

**HOW TO IMPROVE CUSTOMER RETENTION
AND LIFETIME VALUE ON SUBSCRIPTION-
BASED MODELS: IN COMPANY PROJECT WITH
'THE BAM AND BOO' TOOTHBRUSH**

Margarida Catalão Fontan Macias

Project submitted as partial requirement for the conferral of Master's in Marketing

Orientador:

Prof. Doutor Ricardo Godinho Bilro,

Professor Auxiliar Convidado,

Departamento de Marketing, Operações e Gestão Geral

ISCTE Business School

HOW TO IMPROVE CUSTOMER RETENTION AND LIFETIME VALUE ON SUBSCRIPTION-BASED
MODELS: IN COMPANY PROJECT WITH 'THE BAM AND BOO' TOOTHBRUSH

Margarida Catalão Fontan Macias

ACKNOWLEDGEMENTS

I would like to thank my supervisor Ricardo Bilro Godinho, for all the help, support and guidance throughout the last months and the process of writing my master’s thesis. His help was crucial for me to undertake this challenge and be able to deliver my final work today. Also, for the availability and knowledge that encouraged me to go further and keep improving.

Also, I could not go without expressing my warmest gratitude to my two bosses and friends – Fernando Ribeiro e Nuno Catarino, for having the opportunity to work with them to achieve this final project. More, for their motivation, support and all the explanations given during this last period.

Writing this master thesis was a long process and I would like to thank to all my family and friends for the support given, and for understanding of my lack of patience, “*Believe you can and you're halfway there*”, *Theodore Roosevelt*

INDEX

<i>Acknowledgements</i>	<i>i</i>
<i>Resumo</i>	<i>v</i>
<i>Abstract</i>	<i>vi</i>
<i>Executive Summary</i>	<i>vii</i>
1. Introduction	1
2. Literature review	4
2.1 Subscription-based Models	4
2.1.1 Subscription Models For Future generations – Shared Economy and Access-based products	5
2.2 Green Products and Green Consumption	8
2.3 Customer Relationship Management and Customer LIFETIME Value	9
2.4 Retention, Churn Rate and Acquisition Costs	13
2.5 Customer-centric Strategy	15
2.6 Story Telling as an Engagement Strategy	16
3. Methodology	17
4. Company Analysis	18
4.1 Brand Presentation, THE BAM AND BOO	18
4.1.1 CUSTOMERS	19
4.1.2 COMMUNICATION	20
4.1.3 MARKETING AND DIGITAL COMMUNICATION STRATEGY	21
4.1.4 COMPETITORS AND POSITIONING	23
4.2 Secondary Data – Customer Data Base	25
4.2.1 Preliminary Findings – secondary data	33
4.3 FOCUS GROUP	34
4.3.1 Focus Group - Analysis	35
4.3.1.1 Preliminary Findings – Focus Group	43
5. Recommendations and Forms of Implementation	45
6. Conclusions	51
<i>References</i>	<i>54</i>
<i>Appendices</i>	<i>66</i>

INDEX OF TABLES

Table 1 – Comparison of the conventional two-sided markets and the sharing economy 69, 147	6
Table 2 - The Bam and Boo Digital Strategy and Platforms.....	21
Table 3 - Inactive customers churn stage	26
Table 4 - Cancelation Form, %	28
Table 5 - Customer Retention Status	32
Table 6 - Cancelation Form proposal, E-mail and Expected Results	48
Table 7 - Project Conclusions and Recommendations	52

INDEX OF FIGURES

Figure 1- Project Diagrama	3
Figure 2 - The Bam and Boo Portfolio	19
Figure 3 - The Bam and Boo logo, with characters	20
Figure 4- Plastic-Free Adv	22
Figure 5 - Change your toothbrush Quarterly Adv	22
Figure 6 - The Bam and Boo Market Scope	23
Figure 7 - Positioning Map, Competition Overview	24
Figure 8 - Active Costumes Countries	25
Figure 9 - Cancelation Clusters	29

RESUMO

O presente projeto-empresa visa estudar de que forma conseguimos melhorar a retenção e o valor dos clientes em modelos de subscrição. Este projeto foi realizado em colaboração com a empresa 'The Bam and Boo', um serviço de subscrição de escovas de dentes de bambu. A marca portuguesa está no mercado desde Junho, 2017 e atualmente conta com mais de 22.000 subscritores ativos.

De forma a alcançar os resultados propostos neste projeto recorremos a dados quantitativos, obtidos através da base de dados de clientes da empresa, e dados qualitativos, recolhidos de uma sessão com um grupo focal no qual os participantes representavam o target da marca. Assim, foi-nos possível detetar pontos críticos em relação aos padrões e comportamento dos consumidores, e os seus perfis de compra. As questões principais que pretendemos responder neste projeto são – compreender o momento em que os clientes desistem das suas subscrições, por que motivos o fazem e de que forma a marca pode aumentar o valor e a retenção dos seus clientes.

Apresentamos soluções em áreas como – comunicação, gestão e relacionamento com os clientes, produto e estratégia da organização; com o fim de melhorar as taxas de retenção e os resultados da empresa como um todo. Para isso, a empresa deve reconsiderar algumas das suas políticas e oferecer um serviço mais personalizado e diversificado aos seus clientes, montar uma estratégia de email marketing mais forte, reconsiderar o seu portfólio de produtos, e a forma de partilha dos seus valores e missão com a sua comunidade.

Palavras-Chave: Subscrições, Relacionamento com Clientes, Produtos “Verdes”, Retenção

JEL: M31; M130

ABSTRACT

The present In-Company project aims to study how subscription-based business models can improve their retention and customers lifetime value. This project was made in collaboration with ‘The Bam and Boo’ Toothbrush, a Portuguese brand bamboo toothbrushes subscription service that is in the market since June 2017 and currently accounts with more than 22.000 active subscribers.

To achieve these project results we have used quantitative data from the company database reports, and qualitative data collected on a focus group session with a group of participants that resembles the brand’s target. From this data we were able to trigger some critical stages of retention and consumption patterns, and valuable insights regarding consumers behaviors and purchase profiles. Some of the critical questions that needed to be answered were related to – understand the moment of customers churns, which are the motives that led customers to make this action, and how is the company able to improve its customers lifetime and value.

We present solutions on areas such as Communication, Customer Relationship Management, Product, and Organizational Strategy, in order to improve the company retention rates and overall results. For that the company should consider delivering a more personalized service and content to its customers, run a stronger email marketing strategy, rethink its portfolio, and share the company values and mission with its community.

Key Words: Subscription, Customer Relationship, Green Products, Retention

JEL: M31; M130

EXECUTIVE SUMMARY

On this project we intend to answer to the following question - *How to improve customer Retention and Lifetime Value on Subscription-Based Models?*. For this we have joined ‘The Bam and Boo’ Toothbrush, a subscription service of bamboo toothbrushes that has been in the market since June 2017. Together with the company we were able obtain relevant data regarding – customers churns, motivations, and live time value. And we have also run a focus group session in order to achieve more accurate recommendations, based on relevant feedback from consumers viewpoints.

Subscription-bases models have been growing on its relevance and presence in consumers daily routines, so we look to this business models as an opportunity for multiple brands to enter on a new market of subscriptions. With a fresh perspective regarding customer-centric strategies and a disruptive view with regard to ownership. These new business models are metrics that become imperative to undertake when evaluating its strategies and customers, as - Retention, Churn and Customer Live time Value.

On this in-company project we will start by doing an literature review on topics that will be relevant to our final conclusions and recommendations for the company, our review will approach the following topics - Subscription-based Model; Subscription Models for Future generations, Shared Economy and Access-based products; Green Products and Green Consumption; Customer Relationship Management and Customer Life Time Value; Retention, Churn Rate and Acquisition Costs; Customer-centric Strategy; and finally Story Telling as an Engagement Strategy.

With the data collected from the company database we will be able to understand the main struggle points regarding retention, and also to learn about ‘The Bam and Boo’ customers purchase profiles. Later, we gather this information with the insights collected on the focus group session and find out some similarities between consumers behavior, where we will rely our final recommendations.

Taking into account that nowadays the company invests most of its budget on acquisition we believe that the company has a few of opportunities to be worked on its retention, this will be more valuable on its long term strategy.

Exposition of the context of the issue

Today, 'The Bam and Boo' which is a subscription-based model of bamboo toothbrushes, accounts with more than 22.000 active customers and a monthly churn rate of 5,7% (May, 2019). The company invests most of its marketing budget on acquisition, trough social media platforms campaigns, and so far does not have a clear strategy defined regarding retention.

The acquisition strategy was essential to enter the market and achieve the results present today. However, we believe that the company is entering on a new stage where retention is mandatory to keep business growing. So, 'The Bam and Boo' should work with its existing customers and community to achieve better results regarding retention. By increasing its relationship with customers in a long term perspective, they could deliver greater value, and enhance a superior Brand Equity.

Thus, with this project we aim to build a set of recommendations for the company to undertake on this new stage, when retention becomes an essential indicator of the its performance.

1. INTRODUCTION

'The Bam and Boo' is a bamboo toothbrushes subscription brand. This project aims to provide valuable insights and recommendations to the firms' managers in order to achieve better overall results.

The brand has been in the market since June 2017, and currently has more than 22.000 active subscribers. With 99% of its sales coming from European countries, the brand has a strong strategy of acquisition in countries such as United Kingdom, Portugal, Ireland, Italy, and Spain. 'The Bam and Boo' has a clear value proposition: bring a more sustainable alternative to a product that every year, in Europe alone, throws more than a billion of non-biodegradable plastic toothbrushes to landfills and oceans. To do this the brand offers a subscription-based model to a generation that nowadays has a new consumption profile, valuing products to be delivered easily and in a practical way.

Subscription-based models have been growing on today's market. These models assume that customers pay a periodically and recurring fee for access to a product or service (McCarthy *et al.* 2017). Previously products were traditionally owned, but nowadays we see a consumption based on access (access-based). Customers pay a certain fee to have access to a product or service during time, which lead us to a reinforcement of relationships between the companies and its customers (Gruen, 2017). Looking to Netflix and Spotify, we may verify how these subscription-based models have been growing over the past years, from 59 and 18 million active and payed subscriptions at the beginning of 2015 to 151 and 108 million at the end of 2019 second quarter, correspondingly (Statista, 2019a; Statista, 2019b).

On this project we intent to prepare a set of recommendations for 'The Bam and Boo' consider and improve its retention rates and decrease its churn rate, that on May 2019 accounted for 5,7% monthly churn. For this, we use data from two sources: (1) Secondary Data retrieved from customers database records, from Jun 2018 to May 2019; and (2) Primary Data from a focus group session with a sample of 7 participants representative of the brands target.

The research questions that guide this project are:

- What is the moment (i.e., stage) where customers end their subscriptions?
- What are the motivations for customers churn?
- What is the current Customers Lifetime Value, and what keeps customers with the company?

From the data collected for the analysis, we understood that 'The Bam and Boo' has a few opportunities to work on its retention strategy, considering that for now the firm invests most of its budget in acquisitions.

There were clearly some fields to be worked and improved to achieve better retention results. So, with the secondary data collected from the customers' cancellation report, it was possible to understand that customers have more propensity to churn during the beginning of their lifetime. This may be explained by multiple factors as we will see in the secondary data – customer data base section.

There is also a moment when the brand accounts for a significant decrease in its churn, on 'The Bam and Boo' this happens after customers third order. The moment when customers become more valuable to the company on a long-term strategy. So, it is mandatory for the company to keep working together with these customers on its overall retention strategy.

From the focus group session, we gather valuable insights to develop a more accurate set of recommendations. We understood how consumers value personalized services, user-friendly processes, having updated services, customer service efficiency, and acquiring relevant products in an easy manner through a subscription service.

With all these observations we were able to build a final set of recommendations that goes through 4 main areas: (1) Communication, (2) Customer Relationship Management, (3) Product, and (4) Organization Strategy. The main findings from this project are - to improve relationships with the brand customers, increase the relevance from the brand to its customers, build stronger brand equity, and enhance better retention results.

Therefore, the company could take into their strategy some of the recommendations we provide on our recommendations and forms of implementation section.

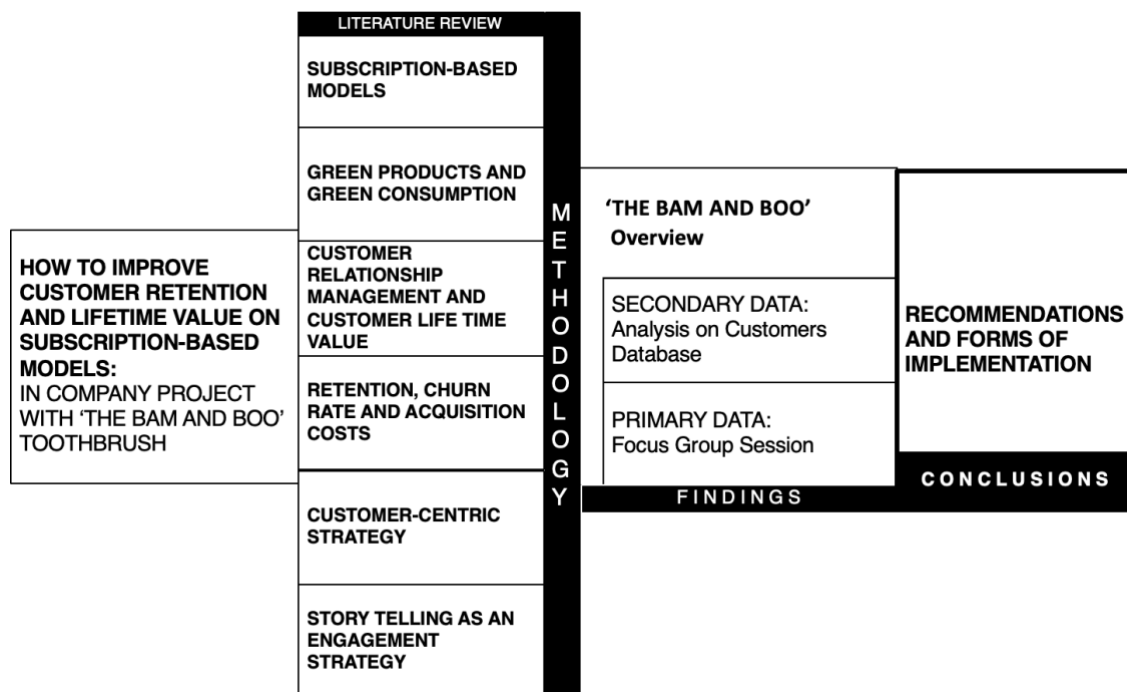
HOW TO IMPROVE CUSTOMER RETENTION AND LIFETIME VALUE ON SUBSCRIPTION-BASED MODELS: IN COMPANY PROJECT WITH 'THE BAM AND BOO' TOOTHBRUSH

To achieve these results, we will start introducing the main topics over analysis on the Literature Review. With the aim to clarify the main research problem and identify limitations within the literature. The literature review will be presented on chapter two and approach the following subjects - Subscription-based Model; Subscription Models for Future generations, Shared Economy and Access-based products; Green Products and Green Consumption; Customer Relationship Management and Customer Life Time Value; Retention, Churn Rate and Acquisition Costs; Customer-centric Strategy; and finally Story Telling as an Engagement Strategy.

Subsequently, we will present the methodology in chapter three through an identification of data sources and the appropriate research methods. There will be two data sources - secondary with mainly quantitative data, and primary data that will provide us qualitative data for the analysis that will followed on chapter 4. Before presenting this data, in the same chapter, we will do an analysis and presentation on 'The Bam and Boo' brand.

Lastly, on chapter 5 we will present a set of recommendations for 'The Bam and Boo' consider on its future decisions. On Figure 1 we have an overview on how this project will be presented.

Figure 1- Project Diagrama



Source: Own Elaboration

2. LITERATURE REVIEW

2.1 SUBSCRIPTION-BASED MODELS

The relevance and popularity of subscription-based businesses have been growing in recent years. These business models assume that customers pay a periodically and recurring fee for access to a product or service. Previously this model was dominated by newspapers, magazines, and telecommunications companies, but subscription-based models had made strong inroads into consumer software (eg. Microsoft Office 365), food preparation (eg. Blue Apron), health and beauty products (eg. Dollar Shave Club), and a large array of subscription-based software-as-a-service enterprises in the business-to-business space as businesses aim to increase the predictability of their revenue streams (McCarthy *et al.* 2017). The same authors account that on subscription-based business models the primary source of future cash flows are customers. The company's value will reflect and incorporate investors' beliefs regarding the future cash flows that the company will be able to generate. Data as - customer churn, customer/subscriber acquisition costs, average revenue per user, and customer lifetime value, become imperative to take under analysis when evaluating subscription businesses.

When considering intangible goods, a subscription is an exchange of small payments to have a full access to a product (Zhang and Seidmann, 2010). Popular researches define subscription as an agreement between two entities (customers and firms) to have a recurring purchase of a physical product or service (Baxter, 2015), more often authors are concerned with the managerial dimension of subscriptions (Baxter, 2015; Janzer, 2015; Randall *et al.* 2016; Warrillow, 2015).

Subscriptions is a way of differentiation for retailers that operate in a competitive market, leveraged by the growth of the eCommerce. Most product subscription are based on surprise subscriptions with hedonic motivations, while others have a convenience-based (predefined). The risk perception has an important role when people subscribe to products, thus customers want to minimize their risks (Bischof *et al.* 2017). On Bischof study it is concluded that consumers prefer predefined subscriptions in shorter intervals than surprise subscriptions.

Rudolph et al. 2017, defines three types of subscription models in retailing, which fulfill different customer needs. Predefined subscription help customers to overcome daily tasks that they do not want to take care, as restocking purchases. Surprise subscriptions allows customers to explore a new category of products and enable them to try different products and categories of high involvement. Curated subscriptions which combines curiosity and convenience, is a convenience-oriented surprise based on consumer preferences and adds an extra value for consumers and simplifies decision-making processes.

There are some studies which search for the how open customers are to subscriptions in retailing, based on their utilitarian and hedonic demographics (Woo and Ramkumar, 2018). To understand how benefits may increase the appeal of subscriptions, researches where elaborated in order to explain how utilitarian and hedonic motivations, and the consumption traits may impact customers attitude towards an offering (Ramkumar and Woo, 2018).

