ProfitWell™

MASTERING CREDIT CARD FAILURES

LESSONS & BENCHMARKS
IN CREDIT CARD FAILURE
FOR B2B SAAS

Losing customers always hurts!

You work so hard to build something of value and acquire a customer, and then poof - they're gone for a whole host of reasons. **When this happens, we like to make excuses to make ourselves feel better.**

OH THAT CUSTOMER WASN'T OUR TARGET.

CHURN'S A FACT OF LIFE, LIKE DEATH AND TAXES

UGH, THEY WERE DIFFICULT TO DEAL WITH ANYWAY

While some of these reasons are justified, there's one reason customers churn and cancel that there's little to no excuse for: credit card failures.

Bit of a shock, right? Well, probably not since you grabbed this book. Yet, credit cards are mechanical devices that are subject to failure and **account for 20-40% of your churn and cancellations in the world of B2B SaaS. It's the largest single bucket of churn.** To make matters worse, we're terrible at recovering these customers—only recovering three out of 10 of those whose credit card fails.

We've been studying this problem for years at Profitwell, and even have a product called ProfitWell Retain that solves credit card failures with the highest credit card recovery rate in the market. This book isn't a sales pitch though; it's a call to action and documentation of a **problem that's lurking beneath the surface of your business.**

We're going to use our experience and research gleaned from studying 1.2 billion credit cards as a blueprint to bridge the recovery gap within your business, so you can tactically eliminate your credit card failure problem and boost your revenue by keeping your existing customers.

Credit card failures are a problem!

Before we can understand how to fix payment and credit card failures, we need to understand the extent to which these involuntary cancellations are a problem. Let's review why credit cards fail and walk through data from a few thousand B2B SaaS companies to see the extent of the problem in your business.

CREDIT CARDS ARE MECHANICAL DEVICES SUBJECT TO FAILURE

We know credit cards aren't the sexiest topic in the world, but we'll certainly make them interesting (especially after studying them more than we ever thought we'd need to in our lives). Interestingly enough, the concept of the credit card has been around since Edward Bellamy's utopian novel *Looking Backward in 1887.* The first plastic cards followed relatively shortly in the 1930s with the modern version coming in 1958 from Bank of America.

Now you might think, "Of course the credit card has come a long way since 1958," but you'd be wrong. Apart from in-person chips and computerization, credit cards haven't been updated much. In fact, the processing technology and underlying rules of credit haven't changed much since the 1960s.

As a result, there are roughly 130 reasons why a credit card fails, but oftentimes these reasons defy patterns and logic. For example, in our research we've found that if your processor is in the United States, but you have a customer you're trying to charge in Finland, there's a 250% increase in the probability of that charge getting falsely flagged as fraud. Sadly charging that customer consistently doesn't do much—the probability doesn't change on the subsequent subscription charges.

Other reasons for credit card failures are more obvious, but just as quirky. Ninety percent of credit cards expire every three years, which means if your average customer has a life cycle of 18 months, half will need to be updated each year. Limit failures—a customer not being able to make a charge because he's at his limit—seem logical until you realize that some lower-limit cards actually deny charges *before* the limit has been reached, and others will allow the card holder to go over their limit.

Our personal favorite (given we serve subscription companies) are recurring flags, which are basically charges that the bank deems are essentially double charges, even if they take place after 30 days.

Below is an extended list but email us at product@profitwell.com if you truly want to know every single one.

- 01 / Refer to issuer
- 02 / Refer to issuer, special condition
- 04 / Pick up card (no fraud)
- 05 / Do not honor
- 51 / Insufficient funds
- 54 / Expired card
- 57 / Transaction not permitted, card
- 65 / Activity limit exceeded
- 93 / Violation, cannot complete
- 07 / Pick up card, special condition (fraud account)
- 41 / Lost Card, Pick Up
- 43 / Stolen Card, Pick Up
- 00 / Issuer system unavailable
- 12 / Invalid transaction
- 13 / Invalid amount
- 14 / Invalid card number
- 15 / No such issuer
- 19 / Re-enter
- 28 / File is temporarily unavailable
- 58 / Transaction not permitted, terminal
- 62 / Invalid service code, restricted
- 63 / Security violation
- 85 / Issuer system unavailable
- 85 / No reason to decline
- 91 / Issuer switch is unavailable
- 96 / System error
- 85 / No reason to decline
- 91 / Issuer or switch is unavailable
- 93 / Violation, cannot complete
- 96 / System error
- CV / Card type verification error
- R0 or R1 / Customer requested stop of specific recurring payment

SURELY CREDIT CARD COMPANIES MAKE IT EASY TO GET MONEY?

