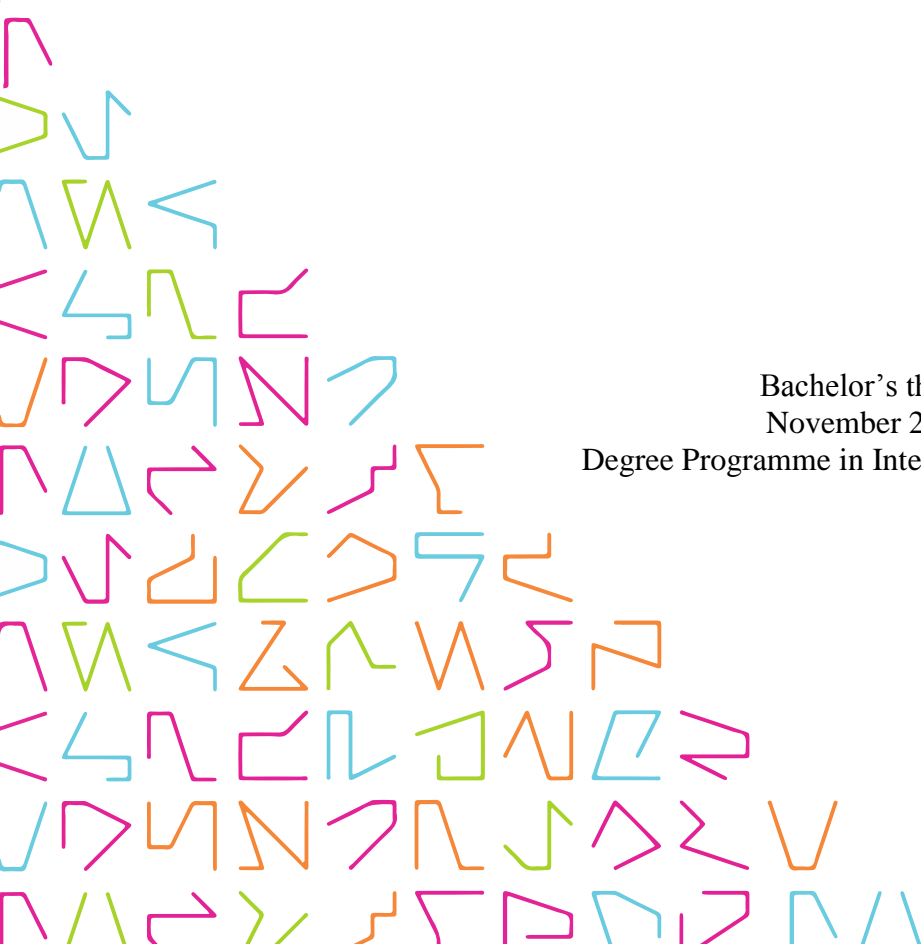


BUSINESS PLAN

Establishing a Subscription Box Service

Emilce Kopra

Bachelor's thesis
November 2017
Degree Programme in International Business



ABSTRACT

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ABSTRACT

The objective of this study was to gather information that would help the author plan its future online business through an investigation of the electronic commerce market and one of the most popular new electronic commerce trends, a subscription box business. The author is thinking about becoming an entrepreneur and wants to clarify some concepts before embarking on the challenge of setting up her startup company. The purpose of this thesis is to create an initial plan for the author's future online business concept by following Cratejoy's eight steps to set up a successful subscription service. A deep research about the critical factors involved in the creation of a successful subscription box business will be conducted. This thesis is represented from a perspective of a starting online entrepreneur.

The theoretical part studies the environmental analysis of the current state of the electronic commerce market in Europe and the Finland. As well as the current e-commerce trends that will influence future online business. Moreover, the framework will examine the fundamental concepts of a successful subscription box business and how these ideas appear in the creation process of this business model. The framework is based on the most recent data about electronic commerce and its trends. Types of business models are also researched in the pursuit of the one that is more efficient when creating a subscription business plan. A questionnaire was also conducted to gather information about the interest of Finnish residents in a subscription box service. The majority of the respondents was interested in the service, but there were not enough participants to draw any conclusions.

Considerable more work is needed to be done to finish drawing the business plan. Nevertheless, the results of this thesis have convinced the author to continue pursuing an entrepreneurial path in the near future.

Key words: ecommerce, online business, subscription boxes, subscription services, startups.

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ABBREVIATIONS AND TERMS

ARPA	average revenue per account
ARPU	average revenue per user or unit
CAC	cost of customer acquisition
CLV	customer lifetime value
CPA	cost per acquisition
cr	credit
GDP	gross domestic product
HMSO	Her Majesty's Stationery Office
LTV	life time value
TAMK	Tampere University of Applied Sciences

1 INTRODUCTION

“A goal without a plan is just a wish.” – Antoine de Saint Exupéry

Electronic commerce can be defined as a way to buy and sell goods and services over an electronic network, nowadays with the rise of the Internet and the possibilities that communication technology has given, it has become much more. There is no doubt, that the main reason why E-commerce has succeeded is because it can be used just by accessing the Internet. There it can take advantage of the social networks, mobile communications, the web, smartphones and tablets, that have modified consumer's habits and formed buyers more and more demanding.

According to the **Ecommerce Foundation** in 2015, the global population reached around 7.3 billion people, of which 1.4 billion purchased goods and/or services online at least one. Global B2C e-commerce sales have increased at a steady rate since 2010. There was a growth of 17.5% in B2C sales, making global B2C E-commerce turnover for the year 2016 be €2,671 billion.

The changes in Worldwide economy have led to an increase of available workforce, as big companies are employing fewer people and laying a significant number of full-time employees. Meaning that now, is even more difficult for young employees and college graduates to find a suitable position in a company with just only a degree. That's why in the middle of this mistreated economy, startups provide an opening into a highly competitive and largely impenetrable job market. E-Commerce is also a smart way for startups to start their own business without the need to expend a lot of money in startup costs.

Nevertheless, multiple sources agree that nearly ninety percent of all electronic commerce startups will fail within the first trimester. There are several reasons that lead to this path, but the most noticeable one is the lack of previous planning. Building an E-commerce takes preparation and a smart game plan. When time is invested in planning, the chances of success will increase dramatically.

1.1 Thesis background

This thesis is the result of the author's personal interest in entrepreneurship and e-commerce. She has been thinking of becoming an entrepreneur and starting a new online business for a long time, and it became clear that that should be her thesis topic. A business plan for an e-commerce project is entirely different to a traditional business plan. To sell online is not like switching on a light, to attract possible customers takes time, money and craftiness. Although a business plan is not a synonym of success, a good plan will provide the necessary know-how to set your business from scratch. It is essentially a roadmap to a business's future, and that's why it is crucial for any starting enterprise.

Finland must embrace entrepreneurship and start-ups to avoid becoming again too dependent on one company as it was the case with Nokia, which in 2000 accounted for 4% of the country's GDP. To stimulate growth, an agency that focuses on innovation and technology called Tekes, was created with an annual budget of €600 million and a staff of 360 people, as well as a venture-capital fund, Finnvera, whose purpose is to discover early-stage companies and give them the resources necessary to get established. Because of these measures, Finland has become a much more open market and entrepreneur-friendly country, and that's why is a perfect place to start a new business venture.

1.2 Thesis objective

The main objective of this thesis is to create a business plan for the establishment of a subscription box service in Finland. Furthermore, this thesis aims to get insight into the value creation for customers, and the practicalities involve in tailoring the subscription services according to their wants and needs. Any starting business needs to follow a plan in order to ensure its path to success, it will be a map that will set the course of the business. This thesis will provide the future entrepreneur with all the basic knowledge and tools needed to start its own subscription service business in Finland.

The thesis topic is extremely relevant to the author, and will provide important aspects that might affect the author's future career path.

1.3 Research question

The question to be addressed in this thesis is how to create a successful business plan for a subscription box service. The thesis aims to provide the answer to this question by first getting a better understanding of electronic commerce, and its trends in Europe and Finland. Then focusing on identifying the key factors involved in the creation of a successful e-commerce business and finally, take it to practice by creating an initial business plan for a subscription box service. In the process of this thesis, the author aims to find the answer for one sub question: are there any tools that would that would help the entrepreneur start its business in a straightforward way.

1.4 Research methodology

The Business Research Methodology book defines **data** as:

A collection of natural phenomena descriptions, including the results of experience, observation or experiment, or a set of premises. This may consist of numbers, words or images, particularly as measurements or observations of a set of variables. (Sachdeva 2009, 109)

There are two sources data, primary and secondary source. Primary source is used to gather information during the beginning of the research. The data the researcher gathers by himself utilizing methods such as surveys, direct observations, interviews, and logs is called **primary data**. Secondary sources are primary sources that have had by some type of edition. The data that is gather by other people or agencies for intentions other than clarifying the actual researcher's problem is called **secondary data**. (Sachdeva 2009,109)

Quantitative and qualitative research methods will be conducted for this thesis. Methods of primary collection, such as observations and a questionnaire were used to collect information that would end with the development of the business plan.

Secondary data collection, from sources such as books, reports, journals, and articles was also used to as an instrument which facilitated the interpretation and development of the primary data.

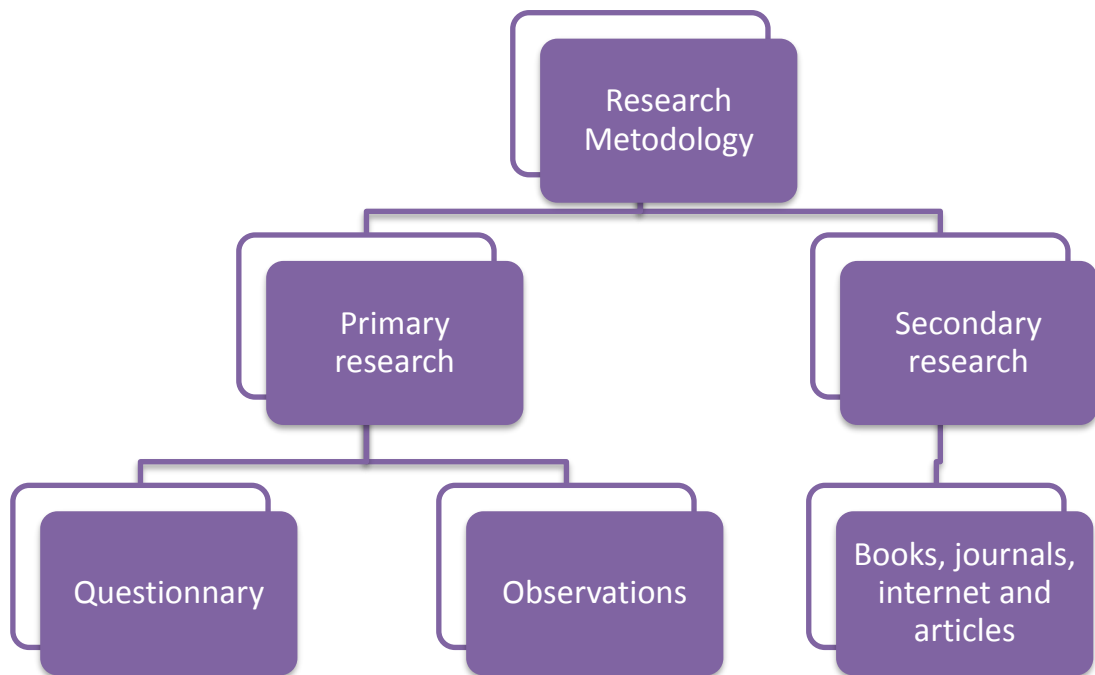


Figure 1: Research Methodology

1.5 Limitations and structure

It's believed that there are always some limitations implied in any researcher's research, and this thesis has them as well. There were some limitations regarding the questionnaire timing and amount of responses. Twenty-one persons answered the questionnaire, even though it was expected to get at least fifty respondents. It was available to be solved for a month, but the respondents end up being too low, so in the end to make a conclusion out of it was a challenging task.

