

WHITE PAPER

Unlocking the Power of Subscriptions

Understand customer attitudes and behaviors to provide value-added subscriptions and increase retention.

By Korrin Bishop





Introduction

Meeting Customers' Appetite for Subscription Services

From coffee and pet food to movies and music, the subscription model is everywhere. Anecdotally, you may think consumers are weary of this trend. Isn't it a hassle to juggle so many subscriptions? Aren't customers annoyed when they forget to cancel them and end up spending extra money? We went on a mission to find out how people really feel about the subscription model, and what we found was a surprise: **subscriptions are more popular than ever.**

Bizrate Insights conducted a survey with a nationally representative sample of 1,026 U.S. consumers to understand their attitudes and behaviors toward subscription services. The survey collected demographic data, such as gender, age, and annual household income, and asked questions about subscription maintenance activities, emotions related to new subscriptions, and the impact of subscriptions on household budgets, among others.

While we hypothesized finding a trend toward subscription fatigue, we instead found sustained consumer interest in subscription services, as well as their growing relevance in the current market as customers look for a deal amidst rising inflation. Customers overwhelmingly don't find subscriptions burdensome – in fact, they may want more.

This white paper shares findings on consumer demand for subscriptions, key factors that drive customer interest in subscriptions, and how customers are engaging with their subscription services. It then looks at how ecommerce providers and retailers can use this data to encourage subscription retention.

95%

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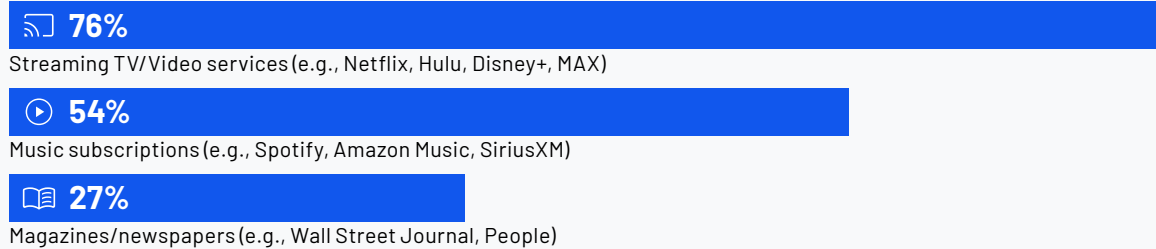
Understanding Consumer Demand for Subscriptions

Nearly all survey respondents (95%) reported having at least one active subscription. The most common current subscriptions were streaming services for video (76%) or music (54%). However, financial health and fitness or wellness services also made the top categories.

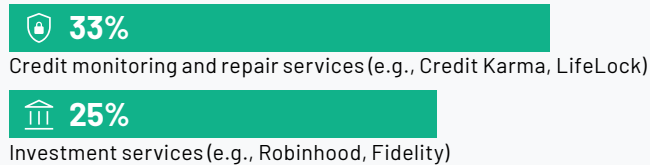
Additionally, slightly more than 1 in 4 respondents reported subscribing to a magazine or newspaper, with that rate increasing to 1 in 3 for individuals aged 65 or older.

