Optily | sift | shippo

2022 E-commerce Business Starter Kit

Optimizing online operations with Shopify

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Prioritizing, Securing, and Scaling Digital Business on Shopify

A world in various stages of lockdown cleared the way for decades of digital acceleration to reach a point of no return. The online experiences consumers had already grown accustomed to in industries like retail and banking were becoming a priority in most markets; 2020's widespread economic disruption made digital adaptation a necessity in all of them, and businesses scrambled to establish online operations that could satisfy the spiking demand for digital and delivery.

With tools like Shopify, a subscription-based software that helps merchants set up online stores to sell products and services, many brands rapidly adapted their business models for a changing internet—even those with primarily brick-and-mortar locations, thanks to Shopify POS, a point-of-sale app and accompanying hardware that syncs inventory and stock for Shopify merchants managing both online and physical stores. Shopify also integrates with a wide variety of e-commerce platforms and applications to help online stores streamline the user journey, protect customers, and drive scalable growth.

Our *E-commerce Business Starter Kit*, in partnership with Optily and Shippo, explains and explores how new-to-digital merchants can quickly build a flexible, secure foundation for online success, from implementing tried-and-true marketing tactics to proactively stopping fraud and managing the post-transaction experience.

Optily

Leveraging the Marketing Funnel to Grow Your Customer Base

Whether you're just starting off on Shopify or are looking for new ways to scale your online business in the new year, a great place to start is by looking at your online marketing structure. No matter how amazing your products, website, and reviews are, if no one knows about your brand you're not going to grow very fast in the hyper-competitive world of e-commerce.

It's 2022; plenty of brands, both big and small, have had plenty of time to plant their feet solidly in online marketplaces. To catch up as a newer small business, you'll need to make sure you're spending in the right place at the right time to reach the people most likely to make a purchase (and, hopefully, buy again!).

Our team of expert advertisers here at Optily have been huge proponents of a clear marketing funnel strategy for all of our clients for decades. We're going to give you the building blocks you need to ensure you're starting off with a great foundation for scaling your business through digital marketing.

What exactly is a marketing funnel?

The term "funnel" is sometimes off-putting to those newer to the marketing space. It seems like a mechanical process of forcing people through a faceless machine. In practice, it's quite the opposite.

With the way we're now able to track and interact with users based on their past behaviors, we can tailor messages to targeted audiences much more effectively. For example, instead of everyone seeing the same billboard ad for months, we're able to show a repeat customer a digital display ad for a new line of products, while introducing ourselves to someone who's never heard of our brand using a flashy video showcasing our best selling products and services.

The marketing funnel is a straightforward, orchestrated way for marketers to organize their content, messaging, and metrics to figure out what to say to customers who are at different stages of their purchase journey.
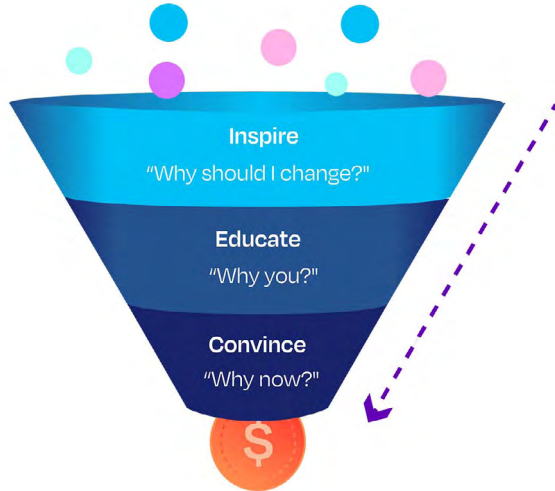
Top of Funnel: Inspire

The first step to building your audience is to cast a broad net—i.e., launch a campaign with top-level messaging sent to your full prospect and/or customer base—and get a better idea of who is interested in what you have to offer. With digital marketing, we have a luxury that traditional print and televised marketing lacked: instant feedback. We can launch an ad campaign to an audience of millions, run it for less than a week, and use the data and trends from consumers who've interacted with that campaign to develop more accurate retargeting strategies that help us reach our ideal audience.