2.1.1 SUBSCRIPTION MODELS FOR FUTURE GENERATIONS – SHARED ECONOMY AND ACCESS-BASED PRODUCTS

A shift in customer needs developed this new concept known as shared economy, where the traditional B2B2C salesforce sector has been replaced by micro-entrepreneurs and service providers (Kumar *et al.* 2018).

This concept has disrupted different industries as taxis or hotels that were already well established. Bringing a new revival with more convenient and low-cost services without demanding customers to be the owners of what they are using (Eckhardt and Bardhi, 2015). PWC on 2015 estimated that sharing economy worth \$335 billion (PwC, 2015). This business model has been adopted across companies such as Uber with ridesharing, Airbnb with accommodation, Machinerylink with farming equipment, etc. (Thomas, 2017)

On academic literature we find different definitions regarding the concept and model of sharing economy. Belk, 2007 states that it is the act and process of distributing what belong to us to others for their own use, and de reverse. Sharing economy is also called as 'collaborative economy' or 'collaborative consumption', defined as a socio-economic

model, based on shared usage of commodities that some users need, and others do not. Also, it is a system where companies encounter the waste and unused resources due to unequal distribution. So, by reducing cost of access to each product or service companies would achieve more efficient operations (Botsman and Rogers, 2011). The same authors feel that this collaborative consumption is the reverse of the past trend of hyper consumption, led by waste of resources.

Yet, some authors define shared economy as a transfer of ownership through the demand, giving access to new users to enter. Described as an access economy where the sharing aspect is something secondary and companies work as mediators (Sundararajan, 2016; Eckhardt and Bardhi, 2015). Belk, 2014 added that collaborative consumption happens when people coordinate acquisition and distribution of resources for a monetary or non-monetary compensation. Firms and individuals can monitor their underutilized assets through a short-term rental, focusing on the business and the economic incentive instead of the collaborative lifestyle (Kumar *et al.* 2018). The same authors identified the main differences between the conventional two-sided market and shared economy as we see on Table 1.

Table 1 – Comparison of the conventional two-sided markets and the sharing economy 69, 147

Conventional two-sided market (e.g., eBay with suppliers above and customers below the value chain)	Sharing economy (e.g., Uber with service providers above and customers below the value chain)
Product-focused	Service-focused
Revenues generated through sales	Revenues generated through short-term rental
Heterogeneity of products under one firm (e.g. variety of products in eBay)	Homogeneity of services under one service enabler (e.g. service of reliable transportation in Uber)
No face-to-face interaction with the customer needed	Face-to-face interaction with customer plays a major role
Service quality is secondary	Service quality is essential
Marketing initiatives of the focal product toward customers can be executed through suppliers (e.g. promoted listings)	Marketing initiatives of the focal service toward customers cannot be executed through service providers
Suppliers have low risks associated with their involvement or assets due to transfer of ownership	Service providers have high risks associated with their involvement or assets due to personal nature of the transaction

Source: *A strategic framework for a profitable business model in the sharing Economy Industrial Marketing Management 160*

Similarly, subscription-based models emerged as an up-and-coming event in retail industry enabling shoppers to automatically receive their recurring deliveries of goods (Bischof *et al.* 2017).

McKinsey management consulting firm released a study where accounts that consumer goods subscriptions had annual market growth of over 100%, for consumer goods

subscriptions which have already reached 15% of e-commerce shoppers and collectively generated revenues of nearly \$2.6B in 2016 (Chen *et al.* 2018). Actually, 57 consumer goods subscriptions alone have recently account for a total of \$1.4 billion venture capital funding's in 2016 (CB Insights, 2016). More, subscription providers are trying to enter in multiple categories such as food and beverage, beauty and fashion, and home and living, this was evidenced by the appearance of more than 2.700 subscription box offerings that are currently advertised on CrateJoy, a marketplace for subscriptions (Cratejoy, 2018). All these recent examples illustrate how attractive consumer goods subscriptions are to generate high customer lifetime value on retail industry (Bischof *et al.* 2017).

In recent years consumers have been moving from ownership to access-based consumption. Yet, claims of a 'post-ownership economy' (Belk, 2014b) or 'age of access' (Rifkin, 2000) have assume a contrarily position to full ownership (exclusive or total rights to goods) and access-based (limited or temporary use of goods) models of consumption, had fragmented ownership configurations and the significance of possession (Watkins *et al.* 2016).

Digital virtual goods have been remarkable on the movement to access-based consumption, by liberating consumers from ownership (Bardhi, *et al.* 2012; Belk, 2013, 2014b; Rifkin, 2000, 2014) and support the communal sharing of goods and services (Belk, 2010, 2013, 2014b; Giesler, 2006) and short-term use (Bardhi and Eckhardt, 2012). Access-based products are seen as flexible goods to fulfil consumers' situational, identity or functional needs without having to be owned by them (Bardhi *et al.* 2012).

Nowadays, it has been noticed an emergence for access-based digital models. With Netflix reaching 44 million of subscribers in January 2014 (Garrahan, 2014), and Spotify doubling the number of payed subscriptions to 10 million in just 18months before May 2014 (Cooks, 2014). According to Statista last reposts from 2019 on the second quarter of 2019 Spotify reached 108 million premium subscribers worldwide, up from the 83 million that had on the same quarter of 2018. The number of payed subscribers has increased dramatically in the latest years, rising from 52 to 108 million over the two last years (Statista, 2019a). If we look on Netflix last reports, we confirm that this growth has been also observed over the past years. In the second quarter of 2019, accounted with over than 151 million paying streaming subscribers worldwide. While Netflix's streaming

service has been recording an increase on its subscription customers number, the company registered a decline on its DVD section. From 11.17 millions of subscribers from the United States Netflix's DVD rental service in 2011, to 2.73 million in 2018 (Statista, 2019b). See appendix 1 and 2.

2.2 GREEN PRODUCTS AND GREEN CONSUMPTION

The subject of Green Products was first introduced in 1992 by American Marketing Association, to describe products that are safe to be used and environmentally friendly (Ottman, 1992). These products come from manufacturing processes that search form minimizing the exploitation of natural resources, minimize the use of toxic materials and reduce the emission of waste or pollutants during the process (Haws *et al.* 2014; Lin and Chang, 2012).

Organizations have been challenged and stakeholders need to take attention to the ecological phenomena, considering - pollution, climate change, food security, drought and the choice of resources for a continued growth (Coombs, 2010).

In 1994 Polonsky defined this industrial practice with an ecological meaning and called it as Green Marketing. The moment when marketers started to concern about green products, based on customers' expectations - find environmentally friendly alternatives from companies (Polonsky, 1994).

Consumer behavior towards ecofriendly and green products is determined by their thoughts about the environmental and individual consequences of each production processes (Ramayah *et al.* 2010). The concern for having environmentally friendly behaviors has also changed and established a new relationship on customers attitudes towards purchasing decisions (Gurtoo and Antony, 2007).

So, ecological concerns should be addressed by companies at a practical and localized level, searching for more sustainable outcomes. New product development processes might be a good mechanism to offer this ecologic conscious output. Together with ecological marketing, also known as environmental or green marketing, marketing processes should focus on credentials which offer a superior ecological performance and

benefit to new products and services development (Peattie, 1992; Pickett-Baker and Ozaki, 2008).

Usually eco-friendly products have higher prices than their traditional rivals, being this cost one of the critical deterrents of opting to eco alternatives (Dale, 2008; Mintel, 2009). Environmentally friendly products are many times perceived to be less efficient than regular products (Luchs *et al.* 2010). Comparing to regular products, green products have prices between 20 to 25% price premium than the regular products. They tend to be made of nontoxic materials, being biodegradable, and have a recycled packaging, these are some of the reasons that justify the price premium that customers are paying (Lin and Chang, 2012). However not all customers are willing to support this cost to buy more ethical or eco-friendly products (Mintel, 2010).

2.3 CUSTOMER RELATIONSHIP MANAGEMENT AND CUSTOMER LIFETIME VALUE

Companies are moving from transaction - oriented/product-centric strategies, to relationship - oriented/customer-centric marketing strategies. With their emphasis on customer acquisition, retention, and development. Customer Relationship Management (CRM) approach intends to understand and influence customer behaviors in order to improve acquisition, retention, loyalty and profitability (Swift, 2001). In the 90s customer lifetime value (CLV) has expand its relevance and was defined as “the present value of the future cash flows attributed to the customer relationship” (Pfeifer *et al.* 2005).

Customer Relationship Management had his first roots in the 80's where for the first time was studied the relationship between sellers and buyers instead of just a transactional operation by marketing teams (Dwyer *et al.* 1987). Later some authors begin to focus their studies on the advantages that can be generated from loyal and long-term customer relationships, which lead to higher profits (Reichheld and Sasser, 1990).

More recently, CRM was defined into two categories – a Relationship and Operational strategy. As a relationship strategy, which enables firms to use customer databases and companies' analytical tools to find and create new opportunities (eg. cross-selling or create new products for existing customers) (Richards and Jones, 2008). This is a

comprehensive relationship strategy and process to acquire, retain and manage relationships with valuable customers in order to create greater value to the customer and the firm (Parvatiyar and Sheth, 2001). Some authors reinforce that customer acquisition and retention strategies allow companies to optimize their Customer Equity (Blattberg *et al.* 2001b; Rust *et al.* 2000). On this strategic perspective CRM is considered as an asset to firms, built over intangible factors as trust and reputation. For firms this is a competitive advantage, since it is almost impossible to replicated and hard to measure as it is an external asset, available to the firm and not owned by the firm (Srivastava *et al.* 2001).

CRM is also defined as an operational strategy, allowing companies to collect current data fast to identify their valuable customers. Firms will increase their customers loyalty by offering customized services and products during time (Rigby *et al.* 2002). This operational view helps firms on daily interactions between customers and companies (Bruggen and Wierenga, 2005).

CLV plays a decisive role on CRM framework, enabling companies to evaluate their customer portfolios and improving CRM results. With access to relevant information, technologies and applications, CLV helps firms to discover key customers and segments. Understanding these valuable customers facilitates to develop long-term relationships between the company and customers, co-creating value with customers which is the main goal of CRM (Payne and Frow, 2005:168). CLV goals are aligned with CRM objectives, deals with customers differently according to their lifetime value (Richards and Jones, 2008). The estimation of CLV is essential to manage marketing decisions (Blattberg and Deighton, 1996) and to predict the value of each customer present on a firm's database (Malthouse and Blattberg, 2005; Venkatesan and Kumar, 2004). With this information companies will decide their investments based on customer segments (Zeithaml *et al.* 2001). Several researchers state that CLV should be used to select customers and design marketing strategies (e.g., Reinartz and Kumar, 2003; Venkatesan and Kumar, 2004; Kim *et al.* 2006). This selection would generate higher profits than selecting customers based on their socio-demographics (Reinartz and Kumar, 2003; Venkatesan and Kumar, 2004). Managers should be able to work aside as CRM strategies in order to identify business opportunities and enhance customer value, at the same time as they try to reduce costs

achieving a sustainable competitive advantage. Resulting on a greater profitability at short and long-term (Bohling *et al.* 2006).

Customer Lifetime Value was firstly defined as the present value of the expected profit flow in each timeline of transactions with a customer (Kotler, 1974). Recently CLV was defined as the present value of a customer future cash flows (Pfeifer *et al.* 2005). Berger and Nasr, 1998, define as the sum of the discounted cash flows from an individual or a segment of customers, generated during customers relationship with a company. Being the CLV the net present value of all benefits that a certain customer generates during his life time, after he has been acquired and deduced the incremental costs - as marketing, production, service and selling (Blattberg *et al.* 2008; Dywer, 1997).

CLV frameworks should measure how a change in a customer behavior may influence this customer's future profits, and as consequence the firm's profitability. So, measures as customer retention or average purchase should be taken into consideration when predicting CLV (Zhang *et al.* 2010).

Gupta and Lehmann (2008) asked: "Why do we need CLV in addition to profits, cash flow and other traditional financial metrics?" and explained that CLV provides better insights regarding financial metrics. The advantages of using these frameworks are: (1) CLV provides a diagnosis regarding a business health; (2) gives access to customer individual profitability; (3) when traditional financial data, as discounted cash flows or price-earnings ratio fails for having negative values, CLV still works to value the firm; (4) uses a structured approach to forecast future cashflows, it is not focused on past measures, as annual growth from past years or annual average compound.

Customer relationship management strategies highlights the development and maintenance of long-term relationships and exchanges (Morgan and Hunt, 1994). Since long-term relationships are more profitable than short-term, it results in an efficient exchange between the customer and the company (Reichheld and Sasser, 1990).

This paradigm is based on one assumption - satisfied customers turn into a sustainable competitive advantage for the company, creating a link between the two sides - customer and organization. Therefore, if organizations analyze the historical records of their interactions with customers, companies will obtain a valuable information regarding

customers behaviors, understanding and anticipating their needs. Which will impact directly on business performance (Swinnen & VanHoof, 2013).

Customer-centric paradigm has been documented as one of the leading rules to develop an effective marketing strategy. With resource to new technologies and customer relationship management strategies, firms have now available a large amount of customer and transactional data. CLV emerged as an effective metric for CRM strategies that are developed from CLV modeling, which have led to positive financial gains in business-to-business (B2B) and business-to-consumer (B2C) strategies. CLV is highly dependent on data collected from customers behaviors and transactions, and it has been implemented in relationship-marketing as one of the most important setting (Sunder *et al.* 2016). This metric allows firms to nurture customer profitability. When firms adopt a CLV-based approach, they can make consistent decisions over time about - which customers they should and should not prospect to acquire and retain, and the level of resources to spend in each customer segments (Kumar, 2018).

CLV refers to the economic value that customer relationship has to the firm, is the present value of future profits generated from a customer over his or her lifetime with the firm (Gupta and Lehmann 2005; Venkatesan and Kumar 2004). On today's market, companies realized that their most valuable asset is their customer data base (Berger *et al.* 2002; Blattberg *et al.* 2001a; Gupta and Lehmann, 2003). Even the financial community started to include some customer metrics in financial reports (Persson and Ryals, 2010).

The Financial performance of a company is highly related with understanding who are the key customers. In today's competitive world, losing a key customer will have a significant impact on a company cash inflow (Čermák, 2015). The same author concludes on his study that the rentability of customers have a significant variation, and the most profitable group of customers which accounted for 20% generated only 104% of the company's profits. Also, concluded that "one-off" customers were more reliable payers than "regular" customers and more profitable for the company.

2.4 RETENTION, CHURN RATE AND ACQUISITION COSTS

Retention remains a key construct for service providers, since it is essential for determining the value of existing and future subscriptions and to make resource allocation decisions (Schweidel *et al.* 2008).

If firms improve 1% in retention, margin or acquisition costs, this could lead to 5% increase on firm's value. Also 1% improvement on retention rate, can generate five times greater impact on a firm's value instead of a 1% change in cost of capital or discount rate (Gupta *et al.* 2004).

Predicting the churn rate of a specific customer gives the opportunity to change his behavior and decision to leave. Acquisition costs to gain a new customer are 6 to 7 times more expensive than retaining an existing one. Businesses try to identify potential users with tendencies to churn. Which allows them to perform a series of actions in order to retain their valuable customers (Berger and Kompan, 2019). Churn prediction is essential to rule churn management programs. If companies can predict churn before customers leave, managers and marketers will be able to manage and develop strategies to target these risky customers (Blattberg *et al.* 2008; Neslin *et al.* 2006).

Churn-prone industries usually need to maintain CRM databases that are rich in knowledge and customers patterns that may be used for acquiring customer information for a better decision-making practice (Amin *et al.* 2016). Managers should be able to nurture and maintain their customers in order to keep their company position in the market (Doorn *et al.* 2010).

Targeting customers with a high tendency to churn enables companies to center their efforts on those who have risk of churning, saving them to make a higher investment on all customers including the ones who have stayed loyal (Neslin *et al.* 2006). Companies should be able to identify these customers and persuade them to stay in the company (Coussement and Van den Poel, 2008).

All these reasons, made companies change their focus from acquisition to retention, adopting a 'retention economic' perspective of businesses (Ballings and Van den Poel, 2012).

Customer retention indicates if a customer remains using the same service or buying the same brand over time, it is not an exact metric or measurement, it is mostly a theoretical construct (Gerpott *et al.* 2001). Several previous studies use loyalty and satisfaction as the main predictors of customer retention (Eshghi *et al.* 2007).

Satisfaction has become an important focus of corporate strategies; a higher customer satisfaction leads to a better performance. Thus, many companies have implemented programs for measuring and improving customer satisfaction (Homburg *et al.* 2005).

Studies identify that higher levels of satisfaction lead to greater customer loyalty, and consequently to a positive impact in a company's profitability (e.g., Anderson and Sullivan 1993; Bearden and Teel 1983; Bolton and Drew 1991a, b; Fornell 1992; LaBarbera and Mazursky 1983; Oliver 1980; Oliver and Swan 1989a, b). Also, other studies indicate that satisfied customers can increase profitability by providing new referrals and reviews through positive word-of-mouth (Mooradian and Oliver 1997). Customer satisfaction is also conceptualized as an emotional response to product/service experiences (Han and Back, 2007)

However, Hunt (1977) states that satisfaction is not the pleasure or feeling generated from consumption experiences, but the evaluation/judgment if the service/product experiences were as good as it was expected to be. More, Han *et al.* (2009) and Havlena and Holbrook (1986) say that emotions and satisfaction are affective responses to a service/product usage. And Han *et al.* (2009) and Oliver (1980, 1997) add that satisfaction is an over-all judgment process between expectations and experiences.

A shift in emphasis from satisfaction to loyalty became a worthwhile change in strategy for most firms. Businesses understood the profitable impact of having a loyal customer base, as demonstrated by the figures provided by the associates of Bain & Company (Oliver, 1999). So, in a competitive business environment with every growing customer expectation, firms have become more interested in retaining their most profitable customers by understanding their behaviors and decision-making processes (Anderson and Srinivasan, 2003; Han *et al.* 2009; Ladhari *et al.* 2007).

Loyalty is a repeat purchasing frequency or relative volume of same brand purchasing (Tellis, 1988). Loyal customers were those who rebought a brand and considered only that brand (Newman and Werbel, 1973). But satisfaction does not transform into loyalty

as much as it has personal determination and social support on this loyalty process (Oliver, 1999).

