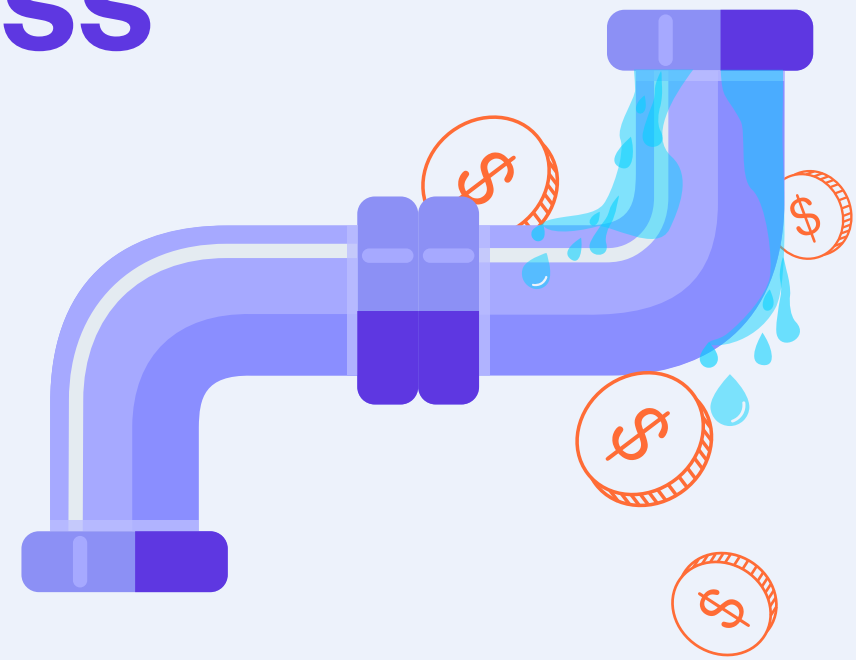
Chargebee
Retention

Building an Anti-Churn Revenue Engine for Your Subscription eCommerce Business



Leveraged effectively, churn management is more than a reparative measure, it is also **a arevenue growth lever and a competitive advantage.** Optimizing for voluntary and involuntary churn can help boost customer lifetime value, generate more opportunities to customize and upsell subscriptions, and turn dissatisfied customers into brand advocates.

But first, what is churn? *For subscription eCommerce businesses, churn is a means to measure* **voluntarily** *and* **involuntarily** *discontinued customer journeys.*

Voluntary Churn is when a customer proactively cancels a subscription due to - dissatisfaction, changed circumstances, or better competitive offerings.

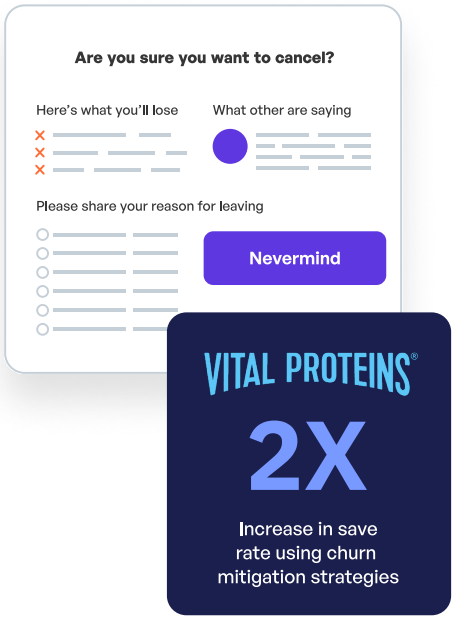
Involuntary Churn on the other hand happens without action from the customer - credit card renewal errors, failed recurring transactions, unintended subscription expiry, and more.

Tackling voluntary eCommerce churn enables businesses to identify and address experiential gaps, competitive price points, or innovate towards a durable product portfolio. Arresting involuntary churn helps plug revenue leakage, prevent small process errors from ballooning into operative problems and build an automated subscription revenue inflow.

