CASE STUDY: AMPERITY AND THREE CLIENTS

From Transactions to Customers: Finding People in the Data

Amperity Helps Three Clients Drive Business by Bringing Their Customers into Clear Focus

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TABLE OF CONTENTS

AT A GLANCE

For any business to be successful, it must be able to understand its customers and anticipate their needs. That requires far more than simply analyzing customer data; it means identifying individual customers and their behaviors in the data. Only by "seeing" customers in this way can organizations change mindsets and think differently about how they engage with them. For Amperity's clients, this mindset change has been at least as important as the operational efficiencies they've gained by using Amperity's customer data system.

Although each client organization had its own unique circumstances, their challenges and objectives were very similar:

AT A GLANCE

Problems	· Outdated, poorly functioning and expensive existing systems · Inability to link individual transactions to distinct customers · Extremely slow and cumbersome processes for identifying meaningful customer segments and cohorts and generating lists
Solutions	· Amperity DataGrid to define custom ID graph · AmpID, Amp360 and AmpIQ to manage and analyze customer data
Benefits	· Vastly improved customer segmentation based on meaningful patterns and characteristics, uncovering customer behaviors that previously were unknown · Ability to resolve customer identities across multiple emails and transactions throughout the customer relationship by a factor of 8:1 · Increased ability to accurately identify first-time customers by 28% · Improved identification of conversion from free trial to paid membership by three times · Sped analytics capabilities for supporting fast, iterative experimentation with audiences, messages and experiences from days to only a few minutes

Business Themes

Data to Decisions

Digital Marketing & Sales Effectiveness

Matrix Commerce

Next-Generation Customer Experience

Digital Safety and Privacy

THE COMPANIES

This case study examines the experiences of three Amperity clients: a major league soccer team, a multibrand apparel company and a nationwide fitness franchise.

Among the most valuable in its league, the soccer team has big ambitions to grow its fan base, increase attendance and promote the league overall. The team's owner was introduced to Amperity and asked corporate operations to try it out. The then-vice president of strategy and revenue worked with his business strategy and analytics team to lead implementation and manage the system.

The publicly traded multibrand apparel company has been steadily growing revenue worldwide while trying to improve profit margins and reduce its operating loss. The senior manager of marketing technology took the lead in selecting and implementing Amperity. His responsibility spans two teams, one managing marketing technology tools and the other consumer analytics and reporting.

Major League Soccer Team

- **2019 Revenue:** $40 million to $50 million
- **No. of Employees:** 51–100
- **Industry:** Sports and entertainment
- **Other:** Founded in 2009, privately held

Multibrand Apparel Company

- **2020 Revenue:** >$2 billion
- **No. of Employees:** >3,000
- **Industry:** Apparel
- **Other:** Founded in 1973, publicly traded

Nationwide Fitness Franchise

- **2020 Revenue:** $500 million to $750 million
- **No. of Employees:** 1,500–2,000
- **Industry:** Fitness and leisure
- **Other:** Founded in 1992, publicly traded

The nationwide fitness franchise has built its business strategy on disrupting the traditional fitness chain industry using technology. To distinguish itself from the pack—and shake up the industry as a whole—the franchise has focused on delivering a personalized, high-quality experience at an affordable price. The incoming chief information and digital officer led the selection process, and the data solutions team took responsibility for implementation and ongoing management.

THE CHALLENGES

Each of these three companies had large volumes of customer data across multiple systems, including data warehouses. They could track transactions, manage contacts and identify trends, but they couldn't reliably connect those details with individual customers. That inability severely limited their potential to identify meaningful customer segments with distinct preferences, priorities and behaviors. As a result, all of these companies were missing out on growth opportunities and critical input to everything from advertising investments to more effective sales strategies and product offerings.

Major League Soccer Team

Although there was no specific pain point driving adoption of the new system, the strategy and analytics team had a strong sense that it needed to overcome some disjointed and problematic business processes. "We were just very clunky and inefficient. The bridge wasn't very strong between marketing and our sales side of the business," said the director of business strategy and analytics.

