



Unlocking subscription growth with more offer, value and flexibility.

1. Executive summary

When Comeos (Belgium's federation for commerce and services) conducted their Convenience Survey 2023, they found that while physical shopping is historically embedded in Belgian consumer culture, now and then a majority of Belgian shoppers avoid physical stores for a variety of reasons, including price, crowds, and inconvenience. This leaves space for new retail models, like the subscription model.

To explore this space, in June 2024, Deloitte Belgium and Comeos collaborated on a consumer survey around this topic. Subscription models are where customers pay recurring fees for regular deliveries or access to products and services. They can include meal boxes, curated boxes, replenishment boxes, and memberships. The global subscription market was valued at \$31 billion in 2023, and significant growth is expected in the coming years.

In Belgium, **adoption remains rather low**, with only a small portion of respondents indicating that they already hold subscriptions. Younger generations and residents of Brussels are more inclined towards subscriptions generally. **Pricing is a key factor** in their decisions. Consumers exhibit varied preferences for subscriptions, with **food dominating**. Key motivations for subscribing include convenience, cost savings, and avoiding physical stores. However, barriers

prevent some consumers from subscribing, such as **lack of flexibility, transparency, and high prices**. A high potential continues for **meal boxes**, with a number of groups planning to boost their subscriptions.

The concept of Super Bundling, where multiple subscriptions are managed through a single platform, is gaining popularity. Notable examples include Revolut, Skipr, and Amazon Prime. Subscribers are willing to pay more for the convenience of consolidated services.

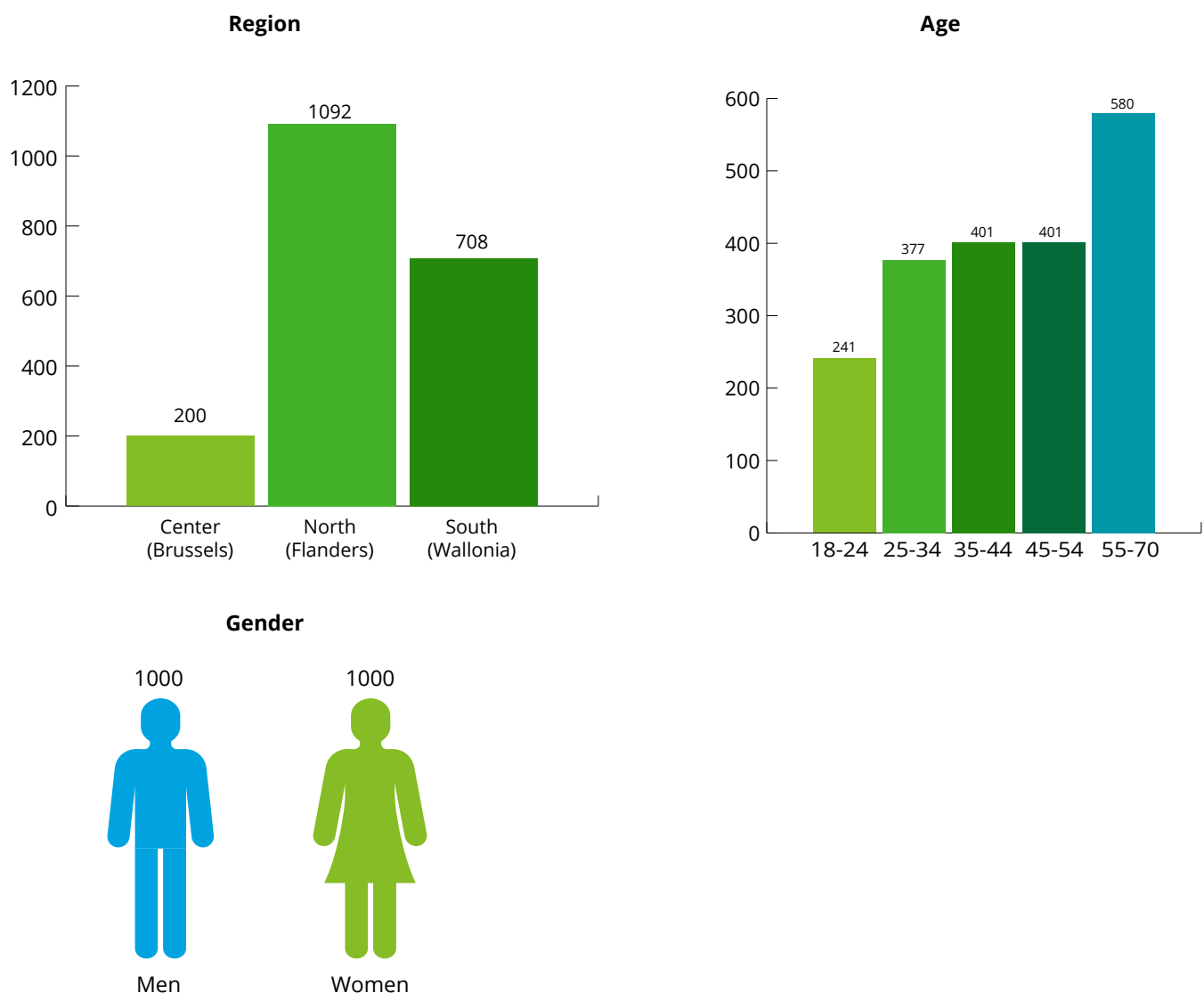
To thrive in the subscription market, retailers should start small, learn from customer feedback, adopt strategic approaches, and act swiftly to adapt to market changes. This proactive approach will help them establish a strong presence and meet evolving consumer demands.



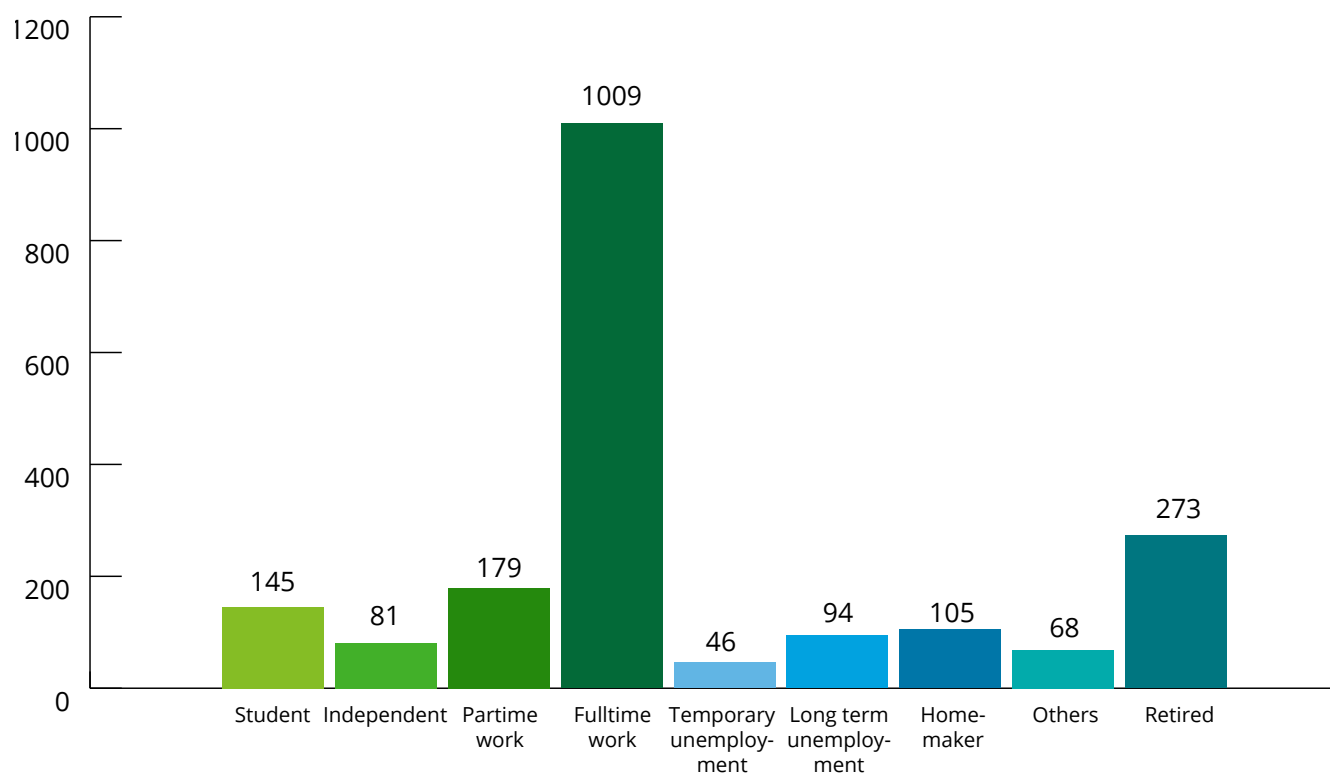
2. Survey & definitions

The 2024 consumer survey was conducted from June 18 to 24 in Belgium and was sent to 2,000 people representative of the general population between 18 and 70 years old. It was done using computer-assisted web interviewing (CAWI) on an Ipsos-owned panel. All interviews happened via a secure link on a secure website, adhering to all ESOMAR standards. All questionnaires were sent to potential respondents via e-mail, through a personalised link. This means that every respondent had a single, unique entry to the questionnaire and was only able to fill it out once.

