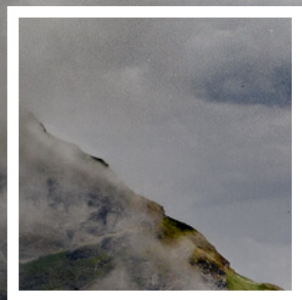


Subscribe Forecast Report 2023



5 subscription opportunities in 2023

Navigating the challenges of a coming recession in the global economy

Subscribe

A CHALLENGING YEAR AHEAD

2023 is set to be a challenging year for the Western economy and many subscription companies have been feeling the downturn in their churn rates in Q4 of 2022.

Consequently, as an executive, you might be feeling anxious about the challenges of the current economy, with subscription services being an easy target when consumers seek to find space in their monthly budget.

However, the new year also offers new opportunities for subscription companies, with subscriptions helping consumers to find products and services on a more affordable monthly payment plan, instead of making heavy one-time payments.

This is only one of the reasons why subscriptions can be the cultivator of opportunity in the new year, and why there is plenty of potential for growth in 2023.

"A global recession is inevitable in 2023"

Zanny Minton Beddoes, Editor in Chief
The Economist

Many of the brightest minds in business agree that the coming of a recession is not a question of 'if' but 'when'. And as Russia remains to put pressure on the European energy supply, we as European companies are heavily challenged by outside factors.

Does this mean that we cannot aim for subscription growth in 2023? Of course not.

Actually, a recession might be ideal for growing some subscription offers that help consumers manage their budgets and help them consume just the right amount of food, clothing, consumer goods, and appliances.

In this report, we will elaborate on the opportunities that subscription companies should pursue in the new year.

Enjoy.

"It is likely that the world economy will face recession as a result of the rises in interest rates in response to higher inflation,"

Kay Daniel Neufeld, Director
Center for Economics and Business Research

01 SUBSCRIPTIONS HELP US CONSUME MORE EFFECTIVELY

While it might be true that many subscription services are forms of luxury (ie. streaming and surprise boxes), most subscriptions help consumers spend their money in a more structured and predictable way. This means that 2023 offers considerable growth opportunities for the subscriptions that make sense economically, especially the subscriptions that help us save time as well.

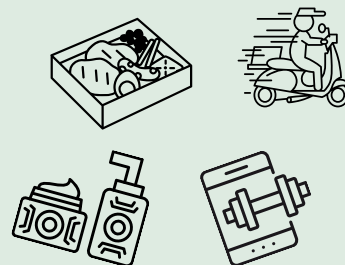
Services like meal box subscriptions, fitness and yoga applications, product subscriptions within personal care and beauty, and prime delivery subscriptions will see opportunity if they succeed in communicating their basic-need benefits.

We often meet consumers who believe that meal box subscriptions are more expensive than regular grocery shopping and this might be true in an isolated sense.

However, the portioning of a meal box subscription, the time saved by not grocery shopping, and the absence of post-work dinner planning work as great value drivers for new subscribers.

So, even though your subscribers will sign up to save a few bucks (perhaps on an entry discount), they will stay for the convenience and the freedom of having planned meals arrive at the door.

Services that should expand in 2023



Many of the biggest meal box providers like HelloFresh, Aarstiderne, and HUEL are focusing their marketing on the cost of a single meal, instead of other benefits like taste or nutrition. This might be the right strategy in a pressured economy and will help consumers adopt the habit of receiving prepped meals.

The annual market growth rate of subscription boxes is 17,5% until 2028

Netflix is starting a home fitness series with Nike in 2023

Danish Goodiebox grew 359% in Germany last year

02 SUBSCRIPTIONS OFFER ACCESS TO UNOBTAINABLE PRODUCTS

One of the most interesting developments in the subscription movement right now is the adaptation of Hardware-as-a-Service subscriptions. At Subscribe, we're in contact with several new startups breaking ground on a new way of consuming expensive products like gaming computers, laptops, E-bikes, and even cars.

And it seems that consumers are starting to adopt the idea of going from owning a product, to simply accessing it. Today, consumers under 40 are not as concerned with owning assets if only they have the access to use them. This has paved the way for companies like Dribе, Rent The Runway, and EasyGaming, to offer expensive products to subscribers at a fixed monthly price.

Not only is this an opportunity for consumers to reduce immediate spending, but it is also a better solution for our planet.

We've only just begun to understand the benefits of the sharing economy and the future will give us more companies offering a different way of consuming. This might result in consumers not subscribing all year round, but only in the months that they need the product. One might want a gaming setup during winter, but enjoys sports in the summer.

Perhaps the need for a car is only apparent when visiting family or going on vacation, meaning that the car can make better use in another garage when you don't need it.

At Subscribe, we're confident that this way of thinking will be prevalent in the future and 2023 will be the year when consumers start to understand the benefits of Hardware-as-a-Service.

