



***CHEW
ON THIS.***

THE LTV GOLDMINE GUIDE: HOW 9-FIGURE BRANDS CRUSH SUBSCRIPTIONS



How we make our products the most Obvi choice on repeat

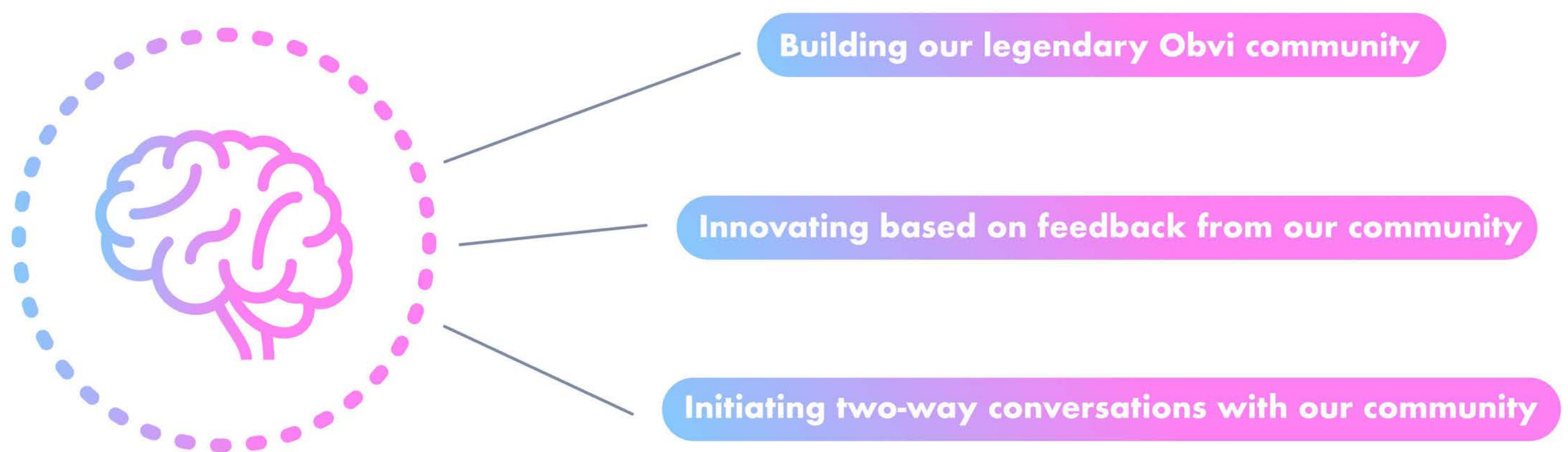
Reducing churn risk and increasing lifetime value is on every subscription brand's to-dos. But for some reason, brands are struggling more than ever to keep their subscribers engaged and committed.

You've heard the saying "Keeping your customers is always cheaper than finding new ones." This is more true now than ever.

Retention is everything for growing your brand.

A lot of brands think retention is email and SMS. Wrong. There are other ways to bring loyalty and create genuine excitement around your brand.

At Obvi, we focus on three things to maximize our customer retention:



Now, as a result of these actions, we've got a Facebook community with over 80K members that has become the beating heart of our brand.

But the key thing I want you to note here is our behavior—building, innovating, initiating.

Not long ago, brands would launch their subscription programs and leave them just to be— unoptimized and unchecked. Brands would hide the unsubscribe button, or make it nearly impossible to cancel. In fact, it was pretty normal behavior for a brand to avoid reaching out to their subscribed customers to decrease their risk of churn. Not cool.

Obviously, relevant state and national laws have cleaned up this kind of behavior now. But brands' lack of investment in proactive optimization, testing things, and having real conversations with customers still needs work.

This playbook will teach you how to innovate in your subscription program.

Alongside the best practices we've learned from the retention experts at Stay Ai, we will share our journey to building a successful subscription program using optimization to reduce churn, increase lifetime value, and power genuine engagement with our community.



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How we approach retention at Obvi

We've said it before: Obvi's heartbeat is our community. At Obvi, we believe in always being there for our community—in real-time, all the time. Sure, emails do the job, and SMS gets the word out, but nothing beats our community on Facebook.

So, that's the first step.



Build and have a community in the first place.

Having a community on Facebook or some other app is free. You can cultivate a community and be very proactive about your communication within it.

It's not just about sending messages; it's about creating a space where everyone can share, chat, and connect. This way, we're not just another brand to our community but a part of their daily lives.

When we go live in our Facebook community to discuss news, new products, or whatever is coming, the excitement and engagement are real. At the end of the day, they could jump to Walmart or Amazon and get any old collagen protein powder for much cheaper, but they don't. It's loyalty like no other.

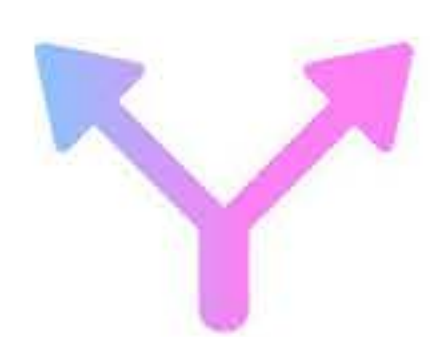


The second step is actually putting feedback to use.

We take the gold we mine from our conversations within the community and use it to create new flavors, products, and launch new variants. For example, do you want a s'mores flavor? You got it, but catch it quick because it's here for a good time, not a long time. This online-exclusive approach creates a buzz, sparks a little FOMO, and excites everyone about what's coming next.

It helps improve retention and LTV. AND it builds a relationship with your customers because you are listening to them. This is especially important in a world where customers can get bored with a product line and easily go to the store to find something new.

It allows us to differentiate some of our retail efforts from DTC efforts. But if you do have products that can be differentiated, you need to keep things interesting and give customers a reason to come back and shop with your brand.



And finally, create that two-way street.

No matter how you connect with your customers, whether email, SMS or through a community, prompt for a response back. Get them engaged. Ask questions.

The most valuable information we get at Obvi comes from those little tidbits. If one person tells us they are having an issue with X, we're sure others think the same thing. This gives us a chance to fix things before they go sour.

Ask what they want from you as a brand.

Here's the best way to ask, "What can I give you that will make you take out your wallet and spend money with us?" without actually asking that:

What are some things you're struggling with?

Are there any wellness goals you're working towards that we can help with?

Are there things you're looking forward to?

Is there something you've always wanted to try but haven't found the perfect option?

Do you have specific life events you're planning for?

What's a dream product you'd love us to create?

And so on.

There was a reason why we never really came out with a pre-workout: our focus was more on beauty than sports nutrition. However, feedback from our community showed interest in a pre-workout option;

“Hey, we’re trying to get back into the gym. Do I need a pre-workout?”

So we went back and forth on this. It wasn’t really something the brand wanted to do, but because our customers were asking for it, we ended up developing a pre-workout with beauty benefits.

So, this decision wasn’t about expanding our product line, it was about responding to our community’s needs. This builds trust.

And this trust is reflected in the fact that some people in the Obvi community have been with us for years!

Bottom line: Know your customers because it guides everything you do.

How we A/B tested our way to an 85% higher conversion rate

Understanding our customers and providing the best possible customer experience is extremely important to us, so we migrated to Stay AI to help optimize our existing subscription program.

Before we continue, a quick note from Ash on the migration process with Stay Ai.

The Stay team handled everything from start to finish – I’ve seen and witnessed firsthand horror stories of brands migrating from one platform to another, so I figured we would have some hiccups... but there were 0.

remember there was an issue on Shopify’s end, but the team was on top of it and talked to every level of support to fix the issue. It’s funny, I even remember Stays’ team educating Shopify support on something they had no idea about regarding Braintree legacy settings (or something like that).

