

2025

Boxed In: The Rise of Subscription Retail & Tech

How to Use Audience Segmentation and AI to Improve Success

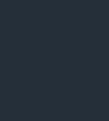


The Subscription Shift

\$1.5T

is the projected global subscription economy market size in 2025.

(Forbes)



87%

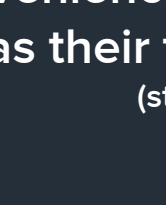
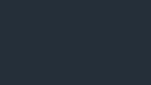
of consumers used streaming services in 2024, with 50% paying for subscriptions.

(Simon Kucher)

11%+

of shoppers prefer scheduled deliveries.

(sticky.io)



59%

of subscribers listed convenience or enjoyment as their top priority.

(sticky.io)

3.4X

is how much faster companies in Zuora's Subscription Economy Index have grown than S & P's 500.




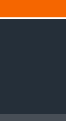
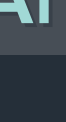
(Zuora)



One Size Does NOT Fit All

Subscription-based retailers use a variety of models to deliver value and convenience to consumers—sometimes blending more than one approach. This chart highlights 5 of the most common models, each offering unique benefits & serving different consumer needs.



TYPE	DESCRIPTION	TYPICAL PRODUCTS	EXAMPLE
 Membership	Regular fee gives access to exclusive services or products	Gyms, education/training, clubs	Yogaworks, Teachable, Audible
 Replenishment	Automatic, regular delivery of essential items	Pet food, diapers, razor supplies	Chewy, Harry's, Blueland
 Content	Ongoing access to content	Music, videos, news	Netflix, Spotify, YouTube TV
 Curation	Regular delivery of item-filled box based on specified preferences	Clothing, meals, beauty supplies	Birchbox, StitchFix, HelloFresh
 SaaS	Pay to access a software instead of outright purchase	Software	Microsoft 365, Adobe Creative Cloud

Are Subscriptions a Retail Power Move?

The Upside

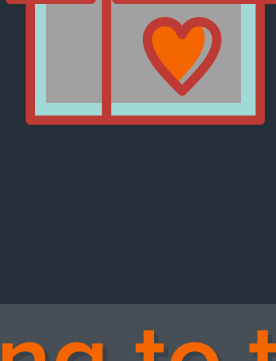
- Predictable revenue stream
- Streamlined inventory planning
- Stronger customer relationships
- Marketing focus on acquisition
- Built-in data + insights
- Easy to personalize

The Challenges

- Constant pressure to add value
- High acquisition costs
- Rising competition
- Fad or future? The jury's still out
- Churn can be a killer!

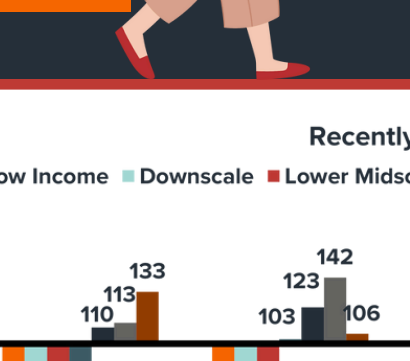
FOCUS: Audience Segmentation

Claritas' PRIZM® Premier, the industry's most widely adopted audience segmentation solution, provides rich insights for every household in the U.S. including lifestyle, demographics, media preferences, shopping behaviors and technology usage. Unless otherwise indicated, the graphs in this infographic have been developed using PRIZM Premier.



Top-Selling Retail Subscription Categories Include:

Software
Media - TV, Audio, News
Fashion
Mealkits/Mealboxes
Health and Fitness
Pet Products
Plants
Collectibles and Hobbies

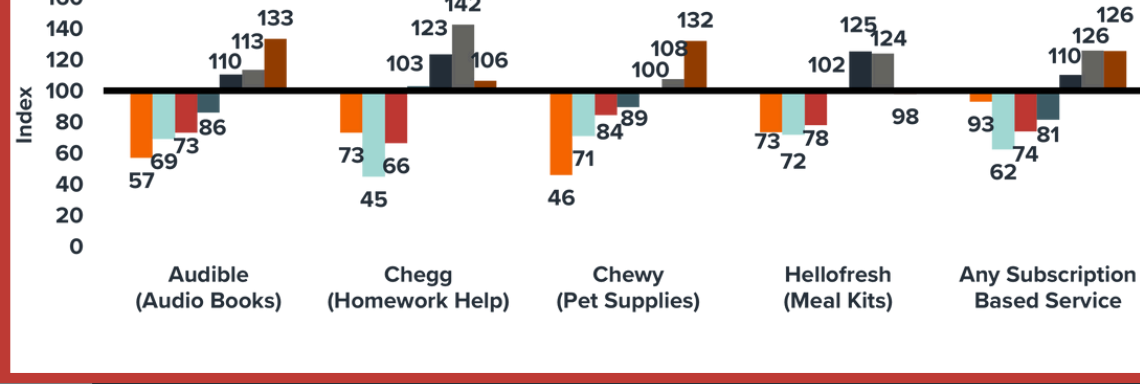


Rising to the Top

Netflix is the largest streaming service in the world, with a reported 282.7 million global paid memberships as of 2024, up 8.3% year-over-year.

