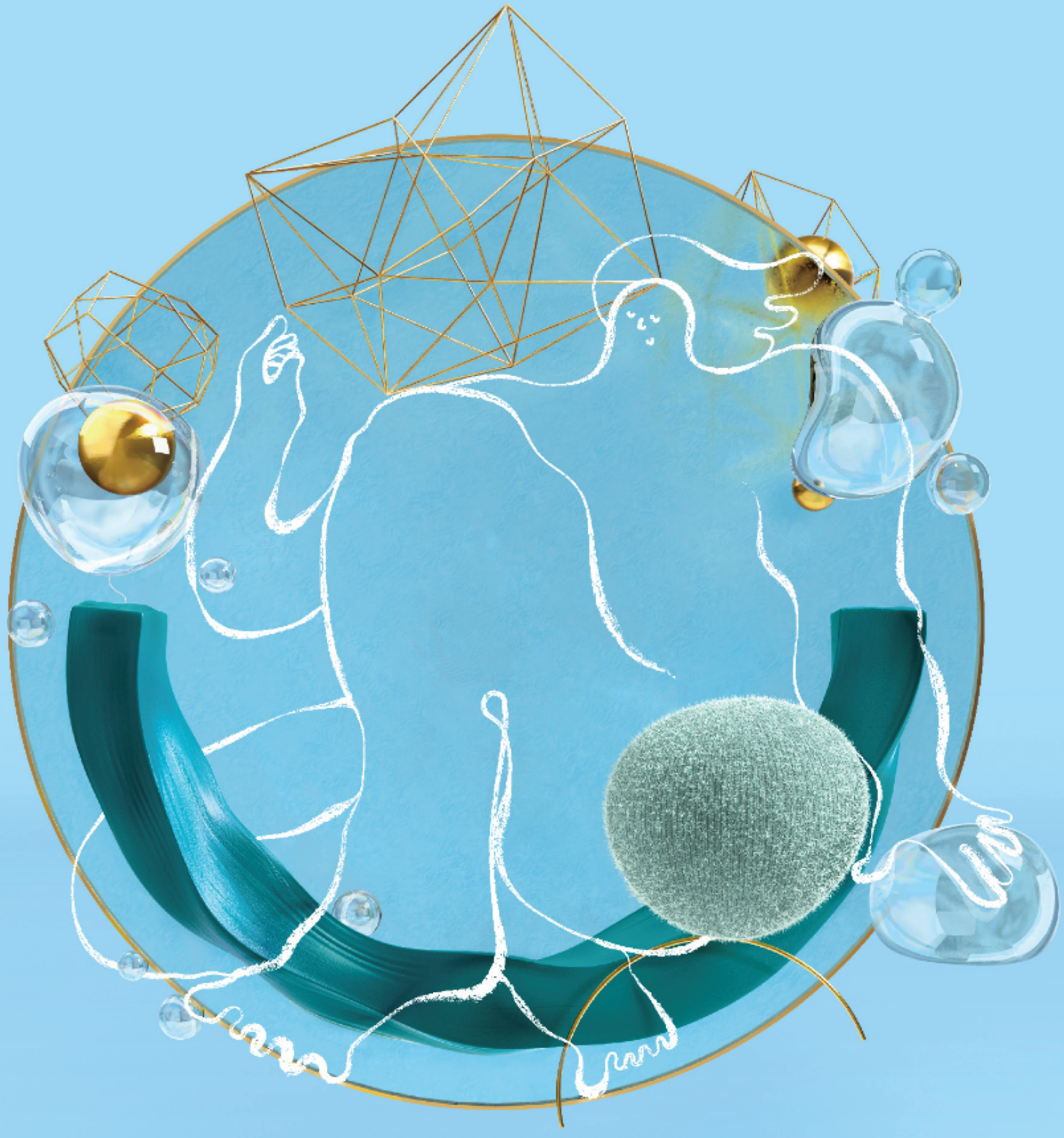


Retail Report

Subscription business

Present and future of subscriptions in the Retail sector

ZUORA | Deloitte. Digital

Executive Summary

Executive Summary

A BRIGHT FUTURE FOR RETAIL SUBSCRIPTIONS

The retail subscription model **is already taking hold around the world**, demonstrated by the fact that 37% of global consumers (4,638 respondents) have at least one active retail subscription. By 2025, these numbers are expected to **grow significantly**, amounting to 53% of consumers worldwide (6,582 respondents, +16 percentage points vs '22), as represented in the following breakdown:

USA
From 44% to 60% (+16 p.p.)

Europe
From 36% to 51% (+15 p.p.)

Australia
From 34% to 50% (+16 p.p.)

Retail Subscriptions per Country: 2022 vs 2025

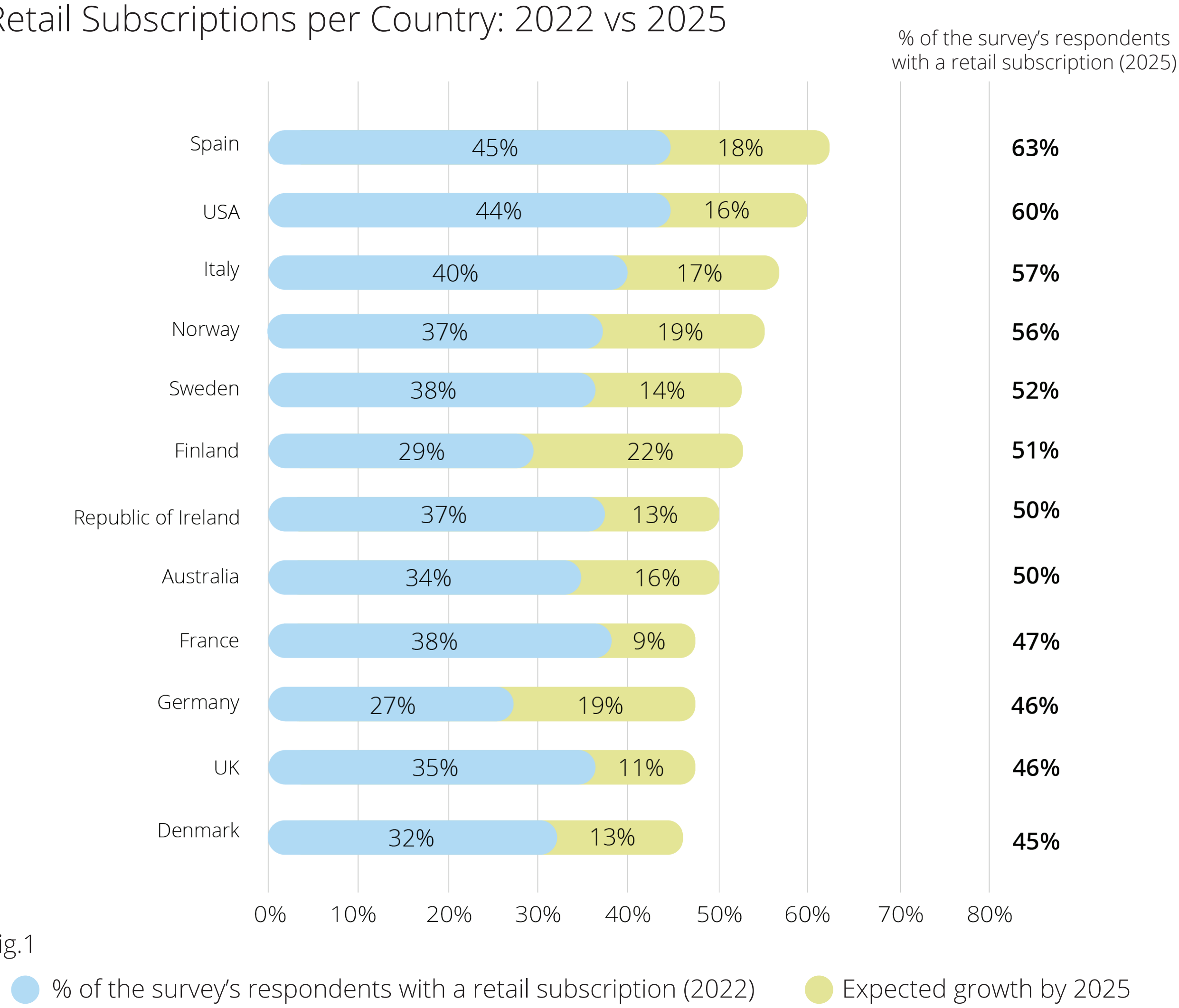
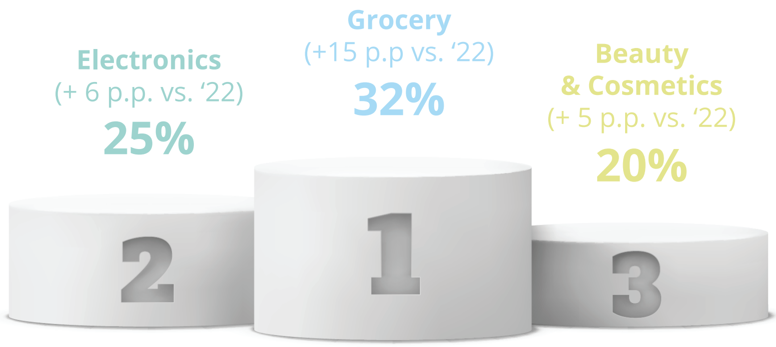


Fig.1

GROCERY TAKES OVER AS TOP SEGMENT

Electronics (19%), **Grocery (17%)**, and **Beauty & Cosmetics (15%)** are currently the retail segments with the **highest percentage of subscribers** among survey respondents.
By 2025, these retail segments are expected to grow substantially in the next three years, and take over as the leading retail segment in 2025.



More specifically, 13% Fashion (+3 p.p. vs. '22), 10% Home furnishing (+3 p.p. vs. '22) and 10% DIY (Do it yourself) (+4 p.p. vs. '22) complete the ranking.

TWO CRITICAL SUCCESS FACTORS: CAPTURING NEW RETAIL SUBSCRIBERS AND LEVERAGING THE RETAIL ECOSYSTEM

Growing retail subscriptions are expected to generate a **significant business opportunity** for retailers looking to expand their customers bases and maximize value through partnerships and services bundles.

NEW SUBSCRIBERS

By 2025, **20% of retail consumers** will be **new subscribers**. Of the 53% of predicted worldwide subscribers (as mentioned above), 38% (2,521 respondents) do not currently have a retail subscription in 2022, but plan to activate a subscription in one or more retail segments in the near future.

SUBSCRIPTIONS ACROSS MULTIPLE RETAIL BUSINESS

At the same time, **55%** of **future subscribers** (3,589 respondents) expect to have subscriptions in **multiple retail segments**. Specifically:

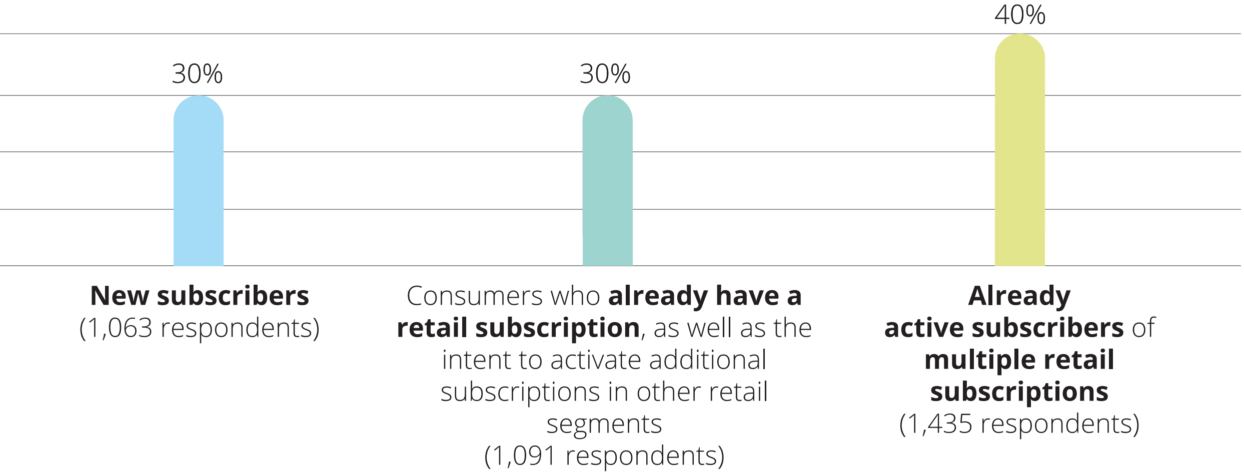


Fig.2

FLEXIBILITY, CONVENIENCE, AND PRODUCT EXPERIENCE: WHAT'S DRIVING RETAIL SUBSCRIPTIONS TO THE NEXT LEVEL

According to survey respondents, **flexibility, convenience and product experience** are the **main incentives driving retail subscriptions**. Failing to realize value in any of these areas can be a major obstacle to success, given that a customer may never see the value in subscribing at all or may choose to unsubscribe from a service which is failing to meet their expectations. These three factors can thus be defined as follows:

- *Flexibility*, which determines the wide range of contract options and the ease of opting-out or suspending service for a period of time;
- *Convenience*, which addresses the opportunity for saving money, the perceived value of money spent, the availability of good promotions, and overall price stability;
- *Product experience*, which encompasses the importance of time saving, comfort to purchase, regular product usage, and communication transparency.

THE EFFECTS OF RETAIL SUBSCRIPTIONS ON CONSUMER HABITS

Many retail subscribers believe that activating a subscription model helps them **save time** when purchasing retail products.

Survey respondents also report that **subscription models slightly increase** the amount of **money spent on and the usage of retail products**, even when purchasing products in the same category.

In summary:

- **Slightly less time purchasing**: 70% of current retail subscribers say they spend the same time or less on the purchasing process. (On average for the retail cross-segments, 30% of respon-dents say that time spent "does not change," while the remaining 40% say they spend "a little less time now" or "much less time now").

- **Slightly more money spent**: 69% of current retail subscribers say they spend the same or more than before. (On average for the retail cross-segments, 33% of respondents answered "does not change" in regard to how much they spend, while 50% answered saying they spend either "a little more money now" or "much more money now").

- **Slightly increased usage**: 80% of current retail subscribers say they spend the same or more time using a subscription-based product. (On average for the retail cross-segments, 31%of respondents say that time spent "does not change," and 50% say they spend "a little more time now" or "much more time now" using their products).

CONSUMERS PREFER 'REPLENISHMENT BOX' AND 'MEMBERSHIP' MODELS

Although this report highlights several subscription models that have gained popularity, the **'replenishment box' and 'membership' are most often preferred by servey respondents**. Specifically, the replenishment box is the preferred model in the Grocery segment (45% in the U.S. compared to 46% in Europe), while the membership model is especially popular in the DIY (58% in both the U.S. and Europe) and Electronics (62% in the U.S. compared to 59% in Europe) segments.

