



By Curtis Kleinman

The Dreaded Chargeback Article

In today's economy, the words you hear resonating from every marketer are, "How do I keep my chargebacks down?"

Many believe that if they stick to a fair return policy, they'll be okay. That couldn't be further from the truth. Experienced marketers know they must be perfect, flexible — and still hope for the best.

Besides being a time-consuming nuisance, the chargeback process is often misunderstood. Chargebacks can severely impact your bottom line — or wipe you out.

What Is a Chargeback?

A chargeback is very different and more detrimental than a refund you provide. A chargeback is a refund initiated by the customer's credit card company or bank instead of you. In the case of a chargeback, your customer circumvents the merchant, who finds out after the fact.

Merchants can dispute a chargeback by providing evidence proving a legitimate and fully earned sale. But reversed chargebacks still count against the merchant.

When you get in chargeback trouble, be ready to pay higher rates and have a greater reserve held from you. Even worse, you may have your merchant account terminated altogether. Once chargebacks are high, it's virtually impossible to establish another merchant account for the same product or website.

How to Avoid Chargebacks

Merchants are quickly learning the customer is always right when it comes to a chargeback. That's why giving a consumer a quick refund is the safest approach.

Most merchants create a refund policy to protect their sales. Processing experts must start by telling merchants that their product costs pennies on the dollar compared to the havoc a chargeback can wreak. Think long term for your own good. Don't hold on to each sale like it's a lifeboat.

Writing a refund policy too protective of yourself will cost you heavily. Every marketer feels burnt giving money back to a consumer who has fully utilized their product. But once you are in chargeback trouble, there

are no second chances. Give a refund at the first sniff of dissatisfaction. It will save heartache in the long run.

Another way to avoid chargebacks is to use an address verification service (AVS). AVS reduces chargebacks due to fraud.

Proper billing descriptors are also crucial. A billing descriptor is how your charge appears on a customer's credit card statement. It is important to use a billing descriptor which your customer will immediately recognize. Use your product's name (or the name of your website) and your customer service phone number.

Knowing More Is Better

Your customer should know when your product will arrive on their doorstep. State your delivery terms on your website or when customer service takes the order. How long will it take you to ship their order? What is the expected arrival date? Smart marketers E-mail their customers to inform them their product has shipped. Communication is the key.

At the same time, always make your customer service number available on your website. Make sure customer service is available during daytime hours in regions where you sell your product and must respond quickly. Most credit card holders will immediately call their credit card providers if they sense any resistance by the merchant to issue a refund.

Some marketers choose not to easily provide their customer service number, so cancelling a shipment or making a return is more challenging. If you do this, don't be surprised when you see a chargeback.

Finally, enclose a slip in each package with easy instructions to return your product, and never bill your customer's credit card until the product is ready to ship.

Monitor Affiliate Traffic

Affiliate marketers who drive you sales and customer leads through calls, lists or clicks are heavily incentivized to do so. Thus you can't always trust the quality of the customers provided by affiliates.

Do your research online, ask around and evaluate the generous offers affiliates provide for the traffic driven to you. Don't choose affiliates because you are comfortable with the sales person you met or the size of their company. ■

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