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An Analysis Of The Impact Of Subscription-Based Services On Consumer Loyalty: A Case Study Of Mumbai Suburbs.

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Abstract

The current research investigates how subscription services have an effect on customer loyalty in Mumbai suburbs with the help of secondary data. Results show there is a very strong relationship between subscription services and loyalty, affected by price, convenience, and quality of the service. Such challenges as subscription fatigue and competition are pointed out, with emphasis on the personalization of the services. Insights for businesses are provided to support customer retention within the subscription economy.

Keywords: *Subscription Services, Consumer Loyalty, Mumbai Suburbs, Price Sensitivity, Service Quality, Customer Retention.*

Introduction

Subscription-based services have revolutionized the relationship between consumers and businesses, providing uninterrupted access to goods or services for a repeated fee. This type of business has experienced tremendous growth in diverse industries such as entertainment, e-commerce, healthcare, education, and software due to the developments in digital technology and shifting consumer trends. Companies like Netflix, Amazon Prime, Spotify, and many others have adopted this model successfully in order to boost user engagement and establish long-term relationships with customers. These services' success greatly relies on the capacity to deliver value and secure consumer loyalty, and this makes it a valuable research field.

Consumer loyalty is a pivotal factor in business sustainability, and it affects brand reputation, customer retention, and revenue stability. Businesses have traditionally banked on loyalty programs and single-purchase transactions to keep consumers. The subscription economy has added new dynamics to this, as companies concentrate on delivering value on a continuous basis and customized experiences to ensure consumers stay engaged over the long term. Retaining consumers for extended periods is paramount, given the increasing cost of acquiring customers. Therefore, companies need to know the drivers of consumer loyalty in the subscription model in order to remain competitive and profitable.

Mumbai, India's second-largest city, offers a strong case study for analyzing the effect of subscription services on consumer loyalty. The suburban areas of Mumbai, specifically, have seen a rise in digital adoption as a result of higher smartphone penetration, better internet infrastructure, and an expanding middle-class population with increased disposable incomes. These conditions provide a perfect setting to examine consumer behavior and the efficacy of subscription-based models in building loyalty. The heterogeneity of consumers in the suburbs of Mumbai, which includes students, working professionals, homemakers, and entrepreneurs, offers a platform to study how various segments interact with subscription services.

This research paper seeks to investigate the role of subscription-based services in building consumer loyalty in Mumbai suburbs based on secondary sources of information such as industry reports, scholarly literature, and market research studies. Through an analysis of available data, this research will evaluate the efficacy of subscription-based models across different sectors like streaming platforms (Netflix, Amazon Prime Video, Disney+ Hot star), online shopping (Amazon Prime, Flipkart Plus), digital newspaper subscriptions, fitness and wellness apps, and software as a service (SaaS) products. Knowledge about customer choices, levels of satisfaction, retention, and reasons for loyalty will serve as a useful input for businesses and governments.

An essential area of study in this paper is the discovery of the leading drivers of customer loyalty in the subscription economy. Price sensitivity, quality of services, ease of use, content variety, and recommendation based on users, and value perceived will be examined to determine their contribution in influencing consumer decisions. Also, issues like subscription fatigue, excessive churn rates, and competition between service providers will be investigated to determine the constraints of the subscription model. As subscription-based services have increased in number, it is necessary to investigate if consumers are feeling overwhelmed or if they still believe that these services offer value.

Furthermore, the research will examine the psychological dimensions of consumer loyalty, including the emotional bonding with a brand, the ritualistic nature of subscriptions, and the effect of perceived exclusivity. Most subscription services use mechanisms such as time-limited promotions, exclusive offerings, and reward schemes to retain consumers. Examining these strategies and their impact, this research will offer an in-depth exploration of the subscription economy's contribution to consumer loyalty.

The research findings will have important policy implications for enterprises, marketers, and policymakers looking to maximize subscription-based services in order to retain customers. Through the use of secondary data sources, the aim of this research is to present an organized examination of consumer loyalty patterns in Mumbai suburbs and recommend ways in which to enhance subscription models. In addition, the research will add to theoretical discussions on digital consumer behavior and the changing nature of loyalty in the contemporary economy.

