How Wayfair Managed Fraud Amidst Rapid Growth

Meet Wayfair

Wayfair was founded in 2002 with the mission of giving everyone the power to create spaces that are right for them, standing up more than 200 sites offering everything from bar stools to bedroom furniture and birdhouses. In 2011, they brought everything together under one roof and created wayfair.com: a single site where people could find millions of products for every part of their homes. Over the next several years, Wayfair expanded internationally and built a logistics and infrastructure network that made shipping large items faster and easier.

Today, Wayfair offers an unparalleled selection of home furnishings, décor, housewares, home improvement items, and more across its portfolio of five brands: Wayfair, AllModern, Joss & Main, Birch Lane and Perigold. Their digital platform features over 33 million items from more than 23,000 global suppliers. Since 2014, the Fortune 500 company has been publicly traded on the New York Stock Exchange and is one of the most popular retailers in the home furnishing industry.

“Our goal when looking for partners is to ensure a high ROI and deliver the best possible experience for our customers and suppliers.”

Michael Fleisher
Chief Financial Officer

The Challenge

Thanks to the rise of online shopping and the company’s long-term focus on solving the pain points consumers encounter when shopping for their homes, Wayfair has been experiencing hypergrowth for years. But generating more revenue creates greater challenges in managing fraud. Wayfair’s large internal fraud team manually reviewed up to 10% of their orders. As the company grew, the number of manually reviewed orders became problematic.

To keep up with the pace, Wayfair would have to hire hundreds of people dedicated to fraud review. Investing this heavily into expanding fraud operations could take away from other business areas. Evidently, the overhead required to staff large teams to review orders manually would be inefficient.
The Solution

To support the scale and automation that a booming business requires, Wayfair turned to Riskified. When this partnership began in 2018, Riskified only reviewed Wayfair’s declined orders. As the two technology companies worked together and developed trust, Wayfair knew they could depend on Riskified’s automated solution, fueled by a network of 400 million unique shoppers, to manage fraud for all of their US orders.

When Wayfair’s orders doubled overnight due to at-home life during lockdowns in Q2 2020, Riskified helped them navigate through new fraud challenges. This resulted in a 50% reduction in their cost of fraud, a 50-60% decline in chargeback rate, and a drop in false-positive callbacks by 4x. With a shared interest in investing in technology and customer success, Wayfair and Riskified have developed a partnership that enables Wayfair to expand confidently, without fear of fraud.

“Riskified has enabled safe, fast, and seamless payments throughout our collaboration. We’re excited to see what opportunities we can unlock in the future.”

Michael Fleisher
Chief Financial Officer

RESULTS

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<tr>
<th>Accuracy and a Minimized Fraud Rate</th>
<th>Efficient Fraud Operations</th>
<th>More Sales, Less Customer Insult</th>
<th>Full Automation and Scalability</th>
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<tbody>
<tr>
<td>50-60% reduction in chargeback rate</td>
<td>50% reduction in the cost of fraud</td>
<td>4x drop in false positive callbacks</td>
<td>0% friction due to manual review</td>
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“Trusting Riskified as a partner is easy, simply because it works. When it matters most, Riskified is a reliable and transparent partner whose technology and services are consistently excellent.”

Michael Fleisher
Chief Financial Officer