

RESEARCH ARTICLE

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# GO-TO-MARKET STRATEGIES FOR CONSUMER TECHNOLOGICAL PRODUCTS WITH SUBSCRIPTION MONETIZATION MODEL

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## Abstract

This study examines go-to-market (GTM) strategies for consumer technological products utilizing subscription monetization models. As the digital landscape evolves, businesses are increasingly adopting subscription-based approaches to generate recurring revenue and establish long-term customer relationships. Our research investigates the key components of successful GTM strategies in this context, focusing on market segmentation, value proposition development, pricing strategies, distribution channel selection, and customer acquisition and retention tactics. Through a comprehensive analysis of scientific papers, industry reports, and case studies, we identify best practices and trends in subscription-based GTM strategies for consumer tech products. Our findings highlight the importance of market segmentation, value proposition development, pricing strategies, marketing and communication, customer acquisition and retention practices in optimizing customer lifetime value. This study contributes to the growing body of literature on subscription business models and provides practical insights for managers and entrepreneurs in the consumer tech industry.

**Keywords** Go-to-market strategy, subscription model, consumer technology, monetization, customer acquisition, retention, pricing strategy.

## INTRODUCTION

This study explores the Go-To-Market (GTM) process for developing and launching new products or startups. Creating a successful product from the ground up is a complex and challenging journey that demands a deep understanding of various stages and approaches to product development. The study emphasizes that new products require distinct marketing and sales strategies compared to scaling existing offerings. It highlights the critical importance of recognizing these different stages and implementing appropriate tactics at each phase of the product

lifecycle.

The focus of this study will be primarily on products with subscription monetization. The rise of subscription-based monetization models has transformed the landscape for consumer technological products, leading companies to rethink their go-to-market strategies. As more consumers prefer access over ownership, businesses need to adapt to these changing preferences and seize new opportunities for steady revenue. This study looks at effective GTM strategies specifically designed for consumer tech

products that use subscription models [1, 2].

In this fast-paced environment, companies face the challenge of attracting new customers while keeping existing ones engaged. Subscription models can provide consistent revenue and foster deeper relationships with customers, but they also require a more nuanced approach to entering the market and driving growth. The objective of this study is to identify the key elements of successful GTM strategies in this context, suggesting that effective approaches will blend targeted market segmentation, competitive pricing, diverse monetization models, and strong customer acquisition and retention efforts.

By examining the GTM process, this research aims to provide entrepreneurs with a comprehensive roadmap for successfully launching and establishing new products in the market. The study offers insights into the unique challenges faced during the initial stages of product development and market entry, as well as strategies to overcome these hurdles.

## **MATERIALS AND METHODS**

This study employs a comprehensive research methodology to investigate GTM strategies for consumer technological products utilizing subscription monetization models. The methodology combines a literature review and the exploration of case studies, providing a robust framework for understanding the GTM strategies of consumer tech products.

This study synthesizes existing research from peer-reviewed academic journals, books and industry reports. This review focused on marketing strategies, consumer behavior, and subscription-based business models, providing a robust theoretical foundation for this study (Punj, G., 2015; Kuester et al., 2018) [3, 4]. We analyzed reports from reputable industry sources such as Gartner [5], McKinsey & Company [6], and Ernst

Young [7]. These reports provided current market trends, consumer preferences, and industry forecasts, complementing our academic research with up-to-date practical insights. The books of Anne Janzer “Subscription marketing: Strategies for nurturing customers in a world of churn” [8] and Maja Voje “Go-To-Market Strategist: Everything You Need to Reach Product-Market Fit” provide a comprehensive overview of effective GTM strategies for subscription-based products [9].

To complement this theoretical base, a diverse set of case studies has been examined, featuring successful consumer tech companies that have implemented subscription models. Our scope encompasses a wide range of consumer technological products employing subscription models, including software applications, streaming services, and digital content platforms, such as Netflix, Spotify, Uber. These case studies represented a range of company sizes, product types, and market segments, offering insights into real-world applications of GTM strategies.

While this methodology aims to provide a comprehensive view of the subject, it is important to acknowledge certain limitations. The rapidly evolving nature of the tech industry means that some findings may have a limited temporal relevance. Additionally, the focus on successful companies in our case studies may not fully represent the challenges faced by new entrants or smaller players in the market. Lastly, the global scope of the study may obscure regional variations in GTM strategies and consumer preferences.

