



RETAIL THERAPY: MOBILE'S INSIGHT INTO UNDERSTANDING SUBSCRIPTION BOX CONSUMERS

The roots of subscription commerce can be tied back to the earliest iterations of mail-order marketing. From the Tiffany's Blue Book of the 1800s to the genesis of the industry-standard Sears Roebuck catalog, brands have continually enhanced the convenience factor of how consumers shop at home. And the marketing has only become savvier. The Columbia Record Club set the gold standard for subscription services in the early 1970s, making everyday consumers feel like music aficionados by delivering a new LP every month. However, business evolution can be tricky.

Today, subscription box services are the name of the game. Many cite the origins of the industry boom back to 2010 with the launch of Birchbox. By offering consumers an ornately assembled package of beauty products, Birchbox opened the door for all brands and industries.

It's the same methodology of the Columbia Record Club, but at a more granular level. As of March 2016, over 2,000 subscription box services existed in the United States alone (inc.com). Fashion and beauty continue to dominate the market, but there is no limit to the verticals that have entered the sub box business. Gaming, hair products, meal kits, razors, fitness, socks (yes, socks) and pet care all have prominent placing. Services like Stitch Fix and Amazon's recently announced Prime Wardrobe have introduced a more personalized touch to the concept, adding a concierge service to the subscription game.

Sub box services are presented as a win-win for brands and customers alike. Consumers are delivered an array of products that they might not typically purchase otherwise. By minimizing the number of options, it's discovery that fits their schedule. Brands get the opportunity to reach consumers outside of brick & mortar or online commerce, providing introductory market items to consumers in the hope that they upsell to a full purchase. At its essence, subscription services are a discovery platform. A simple, effective marketing tool that feels like a luxury service at an affordable price.

Many subscription services have seen thriving success using this model. As of 2015, Birchbox had over a million subscribers and more than 800 brand partners (Forbes). Unfortunately Birchbox is the exception, not the rule.

By its very nature, the subscription box industry is reactive. Most brands that successfully enter the space see a runway of profitability until an unexpected market shift or consumer trend stunts growth. As most box services market to a specific type of individual, there's great opportunity to connect with consumers on their biggest interests. But it can also limit growth—there are only so many fishing enthusiasts in the world.

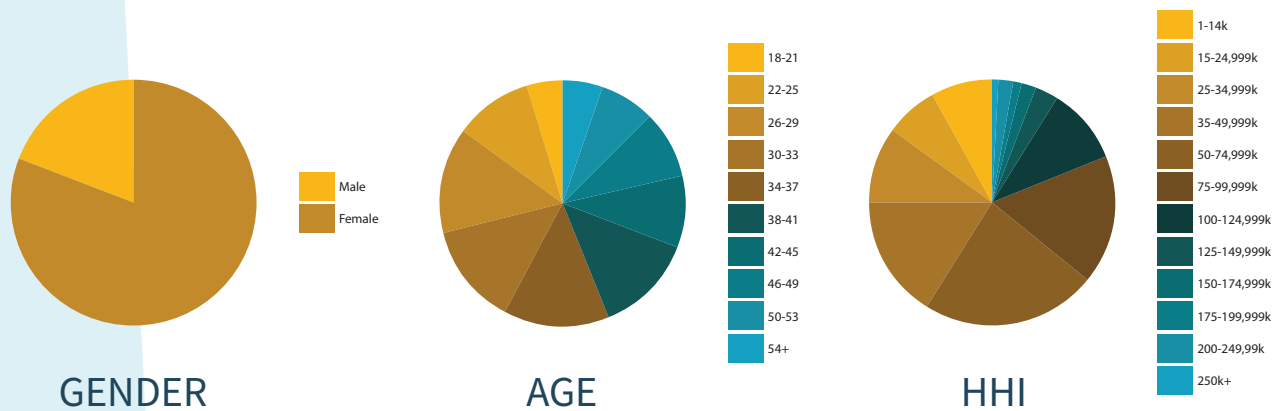
The problem can be traced to a simple-yet-deep fact: there's very little data. Most brands collect personal data on consumers (brand affinities, interests, taste), but there is minimal foresight into consumer trends or market shifts. The problem is only compounded by the fact that most box services target focused categories, where trends are even less visible. A slight nuance or shift in consumer thought can cause a subscription box brand to fall out in a matter of months.