Read on to reveal highly effective strategies to boost retention, address and mitigate both types of churn and steer business growth.



Retention Strategies for Voluntary Churn



47% of customer churn is "voluntary" - where a subscriber makes the conscious decision to cancel a subscription - due to one or a combination of factors from dissatisfaction to better alternatives to changed circumstances.

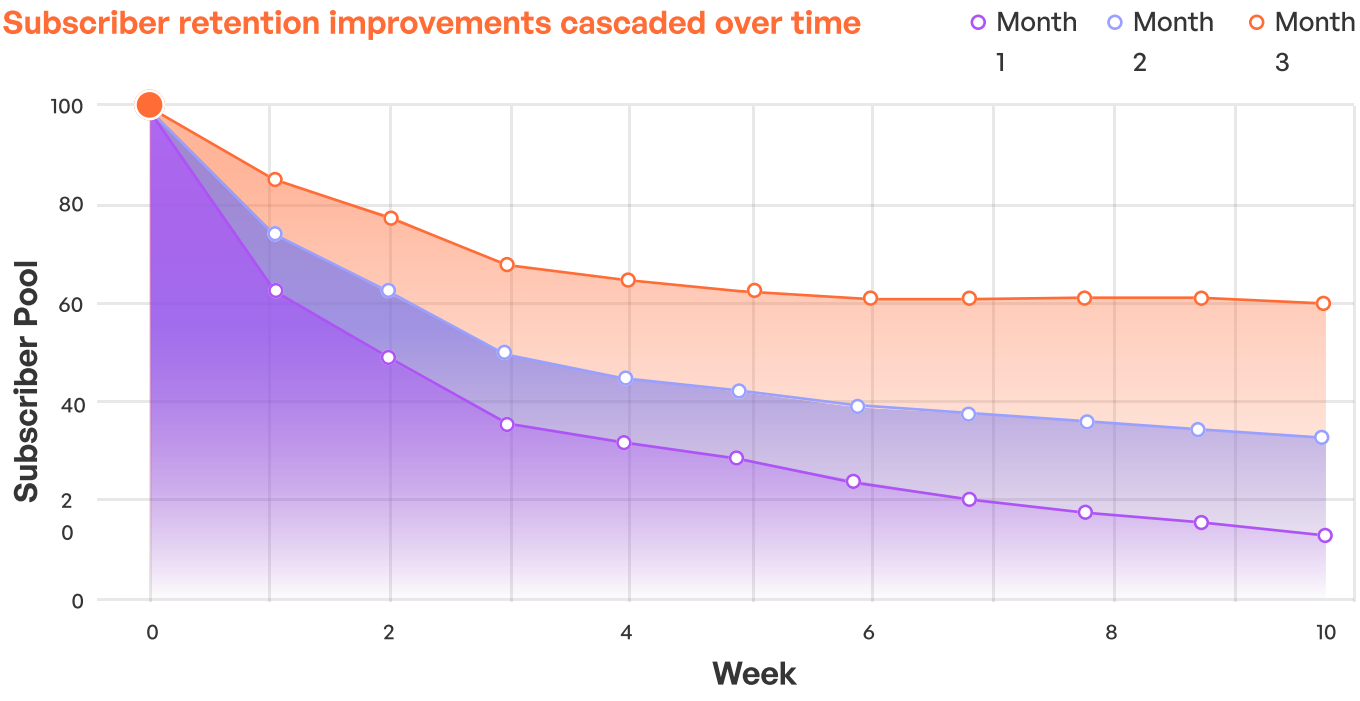
Thanks to the advent of testing and increasingly sophisticated analytics, highly effective strategies have emerged to drastically reduce churn rates.

