506 Powered by Shop Circle EASYGIFT RESEARCH

WHITE PAPER · GIFT WITH PURCHASE

The Reciprocity Premium

Can a free gift break the discount habit?

> Are you teaching your customers never to pay full price?

45%
Larger: the median gifted basket compared with the same store's ungifted baskets
August 2026 · about 2,400 stores · observed, not caused

+1.2 pts
Store-wide AOV change for stores that started gifting, above stores that did not
28 days after vs before · indicative

42%
Spend thresholds set below the store's ordinary basket
About four in ten cart-value rules

16.8M
Shopify orders analysed
About 12,000 stores · August 2026

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506 makes EasyGift, the Shopify app whose order data this paper analyses. No store, merchant, product or customer is identified, and every figure is an aggregate.

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The discount habit

A sitewide discount is the fastest lever a merchant has. It is easy to set up, easy to explain and it usually works. Shoppers respond to lower prices, and the research is clear that a straight price cut tends to move more product than a free gift of the same value.

The cost comes later and is harder to see. A discount resets the price a customer thinks is normal. Mela, Gupta and Lehmann followed shoppers in a packaged-goods category for more than eight years and found that consumers became **more price- and promotion-sensitive over time** as promotions increased and advertising fell. Run enough sales and customers learn to wait for the next one.

There is also simple margin arithmetic. On a product sold at a 50% gross margin, 10% off cuts the margin on every order from 50% of the original price to 40%. To earn the same gross profit, the store needs **25% more orders**. Many sales do bring in more orders, but not all of them bring in that many.

A gift with purchase offers a different deal. The price stays where it is. The customer is asked to reach a spend level, and the reward is something extra rather than something off. That is the proposition this paper tests: whether a gift can lift basket size without teaching customers that the list price is negotiable, and where it falls down.

> "A discount changes what the product costs. A gift changes what the order is worth reaching for."

Why a gift might work differently

Four findings from consumer research explain why a gift could behave differently from a price cut. Each is a reason to expect an effect, not proof that one exists in any given store.

Reciprocity

People feel obliged to return a favour. In a restaurant field experiment, Strohmetz and colleagues found that diners who received a small chocolate with the bill left larger tips. The size of the effect depended on how much candy was given **and on the manner it was offered**, and the authors argued reciprocity explained it better than mood or impression management. Tipping is not shopping, so treat this as an analogy: the gesture matters, not only its price.

The zero-price effect

Shampanier, Mazar and Ariely showed that “free” is not just a low price. When the cheaper of two options drops to zero, far more people choose it than a cost–benefit calculation predicts. Their studies compare products against each other, so they do not test gift-with-purchase directly. They do suggest a free item can carry more appeal than its cash value.

The goal gradient

Kivetz, Urminsky and Zheng found that people speed up as they approach a reward. Café customers bought coffee more often the closer they were to a free one. A “spend $100, get a gift” bar creates exactly this kind of goal, and a progress message makes the remaining distance visible.

Fit with the product

Chandon, Wansink and Laurent found that money-off promotions work better for utilitarian products, while non-monetary promotions suit hedonic ones. A gift is a better fit for a candle shop than for a refill of washing powder.

The counter-case

The research on free gifts is not one-sided, and the strongest result points the other way.

Price cuts usually sell more. Foubert, Breugelmans, Gedenk and Rolef compared premiums (free gifts with purchase) against equivalent price cuts in an online shopping simulation with more than 2,000 participants. Premiums had a **systematically smaller effect on purchases**. A premium can still be the more profitable choice if it costs the seller less than the discount it replaces, and the gap was smallest for private-label brands. The authors calculate how big that cost advantage has to be.

”Free” can cheapen the gift. Raghubir found that offering a product as a free gift can lower what people will later pay for it. This “value discounting” was weaker when shoppers had other price information about the gift. Kamins, Folkes and Fedorikhin found that calling one item in a bundle “free” reduced what people would pay for it sold alone. Palmeira and Srivastava found the opposite in a different setup: a free offer devalued a product less than a low discounted price did. The safe reading is that framing matters, and a merchant who gives away their own hero product should show its normal price.

More choice is not reliably worse. The famous jam study by Iyengar and Lepper found shoppers offered six jams bought more often than those offered twenty-four. A meta-analysis of 50 experiments by Scheibehenne, Greifeneder and Todd found an average choice-overload effect of **virtually zero**. Chernev, Böckenholt and Goodman later found it does appear when choices are complex, the task is hard, preferences are uncertain or people want to decide quickly. A gift menu may or may not meet those conditions.

