

CRM AND CUSTOMER RETENTION IN SUBSCRIPTION-BASED MODELS

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ABSTRACT

Subscription-based business models have emerged as a disruptive force in today's corporate landscape, changing paradigms for revenue generation and customer contact strategies. This paper examines the multifaceted phenomenon of subscription-based business models, examining how they have emerged in many industries and their impact on income predictability and client retention that is revolutionary. Through a careful examination of customer behaviour, technology enablers, benefits beyond ownership, loyalty-building strategies, and revenue metrics, this study uncovers the mechanisms underlying the success of subscription models. Using mini-case studies from a variety of industries, the study focusses on strategies that increase customer loyalty, reduce attrition, and give businesses a consistent flow of revenue. The paper also discusses the difficulties in maintaining subscriber engagement and adds to a comprehensive understanding of subscription-based models' capability to establish long-lasting client connections and guarantee income stability across a range of sectors by connecting theoretical ideas with practical facts.

Research Methodology

The study adopts a mixed-methods approach, combining:

- Quantitative Analysis: Statistical tests (e.g., one-sample Z-tests) to validate hypotheses using survey data.
- Qualitative Analysis: Literature review and mini-case studies to explore trends, challenges, and success factors in subscription models.

Justification:

- Quantitative data provides measurable insights into customer behavior (e.g., CRM interaction frequency, churn reasons).
- Qualitative data contextualizes findings through real-world examples (e.g., case studies of newspapers, SaaS companies).

2. Research Objectives

1. To examine the impact of CRM tools on customer retention in subscription-based services.
2. To identify key factors influencing subscriber loyalty (e.g., personalization, pricing, service quality).
3. To analyze the role of technology (AI, IoT, data analytics) in enhancing subscription experiences.

3. Data Collection Method

- Surveys: Online questionnaires targeting subscribers (sample size = 50 respondents).

○ Example Questions:

- "How often do you interact with CRM tools?"
- "What is your primary reason for unsubscribing?"

- Case Studies: Documented examples (e.g., One Click Coffee's 97% retention rate).
- Literature Review: Peer-reviewed articles, industry reports.

INTRODUCTION

In today's rapidly evolving corporate environment, traditional paradigms of customer connection and revenue creation are undergoing a dramatic shift, spurred in large part by the proliferation of subscription-based business models across a wide range of industries. To fully comprehend this paradigm shift, this paper will analyse the emergence of subscription-based business models and their profound impacts on consumers and enterprises. It looks at how subscription models are redefining interactions between businesses and their customers, fostering long-lasting relationships, and revolutionising the revenue-generation landscape, with a focus on improving customer retention and creating predictable revenue streams.

• Context and Background of Subscription-Based Models

The emergence of the digital age has brought about a dramatic shift in consumer behaviour, which has altered how individuals interact with products and services. This trend is reinforced by a noticeable shift in preference away from traditional ideas of ownership and in the direction of a growing inclination for the idea of access. This tendency has permeated many industries, leading to a significant move away from conventional transactional models and towards the predominance of subscription-based frameworks. In a variety of industries, including software, e-commerce, entertainment, and more, consumers are clearly favouring subscription-based models as their preferred method of communication. At the heart of these models is the dynamic of continuous access, which allows clients to benefit from a steady flow of products, services, and experiences. The appeal of this arrangement lies not just in its operating

efficiency but also in its fundamental accord with the evolving needs and preferences of modern clients.

The foundation of the subscription business model is a straightforward transaction: consistent, frequently monthly payments in return for continued access. This discussion has become the cornerstone of a paradigm-shifting movement that has witnessed a sharp increase in the use of subscription-based business models in a variety of industries. Their remarkable capacity to adapt to the evolving demands of the modern consumer environment. Their ascent to popularity is primarily due to the demands of the modern consumer environment. In a time of rapid technological advancement and an unquenchable desire for individualised experiences, subscription models work as a remedy for these expectations by fusing what consumers desire with what businesses can offer.

Crucially, these models can foster connections between businesses and their clients that go beyond straightforward business dealings. This link is based on the notion of constant value delivery, which is reinforced by the consistent and recurrent revenue sources that subscriptions offer. In contrast to traditional models, which are frequently This financial stability is a significant differential, susceptible to the volatility caused by frequent transactions. Consequently, subscription-based business models give businesses a reliable source of revenue and the insight they need to make informed plans and decisions.

Subscription-based business models are essentially proof of how consumer preferences and corporate strategy have developed in tandem. The dynamic of the subscription-based interaction has enabled a revolutionary path that balances the cyclical nature of interaction with the predictable goals of sustainable income production. the digital age. This research report delves deeply into this paradigm shift, exposing the intricate strategies, challenges, and opportunities presented by

subscription-based business models across a variety of industries.

- **Importance of the Research Subject in the Present Business Environment**

The growing popularity of subscription-based business models has a big impact on consumers and businesses alike. These strategies could assist businesses in creating enduring ties with their clients and reducing expenses of bringing in new customers and generating consistent revenue streams that are not impacted by fluctuations in traditional transactional models. With subscription models, customers may access a wide range of services and activities without having to make large upfront payments, which is ideal for the adaptable and dynamic lifestyle that modern consumers desire.

LITERATURE REVIEW

In today's economy, the subscription business model has grown in importance. From food delivery services to streaming services, the subscription model is rapidly altering the way businesses and consumers interact. This paper will look at the impact, advantages, disadvantages, limitations, and possibilities of the subscription model. The subscription model has put traditional business models to the test since it offers consumers a more convenient and cost-effective way to access goods and services. The tactic gives businesses a steady stream of revenue while fostering customer loyalty. The subscription model has had a significant impact on a number of industries, including software, entertainment, food, and fashion. The future of the subscription business model is bright. A McKinsey & Company report shows that over the past five years, the subscription e-commerce industry has grown by more than 100% yearly. The analysis indicates that the subscription model will continue to grow and might make up 75% of the e-commerce market in ten years. The development of the subscription model has given customers more flexibility and personalisation. Consumers can now select the goods or services they want, pause or terminate their subscriptions, and

receive personalised recommendations from a number of subscription providers [1]. Nowadays, a wide variety of retailers provide subscription-based programs. For a one-time, fixed fee, participants in these programs gain access to a variety of exclusive benefits.

The impact's features include being long-lasting, economically significant, and inconsistent across consumers. Interestingly, only one-third of the influence on customer purchases is due to the subscription program's financial benefits; the other two-thirds are connected to subscription-based membership [2]. Changing a business model is frequently viewed as an experiment to determine which model works best in a given situation or as a response to changes in the market climate. This is because altering a business strategy necessitates abruptly lowering the price of content consumption (i.e., moving "from fee to free"). This limits the possibility for Life Cycle Revenue by shortening the content life cycle and facilitating intertemporal discrimination amongst varied consumers of information with diminishing novelty.

