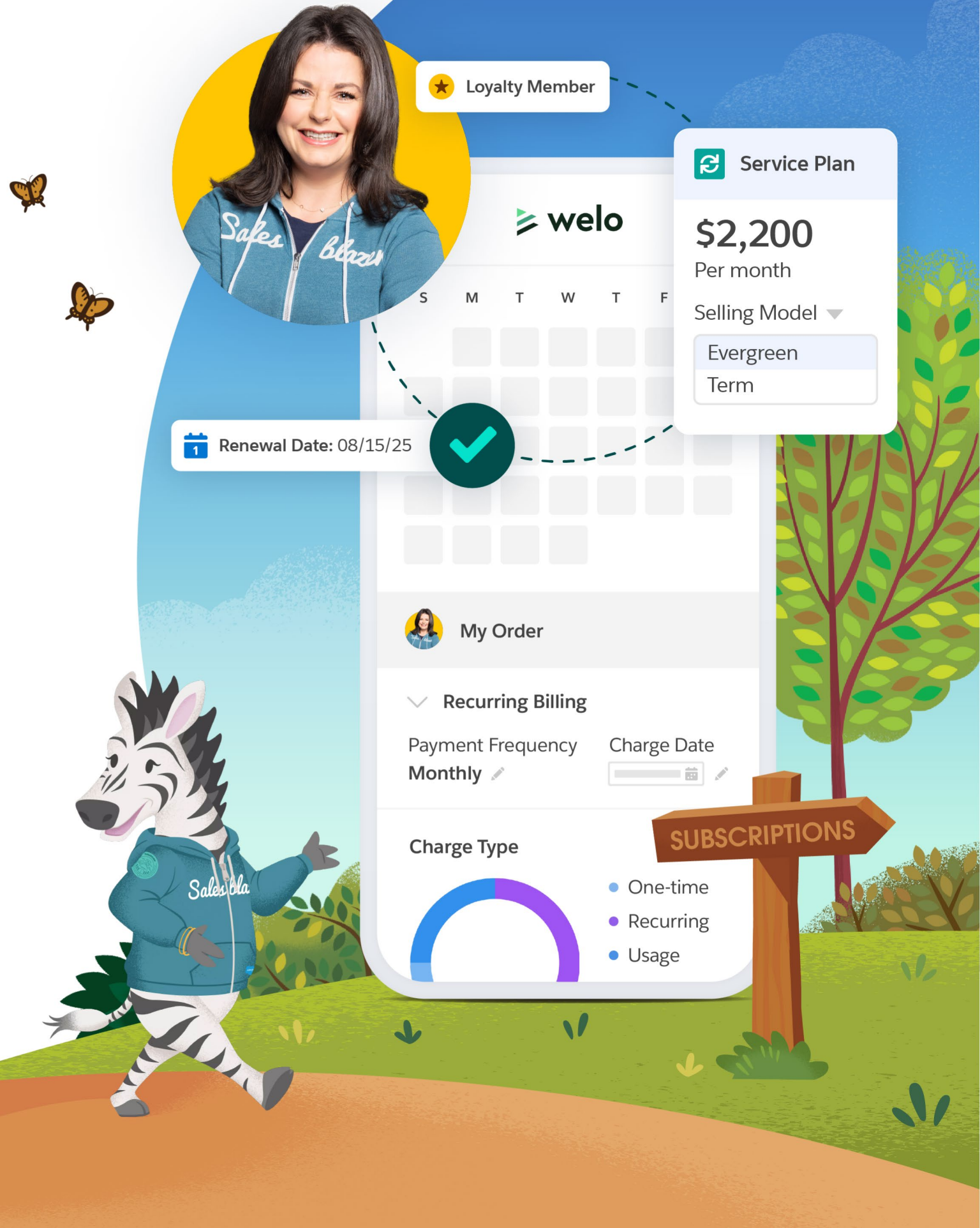




How to Grow Your Business with Subscriptions



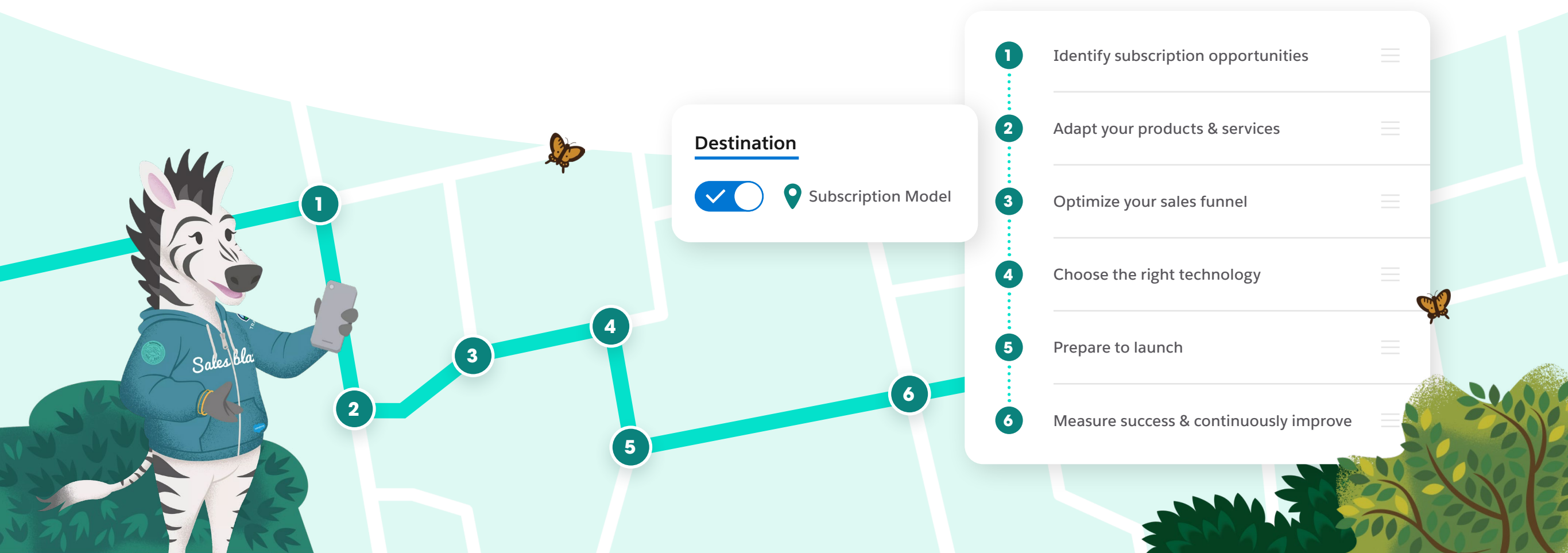
How to grow your business with subscriptions

According to the latest [State of Sales report](#), changing customer expectations and increasing marketplace competition are straining sales teams. With these challenges threatening the bottom line, reliable income is key. That's where recurring revenue comes in: By adopting a subscription model, you can create a predictable revenue stream and increase customer lifetime value (CLV).

Little wonder that 42% of leaders surveyed in State of Sales named recurring revenue as their top revenue source.

But there's a (potential) hiccup. For many businesses that have historically depended on one-off sales – or for those just getting started – building a subscription business is unknown territory. Where do you begin?

Right here. This guide will walk you through the how-to of building a subscription business, from adapting your products to fit a subscription model to tracking success after launch. By the end, you'll have a roadmap for establishing a successful and sustainable subscription-based revenue stream, supporting the long-term success of your business.



How to get started with subscriptions

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01

Identify subscription opportunities for your business.

Before you turn all of your products into subscriptions, you need to know which are best suited to a subscription model. Some – like high-cost items or those that customers don't frequently need – won't fit the mold. That's why it's important to evaluate your existing products to see how they're sold and used, then identify the right subscription type to target.

Start by creating a complete inventory of your products with current pricing. Then, make a note of how each one is sold – as a one-off sale, or perhaps as part of a recurring sales model you already have in place.

Next, make a note of when customers buy these products from you and how frequently they use them (you may need to conduct customer surveys to collect this information). This will reveal some subscription potential: If they're buying and/or using frequently, a subscription model might make sense.

Lastly, align your products to the subscription model that makes the most sense based on usage, cost, and frequency of purchase. Here are the most common models to consider:

Standard recurring revenue: Regular payments at set intervals (ex. monthly or annually)

