

What's the Big Deal?

A Look Inside 6 Different Types of Email Offers



Executive Summary

On any given day, consumers are inundated with emails from a variety of brands promoting a variety of products and services, creating a highly competitive environment in the inbox.

In order to capture consumers' attention and stand out, brands have prominently adopted the use of offer incentives in email content. Offers like free shipping, specific percent or dollar-off purchase and more have been increasingly implemented in many brand communications to incentivize purchase. This is even more pronounced during promotion-heavy holiday season when brands are vying for consumer attention.

To determine which offers perform best, Yes Lifecycle Marketing analyzed nearly 8 billion emails sent in Q4 2016 and studied the performance of different incentives in email subject lines. Key findings include:

- Offers were used in **30%** of all email subject lines and in **nearly half (44%)** of retail-only subject lines.
- Across all industries, incentives related to **loyalty programs outperformed** all other offer types, generating the highest open, click and click-to-open (CTO) rates.
- On average, emails **without an offer** in the subject line boasted higher open, click and CTO rates than those promoting specific incentives.
- Yet for retail, offers promoting a specific '% off' drove the **highest conversion rates** from all other messages, with 7.9% of all clicks leading to a purchase.

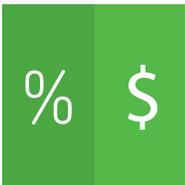
Offer Types: Definition

We've all gotten emails advertising appealing offers designed to incentivize conversion and increase sales. To better understand the impact of those offers, we have identified the six most popular types of offer incentives to include in our analysis:



Buy one, get...

These incentives can range in terms of the type of offer they're advertising but it's generally anything from 'Buy one, get one free' (BOGO) to 'Buy one, get one 50% off,' etc.



'% off and '\$ off

These incentives advertise a specific percent off or a dollar amount off purchase; it could be any number the brand has chosen to use – from 'Ring in 2017 with 17% off' to '\$5 off with any purchase.'



Free shipping

This is a standard offer that can include slight variations or limitations, for example, 'Free shipping on orders over \$50' or 'Free shipping: today ONLY.'



Free gift

This type of offer incentivizes consumers with a free gift with purchase – anything from 'Free tote with purchases over \$50!' to 'Free Fit magazine subscription with a healthy meal plan purchase.'



Loyalty incentives

This offer type includes incentives for consumers to earn points or rewards through a brand's loyalty program, take advantage of their membership, or join the program itself. Qualifying subject lines communicate messages like 'Today! 3X points with any purchase', 'This week only: earn an account upgrade', 'Member Exclusive: 10% off' and more.

Ratio of Offer Types in Subject Lines

Subject lines promoting a major offer – from '50% off everything' to '\$30 off your \$100 purchase' and the now-ubiquitous 'Free shipping' – have become a staple for many brands across all industries. In fact, in Q4 2016, almost a third (30%) of subject lines advertised at least one such incentive. For some brands, however, one leading offer wasn't enough; nine percent of subject lines with offers touted more than one incentive for consumers, for example, 'Today only! Get 30% off your purchase and free shipping!'

