

The Anatomy of a Subscription Box:

Breaking Down the Secret to their Success—The Supply Chain



In an era where consumers are looking for increased customization and convenience, and brands are looking to cut through the clutter to reach and wow buyers, subscription box businesses offer the recurring, physical delivery of niche-oriented products packaged as an experience. As a result, they have emerged as one of the hottest e-commerce business models.

5.7 million

Number of subscription box shoppers in the U.S.

\$40 billion

Expected revenue generated by subscription boxes in 2017

2,500

Subscription box companies that have emerged in the last 3 years

What Is The Secret To Their Success?

Successful subscription boxes must add value on top of the actual retail products contained in the box. While “cool products” excite consumers, they are also looking for:



User-friendly e-Commerce Interface



Free Shipping



Easy Returns



Loyalty Perks



Best-in-Class Customer Service



Customized Selections

All of these qualities—and whether the consumer experiences them—are tightly interwoven with the supply chain.

Why Does The Supply Chain Matter?

As a consumer, you may simply receive your box each month and revel in the whole experience—from anticipating its arrival, to excitingly revealing its contents, to enjoying the products. As someone tasked with ensuring your subscription box is a success with consumers each month, the process is far more complex. Each month, you need to:

- ➔ Manage **re-billing**, including segmenting customers
- ➔ Identify and **source products**, as well as curate to meet customer preferences
- ➔ Deal with **shipping and fulfillment** logistics
- ➔ Organize **labor** for all facets of the process
- ➔ Attend to **customer service** needs
- ➔ **Ship** boxes, taking into account cut off dates/times and return needs



How Do They All Come Together?

The right end-to-end supply chain partner can help subscription box companies streamline the process and ensure a positive consumer experience from the time they sign up to each time they receive a box—and in the inevitable case they need to make a return. Partners that integrate the digital and physical supply chain are best suited to help companies at every step of the way, including:



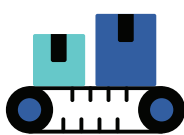
Consumer Sign Up

The e-commerce back end should remove complexities by fully integrating with global payment, CRM and fulfillment systems.



Product and Packaging Sourcing

Partners with strong supplier relationships worldwide can drive the best prices, deliver on-time and maintain the highest quality standards.



Kitting and Assembly

This often labor-intensive part of the process can be streamlined and optimized when a single partner manages logistics and delivery schedules with multiple manufacturing sites or partners for just-in-time manufacturing.



Billing Management

The ideal payment management system will not only accept myriad global and local payment options, but can also support varying debit amounts and/or frequencies to accommodate multiple price points and billing cycles. Proper auto-ship or recurring order handling capabilities help improve change backs.



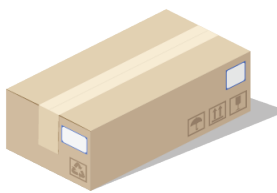
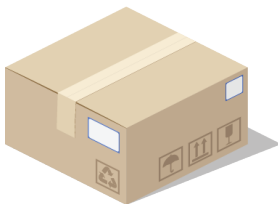
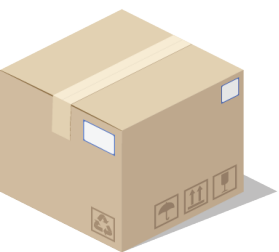
Customer Support

Highly-trained agents should have an in-depth understanding of your brand value and specific products—which contributes to both customer loyalty and costs savings.



Returns Management

Put the headache of returns behind you with a partner that can handle the end-to-end process, including receipt, sorting, triage, credit processing and ultimate disposition of returned goods.



Sources:

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