The curated box model **is considered more appealing in the Beauty & Cosmetics and Fashion segments**. Still, even in these segments, the replenishment box and membership models remain the most popular, with preference in the U.S. given to the membership model (40% Beauty & Cosmetics, 42% Fashion), while the European market proves to be indifferent.

HIGH WILLINGNESS TO PAY

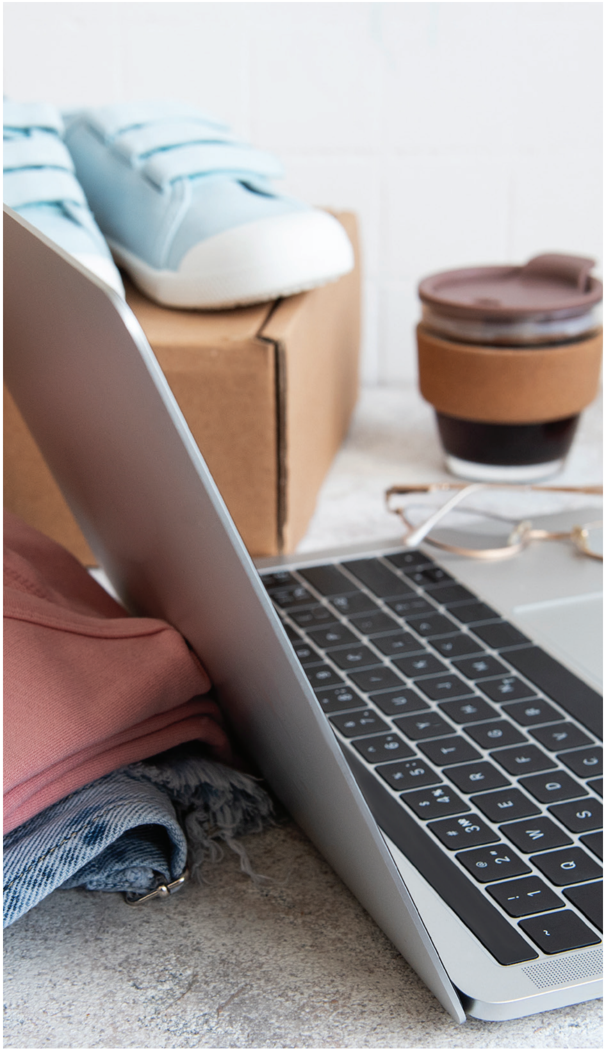
Respondents are willing to pay the highest a monthly average for a retail subscriptions for the following **top 3 preferred retail segments**:

- **Electronics**: $105.50 per month (approx. 2.8 deliveries / month)
- **Grocery**: $84.40 per month (approx. 2.4 deliveries / month)
- **Beauty & Cosmetics**: $88.60 per month (approx. 2.6 deliveries / month)

Meanwhile in Europe:

- **Electronics**: €80.30 per month (approx. 2.2 deliveries / month)
- **Grocery**: €78.30 per month (approx. 2.3 deliveries / month)
- **Beauty & Cosmetics**: €55.70 per month (approx. 1.9 deliveries / month)

On average, considering all retail segments in the study, U.S. consumers are willing to have higher monthly expenditures on retail subscriptions than their European counterparts, but expect more monthly deliveries as well.



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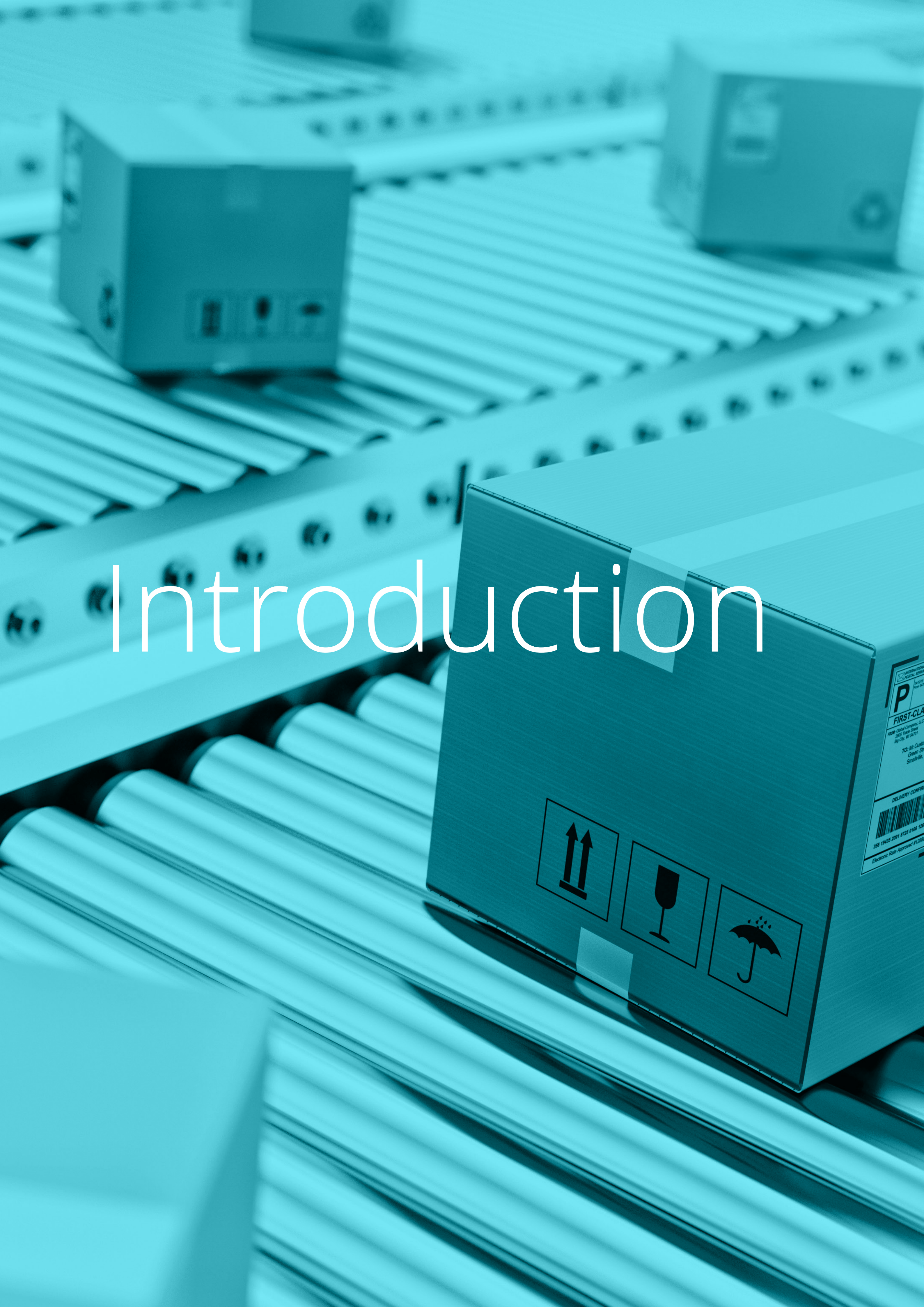


Introduction

OBJECTIVES OF THE REPORT

BACKGROUND

Zuora, Inc.® and **Deloitte** have established a strong partnership to support brands in building effective and economically sustainable subscription programs, aimed at satisfying retail consumer needs.
For this report, Deloitte and Zuora engaged a third party to conduct quantitative research among consumers in 12 countries worldwide, collecting useful insights about the current and future retail consumer needs, behaviors, and propensities for adopting subscription services.

OBJECTIVES

Understand the current rates of retail subscription adoption, as well as the future propensity of consumers to activate subscription services in various retail segments.

Learn about the aspects driving consumer decisions when activating retail subscriptions, the barriers that dissuade consumers from subscribing, and the principal reasons that cause consumers to cancel a subscription.

Analyze how retail subscriptions affect consumer behaviors in terms of: time spent in purchasing products of the same category, money spent in purchasing products of the same category, and usage of the subscribed product.

Reveal insights about the preferred subscription models of retail consumers and their willingness to pay in various retail segments.

Provide specific views and details for each country and retail segment in the scope of the study.

COUNTRIES & RETAIL SEGMENTS IN THE STUDY SCOPE AND CHARACTERISTICS OF THE SAMPLE GROUP

A selection of retail segments were included in the survey in order to better understand consumers. The survey is divided into the following six primary sections:

1. **Grocery products**, e.g., fresh/packaged food, household items
2. **Beauty & Cosmetics** products
3. **Fashion** personal items, e.g., clothes, accessories, watches
4. **DIY** (Do It Yourself) products, e.g., home im provement, gardening
5. **Electronics**, e.g., computers, gaming, mobile phones
6. **Home furnishing** products, e.g., furniture, lamps

The sample size included 12,500 respondents in three main regions: the U.S., Europe and Australia, with the following distribution of respondents:

- U.S.: 2.000 (16%)
- Europe (80%):
  - Italy: 1.000
  - Spain: 1.000
  - Germany: 1.000
  - France: 1.000
  - UK: 1.000
  - Finland: 1.000
  - Sweden: 1.000
  - Norway: 1.000
  - Denmark: 1.000
  - Republic of Ireland: 1.000
- Australia: 500 (4%)

SAMPLE GROUP DEMOGRAPHICS

Gender: Male 48-50% / Female 50-52%
Age: 18-34: 25%-30% / 35-54: 35%-40% / 55+: 32%-37
Employment status: working=60-70%, Not working/not retired=20-25%, Retired=15-20%.

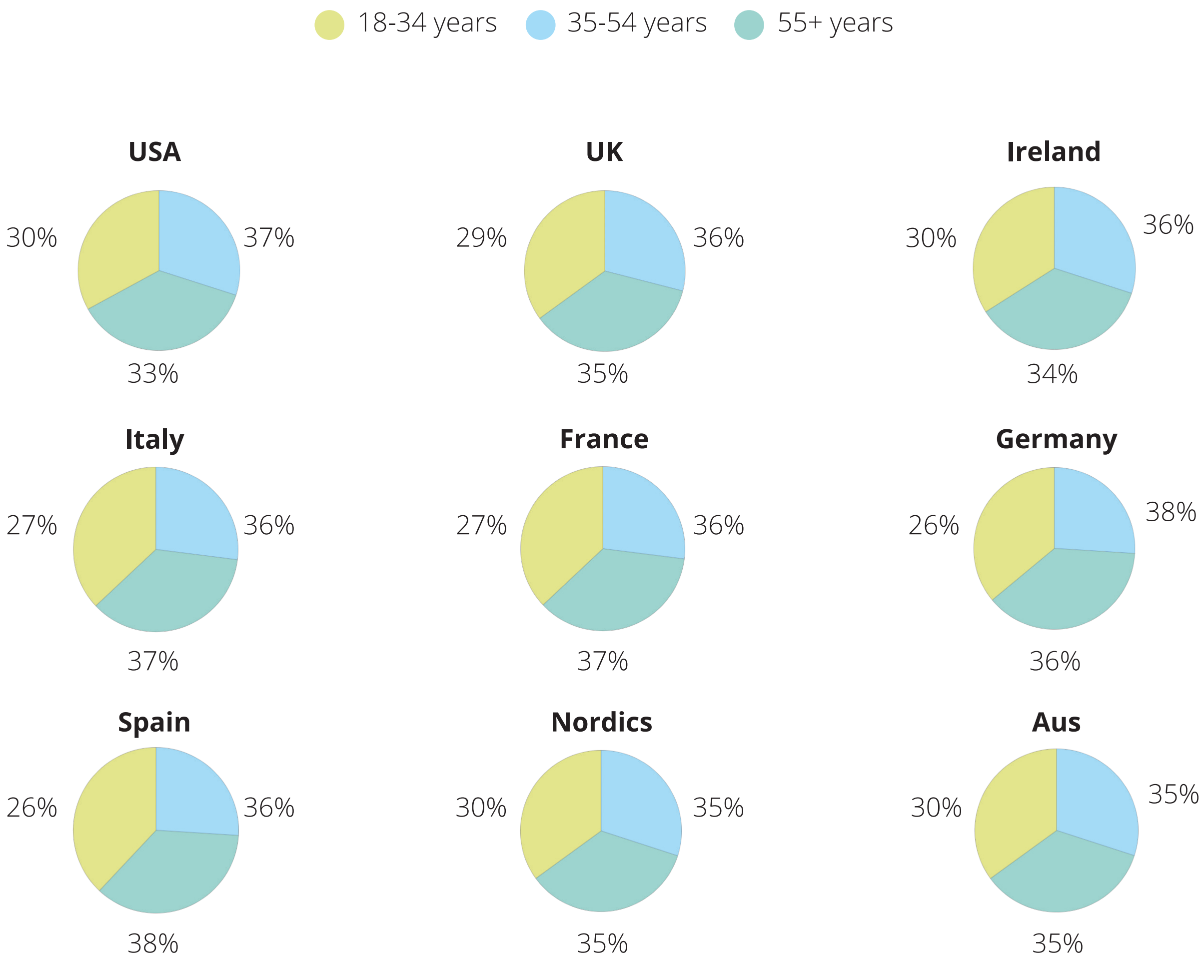


Fig.3

SUBSCRIPTION MODELS (Curated Box, Replenishment Box, Membership)

The survey investigated the preferences of retail consumers regarding the three main subscription models as applied in each segment.

Curated box: a box of products delivered on a recurring basis, with products that have been pre-selected by the supplier based on the latest trends or themes, e.g., seasonal produce or makeup samples.

Replenishment box: a box of products hand-selected by the consumer, with the expectation that they receive the same products automatically on a recurring basis.

Membership: an opted-in service for online shopping with value-added services and additional perks.

METHODOLOGY

A questionnaire was carefully designed by survey vendor 3Gem in consultation with Deloitte and Zuora, in order to offer the best results and insights. This questionnaire included **12 questions** on General Retail Subscriptions attitudes and behavior, and **up to nine questions in each of six different product category sections**, asked to buyers of each product category with a maximum of four out of six sections given to each respondent, until n=500 per product category reached in each country (but with n=1,000 in the U.S., given that the total sample size in the U.S. was n=2,000). The questions explored and tested up to **three different models** of purchase subscription (curated box, replenishment box & membership) within each product category.

Fieldwork: 15-minute online survey to members of 3Gem's (double opted-in) international panels.
When: Surveying took place between 21st July - 26th August 2022

Retail subscriptions now and in the future

Retail subscriptions now and in the future

Retail subscriptions are already taking hold: about 37% of consumers in the sample said they had a retail subscription in 2022.
The U.S. market shows **higher adoption** (44% of respondents) for retail subscriptions compared to Europe (36% of respondents).
Specifically, Electronics (19%), Grocery (17%), and Beauty & Cosmetics (15%) are the top three retail segments, with the following breakdown by country:

- **Electronics**: Spain (23%), U.S. (22%) and Italy /France (21%).
- **Grocery**: U.S. (23%), Spain (21%) and Australia (19%).
- **Beauty & Cosmetics**: Spain (24%), France (17%) and Italy / U.S. (16%).

