



Melissa dramatically reduces fraudulent e-commerce transactions for online automotive retailer by 90+%



It's no secret that e-commerce has transformed global retailing, but the extent of that growth is still eye-opening. According to Forrester Research, U.S. online sales will grow to \$523 billion by 2020, representing an annual growth rate of 9.3 percent.

But along with that growth comes a downside: fraudulent e-commerce transactions, sometimes via stolen credit cards, other times through fraudulent chargebacks when a fraudster takes delivery of a product and then promptly denies payment through his credit card provider.

According to research firm Aberdeen Group, online fraud combined with the tedious time spent double checking orders for legitimacy cost e-retailers between 45 percent and 60 percent of their overall profitability. The real dollar cost is expected to reach \$6.8 billion in 2018 alone.

It's a problem that Z1 Motorsports in Atlanta has experienced first-hand. Z1 supplies high-performance automotive parts to do-it-yourselfers and enthusiasts of Nissan and Infiniti sports models worldwide. Most buyers are legitimate, but the company nevertheless has had to work hard to ship parts only to legitimate customers while warding off orders from the fraudsters as quickly as possible.

STEMMING THE LOSS

Z1 had received about \$250,000 in annual chargebacks, even as the sales staff was spending a hefty seven-and-a-half minutes per order sifting the good orders from the bad, taking time away from productive sales work.

Alistair Cruickshank, director of IT at Z1, states that while the chargeback process is time and labor intensive, it usually doesn't rule in favor of the merchant. That's why his rule of thumb is that if the product doesn't leave the building, the loss is minimal. Cruickshank says the key to controlling losses is to have the right information to make the decision to ship or not ship.

"When we'd received an order, we tried to make sure every customer was legit," says Cruickshank. "We'd first look to see if the billing and shipping address were the same, or if there was a request for express shipping, indicating possible quick chargebacks as soon as they received the parts."

Company staff also checked IP addresses against known fraudulent users, and even scanned Facebook and other online pages to verify suspicious customers. But the company was still suffering from its share of e-commerce fraud.

Enter Melissa, a leading provider of global contact data quality and identity verification solutions.

Fed up with the status quo, Cruickshank chose to implement Melissa's Personator Web Service, an all-in-one contact checking, verification, move update, and appending solution. Personator parses names, addresses, phone numbers, email addresses, and much more in providing the ultimate in customer verification.

"Years before I had actually used Melissa services for college research," Cruickshank said. "At Z1, I decided to see what other services they offer. I found out that the cost was so nominal there was no way not to consider using them."

Cruickshank also opted for Melissa's U.S. Property Data service, which provides accurate real estate and property data on more than 140 million U.S. properties. The service nails down building information, property owner identification, owner mail address, and more, all critical when connecting customer names with legitimate billing and shipping addresses.

A FULL-FEATURED APPROACH

Z1's first step with any order is to use Personator to make sure a customer and his address are a valid match, and if the billing and shipping addresses, if different, are both valid.

"Then, we pull property information, including billing and shipping addresses," Cruickshank said. "If there are red flags there, we get them on the phone and verify their legitimacy based on what we already know through Melissa's solutions."

The payoff has been dramatic. Z1 began using Melissa in 2017, running about \$1.5 million worth of suspicious orders through its verification tools. After just one year, \$250,000 in annual chargebacks were reduced to \$22,000. The company also has greatly improved its chargeback challenges with credit card companies because of its now-rigorous customer verification procedures.

“ The most important contribution Melissa has made is in our knowing who are customers really are. Being able to verify names, addresses, and more enables us, at last, to say yes or no to any order. Because of that, I've recommended Melissa to several other companies. It saves you time and money. ”

– ALISTAIR CRUICKSHANK,
DIRECTOR OF IT, Z1 MOTORSPORTS

Meanwhile, the labor cost of manually verifying customers has been dramatically reduced, from 7.5 minutes per flagged account to a mere 1.5 minutes on average.

In tandem, Melissa's Personator and U.S. Property Data offer an unparalleled approach to e-commerce customer verification, Cruickshank said.

About Melissa

Since 1985, Melissa has specialized in global intelligence solutions to help organizations unlock accurate data for a more compelling customer view. Our breadth of data and flexible API technology integrates with numerous third-party platforms, so it works for you and makes sense for your business. More than 10,000 clients worldwide in key industries like insurance, finance, healthcare, retail, education, and government, rely on Melissa for full spectrum data quality and identity verification software, including data profiling, cleansing, matching, and enhancement services, to gain critical insight and drive meaningful customer relationships.

For more information or free product trials, visit www.Melissa.com or call 1-800-MELISSA (635-4772).