



Digital Trust & Safety:
How E-Commerce
Leaders Dominate

Contents

The rise of consumer choice and fraud	3
Digital Trust & Safety is a competitive advantage	4
Now is the time for Digital Trust & Safety	6
Digital Trust & Safety in practice	8

The rise of consumer choice and fraud

Historically successful retailers were built on great products, stellar service and smart advertising that developed brand recognition. In today's economy however, the customer is in charge, and only those retailers who embrace this idea of 'consumer choice' will succeed. This is exemplified by the rise of digitally native vertical brands — those companies who focus on delivering brand value and seamless customer experiences.

Amazon, HelloFresh, PetSmart, Wayfair — each of these businesses is at the top of their game. They prioritize customer relationships and products over price, not by eliminating incentives but delivering them seamlessly along the customer journey. Each year, they experience growth that drowns out their competition.

Prioritizing customer relationships requires e-commerce retailers to provide efficient, delightful user experiences in order to achieve revenue growth. If they don't, they risk customer churn and a severe hit to their top line.

But with the rise of one-click checkouts and the instant delivery of goods and services that consumers prefer, e-commerce retailers also face the rise of fraudsters who are adapting their techniques to exploit those very features, making it harder to keep pace with evolving attacks.

Companies who implement traditional fraud prevention solutions to protect their revenue stream find that while some fraud may decrease, good customers are also blocked or aggravated by the poor experience. Identity verification requirements slow down the checkout process. Rules-based fraud systems attempt to apply one-size-fits-all measures to good and bad customers alike. Cumbersome, outdated fraud prevention solutions fail to keep up with fraudsters and force honest users to experience friction.

“

PATREON |

"It's wildly beneficial for businesses to focus on trust and safety. To me it just seems like the biggest no-brainer. Because nobody wants a fraud team that's a revenue blocker. You want revenue enablers."

Jacqueline Hart
Head of Trust & Safety

[Read case study](#)

Digital Trust & Safety is a competitive advantage

Digital Trust & Safety is an approach that strategically aligns risk and revenue decisions. It is more than simply adding a new tool or procedural step; it's about remodeling business strategies for the challenges and opportunities of the digital world.

When a company successfully adopts Digital Trust & Safety, it will have implemented changes in mindset, processes and technologies:



Executive leadership who embrace a growth mindset. Company priorities are not solely focused on protecting the bottom line but instead on delivering outstanding customer experiences with risk mitigation.



Organizational structure and processes that also support a growth mindset. Trust & Safety teams are formed, which are cross-functional and have aligned goals that take into account risk and revenue. Products are built with both protection and growth in mind. And customer data is leveraged across all teams to make decisions that balance growth initiatives with risk policies.



Fraud prevention technologies that adapt to the user journey through machine learning. Machine learning fraud prevention leverages customer data to assess risk in real time and route users to the appropriate experience based on that risk.

Digital Trust & Safety powers the growth of e-commerce leaders

To confirm that companies who adopt Digital Trust & Safety achieve higher revenues, Sift looked at the year-over-year growth rates of e-commerce leaders. The results were clear. Organizations practicing Digital Trust & Safety had some of the highest year-over-year growth rates of all e-commerce companies — from young, disruptive companies like Harry's to mature powerhouses like Walmart.

Methodology

Sift drew on data from Internet Retailer for 1000 US-based e-commerce companies from \$25M to over \$500B in annual revenue. To identify the leaders, we looked at those with the highest compound annual growth rate of web sales from 2014 to 2018.

We also looked at which companies are practicing Digital Trust & Safety based on a few key attributes:

1. They prioritize Trust & Safety: they have or are hiring for dedicated Trust & Safety roles.
2. They use customizable checkout flows: one-click checkout and other streamlined experiences are available to good users.
3. They use automated solutions for fraud prevention: by analyzing markers in webpages, we were able to identify which companies had invested in machine learning solutions.

Conclusions

Our analysis demonstrates that many of the top companies have already adopted Digital Trust & Safety. These businesses have a designated Trust & Safety team to drive both risk and revenue decisions. They're actively hiring in Trust & Safety. And they have solutions in place to customize the user journey so that honest users do not experience the same friction as risky ones.

