



How Scratch Streamlined Fulfilment Excellence with Its Subscription Model

scr🐾**tch**



- Approaching 7 years old
- Fed over 70,000 dogs
- Subscription from day 1
- Six 3PLs around Aus





Dry food



Raw food



Extras



scratch

I'm going to share
specific operational
tactics that most people
don't think about until
they hit scale



Subscription determines everything

Traditional ecomm:

- Unpredictable demand spikes
- Inventory management by gut feel
- Customer acquisition treadmill
- Operations team constantly firefighting

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Subscription ecomm:

- Spending 99% of your time in Excel

Why
subscription
was perfect
for dog food



Why subscription was perfect for dog food

- Predictable consumption cycles
- High repeat purchase necessity
- Emotional connection to the category
- People want and need service. It's a part of the offering - not just the product and delivery.
- Buying heavy bags of dog food from the store, kind of sucks

**Subscription should not
just be a billing cycle**

Deliver to MELBOURNE ▾

New



ADVANCE

Advance Retri...

★★★★★ Add

Pack Size: 2 X

13kg

Once

Auto

SAVE 5

NEVER

FLEXIB

Got an exist

Log In to ad

When do you want the product?



Advance Retrievers Adult Dry Dog Food
Chicken With Rice
Pack Size: 2 x 13kg

\$250.79 You save **\$13.20**

Auto Delivery

How often would you like this product delivered?

every 3 weeks ▾

Add to Cart


Get started with Scratch

1. Our suggestion for Mello [Compare recipes](#)

Scratch has Mello's 1040 calories per day covered from premium protein & whole vegetables.

 **Turkey, Lamb & Beef (\$90)**
Our most popular food, this high-protein recipe is designed for dogs of all ages, including those large breed pups.

 **Lamb with Ancient Grains (\$99)**
Delicious single-protein food with plenty of pasture-raised lamb and whole, healthy grains. Great for very active dogs.

 **Mackerel & Salmon (\$102)**
Our high-protein fish dish for sensitive and senior dogs that'll go easy on their guts and treat their skin.

 **Kangaroo (\$117)**
Our original game-changer and the best thing if they can't seem to shake tummy & skin problems on any other food.

Or mix it up with a [Scratch variety pack](#)

2. How often would you like it? [Feeding guide](#)

We've calculated that every box of Scratch would last Mello 28 days.



[Customise your own frequency](#)

Start with 8kg every 28 days
Relax knowing you can change anything at any time.
You'll always get 7 days notice before more food ships.
\$90 PER 8KG BOX





Start with 16kg every 56 days (SAVE \$10)
We'll space out your orders and send two at once.
Perfect for big eaters and families with lots of dogs.
\$170 FOR TWO (SAVE \$10)

Proceed to Billing

And Mello, you will also get:

-  A scoop and personalised guide to prevent overfeeding. Soz, mate.
-  A transition guide to get you onto Scratch smoothly.

Plus, your parents will get:

-  Free carbon-neutral shipping to most cities.
-  100% money back if you're not into it*
-  2% donated to climate change & dog welfare.
-  And full control to delay, slow down or cancel your subscription.

2. How often would you like it? [Feeding guide](#)

We've calculated that every box of Scratch would last Mello 29 days.

[Customise your own frequency.](#)

Start with 8kg every 29 days

Relax knowing you can change anything at any time.

You'll always get 7 days notice before more food ships.

\$117 PER 8KG BOX

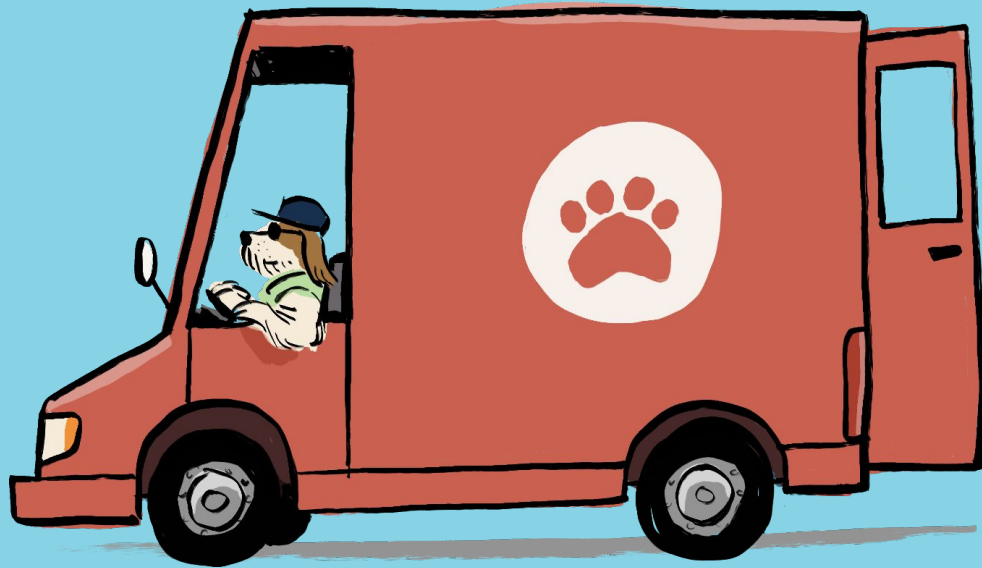
Start with 16kg every 58 days (SAVE \$10)

