

SOLUTION BRIEF

End Authentication Friction to Welcome New Customers and Increase Customer Lifetime Value

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INDUSTRY: E-Commerce

E-Commerce and Customer Expectations Are Evolving

U.S. e-commerce has grown by 32% since the start of the coronavirus pandemic, and it continues to climb.¹ As people shop online for virtually everything, they're also shopping more often on their phones—especially for food delivery, which has doubled in the U.S. since March 2020.² In all, mobile commerce now represents 72% of global retail e-commerce.³

However, only 24% of mobile app users are highly satisfied with their mobile shopping experiences, and 22% describe mobile shopping as “frustrating.”⁴ That’s not good news for merchants, because 80% of customers say the experience they have with a company matters as much as what the company sells.⁵ When customers get frustrated, they're likely to abandon the app that's giving them trouble and move on to an easier alternative.

Fraud Prevention and Customer Authentication Are Changing, Too

Part of what makes the mobile experience frustrating is user authentication—a necessary step to prevent account takeover fraud and fake account creation by criminals looking to steal merchandise, payment information and loyalty points. This kind of fraud is on the rise, driven by organized criminals mining data breaches for passwords they can use in bot-driven credential-stuffing attacks on merchants of all kinds.

Delivery services are major targets. In 2020, more delivery

PROBLEM

Retail and restaurant mobile applications make ordering and pickup fast and convenient. Brands need to drive customer adoption and use of their commerce apps by eliminating friction in the user-authentication process and preventing account takeover (ATO) fraud.

SOLUTION

[Deduce Identity Insights](#) draws on a vast data network to deliver frictionless mobile customer authentication while protecting merchants and trusted customers from ATO attacks.

RESULTS

- Frictionless user authentication 300 milliseconds or less.
- Customers aren't required to leave the merchant's app to complete the account creation process.
- Trusted users don't have to complete authentication steps every time they use the merchant's app.

service customer accounts were compromised than mobile phone and social media accounts.⁶ Now, 74% of food delivery services rate ATO as their biggest fraud threat.⁷ And when customers have to sort through the damage caused by an account takeover, they're unlikely to shop with that merchant again.

Avoiding ATO fraud and protecting customer accounts are critical for revenue and customer trust. So is a seamless experience for trusted users. The problem is that retailers and restaurants don't have the insight into their customer data required to authenticate users without making them do some of the work.

Frictionless User-Authentication Is the Next Stage in E-Commerce Evolution

Deduce offers merchants friction-free authentication to prevent ATO fraud and keep customers engaged. Drawing on permissioned data gathered from over 150,000 websites, more than 400M U.S. verified identity profiles and more than 1.2B daily events, the Deduce Identity Network evaluates identity and behavior signals, device, geolocation network data to assess users in real time, wherever they are in the moment, as part of the signup or login flow.

This layered screening process ensures that trusted users have an easier shopping experience. Each time these customers return, Deduce compares their behavior, device identity and other data to known patterns. A match means a no-friction experience—another win for customer and merchant.

When Deduce does find a discrepancy, it sends a real-time customer alert. For example, the Deduce Impossible Travel signal will alert a user when a login attempt location can't be reached from the previous activity location in the elapsed time between those events. For example, a change in activity location from Palo Alto, California to Lagos, Nigeria in 37 minutes would trigger an alert. With one tap, alerted customers can either complete their logins—avoiding false positives that drive up to 40% of victims away from the merchant⁸—or report attempted ATO fraud. Either way, the customer relationship is protected, and the brand reputation is enhanced.

Because over 90% of customers say a good experience makes them more likely to buy again from the same business,⁹ providing an excellent experience for trusted users is the key to winning new app users, increasing customers' lifetime value and preventing ATO fraud.

Give Your Trusted Users a Better Mobile Shopping Experience

Find out how you can deliver a better customer experience by leveraging the power of the Deduce Collective Intelligence Platform. [Request a demo.](#)

Streamline User Authentication for More Customers, Higher CLV

Apps that let customers pre-order meals for pickup are popular with socially distancing consumers and with restaurants trying to increase their margins. However, onboarding new users can be a challenge.

One global QSR chain found that 10% of the people who download the company's commerce app never finish the sign-up process, because it requires them to leave the app, check their email, find their verification message and act on it.

How much can that kind of friction cost a company? If the typical QSR app user spends \$10 per visit and makes 4 visits per month, and if 1M new users download the QSR's app every month but 10% never finish signing up, then the chain is losing \$4M per month to that user-authentication friction.

Removing the email verification step from signup can reduce app abandonment, increase customer lifetime value and avoid fraud—with the right solution.

ENDNOTES:

1. <https://www.digitalcommerce360.com/article/coronavirus-impact-online-retail/>
2. <https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/ordering-in-the-rapid-evolution-of-food-delivery>
3. <https://www.statista.com/statistics/806336/mobile-retail-commerce-share-worldwide/>
4. <https://www.digitalcommerce360.com/2021/10/01/the-shopper-speaks-the-customer-experience-satisfied-yes-perfect-no/>
5. https://www.salesforce.com/content/dam/web/en_us/www/documents/research/salesforce-state-of-the-connected-customer-4th-ed.pdf
6. <https://www.aarp.org/money/scams-fraud/info-2021/javelin-aarp-identity-fraud-survey.html>
7. <https://thepaypers.com/digital-identity-security-online-fraud/online-payment-fraud-ranks-as-one-of-the-most-significant-threats-for-digital-marketplaces-1251562>
8. <https://www.merchantfraudjournal.com/false-declines-costing-business-more-realize/>
9. https://www.salesforce.com/content/dam/web/en_us/www/documents/research/salesforce-state-of-the-connected-customer-4th-ed.pdf