Industry leaders like Wayfair, Alphabet/Google, and PetSmart have grown at an explosive rate over the past several years. Their choice to invest in Digital Trust & Safety has allowed them to deliver delightful customer experiences. They're expanding into new markets, seizing new opportunities, and skyrocketing into hypergrowth.

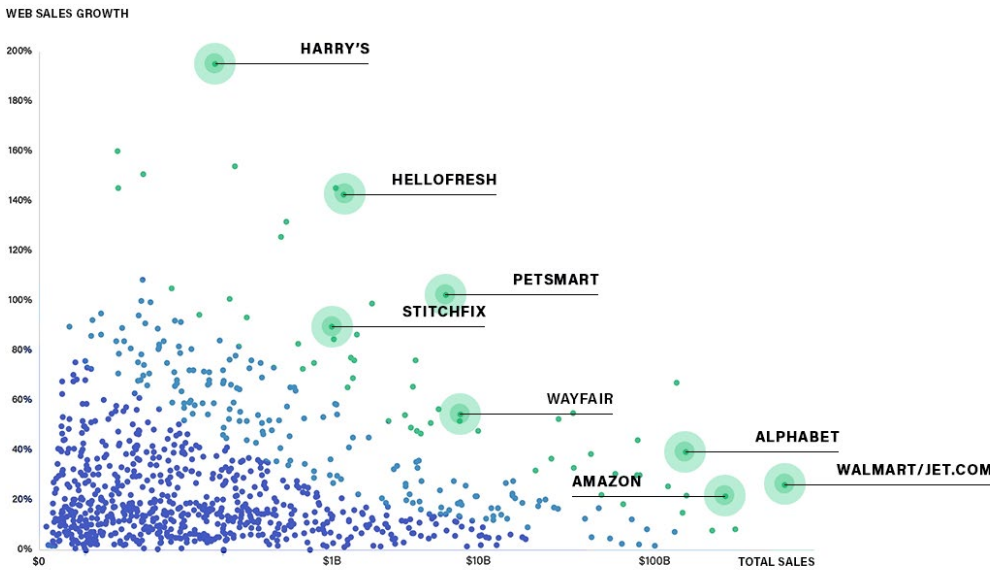


TURO

"By providing a safe and secure marketplace, we're empowering our Hosts to grow and provide a five-star experience to Guests. And in adopting a digital trust and safety mindset, we've been able to keep our team very lean, very hyper-focused, and capable of managing fraud, even as we scale the company."

Mike Wilkins
Director of Trust & Safety

[Read case study](#)



HARRY'S 2018 Sales: \$258M CAGR: 195%	 2018 Sales: \$1.4B CAGR: 143%
 2018 Sales: \$5.6B CAGR: 102%	STITCH FIX 2018 Sales: \$1.2B CAGR: 90%
 2018 Sales: \$6.8B CAGR: 54%	Alphabet 2018 Sales: \$137B CAGR: 39%
 2018 Sales: \$233B CAGR: 22%	 2018 Sales: \$514B CAGR: 26%

CAGR: Compound Annual Growth Rate

*Data source: Internet Retailer 2019 Top 1000 Database

In short, Digital Trust & Safety drives growth for companies of all sizes. It empowers digitally native vertical brands to capture market share quickly while protecting their revenue from fraud. This approach helps them minimize operational costs and preserve user experience as their revenue and company size increase. Digital Trust & Safety also enables market leaders to continue to dominate by protecting their bottom line as they grow.

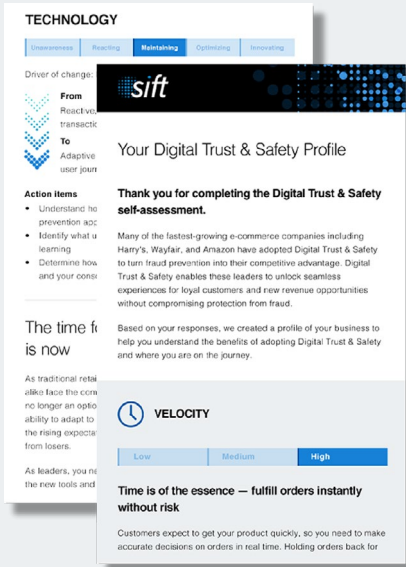
Now is the time for Digital Trust & Safety

If you haven't adopted Digital Trust & Safety, the gap between your business and industry leaders is widening. And you are at risk of getting left behind.

