

# Motivated by pain

Anticipate customer pain points  
before they become dealbreakers.



**:ubiquity**

Separating your retail business from the competition takes more than just stealing other retailers' ideas. It requires you to deliver exceptional and meaningful customer experiences across multiple touchpoints. To do so means you must first truly understand your customers. And how better to show that you get them than by acknowledging and solving the pain points they can't seem to escape? But are you also anticipating new pain points?

Success here calls for rethinking how you do things, such as gathering more insightful data, minimizing the effects of fraud on your margins, and learning when to engage outside experts.

In this whitepaper,  
**we'll look at:**



Recognizing and  
solving customers'  
challenges



Collecting better  
customer data



Engaging employees  
and keeping  
them happy



Protecting margins  
and customer data  
against fraud

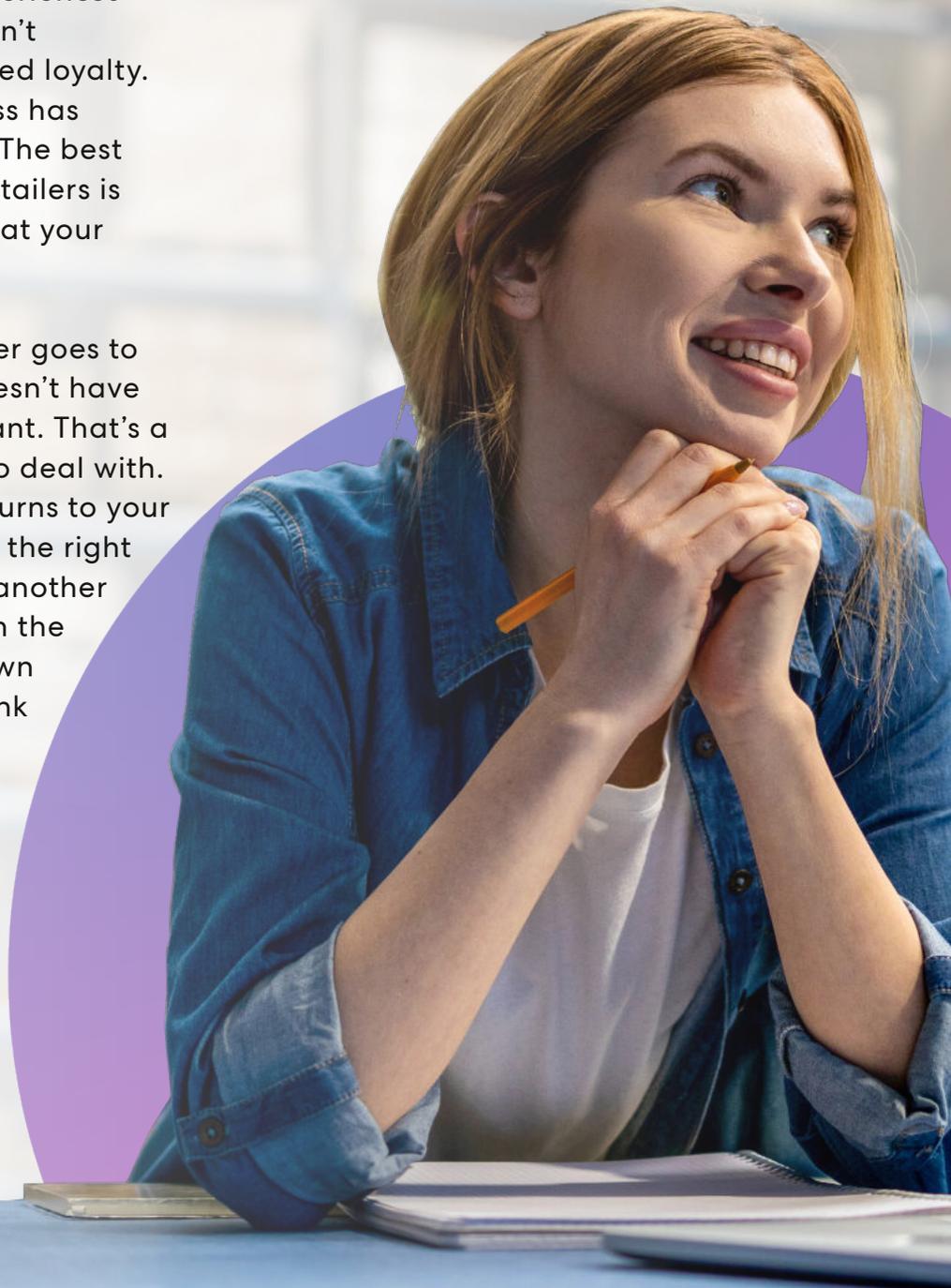


Staying focused on  
your strengths  
and purpose

## **Find and fix the things that hurt.**

Stop wishing customers happy birthday and start addressing their actual needs. Customer loyalty programs are fine and good, but they only get you so far. The problem is that nearly every retailer has one, a fact that won't set you apart from the competition anymore. You might also take steps to make shopping experiences easier for customers, but they don't necessarily translate into increased loyalty. Again, nearly every retail business has already taken these same steps. The best way to stand apart from other retailers is to solve a customer pain point that your competitors don't solve.

