



In collaboration with:



KEY SUCCESS FACTORS FOR CAPTURING THE SUBSCRIPTION MARKETPLACE OPPORTUNITY

We examined 20 organisations that have started to build a subscription marketplace across a wide range of industries. Our analysis identifies the critical success factors telcos need to capture this opportunity.



Executive Summary

Subscription marketplaces are an area where telcos can build on their established and trusted relationship with their customers to offer a wider range of lifestyle services and combat network commoditisation. Telcos have a long history in offering subscription-based access to content to their customers with most incorporating content services (such as Netflix, Disney+) into their entertainment packages. However, some leading telcos have started to provide aggregated platforms to offer a wider variety of services across multiple categories in one single bill. In this report we outline how telcos can drive the flywheel to ensure success in this arena. See Figure 1.

Figure 1: The flywheel for success in the subscription marketplace



Subscription marketplaces have customer loyalty at the centre of their operations:

- An established brand = ability to select marketplace model and service areas
- Correct model and wide range of services = enhanced customer experience
- Enhanced customer experience = more customers
- More customers = enhanced brand recognition

Subscription marketplace growth reliant on increasing partner participation:

- More customers = more usage data
- More usage data = greater value for partners
- Greater partner engagement = increased service innovation

Source: STL Partners







Recommendations for driving the subscription marketplace flywheel

We have analysed 20 organisations across telecoms, banking, fitness, entertainment and retail to provide recommendations to help telcos utilise their loyal customer base and capture the subscription marketplace opportunity.

- **Build customer loyalty from an existing successful service feature:** Most telcos have traditionally had a strong entertainment offering, building a solid foundation of trust and credibility with their customers. Telcos can use this relationship to expand to a wider range of services. To distinguish themselves, telcos who have propositions in other service categories (for example, healthcare) could utilise these to launch their marketplace, rather than focus on content services.

- Select the right services and model for your marketplace:** Telcos need to offer a curated selection of services if they are to attract consumers to the platform. Content streaming is a saturated market so adding emergent lifestyle services that have been less focused on traditionally by telcos could help drive continued customer engagement and loyalty. Telcos must then assess their customers' needs and the service industries they are looking to target when selecting which marketplace model to go for.
- Ensure your solution provides an enhanced customer experience:** Telcos must both innovate and ensure customers have a seamless experience on their platform whilst offering improved subscription management features for consumers to keep track of all their services. We identified six notable companies that had adopted subscription marketplaces and were offering several features to enhance the customer experience. Trial periods and incentives, an easily navigable platform and flexible payment methods were the most common. Therefore, focusing on other features that have been less widely adopted could help differentiate their marketplace from their competitors.

Figure 2: Key features offered by leading subscription marketplace providers

Key features							
User experience	Trial periods and incentives	✓	✓✓	✓	✓	✗	✓
	Cross-service integration	✗	✗	✗	✓✓	✗	✓✓
	Easily navigable platform	✓✓	✓	✓	✓✓	✓	✓
Subscription management	Billing integration	✓	✓	✗	✓	✓	✗
	Flexible payment models	✓	✓	✗	✓	✓	✓
	Optimised notifications	✗	✗	✓✓	✗	✓	✓
	Ability to transition subscription partner	✗	✓	✗	✓	✗	✗

Source: STL Partners

- Ensure partner participation on the platform:** Telcos must onboard the right partners onto their platform either indirectly through an ecosystem aggregator or directly themselves to enable there to be a wide selection of content on their marketplace. To further ensure partner participation, telcos must share insights from customer data (or, where permitted by the user and the law, the actual data) with their partners to drive service innovation and enable them to tailor their products or services to their customers.

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Introduction: Rise of the subscription economy

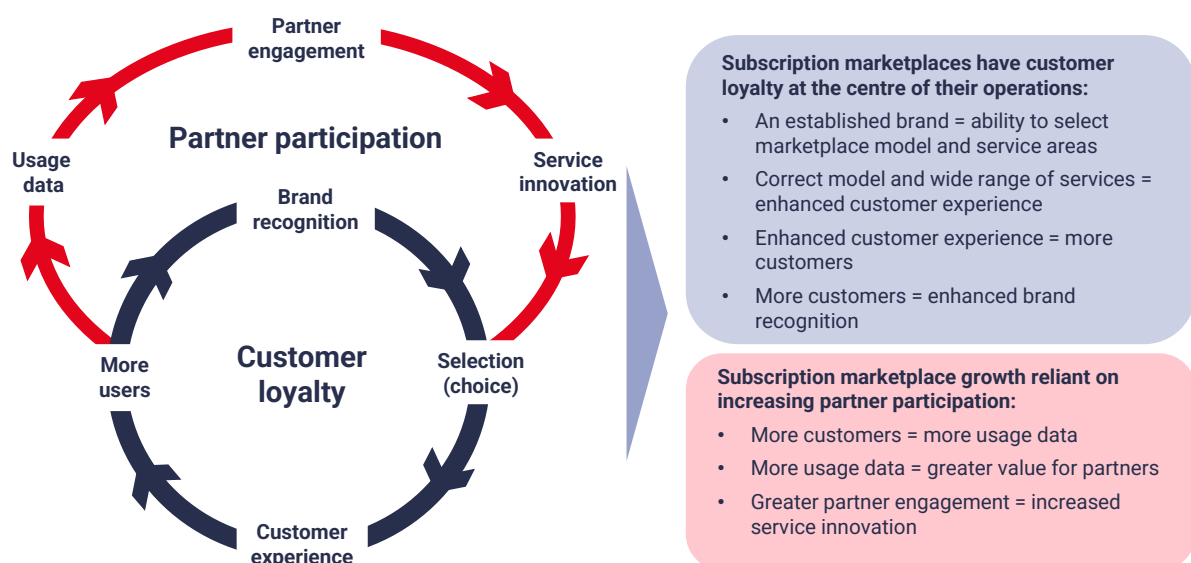
In recent years, the subscription business model has become increasingly popular. For service providers, it creates more predictable revenue streams, promotes increased customer loyalty and provides them with useful customer data on what consumers value. For consumers, it provides greater convenience and enables them to tailor their service experience to their individual preferences. This helped the market reach a value of US\$120 billion by 2022, and it is expected to surpass US\$1.5 trillion by 2025 (UBS Wealth Management). However, the widening array of services on offer has led to consumers experiencing “subscription fatigue”, driven by challenges around subscription management and poor user experience.