Thus, many studies show how satisfaction affects customer retention. Satisfaction is usually a significant determinant for companies to have a positive word-of-mouth, recurrent sales, and customer loyalty (Bolton, 1998, Bolton *et al.* 2000). Satisfied customers buy more and return to purchase again, also they tend to talk to other people about their experiences (Fornell *et al.* 1996). This leads to a stronger competitive position, higher market share and profit (Fornell 1992).

2.5 CUSTOMER-CENTRIC STRATEGY

The primary purpose of customer-centric approaches is to collect, compile and make the best use of customer information to better manage customer value and firm profitability (Aksoy *et al.* 2008). Customer centric strategies, which came from Customer Relationship Management (CRM) have become one of the major trends in relationship marketing. This customer-centric approaches allow companies to collect relevant information when interacting with customers, which leads to improved effectiveness in customer management and results, increasing firm's profitability (Kincaid, 2003).

Keiningham *et al.* (2005) identifies five main objectives of adopting customer-centric strategy based on CRM model. First, one of the main objectives of CRM is to lowering customer acquisition costs and increasing customer retention, since customer retention is much more cost effective compared to customer acquisition. Rust *et al.* (1995) conceptualizes that customer retention has the potential to lead and increase revenues and market share, which will turn into profits. Secondly, CRM wants to increase customer satisfaction, hence customer loyalty. Studies identify a positive impact of customer satisfaction on behavioral loyalty measures such as average revenue per customer (Braun and Scope, 2003; Keiningham *et al.* 2003; Perkins-Munn *et al.* 2005), purchase intention (Mittal *et al.* 1999; Oliver and DeSarbo, 1988), customer retention (Anderson and Sullivan, 1993; Bolton, 1998; Ittner and Larker, 1996; Mittal and Kamakura, 2001), and on firms' financial performance (Anderson and Mittal, 2000; Rust and Zahorik, 1993). The third objective is to identify the more and less valuable customers. Keiningham *et al.* (2005) recognize that typically customers can be classified into 3 groups: profitable,

break-even and costly customers. Researchers find that twenty percent of customers generate between 150% and 300% of total profits, the middle 60-70% of customers are just about break-even point, and 10-20% of all customers lose 50% to 200% of total profits (Kaplan and Narayanan, 2001; Lingle, 1995). Fourthly CRM models want to find up-sell and cross-sell opportunities, by analyzing consumer purchase patterns in terms of sequence of product purchase and product purchase patterns companies can develop customer value (Li *et al.* 2005). Finally, to reduce costs coming from low response rates (Aksoy *et al.* 2008).

2.6 STORY TELLING AS AN ENGAGEMENT STRATEGY

Communication managers use stories to ensure that content is aligned with the communication objectives and that the audience can understand the story meaning (Harrison, 2011). In 1991 Boje, suggested that storytelling will work as an effective public relations strategy to deliver communication able to engage and be relevant to all company stakeholders.

Narrative persuasion comes up as an alternative to the traditional advertising engagement tools. By transporting stories brands can reach consumers mentally and reduce their impulse for contradict viewpoints, people are carried into the narrative and their emotional responses are whip up to the story (Green and Brock, 2002). This transportation affects story-receivers as cognitive and affective responses, attitudes, beliefs, and intentions as a result of transposing consumers into a narrative world where their perception of world origin changes (Gerrig, 1993; Green and Brock, 2002).

The narrative transportation effect has also the ability to last and increase over time, which allows companies to generate higher returns on advertising investment. This potential raised marketers' interest on narrative content (Appel and Richter, 2007). However, billions of dollars have been invested in these digital histories but only a few brands have been able to generate meaningful contents to reach consumers interests (Holt, 2016, p. 42). Yet, insufficient understanding about how commercial stories work in digital environments (Lambert, 2013) and the increase on consumers creativity to produce their own stories. Make it difficult to engage customers and decreases companies expected returns. (Arvidsson and Caliandro, 2015; Hughes, Bendoni *et al.* 2016).

3. METHODOLOGY

For this in-company project we will use data from two sources: secondary data from the company customers database, and primary data from a focus group session.

We will first do an analysis and presentation of 'The Bam and Boo', in order to understand its overall strategy and mission. After, we will start by presenting the secondary data obtained through the company data base and do an analysis on the data collected to identify the most valuable findings. This data will be quantitative and will give us valuable insights regarding customers behaviors and purchase profile, as customers lifetime, average purchase or churn and retention rates.

Later, we will do an analysis on the focus group session that will provide us mainly qualitative data. The session will produce a perception of consumers behaviors towards subscription-based products and services, as well as a judgment regarding consumers interests and attitudes. With the focus group session, we will understand the social reality of individuals, groups and cultures and establish general laws of behavior across different contexts.

The leading objectives are:

- Understand the moment of customers churn;
- Identify customers churn motives;
- Learn how does the company will be able to improve its retention.

With the analysis and the main findings obtained from the secondary and primary data, we will be able to build a set of recommendations for the company enhance the proposed objectives.

4. COMPANY ANALYSIS

On the following section we will present the brand 'The Bam and Boo', and analyze the data obtained from the two sources – Secondary Data from the company customers data base, and Primary Data from a Focus Group session.

The idea is to first present the brand going through several points as – History, Mission, Customers, Target, Market, Competitive Environment, Marketing and digital Strategy.

After, we will do an analysis on the cancelation reports obtained from the company data base and a review regarding the focus group discussion that we perform with a sample of 7 participants.

With this data we will identify some weaknesses and improvement areas of how the company could improve its retention and decrease its churn. As a proposal we will list a set of recommendations for the company to undertake on its strategy.

4.1 BRAND PRESENTATION, THE BAM AND BOO

'The Bam and Boo' is a Portuguese brand of eco-friendly bamboo toothbrushes based on a subscription service, which offers convenience and an alternative to a regular plastic toothbrush. Also, the brand has recently introduced some new complementary products to its portfolio as - bamboo straws, bamboo fiber dental floss, cotton buds, toothbrushes travel cases, and toothbrush stands - we can check the complete portfolio on Image 1.

The brand was created by the two friends and partners – Fernando Ribeiro and Nuno Catarino. Both with experience on multinational companies from marketing and strategy departments, they wanted to offer something new to a market that was undertake by the big players of Fast-Moving Consumer Goods (FMCG) industry. So, they started to think about the market demands as well as the new generation needs and purchase profiles. Convenience and sustainability were the keywords that come up to their mind, and so there was just missing the product.

'The Bam and Boo' came up from the following problem identification:

- Every year in Europe, more than one billion non-biodegradable plastic toothbrushes are produced and thrown away
- Most people forget to change their toothbrush, dentist recommend changing our toothbrush every 3 months

The brand is committed to deliver a product that would meet the problems identified before, with the following mission statement – *A convenient way to deliver an eco-friendly bamboo toothbrush to your mailbox with the frequency you want.*

Hence, 'The Bam and Boo' was born on July 2017 and currently sells in more than 80 countries, with more than 22.000 active customers worldwide.

Figure 2 - The Bam and Boo Portfolio



Source: The Bam and Boo Company

4.1.1 CUSTOMERS

Presently 80% of the company customers are females between 25 and 35 years old, who the company define as – Everyday Consciousness Consumers. Defined by Kollmuss and Ageyeman (2002, p. 240) as a sustainable or pro-environmental behavior with consciously seeks in order to minimize the negative impact of one's actions.

There is also some interest that define the company target - family, traveling, sustainability, green consumption, convenience, mindfulness, yoga, and vegan diets. Most of its customers are from European countries which accounts for 99% of sales.

If we do a target personification, we end up with the following description –

European working-class mom, with an average income, aware of sustainability issues with a conscientious consumption behavior. With her age between 25 to 35 years old, she has healthy lifestyle, balanced diet with mostly vegan options. She values efficiency, simplicity and time quality to spend her hobbies such as travelling, family, reading, yoga, etc.

4.1.2 COMMUNICATION

'The Bam and Boo' was built under two fictional characters as we can see on the brands logo (see Figure 2) – Bam the panda and Boo a 5-year-old girl. Bam is 26 years old and is a protective and strong panda, he represents the wisdom and the respect for mother nature. Being naturally introvert, he needs a little push from his best friend Boo to have the energy and initiative to take a step forward. Boo with her brown eyes, represents an innocent young sweetheart. She is less aware of the present environment concerns but has all the energy to make a change and create a better world. Together they represent the balance between an old and a new generation, with energy and knowledge to make our world a better place. They want to bring a more sustainable alternative to a product that every year, in Europe alone, throws more than a billion non-biodegradable plastic toothbrushes to landfills and oceans.

Figure 3 - The Bam and Boo logo, with characters



Source: The Bam and Boo Company

They also believe that even the most basic things in life deserve to be rethought to be more functional and greener. So, they choose bamboo as their main resource, since it is the fastest growing plant in the world while requiring few resources to grow, it is considered to be one of the most sustainable raw materials on the planet – the brand uses Moso Bamboo, which is totally organic and wild. Also, it is naturally antibacterial, making bamboo the best choice not only for the environment but also for oral health. The bristles are the only part of the toothbrush that is not 100% eco-friendly- The fact is that there is not an alternative in the market so far that guarantees ecology and the quality for oral care. The nylon used is Nylon 6 (BPA free) which is the standard offer by the traditional toothbrushes market.

The two characters are also used by the company on their communication strategy and tone of voice. Bam and Boo are the two fictional characters under which the brand runs its customer service and the handling teams. The packages are always written as if it were Boo handwriting, as we can see on appendix 3, all the packages are personalized with the name and a “thank you” note in the client’s language. On the other hand, we have bam working on customer service and signing all the mailing sent to the company customers. The idea is to create an environment as if the two were working together on their project.

4.1.3 MARKETING AND DIGITAL COMMUNICATION STRATEGY

Most of the marketing digital strategy (Table 2) is done through social media platforms, which accounts for 65% of the marketing investment - Facebook and Instagram. There is also a broader strategy with the resource of other tools such as: Search Engine Optimization (SEO); Search Engine Marketing (SEM); Customer Relationship Management (CRM); Content Marketing - Blog; Public Relationships - Influencers.

Table 2 - The Bam and Boo Digital Strategy and Platforms

THE BAM AND BOO	SOCIAL MEDIA	CRM E-MAIL MARKETING	SEO & SEM	CONTENT MARKETING	PR INFLUENCERS
DIGITAL STRATEGY					

Source: The Bam and Boo Company

HOW TO IMPROVE CUSTOMER RETENTION AND LIFETIME VALUE ON SUBSCRIPTION-BASED MODELS: IN COMPANY PROJECT WITH 'THE BAM AND BOO' TOOTHBRUSH

Each of these tools is being used with different purposes as follows:

- Social media the communication is made on two axes – Sustainability (Figure 3) and Convenience (Figure 4).
- CRM - the brand uses the email marketing platform Klaviyo mainly with acquisition purposes
- SEO and SEM – with a clear objective to seize the opportunity of being a trendy topic (sustainable, eco-friendly, green consumption, etc.)
- Content creation with a Blog is helpful on the overall strategy providing marketing content to be used on other platforms
- Influencers and PR strategy to helps the brand improving its target audience reach and social engagement with the brand community.

Figure 4- Plastic-Free Adv



Source: The Bam and Boo Company

Figure 5 - Change your toothbrush Quarterly Adv



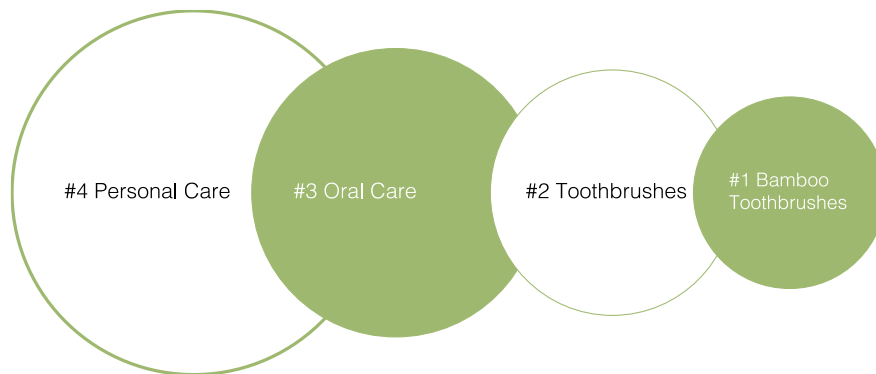
Source: The Bam and Boo Company

4.1.4 MARKET

The market of bamboo toothbrushes is rather new to be accounted on his total value, so the company opened its scope and considered the value of the Oral Care market. And uses the outlook demonstrated on Figure 5.

According to this year report from Statista in Europe - *“Revenue in the Oral Care segment amounts to €10,211.2m in 2019. The market is expected to grow annually by 1.8% (CAGR 2019-2023)”*. In relation to the total population figures each person accounts for 12.04€ revenues generated in 2019.

Figure 6 - The Bam and Boo Market Scope



Source: The Bam and Boo Company

4.1.4 COMPETITORS AND POSITIONING

The brand competitors can be divided into four categories: (1) bamboo toothbrushes with subscription; (2) bamboo toothbrushes on offline market; (3) plastic toothbrushes on mass market; (4) plastic toothbrushes with subscription. The biggest differentiating factors from 'The Bam and Boo' are related with being a subscription service and offering an eco-friendly bamboo toothbrush. With the subscription model it brings the advantage to increase brand loyalty at a minimum effort and provides a greater value to customers as they do not need to remember to change their toothbrushes as often as necessary. To compete with traditional and plastic toothbrushes it is important to highlight the eco-friendly aspect and the offering of a more sustainable alternative.

HOW TO IMPROVE CUSTOMER RETENTION AND LIFETIME VALUE ON SUBSCRIPTION-BASED MODELS: IN COMPANY PROJECT WITH ‘THE BAM AND BOO’ TOOTHBRUSH

We have combined these two elements to position the brand competitors on a positioning map – Figure 6.

Figure 7 - Positioning Map, Competition Overview



Source: Own elaboration

‘The Bam and Boo’ was the first mover entering on a subscription market of bamboo toothbrushes. As we see on Figure 6 quadrant (1) there are some players on the bamboo subscriptions market, but none focus its strategy only on the subscription model. On quadrant (2) we have strong competitors on the offline market and online bamboo toothbrushes with *Georganics*, the brand looks to these players as strong competitors. Mostly because their presence on the offline market, which represents a big threat to the company subscription strategy. On the third quadrant (3) we have the big players on the plastic toothbrushes mass market, they have the power to make big changes on the toothbrushes by having strong route-to-market to make change happen. Finally, we have some subscription of plastic toothbrushes on quadrant (4), represented mainly by brands that are entering the market of electric toothbrushes. These brands face a good opportunity on the subscription model, with removable heads toothbrushes, but are not competing on the eco-friendly toothbrushes market even if they have less plastic than traditional ones.

4.2 SECONDARY DATA – CUSTOMER DATA BASE

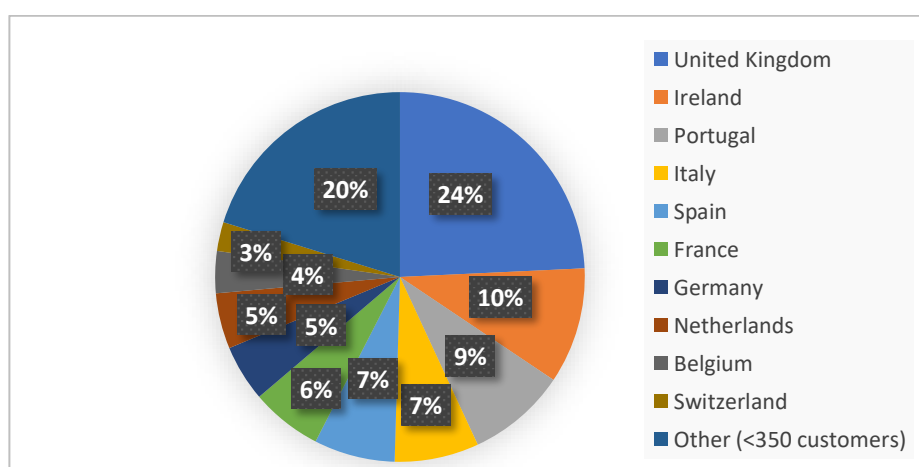
The data used was extracted from 'The Bam and Boo' data base. The platform used by the company is called Recharge, which is a recurring billing app built exclusively for Shopify. Shopify is the ecommerce platform under which the company has built its online store. This platform enables users (the company) to manage payments, marketing, shipping and customer engagement tools, all integrated on the same app.

All the data used for this project was withdrawal from Recharge reports and used for this analysis. No name or personal data will be used in order to respect customers privacy.

For this study, it has been considered all customers created between the 1st of June 2018 and 31st of May 2019. At the end of the period under analysis, 'The Bam and Boo' had records of 19.251 active customers, where 99% were from European countries. The company targeted market. Figure 7 illustrates the Top10 countries where customers reside. As shown in Figure 7, 24% of customers are from the United Kingdom, the biggest market where the company is operating.

The company target is mainly female, although this cannot be verified on the data extracted from the customers database.

Figure 8 - Active Costumes Countries



Source: Own elaboration

During the period under analysis 23.562 new subscriptions were created, 15.431 of which remained active at the end of May. So, the company had 8.131 customers that became inactive. Which means that these customers canceled their subscriptions with the

company. The number of new customers and inactive customers is well distributed between each country and follow the pattern of customers nationality as shown on Figure 7.

In order to explore the behavior and patterns of these Inactive Customers, we exported a report from firms’ customer data base – *Inactive Customers Report*.

On the data collected it was possible to understand the stage when customers leave and the average expenditure by customer. As well as the feedback given by customers when they cancel their subscription.

We identified that on average inactive customers spent 14,60€ during their lifetime on the company. Table 3, illustrates the percentage of customers that cancel their subscription after each order. 44% of inactive customers churn on their 1st subscription, having just one first experience with the brand. This percentage decreases during time, but 77% of inactive customers churn between their 1st and 3rd purchase. On average an inactive customer keeps his subscription for 1,94 purchases, being three months the average length of a subscription frequency. An inactive customer stays on average with the company for 4,4 months, since a subscriptions frequency length is around 3,2 months.

