

The Role of Subscription Services in Building Long-Term Customer Loyalty

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Abstract

This article is dedicated to studying the influence of subscription services in the automotive industry on the formation of long-term customer loyalty. The relevance of the research is linked to the search by automakers and dealers for new forms of customer retention and for ensuring stable sources of income in a saturated market. The novelty of the work lies in identifying the mechanisms through which the “car-by-subscription” model transforms the “manufacturer-consumer” relationship and creates the prerequisites for sustainable interaction. The study describes the main characteristics of the subscription model, identifies the value orientations of consumers of different generations, compares the organizational forms of subscriptions, and defines the tools that contribute to the growth of brand commitment. Special attention is given to the analysis of global experience in implementing subscription services, including in the premium and mass-market segments, as well as to assessing their prospects in the context of digitalization and the transition to electric vehicles. The work aims to summarize the practices of leading companies and to highlight the factors that ensure a high level of customer satisfaction. To achieve this goal, methods of comparative analysis, synthesis of sources, and generalization of practical case studies were applied. The conclusion formulates findings that demonstrate the significance of the subscription model as a tool for strengthening long-term loyalty and as a promising direction for the development of the automotive business. The article will be useful for marketing researchers, representatives of the auto industry, and specialists in customer relationship management.

Keywords

Subscription Services, Automotive Industry, Customer Loyalty, Flexibility of Ownership, Digitalization, Relationship Marketing, Customer Retention, Brand Ecosystem

1. Introduction

The automotive industry is experiencing a significant shift in business models: the traditional one-time sale is being replaced by the concept of subscription services, which offer customers a car “by subscription”. In such a model, the consumer pays a regular fee for the use of a car and related services, instead of acquiring the vehicle in full ownership. The relevance of this study is due to the fact that automakers and dealers on a global scale are looking for new ways to retain customers and generate stable revenues in a saturated market. Long-term customer loyalty is becoming a key factor for competitiveness: retaining a customer over several car life cycles is more profitable than one-time sales. The objective of this article is to analyze how the implementation of subscription services affects the formation of long-term consumer loyalty in the automotive business. To achieve this objective, the following tasks are addressed:

- 1) To investigate the features of the car subscription model and its value proposition for the customer;
- 2) To identify the factors through which subscription services enhance customer commitment to a brand;
- 3) To summarize the global experience of major auto concerns in using subscriptions to increase customer satisfaction and retention.

2. Methods and Materials

A comprehensive approach based on the analysis of scientific and analytical sources, data comparison, and the systematization of empirical materials was used to prepare this article. D.M. Schellong, P. Sadek, N. Lang, and M. Mattsson examined the prospects of the subscription model in the automotive sphere, focusing on its impact on purchasing habits (Schellong et al., 2021). R.M. Häusler analyzed the value of subscriptions for manufacturers and consumers, highlighting its potential for generating long-term revenue (Häusler, 2023). J. Du, M. Guo, T. Feng, G. Liang, and B. Yue proposed a theoretical construction of the mechanism and components of the subscription model (Du et al., 2024). Specialists at Deloitte studied consumer preferences and flexibility of ownership in the context of the transition to electromobility (Deloitte, 2023). A study by Global Market Insights provided forecasts for the growth of the subscription services market in the coming years (Global Market Insights, 2025). An analytical piece from T3 Marketing covered the development of dealer strategies in connection with subscriptions (Amina, 2024). The American Customer Satisfaction Index presented data on the dynamics of car owner satisfaction levels (American Customer Satisfaction Index, 2023). I. Siapno, D. Sandig, J.M. Tagupa, S.S. Tan, S.R. Tumalon, and J. Fuentes examined the influence of pricing policy and customer engagement on user retention in subscription models (Siapno et al., 2024).

The comparative method, analysis of sources, structuring of practical examples, and their synthesis were applied to write this article. This approach allowed for the identification of patterns and the proposal of conclusions about the prospects

of using subscription services to form sustainable loyalty. To ensure methodological rigor, the selection of literature was limited to peer-reviewed articles, industry reports, and analytical studies from 2021 to 2025. Only sources directly addressing subscription models in the automotive sector were considered; materials outside this scope or older publications were excluded. Case studies were chosen from regions where large-scale subscription programs are already in operation, such as Europe, North America, and East Asia. The analytical basis combined comparative analysis and thematic synthesis. Evidence from different sources was extracted, grouped by recurring themes—pricing, customer satisfaction, digital integration—and then generalized into consistent conclusions on the contribution of subscriptions to loyalty formation.

