

10 Tips for the Holiday Fraud Rush

Tis the season for Pumpkin Spice Lattes, ugly Christmas sweaters, parties with your in-laws... and fraud. Last year, ecommerce fraud shot up by 22% during the holiday season. We've put together these ten handy tips to help you navigate this year's holiday rush.

1. Arm yourself with information

Not sure what to expect this holiday season? Take a look at the numbers from last year and the year before. It's useful to examine the order volume and fraud volume you experienced. These trends aren't perfect predictors, but they're a useful snapshot of how much fraud you'll see this year.

2. Start planning early

This is the busiest time of the year, so you may need temporary help to cover increased order volume. Also, many of your fraud analysts will want to travel for the holidays. Take stock of who wants to take time off and when, so you can start hiring contractors if needed, and leave plenty of time to get them up to speed. Ideally, they should have some on-the-ground experience by the time Q4 rolls around so they can hit the ground running.

3. Adapt fraud logic to seasonal behavior

Your customers' purchase behavior changes over the holidays. The average transaction value might increase, as well as the number of transactions. Whether you're using models, rules, or both, you should update your fraud logic accordingly. These updates will allow you to keep your false positive rate low, and avoid insulting legitimate users.

4. Optimize manual review

To further enable good buyers, find two or three indicators of legitimate shoppers and anchor the manual review process in those indicators. Any time your team sees those indicators, they must accept the order—no exceptions. If they stop to analyze the order, they risk making the wrong decision.

5. Work cross-functionally

It's important to reach out across the company to make sure everyone is aligned on strategies and goals, especially during Q4. Your product team or finance team can give you a forecast for this year's order volumes and fraud volumes based on previous years. And your marketing team can let you know whether they're running any promotions this year, which could mean increases in promo abuse or coupon fraud.

6. Document everything

During this hectic time, you might be tempted to act fast and sort out the documentation later. Resist the temptation! To make life easier, put together a playbook to train new contractors and employees, and show them how to keep detailed records for each transaction. For example, to prepare to fight chargebacks, your team should be tracking information each time you ship an item and maintaining a clear line of (written) communication between the business and the customer.

7. Have contingency plans

Murphy's Law is never truer than during the holiday season. Make sure you have backup plans in case the fraud rush is more intense than you thought it would be, or everyone in the office gets a stomach bug.

8. Empathize with customers

Q4 is hectic for everyone, including holiday shoppers. People are stressed out, worried their kids' presents won't arrive on time, fighting with in-laws... You get the idea. When you start getting frustrated, pause, take a breath, and look at things from your customers' point of view. Empathizing with customers allows your team to take everything in stride, whether it's fraud, angry users, or a deluge of orders—and thus work effectively.

9. Learn from your losses

Make the most of this quarter (and prepare for next year's Q4) by taking time to learn from your losses. Not everything will go as planned—but that's okay. Every failure is an opportunity to learn. Get your team together and encourage everyone to share learnings.

10. Celebrate your wins

Keep your employees' morale up by recognizing their efforts. It's a tough quarter, so highlight the good work they have done! After the quarter is over, it might be nice to have a small party or event to celebrate your employees' achievements. Give employees time off to recover so they are refreshed and ready to do battle against the fraudsters.