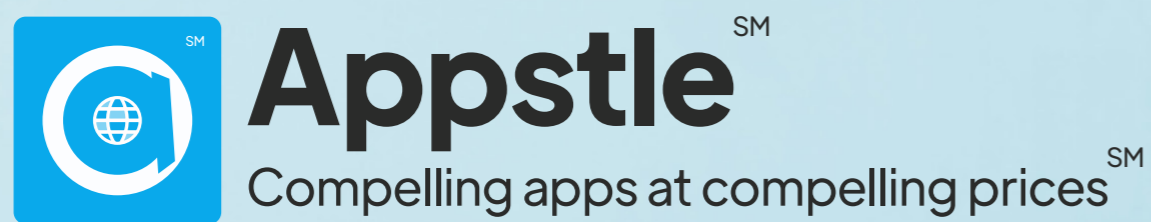




# Ecommerce Subscriptions E - Book



Lesson 1

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Lesson 2

10 - 16

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Lesson 3

17 - 23

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Lesson 4

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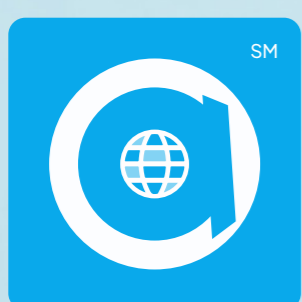
Lesson 5

30 - 36

Ecommerce Subscriptions

# Identifying the target audience and demand for your Shopify store's subscription model

Lesson 1



**Appstle**<sup>SM</sup>  
Compelling apps at compelling prices<sup>SM</sup>

# E-commerce subscription business masterclass by Appstle – Lesson 1 of 4

Customers continually seek 'something more' from brands. When it comes to subscriptions too, they continually want a change!

There is a high level of competition in the eCommerce subscriptions space. Especially, the recent digitalization shift has allowed businesses to bring in new revenue streams, new ways to reach customers, and increased recurring revenue.

Businesses are under unprecedented pressure to develop and deliver subscriptions that offer increased benefits to customers. However, the gulf between businesses struggling to deliver effective subscriptions and the evolving customer expectations will only widen if a store's subscriptions aren't well thought-through. This puts businesses in a race that requires thorough competence, understanding, and tools that support their subscription or recurring revenue models.

An essential part of running successful subscriptions is to get to know your customers. By knowing your customers, you can ensure that your products/services are relevant to them and that your branding and messaging resonates with them. This will help you convert them into long-term, loyal, and paying customers.

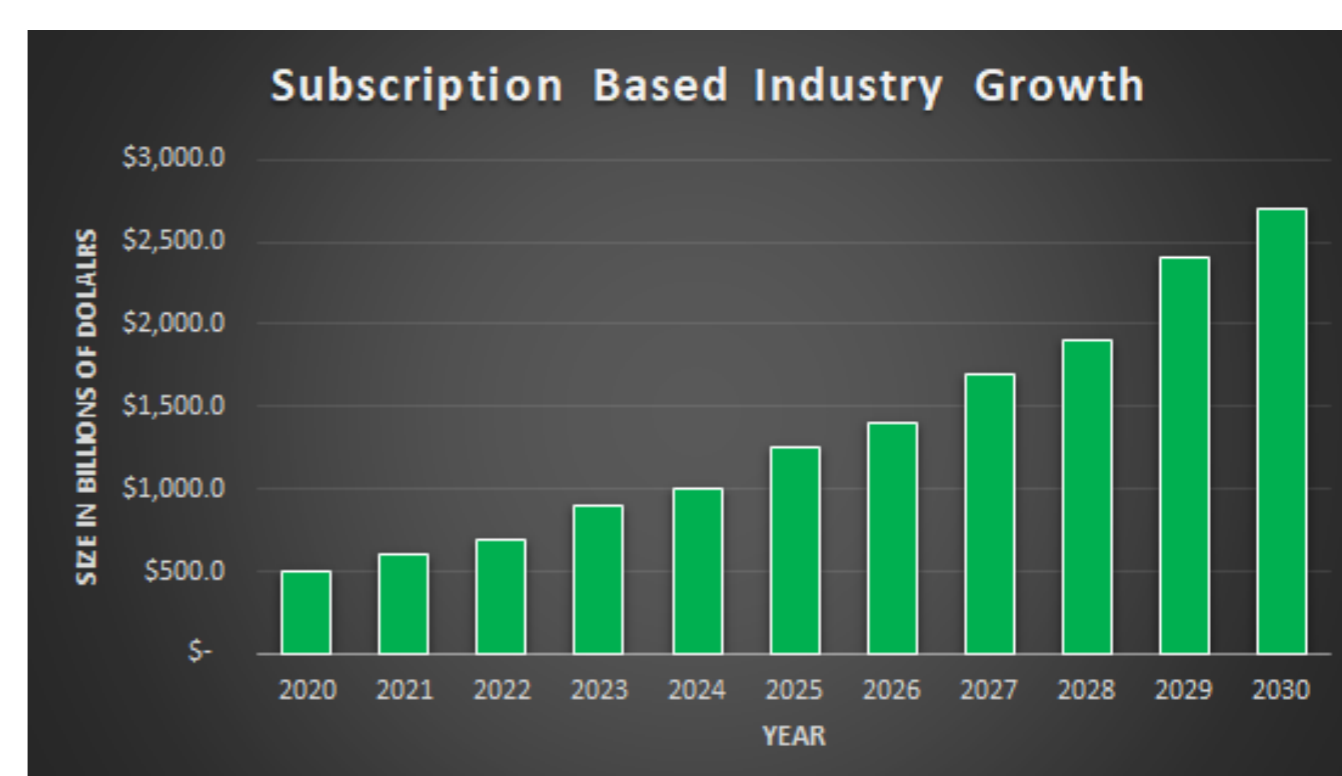
In this guide, we'll tackle the first hurdle to developing an effective subscription model for your online business. We'll learn all about knowing or understanding your customers. Here are the topics we'll cover

## i. Nuances of knowing your customers

### iii. Information or data you need about your customers

- Demographic segmentation
- Geographic segmentation
- Psychographic segmentation
- Benefit segmentation
- Usage rate

Consider this graph that shows the subscription economy prediction:



Source: Reddit

## ii. Knowing your different customer types or segments

- Primary customers or the Bulls eye target
- Secondary customers

## iv. How to know your customers

- Pick up notes from your customers interactions with your brand
- Collect customer feedback
- Create customer personas
- Look for current successes

# I. Nuances of knowing your customers

The idea of offering your products and services digitally through subscription models opens your doors to a whole new set of customers.

For example, these are the new type of customers your subscriptions will bring:

- Customers who didn't want to make a single or one-time purchase due to reasons such as high price, difficulty of logistics, lack of time (to manually repeat the purchase on a frequent basis) etc., but can now purchase via your subscription model.
- Customers who didn't want to pay a huge amount at the outset, but now have the option to pay on a monthly basis.
- Customers who prefer to have the freedom to flex, change, and adapt their use-based subscription to their needs.

