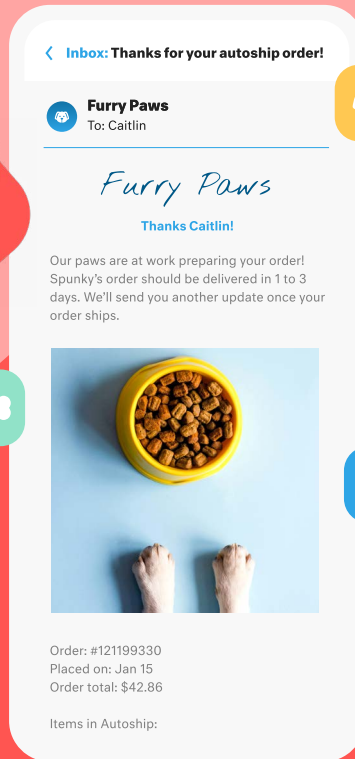
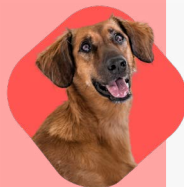


KUSTOMER GUIDE

The Importance of CX for Subscription Brands

Turning Subscribers Into Lifelong Fans



< Inbox: Thanks for your autoship order!



Furry Paws

To: Caitlin

Furry Paws

Thanks Caitlin!

Our paws are at work preparing your order!
Spunky's order should be delivered in 1 to 3 days. We'll send you another update once your order ships.



Order: #121199330
Placed on: Jan 15
Order total: \$42.86

Items in Autoship:

Subscription brands are rapidly growing in popularity.

Consumers are flocking to them for a variety of reasons, with the primary attraction being the convenience they afford with their predictable deliveries of goods and services. Additional benefits include cost-savings and the potential for curated selections to introduce subscribers to new and interesting items.

Businesses also have several reasons to be fond of the subscription model. The predictability of recurring revenue allows them greater clarity in making strategic business decisions. Additionally, subscriptions tend to yield higher lifetime value (LTV) and also allows for brands to develop a deeper sense of community with subscribers.

While the nature of the subscription model allows brands to develop deeper relationships, this means they also must develop a more robust support experience in response. For subscription brands, CX is make or break.

In this guide we will explore how brands can turn their subscribers into lifelong fans. We've compiled our CX strategies to keep churning at bay and the renewals flowing for your business.

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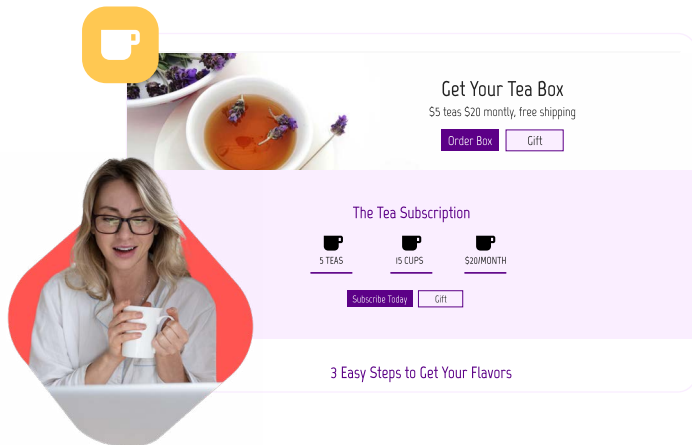
Examining the Subscription Brand Boom

In a subscription-based business model, customers pay a fee that provides recurring revenue for the brand. These subscription brands typically sell goods, or services that can only be used for a set period of time. Under this model, customers have the option to also cancel their subscription anytime in agreement with the initial terms.

Gartner research indicates that 70% of organizations have already launched or are considering launching some sort of subscription model. Why does this matter? It means many **brands are now pursuing ongoing relationships with customers that require a greater degree of nurturing in lieu of one-time purchases.**

Subscription brands can take a variety of different forms — some provide access to licensed content like Netflix and Hulu for television and film, and Spotify for music. There are those that specialize in

providing curated boxes like HelloFresh, Birchbox and Dollar Shave Club. Another type of subscription brand is one that focuses on the repeated replenishment of frequently consumed goods, like Amazon's Subscribe & Save.

