A Study on the Impact of Subscription-Based Services on Consumer Behaviour in Urban Areas of Kollam District

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ABSTRACT

The rapid growth of digital technology and internet accessibility has accelerated the adoption of subscription-based services, transforming consumer behaviour. Services such as OTT platforms, music streaming applications, e-commerce memberships, online learning platforms, and fitness applications have become increasingly popular among urban consumers. This study examines the impact of subscription-based services on consumer behaviour in the urban areas of Kollam District, Kerala. A descriptive research design was adopted using both primary and secondary data. Primary data were collected from 104 respondents through a structured questionnaire, while secondary data were gathered from books, journals, articles, and online sources. Data were analysed using percentage analysis, correlation, t-test, and ANOVA. The findings indicate that pricing, convenience, and personalization significantly influence subscription decisions, renewal intention, and brand loyalty, whereas perceived risks such as privacy concerns and hidden charges have a relatively limited effect. The study concludes that customer satisfaction, transparent pricing, and personalized service delivery are essential for sustaining customer retention and the long-term success of subscription-based business models.

Keywords: Subscription-Based Services, Consumer Behaviour, Brand Loyalty, Personalization, Pricing, Digital Economy.

INTRODUCTION

The digital era and improved internet access have reshaped consumer buying, with subscription-based models gaining popularity across entertainment, education, food delivery, software, e-commerce, and fitness. Instead of one-time purchases, consumers now pay recurring fees for convenience, cost savings, personalization, and continuous access a shift most evident in digitally aware urban areas. In India, higher smartphone use, digital payments, and online platforms have driven subscription growth. In Kollam district, Kerala, subscription adoption is also rising. This study examines how price, convenience, personalization, perceived risk, and demographics influence urban consumers' purchase decisions, usage, renewal intention, brand loyalty, and word-of-mouth. The findings will help businesses and policymakers improve service quality, retention, and marketing strategies in the digital marketplace.

Significance of the Study

This study is significant as it examines how subscription services influence consumer behaviour in urban Kollam District. With growing adoption of digital services like OTT platforms, online memberships, and mobile applications, understanding the factors that drive subscription decisions is essential. The findings will help businesses identify key issues affecting consumer choices, usage patterns, and loyalty, enabling them to design subscription plans that improve customer satisfaction, retention, and brand loyalty. Marketers can use the results to recognize preferred subscription types and develop targeted strategies. The study will also reveal demographic differences among subscribers, supporting effective market segmentation and positioning. Furthermore, given the limited research on this topic in Kollam District, the study will contribute valuable insights to existing literature on digital consumer behaviour.

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Statement of the Problem

In recent years, urban consumers have widely adopted subscription services like OTT, music streaming, e-commerce memberships, online courses, and fitness apps. These services affect buying decisions and brand engagement through convenience, personalization, and flexible payments. However, issues like financial risk, privacy concerns, hidden fees, and subscription fatigue also arise. In Kollam district, adoption is driven by lifestyle changes and high digital connectivity. Yet, little research exists on how pricing, convenience, personalization, perceived risk, and demographics shape consumer behaviour here. This study aims to examine that impact to help businesses improve subscription strategies and build brand loyalty.

REVIEW OF LITERATURE

Subscription based service have changed traditional purchasing behavior by providing continuous access to products and services through recurring payments. These services are increasingly used in digital entertainment, retail, education, software and other sectors. Subscription models influence consumer adoption, purchase decision, satisfaction, loyalty and retention. Pricing is an important factor in subscription adoption and customer retention. Danaher (2002) found that access fees and usage charges influence both service usage and customer attrition. Similarly, Lyengar (2022) reported that subscription programmes influence customer purchase through both economic and psychological benefits. These findings suggest that consumers evaluate subscription services based on affordability, perceived value and the benefit received from continued membership.

Continence is another important determinant of subscription behavior. Subscription services reduce purchasing effort, save time and provide uninterrupted access. Eisingerich (2023) explained that the relational nature of subscription service encourage consumers to develop stronger connections with service providers and brands. Convenience and service satisfaction may therefore increase consumers willingness to continue using subscription service encourages consumers to develop stronger connections with service providers and brands. Convenience and service satisfaction may therefore increase consumers willingness to continue using subscription service.

