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Evolving Consumer Preferences and the Future of Subscription Box Services.

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ABSTRACT

This study explores evolving consumer preferences in the subscription box industry, focusing on pricing predictability, transparency, and ethical practices. The research investigates how price stability influences consumer trust and retention, evaluates the role of transparent pricing in preventing market exploitation, and provides insights for businesses to implement ethical pricing strategies. The findings highlight the importance of maintaining a balance between competitive pricing and consumer satisfaction to enhance loyalty and long-term engagement. Additionally, the study examines the role of adaptive pricing models and their impact on customer purchasing decisions. By analyzing consumer behavior, this research aims to provide actionable recommendations for subscription-based businesses to improve their pricing structures and enhance customer satisfaction.

Keywords: Subscription boxes, Consumer trust, Pricing transparency, Market fairness, Customer retention, Ethical pricing, Adaptive pricing

INTRODUCTION

The subscription box market has grown significantly, offering consumers personalized and convenient purchasing experiences. However, evolving consumer expectations demand more transparency and fairness in pricing structures. This study aims to analyze the impact of price stability on consumer trust and loyalty while assessing the role of ethical pricing in supporting diverse socioeconomic groups. By understanding these factors, businesses can optimize pricing strategies to enhance customer satisfaction and long-term engagement. Furthermore, as competition within the subscription industry intensifies, businesses must adopt sustainable pricing strategies that balance profitability with consumer retention. The study also highlights how consumer perceptions of fairness influence their willingness to continue subscriptions and make repeat purchases.

OBJECTIVES

- Explore how price stability influences consumer trust, loyalty, and retention.
- Assess the role of transparent pricing in supporting fairness and preventing exploitation.
- Provide insights to help businesses adopt ethical and responsible pricing practices.

RESEARCH METHODOLOGY

Study Area	Chennai
Sample Size	200 respondents
Study Duration	Six months
Data Collection	Surveys with qualitative & quantitative analysis
Analysis Methods	Percentage analysis, Chi-square test, Correlation analysis

LITERATURE REVIEW

- ★ **Ketheeswaran Avvai (Simon Fraser University, 2020)**

  Subscription boxes, especially book boxes, have become more popular in recent years, offering a new revenue stream for publishers. There are over 170 companies delivering books through subscriptions, with some having hundreds and other thousands of subscribers. This report focuses on Owl Crate Enterprises, a monthly service that delivers a new young adult book and related merchandise. It explains how Owl Crate has built a successful business and positioned itself in the Young Adult book market.

★ **Immanuel Tommy (Dublin Business School, 2020)**

This research explored how customers view subscription-based loyalty programs and how these programs influence their habits, like how often they visit, how much they spend, and their social image. A survey of 85 participants was conducted to gather basic details and opinions on these programs. The results showed customers valued the financial benefits and felt these programs affected their spending habits. However, they saw little value in personal interactions and none in emotional satisfaction. People preferred lower prices, cash rewards, and instant benefits. The findings provide useful insights for businesses and researchers to improve loyalty programs and meet customer expectations better.

★ **Hania Aminah et al., (2021 5th International Conference on E-Society, E-Education and E-Technology, 259-266, 2021)**

This article investigates the factors affecting consumers' decision to continue using subscription boxes. The study uses quantitative methods to explore how to influence consumers' intent to keep using subscription boxes. Questionnaires were sent to subscription box users in the UK, Europe, Oceania, the Middle East, Africa, America, and Asia. Data from 176 consumers were analyzed using structural equation modeling (PLS). The results show that perceived variety, convenience, enjoyment, and variety-seeking tendencies significantly affect the intention to continue using the subscription box, with satisfaction as a mediator. However, value for money, surprise, personalization, and consumer innovativeness were not significant factors. The findings offer practical advice to companies on which aspects to focus on to increase customer retention.

★ **J Bray et al., (Journal of Retailing and Consumer Services 58, 102333, 2021)**

Subscription retailing is growing quickly, but little is known about it. This study surveyed 1,356 UK consumers to create a subscription type classification and identify the types of people likely to subscribe. It examines their reasons for subscribing and the obstacles they face, offering useful tips for retailers on how to market subscriptions. As the first study of its kind in Europe, it provides valuable insights and helps both businesses and future research.

