

Subscription Retention for Shopify Brands

Stop losing
subscribers you
just paid to
acquire.



Most Shopify subscription brands churn customers before month three.

Then they treat all churn the same →



There are **two types**
of subscription churn
that need completely
different systems.



PASSIVE CHURN \neq REAL CHURN.

It's recoverable revenue, not cancellation.

ACTIVE CHURN NEEDS DIFFERENT TACTICS ENTIRELY.

Different problems \rightarrow different systems \rightarrow different economics.



PART 1

ACTIVE CHURN

Willful cancellation due to value gaps

PART 1: ACTIVE CHURN

THE REAL REASONS PEOPLE QUIT

- **Didn't feel results**
- **Too much product**
- **Too expensive**
- **Not a fit for routine**
- **Forgot to use**
- **Switching brands**

PART 1: ACTIVE CHURN

OPTIMIZE THESE TO PREVENT ACTIVE CHURN

- **Unboxing**
- **Onboarding**
- **Adherence**
- **Loyalty**
- **Order notifications and management**
- **Cancel save**

PART 1: ACTIVE CHURN

FIX THE UNDERLYING REASONS PEOPLE CANCEL.

Didn't feel results → upgrade your onboarding with more education and better tools for adherence.

Too much product → add 'skip order', to upcoming order notifications. Change default order interval.

Too expensive → offer bulk purchase or loyalty credit.

Not a fit for routine → cross sell other products in communications.

Switching brands → include more reasons to believe and major selling point in onboarding.



PART 1: ACTIVE CHURN

***CANCEL SAVE SHOULD NUDGE
USERS TOWARDS ALTERNATIVES.
NOT EVERYONE NEEDS A DISCOUNT.***

→ Most subscription platforms already include a built-in cancel-save tool but few brands actually optimize it.

→ Use it to route customers to better alternatives (pause, delay, switch, downsize).

→ Measure more than how many subscribers you “save,” but how long they stay saved. A good save keeps the customer active 60, 90 or 120 days later.



Now let's look at the other part of churn →

PART 2

PASSIVE CHURN

Failed payments, card issues, billing friction



PART 2: PASSIVE CHURN

Reducing passive churn is easy money.

When a subscriber's payment fails, they aren't trying to cancel, they still want the product. Your job is to remove the friction so the charge can go through.



PART 2: PASSIVE CHURN

There are two basic
types of **payment**
failures →

PART 2: PASSIVE CHURN

Soft Declines

Often temporary and can sometimes be resolved with a retry.

Hard Declines

A permanent decline that cannot be resolved by simply retrying the payment and requires customer intervention.



PART 2: PASSIVE CHURN

A good recovery strategy can 3x your ability to recover payments:



THE THREE LEVERS TO RECOVER PAYMENTS

- **Retry Logic**
- **Dunning**
- **Authorization Optimization**

PART 2: PASSIVE CHURN

Retry logic should be based on the type of decline.

SOFT DECLINES:

→ Retry every few days over several weeks for 5-8 total retries.

→ Wait to start dunning until there are several declined transactions.

→ Retry at times that are most likely to get an authorization:

Early in the morning. Fridays, 15th and 30th - think about payroll cycles and retry when people are more likely to have money in their accounts.



PART 2: PASSIVE CHURN

Retry logic should be based on the type of decline.

HARD DECLINES:

→ Retry sparingly and start dunning right away.

PART 2: PASSIVE CHURN

Dunning is sending communication to collect payments.

Effective dunning is about connecting with your customer across touch points include Email, SMS, website notifications, snail mail, and possibly even a phone call.



PART 2: PASSIVE CHURN

High Quality Dunning Includes

- Email and SMS flows that are **personalized** based on the product and type of credit card failure.
- Pre-dunning: ask customers to **update cards that are set to expire soon.**
- Dunning emails configured as **transactional emails** so they can be sent to customers that are not opted-in to marketing.
- **Website banners and popups** telling customer with failed payments to update their card.
- Simple website **UX to update a credit card.**
- **Outreach across other available channels** like phone, snail mail, etc...

Authorization Optimization

Other settings and tactics you can use to **get better authorization rates**

Enable Auto-Account Updater

Most subscription management software doesn't save card information, it saves a token.

Certain types of cards (e.g. Amex) will continue to work after a card expires, because it uses a token, if you have the auto account updater tool enabled in your payment gateway.

Encourage payment methods with higher auth rates

Some payment methods have better authorization rates than others. For example, PayPal typically authorizes at a higher rate than credit cards because it has fallback payment methods. Encourage customers to use payment methods with higher authorization rates.

PART 2: PASSIVE CHURN

Merchant Category Code (MCC) Matters

A misclassified account can tank auth rates. For example:

→“Health Supplements” MCC can be risk-scored higher

→“Food & Groceries” MCC is often treated more leniently

→Some processors mis-classify merchants, hurting them

Check your MCC



FINAL THOUGHT

PERFORM A DECLINE ANALYSIS

Most brands never look past “payment failed.” But a decline analysis is one of the highest-ROI retention tools you have.

- Understand WHY payments fail
- Improve retry logic
- Tailor your dunning messaging
- Spot processor-level issues early
- Recover revenue you already earned

That is how you turn generic “payment failed” events into a predictable recovery system



WANT TO REDUCE CHURN?

I've helped brands like Dollar Shave Club, Bonafide Health and Rishi Tea fix their biggest retention leaks and **unlock millions in recurring revenue.**

Have questions? Need help? Let's chat -
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