

MEMBERSHIP & SUBSCRIPTION **GROWTH** WEEKLY

Discover Subscription Sales Secrets from the #1 Sales Engine for the Subscription Box Industry

-A Conversation with Liz Cadman

CONTENTS

Guest biography	2
Summary article	2
Interview transcript	4

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Liz Cadman, founder of My Subscription Addiction, is a subscription commerce expert. She started blogging her reviews of subscription boxes and launched the website to include these reviews, news, directory of boxes, coupons and more. Within 5 years the website has grown to become the #1 subscription search engine for subscription boxes.

Discover Subscription Sales Secrets From the #1 Sales Engine for the Subscription Box Industry

Within the middle of the huge subscription box boom is one person with a single website, MySubscriptionAddiction.com. Started from an obsession of subscription boxes, it's become the single largest affiliate for almost all subscription boxes today. And, because their editors create so many unboxing videos, get feedback from followers and see what works from a sales promotion perspective, MySubscriptionAddiction.com is the perfect place to learn what's working in subscription marketing today.

Liz Cadman, founder of MySubscriptionAddiction.com, is one of the best sources for insight into success in the subscription economy. MySubscriptionAddiction.com provides reviews and a directory of subscription boxes. They publish unboxing experiences and feature customer reviews to a growing and eager audience of

subscription box enthusiasts. Her website currently averages a million visitors a month, with over 10 million pages viewed each month. MySubscriptionAddition.com followers are the most informed and motivated subscription buyers today.

According to Liz, the average viewer of her website is 95% female, in the age range of 25 to 34, who has subscribed to at least 2 or 3 boxes at any given time, and spends at least \$100 per month on boxes. And this average viewer has about seven more boxes on her wishlist too. And even though the MySubscriptionAddition.com audience is mostly women, they are still the top affiliate for a lot of the boxes that are targeting men. Women are the primary buyers for all subscription boxes, whether the box targets men or women.

With such an immense amount of data on boxes and their customers, Liz is positioned to share valuable and proven tips for those wanting to enter the subscription economy. For starters, when considering the price point of your box, she recommends going for a higher price point, around \$39-\$49, as opposed to starting off with a low-price box.

An additional recommendation for starters is “going quarterly so that they have more time to figure out what's working. This gives them more lead time on everything and they can do things in a seasonal manner. A lot of our readers who have quarterly subscriptions that they love would still love to get even more from them. So, start out quarterly and see how that type of timing is working for you. You can always add an add-on option in the future - maybe a \$10 monthly boost where you get one of your favorite products a month in addition to the quarterly box.”

My SubscriptionAddiction.com recently launched an MSA Insider's Program. Liz shares that “we have a panel of thousands of super passionate subscribers who want to give feedback to subscription box companies. They fill out surveys for us. They give feedback on products. If you are looking for either testing out the concept of a box, or you're an existing subscription box company and you want feedback on future products, or just to get a better sense of our demographic and ask all sorts of questions, we have those opportunities as well.”

If you are looking for ideas and inspiration to create your own subscription box or grow your own membership program, Liz recommends studying Rachel Zoe Box of Style, FabFitFun, PopSugar Must Have, Loot Crate, Culture Fly, and Ispy.

Discover more insights from Liz and her followers of MySubscriptionAddiction.com by listening to her interview on Membership and Subscription Growth! Be sure to visit MySubscriptionAddiction.com for reviews and information on the many subscription boxes available today!

Conversation with Liz Cadman

Robert: Welcome to Membership and Subscription Growth. My guest today is Liz Cadman with My Subscription Addiction. Welcome Liz. I'm so excited to have you on the program.

Liz Cadman: Thank you for having me.

Robert: You have really established yourself really, as the hub of the subscription box world. How did you get started with My Subscription Addiction and grow it to such a phenomenon within the box world?

Liz Cadman: Well, thank you. Well, I started it in the summer of 2012. I had a Birch Box subscription and I started to look for more because I just truly loved getting boxes in the mail, it was so much fun. I love discovering new products that way and the value, getting great value boxes off them too. I was trying to figure out which ones I should sign up for next and get a good sense of like, "What can I expect to get from this box every month? I really couldn't find any third party resource online besides the box itself, showing you what a typical box looks like so I decided I would start cataloging what I received every month because maybe other people are looking for that kind of information too before they make a subscription box purchasing decision.