This thesis is structured simply; it has two main parts, a theoretical framework and an empirical part which focus on the needed information to start an entrepreneurial path. The outcome of this thesis will be the beginning of the business plan for the author's start-up company.

The theoretical frameworks begin by assessing E-commerce market nowadays, and including E-commerce in Europe as the company plans to sell in the future to other European countries. The state of Finnish E-commerce is also studied, as the company is to be located and operating in Finland.

The third chapter focusses on the E-commerce trends to be popular around the world, including subscription service which is the one behind the whole company idea.

In the fourth chapter, the critical factors in setting up a successful subscription service are to be defined and explain in detail. This makes up the most critical part of the whole research and the one that answers one of the main questions of this thesis.

After this, in the fifth chapter, different models of business plans will be described, and it is revealed which of those plans the author will use in his business plan.

Furthermore, in the sixth chapter, the author presents the actual business plan in practice. This includes the information of how the author's future company business plan was created and the critical information about the business. Moreover, calculations that will inform how much it costs to create a new subscription service business in Finland are presented.

To finalize, the conclusion of the thesis is to be presented. In where the author reviews all the thesis process and estimates what would be the future of the company.

In addition, a questionnaire about subscription box services conducted by the author will be added in the appendices of this thesis. As well as one of Cratejoy's more interesting tools, the power subscription box calculator.

2 E-COMMERCE

There are many definitions of E-commerce, but they all imply some type of electronic mediation for business transactions. The UK Department of Trade and Industry (DTI) defines **E-commerce** as:

The exchange of information across electronic networks, at any stage in the supply chain, whether within an organization, between business and consumers, or between the public and private sectors, whether paid or unpaid. (HMSO 1999)

The internet has fundamentally changed how the world does business. Each month, the number of Internet users increases exponentially. This growth is happening worldwide, in every single country in the world. Because the market has different needs, the techniques used in E-commerce were adapted to satisfy each of the involved, which resulted in five types of commerce with the same members but with different functions according to Esser Hangul (Tinobusiness, 2015).

E-commerce B2B

B2B is the abbreviation of business to business, and that is where the commercial transaction is only made between companies that operate on the Internet, which means that consumers do not intervene. There are three modalities:

- The controlled market that only accepts sellers in search of buyers.
- The market in which the buyer seeks suppliers.
- The market in which intermediaries attempt to generate a trade agreement between sellers and buyers.

To participate in this type of electronic commerce, you must have experience in the market. The relationship between the two companies has as primary objective to sell the final piece to the consumer, but that is another type that will be discussed later. E-commerce at this level reduces errors that may appear and increases efficiency in sales and business relationship.

E-commerce B2C

This type of e-commerce, also known as business to consumer, is the best known and most likely to use. It is the one that takes place between the business or, in this case virtual store, and a person interested in buying a product or acquiring a service. The most outstanding benefits are:

- The customer can access the virtual store from any place through an electronic device, which facilitates a comfortable and quick purchase.
- The offers and prices are regularly updated for the convenience of the client.
- Customer support can be provided directly through different media such as live chat, social networks, email or Skype.

This is where online brokers are involved and include all e-commerce platforms, including Shopify and Cratejoy. Companies facilitate users' interaction with similar areas of interest, and they also include a payment system.

E-commerce B2E

The business-to-employee business relationship focuses primarily on a company and its employees. That is, they are the offers that the company itself can offer its employees directly from its online store or Internet portal, with attractive proposals that will serve as a boost for an improvement in work performance. This type of e-commerce has become a new topic among companies to generate competition among their personnel.

Basically, is a doorway where employees can use some resources of the company. The worker will have the possibility of doing internal procedures on this micro business site, which once in the network, will come into the hands of the manager. Some of its advantages are:

- Reduction of costs and time in internal activities.
- Internal e-commerce, with unique opportunities for employees.
- Motivates and empowers the employee with the company.
- Information and online consultation at any time.

E-commerce C2C

When a consumer no longer uses a product, and seeks to offer it for sale, he can use e-commerce to carry out this transaction with another consumer. This type is known as consumer to consumer.

This is an evolution of the traditional and already well-known garage sales that is taking force on the Internet. The final consumer acquires to the primary consumer the products that he no longer wants or needs and to which he can give them a new utility at very accessible prices. The same process of buying traditional electronic commerce is followed. Some of the advantages are:

- Reuse of products.
- Shopping at lower costs and with unique offers.
- Reach beyond a garage or yard.

E-commerce G2C

When a municipal, state or federal government allows citizens to carry out their online transactions through a portal, the government-to-consumer trade is made known, and it is considered a type of commerce since a process is paid and the information online can be accessed at any time. Some of the advantages are:

- Saving time.
- Faster and safer procedures.
- Electronic backrest.
- Lower costs.

Although these types of e-commerce are not the only ones, they are the most commonly used on a daily basis.

In March 2017, **Internet World Stats** (2017) released data indicating that the number of internet users worldwide was nearing 3.7 billion - triple the number of users five years before (figure 1). We have long since reached that critical mass where most people use

the internet regularly for everyday shopping and other financial activities. The buying and selling of products and services, market making, the forging of relationships between companies and customers, or between two or more organizations; all these activities are increasingly being digitized. (Patel 2003, 60).

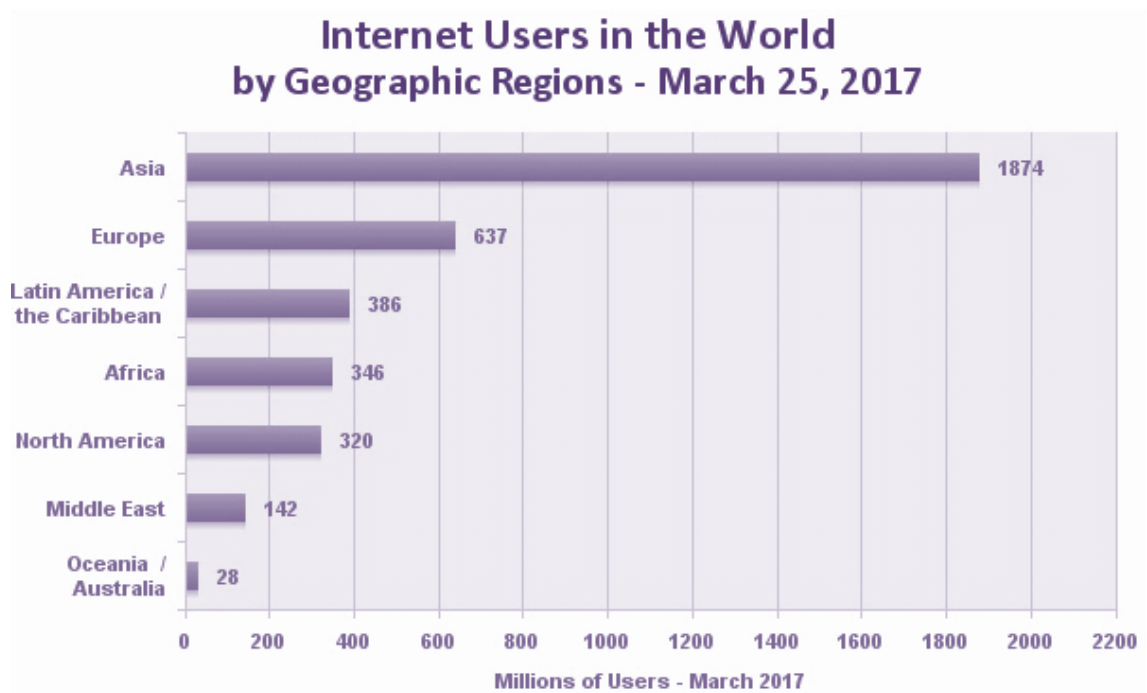


FIGURE 1. Internet users in the world by geographic regions (InternetWorldStats,2017)

Customers are changing their buying habits. These private consumers around the globe fall into the Business to consumer (B2C) category which includes online retail or online shopping. Per statista.com in 2016, global e-retail sales amounted to 1.9 trillion U.S. dollars, and projections show a growth of up to 4.06 trillion U.S. dollars by 2020.

Recently, the use of mobile phones has a tool to shop online is on the rise. Customers are using their devices for different online shopping activities.

Business has become truly digitalized. The digital technology that empowers E-commerce is progressing and will still offer companies new opportunities for further changing their business activities.

Companies can benefit from knowing and using some of the unique features E-commerce technology. These unique dimensions (table 1) offer many new opportunities for marketing and selling the products. These features can display positive and negative implications for organizations, individual, and society, which is why they should be considered.

TABLE 1: Eight unique features of E-Commerce Technology (Modified)

E-COMMERCE TECHNOLOGY DIMENSION	BUSINESS SIGNIFICANCE
Ubiquity	Marketspace is created; shopping can take place anywhere. Customer convenience is enhanced, and shopping costs are reduced.
Global reach	Commerce is enabled across cultural and national boundaries seamlessly and without modification.
Universal standards	There is a common, inexpensive, global, technology foundation for business to use.
Richness	Video, audio, and text marketing message and consuming experience.
Interactivity	Consumers are engaged in a dialog that dynamically adjusts the experience to the individual, and makes the consumer a co-participant in the process of delivering goods to the market.
Information density	Information processing, storage, and communication costs drop dramatically, while currency, accuracy, and timeliness improve greatly.
Personalization/Customization	Personalization of marketing messages and customization of products and services are based on individual characteristics.
Social technology	New internet social and business models enable user content creation and distribution, and support social networks.

2.1 E-Commerce in Europe

E-commerce is a tendency more and more consolidated all around the world, as shown by the figures online sales have reached in the European territory where the results mark a new historic milestone in this area.

The data for 2015 show online transactions worth 455 billion euros, which is 13% more than the previous year, thanks to the activity of more than 300 million users in 48 European countries and with an average cost of 1,500 euros per person (figure 2). These statistics have been presented in the study European E-Commerce Report B2C published by E-commerce Europe and whose forecasts point to the continued growth of E-commerce.

