In many instances a consumer’s choice of a service or service level (e.g., whether or not to subscribe or the specific plan to subscribe to) precedes its usage temporally. In such scenarios, one often observes ex post that consumers might have been better off if they had chosen a different service or service level. Researchers have advanced several demand side explanations for such behavior including overestimation of future usage, the presence of switching costs, the “intrinsic” preference for a particular type of plan, learning, sorting at the time of subscription, etc. In this paper, we investigate the role played by variation in service quality in driving this seemingly sub-optimal behavior. Our empirical context is of a video-on-demand service wherein households subscribe to the service and do not use it. Our analysis is facilitated by the availability of objective data on a critical dimension of service quality received by each household over time with exogenous cross-sectional variation across subscribers and temporal variation within subscribers in this quality. We formulate a structural model of subscription and usage to account for the various demand side explanations proposed in the literature and that are consistent with patterns in our data. Our empirical analysis indicates that service quality plays an important role in driving both subscription and usage decisions. While the most important driver of “zero usage” varies across segments, uncertainty about service quality consistently plays a significant role in driving this behavior across all four segments that we are able to identify. Removing this uncertainty about service quality would lower the occurrence of zero usage by over 50% amongst most households – in the absence of the uncertainty, several households terminate the service thereby reducing zero usage outcomes. We also find that while households learn about their average service quality quickly, the presence of significant temporal variation in this quality within a household implies that such uncertainty plays a key role in causing zero usage even after prolonged exposure to the service. Understanding the role of supply-side factors in driving behavior in such service markets can help managers’ better deal with their observed consequences.