The car subscription market is expected to reach \$100 billion dollars in 2032

The Hardware-as-a-Service industry is expected to reach \$116 billion dollars in 2027

03 ONBOARDING IS A KEY ACTIVITY WHEN CONVINCING THE CONSUMER

Pushing the subscription movement further is a challenging communication exercise. If you're launching a new subscription offer in 2023, or if your business is still young, you should be aware that onboarding will be one of the key success factors going forward.

If you want to convince the consumer that the aforementioned points are actually true, we as subscription companies have a particular responsibility. It is our responsibility to explain to the subscriber, why it makes sense to form a habit of subscribing to your service. Let the consumer know that you're interested in a long-lasting relationship and explain to them why they should continue beyond their trial period.

Forming a habit quickly is one of the most important parts of welcoming a subscriber and you should spend a significant amount of time perfecting your onboarding experience. A helpful exercise is to try and sign up for your service yourself, and see if you are impressed with the communication coming from your CRM team. If not, it's likely that a new subscriber won't be either.

Great onboarding experiences make for lasting relationships. We have confirmed this notion countless times when working with our customers and more often than not, we end up recommending a stronger effort in this area.

If you're looking for inspiration on great onboarding experiences, we recommend looking at The New York Times, Duolingo, or HelloFresh, which are experts at forming habits in the subscriber from the very beginning.

A great onboarding experience often includes:



Personalization



Explaining your value offer



Recruit a friend gifts



Opportunity to get in touch

You can learn more about onboarding in our:

[Onboarding Guide](#) 

04 RECESSION MAKES US RECONSIDER BRAND CHOICES

One factor that might surprise you, is that when a recession hits and purchasing power falls, consumers become more willing to try out new brands or switch to new providers for the same services at a better price.

If you're trying to change a consumption behaviour (and many subscription companies are) you might find that consumers are actually more willing to try out something new during a downturn than when they have plenty of money in their pocket.

So, even though it might seem like a paradox, an economic downturn might actually be the perfect opportunity to capture new customers and create a new habit. Be aware that the focus on price is still the most common reason for switching, but depending on the income level of your target group, many of them might be looking for alternatives to their favourite brands.

This offers a unique opportunity for subscription companies, and if you play your cards right this year, you might be one of the companies to ride the wave.

This opportunity represents a major challenge as well. Taking on established brands within food, media or consumer goods is not easy. If you are not absolutely confident that your value offer is strong enough to take on a market leader, perhaps it is wiser for you to spend time perfecting your subscription offer before spending a lot of money marketing it.

We recommend spending Q1 identifying which parts of your offer is the true value driver. How do you differentiate from competitors and are you offering something that has the potential to hook your future subscribers?

Here's a checklist to get you started:



Are your data efforts strong enough?



Is your value offer crystal clear and defined?



Is your pricing fit for the current market?



Is your infrastructure prepared for growth?

05 CONSUMERS ARE SEEKING TRUST AND SECURITY

Economic uncertainty makes us feel insecure. And as a result, consumers respond to brands that understand and acknowledge that times are tough.

When running a subscription business, you have much more opportunity to reassure your subscribers and tailor communication to fit the current situation. Instead of changing your prices or your offering, start communicating around ways to save money or underline why your subscription is actually a benefit, while purchasing power is low.

And you shouldn't limit this change in communication only to existing subscribers. Advertising with a focus on value and trust is also a proven method in recessions.

You might change your focus from the community and 'fun' benefits of your subscription, and focus more on the value that it offers. Think again of the benefits of meal box subscriptions - key value drivers in the subscription movement are convenience, flexibility, and personalization.

Also, right now, the benefit of saving time and money is especially important to focus on.

However, you should be aware that consumers see through these tactics quite easily. If they can sense for a moment that your communication is not sincere, they will punish you. This counts in communication with existing subscribers as well as in your advertising.

Communication Focus

Value

How is your way of consuming better than the way I do it now?

Saving time and money

How can I save money by signing up for your subscription? Does it save me time?

Personalization

If I have to pay every month, I want it just how I like it. Can you ensure that?

Security

Does your offer secure me towards the effects of the recession? Why should I choose your brand over the ones I know and love?

CONCLUSION

Apart from the strategic considerations, what should you take away from this report?

Navigating the economic environment of 2023 and beyond is a daunting task, but we are convinced that a strong belief in your value offer and a heavy focus on communication and onboarding is key.

If a consumer decides to become a subscriber, you'll have to remember that this wasn't an easy choice for them. They've scrutinized their budgets and investigated your website to find out if your offer is valuable enough to cultivate a new relationship.

Do not neglect the trust that the consumer has given you. Do whatever you can to cultivate this relationship and make your subscription the best subscription in the world. On the right, you'll find a few tips for making the subscriber feel at home and feel appreciated.

Be proactive

Anticipate the needs of your subscriber. Don't forget them

Be sincere

Make the subscriber feel like you are on their side. It's you and them on a mission to beat recession!

Be human

Subscribers seek trust and security. They get this from real people meeting them in communication. Don't have them talking to a wall!

Be the future

You chose the subscription model because it is the model of the future. Make your subscribers believe in this narrative.

INDEX

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