One day, I got a message saying it was all done (the migration), and I was shocked. It was that easy and quick. The team is super knowledgeable and proactive.

We digress...

We were most excited to begin experimenting with Stay’s ExperienceEngine, which allows us to A/B test gifts and upsells throughout the subscriber journey. Specifically, it highlighted our customer segments at the highest risk for churn, identified through a blend of their order behaviors and Stay’s predictive analytics on churn likelihood.

We wanted – no, needed – to get subscribers past the second order without canceling. We had thought about several ways to do this and so we implemented a gift vs no gift test on orders numbers 2, 3, and 4. None of the subscription solutions in the market could offer us the functionality to split-test in real-time and measure the results like Stay could.

ExperienceEngine allowed us to test different products, gift-with-purchase upsells, or the same product with different discount amounts to optimize our program for the highest-converting offers. From there, we segmented our subscriber cohorts based on behavior and predictive churn risk to send them targeted offers, free GWPs, and more.

By testing this, we found that customers on order number 2 who were aware that they would receive a free gift converted 85% more than customers who did not get offered a free gift. Yes, **85% higher** – you read it correctly. This was measured by customers who had an upcoming order date in five days and then had a completed order. Meaning, these customers didn't skip or cancel their next scheduled order.

ORDER 2	FREE GIFT	NO GIFT	
Offered Experience	403	383	786
Completed Order	222	114	
Nontification To Completion	55.1%	29.8%	85%
Skipped Or Cancelled After 5	181	269	

ORDER 3	FREE GIFT	NO GIFT	
Offered Experience	229	202	431
Completed Order	119	91	
Nontification To Completion	52.0%	45.0%	15%
Skipped Or Cancelled After 5	110	111	

ORDER 4	FREE GIFT	NO GIFT	
Offered Experience	114	98	212
Completed Order	65	56	
Nontification To Completion	57.0%	57.1%	No Difference
Skipped Or Cancelled After 5	49	42	

One of the most common questions we get is: Why did the projected order amount not match at the end of a given month? This is due to order skipping and order cancellations.

Before implementing this test, Obvi saw about \$22,000 a month in revenue loss due to order skips. By offering a gift on the second order, we reduced the order skips and cancellations on the second order by 85%. 🤖

An interesting finding from this test is that the free gift only influenced the conversion rate on the third order by 15% and had no impact on the fourth. It may seem like a lot of initial effort, but planning and testing your audience is vital before rolling out any changes.

And we didn't tell customers what gift they would receive—we kept it a surprise. If they knew what they were getting as a gift, there might be a possibility they would still cancel versus having the element of surprise to drive the action of keeping their subscription for one more month. Which allows us to swap out the gift anytime we need to, depending on inventory levels.

Let's unpack some other ways Stay AI can help you improve your personalized lifecycle management.

Using AI in Personalized Lifecycle Management

We all know keeping your community hooked is key, right? Well, it's not just about sending out the occasional email or message; it's about really getting into the nitty-gritty of what makes each of your subscribers tick.

This is where personalized lifecycle management comes into play. It's about making every touchpoint feel like it's made just for them, whether they're a fresh face or an OG in our Obvi family.

Truthfully, I don't think there is any other subscription platform in the Shopify ecosystem today that has live proprietary AI-powered features like Stay AI does.

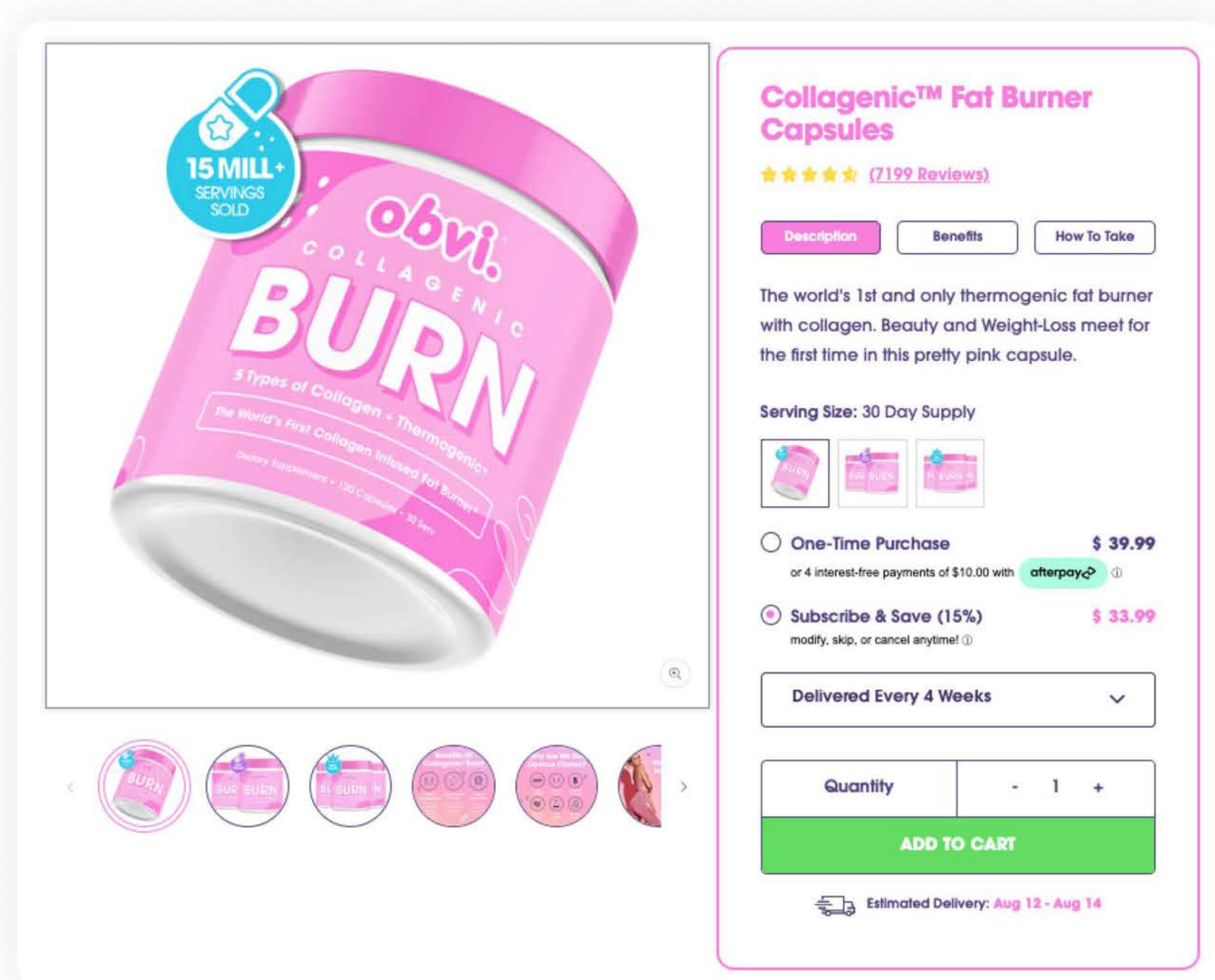
Let's break this down from the initial offer to cancellation surveys and reactivations. 📌

The initial offer's role in retention


While an attractive offer might win initial sign-ups, sustained retention requires a strategic approach to customer education and engagement. It's about making sure your subscribers understand and value what they're signing up for.

Your product pages are the best place to convert one-time buyers to subscribers.

