

# 10 Steps for Reducing Churn

Start Recovering More Revenue Today

If you're growing a business based on recurring revenue, you've probably already run into the headache of failed payments.

Customer churn is never fun, but when customers just start to vanish due to failed payments, it can be cause for concern.

Luckily, this isn't too tough to fix. With a proper dunning system in place, you can plug this revenue leak for good.

Here are 10 proven tactics to reduce churn and recover more revenue.

## **No Pre-Dunning**

The prevailing mantra for retention is all about proactivity. However, in the case of failed payments, reactivity is your ticket.

Pre-dunning, or sending warning emails to a customer before their card expires, is unnecessary, risky, and simply prehistoric since automatic retries entered the game.

Upward of 70% of upcoming card issues are automatically corrected by Stripe or Braintree's Automatic Card Updater. Which solves some card re-issues, and most expirations. In short, don't bother customers with payment issues that aren't issues.

For the cards that do go on to fail, you can recover over 21% of those in the first 5 days with a [smart retry schedule](#). And if you're using a tool like Churn Buster that separates emails and retries, you won't need to bother your customer to resolve those issues either.

Let retries do their work, and stop pre-dunning.

## ✓ Reliable Email Delivery

When it comes to your dunning emails, [reliable deliverability](#) should be top priority. It doesn't matter when the emails send, what they say, or how optimized your schedule is if the customer never even receives the email (or worse, it ends up in their spam folder).

You can read [this post](#) to learn more about the importance of deliverability when it comes to dunning and some best practices for your system.

## ✓ Customizable Emails

When you need to ask a customer to update their payment information, trust is key. Personalizing and [branding your dunning campaigns](#) establishes trust and increases your chances of getting the information updated. And often, [subtle changes help the most](#).

- Add branding elements to your emails (and keep it consistent)
- The “from name” is recognizable (and from your organization)
- Limit the links so there's only one place to click
- Set up a system to handle any replies (don't miss the chance to respond)

## ✓ Optimized Campaign Schedule

First email timing is the [most important piece of this puzzle](#). The most common practice is to trigger an email every time a payment fails.

However, 21% percent of payments are resolved by retrying the same card a few times.

For the same reasons we don't recommend pre-dunning, we don't recommend triggering emails as soon as retries start. 21% of payments can be resolved by retrying the same card a few times.

You simply don't need to bother your customers with temporary issues (like spending limits) that sort themselves out via retry.

When you do need to begin email outreach, finding the perfect cadence can be tricky, and every business is unique.

Similar to marketing campaigns, there isn't one magic answer here. While there are some best practices to get started, you'll want to be able to test different cadences, campaign lengths, and messaging as you grow.

Just remember, only test one change at a time, and let it run for at least an entire campaign cycle.

## ✓ Seamless Customer Experience

When you get to the point of asking customers to update their card information, you want to make the experience seamless and easy.

- **Make the page mobile-responsive:** Over 70% of updates happening on mobile devices. If your card update pages aren't mobile-friendly, you risk losing these people to simple frustration— and that's just not worth it.
- **Bypass the log-in:** Again, simplicity and ease of use are key on your card update pages. Simply put, if you ask for a password, and they don't think you're worth the time to remember or find it, they will churn.
- **Encrypt the page:** Keep your customers and their information safe— it's your #1 priority.



Update your billing information

Credit Card Number

1234 1234 1234 1234

Expiration

MM / YY

CW

CWV

Update Your Card

- **Check-in on your pages:** You never want to send a faulty card update page to a customer, it's a massive load of friction on their experience. Create a schedule to check the functionality of those pages and avoid a massive headache.

## ✓ Alerts for Manual Outreach

Whether you're running basic or extensive dunning protocols, there is [a time to step in](#) and reach out to customers.

You'll want a [system to track and alert your team](#) of events worthy of taking action, such as:

- Non-responsive customers
- Bounced emails
- Customers not opening your emails
- High-value customers at risk of churning
- Customers who've attempted to update a card, but didn't make it through the process

## ✓ Scalable System Built to Grow

At first, manual outreach may be possible for your team. Eventually, you'll need an automated system. As you continue to scale, a basic dunning system simply won't fit the bill.

If you're using a dunning system that isn't flexible enough to be optimized into your workflow as your customer-based grows, you could find yourself scrambling to find a new solution before your churn gets out of control.

Here are a few things your dunning software should be able to provide now or in the future:

- [Multiple unique recovery campaigns](#)
- [Custom retry schedules](#)
- [Escalation procedures and notifications](#)
- [In-depth analytics and reporting](#)
- [Hosted Card Update Pages](#)
- Best-in-class security
- Accurate visibility into performance



## Unpaid Invoice Collection

In a perfect world a delinquent customer should be recovered before the next invoice cycle, but this doesn't always happen.

Several invoices can stack up before a customer gets around to updating their payment info, often leaving several months (or more) of past-due invoices.

When this happens, you should have a choice of [how many you'd like to collect](#) when the customer updates their payment info.

Hitting customers with a huge (and often unexpected) bill creates a bad experience, and can quickly lead to a cancellation. Conversely, only collecting one month of a large balance can leave a lot of revenue on the table.

Stripe only collects the most recent invoice when a customer updates their credit card. Braintree, on the other hand, bills for the entire overdue balance at once (which could be massive).

Think of it this way: If your customer has 6 months worth of \$5 payments stacked up, the blow won't be too shocking. But, if they have 6 months worth of \$50 payments, that bill could be a major issue for your customer. This is why control over unpaid subscription collection is so vital to the user experience.

When a delinquent customer eventually updates their credit card, you should have [control over how many past-due invoices you'll automatically collect](#) based on your unique business needs and the expectations of your customers.

## ✓ **Subscription Reactivations**

Let's talk about [ghost customers](#). Sounds pretty spooky, huh?

If your customer updates a card outside of the retry window, Stripe and Braintree won't automatically reactivate the subscription.

Meaning, both you and your customer may think they are still subscribed, but future payments won't go through.

Spooky. And costly.

In order to avoid ghost customers, you'll need a system that detects card updates, even when they happen after all retries have been exhausted, and automatically reactivates subscriptions.

With Churn Buster, when a customer updates their card, we detect it in real time, retry the payment, and make sure you get paid the same day.

## ✓ **In Depth Campaign Analytics**

[Performance visibility](#) is often lacking with in-house builds and basic dunning systems.

If you're not able to accurately track the success (or failures) of your dunning campaigns, it's impossible to strategically improve them.

- Where is each person in your campaign? (i.e. emailed 3/5 times, next email on Friday)
- When a campaign ends in a "win", how did it happen? Was it a retry or did they update their card after an email? If the latter, which email?

- Are emails getting delivered/opened?
  - Are your card update pages loading reliably?
  - Which emails perform better?
  - Are they more successful coming from the CEO or from a lesser-known employee? Does subject A or subject B entice more opens?
  - How much money is at risk at any given time? And how much has been recovered?
- 

Failed payments can be a silent killer for your company, if you don't handle them properly.

Involuntary churn may start small, but without a proper dunning system in place, it can quickly become a huge problem and drastically shrink your bottom line.

If you can't check off all 10 pieces of this list with your current system, you're probably leaking revenue.

Ready to put an end to involuntary churn once and for all?

**Get Started**

