

Fraud Prevention Best Practices for BOPIS (Buy Online Pickup In Store)

April 2020



ABOUT THIS GUIDE:

This best practice guide is intended for sellers (merchants). It provides high-level recommendations for reducing the risk of fraud in Pickup In-Store and Curbside pickup retail channels.

Overview / Introduction

For sellers with both online and brick-and-mortar operations, “buy online, pick-up in store” (BOPIS) bridges the digital and physical by enabling consumers to order products online and pick them up from a retail location. This best practice guide is designed to help sellers offering a BOPIS option to their customers engage appropriate controls both during the order *and* at the point of delivery (the pick-up) that are designed to reduce the risk of fraud to both the seller and the consumer.

The largest draw for consumers to select BOPIS is to avoid shipping fees. BOPIS also minimizes friction by enabling consumers to pick up their purchases whenever is most convenient for them, often available within an hour of making an order instead of waiting days for shipping. If a customer already has an errand to run nearby, or if a retail location is on their way home from work, there’s little added cost to pick up the purchase. Some sellers even offer curbside pick-up services so the customer never has to leave their car. In addition, the ability to browse items online can make it easier to locate products that are in high demand or of limited quality – instead of making a trip to the store and realizing the item you need is out of stock. For sellers, a BOPIS offering can increase traffic to brick-and-mortar locations, provide opportunities to upsell, and provide logistical relief to online distribution. The curbside pick-up variant allows sellers the choice to reduce in-store traffic, providing faster checkout for traditional brick-and-mortar clientele.

The benefits of BOPIS are not without their risks. Consumers may receive the wrong goods if the seller’s online inventory is not accurate. Sellers may be exposed to increased risk of fraud. Unlike conventional online orders, a BOPIS transaction may contain less information to leverage in assessing the risk of the order (for example, a BOPIS order may not contain a shipping address). Unlike conventional in-store transactions, a BOPIS transaction doesn’t benefit from the secure capture of the payment, like chip-on-chip or tap-to-pay methods.

For the purposes of this document, the concept of BOPIS includes both in-store pickup as well as curbside pickup.

Suggested BOPIS Fraud Prevention Strategies

BOPIS transactions contain an online element as well as a face-to-face element and as such BOPIS fraud control can be segmented into two stages:

1. Online/Purchase controls
2. Delivery/Pickup controls

Online/Purchase Controls

- Implement an actively maintained ecommerce fraud management solution with dedicated rules for BOPIS transaction types (e.g. Cybersource Decision Manager)
- Employ manual review process for high-risk or high dollar transactions, leveraging fraud management solution to identify transactions to review
- Order or payment velocity controls
 - Review orders citing the same payment credential, billing address, or email in short periods of time
 - Review orders requesting BOPIS at different physical locations citing the same payment credential, billing address, or email
 - Review orders citing the same email or phone involving disparate payment credentials or billing information
- Perform reverse look-ups based on the phone number for billing name, address, and if the phone is non-fixed VOIP or prepaid
- Inform transaction fraud rules and models with strategic inputs such as:
 - device profiling technology to link the transaction to other known positive or negative transaction history
 - Email intelligence tools to assess the history of an email in the market or with a consumer identity, including intelligence on the email's domain (if uncommon)
 - Track high risk IP (e.g. TOR Exit node) or IP characteristics inconsistent with a known customer's prior activity

- Shopping behavioral analytics: flagging suspicious buying behavior
 - Browsing time and click history (whether a consumer is shopping – reading reviews and comparing prices – or just going directly to an item and buying).
 - Multiple failed credit card authorization attempts prior to completion of purchase
 - High risk products such as gift cards, electronics, luxury goods, designer products, baby formula, or other large ticket items – especially if purchased in bulk.
- Loyalty account history analytics
 - Recent password locks, resets, or email address changes
 - Anomalous IP geolocation

Pickup Controls

- Train staff to achieve fair and consistent BOPIS experience
- Ask for identification at time of pickup and ensure it matches billing identity
 - Escalation path to in-store face-to-face purchase through a standard POS terminal
- Provide app or mobile browser-driven customer tools to alert employees when the customer is outside ready to receive a specific order or to release delivery of an in-store pickup
- Review order contents and ensure it matches order manifest
- Seller Loss Prevention Teams:
 - asses pickup location for CCTV surveillance or uniformed security, particularly for curbside delivery operations
 - audit or inspect parcels awaiting pickup
 - Consider controlled access to storage area containing fulfilled orders awaiting pickup
- Ensure pickup location has appropriate lighting and signage

Additional Considerations

Making your BOPIS experience a safe, seamless growth driver

To ensure customers receive the best possible experience, factor the following considerations in a BOPIS strategy:

- Consult local and regional ordinances to determine if curbside pickup has any specific restrictions or requirements and ensure your strategy is compliant.
- Focus on inventory accuracy through regular physical inventory or increased cycle counts
- Ensure online experience clearly communicates what a customer will need to pick up their order (e.g. identification), where to pick it up, and when it will be ready
- Ensure terms and conditions of sale are clearly posted at the time of sale