Despite these limitations, we believe our methodology provides a solid foundation for analyzing GTM strategies in the subscription-based consumer tech space, offering valuable insights for both academic discourse and practical application in this dynamic field.

## **RESULTS AND DISCUSSION**

In this section, we explore the findings from our in-depth analysis of GTM strategies for consumer tech products using subscription monetization models. The research uncovers essential insights into successful market segmentation, compelling value propositions, and pricing strategies that appeal to high-value customer segments. The study also examines the role of different GTM aspects, such as user acquisition and retention. By analyzing real-world examples and their outcomes, the article offers a detailed understanding of how these strategies can optimize customer lifetime value and minimize churn in subscription-based business models.

### **Subscription Models**

Subscription, consumption / usage-based pricing), perpetual licenses, and freemium are four distinct monetization models often used in consumer technology products [10]. Usage-based pricing charges customers based on their actual product usage. For example, Dropbox offers additional storage space for a fee when users exceed their free allocation. Perpetual licenses involve a one-time payment for indefinite product use. This model was common in traditional software purchases, such as earlier versions of Adobe Photoshop for individual users. Freemium offers basic features for free while charging for premium functionalities. Canva exemplifies this model with its free ad-supported tier and paid premium subscription.

While these models have their own benefits, subscription-based pricing is often more applicable to consumer tech products. It provides steady, predictable revenue streams, allowing companies to invest in continuous product improvement and customer support. Subscriptions encourage ongoing customer relationships, encouraging retention and upselling opportunities. They align with evolving consumer preferences for access

over ownership, as seen in the success of Netflix and Hulu. This model's flexibility in offering tiered pricing and regular updates makes it particularly well-suited to the dynamic nature of consumer technology products.

Subscription businesses can offer consumers significant value, convenience, and personalized experiences while simultaneously providing companies with stability and growth opportunities. This model has gained traction as the digital landscape and data proliferation have fundamentally altered the retail competitive landscape. The COVID-19 crisis has further accelerated the need for business model transformation.

Leading companies are now investing heavily in reimagining their business models to harness the potential of consumer-centric, data-driven growth. The analysis by McKinsey & Company suggests that this represents a \$1.7 trillion to \$3 trillion opportunity across industries [6]. Subscription businesses have emerged as a powerful way to leverage data and reinvent retail operations. These models, where consumers pay a recurring fee for services or goods, have experienced remarkable growth. From 2012 to 2018, subscription businesses collectively grew by over 300%, outpacing S&P 500 companies' revenue growth by approximately five times. This rapid expansion underscores the model's potential to drive sustained business growth and meet evolving consumer demands in an increasingly digital marketplace.

The results of this current study showed that very often companies use multiple monetization models, sometimes having more than two models for the same product. New monetization methods are constantly emerging. It's important to note that these strategies are not mutually exclusive—many brands utilize multiple approaches simultaneously.

Core Monetization Models			+ Supplementary Monetization Models	
Model	Description	Considerations	Model	Description
Subscriptions (User-based pricing)	Customers pay a recurring fee for access to the product or service, typically on a monthly or annual basis	<ul style="list-style-type: none"> <li>Pros: Provides predictable revenue streams, enhances customer lifetime value, and facilitates upselling opportunities, no large upfront costs for the customer, more straightforward and accustomed to users, better CX vs freemium model</li> <li>Cons: High churn rates can occur if customers do not perceive ongoing value, requiring constant engagement and improvement of offerings to retain subscribers</li> </ul>	Ads	Displaying advertisements within the product or service
Consumption (Usage-based pricing)	Customers pay based on their actual usage of the product or service	<ul style="list-style-type: none"> <li>Pros: Aligns pricing with actual value received, making it attractive for price-sensitive customers who may be hesitant to commit to a flat fee</li> <li>Cons: Revenue can be unpredictable, making financial planning challenging. High usage may lead to unexpected costs for customers, potentially discouraging continued use</li> </ul>	In-app purchases	Offering additional features or content for purchase within a free or paid app
Perpetual licenses	Customers pay a one-time fee for indefinite use of the product	<ul style="list-style-type: none"> <li>Pros: Generates significant upfront revenue and is straightforward for customers to understand, which can enhance initial sales</li> <li>Cons: Leads to less recurring revenue over time and may require additional fees for updates or support, potentially creating customer dissatisfaction if they feel pressured to pay more later</li> </ul>	Consulting services	Offering expert advice or services related to the product
Freemium	Basic features are offered for free, with premium features available for a fee	<ul style="list-style-type: none"> <li>Pros: Low barrier to entry encourages user adoption, allowing companies to build a large user base quickly. This model can lead to organic growth through word-of-mouth and referrals</li> <li>Cons: Conversion rates from free to paid users can be low, requiring effective strategies to encourage upgrades. Balancing free and paid features is crucial; too many free features may deter users from upgrading</li> </ul>	Partnerships / Sponsorship	Partnering with brands to promote their products or services within your platform
			Data	Monetizing user data by selling it to third parties
			Affiliate marketing	Earning commissions by promoting other companies' products or services
			Royalties and Reselling	Earning royalties from products (e.g. courses) or reselling them, particularly applicable for high-demand or evergreen content