By 2023, 75% of companies that sell directly to consumers hope to offer subscription services, according current data. Over the past 15 years, this approach has completely changed how organisations function, and it is anticipated to become more and more common in the years to come. The convenience it offers both customers and businesses is the reason this model works so well. If a customer wants to continue utilising a product or service in the future, they can automatically repurchase it, sparing them the trouble of time wastage, logistical problems, and repeated manual payments. The business may create a steady revenue stream by leveraging its client relationships. Recent major advancements in technology have contributed to the success of this concept. This includes setting up subscription management platforms, automating invoicing on a regular basis, and conducting safe online transactions with a range of recognised payment options.

Businesses anticipate that the use of AI will result in a 25% increase in customer satisfaction, revenue, and cost savings by the end of 2023. expected to significantly impact customer engagement. Businesses can access new clients, several revenue sources, and valuable data with the subscription pricing model. It goes beyond one-time sales and concentrates on client lifetime value. Stable income helps with financial planning and resilience during tough times. Success requires a shift in mindset in addition to a modernisation of processes, personnel, and technology.

CONSUMER BEHAVIOR TRANSFORMATION

The digital age has fundamentally changed consumer behaviour, shifting away from traditional ownership paradigms and towards access-based consumption patterns. This shift has changed how people interact with products, services, and experiences in a range of industries, and it is firmly grounded in psychological, technological, and cultural factors.

Consumer Preferences Have Changed from Ownership to Subscription:

Having material belongings has long been seen as a sign of social standing, success, and wealth. Customers wanted to amass a collection of objects that demonstrated their achievements and offered them a sense of permanence. But there is a clear advent of the digital age has brought about change. The need to acquire tangible goods has gradually given way to a growing desire for experiences and access. The need for new experiences is now the primary focus, and the narrative surrounding ownership has shifted from being a status symbol to a practical necessity.

Technological Developments' Effect on Shifting Consumer Behaviours:

At the core of the shift in consumer behaviour are the significant impacts of technological advancements. Due to the widespread integration of cellphones, fast internet, and the Internet of Things, traditional barriers to access

have been removed (Internet of Things) devices. Customers can no longer value ownership over the advantages of quick gratification and customised experiences due to the instant access to a wide range of services, products, and information. Technology-enabled interconnectedness has redefined access, making it a defining characteristic of modern life.

Including Tailored Experiences to Promote Subscription Adoption:

Crucially, the growing desire for access-based consumption has been stimulated by the integration of personalised experiences into subscription models. Companies can now select goods and services that cater to particular consumer preferences and behaviours as a result of user profiling, machine learning, and data analytics coming together. This personalisation increases client engagement and fosters loyalty by striking a deep psychological chord. In a world with so many options, the allure of personalised content and services surpasses the allure of simply possessing something.

This paradigm change from ownership to access goes beyond industry borders and normal transactional relationships. Customers' evolving attitudes towards the access philosophy have compelled businesses to reevaluate their approach. Subscription-based business models, with their emphasis on ongoing access, have become the epitome of this recalibration. These models leverage the interaction of the psychology of personalisation, the changing consumer value environment, and the access-enabling technological infrastructure. The rest of this study explores the intricacies of these subscription-based business models and how they could increase revenue predictability and customer retention.

TECHNOLOGICAL ENABLERS

• Technological Advancements Fuelling Subscription Model Growth

The proliferation of subscription-based business models in many industries is mostly due to the deluge of technological innovations that have flooded the modern business landscape. These developments have increased the effectiveness of subscription models in providing improved customer experiences that emphasise customisation and access, and they have also led to their increased adoption.

1. The Catalyst of Digital Transformation: The rise of subscription models can be attributed to the widespread, industry-wide digital transformation. This shift represents a substantial shift away from traditional corporate practices and towards a digitally orientated paradigm. As a result of digitalisation, businesses have seen a change in how they operate, using technology to enhance customer engagement, streamline processes, and offer a smooth experience. This change has made it easier for the subscription model to gain traction by establishing the infrastructure required for smooth, instant access to products, services, and information.

2. User-Centric Designs and User Experience: The success of subscription-based business models depends on a commitment to user-centric design. Using design thinking principles, companies develop subscription systems with intuitive user interfaces, seamless navigation, and visually appealing designs. Our user-centric approach will make using subscription services easy and enjoyable for customers. The enhanced ease of use that follows enhances both the initial subscription sign-up process and ongoing subscription management, promoting sustained engagement and reducing attrition rates.

3. Developing Payment Technologies: Subscription models and the advancement of payment technology are closely intertwined. The modern consumer demands payment solutions that are easy, secure, and speedy. The rise of recurring billing systems, contactless payments, and mobile wallets has laid the groundwork for easy subscription sign-ups and renewals. These

emerging payment technologies further align with the convenience-focused demands of modern consumers and enhance the allure of subscription models by offering a smooth and automated financial transaction experience.

• **Using data analytics and artificial intelligence to shape subscription offerings**

In the era of data-driven decision-making, artificial intelligence (AI) and data analytics have emerged as essential technologies that aid in creating subscription models that closely match the distinct preferences and actions of clients. The dynamic capabilities of AI and data analytics allow businesses to anticipate the needs of their customers, develop services that fulfil those needs, and optimise the value proposition inherent in subscription-based interaction.

1. Personalisation through Data Insights:

Subscription-based personalisation is built on data insights. Companies use customer data to offer tailored subscription recommendations that match certain interests. Predictive analytics helps businesses anticipate desires and enhance their offerings by deciphering complex client behaviour. These personalised recommendations are well received by customers, which boosts loyalty, engagement, and satisfaction.

2. AI-Driven Content Curation:

AI algorithms are used to carefully choose content and product recommendations in subscription-based business models. Machine learning algorithms examine user interactions, preferences, and previous data to make recommendations that are relevant to each customer's unique interests. This AI-driven content curation enhances the discovery experience by offering a well-chosen selection of services that align with users' interests and preferences.

3. Subscription Performance Metrics Using Analytics:

Data analytics serves as the compass for navigating subscription models. Metrics like engagement rates, customer lifetime value, and attrition rate can provide insights into the success of subscriptions. These analytics

facilitate data-driven decision-making, enabling businesses to refine offers, optimise pricing methods, and create engagement plans that greatly boost overall revenue generation and client retention.

• **IoT and Connected Devices' Contribution to Improving Subscription Experiences**

Subscription-based business models have become more appealing due to the Internet of Things' (IoT) and connected devices' increasing convenience and real-time connectivity. These technologies enable subscriptions to be incorporated into customers' everyday life in a seamless manner, boosting engagement and value.

1. **Synergy between Connected Lifestyles and Subscriptions:**

The Internet of Things has become a major part of modern life. It is becoming evident how well connected devices complement subscription-based business models as consumers embrace smart devices that are integrated into their homes, vehicles, and personal accessories. With ease, by these devices transform from tools into companions when subscriptions are incorporated into users' daily lives, raising the value of both the devices and the subscriptions.

2. **Subscription Integration in Smart Ecosystems:**

Easily integrating subscriptions with the broader smart ecosystem is one of the most important aspects of enhancing the subscription experience. Wearable technologies, smart homes, and health monitoring devices are being used as conduits to provide subscription services directly into consumers' lives. Because subscriptions and these ecosystems are synchronised, consumers will continue to receive value, increasing their level of engagement and loyalty.