Processes were manual and labor intensive, as well as prone to inefficiencies and inaccuracies. Pulling basic contact lists for either sales or marketing was the work of two or three people, plus another five or more to verify the data. They couldn't see where they might have three or four email addresses for the same person and be sending different offers to each address. "In terms of efficiency and being able to do anything [like marketing list pulls] from the data warehouse directly, it wasn't sustainable whatsoever," said the team's business analyst.

> *In terms of efficiency and being able to do anything [like marketing list pulls] from the data warehouse directly, it wasn't sustainable whatsoever.* —Soccer team's business analyst

On the field, the team was performing well and in a good position to grow its fan base. But the organization lacked the customer insight to know how and where to focus its marketing and sales efforts to make the most of that winning feeling and maximize revenue growth.

Multibrand Apparel Company

When the senior manager of marketing technology joined the company, it had an expensive, on-premises customer relationship management (CRM) system that was provided and managed by a marketing agency. It was costly to maintain, and changes were slow. Integrating new data feeds was difficult and protracted due to a cumbersome extract, translate and load (ETL) process. Two priorities prompted change: reducing costs and increasing speed. The senior manager's goal was to find one tool that would serve both his marketing technology team and his consumer analytics and reporting team while delivering better capabilities at lower cost than the system he inherited.

Meanwhile, the company was rapidly expanding its direct-to-consumer digital channels as part of a strategy to drive growth and increase profitability. Marketing and planning teams needed better visibility into customer segments, the ability to connect transactions to distinct customers and more-reliable data. The COVID-19 pandemic compounded the importance of that shift as consumers' online purchases spiked.

Although the primary near-term goals were improved analytics and higher confidence in the underlying data, the ultimate objective is to deliver consistent, omnichannel experiences across websites, stores and call centers.

Nationwide Fitness Franchise

The incoming chief information and digital officer sought a tool that provided customer identity management and the ability to analyze behaviors as well as interactions with those customers. Although personalizing member experiences has long been a core philosophy of the company, its customer data systems proved a major stumbling block.

> "*You could join and quit 10 times over a span of 10 years, and we were never able to make that connection between those 10 memberships and one person.*"
>
> — Nationwide fitness franchise's data solutions manager

The bulk of customer data came from point-of-sale systems that tracked transactions but couldn't associate those transactions with individual members over time. "You could join and quit 10 times

over a span of 10 years, and we were never able to make that connection between those 10 memberships and one person," explained the data solutions manager. "That has always been a massive issue for us." It proved increasingly problematic as the company's digital transformation program put more and more emphasis on personalization.

When the COVID-19 pandemic forced closures of gyms and raised concern among many gym members about safety, the company's mobile app and digital streaming of workouts became even more crucial. The goal remains delivering personalized support to help members meet their personal goals—but the near-term objective now includes revenue protection.

THE SOLUTION

All three companies profiled here use Amperity DataGrid, AmpID and Amp360 (see Figure 1). The multibrand apparel company will shortly begin implementing AmpIQ as well.

Amperity's solutions incorporate several Amazon Web Services (AWS) offerings, including S3 data storage, EC2 auto scaling and Amazon Athena for SQL queries. AWS SFTP provides file transfer for both data ingestion and integration of processed data into other systems. Although Amperity supports other data storage options, AWS is the default and preferred option (see Figure 2).

The Technologies

- **Amperity DataGrid** ingests raw data at scale via APIs and normalizes it, providing change management and governance.
- **AmpID** uses patented AI, trained on billions of records, to resolve customer identities across data sets daily, with out relying on rules.
- **Amp360** provides a holistic database for customer-centric analytics, including automatically generated and custom attributes.
- **AmpIQ** provides a dashboard for insights and predictive models as well as point-and-click integrations with marketing and other systems.

