

*There's a
Box for That:
From Meal Kits
to Makeup,
Subscription
Services Face
High Hurdles*





The past five years have seen an influx in the popularity of subscription boxes. You can almost have anything delivered to your home in a recurring, familiar box. Not wanting to be left out, Amazon bought Whole Foods to get into the business of meal kit subscriptions, hoping to cash in on the explosion of subscription services in the past couple of years. From “Calmbox”— which sends a thematic assortment of items (including music, books, snacks, candles, and more) that’ll help you unwind and de-stress — to Bitsbox —which sends you app projects and accessories that will teach your child how to code and build a fun gaming app in the process— there is a subscription today for almost anything imaginable.

The market speculates that subscriptions are the future of business.¹ However, not every industry lends itself well to an easy profit via subscription. With the popularity of free trials, the ease of canceling makes it tempting for subscribers to dip in and out of the program, as is the case with Blue Apron. The meal-kit delivery service spends enormous amounts on marketing to facilitate growth, as 72% of their customers could ditch the service within six months of sign-up.³ With that in mind, different categories of subscription services perform better than others, such as shaving razors, which are proven to work well as a subscription service. Most people shave on a regular basis and need to purchase new razors continuously.² Other categories struggle with customer retention.

We asked American consumers which categories of subscription services are most popular, as well as why they might be reluctant to sign up for services that could save them money.

1. Forbes.com [“The Not-So-New Promise of The Subscription Economy,”](#) May 2017.

2. Zuora.com [“The secret behind dollar shave club’s success in one graph,”](#) May 2017.

3. Slate.com [“Amazon Isn’t the Only Threat to Blue Apron’s Earnings,”](#) June 2017.

Far from Dead: Magazines and Newspapers Still the Most Popular Subscription Products

Subscription services of all types are on the rise. Newspapers and print magazines are far from dead — more than a third of Americans say they subscribe to at least one magazine and more than a quarter (27%) subscribe to a newspaper. Beauty services (such as a shave club) for men, beauty boxes for women, and children’s book subscriptions boast large numbers of subscribers. Audiobooks are popular with millennials; nearly a third (31%) say they have some sort of an audiobook subscription. In general, millennials are more likely to sign up for any kind of a subscription.

Subscribe to service	Total US
 Magazines (any)	 34%
 Newspapers (any)	 27%
 Shave club (among men only)	 25%
 Beauty Box subscription (among women only)	 22%
 Children’s book subscription service (among parents of kids ages 0-18 only)	 21%
 Meal-kit delivery service	 16%
 Audiobook subscription service	 16%
 Book subscription service	 15%
 Snack subscription service	 14%

Millennials (18-34)	Non-millennials (35+)
 ▲ 45%	 31%
 ▲ 34%	 25%
 ▲ 35%	 22%
 ▲ 28%	 20%
 ▲ 32%	 16%
 ▲ 24%	 14%
 ▲ 31%	 11%
 ▲ 27%	 11%
 ▲ 23%	 12%