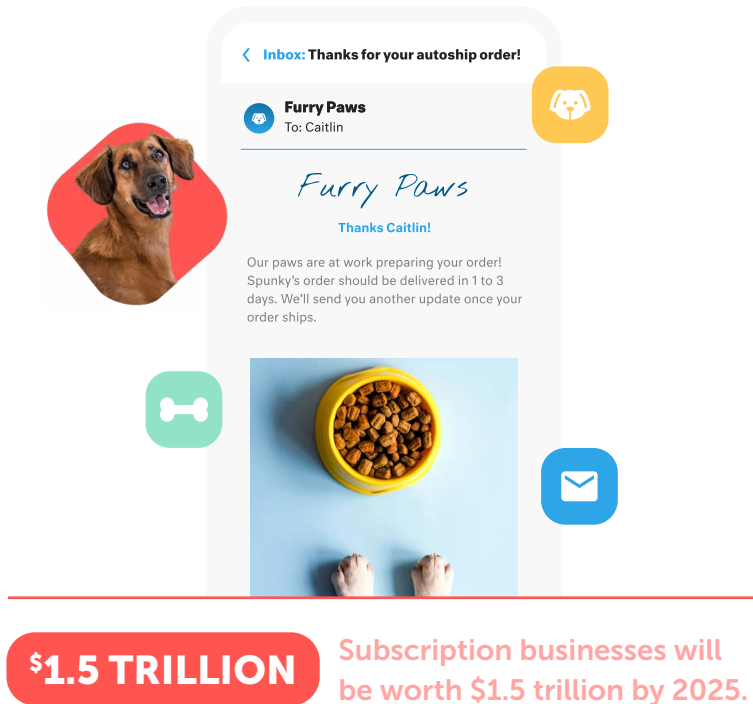


Why Are They Popular?

Over the course of the last decade, subscription business revenue grew **437%**. Experts indicate that subscriptions will keep growing, with UBS predicting these businesses to be worth as much as **\$1.5 trillion** by 2025, more than twice as much as the \$650 billion it's projected to be worth currently.

It's not difficult to understand why this model is growing in popularity. It benefits both the customer and the brand. Customers are able to enjoy the simplicity of auto-renewals while having access to a high-value offer for a low ongoing investment. In return, businesses are able to more easily plan with this recurring revenue stream.

Nearly every industry has found a space to thrive within the arena of subscriptions, completely changing the way we consume media, obtain our groceries, style our wardrobes and get fit.

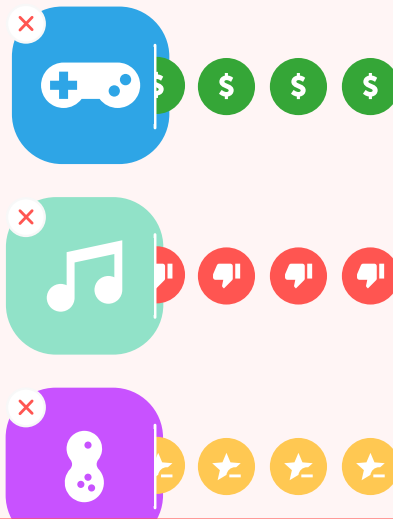


The Trouble With Subscriptions...

Cancellation

Continuously delivering a satisfying customer experience can be difficult for some organizations. While subscription models can lead to deeper customer relationships, they also require more time and attention. Brands must ensure they are able to keep their offering relevant to customers in a sea of rapidly growing subscription brands. According to **McKinsey**, 30% of consumers say that a lack of new experiences is a factor in cancellation. It's clear that if brands are not able to keep their offering competitive, it won't be long before the subscribers cancel and subscribe to the next best thing.

The trouble with cancellation is that those who cancel are unlikely to resubscribe. Keep in mind, when something goes wrong and a customer's issues are not immediately resolved, it increases the likelihood of cancellation. Therefore, **it is critical for brands to ensure each and every customer interaction is positive along the customer journey.**



30%

30% of consumers say that a lack of new experiences is a factor in cancellation.

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Strategies to Turn Subscribers Into Lifelong Fans

Nail Your Subscriber Communications

The first strategy your organization should employ to turn subscribers into lifelong fans of your brand is all about the way you communicate with them. From anticipating their needs along the customer journey to dazzling them with subscriber-only content, it's important to get your messaging right.

Be Proactive

Establishing and maintaining consistent communication with customers is the most effective way to build strong rapport with your customers. Prompt communication should be planned along each step of the customer journey, addressing key points for everything including product inquiries, fulfillment, delivery and feedback. Planning out these communications to preempt consumer needs will foster loyalty even in the event something goes wrong.