Figure 1. The Amperity Customer Data Platform
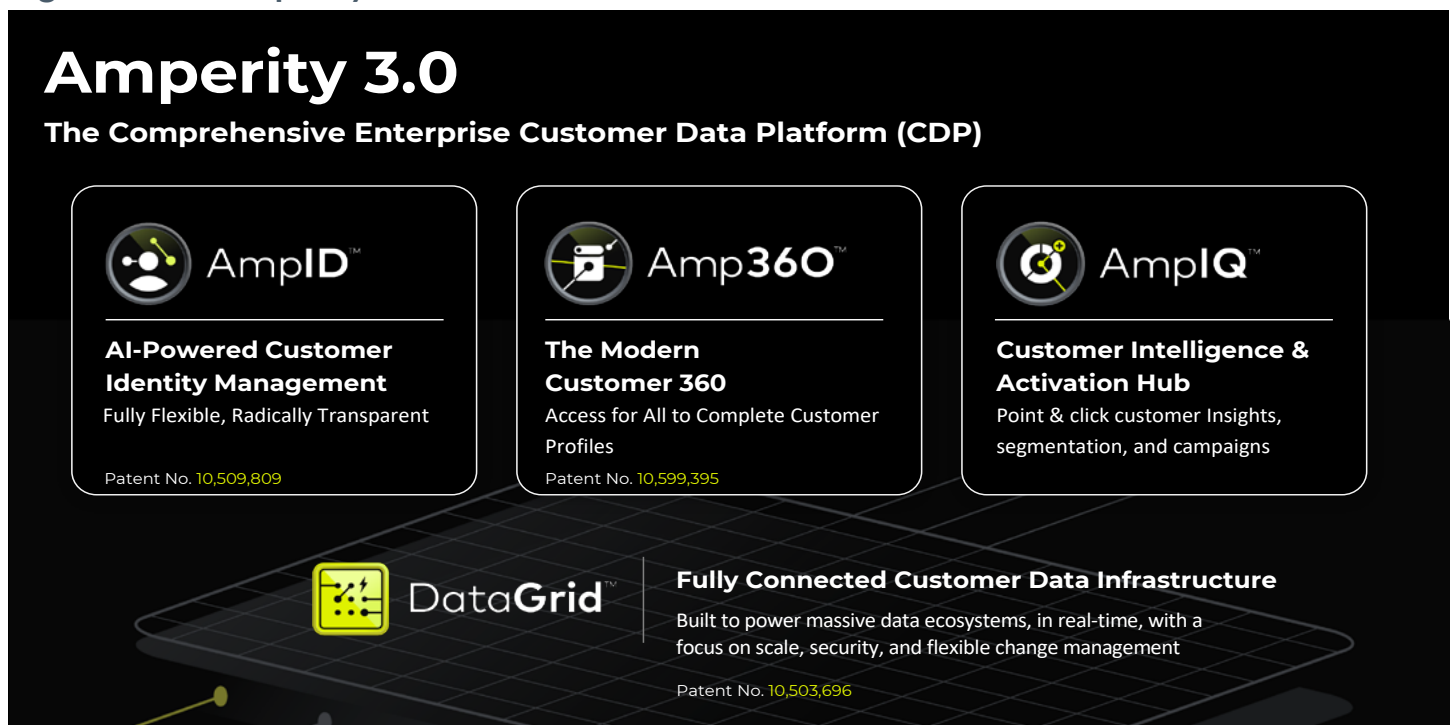
Figure 2. Amperity