Figure 1. Core and Supplementary Monetization Models [10, 11]

Very often, companies with subscription monetization use multiple models in addition to the main one (Fig. 1). The range of opportunities include ads, in-app purchases, consulting services, sponsorship, data selling, affiliate marketing, and royalties. Ads involve displaying advertisements within the product or service, generating revenue from advertisers. In-app purchases allow users to buy additional features or content within a free or paid app. Consulting services offer expert advice related to the product. Sponsorship involves partnering with brands to promote their products within the platform. Data selling monetizes user data by selling it to third parties. Affiliate marketing earns commissions by promoting other companies' products. Royalties generate income from licensing intellectual property or content.

Companies often combine multiple models to maximize revenue potential and adapt to changing market conditions. Therefore, it is critical to acknowledge that the subscription monetization model can be presented in different variations or

combined with other types in a hybrid model, for example, having subscriptions with one-time purchases.

**GTM Approach for Consumer Tech Products**

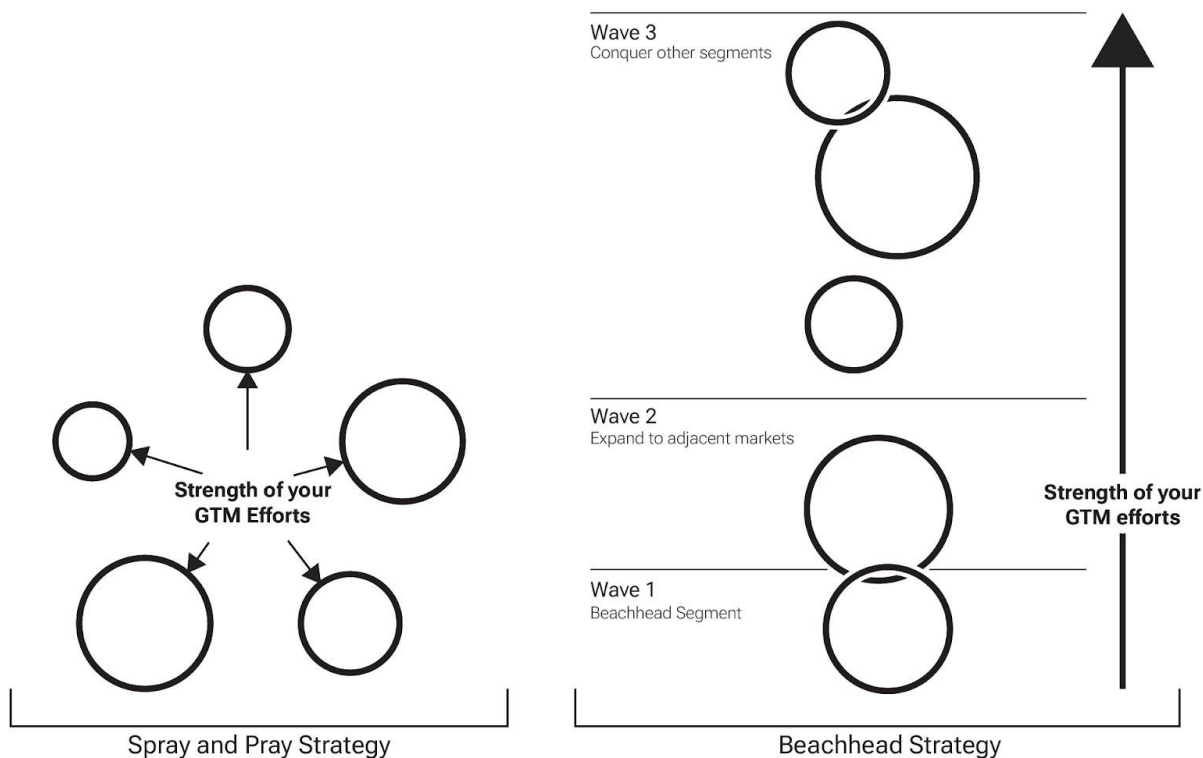
GTM strategy is a crucial concept that guides teams through the initial phases of market entry. It outlines a series of actions that enable product teams to plan their market debut and connect with their target audience effectively. According to experts from the Harvard Innovation Lab, a GTM strategy encompasses understanding the target market, crafting compelling value propositions, developing a robust sales process, and gathering early customer feedback [12]. It's important to note that GTM strategies are not static; they should be flexible and continuously refined based on market responses and customer insights. For a new product, the primary objective is to rapidly acquire users. This can be accomplished through various means. In section "GTM Strategies for Consumer Tech Products", we will explore the key GTM techniques to achieve quick traction. In this section,

