



TKF Hacks | Scaling subscriptions

Scaling Subscriptions

Why brand advertising is pivotal
for your next stage of growth

**THE
KITE
FACTORY**

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Introduction

Subscription services have seen a significant rise in new customers since the start of the pandemic. Whilst many organisations have enjoyed a temporary boost in subscriptions, they should anticipate a post-pandemic hangover and slow down in growth. 1 in 3 people who subscribed to a subscription box since lockdown said they did so because it was a safer way to shop (Ipsos 2021). These individuals are the most likely to cancel their subscriptions when vaccinations are ubiquitous and restrictions are eased.

Despite this plateau in growth, subscriptions are here to stay, and the average UK household now holds an average of 7 subscription products and services.

At The Kite Factory, we've helped clients launch and scale subscription services across multiple sectors. Using our experience and insight in this space, we have created this guide that sets out the case for investing in campaigns that emotionally engage consumers in promoting subscription services and balancing this with sales activation for a subscription brand.

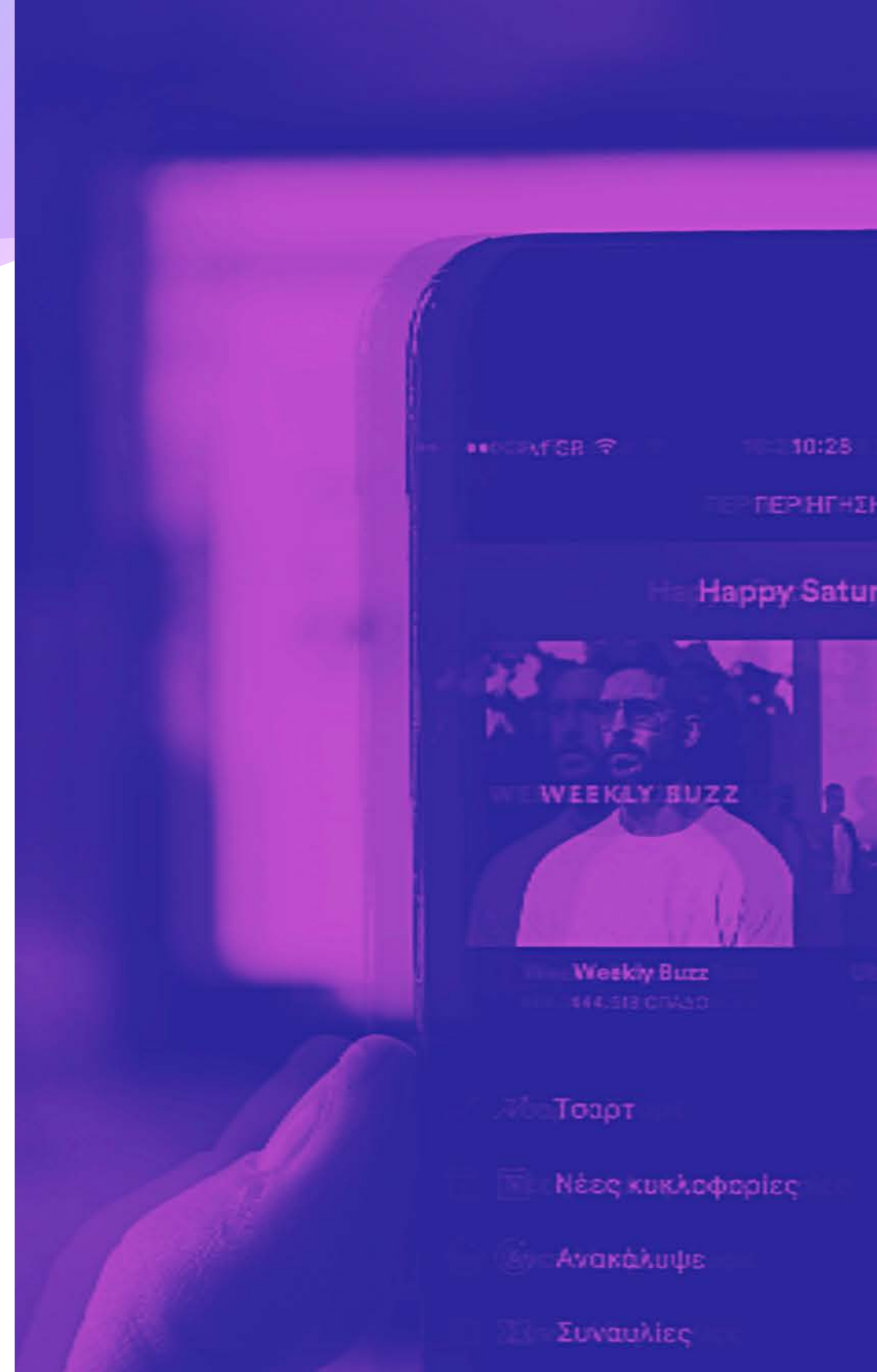
We also explore two consultancy products developed by The Kite Factory to help brands reassure stakeholders and investors that the step-change in approach to media and advertising will deliver long-term growth, and be smart with your existing budgets to deliver growth:

1 . The Engagement Framework

A framework for creating successful integrated campaigns and measuring short and long-term effects.

2 . The Growth Hack

Inflating your media budgets by connecting owned, earned, shared and paid to deliver maximum impact against a singular goal



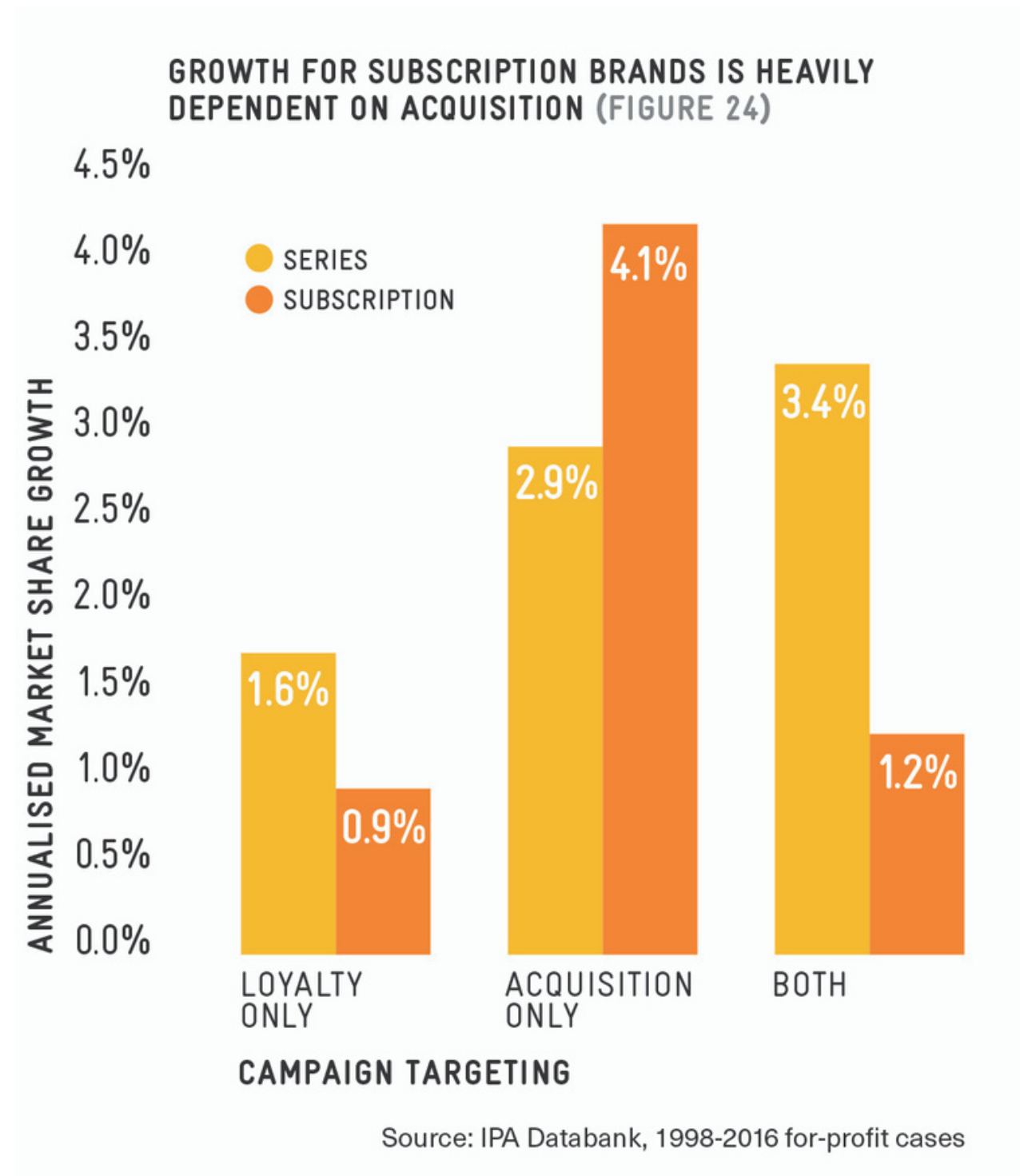


Why is brand advertising so important for subscription products and services?

Most DTC subscription brands will start their customer acquisition journey with a targeted approach, using paid social and search to reach customers with a rational message outlining their product benefits. Coupled with a great customer experience that drives word