

# Understanding customer participation: The secret to seeking feedback for subscription boxes

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Researchers from San Diego State University, Rutgers University, and Vienna University of Economics and Business published a new *Journal*

*of Marketing* article that examines how to translate customer participation in subscription box services into outcomes that benefit companies.

The study, forthcoming in the *Journal of Marketing*, is titled "Understanding Customer Participation Dynamics: The Case of the Subscription Box" and is authored by Nita Umashankar, Kihyun Hannah Kim, and Thomas Reutterer.

The [subscription](#) box market has grown by more than 100% year-over-year the past five years. The most popular categories in this segment, comprising 55% of total subscriptions, involve companies curating boxes containing apparel, meal kits, tech gadgets, [personal care](#), or toys and delivering them to customers' doorsteps at regular intervals. Such services seek to surprise and delight customers with new items and highly personalized experiences.

Established retailers such as Sephora, Walmart, Nordstrom, and Target developed their own subscription boxes as a means to compete with hundreds of newcomers like Birchbox and Stitch Fix. For customers, subscription boxes provide an easy, convenient, and consistent way to access a variety of products with little commitment. In addition, they can skip a box or return the box's products when they wish. "Although such flexibility is attractive, its consequences are concerning for companies. Customers frequently skip boxes, and even when they do not, they return 60 to 70% of the box's products," says Umashankar. Nordstrom and Target have since shut down their subscription boxes, and although Sephora continues to offer one, it and other retailers are concerned about "box fatigue."

## **How involved should subscription box customers be?**

Hoping to improve their outcomes, subscription box services have

started to involve customers throughout the box process through a series of digital touchpoints. For example, customers are invited to preview an upcoming box digitally, provide [feedback](#) about the products in a delivered box, and give reasons for skipping a box. The idea is that, in addition to learning about customers' tastes, having them actively participate in the box process is engaging, which, in turn, should result in less skipping and more spending.

"Participation is indeed engaging, empowering, and entertaining for customers, but it remains unclear whether [customer](#) participation translates into objective outcomes that benefit companies," says Kim. This new study explores this question using secondary data from a national apparel box company that include approximately 30,000 customers' repeated participation, closed- and open-ended feedback, and box purchase behaviors from 2015 to 2018.

Overall, customer participation in terms of previewing the contents of an upcoming box lowers future box purchases. Had the partner box company limited upcoming box participation instead of encouraging it, they would have gained 14% in customer lifetime revenue. Further, had the company not encouraged customers to provide concrete and specific reasons for skipping a box, it would have gained 10% in customer lifetime revenue. However, had the [company](#) encouraged feedback *when the subscription boxes were delivered*, it could have boosted customer lifetime revenue by 5.7%. As Reutterer summarizes, "In other words, while providing feedback *with* the delivered box drives future purchases, participation *before* and *after* decreases box opt-in and spending."

## **Lessons for managers**

The researchers offer these suggestions for companies curating subscription boxes:

- Cautiously promote digital previewing for upcoming boxes by allowing customers to be surprised versus informed. For example, consider providing unique and exclusive items or early releases, enable previewing for some product categories but not others, or rotate these options to maintain the surprise.
- Focus on the first box, not only from the perspective of products matching customers' preferences but also from a customer participation perspective. If customers choose to skip the second box, their chance of churning is high, so refrain from soliciting extensive feedback on why they skipped the box. Instead, increase their interest in earning a new surprise.
- Analyze feedback concerning open-ended comments for sentiment, information, and linguistics, and capture word count, punctuation, and other metrics of text engagement.
- Solicit emotional and concrete feedback for delivered boxes, especially for the first box. Ask customers about specific product attributes (concrete feedback) and how they feel about the products (emotional feedback), and ask them to elaborate. For example, ask questions like: "How did you feel about what you saw in the box?" (emotional) or "List the top three things that came to mind when you tried on this product" (concrete).
- Avoid having customers elaborate on why they are skipping a box. Don't ask customers to explain why they are skipping a box. If anything, use close-ended questions rather than open-ended ones.

**More information:** Nita Umashankar et al, EXPRESS: Understanding Customer Participation Dynamics: The Case of the Subscription Box, *Journal of Marketing* (2022). [DOI: 10.1177/00222429221148978](https://doi.org/10.1177/00222429221148978)

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