At Obvi, we default the buy box to our subscription offer. This tactic uses the anchoring effect, a cognitive bias in which people rely heavily on the first piece of information they receive when making decisions. So, when customers see the subscription offer by default, they are more likely to perceive this as the standard option.



For our Daily Health collection, we offer an Autoship option, which is the default option when a shopper clicks on the page.






DETOX

★★★★★ (537 Reviews)

30 Day Extra Strength Detox Cleanse to help Flush Toxins & Support Weight Loss all while promoting Healthy Digestion to Strengthen your Immune System.

[Is this right for you? Take our quiz to find out!](#)

Choose Detox Supply: 1 Bottle



~~\$39.99 USD~~ **\$33.99 USD** Save \$6.00

☐

Autoship

\$ 33.99 / Month (Save 15%)

Modify, Skip, or Cancel Anytime!

Delivered Every 4 Weeks

✓ Money Back Guarantee

✓ Free Shipping

✓ Exclusive Discounts

✓ Always 15% Off

-

1

+

[VIEW LABEL](#)

Add to cart

📅 Estimated Delivery: **Apr 25 - Apr 29**

We are clear on the price incentive to subscribe – 15% when you subscribe and save—and then highlight the dollar amount saved with a 60-day or 90-day supply. The price difference between a one-time purchase and subscribing is also really clear.

Collagenic™ Fat Burner Capsules

★★★★☆ (2834 Reviews)


Description

Benefits


How To Take

The world's 1st and only thermogenic fat burner with collagen.

Size




30 Day Supply



\$20.50 OFF

60 Day Supply



\$35.00 OFF

90 Day Supply

☐ One-Time Purchase **\$ 39.99**
or 4 interest-free payments of \$10.00 with **afterpay** ⓘ

☒ **Subscribe & Save (15%)** **\$ 33.99**
modify, skip, or cancel anytime! ⓘ

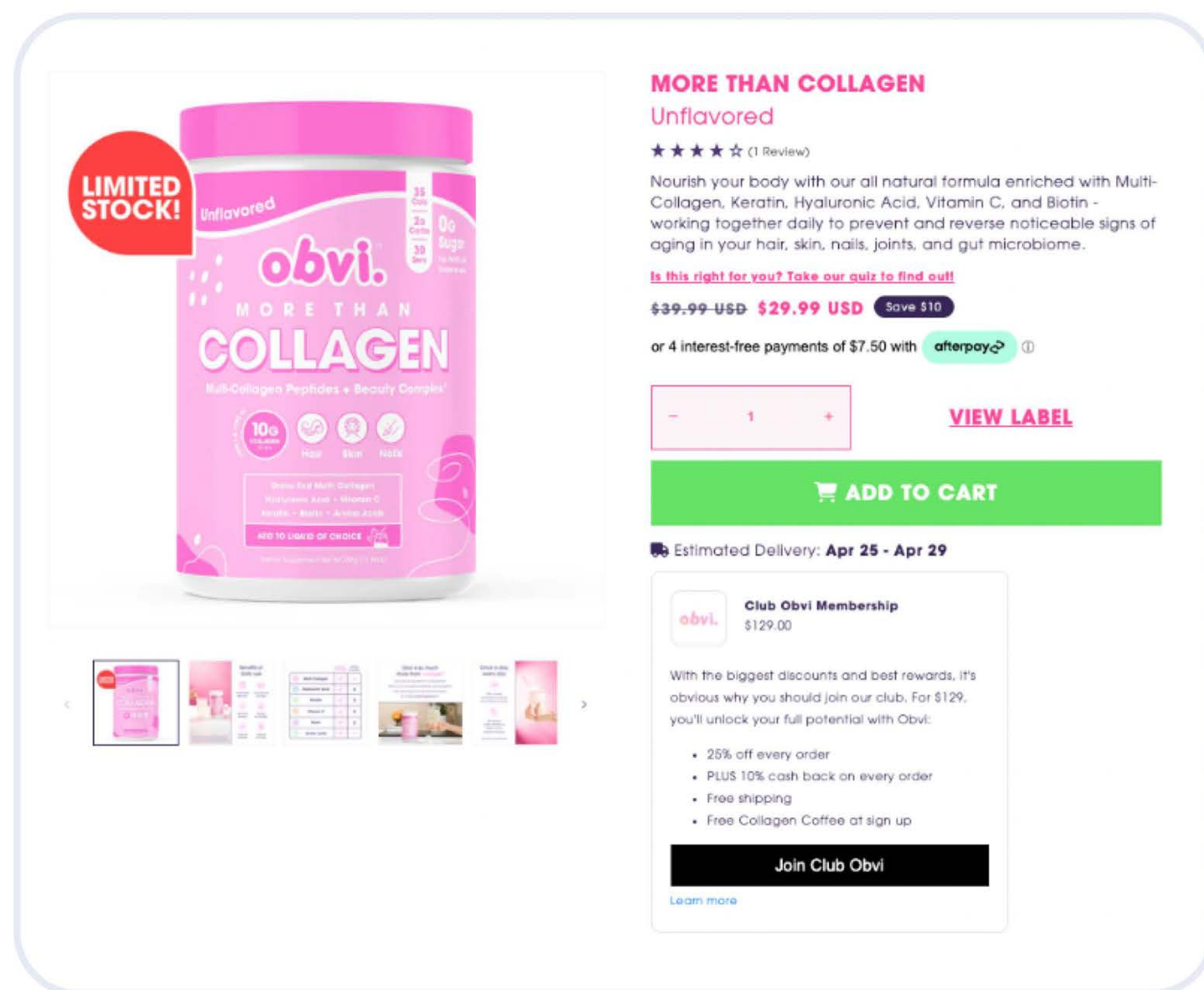
Delivered Every 4 Weeks

▼

08

Being clear on subscription savings works because it influences the shopper's perception of value. You've probably heard of loss aversion. Customers don't want to avoid losing out on cost-effective deals in the long run when they can see the savings they will make.

Another tactic we implement on a PDP level to convert one-time buyers is highlighting our membership program Club Obvi.



Another way to induce FOMO and loss aversion with one-time buyers is to entice shoppers with member-exclusive benefits, such as 25% off every order plus 10% cash back on every order, free shipping, and a free gift when you sign up.

Post-purchase actions

A significant gap in many subscription models is the need for product and brand education post-purchase. Customers not fully indoctrinated about the product or the brand's values are less likely to stay subscribed. The initial engagement needs to extend beyond the first purchase, ensuring customers understand and appreciate the product's value. This is crucial for a functional product that aims for long-term use.

Ongoing engagement

Beyond finding the right offer, there's a need for ongoing education and engagement with subscribers through brand education and product information.

I'm sure you've heard of OLIPOP?

They've grown their monthly subscription revenue by 35% and have record-low churn rates. Like us, they are customer-obsessed. Their biggest subscription challenge was retaining customers when launching limited-edition flavors that were unavailable on their subscription.

So they used Stay's ExperienceEngine to offer anyone without the new flavor in their order a chance to add it with a single click via an upcoming order email and SMS.

Genius.

They are also using a bunch of other Stay AI features to boost subscription revenue:

- They use Klaviyo to create email campaigns with quick single-click actions during new flavors' launch periods. These campaigns give subscribers exclusive emails with early access to new flavors.
- They're leveraging the Product Carousel feature, which invites customers to add new flavors or limited-time offers to their upcoming subscription orders. In the first month of launching the Crisp Apple-flavored soda, subscription add-ons accounted for **30%** of the sales of this flavor!
- Upon logging into their accounts, OLIPOP subscribers are greeted with In-Portal Banners showcasing the latest flavors. This informs them about new additions and simplifies the process of including these flavors in their next order.

