

The Psychology of Subscription Models: Why Consumers Stay Hooked on Monthly Payments

Understanding Consumer Behavior in Recurring Payment Systems

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Abstract— Over the past ten years, the global subscription economy has grown at an exponential rate, changing consumer buying patterns in a variety of sectors, including software, retail, entertainment, and digital services. From SaaS (Software-as-a-Service) platforms and Amazon Prime to Netflix and Spotify, subscription models have emerged as the go-to revenue model for companies. This dissertation investigates why customers keep paying for monthly subscriptions, frequently without consciously assessing their value, and what psychological aspects influence customer retention in subscription-based businesses.

The study focuses on important psychological biases that affect decision-making and has its roots in consumer psychology and behavioral economics. These include inertia, sunk cost fallacy, loss aversion, and habit formation, all of which contribute to customers' reluctance to terminate subscriptions. The study looks into how companies purposefully create subscription models with features like auto-renewals, free trials, bundling, and tiered pricing to increase retention. The study also looks at the moral ramifications of subscription models, specifically with regard to customer autonomy and well-informed decision-making.

According to the study's findings, subscription-based business models have their roots in psychology and frequently put customer retention ahead of customer satisfaction. These approaches are convenient and economical, but they also raise ethical questions, especially when companies purposefully complicate cancellation procedures or depend on customer inertia to maintain profits.

According to the report, companies should implement more user-friendly features like subscription reminders, make cancellation procedures simpler, and have more open pricing practices. In order for customers to make better decisions about subscriptions, they need also be made aware of behavioral biases that influence financial judgment.

Index Terms— Behavioural economics, Loss aversion, Subscription-based business model, Customer Retention.

I. INTRODUCTION

Customers now obtain goods and services through recurring payments rather than one-time purchases thanks to the subscription-based business model. In sectors like entertainment, technology, software, retail, and wellness, this model—which demands that customers pay a set amount on a monthly, quarterly, or annual basis—has taken over.

Subscription models have their origins in the early 20th century, when readers paid in advance for regular content delivery from magazines and newspapers. However, the emergence of SaaS (Software-as-a-Service), streaming services like Netflix and Spotify, and e-commerce platforms like Amazon Prime and Dollar Shave Club led to the model's widespread adoption in the digital economy.

The regularity and simplicity of subscription arrangements are what make them so appealing. Higher customer lifetime value (CLV), more consistent revenue streams, and improved customer relationships are all advantageous to businesses. Customers can access goods and services continuously through subscriptions, eliminating the need for repeat purchases. The psychology underlying these models, however, is vital to customer engagement and retention.

Customers frequently commit to subscriptions and keep paying even when they are not actively using the service because of a number of behavioral economics principles:

1. According to Kahneman and Tversky (1979), loss aversion occurs when customers continue to pay for a service because they dread losing it more than they value using it.
2. The Sunk Cost Fallacy: Customers feel pressured to keep using a service after spending time or money on it in order to prevent the impression that resources were wasted.
3. Subscription Inertia & Auto-Renewals: A lot of services use automatic renewals, which makes canceling an active endeavor and takes advantage of customer inertia (Samuelson & Zeckhauser, 1988).
4. The Habit Loop (Duhigg, 2012): Subscription-based companies make it hard for customers to stop using their services since they are ingrained in their daily habits.

5. Perceived value and personalization: AI-powered suggestions are used by services like Spotify and Netflix to boost perceived value, which encourages sustained engagement.

II. Consumer purchasing habits have been drastically changed by the growing popularity of subscription services, which has resulted in a situation where people are locked into recurrent payments—sometimes voluntarily or inadvertently. Subscription-based business models, in contrast to typical one-time purchases, establish a continuous financial obligation and are frequently designed to minimize deliberate decision-making from customers. Attractive introductory deals, free trials, or perceived convenience are the main reasons why customers join up for these services, but they may eventually cease actively using the service even while they are still paying for it.

Consumer inertia—the failure to terminate subscriptions even when no longer useful—is one of the main causes of this behavior. Auto-renewals, which require active cancellation instead of active renewal, tend to reinforce this inertia, which shifts the default choice in favor of businesses. Another important factor in consumer retention is loss aversion—people are reluctant to unsubscribe because they fear losing access to a service more than they value the benefits it offers.

Furthermore, customers are deterred from canceling their memberships by the intricacy of cancellation procedures in certain subscription structures. Many businesses purposefully make their cancellation policies complex, time-consuming, or unclear; in order to finish the procedure, customers may need to go through several stages, contact customer service, or discover hidden possibilities. As a result, maintaining the subscription appears to be the simpler option, creating a psychological and practical barrier.

Subscription models are very advantageous from a business standpoint since they provide steady revenue streams and a greater customer lifetime value (CLV). Businesses use behavioral psychology, personalization, and data analytics to make sure customers stay subscribers for as long as feasible. To strengthen customer involvement, they employ tactics including tiered pricing structures, bundled services, content exclusivity, and tailored suggestions.

Customers may experience financial hardship, needless costs, and annoyance as a result of this strategy, especially if they are unable to keep track of their active memberships or discover they are paying for services they no longer require. By examining how behavioral biases, pricing schemes, and business practices contribute to long-term client lock-in, this dissertation seeks to understand the psychological elements that influence consumer retention in subscription-based company models. Businesses and customers can make better decisions about subscription models and balance consumer autonomy and profitability by being aware of these psychological factors.

III. OBJECTIVES OF THE STUDY

This study investigates how psychological processes influence consumer behavior in subscription-based business models, which are increasingly prevalent across industries like software, retail, entertainment, and digital services. While subscriptions offer convenience and value, they can also lead to unintentional spending and long-term commitment, even when usage declines.

Key psychological drivers—such as habit formation, loss aversion, and perceived value—play a major role in customer retention. Consumers often stay subscribed not due to rational decision-making, but because of ingrained habits, fear of losing access to benefits, or the belief that bundled services offer better value. Concepts from behavioral economics, including the sunk cost fallacy and loss aversion, further explain why customers struggle to cancel, especially when they've invested time or money into a service.

Marketing strategies also contribute significantly. Free trials, auto-renewals, and psychological pricing are designed to reduce cancellation rates by exploiting consumer inertia and decision fatigue. While effective, these tactics raise questions about transparency and fairness.

The study aims to provide actionable insights for both businesses and consumers. For companies, it offers guidance on creating ethical, user-friendly subscription models that balance profitability with consumer well-being. For consumers, it highlights common behavioral traps and encourages more conscious decision-making regarding subscriptions.

IV. LITERATURE REVIEW

Consider the scenario where you awaken to find that your bank account has been charged for several subscription services—many of which you have not utilized in quite some time. This includes a gym membership you intended to cancel but never did, a streaming service you seldom watch, and a software subscription that was once essential but is now redundant. What compels individuals to maintain subscriptions for services they do not fully engage with? Additionally, why do companies favor subscription models over conventional sales methods?

The explanation resides in the potent psychological mechanisms inherent in subscription models, which are crafted to entice consumers into ongoing payments with minimal effort. In contrast to traditional purchases that necessitate active decision-making, subscription models capitalize on passivity, the formation of habits, and psychological biases that complicate the cancellation process. Businesses strategically exploit these psychological factors to promote long-term customer loyalty.

This section delves into the psychological motivations that lead consumers to commit to subscription services and the challenges they face in discontinuing them.

The Psychology of Convenience: Understanding the Effortlessness of Subscriptions

1. Decision Fatigue and Cognitive Ease

Have you ever experienced mental exhaustion from making too many choices in a single day? This phenomenon, known as decision fatigue, occurs when our capacity to make thoughtful decisions diminishes after a series of continuous choices. Subscription models take advantage of this fatigue by removing the necessity for repeated purchasing decisions.

For instance:

- Instead of deliberating each month on whether to purchase new music, a consumer simply maintains their Spotify subscription.
- Rather than reassessing the need to continue using Adobe Photoshop, the auto-renewal feature guarantees uninterrupted access.

By choosing a "set and forget" approach, consumers alleviate the mental strain associated with decision-making. This minimizes friction, rendering subscriptions more convenient compared to one-time purchases that demand ongoing evaluation.

2. The Habit Loop: Transforming Subscriptions into Daily Rituals

In his book, *The Power of Habit*, Charles Duhigg (2012) describes how repeated actions become established habits through a cue-routine-reward cycle. Subscription services adeptly embed themselves into consumer routines, ensuring that their offerings become essential on a daily or weekly basis.

For example:

- Netflix and YouTube Premium foster "binging habits" through autoplay features, solidifying a nightly streaming routine.
- Subscriptions to Peloton or fitness apps promote daily workouts, instilling a sense of guilt if the consumer ceases to engage with them.
- News subscriptions such as *The New York Times* or *The Wall Street Journal* deliver daily news alerts, encouraging subscribers to develop a habit of checking the news via their platform.