Personalization also contribution to consumer satisfaction and loyalty. Customized recommendations, product selection and personalized offers can improve the perceived relevance of a service. Recent research indicates that personalization and social interaction may strengthen psychological attachment and encourage subscription continuity (Beyond content in the subscription Economy, 2026)

Perceived risk is a significant barrier to subscription adoption. Consumers may be concerned about hidden charges, automatic renewal, privacy, cancellation difficulties and loss of control over recurring payments. Roy and Ortiz (2023) found that perceived control and risk influence consumers subscription choice, particularly when comparing monthly and annual subscription plans. Similarly, subscription commerce research has identified perceived risk as an important factor in consumers evaluation of curated subscription service, (Curated Subscription Commerce, 2020).

Customer satisfaction and brand attachment are also associated with subscription adoption and retention. Eisingerich (2023) found that satisfaction and brand attachment encourage consumers to adopt subscription-based online services. Over all previous studies show that pricing convenience, personalization, perceived risk, satisfaction and brand attachment are important factors influence subscription-based consumer behavior. However, limited research has examined these factors together among consumers in urban areas of Kollam District. The present study addressed this gap by analyzing their influence on service usage, consumer satisfaction, brand loyalty, renewal retention and consumer retention.

Objectives of the Study

- General Objectives: -To examine the impact of subscription-based service on consumer behavior in urban areas of Kollam district
- Specific Objectives;

- To analyze the influence of pricing and affordability on subscription-service usage.
- To examine the role of convenience and personalization in consumer satisfaction.
- To study the relationship between demographic factors and subscription service usage,
- To assess the impact of subscription-based service on brand loyalty and customer retention
- To identify the perceived risks and barriers affecting subscription adoption and continued usage.

Research Hypotheses

H1: Subscription-based service significantly influences consumer behavior

H2: Demographic factors are significantly related to subscription service usage

H3: Subscription- based service significantly influence brand loyalty and customer retention.

H4: Perceived risk and barriers are significantly related to subscription service usage

RESEARCH METHODOLOGY

Research Design: The study adopts a descriptive and analytical research design to examine the impact of subscription-based service on consumer behavior in urban areas of Kollam District. The study describes consumer usage patterns and analyses the relationships between subscription service, demographic factors, perceived risks, brand loyalty and customer retention.

Population of the Study: The population of the study comprises consumers residing in urban areas of Kollam district who use subscription-based product or services. The study focuses on their usage, patterns, preference and consumer behavior towards subscription-based service.

Sample Size: A total of 104 respondents from urban areas of Kollam district were selected for the study. The respondents were consumers who had experience using subscription-based product or service.

Sampling Method: The study adopted a convenience sampling method a type of no-probability sampling technique, for selecting respondents from urban areas of Kollam District. Under this study respondents who were easily accessible and willing to participate in the study were selected. Convenience sampling was considered appropriate because the study required respondents who had experience using subscription-based product or services. The method also facilitate access to respondents from different demographic and occupational groups, allowing the study to examine variation in subscription usage and consumer behavior. Since the study involve 104 respondents' convenience sampling provide a practical approach for collecting primary data efficiently.

Data Collected: The study used primary data collected directly from 104 respondents residing in urban areas of Kollam district. Data were collected from consumers who had experience using subscription-based product or service. A structured questionnaire was used as main data collection instrument. The questionnaire covered demographic characteristics, subscription-service usage, pricing and affordability, convenience, personalization, perceived risk, consumer satisfaction, brand loyalty and customer retention.

Statistical Tools Used: The collected data were analyzed using the following statistical tools.

Percentage Analysis: Percentage analysis was used to summarize the demographic characteristics of respondents and their subscription service usage pattern. It helped present the distribution of respondents based on variables such as age, gender occupation income and usage behavior.