Start at acquisition

Contrary to conventional wisdom, retention is a continuous process that starts from the first transaction. Creating a great first experience for subscribers is essential in building long-term value through brand loyalty. This means solving for one of the most sensitive steps in your customers' introduction to your brand - the checkout page. It is the first monetary touchpoint in the consumer experience roadmap and, therefore, is business-critical.

While primacy plays a role in choosing subscriptions – it only takes so long for a subscriber to determine whether or not a product is worth the cost. Saving a subscriber early in the process allows you a bigger pool of subscribers to test, learn and optimize with.

Subscriber retention improvements cascaded over time



Here are a few methods to ensure your customers get a seamless checkout experience and build lasting relationships over transactions:

- Ensure freedom of choice - with a wide range of payment gateway options
- Provide clarity - with dynamic tax compliance at invoicing, based on demographic data
- Minimize intrusion with guest checkout for subscriptions
- Expedite conversions with auto-fill for returning customers

Build compliant, quick, and engaging subscription experiences straight from checkout with Chargebee's fluid integrations. Ensure PCI compliance and implement faster with zero-to-minimal development effort.

Analyze engagement to predict churn

Proactively identifying customers that may churn allows you to put preventative measures in place to mitigate the churn. The most useful data to watch are engagement metrics, including:



Daily, weekly, and monthly active users

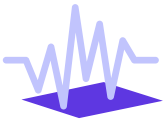


Average time spent

Cancellation page views



Recency



Frequency



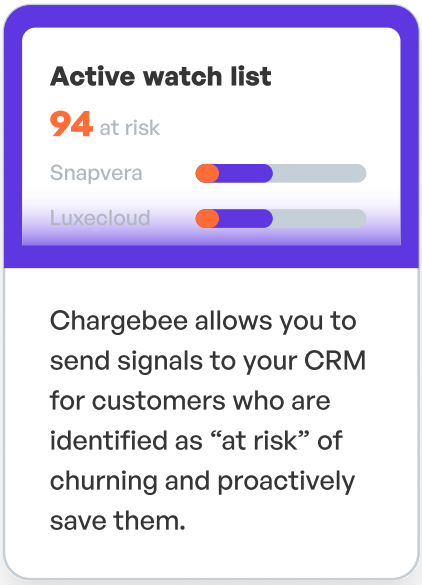
Net Promoter score

By monitoring these engagement metrics, you can identify customers who may be losing interest in your service and attempt to rescue or nurture the subscriber before they make the decision to cancel.

Trigger reconversions at exit

The moment when a customer initiates the cancellation process should not be treated as the end of your retention efforts. In the era of Product-Led Growth, companies like **Chargebee Retention** have transformed the cancellation experience into a source of opportunity.

Chargebee Retention allows you to send signals to your CRM for customers who are identified as "at-risk" of churning and proactively save them.

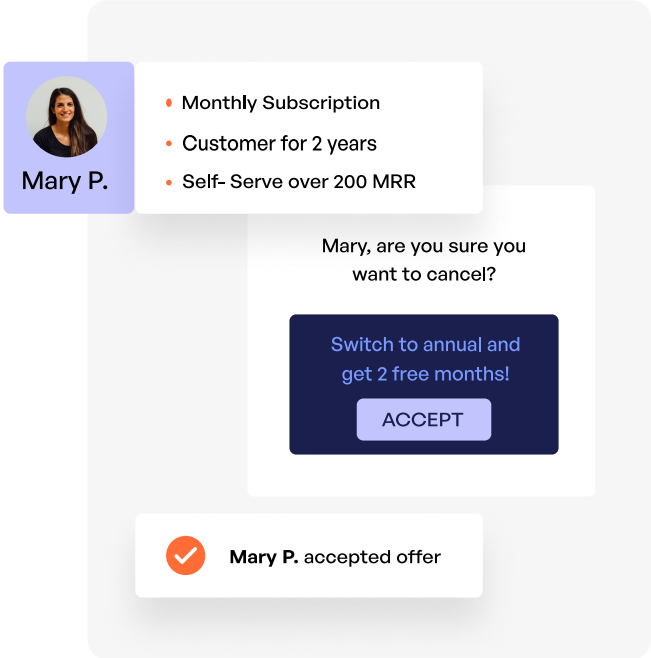


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An internal State of the Industry Report found **32% of people had changed their minds about canceling after being offered an incentive.**