When a subscription integrates into a daily or weekly routine, consumers are often reluctant to disrupt their established habits—even if they are paying for something they may not truly need.

Psychological Biases That Keep Consumers Engaged

3. Loss Aversion: The Anxiety of Cancellation

Which is more distressing: losing \$10 or gaining \$10? Research by Kahneman and Tversky (1979) indicates that losses are perceived as twice as painful as the pleasure derived from equivalent gains. This concept, referred to as loss aversion, significantly influences consumer behavior regarding subscriptions.

When contemplating the cancellation of a subscription, consumers tend to concentrate on the potential losses rather than the savings they would achieve.

For instance,

- Terminating an Amazon Prime subscription results in the loss of benefits such as expedited shipping, access to Prime Video, and exclusive discounts.
- Similarly, canceling Spotify Premium leads to the inconvenience of advertisements and restricted song skips.

As the emotional impact of losing these benefits outweighs the financial advantages of cancellation, many consumers opt to maintain their subscriptions, even when their actual usage diminishes.

4. The Sunk Cost Fallacy: "I've Invested So Much Already!"

The sunk cost fallacy occurs when individuals persist in investing in a service simply because they have already incurred costs, even if it no longer serves their interests. Subscription models take advantage of this bias by fostering a sense of emotional investment in the service.

For example:

- A consumer who has subscribed to an online course for six months may continue to pay out of a sense of obligation, despite having ceased participation in the classes.
- Similarly, an individual with an unused gym membership may hesitate to cancel, feeling compelled to "get their money's worth," even though they are not utilizing the facility.

This emotional connection to prior expenditures keeps consumers tied to ongoing payments long after they should have opted out.

Strategies and Techniques Employed by Businesses to Enhance Customer Retention

5. Auto-Renewals: The Effectiveness of Passive Retention

A highly effective method utilized by businesses is the implementation of auto-renewals, which automatically renews subscriptions unless the consumer takes the initiative to cancel. Research indicates that individuals are significantly less inclined to cancel their subscriptions than they are to enroll initially.

A study conducted by Johnson et al. (2002) revealed that default settings have a considerable impact on consumer behavior. When auto-renewals are set as the default option, the majority of consumers do not opt out, even if they are no longer actively utilizing the service.

Companies further complicate the cancellation process by:

- Concealing the "cancel" option within complex settings.
- Mandating customer service interactions prior to cancellation (for instance, Peloton requires a phone call).
- Employing guilt-inducing prompts such as "Are you sure? You will forfeit all your premium features!"

This approach makes remaining subscribed the easiest option, thereby enabling businesses to optimize passive revenue.

6. Free Trials: The Subtle Entrapment of Subscriptions

Many subscription-based enterprises provide free trials, allowing consumers to sample the service without any obligation. However, these free trials often serve as a psychological entrapment, where:

- Consumers neglect to cancel before the trial period concludes.
- They develop a reliance on the service during the trial.
- Auto-renewals are activated by default, leading to automatic charges.

For instance:

- 67% of individuals who register for Amazon Prime's free trial ultimately transition into paying subscribers, as they incorporate Prime services into their daily routines (McKinsey, 2021).
- Streaming platforms like Netflix frequently launch highly captivating shows during free trial periods, ensuring that users feel compelled to continue their subscriptions to complete the series.

Reasons Behind Consumers' Irrational Subscription Decisions

In a perfect scenario, consumers would make logical choices by thoroughly assessing the costs, benefits, and their actual usage of subscription services prior to making any financial commitments. Nevertheless, the reality is that consumer behavior frequently deviates from rationality, influenced by emotions, cognitive biases, and subconscious decision-making processes.

The field of behavioral economics, developed by scholars such as Daniel Kahneman and Richard Thaler, elucidates how psychological biases and mental shortcuts impact financial choices. When it comes to subscription services, consumers often engage in impulsive sign-ups, experience difficulty in canceling subscriptions, and continue to pay for services they seldom utilize, driven by factors such as loss aversion, the formation of habits, and default biases.

This section delves into the principles of behavioral economics that subscription companies utilize to enhance customer retention and increase revenue. By gaining insight into these elements, consumers can make better-informed decisions, while businesses can create more ethical subscription frameworks.

1. Loss Aversion: The Anxiety of Losing Access

Consider the scenario where you have a Netflix subscription and are contemplating its cancellation. What is your immediate reaction?

For many individuals, the thought is: "What if I wish to watch my favorite show next week?"

This reluctance exemplifies loss aversion, a principle derived from Prospect Theory (Kahneman & Tversky, 1979), which posits that individuals experience the distress of losing something with twice the intensity of the joy derived from acquiring something of equal value.

How Subscription Models Leverage Loss Aversion:

1. "Cancel Anytime" with Implications:
 - Numerous services promote "no commitment, cancel anytime," yet they subtly emphasize what subscribers will forfeit upon cancellation.
 - For instance, Spotify Premium alerts users prior to cancellation, stating, "You will lose ad-free music, unlimited skips, and offline playback."
 2. Exclusive Content & FOMO (Fear of Missing Out):
 - Streaming services such as Netflix, Disney+, and Amazon Prime Video consistently introduce exclusive content to encourage subscribers to remain engaged, driven by the fear of missing out on new shows and films.
 - The gaming sector employs a similar strategy with offerings like Xbox Game Pass, where games are periodically cycled out, prompting users to maintain their subscriptions to avoid missing out on titles before they are removed.
 3. Discounted Annual Plans to Foster a "Lock-In" Effect:
 - Companies like Adobe Creative Cloud and Microsoft 365 provide discounts for annual subscriptions, effectively ensuring that consumers remain committed for an extended duration due to the apprehension of losing their prepaid investment.
- Loss aversion renders the act of canceling subscriptions psychologically burdensome, which explains why consumers frequently hesitate, even when a service no longer holds value for them.

2. The Sunk Cost Fallacy: "I Have Already Invested, Therefore I Must Continue Using It"

Would you persist in watching a disappointing film in a theater simply because you have already purchased a ticket?

This scenario illustrates the sunk cost fallacy—the inclination to keep investing in a venture due to previous expenditures, even when it no longer serves our interests (Thaler, 1980).

How Subscription Models Take Advantage of the Sunk Cost Fallacy:

1. Gym Memberships and Fitness Applications:
 - Numerous individuals enroll in gym memberships with the best of intentions; however, as their motivation wanes, they find it difficult to cancel due to feelings of guilt over the money already spent.
 - Fitness applications such as Peloton or Apple Fitness+ capitalize on this phenomenon by sending users progress updates that remind them of their prior investment in the service.
2. Online Learning Subscriptions:
 - Services like MasterClass, Skillshare, and LinkedIn Learning often encourage users to pay for a full year in advance, creating a sense of obligation to continue utilizing the platform, even if their interest diminishes.
 - Many users experience guilt when considering cancellation, feeling they have not "fully utilized" the courses, despite their current irrelevance.
3. Software Subscriptions and Digital Tools:
 - Products like Adobe Creative Cloud, Microsoft 365, and other Software-as-a-Service (SaaS) offerings depend on long-term commitments. Users are often reluctant to cancel their subscriptions due to a perceived reliance on the tools for which they have been paying.

The sunk cost fallacy emotionally binds consumers to their subscriptions, resulting in continued payments long after the service has lost its value.

3. Hyperbolic Discounting: Favoring Immediate Rewards Over Future Costs

Hyperbolic discounting refers to a cognitive bias in which individuals tend to favor immediate gratification over more substantial future rewards, even when delaying gratification would yield greater benefits in the long term (Laibson, 1997).

How Subscription Models Exploit Hyperbolic Discounting:

1. "First Month Free" and Trial Offers:
 - Consumers are drawn to the immediate benefit of complimentary access, often overlooking the potential long-term expense associated with failing to cancel.
 - For instance, Amazon Prime's 30-day free trial entices users by fostering habitual engagement, increasing the likelihood that they will continue their subscription after the trial period concludes.
2. "Limited Time Offer" and Psychological Scarcity:
 - Services such as Spotify, Netflix, and YouTube Premium regularly present short-term discounts, instilling a sense of urgency that compels consumers to act quickly to avoid missing out on the offer.
 - This pressure results in hasty subscriptions, where individuals may not fully evaluate their actual need for the service in the long run.

Hyperbolic discounting drives consumers into commitments they might have otherwise avoided had they taken the time to assess the long-term implications.

4. Default Bias and Auto-Renewals: The Easiest Route

Individuals tend to remain with a pre-selected choice rather than actively opting for an alternative, a phenomenon referred to as default bias (Johnson et al., 2002).