Customer loyalty is central for subscription marketplaces

Despite these challenges, there remains an opportunity to capture the growth of subscription services adoption by centralising the management of these services across one aggregated platform. This format is generally known as a subscription marketplace and is broadly defined as: **“a single platform or service that aggregates, offers and allows users to identify and manage a variety of subscription-based products and services from multiple different providers”**.

There are several players including payment, utility providers, retail brands or telecom operators who have the pre-established consumer relationships to capture this opportunity. Telcos, for instance, already have a regular, trusted and reliable billing relationship with customers. Customer loyalty is at the heart of a subscription marketplace and telcos need to successfully build on their pre-established and trusted relationship with consumers to successfully drive the flywheel for scale. On the other side of the platform, they need to ensure and encourage partner participation to drive scale both across the supply and demand side. See Figure 3.

Figure 3: The flywheel for success in the subscription marketplace

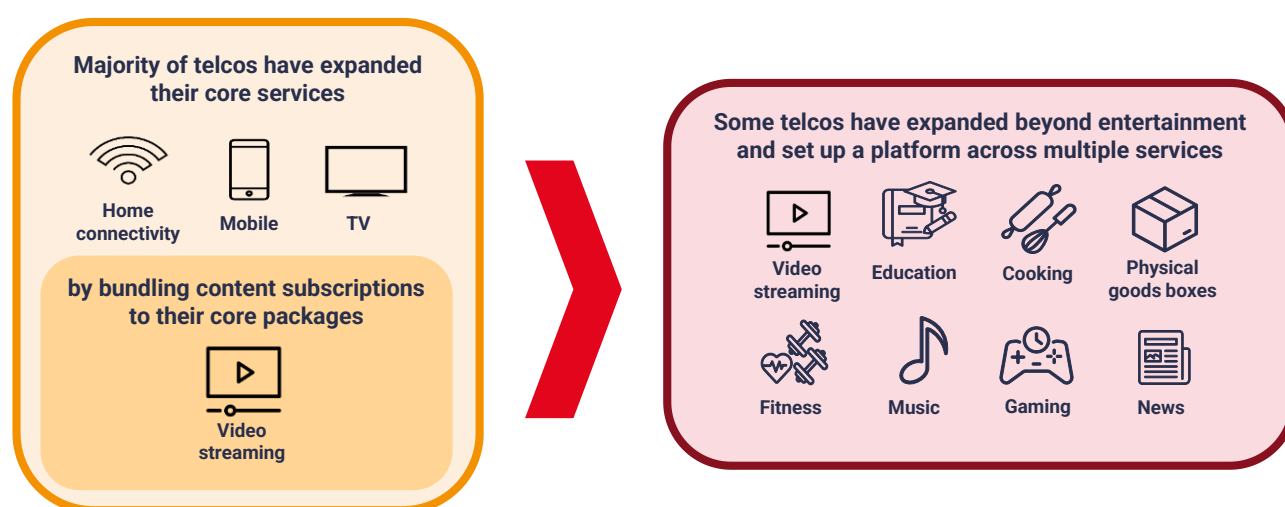


Source: STL Partners

Service and commercial model selection is key for marketplace success

Telcos already have a long history in offering subscription-style services to their customers. Most telcos have incorporated subscription content services (Netflix, Disney+, Amazon Prime Video) into their entertainment packages but are yet to move beyond this and offer a strong selection of services across multiple categories. Leading telcos Optus, Verizon and Singtel are moving beyond this by aggregating multiple digital and/or physical services into a single holistic package. See Figure 4.

Figure 4: Telcos are at different stages in offering subscription services



Source: STL Partners

Telcos must select services beyond content streaming

Having established strong brand recognition, there is predominately one leading journey that telcos can take to transition adopting a full-scale subscription marketplace and offer a greater variety of services. This involves telcos initially selecting one or two service domains and offering a critical mass of available services in this category to be seen as market leaders. Traditionally, this has been in the content streaming space as most telcos have a pre-established TV business. However, telcos should focus on differentiating themselves in the market and on launching a marketplace in any vertical in which they have a strong offering.

For instance, Jio has a strong healthcare proposition with JioHealthHub where it offers several patient health services including virtual consultations, wellness/weight management and lab tests. Telcos with strengths in the healthcare/wellness space, or those already offering wellness subscriptions as part of their bundles, should look to build on their existing expertise. Additionally, some telcos have begun to offer apps in other categories like music (Spotify) and gaming (Xbox Game Pass) bundled into their 5G packages. Telcos can look to these categories beyond video streaming to capture an emerging segment of the subscription market and start to build a stronger brand with their consumers (see Figure 5).

