

THE REPLENISH ECONOMY: A HOUSEHOLD SUPPLY DEEP DIVE

November 2023 Report

PYMNTS
INTELLIGENCE

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THE REPLENISH ECONOMY: A HOUSEHOLD SUPPLY DEEP DIVE

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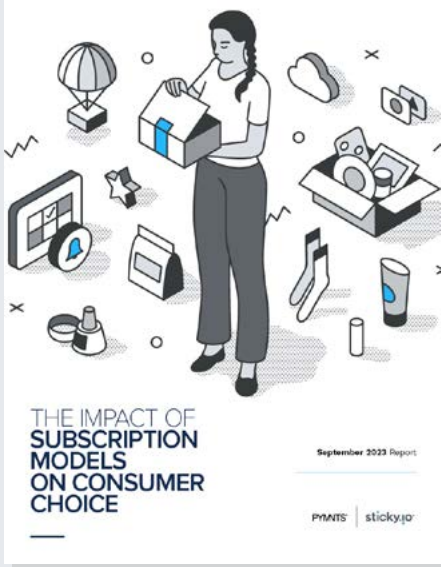
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■ September 2023

The Impact of Subscription Models On Consumer Choice



The Replenish Economy: A Household Supply Deep Dive was produced in collaboration with sticky.io, and PYMNTS is grateful for the company's support and insight. [PYMNTS Intelligence](#) retains full editorial control over the following findings, methodology and data analysis.

WHAT'S AT STAKE

Retail subscriptions represent a key growth segment for online merchants. A sizable share of consumers are reducing in-person shopping, opting instead for the convenience and tailored experiences online retail subscriptions offer. This change in shopping habits highlights the opportunity for online merchants to capitalize on evolving consumer expectations by innovating with retail subscription offerings.

PYMNTS Intelligence's latest research reveals that this trend has led 42% of retail subscribers to visit physical stores less frequently, with even higher shares among those subscribed to industry leaders Amazon Subscribe & Save and HelloFresh. Nearly all consumers continue to do at least some of their shopping

in-store, however. On average, just 3.8% of subscribers satisfy their shopping needs completely through subscriptions. For online retailers, the key challenge seems to be creating flexible, engaging online subscription experiences that not only attract subscribers but also encourage long-term loyalty and satisfaction.



42%

of retail subscribers shop **less often** at physical stores thanks to their current retail subscriptions.

These are just some of the findings detailed in The Replenish Economy: A Household Supply Deep Dive, a PYMNTS Intelligence and sticky.io collaboration. This edition examines the impacts retail subscriptions have on consumer shopping habits and draws on insights from a survey of 2,011 consumers conducted from Sept. 5 to Sept. 21 and a research study of 188 retail subscription merchants conducted from Sept. 1 to Sept. 12.

This is what we learned.



Just **3.8%** of subscribers complete all their shopping for select categories of items through subscriptions.

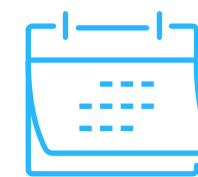


KEY FINDINGS

01

MILLENNIALS LEAD

Four in 10 millennials satisfy most or all their shopping needs via retail subscriptions.



39%

Portion of millennial subscribers who make most or all their purchases using scheduled subscriptions

02

SHOPPING FROM HOME

Subscribers lean toward more of the same subscription type they already prefer.



42%

Share of subscribers who report making fewer visits to physical stores due to their subscriptions

03

HIGH STANDARDS

A bad experience or poor service can drive away otherwise loyal subscribers.



17%

Share of subscribers relying on scheduled and auto-refill subscriptions for their everyday shopping who would terminate their subscription if the merchant could not give a refund for a disliked item

04

OPTIONS, PLEASE

Subscription providers increasingly offer customers the flexibility to adjust their plans to attract and retain customers.



74%

Share of retail subscription merchants that allow current subscribers to change their plans at will

“

Scheduled delivery and auto-fill subscribers are **5.9 percentage points** more likely to cancel their subscriptions if the merchant cancels their order due to an item incorrectly appearing as in stock.

”

PYMNTS IN DEPTH

The increasing appeal of online subscriptions is changing how consumers shop, presenting opportunities and challenges for online merchants and physical stores.

Four in 10 millennials rely on retail subscriptions for most or all of their shopping.