Gifts cost money. Retail value is not merchant cost. A gift adds landed cost, stock to manage and something to ship. If it goes to customers who would have spent the same anyway, it is a cost with no return.

What 16.8 million orders show

EasyGift records, for each store and day, the number and value of orders where a gift rule fired and of orders where none did. That gives each store a natural comparison: its own gifted and ungifted orders in the same month.

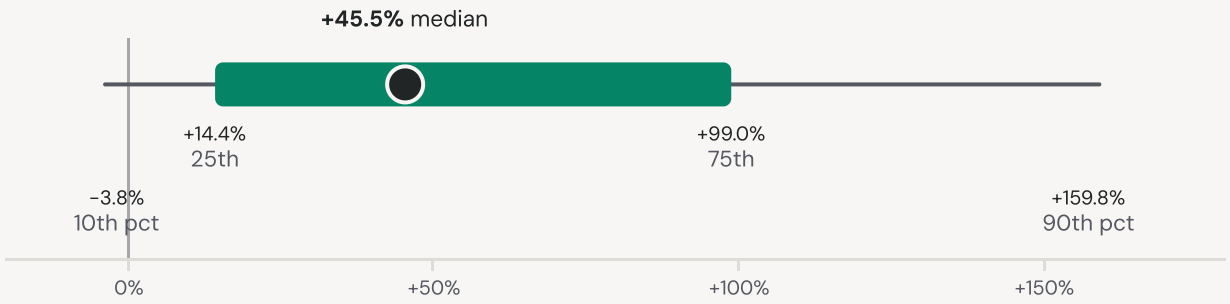
We used August 2026: 16.8 million orders from about 12,000 stores, of which 1.57 million carried a gift. To keep each store's averages stable, the comparison uses the roughly 2,400 stores with at least 30 orders in each group. Because the measure is a ratio within each store, currency does not affect it.

Gifted baskets are much bigger

The median store's gifted orders were **45.5% larger** than its ungifted orders. 86.9% of stores showed a positive gap. Among the roughly 900 stores trading in US dollars, the median gifted order was **$125.64** against **$86.68** for ungifted orders.

How much bigger gifted baskets are, store by store

Each store's average gifted order against its average ungifted order, August 2026. About 2,400 stores with at least 30 orders in each group. Observed difference, not uplift.



The pattern held in the other windows that remain on record: **+47.6%** for 23–31 July (the only July days still retained) and **+42.1%** for September. These periods share most of the same stores, so they show persistence rather than independent replication.

WINDOW	QUALIFYING STORES	MEDIAN GAP	STORES ABOVE ZERO
23–31 July 2026	~1,200	+47.6%	85.5%
August 2026	~2,400	+45.5%	86.9%
September 2026	~2,400	+42.1%	86.0%

That gap is not what the gift did

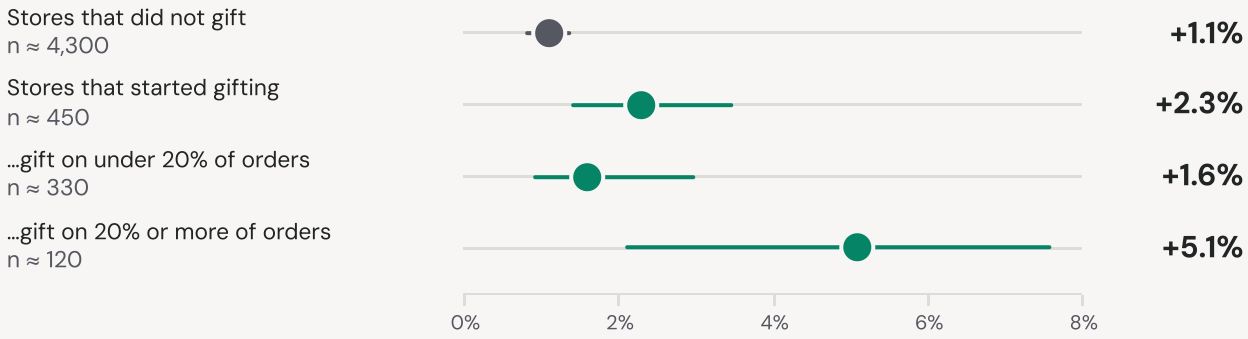
A spend threshold only admits large baskets, so gifted orders are bigger partly by construction. The 45% figure answers "how much bigger are the baskets that got a gift?" It does not answer "how much did the gift make baskets bigger?"

