



REDUCING FRICTION IN SUBSCRIPTION PAYMENTS

Maximize the customer lifetime value of your preferred customers

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From video streaming platforms to music services, subscriptions have never been more popular. Customers value the convenience of being able to receive your services for as long as they choose, without having to place individual orders every time.

Many subscriptions are paid for with recurring payments, which should be effortless if they are to provide low-friction customer experiences. But in practice, cards are sometimes declined unnecessarily – even for customers who have been using your service for years. This can result in frustration, annoyance and a negative customer experience, while putting your business at risk of losing subscribers.

The good news: there's a way that you can improve customer experience, minimize disruption, and maximize the customer lifetime value (CLTV) of your most valued customers.

The quest for customer loyalty

When you offer a subscription service, you need to keep your customer happy across every touchpoint, from marketing communications to payments. And you need to do this across the lifetime of the subscription.

Any hiccups in the service can tarnish your brand, and could prompt your customers to shop elsewhere. A card decline, in particular, offers your customers a decision point to stop paying for the service. In fact, 66% of customers who have their card declined will take their business elsewhere.

So what's the solution? By recognizing that some of your customers are low-risk, consistent and loyal – in other words, 'preferred customers' – you can take steps to reduce the likelihood of card declines for that subset of customers. Let's take a closer look at how this works in practice.

Smoothing the path for preferred customers

A preferred customer program can deliver significant benefits for you and your customers. By reducing decline rates in certain cases, you can eliminate frustration and delays for your most loyal customers.

The first step is to identify your preferred customers, based on your chosen criteria such as length of relationship and billing history. You then agree with card issuers to relax approval parameters for those customers, while agreeing to not represent any chargebacks for them – thereby reducing the likelihood that those loyal customers' cards will be declined.



In a recent pilot with a major streaming service, the FIS® Authmax Preferred Customer service enabled 1.35M approvals on transactions that otherwise would have been declined, for a merchant value of \$23.8M.

Maximize the customer lifetime value of your preferred customers

In this way, you can keep recurring transactions flowing, while improving the subscription experience for your preferred customers, with fewer false declines and less friction. By reducing disruptions in the service you offer to customers, you can maximize CLTV and speed up time to cash. Issuers stand to benefit too: by giving cardholders a better experience, they will be better placed to earn, or retain, top of wallet status.

How can FIS help?


Through our relationships with both merchants and card issuers, FIS is uniquely positioned to leverage data and expertise from both sides of a transaction. With the FIS® AuthMax Preferred Customer service, which is based on the industry's largest data set, merchants may be able to salvage 20-50% of eligible transactions that would otherwise be declined. In a recent pilot with a major streaming service, Authmax Preferred Customer enabled 1.35M approvals on transactions that otherwise would have been declined, for a merchant value of \$23.8M.


Merchants select their good-standing cardholders and reduce declines by accepting the risk of chargebacks for those transactions – enabling them to realize the full potential of customer lifetime value. Issuers, meanwhile, can reduce chargebacks on certain transactions, improve the experience for their cardholders, and keep their cards top of wallet. And customers enjoy a continuous, disruption-free payment experience that keeps them loyal.



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