Usage-based: Based on usage that accumulates over a set period (ex. minutes used on a cell phone plan)

Hybrid: A combination of different models (ex. a base fee plus additional usage charges)

Example:

Imagine you sell coffee machines to coffee shops on an as-needed basis. On average, customers purchase a new machine every few years and buy coffee beans in bulk every week or so.

Given the ongoing demand, you might offer a standard subscription service that provides a new coffee machine every two years with a weekly delivery of coffee beans tailored to customers' consumption. This way, the coffee shops ensure they always have the latest equipment and a steady supply of coffee.

NEW Coffee Machine



Every 2 years

VARIETY Coffee Beans



Weekly delivery



To help you map out subscription opportunities for your business, fill out the worksheet on the following page.

Subscription Opportunity Assessment Worksheet

Instructions:

Fill out the table at right for each product in your portfolio. Add up the points for all sections to get a total score. At the end, use the scoring key to determine the subscription potential of your product.

Scoring Key:

- 21-25 points**
High potential for a subscription model
- 16-20 points**
Moderate potential for a subscription model
- 11-15 points**
Low potential for a subscription model
- 10 or below**
Unlikely to be suitable for a subscription model

Product Name:

CRITERIA	SELECTION	POINTS	YOUR POINTS
Current sales model (select one)			
One-time purchase		5	
Subscription		0	
Pay-as-you-go		2	
Frequency of purchase (select one)			
Daily		5	
Weekly		4	
Monthly		3	
Quarterly		2	
Less than once a year		1	
Frequency of use (select one)			
Daily		5	
Weekly		4	
Monthly		3	
Quarterly		2	
Less than once a year		1	
Product cost (select one)			
High (\$201+)		1	
Mid (\$51-\$200)		3	
Low (<\$50)		5	

Total Score:



02

Adapt your products and services for subscriptions.

Once you've identified potential subscription opportunities, the next step is to adapt your products to fit a subscription model. This involves streamlining your product lineup, crafting a pricing strategy, updating sales and delivery methods, understanding support needs, and revising your communication and marketing to fit your new products.

Here's how to do it effectively, step by step:

Streamline your product lineup

In the subscription world, less is often more. Simplifying your product lineup can enhance the customer experience and increase the appeal of your subscription offerings.

