The Power of Identity

How ID.me Facilitates Group Discount Programs and Increases Conversions

ID.me

The Value of Group Discounts

Group discount programs and other forms of affinity group marketing have been common features at brick-and-mortar retailers dating back to World War II, when stores and service providers offered gratuities to uniformed members of the military.

Group discounts rose to prominence with the emergence of the American Association of Retired People program (now the AARP) in the 1950s, the adoption of co-branded credit cards in the 1980s, and the widespread availability of targeted discounts today.

These type of promotions are so prevalent because they're effective— **exclusive discounts allow retailers more control over their profit margins** than store-wide discounts, and let them narrowly target large and influential consumer groups like the military community, teachers and educators, university students, first responders, government employees, and senior citizens.

79% of students regularly spend time searching for a **student discount or coupon code** before making a purchase online.

WHAT MAKES THESE GROUPS SO VALUABLE?

Consider university students: Some 20.2 million Millennials attend American colleges and universities. These students don't make much money, but they spend a lot of it—and not just on Ramen noodles. **Students are expected to drop $48.5 billion on back-to-college shopping this year[1] and possess $203 billion in total discretionary spending.[2]**

Targeted promotions also offer brands and retailers an easy public relations boost, as most consumers look favorably upon businesses that support education or honor military service. According to the Bob Woodruff Foundation, Americans across generations agree either strongly or somewhat that "I support brands that support veterans" (Millennials, 85%; Generation X, 88%; Boomers, 92%).

Giving a customer a discount establishes a personal connection that extends beyond a single transaction:

> "An ongoing discount [from a brand] can create a relationship with the customer—even when you're not the most price-competitive. Customers are still willing to buy from your company [no matter your competitors' prices], because you led with some preferential treatment."
>
> **MONEYBALL ECONOMICS' ANDREW ZATLIN**

All this sounds great, right? Group marketing programs are a clear win-win for customers and brick-and-mortar retailers, but implementing them online can be difficult, as physical ID cards generally don't have digital equivalents. The resulting friction often blocks brands from offering subsidized group price points that require eligibility verification online due to concerns about fraud.

J. Crew, for example, offers a generous 15% student and teacher discount in-store—but not through its mobile app or website because it lacks a digital method to verify eligibility. Home Depot and Lowe's only offer their military programs in-store for similar reasons. Customers shopping at these retailers' online or mobile sites might be discouraged from completing their purchase when they find out they can't receive their expected discount.

The gap between in-store and online targeted promotions results in frustrated customers—and lost revenue.

97%

of students said they would probably change their shopping habits if **student discounts were available**.

**ID**.me

From Ecommerce to Omnichannel

Recent data from the U.S. Census Bureau suggests that physical store revenues are declining and online sales are climbing.

Ecommerce sales in the second quarter of 2016 accounted for just over 8% of total sales, and eMarketer projects that ecommerce sales will reach nearly $2 trillion this year and $4.058 trillion in 2020.

The surge in online sales coincides with the ability to purchase and comparison-shop online. According to a Google Analytics-led study of French clothing retailer Petit Bateau:

▸ **44% of in-store buyers visit the store's website within the week preceding the purchase.**

▸ **9% of in-store buyers visit the store's website the day of the purchase.**

▸ **Mobile visitors convert within stores at an 11% higher rate than desktop visitors, and their in-store spend is 8% greater.**