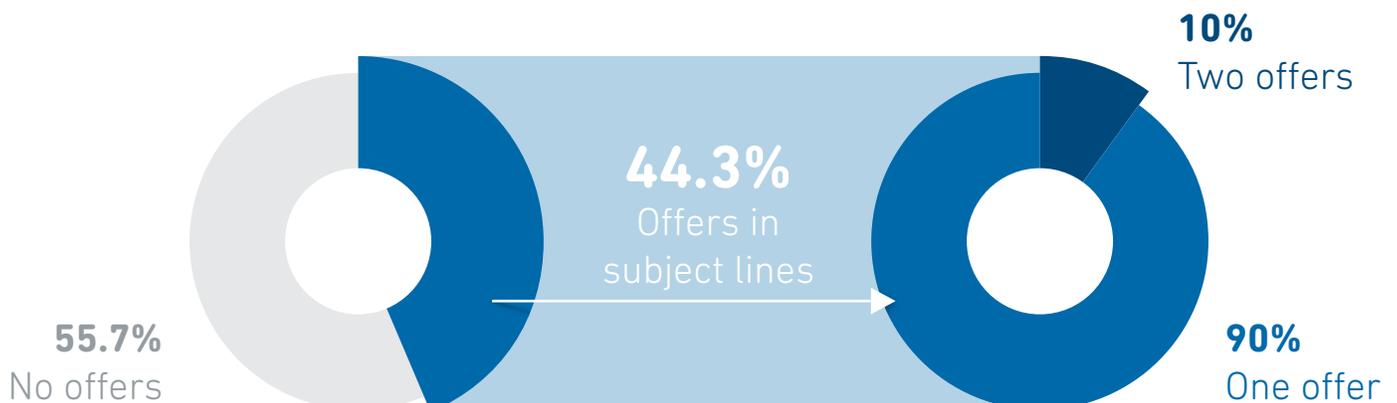
Share of Emails with Offers across All Industries



RETAIL ONLY:

While offers make up 30% of subject lines across all industries, in retail they are becoming even more ubiquitous; 44% of retail subject lines contained an offer in Q4 2016. This suggests that the retail industry is that much more competitive when it comes to incentivizing consumers to purchase.

Share of Emails with Offers for Retail



Performance of Offer Types in Email Subject Lines

The fact that roughly 1 in 3 of all marketing emails and nearly half of retail marketing emails boasted an offer implies a highly competitive environment where marketers are often trying to one-up each other with the largest discounts and most appealing offers. While it makes sense to assume this type of competition would benefit consumers, in reality it seems to have done the opposite – putting them off. As marketers get into the habit of frequently promoting offers to incentivize purchase and as those offers become more aggressive, their value is diluted.



For example...

'Free shipping', which has more or less become table stakes for online retailers, is no longer a compelling enough offer by itself. In fact, 61% of all subject lines with a 'free shipping' offer boasted a supporting incentive (E.G. '**Free shipping and 20% off!**').

For example, when 'free shipping' was the only offer in a subject line, it generated lower open rates than when it boasted a supporting incentive such as '% off.' Not only were open rates generally higher when 'free shipping' was combined with another offer, but so were click rates. Combining 'free shipping' with a percentage off saw higher engagement rates across the board.



Free Shipping

Secondary Offer

	\$ Off	% Off	Buy/Get	None
Open Rate	9.6%	10.7%	13.0%	10.3%
Click Rate	0.5%	0.7%	0.6%	0.5%
CTO Rate	4.9%	6.5%	4.8%	5.3%

Across all industries, emails with specific offers in their subject lines underperformed significantly in comparison with those without. With one exception, open rates for emails without explicit offers in the subject line were 28% higher than those with offers. Similarly, for messages without explicit incentives, click and CTO rates were 67% and 34% higher, respectively.

Performance of Offer Type Across All Industries

Offer Type	Open Rate	Click Rate	CTO Rate
 no offer	15.6%	1.5%	9.4%
 average for all offers	12.2%	0.9%	7.0%
loyalty incentives	17.0%	1.8%	10.5%
free shipping	10.4%	0.6%	6.0%
free gift	10.4%	0.5%	5.0%
buy one, get...	13.2%	0.7%	5.1%
% off	12.8%	1.0%	7.6%
\$ off	11.8%	0.7%	5.8%

When looking at individual offer types, open, click and CTO rates were also considerably lower for emails with offers in the subject line than for those without. The only exception was loyalty incentives, which boasted a 9% higher open rate, 20% higher click rate and 12% higher CTO rate compared to messages with no offers.

The excellent performance of loyalty offers is not surprising; some of these messages are targeted to existing loyalty members who are likely to be more engaged. Other loyalty messages, which may not necessarily be targeted to just loyalty members, are still very effective due to the use of language that communicates exclusivity, urgency and status. Regardless of which type of recipient marketers are targeting, they benefit from the use of offers that 'reward' their subscribers; the exclusivity of the offer and the potential to achieve status with the brand are strong motivators for consumers. In fact, unlike 'free shipping,' loyalty incentives are effective on their own; only 17.5% of them are accompanied by a secondary offer.

