



# Auto-Replenishment Propels the Ideal Shopper Loyalty Experience

HOW FULL BASKET AUTO-REPLENISHMENT BENEFITS SHOPPERS, RETAILERS, AND BRANDS MORE THAN TRADITIONAL SUBSCRIPTIONS EVER WILL

[replenium.com](https://replenium.com)

From [produce](#) to [hair care](#), an increasingly wide swath of industries is utilizing subscription services today in effort to meet rising expectations for seamless transactions across purchasing channels. According to Kantar, half of shoppers are using at least one consumable product subscription today, with most using two or more, and adoption is on the rise. At the same time, a growing cohort of shoppers feel overwhelmed by the amount of choice that they have<sup>1</sup>.

Though some are feeling subscription fatigue, the reality is that consumable subscription membership is up<sup>1</sup>, demonstrating that, while there is definite room for improvement in shopper experience, there's also fundamental demand to streamline repeat purchases.

Retailers and brands have been experimenting with subscriptions for years, and it's clear why:

- Subscriptions, when well-executed and managed, translate to online-sourced, annuity revenue for businesses, an opportunity to engage with loyal shoppers, and increased line of sight to future demand for inventory planning.

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- Retail Ecommerce is on-track to surpass \$1T this year<sup>2</sup>, with Consumer-Packaged Goods (CPG) pacing to represent \$230B of that by 2024<sup>3</sup>. Those retailers that master the online experience ahead of others will secure their position in a market that's increasingly dominated by Amazon.

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- To-date, consumable subscriptions are a \$40B+ market, with Amazon's Subscribe & Save program representing a significant portion, anticipated to have moved close to \$23B in 2021<sup>3</sup>.

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- The CPG subscriptions market is expected to reach \$92B by 2024<sup>3</sup> – with nearly half estimated to go to Amazon and **the remainder (approx. \$48B) up for grabs.**



## Where Traditional Subscriptions Fall Flat

Despite massive growth, churn on subscription services remains high. Top motivations for cancelling a subscription include the service lacking 'good value for price', 'new or fun items or experiences', 'variety of subscription and pricing options' and 'access to lower prices or member-only perks'<sup>4</sup>.

The nearly \$50B dollar question for retailers and brands has become: how do I capitalize on my customers' needs to streamline recurring purchases in a way that delivers what they seek most, thus promoting engagement today, loyalty tomorrow, extending their lifetime value, and ensuring their business is not 'forever lost' to a competitor?

The answer is NOT more subscriptions offerings, it is auto-replenishment.

### **And how exactly does auto-replenishment vary from traditional subscriptions?**

An auto-replenishment platform may sound an awful lot like a traditional CPG subscription model, but it's not. Simply put...

"Auto-replenishment is the application of machine learning and intuitive management tools to automate the shopping tasks of cross-category, routine purchases within a retailer or brand's existing ecommerce site. It is built for the evolving needs of today's shopper, leveraging data to anticipate household consumption frequency and new offers that may be of interest, while also delivering the flexibility to change order details at any time. Because even the most predictable purchases have exceptions."

Fundamentally, subscriptions are static, product-based offers (i.e., a meal kit, a razor, pet food), while auto-replenishment is built for the evolving needs of today's shopper. A customer can replenish all of the above items on a recurring basis, via her local retailer's website, but has the flexibility to easily change cuisine genre, pack size, flavor, quantity, or delivery/pick-up cadence as needed or desired.

Auto-replenishment is a full-basket solution (as opposed to a singular product or category) that eliminates undesired repetition from the shopping experience and leaves more time for the fun and variety customers seek. Subscription fatigue is not an issue using an auto-replenishment platform because customers get full control and personalization, and their savings and convenience benefits are enhanced with product replenishments that represent needs across the entire household.

The company leading in this shopping journey transformation is [Replenium](#), founded by ex-Amazon CPG, grocery, and technology executives, with a clear vision of tomorrow's ecommerce shopper expectations. Replenium uses Artificial Intelligence (AI) to suggest items for auto-replenishment and to recommend new items customers may want to try with the time they have saved. Examples would be basic, complementary products—think conditioner for a customer who is replenishing shampoo – as well as more nuanced recommendations, based on what's being replenished by similarly behaving customers. Replenium's neural network, comprised of 80MM+ shopper transactions, enables a pack-size recommendation for toilet paper, based on the customer's consumption of toothpaste.