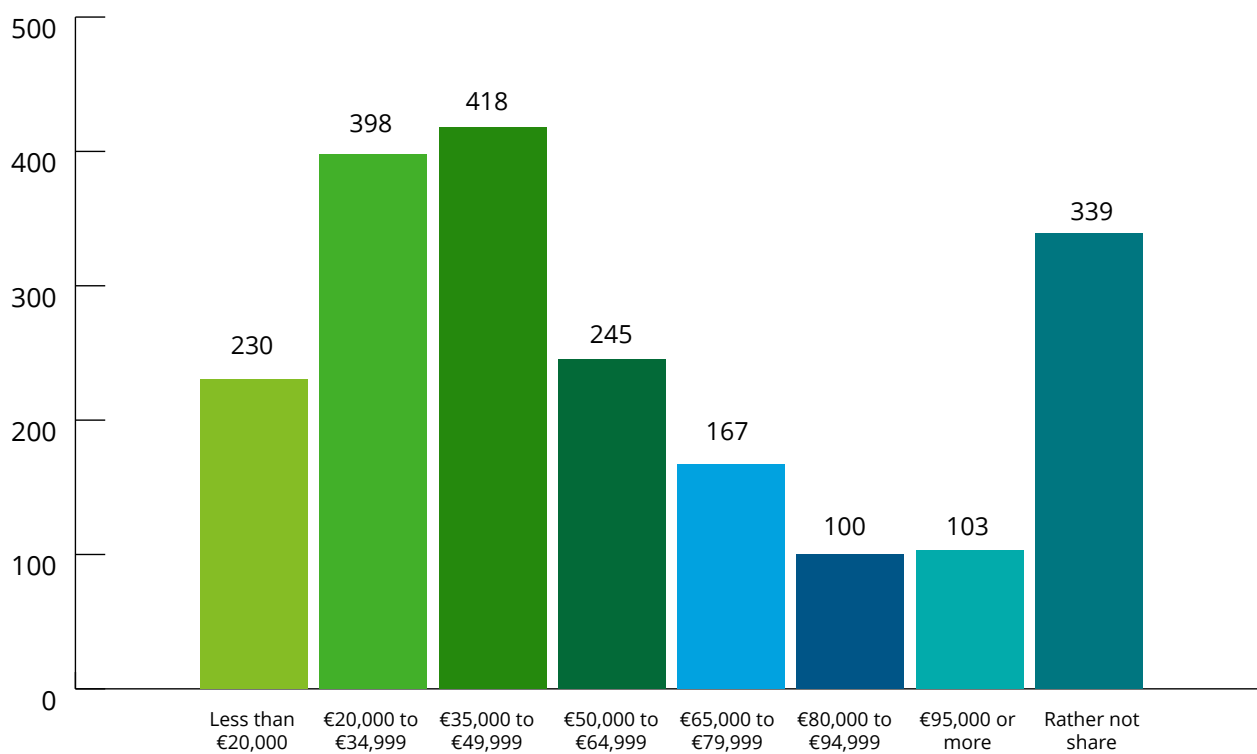
Demographics



Occupation



Household revenue



For the purposes of the survey, we used the following definitions. By subscription, we mean a sales model in which you pay a recurring fee to a seller, usually automatically through your bank account or credit card. In return, the seller provides regular deliveries or access to a product, along with extra services like tech support or repair, or shopping perks like discounts and better delivery options.

There are various types of subscription model, for example meal box subscriptions (you pay a recurring fee to get recipes and all the ingredients needed to cook them at home). Other

box subscriptions include the curated box (the seller picks the items – often based on trends or your past purchases – helping you discover new products) and the replenishment box (you choose items you need regularly, place a single order, and the seller delivers them at set intervals).

Finally, there are memberships: subscriptions where you pay a recurring fee to get better shopping terms and conditions, such as free products, improved delivery options, or discounts.

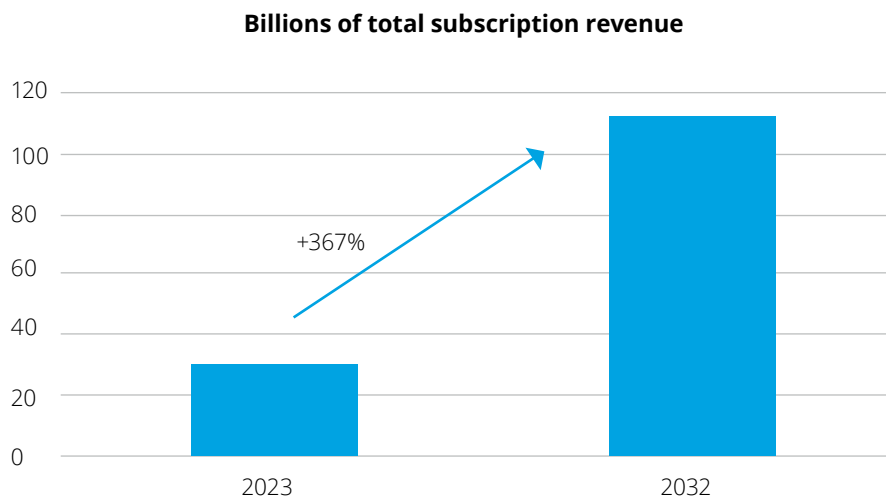


To increase customer loyalty, Delhaize recently launched its Delivery+ subscription programme providing unlimited delivery per month for its customers. They offer a three-month or annual plan, and different options for delivery dates, always ensuring customers get delivery on their preferred schedule. Moreover, above a certain purchase amount, customers get free goods. Even though the online sales are not yet profitable, Delhaize still believes that multichannel sale is key for future growth.

Source: Ahold Delhaize annual report 2022

3. Current situation and challenges

Introduction – Subscription models: an extra pressure on retail sales



In 2023, the box subscription model market represented \$31 billion revenue globally, and forecasts expect it to exceed \$145 billion globally by 2032. This shows the high potential for subscription models in the coming years, an industry shift Belgian retailers need to understand. Subscriptions can not only create recurring revenue streams for competitors, but can also divert spending away from traditional retail, which retailers need to be wary of. For large retail chains, staying competitive will mean adapting to changing consumer expectations for convenience and personalised experiences.

Subscription models started gaining traction some years ago and have since accelerated. Yet physical, in-store shopping is historically embedded in Belgian consumer culture: 96% of the 18–70-year-olds have shopped at traditional brick-and-mortar stores at least once (in the past six months). Among

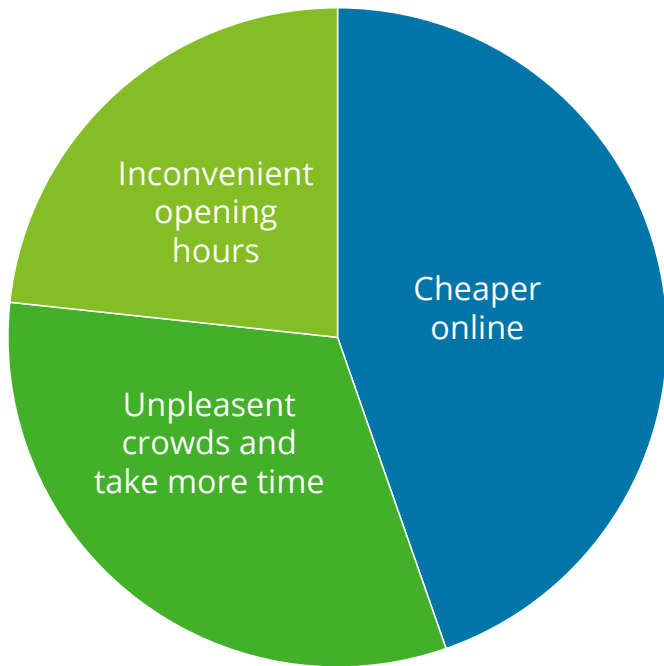
the different types of physical shops, shopping parks and roadside shops are visited less often than shopping centres and shopping streets in city centres.

However, the majority chooses to avoid physical stores now and then. In fact, 65% of respondents said they occasionally avoided physical shops (in the past six months). They do so for different reasons: 46% believe they can buy cheaper products online, 33% find crowds in stores unpleasant and think physical shopping takes more time, and 24% find the opening hours inconvenient.