3. Results

The subscription model in the automotive sphere implies that the customer pays a fixed monthly amount to receive a car for use, as well as a package of services—insurance, maintenance, and sometimes the ability to change models. The key advantage for the customer is flexibility and convenience, the absence of a large initial down payment, and the worries of reselling the car. Studies show that the modern consumer, especially from the younger generation, is increasingly less inclined to own a car as such and prefers the convenience of use without extra obligations (Häusler, 2023; Schellong et al., 2021). According to a Boston Consulting Group report, a growing share of customers perceives a car subscription as an attractive alternative to purchasing, especially given the declining interest in ownership among millennials and Gen Z (Schellong et al., 2021). In 2021, a global BCG study found that only ~45% of young consumers consider car ownership a necessity, whereas for older generations, this figure was 75% (Schellong et al., 2021). This data explains why automakers have turned to the subscription model: it meets the changed expectations and lifestyles of customers, offering them a “car as a service”. A systematization of the value characteristics that determine the attractiveness of the subscription model for different generations of customers is presented below (Table 1).

Table 1. Value orientations of consumers of different generations regarding car subscriptions (compiled by the author based on American Customer Satisfaction Index, 2023; Amina, 2024; Deloitte, 2023).

Generation	Main motives for choosing	Attitude towards ownership	Expectations from the service
Millennials	Flexibility, freedom from obligations	Low interest in ownership	Quick access, no barriers
Generation Z	Experimentation, innovation	Rejection of long-term assets	Digital interface, personalization
Generation X and older	Reliability, predictability	High value placed on ownership	Transparent conditions, full-service package

A number of leading companies have already tested various subscription formats. For example, premium brands (Volvo, Porsche) launched services where a subscriber can change their car several times a year to suit their needs. However,

according to industry reviews, the most viable model has turned out to be one close to full-service leasing, with a fixed monthly payment and minimal possibility of early termination (Schellong et al., 2021; Siapno et al., 2024). The European experience (services like Finn, Onto) confirms the demand for precisely such subscriptions that include all expenses except fuel/electricity. Global market forecasts reflect the accelerated growth of the segment: according to analysts' estimates, the volume of the car subscription service market reached ~\$5 billion in 2024 and will grow at double-digit rates annually (Global Market Insights, 2025). A typology of the organizational models of car subscriptions is presented below (Table 2).

Table 2. Main organizational models of subscription services in the automotive industry (compiled by the author based on Amina, 2024; Deloitte, 2023; Du et al., 2024).

Model	Characteristic	Advantages for the customer	Potential limitations
Car-swapping model	Ability to change the car several times a year	Individualization, freedom of choice	High price, complex logistics
Full-service subscription	A single payment includes insurance, service, registration	Transparency of expenses, convenience	Minimal termination options
Hybrid with leasing elements	Similar to long-term rental, but with digital services	Familiar format, adaptation to new technologies	Less flexibility

Particularly high interest is noted in the electric vehicle segment: a subscription allows one to “try out” an electric car without risks for those who are hesitant, without long-term commitments and problems with reselling a battery-powered car. Such suitability is primarily explained by the structural challenges of the EV market. Battery degradation over time remains a major concern for consumers, since replacement costs are high and performance deterioration directly affects the car's residual value. Subscription services mitigate this risk by transferring responsibility for battery health and potential replacement to the provider, allowing customers to enjoy the use of an electric vehicle without long-term financial uncertainty. In addition, the rapid pace of technological progress in electromobility—new generations of batteries, extended driving ranges, and advanced charging systems—creates a perception of obsolescence among potential buyers. Under traditional ownership, consumers risk being left with an outdated product within only a few years, whereas subscription contracts provide flexibility to switch to newer models as soon as innovations appear. Finally, the absence of a clear secondary market for EVs generates ambiguity regarding resale value, which further discourages purchase decisions. The subscription model resolves this issue by eliminating the need for resale altogether, thereby reducing consumer hesitation and fostering stronger engagement with the brand ecosystem.

Regarding customer loyalty, the subscription model gives automakers new opportunities. First, it ensures more frequent and intensive contact with the customer throughout the subscription term. Traditionally, when a car was sold, the interaction between the brand and the buyer was often limited to a one-time transaction and periodic servicing. In the case of a subscription, the company provides con-

tinuous service: technical maintenance, software updates, and round-the-clock support. As experts note, this creates the conditions for forming strong relationships of trust and satisfaction, as the customer feels the brand's care at every stage of using the car (Du et al., 2024; Häusler, 2023). In essence, the subscriber is continuously in the manufacturer's or dealer's ecosystem, rather than cyclically every few years. For example, General Motors expects that by 2030, revenues from subscriptions will be comparable to the revenues of giants like Netflix (Häusler, 2023). This indicates the potential for auto companies to turn one-time buyers into permanent customers who regularly generate revenue and provide valuable data about their behavior.

