Cratejoy

The Subscription Box Start Up Guide

An entrepreneur's guide for starting a subscription business

Authors

Jesse Richardson,
Jameson Morris,
Amir Elaguizy

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Here's to you.

You're about to become a business owner in one of the most intriguing new marketplaces: subscription boxes.

Subscription commerce is the future of ecommerce. From the SKU driven commerce days of the late 90s to the birth of powerful ecommerce platforms and highly customized, deep niche brands of the last decade, it's clear that ecommerce is a growing, changing, and dynamic industry. **We think Subscription Commerce is the next big step.**

In the following pages, you'll be given a complete guide on how to position, launch, test, and fine-tune your very own subscription commerce business, built around a monthly box. Keep in mind that *this is not always a linear process*. That means you may jump around section to section – but that's okay. Revisiting, revising, and reflecting on your ideas is what turns them from good to great.

Throughout the guide, we'll also reference a real-world example: a new subscription business we built alongside the creation of this guide to help demonstrate the steps to success. The visual examples you'll see in the latter half of this guide are from a real product, Prospurly.

Finally, while this guide offers both breadth and depth, if you're looking for more information, be sure to check out SubscriptionSchool.com, a Cratejoy powered subscription commerce academy that features articles from experts, Q+A's with venture capitalists, in-depth guides for customer acquisition, and much more. And don't forget – if you ever need help with design, you can always use the creative minds at the Cratejoy Premier Design Team.

We can't wait to see your box!

Section 1: Setting a Foundation

Before you ship your first box, you need to understand the foundation of your business: your place in the market and what is at the heart of your brand.

The exercises behind determining these fundamental defining traits of your business should be repeated ad nauseam. Hopefully, though, this should be a simple process because your passion and expertise are driving your interest. (That means choose an idea you legitimately love!)

In this first section, we'll cover:

- Positioning and determining your niche
- How to start thinking about your brand identity

Positioning Your Subscription Business

Key Terms:

Positioning (NOUN): *Where your product stands in the market and in the mind of the consumer in relation to other brands.*

Niche (NOUN): *A small, specific market for products and services.*

Understanding positioning is important for every business. Actively thinking about where your product will stand amongst other products in the market and in the minds of customers can save money and help you hone in on your specific target customer when planning marketing campaigns. In other words, smart planning in these early stages means increasing your odds at being successful down the road.

Positioning exercises focus on three things: (1) the defining features of your business, (2) the nature of the market around your product, and (3) how the customers understand your product individually and in contrast to others. With these exercises, you get a greater sense of what *niche* your business serves.

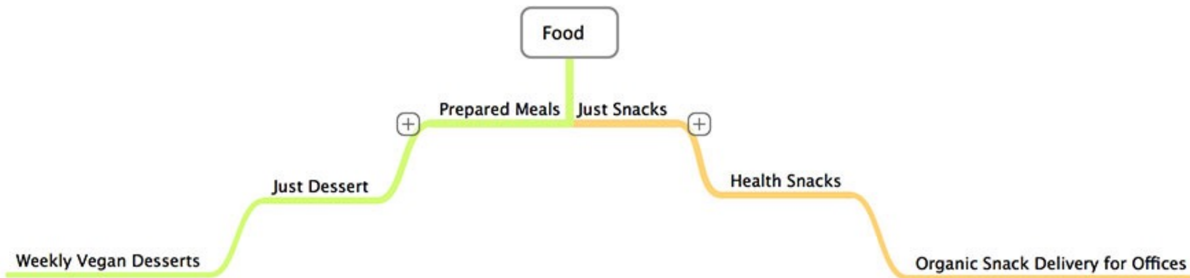
Document these exercises carefully, redrawing and rethinking drafts as needed.

Exercise 1: Answer some basic questions

Goal: *After answering these questions, you should be able to talk about your product fluently. This is where you make some assumptions based on the creative thinking that inspired your new subscription box.*

On a piece of paper, list out the following questions (with room for answers), and then answer the questions to the best of your ability:

- In a few words, what is your product?
- Which niche does my product serve?
  - *Tip: The more niche the better. Instead of just labeling it "food" really pin down what your subscription caters to. Here's an example:*



- What problem does your product solve? Will customers want to receive this subscription month after month?
- What makes your product unique from others?
- How is your product similar to others?
- What makes your subscription box stand out from others? How can you make it stand out from others? Ie. Give away a vacation every month.

Exercise 2: Create a Competitive Landscape Worksheet

Goal: *Just because there are competitors doesn't mean you shouldn't start your business: a competitive landscape helps you strategize in this environment.*

1. Using a spreadsheet or working in a grid, write the following terms across the first row (ie. A1, B1, C1, etc). Bold these once completed.
   A. Competitor

B. Website URL

C. # of Products (The number of products included in their box)

D. Price

E. Frequency: Monthly? Quarterly?

F. Unique Value Propositions

2. Starting A2 and going down the column (ie. A2, A3, A4, etc) list out all the competitors that come to mind immediately. Some figures may require a bit of guesswork.
   - *Tip: Use the marketplace at cratejoy.com to find your competitors.*
3. Fill in the grid
4. You now have a competitive landscape. Reflect on some of the questions in Exercise 1, like what makes your product unique or similar to others.

Exercise 3: Create Product Procurement Worksheets

Goal: *Visualizing the product can help you identify the types of vendors that "work" in your space and help you better understand your product experience.*

Tip: *You can find a good example of this procurement sheet at Cratejoy Blog.*

1. Open a new spreadsheet
2. Title the sheet on A1
3. On the third row, define the amount of units you expect to order/procure for (this is important when getting actual quotes from vendors who provide you product)
4. On the fifth row, horizontally list these terms
   - **Your Product Type (Supplies, Books, etc)**
   - **Unit Cost**
   - **Shipping Cost**

- **Retail Value**
- **Total Cost**
- **Link to Product**

5. Next, fill out a few sections based on the type of product you expect to be purchasing. For example, Snacks, Beauty Products, or Art.
6. Build Formulas into Your Sheet (Optional)
   You can also add Total Per Box Cost, Total Retail Value, and Total Cost to the bottom of the sheet, then use the auto SUM feature to automatically keep track of costs.
7. **Extra Exercise:** Begin contacting relevant vendors to provide yourself with specific unit costs. Ask for wholesale prices (you may be able to get lower than wholesale, but this is a good start).

Exercise 4: Create a Sample Box Using Real Products

Goal: Get an early idea of what your box will actually look and feel like. Using real products, you can begin to get a sense of what size box you need and how many products will be needed to pull together your concept.

1. Find a shipping box that is about the size you think you'd like to ship to customers
2. Purchase a few products that represent what you might include inside your box (perhaps using the same items you listed on your procurement sheet).
3. With your example in front of you, test different packing material and product combinations. Consider the following:
   - How many products are needed to make your box size feel full?
   - What packing material works well or didn't and why? Is it too messy? Do the products feel safe enough to ship?
4. **Extra Exercise:** Set up a small photoshoot, which can be used for future prelaunch campaigns and ads. This

Develop Your Brand

Key Terms:

Brand (NOUN): *A psychological and emotional understanding and perception of a company by customers. The "intangible sum of a product's attributes."*

Mission (NOUN): *The formal values, aims and purpose of a company. The business goals and philosophy.*

With a firm grasp on your product and its positioning, you're probably starting to think about the "brand" behind the business. This is the unique personality that your business boasts – the voice, look, and identity of your company.

When developing your brand, keep in mind that the process is fluid, especially in the early phases. The goal is to take your learning from positioning exercises – the nature, uniqueness, and fundamentals of your business – and give it a recognizable and exciting face. As your positioning develops, so might your branding.

Exercise 5: Answer some basic questions

Goal: *Begin thinking about how to characterize and add human elements to your business, including visual notes and details on the who behind your business. Try to identify big picture concepts around these notes.*

On a piece of paper, list out the following questions (with room for answers), and then answer the questions to the best of your ability:

- What's your biggest goal with your business?

- What is the purpose, cause, or belief that motivates your idea?
- What words describe the nature and personality of your business?
  - *Tip: Be as descriptive as possible. Is it compassionate? Exclusive? Luxurious?*
- What is the "tone of voice" your product would use? How would your brand communicate to customers and the public?
- What would my product look like if it were a person?

Exercise 6: Draft a Name

Goal: *Your name is how people will know your company – this is a perfect place to begin to set yourself apart from the crowd.*

1. On a sheet of paper complete the following:
   A. Create a word map (groups of words) based on the types of products you include in your box
      - *For example, for a Pet Product box, words may include: Treats, Dental Hygiene, Toys, Training Devices*

   B. Create a word map based on the problem that your product solves.
      - *Using the same example above, words may include: Convenience, encourages time with pets, supports pet health, a monthly gift for pets.*
2. Circle the words/phrases that stand out most to you
3. Find pairings and words that work together
   A. Don't forget that words relating to mail and recurring deliveries can be used here too (ie. 'box', 'monthly', 'crate')
4. Create a handful of names that may work and set them aside
5. Search domain registrars (namecheap.com, networksolutions.com, etc) and social media sites (Facebook, Instagram, Pinterest, Twitter) for availability

Exercise 7: Draft a Logo

Goal: *This will become the early work behind the actual creative branding of your company.*

1. Using the work of exercises 5 and 6, try to create these concepts in visually, through simple, identifiable illustrations
2. Here are a few basic suggestions for logo creation in mind:
   A. **Keep it simple:** The best logos are practical, straightforward, and carry a clear message
   B. **Be Unique:** Your logo should be clever and inspiring. How can you capture your brand in its own light?
   C. **Consider a Logotype:** If you have a unique name, try including it in your logo (like Ray-Ban or IBM).
   D. **Be Flexible:** Your logo will be used across platforms (apps, mobile, and on your site). How might this affect the design?
3. If you don't feel confident in pulling creative work into an electronic version yourself, consider finding a graphic designer or illustrator to help you conceptualize and complete your idea. Here are a few places to look:
   - Freelance Posting Sites:
     - Behance
     - Upwork

Summary & Looking Ahead

With some of your earliest forms of product development completed, you're ready to begin promoting yourself in the marketplace. It's in this next stage that you begin to test the assumptions you made early on: *Who are your customers? What do they want? Does your branding work? Is your product compelling?*

Now's the time to answer these questions.

Section 2: Market Validation

In the testing phase, remember to remain as “lean” as possible with your business. This basically means avoiding being concrete with your designs, branding, and basic offering to consumers. Be *iterative* in building your business. In general, the principles of keeping your business lean are as follows:

- Clearly illustrate and understand the hypotheses around your business.
- Don’t fear iterative product releases; rebrand and renew your launch page as needed
- Reflect on “validating learning” constantly; these are lessons you’ve learned in testing. **Build** your **product**, **measure** the results, review the **data**, and **learn** from how customers respond.

(For a complete guide on running a lean startup, we recommended The Lean Startup by Eric Ries.)