Start by focusing on the products that deliver the most value to your customers (that is, deliver the most business impact for the cost).

Next, simplify choices for your customers by eliminating products and product add-ons that complicate the decision-making process. Too many choices can overwhelm customers and reduce the likelihood of them subscribing.

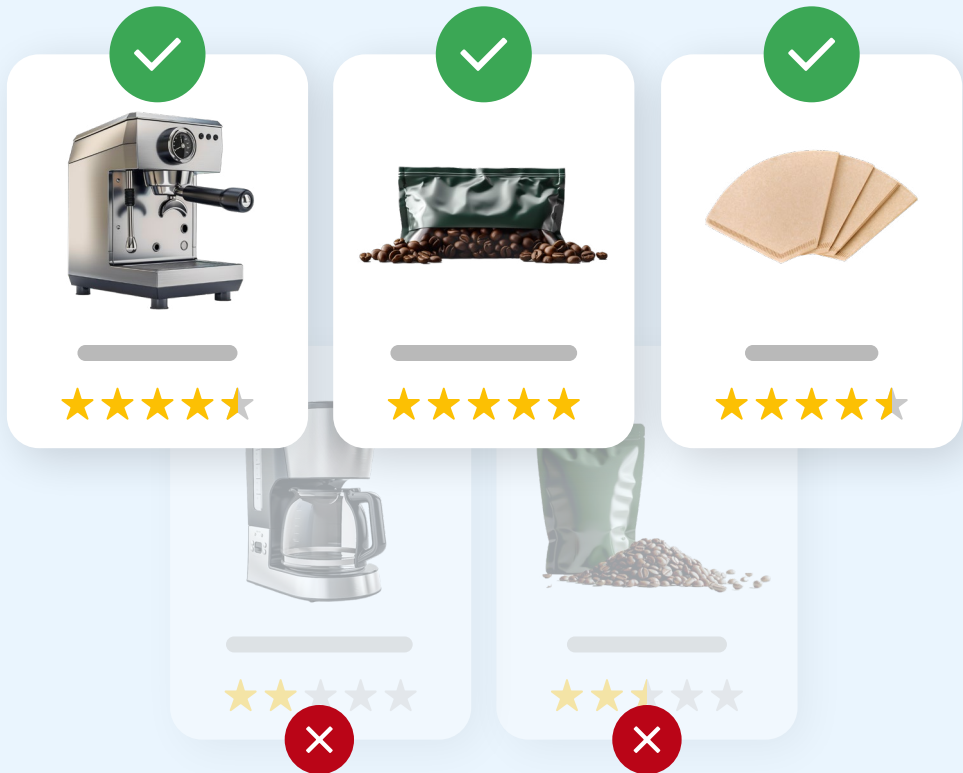
Finally, consider bundling products together to offer more value in a subscription. Bundling can increase perceived value and convenience for customers.

Product streamlining example:

If you offer a range of coffee machines and beans, you might identify which machine models and flavors have the highest customer satisfaction ratings or usage frequency. These likely offer the greatest value to customers.

Given the preferences you note, there will likely be coffee machine models and beans that don't get much love – consider cutting them from your product catalog so customers only have the best options to consider.

Lastly, make the purchase easier by bundling everything they need in one subscription: a coffee machine, a weekly supply of coffee beans, and accessories such as filters and cleaning supplies.



Craft a pricing strategy

Developing a pricing strategy that aligns with customer expectations and perceived value helps maintain customer interest and loyalty. To ensure you’re meeting all customer needs, consider multiple subscription tiers that cater to different customer segments and budgets, with each tier providing increasing levels of value.

Also, be sure to research your competitors' pricing models to ensure your offerings are competitively priced. If your coffee subscription service includes unique coffee flavors not available from competitors, for example, you can justify a higher price point for that exclusive offering.

Optionally, you can leverage introductory discounts or promotions to attract new subscribers.

Update sales and delivery methods

Transitioning to a subscription model often requires changes to your sales and delivery methods. You can expect to invoice and deliver products regularly while encouraging ongoing renewals.

How do you accomplish this? From the sales side, the focus should be on building relationships with customers and highlighting the ongoing benefits of the subscription. (We’ll talk more about this in the next step.)

When it comes to delivery, seamless experiences are key. Delivery methods for subscription products should ensure consistent and timely delivery to maintain customer satisfaction. This may require partnerships with delivery companies that have the built-in infrastructure needed to deliver products efficiently. For example, a monthly coffee subscription service company might contract out delivery to the USPS.

Pricing example:

If your customer base includes coffee shops of all sizes, you may decide to offer three subscription tiers:

Basic \$\$\$	+ Base model coffeemaker + Weekly supply of standard coffee beans
Standard \$\$\$	+ Base model coffeemaker + Weekly supply of a variety of coffee beans (including some premium blends)
Premium \$\$\$	+ Top-tier coffeemaker + Weekly supply of premium coffee beans + Access to exclusive flavors & limited editions + Tea and hot chocolate options

PRO TIP:

To capture new prospects who are on the fence, you can fold in an attractive hook: first 30 days free, no commitment required.

Prepare for support needs

Support for subscription products is key – it's often the reason customers continue with their subscriptions.

