

## 5 Common Recurring Billing Mistakes Small Businesses Make

Is your subscription business hitting lower margins than you expected? Is the percentage of your repeat customers low or are you finding it difficult to get new sign-ups and upgrades? [SaaS startups face many challenges](#) and customer acquisition and retention is of primary concern. Many SaaS startups agree that billing is one of the thorny issues they face.

SaaS startups depend on user subscription to their services to generate revenues. However, without an efficient subscription billing solution in place, startups can experience high cancellations and fewer upgrades for their services. SaaS

businesses need to put steps to ensure users understand their recurrent billing pricing. Users should know:

- How much they will pay for a service
- How frequent they will be charged
- The SaaS company's subscription cancellation policy
- How secure their credit card data is

You need a [recurring billing solution](#) that will make it easy for your users to purchase your services. The billing solution should also correctly inform customers of their subscriptions in a timely fashion. Whether or not you have already set up your billing solution, check that you are not doing any of the following mistakes that may be lowering your margins:

### 1. No reference to charges made

Your recurring billing system should indicate to customers the amount they have been billed and the reason for the billing. If the charge is for a renewal, an upgrade or a special offer, customers should be informed via email.

Avoid sending a generic email that simply informs the customer that his or her credit card has been charged. Make your customers feel at ease by providing the details of their billings. And most importantly, the billing system should allow you to customize your Invoice.



dress

icme.com

Payment has been successfully processed

Thank you for the payment.

The payment details are given below for your record.

Invoice:  
{invoice.id}  
{invoice.end\_date}

Items  
{#invoice.line\_items}

Description: {description}

Create Template    Reset Template    Restore Default

Customizing Payment Receipt Email from the Billing System

## 2. Sending receipts after processing charges

Avoid charging your customers immediately on the day of the recurring billing. Unless your customers have expressly indicated that they should be outright billed, you should provide them with a friendly reminder. Otherwise, you will incur costs on processing refunds customers who may not wish to continue with their subscription. Or worse, you'll get a chargeback request.

### AUTOMATIC RENEWAL

To ensure your membership, you don't need to do anything at all. Your membership will automatically renew and your credit card will be processed for the next term.

### EXPIRATION

If you don't already have a credit card on file, your membership will expire. If this is the case, you will be notified to renew the next time you log in after the expiration date. Don't worry, it won't suspend your membership and you'll be reinstated immediately after you renew.

Sample automatic renewal notification

## 3. Poor customer support

An awesome product with shoddy customer care services is likely to fail. SaaS startups need to invest in customer support just as they invest in development, distribution and marketing. Regardless of the stage of a SaaS business, customer support should be at the forefront of any company.

To address the questions your customers may have, provide guides on how your service works and how it should be used. Apart from this, offer [24/7 customer support through email, phone or helpdesk/support portal](#).

Start typing a question and see answers in real time

OR

Submit a ticket

Search using a keyword or a full question

Make your customer support stand out

## 4. Lack of a robust payment communication

Communication with a handful of users may not be a problem. However, when you have hundreds of users, you need a robust communication system to reach different user segments. Your startup needs a system in place that can send notifications for:

- Reminders for accounts about to get auto-renewed
- Reminders on credit card expiration
- Subscription upgrades/downgrades
- Payment success/failure notification

Choose a recurring billing solution that will automatically handle most of our payment communication with your customers.

Payment Receipt	Fired when customer is charged and invoice raised	Disable	Customize
Payment Succeeded	Fired when the payment is successfully collected	Disable	Customize Template
Payment Failed	Fired when attempt to charge customer's credit card fails	Disable	Customize Template
Payment Refunded	Fired when a payment refund is made	Disable	Customize Template
Card Expiring	Fired when the customer's credit card is expiring soon. Sent 6 days before the expiry date.	Disable	Customize Template
Card Expired	Fired when a card for a customer is expired	Disable	Customize Template

Templates to send notifications to your customers

## 5. No marketing copy in the email

Take cue from the big businesses that do subscription business; they usually have a polite marketing copy in their receipts. For example, you can highlight other offers you have, provide coupons or indicate important announcements in your receipts. A recurring billing solution that allows you to embed custom messages on the online receipts can land you new upgrades and improve your bottom line.

*details of the customer*

Notes

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{Customer Name}, Thank you for your business. Now SAVE 20%* on {Product Name} as a token of appreciation. <a href="http://www.acme.com/offer.html">Click Here</a> to get this offer.
```

*You can add any html text to show below the line items. Any links should have complete href attribute starting from http(s)*

Customizing Invoice to offer deals/promotions

To improve your subscription rate, do not leave the customers guessing anything about billing. Most important of all, make it easy for customers to reach you when they have concerns about their subscriptions, renewals or cancelations.