In this next section, we’ll cover:

- Prelaunching & Testing
- Developing Your Social Presence

Prelaunch & Testing

Key Terms:

Prelaunch (NOUN): *The early phase of launching a product, before it reaches market. Involves beta-testing and consumer feedback to sure-up product offerings.*

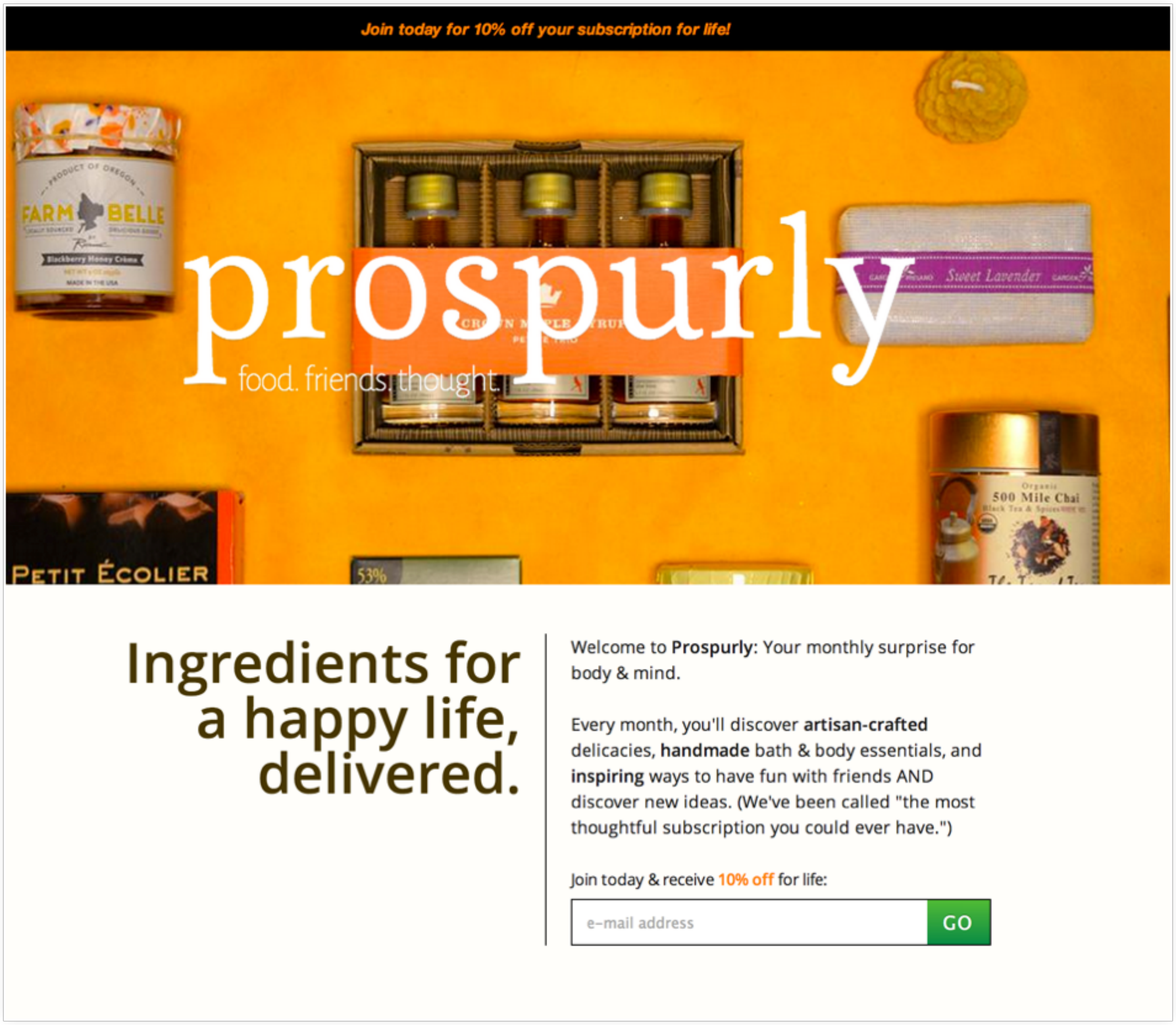
In the time since your early product development and branding work, you should have a strong understanding of your business and some creative assets to use fo your launch. A clever name, iconic logo, and compelling product has begun to take shape, and you're ready to show it to the masses. Now's the time for your prelaunch.

A prelaunch, sometimes called a soft launch, is all about establishing growth, validating your assumptions, and demonstrating a market potential for your product. Prelaunches usually have a Landing Page in place of a fully functional website, presenting a great opportunity to grow your email list of potential customers and build initial buzz.

Some examples of landing page services include:

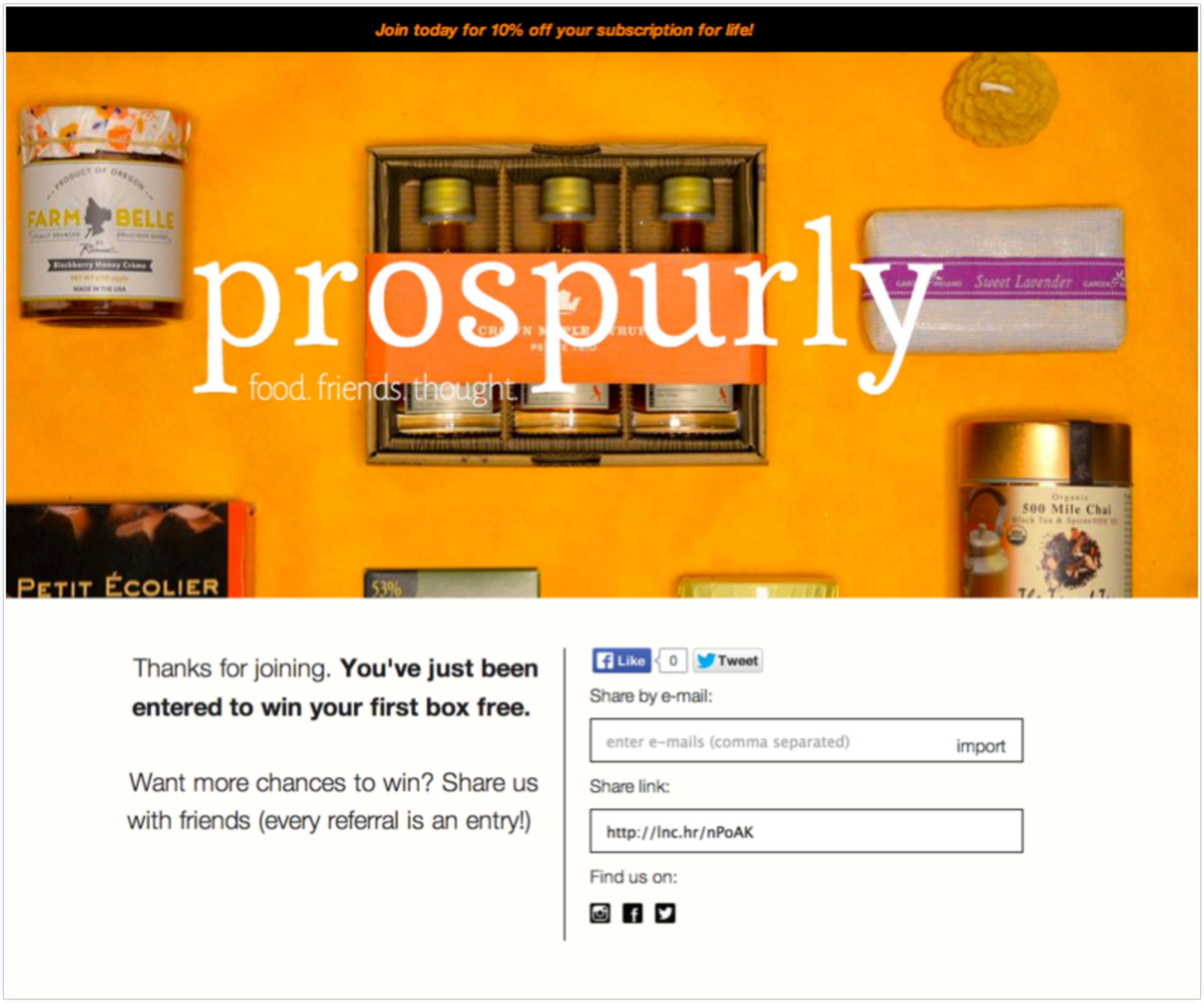
- **Launchrock.com**
- **Instapage.com**
- **Unbounce.com**

Why use this? Launch pages make it easy to connect with early potential customers. It's a chance to market your product and without asking for much commitment, perhaps just requiring an email. When designing your launch page, keep some basic goals in mind: keep it short and clear, make it enticing, and minimize the number of actions a user needs to take to complete "presubscribing."



Example Prelaunch Page built with launchrock.com

Consider the above example. It accomplishes some of the basic goals outlined above: there is little content and a simple picture, it contains a special offer (featured in the full width bar at the top of the page and above the email entry field), and only requires the user to enter their email address. Similarly, it has some early elements of the branding for this subscription business – a bright orange hue, a unique name, and some potential tagline and phrasing that define the business.

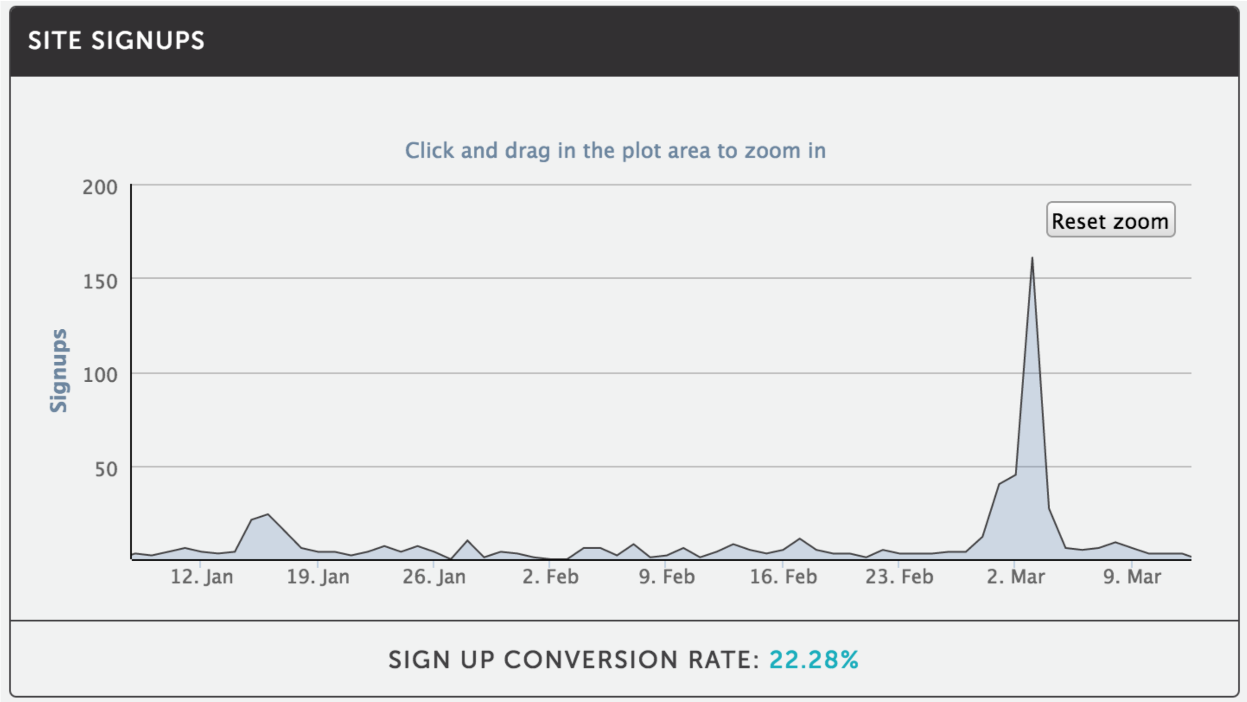


Example Confirmation Page built with launchrock.com

This is the confirmation page, which is shown after after the presubscriber has signed up. Here, they're encouraged to share the page, enticed by the possibility of winning a free box. Here, you can test different presentations of offers/motivations to share the business – try free boxes, lifetime subscriptions, a deeper lifetime discount, or a free gift.

Also, notice that this page contains a few links for social media. This is important! Make sure your launch page provides the opportunity for your presubscribers to follow you on all your social networks, increasing their total brand exposure and making sure you and your business' launch stay front of mind.

So how'd these pages work in practice?



Results of Prospurly launch page test

Above represents a total spread of the soft launch over a 65 day period. These were the results:

- 2679 total visitors
- 209 total shares
- 597 total signups
- **Total Conversion Rate:** 22.28%
- **Total Share Conversion Rate:** 7.8%

Now it's time to try your hand at the same thing for your business.

Remember: *Part of the benefit of running an online business means you have powerful tools at your disposal to track and analyze customer behavior. Most launch page services have some form of analytics built in, and it's encouraged to explore these solutions.*

Exercise 1: Choose a Prelaunch Platform

Goal: *Find a prelaunch platform that is easy and appropriate for you to use.*

1. Research the following websites. Find additional as necessary:
    A. **Instapage.com**
    B. **Landerapp.com**
    C. **Unbounce.com**
    D. **Kickofflabs.com**
    E. **Rocketstart.com**
    F. **Launchrock.com**
2. Develop core pieces of content around your pages. Keep it as short as possible (refer to examples of above):
    - Write a few potential tag lines
    - Reference early exercises. How can you describe your company in 1-2 sentences?
    - Try to organize a quick photo or find a professional photo that is indicative of the product offering.
3. Decide on a Call to Action. It's suggested to only have one call to action (namely an email signup), but feel free to experiment as desired.
4. Create a unique offering that encourages sharing.
5. Include social media links/tools for connecting
6. Remember your lessons in leanness. Analyze subtle changes in conversion rates when updating or adjusting your launch page.
    - Try isolating elements if you're not getting great conversions, ie. test changes in imagery separate from your written copy.