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- **Yana Andonova et al., (Business Horizons 64 (5), 631-646, 2021)**

  The subscription box e-commerce industry has grown quickly in the last five years. As it keeps growing, it's important for companies that already offer subscriptions, as well as those thinking about joining, to pay attention. This article gives an overview of the subscription box industry and presents a simple framework called the "four Cs" to understand subscription services. It points out the challenges and opportunities in the industry and shares five important tips to help managers succeed in the subscription box business.

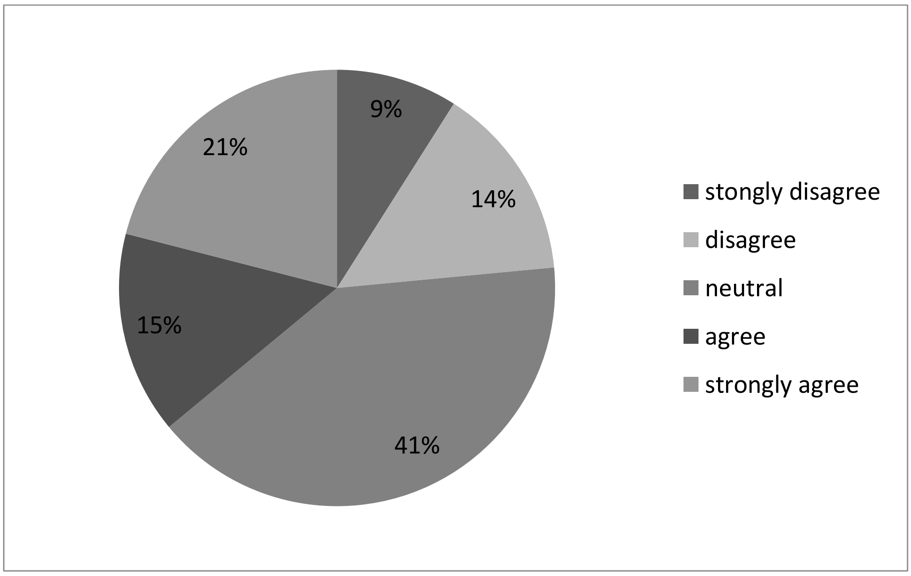
- **Zhi Pan et al., (Tobacco Regulatory Science (TRS), 3149-3167, 2022)**

  The rise of Over the Top (OTT) services has transformed communication and the global media market. This study explored why people continue using OTT subscriptions by analyzing factors like quality, value, satisfaction, and loyalty. Surveys of OTT users showed that good system and information quality improve both satisfaction and perceived value, while service quality only boosts perceived value. Perceived value and satisfaction drive users to keep using the service, and switching costs make it harder for users to leave. The study offers useful strategies for OTT providers to improve their services, retain customers, and expand their market.

DATA ANALYSIS

PERCENTAGE ANALYSIS

Comprehensive Evaluation Of Subscription Service Satisfaction



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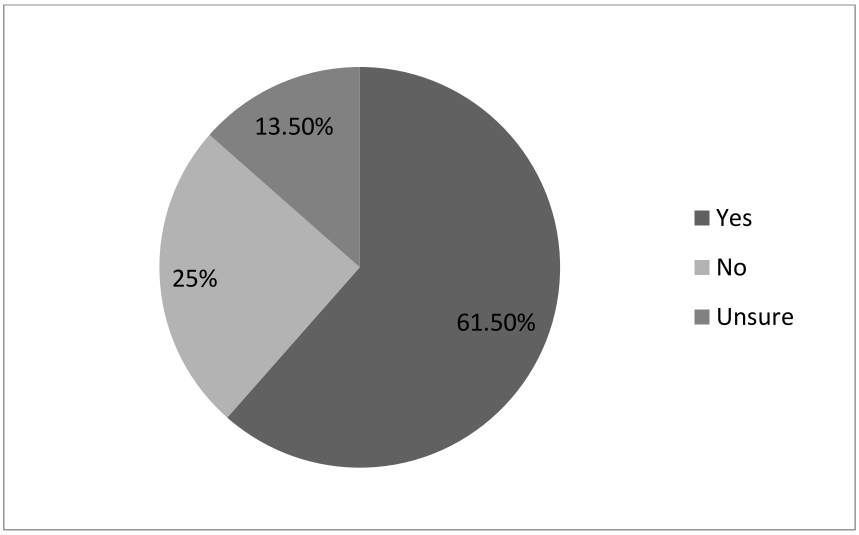
INTERPRETATION

The data shows that 21% of respondents strongly agree and 15% agree that they are satisfied with their subscription service, while 40.5% remain neutral. A smaller group (14.5%) disagree and (9%) strongly disagree. This indicates that more users are satisfied (36%) than those who are dissatisfied (23.5%).

