

UNDER ARMOUR CASE STUDY

# Under Armour Honors Heroes and Sees Double-Digit Affiliate Revenue Growth

CASE STUDY BY  
**internet**RETAILER

## HONORING HEROES

**After 15 months spent leading a platoon of scouts and snipers that hunted Al-Qaida leaders in Iraq from July 2006 to September 2007, Blake Hall returned home and enrolled in Harvard University to obtain an MBA.**

He and a classmate, Matthew Thompson, also an Army Ranger, both noticed that companies often offered discounts to veterans in stores, but did not make it easy for them to redeem those discounts online.

Software company Microsoft Corp., for example, offered free e-learning vouchers to veterans, but it wasn't easy to obtain the voucher. *"Because most veterans don't have a federally issued ID card, they required the veteran to bring military discharge documentation, which lists the veteran's social security number, to a Department of Labor office, in-person, to claim an e-learning voucher,"* Hall says.

Hall and Thompson concluded the poor customer experience stemmed from problems related to identity verification: retailers, or brands like Microsoft, did not have an easy yet reliable way to establish who really was a veteran or on active duty in the military. That insight led Hall and his Ranger buddy to create a company called ID.me to solve that identification problem.

## SUMMARY

### Challenge

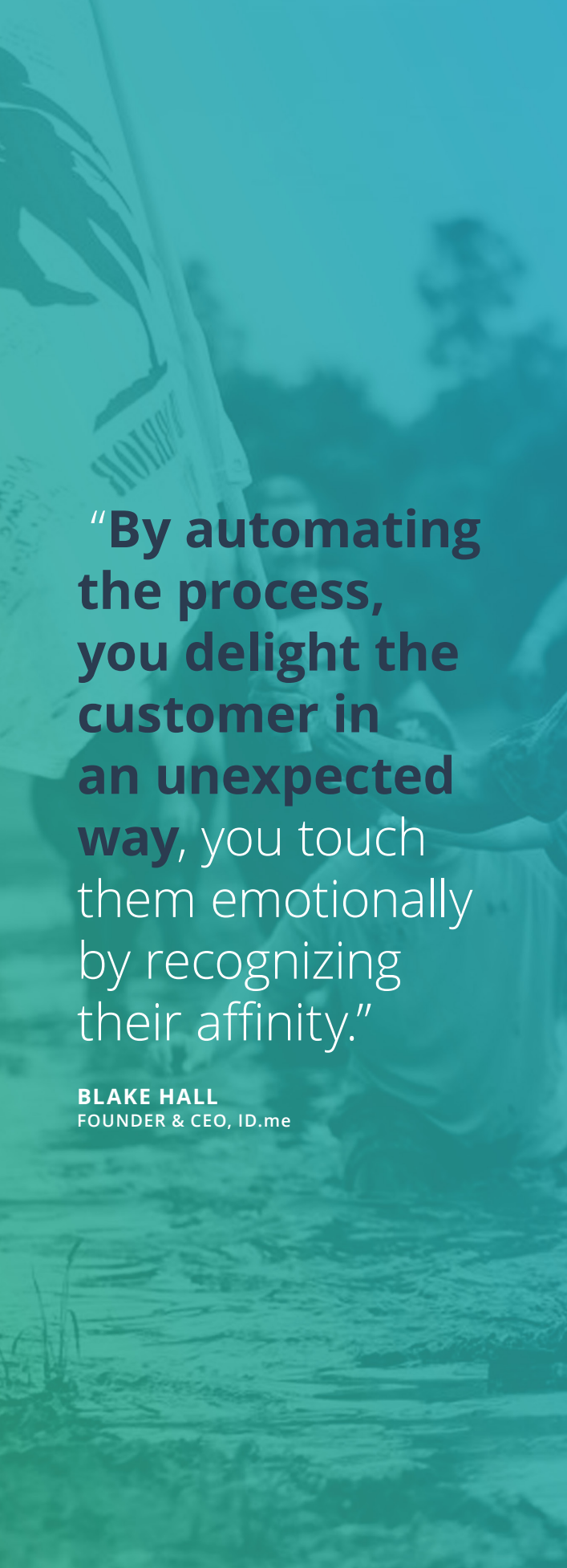
- Under Armour wanted to securely offer their exclusive military offer online
- Under Armour had no method to expand the program

