

Drivers of Success

2021

Subscription
Trends



The new pillar of ecommerce



2020 gave many brands no choice but to accelerate their ecommerce strategy and find new ways to reach and retain customers. For many, adding subscriptions to their business provided predictable recurring revenue, helping them weather an uncertain future.

We often think of subscriptions as a convenient way for consumers to get household goods, fashion or beauty products, digital services, and anything in between.

But it's not just about providing a product or service — it's about giving customers a membership to your brand and building long-term relationships that generate long-term revenue.

The dependability of a subscription revenue not only instills the confidence to plan ahead, but can also make potential [investors see the long-term value in your brand](#).

According to Ben Jabbawy, founder of Privy, ecommerce in its simplest form is “driving traffic to your store, converting first time purchases, and driving repeat sales.” When you onboard a subscriber, you largely save yourself the trouble and costs of that last step. The customer has already signed up for seconds, thirds, and beyond.

This is probably part of the reason subscriptions are growing so quickly. According to a [report](#) by the Subscription Trade Association (SUBTA), 75% of DTC retailers will offer subscriptions by 2023.

To get a pulse on the growing market, we surveyed close to 800 ecommerce stores to discover what brands are doing to drive subscription success.

We collected valuable insights about growing trends in the subscription industry and compiled them into 4 key insights that consistently drive success in subscriptions.

- **Subscription are here to stay**

The vast majority of brands with any kind of subscription offering consider it important or extremely important to the future health of their business and plan on expanding it in the future.

- **Optimize with key metrics**

Brands who said they had a good grasp of their subscription metrics reported better performance.

- **Long-term relationships start with long-term benefits**

Top-performing brands attract subscribers with discount deals, retain them with loyalty programs, and nurture the relationship with deliberate, subscriber-specific email campaigns.

- **Persistence leads to success**

Performance of subscription programs improves over time, with subscriptions that have been active for a year or longer experiencing better performance.

“Success in ecommerce is all about relationships — the relationship you build between your customers and your brand. The beauty of subscriptions is that the relationship with your customer is baked directly into how you make money. Rather than needing to convince them to buy each month through a discount or promotion, they’re automatically paying for value every single month. Keep providing value, they’ll stick around for a long time and spend more and more over time. It’s a pure, symbiotic relationship and one we’ve never had in the history of commerce until now.”

*Patrick Campbell,
Founder/CEO,
Profitwell*

Table of contents

1

The potential of subscriptions

- Recognize subscriptions as an important revenue stream
- Understand the evolution of subscriptions across industries
- Look at subscription program success in relation to maturity
- Learn why mature subscription programs report lower churn rates

Conclusion

About Bold Subscriptions

About the survey

Contributors

2

Launching & Scaling

- Take advantage of subscription models distribution
- Get big subscriber numbers with small discounts
- Offer exclusive benefits to increase perceived value and drive growth
- Propel long-term relationships with loyalty programs
- Spread the word with dedicated marketing emails
- Monitor key metrics to improve performance
- Get an accurate picture of subscription performance

3

Brand Spotlight

- Rave Coffee
- Chaeban Ice Cream

1

The potential of subscriptions



Conditions forced upon both customers and businesses by the global pandemic have accelerated the development of ecommerce and changed the way consumers get products. Many of these changes are here to stay. But beyond that, brands have heard directly from customers themselves: people love the convenience of subscriptions.

This is evident by the responses to our survey. Brands recognize, or are already turning, the potential of subscriptions into a reality.

- ✓ Over 70% of respondents say subscriptions are important or very important to their futures.
- ✓ Over 80% of respondents that weren't successful with their initial attempt at subscriptions said they would try it again.
- ✓ Over half of respondents said that subscriptions make up 20% or more of their total sales
- ✓ Respondents across industries reported promising growth.

☆ **PARTNER INSIGHT**

“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,
SUBTA - Subscription Trade Association*

💡 **OPTIMIZATION TIPS**

- Calculate how much recurring revenue you could make by converting just 10% of your one-time customers into subscribers to get an idea of how much revenue a subscription could bring you.
- Start small and offer just one or two products on a subscription basis to test the waters.

1 The potential of subscriptions

Recognize subscriptions as an important revenue stream

Over 71% of respondents view subscriptions as important or very important to their future. Most also plan to start offering more products on a subscription basis in the future.

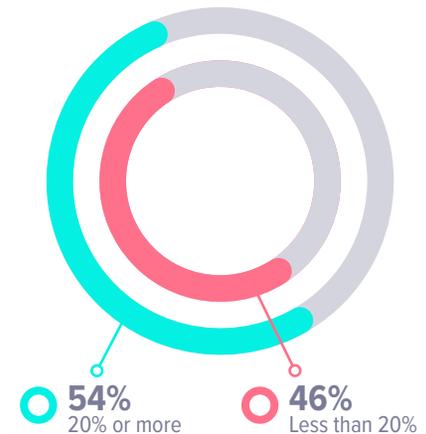
Businesses who reported trying subscriptions without success cited technical issues and product viability as hurdles. Even still, 81% of those who didn't see initial success with the model say they would try it again, signalling confidence in overcoming barriers in order to unlock recurring revenue.

It's an opportunity worth pursuing as over half of survey respondents reported that subscriptions make up to 20% or more of total sales. Plus, subscriptions are growing four times faster than US retail sales and subscribers have 178% higher lifetime value than one-time customers.

Purchase Options

<input type="checkbox"/> One-time Purchase	<input checked="" type="checkbox"/> Subscribe and save
Delivery Frequency	
<input checked="" type="radio"/> Every Month	\$16.00 / delivery
<input type="radio"/> Every 2 Weeks	\$16.00 / delivery
<input type="radio"/> Every Week	\$16.00 / delivery
Add to Cart	

What percentage of your total sales are from subscriptions?



71%
of brands view subscriptions as important or extremely important to the future health of their business

82%
brands that tried subscriptions in the past without success would consider trying again

☆ **PARTNER INSIGHT**

“Subscriptions are more competitive than 5 years ago. Brands that have meaning and that are building a community are proven to be the most successful. Today’s consumer is more about usage over ownership, this means you need to pivot your brand into something they can pay for monthly with no commitment.”

