

Churn.

Patrick Campbell

Hey I'm Patrick 🖐️

I bootstrapped ProfitWell
and sold it in April for over \$200M.

Thank God I didn't ask for £s or €s. 😊

Don't worry.

Don't worry.
Money hasn't changed me.

Don't worry.
Money hasn't changed me.
I still dress and look like this.

Today we're going to talk about...

Any guesses?

Any guesses?
Pricing?

Any guesses?

Pricing?

Growth?

Any guesses?

Pricing?

Growth?

PLG?

Nope.

Churn.

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Churn. Churn.

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Churn. Churn. Churn. Churn. Churn.

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Our products are used by **27.2k**
subscription companies.

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subscription companies.

We studied **half a trillion dollars** in
transactions.

We're going to pass those learnings
on to you.

Oh, and before you ask...

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Yes.

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This is happening.

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My team likes to make bets with me.

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I lose a lot of those bets.

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They made me say “churn” 100k times before with no breaks.

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Not even for the bathroom.

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SAYING CHURN 100,000 TIMES



64307

It took 9 hours and 3 minutes.

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So I don't think 15 minutes will kill us.

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Let's walk through some
benchmarks before tactics to help
lower your churn by over 30%.

Sounds good?

You sure?

Ok.

Churn Benchmarks

We like to talk about churn.

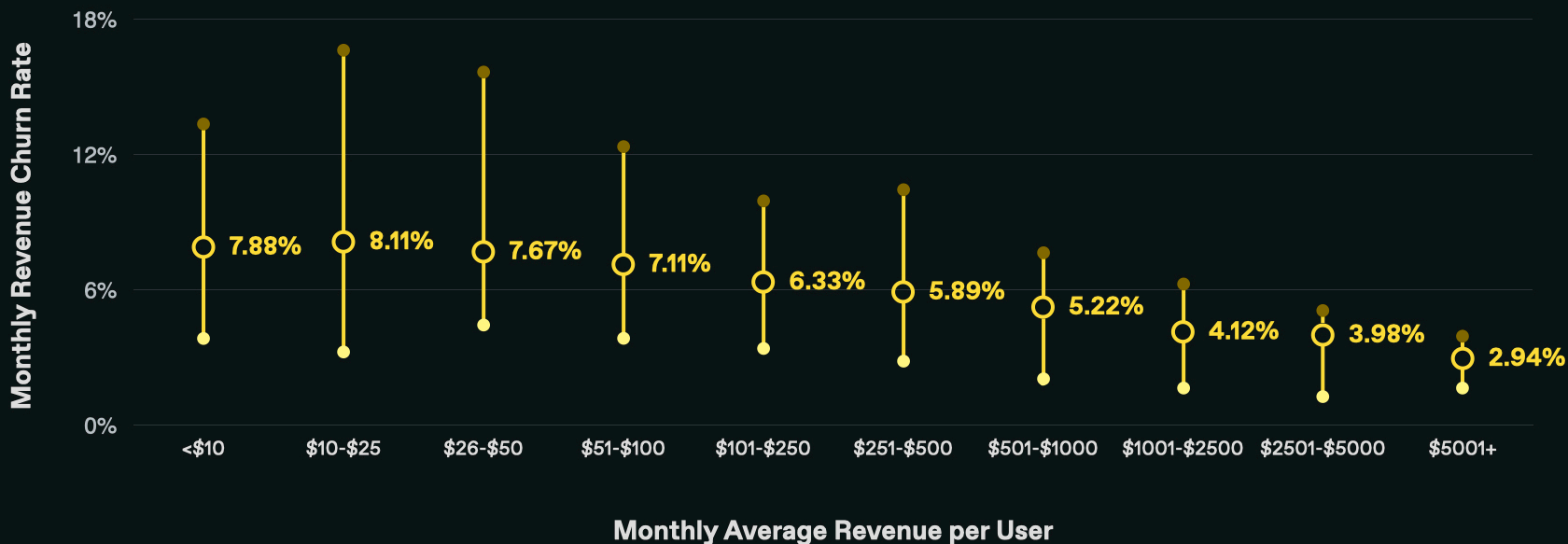
But most of us have no idea what
“good” looks like.

Here's what churn looks like broken down by **revenue per customer**.

Notice how **lower priced products**
have **higher churn**.

