

# CATALOG SUCCESS

## Editor's Take: Watch Your Back This Season

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Very little PR I get in my inbox grabs my eye, but this one warrants a little attention. A few weeks ago, I was nudged by a Dublin, Ireland-based data management firm called Ethoca, which has developed something across the pond called the Collaborative Fraud Management platform and hosts The Global Fraud Fighting Community. This is a group of European merchants who pool their transaction information to determine and share with other group members those potential transactions that are legit or fraudulent.

Now Ethoca has brought its efforts to the U.S., and one of the first merchants it signed up was multichannel computer equipment marketer TigerDirect. As TigerDirect CEO Gilbert Fiorentino explained to me in September, the company takes 20,000 to 40,000 orders a day and has to ship same-day. "When you take that many orders," he said, "getting them all through credit card approval quickly is quite a challenge."

Compound that with another key problem that Tiger, a division of Systemax, faces: A good portion of what Tiger sells is easily resellable — illegitimately of course. "So," Fiorentino continued, "we try to go out of our way to make sure we're not a victim of too much credit card fraud."

Tiger operates 30 former CompUSA stores, mails more than 1 million catalogs a month, and cancels \$1 million or more worth of fraudulent orders per month. "We have our own very sophisticated systems," Fiorentino said about Tiger's internal antifraud efforts, "but still, I wished we could share our fraud data with others and they with us."

So along came Ethoca's fraud-fighting cavalry that lets members share their experiences in order history through secure, PCI-compliant systems. Members aren't privy to specific customer information but can view a grade the network places on their orders, from risky to fraudulent.

Most fraud management solutions focus on the 2 percent of online transactions that are fraudulent. Online businesses refer more than 27 percent of transactions for manual review. Upon review, however, more than half of them still accept more than 90 percent of these orders; two-thirds of merchants accept more than 80 percent.

### **Others Step Up**

Another computer retailer/online marketer, Circuit City, also is stepping up its fraud prevention efforts. In mid-September, it agreed to use TARGUSinfo's on-demand verification to limit credit card fraud.

For many, the holiday season upon us is so much more crucial this year than perhaps any season in recent memory, what with the slumping economy and the financial crisis. Efforts like these can give marketers, who may be tapped out of ways to squeeze a single extra buck, one additional opportunity to improve their bottom lines. At the very least, it could stand to help you a whole lot better than free-shipping offers.