You'd think credit card companies would make it easy to understand and recover failed payments. After all, they want to get paid on their fees, so they want more charges. Unfortunately, you'd be wrong, not because they don't want money, but because credit card complexity makes recovering payments complicated.

If you look back at the list above, you'll notice there are failure codes listed. These are relatively helpful in understanding why a credit card has failed. Yet, interestingly enough sometimes there are multiple reasons why a card has failed, but your processor may not send you all the codes.

Sometimes *they* don't even get access to the codes. In a study we completed in 2019, we found that roughly 25% of the codes provided for failures were incorrect, or at least called into question as not being the primary reason the card failed.

So just retry the credit card, right? Well, it's a bit more complicated, because doing automatic retries is definitely something you should be doing (and is mostly turned on by default no matter the subscription management tool you're using). Yet, sometimes the retry will work and sometimes it won't.

You're entirely at the mercy of the processor and the credit card company.

Sometimes they'll allow an expired card to go through, sometimes they won't. Other times they'll allow a card to go past its limit—sometimes they'll fail a card before the limit is even reached. Don't even get us started on customers who are outside of your home region. Internationalization can be a nightmare.

We know this is frustrating, but in defense of the credit card companies, you have to realize there are 2.8 billion credit cards in the world as of February 2020. Many of which are used multiple times per day. Given the law of large numbers, in aggregate they maybe only fail at a rate of .1% (a failure or downtime rate any of us would be proud of). Yet, if three billion charges take place a day that means three million will fail each day.

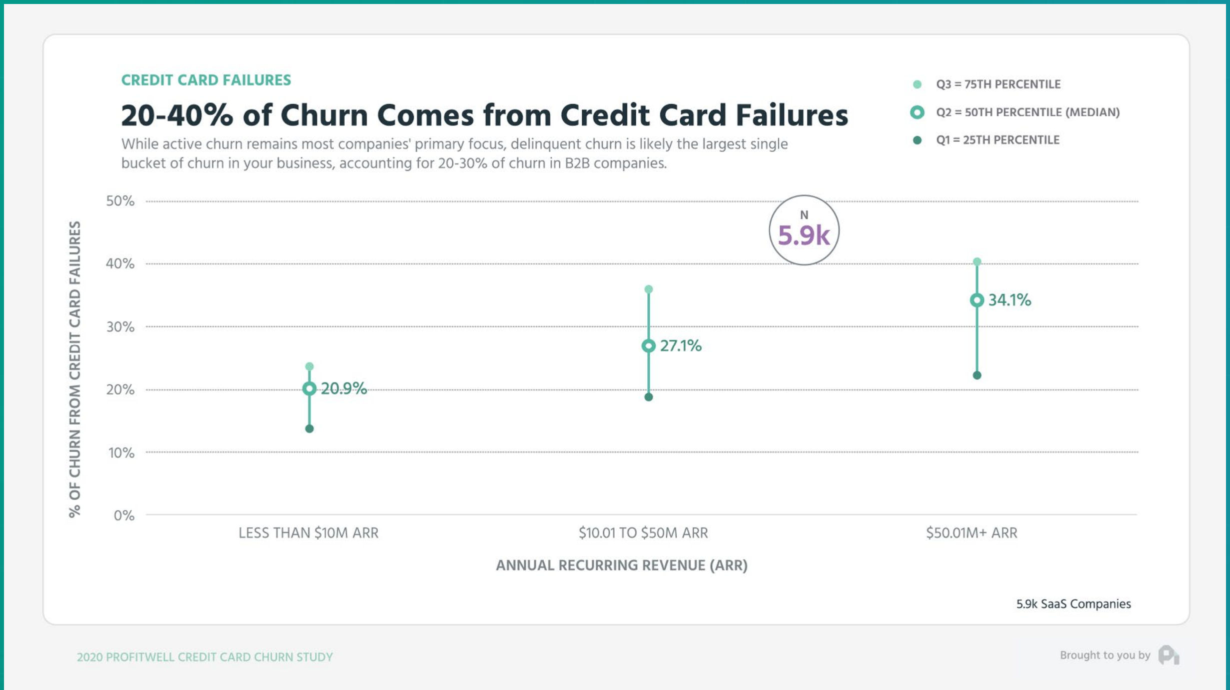
So what's a business to do? Well, we're going to go through how you can work well with the credit card company to get to a high recovery rate, which really comes down to making sure you have a multi-faceted approach to recovering failed payments, and going to the source—the customer—for recovery. First though, let's make the impact hit a little closer to home by showing you just how big of a problem this is in your subscription business.

