



Fraud and chargeback prevention tailored for luxury fashion

CASE STUDY

Near real-time fraud alerts help one retailer save millions of dollars by reducing fraud and preventing chargebacks.

Shopping for the latest fashion has never been more in style. We dress for success, special occasions, and celebrations, and bask in the joys of retail therapy – and we’re increasingly doing it online. It’s for these reasons that big-ticket items from luxury apparel brands are a favorite target for fraudsters. Their playbook is simple: Buy high-end pieces using stolen card or account details, and then resell them online for profit. For luxury retailers, this is a crime against fashion – literally.

CHALLENGE

Customer fraud disputes lead to costly chargebacks

For one leading luxury retailer, the volume of chargebacks every month was in the thousands, with an average chargeback value of \$625. Chargebacks from fraudulent transactions were tearing at the seams of their bottom line. This retailer would fulfill and ship out orders, only for them to be reported weeks or months later as fraudulent – ultimately saddling this merchant with both the loss of goods and chargeback fees.

In addition to fraud, the retailer also faced some cases of shoppers making genuine purchases which they later reported as fraudulent – a notoriously hard-to-identify problem referred to as first-party fraud. Either way, the retailer needed a solution that helped them act quickly to prevent fraud and chargebacks.

\$625

saved per chargeback on average

CASE STUDY

Using Ethoca Alerts, this luxury retailer saw in one year¹:



\$7.5m+

of fraud prevented

12k+

fraud disputes avoided

\$625

saved per chargeback on average

APPROACH

Finding the perfect fit for this fashion retailer

The perfect fit for this leading luxury retailer came in the form of Ethoca Alerts. Using direct-from-source data from a global network of issuers, Ethoca delivers near-real-time confirmed fraud alerts to merchants, which helps merchants reduce the speed of confirming fraud in their systems from weeks to hours or even minutes. With near-real-time alerts, retailers can stop the fulfillment of goods, refund an order, and prevent the need for a chargeback altogether when fraud occurs.

RESULTS

Preventing chargebacks with near-real-time fraud alerts

Using Ethoca Alerts' web-based portal, the luxury retailer started receiving fraud notifications without the need for a complicated or lengthy integration into their current platforms and systems. Within their own system, the retailer is now able to confidently identify and cancel fraudulent orders as needed – reducing their fraud losses, keeping their valuable merchandise, and avoiding the need for chargebacks.

Even in the case of first-party fraud, if the purchase was reported by the customer to the card issuer as fraud, then the retailer has an opportunity to refund the purchase – avoiding the time-consuming and expensive costs associated with processing a chargeback while maintaining a positive customer experience.



To learn more, contact us at sales@ethoca.com or visit ethoca.com.

1. Values calculated from January 1 to December 31, 2021.

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