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Balancing checkout targets towards improved subscriber longevity.

Project period: H2 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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The client's subscription business was enjoying rapid improvements in their subscriber acquisition, achieved through a greater emphasis on checkout performance and upsell.

But whilst these new subscribers were joining the business in healthy numbers, the net base of active subscribers wasn't growing as quickly because customers would churn soon after.

The team weren't sure why there were subscriber quality issues, and lacked the data & insight to show the balanced relationship between checkout performance and subscriber longevity.

TLDR: The highest-converting subscription package also generated the highest churn.

Approach

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FILDI conducted a subscription performance audit using Subscriptions & Marketing Attribution data to reveal **a direct link between aggressive upsell at checkout and an increased likelihood of early-life churn.**

The analysis focused on understanding the relationship between package sizes, subscription terms and retention patterns.

Key analytical methods:

- Deep-dive analysis of the full acquisition-to-retention funnel, by package size and subscription term, including attribution modelling
- Segmented subscriber retention analysis by offer type and upsell amount
- Average Revenue Per User (ARPU) analysis to identify lifetime value vs AOV optimisation
- Benchmarked churn risk against comparable D2C subscription retention data

Subscription Term Paradox

The 3-month subscription term was the default checkout option because it converted best, but it consistently churned 3-5 percentage points worse than longer terms across all price bands.

Analysis revealed that those taking 3-month term and taking 4 products in that subscription were disproportionately high compared to other varieties.

Feedback Validation

Customer feedback from 3-month subscribers confirmed they had “too much product”, while 6-month subscribers cited other concerns.

This directly supported the over-sizing hypothesis.

AOV vs ARPU Distortion

Customers on 3-month terms paid the same as those on 6-month but received identical product amounts.

While both paid the same price (eg \$60), 3-month subscribers had half the time to use it, causing them to cancel due to "too much stock".

This pricing distortion stemmed from aggressive upselling to larger bundles without considering consumption patterns.

Recommendations

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FILDI recommended introducing ARPU-balanced checkout targets that optimise for both conversion and retention quality:

1

Implement checkout targets balancing AOV with annual/monthly ARPU to drive volume while keeping subscribers longer on 'right-sized' packages

2

Introduce right-sizing recommendations to existing subscribers based on product selection and consumption patterns

3

Implement upsell caps and refine incentive timing to prevent over-sizing

Proposed Checkout Target Framework

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The following calculated examples were used to base the new checkout targets on:

Example scenario 1:

The best retaining subscriber pays \$12pm

Proposed action:

Base Checkout AOV targets on an “ARPU x Subscription term” calculation

Some examples:

Based on the term chosen, AOV targets are:

- 3-month term = \$36 AOV
- 6-month term = \$72 AOV

Example scenario 2:

Maximise AOV, but right-size customers onto the appropriate term, the more they buy

Proposed action:

If a customer has a lot in their checkout, but has selected a short subscription term, then trigger a notification asking if they want to extend their term.

Why this works:

The AOV remains the same; the likelihood of sale remains the same.

But the “right-sizing” means the customer is more likely to stay for an extended period.

Expected impact

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The model predicted significant improvements in subscription quality and long-term value:

15-20% improvement in Month 3 retention rates

Improved long-term customer value through better subscription fit at acquisition

Reduced churn volatility and improved LTV:CAC ratios

Enhanced predictability in revenue forecasting

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Growth without retention isn't real growth.

Subscription quality starts at checkout.

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Who are FILDI ?

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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.

