

Setting the table

Bold's guide to growing
food and beverage
subscriptions in 2021



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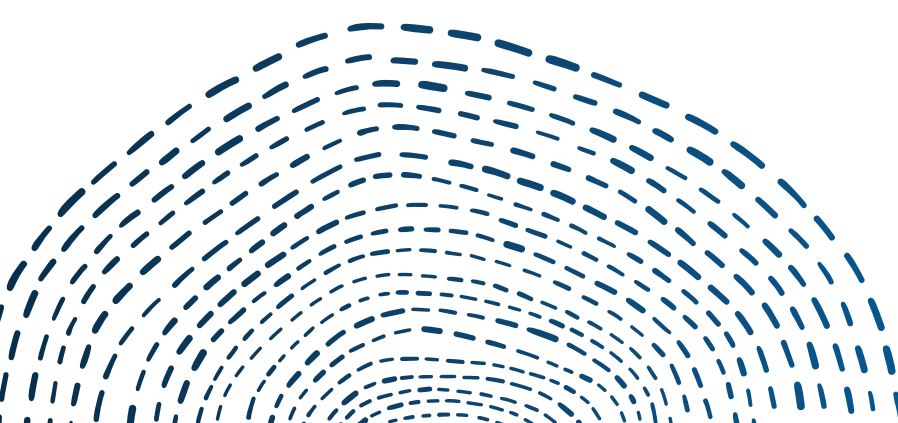
Setting the table

Bold's guide to growing food and beverage subscriptions in 2021



It's no secret that the ecommerce subscription model is fast becoming a primary business model and growth driver for leaders in the food and beverage sector. And the strongest subscription models are built to engage customers across their entire journey with a brand, from the discovery stage to relationship-building to retention.

A future-ready brand shouldn't just rely on one-time transactions. Predictable and dependable revenue through subscriptions can help the bottom line while also delivering customer insights for increased brand loyalty. After all, the deeper the interaction with the customer, the more you can learn from how they interact with your brand.



Now we're cooking: Success in numbers

It's clear ecommerce subscriptions are vital to a brand's revenue health. As early as 2016, ecommerce leaders saw the value in bringing subscriptions to their customers: Between 2012 and 2016, the sales of subscription economy businesses in the U.S. [grew](#) nine times faster than sales of companies in the S&P 500, and more than four times the rate of U.S. retail sales.

According to [data](#) from the Subscription Trade Association (SUBTA), by 2023, 75% of organizations selling D2C will offer subscription services.

A Bold Commerce [survey](#) of nearly 800 subscription brands, found that the beauty, technology, food and beverage, and apparel industries were early adopters of subscriptions, and “brands in those verticals still continue to see steady growth. Over two thirds of respondents in these industries reported growth rates of 10% or more month over month.”

It's a trend that is only going to become more prevalent in the coming years: the global subscription ecommerce market is expected to reach \$478 billion by 2025, enjoying a CAGR of 68%, as UnivDatos Market Insights [estimates](#).



“If you are a brand, you need to build a subscription model or membership into your revenue stream. Brands that have this model show higher valuations, more predictable income, and most importantly, more consumer loyalty.”

Christopher George,
Co-founder & Chairman of SUBTA



Subscription modeling that delivers

In a world where the competition regularly claims to be number one, it can be difficult to differentiate and build your own identity. Difficult, but not impossible. Effective subscription businesses have adopted a structure and offering that allows them to command a large, and growing share of the market.

Any attempt to establish a well-oiled subscription offer has to begin with understanding the many routes you can take. In this essential guide, you'll learn how to overcome challenges by finding the right subscription model that works for your brand, and how you can not only boost visitor conversion, but also deepen brand loyalty at every turn.

For food and beverage subscription businesses, deepening the relationship with the customer means exploring and optimizing every step of the customer journey including:

- 1. Creating unique subscription experiences.**
- 2. Integrating a seamless approach for converting customers at checkout.**
- 3. Ensuring customer value is maximized.**

Standing out in a crowd of competitors is no easy task, and it's getting more difficult all the time. Remaining focused on all three of these areas will create an advantage for your subscription venture.