Think about the seamless communications consumers get when ordering from leading direct-to-consumer brands. **Ongoing, proactive communication is a central element on which to build a seamless experience for your subscribers.**

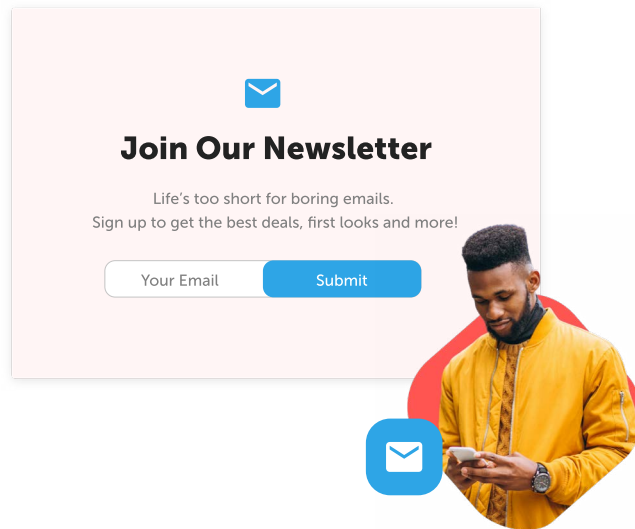
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Share Value-Added Content

Beyond being proactive in your communication, consider providing your subscribers with value-added content as part of the subscription. This content can take a variety of different forms, including newsletters, subscriber-only offers, access to limited edition items, usage guides or other helpful content. Sharing value-added content will increase the likelihood of renewals and repeat spending among your subscribers.

Another key function for value-added content is in demonstrating worth to anyone that might not have purchased a subscription for their own use. It has become increasingly popular to receive a subscription as a gift. However, consumers who did not initiate the service themselves are more likely to drop their subscription. With consistent and relevant value-added content, your brand can prevent that by helping to underscore and increase the value of the subscription itself.



Sharing value-added content will increase the likelihood of renewals and repeat spending among your subscribers.

Scale Effectively With the Help of Technology

Just because your business is growing doesn't mean your service experience should drop in quality. Our next strategy involves layering automation and AI into your CX processes to help your business scale with greater ease.

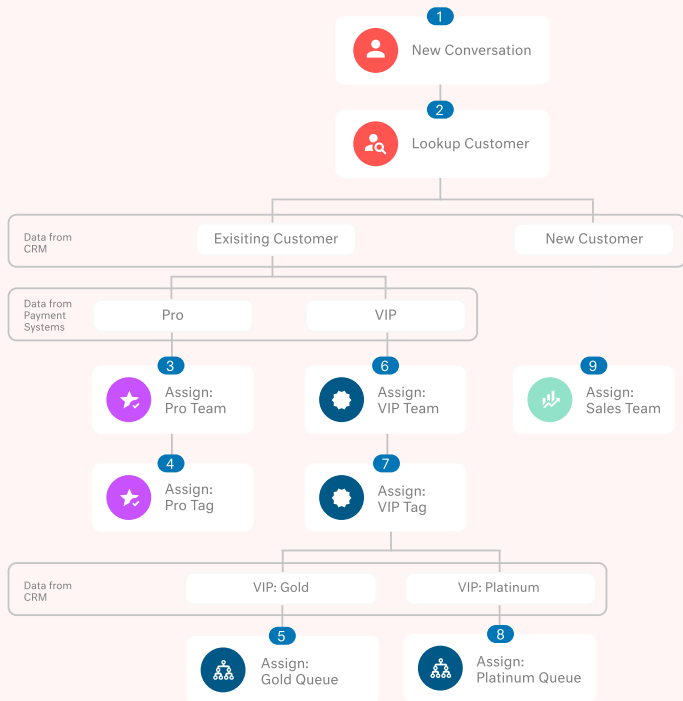


As your organization grows, expanding your knowledge base and making your self-service tools more accessible will be essential in augmenting your human support agents.

Scale Effectively

Ensure you have the proper tools and technology to scale customer service without sacrificing effectiveness if you suddenly face an influx of new subscribers. As your organization grows, expanding your knowledge base and making your self-service tools more accessible will be essential in augmenting your human support agents.

Remember, there is no substitute for real human support that can address challenging problems and build true relationships. Quality service should not be sacrificed as volume increases, so be mindful about where your business can automate. Furthermore, subscription businesses should not base their decisions on the number of net new subscribers alone. It is also important to consider every possible transaction these new subscribers might enact including renewals, freezes, upgrades and cancellations.



Leverage AI, Automation & Intelligence

An automation-first approach to CX allows subscription brands to provide interactions that recognize customer intent and transform insights into revenue-building, proactive communication mentioned earlier.

For example, implementing intelligent routing. This is when conversations aren't manually routed by a human but instead automatically routed using applied rules to the agent best fit to resolve the issue. Setting up routing rules can cut down on the manual work and make a subscription brand's team of support agents more efficient.

Incorporating AI might seem overly complex for some smaller operations, but it is essential for delivering a truly modern approach to CX for a scaling subscription brand. AI technology can assist in personalizing the CX journey with an analysis of purchase behavior in a way that helps mitigate churn that would be otherwise too laborious to do manually.

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Strategies to Turn Subscribers Into Lifelong Fans

Embed Data Throughout Your Entire Business

Support teams will know what is and isn't working when it comes to the subscription business at large and it's essential to adopt 360° knowledge sharing throughout your entire business.

