

SUBSCRIPTION

COMMERCE CONVERSION INDEX

Adding value with
subscription features

2:33

**AVERAGE TIME
NEEDED TO SIGN UP
FOR A SUBSCRIPTION
SERVICE**

The Subscription Commerce Conversion Index, in collaboration with Recurly, draws on PYMNTS research into the online subscription processes of 190 subscription service providers in 10 industries to understand which of 47 different site features have the biggest impact on users' overall subscription sign-up experiences. Our analysis also cross-referenced our survey of a census-balanced panel of 2,130 U.S. consumers to understand the share that currently use subscription services, which types of services they use, the likelihood that they might cancel those services and how having the ability to pause their subscriptions might affect their decisions about whether to do so.

TABLE OF CONTENTS

SUBSCRIPTION

COMMERCE CONVERSION INDEX

- Introduction** 01
- Pressing the “pause” button** 07
- Getting better, feature by feature** 11
- Understanding the B2B-B2C divide** 17
- What merchants can learn from education and IoT/hardware subscription services** 21
- Deep Dive** 27
How education subscription services rose to the top
- Conclusion** 33
- Methodology** 34

ACKNOWLEDGMENT

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INTRODUCTION

The COVID-19 pandemic is impacting every corner of the United States economy. Stay-at-home measures and significant decreases in consumer spending over the past few months have prompted many businesses to fold — with a few exceptions.¹ Businesses that are offering subscription services for their products and services are flourishing as consumers continue to stay home and work remotely. The subscription market is expected to continue growing by a compound annual growth rate (CAGR) of 68 percent until 2025.²

¹ Dr. Bachman, D. United States economic forecast: Second quarter 2020. Deloitte. 2020. <https://www2.deloitte.com/us/en/insights/economy/us-economic-forecast/united-states-outlook-analysis.html>. Accessed June 2020.

² Research report on subscription e-commerce market size and share 2020 with top players and COVID-19 analysis and forecasts up to 2025. Cole Market Research. 2020. <https://coleofduty.com/news/2020/06/18/research-report-on-subscription-e-commerce-market-size-share-2020-with-top-players-and-covid-19-analysis-and-forecast-up-to-2025/>. Accessed June 2020.

Subscription services are seeing growth in demand, yet they are still not immune to facing churn. Many consumers and businesses are tightening their belts and considering canceling their subscriptions. Allowing consumers to pause their subscriptions is an important step toward retaining their business as we explored in the previous edition of the Subscription Commerce Conversion Index. The shifting economic realities of the ongoing crisis have also made it important for subscription services to deliver more value to their customers. Consumers will neither keep nor pause their subscriptions if they feel they are not getting enough value from them.

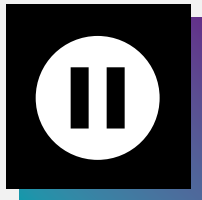
Providing additional subscription features can help in this regard. Free trial periods, the ability to easily alter the terms of subscriptions, rewards programs and free shipping can all help enhance consumers' subscription experiences and make them more likely to keep their subscriptions and convince new users to sign up.

So which features do subscribers want most and how do the types of services to which they subscribe affect their demand for these features?

This installment of the Subscription Commerce Conversion Index, a collaboration with Recurly, seeks to understand the connection between the features subscription service providers extend to their subscribers and their sites' overall user experiences (UX). We researched 47 online features offered by 190 digital subscription commerce services across 10 industries to identify those with the greatest UX impacts and discover how merchants can adopt them to provide greater value. Each feature was scored on a scale of zero to 100, with zero indicating a subscription process so friction-laden that all users would abandon their carts before they could finish subscribing. A score of 100 indicates a smooth subscription process with no chance that potential subscribers would abandon their carts.

This is what we learned.

KEY FINDINGS



Providing pause features could help prevent 14.2 million cancellations.

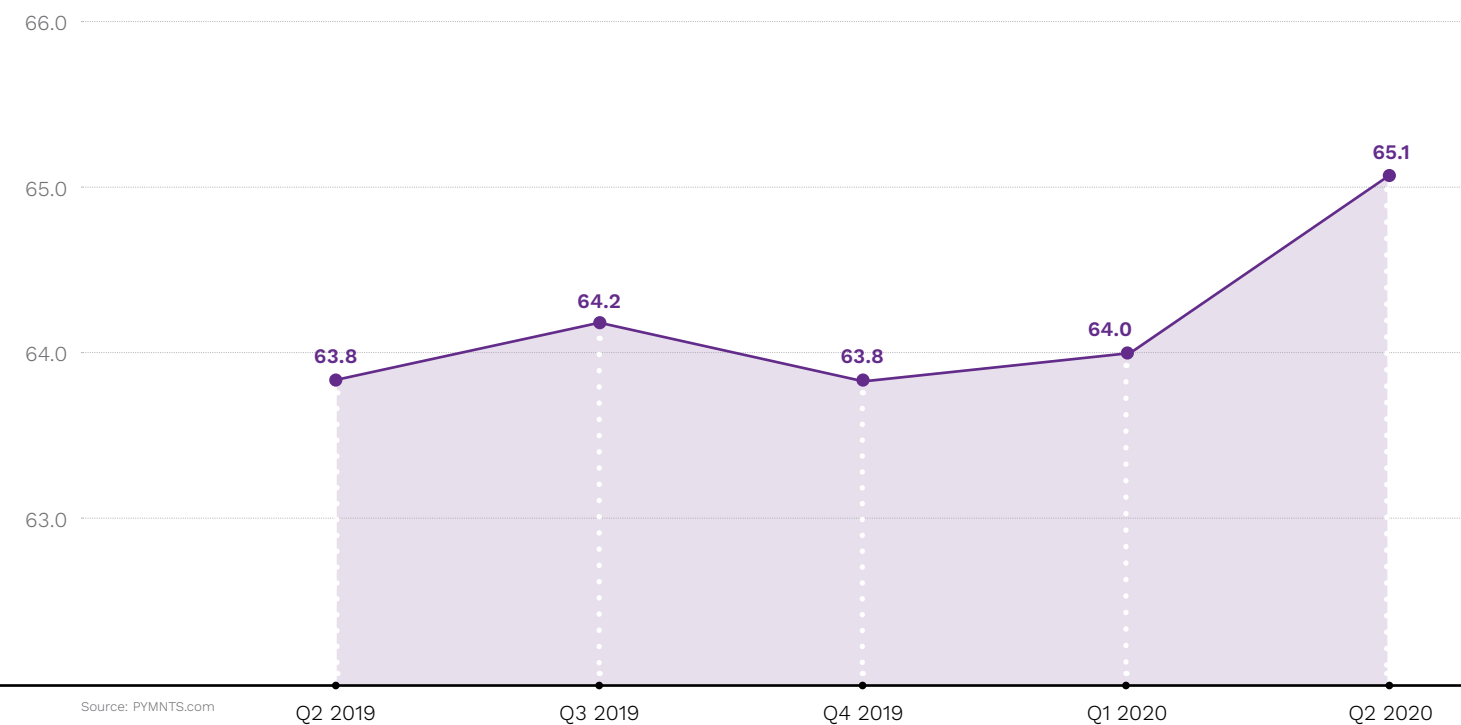
Subscription service providers may be adding features to their sites, but these added features are not stopping consumers from considering canceling. Approximately 167.1 million individuals currently hold streaming, education and training, digital media or consumer retail product subscriptions, but 27.4 million — 16.4 percent — report being at least “somewhat likely” to cancel. Many on the verge of doing so say they are bored with their subscriptions or hold seasonal ones that involve online college courses or employee training subscriptions that they only accessed to meet their employers’ or educators’ requirements. Other subscribers say they enjoy their services but temporarily cannot or do not want to continue paying for them. Approximately 8.5 percent of subscribers — 14.2 million potential cancellations — could likely be retained by including the option to pause their subscriptions.