This not only provides a blueprint for retailers and brands of WHAT they might be interested in buying, but WHEN, accounting for life stage and historic purchase patterns.

Below are a few examples of the personalized recommendations Replenium's platform enables:

#### BASED ON CUSTOMER'S REPLENISHMENTS

GIVEN CURRENT REPLENISHMENTS...



MAY WANT THESE:



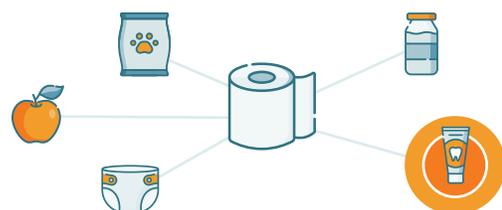
REPLENIUM RECOMMENDS NEW PRODUCTS TO TRY.

#### CUSTOMER SIGNS UP FOR REPLENISHMENTS OF SIZE 1 DIAPERS EVERY 2 WEEKS



AFTER 3 MONTHS, REPLENIUM SUGGESTS IT MIGHT BE TIME TO SWITCH TO SIZE 2.

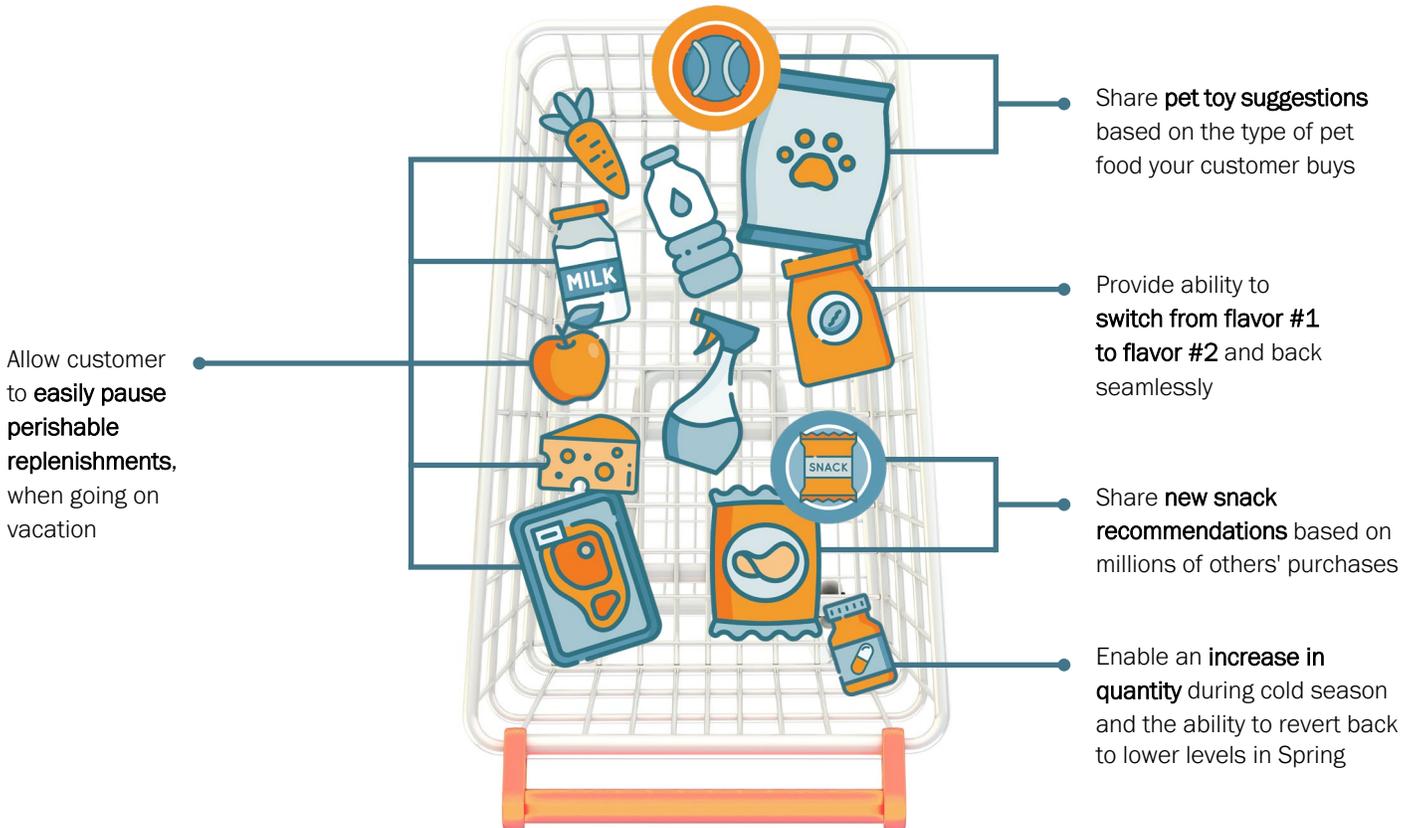
#### BASED ON CUSTOMER USAGE RATE OF TOILET PAPER