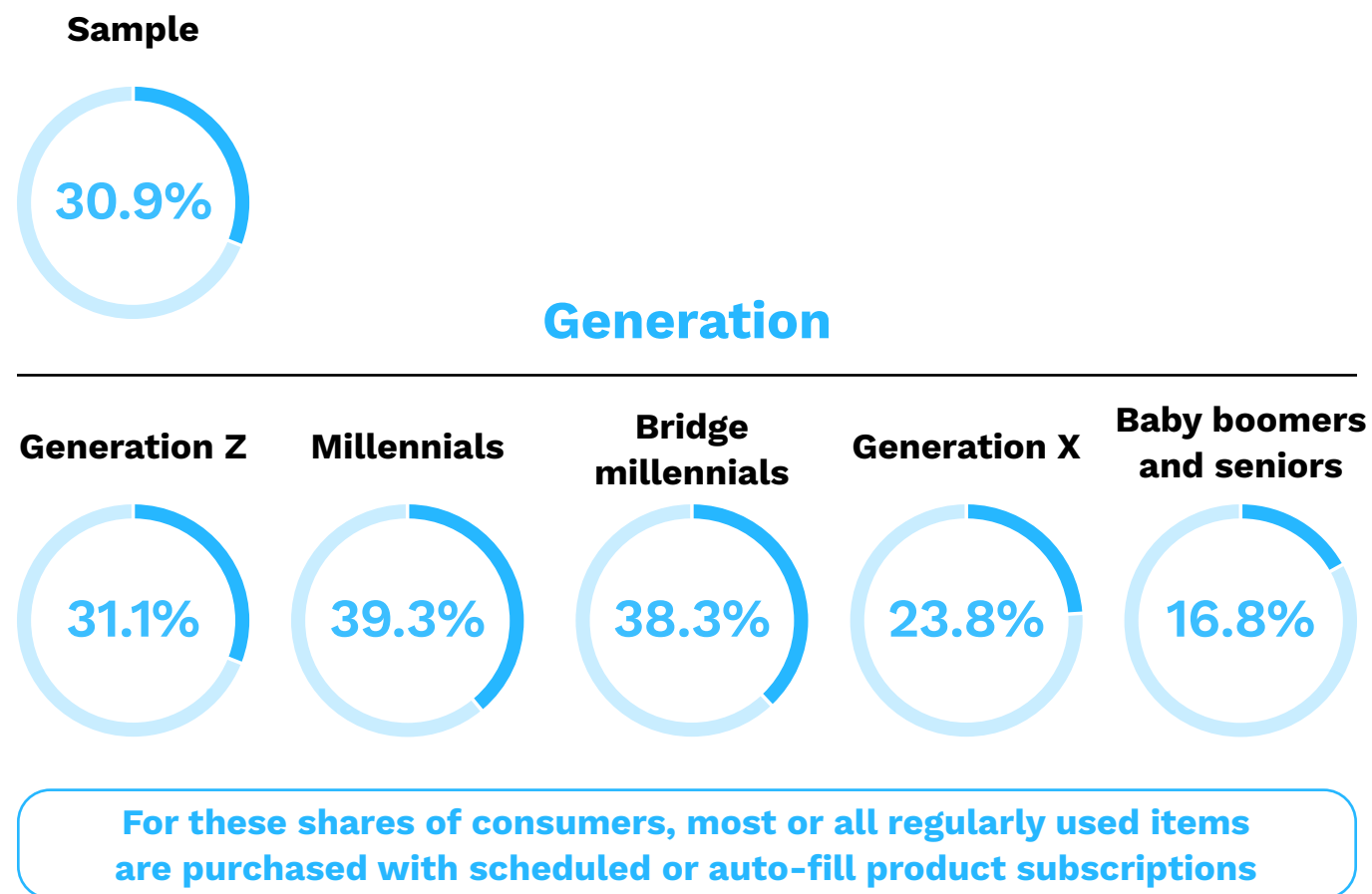
Younger consumers are more likely than their older peers to rely mainly on retail subscriptions for their everyday shopping needs. Millennials lead at 39%, with bridge millennials right behind at 38%, both well above the generational average of 31%. Generation Z subscribers come next at 31%, while just 24% of Generation X subscribers and 17% of baby boomer and senior subscribers primarily rely on subscription services.

The consumers who rely most heavily on retail subscriptions also tend to have the least patience for bad experiences, however. Scheduled delivery and auto-fill subscribers are 5.9 percentage points more likely to cancel their subscriptions if a merchant cancels an order due to an item incorrectly appearing as in stock. The likelihood of cancellation spikes by 9 percentage points if there are inaccurate or deceptive product reviews and ratings. Payment options also play a role. These consumers are 2.9 percentage points more likely to cancel if a buy now, pay later (BNPL) option is missing at checkout and 2.4 percentage points more likely if digital wallet options are unavailable.