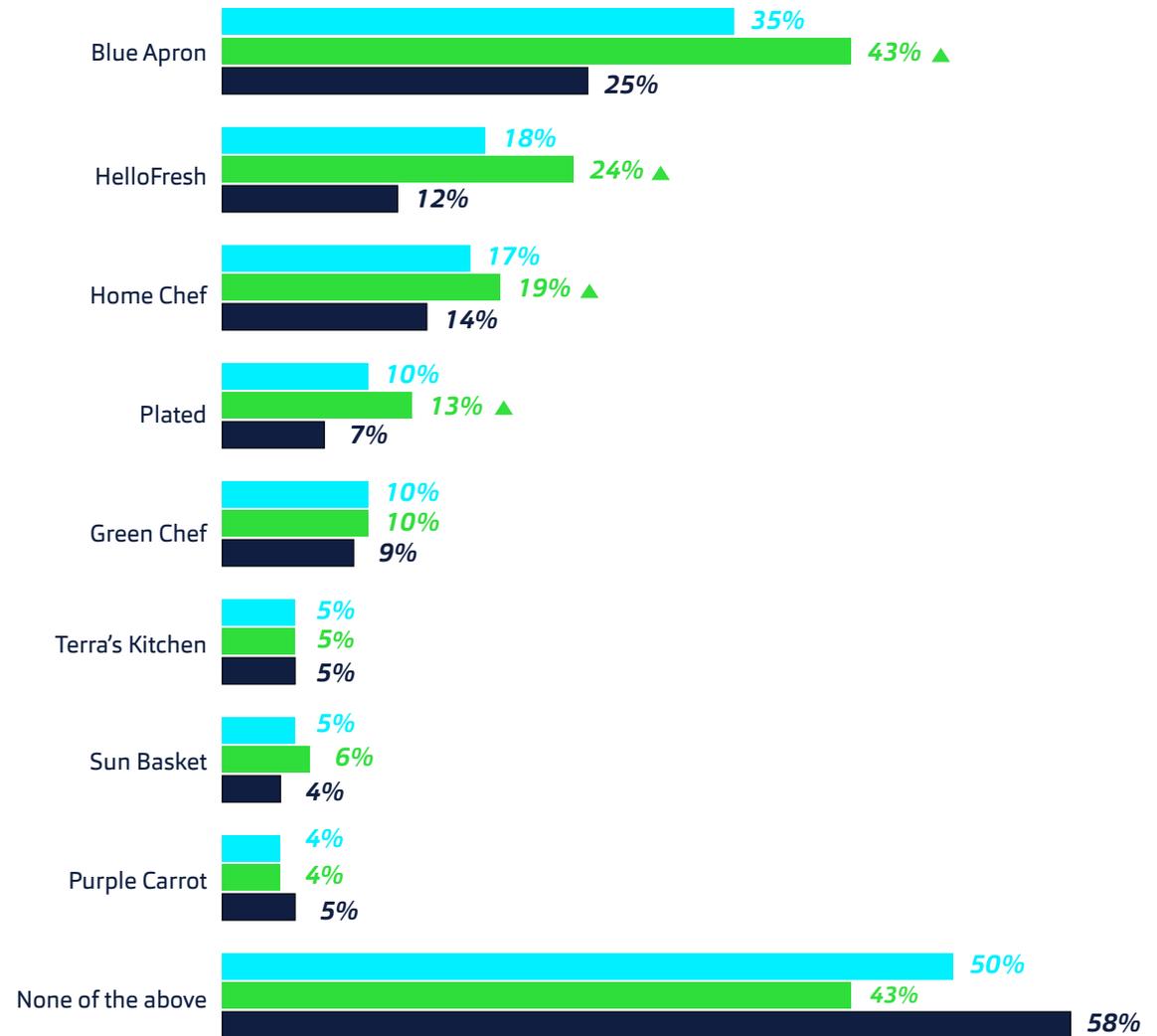
Meal Kits Popular with Millennials

Despite struggles with subscriber retention – as with Blue Apron – companies continue to believe that meal-kit subscription services are the future. Amazon’s investment in Whole Foods brings hope that they will radically change the game; a necessary step to glean profit from this industry.

Overall awareness of various meal-kit services is reasonably high, especially among women.

Awareness of Meal Kit Subscription Services

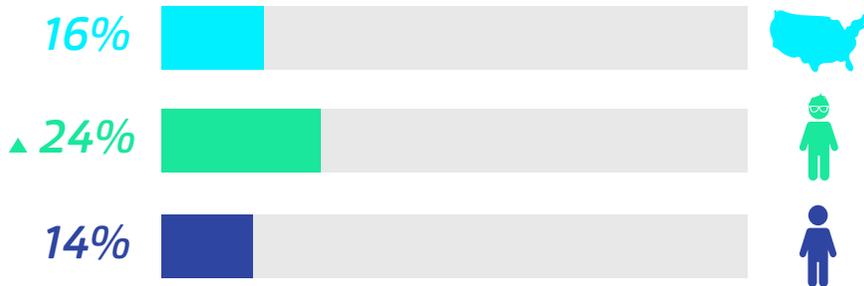
● Total US ● Women ● Men



While awareness is high, only 16% of Americans currently subscribe to a meal-kit delivery service. Millennials are much more likely to have a meal-kit subscription than their older counterparts.

Meal-kit subscription services

● Total US ● Millennials (18-34) ● Non-millennials (35+)



Interest in a “Blue Apron” type meal kit subscription is modest, although significantly higher among millennials.

How interested would you be in a meal-kit subscription where you are sent fresh, pre-portioned ingredients with step-by-step recipes to cook healthy and quick dinners at home, that come out to \$9.95 per serving? You can select the number of servings per week.

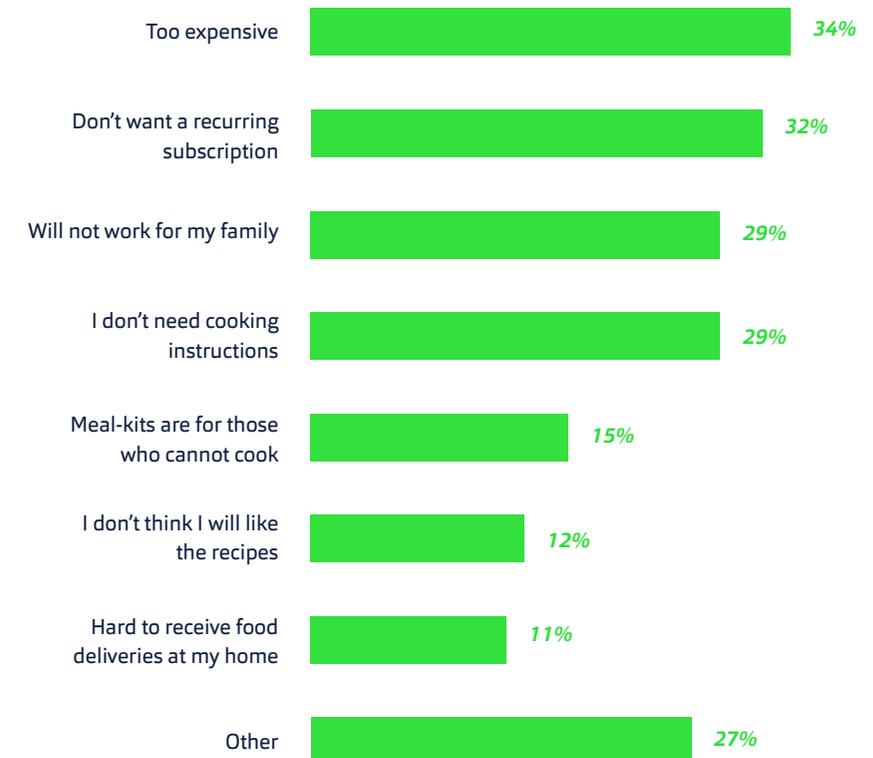
● Extremely/very (NET) ● Somewhat Interested ● Not interested



When we asked Americans why they were not interested in a meal-kit subscription service at \$9.95 per serving (the typical cost for meal-kits) high cost and dislike of recurring payments subscription bubble up to the top.