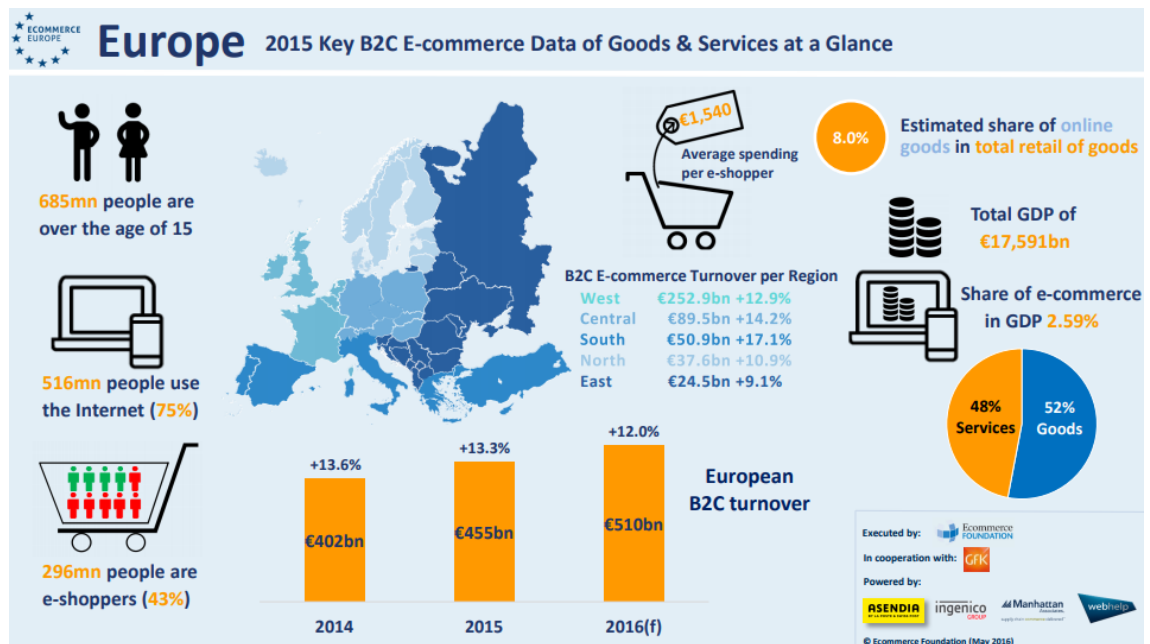


FIGURE 2. E-Commerce Data Europe 2015 (ECommerce Foundation, 2016)

Thus, in 2016 sales in Europe translate into more than 500,000 million euros, with UK retailing accounting for more than a third of the total. However, there are significant differences within the continent with ten countries agglutinating 85% of sales between the United Kingdom, France and Germany while others, such as Russia or Switzerland have just implemented this form of commerce with 4.5% and 1.9% respectively. Among the fastest-growing countries are Ukraine with a steep increase of 35% in 2015, followed by Turkey with 34.9% and Belgium 34.2%.

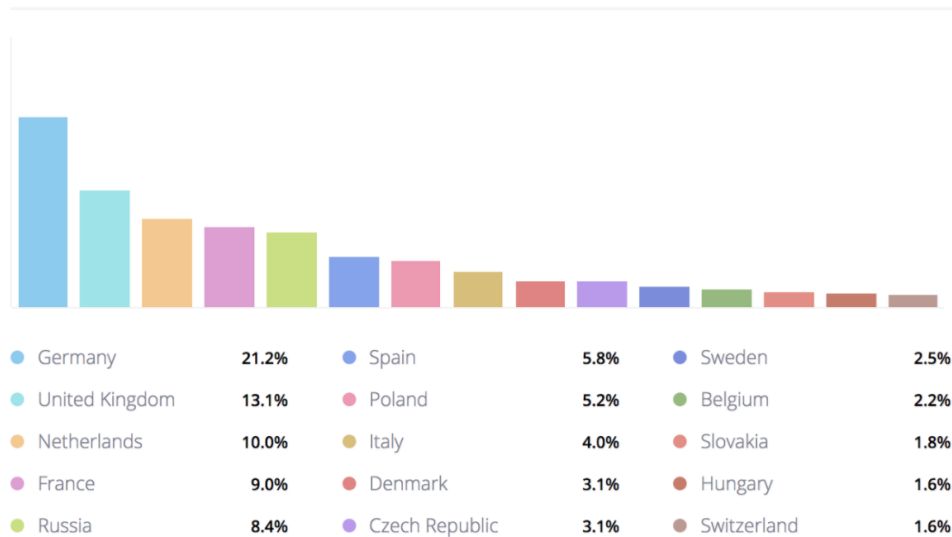
As far as reaching beyond the borders, the report shows that consumers and SMEs are somewhat reluctant, since less than 8% of those who sell online do so outside their country. On the other hand, only 16% of consumers buy products from foreign countries, and it is the competitive prices or the variety of the supply that motivates them to do so.

PostNord's ninth edition of its annual report "E-commerce in the Nordic region" provides much more accurate data, giving a superior view of e-commerce industry in the Nordic countries (Sweden, Denmark, Norway, and Finland). Nordic consumers online purchases totalling EUR 21.9 billion during 2016. This is primarily motivated by the fact that they can find online goods that are non-existing in local physical stores.

Is important to highlight that one of the most essential element for e-commerce businesses operating in the Nordic region is the ability to offer sales through multiple types of channels. "Employing a clear omnichannel strategy appears to be increasingly important if companies are going to keep pace with their competitors", the logistics company writes.

Research from E Commerce News Europe in collaboration with Dataprovider estimates that there are over 800,000 online stores in Europe (figure 3). These stores are mostly spread around the whole European continent, but most E-commerce websites are located in Germany, the U.K and the Netherlands.

Online stores in Europe, divided per country



Source: Ecommercenews.eu / Dataprovider.com

FIGURE 3: Online stores in Europe (Dataprovider, 2017)

According to data from the "Total Retail 2016" report by PwC, only 48% of shoppers make monthly purchases online, while that figure rises to 65% in Europe. By 2017, continued growth is expected to reach total sales of 598 billion euros, while in 2018 it will continue to increase to 660 billion.

2.2 E-Commerce in Finland

Finland together with the rest of the Nordics holds the highest level of Internet penetration, 97% of the Finnish population has access to the internet according to Postnord's survey (2017, 34-36). Although when it comes to e-commerce it is considerably behind its neighboring countries. Each month, only half of all Finnish consumers buy online goods and almost half of those purchases are made abroad.

The most popular goods purchased online are footwear and clothes, media and home electronics. In 2016, the Finns estimate spending on online purchases was 3.2 billion euros, of which, 38% of the purchases were done abroad, mainly from Germany, China and U.K. The average Finn will buy goods for a total of EUR 145 online every month.

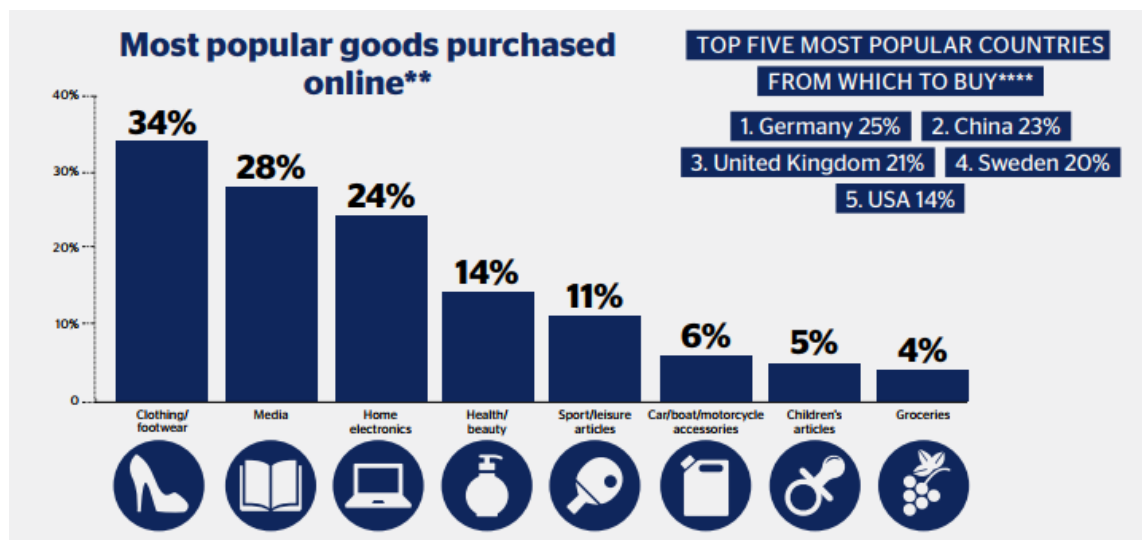


FIGURE 4: Popular goods and countries to buy from (Postnord, 2016)

One extremely significant feature in online stores for Finns is the ability to choose between payment options. Differing from the other Nordic countries, three in ten Finnish consumers decide to pay straight via their bank, and almost an equal amount prefers to pay using the card. One of the reasons is that Finland has issues installing trust among their consumers when it comes to using their card details online, and that's why e-commerce in the country is not as popular as in the other Nordic countries.

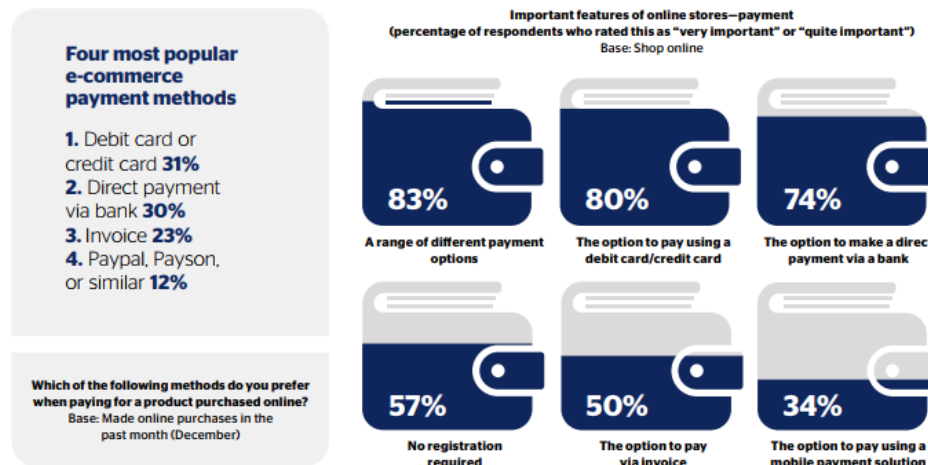


FIGURE 5: Popular payment methods and features (Postnord, 2016)

E-commerce in Finland is presenting a golden opportunity for companies who are prepared to fill the void the Finnish online market has.

“There is nothing wrong with their appetite for buying goods online, says Jouni Lamberg, head of E-commerce Postnord Finland. On the contrary, the Finnish consumers want to shop and are on the same technological level as the other Nordic countries. But the domestic supply is not enough”. Finnish consumers, in general, are willing to buy online, but any company eager to enter the Finnish market should be aware of four conditions:

- The online store layout should be clearly showing total price, info about products, terms and conditions and are easy to navigate.
- The online store needs to be preferably in the Finnish language.
- It must support online banking.
- Returns free of charge significantly affect as people are not willing to pay return fee.

3 E-COMMERCE UPCOMING TRENDS

E-Commerce is revolutionizing the traditional buying systems we have been using until now and its continually advancing with the introduction of new strategies, techniques, and models that focus on the optimization of internet shopping and the improvement of the buyers shopping experience.

