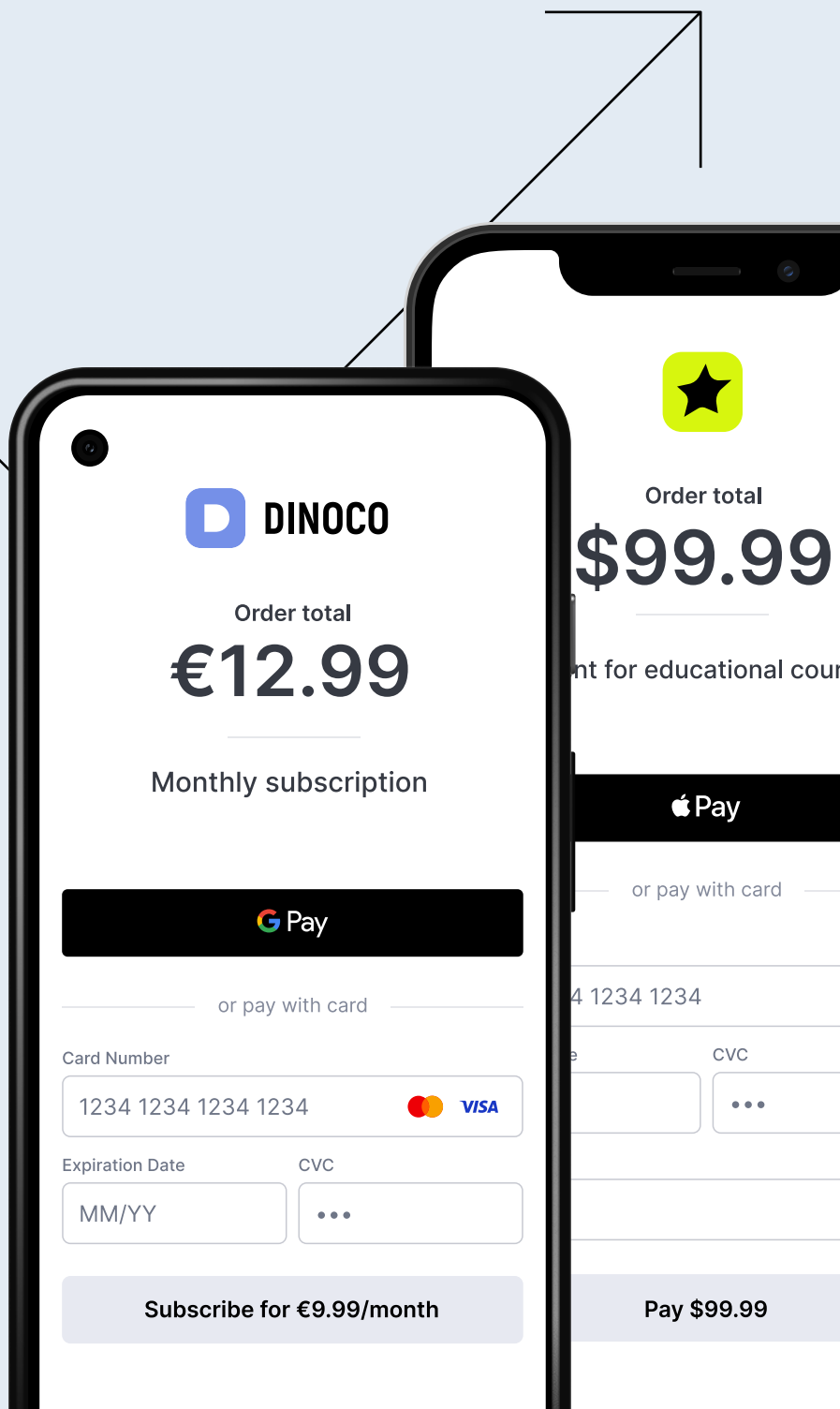


Success With Subscriptions:

How Businesses Can Meet Customer Expectations



Success With Subscriptions: How Businesses Can Meet Customer Expectations

Whether it's a streaming service, music app, or gym membership, subscriptions are crucial in the modern economy, with millions of businesses using the regular payment model across the world.

In theory, a subscription model should work easily — not least because it's so widely understood — but, in reality, even the slightest bit of friction can cause issues, leading to lost customers, fewer referrals, or missed payments.

How can subscription businesses ensure they avoid these pitfalls? In order to put the best strategy in place, businesses need insights into how their customers think about subscriptions.

