chargebee

State of Subscriptions & Revenue Growth

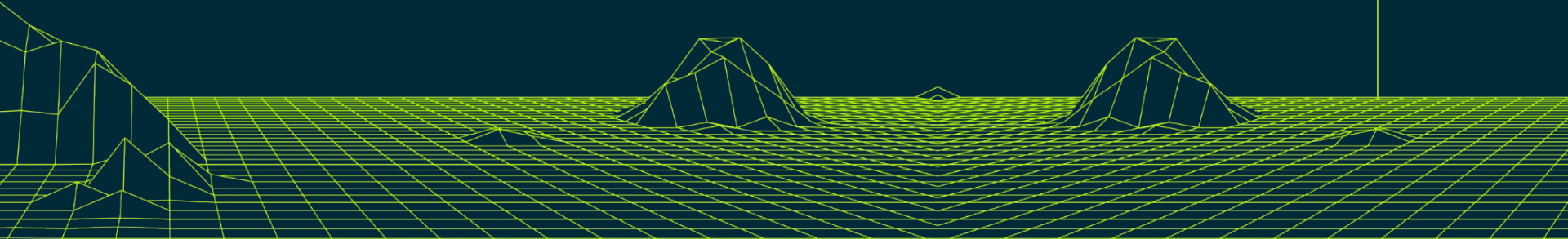## 2024

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INTRODUCTION

The changing subscription landscape in the Year of Efficient Growth

96% expect subscription revenue to grow in 2024

Back in 2020, we witnessed a technology boom driven by the pandemic and further propelled by a $2 trillion stimulus, resulting in a whirlwind of unprecedented funding, exits, and valuations throughout 2020-2021.

Capital flowed abundantly, leading to companies with minimal or no revenue raising funding. Then the music stopped: the US Federal Reserve raised benchmark interest rates from near-zero to 5.5% between 2022 and late 2023, triggering a substantial correction in public markets, particularly impacting software, internet, and fintech stocks.

The surge in interest rates also made capital acquisition more challenging, posing difficulties for startups to sustain their rapid growth pace.

The days of being rewarded for hyper growth at any cost had come to an abrupt end, and a new era of efficient growth dawned.

We moved from a growth-at-all-costs in the years leading up to 2021, to years of abrupt cost reductions, tools, and technical consolidation, and sector-wide restructuring, with a strong focus on efficiency.

This report presents new data, based on surveying 318 subscription leaders, that the industry is shifting gears again, back into growth mode, but now with a strong focus on efficiency and enhanced productivity.

The drive for efficiency is propelled by investments in strategies and tools that use technology to amplify operational effectiveness and the customer experience throughout the entire lifecycle.

This focused approach positions subscription companies to not only *survive* in a tumultuous business landscape but to *thrive* in an environment that values efficient growth.

Report methodology

For Chargebee's 2024 State of Subscriptions and Revenue Growth, we partnered with Centiment to survey **318 subscription leaders** in North America who work at subscription-based companies with 50+ employees and have Annual Recurring Revenue of more than $5 million. 70% of respondents represent subscription companies that serve to business and consumers, while 15% target businesses (B2B), and 15% target consumers (B2C).

The findings were compiled in the first quarter of 2024.

Titles and roles in the study include **Director, VP, and C-Level roles** in the following categories

- Digital and Product Management
- Strategy and Operations
- Customer Relationships and Growth
- Subscription Services
- Incentive Programs

Industries include

B2B SaaS or Enterprise Software

52%

Consumer App or Services

27%

eCommerce/ Physical Goods

21%

COHORT ANALYSIS

Comparing Skyrocketers vs Climbers

Cohort analysis editor's note
Throughout this report, we compared responses of the fastest growing companies vs. everyone else, and their investment priorities, strategies, and tactics.

Skyrocketers

Skyrocketers include businesses expecting a revenue increase of **over 50%** in the year ahead.

Skyrocketers have a proactive approach to maximizing revenue potential and implementing growth strategies with a focus on *customer retention* and expansion.

Climbers

Climbers include businesses anticipating a revenue increase of **1-20%**. Climbers prioritize *customer acquisition* and retention.

Executive Summary & Key Findings

01

96% expect subscription revenue to grow in 2024

02

86% agree **customer retention** is as important as, or more important than acquisition

03

Keeping up-to-date with technology, growth, and profitability are top concerns

04

60% expect churn rates to increase

05

Nearly three-quarters **(73%) plan to increase prices in 2024** (an over 10 percentage point increase from 62% in 2023)

06

Almost half (46%) are investing in AI technology to improve operational efficiency and automation (30%), for market analysis and expansion strategies (24%), and to enhance product features and the user experience (20%)

96% expect subscription revenue growth

Key Finding 01

96% of subscription leaders anticipate subscription revenue to grow–a notable *increase* from 75% in 2023 reflecting a tempered sense of optimism.

→ **Actionable insights**

Nearly all subscription companies expect to grow in 2024. It's a great time to strengthen your position in the market and find new ways to generate revenue. Remember, keeping customers happy is key. In today's competitive market, giving them real value isn't just a bonus—it's a must. By focusing on keeping customers satisfied and always improving what you offer, you build loyalty and set yourself up for long-term success and growth.

86% agree customer retention is as important as, or more important than, acquisition

Key Finding 02

Subscription leaders have spoken and retention is a common theme toward efficient growth. We'll see increased investments in existing customers to maximize revenue per user.

→ **Actionable insights**

To capitalize on customer retention, think about using strategies that provide value to the customer journey and keep subscribers engaged. Consider the flexibility of your plans, and explore upsell and cross-sell opportunities for additional products or services or loyalty programs. By focusing on retaining and satisfying your existing customer base, you establish the groundwork for steady, sustainable growth.

Top 3 concerns

- Keeping up-to-date with technology and tactics (14%)

- Maintaining customer growth trajectory (11%)

- Becoming more profitable (11%)

→ **Actionable insights**

Make wise investments in technology that improves efficiency, implement focused strategies to maintain customer growth, and seek opportunities to boost profitability. Tackling these challenges directly will strengthen your subscription business's long-term success and resilience.

Key Finding 03

Subscription leaders will continue to embrace technology in the form of AI to increase efficiency, as well as invest in predictive analytics, customer loyalty initiatives, and innovative product offerings & content to maintain their growth trajectory and path to profitability.

60% expect churn rates to increase

83% have a company-wide churn target compared to 71% in 2023 and 80% in 2020

→ Actionable insights

Minimize unwanted customer loss by engaging customers and users in more targeted, personalized ways, at key moments throughout the buyer's journey. Acting now to reduce the number of customers leaving will protect your current revenue and help your subscription model grow steadily and remain stable.

Key Finding 04

60% of subscription leaders anticipate higher churn rates, down from 64% last year. This change may reflect a stronger emphasis on retaining customers and delivering value at every stage of the customer journey.

30% expect churn to decrease and 10% expect it to remain the same.

73% plan to increase prices

An over ten percentage point increase from 62% in 2023

→ Actionable insights

Consider evolving your value proposition and unlocking new monetization opportunities by creatively testing pricing plans, packaging, and discounting. Doing so can help you mitigate churn, drive revenue growth, and foster customer understanding and satisfaction amidst pricing adjustments.

Key Finding 05

With nearly three-quarters planning to increase prices in 2024, subscription leaders are carefully considering pricing strategies and the potential impact on retention and churn.

#1 investment area is AI

Almost half (46%) are investing in AI technology to:
- **Improve operational efficiency and automation**
- **Analyze the market and expansion strategies**
- **Enhance product features and the user experience**

→ **Actionable insights**

Explore the possibility of integrating AI-powered solutions to simplify workflows and improve the user experience. This strategic move can improve daily operations giving your team more time to focus on your product resulting in a better customer experience.

Key Finding 06

By leveraging AI, subscription leaders can simplify workflows, streamline processes, and boost efficiency, ultimately saving time and resources. Additionally, AI can provide valuable market insights by analyzing large volumes of data, enabling leaders to make informed decisions and anticipate customer needs more effectively.