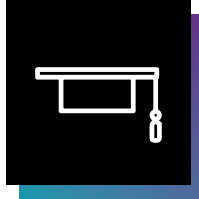
Subscription services are driving conversion by doubling down on offering more features.

The average Index score in Q2 2020 rose to 65.1, the highest we have recorded in five quarters, up from 64 in Q1 2020 and 63.8 in Q3 2019. This measured improvement in merchants’ ability to convert subscribers underpins their willingness to offer features that improve overall user experience. More subscription providers are now offering product ratings and reviews, quick add to cart options and password authentication features on their sites than last quarter, for example. There was a 6 percentage point increase in the share of merchants offering product ratings and reviews in Q2 2020 and a 4.1 percentage point increase in the share of merchants offering quick add to cart features. Sites are also more frequently requiring consumers to sign in using passwords, with the portion requiring password authentication increasing by 4.7 percent.

FIGURE 1:
How Index scores have varied over time
Overall average Index score, by quarter

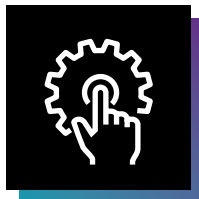


Source: PYMNTS.com



Education subscription services provide the best overall UX of any subscription type.

Education subscription providers lead the pack when it comes to offering engaging user experiences, earning an overall average Index score of 69.5 in Q2 2020. This represents a continued improvement from past quarters as the segment scored 69.4 in Q1 2020 and 67.2 in Q4 2019. Education providers' success seems to stem from two key offerings: product ratings and review options and plan change features. The share providing product rating and review options increased by 23.5 percentage points between Q2 2019 and Q2 2020 while the share offering plan change features increased by 11.8 percentage points.



High-scoring subscription commerce merchants give their users more control over options.

Providers that give subscribers more control over plan terms may be more likely to engage and retain them. Our research suggests the top 20 subscription merchants are the most likely to provide features that allow users to either change or cancel their subscriptions, for example. These merchants offer both cancellation options and features that allow subscribers to alter their subscription terms, such as upgrading or adding new items. Seventy-six percent of middle-performing merchants and 30 percent of bottom performers allow users to cancel subscriptions on their websites as opposed to requiring calls to their contact center. They are even less likely to allow customers to customize the terms of their plans on their sites, with 74 percent of middle performers and 15 percent of bottom ones doing so, respectively.

90%

OF TOP 20 MERCHANTS PROVIDE PLAN **CHANGE** **FEATURES**

COMPARED TO
45 PERCENT OF
MIDDLE-PERFORMING
MERCHANTS.

NO
BOTTOM-PERFORMING
MERCHANTS
DO THE SAME.



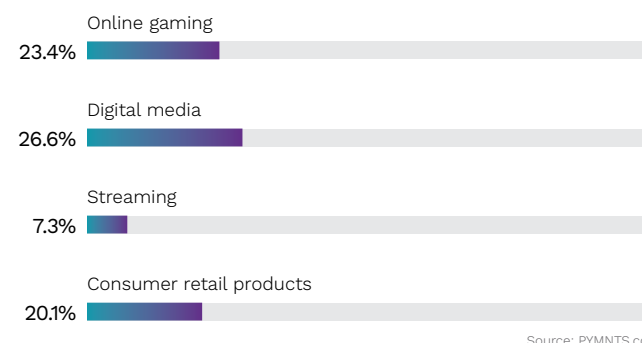
PRESSING THE
“PAUSE”
 BUTTON

Subscription providers face a churn problem. Our research shows that 20 percent of consumers with subscriptions are “very” or “extremely likely” to cancel their subscriptions within the first 12 months.

Consumers’ interest in canceling depends on the type of service to which they subscribe. Digital media merchants face the highest potential cancellation rates as 26.6 percent of all digital media sub-

scribers say they are “very” or “extremely likely” to cancel their plans within the next year. We found that 23.4 percent of on-line gaming subscribers and 20.1 percent of consumer retail product subscribers say the same. The pervasive cancellation risk places significant market pressure on merchants not only to acquire new customers but also to ensure subscribers receive enough value from their current plans to stay onboard.

FIGURE 2:
Consumers’ likelihood of canceling their subscription services
 Share of consumers who are “very” or “extremely likely” to cancel, by type of subscription



26.6%
 OF CONSUMERS
 WHO USE
DIGITAL MEDIA
 SUBSCRIPTIONS
 ARE “VERY” OR
 “EXTREMELY LIKELY”

TO CANCEL THEIR SUBSCRIPTIONS
WITHIN THE NEXT YEAR.

Pause features can go a long way toward helping alleviate this risk by allowing consumers who would otherwise cancel their services to temporarily put their accounts on hold and reactivate them when they desire. Among the 167.1 million consumers who have streaming, digital media, educational and training or retail product subscriptions, 8.5 percent — 27.4 million — would be “very” or “extremely likely” to use pause features if they were available.³ This could help prevent as many as 51.7 percent of subscribers from canceling their plans.

TABLE 1:

How many consumers would pause their subscriptions

Share of consumers who would use subscription pause features if they were offered

	SERVICES				SUBSCRIBE TO ANY OF THESE SERVICES
	Streaming	Digital media	Education and training	Consumer retail products	
SUBSCRIBERS	163.7M	15.2M	10.5M	21.7M	167.1M
"SOMEWHAT," "VERY" AND "EXTREMELY LIKELY" TO CANCEL SERVICE					
• Total	19.2M 11.7%	3.5M 23.0%	2.6M 25.2%	5.2M 24.2%	27.4M 16.4%
• Already use pause feature	4.9M	0.7M	0.3M	1.7M	6.9M
• Would terminate	14.3M	2.8M	2.3M	3.5M	21.0M
• "Very" or "extremely likely" to pause	9.5M 49.4%	1.9M 55.3%	1.8M 66.4%	2.4M 45.8%	14.2M 51.7%
Share that would be saved with pause feature	5.8%	12.7%	16.7%	11.0%	8.5%

Source: PYMNTS.com

Pause features can be particularly beneficial for services that offer seasonal products, such as educational materials that are primarily in demand during the school year. Our research suggests that 16.7 percent of education service subscribers would use a pause feature if it were available rather than cancel, potentially preventing churn of 1.8 million consumers.

It is important for subscription service providers to allow users to temporarily pause their accounts, yet they must also ensure that their products are providing consumers the value they expect.

16.7%
OF EDUCATION
AND TRAINING
SUBSCRIPTIONS
COULD BE
SALVAGED
IF PAUSE
FEATURES
WERE
AVAILABLE.