To be able to cater to all these diverse customers with different preferences, you'll have to first know and understand their wants and needs. Having a good understanding of your customers is essential if you want to develop, market and sell your products/services.

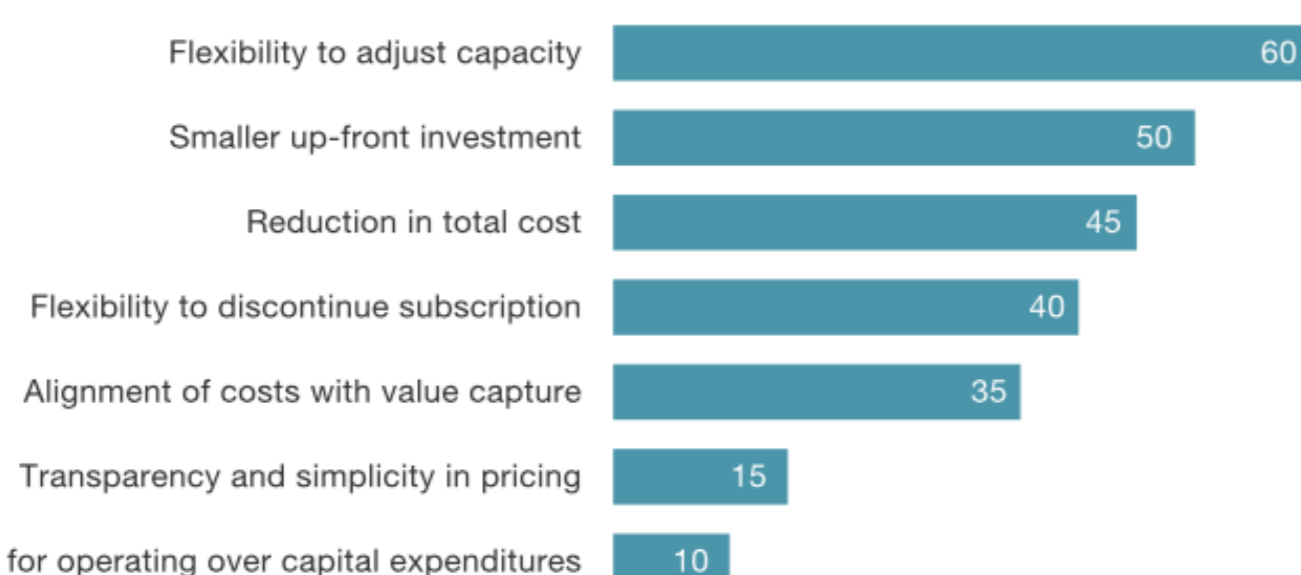
There is fierce competition in the subscription market across industries. A one-size-fits-all approach may not be relevant to all businesses. Building a solid subscription model requires making the customer its focal point – which can be tougher than it seems.

## Some aspects of customer-centric thinking for subscriptions:

### Will customers value recurring or single orders more?

Depending on the product or service you provide, you'll have to determine whether your customers will value the ease, price benefit, and service that will come with your subscription model or if they would rather prefer placing individual orders. This genuine insight can be gathered with the help of surveys, secondary research, direct market research, etc.

Top reasons customers cite for preferring subscriptions over perpetual offerings, % of responses (n = 350)



McKinsey&Company | Source: B2B software-purchase decision-maker survey, 2015

## Do customers want or expect subscriptions from your brand?

Are subscriptions relevant to your customers? Customer success in the digital and eCommerce realm is reliant on consistently taking note of customer wants and expectations, and fulfilling them. This in turn depends on robust capabilities to be able to stay abreast with the market and customer expectations. Is your company capable of addressing changing customer needs through subscriptions?

## How much would customers be willing to pay?

Depending on the value you'd provide via your subscriptions, what would subscriptions mean to your customers and how much would they pay for it? Your subscription pricing strategies should put customer value at the center, and match their purchasing and usage habits. Research on customer perceptions about pricing. What are customers saying about pricing (of your or your competitors' subscription) in online reviews?

## Knowing your different customer types

Every business has different kinds of customers without knowing. While you may look at customers as... well, customers, if you go deeper into certain factors, you'll realize that you might have more than one target audience. Unless you segment customers, all your customers may fall within one ambiguous category – customers.

## Knowing your primary customers

As Robert Simons puts it in an article in Harvard Business Review, "By not identifying primary customers, companies that consider themselves "customer focused" soon become anything but."

Primary customers are those customers who have used your product/service and find real value in it. They are willing to pay the price for your products/services and are most likely to take your business successfully into the future.

For some businesses, primary customers will be the end user of the product/service. For some others, it will be an intermediary such as a reseller or a broker.

The important thing to note is that the primary customers are those who can unlock the most value for your business, rather than those who can generate the most revenue.

*To identify your primary customers, try to answer these questions:*

- What does your customer care about?
- Who are you capable of serving the best?
- Who unlocks the most value for your business?
- What would be they willing to pay?

## Knowing your secondary customers

Secondary customers are those people who might buy your product but need convincing. These are people who may not be your direct source of income, but they help drive your growth by phishing the value up for the primary customer.

For example, a young boy who wants to buy a playstation with the help of his father. Or, people who prefer to use free software services and have no interest in paying. This customer group might be the harshest critics of your product/service – such as its ease of use, features, etc. These are people who are users of your products/services but not your direct source of income.

Now, why is knowing these secondary customers important? This is the group that might be taking your service for granted, but you will still need to know and understand them, satisfy them, offer them the best, and make them dependent on your product/service! Because, they will help you attract the paying customer groups.

## Information to gather about your customers (segmentation)

For subscription businesses, there are two types of segmentation:

### 1. Pre-subscription segmentation:

For the purpose of attracting relevant customers to join subscriptions. There are multiple facets or factors of this segmentation, We have added the high level list below:

#### Demographic segmentation

- Gender
- Family
- Ethnicity
- Occupation
- Income Level
- Age
- Family Life Cycle
- Education
- Ethnicity
- Marital Status

#### Geographic segmentation

- Country
- Climate
- Urban/suburban/rural
- Region
- City

#### Psychographic segmentation

- Lifestyle
- Self Image
- Values
- Behavior
- Personality
- Attitude
- Interests/hobbies

#### Behavior

Expectations from product use

Problems that can be addressed by your product/service Problems that can be addressed by your product/service

## Usage rate

Heavy Users  
Brand Loyalty

## 2. Post-subscription segmentation:

For the purpose of identifying the performance KPIs, study customer behavior, devise strategies to reduce churn rate, etc.