Strategic Goals
& Business Priorities

"Expanding existing product features" will be a top strategy for over a quarter of subscription leaders

2024 Top Strategy

- **Expanding existing product features**
- **Strengthening position in current markets**
- **Prioritizing sustainability and social responsibility initiatives**
- **Exploring merger and acquisition opportunities**
- **Diversifying into new market segments**

25.5%

22.3%

21.1%

17.0%

14.1%
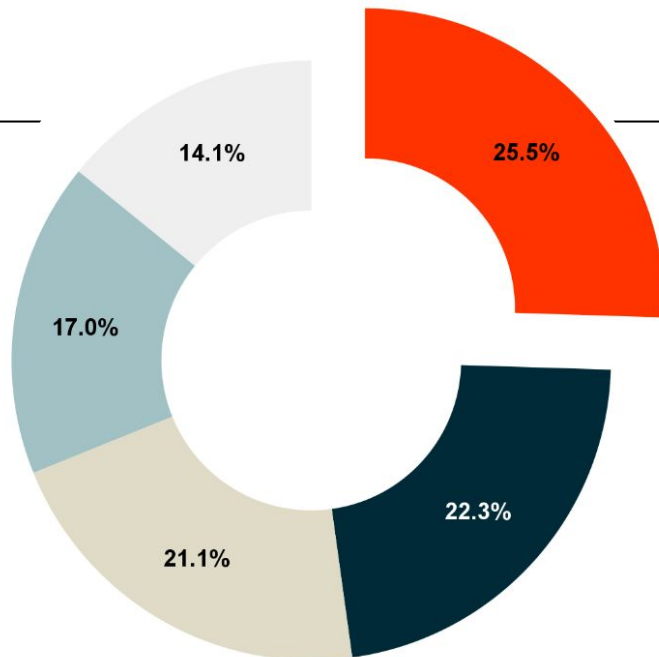
Insight

When looking at top strategies, strengthening positions in current markets closely follows expanding product features, highlighting the dual emphasis on both product improvement and market presence.

Sustainability and social responsibility initiatives are also important. The data underscores a nuanced approach, combining innovation, market strength, and a commitment to sustainable practices as top strategies.

The top 3 business priorities are improving customer retention, the customer experience, and expanding the subscription base

Insight

The top three business priorities in the next 12 months are centered around customer-centric strategies. 47% will prioritize improving customer retention, closely followed by improving the customer experience at 43%.

Expanding the subscription base by converting one-time purchases into subscribers is also a key focus, with 40% highlighting its importance. This data underscores a strong commitment to customer-centric initiatives as a core priority for growth and sustainability.

Top Business Priorities

01	47%	Improve customer retention
02	43%	Improve the customer experience
03	40%	Expand subscription base
04	39%	Improve customer acquisition
05	36%	Incorporate AI and/or advanced technologies
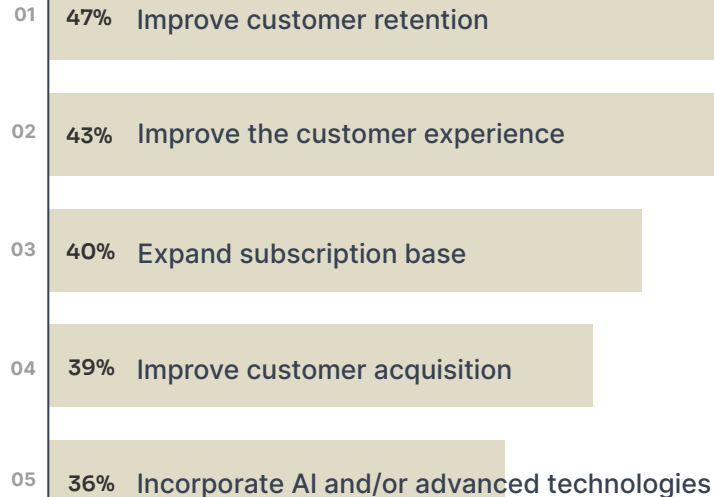
Top Priorities for Skyrocketers

Top Priorities for Climbers

	Skyrocketers	Climbers
1	Improve customer retention	Improve the customer experience
2	Improve the customer experience	Improve customer acquisition
3	Expand subscriber base	Improve customer retention
4	Incorporate AI	Evolve my business model
5	Improve customer acquisition	Incorporate AI and/or advanced technologies
6	Automate/increase efficiency	Grow my online presence to increase our footprint

While all companies are focused on the customer experience (positions 1 & 2), Skyrocketers are prioritizing *retaining* and *expanding* their customers first and using AI to better serve them, rather than acquiring.

In contrast, Climbers are focused on improving acquisition and retention, then evolving their business model.

Top Priorities B2B

B2C Top Priorities

Improve the customer experience	1	Improve the customer experience
Improve customer retention	2	Improve customer retention
Incorporate AI and/or advanced technologies	3	Improve customer acquisition
Evolve my business model	4	Expand subscription base
Expand subscription base	5	Grow my online presence to increase our footprint
Improve customer acquisition	6	Research and develop new products

Although both sectors are focusing on customer experience and retention, B2B is prioritizing incorporating advanced technologies and evolving business models.

As B2C is prioritizing acquisition and growing its subscription base, champions in the space are reflecting these priorities by driving the need for optimized mobile checkout experiences and integrated payment solutions to grow their reach.

STATE OF INDUSTRY

96% expect subscription revenue to grow in 2024

Revenue Growth Expectations

5.4%	Grow by **up to 10%**
20%	Grow by **10% to 20%**
24%	Grow by **20% to 30%**
16%	Grow by **30% to 40%**
11%	Grow by **40% to 50%**
13%	Grow by **50% to 75%**
6%	Grow by **75% to 100%**
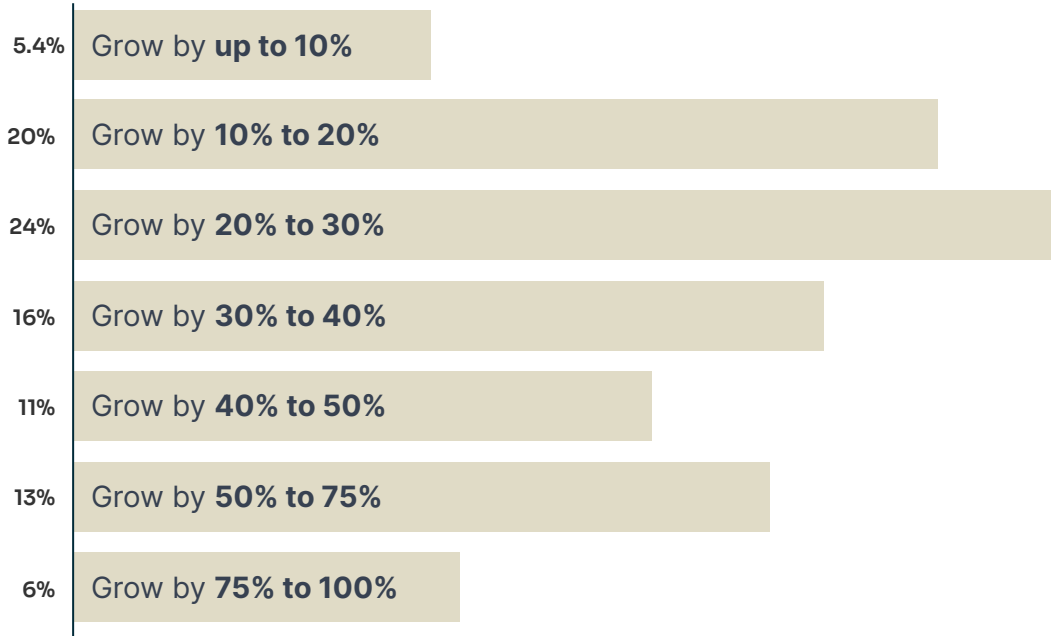
Insight

A robust outlook prevails among subscription leaders as 96% anticipate growth in subscription revenue. Close to a quarter of respondents plan ambitious revenue growth in the range of 20-30%, while nearly 20% forecast substantial growth between 50-100%. This data signals a level of optimism and aggressive growth strategies within the subscription industry this year.

Q11: WHAT'S YOUR REVENUE FORECAST FOR 2024 COMPARED TO 2023?

Customer renewals or retention rate is the top KPI to improve

2024 Top KPI to Improve

47% **Customer renewal or retention rate**
percentage of paying customers who renew

35% **Revenue growth**

34% **Customer satisfaction**

31% **Gross churn based on accounts**
percentage of customer base who renews

26% **Net Revenue Retention**
dollar value of expansion minus contraction & churn revenue

25% **Gross revenue churn**
dollar value of all canceled revenue

Insight

In 2020, 40% of companies identified customer renewal as the top KPI for improvement, a figure that increased to 47% by 2024. This suggests a shifting emphasis towards optimizing the entire revenue lifecycle rather than solely focusing on acquisition. There has been a notable rise in the prioritization of customer satisfaction, which surged 5x from 7% in 2020 to 34% in 2024.

