SUBSCRIPTION SUCCESS

The 9 Proven Models for Exponential Subscription Growth

ROBERT SKROB

Grow Stable Subscription Revenue and Avoid Pitfalls by Applying the Proven Subscription Growth Drivers for Your Subscription Model

The pandemic has accelerated a massive consumer shift from one-time purchases to higher conversion subscription offers. Established subscription companies are growing bigger, as expected. But younger subscription companies are growing at never before seen rates, fueled by new consumer demand.

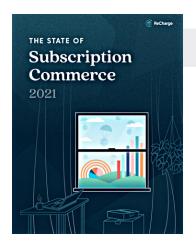
If you look around, you'll quickly see that today's fastest growing companies are leading their industries by using the disruptive subscription model. For archaic business models that can't keep up with these shifts, well...their fate doesn't look so rosy right now.

For business owners like you and me, understanding these shifts can generate unprecedented business growth.

In my more than 27 years working with subscription businesses, I've never seen opportunities like this before. Companies that would have been mere million-dollar brands after two or three decades are rocketing to tens, even hundreds of millions of dollars in fewer than five years.

Robert Skrob is the #1 authority in subscription revenue growth. As a marketing expert for more than 27 years, Robert Skrob has helped thousands of businesses attract and retain their best target customers. Robert's superpower is simplification. Simplifying your message to attract more customers, simplifying what you deliver to improve long-term retention and simplifying how you deliver it to increase your profits as you scale. While he has worked with entrepreneurs in more than 100 business categories, today he specializes in helping businesses grow recurring subscription revenue.

The pandemic has accelerated the shift toward subscriptions.



"In 2020, there was an 84% increase in subscribers." 3

"More than 80% of Americans are active subscribers." ⁴

"Half of Americans have five or more subscriptions."⁴

"Power-subscribers' have 11+ and spend \$200 per month."⁴



This gives you a tremendous opportunity to dominate your competitors with a subscription offer, leaving them clueless as to why their customers are switching to your company—or they may overtake you if you fail to make the shift to offering or growing your subscriptions.

¹ The Subscription Economy Index[™], Subscribed Institute; 2 Statista Research Department; 3 The State of Subscription Commerce, 2021, Recharge; 4 Home Service & the Subscription Economy, 2020, InMyArea.com Research

Too Many Subscription Businesses Fail

This Guide Reveals Why and What to Do Right Now to Avoid the Same Fate

Too many subscription business founders believe they can swipe what they see other subscription businesses do and experience recurring monthly riches. They copy an offer from one subscription, swipe a pricing structure from a different subscription and then use a subscription offer they fancied from another. This Frankenstein monster of a subscription business ends up stalling out because its core growth drivers are working against each other.

Most people think all subscription businesses are the same. That's like saying all dogs are the same. In fact, different dog breeds have unique talents, behaviors and even sizes. Different types of dogs need unique foods. Same with subscription models.

The single biggest difference between successful subscription businesses and unsuccessful ones is that their

4 Subscription Growth Drivers work together and are appropriate for their subscription model.

Each model is unique and has its own way of attracting subscribers by demonstrating value. Each model has its own pricing nuances. And each model has its own retention strategies. Everything you need to know about adding recurring revenue to your business is outlined in each of these models. It's all been figured out and proven by the biggest subscription brands in the world today.

This guide provides you with **9 Proven Subscription Growth Models**. These pages reveal what I've discovered over the last 27 years of growing hundreds of subscription businesses. Use these insights to grow your business faster than ever.

The 9 Proven Growth Models for Exponential Subscription Growth

Access

Access to members-only store

Pre-approved

Convenience and pricing with pre-approved order commitment

Unlimited

Subscribers get unlimited access to product or service

VIP

Upgraded customer experience for members

Publishing

Publishing online and/or offline paid newsletters, videos, home study courses, books or members-only websites

Curation

Curation is about collecting information, data and items of interest to subscribers

Horizontal

Unlimited-access product with low marginal delivery cost

SaaS

Software as a Service, a technologybased tool that solves an important problem for users

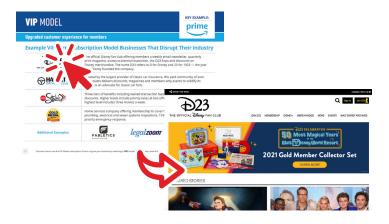
App-first

App first subscription business

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Two Great Ways to Explore These Models





Print it!

Double sided print outs put the examples on the back side of the model growth drivers. These create model "baseball cards" allowing you to easily compare and contrast so you can better identify distinguishing features of each model.