How Subscription Models Leverage Default Bias:

1. Auto-Renewals Foster Consumer Inactivity:
 - The majority of subscription services renew automatically, necessitating effort to cancel while requiring no effort to maintain the subscription.
 - For instance, Apple and Google Play obscure the cancellation settings for subscriptions, compelling users to navigate through several screens to discontinue their service.
2. Complicating the Cancellation Process:
 - Certain services mandate phone calls or emails for cancellation, rendering the process so cumbersome that consumers often delay taking action.
 - For example, The New York Times implements multiple confirmation steps and retention offers before permitting cancellations.

Due to the human tendency to choose the easiest option, many consumers continue to incur subscription fees simply because they do not take the initiative to cancel.

The Influence of Habit on Subscription Retention

Have you ever noticed that certain daily routines are performed so automatically that they require no conscious thought? For instance, you might wake up and instinctively check your phone, or you may habitually launch Spotify or Netflix for entertainment. Such behaviors are deeply embedded in your daily life, rendering them nearly effortless.

Businesses that operate on a subscription model capitalize on the power of habit, ensuring their services become integral to consumers' daily or weekly routines. Once a behavior becomes habitual, the likelihood of discontinuation diminishes significantly, even when it entails a recurring expense. This phenomenon accounts for why many individuals continue to pay for services they no longer actively assess, as these subscriptions have become seamlessly woven into their lifestyles.

This section delves into the role of habit formation in shaping consumer behavior within subscription frameworks, examines how companies strategically design their offerings to foster enduring habits, and discusses the psychological challenges associated with breaking away from unused subscriptions.

1. Comprehending Habit Formation: The Habit Loop

In his 2012 publication, *The Power of Habit*, Charles Duhigg elucidates that habits operate through a three-step neurological cycle:

- i. Cue (Trigger) → An element in your surroundings prompts you to utilize a service.
- ii. Routine (Behavior) → You interact with the service as a reaction to the cue.
- iii. Reward (Satisfaction) → The action yields satisfaction or convenience, thereby reinforcing its future use.

This habit loop is responsible for the automatic nature of certain behaviors over time. Subscription-based companies intentionally design cues, routines, and rewards to integrate their services seamlessly into consumers' daily lives.

For instance:

- Spotify Premium: The cue may be a sense of boredom, the routine involves opening the app and listening to a playlist, while the reward is the discovery of new music.

- Netflix: The cue is a feeling of fatigue, the routine consists of accessing Netflix, and the reward is immediate entertainment.

- Amazon Prime: The cue arises from the need for a quick purchase, the routine entails ordering from Amazon, and the reward is prompt delivery.

Once a service becomes ingrained in daily habits, it becomes effortless to maintain and challenging to discontinue, even if the consumer no longer deems the subscription necessary.

2. The Intentional Construction of Consumer Habits through Subscription Models

Numerous subscription-based enterprises are strategically designed to cultivate habits by employing psychological techniques that maintain user engagement over time. Below are several prevalent strategies:

1. Tailored Recommendations to Enhance Usage

- Services such as Netflix, YouTube Premium, and Spotify utilize AI-generated recommendations to propose content that aligns with individual user preferences.

- These suggestions act as prompts, encouraging users to return and interact with the platform on a daily basis.

- As users invest more time on these platforms, their habits become increasingly entrenched.

For instance, Netflix's autoplay feature guarantees that after one episode concludes, the next begins immediately, thereby eliminating the need for users to make a new choice and promoting binge-watching behaviors.

2. Daily and Weekly Challenges to Establish Routine

- Numerous fitness and educational applications implement challenges to foster ongoing engagement.

- For example, Duolingo (a language learning app) and Peloton (a fitness app) incentivize users for maintaining daily activity streaks, thereby reinforcing the habit of regular usage.

- Once users have committed time to uphold a streak, they often feel a strong inclination to continue, which aids in ensuring long-term subscription loyalty.

For instance, Duolingo sends daily reminders to users to continue their language studies, instilling a sense of guilt if they fail to participate.

3. Subscription Benefits That Encourage Long-Term Commitment

- Many services enhance rewards as customers maintain their subscriptions over time.

- Amazon Prime, for example, provides benefits such as exclusive discounts during Prime Day, which creates a perception of added value for users.

- Similarly, credit card reward programs (such as Amex Platinum Membership Rewards) make consumers reluctant to cancel their subscriptions due to the points they have accrued.

These approaches ensure that consumers remain subscribed not only for the services offered but also for the long-term advantages they gain.

3. The Psychology Behind Subscription Inertia: Challenges Consumers Face in Cancelling

Consumers frequently find it difficult to cancel subscriptions, even when they are no longer in active use. This phenomenon can be attributed to several factors:

1. Inertia and the "Path of Least Resistance"

- Individuals often maintain their existing habits because changing them requires effort.

- Since subscriptions typically renew automatically, users may postpone cancellations due to forgetfulness or the desire to avoid the inconvenience involved.

- Companies take advantage of this tendency by complicating the cancellation process.

For instance, The New York Times necessitates multiple steps for cancellation, often requiring customers to engage with a representative, which can make the experience frustrating enough to dissuade them from proceeding.

2. The Endowment Effect: Attachment to Subscriptions

- The endowment effect, as described by Kahneman et al. (1990), suggests that individuals assign greater value to items they possess.

- Once a consumer subscribes, they develop a sense of psychological ownership over the service, which complicates the decision to cancel.

- Even infrequent users may experience a sense of loss when contemplating termination.

For example, many individuals hesitate to cancel their gym memberships, despite rarely attending, simply because they wish to retain the option of future visits.

3. The "I'll Use It Next Month" Mentality

- Numerous consumers postpone cancelling subscriptions under the belief that they may utilize the service in the following month.

- Even if they have not actively engaged with the service for an extended period, they cling to the hope of future use.

- This mindset can result in prolonged periods of unnecessary payments.

For example, a subscriber to HBO Max for a specific show may continue to incur charges long after the show concludes, thinking, "Perhaps another show will catch my interest later."

4. Breaking the Subscription Habit: How Consumers Can Regain Control

While subscription models are designed to build habits, there are ways for consumers to break free from unnecessary subscriptions and take control of their finances.

1. Conducting Regular Subscription Audits

- Consumers should review their bank statements monthly to identify unused or forgotten subscriptions.
- Many people fail to notice small monthly charges, leading to accidental long-term spending.

Example: A person who subscribed to multiple streaming services (Netflix, Disney+, Hulu, HBO Max) might realize they only use one actively and cancel the rest.

2. Using Technology to Track and Manage Subscriptions

- Many apps now help consumers track and cancel unwanted subscriptions automatically.
- Truebill, Bobby, and Rocket Money allow users to view all active subscriptions in one place and easily cancel unused ones.

3. Setting Reminders Before Trial Periods End

- Consumers should set calendar alerts before free trials convert into paid subscriptions.
- Since companies rely on users forgetting to cancel, proactive reminders can help avoid accidental charges.

Example: Setting a reminder 2 days before an Amazon Prime free trial ends can help users decide whether to keep or cancel the service.

How Subscription Models Foster Consumer Engagement

Subscription-based businesses have transformed the landscape of consumer spending by moving from one-time purchases to ongoing revenue models. This approach not only provides companies with a reliable cash flow but also presents psychological and financial hurdles for consumers, who frequently find it difficult to cancel, manage, or assess their active subscriptions.

To enhance customer acquisition, engagement, and retention, businesses implement strategic pricing, psychological strategies, and mechanisms that reduce friction. Notably, free trials, discounts, and automatic renewals serve as some of the most effective methods for maintaining long-term subscriptions.

This section delves into the design of these strategies, examines their effectiveness, and offers guidance for consumers to make more informed choices when enrolling in subscription services.

1. Free Trials: The Psychological Incentive for Subscription Engagement

Offering a free trial is a highly effective strategy for transforming potential customers into paying subscribers. The underlying psychology of free trials can be summarized as follows:

- Eliminate initial barriers → Reduce the perceived risk of enrollment.
- Promote habit formation → Engage users with the service.
- Capitalize on consumer inertia → Rely on users forgetting to cancel before incurring charges.

1.1 The Effectiveness of Free Trials

i. The Allure of "Free"

Consumers are drawn to free offerings as they create a perception of no risk involved. Research in behavioral economics indicates that individuals tend to assign greater value to free items than to those offered at a discount (Shampanier, Mazar, & Ariely, 2007).

For instance, Amazon Prime's 30-day free trial allows users to enjoy benefits such as expedited shipping, access to Prime Video, and exclusive discounts, thereby enhancing the perceived value of the service. Users who become accustomed to these advantages often find it challenging to cancel once the trial period concludes.

ii. The Endowment Effect: Developing a Sense of Ownership

As consumers begin to utilize a service, they cultivate a sense of ownership, which makes the idea of cancellation feel akin to relinquishing something of value (Kahneman et al., 1990).