Focusing on subscriber behavior in retail, Grocery and Fashion subscribers said they prefer to have only one subscription in the retail segment (49%). Meanwhile in the other segments, subscribers said they've activated multiple subscriptions in the same retail category for themselves or family members. In the home furnishing segment, 18% of subscribers said they have six or more home furnishing subscriptions activated for themselves and/or family members.

Retail segments / # of subscription	Electronics e.g., computers, gaming, mobile phones	Grocery products e.g., an on-going supermarket delivery	Beauty & Cosmetics products	Fashion personal items e.g., clothes, accessories, watches	Home furnishing products e.g., furniture, lamps	DIY (Do It Yourself) products e.g., home improvement, gardening
1	35%	49%	49%	35%	36%	38%
2	22%	16%	18%	16%	11%	16%
3	14%	10%	10%	14%	12%	10%
4	11%	8%	7%	12%	13%	13%
5	7%	6%	6%	9%	10%	12%
6 OR MORE	11%	11%	10%	14%	18%	11%

Fig.4

By 2025, survey respondents expect retail subscriptions to see strong growth - about 53% of the sample said they will have at least one retail subscription (+16 p.p vs. '22). The U.S. market (60% respondents) will continue to have the most retail subscribers, followed by Europe (51%). Grocery (32%, + 15 p.p. vs '22) will surpass other segments as the top retail subscription segment, followed by Electronics (25%, +6 p.p. vs. '22), Beauty & Cosmetics (20%, +5p.p. vs. '22), with significant gains in the following relevant countries:

- **Grocery**: U.S. (40%, + 8p.p.), Spain (39%, +18 p.p.), Australia (35%, +16 p.p.)
- **Electronics**: U.S. (30%, +8 p.p.), Spain (30%, +7 p.p.), Italy (29%, +8 p.p.)
- **Beauty & Cosmetics**: Spain (29 %, +5 p.p.), Italy (25%, +9 p.p.), U.S. (22%, +6 p.p.)

2022 vs 2025 Expected State of Retail Subscriptions (% of total sample)

Fig.5

U.S. vs Europe: 2025 Expected State of Retail Subscriptions (% of total sample)

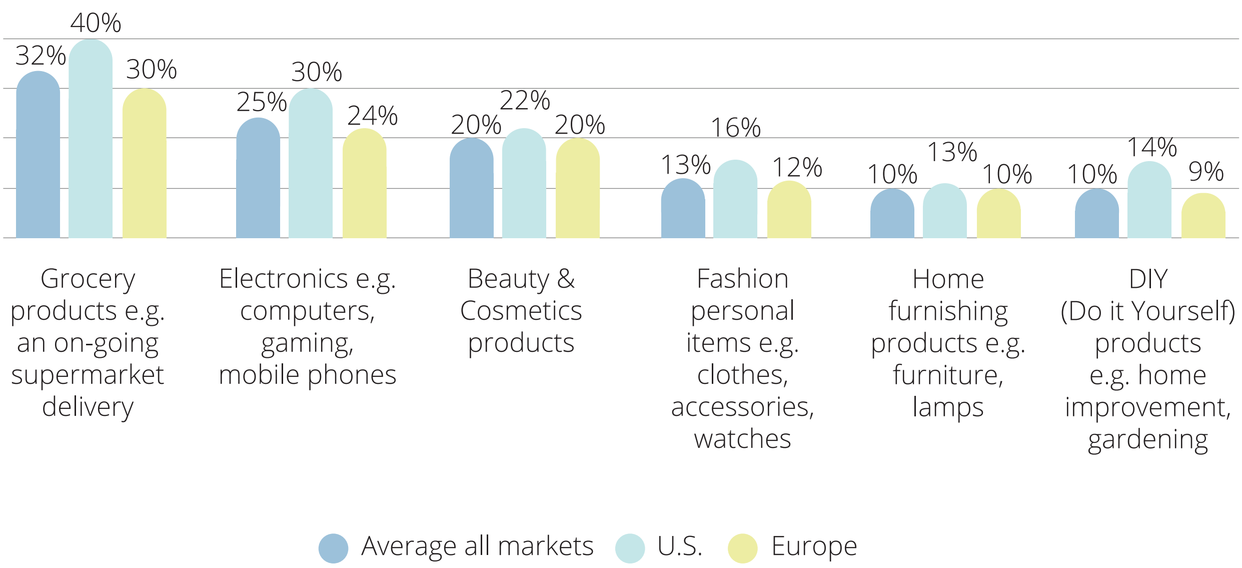


Fig.6

Why do consumers subscribe to retail subscriptions?

Why do consumers subscribe to retail subscriptions?

WHAT ARE THE MAIN REASONS CONSUMERS SUBSCRIBE?

In order to examine the growing trend in retail subscriptions, it is important to understand which attributes are providing value and the main motivators for consumers to subscribe. This section breaks down of the most common and significant reasons survey respondents based their purchasing decisions, both in the U.S. and Europe.

The first of these is **convenience**: consumers cited reasons like saving money or getting a good deal or offer.

- Saving money (40% of the total sample)
- "I am getting a good deal" (39% of the total sample)
- There was an introductory offer to sign up (20% of the total sample)

Another reason for consumers to sign up was based on the **experience**:
subscription services save consumers time and energy.

- It saves time (39% of the total sample)
- "I don't have to leave my house to get what I need" (29% of the total sample)

Finally, consumers prefer **flexibility** when purchasing; they do not want subscriptions that feel binding and inflexible to their needs.

- It is easy to opt out (31% of the total sample)
- It's easy to suspend the service for a period of time (21% of the total sample)

Surprisingly, the COVID-19 pandemic did not significantly affect consumers' retail subscription choices in 2022. Only 7% of the total sample listed "I signed up during COVID lockdowns, so it was more convenient" as a reason for choosing to subscribe.

Main reasons consumers adopt retail subscriptions (% of total sample)

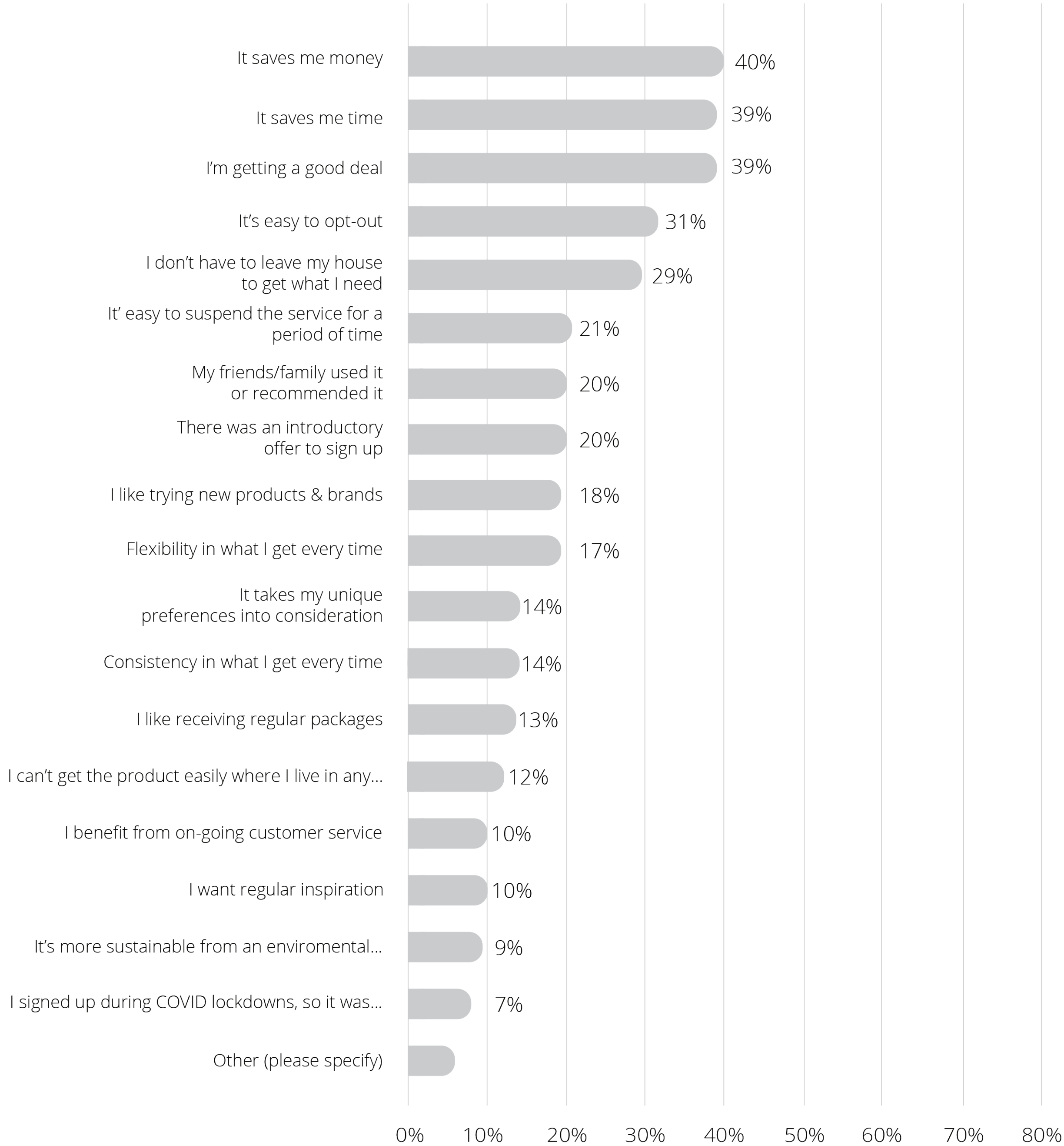


Fig.7

AND WHAT ARE THE MAIN BARRIERS TO RETAIL SUBSCRIPTIONS?

The same attributes that push some consumers to try retail subscription services may cause others to doubt. Because of this, retailers should carefully consider how to formulate subscription offers to reassure consumers who are still hesitant to subscribe. The following are some of the most common reasons for why survey respondents said they pass up retail subscription offers:

Lack of perceived value: Many consumers are concerned that subscription models are in fact more expensive than alternatives and not worth the money.

- "I think it would be too expensive" (34%)
- "I don't feel I'd get any added value for money" (25%)
- I'd worry there may be an unexpected increase in the price of the subscription (20%)
- There are better offers out there (19%)

Regarding the **experience**, some consumers doubt that they would receive the product they are expecting or that they would use the product enough.

- "I don't use products regularly enough" (37%)
- "I want to know what I'm buying" (31%)

Finally, a large portion of consumers fear a lack of **flexibility** in subscription models, either because they want more variety or because they worry canceling the subscription will be difficult.

- "I don't want to bind myself to a recurring purchase" (61%)
- "I want to stay flexible in the way that I purchase products" (50%)
- "I think it would be difficult to cancel / opt-out" (22%)

Top reasons why consumers are not buying retail subscriptions (% of total sample)

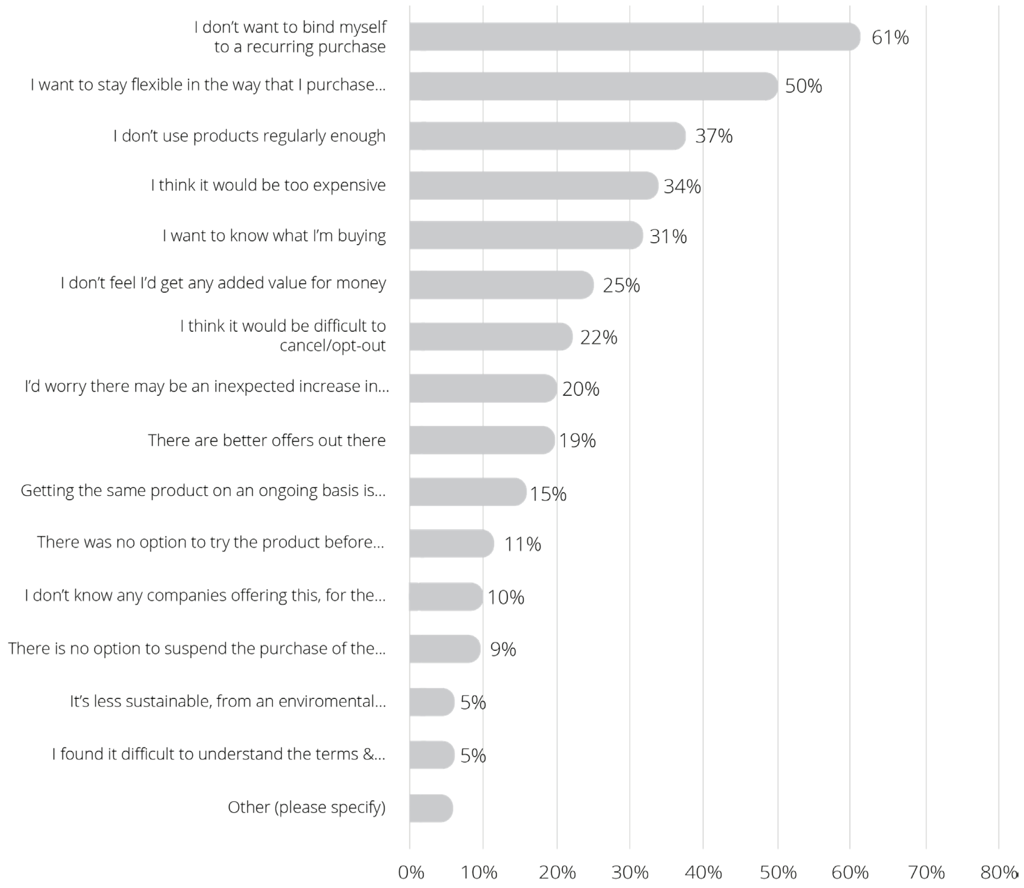


Fig.8

WHY DO CONSUMERS UNSUBSCRIBE?

Survery respondents said that 63% of those who signed up for a retail subscription later canceled it. Their reasonings included:

Insufficient convenience when it came to price and value

- It was too expensive (49%)
- There were better offers out there (31%)
- "I didn't feel I was getting added value for money" (27%)
- There was an unexpected increase in the price of the subscription (26%)

Disillusionment with the experience & product

- "I wasn't using the products regularly enough" (45%)
- "The products weren't what I expected" (26%)

A lack of flexibility with the purchasing process

- "I didn't want to bind myself to a recurring purchase" (26%)

Many of the reasons for unsubscribing coincide with consumers' fears who are still hesitant about subscribing. Addressing these concerns could not only help prevent current customers from unsubscribing, but also calm the fears of consumers who are still on the fence.

