

## Strengthening Fraud Prevention at Merlin Entertainments



### About

Merlin Entertainments, a global leader in attractions and entertainment, operates 124 attractions, 16 hotels, and 3 holiday villages across 25 countries. With such a vast and diverse portfolio, the company must manage complex operations while ensuring a seamless experience for millions of visitors. However, maintaining operational integrity across multiple locations comes with significant challenges, particularly in preventing fraud and procedural inconsistencies.

### Problem

Merlin's loss prevention team faced significant challenges in detecting and addressing fraud efficiently across its global operations. Ticketing and retail were especially vulnerable to schemes like undercharging, transaction voids, fraudulent refunds, and unauthorized discounts. Internal theft was also a concern, with employees manipulating transactions through fake refunds, collusion, or pocketing cash from voided sales.

Manual investigations were slow and inefficient, requiring teams to sift through vast amounts of transaction data. By the time fraud was detected, financial losses had often escalated. Without a real-time, automated system to flag anomalies, the team was forced into a reactive approach, making it difficult to prevent fraud proactively.

To protect revenue and streamline oversight, Merlin needed a scalable, data-driven solution capable of detecting suspicious behaviors, reducing fraud-related losses, and improving operational integrity across all locations.

## Solution

To address these challenges, Merlin collaborated with a leading provider of loss prevention analytics. Together, they conducted a "Data Challenge" initiative to analyze several months of transactional data, including retail, food and beverage, and ticketing records. This analysis focused on identifying instances of internal and external fraud, as well as procedural errors at the point of sale.

Through this process, the loss prevention team implemented advanced alerting and reporting capabilities that allowed them to pinpoint high-risk activities such as:

- Low-value sales
- Transaction voids and item deletes
- Zero-value sales
- Refund abuse and high-risk refunds
- Debit/credit card activity
- Misuse of employee or discount cards

The solution provided Merlin with detailed insights into these issues and enabled the team to act swiftly on suspicious activities. Additionally, the system was rolled out globally, ensuring consistent monitoring and reporting across all attractions and retail locations.

## Results

Through this innovative approach, Merlin successfully uncovered and addressed numerous fraud cases, leading to significant financial recoveries and operational improvements. The detailed analytics and reporting capabilities enabled the loss prevention team to:

- Quickly identify and investigate fraudulent activities
- Reduce losses associated with internal theft and procedural anomalies
- Enhance the efficiency of fraud detection and operational monitoring

Since implementing the solution, Merlin has experienced year-over-year improvements in loss prevention, achieving a significant return on investment within the first six months. The analytics platform has become a critical tool in their global operations, ensuring that fraudulent activities are detected and addressed effectively.

Merlin's ability to leverage data-driven insights has not only reduced financial losses but also strengthened operational efficiency, making the solution an integral part of their global loss prevention strategy.