Investment & Financial Management

Over 20% will leverage efficient revenue growth as a key funding strategy

Funding Strategies

Grow revenue efficiently — 21%

Expanding revenue streams — 16%

Increase market share — 15%

Reinvesting profits into the business — 14%

Seeking new investment or funding — 9%

Achieve profitability — 8%

Focusing on profitability over growth — 6%
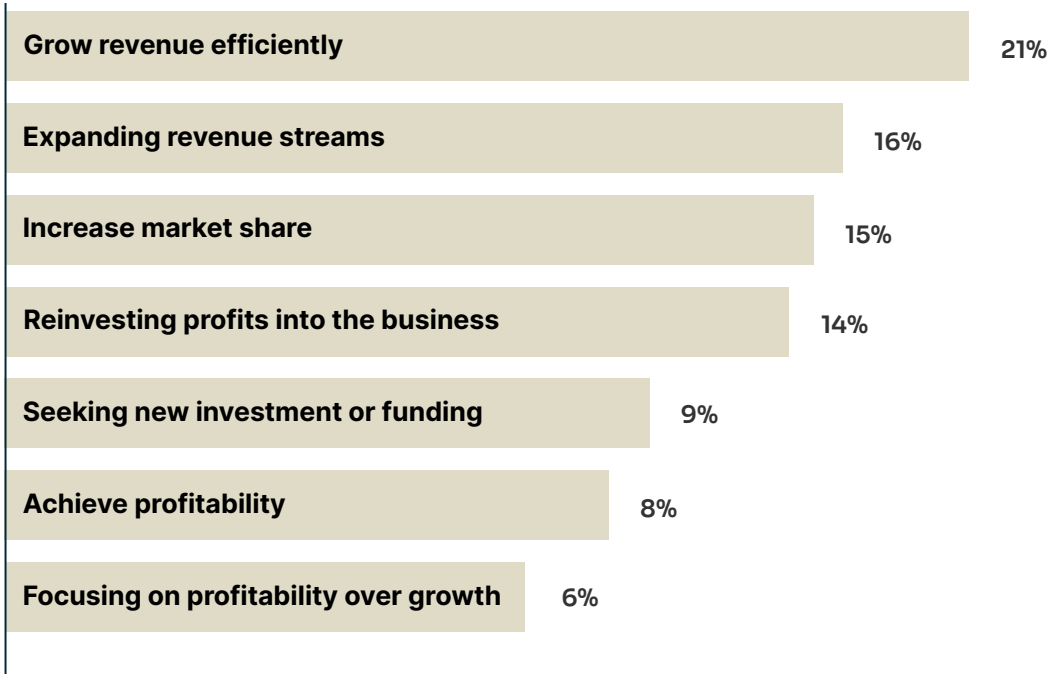
Insight

A small segment of companies is exploring alternative funding strategies, such as reducing operational costs (5.4%), pursuing mergers or acquisitions (4.4%), or going public (1.9%). Companies are **4x** more likely to prioritize efficient growth over these alternatives. This year, efficiency is emphasized as a crucial route to achieving profitability.

Q16: HOW DO YOU PLAN TO FUND YOUR COMPANY IN THE UPCOMING FISCAL YEAR?

21

Subscription leaders will invest more in predictive analytics, customer loyalty initiatives, and innovative product offerings & content

2024 Investment Increases

Predictive analytics to improve our marketing and customer retention performance — 27%

Customer marketing and loyalty programs — 26%

Develop new messaging and content (blog, videos, webinars, etc.) for organic growth — 24%

Research and Development for new products — 24%

Launching new products, packages, and/or bundles — 23%
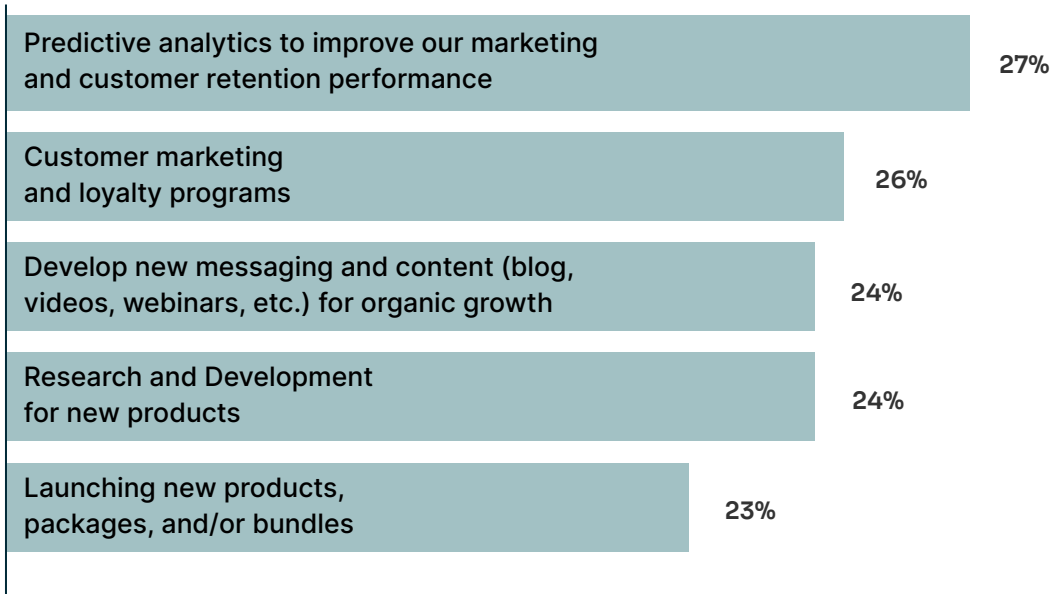
Insight
Increased investments reflect a strategic shift towards leveraging data insights, fostering customer loyalty, and introducing creative products and content to increase the value of subscription services for subscribers.

Skyrocketers and Climbers will invest more on predictive analytics to enhance marketing and customer retention.

COHORT ANALYSIS

2024 Investment Increases

- ■ SKYROCKETERS
- ■ CLIMBERS

Predictive analytics to improve marketing & retention
- Skyrocketers: 35%
- Climbers: 25%

Develop new messaging and content for organic growth
- Skyrocketers: 33%
- Climbers: 21%

Customer marketing and loyalty programs
- Skyrocketers: 30%
- Climbers: 16%

Surprise and delight initiatives to improve customer experience
- Skyrocketers: 30%
- Climbers: 13%

Launching new products, packages, and/or bundles
- Skyrocketers: 28%
- Climbers: 24%

Insight

Skyrocketers plan to allocate more resources to the development of new messaging and content, along with investments in customer marketing and loyalty. Climbers will focus their increased spending on testing new incentives for customer acquisition and investing in research and development for new products, packages, or pricing.

Subscription leaders will invest less on in-person events, co-branding initiatives, and traditional marketing channels

Investing Less

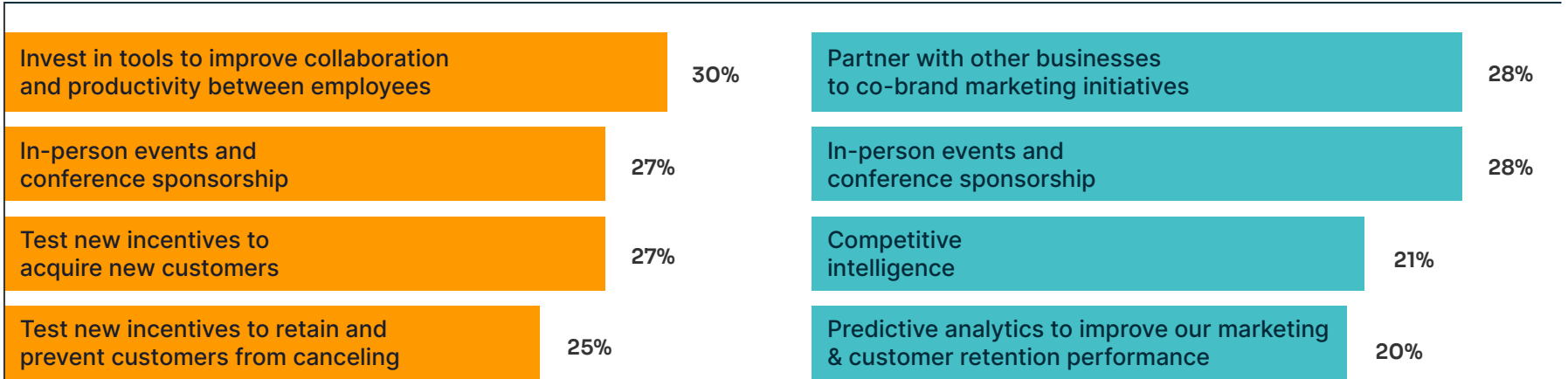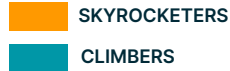|	
In-person events and conference sponsorship	25%
Partner with other businesses to co-brand marketing initiatives	25%
Test new incentives to acquire new customers	22%
Search engine advertising	22%
Develop new messaging and content for organic growth	20%
Invest in tools to improve collaboration & productivity between employees	20%

Insight

The focus is on spending wisely and maintaining a sharp, focused strategy given the reality of fixed funding. This highlights a prudent and concentrated approach to business growth and resource allocation. This approach underscores the value of focusing on core strengths and proven channels for results.