Table 3 - Inactive customers churn stage

#PastOrders	% Inactive cust.
1st	44,05%
2nd	33,36%
3rd	14,17%
4th	4,88%
5th	1,92%
6th	0,80%
+7th	0,82%

Source: Own elaboration

After, we tried to understand and identify the main reasons why these customers churn on their subscriptions. ‘The Bam and Boo’ has no loyalty period, so customers can end their subscription at any time by - email, Facebook messenger or entering on their personal account.

When customers cancel their subscription through their personal account, they are asked to fill a short form and express the reason that makes them cancel their subscription.

There are ten predefined reasons on the form:

- Bristles are too HARD
- Bristles are too SOFT
- I already have more than I need
- I just want the initial order to get the promotion
- I no longer use this product
- I want a different product
- I want to try first before I subscribe
- This is too expensive
- This was created by accident
- Other Reason

Subscriptions might also be canceled through the customer service team (email or Facebook messenger). On these cases the reason for canceling will appear below as 'No Reason (by CS)'. This is relevant to understand how many cancellations were made via customer service which account for 24% of the company churns (Table 4).

Another reason why customers become inactive are due to payment failures. Recharge app makes five attempts to charge the customer, and after these attempts the customer becomes automatically inactive. Usually these failures are due to insufficient funds on the card or the card expiration date. This reason is classified as 'Payment Method Failed'.

Figure 4, illustrates the percentage of cancelation reasons. From these numbers it is possible to verify that 46% of cancelations are made by the customer service team (24%), or due to payment failures (22%). The remain 54%, filled the form with the reason that made them stop their subscription. We will focus the following analysis on the 54% of customers that reported and gave feedback to the firm.

HOW TO IMPROVE CUSTOMER RETENTION AND LIFETIME VALUE ON SUBSCRIPTION-BASED MODELS: IN COMPANY PROJECT WITH ‘THE BAM AND BOO’ TOOTHBRUSH

Table 4 - Cancellation Form, %

Cancel Reason	% Inactive Customers
<i>Bristles are too HARD</i>	2%
<i>Bristles are too SOFT</i>	2%
<i>No Reason (by CS)</i>	24%
<i>I already have more than I need</i>	9%
<i>I just want the initial order to get the promotion</i>	0%
<i>I no longer use this product</i>	5%
<i>I want a different product</i>	2%
<i>I want to try first before I subscribe</i>	5%
<i>Payment Method Failed</i>	22%
<i>Other Reason</i>	22%
<i>This is too expensive</i>	4%
<i>This was created by accident</i>	2%
<i>Select a reason (No reply)</i>	2%

Source: Own Elaboration

2% of customers who have canceled their subscriptions, state that the bristles from the toothbrush are too Hard and the same percentage identified as too Soft. Now the brand has only two varieties of bristles Soft and Medium. Some customers affirm that they stopped using the product, around 5% identify ‘I no longer use this product’. This reason is constant during customers lifetime and fluctuate between 3 and 7% on different stages from the 1st order and the 8th order abandonment stage. Around 2% of customers want a different product than the one they ordered with the company. 9% explained that they already had more products than needed, 60% of times this happens between the 2nd and the 3rd order. Probably due to short frequency periods.

With respect to subscriptions there are also several customers that do not want to be subscribed before trying the products. This represents 5% of the reasons why inactive customers cancel their subscriptions. Also, this accounts for 16% of customers who churn between the 1st and 2nd order. There are also customers who do not notice that ‘The Bam and Boo’ was a subscription service, around 2% of inactive customers states that ‘This was created by accident’.

Regarding the price, we get that 4% of customers who churn report that the product is too expensive for them.

HOW TO IMPROVE CUSTOMER RETENTION AND LIFETIME VALUE ON SUBSCRIPTION-BASED MODELS: IN COMPANY PROJECT WITH 'THE BAM AND BOO' TOOTHBRUSH

22% of the customers under analysis choose that was 'Other Reason' what made them quit from their subscription. And only 31,5% of these 22%, 563 customers, have expressed their reason on the comments section. Taking these comments into a deeper analysis, it was possible to recognize more 7 reasons why customers churn. The topics where classified into different clusters with respect to the reasons written in the comments by customers.

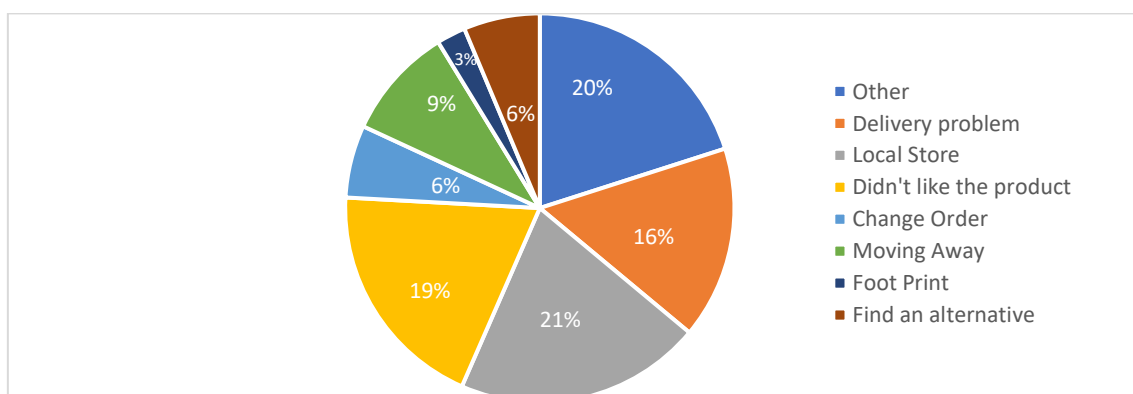
The main areas where customers feel that this product or service was not fulfilling their expectations or needs were:

- Delivery issues
- Local Store (same or similar product available)
- Footprint Concerns (Related to shipping)
- Didn't liked the product
- Change on the Order
- Moving Away or Traveling
- Find an alternative product

These reasons where identified after reading all comments and clustering them into 7 main subjects, plus other reasons that did not have a significant value and we identified them as 'Other'.

The Figure 8 bellow shows how these reviews where shared between the clusters.

Figure 9 - Cancelation Clusters



Source: Own Elaboration

As shown , 21% of comments expressed the main reason that leads customers to end their subscription is because they found similar products on local stores, near to their

neighborhoods. The majority of these comments classified as 'Local Store', identifies the Footprint impact as a secondary reason, and so customers choose to buy locally instead of having an online subscription.

Only 3% of comments expresses that the customer is quitting from the service because of Footprint impact, and do not comment anything related to the local stores. We can assume that most times, customers prefer their subscription active until they find a local alternative and switch to buy the product locally.

20% were defined as 'Other' reasons, since the tenor of the comment was very diverse. On the comments it is possible to identify that some reasons are related to:

- One-time purchase for a gift
- Customer does not want to be in a subscription service
- Payment problems
- Price
- Want to make a pause on their subscription
- Customer wanted a longer frequency period

None of the reasons above is representative enough to be identified as a cluster, since each of them represented less than 2%.

The second biggest reason why customers churn is related with the product. 19% of comments states that they had some sort of problem with the product itself. For most customers this is their first purchase of a bamboo toothbrush, being a first trial with this type of toothbrush. On the comments they add that – they do not like the bamboo feel in the mouth, the hardness of the bristles, the toothbrush length being too short comparing with a regular plastic toothbrush.

There is also evidence that Delivery Problems are a reason why costumers quit their subscription, representing 16% of the sample in hands. 'The Bam and Boo' does free shipping worldwide, and all orders are sent by standard mail with no registration number. The shipping takes on average 8 to 10 days to be delivered to the customers mailbox. However, the company is unable to track orders or guarantee that the order will be delivered on time. Some customers even state that they have never received their packages therefore they are ending their subscription. From the customer service team

feedback, we understood that it is also recurrent to have problems with the customers' addresses being incomplete and this might explain the delay or why orders do not arrive to the address. The company sends free replacement orders when the customer has not received its order, to try to minimize this impact on churn.

Additionally, 9% of comments share that the customer is temporarily moving or traveling. These reasons were classified as 'Moving Away'. These customers are inactive now, but may reactivate their subscriptions in the future, their reason of churn was not directly related with the product or service quality. Also, 6% states that they are just changing their order ('Order Change'), probably the subscription was canceled but the customer remains as Active Customers under other subscription account.

The remaining 6% are identified as 'Find an Alternative'. These customers comment that they found a better alternative regarding quality or price benefit. Also, on the comments it is possible to observe that on most of the cases customers change to electric toothbrushes. Relying on these comments we confirm that electric toothbrushes markets is an indirect competitor from bamboo toothbrushes.

Furthermore, we analyzed the behavior of customer churn during time in order to understand the impact of churn rate on the different stages of customers' lifetime.

For this, we have used data from new customers created between August 2017 and April 2019, since we needed a longer period to analyze customers' behaviors during lifetime. The objective was to find out the stage where churn decreases, and retention remains stable.

Table 5 illustrates the data and results from this analysis. We have used the number of new customers per month and crossed with the number of periods they remained subscribed with the company (number of orders).

With this data it was also possible to re-confirm that the greatest variation is between the 1st and the 2nd order, as it was concluded before. This deviation starts to decrease as the length and number of orders evolve, and there is a moment where retention becomes balanced.

HOW TO IMPROVE CUSTOMER RETENTION AND LIFETIME VALUE ON SUBSCRIPTION-BASED MODELS: IN COMPANY PROJECT WITH 'THE BAM AND BOO' TOOTHBRUSH

The main outcome was that at certain stage retention establishes a pattern and it is possible to establish a pattern on how customers behave during time. On the data we observed that after the third order the company keeps on average 55% of customers, and after the fourth order 48% - retention decreases 7%. If we compare with the results from the first and second order, we get that retention declines from 83% to 65% between the two first orders – 18%. On May 2019 the company account with a monthly churn of 5,7%, this number was estimated by dividing the month churns by the total of active customers on the beginning of the month (excluding all the new customers from the month).

With the numbers present on Table 5 it was feasible to examine customers value during time and understand how acquisition and retention costs may be managed during time. This data will also be relevant to understand which strategies the company should be using between each customer lifetime stage, in order to improve retention rates.

Table 5 - Customer Retention Status

Month	#orders / New Customers	1	2	3	4	5	6	7	8	9	10	11	12
ago/17	171	81%	63%	53%	49%	43%	40%	37%	37%	37%	37%	37%	37%
set/17	233	73%	54%	46%	38%	32%	29%	27%	27%	26%	26%	26%	26%
out/17	283	81%	62%	52%	43%	37%	35%	34%	34%	33%	33%	33%	33%
nov/17	399	85%	63%	52%	44%	39%	38%	38%	37%	37%	37%	37%	37%
dez/17	527	84%	68%	59%	51%	45%	42%	42%	41%	41%	41%	41%	41%
jan/18	925	84%	70%	59%	52%	47%	45%	45%	44%	44%	44%	44%	44%
fev/18	493	83%	67%	57%	50%	48%	46%	45%	45%	45%	45%	45%	45%
mar/18	689	79%	61%	52%	46%	42%	42%	42%	41%	41%	41%	41%	41%
abr/18	1350	84%	66%	55%	48%	45%	44%	44%	43%	43%	43%	43%	43%
mai/18	1943	84%	67%	56%	51%	50%	49%	49%	49%	49%	49%	49%	49%
jun/18	2304	85%	67%	57%	53%	52%	51%	51%	51%	51%	51%	51%	51%
jul/18	1808	82%	66%	55%	52%	51%	51%	51%	51%	51%	51%	51%	51%
ago/18	2156	81%	63%	55%	54%	53%	53%	53%	53%	53%	53%	53%	53%
set/18	1857	82%	65%	59%	58%	58%	58%	58%	58%	58%	58%	58%	58%
out/18	2067	81%	66%	62%	61%	61%	61%	61%	61%	61%	61%	61%	61%
nov/18	1352	82%	69%	67%	67%	66%	66%	66%	66%	66%	66%	66%	66%
dez/18	1458	82%	73%	72%	71%	71%	71%	71%	71%	71%	71%	71%	71%
jan/19	2199	86%	81%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
fev/19	1944	89%	87%	87%	87%	87%	87%	87%	87%	87%	87%	87%	87%
mar/19	2228	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%	93%
abr/19	1877	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%

* 1 Order Frequency = 3,2-month average (e.g. # 6 order = 18 months)

Source: Own Elaboration

4.2.1 PRELIMINARY FINDINGS – SECONDARY DATA

The main struggle point on retention is on the 1st stage, where 61% are justified by 'other reason' and 16% that they want to try before subscribing to a toothbrush delivery service. The additional 23% was dispersed between the other remain reasons.

Customer Service takes a crucial role on customers churn, 24% of the total cancelations have been done by the team. Being imperative for the company to have a clear communication strategy with these customers, in order to minimize the churn and correct possible errors or misunderstandings that may occurred with these customers subscriptions.

Also, 22% of cancelations occur due to payment failures. Now the company sends a warning email to these customers, advising that was not possible to charge the purchase amount. However, the company have no action plan to anticipate this situation.

While doing a deeper analysis to the comments written by the inactive customers on their cancelation form, we found that there are new concerns that the company should account on its strategy in order to minimize their impact on churn. These reasons where identified before as (1) Delivery issues; (2) Local Store, same or similar product available; (3) Foot Print Concerns, related to shipping; (4) Didn't liked the product; (5) Change on the Order; (6) Moving Away or Traveling; or (7) Find an alternative product.

Further, by observing the fluctuation on retention and churn during a customer lifetime, it is feasible to map each customer stage and have a different strategy to each moment as shown before on Table 5.

4.3 FOCUS GROUP

For this study we also employed a qualitative methodology and used a focus group technique to collect this data. The main objective was to identify important touch points with the quantitative data that we used on the previous analysis. Besides, it will be important to have relevant consumer insights for the final conclusions and recommendations. Also, with this session we will be able to verify preliminary findings obtained from literature review acquisitions and confirm or refute them.

Focus groups usually range between 6 to 12 individuals and exploits group dynamics in order to stimulate discussion. Some researchers affirm that the interactivity and interpersonal nature of this discussions allows to produce information that might not be collected from a single respondent (Agar and MacDonald, 1995; Albrecht *et al.*, 1993; Greenbaum, 2003; Kaplowitz and Hoehn, 2001; Kidd and Parshall, 2000). Also, generates a wider range of points of view and ideas than if we captured them through individual methods (Kidd and Parshall, 2000; Kitzinger, 1994; Krueger and Casey, 2015; Powell and Single, 1996; Robinson, 1999). On the other hand, some scholars state that individual interviews can produce more details than focus groups discussions, by offering more insights from a respondent's personal feelings, thoughts, and perspective (Knodel, 1993; Morgan, 1998). Data collected from focus groups may produce superficial data when comparing to individual data collection (Agar and MacDonald, 1995; Burns, 1989; Holstein and Gubrium, 1995; Powell & Single, 1996). However, group sessions enable participants to interact with no restrictions between all co-participants and the moderator, thus allowing multiple and diverse interactions over the topic and questions made (Jung, 2018).

4.3.1 FOCUS GROUP - ANALYSIS

The Focus Group session took place on July 17th, 2019 in Lisbon, Portugal. The session lasted for one and a half hours. We account with 7 participants and one moderator for the discussion,

The selection of these 7 participants, was made in order to try to have people who approaches to 'The Bam and Boo' market and target standards. So, we classified them into - gender, age, education level, household and number of active subscriptions. All this participant where Portuguese, lived at the metropolitan area of Lisbon and had an income above the national average.

The age of the participants varies between 25 and 32 years old, and we count with 4 men and 3 women. Three of the participants where already customers of 'The Bam and Boo', and the rest knew the brand but where not directly related to it.

We also considered important to define the number of active subscriptions that the participants had at the moment, this number varied between 3 and 5. Between all these subscriptions the participants had only four that were not related to any online service – Fruit/Food Subscription, Gymnasium, Magazines and 'The Bam and Boo' Toothbrush. Additionally we ask the participants to define themselves in relation to online consumption, if they do Frequent (>5 purchases/month), Sometimes (2-4 purchases/month), Rarely (1-2 purchases/month), or Never (<1 purchases/month) do online purchases, this online purchases exclude their monthly subscriptions recharges.

We identified each participant with a letter to respect their privacy, no real name will be used on this paper. To begin we will identify with a brief introduction, each of the 7 participants.

- Participant A: has 5 active subscriptions products (food) and online services at the moment. Also, she considered himself as a Frequent online consumer. Female, 27 years old.
- Participant B: has 2 active subscriptions (online-services only). Is a Sometimes-online consumer, usually for buying clothes. Male, 25 years old.

HOW TO IMPROVE CUSTOMER RETENTION AND LIFETIME VALUE ON SUBSCRIPTION-BASED MODELS: IN
COMPANY PROJECT WITH 'THE BAM AND BOO' TOOTHBRUSH

- Participant C: is a customer from 'The Bam and Boo' and has 4 active subscriptions (including the toothbrush subscription, since September 2018). He Rarely does online purchases. Is a Male, 29 years old.
- Participant D: has 3 active subscriptions and one of them is a fruit delivery subscription. Rarely online purchaser. Mainly buys things that are not able to find at the offline market. Male, 28 years old.
- Participant E: has 3 active subscriptions being one of them in a Gym and the rest online. Considered himself as a Rarely online purchaser. Male, 27 years old.
- Participant F is also a client from the company (since January 2019) and has two more active subscriptions. Does Frequent online purchases. Female, 27 years old.
- Participant G has also a subscription with 'The Bam and Boo' (since June 2018) and two more active subscriptions. Is a Sometimes-online purchaser. Female, 32 years old.

This session was led by a moderator which had as main objective to guide the participants through a discussion in order to achieve the main goals of the session. Which were, (1) to find out common and divergent points between the group; (2) take out insights to improve company strategy; (3) understand the weaknesses and strengths from the customers point of view. For this to happen, some questions were previously prepared (appendix 4)

On the first two questions we intend to understand how familiar the participants were with the subscription concept and model. All the participants were familiar with subscriptions and had two or more subscription active. Most of them had subscriptions of online services and streaming.