The consumers are used to be able to shop from home, get fast deliveries and to enjoy the absence of lines; and everything points out that this tendency is going to grow massively in the following years. That's why, both, entrepreneurs that already have an online shop and the ones that want to take their business to the web 2.0, need to be updated on all the new developments that appear in the E-commerce sector. This could give them a big competitive advantage over other business.

Below, the author will highlight what are the trends of e-commerce for the upcoming years according to the experts and professors of IEBS Silvia Justo, Iván de León, Josep Margalef, Jordi Hinojosa and José Miguel Pulido.

3.1 Mobile

For a long time, the use of mobile phone has, over computers and tablets. The same is happening with electronic commerce. E-Commerce mobile, already know as M-Commerce, is the trend that has grown more in this sector and companies all around the world are betting develop their online stores in this format.

The mobile phone has already become the most used on in terms of traffic and visits, and in 2017 they will also be the most profitable. Companies are going to focus on improving the user experience through mobile so they can attract more customers from the mobile website to the mobile app as the time that users spend more time in the app store than in mobile sites.

Other platforms that can increase the engagement with the mobile shouldn't be ignored, such as chatbots for E-Commerce within messaging applications such as Facebook, Apple iMessage, Telegram; following the line of what WeChat achieved in China.

Within the Mobile trends, the preferences for m-Commerce in 2017 will be:

- Video: Social networks are encouraging live broadcasts and videos as a promotional tool.
- Native advertising: More subtle advertising is created, so it can be inserted harmoniously with the rest of the content to avoid instant rejections from the user, like some other more intrusive formats do.
- Retargeting: The recovery of lost users will be one of the primary objectives of companies in 2018. It is not enough to capture many users at a low cost, now business will seek to recover lost customers impacting through formats such as push notifications, email or dynamic retargeting.
- Communication by messaging: One of the main retargeting formats will be instant messaging. Either through direct chats or online help or SMS, that presents themselves as a method to re-engage with users lost in another channel.
- Automation: Automation is taking over people's lives without them even noticing. The real automation will be the implantation of rules that will set a series of actions that will help users to end up converting to mobile.

3.2 Analytics

The large volume of data generated every second increases the need for E-Commerce to perform continuous analysis of data and reports. Companies need the maximum information to be able to adjust their decisions to the needs and demands of the consumers.

Decisions based on information are more necessary than ever, and this represents a challenge for the analysts since they can't be the only information provider. To be able to cross-analyse data more new self-service solutions are needed. Free or low-cost solutions to creating versatile and tailor-made reports are being used, as well as Business Intelligence solutions at very low cost.

Also, the trend of integrating shopping in social networks is an opportunity and a source of very appealing data for the analysis of the buyers' data.

3.3 Logistics

Logistics become a key element for the development of E-Commerce and there are many challenges to encounter in the following couple of years. Consumers are demanding faster delivery processes and E-Commerce will have to focus on optimizing and streamlining this area if it was to increase conversions and avoid dropouts in the buying processes.

Adaptability, resource management, and preparation of new projects will mark the logistics sector in 2017. The exigency and immediacy are the objectives of the companies that offer logistics services to E-Commerce companies, together with the increase of diversity of products, deadlines, and schedules that are directed to the personalization of the shipments. To achieve these goals, the logistics sector must invest in, for example, optimization of templates or adaptation of fleets and logistics centres, as this variety of deliveries at different moments requires nearby logistics platforms, prepared for the very tense flow of storage and orders preparations.

E-Commerce companies are going to have to bet heavily on logistics to get the shipments to arrive in two hours, or at the latest, the next day. For example, Amazon is a company that has set the bar very high as the consumer is getting used to the standard that the company is establishing with each of their online sales.

3.4 Catalogue and pricing

Another of the latest trends that will emerge in 2018 is pricing through innovation and technological methods. Due to the emergence of new distributions channels, competition has increased, and marketing models are more complicated than ever before, which need to optimize price monitoring.

Companies will use competitive monitoring tools to monitor prices of their competitors and their distributors. As the control of product distribution and price monitoring is more demanding on the internet new monitoring applications will be a vital tool for companies.

3.5 Machine learning

A strong trend will be the use of Machine Learning, the scientific discipline based on artificial intelligence that creates systems that learn automatically. This technique will enable electronic commerce to have predictive patterns that will anticipate the demands of consumers. This technology will be applied transversely through the company, from an automatic categorization of products to predictions of purchase or user behaviour. To reach this knowledge and functionally is necessary to be able to process an enormous amount of data to extra patters, and that's something that can only be done an automated way. Nowadays this technology exists but is waiting for suppliers to develop it.

3.6 Subscription

The history behind the phenomenon of subscription boxes shares features with the myth of American garages and the flourishing of start-ups linked to the online world. Today the types of subscription boxes available are made up of dozens: cosmetics, pets, babies, books, gourmet products, snacks, geek items and even supplies to be ready for the end of the world (picture 1).



PICTURE 1: Love with food subscription box (Photo: Love with food)

All of them are organized around a specific theme and send the user a package of surprise products monthly. But, what are the ingredients of the subscription box winning formula?

Being a new business model, doesn't ensure that all subscription boxes will become companies that handle millions of subscribers. However, by analysing those that have been most successful, we can identify:

A ubiquitous surprise factor and constant innovation

Keeping the subscriber's intrigue is essential not to provoke boredom. In the beginning, the only pleasure of receiving the surprise package and opening it was the main reason to subscribe. However, over time it has been seen that this has an expiration date.

According to New York Times reporter Stacy Cowley, “the subscription boom may turn out to be more of a bubble than a lasting market — plenty of early entrants have already faded away — but it’s alluring enough that new players keep charging in”. Therefore, the subscription boxes must go a step further and continuously innovate (picture 2), in addition, to incorporate new lines of business parallel to the delivery of surprise packages (figure 6).



PICTURE 2: Love with food special Gluten-free edition (Photo: Love with food)



The New Cratejoy Box Program. Delivering the best experience!

Custom boxes and standard Cratejoy boxes
 Fast shipping
 Special prices

FIGURE 6: Cratejoy's incorporated Boxup to increase its attractiveness

A careful selection of very varied products

It is no revelation the fact that the companies of subscription boxes are nourished of agreements with brands that want to promote their products or that they have an excess of stock. However, these products must fit the profile of the consumer and must meet a particular need that motivates the subscription.

In this respect, one of the pioneers in the world of subscription boxes, Birchbox, started with a surprise-total model, but has been refining it and involving more and more subscribers, who can get to customize parts of the content its box (figure 7). This is a good strategy to seduce the subscriber and avoid disenchantment.

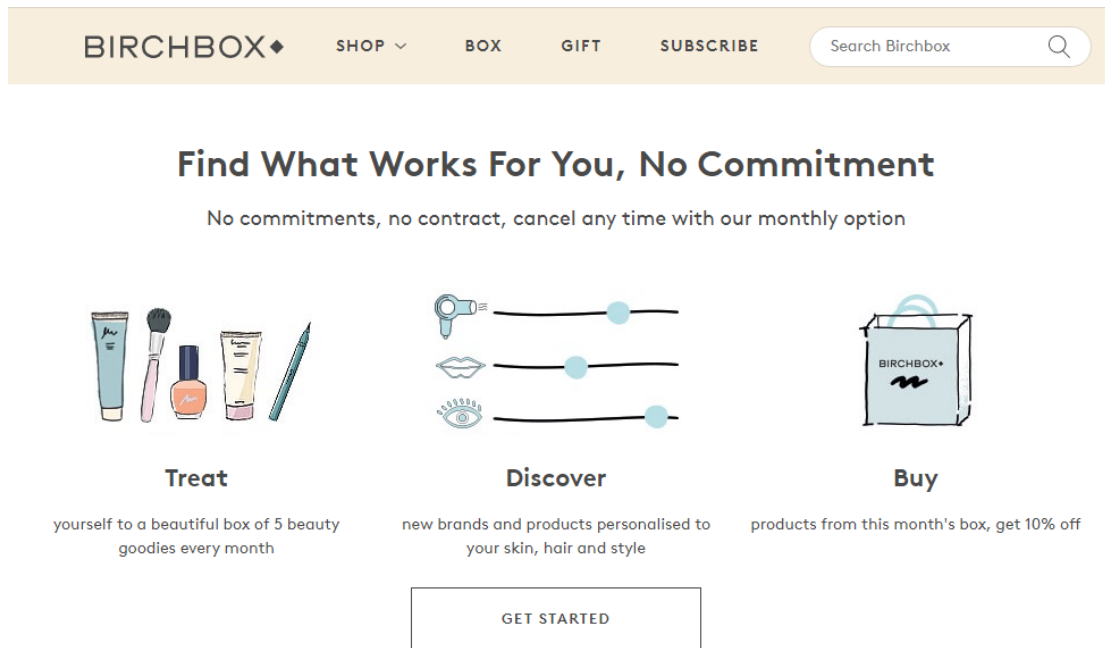


FIGURE 7: Birchbox box customization system (Birchbox website)

A favorable value for money

The fee is a fixed monthly expense for the subscriber, who must be convinced to win in the exchange. In general, the price of the products is higher than the cost of the subscription (and many of them see it in the box), but in case it is not, the brand must find the way to convey that the overall experience of receiving the box is worth, regardless of the numbers.

A highly researched global experience

Subscribe box companies are aware of the importance of the emotional link between the subscriber and their product. They keep in mind the motto of renewing or dying, and for this reason, they follow a strategy based on taking care of the complete experience. Every detail is taken care of:

- Special boxes are conceived considering seasonality and campaigns such as Christmas, Valentine (figure 8), etc.
- The design of the exterior and interior packaging is a field of experimentation that seeks to delight the subscriber.

- The material that accompanies the products inside and which usually incorporate information of interest to use the contents of the box, tips.

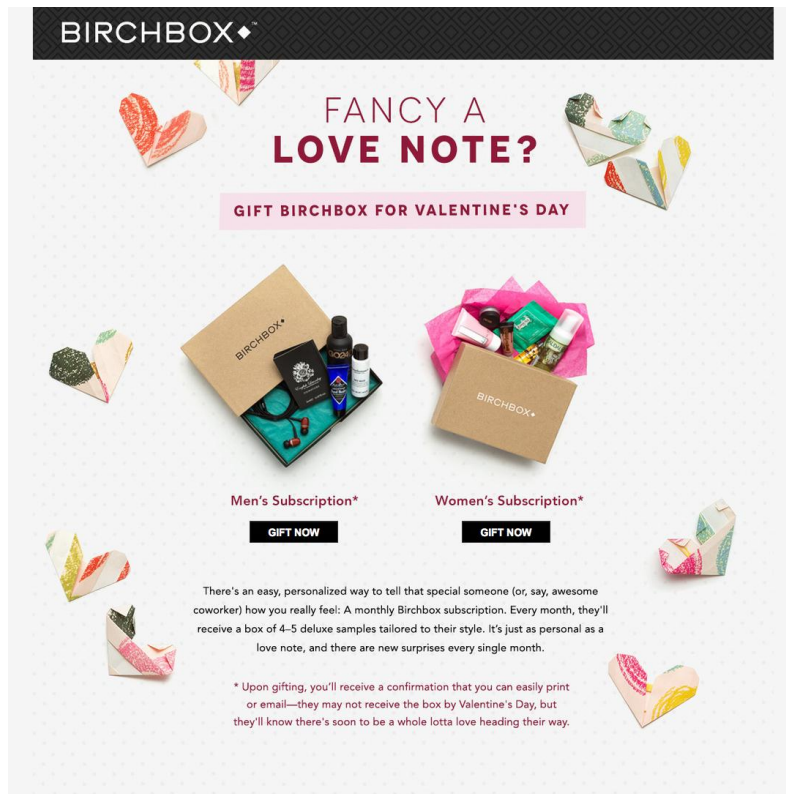



FIGURE 8: Birchbox Valentine's edition (Birchbox website)

All this is part of the enormous puzzle that seeks to enamour the subscriber continuously and gives the box an emotional value that takes on the importance of pure price and monetary calculation.