Recommendation:

Loyalty offers are a marketer's best friend and even more so during the promotion-heavy holiday season when it's particularly important to acknowledge loyalty members as well as prospective members. Exclusive offers and status incentives are not only great options for existing loyalty members but also effective in driving new member signup because they are strong open and click drivers.

In addition, according to [Yes Lifecycle Marketing's Q4 Benchmark Report](#), the rate of new subscribers opting into marketers' mailing programs increases significantly in Q4. It's a great time for marketers to tout their loyalty program in all their base and lifecycle messaging, starting with their welcome series.

Below is an excellent example from the second email in Toys "R" Us welcome series; this message is exclusively dedicated to driving membership subscriptions.

Subject Line:
You're Missing Out on
Exclusive Member Perks!

Rewards'R'Us to earn points while you shop...and more! [View Online](#)

TOYS 'R' US BABIES 'R' US

Toy Categories | Baby Categories | Find a Store

earn \$5 in "R"Us Rewards for every 125 points!

Earning is easy – get 1 point for every dollar you spend at Toys "R" Us & Babies "R" Us.*

Plus, here are even more reasons to join Rewards "R" Us!

- Enjoy rewards via email
- Bank your points to use when you want
- Exclusive members-only offers, like Perk Alerts
- Earn up to 10% back on purchases from your Babies "R" Us registry

[sign up today](#)

free shipping
with online purchases of \$29 or more!
[learn more](#)

price match guarantee
Simply come in store and show us the same item in a competitor's ad, selected online retailer's website or our websites.
Some exclusions and limitations apply.
[learn more](#)

[f](#) [t](#) [YouTube](#) [p](#)

Price Match
Free Store Pickup / Shipping
Layaway

Geoffrey's Birthday Club
Rewards "R" Us Program
The "R" Us Credit Card



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Conversion for Offer Types in Email Subject Lines

Looking exclusively at engagement rates for emails boasting offers in their subject lines tells only half the story. In order to get the full picture, we took a look at the retail industry to understand how offers perform down the funnel. While they may not be the strongest drivers of opens and clicks, offers generate conversions (purchases per click) significantly more effectively than all other types of retail emails.

Performance of Offer Type for Retail

Offer Type	Open Rate	Click Rate	CTO Rate	Conversion Rate*
no offer	15.6%	1.3%	8.4%	1.8%
loyalty incentives	14.6%	1.9%	13.1%	0.3%
free shipping	10.1%	0.6%	6.2%	7.6%
free gift	9.6%	0.5%	5.1%	4.3%
buy one, get...	12.4%	0.8%	6.4%	3.3%
% off	12.6%	1.0%	8.1%	7.9%
\$ off	10.2%	0.7%	6.5%	4.7%

*Conversion rate is calculated by dividing the number of email-driven purchases by the number of email clicks

'% off' and 'free shipping' lead the pack with conversion rates of 7.9% and 7.6%, respectively. While their general engagement rates are not as strong as those of other messages, these offers are very effective for consumers who are ready to convert. The low open rates could be a function of the frequency with which many brands send offers – after all, 44% of all retail subject lines in Q4 contained an offer. If incentives are touted often, they no longer feel special or urgent and become the norm in the eyes of the consumer. As a result, offers often appeal only to those who are ready to buy.

Across all industries as well as specifically for retail, loyalty is a strong driver of opens, clicks and CTO. When it comes to conversion, however, it is the lowest. This can partially be attributed to the unique nature of the calls-to-action of emails containing loyalty incentives. Often, loyalty offers are not directly incentivizing a purchase but a different type of action such as redeeming points, writing reviews, following a brand on social, joining a loyalty program or referring a friend.