The subscriptions services mentioned by the participants were the following:

HOW TO IMPROVE CUSTOMER RETENTION AND LIFETIME VALUE ON SUBSCRIPTION-BASED MODELS: IN COMPANY PROJECT WITH 'THE BAM AND BOO' TOOTHBRUSH

- Netflix
- HBO
- Spotify
- Apple Music
- Zomato Gold
- Microsoft Office
- iCloud
- Dropbox
- OneDrive
- Google Drive
- Gyms
- Magazines (News and Travel)
- The Bam and Boo
- One Dollar Shave Club
- Fruta Feia
- Barkyn

As we see above, most of the brands mentioned were online services, streaming, and clouds. Only 6 of the 16 companies mentioned were related to physical products and from these 16 only 4 made part of the participants active subscriptions. Also, most participants mentioned surprise box subscriptions, although they did not remember any specific brand that provides these boxes.

During the discussion, we noticed that it was not clear that customers stay with only one provider from similar services or if they rely on more than one. For example, Participant A had two TV streaming (HBO and Netflix) to get the same service, “the content from the two services is not the same, so I prefer to keep paying both to have access to a larger quantity of content”. Further, participant D added that they also had more than one cloud service active at the moment. He used different services for different purposes. One for mobile and other on the laptop or “GoogleDrive for professional documents and Dropbox for my personal data”. Participant E had an adverse opinion, and said that for him, it will not make sense to have more than one subscription, to get the same service - “I will choose the brand that for me has a better service, or with which I identify more with the content provided”. Participant F identified himself with this opinion, one brand for each service.

The main reasons stated by the participants in respect to the advantages of having a subscription, were the idea that we are paying for a service that will always be updated. Participant E and A both said that they don't want to be paying for something that will get old with them. “For instance, having a CD with my favorite music, I would prefer to have a playlist with my favorite songs and keep adding music as new music from my favorite artists as they are launched” said participant A. The same happened to cloud services versus hard drives, or tv and film streaming against DVDs.

More, customers trust that the brand that they relied on will provide access to the best solutions, contents, products and services in the market. They have no need to lose time searching for new products or services, and they look to this as a time saver, added participant B. Yet, participant G feels that this is a disadvantage for her, customers become so loyal that they stop looking for better alternatives and rely only on one brand. In the long term, she believes that we will probably be stuck with a brand that will not deliver the best service or content on the market – “No brand lasts forever, and subscriptions do.”

On the third question we wanted to understand deeper what makes customers stay active on their subscription services, and convenience was the strongest reason why they do not quit from these services. Having products and services delivered at their place, not needing to do more than one first purchase process - “One purchase will last forever” stated participant E. Participant C added that on subscriptions we have the feeling that we are paying small parcels to have access to a final service or products – “Subscriptions do not demand big payments at first” all the group agreed on this subject. Participant A adds that most of the times, when we pay these fixed fees to have subscriptions working it is much cheaper than making a big investment at first.

Participant D reinforced that these recurrent fees usually guarantee that we are paying for an updated service or product, that is not getting out of date as time goes by. Contrarily this would probably not happen if we pay for the entire product or service at first. Also, brands that base their business model on subscription services, most of the time are the first to present innovative products on their markets, adds participant B.

Customer Service quality was also identified as one of the key factors on why people hold their subscription. Participant F said that she really likes when she can solve problems at first, not needing to have any bureaucracies or fill specific forms. She values services that do not have loyalty periods and where people are free to try services or products without any commitment period. Participant C and G agreed with this statement.

However participant B added that, although he values the quality of customer service, he said that the quality and compatibility of services or products outweigh the Customer Service quality. He values how the services and products he acquires work with his

devices – “I only have Apple Music because it is better integrated with my phone than other music streaming, not because I prefer this service to others”.

Keeping the subject of retention and churn on discussion, Participant C who is a ‘The Bam and Boo’ customer, reinforced that he feels that the connection with a brand started to fade when novelty and surprise finishes. He suggested that companies should try to change their speech as time and relationship evolves. The idea that the communication between customer and brands will change with time and will keep adding novelty and to recognize and thank this loyal customer for staying with the brand.

This guided the discussion directly to question 8 (see appendix 4), where we asked if personalization was mandatory on subscription services. There was clearly a different opinion between genders at first, all the female participants stated that personalization is a must have and males said that it depends on the products and services.

Where Participant B add a valuable opinion regarding community and the feeling of belongingness. He agreed that personalization should not be mandatory on subscription services. Actually, he stated that it is more important the feeling of belonging to a community who shares the same tastes and interests. Brands could communicate with customers, sharing this sense of community and belongingness.

He believes that personalization works better on products that would remain through time and not on the recurrent products that will be replaced in a certain period of time. Also, he believes that most of times, personalization is allied to an increase in price.

On the other hand, Participants A, F and G stated that if they pay for a recurrent product or service, they want to be recognized for their loyalty. So, for them it is important that brands reward them for being there with a personal note or surprising them with the content. Participant A argues that she values a lot the playlist of my “discover weekly” on Spotify giving her access to personalized content based on her interests and tastes.

Based on this last opinion, participant D stated that most of the times “personalization should work as a facilitator, so customers do not have to take too long making their decisions”. Subscription companies should work with CRM software, to help them to define patterns of customers and deliver personalized assortment of products and contents. So, customers can make decisions more easy and faster, improving the decision-

making process. Participant E agrees and adds that if a brand takes time on personalization, it shows that the brand cares about his customers.

C, F and G all complied that the personalized handwriting on the envelopes in which The Bam and Boo delivers their toothbrushes makes them feel somehow special for staying with the brand. Nevertheless, they add that since this is done always, the novelty and surprise disappear, but if the brand stops, they will need something new to carry their affiliation.

Returning to question 4, this question wanted to examine if customers are happy with mono-product subscriptions. The moderator guided them to share their opinion regarding product subscriptions, since all the participants stated at first that on online services, they just wanted one service per brand. In respect to products, participant E stated that "One subscription could account for an entire market section". One brand could oversee supplying an entire area of our life - groceries, hygiene products, cleaning products, etc. All participants agreed that subscriptions would be useful if they take care of all our daily shopping. Most of the times customers do not get pleasure on this recurrent shopping, so subscriptions may replace these daily tasks, added participant E.

Participant B introduced also the idea that if a brand provides us multiple services and products it would increase the level of relationship - "A Brand that takes care of me" adds the participant. So, the discussion arrives to question 5 where we tried to understand which products the participants feel that make sense to add to a bamboo toothbrushes subscription. The main products referred by the participants were the toothpaste, dental floss, and elixir, as an oral hygiene kit for daily use. This question had the agreement of all group. Participants A, F and G add that the brand could extend to all hygiene products, as shampoo, shower gel, lotions, sponges, hairbrush, etc.

Moving to question 6, the idea was to find out which are the main reasons that make customers subscribe to a service. This question was like the reasons that participants identified as advantages of subscription services – convenience and access.

What makes consumers become subscribers is to ensure that they have access to specific content or products with a delivery frequency.

Participant D says that for him ecommerce facilitates the search for specific products and has more details about products. This works as an advantage to purchase online, since decisions are based on a larger amount of information and give access to find specific products. So, he might be more willing to subscribe particular products that are not easy to find offline.

We move forward to question 7 where participants point out which markets, they think that subscriptions have a bigger opportunity and are missing out.

Those where Food, one for the daily groceries that could be a monthly subscription and other for fresh products, from vegetable to fish and meat that could be weekly. Participant A and F suggested that this could be a good opportunity for supermarkets to develop their home deliveries to subscription models. Participant C adds that cleaning products could also be part of a subscription, since for him is a recurrent purchase with no enjoyment.

Also, participant A suggested an online books subscription, an online platform with access to multiple digital books. Participant B had a different opinion on this, he stated that he likes to buy books on local shops and states that for him is a pleasant purchase. On the other hand, participant D would like to have a book subscription as a surprise based on his preferences, as well as a subscription of vinyl's (music) with access to special editions.

Other area mentioned was clothes and fashion market, participant E and A agreed that they would be feasible to subscribe to a monthly delivery of clothes based on their preferences.

Participant G and F thought also about the Pets markets, dog food and snacks could be delivered at their places. Usually there is no change on the product they are buying so it would be convenient for them to get it delivered at their door.

We land to question 9 where the moderator introduced the topic of churn, the objective was to understand why customers end up with their subscription when the service and product remain equal. The group reported immediately that a change on their income would be one of the main reasons that would make them end a subscription. Also, if a better alternative appears on the market, cheapest or with better quality. Or if customers start to have an alternative near to their households. Participant A explained that ended

with her vegetables and fruit subscription box when she moved and started to have market at a walking distance from her house.

Participant E mentioned that sometimes he concludes that the Freemium version is enough, and he does not feel a need to have a payed subscription to get the service. D and F add that sometimes they conclude that they do not use their subscriptions so often and so they end with the subscriptions – “the amount payed does not justified the number of times I use the service, this happen when I ended my HBO subscription” added participant F.

Finally, the last question was introduced by the moderator, to examine if demand of sustainable products is already fulfilled by the offline market and local stores.

There was some disagreement on this subject. Most participants stated that this demand was not satisfied with the alternatives that they find on supermarkets and local stores. On the other hand, participants, A and D stated that they can already find good alternatives on concept stores near to their households. The group concludes that this demand depends on these sustainable concept stores locations and offers. Big supermarkets still do not present enough solutions on sustainable products and there is still a gap to fulfill the need on the online market.

This need ends up being one of the main reasons to buy online, stated participant B, but if he had the opportunity to buy most of these products on local stores, he would to it.

Nevertheless, participant E disagreed with participant B. He keeps the idea that if there was a chance, he would prefer that everything would be directly delivered at his house. Remains the idea that subscriptions would be highly convenient to participant E as well as participants D and C. For participant G it will totally depend on the product, and this might change depending on the neighborhood where she lives in.

4.3.1.1 PRELIMINARY FINDINGS – FOCUS GROUP

On this focus group there was an evidence that the top of mind subscriptions was all related to services, consumers are totally aware of this concept but mainly due to streaming services or clouds. There is a clear gap of familiarity with products subscriptions. All the participants were more likely to subscribe a service than a product.

We also realized that on subscriptions consumers search for complete ranges of products, they want to minimize their effort not needing to search for multiple brands to have different products to fulfill different needs. However, on clouds and streaming services there are some participants that mentioned have different subscription for distinct purposes as personal or work clouds, and different streaming's to have access to more content. However, companies could increase their involvement with customers by providing them the confidence to be the ones in charge to suit a certain set of needs.

Clearly there is a tendency on the group to think about subscriptions as an updated service. All believed that when consumers subscribe and pay a fixed fee during time, they will be receiving the latest version of the service. Besides, it should provide them a personalized content based on their tastes and interests - as we have on Spotify or Netflix, with the playlists 'recommended for me'. Yet, there were some criticism that if we became dependent on a subscription service we can be stuck and not looking for the best alternative on the market. Customers value a lot not having loyalty periods, as they want to be able to change easily if a better alternative comes up.

Personalization was also a relevant topic of discussion, that was clearly relevant to consumers. Consumers like to be valued for being loyal, even more when they have a subscription and a recurrent automatic purchase. For women personalization was clearly crucial factor of differentiation, to create a stronger relationship between a brand and its customers.

This merged with the importance of delivering novelty to keep relationships with customers. To have an ongoing speech and communication with the customers is essential to maintain the interest of consumers. Even when we talk about a daily use product, personalization of the package or having a set of recommended products based on customers tastes will make a difference on customer engagement.

Consumers are more likely to subscribe products that are hard to find on brick-and-mortar, or services that provide them access to exclusive content. Nevertheless, they start to look to subscriptions as a convenience service. The fact that by doing just one purchase it guarantees future purchases that customers would inevitably have to do. So, subscriptions on the convenience perspective would be preferred on daily use products that consumers buy routinely. And, if the brand provides some exclusivity on the product or service.

The participants have also point out some factors that make them end their subscriptions, as if they (1) find better alternatives in the market, (2) have a change on their budget constraints, or (3) are able to find a similar product near to their households. There was a clear agreement on these three reasons, although the third one was the less significant.

Regarding retention we understood that there are some factors that have a positive impact, (1) deliver personalized products and services, (2) get access to exclusive contents and products, (3) creating a strong and unique relationships, (4) having an active brand involvement with customers, and (5) keep a clear and close communication with customers.

5. RECOMMENDATIONS AND FORMS OF IMPLEMENTATION

With the data obtained from 'The Bam and Boo' customers database and the focus group session, we were able to produce a list of recommendations to be considered by the company. For this we will also consider the knowledges from the Literature Review.

From the secondary data we understood that the company has some weaknesses regarding retention on the 1st stage, between the 1st and the 2nd, and between the 2nd and the 3rd order. Which is the moment when the company accounts for more than 77% of churns. On May 2019 the company churn was 5,7%. Currently, the company does not have any strategy defined to improve retention rates, most of the investment is on acquisition. The channels used by the company are mainly social media platforms (Facebook and Instagram) and google (GoogleAdds and SEO), with a clear strategy of acquisition to increase their customers database. Acquisition is essential to keep the company on going, but its costs are 6 to 7 times more expensive than retaining an existing customer (Berger and Kompan, 2019). So, the company should work together with these existing customers to understand them and find a solution to face their churn.

We noticed that the majority of cancellations take place before the 3rd order, being the two first orders critical to the improvement of retention rates. So, we would suggest that a more personalized service on the first moment should be important to minimize the chances of churn. Actually, personalization is one of the tools that enables firms to build long-term relationships based on mutual understanding. The company can personalize aspects as – product, prices, place, and communication; improving their knowledge about the customer (Stone and Jacobs, 2001). On the focus group was also evident that consumer do care about personalization.

At 'The Bam and Boo' there is an opportunity to improve its interactions with customers at the first stage, asking for customer feedback regarding the product and service. In order to find out critical points that made these customers quit their subscription and make customers feel that the brand cares about their customers problems and concerns.

Customer engagement could be also improved in order to enhance better retention rates. We suggest that an storytelling communication strategy may be interesting to test customers interaction and commitment with the brand. Marketing researchers have

explored how stories may engage and remodeling audiences (Harmeling *et al.* 2017). Stories engage customers over the narrative transportation, where consumers empathize with story characters and story plots lead consumers through their imaginary (van Laer, *et al.* 2014, pp. 799–800). Being the Bam and Boo, two fictional characters the first interactions may start by presenting these two imaginary members and telling the story how they started this toothbrush business together. From here the story could start evolving and demystifying some topics that are still unfamiliar for customers. This could be done along with the blog articles that the brand launches every 2 months, creating a stronger sense of community with its customers. Keeping customers linked with the brand history and providing novelty through the recurrent mailing. This may also improve and enhance customers relationships, as well as their involvement with the brand.

The tone of voice used by the company is already familiar and uses some storytelling strategies. However, the mailing is standard and does not change during customers lifetime. On appendix 5 we can see the mailing copies and format used by the company currently. We suggest a new copy with a new approach where the two characters take a central role and provide more content regarding the brand, sustainability and facts related to the products. On appendix 6 we can see proposal of a copy for the 1st order mailing.

Thus, by integrating a new mailing strategy to improve retention it would allow the company to manage personalized emails for each customers stage by providing new and different content during time. Building a sequential story to keep customers interested until they receive their next order. The email marketing platform used by the company – Klaviyo – would be able to do this mailing list management by tracking customer records.

There are also several reasons why the company should intensify its email marketing strategy. First, it represents small cost comparing to other acquisitions and retention mechanisms. Chittenden and Rettie (2003) have shown that email marketing has a cost of \$26,500 per 5,000 customers, compared with \$69,600 per 5,000 customers when doing a direct mail campaign. And proved how emails can generate faster responses, where customers and potential customers can easily start an interaction with the company.

The improvement of the cancelation form may be also a good tool to offer customized responses to customers. Presenting more detailed and complete alternatives to customers

when filling their reason of churn. Some actions could be introduced to recover these customers by tracking a more accurate feedback.

Our recommendation is to improve the cancelation form, based on the customers feedback that we have analyzed from the comments section on the secondary data section.

We suggest the following list of reasons for the form:

- Product quality issues – bristles or handle damages
- Bristles are – too Hard or too Soft - for me
- This was a one-time purchase (eg. A Gift, Initial Promotion, ...)
- Changed for a different product
- I want to try before subscribing
- Do not want a subscription / Did not notice that this was a Subscription service
- Footprint issues, I want to minimize my footprint impact
- Found similar product on a Local Store
- Delivery problems with my orders
- This is too expensive
- I already have more than I need
- I am moving away
- Other reason – add your comment

The purpose of this improvement is to link automatic replies and actions to each evaluation. On Table 6 we suggest an action to each reason of churn, with the objective to deliver a personalized answers to each customer.

By doing this the company will enlarge the probability to retain some customers and consequently improve retention rates. All the actions offered by the company must be based on our customer data knowledge and personalized as much as possible.

Table 6 - Cancellation Form proposal, E-mail and Expected Results

REASON OF CHURN	ACTION - E-MAIL	EXPECTED RESULT
Product quality issues – bristles or handle damages	Just send us an email to info@thebamandboo.com And we will let you know why this happened to your toothbrush.	Create an opportunity to replace a potential damaged product. Objective - Keep the customer active.
Bristles are – too Hard or too Soft for me	Did you know that we have Soft and Medium Bristles available? You can edit this on your account – ‘Product Variant’	Inform customers regarding product variants and offer them an alternative. Objective - Keep the customer active.
This was a one-time purchase (eg. Gift or Initial Promotion)	For the future if you want to do a one-purchase only, you can use the link - thebamandboo.com/products/b2b	Keep considering this customer to future promotions and new products communication. Objective - Keep as a potential customer
Changed for a different product	If you have a chance, just tell us what we can improve in the future or add to our portfolio.	Assemble feedback for future product improvements and upgrades. Objective – Gather customers insights for future improvements or strategic changes.
I want to try before subscribing	We hope that you enjoy our products and come back to The Bam and Boo family. At any time, you want to come back you can use the code WELCOMEBACK20 and subscribe at: thebamandboo.com/account/login	Offer a special deal to potential subscribers. Objective – Recover the customer
Do not want a subscription / Did not notice that this was a Subscription service	For the future if you want to do a one-purchase only, you can use the link - thebamandboo.com/products/b2b	Keep considering this customer to future promotions and new products communication. Objective - Keep as a potential customer
Footprint issues, I want to minimize my footprint impact	Just check our blog article - thebamandboo.com/blogs Where you can find why and how we ship our orders by standard mail worldwide.	Inform customers regarding the company shipping policy and process. Objective - Keep as a potential customer
Found similar product on a Local Store	We are happy to know that you will keep using an eco-friendly toothbrush. Just check our blog to learn more about the advantages of our subscription service - thebamandboo.com/blogs	Inform customers regarding the advantages of company subscription service. Objective - Keep as a potential customer.
Delivery problems with my orders	Could you give us more details about what went wrong? We will keep working in order to improve our shipping quality in your country.	Trigger critical factors on the distribution channels and partners. Objective - Improve service quality.
This is too expensive	If you have a family subscription, just send us an email so we can check your family discount.	Offer better deals to customers with multiple subscriptions. Objective - Keep the customer active.
I already have more than I need	At any time, you want to come back you can use the code WELCOMEBACK20 and subscribe at: thebamandboo.com/account/login	Offer a special deal for customers who already have been with the company. Objective – Recover the customer
I am moving away	Did you know that we have free shipping worldwide? At any time, you want to come back you can use the code WELCOMEBACK20 and subscribe at: thebamandboo.com/account/login	Offer a special deal for customers who already have been with the company. Objective – Recover the customer
Other reason – add your comment	Just gives us your feedback on the comments section to help us to keep improving and learning together with our customers 😊	Collect feedback to find brand weaknesses and improvement points. Objective – Gather customers insights for future improvements or strategic changes.

