

SUBSCRIPTION SERVICES – US – 2023

Subscriptions services have online shoppers engaged. However, misperceptions exist and will continue to present areas of opportunity for these shopping models.



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Subscription Services - US - 2023

This report looks at the following areas:

- Consumer participation in subscription services
- The impact of inflation on consumer behavior and subscription services
- Motivations and barriers to subscription service participation
- Behaviors and attitudes toward subscription services

Overview

The adoption of subscription services has grown significantly in recent years. As of 2023, 65% of consumers are subscribed to at least one service and 21% have never been subscribed. This indicates the potential room for growth that remains for subscription service offerings.

In the near term, inflation and high interest rates will continue to impact consumer spending. Subscriptions that feel like an indulgence or unnecessary will continue to be part of the chopping block, whereas those that probe their value will be the most prepared to survive the current economic climate.

It's noteworthy that the focus on value does not only represent a risk, but an opportunity for subscriptions. As consumers are cautious and intentional with their spending, they are looking for shopping options that give them more bang for their buck. Auto-replenishments and subscriptions that are transparent about the value vs actual cost will be appealing.

While there are still consumers who haven't tried a subscription service, companies will want to strike a balance between acquisition and retention. Overall, online shoppers have positive



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perceptions about subscriptions, but misperceptions about cost, quality, and lack of flexibility are still some barriers to overcome to untap the subscription services potential.

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Report Content



EXECUTIVE SUMMARY

- What you Need to Know
- Consumer Trends: Key Takeaways
- Market Predictions
- Opportunities

CONSUMER INSIGHTS

Consumer Fast Facts

User Snapshot

- Technology adoption and financial health play an important role in subscription services participation
 - Graph 1: subscription services participation, by key demographics, 2023
- Enhance female engagement in Subscription Services
 - Graph 2: subscription services participation, by gender, 2023
- Capitalize on digital trends to captivate young consumers
 - Graph 3: subscription services participation, by age, 2023
- Black consumers influence subscription services
 - Graph 4: subscription services participation, by race and Hispanic origin, 2023

Types of subscription services

- Opportunities exist across all ages, yet younger adults are the most engaged
 - Graph 5: types of subscription services currently used or used in the past, by age, 2023
- Tap into DEI to appeal to multicultural consumers
 - Graph 6: types of subscription services currently used or used in the past, by race and Hispanic origin, 2023
- Home Chef portrays diversity

Subscription service drivers

- Appeal to consumers through affordability and providing control over their purchases
 - Graph 7: motivations to sign up for a subscription service, 2023
- Birchbox appeals to consumers by highlighting its affordability
- Go beyond price to earn subscribers' trust
 - Graph 8: motivations to sign up for a subscription service, by age, 2023
- In their own words consumers describe the perks and features that would make subscriptions more attractive
- Understand women's preferences to earn their loyalty
 - Graph 9: motivations to sign up for a subscription service, by gender, 2023

Barriers to using subscription services

- Changing routines and preferences impact subscription services
 - Graph 10: subscription services barriers, 2023
- Inconsistent usage and negative perceptions about price are some reasons that keep consumers away from subscriptions
- Older consumers can be set on their past shopping behaviors
 - Graph 11: subscription services barriers, by age, 2023
- Subscription service Kencko expands its distribution through Walmart
- There are a lot of misperceptions about subscription services among multicultural consumers
 - Graph 12: subscription services barriers, by race and Hispanic origin, 2023

Participation and interest in subscription services by category

- Subscription opportunities exist across categories
 - Graph 13: participation and interest in subscription services by product category, 2023
- Younger consumers are the most open to subscribing to services across categories
 - Graph 14: participation and interest in subscription services by product category, by age, 2023 - NET - any would consider
- Seasonal box FabFitFun offers a variety of product categories

Attitudes toward subscription services

- Subscription services allow consumers to shop with little effort or difficulty
 - Graph 15: attitudes toward subscription services -select responses, 2023 - NET - Agree
- Public Goods highlights its positive attributes
- Personalization and the option to return are needed to meet subscribers' expectations
 - Graph 16: attitudes toward subscription services - select responses, by age, 2023 - NET - Any Agree
- Quality fresh food is a cornerstone for differentiation
- Meal prep kit brand aims to appeal to consumers' desired lifestyle
- Consumers are interested in subscriptions for gifting occasions
 - Graph 17: attitudes toward subscription services -select responses, by age, 2023 - NET - Agree
- Sun Basket leverages gifting occasions to reach older consumers
- Distinctive product selection piques multicultural consumers' interest
 - Graph 18: attitudes toward subscription services -unique offerings-, by race and Hispanic origin, 2023 - NET - Agree
- Subscription offerings can drive interest through physical shopping options
- Prepared meals brand partners with Barry's to increase brand awareness

Areas of interest

- Leverage exclusive perks as a competitive advantage
 - Graph 19: areas of interest, 2023
- Allow consumers to play a role in CSR efforts
 - Graph 20: areas of interest, by age, 2023

- Blue Apron shows its commitment to the greater good and aligns with conscious consumers
- Convenience and budget are important for multicultural consumers
 - Graph 21: areas of interest, by race and Hispanic origin, 2023

COMPETITIVE STRATEGIES AND OPPORTUNITIES

- HelloFresh debuts The Pets Table
- Walmart launches a subscription service
- Amazon launched a subscription service for generic medications
- Public Goods launches a mobile app
- Dollar Shave Club appeals to consumers through its omnichannel presence

Opportunities

- Key takeaways

THE MARKET

- Market Context

Market Drivers

- Inflation remains elevated
- The US economy is resilient
- Households have become slightly less optimistic about the economy
- Subscriptions are enabled by technology adoption
- Corporate social responsibility initiatives influence purchase decisions

Market landscape

- While widely used, subscription services have yet to reach their full potential
 - Graph 22: subscription services participation, 2023
- Replenishment services win with consumers
 - Graph 23: types of subscription services currently used, or used in the past, 2023
- In their own words: one consumer's perspective on subscription services highlights opportunities and challenges for the industry

APPENDIX

- Consumer Research Methodology
- Consumer qualitative research
- Generations
- Abbreviations and Terms

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