

Verified by Visa Case Study

CompUSA Activates Verified by Visa for Growth on Online Channel

Challenge

Seeking to grow sales via its online channel for stronger profitability and share, technology mega-retailer CompUSA recognized the need for a state-of-the-art security tool that would alleviate consumer concerns about security of transactions, while striking at significant fraud liability costs incurred by the company throughout the year.

Solution

Beginning in early 2002, CompUSA deployed Verified by Visa to provide an additional layer of fraud protection that provides peace of mind to consumers while reducing the risk of fraud-related charges for both the customer and CompUSA. Since implementing the program – which relies on Visa's 3-D Secure protocol – CompUSA has seen steady and strong increases in online orders, reduction of its fraud liability, and remarkable improvements in processing time for Visa cardholder purchases, which comprise the strong majority of its orders.

Retail Powerhouse Employs Service to Strengthen Online Sales, Profitability

CompUSA recognized it had a remarkable opportunity to grow sales, market share and profitability by driving more customers to CompUSA.com with greater frequency. The key, management knew, was providing a great customer experience that would make buyers feel safe and secure about their transactions and address head-on any concerns about making their purchases over the Internet.



At the same time, the Dallas-based company – one of the nation’s leading retailers and resellers of computer-based products and services – faced steady increases in incidents of online credit card fraud through lost or stolen cards and “phishing” scams.

“We knew we needed to make some changes that would make CompUSA.com a safer and risk-free shopping alternative,” says Steve Javery, director of e-commerce and integration for CompUSA, Inc. “Our tagline is ‘Where America Buys Technology,’ so it was imperative that we make people in every corner of the market feel secure when they buy our products online.”

Verified by Visa offered the solution CompUSA had in mind. Using a consumer-selected password, which ensures only the registered cardholder can complete an online transaction using that card, the service fulfilled CompUSA’s four strategic goals:

- 1) Maximize traffic to the site;
- 2) Enhance security for shoppers;
- 3) Reduce the sizable cost of fraud incurred by the company annually;
and
- 4) Achieve greater back-end efficiencies through faster, streamlined order processing

Since implementing Verified by Visa in early 2002, CompUSA has experienced strong sales volume and usage increases in its online channel, which the company attributes in large part to the security it now is able to provide shoppers. Its fraud losses have been cut significantly, and the company has dramatically cut back-end processing time for Visa cardholder purchases, which comprise the strong majority of its orders.

Industry-Leading Payment Network Technology

Visa provides Verified by Visa through its industry-leading payment network technology. The service relies on the 3-D Secure protocol developed by Visa. The 3-D Secure protocol, which uses a user selected password to enable the cardholder’s issuing bank to authenticate the cardholder, has become a standard for ensuring secure and confidential payments online. 3-D Secure has been adopted by numerous providers of turnkey merchant software and licensed by other major payment card providers.



Consumers with Visa payment cards from a participating financial institution can activate the security tool quickly and easily by confirming their identity, and creating a unique password.

After the card is registered, each time the consumer enters the activated card number at a participating merchant's site, the information is transmitted through the Visa payment network using high-level encryption and behind multiple firewalls to ensure the greatest possible security to the card Issuer. The Issuer then prompts with the consumer's personal phrase and requests his or her password. By verifying that the personal phrase is the correct one, the cardholder verifies that the request for the password is legitimate, and not a "phishing" attempt. Only when the cardholder replies with the correct password is the transaction processed and the purchase completed – providing assurance for both cardholder *and* merchant.

Savings Incentives for Stronger Bottom Line

"In addition to the security benefits to our shoppers, CompUSA has strongly benefited from Verified by Visa infrastructure, which eliminates much of the burden of payment card fraud from the shoulders of retailers," says Javery. "Especially when combined with savings we experience through back-end processing efficiencies, the bottom-line advantages of this program are striking."

Verified by Visa offers merchants strong protection against fraud-related charges, along with the ability to receive a five basis point reduction on the merchant discount.

Visa's card issuing Members have played a major role in the growth of CompUSA's online business by building awareness of the security features of the service and making people feel more confident about making their purchases online.

"The more consumers learn to shop online with confidence, the better their experience and level of sophistication will be, and that is a plus not only for individual merchants like CompUSA, but for e-commerce as a whole," Javery says.

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