

LAZADA CASE STUDY:

Preventing promo abuse during peak sales periods at Lazada



Lazada is an international ecommerce marketplace founded in 2012 and owned by Alibaba Group. Headquartered in South East Asia, Lazada is one of the largest ecommerce operators in the region.

According to a recent report from Facebook and Bain,

380 million predicted shoppers by 2026.

Naturally, with a surge in consumers within the ecommerce ecosystem comes a surge in fraud threats. As a major market player, Lazada has had to stay sharp to stay ahead of the fraudsters.

The challenge

When discussing fraud, the common assumption is that it's perpetuated by well-funded cyber-crime gangs. However, one such scam that is on the rise - yet often overlooked - is often perpetrated by consumers who simply consider themselves "savvy shoppers."

Promotion abuse, or voucher fraud, involves an exploit in loopholes in ecommerce platforms to illicit monetary reward in promotional campaigns. Fraudsters may benefit from redeeming a coupon multiple times - especially during promotional sales times - or simply using them to gain money or valuable items.

At the forefront of the Southeast Asian ecommerce revolution, Lazada participates in multiple flash sales throughout the year. With these sales comes an influx of promotions across the platform. And, naturally, with extra promotion comes extra risk. With customer security - and experience - at the forefront of everything they do, Lazada was determined to nip any damage wrought by promo abusers in the bud before it affected marketing costs and reputation. For even the quickest of flash sales, Lazada needed the most robust fraud mitigation strategy in place.

As Alan Chan, Chief Risk Officer for the Lazada Group, states,

"The longer I work in the ecommerce industry, the more I realise budgets are finite. Targets might be growing - but budgets are not. It is important we do not burn money."

Lazada Indonesia registers a significant number of transactions per month. The loss from voucher abuse has the potential to be very serious for Lazada if they don't keep their finger on the pulse.

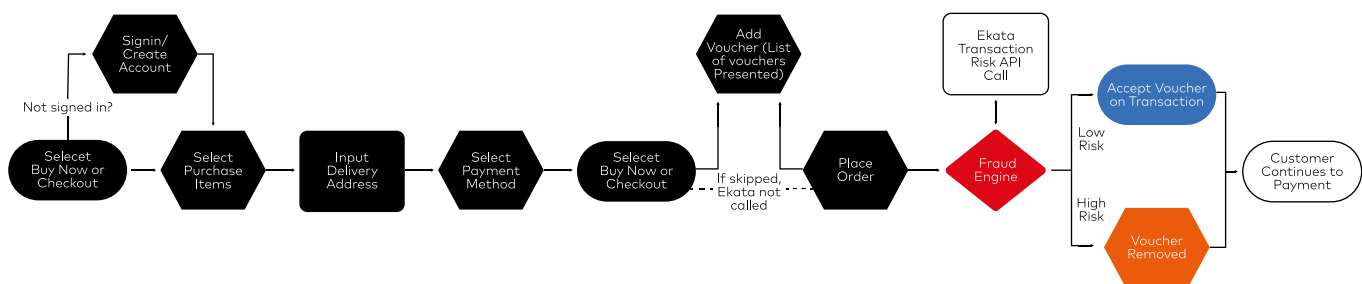
The key challenge not only in data input, but also data quality; with only email or phone available, address formatting not defined, usernames submitted over actual names, and phone numbers put in name input some 60% of the time.

The solution

The solution to protecting themselves against the global threat of voucher fraud at Lazada lies in catching fraud at the initiation of checkout.

Used in both pre- and post-authorization workflows, Ekata's Transaction Risk API (TRAPI) provides the most predictive identity verification insight, helping companies like Lazada fight payment fraud and improve the approval rates of all types of transactions. Powered by the Ekata Identity Engine, TRAPI leverages real-time global data, network insights, and machine learning of the Ekata Global Identity Network to provide merchants with a clearer picture of their consumers.

Customer flow - checkout information



The outcome

The power of our Transaction Risk API comes from the data it provides customers and the unique scores that reduce the burden of deciding on the risk of any transaction. In the case of Lazada's Indonesian market, the three top signals used were Phone Carrier, Email First Seen Days, and IP Connection Type. These rules were able to not only provide a massive ROI of 243% on voucher fraud use cases, but also detected fraud with over 90% precision.

Establishing effective controls to prevent fraud is becoming a fundamental capability for merchants. **While voucher fraud - a form of promotional abuse that hits the marketing budget's bottom line - can so often be overlooked, it is vital that, just like any other form of fraud, data is leveraged to best respond to suspicious activity. This way budgets are not overblown - and ROIs sing.**

243% *ROI on voucher fraud use cases*

90% *precisions on detected fraud*



Are you seeing a spike in promo and loyalty abuse or experiencing chargebacks due to payment fraud? Discover how Ekata's Transaction Risk API can help you and your business. [Chat with an Ekata expert](#)