FIGURE 1:

Consumers' use of subscriptions to replace in-store shopping

Share of subscribers using scheduled and auto-fill product subscriptions for most of or all their regularly used products in the last six months, by generation



Source: PYMNTS Intelligence

The Replenish Economy: A Household Supply Deep Dive, November 2023
N = 2,011: Complete responses, fielded Sept. 5, 2023 – Sept. 21, 2023

FIGURE 2:

Demanding subscribers

Increased likelihood in percentage points that select issues would cause a scheduled delivery or auto-fill subscription subscriber to cancel compared to other subscriber types

Issues that could make subscribers cancel

• Inaccurate or misleading ratings and reviews	+9.0
• Orders canceled when items are incorrectly listed as in stock	+5.9
• Inability to leave feedback about products and services	+4.4
• No security certification displayed for customers	+4.2
• Orders canceled due to late payments	+3.1
• Inaccurate or misleading recommendations	+3.0
• Lack of BNPL or installment payment options	+2.9
• Failed payment because lack of notification	+2.8
• Frictions when updating payment information	+2.8
• Lack of notifications when merchant charges a subscription fee	+2.8
• Lack of digital wallet payment options	+2.4
• Inability to adjust product selection	+2.4
• Lack of self-help sources	+2.1
• Inability to create an account using existing social media profiles	+1.9

Source: PYMNTS Intelligence

The Replenish Economy: A Household Supply Deep Dive, November 2023
N = 2,011: Complete responses, fielded Sept. 5, 2023 – Sept. 21, 2023

The growing preference for online subscriptions is reducing visits to brick-and-mortar stores.

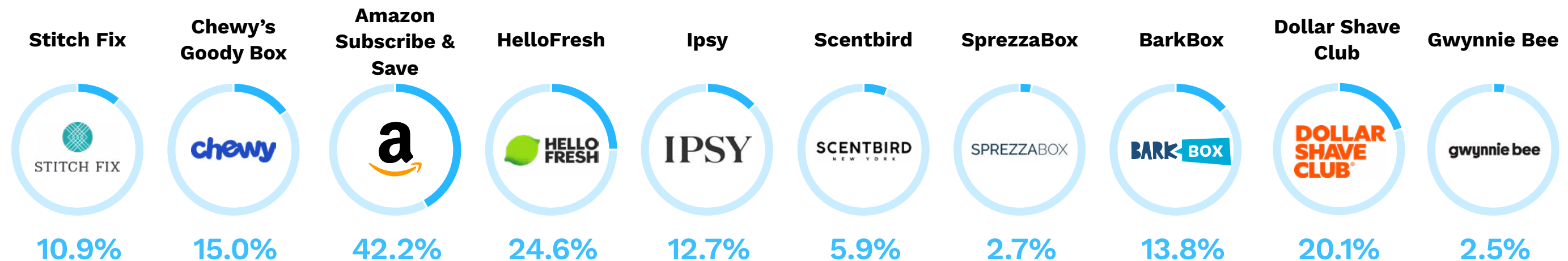
42%

Share of subscribers who say they **shop in-person** less frequently or not at all

Retail subscriptions continue to reshape consumer shopping habits as shoppers opt for online convenience over trips to physical stores. Forty-two percent of subscribers say they shop in person less frequently or have stopped completely. Those with

subscriptions from industry juggernauts Amazon Subscribe & Save and HelloFresh are among the most likely to say so, at 48% and 47%, respectively. Topping the list, however, is Stitch Fix, at 56%, followed by Chewy's Goody Box, at 53%.

FIGURE 3:
Popular retail subscriptions
Share of subscribers with select subscriptions













Source: PYMNTS Intelligence
The Replenish Economy: A Household Supply Deep Dive, November 2023
N = 2,011: Complete responses, fielded Sept. 5, 2023 – Sept. 21, 2023

FIGURE 4:

How retail subscriptions reduce in-store shopping

Share of subscribers citing select impacts on their need to shop in-store as a result of having select subscriptions

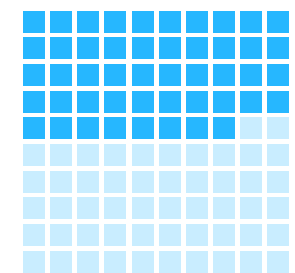
	No longer need to shop in-store	Shop in-store less often	Total
Average	3.8%	38.3%	42.2%
 Stitch Fix	4.5%	51.8%	56.3%
 Chewy's Goody Box	10.5%	42.6%	53.1%
 Amazon Subscribe & Save	3.1%	45.2%	48.3%
 HelloFresh	1.5%	45.8%	47.3%
 Ipsy	3.9%	41.5%	45.5%
 Scentbird	3.7%	41.7%	45.5%
 SprezzaBox	0.0%	44.9%	44.9%
 BarkBox	2.1%	42.6%	44.7%
 Dollar Shave Club	7.8%	34.3%	42.0%
 Gwynnie Bee	7.0%	26.2%	33.2%

Source: PYMNTS Intelligence

The Replenish Economy: A Household Supply Deep Dive, November 2023
 N = 2,011: Complete responses, fielded Sept. 5, 2023 – Sept. 21, 2023

The impact of retail subscriptions on in-store shopping varies. Just 3.8% of subscribers in our study say that subscriptions have fully eliminated their need to visit stores for the relevant categories of items. This sentiment is most prevalent among Chewy's Goody Box subscribers at 11%, followed by those of Dollar Shave Club at 7.8% and Gwynnie Bee at 7%. We also found that 26% of subscribers envision a future where they complete all their shopping via scheduled subscriptions. For now, however, 35% of subscribers see no change in their in-store shopping habits.