REPLENIUM CAN DETERMINE HOW MUCH TOOTHPASTE THE HOUSEHOLD NEEDS.

In addition to enabling a one-stop-shop for recurring purchases and satisfying customers' need for variety, Replenium's proprietary order harmonization capability reduces the number of orders to pick-up or have delivered, while always ensuring replenishments are on-hand by the date they're needed.

## A Look Inside the Auto-Replenished Cart and How it Benefits Shoppers, Retailers, and Brands



### TRADITIONAL SUBSCRIPTIONS HAVE NONE OF THESE:

AR Benefit	Harmonization	Cross-Category Reco Engine	Full Basket Offer
<b>Shopper Expectation</b>	Fewer deliveries  Value - Increased likelihood of meeting order minimum for free shipping	Personalized offers and experiences	Purchasing Flexibility  More time for product discovery and fun items or experiences
<b>Retailer and Brand Benefit</b> <i>(All seamlessly integrated within existing ecommerce experience).</i>	Reduces cost to fulfill substantially  Enables more precise inventory management, with line of sight to future demand	Informed upsell opportunities  Increased CLV	Larger baskets - makes it easier to justify the free shipping benefit customers seek  Annuity revenue

Ultimately, because customer needs are not static or singular, the value lone product or category subscriptions brings to customers is limited. Auto-replenishment uses artificial intelligence to create personalized recommendations for shoppers as their cross-category needs evolve. This delivers quantifiable benefits for the shopper, retailer, and brand alike that extend far beyond the benefit potential of single-product subscriptions.

Early data from Replenium suggests that, when auto-replenishment is deployed for a retailer's total assortment, this leads to 50% faster shopping experiences for customers AND increased customer value of 15% or more for the retailer, generating an incremental, virtual trip per quarter.

For these reasons, it is critical to deliver a superior customer experience with informed replenishment frequencies, flexibility to change orders when she needs to, and multiple avenues for product and experiential discovery.

In today's hybrid shopping environment, auto-replenishment is the way to build loyalty with customers before the competition does. Kantar reports that *well-executed* subscription programs lead to nearly one-third buying a wider variety of that product type and close to half reducing or eliminating category shopping elsewhere<sup>1</sup>. The value to customers can be that much greater with a program that doesn't restrict shopping to a single category.

If you represent a retailer or brand, [contact Replenium](#) to learn more about the auto-replenishment platform that drives the ideal shopper loyalty experience.

**Sources:**

<sup>1</sup> ShopperScape Evolving Online Landscape Deep Dive, April 2021; Online Choices Survey, January 2020

<sup>2</sup> [US retail ecommerce sales continue their climb toward \\$1 trillion - Insider Intelligence Trends, Forecasts & Statistics \(emarketer.com\)](#)

<sup>3</sup> Third party analyses by Nielsen, McKinsey, Goldman Sachs

<sup>4</sup> 2020 McKinsey Subscription Survey [Creating consumer-and business-value with subscriptions | McKinsey](#)



Retain Customers and Improve Ecommerce Economics with  
Replenium's Auto-Replenishment Platform.

[CONTACT US TO LEARN MORE OR SCHEDULE A DEMO](#)

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