For example, a user who invests time in curating a playlist on Spotify during their free trial may develop an emotional attachment, leading to hesitance in downgrading once the trial period ends.

iii. The Forgetting Curve: The Challenge of Cancellation Deadlines

A significant number of consumers overlook the need to cancel their free trials before they transition into paid subscriptions. Companies exploit this tendency for forgetfulness by:

- Automatically enrolling users into paid subscriptions unless they choose to opt out.
- Concealing cancellation options within complex account settings.

- Sending ambiguous or misleading email notifications.

For example, a study conducted by McKinsey (2019) revealed that 91% of consumers who register for a free trial forget to cancel prior to being charged.

1.2 Strategies Employed by Businesses to Enhance Free Trial Conversions

Organizations design free trials to increase conversion rates through the following methods:

- Restricting the length of the trial: A brief trial period, such as a 7-day trial for fitness applications, creates a sense of urgency for users to assess the product, resulting in higher rates of paid subscriptions.
- Mandating the provision of credit card information at the outset: This approach minimizes obstacles when transitioning to billing after the trial concludes.
- Providing access to premium features during the trial: Once users experience the advantages of premium offerings, they are less inclined to revert to the "free" or basic version.

2. Discounts and Introductory Pricing: The Perception of a "Fantastic Offer"

A common tactic employed by subscription-based businesses is the provision of discounted rates for new customers. This approach not only facilitates initial acceptance but also psychologically conditions users to anticipate paying the full price in the future.

2.1 The Effectiveness of Discounts in Subscription Models

i. Anchoring Effect: Establishing a Higher Perceived Value

The anchoring effect, as described by Tversky and Kahneman (1974), illustrates how initial pricing can shape our understanding of value.

- Businesses often present a higher standard price (for instance, ₹999 per month) while promoting an introductory rate (such as ₹299 for the first three months).
- When the price subsequently rises, consumers are more inclined to maintain their subscription, having mentally anchored to the initial "fantastic offer."

For example, Disney+ Hotstar provides a ₹299 annual plan for new subscribers, which then escalates to ₹1,499 in the following year, relying on user inertia to minimize cancellations.

ii. The "Too Good to Cancel" Phenomenon

By offering time-limited discounts aimed at retention, companies leverage the principle of loss aversion (Kahneman & Tversky, 1979).

- For instance, when users attempt to cancel their Spotify Premium subscription, they are frequently presented with an offer of three months at a 50% discount.
- This strategy creates a sense of loss regarding a valuable deal, encouraging users to remain subscribed.

iii. The "Freemium" Dilemma: Pressure to Upgrade

Freemium models provide a complimentary basic service while subtly encouraging users to transition to paid versions.

- For example, Canva offers a free version with restricted features, but users often encounter a paywall when seeking premium templates.
- This psychological barrier prompts many users to choose paid plans with minimal deliberation.

2.2 The Role of Discounts in Enhancing Retention for Subscription Businesses

Businesses implement discounts at three key phases:

1. Customer Acquisition:

- Provide substantial discounts to attract new subscribers, such as charging only ₹1 for the initial month.

2. Retention Offers:

- Distribute targeted emails featuring exclusive "one-time" renewal pricing to encourage users to renew before they decide to cancel.

3. Win-Back Campaigns:

- Extend a "We Miss You" discount to former customers to entice them to return.

These strategies effectively encourage customers to maintain their subscriptions well beyond their original intentions.

3. Auto-Renewals: The Unseen Catalyst for Subscription Retention

Automatic renewals serve as a significant mechanism for retaining subscribers, ensuring that they remain enrolled unless they take the initiative to cancel.

3.1 The Role of Auto-Renewals in Enhancing Retention

i. Default Bias: Preference for the Familiar

The default effect, as described by Johnson et al. (2002), illustrates that individuals are inclined to maintain pre-selected choices rather than opting for alternatives.

- For instance, many individuals continue their auto-renewal for services like Netflix or Amazon Prime due to the convenience of not having to navigate the cancellation process.

ii. Passive Retention: The Consequence of Inaction

- A considerable number of users are often unaware that they are being charged monthly, resulting in prolonged periods of unnecessary expenses.

- Research indicates that 70% of subscription cancellations occur only after users become aware of the charges reflected in their bank statements.

iii. Complex Cancellation Procedures

- Numerous companies deliberately obscure cancellation options, making the process cumbersome and frustrating.

- For example, Adobe Creative Cloud necessitates several confirmation steps and a retention survey before permitting users to cancel their subscriptions.

V. RESEARCH METHODOLOGY

Questionnaire:

A questionnaire is a type of research tool used to collect data from respondents for a survey or statistical analysis. It consists of a set of questions (or other forms of prompts). Typically, a research questionnaire will have both closed-ended and open-ended questions. Long-term, open-ended inquiries provide the respondent with the chance to go into more detail.

In comparison to certain other survey instruments, questionnaires are more advantageous because they are less expensive, do not need as much effort from the respondent as verbal or telephone surveys, and frequently include standardized answers that make it easy to gather data.

I have conducted a survey on Psychology of Subscription with the help of a questionnaire. The questions are close-ended, and some parts are open-ended. It is easy to access, and lucid in understanding the context for the participants.

Figures and Tables

		Questions
Section 1:	Demographic Section	1. Age of the Participant 2. Gender of the Participant 3. Employment Status of the Participant 4. Income level of the Participant
Section 2:	Subscription Habits & Preferences	5. How many active subscriptions do you currently have? 6. Which types of subscription services do you currently use? (Select all that apply) 7. What was your primary motivation for signing up for a subscription service? 8. How often do you actively use your paid subscriptions? 9. Do you regularly review and evaluate your subscriptions? 10. How do you usually feel when considering canceling a subscription? 11. What factors have prevented you from canceling a subscription in the past? (Select all that apply)
Section 3:	Psychological Triggers in Subscription Models	12. How often do you sign up for free trials without planning to continue after the trial ends? 13. Have you ever forgotten to cancel a free trial before being charged? 14. Which pricing model do you prefer for subscriptions? 15. When faced with a subscription discount (e.g., 50% off for 3 months), how likely are you to stay subscribed after the discount period ends? 16. How do you feel about auto-renewals in subscription services? 17. Have you ever continued a subscription due to retention offers (e.g., a discount for staying subscribed)?
Section 4:	Consumer Awareness & Financial Impact	18. Do you feel that subscription services are designed to make canceling difficult? 19. On average, how much do you spend per month on subscription services? 20. Have you ever regretted signing up for a subscription service? 21. Would you be more likely to cancel unused subscriptions if companies sent monthly reminders before auto-renewal?
Section 5:	Open-Ended Questions	22. What are your biggest frustrations with subscription-based services? 23. What changes would you like to see in how companies handle subscriptions and cancellations? 24. Do you have any strategies for managing your subscriptions effectively?

V.SURVEY FINDINGS

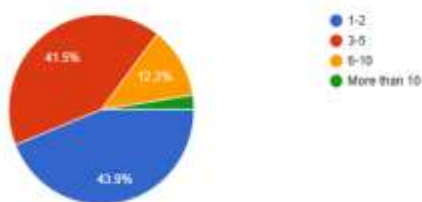
Analysis of Data: (Demographic factors)

82 RESPONSES

- **Age-group:** (53.7%) are aged 18-24, followed by 25-34 (25.6%), 35-44 (11%), and 44+ (9.8%). Younger age groups dominate the responses.
- **Gender:** 52.4% Male, 46.3% Female, and a small fraction non-binary. Males slightly outnumber females.
- **Employment Status:** 40.2% Students, 26.8% Full-Time Employed, 15.9% Self-Employed, 9.8% Unemployed, and a small fraction Part-Time Employed. Students form the largest group.
- **Income Level:** 52.4% earn less than ₹20,000 (largest group), 29.3% earn ₹20,000 – ₹50,000, 14.6% earn ₹50,000 – ₹1,00,000, A small percentage earns more than ₹1,00,000.

Subscription Habits & Preferences

How many active subscriptions do you currently have?