From post-subscription segmentation, you'll get two segments:

- Dormant subscribers – try to find the reasons for their dormant status, and tie back to their pre-subscription segmentation to arrive at ways to re-interest them
- Active subscribers – devise strategies to retain them and offer them a better experience

## How to uncover insights from your customers

### Note your customers interactions with your brand

What questions are customers asking? Which product/service are they talking about? What are they looking for? What aspects of your product/service are they talking about? Collect these and more such data from customers' interactions. Gather insights.

- Include interactions from all your communication channels – website, live chat, email, SMS, WhatsApp, social media, phone call, etc.
- Consolidate all interactions and pick the most common talking points.
- Address those talking points in your marketing campaigns.
- Address those talking points in your marketing campaigns.

### Collect customer feedback

- For this, bring your customer service, sales, and marketing teams to work in collaboration.

Customers' needs and wants keep changing. And hence, it is essential to collect customer feedback on a regular basis. Customers provide their opinions about the brand, product or service or any other aspects, depending on the questions asked. Besides, customers have post-purchase requirements.

Customer feedback data can help different teams analyze data and use it to make customer-driven updates. This data can also help identify customers who may be at risk of churn and take steps to reduce churn rate.

### Create customer personas

Customer persona is an archetype that represents the key traits of a large segment of your customers. They help you understand customers' needs and wants. They help guide your product/service development and offering effectively.

Customer persona will help you understand a wide array of reasons why your customers need your products/services, how you can target them, convert them, and create long-term relationships with them. Moreover, it helps to stay focused on your target customers.

## Look for current successes

When researching your customers, don't just look at what new you can offer to them. There might be products and services that are currently working well for them. This could be valuable information for you. It tells you about your customers' continued need for your products/services.

It will also give you information about why they like those products/services. As your suite of products/services evolves, you can refer to this information when making decisions to ensure they are beneficial to your customers.

## Note what your competitors are doing

It's important to constantly keep an eye on what your competitors are doing. This helps you identify what they're doing well, what's not working well for them, how they're targeting customers you share with them and what those customers are saying about your competitors. By knowing what your competitors are doing, you'd be able to address your customers' wants in an effective way.

## Experiment and test

To gain a better understanding of your customers, don't hesitate to experiment and test. You can do so in many ways:

- Experiment with marketing content
- Test new features in your products and services
- Try out new subscription models
- Experiment with new ideas
- New communication channels, new designs, just about anything new that will help you evolve your subscriptions

## Conclusion

Knowing your customers is critical to the success of subscription models. Instead of looking at it as a one-off step, companies that consistently try to understand their customers, evolving preferences, changing attitudes, stand a better chance to optimize and scale their subscription models. Now that you know who your target audience for ecommerce subscriptions is, the next step is to identify the products that should be a part of your model.

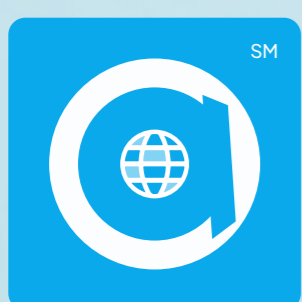
In the next lesson of our ecommerce subscriptions masterclass, we will cover how to find the right products for your ecommerce subscription model.

Don't want to wait another day and get started with ecommerce subscriptions? Install the Appstle Subscriptions app on your Shopify store. Or reach out to us for a demo

## Ecommerce Subscriptions

# How to choose the right products for the subscription model in your Shopify store?

## Lesson 2



**Appstle**<sup>SM</sup>

Compelling apps at compelling prices<sup>SM</sup>

## Lesson 2 of eCommerce subscription business masterclass by AppstleSM.

Subscription models are on the rise – across industries, businesses, and product categories. Through subscriptions, customers receive products on a regular interval. Instead of paying separately for each product or delivery, here, the customer gets billed on a recurring schedule that makes it simpler for them to get access to what they deem a recurring essential.

While statistics definitely show the rise of eCommerce subscriptions and the endless benefits it brings to both businesses and consumers, setting up a subscription model is easier said than done!

The key to getting the subscription business model right is to offer the right products/services. And that's a significant challenge for the majority of eCommerce businesses today.

According to online media trade magazine DigiDay, 'figuring out a product that people will (continuously) pay for' is hard. In this lesson, we're going to take you through factors surrounding the products/ services you choose for your subscription model.

### What is a subscription product?

A subscription product is when customers pay to buy products/services as a subscription, meaning, they get billed for the products/services on a recurring schedule. Subscription products are gaining popularity in every industry and over time, more customers will choose subscriptions over one-time, standalone purchases.

### What kind of products can you offer?

We are seeing different types of ecommerce businesses experiment with subscriptions today. But some of the most popular type of products for subscriptions include:

- Products that get consumed (consumable products), such as eatables, cosmetics, grooming, and self care, and hence need to be refilled.
- Products that consumers use on a regular basis and need replenishment, for example, medicine, health supplements, fire extinguisher gas, etc.
- Products that get recycled after use, for example, fashion, books, toys.
- Services to maintain expensive products such as electronics, furniture, and automobiles – one time product + recurring service subscriptions.

## How to identify subscription products?

Every business follows a different approach to setting up their subscription model, including choosing the products/ services they want to include in it. But here are a few things we recommend to our customers. Every business follows a different approach to setting up their subscription model, including choosing the products/ services they want to include in it. But here are a few things we recommend to our customers.

### Analyze the need for recurring use of your product/service

Subscription models are picking up in the ecommerce industry. All kinds of businesses – software, food & beverage, clothing, streaming services – are offering subscriptions. But that doesn't mean this model is right for every business.

First, consider if a subscription model is relevant for your products/services. Is your product such that it has a recurring need? If not, the subscription model might not be the right fit.

Answer these questions to figure if your product/service warrants a subscription:

- Is there a recurring need for your product?
- Will your subscription provide more value to customers, compared to a standalone purchase?
- Will your subscription offer something that customers can't easily find elsewhere?

If your answers to any of these questions are negative, you might want to rethink offering subscriptions.

Conversely, if you do have products that customers want on a regular basis, you're in a good position to begin with!

Do this:

- In the beginning, restrict the subscription model to just one or two products, to test if the model works for you, and to see customers' response.
- If you have a lot of products and want to offer all of them on subscription, start with the product that would be the most convincing for your target audience, to buy on a recurring basis.
- Once your subscription model gets rolled out, slowly expand it to other products that you offer.

**Key takeaway:** Subscription product management is not as easy as it may seem and should be carefully thought through.

### Start with your target customer profiles

If you've gone through Lesson 1 in this series, 'How to identify the right customers for your subscription model', you'd know how to identify your customers for a subscription model. Moreover, you'll know there are different segments and categories of customers within your customer base.

If you've gone through Lesson 1 in this series, 'How to identify the right customers for your subscription model', you'd know how to identify your customers for a subscription model. Moreover, you'll know there are different segments and categories of customers within your customer base.

