



Guide

Retail Series | 1

How to increase customer conversions, engagement, and loyalty



Introduction

In 2024, roughly 22% of global retail sales are expected to occur online – a significant jump over 2019's pre-pandemic figure of only 15%. And online's share is expected to increase, with projections suggesting e-commerce will account for 24% of an \$8.1 trillion dollar global market by 2026.

But even as consumer spending surges, retailers face strong headwinds:

- Every retailer – no matter how big or how small – now competes in a truly global marketplace
- Rampant inflation and rising interest rates are putting the squeeze on customers' disposable income, further intensifying competition among retailers
- With an increase in online shopping comes an increase in returns, forcing many retailers to explore fees to cover soaring shipping and processing costs

To attract and retain customers, retailers worldwide are exploring store makeovers, pop-up stores, celebrity partnerships, loyalty programmes, and other promotions. Behind the scenes, many are also engaged in merger and acquisition activity and are investing significantly in transformative technologies.

As eCommerce and retail businesses evolve, managing digital identities is an increasingly critical function. When the right Customer Identity and Access Management (CIAM) platform is implemented, retailers can optimise operations, organisational processes, and marketing programmes to delight customers with personalised experiences at every touchpoint – from product discovery to purchase and beyond.

While the literal definition of CIAM has remained consistent over the years, its true meaning and impact have evolved as digital transformation has changed how customers and retailers build relationships and interact.

“With digital transformation and pressure to build orchestrated Identity into the customer journey, CIAM solutions are an essential building block of customer management.”

[The Forrester Tech Tide™: Identity And Access Management \(IAM\), Q1 2023](#)

A modern CIAM platform allows retailers to leverage data and create meaningful relationships with customers, tackle the problem of fragmented data, satisfy customer demands for data privacy, and even help reduce instances of fraud and other security issues.

In this guide – which is one piece of a five-part collection – we’ll focus on CIAM’s role in increasing conversions, engagement and loyalty.

Keep customers coming back

According to Salesforce, 88% of consumers – nearly 9 out of 10! – say that a company’s experience is as important as its product or services.

And today’s users expect a frictionless experience when logging in to an account and engaging with a retailer’s services – whether browsing an online catalogue on a web page or exploring products within a mobile app.

In short, friction – anything that slows down a person’s interactions with your service – is the enemy of conversions: [Okta’s Customer Identity Trends Report 2023](#) revealed that a significant majority of survey respondents indicated that they would be more likely to spend money when services offered a simple, secure, and frictionless login process. This finding was true in all three regions covered by the report (Figure 1, top), and was especially strong within the coveted younger demographics (Figure 1, bottom).

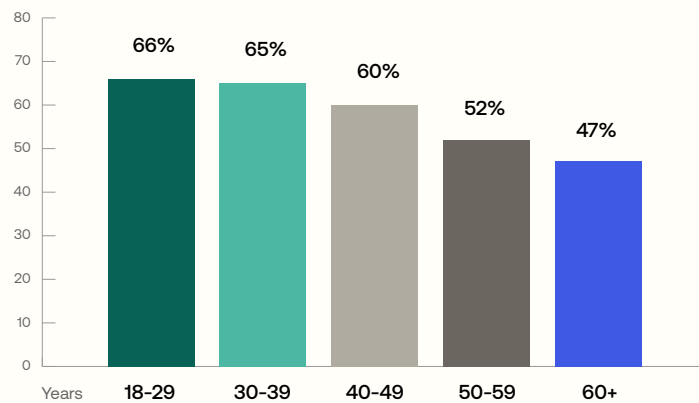
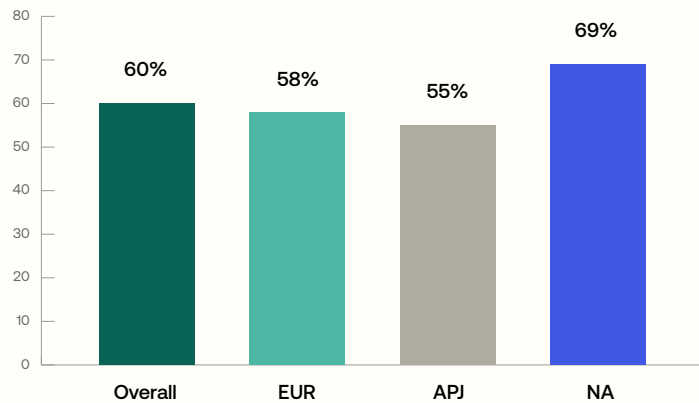