Q18: WHAT WILL YOU BE SPENDING LESS IN 2024?

Skyrocketers and Climbers will invest less on in-person events

Investing Less

■ SKYROCKETERS
■ CLIMBERS

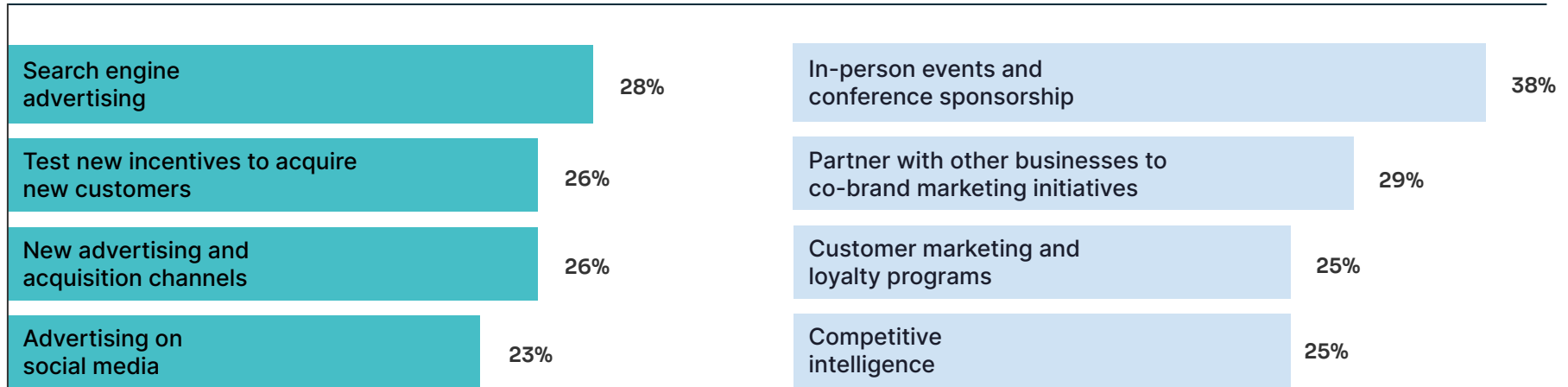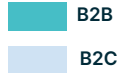| Skyrocketers		Climbers	
Invest in tools to improve collaboration and productivity between employees	30%	Partner with other businesses to co-brand marketing initiatives	28%
In-person events and conference sponsorship	27%	In-person events and conference sponsorship	28%
Test new incentives to acquire new customers	27%	Competitive intelligence	21%
Test new incentives to retain and prevent customers from canceling	25%	Predictive analytics to improve our marketing & customer retention performance	20%

Insight:

Both skyrocketers and climbers will spend less on in-person events and conferences. Skyrocketers will spend less on employee productivity and collaboration tools and new customer acquisition incentive tests. Climbers will spend less on co-branded marketing initiatives (likely due to bandwidth) and competitive intelligence.

B2B will spend less on online customer acquisition. B2C is reducing spend for in-person events.

Investing Less

- B2B
- B2C

B2B	
Search engine advertising	28%
Test new incentives to acquire new customers	26%
New advertising and acquisition channels	26%
Advertising on social media	23%

B2C	
In-person events and conference sponsorship	38%
Partner with other businesses to co-brand marketing initiatives	29%
Customer marketing and loyalty programs	25%
Competitive intelligence	25%

Insight

B2B is reducing its investment in online acquisition channels and tactics while B2C is doing less partner and co-marketing, loyalty programs, and competitive intelligence.

73% of businesses plan to increase prices

Pricing Plans

Decrease by over 20% 0.9%

Decrease by 10 to 20% 3.1%

Decrease by up to 10% 5.4%

Keep prices the same 17%

Increase by up to 10% 18%

Increase 10% to 20% 30%

Increase more than 20% 25%
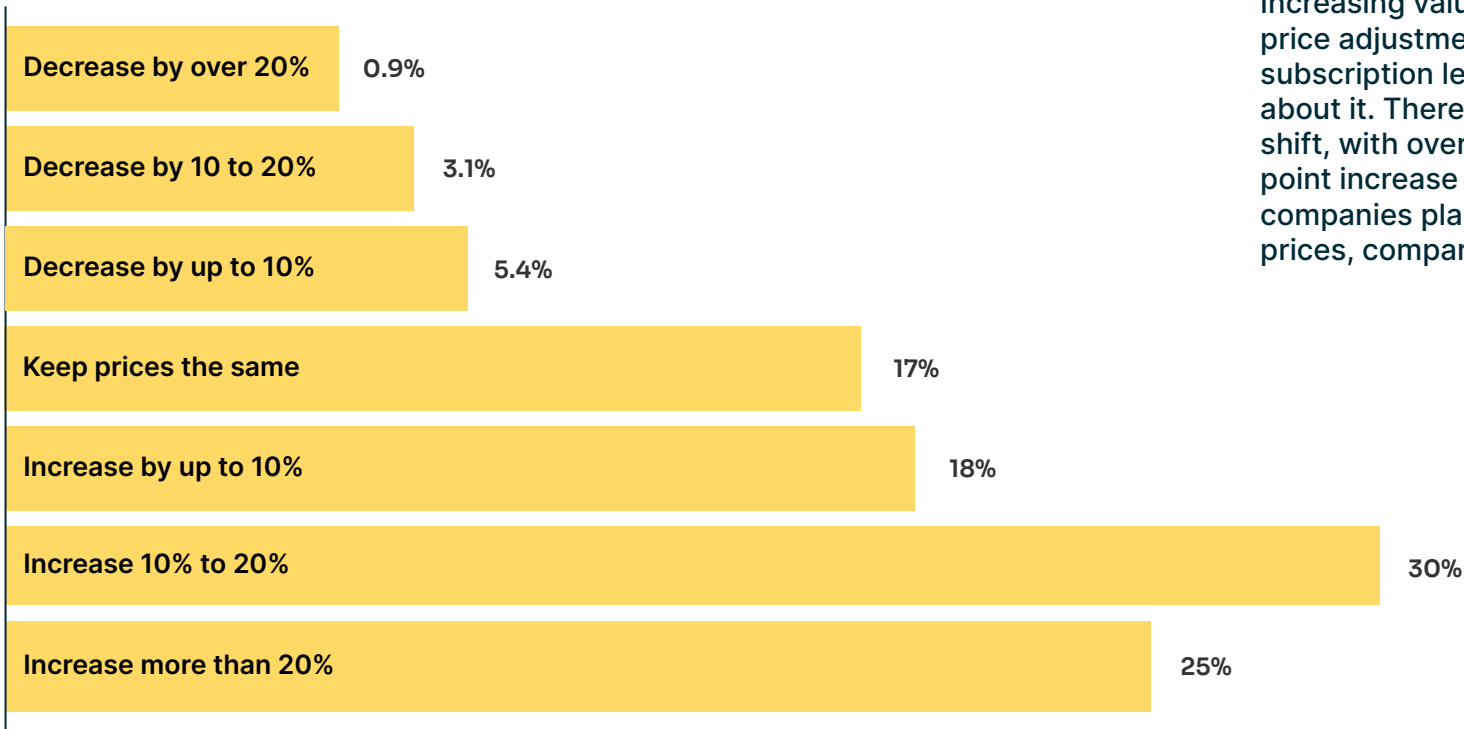
Insight
Increasing value is accompanied by price adjustments, and subscription leaders are optimistic about it. There's been a notable shift, with over a 10 percentage point increase in the number of companies planning to raise prices, compared to 62% in 2023.