## Pick products from your store that have a recurring need

The most important aspect to consider while offering subscriptions, is to have products that have recurring purchase potential. All products in your store might not be suitable for a recurring purchase.

For example, certain food, medical, health care and wellness products naturally work well for subscription models. But something like furniture will not. Once you identify these products, you can create subscriptions for them.

Here's how to identify such products:

- Conduct customer surveys. Ask customers which products they buy or would buy on a recurring basis from your site.
- Analyze your current data. Which products are sold on a repeat basis, and how many?
- Look at your competitors. Are your competitors offering subscriptions? What are the products they're offering?

Once you assess the adoption rate for the subscriptions of the most obvious recurring need products in your store, you can focus on expanding your subscription to other products. Bundling them to meet a larger need of your customers (e.g. bundling diapers with diaper creams) is also a tactical and strategic play that a few stores adopt, to ensure the sales of products that aren't fast-selling.

**Key takeaway:** Always start with the safest, most popular products on your site that tend to see repeat purchases.

## Create subscriptions for less obvious products

While it might be the easiest, it is not necessary that subscriptions can work only for items that are purchased on a recurring basis. There might be some products in your store that are purchased just once or twice a year. You can think creatively, and still offer subscriptions for these not-so-obvious products. Most products can be smartly converted to bring in recurring revenue, from cars to cycles to headphones.

How, you might ask? The answer lies in the additional services that such subscription models offer! Here are some ways you can turn less obvious products into subscriptions:

1. Include highly targeted service offerings around the product – For some people getting a product serviced, repaired, or upgraded, is a big task and an expensive affair. In such cases, when you offer the product as well as the services around the product, in the form of a subscription, it can work wonders. It would be more economical and convenient for the end customers.
2. Bundle two or more products together as a subscription. For example, if you're a home furnishings store, you could bundle season themed sheets, comforters, and pillow covers into one quarterly subscription. Ikea actually did this, and found massive results.

3. Offer several other benefits with the product. For example:

- Fast shipping
- Free delivery
- Special access to sales or events
- Premium customer service
- Installation services
- Service appointments
- Product replacement during repair windows
- Reward points

With a little creative thinking, you can offer subscriptions for most products that otherwise seem unfriendly to recurring revenue..

An example – car subscription! If BMW, Mercedes, Porsche can do it, so can smaller brands



**SUBSCRIBE AND SWITCH VEHICLES ANYTIME.**

Access by BMW is a luxury vehicle subscription service exclusively in Nashville. Enjoy the flexibility of a different vehicle for every occasion and the convenience of a concierge personally delivering them, fully fueled or charged, to wherever you happen to be. Join the ultimate driving membership.

Key takeaway: Position your product as an outcome and an experience rather than a product with excellent features.

## Look for products that can be bundled

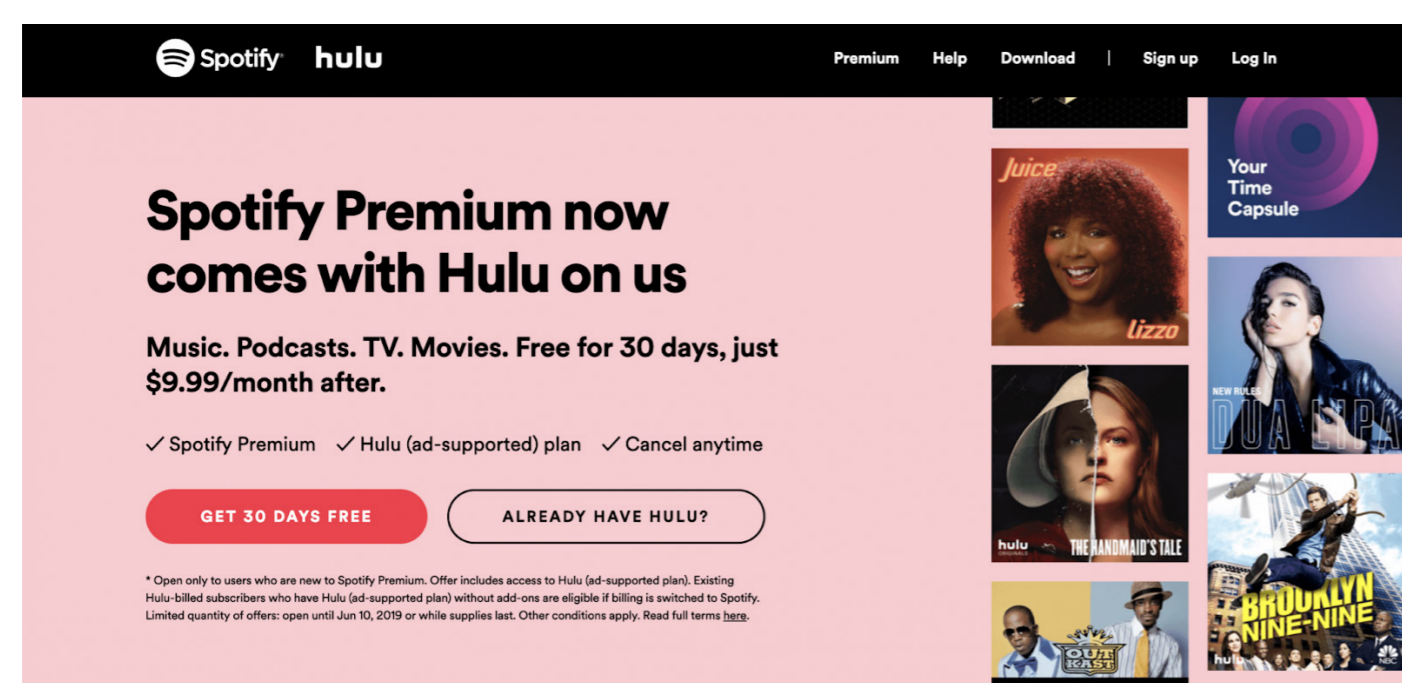
Bundling products in a subscription, means putting together different products, and providing complementary value by adding products and services to enhance customer experience.

Some ways you can bundle products/services into subscriptions:

- Allow customers to purchase individual items together, by creating a package sold at a smart discount. This kind of bundling works for all products, as customers get to choose the specific products they want to buy as a bundle.
- Enable customers to buy different but related products or components, which would allow them to combine the items into a new product or experience. For example, bundle coffee, sugar, coffee filter, etc. into one recurring bundle.
- A bundle of assorted items. Mix and match different products from your site or from other sister/partner brands, and create a custom bundle.

## An example of bundling: Spotify.

Spotify, the music streaming brand wanted to provide more value to its subscribers and so it added Hulu – on-demand TV and movies – as a complementary product in their subscription



This blog article will give you an in-depth view into build-a-box subscriptions or bundling.