To make this easier, some new companies specialize in helping start-ups get their subscriptions box services out there. Their existences depend entirely on taking advantage of the subscriptions box industry. These service providers are simplifying the process for those with great ideas who want to start their own subscription service business.

One of the companies who has catapulted the market's growth is Cratejoy, a start-up located in Texas, that is offering entrepreneurs the ability to create their own subscription platform in an easier way and for far less money. The company sells turnkey software such as templates, customer account management and billing tools for running a subscription business.

Cratejoy's review of last year (figure 9) demonstrates that 2016 was an excellent year for subscription commerce.



Shipping	3.7 M subscription boxes shipped
Active Sellers	2,120 active sellers on Cratejoy
Revenue Numbers	\$ 135M in sales made by sellers
Holiday Sales	35% amount of annual sales occurred over holidays
Customer Metrics	18 M marketplace page views in 2016
Support	38,885 customer tickets answered

FIGURE 9: Cratejoy's 2016 review data (Cratejoy's website, modified)

Cratejoy Marketplace's customer base for subscription has grown monumentally, and its sales were 1500% higher in December of 2016 than they were in 2015. And the projections for 2017 reinforce the idea that the growth will continue for Cratejoy and the subscription commerce market as well.

4 KEY CONCEPTS TO SET A SUBSCRIPTION BOX SERVICE

4.1 Finding a niche

The Business Dictionary defines **market niche** as:

“A small but profitable segment of a market suitable for focused attention by a marketer. Market niches do not exist by themselves but are created by identifying needs or wants that are not being addressed by competitors, and by offering products that satisfy them.” (Business Dictionary)

Characteristics

- They are willing to pay a premium to the company that best meets their needs.
- Clients that make up the niche have a set of demands, to some extent, unique and complex
- To succeed, the niche marketer must specialize operations to make it harder for other competitors to attack the niche leader.

Choosing a niche market is one of the biggest problems you will have when setting up your online store. The entire process of selecting a niche is a huge obstacle when you want to start your online store; luckily there are some tips to take into consideration to make sure the niche chosen is feasible and beneficial.

When selling a product already made and manufactured online, you must keep in mind that you are selling merchandise that all online stores can have in their catalogues. And competition with other companies through price is not an option, or at least not first. If you could choose between Amazon sells you or a store, you've never heard of, which one would you choose?

Since we cannot compete on price, we must compete for added benefit. Meaning that to get benefits from the sale of this type of products, we must resolve the doubts that our customers have through the content of our online store.

To clarify this, we will use an example. If a person wants to build a clone computer (if you buy the pieces separately and mount them at home, you can get a cheap and high-performance computer), you can look for the most affordable parts of computers in the usual places, but if you don't know how to mount them, you will have a problem. We must understand our clients. The need that is on the internet is "I need components at a decent price", but the need that our client has is "I need components that I know how to install." And he would proceed to ask Amazon technical service how to assemble the products.

Therefore, we must get into the game of content. You must position your company in order to be the one that best helps your customers' day by day. If the user seeks help on certain products and finds it on your website, he might buy your product even if the price is higher. Although customers can still choose Amazon when it comes to buying, you will win customers, and what is better reputation. So, for customers to be willing to spend more on your online store, you must be able to give extra value. That extra value will make your customers and the people who know your brand give more importance to what you offer. Also, the possibility of buying something from a brand that gives you confidence and that you can access and ask openly about technical problems is an extra that many customers feel like a benefit even with the possibility of paying more for a product.

4.2 The customer

Is imperative to remember that market-led organizations are constantly aiming to generate customer value and satisfaction. Success is measure by the ability to selectively accomplish customer satisfaction levels that beat those given by the competition. (Drummond 2005, 6).

But how to do this considering that customers are not all the same. With this premise, we must consider what kind of customers, we will focus our sales efforts and focus entirely on them. Demographic targeting is a tool used to help in the process of segmenting the audience based on the shared traits and then targeting them with the campaign made for them. The essential is to focus on what we call ASL (Age, Sex and Location).

It is essential to understand that age can be a limit to spending. Very young people do not have a significant amount of money to spend, and older people are very reluctant to buy over the Internet and use it mostly to get information and if they need it, call the company in question. Since the important thing here is to save costs, it is not ideal to have a telephone call system.

About sex, it is vital to understand it through the shopping habits of men and women, which are far from being similar. Women buy more through the internet, but men usually make bigger purchases. However, because companies often focus on their web pages for men, there is a very large gap in the female audience. You can decide this depending on which would be your target audience.

The location of our clients is relevant if we target an international audience. Although most of the sales are local, you must always consider the possibility of selling internationally, considering the shipping costs, which are still very expensive at an international level. Also, make sure there is a good demand for your product in your country through Google Insights.

In addition to these features you should consider a few specific groups when choosing the niche for your online store:

- **Passionate enthusiasts:** Those who really enjoy their hobby do not consider the price many times, only the characteristics of the object. They can spend thousands of euros on a sole product if they think that is the ideal. These types of clients invest a vast amount of time and money in their hobbies. If you can "get into their world", you will have a strong niche market with a high profitability.
- **People with a problem:** To approach this type of clients, we start from a relatively straightforward point, if we can solve a client's problem, we will be able to get his interest. Generally, people who are pressured by a problem will not mind giving up the price as long as we take them out of the trouble.
- **Companies or governments:** Some of the best customers you can have will be of this type, as they ask in copious quantities, often even with requests for supplies.

Also, they are not as price sensitive as the extra perks you can offer them. If a company aims to compete on value added, this type of customer is looking precisely for that.

4.3 Value proposition

The value proposition focuses on the problem that we will solve for our customers and how we respond with the products or services of our company.

Define the value created for each segment of clients describing the products and services offered to each. The trick is to always, to put you in the shoes of your client. Think of all those little decisions that you have been making about your assortment, the shipping costs, the customization of the packages. All those trivial things are added value, and they are also the ones that give a boost to the seduction and the confidence that converts a stranger into a client. Here are some examples of services you already do and make up a value proposition:

- Free shipping
- Delivery in 24 hours
- Purchase Bonus
- Free installation
- No opening fee
- No fixed term
- Customizable
- Absolute confidentiality

The trick is to identify all the elements that make your product more attractive from the customer's point of view and find a way to transmit it with the contents of your store.

The book Value Proposition Design: How to make stuff people want (Osterwalder 2014) is a great tool for those interested in creating products and services that the customers will

actually want. It will help the entrepreneur understand the patterns of value creation, improve the experience and skills of the team and finally, design, test and deliver what customer actually wants.

4.4 Pricing

According to Mark Billige and David Smith (The Marketing Book 2016, 337) the price is one of the only marketing elements that truly defines an organization as a commercial entity based in the ability of make profit.

Therefore, one of the most important subjects when operating a subscription model, is to find a way to measure the success of the business. A company can monitor its growth tracking the following key inputs and outputs (Parsa Saljoughian, 2015).

Monthly Average Income by User (ARPU); Also known as ARPA

$$\text{Monthly Subscription Revenue ARPU} = \text{Subscription} / \text{Average Subscribers}$$

This indicator is the average subscription income generated per user per month. The easiest way to calculate this metric is to take the revenue generated by the subscriptions and divide it by the average number of subscribers in that period.

Churn Percent of Monthly Subscribers

$$\text{Churn percentage of monthly subscribers} = \text{Subscribers lost in month} / \text{subscriber base at the beginning of the month}$$

One of the critical drivers of life value in a subscription-based model is monthly subscriber rotation. After 36 months, a company with 1% churn monthly will maintain about 70% of its customer base. On the other hand, a company with a monthly churn of 6% will only hold 11% of its customer base.

The main problem about your customers frequently leaving is that it takes resources to keep attracting back customers and it's an expensive task. Building competitive trenches that would differentiate your product from others will strengthen the company's value proposition, and increase customer loyalty.

Gross Margin Percentage

$$\text{Percentage of Gross Margin} = \text{Gross Profit (of subscribers)} / \text{Subscription Income}$$

Gross margin measures the percentage of company revenue retained after considering all direct costs associated with the manufacture of a product or the provision of a service. This is important because it directly affects the profitability of your business.

Payback

One of the principal results that you should carefully monitor is the repayment time, which is the number of months it takes to recover your acquisition costs in advance. It constitutes an overall measure of the efficiency of the business. A general guideline is to maintain repayment for 12 months.

Is important to highlight that to create a sustainable business model, is vital to be able to **measure the performance of the business**, be aware of the metrics and profits. Luckily, nowadays plenty of tools and advice are accessible online to get started, one of them is an efficient and practical budgeting tool created by Cratejoy. The Power Subscription Box Calculator (Appendice 1) allows the user to effortlessly edit the numbers as many times as needed.

4.5 Idea validation

Smart entrepreneurs confirm their business idea with data before pursuing it, and in the subscription business world, this is necessary step also. According to Cratejoy's blog, there are a couple of ways to validate your subscription box business idea.

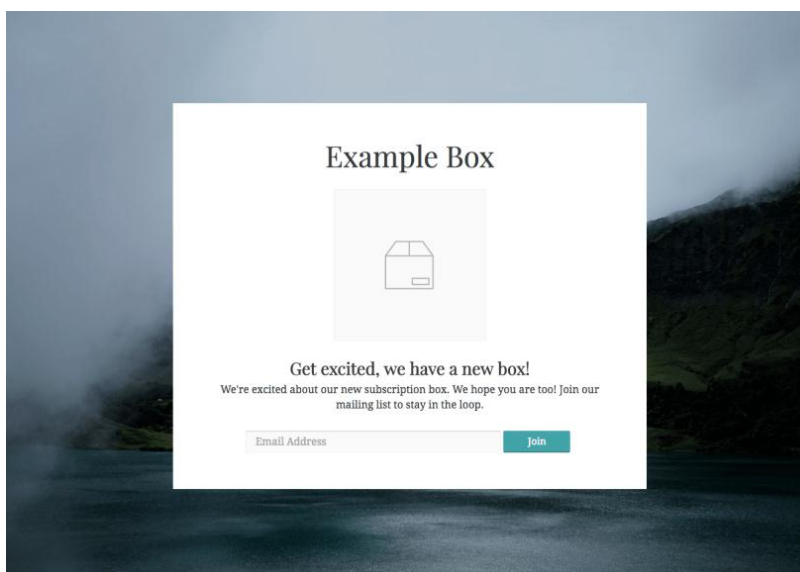
Feedback

Before creating the website or setting up a price the box, assemble a prototype box with the actual products you plan to include. Apart from asking your friends, family, and co-workers if it is something they would purchase, consider getting more feedback by posting it as a Twitter poll, Facebook feedback or creating an online questionnaire for people to answer. Another way to measure their interest is to find out if people are willing to give a deposit to get a discount for the box. People willing to pay money for a product that doesn't exist yet is a fantastic way to validate the business idea.