3. **Data protection and Security Considerations:**

Despite the potential for better experiences, the integration of IoT and connected devices into subscription models needs to be backed by a steadfast dedication to data protection and security. Customers provide businesses their personal information in

exchange for personalised experiences. As a result, maintaining the highest standards of data security and privacy is essential for businesses to win over their clients and take full advantage of the vast potential that IoT advancements provide.

The intricate dance between technological development and the expansion of subscription models has changed a number of sectors. The digital shift that businesses have undergone has raised the level of engagement, customisation, and convenience that modern consumers want while also laying the groundwork for subscription models to succeed. This study carefully looks at the mutually beneficial relationship between subscription models and technology, emphasising how important technology is as a driver for increasing customer retention and generating steady revenue streams.

ADVANTAGES BEYOND OWNERSHIP

Subscription models are appealing to clients for a variety of customer-focused benefits, such as cost-effectiveness, flexibility, and convenience, which go beyond the traditional idea of ownership. Additionally, subscription models eliminate the substantial upfront expenses and ownership risk, providing clients with a way to obtain desired goods and services without incurring considerable debt. Additionally, these models naturally encourage sustainability and resource optimisation, two traits of the sharing economy.

• **Benefits of**

Subscription Models for Customers:

Cost-Effectiveness, Flexibility, and Convenience. Subscription models, which offer a number of benefits tailored to modern lifestyles, are the best example of the customer-centric paradigm. One distinguishing feature is flexibility, which allows clients to select from a variety of products and services without being constrained by traditional ownership responsibilities. This flexibility is perfectly suited to the flux of contemporary living, where needs and preferences are always evolving.

Another potent feature of subscription models is their inherent ease. Because services and items are easily accessible and frequently offered through digital platforms, there is no need for in-person presence or time-consuming transactions. Customers with little time greatly appreciate this convenience because it offers a straightforward method of obtaining what they desire.

Its cost-effectiveness is yet another important advantage. For a small portion of the cost of an outright purchase, consumers can frequently access a range of services through subscription arrangements. A wider range of people can now afford high-end items that would otherwise be too costly to purchase outright, making aspirational items more accessible.

- **Reduction of Consumer Risk and Upfront Costs**
Traditional ownership can occasionally entail significant upfront costs, including the price of buying the goods as well as maintenance and associated expenses. Subscription models eliminate the need for large upfront costs and offer a noticeable departure from the norm. By distributing costs into smaller, more frequent payments, consumers can obtain goods and services without having to deal with the financial burden of a large upfront expenditure. This reduces barriers to entry and financial burden, particularly for individuals seeking to acquire pricey goods or services. Subscription arrangements also significantly lower the risk associated with ownership. Risks associated with ownership include things like product obsolescence and gradual value decline.

- **Conformity of Subscription Models to Sharing Economy Principles**
The sharing economy's tenets of resource efficiency and collective consumption align nicely with subscription-based business models. Maximising asset utilisation, cutting waste, and promoting sustainability are the objectives of the sharing economy. Subscription models that allow multiple customers to utilise the same resource at once reduce the need for

duplicating ownership and subsequent production.

Since the subscription model uses fewer resources to serve a larger consumer base, it automatically complies with sustainability standards. People that value reducing their carbon footprint and using the planet's finite resources more efficiently will find this appealing. Therefore, subscription-based business models reflect the views of modern consumers, who strongly value intelligent purchasing and ecological living.

The advantages that subscription models offer beyond ownership are highly aligned with the changing preferences and values of modern consumers. The trinity of cost-effectiveness, flexibility, and convenience is ideal for modern life, and lowering upfront expenses and risk provides clients with security and access. The adoption of sustainable practices by the sharing economy and the compatibility of subscription models strengthen the connection between environmental consciousness, economic principles, and consumer behaviour.

BUILDING CUSTOMER LOYALTY

Developing enduring customer loyalty is crucial in the realm of subscription models. Beyond the initial appeal of accessibility and convenience, businesses aim to build a solid relationship with their subscribers that encourages participation, trust, and long-term commitment. Customers feel valued and invested in the goods and experiences that subscription models offer because to this commitment, which goes beyond transactional interactions and grows into a win-win collaboration.

- **Techniques for Increasing Client Loyalty Using Subscription Models**

Pursuing client loyalty in the context of subscription models necessitates a comprehensive approach that places a high priority on value generation and consumer loyalty. Consistently providing exceptional value, adjusting to shifting customer needs, and ensuring a seamless and pleasurable

subscription experience are all top priorities for successful strategies. A crucial element of this strategy is actively listening to customer feedback. Companies gather data through surveys, reviews, and direct communication in order to enhance their goods and promptly address client concerns. Customers' relationship with the company is strengthened by this iterative improvement method, which shows a commitment to their satisfaction.

• **The function of personalised engagement, loyalty rewards, and tier-based subscriptions**

Tier-based subscription models have emerged as a potent tactic for fostering customer loyalty. Companies offer a range of subscription levels with unique benefits to create a sense of advancement and reward as clients move through the tiers. Because this tiered approach takes into account a range of customer preferences and budgets, clients feel valued and taken care of regardless of their level of engagement. Members feel more connected and committed as they move up the tiers because they have access to premium services, more personalisation, and exclusive content.

1. Loyalty

Rewards: Offering loyalty rewards to loyal customers is a tangible way for a business to express its appreciation. By fostering reciprocity and creating a fulfilling emotional connection, these perks aid in acknowledging the subscribers' loyalty. These perks, which could include first access to products or content, unique discounts, or redeemable points, are meant to entice users to stick with the subscription model.

2. Personalised

Engagement: Subscription models greatly profit from personalisation, which has emerged as a key component of modern client connection. Using data analytics and artificial intelligence, businesses craft personalised messages, recommendations, and offers that align with the interests, habits, and needs of each individual client.

Customers are moved by this high level of personalisation because it demonstrates that the business genuinely understands and responds to their unique demands, which deepens the emotional bond and encourages loyalty.

PREDICTABLE REVENUE STREAMS

In the context of company dynamics, one of the most alluring advantages that subscription models offer is the capacity to cultivate steady revenue streams. This advantage ushers in a time of more financial security and strategic planning, going beyond the conventional notion of occasional transactions. The several aspects of this benefit are examined in greater detail in the ensuing subtopics, which emphasise the financial benefits, the assurance of steady recurring income, and the notable difference from traditional revenue models.

• **Subscription Models' Financial Benefits for Companies**

– Subscription models bring about a fundamental shift in revenue generation, which offers major financial benefits for businesses. Unlike the traditional method, where revenue is frequently dependent on the erratic frequency of individual transactions, subscription-based revenue models offer a solid and consistent financial foundation. Because subscription payments are continuous, businesses can rely on a steady flow of revenue to shield them from the dangers and fluctuations that occur with single-purchase situations.