Recommendation:

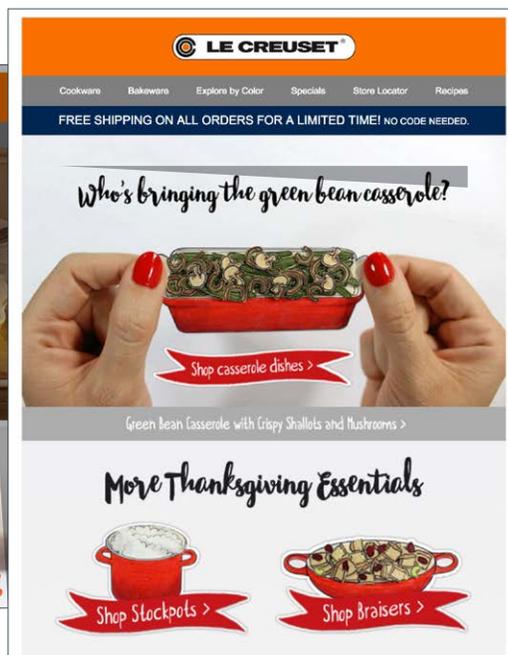
To drive better engagement and consequently, better conversion with their email offers, retailers need to make sure the offer is meaningful to the consumer. Close to half (44%) of all retail messages prominently advertised an offer in their subject lines which means that few communications were dedicated to enticing customers with the value and benefits of specific products. With the sheer number of marketing messages retailers need to break through to reach consumers, it's important to step back and work on show-rooming products and generating desire for them – even during the no-holds-barred holiday season. Then, when a truly great offer is promoted, it is perceived as a treat that maximizes purchase opportunities.

In addition, retailers should be mindful of each customer's lifecycle stage when they're sending offers. For example, a new subscriber might be enticed to purchase by one type of offer while a frequent buyer, a seasonal shopper or a lapsed customer might be tempted by another. As such, it is critical for retailers to supplement their base communication streams with lifecycle messaging designed to build or fortify the relationships with their audience.

Below is a series of messages from Le Creuset, which start off with effectively show-rooming products and creating desire for them. The last message capitalizes on the achievements of the preceding emails by promoting an occasional short-term offer highlighting gifts with purchase and free shipping.



Subject Line:
A Thanksgiving
Tradition Since 1825



Subject Line:
Get Green Bean
Casserole-Ready



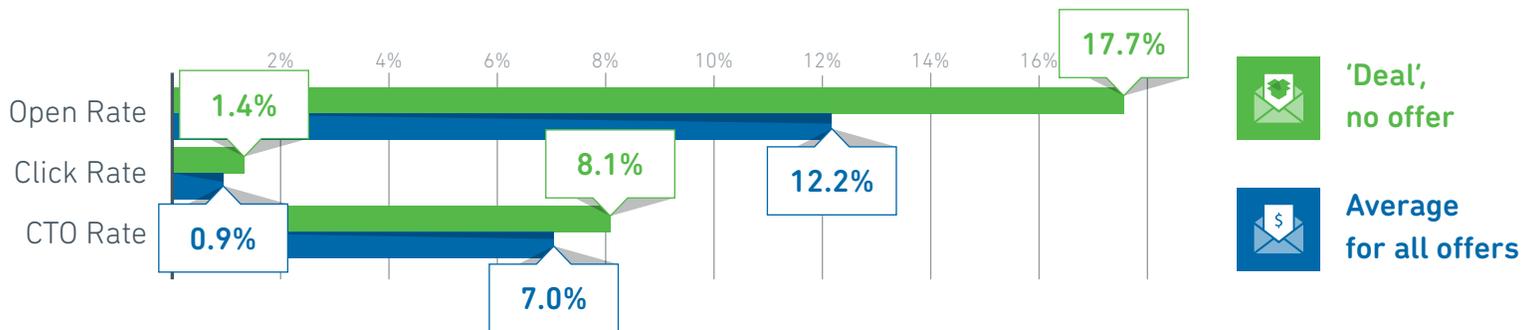
Subject Line:
Bonjour,
Black Friday!