Key takeaway: Your aim through bundling should be to provide more value to the customers; take a look at items they tend to buy together to identify what you should create bundles out of.

## Cost-benefits when, products/services are offered as subscriptions

You might have many products and services on your site that you want to offer as subscriptions. But can you afford to?

Look for products that you can offer at a reduced price and still make a profit. If you have products that are already priced such that there is no buffer for reducing its price, you shouldn't offer them as a subscription. While it is not necessary that subscriptions should always come with a discount, they often come with free or reduced shipping cost, the difference borne by the store and eating into the product's profit.

Here's what to do:

- Look for products that you can easily offer at a discount, or with other benefits such as free/lesser shipping.
- Choose the best pricing model – flat-rate, tiered pricing, usage-based pricing, etc.

Key takeaway: Approach pricing as a continuous process that is subject to revisions as your subscription model or business grows or changes.

## Analyze the potential for discovery and newness in your subscription product category

Customers buy subscriptions for many reasons – convenience, better cost, unique products, etc. However, there's more to why customers buy subscriptions. There's a psychological factor, which is all about the 'experience'!

With fierce competition in the subscription economy, brands use personalization as a key marketing tactic to retain subscribers. With the help of customer data, they offer highly targeted products as subscriptions. These could be new products or products from other brands added in the subscription (Spotify example!), to generate excitement and keep customers happy.

When choosing products or product categories from your site to turn into subscriptions, make sure you choose those that have a potential for discovery and newness.

Some ways to include the newness aspect:

- Allow subscribers to swap products for a different product or product category.
- Add new products that subscribers can use for a short period.
- Offer flexibility. This can help you charge a premium subscription amount.

Key takeaway: Make sure subscribers experience the value your subscriptions bring to them.

## Conclusion

Getting your subscription product right will require a lot of thinking. To avoid analysis paralysis, start with the above methods to identify products from your site. Keep in mind, starting is more important. Then, experimentation is key. Learn from your first few subscribers.

Stay agile. Be Flexible. Adapt.

At Appstle, we have built a solution that enables you to set up an ecommerce subscription model in no time. With the Appstle Subscriptions app, you can not just experiment with different business models, but also the products you want to include in the subscriptions you offer, keeping a close eye on how they impact the overall growth of your brand.

Now that you know how to choose the products for your subscription model, the next step is to identify how you want to package them.

In our next lesson, we will take you through understanding the different types of subscription models for ecommerce stores. Subscribe to our blog to be notified and not miss out on the insights!

## Ecommerce Subscriptions

# The different types of subscription models for eCommerce businesses

## Lesson 3



**Appstle**<sup>SM</sup>

Compelling apps at compelling prices<sup>SM</sup>

The subscription economy has been booming in recent years, mainly due to the pandemic. In the pursuit to increase sales, revenue flow, and profits, a large number of eCommerce businesses have taken to the recurring or subscriptions business model.

Different brands offer different types of subscriptions, depending on their products, industries, and target audience. And, different types of subscription models offer different benefits to merchants and customers.

In this lesson, we will explore the different types of subscription models used by eCommerce businesses and what makes them so popular with customers and retailers.

## **Why is it critical to understand the different types of subscription models for eCommerce?**

When it comes to offering subscriptions, a one-size-fits-all approach does not work! All types of subscription models do not work for all kinds of businesses! To find the best and most suitable model for a product or business, it is a must to first have an understanding of the different subscription model possibilities out there..

Understanding different types of subscription models helps:

- Determine the best subscription model suitable for your product
- Determine which model will be the most beneficial (and hence, most attractive), to your customers
- Decide how to price the subscriptions
- Satisfy your customers' desire for personalization
- Build customer engagement and thereby, loyalty

## **Types of ecommerce subscription models**

### **1. Replenishment/ consumables subscription model**

Certain products such as groceries, food items, medicines, and health supplements, among others, need to be purchased regularly by consumers. These are items that most people need to purchase on a weekly or monthly basis. These are the items for which a replenishment subscription model works best!

A replenishment subscription model helps to provide products on a regular and recurring basis to customers, without them having to place orders every time. In other words, they can automate purchases through this model. This type of subscription model is also called the 'subscribe and save' model (Think, Amazon!).

## How does this model benefit consumers?

- Replenishment subscription models are all about convenience for customers. Through this model, the customers can get products delivered on a regular basis with minimal to no effort on their end.
- This model helps customers save the time and hassle of remembering to place orders, or with which brand they placed the order the previous time.
- This model provides cost benefits to customers, through potential discounts for recurring orders placed over a long period.
- Consumers are impatient. When they place an order, they need the delivery as soon as possible. With the replenishment subscription model, customers can get products delivered at the right time, and at desired intervals.

## How does it benefit retailers?

- Replenishment subscription model adds a competitive advantage to a brand. Consumers who prefer the convenience of this model would choose your brand over your competitors that don't offer this model.
- As customers sign up for regular deliveries at predetermined intervals, your brand is ensured a consistent stream of revenue.
- By receiving orders through the replenishment model, you can manage the inventory better, as you can predict the demand and delivery timelines for your products.
- You can forecast demand and align the demand-supply of your products more thoroughly.
- Through this model, you can improve your customer retention rate.
- Improved customer retention rates have a direct positive effect on the customer lifetime value. This also means improved returns on customer acquisition efforts and costs.

## 2. Curation subscription model

The curation subscription model functions on the element of 'surprise'. In this model, customers do not know what items they would be receiving in each delivery! In this model, stores put together assorted products, and deliver them to customers at predetermined intervals.

Also known as the 'curated box', this type of subscription model has the potential of a high level of personalization. Brands can include products that match customer preference and choice at a segment of one (individual) level.

This model is most commonly used for beverages (liquor, coffee), toys, books, chocolates, condiments, cheese, wine, etc. A key advantage of this model for brands is that they can easily get customers to try new products by simply adding them to the curated box.

## How does this model benefit consumers?

- Curated subscription model satisfies customers' want for personalization. Quite often, when customers sign up, customers are asked to tick or cross out items that they prefer and don't prefer, respectively, for the brand Managers/AI to understand their preferences and tastes.
- Personalized curated boxes provide a better customer experience to customers – one marked by a feeling of being valued and understood.
- Curated subscription boxes also have an element of surprise and delight, which gives a sense of excitement to customers.
- Through curated boxes, customers can get to try new products, which they would not have bought otherwise.

## How does it benefit retailers?

- The curation subscription model offers all the usual benefits that other subscription models offer, such as increased returns on customer acquisition cost, better prediction of revenue and demand, inventory, etc.
- Curated subscription model provides a good opportunity for brands to build and nurture richer relationships with customers.
- Brands can offer highly personalized experiences to customers as they can easily collect information about customers' preferences.
- One of the best advantages of this model is that satisfied customers help spread the word and bring more customers for brands.