Christopher George
Co-founder & Chairman,
SUBTA - Subscription Trade Association

💡 **OPTIMIZATION TIPS**

- Perform a competitive analysis of subscriptions in your industry to find opportunities
- Do a pop-up survey on your website or send an email to your list to gauge interest in subscriptions

1 The potential of subscriptions

Understand the evolution of subscriptions across industries

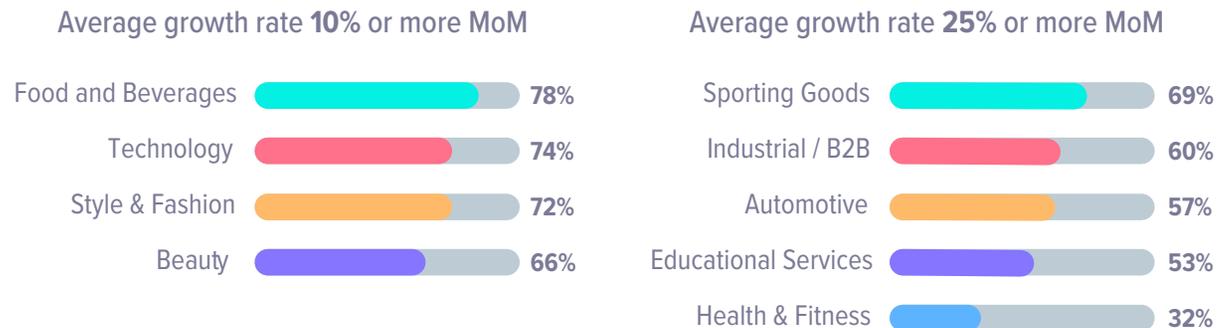
Subscriptions are not new. From newspapers to software as a service (SaaS), it’s a concept consumers are familiar with — but that doesn’t mean there aren’t new opportunities. That could be why so many DTC (direct-to-consumer) brands are moving toward this lucrative business model.

According to [Alex Taussig, from Lightspeed](#), the SaaS ecosystem was worth \$640B in 2019, up from “next to nothing just 15 years before.” The consumer business model is moving in the same direction, with a market cap likely already larger than B2B.

The growth is also evident by how many brands are offering products and services that aren’t typically associated with subscriptions. From [ice cream](#) to [fashion](#), there’s a market for delivering products and services on autopilot.

Our survey found that even though the beauty, technology, food & beverage, and apparel industries were early adopters of subscriptions, 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.

Meanwhile, relatively recent adopters of subscriptions reported even higher growth rates. Many respondents in automotive, B2B, education, sporting goods, and health & fitness verticals reported experiencing monthly growth rates of 25% or more.



☆ **PARTNER INSIGHT**

“We are seeing more and more brands pivot to the subscription model. Data is showing us that by 2023 more than 75% of all e-commerce brands will have a subscription arm. Given what has happened with Covid, I predict that will happen sooner.”

*Christopher George
Co-founder & Chairman,
SUBTA - Subscription Trade Association*

💡 **OPTIMIZATION TIPS**

- If your subscription program is not performing well right after launch, be patient and keep monitoring it to find ways to improve and optimize.
- Survey your customers and identify what they do and don't like about your subscription, including past customers, and go where the market is telling you to go.

1 The potential of subscriptions

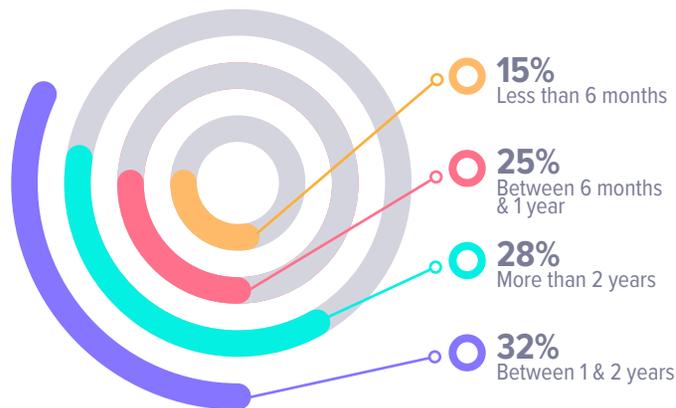
Look at subscription program success in relation to maturity

Our survey respondents were in different stages of subscription growth. 17% reported being in the initial stages of testing solutions, learning the business model, and experimenting with their offering. 28% already had their subscription up and running and were likely looking for ways to grow it. The majority, 55%, already have an established subscription program and are looking to optimize and increase recurring revenue.

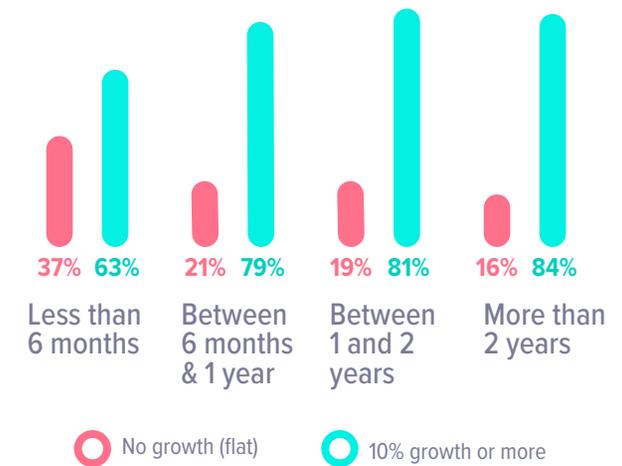
Different subscription stages reported different growth rates. Only six out of ten of subscription programs that are less than six months old reported month-over-month growth rates of 10% or more.

More mature subscription programs, in contrast, tended to report higher growth rates, with 8 out of 10 reporting month-over-month growth rates of 10% or more.

