



TKF Hacks | Launching subscriptions

Successfully launching a subscription

The winning formula for brands in 2021

**THE
KITE
FACTORY**

Powered by The Kite Factory



Context

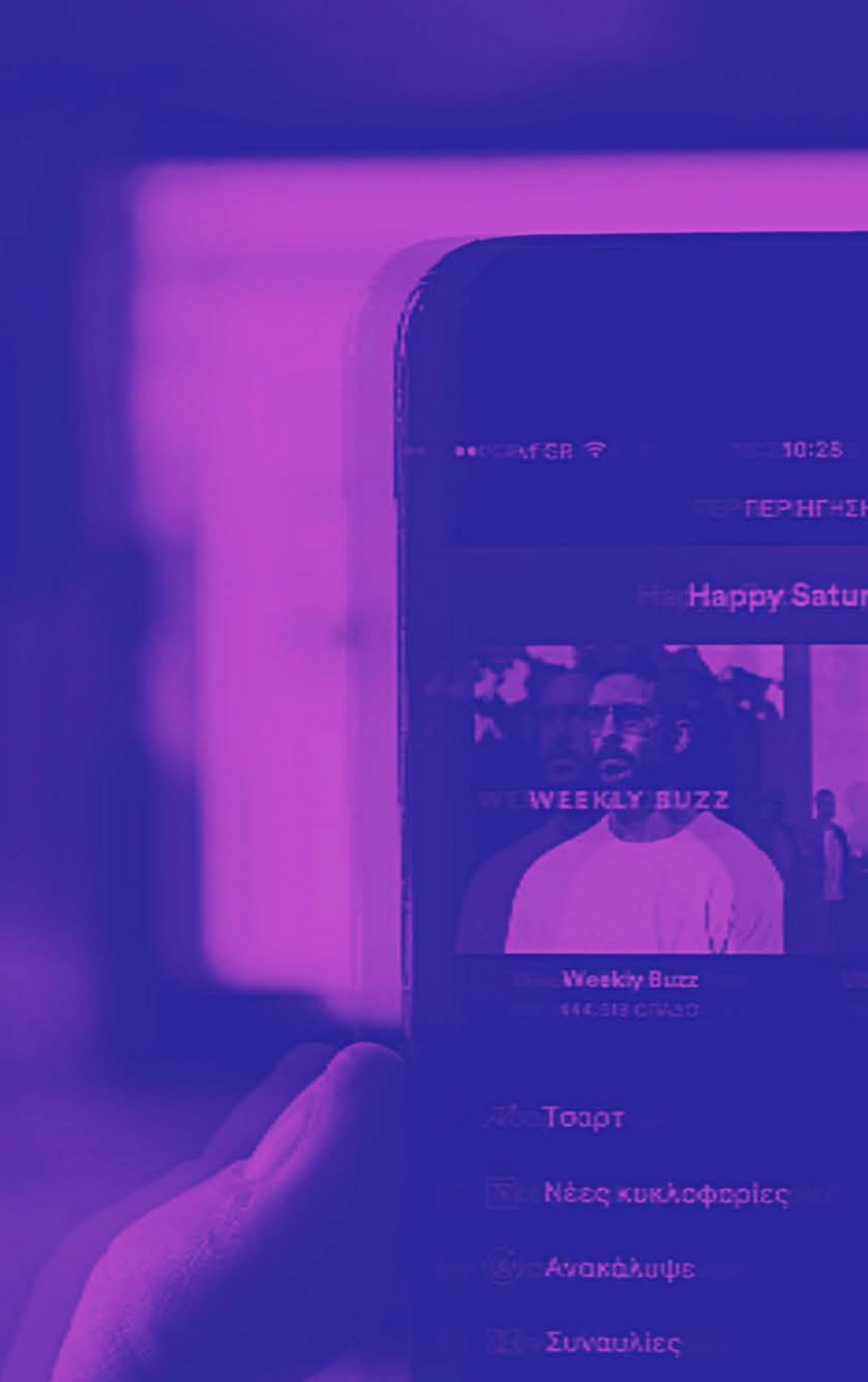
The subscription economy continues to go from strength to strength. Our recent consumer report about the Lockdown Subscriber completed in October 2020 found that 2-in-5 UK adults had signed up to a new subscription service since lockdown and 72% said it was likely they would remain subscribed into the new year. These claims have been confirmed by behaviours and according to Barclay Card spend data, UK households are now signed up to an average of seven subscription services and we have increased spending on subscriptions by 39%.