20-40% OF YOUR LOST CUSTOMERS ARE FROM PAYMENT FAILURES

Every month you lose customers—churn is just a fact of life. Yet, the makeup of those customers is quite fascinating, because for example, if you lose 100 customers in a month, 20 to 40 of those are going to be because of credit card and payment failures.

Seems outrageous, but let's show the actual data. In the graph below you're looking at data from 5.9k B2B SaaS companies of varying sizes. A couple of key takeaways:

- On a median basis, the proportion of lost customers due to payment failures hovers between 20.9% on the low end and 34.1% on the high end.



WHY IS THIS HAPPENING? POOR RECOVERY RATES.

The astute financier in you may be thinking, “Well this is just a sunk cost, something I can’t control much.” Yet, remember, **payment and credit card failures are a mechanical problem.** These customers aren’t leaving because they didn’t like your product. Many of them aren’t even aware their payment failed.

You may think, “Well if they wanted the product, wouldn’t they come back?” In an idealistic, pollyanna world, of course, but this is tantamount to saying, “If we build it, they will come.” Reality is much more pragmatic and many of our products aren’t used every day (or at least aren’t used every day by the right buyer).

Instead, the problem exists within our businesses. We are terrible at recovering failed credit cards and payments. Just how terrible? Well, if 10 people go delinquent, we’re only recovering two to three of them. You’re never going to recover all of these customers, but 20-30% is abysmal.

Here’s the data and a couple of highlights:

- **On a median basis,** B2B SaaS companies are only recovering 24.9% of failed payments on the low end and 33.9% on the high end.
- **As B2B SaaS companies get bigger it seems** they get a bit better at this problem, likely due to more taking it seriously, but it’s not much of an improvement.
- **With ProfitWell Retain** (which has the highest recovery rate in the market) we’re looking at recovery rates that range from 55.9% and 61.9%—double the industry median.

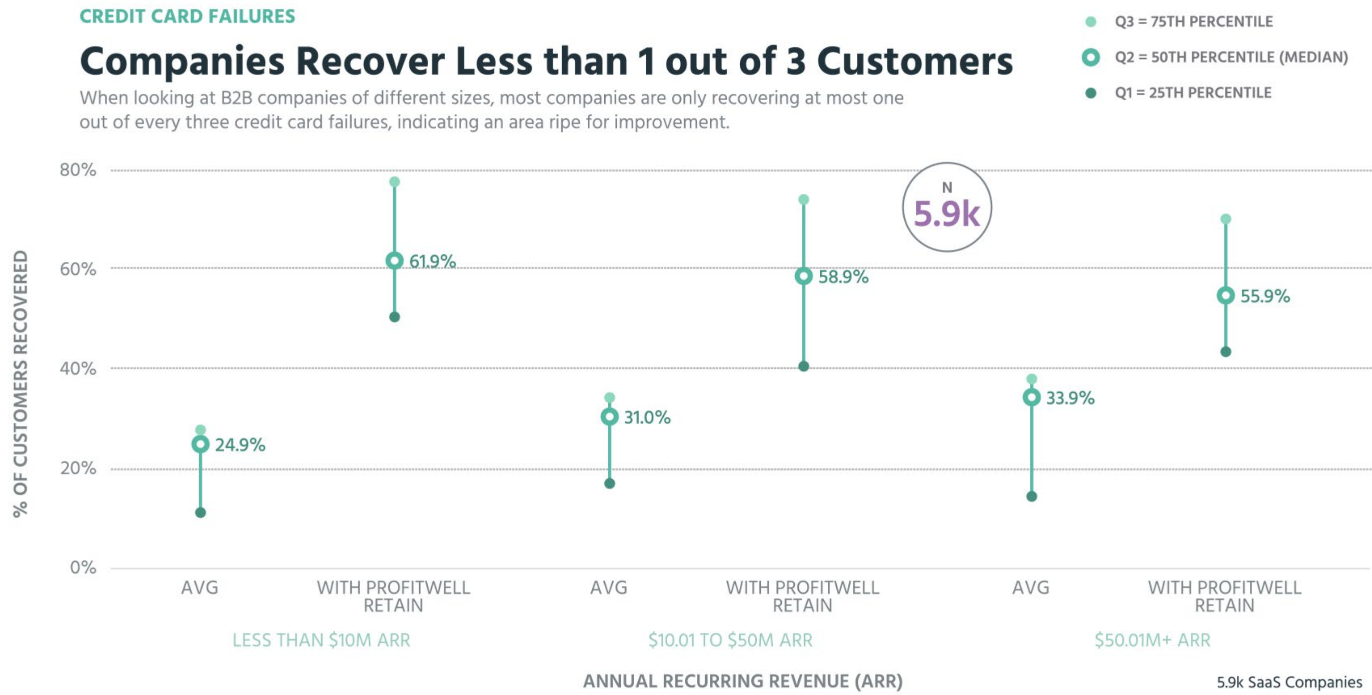
If we go even deeper into the root cause here, you’re typically terrible at recovering failed payments because this isn’t a primary focus of your business. Of course, credit card failures shouldn’t be your focus, but oftentimes we see businesses have done next to nothing to shore up these lost customers, or at best they’re treating these customers with a bill collector hammer and incendiary email copy.