What if sub box brands had an asset that allowed them to be at the cusp of consumer trends, rather than consistently following? What if you could understand the definitive

likes, brand affinities, and interests of your subscribers? The ability to know what's at the forefront of your best customers' thoughts in real-time.

The answer lies in mobile data. By studying the persistent app usage, mobile web behavior, and location of a brand's best consumers, it's possible to identify what's top-of-mind for distinct audiences. Because of the proliferation and persistency of mobile, brands can track the evolution of mindsets – by interest, region, timeframe or demographic. It also helps brands identify new audiences, markets, and means of introducing their products to potential subscribers.

DEMOGRAPHIC BREAKDOWN OF A LEADING BEAUTY BOX SUBSCRIPTION SERVICE



MOBILE MAKEUP OF A BEAUTY BOX LOYALIST

Utilizing insights derived from our carrier-level data, we performed a mobile deep dive on the customer base of one of the leading beauty subscription box services. Analyzing over 10,000 unique users, we gained a better perspective on the demographic and psychographic makeup of their best customers.

At face value, the audience profile confirms many known assumptions about beauty box loyalists. Over eighty percent of the audience is female, with the majority of users falling within the 26-37 age window. They're predominantly middle-income consumers, but with a decent amount of variation into both lower and higher income brackets. This speaks to the strength of appeal in sub box services: high-end presentation at an affordable rate allows for a wide audience.

Geographically and socially, the brand's audience is most densely clustered in suburban hubs around large metropolitan areas. These young Gen X and Gen Yers consist of singles or those with budding families who appreciate the convenience of subscription boxes in their busy lives.

The audience's love for both beauty products and subscription services are a prominent behavioral characteristic. Beauty retail

(Lush, Sephora, Ulta, Allure) indexes high in both app and web behavior, as do similar box services (Ipsy, HelloFresh, Boxed). [My Subscription Addiction](#), the go-to website for sub box experts, was by far the highest visited website among the audience. DHL Express and USPS Tracking were also among the highest indexing web visits, revealing an important element of the customer mindset: they like to stay on top of life.

BEAUTY AND SUBSCRIPTION ENTHUSIASTS

BEAUTY

LUSH FRESH
HANDMADE
COSMETICS

influenster

allure

ULTA[®]
BEAUTY

glo
SKIN
BEAUTY

PERFECT

SEPHORA

BOX SERVICES

BOXED



ipsy

They're in-the-know, in tune with what's rising and popular, and they have the means to find it. With a variety of retail applications (HauteLook, Jane, Rack, Nordstrom, 6PM) at their disposal, they act as their own aggregator, not only finding exactly what they are looking for, but discovering the best deal with ease.

At its essence, it's not about the deal seeking. The need to find the best price right here, right now is certainly a factor, but it doesn't stop there. Further psychographic insights show it's moreover about accomplishing tasks on one's own – **a cultural DIY mentality.**



A CULTURAL DIY MENTALITY

Beauty box loyalists are intense fitness enthusiasts – seeking to self-manage with the help of apps like Fitstar and WebMD. They utilize services such as HelloFresh, Tasty Recipes, Beyond Menu, and Yelp Eat24 to meal plan – finding options that fit both their lifestyle and budget.

They're equally avid about brain food. Beauty brand loyalists are bookworms with brand affinity, apparent by the appearance of Barnes & Noble and Nook within the top downloaded apps. They stay on top of news, but are most concerned with topics that speak to their interests, using sites like BuzzFeed, Viral Thread, and Next Web as their top sources.

It's this cultural DIY mentality that makes the subbox loyalist difficult to track. They're fitness fiends, deal seekers, cooking enthusiasts and fashionistas all-in-one, and the categorical definitions are constantly evolving. They live in the now, but without a persistent, real-time insight into what's top-of-mind, it's tough to crack what exactly is "the now." If subscription box brands – both mainstays and new-to-market – want to deliver products that resonate with consumers, it starts with data-driven decisions that allow for true innovation.

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