To get closer to the second question, we looked at stores that started gifting in late August or September. We compared their **whole-store** average order value in the 28 days before their first gifted order with the 28 days after. Stores that never gifted over the same weeks were the

comparison.

Store-wide AOV change after stores started gifting

Median change in a store's overall average order value, 28 days after its first gifted order against the 28 days before. Stores with no gifted orders over the same weeks for comparison. Lines show 95% intervals. Observational.



Stores that started gifting saw their overall average rise by a median **2.3%**, against **1.1%** for stores that did not gift: a difference of about **1.2 points**. Where at least a fifth of orders carried a gift, the median rise was **5.1%**. This is still observational. Stores choose when to start, often alongside a campaign, so we treat it as an indication of scale rather than a causal estimate. But it is a very different number from 45%, and it is the more honest one to plan around.

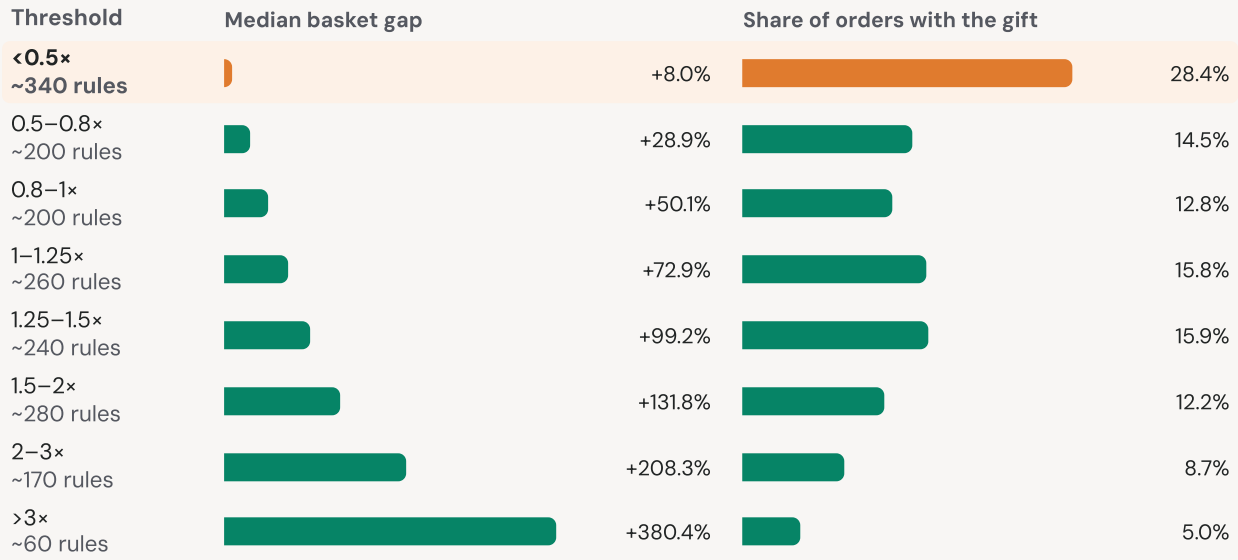
The two figures fit together. In the typical adopting store about one order in ten carried a gift. Even if every point of a 45% gap were caused by the gift, the store-wide average could only move by around four or five points.

Thresholds below the ordinary basket give gifts away

We expressed each rule's spend threshold as a multiple of the store's ordinary (ungifted) basket. Rules set below half the ordinary basket reached the most orders, with **28%** of the store's orders carrying a gift, and showed the smallest gap, at **+8%**. Those gifts mostly went to orders that were already that size.

Threshold height, basket gap and reach

Cart-value rules with at least 20 gifted orders in August 2026 (about 1,800 rules), grouped by threshold as a multiple of the store's ungifted average order. Left: median gap between gifted and ungifted baskets. Right: median share of the store's orders that carried the gift. Two measures, two scales. Highlighted: thresholds below half the ordinary basket.