Let’s walk through how you can do better and keep more of these customers around.

CREDIT CARD FAILURES

Companies Recover Less than 1 out of 3 Customers

When looking at B2B companies of different sizes, most companies are only recovering at most one out of every three credit card failures, indicating an area ripe for improvement.



How to recover failed credit cards and payments

We'll say this again, credit cards are mechanical devices subject to failure, and your recovery strategy should take advantage of that fact. We'll first go through the framework of how you should think about getting your recovery rate higher, before walking through an end-to-end tactical list of how to recover payments.

FRAMEWORK: INCHES, MARKETING, AND MINIMUM VIABLE TACTICS

Three concepts absolutely crucial to getting your recovery rates as high as possible are: 1. Make sure you treat these customers as a marketing channel. 2. Recovery is a game of inches, and 3. Protect the user experience by using the minimum viable tactic.

Make sure you treat failed-payment customers as a marketing channel

Customers who have a credit card fail are exactly that: customers. Yet, in the few hundred different payment recovery flows we've reviewed, many B2B SaaS companies are treating these individuals like delinquents and rabble rousers. Messaging is either sterile or aggressively bill collector-y.

You wouldn't treat a new customer or prospect in this manner, so why would you treat an existing customer this way? Remember, many of these individuals are likely not aware their credit card failed, and even if they are, it's likely not their fault based on the 130 different reasons credit cards fail.

Treat customers like the humans they are and make sure the messaging and copy you use reinforces the value of the product.

RECOVERY IS A GAME OF INCHES

Our other concept within our recovery framework is that recovery is a game of inches (or centimeters if you're metrically minded). Depending on your technical bandwidth, the breadth of the problem, or your other priorities, you're not going to be able to do everything for credit card failure recovery. Yet, you should be doing something.

Most B2B SaaS companies we look into aren't even having their processor retry credit cards, let alone sending emails and in-app messaging to get updated payment information. You'll soon realize that the majority of these recovered customers come from actually getting the customer to update their payment information.

We'll dig deeper in just a second, but we recommend having a member of the team at least spend part of a quarter setting up the basic infrastructure for payment recovery and then periodically coming back to test and adjust methods.

In reality, you should be optimizing this constantly, especially when you get over $8-10 million in annual recurring revenue, because the revenue is worth the squeeze. You're likely not going to do this because of priorities though, so try using something like ProfitWell Retain, where we continually optimize for recovery with a pay-for-performance model.

MINIMUM VIABLE TACTIC

The final leg of our framework is making sure we do the minimum to get an individual payment recovered. You're going to implement a bunch of tactics in aggregate, but for each individual customer you want to make sure they have a phenomenal experience.

In this context, we would favor a credit card payment retry over an email, because we want to protect the user experience. Similarly, as a customer approaches the end of their grace period and the point of churn gets closer, we'd be ok with more messaging as we're trying to get this customer back and the risk of losing them is now higher than ever.

Essentially, we want to be smart with our marketing and game of inches here, because these are customers and we want them to have a great experience even if they're on the precipice of leaving us. Of the three planks of our framework, you may ignore this one if you don't have a lot of time or resources to dedicate to payment failures. Yet, if you're a larger B2B SaaS company, this should be part of your bare minimum—although it will require some extra effort.

TACTICALLY, A MODEL FOR RECOVERING CREDIT CARD FAILURES

With our framework in mind, let's walk through the tactics used from the start of the credit card failure process to the end. For the sake of simplicity, we'll break this into two major parts: A. Before the point of failure, and B. The grace period after the point of failure.