Q19: REGARDING PRICING, IN THE NEXT 12 MONTHS, WE WILL...

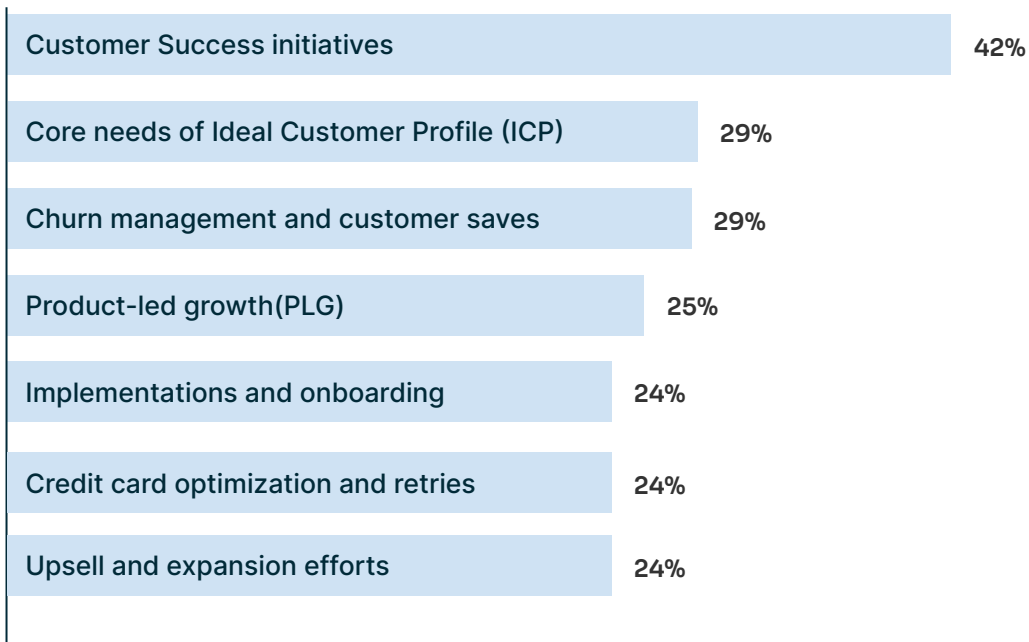# Customer-Centric Growth & Market Expansion

Net Revenue Retention improvement strategies will be customer-centric

Net Revenue Retention Strategies

Strategy	Percentage
Customer Success initiatives	42%
Core needs of Ideal Customer Profile (ICP)	29%
Churn management and customer saves	29%
Product-led growth(PLG)	25%
Implementations and onboarding	24%
Credit card optimization and retries	24%
Upsell and expansion efforts	24%

Insight

Strategies for keeping Net Retention Revenue high show a strong focus on putting the customer first. Key efforts include solid Customer Success programs, matching the core needs of the ideal customer, and managing churn effectively. This approach highlights how important it is to keep customers happy and loyal as a way to improve revenue.

Q22: WHICH STRATEGIES WILL YOU INVEST IN THIS YEAR TO IMPROVE NET REVENUE RETENTION (CUSTOMER RETENTION)?

29

Responsive customer support, onboarding and training, and proactive churn mitigation are the leading retention and growth strategies

Retention & Growth Strategies

Improve the quality and responsiveness of our customer support — 47%

Improve new customer onboarding and training — 42%

Use predictive analytics to early forecast and prevent churn — 34%

Launch partnerships that deliver value throughout the life of the customer — 34%

Build and expand our Customer Success teams and processes — 32%
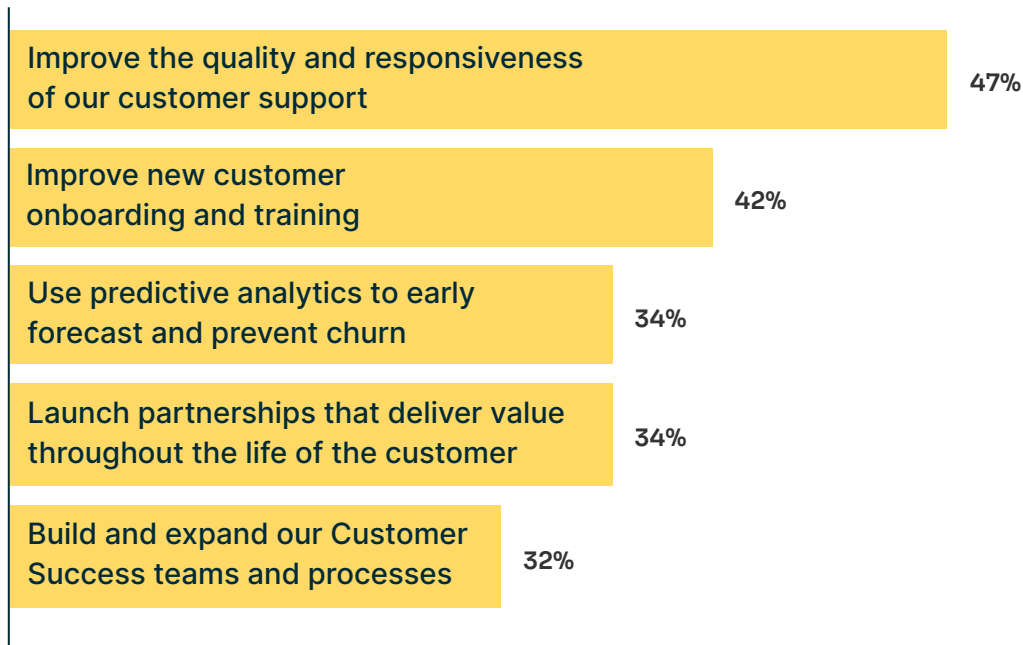
Insight

Improving customer support responsiveness, optimizing onboarding and training processes, and implementing proactive churn mitigation emerge as the leading strategies for customer retention and growth. These strategies highlight how proactive and customer-focused approaches are vital for building lasting relationships and achieving ongoing business growth.

Q20: WHAT CUSTOMER RETENTION AND GROWTH STRATEGIES ARE YOU PRIORITIZING IN 2024 (BEYOND IMPROVING YOUR PRODUCT)?

For Skyrocketers and Climbers, onboarding and training, and customer support are top retention and growth strategies

COHORT ANALYSIS

Retention & Growth Strategies

■ SKYROCKETERS
■ CLIMBERS

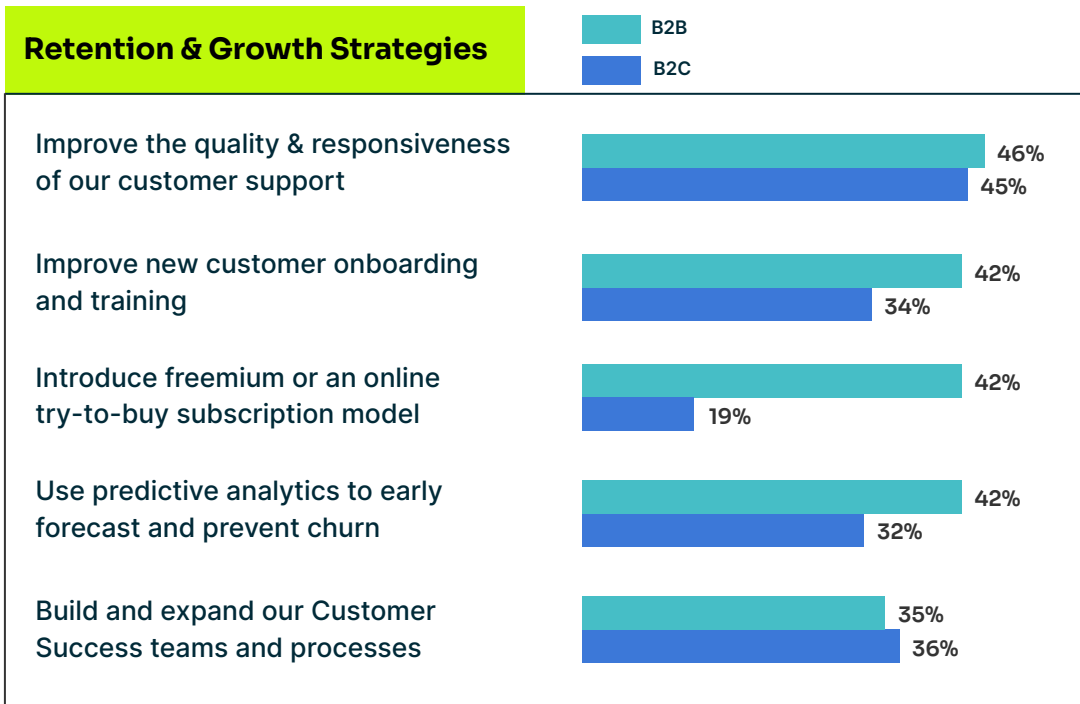| Strategy	Skyrocketers	Climbers
Improve new customer onboarding and training	50%	41%
Improve the quality & responsiveness of our customer support	45%	43%
Develop new paid consulting and advisory services	39%	30%
Create programs to better understand why customers churn	36%	33%
Use predictive analytics to early forecast and prevent churn	33%	33%

Insight

A third of both Skyrocketers and Climbers are using predictive analytics to forecast and prevent churn, staying two steps ahead of the problem.