Source: Own Elaboration

This strategy should also be included on the customer service procedures, so the brand can have a stronger retention strategy on all its channels.

Equally important is to keep working on the company's most valuable customers, which are the ones that remain for a period greater than 6,5 months - more than 2 orders. We previously concluded that retention increases, and churn decreases after customers 3rd order, being these customers the ones who keep adding value to the company at a long term.

Hence, we had some learnings from the focus group session as our sample shared some important take outs regarding retention. On the focus group it was raised that consumers relate subscriptions to an updated service, mainly on online services, and the diversity or complementarity of products offered by the company. One of our suggestions is to try to replicate this idea to a physical product, on this case to an oral care product. By introducing new products to its bunch of products, as a larger toothbrushes portfolio, a toothpaste or an elixir the company can specialize itself as an expert of oral care. Offering a complete subscription service with a full range of oral care products.

With a larger variety of toothbrushes with more technical specifications, the brand will also position itself as an expert and a professional brand of toothbrushes. This project could be developed together with a dental clinic or institute in order to have all the products certified by oral care specialists. The objective is to offer a broader toothbrushes range to suit better customer's needs.

'The Bam and Boo' could launch also a Toothpaste and an Elixir to integrate them on their portfolio, under a subscription model. With these two complementary products the brand will enter a broader market and a more competitive environment. But will have the opportunity to change its strategy to compete on the oral care segment as a whole. Offering a full range of products and taking care of its customers oral hygiene, there could be also a shift on its communication strategy – An eco-friendly subscription that takes care of your oral hygiene.

The brand has already a data base of at least 22.000 active customers, 73,9k on Instagram and 53,9k Facebook followers to communicate these new products launch. This will be a competitive advantage, since it will work as a facilitator to achieve a percentage of its potential market. With the help of the CRM platform already used by the company, there

is an opportunity to cross sell these products at first by offering to the existing customers the chance to be the firsts to add these new products to their subscriptions at a special price.

Our suggestion when the company does the launch of a new product, is to first communicate to its existing customers and ask for their feedback and launch them only after this period. This way the company will make the existing customers feel part of the change, and to have the opportunity to make potential product improvements on the products. As a customer-needs-driven CRM strategy is designed to encourage relational exchanges, as an ongoing process (Dwyer *et al.* 1987). Relationship management is a way of building together technical resources of one company by using the technical resources from the counterpart (Håkansson, 2000, pp. 76–77).

We fill also a need from the brand to have certifications from its partners and products. 'The Bam and Boo' customers will demand a guarantee that they are buying from a company that ensures their values. Limited information regarding eco-friendly products, is likely to reduce marketability and consumer confidence to buy green products (Mamun *et al.* 2018). The company should guarantee certifications regarding the sustainability of resources and raw materials used on the production process, as well the warranty that its manufactures follow Fair Trade policies.

Further, the company should start thinking on a corporate social responsibility (CSR) strategy, aside with some local and worldwide organizations. Having a budget allocated to support projects that meet the company's mission and values – as ocean cleaning, sustainable education, or environmental protection organizations. This cloud leverage quality and content of brands communication with its community.

6. CONCLUSIONS

From this in-company project we claim that 'The Bam and Boo' has several opportunities to improve its retention strategies. The company is still attached to an acquisition strategy to keep its customers data base growing and investing most of its marketing budget on social media platforms with acquisitions purposes.

If we focus on retention, there are a few areas where the brand can invest to enhance better results. On the data collected from the customers data base and the focus group session we understood that there are some opportunity steps that the company should take in a near future.

Therefore, we divided these opportunities in four main areas: (1) Communication, (2) CRM, (3) Product, and (4) Organization Strategy.

Regarding the (1) Communication strategy we understand that the company could use a more personalized approach to its customers on the recurrent mailing. We suggest that storytelling might fit the brands profile and build a stronger relationship with its customers. By disclosing different contents during time, customers will remain closer to the company history. The main objective is to improve customers engagement with the brand history and consequently strength the relationship between the brand and its customers.

This led us to the improvement of the (2) Customer Relationship Management strategy, where today the company has no clear strategy defined regarding retention. We propose an improvement on the cancelation form, so the brand can meet each reason of churn with a different action and solution. With a main purpose of keeping this customers relationship with the brand, even if they stopped their subscription. The company should keep working with these customers and if possible, recover them to their active customers. For this the company should reinforce its customer-centric strategy, with resource to CRM and email marketing platforms reach these potential subscribers.

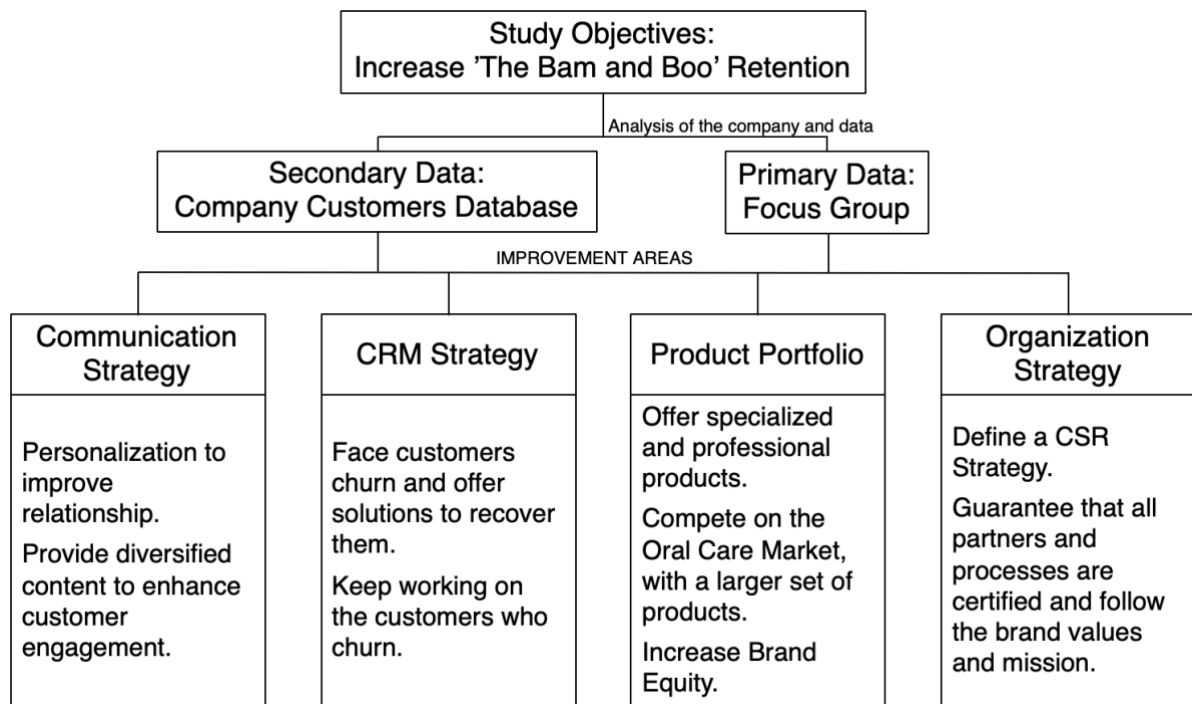
With respect with the (3) Product we suggest that a larger portfolio specialized on oral care, will build a competitive advantage for the company. There is an opportunity to be enter the oral care market, increasing the relevance of this subscription to the final customer - An eco-friendly subscription which takes care of your oral hygiene. Building

a stronger Brand Equity. On this project we understood how content is important for consumers, that prefer brands and services that will be able to satisfy multiple needs rather of just one at a time.

Finally, we understood how relevant it is for the overall (4) Organizational strategy to have CSR strategy defined. As well as the guarantee that all the products and business partners are certified and respect the same values and mission as the brand. Nowadays, consumers who choose green products tend to value more details regarding the brand procedures. The content regarding social responsibility would be relevant to add to the company blog or communication, boosting the power of community and inviting customers to be part of the change that the organization is committed to achieve.

On Table 7 we summarize the main conclusions and recommendations that we left to be considered by 'The Bam and Boo' managers.

Table 7 - Project Conclusions and Recommendations



Source: Own elaboration

We hope that with this project the company has enough acquisitions to undertake decisions to improve its final results. On the beginning of this project we have seen how subscription models have been growing its importance in recent years – according to McKinsey consumer goods subscriptions had an annual market growth of over 100%,

**HOW TO IMPROVE CUSTOMER RETENTION AND LIFETIME VALUE ON SUBSCRIPTION-BASED MODELS: IN
COMPANY PROJECT WITH 'THE BAM AND BOO' TOOTHBRUSH**

and already reached 15% of e-commerce shoppers and collectively (Chen *et al.*, 2018). So, we believe the 'The Bam and Boo' faces a big opportunity with its business model, and by marketing sustainable products that have been growing on their popularity among consumers - green consumption and green products.

In conclusion, our ambition with this project is to have the competence to suit 'The Bam and Boo' needs, as well as other brands that are embracing subscription-based models. There are still some limitations, since all recommendations and conclusions have been undertaken by the observation of 'The Bam and Boo' data reports. Nonetheless, we believe that there should be a correlation between these brands business models, challenges and strategies – Increase their customers Retention and Lifetime Value.

REFERENCES

- Agar, M., and MacDonald, J. 1995. Focus groups and ethnography. *Human Organization*, 54, 78–86.
- Aksoy, L., Keiningham, T. L., and Bejou, D. 2008. Objectives of Customer Centric Approaches in Relationship Marketing. *Journal of Relationship Marketing*, 6(3–4), 1–8. doi:10.1300/J366v06n03_01
- Albrecht, T., Johnson, G., and Walther, J. 1993. Understanding communications processes in focus groups. In D. Morgan (Ed.), *Successful focus groups: Advancing the state of the art* (pp. 51–64). Newbury Park, CA: Sage.
- Amin, A., Anwar, S., Adnan, A., Nawaz, M., Howard, N., Qadir, J., Hawalah, A., and Hussain, A. 2016. Comparing Oversampling Techniques to Handle the Class Imbalance Problem : A Customer Churn Prediction Case Study. *IEEE Access*, 4(M1), 7940–7957. doi:10.1109/ACCESS.2016.2619719
- Anderson, E. W., and Sullivan, M. W. 1993. The Antecedents and Consequences of Customer Satisfaction for Firms. *Marketing Science*, 12 (Spring), 125–43.
- Anderson, E. W., and Mittal, V. 2000. Strengthening the satisfaction-profit chain. *Journal of Service Research*. Vol. 3, no. 2, pp. 107-120.
- Anderson, E.W., and Sullivan, M. W. 1993. The antecedents and consequences of customer satisfaction for firms. *Marketing Science*. Vol. 12, Spring, pp. 125-143
- Anderson, R. E., and Srinivasan, S. S. 2003. E-satisfaction and e-loyalty: a contingency framework. *Psychology and Marketing*, 20, 123–138
- Appel, M., and Richter, T. 2007. Persuasive effects of fictional narratives increase over time. *Media Psychology*, 10(1), 113–134.
- Arvidsson, A., and Caliandro, A. 2015. Brand public. *Journal of Consumer Research*, 42(5), 727–748. doi:10.1093/jcr/ucv053.
- Ballings, M., and Van den Poel, D. 2012. Customer event history for churn prediction: How long is long enough? *Expert Systems with Applications*. 39(18), 13517–13522. doi:10.1016/j.eswa.2012.07.006
- Bardhi, F., and Eckhardt, G. M. 2012. Access-based consumption: The case of car sharing. *Journal of Consumer Research*, 39(4), 881–898. doi:10.1086/666376
- Bardhi, F., Eckhardt, G. M., and Arnould, E. (2012). Liquid relationship to possessions. *Journal of Consumer Research*, 39(3), 510–529. doi:10.1086/664037
- Baxter, R.K., 2015. *The Membership Economy: Find Your Super Users, Master the Forever Transaction, and Build Recurring Revenue*. New York: McGraw-Hill
- Bearden, W. O., and Jesse E. T. 1983. Selected Determinants of Consumer Satisfaction and Complaint Reports. *Journal of Marketing Research*, 20 (February), 21–28.

- Belk, R. 2007. Why not share rather than own? *The Annals of the American Academy Political and Social Science*, 611(1), 126–140. doi:10.1177/0002716206298483
- Belk, R. 2014. You are what you can access: Sharing and collaborative consumption online. *Journal of Business Research*, 67(8), 1595–1600. doi:10.1016/j.jbusres.2013.10.001
- Belk, R. W. 2010. Sharing. *Journal of Consumer Research*, 36(5), 715–734. doi:10.1086/612649
- Belk, R. W. 2013. Extended self in a digital world. *Journal of Consumer Research*, 40(3), 477–500. doi:10.1086/671052
- Berger, P. D., Bolton, R.N., Bowman, D., Briggs, E., Kumar, V., Parasuraman, A., and Terry, C. 2002. Marketing actions and the value of customer assets. A framework for customer asset management, *Journal of Service Research*, 5(1): 39-54. doi:10.1177/1094670502005001005
- Berger, P., and Kompan, M. 2019. User Modeling for Churn Prediction in E-Commerce. *The IEEE Computer Society*. doi:10.1109/MIS.2019.2895788
- Berger, P.D., and Nasr, N.I. 1998. Customer lifetime value: Marketing models and applications. *Journal of Interactive Marketing*, 12(1): 17- 30. doi: 10.1002/(SICI)1520-6653(199824)12:1<17::AID-DIR3>3.0.CO;2-K
- Bischof, S. F., Boettger, T. M., and Rudolph, T. 2017. Cautiousness caps curiosity: the influence of risk on attitude towards product subscription models. *In European Marketing Academy*, 46th Annual Conference. Groningen, Netherlands
- Blattberg, R., Getz, G., and Thomas, J.S. 2001a. *Customer equity: Building and managing relationships as valuable assets*. Boston MA: Harvard Business School Press.
- Blattberg, R., Getz, G. & Thomas, J.S. 2001b. Managing customer acquisition. *Direct Marketing*, 64(6): 41-54.
- Blattberg, R.C., and Deighton, J. 1996. Manage marketing by the customer equity test. *Harvard Business Review*, 74(4): 136-144.
- Blattberg, R.C., Kim, B.D., and Neslin, S.A. 2008. *Database marketing. Analyzing and managing customers*. New York: Springer.
- Bohling, T., Bowman, D., LaValle, S., Mittal, V., Narayandas, D., Ramani, G., and Varadarajan, R. 2006. CRM implementation: Effectiveness issues and insights. *Journal of Service Research*, 9(2): 184–194. doi:10.1177/1094670506293573
- Boje, D. 1991. Consulting and change in the story telling organisation. *Journal of Organisational Change Management*, 4 (3), 7–17.doi:10.1108/EUM0000000001193
- Bolton, R. N. 1998. A dynamic model of the duration of the customer's relationship with a continuous service provider: the role of satisfaction. *Marketing Science*, 17, 1, 1998, 45–65. doi:10.1287/mksc.17.1.45

Bolton, R. N. and Drew, J. H. 1991a. A Longitudinal Analysis of the Impact of Service Changes on Customer Attitudes. *Journal of Marketing*, 55 (January), 1–9. doi:10.2307/1252199

Bolton, R. N. and Drew, J. H. 1991b. A Multistage Model of Customers' Assessments of Service Quality and Value. *Journal of Consumer Research*, 7 (March), 375–84.

Bolton, R. N., Kannan, P. K., and Bramlett, M. D. 2000. Implications of loyalty program membership and service experiences for customer retention and value. *Journal of the Academy of Marketing Science*, 28, 1, 2000, 95–108.

Bolton, R.N. 1998. A dynamic model of the duration of the customer's relationship with a continuous service provider: The role of satisfaction. *Marketing Science*. Vol. 17, no. 1, pp. 45-65. doi:10.1287/mksc.17.1.45

Botsman, R., and Rogers, R. 2011. *What's mine is yours: How collaborative consumption is changing the way we live*. Library Journal - London: Collins.

Braun, H. and Scope, A. 2003. Does it pay to invest in customer satisfaction? *Effects of customer satisfaction measurement and improvement on earnings*. ESOMAR Congress 2003, September 14-17, pp. 159-174.

Bruggen, G.H.V., and Wierenga, B. 2005. When are CRM systems successful? The perspective of the user and of the organization. *ERIM Report Series* (ERS 2005 048 MKT). Erasmus Research Institute in Management, Rotterdam.

Burns, C. 1989. Individual interviews. In S. Robson & A. Foster (Eds.), *Qualitative research in action* (pp. 47–57). London: Hodder and Stoughton.

CB Insights, 2017. Subscription E-Commerce Market Map. *57 Startups in One Infographic*. Retrieved September 10, 2019, from. <https://www.cbinsights.com/research/subscription-ecommerce-market-map/>

Čermák, P. 2015. Customer Profitability Analysis and Customer Life Time Value Models: Portfolio Analysis. *Procedia Economics and Finance*, 25 (2015) 14 – 25. doi:10.1016/S2212-5671(15)00708-X

Chen, T., Fenyo, K., Yang, S., and Zhang, J. 2018. *Thinking inside the subscription box: New research on e-commerce consumers*. McKinsey & Company. Retrieved September 10, 2019 from. <https://www.mckinsey.com/industries/high-tech/our-insights/thinking-inside-the-subscription-box-new-research-on-ecommerce-consumers>.