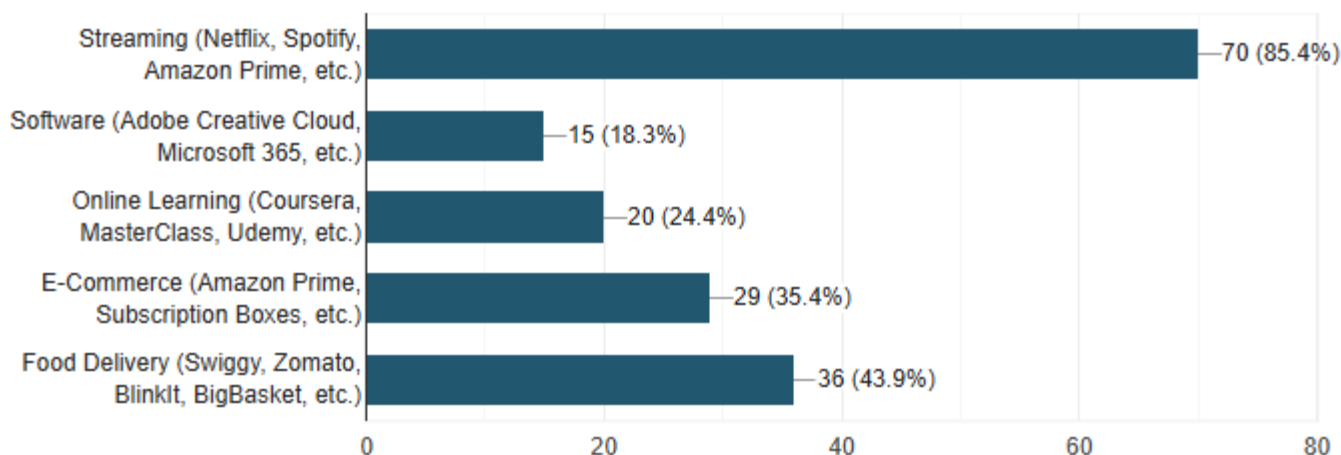
Interpretation:

1. A large number of people have few subscriptions (1-5). This implies that most people are choosy regarding their subscriptions or desire low levels of expenditure.
2. There are many people with 3-5 subscriptions. This may suggest an interest in subscribing to various streaming websites or other types of digital content sites.
3. Relatively few people have many subscriptions (6 or more). This suggests that it may be less common to have many subscriptions due to expense or difficulty.

Potential Implications:

1. Market Research: This information may be beneficial to companies that offer subscription-type services. It shows the number of subscriptions people are willing to keep on average.
2. Financial Planning: Individuals can use this data to understand how their subscription habits are compared to others and maybe where they can save money.
3. Consumer Behaviour: The data suggests that while subscriptions are on the rise, most individuals would like to have them in moderation.

Which types of subscription services do you currently use? (Select all that apply)



Interpretation:

1. **Streaming Dominance:** The streaming platforms (Netflix, Spotify, Amazon Prime, etc.) are the brash favorite subscription model, and 70 respondents (85.4%) have noted the utilization of the same. This reveals the extent to which digital entertainment sites have pervaded.
2. **Usage of Food Delivery:** Food delivery services (Swiggy, Zomato, Blinkit, BigBasket, etc.) are the most used category ranking second, according to 36 respondents (43.9%). It indicates a high reliance on these sources due to convenience and ease of access.
3. **Moderate Usage of E-commerce Subscriptions:** E-commerce subscriptions (Amazon Prime, Subscription Boxes, etc.) are used by 29 respondents (35.4%). This indicates a growing trend of online shopping and niche product deliveries.
4. **Lower Adoption of Online Learning Courses and Software Subscriptions:** Online course platforms (Coursera, MasterClass, Udemy, etc.) and software subscription software (Adobe Creative Cloud, Microsoft 365, etc.) are lower adopted, with 20 (24.4%) and 15 (18.3%) respectively. This could mean that these services are more suited to more specific audiences or professional needs.

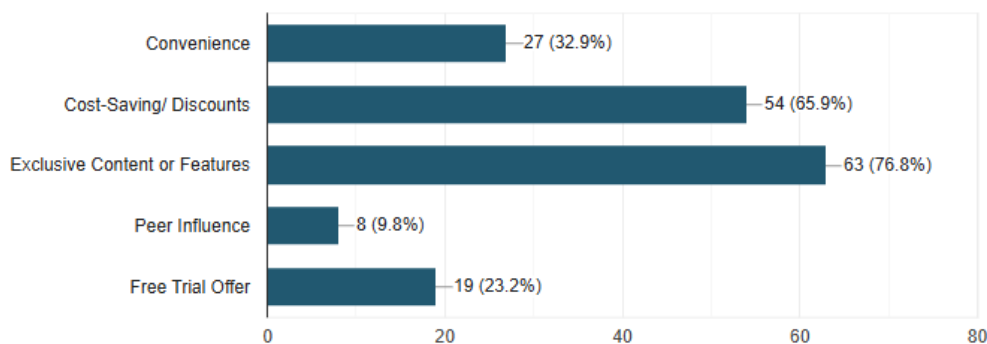
Further Analysis

1. **Multiple Choices Accepted:** The question of multiple choices accepted and therefore the percentages will not add up to 100%. It is intended to demonstrate the fact that most people subscribe to two or more of the services.
2. **Sample Size:** There were 82 respondents for the survey, a sufficient number to allow us to make a general inference. But then it should also be remembered that maybe it is not presenting the full picture.
3. **Classification:** The classifications provided are wide-ranging and cover a lot of services under each one. Subclassification within each one might yield more detailed information.
4. **No Demographics Available:** No demographic information of the respondents (area of residence, income level, etc.) which would go a long way in varied usage patterns of subscriptions.

Possible Inferences:

1. **Market Saturation of Streaming:** Widespread usage of streaming services points to potential market saturation. Companies might be compelled to focus on differentiation and value-added services in a bid to acquire and retain customers.
2. **Opportunities for Growth in Food Delivery and E-commerce:** The widespread use of food delivery and e-commerce subscription points towards huge opportunities for growth in the two segments. Companies must focus on improving the user experience, expanding offerings, and leveraging technology to benefit from this trend.
3. **Niche Market for Software and Online Learning:** The low subscription rate of software and online learning is a niche market. Companies in these industries need to decide on their target market and fit their product into meeting specific needs.

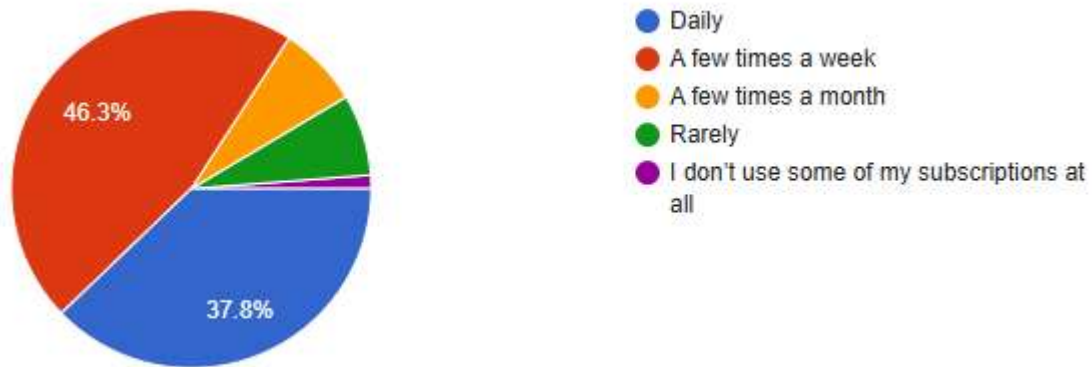
What was your primary motivation for signing up for a subscription service? (Choose any three)

**Interpretation:**

1. **Multiple Choices:** The question allows up to three motivations to be chosen by the respondents, and the percentages therefore do not total 100%. They reflect the percentage of the 82 respondents who chose each individual motivation.
2. **Key Motivations:** The most significant motivations for signing up for a subscription service, according to this data, are:
 - Exclusive Content or Features (76.8%) - The most influential driver, i.e., people are happy to pay for exclusive content or features that others cannot find.
 - Cost-Saving/Discounts (65.9%) - Saving money or discounts is the biggest incentive, i.e., value for money is a necessity for subscribers.
 - Moderate Motivations: Convenience (32.9%) - Convenience is not an extremely top driver, but remains very significant to a high number of respondents.

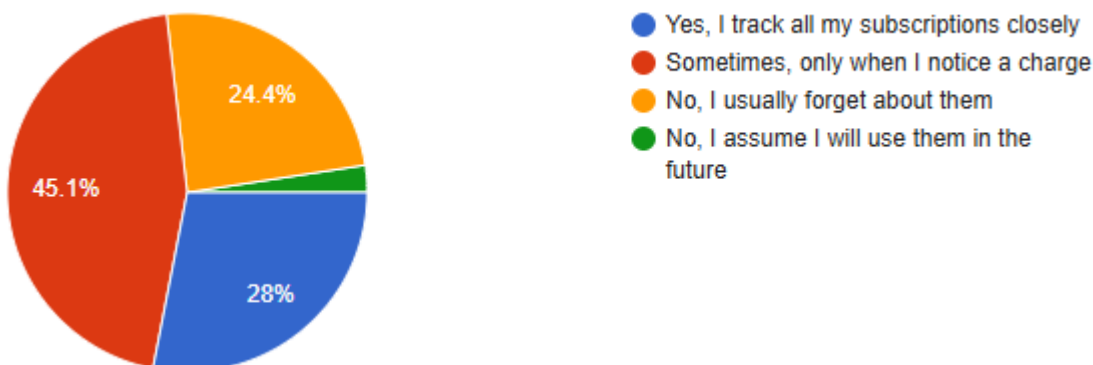
- Free Trial Offer (23.2%) - Free trials are the most favored tactic to gain subscribers and do influence sign-ups for a significant majority of individuals.
- Least Influencing Motivation- Peer Influence (9.8%) - It is the lowest influencing factor, and it shows word-of-mouth or peer pressure from friends has a relatively lower impact on subscription.

