## Highly Effective Ways to Mitigate Churn

different factors. Voluntary churn occurs when a subscriber actively cancels their subscription, whether due to dissatisfaction or changed circumstances. By contrast, involuntary churn occurs as a result of a failed recurring payment rather than a deliberate action by the subscriber. Read on to reveal highly effective strategies to mitigate both types of churn.

Churn comes in two forms: involuntary and

voluntary, both of which are impacted by

What others are saying

**Cancellation** 

page views

**Net Promoter score** 

Snapvera

Luxecloud

Monthly subscription

Customer for 2 years

Self-serve over 200 MRR

Mary, are you sure you

want to cancel?

Switch to annual and get

2 free months!

**ACCEPT** 

#### Thanks to the advent of testing and increasingly sophisticated Are you sure you want to cancel? analytics, highly effective

Combat voluntary churn

47% of customer turnover comes in the form of "voluntary

churn", when a subscriber makes the conscious decision to

Here's what you'll lose strategies have emerged to drastically reduce churn rates.

The battle for retention begins at acquisition Never underestimate the power of first impressions. Creating a good first experience for subscribers is essential in building loyalty. While primacy plays a role -- it only takes so long for a

cancel a subscription.

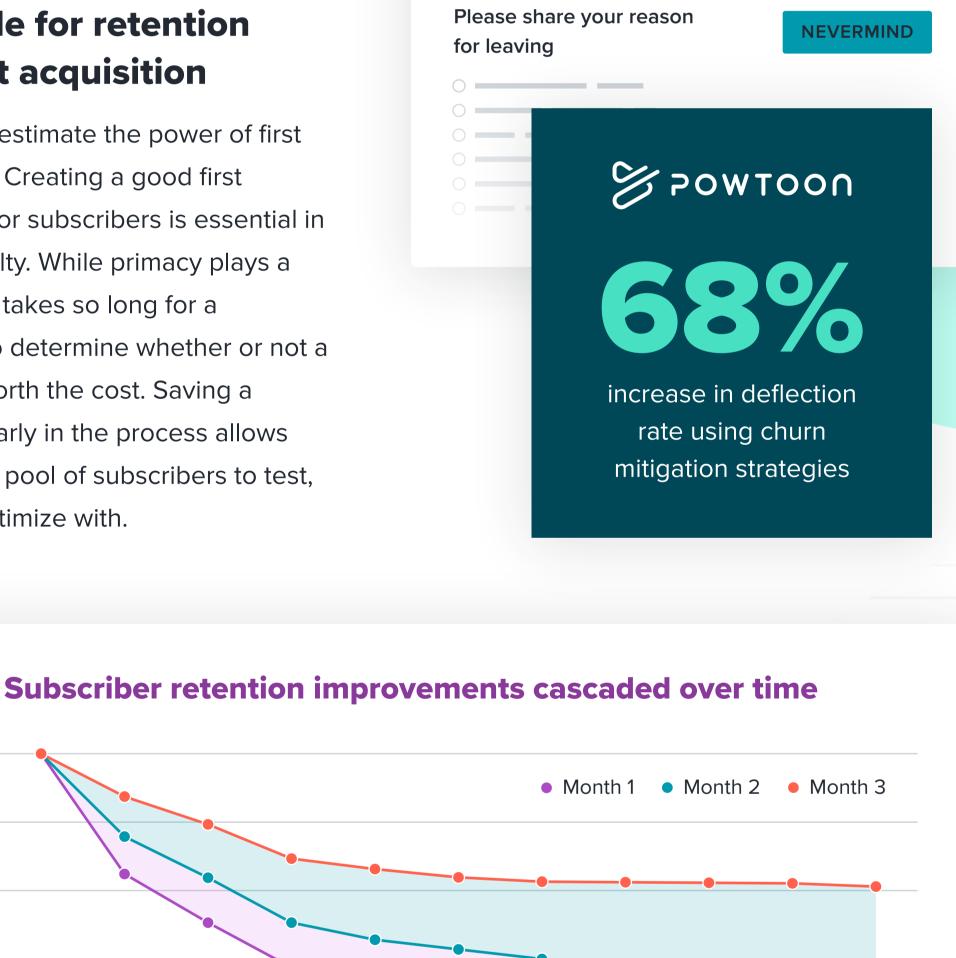
### you a bigger pool of subscribers to test, learn and optimize with.