Main reasons for being uninterested in a meal-kit subscription which sends fresh, pre-portioned ingredients with step-by-step recipes to cook healthy and quick dinners at home, which cost \$9.95 per serving.

Total US who are not interested in a meal kit subscription



RECOMMENDATIONS:

- When thinking about meal-kit delivery, knowing how consumers put food on the table and how they think about the cooking experience is essential to creating a product that's relevant.
 - Nearly half (47%) of Americans say that they or another person in their household cook dinner every single day.
 - 37% cook dinner at least a few times a week.
 - 28% say that they order take-out at least a few times a week, and pizza is the most popular take out item (ordered by 62% of respondents).
- Flexibility and affordability will become very important as these meal-kit subscription services continue to reinvent the way that households eat.



Consumers Are Mixed On Beauty and Grooming Product Subscriptions

Interestingly, though the beauty category naturally lends itself to the subscription services world, American consumers have mixed feelings. For men, especially millennials, shave clubs provide an affordable and easy way to receive razors that they would need to purchase anyway.

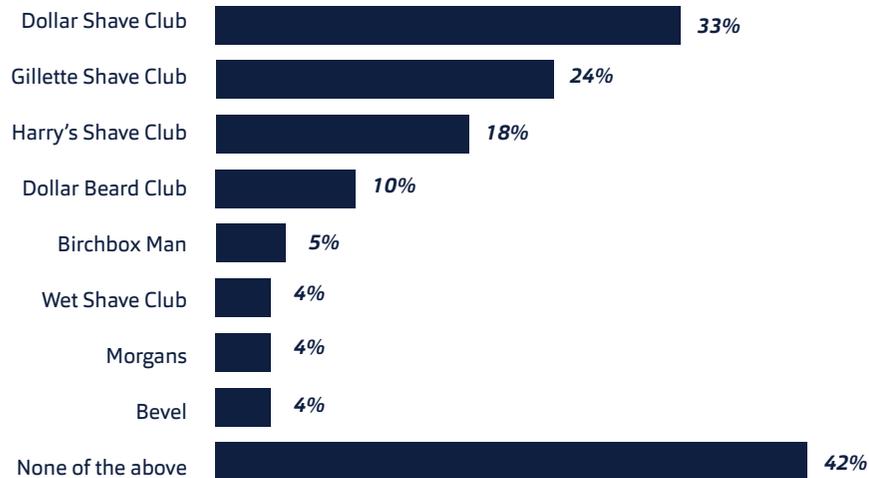
6 in 10

men are aware of shave clubs



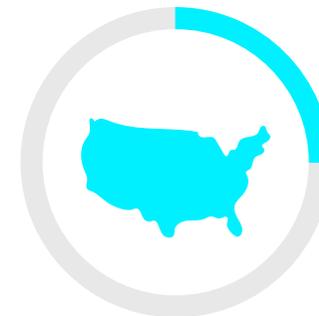
Awareness of Services

Total US (Among men)

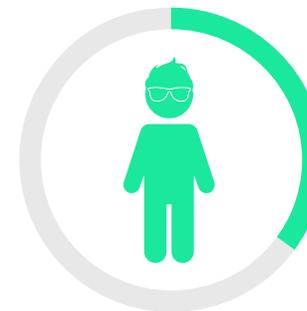


Subscribe to a Shave Club

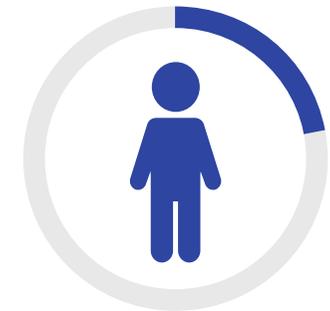
Among men



25%
of Total US



▲ 35%
of Millennials
(18-34)

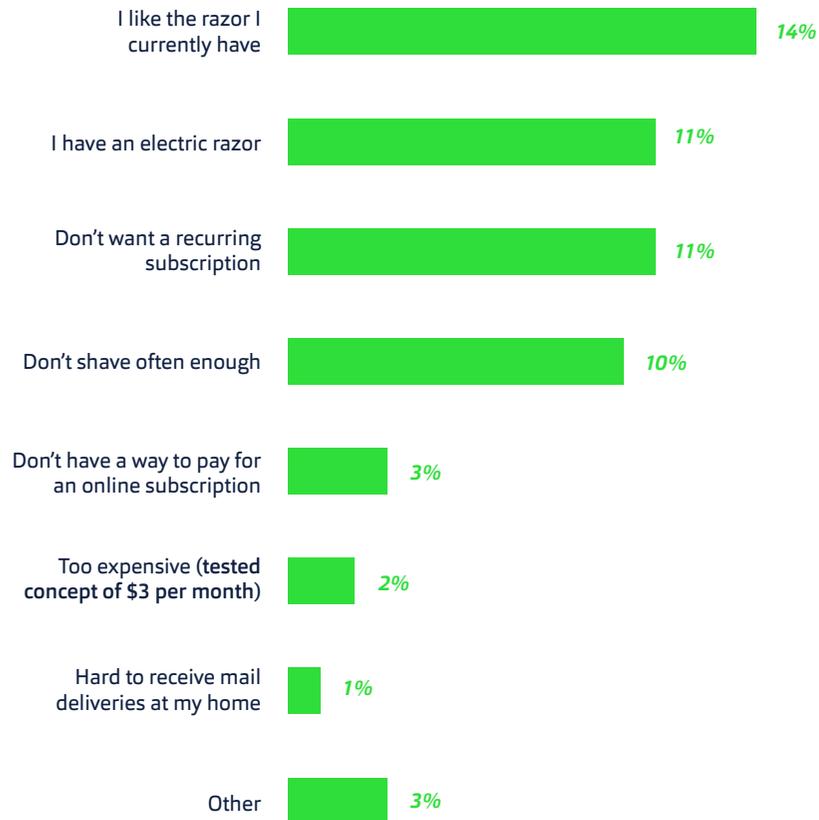


22%
of Non-millennials
(35+)

Men who are uninterested in a shave club, even one as cheap as the “Dollar Shave Club”, cited that they like their current razor, have an electric razor, or just simply do not want to have a recurring subscription.