Retail Ecommerce Sales Worldwide

Retail ecommerce sales ($ trillions) · % change · % of total retail sales
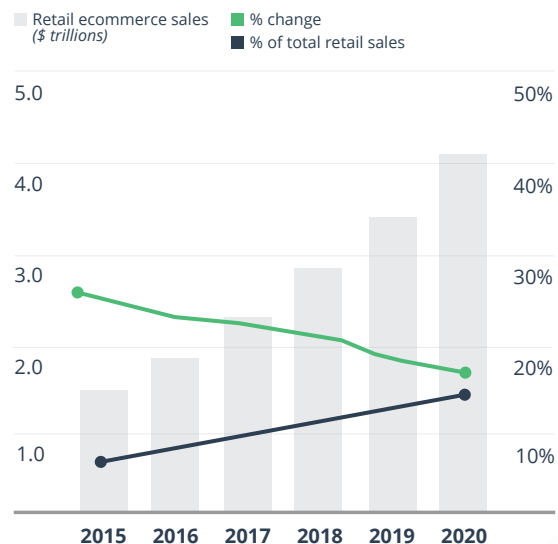
These findings underscore the emerging conventional wisdom in retail: **Today's customers expect to interact with providers interchangeably across channels depending on their needs at any given moment.** An omnichannel approach facilitates multiple paths for consumers to browse and buy products. Omnichannel does away with sales silos and instead facilitates fluid "hand-offs" between channels—e.g. a customer browsing on mobile and then asking a clerk if the item is available in-store.

An important part of that omnichannel strategy is offering the same group membership discounts online— and through mobile apps, mail catalogues, and telephone orders— that you would in the physical store.

REASON FOR PURCHASING ONLINE AFTER RESEARCH IN STORE

57%	The price was better online with a different retailer
49%	The selection was better online with the same retailer
46%	Wanted to do additional research before purchasing
45%	The selection was better online with a different retailer
40%	The store didn't have the desired size / color / model
39%	Wanted to go to the store to touch and feel the product before purchasing online
33%	Was not ready to purchase the day of store visit

* Source: UPS. (2015). 2015 UPS Pulse of the Online Shopper. United Parcel Service / Comscore.

But a seamless shopping experience is not always available to customers because of problems verifying eligibility. Military membership confirmation can be difficult to verify without a physical identification card and may involve time and labor-intensive manual checks of a customer's service records. Even when a discount is advertised online, the customer may have to take additional steps outside of the checkout process to receive it. Delta Air Lines, for example, makes military customers call their customer support line instead of getting the discount via a booking engine like Expedia.

Retailers and brands already struggle with cart abandonment—**only one out of every four shoppers completes their transaction**, despite signaling that they intend to buy something—and introducing additional friction into the checkout flow makes it even harder to complete a sale.
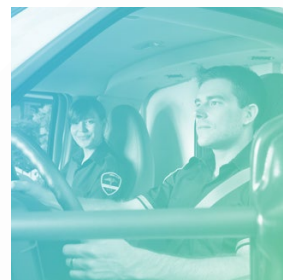
Solution: A PayPal for Identity

ID.me enables members of the military, students, first responders, teachers, government employees, and other group members to efficiently prove their group affiliation online in order to claim exclusive promotions from retailers. ID.me's platform connects instantly to authoritative data sources to verify eligibility.

ID.me then functions like a PayPal for identity—once a customer has established an account and verified their group affiliations, they can use a single login to make multiple purchases on different websites without going through the verfication process all over again. And ID.me's API and POS technology can be deployed across channels, enabling a seamless shopping experience in the store, on the web, and on a smartphone app.

> **This single login approach is poised to become the standard for ecommerce.**

Jeremy Grant of the National Institute of Standards and Technology argues that "the marketplace availability of secure, privacy-enhancing digital credentials that can be used across the Internet in lieu of passwords will prompt most consumers to trust one—or a handful—of credential service providers instead of managing 25 to 30 passwords."

In fact, by 2020, Generation Z consumers may well perceive service-specific accounts as an antiquated notion—a janitor's cumbersome keychain ill-suited for what should be a single digital door.

Today, ID.me works with partners like Amazon, Verizon, and Uber to confirm identity and provide loyalty discounts. **The results speak for themselves**:

- Under Armour saw a **30% growth in affiliate revenue** after offering active duty service members and military veterans a 10% discount through ID.me.

- A top-50 internet retail partner saw a conversion rate **4x higher from verified ID.me shoppers** compared to pre-integration, and **30% higher AOV from these shoppers.** After two months of integration, about **45% of the customers** who came through the ID.me Gateway were new to file, and about **60% of the repeat transactions** were from customers who hadn't purchased in over a year.

- A travel partner saw **overall average conversion rates increase from <1% to 6.76%** after integration.