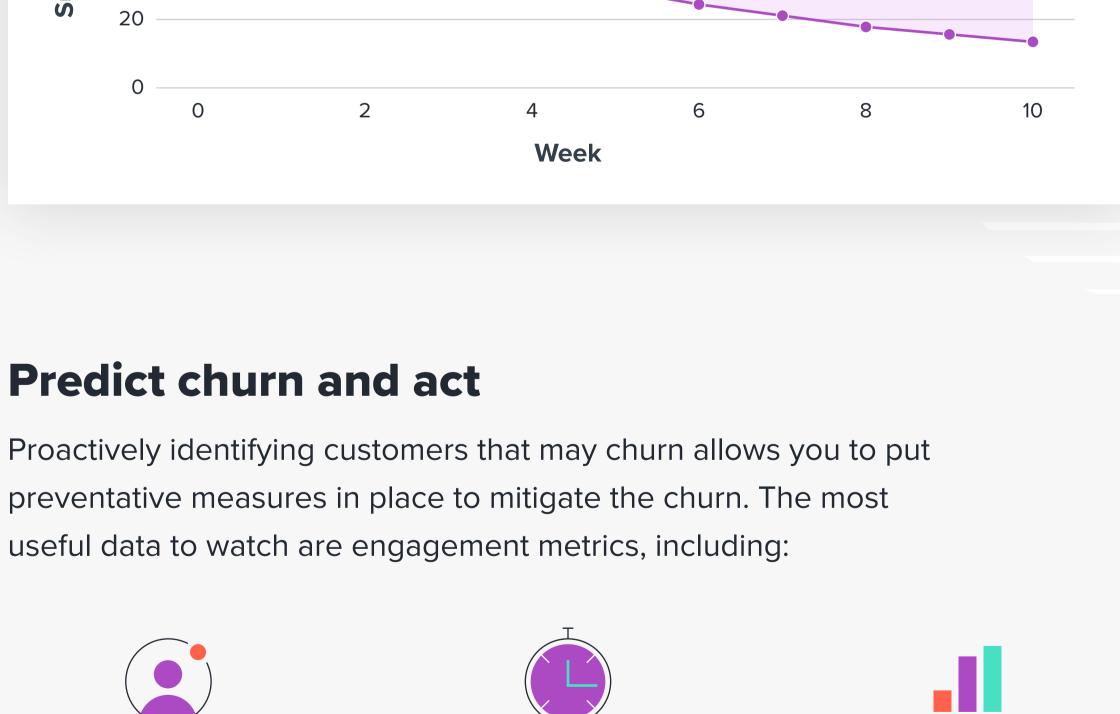
product is worth the cost. Saving a

subscriber early in the process allows

subscriber to determine whether or not a

100 80 **Subscriber pool** 60 40 20





**Average** 

time spent

Frequency

### Recency

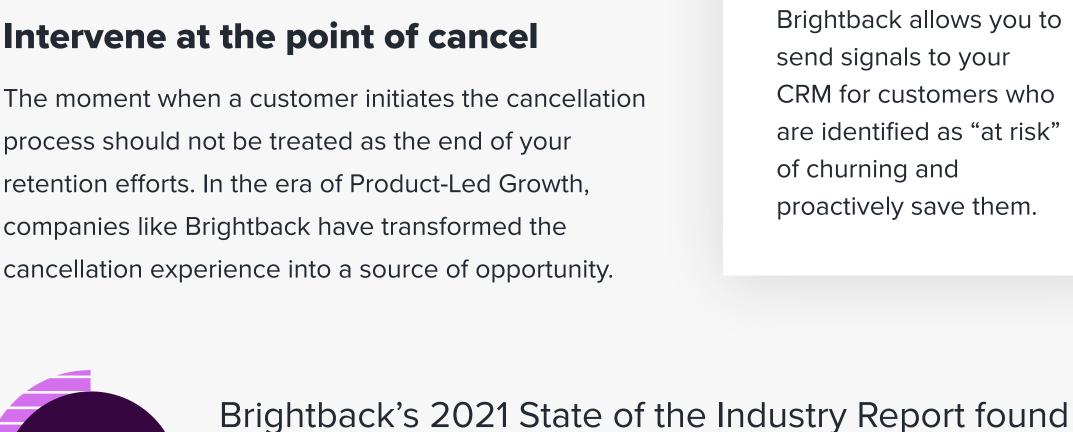
make the decision to cancel.

rescue or nurture the subscriber before they

Daily, weekly, and

monthly active users

By monitoring these engagement metrics, you can identify customers who may be **Active watch list 94** at risk losing interest in your service and attempt to



32% of people had changed their minds about

they had done so within just the past 12 months.

