INCOGNIA™

Global QSR approves 79% more mobile BOPIS orders, reducing its chargeback rate by 36%

With Incognia, a global quick-service restaurant (QSR) reduced payment friction for its mobile buy online, pick up in store (BOPIS) channel, to approve 79% more transactions and reduce the chargeback rate by 36%.

Problem

The QSR was seeing a high number of fraudulent credit card transactions to its mobile BOPIS channel which resulted in a high chargeback rate. Attempts to crackdown on the fraud lead to 54% of all mobile transactions being blocked, which meant added friction for good customers and lost revenue.

Solution

The QSR integrated Incognia to verify mobile BOPIS payments. The goal was to provide a frictionless buy online, pickup in store ordering experience for good customers and decrease the fraudulent transactions that were contributing to a high chargeback rate. Incognia's location behavioral biometrics was able to differentiate between trusted users and fraudsters to accomplish these goals. .

Results

By integrating Incognia, the QSR was able to:

- Approve 79% more mobile orders
- Reduce the chargeback rate by 36%

The COVID-19 pandemic has changed the way people shop globally. In the United States, between February and April 2020, ecommerce sales of groceries and other retail items increased by 16% and 14.8%, respectively[1]. Similarly, around 54% of Brazilian internet users have shopped online for prepared food or groceries in 2020, up considerably from only 22% in 2018[2]. Increases have also been seen in other categories, like cosmetics and personal hygiene. These ecommerce categories typically have low ticket sizes making them prime targets for card testing, a technique in which fraudsters make small purchases, like a ecommerce fast food order, to determine the validity of stolen credit card details. Since cards are often stolen weeks or month earlier, this process determines which cards have been canceled and which are still available for use.

The impact of card testing on ecommerce companies are high chargeback rates and associated fees imposed by card issuers, often leading to losses 2 - 3 times the amount of the transaction. To reduce chargebacks and the associated costs, low ticket ecommerce merchants must find a fraud solution that reduces chargebacks without increasing false positives, which cause friction for good users, and ultimately, impact sales.

Incognia partnered with a leading QSR to improve the transaction verification process for mobile BOPIS orders and help them strike a balance between fraud prevention and friction for good users. **In an effort to reduce the chargeback rate, the company's fraud prevention solution was blocking 54% of all BOPIS transactions made on the mobile app.** As a result, the QSR was turning away good customers and losing revenue. It became such a challenge that the executive team even considered shutting down the mobile ordering business altogether. They had to find a solution that would keep friction low for good customers, while also controlling fraud and the chargeback rate.

1 OECD (2020), "COVID-19 and the retail sector: impact and policy responses"
2 Painel TIC Covid-19

Incognia helped this global QSR provide a secure and frictionless mobile payment experience for its customers by leveraging location intelligence. With location permissions granted by over 62% of mobile customers, Incognia was able to increase approved transactions, while maintaining or reducing the chargeback rate. Incognia Secure Payments leverages location intelligence to identify suspicious behavior including:

- The same device at one location opening many new accounts
- Multiple devices (or emulators) at one location opening many new accounts
- Multiple devices at different locations accessing one account

Upon identifying accounts with this behavior, Incognia's API delivered a high risk score to the QSR enabling it to block suspicious accounts and reduce false positives of good users.

More transactions approved and lower chargeback rate

By adding Incognia to verify mobile BOPIS transactions, the QSR was able to automatically **approve 79% of transactions** made on their mobile app and **reduce its chargeback rate by 36%**, directly improving top and bottom line revenue.

Approved transactions

↑ 79%

Without Incognia
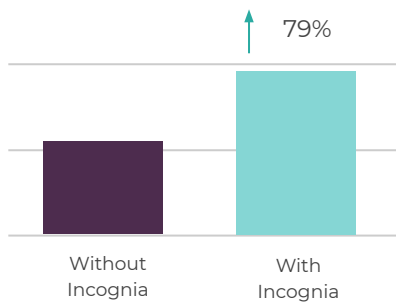
With Incognia

Reduced chargeback rate

↓ -36%

Without Incognia
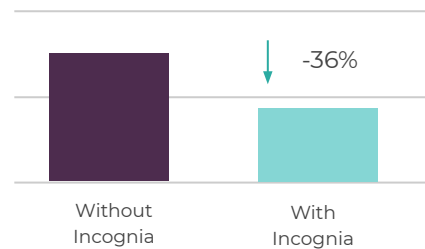
With Incognia

Top line growth

Incognia Secure Payments was able to reduce fraud losses and increase revenue for the QSR's mobile app. By reducing false positives the number of approved transactions increased and the chargeback rate improved. Incognia estimates that the QSR grew app revenue by 28% as a result.

In summary, by integrating Incognia to verify mobile BOPIS orders, the QSR was able to:

- Approve 79% more mobile transactions
- Reduce the chargeback rate by 36%