Note that none of these tactics will recover a bulk of your payment failures alone, but will need to be used in tandem with one another. To give you a sense of impact, we've labeled each title with a range of expected payments recovered (on an absolute basis). Keep in mind that actual results will vary depending on your vertical, average revenue per user, location, etc.

Also, a shameless plug the sales folks are making us put in here—all of these are done for you and optimized continuously by our retention team for our customers using ProfitWell Retain.

BEFORE THE POINT OF FAILURE

Recovering failed payments begins before the credit card actually fails. This period is often called pre-dunning and it involves a crucial couple of "inches" to add to your credit card recovery repertoire. The two levers here are expiration tracking and at-risk monitoring.

EXPIRATION TRACKING: +3-10%

Perhaps easiest to implement is reaching out to customers who have cards that are about to expire and asking them to update their payment information. **DO NOT** reach out via email unless you do some of the more advanced tactics we'll talk about in a bit. Instead, use in-app notifications starting roughly 30 days before the charge that occurs past the card expiration date.

We want to use in-app notifications here because it's the minimum viable tactic to get the card recovered. The reason it's the minimum viable tactic is that email and SMS communication actually **increase** active cancellations by 11-18%. You're reminding customers a purchase is coming up, which forces them to rethink the purchase, and if your messaging is poor (which is for most companies), then you're going to increase cancellations. In-app messaging targets them when they're actively using the product, which has a higher likelihood of recovery.

To be clear, we're not saying you should fear emailing your customers. If you take the time to properly fix your messaging and build a data model to identify when and who should be emailed, then sending an expiration email is a great idea. Yet, keep in mind you're probably not going to go through that work, and that a good number of these expired credit cards are going to get updated by the processor—especially AMEX cards in B2B SaaS.

As such, protect the experience and the churn by taking the lazier and effective option (unless you're going to get more advanced). In terms of timing of in-app notifications, we recommend starting 30 days out, but make sure you have good snooze control. If someone snoozes or dismisses the notification, wait a week initially, and then show it to them again. If they snooze again, wait three days. Again? Now go daily. Essentially, you want to get more aggressive as the 30 days come closer, using our doctrine of minimum viable tactic.

AT-RISK MONITORING: +5-10%

If you don't have engineering resources or data chops to deal with credit card failures, then skip this section. For the rest of you, at-risk monitoring should be a tool in your toolkit for the pre-failure period.

Depending on your business, you'll be able to study a good number of patterns within your data. You'll see anything from customers in Finland, who have a 250% higher probability of getting flagged as fraud for US companies, to pre-paid debit cards failing every X months. All circumstances will differ, but you should set up a model to study your payment failure codes and then use the in-app, email, and SMS instructions from the expiration point above to recover more failed customers.

At ProfitWell, we're sitting on the metadata from roughly 1.2 billion credit cards, so we've modeled on a global, vertical, and individual level. Happy to chat through how we set that up if it's helpful for your endeavors.

AT THE POINT OF FAILURE AND BEYOND

Once a card fails, the real fun begins and the customer enters into a grace period that gives you time to recover the customer's payment information. Before we walk through the levers to pull during this period, let's talk grace period.

We recommend a grace period of 14 days, meaning once the card or payment fails, you'll have 14 days to retry the credit card or get updated payment information from your customer. Fourteen days is pretty crucial, because it's the point at which we see recovery drop off an asymptotic cliff. You'll still do a number of things after these 14 days to recover customers, but this is the point you should officially mark the customer as lost.

Why would you go shorter than 14 days? Well, some of you sell data or limited-use products where trial fraud can be a problem. If this is the case, we would treat your trialing customer payment failures differently than your active customer payment failures. It'll allow you to handle the trial fraud with a shorter recovery window, while still maintaining a proper fighting chance with your active customers.

There are some exceptions here, but nine out of 10 of you reading this will be perfect with a 14-day window.
Having established the window, let's jump into what you do with the window.

DUMB OR SMART RETRIES: +10-15%

Programmatic retrying of a failed credit card is foundational when it comes to battling credit card failures. At the very least, make sure these are turned on inside your payment processor or your subscription management product. If the product offers "smart" retries, then make sure those are turned on too, as opposed to a product that just retries the card every X days.

Remember, retrying a credit card allows us to account for a good number of failure reasons, while also not messaging the customer. There's a limit on the number of times you can retry a credit card though. If you try too many times, you'll trigger fraud warnings and potentially rack up a lot of fees, so use them wisely.

Smart retries will get you some extra recovery, but keep in mind the intelligence driving these retries is being run by aggregate models. To take retries to the next level, you need to decouple your retry logic from your processor or subscription management product and spin them up yourself based on your data.

