New Survey Reveals Online Fraud Disconnect Between Retailers and Shoppers

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- *New data is first of its kind examining eCommerce confidence levels among retailers and consumers*
- *39% of US retailers strongly believe that they are doing everything they can to prevent eCommerce related fraud, yet only 1 in 5 US consumers feel the same*
- *Up to 66% of US consumers wouldn't buy online again from a shop where their account was compromised*

NEW YORK--(BUSINESS WIRE)--Aug. 18, 2021-- New US and European data released by Riskified, an eCommerce enablement and fraud-prevention solutions provider, has revealed a stark disconnect between retailers and shoppers on the matter of online shopping fraud.

The research, which comprised 4,000 consumers and 400 retailers across the US, UK, France and Germany, highlights how widespread online retail fraud is, the extent of its enduring financial impact and how it's perceived in the eyes of shoppers versus retailers.

In the US, more than three quarters (82%) of retailers said that they have seen an increase in fraud attempts since the pandemic began, with promo abuse having the biggest negative impact (46%) on revenues followed by Account Takeovers (43%).

The impact of fraud on retailers' bottom lines is severe, with 26% of global retailers saying that fraud is significantly damaging their profitability. Worse still, over one-third (34%) of global retailers said they had lost between 5% and 10% of their eCommerce revenue to fraud in 2020.

A confidence gap between retailers and consumers globally was also unearthed, with more than half (55%) of all retailers stating that they were confident in their ability to prevent eCommerce related fraud, despite only 34% of consumers trusting in retailers' ability to prevent said fraud.

In the US specifically, a third (33%) of online consumers said their concerns over online shopping continue to grow and just under half (45%) of consumers believe that retailers will find it even harder to prevent fraud over the next year.

Long-term brand impact was a prominent factor for consumer confidence in online shopping too. Not only did 40% of US consumers say they would blame the retailer if their account was compromised, but as many as 66% said they wouldn't buy online again from a shop where their account was compromised.

When it comes to fraud prevention, two-factor authentication was recognized by respondents as the most effective tool. However, it was also ranked as the most damaging to revenue for UK and French retailers, and the second most damaging for US and German retailers. This can be attributed to the friction it can add to customer experience.

The use of new technologies to smooth the payment process and reduce fraud is becoming more prevalent as well.

"It's no surprise that the rapid growth of eCommerce has also led to a rise in eCommerce fraud, and as our research shows, the impact is significant for both merchants and consumers," said Peter Elmgren, Chief Revenue Officer at Riskified. "Fraud presents unique challenges for retailers who want to protect their businesses while also delivering a seamless and safe experience for shoppers. According to Juniper Research, merchants lost $17 billion to eCommerce fraud in 2020, and that number is expected to exceed $25 billion in just three years. By continuously learning from our merchant network and feeding real-time data into our sophisticated machine learning platform, we're able to help our merchant partners build trust and confidence in the online shopping experience."

The full Crisis of Confidence report from Riskified can be found here.

About Riskified

Riskified empowers businesses to realize the full potential of eCommerce by making it safe, accessible, and frictionless. We have built a next-generation platform that allows online merchants to create trusted relationships with their consumers. Leveraging machine learning that benefits from a global merchant network, our platform identifies the individual behind each online interaction, helping merchants—our customers—eliminate risk and uncertainty from their business. We drive higher sales and reduce fraud and other operating costs for our merchants and provide superior consumer experiences, as compared to our merchants' performance prior to onboarding us. See www.riskified.com

Methodology

The eConfidence benchmark survey was fielded in March 2021. A total of 400 eCommerce professionals (merchants) were surveyed in four countries (US, UK, Germany, France) along with 4000 online shoppers (consumers) in the same countries.

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