### Solution

- ID.me's Troop ID technology verifies military community in real time
- ID.me's Responder ID technology verifies first responder community in real time
- ID.me marketed to these communities to broadcast this exclusive offer

### Impact

- Under Armour's military and first responder offer drove over 30% revenue growth for affiliate program
- 70% of those using ID.me credentials at checkout since November 2012 were first-time customers



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**BLAKE HALL**  
FOUNDER & CEO, ID.me

ID.me's first product was a credential called Troop ID that provides assurance that an individual applying for a discount online has a valid affiliation with the military. To obtain a Troop ID, an individual answers a few online questions about her military status. ID.me verifies her identity through government agencies or a major financial institution that caters to military personnel. The service verifies individual claims against approximately 25 million military service records. *“We figured out pathways so that if an individual submits information about their military service, we can ping the database that has the record to get back a yes or no as to whether the military service record matches the information the individual submits,”* Hall says.

Once the individual has a Troop ID all she has to do to obtain a discount at more than 60 e-commerce sites is enter a user name and password. The product acts like an identity gateway, similar to the payment gateways commonly used by retailers and brands, and sends a token back to the retailer with the military affiliation, active duty or retired, of the customer.

ID.me has also developed a fraud-monitoring system *“so that someone can't create 10 accounts for his buddies that are based on a single identity,”* Hall says. The system monitors transactions to shut down credentials associated with explicit fraud, like a second credential claiming an identity already linked to an existing account. For friendly fraud, additional authentication controls, including biometric factors, are prompted if an account triggers systems that monitor for unusual patterns of use. ID.me can also monitor dynamic changes in status, for example noting that a soldier has retired from active service or that a student has graduated from college.

## BEYOND THE MILITARY

Having solved the problem of authenticating military personnel, the company went on to create online credentials for other groups that retailers and brands value. Today, ID.me can authenticate many groups of consumers, including first responders, teachers, employees of particular corporations, and college students. For example, *“we can verify over 99% of college students across traditional two- to four-year institutions in real time,”* Hall says.

He says ID.me is building a platform that can authenticate all kinds of individuals, allowing brands and retailers to provide tailored offers to targeted groups of consumers. ID.me can potentially provide online credentials for all kinds of organizations, Hall says, from a local parent/teachers association to a national membership organization or non-profit.

That has big implications for many retailers and brands, Hall says. For example, there are many e-commerce sites that could benefit in July and August by knowing that the individual browsing a site is a teacher. *"It's not just about protecting an affinity program from fraud,"* Hall says. *"The retailer can deliver customized service to that teacher in order to drive incremental revenue by highlighting relevant products or presenting the teacher with a special coupon."*

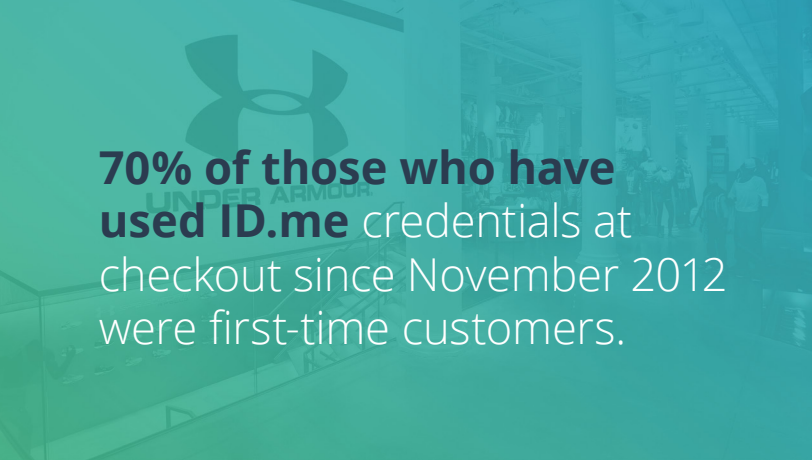
The back-to-school shopping period is an especially critical time for retailers to reach teachers and students so members of those groups are aware of the special promotions. *"Breaking down that information gap is really beneficial to both sides,"* Hall says. The teacher can obtain discounts and learn about new products, while the retailer can delight a customer who is likely to return again and again.