Aggregate Data to Create Subscriber Profiles



When subscribers call your support agents, visit your website and open emails, they're providing your organization with a wealth of insights. Each interaction contributes to a larger customer footprint, but few brands are fully connecting it all in a meaningful manner. Different departments likely own different aspects of the customer journey, and while it might seem cumbersome to connect the dots and correlate the data, those organizations that do will be able to surface invaluable insights that allow them to hone in on customer needs.

Aggregating all the data from all your subscriber's interactions to create robust profiles will allow you to provide customers with a bespoke customer experience that rewards their loyalty.



Unify Under One Brand Vision

The customer experience is not a result of one interaction with a department or a single individual. Instead, it's formed through a multitude of experiences with a brand. As mentioned previously, the very nature of subscription models lends them to allow deeper customer relationships, but at the cost to your organization of requiring more time and attention. Because of this, it's even more critical for departments to no longer work in silos.

Your organization should be unified under one brand vision. **It's imperative to share success metrics from the top down and collaborate cross functionally at regular intervals.** If your disparate departments struggle to align efforts, it will be impossible to improve the customer experience in a subscription model.

To your subscribers, the brand experience is the sum of all your organization's parts. Every interaction is therefore an opportunity to show them you care.

Some other ways support teams can share insights with the rest of the organization include:

- Reporting feedback they receive on specific products to their internal owners.
- Advising marketing on any UI issues with the brand website.
- Informing product teams about specific offerings that subscribers ask about but are not yet available.

All of the information above should be shared throughout the entire organization to drive growth and build a community of advocates that turn into repeat subscribers.

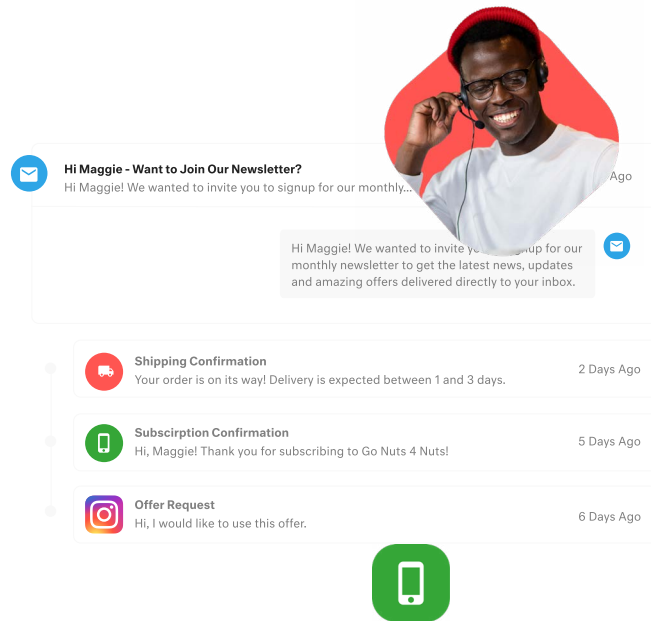


It's imperative to share success metrics from the top down and collaborate cross functionally at regular intervals.

Why CX Is Central to Success for Subscription Brands

Customer service teams are the face of a subscription business. They are responsible for reflecting the brand identity and values of the business and, in collaboration with marketing departments, for creating a community of like-minded individuals. To your subscribers, they humanize the brand and have the power to create the experiences that differentiate your business from competitors.

Serving customers in a subscription model is all about fostering that relationship forever (or at least the foreseeable future). In order to keep churn at bay and the renewals flowing for your business, you must tap into the data that your customer service team possesses to provide authentic, memorable interactions. If you do this, you'll be setting your brand up to thrive as a subscription business for years to come.



Serving customers in a subscription model is all about fostering that relationship forever.

About Kustomer

Kustomer is the top-rated CRM platform for omnichannel customer experience, helping leading businesses create customers for life. With an advanced, AI-powered, omnichannel customer experience platform, Kustomer delivers a unified single view of the customer, automates manual tasks, and scales easily to deliver the efficient and effortless CX that businesses, agents and consumers love. Today, Kustomer is the core platform of top customer-centric brands like Glossier, UNTUCKit, Ring, Glossier and Sweetgreen. Headquartered in NYC, Kustomer was founded in 2015 by serial entrepreneurs Brad Birnbaum and Jeremy Suriel, has raised over \$174M in venture funding, and is backed by leading VCs including: Coatue, Tiger Global Management, Battery Ventures, Redpoint Ventures, Cisco Investments, Canaan Partners, Boldstart Ventures and Social Leverage.

Want to learn how Kustomer can help you deliver out of this world CX? Visit [Kustomer.com/Demo](https://kustomer.com/Demo)