48%



Share of Amazon Subscribe & Save subscribers who have **reduced in-store shopping**

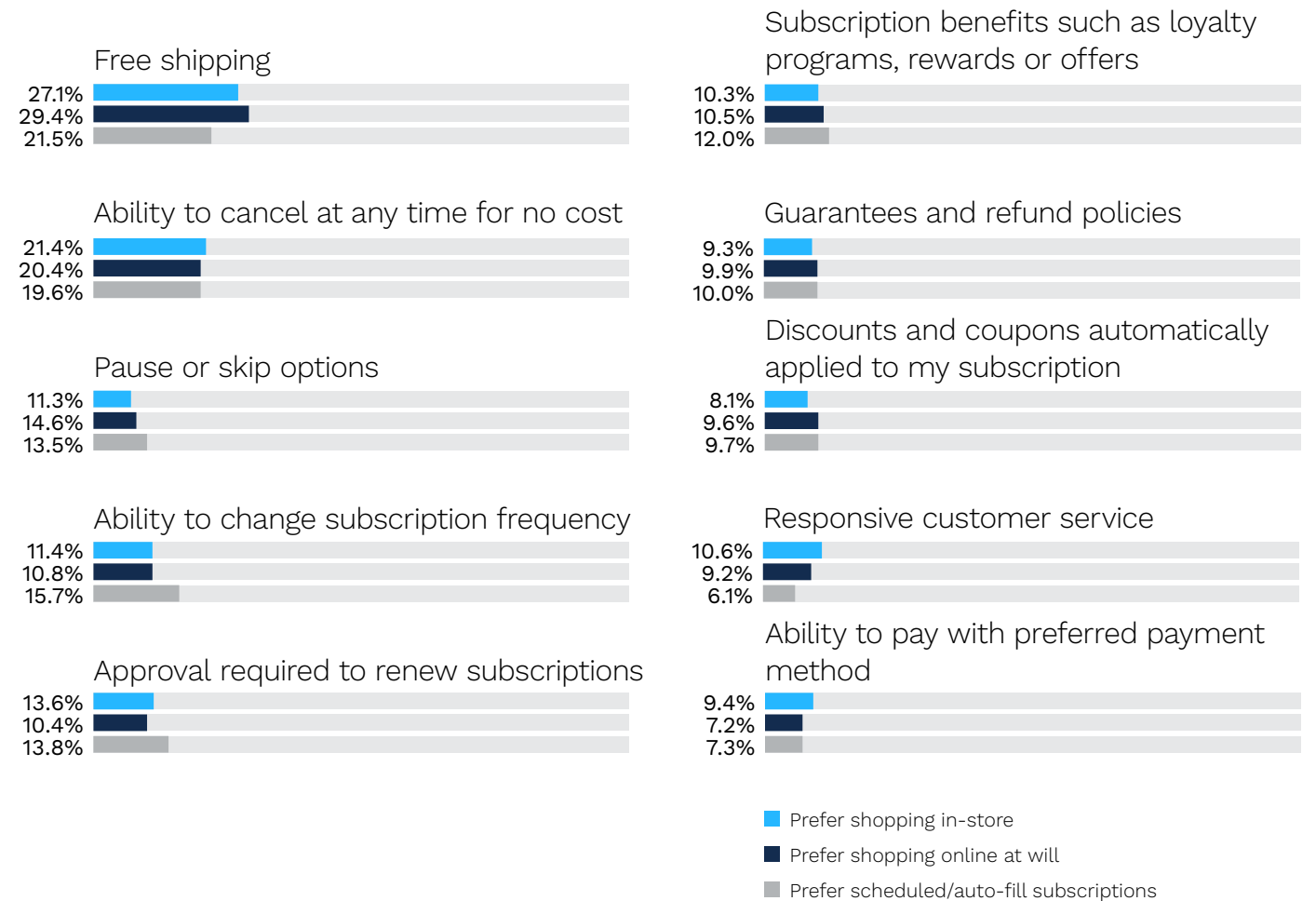
Quality of service is a strong determinant of subscriber loyalty.

Retail subscribers exhibit pronounced sensitivity toward service irregularities. For example, 17% of subscribers who prefer to get their items through scheduled and auto-refill subscriptions for their everyday shopping would terminate their subscription if the merchant would not refund them for a disliked item, versus 13% of subscribers who prefer at-will online shopping and 14% of subscribers who still prefer to shop in-store. Among current scheduled subscription holders, 16% value the ability to adjust subscription frequency as a top feature, followed by 14% who emphasize the need for customer approval before renewals, stressing the desire for control and transparency in the subscription process. Moreover, 12% appreciate loyalty perks, pointing to the efficacy of rewards in strengthening subscriber retention.