Cancellation surveys

While we can't save everyone from churning, we aim to save at least **20%**. To do this, we used Stay's proprietary RetentionEngine to deliver dynamic cancellation surveys and prevent churn before it happens.

RetentionEngine allows you to build dynamic cancel flows that capture insights on why customers are canceling, what rebuttals work best to retain them, and ultimately works to reactivate former customers.

Usually, there are common reasons why someone wants to cancel:

- They have too much supply
- They can't afford it
- They didn't see the product work
- They didn't like the taste

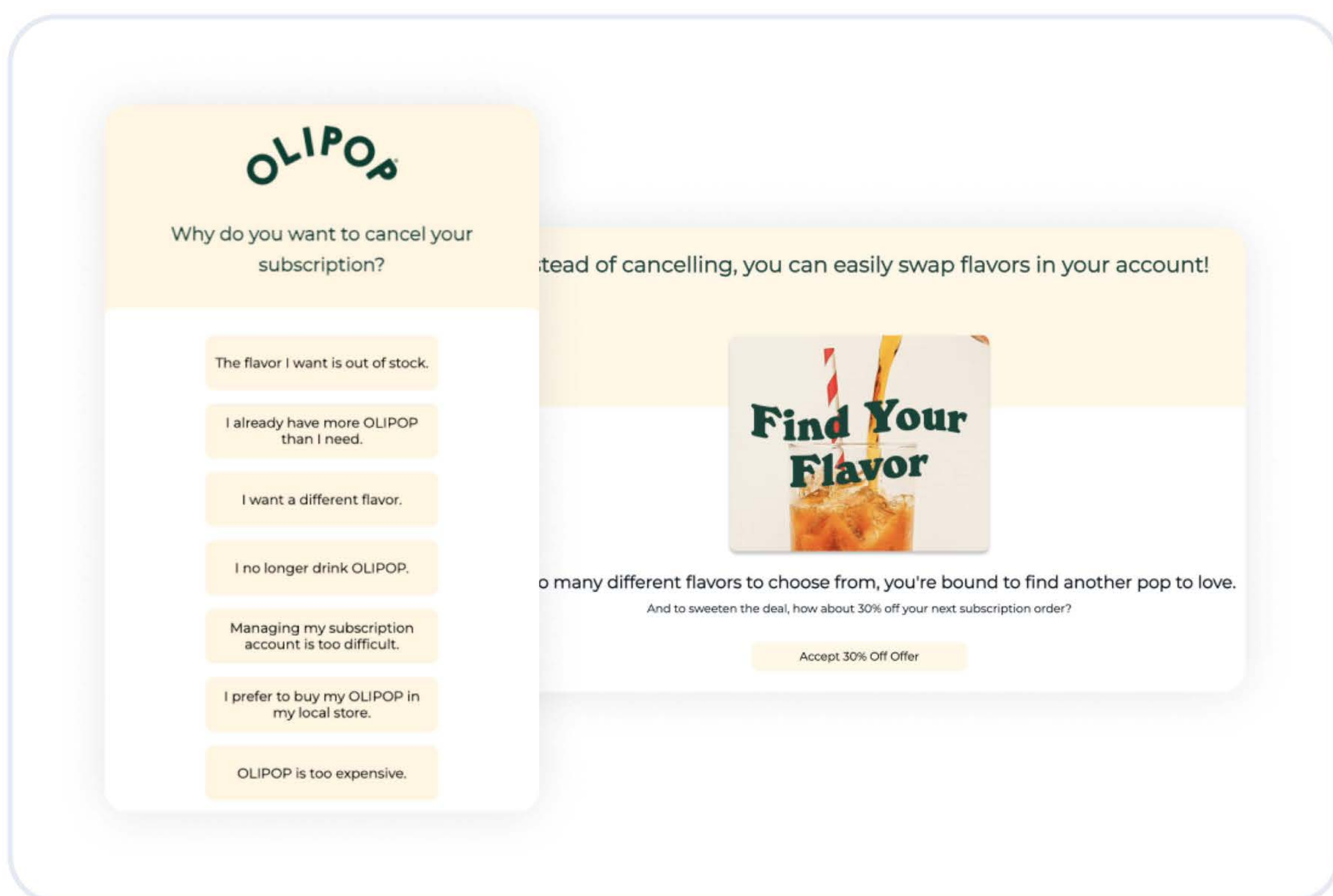
We want to make sure we have a rebuttal to why they wish to cancel.

Case in point:

- If someone has too much supply, we want to allow them to postpone their next subscription date instead of canceling.
- If they can't afford it, we want to give them at least the option to continue their subscription with a significant discount.
- If they have yet to see the product work for them, we discuss the importance of consistency and offer a significant discount to continue using it.
- If they didn't like the product's taste, we want to show them alternative flavors to choose from instead of canceling.

We see this approach from OLIPOP too.

Since turning on RetentionEngine in their Stay AI portal, OLIPOP has seen over **25%** reduction in active churn. This feature offers subscribers options like skipping orders, swapping flavors, or engaging with personalized content before canceling.



Reactivation

Fact: You are 40% more likely to convert a former subscriber than a brand-new one.

Regarding reactivations, we typically have automated flows set up in our ESP to send reminders to get them to re-subscribe.

Here are some things we do:

- We constantly remind them of the idea of consistency regarding supplements.
- We showcase our testimonials and transformations to remind customers what's possible.
- We incentivize with discounts and gifts to get them to get back on their subscriptions.

Exit Survey	8	Treatments	6	Pauses	3
✓ Did not like it		✓ Did Not Mean To Subscribe - Discount		✓ Skip 1 Order	
✓ Would like to try a different flavor		✓ Want To Try Different Flavor/Product - Try Different Flavor (Discount)		✓ Skip 2 Orders	
✓ Would like to try another product		✓ Order When Ready - Discount		✓ Skip 3 Orders	
✓ Did not mean to sign up for a subscription		✓ Too Much Product - Gift a Friend			
✓ I currently have too many products		✓ Have too much - Frequency Change (Info)			
✓ Can't afford it		✓ Can't Afford - Discount - 15%			
✓ Would like to order again when I'm ready					
✓ Other Reason					

The most unsexy part of subscription management

We always make sure that we are following best practices when it comes to Dunning. And no one better to get these best practices from the subscription professionals themselves!

Stay AI has innovated in this area by analyzing specific error codes from failed payments to determine the most effective retry strategy. For example, immediate retries might be used for certain errors, while others might be scheduled around typical payday schedules to increase the chances of successful payment.

We tend to lean towards the safe side by limiting retries on a customer's payment methods six times before we pause their subscription. If we retry too many times, we run the risk of our processor penalizing us!

There are multiple reasons why someone's payment may not have gone through, and we want to ensure that we address each reason carefully.

The key thing here is **communication**.

We communicate these reasons back to the consumer in a way that benefits them and ensures they update their payment method. This gives us a chance to remind the customer why they subscribed in the first place and the benefits of consistency through using our product.

Testimonials and transformations are the hot ticket here. Since this is what convinced our customers to buy in the first place, we use them again to incentivize them to fix their subscription issues so they can get their next shipment of product.

Although we try to stay in stock on most products, there are times when we do fall short by a few days of receiving inventory instead of being out of stock.

If this happens, we email customers to let them know that we are out of stock of something and it is coming back soon if they want to wait, or they can remove the item and exchange it for something else to get their subscription quicker.

It's all about transparency.

Measuring program success

It's difficult to prescribe a universal benchmark for subscriptions because the ideal percentage of customers who should subscribe varies significantly depending on product type, the placement of subscription options, and promotional messaging.

But, we can tell you how we measure our program success at Obvi.