we will discuss the general approach to GTM strategies.

In the world of business and product development, having a big vision is often a powerful motivator for teams and a key driver of the Product-Market fit cycle. Maja Voje, in her book “Go-To-Market Strategist: Everything You Need to Reach Product-Market Fit”, describes several approaches to GTM. She highlights that the most common one is Beachhead Strategy. This strategy is a proven method for entering markets and building a strong foundation for growth. It advocates for concentrating efforts on a small, underserved market segment with a pressing need to solve specific problems. Rather than spreading resources thin across a broad market, the Beachhead Strategy

suggests a more targeted and efficient approach to market entry.

The core principle of this strategy is to identify and focus on a small segment of the market that can be won within a relatively short time frame, typically 3-18 months, depending on available resources and runway. This initial target segment becomes the 'beachhead' from which a company can build momentum and expand into broader markets. By aligning efforts and resources in a single direction and maintaining a laser focus on winning "one beach at a time," companies can generate a critical mass of traction and relevance. This focused approach allows for the development of stronger cases and value propositions, which can then be leveraged to conquer larger market segments.



**Figure 2. Beachhead Strategy [9]**

Companies can utilize several key parameters to identify a beachhead market (Fig. 2). First, they often examine similar markets by researching

customers who purchase comparable products. This helps marketers gain a clearer understanding of their target audience. Second, brands can



develop marketing strategies tailored to specific demographic segments, considering factors such as age, gender, education level, and sexuality. Geographic location is another important factor; businesses may define their target market based on specific areas, which could range from particular zip codes to broader regions like beach towns or urban centers. Lastly, the Beachhead Strategy emphasizes the importance of identifying customer needs. If a gap exists in the market, companies are encouraged to investigate this opportunity and find ways to address it based on what customers are seeking [13].

Several successful companies have employed this strategy to great effect. Facebook, for instance, chose Harvard University as its beachhead segment before expanding to other Ivy League colleges and eventually to the mainstream [14]. Airbnb initially focused on budget travelers needing short-term lodging, especially during peak events [15]. Uber strategically selected San Francisco as its initial market, using the city as a springboard for its global expansion [16].

Therefore, the Beachhead Strategy offers a pragmatic path to market entry and growth. It allows companies to validate their product, build a strong user base, and refine their offerings before tackling larger, more competitive markets. By focusing on a specific, winnable segment, companies can maximize their chances of success and lay the groundwork for future expansion.

### **GTM Strategies for Consumer Tech Products**

GTM strategies for consumer tech products require a multifaceted approach to succeed in today's competitive landscape. Compared to B2B products, where the core focus is on sales to the decision makers, B2C products require a broader spectrum of strategies to stand out and get customer attention. Effective market segmentation and targeting are crucial first steps, allowing companies to identify high-value customer

segments and tailor their offerings accordingly. By understanding the unique needs, preferences, and behaviors of different customer groups, businesses can create more targeted and compelling value propositions. In this section, we will discuss the key components of GTM strategy for consumer apps: building unique value proposition, optimizing pricing, setting up marketing and communication tailored to the audience, developing a set of customer acquisition and retention practices.

As the first step, a company should develop a strong value proposition which is essential for all businesses but it is even more critical for subscription-based models because subscription implies an ongoing high quality of the product and service that the customer is paying for [17]. Companies must clearly articulate the benefits of their product or service, emphasizing the ongoing value customers will receive through their subscription. This may include features like regular updates, exclusive content, or personalized experiences that justify the recurring cost.