- A sports partner saw their holiday season (Oct. 1 – Dec. 31) **conversion rate increase from 5.57% to 17.64%** after integration.
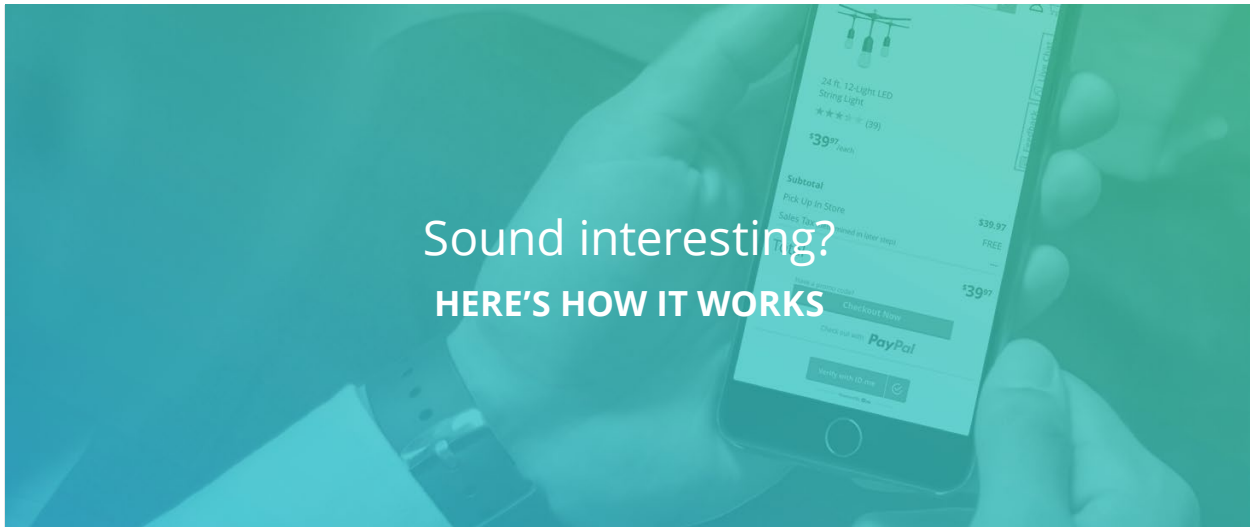
Sound interesting?
HERE'S HOW IT WORKS

User Experience

An end user will see an ID.me verification button during registration or in the checkout flow, when users are presented with a call-to-action that communicates the incentive tied to verifying their group affiliation. When the user clicks a verification button, a popup window opens and they are taken to ID.me's website to verify their status in the selected group. The screenshot below is from Under Armour's website.

Before verification begins the user must either sign in to an existing account or create a new account.

After a successful verification, the user is presented with a screen where they are asked to consent to the release of their data to the partner. The user will see exactly what data fields are passed to the partner.

ID.me

Sign In   or sign up for an account

Email

name@example.com

Password

Sign in

OR

Facebook **ID**   Google **ID**

LinkedIn **ID**

What is ID.me? | Terms of Service | Privacy Policy
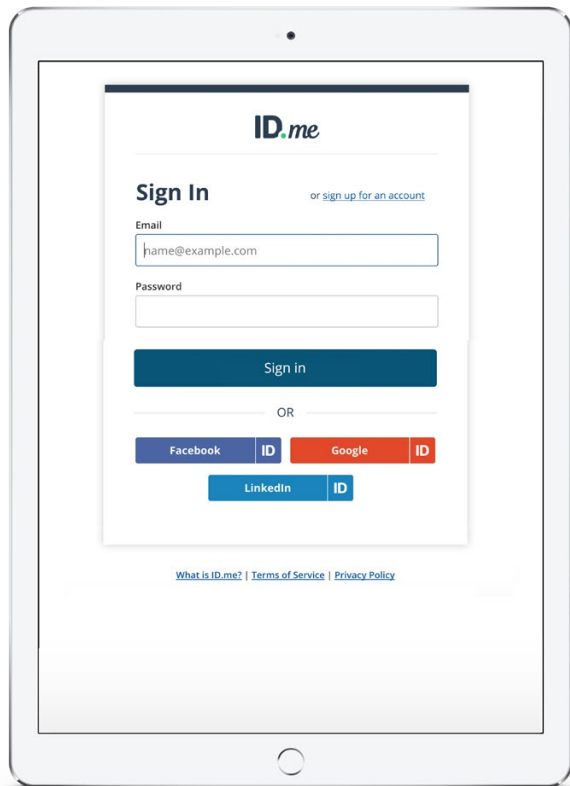
If consent is granted, the user will be taken back to the partner website at the redirect URL specified by the partner during application registration. At this point it is up to the partner to apply the business logic on their site to grant the end user access to the specified discount or benefit.

