

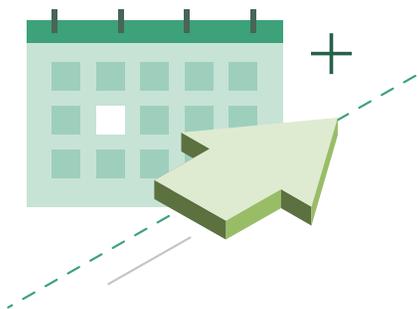
Seven Strategies for Subscription Success



Subscription commerce continues to enjoy undeniable levels of success—with an astounding **100% growth over each of the past five years.**

But, competing in an increasingly crowded marketplace requires continued innovation and the ability to meet subscribers' ever-evolving needs and preferences. The recurring revenue businesses that come out on top have the flexibility to rise to the challenge of changing market demands, and do so in ways that are highly scalable, efficient, and effective.

What are the key challenges that subscription businesses will face going forward? What are the strategies that will help you overcome those challenges?



01

Combat subscription fatigue by going the extra mile to ensure subscriber satisfaction

Many subscription box businesses enjoy impressive success initially but then experience **high rates of churn** as the novelty of the service or its perceived value wanes. For these businesses, providing a meticulously curated, personalized experience, or a convenient replenishment service, can be one key to countering subscriber fatigue. But there are other, less resource-intensive ways that can be equally effective.

A simple solution is to allow subscribers to **pause their subscription** for either a fixed or

indefinite time-period. Giving subscribers an option besides cancelling improves retention and avoids the expense of trying to win subscribers back and having to recreate their account if they do return.

Another strategy is to **offer coupons** to reward loyal subscribers or as part of a refer-a-friend program. And regular communications, through emails or a company newsletter, can foster positive subscriber relationships and mitigate voluntary churn.



02

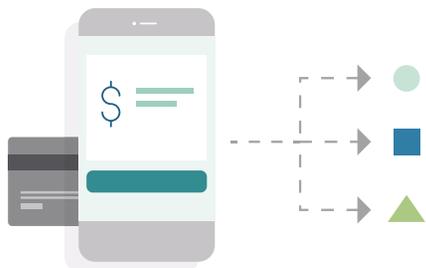
Gain a 360-degree view of subscribers, and deepen subscriber insights, by sharing data across systems

The world is awash in data: **2.5 quintillion bytes of data** are created every single day. Data can help make informed decisions, and businesses with recurring revenue benefit from new data every billing cycle. But to be truly useful, data must be actionable and accessible.

A subscription management platform that provides **custom data fields** is an easy way to connect data across systems, which increases operational efficiency and improves data integrity. For example, use a custom field to create a common identifier, such as a Subscriber ID,

to identify the subscriber consistently across all systems. This provides a 360-degree view, and improves accuracy of **key metrics**, such as Customer Lifetime Value or Customer Acquisition Cost, which rely on understanding subscriber events along their entire journey.

Custom fields can also be used to create subscriber segments based on the most relevant information—such as subscriber location, age, or gender. This kind of segmenting offers a deeper, more comprehensive understanding of subscribers, which can improve retention efforts.



03

Boost flexibility in processing payments through custom gateway routing

Subscription businesses can have varying and sometimes complex payment processing requirements. For example, individual business units may need to separate their transactions for reporting or other purposes. Or a business with customers across the globe may prefer to route certain transactions to different gateways based on location, to improve acceptance rates and lower transaction (cross-border) fees.

Custom gateway routing allows subscription businesses to benefit from working with more than one **payment gateway** and use a specific gateway for processing certain transactions—

for example, based on product line, business unit, subscriber location, or other relevant criteria. Separating revenue from different types of transactions can streamline the reconciliation flow across segments, which saves the finance team significant time.

Even the ability to use a certain gateway for renewal transactions can provide benefits, such as improved transaction success rates. And being able to spread transaction loads across gateways helps to avoid the limits some gateways impose on things like transaction volume, dollar amounts, or chargebacks.



04

Increase pricing and packaging options, and encourage adoption, through flexible billing terms

Subscription businesses need the flexibility to create different plans and pricing structures to meet market and subscriber needs. For example, many subscribers might prefer a discounted annual plan over a monthly one. But they may still prefer to pay on a monthly or other cadence, rather than a large lump sum once a year. This requires offering **billing intervals that differ from plan length**.

