

# Best Practices to Monitor Customer Churn Rate for a SaaS Business



## What is the Customer Churn Rate?

Customer churn rate is the percentage of your customers or subscribers who cancel or don't renew their subscriptions during a period, such as a month or a year

## Customer Churn Rate Formula

$$= \frac{\text{Customers lost in a period}}{\text{Total customer at the beginning of the period}} \times 100$$

## Customer Churn Key Facts

- Acquiring a new customer is **5 to 25x** more expensive than retaining one
- Reducing churn by just **5%** can boost profitability by **75%**
- Improving retention has a **2 to 4x** more significant impact on growth than acquisition
- The profitability of selling to an existing customer is **60 to 70%**, but reduced to **5 to 20%** for a prospect

### CHURN RATE BY ECOMMERCE INDUSTRY



## Types of Customer Churn

### Involuntary Churn

Only about 15% of payment failures from credit cards are recovered every month. This churn type is seen when there is a slump in revenue happening due to a decline in customer payments

### Voluntary Churn

Canceling your product or services voluntarily by customers is something that needs to be avoided the most. The factors that lead to the voluntary customer churn would be:

1. Poor Customer Service
2. Poor onboarding
3. Attractive features of the competitor

### Downgrade Churn

The downgrade churn happens due to a customer choosing a starting plan from a premium plan leading to something called downgrade MRR. (Monthly Recurring Revenue)

39% say the #1 reason for churn is not meeting expectations

55% of customers would pay extra to guarantee a better customer experience

## 5 Key Steps to Reduce Subscriber Churn

### 01 Understand the reasons for churn

Analyze customer data, conduct surveys, and gather feedback to identify the common reasons behind churn

### 02 Enhance customer experience

Focus on delivering a seamless, personalized, and user-friendly experience across all touchpoints

### 03 Offer flexible pricing and plans

Offer flexibility in terms of billing cycles, cancellation policies, and plan upgrades or downgrades.

### 04 Proactive engagement and communication

Keep your subscribers informed about new features, updates, and relevant content

### 05 Continuous improvement based on feedback

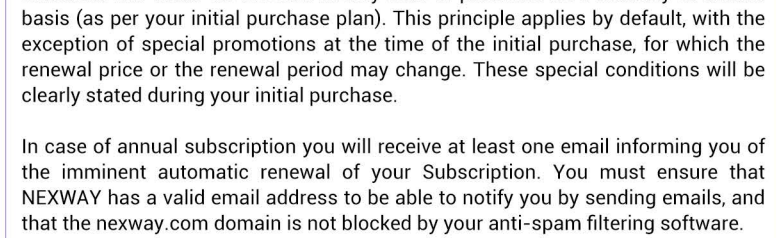
Conduct surveys, monitor online reviews, and listen to customer support interactions to gather insights

## How Nexway Helps Prevent Customer Churn

### Any nasty surprises, customers are fully informed about their terms and conditions of engagement and auto-renewal

To optimize the customer experience, Nexway has enabled seamless checkout and payment details to ensure customers can make a fully informed choice about auto-renewal and reduce churning.

- Having clear and fair terms will:
- Protect your business with the guarantee of a reliable recurring income
  - Help prevent disputes and reputational damage
  - Gain consumer trust with a total brand transparency



### SEAMLESS SUBSCRIPTION & AUTO-RENEWAL CONDITIONS

#### Subscription

Renewals will occur on the anniversary date of purchase on a monthly or annual basis (as per your initial purchase plan). This principle applies by default, with the exception of special promotions at the time of the initial purchase, for which the renewal price or the renewal period may change. These special conditions will be clearly stated during your initial purchase.

In case of annual subscription you will receive at least one email informing you of the imminent automatic renewal of your Subscription. You must ensure that NEXWAY has a valid email address to be able to notify you by sending emails, and that the nexway.com domain is not blocked by your anti-spam filtering software.

#### Prices

When you subscribe, you pay the introductory price for your first term. The introductory price is indicated on your offer page, in the shopping cart, and in your email receipt, along with other offer details, such as:

- Number of devices
- Duration of the first term and subsequent terms
- Renewal price for the next and following terms

Renewal price may differ from the introductory price, and may change. If it changes, we will notify you via email in advance.

Please note, discounts and offers may be available at the time of your next renewal that are not applicable to you.

#### How to cancel

If you cancel subscription before a renewal payment for the next subscription period made during the current subscription period, it will end on the expiration date. You won't be charged for the next periods.

You can cancel your subscription through your My Nexway Creation account. To cancel:

- Login to my.NexwayCreation.com
- Go to your subscription page
- Click Manage Subscription
- Select Cancel Subscription and follow the steps to get to the payment provider website
- Click the Cancel button and Cancel subscription in the next step

You can also cancel your subscription by contacting Nexway Creation Customer Support.

If you cancel subscription after a renewal payment for the next subscription period made during the current subscription period, the subscription will remain active until the end of the next period.

In case you wish to cancel the renewal payment, you need to request a refund through Nexway Creation Customer Support according to the refund policy.

## Benefits of Partnering with Nexway

- Personalization Capabilities**  
Nexway enables businesses to deliver personalized product recommendations, offers, and content to enhance customer engagement and increase loyalty
- Retention Campaigns**  
Recover failed payments and reduce involuntary churn. Nexway assists businesses in implementing targeted retention campaigns to re-engage and retain at-risk customers
- Subscription Management**  
Nexway offers robust subscription management capabilities, including flexible plans, automated renewals, ensuring a seamless customer experience to reduce subscription churn
- Global Expansion Support**  
With Nexway's expertise in global eCommerce, businesses can expand into new markets smoothly, minimizing churn associated with cross-border complexities. Through 20 years of experience running as merchant services & eCommerce solutions, grow your business globally and simplify payments with:
  - 140+ country's payment processing capabilities
  - 90+ payment methods
  - 45+ billing currencies
- Advanced Analytics**  
Nexway's analytics tools provide valuable insights into customer behavior, allowing businesses to identify churn indicators and take proactive measures to retain customers

## Improve customer conversion and reduce customer churn like never before

Streamline the checkout process, eliminate unnecessary steps, and clearly communicate the payment options available. Nexway's powerful subscription engine and churn prevention program empowers you to sell and manage subscriptions, increase customer lifetime value, build long-term customer loyalty, and exceed customer expectations like never before.

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