Reasons why consumers do not want to subscribe to a shave club

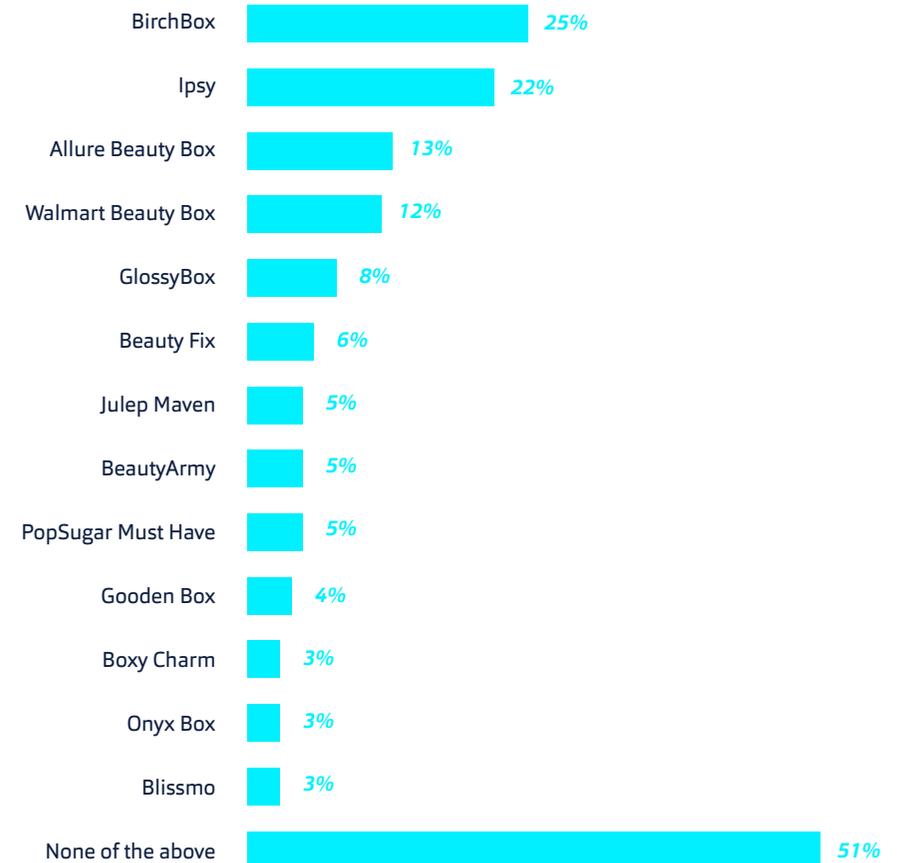
Total US men who are not interested in subscribing to a shave club



Beauty and makeup subscription boxes have risen in the past couple of years and have played into the desire to easily try new products. Nearly half (49%) of American women are aware of the most popular beauty and makeup subscription boxes, and nearly half of American women say that they like to try new beauty products. Almost a quarter subscribe to at least one with Birchbox being the most popular.

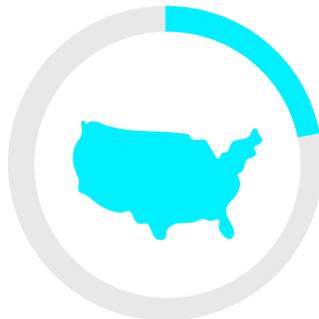
Awareness of Beauty Subscriptions

Total US women

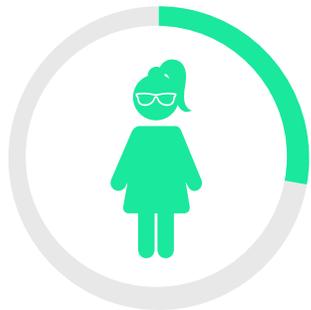


Subscribe to a Beauty Subscription Box

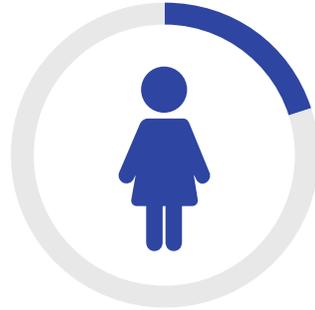
Total US (Among women)



22%
of Total US
Women



▲ 28%
of Millennials
(18-34)

