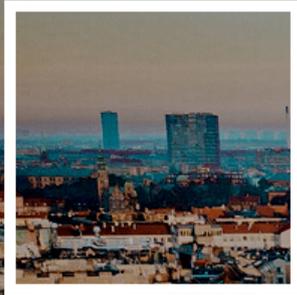


Subscribe Case Report 2022



Subscription Cases

Learn from the best subscription
companies in the world

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AT A GLANCE

In order to stay up to date with the current subscription offering and the biggest trends in the subscription economy, we at Subscribe constantly focus on the best subscription companies out there. And with this report, we have selected the 10 best subscription companies, that do things with precision, innovation, and creativity.



The business is constantly changing. The service offering today is much more sophisticated than just 2 years ago. Subscription 3.0 is here and customers expect that we meet them at the center of their world.

This report includes best practices and new insights from 10 wonderfully successful subscription companies. Some of them, Subscribe has been working with on innovating new subscription offers and others are companies we admire and that we feel will help your subscription business in acquiring, retaining and winning back customers.

We start the report by introducing some of the largest trends in the subscription economy that will define the expectations of consumers in the 2020s. These are affected by the growing consumer group of millennials, who have higher expectations and demands in regards of sustainability, convenience and mental health. The modern subscription company is catering to all of these needs and spending time learning from their customers. Let's dive in.

Enjoy.

01 HUEL

Huel, or 'Human Fuel' as the name suggests, is a meal replacement subscription aimed at the modern consumer. As opposed to competitors, Huel focuses on making meal replacements with natural, vegan ingredients, offering protein drinks, bars and powdered meals.

The company uses many of the subscription metrics that is part of the '3.0' thinking that defines the market today.

For example, Huel focuses on making the subscription offering **tailor-made**. They allow the customer to tailor their own combination of products and then put this combination on a subscription plan. Naturally, the plan can be altered at all times, if your needs should change.

Also, Huel has designed their subscription to be **convenient**. When you make your first order, you receive everything you need to initiate your lifestyle change - you receive a shaker, a bowl, a measuring spoon and a T-shirt to show off at the gym. You're all set from the moment you receive the package.

This leads us to the third metric of 3.0 thinking, the phenomenon called **instant gratification**

Key Subscription Metrics



Instant Gratification



Tailor Made



Convenience



Community

Instant gratification has proved to be a crucial part of the onboarding process of new customers, because a subscriber needs to experience the value of the subscription, as soon as they open the package. Whether your product is physical or not, having the subscriber experience value as soon as possible is absolutely key.

Huel is a great example of how a myriad of metrics combined, can lead to overwhelming subscription success. This is why the report starts with them as an example. Because they do things methodically, but they stay true to their brand and brand story.

02 SPOTIFY

Obviously, Spotify is a subscription darling and we won't pretend like we don't get inspired by the way Spotify retains their customers. Spotify revolutionized the music industry when they launched, but have been through an impressive journey of converting their freemium subscribers to premium subscribers. As a matter of fact, almost 44% of Spotify's monthly active users are premium subscribers.

So, how do you make that happen? Spotify has created their platform with built-in loyalty drivers that make it very hard to change to another platform. Let's take a look:

First of all, Spotify was one of the first music platforms to integrate the benefits of **network**. The ability to follow your friend's playlists and see what they listen to has made music listening a social experience and makes recommendations and shared music part of the user experience.

Also, all of your music **listening history** is inside Spotify. This is materialized by the yearly 'Spotify Wrapped' that many users eagerly share on their social platforms. The features 'Rewind' and 'On Repeat' reminds you of your favourite music as well.

Key Subscription Metrics



Network



History



Multi-User



Switching Cost

The third subscription metric is the **multi-user option**. The family subscription from Spotify is highly attractive, both regarding price and for the family to share music with each other. It's quite easy to persuade mom and dad to pay for the family package. It's so convenient and cost-efficient!

All of the aforementioned metrics lead to the final one: **Switching Costs**. The costs of switching to another platform are extremely high. My friends are not over there, my playlists are not over there and no one is going to recap my music year for me anymore. And I'd have to persuade my whole family to change as well.

Good luck with that!

03 New York Times

From a brand-new subscription company, to one of the oldest in the world. The New York Times is a well-respected institution, and a couple of years ago, they managed to turn around their entire company to become one of the strongest subscription offers out there.

In 2010, the newspaper industry was feeling the pressure of Facebook and Google taking over their ad revenue and New York Times were brave enough to take the step and become a user-paid subscription newspaper. The newspaper gained subscribers faster than anyone had expected. Today, they have reached a whopping 10 million subscribers generating a revenue of almost \$600 million dollars.

What has been a key trigger for success is their focus on **value-add services**. The newspaper let's you subscribe to their digital content for \$75 dollars a year, but many subscribers can't help but sign up for their famous crossword and other games for an additional \$40 dollars a year. This way, NY Times has become not just a publication company, but a true media conglomerate in just over 10 years.