With subscription boxes alone set to reach a market value of £1bn by 2022, 1 in 5 UK retailers launched a subscription product over the lockdown period last year, half of which were doing it for the very first time.

Subscription services provide consumer benefits such as exclusive content, convenience, or personalised products. In return, businesses receive a reliable source of income with reduced costs required to encourage repeat purchases.

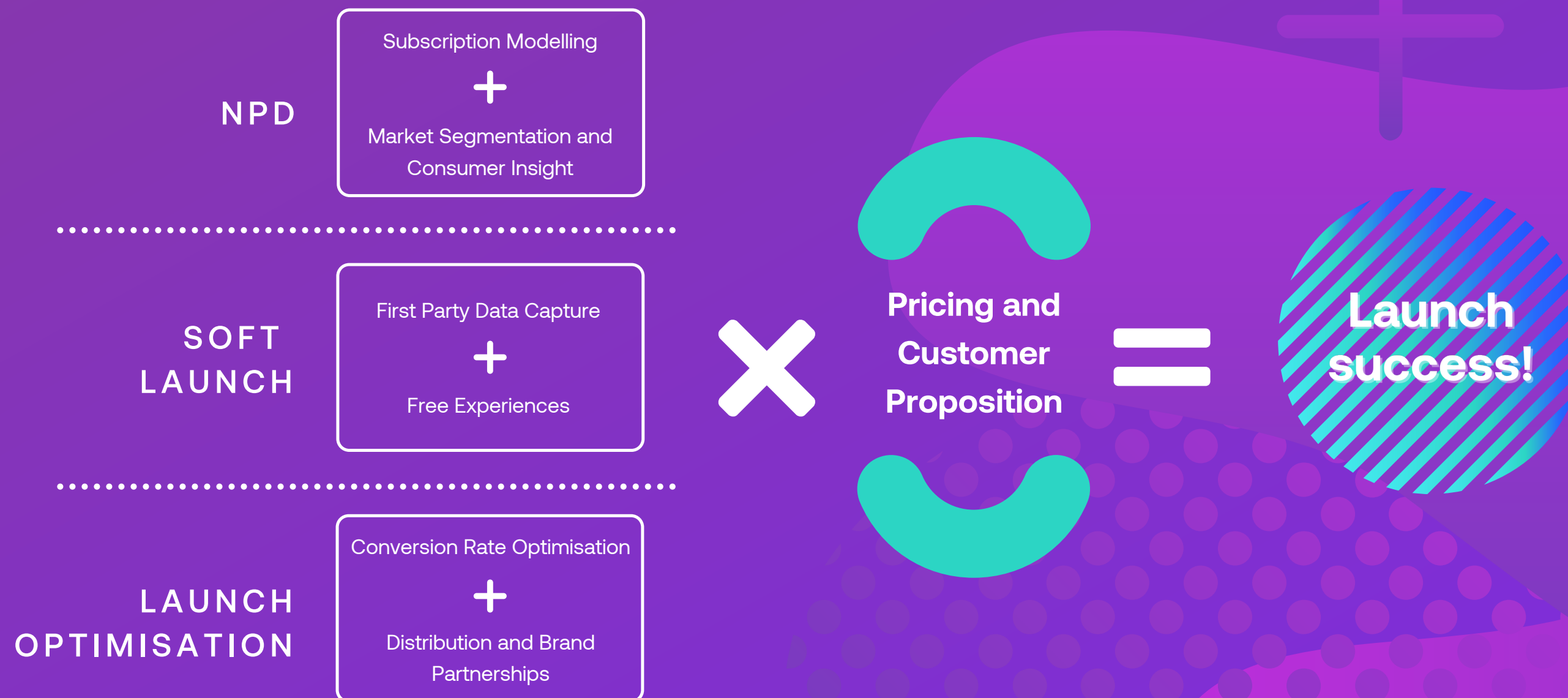
Top 10 UK subscription services in Lockdown	
1	Video entertainment streaming
2	Music / audio streaming
3	Magazine
4	Newspaper / online news
5	Fitness, health or wellbeing
6	Food or drink boxes
7	Recipe boxes
8	Education / new skills
9	Pet products
10	Beauty / grooming products

