

Brightback

Retention for food subscriptions: The ultimate cheat sheet

While customer-centricity is at the core of the food subscription industry, retention has emerged as a top priority. External forces like shelter-in-place orders and supply-chain pressure have exploded sign-ups in 2020, but complex consumer needs underscore the importance of demonstrating flexibility to retain subscribers. Use this data from Brightback to anticipate customer cancel reasons, offer solutions in order to increase customer lifetime value (LTV) and measure your progress against industry benchmarks.



Why do subscribers of meal and food subscriptions cancel?*

30%	19%		14%	13%	7%
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What offers are most likely to retain meal and food subscribers at the moment of cancel?

1. PAUSE - 10-25% ACCEPT RATES*

Why? Pausing helps subscribers with having too much food or taking a break from food they don't love at the moment. You can implement a range of pauses from skipping a single delivery to multiple deliveries to suspending indefinitely. The performance of a length of a pause needs to account for the percent of customers who repurchase after the pause expires and the number of purchases they generate. For example, loyal customers may prefer a longer pause period, which is worth it for you because they tend to repurchase at a higher rate later.

2. DISCOUNTS - 5-20% ACCEPT RATES*

Why? With a discount, subscribers get the same service at a value that fits their budget, but it's important to view discounting as a strategy. So, what's the right amount of discount? Test multiple ranges (10-50% are common) or target discount offers to trial users and those not yet bought into your brand. If you're averse to discounting, try gauging the psychology of offering account credits vs. a dollar amount. Set up a little give and take by spreading discounts over future payments to lock-in ongoing purchases.

3. PLAN CHANGES / DOWNGRADES - 2.5-15% ACCEPT RATES*

Why? Subscribers may need just a few tweaks to get the arrangement that's right for them. They keep their subscription at a lower cost and companies see immediate recurring revenue vs. pause. Longer-term, loyal customers are more likely to downgrade or switch plans later in their lifecycle, while earlier-stage customers who are still locking in their interests may be more likely to accept discounts or material credits.





What KPIs do food and meal delivery subscriptions use to measure retention?

Deflection rate

Percent of customers who start to cancel, but do not complete the cancel flow. This is a leading indicator of the efficacy of your cancel experience.

Save rate

Percent of customers* who have not canceled within a specified period of time after deflecting from your cancel flow. This is the lagging indicator and ultimate performance metric of your cancel experience.

*Validated as paying customer following specified period of time

Offer accept rate

Percent of customers who accept an offer before canceling.

Incremental LTV of an accepted offer

The customer's lifetime value following the acceptance of an offer and a decision not to cancel: Based on number of repurchases, repurchase rate (of those who pause or accept a discount), or the value of the revenue they pay afterwards, less the cost of the discount and/or the food delivery.

Brightback Retention Glossary

Canceled: Customers who have canceled using the Brightback page.

Saved: Customers who have not canceled 30 days after their initial visit to the cancel page (expression of intent), and thus are marked as saved.

Watch list: Customers who visited the cancel page within the last 30 days and did not cancel.

Sessions: Total unique customer visits to the Brightback page (canceled + saved + watch list).

Deflection rate: (Count of saves + watch list) / customer visits - percent of customers who start to cancel, but do not complete the cancel flow. This is a leading indicator of the efficacy of your cancel experience.

Offer viewed: The count of customers that saw an offer.

Offer accepted: The # of customers who clicked through and accepted an offer.

Offer accept rate: Offer accepted / offer view - the percent of customers who accept an offer when presented with one.

Passive deflections: Customers who deflected without accepting an offer either by clicking a 'nevermind' link or bouncing off the Brightback page.

Passive deflect rate: Passive deflections / sessions: The percent of customers who passively deflect off the Brightback page without accepting an offer.

Winback: Customers who repurchase after canceling in response to follow-up offers or workflow. Effective winback campaigns use cancel data to be more targeted and personalized.