Mary P.

cancelling after being offered an incentive; and that

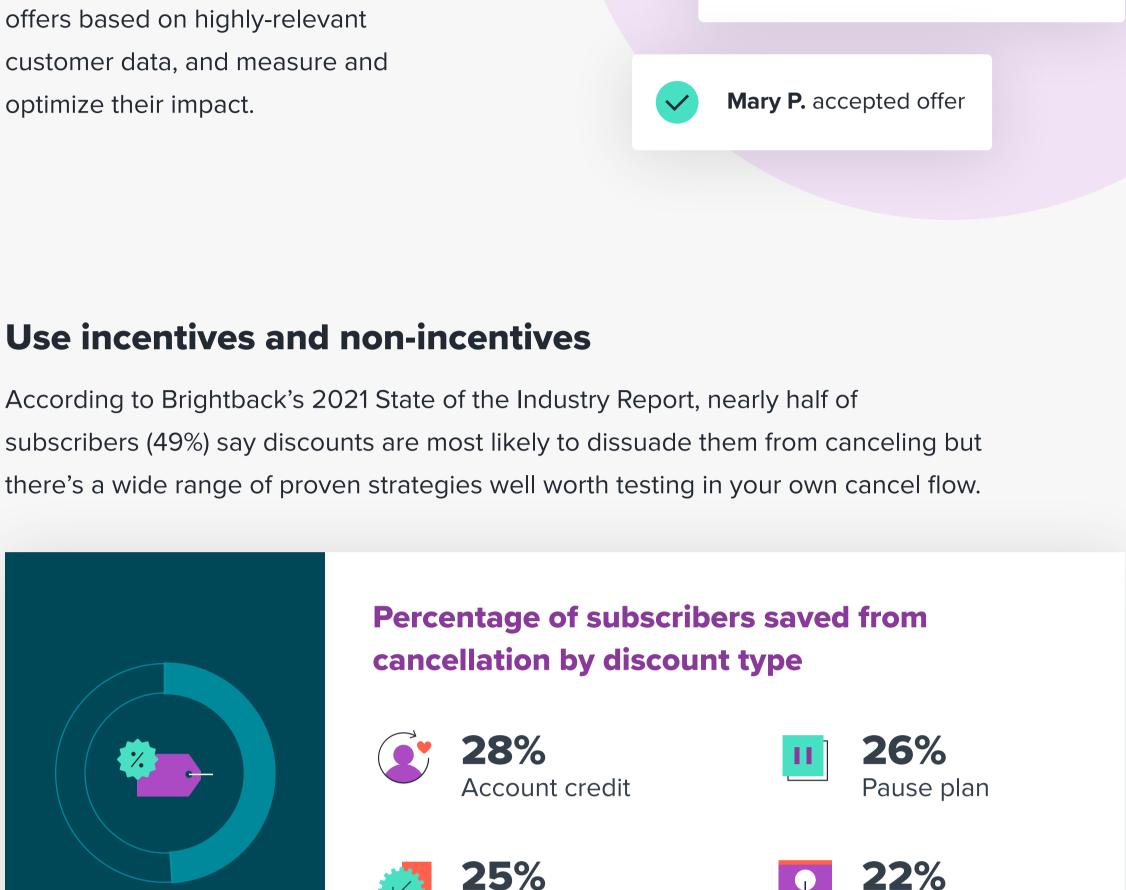


offers based on highly-relevant

optimize their impact.

customer data, and measure and

The most effective point-of-cancel interventions customize and personalize the offer to the customer's unique identity, position, and reason for cancellation. Together, Brightback and Recurly allow you to implement cutting-edge, personalized churn mitigation strategies. Target your cancel



Skip payments

Partner offering

or bundling

20%

### Brightback tracks and reports on the acceptance rates of various offers. The data reveals which of these rates are most often accepted.

back at a later time.

before they happen

before their cards are charged.

The first part of combating involuntary churn is to

prevent failed payments before they occur. This

is accomplished by automatically updating your

subscribers' credit card information every month

Recover failed payments

In the event that a transaction fails, Recurly goes

into active recovery mode by employing machine

learning and over a decade's worth of proprietary

data to determine and perfect retry strategies for

and protect revenue

every subscriber.