TKF YouGov Report, October 2020





The Kite Factory Formula



The Kite Factory has helped clients successfully launch subscription products across a multitude of sectors. Our experience shows that a successful launch will include a particular mix of services provided by The Kite Factory or our partner agencies. Not all launches require all six from the outset to succeed, but we find those who employ more see greater outcomes like a multiplier effect.



Subscription modelling

Before launching a product, it is crucial to model your financial returns based on multiple scenarios. Subscriptions do not pay back in month one, so we need to model income over a longer time to prove return on investment in media and marketing. The Data and Analytics team at the Kite Factory has experience building bespoke scenario planner tools using benchmark acquisition costs and predicted churn scenarios.

Having this tool in place prior to launch is particularly helpful for troubleshooting. We can testify that it is rare your conversion metrics through the funnel will be what you set out in the business plan (e.g., web/app conversion rate to trial or pay-up from trial to subscription). Using the tool, you can quickly see the impact on income, report back to the organisation or investors, and quantify the adjustments needed to get you back on track.





Market segmentation

Whether entering a new category or launching a whole new business, completing a market segmentation is the foundation for product positioning and media targeting. It enables strategic decision-making from the outset that will shape your approach to product development, pricing, and distribution.

Using a mixture of quantitative and qualitative research, The Kite Factory helps clients find the consumer insight they need to make critical decisions across the marketing mix. For example, we helped shape the investment case and media approach for launching True Royalty TV, an entertainment video service, in the United States before breaking down their target market by key behaviours in media consumption to inform a go-to-market approach.