Develop a Social Presence

Key Terms:

Social Presence (NOUN): *A brand or company's activity on social media, including how often they post, interact with users, and proactively make touches via social tools (likes, follows, etc).*

Call to Action (NOUN): *Instruction to a viewer to perform some specific action, such as "Sign up" or "Join today" or "Share this post"*

In order for you to start testing your launch page, you need to direct traffic to it. And unless you're paying for marketing, this will be traffic driven by you over social media or word of mouth. In this next stage, it's all about developing a social presence.

Developing a social presence involves bringing your brand online and interacting with people on social networks. It's the action of creating pages, accounts, and social media profiles for your company. Keep in mind that social networks have different uses and restrictions, and in order to attract the audience of users, you need to understand the network's strengths and attractions.

Here are a handful of social networks we suggest you prioritize, along with some notes about how to use them effectively:

- **Facebook:** As of early 2015, Facebook has over 1.4 billion active monthly users. For many companies, their Facebook page serves as a storefront, being a primary destination for connecting with customers. Facebook provides messages, a public wall, analytics called "insights" and others features that make this social network a must have.

- **Twitter:** Twitter is defined by short, 140 character messages. While this probably is not the best at pushing quality traffic, it's home to many influencers and a very easy way to inspire sharing and connecting with new customers via the Retweet feature.
- **Pinterest:** A pinboard, image-driven bookmarking network. Building a comprehensive, well-maintained Pinterest is a great way to drive traffic to your business.
- **Instagram:** A photo-sharing app (you'll need a device to use this to its full potential, like a smartphone or tablet). Instagram is a great way to drive traffic from mobile users. Share beautiful pictures and reposts, only lightly promoting your business to avoid being spammy.
- **StumbleUpon/Reddit/Digg:** Arguably less important, but still useful services you should research. Marketing/business promotion tends to be less successful on these channels unless you can offer something of value to these audiences.

Exercise 2: Create social networks

Goal: *Secure handles and social network names and drive traffic to your launch page for analysis. Tip: Be aggressive, post multiple times throughout the day, penetrate your target audience, and Follow, Like and Share as often as possible.*

1. Create identities on all the social networks listed above
2. Create creative assets for the networks listed above. Use this tool when remembering sizes (measurements in pixels):
   A. Facebook
      - Profile Photo: *180x180 (displays 160x160)*
      - Cover Photo: *851x315*
      - Shared Image: *1200x360*
      - Shared Link Image: *1200x627*
      - Highlighted Image (when using the Highlight Feature): *1200x717*

   B. Twitter

- Profile Photo: *400x400 (displays 200x200)*
- Header Photo: *1500x1500*
- In-stream Photo: *440x220*

C. Pinterest

- Profile Picture: *160x160*
- Pin Sizes: *236x (height is scaled)*
- Board Display: *222x150*
- Mini Board Display: *55x55*

D. Instagram

- Profile Picture:
  – Online: *161x161*
  – On Device: *Updates (currently uses a circle)*

3. Make sure every channel clearly lists your launch page web address, such as join.yourbusiness.com
4. Invite friends and family to each network to establish a small following (helps gain momentum)
5. Begin interacting on channels

   A. Facebook: Sharing, posting

   B. Twitter: Following, tweeting

   C. Pinterest: Pinning, liking pins, commenting

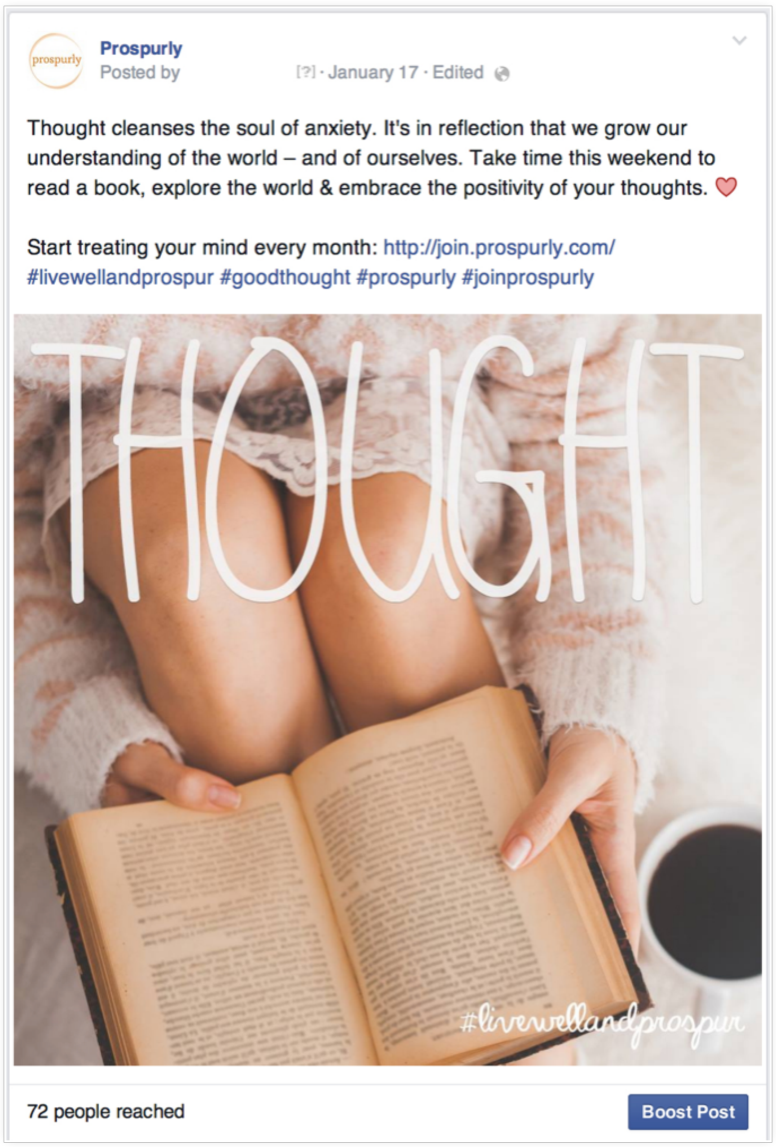
   D. Instagram: Following, Liking, Commenting, Sharing Photos

6. Reflect on strategies and traffic from each channel
7. Every 1-2 weeks, send out an update or note from your business to your pre-subscribers. It's crucial to stay in their mind!

Exercise 3: Build Social Media Posts

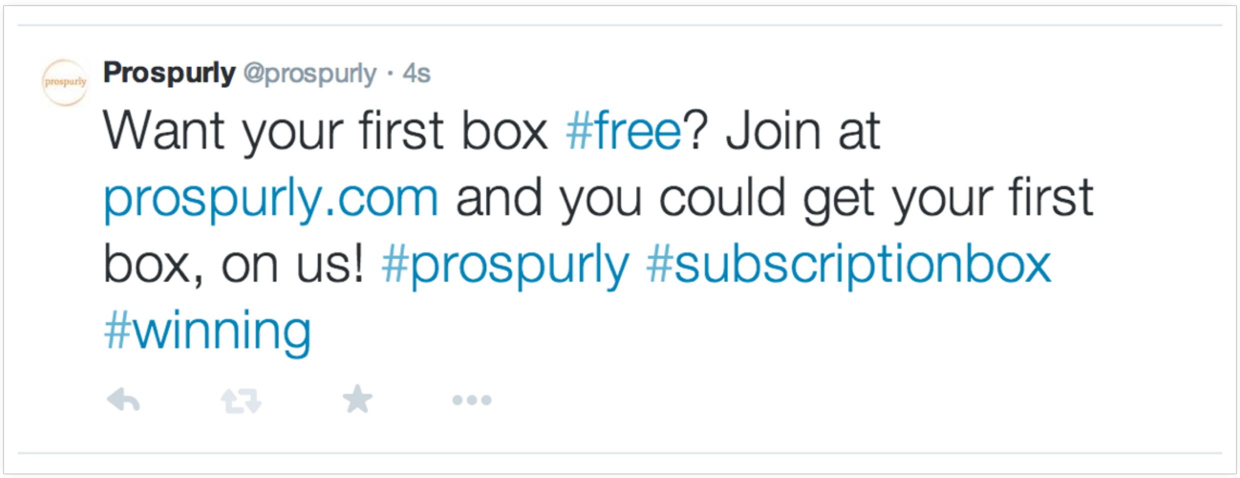
Goal: *Understand how to craft strong social media posts frequently. Remember that social media success depends on regularity and consistency!*

1. **Facebook Posts:**
    - For Facebook posts, remember that users will be likely seeing your posts in their feed directly
    - Make them visually stunning, and include an image as often as possible
    - Make use of hashtags, as they are used on Facebook
    - Keep your posts on brand, and include a Call to Action
    - Avoid overly promotional or sales-y posts (research shows they don't work)



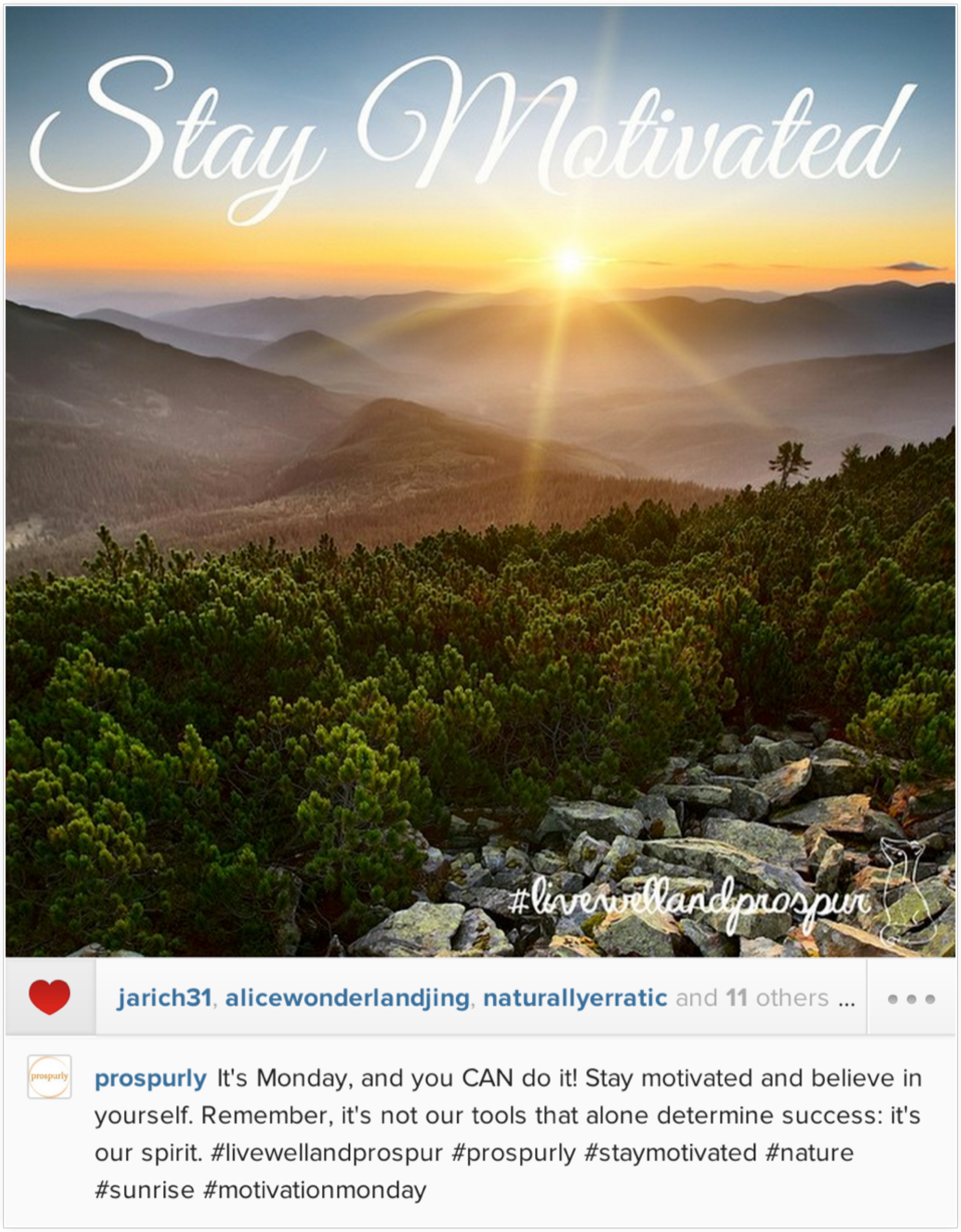
Example Facebook post. It emphasizes the content (text/image) over the promotion.

