iFood

Delivering meals while bypassing fraud

Background

Founded in Brazil in 2011, iFood is the largest online food-ordering and delivery platform in Latin America. They allow customers to place online and in-app orders with their mobile devices. Today, iFood has increased its leadership position in the Brazilian market, and has expanded into other Latin America countries including Mexico, Colombia and Argentina[1].

Additionally, iFood has collaborated with another initiative, bringing together restaurant management solutions, and has possession of the SpoonRocket brand, a Silicon Valley-based app focusing on premium restaurants.

[1]Source: iFood, 2017.

Challenges

iFood's business model is "win-win" for all, enabling revenue increase to restaurants who get broader reach and additional food delivery revenue, and for customers who have an easy way of ordering a variety of food for delivery. To use iFood, customers merely have to create an account, provide delivery information, choose a restaurant, and order their dishes to receive their meals shortly after.

iFood's challenge arose in 2015 when they implemented online payments and they began to experience high fraud levels and more chargebacks. To deal with this, they began to restrict the availability of online payments, limiting the amount of customers who could pay online. However, all new customers were asking for online payments and iFood knew they needed to offer this feature in order to serve all customers.

With most food deliveries taking place within an hour or less of orders being placed, manual review was simply not feasible. They needed an automatic fraud management solution to handle instant payments, whether paid online via credit or debit card, or directly to the delivery person, and provide a process to manually review suspected fraudulent orders.

IMPROVING CUSTOMER EXPERIENCE WHILE MINIMIZING FRAUD

<0.23%
Average chargeback rate*

>95%
Average net accepted rate**

22%
Increase in monthly transactions

Millions
of decision manager transactions

* Since implementing CyberSource in October 2016

** Since implementing CyberSource and with an accept/reject strategy (no manual review)

> "We enjoy the openness and transparency of working with CyberSource – we have visibility to the fraud management rules and can easily adjust them. We also appreciate the constant follow-up and ongoing dialogue with our fraud consultant to discuss our fraud strategies."
>
> Marcio Dantas, Head of Digital Payments iFood.

Solution

iFood needed an effective fraud management solution to replace the one they were using at the time. After evaluating many tools available in the market, including a trial period of the CyberSource fraud management platform, they selected CyberSource Decision Manager because it was easy and quick to integrate, the great support they received from the Visa team, and most of all, because they had full access to see what was happening with every transaction. They also choose Managed Risk Services, which included a Managed Risk Consultant who worked in partnership with the iFood team on their fraud management strategies.

Results

The CyberSource integration took place in October 2016. Initially, they started with a limited user-base of only those that could make online payments. Within less than 6 months, their chargebacks declined 30%.

In January 2017, iFood began to open online payments to all its customers – a process that took approximately five months to complete. Today, any iFood customer can safely pay online or via mobile app. Thanks to the Visa partnership, iFood's number of online payments has grown 4 times since implementing CyberSource Decision Manager. Additionally, they have improved the customer ordering experience, while greatly minimizing fraud losses[1].

Solutions

- CyberSource's Fraud Management Solutions: Decision Manager and Managed Risk Services

- Dedicated local Managed Risk Consultant to develop a customized fraud strategy and analysis

- A powerful combination of a local Brazil team along with a global support

[1]Source: iFood, 2017.