To find out more, we surveyed 1,000 consumers to understand their attitudes and preferences regarding subscriptions and e-commerce. We found that:

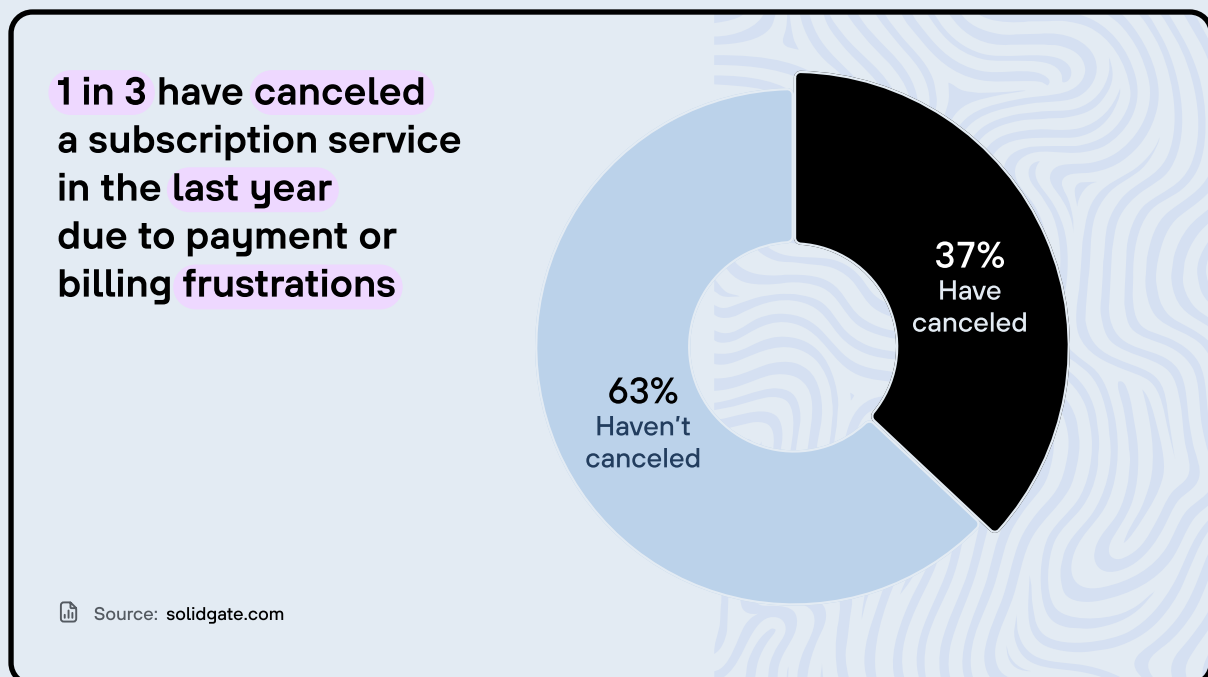
- **51%** of customers want more flexibility when it comes to resolving payment issues.
- **47%** want to know how easy it is to cancel before they take on a new subscription.
- **60%** say that businesses do not provide enough information about why a payment is declined.
- **1 in 3** have cancelled a subscription in the past year due to trouble with the payment process.
- **2 in 5** think that subscriptions make a great gift for the holiday season.

The Billing Process Is Key to Customer Loyalty

At the heart of the subscription model is a simple process: customers agree to a regular payment and trust that vendors will take care of the details with as little fuss as possible.

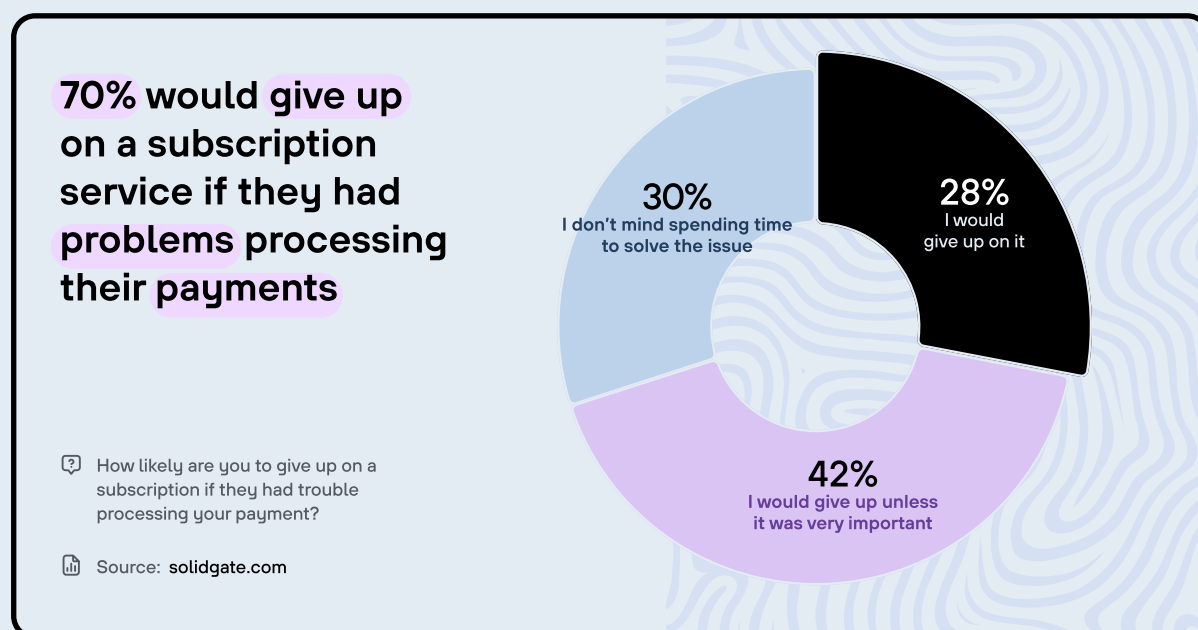
When this goes well, it can lead to a strong relationship between consumers and businesses. But even the slightest friction can cause problems, including a loss of customers.