Also, in the food and beverage space, it's important to keep the offers fresh and head turning. With many consumers facing subscription fatigue due to the multiple offers already peppering their inbox (and showing up on their front door), how can you stand out from competitors?

We'll show you how with this dynamic guide as we turn to several ecommerce, subscription, industry brand leaders, and insightful case studies.

Let's explore the three typical subscription models common among ecommerce food and beverage brands.



1. Replenishment (aka subscribe and save)

Known as the simplest model to adopt, recurring replenishment refers to allowing the automation of purchasing products on an ongoing basis, with subscribers saving a certain percentage on each purchase.

In fact, replenishment services boast particularly high long-term subscription rates, as a McKinsey report [cites](#): 45% of members have subscribed for at least one year, about 10% higher than the level for other subscription models.

This approach allows for customers to easily have their favorite brand always in stock at home. A replenishment subscription program might include the ability to:

- Convert transactions into a relationship with subscribe and save offerings.
- Support both a one-time purchase and a subscription in a single cart.
- Provide customers with convenience when they manage their subscription: swap products, skip orders, and more.

“The smartest brands know how to welcome the customers aligning with their products to become certified paying members, and that’s where subscriptions come in.”

Jay Myers,
Co-founder of Bold Commerce



JONES
SODA CO.®

Example: Jones Soda, powered by Bold Subscriptions. Seattle-based Jones Soda implemented a subscribe and save offering within 24 hours, matched it to their branding, and launched it quickly.

Customers pick and choose from a variety of intriguing flavors to build their beverage box, then hit “subscribe and save” for a 10% discount.

Subscription modeling that delivers

2. Subscription Builder

Also known as build-a-box, this model was popularized by meal kits. It allows brands to create personalized plans tailored to the needs of its customers. Its benefits allow brands to:

- Empower customers to craft a plan to their liking without any hiccups.
- Provide convenience and flexibility using advanced scheduling rules.
- Let customers subscribe to any physical or digital channels.

Customers would subscribe and then choose from a variety of options that coincide with their needs. Everything is personalized, further cementing the bond the consumer feels with the brand. Upselling on builder models is quite common, as is adding the flexibility for consumers to edit their orders whenever they like.





evive

Example: Evive Nutrition, leveraging Bold Subscriptions and Bold's first build-a-box module, allowed customers to select their smoothie meal-plan, upsell them to larger meal plans, and give members the power to modify it each shipment.

Evive combined Bold Upsell with their subscriptions offering to encourage subscribers to upgrade for more savings. A matcha-smoothie made in heaven!

3. Curation

Also known as a subscription box, this model can energize customers with a curated product selection delivered to their doorstep. Its benefits allow brands to:

- Streamline revenue and inventory forecasting by offering a single product while giving complete control over the contents and costs.
- Deliver impressive customer experience with customized customer portals.
- Enjoy complete freedom to create any subscription frequencies needed.
- Allow customers to easily modify their plan anytime.

Curated boxes bring some delight and surprise to subscribers who want to be treated to more variety than the other models. Selections can be driven from profile inputs from subscribers and/or past purchase or behaviour data. By subscribing to a curation-based offer, subscribers expect to receive a rotating assortment of products that sync up with their desires.

It's clear that 2020 became a fast-moving period for food and beverage retailers: that year saw a 25% increase in ecommerce subscriptions in the food and beverage category. Also, food and beverage are the leading categories for the highest customer lifetime value, as a SUBTA [report](#) found.

“Subscription business models are becoming an increasingly common and important lever in lengthening customer retention and growing lifetime value. By engaging in a long-term relationship with customers, brands have the opportunity to get to know them better and understand their preferences, also known as first-party data.”

Leslie Wong,
Partner Marketing Manager at marketing platform Klaviyo



Example: The Balanced Company, which provides snacks to subscribers, offers “high quality products for every box and love to include extra goodies like samples and exclusive offers from our Partnered Brands,” as their site says.

Also powered by Bold Subscriptions, they offer different subscription boxes for different lifestyles (vegan, keto, regular, snack vs. pantry) plus lifestyle boxes that ship out on different frequencies.