Consumer Trust In Transparent Pricing Strategies



INTERPRETATION

The data shows that 61.5% of respondents believe transparent pricing enhances trust, while 25% disagree and 13.5% remain unsure. This indicates a strong positive view of transparency in pricing as a trust-building factor in subscription services

Acceptance Of Adaptive Pricing Based On Income Levels

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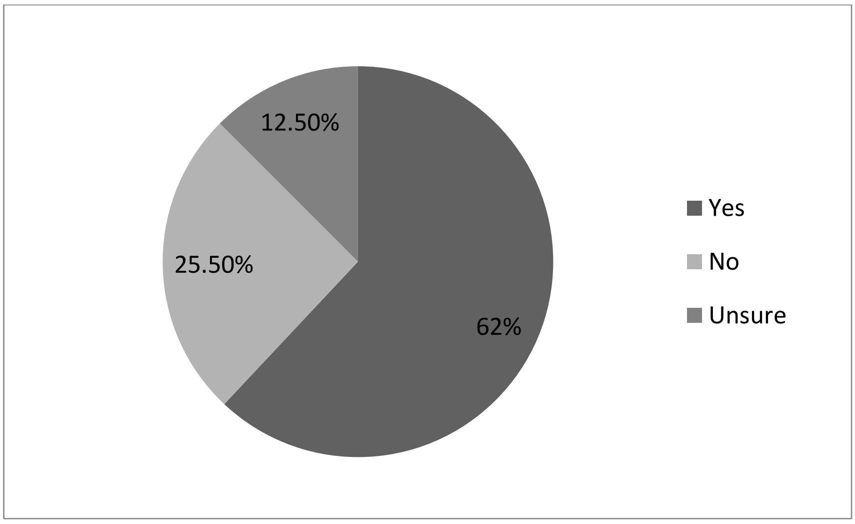

INTERPRETATION

The data shows that 62% of respondents support pricing adjustments for customers based on socioeconomic background, while 25.5% oppose the idea and 12.5% remain unsure. This suggests that most users favor inclusive pricing strategies to enhance affordability.

CHI SQUARE ANALYSIS

HYPOTHESIS

Null Hypothesis (H_0): There is no association between Monthly Income of the respondents and the importance of price stability in continued subscription to a service.

Alternative Hypothesis (H_1): There is an association between Monthly Income of the respondents and the importance of price stability in continued subscription to a service.

Monthly Income And Importance Of Price Stability

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.690	16	.406
Likelihood Ratio	17.615	16	.347
Linear-by-Linear Association	2.635	1	.105
N of Valid Cases	200		

INFERENCE

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Based on the Chi-Square test results for the relationship between monthly income and the importance of price stability in continued subscription to a service. The Pearson Chi-Square test resulted in a p-value of 0.406, which is greater than the significance level of 0.05. This means we fail to reject the null hypothesis and conclude that there is no significant association between the monthly income of respondents and the importance of price stability for continuing a subscription to a service

HYPOTHESIS

Null Hypothesis (H_0): There is no association between Gender of the respondents and the frequency with which respondents' notice changes in the price of their subscription box.

Alternative Hypothesis (H_1): There is an association between Gender of the respondents and the frequency with which respondents' notice changes in the price of their subscription box.

Gender And The Frequency With Which Respondents' Notice Changes In The Price Of Their Subscription Box

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.315	4	.678
Likelihood Ratio	2.321	4	.677
Linear-by-Linear Association	.128	1	.721
N of Valid Cases	200		

INFERENCE

The Pearson Chi-Square test yielded a p-value of 0.678, which is greater than the significance level of 0.05. Therefore, we fail to reject the null hypothesis, suggesting that there is no significant association between the gender of respondents and the frequency with which they notice changes in the price of their subscription box. This implies that gender does not appear to influence how often individuals notice price changes in their subscription boxes. As a result,

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subscription pricing strategies may not need to be adjusted based on the gender of the customers.

CORRELATION ANALYSIS

HYPOTHESIS

Null Hypothesis (H_0): There is no significant relationship between perceived value of the subscription box and customer satisfaction.

Alternate Hypothesis (H_1): There is a significant positive relationship between perceived value of the subscription box and customer satisfaction.