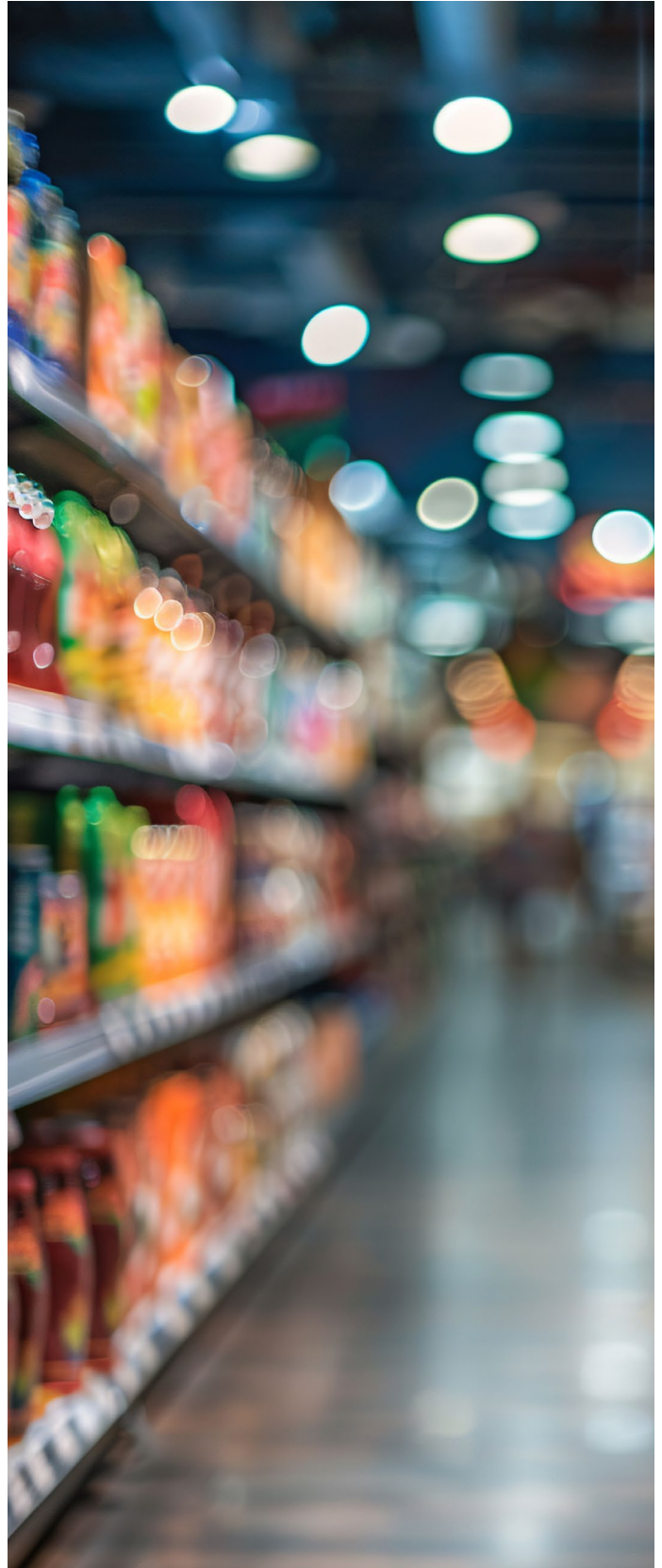
Retail subscription models are already taking hold around the world, demonstrated by the fact that +35% of global consumers have at least one active retail subscription.



65% avoid physical shops occasionally¹



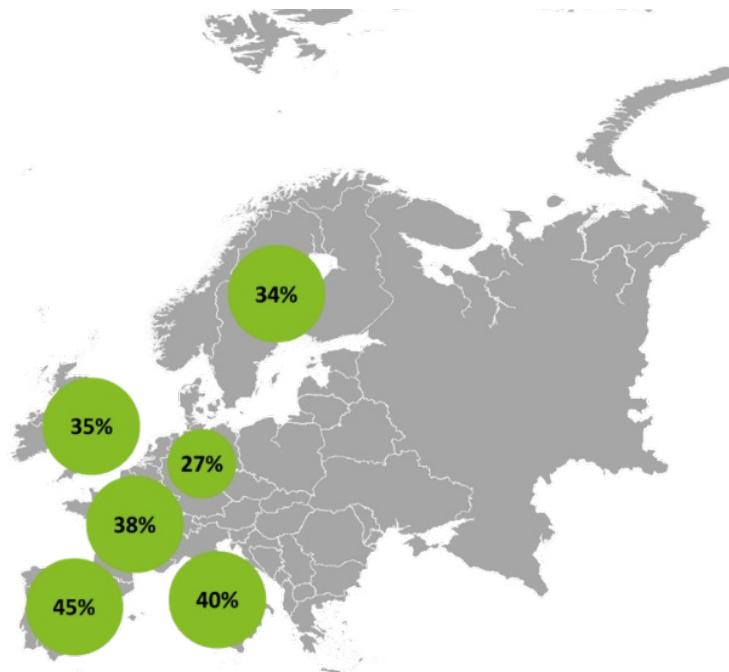
On the global stage, the young cosmetic company Wild is pursuing growth in a more sustainable beauty industry with its refillable products and subscription-based approach. Customers have the choice to buy a bundle with case and refill, only refill, or only cases. Then they choose to only buy once or subscribe to receive their preferred refill on a regular basis. The subscription allows the customer to both save money and never run out of products. The plan can be customised by selecting product types and quantity, and subscription frequency.



¹ Comeos – Convenience Survey 2023 – The Belgian consumer/shopper in search of affordable convenience – 14 November 2023

4. Research key facts

What's happening in Europe? Trends in subscription models²
Compared to numbers of American subscribers, European consumers appear to be lagging behind. We also see differences in adoption rates within Europe depending on the retail segment category. Electronics has the highest percentage of subscribers (19%), followed by grocery (17%), and finally beauty and cosmetics (15%).