Our study found that 37% of consumers have cancelled a subscription not because they didn't want the product but because they encountered issues making the payment in the first place.



This can be a particular issue for businesses operating in an already busy field, as problems with the payment process can result in customers taking their business elsewhere.

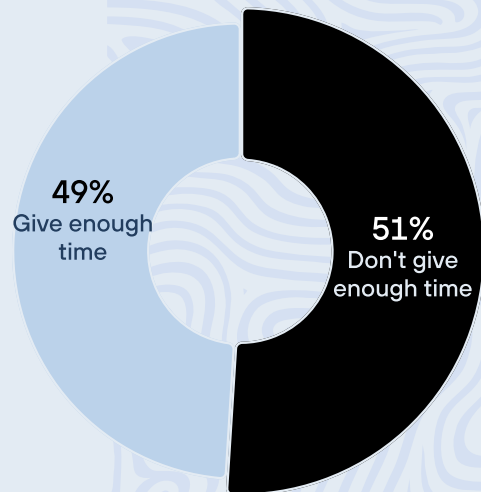
This can also be a problem with existing customers, not just new ones, with 70% of our respondents saying that they would give up on a subscription if they encountered payment issues.



Customers also have high expectations when it comes to flexibility, expecting businesses to cater to local payment methods and cross-border payment solutions.

Just over half of our respondents (51%) said they felt businesses did not give enough time before cancelling a customer's subscription due to payment issues, suggesting that businesses may be cancelling memberships too early.

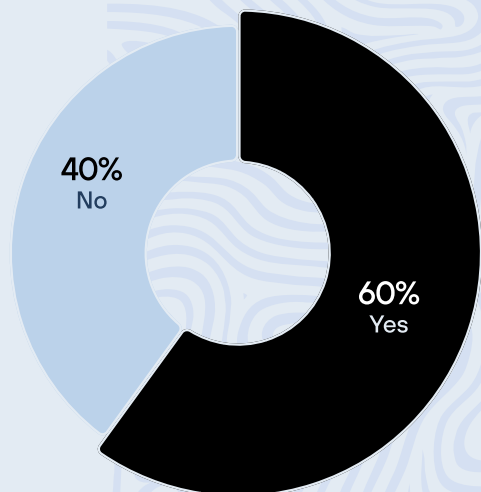
More than 50% think businesses don't give them enough time to resolve payment issues before canceling the subscriptions



Source: solidgate.com

Similarly, 60% felt they were not offered enough information when there were issues with their payments. Of course, without such information, they are not able to fix the problem.

60% feel that businesses provide insufficient information about declined transactions



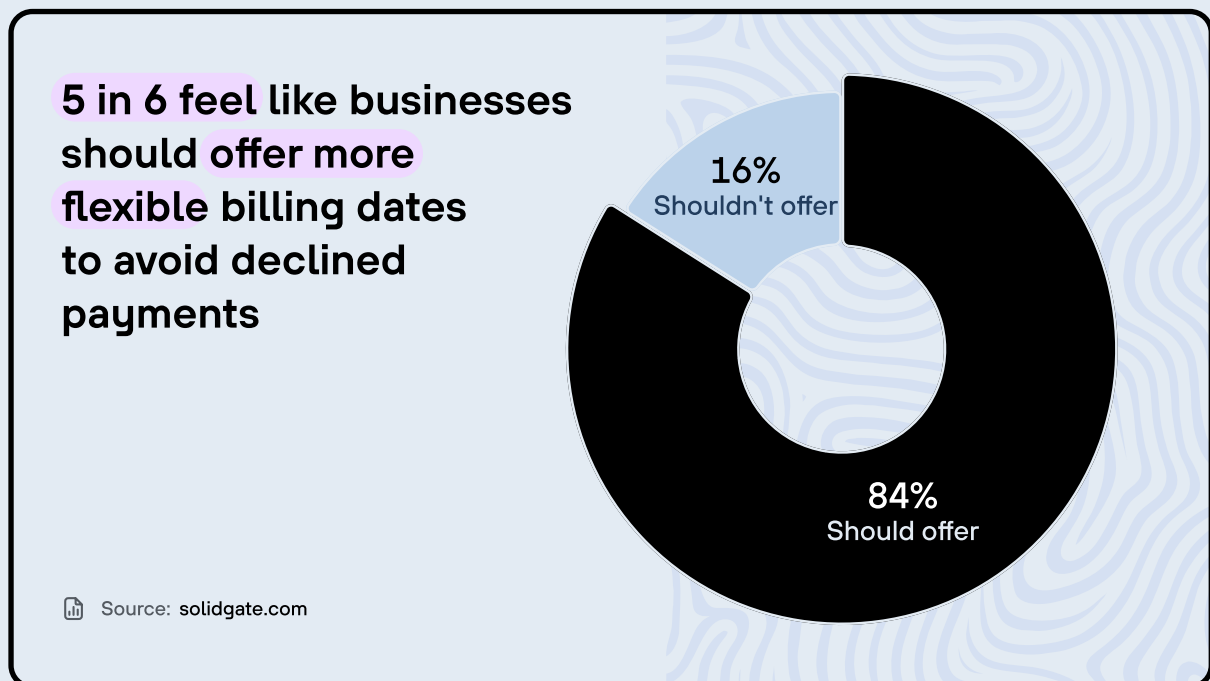
Do you feel that businesses provide insufficient information about declined transactions?

