the store for free. Many of these incidents accumulated to a loss of thousands of dollars for Lowes Foods.

After being made aware of this occurrence, Lowes Foods AP worked with the ZPA Customer Success team to create an algorithm that flags transactions whenever alcohol is scanned before allowed hours. This alert empowers AP to quickly and easily verify whether proper protocol was followed and intervene as necessary.

Forward Focusing

Lowes Foods has seen a significant drop in fraud and non-compliance incidents since deploying ZPA due to increased accountability and awareness. The company continues to leverage the ZPA Sales module to reduce risk and identify new ways to improve the customer experience into the future.

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