42% of threshold rules sat below the store's ordinary basket in August, and 45% in September. Above the ordinary basket the gap climbs steeply, but most of that climb is mechanical: a higher bar admits only bigger orders. The more interesting pattern is on the right. Between half and twice the ordinary basket, the share of orders reaching the gift stayed in a narrow 12–16% band. That is a cross-store comparison, so it does not prove a store can raise its bar without losing reach. It does make a raised threshold a sensible first test.

What the other settings show

Settings comparisons are observational: stores that choose one configuration differ from stores that choose another. They are useful for picking what to test, not for declaring an optimum.

- **Trigger type.** Gifts triggered by cart value showed a gap of about +80%, against +33% for gifts triggered by buying a specific product. Cart-value rules select large baskets by design and product rules do not, so this ratio says more about selection than about which trigger works better.
- **Gift size.** Among rules with thresholds between one and two times the ordinary basket, the gap was roughly flat for gifts worth up to half the threshold (+101% to +119%) and lower for gifts worth more than half (+83%). A bigger retail value did not come with a bigger basket. Retail value is not cost, and this band does not fully hold threshold height constant.
- **Choice menus.** 38.5% of "choose your gift" rules offered only one gift. Menus with three or four options showed the largest gap in both August (+62%) and September (+57%), but neighbouring sizes moved around between months and the mix of triggers differs by menu size.
- **Tiers.** Stores with several spend tiers showed larger gaps than single-tier stores (+75% to +80% against +60%), and four or more tiers had the highest share of orders carrying a gift (45%). The groups are small, and we found no sign that three tiers is a sweet spot.

Settings compared, August 2026

Median gap between gifted and ungifted baskets. Rules with at least 20 gifted orders; tiers use stores with at least 30 gifted orders. Observational: read as what to test, not as what works best.

Trigger and delivery

SETTING	RULES	GIFTED ORDERS	MEDIAN GAP
Cart value · added automatically	~1,300	~470,000	+79.9%
Cart value · customer chooses	~470	~110,000	+73.0%
Collection · added automatically	~590	~190,000	+48.3%
Collection · customer chooses	~170	~36,000	+46.9%
Specific products · added automatically	~1,500	~710,000	+33.0%
Specific products · customer chooses	~200	~37,000	+33.2%
Product tags · added automatically	~180	~82,000	+24.1%
Product tags · customer chooses	~60	~25,000	+24.8%

Gift retail value as a share of the threshold (thresholds 1–2× the ordinary basket)

GIFT VALUE	RULES	GIFTED ORDERS	MEDIAN GAP
Under 5%	~40	~8,000	+106.6%
5–10%	~50	~31,000	+119.3%
10–20%	~120	~51,000	+104.6%
20–35%	~130	~37,000	+102.1%
35–50%	~50	~14,000	+101.4%
Over 50%	~60	~11,000	+83.4%

Options in a “choose your gift” menu

OPTIONS	RULES	GIFT SHARE	MEDIAN GAP
1	~350	7.5%	+41.3%
2	~140	10.3%	+48.4%
3–4	~210	11.4%	+61.9%
5–9	~140	11.1%	+55.9%
10 or more	~60	5.4%	+47.4%

Spend tiers per store

DISTINCT THRESHOLDS	STORES	GIFT SHARE	MEDIAN GAP
1	~860	23.4%	+59.9%
2	~240	23.2%	+75.6%
3	~90	31.2%	+79.5%
4 or more	~60	45.5%	+74.9%

When discounts win, when gifts win

Put the research and the data together and the choice between a discount and a gift depends on what the promotion has to do.

Discount or gift?

SITUATION	LEAN TOWARDS	WHY
Price is what stops people buying	Discount	Price cuts lift purchases more than equivalent free gifts (Foubert et al., 2018).
Everyday, utilitarian or replenishment products	Discount	Money-off promotions fit utilitarian products better (Chandon et al., 2000).
Clearing stock fast	Discount	A gift needs a spend goal to work; clearance needs volume now.
Treats, gifts and discretionary categories	Gift	Non-monetary promotions fit hedonic products (Chandon et al., 2000).
Protecting full price and the brand	Gift	The product price stays put; frequent deals raise price sensitivity over time (Mela et al., 1997).
Lifting basket size above today's typical order	Gift with a threshold above the ordinary basket	A visible goal to reach (Kivetz et al., 2006). Thresholds below the ordinary basket mostly reward existing orders.
You have an item that feels valuable but costs little	Gift	Break-even needs only a small store-wide lift when landed cost is low.
Gifting your own hero product	Gift, with its normal price shown	Labelling an item "free" can lower its perceived value (Raghubir, 2004; Kamins et al., 2009).
Already running a sitewide discount	Neither on top of the other	Stacking pays twice for the same order.