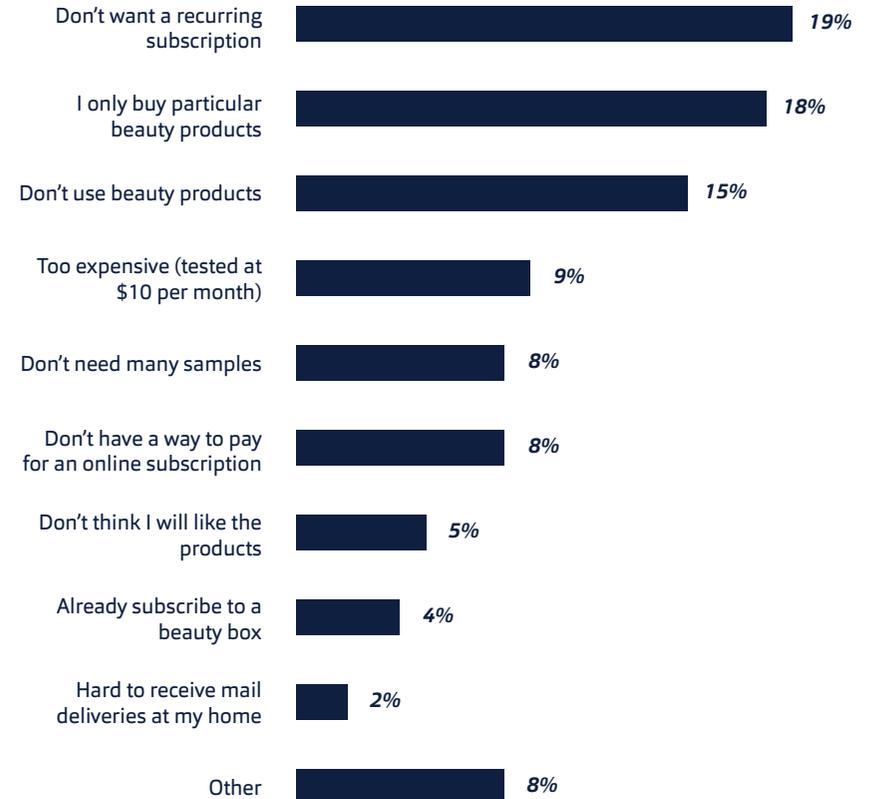


20%
of Non-millennials
(35+)

For women who are not interested in beauty subscription boxes, it is usually a reluctance to sign up for a recurring charge, they only buy particular beauty products, or do not use beauty products at all.

Reasons for not being interested in a beauty box subscription service

Women who are not interested in a beauty box subscription (Total US)





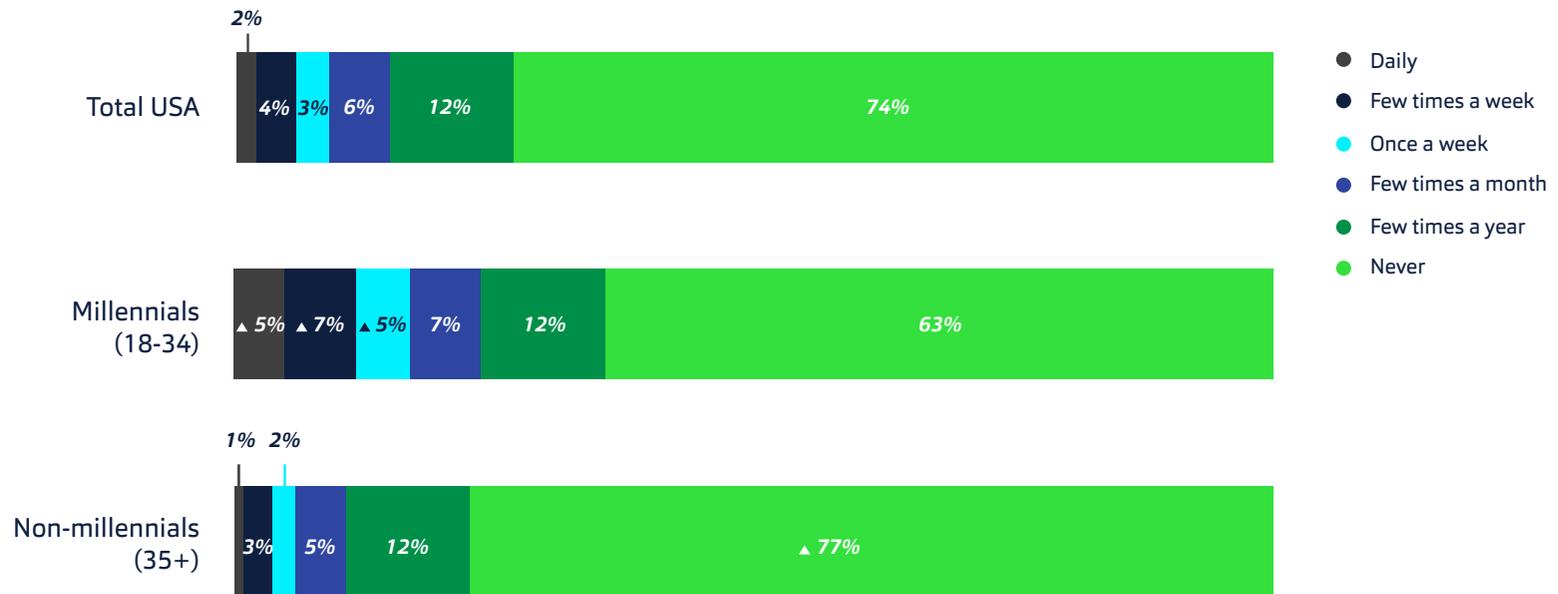
RECOMMENDATIONS:

- Targeting the right kind of customers and providing flexibility is paramount.
- Millennials are prime targets for beauty and grooming subscriptions, as they are aware of and subscribe to such services at higher rates compared to the older population.
- Many men and women do not want a recurring subscription; allowing customers to skip months is a great way to help people feel in control and not inundated with products they might not have time to use.