Click it!

Click to explore subscription sales pages for each example company. Each logo includes a link to the subscription details. This expands your experience so you can discover important opportunities for your company.

Companies featured within this training are presented as examples only. No endorsement by these companies of this training, the categorization or Be Unleavable can be inferred by their inclusion.

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6

ACCESS MODEL





Access to members-only store

Subscription entitles access to purchase additional products and services. Subscribers often receive exclusive perks while access is primary value.

Costco manages supply chain to minimize product cost then passes that savings along to customers at a minimal markup. In addition to access to the warehouse store, Costco offers an entire suite of additional benefits to members. While those are perks members enjoy, access to the warehouse store is what drives subscription purchase and retention.

The 4 Subscription Growth Drivers of Access Model

OFFER



Must establish value of offer to induce member to pay for access to store. Then, must merchandise the product to create consumption. Members will be quick to cancel if they can find another source that doesn't require subscription.

PRICING



Subscription price is usually perceived as small as there will be additional services to buy.

RETENTION



Most businesses in this category expand offering to include additional benefits in addition to access. Members will often enjoy these perks, and this will create a lot of word-of-mouth value However, access almost always drives subscription purchase and retention.

LTV



Subscriber retention plus profit margin on subsequent purchases. Fastest LTV growth comes from increasing purchase frequency.

ACCESS MODEL





Access to members-only store

Example Access Subscription Model Businesses That Disrupt Their Industry

MDVIP	A network providing access to physicians on a subscription-only basis that attracts patients with an elevated interest in their health — prevention and management.	
BEAUTY PIE	Premium beauty products sourced from the world's leading beauty and wellness labs. Members get dramatic price savings by cutting out the middle man and retail costs.	
RichDealer \$.	Advertising agency working exclusively with automobile dealers. Members pay monthly fee to access marketing creative. Agency services are delivered exclusively to paid members.	
The PRODUCE BOX	Delivers fresh, locally grown food to your door. Products can be selected from curated menu each week based on what's in season. Order is delivered, you may skip a week at any time.	
Additional Examples:	LegalShield Thread Beast The Auto Club Group	

VIP MODEL



Upgraded customer experience for members

Members pay for privileged access including perks, exclusive offerings and preferred service. Puts a mote around your best customers.

Amazon adapted the Waldenbooks Preferred Reader program to online commerce by offering preferred pricing (free shipping in this case) and additional perks to members. Creates a clear distinction between frequent customers and casual buyers for preferred treatment.

The 4 Subscription Growth Drivers of the VIP Model

OFFER



Designed to be an obvious, "yes" decision for anyone who is a frequent customer. The discounts, special treatment and other benefits accumulate to deliver value. Best when perks removes your customers chief frustration within your industry.





Subscription price is usually perceived as small for the right customer. Some retailers, like Target, use a similar loyalty program because the purchase data is more valuable than the membership fee. Loyalty programs are similar but offer less valuable benefits than most paid memberships.

RETENTION



Get customers back to the store with special VIP treatment. It's worth investing the membership fee revenue into member communication that makes them feel special and gives them reasons to return to the store.

LTV



While the membership itself generates a nice profit margin, LTV is driven by members shopping more frequently and buying additional products. Members want to buy from store to "get more value" from their membership.

VIP MODEL



Upgraded customer experience for members

Example VIP Prime Subscription Model Businesses That Disrupt Their Industry

THE OFFICIAL DISNEP FAN CLUB	The official Disney fan club offering members a weekly email newsletter, quarterly print magazine, access to biennial exposition, the D23 Expo and discounts on Disney merchandise. The name D23 refers to D for Disney and 23 for 1923 — the year Walt Disney founded the company.
HAGERTY. DRIVERS CLUB	Created by the largest provider of classic car insurance, this paid community of auto enthusiasts delivers discounts, magazines and members-only events to solidify its brand as an advocate for classic car fans.
-Stubs	Three tiers of benefits including waived transaction fees, large popcorn refills and discounts. Higher levels include priority lanes at box office and concessions, and the highest level includes three movies a week.
GOLD MEDAL SERVICE	Home services company offering membership to cover heating/cooling system, plumbing, electrical and sewer systems inspections, 15% discounts on service and priority emergency response.
Additional Examples:	FABLETICS legalzoom® PRO

PRE-APPROVED MODEL



DOLLAR SHAVE CLUB

Convenience and pricing with pre-approved order commitment

Pre-approved orders enable direct-to-consumer retailers to offer lower prices as future orders increase customer value.