Top reasons consumers unsubscribe from retail subscriptions (% of total sample)

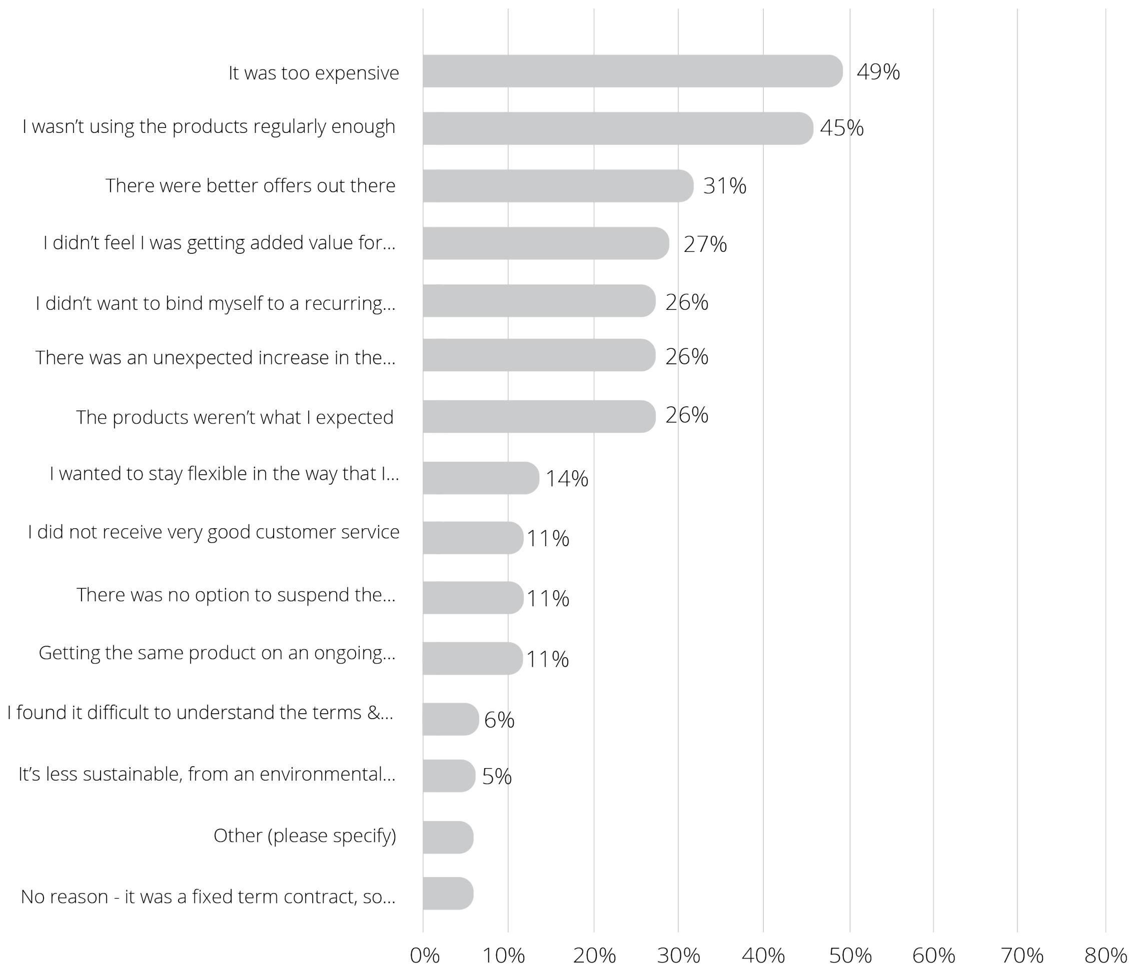
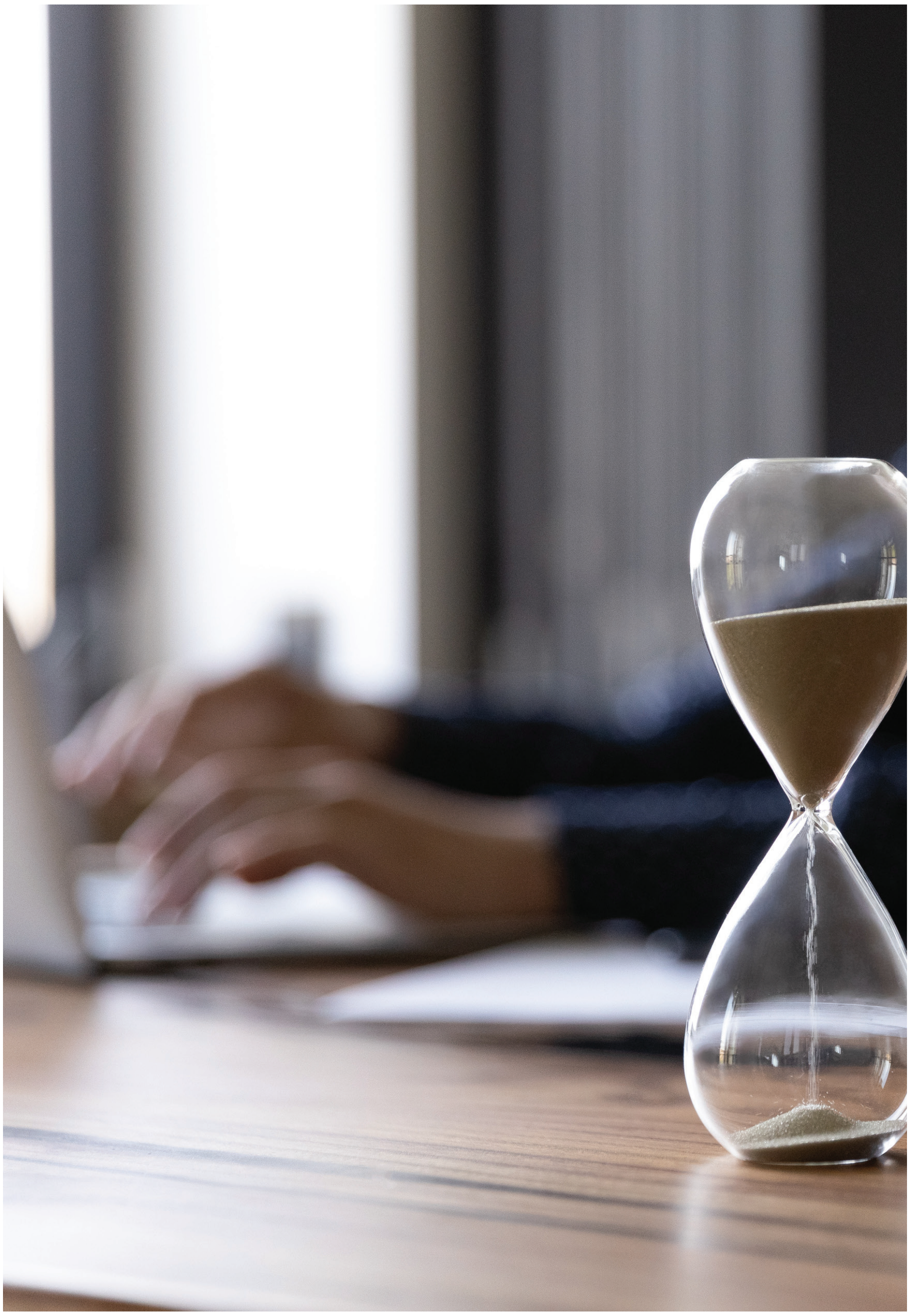


Fig.9

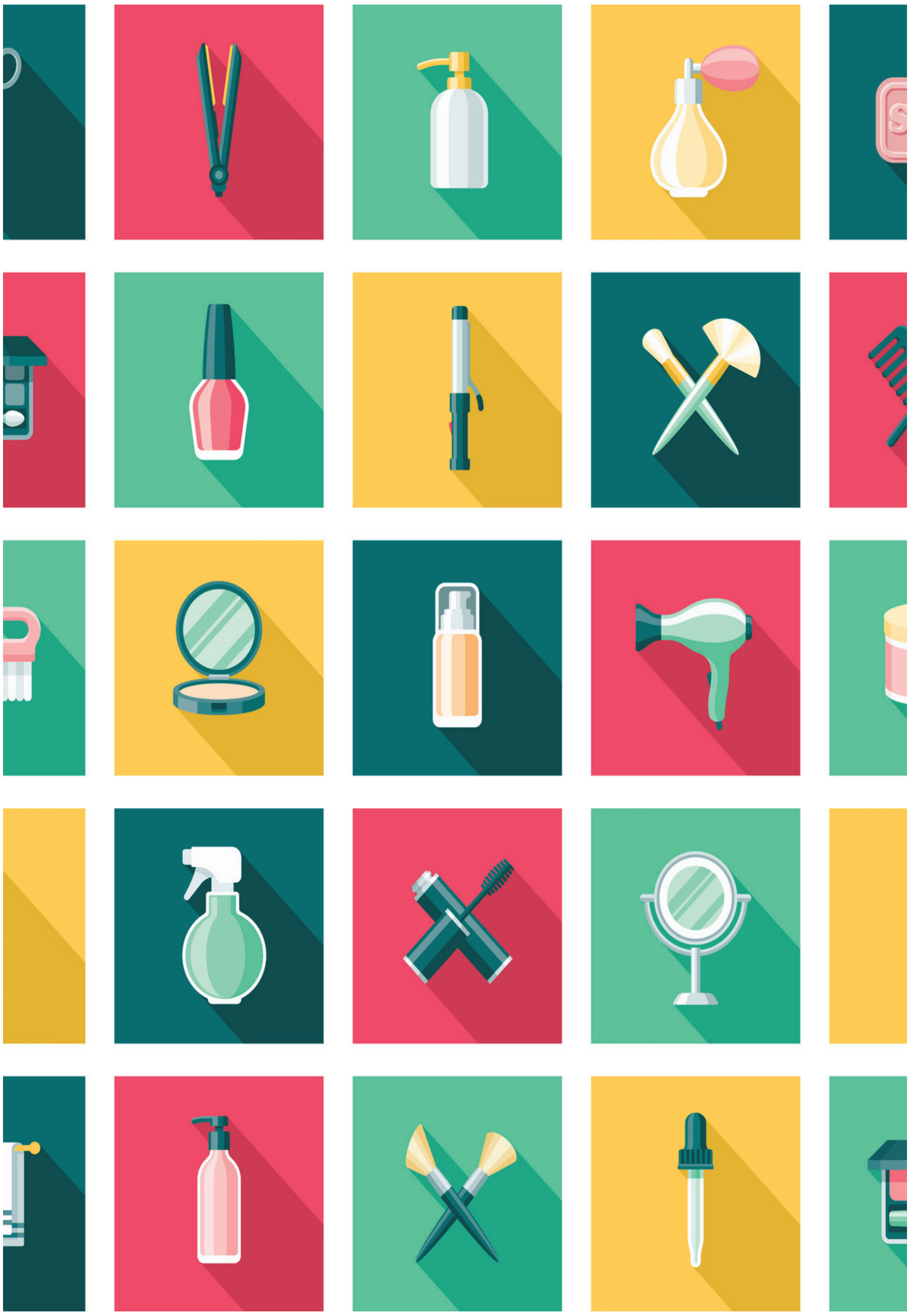
EFFECTS OF RETAIL SUBSCRIPTIONS ON CONSUMER BEHAVIOR

Less time spent purchasing
On average, 70% of current retail subscribers said they spend the same time or less on the purchasing process. European consumers reported this more often than their U.S. counterparts: Grocery (64% U.S. vs. 76% Europe), Beauty & Cosmetics (62% U.S. vs. 75% Europe), Fashion (47% U.S. vs. 71% Europe), DIY (47% U.S. vs. 70% Europe), Electronics (62% U.S. vs. 78% Europe), and Home Furnishing (46% U.S. vs. 68% Europe).



Increases the amount of money spent on the category product type. Cross-segment consumers spend the same or more money on the following category products: Grocery (71% U.S. vs. 67% Europe), Beauty & Cosmetics (71% U.S. vs. 61% Europe), Fashion (78% U.S. vs. 66% Europe), DIY (81% U.S. vs. 66% Europe), Electronics (73% U.S. vs. 65% Europe), Home Furnishing (84% U.S. vs. 70% Europe).

Increases usage of the product category
Beauty & Cosmetics (87% U.S. vs. 78% Europe), Fashion (85% U.S. vs. 75% Europe), DIY (84% U.S. vs. 80% Europe), and Electronics (85% U.S. vs. 81% Europe): in these categories, consumers spend the same amount of time or more using products since activating a retail subscription. (Due to the nature of the products, the question was not proposed to Grocery and Home Furniture subscribers).



Subscription preferences and willingness to pay

Subscription preferences and willingness to pay

Among the three subscription models analyzed, **replenishment boxes and memberships** are the preferred models of interviewed subscribers. In particular, the replenishment box subscription model is the preferred for the Grocery segment, especially in Europe (46% Europe vs. 45% U.S.).

The membership model is especially popular in DIY (58% USA & Europe) and Electronics (62% U.S. vs. 59% Europe).

The curated box model proves more appealing for the Beauty & Cosmetics and Fashion segments than in other categories, even if it is still not the most preferred model by subscribers. In these segments, as well as the other, the **replenishment box and membership models** are widely preferred. More specifically, U.S. consumers prefer the membership model (40% Beauty & Cosmetics, 42% Fashion), while European consumers are indifferent between the two.

Sector	Geo	Curated Box	Replenishment Box	Membership
Electronics	USA	N/A	38%	62%
	Europe	N/A	41%	59%
Grocery	USA	12%	45%	43%
	Europe	18%	46%	36%
Beauty & Cosmetics	USA	24%	36%	40%
	Europe	24%	39%	37%
Fashion	USA	25%	33%	42%
	Europe	24%	38%	38%
DIY	USA	N/A	42%	58%
	Europe	N/A	42%	58%
Home Furnishing	USA	N/A	N/A	N/A
	Europe	N/A	N/A	N/A

Fig.10

Comparing the various segments reveals that consumers are willing to pay the highest monthly amount on average for **Fashion retail subscriptions in both the U.S.** ($39.50 / delivery / month) **and Europe** (€41.60 / delivery / month), followed by Electronics (U.S.: $37.70 / delivery / month vs. Europe: €36.50 / delivery / month); DIY (U.S.: $36.90 / delivery / month vs Europe: €34.70 / delivery / month); and Grocery (U.S.: $35.30 / delivery / month vs. Europe: €30.00 / delivery / month).

When compared to the other segments, consumers are willing to pay the least monthly average for Beauty & Cosmetics in both the U.S. ($34.10 / delivery / month) and Europe (€29.30 / delivery / month).

Sector	Geo	Average number of deliveries per month	Average willingness to pay per month	Average willingness to pay per month & deliver
Electronics	USA	2,8	105,5 $	37,7 $
	Europe	2,2	80,3 €	36,5 €
Grocery	USA	2,4	84,8 $	35,3 $
	Europe	2,3	78,3 €	34,0 €
Beauty & Cosmetics	USA	2,6	88,6 $	34,1 $
	Europe	1,9	55,7€	29,3 €
Fashion	USA	2,3	90,9 $	39,5 $
	Europe	1,7	70,7 €	41,6 €
DIY	USA	2,1	77,5 $	36,9 $
	Europe	1,7	59	34,7 €
Home Furnishing	USA	Not asked	120,0 $	
	Europe	Not asked	81,1 €	

Fig.11

Deep dive: Retail subscription trends & preferences by country

Deep dive: Retail subscription trends & preferences by country

Italy

Currently, 40% of the interviewees in Italy have a retail subscription, with a higher adoption rate than Europe on average (36%). By 2025, retail subscription consumers in the Italian market are expected to reach 57% of the general population (+17 p.p. vs ’22), demonstrating strong growth.