Communicate with your customers often so you know what needs they have as they use your product. Dedicate a point of contact for each customer should they have questions, or a customer support team easily reachable by phone, email, text message, or online chat.

Consider the following needs as you build out your support system:

- How frequently customers will need product maintenance
- Product supply needs
- Changes to subscription tiers as customers' needs shift
- Invoicing and billing
- General feedback on product quality and customer service

Rework your communication and marketing

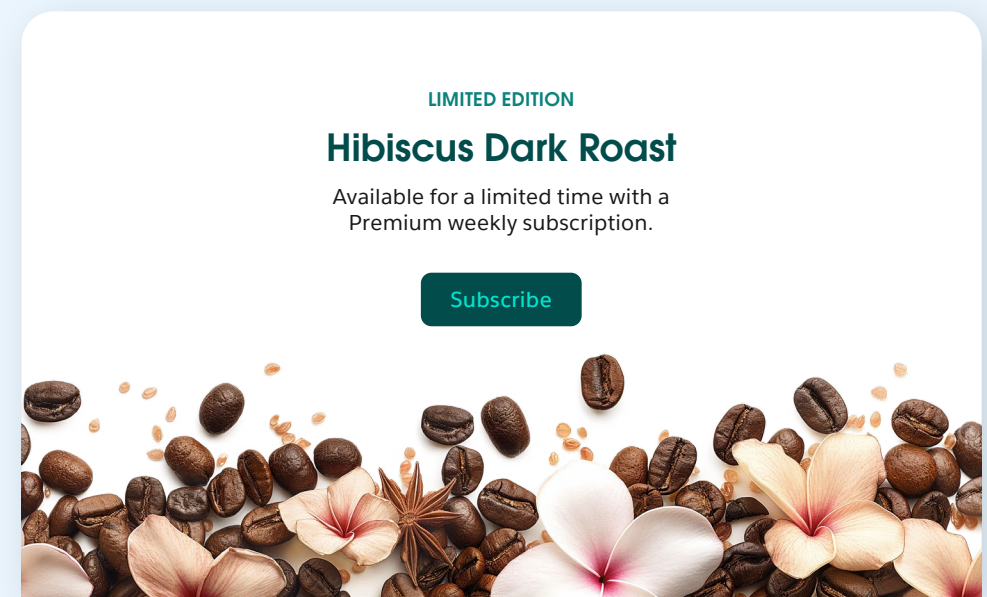
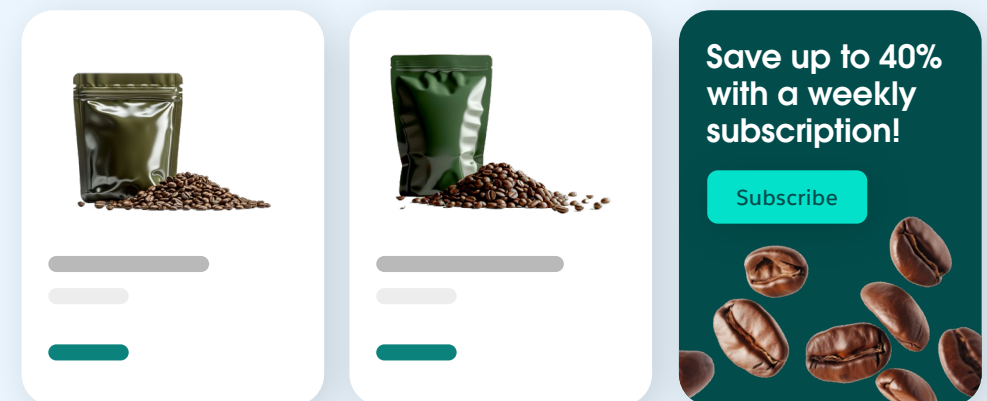
Effectively communicating the value of your subscription model is essential to converting potential customers. A big pull for subscriptions vs. one-off sales? Low-cost entry, convenience, flexibility, and long-term value.

Make sure you highlight all of these – along with unique product benefits and exclusive offerings – in all of your marketing collateral, from your website to print materials.

Marketing example:

With your new subscription-based coffee business in flight, you could update your website to showcase the cost difference between buying coffee beans by the pound versus subscribing for a weekly supply, highlighting the savings for subscription customers.

In supporting marketing emails, you might dedicate sends every week to the benefits of individual tiers – like the top tier with limited edition flavors and early access to new coffeemakers.



03

Optimize your sales funnel for recurring revenue.

For products purchased as one-offs, there's a specific journey your customers take to discover, review, and purchase them. But moving to a subscription model changes that journey – customers are likely to engage with you more frequently, and they'll need to understand ongoing product changes and see value in their subscription in order to remain a customer.

That's why it's important to take a close look at the customer journey (aka sales funnel) to ensure you're delivering maximum value. Here's a guide to get you started:

At the **awareness stage**, when prospects are just getting to know your product(s), emphasize the long-term value, convenience, and cost-savings of subscribing. Getting into the details is not important at this stage – it's about hooking prospects with topline benefits. For example, a coffee subscription service can emphasize the convenience of never running out of coffee and the excitement of trying new flavors each month.