Revenue Churn Rates Broken Down by Average Revenue Per User

- Q3 = 50TH PERCENTILE (MEDIAN)
- Q3 = 75TH PERCENTILE
- Q4 = 25TH PERCENTILE



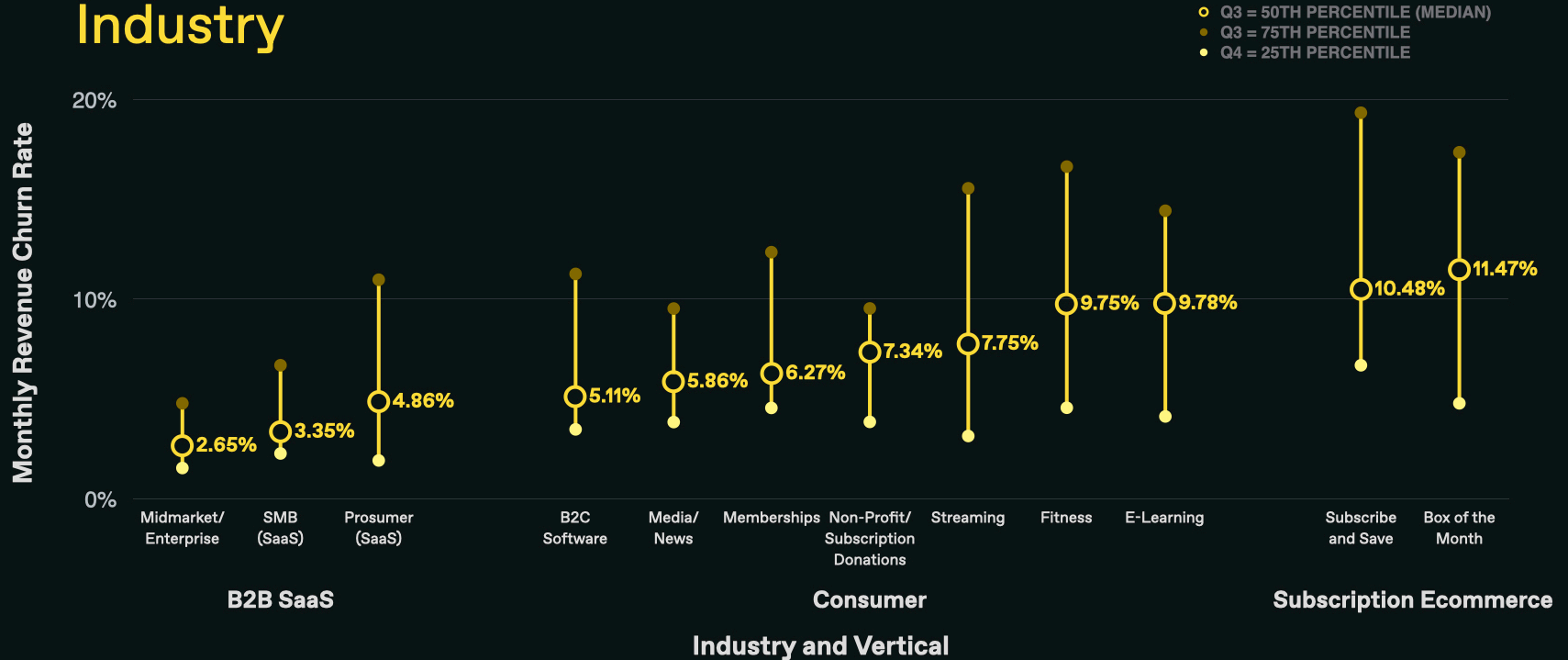
Takeaway: Sell whatever, but lower priced products have an uphill battle with churn.

What's churn look like by **industry** though?

Turns out B2B SaaS is where it's at.

Churn for everyone else is
much higher.

Revenue Churn Rates Broken Down by Industry



Takeaway: Count your blessings in
B2B. 😊

“Patrick - ARE THESE JUST FOR
THE USA?!?”

No. We have more SaaS financial data than anyone else.

We see everywhere. 👁️👁️

Relax. 🙄

How does churn stack up globally?

US great. 👍

US great.

Europe worse. 👎

US great.

Europe worse.

ANZ best. 🙌

US great.

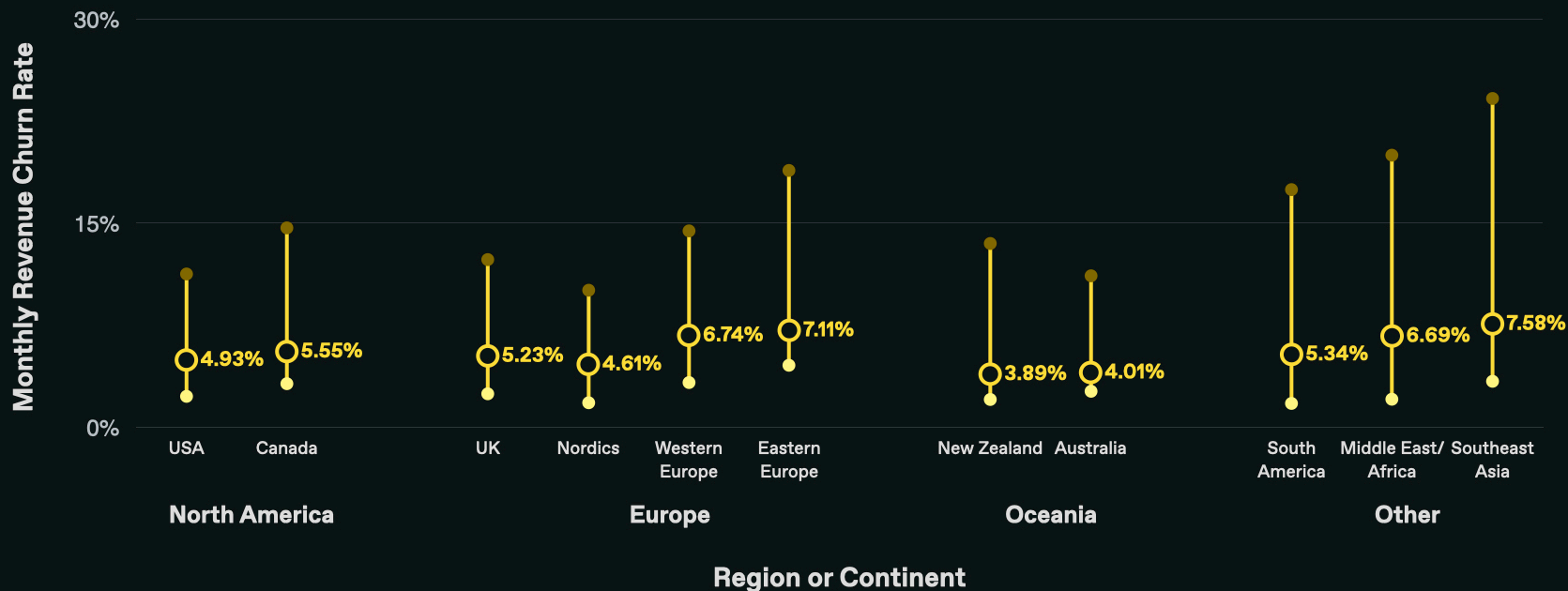
Europe worse.