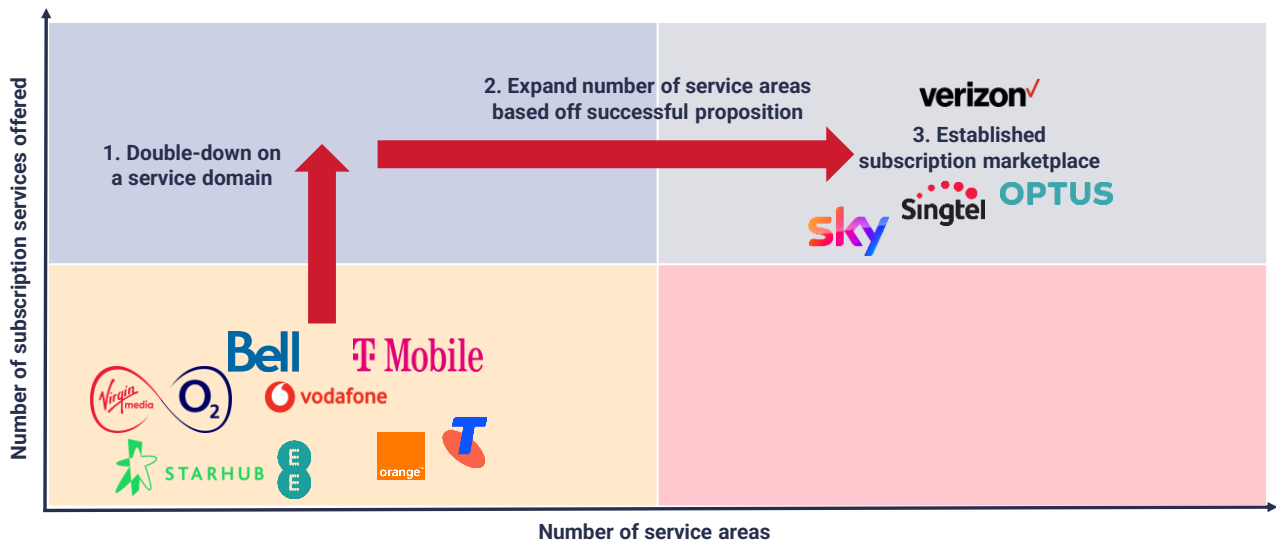
Figure 5: Service categories adopting a subscription-based model



Source: STL Partners

These pre-existing propositions help build a stronger foundation of trust with consumers which they can leverage to expand to a wider range of emergent subscription-style services. For instance, having established a successful offering, telcos could look to expand the number of service areas and offer one or two big name applications per category. Without an established market proposition in one service domain, telcos would not have the increased brand presence and improved customer relationships to transition to launching a subscription marketplace. See Figure 6.

Figure 6: Telcos route to offering a subscription marketplace



Source: STL Partners

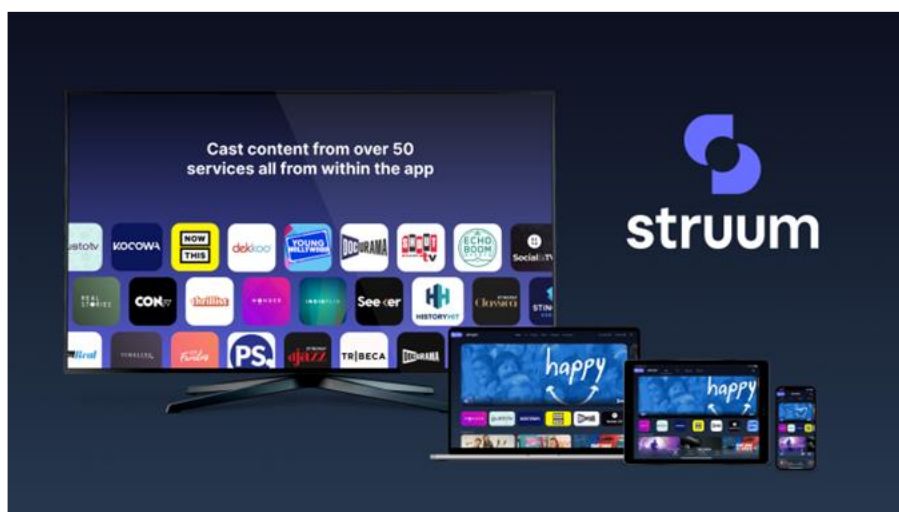
Telcos must select the correct commercial model

However, telcos must not only prioritise the selection of appropriate service areas but also ensure the adoption of the suitable model for the services they provide. Our analysis of 20 companies (see Appendix 1: Research overview) engaged in subscription bundling or marketplace offerings across diverse sectors such as telecoms, banking, entertainment and fitness has unveiled three prominent subscription marketplace models:

- **Service-based platform:** Users have the capability to access various subscription services through a unified platform, for example Optus, Verizon and Singtel. Customers can make payments for each service through the platform and retain the option to manage and cancel their subscriptions through their provider.
- **Tiered-based platform:** Users are offered subscription plans with distinct tiers, each granting different levels of access to a variety of subscription services, for example Revolut. Customers can select a subscription level that suits their needs and have the flexibility to upgrade or downgrade as their requirements change.
- **Credit-based platform:** Users purchase varying credit-based plans or packages to access a range of subscription-based services, for example ClassPass. These credits function as a virtual currency within the platform, and each service selected deducts a specific number of credits corresponding to the value of the service.

These three contrasting models cater both to varying customers' needs and to the needs of different industries. When launching a subscription marketplace telcos must ensure they are selecting the right model for the services they aim to offer to their customers. An example of failure is Struum, a subscription marketplace focused on streaming that allowed consumers to access over 50 niche streaming services through a credit-based system. See Figure 7.

