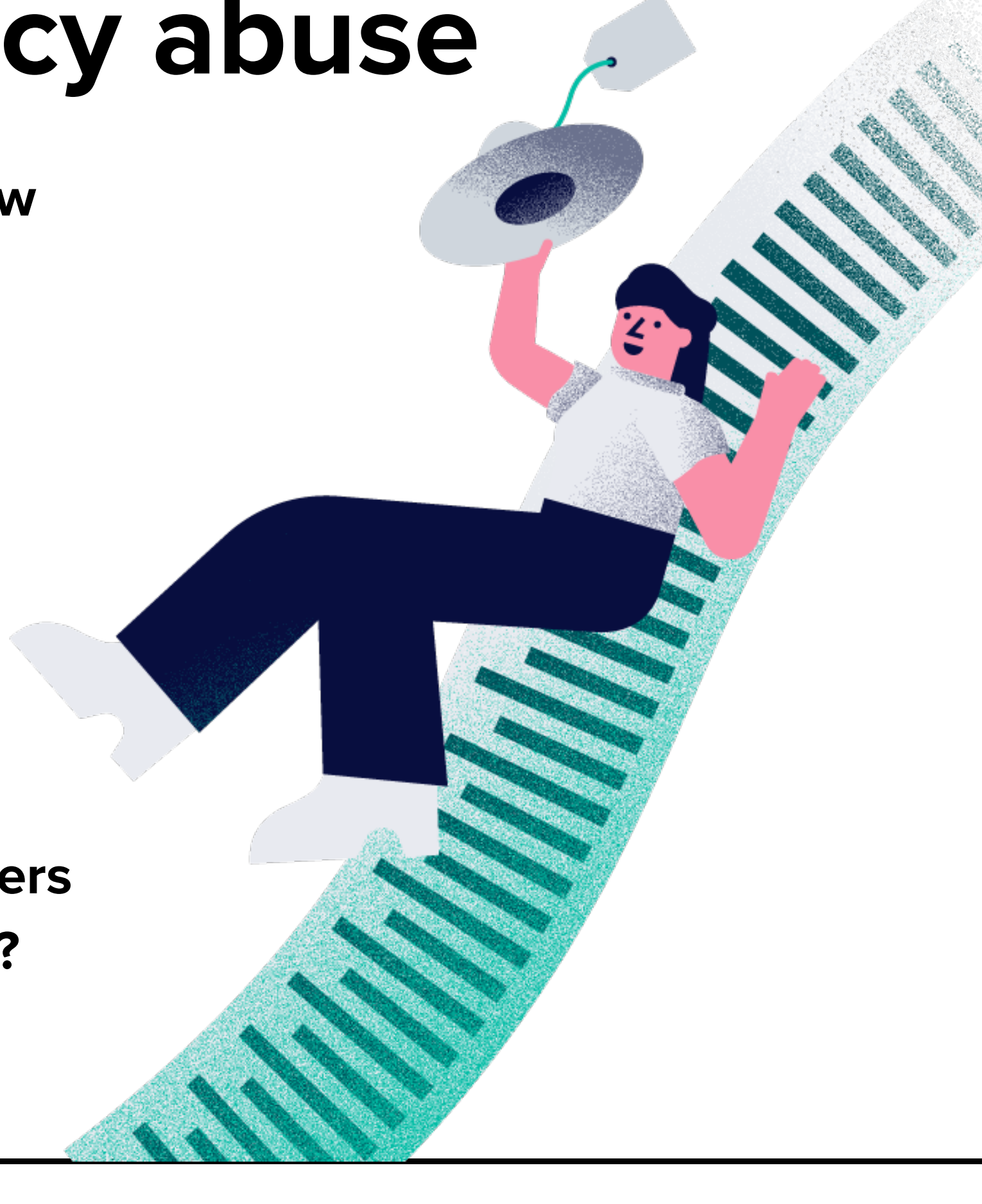


Six surprising reasons behind policy abuse

Consumers love (and now expect) lenient return policies and generous loyalty programs.

These policies have helped grow the ecommerce ecosystem.

So why do some customers abuse merchant policies?



