



Find your Table for any Occasion

OpenTable Fights Gift Card Fraud with Pipl



"I love that searching with just one data signal provides us with so much additional information about the customer that we can quickly verify a purchase."

Ashley Newman, Fraud Manager, OpenTable

SOLUTION

OpenTable uses Pipl Search PRO as part of their manual review process on escalated orders allowing them to approve more transactions in less time.

RESULTS

40% reduction in manual **REVIEW** time

90% reduction in **VERIFICATION** call volume



3,800 monthly Pipl searches



Increased efficiency & effectiveness of **MANUAL REVIEW**



When OpenTable introduced its digital gift cards a few years ago, they proved to be very popular with their dining customers. Unfortunately, they were also just as popular with another group—fraudsters.

OpenTable, part of Booking Holdings, Inc. (NASDAQ: BKNG), is the world's leading provider of online restaurant reservations, seating more than 1.6 billion diners since its founding in 1998. Today, the company seats more than 26 million diners per month via online reservations across more than 47,000 restaurants.

Ripe for Fraud

Digital gift cards, or eGift cards, are the fastest growing segment within the \$127 billion gift card industry, hitting \$14 billion in 2017. Digital gift cards comprise nearly 10 percent of the gift card market, a rate which is expected to grow 200 percent annually.

The popularity comes with a catch as gift cards have one of the highest fraud rates of any product category. In particular, food and beverage industry gift cards are a prime target for online thieves. Why? These cards are simple to buy, can be easily converted to cash, and are extremely difficult to trace. Online fraud costs food and beverage businesses \$765 million in losses annually. Fraudsters deploy several techniques to steal from merchants selling digital gift cards, including purchase and resell, account takeover (ATO), and card testing.

Growing the Business and the Chance for Fraud

As OpenTable's gift card business grew, they were faced with the two most common outcomes of eGift card fraud: chargebacks and false positives. With chargebacks, consumers ask their bank to refund money from the merchant's account for reasons such as an unwanted purchase, buyers' remorse, or an unauthorized purchase. False positives are credit card transactions that are actually legitimate but are declined or cancelled due to suspicion of fraud. According to [Javelin Research & Strategy](#), at least 15 percent of all cardholders have had at least one transaction incorrectly declined, accounting for \$118 billion in foregone revenue.

What was OpenTable to do? How could they play defense against the bad actors focused on exploiting their successful digital gift card program purchases without alienating their loyal customers?

Fighting Fraud

For nearly a decade, Ashley Newman, Fraud Manager at OpenTable, has been fighting ecommerce fraud in all its forms (prevention, recovery, dispute resolution). She has developed a sixth-sense for recognizing all types of fraud and honed her fraud-fighting skills using all the tools at her disposal to stay one step ahead of the fraudsters.

OpenTable, Inc.

Established in 1998
San Francisco, CA USA
www.opentable.com

CHALLENGES

- Digital gift cards are delivered in real time
- Little time for manual review
- Needed to keep friction low
- No scalable solution to verify whether an email address had any web presence, and to confirm if it belonged to the purchaser/recipient
- Limited on solutions that allowed us to map relationships between purchasers and recipients



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Newman and her team evaluated several providers on data quality, quantity, and value and Pipl Search PRO fit the bill. The ease of integration, easy to use interface, and Pipl's excellent customer service and ongoing training were added bonuses for Newman.

In the search for a solution to help fight gift card fraud, she and her team of fraud analysts deployed Pipl Search PRO and now have an easier path to analyze and collect identity data to discover and defend against friendly fraud or miscategorized fraud chargebacks.

"Pipl provides us with additional information about the customer that allows us to quickly identify whether a purchase is valid and should be processed," said Newman.

OpenTable's Fraud Division uses Pipl Search PRO as part of their manual review process to investigate suspicious or inaccurate billing information. Some of the questionable information Pipl helps to identify include:

- An email address that was recently created and has limited or no associated web presence
- A sender name (purchaser) that is not consistent with the billing name
- A phone number that is registered to someone other than the cardholder
- An older billing address that is not consistent with the cardholder's current location
- An IP address from a location that is not consistent with the billing address

"There have been transactions that we normally would have rejected or cancelled because the customer may have provided suspicious billing information that we were only able to verify using Pipl," Newman said.

Beating Holiday Stress

Holidays are a stressful time for ecommerce merchants like OpenTable, with almost 73 percent of all consumers purchasing an eGift card as a holiday gift. The 2017 holiday season was no exception. Ecommerce retailers saw a significant increase in overall retail transaction volumes, according to new benchmark data from [ACI Worldwide](#).

Sadly, it's also prime time for online thieves. Omnichannel retailing, along with the success of EMV technology, is making it harder to commit in-store fraud, driving more fraudsters online. The 2017 holidays brought with them a marked uptick in attempted online fraud, with one out of every 85 transactions being a fraudulent attempt, versus from one in 97 in 2016.

"As a digital goods merchant selling eGifts for our restaurant partners, it's extremely important that we identify risky transactions quickly before they are processed and the gift card has been delivered to the recipient," Newman said. "Being able to quickly identify valid purchases and cut down on our verification call volume is critical during these peak times as customers expect immediate delivery."



“ *There have been transactions that we normally would have rejected or cancelled because the customer may have provided suspicious billing information that we were only able to verify using Pipl.* ”

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What I Like About You

OpenTable's favorite Pipl feature is the 'known associates' section. Because there are often two emails associated with a gift card order – one for the sender and another for the recipient – OpenTable needs to verify two identities on a single transaction.

"Pipl helps us to connect the dots and confirm the relationship between the two parties," Newman said. "Even in cases where the emails have very limited web presence."

Usability

Newman and her team require an easy-to-use solution that doesn't require extensive setup and training. She and her team of fraud analysts found what they needed with Pipl.

"The product offers a clean and simple user interface for manual review. It's extremely easy for agents to use, and the data is neatly aggregated into sections so agents can quickly scan the page for relevant information," Newman said.

Expanding Possibilities

With the time they save manually reviewing transactions, Newman and her team were able to expand their use of Pipl at OpenTable.

The team now uses Pipl to verify email change requests on accounts that are at risk of an ATO. Pipl allows them to verify whether the new email address has valid web presence and belongs to the same account holder.

"By reducing our time spent per order on manual review, we have been able to focus on other fraud initiatives, such as account takeover," Newman said.

The Bottom Line

Pipl has empowered Newman and her team to quickly identify risky transactions, gather additional customer information, reduce their manual review time and verification call volume, and approve more transactions in less time. All delivered with unparalleled customer service.

"The team is super friendly and always quick to respond," Newman said. "We love that we have a dedicated account manager that we can contact directly with any questions or concerns about the product."



“Data is neatly aggregated into sections so agents can quickly scan the page for relevant information.”

FOR MORE INFORMATION

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