Deal or No Deal: Performance of Emails with the Word 'Deal' in the Subject Line and Without a Specific Offer

As we discussed previously, emails across all industries in Q4 **without** a specific offer in their subject lines outperformed messages with set incentives (the only exception being loyalty offers).

So, if offers don't work, what does? When we took a closer look at subject lines that did not contain offers, we discovered the word 'deal' was a major factor in generating high open rates. In fact, when the word 'deal' was used in an email subject line without a specific offer attached to it, it drove the highest open rates compared to any other message.

Email Performance: 'Deal' vs Offer Across All Industries



When looking further into the performance of messages containing the word 'deal' in their subject lines, we discovered that many of them had one or more of the following in common:

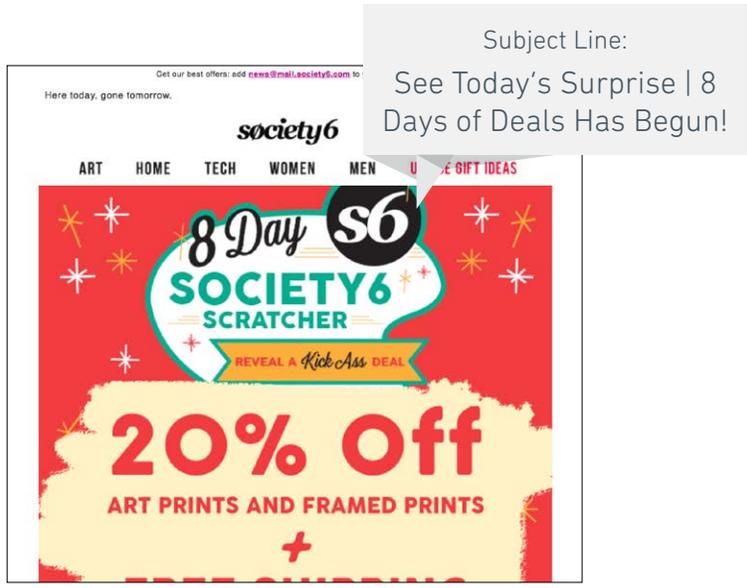
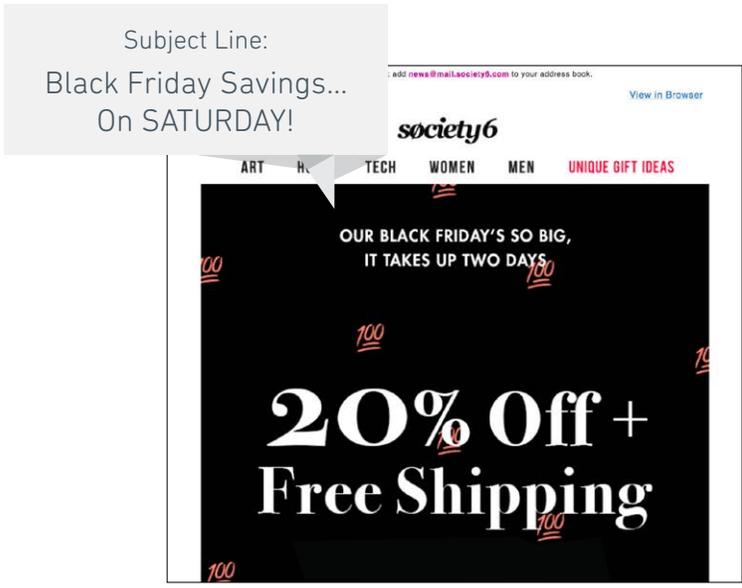
- They often communicated a sense of urgency (e.g. 'Deals today only!').
- They appeared customized for the individual recipient (e.g. 'Deals especially for you') and seemed to speak directly to him, even without employing the word "you" in their subject lines (e.g. '[hey you] check out these deals').
- They created a sense of mystery that piqued subscribers' interest (e.g. 'Deals - see inside' or 'Our best deal this season').