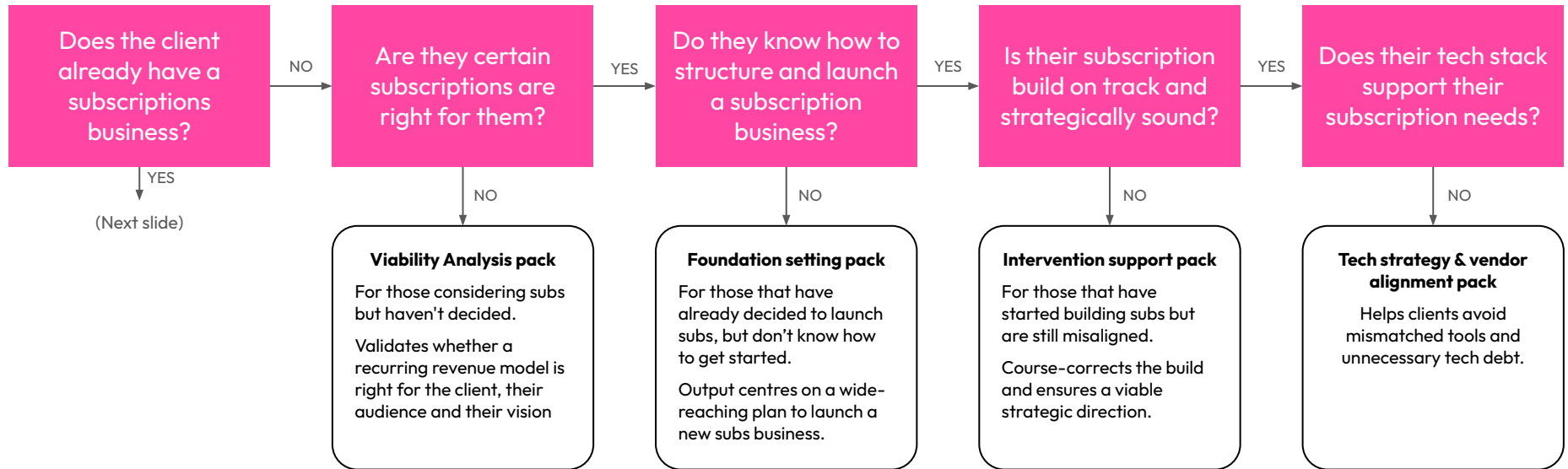
FILDI exists to help DTC scale-ups accelerate their subscriptions business by applying proven strategies and hard-won lessons from leading brands, helping to avoid common pitfalls and translate industry best practices into faster growth.

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.

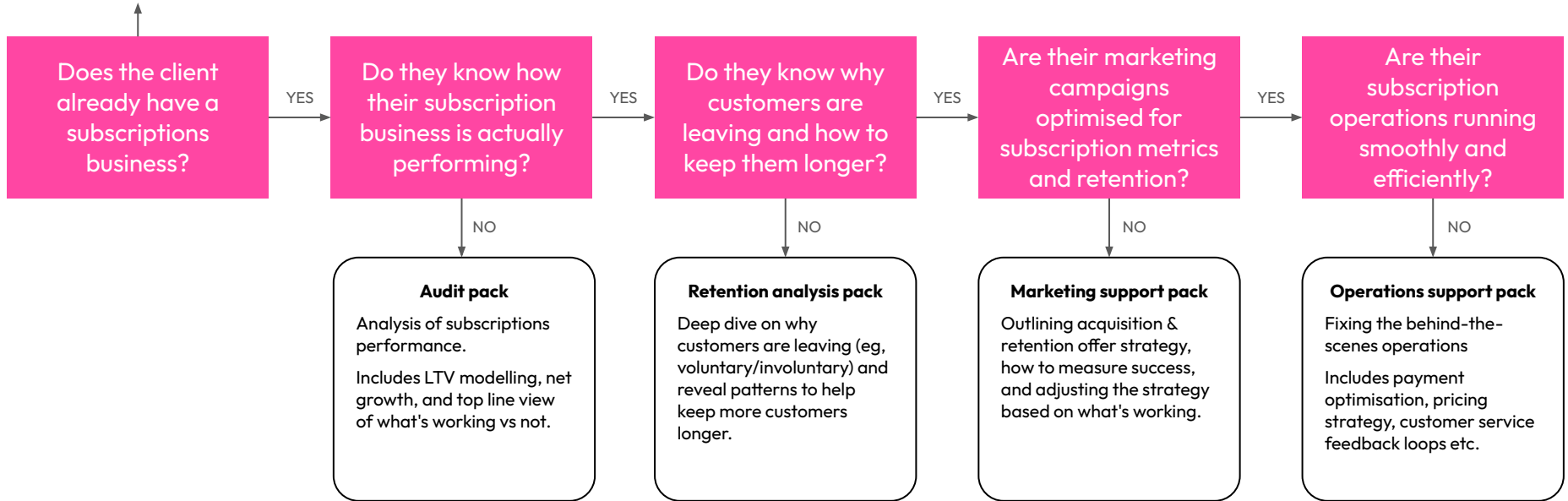


Packaging up our Subscriptions Expertise (2)

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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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