49%

**Discounts** 

П

PAUSE

It's paramount that you offer subscribers the option to pause a subscription. Giving subscribers the ability to pause their subscription is a smart way to avoid voluntary churn and reduce the marketing costs required to win them

**Avoid cancellations with pause** 

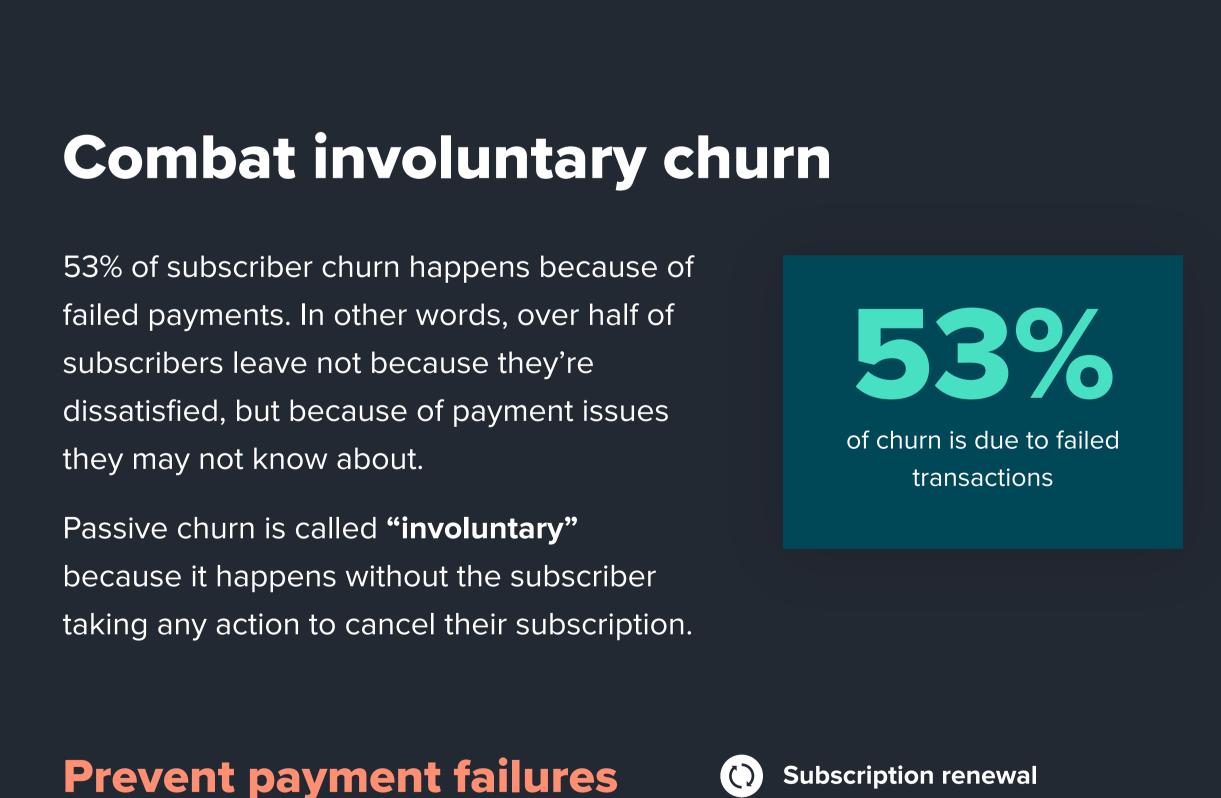
Of 14.2M U.S. consumers who indicated they might cancel a subscription,

51.7 percent said they'd be interested in using pause features.

Downgrade

Switch product

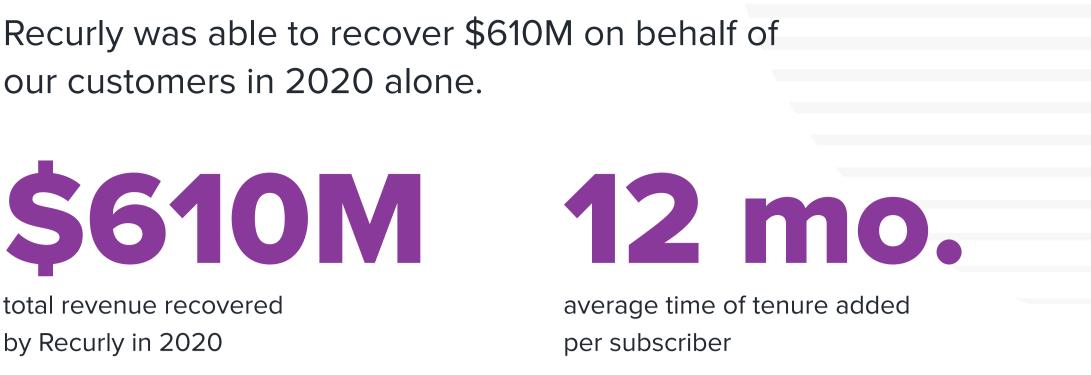
or plan



total revenue recovered by Recurly in 2020

our customers in 2020 alone.