Low brand awareness is an obstacle to audiobook subscription growth

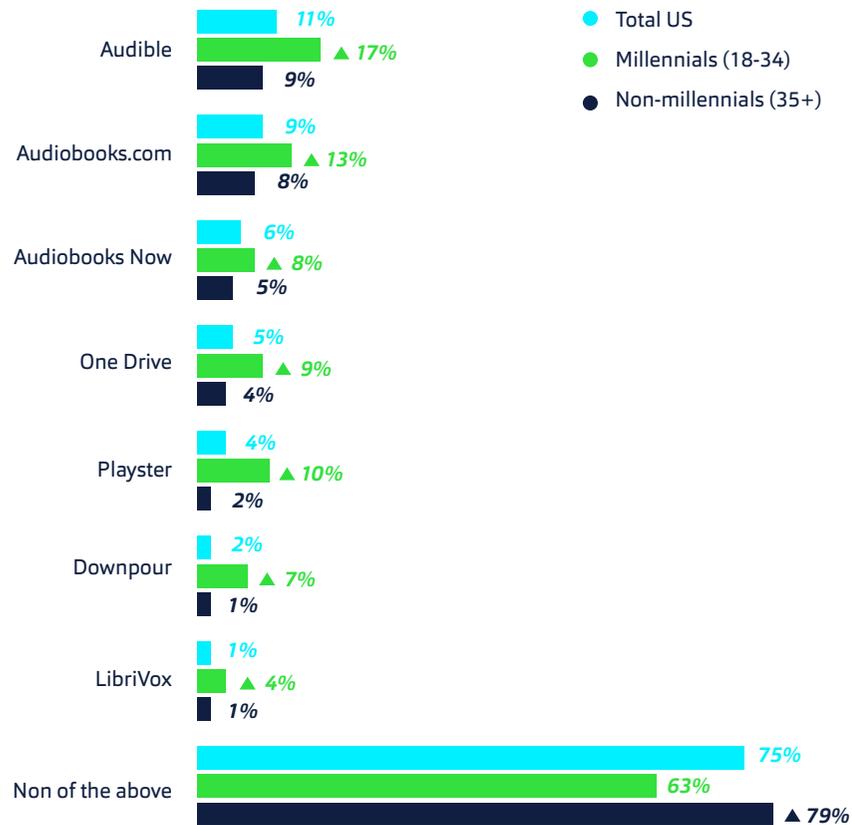
Audiobook subscription services, such as Audible, have become more popular in recent years. Nearly 1 in 10 Americans currently listen to audiobooks at least once a week and that number is nearly double for millennials (18%).

Americans Who Listen to Audiobooks

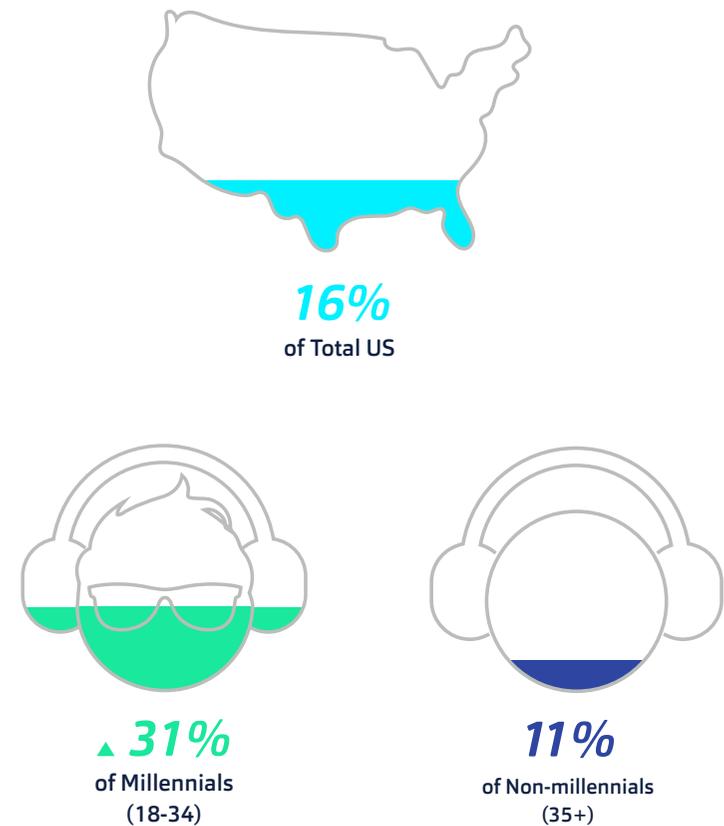


However, awareness of audiobook subscription services is fairly low; only 25% of Americans know of the most popular options. Once again, millennials are much more informed about the options available for this category and are twice as likely to subscribe, with Audible and Audiobooks.com being the most well-known.