How often do you actively use your paid subscriptions?



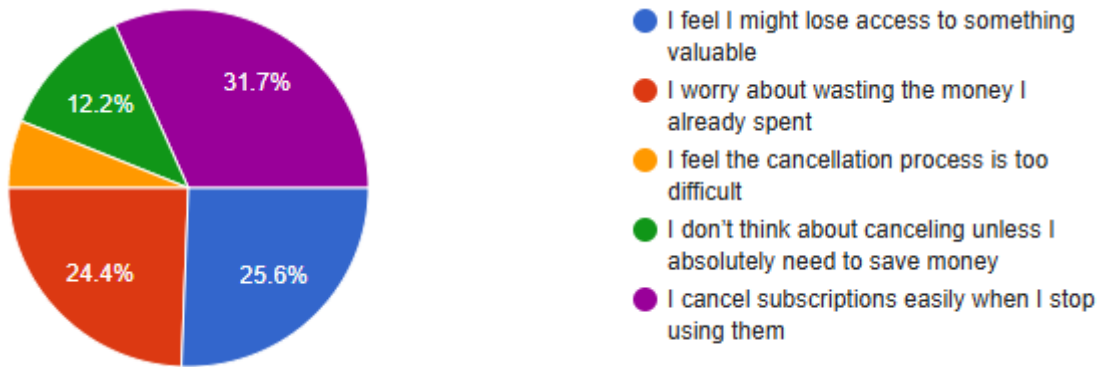
1. Active Usage: Large majority of respondents (84.1%) of the respondents (37.8% + 46.3%) actively employ their paid subscription at least on a few days a week or daily. The implication is that paid subscriptions are widely used among the respondents.
2. Value Perception: Since most of them utilize their subscriptions, that's evidence that they feel that there is value in them.
3. Area of Improvement: Even when the "Rarely" and "I don't use some of my subscriptions at all" buckets are minuscule in size, they will still be beneficial to a few of the responders. It could potentially identify a potential area of improvement on the part of the subscription providers in terms of the usage of their users or provide more fitting content/services to such users.

Do you regularly review and evaluate your subscriptions?



1. Most Are Reactive, Not Proactive: The largest segment (45.1%) only check for subscriptions when they notice a charge, which is a reactive, and not a proactive, measure.
2. Severe Neglect: Entirely 24.4% of the sample indicate neglecting subscriptions, a very probable cause of money wastage.
3. Active Management is Relevant: 28% of respondents are actively managing subscriptions, which implies a degree of money awareness.
4. Future Use Assumption is Small: The "assumption of future use" category is small, indicating that people are not highly optimistic about utilizing unused subscriptions.

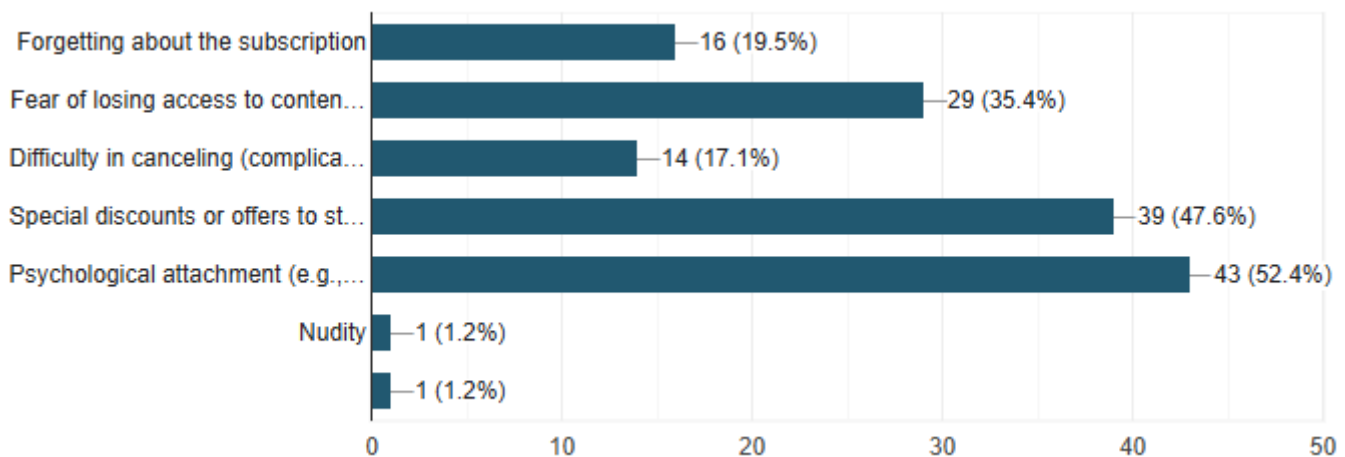
How do you usually feel when considering cancelling a subscription?



Interpretation:

1. Emotional Attachment: The largest group of respondents (25.6% + 24.4% = 50%) give emotional rationale for not wanting to cancel either because they think they are losing value or do not want to waste money.
2. Cancellation Difficulty Issues: 12.2% of the consumers are experiencing difficulty with cancellation, and hence, making cancellation easier can boost customer satisfaction.
3. Practicality over Emotion: The highest percentage (31.7%) can cancel conveniently if not making use of the service, exemplifying practical behavior. Yet most are emotionally driven.
4. Financial Need: 12.2% only cancel when absolutely required for cost savings, highlighting the value placed by some on affordability.

What factors have prevented you from cancelling a subscription in the past? (Select all that apply)



Interpretation:

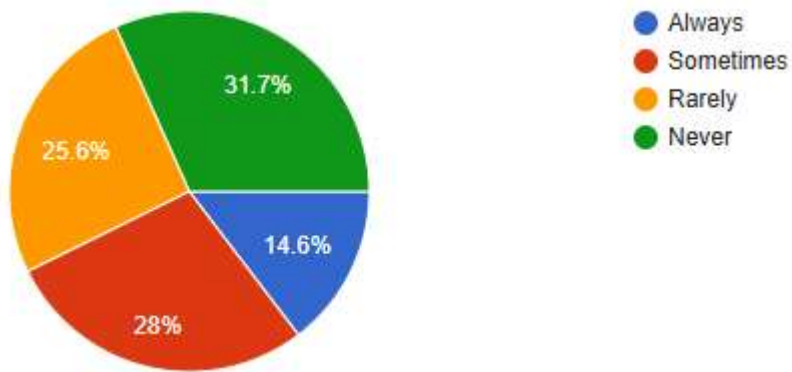
1. Dominating Factors: The strongest drivers disappointing to cancel subscription are "Psychological attachment (e.g.,..." (52.4%) and "Special discounts or offers to stay" (47.6%). It indicates the prevalence of emotional hooks and money as drivers in retention.
2. Fear of Loss: "Fear of losing access to content." is also a highly ranked reason (35.4%), indicating that the subscribers don't want to lose access to the paid content.
3. Inconvenience: "Difficulty in canceling (complicated process)" is another explanation for most of the respondents (17.1%), i.e., it would be more customer-oriented to design it as an easy process to cancel.
4. Forgetfulness: "Forgetting to cancel the subscription" is an actual reason for some (19.5%), i.e., they require explicit reminders and alerts.
5. Equal Low Responses: Another category of 1 response and 1.2%. Having no idea about what this category is, it is hard to read.

Insights and Implications:

1. Customer Retention Strategies: The outcomes are indicating the formation of emotional connections with users and treating them with good rewards to remain retained.
2. Content Value: The threat of losing access is emphasizing the worth of the content being offered through subscriptions.
3. User Experience: Simplifying cancellation can lead to greater satisfaction and less frustration.
4. Marketing and Communication: Notification and clear presentation of renewal date and subscription terms may avoid forgetfulness.

Psychological Triggers in Subscription Models

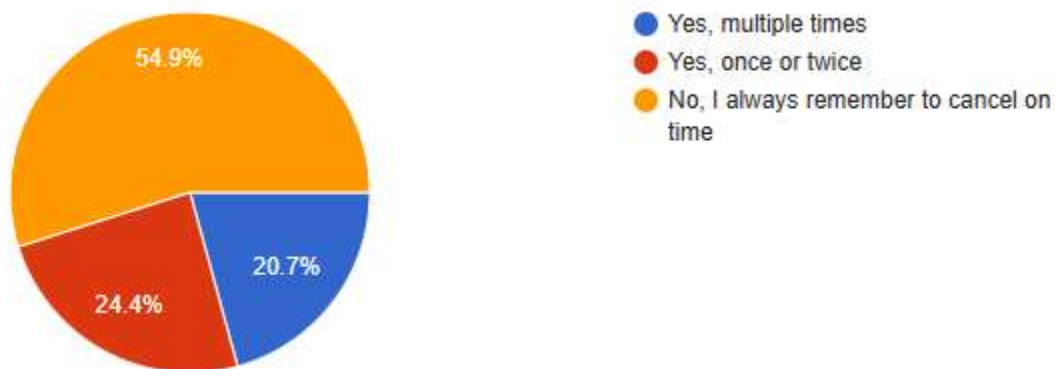
How often do you sign up for free trials without planning to continue after the trial ends?



