LATAM

TAM Airlines

Helping TAM Airlines soar above fraud

Background

LATAM Airlines Brasil, formerly TAM Airlines, is the Brazilian brand of LATAM Airlines Group. This case study will focus on the challenges that arose within TAM.

In 2010, LAN and TAM announced their plan to merge their holdings into a single entity, called "LATAM Airlines Group", one of the largest airline company groups in the world. The merger was completed in 2012. Before the takeover, TAM was Brazil and Latin America's largest airline. In May 2016, TAM adopted the name LATAM. With headquarters in Chile, LATAM has operations in Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay and Peru.

Challenges

With the growth of online travel bookings in Brazil and intense competition from established airlines as well as new entrants, every cent counted as revenues came under pressure. With narrow operating margins, the industry could not afford further revenue erosion.

TAM Airlines was experiencing high fraud rates for Web, Mobile and Call Center bookings, which:

- Reduced conversion rates
- Compromised customer experience
- Threatened the bottom line

TAM needed to find a better way to manage payment fraud rates, while increasing conversion and streamlining operations. For TAM Airlines, fraud was becoming more sophisticated and harder to detect.

IMPROVING CUSTOMER EXPERIENCE WHILE MINIMIZING FRAUD

90%
Fraud reduction

80%
Lowered manual review rates

$1 Million
Avoided losing in just one case*

"Working with CyberSource allowed us to focus on reducing our online fraud rate and minimizing the chargeback. We were able to enhance the customer experience, reduce false positives, lower the manual review rates and minimize our operational costs."

Rodrigo Bennink, Risk Prevention Manager at LATAM Airlines

CyberSource®

VISA

Solution

TAM Airlines partnered with Visa to help them build their fraud strategies. Along with a team of airline experts to assist their internal fraud management staff, the partnership helped TAM Airlines achieve quicker results with no increase in staffing. The solution included CyberSource Decision Manager, a Managed Risk Consultant that worked in partnership with TAM team in fraud management strategy, and an order review team to make decisions on the suspicious bookings.

As part of the fraud management strategy, TAM used device fingerprint and packet-signature inspection technology to identify the device being used to buy the tickets. The review team provided additional expertise and resources to review bookings in a timely manner, meeting the airline's business needs.

Results

With extensive knowledge and experience in the travel industry, the CyberSource team was able to quickly analyze TAM's historical data and determine the sources of fraud that the airline was experiencing. This included botnets, triangulation schemes, fake travel agencies, and frequent flier fraud. The CyberSource team worked together with TAM to implement the ideal fraud management strategy for the airline, taking into account the threats they faced, the environment in which TAM operates, and their corporate values.

After deploying CyberSource's fraud management platform and Managed Risk Services, TAM's fraud losses dropped almost **90%** in less than 6 months' time, while the manual review rates went down by **80%** comparing to the initial scenario.*

The implementation of CyberSource Decision Manager also maximized conversion of valid bookings, improved customer experience by reducing rejections while greatly minimizing fraud losses. Fighting against fraud without disturbing the good clients is a daily battle and with this solution, TAM Airlines executives can keep focusing on their core business, enhancing the company's overall productivity and efficiency.

Source: TAM, 2012

Solutions

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

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

- 24 x 7, trilingual Specialized Order Review team to analyze and decide on suspicious orders

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