

Clive Angel's insights on 'The Subscription Economy'

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9 Oct 2018

A subscription as defined by Clive Angel is any service whereby a consumer pays an ongoing fee for the ongoing use of an asset and/or access to a customer service.

The best way to describe the benefits of a subscription business model is to look at some of the significant business transformations that it brings about for both management and customers.

- **Subscription businesses transform** management strategic focus from product production lines and development to customer service and delivery. The business strategy for a subscription business is built around the customer and not driven by the product. Subscription businesses are all about providing instant, relevant and often seamless end-to-end services to a loyal customer base. The customers' current and ongoing future needs are central to managements business strategy.
- **Subscription businesses transform** managements marketing strategies from the promotion and sale of physical assets to providing quality and service driven customer experiences. The ability to use artificial intelligence and machine learning to analyse and interpret user data sets will have the impact of transforming marketing strategies from a sales-based approach to an engineering focused data driven approach.
- **Subscription businesses transform** management product strategies from pushing product to the market through traditional channels and acquiring customers by advertising to management communicating through real customer experiences. Instead of relying on feedback as a result of media driven marketing strategies placing reliance on user driven curatorship.
- **Subscription businesses transform** managements revenue model from the receipt of one-off upfront purchase considerations to the regularity of annuity-based and predictable income streams. This achieved as customer loyalty is earned as a result of services driven by customer needs and tailored for personalisation.
- **Subscription businesses transform** customer behavior from registering ownership of physical assets to paying for access to readily available, relevant and ongoing customised services provided. To deliver this management needs to

shift focus from making a sale to providing the customer with relevant and up to date access.

Some of the key customer benefits of subscribing for services compared to purchasing assets for ownership:

- The customer benefits from having an all-inclusive contract VS the exposure to additional costs for insurance and maintenance,
- The customer benefits from real time instant updates VS waiting for the opportunity to purchase and or take delivery of the upgraded asset,
- The customer receiving a service that is flexible and tailored for their needs VS purchasing an asset off the shelf fit for a specific purpose,
- The customers cash outflows are over a period aligned with the benefits received VS incurring payments upfront with the benefits to follow from use down the line,
- The customer receiving tailored services based on their input and feedback VS having to purchase an asset based on marketing.

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