Scanner technology in the grocery sector has not totally eliminated error at the checkout, resulting in consumers sometimes being charged more than the shelf price of the item. Largely considered a ‘dead’ or marginal issue, overcharging continues to occur and raise the ire of shoppers. Initial findings from this exploratory stage of a two stage study indicate a level of scanner error inconsistent with the technology employed, the existence of three consumer complaint behaviour groups, and potential loyalty impacts which should be of great concern to managers. Whilst at present formative, the consistency of the response, “at times” and strongly emotive shopper narratives would indicate that a dedicated research agenda is justified.

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The Incidence of Scanner Fraud at the Grocery Checkout: Does Anyone Care?
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CONCEPTUAL BACKGROUND
The introduction of barcode scanner technology in the 1970’s has ultimately resulted in a radical transformation of the retail sector, particularly in areas of checkout processing and inventory management. Observed effects include an improvement in checkout productivity, elimination of the need for item pricing, fewer employees, auto stock ordering, better shelf planning, and smoother stock flows (Clodfelter 2004). Of particular importance is a reduction in error rate from 12% - typical of the of the manual “ringing up” method (Harwell 1965) to around 4% (Garland 1992). Whilst there has been disagreement as to the level of pricing accuracy achieved through scanner technology, this has largely been due to the different retail contexts and geographical areas under investigation (e.g., Clodfelter 1997; Garland 1992; Goodstein 1994). There has also been debate as to whether the retailer or the consumer is the beneficiary of error (e.g., Goodstein and Escalas 1994) although overall there is more evidence of the latter being short changed.

Not surprisingly, consumers have coined the phrase “scanner fraud”, calling for greater retailer transparency, accountability, and the implementation of compulsory auditing processes. In this regard, most attention has been on the grocery sector given the extent to which it has integrated scanner technology from the outset, and out of all industries, possessed the widest consumer reach. What is clear is that scanner based pricing errors are still occurring out of the gates, and out of all industries, possessed the widest consumer reach. What is clear is that scanner based pricing errors are still occurring despite the use of scanner technology, this has largely been due to the different retail contexts and geographical areas under investigation (e.g., Clodfelter 1997; Garland 1992; Goodstein 1994). There has also been debate as to whether the retailer or the consumer is the beneficiary of error (e.g., Goodstein and Escalas 1994) although overall there is more evidence of the latter being short changed.

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Major Findings
Descriptives – The following summary statistics are included merely to indicate the sample profile not to infer any degree of statistical significance. Respondents were 70% female and aged between 21 and 72 years (with an average age of 37). Three quarters had a total household income in excess of NZD$60,000, largely consistent with the location’s socioeconomic profile.

Over half the respondents agreed that they always checked the accuracy of their grocery bill either as their purchases were being scanned or just after the receipt was generated. The rest stated that they either forgot to check or “could not be bothered checking”. Further investigation of this group revealed that not checking was a result of believing that scanner errors did not occur or they were small in relation to the total cost of groceries.

Irrespective of whether the respondent checked for errors or not, almost all (96%) believed that their “supermarket sometimes got it wrong” with one third stating that they noticed an error on at least “every second visit to the supermarket”. Whilst mistakes were often only “a couple of dollars”, some were overcharged by as much as ten dollars. Of interest is that no respondents recalled ever being undercharged for their groceries, a finding not consistent with previous research (e.g., Clodfelter 1997; Garland 1992; Welch and Massey 1988).

All those noticing an error informed customer services and whilst all were refunded around one third of respondents were routinely “made to feel guilty about informing customer services”. Finally, around half (48%) of respondents said that if a competitor supermarket opened in the same locality that they would either “likely” or “certainly switch” to them. Whilst error was not the only reason for this intention, it did feature heavily as a motivation to switch to an alternative. Given the space limitations, the following verbatim comments are a small fraction of the qualitative data collected but reflective of the patterns observed overall.

“I don’t check as much as I should but it is annoying…as a foreigner I was warned to check because of the frequent mistakes made….” (23 yr old female Russian Account Manager)

“I watch everything as it is scanned…everything.” (42 yr old female Hair Stylist)

“I didn’t use to check but after the first mistake… I always do now… I can’t rely on them to get it right so I need to keep an eye on them… I would change supermarkets in a heartbeat if another option was there.” (37 yr old male Business Development Manager).

In conclusion, this exploratory research does indeed indicate that scanner error does still occur with concerning regularity. Secondly, three CCB response categories are evident, which for descriptive purposes are referred to as Noticing Complainers,
Noticing Ignorers, and Non Noticers. Finally, managers are at risk of losing the business of the Noticing Complainers if remedial policies are not developed and perpetuated. With respect to theory development opportunities, as well as developing a scanner error CCB model, such areas as emotion and satisfaction (e.g., Westbrook and Oliver 1991), or attribution (e.g., Tsiros, Mittal and Ross 2004) should not be overlooked.

Of course, these findings must be viewed in cognisance of the research limitations relating to scope and context, issues which will be addressed in subsequent stages.

REFERENCES