Personalize cancellations

The most effective point-of-cancel interventions customize and personalize the save offer to the customer's unique identity, position, and reason for cancellation. With Chargebee's new retention capability, you can now fashion seamless experiences and implement cutting-edge, personalized churn mitigation strategies. Recover revenue through optimized nudges, target your cancel offers based on key customer data, and measure and optimize their impact.



Use incentives and non-incentives

According to industry research we conducted in 2021, nearly half the subscribers (49%) say discounts are most likely to dissuade them from canceling but there's a wide range of proven strategies well worth testing in your own cancel flow.

Percentage of subscribers saved from cancellation by discount type



49%
Discounts

28%
Account Credit

26%
Pause plan

25%
Downgrade

22%
Skip payments

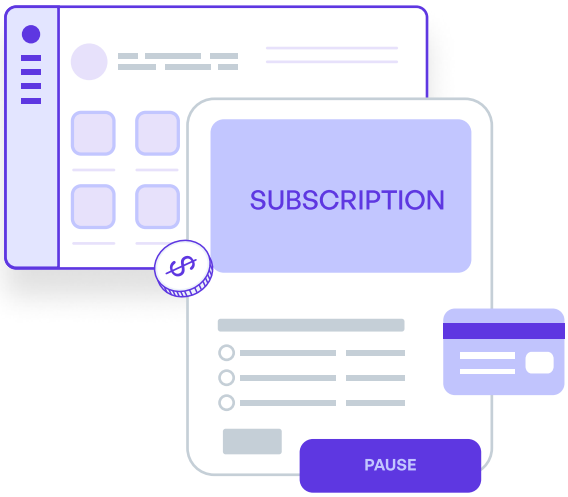
21%
Switch product or plan

20%
Partner offering or bundling

Chargebee not only enables customer retention through pricing experiments, advanced subscription management with pause and edit functionality, it also tracks and reports offer acceptance rates, uncovers intelligence around frequently accepted rates or offers, and helps optimize your pricing strategy.

Use pause over cancels

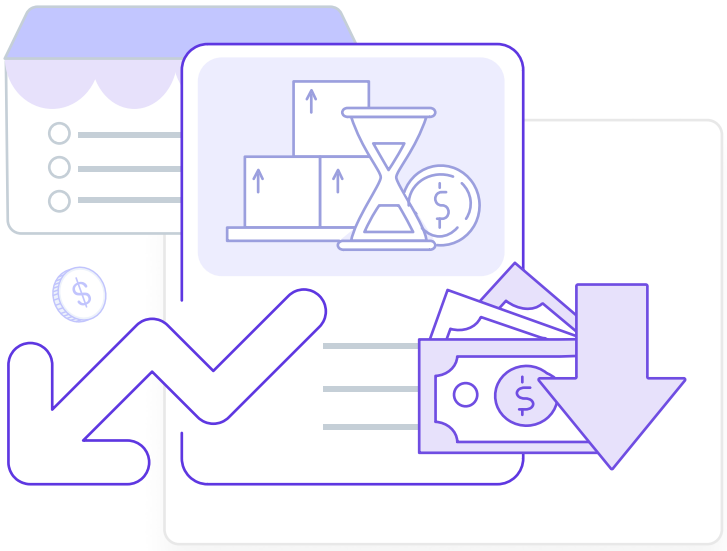
Of 14.2M U.S. consumers who indicated they might cancel a subscription, 51.7% said they'd be interested in using pause features. Giving customers the ability to pause subscriptions is a chance for your eCommerce business to empathize with their changing circumstances, and enable reconversion when they are ready to use your subscription. It is a smart way to avoid voluntary churn and reduce the marketing costs required to win customers back at a later time.