ANZ best.

ROW not great. 👎

Revenue Churn Rates Broken Down by Region/Continent

- Q3 = 50TH PERCENTILE (MEDIAN)
- Q3 = 75TH PERCENTILE
- Q4 = 25TH PERCENTILE

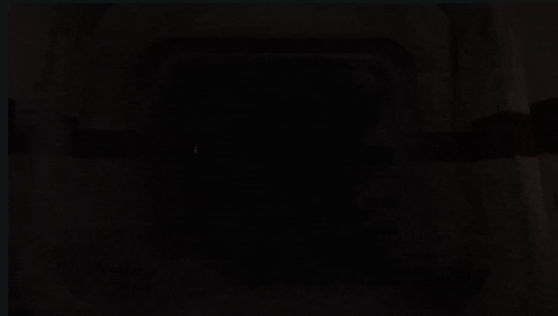


Takeaway: ANZ tends to have better designed products.

Takeaway: ANZ tends to have better
designed products.
US tends to lead tactically.

Takeaway: ANZ tends to have better designed products.
US tends to lead tactically.
EU tends to be a bit behind.

How does **VC funding** impact churn?



VC backed companies have
worse churn in B2B.

B2B Revenue Churn Rates Broken Down by Funding Amount



Takeaway: Fundraising is great for growth, but may give you moral hazard in avoiding cleaning up your churn.

Ok. How we doing?

We know a little bit about where we should be...

...but, we want to do better than average, right?

You want some tactics to **lower your churn?**

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Do you?

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I can't hear you. 🦻

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I only respond to one word.

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Louder!

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Make sure to tag me. @patticus

Ok.

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Make sure to tag me. @patticus

Ok.

You're all crazy like me now, too. 😊

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Awesome.

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Tactical ways to lower churn.

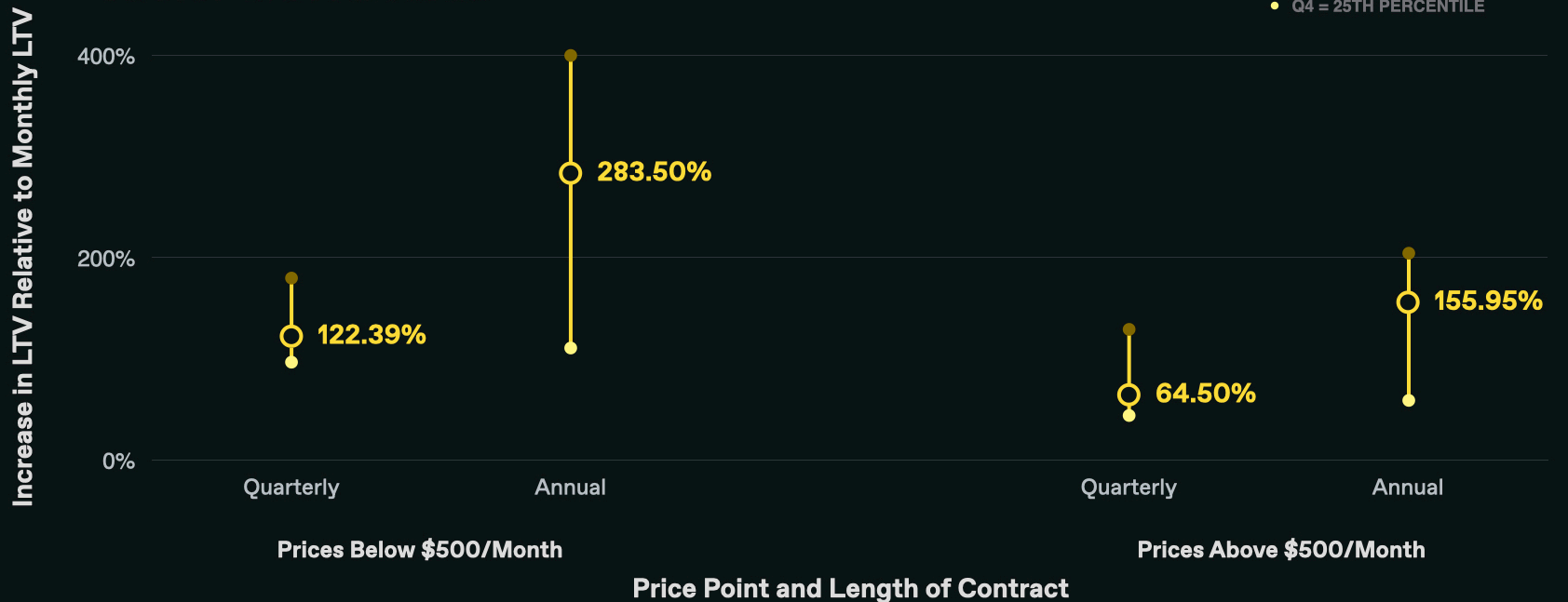
I've got **four tactics** for you.