Landing Website

Is a smart idea to test different subscription box ideas, before setting on one. A soft launch can be a useful tool to gain loyal customers and establish brand awareness, while testing the quality of your idea. Another advantage is that implied little design and financial commitment, and they return fast data, giving you information on how good the customers respond to your product.

A **prelaunch** is hosted on a landing page (picture 3). The main idea is to push traffic to a landing page to convert visitors into leads. They will check the page, see your box idea and leave their email addresses if they are interested. In return, you offer them offers for when the launch time comes.



PICTURE 3: Example landing page for a subscription box

There are some steps you can follow to efficiently launch a page for your subscription box:

- Step 1: Set up a **Landing Page**. There are some platforms to consider that will make the process easier such as cratejoy.com, launchrock.com or instapage.com.

Launchrock.com	Free
Kickofflabs.com	30-day free trial, Basic-member \$27/month
Unbounce.com	30-day free trial, Basic-member \$49/month
Instapage.com	45-day free trial, Basic-member

Table 2: Launch page services

Remember to keep it simple, less to fill out mean more chances that the person will become a subscriber. Consider adding an attractive element to pre-subscribing like a free month or a special discount.

- Step 2: Set up your **social channels**. After setting up the page, you are ready to interact with potential customers. Is the time to build out your social channels on Instagram, Facebook, Twitter, and Pinterest. Be sure to use high-quality attractive photos and adding your brand whenever possible. A smart move is to connect with influencers who fit your niche to help spread awareness about your brand.
- Step 3: **Stay in touch** . Is critical to keep in touch with presubscribes. This can be achieved establishing contact with them in a weekly email, for example. The email is supposed to remind them how they got to your list, show your product, and remind the customers about the offers. Any ideas are valid, just remember that this is the time to excite, entice and keep your launch at the top of their minds.

During the prelaunch

In the interim of your prelaunch, think about your brand, message and value proposition to customers. Gathering as much information as you can in this last phase, will be definitive to assure the success of the business.

5 BUSINESS MODELS

5.1 The Business Model Canvas

There are several ways to explain how to design a business model, **the Business Model Canvas** (figure 10), created by Alexander Osterwalder, allows, in a graphic form, to describe it in an effortless way.

As Osterwalder explains in his book *The Business Model Generation*, “a business model can best be described through nine basic building blocks that show the logic of how a company intends to make money. The nine blocks cover the four fundamental areas of a business: customers, offers, infrastructure, and financial viability” (*The Business Model Generation*, 15).

The Business Model Canvas

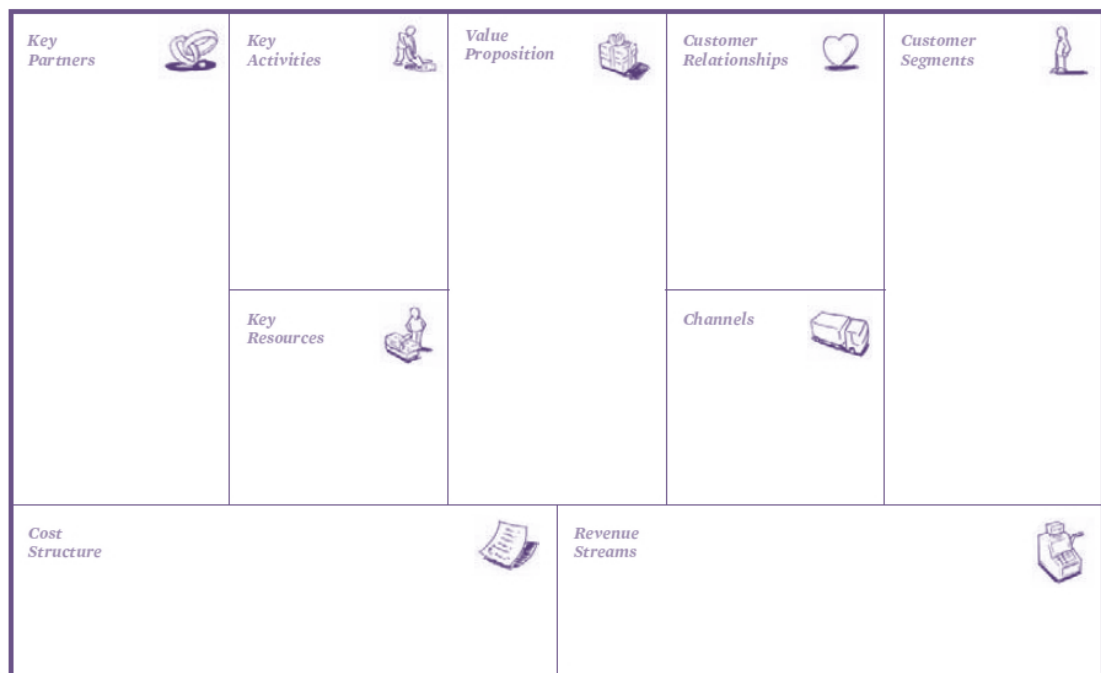


FIGURE 10: Alexander Osterwalders Business Model Canvas (*The Business Model Generation*, 44)

5.3 FTE Canvas

Lastly, Petri Lehmuskoski created the **Petri Canvas** (FTE Canvas), which is a variant of the Lean Canvas model. The FTE Canvas (figure 12) provides a straight-line development for the business canvas creation (in contrast of the continuous jumps of the Lean and Business Canvas), and introduces a pair of key markers for online business. The FTE's canvas is practical and measurable, it allows easy and efficient verification of the business axiom and it focus on the value of competitor analysis.

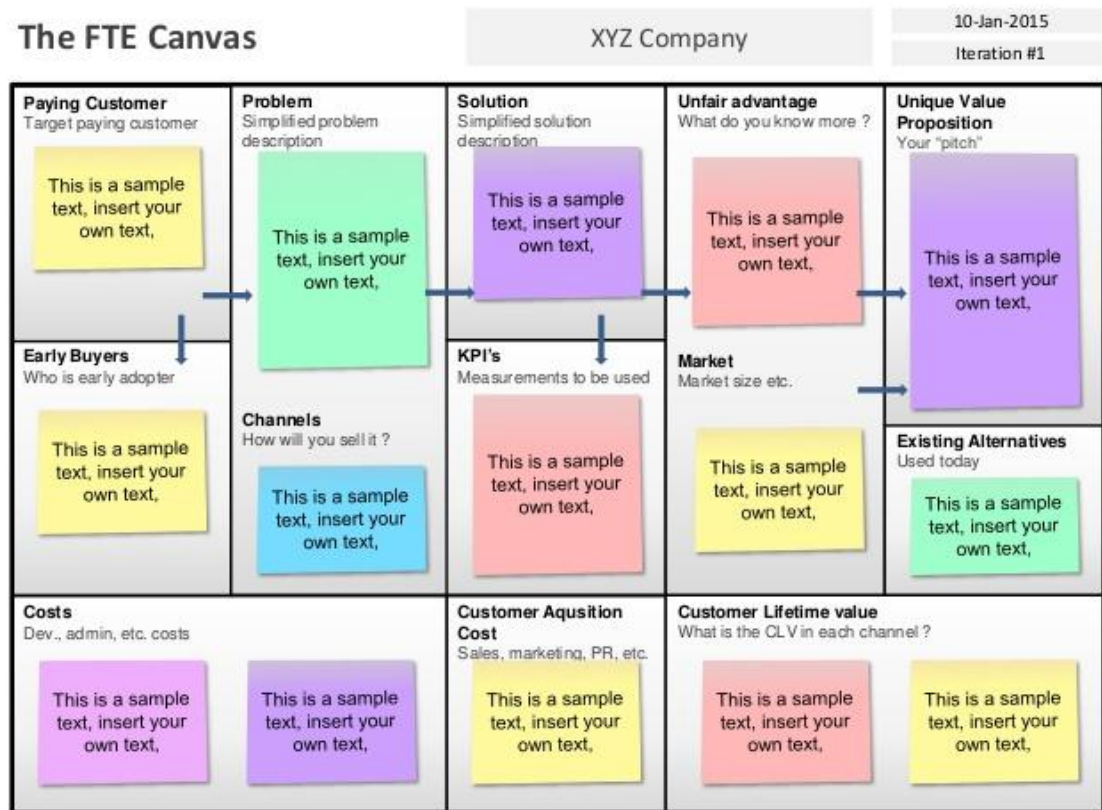


FIGURE 12: FTE Canvas (Gorilla ventures Oy, 2013)

5.4 Cratejoy's Eight Steps

Jesse Richardson (Richardson 21.5.2015) from Cratejoy has provided a plan of eight steps to follow while planning the business, which is listed below:

1. *Start with a great idea.*
2. *Research your potential customer.*

3. *Put together a prototype box.*
4. *Begin the pre-launch phase.*
5. *Begin your pre-sale campaign.*
6. *Ship your first boxes.*
7. *Success.*
8. *Grow your subscriber base.*

This steps plus the studying about electronic commerce and subscription box services, provide everything needed to create a more precise roadmap to kick start the author's idea into a sustainable and successful business model.

6 BUSINESS PLAN IN PRACTICE

At this point, the author has concluded some of the most critical concepts that were discussed in chapter 4, and that provide vital information to be consider while preparing the business idea itself and deciding if it's something worth trying or not.

The author decided to test out her business model using a mix between Cratejoy's eight steps and a basic business model, as she believes it would be interesting to Cratejoy service as it seems to be easy to set up and provides many tools to start your business and promote it.

6.1 A Great Idea

The author's start-up company will provide a Momma-baby subscription box service, called "Tiny Love" Box (figure 13). This box will contain items to keep a healthy pregnancy, as well as mom and baby products for every stage to the pregnancy until the baby's first birthday.



FIGURE 13: Prototype of "Tiny Love" Box logo (Ailín Festino, 2016)

When researching about potential customers and features of the box, the author decided to make a questionnaire to establish who would be interested in the box and what are the consumer's preferences of a mom-baby box. The survey was uploaded online and published in several Facebook groups of people living in Finland, for example, International moms of Tampere, Tampere foreigners, etc. The questionnaire and results can be found in the Appendice of this thesis.

The questionnaire

Twenty-one people answered the questionnaire, 80% of the respondents were women. It was interesting to find out that just one person is subscribed to a subscription box service. More than a half of the respondents answered they would buy sign up for a subscription box if they were interested in the items of the box in question. At the same time, 80% answered they were not interested in buying a mom-baby box, but the author considers that the sample of respondents was too low to show if the box would be a failure or not. The rest of the questions are about the possible features of the box, this information will be relevant at the moment of creating the prototype box of Tiny Love Box.