Figure 7: Struum utilised a credit-based model for streaming services



Source: Struum

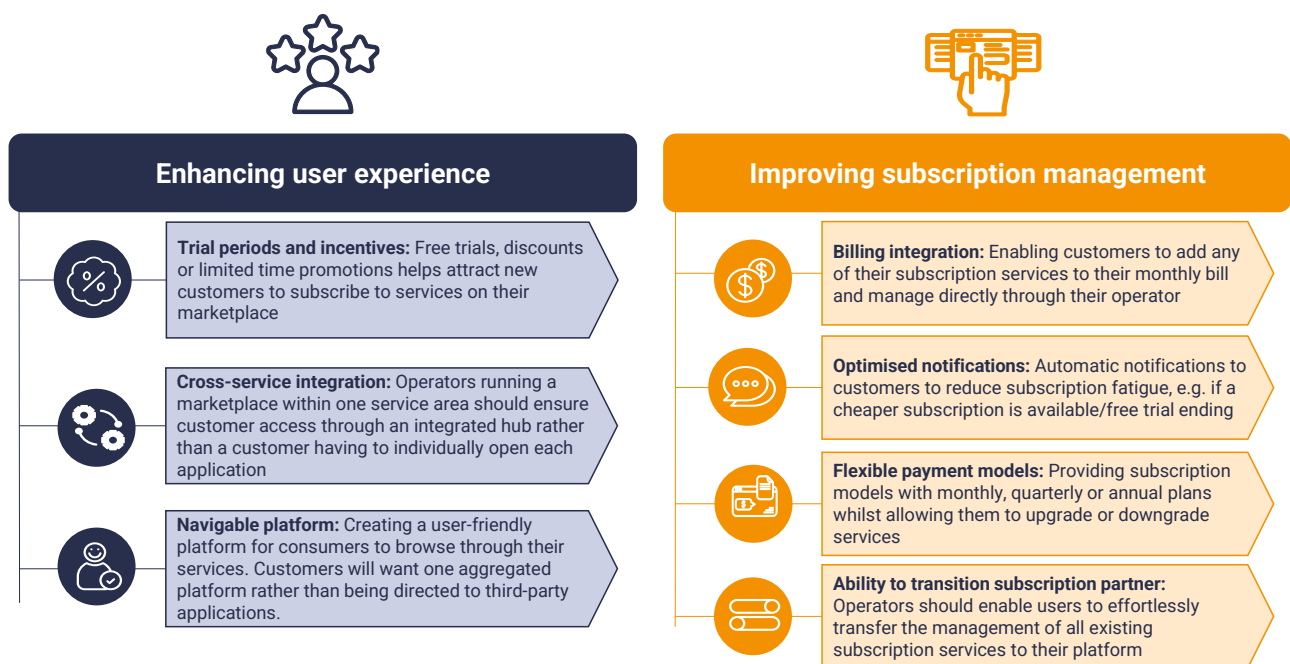
The service launched in May 2021 but had already collapsed by June 2022. The ClassPass credit-based system did not translate for content streaming as consumers are traditionally conditioned to subscribe either by renting videos through a marketplace (iTunes, etc.) or subscribing to a whole service. It turned out users prefer unlimited access to a diverse range of content for a flat fee rather than using all their credits to just watch one series per month. Although the model works for ClassPass and the fitness industry, it proved incompatible with the expectations of streaming audiences, an industry that embraced the service-based subscription model early on.

However, the “all access model” does not work for all users across all industries. For instance, hardcore gamers have been reluctant to adopt this model as they tend to focus on purchasing and spending hundreds of hours completing individual games at a time. In this instance, a credit-based model may be a better approach as users are not focused on accessing a wide range of gaming titles at once. Casual gamers on the other hand may prefer to access a wider range of titles in one all-access subscription enabling them to try multiple or different games on a regular basis.

Outside selection, telcos must invest in their customer experience

Beyond selecting the right model and services for their marketplace, telcos must further invest in improving the customer experience to ensure their customers stay using their platform. Our analysis of 20 companies offering subscription bundling/marketplaces (see Appendix 1: Research overview) identified seven key features that help improve customer experience. These features revolve around enhancing the user experience and improving subscription management. See Figure 8.







Figure 8: Seven marketplace features to offer to customers



Source: STL Partners

Our analysis found six notable instances where companies provided a comprehensive array of services while adopting the appropriate model (see Appendix 2: Examples of subscription marketplaces for an overview of these services). Among these examples, Sky stands out in terms of customer experience, excelling in six out of the seven categories corresponding to the key features we identified.

Figure 9: Comparison between leading subscription marketplace providers

Key features							
User experience	Trial periods and incentives	✓	✓✓	✓	✓	✗	✓
	Cross-service integration	✗	✗	✗	✓✓	✗	✓✓
	Easily navigable platform	✓✓	✓	✓	✓✓	✓	✓
Subscription management	Billing integration	✓	✓	✗	✓	✓	✗
	Flexible payment models	✓	✓	✗	✓	✓	✓
	Optimised notifications	✗	✗	✓✓	✗	✓	✓
	Ability to transition subscription partner	✗	✓	✗	✓	✗	✗

Source: STL Partners

Trial periods and incentives

Offering free trials, discounts, exclusive access or limited time promotions helps attract new customers to subscribe to services on their platform. These offers help attract new users who may be hesitant to commit to a fully paid subscription without first experiencing the app's value.

The majority of providers offer a one, three, six or 12 months free trial period for consumers to access sets of subscription services. For instance, T-Mobile bundles subscription services as offers to incentivise its customers to subscribe to its Go5G Next and high-speed internet packages. Once the free trial has ended, T-Mobile takes over the subscription management of this service. Whilst this approach drives take-up of its initial services, typically the trend is that most customers tend to cancel their subscription once the trial period has ended.

