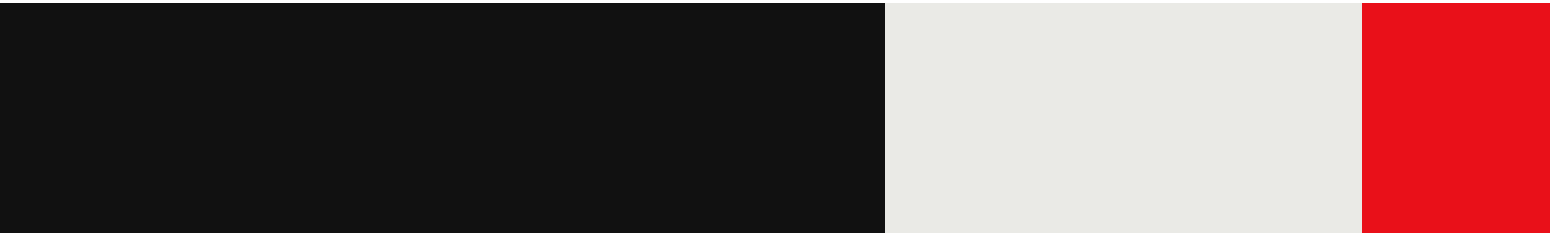



# Can Subscription Ecommerce Catch Up to Subscription Media?

Article



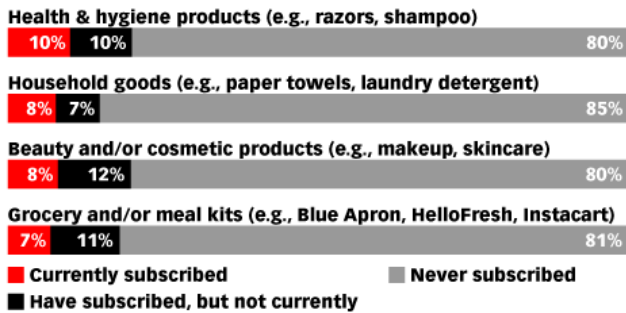
**S**ubscriptions like Netflix and Spotify have successfully transformed the way people engage with media, but retail subscriptions have yet to transform how people shop. So far, these subscription boxes have seen momentum within the fast-moving consumer goods (FMCG) category—think companies like Blue Apron, Dollar Shave Club and Birchbox. Despite

the waves these companies have made, are consumers actually ready to automate their purchases of everyday goods?

According to a January 2019 survey from **YouGov**, between 80% and 85% of US internet users said they have never signed up for retail subscription services.

### US Internet Users' Adoption of Retail Subscription Services, by Category, Jan 2019

% of respondents in each group



Note: ages 18+; numbers may not add up to 100% due to rounding  
Source: YouGov survey as cited in company blog, April 23, 2019

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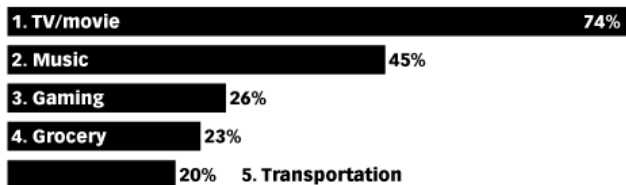
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For companies offering beauty or food boxes, the numbers of lapsed users may be a bigger red flag than the low penetration. Of those surveyed, 12% said they used to subscribe to a delivery service for beauty products but don't anymore, compared with just 8% who were currently subscribed. Food services also struggle to retain subscribers, with 11% of respondents being lapsed users and only 7% saying they currently subscribe.

Retailers and brands will need to figure out how to optimize the value proposition in order to convert and keep shoppers. Only 23% of grocery subscription box subscribers found the service valuable (defined as beneficial, useful and helpful), per a November 2018 survey from **Digitas** and **The Harris Poll**. Respondents were three times more likely to find TV and movie subscriptions valuable and twice as likely to find music subscriptions valuable.

## What Are the Top 5 Valuable\* Subscription Box Categories According to US Subscription Subscribers?

% of respondents, Nov 2018



Note: ages 18+; \*beneficial, useful, helpful

Source: Digitas, "The Subscriber's Dilemma: From 'More Please' to 'No Thanks'" conducted by The Harris Poll, Jan 7, 2019

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In the **YouGov** survey, shoppers cited potential drawbacks of using subscription services. The greatest concerns included spending more money than otherwise intended (53%), not getting the right number of products at the right time (52%), and shipments not arriving on schedule (34%). This skepticism explains, at least partly, why shoppers are not ready to offload their weekly shopping responsibilities to third parties.

For marketers, creating a valuable subscription means understanding the difference between what consumers want and what they need. Is the subscription going to complement or replace established shopping habits? A good place to start is by looking at various niches of consumer behavior and reasons for buying.

Last year, **McKinsey & Company** published an article in which it segmented ecommerce subscriptions into three categories: replenishment, variety and curation and exclusive access. In the case of replenishment subscriptions, timing is everything. For the average shopper, no two weeks are exactly the same, meaning the supply of household goods is constantly in flux.

How can subscription box services keep up with those evolving shopper needs? The ability to do so would more likely manifest as a personalized shopping assistance program than as a traditional subscription box.