



**OPTIMIZED  
PAYMENTS**



## CASE STUDY

### AUTONATION: TAKING CHARGE OF CHARGEBACKS & UPGRADING DOWNGRADES

## THE CLIENT

AutoNation, America's largest automotive retailer, is a Fortune 500 company employing more than 26,000 associates at over 350 franchised locations from coast to coast. The company has sold over 11 million vehicles - the first automotive retailer to reach this milestone.

## THE CHALLENGE

"Processing millions of credit card transactions annually, we knew we were spending too much on credit card fees," notes Greg Moore, director of treasury operations at AutoNation.

Cost concerns are not uncommon for most organizations. But the larger the scale of your operations, the more pertinent it becomes to keep costs controlled. Unfortunately, this is easier said than done, especially when it comes to payment processing expenses.

## THE PROCESS

Optimized Payments immediately went to work on collecting and analyzing the tremendous amount of card processing data AutoNation received every month from American Express, PayPal, two merchant acquirers, and two private-label card providers. To note, some of these credit card partners provided merchant statements that were over 5,000 pages.

# Identifying the Culprits

It didn't take long for Optimized Payments in-depth analysis and innovative dashboard to identify two major areas for improvement in AutoNation's payment processing expenses. Chargebacks and downgrades were both eating away at profits.

Optimized Payments collection and analysis of AutoNation's data was developed into a continually updating dashboard that provides AutoNation with a powerful tool for in-depth information, actionable insights, and decision making. With this, Optimized Payments transformed mounds of disparate data into an organized and consolidated knowledge tool that AutoNation still uses today.

## 1. CHARGEBACKS

Responsibility for chargebacks was decentralized, with each store handling their own chargebacks. However, this structure resulted in stores typically only responding to about one out of every three chargebacks they received (an estimated 30%).

While chargebacks at each store weren't significant, Optimized Payments analysis showed that, in aggregate, the total cost amounted to much more than AutoNation realized.

This was a real eye opener for us. We didn't think we had a chargeback problem, but it was clear we did. This was the first sign that we had made the right choice in choosing Optimized Payments, as having a team that's able to give you info about where your weaknesses are is extremely valuable.

## 2. DOWNGRADES

Similarly, downgrades were also problematic. They represented a troubling 20% of sales. The reason? Optimized Payments determined that AutoNation wasn't supplying level 2 and 3 data in the settlement file for commercial cards. Thus, the card networks were penalizing each transaction with higher interchange fees.

**Greg Moore**

Director of Treasury Operations

## THE SOLUTION



### Implement Optimized Payments Analytics

Transform mounds of disparate data into an organized and consolidated tool that allows users to manipulate dashboards to filter, sort and drill down to minute details of individual stores.



### Centralize Chargeback Processes

Streamline chargeback processes to a small centralized team that handles chargebacks across all stores.



### Decrease Downgrades

Helped AutoNation implement the ability to supply needed level 2 and 3 data resulting in decreasing downgrades from 20% to 6% of sales.

## THE RESULTS

**\$200k+**

annual savings from  
decreased chargebacks

**\$1million in savings**

resulting from savings in  
interchange fees from  
reduced downgrades

**24/7 dashboards**

interactive dashboards to view  
high-level or granular details  
about all credit card payment  
related data

“ I have no regrets whatsoever over the last seven years we’ve worked with Optimized Payments. They provide in-depth knowledge about one of our largest cost items and enable me to focus on things other than number crunching or quantifying anything related to payment processing. That’s a huge relief. The whole team is simply fantastic and so customer focused. ”

Greg Moore

Director of Treasury Operations

Contact us to learn more:



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