of mouth, this is a proven way to build a loyal customer base efficiently. For many, it may have been all that was required to max out supply during the pandemic. However, as lockdown eases and sales activation becomes more complicated, it may be time to reassess your approach to communications.

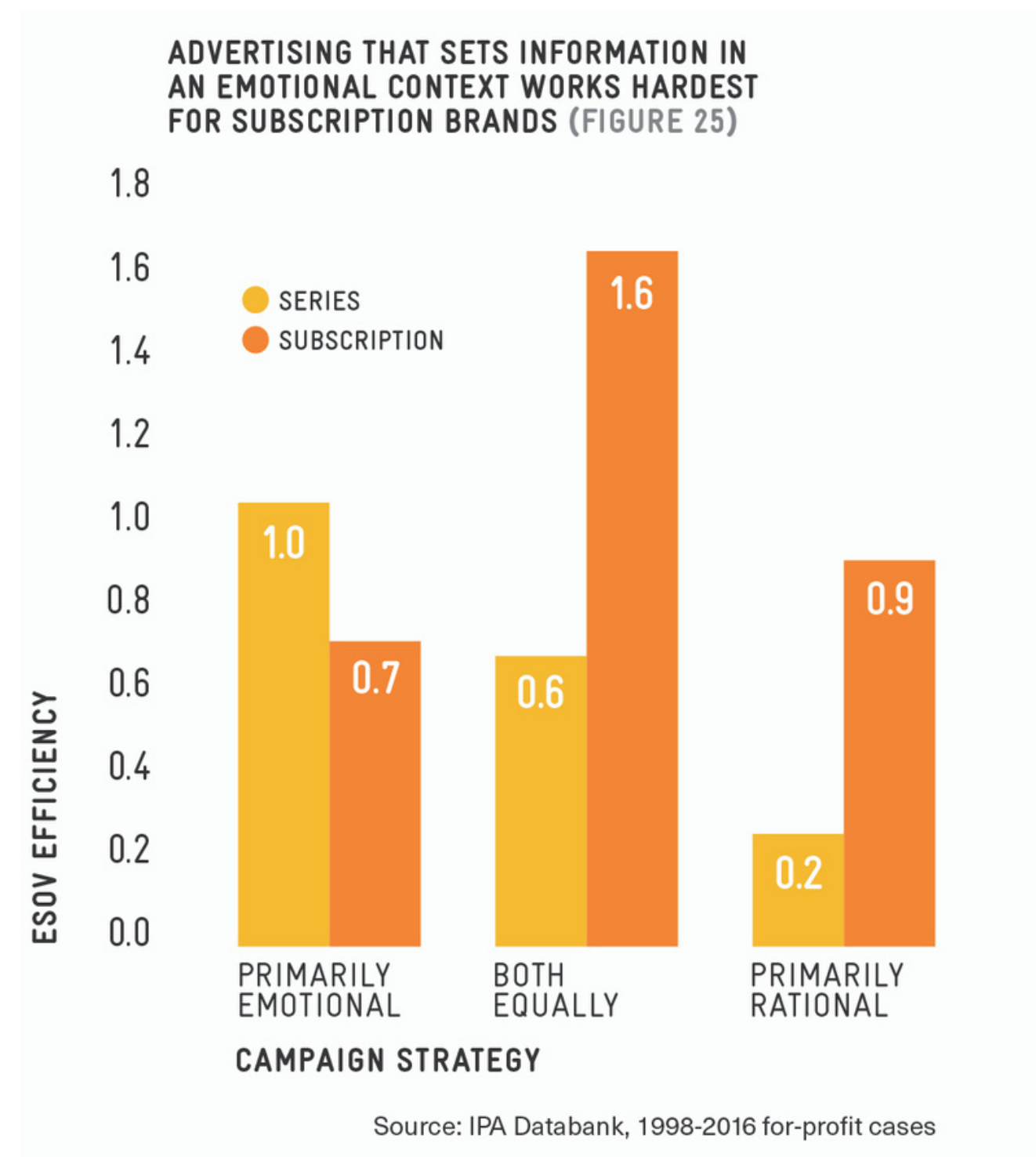
We have access to research from the Institute of Practitioners in Advertising (IPA) and a databank of the most effective marketing campaigns (including some of our own). We have used the analysis of the most successful campaigns for subscription products and services to understand the best approach to scaling subscribers.





