The publisher's guide to subscriber retention: Strategies to fight churn and win back customers

One side effect of the pandemic has been an upward trend in publishers' subscriber numbers. An analysis by Piano found that among the largest subscription sites on its platform, there was a median growth in active subscriptions of 58% from 2019 to 2020. Subscriptions continued to grow throughout 2021, but steadied to a more manageable pace of 36.1% without the kind of surges that happened in 2020. In the wake of this, retaining subscribers has become an increasingly important — and challenging — task.

Rather than reacting to recently churned or likely-to-churn subscribers with point solutions, publishers are focusing on optimizing the customer experience at critical moments where churn is most likely. Piano found that the most common points of churn are shortly after they first subscribe, and the days and weeks leading up to renewal.

With these high-risk phases of the subscriber lifecycle in mind, publishers are building marketing strategies and implementing tactics that optimize the customer journey to encourage retention. Solid, integrated data and insights can help publishers spot subscribers with the highest churn risk and target them accordingly at these decision points.

This tactical guide by Digiday and Piano presents approaches that publishers are using to proactively address churn and increase retention at these particularly vulnerable moments in the subscriber journey.

Reducing early churn: Pre- and post-conversion subscriber engagement
Quick subscription churn is most likely to come from subscribers who don't necessarily fit with the target audience of a publication, especially those that subscribed for a free trial period or during another kind of promotion.

Another contributing factor to this high-risk period is the natural evaluation process that follows most purchases, a time when customers decide if the cost is worth the experience.

"If I buy with the intent to cancel, it means the initial offer and the value communication probably wasn't clear or I was never planning to make a long-term commitment," said Patrick Appel, director of research at Piano.

Responding to those scenarios, publishers are assessing the structure of different subscription offers. For example, free trials can be a powerful incentive to attract new subscribers, but those same new subscribers are also unlikely to stick around long term. The cost of acquisition, in these cases, needs to be weighed against their lifetime value.

When it comes to the subscription term itself, those who opt for annual versus monthly subscriptions are less likely to churn and have a higher average lifetime value. For publishers that offer both options, it's crucial that pricing is calibrated to encourage the longer-term commitment. Testing different pricing is useful to determine what variations drive more annual subscriptions.

Another strategy to encourage selecting a longer-term subscription is using a price decoy. With this tactic, publishers that offer two subscription options, typically monthly and annual, add a third, more expensive and even longer-term option, like a two- or three-year offer. This method takes advantage of the compromise effect, where customers are most likely to select the middle option when presented with three different price points, and leads to more annual subscriptions, which have better retention rates.

Clear and relevant messaging about the benefits of subscribing (both pre- and post-conversion) is also key to helping users understand the value of the subscription. While most publishers share the specific benefits that come with subscribing, some news media companies have also found success with encouraging paid subscriptions as a way to support an important organizational mission.

The importance of messaging extends to the post-conversion phase as well, when onboarding campaigns are delivered via email and on-site engagement. These campaigns clarify the benefits of the subscription, often highlighting the premium content subscribers can access and take advantage of different channels such as newsletters and apps.

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Test subscription offers that encourage longer-term subscription sign-ups to drive retention and increase lifetime value.

Using a higher-priced price decoy option encourages users to select an annual subscription as a result of the compromise effect.

Pre-conversion messaging is critical to helping subscribers understand the value of their subscription. Underscore the value beyond just accessing content.

Post-conversion messaging should clearly explain the benefits of being a subscriber and the access points available.

Retention at renewal: Improving messaging and payment processing

To prevent users from actively choosing to end their subscription at renewal, successful publishers are zeroing in on the renewal notice. When approached as purely transactional messages, renewal notes may actually trigger churn by reminding subscribers only of the fact that they're going to be charged again and not of the reasons their subscription is valuable.

"You want to take that as a moment to not only fulfill your legal obligation to let them know that this is happening, but also to say, 'Thank you for being a subscriber, and here are all of the fantastic benefits you have,'" explained Appel.

This approach helps mitigate active churn, which accounts for the majority of total churn — about 60%, according to Piano's data. Passive churn must be addressed with different tactics.

Passive churn almost always stems from an issue with processing payments. There can be a number of causes for payment issues — insufficient funds, a stolen card, an expired card, etc. — but these payment failures aren't always a lost cause. One relatively simple way to reduce passive churn on the publisher's side is to attempt payment processing multiple times after a failure. Payments that are declined due to insufficient funds in the account, for example, have a 76.5% success rate after an initial error, and overall about 30% of payments that initially fail are eventually processed.

Publishers are also implementing grace periods, during which subscription access continues while the payment is re-attempted at regular intervals. For example, a user might retain their subscriber benefits for 30 days, during which payment is attempted every five days. While the chances of success decrease at each attempt, utilizing this strategy is often enough to address the normal monthly fluctuations of funds available in an account.

If all else fails, messaging comes back into the spotlight. In addition to emails, win-back campaigns with on-site notifications are also effective. Passively churned subscribers are likely to return to the site; many are simply unaware their subscription ended. Targeting them on-site with instructions to resubscribe is an effective way to deliver a message that might otherwise be missed to an audience whose intention is to maintain access to the content they value.

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Renewal notices are a chance to remind subscribers of the value of their subscription, not merely a transactional obligation.

Payment processing errors result in passive churn that might be avoided if reattempted later. Automatically retrying failed payment methods is a relatively simple way to retain subscribers.

On-site win-back campaigns are useful to draw attention to passively churned users and encourage resubscription.

