

Bold Commerce co-founder, Jay Myers, hosted an in-depth conversation on subscriptions with special guests, Lily Varon, senior analyst at Forrester and Robbie Kellman Baxter, business strategy consultant and author. The three experts discussed how brands can combat subscription fatigue by delivering a recurring purchase model that provides consumers with a sense of belonging and/or membership, seeking to inspire loyalty and retention. They also shared insights on current and future subscription trends, as well as tips for scaling recurring revenue programs.

We're continuing the conversation here in this Q&A.

## Are we experiencing Subscriptions 2.0?

The Subscription industry, which was already on the rise, saw an enormous surge during the pandemic. With so many quarantined at home, consumers turned to many delivery services to minimize leaving home. Before we knew it, subscription services even made their way into even traditional industries such as food and beverage, health and wellness, and even automotive. While demand is clearly significant, markets are also now flooded with companies pitching subscription options. As Forrester shares in their 2020 report, [The Rise of the Subscription Business Model](#), "The low-hanging subscription fruits have been picked. Many more businesses are fighting over the same customers via the same channels."

As shoppers face an often overwhelming number of options in this Subscriptions 2.0 environment, it can be challenging for many brands to make their recurring purchase model a success, according to our guests. Even if they are attracting new subscribers, companies often lose a near equivalent number to churn.

That said, some brands are extremely successful at both attracting and retaining customers who sign up for regularly scheduled product or service deliveries. Why? Because they design subscription programs that are more than a pricing strategy. For instance, they might offer a membership proposition that builds community, incentivizes loyalty, and ultimately increases retention.

Before we dive into this formula for success, let's explore a key subscriptions challenge: subscription fatigue.

### Robbie Kellman Baxter Strategy Consultant



Robbie is author of the bestselling book *The Membership Economy* and her newest book *The Forever Transaction*. She also hosts *Subscription Stories: True Tales from the Trenches*.

Her clients have included large organizations like Netflix, the Wall Street Journal, and Microsoft, as well as dozens of smaller venture-backed companies.

### Lily Varon Senior Analyst, Forrester



Lily is a senior analyst serving digital business strategy professionals. Her research focuses on strategies and technologies firms need to win, serve, and retain customers in the age of digital business.

These include recurring customer and billing management solutions, evolving consumer payments behaviors, and how merchant payments acceptance strategies must adapt to serve them.

## Why are consumers becoming cynical about subscriptions?

Inundated with options, many customers are tired of having one subscription after another pitched to them or show up on their credit card bill. But there is more to consumer fatigue than simply feeling overwhelmed — often there is a (solvable) issue with the product, service or process itself.

### 3 drivers of subscription fatigue

By Robbie Kellman Baxter



#### 1. A service/product doesn't appeal to the target market long term

**Scenario:** After subscribing for a month or two, a consumer cancels because they no longer like, need or want the service/product. For instance, a potty training subscription is redundant once the desired outcome is achieved.

#### 2. The service/product inspires subscription guilt

**Scenario:** The subscriber likes/loves the product, but doesn't use it, which makes them feel wasteful. For example, a magazine subscription that piles up on their bedside table, unread.

#### 3. The brand makes it challenging to cancel a subscription

**Scenario:** Perhaps the cancel button is hidden on a website or app, or cancellation must occur over the phone/via a process that includes numerous complicated steps. Even if they weren't considering cancelling, consumers now mistrust the brand.

Scenarios like these arise because brands do not fully understand how their customers are engaging with the product or service on offer — or the need it fulfills in their lives. Without this data, a company is unlikely to identify the triggers that make the subscription feel worthwhile, especially over time.

On its own, a subscription is just a pricing tactic. It should function as part of a bigger strategy that encourages customers to embrace a new habit, a sense of belonging through membership.



### Jay Myers

Co-founder, Bold Commerce

In 2012, Jay co-founded Bold Commerce, a leading ecommerce company delivering technology solutions on multiple ecommerce platforms for retailers of all sizes.

Powering more than 100,000 brands, Bold works with leading omnichannel retailers like [Vera Bradley](#), [Harry Rosen](#), and [Staples Canada](#), and emerging DTC brands, such as [Pepsi's Game Fuel](#), to reimagine commerce. Its proprietary suite of modular checkout, subscriptions and price rules solutions is compatible with multiple ecommerce platforms and headless architectures.

#### PRO TIP:

Subscribers react well when brands make it easy to pause a subscription. Then they know it's possible to start and stop as needed, rather than think of cancellation as their only option.

## How can brands create retention-driven subscription strategies?

You might think of retention as a practice to implement after you have successfully won a subscription customer. Actually though, a strong retention strategy incorporates loyalty incentives from the get go, in order to both attract new customers and keep them satisfied (i.e. subscribed) over the long term.

