

Consumers are turning to subscription retailers for products and services. **Nick Hughes** speaks to the founder of Collar Club about the trend

# SUBSCRIPTION RETAIL



**A**re subscription services poised to be the next big thing in retail? Popular in the US for many years the subscription retail model is attracting a host of British start-ups seeking to persuade consumers to join their club.

Far from being a new idea, subscription-based services have been a feature of consumers' lives for some time even if they don't always recognise them as such. From mobile phone contracts and pay TV to vegetable and snack box schemes from the likes of Abel & Cole and Graze, consumers are becoming increasingly comfortable committing to a regular delivery of a service or product.

## Collaring the market

But in recent years, the subscription model has begun to permeate more and more product categories. Low overheads, most notably the lack of physical store space, make subscription retail an attractive model for start-ups, while the ability to outsource the selection and delivery process to an expert can be appealing to time-poor shoppers.

Subscription-based retailers include the London Sock Company, which operates a sock club whose members get one, two or three pairs of socks delivered through their letterbox every month. Members of the Close Shave Society receive new razor blades every month or two, while Pink Parcel supplies tampons

to a customer's doorstep three to five days before their period is due.

The latest to enter the market is Collar Club, a shirt subscription service targeted primarily at City workers.

Collar Club is the brainchild of London based ex-City banker, Hasan Mustafa (pictured), who was frustrated with the lack of easily accessible quality shirts that fit well, and the time it took to have tailored and laundered shirts in the wardrobe.

He says: "We started noticing hundreds of shirts hanging at Tube station laundry kiosks. Guys carrying shirts during their lunch breaks while it rained. Folks going home on a crowded Tube with hung shirts in one hand while trying to hold onto the rail for support and playing on their phones.

"Conversations with friends and colleagues and their wives or girlfriends led to the discovery that most, if not all of them, were truly dissatisfied with the entire customer journey."

Collar Club members receive 11 made-to-order Italian shirts at the start of their subscription, which at £25 a week includes a premium laundry service. Clean shirts are delivered each week and the worn ones picked up at the same time. Every week five



of those shirts will be laundered, packed and delivered to the customer's door.

Kantar Retail analyst Steve Mader believes subscription retail services such as Collar Club appeal to two distinct consumer values. "One is purely around saving money and saving time, as often these services include some sort of price discount," he says.

The other is about the ability to outsource expertise. "If I'm a consumer looking to buy socks, I might be willing to pay someone who knows what's in fashion, knows the latest trends and can take the stress out of the shopping experience for me."

## UK opportunity

Mustafa says consumers are becoming increasingly comfortable about sharing products and services with each other and paying for access rather than ownership.

He also believes consumer-focused subscription businesses still have a lot of product sectors to attack.

Mader agrees and says subscription retail presents a developing opportunity not just for start-ups but also for established retailers, albeit they may favour an acquisitive route to market. Fashion giant Nordstrom, for instance, last year paid \$350m (£230m) for US personalised men's clothing service Trunk Club.

Mader believes that in time the UK subscription retail market could replicate the success achieved in the US. "There's a huge opportunity in the UK to get on board, to look at what's worked in the US and what hasn't worked, tweak it and get up and running over here."

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**Hasan Mustafa, Collar Club**