FIGURE 5:

Crucial retail subscription features

Share of subscribers citing select features as among the three most important to them when considering an additional retail subscription service, by preferred way of shopping for personal and household supplies



Source: PYMNTS Intelligence

The Replenish Economy: A Household Supply Deep Dive, November 2023
 N = 1,471: Consumers at least somewhat likely to sign up for one or more additional retail product subscriptions in the next 12 months, fielded Sept. 5, 2023 – Sept. 21, 2023

Converting those who rely on at-will online shopping into subscribers who mainly depend on scheduled subscriptions hinges significantly on offering them greater control of shopping timing to capitalize on optimized pricing. Fifteen percent of at-will online shoppers cite control of shopping timing as their top reason for preferring to shop this way, significantly higher than the 5% of in-store shoppers considering this their primary reason for shopping in person. Additionally, 10% and 12% of at-will online shoppers, respectively, underscore control of costs and the desire for a faster shopping experience as principal motivations.

FIGURE 6:

Preferences of online at-will shoppers

Share of consumers citing select factors as the top reason for preferring to shop for personal and household supplies online at will when the product runs out

Top reason	
• More control of timing of shopping	14.7%
• Faster shopping experience	11.7%
• More control of total cost of shopping	10.2%
• More pleasant shopping experience	7.6%
• Faster delivery	7.5%
• Less concern about running out	6.6%
• Easier to explore available items	6.4%
• Cheaper products	5.2%
• Wider selection of products	5.1%
• More control of products selected	4.7%
• Better quality products	4.5%
• No additional fees or costs	4.0%

Source: PYMNTS Intelligence

The Replenish Economy: A Household Supply Deep Dive, November 2023

N = 13,858: Whole sample, fielded Sept. 5, 2023 – Sept. 21, 2023



September 2023 subscription merchant performance indicators reveal key trends in subscriber conversion and retention.

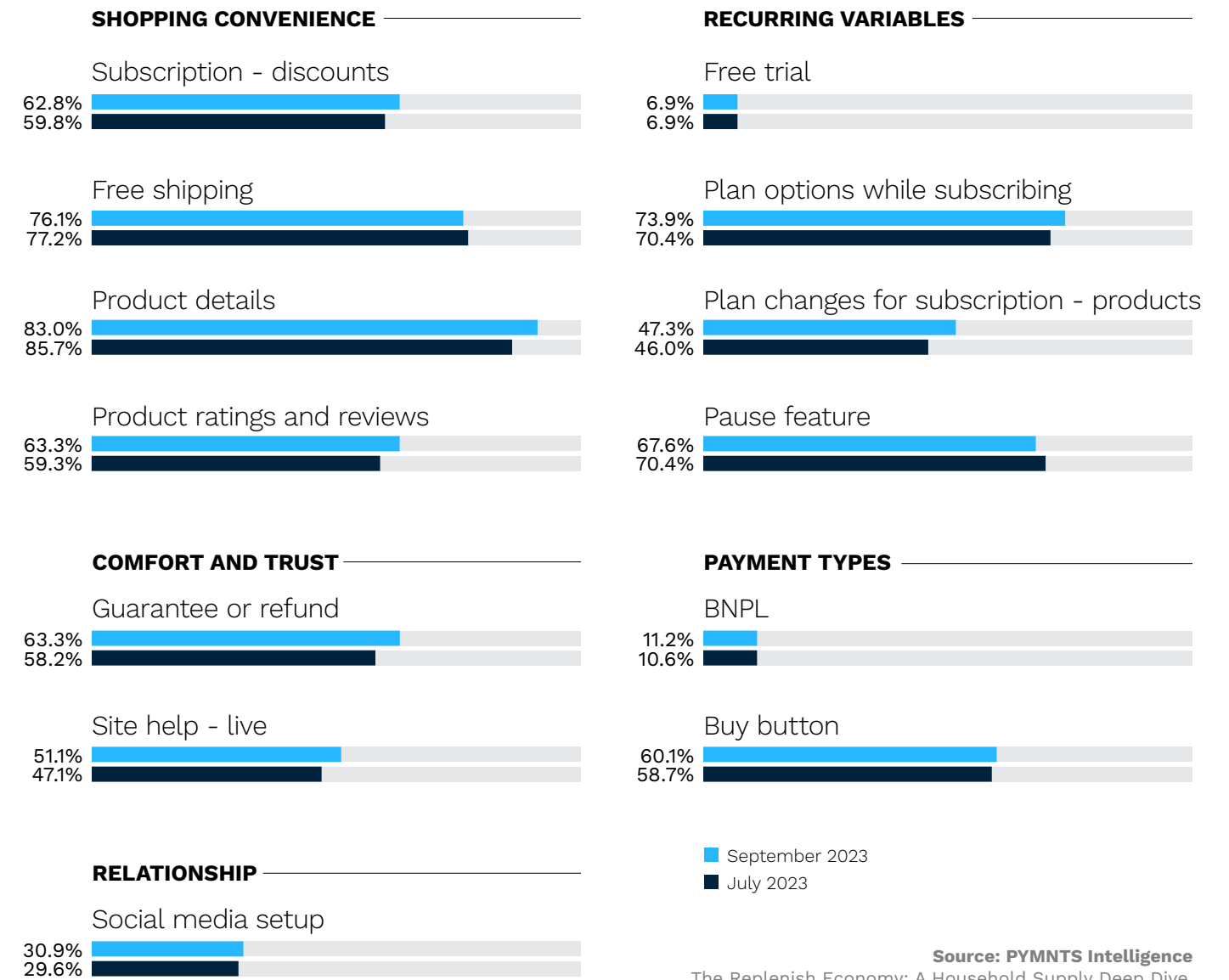
Trends in subscription merchant performance indicate a complex landscape. Between July and September, subscription providers saw a modest increase of 1.7% in their conversion Index scores, while their retention Index scores dipped by 3.5%.