2. **Twitter Post:**
    - Twitter is based around short, 140 character messages.
    - With your messaging, you need to make a fast, compelling, and interesting pitch. Consider using quotes, idioms, or facts as the basis of your regular posts.
    - Whether you're marketing for signups or just tweeting for the fun of it, make use of hashtags and try to always work in a call to action.



Example Twitter post. Notice the hashtags, which index this tweet under those topics

3. **Instagram Post:**
    - Instagram is a photo-centric app, so make sure your photos are beautiful. That means avoid grainy, poorly lit, or low-resolution pictures.
    - Stay on brand with your messaging and make the post something fun to look at and think about.
    - Again, use hashtags in your post. Many users users use hashtags to quickly migrate around pictures/profiles and find pictures of related interest. For example, there are about 90,000 pictures with #subscriptionbox on Instagram.
    - Notice the use of the hashtag in the bottom right of picture. Users cannot click this, but it informs them of a branded hashtag used by the company.

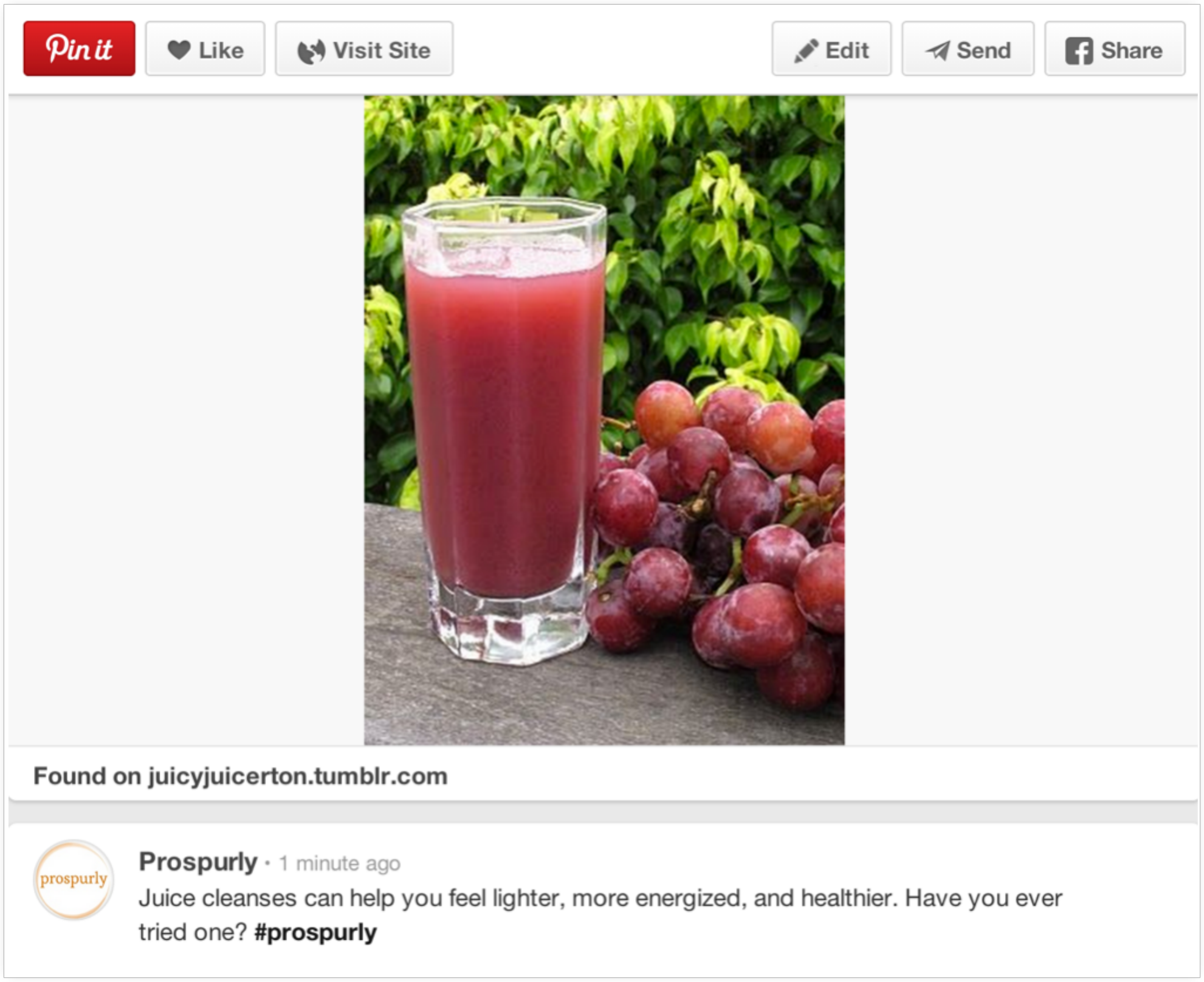


Example Instagram post

4. **Pinterest Post:**

   - Pinterest is also visually driven. Focus on high quality images that are worth sharing and that are of interest to your audience.
   - Organizing and categorizing your pins correctly on Pinterest goes a long way to get them in front of the right eyes (that will re-pin and share your business). Take time to categorize and hashtag your pins.

- Like and interact with other pin boards to boost your visibility and encourage repining of your pins
- When pinning images of your product, include a link and price.



Example Pinterest post

Section 3: Launch Checklist

First off, take a moment to pat yourself on the back. You've completed some of the heaviest lifts of your business already, from detailing its very mission and value propositions to lean testing branding. This is no simple feat – good job!

The next phase is the start of officially launching your business. While these may feel like just checking boxes, some of these are tasks that you'll revisit constantly while running your business. If Section 1 gave you a foundation and Section 2 validated your idea, Section 3 can be thought of as finally opening shop and erecting your business.

In this next section, we'll cover:

- Launching your Cratejoy site
- Building a Financial Planning Worksheet
- Launching Customer Service
- Beginning Procurement and CRM Development

Launch your Cratejoy site

Key Terms:

Payment Processor (NOUN): *A third-party assigned by a merchant (you) to handle transactions from various channels, such as debit and credit cards. Cratejoy offers access to several of these processors.*

Custom Domain (NOUN): *A unique domain or URL used for your website, such as Example.com.*

Cratejoy is *the* fastest way to launch a subscription business. Cratejoy provides an intuitive platform, easy-to-understand product and shop features, and offers several simple design templates for you to build from, ranging in levels of complexity. This makes building your custom website that supports recurring billing incredibly simple.

For this part of your launch, you'll need:

- Creative assets (pictures, logo, etc)
- Content (About Us, FAQs, Homepage, etc)
- A bank account set up (to link to your payment processor so you can collect payment)
- A custom domain (if you didn't already use one in your prelaunch)

If you're not feeling up to design your website, or want help in designing your website, there are several alternative options available to you. These include hiring outside developers and designers to help complete the essential steps for launching a fantastic looking website, like Cratejoys Premier Design Team.

Assuming you feel confident about your prelaunch experiments, you may consider investing more capital into your business at this time.

Exercise 1: Choose and Design a Cratejoy Website

Goal: *Identify a theme that works for your brand and creates a compelling product story.*

1. Create an account at start.cratejoy.com
2. Log in and follow the Cratejoy launch steps
    A. Name your store
    B. Add your product and product details
    C. Choose a Design
    D. Connect Billing and Link Bank Account
    E. Set up your Address and Business Details
    F. Launch Store
    G. Make use of Apps from the start!
        A. Referral Program: Cratejoy has a referral program directly built in, so you can encourage subscribers to refer friends.
        B. SumoMe: SumoMe provides a ton of free tools, including a List Builder pop-up tool, Heat Maps to track user sessions, Smart Bar to encourage social interactions, and Content Analytics.
        C. MailChimp: Integrate with the email service Mailchimp to have Cratejoy automatically add and trim subscribers from your "Actively Subscribed" mailing lists
3. Be sure to upgrade your account to allow yourself to begin taking orders

Build a Financial Planning Worksheet & Understand Unit Economics

Key Terms:

Financial Planning (NOUN): *A comprehensive review of a business' financial state, including analysis of core financial metrics, like Cost of Goods, Average Revenue per User, and Churn or Attrition rate.*

Clear financial planning is critical to success. There are dozens of financial templates available for use, including one provided by Cratejoy, found here. The goal is to accurately capture key financial metrics on a living schedule that allows you to forecast capital, allowing flexibility and stability in cash flow.

First, you'll need to understand some key unit economics of your business. For more detailed explanations, go to SubscriptionSchool.com. You can also use the Subscription Box Calculator to calculate these values.

- **Cost of Goods Sold (COGS):** The total cost for the product sold.
  - Simple Formula: *Product Cost + Fulfillment Cost = COGS*
- **Average Revenue Per User (APRU):** The average amount of money you're collecting from each customer in a transaction
  - Simple Formula: *Total Revenue / Number of Subscribers = APRU*
- **Cost of Customer Acquisition (CoCA):** Average cost of acquiring a customer
  - Simple Formula: *Marketing Costs / Total Customers Gained = CoCA*
- **Average Daily Growth:** The average rate at which you add customers
- **Churn Rate:** The average rate at which you lose customers

Launch Customer Service

Key Terms:

Customer Service Platform (NOUN): *A third-party service that provides a system to organize and execute customer relationship management tasks, like answering emails, phone calls, or other requests from customers.*

You'll also need to prepare yourself to start interacting with people on the customer level. That means it's time to launch your customer service platform so you can start to gather data and effectively manage customer requests.

This step is quick to complete, but the service itself (along with the customizations and analytics you can build into your system) is an ongoing, evolving, and growing aspect of your business. Take the time now to build a strong foundation for your team.

Exercise 2: Set up a Customer Service Platform

Goal: *Choose a customer service platform and begin to develop it.*

1. Research the following websites. Find more as needed:
   A. Zendesk.com *(Highly recommended)*
   B. Freshdesk.com
   C. Kayako.com
   D. osTicket.com

2. Go through the steps to setting up the Help Desk solution, linking it to your support email address (ie. support@yourbusiness.com)
3. Carefully learn the features. You should pay special attention to features like:
   A. Macros/Prompts
   B. Triggers
   C. Automations
   D. Filters/Views
   E. Tagging System/Flexibility with Data
4. Integrate your Help Desk solution into your website, using a Widget as ZenDesk calls it.

Exercise 3: Create a Help Center/FAQ page

Goal: *Work through normal questions you may be asked in customer service and create a digestible, accessible source of knowledge for your customers.*

1. Research FAQs of similar services
2. List out the most common questions you may see for your service. Questions may include:
   A. What is in the box?
   B. When does it ship?
   C. How much does it cost?
   D. What are you shipping limitations?
   E. How do you cancel?
   F. How do you get a refund?
   G. When is the cut off date?
3. Write out answers and format the page to clearly show the questions and answers

4. Some Help Desk solutions, like Zendesk, offer a feature called “Help Centers.” These are like FAQ pages, but operate by a search feature and are unique from your website (though they can be customized). It’s encouraged to use this feature. Look to your Help Desk solutions guide for setting this up.

