

# Five Charts: How Consumers Really Feel About Subscriptions

New entrants keep debuting, but consumer interest is mixed

## ARTICLE

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From meal kits to wardrobe upgrades, new entrants in the increasingly crowded subscription commerce space keep emerging. Just this week, auto-replenishment company Harry's launched a women's line of hair removal products called Flamingo.

According to a [McKinsey](#) study released in February, subscription commerce retailers grew sales from \$57.0 million in 2011 to over \$2.6 billion in 2016. Established companies, including big-box stores, supermarkets and consumer packaged goods (CPG) conglomerates, have gotten on board for a piece of the action. To wit, in 2016, Unilever bought Dollar Shave Club for \$1 billion, and last year Albertsons acquired meal-kit brand Plated for over \$200 million.

But how do consumers feel about them?

At the beginning of the year, [Salsify](#) asked US digital shoppers where they planned to do more shopping in 2018. Subscription services were cited by only 8%, though still ahead of using social media and voice-activated assistants and smart speakers.

## Locations/Channels Where US Digital Shoppers Plan to Do More Shopping in 2018

% of respondents



Note: ages 18+ who have shopped digitally at least once in 2017  
Source: Salsify, "2018 Consumer Research: Why Product Experiences Are What Win Consumer Trust in the Digital Age," March 7, 2018

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## McKinsey identified three types of subscription services:

replenishment, curation and access—all attracting users for different reasons. A financial incentive was most persuasive in signing up for automated delivery of diapers or cat food. Trusted recommendations or the desire to try something new drove interest in something like a beauty box. And all three of those criteria contributed to trying a members-only clothing and shoes site like JustFab.

## Primary Reason that US Internet Users Initiated a Subscription Box Service, by Service Type, Nov 2017

% of respondents

	Replenishment*	Curation**	Access***
Financial incentive	24%	19%	22%
Recommended by someone	20%	24%	24%
Thought I'd try something new	18%	25%	23%
I need this type of product	16%	9%	12%
Flexibility to cancel	12%	10%	8%
I liked the subscription model	11%	12%	11%

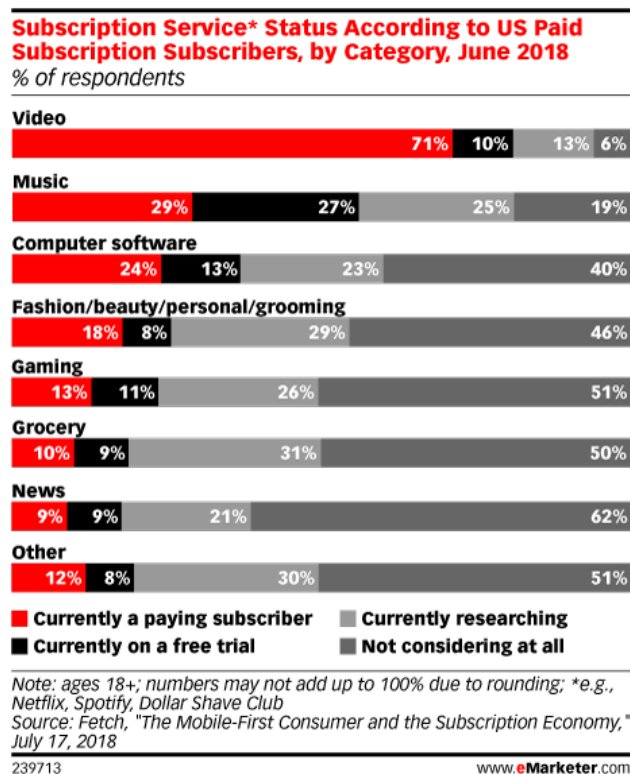
Note: ages 18+; among subscription box subscribers; numbers may not add up to 100% due to rounding; \*allows consumers to automate the purchase of commodity items, such as razors or diapers; \*\*seeks to surprise and delight by providing new items or highly personalized experiences in categories such as apparel, beauty, and food; \*\*\*allows subscribers pay a monthly fee to obtain lower prices or members-only perks, primarily in the apparel and food categories  
Source: McKinsey & Company, "Thinking Inside the Subscription Box: New Research on Ecommerce Consumers," Feb 1, 2018

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Users cancelled replenishment subscriptions primarily due to product quality and wanting to buy when they felt like it, while curation and access subscriptions were dropped most because of poor value.

Beyond those three categories, subscriptions cover a wide variety of services, **some more integral to daily life than others**. Close to three-fourths of US paid subscribers subscribe to a Netflix-type service, according to **Fetch**, while 18% subscribe to a fashion or beauty box service.



The ability to receive trial sizes of often expensive products like makeup or fragrances is **one reason why beauty boxes are popular**, though sampling doesn't apply to all subscription commerce offerings. Per **GPShopper** data, very few US internet users said they discovered a new favorite brand (8%) or became a repeat customer (7%) because of a subscription box.

## How Do US Internet Users Feel About Subscription Boxes?

% of respondents, Aug 2018

The ability to sample products without actually purchasing them separately is appealing

21%

Have discovered a new favorite brand after receiving products in a subscription box

8%

Have become a repeat customer of a product after receiving it in a subscription box

7%

Going into physical stores less because I'm receiving products in the subscription box

5%

Subscription box replaces other purchases I would have made

5%

Note: ages 18+

Source: GPShopper, "Reality of Shopper Motivation" conducted by YouGov, Oct 4, 2018

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Most subscription services are nice-to-haves rather than necessities. Beauty boxes (28%), meal kits (26%) and wardrobe subscriptions (23%) ranked last on a list of "digital disruptor" services that US internet users would miss if they were gone, according to Toluna.

## Digital Disruptor\* Services that Would Most Concern US Internet Users if They Were No Longer Available, May 2018

% of respondents

Quick-turn shipping retailers (Amazon, Walmart, etc.)

66%

Entertainment services (Netflix, Hulu, Roku, etc.)

55%

Transportation services (Uber, Lyft, Blacklane, etc.)

36%

Conferencing and chat services (Slack, WhatsApp, Viber, etc.)

33%

Photo ordering services (Shutterfly, Snapfish, Tiny Prints, etc.)

29%

Rental services (Airbnb, VRBO, afaar, etc.)

29%

Health and beauty (Birchbox, Dollar Shave Club, Harry's, etc.)

28%

Meal kits (Hello Fresh, Blue Apron, Freshly, The Purple Carrot, etc.)

26%

Wardrobe subscription services (Rent the Runway, Trunk Club, Le Tote, etc.)

23%

Note: n=1,028 ages 18+; "very" or "extremely" concerned; \*defined as companies that have transformed a traditional way of doing things using web- or app-based services

Source: Toluna, "The State of Digital Disruption 2018 Report," June 29, 2018

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That said, roughly a quarter of US internet users would be concerned if they lost access to those three categories of services, which isn't an insignificant figure.