Second, subscription services can increase satisfaction and loyalty through personalization and service expansion. Since the subscription model is flexible, it allows brands to offer additional options on customer demand: a temporary upgrade of the trim level (e.g., activating the autonomous driving function for a month of trips), an extension of the mileage limit, the connection of entertainment services, etc. If these options are provided quickly and conveniently through a mobile application, the customer feels that the brand understands their needs and is ready to provide maximum comfort. A systematization of the tools for building long-term customer commitment through subscriptions is presented below (Table 3).

Table 3. Mechanisms for strengthening customer loyalty in the subscription model (compiled by the author based on American Customer Satisfaction Index, 2023; Global Market Insights, 2025; Häusler, 2023; Schellong et al., 2021).

Mechanism	Content	Effect on the customer	Impact on loyalty
Frequent contact	Maintenance, updates, support	A feeling of care and trust	Increased satisfaction
Personalization	Additional options, digital services	Individual comfort	Long-term attachment
Reduction of barriers	No large investments, flexibility	Savings of resources	Expansion of audience and retention

A study by MSX International emphasizes that the success of the model depends on the right balance of price, freedom of choice, and real benefit for the customer (Häusler, 2023). When a subscription provides tangible value—freedom from hassle, time savings, access to the latest technologies—customers show a willingness to stay with the service for a long time. Moreover, a subscription ties a customer to the brand's ecosystem more strongly than classic ownership: switching services is more difficult than buying another car one-time because the accumulated comfort and trust become significant. According to a review by the consulting company MSX, automakers see subscriptions as a chance to “accompany the customer throughout the entire life cycle of the car and beyond, building strong relationships for years” (Häusler, 2023). In other words, the brand transforms from a seller into a permanent partner for the customer, which is the essence of loyalty.

Third, the subscription model helps to attract new target groups of customers

who might have previously avoided traditional purchases, thereby expanding the base of loyal brand users. The BCG report notes that subscriptions often attract those who have never owned a car from that manufacturer or any car at all (e.g., residents of large cities accustomed to car sharing) (Schellong et al., 2021). Having had a positive experience with a subscription, these customers may eventually switch to buying a car of the same brand or continue the subscription, staying with the brand longer than the usual ownership cycle. In addition, subscriptions lower the entry barrier to the premium segment: a consumer can try a premium car without a large down payment. Manufacturers note that through subscriptions, they can demonstrate the value of their product to a wider audience and win its trust. For example, a study by the Boston Consulting Group indicates that subscriptions are a “low-risk way to try new brands or technologies” for consumers who would otherwise be afraid to experiment (Schellong et al., 2021). This means that the subscription model also serves as a trial marketing tool, after which a customer satisfied with the service is likely to remain a brand loyalist.

4. Discussion

A comparison of the results allows us to assert that subscription services can significantly strengthen long-term customer loyalty in the automotive sphere by changing the nature of the “manufacturer-consumer” relationship. First, a subscription moves the interaction with the customer from a one-time transaction to a mode of continuous service. This means that the brand has constant points of contact and opportunities to positively influence the customer’s experience. Theoretically, the concept of relationship marketing states that the frequency and quality of contacts are directly related to trust and loyalty. A subscriber regularly encounters manifestations of care from the company—be it timely maintenance, proactive updates, or personalized offers. If the company builds these interactions competently, the customer begins to perceive it not just as a car seller, but as a partner accompanying their mobility. This shift in perception is the foundation of long-term loyalty. Second, the subscription model creates a fundamentally new level of convenience and satisfaction, which enhances the customer’s emotional attachment. The elimination of the pain points of traditional ownership (bureaucracy, resale risks, unexpected repair costs) leads to an increase in satisfaction. According to data from the American Customer Satisfaction Index (ACSI), the overall satisfaction of car owners in the US is growing as companies’ service practices improve (American Customer Satisfaction Index, 2023). It can be assumed that subscriptions, offering the most seamless and transparent consumer experience (a single payment, no hidden costs), will increase satisfaction even more. And a satisfied customer is highly likely to renew a contract or choose the same service again—that is, to demonstrate loyalty.

Third, it is important to consider that the subscription model stimulates manufacturers to constantly improve their offerings, focusing on customer retention rather than a one-time sale. In the traditional model, a manufacturer could afford

to focus on attracting new buyers (through advertising, dealer discounts), even if some previous customers left for competitors after a few years of using the car. Now, the emphasis is shifting: companies are interested in the subscriber not terminating the subscription for as long as possible or moving on to a new cycle with the same brand. This serves as an incentive to improve the quality of service, launch loyalty programs, offer bonuses for long subscription tenure, etc. We see a parallel with the telecommunications or video streaming markets: there too, a company builds a retention model by offering constantly updated content or tariff benefits for long-term customers. Similar approaches are already emerging in the auto industry—for example, discounts on subscriptions upon reaching a certain tenure, exclusive privileges for long-term subscribers (invitations to private brand events, priority in ordering new models). All of this is aimed at fostering a sense of belonging to the “brand club”, which goes beyond the utilitarian use of a car and moves into the realm of emotional loyalty.