It turns out, that is what a ton of people search for before making a purchasing decision. They usually search for Birch Box reviews, Ipsy reviews, stuff like that. That's why I started the site and we were very fortunate. The timing and the content we had that we had a ton of organic growth due to search engine traffic and yeah, we've been going at it ever since. I say we because I started it myself and then my husband joined and now we have over seven additional full-time employees and several part-time employees who write reviews too. It's been an amazing growth. When I started it, I just wanted to solve a problem I had. I didn't see this coming but really appreciative to be a part of it now.

Robert: That is amazing. They've had subscription of the month programs for decades, book of the month and tie of the month and candy of the month. Why do you think subscription boxes have taken off so much over the last five years since you created My Subscription Addiction?

Liz Cadman: My hypothesis is that it is very much connected with the growth of online shopping compared to brick and mortar. I think that whereas consumers, a decade ago, would be going to a store to buy things and that's how they would browse and discover new products that they hadn't known about before. Now, if I need paper towels or something, I'm ordering it on Amazon and that's the one thing I go to purchase so I'm not seeing all these other potentially new, cool products. I think that subscription boxes, in many

ways, have become the new form of product discovery and it really aligns well with how we shop now.

Robert: Wow. That is actually very fascinating when you think about it because before, you used to walk through a store and there would be an end cap or some sort of merchandising and you would find a new product and now, that's not in people's lives and that's fascinating and they're going to these boxes in order to replace that. That's really, really interesting. Now, a lot of boxes come and go. I know that My Subscription Addiction is, for some people in the industry, the way they try to keep up with what boxes are out there and the growth and then even looking at some of the boxes that existed and disappeared. Why do so many of the boxes that get created sort of fall by the wayside and seem to disappear almost as quickly as they're launched?

Liz Cadman: Sure. I think when we do see some boxes not make it long term, sometimes it might be an over saturated segment of the market. Right now for example, there are a ton of different beauty boxes at the \$10 and \$15 price point. If a company wanted to launch there and they didn't have a defining quality that made them different than Birch Box, different than Ipsy, I would say that it's a really challenging thing to succeed at. I think sometimes, you just see ... for example, I want to say every year, we see a couple trends where we're just like, "Wow, there are a ton of boxes right now for this category. It almost seems like it might be too much." For example, dog boxes. It's tough to compete with Bark Box unless you can clearly identify, "We're going to send you only organic treats. We're going to send you only things made in the USA."

Something that Bark Box doesn't promise currently but if you're just pretty much following the exact same thing as Bark Box, at the exact same price point, I think it's harder to take some consumers with you. There's that. I think also, in general, customers are looking for value. When we do polls of our audience, that's always at the top of what they appreciate in a box so they want to know that they got a good value compared to what they paid. They know that some items in the box might not be for them but their high value compared to the cost helps them mitigate the risk. Some companies, they might send out a box with a retail value that's identical to what the cost is and for some boxes that's okay but it might not be a huge success comparable to Walmart Beauty Box or something like that.

Robert: Fascinating. So many of us come from the publishing world of the subscription business and where you're delivering paper and ink and the inherent value of that is practically zero. The entire scale of measuring the value of exactly what's delivered versus the price of what's delivered is really pretty new in this whole subscription and membership world that I could see how it would be quite a challenge. When consumers get merchandise that they could measure their actual value versus what their price was, I could see how that would come around. It's a fascinating concept within the subscription world.

Liz Cadman: Yeah. One thing I'll say too. We have certain boxes that just cannot compete with for example, Amazon Books. There are lots of lovely book subscription boxes but they'll never be able to get books for less than what Amazon's selling them for and so a lot of times, these boxes add value by, you're getting a book and some other great items and maybe some of those items are exclusive design, exclusive partnerships for subscribers so it's not necessarily something that someone's like, "Oh, I looked that up and it's \$2." It's something you can't really put a price tag on and it makes you feel special and part of something. While it's a challenge, I think there's some creative ways around it that really make subscribers feel like they received a really thoughtful box.

Robert: There's a lot of, certainly within the subscription box world, the tremendous growth has attracted a lot of entrepreneurs who are looking to create their own business but it's also getting a lot of attention from a lot of large publishers that have been in the subscription world, maybe for decades but now are thinking about branching out and creating a subscription box. What have you seen as really, the best path of success for an established subscription company that maybe already has some paid subscribers, but they've been selling media or access to content and now they're looking to create a subscription box.