Choose a CRM and Begin Procurement

Key Terms:

Procurement (NOUN): *The process of sourcing and/or purchasing goods that will be featured by your subscription service. Also called Product Sourcing.*

Vendor (NOUN): *A third-party merchant who provides goods or services to your subscription business.*

CRM (NOUN): *Stands for Customer Relationship Management. For procurement, a CRM is used to keep track of contacts and schedule emails/follow-ups to aid in product sourcing.*

In this guide, we'll be focusing on procurement that involves you acting as a buyer, not a sales person. The difference isn't just semantics: acting as a "buyer" means you'll be **purchasing** product for your subscription box, whereas acting as a "sales person" means you'll be **requesting free product** from vendors, usually in trade for marketing services you provide.

Consider this: Subscription businesses using the 'sample discovery model' (think Birchbox) have the extra burden of having to build a sales team to be constantly soliciting brands for free product. Often, they also need to build account management teams to make sure they follow through on the promotional promises they've made. While these types of businesses can be great for some niches, they're generally harder to operate and are even less sustainable than businesses that purchase their product. This is most true at scale (3,000+ subscribers), where you'll quickly find yourself needing to have multiple variations of your box because you can only get so much free product from each brand.

And this is the real difference in procurement: Purchasing product is easier, faster, and allows for you to maintain consistency in your monthly boxes. You're the first person a brand wants to talk to, and this means procurement gets to be fun!

Think back to Exercise 4 from Section 1, when you built an example box. Each month, you'll replicate that exercise, finding products that interest you, appeal to your niche, and fit in your box. Now, you'll also be reaching out to these vendors.

First, begin by selecting a client relationship management system (CRM), such as Solve 360 or SalesForce. This is just a superpowered address book of your prospective, current, and past partners. Remember that building a good foundation saves time and money in the future. Consider these best practices:

- **Tags:** Words and Phrases that categorize a contact
- **Sorting** based on product types, month, or price range: As you add contacts, include searchable information that allows you to sort your address book.
- **Feature Research:** CRMs are different. Do research and ask for a walkthrough.

With a CRM in hand, you can now start reaching out to your leads. We find that you can do this almost completely through email (which means a good template is helpful!). Keep a few things in mind when contacting vendors:

- Keep it short. Your email template shouldn't ask too many questions.
- Don't worry about negotiating right away – just determine their asking price.
- When negotiating, work to push the price down closer to "cost." Usually, vendors provide their wholesale price to start. Be transparent about your budget, and offer extras, like including an insert in the box + a call to action.
- Don't get frustrated if you don't receive immediate responses. Sometimes you'll need to contact a few dozen brands to get the few you need each month.
- As you confirm products, use your procurement worksheet from Section 1, Exercise 3 alongside your CRM. Add the product details in the doc so you can see exactly how your build is progressing.

Exercise 4: Choose a CRM and Begin to Catalogue Vendors

Goal: *Get a CRM in hand and begin to add vendors that might be used in your subscription box. Begin to learn about the tools and limitations of your CRM.*

1. Research the best CRMs that you're considering using. Here are a few suggestions:
   - Salesforce.com
   - Solve360.com
   - Close.io
2. Once you've chosen a CRM, watch a walkthrough or have a representative walk you through how their CRM works
3. Begin entering vendors and making use of the CRM features
   - Think about how you'll be organizing leads. Here are a few suggestions:
     - If your boxes are highly themed, how can you tag or sort your vendors based on these themes?
     - If you're sourcing local or regional products, think about how you can quickly identify where products are from?
     - How will you keep track of emails, follow ups, and notes on specific vendor files?
     - Are there easy ways to templatize and reach out to multiple vendors personally, all at once?

Exercise 5: Create an Email Template

Goal: *Write an email template that you can use to contact potential vendors. This should grab their attention and get them interested in being featured in your box.*

1. Use the following as a base:

Subject: Bulk-order inquiry

Message: Hi name, I'm with <u>company name here</u> – <u>a short description here</u>. I'm interested in purchasing around <u># of units</u> of the <u>product name</u>. I'm curious what sort of pricing you can offer, and how much lead time you need. I'd like to send these out for my <u>August 5th</u> shipment (we're located in <u>City, State</u>). Let me know if this is doable! Thanks!

2. Fill in the example with your own details
3. Keep a few key things in mind:
    - Make it clear you're purchasing product. In our experience, many vendors are only familiar with subscription businesses that ask for free product.
    - Give vendors enough lead time to produce and ship their product. Start sending your messages as early as possible
    - Identify what works for you. What response rate do you get? What questions do you commonly receive based on your email?
    - A "business invitation" or detailed PDF that you attach to your email can sometimes provide immediate answer to vendors. Creating a simple FAQ sheet might be useful.

Section 4: Launch Your Business

With customers' eyes on your service and early systems put in place to streamline future operations, now comes the fun part: *your launch!*

It's in this stage that you'll begin aggressively marketing to consumers and actively building the business with each day – it's the birth of your subscription box in the consumer world. Operations will involve continuing past exercises and executing on some new ones.

In this next section, we'll cover:

- Beginning Box Production
- Understanding Shipping
- Finalizing Procurement
- Packing the Box

Begin Custom Packaging Production

Key Terms:

Box Manufacturer (NOUN): *A third-party vendor who produces custom packaging for your subscription service.*

Printing Plate (NOUN): *Used to transfer images onto paper or cardboard. Similar to a large rubber stamp.*

Die Cut (NOUN): *A large cutting tool used to shape your packaging from a sheet of cardboard.*

About 30-45 days before your first shipment, you'll need to make sure your first order for custom packaging has been made. This means the design, specifications, and cost per unit will need to have been determined and agreed upon, with a turn around time that provides enough of a window for you to pack your first box. Finding a box manufacturer that also does fulfillment under one roof is an ideal situation.

One alternative is to use a standard, plain shipping box, which you can buy in bulk for a lower cost. Keep in mind that this can detract from experience, and for that reason, it's suggested you make the commitment to create custom packaging from the start. (If you generate enough revenue from presales, you can cover the cost here without dipping into your own pocket.)

At this stage, you'll need to accomplish the following:

- Design a box *(decide on specs of HxWxL, bring your branding into the box design)*
- Find a box manufacturer
- Determine production time and shipping time

Exercise 1: Design your box

Goal: *Develop a compelling product design and put it into the print ready format for your subscription box.*

1. Have the size and type of box you want to design in front of you. Having a few options is encouraged.
2. Using a pencil, trace out your desired design on the flattened (unfolded) box. Don't worry about being super detailed at this stage, just try to find inspiration.
3. Rinse and repeat a few times and evaluate what designs stand out to you most
4. Once your ideation phase is complete, you'll need to bring the design into a program, like Adobe Illustrator. You can often get design-ready files for specific dimensions from box manufacturers.
5. The next steps will vary. Keep these general notes in mind:
   A. Ensure the dimensions of your shapes accurately match the dimensions of the box you'll be using
   B. Ensure the formatting is print-ready
   C. Work with the box manufacturer to talk about ink placement, potential for ink bleed, and areas in the design that can cause problems, if any.
   D. Be sure your outer and inner box design complement each other. How do they craft an experience for the customer?

Exercise 2: Determine a Box Manufacturer

Goal: *Decide on the manufacturer to produce your box.*

1. Build a section in your CRM (or use a spreadsheet) to keep track of manufacturer contact information, prices ($0.01/box), and production and delivery times

2. Have the specifications for your box in front of you, including size, design, cardboard type/weight, and other unique requests
3. Begin by contacting companies near you, as they'll likely have the lowest shipping times/costs. Be sure to ask about:
   A. Die and plate costs
   B. Custom inks and printing options
   C. Other Value-Adds for your box, ie. Recycled cardboard or vegetable based inks
4. Catalogue a number of manufacturers and judge them on the criteria listed above. Remember that you can always change manufactures, but they'll often keep their dies/plates, meaning you'll need to purchase more if you make a move.

Understanding Shipping

With your box specifications in mind, you can begin to think about shipping solutions. This involves deciding on your carrier (ie. USPS, UPS, FedEx, DHL, etc) as well as your method of transport (ie. Priority, Next Day, etc). This also involves thinking through the process of printing and managing the shipping labels that are applied to your outer shipping box.

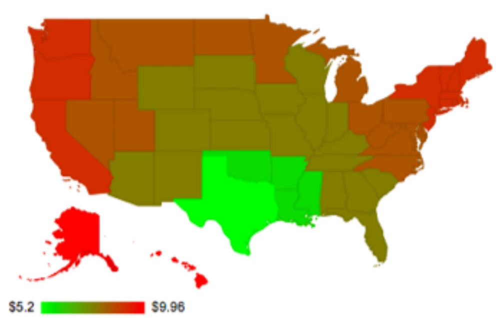
To fully determine shipping for your subscription business, we suggest using the [Subscription Box Shipping Calculator] from Cratejoy.

Example Screenshot of the Subscription Box Shipping Calculator

Shipping cost

Within the United States destinations fall into one of 8 zones. The closer to you the destination the lower the zone number, and the cost.

US Shipping Zones	Average Shipping Cost
Zone 1	$5.20
Zone 4	$5.90
Zone 5	$7.64
Zone 6	$8.30
Zone 7	$9.09
Zone 8	$9.67



US Regions	Average Shipping Cost
All 50 United States	$8.08
Continental 48 States	$8.00
Northeastern States	$9.01
Midwestern States	$7.89
Southern States	$7.35
Western States	$8.56
US Military Mail	$8.85

International	Average Shipping Cost
All International	$20.46
Canada	$16.11
United Kingdom	$23.67
Mexico	$20.70
Australia	$23.67
Japan	$23.67
China	$23.67

Finalize Procurement

You're a few weeks away from your first shipment, and that means it's time to finalize procurement. Working off your procurement worksheets, you should have a good idea of what items you can purchase, at what cost, and how that factors into your financial planning.

This step is mostly simple, and just requires one thing: *commitment!* Follow these guidelines when finalizing procurement:

- Get the prospective products in front of you and **make sure they fit** in your box and look aesthetically pleasing together.
- Make decisions with enough time in advance of shipping to allow your product to be received, packed, and shipped to customers.
- Request tracking numbers from vendors – you must make sure your products are received in a timely manner!
- Confirm with your fulfillment center or place of delivery (ask about commercial loading docks as needed).
- Track products and inquire immediately if delays seem evident.

Packing the Box

Key Terms:

Fulfillment Center (NOUN): *A third-party vendor who accepts deliveries and provides a workforce to package your products in your subscription box.*

With your all your products received, you're on to the packing stage. After having some time with the products, you've likely already assembled a perfect organization of products, also known as your "build." When working through this, remember your branding work and ideas behind user experience. Here are a few suggestions:

- Make sure labels are faced up
- Keep product mobility down (avoid products shifting)
- Consider unique additions: tissue paper, packing material (like Kraft or wood fibers), and stickers/strings in unique ways

Once you've got a great build, take pictures and write directions as needed for your packing team (whether that's in-house or in a fulfillment center).

Like the last step, this is mostly simple. Follow these guidelines when working through your packing:

- Sort and quality check all products before packing (look for cracks, leaks, expiration dates, loose lids, etc).
- Decide on extra packing materials if needed. Are you including glass or fragile items? How can you protect them?
- Setup/organize a packing line that allows for efficient use of space and labor.

- If outsourcing fulfillment, go over their quality assurance practices and make sure you communicate your timeline.
- Weigh your box to ensure you're purchasing the lowest cost postage as possible.
- Preschedule a pickup by your mail carrier.

Exercise 3: Stress Test Your Box

Goal: *Find out if your box build works!*

1. Using a packaged and sealed box, perform a drop test from 5, 10, and 20 feet.
2. Reopen your box to check contents
3. Make adjustments to build as needed
    - What shifted?
    - What broke?
    - How can you sure-up your packaging?

Exercise 4: Watch a Reaction

Goal: *Gauge someone's natural reaction to opening your box.*

1. Find a neutral third party
2. Give them an unopened box
3. Judge their reaction and ask them questions about the presentation
4. Make adjustments as needed

Section 5: Ongoing Fine-Tuning

With your subscription business launched, you'll now be faced with a number of recurring monthly tasks, from procuring products to satisfying members in customer service. But that doesn't you should stop fine-tuning the business just yet. In this next section, we'll cover the very basics in how you can streamline your business further, saving time and keeping customers happy for months to come.