Furthermore, subscription business models are closely linked to the concept of customer loyalty. Because of the appeal of ongoing value and customised experiences, subscribers are more likely to stay involved for an extended period of time. The financial foundation is strengthened and stabilised as a result of this dedication turning into a reliable source of income. As a result, businesses are better equipped to plan for development, manage resources, and deal with challenges arising from shifting market conditions.

• **Recurring Revenue Predictability and Its Effect on Financial Planning**

The characteristic that sets predictable revenue streams within subscription models apart is the guarantee of recurrent income. Companies are quite good at forecasting how much money they will make over given time periods. This level of income predictability is essential for financial planning since it helps companies make informed decisions and optimise their operations. Strategic planning benefits greatly from this predictability. Accurate revenue predictions enable businesses to plan for expansion strategically, manage resources efficiently, and confidently embark on growth projects. This level of revenue flow knowledge gives decision-makers the power to steer the company's course towards long-term growth and innovation.

• **In contrast, the inherent variability of traditional revenue models**

Subscription models stand in stark contrast to traditional revenue models, which can rely largely on sporadic and one-time purchases. Income streams naturally fluctuate in traditional setups since revenue creation is vulnerable to factors like consumer behaviour, seasonality, and market fluctuations. Unexpected changes in a company's revenue might make financial planning challenging. Subscription models, however, significantly lessen this variation. Even when outside factors still have an impact, the periodicity of subscription payments lessens the impact of market fluctuations. Businesses may be better equipped to withstand market volatility, shifts in consumer tastes, and economic downturns because to the steady revenue base provided by subscription models.

The capacity of subscription models to generate steady revenue streams points to a fundamental shift in how companies conduct business. This advantage extends beyond monetary stability and fosters an environment

that encourages growth, innovation, and strategic decision-making. By moving to subscription-based revenue models, businesses can embrace the potential of predictability and ensure a more stable and proactive approach to income generation.

METRICS OF SUCCESS

One essential element supporting the viability and impact of subscription models in their intricate web is the thorough examination of significant subscription indicators. These metrics serve as a compass to guide businesses through the complex web of customer satisfaction, revenue expansion, and overall success. The research of important subscription indicators, their diverse roles in revenue forecasting and firm evaluation, and the application of cross-industry benchmarking to find successful subscriptions are some of the subtopics that examine the scope and significance of this element.

• **Examination of Important Subscription Data**

Subscription model data is a treasure trove of information on consumer engagement, loyalty, and behaviour. The key metrics in this study are retention rate, average revenue per user (ARPU), customer lifetime value (CLV), and churn rate.

1. Churn

Rate: This important metric calculates how frequently members cancel their subscriptions. A low churn rate suggests satisfied and involved customers, whereas a high turnover rate necessitates attention and action to identify pain points and enhance value delivery.

2. Customer Lifetime Value (CLTV): This figure represents the total revenue a customer is expected to generate during the duration of their subscription. A high CLV demonstrates the long-term profitability of customer retention and aids in directing resource allocation for client acquisition.

3. Average Revenue per User (ARPU): ARPU helps businesses assess the overall value of their services and create suitable pricing

strategies by giving information on the average revenue received by each user.

4. Retention Rate: This metric quantifies the proportion of clients that extend their subscriptions over a specific time frame. Good value delivery and strong brand loyalty are reflected in high customer retention rates.

Using Metrics in Business Assessment and Revenue Forecasting

Subscription metrics are essential for precise revenue forecasts and in-depth business analysis, in addition to being an analytical interest. For example, businesses can use accurate attrition rate forecasts to predict future subscriber numbers and related revenue streams. CLV estimations, which aid in creating effective marketing and engagement strategies to optimise long-term value, are another example of this capacity to predict results. Metrics are essential for evaluating a company's performance. By comparing their current measurements to historical data and industry standards, businesses can identify areas for improvement and modify their strategies to accommodate shifting client preferences. These metrics serve as the foundation for data-driven decision-making, encouraging flexibility and the ability to adjust strategy in response to shifting market conditions.

Benchmarking Subscription Success Across Industries

Subscription success transcends industry boundaries. Using cross-industry benchmarking to compare subscription levels across industries may provide information that would otherwise be overlooked. Businesses can identify winning strategies, best practices, and growth opportunities by examining which subscription models work best in various industries. Moreover, it promotes creativity. Examining how other industries use subscription models to increase customer engagement and revenue growth may spark fresh concepts and tactics. By combining concepts from successful models in a range of industries, businesses may develop

tailored strategies that resonate with their specific audience and draw inspiration from the broader subscription ecosystem.

Essentially, the metrics of success found in subscription models provide the basis for informed decision-making, revenue forecasting, and business development. The analytical lens utilised to look at churn rate, CLV, ARPU, and retention rate allows for a thorough understanding of subscriber behaviour and the overall health of the subscription-based revenue stream. These indicators are more than simply data points; they are tactical tools that help businesses handle the intricacy of modern trade with precision, adaptability, and creativity.

OVERCOMING CHALLENGES

Despite their many advantages, subscription-based business models do have some disadvantages. Resolving these problems is critical to the long-term viability and profitability of subscription-based business models. Finding innovative solutions to issues like subscription fatigue and value degradation, as well as emphasising how important it is to include customer feedback to ensure continuous improvement, are some strategies for overcoming challenges.

Determining the Difficulties

1. Subscription Fatigue: As subscription solutions proliferate across industries, consumers have a multitude of options. Subscription fatigue may result from the overwhelming volume of subscriptions they are required to manage. This challenge highlights how important it is for businesses to differentiate themselves from the competition and continuously demonstrate to clients how useful they are.

2. Value Degradation: Customers may eventually believe that their subscriptions offer less and less value if offers stay the same or do not alter over time. This could lead to a decline in customer satisfaction and loyalty. It's challenging to maintain a steady value proposition that adapts to changing customer demands.

• **Techniques for Overcoming Obstacles with Creativity and Flexibility**

1. **Innovative Value Propositions:** To combat subscription fatigue, companies must continuously improve their value propositions.

This could entail offering flexible payment plans, combining subscriptions, or providing unique and exclusive material. By offering distinctive value, businesses can stand out from the competition and maintain subscribers' interest.

2. **Constantly Changing Offerings:** To prevent value degradation, innovation must be ongoing. Businesses frequently upgrade their services by including new features, content, or experiences. By monitoring market trends and consumer input, businesses can predict changing preferences and modify their offers to meet these evolving wants.

3. **Agile Business Models:** Adaptability is the key to overcoming challenges. Agile business models are adaptable enough to respond swiftly to shifting market dynamics. This could entail developing flexible cancellation policies, letting clients postpone or modify their plans, and reacting quickly to emerging market trends.

• **Including Customer Input for Ongoing Development**

1. **Paying attention to subscribers:** Customer feedback is a treasure trove of data for businesses. By communicating with subscribers to learn about their needs, problems, and expectations, businesses can proactively address problems. Companies can modify their approach to align with subscriber preferences by gathering input through surveys, reviews, and direct communication channels.