Age-wise Distribution of Respondents

Age Group	Frequency	Percentage
Below 20	8	7.7%

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21-30	77	74%
31-40	17	16.3%
41-50	1	1.0%
Above 50	1	1.0%
Total	104	100%

Interpretation: The majority of respondents 74% belong to the 21-30 age group, followed by 31-40 years 16.3%. Respondents below 20 constitute 7.7% while 41-50 and above 50 group each account for 1%

Gender- wise Distribution

Gender	Frequency	Percentage
Female	68	65.4%
Male	36	34.6%
Total	**104**	**100%**

Interpretation: Female respondents constitute the majority 65.4%, while male respondents account for 34.6% of sample.

Occupation-wise Distribution

	Frequency	**Percentage**
Student	61	58.7%
Private Employee	31	29.8%
Self-employee	5	4.8%
Unemployed	4	3.8%
Government Employees	3	2.9%
Total	104	100%

Interpretation: Students represent the largest group 58.7% followed by private employees 29.8%

Monthly Income

Monthly Income	Frequency	Percentage
Below Rs 15000	59	56.7%
Rs15000-Rs 30000	30	28.8%
Rs30000-Rs 50000	8	7.7%
Above Rs 50000	7	6.7%
Total	104	100%

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Interpretation: More than half of the respondents 56.7% have a monthly income below Rs15000, while 28.8% fall within Rs 15000- Rs 30000

Current Use of Subscription Based Service

Current Usage	Frequency	Percentage
Yes	78	75.0%
No	26	25.0%
Total	104	100%

Interpretation; 75% of the respondents currently use subscription-based service, whereas 25% do not. This indicates a relatively high level of subscription-service usage among the respondents survey.

Correlation Analysis

Correlation analysis was used to determine the strength and direction of the relationship between subscription-based service and consumer behavior among respondents.

Correlation Between Subscription –Based Service and Consumer Behavior

Variables	N	Correlation Coefficient (r)	Interpretation
Subscription based service and consumer Behavior	104	0.679	Strong Positive Relationship

Interpretation: The correlation coefficient between subscription based service and consumer behavior is 0.679. This indicates a strong positive relationship between two variables.

Hypothesis Testing

H1: Subscription based service significantly influence consumer behavior.

Result: The report correlation is r=0.679 indicating a strong positive relationship. Therefore, H1 supported based on the correlation analysis reported in the study.

Regression Analysis

Multiple regression analysis can be used to examine the influence of the selected siubscription service factors on consumer behavior among the 104 respondents.

Dependent Variables: Consumer Behavior

Independent Variable: Pricing, Convenience, personalization and perceived risk

Multiple Regression Analysis

Predictor	**Beta**	**t-value**	**p-value**	**Significance**
Pricing	0.312	3.842	0.000	Significant
Convenience	0.286	3.517	0.001	Significant
Personalization	0.241	2.984	0.004	Significant

Perceived Risk	-0.118	-1.563	0.121	Not Significant
R Square	**0.548**			
F-value	**29.98**		**<0.001**	**Significant**

Interpretation; The regression result indicate that the pricing convenience and personalization have positive and significant influence on consumer behavior, Whereas perceived risk has a negative but statistically insignificant influence

Findings and Discussion

Usage:75% of respondents use subscription-based service

Pricing: Affordability and discounts positively influence subscription usage

Convenience: Convenience and time saving features encourage continued usage

Personalization: Personalized recommendations improve consumer satisfaction

Perceived Risk: Concern about hidden charges and privacy affect consumer trust

Consumer Behavior: Subscription service shows a strong positive relationship with consumer behavior

Brand Loyalty: Subscription service are positively related to brand loyalty and customer retention.

Demographics: Age and income do not show significant differences in subscription usage.

Limitation of the Study

- The study is limited to urban areas of Kollam district.
- The sample size is limited to 104 respondents
- The study uses convenience sampling which may limit generalization.
- The study consider only selected factors affecting consumer behavior.
- Consumer preference and subscription behavior may change over time.

CONCLUSION

The study concluded that subscription-based service has a positive relationship with consumer behavior in urban areas of Kollam District. Pricing, affordability, convenience and personalization are important factors influencing consumer satisfaction and continued usage. Subscription service also shows positive relationship with brand loyalty and customer retention. Although perceived risk such as hidden charges, automatic renewal and privacy concern affects consumer trust, most respondents continue to use subscription-based services. The study also indicates that demographic factors do not significantly influence subscription usage.

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