

SUBSCRIPTION SERVICES: PROBLEMS AND DEVELOPMENT

Lobach, O.V., Vernyhora, R.R.

National Technical University «Kharkiv Polytechnic Institute», Kharkiv

Subscription services, also known as ‘subscription services’, ‘subscription-based services’ or ‘subscription models’, have become a popular business model in recent years. These services offer consumers access to goods, services or content for a regular fee, usually monthly or annually. According to a study by Statista, the global subscription services market reached \$476.4 billion in 2023 and is expected to reach \$684.7 billion by 2025 [1].

Subscription services offer a number of benefits for both consumers and businesses. For consumers, they can provide convenience, accessibility and cost predictability. For example, a study by Zuora found that 65% of consumers believe that subscription services make their lives easier [2].

For businesses, subscription services can provide a steady stream of revenue, customer loyalty, and valuable customer data. For example, a study by McKinsey & Company found that businesses with subscription services are 50% more likely to have their customers stay with them and 80% more likely to sell them more products or services [3].

However, subscription services also face a number of challenges. For consumers, they can be difficult to track and cancel, and can lead to excessive costs. For example, a study by Accenture found that 40% of consumers have at least one subscription that they do not use [4].

For businesses, subscription services can be costly to launch and maintain, and can be prone to high levels of customer churn. For example, a study by ChurnZero found that the average churn rate for subscription services is 7% [5].

Subscription services continue to evolve and adapt to the changing needs of consumers and businesses. The rise of personalisation, flexibility and hybrid models suggests that subscription services will remain an important part of our lives, offering convenience, accessibility and value to consumers and businesses alike.

References:

- 1 Subscriptions & Direct Selling.
URL: <https://www.statista.com/markets/423/topic/2519/subscriptions-direct-selling/#overview/> (date of access: 10.05.2024).
- 2 Sign up now: Creating consumer-and business-value with subscriptions.
URL: <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/sign-up-now-creating-consumer-and-business-value-with-subscriptions> (date of access: 10.05.2024).
- 3 Subscriptions & Direct Selling.
URL: <https://www.statista.com/markets/423/topic/2519/subscriptions-direct-selling/#overview/> (date of access: 10.05.2024).
- 4 The Basic of subscription management. URL: <https://www.zuora.com/guides/the-basics-of-subscription-management/> (date of access: 10.05.2024).
- 5 The three golden rules of a customer-centric subscription business.
URL: <https://churnzero.com/blog/customer-centric-subscription-business/> (date of access: 10.05.2024).