2. **Iterative Improvements:** Subscriber perspectives offer crucial information for enhancing subscription goods.

Depending on customer feedback, businesses can iteratively update their services to address usability issues, add desired features, or better the user experience in general. This cyclical process fosters a sense of cooperation and mutual growth.

3. **Available Channels of Communication:** It is essential to have channels of communication available so that subscribers can voice their thoughts and worries. Openness and trust are encouraged by businesses that engage with their subscribers on a regular basis, answering their concerns and alerting them to upcoming changes.

Subscription models have challenges along the way, but overcoming them is essential to long-term success. By addressing issues like subscription fatigue and value degradation through creativity, adaptability, and a commitment to customer feedback, businesses may overcome these challenges and transform them into opportunities. This proactive approach ensures that subscription models continue to provide value, engage members, and adapt to the always changing landscape of consumer preferences.

MINI-CASE STUDIES SHOWCASING SUCCESSFUL APPROACHES TO SUBSCRIPTION MODEL

• **Mini Case Study 1: Branding increases conversion rates by 40% for newspapers.** MECLABS Institute, the parent firm of Marketing Sherpa, was engaged by a major newspaper to improve its offer pages and increase membership rates. The original offer page used a template CMS (content management system) layout and barely referenced the well-known firm name. The unbranded template was used to complete the conversion process. To test their hypothesis that the brand would have a positive impact on conversion, the MECLABS team developed a treatment to compare to the control. The CMS template was heavily altered to showcase the well-known brand. The branding received more attention during

the entire conversion process. The team contrasted the treatment group with the control group using an A/B split test. The well-known

brand name alone increased subscribers by 40% through the treatment subscriber route.

Mini Case Study 2: Improving the homepage increases opportunities from organic visitors for a computer software company by 37%.

Infinity, a software-as-a-service (SaaS) platform for call intelligence, makes all of its money from subscriptions.

Since prospects have responded favourably to sales presentations utilising one of the company's biggest clients, the case study was prominently posted on the webpage. It dominated the space above the fold and greeted visitors to the website for over a year. It was so clear that a visitor may think they were on the website for Sky, the case study's subject, instead of Infinity.

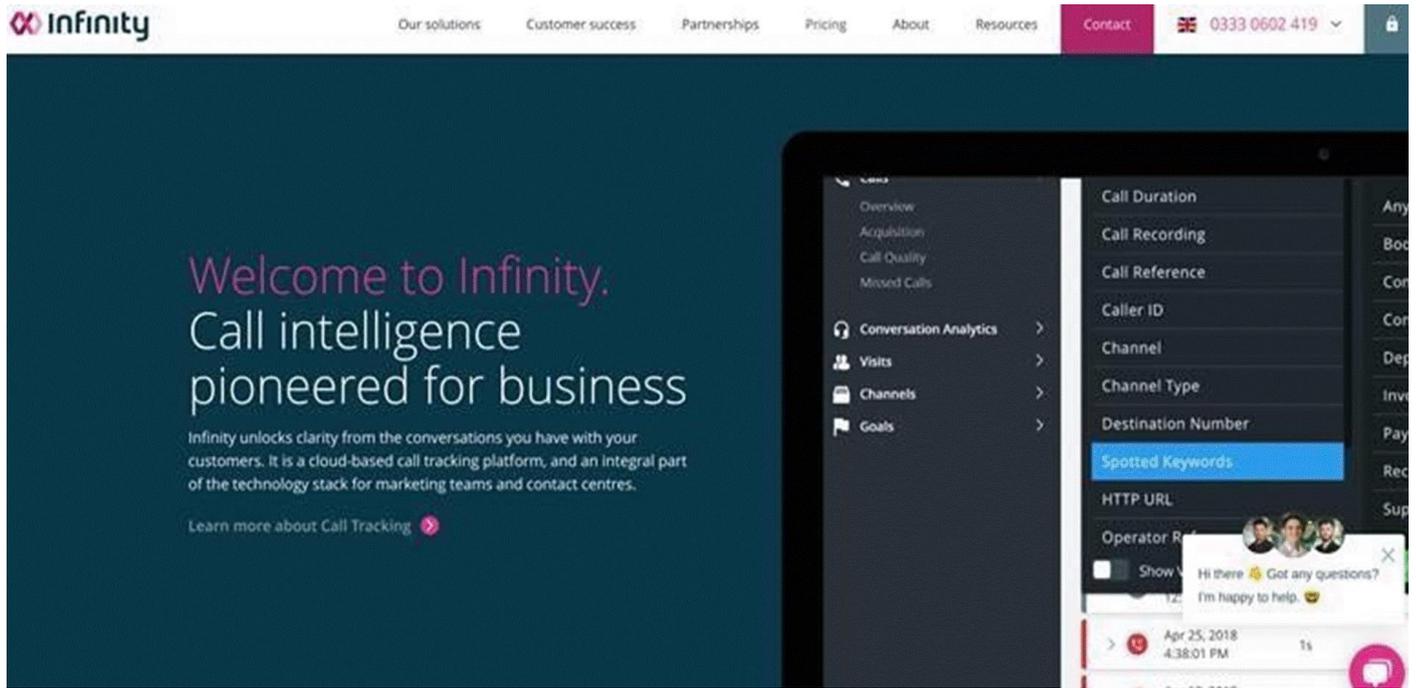


Image 1: The most noticeable component of a computer software company's site in its previous iteration

A year later, the Infinity team started to wonder if a first-time site visitor would actually be interested in the same product as a prospect further down the sales funnel. The "About" page of the business received the most clicks, followed by a page dedicated to a particular product. The case study was not the primary piece of content displayed on the home page; instead, a title and body content detailing the business's operations were used. These components linked to a page that described call monitoring, which is Infinity's primary use case.

Image 2: Redesign of computer software company's website





When the team realised that case studies were still performing well overall, they added a carousel of multiple case studies from different major organisations to the website.