Optus has taken a different approach with its SubHub service and focus on providing bundled discounts depending on the number of services a customer takes. Members receive discounts of 5% when adding two services and 10% when adding three or more paid subscriptions. Whilst some services come with short initial trial periods (one or three months) these do not count as a paid subscription. Moving towards this approach will enable telcos to incentivise customers to take multiple subscription services directly through them as they can continually benefit

Figure 10: Optus SubHub platform offers bundled discounts of up to 10%

Source: Optus

Cross-service integration

Telcos running a subscription marketplace within one particular area should ensure content access through an integrated hub for a seamless user experience. Consumers do not favour a platform where they must individually open each application to be able to see what content is available on the service. They are looking to access a diverse range of services in one place. For instance, UK operator Sky integrates Netflix and Disney+ content within one unified interface, allowing users to search for their favourite shows alongside Sky channels (see Figure 11). Sky offers users an improved user experience which has led to Sky alongside TalkTalk receiving the lowest pay-TV complaints in the UK.

ClassPass also enables users to easily search for local fitness classes from a vast network of studios and gyms that are a part of the service. These services create a seamless user experience, sparing subscribers the hassle of navigating through various individual services, aiding ClassPass in reaching over 1 million subscribers globally.

Figure 11: Sky has integrated Netflix content within its own user interface

Source: Sky

Easily navigable platform

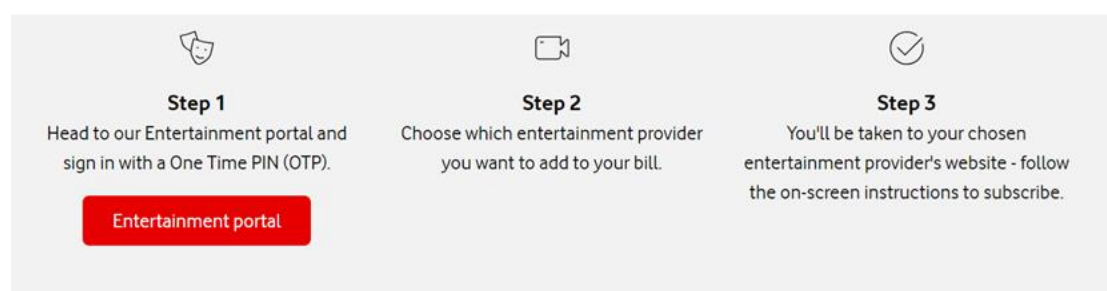
Customers will be looking for one aggregated platform where they can easily manage and search for the content and services rather than being directed to third-party applications when they try to subscribe to their service. An example of poor implementation is UK bank Barclays, which simply added a subscription section into its mobile app for consumers to sign up to subscription services. Whilst this helps save time and cost spent on developing a specific subscription platform, users are redirected to third-party websites every time they click on specific subscriptions. This may discourage users from using this service as it does not offer an enhanced and seamless user experience.

In contrast, Singtel CAST.SG provides an intuitive platform that allows users to easily search for the services they want to access across its leading categories (streaming, music, gaming, etc.). Singtel does not make customers go through third parties to subscribe to its services and also offers users the chance to manage their services on the My Singtel app. Offering an easily navigable platform alongside the ability to manage subscriptions both online and within the app, helps facilitate an enhanced consumer experience.

Billing integration

Subscribers are often frustrated by the lack of transparent billing practices and want to have a centralised view of all charges on one single platform. To mitigate this, for instance, Vodafone has introduced a “Charge to Bill” feature for five entertainment services. Vodafone offers a simple three-step process to allow consumers to buy services from different merchants and pay for them all through their Vodafone bill, regardless of their exact renewal date. See Figure 12.

Figure 12: Vodafone’s Charge to Bill three-step process



Source: Vodafone

Flexible payment models

Consumers are looking for flexible subscription models with monthly, quarterly or annual plans whilst allowing them to upgrade or downgrade services at any time. Most telcos offer this option and enable customers to sign up to single subscription service either on a monthly or annual basis depending on the types of service available from the subscription provider. For instance, Optus SubHub enables users to sign up to Netflix on a monthly or annual basis and they can upgrade or downgrade to a different subscription tier at any time.

There are also several payment features that are not offered by bundling/marketplace providers that would improve subscription management for users. For instance, customers are increasingly looking for subscription services to offer a “pause” feature where they can take a break from a particular service for a defined period such as during a sport’s off-season.

Optimised notifications

Providing optimised notifications to customers around free trials ending and price increases helps reduce subscription management concerns for consumer, and therefore reduce churn. Some companies have adopted deliberate strategies to maximise revenue potential by trying to minimise the number of notifications to users. However, this approach is unpopular with consumers who fall into the “subscription trap” and leads to distrust as they forget to cancel or do not actively manage their subscriptions.

Verizon, through its +Play subscription marketplace platform has paved the way for telcos to provide full transparency to their consumers. Consumers see telcos as a trusted brand and enabling them to receive automatic notifications will incentivise a consumer to sign up to a service through an operator rather than signing up to them directly. Verizon’s +Play automatic notifications help keep users aware of their subscription and payment status including:

- When a cheaper way is available to get a subscription(s) they are already paying for.
- Updates and changes to their account and billing, such as a free trial period ending and subscription price changes.
- Content-related updates, billing and account-related matters.

Similarly, ClassPass enables customers to be notified two days before their trial period ends, when an upcoming class is cancelled and before a reservation starts.

Ability to transition subscription partner

To attract sign-ups, telcos should enable users to effortlessly transfer the management of all existing subscription services to their platform. Many services lack this ability to facilitate users in switching their subscription service to their new provider. Instead, they complicate the process, requiring customers to cancel their current subscriptions and sign up again on the platform. For instance, Revolut does not allow customers to transfer their existing services to its platform but instead users must cancel and then sign up again. This inconvenience may dissuade consumers from signing up to one of Revolut’s subscription tiers.

Some providers have enabled users to switch over some of their services. Optus allows customers to move certain “big name” entertainment services to its platform, e.g. Netflix, however, otherwise, customers will need to cancel their current subscription and sign up again via the platform. The value proposition of these types of platforms lie in their ability to consolidate and simplify subscription management. Without this functionality, consumers will be hesitant to switch their services over to their operator.