Source: solidgate.com

These findings raise interesting questions for businesses: How many of these customers could be retained if they were provided with more transparency about payment issues — and advised on how to solve the problem?

While businesses need to have effective strategies in place for things like chargeback management and custom billing solutions, they also need to ensure customers understand how these processes work.

Another big topic is flexibility, with 84% of respondents saying they wanted to see businesses offering more flexibility with payment plans.



Could this present an opportunity for businesses to boost retention and increase revenue? Doing so will require companies to show some imagination and discretion when adapting their subscription model.

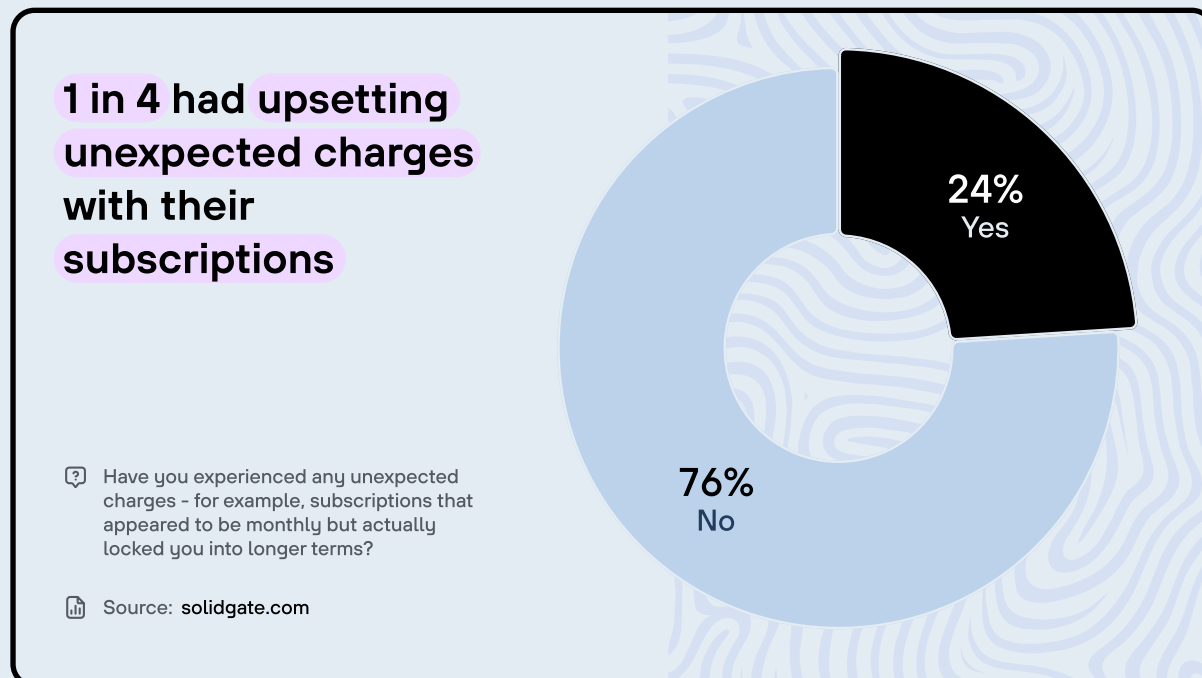
For example, one of the key features of subscriptions is that they are based on a regular pricing structure. However, businesses that can offer flexibility where warranted may find themselves rewarded.

How Do Customers See Subscriptions?