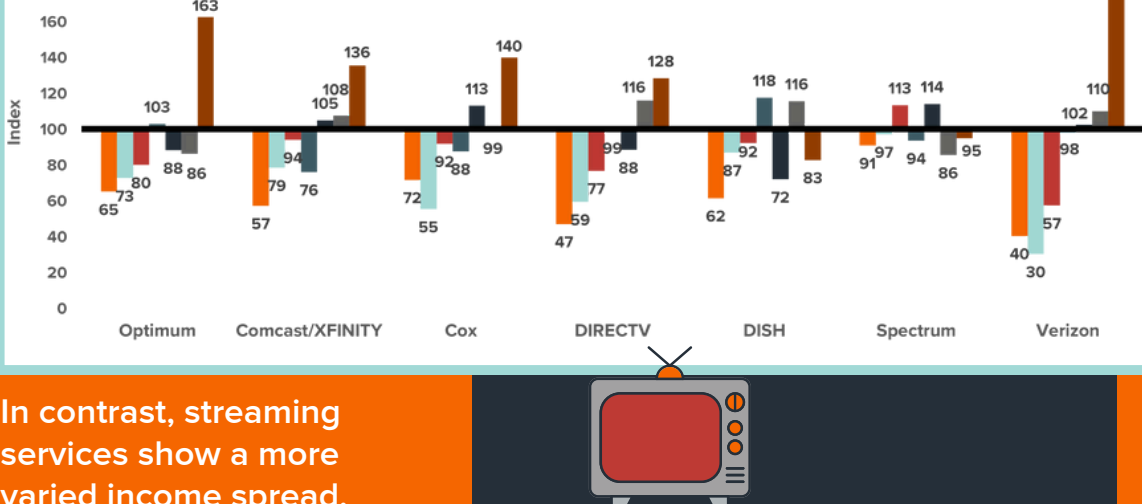
Higher income users consistently over-index across all — suggesting that disposable income plays a strong role in the adoption of subscription services.

NOTE: Chegg showed more promising trends within lower income categories, indicating products considered more utilitarian might do better across all income levels.

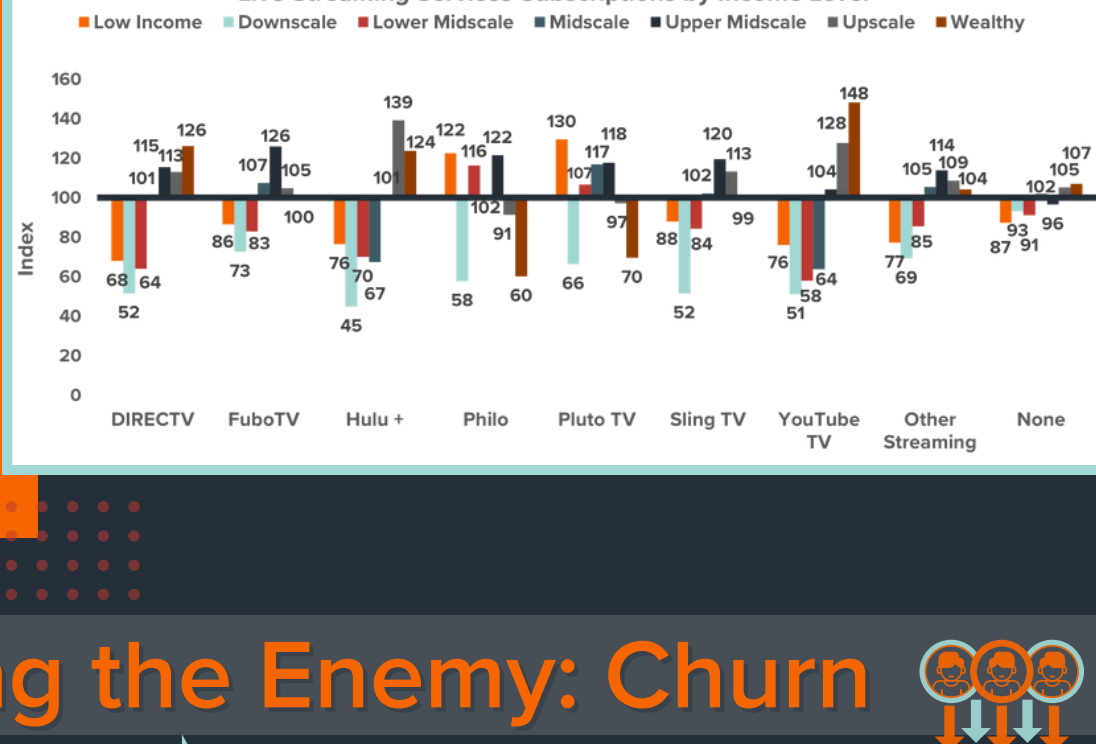


Diving Deeper: Subscription TV

After exploring the broader subscription retail landscape, we now zoom in on subscription TV—a rapidly evolving, \$115 B global market. In fact, over 60% of U.S. households now prefer streaming over traditional cable.