Dollar Shave Club took off with an irreverent sales video that became a viral sensation generating millions of initial customers at a minimal advertising expense. DSC expanded into other products and after getting acquired by Unilever has pivoted into retail.

The 4 Subscription Growth Drivers of the Pre-approved Model

OFFER

Convenience is the key driver as product is delivered on an ongoing basis.

PRICING



Pre-approved repeat purchases give you a "lock-in" advantage over other providers enabling you to offer a much lower price.

RETENTION



Utilization is the killer. If your customers notice they haven't used your product, they will be quick to cancel rather than feel bad about ongoing purchases.

LTV



Heavily reliant on retention as a driver of LTV. Cross sells, higher priced tiers and media revenue opportunities can have a HUGE positive impact on revenue and profit when utilized.

PRE-APPROVED MODEL



Convenience and pricing with pre-approved order commitment

Example Pre-approved Subscription Model Businesses That Disrupt Their Industry

	•	•	
instant lnk	Offering consumers ink roby bypassing the retailers	eplacement at lower prices with subscrips that sell their products.	tion commitments
HELLO FRESH	_	ery company delivers creative menus of ng and planning that are otherwise nece	
Godaddy ·	Offering low-priced domain registration services with the convenience of auto renew. Uses its platform to offer profitable add-on subscription services.		
Oyral MARKETING	·	d new customer farming service requiring front of your computer webcam.	g only 30 minutes a
Additional Examples:	chewy	Subscribe & Save	BLACK RIFLE COMPANY

HORIZONTAL MODEL



Access to low marginal delivery cost products

Horizontal marginal cost subscription businesses benefit from minimal fulfillment expenses for each new subscriber. There are often significant costs to create and launch a product to serve the first subscriber.

After disrupting the movie rental business with DVDs by mail, Netflix took advantage of increasing internet bandwidth to pivot to a video streaming service. Frustrated by unsuccessful negotiations with movie studios, they began producing their own awardwinning content.

The 4 Subscription Growth Drivers of the Horizontal Model

OFFER



Highest conversion comes from promoting a single benefit versus the entire offering. For instance, Netflix advertising almost always features one show versus describing the entire available selection.





This model is vulnerable to under pricing as customer acquisition costs increase as this business model scales. Most managers believe the opposite.

RETENTION



Customers want access to what their friends are watching and talking about at social gatherings. Consumption is not as important as long as you are delivering an experience worth talking about.





With few other offered products and services, retention is the key driver of LTV. Other options include higher-priced subscription tiers as well as accepting media/ sponsorship opportunities.

HORIZONTAL MODEL



Access to low marginal delivery cost products

Example Horizontal Subscription Model Businesses That Disrupt Their Industry

ADT	Home security and monitoring systems with remote monitoring centers to summon help to protect your family and property.	
SPASS*	Year-round NBA programming accessible from your computer, smartphone or television for consumers throughout the world.	
BEACHBODY° ON DEMAND	More than 1,500 workouts from engaging trainers to accelerate your fitness success with little or no equipment necessary.	
TIME 4) LEARNING®	Fun and effective learning curriculum and media for children from PreK-12, catering to homeschooling and after-school markets.	
Additional Examples:	B M A G E L L A NTV DIGITAL MARKETER LAB	

MarketWise

Publishing online and/or offline paid newsletters, videos, home study courses, books or members-only websites

Positioning yourself or your team as the domain expert is the key way to attract new subscribers to your publishing business model.

MarketWise went public July 2021 via a SPAC with a \$3 billion valuation. Key elements are that 33% of its customers are categorized as high value, spending between \$2K and \$5K while 5% are considered ultra high value, spending greater than \$5K. Multiple levels of customers at different LTV ranges is a key growth driver for any subscription business, but publishers have a much longer history of doing this successfully.

The 4 Subscription Growth Drivers of the Publishing Model

OFFER

Customers must feel publisher knows important things about topics they don't know.

PRICING



Too many publishers become distracted by advertising and sponsorship revenue, diverting focus from the customers they serve. Scaling revenue should include media opportunities, but tiered pricing with products priced at 4X and 16X the initial subscription price provides long-term sustainability.

RETENTION



Subscribers come for information and stay for a personality. Your products must be engaging and entertaining to retain customers.

LTV



Driven by two key factors, retention and upsells of back-end products. While all types of subscription businesses should offer premium products and services to existing subscribers, some subscription businesses in this publisher category have historically been the best at doing it.