2022 State of Retail Subscriptions in Italy vs. Europe (% of total sample)

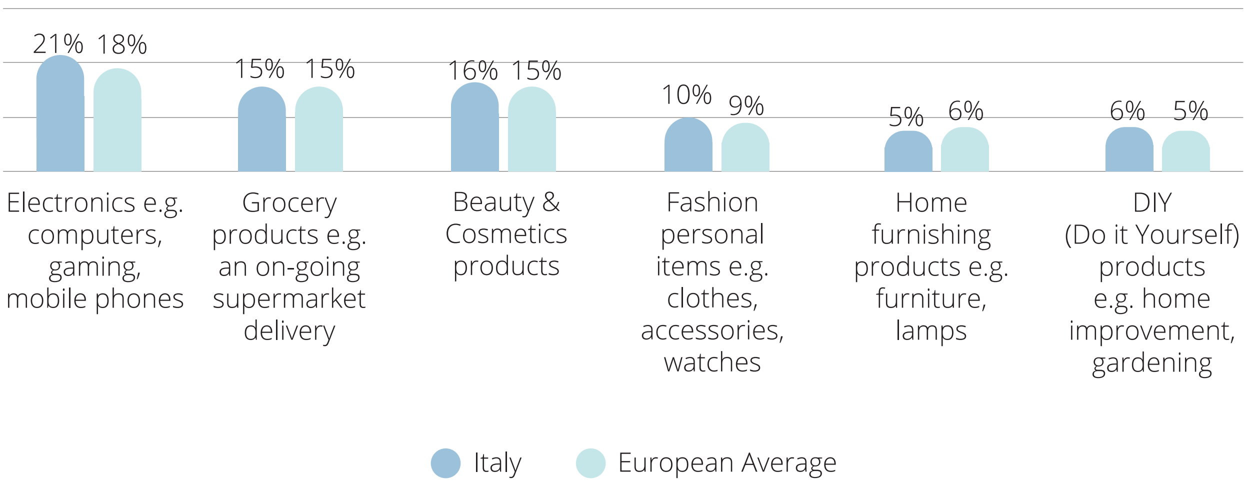


Fig.12

Electronics has the highest number of current subscribers in Italy (21% of respondents).
Grocery is expected to see the highest growth by 2025, and will be tied for first place with Electronics, followed by Beauty & Cosmetics in second place.

Italy vs. Europe: Current and 2025 Expected State (% of total sample)

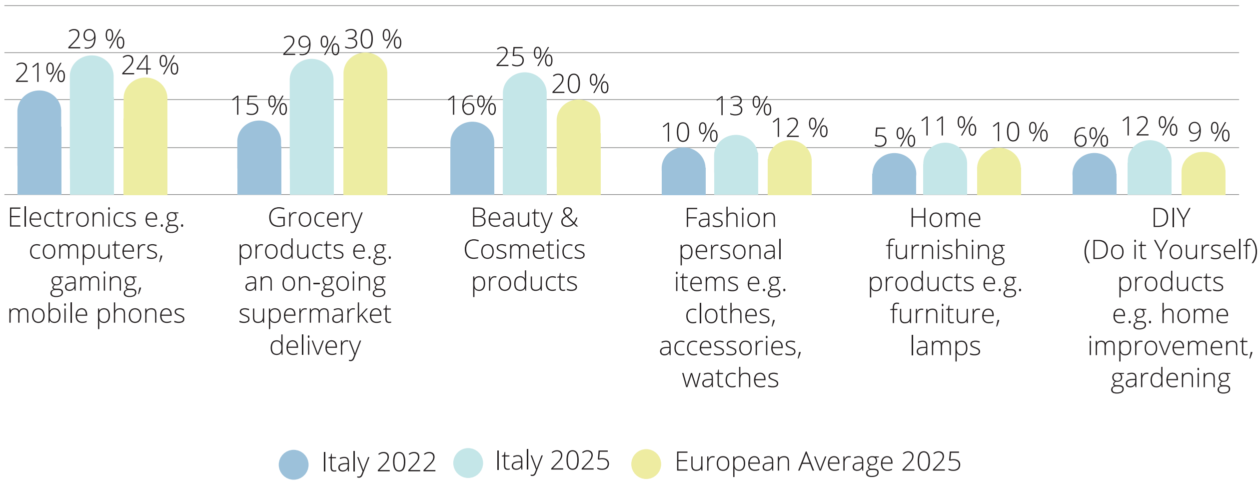


Fig.13

Italians prefer the replenishment box subscription model across every retail segment, with Grocery in the top spot.

Sector	Geo	Curated Box	Replenishment Box	Membership
Electronics	Italy	N/A	55%	45%
	Europe	N/A	41%	59%
Grocery	Italy	19%	61%	20%
	Europe	18%	46%	36%
Beauty & Cosmetics	Italy	23%	49%	28%
	Europe	24%	39%	37%
Fashion	Italy	22%	45%	32%
	Europe	24%	38%	38%
DIY	Italy	N/A	55%	45%
	Europe	N/A	42%	58%
Home Furnishing	Italy	N/A	N/A	N/A
	Europe	N/A	N/A	N/A

Fig.14

The Italian consumer is amenable to paying more, and for a higher number of deliveries, compared to the average European consumer, except in the Electronics and Grocery segments.

Sector	Geo	Average number of deliveries per month	Average willingness to pay per month
Electronics	Italy	2,4	79,8 €
	Europe	2,2	80,3 €
Grocery	Italy	2,3	66,7 €
	Europe	2,3	78,3 €
Beauty & Cosmetics	Italy	2,2	62,1 €
	Europe	1,9	55,7€
Fashion	Italy	2,3	89,5 €
	Europe	1,7	70,7 €
DIY	Italy	2,2	64,9 €
	Europe	1,7	59 €
Home Furnishing	Italy	Not asked	92,9 €
	Europe	Not asked	81,1 €

Fig.15

Australia

Currently, 34% of survey respondents in Australia have a retail subscription. By 2025, this positive trend is expected to reach 50%.

2022 State of Retail Subscriptions: Australia vs. All Markets (% of total sample)

Fig.16

At the moment, Grocery is the most popular segment (19%), and is expected to maintain this lead spot through 2025 (35%).

Australia vs. Europe: Current and 2025 Expected State (% of total sample)

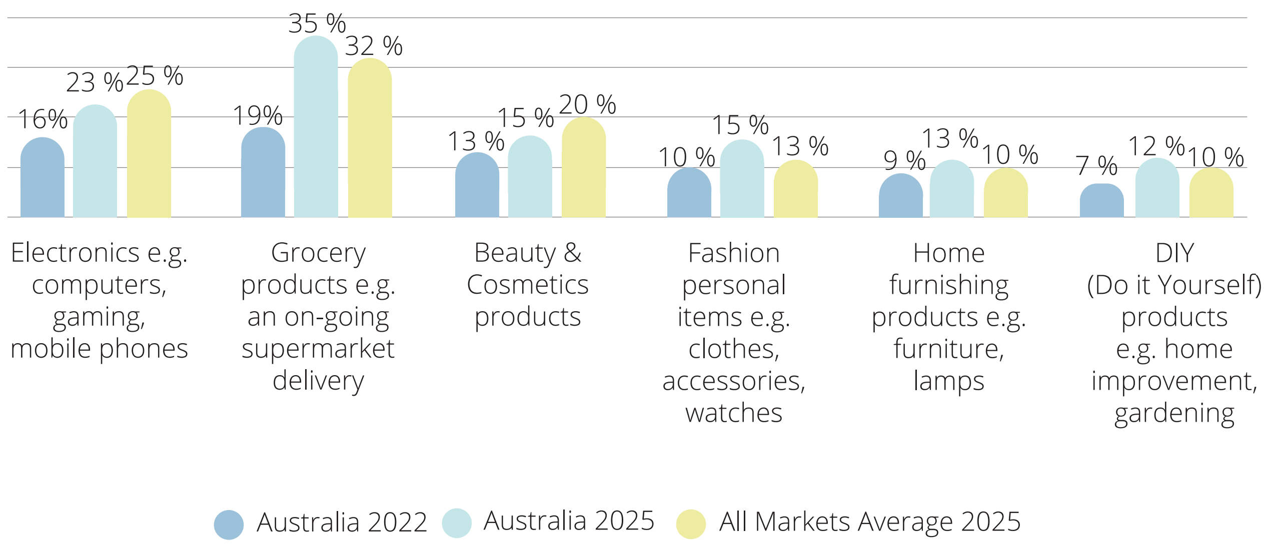


Fig.17

For Australian consumers, the membership model has a strong lead in two segments: Electronics and DIY. But for the rest of the segments, the replenishment box is preferred.

Sector	Geo	Curated Box	Replenishment Box	Membership
Electronics	Australia	N/A	37%	63%
	USA	N/A	38%	62%
	Europe	N/A	41%	59%
Grocery	Australia	16%	45%	39%
	USA	12%	45%	43%
	Europe	18%	46%	36%
Beauty & Cosmetics	Australia	30%	39%	31%
	USA	24%	36%	40%
	Europe	24%	39%	37%
Fashion	Australia	27%	38%	36%
	USA	25%	33%	42%
	Europe	24%	38%	38%

Fig.18

Denmark

Currently, 32% of survey respondents in Denmark have a retail subscription, lower than the European average. By 2025, the number of Danish subscription users is expected to reach 45%.

2022 State of Retail Subscriptions: Denmark vs. Europe (% of total sample)

Fig.19

The current most popular segments in Denmark, Electronics, Grocery, and Beauty & Cosmetics, are expected to retain their lead in 2025, though Grocery is expected to surpass Electronics for the lead.

Denmark vs. Europe: Current and 2025 Expected State (% of total sample)

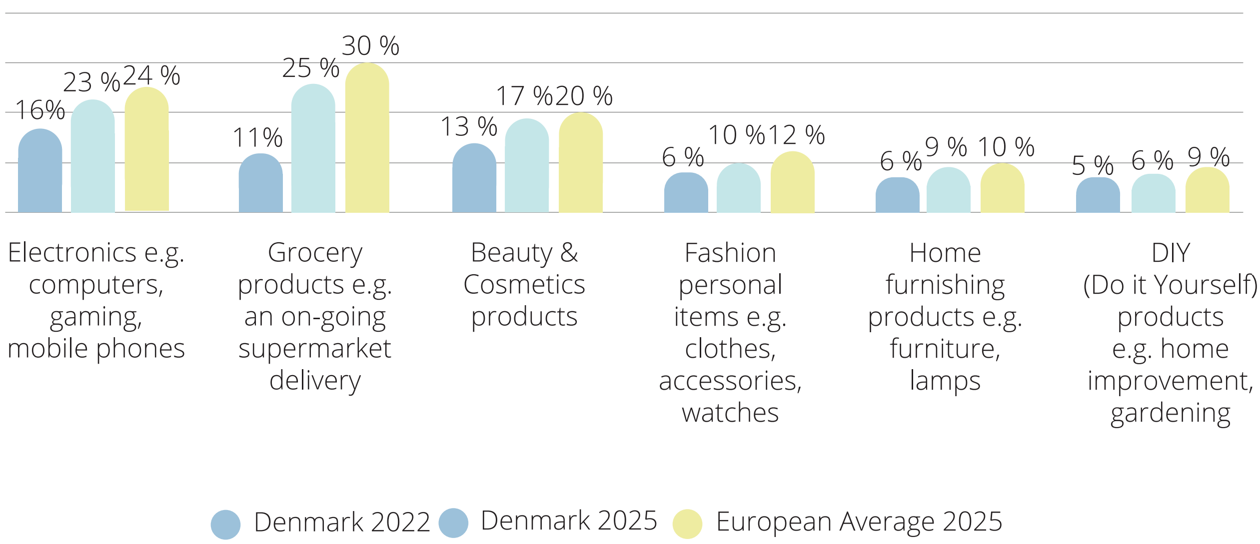


Fig.20

Danes tend to prefer the membership model, with a particularly strong preference for it in the Electronics and DIY segments.

Sector	Geo	Curated Box	Replenishment Box	Membership
Electronics	Denmark	N/A	41%	59%
	Europe	N/A	41%	59%
Grocery	Denmark	14%	48%	38%
	Europe	18%	46%	36%
Beauty & Cosmetics	Denmark	20%	40%	40%
	Europe	24%	39%	37%
Fashion	Denmark	22%	35%	43%
	Europe	24%	38%	38%
DIY	Denmark	N/A	44%	56%
	Europe	N/A	42%	58%
Home Furnishing	Denmark	N/A	N/A	N/A
	Europe	N/A	N/A	N/A

Fig.21

Danes are also willing to pay significantly more per month than the European average, but only expect more deliveries per month in one segment: Beauty & Cosmetics.

Sector	Geo	Average number of deliveries per month	Average willingness to pay per month
Electronics	Denmark	2,1	104,8 €
	Europe	2,2	80,3 €
Grocery	Denmark	2,0	90,2 €
	Europe	2,3	78,3 €
Beauty & Cosmetics	Denmark	2,0	74,3 €
	Europe	1,9	55,7 €
Fashion	Denmark	1,3	72,0 €
	Europe	1,7	70,7 €
DIY	Denmark	1,7	76,1 €
	Europe	1,7	52,1 €
Home Furnishing	Norway	Not asked	103,2 €
	Europe	Not asked	81,1 €

Fig.22

Finland

Currently, 29% of survey respondents in Finland have a retail subscription, which is much lower than the European average. In the next three years, a positive trend will help this number reach 51%.

2022 State of Retail Subscriptions: Finland vs. Europe (% of total sample)

Fig.23

Grocery is expected to be the segment with the highest growth, with Electronics and Fashion in second and third place, respectively.