The conundrum

93%

of merchants say generous policies are vital to engaging and retaining customers

90%

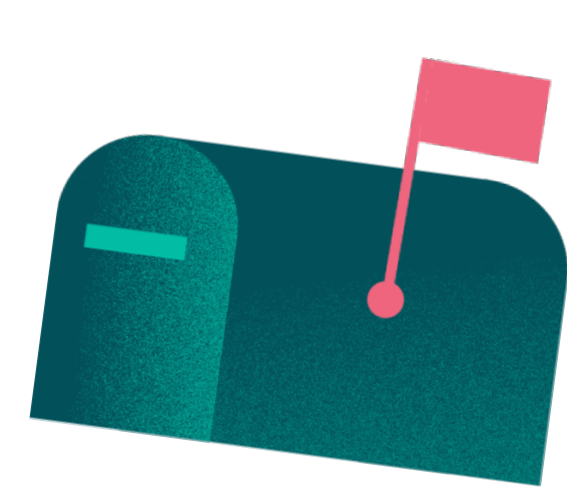
of merchants have experienced significant costs from policy abuse

The big 3

Three common types of customer policy abuse



Returns abuse
such as wardrobing or returning empty boxes



Item-not-received abuse (INR)
saying goods never arrived, then claiming a refund



Promotion and loyalty abuse
such as reusing one-time codes and coupons

Why do good customers go bad?

Merchants believe policy abuse stems from a mix of:



Economic factors
such as inflation or holiday financial stress



Emotional factors
such as annoyance over a bad customer experience

Main policy abuse motivators according to merchants:

19%

inflation

27%

bad past experience

38%

holidays

3%

other

12%

unfair policies



Causes of policy abuse

- Inflation
- Previous bad customer experiences with the retailer
- Start of the holiday period
- The perceived unfairness of return policies
- None of these apply



Survey question: Based on your experience, which of the following best explains any increases in policy abuse you noted in the previous question? Choose the best answer for each. If none of these apply, simply say, "None of these apply."

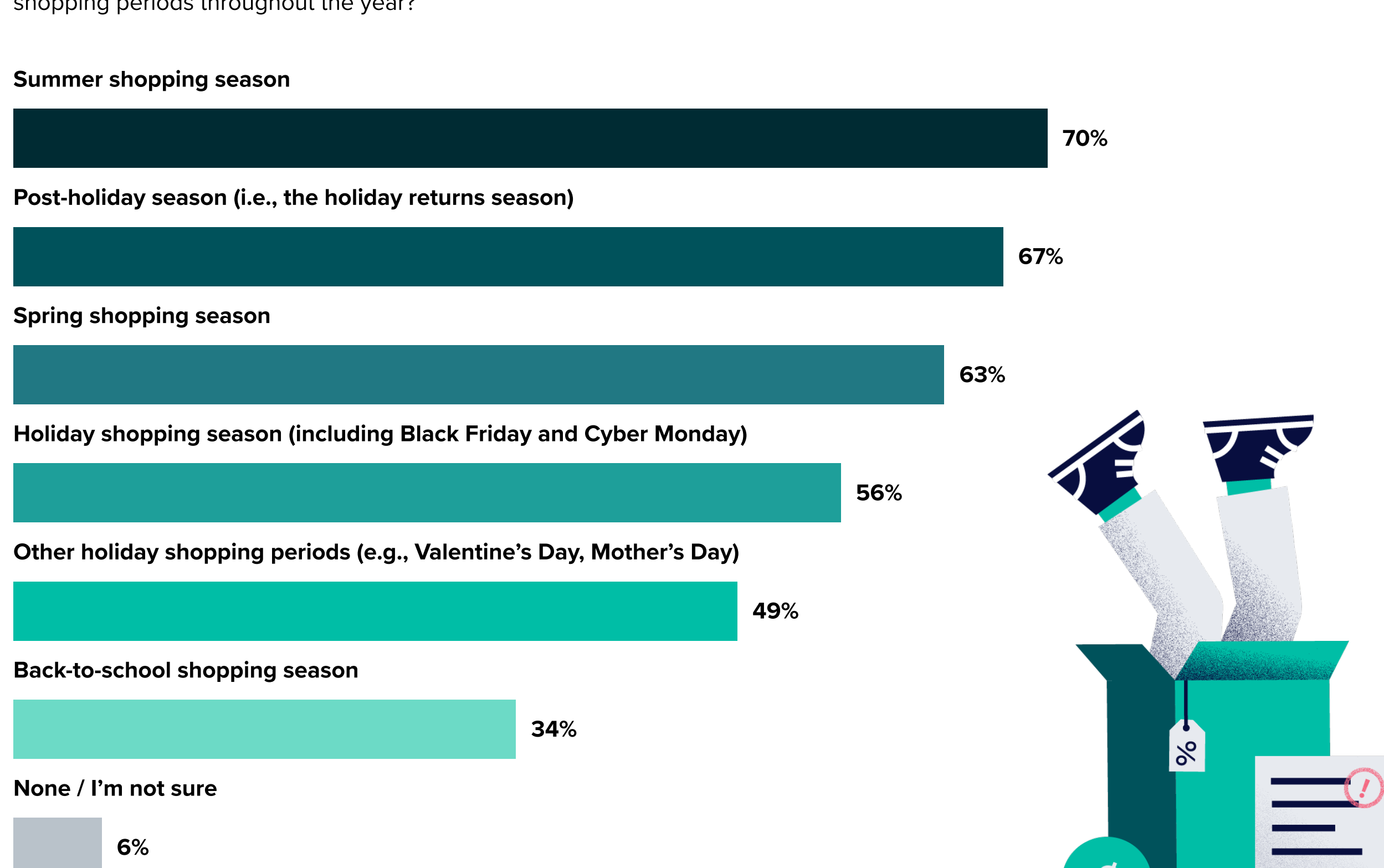
Festivities mean policy abuse, and summer's a bummer