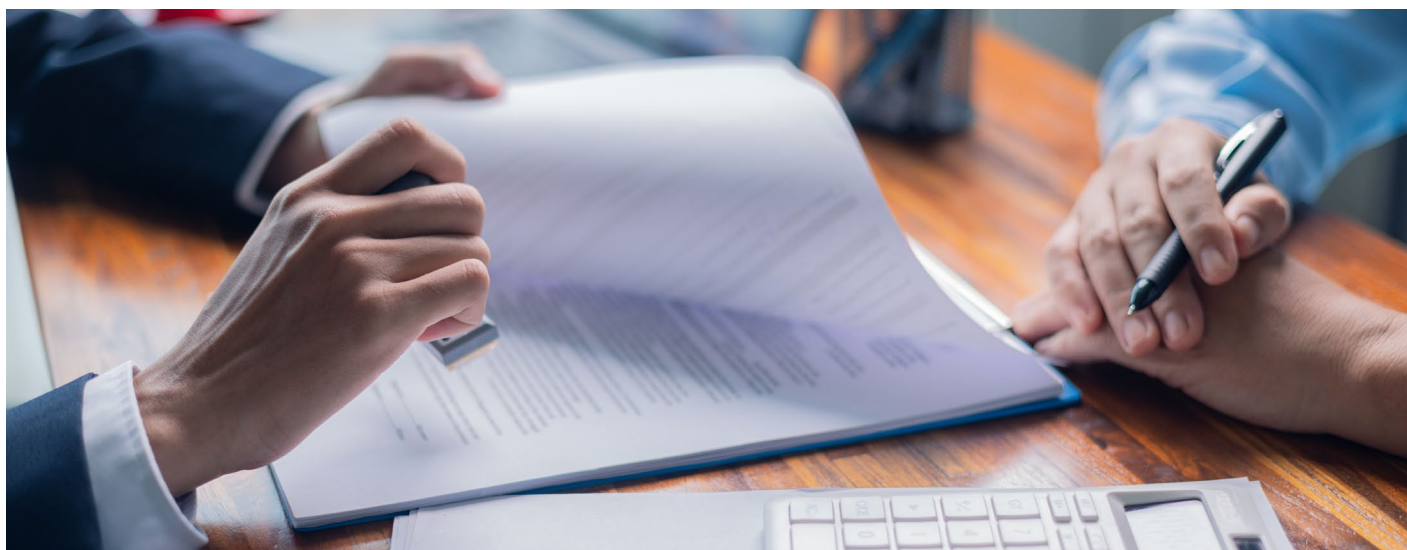


46%

Holding at least one membership

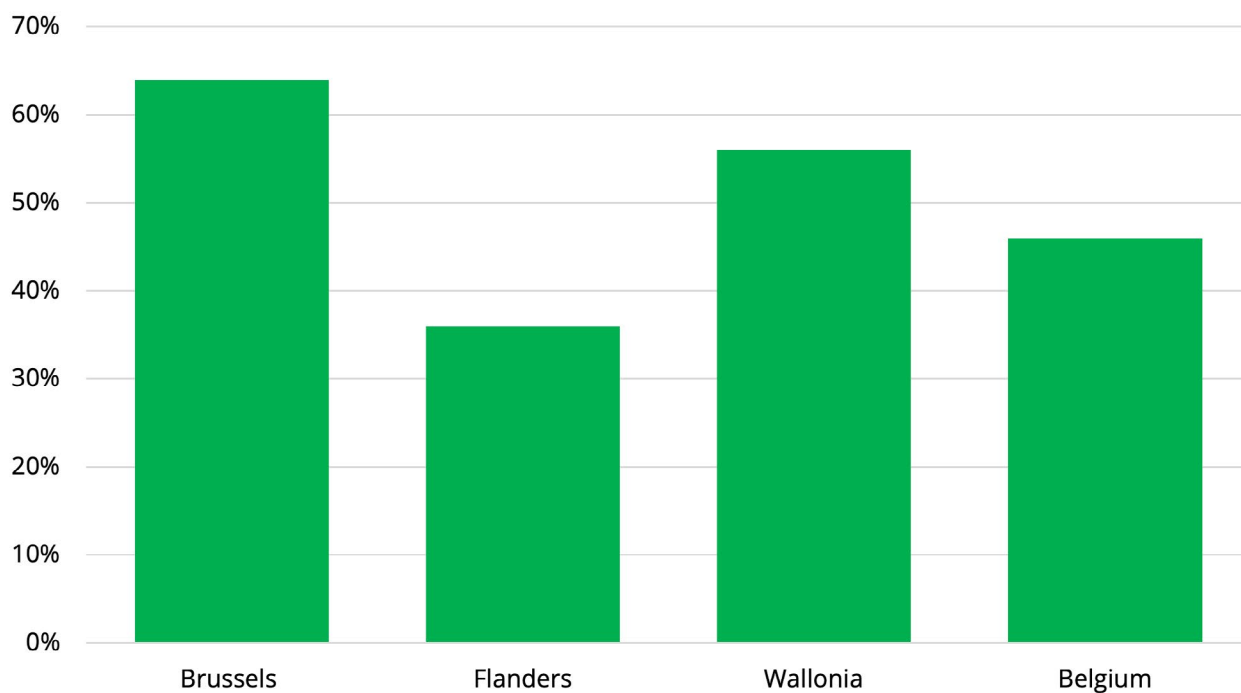
Adoption is still rather low

Overall, only a small portion of respondents indicated that they already hold subscriptions. The most popular are memberships, with 46% of respondents reporting they hold one. The highest adoption rates are seen in Brussels and among the younger generation (18-24), with no significant differences across household income levels.



² Deloitte & Zuora – Retail Report: Subscription business, present and future of subscription in the Retail sector - 2022

% Respondents with a membership



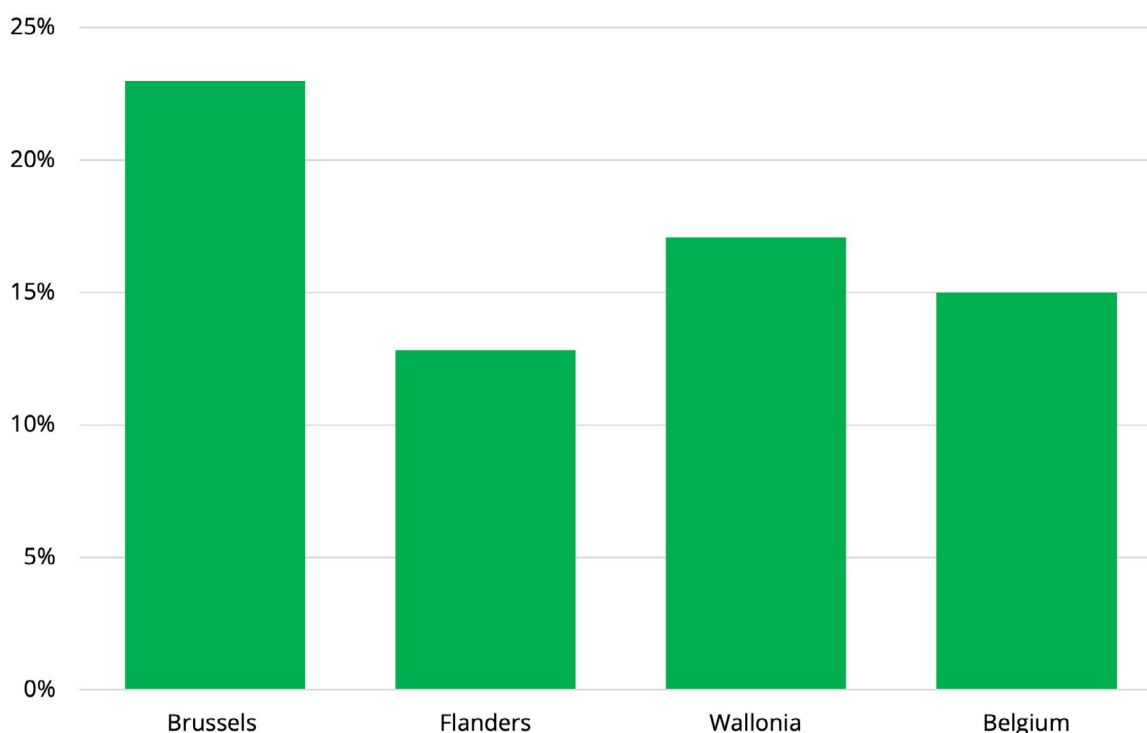
For boxes, these percentages are 15%, 10% and 6% for meal boxes, curated boxes and replenishment boxes respectively.



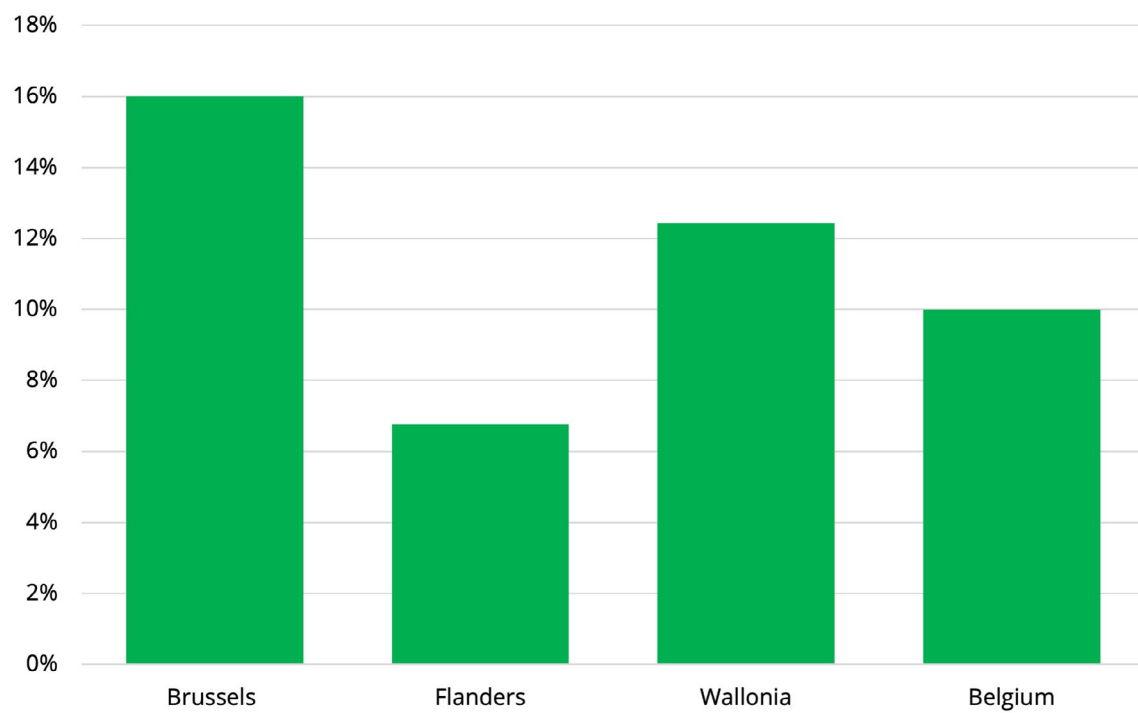
15%

Holding box services
subscription

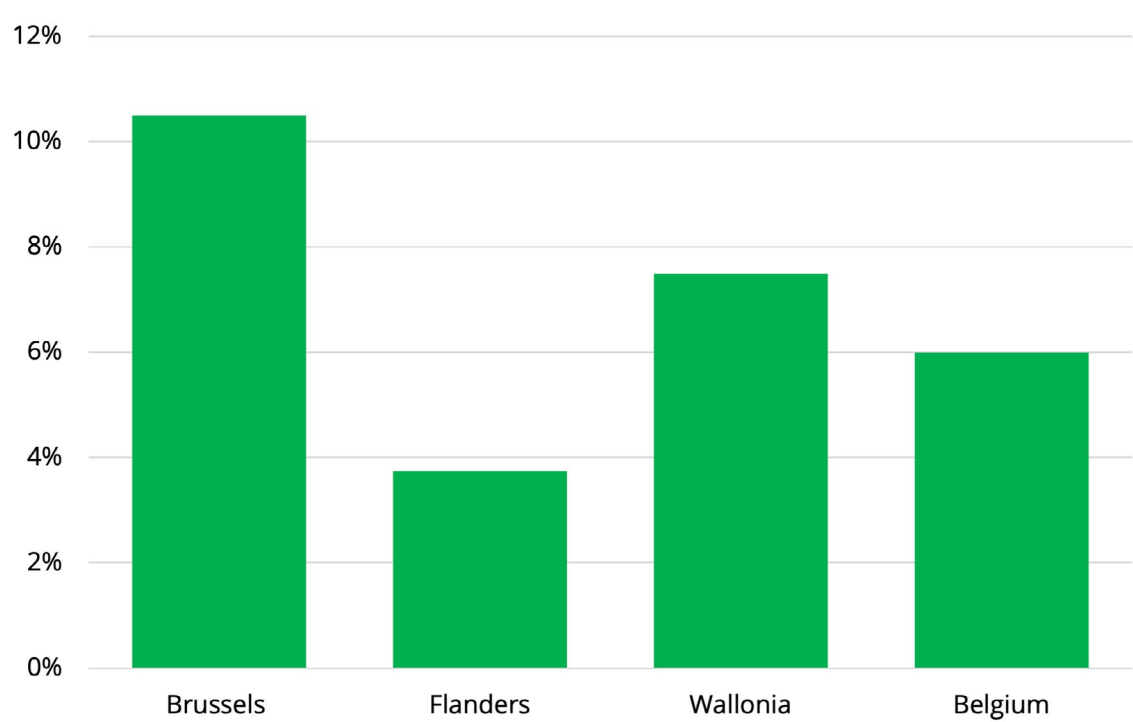
% Respondents with a Meal Box subscription