Figure 1: When interacting with a brand online, would you say you are more or less likely to spend money if you know the login process is simple, secure and frictionless? (sum of ‘Very likely’ and ‘Somewhat likely’ responses)

While some amount of friction is necessary to establish trust and provide security controls, lowering friction wherever practical – in every consumer interaction – can increase conversion rates and, accordingly, grow revenue in both the short and long term.

The amount and type of friction your users encounter in their digital interactions with your brands is hugely dependent upon Identity flows (Figure 2), such as those controlling account creation, sign-in, consent, and password resets. Viewed through this lens, the cost of friction within Identity flows becomes clearer; more importantly, opportunities to reduce friction by leveraging CIAM readily stand out.

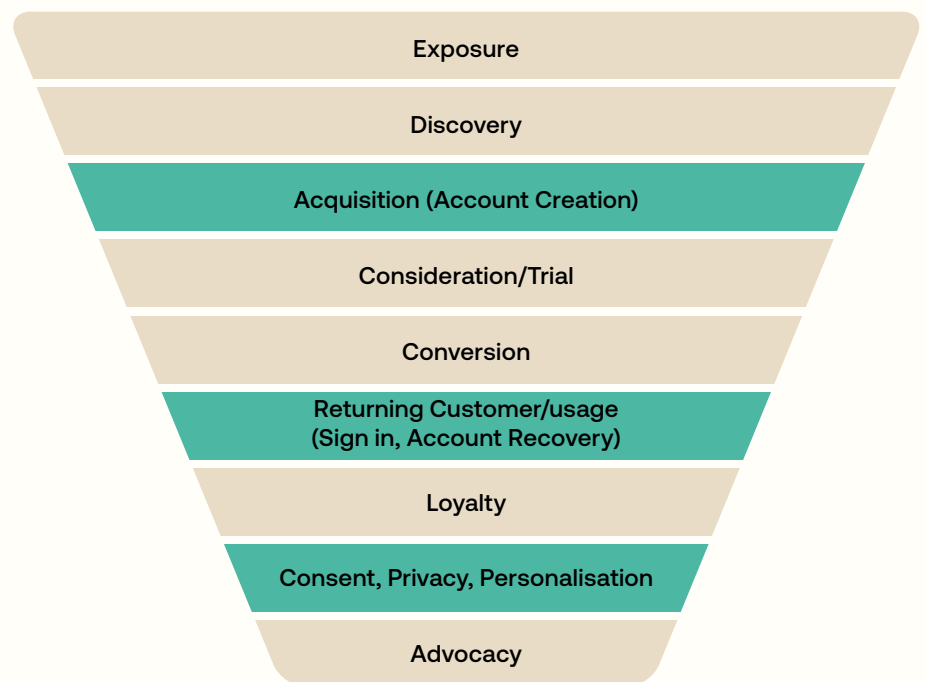


Figure 2: The customer journey heavily depends on Identity flows

Driving acquisitions by making a great first impression

Registration is that pivotal point when an unknown prospect becomes a known customer. Still, first impressions matter: your sign-up process is often a user's first interaction with your brand – and a clunky experience can cause abandonment and may dissuade repeat visits.

“Many common online retail practices, like setting up new passwords and accounts, are being rejected by consumers and consequently are hurting retailers’ bottom lines.”

Andrew Shikiar, Executive Director, [FIDO Alliance](#)



Password fatigue is very real: practically no one gets excited about the prospect of creating yet another credential pair to manage, so rather than forcing your customers to do so, a better idea is to leverage CIAM to enable social logins.