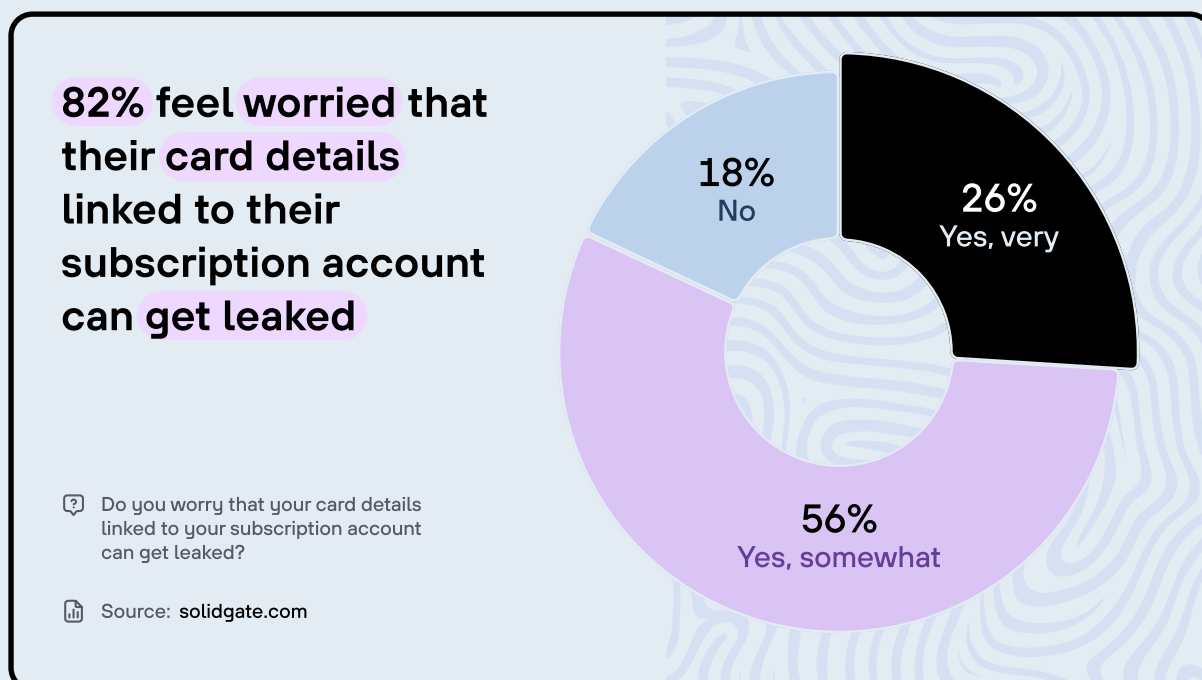
While subscriptions are ubiquitous these days, and many of us juggle plenty of them at any time, customers still have some concerns about how the process works.

So what happened when we asked our respondents about specific frustrations they encountered when signing up for subscription services?

The first topic we addressed was pricing transparency, with 1 in 4 respondents saying they had encountered unexpected charges appearing on their subscription services.



The second was data security concerns, with 82% worrying that their credit card or banking details might be leaked if a business suffered a breach involving its subscription data.

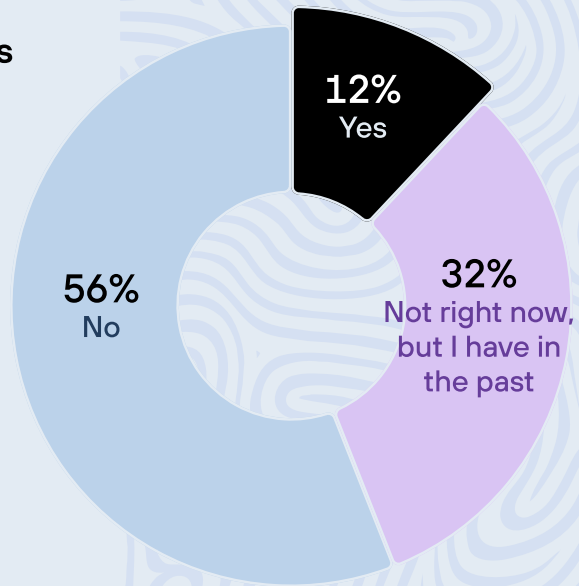


Many businesses may naturally think that these kinds of problems wouldn't happen on their watch. Yet our survey reveals that many customers perceive these problems to be common — and will be keeping a watchful eye out for them.

Another recurring issue is the ease of cancelling subscriptions, with our study providing another reminder of the risks to businesses if they fail to make the process as simple as possible.

Almost half (44%) of respondents said they ended up keeping unwanted subscriptions because they found it too difficult to cancel. While those businesses may still be making money from ongoing payments, they are also likely harming customer loyalty and retention strategies.

44% still subscribe to services they're not happy with because the cancellation process is too difficult

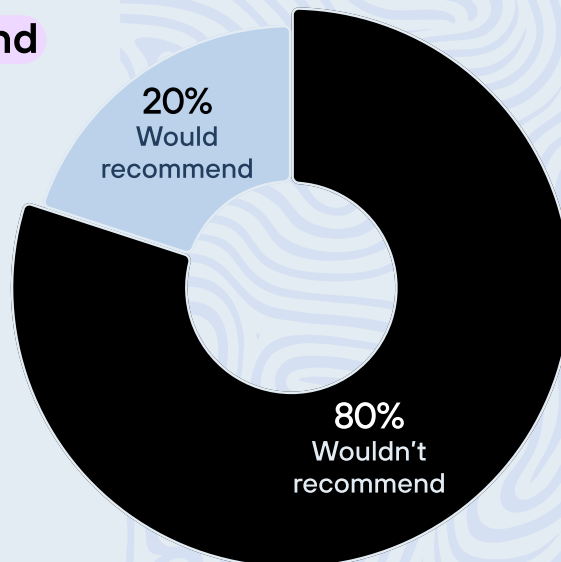


Are you currently subscribed to any services you're not happy with, just because the cancellation process is too difficult?