Leverages Multiple AWS Services
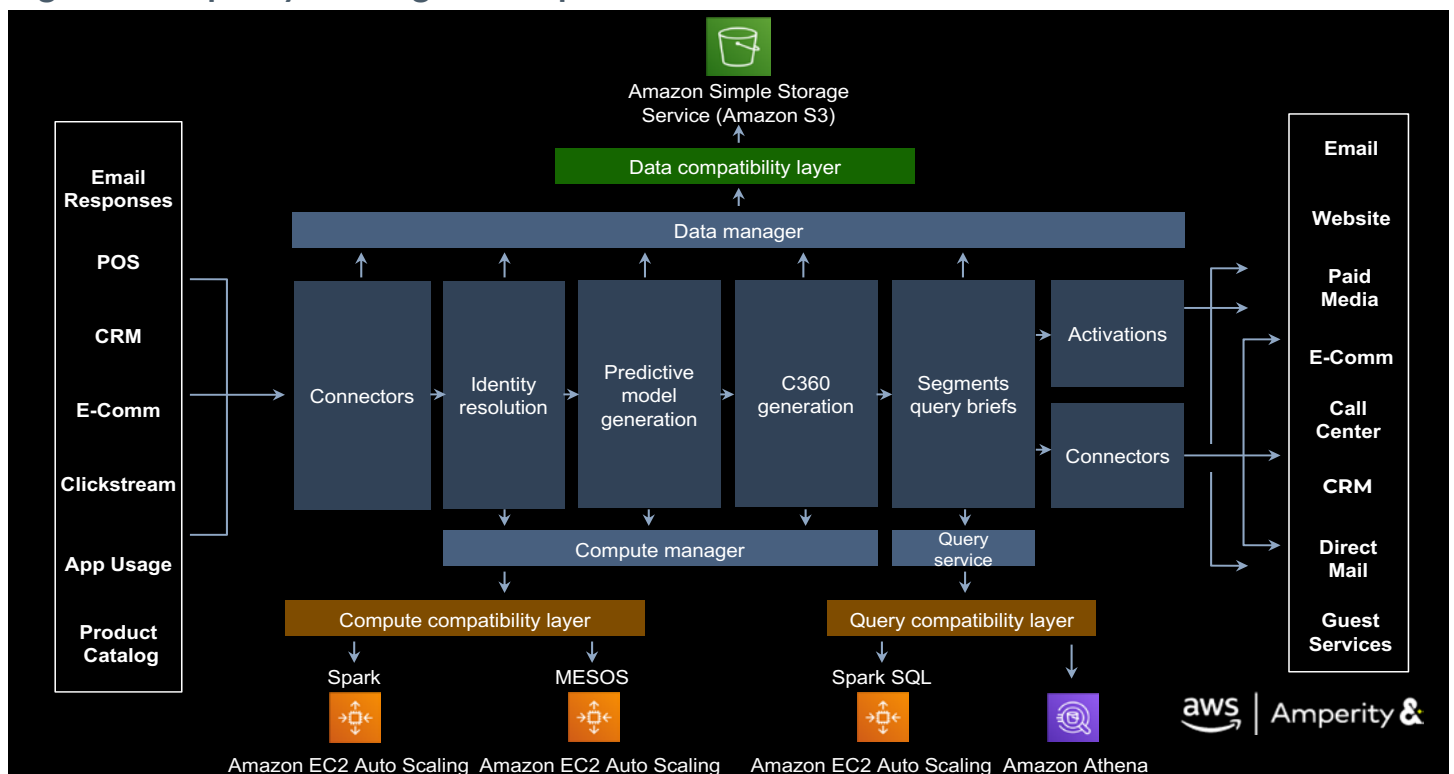
Major League Soccer Team