Finland vs. Europe: Current and 2025 Expected State (% of total sample)

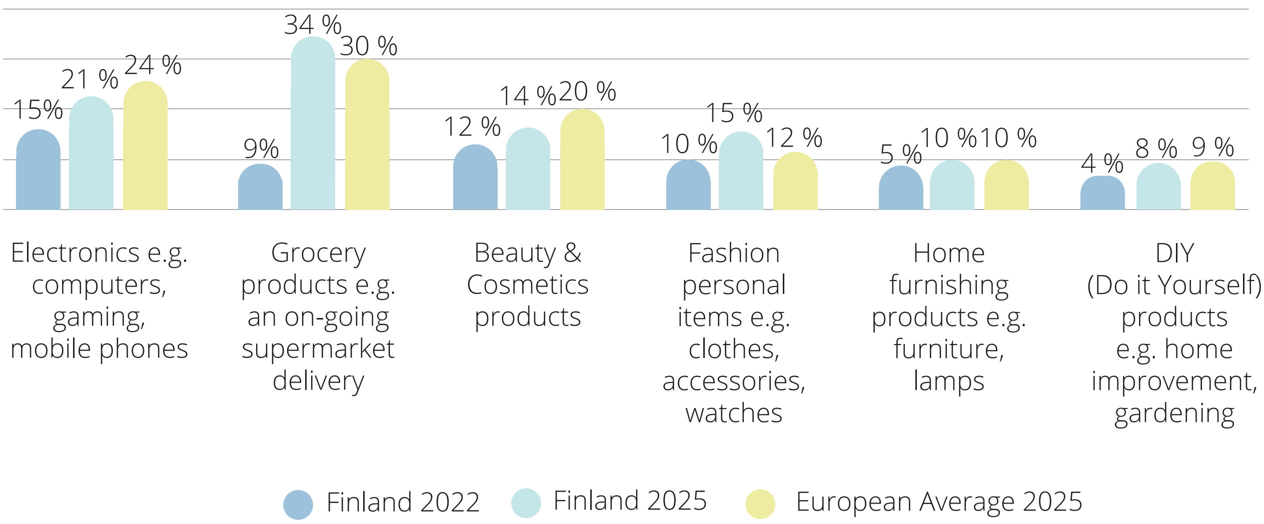


Fig.24

Membership is the model preferred by Finns in three segments (Electronics, Beauty & Cosmetics, and DIY), while the replenishment box is preferred in two segments (Grocery and Fashion).

Sector	Geo	Curated Box	Replenishment Box	Membership
Electronics	Finland	N/A	35%	65%
	Europe	N/A	41%	59%
Grocery	Finland	16%	53%	32%
	Europe	18%	46%	36%
Beauty & Cosmetics	Finland	23%	37%	39%
	Europe	24%	39%	37%
Fashion	Finland	20%	42%	38%
	Europe	24%	38%	38%
DIY	Finland	N/A	38%	62%
	Europe	N/A	42%	58%
Home Furnishing	Finland	N/A	N/A	N/A
	Europe	N/A	N/A	N/A

Fig.25

The Finnish consumer is most often willing to pay less than the average European consumer, though they also typically expect fewer deliveries per month.

Sector	Geo	Average number of deliveries per month	Average willingness to pay per month
Electronics	Finland	1,6	70,3 €
	Europe	2,2	80,3 €
Grocery	Finland	2,3	78,5 €
	Europe	2,3	78,3 €
Beauty & Cosmetics	Finland	1,4	45,7 €
	Europe	1,9	55,7 €
Fashion	Finland	1,1	61,4 €
	Europe	1,7	70,7 €
DIY	Finland	1,2	50,5 €
	Europe	1,7	52,1 €
Home Furnishing	Finland	Not asked	72,6 €
	Europe	Not asked	81,1 €

Fig.26

France

Currently, 38% of survey respondents in France have a retail subscription, which is slightly more than the European average (36%). By 2025, a positive trend is expected to bring the number of French consumers to 47%, but it will not be able to outpace the expected growth in the European market.

Although the strongest segment at the moment in the French market is Electronics, this will be surpassed by Grocery in 2025.

2022 State of Retail Subscriptions: France vs. Europe (% of total sample)

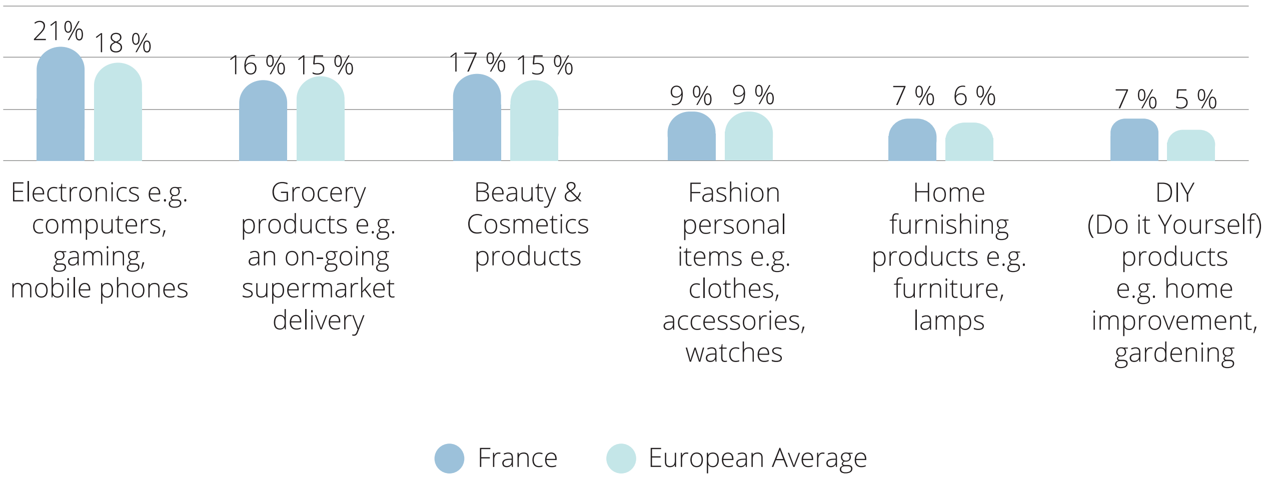


Fig.27

France vs. Europe: Current and 2025 Expected State (% of total sample)

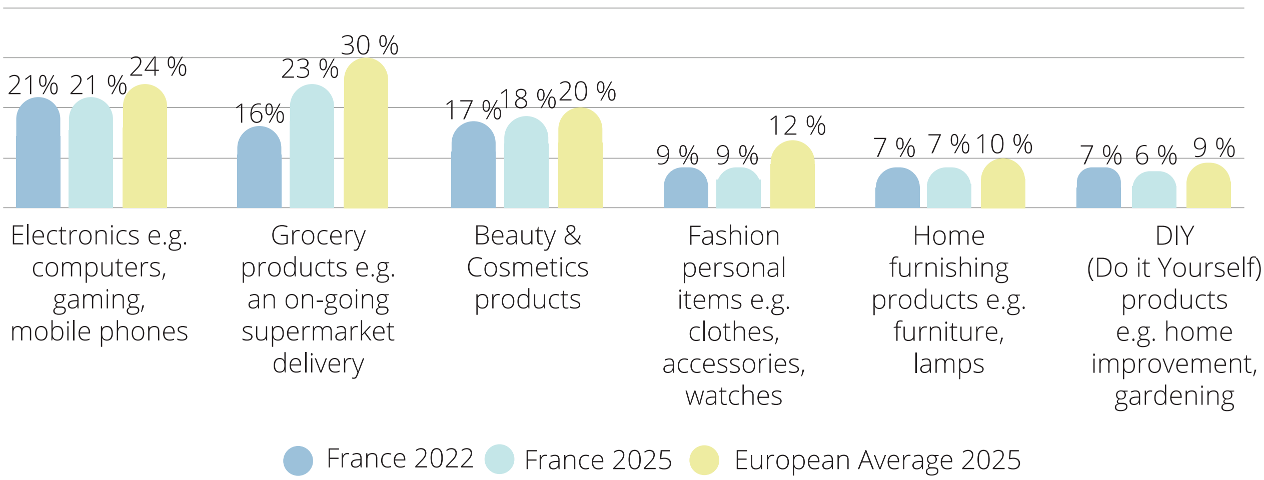


Fig.28

French consumers have a slight preference for the membership model, as it is the preferred model for the Electronics, Fashion, and DIY segments, while the replenishment box is favored in the Grocery and Beauty & Cosmetics segments.

Sector	Geo	Curated Box	Replenishment Box	Membership
Electronics	France	N/A	43%	57%
	Europe	N/A	41%	59%
Grocery	France	24%	39%	36%
	Europe	18%	46%	36%
Beauty & Cosmetics	France	28%	41%	31%
	Europe	24%	39%	37%
Fashion	France	32%	32%	36%
	Europe	24%	38%	38%
DIY	France	N/A	34%	66%
	Europe	N/A	42%	58%
Home Furnishing	France	N/A	N/A	N/A
	Europe	N/A	N/A	N/A

Fig.29

French consumers' willingness to pay is largely dependent on the segment: in Electronics, Fashion, and DIY, they will pay more than the European average (as well as slightly more on Home Furnishing, but the difference is nearly negligible); however, in Grocery and Beauty & Cosmetics, French consumers prefer to pay less. Generally, French consumers expect more monthly deliveries than the average.

Sector	Geo	Average number of deliveries per month	Average willingness to pay per month
Electronics	France	2,6	83,9 €
	Europe	2,2	80,3 €
Grocery	France	2,3	65,0 €
	Europe	2,3	78,3 €
Beauty & Cosmetics	France	2,1	51,3 €
	Europe	1,9	55,7 €
Fashion	France	2,1	71,1 €
	Europe	1,7	70,7 €
DIY	France	1,8	56,3 €
	Europe	1,7	52,1 €
Home Furnishing	France	Not asked	81,2 €
	Europe	Not asked	81,1 €

Fig.30

Germany

Currently, only 27% of the interviewees in Germany have a retail subscription, which is quite low when compared to the 36% average across Europe. In the next three years, a positive trend will help the total number of subscription consumers, which is expected to reach 46% in Germany, but the German market will likely still lag behind European averages.

2022 State of Retail Subscriptions: Germany vs. Europe (% of total sample)

Fig.31

Germany European Average

Among the various segments, Grocery is expected to see a sharp increase from 14% to 31% of subscribers, solidifying it as the leading segment among German consumers, and the only segment outpacing the European market average (30%). Behind Grocery, the Beauty & Cosmetics and Electronics segments are expected to grow to reach 17% and 15%, respectively, in second and third place.

Germany vs. Europe: Current and 2025 Expected State (% of total sample)

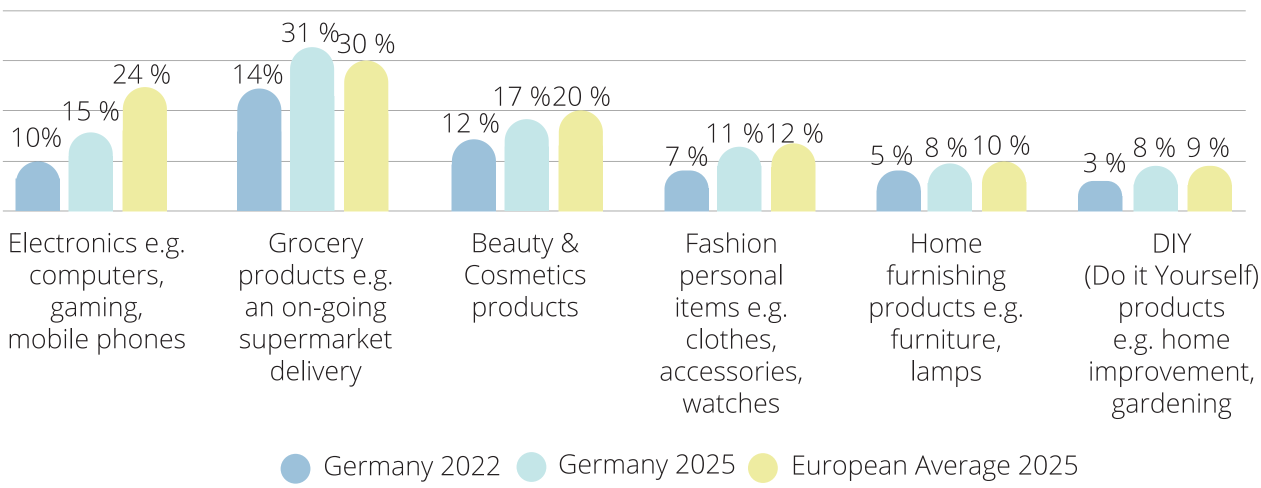


Fig.32

Among German consumers, the replenishment box and membership models are nearly equally popular, with the replenishment box gaining favor in the Grocery, Beauty & Cosmetics, and Fashion segments, and the membership model preferred in the Electronics and DIY segments.

Sector	Geo	Curated Box	Replenishment Box	Membership
Electronics	Germany	N/A	38%	62%
	Europe	N/A	41%	59%
Grocery	Germany	21%	45%	34%
	Europe	18%	46%	36%
Beauty & Cosmetics	Germany	24%	39%	37%
	Europe	24%	39%	37%
Fashion	Germany	25%	39%	36%
	Europe	24%	38%	38%
DIY	Germany	N/A	45%	55%
	Europe	N/A	42%	58%
Home Furnishing	Germany	N/A	N/A	N/A
	Europe	N/A	N/A	N/A

Fig.33

Finally, when compared to the European averages, German consumers demonstrate a lower willingness to pay in every category except Fashion and Home Furnishing. When comparing the expectations for the average number of monthly deliveries, there is no strong trend either way: in Grocery and DIY, Germans expect more deliveries, in Beauty & Cosmetics and Fashion, Germans expect fewer deliveries, and in Electronics they expect an equal number of deliveries.

Sector	Geo	Average number of deliveries per month	Average willingness to pay per month
Electronics	Germany	2,2	73,0 €
	Europe	2,2	80,3 €
Grocery	Germany	2,6	68,6 €
	Europe	2,3	78,3 €
Beauty & Cosmetics	Germany	1,8	47,7 €
	Europe	1,9	55,7 €
Fashion	Germany	1,5	71,1 €
	Europe	1,7	70,7 €
DIY	Germany	1,8	56,3 €
	Europe	1,7	59 €
Home Furnishing	Germany	Not asked	90,3 €
	Europe	Not asked	81,1 €

Fig.34

Ireland

Currently, 37% of survey respondents in Ireland have a retail subscription, similar to the European average. By 2025, this number is expected to reach an impressive 50%.

2022 State of Retail Subscriptions: Ireland vs. Europe (% of total sample)

Fig.35

The segments which are currently popular in Ireland, Electronics, Grocery, and Beauty & Cosmetics, are expected to maintain their popularity, though Grocery is expected to overtake Electronics for the leading spot.