Today, more than 60 national retailers and brands offer discounts to consumers with credentials issued by ID.me. Besides Under Armour, they include Sears Holdings Corp., Sam's Club, Hewlett-Packard Corp., and the web-only retailer Overstock.com Inc. More than 300,000 consumers now use ID.me, Hall says.

There are many advantages to the brands and retailers that accept these ID.me credentials, he says. ID.me brings new customers to these websites, and those customers tend to be highly profitable. For example, a top-25 internet retailer reported that the customers verified through the Troop ID program were twice as profitable as the average customer in their portfolio. With an average conversion rate for site visit to sale of 7% versus a site average of 3%, the retailer chose to increase the budget for the ID.me program by over four times and expanded the program to include students.

What's more, accepting a credential like Troop ID helps build an emotional connection with a customer, Hall says. Instead of a veteran having to call a retailer and convince a customer service agent that he deserves a discount, the authentication process is quick and automated. Once he has the credential, he gets the discount without any hassle. *"By automating the process you delight the customer in an unexpected way, you touch them emotionally by recognizing their affinity,"* Hall says. *"That's why we've seen such a powerful response to the program."*





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## Case Study

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One brand that can speak to the response is Under Armour, a well-known maker of apparel, shoes and accessories for athletes. Under Armour has long offered active-duty and retired military personnel a 10% discount in its stores. But offering the same discount online wasn't easy, at least until ID.me came along.

Under Armour began offering discounts through ID.me in November 2012. ID.me enables Under Armour to honor the service of U.S. military personnel while building brand loyalty, says Dave Demsky, vice president of e-commerce operations. "They've taken something that we previously found incredibly hard to do—validating someone's status—and enabled us to pass along a discount," Demsky says. "We're happy to do that, to honor their commitment and to encourage brand loyalty."

The Troop ID discount also applies to family members of military personnel, which means 39 million U.S. consumers potentially can use it. That's a feature Under Armour appreciates, Demsky says. "They're sacrificing themselves by having their loved ones away." Under Armour offers a 10% online discount to military personnel and their relatives that often increases to 15% around holidays such as Memorial Day and Veterans Day.

Pleased by the response to Troop ID, Under Armour in July 2013 began offering a similar ID.me discount to first responders, such as emergency medical technicians, policemen and firemen. To get the discount at UnderArmour.com, users click on a box to enter their credentials, or to apply. Once ID.me's servers authenticate the first responder, Under Armour gives him a 10% discount on every order.

## TANGIBLE RESULTS

ID.me's affinity program has produced positive measurable results for Under Armour by driving new customers and boosting sales. With ID.me's verification technology in place, Under Armour felt secure enough to promote the military and first responder 10% discount through affiliate partners. Looking at a 3-month timeframe before and after ID.me was added to the site (in 2012 vs. 2013), the military and first responder offer drove over 30% revenue growth for the affiliate program. In addition, 70% of those who have used ID.me credentials at checkout since November 2012 were first-time customers. The program is also producing less easily quantifiable benefits, including lots of positive buzz on social networks and military blogs. That's important for Under Armour, Demsky says. "*We're in it for the long haul in terms of engaging the military community,*" he says. "*This has given Under Armour a larger name within that community.*"

Demsky sees the impact of the Troop ID program in frequent comments from military personnel on social networks. "*I am so pleased that I am able to use my Troop ID every time I order,*" one customer commented. "This is the main reason I keep coming back. I used to be a NIKE girl...but I'm all UA for life!" Demsky says customers post comments like that every week, adding, "*That kind of word of mouth goes really far.*"

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