Correlation Between Perceived Value And Customer Satisfaction

		How satisfied are you with the pricing of the subscription boxes you currently receive?	How do you perceive the value of your subscription box relative to its price?
How satisfied are you with the pricing of the subscription boxes you currently receive?	Pearson Correlation	1	.484**
	Sig. (2-tailed)		.000
	N	200	200
How do you perceive the value of your subscription box relative to its price?	Pearson Correlation	.484**	1
	Sig. (2-tailed)	.000	
	N	200	200

INFERENCE

The null hypothesis (H_0), which states that there is no relationship between satisfaction with subscription box pricing and perceived value relative to its price, is rejected. This is because the p-value (0.000) is less than the significance level of 0.01, indicating a statistically significant relationship. The alternative hypothesis (H_1), which posits a relationship between these variables, is accepted.

REGRESSION

HYPOTHESIS

Null Hypothesis (H_0): There is no significant difference between the pricing models in their likelihood of cancelling subscriptions due to unpredictable or fluctuating pricing.

Null Hypothesis (H_0): There is no significant difference between the pricing models in their perception of fatigue or frustration caused by price changes.

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Diff	Std. Error Diff	95% Confidence Interval of the Difference	
									Lower	Upper
How likely are you to cancel a subscription if the pricing becomes unpredictable or fluctuates too much?	Equal variances assumed	2.127	.146	.941	198	.348	.141	.150	-.155	.438
	Equal variances not assumed			.962	166.683	.338	.141	.147	-.149	.432
In your experience, do price changes (e.g., sudden increases or fluctuating pricing) lead to a sense of fatigue or frustration?	Equal variances assumed	4.116	.044	-.264	198	.792	-.040	.151	-.339	.259
	Equal variances not assumed			-.278	180.781	.781	-.040	.144	-.324	.244

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The results of the t-tests shows that there are no statistically significant differences between the pricing models for either question. For the likelihood of cancelling subscriptions due to unpredictable pricing, the p-value (0.348) was greater than 0.05, meaning there is no significant variation in responses. Similarly, for the perception of fatigue or frustration caused by price changes, the p-value (0.781) was also greater than 0.05, indicating no significant difference. These findings suggest that both pricing models have similar impact of unpredictable pricing and price changes, with no meaningful differences detected in their responses.

MAJOR FINDINGS

- A significant percentage of consumers (61.5%) believe that transparent pricing enhances trust in subscription services.
- 62% of respondents favor pricing adjustments based on income levels to improve accessibility.
- Statistical analysis shows no significant correlation between gender and the frequency of noticing subscription price changes.
- A strong positive correlation exists between perceived value and customer satisfaction, indicating that value-driven pricing models enhance retention.
- No significant differences were found between different pricing models in terms of customer fatigue or subscription cancellations due to fluctuating prices.
- Consumers are more likely to remain loyal to brands that maintain transparent and ethical pricing models, reducing churn rates.
- study identifies a growing concern among consumers regarding subscription box fatigue, with unpredictable pricing being a major factor in cancellations.

SUGGESTIONS

- Businesses should clearly communicate pricing structures and avoid hidden fees to build consumer trust.
- Implement flexible pricing options to cater to diverse economic backgrounds and improve affordability.
- Companies should assess consumer reactions to price changes and adjust strategies to maintain retention.
- Highlight the overall value of subscription boxes to reinforce customer satisfaction and perceived worth.

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- Avoid frequent or unpredictable price fluctuations to reduce consumer frustration and potential cancellations.
- Providing personalized subscription models can help mitigate consumer fatigue and increase long-term retention.
- Businesses should consider offering discounts based on customer loyalty and engagement rather than only promotional tactics.
- Clear and timely communication regarding price adjustments and value-added services can enhance customer trust.

CONCLUSION

This study underscores the importance of transparent and stable pricing in building consumer trust and loyalty in the subscription box industry. While price sensitivity varies among different consumer segments, ethical pricing practices can significantly impact customer retention. Businesses should focus on maintaining predictable pricing structures, offering value-driven experiences, and implementing inclusive pricing models to ensure sustained growth in the evolving subscription economy. Furthermore, incorporating consumer feedback into pricing decisions can enhance brand reputation and increase long-term engagement. As the industry evolves, companies that prioritize fair pricing strategies and customer-centric approaches will be better positioned to thrive in a competitive market.

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