Q20: WHAT CUSTOMER RETENTION AND GROWTH STRATEGIES ARE YOU PRIORITIZING IN 2024 (BEYOND IMPROVING YOUR PRODUCT)?

The top customer retention and growth strategy for B2B & B2C is improving quality and responsiveness of customer support

COHORT ANALYSIS

Retention & Growth Strategies

- B2B
- B2C

Improve the quality & responsiveness of our customer support
- B2B: 46%
- B2C: 45%

Improve new customer onboarding and training
- B2B: 42%
- B2C: 34%

Introduce freemium or an online try-to-buy subscription model
- B2B: 42%
- B2C: 19%

Use predictive analytics to early forecast and prevent churn
- B2B: 42%
- B2C: 32%

Build and expand our Customer Success teams and processes
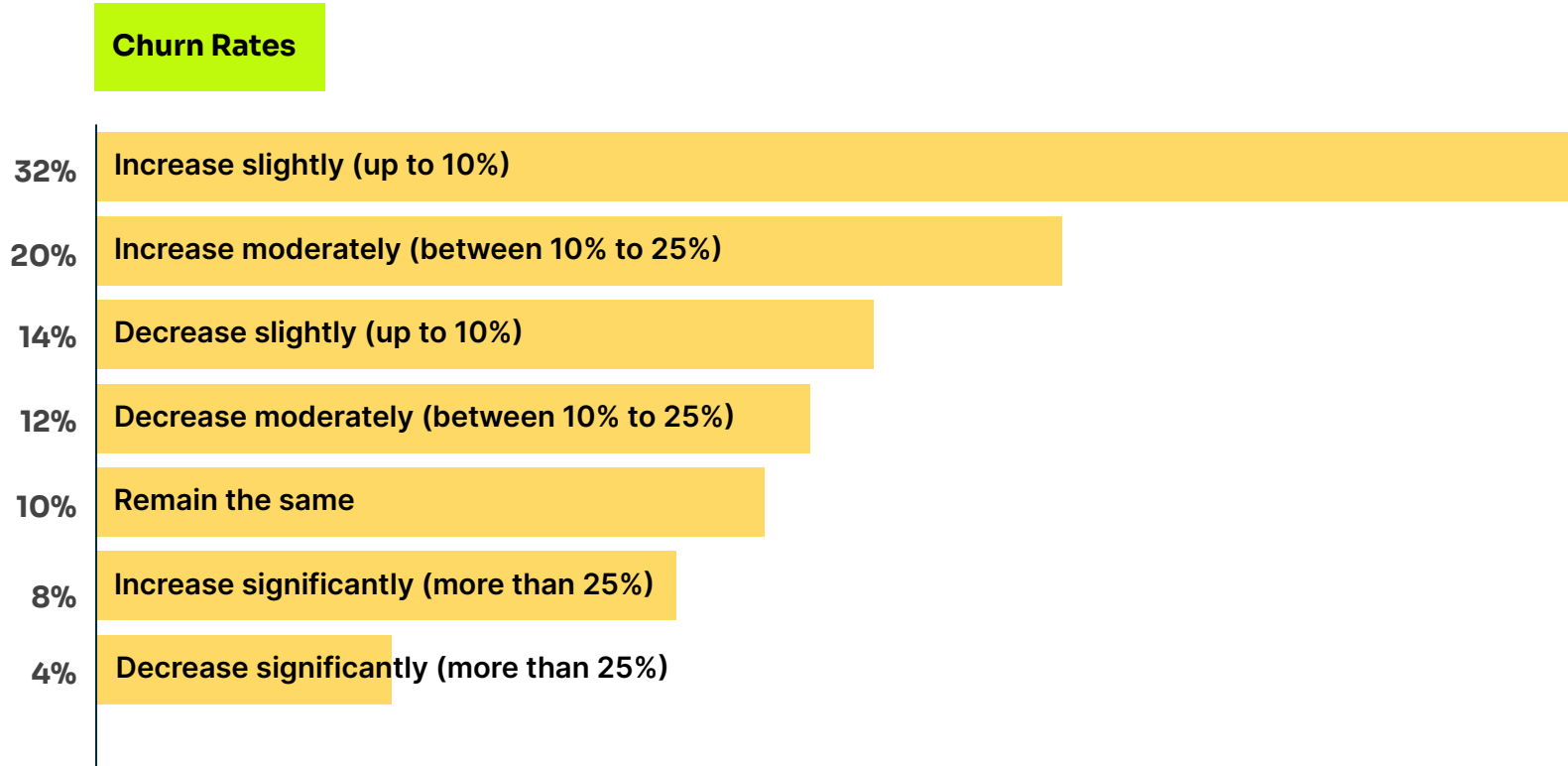- B2B: 35%
- B2C: 36%

Insight

B2B prioritizes the subscriber lifecycle, spanning from acquisition via freemium offerings to enhancing onboarding and support, and leveraging predictive analytics to minimize churn. Conversely, while B2C also emphasizes support, onboarding, and operational processes, its enthusiasm for freemium offerings differs.
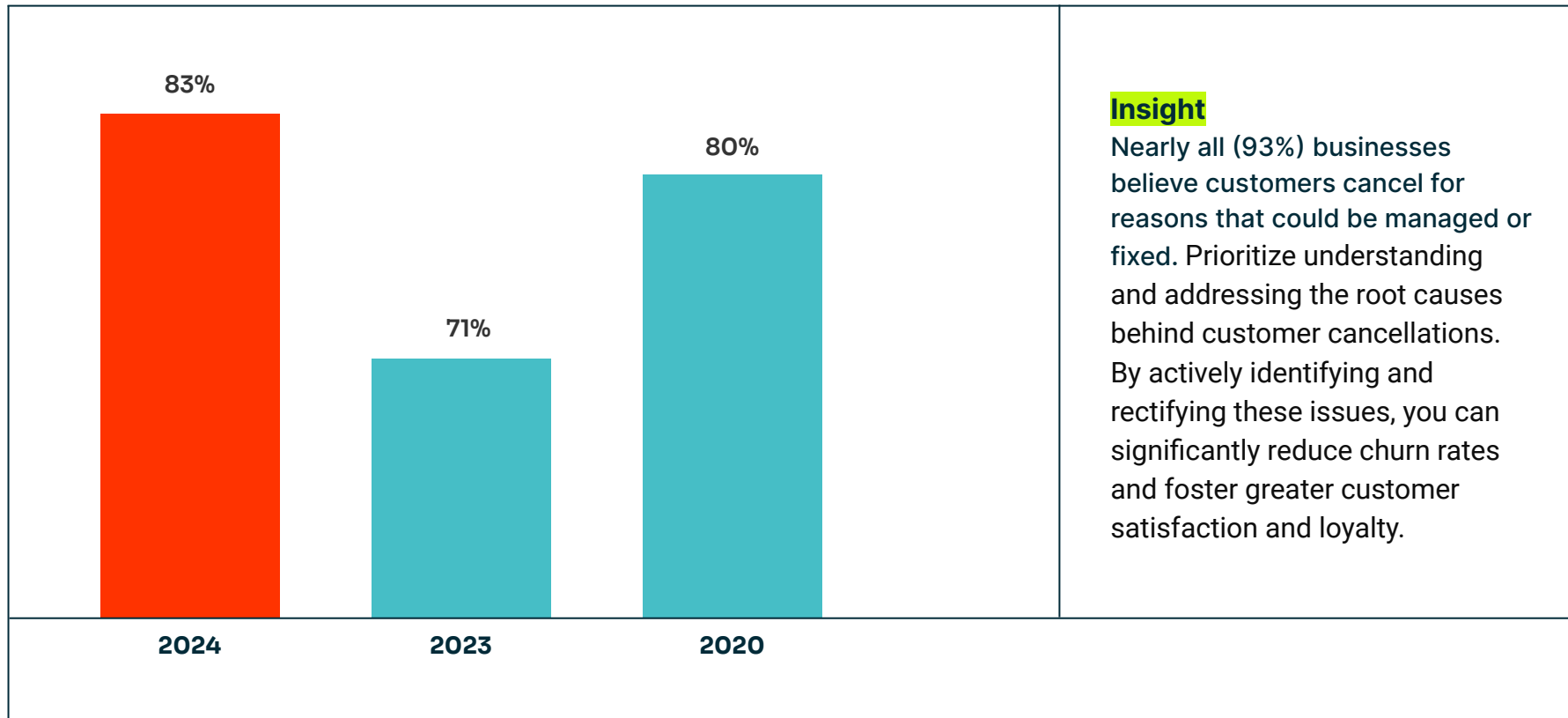
Q20: WHAT CUSTOMER RETENTION AND GROWTH STRATEGIES ARE YOU PRIORITIZING IN 2024 (BEYOND IMPROVING YOUR PRODUCT)?