The strategy and analytics team led implementation of Amperity in early 2018 and maintains responsibility for managing the system. The team dove straight into integrating Amperity with existing systems, including an industry-specific data warehouse as well as the marketing automation and CRM systems.

The ability to stitch together data into unified customer profiles and cleanse data in the process resulted in immediate changes. Amperity's identity resolution, which leverages machine learning rather than rules, resolves customer identities daily, automatically incorporating any new data or data sources. "Before Amperity, it would take so long and be so messy that it wasn't worth it, whereas now we can automate a lot of it. So much of the stitching and cleansing is done before we even access the data that it's a lot more inviting to dive in and see stuff than before," said the team's business analyst.

The analytics team works directly with Amperity, but the tool has changed the nature of its collaboration with marketing. Subscription-based emails are run by a feed from Amperity that incorporates all of the required fields from the CRM system. That frees up time and energy to focus on hyper-targeted marketing experiments. The teams can brainstorm together about customer segments that might be interesting. The analytics team can quickly pull together a list according to those parameters, and together the marketing and analytics teams can determine whether an experiment is worth running. Then the marketing team can focus its creative efforts and A/B testing on much more focused messaging and offers.

Multibrand Apparel Company

The company evaluated multiple build-versus-buy options, including everything from building its own identity management solution to buying a comprehensive analytics and activation offering. The most appropriate option proved to be somewhere in between: a tool that would address all of the business's customer data management and analytics requirements. That meant ingesting data easily from a wide range of systems, in raw form, and integrating processed data into other marketing, commerce and customer service systems. The solution had to be cloud-based and flexible enough to adapt to changing business requirements.

Following a paid pilot program, the company started rolling out Amperity in July 2020. The pilot helped the company to build a compelling business case. It also gave the business a significant head start in implementation. Only about three months into using Amperity—and technically still in the onboarding process—the team already has incorporated all of its main customer data sources. It's now starting to include secondary data sources such as consumer surveys and on-site reviews. Next on the list is website streaming data.

The analytics team works directly in Amperity to provide requested customer segments to the marketing team and feed the marketing system on a daily basis. Longer term, the marketing team will be able to work directly in Amperity as well.

"Amperity has delivered everything that we expected it to deliver when we signed the contract, which I wouldn't say is always the experience with tools, especially three months in. It's done exactly what we thought it would do in terms of easy ingestion … and we've started to do more things ourselves. It's been huge for us on the analytics side," said the senior manager.

Nationwide Fitness Franchise

Prior experience played a role in the chief information and digital officer's choice of Amperity, although his team did evaluate several alternatives as well. The deal was sealed by the combination of a good relationship with the vendor and the fact that Amperity met the key requirements of identity management and customer-centric analytics. The data management and analytics team began implementing Amperity in April 2019.

Amperity draws data from and feeds it into a number of systems, including the business's digital transformation platform that provides the main tool for personalization. It ingests data from club point-of-sale systems, the mobile app, the marketing automation system and the CRM system. Amperity also feeds processed customer data back into the marketing automation and CRM systems.

The plan is to incorporate internet-connected premium equipment within gym locations as well. That additional source of data will enable more-detailed cohort analysis as well as additional opportunities to provide personalized experiences for individual members.

The data and analytics team engaged early in the implementation process with the company's email marketing manager. Both teams were eager to eliminate a number of data quality issues that had been perpetuated by the legacy data warehouse feeds going into Salesforce Marketing Cloud.

THE IMPACT

Major League Soccer Team

At the start of their journey with Amperity, the soccer team's analytics leaders had few expectations. Since implementation, Amperity has become an indispensable tool for the analytics team and every part of the business that team supports.

Much of Amperity's value to the organization lies in the tool's identity resolution and stitching. The impact of that capability extends far and wide but made the biggest initial mark in getting the team's senior leadership to think differently about its fan base.

Through a historical relationship with a major league football team, the soccer team had inherited millions of records of people who had been considered fans. Amperity quickly showed the scale of inaccuracies. "When our executives realized that 8 million people were actually more like 1 million people, that pretty massively changed the strategy," explained the business analyst.

Because the organization can identify where one individual has multiple email addresses, for example, marketing can be much more effective in which addresses it uses to communicate with that fan. The organization now knows which email address that fan uses for Facebook versus the one that same fan uses for responding to messages. Marketing can suppress all but that latter email address from marketing communications but still serve the same fan a Facebook ad.

> *"When our executives realized that 8 million people were actually more like 1 million people, that pretty massively changed the strategy."*
>
> — Soccer team's business analyst

Consistently identifying individual customers across multiple contact emails and channels has reshaped marketing and sales, and how they work together.