If you design your recurring revenue strategy based on a loyalty and/or membership philosophy, you are much more likely to end up with “sticky” subscriptions that last.

### 5 tenets of a sticky retail subscription

By Lily Varon



#### 1. Prioritize consumer value and evolve it over time

**Scenario:** After subscribing for a month or two, a consumer cancels because they no longer like, need or want the service/product. For instance, a potty training subscription is redundant once the desired outcome is achieved.

#### 2. Offer differentiated convenience

Consistently ask yourself how you can provide greater convenience and new solutions that enhance your subscription service. For instance, it could even be provision of an alternative solution such as one-click purchasing if the customer is more interested in speed than considering a subscription sales pitch. Don't force the subscription model if it's not right for everyone — just serve the consumer well.

#### 3. Focus on personalization

You are more likely to weather the rise and fall of trends (or even a whole new phase like Subscriptions 2.0) if you offer customers options based on personalized feedback managed by algorithms. Bonus: over time, as consumers provide data on their preferences, the algorithms will become even more precise and enhance the personalization you provide.

#### 4. Fit into a larger ecosystem

Think bigger than just the service or product your subscription supports and design an entire ecosystem around it or for it to fit into. For example, you can create different types of content, events, even e-commerce that capitalize on interest in your offering and keep customers engaged over time, incentivizing them to stay subscribed.

#### 5. Appeal to consumer emotion

Change the emotional tenor of relationships with your customer. Potentially engage with them more frequently, and when you do be sure to centre the interaction around provision of a value-add for them. Perhaps they can earn discounts for instance, based on good behaviour (depending on the service) or just simply over time as a loyal consumer of your subscription program.

## What is the formula for inspiring subscriptions...and retention?

Treating customers like members — whether or not a subscription is relevant for them — can be key to optimizing customer lifetime value.

If you are a membership-driven company, retention is your north star. And subscriptions can be a useful tool for capitalizing on and expanding the foundation of loyalty and trust you have been working to establish.

**Membership is a step that should happen before subscription. As a relational concept, it inspires a sense of belonging that leads to loyalty, of which subscription is the successful byproduct.**

## Scale your subscription program by reducing churn

To scale, it is more important you master engagement that encourages retention, than commit funds to advertising and growth. For instance, a great onboarding process is key to successfully scaling your subscription program. Additionally, product experience and retention are ultimately more important than the acquisition of a new customer.

Consumers are likely most enthusiastic about the potential value of a subscription right after they have signed up for it. Perhaps they have committed to purchasing a magazine on a monthly basis, for example.

They are quite aware of the cancellation time frame (say, four weeks) available to them and view it as a trial run — so they are excited, but not committed. It is crucial that they form a new habit during this period that reinforces the value of the new subscription. Otherwise, there is a strong chance they may not stick around.

### Subscription Onboarding

#### From the moment a customer signs up you need to:

1. Reinforce the wisdom of their decision.
2. Create additional value as fast as possible.
3. Make sure they are aware of and able to access all the value they are entitled to.

Because loyalty can be monetized and engagement is nearly equivalent to an acquisition strategy. After all, word of mouth is always the most powerful form of marketing.

If you understand why people experience subscription fatigue and want to abandon the model — based on in-depth understanding of what drives consumer loyalty, their needs and desires — you can create an environment of rapid reinvention that meets them where they are, providing true value over the course of a customer's (hopefully long) relationship with your brand.

The result? Optimized retention that serves as an acquisition strategy in and of itself.

## Prepare for these future subscription trends



### More expansive data use

Data can play a more significant role in revenue growth and retention. An example is billing data from subscriptions that provide you with details about what was purchased and what changed over time (i.e. buying patterns). Billing technology may become a centre of gravity for your business plan.



### Need for data privacy

As with any digital program that accesses consumer data, privacy concerns are key. You need to strike a balance, protecting the first-party information you gather and helping customers safely manage their own data in accordance with privacy regulations — while also utilizing findings for your go-to-market and acquisition strategies.



### Market expansion

Expect subscription models to be adopted in markets that are not fully saturated by the model yet, such as consumer products and even slower moving, more expensive industries such as manufacturing.



### Incorporation in business strategy

The role subscriptions can (and should) play in relationship building with customers will be acknowledged and integrated even more so into overall business strategies.

This subscription knowledge was shared during a webinar discussion, **“Expert Insights: The formula to subscription success,”** hosted by Jay Myers, Bold co-founder, and featuring special guests, Lily Varon, senior analyst at Forrester and Robbie Kellman Baxter, business strategy consultant and author.

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