Awareness of Subscriptions

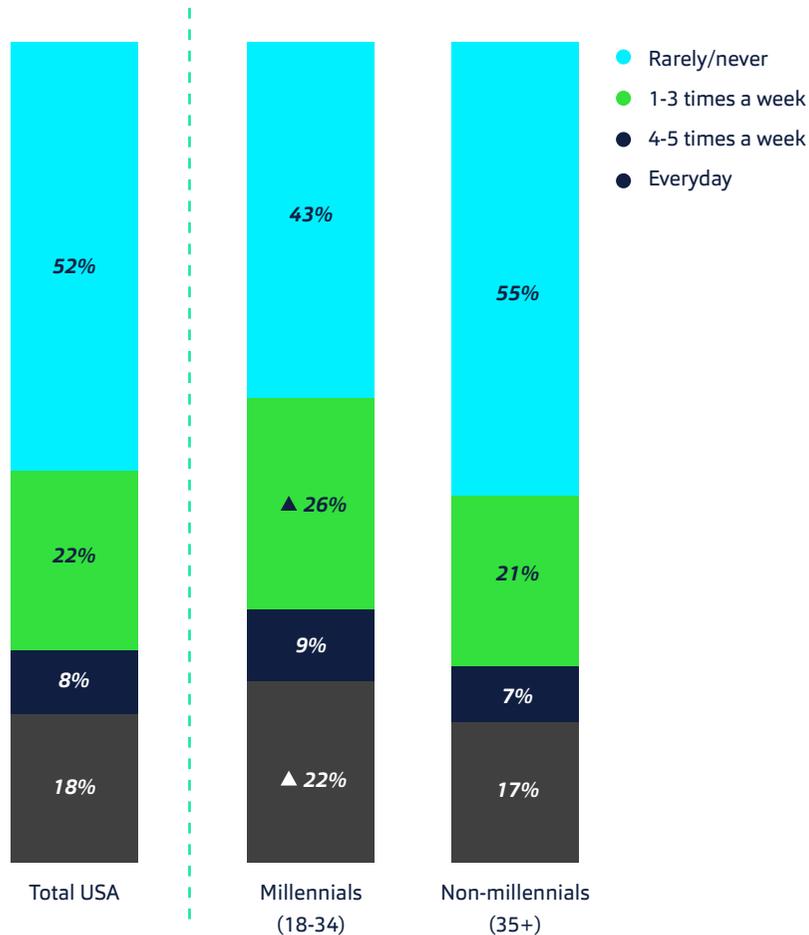


Audiobook Subscribers

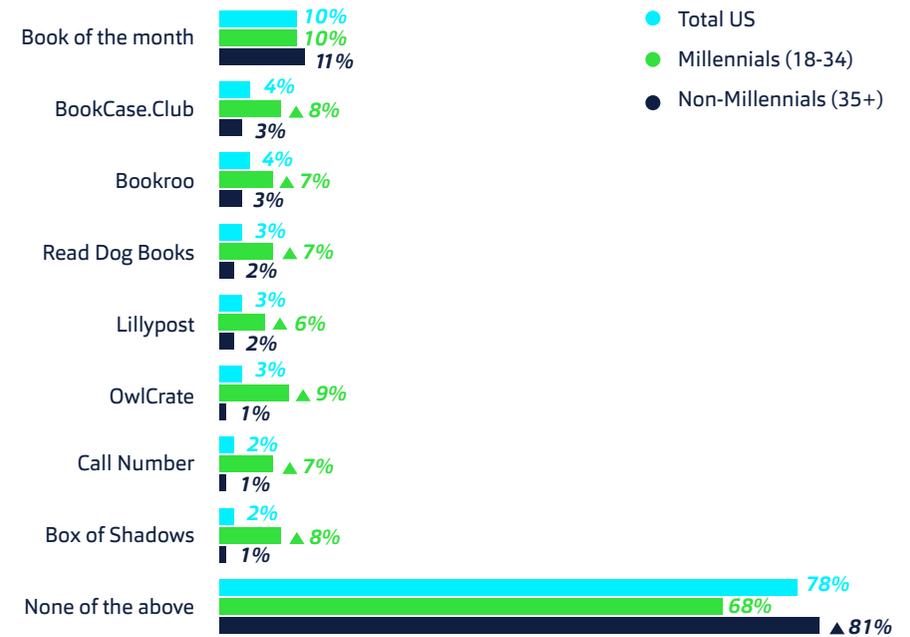


Though 43% of millennials report rarely or never reading e-books or paper books, they are more likely to be aware of book subscription services and subscribe to one.

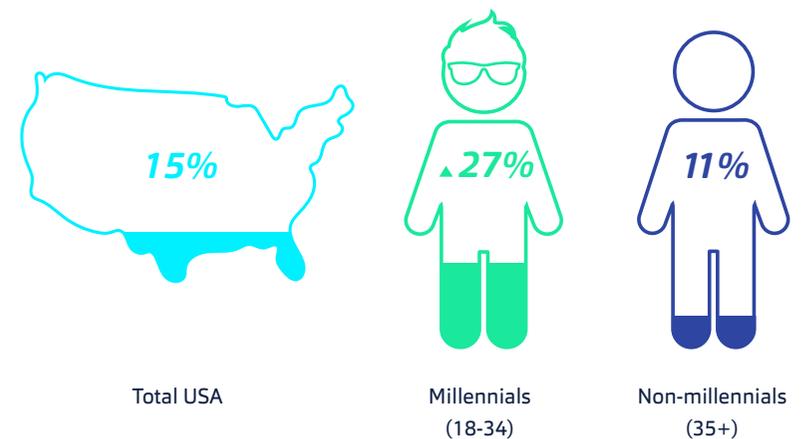
How often do you read e-books or paper books?



Awareness of Book Subscriptions



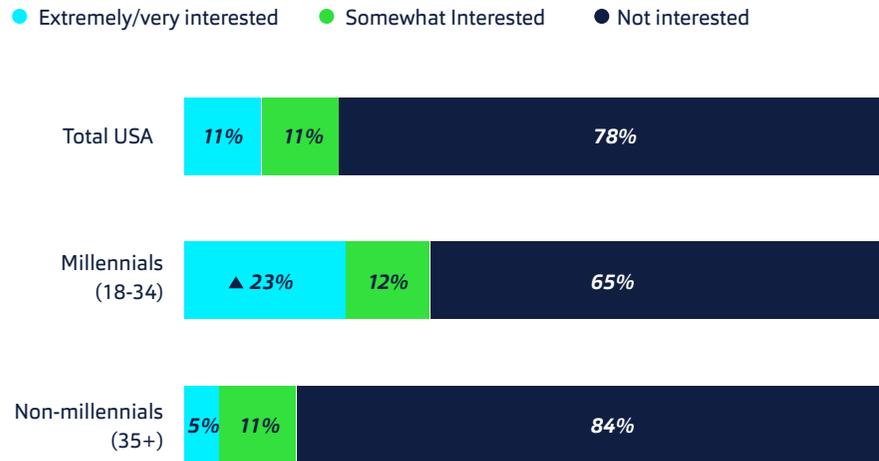
Have a Book Subscription



Children’s book subscriptions present another opportunity, especially with young, voracious readers. When we asked parents if they would be interested in a service that sends three gender- and age-specific children’s books per month for \$14.99, we found a fair amount of interest, especially among millennial parents (who are more likely to have young kids).