Create unique subscription experiences

The market is getting crowded in the ecommerce subscription space. It's increasingly common for consumers to have [multiple subscriptions](#): Of the 15% of consumers who receive subscription products, 35% subscribe to three or more services. Drilling down into this group, 18% of men and 7% of women have six or more subscriptions.

That means the subscription rollout will have to be smooth and frictionless, because customers can be fickle with digital portals that fail to operate efficiently. Empowering the subscription program are robust industry-leading apps that give brands the power to easily craft their custom subscription experiences that best suit the digital experience.

Going beyond just offering a subscription service, the most successful brands also take advantage of email marketing, discounts, benefits, and loyalty programs to [attract and retain subscribers](#).

First, brands should design unique front-end experiences that don't follow a template model. Lookalikes can cause the customers' eyes to glaze over as they scan the same-old design they came across from another brand the day before. You should do everything possible to make the portal attractive enough to entice a visiting customer to become a lifelong customer.

“The subscription offer can happen anytime, anywhere in an online store, and even physically in-store too.”

Jay Myers,
Co-founder of Bold Commerce



SCRATCH
COFFEE MARKET

Example: Scratch Coffee, this online coffee marketplace was able to easily implement a visually appealing subscription signup flow thanks to Bold Subscriptions. Within one page, you can select the type of bean you want (espresso, single origin, etc) and then after that click you're taken down the page to select how many bags and then to select frequency, such as every week or every month. Clicking all the fields will yield a cost per bag, all within one page. Its simplicity makes the process intuitive and clean.

With Bold Subscriptions, no two subscriptions front-ends need to look the same.



Create unique subscription experiences

Making it personal

Personalized products and services can cause shoppers to think, “This brand really listens to me!”. Businesses can differentiate from their competition through subscription models focused on personalized boxes tailored to customer needs.

Forward-thinking brands can leverage the flexibility of robust webhooks and APIs in order to build the onboarding flow precisely the way they want. Customers appreciate how their input can influence how their boxes will be filled, which is another step in deepening the shopper-brand relationship.



GAINFUL

Example: Gainful. This protein powder provider's onboarding for subscribers begins with a quiz, asking questions about weight, goal weight, and fitness habits. They also asked customers to indicate any allergies or dietary restrictions or preferences, so those with gluten allergies, for instance, will appreciate these considerations.

This data ensures Gainful isn't going to provide subscribers with generic products; shoppers will get the right product for their lifestyle and future goals, which goes a long way to establish brand trust and loyalty. Bold Subscriptions made this unique onboarding option easily embeddable in the sign-up process.

Create unique subscription experiences

Tracking seasonal changes

Many subscription offers have to take into account frequency logic, a concept referring to any changes in how and when an offer is regularly sent out to customers. In practical terms, say you subscribe to a coffee company and you receive the products usually on the first of the month. But if that first day of the month falls on a Sunday one month, for example, the subscription back-end can foresee that issue and make sure the delivery occurs the next day.

This tool also applies for pausing subscriptions, a common practice for those subscribing to seasonal products.

“Flexibility is at the heart of frequency logic. Bold Subscriptions can see those calendars the brand wants to use and it can adjust on the fly, all baked into the app.”

Jay Myers,
Co-founder of Bold Commerce

“The biggest flexibility...is the seasonal aspect of it. By specifying which months the subscription is eligible to charge in, that allows us to start our preseason orders early (such as in October for the following year). Then it is set up to not actually start the recurring charges until April of the following year.”

Joe Barneson,
CTO of Sitka Salmon



Example: Powered by Bold Subscriptions, Sitka Salmon has the unique challenge of needing to let subscription purchases run all year long, even though their seasonal shipping runs only nine months of the year. The fresh seafood brand solved this challenge using Bold Subscriptions’ advanced frequency and scheduling tools.

Convert customers at checkout

The path to subscription success begins with a unified checkout model for mixed one-time and subscription products, complete with a range of payment methods, delivery options (ship to home, store pickup, etc) and a field for customers to add custom notes.