\$610M



**Account Updater** 

info evey month

pushes exp. date

Renewal failed

**Intelligent retries** 

strategies

Renewal failed

tracking

Renewal success

**Dunning management** 

Customizable, automated

dunning emails with performance

Portion of total recovered: 25%

X

Uses machine learning and

proprietary data to perfect retry

Portion of total recovered: 28%

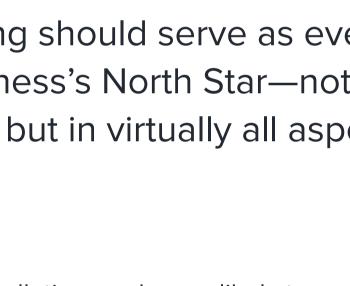
Auto updates invalid credit card

Portion of total recovered: 25%

Recurly-exclusive logic that auto

Portion of total recovered: 22%

**Expired card management** 



# respond to churn rescue efforts.

In-product offers for

Recurly

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recurly.com

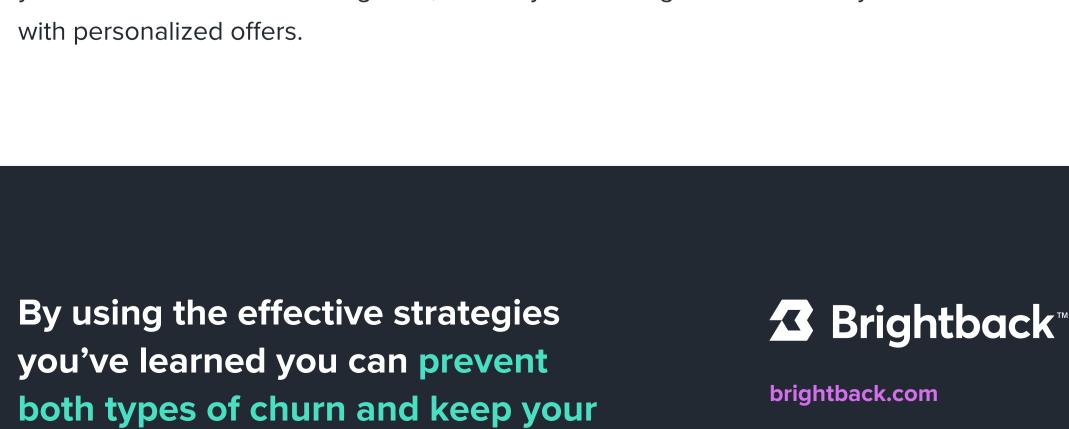
well as goal-driven testing should serve as every subscription-based business's North Star—not only in the battle against churn, but in virtually all aspects of their work.

Win-back email and **Retargeting win-back** 

campaigns

recurring revenue growing.

win-back and extension nurture journeys Tools such as Brightback allow for cancelation reasons and events to be sent into your CRM via webhook or Segment, so that you can target those recently churned



Happy customers are less likely to complete a cancellation, and more likely to "Always Be Testing" Brightback allows you to objectively evaluate the efficacy of different churn mitigation strategies through A/B testing. Testing different strategies can CLAIM **CREDIT** help you optimize your cancelation flow to minimize churn and maximize revenue. B Learn from your mistakes and win them back 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:

24M+ 5% average drop in involuntary churn subscribers saved from involuntary churn, all time rates (from 6% to 1%) Manage payment declines DAY 1 Renewal attempt failed with automated dunning Although the failure of a payment attempt can be frustrating, a smart dunning strategy can not only DAY 3 **Second attempt** minimize involuntary churn, but can also improve subscriber retention, and increase revenue in the process. Having a dunning process that operates separately from other recovery activities is a best Card update required practice that only Recurly offers. Automated dunning emails can be customized to **DAY 11** remind the subscribers about the failed Final renewal attempt transactions and get failed payments back online. Aligning your company culture to mitigate churn Create a customer-centric experience 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