1.


Get monthly customers on annual and quarterly plans.

Quarterly and Annual customers
have 100-300% higher LTV.

B2B Lifetime Value Increases for Longer Term Contracts



But you only ask them to get on an annual plan when they first sign up for your product.

That's like asking someone to get married on the first date. 

They don't know your value enough
to get into a long term relationship.

You need to ask them after that initial signup.

In B2B SaaS go to customers
between **2-10 months every 45 days**
with email that looks like this....

Subject: Discount on your WHOOP subscription

Hey Hiro, wanted to let you know that there's a way to save money on your WHOOP subscription.

We're giving those members who've been with us a while **2 months free** if they sign up for our annual plan (\$240).

[Click here](#) to easily get on the annual plan and we'll take care of the rest.

—
Johanna Timms
Member Success



Upgrade your subscription

Get 2 free months of WHOOP by upgrading to annual (\$240.00).

UPGRADE PLAN

DISMISS

Plain text

Whole dollar offer

Easy opt-in

Subject: Discount on your WHOOP subscription

Hey Hiro, wanted to let you know that there's a way to save money on your WHOOP subscription.

We're giving those members who've been with us a while **2 months free** if they sign up for our annual plan (\$240).

[Click here](#) to easily get on the annual plan and we'll take care of the rest.

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Member Success

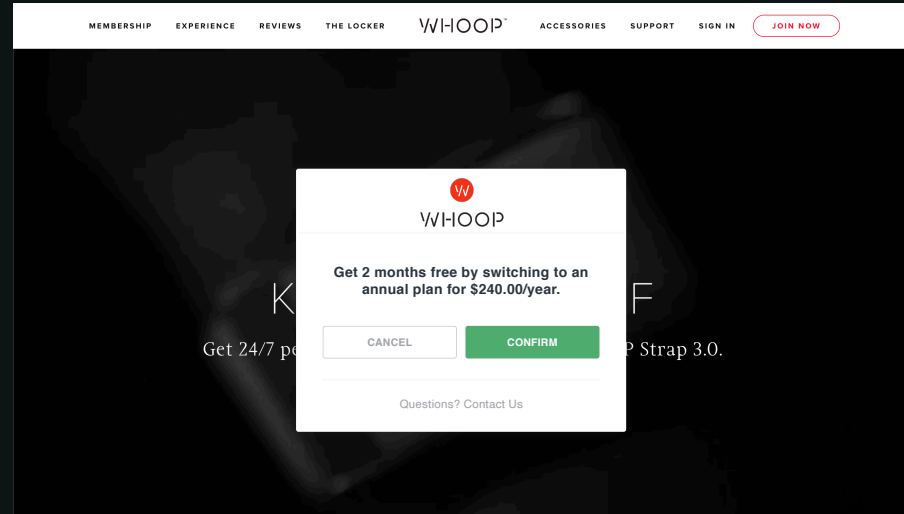


Upgrade your subscription

Get 2 free months of WHOOP by upgrading to annual (\$240.00).