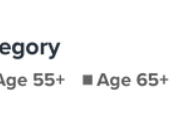


In contrast, streaming services show a more varied income spread. Platforms like YouTube TV and Hulu+ attract higher-income users, while Pluto TV and Philo are more popular among lower income segments, likely due to their affordability and free options. Overall, streaming subscriptions appear more accessible across income levels, while traditional cable providers remain more stratified.

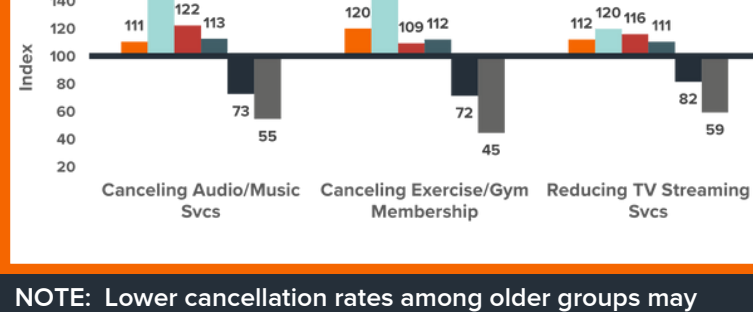


Wealthier households are significantly more likely to subscribe to traditional TV providers like Verizon, Cox, and Optimum, while middle class and lower income groups lean more to Spectrum and DISH. Verizon stands out with the highest index (176) in the wealthy sector, indicating a strong affinity for premium an/or bundled services among affluent users.

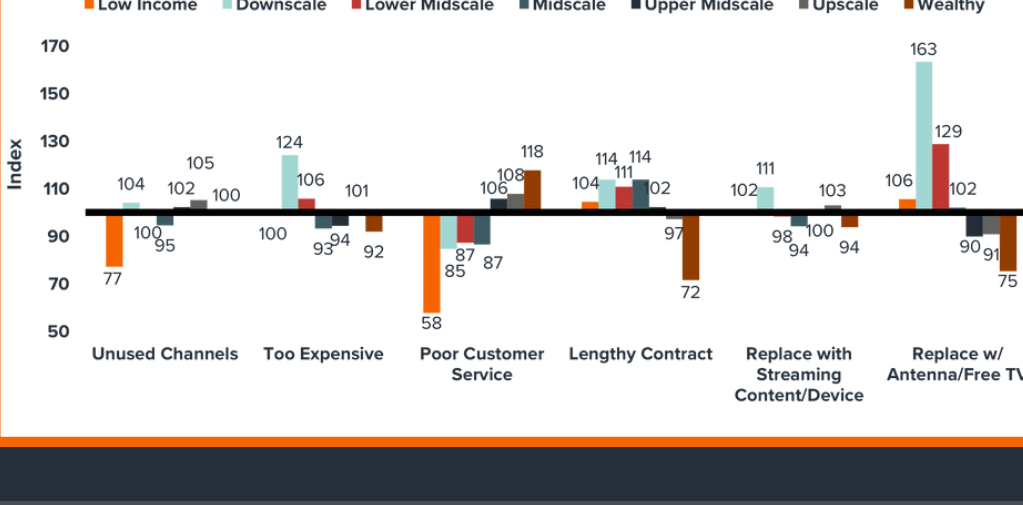
Fighting the Enemy: Churn



Cost concerns and inflation will always be a driving force in any retail churn, but is exacerbated by the perception of how “necessary” the product/service is. It appears that across all age groups TV services are considered a higher priority with inflation posing a smaller risk.



NOTE: Lower cancellation rates among older groups may simply reflect lower adoption of these services to begin with.



So Why Are Cable Customers Cutting the Cord?

When looking at it by income level, lower income categories will churn for cost reasons (no surprise there). However, lengthy contracts appear to be a deterrent for middle income groups and poor customer service will drive away your top income customers.

In Short: Know Your Audience or Risk Losing Them

In a crowded subscription market, the key to reducing customer turnover starts before the first conversion. By using audience segmentation to pinpoint the right prospects—and leveraging AI-driven strategies to attract and engage them—retailers can build stronger, longer-lasting customer relationships from the very beginning.



Seal the Deal: Claritas + AI

Insight-Driven Audience, Creative, Message and Media Optimization

Claritas' Integrated Marketing Optimization Platform provides dynamic, real-time customer experiences that involve connecting with specific audiences and delivering tailored messages across a wide array of digital channels and formats - from audio and display to email and CTV/OTT video. The AI optimization loop consistently fine-tunes messaging, channels, formats, and even audience selection throughout the marketing campaign, ensuring the most optimal results. LEARN MORE @Claritas.