Liz Cadman: Sure. One great example that I can think of immediately is Allure Beauty Box. That's a collaboration with Allure magazine and it makes so much sense, right? They're the experts on all things beauty and their editors actually pick out the beauty items they and to be featured in the box and they already have these established partnerships with these brands so it's a lot of a win/win thing and you have that inherent trust from readers who have read the magazine for years and trust that these are the great new products to try. I think that that's ... really, you could look at it as such an advantage too, is that you already are familiar with these brands. You already have editors and writers that are experts in these fields and then, how do you leverage that?

Robert: Nice. I think having that list is tremendous advantage. Of course, you've created a tremendous following. Now I guess, you would be called an influencer. I think, just probably a couple years ago, you would have been a blogger but now, all of a sudden, we've rebranded you as an influencer that has a following where a lot of folks are coming to see your content. How would somebody who's creating a box approach you or somebody like you in order to maybe partner with you in order to get new customers for their subscription box?

Liz Cadman: Sure. One thing with our site is that first and foremost, we always want to be putting forth content that we think our readers will really love. If a box contacts us and they want to send us a box to review and we think that our readers would love to see what's in that box, we will figure out a way and also, as soon as we have a good steady reviewer on the team. Once in a while we'll get a box that we don't have anyone who's passionate about that box, we don't think we could do a proper job reviewing it. We review boxes at no cost just because that's the content we want our readers to see and that we feel

they're excited about. That's a great way to get exposure in general. I would say, if you're reaching out to people at level one, you don't have to spend money to get your box reviewed and if people are asking you for that, keep looking because that's not necessary.

Secondly though, we do offer different levels of sponsorship on our site as well so getting more visibility for your box whether that's in our newsletter, in our directory, things like that. Once we do a review, we post 30 plus posts a day so you'll get a lot of eyeballs on it that first day but it will get hidden pretty quickly too. There are other ways to get more visibility to your box and yeah, you can just contact us and direct you to the right person and get you stats and pricing and everything like that.

Robert: Nice. It sounds like a terrific opportunity. Yes, you've got a group of folks who love subscription boxes and they love learning about them and discovering the newest box and seeing what's in it and what value's in it and who they might be able to get it for as a gift and being able to get in front of that audience, for free by having an opportunity to get reviewed is an absolute, great opportunity. Also, having some paid placement in this group. One of the fascinating thing about the subscription box world is the folks that subscribe to subscription boxes very rarely only subscribe to one box. Typically, they have multiple boxes that they're subscribing to.

Liz Cadman: Right. We get that feedback from a lot of boxes that we've worked with. In that capacity of sponsorship and stuff, they've given us feedback where they've tried all sorts of different programs. Going to a much larger, maybe general women's lifestyle type blog and maybe ... we have, on average, about a million visitors a month, over 10 million pages a month but let's say they go for 10x that but they've come back and told us what it turned out is they have better conversion with us because we already have that consumer who's in that mindset of subscribing. It's so much easier to get her to convert because she already knows how the whole thing works versus someone who doesn't have any subscriptions and is confused and doesn't understand and isn't sure what it all entails and what to expect.

Robert: That's awesome.

Liz Cadman: I even have, I think, maybe a year ago, Fabletics was in the news because some customers weren't aware that they were signing up for a subscription. There was a lawsuit and a journalist reached out to me to ask, "What are all your readers saying about this?" No one had ever brought up that it was confusing because everyone who was through our site, was finding it from a subscription site so that was a known entity going into it. It was just a different type of audience.

Robert: They're not going to be shocked and surprised to find out they're in a subscription because their addicts is subscriptions.

Liz Cadman: Yep.

Robert: If you had to describe a profile or persona of the typical subscription box customer, who would that be? What is their age? What is this person like that loves these subscription boxes?

Liz Cadman: Sure. Our typical client, she is in the age range of 25 to 34. She's subscribed to at least two or three boxes at any given time. She's spending at least \$100 a month on boxes. That's pretty impressive considering [inaudible 00:15:02]. That's where she is and she has about seven more boxes on her wishlist too. We have accounts on our site and people can keep track of the boxes they have and the boxes that they want on their wishlist so we get additional data there.