We'll space out your orders and send two at once.

Perfect for big eaters and families with lots of dogs.

\$224 FOR TWO (SAVE \$10)

Demand forecasting



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Traditional ecomm:

- Historical sales + seasonal guessing
- Buffer stock for demand spikes
- Frequent stockouts and overstock

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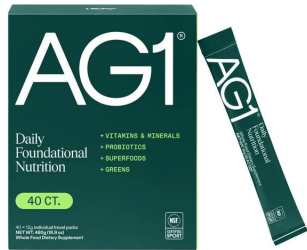
Subscription ecomm:

- Individual customer consumption tracking
- Cohort-based demand modeling
- Renewal spread optimization

Individual precision at scale

Optimise for
efficiency





Optimise for efficiency

- Pre-kit popular combinations during slow periods
- Turn complex picks into single-grab fulfillment
- Kit it from the manufacturer. 3PL chucks a label on it rather than packing individual components.
- Faster and easier for key fulfilment periods. And you should save money!

Renewal Times



Be deliberate about renewal times

- If someone has a renewal, they think about the day of it - not the time of it. They expect it'll ship that day.
- Many platforms renew at the same time the subscription was made.
- Delays shipping and increases CS load.

Run them throughout the morning

- We put renewals through from 3-6am.
- Gives the servers plenty of time.
- Ensures that everything ships same-day.
- And a few business hours for us to sort it if anything goes wrong.

**Platform
matters more
for subscription**



Subscription needs tech flexibility

- Building customer preferences into the UX, rather than set options 2, 4, 8 weeks, etc.
- Custom order statuses. Easy visibility for CS. Custom ops flows.
- Custom renewal times. First renewal dates, etc.
- Programmatically change SKUs or add components for specific warehouses/orders.

**Build your data
muscles**



You need easy access to data throughout the org

- Built excel models for acquisition and retention and how that impacts future inventory.
- During covid when supply was less predictable, we built some software that calculated future orders in perpetuity so we could estimate not just order volumes on everyone's next order, but following ones too. Helped us get extra rigour around longer-term inventory needs and not oversell.

Retention Rate

Export



Subscription Retention

82.7% May '15
86.0% April '15

You retained **82.7%** (55) of your April '15 subscriptions (52).

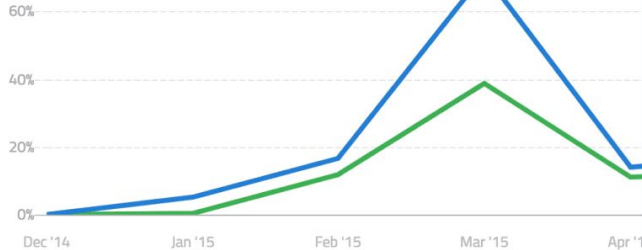
MRR Retention

87.3% May '15
88.9% April '15

You retained **87.3%** (\$4,766) of your April '15 subscription MRR (\$4,949).