Social login is essentially single sign-on (SSO) for your customers, as they can log in to a single service and access a multitude of accounts. Importantly, social login simplifies the registration process, reducing friction by providing one-click sign-up (e.g., ‘Sign in with Google’) and allowing your customers to use their preferred/trusted Identity provider – versus requiring them to complete multiple fields and provide information up front.



Plus, many Identity providers – like Facebook or Google – allow websites to automatically obtain basic biographical details users have consented to share, like their name, email address, location, interests, birthday, and more. Data obtained in this way is more likely to be accurate and – better still – doesn’t require the user to type it out, saving them effort and further reducing friction.

Simplifying sign-ins

Research from the [FIDO Alliance](#) found that consumer frustrations with authentication lead to significant losses for online retailers. Based on a survey of 1,000 consumers, the study revealed that 58% of consumers have abandoned carts and stopped their purchases due to difficulty signing in.

“We are trying to make the checkout process as customer-friendly as possible. The moment you need to think about payments or authentication, these kinds of topics, then there is something wrong.”

Kunal Chakraborty

Global Vice President for Customer Experience and Digital,
[GrandVision](#)

Beyond reducing cart abandonment, making it easy for users to sign in has another important benefit: it helps retailers acquire first-party data, which is more important than ever in today’s privacy-conscious – and increasingly cookie-free – age.



So, how can retailers reduce friction for returning users?

Social login provides one mechanism: after users register in your application using social login, their return experience will be very simple, as they will probably be logged into the social network, and a single click will be enough to sign in to your application.

Passwordless authentication, especially mechanisms that use biometrics such as fingerprint or Face ID, is another compelling option – especially for users who don't want to use social login – because it saves users the hassle of remembering and typing out (or selecting from a password manager) a set of credentials.

For example, passkeys are FIDO credentials that are discoverable by browsers or housed within native applications or security keys. Based on FIDO Alliance and World Wide Web Consortium (W3C) standards, passkeys replace passwords with cryptographic key pairs and can be accessed (i.e., used) the same way users unlock their mobile devices – usually via biometric authentication (e.g., Touch ID, Face ID, Windows Hello, etc.) or a PIN.

In addition to meaningfully increasing account security for the vast majority of consumers, passkeys also lower friction – Google recently showed that logging in with a passkey takes, on average, less than half the time it takes to log in using a password (in fact, their belief in passkeys is so strong that as of October 10, 2023, Google offers passkeys as the default option across personal Google Accounts).

Google

You can also explore a tiered approach, using Adaptive Multi-factor Authentication (Adaptive MFA) and Step-up Authentication.

Adaptive MFA allows you to define how to handle low-risk and high-risk login scenarios. For example, a returning user might be challenged with MFA only if certain conditions are met, like a significant change in the geolocation of their IP address.

Step-up authentication allows you to reserve authentication challenges for higher-risk resource access. For example:

- A low-risk scenario could include fairly benign activities like browsing a product catalogue or accessing basic account information
- A high-risk scenario could include making a purchase or accessing payment details

High-risk activities are protected by an additional layer of authentication, like a push notification to the customer's verified mobile phone.

Both Adaptive MFA and Step-up Authentication build trust by providing visible security measures, but do so while keeping friction to a minimum.

Building these Identity capabilities in-house is quite an undertaking, but a modern CIAM solution should make it very straightforward to implement them in your applications.





What major retailers have to say...



"We want to give our customers the option to interact with our retail brands through any channel, anywhere, anytime, which means we need to have a flexible customer experience journey."

Kunal Chakraborty, Global Vice President for Customer Experience and Digital, GrandVision

Learn more in [How GrandVision Built an Omnichannel Retail Experience](#)

What major retailers have to say...

Holland&Barrett

“We previously relied on huge, commercial systems that owned both the functionality and customer data. As we sought to better understand our customers and improve their shopping experience, we realised we had to move away from that. We needed a modern system that is easier to secure, more flexible, and is easier for customers to use.”