Chittenden, L. and Rettie, R. 2003. An Evaluation of E-mail Marketing and Factors Affecting Response. *Journal of Targeting, Measurement and Analysis for Marketing*, 11 (3), 203–17.

Cooks, R. 2014, May 21. *Spotify streams past rivals as it doubles subscriber base to 10m*. Financial Times. Retrieved September 18, 2019 from. <http://www.ft.com/cms/s/0/a9fa8fea-e0cf-11e3-875f-00144feabdc0>.

Coombs, W.T., 2010. Sustainability: a new and complex 'challenge' for crisis managers. *Int. J. Sustain. Strateg. Manag.* 2, 4e16.

Coussement, K., and Van Den Poel, D. 2008. Integrating the voice of customers through call center emails into a decision support system for churn prediction. *Information & Management*, 45(3), 164–174. doi:10.1016/j.im.2008.01.005

Cratejoy, 2018. *Subscribe to what you Love*. Retrieved July 19, 2018, from. <https://www.cratejoy.com/>.

Dale, A. (2008). Green products gain from new price equation. *The WallStreet Journal*. Retrieved July 19, 2018, from. <http://online.wsj.com/news/articles/SB121425785415998071>

Doorn, J. V., Lemon, K. N., Mittal, V., Nass, S., Pick, D., Pirner, P., & Verhoef, P. C. 2010. Customer engagement behavior: Theoretical foundations and research directions. *Journal of Service Research*, 13(3), 253–266. doi:10.1177/1094670510375599

Dwyer, F. R., Schurr, P. H., and Oh, S. 1987. Developing Buyer–Seller Relationships. *Journal of Marketing*, 51 (2), 11–27. doi: 10.1177/002224298705100202

Dwyer, F.R. 1997. Customer lifetime valuation to support marketing decision making. *Journal of Direct Marketing*, 11(4): 8-15 doi:10.1002/dir.4000030404

Eckhardt, G. M., and Bardhi, F. 2015. The sharing economy isn't about sharing at all. *Harvard Business Review*, 28(01) Retrieved July 19, 2018 from. <https://hbr.org/2015/01/the-sharing-economy-isnt-about-sharing-at-all>

Eshghi, A., Haughton, D., and Topia, H. 2007. Determinants of customer loyalty in the wireless telecommunications industry. *Telecommunications Policy*, 31, 2, 2007, 93–106. doi.10.1016/j.telpol.2006.12.005

Fornell, C. (1992). A National Customer Satisfaction Barometer: The Swedish Experience. *Journal of Marketing*, 56 (January). 6-21 doi. doi.org/10.1177/002224299205600103

Fornell, C., Michael D. J., Eugene W. A., Cha, J., and Bryant B. E. 1996. The American Customer Satisfaction Index: Nature, Purpose, and Findings. *Journal of Marketing*, 60 (October), 7–18. doi.10.1177/002224299606000403

Garrahan, M. 2014, January 22. Netflix subscribers numbers surge. *Financial Times*. Retrieved July 19, 2018 from. <http://www.ft.com/cms/s/0/e4dde050-83b7-11e3-aa65-00144feab7de.html#axzz34jHUVpci>

Gerpott, T. J., Rams, W., and Schindler, A. 2001. Customer retention, loyalty, and satisfaction in the German mobile cellular telecommunications market. *Telecommunications Policy*, 25, 4, 2001, 249–269. doi.10.1016/S0308-5961(00)00097-5

Gerrig, R. J. 1993. *Experiencing narrative worlds: On the psychological activities of reading*. New Haven, CT: Yale.

Giesler, M. 2006. Consumer gift system. *Journal of Consumer Research*, 33(2), 283–290. doi:10.1086/506309

Green, M. C., and Brock, T. C. 2002. *In the mind's eye: Transportation-imagery model of narrative persuasion*. In M. C. Green, J. J. Strange, & T. C. Brock (Eds.). *Narrative impact: Social and cognitive foundations* (pp. 315–341). Mahwah, NJ: Lawrence Erlbaum.

Greenbaum, T. 2003. The gold standard? why the focus group deserves to be the most respected of all qualitative research tools. *Quirk's Marketing Research Review*, 17, 22–27.

Gruen, A. 2017. Design and the creation of meaningful consumption practices in access-based consumption. *Journal Of Marketing Management*, 2017 Vol. 33, Nos. 3–4, 226–243. doi.10.1080/0267257X.2016.1229688

Gupta, S. and Lehmann, D.R. 2003. Customers as assets. *Journal of Interactive Marketing*, 17(1): 9-24. doi.10.1002/dir.10045

Gupta, S. and Lehmann, D.R. 2008. Models of customer value. *Handbook of Marketing Decision Models* (pp.255-290). Berend Wierenga. doi.10.1007/978-0-387-78213-3_8

Gupta, S., and Lehmann, D.R. 2005. *Managing Customers as Investments: The Strategic Value of Customers in the Long Run*, 1st ed. Philadelphia: Wharton School Publishing.

Gupta, S., Lehmann, D. R., and Stuart, J. A. 2004. Valuing Customers. *Journal of Marketing Research*, 41, 1, pp. 7–18. doi.10.2139/ssrn.459595

Gurtoo A., and Antony S. 2007. Environmental regulations: Indirect and unintended consequences on economy and business. *Management of Environmental Quality: An International Journal* 18(6): 626–642. doi.10.1108/14777830710826676

Håkansson, H. 2000. The IMP Perspective. *Handbook of Relationship Marketing*, J.N. Sheth and A. Parvatiyar, eds., Thousand Oaks, CA: Sage, 69–93.

Han, H., and Back, K. 2007. Assessing guest emotional experiences influencing customer satisfaction in the lodging industry. *Journal of Travel and Tourism Marketing* 23 (1), 43–56. doi.10.1300/J073v23n01_04

Han,H., Back,K., and Barrett, B. 2009. Influencing factors on restaurant customers' revisit intention: the roles of emotions and switching barriers. *International Journal of Hospitality Management*. 28, 563–572. doi:10.1016/j.ijhm.2009.03.005

Harmeling, C. M., Moffett, J. W., Arnold, M. J., and Carlson, B. D. 2017. Toward a theory of customer engagement marketing. *Journal of the Academy of Marketing Science*, 45(3), 312–335. doi:10.1007/s11747-016-0509-2.

Harrison, K. 2011. *Strategic public relations, a practical guide to success* (fifth ed.). Melbourne: Palgrave.

Havlena, W.J., and Holbrook, M.B. 1986. The varieties of consumption experience: comparing two typologies of emotion in consumer behavior. *Journal of Consumer Research* 13, 394–404. doi.10.1086/209078

- Haws, K., Winterich, K. P., and Naylor, R. W. 2014. Seeing the world through GREEN-tinted glasses: Green consumption values and responses to environmentally friendly products. *Journal of Consumer Psychology*, 24(3), 336–354. doi:10.1016/j.jcps.2013.11.002
- Holt, D. (2016). Branding in the age of social media. *Harvard Business Review*, 94(3), 40–50. Retrieved July 19, 2018, from. <https://hbr.org/2016/03/branding-in-the-age-of-social-media>
- Homburg, C., Koschate, N., and Hoyer, W. D. 2005. Do Satisfied Customers Really Pay More? A Study of the Relationship Between Customer Satisfaction and Willingness to Pay. *Journal of Marketing*, 69(2), 84–96. doi:10.1509/jmkg.69.2.84.60760
- Hughes, M.Ü., Bandoni, W. K., and Pehlivan, E. 2016. Storygiving as a co-creation tool for luxury brands in the age of the internet: A love story by Tiffany and thousands of lovers. *Journal of Product and Brand Management*, 25(4), 357–364. doi:10.1108/JPBM-09-2015-0970
- Hunt, H. K. 1977. Conceptualization and Measurement of Consumer Satisfaction and Dissatisfaction. *Marketing Science Institute, Cambridge, MA*, pp.455–488.
- Ittner, C. D., and Larker, D. F. 1996. Measuring the impact of quality initiatives on firm financial performance. *Advances in the Management of Organizational Quality*, Soumen Ghosh and Donald Fedor, eds. Greenwich, CT: JAI Press, 1-37
- Janzer, A.H., 2015. *Strategies for Nurturing Customers in A World of Churn: Subscription Marketing*. Cuesta Park Consulting
- Jung, H. 2018. Focus group interaction in evaluation research. *Appl. Ling. Rev.* 9, 563e588. doi:10.1515/applirev-2017-0023
- Kaplan, R. S., and Narayanan, V. G. 2001. Customer profitability measurement and management. *Journal of Cost Management* 15, no. 5 (September–October 2001): 5–15.
- Kaplowitz, M., and Hoehn, J. 2001. Do focus groups and individual interviews reveal the same information for natural resource valuation? *Ecological Economics*, 36, 237–247. doi:10.1016/S0921-8009(00)00226-3
- Keiningham, T. L., Perkins-Munn, T., Aksoy, L., and Estrin, D. 2005. Does customer satisfaction lead to profitability?: The mediating role of share-of-wallet. *Managing Service Quality*, 15 (2), 172-181. doi:10.1108/09604520510585352
- Keiningham, T. L., Vavra, T. G., Aksoy, L., Wallard, H. and Kumar, V. 2005. The right way to manage for customer loyalty, *Loyalty Myths: Hyped Strategies That Will Put You Out of Business and Proven Tactics That Really Work*.
- Keiningham, T.L., T. Perkins-Munn, and Evans, H. 2003. The impact of customer satisfaction on share-of-wallet in a business-to-business environment. *Journal of Service Research*. Vol. 6, no. 1, pp. 37-50. doi:10.1177/1094670503254275

- Kidd, P., and Parshall, M. 2000. Getting the focus and the group: Enhancing analytical rigor in focus group research. *Qualitative Health Research*, 10, 293–308. doi: 10.1177/104973200129118453
- Kim, S.Y., Jung, T.S., Suh, E.H. and Hwang, H.S. 2006. Customer segmentation and strategy development based on customer lifetime value: A case study. *Expert Systems with Applications*, 31(1): 101-107. doi: 10.1016/j.eswa.2005.09.004
- Kinkaid, J. 2003. *Customer Relationship Management: Getting it Right!*. Prentice Hall Publishers, Upper Saddle River, NJ.
- Kitzinger, J. 1994. The methodology of focus groups: The importance of interaction between research participants. *Sociology of Health & Illness*, 16, 103–121.
- Knodel, J. 1993. The design and analysis of focus group studies: A practical approach. In D. Morgan (Ed.). *Successful focus groups: Advancing the state of the art* (pp. 35–50). Thousand Oaks, CA: Sage.
- Kotler, P. 1974. Marketing during periods of shortage. *Journal of Marketing*, 38(3): 20-29. doi: 10.1177/002224297403800305
- Krueger, R., and Casey, M. 2015. *Focus groups: A practical guide for applied research* (5th ed.). Thousand Oaks, CA: Sage.
- Kumar, V. 2018. A Theory of Customer Valuation: Concepts, Metrics, Strategy, and Implementation. *Journal of Marketing*, 82(1), 1–19. doi:10.1509/jm.17.0208
- Kumar, V., Lahiria, A., and Dogan, O. B. 2018. A strategic framework for a profitable business model in the sharing. *Economy Industrial Marketing Management* 69, 147-160. doi:10.1016/j.indmarman.2017.08.021
- LaBarbera, P. A. and Mazursky, D. 1983. A Longitudinal Assessment of Consumer Satisfaction/Dissatisfaction: The Dynamic Aspect of the Cognitive Process. *Journal of Marketing Research*, 20 (November), 393–404.
- Ladhari, R., Brun, I., and Morales, M., 2007. Determinants of dining satisfaction and post-dining behavioral intentions. *International Journal of Hospitality Management* 27 (4), 563–573. doi:10.1016/j.ijhm.2007.07.025
- Lambert, J. 2013. *Digital storytelling: Capturing lives, creating community* (4th ed.). New York, NY: Routledge.
- Li, S., Sun B., and Wilcox, R. T. 2005. Cross-selling sequentially ordered products: An application to consumer banking. *Journal of Marketing Research*, 42, 233-39. doi:10.1509/jmkr.42.2.233.62288
- Lin, Y. C., and Chang, C. C. A. 2012. Double standard: The role of environmental consciousness in green product usage. *Journal of Marketing*, 76(5), 125–134. doi:10.2307/41714513
- Lingle, S. 1995. How much is a customer worth? *Bank Marketing*, 27, 8 (August), 13-16.

- Luchs, M., Naylor, R. W., Irwin, J. R., and Raghunathan, R. 2010. The sustainability liability: Potential negative effects of ethicality on product preference. *Journal of Marketing*, 74(September), 18–31. doi:10.1509/jmkg.74.5.18
- Malthouse, E.C. and Blattberg, R.C. 2005. Can we predict customer lifetime value? *Journal of Interactive Marketing*, 19(1): 2-16. doi:10.1002/dir.20027
- Mamun, A A., Mohamad, M. R., Yaacobb, M. R. B., and Mohiuddi, M. 2018. Intention and behavior towards green consumption among low-income households, *Journal of Environmental Management*, 227, 73-86. doi: 10.1016/j.jenvman.2018.08.061
- McCarthy, D., Fader, P., and Hardie, B. 2017. Valuing Subscription-Based Businesses Using Publicly Disclosed Customer Data. *Journal of Marketing*, 81(January 2017), 17–35. doi:10.2139/ssrn.2701093
- Mintel, 2009. *Ethical Clothing-UK- February 2009*. Retrieved May 21,2010, from. <http://oxygen.mintel.com/sinatra/oxygen/display/id=393875>
- Mintel 2010. *Are Americans willing to pay more green to get more green?* Retrieved January 31, 2011, from. <http://www.mintel.com/press-centre/press-releases/514/are-americans-willing-to-pay-more-green-to-get-more-green>
- Mittal, V., and Kamakura, W. 2001. Satisfaction, repurchase intent and repurchase behavior: investigating the moderating effect of customer characteristics. *Journal of Marketing Research*. Vol. 38, no. 1, pp. 131-142. doi: 10.1509/jmkr.38.1.131.18832
- Mittal, V., P. Kumar, and Tsiros, M. 1999. Attribute-level performance, satisfaction, and behavioral intentions over time: A consumption-system approach. *Journal of Marketing*. Vol. 63, no. 2, pp. 88-101. doi.10.1177/002224299906300206
- Mooradian, T. A. and Olver, J. M. 1997. I Can't Get No Satisfaction': The Impact of Personality and Emotion on Post- purchase Processes. *Psychology & Marketing*, 14 (4), 379–93. doi:10.1002/(SICI)1520-6793(199707)14:4<379::AID-MAR5>3.0.CO;2-6
- Morgan, D. 1998. *Planning focus groups*. Thousand Oaks, CA: Sage.
- Morgan, R.M. and Hunt, S.D. 1994. The commitment–trust theory of relationship marketing. *Journal of Marketing*, 58(3): 20- 38. doi:10.2307/1252308
- Neslin, S.A., Gupta, S., Kamakura, W., Lu, J., and Mason, C. H. 2006. Defection Detection: Measuring and Understanding the Predictive Accuracy of Customer Churn Models. *Journal of Marketing Research*, 43 (2), 204–11.
- Newman, J. W. and Werbel, R. A. 1973. Multivariate Analysis of Brand Loyalty for Major Household Appliances. *Journal of Marketing Research*, 10 (November), 404-409. doi.10.1177/002224377301000408
- Oliver, R. L., 1999. Whence consumer loyalty? *Journal of Marketing* 63, 33–34.
- Oliver, R. L., and DeSarbo, W. 1998. Response determinants in satisfaction judgments. *Journal of Consumer Research*. Vol. 14, no. 4, pp. 495-507.

Oliver, R. L. 1980. A Cognitive Model of the Antecedents and Consequences of Satisfaction Decisions. *Journal of Marketing Research*, 17 (September), 460–69.

Oliver, R. L., and Swan, J.E. 1989a. Consumer Perceptions of Interpersonal Equity and Satisfaction in Transactions: A Field Survey Approach. *Journal of Marketing*, 53 (April), 21–35. doi.10.1177/002224298905300202

Oliver, R. L., 1997. *Satisfaction: A Behavioral Perspective on the Consumer*. McGraw-Hill, New York.

Ottman JA. 1992. Industry's response to green consumerism. *Journal of Business Strategy*, 13(4): 3–7. doi.org/10.1108/eb039498

Parvatiyar, A. and Sheth, J. N. 2001. Customer relationship management: Emerging practice, process, and discipline. *Journal of Economic and Social Research*, 3(2): 1-34.

Payne, A. and Frow, P. 2005. A strategic framework for customer relationship management', *Journal of Marketing*, 69(4): 167-176.

Peattie, K., 1992. *Green Marketing*. Pitman, London.

Perkins-Munn, T., L., Aksoy, T., Keiningham, and D. Estrin (2005). Actual purchase as a proxy for share of wallet. *Journal of Service Research*, Vol. 7, Iss. 3; pp. 245-257.

Persson, A. and Ryals, L. 2010. Customer assets and customer equity: Management and measurement issues. *Marketing Theory*, 10(4): 417-436.

Pfeifer, P.E., Haskins, M.E. and Conroy, R.M. 2005. Customer lifetime value, customer profitability, and the treatment of acquisition spending. *Journal of Managerial Issues*, 17(1): 11-25.

Pickett-Baker, J., and Ozaki, R., 2008. Pro-environmental products: marketing influence on consumer purchase decision. *J. Consumer Mark.* 25, 281e293.

Polonsky MJ. 1994. An introduction to green marketing. *Electronic Green Journal* 1(2): 1–10.

Powell, R., and Single, H. 1996. Focus groups. *International Journal of Qualitative Health Care*, 8, 499–504.

PwC. 2015. The sharing economy – *Consumer intelligence series*. Retrieved 20, September, 2019 from <http://www.pwc.com/us/en/industry/entertainment-media/publications/consumer-intelligence-series/assets/pwc-cis-sharing-economy.pdf>.

Ramayah T., Lee JWC., and Mohamad O. 2010. Green product purchase intention: Some insights from a developing country. *Resources, Conservation and Recycling* 54(12): 1419–1427.