Key Subscription Metrics



Onboarding Process



Value-Add Services



Constant Innovation

Another great focus for the New York Times is the **onboarding process**. The newspaper has a dedicated team of 10 employees working only with getting the subscriber on board in a 3-month process. The goal is to showcase the value of the subscription and generate a strong subscription behaviour from the start.

The last metric for us to showcase is the focus on **constant innovation**. NY Times is constantly coming up with new content, and has even acquired the popular Wordle app, to service all of their gaming-hungry subscribers. Ongoing expansion of content is crucial to keep subscribers engaged and ensure a recurring experience of endless value.

We'll be honest, we think these guys are pretty cool.

04 GoodieBox

During the COVID-19 pandemic a wide variety of subscription boxes came to life. Some were more successful than others and the subscription box discipline is actually one of the hardest to master. Controlling costs and creating a loyal follower base can be challenging. So, who do we look to for inspiration?

Goodiebox is the world's largest subscription box provider and there are several reasons why.

Goodiebox was quick to realize that in order to create a subscription box that people would be loyal to, there had to be some kind of benefit related to the subscription. And that's why Goodiebox can sell a box for \$29 dollars and guarantee the contents exceed the value of \$65 dollars. A clear reason-to-buy for anyone interested. This marks the first metric: **Value for money**.

Furthermore, it's not a secret that Goodiebox is directed at women. And they do several interesting things in their communication, trying to create **identification** with their subscribers. The following phrase says a lot about how the company views their subscriber:

"You make things happen. All day, every day. Take some time for yourself with a Goodiebox filled with self-care, makeup, haircare, skincare and fragrance"

Key Subscription Metrics



Value For Money



Identification



Sustainability

The last metric is an obvious one, but a highly important one. The space of personal care has gone through a transition to more **sustainable** products. Today, quality beauty products **MUST** be sustainable. And here, Goodiebox has got you covered. All packaging is 100% reusable and Goodiebox compensates the climate for the boxes they fly around the world.

Also, they're building a forest in Denmark with the goal of planting 1,5 million trees.

If you're looking to create a strong subscription box and you'd like to secure longevity, you should look at Goodiebox. They have proven their skills for almost a decade now, and it doesn't look like they are going anywhere.

05 DRIBE

Historically, the world of motoring has only dipped its toes in subscription by offering leasing agreements and payment solutions to customers. However, there has been an unwillingness to take over the asset completely and offer true Mobility-as-a-Service. Until now.

Dribe is a car subscription presented by The Semler Group and it's actually worth the money!

The idea is to eliminate the hidden costs and offer a car for a fixed monthly fee, with taxes, fees and everything included. You can even rent a car for the day, without all of the hassles!

Dribe makes it extremely **convenient** to rent a car and the offering is refreshingly **transparent**.

Also, everything is ordered from an app, freeing you of having to deal with car dealerships and long paper contracts.

Also, the car subscription has plenty of **sustainable** solutions through the use of electric cars. You can get electric cars in any price range and if you need a little city car, Dribe offers the 3D-printed XEV Yoyo!

Key Subscription Metrics



Convenience



Transparency



Sustainability

Dribe is out to revolutionize the way we use and consume cars. The process of getting started is quite awesome since everything happens inside of Dribe's tailored mobile app.

This is another way to present transparency to your customer, making the buying experience extremely safe and comfortable, which very often leads to an easier purchase decision.

This is amplified by the 30-day binding period, which is extremely short when it comes to the automotive industry. If you didn't like your first month, you just cancel your car subscription without any additional cost. And that might actually be the actual revolution - car dealerships that aren't trying to rip you apart.

06 RENT THE RUNWAY

When Jennifer Fleiss wanted to start a subscription company offering the hottest brands to subscribers, nobody believed it could be done. We seem to remember something similar being said to Netflix founder Reed Hastings...

Today, Rent The Runway has more than 100,000 subscribers all sharing up to 16 pieces of premium, high-fashion clothing a month. Subscribers are reporting that the subscription has resulted in a lifestyle change and many of them have given up shopping altogether.

The main reason-to-stay for this subscription is the strong **community** built around the product. Users recommend clothing to each other and rate how the sizing fits them, since sizing guides can be pretty confusing.

And the rating system especially is one of the main loyalty drivers for RTR. By integrating **machine learning**, a recommendation engine makes sure that you get size recommendations from users with the same body type as you, so there are no uncomfortable surprises when you receive your new piece!

Key Subscription Metrics



Community



Machine Learning



Convenience

Many users also prize the **convenience** of having clothing coming in and out of your closet. Here's one example from Page:

"No more scrolling through online sites and wasting precious time over the weekend doing loads of laundry. I pick out my outfits from RTR in 2 minutes and don't have to worry about cleaning it after!"