By creating an easy, clean checkout flow, you can stop some of your potential customers from bailing on purchasing your products. Integrating ID.me's API into your checkout flow is simple and fast with pre-built integrations with platforms like Magento, Demandware, and Spree. Full implementation can be completed by a single developer in **only three to four days**.

◄ *ID.me's signup prompt from the Under Armour website*

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Overview of Group Coverage

Using ID.me's verification technology, partners may target the following affinity groups with special offers or benefits on their platforms:

The Military Community

First Responders

Teachers

College & University Students

Government Employees

Senior Citizens (50+)

Corporate Employees

ID.me's platform is built to **add more group verification coverage in a modular fashion upon a brand's request** to market to that segment. It can also help retailers and brands execute loyalty programs by certifying users' identities and account information and tracking their purchases across affiliate partnership networks.

Ahead, we'll take a closer look at a few of these groups and detail why retailers and brands benefit from offering discounts and promotions to members.

THE MILITARY COMMUNITY

Active-duty service members, military spouses, and veterans together represent a huge community—some **41 million Americans**. According to an ID.me survey, a military discount program is a surefire strategy for building brand loyalty in this community:

84% of military consumers will buy a brand year-round if it offers them a special discount.

95% of military consumers will also choose a brand that offers a discount over a brand that doesn't.

Under Armour saw a 30% growth in affiliate revenue after offering active-duty service members and military veterans a 10% discount through ID.me. The program also produced less easily quantifiable benefits, including lots of positive buzz on social networks and military blogs.

COLLEGE & UNIVERSITY STUDENTS

Today, some 20.2 million students attend American colleges and universities, an increase of about 4.9 million since fall 2000. These students possess **$203 billion in total discretionary spending**, and are extremely valuable to retailers and brands—especially those offering student discounts. According to an ID.me survey:

97% of students said they would probably change their shopping habits if student discounts were available.

79% of students regularly spend time searching for a student discount or coupon code before making a purchase online.

77% of students said they were "very likely" to shop from a brand offering a student discount.

ID.me's technology allows student shoppers to prove their identity online, unlocking exclusive student discounts and cashback rewards otherwise unavailable on the web. The ID.me Marketplace also turns shopping into a game by rewarding students with increased cash back on purchases for sharing offers, connecting their Facebook account, and making repeat purchases through the ID.me site. ID.me's engagement strategy gives student shoppers **strong incentives to become brand evangelists** and drive word-of-mouth traffic to businesses.

TEACHERS

According to the NCES, there are nearly 140,000 education institutions in the United States employing 5.1 million teachers and instructors. If you include administrative and support staff, the teaching community represents 9.8 million Americans.

Teachers comprise a large and diverse consumer group with recession-proof income. **81% of teachers spend out-of-pocket money on classroom supplies, and 84% of teachers are more loyal to brands that offer teacher discounts**. Once teachers have decided on a purchase, most buy online.

The back-to-school shopping period is an especially critical time for retailers to reach teachers (and students) with special promotions. 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. Unfortunately, many brands and retailers are not effectively connecting with educators.

FIRST RESPONDERS

First responders are the backbone of our communities—the men and women we count on to help us in an emergency. Their ranks include:

241,000 emergency medical technicians and paramedics	**327,000** firefighters	**680,000** police and sheriff's patrol officers

Many stores and services that provide discounts to the military community extend the offer to first responders.