In this next section, we'll cover:

- Templatizing Your Business
- Implementing Customer Service Best Practices
- On-going customer acquisition

Templatizing Your Business

Key Terms:

Template (NOUN): *A file or document that serves as a starting point for new projects. These include premade work or formatting that helps reduce workload overtime.*

A template is just a pre-made version of something. Templates becomes especially useful as you train new employees or seek to enhance efficiency on specific business processes. All the elements are in place, providing a clear sense of direction.

Exercise 1: Templatize Creative Work

Goal: *Creating templates in creative work helps speed things up immensely.*

Consider the style you use on social media posts, in your brochure, or in other creative assets your team produces:

1. Create style guidelines for both graphic design (color palette, font styles, brushes) and content (voice, grammar rules, character limitations). Do this for:
   A. Social Media Posts
      - Include notes on use of hashtags, content, and time of sharing

   B. Packing List
      - Include notes on size, fonts, colors, and theme
      - Include notes on image sizes or other unique elements to your packing list

   C. Blog Posts

- Include notes on voice, SEO best practices, and grammar rules
- Include notes on how you categorize, tag, and use images for your posts

Exercise 2: Templatize Sales

Goal: *Templates in sales can help speed up procurement conversations and provide salespersons with key information*

Templates in procurement and sales can help speed up product sourcing conversations and provide salespersons with key information. These can be best thought of as sales sheets or pre-made pitch decks. Salespersons should be able to either quick send this to a vendor, or pull information directly from the deck. Information should include:

- Accurate subscriber count
- Demographic information
- Clear explanation of what your service does
- What you do for the vendor, ie. Key pitch details and value propositions
- Key dates for shipping and receiving

Implement Customer Service Best Practices

Key Terms:

Best Practice (NOUN): *Best practices are procedures or actions that are considered the most effective or "most correct" way of doing things in a business or organization.*

As you grow your business, the one department that usually requires the most human resources is customer service. This is because content, creative, and sales work mostly stays consistent with growth and benefits from the the templatization listed above. Customer service, on the other hand, almost inevitably experiences an increased workload with higher number of subscribers.

Going forward, your goal should be to implement best practices to keep customer service work both efficient and high quality. Consider these best practices:

- Regular revisions of macros, triggers, and automations in your support platform
- Clearly communicate goals and stretch goals, for both individuals and departments
- Invest in employee learning, and empower leaders to teach
- Monitor key data points, like Ticket Response Time and Satisfaction Rate
- Provide outlets for other work for agents occasionally, and regularly fire them up with confidence and support
- Avoid down talking of problem customers, customer service, or any thing else at propagates negative customer service culture
- Always spend a few hours working in customer service or reviewing customer service, even as the CEO. This can go a long way to boost moral and help you understand the department as it evolves.

Ongoing Customer Acquisition

Key Terms:

Momentum (NOUN): *The force that keeps your growth moving forward and upward. Momentum describes the nature of the growth of your business – for example, more momentum means faster growth.*

After your official launch, you'll need to continue your momentum and always be attracting new customers. Remember: now that your business is up and running, you'll experience a monthly churn rate, or the rate by which you lose customers. In order to grow, you'll need to outpace your churn.

From the beginning, here's a roadmap for customer acquisition for your subscription business:

0-50 Customers:

- Acquire your first batch of customers through your early prelaunch efforts (Section 2, Exercise 1).
    - Send emails to all presubscribers, announcing your launch and providing a coupon code.
    - Schedule a handful of free boxes to reviewers, bloggers, and social influencers
    - Build out all social channels and pages.
- Set up analytics
    - Make sure you've set up Google Analytics and conversion tracking.
- **Get listed** at the Cratejoy Marketplace, My Subscription Addiction, Hello Subscription and other listing sites. Make sure to update these listings over time as you get better product photos

51-200 Customers:

- **Set Goals**: You'll want to aim for a 1-3% conversion rate and 10-15% max churn rate each month.
- **Commit to regular postings** on all your social media channels and analyze insights to see which times your posts perform best.
  - Design branded recurring social media posts.
  - Run contests, such as monthly giveaways, that encourage interacting with your pages (likes, shares, follows).
- **Encourage your customers to write reviews:** Your early adopters are frequently your happiest customers.
  - Make sure to encourage them to write reviews on the Cratejoy marketplace and other listing sites to increase the exposure you receive.
  - Encourage customers to post their "unboxing" and product photos. These make great testimonials and sources of customer feedback.
- **Survey customers** after each shipment. Sending out a survey 7-10 days after a shipment helps you keep your finger on the pulse of customer satisfaction and let customers know you're focused on their experience.
  - Zendesk and Survey Monkey can be used, or consider designing an email and sending the link to your survey page.
- **Customize transactional emails** and setup lead capture.
  - Work through Cratejoy's transactional emails (Settings > Notifications), designing them around a cohesive customer experience.
  - Setup lead capture for visitors who aren't quite ready to make a purchase. SumoMe in the Cratejoy store provide a suite of lead capture tools, like List Builder and Welcome Mat. Create your Welcome Email for these newsletter subscribers.
  - Feed your email leads through Mailchimp and use their 'automation tool' to create drip campaigns that convert your leads into customers over time.
- **Design and schedule weekly emails** with your email manager, including offers and special announcements like sneak peeks and special additions inside your box.

- **Encourage cross-channel social media engagement**. Getting fans interacting with you on multiple channels increase total brand exposure, increasing chances of conversions.
- **Create a blogger/social influencer affiliate program**. Contact potential interested parties, provide an offer, and set up on-going shout outs and reviews. For example:
    - Create an excel or Google doc with lead information, including URLs, total followers, and contact information.
    - Contact about reviews and pitch your program.
    - Incentivize on-going reviews by offering affiliate payouts per sign up, such as $3/subscription.
- **Experiment with Facebook** ads and promoted posts. Consider taking a Power Editor course to learn fundamentals of Facebook advertising and how to do it effectively.

201-500 Subscribers:

- **Make churn your #1 metric**. If you start spending money to acquire customers, you're going to want to spend significant effort figuring out how to hold onto those customers. Not optimizing your business for retention can lead to advertising spends that never become profitable. If you aren't optimizing it by this point, you'll cap out very quickly.
    - Use the survey data you've been collecting each month to help optimize for retention.
- **Get serious about conversions:**
    - Increase conversions on your newsletter subscriber popup by testing appealing offers, like free boxes, products, or special discounts.
        - Use the SumoMe List Builder templates to test designs and track conversions.
    - Optimize design on your website. If you haven't yet, coordinate professional photos of your box and profile some past boxes.
        - Use SumoMe's Heat Maps to watch the behavior of website visitors.

- **Optimize your email campaigns,** like your welcome drip campaign for newsletter subscribers and subscribers to your service. Add additional emails as needed.
- **Create a reactivation campaign** for subscribers who have cancelled accounts.
  - Automatic e-mails that go out 30-60 days after cancellation enticing lapsed accounts to re-subscribe can be a huge source of ongoing subscriptions.
- **Explore additional PR**, contacting magazines and publications, news outlets, and other media sources interested in your niche.
- **Setup your referral program**. Cratejoy provides an easy-to-install referral app.
- **Setup Facebook retargeting pixels** in place to start building audiences for the next phase of growth. You can either do this directly through Facebook and Google Adwords or pay a little bit more and use a service like Adroll to manage it for you.

501-2000+ Subscribers:

- **Setup retargeting ads** on Facebook based on your retargeting pixels.
- **Set up** Carthook, an abandoned cart recovery tool.
- **Identify partnerships** with brands in the same space. What publications, communities, or other businesses share your niche and could benefit from cross promotion?
- **Reach out to deal sites**, like Living Social, Groupon, and Rue La La. You will need to offer a deep discount + a commission cut. Remember that the goal is to acquire the subscribers past month 1 to realize profit!
- **Consider hiring a digital ad agency** to manage your ad spend.

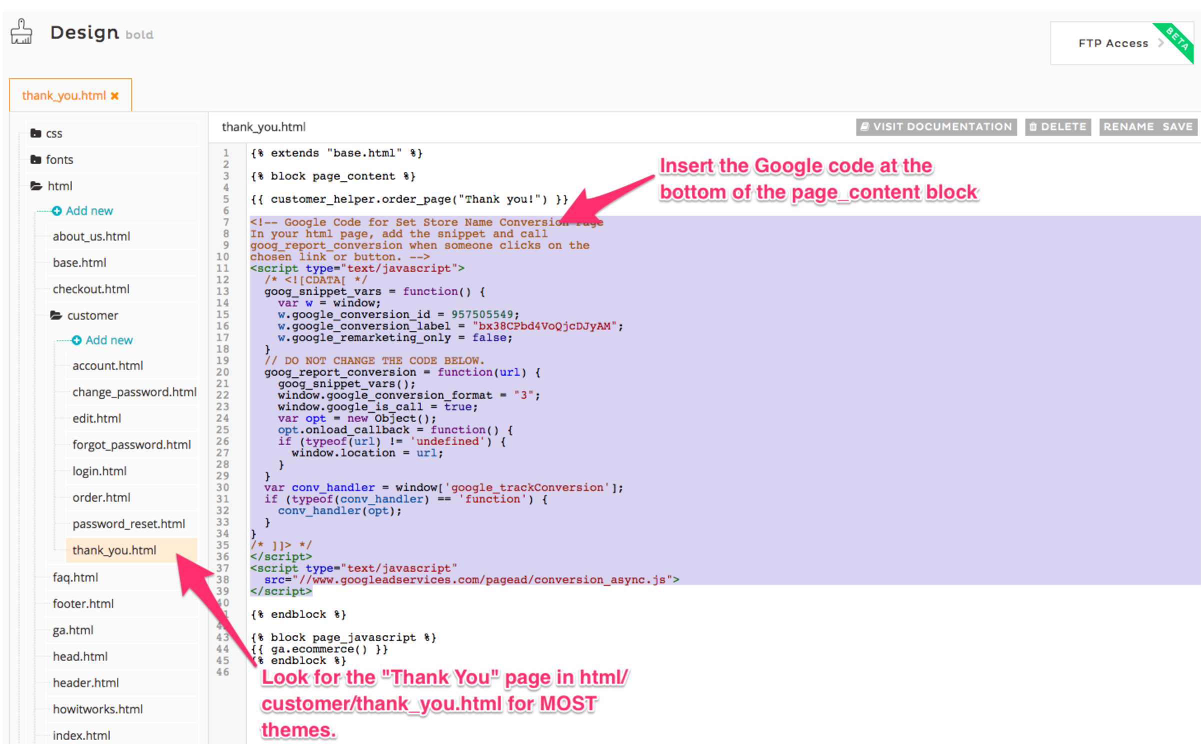
Exercise 1: Add Conversion Tracking & Set a Goal

Goal: *Get a sense of your conversion rate on your checkout page.*

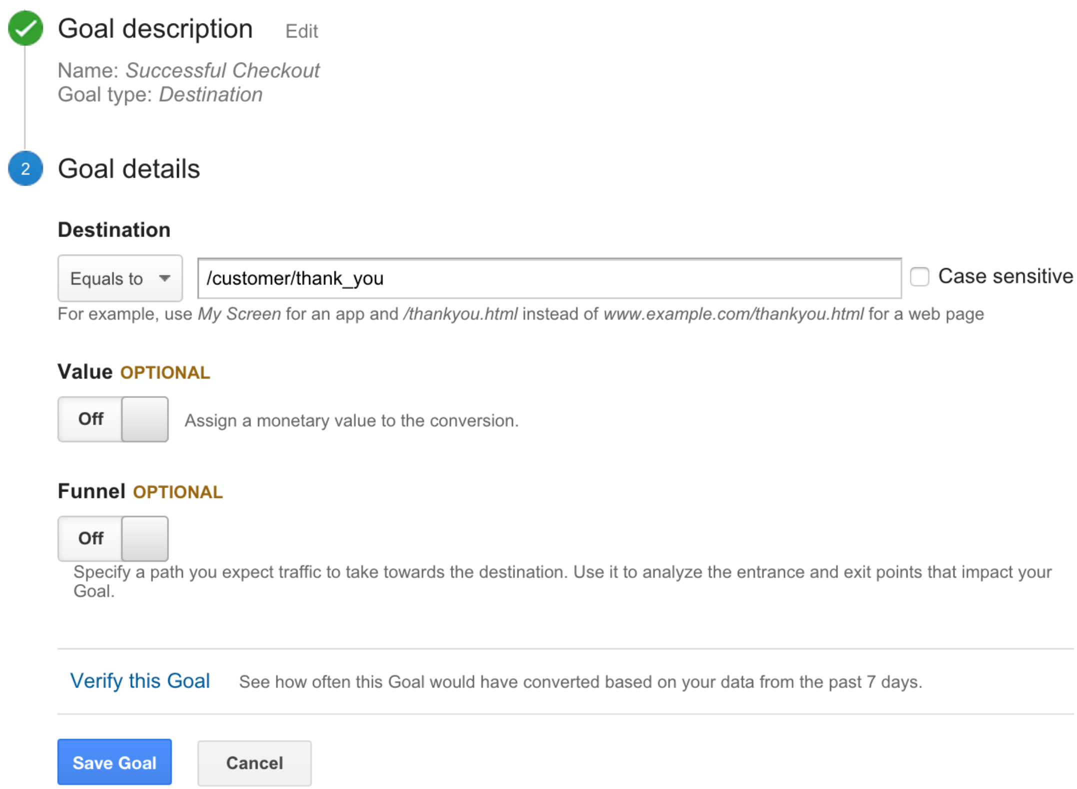
With Google analytics set up, you're now able to track the conversion rate on your checkout page.