³ PYMNTS.com. Consumer subscription commerce services report. 2020. <https://www.pymnts.com/study/consumer-subscription-retail-services-report/>. Accessed June 2020.

GETTING
BETTER,
 FEATURE BY FEATURE

Luckily for merchants, there are ways to add value to subscription services. Chief among them are implementing new features that allow consumers to customize their experiences, adding new payment types to meet more consumers' payment preferences or simply reducing the time it takes for consumers to sign up for their services.

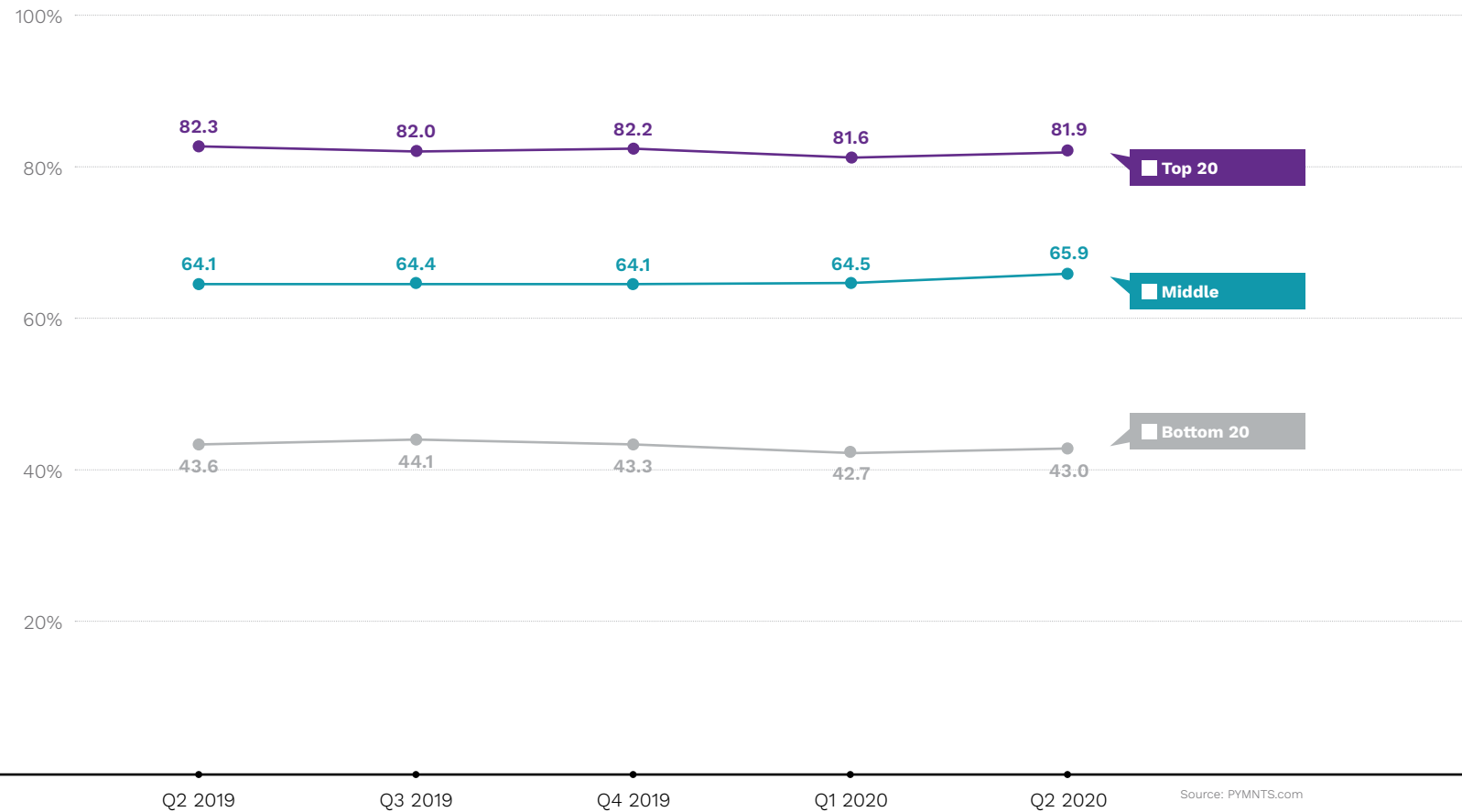
Merchants seem to understand the importance of having a frictionless sign-up process. They have been making it easier to sign up for subscription services for the past three quarters. The average Index score of subscription service pro-

viders is now 65.1 out of 100. This is a slight increase from their average Index score of 64 in Q1 2020 and even more of an increase from their average score of 63.8 in Q4 2019.

The average subscription service provider's sign-up process is getting smoother, but this is not necessarily the case for all providers. The top 20 merchants' subscription sign-up processes have leveled off, changing very little between Q2 2019 and Q2 2020. Top 20 merchants earned an average Index score of 81.9 in Q2 2020, marking only a 0.4 percentage point decrease from their Q2 2019 score of 82.3.

100%
 OF TOP 20 MERCHANTS' SIGN-UP PAGES
 ARE OPTIMIZED FOR **MOBILE USAGE.**

FIGURE 3:
How Index scores have varied over time
 Average Index scores of top, middle and bottom merchants, by quarter



Middle merchants are the only group that saw their average Index score increase during the past year. The average middle merchant's Index score rose to 65.9 points in Q2 2020 from an average score of 64.1 in Q2 2019. This represents an average overall increase of 1.8 Index points among middle merchants over the course of the last year.

The smoothest sign-up processes provide features that can help add value to users' overall experiences, like plan options, product details and cancellation options, for example. All of these features are provided by every top 20 subscription merchant but by only 74 percent, 92 percent and 76 percent of middle subscription merchants, respectively.

TABLE 2:
Which features different providers support
 Share of top, middle and bottom merchants providing select features

FEATURES	MERCHANT POSITIONS		
	Top 20	Middle	Bottom 20
• Messaging	100%	100%	75%
• Plan options	100%	74%	15%
• Cancel options	100%	76%	30%
• Product details	100%	92%	80%
• Passwords	100%	76%	50%
• Marketing opt-in	10%	27%	40%
• Plan changes	90%	45%	0%
• Quick add to cart	30%	7%	15%
• Feedback	40%	24%	15%
• Free shipping	95%	93%	75%
• Free trial	70%	40%	20%
• Mobile optimization	100%	99%	95%
• Security logos	60%	32%	20%
• Product ratings and reviews	75%	40%	35%
• Social media setup	55%	31%	5%
• Rewards	5%	12%	10%

Source: PYMNTS.com

6.6

AVERAGE NUMBER OF PAYMENT OPTIONS THAT TOP 20 MERCHANTS PROVIDE DURING SIGN-UP

There are only two subscription sign-up features that middle merchants are more likely to provide than top 20 merchants: marketing opt-in options, which allow users to sign up to receive merchants' emails, and rewards features. Our research shows that 27 percent of middle merchants allow users to sign up to receive marketing emails, whereas 10 percent of the top 20 merchants do the same. This could reflect top 20 merchants' concerns that their customers might dislike receiving marketing emails in their inboxes.