Customers engage in policy abuse more frequently during peak seasons like the summer shopping season and the flurry of the winter holidays.

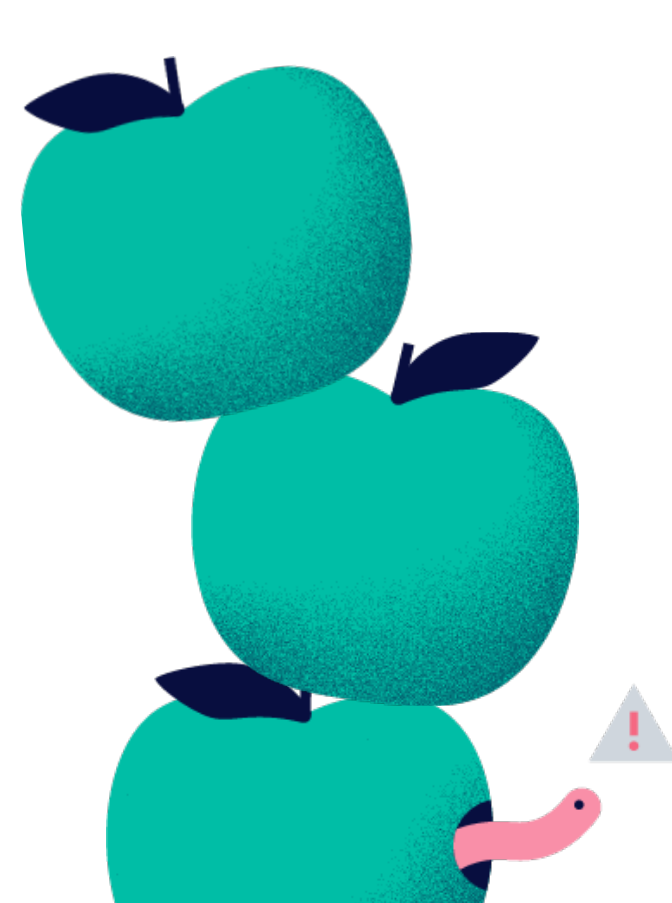


Comparison of different shopping seasons and policy abuse rates

Survey question: Do you see a significant rise in policy abuse throughout any of the following important shopping periods throughout the year?



Don't let bad apples spoil your profitability



Understanding the drivers and patterns behind policy abuse is the first step to stopping it.

Merchants can also capture detailed customer data, such as information about past purchases or return history, to better detect potential instances of policy abuse.

You also need to analyze your existing policies to identify and close loopholes that customers may be exploiting to perpetrate fraud and abuse.

Learn more about policy abuse in [Policy Abuse and Its Impact on Merchants: Global Benchmarks 2023](#)

About Riskified

Riskified (NYSE:RSKD) empowers businesses to grow ecommerce revenues and profit by mitigating risk. An unrivaled global network of merchant brands partner with Riskified for guaranteed protection against chargebacks, to fight fraud and policy abuse at scale, and to improve customer retention. Developed and managed by the largest team of ecommerce risk analysts, data scientists, and researchers, Riskified's AI-powered fraud and risk intelligence platform analyzes the individual behind each interaction to provide real-time decisions and robust identity-based insights.

Learn more or book an expert consultation at Riskified.com.