Telcos need to offer best-in-class customer experience

By providing all the features above, telcos can differentiate from competitors and gain control of the subscription marketplace opportunity. There are limited differences between most telcos' entertainment offerings, however when transitioning to a marketplace model they will want to offer the best experience to gain more customers.

However, it is not just about simply offering these features, is it about thinking about the best-in-class approach to offer these to their customers. For instance, whilst most service providers do offer free trials or six-month free subscriptions there is scope to move beyond this. For example, Optus with its incremental bundled discount. This approach incentivises customers to continuously take multiple subscription services directly through Optus, rather than just taking a free trial and cancelling as soon as it finishes. As a result, telcos need to carefully think how they can offer each of these key features to best resonate with their own customers and grow the platform.

Telcos need to build partner participation

The final part of the puzzle and success of a subscription marketplace is getting buy-in from subscription partners who will want to be part of the platform. Telcos have often been stuck in a “walled garden” mentality with a propensity to compete instead of collaborating with other service providers. Developing solutions that do not create expansive value for all ecosystem partners, which is a crucial element of a marketplace, will limit the success of the platform. Telcos therefore need to think about creating value on both sides of the marketplace, not only for their customer but also for their partners.

As discussed, ensuring there is enough selection and variability on their platform is key to drive the flywheel to success and ensure customer loyalty. This requires the operator to have onboarded the right partners onto their platform. There are two ways an operator can do this:

- Partner with an aggregator that brings an ecosystem of subscription services.
- Partner directly with each individual subscription provider.

Secondly, to build partner participation, telcos have the potential to utilise customer data generated on the platform in real-time to understand customer behaviour and provide tailored recommendations to a range of adjacent subscription services to upsell. Telcos can also share this data (if given permission by users) amongst the wider marketplace ecosystem to build stronger partner relationships and encourage other leading subscription providers to join the ecosystem. Access to customer data will help their partners better understand their target audience and make informed data-driven decisions. These partners would otherwise have limited access to customer data analytics, which can help drive further product improvements and service innovation. This in turn increases the value for all players in the value chain: consumers, partners and the telcos. For instance, both Verizon and Optus have partnered with an aggregation platform that provides them with data insights to help optimise marketing, conversion rates, customer segmentation, upsell and add-ons for their partners.

Recommendations for telcos

Below are our recommendations for telcos to drive the flywheel to establish a successful subscription marketplace.

- **Build on customer loyalty from an pre-existing service:** Telcos typically have pre-existing offerings in the entertainment space and can use these successful propositions to build a strong foundation of trust and credibility with consumers before leveraging this relationship to expand to a wider range of services. Telcos who have propositions in other service categories could utilise these to launch their marketplace and distinguish themselves from competitors, for example wellness and gaming.
- **Select the right services and model for your marketplace:** Telcos must offer a curated selection of services, including high-quality established subscription brands like Spotify, Netflix and Disney+ to attract consumers. Telcos must strike a fine balance between offering enough variety to cater to different customer preferences whilst ensuring they do not end up having hundreds of services that detracts from its usability by making discoverability more difficult. Content streaming is a saturated market so adding more emergent subscription services (lifestyle) that have been less focused on traditionally by telcos could also help drive customer engagement. Telcos then need to assess the customers' needs and the service industries they are focusing on when selecting which of the three leading models to go for.
- **Ensure your solution provides an enhanced customer experience:** Telcos should aim to reduce friction for their customers both in managing their day-to-day lives by reducing the number of service providers they must interact with whilst also providing them with an enhanced user experience by offering features including:
 - Trial periods and incentives
 - Cross-service integration
 - Easily navigable platform
 - Billing integration
 - Optimised notifications
 - Flexible payment models
 - Ability to switch service provider
- **Ensure partner participation on the platform:** Telcos need to have onboarded the right partners onto their platform for customers to select a wide variety of services and can do those directly or through a platform aggregator. Telcos can also utilise data analytics to understand customer behaviour on the platform to upsell subscription services that individuals may be interested in. Telcos can share the insights, or where possible even data, with the partners of the marketplace to drive scale.

Profile: Amdocs MarketONE

Amdocs offers a white label digital subscription marketplace that allows telcos to offer their customers a varied bundle of subscription services. Amdocs' solution can help telcos drive the subscription marketplace wheel to success by offering:

- Ability to select a wide range of digital services onboarded onto the platform and offers all three leading commercial models:

Similarly to telcos, Amdocs MarketONE initially focused on providing video content subscriptions. Since January 2023 Amdocs has been adding other types of lifestyle subscriptions, including music, health, fitness, business and productivity apps. Amdocs customers can add any digital subscription service that is used by consumers and is theoretically able to be added to the marketplace ecosystem. Amdocs has dozens of services onboarded onto its marketplace platform. Amdocs enables telcos to choose from this wide range of available services to curate the right package that will meet their customer needs. Finally, Amdocs also enables telcos to offer any of the three commercial models we identified, offering increased flexibility depending in which domain they launch their marketplace within. See Figure 13.

Figure 13: Amdocs enables content access from many digital subscription partners



Source: Amdocs

- Offer key features to enhance their customer experience:

Amdocs' solution helps improve subscription management for consumers whilst delivering a high user experience. For example, it offers flexible payment methods, enabling consumers to make seasonal subscriptions or one-time purchases whilst offering various payment methods including card payments and carrier billing. The platform also allows for easy transfer of existing subscriptions rather than users having to cancel and sign up through the platform. Finally, it has built an intuitive

interface that enables customers to easily search, sign-up and manage their subscription and aggregate all their different over-the-top subscriptions across the platform in a curated and personalised way.