Here are the five metrics we monitor closely:



First Time subscription revenue

Making sure that as our revenue grows month over month, our first-time subscriptions grow as well.



Recurring subscription revenue

Making sure all of our efforts that decrease churn rate translate into recurring subscription revenue.



Churn rate by customer cohort, aka churn rate by month 1, 2, 3, etc.

We want to ensure that all of our efforts to decrease churn actually have an impact via a Cohort Analysis.



Churn rate by product

This allows us to monitor which products to focus on to further LTV closely.



Net new subscriptions added (subscriptions added vs churned)

Understanding if we are gaining more subscriptions than losing.

Financial outcomes are important.

Despite the various factors affecting subscriptions, the core of benchmarking should revolve around financial outcomes like contribution margin, net profit, and average order value (AOV) adjusted for gross margin.

These financial metrics help assess the subscription program's real profitability and sustainability, beyond mere customer acquisition costs (CAC) and lifetime value (LTV) figures.

Using LTV metrics based on gross profit rather than gross revenue. This approach provides a more accurate picture of your subscription program's financial health and sustainability by factoring in the actual profit generated from subscribers after accounting for costs.

Here's a peek at Obvi's 30-day performance from March to April this year:

- We saw a 20% increase in total subscription revenue.
- As we grow monthly revenue, we are glad to see that first-time subscription revenue increased by 7%.
- We had a monster month in February, so we are glad recurring subscription revenue increased by 60%.

- Add-on Revenue is down, so we can run promotions to get people interested in other products.

Where to start?

Here are 7 final strategies to chew on...

Strategy 1: The Surprise Free Gift

Since we see a larger churn between months one and two, we offered a surprise-free gift on their next order. We communicate this when a customer receives communication that their next order is being processed soon.

“By the way, you’ll be receiving a free gift.”

We love to use this strategy to get customers to try other products. Offering a gift costs us \$4-\$8 in COGS but to keep those customers on subscription is way worth it for that cost.

Strategy 2: Offer Customization via Portal, Email, & SMS

We have multiple flavors for our collagen protein. Sometimes people get bored of the same flavor or don’t like them. But they are also not aware of the other flavors we offer.

You can automate a fix for this by sending an email at critical cancellation cadences that allow customers to swap the products in their subscription if they feel like switching it up.

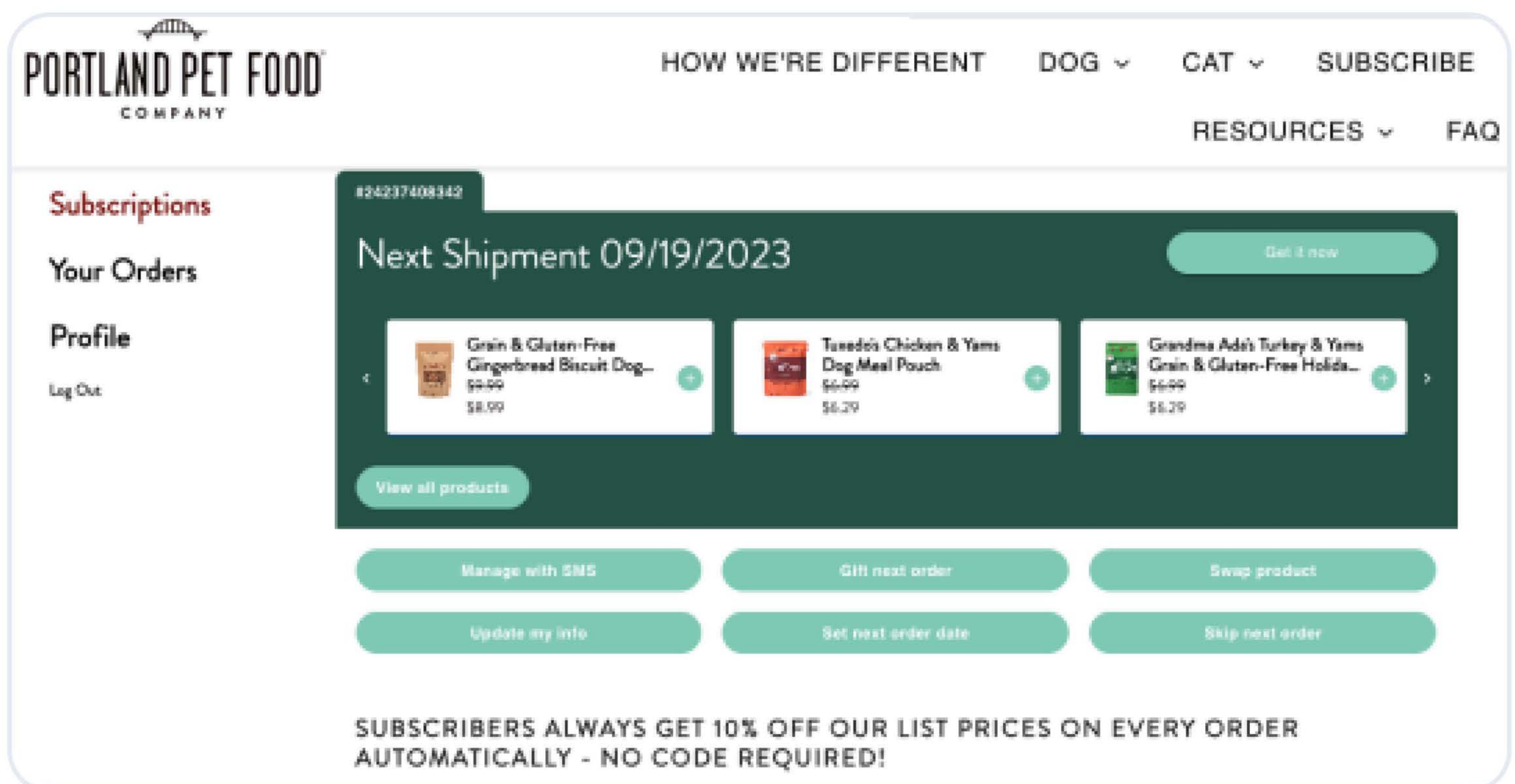
You can also proactively encourage this behavior by adding information about product swapping into your subscription flows or order emails to get ahead of churn or cancellations altogether!