By decoupling these two components—plan length and billing schedule—a subscription

plan can have a single billing term but multiple billing periods, such as an annual plan that is billed quarterly. This option can also be used to create installment plans for expenses such as professional services fees.

In addition to meeting subscriber needs, flexible subscription billing terms can encourage adoption, for example by giving enterprise sales reps the ability to negotiate pricing separately from billing terms. And of course, improved adoption supports increased revenue.



05

Recover more revenue and reduce involuntary churn with retry strategies powered by machine learning

There are over 2,000 things that can go wrong in successfully processing recurring transactions, leading to approximately 13% of recurring transactions being declined. Decline reasons include insufficient funds, credit/debit card restrictions, technical issues, and more. And since every declined transaction is different, a static, one-size-fits-all retry schedule is far less effective.

But what if there was a way to **harness the power of machine learning** to craft a more intelligent retry schedule—one that is specifically tailored to each individual declined transaction? A smarter, more dynamic retry schedule increases payment

success rates and decreases the involuntary churn that results from failed transactions. And because subscription businesses rely on recurring revenue, improvements made each billing cycle have a compounding effect over time—ultimately increasing Monthly Recurring Revenue (MRR).

Subscription billing can and should be a competitive advantage. Does your subscription management platform have dynamic retry logic powered by machine learning? It should.



06

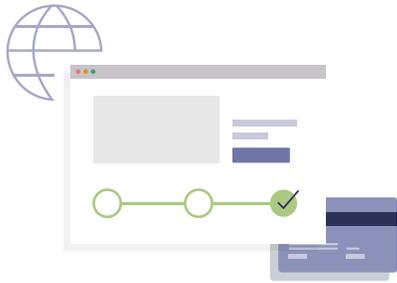
Consider "hybrid" billing models to combat increasing competition

The success of the subscription model has spurred the creation of numerous new and innovative businesses in a variety of industries—each utilizing subscriptions as a key monetization strategy. As well, a number of **notable 'traditional' businesses have transitioned**, in whole or in part, to a recurring revenue model. Why? The subscription model provides the business with a predictable revenue stream while improving the customer experience.

New **"hybrid billing models"** help businesses compete in an increasingly competitive market. A hybrid model may be used to add a

subscription element to complement a one-time offering. Similarly, businesses that launched using subscriptions are adding one-time products to increase revenue and better serve customers.

Consumption patterns are changing, and businesses need the flexibility to accommodate these shifts and create new opportunities to earn revenue. Make sure your subscription management software supports hybrid billing of both one-time and recurring fees.



07

Reduce friction at checkout through improvements to the checkout process

The concept behind frictionless commerce is tried and true: Make it easier for potential customers to shop, pay for, and receive their purchase, and businesses will improve sales. Customers are happier with a shopping experience free of the obstacles and annoyances that might prevent the completion of their transaction.

Streamlining the checkout process reduces cart abandonment (**which can average up to 70%!**) and other negative impacts to successful e-commerce. Reducing friction can be particularly impactful to mobile shoppers—an increasingly robust segment worldwide. **Mobile-optimized**

forms and payment pages are a best practice, along with more cutting-edge technology. For example, you can now let subscribers populate the credit card field by taking a photo of their card. Supporting a number of different payment options, including digital wallets, is another way to reduce friction.

In addition to all these capabilities, choose a subscription management platform that allows you to accept subscriber payment information securely, either via hosted payment pages or branded checkout pages.

Strategizing for Success

Whatever challenges and goals your subscription business faces—and whatever innovative ideas it’s pursuing—the future is poised to offer unparalleled opportunities. Subscription commerce is booming as both businesses and subscribers recognize the many benefits the model offers. Make the commitment today to pursue new strategies that will make your subscription billing a competitive advantage. How many of our seven strategies can you put to work to bring you subscription commerce success?

Find out how Recurly can power your success.

“Recurly is a solution that scales with us as our business grows each year. From one product with a handful of subscribers to multiple products with hundreds of thousands of subscribers globally, Recurly has been a reliable part of our business and a component of our success. The initial investment in Recurly five years ago was one of the smartest decisions we could have made.”

 **Lucidchart**

Recurly

Recurly provides enterprise-class recurring billing management for thousands of subscription-based businesses worldwide.



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