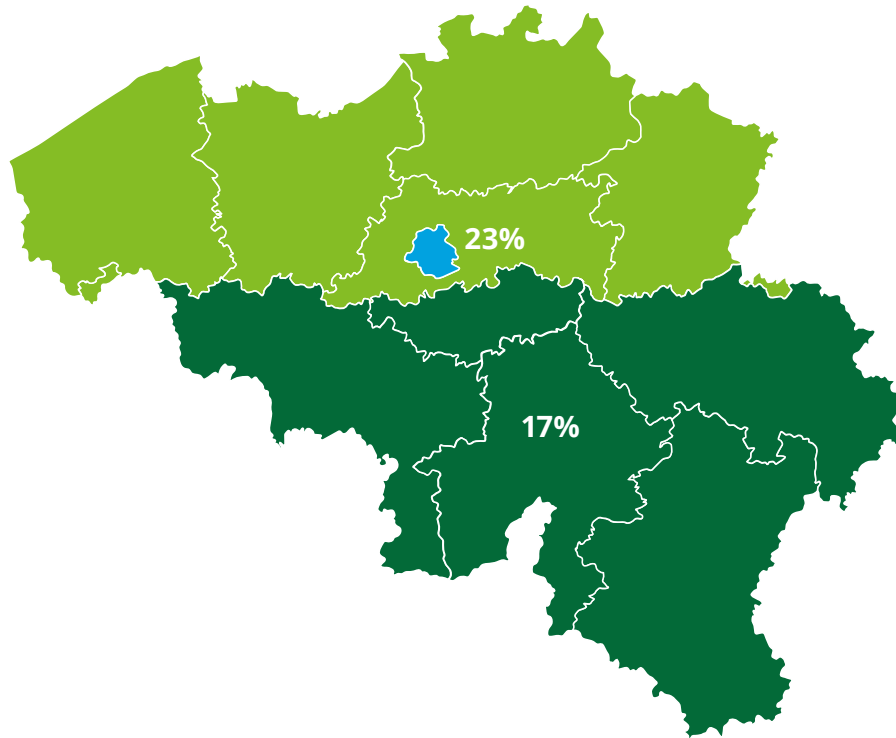
% Respondents with a curated box subscription



% Respondents with a Replenishment box subscription



All types of subscriptions seem to be relatively unpopular in Flanders, and their popularity seems to decline with age. There are higher adoption rates in Brussels (23%) and Wallonia (17%).



“There is still untapped potential for subscriptions in Belgium. Educating customers about the benefits is crucial for achieving success.”

Kristof Delhez, Senior Sector Manager Platforms/Delivery/Digital Innovation, Comeos

The most fervent adopters seem to be those under 25. Adoption rates in this age bracket are 18.7%, 7.5% and 82% for curated boxes, replenishment boxes and memberships respectively. For durable goods specifically, 65% of respondents indicate they are unaware of any existing subscription options, a trend which is more pronounced in Flanders and among the younger population. This might be an indicator of a general lack of awareness of subscription models, or that these formulas are not being marketed well enough, meaning there may still be untapped potential for subscription providers.

On the other hand, it is worth pointing out that people who are already subscribed seem to adopt multiple subscriptions at once: subscribers to curated boxes hold 1.65 subscriptions on average, whereas for replenishment boxes the average is 2.14.

Pricing is key

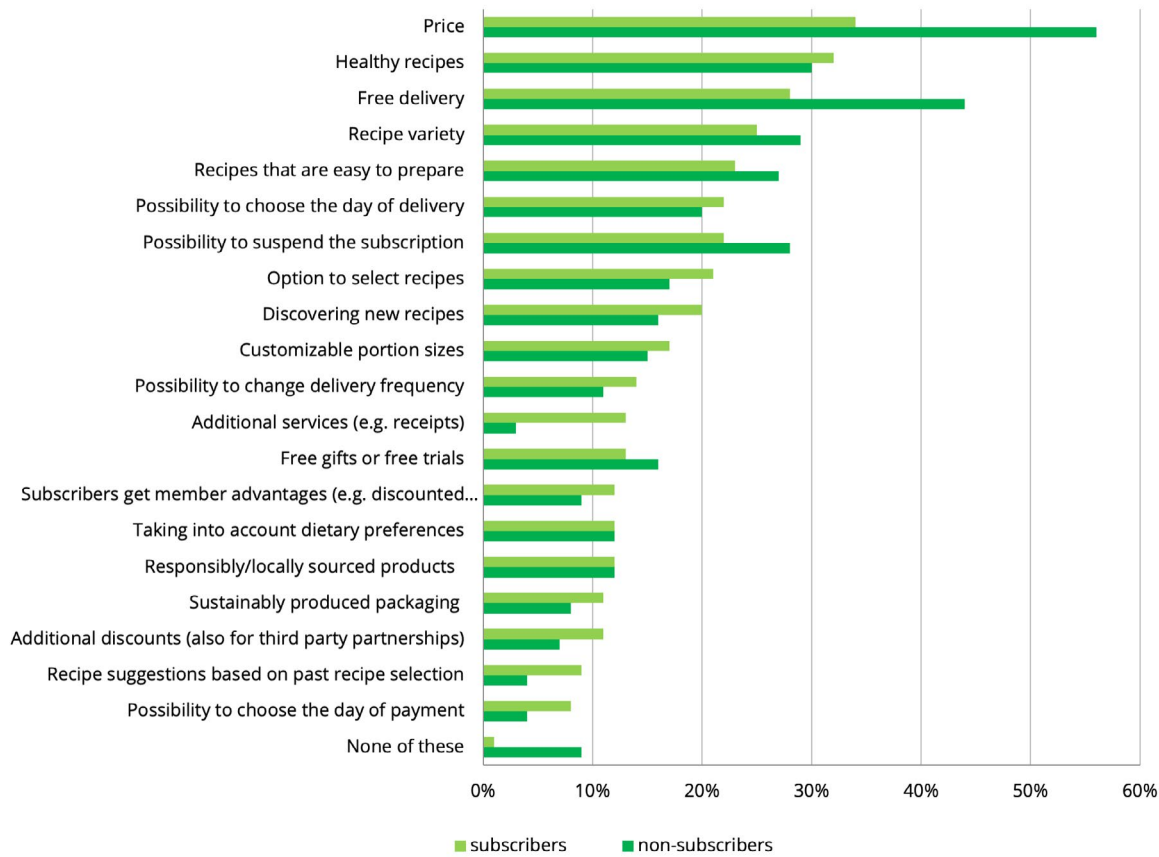
Subscription price is indicated as a top-ranking feature of subscription models by a noticeable majority of respondents, regardless of subscription type, gender, age or region. This holds

true for both respondents who already hold a subscription and those who don't. Moreover, the most common answer to why respondents subscribe to a meal box is that it saves them money.

