

## Q&A:

### KEY INSIGHTS ON THE SUBSCRIPTION COMMERCE LANDSCAPE

SUBSCRIPTION  
COMMERCE FOR  
LONG-TERM  
SUCCESS

The subscription economy is rapidly evolving. Are you prepared to thrive in the age of the consumer? Forrester Research guest speaker Emily Pfeiffer dug into the essence of that critical question during sticky.io's webinar, *Why Subscription Commerce Is the Future*.

Webinar attendees submitted follow-up questions and Emily Pfeiffer leveraged her research and ecommerce expertise to provide answers.



**Emily Pfeiffer**, Senior Analyst, Forrester Research

Emily serves digital business strategy professionals and providers with a focus on the technology that enables commerce. Her emphasis is on B2C digital business and the technical ecosystem that supports these strategies. She helps providers and practitioners anticipate the strategies, technologies and priorities that will keep them current and relevant.



## FAST FACTS

Subscription buyers are better informed, loyal and savvy. See how they stand out from other consumers.

Nearly **40%** of subscription customers “always” research products online before purchasing

Subscription shoppers are **twice as likely** to shop online “at least weekly” vs. other shoppers

**52%** of subscription shoppers take advantage of loyalty programs

Source: Forrester Research, Consumer Technographics Retail and Travel Topic Insight 2 Survey, 2019

## Q. What traits or behaviors do subscription consumers exhibit? Do these behaviors differ from other types of consumers?

Consumers who purchase subscriptions do have different shopping and purchasing habits than non-subscription buyers. Subscription shoppers are savvy and loyal. They also:

**Strive to be better informed** by doing more research online before buying, including looking into the social responsibility of brands. They rank ratings and reviews as the second-highest consideration. On the contrary, non-subscription buyers ranked availability above ratings and listed a few other priorities as approximately equal to ratings.

**Are more likely to take advantage of loyalty programs** and 38% of them are swayed by positive judgments from trusted contacts, versus about a quarter of non-subscription shoppers. This means they might respond more favorably to refer-a-friend offers than from general advertising.

**Know how to find a good deal** and will go out of their way to do so. 56% of them regularly participate in significant promotional events, as opposed to approximately a third of their counterparts. They are twice as likely to shop online “at least weekly” versus other shoppers, and they are most likely to redeem coupons online. Non-subscription shoppers are more likely to redeem physical coupons or scan a loyalty card/tag than to use an online coupon.



**Subscription consumers may be harder to win, but they are generally more loyal and engaged once they do buy in.”**

—Emily Pfeiffer, Senior Analyst, Forrester Research

## Q. Can brands sell directly without creating conflicts with their retail partners?

They can. Historically, concern over channel conflict has kept some brands from launching direct-to-consumer (DTC) channels. However, those concerns often stem from worrying that brands would offer lower prices and undercut retailers. The facts are:

**Brands do not want to undercut their retail partners.** It is expensive to sell one unit at a time. In addition to protecting their own bottom line, brands tend to want to protect the value of their branded lines. Some are so concerned about this that they price themselves out of competition just to maintain that perceived value and protect retail partners.

**Brands and manufacturers should set a clear MSRP** so all merchants understand the starting point for retail pricing. Creative brands also experiment with exclusive items in different channels — even if it is just a different combination of SKUs bundled together. These special items cannot be comparison-shopped if they only appear on one website, plus they create differentiation and variety.

**Great content supports sales in all channels**, especially when it is offered by the most trustworthy source: the brand.





## Q. How can DTC brands enrich customer experiences across all their channels?

We know consumers take an indirect path to purchasing. They wander in and out of the buying process, visit retailer websites, marketplaces and brand sites. They even search for product information on their phones while standing in a store. As the brand, it is imperative to embrace the opportunity to present rich content. You can do this by:

**Ensuring the brand site offers every piece of information**, from technical specifications, measures and materials, to photos from every angle. Include usage or care instructions, links to manuals, history and origins — anything that might be useful to consumers researching the brand and products.

**Providing quality content for partner websites and other channels**. Consider how audiences vary between different retailers and make sure you understand each site's specific image requirements for your product category.

**Protecting the brand voice in every channel** by offering targeted content that is also true to the brand. While consumers do expect a different experience in different channels, they also benefit from a consistent brand experience, regardless of the channel. This instills trust and familiarity — all key components of building brand equity.

## Q. What are the essential considerations for brands launching and growing a subscription business?

**Subscription selling is a vastly different way of doing business. We know the subscription consumer is savvier and will have greater expectations for the experience. These expectations require impeccable execution on promises, whether they are related to quality of products, timing of deliveries or exclusivity. Make sure to:**

**Employ technology** to support all aspects of subscription management, not just recurring billing.

**Offer the best experience** and enable customers to administer their own accounts, including control over options and timing.

**Ensure maximum retention** by confirming that tech partners support skipping or delaying deliveries and monitoring for involuntary cancellation, such as the result of an expired or stolen credit card.

**Understand this consumer is hard to impress.** Demonstrate increased value over time or risk this shopper losing interest and wandering away.

## Q. What are your predictions for subscription-based services in 3–5 years?

**Both B2B and B2C buyers will be more willing to accept planned orders and deliveries**, but they will expect guarantees. Any shortages in the supply chain should hit incidental shoppers only after subscription shoppers' orders have been honored. Broken promises (in availability, timing, delivery, price, quality or experience) will create attrition risk, as loyalty is easy to lose.

**New types of subscriptions will pop up**, enabling everything from recurring, local deliveries to automated B2B replenishment — all with much less human interaction than in the past. We will see memberships that bring more elite access and experiences, and specialty products reserved only for subscribers.

**The “stock up” mentality of 2020 will not completely leave us** as consumers realize their own household supply chains are at risk. They will take measures moving forward to ensure reliable supply and tap backup stores for unknown eventualities. This will create more interest in subscription commitments.

**There will be a more meaningful swing toward these types of buying behaviors** as younger generations become more avid shoppers and older ones become less so.