This is what we do with ProfitWell Retain's smart retries, where we'll observe your data in the context of global data to more intelligently retry credit cards. The effect is that retries happen based on proper triggers. For example, if you're a consumer brand, smart retries would likely trigger a retry at 12:01am PT on the first and fifteenth of the month (payday), while a B2B brand's retry logic may favor Monday since this is when a larger amount of receivables get paid.

Again, if you don't have the data or engineering power, just go basic and trust your processor or subscription management product. Yet, if you're looking for more or you're beyond $8-10 million in revenue, you should definitely decouple your retry logic.

EMAIL, SMS, AND IN-APP NOTIFICATIONS: +30-40%

As we've learned, there are a lot of reasons why credit cards fail. While we're going to aim for not over-messaging users through things like retries, the largest single bucket of recovery will come from your customer manually updating their payment information in your system. To be clear and to set the right expectations—you will need to properly message your customers to solve the bulk of the credit card failure problem.

You need to message your customers in the right manner though, which hinges on good messaging, smart cadences, and connecting with them in the right medium. Let's walk through each medium of messaging.

EMAIL

While we may all have a love and hate relationship with email, it's extremely effective, which is why we all use it for a multitiude of reasons. In terms of credit card failures, we're going to take advantage of marketing and sales best practices to get our customers to update their payment information.

In terms of copy, you should not use HTML, graphic heavy emails for a few reasons. For one, their deliverability isn't as great as plain text emails, and when it comes to credit card recovery, deliverability is key.

These types of emails also don't create a good amount of reciprocity, as they evoke an image of a faceless brand that's easily ignored with the many other marketing emails we all receive. With ProfitWell Retain, we typically see 20-30% lower click-through rates with HTML-heavy emails compared to plain text (if you're ok with this, use HTML emails, but just know the tradeoff).

Instead, make your emails more personal by making them appear to be coming from an actual human. Below is a good example. When an email comes from an individual, especially one involving an embarrassing situation of a credit card failing, individuals feel obligated to either remedy the situation or respond with reasoning as to why there'san issue.

Notice how the email also doesn't put any blame on the customer and makes it appear as if there's some sort of system issue. Accusatory or aggressive language can work, but should only be ratcheted up in subsequent emails. Further down is an example of a second email that has more "bill collector-y" language, such as "2nd Notice."