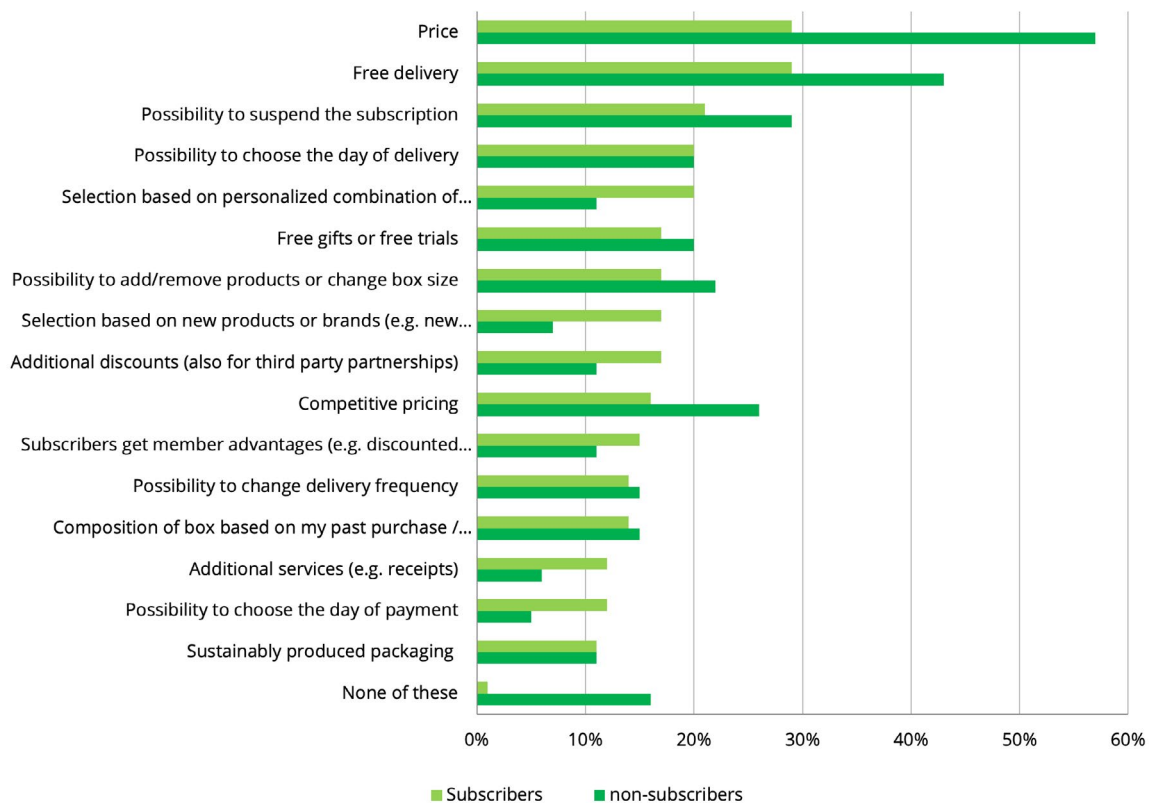
For those who have unsubscribed, the most mentioned reason is that the subscription was too expensive. Participants were also asked, if they were to subscribe to a box for certain categories of goods, they would expect the value of the items in the box to be higher, equal to or lower than the price they would pay for the box. The answers indicate that roughly 84% expects the value of the items to be higher than the price of the box, a result that persists across different categories. This indicates that ensuring competitive pricing should be a top priority for those considering introducing new subscription models.

It's interesting to note that personalisation features, such as recipe suggestions based on past selections, are not highly valued by consumers. Additionally, sustainably produced packaging is not considered a key criterion when choosing a meal box subscription.

Most important features of a meal box subscription (% positive responses)



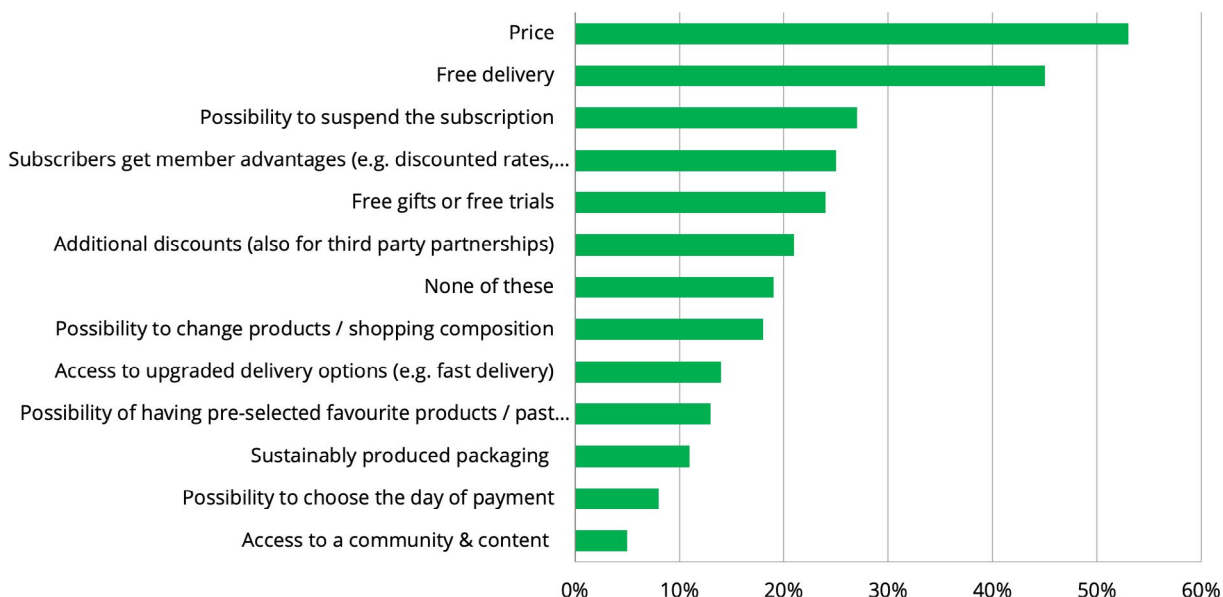
Most important features of a box subscription (except meal boxes, % positive responses)



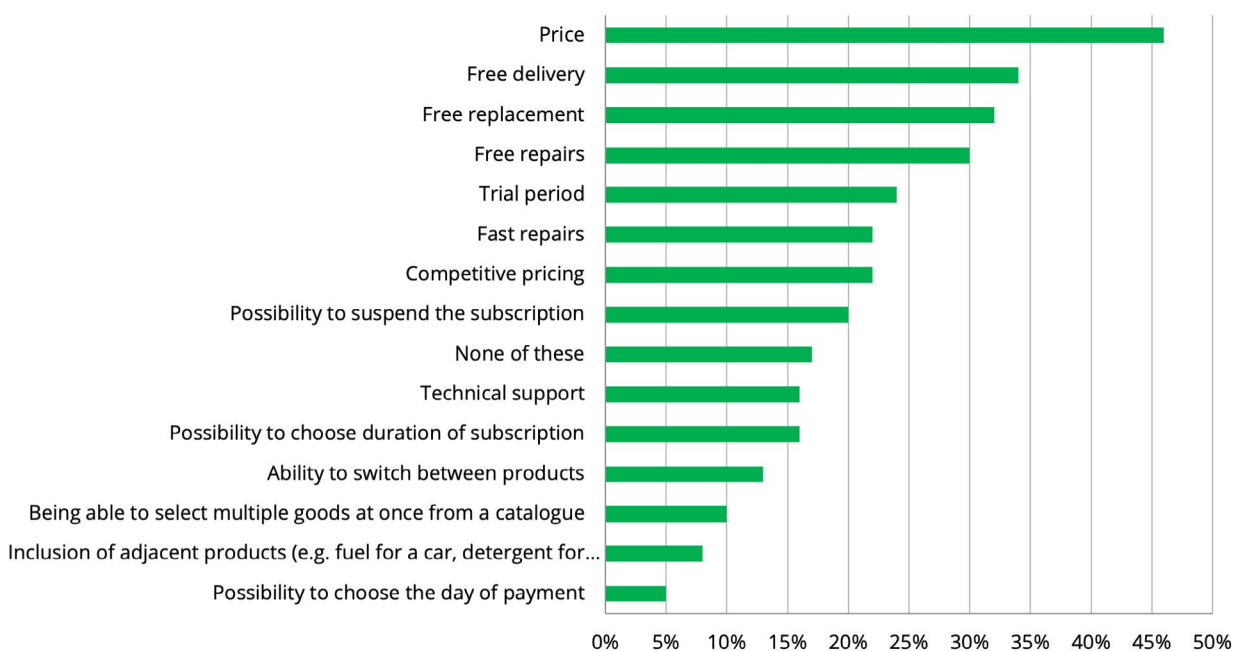
“Subscribers find the price of a box less important than non-subscribers because they experience the value and convenience it offers. To improve subscription adoption, retailers must focus on communicating the differentiated value proposition.”

-Kristof Boodts, Senior Director, Monitor Deloitte

Most important features from a membership (% positive responses)



Most important features for a durable goods subscription (% positive responses)



Food seems to dominate

Among subscribed respondents, food and personal care rank as the top categories of goods to include in a box, although there is some variation between age groups. The 18-24 demographic prioritises curated boxes for clothing, personal care, and leisure. In contrast, those aged 25-54 also favour food subscriptions, while the 55+ group increasingly focuses on food and drink, deprioritising clothing and leisure options.