Consumers are expanding the ways in which they shop — online, in store, social, even voice and SMS. These channels provide additional opportunities for subscriptions as well — for sign up as well as providing flexibility for subscribers to edit, pause, manage their subscriptions through these expanded channels. More shoppable moments create more opportunity for awareness, conversion and customer retention.

For those new to subscription offers, you might want to start with a simple push. Why not begin with discounts as enticement to join the subscription? A Bold Commerce [survey](#) found, 20% of brands who offer discounts have reported month-over-month growth rates higher than 50%, while of the brands who refrain from offering discounts, only 14% reported the same growth rate. Still, it's worth noting these discounts don't need to be steep, perhaps in the 5% to 15% range.

“Brands that discount too heavily fall into a trap of lower quality subscribers which would lead to a higher churn rate. I think a free gift with purchase can pay higher dividends than discounts in some cases.”

Christopher George,
Co-founder and Chairman of SUBTA




Example: Chaeban. An artisanal ice cream brand that added subscriptions to their online store during the pandemic. The Bold-powered food and beverage brand is making good use of discounts.

Chaeban was able to quickly scale up a full subscription build-a-box 'ice cream meal plan' subscription offering within a matter of days leveraging the Bold Subscription Builder module and its powerful flexibility to achieve this.

The brand added discounts to their subscription model, but rarely go higher than 10%. And they also appeal to customers who are impressed by member benefits: They offer subscribers early access to new flavors of their ice cream in a single-serve package, and for every 10 pints Chaeban delivers to club members, they donate a pint to a worthy recipient or cause.

To date, Chaeban's subscription ice cream club has accrued more than 70% of the revenue they expected to make from summer foot traffic.



Bringing innovative thinking to the checkout portal can do wonders to boost the visibility and adoption rates of subscriptions. Those features can include multiple checkout flows for web and mobile, multiple shipping options, and adding A/B testing and optimization to the offering. For example, you can run A/B tests to learn which discounts attract customers who tend to stay subscribed for longer.

Brands always want to give customers the ability to edit their subscriptions anytime they like. This relationship building with customers can propel brands to higher growth and deeper ties to those that value them most.

“When you are dealing in subscription model products, as opposed to more transactional or episodic ones, you have an obligation both to get to know your customer because you have to have a relationship for a long time, and to serve them in a way that is trustworthy. Otherwise, they’re going to leave, and you might be left in a position where you’ve spent more to acquire them than they’ve spent with you.”

Robbie Kellman Baxter,
Author of The Membership Economy



Example: Zevia. The LA-based soda manufacturer was able to quickly implement a subscribe and save subscription offering on their entire line in a matter of days with Bold Subscriptions. Their customer portal gave them the ability to give their customers full control to pause, edit, update, and change flavours anytime they like.

Maximize customer value

Churn is a painful, but inevitable retailer reality. The savvy businesses learn from their churn rates, though, and find solutions designed to retain customers who may have subscribed to their offer long ago but now seem disinterested and unreachable.

According to [data](#) published by Bold Commerce, one in 26 unhappy customers complain. The rest don't return. The number one reason why subscribers cancel? Lack of perceived value in the offer.

The higher the churn rate, the harder it can be for subscription ecommerce brands to cover their acquisition costs and boost their revenues.

But there are ways for brands to overcome these challenges by finding value in high-performing apps that enable them to customize their subscriptions portals, manage upsells and downgrades, and launch compelling loyalty programs.



Maximize customer value

Prepping the portal, earning more revenue per customer

A brand's online subscription portal can't be treated as just another landing page. Its design and flow has to be as engaging as any major digital project engineered to appeal to more longtime customers.

Since 90% of ecommerce customers state they have visited their subscription customer portal at least once since signing up, it's clear this destination has to be as simple and intuitive as possible.

Also, the portal gives a brand a platform to engage, grow and retain relationships with customers. Here, new sales or video messaging or contests can work to keep the customers coming back to learn or engage more with the brand. This applies to replenishment, curation or subscription box models.



evive

Example: Evive. A health-food retailer, leveraged Bold's subscription portal to allow customers to pause, edit, snooze and skip subscriptions. Flexibility anchors this app designed to work seamlessly with Bold Checkout.