EMAIL SUBJECT PREVIEW

Your 💳 payment for Trainual failed

EMAIL BODY PREVIEW

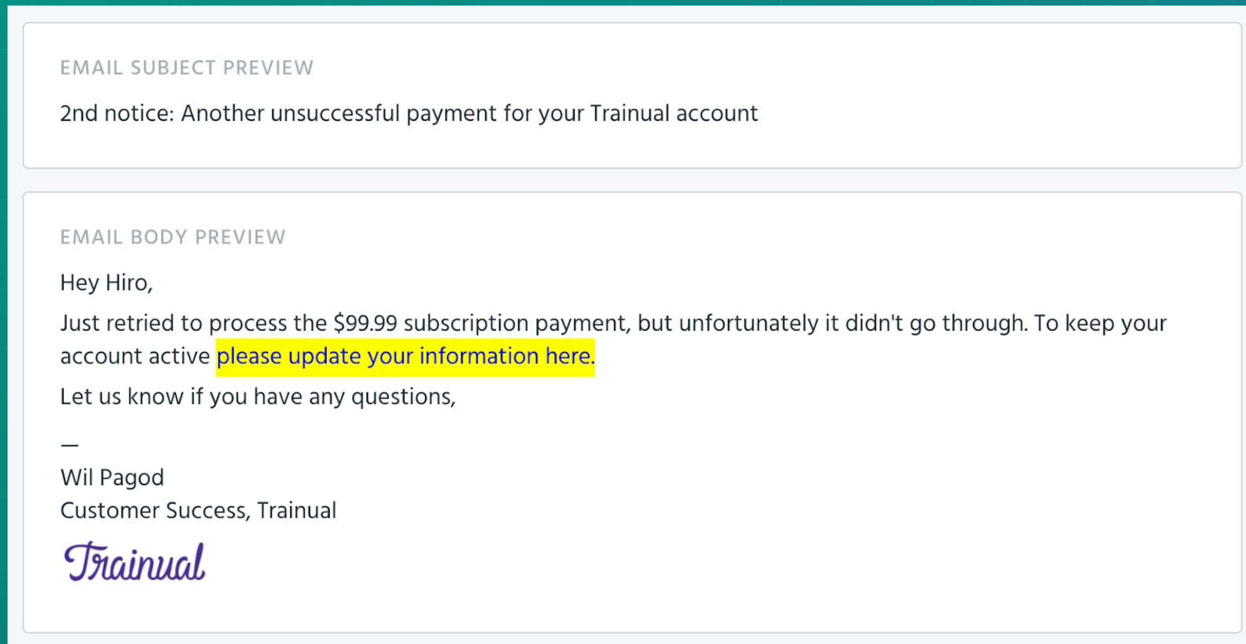
Hey Hiro,

Wil from Trainual here. I am writing because it looks like your subscription payment of $99.99 didn't go through. Please update your information here and we'll give it another try.

Let us know if you have any questions,

—

Wil Pagod
Customer Success, Trainual



EMAIL SUBJECT PREVIEW

2nd notice: Another unsuccessful payment for your Trainual account

EMAIL BODY PREVIEW

Hey Hiro,

Just retried to process the $99.99 subscription payment, but unfortunately it didn't go through. To keep your account active please update your information here.

Let us know if you have any questions,

—

Wil Pagod
Customer Success, Trainual

Trainual

In terms of all the mechanics around emails, here are a good number of notes to keep in mind:

- Use a transactional email provider to send these emails. You'll get better deliverability than your marketing email provider.
- Experiment with the number of emails you send. We find the average B2B SaaS company should be sending four to five of these emails over a 14-day period.
- Make sure you test, test, and test some more—time of day you send, distance between sends, subject line copy, body copy, etc. With ProfitWell Retain we're testing continuously for our customers and typically find every company has some small tweaks that'll have big impact.
- In the spirit of minimum viable tactic, make sure you couple your credit card retries with your messaging, so you're not needlessly sending a message if you already recovered someone through the retry.

SMS AND WHATSAPP

Text messaging is another medium you should be using with credit card failures. While email is great, text messages are opened at a rate of 90%+ (according to Adobe), and recovery rate typically follows at a high proportion.

You should follow the same best practices from the email section above, although your texts will look a bit more corporate (assuming you're following the laws and regulations, which you should). Just keep reinforcing value.

You'll also likely not be able to send as many text messages as emails, depending on the frequency you currently send your customers. SMS is a bit like email in the 90s—more sacred and like your mailing address. You protect it a bit more, so you want to be careful not to annoy customers here (this feeling seems to be eroding quickly depending on the generation).

If you're just starting off, send one SMS message. If you have the data model and ability to coordinate between your different efforts, then you can send more. Just keep in mind the third plank of our framework: minimum viable tactic.

IN-APP NOTIFICATIONS

Very similar to SMS and Email, follow the same best practices around copy and making sure you test. Unlike those two mediums though, you can actually in-app message with greater frequency depending on active usage

You still want to protect a great experience, but the signal you get in from a user or a whole team logging in, gives you more data to play with and drive your strategy. If you don't have time to model the right strategy, then we'd recommend showing the notification once per day the first 10-11 days of the grace period, and then showing it on each login for the last few days of the grace period. Keep in mind this is during the grace period, so you can pester a bit more than if this was an expiration before the card even failed.

Assuming you have some bandwidth on the data and engineering side, the more advanced version of this follows similar practices to the in-app notifications in the expiration section. Always keep in mind that you want to coordinate this with your other outreach and practices.

A couple of other common best practices:

- **Actual notifications that pop into frame** (or screen takeovers used sparingly) work better than a persistent bar on the screen. The motion grabs attention and puts users into a better decision-making state.
- **Team products should be an advantage**, because there are a bunch of users in the account. It's ok to notify the whole team of the payment failure, because you have a whole team then finding the person who can update the payment information.
- **Some products don't have people that log in much.** You should still set up the basics here, because every inch counts.
- **DO NOT** send your users to your billing settings page to update their payment information. It's likely the worst designed page of your app (it's ok, it's like that for everyone). Instead, have a modal pop-up where they can put the payment information in and be on their way.

INTERNATIONALIZATION OF MESSAGING: +3-10%

Increasingly, customer bases are becoming globalized thanks to the Internet. As a result, your messaging should be in the language that the customer prefers. You may find that this is difficult to do for your entire application or website, but doing this for email, text, and in-app notifications should be easier.

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With ProfitWell Retain we automatically put the copy in the language of the customer using some cool technology, but you can do this based on a language preference loaded into the billing system or marketing automation software.