Secondly, ensuring that subscription tiers and pricing points involve careful consideration of perceived value, competitive offerings, and customer willingness to pay. Many companies find success with tiered pricing structures that satisfy different customer segments and usage levels, allowing for upselling opportunities as customers' needs evolve.

Another important aspect of GTM strategy is to ensure that marketing and communication strategies for subscription-based products focus on building long-term relationships with customers [18]. Content marketing plays a crucial role in educating potential customers about the product's value and increasing engagement. Social media and influencer partnerships can be powerful tools for reaching target audiences and building brand awareness. These approaches help create a sense of community around the product, which can be

particularly valuable for products in consumer space.

When it comes to customer acquisition tactics for subscription models, they often include free trials, referral programs, and bundling offers [19]. Free trials allow potential customers to experience the product's value firsthand, reducing the perceived risk of committing to a subscription. Referral programs leverage existing customers to attract new ones, often providing incentives for both parties. Bundling complementary products or services can increase the perceived value of the subscription and differentiate it from competitors. For example, Netflix transformed its business model from a DVD rental service to a streaming platform by focusing on a few key strategies [20]. They offered free trial periods to encourage user adoption and utilized data analytics to provide personalized content recommendations. By investing in original programming, they differentiated themselves from competitors and implemented a tiered pricing structure to appeal to different customer segments while expanding globally and localizing content for various markets. Another example is Spotify which adopted a freemium model that allows users to access an ad-supported version of their music streaming service before upgrading to a premium subscription [21]. They partnered with telecom companies for bundled offerings and utilized social features to enhance user engagement. By analyzing user data, Spotify developed personalized playlists and expanded into podcasting, diversifying their content and increasing user retention.

Onboarding and user experience design are critical for reducing friction in the adoption process and ensuring customers quickly realize the value of their subscription [22]. A smooth, intuitive onboarding process can significantly impact initial customer satisfaction and long-term retention. This may involve personalized setup processes,

guided tutorials, or interactive walkthroughs that help users get the most out of the product from day one.

Finally, retention and churn management are ongoing priorities for subscription-based businesses. Strategies for increasing customer lifetime value may include proactive customer support, regular feature updates, personalized recommendations, and loyalty programs [23]. By continuously delivering value and addressing customer needs, companies can reduce churn and foster long-term relationships with their subscribers.

### **Key GTM Challenges**

During the initial stages of product development and market entry for consumer tech products with subscription models, companies face several unique challenges. These include establishing product-market fit in a rapidly evolving landscape and overcoming consumer hesitation towards recurring payments. Companies must also balance feature development with pricing strategy while acquiring early adopters without excessive marketing spend. Additionally, constantly adjusting the marketing plan to the market dynamics and responding to competitors for whom it might be easy to replicate the product of a successful company can be crucial.

To overcome these hurdles, successful companies often employ various strategies. Conducting extensive user research and iterative product testing helps refine the offering. Offering free trials or freemium models can reduce adoption barriers, while implementing tiered pricing structures caters to different user segments. Many companies leverage referral programs and content marketing for cost-effective acquisition. Focusing on user experience design ensures seamless onboarding and engagement, which is essential for retaining subscribers. Developing a unique long-term brand value proposition is essential for companies to

differentiate themselves in the market. Relying on another company's offerings is not a sustainable strategy; instead, brands must create their own distinct value to attract a significant audience, gain market share, and increase revenues. Effectively communicating this value proposition across all company channels will be vital for ensuring consistency and clarity in messaging [24].

Overall, these strategies help companies navigate the complex landscape of subscription-based products, addressing the unique challenges posed by this business model. By implementing these approaches, businesses can increase their chances of successfully launching and scaling their innovative products in the competitive consumer tech market.

## **CONCLUSION**

In conclusion, this study has explored the intricacies of go-to-market strategies for consumer technological products utilizing subscription monetization models. Our key findings highlight the importance of targeted market segmentation, compelling value proposition development, and strategic pricing as foundational elements of successful GTM strategies.

For businesses and marketers in the consumer tech industry, these insights underscore the need for a nuanced approach to launching and scaling subscription-based products. Companies should focus on understanding their target audience deeply, crafting offers that resonate with their needs, and continuously refining their strategies based on customer feedback and market dynamics.

Future research should explore the long-term impacts of subscription models on consumer behavior and business performance, as well as investigate emerging trends such as personalized subscriptions and hybrid monetization models. By continuing to study these areas, scholars can provide valuable guidance for companies

navigating the evolving landscape of consumer tech subscriptions.

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