Age of subscription program



Growth based on age of subscription program



☆ **PARTNER INSIGHT**

“Ultimately churn and subscription cancellations come in two categories: strategic (voluntary) churn and mechanical (involuntary) churn... it’s death by a thousand papercuts and you need to actively and strategically work through each of those papercuts over time.”

Patrick Campbell,
Founder/CEO,
Profitwell

💡 **OPTIMIZATION TIPS**

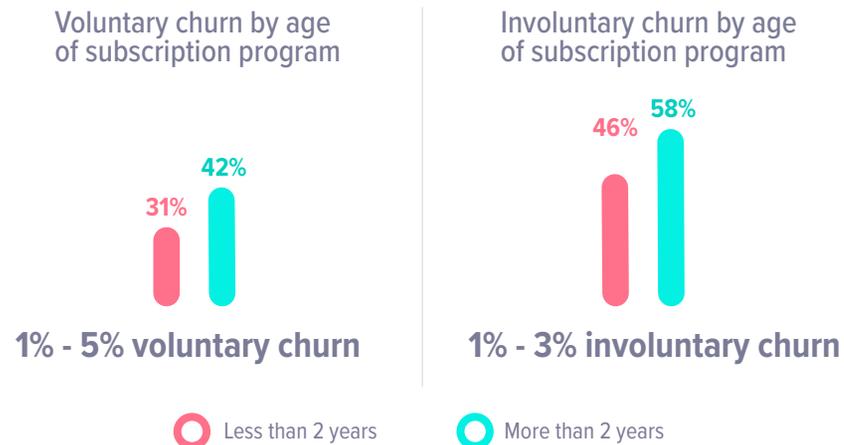
- Actively look for ways to improve key metrics like CAC, AOV, and ARPU to accelerate your subscription’s maturity. No matter how good your perception is, keeping track of subscriptions’ metrics will help to improve your overall results.

1 The potential of subscriptions

Learn why mature subscription programs report lower churn rates

42% of subscription programs that have been active for two years or more reported the lowest range of voluntary churn (between 1-5%), whereas only 31% of subscriptions active for less than two years reported the same churn rate.

58% of subscription programs that have been active for two years or more have also reported the lowest range of involuntary churn rate of 1-3%, whereas only 46% of subscription programs that are two years old or less reported the same involuntary churn rate.

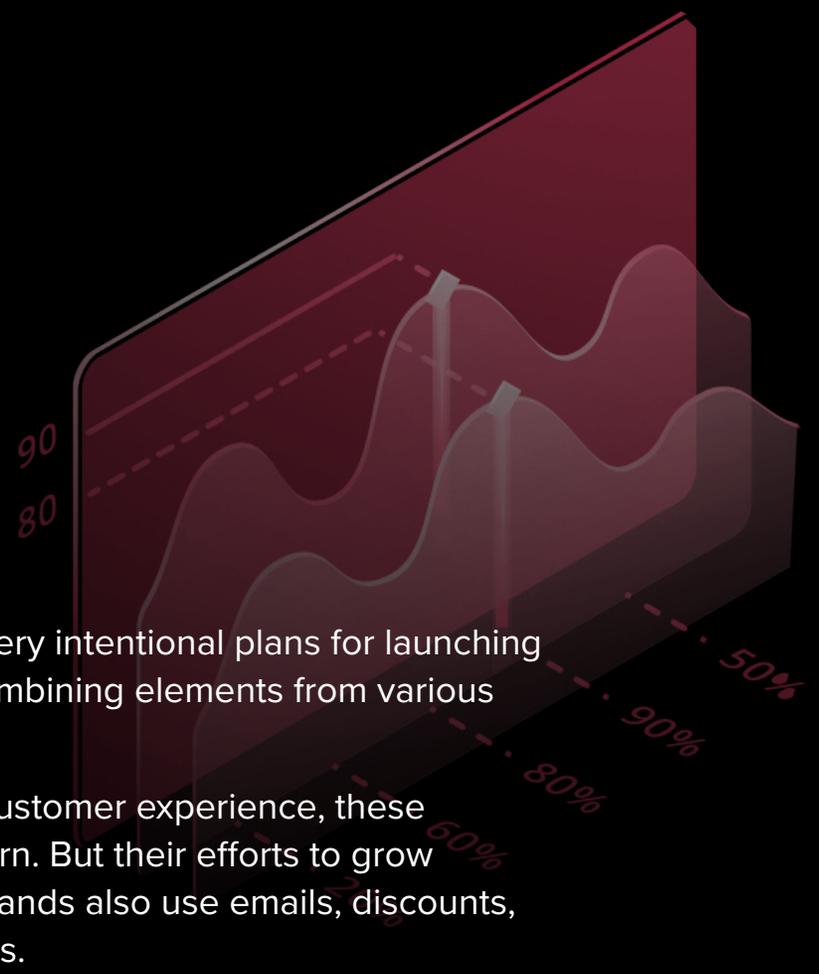


Voluntary churn is the percentage of your subscribers who actively cancel or don’t renew their subscription during a given time period.

Involuntary churn occurs when a customer does not intend to leave. The most common reasons are failing to update payment information and credit card limits.

2

Launching & Scaling



Brands who have the most success with subscriptions have very intentional plans for launching and scaling. They offer services designed to limit churn by combining elements from various subscription models.

By offering a subscription with built-in strategies to improve customer experience, these brands tend to experience higher growth rates and lower churn. But their efforts to grow extend beyond just offering a service. The most successful brands also use emails, discounts, benefits, and loyalty programs to attract and retain subscribers.