Top 20 merchants are far ahead of middle and bottom 20 merchants in terms of how long it takes for users to sign up

for their services. They also outperform both middle merchants and bottom 20 merchants when it comes to the time needed to sign up for subscriptions on their sites. It takes consumers an average of 123.5 seconds to sign up for subscription services on the top 20 sites, but it takes consumers 158.9 seconds to sign up on the bottom 20 sites and 161.5 seconds to sign up on middle merchants' sites. In other words: it takes customers an average of 22.3 percent less time to sign up for subscription services on top 20 sites than it takes on bottom 20 sites and an average of 23.5 percent less time to subscribe on a top 20 site than on a middle merchant's site.

Another major differentiator between top 20 sites and other subscription merchants is the number of payment methods they accept. Top 20 sites support an average of 6.6 payment methods compared to an average of 5.2 payment methods among middle merchants and 5 among bottom 20 merchants. Having more payment methods allows top 20 merchants to meet the payment preferences of a larger number of consumers and contributes to a smoother overall subscription process.

FIGURE 4:

How long it takes to sign up for subscription services and how many payments are accepted
Average number of minutes and seconds needed to sign up for subscriptions on top 20, middle and bottom 20 sites



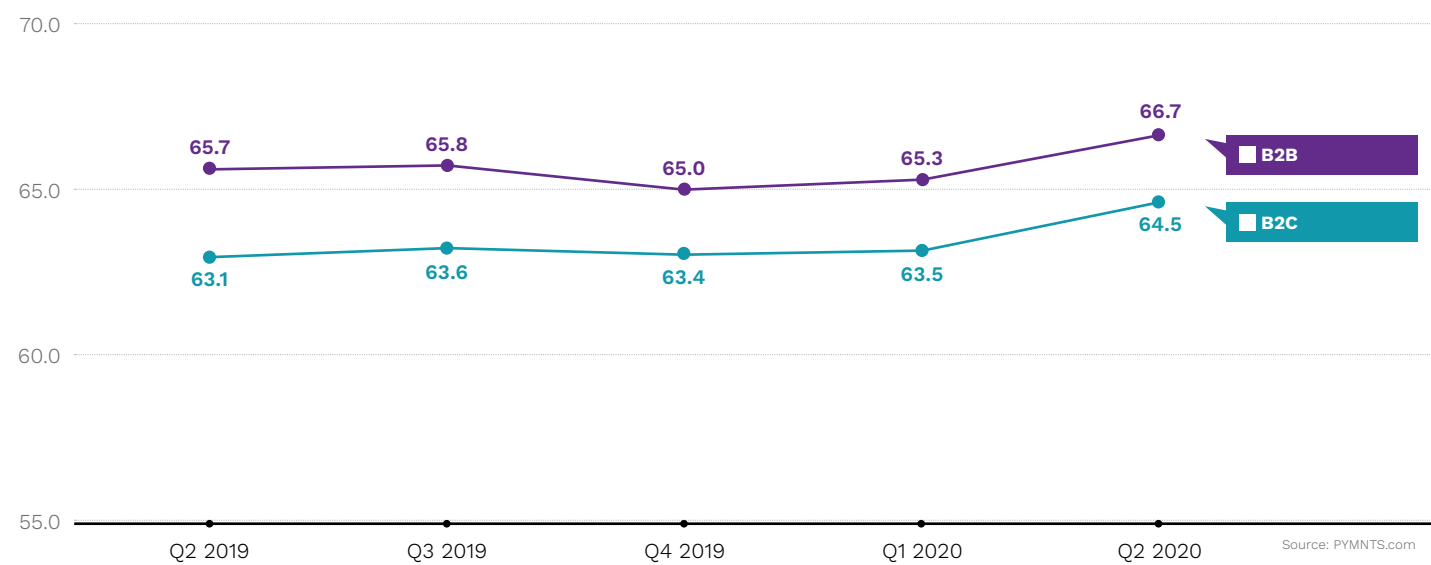
Source: PYMNTS.com

UNDERSTANDING THE B2B-B2C DIVIDE

Merchants' Index scores are reliable indicators of the smoothness of their overall subscription processes, but it is also crucial to understand that merchants with similar Index scores often provide very different subscription sign-up experiences. Business-to-business (B2B) and business-to-consumer (B2C) merchants' Index scores are a prime example. B2B merchants' average Index score is only 2.2 points higher than B2C merchants' average score, but their respective sign-up processes are very different.

Neither B2B nor B2C merchants' average Index scores have changed drastically during the past year. B2B merchants' scores have been oscillating early every quarter since Q2 2019, but their Q2 2020 score of 66.7 is only 1 point higher than their Q2 2019 score of 65.7. Something similar can be said of B2C merchants' average Index scores. B2C merchants' average Index score for Q2 2020 is 64.5, which is only 1.4 points higher than their average Q2 2019 score of 63.1.

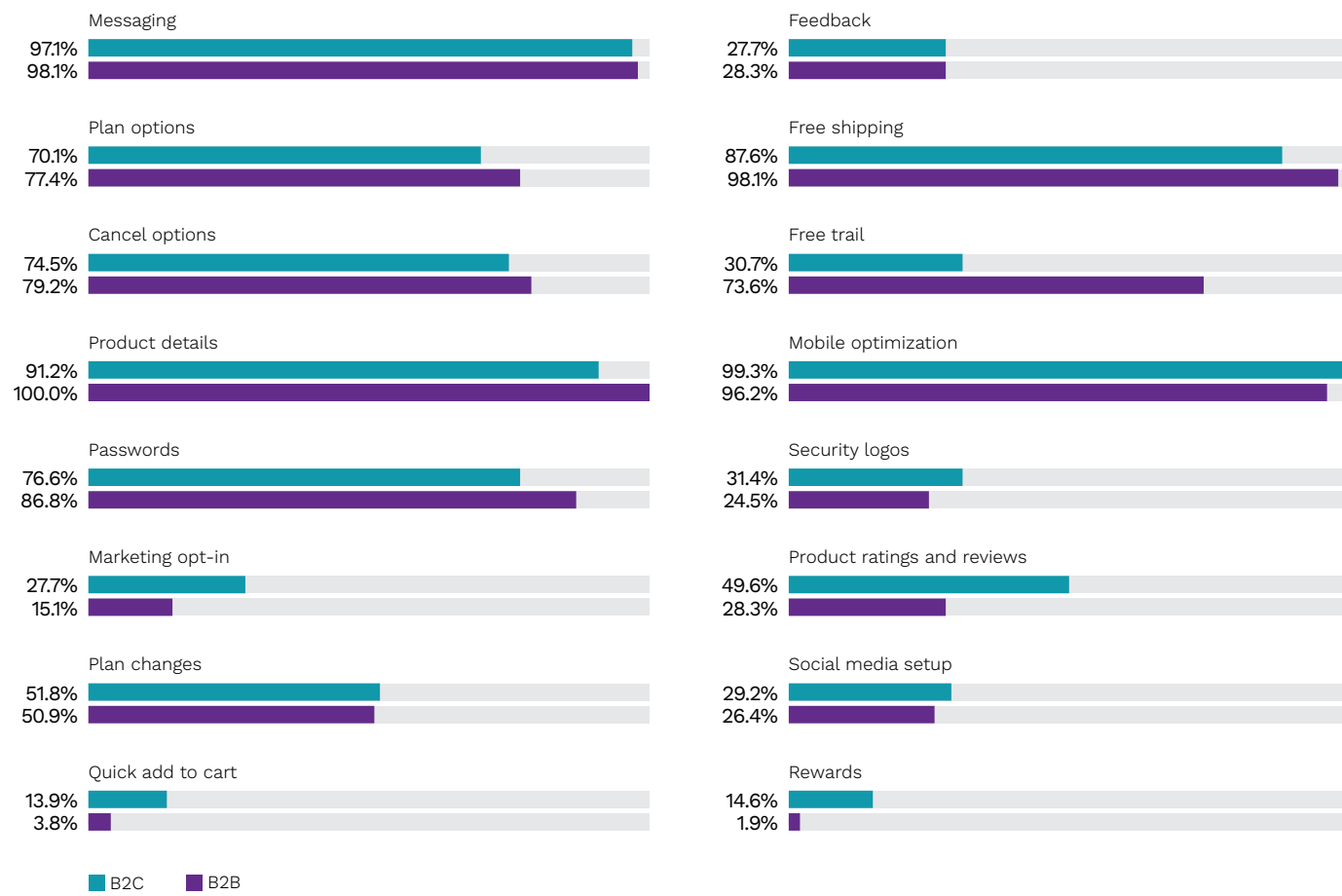
FIGURE 5:
How B2B and B2C merchants' Index scores have changed over time⁴
Average Index score of B2B versus B2C merchants, by quarter



