

# subscription, rental and sharing revenue models on the rise



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SHIFT IN CONSUMPTION PREFERENCES MEANS MORE BUSINESSES TURN TO SUBSCRIPTION, RENTAL AND SHARING MODELS //

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Businesses are moving towards new business models due to a shift in consumption preferences towards subscription, rental and sharing.

According to new research, consumer's preferences are changing and driving a need for businesses to change their models around subscription, sharing and rental.

The research, carried out by the Economist Intelligence Unit and Zuora, revealed 72% of businesses are seeing changes in how their customers prefer to access their services. Some 46% of businesses are responding to this change, integrating new delivery models such as subscriptions and rentals.

But although the move to new consumption and delivery models is being driven by consumer desire for more flexible pricing and more convenience, the trend is being recognised by businesses as a powerful new revenue opportunity. Subscription models are leading as the favoured new business model as 40% of businesses said they'd implemented subscription as a core part of their business.

Some 16% said new pricing and delivery models already represent more than half of their revenue and 72% expect this to increase significantly over the next two years.

The respondents cited new technologies such as cloud computing and mobile as a driver in this shift towards new consumption and delivery models (37%) and yet many also cited technical complexities as a major challenge (34%).

A high profile example of a business acknowledging this shift is Tesco's purchase of online movie rental service Blinkbox last year.