Reduce payment ambiguity

Nothing spells more irreparable damage to brand equity than customers churning for the want of trust. The easiest step to retain customer trust is to ensure complete transparency in pricing and billing and involve a complete overview of taxes.

Chargebee provides global subscription businesses the ability to bake dynamic taxes (based on location, ticket size, or more) directly into their subscription logic. Customers across the globe receive a tax-compliant invoice based on their purchase location, without manual intervention, providing transparency and increasing trust in the process.



Retention Strategies for Involuntary Churn

Involuntary churn is more passive in nature and happens without the subscriber proactively canceling their subscriptions. It is when mechanical reasons cause a customer to stop paying and lose their subscription benefits as a consequence. They can happen due to any of the following reasons:



Non-updated payment/ card information



Hard declines due to stolen card closures



Soft declines on exceeding payment limits



Issues at the bank end



Missed active subscription renewals

Renewal Workflow

Pre-renewal

- Dunning reminders on potential expiry
- In-app notifications informing about payment information expiry
- Automated account updates

Subscription renewal

- Card/account updater at point of renewal
- Recurring payment tags to prevent multiple periodic charges being deemed ‘suspicious’

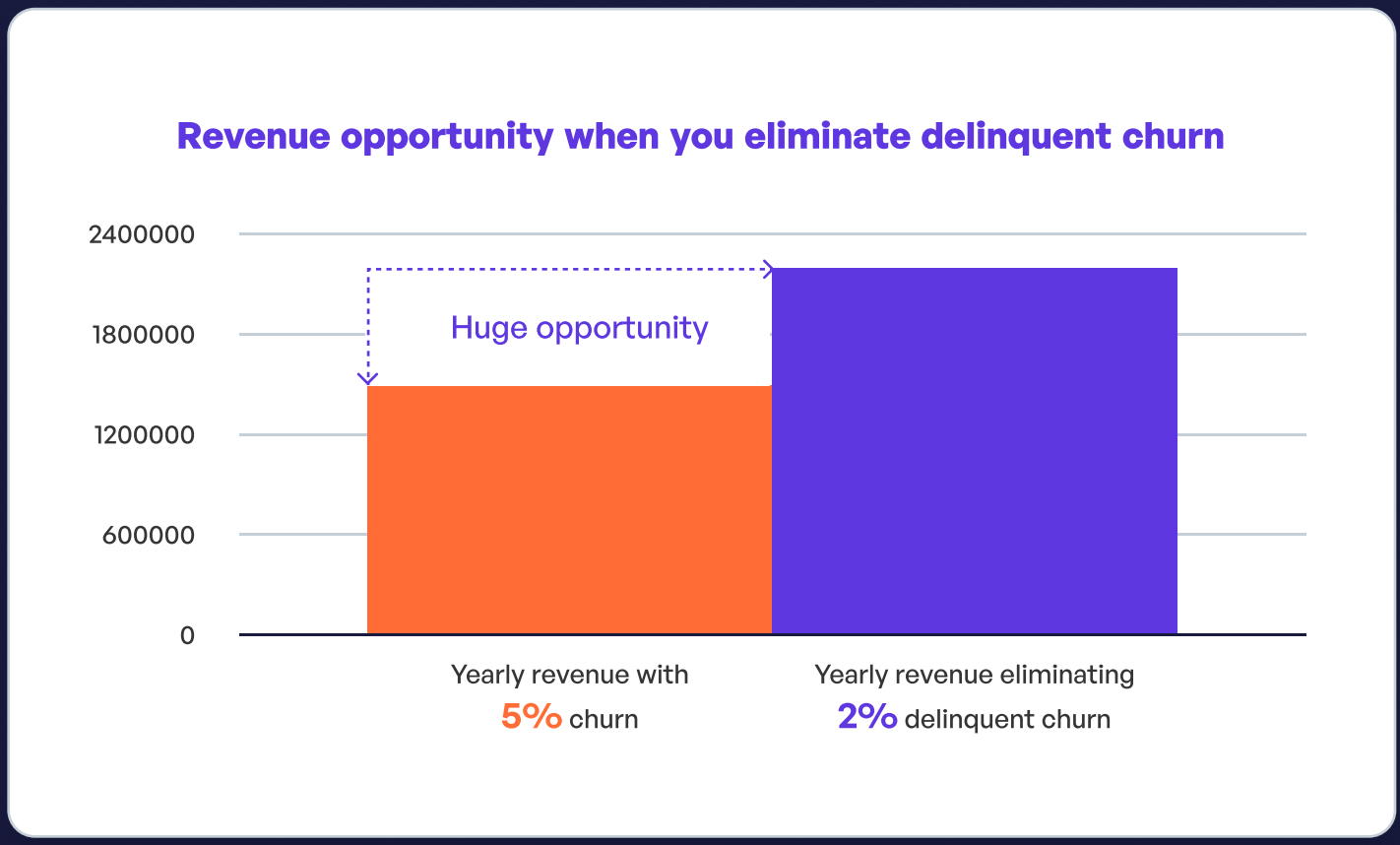
Renewal fail

- Smart retries
- Backup payment methods
- Revenue recovery dunning

Renewal success

Intercept card failures

20-40% of all churn is due to card failures. By keeping your customers' payment details updated, you can avoid latency in transactions and better predict revenue inflow.



Retry on transaction failures

Each payment retry is based on the kind and form of transaction failure. By applying a methodical approach, retries can be made more efficient than periodic attempts across all instances. Chargebee's Smart retry logic retries payments at dynamic intervals based on the type of gateway transaction errors, or failure rationales, and acts on the hard or soft declines accordingly.



Automate payment recovery with dunning

Although the failure of a payment attempt can be frustrating, a smart dunning strategy can not only minimize involuntary churn, but can also improve subscriber retention, and increase revenue in the process. Chargebee is optimized for dunning and revenue recovery across all payment methods - online, direct debits, one-time, or even offline payments.