Using Amperity, the analytics team identified two important customer segments with distinct buying behaviors: those fans who want the best seats regardless of price and those who wait for last-minute deals.

Armed with this information, the marketing team developed distinct communications for each group. Using direct targeting and look-alikes, it programmed appropriate email and ad timing—in advance for the former group, and close to game day for the latter. The team has seen been better results, with fewer emails and significantly higher return on ad spending.

With improved ability to identify the people who buy online and those who want to speak with someone over the phone, marketing and sales have refocused their efforts. Sales reps can concentrate on the season ticket holders, corporate sponsors and high-value prospects that require high-touch, personal interactions. Marketing's more scalable communications facilitate online purchases. And the handoffs between the two have improved dramatically. Salespeople aren't wasting time repeatedly calling someone who never answers. Marketing isn't neglecting a prospect who expects concierge service.

Customer insights also changed the sales strategy. With Amperity, the team has been able to identify customers who moved from new buyer to frequent buyer, to plan buyer, to season ticket member. The team completely changed the partial plans (bundles of tickets) to make it easier to move up that chain. The results have been promising but difficult to quantify. A very good past season certainly helped to drive growth in ticket sales even without the new sales strategy. But the revenue and analytics team is confident that this change resulted in several hundred thousand dollars of sales that wouldn't have come in otherwise.

Identifying and facilitating the journey from first-time ticket buyer to season ticket holder is all the more important in light of another crucial benefit the team has gained with its Amperity solution: identifying first-time buyers. "One of the things that we could never do before that we can do now, with really good accuracy, is tell when someone is a real first-time buyer," said the business analyst. Amperity has improved the accuracy of identifying first-time buyers by at least 28% compared with data from the ticket system alone.

Since the COVID-19 pandemic and a premature end to the 2020 season, the team has used Amperity to improve revenue protection, particularly among corporate sponsors. Because the team can accurately identify microsegments of customers with different interests, marketing can promote sponsors in the team's weekly subscription emails to the appropriate audiences. That provides sponsors with the kind of exposure that fulfills at least some aspects of their sponsorship agreements.

Indirectly, Amperity's visibility into fans, what distinguishes them, and what they have in common has prompted some broader thinking about customer engagement. That runs the gamut from improving the customer journey through sales to rethinking how the app can be used to do more than push game-day offers.

Two years and one pandemic in, Amperity continues to influence the way this soccer team thinks about and engages with its customers. Now the team is pushing the league—and other teams—to take advantage of its lessons learned and benefits achieved.

Multibrand Apparel Company

In moving from its old CRM system to Amperity, the apparel company has achieved cost savings and significantly improved capabilities. Amperity provides a much more accessible and usable tool.

"Even the fact that my whole team can create customer segments is an advantage," said the senior manager. "Before, there was really only one person on my team who could do it. So I'd say we've had incremental improvements [so far]. It will be a huge improvement when we can have people [in other teams] go in there themselves and do it."

Step changes on the marketing side are still to come, but Amperity so far has had a big impact in areas such as planning. The analytics team has been able to show reliable data at a customer level on repurchase rates—something that was not at all clear in the old system. Because of improved customer identity resolution, the team has been able to show that repeat purchase timelines are over 25% shorter than previously thought. It has also worked with the wholesale team on inventory planning, different types of market basket analysis and identifying trends from one product to another.

Although the company manages each of its brands separately, in Amperity, the analytics team can compare brands consistently or analyze data across the entire business. Now the analytics team can also connect guest purchases with known customers, regardless of brand.

"We have a ton of guest checkouts on our site. Without Amperity's identity resolution, we're not able to see all the different things that a customer buys. That sounds pretty basic, but it's been a major improvement," said the senior manager. The deduplication rate with Amperity is currently about 50%, an improvement that includes resolving complex identities that require more than email matching.

