Promotion moves product. It's true at the grocery store and it's certainly true online. That said, all too often marketers leverage incentives and sales to drive conversions and revenue today with little regard for what happens tomorrow (or more appropriately, two years from now.)

When offering incentives to your subscriber base, make sure you're not only thinking about which offers drive the strongest conversions (e.g. % off versus $ off), but also what the downstream impact of those offers looks like. More specifically, do promotion takers show a lower willingness to pay in subsequent transactions? Do they buy more or less frequently? If you're offering subscriptions, what do renewal rates look like for free trial cohorts vs. full price buyers or those who convert on only a modest discount? In general, you should rigorously test offers (and their downstream impact) before deploying them to your entire audience.

You can easily deploy customer variables (vars) to track the performance of promotion takers versus full-price shoppers over time. If you need help setting these up, contact your account manager.

If discounts do make sense, there are several things you should consider when maximizing not only your conversion rate, but also longer term customer value:

- **Urgency** - applying a tight time constraint on an incentive has proven to boost offer conversion - especially around the holidays! (Remember all of those "last day for holiday delivery" emails?)

- **Cadence** - be strategic with the timing of your discounts so as to not train your customers to buy on promotion. We can probably all think of a brand or two where we'd likely never pay full price again given the frequency of sales.

- **Willingness to Pay** - test smaller discounts before you cut deep (e.g. 10% vs. 25% off.) There is nothing worse than giving a buyer who was willing to convert at 10% a much deeper discount (thereby eroding your margins and likely also reducing her longer term willingness to pay).

- **Offer Type** - think about which incentives you might want to "hold" for other use cases; for instance, maybe you want to keep free shipping as a response tool for a negative customer experience such is the case, free shipping should not be generally easy to come by.

- **Segmentation** - retailers have used the "RFM" (recency, frequency, monetary value) model for some time now - because it works! Segment your audience to better understand precisely where you should and should not be deploying discounts.

- **"Mystery" discounts** - more and more Sailthru clients are using "mystery" discounts to improve purchase conversion. If mystery discounts are on brand for your company, they can be highly effective. One Sailthru client saw a 69% higher take rate for mystery discounts vs. standard offers.

Sample "Mystery" Discount and Credit

Source: OpenSky Mystery Credit Promotion