

# Evolving eCommerce: Subscription Services: Incl Impact of COVID-19 - US - October 2020

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## This report looks at the following areas:

- The impact of COVID-19 on consumer behavior and ecommerce
- How the recession could boost subscription service sign-ups
- The types of subscription services consumers belong to or are interested in joining
- Motivators and barriers to subscription service participation
- How subscription service companies are evolving to stay differentiated and relevant

There's a subscription service for just about any product across categories these days, including beauty boxes, meal kits and pet food. The category has exploded in the past decade after a short list of pioneers saw success from subscription-based models, which spurred a flurry of other companies, including retail chains, to launch their own subscription offerings. Despite the flurry of new entrants in the market, consumer adoption remains relatively low, with only just over a third of consumers currently participating in at least one service. As more people shop online amid COVID-19 and look to save money, adoption should expand naturally. Still, subscription services have significant barriers to overcome to move the needle among nonparticipants, including addressing negative perceptions about the value proposition and "contract" terms with an out clause.



"The number of different subscription services available is currently outpacing the amount of interested consumers at this point. The subscription market is slated to continue growing, especially as consumers spend more time at home amid COVID-19 and see the benefits of having goods delivered to their doorstep."

– **Diana Smith, Associate Director – Retail & eCommerce**

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