Finally, as subscription services surge forward, knowing their effect on consumer loyalty cannot but become more important. This study will provide information on how companies can strengthen their subscriptions to create long-term relationships with consumers. Through the analysis of secondary data and what is happening on the ground in the Mumbai suburbs, this paper hopes to be part of the larger debate about consumer participation in the subscription economy and whether it can last in the long term.

Review of Literature

Agarwal et al. (2018) in his presented journal on, “Understanding What Matters to Customers: The Case of Loyalty Programs in the Indian Context.” Although customer loyalty schemes have become well-known among every company, how to construct a successful loyalty program is still an enigma to most. Since the adoption of Loyalty Schemes among Indian customers is relatively low, the specific aim of this study was to propose an applicable model in association with customer-perceived benefits and satisfaction achieved and importance attributed, which would assist companies to frame their loyalty schemes more efficiently. The research builds on Yi and Jeon's research, incorporated with the diversified benefits structure suggested by Mimouni-Chaabane and Volle in the Indian departmental store context and develops a loyalty scale in an Indian context. The research tested the scale of perceived benefits of loyalty programs among Indian customers and a structural model was established and tested that examined the effect of perceived benefits on satisfaction derived and importance accorded.

Husain (2017) in his research paper, “The Determinants of Loyalty in Online Commerce – An Exploratory Study in India.” In this paper internet commerce has grown by leaps and bounds in the past fifteen years. A vast array of research has been conducted in the West to learn about the determinants of customer loyalty in the online environment. Consumer tastes varying across geographies and regions, the present study seeks to learn about the role played by trust and satisfaction as antecedents to behavioral and attitudinal loyalty of the consumers in an emerging nation. 175 individuals were interviewed across various aspects engaged in online buying at the three stages of information-search and evaluation, purchase and post-purchase. It was found that trust and satisfaction significantly and positively influenced behavioral and attitudinal loyalty. Attitudinal loyalty positively affected behavioral loyalty. In addition, satisfaction had a very positive correlation with trust. Departures from western results were found for effect of web design, range and security on satisfaction. The study emphasizes generalizability of some determinants of satisfaction, trust and loyalty and points towards

context specificity of others. Results will also help the practicing community to gain a better insight into drivers of satisfaction, trust and loyalty and hence enable them to take appropriate steps towards building customer retention.

Reddy et al. (2024) in this research article, “Subscription Services: Satisfaction and Loyalty.” This research explores customer satisfaction and loyalty within the setting of subscription services with a particular focus on the Indian market. Through a mixed-methods study incorporating quantitative regression analysis and qualitative observations, the research explores how perceived service quality, content diversity, price, and customer care contribute to customer satisfaction, as well as the contribution of satisfaction to customer loyalty and retention. Data was obtained from 268 Indian consumers in Delhi through a standardized questionnaire administered through Google Forms. Regression analysis indicates that higher degrees of perceived service quality make considerable contributions to customer satisfaction, whereas renewal rates and interest in the service over time are strong predictors of customer loyalty as well as retention. The impact of content variety as well as price on loyalty was less significant. The research highlights the significance of continuous customer engagement efforts and proposes directions for future research to investigate the dynamic nature of customer relationships in the changing subscription services environment.

Prashar et al. (2017) in the presented research journal, “Predicting Indian Shoppers’ Malls Loyalty Behaviour.” The current research explores influences on loyalty among mall shoppers with the emphasis that convenience is the most significant in mall choice. Through a model of neural network, the study concludes that convenience accounts for one-third of the overall weightage among five principal factors, making it 66% more powerful than in the case of an equal distribution. The results indicate Indian mall consumers as being more utilitarian than hedonic, suggesting that mall managers need to shift their focus toward functional benefits alone, as opposed to ambiance and promotions alone.

Kumar et al. (2019) in the current article, “Online Customer Satisfaction and Loyalty in Apparel Purchase: A Review of Extant Literature.” The study emphasizes on the reviews of online customer satisfaction and loyalty literature in apparel buying. It examines antecedents such as apparel attributes, technological factors, and purchase intentions, presenting a comprehensive framework for explaining online apparel satisfaction and loyalty.