Interpretation:

1. Never is the most frequent answer: The biggest slice (green) is for "Never" at 31.7% of the participants. This means that a high percentage of individuals don't sign up for free trials without the intent to carry on.
2. On occasion is the second most frequent: "On occasion" (red) is the second biggest category with 28% of those asked. This implies that many people join occasional free trials but don't intend to keep up with them.
3. Rarely and Always occur less frequently: "Rarely" (orange) and "Always" (blue) correspond to lower percentages, with 25.6% and 14.6% respectively. This would suggest that these are less common in the respondents.
4. Distribution: The distribution of the responses is spread across all categories, suggesting a range of behaviors in the signing up for free trials.

Have you ever forgotten to cancel a free trial before being charged?



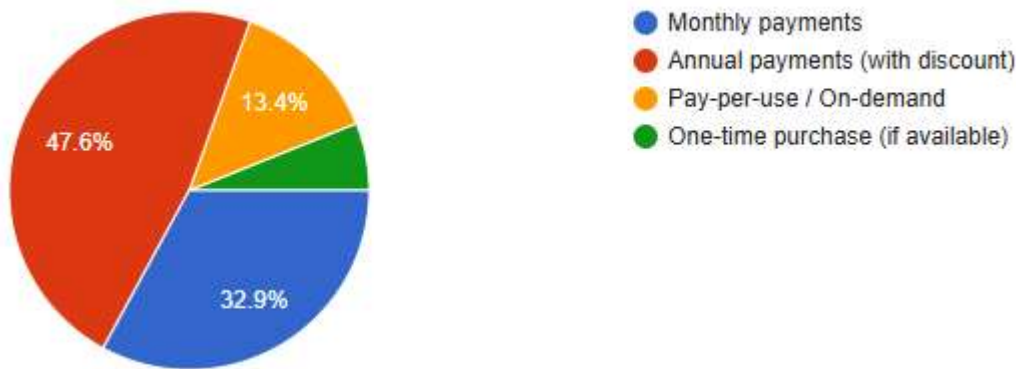
Interpretation:

1. Most Avoid Charges: The largest group, accounting for 54.9% of respondents, indicates that a considerable number of individuals routinely terminate free trials before any charges are applied.
2. Large Group Experiences Charges: A total of 45.1% (20.7% + 24.4%) of respondents have admitted to forgetting to cancel a free trial at least once, suggesting that this lapse is quite prevalent.
3. Recurring Issue: A significant 20.7% of users report having unintentionally canceled their subscriptions multiple times, underscoring that this problem is persistent for some individuals.

Possible Implications and Further Questions:

1. User Interface Design: These findings may suggest that the user interface or the cancellation process for free trials lacks user-friendliness or is not easily navigable for all users.
2. Marketing Strategies: Certain companies might deliberately make the cancellation of free trials more complex, anticipating that consumers will lose track and end up incurring charges.
3. Consumer Education: The survey highlights a clear necessity for improved consumer education regarding the management of free trials and a better understanding of cancellation procedures.

Which pricing model do you prefer for subscriptions?



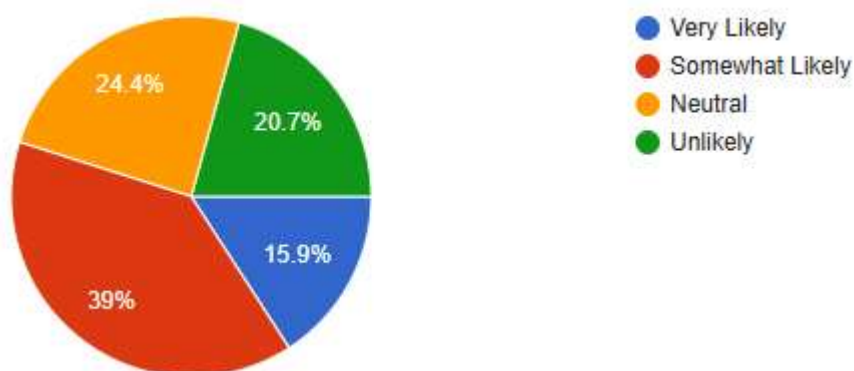
Interpretation:

1. **Dominant Preference:** The pricing model that received the highest level of preference is the annual payment option with a discount, selected by 47.6% of participants. This suggests that customers are significantly swayed by the perceived value of discounts when choosing a longer subscription term.
2. **Second Most Popular:** The monthly payment option follows closely, favored by 32.9% of respondents. This indicates that a notable segment of customers appreciates the flexibility and lower initial costs associated with monthly subscriptions.
3. **Less Popular Options:** The pay-per-use/on-demand and one-time purchase models are considerably less preferred, with only 13.4% and 6.1% of respondents choosing these options, respectively. This suggests that while some customers may find these alternatives attractive, they are not the primary choices for most.

Insights and Implications:

1. **Discount Incentive:** The strong preference for annual payments with discounts highlights the importance of offering incentives to encourage longer-term subscriptions.
2. **Flexibility vs. Cost:** The significant interest in monthly payments points to a balance between the allure of lower upfront costs and flexibility, in contrast to the potential savings provided by annual subscriptions.
3. **Limited Demand for Usage-Based or One-Time Purchases:** The low preference for pay-per-use and one-time purchases indicates that the subscription model is generally well-received for the type of service assessed in the survey.

When faced with a subscription discount (e.g., 50% off for 3 months), how likely are you to stay subscribed after the discount period ends?



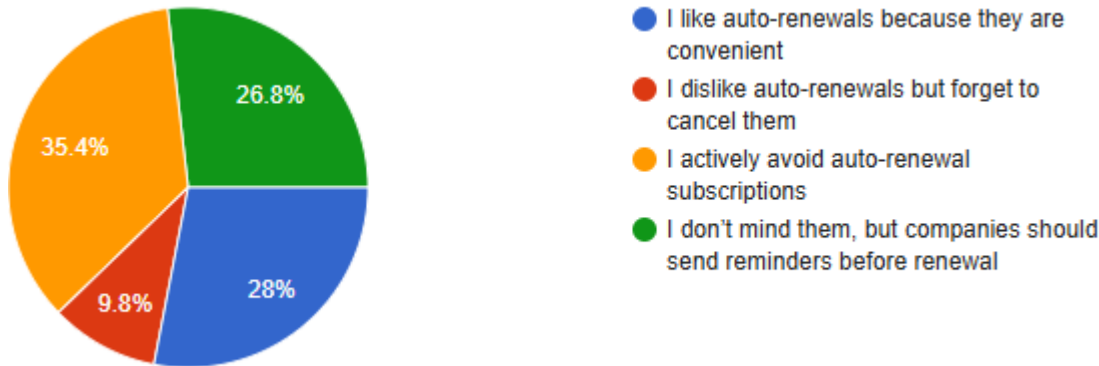
Interpretation:

1. **Predominant Preference for Continuation:** The largest group, categorized as "Somewhat Likely" at 39%, reveals that a notable number of respondents are inclined to maintain their subscription once the discount period concludes.
2. **Aggregate Positive Outlook:** When we combine the "Very Likely" and "Somewhat Likely" responses, we observe that 54.9% (15.9% + 39%) of participants exhibit a favorable attitude towards remaining subscribed. This indicates that subscription discounts may effectively aid in customer retention, at least in the short term.
3. **Considerable Ambivalence and Dissent:** Conversely, a significant 45.1% (24.4% + 20.7%) of respondents are either neutral or express reluctance to continue their subscription. This underscores the difficulty in transforming discount-driven subscribers into long-term, full-paying customers.
4. **Substantial Neutrality:** The "Neutral" category, comprising 24.4%, is notably large, suggesting that many respondents are uncertain or that their decisions hinge on factors not addressed in the survey.

Implications:

1. Effectiveness of Discounts: Although discounts can draw in subscribers, they do not ensure sustained retention over time.
2. Value Proposition: It is essential for companies to provide value that extends beyond the discount period to keep customers engaged.
3. Customer Segmentation: Gaining insights into the elements that affect the "Neutral" and "Unlikely" groups is vital for developing targeted retention strategies.
4. Further Research: Expanding this survey could yield a deeper understanding of the motivations behind the varied responses, offering more comprehensive insights.

