

Q&A Checklist

Answering questions about the product offering and target customer can help you understand what needs to be done, which departments need to be involved and which resources need to be allocated.

1. Are you the manufacturer or the retailer of the product?

You have a different cost structure, depending on where in the value chain you are positioned.

2. Does your product require set-up assistance before it can be used by the customer?

Products requiring set-up assistance and maintenance are well suited for subscription offerings. It also gives you direct access to the customer if setup and maintenance are dealt with in-house. If you outsource the setup process to another company, you must consider it during the subscription's pricing process.

3. What products and services do you plan on offering?

Is it just the product, or can you enhance the offer and differentiate from your competitors by adding a complimentary service or a free setup?

4. Is your pricing based on usage of the equipment?

For example, car pricing is based on km driven, but a baby stroller doesn't require any such usage measurement and simply has a set monthly price which is derived from the cost of goods.

5. Do you have your own fulfilment operations or via a third-party service?

Do not worry too much about "what shall I do with the products when they come back?" Some third-party providers help you there. Instead, focus on the masses of product information you can derive from your used and returned products - it can help you improve your products' quality or design.

6. Does your product support more than one rental cycle?

For example, cars can be pushed back into multiple rental cycles after service touch-up, but the same may not be true for other product categories. There may be a limit to the maximum number of times a product can be pushed towards a rental cycle. This needs to be considered in your business case.

7. After how many rental cycles will the product become unrentable and pushed towards recycling?

For most product subscriptions, this aspect of subscription cycles will vary and be influenced by external factors but having an internal benchmark number can serve as a guide.



8. How will you depreciate your products?

You will remain the owner of the products, so they will remain on your balance sheet. Get in touch with your finance department to sort out a way depreciation works for the pilot.



9. Will you be required to build a fleet or a dedicated stock?

When starting a pilot for your product subscriptions, it is recommended to separate the operations and products from your existing business. Dedicating a (small) stock to the product subscription makes it easier to also measure the success of the model afterwards.



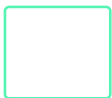
10. What other departments should you get on board for your pilot?

Example accounting/bookkeeping (monthly payments and invoices are coming in and need to be matched), e-commerce (something will change on their existing shop or you build up a new one with an, e.g. agency just for the pilot - recommended)), ERP (the orders need to be shipped - you can use the normal way for it - just like sold products are shipped, too) , don't worry about the right tech stack and the complexity as well as interoperability behind it - that's where circuly takes care of.



11. Do you need to set up a minimum subscription period for your product?

Subscription products often have a minimum rental period to account for costs attached, making the product accessible to the customer for use, such as COGS + delivery costs. These costs are divided over months and can be earned back by defining a minimum rental period. So the longer your product stays with one customer, the fewer are the costs associated and the initial investment pays off better.



12. Are your products built to last?

When your customers subscribe to your products, they either end up buying it or returning it back to you towards the end of the subscription. Either way the experience that they drive from your product and the service needs to be good and match a certain amount of expectation. On the ground level, the product needs to have good built quality and should be made to last for the sake of customer experience and for further rentability of the product.