Ramkumar, B., and Woo, H., 2018. *Modeling consumers' intention to use fashion and beauty subscription-based online services (SOS)*. *Fash. Text* 5 (1), 22. doi:10.1186/s40691-018-0137-1

- Randall, C., Lewis, A., and Davis, A., 2016. *How subscriptions are creating winners and losers in retail*. Harv. Bus. Rev. 1–6. Retrieved 20, September, 2019 from <https://hbr.org/2016/01/how-subscriptions-are-creating-winners-and-losers-in-retail>.
- Reichheld, F.F. and Sasser, W.E. 1990. Zero defections: Quality comes to services, *Harvard Business Review*, 68(5): 105-111.
- Reinartz, W., and Kumar, V. 2003. The impact of customer relationship characteristics on profitable lifetime duration, *Journal of Marketing*, 67(1): 77-99.
- Richards, K. A., and Jones, E. 2008. Customer relationship management: Finding value drivers, *Industrial Marketing Management*, 37(2): 120-130.
- Rifkin, J. 2014. *The zero marginal cost society*. New York, NY: Palgrave.
- Rifkin, J. 2000. *The age of access: The new culture of hypercapitalism where all of life is a paid for experience*. New York, NY: Penguin.
- Rigby, D.K., Reichheld, F.F., and Schefter, P. 2002. Avoid the four perils of CRM. *Harvard Business Review*, 80(2): 101-109.
- Robinson, N. 1999. The use of focus group methodology: With selected examples from sexual health research. *Journal of Advanced Nursing*, 29, 905–913.
- Rudolph, T., Bischof, S.F., Boettger, T.M., and Weiler, N. 2017. Disruption at the door: a taxonomy on subscription models in retailing. *Mark. Rev. St.Gallen* 34 (5), 18–25.
- Rust, R., Zahorik, A., and Keiningham, T.L. 1993. Customer satisfaction, customer retention, and market share. *Journal of Retailing*. Vol. 69, no. 2, pp. 193-215.
- Rust, R., Zahorik, A., and Keiningham, T.L. 1995. Return on quality (ROQ), making service quality financially accountable. *Journal of Marketing*. Vol. 59, no. 2, pp. 58-70
- Rust, R.T., Zeithaml, V.A., and Lemon, K. N. 2000. *Driving customer equity: How customer life time value is reshaping corporate strategy*. New York: The Free Press.
- Schweidel, D. A., Fader, P. S., and Bradlow, E. T. 2008. Modeling retention within and across cohorts. *Journal of Marketing*, 72(1), 82–94.
- Srivastava, R.K., Fahley, L., and Christensen, H.K. 2001. The resource-based view and marketing: The role of market- based assets in gaining competitive advantage. *Journal of Management*, 27(6): 777-802.
- Statista, 2019a. *Number of Spotify premium subscribers worldwide from 1st quarter 2015 to 2nd quarter 2019 (in millions)* [Graph]. In Statista. Retrieved September 24, 2019, from <https://www.statista.com/statistics/244995/number-of-paying-spotify-subscribers/>
- Statista, 2019b. *Number of Netflix paying streaming subscribers worldwide from 3rd quarter 2011 to 2nd quarter 2019 (in millions)* [Graph]. In Statista. Retrieved September 24, 2019, from <https://www.statista.com/statistics/250934/quarterly-number-of-netflix-streaming-subscribers-worldwide/>

Stone, B., and Jacobs, R. 2001. *Successful Direct Marketing Methods*. New York: McGraw Hill.

Vlasic, G. (2005a) Interactive marketing communication – literature review, *Croatian Marketing Association Journal*, 17(1/2), pp. 25–39.

Sundararajan, A. 2016. *The sharing economy: The end of employment and the rise of crowd-based capitalism*. MIT Press.

Sunder, S., Kumar, V. and Zhao, Y. 2016. Measuring the Lifetime Value of a Customer in the Consumer Packaged Goods Industry. *Journal of Marketing Research*, Vol. LIII (December 2016), 901–921. doi:10.1509/jmr.14.0641

Swift, R.S. 2001. *Accelerating customer relationships: Using CRM and relationship technologies*. Upper Saddle River, NJ: Prentice Hall.

Swinnen, G. and VanHoof, K. 2013. A marketing view of the customer value: Customer lifetime value and customer equity'. *South African Journal of Business Management*, 44(4):47-64. doi: 10.4102/sajbm.v44i4.168

Tellis. G. J. 1988, Advertising Exposure, Loyalty, and Brand Purchase: A Two-Stage Model of Choice. *Journal of Marketing Research*, 25 (May), 134—44.

Thomas 2017. *Airbnb just closed a \$1 billion round and became profitable in 2016*. Retrieved from <http://www.cnbc.com/2017/03/09/airbnb-closes-1-billion-round-31-billion-valuation-profitable.html>

van Laer, T., Ruyter, K., Visconti, L. M., and Wetzels, M. 2014. The extended transportation-imagery model: A meta-analysis of the antecedents and consequences of consumers' narrative transportation. *Journal of Consumer Research*, 40(5), 797–817

Venkatesan, R., and Kumar, V. 2004. A customer lifetime value framework for customer selection and resource allocation. *Journal of Marketing*, 68(4): 106-125.

Warrillow, J., 2015. *The Automatic Customer: Creating a Subscription Business in Any Industry*. Portfolio Penguin.

Watkins, R. D., Denegri-Knott, J. and Molesworth, M. 2016. The relationship between ownership and possession: observations from the context of digital virtual goods. *Journal of Marketing Management*, 32:1-2, 44-70, doi:10.1080/0267257X.2015.1089308

Woo, H., and Ramkumar, B. 2018. Who seeks a surprise box? Predictors of consumers' use of fashion and beauty subscription-based online services (SOS). *J. Retail. Consum. Serv.* 41, 121–130. December 2017. doi.10.1016/j.jretconser.2017.11.011

Zeithaml, V.A., Rust, R.T., and Lemon, K.N. 2001. The customer pyramid: Creating and serving profitable customers. *California Management Review*, 42(4): 118– 142.

Zhang, J., and Seidmann, A. 2010. Perpetual versus subscription licensing under quality uncertainty and network externality effects. *J. Manag. Inf. Syst.* 27 (1), 39–68 doi.10.2753/MIS0742-1222270103.

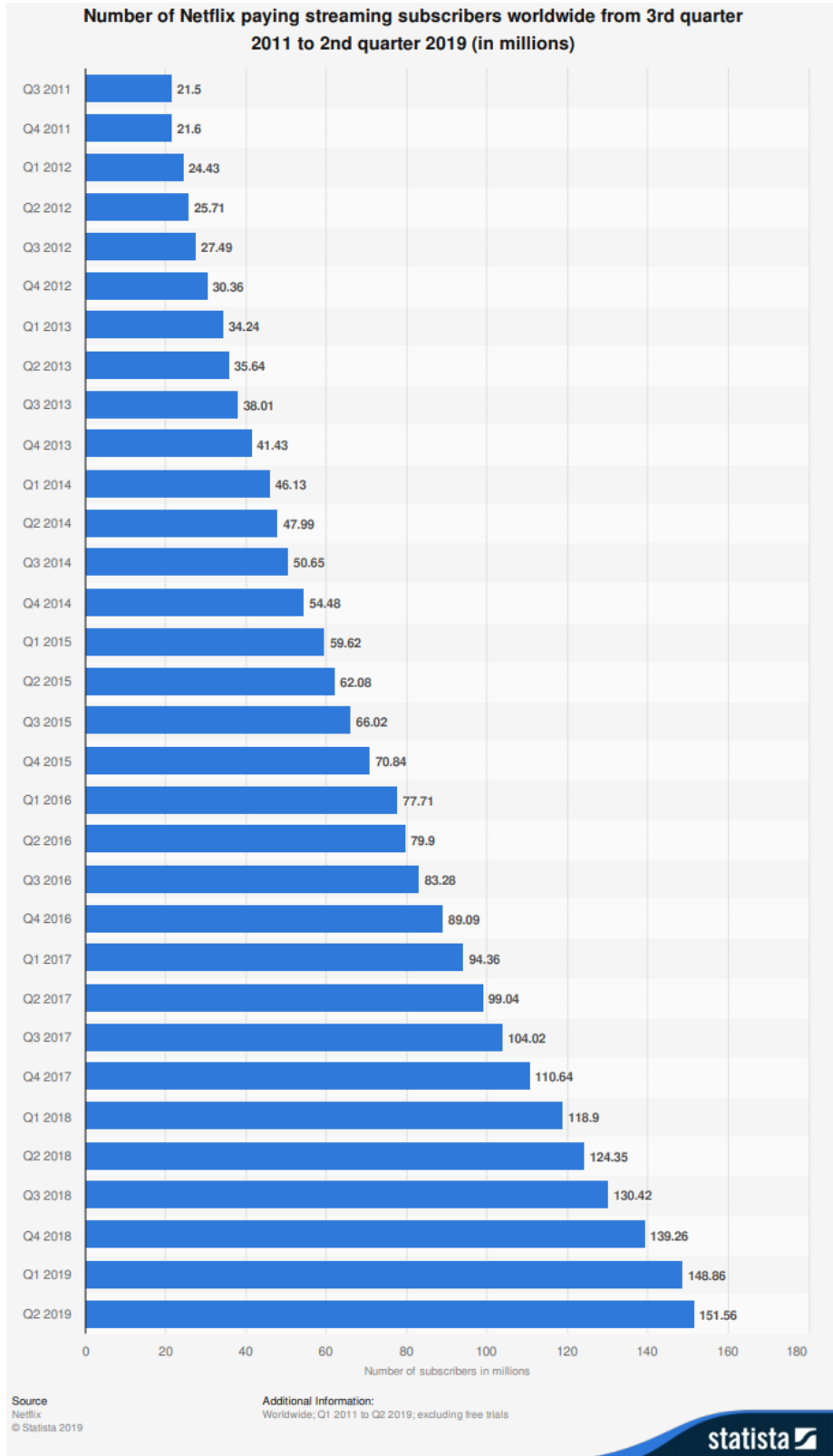
HOW TO IMPROVE CUSTOMER RETENTION AND LIFETIME VALUE ON SUBSCRIPTION-BASED MODELS: IN
COMPANY PROJECT WITH 'THE BAM AND BOO' TOOTHBRUSH

Zhang, J.Q., Dixit, A. and Friedmann, R. 2010. Customer loyalty and lifetime value: An empirical investigation of customer packaged goods. *Journal of Marketing Theory and Practice*, 18(2): 127-139.

APPENDICES

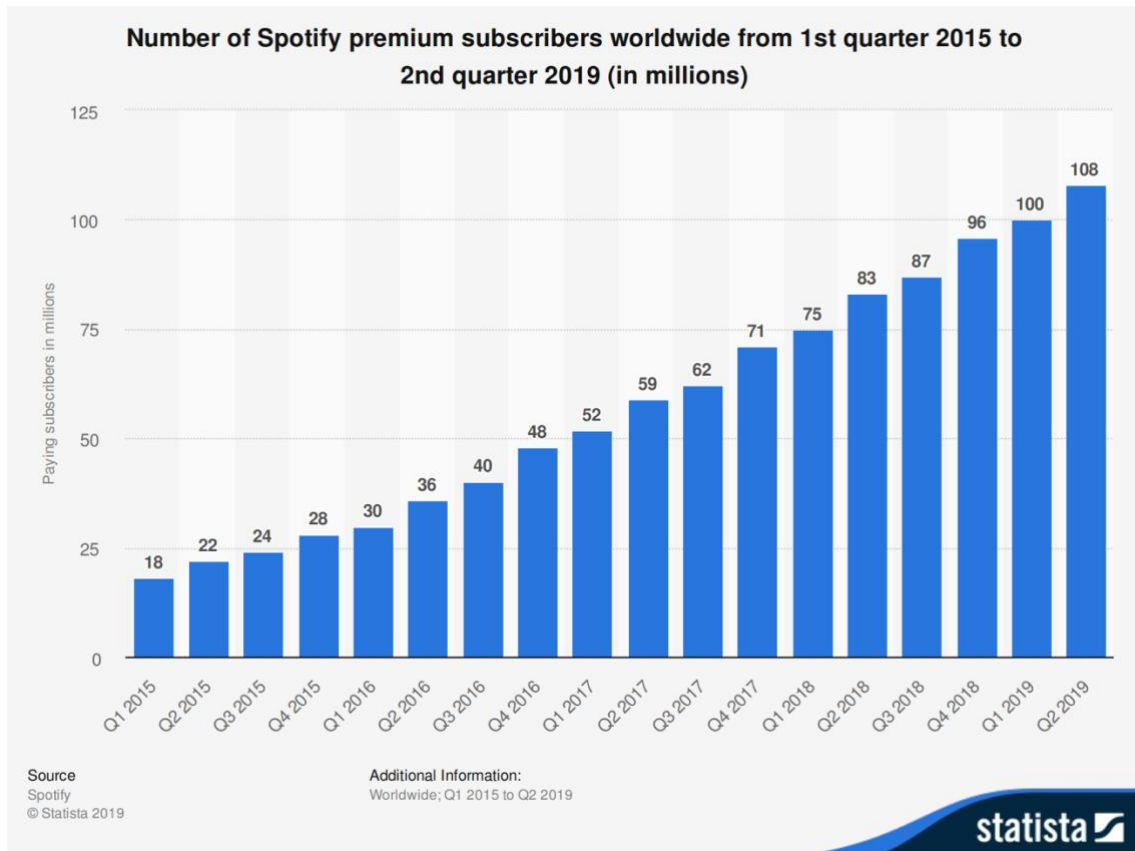
Appendix 1 –

Number of paying streaming subscribers from 3rd quarter 2011 to 2nd quarter 2019 (in millions)



Source: In Statista. Retrieved September 24, 2019

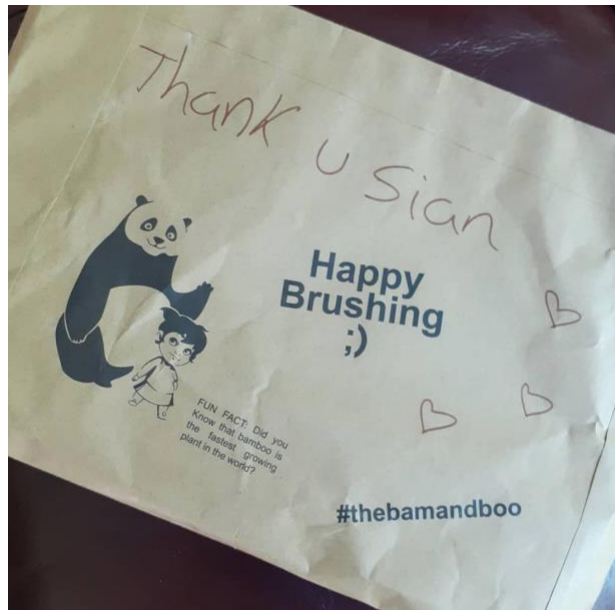
Appendix 2 – Number of Spotify premium subscriber's worldwide from 1st quarter 2015 to 2nd quarter 2019 (in millions)



Source: In Statista. Retrieved September 24, 2019

HOW TO IMPROVE CUSTOMER RETENTION AND LIFETIME VALUE ON SUBSCRIPTION-BASED MODELS: IN COMPANY PROJECT WITH 'THE BAM AND BOO' TOOTHBRUSH

Appendix 3 – The Bam and Boo shipping envelopes personalization



Appendix 4 – Focus Group Script

Q1: Do you know the Subscription concept? Are you subscribed to any service at this moment?

Q2. To which brands do you associate to subscription models? Which are the advantages of these business models?

Q3. What features do you value on a subscription? And what leads you to quit or keep a subscription? (eg. innovation, customer service quality, products and service quality,...)

Q4. Do you agree that brands with a bigger portfolio, increase the chances for you to stay with a subscription?

Q5. If you think on a bamboo toothbrushes subscription, which products in your opinion make sense to add to this service?

Q6. What makes you subscribe to a service? (eg. convenience, surprise and novelty, have access to uncommon product, ...)

Q7. Is there a market where you feel that subscription models may have an opportunity?

Q8. Is personalization essential on subscription products?

Q9. If we keep quality, price and service constants, what led you to churn from a subscription?

Q10. In your opinion do you feel that already exists a wide range of sustainable products in the market? Or this demand is not already satisfied? This demand is mainly satisfied online or offline?

Q11. Any topic that you want to add to this discussion?

Thank you!

HOW TO IMPROVE CUSTOMER RETENTION AND LIFETIME VALUE ON SUBSCRIPTION-BASED MODELS: IN COMPANY PROJECT WITH 'THE BAM AND BOO' TOOTHBRUSH

Appendix 5 - 'The Bam and Boo' email copy

1st Email, Order confirmation



ORDER #113261



Hi Maragarida!
Bam is just finishing a snack. We will prepare your order right away! :)

This is your order charge confirmation for your subscription or single purchase at **The Bam & Boo Toothbrush**. We're getting your order ready and it will be shipped in the next couple of days. We will notify you when it has been sent.

Our orders are shipped by standard mail. Please allow 8-12 days inside Europe and 14-18 days to the rest of the world.

Thank you for your support Maragarida. We invite you to check [here](#) our blog for more about our toothbrushes and how small steps can lead to big changes :)

[View your order](#) or [Visit our store](#)

Order summary



Bamboo Toothbrush Subscription x 1
Adult / Soft / Random

€4.99

2nd Email, Your order has been shipped



ORDER #113261

Your order is on the way

Thank you once again, hope you enjoy our eco-friendly toothbrushes.

Our orders are shipped by standard mail, please allow 8-12 days inside Europe and 14-18 days for rest of the world.

In the meantime click [here](#) and check how to dispose of your old bamboo toothbrush in 3 easy steps.

[View your order](#) or [Visit our store](#)

Items in this shipment



Bamboo Toothbrush Subscription x 1
Adult / Soft / Random

Source: Company *The Bam and Boo*

Appendix 6 – Proposal for New e-mail copy

Hi <customer name>,

Thank you for your 1st order with The Bam and Boo. Me and my best friend Boo will take care of your order during these next days and send it to your beautiful hometown,

<customer address>

The shipping should take around to 8 – 12 days to be delivered.

We would like also to thank you for giving your first step on our journey. And we will take this opportunity to tell you a bit more about our history and how this project was born.

I'm Bam, a panda with 26 years old. I've lived all my live on the forest, but some years from now I've noticed that my habitat was changing. So, I started to search for the reason that was making this happen...

....

...The next chapter of this story will continue with you next order 😊

See you in a few months!

Bam <3