

THE HONG KONG POLYTECHNIC UNIVERSITY DEPARTMENT OF MANAGEMENT AND MARKETING

Departmental Research Seminar



How to Get People to Sign Up for Subscriptions: An Experimental Approach By

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Date : 15 Mar 2023 (WED)

Time : 9:30 – 11 am

Venue : Online via Zoom

Abstract

Subscriptions, which are common-place for digital content, are increasingly being offered for physical goods such as pet food. These types of subscriptions differ from subscriptions for digital content in that (1) the subscriptions are being sold by retailers, not manufacturers, (2) consumers can buy the same products even without a subscription – often through the same retail channel that they bought the subscription, and (3) timing of deliveries becomes very important and salient in the management of subscriptions for these physical goods.

Given this, a natural question is why do people buy subscriptions and how should firms sell them. We work with a retailer that sells pet products to run an experiment sending emails with messages that may speak to different motivations of why people would buy subscriptions. The firm itself had been using only price discounts to sell subscriptions. We find that non-price messages deliver the best results in the long-term – especially messages that emphasize convenience or that reassure customers that they will be notified before any future shipments are sent. That is, while price and non-price messages performed similarly well in initial response, consumers who responded to non-price messages were more likely to stay with the subscription. We show that this is largely because price-based messages attract more consumers who merely want a discount and do not intend to continue with the subscription after the discount is no longer offered.

Prof. Raphael Thomadsen is a Professor of Marketing at Washington University in St. Louis. He received his PhD in Economics from Stanford University in 2001, and has previously taught at Columbia and UCLA. His research has focused on understanding (separately and jointly) pricing, retail-level promotions, and advertising using theoretical and empirical methods. He is also a Department Editor at *Management Science*.

All interested are welcome.



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