⁴ "Middle merchants" include all merchants in our sample that have neither the top 20 highest scores nor the lowest 20 Index scores.

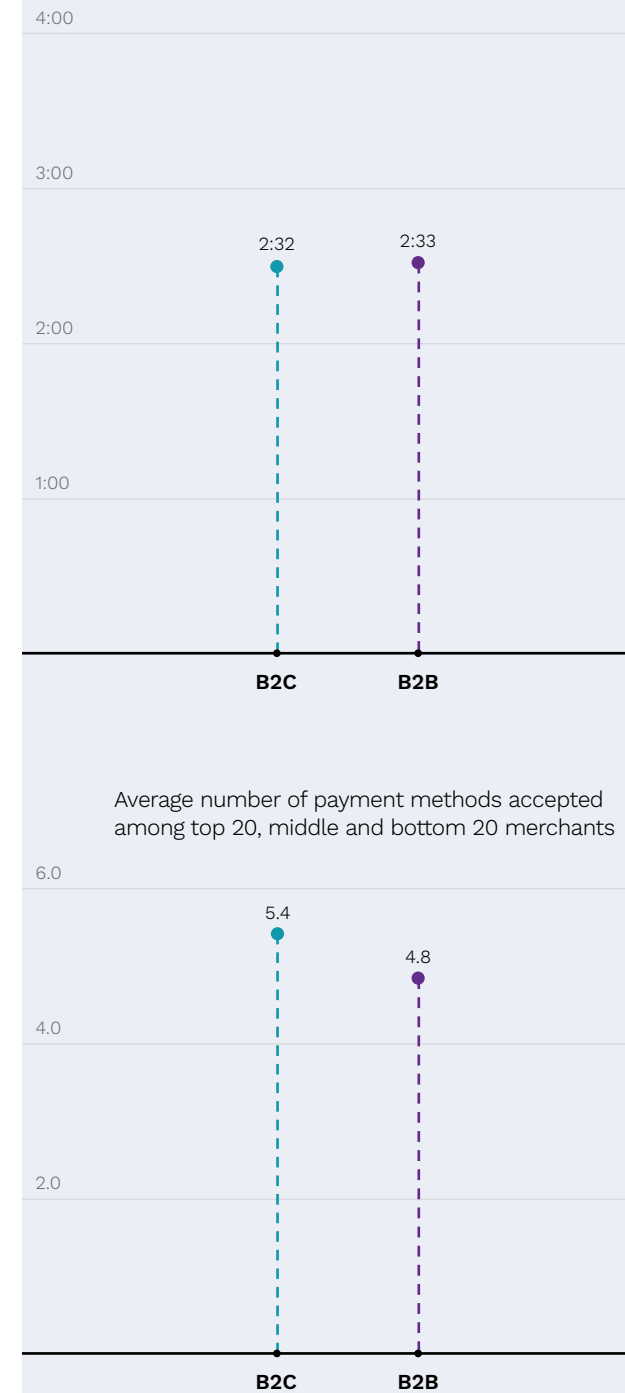
These deceptively similar Index scores mask some of the more striking differences between B2B and B2C merchants' subscription processes, however, which can include the type of features they provide. B2B merchants are more likely than B2C merchants to show product details, provide free shipping and offer free trials, for example. Our research shows that 100 percent of B2B merchants show product details during their subscription sign-up processes, compared to 91.2 percent of B2C merchants. We also find that 98.1 percent of B2B merchants provide free shipping and 73.6 percent offer free trials. Only 87.6 percent and 30.7 percent of B2C merchants do the same, respectively.

FIGURE 6:
Which features different providers support
Share of B2B merchants and B2C merchants providing select features



Source: PYMNTS.com

FIGURE 7:
How long it takes to sign up for subscription services and how many payments are accepted
Average number of minutes and seconds needed to sign up for subscriptions on top 20, middle and bottom 20 sites



Source: PYMNTS.com

B2C merchants are more likely to show product ratings and reviews, provide quick add to cart features and offer rewards programs, by contrast. Our study shows that 49.6 percent of B2C merchants provide product ratings and reviews when users are signing up for new subscriptions, while only 28.3 percent of B2B merchants do the same. We also observe that 13.9 percent of B2C merchants support quick add to cart features and 14.6 percent provide rewards programs. This compares to only 3.8 percent and 1.9 percent of B2B merchants that provide these features, respectively.

B2B merchants and B2C merchants differ less when it comes to the amount of time it takes consumers to subscribe to their services. Consumers need an average of 152.7 seconds to sign up for B2B subscriptions and 153.9 seconds to sign up for B2C subscriptions, a difference of only 1.2 seconds.

B2C merchants do support more payments options than B2B merchants, however. The average B2C subscription site allows customers to choose from 5.4 payment methods while B2B merchants allow them to choose from 4.8 payment methods.



WHAT MERCHANTS CAN LEARN FROM
**EDUCATION
 AND IoT/
 HARDWARE**
 SUBSCRIPTION SERVICES

We see greater variability between merchants in different industries than we see between B2B and B2C merchants. This is because consumers' online subscription sign-up experiences can vary drastically depending on the type of product or service to which they are subscribing.

Consumers subscribing to educational products such as language or coding classes, for example, have a very different

experience than those subscribing to digital media products, such as magazine or video streaming services.

We observe that difference in merchants' Index scores. Our Q2 2020 study shows that consumer retail subscription providers earn an average score of 64.4, for example, while online gaming providers earn an average score of 61.5. Publishing and entertainment merchants earn a higher average Index score: 65.3.