During the **consideration stage**, customers typically evaluate product features in more depth, compare prices, and read reviews before making a one-time purchase. In a subscription model, they will consider the ongoing value they're likely to receive. It's essential to provide detailed information about what is included in a subscription, alongside materials that help make the case for value: customer testimonials, cost comparison sheets, and competitor comparison materials. For instance, you could illustrate how subscribing to a coffee service saves them money and time compared to buying coffee beans by the pound. You might even include customer stories or testimonials.



Awareness

Hook buyers with topline benefits



Consideration

Provide product details and testimonials



Decision

Offer introductory purchase offers and personalized solutions



Advocacy

Request reviews and referrals

The **decision stage** is about conversion. The benefit to subscriptions here is the flexibility afforded by different pricing tiers, trial periods, or introductory discounts. Sellers can lean into these to underscore value and personalized solutions. For example, a sales rep might offer a discounted rate for the first three months of the coffee subscription to prospects whose budgets are tight – while underscoring the no-commitment purchase.

Retention is critical in a subscription model. After the purchase, follow up with regular, high-value communication via newsletters, personalized recommendations for changes to the subscription, and general asks for feedback. In the coffee business example, you might send a monthly email with coffee brewing tips, exclusive access to new flavors, or special discounts on accessories.

Finally, in the **advocacy stage**, satisfied customers leave reviews or recommend your product to others. Create referral programs to help boost business, offer incentives for reviews, and, for loyal customers, request testimonials on social platforms (or wherever they typically engage). For example, you might offer your top subscription tier free for three months to any customer who brings in new business.

By understanding and optimizing each stage of the customer journey for recurring revenue, you can ensure a smooth transition to a subscription model that maximizes long-term value for both your business and your customers.



04

Choose the right technology for your subscription model.

The complexities of subscription sales and customer engagement can become overwhelming, especially across a large product portfolio. Manually handling these processes is not only time-consuming but also prone to human error. That's where the right technology comes in: Implementing tools designed to manage subscriptions streamlines these operations, ensuring accuracy while saving sellers time.

The technology stack you choose should cater to the unique needs of a subscription business. At a minimum, it should be able to manage customer information and communication, billing, analytics, and customer support. But that's just the beginning. The guide on the next page will help you understand the essential features of a subscription tech stack. Use the worksheet to determine what you need based on the subscription products you've identified, then explore solutions that can fill these needs efficiently.

A word of caution: It's easy to get wrapped up in a tangle of tech. Instead of onboarding multiple tools to help you manage subscriptions, consider one integrated solution that does it all. More on that later.



Using a **unified platform** to manage your subscriptions ensures that all your tools work seamlessly together, reducing friction and improving the customer experience.



Dharsunn Gunaseelan

Director of Product Management, Salesforce

Technology Assessment Worksheet

Instructions:

- 1 Review the list of essential and optional technology features at right.
- 2 For each feature, indicate whether your current tech stack has it by checking 'Yes' or 'No'.
- 3 If you identify any gaps, consider exploring solutions that can fill those needs.

Note:

All "Essential features" are applicable to every subscription revenue model except for usage metering and rating, which are only relevant for usage-based and hybrid subscription models.

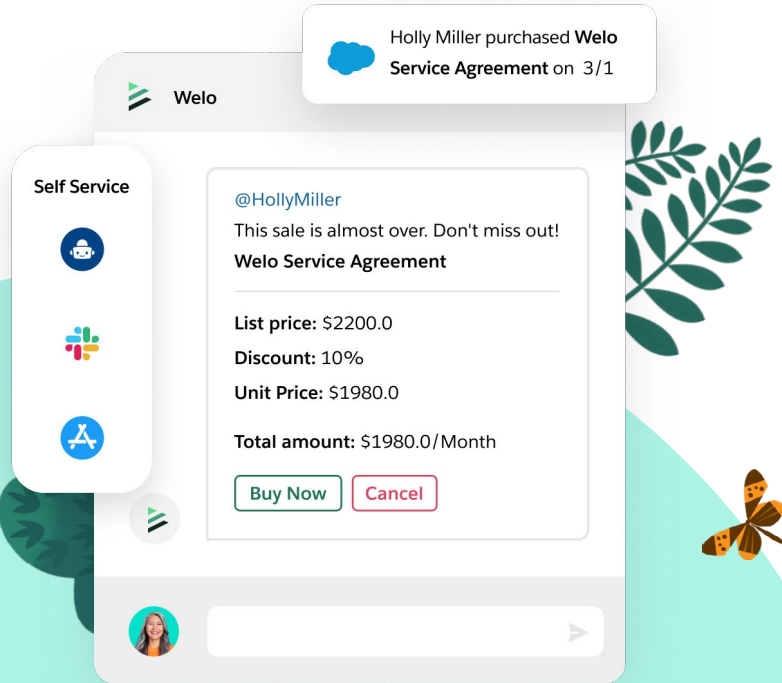
FEATURE	DESCRIPTION	DO YOU HAVE IT?	
Essential features		Yes	No
Unified product catalog	Manages centralized catalog with up-to-date product information, including pricing, availability, delivery details, and other pertinent product information.	Y	N
Price management	Simplifies pricing administration, automates pricing updates across the product portfolio, and creates reusable pricing elements, allowing for easy adjustments to subscription pricing strategies.	Y	N
Multichannel & self-service purchasing	Enables customers to purchase subscriptions on multiple channels such as web stores, social media platforms, or chat.	Y	N
Order management	Allows reps to create fulfillment plans with automation that updates them when a customer makes order changes, ensuring smooth operations and adaptability to customer needs.	Y	N
Contract lifecycle management	Generates contracts from opportunities or quotes, allows for team collaboration on contract documents, and executes contracts quickly with automated workflows and e-signatures, speeding up the subscription onboarding process.	Y	N
Recurring billing and invoicing	Automates regular billing cycles and invoice generation, ensuring consistent and timely revenue collection for subscription services.	Y	N
Customer account management	Manages customer information, subscriptions, and preferences, enabling personalized service and improving customer retention.	Y	N
Subscription lifecycle tracking	Monitors the entire customer journey from acquisition to renewal, helping identify key touchpoints and optimize customer engagement.	Y	N
Usage metering and rating	Measures and prices consumption for usage-based models, allowing for flexible billing that aligns with customer usage patterns.	Y	N



