Agilence

Unmasking Fraud:
Taking a Data-Driven Approach with Agilence

Challenge

A world-wide retail conglomerate faced significant challenges in maintaining consistent loss prevention practices across its vast network of retail stores. With locations spanning multiple continents and various brand-specific policies, ensuring compliance and mitigating instances of theft and fraud proved challenging.

According to the Senior Loss Prevention Analyst and Agilence Administrator, the company's greatest challenges thus far have been surrounding discount manipulation, price overrides, and coupon usage. Discount manipulation was highlighted as the team's "biggest find," including exploitation of employee discounts, markdowns, customer accommodations, and loyalty program discounts. When it comes to price overrides, associates had been found changing item prices to fraudulently sell products at steep discounts to friends or themselves. Coupon abuse was another major area of concern, with some associates improperly stacking multiple coupons against policy.

The company lacked robust analytics capabilities, which did not allow the team to properly view these issues, leading to many cases of theft going undetected. The loss prevention team had limited to no visibility into discounts, coupons, and price overrides, hindering their ability to proactively identify and address emerging risks.

Solution

Recognizing the need for a comprehensive solution to combat fraud across all areas, the company selected Agilence in 2021 to better identify, track, and catch cases of fraud. To tackle the major challenges around discounts, coupons, and price overrides, the Senior Loss Prevention Analyst implemented several queries and reports within Agilence's analytics platform to identify and track employees engaging in fraudulent behaviors.

To monitor discount abuse, the analyst uses queries in Agilence to examine when cashiers give "extreme discounts" to customers, as well as when an employee discount is being misused, whether fraudulently or against policy. A key area of focus has been the associate discount offered to employees, which has a 4-item per month limit. Associates were exploiting this discount and using it many more times than policy allows.

To combat price override issues, Agilence allowed the analyst to gain visibility into this specific problem area. The analyst noted an increase in price override fraud cases after using Agilence to examine the data, citing "a few big cases within a year" where associates changed prices to sell products at steep discounts. To tackle coupon abuse, the analyst created an advanced grouping query within Agilence to monitor instances of improper coupon stacking. By leveraging Agilence's powerful analytics with custom queries and close collaboration with the Agilence team, the analyst and the company have significantly enhanced their ability to pinpoint fraudulent discount activities, price manipulations, and coupon misuse happening across their retail locations.

Results

The company's relationship with Agilence proved transformative for their loss prevention efforts, driving significant improvements across the organization. As the analyst continues to build and iterate on their queries and reports within Agilence, the company has seen an increase in identifiable discount abuse. Agilence Analytics enabled the analyst to pinpoint cases of associate discount abuse, with approximately 85-90% of these cases showing obvious signs of fraudulent activity. Additionally, the price override queries proved invaluable in detecting price manipulation by associates, facilitating swift action to address instances where prices were altered to offer unauthorized discounts. Notably, the analyst identified instances where associates used an old discount button on the register, which allowed them to stack a 60% coupon on top of another deal. The button has since been disabled, ensuring compliance and saving on countless uses of a high-value coupon.

Beyond discounts and loyalty programs, Agilence's insights aid in identifying several other forms of theft and fraud, including merchandise credit fraud, which saw a spike post-implementation. According to the Director of Internal Audit & Data Analytics at the company, "In the last year, the analyst has identified almost double the fraud cases, and we have [recouped or prevented] almost 96% of the total fraud amount." Through diligent analysis, the analyst has single-handedly mitigated these issues, demonstrating Agilence Analytics' ability to proactively prevent fraud.