In this first "wide net" phase, you want to inspire people to change their current behavior and consider your product as a solution to a problem they're facing (or that they don't know they have). You're taking people who've likely never heard of your brand or products and warming them up.

In our experience, very short, snappy, and to-the-point video ads work very well at this stage. You want to catch consumers' attention and engage them enough that they watch as much of your video as possible (pro tip: successful video ads typically don't last longer than 15-20 seconds). It's not a lot of air time, but it's enough to get your branding out there and lock in the people whose interest you have piqued.

Middle of Funnel: Educate

The second stage is where things can get more interesting and creative. You've already gotten their attention, so you have a bit more flexibility in how you educate your audience on your brand and products. Here, you really want to show potential customers what makes you stand out from the competition. You've gotten them thinking about the problem you solve, but that means they're also in the research stage looking for alternatives. So why should they choose you?

The specific audience you're targeting at this point is not going to be completely fresh to your brand, like many of those consumers in the first stage. At the mid-funnel stage, you have information and data from all of the people who watched your top of funnel video, interacted with you previously on social media, or have visited your site within a set period of time.

Beyond just the people you've captured through these means, we also suggest leveraging Facebook's lookalike audiences at this stage. It allows marketers to take their list of existing customers and upload their information to Facebook, which then pulls in a list of people who have similar interests and behaviors as the people who have already purchased your product. This is a really good way to widen your audience and reach prospects with similar buying behavior to your existing customers.

Bottom of Funnel: Convince

When we reach the final stage of the marketing funnel, we want people to convert. At this point the audience isn't just warmed up, they're ready to buy. They've seen multiple ads from us, visited our site, and maybe even started shopping and adding products to their cart. But, for some reason, they haven't yet completed a purchase.

Our main focus here is to help hesitant shoppers overcome any reservations. Whether that's using known tactics like scarcity marketing, highlighting low stock remaining

on certain items, or offering a time-sensitive discount code, your goal is to convince people to buy and buy now.

At this point, the brand story takes a backseat to the key features of our products that will get customers to that checkout screen. In our experience, carousel ads work very well for online stores at this stage. You can use the individual tiles to showcase the different versions of your product, while headlining standout features like free shipping, five-star reviews, or deals.

> " When discussing the bottom of funnel strategy, the idea is to always strive to have your user take the fewest number of steps on your website or app until they generate a conversion (sale or lead). The less effort it takes them, the less stress they have, and the lower your bounce rate is.
>
> **JP Oliveira**
> Campaign Manager at Optily

Automating your marketing funnel

At Optily, we know the marketing funnel works, so we've built an automated strategy wizard into our cross-channel ad optimization software. Once you've got your campaigns structured according to the funnel flow, the next step is to optimize your ads across Facebook, Google, YouTube, and Instagram. Our software takes the hassle out of ad attribution and automatically splits your existing budget across the campaigns for the most impact.
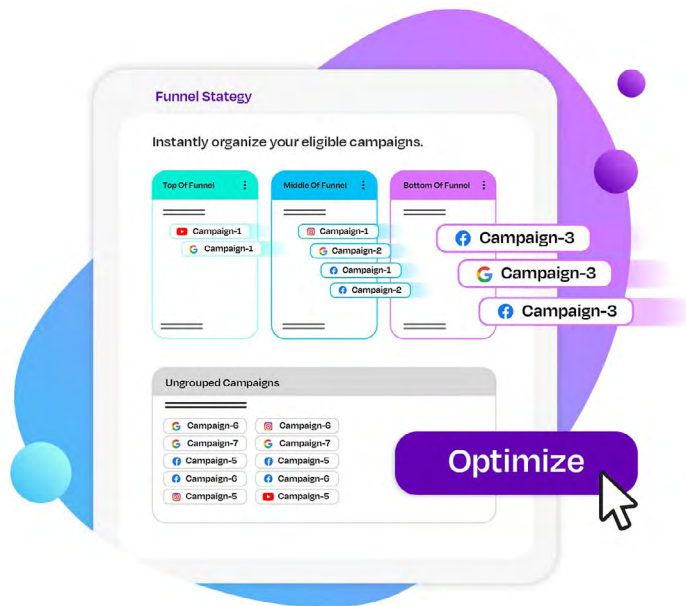
Our marketing experts are happy to hop on a call with you for a free 60-minute funnel audit and strategy session to see where there's room for improvement in your approach. You can then try our software completely free for two weeks.