Based on the responses to our survey, we found successful subscription brands adhered to the following optimization strategies:

- ✓ Pick the right subscription model that works for your product
- ✓ Offer discounts that attract the right kind of customer
- ✓ Offer benefits or loyalty programs to attract and retain subscribers
- ✓ Spread the word and retain subscriber with targeted email campaigns
- ✓ Pick the right metrics to optimize your business
- ✓ Check churn before you get excited about growth

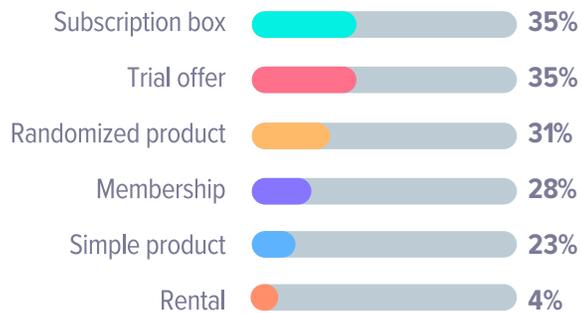
☆ PARTNER INSIGHT

“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, Klaviyo

💡 OPTIMIZATION TIPS

- Track which products people are buying on a regular basis to find candidates for products or services to offer on a subscription basis.
- Consider combining models into a unique subscription service, like a convertible subscription on randomized gift boxes. E.g.: Get one month free with any 6-month beauty box subscription.



2 Launching & Scaling

Take advantage of subscription models distribution

The first step toward creating or improving a subscription is exploring what kind of model works best for your business. The most successful businesses combine elements from two or more of the [7 subscription models](#) to create a unique offering.

Subscription models usually fall into one or more of the categories below:

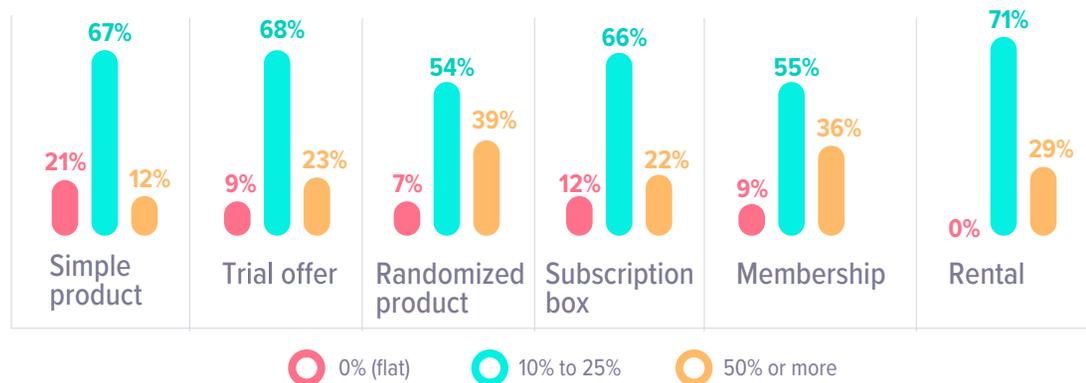
- **Simple product**
Customers order a specific product to be shipped on a recurring basis.
- **Subscription box**
Customers subscribe to a theme “box” and are surprised on a regular basis. E.g.: jewelry box, beauty box, etc.
- **Membership**
Customers subscribe to a membership to get access to better pricing, exclusive content, downloads, courses, or groups etc. E.g.: Costco or Peloton
- **Trial offer (convertible subscription)**
Customers get a free or discounted product that converts to a full-priced subscription after the trial.
- **Randomized product**
Customers subscribe to a product to receive a different version of it on a regular basis. E.g.: sock of the month club
- **Rental**
Customers subscribe to gain access to rental products.

Subscription boxes and trial offers (also known as convertible) are the most popular types of subscription models, with almost 70% of brands having one or another as part of their subscription.

Brands who declared randomized products and memberships as one of their subscription models reported slightly higher growth rates. More than 1/3 of respondents with these models reported 50% or more growth rate month over month.

More businesses offering simple products, in contrast, reported little to no growth. 21% of brands who declared simple products as one of their subscription types reported 0% (or flat) growth.

Average growth by subscription type



☆ PARTNER INSIGHT

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

Christopher George,
Co-founder & Chairman,
SUBTA - Subscription Trade Association

💡 OPTIMIZATION TIPS

- Run A/B tests to find out which discounts attract customers who tend to stay subscribed for longer.
- Give subscribers a discount on an interval (like every fourth order) as an incentive to stay on board for longer.

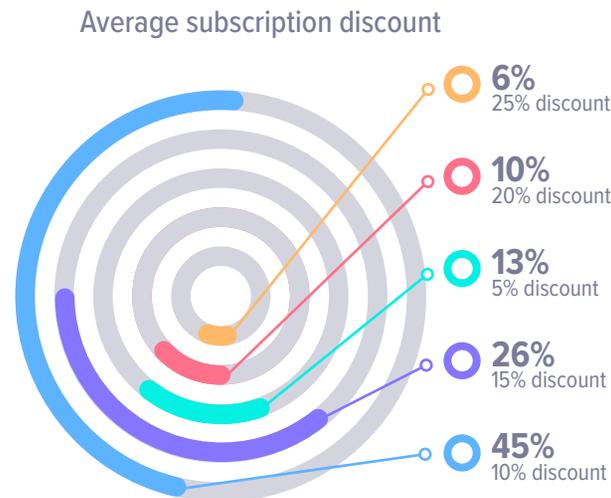
2 Launching & Scaling

Get big subscriber numbers with small discounts

Offering discounts is likely to foster growth: 20% of brands who offer discounts have reported month-over-month growth rates higher than 50%. In contrast, of brands who do not offer discounts, only 14% reported the same growth rate. In addition, over a quarter of respondents who don't offer any kind of discount reported little to no subscription growth month over month.

Discounts don't always need to be big to attract the right customers, like those who have already shown interest in subscribing. Over 80% of respondents said they offer a subscription discount between 5% and 15%. This includes both [trial offers](#) (like discounts and free first orders) and [subscribe-and-save](#) style discounts.

This is also in line with what many experts recommend for subscriptions. Deep discounts tend to attract subscribers that are likely to churn after introductory offers have expired. A smaller discount could help attract subscribers who genuinely want to test out the product before committing instead of people who just sign up to get a free or discounted order before canceling.



☆ PARTNER INSIGHT

“Subscription customers are more informed about your brand and likely have favorable feelings about it. This makes them great candidates for campaigns offering exclusive perks like pre-sale access and incentivizing referrals or user generated content requests.”