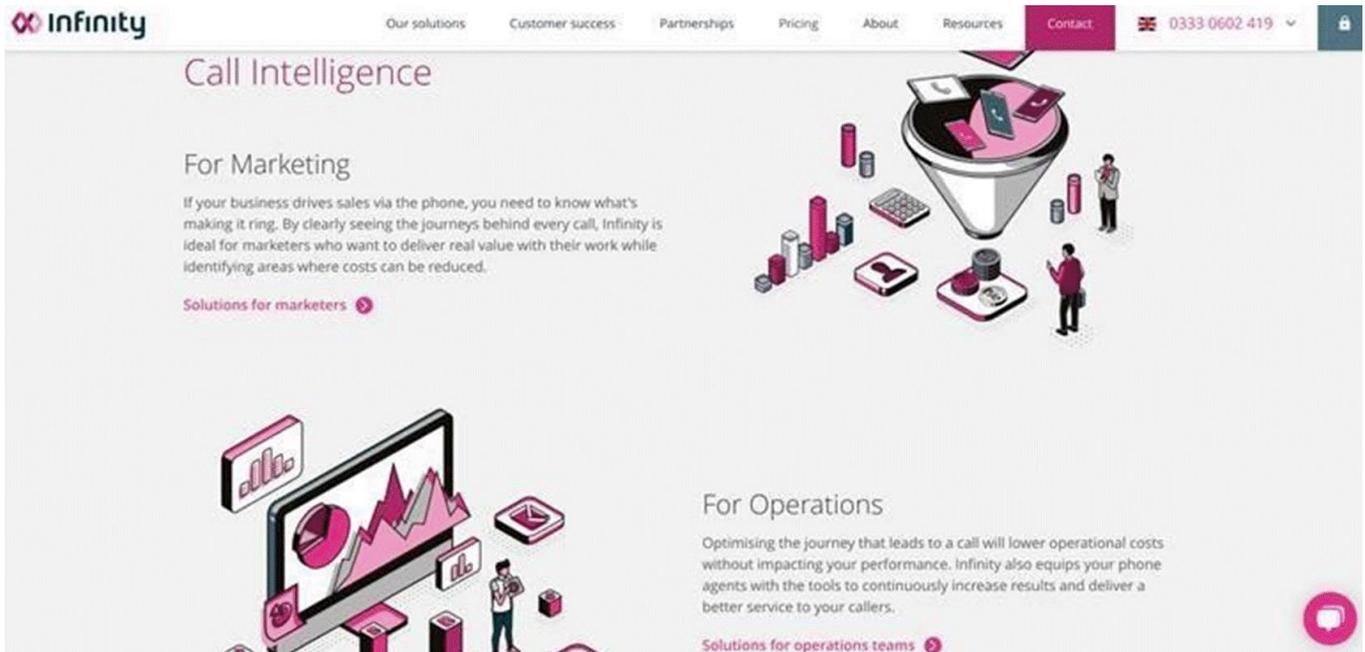
Image 3: Case study carousel on the website



When a visitor hovers over a picture in the carousel, a link to "Find Out More" and an excerpt from the case study appear. Hovering over the graphic in The Telegraph newspaper, for instance, reveals the lines "The results are immediate, and we are learning things that we didn't know before." Several prospect conversion journeys made it clear that these prospects visited websites that were specifically tailored to key persona groups.

Links to more information and content regarding personas were added to the bottom of the home page to facilitate users' access to the pages most pertinent to their function.

Image 4: Information aimed to different types of users



These changes increased website visitor retention by 24% year over year after a year. Because more visitors could find pertinent content more quickly, Infinity saw a 251% increase in hits on their website annually. The new website produced 37% more opportunities from organic visits and raised revenue by 100%.

• **Mini Case Study 3 – Survey aids coffee subscription service in keeping 97% of customers.**

A subscription service requires an ongoing relationship with the customer. One Click Coffee monitors customer satisfaction to make sure its products continue to deliver value and to maintain that ongoing relationship. The survey is one of the factors contributing to the service's 97% retention rate. Given that there is no funding for advertising and the company relies on word-of-mouth advertising and natural social media, and happy customers are crucial to its business plan.

"The power of your existing customers should not be underestimated." states Pollyanna Ward, Director of One Click Coffee, emphasizing that there is no need to spend hours conducting in-depth Google searches and attempting to determine the motivations behind customer purchases in order to obtain research insights.

She concluded, "Just keep asking your customers who are with you now." It was also advised to refrain from undervaluing one's offer. It was observed that, like any growing business, increased churn rates are typical as subscription models proliferate. Nonetheless, it was highlighted that maintaining the subscription box's superior quality without having to lower costs was a feasible path to success.

ANALYSIS OF COLLECTED DATA

1.

Test Proportion	Observed Proportion	N	Z-Value	p-Value (1-tailed)
0.50	0.66	50	2.27	0.0118

One-Sample Z-Test for Proportion

Test Statistics:

- **Null Hypothesis (H₀):** The proportion of people who interact frequently with CRM tools is 50%.
- **Alternative Hypothesis (H₁):** The proportion of people who interact frequently with CRM tools is greater than 50%.
- **Z = 2.27**
- **p = 0.0118**

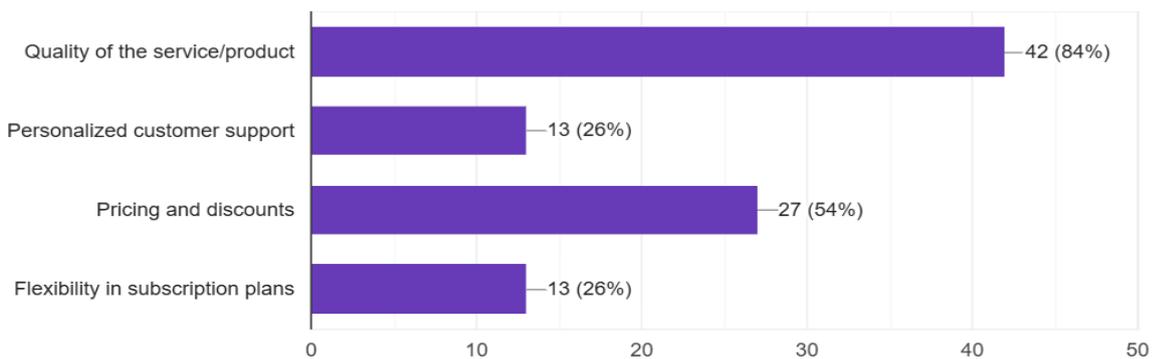
Decision: Since **p < 0.05**, we **reject the null hypothesis**.

There is **significant evidence** that more than 50% of people interact frequently (daily/weekly) with CRM tools in subscription-based services.

What factor most influences your decision to stay subscribed to a service?

 Copy chart

50 responses

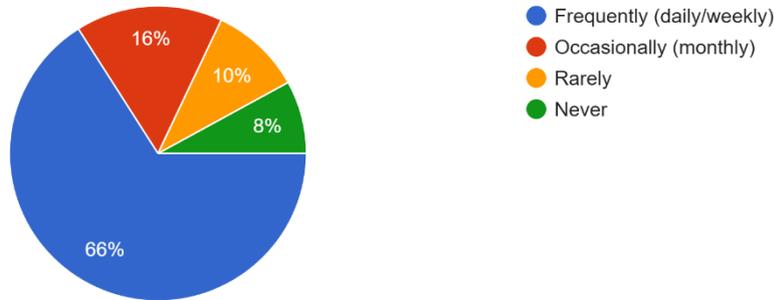


2.



How often do you interact with a company's CRM tools (e.g., customer support, chatbots, or personalized emails) in subscription-based services?