Source: solidgate.com

For example, a complicated subscription service may lead to fewer sign-ups, with 80% of our respondents saying they would not recommend a product to their friends if they had experienced difficulties cancelling the service.

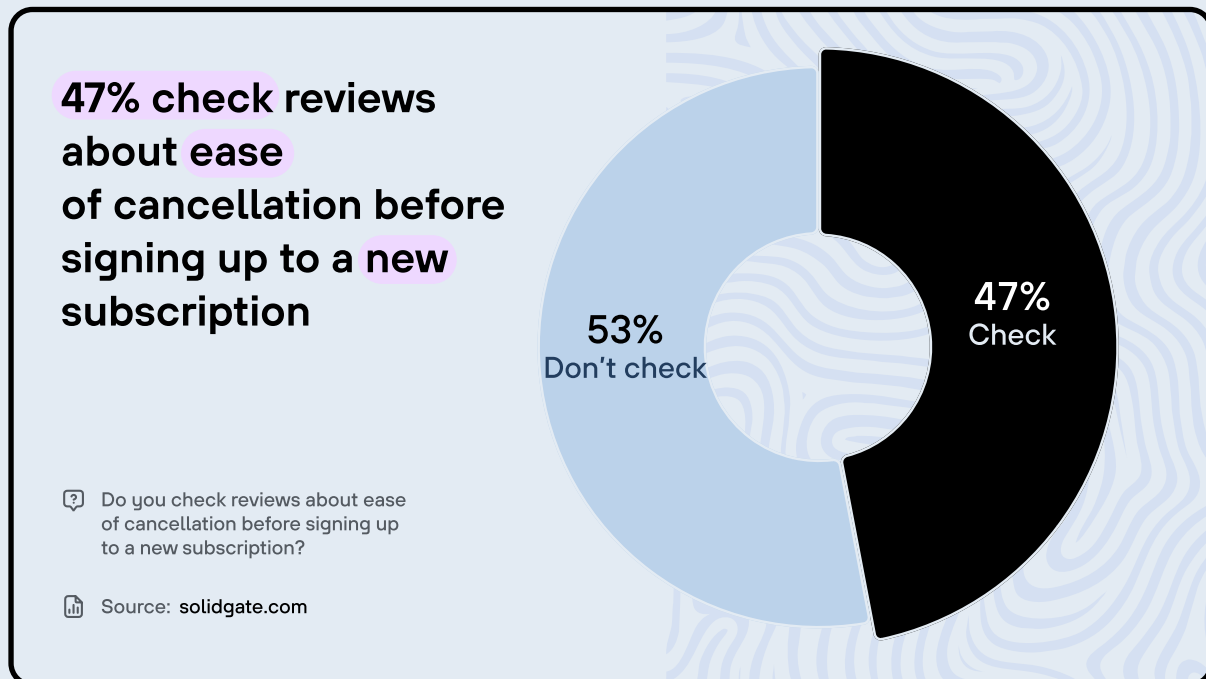
80% wouldn't recommend a subscription service to a friend if they had trouble canceling it



Would you recommend a subscription service to a friend if you had previously had issues cancelling it?

Source: solidgate.com

Businesses should be aware that customers are considering these factors before making purchases. Almost half of our respondents said they read reviews beforehand to find out how easy it would be to cancel their subscription.



It is exactly these kinds of factors which are likely to help businesses improve their customer satisfaction levels - and their revenue - if they are able to understand and meet their customers' satisfaction.

