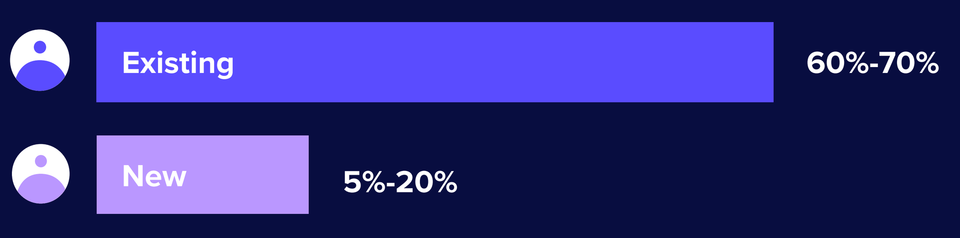
riskified

You Must Be New Here

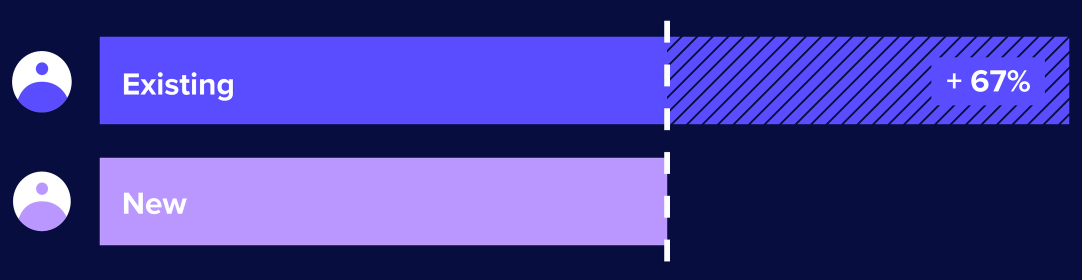
First-time customers, CLV, and the false decline problem

Acquiring first-time customers is an expensive investment. Online businesses need to convert new customers into loyal, repeat shoppers to ensure a return on investment and create long term value.

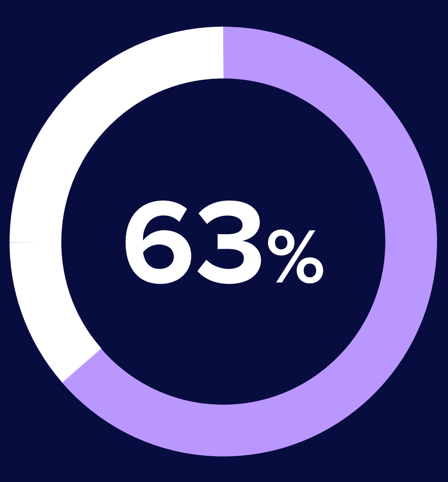
Repeat customers have a 60%-70% chance of buying, but the likelihood of a new customer making a purchase is just 5%-20%.



Existing customers spend 67% more than new customers.



Acquiring a new customer can cost 5X more than retaining an existing customer.



However, on average, retailers manage to retain only 63% of new customers.

The false decline problem

Riskified's data shows that ~70% of all declined orders are falsely declined.

Many businesses are wary of the unfamilar behaviors and unknown purchase histories of new customers. This is why first-time customers are more likely to be falsely declined than existing ones.

1 in 3 customers lost

One third of consumers will not return to a retailer after experiencing a false decline.

5 types of consumers vulnerable to false declines

'Mismatches' between known customer data and order details make some shoppers more susceptible to having their legitimate purchases falsely declined

The office shipper:
A mismatch between the IP and shipping addresses and the billing address.

The tourist:
A mismatch between geolocation and card nationality. International cards are seen as higher risk.

The college student:
Mismatch between billing and shipping addresses or between customer and credit card holder name when using a parent's credit card.

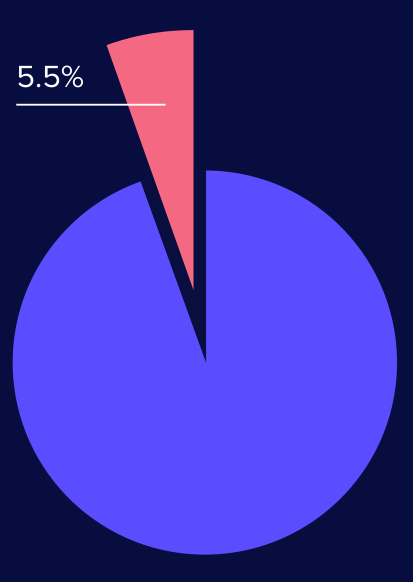
A pattern of multiple orders under multiple names with multiple IP addresses that are delivered to the same shipping address, such as a dormitory, can look like fraud.

The gift sender:
A mismatch between the billing and the shipping addresses.

The new frontiers shopper:
Unfamiliar buying and fraud behaviors, limited data, and barriers like language and currency make merchants more risk-averse.