UPGRADE PLAN

DISMISS

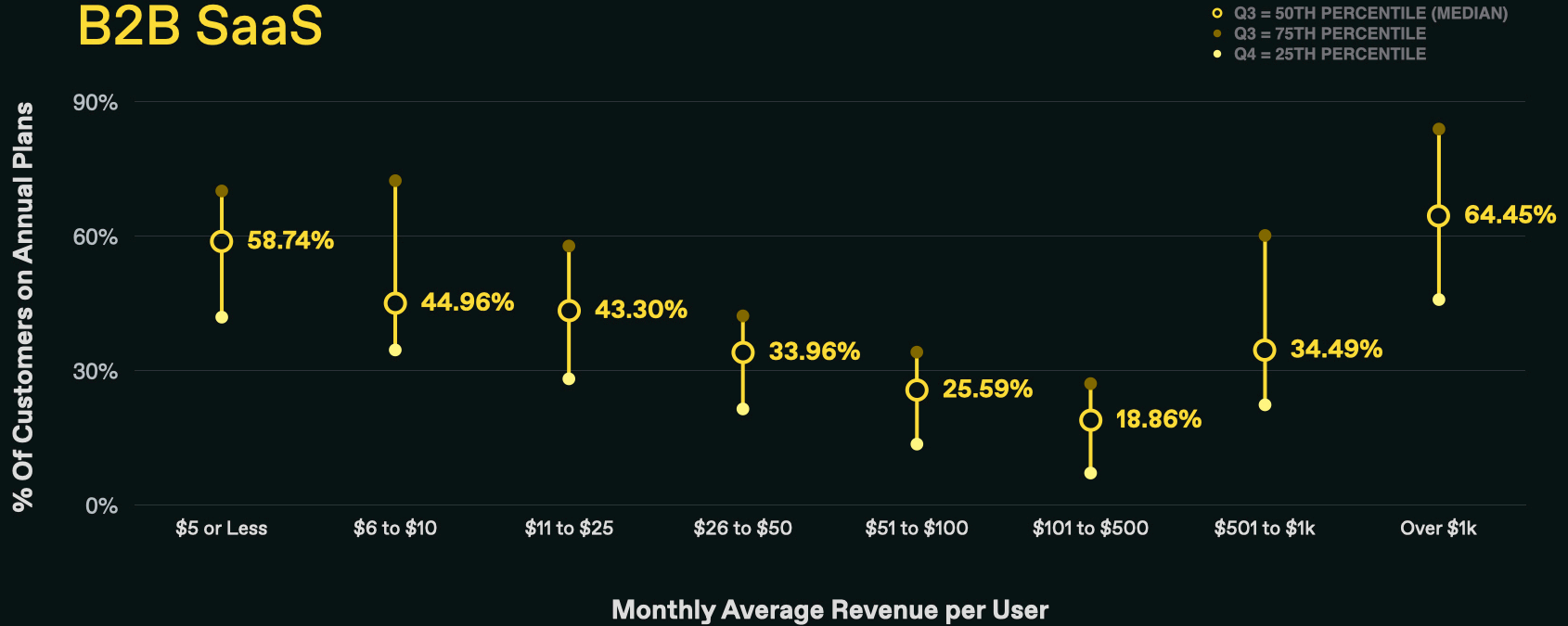


How many of your customers should
be on longer term plans?

At least 25%, but depends on price point.

Here's the data.

Proportion of Contracts that are Annual in B2B SaaS



2.

Introduce **cancellation flows**.

We have this weird emotion when someone wants to cancel our subscriptions.

Want to leave

Why?

- Add friction
- Redo the flow

- Catalog to automate
- Predict future churn



Some of us want to hold our
customer hostage.

Make them call us. 📞

Make them call us. 📞

Send us certified mail. 📧

Others of us...

Looking at you European SaaS
companies.....

You tend to want to let someone churn as soon as they breathe on the cancel button.



In reality, you have **18-30 seconds** from when the cancel button gets pressed to save that customer.

Why 18-30 seconds?

We studied **1.2M churn sequences**
to find it out.

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You really need to start trusting me.

A man who can only say the word
churn can't hide much.

What do you do with those
precious seconds?

Ask two questions. 🙌

Why are you cancelling?

Why cancelling?

We're sorry to see you go.
How did we fall short?

Not useful right now

Didn't see the value

Poor support

Missing features/hard to use

Other

Never mind, I don't want to cancel.

This is for the obvious reason -
learning how to make your product
better, study segments, etc.

The non-obvious question....

What did you like about the product?

Why cancelling?

We're sorry to see you go.
How did we fall short?

Not useful right now

Didn't see the value

Poor support

Missing features/hard to use

Other

Never mind, I don't want to cancel.

Like anything?

It wasn't all bad, right?
Did we do anything well?

Many things - I'll be back

Good value

Helpful support

Useful features

Other

Never mind, I don't want to cancel.

This question is crucial.

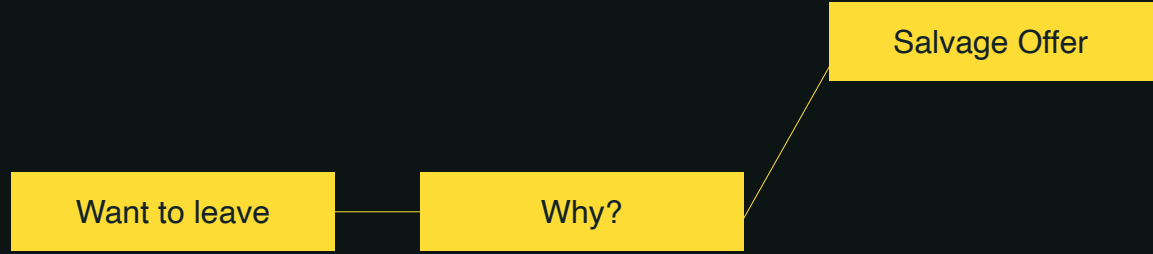
You have a customer wanting to churn and moving like a freight train to cancelling.

This question stop them in their tracks and makes them think of something positive.

You not only get data here, but it primes the user to stay.

Based on their answers, I can now make an offer for them to stick around.

Salvage offer to save them.



- Add friction
- Redo the flow

- Catalog to automate
- Predict future churn



Salvage Offer

“I can put you on the \$XXX plan for 90 days”



Maintenance plan to save their data
and presets.



- Add friction
- Redo the flow

- Catalog to automate
- Predict future churn



Salvage Offer

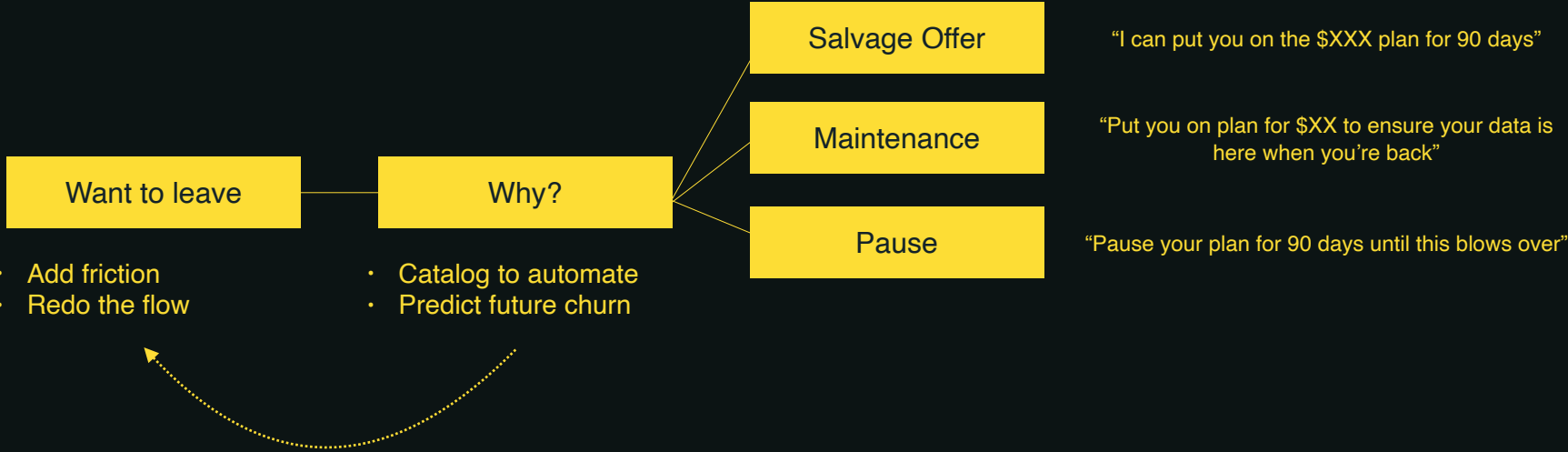
“I can put you on the \$XXX plan for 90 days”