Technology Assessment Worksheet (continued)

Instead of patching together one-off solutions to make your subscriptions work, consider a solution like [Revenue Cloud](#). It allows you to handle sales on any channel – whether you’re selling through partners, direct sales, or self-service portals like online stores. It also gives you the tools to maintain complex catalogs, invoice customers, and track the whole customer lifecycle on a single, AI-powered CRM.

Learn more



FEATURE	DESCRIPTION	DO YOU HAVE IT?	
Essential features (continued)		Yes	No
Revenue recognition	Ensures compliance with accounting standards for subscription revenue. Provides insights into how much recurring revenue is collected during specific periods.	Y	N
Analytics and forecasting	Provides insights into sales performance, customer behavior, risk of losing customers, and revenue projections, aiding in strategic planning and decision-making for subscription growth.	Y	N
AI and automation	Removes manual work by handling record updates and improves sales impact by suggesting next best actions during the sales process.		
Integration with third-party apps	Seamlessly syncs systems like CRM, ERP, and payment gateways, ensuring data flow and operational efficiency across all subscription tools.	Y	N

Optional features		Yes	No
Personalization engine	Uses AI to deliver personalized recommendations and experiences, increasing customer engagement and loyalty.	Y	N
Multi-currency support	Handles subscriptions in different currencies for global customers, expanding market reach and simplifying international billing.	Y	N
Advanced analytics tools	Provides customizable, granular insights into customer behavior along with advanced forecasting capabilities. Allows sales teams to see/manage customer segments, buying habits, and satisfaction scores, among other metrics.	Y	N

05

Prepare to launch your subscription offerings.

Never launch a new subscription without a game plan – you might confuse your customers or fumble delivery of the product. With steps 1-4 completed, create a simple, executable plan to get your product to market.

Here's how to get started:

1

Identify test customer group and product(s)

Start by selecting a group of customers who are willing to provide valuable feedback and are loyal enough not to be thrown by soft launch hiccups. You can do this by analyzing customer data to find those who regularly use your products. To help incentivize participation, offer discounts or exclusive content.

Then, choose the products you want to include in the test phase, focusing on those that are the best fit for a subscription model.

2

Determine communication strategy for soft launch

Communicate clearly with the selected group, explaining the benefits and features of the new subscription model. Also be sure to explain the nature of the soft launch: a pilot of your new recurring revenue model. Note that there may be hiccups and that honest feedback throughout the launch process is critical to ensuring a successful hard launch.

3

Determine target metrics for soft launch

Set initial success metrics to track during the soft launch. Consider KPIs such as product use rates, likely renewals, and customer satisfaction. Ensure you have the tools in place to collect requisite data – including feedback forms and subscription use tracking tools.

4

Set up the right technology to manage your subscriptions

After completing the tech stack review in step 4, select the tool(s) that will allow you to manage your subscription products at soft launch. Consider things like deal tracking, self-service options for selecting subscriptions online, and billing/invoicing. Ideally, pick a platform that delivers [everything you need in one place](#) – it just makes subscriptions easier to manage.



Prepare to launch your subscription offerings (continued).

5

Roll out your product(s) for a limited time

Execute the soft launch to the selected test group, monitoring performance and gathering initial feedback. Provide robust customer support to address any questions or concerns from customers during this phase.

6

Collect feedback & analyze performance

Use surveys and interviews to gather feedback from the soft launch group. Focus on understanding their experiences, pain points, and suggestions for improvement. Review the feedback to identify areas for improvement, looking for trends and common issues that need addressing.

7

Implement feedback & update product, plans, metrics, tools

Based on the feedback, make necessary adjustments to your subscription offering, pricing, and delivery experience. Update your communication plan and modify your messaging and outreach strategies based on the insights gained during the soft launch. Re-evaluate your success metrics and ensure your tools are accurately measuring performance.

8

Hard launch: Take your product(s) to market

Develop a comprehensive marketing plan to promote your new subscription products during the hard launch. Educate customers on how they can transition to the subscription model and what benefits they will receive. Implement systems to gather and respond to customer feedback continuously. Update your technology, as needed, to ensure a smooth rollout and accurate revenue tracking. When all the soft launch kinks are worked out, take your product(s) to market.



06

Measure success and continuously improve your subscription model.

Launching your subscription model is just the beginning. To ensure long-term success, it's essential to continuously measure performance and make data-driven decisions for ongoing improvement. Here are the keys steps to get started:

Determine long-term performance metrics

As soft launch metrics are limited – designed for a set period instead of an ongoing subscription cadence – it’s important to set different target metrics that track success over the long haul. Most importantly, these should highlight revenue growth and customer retention.