## 3. Bargain/ access subscription model

Bargain or access subscription model is where customers pay a monthly subscription fee to avail access to new products, products at bargain or discounted prices, or other members-only deals. This subscription model is commonly used for products in the health and wellness, food, and fashion industries.

Through this model, customers are assured of great and exclusive deals on products, and is generally beneficial to those shoppers who are on a budget and purchase volumes.

The bargain subscription model works on the element of exclusivity as well.. Customers feel special or exclusive when they have access to new products, discounted products, and products that come with special deals.

## How does this model benefit consumers?

- Through the bargain subscription model, customers can avail discounts and deals on products and services.
- This type of subscription model usually allows customers easy cancellation whenever they want.
- Customers who are on a budget can maximize the benefits of this type of subscription model.

## How does this model benefit retailers?

- Through this model, retailers can ensure consistent revenue of all types of products in their inventory.
- Brands can offer multiple pricing models within this model.

## 4. Fixed subscription model

In the fixed subscription model, retailers offer a fixed set of products for a fixed price for a predefined duration. This type of subscription model is most commonly seen in SaaS (Software as a Service) products. SaaS companies offer a fixed number of features for a fixed price for a specific duration. Once the usage crosses a certain threshold, any extra cost gets active.

### How does this model benefit consumers?

- It is the most hassle-free subscription model, where everything is fixed.
- This subscription model is straightforward and hence easy for customers to understand and make purchase decisions.
- Customers can keep a track of how much of their usage, to determine the balance (within their plan), and when the extra costs will kick in.

### How does this model benefit retailers?

- Retailers can predict their revenue and accordingly make business decisions.
- Retailers can ensure recurring and consistent revenue.
- This model helps brands build long-term relationships with customers that can help them deliver personalized products/services.

## 5. Unlimited subscription model

An unlimited subscription model is not very common in eCommerce businesses. In this model, customers pay a certain amount and are allowed unlimited usage of a product. For example, some pubs charge a fixed entry fee and provide unlimited drinks! However, depending on the product, and customer's general use case of the product, unlimited subscriptions can be a workable type. For example, Newspaper subscriptions, which allow unlimited access to news and article content for a fixed monthly price! Or, Netflix, which allows unlimited access to their streaming content, for a monthly fee, is also a successful example of this model type.

### How does this model benefit consumers?

- Customers get an unlimited supply of a specified product under this subscription model.
- Customers have to pay a predetermined amount, which keeps the pricing straightforward and makes it easy for customers to make a purchase decision.

### How does this model benefit retailers?

- How does this model benefit retailers?

## 6. Pay as you go subscription model

Pay-as-you-go is a usage-based subscription model. Customers pay on the basis of how much of a product or service they use. A lot of smaller companies use this subscription model to get started when they first launch a product or the company. This model of subscription is most commonly used by telecom and internet companies.

### How does this model benefit consumers?

- Customers have to pay only for the amount of products/services they use, and hence are assured that they don't have to pay anything extra.

### How does this model benefit retailers?

- This subscription model makes it easy for brands to launch new products
- It helps brands assess the response to new products.

## 7. Premium member subscription model

In this subscription model, customers pay a fee to access premium services, or to use products. This model works on the principle of making customers feel exclusive and special. A good example of this subscription model is Amazon Prime. This subscription model is popular in various industries such as eCommerce,, food and restaurant, clothing and lifestyle, etc.

### How does this model benefit consumers?

- Consumers get exclusive benefits. Exclusivity makes them feel special and valued.

### How does this model benefit retailers?

- Brands can build strong, long-term relationships with customers.  
Brands can offer personalized experiences to customers via this model.

## Conclusion

Whether you're offering a monthly curated box of makeup products, or delivering medicines on a monthly repeat subscription model, or bringing together the best deals on fashion and apparel for your exclusive members, it's safe to say that subscriptions are everywhere! Customers want subscription models. Brands don't want to be left behind in the subscription economy.

As we've seen above, the subscription model that's right for you will depend on your product/service, industry, business, and target customer persona.

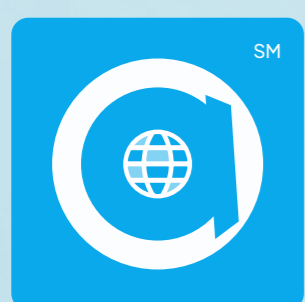
At Appstle, we know the ins and outs of different types of subscription models! We've comprehensively and robustly built platforms and functionalities that help ecommerce businesses explore the different types of subscription models, to choose the ones that align with their business goals.

Subscribe to our blog, to be notified of new updates. Do not miss out on the insights!

Ecommerce Subscriptions

# How To Set Up A Winning Subscription Model For Your eCommerce Store

Lesson 4



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To make your subscription business a success, it is important to set it up right.

And by setting it up right, it means to make sure you have all the essential elements, features, and aspects covered. Right from determining whether or not a subscription model is suitable for your products/services, to having all the important features in place to ensure consistent innovative updates – there's a lot that takes to set up an efficient subscription model.

## Steps to set up a subscription model for your Shopify store

### Determine if a subscription model is suitable for your business

For businesses, subscription / recurring revenue models are enticing as they offer so many benefits. But subscription models are not meant for all types of products and services.

For example, if you're selling wedding clothes and accessories, a subscription model would not make sense for your business.

But, if you sell items such as toys, books, groceries, condiments, etc, a subscription model could work wonders!. These are items that customers buy on a regular basis, and hence, would work for subscriptions.

### Create your subscription mode

To put in place your subscription model, first you'll have to choose a subscription model. There are different types of subscription models such as replenishment model, curation, bargain or access subscription model, fixed subscription model, and pay as you go.

Once you choose the subscription model type that suits your products/ services, you'll have to create different plans to offer your products/ services.

Then, you'll have to determine the pricing. Your pricing should factor in all sorts of expenses such as packaging, storage, delivery, marketing, profit margin, etc.

## Functionalities

When you set up a subscription model for your eCommerce store, you'd want to ensure it has all functionalities. Let's see what are the different functionalities that are offered in subscriptions.

## Subscription set up functions

Setting up subscriptions should be easy and seamless for stores! For customers, signing up for recurring orders or subscriptions should be hassle-free, and intuitive! Customers should be able to conveniently sign up across multiple channels such as website, mobile, app, etc.

## Manage customer account/details

Customers might need to update their personal details such as address, contact, etc, mid-way of an on-going subscription contract. Your subscriptions app/tool must have easy functions to manage customer details.

## Product forms

The product form allows customers to select their subscriptions. Here, you can provide options and details of your products and services that customers can choose from. Product forms should provide information about all the product variants available.

## Save payment methods

Customers are going to make recurring payments to you, for each recurring order or delivery they receive. One of the best ways to manage payments for subscriptions, is to save their payment methods. That way, customers won't have to add payment details every time they make payments.