TABLE 3:
How merchants' Index scores have changed over time
 Average Index score of select industries' merchants, by quarter

	TYPE OF SUBSCRIPTIONS				
	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
• Education	66.3	67.2	67.2	69.4	69.5
• Business services	70.6	69.9	68.1	69.0	69.5
• SaaS/cloud computing	68.3	68.9	68.3	68.5	68.3
• Streaming services	67.2	68.8	67.4	68.0	66.9
• Publishing and entertainment	65.3	65.8	65.5	64.2	65.3
• Consumer goods and eCommerce	62.6	63.3	63.5	63.2	64.4
• Consumer services	59.6	59.2	58.7	60.1	60.0
• Online gaming	58.4	57.9	58.0	58.0	61.5
• Consulting and financial services	57.8	58.3	58.3	57.9	62.0
• IoT/hardware	57.8	55.8	56.6	54.9	59.5

■ INDUSTRY WITH HIGHEST INDEX SCORE

Source: PYMNTS.com

It is the difference between education and IoT/hardware subscription providers that merits the most attention, however. Education subscription service providers offer the smoothest overall sign-up experience of merchants in any industry, and they earned an average Index score of 69.5 in Q2 2020. IoT/hardware subscription service providers offer the most friction-laden sign up experience of all, by contrast, and they earned an average Index score of 59.5.

It is important to note that education subscription merchants do not always provide more subscription features than other merchants, despite having the highest average score. They are less likely than the average merchant to offer plan options, marketing email opt-ins and plan change features, for example. Our research shows that 64.7 percent of subscription merchants offer plan options, and only 11.8 percent allow users to sign up for marketing emails. This contrasts with the statistics for all merchants as 72.1 percent of them provide plan options and 24.2 percent allow users to sign up for marketing emails.

90.5%
OF SUBSCRIPTION
SERVICE
PROVIDERS
OFFER
FREE SHIPPING
FEATURES.

TABLE 4:
Which features different industries' merchants provide
Share of merchants offering select features, by industry

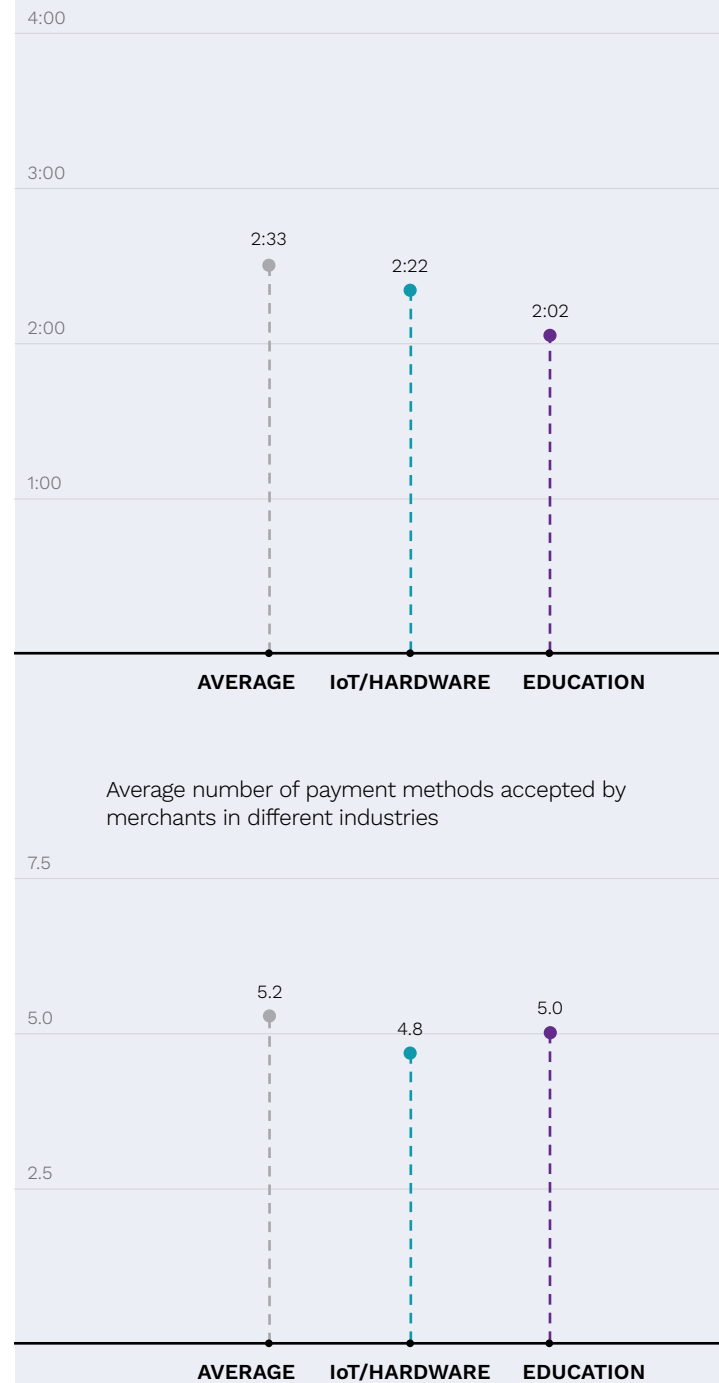
FEATURES	AVERAGE	INDUSTRY	
		IoT/hardware	Education
• Messaging	97.4%	100.0%	100.0%
• Plan options	72.1%	75.0%	64.7%
• Cancel options	75.8%	37.5%	82.4%
• Product details	93.7%	100.0%	100.0%
• Passwords	79.5%	50.0%	76.5%
• Marketing opt-in	24.2%	25.0%	11.8%
• Plan changes	51.6%	50.0%	41.2%
• Quick add to cart	11.1%	0.0%	0.0%
• Feedback	27.9%	50.0%	41.2%
• Free shipping	90.5%	100.0%	100.0%
• Free trial	42.6%	37.5%	52.9%
• Mobile optimization	98.4%	100.0%	100.0%
• Security logos	29.5%	37.5%	47.1%
• Product ratings and reviews	43.7%	25.0%	76.5%
• Social media setup	28.4%	0.0%	29.4%
• Rewards	11.1%	12.5%	5.9%

Source: PYMNTS.com

This makes sense. It is difficult to see how receiving marketing emails would add value to education products in the way they might add value for consumers who want the latest deals on clothing and accessories, by contrast.

The features education merchants do provide more often than other merchants are those that add value to their particular products. Education merchants are more likely than others to provide product rating and review options and social media setup, for example. Our study finds that 76.5 percent and 29.4 percent of education merchants offer these features, respectively, compared to 43.7 percent and 28.4 percent of all subscription merchants. Having such features could help provide a more interactive education experience, with users being able to make suggestions and comments for others or share their educational progress on social media, such as showing friends that they were able to pass their latest French or math tests.

FIGURE 8:
How long it takes to sign up for subscription services and how many payments are accepted
 Average number of minutes and seconds needed to sign up for subscriptions from merchants in different industries



Source: PYMNTS.com

2:33

AVERAGE TIME CONSUMERS TAKE TO SIGN UP FOR SUBSCRIPTION SERVICES

Education merchants also make it easy for consumers to cancel their subscriptions by allowing them to do so on their sites as opposed to requiring them to send emails or make phone calls to cancel their services. Our research consistently shows that consumers prefer subscriptions that are easy to cancel, and being able to cancel online is optimal. This helps boost education subscription merchants' Index scores as 82.4 percent allow users to cancel on their sites. This compares to 75.8 percent of all merchants and just 37.5 percent of IoT/hardware merchants that do the same.