Subscription Popularity Breakdown

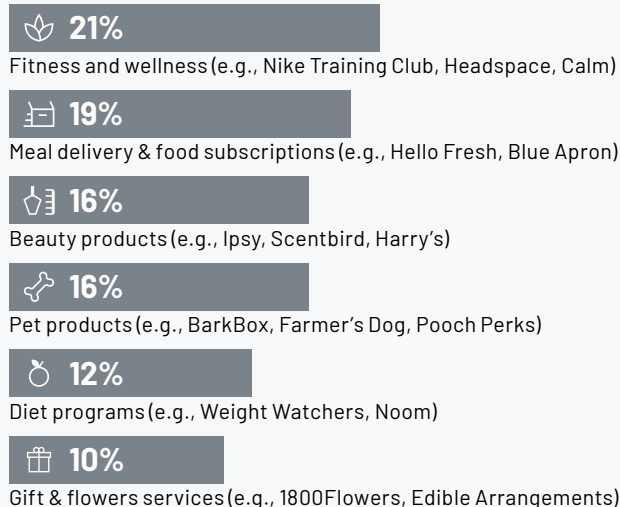
Media



Finance



Retail / Ecommerce



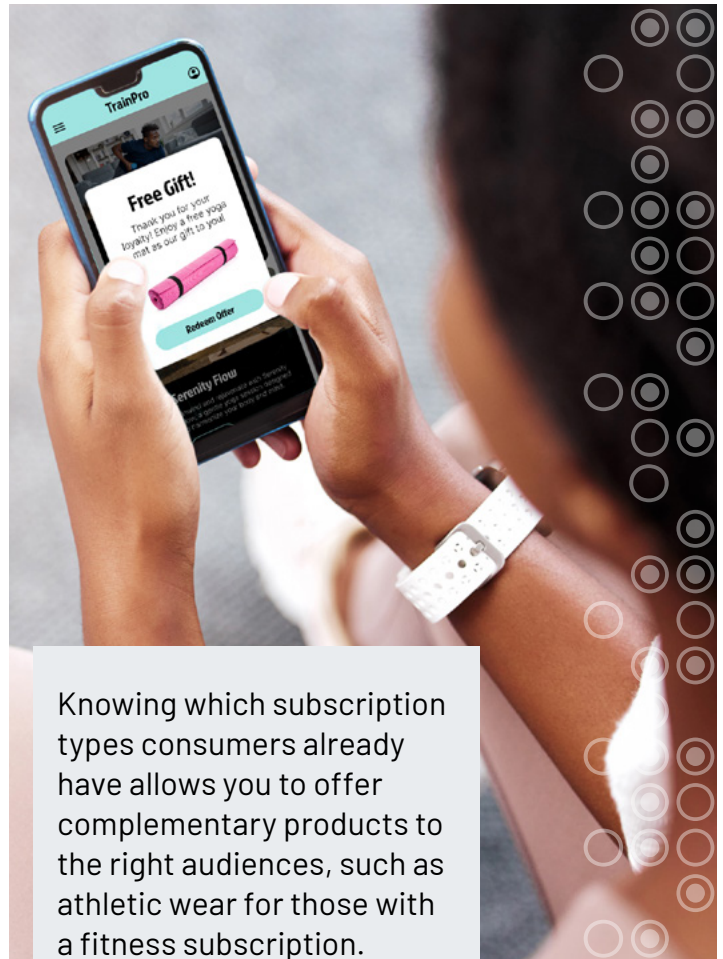
The Subscription Model Still Has Room to Grow

Despite the range of available subscriptions, more than half of survey respondents (59%) said they rarely or never felt overwhelmed by the number of subscriptions they have. In fact, **51% reported being somewhat likely or very likely to subscribe to a new service within the next six months.**

Overall, the survey data shows there is strong usage of and demand for subscriptions. This presents an opportunity for products or services that have not traditionally used a subscription model to do so. Consumers have signaled their appetite for brands finding creative ways to offer recurring purchases that provide convenience, affordability, and entertainment.

Understanding the demand for different types of subscriptions can also inform targeted advertising for ecommerce brands.

Products and services geared toward the 65+ demographic may find better success through magazine or newspaper advertisements.



Knowing which subscription types consumers already have allows you to offer complementary products to the right audiences, such as athletic wear for those with a fitness subscription.



Why Subscriptions Remain Strong With Customers

While it may seem like a more recent trend, the subscription model has been around for a long time—even rent and utilities are a type of monthly service. Customers are used to the concept, with **16% of survey respondents reporting that they've had their longest active subscription service for more than ten years.** Instead, the subscription model has continuously evolved over time to meet customers' changing needs, ultimately keeping them engaged and interested in the services.