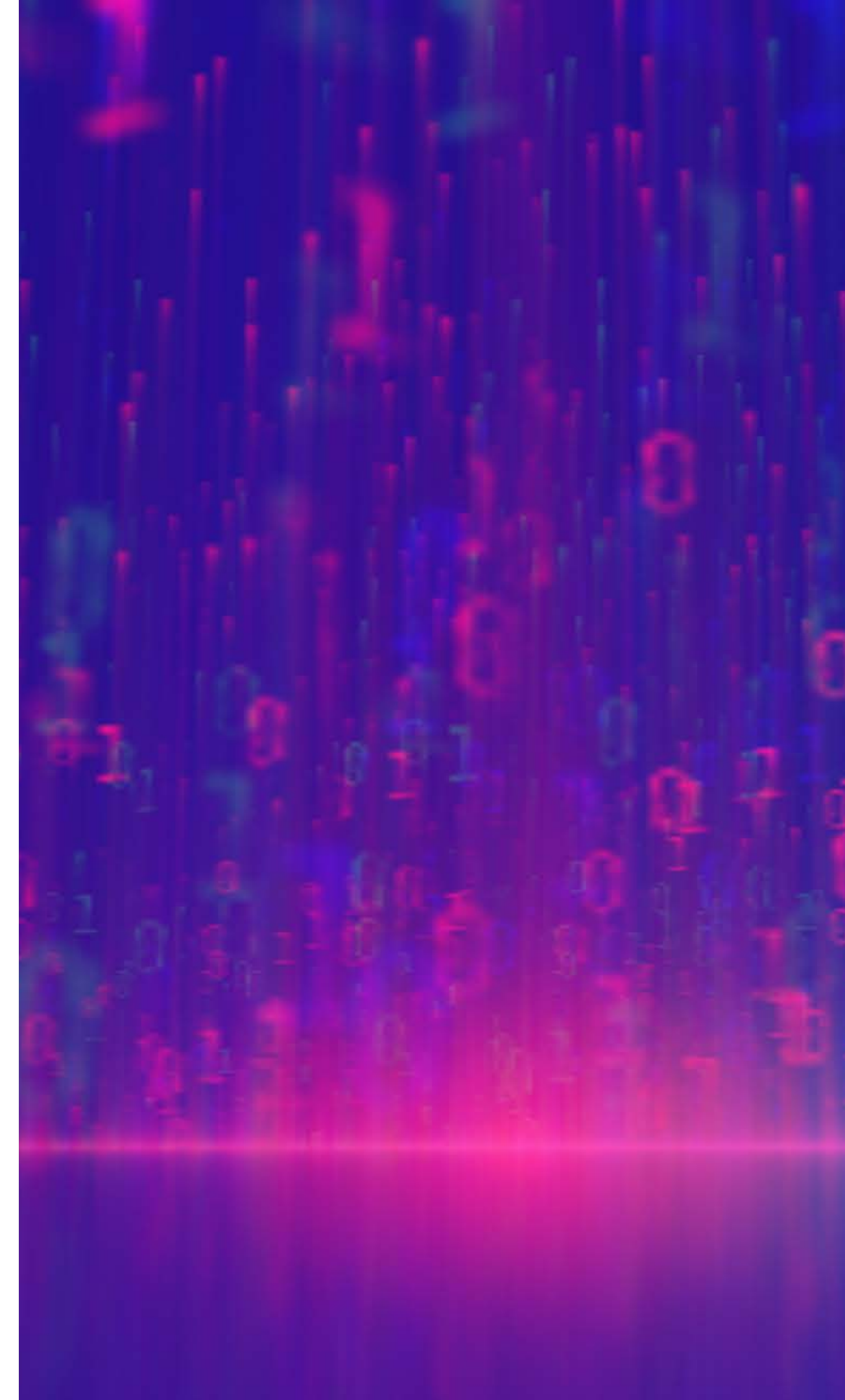




Capturing first party data

It's not simply acquiring customer data cost-effectively that will achieve success but making the most of the data when you have it- creating ways to capture customer data in the early stages of launch to build a database of engaged users that can be used for profiling, customer surveys, and offer testing. The Kite Factory work with data profiling partners that can help build lookalike models for better acquisition beyond soft launch.

For Which?, the UK consumer champion, we helped design a series of Free Guides that increased our first-party data capture volumes tenfold and created a massive pool of prospects for conversion to membership.





A funnel of free experiences

Once you have decided on your subscription pricing model, including introductory offers and free trial periods, it is also useful to create touchpoints in your acquisition plans that help people experience your service for free.

