The background is a solid blue color with several decorative elements: a large teal circle in the top left, a smaller teal circle in the top right, a teal circle with a white center in the bottom left, and several concentric teal circles with arrows indicating a clockwise cycle in the bottom center and bottom right. A thin teal line runs diagonally from the top left towards the bottom right.

# The Retry Strategy: How to Increase Your Customer Lifetime Value by a Minimum of 43%

# The Retry Strategy

How to Increase Your Customer Lifetime Value by a Minimum of 43%

“If at first you  
don't succeed,  
try, try again.”

The retry strategy is simple, powerful, and totally overlooked. It's often referred to by fancy names like dunning or recycling. Simply put, it just means to try again after a subscription rebill is declined.

How does that prevent involuntary churn? Simple. No matter how much a customer loves your subscription offering, they will often cancel without hesitation if their service is disrupted, or if keeping the subscription requires more effort on their part than letting it lapse.

That means the onus is on you, the subscription provider, to do everything possible to collect your money without disrupting service to the subscriber or giving them an out when a payment is declined.

# The Retry Strategy

How to Increase Your Customer Lifetime Value by a Minimum of 43%

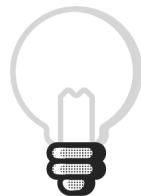
The secret lies in how you retry your rebills. From worst to best, here are your options:



## Bad idea

Don't retry at all

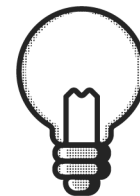
Deactivate service to your customer and hope they contact you with a valid payment number. Sit back and watch the churn.



## Okay idea

Retry blindly for a few consecutive days

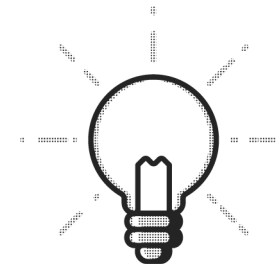
It does work some of the time. Surprisingly common, and better than doing nothing.



## Good idea

Retrying at more strategic intervals

It's a middle-of-the-road strategy that yields better results than the consecutive approach. Intervals like 6 days between rebills are moderately successful.



## Better idea

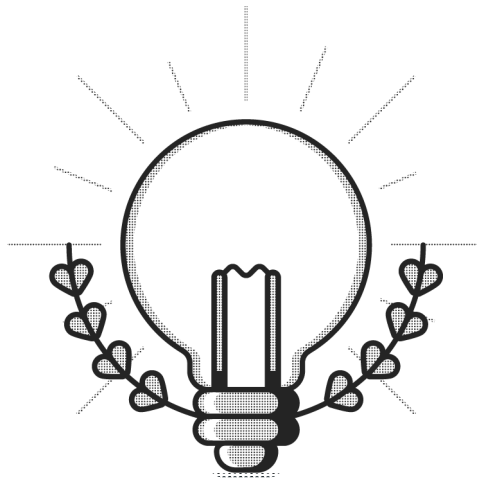
Set your retry strategy based on the transaction response code

Now we're thinking. An optimal strategy for insufficient funds is quite different from an optimal strategy for a card that was canceled because it was lost or stolen.

But wait,  
there's more

# The Retry Strategy

How to Increase Your Customer Lifetime Value by a Minimum of 43%



## **Best idea**

Set your [retry strategy based on data](#)

The best strategy goes beyond just good thinking, and takes data into account. Using your own historical transactions, and even our own learnings from processing millions of transactions, you can actually arrive at the optimal rebill strategy for each and every transaction.

For example, a Chase Platinum Visa Credit Card has a completely different rebill strategy from a Capital One Prepaid Debit Card. Leveraging a large data set like Rebillly's can help you determine the optimal approval window for every declined transaction, giving you a truly smart and powerful rebill strategy that will result in far more approvals, far less churn, and far fewer wasted rebill attempts.

# The Retry Strategy

How to Increase Your Customer Lifetime Value by a Minimum of 43%

There are dozens of different “decline codes” you receive back from your payment gateway provider when a transaction is not approved or requires additional action. We won’t cover them all here. Instead, we’ll focus on the ones that are most common, that present an opportunity for you to prevent churn and maximize profit by taking further action.

## Insufficient funds (NSF)

### *What it means:*

The balance available on the card is less than the amount you are trying to charge.

### *What to do:*

Your best strategy will vary, based on the type of card you are processing.

- For **debit cards**, the best strategy is to try to hit it on payday. Debit cards are typically limited by the amount of cash available in the account, plus a small overdraft limit. This cash is often depleted between pay cycles,

and replenished again on payday — so by figuring out when the cardholder gets paid, you maximize your chance of rebilling success.

- For **credit cards**, where the available balance is impacted by recent payments, the best strategy is to rebill on the cardholders, payment “due date” — right after they’ve paid down a bit of the balance and made room for your transaction.
- **Reloadable pre-paid cards** are very similar to debit cards. Funds are typically replenished on or around payday. Charge them then.
- For **non-reloadable prepaid cards**, your best bet is to collect a partial payment, and ask the customer for an alternate payment method to cover the balance. We suggest using automated, low-effort ways to do this to prevent cancellations and chargebacks.