Here are some key KPIs to consider:

Details	Monthly Recurring Revenue (MRR)	Average Monthly Revenue Per User (ARPU)	Customer Churn Rate
Definition	Total revenue generated from subscriptions each month	The average revenue generated per user or account every month	The percentage of customers who cancel their subscriptions within a given period
Calculation	Number of Active Users × Average Monthly Revenue Per User (ARPU) Includes all recurring income from active subscriptions, excluding one-time fees and non-recurring charges.	Total Subscription Revenue Per Month ÷ Number of Active Users Includes all revenue streams attributed to active users within a set period.	Lost User(s) in a Set Period ÷ Total Users at the Start of the Period × 100
Cadence	Monitor on a monthly basis to track revenue growth and identify any sudden changes.	Monitor monthly to understand the revenue generated per user and identify opportunities for upselling or cross-selling.	Analyze monthly or quarterly to understand customer retention and identify patterns leading to churn.
Why it's important	This metric helps teams understand how much of a company’s revenue share comes from subscriptions. It's crucial for financial forecasting.	ARPU helps determine if there are opportunities for increasing income per user/account via updated pricing, new subscription tiers, or changes in product offerings.	A high churn rate indicates potential issues with customer satisfaction or product value.

Measure success and continuously improve your subscription model (continued).

Here's where to start:

- 1 Review metrics, trends, and customer feedback regularly**
 Assess your key performance metrics and analyze trends on a regular cadence (per guidance above). Combine this quantitative data with qualitative feedback from customer surveys, in-app tools, advisory boards, and social media monitoring.
- 2 Identify key takeaways**
 Based on your review, identify the most important insights or areas for improvement. These could be positive trends to capitalize on or challenges that need addressing.
- 3 Determine action items and timelines**
 For each key takeaway, develop specific action items. Assign clear ownership and set realistic timelines for execution.

For example:

Trend: Increasing churn rate among new subscribers

Action item: Revamp onboarding process to improve engagement and retention

Timeline: Design new process in two weeks, implement in four weeks, evaluate results after three months

Owner: Customer Success Team Lead

Implement a cycle of continuous improvement

You've got your metrics. You've been tracking them. Now what do you do with the insights? Look for trends and opportunities to improve offerings and expand your subscriptions.

- 4 Implement changes**
 Execute the action items according to set timelines. Ensure all relevant team members are aware of the changes and understand their roles in implementation.
- 5 Measure results**
 After implementing changes, closely monitor the impact on relevant metrics and customer feedback. Compare results to baselines established before the changes.
- 6 Iterate and refine**
 Based on the results, determine if further adjustments are needed. If the change was successful, consider how it can be expanded or improved further. If it didn't achieve the desired results, analyze why and develop new hypotheses to test.



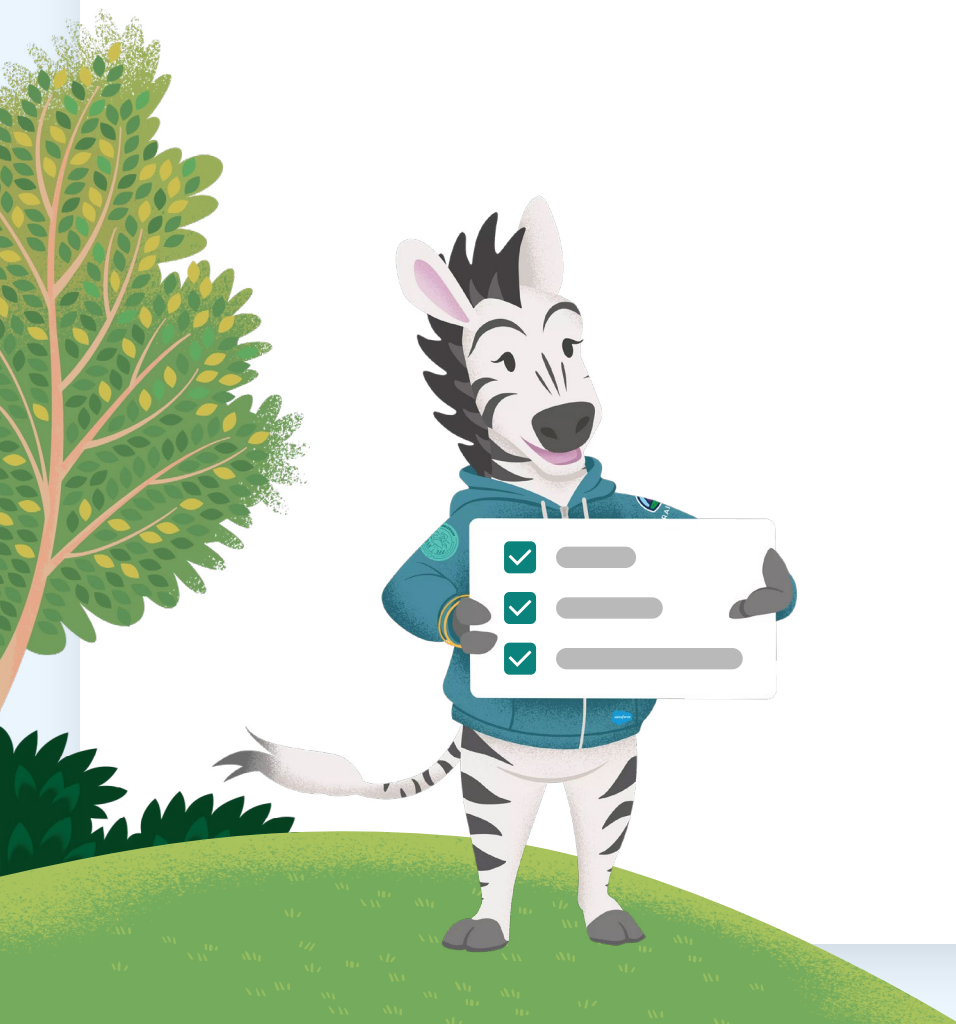
Use the worksheet on the next page to guide this process and track your performance metrics.



