

Customer Reference Case Study: Dropship



Business overview

Based in UAE, Dropship is a global SaaS platform that helps micro, small, and medium-sized businesses (SMBs), including early-stage direct-to-consumer (DTC) brands, launch and grow through a B2SMB model.

Dropship customers pay membership fees for access to platform resources, including tools that help them find products to sell, track their competitors, and analyze ads.

As Dropship scaled, it wanted to reduce the operational strain of dealing with potentially fraudulent transactions and maintain compliance with its payment processor's rules around chargeback rates.

The Challenge

- Dropship was experiencing high fraud and dispute rates driven by recurring billing issues like recurring billing problems, fraudulent or unauthorized payment claims, and possible first-party misuse.
- Every chargeback potentially incurred a fee of \$15–30 and took staff an hour to process.
- In mid-2024, their chargeback rate peaked at 0.93%, approaching the 1% threshold set by Dropship's payment processor, Stripe.
- Dropship needed to take control of its chargeback rate to avoid Stripe pausing payouts or limiting processing. This could lead to revenue disruption from failed account signups and renewals, elevated churn, and a surge in customer support requests. It could also have financial, operational, and other impacts on Dropship's customers.

↓ **82.8%**
Dropship dispute
rate fell from
0.93% to 0.16%

↓ **73.4%**
Dropship's overall
fraud rate dropped
from 2.22% to 0.59%

The Solution

- To address these challenges—and avoid being added to card schemes' high-risk merchant lists that can incur fines and limit future processing options—Dropship sought to lower its dispute rate to the ~0.15% industry benchmark.
- In June 2024, they worked with Verifi partner Chargeback.io to implement Rapid Dispute Resolution (RDR) and Cardholder Dispute Resolution Network (CDRN) to make dispute-handling more efficient and automated.

- RDR automatically refunds eligible Visa transactions before a chargeback is filed, saving Dropship considerable time and effort since Visa transactions represent more than 50% of its dispute volume.
- CDRN sends real-time alerts, enabling Dropship to resolve issues with holders of Visa and non-Visa cards before chargebacks are initiated.
- Chargeback.io's integration of CDRN with Stripe enables automatic refunds of eligible alert-triggered transactions based on pre-defined thresholds, helping reduce missed responses and prevent alerts from escalating.

The results

- Within three months of implementation, Dropship saw improvements across all dispute metrics. Their dispute rate fell from 0.93% to 0.16% and their fraud rate dropped from 2.22% to 0.59%. Over the following 12+ months, Dropship's rates stayed within normal industry ranges while its payment volume increased 105%.
- They also saved \$26,000+ in avoided Stripe dispute fees (a total of \$52,000+ when representment fees and administrative costs are included) and avoided ~900 hours of manual work, equating to ~\$20,000 in labor cost savings. Automating the match-and-refund step helps reduce missed responses and prevent alerts from escalating.
- Dropship can now easily meet Stripe's compliance threshold and is no longer at risk of paused payouts, limited processing, or being added to high-risk merchant lists.
- Significant automation combined with early intervention allows Dropship to scale safely while maintaining financial stability and trust with its payment processor.

\$26K+

**saved in avoided
Stripe dispute fees**

(a total of \$52,000+ when representment fees and administrative costs are included)

\$20K

**in labor cost
savings**

(Dropship avoided ~900 hours of manual work, equating to labor savings.)

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