MarketWise

Publishing online and/or offline paid newsletters, videos, home study courses, books or members-only websites

Example Publishing Subscription Model Businesses That Disrupt Their Industry

The New York Times	The iconic example of a publisher that pivoted from an ad revenue focused model to growth through subscription revenue from customers.	
drumeo	There are thousands of small publishers delivering digital products, and if you'd like to learn how to play the drums, Drumeo provides world-class instruction delivered to your screen.	
Gartner	Information, advice and tools for the corporate c-suite around the world. Giving the individuals who run large companies the resources to achieve their goals, take care of their teams and run more effective organizations.	
CEO WARRIOR	This coaching business within the home services space has multiple subscription tiers ranging from \$99.00 monthly to \$7,500.00 monthly attracting clients with unique needs at each price point. Revenue enables CEO Warrior to deliver premium levels of service and to scale quickly, thus dominating their market.	
Additional Examples:	Harvard Business Review Agri/Pulse Communications, Inc. BRADFORD TAX INSTITUTE	

SaaS MODEL





Software as a Service, a technology-based tool that solves an important problem for users

With acquisition valuations often topping 30X EBITA, SaaS-based companies are one of the most exciting business growth areas today.

Adobe Creative Cloud includes the primary design tools for photos, video and digital/print layout. Adobe's successful conversion from selling perpetual licenses to the subscription model marks a key milestone in the subscription model revolution.

The 4 Subscription Growth Drivers of the SaaS Model

OFFER

Problem/solution offers are most effective as potential subscribers rarely understand benefits of using a new tool.

PRICING



Customer value-based pricing tiers drive retention and margins more than feature-based pricing.

RETENTION



Onboarding must create the customer habit that includes your new tool. One-time use, even if successful, doesn't form a habit.

LTV



Solve more problems for your customers to increase your value and move customers to higher-priced subscription tiers.

SaaS MODEL





Software as a Service, a technology-based tool that solves an important problem for users

Example SaaS Subscription Model Businesses That Disrupt Their Industry

a mailchimp	Enables businesses to accumulate and communicate with email lists of prospects and customers to grow their business.	
# slack	A communication platform that becomes more valuable as more members of your team use it. Keeps everyone up-to-date and reduces email bounces.	
ıntuıt.	Simplify your accounting with Quickbooks and file your taxes with TurboTax. With these tools many consumers choose to complete tasks that used to require professional help.	
SCANZ	Scan detailed stock data to identify stocks that are moving so you can identify investing opportunities to take advantage of throughout each day and week.	
Additional Examples:	Canva CatchApp BOOKINGS SurveyMonkey®	

UNLIMITED MODEL





Subscribers get unlimited access to product or service

Unlimited subscriptions lock-in customers to return to a provider by transforming a one-time visit into a series of pre-approved subscription transactions.

Disney Annual Passholders plan multiple trips to visit Walt Disney World to make sure they get the value out of their pass investment. For Disney this increases customer value, creates buyers for their Disney Vacation Club and fills the park with Disney fans who buy food and merchandise.

The 4 Subscription Growth Drivers of the Unlimited Model

OFFER



Unlimited sales conversion is about the status of being an insider as well as the convenience of being able to consume all they want.

Cost-savings may be an analytical justification for subscribing, but the special feeling of being an insider is the primary driver.

PRICING



Price above your average LTV to result in an overall average increase. The multiple depends on the cross-sell opportunities available within your business model.

RETENTION



While front-end conversion is based on convenience, retention is based on status. The feeling you get as an unlimited car wash subscriber, driving past all the other cars waiting to pay for a car wash, to pull up to your own gate that opens as you approach. Make unlimited subscribers feel important and special to maximize retention.

LTV



Most subscription programs discover that offering unlimited results in more subscribers moving up to a higher LTV to more than offset the cannibalization of current high-volume buyers dropping down to unlimited. Plus, Unlimited subscriber visit more frequently, buy other products and services offered and increase LTV.

UNLIMITED MODEL



Subscribers get unlimited access to product or service

Example Unlimited Subscription Model Businesses That Disrupt Their Industry

	•	<u> </u>
Six	Rather than feel rushed during your visit to Six to visit the park as much as you want through	
SURFAIR	While some people buy individual tickets, Surf Air unlimited enables you to fly as much as you want for one monthly fee.	
Charity: water	Giving donors the option of approving an automated monthly contribution has revolutionized charitable fund-raising by increasing the value of donors by as much as 20 times.	
MOSI MUSEUM OF SCIENCE & INDUSTRY	Nonprofit museums provide a subscription option that helps them upsell one-time visitors into annual members with the goal of renewing those members and upgrading them to higher donor levels through ongoing communication.	
Additional Examples:	COURSERG PLUS Crang	etheory BeenVerified

CURATION MODEL

KEY EXAMPLE:

BIRCHBOX+

Curation is about collecting information, data and items of interest to subscribers

Curation Model subscriptions deliver value by selecting, organizing and summarizing what is important for their subscribers to see or receive. Consumer demand is increasing for Curation Model subscriptions generating large future growth opportunities.

