

There is an ongoing debate as to what offer you should present in your popups.

Here's why you should always use a percentage discount.

AOV

Free Shipping Thresholds

Cashback

Free gift

The mentality behind how most people use discounts or offers in popups is entirely flawed.

The vast majority of the time it's based on what's good for the company rather than what's good for the customer. We've become so trapped in looking at what can make more revenue and profit for a company that we've completely neglected the customer experience.

Let's do a few examples:

Store 1:

AOV for first time customers: \$50

Cost of Goods: \$25

Free Shipping threshold: \$75

Popup Offers:

\$10 off

20% off

\$15 cash back

Get a free gift with purchase

Free shipping

Let's look at each of these in detail:

\$10 off - usually requires a minimum purchase to be used so you're artificially requiring someone to spend a higher amount than they might have been inclined to do in order to use a discount, you're treating them as a one and done customer through a bribe. This is opposite of your goal of getting product in hands because it puts a requirement on it.

20% off - you're providing a discount that directly lowers the price of your goods and your margins, but you're also incentivizing people to spend more to save more. Additionally, they can purchase more goods and still remain under your free shipping threshold of \$75 which makes people spend more money. Adding another item to the cart that you know will be 20% off is a much better incentive than being capped at a dollar amount.

\$15 cash back - this is the new craze for a signup, but it not only requires a purchase, it doesn't get distributed until after the return period has ended, the problem with this is that most brands do a 30 day or if they are also sold on Amazon 60 return period, however statistically a repeat shopper will come back and purchase within 30-60 days, thus you are forcing someone to take further action to redeem a rebate essentially then wait a period of time outside of usual repurchase time periods, if there ever was something that was company journey instead of customer journey it's this. Also, ask your accountant about gift cards and other liabilities on the books.

Free Gift with Purchase - you're giving someone a gift that may cost you a few dollars but seemingly provides value to the person in exchange for an email or phone number. Not only are most consumers pretty savvy to the actual cost of the gift, but this doesn't promote someone to shop again. If anything it's telling them that you routinely offer free gifts with purchase and it may not be something that people enjoy or is even of as high quality as the product they are purchasing.

Free Shipping - free shipping with signup can be a good play if you have a high shipping threshold, the problem is people don't know the value of what you're giving relevant to where the product ships from. For example, with \$ off or % I know how much I'll save based on the overall price of my purchase where as with free shipping that would usually be free over a threshold anyway, I'm signing up for a small unknown amount that only appears when I make it to checkout and then some

So all of the above don't really matter if you constantly run sales and other discounts, when someone signs up for a discount or offer they are at their highest point of intent, the rationale goes something like this, I'm going to provide you this information anyway when I purchase so providing it earlier for a discount makes perfect sense.

For those people that sign up and don't purchase within the first 45 days, it's unlikely for them to ever make a purchase unless you send them a big sale that is more than the discount or offer you provided them.

So here's the part that no one tells you, your initial offer should be predicated on getting someone to not only convert one time but a second time.

Introducing the 2x Unique Coupon Code - We opted to think like a customer for this one where we ran the numbers to see what percentage increase in repeat customers using a multi-use discount would be necessary to make more money than someone buying once than paying full price, this would also allow us to remove the need to chase people with coupons and not rely on sales emails to drive revenue. Instead we could encourage people to use their coupon code to try out our brand then allow them to use it again to make a larger order.

Rather than focus on profit margins for the company, which should already be accounted for in any offer, instead we focused on what's good for the customer to allow them to fully take advantage of our offer not only the first time but prime them to make that secondary purchase.

In researching this we ran a 6x use coupon code good for one year, then we looked at the frequency of use for the entire year as a case study.

Even though there were multiple uses available the vast majority of people used it once, the second most used it twice, then a fraction of a percent used it more than 3 times.

Trying to figure out the perfect amount, make it less than your Black Friday Sale and more than savings on a typical bundle offer.