Once your strategy is in place and your ads are running at full steam, you'll need to look into making the most of your website. While marketing can drive tons of relevant traffic to your online store, landing pages that aren't optimized with your users in mind, or that use excessive and unnecessary friction, will make it incredibly challenging to scale operations and grow your business.

Sift

Proactively Protecting Online Payments and Driving Growth with Dynamic Friction

Building, scaling, and sustaining your brand's online presence results in a lot of strategic gymnastics. Pricing, inventory, shipping costs, manufacturing partners, sales models, and the overall digital experience all impact a company's bottom line—but none of the variables in a merchant's control have more power to disrupt and destroy consumer trust in your brand than fraud.

Research from Sift found that 74% of consumers **would permanently abandon a brand** if they were the victim of fraud on that site or app. Making matters worse is the global Fraud Economy, the interconnected network of digital abuse vectors—like payment fraud and account takeover—and the anonymous criminals who perpetuate them across every industry. That's why competitive pricing alone will not attract and retain customers; speed, security, and seamless transactions are what elevate leading businesses above the noise.

Evolving fraud, moving targets, and false declines

Improving customer retention and sales by removing all possible barriers to purchase is a common tactic, particularly for newly-digital businesses. After all, profits are the priority; getting consumers engaged on your site, choosing products and services, and checking out successfully is the bare minimum.
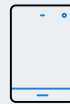
But without at least some friction in place (e.g., security checkpoints like multifactor authentication/MFA, email authentication, and CAPTCHA codes that help prove that someone on your site is who they say they are), many merchants find themselves immediately vulnerable to digital fraud once they're selling online. And while some abuse is committed by "lone wolf" individuals, a growing majority of fraudsters are finding strength in numbers, and power in their ability to leverage emerging technology for higher profits.

MFA Requirements

Users must have two of following three credentials to access their account

＊ ＊ ＊ ＊	**Something you know** (i.e., passwords, PINs)
📱	**Something you have** (i.e., security fob, phone, ATM card)
🔲	**Something you are** (i.e., biometrics like fingerprints and voice/facial recognition)

Last year, research from Sift unearthed a global fraud ring—dubbed Proxy Phantom—in which networks of fraudsters were launching attacks against dozens of e-commerce merchants at once with an international credential stuffing campaign. The attack illustrated how cybercriminals have remodeled fraud techniques to make a greater impact: using bots, proxy servers, and countless compromised credentials, they're able to cycle through millions of usernames and passwords, while rapidly switching IP addresses, to cover their tracks and avoid getting blocked by reactive, rules-based fraud prevention systems.

And while friction can be a great way to automatically prevent risky transactions without manual oversight from a trust and safety specialist, the solve isn't to pile on as much as possible and hope it catches every fraudster before they arrive at checkout.

In 2021, the average value of attempted fraudulent purchases rose by 69% YoY, a result of fraudsters being just as knowledgeable about the mechanics of digital commerce as the brands they target, and knowing how to use a merchant's success against them. As internet traffic surged by 70% in response to mid-2020 pandemic lockdowns, online consumer spending nearly doubled. These unpredictable waves of demand gave fraudsters ample cover to hide behind sky-high transaction volumes and unanticipated consumer behaviors like stockpiling.