Leslie Wong,
Partner Marketing Manager,
Klaviyo

💡 OPTIMIZATION TIPS

- Explore what kind of benefits your subscribers might be interested in by emailing them a survey.
- Use the findings of your research to come up with exclusive benefits that will keep your customers subscribed longer.

2 Launching & Scaling

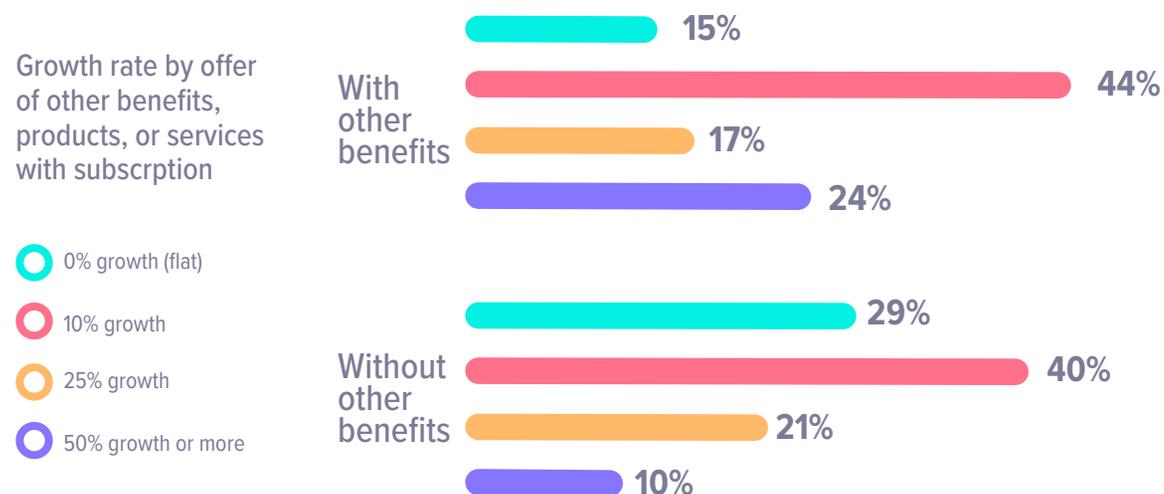
Offer exclusive benefits to increase perceived value and drive growth

Another way to give your subscribers more value is by layering exclusive benefits into your offering. Many subscription experts, including Robbie Kellman Baxter, author of *The Forever Transaction* and *The Membership Economy*, recommend adding in exclusive benefits to your subscription to communicate value to subscribers and turn the subscription into a relationship with your brand.

You can try building benefits right into your subscription offering to give consumers an incentive to stay on board, or only offer them to subscribers who pre-pay for advance orders (adding an incentive to commit to a longer subscription).

Free shipping, faster and preferential services, unique offerings, early access to products and services, gifts, bonus items, free accessories, entries for giveaways, exclusive content, and even educational material are some of the benefits you can offer. Amazon Prime is a great example of this, offering multiple benefits to members including free shipping, streaming services, members-only discount events, cloud storage, and more.

Our survey reveals that 1 out of 4 brands that offer additional benefits with a subscription are growing at 50% or more, month over month, compared to 1 out of 10 brands who offer no additional benefits.



☆ **PARTNER INSIGHT**

“Merchants can leverage their loyalty programs to increase subscriptions with flexible incentives, offer redemption points for subscription products, and give referrers credit when their friends make their first purchase. Your subscribers are some of your most important customers and they should feel that way during every interaction they have with your brand.”

*Katie McKeever,
Product Marketing Manager
- Loyalty & Referrals,
Yotpo*

💡 **OPTIMIZATION TIPS**

- Track and reward certain subscriber behaviour, such as referrals to friends, social media shares, and of course, purchases. The more your subscribers engage with your brand, the more benefits they should receive.
- Perform a competitive analysis in your industry to find opportunities and ideas for your loyalty program.

2 **Launching & Scaling**

Propel long-term relationships with loyalty programs

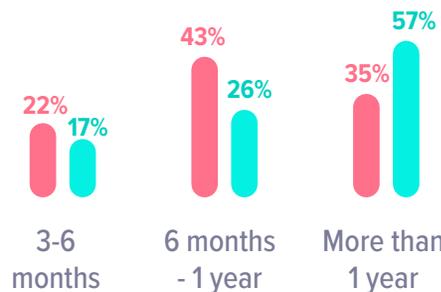
Loyalty programs are an effective way to foster long-term relationships with subscribers. They are your most valuable customers, and giving them incentives to stay on board will help you earn more revenue over time.

Members of loyalty programs are also more likely to become brand advocates, leaving positive reviews, sharing and participating in promotions or events, and recommending your service.

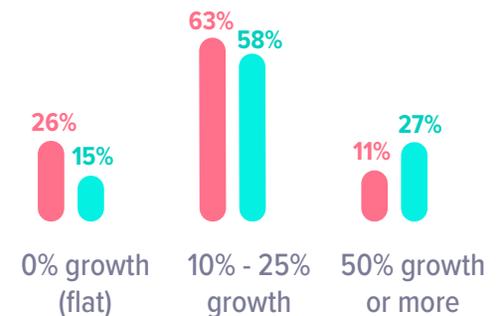
57% of brands that offer loyalty programs reported an average customer lifetime of a year or more, while only 35% of brands without a loyalty program reported the same average customer lifetime. This could indicate that loyalty programs play a significant role in reducing churn.

Brands that offer a loyalty program also reported better growth rates. 1 out of 4 brands reported rates of 50% or more month over month, while of brands without loyalty programs, just 1 out of 10 are growing at a rate of 50%. This could be a result of offering subscriber discounts to loyalty members, or referral offers for loyalty members who attract new subscribers.

Subscriber lifetime with loyalty program vs without loyalty program



Subscription growth with loyalty program vs without loyalty program



○ Without loyalty program

○ With loyalty program



PARTNER INSIGHT

“You wouldn’t talk to your best friend like a stranger, and the same principle should apply to a repeat customer and a single purchase customer. Your subscription customers have engaged in a longer term relationship with you and behave very differently than one-time customers.”