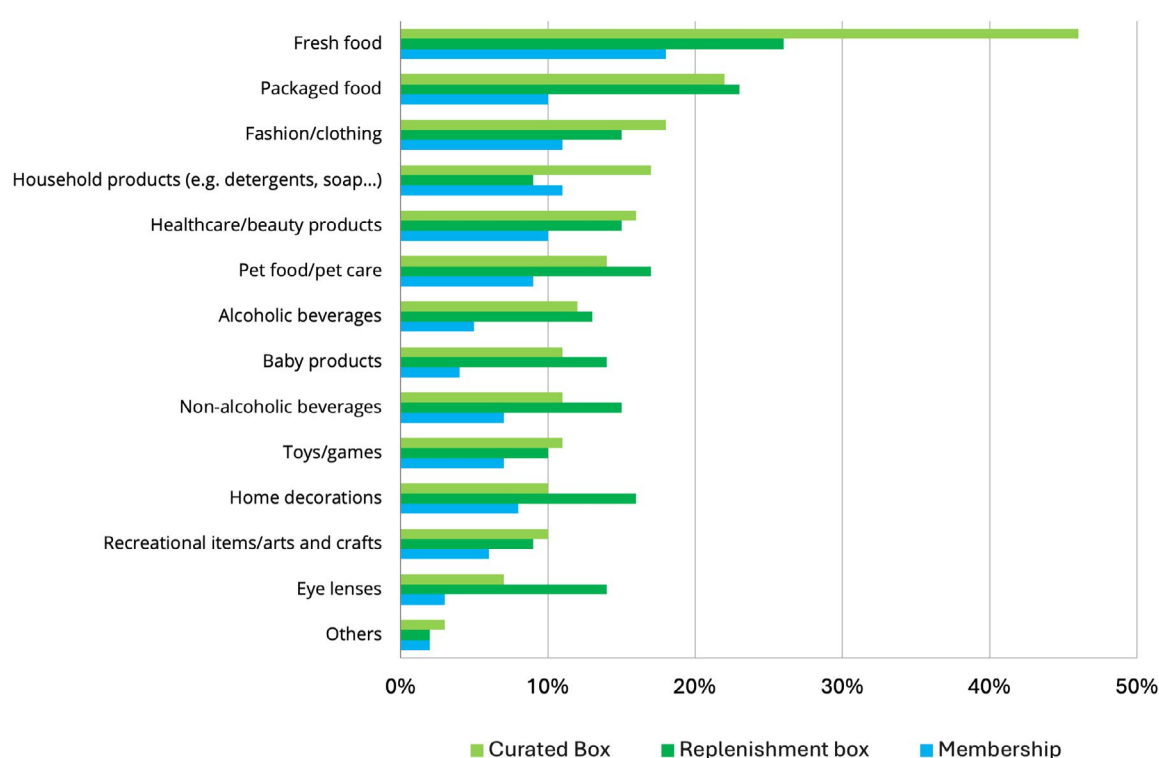
Meal boxes are the most popular type of box subscriptions. But subscribers to curated or replenishment boxes also mention fresh food (46% and 26% respectively) and

packaged food (22% and 23%) as products included in their box. (Alcoholic beverages are mentioned by 12% and 13% respectively, and non-alcoholic beverages by 11% and 15%).

Lower-income households also tend to subscribe to replenishment boxes for essential goods like food and beverages, while higher-income households are more likely to spend on discretionary items, such as pet care and leisure activities.

As for memberships, fresh food is the most popular category across different groups.

Most popular categories per subscription type (% subscribers with one subscription for categorie x)



Reasons for not subscribing vary

Households cite widely different reasons for not getting certain goods through subscriptions. The most commonly cited (for households already holding subscriptions) are wanting to buy more flexibly, worry about unexpected price increases, and wanting to know exactly what they are buying. Although the spread is very even, there are noticeable differences across categories.

In Brussels, for those aged 18-24, and for those in high-income households, the most cited reason is the lack of a trial period. For those aged above 55 and for medium-income households, the most cited reason is they don't use the products often enough to consider a subscription. Finally, in Wallonia the most cited reason is sustainability concerns.

For households without subscriptions, the most cited reasons are they don't want to be tied to a recurring purchase, or they expect it to be too expensive.

Two outstanding questions remain: What motivates Belgian consumers to subscribe? And what deters them from doing so? There are a number of factors at play.

Convenience considerations (such as time and cost savings), as well as avoiding trips outside the home are what drive subscription sign-ups. In Brussels, one in four people also consider sustainability when choosing new memberships. Higher-income households, particularly those influenced by lockdown experiences, find these subscriptions especially convenient.

Both subscribers and non-subscribers consider lack of flexibility a key reason not to engage in a subscription model. Hurdles preventing people with existing subscriptions from purchasing new ones include lack of transparency, limited flexibility, and high prices.

“Worldwide it appears that people want to subscribe in a flexible manner, which this study confirms as well. Suppliers will need to adjust their offer accordingly. “

-Peter Snoeckx

Although the spread is very even, there are noticeable differences across categories. Many in Brussels (26%) and those aged 18-24 (21%) cite the absence of a trial period. Those in high-income households also cite this reason most often. Additionally, this group emphasises the need to test if a subscription fits their needs.

For those aged above 55, and for medium-income households, the most cited reason is they don't use the products often enough to consider a subscription. Finally, in Wallonia the most frequent reason (20%) is that subscriptions are viewed as less sustainable.

Specifically for households without subscriptions, the most cited reasons for not subscribing are they don't want to be tied to a recurring purchase, or they expect it to be too expensive.

What about the decision to unsubscribe? Both subscribers and non-subscribers agree that the main reasons would be pricing issues (lack of transparency), a mismatch between expectations and the service provided, and infrequent use of the products.



CONVENIENCE

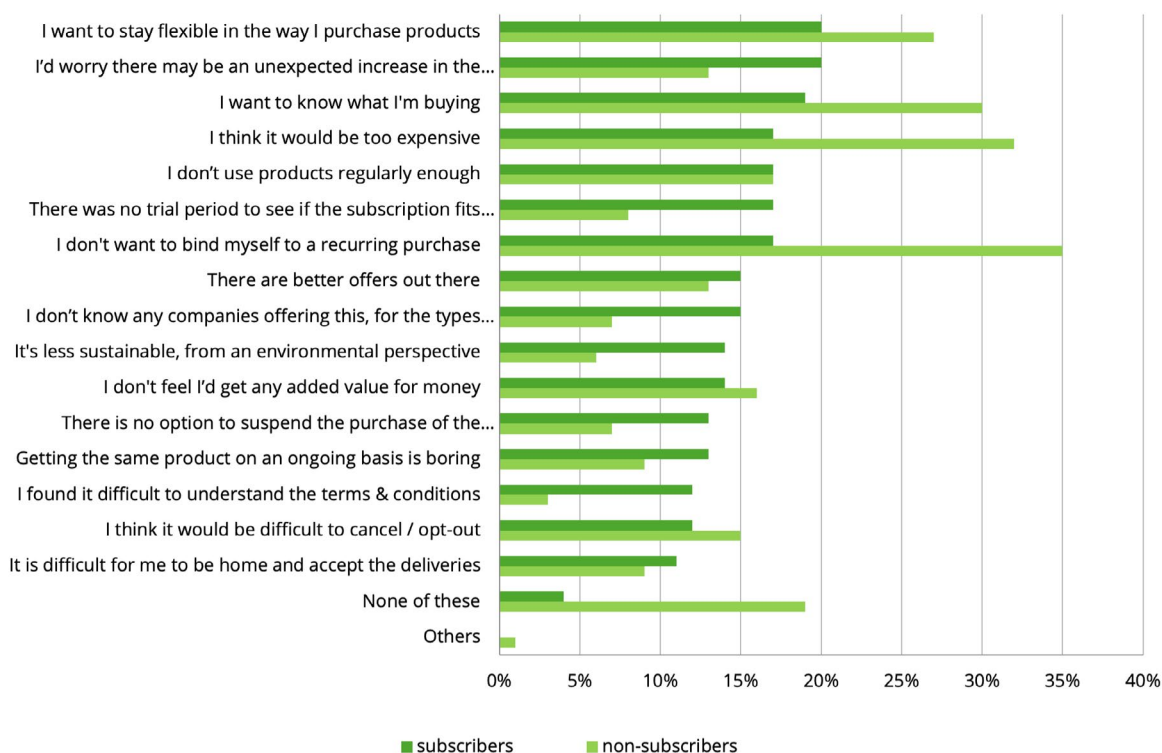


FLEXIBILITY



PRICE

Reasons not to subscribe (% positive responses)



The potential of meal boxes

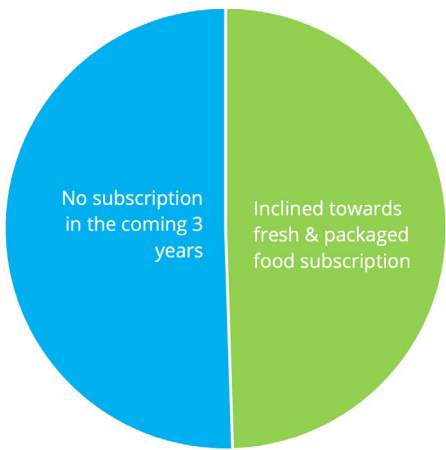
Looking ahead three years, 61% of people expect to maintain their current number of subscriptions and memberships. Most notably, 43% of 18-24-year-olds anticipate increasing their subscriptions, whereas around 30% of respondents in Brussels and Wallonia, those aged 25-54, and high- and medium-income households expect to hold more subscriptions. Respondents above 55 are the most bearish: 18% expect to hold fewer subscriptions.

