



Riskified Holiday Study Reveals eCommerce Fraud on the Rise, with Sneakers and Cosmetics Two of the Largest Fraud Categories

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Survey also finds that Buy Now Pay Later solutions are becoming increasingly popular with Gen Z consumers

NEW YORK--(BUSINESS WIRE)--Nov. 23, 2021-- New global data released from [Riskified Ltd.](#) (NYSE: RSKD), a fraud management platform enabling frictionless eCommerce, uncovers insights into what holiday shoppers are buying this year, how to navigate shifting omnichannel preferences and how to acquire and retain new customers in an age of dwindling loyalty.

The [Riskified 2021 Holiday Season Report](#) comes at a time when eCommerce is booming – [data](#) shows this holiday season will break records, with US online sales expected to rise 11.3% to total over \$206 billion. Additionally, reports of online shopping fraud more than doubled in 2020, and for the first half of 2021 fraud numbers continued to be far higher than pre-pandemic levels, according to the latest report to Congress by the [Federal Trade Commission \(FTC\)](#).

"Mitigating fraud is critical for delivering a superior online shopping experience. With eCommerce sales expected to break records this holiday season, retailers should be prepared for the surge in fraud attempts that will accompany it," said Peter Elmgren, CRO at Riskified. "Powered by rich transaction data networked across hundreds of merchants, including some of the largest eCommerce retailers in the world, our machine learning platform adapts in real-time to evolving fraud patterns. This enables us to help merchants remove risk from the online shopping experience more quickly and effectively than they could do on their own - leading to higher sales and improved customer lifetime value."

Riskified report details holiday-related fraud and eCommerce trends

The report analyzed changes in fraud levels for different categories as observed by Riskified during the 2020 holiday season, benchmarked against January of that year. Cosmetics ranked highest in fraud levels, with a 47% increase in fraud attempts. The sneakers category saw an 8% increase in fraud attempts, and digital services and children's items rounded out the list, with a 12% and 15% increase in fraud attempts from 2020, respectively.

As merchants navigate omnichannel shopper preferences, the report also found that during the holidays, desktop orders are 17% more likely to be fraud attempts than mobile orders, and 70% of mobile orders are abandoned by customers at checkout because of the friction added by third-party payment processing sites.

Fraud continues to play a critical role in shopper acquisition and retention. Seventy-six percent of consumers say they would be unlikely to shop online with a merchant again if they fell victim to an account takeover while shopping with that merchant. During the 2020 holiday season, the number of fraud attempts coming from new customers was almost 3x higher than in January of that year. However, due to the sheer volume of legitimate customers flowing in during the holidays, the share of fraud attempts coming from this new segment increased by only 32%.

As consumers now prefer a variety of payment choices, merchants must support these various methods while carefully navigating potential fraud risks across a spectrum of options, including Buy Now Pay Later (BNPL), credit cards, gift cards, eWallets and Buy Online Pickup In-Store (BOPIS). Key payment-related report insights include:

- Buy Now Pay Later (BNPL) solutions are becoming increasingly popular with American Gen-Zers, 37% of which have used a BNPL solution
- Direct payments such as ACH and wire transfers showed a marked decrease in risk levels, as did BNPL
- The risk level of credit cards remained fairly stable
- The growing popularity of gift cards has resulted in a very volatile risk level for fraudulent transactions
- eWallets have become steadily riskier, as their risk level has grown by almost 50% since January of this year
- During the 2020 holiday season Buy Online Pickup In-Store (BOPIS) was also a fraudster's favorite. Compared to January of that year, by December there were over 4x more fraud attempts through BOPIS orders. Compared to all other fulfillment methods, BOPIS was 50-70% riskier than average during Q4 2020.

With the goal of helping merchants prepare for this year's highly anticipated holiday shopping season, Riskified's report also outlines six key takeaways they should keep in mind. These include:

- (1) building customer confidence by fighting fraud and abuse efficiently;
- (2) providing flexible payment options;
- (3) incentivizing in-store fulfillment without increasing vulnerabilities;
- (4) offering a clear, flexible return policy;
- (5) lowering the barrier for entry for new-to-digital shoppers; and
- (6) making first-time shoppers come back with loyalty programs and store accounts.

The full 2021 Holiday Season 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 eCommerce risk management 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 strive to provide superior consumer experiences, as compared to our merchants' performance prior to onboarding us. Learn more at riskified.com.

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