*Leslie Wong,
Partner Marketing Manager, Klaviyo*

“Emails to subscribers should bring value to them. Giving good content to your subscribers increases the relationship you have with them and will increase your LTV. Brands that engage with customers regularly and provide value outside of the product will see lower churn rates and higher overall LTV. Successful subscription businesses built a community around their brand. If you do this, you are on your way to success.”

*Christopher George,
Co-founder & Chairman,
SUBTA - Subscription Trade Association*



OPTIMIZATION TIPS

- Help every subscriber get the best experience possible by informing them of the benefits they can access and giving them opportunities to do so.
- If you have additional benefits that come with your subscription, spread the word: add benefits to email footers, product pages, and across your website so that it’s clear that subscribing to your product or brand is about more than a discount or convenience.

2 Launching & Scaling

Spread the word with dedicated marketing emails

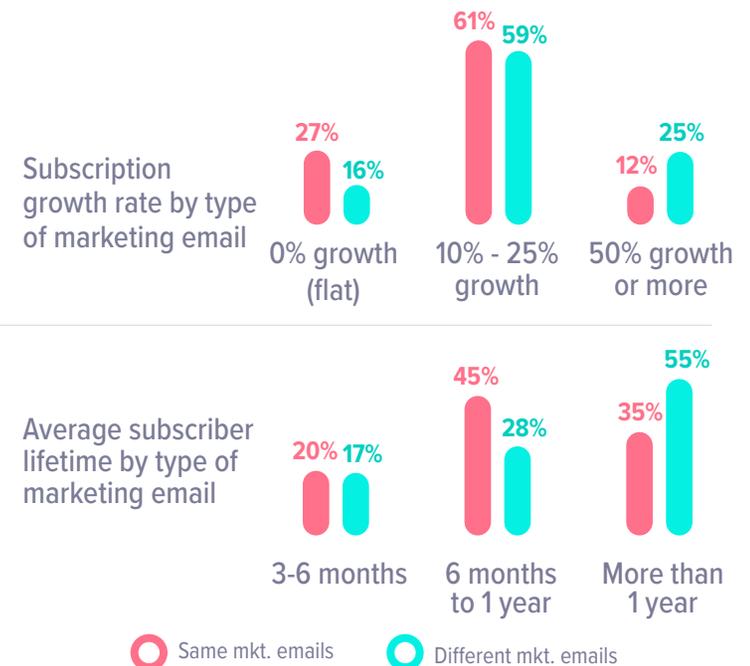
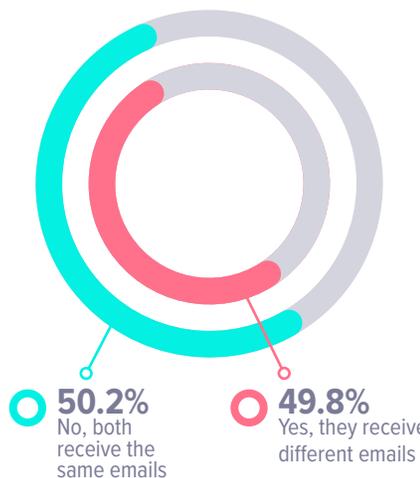
Email represents one of the oldest yet most effective messaging channels for acquisitions and customer relations. According to a [study by HubSpot](#), the average ROI of email campaigns is around \$38, which is an astounding 3,800% ROI. Since subscription-based businesses depend on frequent and meaningful engagement with customers, email is a critical tool to consider.

Half of the respondents that offer one-time purchases along with subscriptions on their ecommerce stores indicated they send the same email to both audiences. However, treating subscribers with exclusivity has proven to be a successful strategy to improve the lifetime and growth rates of your subscription program.

55% of brands that send emails tailored to subscribers report an average lifetime higher than or equal to one year. Only 35% of brands that send the same marketing emails to both one-time customers and subscribers indicated the same lifetime length.

25% of brands that send emails tailored to subscribers report an average growth rate higher than 50% on their subscription program. For brands that send the same emails, only 12% have reported the same growth rate.

Do you send different marketing emails to subscribers vs one-time customers?



☆ PARTNER INSIGHT

“The best subscription brands typically focus on revenue as their main north star, but then break that down to acquisition, monetization, and retention. Acquisition is then broken down to pure volume of customers acquired at a given cost (CAC, ROAS, etc); monetization to how much customers are spending (improving AOV and ARPU); and keeping customers around longer (churn rate, expansion revenue, retention rate).”

Patrick Campbell,
Founder/CEO, Profitwell

“Understanding your LTV is probably the most important metric because that dictates what your CAC (Customer Acquisition Cost) can be. Not having a good handle on this puts you on a wild goose chase where you’re only monitoring growth and could be burning through cash.”

Christopher George,
Co-founder & Chairman,
SUBTA - Subscription Trade Association

💡 OPTIMIZATION TIPS

- The amount of time the average subscriber stays on board plays an important component in calculating customer lifetime value (LTV or CLTV). This is one of the key metrics subscription businesses use to determine whether they’re flourishing or failing.
- Dive deeper and learn how to improve customer experience and become more profitable by optimizing the four key levers behind LTV, check our free ebook: [4 Keys to Increasing the Lifetime Value of Your Customers](#).

2 Launching & Scaling

Monitor key metrics to improve performance

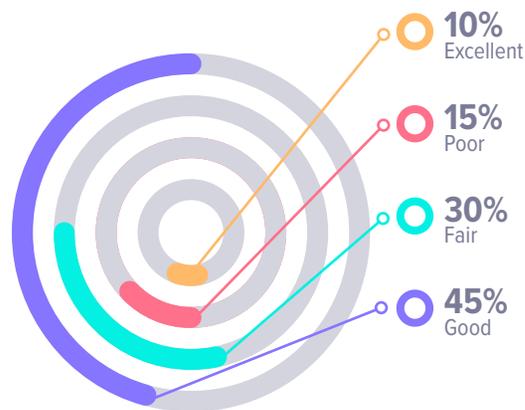
Having a solid grasp of key metrics can help you improve the customer experience and make ongoing adjustments to realize the full potential of your subscription.