How interested would you be in subscribing to a service that sends you 3 gender and age specific children's books per month for \$14.99?

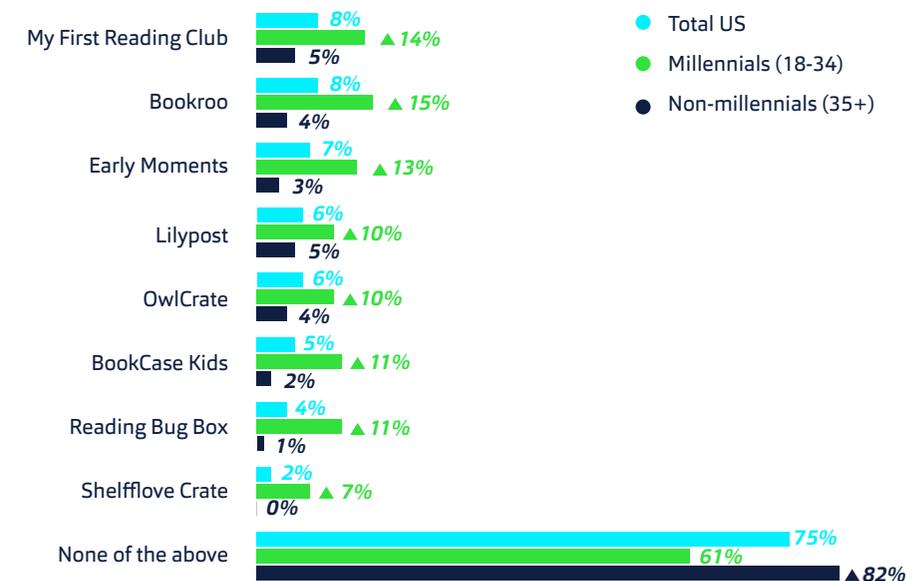
Among parents of kids younger than 18



Only 25% of all parents are aware of available children’s book subscriptions, though the number increases to 39% among millennial parents. Nearly a third (32%) of millennial parents subscribe to a children’s book subscription service.

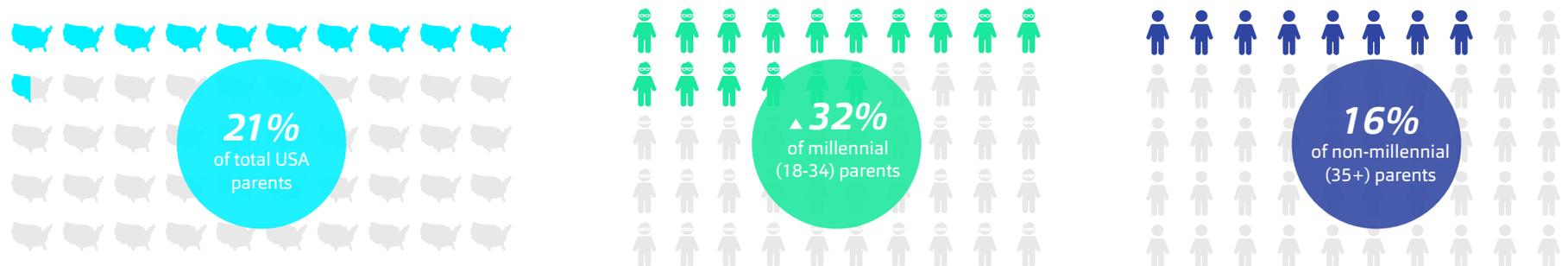
Awareness of Children’s Book Subscriptions

Among parents of kids younger than 18



Parents with a Children’s Book Subscription

Among parents of kids younger than 18



RECOMMENDATIONS:

- There is ample opportunity in the audiobook and book subscription space since many people read continuously themselves, or their kids do.
- Awareness of audiobook subscription services is low, signaling a need to raise awareness about these services among Americans.
- Prioritize targeting millennials, as they tend to be the best customers across all types of media subscription services.



Methodology

Fluent's study utilizes data from three online surveys conducted within the United States from July 21-27, 2017 among American adults (aged 18 and up). The base sizes are 1,314, 1,549 and 1,918 for these surveys. Due to rounding, percentages may not always add up to 100%. Fluent's proprietary ad serving technology includes a real-time survey module that was used to facilitate the data collection for this study. Respondents were randomly selected and data were weighted to US Census 2010 population distribution.

<https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>



ABOUT FLUENT

Fluent, LLC, a cogint company (Nasdaq: COGT), is an industry leader in people-based digital marketing and customer acquisition, serving over 500 leading consumer brands and direct marketers. Leveraging a massive reservoir of proprietary audience data, as well as millions of real-time survey interactions with consumers every day, Fluent enables advertisers to more effectively target and acquire their most valuable customers, with precision, at a massive scale. The company is headquartered in New York City. For more information visit www.fluentco.com.

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