These changing patterns equalized the appearance of risk across legitimate and fraudulent transactions—eliminating the chance for businesses to protect themselves using reactive fraud detection tools that rely on static friction points throughout the entire user journey, and push all potential customers through multiple hoops in an effort to stop fraud. The size and speed of the Fraud Economy puts your business at risk from compromised customer data even before the victims or perpetrators of fraud even land on your site—and when 45% of fraudsters **dabble in more than one type of abuse**, the breadth and diversification of potential risk is overwhelming.

It makes sense to protect any and all entry points for fraud, and additional layers of verification, like card verification values (CVV), are needed to surface and block suspicious activities. But without fail, **indiscriminate friction lowers conversion rates and increases customer insult rates** (i.e., false declines), blocking completely legitimate customers from making purchases or opening accounts. Sift found that 76% of customers who are falsely declined are declined on their first attempted purchase with a business— that is, they're assumed to be fraudulent by the merchant, and therefore prevented from completing transactions. Of those 76%, **25% of insulted customers will immediately take their business elsewhere** when it becomes too much trouble for them to get through checkout on an app or site.

76%
OF YOUR CUSTOMERS HAVE HAD A TRANSACTION WRONGLY DECLINED

25%
OF INSULTED CUSTOMERS GO TO YOUR COMPETITORS TO COMPLETE THEIR ORDERS

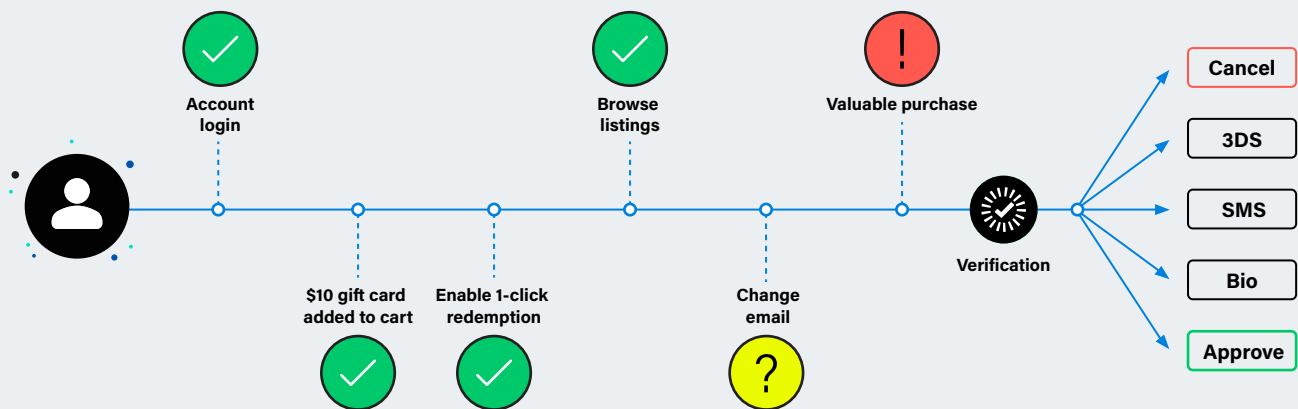# Driving secure growth with Sift Payment Protection

Fraudsters' motives are nearly always centered around an eventual payout; payment fraud is the typical end-stage in any cyber scheme, but typically starts with account takeover (ATO) or some type of content scam (e.g., phishing, fake posts, spam, etc.). Both content and account fraud seek to compromise user credentials or personal info to unlock access to payment details and stored rewards points.

Thankfully, every interaction that a person has on the internet, and specifically within a single site or app, contains important clues about the trustworthiness of a user. Sift Payment Protection taps into these clues by using advanced machine learning models built around

70 billion signals from over 34,000 sites and apps to drive real-time fraud prevention. One cornerstone feature enabling up-to-the-second protection is Dynamic Friction.

By piecing together thousands of signals in real time, Sift applies friction only when it's necessary, and guides your users to the right experience with pinpoint accuracy. This allows you to eliminate friction altogether for known users, block risky interactions, and apply additional authentication steps to everything in between, ensuring that every person who engages with your brand online has a tailored experience—and every fraud attempt gets proactively blocked.