Automated dunning emails can be configured for a host of reasons from informing them about payment failures, to updating them about potential subscription expiry. You can enable email notifications, edit the content, or even build a sending schedule.

Aligning your company culture to mitigate churn

Think customer-first

Product-led companies focus on creating the best experience for their users as a retention strategy. Often these experiences include building and testing personalized, customer-centric user journeys. Your goal is not just to prevent churn, but to turn customers into advocates and fans of your solution.

> Customer insights, such as CSAT and NPS scores, as well as goal-driven testing should serve as every subscription-based business's North Star—not only in the battle against churn but in virtually all aspects of their work.

Happy customers are less likely to complete cancellation, and more likely to respond to churn rescue efforts.

Test offer efficacy

Chargebee allows you to objectively evaluate the efficacy of different churn mitigation strategies through A/B testing. Testing different strategies can help you optimize your cancelation flow to minimize churn and maximize revenue.

Leverage post-cancellation data

Even after a customer clicks the cancel button or churns involuntarily, there are a number of ways that you can prevent them from becoming just another integer contributing to your annual rate of churn.

The first and most important step is figuring out why they canceled. A simple survey placed can provide insight and allow you to tune your follow-up communications.

Once the customer has completed a cancellation - you can target them with win-back strategies including:

- Retargeting win-back campaigns
- Win-back email and nurture journeys
- In-product offers for win-back and extension

Tools such as Chargebee allow for cancelation reasons and events to be sent into your CRM via webhook or Segment, so that you can target those recently churned with personalized offers.

By using the effective strategies you've learned you can prevent both types of churn and keep your recurring revenue growing.

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Join hypergrowth subscription businesses across the world in building a foolproof retention strategy

Schedule a demo