With the dramatic growth in the company's direct-to-consumer online business, the analytics team is beginning to turn its sights to more-refined customer segmentation. It's evaluating cross-brand performance and repurchase rates as well as identifying customer groups by style propensities, such as fashionista and mainstream. The road map includes integrating Amperity with commerce site personalization technology.

> "*We're using Amperity as our single source for basically any piece of data that we can tie to a customer.*"
>
> — Multibrand apparel company's senior manager

Only a few months in, Amperity has already become the primary source of customer data, according to the senior manager: "We're using Amperity as our single source for basically any piece of data that we can tie to a customer."

Nationwide Fitness Franchise

Within the first six weeks of using Amperity, the fitness franchise was able to address a variety of data quality issues. It also identified unanticipated customer groups—such as those with full memberships in two locations rather than one premium membership that allows access to all locations.

The tool dramatically improved tracking of results from campaigns and special offers. In 2019, the company ran a summer promotion for teenagers. The objective was to introduce a new group of potential members during a time when gyms were less busy. With the old data warehouse, using

mainly emails and date-of-birth information, the data team identified about 5,500 memberships that converted from the free trial. With Amperity, the team identified triple that number.

Along with improving the accuracy of email lists, the data team has worked with marketing to create prospecting journeys based on identified patterns among real customers. It can track conversions—such as a visitor generating a day pass and redeeming it three days later, and then coming back as a premium guest—as those events occur. That allows marketing to fine-tune both the offerings and the timing of communications to improve the rate of conversion to paying memberships.

Amperity has also influenced the way leaders throughout the business think about customers and business performance. With the prior system, reporting consisted almost exclusively of point-in-time snapshots, such as comparing membership numbers on New Year's Eve from year to year. Comprehensive customer profiles offer a current-state view of members. Instead of looking only at membership numbers, company executives can see members, cohorts of members and important behavioral trends. Company leaders are still adjusting to this new perspective, but it's already informing decisions about member acquisition and retention.

Prior to the COVID-19 pandemic, the data team was beginning to work on cohort analysis and predictive analysis. With the change in business environment, it has refocused on the app as a means to keep members engaged and deliver them value, even when members might not come into a gym. The app provides both information—for example, when the nearby gym is less busy and how it's cleaned—as well as content, such as video training sessions. "Amperity allows us to see what people are responding to in our app because we're able to tie that activity back to a person," said the data solutions manager.

> **"***What we had before Amperity was a transactional view of memberships. We now have a view of people—and when you're talking about personalization, that's all the difference in the world.***"**
>
> — Nationwide fitness chain's data solution manager

The ability to clearly identify individual customers, analyze their behavior and tailor communications and experiences based on those insights has become indispensable. That has improved the company's ability to understand its members and to adapt quickly as those members' priorities and the business environment changed.

As the data solutions manager put it, "What we had before Amperity was a transactional view of memberships. We now have a view of people—and when you're talking about personalization, that's all the difference in the world."

THE TAKEAWAYS

1. **Customer understanding drives strategy.** Analyzing customers at an individual level produces the most valuable insights because you're seeing real people, not composite personas. Building customer segments based on identified behaviors and consistent patterns in first-party data will always produce better results.

2. **Ingesting raw data from a wide range of data sources accelerates analysis.** Using machine learning to associate that data with individual customers provides a highly accurate view of who customers are and how they behave. Continuously updating this view yields deeper understanding of individual customers and better clarity on key customer segments—as well as important changes in behaviors or segments.

3. **Clearly identified customer groups enable far more effective engagement.** By matching appropriate messages to the right customer segments, marketing campaigns generate better results with fewer emails. Similarly, return on ad spend increases significantly with more effectively targeted ads. This enables fewer, higher-quality interactions with customers.

4. **Flexible tools and reliable data enable a whole new level of experimentation.** When it's fast and easy to test a hypothesis about a potentially interesting customer segment, experimentation becomes an everyday part of customer-facing operations. The focus shifts to potential outcomes rather than how much time or effort might be required. This fundamentally changes perception about what's possible.