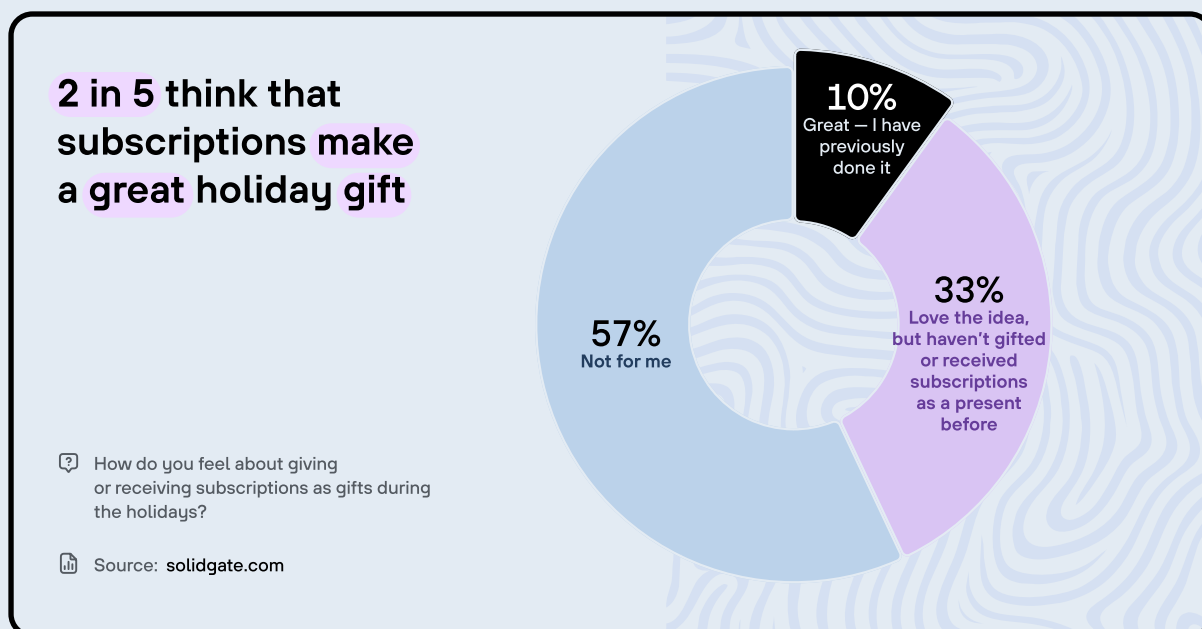
As our study demonstrates, many of these things will be crucial to keeping customers on board, eliminating unnecessary drop-offs, and ensuring that happy buyers recommend your business to their friends and family.

Will The Holidays Bring Good Fortune for Subscriptions?

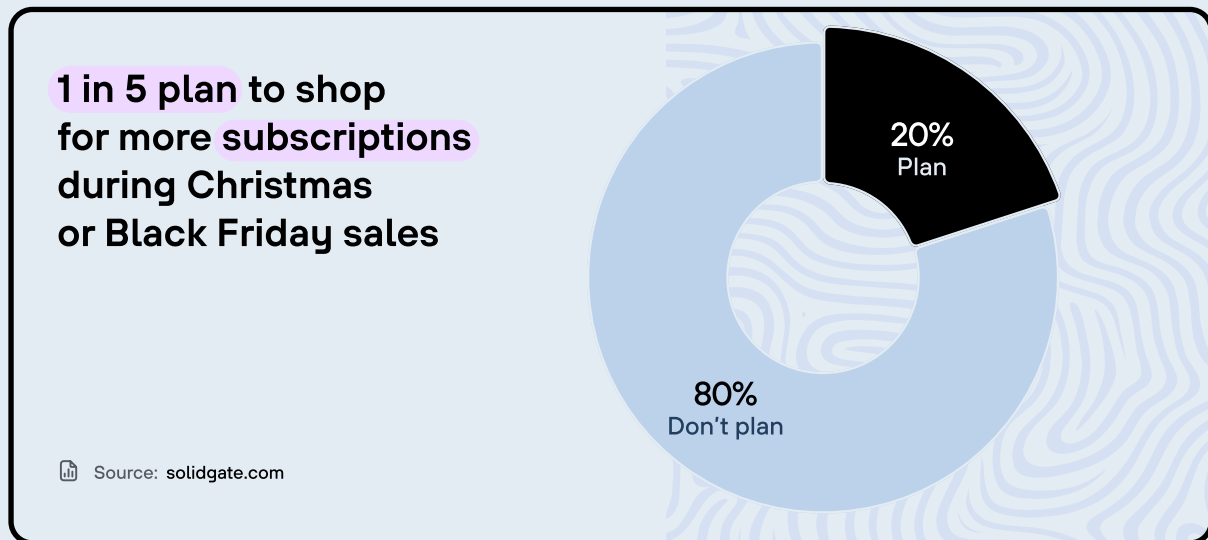
We know that the holiday season is often the busiest time for gift buying, with Black Friday and Christmas both driving extra spending.

With customers rushing online to find the best deals to please them and their loved ones, how many will be looking at subscriptions this holiday season? On that front, there is some good news...

Overall, 43% of our respondents said they felt a subscription could make a good holiday gift, showing that while not everyone is convinced by the idea yet, there are plenty of potential customers who are.