**For Shopify stores, the payment details are stored with Shopify! Appstle Subscriptions processes the payments with a seamless and in-depth backend integration with Shopify checkout, but DOES NOT store your shoppers' payment details.**

## Flexibility (to change subscription details)

One of the key features that can enhance subscription experience for customers, is flexibility! In subscriptions, you can allow customers to increase or decrease quantity, upgrade or downgrade their chosen plan (e.g. weekly deliveries to monthly deliveries), change items (e.g. Starbucks French Roast K cups to Starbucks Sumatra K cups) or delivery date/time as per their needs. A strong subscriptions model has to provide for these functionalities, that typically directly flow from the subscriptions app you pick (as in the case of Appstle Subscriptions).

## Billing and invoicing

In subscription models, the billing is more complex than one-time sales models. Without a proper billing system, you might end up with errors and delays, which could end up in missed revenues, and/or frustrated customers. Proper billing is especially important when your subscription business is scaling.

# Customer-facing UI

When a customer tries to buy a subscription, you should make it easy for them to proceed to the next step, after every step. The same goes for how they manage their subscriptions. They should be easily able to place orders, make payments, and make use of the different features provided by you.

For example, think about how Amazon has made customers experience fast checkout every time they make a purchase.

To avoid a subscriptions app fatigue, businesses have to consistently keep bug issues in check and handle glitches. At the same time, they also need to add innovative features to keep up with evolving customer experiences, and ease of placing orders..

A lack of intuitive and efficient UI may lead to customers cancelling their subscriptions, or be less interested in upgrading their orders.

## Upselling features

Subscriptions can get boring for customers after some time. The constant hassle, and abundant availability of a plethora of options in the market, does not make things easy either! These challenges can be overcome by a simple feature – ‘targeted upselling’.

What is upselling in subscriptions? ‘Upselling’ is when you try to sell something better, and of more value to your subscription customers.

In subscriptions, upselling can be done in different ways:

- Upsell an upgraded/ premium plan to customers. For example, selling premium plans to customers who are on the basic plan. This is more relevant to SaaS products and services such as Netflix!
- Upsell new products that have recently been added to your inventory, to expand your customers’ familiarity with your products. It is an added benefit, if these products bring greater revenue and profit to your store (more high end).
- Upsell an added product or service to the existing plan. For example, if you are selling diaper subscriptions, you can upsell the diaper creams.

# Support

Efficient customer support is key to the success of any business. One bad experience and unresolved issue can make customers cancel their subscriptions.

When customers buy subscriptions, they too have certain expectations from the brand, because they know they've entered a long-term engagement with your brand.

One of the most basic things shoppers expect from brands, is prompt and efficient customer support. Hence, when you set up a subscriptions app in your store, make sure you provide options for customers to contact you. You could use multiple communication channels, as well as have a dedicated live chat support in your subscriptions app.

*Psst: If you set up your ecommerce subscription model with Appstle, you get access to 24x7x365 customer support from dedicated engineers (not bots!), to ensure your subscriptions run efficiently.*

# Pricing

There are a number of functions and features related to the pricing of subscription models that help enhance customers' experience.

Pricing is one of the most important factors of subscription businesses, because it helps acquire customers into the subscription model, extend the longevity of loyalty of existing subscribers, increase wallet share, and most importantly, reduce customer churn rate. A one-price-fits-all approach cannot work for all types of products and services. Hence, you require a system that is capable of managing complex pricing structures that include tiered discounts, pre-payments, loyalty points, etc. This will help get a competitive advantage.

## How Appstle makes your subscription business easy

One of the best subscription apps out there – Appstle Subscriptions – offers all the functionalities discussed in this article, for an easy, robust, and efficient subscription set up. The set up is quick, and allows users to directly add subscription features from the product page. Users do not have to spend hours setting up the app.

Appstle helps Shopify stores that offer subscriptions, to enable customers to easily pause, edit, or skip deliveries, swap products, add new items, change delivery dates, or update payment details. This ensures a smooth and seamless customer experience.

Appstle's easy and secure checkout integrates with Shopify checkout, enabling a smooth billing, and mixed checkout. This way, you can process both – one-time purchases and subscription purchases together!

# How Appstle makes your subscription business easy

Customers canceling subscriptions is common. At such times, Appstle gets to work to find out why customers initiated a cancellation. The app also monitors failed transactions and its automated mechanism sends a notification to customers, and retries payment methods (based on rules set by you), so that you can revive lost sales.

Appstle enables you to send personalized and automated notifications to customers regarding their order, deliveries, payments, etc. This helps to keep customers engaged as well as informed, and provides you the opportunity to strategically promote new products.

Every business needs to monitor performance, and so does the subscription business. Appstle provides a comprehensive dashboard with real-time updates and reports of customers, sales, etc.

## Conclusion

Getting your subscription model right from the start can help you build a business with a strong foundation. Along the way, you'd have to experiment, adapt, and stay flexible to meet customer demands. To all this and more with ease, you require the right kind of app.

At Appstle, we build the platforms that help ecommerce businesses transition to subscription models with the right products.

Subscribe to our blog to be notified and not miss out on the insights!

## Ecommerce Subscriptions

# How to keep customers engaged after they subscribe for recurring orders

## Lesson 5



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Subscription models work well if you manage to keep your subscribers engaged! But engaging your recurring order customers, who get the deliveries at their doorstep on a regular and automatic basis, without visiting your website or app, is quite different from engaging one-off buyers.

To engage one-time purchase customers, you'd have to continuously make efforts to bring them back to your store, again and again, to make every single purchase. However, in subscriptions, those strategies become redundant, as your subscription customers are already on board, and are hooked for a long-term.

You'll have to apply other methods to engage them, as they aspire to continue to find value in the investment they have made.

Let's look at some of the strategies we recommend for a better ecommerce subscription model engagement.

## Different ways to engage subscription customers

### Offer deals and incentives exclusive to subscribers!

Subscriptions enable businesses to have long-term relationships with customers. Time helps build customer loyalty. When customers are loyal to your business, they do expect something special in turn as well.

One way to make subscription customers feel special is by offering them exclusive deals, freebies, and gifts that you don't offer to other one-off customers.

Your subscribers should know the benefits of buying subscriptions. Here are some ways to go about this:

- Offer meaningful gifts, freebies and deals that are actually special/ exclusive.
- For it to be special, it doesn't have to be expensive. For example, you could even send a personalized, handwritten note, which would make subscribers feel more cared for.
- You might have offered discounts to first-time subscribers to attract them to join your subscription. Similarly, you can offer occasional, loyalty based discounts to keep them engaged!
- Offer them discounted shipping or fast shipping services as a part of the perk to be a subscribed customer.
- Offer them first looks and exclusive access to new and in-demand products.
- Add samples of newly introduced products for free, in their recurring deliveries, to nudge them to try and fall in love with more products in your store.