Robert: Now, do you find that that persona is consistent even for men's boxes or other types of boxes where this customer is buying it as a gift or for their partner? Is that a pretty consistent profile across? I'm sure there's differences but this customer seems to be a major driver in this market.

Liz Cadman: Yes. Our audience is about 95% female at the same time, we are the top affiliate for a lot of boxes that are targeting men. In some ways, some of these boxes actually work just as well for women and in other ways, she's buying them for a husband or brother or partner, etc..

Robert: That's awesome. It's a very important thing when you're designing a box because a lot of folks are creating a box for a very unique, particular niche and understanding that you really are targeting and talking to a 25 to 35 year old female, that needs to weigh heavily in how you design your marketing, how the box looks, what the insert looks like, what the communication, how the language you're using, the values that they have, are all going to be important factors in this customer.

Liz Cadman: Definitely.

Robert: Do you see any regional distribution? Is it throughout the country? In the United States in particular, is it throughout the country? Is it mostly in the middle? Is it mostly on the coasts? Where do you see the customers coming regionally?

Liz Cadman: It's pretty spread out for us. I think that what we see often ... we talked about the consumers finding the convenience factor and this is a new way for them to shop and discover new products and then, for a lot of people too how might be still shopping brick and mortar, they're getting exposed to products that just aren't in their markets yet. I think it's a good mix and it works well for pretty much everyone but I'm a little bias, of course.

Robert: Absolutely. Of course. What are the most important elements for a subscription box that's trying to keep their customers as long as possible, increase their customer value, improve their retention, lower their turn rates; what are the most important things for those subscription boxes to do in order to keep their customer engaged and subscribed longer?

Liz Cadman: We've seen a lot of companies try out loyalty programs. Ways to either ... maybe she gets points every month that add up that she can spend and if she were to cancel her subscription, she' lose those points. Some subscriptions are typically in wait list only mode so if you cancel, I might not be able to sign back up immediately. We definitely have people who comment that on the site. I will do spoilers and someone might say, "I'm not feeling the spoiler but I can't risk not getting in on the next box so I'm just going to keep my subscription going." I think we've also seen some companies do some really nice thank you gifts or other rewards for doing an annual subscription. For example, Rachel Zoe Box of Style. They send out an annual holiday gift thanking subscribers, which is really sweet and unexpected.

I actually have had readers email me pictures of the gift and they're in shock and really surprised and like, "Did you know about this Liz? How amazing is this?" I think those kind of nice surprise elements go a long way to show that they're appreciated. Obviously, on the flip side, a lot of consumers get upset when they see that there's a great new offer for new subscribers but I'm already a subscriber and I don't get that offer. If there's ways to either keep discounts minimal or on the flip side, give current subscribers a way to also take advantage of that deal so whether it's a free gift with subscription if you sign up. If they upgrade their subscription to an annual, they could get that free gift too.

Robert: That's awesome. Yeah. One of the impulses is to give discounts to try to get folks to come in and subscribe but, man, their existing subscribers really get irritated when they see those offers out there and the new customers are getting the box cheaper than they're getting it and maybe they've been a subscriber for two years. If somebody is on the outside, thinking about creating a subscription box, what are the three, four, five, six or so boxes that they really ought to subscribe to in order to really get an understanding of what these companies that are doing it really, really well that as a ... at least to start their education in the subscription box world? Who should they be checking out and studying?

Liz Cadman: Sure. Fab Fit Fun is a great quarterly box. That's \$49.99 a box. That is a women's lifestyle box. Extremely popular on our site. They also do extremely well with social media marketing. They have a ton of influencers so that's one to look at from that perspective as well. They offer a mix of beauty, fitness, home, fashion items. They're all full size and they typically try to include a lot of products that are selfie friendly. Really great for beautiful Instagram photos, things like that so it just naturally looks great on camera too and something you just want to share. They also do a unique design for every

box so they're a great example to look at packaging and presentation. They have a little mini magazine that comes with the box to give you the background on every item, tips on how to use it, things like that. I definitely recommend checking out Fab Fit Fun.

Another women's lifestyle popular box is Pop Sugar Must Have. It's \$39.95 a month and they guarantee about \$100 or more of full size products every month and that's again, I think it was our most popular lifestyle box for women selected by MSA readers this year and it's another one where the packaging is great, there's a story with each box, there's a theme. It's also useful to look at just how they release spoilers, how they do all that kind of stuff so that's a good one. Let's see. I think Loot Crate is ... they do a fantastic job at packaging and branding and giving either additional content to continue the experience whether it's an online game or something like that. I think it's my husband's favorite box of all time so that's a great one. They have 100s of thousands of subscribers too so they're shipping a ton of boxes every month.