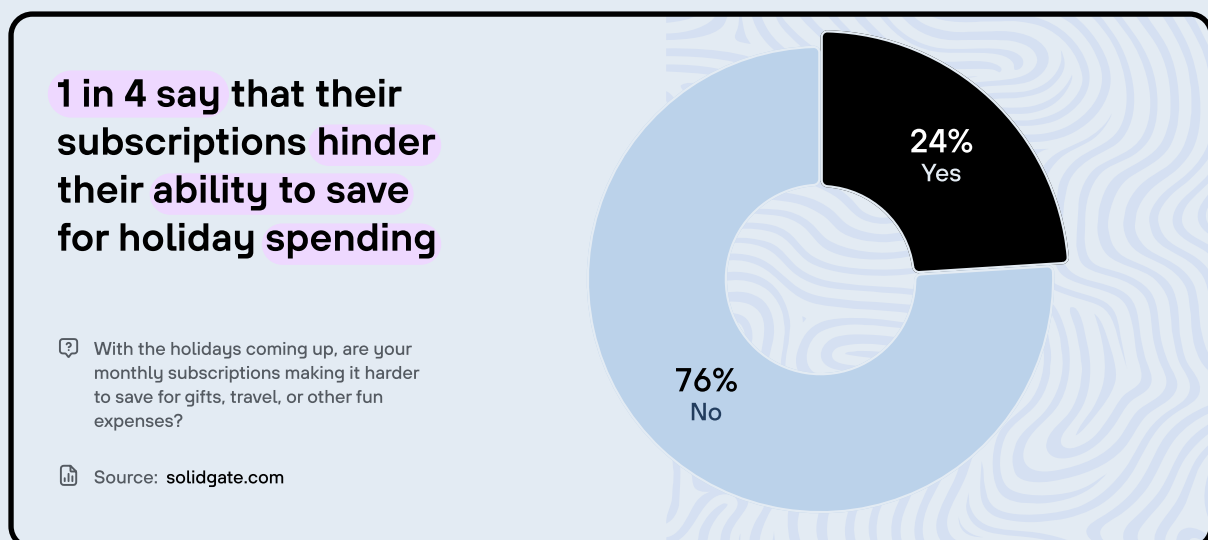


Meanwhile, 1 in 5 said they were planning to pick up a new subscription for themselves this holiday season and would be keeping their eyes open for good deals during Black Friday or over the Christmas period.

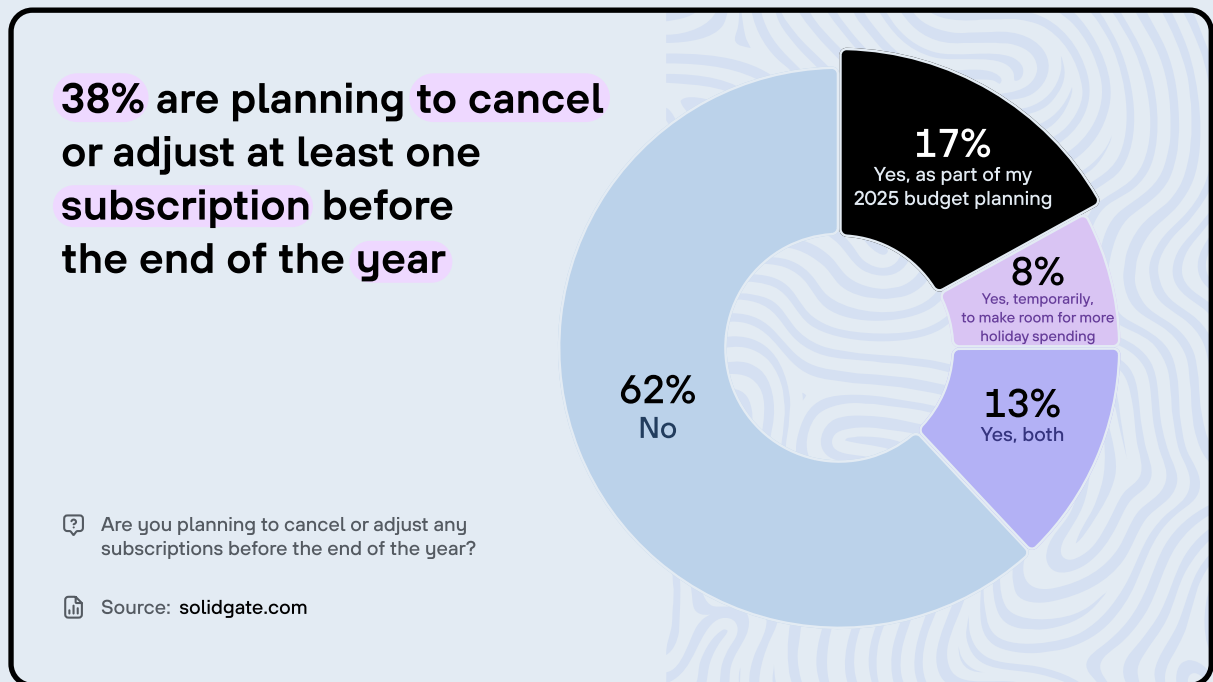


On the other hand, subscriptions may mean some shoppers have to spend less money this holiday season due to their regular payments eating into their bank balance.

Our survey revealed that 1 in 4 consumers will be spending less on gifts this year as they have spent more on subscriptions than they had planned.



And if you needed another reminder that businesses should be careful about being too complacent about retaining customers, look at the last finding in our survey - which reveals that 38% of customers are planning to cancel at least one subscription by the end of the year.



Methodology: To create this study, researchers from Solidgate surveyed 1,000 customers aged 18 and older. Participants were invited to share their experiences at random with no focus on particular ethnicities or backgrounds.