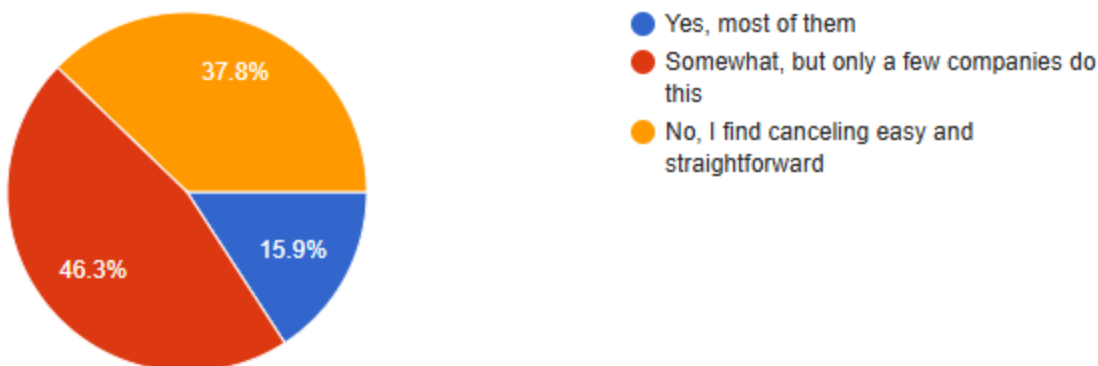
How do you feel about auto-renewals in subscription services?

**Interpretation:**

1. Dominant Sentiment: The largest segment of respondents (35.4%) indicates that the prevailing sentiment is one of wanting to actively choose out of auto-renewal subscriptions. This reflects a strong level of suspicion or fear of auto-renewals among respondents.
2. Convenience vs. Oversight: While 28% appreciate the convenience of auto-renewals, a significant 9.8% are unhappy but do not cancel out due to forgetfulness, suggesting potential faults in the process or lack of agency on the part of users.
3. Conditional Acceptance: 26.8% of the respondents overall are neutral towards auto-renewals but highlight the importance of reminders, indicating that they prefer greater transparency and control of their subscriptions.
4. Overall Distribution: The responses have a relatively broad range of opinions in comparison to auto-renewals, with the avoid sentiment being the strongest.

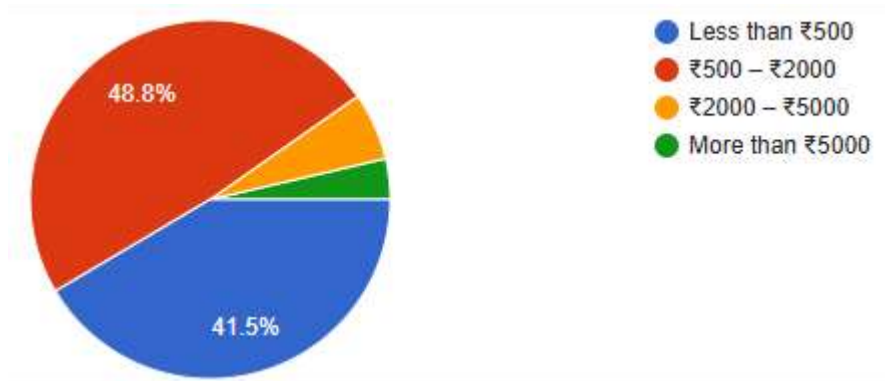
Consumer Awareness & Financial Impact

Do you feel that subscription services are designed to make canceling difficult?

**Interpretation:**

1. Majority Believe Cancellation is Hard: The total percentage of those who believe cancellation is hard, either largely or somewhat, is $15.9\% + 46.3\% = 62.2\%$. This reflects that a major majority of individuals find it difficult to cancel subscription services.
2. "Somewhat" is the Largest Group: The single largest group (46.3%) holds that some firms make cancellation hard, but not necessarily all. This indicates that though not a universal problem, the problem is common enough to be perceived by a large number of respondents.
3. A Major Minority Makes Cancellation Easy: Even though the majority perceives cancellation as challenging, 37.8% of those polled find the procedure easy and convenient. This implies that experience with cancellation is conditional on the firm or one's own view.

On average, how much do you spend per month on subscription services?



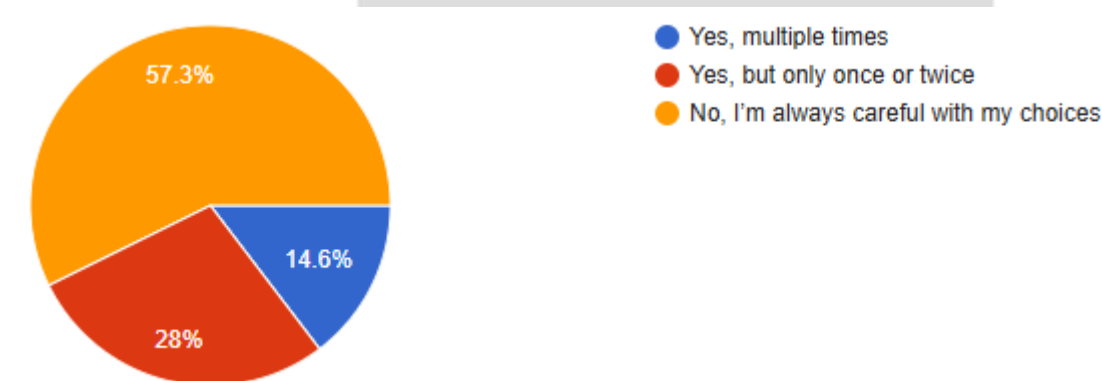
Interpretation:

1. Major Categories of Spending: The major category of spending for a high percentage of respondents (48.8%) is between ₹500 to ₹2000 per month on subscription services. This is followed by spending less than ₹500, which covers 41.5% of the responses. These two categories cover more than 90% of the total responses.
2. Lower Categories of Spending: The categories with ₹2000 - ₹5000 and the ones that go above ₹5000 are fairly small, which implies fewer people are within these spending categories.
3. Unstated Percentages: The percentages of the orange and green segments are not shown. Obtaining these values would be more indicative of the data distribution as a whole.

Insights and Possible Takeaways

1. Affordability: The statistics show a large portion of users are price-sensitive towards subscription offerings, with most spending under ₹2000 per month.
2. Average Subscription Fees: The ₹500 - ₹2000 band is likely the typical pricing of everyday subscriptions, including streaming services (e.g., Netflix, Amazon Prime), music services (e.g., Spotify, Gaana), and other online tools.
3. Growth Areas in Higher Spend: While today's numbers are low, segments of "₹2000 - ₹5000" and "More than ₹5000" offer opportunities for future growth in subscription services, especially if premium products become more common or if consumers opt for bundled subscription.

Have you ever regretted signing up for a subscription service?



Interpretation:

1. Most Are Cautious: At 57.3%, the largest segment indicates that most of the respondents feel happy with their decisions and are cautious while choosing subscription services. This suggests some reflection or acceptance of their decisions.
2. A Few Years Experience Occasional Regret: Just once or twice, a noteworthy 28% of respondents felt regret about a subscription. This implies that although they are generally happy, occasionally a subscription did not live up to their expectations.
3. The least percentage, 14.6%, has constantly felt guilty about joining subscription services. This could point to a trend of hurried subscriptions or maybe difficulties determining the value of a service ahead of time.

V. INTERPRETATION OF SURVEY

The findings of the survey reveal interesting trends of consumer behaviour for subscription services. Most respondents have 1-5 subscriptions, indicating that people are selective and do not prefer to have too many subscription services, likely due to cost

considerations or preference. The consumption of streaming services such as Netflix and Spotify are observed by a high percentage of respondents. Delivery of food and subscription e-commerce is also emphasized, showing how purchasing online and convenience continue to dominate consumer behaviour.

On the other hand, products like online learning websites and software plans are less popular, which might mean that these are more professional or specialty-oriented in their use. For subscription motivations, sole content and price savings are the most significant motivations, with most subscribers seeking value through special offers or discounts.

Interestingly, despite a high number of users using their subscriptions, there exists a substantial segment which do not regularly review or evaluate them. This is to say that despite the fact that subscriptions are generally in use, customers may not always be as diligent when it comes to monitoring them, and this leads to scenarios where users forget to cancel or are reluctant to cancel due to emotional involvement, promotions, or fear of losing access to content.

Lastly, the data shows a growing trend in subscription services, but also the issues corporations are facing to keep customers and make them happy. Delivering concrete value after the initial subscription period and simplifying cancellation procedures might turn the overall user experience more positive.

VI. ACKNOWLEDGMENT

I would like to express my sincere gratitude to all those who supported me throughout the completion of this thesis. I am thankful to my professors, classmates, and the respondents who generously contributed their time and insights to this research. I am also deeply grateful to my family and friends for their constant encouragement and support throughout this academic journey.

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