Dynamic Friction in Action

Account login · Browse listings · Valuable purchase · $10 gift card added to cart · Enable 1-click redemption · Change email · Verification · Cancel · 3DS · SMS · Bio · Approve

Other cutting-edge features of Sift Payment Protection include Authentication and Insult Monitor. Sift Authentication allows businesses to introduce MFA not as a broad, mandatory authentication process applied to every user, but as the thoughtful application of friction based on user actions and behavioral attributes. This helps merchants reduce manual review and accept more legitimate orders without the risk.

Even with reactive fraud tools in place, high false-positive rates continue to be a rampant problem for online businesses; more than one-third of online shoppers have been falsely declined by a merchant at least once. A single customer insult can cost the entire lifetime value of that buyer, but businesses don't typically have the ability to accurately measure this hidden cost. Sift's Insult Monitor, also offered with Payment Protection, is a first-of-its-kind feature that makes measuring false positives simple and actionable, so you can increase acceptance rates while streamlining the user experience and catalyzing growth.

Our ongoing analysis of billions of user actions on our global network showcases that fraudsters rarely limit themselves to a single type of abuse, and even successfully blocking one vector doesn't stop them from moving on to the next. With Sift Payment Protection, Insult Monitor, and Dynamic Friction, you can safeguard and grow every aspect of your business, and stay a step ahead of evolving fraud no matter how or where it shows up. Download the Sift app on Shopify.

Shippo

The Post-transaction Experience: How to automate & streamline your shipping and fulfillment

We've made it to the end of the e-commerce journey, which—truth be told—is one of its most complex parts.

As you might expect, learning how to navigate carriers and service-levels to identify the best rates, and streamline operations to speed up fulfillment—all while you're juggling plenty of other business priorities —certainly isn't always a walk in the park. But if they're not addressed upfront, roadblocks and inefficiencies not only threaten end-to-end fulfillment and your customer's experience, they can also end up costing an arm and a leg. In fact, a recent Shippo survey found **58% of e-commerce merchants see the cost of shipping as the biggest challenge for their business.**

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But don't worry—we're not here to put a dark cloud over all things shipping, we're here to help you up-level those post-purchase operations! While e-commerce fulfillment has its challenges, it also presents plenty of opportunities for small businesses looking to grow. There are a few crucial questions to ask as you build your shipping strategy that allow you to get a leg up:

- How can I save money on shipping costs?
- How can I speed up and streamline shipping operations?
- How can I use shipping as a lever to improve my customer's experience?

Addressing each of these questions can help you identify the right solutions for your business, thereby optimizing your e-commerce shipping across the board for both you and your customers.

Compare carriers and service-levels in one place to save on shipping costs

The carrier ecosystem is vast, and it can be challenging to determine which options will best meet your and your customers' needs while remaining conscious of how shipping label costs impact your bottom line. Solutions that let you access and compare rates across a vast network of carriers give you real-time visibility across that entire ecosystem. By comparing carriers and rates in one place, you can quickly identify the most cost-effective and consumer-friendly options for all your e-commerce shipments.

Integrate and automate for a more seamless, expedited fulfillment process

By integrating the touchpoints across your e-commerce experience, you'll ensure end-to-end operations are fully connected and running smoothly, from order and inventory management to fulfillment and returns. By connecting your Shopify store with a robust shipping solution and syncing order information in real time, you'll streamline your fulfillment process to get orders delivered to your customers as quickly as possible.

Beyond integrating your e-commerce tech solutions, in-app automations also help streamline end-to-end operations—not only do manual repeatable processes slow down operations, they also leave room for costly mistakes. Identify where you can implement process automations to speed up operations with more reliability. One potential solution can be found in shipping automation rules, which auto-apply your most used carrier and service-level preferences as defaults or "if-then" rules, helping you print labels and get packages out the door 50% faster.

