



BustedTees Grows Revenue While Stopping Fraud



“Kount did more than just get us back to ‘even’ by stopping the fraud. The bigger picture is that we’ve swung from paying tens of thousands of dollars each month to deal with fraud...to the point where we’re actually increasing revenues because we can confidently go after new markets and new opportunities

Adam Schwartz
General Manager
BustedTees

SITUATION

Since 2004, BustedTees has been one of the web’s leading Internet-based T-shirt brands. It was started by the guys from CollegeHumor.com, who decided to start making T-shirts because they wanted (as their website humorously explains): “people to have fun, laugh, look good, feel comfortable, get good jobs, and get sweaty dancing.”

In 2011, organizational changes and new initiatives focused on growing the business lead to an increase in orders. However, as revenue grew, so did fraud. Adam Schwartz, General Manager at BustedTees, explains: “As the cost of the fraud grew, we tried to fight back by building our own technology and systems. But we found ourselves playing catch up.” Their chargeback rates reached 2% and fines grew to \$5,000 a month. “We tried clamping down, but that just cut our revenues without reducing chargeback rates,” recalls Adam. “At that point, we realized we needed help. We first heard about Kount at a Shop.org trade show. Around the same time, our credit card processor referred us to a chargeback consultant, who recommended Kount. We decided to take a closer look.” Adam continues: “We were impressed by Kount’s approach. No hype, just a straightforward presentation of what they could do for us. With

so many services and software out there for e-commerce, it’s easy to spend \$5,000 or \$10,000 a month on fraud prevention, so we were careful. But when we walked through the Kount demo, it was obvious they had a serious piece of technology. You can get a sense of a company by how sophisticated their technology is, and theirs was impressive.”

SOLUTION

Adam describes their Kount implementation: “We put one of our guys on it and it took him about 2 weeks to integrate the Kount Complete™ system with ours. Based on what it has done for us, it was well worth the effort. Inside of 6 weeks, our chargeback rates were lower than they had ever been, and we were out of the chargeback fine program.”

In addition, the Kount Complete system helped streamline BustedTees’ manual review process. “Before Kount, we’d flag about 10% of transactions for manual reviews,” says Adam. “Each review required substantial time and effort. Now with Kount, we’re still cautious and flag 7% to 8% of transactions. However, Kount provides so much more data that 90% of the time, a review takes just 30 seconds. In short, we spend half as much time as we used to on manual reviews.”

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Reduced fraud isn't the only benefit Kount has provided BustedTees. "Kount stopped the fraud and we saw a 5% increase in sales (net after Kount fees)," explains Adam. "Talk about turning a problem into a plus."

Kount's combination of robust fraud prevention and extensive data reporting has actually helped BustedTees further expand revenue. "Because we're confident that Kount will catch fraud, we've been able to experiment with our rules. For example, we added about 30 "high-risk" markets we used to avoid due to fraud concerns. Now, we're getting lots of sales from those markets, but no higher fraud. Our business has grown about 40% to 50%, and Kount has been a big factor in that growth."

Adam points out one other advantage of using Kount: "With all the data we get about customers, we're able to conduct more successful campaigns. For example, about 25% of our business is international. Kount helped us see we had more German speakers than we thought. So we deployed a German language promo on our home page and increased

conversion rates 25%. We're also experimenting with geo-targeted ads to increase ad efficiency. We couldn't do that without the data we get from Kount."

OUTCOME

- Chargeback rates dropped from 2% to less than 0.5%
- Initially, revenue increased 5% (net after Kount fees) due to fewer declines of "good-but-suspicious" transactions
- Longer term, revenue has grown 40% to 50%, thanks in part to Kount enabling BustedTees to move into markets they previously avoided due to fraud concerns
- The time required for manual reviews has been cut in half

Adam's final thoughts: "Fraud was costing us hundreds of thousands of dollars a year—lost revenue, stolen merchandise, chargeback fines—and Kount turned that completely around, to the point where we're now actually generating more revenue because we can capitalize on opportunities that we used to see as too risky."



BOOST SALES, BEAT FRAUD

Kount helps online businesses boost sales by reducing fraud and allowing them to accept more orders. Kount's all-in-one, SaaS platform is designed for merchants operating in card-not-present environments and the payment service providers that support them, simplifying fraud detection and dramatically improving bottom line profitability. Companies using

Kount can accept more orders from more people in more places than ever before. Kount is a turnkey fraud solution that is easy-to-implement and easy-to-use. Kount's proprietary technology has reviewed billions of transactions and provides maximum protection for some of the world's best-known brands. For more information about Kount, please visit www.kount.com