Can Message Salience Lead to More Effective Subscription Sign-ups and Retention? Insights from a Field Experiment

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Abstract:

Subscriptions of physical goods are increasingly popular. The dominant strategy currently employed to gain sign-ups is to give price discounts for people who subscribe. However, price discounts may not be the most effective motivation– in either the short or long run – for getting consumers to sign up for a subscription, since the message does not speak to a motivation of repeat buying. We consider alternative motivations firms could use to to get consumers to sign up and stay with the subscription. We work with a major retailer that sells pet products to launch a four-week field experiment where we randomize messages in email advertising. We find that messages that highlight a reminder motivation consistently outperform both in terms of signup rates and retention metrics compared messages that only emphasize price savings. We also find that customers with prior eCommerce experience with the retailer tend to respond more favorably to the messages that highlight non-price motivations.