A worked example

Take a store with 1,000 orders a month, an $87 average order and a 50% gross margin.

- **A 10% sitewide discount** costs $8,700 a month in revenue if order volume stays the same. To stand still on gross profit the store needs 25% more orders.
- **A $5 gift at 1.25 times the ordinary basket** reaching 12% of orders costs $600 a month. To pay for itself the store needs about $1,200 of extra revenue, roughly **1.4%** more.
- **The same gift with the threshold below the ordinary basket**, reaching 28% of orders, costs $1,400 and needs about **3.2%** more revenue, while the data suggests it buys very little.

The store-wide change we observed for new gifters (about 1–2 points above non-gifters) sits close to that break-even line. Whether a gift pays depends on its landed cost, the store's margin and where the threshold sits. A discount may still bring in more new orders, as Foubert and colleagues found. The point of the arithmetic is that a gift has to do much less to pay for itself.

Testing it in your own store

1. **Measure the whole store, not the gifted orders.** Compare store-wide AOV, orders and gross margin, including gift cost, between periods with and without the gift.
2. **Alternate on and off weeks** for four to six weeks rather than comparing one month with the next.
3. **Start the threshold above the ordinary basket.** Set it from your *ungifted* average order value, not a competitor's round number, and test one or two heights.
4. **Choose a gift with a high perceived value and a low landed cost,** and show its normal price.
5. **Do not stack a gift on a sitewide discount.** You pay twice for the same order.
6. **Watch returns and stock.** A gift that runs out mid-campaign or drives returns erases the gain.

The argument in six questions

The short version. Figures are rounded; the detail is above.

Are you teaching your customers never to pay full price?

Possibly. Long-run research on promotions found shoppers get more price-sensitive the more often they see deals. And the maths is unforgiving: at a 50% margin, 10% off means you need a quarter more orders just to stand still.

IN ONE LINE: *A discount changes what the product costs. A gift changes what the order is worth reaching for.*

So how much does a free gift move the needle?

Lead with the caveat. In 16.8 million orders, baskets that picked up a gift were about 45% bigger than the same store's other baskets. But a spend threshold only lets big baskets in. When we looked at stores that started gifting, their overall average went up about one to two points more than stores that didn't. That's the number to plan around.

IN ONE LINE: *The 45% tells you which baskets got the gift. It doesn't tell you what the gift did.*

Where does gifting go wrong?

Setting the bar too low. Four in ten thresholds sat below the store's normal basket. Below half the normal basket, more than a quarter of orders got a free gift and those baskets were barely bigger. That's a gift for an order you already had.

IN ONE LINE: *If most customers qualify without trying, it's a rebate, not a promotion.*

When should a merchant just run a discount?

When price is the thing stopping people buying. A careful experiment by Foubert and colleagues found free gifts sell less than an equivalent price cut. Gifts can still win on profit because they cost less, and they suit treats more than refills.

IN ONE LINE: *Discounts move volume. Gifts protect price. Pick based on which one you need.*

Does a bigger gift work better?

Not in our data. Above half the threshold's value, bigger gifts went with smaller gaps, and below that it made little difference. Retail value isn't what the gift costs you, so look for things that feel generous and cost little.

IN ONE LINE: *Generous-looking, cheap to give.*

What should a listener do this week?

Find your average order value on orders without a gift. Set the threshold above it, pick a gift that's cheap to give but feels worth having, show its normal price, and run it on and off for a few weeks. Then judge it on the whole store's orders and margin, not just the gifted ones.

IN ONE LINE: *Measure the whole store, raise the bar, keep the gift cheap.*

FIGURES TO HAVE TO HAND

45.5%	median gifted vs ungifted basket, same store, August 2026 (observed)
+2.3% vs +1.1%	store-wide AOV change, new gifters vs non-gifters, 28 days
42%	thresholds below the store's ordinary basket
+8% / 28%	gap and gift share when the threshold is under half the ordinary basket
$125.64 vs $86.68	median gifted vs ungifted order, US-dollar stores
25%	extra orders a 10% discount needs to stand still at a 50% margin

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