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# Recovering revenue through payment optimisation.

Project period: Q3 2025

**FILDI**

# Client snapshot

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**Industry:** D2C Wellness Subscription Business

**Market:** US & Canada

**Stage:** Rapid scale-up mode

**Size:** 8-figure ARR

**Project:** H2 2025

# Challenge

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This client was experiencing significant passive churn, which are customers who want to continue their subscriptions but are being lost due to circumstances outside of their control (eg, payment processing failures).

The team suspected operational payment issues but needed to understand the scale, causes and solutions for these preventable cancellations.

**Critical finding: 1 of 13 subscription payments were failing, representing substantial lost AOV**

# Approach

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FILDI conducted a comprehensive payment failure analysis using Recharge transaction data to identify the scale, timing and root causes of passive churn. The analysis focused on understanding payment method performance, failure timing and technical infrastructure issues.

Key analytical methods:

- Payment failure analysis by method, timing and failure reason codes
- Subscriber tenure analysis to understand when payment failures cluster
- Technical audit of Shop Pay subscription renewal bug impact
- Revenue impact calculation and recovery opportunity sizing

## Problem = subscription renewals were failing

Analysis confirmed that 'passive churn' was fundamentally a payment failure problem.

And 98% of all payment failures were from renewing subscribers, meaning payment details had been correct at checkout but something changed before renewal attempt.

## Shop Pay has a technical bug

While Shop Pay represented two-thirds of all subscription payments, it accounted for three quarters of all payment failures.

Investigation revealed a known Shop Pay bug causing subscription renewal delays and failures, contributing to a higher likelihood of payment failure.

## Predictable failure timing patterns

Payment failures peaked at the same 3 month and 6 month churn cliffs identified in the wider retention analysis, confirming that operational issues were compounding proposition problems.

## Root cause analysis

17 out of every 20 payment failures were categorised as “invalid details” or “payment method error”, primarily caused by:

- Expired credit cards (lack of automatic card updating)
- Insufficient funds (poor retry timing)
- Shop Pay technical bug (9.1% of failures showed 'Unknown' payment method)

# Recommendations

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FILDI recommended a three-tier payment optimisation strategy to recover the majority of passive churn revenue:

1

Implement flexible/AI payment retries through Recharge portal to improve likelihood of payment success

2

Deploy Account Updater & Network Token Solutions via Shopify Payments (Stripe) to automatically update expired credit cards with new details

3

Address Shop Pay subscription renewal bug and consider temporarily removing Apple Pay for subscriptions (worst performing)

# Expected impact

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Implementation of the payment optimisation strategy would deliver immediate and measurable revenue recovery:

**25% reduction in payment failure-related churn**

**Improved customer experience through reduced payment frustration**

**Enhanced subscription longevity by removing non-intentional cancellation triggers**

**Reduced customer service burden from payment-related inquiries**

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Payment failures are often the easiest wins  
in subscription optimisation.

Fixing infrastructure can recover revenue  
immediately without changing customer behaviour.

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# Who are FILDI ?

**FILDI**

# What FILDI is, and why it exists

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**FILDI** is a consultancy drawing on 15+ years of hands-on experience in subscriptions and memberships, across marketing, product, strategy and operations with leading DTC brands like Sky, BT, News Corp, NFL and Future.

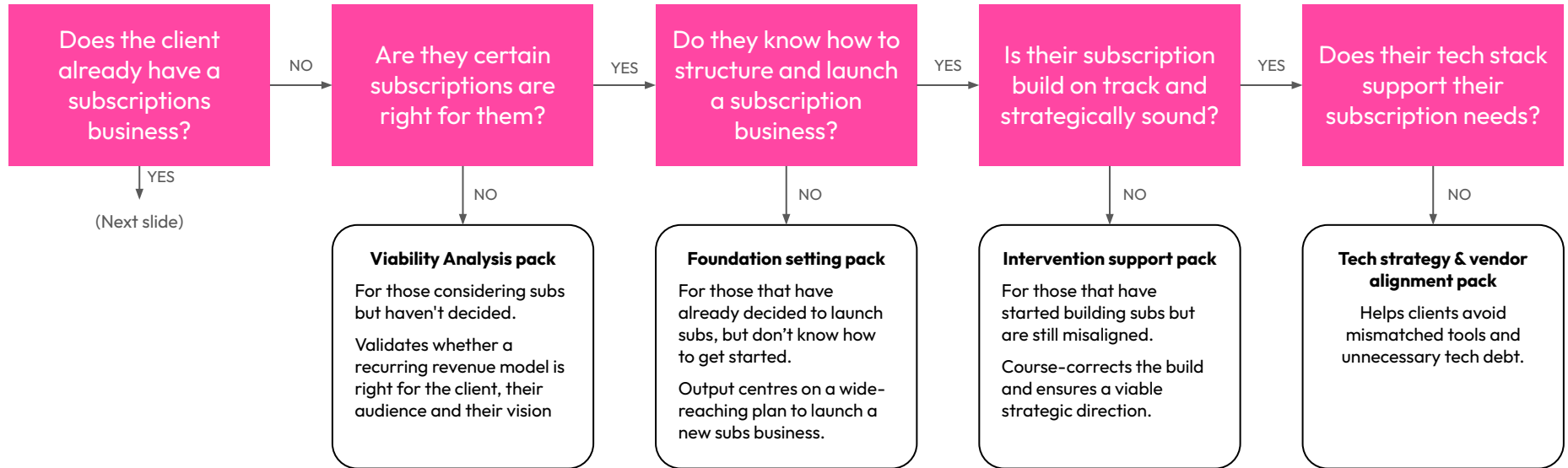
**FILDI** exists to help DTC scale-ups accelerate their subscriptions business by applying proven strategies and hard-won lessons from leading brands, helping to avoid common pitfalls and translate industry best practices into faster growth.