Strategy 3: Personalize Customer Portal Upsells & Cross-Sells

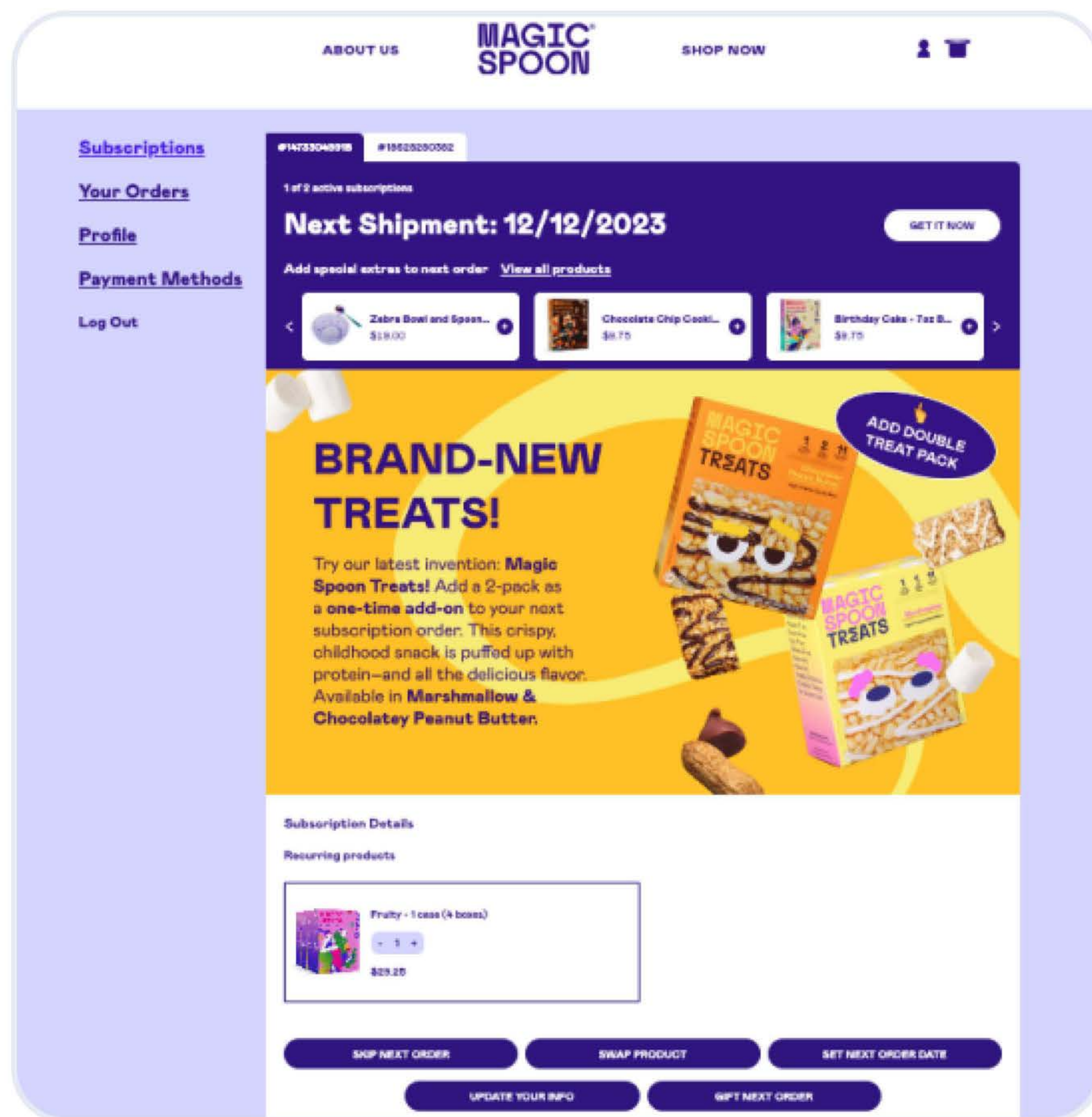
If product swapping isn't your #1 churn culprit, Stay AI's out-of-the-box customer portal offers options for cross-sells, upsells, and other actions beyond cancellation like SKU swapping and gifting.

Brands like OLIPOP, Magic Spoon, and Portland Pet Food Co. take slightly different approaches –

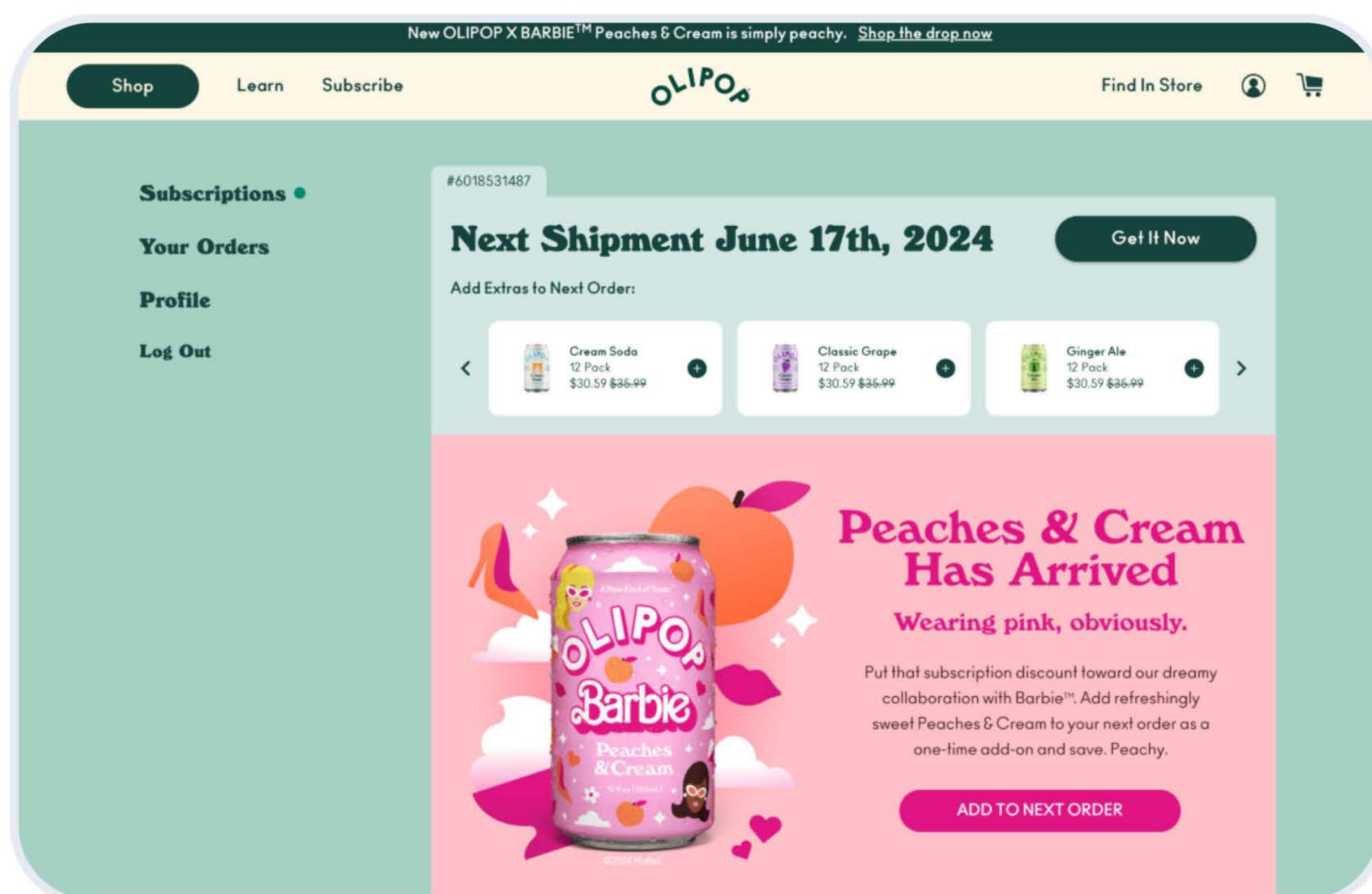
Portland Pet Food Co keeps it simple by reinforcing their subscription program value prop— 10% off list prices always— in plain text right next to core customer action buttons.