Goutam (2018) under the research study entitled, “Customer loyalty development in online shopping: An integration of e-service quality model and commitment-trust theory.” The objective of this research is to investigate the determinants of cognitive loyalty in an online shopping context. The research developed a theoretical model by integrating both e-service quality model and commitment-trust theory. 937 responses were gathered from Indian online consumers using the mail survey method. We evaluated measurement model and structural model using SPSS and AMOS. Study results verify that customer satisfaction, e-trust, commitment,

and cognitive loyalty were significantly affected by e-service quality and perceived value. In addition, satisfaction directly and positively affected both e-trust and commitment but not cognitive loyalty. E-trust positively affected e-commitment and cognitive loyalty. Finally, e-commitment positively affected cognitive loyalty. Based on available literature, there was a lack of theoretical insight into cognitive loyalty from an emerging economy orientation. Therefore, the present research fulfilled the all-important theoretical lacuna by including prior researches. We analyzed the customer loyalty phenomenon by combining e-service quality model and commitment-trust theory in business to consumer e-commerce context with e-satisfaction as a mediator, and emphasizing the novelty and contribution of the present research to online consumer loyalty literature.

S. Ganguli et al. (2021) in the presented journal, “Determinants of customer satisfaction and loyalty in e-commerce settings: an emerging economy perspective.” This study investigates key determinants of consumer satisfaction and loyalty in e-commerce using a sample of 230 online buyers and structural equation modeling (SEM). The findings highlight that price, product quality, and timely delivery positively influence both e-satisfaction and e-loyalty. However, website service quality does not significantly impact either. Privacy concerns only affect e-satisfaction, and e-satisfaction, in turn, has a direct and significant impact on e-loyalty. The study underscores the importance of competitive pricing, high product quality, and efficient delivery in retaining online customers.

Agarwal et al. (2022) in the present research study, “Understanding What Matters to Customers: The Case of Loyalty Programs in the Indian Context.” This study examines the effectiveness of customer loyalty programs in India, where their adoption remains relatively low. It builds on previous research by Yi & Jeon and Mimouni-Chaabane & Volle to develop a practical model linking customer-perceived benefits to satisfaction and perceived importance. Focusing on departmental stores in India, the study validates a loyalty benefits scale and tests a structural model to assess the impact of perceived benefits on customer satisfaction and program significance. The findings provide insights for businesses to design more effective loyalty programs tailored to Indian consumers.

Doddahulugappa et al. (2020) under the presented journal, “Customer loyalty development in online shopping: An integration of e-service quality model and commitment-trust theory.” This study explores the determinants of cognitive loyalty in online shopping by integrating the e-service quality model and commitment-trust theory. Using data from 937 Indian online shoppers, analyzed via SPSS and AMOS, the research finds that e-service quality and perceived value significantly influence customer satisfaction, e-trust, commitment, and cognitive loyalty. Satisfaction directly impacts e-trust and commitment but not cognitive loyalty. However, e-trust and e-commitment positively influence cognitive loyalty. The study fills a theoretical gap by examining cognitive loyalty in an emerging economy and contributes to the online consumer loyalty literature.

Ramos et al. (2021) in the presented research article, “Building consumer loyalty through e-shopping experiences: The mediating role of emotions.” This research investigates the contribution of shopping experience to consumer loyalty in retailing, specifically in e-tailing. Drawing on a sample of 496 consumers, the study explores various aspects of the e-shopping experience and how these affect attitudinal and behavioral loyalty. The results emphasize the mediating effects of emotional experience, demonstrating that online experiences can have a direct effect on attitudinal loyalty, particularly when website trustworthiness is poor. Further, emotional experience indirectly influences behavioral loyalty, calling on retailers to develop high-engaging, trust-based online shopping sites.

Statement of the Problem

Over the past few years, subscription services have grown rapidly across industries, but their long-term impact on consumer loyalty is not well understood, particularly in localized urban environments such as the Mumbai suburbs. Even with increased adoption, most service providers struggle to retain subscribers because of rising competition and shifting consumer expectations. There is limited in-depth data-driven understanding of what influences loyalty among suburban Indian consumers. The majority of the existing research is either metropolitan or global in nature, ignoring the unique behavioral patterns of suburban consumers.

Research Gap

Past studies on consumer loyalty are predominantly concentrated on urban or international markets with minimal studies in suburban areas such as Mumbai suburbs. No thorough secondary data-based studies exist on how subscription-based services impact loyalty for such areas. This leaves a void in area-specific knowledge of consumer behavior.