In addition, the use of the word 'deal' in subject lines was often in conjunction with events like Black Friday and Cyber Monday, per the word cloud below. This may have also positively impacted open rates since, to many consumers, those events implicitly communicate savings.

Most popular words used in conjunction with 'deal' in email subject lines

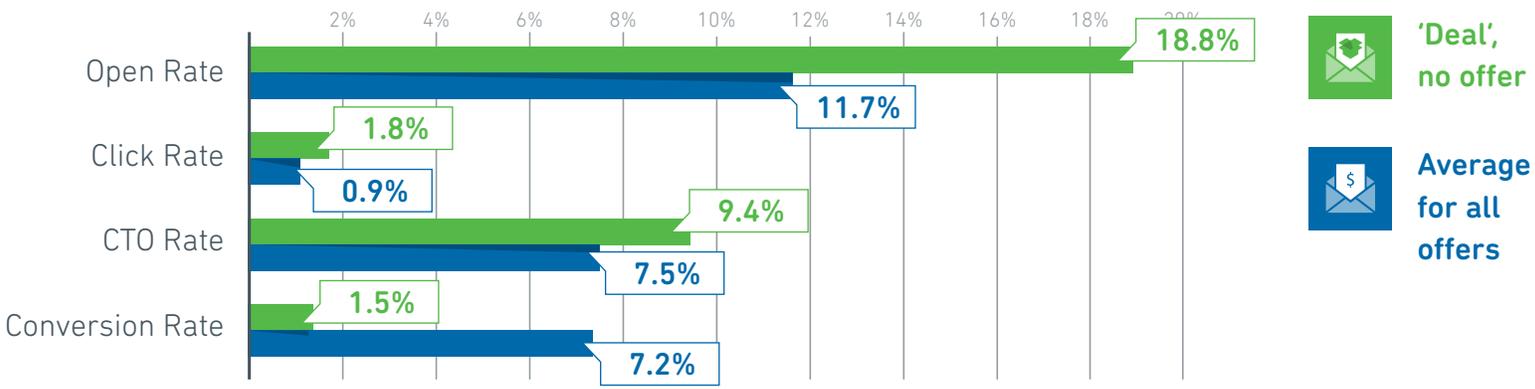


Across all industries as well as specifically for retail, subject lines containing the word 'deal' and without a specific offer performed best in terms of open, click, and CTO rates because they effectively tugged at consumers' curiosity and got them to open. For example, particularly during the holiday season, much of the email content marketers send is designed to drive website traffic. This often means that most of the message body is taken up by a huge call-to-action, i.e. 'ALL DAY TODAY 30% OFF,' which appeals broadly to the consumer but isn't specific about what types of products the discount applies to. Even in campaigns where the offer was specific enough to discourage a click from those who were not interested, the word 'deal' seemed to have enough promise to drive clicks due to its implicit meaning of value and savings. The examples below while coming from the same brand, illustrate two different approaches marketers can take – one beckoning a click by touting an appealing, all-encompassing deal that takes up most of the message's real estate and the other inciting an open via its interest-piquing subject line but advertising a very specific sale in the message body.



Perhaps unsurprisingly then, when it comes to conversion, the retail industry shows us that emails with 'deal' in the subject line do not convert at nearly the same rates that messages with offers do. The word 'deal' carries a lot of promise and drives many potential customers to a brand's website, but the promise ends at the point of conversion when high expectations are not necessarily met.

Email Performance: 'Deal' vs Offer for Retail



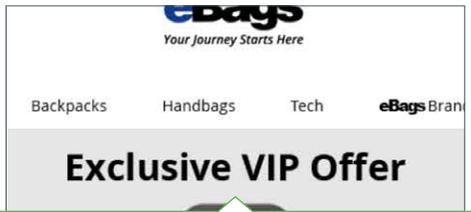
Emails advertising specific offers in the subject line generated almost 5X the conversion rates of those containing 'deal' and no offers. One possible explanation is that specific offers tend to weed out shoppers earlier in the funnel.