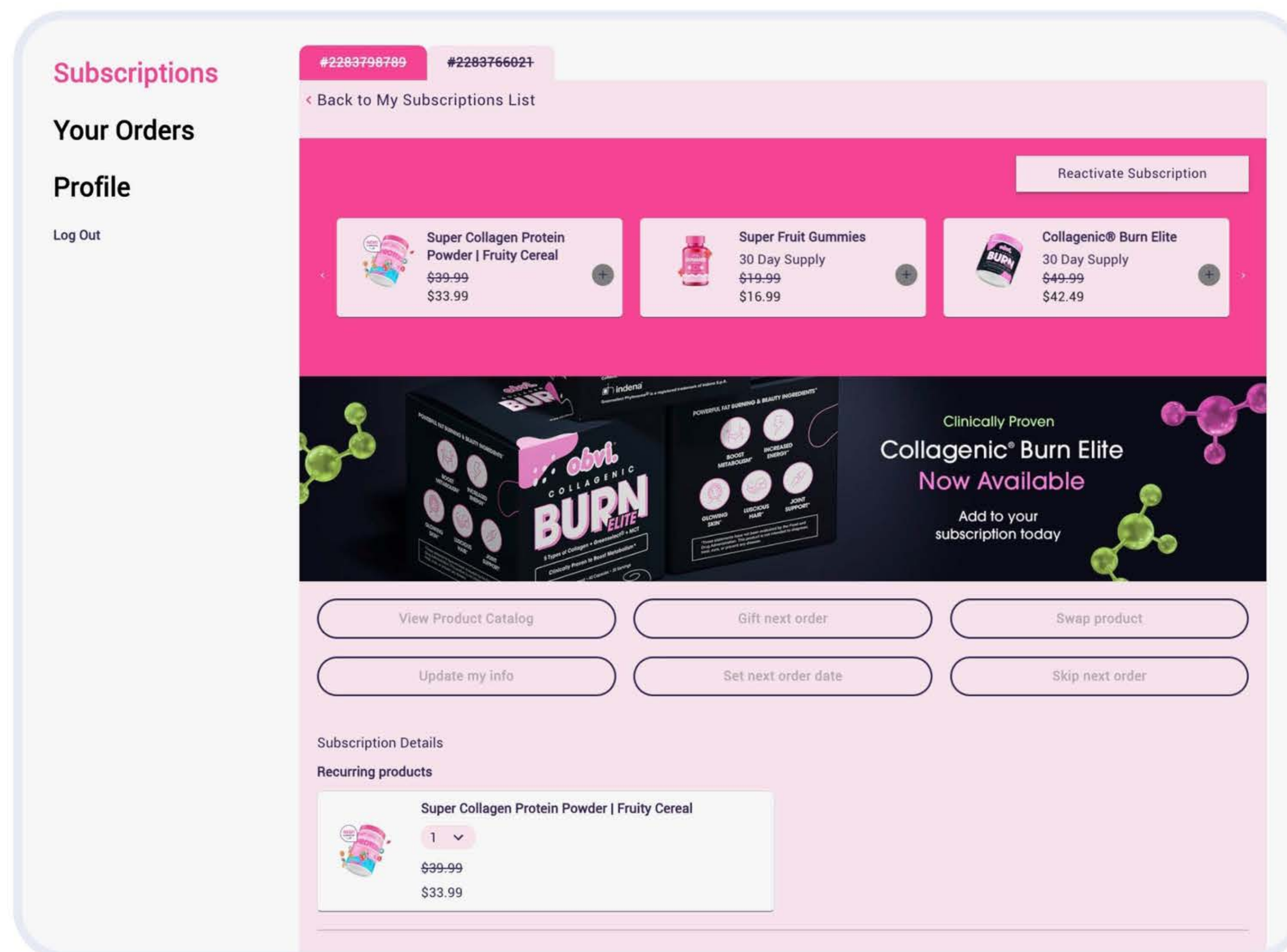
Magic Spoon maximizes their customer portal for retention marketing by fully branding it, and regularly updating the portal banner to feature new product releases, seasonal flavors, and unique deals.



OLIPOP uses its customer portal to highlight new product offerings such as variety packs or new flavors. When it launched its Crisp Apple flavor, 30% of its sales came from subscription add-ons in just the first month.



At Obvi, we use Stay AI's sophisticated capabilities to personalize the customer portal experience even further. By using predictive AI, we can offer tailored recommendations that align with individual preferences and previous purchases.



Our approach includes promoting complementary products such as our 30-Day Detox Product or Guilt-Free Carb Blocker at optimal times. This meets the customer's evolving needs and maximizes the potential for additional revenue through well-timed and targeted offers.

Strategy 4: Implement Automated Order Reminders & Skip/Delay Emails

We want to avoid any issues with our customers as much as possible. We never want anyone to feel like they were locked into a subscription and couldn't get out of it, so we make sure our communication is top-notch with automated communication.

They know when their order is coming, what's coming, and how to make changes if needed. We also use this as a way to communicate surprises to the customer, so for example, if we have a free gift to add to their order, we will let them know then. This keeps them excited about the product and the brand.

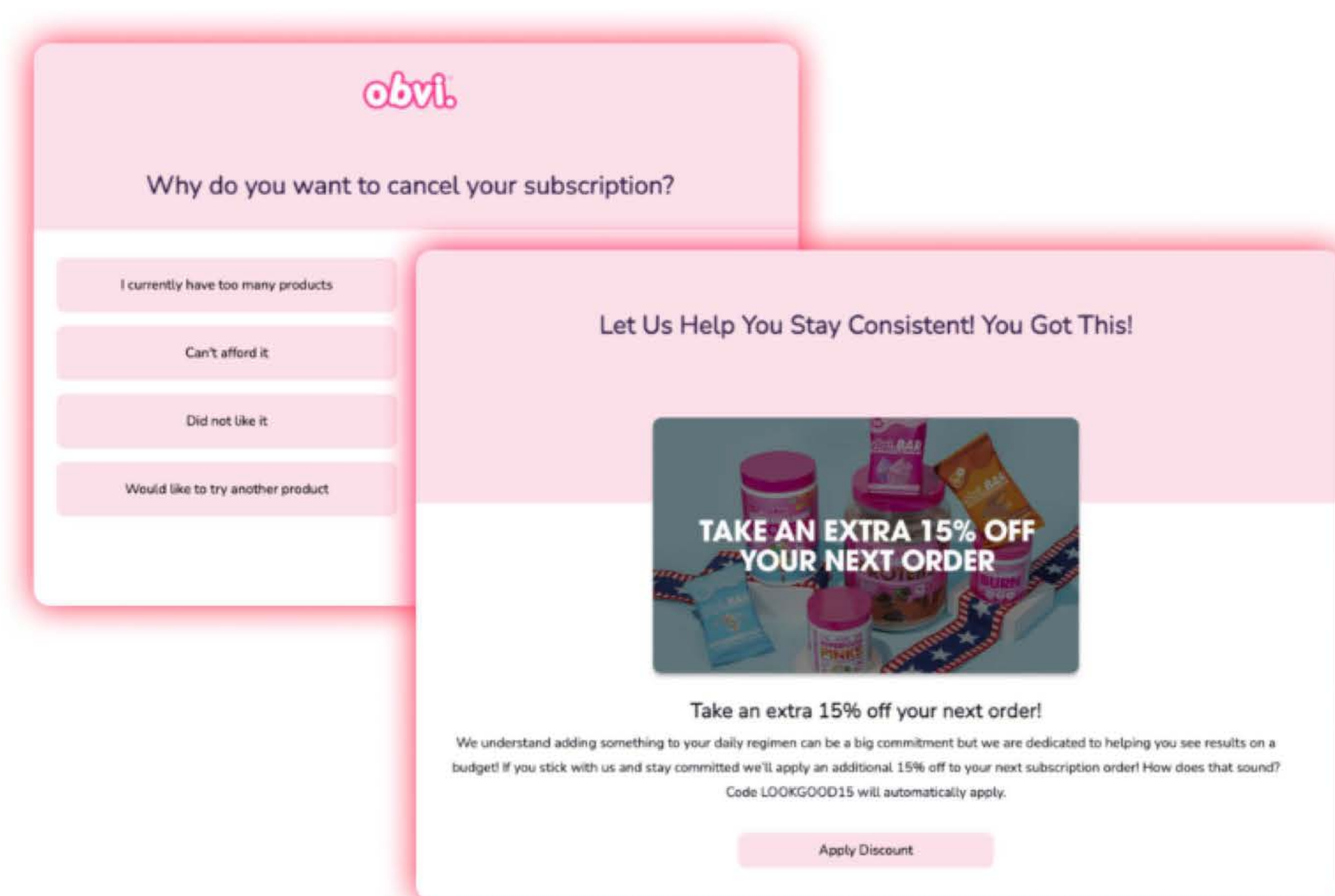
Hot tip: You can also use these messages to encourage potential churners to skip a shipment or pause their description rather than hitting that cancel button.