Maintenance

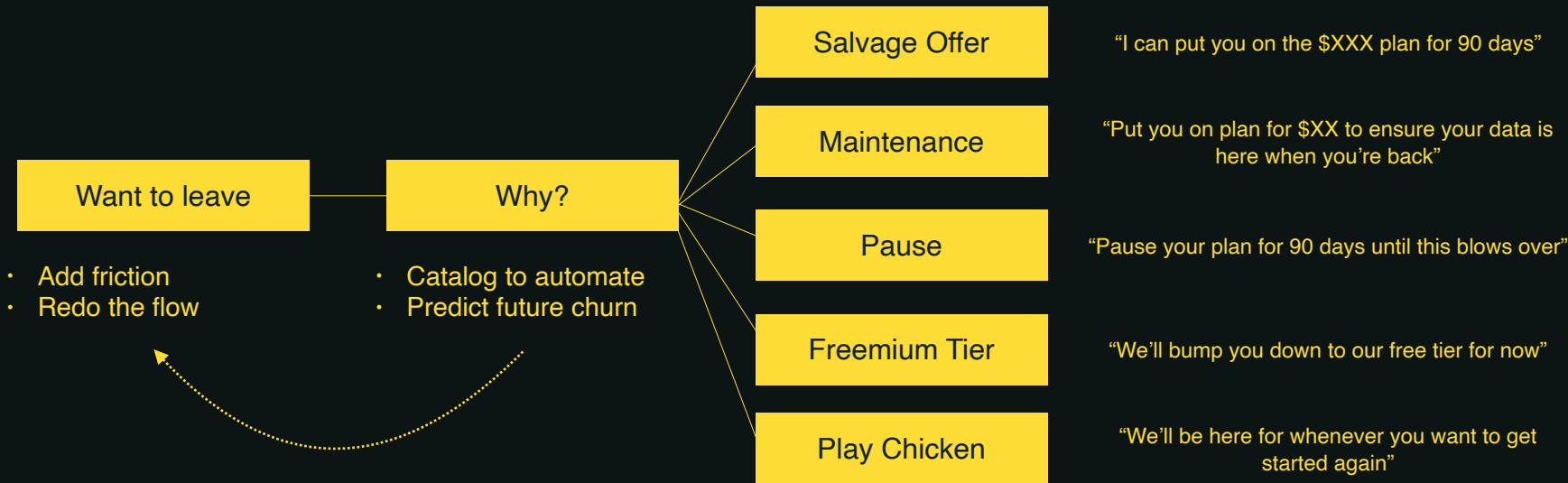
“Put you on plan for \$XX to ensure your data is here when you’re back”



Pause plan that automatically
renews in XX days.