6.2 Features and services

The box's products will change every month according to the status of the mom: pregnant or new mom. The items of the box could vary from accessories, makeup, bath products, hygiene, baby clothing or baby items, among others.

The customer would be able to personalize its boxes by answering some questions at the time of the registration. This way, the items will be specially selected for each mom. With this system, the chances of sending a product that doesn't fit the mom in question will be low, and the customer will feel happier when noticing that his box is being meticulously thought for her and her baby.

The person can subscribe to a monthly, 3, 6 or 9 months subscription plan, which can be cancelled any time before the 1st of the month. It would have a cost of € 34,99, and the shipping will be free when subscribing to 6 or 9 months plans.

6.3 Customer segment

The prototypical customer of the company is a woman, between 25 to 35 years old, that is pregnant or has a small baby and wants to treat herself (and her baby) with some surprise package every month. This woman also enjoys the commodity of having it delivered

to her door, as she knows that sometimes is hard to go shopping with a little one. She also appreciates and trusts Finnish products quality. This woman likes to keep herself healthy and considers Instagram and blogs perfect sources of inspiration and education.

After the initial market has been penetrated in Finland, the author is planning to expand in the future to the rest of the Nordics countries.

6.4 Value proposition

The key values proposed are commodity and practicality. The company will provide a subscription box that is delivered in a special package to the house of our subscriber causing that “Christmas” feeling every time the monthly box arrives.

The box contains samples and full-size products from Finnish manufactures, that fit the customer and her baby’s needs, as well as, provides them with the change of trying new products without compromise.

6.5 Market and competition

The market for subscription boxes is quite broad. There is an extensive amount of subscriptions boxes intended for moms and babies, and almost all are from the USA. Of all these boxes, just two of them provide international shipping to Finland.

Mama Bird Box



FIGURE 15: Mama Bird Box sample contents (Mamabirdbox.com)

This box focusses in expecting and new moms, and its shipped once a month. Boxes come with a mix of four to six items that pay attention to the mom´s needs for health, encouragement and general wellbeing. The monthly subscription has a cost of USD \$34.95, plus USD \$20 for international shipping.

Mom N' Tot Box



FIGURE 16: Mom N' Tot Box sample content (Mandi McDougall Lifestyle Photography)

This box is a monthly subscription for moms and toddlers until four years old. They are customized based on the child age and gender. The monthly subscription has a cost of USD \$50, plus USD \$45 of international shipping to Finland.

Currently, in the local market, there are not any Finnish baby boxes for sale. So, there is a gap in the market, meaning that there are some real opportunities for Tiny Love Box to seize the potential customers that have this unmet need.

Furthermore, none of the American boxes include any Finnish products, and it ends up being more expensive because apart from the shipping, the customers' needs to pay taxes when the box arrives in Finland.

6.6 Channels

This subscription box business will make use of social channels from the start. Tiny Love Box's website will be created in Cratejoy.com and promoted by it. The primary goal is to use free channels, to avoid paying advertising at least in the beginning.

Social media accounts will be open on Facebook and Instagram, and content will be uploaded at least every two days to create brand awareness. Famous Finnish located bloggers will be contacted, and a free sample box send to them, so that they can feature it in their own social media channels, this will get free promotion and brand awareness without investing extra money. And finally, a data base of emails will be created, and a newsletter send every week to the customers who are registered but haven't made any purchases yet, to remind them the fantastic opportunity they are missing and offering a discount to attract them even more.

6.7 Operational plan

The author now knows who her customer is, who is the competition and what channels she will use to expand her reach & grow revenue, the next step would be to set up a prototype box.

According to Cratejoy's blog post, there are some considerations when prototyping a box:

- the size of the box
- number of items
- packaging material
- design and aesthetic
- visceral experience
- pricing
- shipping

Is impossible right now for the author to detail all these considerations, as more research is needed about vendors, shipping methods, and pricing.

After all the prototype is ready, the start-up should begin the pre-launch phase. A smart move is to use a launch pages service, such as Launchrock, Instapage, etc. This involves

a simple page that requests the visitor to enter their email to be notified about the company upcoming launch. Incentivizing users is easier when offering a contest, or a discount for their emails.

Once the launch list is ready, Cratejoy's blog suggests start by scheduling emails and make a countdown on social media, to get the potential customers excited for the upcoming service. Remember to be clear on what date the box will be shipped, to reduce confusion and keep expectation in line.

The last step is to ship the boxes! Retro Pop Box advice to plan the fulfilment process and make sure to have an assemble process prepared and ready to work, this way it would be easier to scale it without any hiccups when the orders get more significant.

6.8 Startup Costs

The company right now doesn't have the numbers to calculate the financial projections; that's why the author decided to add instead what the costs of setting up a business subscription business start-up would be.

Cratejoy provides a great costs calculator, to help new start-ups estimate what their initial costs will be before they have collected any revenue. The author tried Cratejoy's calculator and following is the cost of setting a startup company in Finland.

Essentials Costs

- **Domain cost:** €10.00 (yearly). The company needs to register a domain name in Name.com, Namecheap or GoDaddy.com.
- **Google apps:** €5.00 (monthly). Google Apps allows you to use your Gmail inbox for your business and comes with several free web tools €5/month/user = €60 for first year.

Business Launch Costs

- ***Incorporation/Business Filing***: €380.00 (one time)
- ***Launch Service (Optional)***: €30.00 (one time)
- ***Custom Boxes (Optional)***: €2000.00(one time)
- ***Developer/Design Services (Optional)***: €250.00 (one time)

Fixed Monthly Costs

- ***Cratejoy***: €39.00 (monthly). Web site hosting and subscription management for the business.
- ***Mailchimp***: €0.00 (monthly). Free for 2000 subscribers.
- ***Help Desk Service***: €5,00 (monthly). This customer service platforms work to make the customer service task easier.
- ***Accounting Software***: €9,00 (monthly)

Tiny Box first year start-up costs will be around €3061,00

7 CONCLUSION

Subscription commerce means that, in exchange for a monthly commission, customers receive a selection of items from an online store. From fashion to food, any product that can be offered on a recurring basis can be accommodated in a box by subscription.

The boxes by subscription have multiple advantages. First, the recurring nature of subscriptions allows to forecasting demand and volume every month, reducing uncertainty and waste. It also gives a predictable and relatively stable income without the sharp spikes experienced by traditional businesses.

Second, the subscription model reduces certain costs. The predictable nature of this business model facilitates the anticipated estimation of stocks, shipping costs, and resources. It also requires less investment in retention costs: instead of constantly looking for new customers to sell the products the entrepreneur can focus a little more on keeping the loyal customers satisfied.

Finally, the subscription model is based on the lifelong relationship with customers, as opposed to a particular sale. The advantage of this is that there is always an open line of communication with the customers and regular opportunities to reach them and gather opinions, something truly essential to maintain the freshness and attractiveness of your offer. If the company succeed, the brand will occupy a niche in the lives of its customers, providing them with a comfort and an incentive that they cannot find elsewhere.

As subscription boxes are a current trend in E-commerce, some platforms that specialized in providing the tools needed for any company from all sectors to be able to create their own subscription model. The most popular one is Cratejoy, and what this start-up does is to build, in a personalized way, websites or e-commerce systems in digital platforms that serve stores that offer products under a subscription model.

Cratejoy offers multiple possibilities, from design, hosting, payments, customer service, mobile integration, data analysis, etc., or just the implementation leaving the company more responsible for its own management.

One of the issues that are pointed out in this model is the complexity, of its sometimes technical implementation, and Cratejoy's platform offers all the tools to make the process outstandingly easier. And this specialization has help Cratejoy became a benchmark for the complete execution of this model, offering their services either to larger companies to very specific niches businesses. In fact, the waiting list of companies that want their services already reaches the figure of 3,500 and growing continuously.

The objective of this thesis was to create a business plan for the establishment of a subscription box service in Finland. The objective was not reached during the project but the proposed thesis has contributed in a significant way to identify and highlight the points that need to be covered and considered to carry out a successful business in subscription commerce. This is the result of the author's research about electronic commerce in Europe and Finland, its upcoming trends, subscription businesses and above all, which ore the key concepts to set up a subscription box service.

The secondary objective of the authors thesis was to identify which tools can make the process of setting up a business a simple task. This objective was reached. In the author's opinion, Cratejoy provides all the tools needed to create a subscription store, grow the customer base and manage your business. It can be very useful to those who are interested in starting an online business but do not really know where to start.

To conclude, this thesis is leaving the author with many important things to reflect on and many others that need further investigation to carry out a proper implementation, but with a renewed desire to follow the path of entrepreneurship in Finland.

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APPENDICES

Appendix 1. Power Subscription Box Calculator

Power Subscription Box Calculator

Subscription box calculator for power users, optimized for quick editing.

Price
\$35.95

Raw Product
\$12.00

Package
\$0.80

Inserts
\$0.55

Pick & Pack
\$1.00

Postage
\$5.50

COCA
\$8.00

Churn
8%

Seed
50

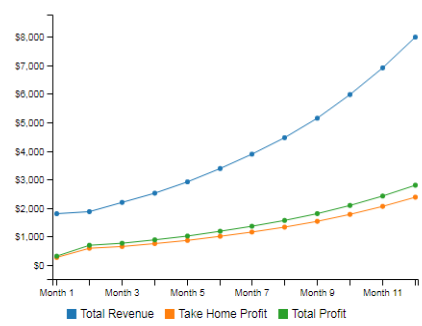
Reinvestment
15%

Growth Cap
25%

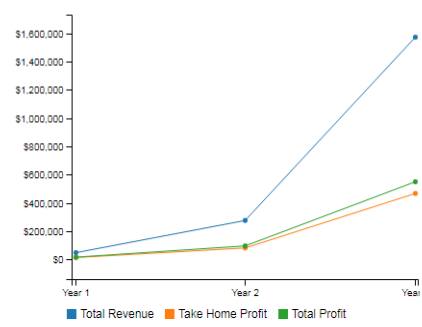
Calculate

Gross Profit	\$14.21	Net Profit	\$6.21	Retained Profit	\$14.21
COGS	\$19.85	Total Fees	\$1.89	Duration	12

Month	Subscribers	Revenue	Take-Home
1	50	\$1,797.50	\$263.92
2	52	\$1,869.40	\$587.28
3	61	\$2,192.95	\$648.39
4	70	\$2,516.50	\$750.29
5	81	\$2,911.95	\$862.76
6	94	\$3,379.30	\$1,006.18
7	108	\$3,882.60	\$1,154.88
8	124	\$4,457.80	\$1,327.73
9	143	\$5,140.85	\$1,530.03
10	166	\$5,967.70	\$1,773.83
11	192	\$6,902.40	\$2,053.87
12	222	\$7,980.90	\$2,375.43



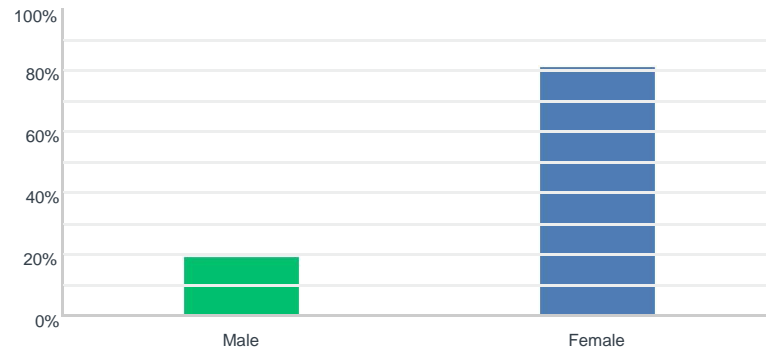
Year	Subscribers	Revenue	Take-Home
1	222	\$48,999.85	\$14,334.59
2	1,259	\$276,635.25	\$82,274.87
3	7,155	\$1,572,201.35	\$467,545.85



Appendix 2. Questionnaire and graphical analysis

Q1 Are you male or female?