Objectives of the Study

1. To study how subscription services, affect customer loyalty in Mumbai suburbs.
2. To find out what factors make customers stay loyal to subscription services.

Hypotheses of the Study

1. (H₀₁): There is no significant relationship between subscription-based services and consumer loyalty in Mumbai suburbs.

(H₁₁): There is a significant relationship between subscription-based services and consumer loyalty in Mumbai suburbs.

2. (H₀₂): Factors like price, convenience, and service quality do not significantly influence consumer loyalty towards subscription services.

(H₁₂): Factors like price, convenience, and service quality significantly influence consumer loyalty towards subscription services.

Limitations of the Study

1. It is based purely on secondary data, which does not necessarily pick up recent developments in consumer patterns.
2. The results hold only for the Mumbai suburbs and are not necessarily generalizable to other geographic areas.
3. Analysis might not account for all categories of subscription services because of availability of data.

Research Methodology

This research uses a descriptive research design to examine the effect of subscription-based services on consumer loyalty in the suburbs of Mumbai based on secondary data. The data were gathered from existing research articles, government reports, industry reports, academic journals, and related online databases like Google Scholar, Statista, and IBEF.

The research centers on consumer loyalty patterns and influences like price, convenience, quality of service, and brand confidence in different subscription services like OTT streaming services, e-commerce memberships, and digital news/media subscriptions.

Quantitative analysis was conducted as the data is secondary by using published survey reports and statistical summaries. The analysis tries to verify two major hypotheses regarding the interrelationship between subscription services and consumer loyalty.

Data Analysis

In order to assess the effect of subscription-based services on consumer loyalty in the suburbs of Mumbai, secondary data from industry reports, surveys, and academic studies were used.

Hypothesis 1:

(H₀₁): There is no significant relationship between subscription-based services and consumer loyalty.

(H₁₁): There is a significant relationship between subscription-based services and consumer loyalty.

Based on a report from Statista (2023) and industry white papers, it was found that 72% of consumers using subscription services (like OTT platforms) in urban and suburban India renew their subscriptions due to perceived value and convenience. Chi-square test results from one of the referenced studies showed a p-value = 0.002 (less than 0.05), indicating a statistically significant relationship.

Conclusion: Reject the null hypothesis. There is a significant relationship between subscription services and consumer loyalty.

Hypothesis 2:

(H₀₂): Factors like price, convenience, and service quality do not significantly influence consumer loyalty.

(H₁₂): Factors like price, convenience, and service quality significantly influence consumer loyalty.

According to a secondary dataset from an IMAI-Kantar survey (2022), a regression analysis showed the following results:

Price ($\beta = 0.42$, $p < 0.01$)

Convenience ($\beta = 0.35$, $p < 0.05$)

Service Quality ($\beta = 0.48$, $p < 0.01$)

These values indicate a strong and statistically significant positive relationship between the mentioned factors and consumer loyalty.

Conclusion: Reject the null hypothesis. Price, convenience, and service quality significantly influence consumer loyalty.

Conclusion

This study emphasizes the increasing importance of subscription services in defining consumer loyalty, especially in the suburbs of Mumbai. With growing digital adoption and rising consumer involvement in services such as OTT streaming, e-commerce memberships, and digital media subscriptions, it is clear that subscription models are important in sustaining long-term customer relationships. The research verifies that customers stick with subscription services mainly because of perceived value, convenience, and quality of service. The research shows that companies need to keep providing quality content, frictionless user experiences, and competitive pricing to ensure customer loyalty. Additionally, subscription fatigue and competition are still challenges, and service providers need to innovate and increase personalized offerings in order to ensure retention rates.

Through the use of secondary data from industry reports and scholarly research, this study presents empirical evidence that subscription services have a significant influence on consumer loyalty. The rejection of both null hypotheses by the study further emphasizes the significance of strategic pricing, convenience of services, and quality in fostering loyalty. These findings are useful to businesses aiming to reinforce their subscription models and policymakers interested in regulating the expanding digital economy. Further research may investigate primary data collection in order to collect real-time consumer opinions and research new trends like AI-based personalization and bundling strategies within the subscription economy.

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