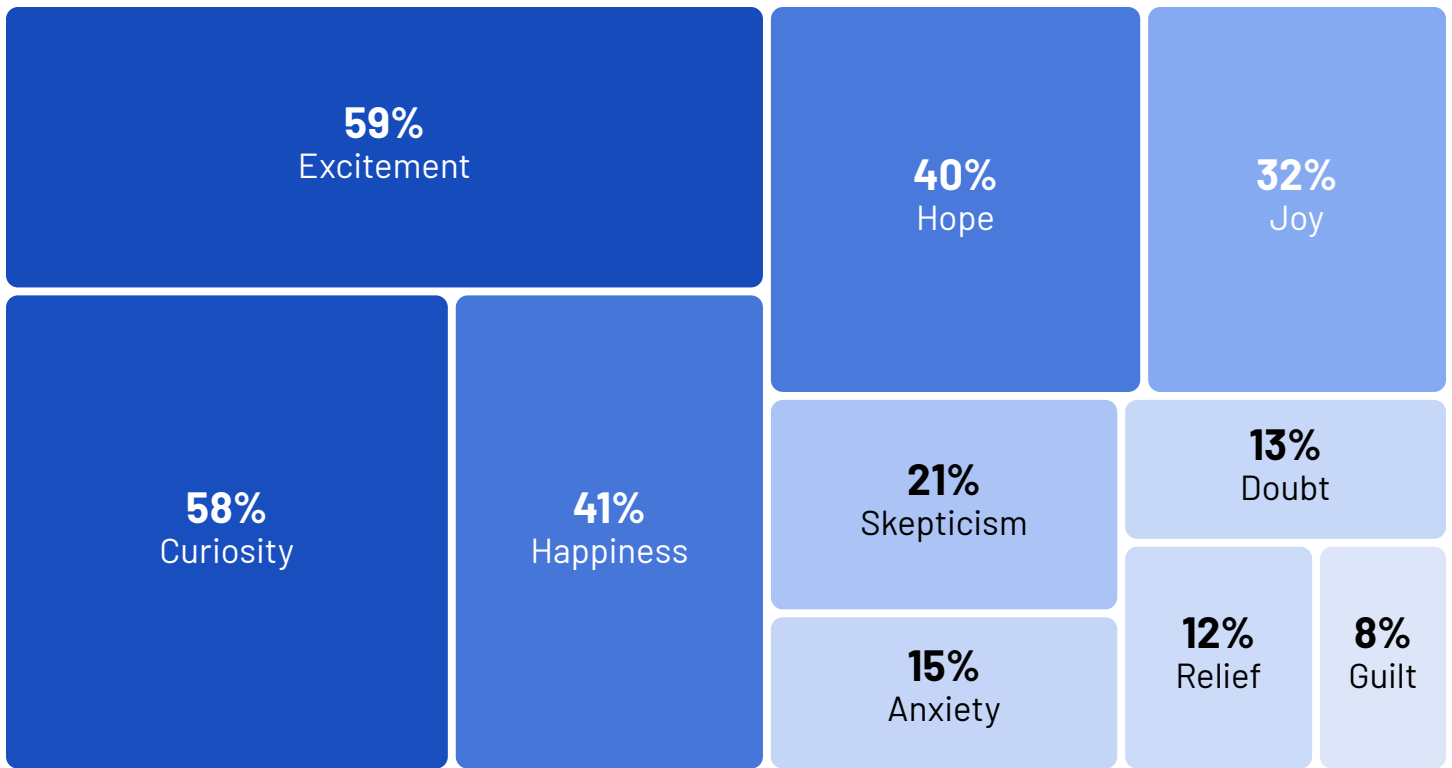
The data revealed key adoption drivers for customers seeking subscription services: price and quality, emotional engagement, and simplification.

Great Price

When considering a new subscription service, **price is first and foremost for customers, with 83% of survey respondents selecting it as one of the top three factors that influence their decision.** Content quality was a close second, with 73% reporting it in their top three.

Consumers overwhelmingly evaluate their subscriptions' return on investment based on cost to value rather than convenience or special features. As a result, more than 80% of those surveyed reported feeling that they receive sufficient value from their subscriptions, and 43% believed that their subscriptions save them money.

16%
of survey respondents have had their longest active subscription service for more than ten years.



Good Feelings

Survey respondents reported positive feelings as the top three emotions they typically experience when subscribing to a new service.

Feelings of guilt (8%) and doubt (13%) were low in customers' experiences. Additionally, **more than half (51%) of survey respondents said they rarely or never experience buyer's remorse after signing up for a new subscription.** Brands can use these positive associations to attract new customers and build loyalty through exciting and joyful encounters.

Simpler Life

One in five survey respondents believed that subscription services significantly simplify their life. Overall, **61% reported that subscriptions simplify their life either slightly or significantly.** With consumers facing multiple daily demands on their time and wallets, they turn to brands for relief through automated, subscription-based errands, shopping, and other needs.