Ireland vs. Europe: Current and 2025 Expected State (% of total sample)

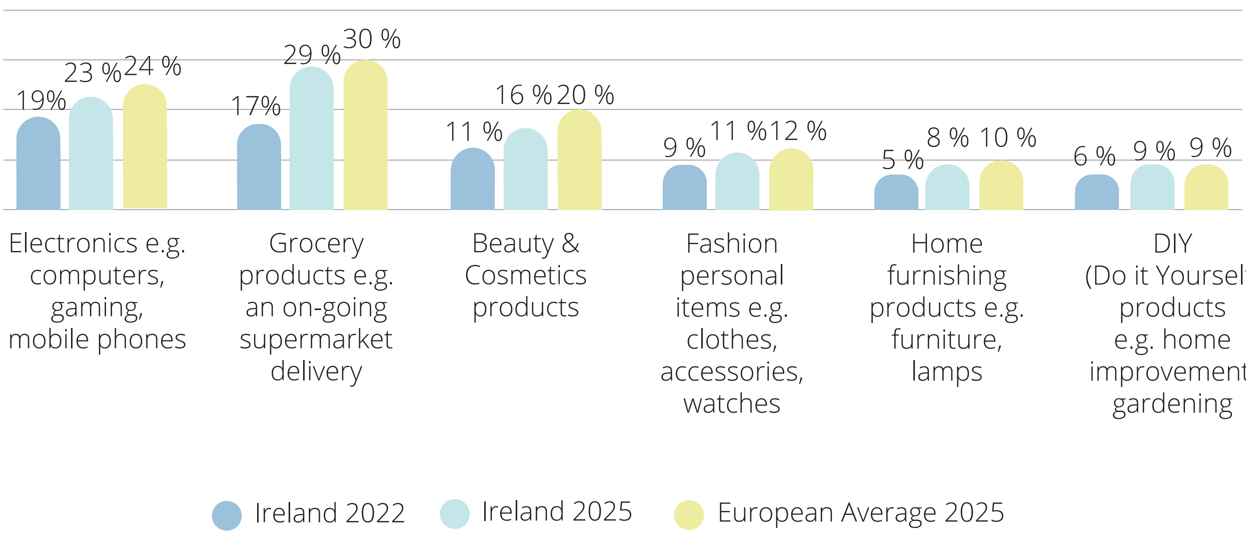


Fig.36

Irish consumers are split in their preferences, with the membership model most preferred in Electronics and DIY, the replenishment box preferred in Grocery and Beauty & Cosmetics, and an equal preference in Fashion.

Sector	Geo	Curated Box	Replenishment Box	Membership
Electronics	Ireland	N/A	39%	61%
	Europe	N/A	41%	59%
Grocery	Ireland	14%	50%	36%
	Europe	18%	46%	36%
Beauty & Cosmetics	Ireland	24%	39%	37%
	Europe	24%	39%	37%
Fashion	Ireland	22%	39%	39%
	Europe	24%	38%	38%
DIY	Ireland	N/A	38%	62%
	Europe	N/A	42%	58%
Home Furnishing	Ireland	N/A	N/A	N/A
	Europe	N/A	N/A	N/A

Fig.37

The Irish typically expect to pay less per month, with the only exception being in the Grocery segment. There is no strong trend for whether they prefer more or fewer deliveries than the average, it depends on the segment.

Sector	Geo	Average number of deliveries per month	Average willingness to pay per month
Electronics	Ireland	2,0	70,7 €
	Europe	2,2	80,3 €
Grocery	Ireland	2,6	87,0 €
	Europe	2,3	78,3 €
Beauty & Cosmetics	Ireland	1,9	49,0 €
	Europe	1,9	55,7 €
Fashion	Ireland	1,8	67,0 €
	Europe	1,7	70,7 €
DIY	Ireland	1,6	54,8 €
	Europe	1,7	52,1 €
Home Furnishing	Ireland	Not asked	75,5 €
	Europe	Not asked	81,1 €

Fig.38

Norway

Currently, 37% of survey respondents in Norway have a retail subscription, quite similar to the European average. By 2025, this positive trend is expected to reach 56%.

2022 State of Retail Subscriptions: Norway vs. Europe: (% of total sample)

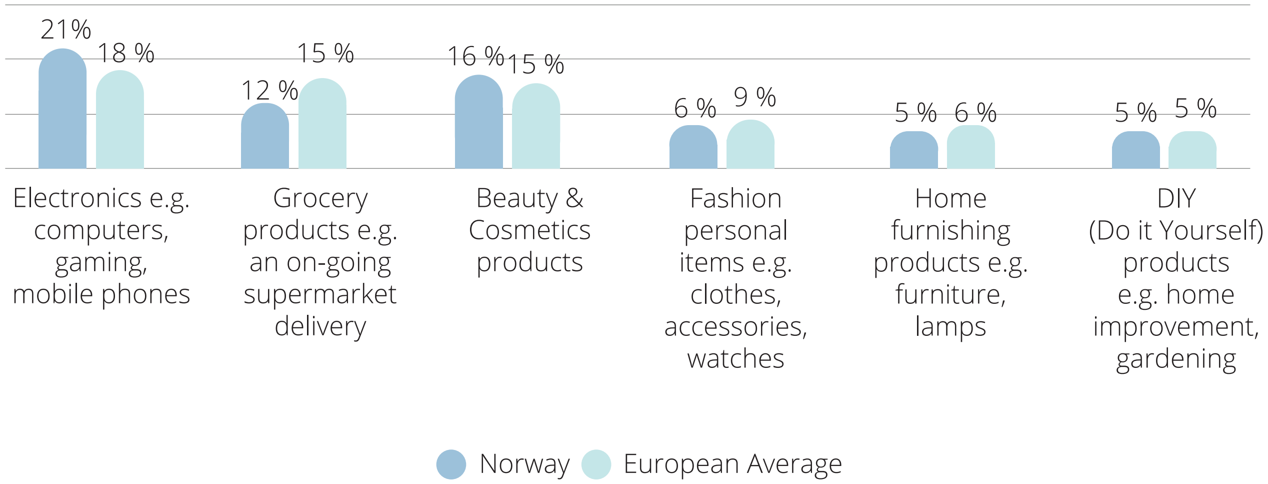


Fig.39

While the top three segments will remain Electronics, Grocery, and Beauty & Cosmetics, Grocery is expected to overtake Electronics as the most popular.

Norway vs. Europe Current and 2025 Expected State (% of total sample)

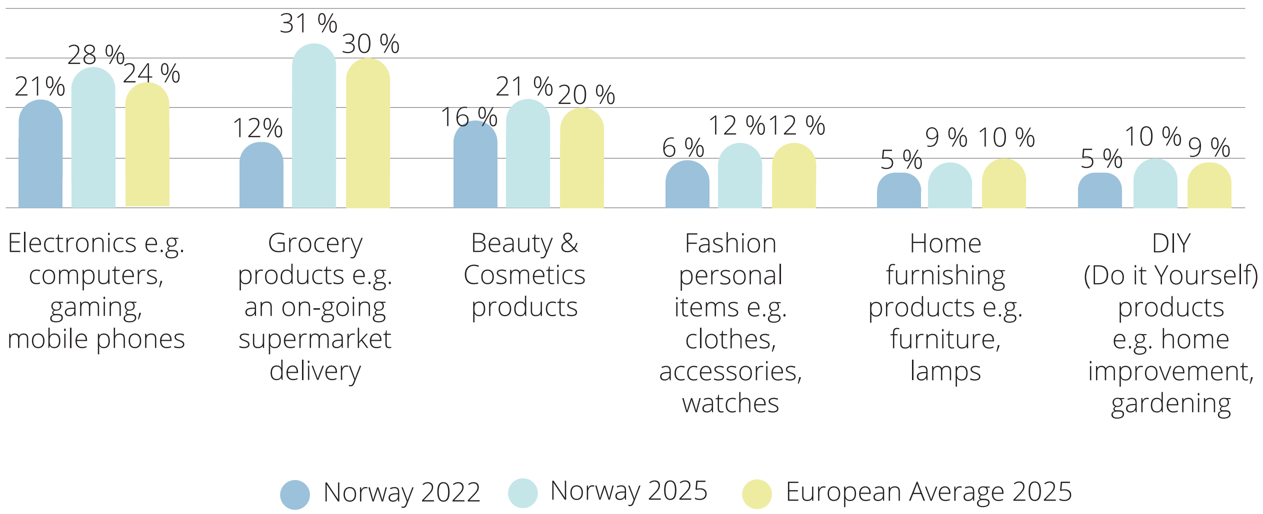


Fig.40

In Norway, consumers prefer membership models in three segments (Electronics, Beauty & Cosmetics, and DIY), while in the other two they prefer replenishment boxes (Grocery and Fashion).

Sector	Geo	Curated Box	Replenishment Box	Membership
Electronics	Norway	N/A	40%	60%
	Europe	N/A	41%	59%
Grocery	Norway	21%	42%	37%
	Europe	18%	46%	36%
Beauty & Cosmetics	Norway	24%	36%	40%
	Europe	24%	39%	37%
Fashion	Norway	28%	41%	30%
	Europe	24%	38%	38%
DIY	Norway	N/A	45%	55%
	Europe	N/A	42%	58%
Home Furnishing	Norway	N/A	N/A	N/A
	Europe	N/A	N/A	N/A

Fig.41

On average, Norwegian consumers are willing to pay much more per month than the average European, yet they do not always expect to receive more monthly deliveries (such as in the Electronics, Fashion, and DIY segments).

Sector	Geo	Average number of deliveries per month	Average willingness to pay per month
Electronics	Norway	1,9	105,7 €
	Europe	2,2	80,3 €
Grocery	Norway	2,5	130,9 €
	Europe	2,3	78,3 €
Beauty & Cosmetics	Norway	2,5	76,9 €
	Europe	1,9	55,7 €
Fashion	Norway	1,3	87,0 €
	Europe	1,7	70,7 €
DIY	Norway	1,6	79,3 €
	Europe	1,7	52,1 €
Home Furnishing	Norway	Not asked	103,2 €
	Europe	Not asked	81,1 €

Fig.42

Spain

Currently, 45% of the survey respondents in Spain have a retail subscription, demonstrating a higher adoption rate than Europe on average (36%). By 2025, it's expected that 63% of the Spanish general population will have a retail subscription (+18 p.p. vs. '22).

2022 State of Retail Subscriptions: Spain vs. Europe (% of total sample)

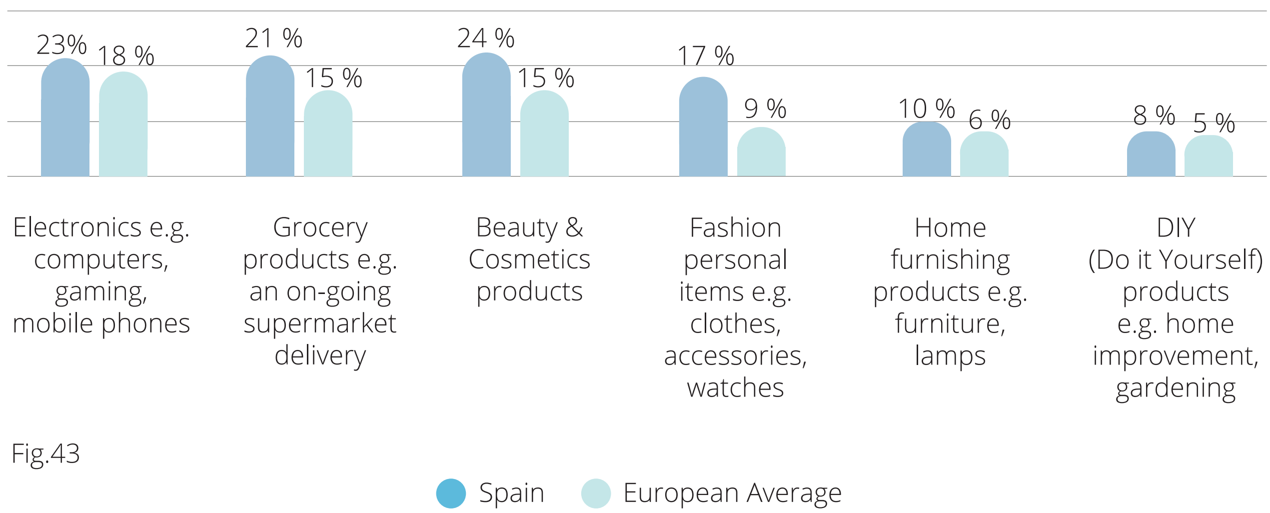


Fig.43

Beauty & Cosmetics is the segment with the highest current number of subscribers (24% of respondents), but Grocery is expected to see the highest growth, reaching an impressive 39% by 2025, followed by Electronics and Beauty & Cosmetics.

Spain vs. Europe: Current and 2025 Expected State (% of total sample)

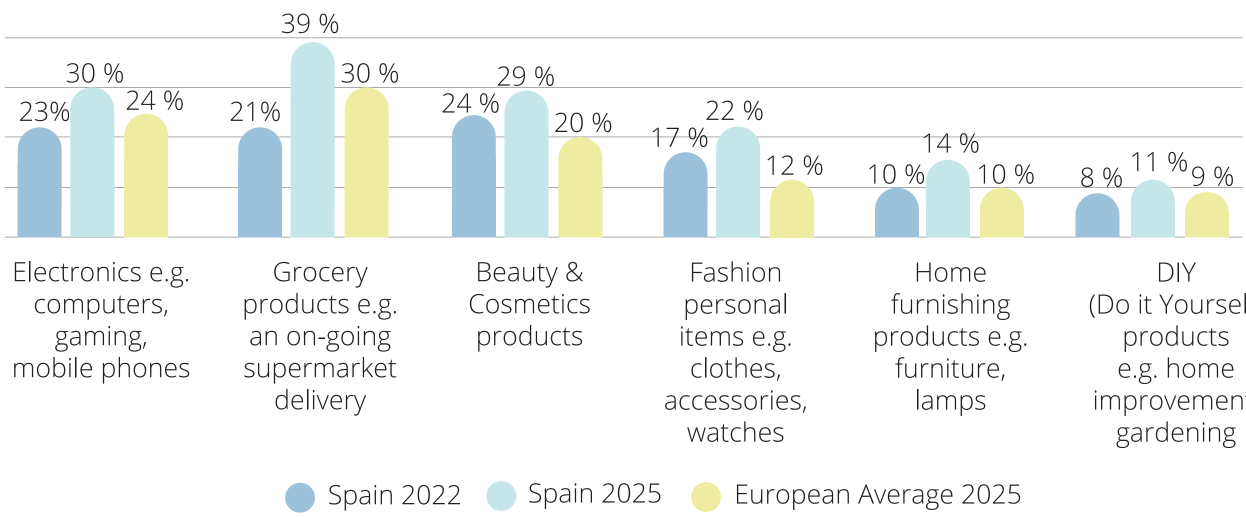


Fig.44

The membership model is undoubtedly the most popular among Spanish consumers, and is most preferred in the Electronics (66%) and DIY (64%) segments.

Sector	Geo	Curated Box	Replenishment Box	Membership
Electronics	Spain	N/A	34%	66%
	Europe	N/A	41%	59%
Grocery	Spain	23%	39%	39%
	Europe	18%	46%	36%
Beauty & Cosmetics	Spain	27%	35%	38%
	Europe	24%	39%	37%
Fashion	Spain	28%	33%	40%
	Europe	24%	38%	38%
DIY	Spain	N/A	36%	64%
	Europe	N/A	42%	58%
Home Furnishing	Spain	N/A	N/A	N/A
	Europe	N/A	N/A	N/A

Fig.45

Compared to the average European consumer, Spanish consumers are less willing to pay for subscriptions, the only exception being for Beauty & Cosmetics, for which they are willing to pay very slightly more (€56.10 compared to Europe's average of €55.70). Despite expecting to pay less, consumers in Spain expect higher average monthly delivery numbers when compared to consumers across Europe on average.