07 STRAVA

Workout and sport applications have been around for years, but there's never been one quite like Strava.

Whether you love running, hiking or cycling, Strava is a community and tracking app that fulfills all of your subscription needs.

The app is able to track your time, heartrate, routes and split times to track your workout performance. But the beauty of the subscription lies in the utilization of **gamification**.

You can compete with your friends and the entire community on recorded routes to see who finishes first. You can also share pictures from your biking trip up the mountains or find heatmaps of the city to find out where the most popular running routes are.

The beauty of Strava is that they connect active individuals from across all platforms. It doesn't matter if you use Apple, Garmin, Samsung or something else, all of your activity is tracked to compare and have fun with your friends. This ensures the strong **community** that Strava has built and that we believe is the main reason for their 76 million subscribers.

Key Subscription Metrics



Community



Gamification



Lifestyle

Strava also gets its success from tapping in to a **lifestyle** habit and trying to cultivate that habit even more. Exactly like games have achievements and time scores, our real life workouts are more enjoyable and more motivating if we keep track and compete with each other.

Oh, and did we mention? It's only \$5 dollars a month, a very reasonable price for experiencing a unique workout community!

08 HELLOFRESH

Naturally, we were not going to make one of these lists without a meal box. Meal boxes have proven to be wildly popular and has been accepted by consumers quicker than ever expected. That's why there are a ton of worldwide competitors in a market that's expected to grow to over \$64 billion dollars in 2030.

There is one main reason that meal boxes are blowing up now more than ever. Millennials are growing up and having kids, resulting in busy schedules and a lack of time for grocery shopping, meal prepping, and other activities. One thing that millennials love is **convenience** and they are willing to pay to have prepped meal boxes show up at their door.

This is because millennials are searching for **return-on-time**, meaning that they would rather invest money in getting more time than the other way around. And well, a HelloFresh meal costs around the same as a normal meal at around \$6 dollars per portion.

Key Subscription Metrics



Convenience



Return On Time



Sustainability

Flexibility

Naturally, in 2022, it's not enough to be convenient and quick, you need to have a CSR strategy too, to impress the millennials.

HelloFresh has a large focus on **sustainability** and compensates CO2 for all meal boxes. They also work together with Planety to ensure using green electricity and to invest in green initiatives around the world.

Lastly, professional portioning is another way of utilizing the sharing economy and working against food waste. In the future, the meal box industry will grow considerably and it might actually be better for both people, planet and profit.

09 WHIM

Everyone needs to move around. And there are plenty of ways to do so in our day. Maybe you use your bike, your car, the train, the metro or maybe you have an e-scooter subscription for getting around the city.

But what if your needs change? What if you suddenly need to hurl a sofa across town or help move for a friend?

Well, this is where Whim comes in. This Finnish startup has decided to collect all forms of transport in one app to create the ultimate Mobility-as-a-Service subscription. The idea is quite simple: plan your route and get suggestions for reaching your destinations in the quickest way, with a combination of vehicles. When your needs change, you can even rent a car for a day or book a taxi ride across town.

For Whim, the goal is to cultivate **usership** and create cities with vehicles that are utilized at all times. And to eliminate the annoyance of having 7 different mobility apps and subscriptions to keep track of.



This subscription is for people who move across town a lot and might have differing needs from day to day or week to week.

There are several plans, but a premium plan costs 699 euros a month and includes a rental car, 80 taxi trips and full access to e-scooters and public transport. When you consider the costs of leasing a car that's actually a pretty good deal!

Consequently, the keyword here is, once again, **convenience**. Having that much freedom inside the city and moving across town at a fixed, monthly price is quite attractive.

10 MASTERCLASS

For a long time, it seemed that the space for video learning was held up by YouTube and the years of tutoring videos available for free on the platform.

But with Masterclass, David Rogier found a niche market for making detailed and exclusive content from world leaders within specific fields.

Want to learn how to cook? Ask Gordon Ramsey. Play guitar? Santana can help you. Every Masterclass is complete with several lessons with an expert taking you through the elements of their craft.

The streaming platform has a sense of exclusivity around it and taps into the **self-improvement** trend of the 20s, where we want to learn from the best to be the best.

As opposed to many of the other cases in this report, Masterclass uses the **exclusivity** of an 'exclusive club' to get the attention of customers. The knowledge that is hidden in these lessons might be invaluable - because it is made by legends!

Key Subscription Metrics



Exclusive Access



Self-Improvement



Identification

Now, critics might say that there are hours and hours of free e-learning available. And Masterclass is a bit steep around \$17 dollars a month, if you pay for a year. And that is with a quite limited catalogue of content.

But Masterclass caters to a very specific audience, one that wants to learn from the best. This means they utilize identification, by knowing their customer base and catering directly to them.

As a streaming service, the product is still very niche. But the case was included to show you that you can make a niche product successful if you create an exclusive club with quality value.

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