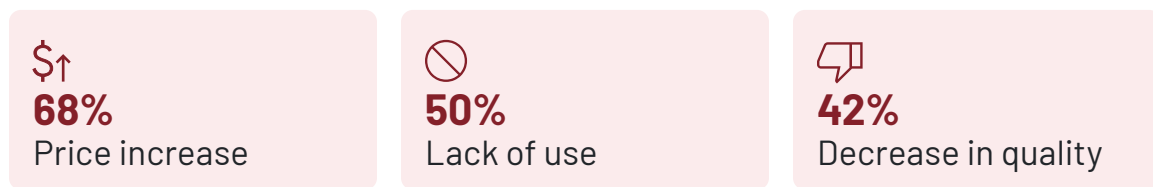
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How Consumers Engage With Subscription Services

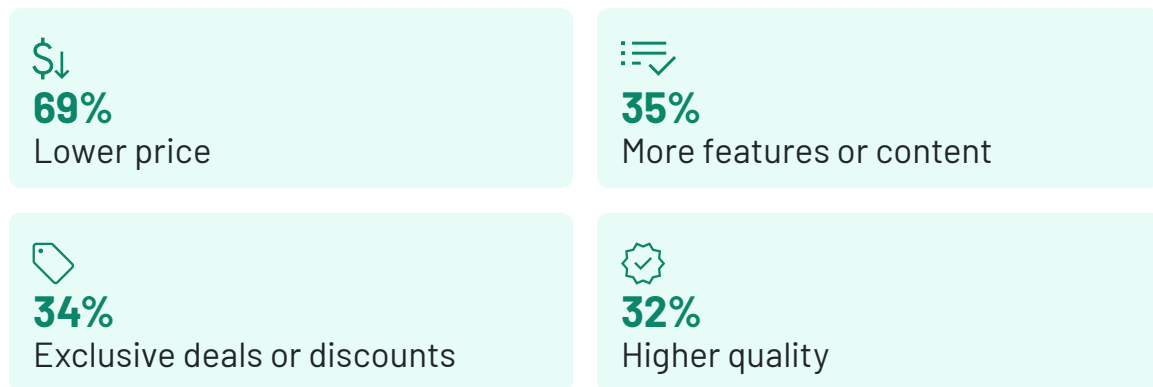
Sixty-one percent of survey respondents said they evaluate their current subscriptions to decide whether to continue, cancel, or modify them every few months, with **nearly a quarter (22%) saying they review them monthly**. This could hint at why consumers express high satisfaction levels with subscription services: they are consistently considering their quality and value and making choices that align with their current needs.

This constant evaluation is not viewed as burdensome to customers. Sixty-nine percent of survey respondents expressed that it's not very difficult to manage and keep track of their subscriptions, 28% of whom reported that it's not difficult at all. The perceived value of the subscription services is worth customers' time investment managing them, especially when businesses help make that process easy.

As part of consumers' evaluation, survey respondents reported some of the top reasons that would cause them to immediately cancel a subscription service:



They also shared the top improvements that would most likely persuade them to continue the subscription instead, which more or less mirror the reasons for cancellation:



Finally, consumers are consulting user reviews to make their decisions. **More than 60% of survey respondents reported that reviews and testimonials significantly impact their perception of subscription services.**



Retention Strategies for Subscription Services

The good news is that consumer demand for subscription services remains high. However, brands still need to keep consumers' attention and build loyalty to ensure their subscriptions remain active. Below are ways to put our survey data into action and drive recurring revenue by emphasizing the positive emotions, ease, and value customers associate with subscriptions.

Establish a Customer Feedback Loop

Consumers' constant evaluation of their subscriptions highlights the importance of continuous subscriber engagement. Brands need to implement a robust system for gathering and analyzing customer feedback to let that inform continuous refinements to the customer experience. Companies can gain actionable insights through:

- Running post-purchase customer feedback surveys
- Asking customer service teams for trends they're seeing
- Reviewing conversion data from website and email marketing analytics



KEY TAKEAWAY

Brands should act quickly and consistently to address any customer pain points in the subscription process and improve product and service options to keep subscribers' attention.

Design Personalized Promotions

Forty-two percent of survey respondents said that exclusive features or perks are one of the top three factors that influence their decision when considering a new subscription, with another 42% selecting trial periods or free trials.