Or I let them leave, because I can't help them. 🙄

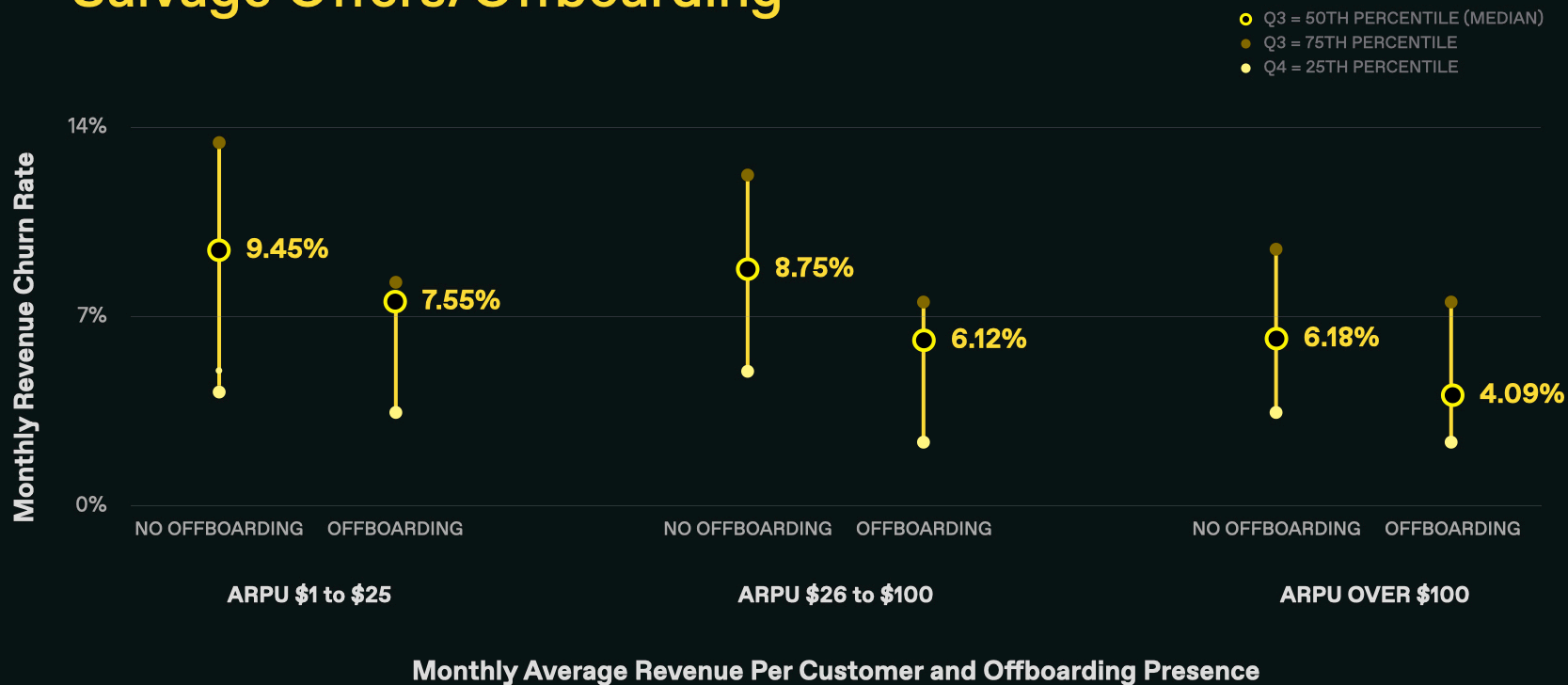


“Patrick - this surely won't do much?”

When will you trust me?

Cancellation flows reduces churn by
up to 25%.

Salvage Offers/Offboarding



The only way to do a mic drop right now is bang my head on the ground, but this is already weird enough, so let's move on.

3.

Payment failures

This is the sexiest topic in the world.

Yea - that was awkward.

Yea - that was awkward.
For us all.

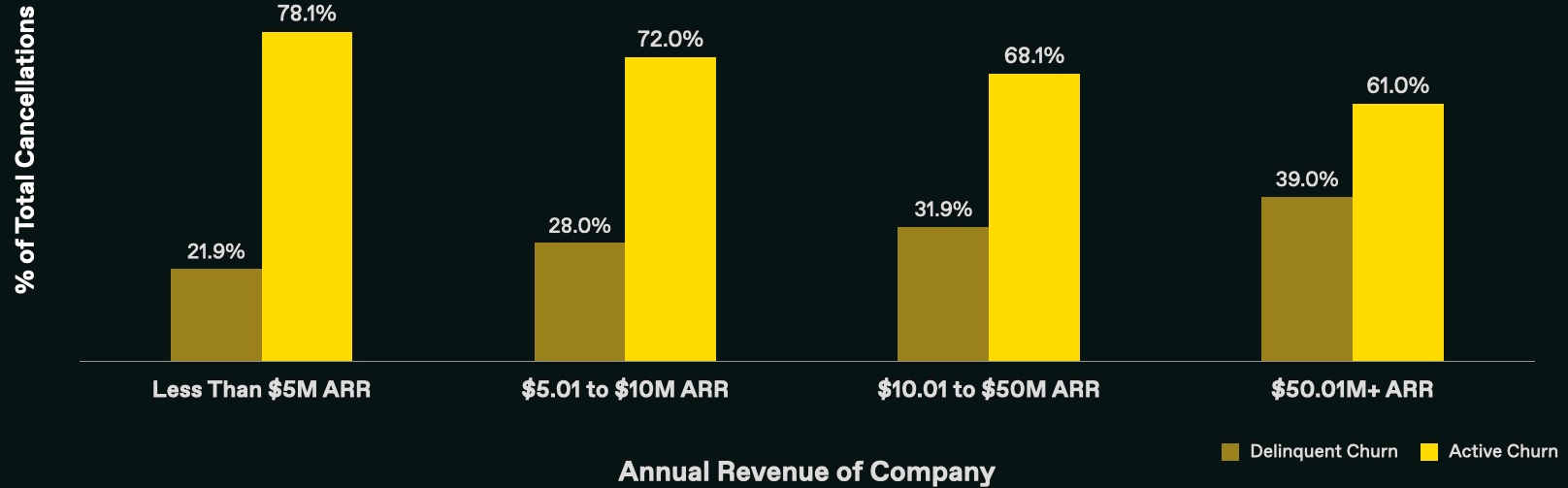
Yea - that was awkward.
For us all.
I'm so sorry.

But I need to jazz up credit card failures.

Payment failures account for 20-40%
of your lost customers.

It's insane.

20-40% of Lost Customers in B2B/DTC



Why?

Most companies don't think of this area, because they think it's solved.

