

COLUMNS

## The luxury antifraud experience for luxury buyers

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*Bill Zielke is chief marketing officer of Forter*

By **Bill Zielke**

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Do you choose to delight your customers or protect your business from loss? And in preventing fraud, how do you avoid losing good sales?

There is no industry where the essential tension of online fraud prevention is more apparent and more pressing than luxury goods.

### Opposing goals

On the one hand, the customer comes first.

When you are selling luxury products your customers expect you to provide a luxury shopping experience, and retailers take pride in doing just that. It should be personalized, smooth and easy. Buying luxury goods should be a pleasure.

On the other hand, online fraud is a serious concern.

According to the Global Fraud Attack Index, between the first and fourth quarters of 2015, the fraud attack rate for luxury goods doubled.

In terms of potential cost, \$8.62 out of every \$100 are now at risk for luxury goods. That is the kind of shift that luxury retailers cannot afford to ignore.

The trouble is that in guarding against fraud, luxury retailers often compromise their customer experience, resulting in a knock-on sales effect and unnecessary customer friction.

Legacy fraud prevention relies on manual reviews, which add delay to fulfillment and often require customers to legitimize transactions. Rigid rules are bad at adapting to the ever-evolving world of fraudsters resulting in good orders being declined.

### Growing problem

Things will get worse before they get better. The growth of ecommerce for the first time, consumers report buying more purchases on the Web than in stores combined with the move to EMV microchip cards which make card-present fraud harder and card-not-present fraud therefore more attractive, the automation of online fraud, and the wealth of stolen data easily available on the Web due to the numerous data hacks of recent years makes for a perfect

storm, if you are a fraudster. It has never been so easy to attempt online fraud and get away with it.

Luxury retailers are particularly at risk, since by nature their goods have an evergreen appeal for fraudsters. Valuable and easy to resell, they are ideal for any online criminal aiming to maximize their ROI.

This makes it imperative for luxury retailers to be aware of the new possibilities that the latest fraud fighting technology has created.

Using both sophisticated new tech and a new approach to stopping fraud, it is now possible to combine great customer experience and the related sales growth with highly effective antifraud.

Sophisticated new technology

Machine learning has replaced the rules of the past, and sub-second fraud decisions yes or no have replaced scores and manual reviews. The decisions do not have to mean taking on liability for the system's decision a number of fraud prevention companies now offer full fraud chargeback guarantees.

Additionally, systems can now update continually, able to adjust based on seasonal changes, international variation and changing buyer patterns.

Gone are the days of waiting for updates that were out of date as soon as they were implemented the latest products are always abreast of the latest data. The result is a shift from risk aversion to accuracy.

All of this is supported, guided and informed by intensive human research and development.

Getting rid of manual reviews and the delays and frustrations they caused does not mean banishing the human factor.

Instead, highly trained and experienced humans work with the machine to provide the creativity and psychological understanding that machines cannot have.

New approach

For the luxury retailer, this means that fraud prevention, which used to be a source of embarrassment and customer irritation, can align with the goals of customer satisfaction and excellent experience that lead, in turn, to increased sales.

Automated, instant fraud decisions for every single transaction mean that checkout is smooth, confirmation is real-time, and fulfillment can be fast.

Moreover, the personalized experience you aim to create for each customer will not be derailed by fraud rules that treat consumers as categories rather than complex individuals.

LUXURY RETAILERS no longer have to choose between prioritizing their customers or their risk management goals.

When you are in an industry where you work hard so that customers feel special and valued from the moment they enter your physical or online store, consumer-centric fraud prevention is not only an obvious fit but something that supports the very essence of your brand and company goals, benefiting retailers, consumers, and luxury brands.

Luxury retailers cannot afford to do anything less.

*Bill Zielke is chief marketing officer of **Forter**, San Francisco. Reach him at [bill@forter.com](mailto:bill@forter.com).*