- Act as an ecosystem aggregator to save telcos time to onboard digital services:

Amdocs marketplace platform aggregates several digital service partners onto one platform enabling quick discovery of partners and the bundling of these products to their core offering. It also reduces the complexity, time and resources for an operator to build their own platform and establish separate partnerships with leading subscription service providers, thus leaving the operator to focus on digital services monetisation. Finally, it offers a performance dashboard to enable telcos to utilise data analytics to understand customer behaviour and subscription performance on the platform to upsell subscription services and create tailored offerings.

Appendix 1: Research overview

We analysed 20 companies that offer a subscription bundling or marketplace proposition across a wide range of industries including telecoms, banking, entertainment and fitness (see Figure 14).

Figure 14: Breakdown of companies



Source: STL Partners

Appendix 2: Examples of subscription marketplaces

We undertook deep dives on Optus, Verizon, Singtel, Sky, Revolut and ClassPass which represent interesting examples of the marketplaces we examined. Although all examples have customer loyalty at the foundation of their platform, they have all embarked on slightly different journeys and can provide different learnings on how to drive the flywheel to success.

Optus SubHub drives customer satisfaction with easily navigable platform

In August 2021, Optus Australia (part of Singtel group) introduced SubHub, an integrated platform designed for the management and curation of various lifestyle services. Optus had existing brand recognition in the entertainment space established through its Optus Sport proposition, alongside offering streaming services as part of its core connectivity packages. Optus selected to capitalise on these pre-existing services to launch its marketplace and picked the platform-based model. It initially selected to focus on expanding further into the entertainment sphere, with over 50% of its services looking at content streaming, however, its initial success enabled it to expand into a wider set of service categories. These service categories include gaming, reading, cooking, fitness and wellness with applications such as Calm, Sweat, Inkl, Kindle Unlimited and Microsoft 365.

Optus chose to offer several key features to help encourage greater customer participation and further drive the flywheel to success. The main features of SubHub resolve around its ability to offer an incremental bundled discount alongside providing an easily navigable platform to increase customer participation and loyalty. These features on SubHub have helped Optus strengthen its relationships with customers and increase take-up with 50% of customer feedback rating the experience a 9 or 10 in the promoter score for its ease of setup and convenience. Its platform provider also enables it to utilise the data generated on the platform to optimise its marketing offer, conversion rates, upsell and add-ons to help drive service innovation and fully turn the flywheel.

Verizon +Play expands beyond content services to increase customer retention

In December 2022, Verizon launched a beta version of its +Play platform allowing users to discover, purchase and manage a selected list of services from their Verizon app and online.

Similarly to Optus, it followed the flywheel and chose to build on its well-established entertainment proposition as the focus for its subscription marketplace. It selected the service-based platform model and chose to have a strong emphasis on streaming services but has increasingly expanded into services across multiple categories including gaming, lifestyle and music. It now has over 40 services, 50% of which focus on streaming. Other services available include Tastemade, Blue Apron, Peloton, Calm, MasterClass and Xbox Game Pass.

Expanding into other service categories allows Verizon customers to take up even more services directly through it, increasing customer stickiness and loyalty. When Verizon announced its +Play proposition it highlighted that customers with an active content subscription had “16 basis points lower churn and significantly higher NPS than those that don’t”.

Verizon has also chosen to focus on providing enhanced subscription management features to improve customer experience with its leading feature providing automatic notifications to keep users aware of their payment and subscription status. Similarly to Optus, its platform enables it to utilise the data generated to understand customer behaviour and it can share the insights, or where possible even data, with its partners to drive the flywheel to success.

Singtel CAST.SG selects a wider target market to counteract dwindling TV base

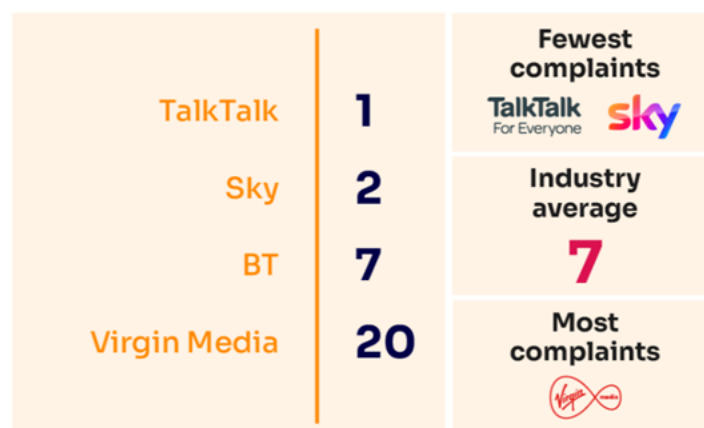
Similarly, Singtel launched its one-stop subscription marketplace, CAST.SG which enables consumers to manage various subscriptions all within its platform. Singtel has a pre-established TV offering, CAST, which is a hub for accessing TV channels, streaming services and live sports matches. However, Singtel has seen increasing decline in its pay-TV revenue from US\$180 million in FY21/22 to US\$142 million in FY22/23 so now has decided to focus beyond TV to mitigate against this decline.

Similarly to the other telcos, Singtel built on its pre-existing entertainment proposition to launch CAST.SG which provides a marketplace for accessing all types of services. Whilst content services are a huge focus of the platform, it has selected to expand into music, news and wellness categories. In contrast to Optus and Verizon, Singtel has also chosen to expand the target market for its proposition by enabling non-Singtel customers to subscribe through their debit/credit card whilst also enabling their own customers to add the services integrated within their bill.

Sky is embarking on its marketplace journey, focusing on providing key features for user experience

Sky paves the way for telcos in the transition to phase three, with the ability for consumers to subscribe to content streaming apps through its marketplace for its Sky Q, Glass and Stream customers. Sky has a long pre-established business in the entertainment space with nearly 10 million customers and has expanded further into this vertical by offering adjacent streaming services alongside its own content and integrating them into its physical hardware with Sky Glass, its TV. This model has initially proved to be successful with Foxtel in Australia following suit and adopting Sky’s technology.