For Adwords: If you need help setting up Google Adwords Conversion Pixels, [use their guide.]()

1. Log in to your [Google Analytics]() account.
    - Click Admin
    - Select your domain from the 'Property' drop down list
    - Click Tracking Info
    - Click Tracking Code
    - Copy the tracking code provided
    - Keep the tab open (you'll need to come back)
2. Add your Analytics tracking code to your checkout page:
    - Login to your [Cratejoy Store]()
    - Navigate to the 'Design' Section
    - Click 'Code'
    - Navigate to Customer > thank_you.html
    - Paste your tracking at the bottom of the page_content block:



3. Set up a Goal in Google Analytics

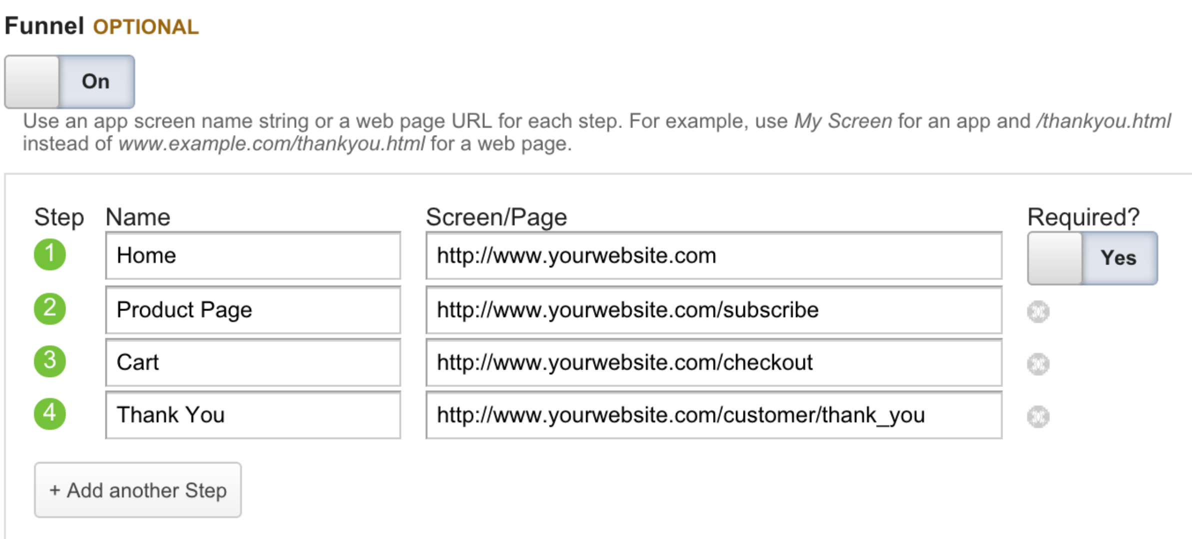


- Navigate back to [Google Analytics]
- Click 'Admin'
- Under view, click 'Goals'
- Click the red 'Add Goal' button
- Complete the Goal Description:
  - Name your campaign, like "Successful Checkout"
  - Select goal type "Destination"
- Complete Goal Details
  - Set the Destination URL Equals to: /customer/thank_you
  - Verify the goal (should produce a % conversion rate)
  - Save the goal

4. **(Optional)** Set a value

- Toggle the Value switch on. If you subscription is $19/month, assign $19 as the value

5. **(Optional)** Create a Funnel. These help determine what customers are doing and at what stages they fall off.
    - Toggle the Funnel Switch On
    - Steps relate to the pages your customers visit. Create a funnel, or series of pages that represents the behavior of customers
    - For example, if your customers will hit your home page, then a product page, then a checkout page, then a thank you page, your funnel would look like this:



    - Note that the “Required?” button the right allows you to restrict funnels. In the below example, the Home page is required, meaning any traffic that skips this page won’t be included in the funnel.
    - Save your goal.

Conclusion: You're a Subscription Box Owner

Take a moment to sit back and reflect on the journey you've undertaken over the last few months. You've created a brand, developed a product, brought it to market and scaled your business. You've devised a compelling product offering and continued to add to it over time by fine tuning your business, focusing on enhancing customer experience and saving time by perfecting your operations. You now have a beating heart of a business.

So what's next?

Going forward, we suggest visiting SubscriptionSchool.com to hear new advice from our experts and to learn about new ways you can grow your business and streamline your daily tasks.

Most of all, feel encouraged to reach to us at Cratejoy – from our incredible design team to our passionate support staff, we're always here to answer questions and help you build the subscription business of your dreams.

Congratulations, you did it!

The Complete Launch Checklist

This checklist is divided into sections, based on the specific things you'll need to tackle when launching your subscription business. Print these checklists off individually and keep them on hand while completing each step.

1. Choose an Idea and Validate It
2. Business set up

3. Complete Product Development + Finalize Economics
4. Set up Cratejoy store
5. Launch

Checklist #1: Choose an Idea and Validate It

1. Come up with an idea!
    - 1.1. Complete Section 1, Exercise 1 “Answer Basic Questions”
    - 1.2. Complete Section 1, Exercise 2 “Competitive Landscape”
    - 1.3. Complete Section 1, Exercise 3 “Product Procurement Worksheets”
    - 1.4. Complete Section 1, Exercise 4 “Create a Sample Box”
    - 1.5. Complete Section 1 Bonus Exercises:
        - 1.5.1. Contact vendors to begin identifying wholesale unit costs
2. Perform some early calculations to determine the feasibility of your business
    - 2.1. Estimate cost of goods using the Cratejoy Subscription Box Calculator

2.2. Estimate average shipping cost using Subscription Box Shipping Calculator, use in calculations above

3. Choose a name and begin developing your brand

   3.1. Complete Section 1, Exercise 5 “Answer Some Basic Questions”

   3.2. Complete Section 1, Exercise 6 “Draft a Name”

   3.3. Complete Section 1, Exercise 7 “Draft a Logo”

4. Validate your idea in your immediate group of friends and family – show them your prototype and pitch them the business. Take notes based on their reaction and list the words they used to describe the experience.

5. Validate your idea with an online prelaunch.

   5.1. Complete Section 2, Exercise 1 “Choose a Prelaunch Platform”

   5.2. Complete Section 2, Exercise 2 “Create Social Networks”

   5.3. Post and engage with online users. Aim for a 10-20% conversion rate (visit to email submission) on your launch page.

6. Analyze your early steps:

   6.1. What price must your subscription box be to achieve a healthy 40-50% profit margin? _____________

   6.2. At what rate did your presubscribers convert on your prelaunch page? ____________

   Your conversion rate on your launch page is a good indicator of how well the list will convert into subscribers. It also helps inform you on how well you executed your idea. If you saw a conversion rate under 10% for example, you may need to reconsider branding, language, colors, or other design elements before you actually launch your business.

Checklist #2: Setting up your business

Part 1: Organize Your Supply Chain

1. Choose a Sales CRM to organize your brand contacts. Consider:

   1.1. Salesforce.com

   1.2. Solve360.com

   1.3. Close.io

2. Begin product research and start entering leads into your CRM

   2.1. Apply best practices from Section 3, Begin Procurement

   2.2. Read: Guide to Subscription Box Product Sourcing

3. Create a Business Invitation or Standard Email Template

3.1.Complete Section 3, Exercise 5 “Create an Email Template”

4. Download Cratejoy’s Procurement Worksheet and begin filling it out for your first box.

Part 2: Develop Custom Packaging + Find a Box Manufacturer

1. Reflect on your branding and prelaunch lessons – what worked and what didn’t?
2. Begin designing your packaging
   2.1. Complete Section 4, Exercise 1
   2.2. Perform as many iterations as needed!
3. Determine a box manufacturer
   3.1. Complete Section 4, Exercise 2
   3.2. Check out Subscription School’s Resource Section
4. Create a Sample Box (can be ordered through a 3rd party, who your manufacturer can usually introduce you to, or created digitally using the plugin Origami.) If you don’t print a sample box with your design, at least have the actual size of box in hand.
   4.1. With your box in hand, consider the following:
      4.1.1. Size: Is the box large enough? What tier of shipping does it fall into?
      4.1.2. Cardboard Stock: Is the cardboard thick enough to maintain stability and protect your items?
      4.1.3. Experience: How does opening the box feel? How can the experience be enhanced through design or other creative elements?
5. Place your box order (this can be held off until you begin collecting revenue from your launch. Remember to save budget for this!)

Part 3: Determine Fulfillment

1. Decide if you’ll start with internal, in house fulfillment, or you plan to outsource:
   1.1. http://subscriptionschool.com/guide/fulfillment-outsourcing-vs-in-house/
2. Ask your box manufacturer if they handle fulfillment (packing and shipping)
3. Order supplies
   3.1. If you’re working with a fulfillment partner, generally they’ll supply the tape, but you’ll need to supply things like tissue paper or other items that actually go in your box.

Checklist #3: Complete Product Development + Finalize Economics

Part 1: Complete Product Development

1. Create a sample box of your first month, including the products you plan to include in customers' boxes
2. Pack a sample box using your product, packing material, and printed material
3. With your sample printed box in hand, perform a series of tests:
   3.1. Complete Section 4, Exercise 3 "Stress Test Your Box"
   3.2. Complete Section 4, Exercise 4 "Watch a Reaction"
4. Analyze and make changes as needed. What worked and what didn't?
5. Using your sample box, schedule professional photos for use in launch promotions and on your website

5.1. Ensure proper lighting

5.2. Make dynamic use of your photos

5.2.1. Use a white background, which can easily be cropped for other creative resources

5.2.2. Use a set/real life situation, like your box on a table or being opened by your target audience

Part 2: Finalize Economics

1. Download the Cratejoy Budgeting Tool
2. Fill out all Green boxes with your values (which should now be as realistic as possible, using quotes from your vendors)

    2.1. Use the Cratejoy shipping calculator for shipping values:

    2.2. Use the Cratejoy subscription box price calculator for product cost, packaging, and other costs.
3. Make core assumptions based on customer count and growth - estimate 10-15% conversion of your entire presubscriber list
4. Consider building 3 sets of budgeting – a Worst Case, Middle Case, and Best Case

Checklist #4: Setting Up Your Cratejoy Store

1. Sign up for your account at http://start.cratejoy.com/
2. Create your product

    2.1. Name the product

    2.1.1. Create a description

    2.2. Create your billing schedule

    2.2.1. Choose frequency (weekly or monthly)

    2.2.2. Choose rebill date

    2.3. Choose pricing and variants

    2.4. Define shipping options (Use the Subscription Box Shipping Calculator)

2.4.1. Define weight

2.4.2. Choose a shipping rate

3. Choose your design from the Cratejoy Design store
   3.1. Complete your site design (remember your branding exercises!)
      3.1.1. Choose theme colors
      3.1.2. Choose theme fonts
      3.1.3. Add pictures
   3.2. Complete your site's written content
      3.2.1. Complete homepage content
      3.2.2. Create FAQs
      3.2.3. Create About Us page
   3.3. Make sure you're collecting emails through an email popup or form
      3.3.1. Use List Builder App and/or Welcome Mat from SumoMe
      3.3.2. Connect to your mail service, like Mailchimp
4. Link your bank account
5. Choose your payment processor
6. Launch your store
   6.1. Remember the apps! Integrate with SumoMe for use of Heat Maps, Smart Bar, Content Analytics, and more.
7. Set up Google Analytics and Conversion Tracking - Section 5, Exercise 1.