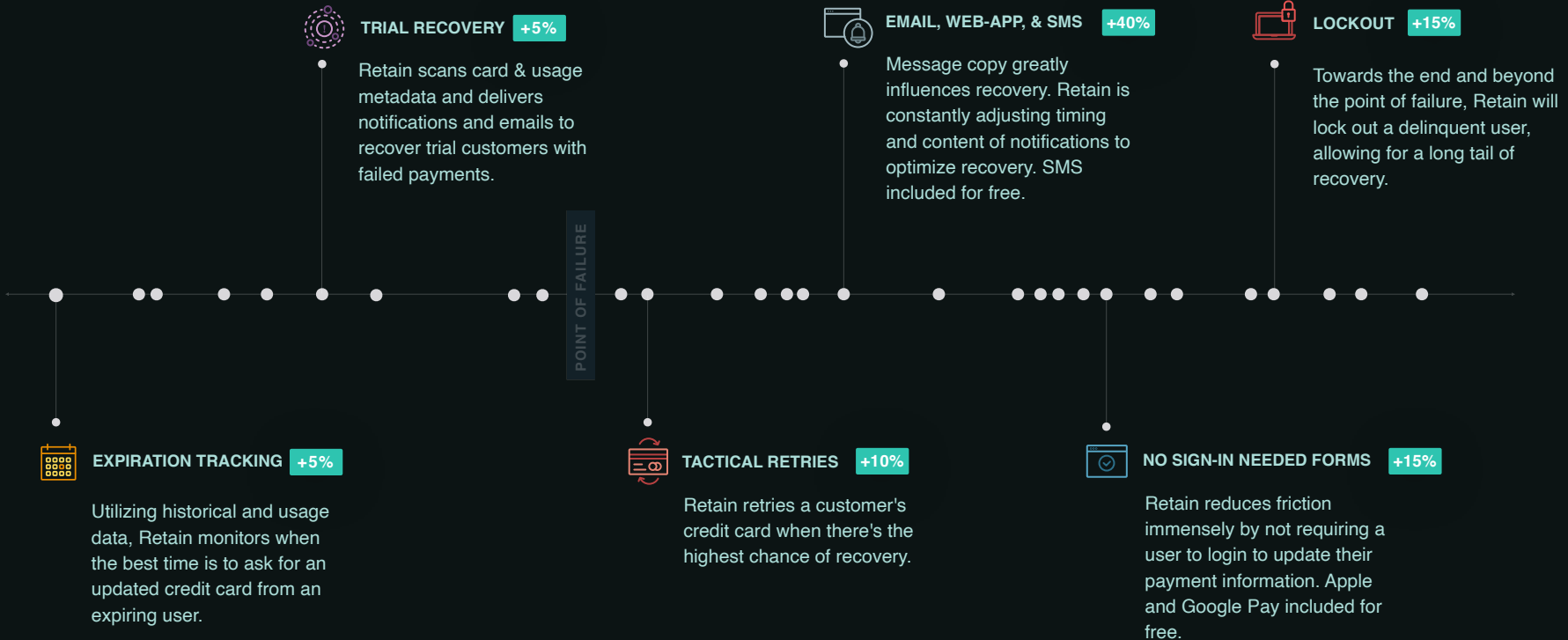
In reality, companies could double their recovery rates.

DOUBLE.

DOUBLE.

By treating this area as a marketing channel.

Retain's targeted approach



There's a lot here to unpack.

There's a lot here to unpack.
It would require a higher level
vocabulary than I have now.

But a couple of things.

Plain text emails have **+50%**
engagement rate.

Don't make your users login to
update their payment information.

Do NOT send emails for expired cards. Use in-app notifications.

Ok - last tactic.

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Make sure to tag me. @patticus

You all ready?

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Before we do though - What's the biggest thing that holds back SaaS companies?

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Let's all shout it out on 3.

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You ready?

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1

Share this insanity to LinkedIn and Twitter.
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2

Share this insanity to LinkedIn and Twitter.
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3

Share this insanity to LinkedIn and Twitter.
Make sure to tag me. @patticus

RETENTION.

Share this insanity to LinkedIn and Twitter.
Make sure to tag me. @patticus

Ok - I tricked you.

Share this insanity to LinkedIn and Twitter.
Make sure to tag me. @patticus

I'm sorry.

Share this insanity to LinkedIn and Twitter.
Make sure to tag me. @patticus

I'm sorry.
A little bit.

Share this insanity to LinkedIn and Twitter.
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That was fun for me.

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But we're all right.

But we're all right.
Churn is part of retention.

Yet, retention involves also **selling more stuff** to your existing customers.

The fastest growing SaaS companies have **20% or more of their new revenue each month** coming from their existing customers spending more.

Most SaaS companies it's **less than 5%**.

Why?

You need more stuff to sell. 💰

More products to **cross-sell**.

More products to **cross-sell**.
Premium versions to **upsell**.

More products to **cross-sell**.
Premium versions to **upsell**.
Value metrics to **expand accounts**.

Those are all hard.

Those are all hard.
You need them, but they're hard.

4.

An easy kickstart - **add-ons**.

Instead of bundling, add-ons are features you sell as extra.

Think priority support, analytics, a special integration, etc.

Customers with add-ons have
18-54% higher LTV.

They pay you more.

They pay you more.
They also retain at a higher rate.

Easy exercise to find add-ons:

Easy exercise to find add-ons:
Find features used by **less than 40%**
of your base or segment.

Won't be perfect every time, but
really good candidates.

Enough? Everyone get some value?

To close out, I hope you learned something.

If you didn't, but still want to solve all this,
ProfitWell Retain does everything we've
talked about for you - automatically.

It's also free, unless we make you
money. 😊

At the very least, I hope you were entertained.

If not, come to the ProfitWell and Paddle booths and we can have a higher vocabulary conversation.

Find me on LinkedIn or Twitter
@Patticus.

Find me on LinkedIn or Twitter
@Patticus.
I don't check LI messages. 😊

Thank you.

Churn.