Another major reason education subscription services score much higher than the rest is that it simply takes less time to sign up for their services. Our

survey reveals that it takes an average of just 122.8 seconds to sign up for education subscription services, compared to an average of 153.1 seconds to sign up for subscription services of any kind. Signing up for IoT/hardware subscriptions also takes less time than average: 142 seconds.

Education subscription merchants also offer more payment methods than IoT/hardware service providers but not more than the average subscription merchant. Education providers accept an average of 5 payment methods while IoT/hardware merchants accept an average of 4.8. These are both fewer methods than are accepted by the sample average: 5.2 payment methods.



DEEP DIVE:

HOW EDUCATION SUBSCRIPTION SERVICES

ROSE TO THE TOP

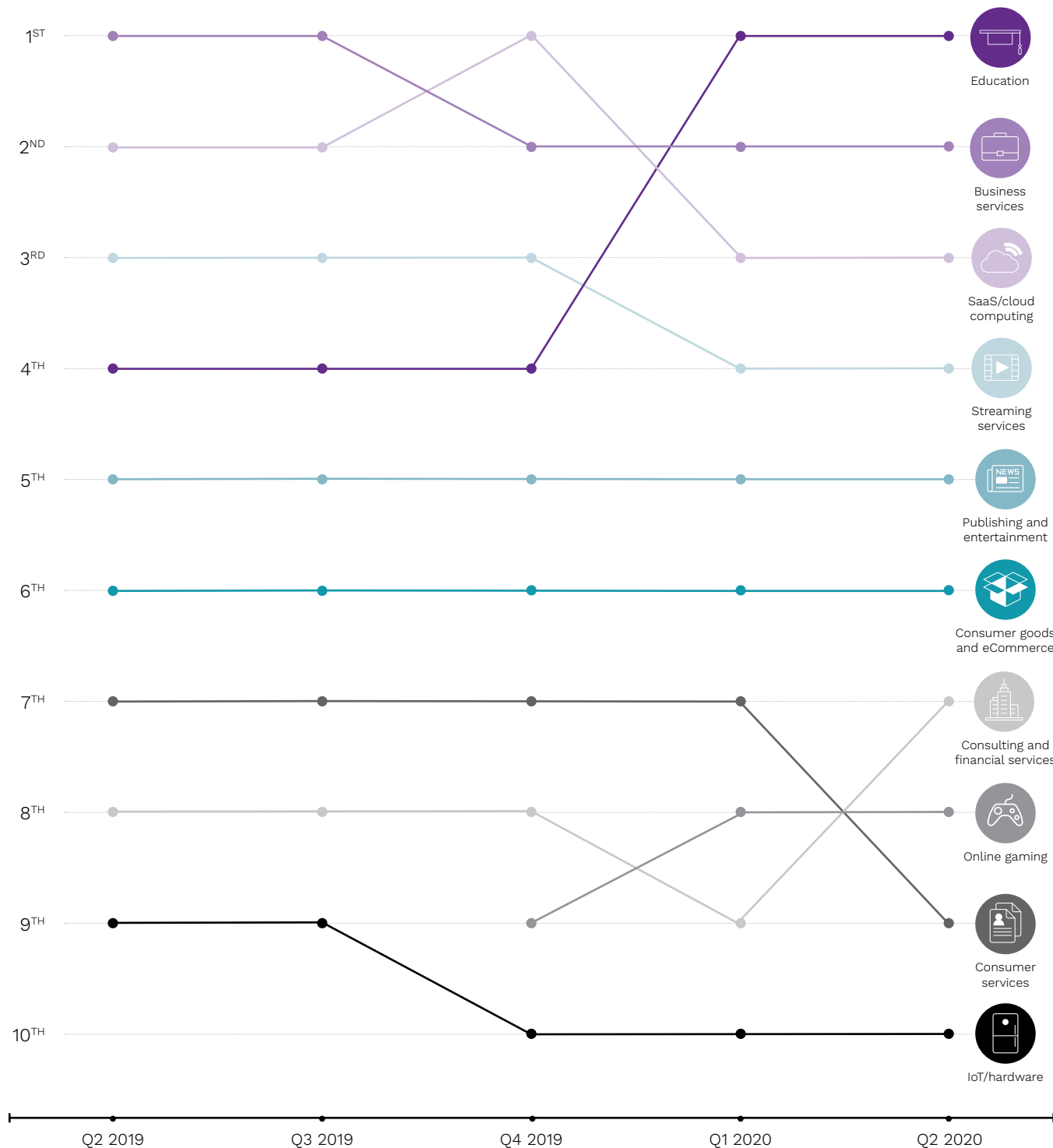
Education subscription providers did not always have the smoothest sign-up processes. They ranked fourth in terms of overall sign-up process as recently as Q4 2019, in fact. This only changed in Q1 2020, when education merchants jumped right to first in the rankings, overtaking not only software-as-a-service (SaaS) and cloud computing merchants but also business service merchants and over-the-top/subscription video-on-demand (OTT/SVOD) merchants.⁵

Education merchants' sign-up processes grew smoother between Q4 2019 and Q2 2020, but the sign-up processes of merchants in other industries also grew more friction-laden in that time. Our research shows that the average Index scores of merchants in all four of the top industries in our study reached their lowest point in Q4 2019. The average Index scores in three of those four industries (SaaS and cloud computing, business services and OTT/SVOD) never reached their previous heights.

⁵ "Over-the-top" media providers are those which deliver content to viewers through the internet, bypassing traditional channels such as cable or broadcasting networks.

23.5
PERCENTAGE
POINT INCREASE
IN EDUCATION
SUBSCRIPTION
SERVICE
PROVIDERS
OFFERING
**PRODUCT
RATINGS AND
REVIEW
FEATURES**
IN Q2 2020
COMPARED TO
Q2 2019

FIGURE 9:
How merchants' sign-up processes compare over time
 Ranking of subscription providers in different industries, by quarter