Building and scaling a subscriptions revenue business isn't easy, so **FILDI** simply exists to make it easier.

# Packaging up our Subscriptions Expertise (1)

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FILDI offers subscription modules for every stage - from launch planning to performance optimisation.

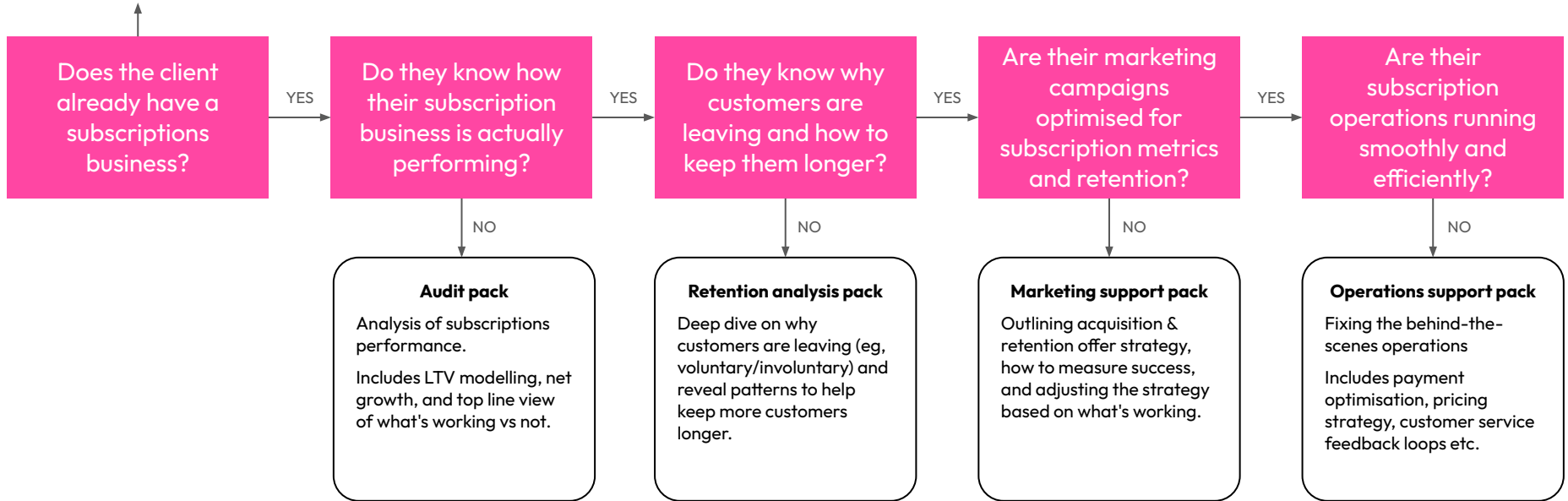


# Packaging up our Subscriptions Expertise (2)

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FILDI offers subscription modules for every stage - from launch planning to performance optimisation.

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# Why FILDI?

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- ✓ **Real experience at scale:** 15+ years implementing these models at leading brands, not just theory
- ✓ **Avoid costly mistakes:** We've seen what doesn't work, so you don't have to learn the hard way
- ✓ **Proven frameworks:** Apply strategies that have generated millions in recurring revenue
- ✓ **Focus on your business:** Tailored solutions only. We don't do one-size-fits-all approaches

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Thanks

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