Make e-commerce deliveries enjoyable by removing friction and guessing games for consumers

Especially after the pandemic-fueled explosion of e-commerce in 2020, online shopping is now the default for many consumers—in fact, online spend this year is expected to top a whopping $1 trillion. Every touchpoint along your customers' e-commerce journey presents an opportunity to not only meet, but **exceed** their expectations. And while there are plenty of obvious ways to stand out, one often-neglected opportunity can be found in an essential portion of that journey: your shipping and fulfillment experience.

To ensure a customer-friendly delivery experience, plan to get your orders out the door quickly. It's a good rule of thumb to fulfill your orders the same day they're placed—otherwise, you put your delivery timelines, pre-communicated shipping promises, and customer satisfaction at risk. And once the package is scanned by the carrier, it's crucial to keep customers in the loop at every step of the way. Communicate with them at every stage to avoid confusion and inspire trust.

You can also drive loyalty long after the unboxing by offering hassle-free returns and exchanges—**almost half of consumers we surveyed for our 2021 State of Shipping Report said free returns are important to them, while 31.2% prefer an easy returns experience**. Simplify the process and keep customers at ease by providing a clear policy up-front, and offering return labels for use if needed.

By integrating your Shopify store with a robust end-to-end shipping solution, you can easily streamline fulfillment operations to speed up your workflow, and enable business savvy decision-making in the process. E-commerce merchants on Shopify invest in solutions like Shippo to save on shipping, speed up fulfillment, and seamlessly scale shipping operations as their business grows, spending less time worrying about shipping challenges and more time focusing on growth and building for the future. Get Shippo on Shopify.
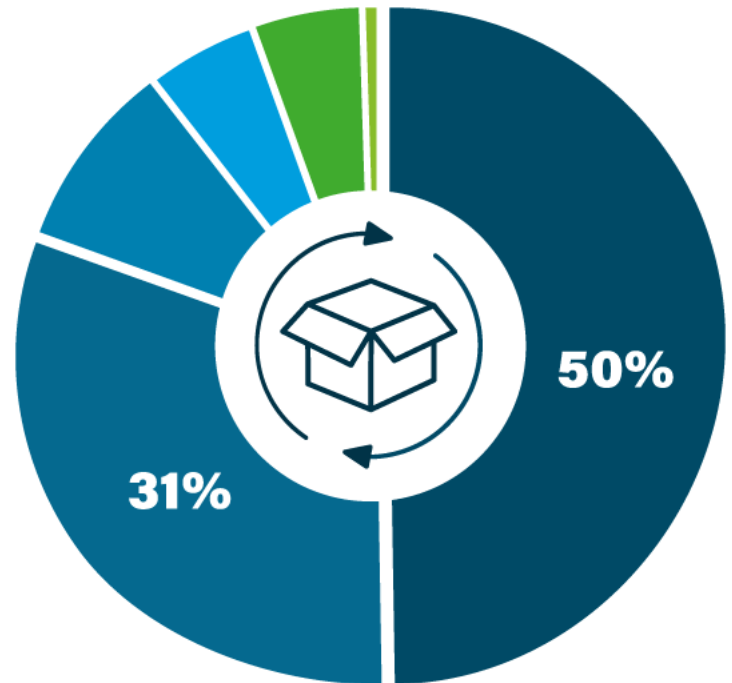
About the Partners

∷sift

Sift is the leader in Digital Trust & Safety, dynamically preventing fraud and abuse through industry-leading technology and expertise, an unrivaled global data network of 70 billion events per month, and a commitment to long-term customer partnerships. Global brands such as Doordash, Twilio, and Wayfair rely on Sift to gain a competitive advantage in their markets.

Optily

Optily helps Shopify businesses quickly identify the channels that are performing and instantly applies recommendations to optimize their ad spend across the Facebook and Google networks. With just the click of a button, users can ensure their budgets are spent in the right place at the right time for each stage of the customer journey.

shippo

E-commerce is complex. Shipping doesn't have to be. Shippo helps you grow your business by integrating with your workflows, providing experienced support, and connecting you with easy access to the best rates from 85+ carriers around the globe. Just like our 100,000+ customers, Shippo can help you grow into the future with confidence.