Of course, the implementation of subscription services is not a panacea and is associated with risks. First, it is easier for a subscriber to switch to another service than for an owner to sell a car and buy a new one. Competitors are “one click away”, especially if there are aggregators of offers. This means that brands will have to work very carefully on retention: the slightest missteps in service or pricing policy can lead to an outflow of subscribers in favor of more flexible or cheaper alternatives (Amina, 2024). Second, there is a risk of so-called “subscription fatigue” among consumers, where too many monthly payments cause irritation. In the automotive sphere, negative reactions have already been noted to attempts to introduce fees for features that were previously provided for free (e.g., for activating heated seats). If the subscription model is perceived as greedy on the part of the automaker (“paying for everything a little at a time”), it could undermine loyalty rather than strengthen it. One of the most effective approaches is the creation of a brand ecosystem. Such an ecosystem combines digital platforms (e.g., integrated mobile apps), partner services (insurance, charging, mobility options), and exclusive benefits (priority access, events). Together, these elements create convenience, emotional engagement, and tangible rewards, forming high switching barriers and strengthening long-term loyalty. To mitigate these risks, companies can adopt customer-oriented strategies that increase the perceived value of subscriptions. Loyalty programs may reward long-term subscribers with discounts or exclusive benefits, encouraging retention beyond the initial contract period. Tiered subscription offerings provide customers with flexibility, allowing them to adjust service levels according to changing financial circumstances or mobility needs. In addition, transparent cost-comparison tools help customers evaluate whether subscription payments are competitive with traditional ownership or leasing. By incorporating such mechanisms, brands reduce the likelihood of subscription fatigue and reinforce trust in the fairness of the model. Third, the success of the model in terms of loyalty depends on correct and transparent pricing. Studies show that consumers value subscriptions for their transparency and predictability of costs (Deloitte,

2023). If a company can offer a fair price that is truly comparable to or more advantageous than traditional ownership, customers will stay. But an inflated cost or hidden fees will instantly destroy trust. Thus, to maximize the loyalty effect, brands need to adhere to customer-centricity: a focus on value for the customer, not just on extracting profit. While the analysis primarily focuses on the manufacturer–consumer dyad, it is equally important to briefly consider the influence of subscription models on the role and business model of traditional dealerships. Under the “car-by-subscription” scheme, dealerships are no longer positioned as the main points of sale but rather evolve into service hubs. Their functions shift toward supporting subscribers through vehicle maintenance, customer assistance, and digital service integration, rather than relying on one-time purchase transactions. This transformation reorients dealerships from a short-term profit perspective to strategies centered on long-term customer retention, which requires a restructuring of business processes, investment in digital platforms, and the establishment of new collaboration formats with manufacturers. So far, examples (e.g., the strategies of GM, BMW, Volvo) show that the industry is moving in this direction, recognizing the long-term benefits of a loyal customer base in the form of recurring revenues and brand strengthening.

5. Conclusion

Subscription services in the automotive sphere have proven their effectiveness as a tool for forming long-term customer loyalty. The main conclusions are as follows. First, the subscription model radically changes the nature of the relationship between the auto company and the customer: from a one-time transaction, it transforms into a continuous service interaction, which, provided a high quality of service, leads to an increase in the customer’s trust and attachment to the brand. Second, a subscription increases satisfaction through convenience, transparency, and the personalization of the offer, eliminating many of the negative aspects of car ownership—this creates a positive emotional experience that fosters loyalty. Third, subscription services expand the brand’s audience and engage new customers who, after trying the service, can become long-term adherents of the brand. The scientific significance of these conclusions is manifested in the confirmation of modern theories of relationship marketing in a new context: the continuous provision of value to the customer (through a subscription) enhances their lifetime value for the company and strengthens loyalty. The practical significance of the work lies in the fact that its results can be taken into account by automakers and dealers when developing their strategies: when implementing subscription models, it is important to concentrate on the quality of the customer experience, the flexibility of the service, and the creation of additional benefits for subscribers, turning them into long-term partners of the brand. Overall, the transition to the Automobile-as-a-Service model can become a winning strategy for the automotive industry, where long-term customer loyalty is increasingly becoming the key to sustainable business development in a changing market.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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