This data pairs with the finding that price and content quality are the top factors influencing subscription decisions. Providers must focus on delivering high-quality content at competitive prices while leveraging promotional tactics to attract and retain subscribers.



KEY TAKEAWAY

Target promotional campaigns and trial offers based on customer feedback and preferences to entice consumers through a personalized experience.



BONUS TIP

Since consumers view subscriptions as a chance to save money, market your subscriptions as budget-friendly options that have the potential to ease the inflation burden customers may be feeling.





Provide a Quality Experience

Consumers experience positive emotions, such as excitement and curiosity, when subscribing to new services, with low levels of buyer's remorse. Maintaining these positive emotions through high service satisfaction and cost-effective solutions is crucial for long-term retention.

Some strategies brands can implement to maintain a quality subscription experience include:

- Periodic feature updates to improve the subscription's usefulness
- Free surprise samples, gifts, or other additions to add novelty and inspire engagement
- Easy checkout and delivery with a simple process for updating subscriptions
- Relevant post-purchase content or resources to educate and excite
- Fun unboxing moments with positive sensory experiences



KEY TAKEAWAY

Subscribers require ongoing, personalized stewardship to keep their service appealing and leave them with a positive view of the subscription.

Maintain Transparency and Flexibility

Customers should never feel tricked into a subscription. Brands must maintain clear communication about pricing, promotions, and any changes to the service to build trust and loyalty with subscribers.

Make it easy for customers to pause their subscription or change its frequency. You can also offer tiered pricing, upsells or add-ons, flexible delivery and billing schedules, and other packages to cater to diverse consumer needs.

This approach shows that you care about customers' unique situations, particularly in response to fluctuating economic conditions. A paused subscription due to current budget constraints is always better than a canceled subscription.



KEY TAKEAWAY

Centering transparency and flexibility meets customers where they are and strengthens their connection with your brand.





Highlight Reviews and Social Proof

Social proof is a cognitive bias that drives consumption. People are influenced by others – if they see that another person has an item, they are primed to buy it when they see it next. This is even observed with subscription services, as customers turn to reviews, peers, and social media influencers to help make decisions.

Given the high impact of user reviews on subscription selection, it's important to gather and leverage customer feedback as an acquisition tool. To create community-driven, omnichannel connections with your subscription, you can take actions like:

- Build an online community around your product for customers to join post-purchase, such as a private Facebook group or Reddit thread to encourage discussion
- Create a podcast focused on topics related to your product or that are relevant to your customer community
- Encourage engagement on social media to facilitate user-generated content and organic reviews that drive interest in your service

KEY TAKEAWAY

Leverage positive customer feedback to enhance trust and influence potential subscribers. That includes reviews, testimonials, and even social media comments.

Conclusion

Emphasize Price and Quality to Turn Customers Into Loyal Subscribers

Consumers don't experience subscription fatigue when services evolve to meet their current needs and economic concerns. Ecommerce brands can use these key findings from our survey data to inform their subscription-based strategy:

- ⦿ Subscription services remain popular among consumers, largely driven by their perceived cost-savings, convenience, and quality.
- ⦿ New subscribers experience positive emotions and low buyer's remorse, which need continuous nurturing to ensure renewals.
- ⦿ Customers frequently review their subscriptions and make changes as needed.
- ⦿ Ecommerce businesses must be agile to subscribers' feedback, offer valuable and novel features, and leverage promotions and other deals effectively.

With powerful ecommerce customer analytics and thought leadership, Bizrate Insights offers brands the tools they need to understand and respond to customer feedback and ensure continuous improvements to their subscription services.



We Can Help

Get More Insights With Our Customer Feedback Solution

Learn more about your customers and their preferences by adding Bizrate Insights' ADA-compliant voice-of-customer (VoC) solutions. Our surveys collect detailed user feedback and ratings from verified shoppers at zero cost to the merchant. With our robust data analysis, comments and ratings collected from your customers are automatically formulated into KPIs that can be benchmarked and tracked over time – giving a 360-degree assessment of your performance.

Take your ecommerce strategy to the next level and get all the tools you need to build a best-in-class customer experience. Take a quick walkthrough with a member of our team today.

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