50 responses



One-Sample Z-Test for Proportion

Test Proportion	Observed Proportion	N	Z-Value	p-Value (1-tailed)
0.50	0.84	50	4.808	0.000

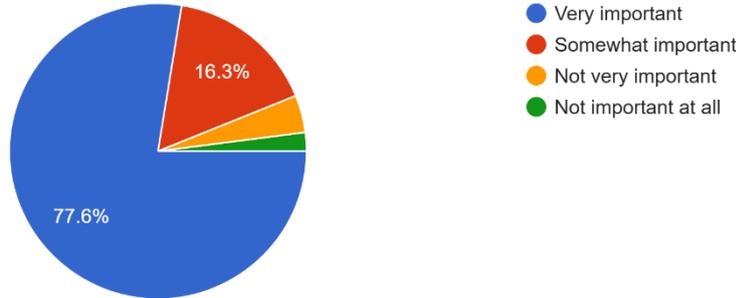
Test Statistics:

- **Null Hypothesis (H₀):** The proportion of people who consider the quality of the service/product as the most influential factor is 50%.
- **Alternative Hypothesis (H₁):** The proportion of people who consider the quality of the service/product as the most influential factor is greater than 50%.
- **Z = 4.808**
- **p = 0.000**

Decision: Since $p < 0.05$, we reject the null hypothesis. There is significant evidence that more than 50% of people consider the **quality of the service/product** as the most influential factor in staying subscribed to a service.

How do you rate the importance of personalized communication in building loyalty in subscription services?

49 responses



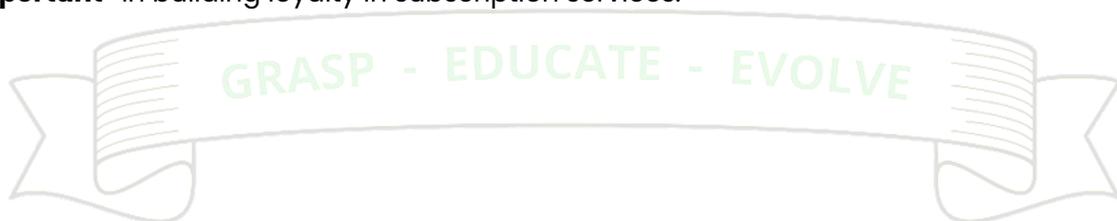
3.
One-Sample Z-Test for Proportion

Test Proportion	Observed Proportion	N	Z-Value	p-Value (1-tailed)
0.50	0.776	49	4.95	0.000

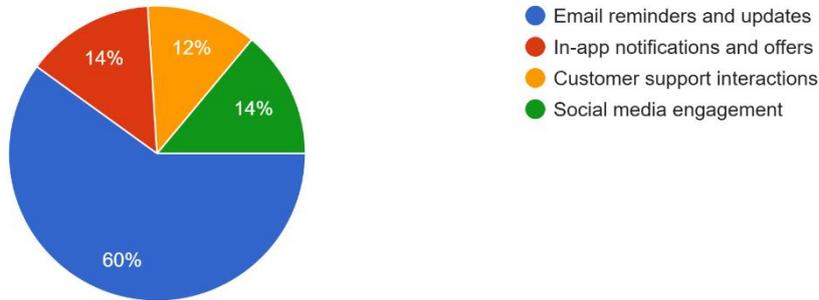
Test Statistics:

- **Null Hypothesis (H₀):** The proportion of people who consider personalized communication as "Very important" in building loyalty is 50%.
- **Alternative Hypothesis (H₁):** The proportion of people who consider personalized communication as "Very important" in building loyalty is greater than 50%.
- **Z = 4.95**
- **p = 0.000**

Decision: Since $p < 0.05$, we reject the null hypothesis. There is significant evidence that more than 50% of people consider **personalized communication as "Very important"** in building loyalty in subscription services.



What type of CRM-based communication do you find most effective in subscription models?
50 responses



4.

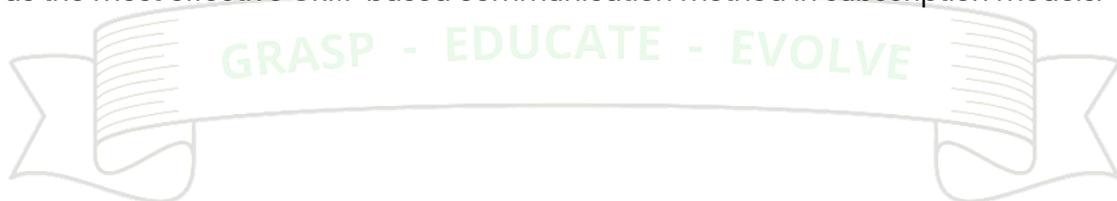
One-Sample Z-Test for Proportion

Test Proportion	Observed Proportion	N	Z-Value	p-Value (1-tailed)
0.50	0.60	50	1.41	0.0792

Test Statistics:

- **Null Hypothesis (H₀):** The proportion of people who find email reminders and updates the most effective CRM-based communication method is 50%.
- **Alternative Hypothesis (H₁):** The proportion of people who find email reminders and updates the most effective CRM-based communication method is greater than 50%.
- **Z = 1.41**
- **p = 0.0792**

Decision: Since $p > 0.05$, we fail to reject the null hypothesis. There is **no significant evidence** to conclude that more than 50% of people find **email reminders and updates** as the most effective CRM-based communication method in subscription models.



5.

One-Sample Z-Test for Proportion

Test Proportion	Observed Proportion	N	Z-Value	p-Value (1-tailed)
0.50	0.68	50	2.55	0.0054

Test Statistics:

- **Null Hypothesis (H₀):** The proportion of people who find companies using subscription history to recommend products/services very helpful is 50%.
- **Alternative Hypothesis (H₁):** The proportion of people who find companies using subscription history to recommend products/services very helpful is greater than 50%.
- **Z = 2.55**
- **p = 0.0054**

Decision: Since $p < 0.05$, we reject the null hypothesis. There is **significant evidence** that more than 50% of people find it **very helpful** when companies use their subscription history to recommend products or services.

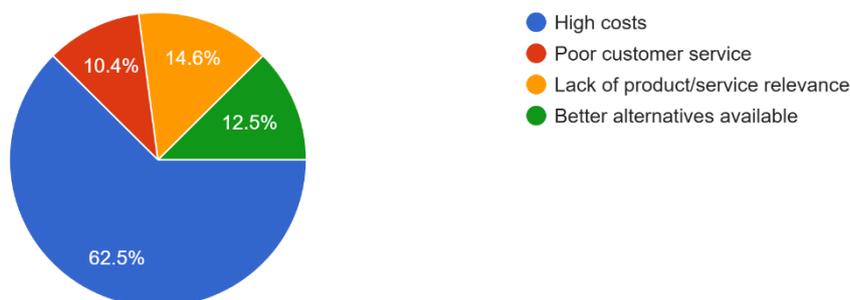
6.

One-Sample Z-Test for Proportion

Test Proportion	Observed Proportion	N	Z-Value	p-Value (1-tailed)
0.50	0.625	48	2.26	0.0119

What is the primary reason for unsubscribing from a service?