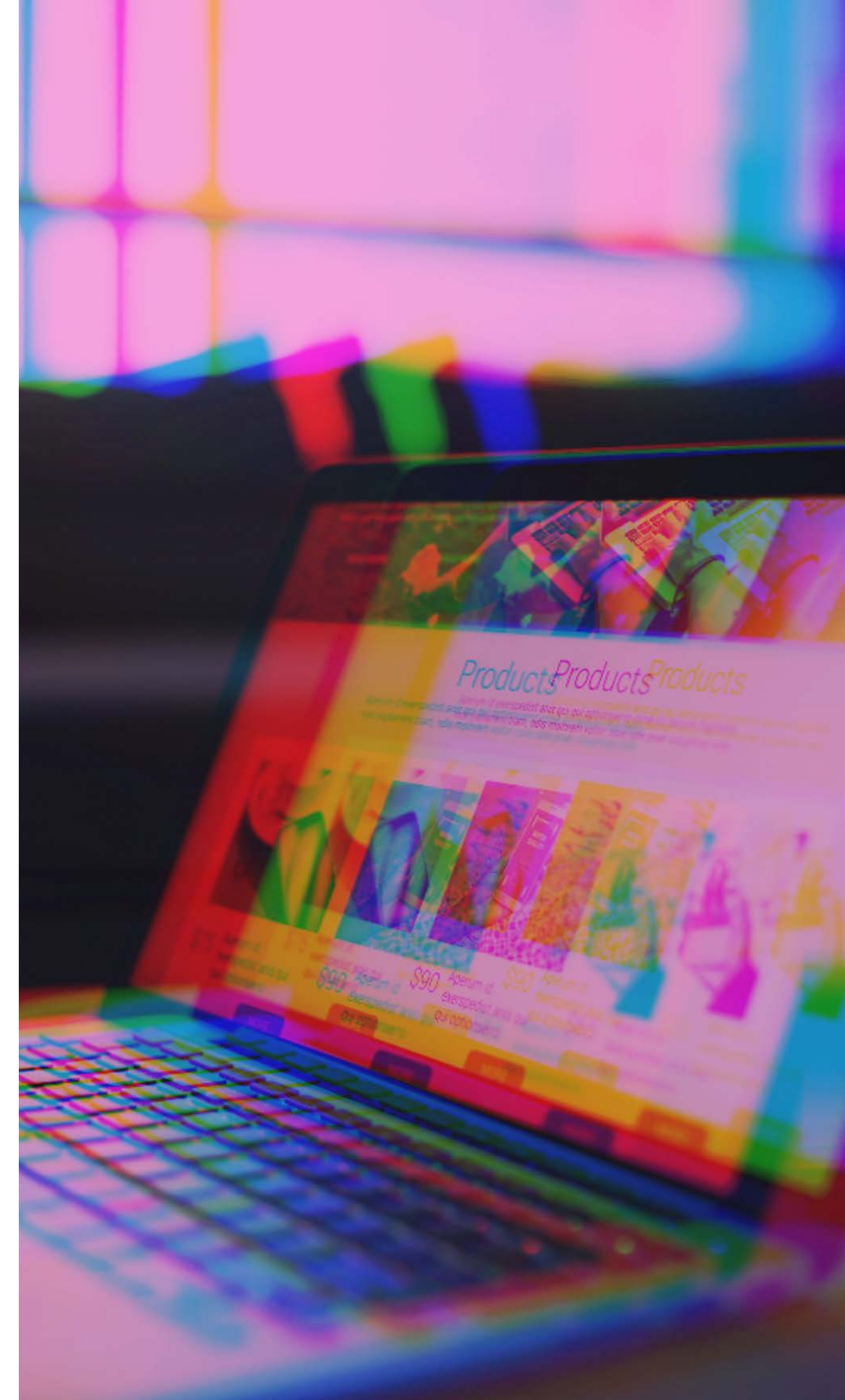
Ultimately it is the quality of the service that will make people stay, so finding ways to showcase this for free can be a great way to bring people closer to the brand. Consider live events (virtual or IRL), sampling, ungated content and design a paid media approach to promote the best of it to your target audience.





Conversion rate optimisation

Most product launches start with a whole new website or landing page. The rush to get live and begin driving traffic to your site can sometimes feel like the end, but we recommend starting a conversion rate optimisation programme from the outset. The gains you make early will benefit every penny spent on acquisition in your initial years. A cyclical process of quarterly analysis, reviews, and updates will ensure continued improvement.





Brand Partnerships

At The Kite Factory, we like to plan paid media in harmony with owned, earned and shared touchpoints. Subscription brands that seek opportunities to partner with other brands for mutual benefit can reap the rewards of early brand awareness and organic traffic and customers. This might be as simple as a barter opportunity for media and advertising space or a full-blown brand partnership bundling an offer trial in with another brands' product or service a lá O2 and Disney +.





Get in touch

All these services are available through The Kite Factory and partner agencies. If you are considering launching your first subscription product and would like to know more, get in touch to find out how we can help make it a success.

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