Recommendation:

To avoid low conversions when using the word 'deal' and no specific offer in subject lines but still generate the signature high engagement from those types of messages, marketers can use dynamic content to increase the relevance of the content and offers for each audience segment. Like we affirmed earlier, having the word 'deal' in the subject line can get consumers to open a message but, once they do, the content must meet their raised expectations. In order to achieve this, marketers can use demographic, purchase, browse, or email activity data to consistently provide a personalized email (and web!) experience to their subscribers.

In the example below, eBags did everything right – they had a subject line that didn't just use the word 'deal' as a vehicle for the open but instead likened it to a product that the recipient had previously browsed. In addition, the subject line communicated exclusive status even though the recipient did not hold it. The body of the message, like the subject line, was personalized with the product the recipient had previously browsed and included user-generated content like reviews and recommendations to promote conversion.

Subject Line:
VIP Email Exclusive:
Stock-Up with Our Best
Deals in Packing Cubes

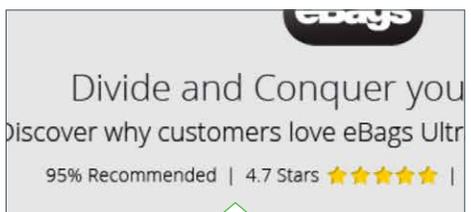


Exclusivity



Personalized subject
line and content

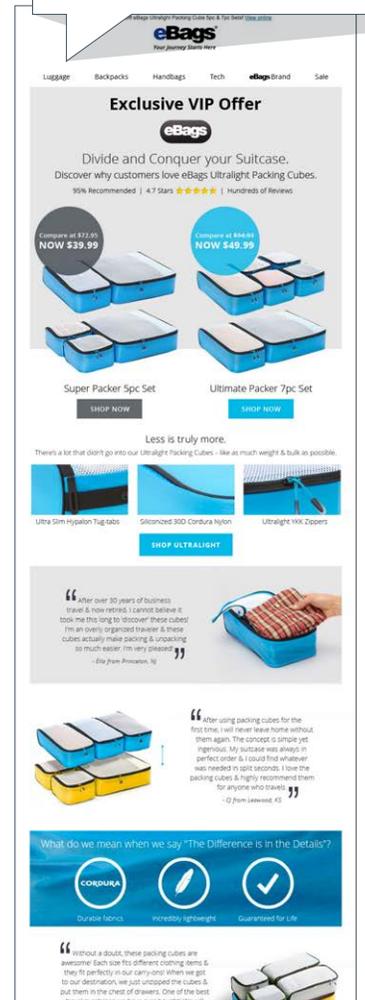
Email recipient had browsed this
product on the brand's website



Product ratings



User-generated reviews



Conclusion

Offer incentives have become the new norm for marketers competing for the ever-dwindling consumer attention. While loyalty offers proved the most engaging overall, percent discounts and free shipping drove the highest conversion rates.

On average, emails that **did not** highlight a specific offer generated higher engagement than the ones that did, indicating that, regardless of their appeal and generosity, offers must be meaningful to consumers in order to be effective. An enticing email subject line sets high expectations, but if they are not met when consumers open the message, it compromises the chance for conversion.

Meeting customer expectations comes back to understanding who they are and what they need. This means personalizing their experience across each touch point and providing a contextually relevant mix of offers, lifecycle messaging and other meaningful brand content. When used as part of the right communication strategy, offer incentives can drive major revenue for brands and keep customers coming back for more year-round.



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Yes Lifecycle Marketing generates superior results by turning data into action through its cross-channel marketing platform Yesmail360i and expert agency services. By combining technology and professional expertise, we transform brands into true insights-driven businesses and empower them to make better, smarter, and faster decisions. To learn more, call 1-877-937-6245 or email sales@yeslifecyclemarketing.com.



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