Then, there is a company called Culture Fly and they do quite a few different subscription boxes including the Nick Box which is Nickelodeon TV shows from my childhood. It's a box of nostalgia. They do a couple different ones but the execution of the branding is amazing and if you're interested in licensing products, if that's potentially in your future, they're the gold standard on how to do it. That would be a great one too and their boxes are just stunning as well, the physical boxes themselves. Then I'd say Ipsy, which is just \$10 a month. That is one of the most popular beauty boxes and they don't ship in a box, they ship in a mailer and they include a little makeup bag every month. A different take on it but still interesting to see what's really popular with, probably, over a million subscribers at this point.

Robert:

Ipsy is just amazing. If you go to YouTube and just search, "Ipsy," there's I think, last I looked, there's some 455 million unboxing videos. It's not ... of course, unbagging videos I guess for them because their customers are opening up their Ipsy bag and showing it to the camera so their friends can see it. It's unbelievably addictive and I also like the heck out of the Fab Fit Fun. It's really one of these best examples that I have seen, of the value build of the product where, with that insert, they build ... I featured this in my newsletter a month or so ago where featuring their ... most boxes will have a little card or a little insert to describe what the product is and maybe have a retail price whereas, Fab Fit Fun maybe in four different ways, demonstrates the value of each of the products and shows people wearing it and how to use it and then who else uses it and then gives a profile of the designer or of the company. There's several different ways of delivering the value in the product and they, more than anybody, really help build that value in the products so I absolutely echo that.

It's interesting Liz, that many of your examples are on the higher end, the more expensive boxes. If you were creating a box, would you go on the smaller price? Maybe try to keep it less expensive like at Ipsy, at \$10 a month or would you go to a higher priced product like Fab Fit Fun? Where do you see as the ... having enough money to

deliver a fabulous experience or keeping the price really small so that the customer kind of hardly even notices the charge?

Liz Cadman: I would probably go for the higher price point, the 39 to 49 price point. I'd do a quarterly box. I think that's typically advice I'd give to some companies who are thinking about it. I usually recommend going quarterly so that they have more time to figure out what's working, that they have more lead time on everything and that they can do things in a seasonal manner. A lot of our readers who have quarterly subscriptions that they love would still, we did a poll and they still would love to get even more from them so I think it's something where like, start out quarterly, see how that type of timing is working for you and I can always add an add-on option in the future to maybe a \$10 monthly boost where you get just like, one of your favorite products a month in addition to the quarterly box.

Robert: Nice.

Liz Cadman: That's how I would do it.

Robert: I absolutely encourage everybody thinking about getting in the subscription box world or wants more information about it, check out My Subscription Addiction and also, if somebody's looking for consulting within the subscription box world or help in reaching customers and readers of My Subscription Addiction and wants to know more about the services and stuff that you offer, what's the best way for them to connect with you?

Liz Cadman: Sure. You can always email sponsors@mysubscriptionaddiction.com. We also recently launched our MSA Insider's Program. We have a panel of thousands of super passionate subscribers who want to give feedback to subscription box companies. They fill out surveys for us. They give feedback on products. If you are looking for either testing out the concept of a box or you're an existing subscription box company and you want feedback on future products or just to get a better sense of our demographic and ask all sorts of questions, we have those opportunities as well. I would say too, if you're just want an additional test of anything to look at, we have a swap site on our website. We built swap functionality for our users about three years ago. It's pretty interesting to look at that to see, what are the most popular subscription box items, how are people exchanging items? We built it so that we could help her maximize the value of her box, minimize risk, feel good about subscribing to more things and it's been a really fascinating source of data for us now too.