48 responses

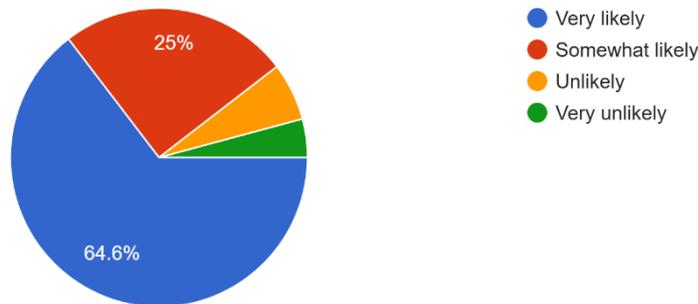


Test Statistics:

- **Null Hypothesis (H₀):** The proportion of people who unsubscribe due to high costs is 50%.
- **Alternative Hypothesis (H₁):** The proportion of people who unsubscribe due to high costs is greater than 50%.
- **Z = 2.26**
- **p = 0.0119**

Decision: Since $p < 0.05$, we reject the null hypothesis. There is **significant evidence** that more than 50% of people unsubscribe from a service due to **high costs**.

How likely are you to recommend a subscription-based service if it offers excellent CRM support?
48 responses



7.

One-Sample Z-Test for Proportion

Test Proportion	Observed Proportion	N	Z-Value	p-Value (1-tailed)
0.50	0.646	48	2.40	0.0082

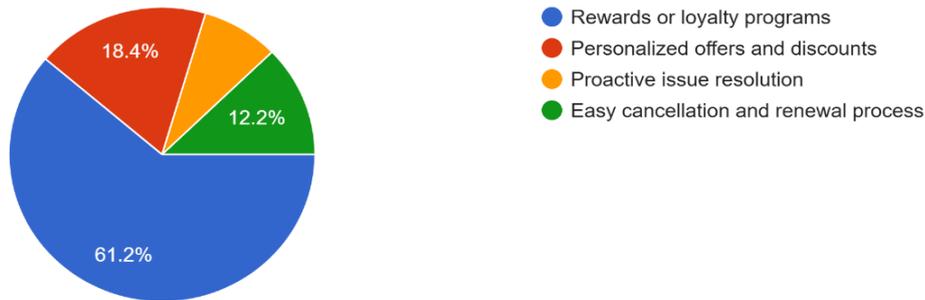
Test Statistics:

- **Null Hypothesis (H₀):** The proportion of people who are very likely to recommend a subscription-based service with excellent CRM support is 50%.
- **Alternative Hypothesis (H₁):** The proportion of people who are very likely to recommend such a service is greater than 50%.
- **Z = 2.40**
- **p = 0.0082**

Decision: Since $p < 0.05$, we reject the null hypothesis. There is **significant evidence** that more than 50% of people are **very likely** to recommend a subscription-based service if it offers excellent CRM support.

Which CRM feature would most encourage you to renew your subscription?

49 responses



8.
One-Sample Z-Test for Proportion

Test Proportion	Observed Proportion	N	Z-Value	p-Value (1-tailed)
0.50	0.612	49	2.47	0.0068

Test Statistics:

- **Null Hypothesis (H₀):** The proportion of people who prefer rewards or loyalty programs for subscription renewal is 50%.
- **Alternative Hypothesis (H₁):** The proportion of people who prefer rewards or loyalty programs is greater than 50%.
- **Z = 2.47**
- **p = 0.0068**

Decision: Since $p < 0.05$, we reject the null hypothesis. There is **significant evidence** that more than 50% of people consider **rewards or loyalty programs** the most encouraging CRM feature for renewing their subscription.

9.

One-Sample Z-Test for Proportion

Test Proportion	Observed Proportion	N	Z-Value	p-Value (1-tailed)
0.50	0.56	50	0.85	0.1985

Test Statistics:

- **Null Hypothesis (H₀):** The proportion of people who prefer email for receiving subscription updates is 50%.
- **Alternative Hypothesis (H₁):** The proportion of people who prefer email is greater than 50%.
- **Z = 0.85**
- **p = 0.1985**

Decision: Since $p > 0.05$, we **fail to reject the null hypothesis**. There is **no significant evidence** to suggest that **email** is preferred by significantly more than 50% of users for receiving subscription updates.

10.

One-Sample Z-Test for Proportion

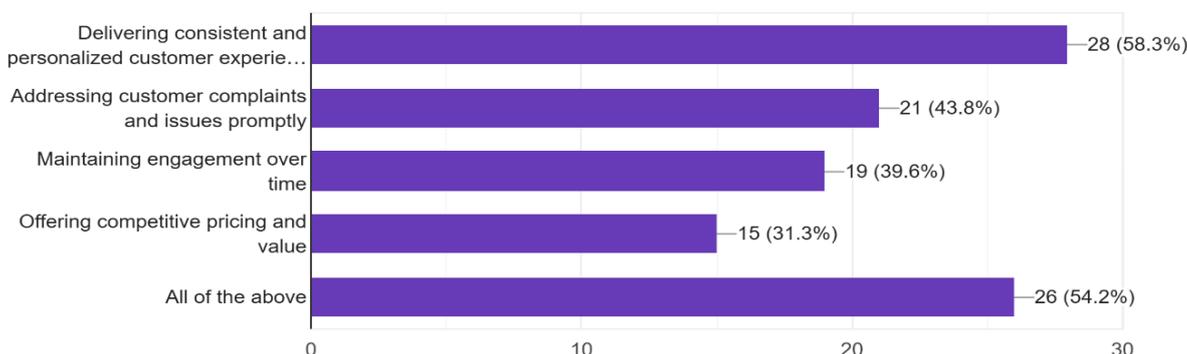
Hypothesis:

- **Null Hypothesis (H₀):** The proportion of people who prefer email for receiving subscription updates is **50%** ($p = 0.50$).
- **Alternative Hypothesis (H₁):** The proportion of people who prefer email is **greater than 50%** ($p > 0.50$).

Test Statistics:

What do you believe are the major challenge for CRM in retaining customers in subscription-based services?

48 responses



- **Test Proportion (Expected):** 0.50
- **Observed Proportion:** 0.56
- **Sample Size (N):** 50
- **Z-Value:** 0.85
- **p-Value (1-tailed):** 0.1985

Decision:

Since the p-value (**0.1985**) is **greater than 0.05**, we **fail to reject** the null hypothesis.

There is **no significant evidence** to suggest that email is preferred by a significantly higher proportion of users (**more than 50%**) for receiving subscription updates.

CONCLUSION

The emergence of subscription models has fundamentally changed how businesses and consumers engage. These models are now the go-to option for contemporary customers looking for flexibility, affordability, and convenience because they offer constant access to goods and services. In turn, businesses gain from steady sources of income, improved client retention, and chances for sustained expansion. This model's success is closely linked to technological developments since AI, data analytics, and the Internet of Things allow companies to provide seamless and customised experiences.

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It is anticipated that the subscription economy will keep growing in the future as more sectors embrace this business model to guarantee both consumer happiness and financial stability. Companies that put an emphasis on consumer

input, personalisation, and innovation will be able to compete in a changing market. Being flexible and able to give subscribers continuous value are essential for long-term success. Subscription-based companies that use data-driven insights and customer-centric strategies will prosper in the dynamic world of commerce as long as technology keeps developing.

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