REDUCING FOOD WASTE AT THE CO-OPERATIVE GROUP
The Co-operative Group was founded in 1844. Its food retailing division, Co-op Food, is currently the UK’s largest convenience retailer.

It’s important to Co-op members that their business is run in an ethical and sustainable manner and Co-op is committed to stopping the growth of food waste. It has a long history of taking the lead on the issues that matter most to members, from climate change to ‘Fairtrade’.
What was the challenge?

Waste (reduced 80% and destroyed 20% product) was too high, primarily driven by fresh foods. Co-op Food had an existing waste solution, but there were significant limitations.

Factors that determined the markdown percentage were static.
Highly variable store compliance to actioning markdowns.
Stores often marked down regularly overrode the markdown price.
Incomplete analysis – no consideration of day of week, product or store type.
IT managed the algorithm separate from the business.
Co-op integrated its existing handheld application with Retail Insight’s Waste & Markdown system using RI’s API. The solution objectives were to:

- Maximise *sales*
- Ensure *sell-through*
- Minimise *waste*
- Release *colleague time*
- Improve *compliance*
- Keep *capital and costs flat*
Strategy

Leverage ML modelling to identify optimal markdown based on agreed targets on waste, sales, labour hours…etc. The algorithm should consider variables that drive a higher or lower markdown:

Type of store and pattern of trade
Type of product
Stockholding / PI
Time of day and day of week
Days to expiry and markdown iteration
Product price elasticity

The system produced +200 million potential markdown values from the unique combination of variables.
To understand the financial results and compliance at store, a pilot was established with the following objectives and started within 8 weeks of data receipt:

- Reduce waste as a % of sales.
- Cash waste reduction per store per day.
- No increased disposals.
Rapid scaled deployment

Based on the initial success of the pilot, Co-op immediately planned the roll-out to all 2,600 stores, over a three-week period, just four months from the pilot starting.

- **Co-op had complete confidence** that the algorithm worked.
- The Co-op’s mantra was to “**follow the gun**”.
- Store colleagues found markdowns easier to accept – **they trusted the proposed markdown**.
- A **dedicated RI analyst** was deployed as an extension to The Co-op’s Profitable Sales Team.
- Following Co-op’s success, **many regional co-ops** have rolled out or are **scheduled to roll out this year**.

*separate legal entities*
Feedback from store colleagues

- It's really easy to just follow the gun
- Easy for my team to understand
- Great final reductions - thanks for sorting it
- Reductions are selling through and I get less in the bin
- Far better reductions than before
- Final reductions much better
Simple execution via an API
Delivered a reporting suite and deep dives
Direct Benefits

Cash £ Savings
We successfully met and exceeded the year 1 savings target.

Reduction in waste as % sales

Store Compliance
Overall improvement with markdown process timing and markdown overrides.