![VGS | The World's Leader in Payment Tokenization]

# Major Retailer Gains Pricing Leverage & Customer Loyalty with Multi-PSP Approach

## Case Study

**Multi-PSP Leads to Decreased Transaction Pricing with Increased Number of Authorizations, and a Unified Customer View Has NPS Scores on the Rise**

**Region**
United States

**Industries**
E-commerce Platform; Home Goods

**Goal**
Optimize payments by working with multiple PSPs; create a unified version of accounts through customer credit card number for an easy-to-use loyalty program; issue secure cards instantly

**Result**
Securing ~10M PAN records per month with VGS; enabling multi-PSP strategy that significantly decreases rates on authorized transactions while increasing the number of authorizations; rising NPS®
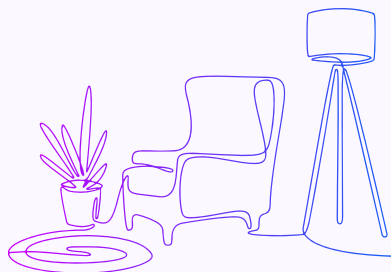
## Background

As this Home Goods retailer's e-commerce presence scaled, the powers that be decided it was time to take control of their payments journey. They handpicked and recruited top experts from the payments industry to help them build a next-generation payments infrastructure.

## Challenge

Though payment transactions may each be pennies, the enormous volume processed by this retailer meant overall costs were massive. But without the ability to route transactions to multiple PSPs, the organization had no flexibility to optimize based on card type, partner pricing, transaction size, risk levels, etc. They were locked-in to one PSP, its supported payment methods, its authorization rates, and pricing. This inability to use more than one PSP also meant if a gateway was down or unresponsive, they had no way to reroute to another, leading to a less than ideal customer experience.

In addition, with plans to launch a branded credit card for online and in-store use, the team needed a secure way to get transaction data from the issuing bank – and create a unified version of accounts to fuel a new loyalty program. In other words, they wanted to unlock the data that could be earning money for them, with all of the control but none of the risk.

# Solution

The first step for the new payments team was breaking PSP vendor lock-in. They needed a way to tokenize raw card data to descope their card data environment from primary account number (PAN) data and remove it from the control of any one payment services provider.

Finally, the aliased data flows from the VGS Vault to be detokenized and sent to any PSP the organization wants. After a brief pilot, the tech-savvy team quickly moved on to a production environment.

### Securing Payments Data

The journey started by securing payments data with VGS. VGS Collect, branded to match their web presence, securely collects PAN data through credit card forms. That sensitive data then lands in the VGS Vault for protection, where it is replaced with an alias (token) before it ever touches their systems. This helps descope them from PCI concerns. Finally, the aliased data flows back through VGS Exchange in its original form to be used by any PSP the organization wants. Filters and operations protect the data as it is transmitted from the application to its destination, and dynamic routing services enable switching between multiple PSPs, gateways, or 3rd party APIs.

### A Unified Customer View for Loyalty and Monetization

One of the key reasons the payments team selected VGS was its ability to create a 'single source of truth' for a customer account based on its credit card number. This allows the retailer to create a customer-friendly loyalty program to encourage further spending on the platform.

VGS maps proprietary processor tokens and the underlying PAN to a Global Alias unifying transactions for a given card or customer, regardless of location, channel (offline or online), or PSP. Never before seen or imported PANs exist as new CRM entries until they link to a known customer record. CRM records can also have multiple payment aliases linked to the same identity. This means the team now has a unified customer view to turn transactions into relationships, make recommendations to increase the rate of product acquisition, and further monetize what customers want.

Perhaps most importantly, it makes the customer experience so much better. Customers don't need an extra loyalty card number or physical card; no email address required; no extra information at all - just the same credit card they already use with the loyalty benefits automatically tied to it. And speaking of credit cards...

### Instant Virtual Card Issuance

To further deepen their relationship with their customers and monetize the engagement, the retailer chose to issue store cards. Typically, when a customer applies for a Retailer Credit Card, they won't receive the physical card from the issuing bank for 2-3+ weeks. But one of the key reasons they sign up is an incentive offered for an immediate transaction (i.e., 20% off today's purchase). VGS enabled this retailer, through their issuing bank, to instantly add the new card as a payment method and let that customer make the immediate purchase. And thanks to the VGS solution, the card data never touches the retailer's systems, keeping them out of PCI scope.

# Results

To date, this home goods retailer secures ~10M PAN records per month with VGS. The team credits VGS as the only reason they can work with multiple PSPs, which gives them major pricing leverage. And, at the same time as authorized transactions' pricing goes down the number of authorizations increases. Finally, with their new loyalty program launching thanks to the unified customer view enabled by VGS, NPS scores are on the rise.