A third of respondents expect churn to decrease and 10% expect it to remain the same

Churn Rates

32%	Increase slightly (up to 10%)
20%	Increase moderately (between 10% to 25%)
14%	Decrease slightly (up to 10%)
12%	Decrease moderately (between 10% to 25%)
10%	Remain the same
8%	Increase significantly (more than 25%)
4%	Decrease significantly (more than 25%)

Q24: IN 2024, I EXPECT MY ORGANIZATION'S CUSTOMER CHURN RATES WILL (ON A RELATIVE BASIS)

83% of businesses have a company-wide churn target

83%

80%

71%

**2024**   **2023**   **2020**

Insight

Nearly all (93%) businesses believe customers cancel for reasons that could be managed or fixed. Prioritize understanding and addressing the root causes behind customer cancellations. By actively identifying and rectifying these issues, you can significantly reduce churn rates and foster greater customer satisfaction and loyalty.

86% of subscription leaders agree that customer retention is a higher or equal priority than acquisition

Retention vs. Acquisition

■ Customer retention is a higher priority than customer acquisition

■ They are prioritized at the same level

■ Customer retention is a lower priority than customer acquisition

14%

27%

59%
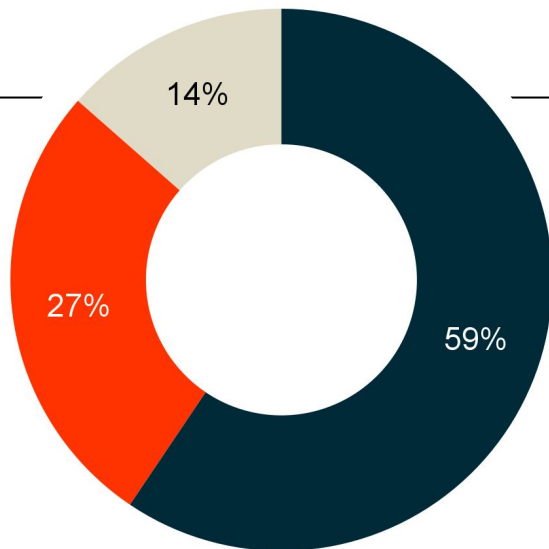
Insight

86% of respondents agree that retaining customers is *as important as, or more important than*, acquiring new ones. This underscores the widespread recognition of the importance of cultivating long-term relationships with existing customers.

Skyrocketers prioritize customer retention over acquisition by a factor of more than 7x, emphasizing their commitment to maintaining strong customer ties.

Q14: SELECT THE STATEMENT THAT MOST ACCURATELY DESCRIBES YOUR COMPANY'S ATTITUDE TOWARD CUSTOMER RETENTION AND ACQUISITION IN 2024.

35

Stellar retention will be achieved by maximizing customer loyalty, reducing cancellations, and value-driven tactics

Retention Tactics

Tactic	Percentage
Introduce customer loyalty and/or membership programs	31%
Save customers from canceling with pauses, discounts, and/or incentives	29%
Invest in automation and tools to improve the online customer experience	27%
Testing a range of discount offers to customers at the point of cancellation	27%
Preemptively engage at-risk customers with discounts and more value	25%
Offer new compelling educational content to solve common service issues	23%

Insight
Ensuring great customer retention means concentrating on fostering strong customer loyalty, mitigating cancellations, and using strategies that prioritize value. This highlights the significance of building long-term relationships with customers through positive experiences and providing value, which ultimately can lead to continued success.

Q25: WHAT RETENTION TACTICS WILL YOU PRACTICE IN THE COMING 12 MONTHS?

36

Operational Challenges & Risks

Staying current with technology, maintaining growth trajectory, & profitability rank as top concerns

#1

14%

Staying up-to-date with the latest technologies and tactics

#2

11%

Maintaining past years' customer growth trajectory & becoming a more profitable company

#3

10%

Accelerating growth by increasing marketing and acquisition

#4

9%

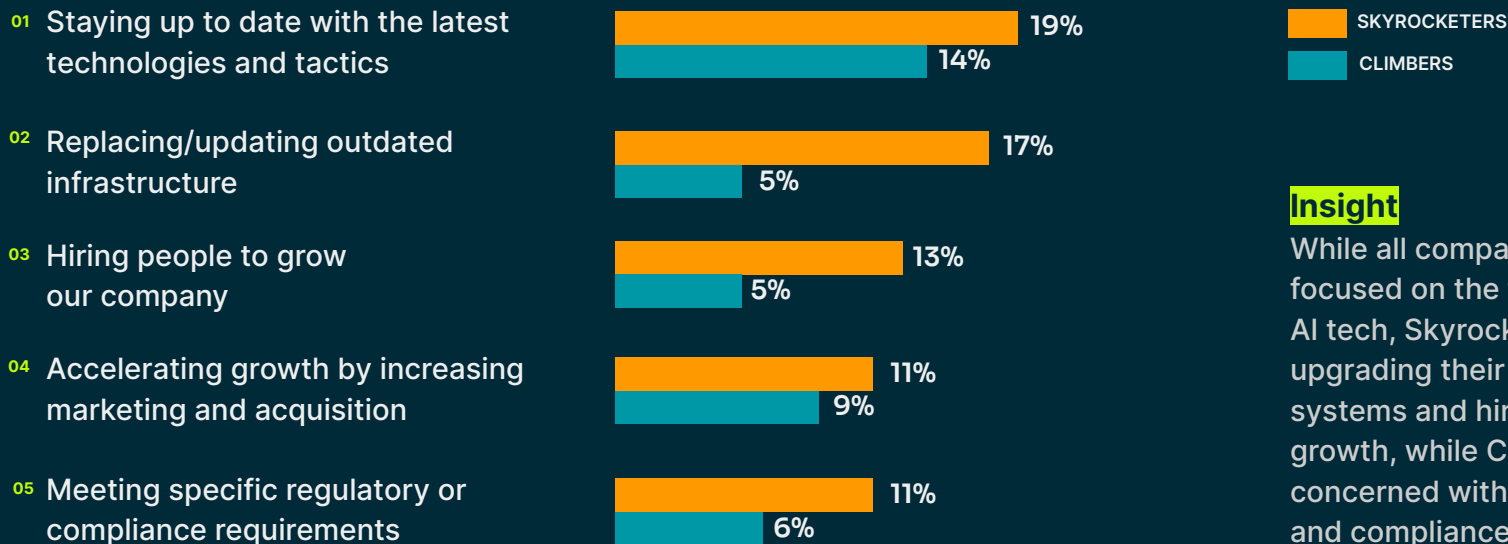**Innovating products and staying more competitive**

Insight

The top concerns reflect a emphasis on adapting to technological advancements, ensuring continued efficient growth, and establishing financial resilience in the competitive subscription market.

Q28: MY MOST SIGNIFICANT CONCERN FOR MY COMPANY IN THE YEAR AHEAD IS...