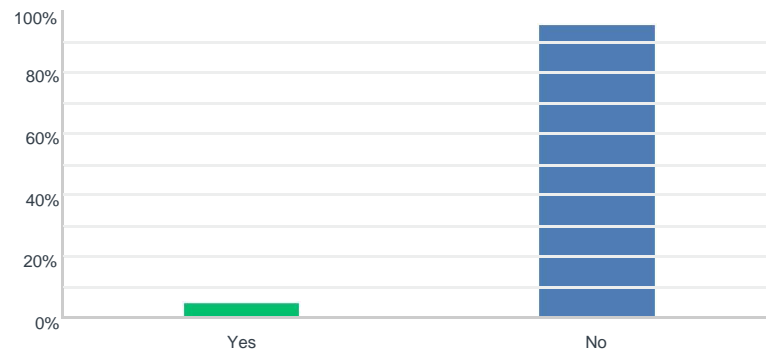
Answered: 21 Skipped: 0



ANSWER CHOICES	RESPONSES	
Male	19.05%	4
Female	80.95%	17
TOTAL		21

Q2 Do you currently receive a subscription box of any type?

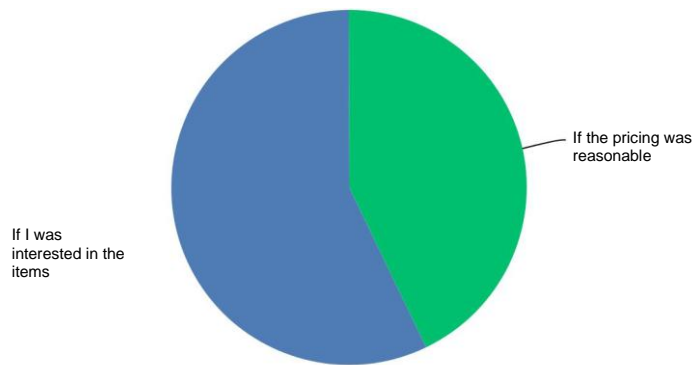
Answered: 21 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	4.76%	1
No	95.24%	20
TOTAL		21

Q3 What would make you more likely to sign up for a subscription box? (Select all that apply)

Answered: 21 Skipped: 0



ANSWER CHOICES	RESPONSES	
If the pricing was reasonable	42.86%	9
If I was interested in the items	57.14%	12
If someone I knew subscribed to the box	0.00%	0
If I could get a month free/discounted	0.00%	0
Other (please specify)	0.00%	0
TOTAL		21

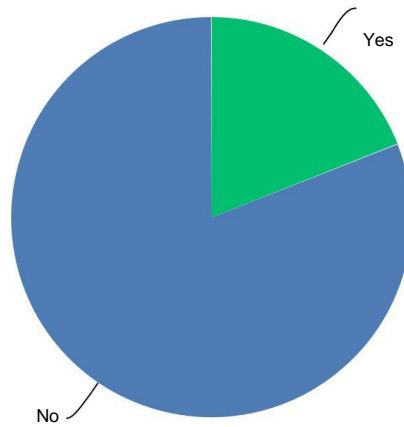
Q4 On a scale of 1-10 (1 least important, 10 most important), how important is the packaging and design

Answered: 21 Skipped: 0

#	RESPONSES	DATE
1	non important 4	6/4/2017 12:09 PM
2	important 7	6/4/2017 1:06 AM
3	important 9	6/3/2017 11:08 PM
4	important 6	6/3/2017 6:24 PM
5	important 7	6/3/2017 2:20 PM
6	non important 5	6/3/2017 2:12 PM
7	important 9	6/3/2017 11:58 AM
8	non important 5	6/3/2017 10:32 AM
9	important Relatively important	6/3/2017 8:37 AM
10	important 6	6/3/2017 12:50 AM
11	non important 4	6/2/2017 11:26 PM
12	important 6	6/2/2017 11:17 PM
13	important 10 it must be strong and quality	6/2/2017 10:46 PM
14	important 6	6/2/2017 10:27 PM
15	important 9	6/2/2017 10:21 PM
16	non important 1	6/2/2017 10:14 PM
17	non important 1	6/2/2017 10:07 PM
18	non important 3	6/2/2017 10:06 PM
19	non important 1	6/2/2017 10:06 PM
20	important 8	6/2/2017 10:05 PM
21	non important 3	6/2/2017 10:03 PM

Q5 Would you be interested in a subscription box related to mom/babies?

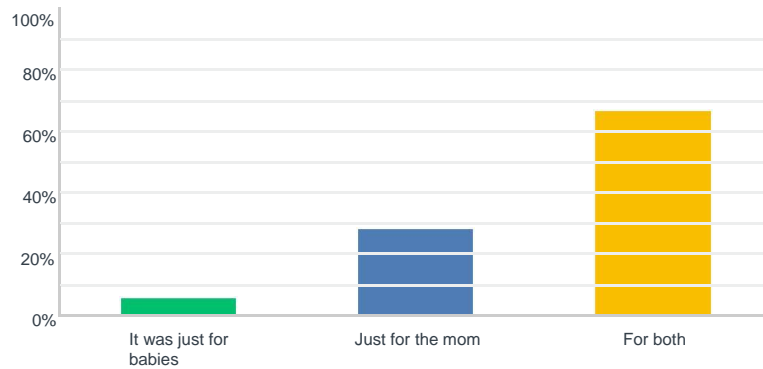
Answered: 21 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	19.05%	4
No	80.95%	17
TOTAL		21

Q6 Would you most likely buy a subscription if...

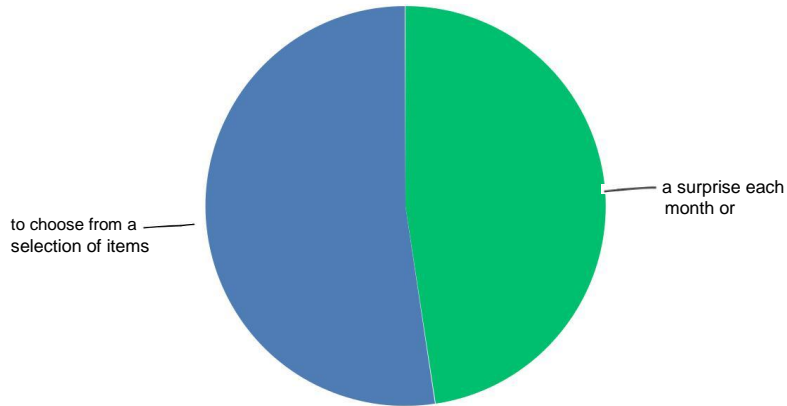
Answered: 18 Skipped: 3



ANSWER CHOICES	RESPONSES	
It was just for babies	5.56%	1
Just for the mom	27.78%	5
For both	66.67%	12
TOTAL		18

Q7 What would you prefer with a subscription box?

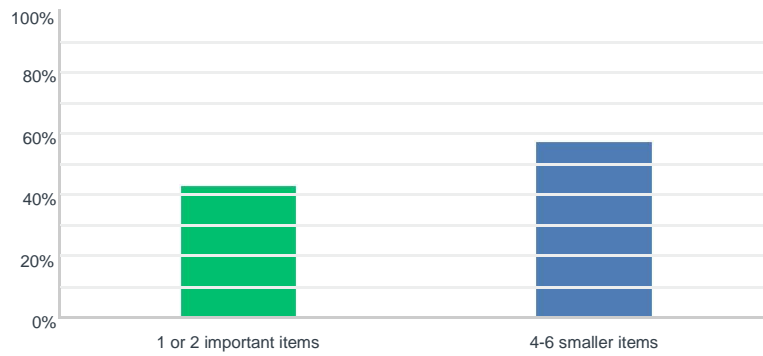
Answered: 21 Skipped: 0



ANSWER CHOICES	RESPONSES	
a surprise each month or	47.62%	10
to choose from a selection of items	52.38%	11
TOTAL		21

Q8 About the items of the box...would you prefer to find in your subscription box?

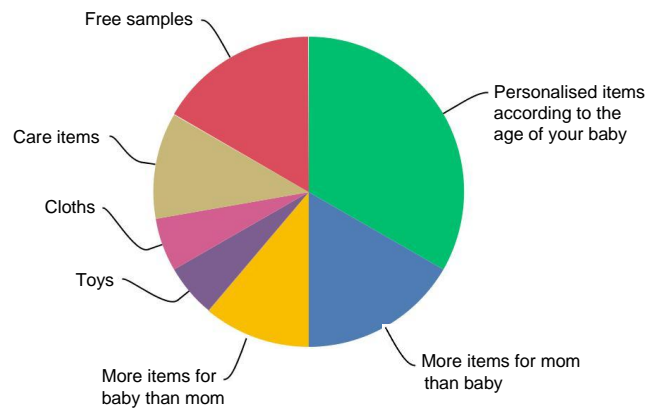
Answered: 21 Skipped: 0



ANSWER CHOICES	RESPONSES	
1 or 2 important items	42.86%	9
4-6 smaller items	57.14%	12
TOTAL		21

Q9 What else would you like to see in your mom/baby box subscription box? (tick the most important)

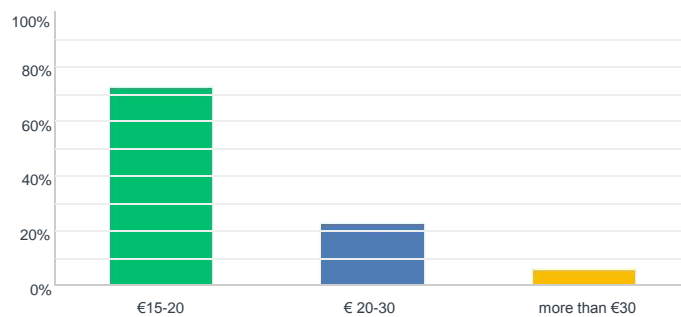
Answered: 18 Skipped: 3



ANSWER CHOICES	RESPONSES	
Personalised items according to the age of your baby	33.33%	6
More items for mom than baby	16.67%	3
More items for baby than mom	11.11%	2
Items according to the sex of your baby	0.00%	0
Discounts	0.00%	0
Toys	5.56%	1
Cloths	5.56%	1
Care items	11.11%	2
Free samples	16.67%	3
TOTAL		18

Q10 How much would you be willing to pay for a baby/mom monthly subscription?

Answered: 18 Skipped: 3



ANSWER CHOICES	RESPONSES	
€15-20	72.22%	13
€ 20-30	22.22%	4
more than €30	5.56%	1
TOTAL		18