- Anticipating their actions over the next three years, subscribers tend to go for more discretionary subscriptions while those without a subscription choose less discretionary ones.
- In three years, all groups expect to maintain subscriptions for fresh food, electronics, and products sold directly from

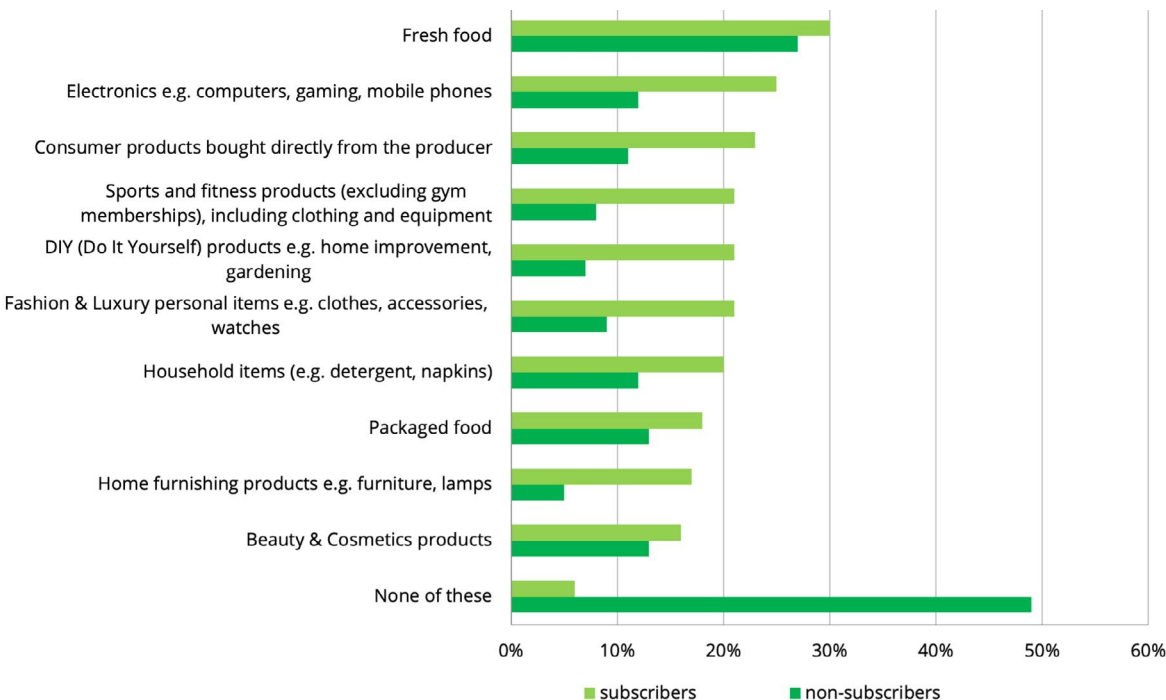
the producer (30%, 25% and 23% respectively), although other categories do not lag too far behind.

- Other notable top-ranking answers are DIY products in Flanders and Wallonia (22% in both regions), household articles for the 18-24 group (32%), sport and fitness products (except gym memberships) for those 25-54 (24%), and fashion and luxury products for respondents 55 and up (24%). Most markedly the high-income respondents rank fashion and luxury, DIY, and sports and fitness products as their top three at 29%, 25% and 25% respectively.
- Among those currently not subscribing, 49% do not anticipate subscribing within the next three years, while the other 51% are inclined toward fresh and packaged food subscriptions.

Forecast among people without any current subscription



Expected subscriptions in 3 years' time(% positive responses)



5. A subscription future: the way forward

Act now and adapt

The Belgian subscription box and membership market is a fast-growing sector, encompassing both food and non-food products. It is not limited to only local offerings. It enables a significant increase in customer loyalty. It capitalises on the trend towards convenience, making it an attractive option for modern consumers.

To embrace those industry changes, retailers need to act now and adapt. Otherwise, they risk losing out on this opportunity. For membership and subscription formulas to succeed these are the factors to pay attention to.

01. Half of the population believes that the value of items in subscription boxes is roughly equal to the price paid. However, 84% expect the value of goods to be equal to or greater than the price if they were to subscribe to a box, highlighting the importance of perceived value in driving subscription decisions.
02. Price and free delivery consistently rank as top priorities for both subscribers and non-subscribers, regardless of age, region, or income. Box subscribers particularly value loyalty rewards and flexible delivery options, while sustainability in packaging is not a priority. Similarly, non-subscribers share these preferences, with 25% expressing interest in box subscriptions if competitively priced. In the membership demographic, sustainably produced packaging and the option to choose the day of payment are of least importance.

There is still a lot of untapped potential for subscriptions, and replenishment boxes in particular. However, with the current low number of customers, fewer firms will be interested in investing in such a model. Bucking the trend would create an interesting first-mover advantage. For this, a subscription provider would

need to devote sufficient attention to informing the public about the benefits of subscribing versus purchasing, the options to pause, stop, upgrade or downgrade the subscription, and how subscriptions can also be sustainable and environmentally friendly. This kind of flexibility is the key to success.

The potential of Super Bundling

It also appears that subscribers would be willing to spend more on subscriptions overall if an all-in-one subscription platform were available. This is referred to as Super Bundling. Consolidated subscription management would be simpler while giving subscribers more control over their spending in a difficult economic climate. With such a platform almost half of subscribers (46%) would spend more time engaging with their subscriptions and 40% would also sign up for more services.

As in the US and Australia, European subscribers want telcos to offer these all-in-one content hubs – and they're willing to pay for it. Over a third of subscribers (38%) would pay a higher mobile or internet bill if a package of popular subscriptions was automatically included, with 35% willing to pay an extra 25% or more. This is where Super Bundling offers a clear path forward. It allows telcos to offer subscribers access to potentially hundreds of content providers via a subscription "hub" manager – with a single monthly payment.

The Super Bundling solution is a win for all players. Telcos, subscription services and content providers can capitalise on improved customer satisfaction and the resulting gains in growth and retention, while subscribers can finally have a better way to manage – and enjoy – their subscriptions. What's exciting is that the possibilities for these all-in-one subscription platforms – how they look, feel and what they include – are practically limitless.



01. KBC, a Belgian bank, offers a KBC Plus Account that goes beyond standard banking services, bundling features such as insurance, budgeting tools, digital payment solutions, and public transport. The account integrates various financial services and lifestyle benefits, allowing customers to manage different aspects of their financial life within one package. A feature called KBC Deals also offers personalised discounts and cashback offers, creating a more comprehensive financial solution.
02. Skipr provides solutions for corporate mobility management in Belgium. It aims to make commuting easier and more sustainable by integrating different mobility services into a single platform, facilitating flexible and eco-friendly travel. It allows companies to offer employees various transportation options, including public transport, shared bikes, e-scooters, car rentals, and even taxis – all through one app.
03. Walmart+ Membership is a paid membership that combines Walmart services, like for example free delivery for different types of products, together with subscriptions to streaming services (Paramount+), and different types of savings, on Walmart products as well as savings with fast food restaurants (Burger King). Members pay an annual or monthly fee to sign up to Walmart+.

“Having a trusted party offer super bundling is an advantage. This could be a bank or a telco, although well-known retailers could also fill this role.”

-Peter Snoeckx

How to get there

To succeed in the subscription and membership market, you need to adopt a strategic approach.



01. Start Small: Begin with a limited product range, or offer to manage resources effectively and minimise risks. This allows for focused attention on quality and customer satisfaction.
02. Start Learning: Continuously gather and analyse customer feedback and market data. Understanding customer preferences and behaviour is crucial for refining offerings and improving service.
03. Start Strategic: Focus on understanding and meeting customer needs. Tailor your offerings to address the specific pain points and desires of your target audience.
04. Start Now: The market is rapidly evolving, and early entry can provide a competitive edge. Immediate action allows you to establish a presence, build brand recognition, and adapt to market changes swiftly.

By following these steps, you can position yourself for long-term success in this rapidly growing market.

6. About Deloitte & Comeos

Deloitte

Deloitte technology has profoundly changed business as we know it, and Deloitte Digital helps take advantage of these changes. Deloitte Digital services help extend a customer-oriented approach to all business levels – from strategy to execution. Deloitte Digital combines the strength of Deloitte, undisputed internationally, in the area of business transformation and digital transformation with the skills of a digital agency of excellence.

Specifically, our Consumer practice is collaborating with our clients and alliance relationships to reach a deeper understanding of consumer industry trends and the values and demands of the customer. Our purpose is to help the world's most forward-thinking consumer companies fuse profit with purpose, become better corporate citizens, ardent advocates for a stronger planet, and forge more meaningful relationships with their customers, employees, and communities.

More at www.deloittedigital.com.

Comeos

As Belgium's federation for commerce and services, Comeos represents, supports, and strengthens key players in the sector. With over 550,000 people employed and every Belgian as a customer, commerce and services form the backbone of our economy. As the largest private employer, this sector is crucial for economic growth and innovation.

The landscape is evolving rapidly. Omnichannel commerce seamlessly integrates physical and online shopping, while both meal deliveries and meals in restaurants play an increasing role in consumer habits. This dynamic environment underscores the sector's pivotal societal role.

Comeos is committed to tackling today's challenges with tangible initiatives. These include fostering employment and career development, promoting balanced nutrition, improving packaging recycling, making last-mile logistics more sustainable, and supporting local e-commerce.



7. Contacts

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