The positive correlation between respondents who reported both higher revenue and a good understanding of subscription metrics suggests that successful brands are strategically analyzing data and using this information to optimize subscription performance.

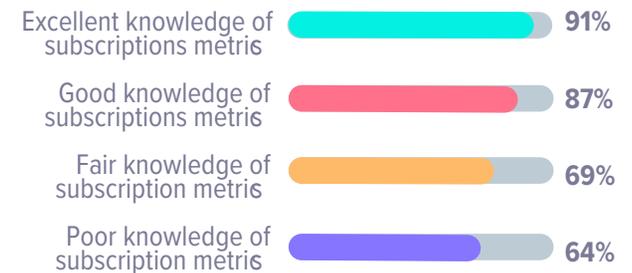
Almost 90% of respondents that rate their knowledge of subscription metrics as good or excellent are seeing 10% or more growth month-over-month. In contrast, brands who reported poor knowledge of subscription metrics have considerably lower average growth rates.

Almost half of the respondents who declared excellent or good knowledge of subscription metrics reported average subscriber lifetime higher than one year. In contrast, brands who reported poor knowledge of subscription metrics have considerably lower average subscriber lifetime, with almost a third of their subscribers churning within the first six months.

Knowledge of subscription metrics



Brands with a minimum of 10% growth month-over-month



Avg subscriber lifetime by knowledge of subscription metrics



☆ **PARTNER INSIGHT**

“Growth is much more effective if you’re focusing on more than just acquiring customers.”

*Patrick Campbell,
Founder/CEO,
Profitwell*

💡 **OPTIMIZATION TIPS**

- To help prevent voluntary churn, gather information from customers when they unsubscribe so you can improve the experience and prevent others from unsubscribing for similar reasons.
- Create a cancellation flow that automatically offers incentives to stay subscribed like discounts on future orders.
- To prevent involuntary churn, use Dunning management to automatically prompt customers to update payment information or alert them to other problems with their payments.

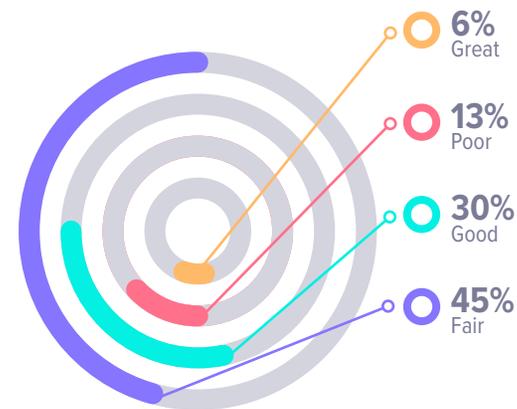
2 **Launching & Scaling**

Get an accurate picture of subscription performance

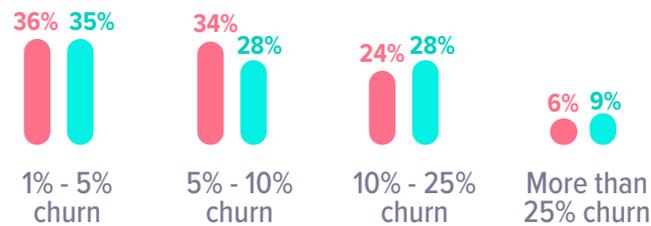
While high growth rates are good indicators of a subscription’s health, it’s important to factor in metrics such as voluntary and involuntary churn to get a sense of the big picture.

Responses to our survey indicate that more brands need to keep sight of churn when measuring growth. Brands who described their subscription program as “great, and “increasing at a fast rate month-over-month” actually reported higher voluntary and involuntary churn rates.

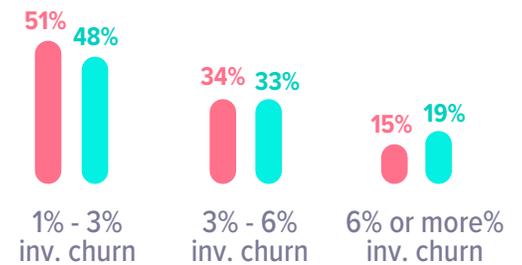
How would you describe your subscription program performance



Voluntary churn



Involuntary churn



○ Performance of subscription program described as fair or poor
 ○ Performance of subscription program described as good or great

3

Brand Spotlight

For any scaling business, the ability to procure reliable recurring revenue is a key step in their growth. Not only does recurring revenue provide stability, but it allows brands to spend smarter with a reliable forecast on costs, resources, and what the future has in store. Subscriptions is the ideal business model for brands looking to diversify their revenue stream with recurring revenue.

As we are finding out in 2021, just about any product can be converted into a subscription. Customers are more willing than ever to subscribe to the products they love if they see added value or convenience in the arrangement. Let's look at a merchant who has used the subscriptions business model to optimize their earnings and inject exciting growth into their brand.

RAVE®



WORD OF ADVICE

“Put yourself in your customers’ shoes and check the UX. Listen to your customers. Survey and speak to them, you’ll be surprised what you learn.”

Robert Hodge,
Owner and Director

3 Brand Spotlight

Rave Coffee

Rave Coffee strives to help people obtain and appreciate quality beans and brew. By helping people start their mornings right, Rave’s subscription program got off to a good start itself, with subscriber growth of more than 300% in 2020.

We talked to Robert Hodge, Owner and Director, to dive deeper into Rave’s subscription program and discover how they brewed up success.

• Subscription models

Rave’s subscription combines aspects from two models: simple product and subscription box. It’s a great blend that allows customers to either subscribe to regular deliveries of specific roasts, or a surprise educational box so they can not only discover new flavors, but learn about the work that goes into them.

In each delivery, along with a new coffee roast, customers get monthly lessons about how each blend is grown and prepared, along with tips for brewing and flavors to look out for.