Subscription Performance Tracking Worksheet

Instructions:

- 1 Set specific quarterly goals for each metric based on market averages or your past performance.
- 2 Track the quarter-over-quarter performance against these goals.
- 3 Note any actions needed based on the performance analysis.



METRIC	GOAL	ACTUAL	ACTIONS NEEDED	OWNER
Q1				
MRR (average over quarter)				
ARPU				
Customer Churn Rate				
Q2				
MRR (average over quarter)				
ARPU				
Customer Churn Rate				
Q3				
MRR (average over quarter)				
ARPU				
Customer Churn Rate				
Q4				
MRR (average over quarter)				
ARPU				
Customer Churn Rate				

Bring your subscription strategy to life.

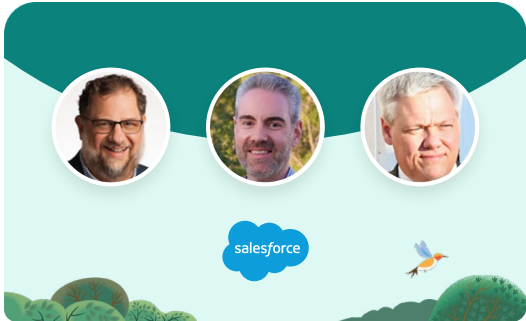
Congratulations! You've taken your first steps to building a subscription business. Now it's time to see how this works with a real-world business and what tools can help you make it a reality.



Manage all subscriptions in one place with Revenue Cloud

Deliver seamless buying and selling experiences anywhere transactions take place, and close deals faster with guided AI.

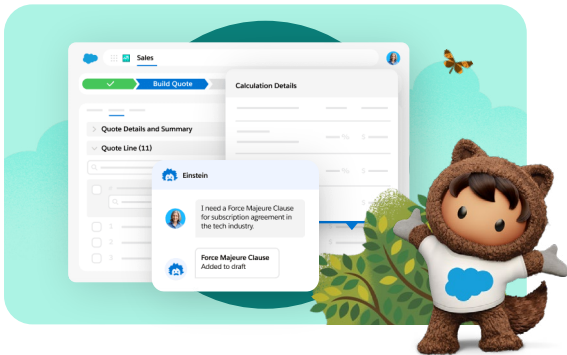
[Learn more](#)



Take a deep dive into Revenue Cloud's automation and AI features

Learn how Revenue Cloud can revolutionize your recurring revenue operations and drive growth with the help of AI, automation, and customizable analytics.

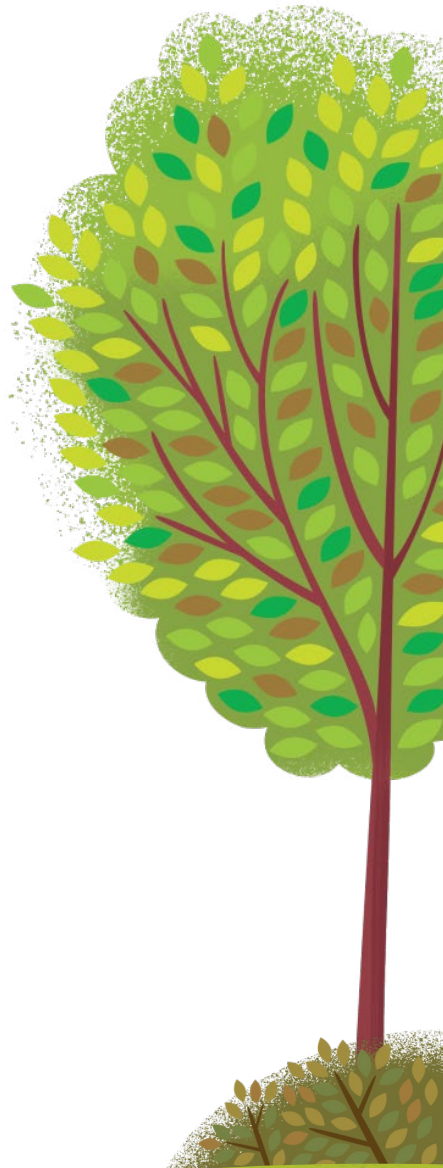
[Watch the webinar](#)



See the subscription management power of Revenue Cloud in action

Watch our demo to see how subscriptions – from order management to invoicing and billing – can easily be done on a single platform.

[Watch the demo](#)





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