The growth in conversion rates stems largely from the expanded range of plan options and flexible payment methods merchants offer. The data shows a 5.1 percentage point rise between July and September in the share of subscription merchants offering varied plan options at sign-up, with 74% of all subscription merchants in our study offering this feature. Data also reveals a 2.3 percentage point increase in the share of firms implementing BNPL options and a substantial 5.1 percentage point increase in those offering guarantees or refunds.

FIGURE 7:

Consumer sign-up features

Share of retail merchants offering select conversion features



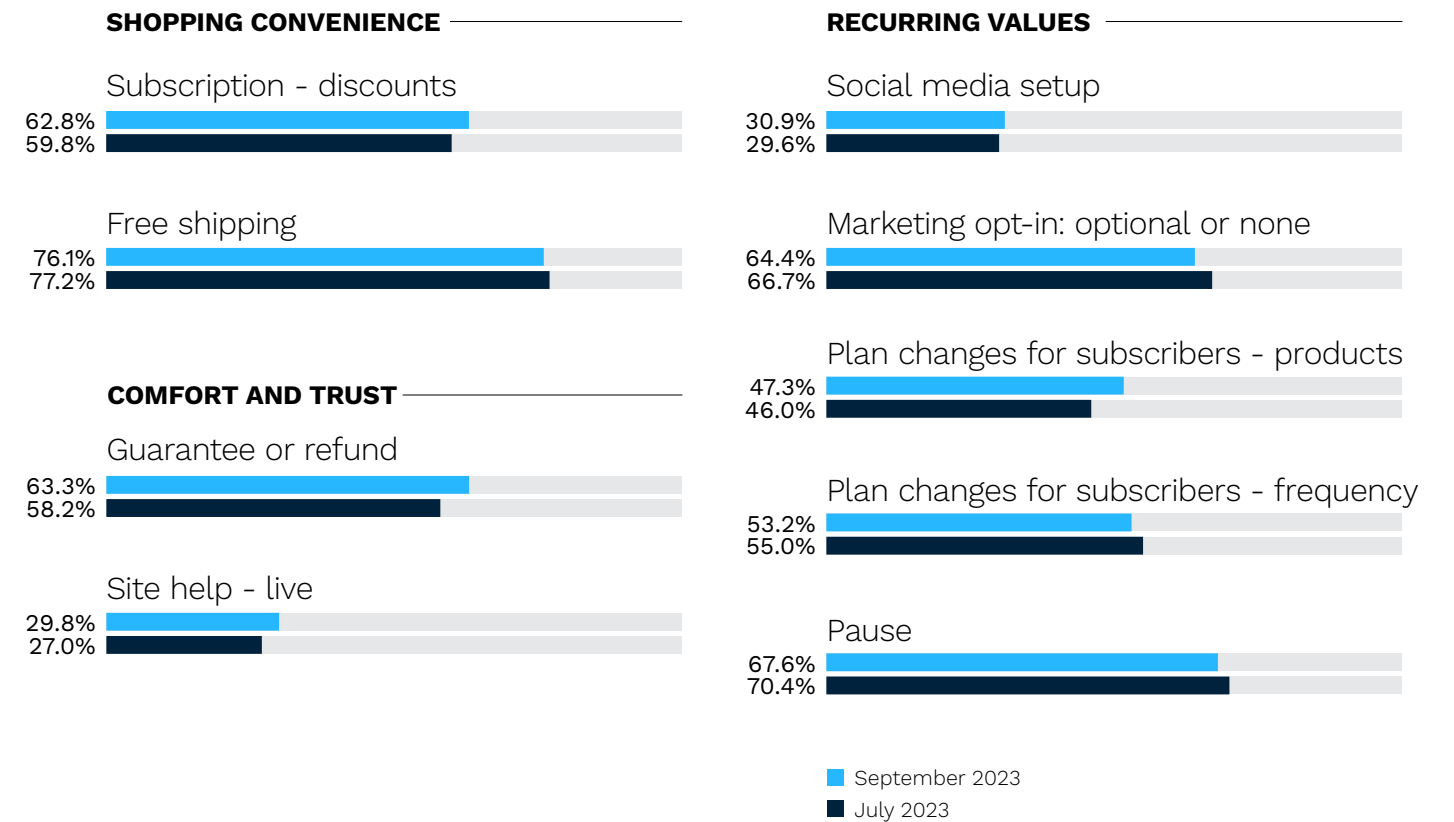
Source: PYMNTS Intelligence
 The Replenish Economy: A Household Supply Deep Dive,
 November 2023
 N = 188: Retail merchants,
 researched Sept. 1, 2023 – Sept. 12, 2023