Coffee connoisseurs can also give the gift of coffee with a prepaid subscription of 3, 6, or 12 months. They also offer gift-wrapping and a personal message at checkout to make so people can receive their gifts with a special touch.

• Discounts

A small discount subscription contributed to these big results. Rave offers a 10% subscribe-and-save style promotion to attract the right customers and take Rave’s new signups to another level.

Rave’s strategy is aligned with what many experts recommend for subscriptions. A small discount helps attract the customers looking to try before they commit instead of people looking to get a free or discounted order before unsubscribing.

“Discounts for a subscription dramatically increased new signups. It’s a good way for new customers to try before committing.”

Robert Hodge, Owner and Director

• Loyalty Program

Rave’s rewards program Beans with Benefits! allows customers to earn Beans (points) not just for spending, but also for signing up, referring friends, and interacting on social media. They can then use those beans to get money off their purchases.

Ascending reward levels incentivize customers to spend more to climb the VIP ladder to access more perks and exclusive benefits.

“A loyalty program encourages customers to purchase more which has a positive impact on LTV.”

Robert Hodge, Owner and Director

• Subscription Metrics

Monitoring your subscription helps you better understand your audience and analyze what initiatives are effective. In some cases, free shipping or other additional perks could perform better than a discount for a subscription. A/B testing different tactics and keeping track of what metrics will help you optimize and adjust different aspects of your service.

“Monitoring subscription metrics gives you confidence that a signup discount is working, i.e.: you are retaining customers. It also helps pinpoint where customers drop off.”

Robert Hodge, Owner and Director



WORD OF ADVICE

Try a subscription product; this format is not going to go away. Even if things get “back to normal,” we plan to continue to offer our ice cream club subscription. Most of our consumption is predictable so I think a lot of people have realized the benefit of having a product they buy on a regular basis delivered right to their home, every month, without thought.

*Darryl Stewart,
Partner*

3 Brand Spotlight

Chaeban

Chaeban is an artisanal Ice Cream shop founded by husband and wife team Joseph Chaeban and Zainab Ali, and local entrepreneur Darryl Stewart.

When brainstorming alternative business models to survive the global pandemic, they came up with an unexpected idea for a business trading in frozen goods: a subscription.

Chaeban attracted more than 1,000 subscribers in just over two weeks, and hundreds more would sign on in the weeks that followed. Within 3 months, the subscription ice cream club has pulled in over 70% of the revenue they expected to make from summer foot traffic.

We talked to Chaeban’s founders to dive deeper into their subscription program and understand how a moment of adversity led to the creation of a successful recurring revenue stream.

• Subscription models

Ice cream is a product that isn’t typically associated with subscriptions. Even though this industry required some strategic logistical planning, Chaeban was able to transition their Ice Cream Club from a business that relied heavily on summer foot traffic to a successful ecommerce brand with a dependable revenue stream.

“The subscriber number] kept going up and up and up, and I was like, ‘I’m dreaming.’ It was overwhelming.”

Joseph Chaeban, Partner

• Exclusive benefits

In addition to discounts for a subscription, Chaeban offers subscribers early access to new flavours of their locally made, premium ice cream in a single-serve package. Furthermore, for every 10 pints Chaeban delivers to club members, they donate a pint to a worthy recipient or cause.

Adding in exclusive benefits to their subscription helps Chaeban communicate value to subscribers and turn their Ice Cream Club into a relationship with the brand.

“My favorite part of this whole experience is seeing the customers’ smiles when we deliver the ice cream, that just cheers my whole day up. It keeps you going. I want to give back to them as much as they have given back to me.”

Joseph Chaeban, Partner

• Discounts

Chaeban follows the concept that discounts don’t always need to be big to attract the right customers. They offer a variable discount that ranges from 3% to 10% depending on the quantity of ice cream pints included in the monthly box. This is a good strategy to encourage customers to buy and save more, and to increase your average subscription order value.

In addition to the consistent revenue, their ice cream subscription model served up a variety of other benefits, including insights to nail down their expenses and optimize profitability. With these insights, Chaeban has been able to make informed, data-driven decisions for the business including identifying their ideal subscribe and save discount amounts.

“We never knew before this pandemic how much it actually cost to make a pint of ice cream. Now we make 40 cases of ice cream every day.”

Darryl Stewart, Partner



Conclusion

Subscriptions are here to stay as shoppers realize they aren't only convenient, they can unlock a world of exclusive content, products, and an elevated customer experience. In turn, brands get to experience the multi-layered benefits of recurring revenue and long-term customer relationships.

Furthermore, for brands that have adopted practices like those outlined in this report, subscription programs can have an impressive impact on revenue growth and customer retention.

If you're either launching a new subscription program or looking for ways to scale your current subscription, here's a quick checklist to get you started.

Launching or scaling a subscription:

Get set up for success

- Explore the possibilities in your vertical and a niche for your products
- Fuse a selection of subscription models together to create a unique, low-churn experience with added membership benefits or loyalty program
- Offer a discount, free trial, or other incentives to attract subscribers
- Create subscriber-specific emails to keep customers on board
- Plan to expand: actively look for opportunities to offer more products, services, and benefits as subscriptions

Understand your metrics and be persistent

- Understand what you can measure and target key metrics for your business
- Gather analytics and pick a north star to follow
- Optimize for churn:
 - Decrease voluntary churn
 - Set up processes that help you gather reasons why people are unsubscribing
 - Address the reasons why people are unsubscribing
 - Use cancellation flows with offers to keep people subscribed
 - Decrease involuntary churn
 - Set up processes like Dunning Management to keep people from accidentally unsubscribing

Hang in there!

- Established subscriptions tend to report better performance, indicating that like most new businesses, it takes time to find your footing and flourish
- Experiment and adapt your offering based on metrics, best practices, and emerging trends
- Get feedback from subscribers on how you can improve your offering or provide more value

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



About the survey

This report summarizes results from 798 responses to a survey conducted September 2020. Respondents included 461 brands using one of a variety of subscription applications on their ecommerce store, and 337 brands with no subscription offering currently.

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