5. **Once organizations have this kind of customer clarity, no one wants to lose it.** To a person, everyone interviewed for this case study highlighted how critical this perspective has become. The customer-centric view is now an operational requirement.

6. **Analytics teams play a central role in success.** Marketing, operations and other teams have or will soon have direct access to Amperity in all of the organizations discussed here. Nevertheless, data and analytics teams bring a critical set of skills to using customer data effectively.

7. **It is impossible to understand, anticipate and serve customers well without the ability to identify them as individuals.** It's useful to generalize based on specific examples, but trying to infer individual behaviors from generalizations rarely succeeds.

THE RECOMMENDATIONS

1. **Start with a paid pilot and use real data.** The money invested ensures a pilot receives the attention it needs. The time invested means the pilot effectively becomes the first step toward implementation. Even better, a pilot will generate concrete results that define expectations for a fully functional customer data management system.

2. **Focus initially on the most critical data sources and expand from there.** A tool that continuously resolves customer identities and generates customer profiles based on available data readily adapts to new data sources. Starting with the most important customer data sources accelerates the process. Adding additional sources refines the results.

3. **Be prepared for some eye-opening discussions.** As the customer organizations profiled here illustrate, clearly identifying and understanding the actual customer base may challenge some strongly held notions about who those customers are.

4. **Work in cross-functional teams and plan for expanding direct access to the data.** While data and analytics teams provide invaluable—and essential—expertise in effective use and management of data, those who rely on customer data provide crucial input to producing the right results. Such input also smooths the path toward working directly in the system.

5. **Move quickly.** Speed is more valuable than perfection. Core initial requirements should inform selection and implementation. Consider broader or longer-term objectives in that process, but keep moving—the data will always be moving faster.

6. **Explicitly acknowledge the value of having a good vendor relationship.** Everyone interviewed in this case study highlighted—unprompted—the strength of relationship they have with Amperity. As a byproduct of that relationship, each organization feels confident that it can rely on Amperity for support and guidance for how to use the system to best effect.

L. Nicole France

Vice President and Principal Analyst

Nicole France is Vice President and Principal Analyst at Constellation Research, focusing on digital marketing, sales effectiveness and customer experience. Her research examines the interrelationship between sales, marketing and customer engagement and how to make it work effectively. She focuses on the migration path from traditional CRM to next-generation customer engagement strategies. Her work helps both vendors and enterprises to get the most from their investments.

With over 20 years of experience as both a technology analyst and marketer, France has a unique perspective on the trends and practicalities of effective customer engagement. She has held wide range of marketing roles, including market intelligence, offering marketing, industry marketing and C-suite thought leadership, at *Fujitsu*, *Equinix* and *Cisco*. France was previously a research director at *Gartner*, which she joined through the acquisition of *G2R*, and senior editor at *ITSMA*. France has a Bachelor of Arts in Political Economy from the University of California, Berkeley.

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ABOUT CONSTELLATION RESEARCH

Constellation Research is an award-winning, Silicon Valley-based research and advisory firm that helps organizations navigate the challenges of digital disruption through business models transformation and the judicious application of disruptive technologies. Unlike the legacy analyst firms, Constellation Research is disrupting how research is accessed, what topics are covered and how clients can partner with a research firm to achieve success. Over 350 clients have joined from an ecosystem of buyers, partners, solution providers, C-suite, boards of directors and vendor clients. Our mission is to identify, validate and share insights with our clients.

Organizational Highlights

- Named Institute of Industry Analyst Relations (IIAR) New Analyst Firm of the Year in 2011 and #1 Independent Analyst Firm for 2014 and 2015.
- Experienced research team with an average of 25 years of practitioner, management and industry experience.
- Organizers of the Constellation Connected Enterprise—an innovation summit and best practices knowledge-sharing retreat for business leaders.
- Founders of Constellation Executive Network, a membership organization for digital leaders seeking to learn from market leaders and fast followers.

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