The Digital Trust & Safety Profile

To help e-commerce companies determine where they are on their journey of transformation, Sift has created the Digital Trust & Safety Profile, which is a customized look at how urgently a company should adopt Digital Trust & Safety.

By answering a few simple questions about your business, Sift will create a profile to help you understand where you are on the journey to adopting Digital Trust & Safety, and becoming a leader in your market.



Visit www.sift.com/digital-trust-and-safety-now to get started today.

To build your Digital Trust & Safety Profile, Sift evaluates your business across three key dimensions: value, volume, and velocity. These factors drive business growth...but also fraud. The most successful companies are those who are using Digital Trust & Safety to make sure these dimensions are working for them and not against them.

Value — As value increases, so does fraud

“Value” captures the average value of an order placed on your site. Selling expensive items can boost your top line, but it also attracts fraudsters. The greater your average order value, the greater the financial impact from fraud. But in protecting your business, you can't afford to lose good customers willing to purchase expensive items.

On the other hand, low order value isn't a greenlight to ignore fraud altogether. It's still critical for you to block fraud before it impacts your bottom line. And you have to do it in a way that keeps costs low while keeping loyal customers happy.

Digital Trust & Safety enables you to create great user experiences to produce revenue growth and conversion, without driving up fraud rates or operational expense.

Volume — As you receive more orders, you attract more fraudsters

“Volume” measures the number of orders you receive each month. If your company takes in a lot of orders, it's unrealistic to put any significant number of them through manual review. It's inefficient and expensive to hire a manual review team to keep up with your growth. As you introduce new products or expand into new markets, order volumes increase, and so do your personnel costs and operational overhead.

Instead, you can invest in automated fraud prevention solutions that leverage machine learning. While this is a better option, you should proceed with caution.

The wrong automated solution can lead to high false positives or false negatives. You stand the chance of introducing friction for honest customers or letting fraudsters slip through the cracks.

The right type of automated fraud prevention solution can lead to seamless customer experiences and lower operational costs, resulting in higher revenue and growth. Digital Trust & Safety requires automation through machine learning to ensure your fraud prevention efforts scale with your order volume. It also efficiently separates good users from bad so that honest users don't experience unnecessary friction. This creates a smoother, faster user experience.

Velocity — As your delivery speed increases, you have more to lose

"Velocity" captures your time to delivery. High order velocity means that customers expect instant delivery or notification of a successful transaction. Digital service companies are competing to provide instantaneous or near-instantaneous transactions. Quick service restaurants, on-demand delivery services, and similar companies must make accurate decisions on orders in real time. The slightest introduction of any friction (e.g., additional authentication or manual review) can lead customers to abandon their transaction and seek a different vendor.

At the same time, without the proper fraud prevention measures in place, high-velocity e-commerce businesses can lose a lot of money very quickly. On e-commerce sites with instant delivery, fraudsters can commit instant fraud. For digital service companies, it isn't enough to try and deal with the fraud after it happens.

Anticipating fraud and stopping it before it happens is vital for survival and growth. With Digital Trust & Safety, you can use machine learning to catch fraudsters before they damage your reputation and bottom line.

INDUSTRY PROFILES

INDUSTRY	VELOCITY	VOLUME	VALUE
On Demand	High	High	Low
Quick Service Restaurants	High	High	Low
Retail	Medium	High	Medium
Travel	Medium	Medium	High
Automotive	Low	Low	High



HARRY'S

"We now have something that automates and is personalized to us, so we can spend this womanpower, manpower, personpower, on being forward looking."

Katie Rogers
Director, Customer Experience

[Read case study](#)

Digital Trust & Safety in practice

Sift also provides an in-depth Digital Trust & Safety Assessment, which is an onsite workshop designed to help align your entire organization around Digital Trust & Safety. Led by industry experts from Square, Google, and Facebook, we'll work to understand your unique challenges and deliver recommendations tailored just for your business.

To request your own onsite assessment, visit [Digital Trust & Safety Assessment Request](#).