GOVERNMENT EMPLOYEES

Government employees represent a sizable affinity group with largely recession-proof income. Today, there are more than 22 million government employees in the United States. This number includes:

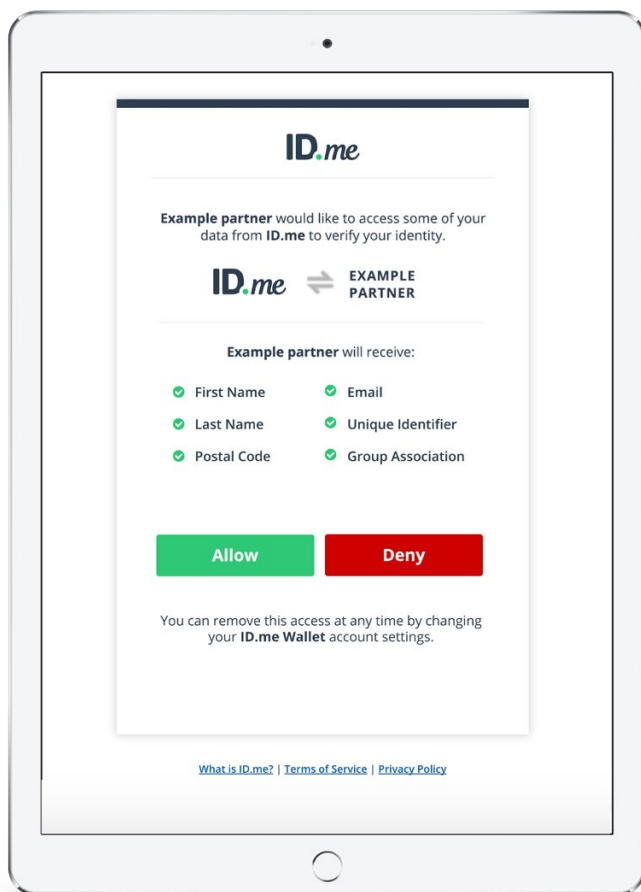| **2.7 million** federal employees	**5.1 million** state employees	**14.5 million** local government employees

Most major hotel chains, cell phone carriers, computer outlets, and car insurance agencies offer discounts to federal employees.

Conclusion

Personal data has become a new form of currency in today's digital society, but keeping that data flowing is only possible when consumers trust businesses (and government agencies) to keep their data private and secure.

According to a Capgemini Consulting survey, over 28% of global consumers feel strongly that they are not being provided with "clear notice, choice, and control of how their personal data is collected, used and shared by retailers," and 6% do not even know how their data is being used at all.

Privacy and security are key components of ID.me's platform. ID.me members retain complete control over how, or if, their information is shared on a case-by-case basis. This allows brands to ensure a **consistent customer experience across offline and online channels** while reducing costs associated with manual verification.

ID.me

Example partner would like to access some of your data from **ID.me** to verify your identity.

ID.me ⇌ EXAMPLE PARTNER

Example partner will receive:

- ✓ First Name
- ✓ Email
- ✓ Last Name
- ✓ Unique Identifier
- ✓ Postal Code
- ✓ Group Association

Allow	Deny

You can remove this access at any time by changing your **ID.me Wallet** account settings.

What is ID.me? | Terms of Service | Privacy Policy

Over 28% of global consumers feel strongly that they are not being provided with "clear notice, choice, and control of how their personal data is collected, used and shared by retailers"

To ensure security, prevent duplicate accounts, and deter fraud, ID.me performs fraudulent behavior analysis, document verification checks, and end-to-end data encryption. **No other identity solution on the market can protect against fraud at ID.me's level and no other solution is as user-friendly.**

◄ ID.me's consent and authorization notices are listed prominently and clearly so there is no confusion.

References and Further Reading

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2. According to youth marketing firm Refuel's annual College Explorer report

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ID.me

Interested in learning more about how
ID.me protects data, drives revenue, and
increases customer loyalty?

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