In September 2023, 4.4% fewer merchants allowed subscribers to alter subscription frequency, and 4% fewer merchants allowed subscribers to pause or skip their subscriptions. The latitude to opt-in to receive marketing communication also took a big hit, with a quarter-over-quarter decrease of 3.4%. Notably, the declining retention Index underscores a disparity between what subscribers expect and what merchants offer, particularly regarding subscription management flexibility.

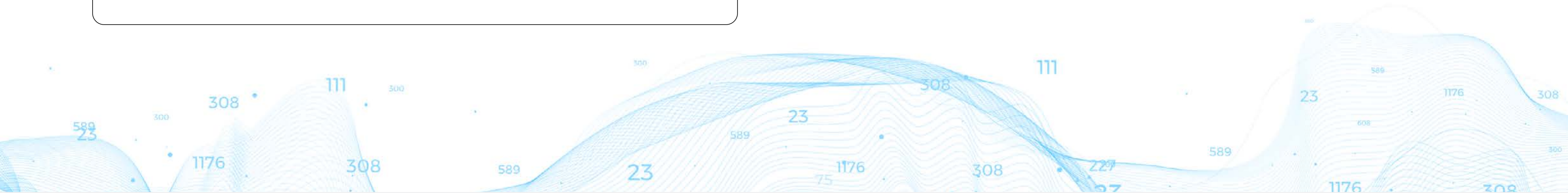
FIGURE 8:

Consumer retention features

Share of retail subscription merchants offering select retention features



Source: PYMNTS Intelligence
 The Replenish Economy: A Household Supply Deep Dive,
 November 2023
 N = 188: Retail merchants,
 researched Sept. 1, 2023 – Sept. 12, 2023



DATA FOCUS

Clothing and accessory providers excel in offering their subscribers flexibility and choice.

Leading in feature implementation, clothing and accessories subscription providers set the gold standard for subscriber retention strategies.

Clothing and accessories subscription providers lead across industries, providing subscribers exceptional flexibility and showcasing strong retention features. PYMNTS Intelligence's latest study shows that 91% of these merchants provide free shipping and 86% offer the ability to pause or skip deliveries — the highest among the nine industries we studied and features consumers have consistently rated as highly important. An overwhelming 86% of these merchants also offer guarantees or refunds, placing them second highest for this feature. Other highlights include the 59% that allow product swaps, the second highest across the industries, and 64% that provide live site help, ranking third. Investing in these features helps explain why clothing and accessories merchants lead in retention.

ACTIONABLE INSIGHTS



01

To improve subscriber satisfaction rates and minimize cancellations, retail subscription providers should focus on ensuring the accuracy of product information and reviews. Subscribers heavily reliant on scheduled deliveries are particularly intolerant of these oversights. Investing in robust inventory management systems that offer reliable, real-time product updates can substantially improve subscriber retention.



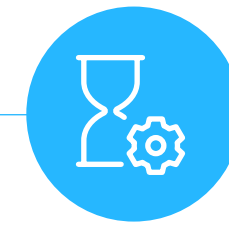
02

Ensuring consistent service delivery is crucial. This includes quick and effective notifications of late payments and responses to refund requests. Addressing these two service areas can measurably reduce subscription cancellation rates.