Consider this example. A customer goes to the store to buy a shirt, but it doesn't have the right size or the color they want. That's a disappointment they now have to deal with. Instead of hoping the customer turns to your online site, why not offer to have the right one shipped the same day from another location or even headquarters on the spot? Turn their frown upside down before they have a chance to think of checking a competitor's stock.



Here are some real-world examples of how major retail brands solved specific customer needs:

1

### **Amazon: Protecting packages**

Amazon customers like the convenience and speed of ordering from the site but can spend the day worrying about their packages' safety if deliveries happen while they're not home. To solve this issue, Amazon created Key In-Garage Delivery. It's a delivery option that customers with smart garages can select right from their shopping carts. Customers simply link their Amazon Key to their smart garage's app for activation. Once the driver arrives, he or she scans the package, which will open the door automatically. The package is placed inside and once the delivery is completed, the door closes and the driver no longer has access.

2

### **Sephora: Trying before you buy**

When it comes to makeup and beauty products, there's a special distress that comes from not knowing for sure how these items will look on your skin. The pain is worsened by the inability to return an opened product if the tints and shades don't look right. Sephora's solution was to add beauty stations to its stores that allowed customers to virtually try on a number of products, including skin care, perfumes, and more. The stations also featured tutorials and tips that showed customers the best way to apply products based on their features.



3

**Amazon: Eliminating lines**

Amazon Go was created to eliminate the frustration of waiting in convenience store lines to pay for items. In Amazon Go stores, customers enter using a credit card or the Amazon app, select the items they want, and then exit the store. Amazon's Just Walk Out shopping technology scans your items and then calculates and processes payments—no more waiting in lines to pay.

4

**Dollar Shave Club: Stopping the swindle**

Buying razors and razor blades can be a pricey proposition. Mostly, the razors themselves don't cost much, but the price of blades was a sting you had to accept until Dollar Shave Club showed up. They recognized a great market opportunity in solving this problem. It created a reasonably priced subscription model with direct-to-home delivery, helping customers save time and especially money on a necessary recurring purchase.

How did each of these retailers know what their customers' pain points were? By conducting intensive, quality research that used open-ended questions to find out.



41% of U.S. online adults want to buy from businesses that align with their values.<sup>1</sup>

## Erase customer aches with more effective CX.

Knowing your customers' demographic data—age, gender, location, etc.—is a great start to understanding them, but it's not enough. That in itself is not a differentiator. It's critical that you also dive deeper into what customers think and the things they consider dealbreakers. Here are just a few examples of where to research:

- 1 Monitor browsing behaviors and exit points.
- 2 Analyze virtual agents and chat conversations.
- 3 Use guided selling tools on your digital properties.
- 4 Enable customers to share their challenges via open-ended surveys.
- 5 Gather contextual data whenever customers use their devices in physical locations.
- 6 Analyze all CX interaction recording and transcript data for trends.

Another item to consider is what happens when third-party cookies go away? If your business uses targeted ads based on customers' interests and browsing history, it will be harder for you to influence them.

That's why it's important to dive deeper to uncover customers' values. For example, Forrester Research found that 41% of U.S. online adults want to buy from businesses that align with their values, a trait consistent across all income levels and geographic locations.<sup>1</sup> To satisfy this demand, you must identify specific kinds of customer data you can use that align with these values so you can deliver a differentiated experience.

## **Torment trickles down.**

The ripples from an unhappy employee can be felt by every customer who interacts with them. But employees who are happy and passionate about their jobs are more likely to do their best work. An engaged worker is more likely to go out of his or her way to make shoppers feel valued, which leads to a positive experience and provides an opportunity for additional sales. Customers who feel positive about your business will share those feelings with their friends, colleagues, and family, who in turn may also become your customers.

Research from Gallup found that businesses with higher engagement saw 10% higher loyalty, 18% higher sales, and 23% higher profitability over businesses with lower engagement.<sup>2</sup>

## **Paying a competitive salary can help improve the level of engagement, but there are other steps you can take to boost morale, such as:**

- 1** Encouraging a work-life balance to minimize burnout in your high performers.
- 2** Maintaining transparency and keep lines of communication open to employees.
- 3** Finding ways to make employees feel like they're making a difference in completing tasks or providing an important service that goes beyond making a profit.
- 4** Incentivizing consistent quality performance and rewarding exceptional effort.
- 5** Creating clear pathways for career advancement.