Firstly, the most effective marketing approaches for subscription brands show that the most broadly targeted campaigns are the most effective: those aimed at new and existing customers.

In comparison, for one-off-purchased categories, it pays to focus much more on new customers and penetration. This is because subscription brands build a customer base over time, and it pays to reach them with their advertising to fulfil both communication objectives of acquisition and retention.



Secondly, subscription brands are more likely to be high-consideration than one-off-purchased brands (67% vs. 56%), although this is mainly the result of rational consideration rather than emotional reflection. The reverse is true for series brands where emotional responses play a more significant role in decision making.

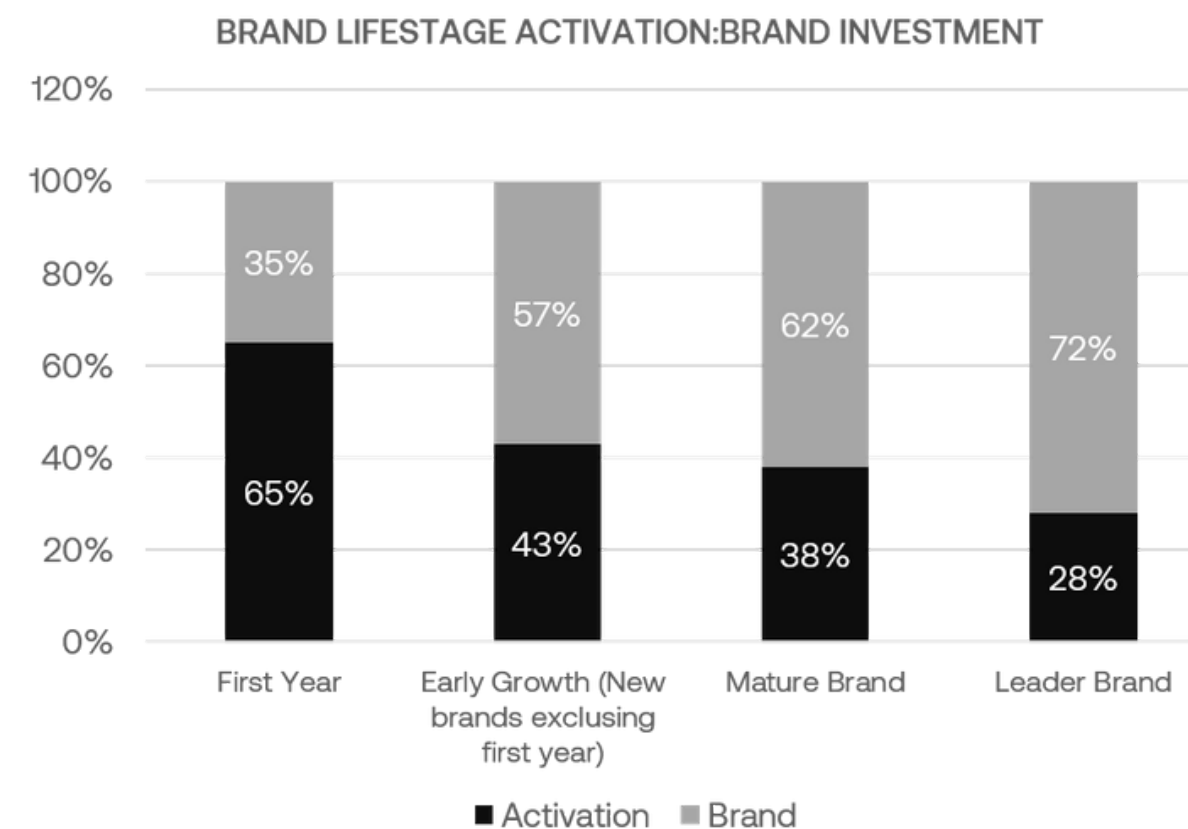
This has implications for the effectiveness of rational and emotional advertising, but not what you might expect. Campaigns that employ primarily emotional or primarily rational advertising both work fairly efficiently for subscription brands, but both are eclipsed by the efficiency of brand-building subscription campaigns, which set rational information in an emotional context.



What is the right balance of brand to activation and how does it change over time?

There is a strong case for investing in marketing campaigns that emotionally engage new and existing customers rather than focussing on sales activation alone. But it is fair to say that this investment should change over time.

Regarding early-stage DTC brands, further analysis of the IPA Databank shows the optimal spending allocation changes over time. Early growth brands beyond their first year will find a balanced spend on broad emotional advertising and targeted rational advertising most effective.





How do I convince my organisation to invest in brand?

At The Kite Factory we have developed a suite of consultancy products that help subscription brands scale. Our collaborative approach starts with a period of discovery to get under the skin of your business before tailoring our services to your needs.

We've designed two services to help early stage brands build the case for investing in engagement focussed advertising and proving the value to the organisation:

1 . The Engagement Framework

A framework for creating successful integrated campaigns and measuring short and long-term effects.

