

COLUMNS

## Making a case for the subscription model in luxury

March 9, 2016



*Frederick Felman is chief marketing officer of Recurly*

By **Frederick Felman**

Subscribe to **Luxury Daily**  
Plus: Just released  
State of Luxury 2019 **Save \$246 ▶**

The digital world offers consumers a host of benefits a world of offerings that now include the services of a personal stylist, access to an unlimited amount of entertainment content and exclusive jewelry, amongst other delights.

Once the domain of the very wealthy, nearly all of these products or services have become much more accessible in the last few years. This is in large part due to the flourishing subscription model that delivers convenience while amortizing purchases or experiences into monthly payments for consumers.

Out of the box

The subscription model is best known for the plethora of well-curated box-of-the-month offerings that range from daily necessities such as razors and handcrafted organic personal-care items to hard-to-find and exotic food, wine and snacks.

Whether your interest is in spoiling your pet with treats and toys or enjoying the latest pop culture memorabilia, there is a subscription for the consumer that includes the convenient delivery of a curated experience.

The subscription model affects the way we consume technology, too.

For example, having a new iPhone each year could be a pricey purchase for some consumers and a splurge for the techie or fashionista who wanted the latest and greatest phone.

Last year, Apple introduced a way to ease the big-purchase butterflies with a subscription plan that helps consumers have access to the newest phone by paying a monthly, amortized fee a fee that can ease a new phone into the hands of aspirational consumers as well as more well-heeled buyers.

Even the well heeled, however, aspire to greater luxury, and savvy entrepreneurs are curating experiences to meet those demands. Two noteworthy examples target the jewelry and watch categories.

Eleven James, founded in 2013, provides watches from a host of distinguished brands. With a membership fee, which ranges from \$149 to \$999 per month, Eleven James members choose from 30 different luxury watch brands, including Rolex, to wear for up to four months.

For the watch aficionado, the company presents an excellent opportunity to experiment with various sizes, styles

and brands of watches before committing to another addition to their collection. Watches can be purchased as well, and Eleven James provides additional rewards points for a member's loyalty and referrals.

Opulent is another example. It started out as an online jewelry store, but in adopting a subscription box option became, "the world's first true luxury jewelry subscription box."

Taking the box-of-the-month model to new heights, for \$25,000 every quarter, Opulent subscribers receive a new piece of authentic designer jewelry, based on their individual tastes and preferences. Members receive an appraisal and certificate of authenticity along with the thrill of receiving a beautiful new bauble on a regular basis.

Model turn

What makes this business model so compelling to consumers at any income level? Convenience, curation, personalization and the promise of exploring a new experience.

Subscription businesses offer goods and services tailored to a consumer's preferences, delivered in a seamless fashion or even on-demand and, often, with the added delight of discovering something new.

For some subscription businesses, the subscription model takes something that may not be affordable to the average consumer and offers it in a more palatable financial fashion, baking the cost into a predictable schedule. Your budget does not allow you buy the luxury goods and services you long to have? Subscribe to them instead.

Subscriptions are creating opportunities for exciting business transformations, too.

Brands reap the benefits of predictable revenue coupled with customer insights that drive refinements in pricing, packaging and product offerings.

In fact, the subscription model is a powerful driver to the continued growth of ecommerce.

In a recent study of holiday shopping trends, we found that same-store sales for business-to-consumer (B2C) subscription merchants increased by a whopping 83 percent on Cyber Monday 2015 compared to 2014.

In contrast, industry reports for overall Cyber Monday sales growth range from 12 percent to 28 percent.

THE SUBSCRIPTION model has ushered in a new facet of the digital world, an era where luxury meets convenience and affordability for consumers, providing the ultimate luxury: the time to delight in new experiences and ultimately to curate their lives.

*Frederick Felman is chief marketing officer of [Recurly](#), San Francisco. Reach him at [ffelman@recurly.com](mailto:ffelman@recurly.com).*

---

© 2020 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.