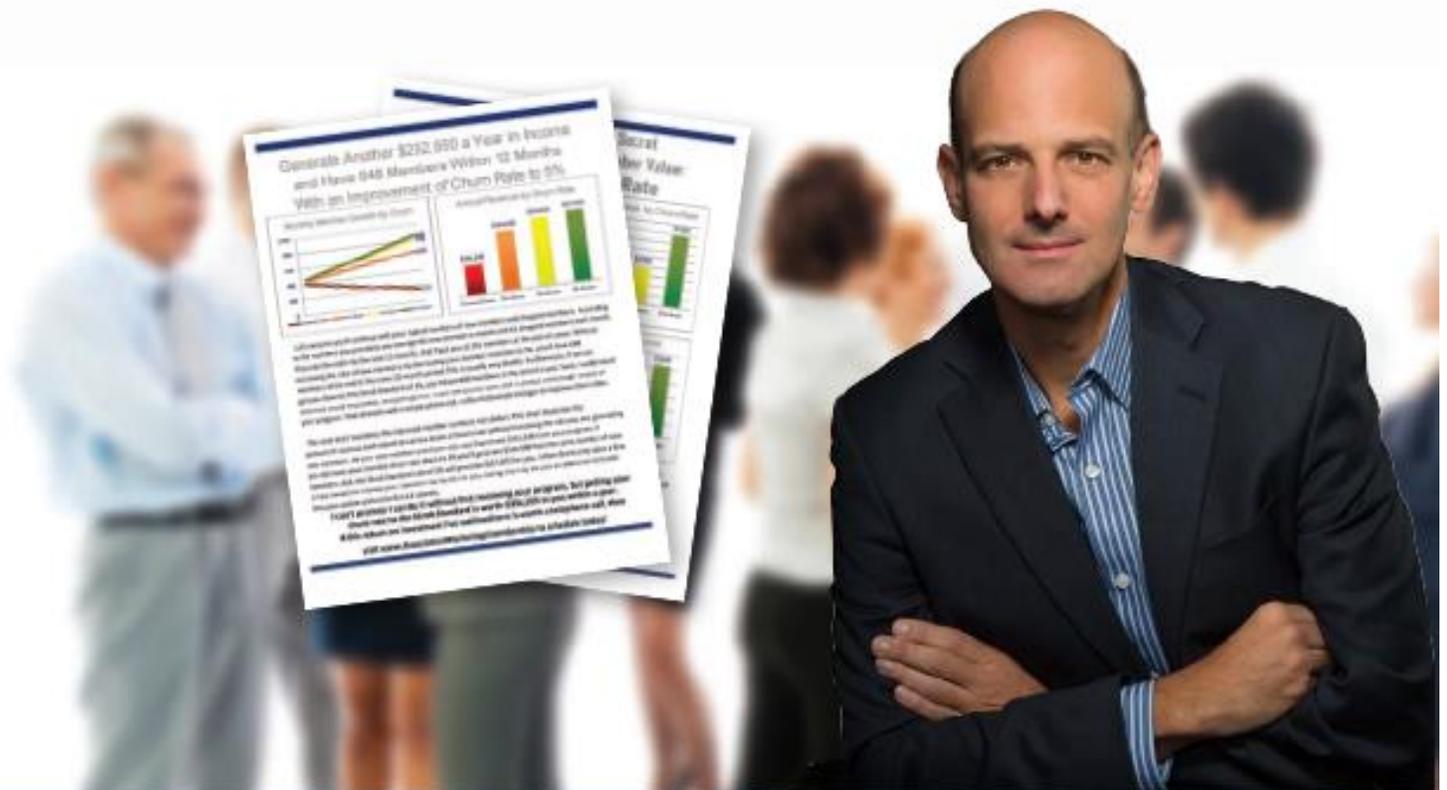
Robert: Wow. What an unbelievable insight into what folks want and eagerly looking for and more of and what they're willing to give up out of their subscription boxes. Fascinating. Liz, it's always a pleasure to learn from you and to hear what's going on in the subscription box. My goodness, you created a perfect product, a certainly informative website but in a niche that was just about to explode so it's certainly, what a tremendous

opportunity and you have seized it by being very authentic and giving and caring to everybody that you come across. It's a great testament to you and what you've created. Congratulations and thank you so much for the opportunity to learn from you today.

Liz Cadman: Oh yeah. Thank you so much. That was awesome to hear. Thank you.

Robert: Awesome. Well, that's it for today's episode of Membership and Subscription Growth. We'll talk with you next time. Thanks a lot for joining us.

Too Many of Your Members Quit I Can Help You Stop Your Members from Quitting



Members quit. And most people's attempts to lower member churn rates only make it worse. I can help you stop your members from quitting.

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Jim Augustus Armstrong, Flooring Success Systems



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Ron LeGrand, Global Publishing



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