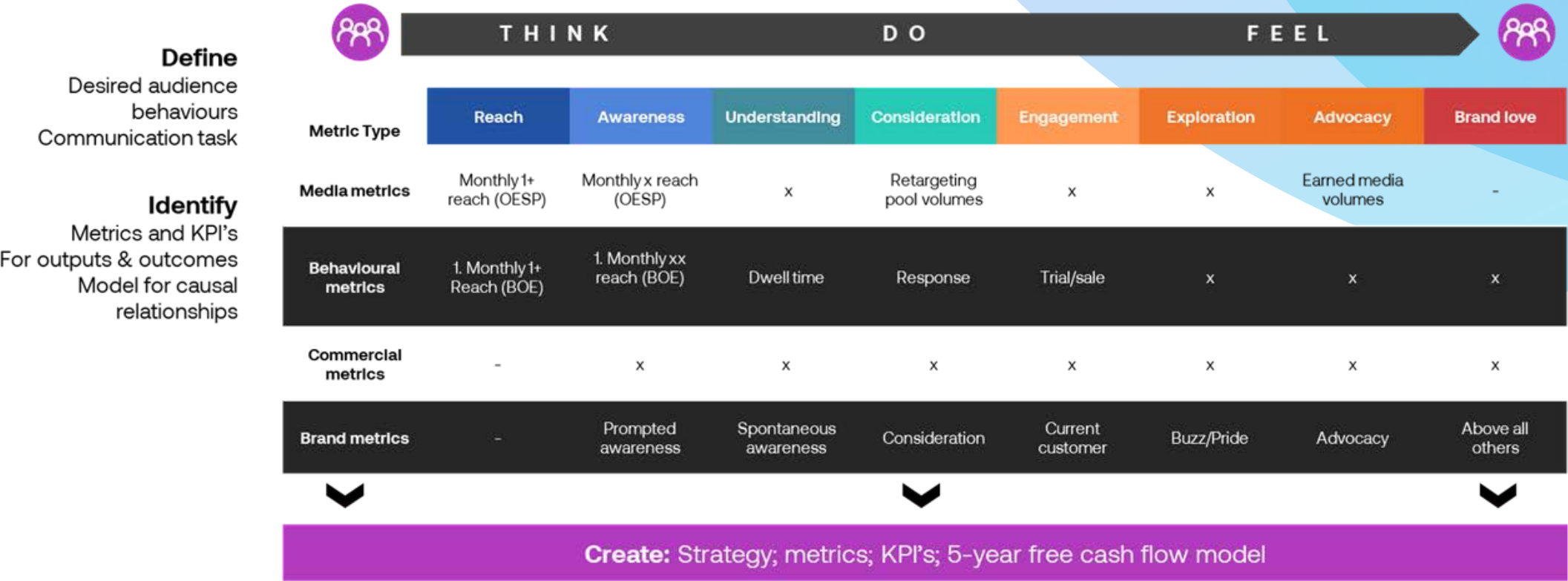
2 . Growth Hack:

Inflating your media budgets by connecting owned, earned, shared and paid to deliver maximum impact against a singular goal





The Engagement Framework



Our team of consultants will go through the following a five-step process to define your challenge and build a business case to invest in integrated communications, delivering both engagement and activation:

- Discovery
- Audience Insight
- Engagement Framework
- Benchmarking
- Business Modelling

This process will help you forecast the impact of brand advertising on future revenue and deliver a framework for designing integrated communications across the customer experience.

The framework will also be used to measure the short- and long-term effects of brand investment.



The Growth Hack



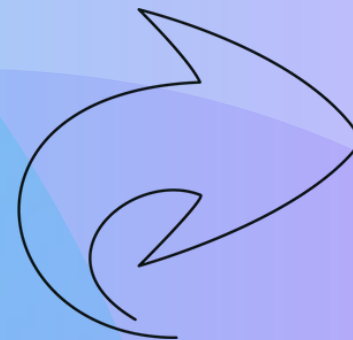
OWNED MEDIA

Media that you have editorial control over i.e. website, social channels. It may cost money to create the content for these platforms, but the decision to place it is yours. This is the start point.



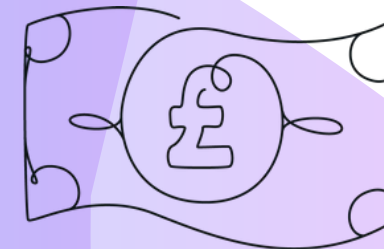
EARNED MEDIA

Third parties, advocating for your brand such as fans, customers, journalists, or reviewers.



SHARED MEDIA

Other advertisers you can partner with to achieve mutually beneficial goals.



PAID MEDIA

The last thing we turn to, either to amplify the great work being done in Owned, Earned, and Shared or fill in the gaps those touchpoints cannot reach.

The Growth Hack is centred around The Kite Factory's O(wned), E(arned), S(hared), P(aid) approach. To help maximise our clients' spends, we believe everything within your comms ecosystem should work together to deliver maximum impact against a singular goal.

The Growth Hack is an agile session to help identify new performance opportunities by investigating what marketing activity and collateral exist within the business. We then identify opportunities for maximised synergy of plans and improved performance.



Get in touch

For more information on how The Kite Factory can help you to maximise your marketing budget and scale your subscription product, please get in touch.

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