

How Sift helped Wanelo create a successful fraud solution from the ground up

- ✓ 77% drop in dispute rate
- ✓ 100-150 manual review hours saved monthly

OVERVIEW

A global marketplace for Gen Z

Wanelo (creatively encompassing the “Want, Need, Love” mentality of shoppers) is a shopping app built to connect people with merchants. Through the mobile-focused marketplace, consumers can connect, discover, and buy millions of fashion and lifestyle products directly from global sellers. Wanelo is where Generation Z shops, providing a unique shopping experience that is as much about community and conversation as it is about buying.

What began as a social shopping site evolved into a marketplace last year and has seen the number of sellers grow 5x since its inception. The company is headquartered in San Francisco with 90% of its user base in the U.S., but Wanelo also has remote teams globally to support its marketplace around the clock. Currently, fraud falls under the Marketplace Operations team, which executes all manual order review and order disputes.



Challenge

- Need to prevent spammers and scammers
- Chargebacks in the form of disputes at 0.87%



Solution

- 1 week for full integration with internal systems
- Immediately saw accurate and usable results



Results

- 77% drop in dispute rate
- 100-150 manual review hours saved monthly
- 52% decrease in decline rate



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We very quickly went from being a team with no experience in fraud to a highly effective one by creating a solution from the ground up with Sift.

Courtney Fahrer, Marketplace Operations Manager



CHALLENGE

Stopping spammers and scammers

When Wanelo first found Sift, they were looking for a solution to combat spammers. With a small and agile fraud team, they were able to move off of hard-coded rules with Sift in order to quickly disable the bad users polluting the social space they were creating. But as Wanelo's capabilities moved from pure social site to marketplace, they needed a solution to the payments fraud they were experiencing.

With the transformation to e-commerce platform and arrival of in-app transactions, Wanelo at first attempted to catch malicious users with manual review and basic rules. The payments fraud showed up in the form of disputes, wherein both friendly and scammy customers demanded "charge not authorized" chargebacks. Nearly 70% of their chargebacks could be attributed to friendly fraud, which provided a unique challenge to address because such customers often look like good and valuable users – until they decide that they don't want to pay. Wanelo's job then is to convince the bank that the customer is committing chargeback fraud. As more fraudsters attempted bad activity and Wanelo's chargeback rate crept up to 0.87% – including friendly fraud – Courtney Fahrer, Marketplace Operations Manager, turned to the system that had worked so effectively for the social side of the company.



SOLUTION

Sifting through the good to stop the bad

Courtney decided to apply Sift's machine learning solution to their new challenge. With the launch of the Sift Formulas feature, the Wanelo team adopted this automation tool and used it as the foundation of their fraud prevention system. As existing Sift users, Wanelo turned to their Sift Account Manager to assist with reshaping their business needs of the solution. In about one week, a pair of engineers fully integrated the additional APIs necessary to connect Sift Formulas with Wanelo's internal order management system. After training with Sift's Solution Engineers and overhauling their label history, Wanelo was able to immediately see useful and reliable Sift Scores.

**RESULTS****High-fashion efficiency**

The Wanelo fraud disputes team uses Sift on a daily basis. With a drastic drop in dispute rate by 77% and an estimated 100-150 manual review hours saved monthly, Wanelo's dispute rate now hovers around 0.20%. Sift Formulas, Wanelo's favorite feature, allows the fraud prevention team the ability to create and manage automation without needing engineering resources, which is always a tough task in small companies. This tool empowers Wanelo to immediately update their automation flow to identify and respond to new patterns of suspicious behavior.

While Wanelo started with no experience in fraud, their workflows are now seamless and their chargeback rate is exceptionally low. They can easily weed out the malicious fraudsters based on Sift Scores — and have done so successfully without a jump in false positives. In fact, the Wanelo team has begun to leverage Sift's findings in their analysis of suspicious users contributing to a 52% reduction in order decline rate. In the first quarter of 2016, there were only five cases of obvious malicious fraud that were not prevented and resulted in chargebacks. Happy customers and successful merchant relationships are always in style.

“ Sift enables Wanelo to manage its marketplace orders with confidence. Sift Scores are integral to our fraud prevention processes. We no longer simply react to fraud but can now take a proactive approach to prevent it and create better efficiencies for our business.

Courtney Fahrner, Marketplace Operations Manager

ABOUT SIFT

Sift is the leader in Digital Trust & Safety, empowering digital disruptors to Fortune 500 companies to unlock new revenue without risk. Sift dynamically prevents fraud and abuse through industry-leading technology and expertise, an unrivaled global data network of one trillion (1T) events per year, and a commitment to long-term customer partnerships. Global brands such as DoorDash, Poshmark, and Twitter rely on Sift to gain a competitive advantage in their markets.

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