These are just a few simple ways in which you can offer something valuable to your subscribers, engage them, and extend their loyalty to your brand. You can also run surveys to understand customer expectations better, to see what they value the most.

## Engage customers with cross-selling offers

When subscribers buy from you regularly, you know what products/services they've enjoy and have included in their life. To enhance the experience of their purchases, you can engage them with relevant and highly targeted cross-selling offers.

For example, if your customers are buying a diaper subscription from you, offer them baby creams. To make their purchase decision easier, offer them a discounted price on the subscription of the diaper and cream if bought together/bundled.

By cross-selling, you're making your customers aware about other products that would add value to the products/-services they currently buy from your store.

Cross-selling is also a great way to engage your customers with your brand, and to keep your store front and center, in their mind share. The more relevant and personalized the cross-sell recommendations that you make, the better you can engage customers.

## Create engagement through upsell offers

When you sell the same products to customers over time, it might lead to boredom. Even though the products/ services are useful, they may no longer remain exciting. And so, it becomes all the more important to keep your customers engaged and thrilled to receive their deliveries regularly. Similar to cross-sells, you can engage customers via upsells.

What are upsells? Upselling is when you offer a better, more valuable, and more expensive product in place of what customers are currently purchasing from you.

Let's look at some upselling examples for subscriptions:

Say for example you're selling a curated subscription box of cheese, you could upsell a surprise or mystery box that includes items that customers would know only when they open it.

Another example for upsells – if you're selling clothes subscriptions, offer laundry or dry cleaning in the upsell offers. That way you're offering them something valuable and useful, which will keep their clothes in good condition.

- Make upsells more relevant to customers, by identifying a broader problem that you could solve through another product/ service.
- You could upsell new products that you introduce in your store. That way you can also get customers to try out new products.

- Make sure upsell offers more benefit and value to customers, and carry more \$ value than what the customers currently buy from you.
- Your upsells should either improve the customer's life, solve their problem, bring them joy or meet their broad needs.
- Upsells need not be a new product/ service. It can be an added benefit, product or service to what the customers are currently buying from you.

## Engage customers on messaging channels

Managing subscriptions, especially orders, is easier said than done. Think about all the notifications and updates that are to be sent to customers. Then, what if a customer wants to swap products, change the delivery date, update billing date, or change quantities, etc?

For customers who aren't tech savvy, performing these tasks on their own on the app could seem like a hassle.

This is where lies an opportunity to engage your customers.

- Engage customers on messaging channels such as chat, WhatsApp, Messenger, etc.
- Enabling an efficient chat tool/ channel will not only help engage customers, but it will also help enhance your customer service and help you address issues faster.
- Apart from messaging channels, you could even utilize personalized emails with relevant CTAs.

## Enable subscription customers to share feedback

Your subscription customers are among your most special and valued customers. You may be relying on methods such as experimentation, data analysis, testing, etc., but there's nothing that beats inputs received directly from customers.

One way to engage them is to allow them to share feedback. Only one out of 26 customers is likely to share a complaint. This means, you will have to regularly ask customers to share feedback. Then, they're more likely to share negative feedback. When they do, you can address it immediately, and reduce or prevent churn. One way to engage them is to allow them to share feedback. Only one out of 26 customers is likely to share a complaint. This means, you will have to regularly ask customers to share feedback. Then, they're more likely to share negative feedback. When they do, you can address it immediately, and reduce or prevent churn.

When you care to request feedback, it enhances the customers' experience. They feel good about the fact that their voice matters and that you're making an effort to know how they feel. Customer feedback can also help you better your products, services or subscription models. Hence, make feedback requests a regular feature of your subscriptions.

merchants. With this feature, merchants can direct the cancellation journey with directive questions and/or feedback loops, to gain clear knowledge, and sometimes also use it as an opportunity to convince their customers against the cancellation.

## Use urgency and exclusivity tactics to engage customers

Just like you use urgency and exclusivity to engage one-time customers, you can also use them to engage subscription customers.

Let's face the truth – subscriptions can start to seem boring and monotonous after some time because customers receive the same products every time. To bring in excitement and some life to their orders, you'll have to introduce new products/ services or new offers, every now and then!

When you do this, you can use 'urgency and exclusivity' as core tactics. Here are some ways to do so:

- When you run discounts and deals or combo offers, make them time sensitive
- Run discount offers close to the time of subscription renewal
- Let customers know the offers are exclusive to subscribers only. It will make them feel more special and engage better
- When you introduce a new product or service in your subscriptions, make it more exciting, by running a limited period discount, a flash sale, or a contest exclusively for subscribers

## Set up a mobile app for your subscription business

Today's customers are mobile savvy shoppers. With an increasing number of brands offering mobile apps, customers expect brands to have a dedicated mobile app. A mobile app is especially a must-have for subscriptions.

Mobile apps with a mobile friendly customer portal can enable customers to manage their subscriptions, deliveries, and receive updates on their phones. They do not have to depend on the desktop to access information or make changes to their subscription.

Having a mobile app for your subscriptions can also help you use other communication channels such as SMS, Messenger, WhatsApp, etc., which can be accessed on the mobile phone.

One of the best advantages of mobile apps is that you can have instant communication with customers in real-time. This is a blessing when customers raise minor issues, which they expect to be resolved within a few minutes. At such times, being able to reach your support team via the mobile app can make things much faster for them.

**Pro tip:** Invest in the development of mobile apps only if a majority of your subscription customers come from mobile devices. It's also a good idea to explore Progressive Web Apps (PWAs) instead, to optimize on the cost of catering to mobile customers. You can learn more about them

## Use engagement tactics other than sales

Your subscription customers are with you not just because of the products and services but for the experience they get with your brand. And so, avoid hard selling every time. Instead, engage them with other innovative engagement activities and campaigns. Here are some ways in which you can fill the time in between the deliveries:

- Create email campaigns to share fun and informative content – videos, articles, etc.
- Organize special online or offline events for them. For example, if you're an organic vegetable subscription business, organize an educational trip to an organic farm.
- Run referral programs to create a win-win scenario for them that is gamified to some extent
- Customers who are less engaged can be provided a downgrade option. That way, the chances of you losing them completely are less. They can simply downgrade their subscription and still be with you.

Getting customers to buy subscriptions is tough. Keeping them engaged is tougher.

Businesses have to put in a lot of effort to engage customers, retain them, and reduce churn rate. Start with the above engagement tactics. Then, add some more to your marketing plan.

But remember, always keep your engagement campaigns relevant to your products, services, and customers.

At Appstle, we build the platforms that help ecommerce businesses stay on top of what their customers wants and stay engaged.

Subscribe to our blog to be notified and not miss out on the insights!

**Ready to set up an ecommerce  
subscription model for your  
business?**

**Get started with Appstle today**