Strategy 5: Optimize your Cancellation Survey

If the save rates from these surveys are below **20%**, there's significant room for improvement. These surveys can help identify reasons behind cancellations and inform strategies to prevent future churn.

As we said earlier, we like to make sure we have a rebuttal to their reason for canceling. For example, if someone has too much supply, we want to give them the option to push out their next subscription date instead of canceling.

Our save rate is **11%**, and our cancel treatment is designed to offer customers product education and convince them to stay consistent. The discount is the extra sweetener, giving customers a strong reason to stick around.



The image shows two overlapping screenshots of a mobile app interface. The top screenshot is a cancellation survey for 'obvi.' with the question 'Why do you want to cancel your subscription?'. It lists four reasons: 'I currently have too many products', 'Can't afford it', 'Did not like it', and 'Would like to try another product'. The bottom screenshot is a follow-up message titled 'Let Us Help You Stay Consistent! You Got This!'. It features an image of skincare products and a large text overlay: 'TAKE AN EXTRA 15% OFF YOUR NEXT ORDER'. Below the image, it says 'Take an extra 15% off your next order!' and provides a detailed explanation of the discount, including the code 'LOOKGOOD15'.

obvi.

Why do you want to cancel your subscription?

- I currently have too many products
- Can't afford it
- Did not like it
- Would like to try another product

Let Us Help You Stay Consistent! You Got This!

TAKE AN EXTRA 15% OFF YOUR NEXT ORDER

Take an extra 15% off your next order!

We understand adding something to your daily regimen can be a big commitment but we are dedicated to helping you see results on a budget! If you stick with us and stay committed we'll apply an additional 15% off to your next subscription order! How does that sound?

Code LOOKGOOD15 will automatically apply.

Apply Discount

Strategy 6: Incorporate One-Time Add-Ons to Your Subscription Program

We launch limited-time flavors/products all the time. We know these will sell out and won't be available for subscription, but we want subscribers to join the party still.

So we will offer these limited-edition flavors/products as a one-time add-on to their next subscription so they can at least try them and enjoy something special.

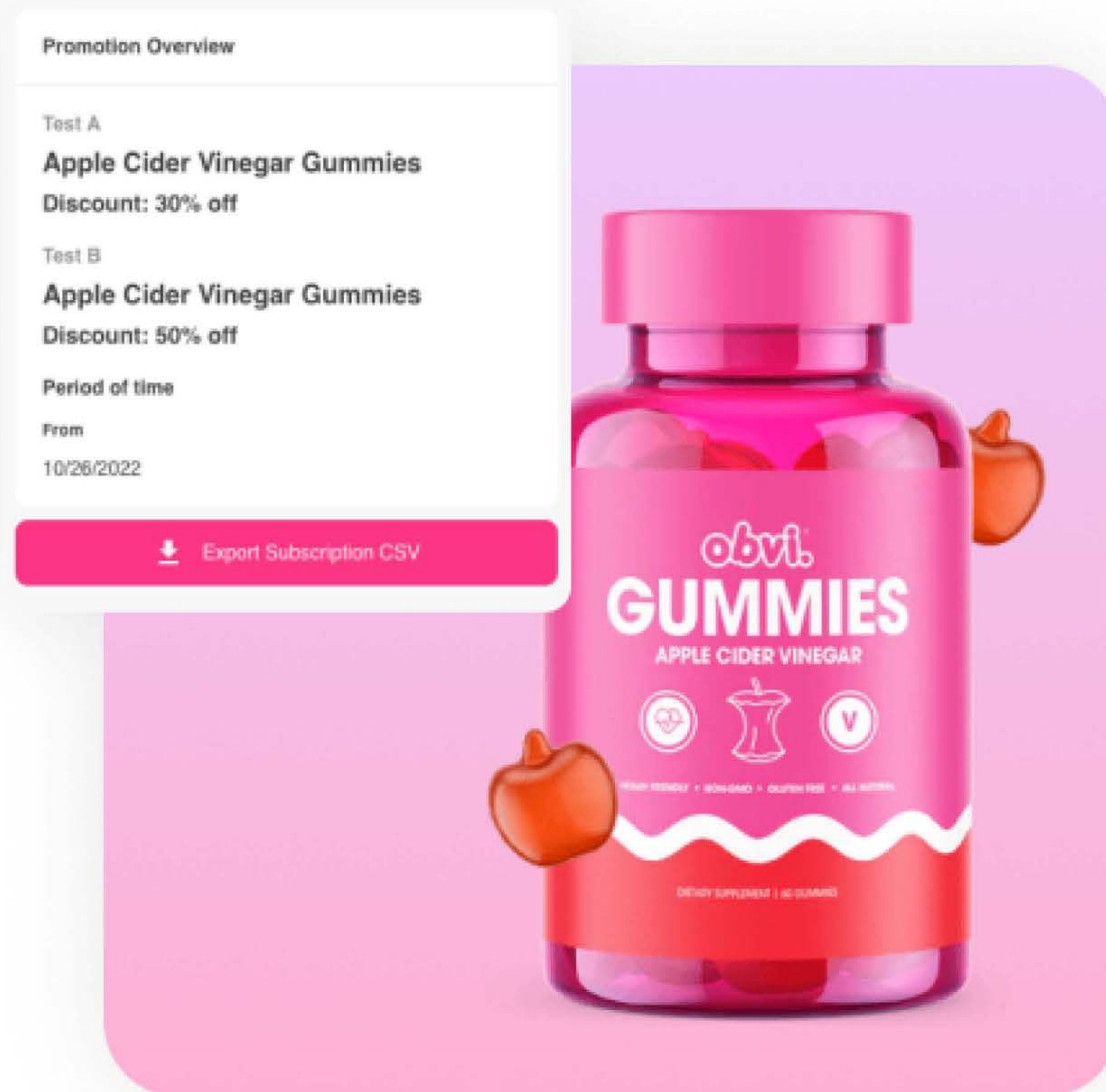
We'll also offer a discount to ensure they feel like VIPs. Exclusivity and brand loyalty go hand in hand.

But here's an important lesson: you don't always have to give a deep discount to get your customers' attention.

We love using Stay's ExperienceEngine to help us A/B test discount upsells. For example, we wanted to identify the right percent discount to maximize subscriber AOV and the business's bottom line with our ACV Gummies.

We used ExperienceEngine to A/B test the ACV gummy upsell offer at 30% off vs. 50%.

The result? The take rate was just **fractions of a percentage** point difference.



Strategy 7: Leverage Customer Portal Banners for Relationship Building

Anytime we have a new limited edition flavor or product available, we want to ensure we're marketing it everywhere we can.

By putting up a nice branded banner in the portal, we can give the portal an updated look and feel and include messaging around subscribers adding this to their order for x% off one time only!

All that said, we'll leave you with these final words...

The power of a community is not just in "creating it"—but rather in nurturing it. Don't treat your community as a sales channel. Make it a place where people are authentic with each other and have fun together.

**Thanks for reading along,
Ron & Ash**