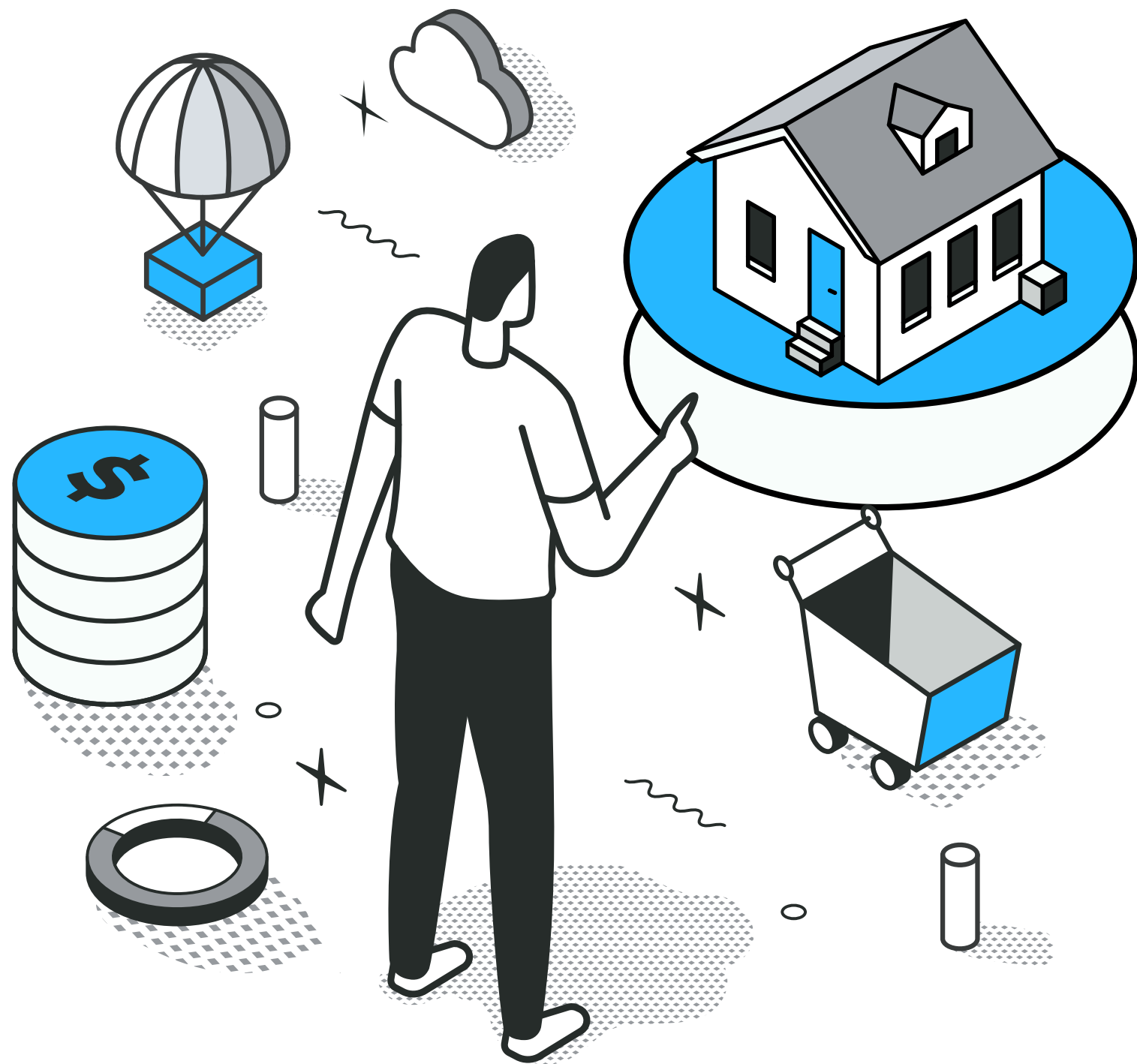
03

Consumers are increasingly demanding payment flexibility, and subscribers are no different. Online retailers must offer multiple payment options for their subscription models. Accepting modern payment methods such as BNPL and digital wallets can enhance the customer experience and improve subscription retention rates.



04

Comprehending the role of control and transparency in the subscription process can help online merchants increase their subscriber base. Offering features such as adjustable subscription frequencies, customer approval before renewals and clear communication of any changes in subscription terms can significantly increase customer satisfaction and retention.



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METHODOLOGY

The Replenish Economy: A Household Supply Deep Dive, a PYMNTS Intelligence and sticky.io collaboration, is based on a survey of a census-balanced panel of 2,011 adult U.S. consumers and a complementary study in which PYMNTS researched the online subscription sign-up processes of 188 subscription commerce providers across nine industries. The survey was conducted from Sept. 5 to Sept. 21, while the merchant research was conducted from Sept. 1 to Sept. 12. Respondents to the consumer survey were 41 years old on average, 53% were female and 61% annually earned more than \$100,000.

For the Index calculation, we use linear regression analysis to determine Index scores ranging from zero to 100 with reference to 56 features. In addition, we contacted merchants' customer service departments to ask them about post-subscription features. A higher score indicates better user experiences for consumers and less friction throughout the customer journey.

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PYMNTS INTELLIGENCE

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