Paris Apostolopoulos, Engineering Manager, Holland and Barrett

Learn more in [How Holland and Barrett accelerated its digital transformation](#)



“Technology powers our customer experiences, but it’s the groceries that delight them. They come to us for the Cheerios, not the technology, but we want the experience to be seamless, whether they’re using our mobile apps, shopping in-store, or using our websites.”

Ramiya Iyer, GVP, IT Digital, Data and Pharmacy, Albertsons at Albertsons Companies

Learn more in [Albertsons serves up a seamless omnichannel shopping experience for over 30 million customers](#)



How to get started

Because CIAM sits at the heart of customer-facing systems – serving as an input into market analysis and influencing acquisition, conversion, and retention efforts – it aligns with marketing and customer experience departments.

At the same time, CIAM directly impacts security and privacy, putting it squarely in the sights of CISOs, CIOs, and compliance officers.

And – fundamentally – CIAM is a set of technology solutions, causing it to fall under IT organisations or even CTOs (when properly regarded as an enabler of digital transformation).

To find the right balance between the quality of customer experience and system security in the context of desired use cases, customer types, data types, and retail-specific factors, leaders across these functions should work together to implement CIAM.

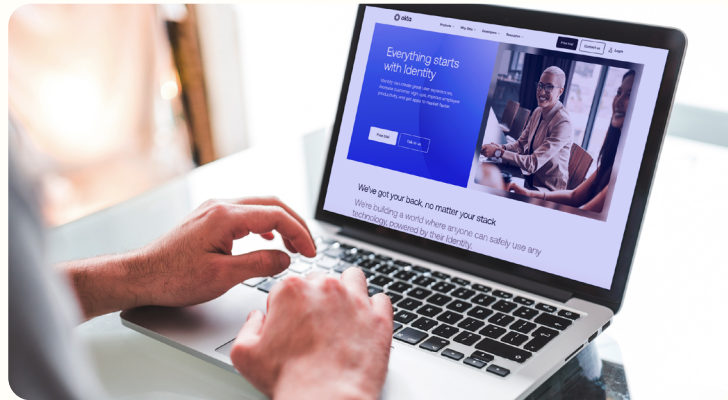
Here are some suggestions for getting started as you look to increase conversions, engagement, and loyalty by reducing friction:

- **Start thinking about Identity flows as conversion flows**
Well-designed Identity flows make it easy for customers to interact with your brand, leading to increased signups, easier logins, reduced cart abandonment, and greater lifetime revenue.
- **Deploy social login and SSO to get customers in the door**
Enable customers to sign-up or log in with a couple of clicks using their accounts with other third-party services, like Facebook, Google, or Apple.
- **Encourage passwordless authentication to secure accounts and lower friction**
Passwordless authentication, like passkeys, that use biometrics or the device PIN offer strong phishing resistance and a great user experience.
- **Implement a progressive profiling strategy**
Allow a customer to create an account with only basic information, then gradually ask for more details as the relationship grows.

Find out more about CIAM's role in retail

This mini guide is one of a five-part collection, each of which focuses on a different application of CIAM within the retail space.

Discover the rest of the series on the landing page link below.



Estimate the revenue gain of using a Customer Identity solution

Visit [this page](#) to calculate how Okta can help your retail business improve customer conversion rates and increase profitability.

Discover more about Identity management with Okta

Building and maintaining an effective Identity solution – one that empowers and enables your business, rather than holds it back – is a huge undertaking.

Okta is the World's Identity Company and is helping retailers all over the world deliver exceptional digital experiences and understand their customers better, all whilst keeping their data safe.

Visit okta.com to learn more.

About Okta

Learn more at: www.okta.com Okta is the leading independent provider of Identity for developers and the enterprise. The Okta Identity Cloud securely connects enterprises to their customers, partners, and employees. With deep integrations to over 7,000 applications, the Okta Identity Cloud enables simple and secure access for any user from any device.

Thousands of customers, including 20th Century Fox, Adobe, Dish Networks, Experian, Flex, LinkedIn, and News Corp, trust Okta to help them work faster, boost revenue and stay secure. Okta helps customers fulfil their missions faster by making it safe and easy to use the technologies they need to do their most significant work.

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