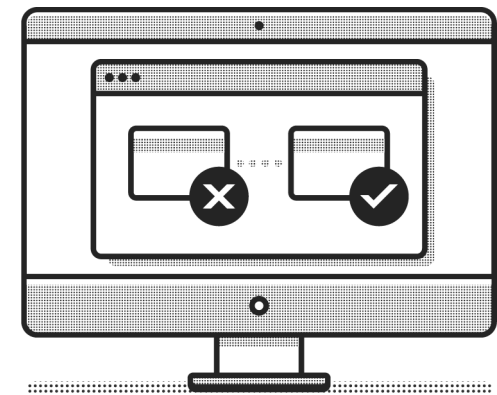
## Do not honor

### *What it means:*

“Do Not Honor” can mean just about anything. In some regions, card issuers use this code when they aren’t allowed to disclose that funds are insufficient, due to privacy regulations. In other cases, the card issuer may be unwilling to complete the transaction due to a heightened risk profile.

### *What to do:*

Follow the same strategy outlined above for insufficient funds.



# The Retry Strategy

How to Increase Your Customer Lifetime Value by a Minimum of 43%

## Expired card

### *What it means:*

The card is no longer valid since it has passed its expiration date. More than likely, a new card has been issued with a new account number and/or expiration date.

### *What to do:*

We recommend a strategy that, whenever possible, seeks first and foremost to prevent expired card errors. Getting new card information before the card expires reduces the risk of churn, and keeps your revenue predictable.

Strategies for proactively updating credit card information before they expire include:

- **Account Updater services**

Certain issuers offer services (like MasterCard's Automatic Billing Updater and Visa's Account Updater) that can keep your card-on-file data current. Again, only certain

issuers participate — and coverage varies dramatically from country to country.

- **Ask customers for their new number before the old one expires**

Depending on the nature of your relationship with the customer, and the subscription services you provide, it can be highly effective to reach out to your customer 30 to 60 days in advance of expiration to ask them to update their payment information.

In some businesses, this is a risky strategy since it may give the customer an opportunity to reevaluate your service and potentially churn voluntarily. You know your business better than anyone else: if your customers are loyal and your service is extremely high-value, you should try this approach. If you have very high voluntary churn though, proceed with caution.

After a card has officially expired:

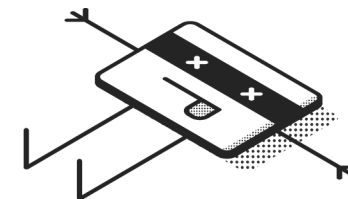
- **Guess the new expiration date**

Seriously. It sounds crazy, but it's not — and it works. With the exception of massive card reissuances like the EMV chip card rollout in the United States, it's a legitimate, moderately successful approach. Here's how to do it.

First, try the card again by submitting an authorization request without any card expiration date. Most gateways will reject it, but a few won't.

Next, try the card again with an expiration date that is exactly three years later than the date you originally had on file.

If that doesn't work, try four years. Finally, if that doesn't work, try just two years.



# The Retry Strategy

How to Increase Your Customer Lifetime Value by a Minimum of 43%

## Restricted card

### *What it means:*

“Restricted card” typically means the issuer is blocking transactions between their customers and merchants in your country.

### *What to do:*

First, try the card again – but wait 13 days. Occasionally, this message is erroneous since many issuers use really old technology. If there was a wholesale problem at the issuer, 13 days is usually enough time for them to identify and fix it.

If you get this error often and it's costing you a lot of lost business, you may want to consider the following option: opening a subsidiary or related branch in the country that is restricting transactions with you, and opening a merchant account in that country to process the payments. It requires effort and expense, but many businesses have found it profitable.

## Lost card, stolen card, pickup card, or hot card

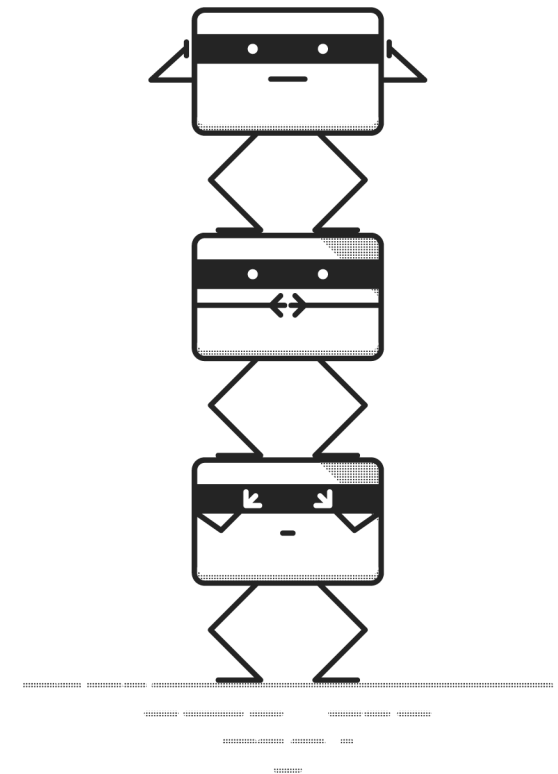
### *What it means:*

Each of these terms typically means the card you are attempting to process was either lost or stolen.

### *What to do:*

What you don't know is whether your customer was the victim, or the thief. Either way, it doesn't make sense to try to charge the card again.

If your customer was the victim, account updater services can help for certain issuers. Otherwise, this is one instance where you'll need to engage with your customer to update your records.



Our strategy is the result of years of experience building our own highly successful subscription business – and helping some of the largest in the world to reduce churn with the same hacks we’re sharing with you today.



**Adam Altman**  
FOUNDER, REBILLY



[Try Rebilly Free](#)



© 2018 Rebilly SRL  
Rebilly.com

**Rebilly**