Checklist #5: Begin Your Launch

Part 1: Create your Customer Service Portal

1. Research the following websites. Find more as needed:
   1.1. Zendesk.com (Highly recommended)
   1.2. Freshdesk.com
   1.3. Kayako.com
   1.4. osTicket.com
2. Go through the steps to setting up the Help Desk solution, linking it to your support email address (ie. support@yourbusiness.com)
3. Carefully learn the features. You should pay special attention to features like:

    3.1. Macros/Prompts
    3.2. Triggers
    3.3. Automations
    3.4. Filters/Views
    3.5. Tagging System/Flexibility with Data
4. Integrate your Help Desk solution into your website (consider adding a chat box or widget)

Part 2: Begin Promotions

1. Considering organizing a countdown on social media, sharing a specific post leading up to the official launch
    1.1. Use a contest, perhaps for sharing photos, for a few people to win a box
    1.2. Encourage sharing, liking, commenting, and any actions that help increase your reach during this period
2. Schedule and design your launch emails (these will go to your presubscribers you gained)
    2.1. Create an email to remind them of the upcoming date (3-7 days in advance)
    2.2. Create an email to announce the launch
        2.2.1. Provide a special code for presubscribers
        2.2.2. Consider opening spots to presubscribers 1 day earlier than the public, and tell them about the exclusivity, emphasizing the little number of spots open your first month
    2.3. Create a drip campaign for newsletter subscribers who will sign up after your launch
    2.4. Create an introduction email
    2.5. Follow up with an invitation to connect on social media
    2.6. Follow up with an offer email
3. Consider promoting a post on your social networks (like Facebook) to ensure everyone who has liked your page will see your launch notice

Part 3: Order Final Products, Pack and Ship

1. Ensure all products have been ordered, and watch tracking numbers to ensure an on-time delivery to either you or your fulfillment partner

2. Ensure all supplies have been order for packing and shipping. Use this as a checklist:
    2.1. Packing Material
    2.2. Packing Tape
    2.3. Packing List
    2.4. Promotional Material
    2.5. Shipping Labels
    2.6. Other: ____________________
    2.7. Other: ____________________
3. Choose a packing date, and coordinate with either your packing team or fulfillment partner
4. Schedule a pickup by your mail carrier for your first delivery. Ensure everything is in place for shipping:
    4.1. Shipping Notification to customers
    4.2. Proper postage purchased
    4.3. Any postage which requires signatures is signed

Glossary

A/B Testing: Also called "split testing." A/B testing is the process of comparing two different versions of a webpage to see which performs better. Both variants (A and B) are live, and are shown to visitors at the same time with the goal to determine the better conversion rate.

Active Subscriptions: All subscriptions that actively are shipped boxes and rebilled.

ARPU: Average Revenue Per User (ARPU). A measurement of revenue in terms of subscribers in a given period of time.

Automation: Automations take action to modify ticket properties at a specified time after a ticket is updated.

Average Daily Growth: The average rate at which you add customers.

Average Duration: Average number of period customers stay subscribed to your business.

Average Subscription: Average # of days active for a subscriber.

Best Practice: Best practices are procedures or actions that are considered the most effective or most correct way of doing things in a business or organization.

Box Manufacturer: A third-party vendor who produces custom packaging for your subscription service.

Brand: A psychological and emotional understanding and perception of a company by customers. The “intangible sum of a product's attributes.”

Bulk Process or Operation: An action that affect multiple orders or customers at once, such as marking shipments as shipped.

Call to Action: Instruction to a viewer to perform some specific action, such as “Sign up” or “Join today” or “Share this post.”

Cancelled: Subscriptions that have been cancelled. Used in Cratejoy dashboard.

Churn: Rate at which customers cancel their subscriptions each month. Also known as Attrition Rate.

Closing the Box: Phrase used when monthly procurement and/or variations have been finalized.

CMS: An acronym for Content Management System. A platform to host and manage your website for non-technical users. Examples include Cratejoy (for subscriptions) and Word Press (for blogging).

CoCA: Cost of Customer Acquisition (CoCA). Total cost to acquire a customer as a subscriber.

COGS: Cost of Goods Sold (COGS). Sum of product cost and fulfillment cost.

Cohort: A related segment or group within an audience that are separated for analysis.

Color Psychology: The study of how colors and hue affect human behavior and emotion.

Commission: A fee paid to a affiliate or advertiser, usually calculated in %s or flat rates (such as $5 commission per customer).

Conversion Rate: The rate at which consumers subscribe to your service once they hit a specific page.

Coupon: Any discount or code provided to customers for a special offer.

CRM: Stands for Customer Relationship Management. For procurement, a CRM is used to keep track of contacts and schedule emails/ follow-ups to aid in product sourcing.

Culture: A set of behavior, actions, and beliefs that define a group of people or company. Can be used as "Company Culture," which references the standards, mission, and best practices of a company.

Curation: Curation is the process of carefully selecting products for your subscription box, traditionally around a monthly theme or focus.

Current: "Current" shipments are open shipments that require shipping for the current period.

Custom Domain: A unique domain or URL used for your website, such as "Example.com."

Customer Experience: Customer experience is the sum of the interactions between your company and your customer over the duration of your relationship.

Customer Support Platform: A third-party service that provides a system to organize and execute customer relationship management tasks, like answering emails, phone calls, or other requests from customers.

Cutoff date: The cutoff date is the last day for your customers to subscribe to your box.

Delivery Confirmation: A service provided by a shipping carrier that informs you of the time and date your package is delivered.

Expired: Subscriptions that have expired due to payment failing over a 10 day period.

FAQ: An acronym for Frequently Asked Question. FAQ Pages help empower the customer by providing resources and answers to common customer inquiries.

Financial Planning: A comprehensive review of a business' financial state, including analysis of core financial metrics, like Cost of Goods, Average Revenue per User, and Churn or Attrition rate.

Fulfillment Center: A third-party vendor who accepts deliveries and provides a workforce to package your products in your subscription box.

Fulfillment Cost: The total cost of packing and shipping a shipment to a customer. This includes postage and packing costs (ie. fulfillment center or labor).

Gamification: The act of gamifying or adding game-like elements to your business or a feature of your business. For example, providing tiers, points and/or prizes for referrals or product reviews provided by customers.

Gross Profit: Total profit after COGS is subtracted from your revenue.

KPI: An acronym for Key Performance Indicator. KPIs differ from department to department, and are core metrics that help define success or failure for operations. Examples include CoCA, Average Ticket Response Time, and Replacement/Damaged Box Rate.

Launch Page: A single page used during a prelaunch campaign to gather presubscribers and early adopters. Usually contains a single call to action, like subscribing to a waitlist.

Lean-Testing: Refers to the process of testing assumptions while maintaining the lowest possible cost to the business.

LTV: Lifetime Value (LTV). The gross revenue a customer generates over the life of their subscription. This is the average dollar amount a customer spends on your product over time. Average across customers for an average LTV (Sometimes referred to as Customer Lifetime Value, abbreviated as CLTV).

Macro: A message and/or set of actions that is applied with a single click.

Meme: An easily sharable or "mimicable" piece of content, usually in the form of a photos, that spreads quickly on the internet.

Mission/Mission Statement: The formal values, aims and purpose of a company. The business goals and philosophy.

Momentum: The force that keeps your growth moving forward and upward. Momentum describes the nature of the growth of your business – for example, more momentum means faster growth.

Net Profit: Total profit after working expenses not included in Gross Profit have been subtracted. (Sometimes referred to as Net Income, Net Earnings, or Bottom Line).

Niche: A small, identifiable, and easily definable set of particular interests or needs.

Organic Traffic: Visitors who come to your website via search engines unpaid search results.

Past Due: Subscriptions where the most recent payment has failed. Used in Cratejoy dashboard.

Payment Processor: A third-party assigned by a merchant (you) to handle transactions from various channels, such as debit and credit cards. Cratejoy offers access to several of these processors.

Period Churned Customer: Number of customers lost during a specific period. Includes Cancellations and Expired subscriptions.

Period Total Active Subscribers: Total number of subscribers that were active during a specific period of time.

Positioning: Where your product stands in the market and in the mind of the consumer in relation to other brands.

Power Editor: A ad campaign and ad set manager used in Facebook advertising.

Prelaunch: The early phase of launching a product, before it reaches market. Involves beta-testing and consumer feedback to sure-up product offerings.

Price Sensitivity: How the price of a product affects consumers' purchasing behaviors. Differ from product to product and from consumer to consumer.

Printing Die/Die Cut: A large cutting tool used to shape your packaging from a sheet of cardboard.

Printing Plate: Used to transfer images onto paper or cardboard. Similar to a large rubber stamp.

Procurement: The operation of sourcing, purchasing, and ordering products to be included in your subscription box.

Product Cost: The total cost of all products in a shipment to your customers. Includes cost of products, tissue paper, and any additional inserts.

Rebilling: Rebilling is the practice of renewing active subscribers on a set time table. Your monthly "rebilling" is the date at which your renew all your subscribers.

Referral: The action of acquiring new customers through referrals made by existing customers or brand evangelists, usually through word of mouth. Relates to Customer Referrals and Referral Programs.

Retained Profit: The profit you make every month from the subscribers you've already acquired. This is the profit realized from your built in subscriber base.

Retention: Rate at which customers remain active with subscriptions on a monthly basis.

SEO: An acronym for Search Engine Optimization. Related to strategies and methods to increase the amount your website is seen on search engines "organic" and unpaid search results.

Shipment: Any order that requires shipping to a customer.

Shipped: A shipment that has been successfully shipped to a customer.

Skipped: Subscriptions that have skipped their upcoming renewal date. Used in Cratejoy dashboard.

Social Marketing: Using social media to market your product or service to potential customers. Included normal activities on social media as well as paid advertising and sponsored posts.

Social Presence: A brand or company's activity on social media, including how often they post, interact with users, and proactively make touches via social tools (likes, follows, etc).

Subscribe Flow: The subscribe flow is the steps by which customers become subscribers. It is the process that leads to a completed sign up, marked by first experience, investigation, and ultimately subscribing.

Target Audience: A specific group of people served by a product or service. The intended group targeted by marketing campaigns. Also called Target Customer.

Template: A file or document that serves as a starting point for new projects. These include premade work or formatting that helps reduce workload overtime.

Ticket: An email that is managed via a Customer Support Platform.

Transactional Email: Transactional emails are based on specific actions (or inaction) taken by the customer, and are usually automatic and not 'bulk' type messages.

Trigger: Triggers automatically perform and action when a ticket is created or a ticket status updated.

Value Proposition: A promise or selling point used with vendors or consumers.

Variations: Variations are different builds for your subscription box, defined by different products. For example, you may offer one subscription plan, but provide variations in products, where subscribers received different items in their boxes.

Vendor: A third-party who provides goods for your subscription box.

View: A filtered collection of tickets based on specific parameters set by the users. For example, views may illustrate tickets of certain age, type, tag, or assigned agent.

Resources

Here are some suggested resources for different parts of your business. Check out our Resources section on SubscriptionSchool.com as well.

Procurement CRMs:

- Solve360
- Salesforce
- Close.io

Marketing & Design:

- SumoMe
- Mailchimp (for emails)
- Google Analytics
- CartHook
- Serve Studios
- Social Fulcrum

- Launchrock (for prelaunch)

Customer Service Tools:

- Zendesk
- FreshDesk
- Intercom

Packaging and Custom Box Solutions

- NW Paper Box
- Ernest Packaging
- Riley Life Logistics
- Salazar Packaging
- Pakible

Subscription Business Education

- SubscriptionSchool.com
- start.cratejoy.com/blog
- Author blogs:
  - JesseRichardson.com
  - JamesonMorris.com