Unifying data: Beyond point solutions, retaining subscribers proactively

Optimizing the subscriber journey at scale and proactively preventing churn requires unified real-time data to understand user behavior.

While most publishers have some of the data that's needed to operate in this way, few have a fully unified understanding of their data, which requires integrating data about subscriber transactions — i.e., how many times they've renewed, what they paid for their subscription or if they were on a trial — with behavioral data, including how often subscribers use the site, what kind of content they're interested in, what device they access the content from and how these behaviors might differ from non-subscribers.

"These systems don't naturally talk to each other," said Appel, "and they all have their limitations in terms of how they need data formatted that's not consistent across the board."

Large publishers with plentiful resources and data architecture expertise may be up for the challenge, but for others, a data activation solution can bring disparate data together, analyze performance and optimize experiences in real time to fight churn.

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Unifying subscriber data from multiple perspectives is needed to make informed tactical decisions that proactively prevent churn.

Few publishers have a unified understanding of the experiences, conversions, traffic source, exposures and other data that they need to accurately report on overall subscription health. Advanced data analytics tools can offer this holistic view.

How one publisher optimized the customer journey to fight churn
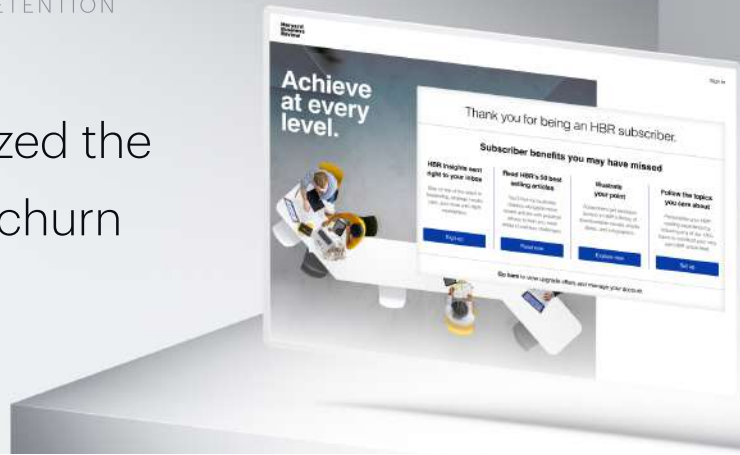
Without a solution that unified its data, Harvard Business Review (HBR), a Piano client, faced a challenge.

"We had very little insight into how well a lot of the communications to subscribers were working because they were all being deployed out of the fulfillment vendor's system," said Nini Diana, director of consumer marketing at HBR.

Since adopting new tools that unify this data and make it actionable, HBR has tested and optimized a variety of tactics to improve retention. The findings offer useful takeaways for other publishers as well.

On-site onboarding messaging

Half of HBR's subscribers were targeted with on-site messaging clearly explaining the benefits of their subscription and encouraging newsletter sign-ups. The messages were delivered on the first day of subscription and once per week after that for four weeks. The churn rate was 15% lower among the group shown this messaging compared to a control group that was shown no messaging.

Extended grace periods and retrying payment processing

By extending the grace period for monthly subscribers who churned passively, more time was allowed to retry failed payments. Allowing time for three re-attempts resulted in successful charges happening more than 60% of the time, compared to about 35% with just one re-attempt.

Targeting churned subscribers with on-site messaging

Half of HBR's churned users were targeted with an on-site modal window that took over a large portion of the screen informing them that their subscription had ended with a CTA to resubscribe. As a result, 52% more conversions resulted from the group that received this message. A second test added a less obtrusive message on the site's sidebar, and that resulted in 100% lift to churned-user conversion compared with the control group.

These results stem from embracing a test-and-learn mentality, listening to users and being true to the brand. Regular iteration and optimization have been key to HBR's strategy. Moving quickly to adapt tactics is important, but, Diana advises, "moving too quickly doesn't give people an opportunity to become accustomed to what you're putting in front of them."

Choosing to focus retention-related tactics more on on-site messaging, rather than emails, stems from user feedback — specifically feedback related to the perception that they get too many emails. On-site messaging, however, also needs to meet the brand's high standards as set by its editorial and UX teams.

"They don't want the reading experience to be interrupted, especially if that interruption is not on brand," said Diana. "So we try things like only putting messaging on the second page visited during a session or in the sidebar. We only want to enhance the reading experience, and that's what we're building toward."

Tools to win the fight against subscriber churn

The ultimate goal for any retention-driving tool or tactic is to simplify processes and drive ROI.

"Publishers are buying software, but they're also fundamentally buying organizational change," Appel said. "They're trying to do something new, diversify revenue, and improve the overall health of their business. They need a guiding hand."

When selecting a solution, there are three components that are important to identify.

- Connection between analytics and action
  Being able to act on data is crucial. Some platforms offer robust insights; others excel at activation and making on-site changes based on the data. Strong solutions combine both functionalities.
- High-quality, unified data
  Bringing data together from all relevant disparate sources and normalizing it is critical for visibility into how different components of the user experience impact one another.
- Expertise and experience
  Tools that are backed by strong data science teams — internal or external — help guide publishers through processes they might not be familiar with and suggest tactics they are unlikely to consider themselves.

With integrated data and insights, publishers are optimizing the subscriber experience at critical, high-risk decision moments and proactively preventing churn by activating improved messaging and processes.

"Analytics data fuels insights to tell me how I can make improvements to get better performance," said Appel. "These businesses aren't just set-it-and-forget-it businesses. You can't say you set up some rules and now everything's going to be perfect. Active management plays a big role for the publishers that have the greatest success. That kind of trajectory is important and is informed by data."

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