Churn Rate

Export



Subscription Cohort Retention report

Export

Subscribed	Start	Mo 1	Mo 2	Mo 3	Mo 4	Mo 5	Mo 6	Mo 7	Mo 8	Mo 9	Mo 10	Mo 11
AUG 2019	£503	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
SEP 2019	£1,827	100%	100%	100%	100%	100%	100%	100%	100%	97.5%	97.5%	92.5%
OCT 2019	£1,983	100%	100%	100%	100%	100%	96.8%	96.8%	90.8%	90.8%	90.8%	90.8%
NOV 2019	£1,618	100%	76.1%	76.1%	76.1%	76.1%	76.1%	72.7%	72.7%	72.7%	72.7%	72.7%
DEC 2019	£456	100%	100%	100%	84.3%	84.3%	84.3%	84.3%	84.3%	84.3%	84.3%	84.3%
JAN 2020	£4,583	100%	98.6%	95.5%	93.9%	91.4%	87.3%	87.3%	83.9%	83.9%	83.9%	81.1%
FEB 2020	£1,361	100%	77.8%	77.8%	77.8%	77.8%	77.8%	77.8%	70.9%	70.9%	70.9%	70.9%
MAR 2020	£2,735	100%	99.4%	99.4%	99.4%	96.9%	96.9%	96.9%	96.9%	80.3%	80.3%	80.3%
APR 2020	£2,789	100%	88.9%	83.4%	81.7%	77.7%	76.8%	66.1%	59.6%	52.7%	47.4%	42.1%
MAY 2020	£2,713	100%	82.3%	76.5%	72.9%	65.6%	63.2%	60.3%	56.1%	52.7%	52.7%	52.7%

SUBSCRIPTIONS MATCH

All

OF THE FOLLOWING:

Choose a Segment

Subscription Status

is in

Pending Cancel

Subscription Status Last Changed

in the past

7

days

Subscription Products

include (or)

Hungry For Apples

Instantly segmenting

Save Segment









Reset Filters

View Docs

Export 4 subscriptions

Search subscriptions

Order By Start Date

Subscription	Customer	Total	Items	Next Payment	Last Renewal
 #1293 January 24, 2020	 Bryce Adams Melbourne, VIC, Australia	\$122.00 / month	2 items Basic Sushi Subscriptic	-	
 #538 June 11, 2018	 Bryce Adams NSW, Australia	\$2,500.00 / year	1 item Basic Sushi Subscriptic	-	3 months ago
 #510 April 10, 2018	 Tony Thompson 213123, Singapore	\$33.50 / month	1 item Basic Sushi Subscriptic	-	a year ago
 #433 April 1, 2018	 Bryce Adams Melbourne, VIC, Australia	\$81.00 / month	1 item Basic Sushi Subscriptic	-	2 years ago

You can be too flexible for the customer. Know your margins and COGS.

Optimise for success (profit!)

Succeeding with 3PLs at scale



What 3PLs Promise to Win Your Business:

- Custom packaging options
- Same-day processing
- Flexible fulfillment rules
- White-glove customer service

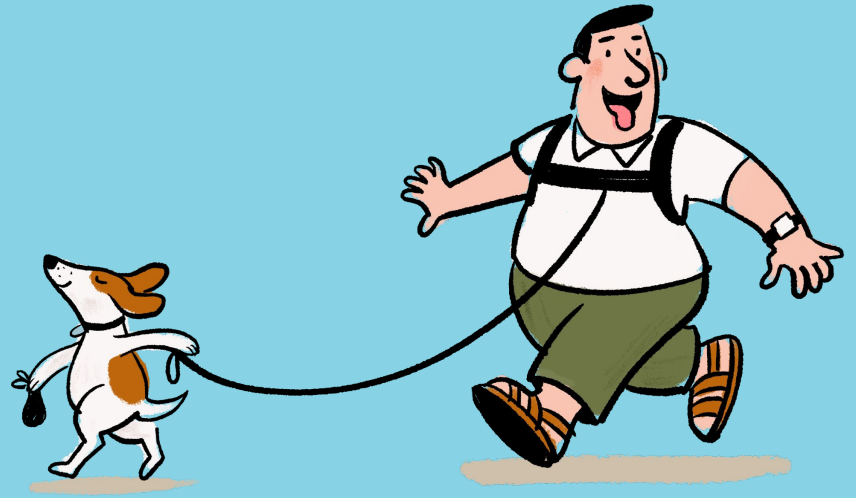
What Survives at Scale:

- Standard packaging only
- Rigid operational procedures
- Reduced customization options

Our lessons

- Treat them as partners in your business.
- So invest in your operations making their life easier.
- The custom note inserts? Gone. The special holiday packaging? Too expensive. Post 11am same-day dispatch? Not happening. Get realistic early.
- Check their invoices...

**Other random
stuff**



**Contact people ahead of
public holidays
(especially easter and
Christmas) to bring
orders through early
and spread out volume**

Track predicted versus actuals.

**Constantly check your model
to know your business**

Subscription should have lower inventory holding costs, less out of stock moments and lots of room for efficiencies.

It allows for a more focused company.

But it's a model that attracts high CACs, lower conversion rate, demands great CS, and requires good operators.

scratch

www.scratchpetfood.com.au