Businesses with highly engaged employees experienced 10% higher customer loyalty and satisfaction, 18% higher sales, and 23% higher profitability.<sup>2</sup>

## Defend data to fight the agony of fraud.

With online retail sales growing at a robust pace—particularly during the COVID-19 pandemic—opportunities for fraud continue to grow as well. Thirty-eight percent of online retailers reported seeing an increase in fraud and growth in new types of fraud, with losses expected to reach \$48 billion in 2023.<sup>3</sup> Phishing remains the top method of fraud with 43% of respondents saying that they've experienced such an attack, followed closely by friendly/chargeback fraud at 34% of respondents, and card testing and identity theft tied at 33% of respondents each.<sup>4</sup>

Another fast-growing type of fraud is return/refund fraud. Research by the National Retail Federation (NRF) shows that for every \$100 in sales, \$10.30 was lost in return/refund fraud.<sup>5</sup> And during the holiday season, retailers experience 70% more fraudulent returns compared to other times of the year.<sup>6</sup>

Return/refund fraud can happen in multiple ways: The fraudster poses as a customer and asks for a refund for products or services they never purchased, using fake order details, fake receipts, or stolen account information. They may switch price tags on higher-priced items to lower-priced items before returning them or swap counterfeit goods for legitimate goods or use an older version of a new item in the same box for a return. Fraudsters will also claim to not have received an order when in actuality they did, either to get a refund and the item for free or to get a replacement they can then resell.



**38%** of online retailers reported an increase in fraud and fraud types.

Another type of fraud attack on the rise is account takeover (ATO). ATO fraud happens when a fraudster takes over someone else's legitimate accounts, like a bank or credit card account, without their permission. This is usually accomplished through a variety of attacks, such as phishing, malware, data breaches, and more. Once the account is compromised, the fraudster is then free to steal funds directly from the account or use account information to make purchases. An estimated 22% of adults (24 million households) in the U.S. reported being victimized by ATO fraud, with losses averaging \$12,000 per incident.<sup>7</sup> Compromised bank accounts made up 32% of the total breaches.

Losses from fraud expected to reach \$48 billion in 2023.



The key to combatting the various types of fraud and the pain they cause is to develop and implement an effective e-commerce fraud and retail management (EFRM) program that combines security best practices that govern people, processes, and technologies:

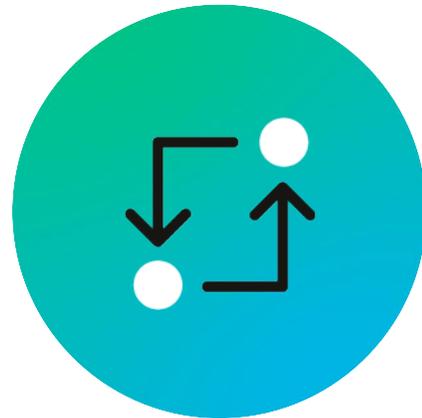


### **People**

Designate a single owner of your EFRM program. Having EFRM report to or roll up under your customer credit department may hinder the program's ability to combat fraud and overlooks the fact that EFRM not only relates to payment and credit systems, but your company's digital and online channels as well.

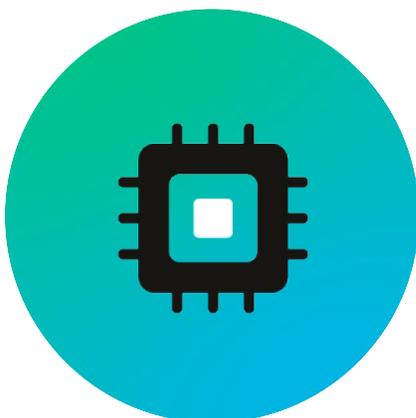
### **Processes**

- Use the customer's device ID and prior transaction history for return fraud mitigation.
- Ensure chargebacks are in context and include the correct ERFM pricing.
- Create and implement a balanced scorecard that measures CX, fraud loss, and investigator metrics.



### **Technology**

- Use transaction-value-appropriate and customer-risk-appropriate digital identity verification (IDV) methods.
- Consider integrating artificial intelligence/machine learning into your operations to detect and mitigate incidents of return fraud.
- Integrate as much contextual data as you can—once—to reduce the opportunities for ATO.





**“No one opens a restaurant to get into the delivery business.”**

The statement above is a good mantra to remind you to stay focused on what you do best and don't forget your purpose: solving specific customer pain points. Yet retailers can't be experts in all parts of their business. That's why it's important to stick with what you know. If CX is outside your operational wheelhouse, find a partner to outsource these tasks to. One that uses the latest technology and features an expert staff who can handle phone, email, chat, and social media customer support.

For customer relationship management (CRM), you don't need to build your own system unless you need one that's highly customized to your business. Otherwise, retain a reliable partner who can manage it for you. Doing so will help you boost efficiency, give you access to the latest expertise and technology, and streamline workflows, allowing you to better devote your time and energy to serving customers.

# Ubiquity

can help turn pain points into growth opportunities.



With our bespoke CX services, Ubiquity can help you give your customers the personalized touches they need: from fraud protection to omnichannel customer support and beyond.

1 <https://www.forrester.com/report/marketers-versus-customers-opposing-forces-erupt/RES153015>

2 <https://www.gallup.com/workplace/236927/employee-engagement-drives-growth.aspx>

3 Statista, 2023.

4 Ibid.

5 NRF, 2021.

6 Ibid.

7 Security.org