Also, Evive customers could easily modify each month's upcoming flavor selections.

Upselling is another strategy to employ at checkout, particularly with subscriptions. At Evive, they created a popular upsell option where customers on the page for the 12-pack subscription can upgrade to the 24 or 36 pack and save.



Once a customer is aligned with a brand, you can easily upsell him or her on new products, compared to the riskier task of acquiring new customers with marketing strategies that may or may not work.

kencko

Example: Kencko. This retailer adds easy-to-upgrade options to their email marketing. Within an order confirmation or an on-the-way reminder, Kencko's emails allow for consumers to edit their orders by a specified date and time. With that approach, they can potentially interest their consumers in upgrading their orders with more products.

Maximize customer value

Loyalty matters

We all have our go-to drinks and snacks, so staying committed to a brand is common practice for us. Successful brands know how to make that relationship even more engaging.

When ecommerce brands take advantage of their loyalty programs to invigorate their subscriptions service, a new door opens. Now they can give to customers a slew of redemptions points for products, and also offer referrers credit when their friends make their first purchase.

These programs come with high returns, if done right. According to Bold Commerce surveys, 57% of brands that offer loyalty programs reported an average customer lifetime of a year or more, while only 35% of brands without a loyalty program reported the same average customer lifetime.

Once you launch these services, you can't just lay back and count the new customer sign-ups.

“If you have a refer-friend program set up, that information has to be tracked and analyzed deeply. Without a plan to parse the data from subscription programs, brands could be flailing when they could be fine tuning.”

Jay Myers,
Co-founder of Bold Commerce

What's key to learn here, is how a rewards program is one tactic that could be an arrow in the quiver of a brand leader, but be sure to keep updated on this shifting landscape that is surely going to evolve within ecommerce and other markets.

“In the Membership Economy, with the rise of subscription pricing, organizations are moving away from points-based programs, and toward Premium Loyalty Programs (PLP). PLPs require an advanced payment to join a membership program, and in exchange for that upfront commitment, are entitled to a bundle of benefits designed to help consumers more fully and easily achieve the goal that brought them to the brand in the first place.”

Robbie Kellman Baxter,
Author of The Membership Economy





Seamlessly managing complex payment challenges

Finally, dunning management can become another area key for brands to retain customers. Dunning refers to collecting payment from non-paying customers, which is often the result of credit card transactions not working properly. The reasons are numerous, ranging from an outdated card to the card reaching its limit.

For brands installing Bold Subscriptions, they'll realize the benefits of a dunning management system designed to ease the stress of brand owners facing this complicated process.

Layering a dunning management process over the customer-retention program combats delinquent churn. This is where customers don't actively leave a subscription but are passively churning out through declined credit cards.



Example: Sitka Salmon. The Wild Alaskan seafood retailer has enjoyed a 50% boost in its success rate in charging credit cards that had previously been declined, due to Bold Subscriptions' advanced dunning management.



Conclusion: Relationship is everything

Along the consumer journey, brands have the opportunity to capture more than just one-off transactions; they can entice visitors with subscription programs bursting with variety, delight, and emotion.

By curating a performance-driven, API-powered experience, you gain the flexibility to transform your subscription program into a key profitability driver, while building strong and meaningful customer relationships.

The future of successful subscription programs will be brightest for those businesses that personalize their offers and cultivate strong relationships with their community. It's the kind of win-win that both brands and their subscribers will be happy to see continue.



subscriptions

As a leader in customizable ecommerce solutions, Bold helps over 16,000 brands power their subscriptions. Bold Subscriptions offers expansive out-of-the-box functionality, and powerful customization options through flexible APIs to generate one-of-a-kind subscription experiences and tailored customer portals. Bold believes subscriptions are more than a service, it's a membership to your brand. We proudly help brands build better relationships with their customers and grow recurring revenue. Whether you're just planning a launch or are looking to scale an existing offering, we'd love to help you reach your goals.

[Contact us today](#)

Book a demo or discuss how to take your subscription to the next level.