Sector	Geo	Average number of deliveries per month	Average willingness to pay per month
Electronics	Spain	2,6	69,3 €
	Europe	2,2	80,3 €
Grocery	Spain	2,3	63,0 €
	Europe	2,3	78,3 €
Beauty & Cosmetics	Spain	2,3	56,1 €
	Europe	1,9	55,7 €
Fashion	Spain	2,3	68,2 €
	Europe	1,7	70,7 €
DIY	Spain	2,2	56,7 €
	Europe	1,7	59 €
Home Furnishing	Spain	Not asked	69,7 €
	Europe	Not asked	81,1 €

Fig.46

Sweden

Currently, 38% of survey respondents in Sweden have a retail subscription, slightly above the European average. By 2025, this number is expected to reach 52%, with the strongest numbers in the Grocery (33%) and Electronics (26%) segments.

2022 State of Retail Subscriptions: Sweden vs. Europe (% of total sample)

Fig.47

Sweden vs. Europe: Current and 2025 Expected State (% of total sample)

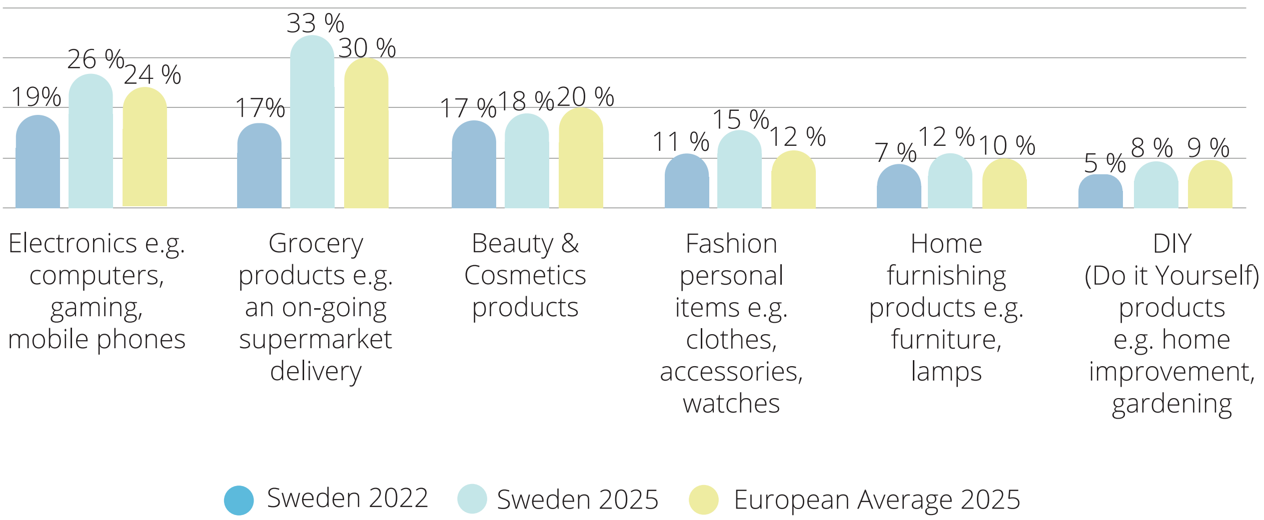


Fig.48

The membership model is most preferred by Swedes in almost every segment, with the strongest preference in the Electronics segment.

Sector	Geo	Curated Box	Replenishment Box	Membership
Electronics	Sweden	N/A	36%	64%
	Europe	N/A	41%	59%
Grocery	Sweden	17%	40%	43%
	Europe	18%	46%	36%
Beauty & Cosmetics	Sweden	24%	35%	41%
	Europe	24%	39%	37%
Fashion	Sweden	24%	38%	38%
	Europe	24%	38%	38%
DIY	Sweden	N/A	42%	58%
	Europe	N/A	42%	58%
Home Furnishing	Sweden	N/A	N/A	N/A
	Europe	N/A	N/A	N/A

Fig.49

Swedish consumers are generally willing to pay more per month on average for retail subscription, except in the Electronics and Fashion segments. They expect more or less the same number of deliveries per month as the European average.

Sector	Geo	Average number of deliveries per month	Average willingness to pay per month
Electronics	Sweden	2,0	80,1 €
	Europe	2,2	80,3 €
Grocery	Sweden	2,2	86,0 €
	Europe	2,3	78,3 €
Beauty & Cosmetics	Sweden	1,9	59,5 €
	Europe	1,9	55,7 €
Fashion	Sweden	1,4	66,6 €
	Europe	1,7	70,7 €
DIY	Sweden	1,7	62,2 €
	Europe	1,7	52,1 €
Home Furnishing	Sweden	Not asked	77,6 €
	Europe	Not asked	81,1 €

Fig.50

UK

Currently, 35% of survey respondents in the UK have a retail subscription, which is slightly less than the European average. While this trend is expected to reach 46% by 2025, it is still not expected to overtake the European average. Electronics and Grocery are expected to maintain their leads as the most popular segments in the UK market, increasing from 17% to 22% and 17% to 27% respectively.

2022 Current State of Retail Subscriptions: UK vs. Europe (% of total sample)

Fig.51

UK vs. Europe: Current and 2025 Expected (% of total sample)

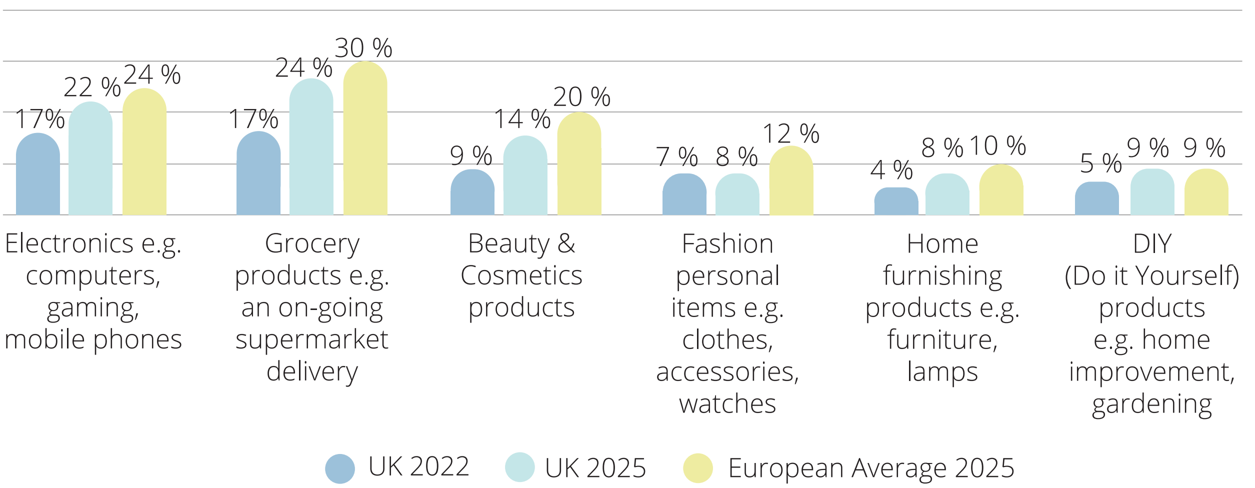


Fig.52

Among the three models, the membership model is the most preferred, with strong leads in the DIY and Electronics segments.

Sector	Geo	Curated Box	Replenishment Box	Membership
Electronics	UK	N/A	40%	60%
	Europe	N/A	41%	59%
Grocery	UK	15%	45%	40%
	Europe	18%	46%	36%
Beauty & Cosmetics	UK	23%	40%	37%
	Europe	24%	39%	37%
Fashion	UK	20%	34%	46%
	Europe	24%	38%	38%
DIY	UK	N/A	40%	60%
	Europe	N/A	42%	58%
Home Furnishing	UK	N/A	N/A	N/A
	Europe	N/A	N/A	N/A

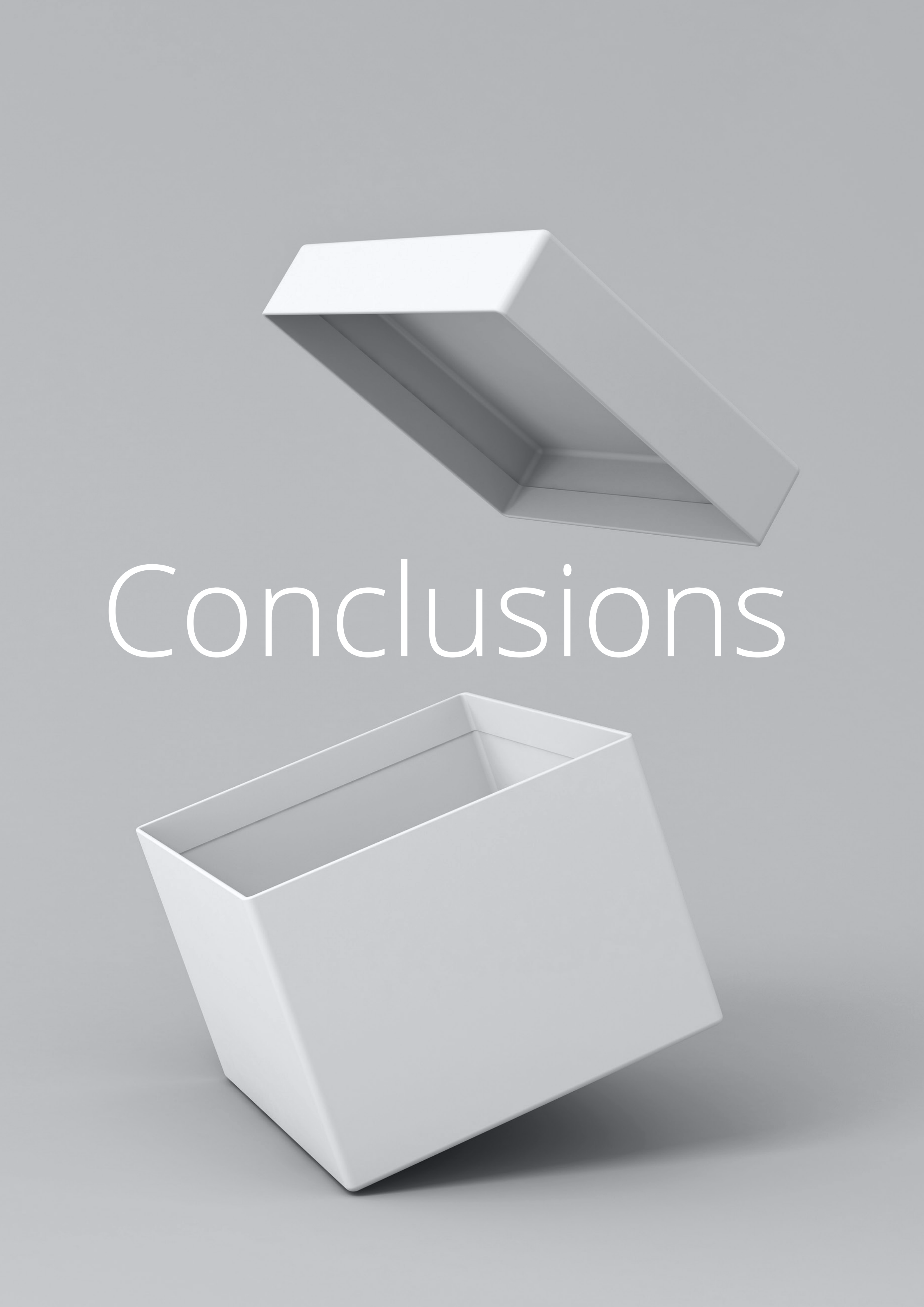
Fig.53

UK consumers expect very similar levels of monthly deliveries when compared to the European average, but their willingness to pay lags largely behind the European average in every segment.

Sector	Geo	Average number of deliveries per month	Average willingness to pay per month
Electronics	UK	2,3	60,6 €
	Europe	2,2	80,3 €
Grocery	UK	2,1	55,3 €
	Europe	2,3	78,3 €
Beauty & Cosmetics	UK	2,0	45,5 €
	Europe	1,9	55,7€
Fashion	UK	1,9	58,2 €
	Europe	1,7	70,7 €
DIY	UK	1,7	44,3 €
	Europe	1,7	52,1 €
Home Furnishing	UK	Not asked	64,7 €
	Europe	Not asked	81,1 €

Fig.54

Conclusions



Conclusions

WHY

The subscription model represents a win-win for both consumers and retailers.

Consumers can benefit from the convenience of an effortless and engaging experience, receiving what they need without wasting time on annoying or repetitive tasks; at the same time, they are saving money which can then be spent on more retail products, perhaps from the same segment group or from a new one.

Meanwhile, retailers can generate new revenue streams by capturing this large and fast-growing business potential by both capturing new consumers and maintaining current ones, in an effort to create long-term business interactions and relationships with their customers.

WHAT

Retailers have to effectively analyze and deeply understand their consumer base to identify the most fitting subscriptions models, e.g., curated box / replenishment box / membership, depending on the different segments' needs, pain points, and pain relief or from a new one.

HOW

In order to be successful in this market, retailers should create effective business models that leverage three main dimensions:

1. *VALUE PROPOSITION*: create appealing value propositions enriched by digital value-added services and supported by an extended ecosystem of partnerships with selected retail segments.

2. *EXPERIENCE*: design an engaging and seamless omnichannel experience to delight consumers, bring them into the service, and encourage them to make purchases across all the various channels and touchpoints.

3. *MONETIZATION*: select revenue streams to monetize the product servitization and digital value-added services, with the right price positioning to maximize the consumers' willingness to pay and related revenues.

WHEN

As illustrated in the report, retail subscriptions are already a clear reality at a global level, and rapid growth in this market is expected even in the short term (by 2025).

Retailers should consider this new business model to help gain a competitive advantage in their retail segment.

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About Deloitte Digital & Zuora

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ZUORA™

Zuora provides a leading monetization platform for recurring revenue businesses across all industries, enabling companies to unlock customer-centric business models. After starting with Zuora Billing in 2007, Zuora's award-winning multi-product portfolio now includes Zuora Revenue, Zuora Collect, and Zephr, a Zuora Company. Zuora serves as an intelligent hub that monetizes and orchestrates the complete quote to cash and revenue recognition process at scale. Through its industry leading technology and expertise, Zuora helps more than 1,000 companies around the world, including BMC Software, Box, Caterpillar, General Motors, Penske Media Corporation, Schneider Electric, Siemens and Zoom nurture and monetize direct, digital customer relationships. Headquartered in Silicon Valley, Zuora operates offices around the world in the U.S., EMEA and APAC. To learn more about the Zuora monetization platform, please visit www.zuora.com.

More at www.zuora.com

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