When should you do this? Run an analysis of your customer base or a quick survey. If you end up having 20% or more of your customers with a language preference that isn't what you normally publish in, then we'd spend some time implementing internationalization. The revenue is worth the work at that point.

NO SIGN-IN FORMS: +15-20%

Beyond email, the other largest gain to be made is to ensure that your customers don't have to log in to update their payment information from an email or SMS message. The experience is pretty awful when they have to log in, go to the billing settings page, then enter the card. We know it seems like that shouldn't be that big of a deal, but every step triggers some drop off in your funnel, we and there's a better way for user experience and recovering as many failed credit cards as possible.

The better way is to build some technology that allows the customer to simply go to a PCI compliant, private form where they can just input their payment information and when they hit "submit" it goes right into the processor without you handling any of the data.

You'll need some engineering help here, but if there's one thing to use engineering resources for, it's setting this up. Also, make sure the form and page are mobile friendly and, if possible, that you incoporate Apple Pay, or the equivalent, in your your region (makes the experience take seconds).

CHANGE THE FLOW FOR DELINQUENT CUSTOMERS, LOCKING THEM OUT: +5-10%

We know this is going to seem pedantic (almost condescending), but make sure you're locking out the users who go past your 14-day grace period. You would be surprised at the number of companies we've spoken with over the years that end up not actually locking out these users, and not realizing they're continuing to use their products.

The reason this happens is that your engineering or billing team (rightfully) treat active cancellations and payment failures differently. Yet, some of these teams forget to close the loop when it comes to the payment-failure customers and just keep them in a perpetual grace period. Typically one out of every 20 companies we encounter fall prey to this accident—some realizing millions in annual revenue are currently getting the product for free.

Here's a good example of locking out the user: When they come back, essentially they're prompted with a message that tells them they need to update their payment information before they're allowed back into the product. You can actually use this modal the last few days of the grace period, too (with an ability to snooze the notification). Ultimately, this path allows the user's data and account to be present at the point of return, solidifying the user experience and quickly getting updated payment information.

OTHER FACTORS CONTRIBUTING TO RECOVERY

Payment processor location

You should have a business entity with a processor in each of the main regions you serve. If 80% of your customers are in the United States, but you're based in the European Union, have a US entity and US bank. We know that's hard for some companies, and if you're small just ignore this advice. Yet, for the big dogs reading this, it's an important lesson, because you'll consistently find aligning your entity with your customer base decreases payment and credit card failures.

Card updater products

A lot of credit card companies will do this automatically depending on the credit history of the individual (AMEX does this quite often). But there are programs out there that will attempt to update credit card expiration dates or actual cards. We've found these have mixed results and often still require a user to confirm or update their information. Sometimes they even cause headaches for support, because buyers don't want the company changing this information without permission. If you're big enough, we'd at least try one of these programs. For some folks they work very well.

ACH, Paypal, and a note on payment types

ACH and PayPal typically have a bit of a higher recovery rate because you're getting directly to their bank account with ACH, or you have an entity who's trying to get updated payment information alongside you (PayPal, GoCardless, etc). You need to keep in mind that these payments still fail though, for a whole host of reasons, so your messaging is going to need to be set up properly.

Further, depending on where you're located or where your customer base exists, you may need to use different types of payment providers that are preferred by your customers. German buyers don't typically like using credit cards. Eastern Europe still loves PayPal. AliPay and WePay dominate China. The important concept here is to make sure you're charging in the way your customer wants to be charged.

RECAP: RECOVERY AND THE ROAD AHEAD

Remember, credit cards are mechanical devices subject to failure, which means the cancellations coming from credit card failures are solvable. You won't recover 100% of failures, but currently you're likely at about half of your potential based on the market data from 5.9k B2B SaaS companies.

Your toolkit in fighting these folks comes down to making sure you're treating them like a marketing channel, realizing that it's a game of inches (or centimeters), and making sure you're protecting the user experience by using the minimum viable tactic to get a customer recovered.

Ultimately we've learned more about credit cards than we ever thought possible—it surprisingly doesn't make good dinner conversation. Yet, this is a crucial area of your business that you're overlooking (justifiably), but hopefully we've showed you the critical impact here, so you can take this more seriously or search for an external solution (hint, hint) to make sure those credit cards are recovered.

Get in touch for a retention audit today

More B2B SaaS companies use ProfitWell for their subscription financial metrics and churn reduction than anyone else out there. **This has given us a huge bevy of data we've studied to understand what works (and what doesn't) in the market that we can pass on to you.**

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