Sky initially selected to move beyond offering just its own content to proposing an integrated bundle with streaming provider, Netflix. However, the success of this offering has also led to Sky choosing to allow users to subscribe to Hayu, Disney+, Paramount+ and Discovery+ via their debit/credit card. Sky has selected to offer features that provide a best-in-class customer experience across its service with an easily navigable platform and the ability to integrate its content alongside other streaming services, such as Netflix and iPlayer, within one unified interface. Consumers can easily search for their favourite channels even if it is not Sky’s content. This has likely led to Sky alongside TalkTalk receiving the lowest pay-TV complaints in the UK at two per 100,000 people in Q3 2023. See Figure 15.

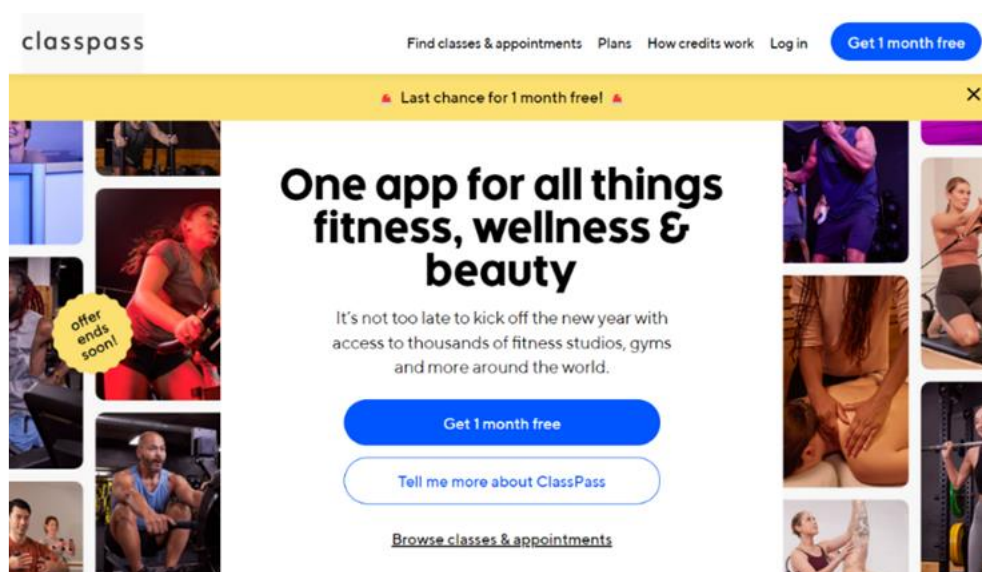
Figure 15: Sky and TalkTalk have the lowest customer complaints across pay-TV

Source: Ofcom

ClassPass offers a seamless integrated platform with over one million active customers

Founded in 2013 in New York, ClassPass has redefined the fitness and wellness industry by offering users a diverse array of classes and activities across multiple fitness categories with over one million subscribers to date. ClassPass has continuously adapted its proposition, and now has an established customer base with the service available in over 2,500 cities worldwide.

When ClassPass first launched, the main focus of the company was just to provide a search engine and reservation system that only focused on fitness classes that are venue specific. However, after building customer loyalty and discovering users' preference to test out different venues, ClassPass selected to switch to the credit-based system that allows customers to visit multiple fitness studios depending on which credit subscription they choose. ClassPass chose to initially provide access to studios and fitness classes but after this proved successful, it has since selected to expand into wellness experiences including spas and salons. This has helped ClassPass reach over 150 million reservations since 2013. See Figure 16.

Figure 16: ClassPass has expanded beyond fitness into other service categories

Source: ClassPass

ClassPass has chosen to offer several key features to help encourage greater customer participation with the platform known for providing easy access and flexibility for consumers to easily search for all the different services they want to offer. This has helped ClassPass in aggregating wellness and fitness studios onto its platform with over 65,000 businesses onboarded on the platform and US\$1.4 billion sent to partners globally to date.

Revolut selects the tiered model to drive incremental revenue

Revolut is a fintech company, founded in 2015 and provides banking and payment services to its customers. Revolut has managed to successfully grow to 35 million customers in over 150 countries as of August 2023, with subscription revenues accounting for 20% of total revenue in FY22.

Revolut initially provided plans to its consumers focused on extra perks, such as in-app support and everyday spending protection alongside varying levels of insurance packages to establish customer loyalty. However, it has since chosen to build on its existing proposition and offer additional lifestyle services from reading, cooking fitness, news and wellness to include in its plans (see Figure 17). Expanding into the lifestyle segment has helped its subscription revenues increase 55% year on year. In addition to broadening its service portfolio, Revolut has adopted a tiered subscription marketplace model, streamlining the user experience for Revolut customers. This model allows users to conveniently access multiple services through a single subscription, eliminating the need to sign up for each service individually.

The services available vary depending on what type of plan selected and by country. In the UK, three out of Revolut's five plans offer access to these subscription services:

- **Premium tier (£7.99 pcm):** Access to services including Deliveroo, Freeletics, Headspace, Picsart, Sleep Cycle, Tinder Plus and NordVPN.
- **Metal tier (£14.99 pcm):** Premium tier benefits alongside 10 monthly ClassPass credits, one monthly WeWork credit and access to the Financial Times.
- **Ultra (£45 pcm):** Metal tier benefits with additional credits for ClassPass and WeWork increasing to 20 and three, respectively, alongside access to Headway and a £50 credit for Turo.

Figure 17: Revolut offer a “passport to premium perks”



Source: Revolut

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