



The DTC Handbooks

The Power of Subscriptions



ReCharge



From Our
Partner
Agencies



Why subscriptions?

2021 is setting up to be a massive land-grab opportunity for merchants of all sizes in every vertical. While the future of commerce is impossible to predict with accuracy, there are a few clues as to what might transpire in the coming months.

Years ago, the direct-to-consumer movement began to boom coinciding with the rise of subscription platforms. As the platforms became more stable and able to offer more customization options, merchants took notice and quickly scaled, some north of 100,000 subscribers.

Years later, brands were faced with rising costs of acquisition, marking an era where creativity and ingenuity were needed to scale. However, the true key to success was an agency partner who could double down on successes and continue the pattern of growth.

Now, more than a movement, the subscription business model is respected and recognized as a profitable and scalable way to grow lifetime value, reduce churn, and most importantly, grow recurring revenue. There are still no silver bullets to success, but certain strategies have been thoroughly tested to be recommended for other merchants looking to scale.

In combination with ReCharge, 12 of the most successful and fastest-growing agencies from multiple ecommerce platforms have joined together to offer insight into the growth strategies they use with their top clients. We're thrilled to pull together the brightest minds in ecommerce to facilitate growth within the subscription ecosystem to share ideas, and compound success.

Before we jump in, let's run through the different types of subscription models and how you can leverage each to scale your business.



Curation

Curated subscription boxes marked the start of the subscription movement. It continues to be the most popular business model with 55% of merchants choosing curation. Tapping into buyer psychology, to surprise and delight customers with unique products, merchants are able to create large subscriber bases because of the convenience and excitement their boxes bring.

By definition, merchants curate a box of one or more products packaged together and shipped at a regular cadence.

Customers often aren't aware of the products included in each shipment, which leads to greater engagement opportunities from merchants by including how-to or added information on how to get the most out of each box. For example, Rachel Zoe's Curateur includes style tips for each item included in her curated quarterly box.

In the Food & Beverage vertical, UK based Craft Gin Club curates a selection of gin, mixers and snacks on a monthly basis. Their success has come from not only choosing a best available small batch liquor, but also including cocktail recipes and suggestions for how to use the curated products in the best possible way.





Replenishment

The second type is replenishment, making up 32% of the subscription economy. Instead of a curated box of goods, merchants who employ the replenishment model offer the same product on a consistent basis. Also referred to as “subscribe-and-save”, products that work best for this model are consumables, ones that most people use daily.

Scaling a replenishment model is based on the quality of the product and inventory. Laundry detergent from Blueland, protein powder from 1st Phorm, or coffee from Atlas all fit the model perfectly.





Access

The third and fastest-growing subscription model is access, the remaining 13% of models. Most commonly used to offer a membership or gate availability, this model is growing because of the wide variety of benefits merchants can offer their subscribers.

This model is similar to Amazon Prime, where customers pay for access to discounts and free shipping (as well as gated video streaming content). Engagement works best when benefits are customized to fit the needs of the customer base: Crossrope offers interactive fitness classes when subscribed to the jumprope membership and The Bruery hosts in person events for their beer club subscribers.



Here's the gist

No matter what subscription type you're employing, there are various ways to scale. Whether you're just starting your subscription journey or looking to break past 6-figure subscribers, there are lessons to be learned from those with first hand experience.



Explore the [Powerful & Profitable Subscriptions series](#) to gain insights from 12 different agencies on a variety of topics: from building a community, to scalability, and everything in between.