Birchbox was founded in 2010, delighting subscribers with beauty-related products each month. Subscribers are given the opportunity to purchase products featured within the box. Birchbox has focused on growing retail sales to its reported one million subscribers.

The 4 Subscription Growth Drivers of the Curation Model

OFFER



This is a luxury product. Sales conversion is based on the feelings that will be generated from receiving the product versus the value. Future pace the insider status of accessing the best with the peace of mind of being able to ignore the rest to increase new subscriber conversion.

PRICING



Too many subscription boxes compare their price to the retail price of the products delivered in the box. This is an error that falsely suppresses price. Instead, focus on the opportunity to always be the first to know and have the newest products or information.

RETENTION



Each fulfillment should feel like a surprise gift of unexpected treasures from a great friend. Relevance and personality are as important as novelty. And, remind them of the volume of things culled through to deliver only the most relevant to the subscriber.

LTV



Solve more problems for your customers to increase your value and move customers to higher-priced subscription tiers. This model benefits from the same 4X and 16X subscription price opportunities as the publishing subscription model.

CURATION MODEL

KEY EXAMPLE:

BIRCHBOX +

Curation is about collecting information, data and items of interest to subscribers

Example Curation Subscription Model Businesses That Disrupt Their Industry

<u> </u>	
IPSY	A beauty box that's popular with younger customers, thousands of whom are proud to share "unboxing" videos on YouTube.
Trends	Business start-up ideas culled from thousands of sources and delivered with an irreverent attitude.
Spotify [®]	Thousands of playlists and artist radio stations await every music lover looking for their favorite soundtrack.
AARP °	Nonprofit associations benefit from the assumption they exist for the good of their industry rather than focus only on profit. Successful associations curate industry expert with memberships, seminars and products at multiple price points.
Additional Examples:	Bottom Line Personal

APP-FIRST MODEL





App first subscription business

The billions of smart devices in the hands of consumers around the world creates demand for app first subscription-based tools. App first subscription programs are optimized for the smart device experience.

Tinder is the largest revenue subscription app across the Apple App Store and Google Play Store combined. Finding dates on Tinder is a uniquely app-related experience that's completely different from using a computer.

The 4 Subscription Growth Drivers of the App-first Model

OFFER



Most app subscriptions are sold on a free trial basis. They motivate a new user to download the app, open it and go through the process to initiate a trial subscription. There are simultaneous marketing, sales and user design processes working together to create new subscribers.

PRICING



Prices tend to be low because platforms take a large percentage of the transactions. Many app first subscription companies like Spotify collect subscription revenue outside of the app store for this reason.

RETENTION



The rate that apps are downloaded to a smart device and never opened by the user is shocking. Plus, there's a high rate of churn at each step of the new subscriber journey. Plus, users are quick to cancel subscriptions they aren't using through the app store. This is the most challenging retention environment of all subscription types.

LTV



For stand-alone apps, retention is the key to LTV growth. The most innovative use the app store as a new subscriber acquisition platform with systems to move customers to other platforms for additional purchases.

APP-FIRST MODEL





App first subscription business

Example App-first Subscription Model Businesses That Disrupt Their Industry

Security Evernote	A powerful note-taking app that syncs with other platforms and becomes more valuable as other members of your team use it.	
STRAVA	Social media platform for individuals who exercise with features that break down your efforts into segments, which enable you to compare your performance to a leaderboard.	
The Economist ESPRESSO	Ten minutes of news delivered to your device each morning without partisan spin.	
VectorVest	A stock market investment system that tells you when to buy, what to buy and when to sell stocks.	
Additional Examples:	headspace myfitnesspal	

FREE VIDEO REVEALS:

How to Grow Stable Subscription Revenue and Avoid Pitfalls by Applying the Proven Subscription Growth Drivers for Your Subscription Model

The single biggest difference between successful subscription businesses and unsuccessful ones is that their **4 Subscription Growth Drivers** work together and are appropriate for their subscription model.

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Discover how to grow stable subscription revenue by using the four growth drivers for your subscription growth model.

Make your subscription growth exponential again!

www.ProvenSubscriptionModels.com