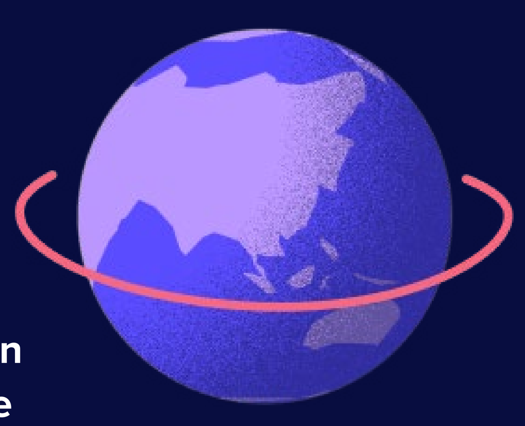
The false decline price tag

Inflexible rule-based fraud prevention and manual reviews lead to more false declines, leaving good money on the table and ensuring those shoppers won't be coming back.



5.5% decrease in annual revenue

Merchants can lose as much as 5.5% of their annual revenue due to false declines (Riskified)



$443B in false decline

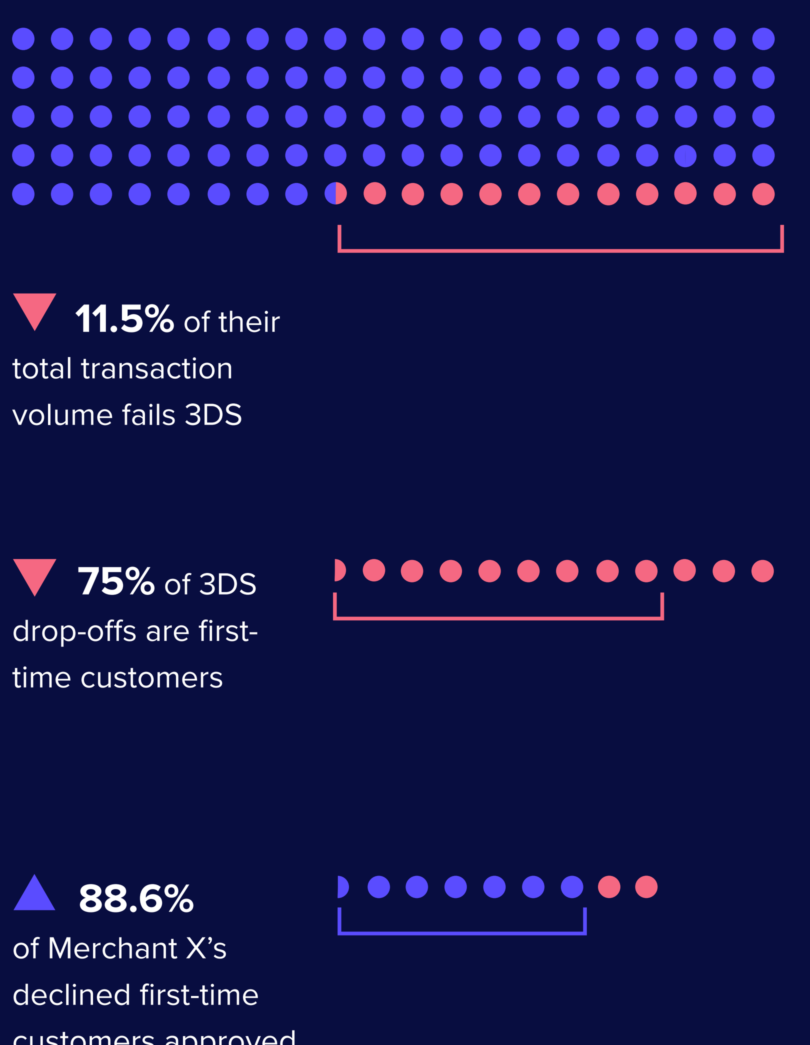
Global businesses lost an estimated $440B to false declines in 2021

The benefits of frictionless fraud management

New customers are a weighty investment. Outdated fraud solutions cut into this investment, short-term and long-term. Riskified's machine-learning platform delivers real-time decisions and a frictionless consumer experience.

Merchant X, an EU merchant specializing in consumer electronics, sends Riskified only orders declined or failed by 3DS.

Before Riskified

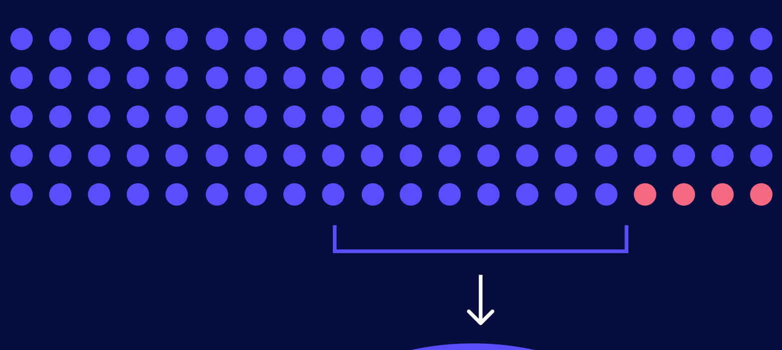


11.5% of their total transaction volume fails 3DS

75% of 3DS drop-offs are first-time customers

88.6% of Merchant X's declined first-time customers approved by Riskified

After Riskified



With Riskified, Merchant X has gained a lift of 7.6% in the overall approval rate

Merchants partnering with Riskified experience an approval rate lift of **4%-8%** on average

About Riskified:

Riskified monitors the market to stay ahead of fraud and eCommerce trends. Backed by ML-based instant decision-making and 100% chargeback guarantee, our automated solution helps merchants build consumer loyalty and lifetime value while also maximizing their revenue risk-free.

www.riskified.com