Source: PYMNTS.com

69.5

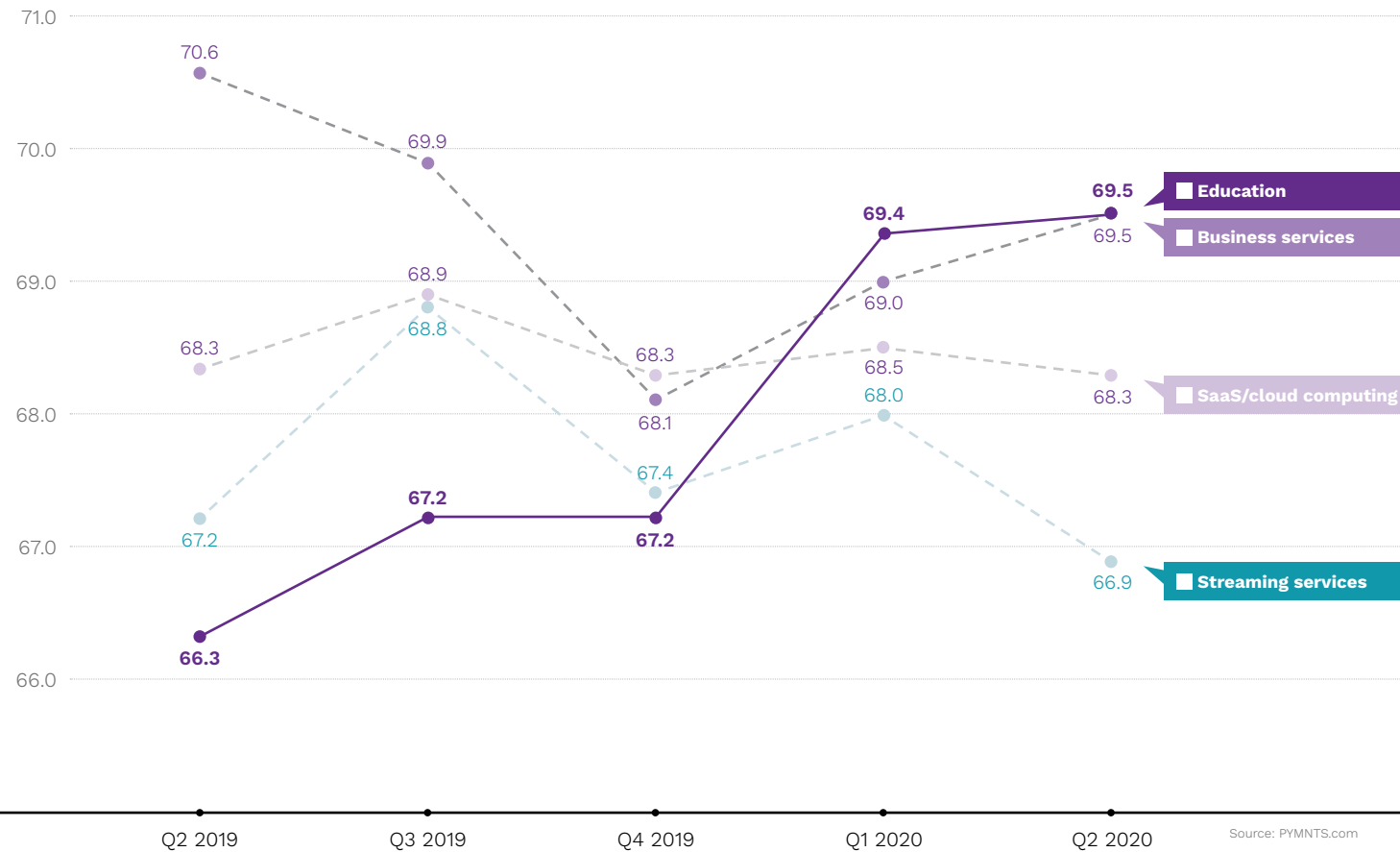
AVERAGE INDEX SCORE OF EDUCATION SUBSCRIPTION SERVICES IN Q2 2020 — THE HIGHEST OF ALL INDUSTRIES

Business service merchants' average Index score in Q3 2019 was 69.9, but it dropped to 68.1 by Q4 2019. These merchants have yet to recover, as their Index score increased only up to 69 in Q1 2020 and 69.5 in Q2 2020. We see a similar progression among OTT/SVOD merchants: Their average score dropped from 68.8 to 67.4 between Q3 2019 and Q4 2019. Their average score has also not yet reached its pre-Q3 2019 heights.

Merchants in these three industries struggled to keep their sign-up processes smooth, yet education providers continuously improved their own sign-up processes. Education providers earned an average score of 67.2 in Q4 2019, and that score jumped to 69.5 by Q1 2020.

This sharp rise in education providers' Index scores was primarily driven by what appears to be a sustained, industry-wide effort to add new subscription features, including product ratings and reviews, feedback options and plan change options. The share of education merchants offering these features has increased by 23.5 percentage points, 11.8 percentage points and 11.8 percentage points respectively since Q2 2019. We also see 11.8 percentage points more education merchants providing security logos, 5.9 percentage points more offering messaging options and 5.9 percentage points more offering plan options in Q2 2020 than over the same period last year.

FIGURE 10:
How merchants' Index scores have changed over time
 Average Index score of select industries' merchants, by quarter



In none of the other top four industries in our sample did merchants acquire new subscription features as quickly as education services. SaaS and cloud computing merchants, OTT/SVOD merchants and business service merchants are more likely to have dropped features during the past year. Twenty percentage points fewer OTT/SVOD merchants provide free

shipping in Q2 2020 than in Q2 2019, for example. We also find that fewer SaaS and cloud computing providers support security logos by 16.7 percentage points and that fewer offer feedback options by 11.1 percentage points. This speaks to the important role subscription features play in improving consumers' overall experiences.

TABLE 5:
Features that contributed to education services' improvement in Index score
 Change in share of merchants in different industries providing select features since Q2 2019, by percentage points

FEATURES	INDUSTRY			
	Education	Business services	SaaS/cloud computing	Streaming services
• Messaging	5.9%	5.3%	5.6%	0.0%
• Plan options	5.9%	-0.6%	-5.6%	5.0%
• Cancel options	0.0%	4.7%	5.6%	0.0%
• Product details	0.0%	0.0%	0.0%	5.0%
• Passwords	-5.9%	4.7%	0.0%	10.0%
• Marketing opt-in	5.9%	-4.7%	-16.7%	5.0%
• Plan changes	11.8%	-1.8%	-5.6%	5.0%
• Quick add to cart	-5.9%	0.3%	0.0%	-5.0%
• Feedback	11.8%	-9.4%	-11.1%	0.0%
• Free shipping	5.9%	5.3%	11.1%	-20.0%
• Free trial	0.0%	9.6%	5.6%	-10.0%
• Mobile optimization	0.0%	0.0%	0.0%	5.0%
• Security logos	11.8%	-15.2%	-16.7%	-5.0%
• Product ratings and reviews	23.5%	-8.8%	0.0%	15.0%
• Social media setup	0.0%	-9.4%	0.0%	5.0%
• Rewards				

Source: PYMNTS.com

CONCLUSION

Subscription service providers face a persistent and widespread risk of their customers canceling their subscriptions after only a few months of usage. It is therefore crucial that subscription service providers work to mitigate this risk. This is particularly true during the ongoing COVID-19 pandemic as many consumers and businesses are experiencing cash flow crunches and may therefore feel pressure to cancel their subscription plans.

Having a fast, smooth and user-friendly sign-up process, supporting many different payment methods and offering features that allow users to customize their subscription experiences are all crucial in winning over new subscribers. Allowing existing customers to pause their subscriptions can help keep them loyal and improve their overall user experiences. A strong consumer engagement strategy requires merchants to provide additional features to maximize their user experiences and best combat subscriber churn.

SUBSCRIPTION
COMMERCE CONVERSION INDEX

METHODOLOGY

The Subscription Commerce Conversion Index draws on PYMNTS' research into the online subscription processes of 190 subscription service providers in 10 industries to understand which of 47 different site features have the biggest impact on users' overall subscription sign-up experiences. Our analysis also cross-referenced our survey of a census-balanced panel of 2,130 U.S. consumers to understand the share that currently use subscription services, which types of services they use, the likelihood that they might cancel those services and how having the ability to pause their subscriptions might affect their decisions about whether to do so.

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We are interested in your feedback on this report and where we take it over time. Please send us your thoughts, comments or questions to SCCI@pymnts.com.

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