38

The top concern for Skyrocketers and Climbers are staying up-to-date with technology and tactics

Top Concerns

01 Staying up to date with the latest technologies and tactics
19%
14%

02 Replacing/updating outdated infrastructure
17%
5%

03 Hiring people to grow our company
13%
5%

04 Accelerating growth by increasing marketing and acquisition
11%
9%

05 Meeting specific regulatory or compliance requirements
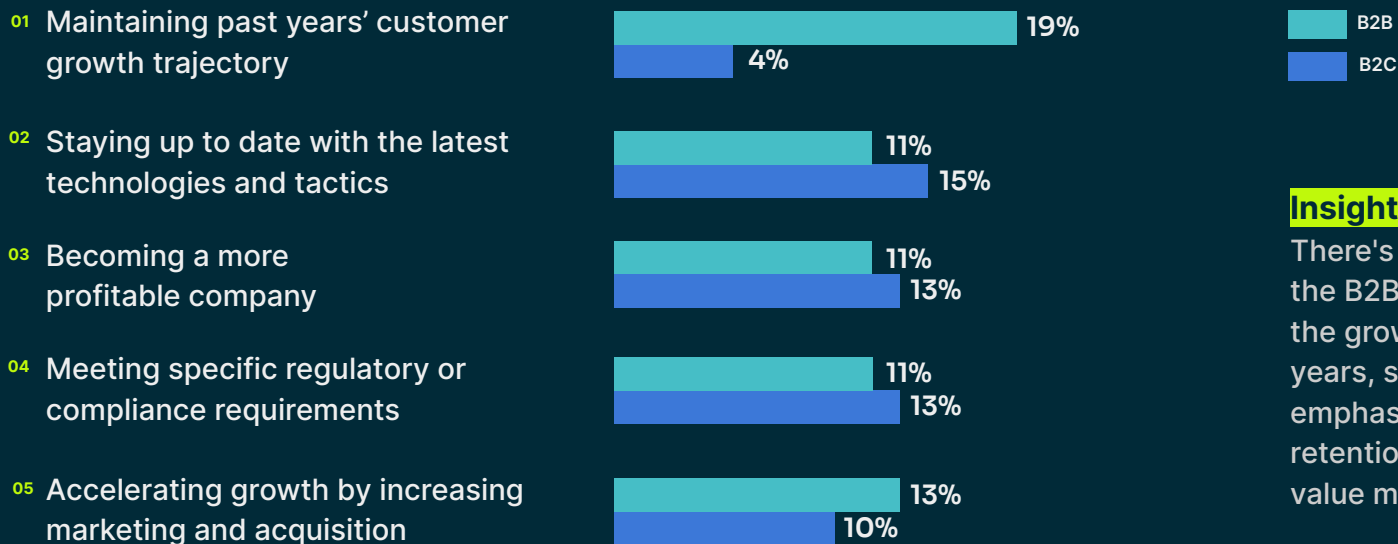**11%**
6%

SKYROCKETERS
CLIMBERS

Insight
While all companies are focused on the future and AI tech, Skyrocketers are upgrading their legacy systems and hiring for growth, while Climbers are concerned with marketing and compliance.

B2B 5x more concerned about losing momentum than B2C

COHORT ANALYSIS

B2B vs B2C

01 Maintaining past years' customer growth trajectory
- **19%** (B2B)
- **4%** (B2C)

02 Staying up to date with the latest technologies and tactics
- **11%** (B2B)
- **15%** (B2C)

03 Becoming a more profitable company
- **11%** (B2B)
- **13%** (B2C)

04 Meeting specific regulatory or compliance requirements
- **11%** (B2B)
- **13%** (B2C)

05 Accelerating growth by increasing marketing and acquisition
- **13%** (B2B)
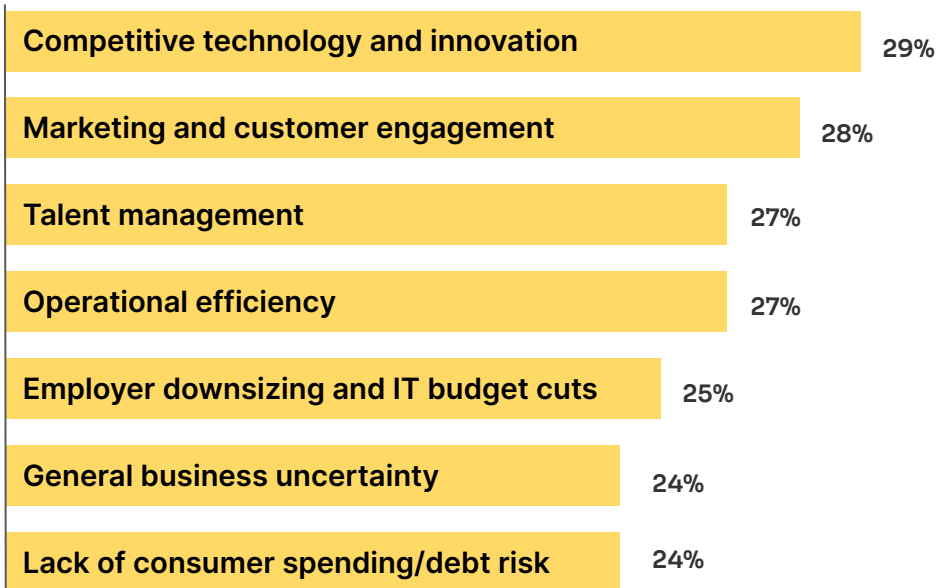- **10%** (B2C)

B2B
B2C

Insight
There's a pressing focus in the B2B sector on sustaining the growth achieved in recent years, signaling a strategic emphasis on customer retention and value maximization.

Q28: MY MOST SIGNIFICANT CONCERN FOR MY COMPANY IN THE YEAR AHEAD IS...

Competitive technology is considered the greatest business risk by nearly a third of respondents

Greatest Business Risk

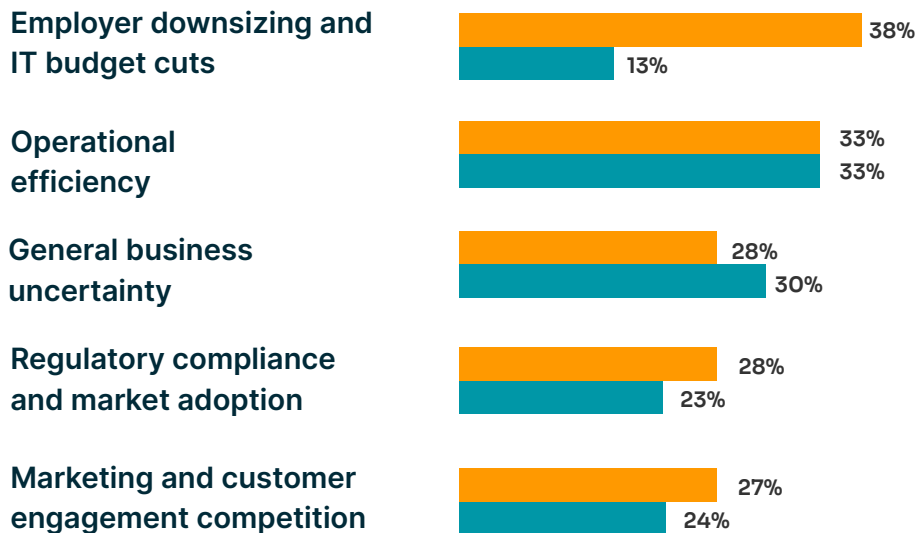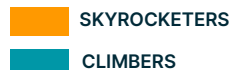|	
Competitive technology and innovation	29%
Marketing and customer engagement	28%
Talent management	27%
Operational efficiency	27%
Employer downsizing and IT budget cuts	25%
General business uncertainty	24%
Lack of consumer spending/debt risk	24%

Insight

Everyone recognizes the potential threats of competitive and new technology in the AI era. The focus on improving marketing and engaging customers more effectively points to the increasing challenges of keeping customers interested in a crowded market. Additionally, subscription leaders feel that retaining top talent and becoming more efficient are critical risks in the year ahead.

Q26: WHICH OF THE FOLLOWING DO YOU ANTICIPATE ARE YOUR GREATEST BUSINESS RISKS IN 2024?

Skyrocketers and Climbers see operational efficiency as a key business risk

Greatest Business Risk

■ SKYROCKETERS
■ CLIMBERS

Employer downsizing and IT budget cuts
- SKYROCKETERS: 38%
- CLIMBERS: 13%

Operational efficiency
- SKYROCKETERS: 33%
- CLIMBERS: 33%

General business uncertainty
- SKYROCKETERS: 28%
- CLIMBERS: 30%

Regulatory compliance and market adoption
- SKYROCKETERS: 28%
- CLIMBERS: 23%

Marketing and customer engagement competition
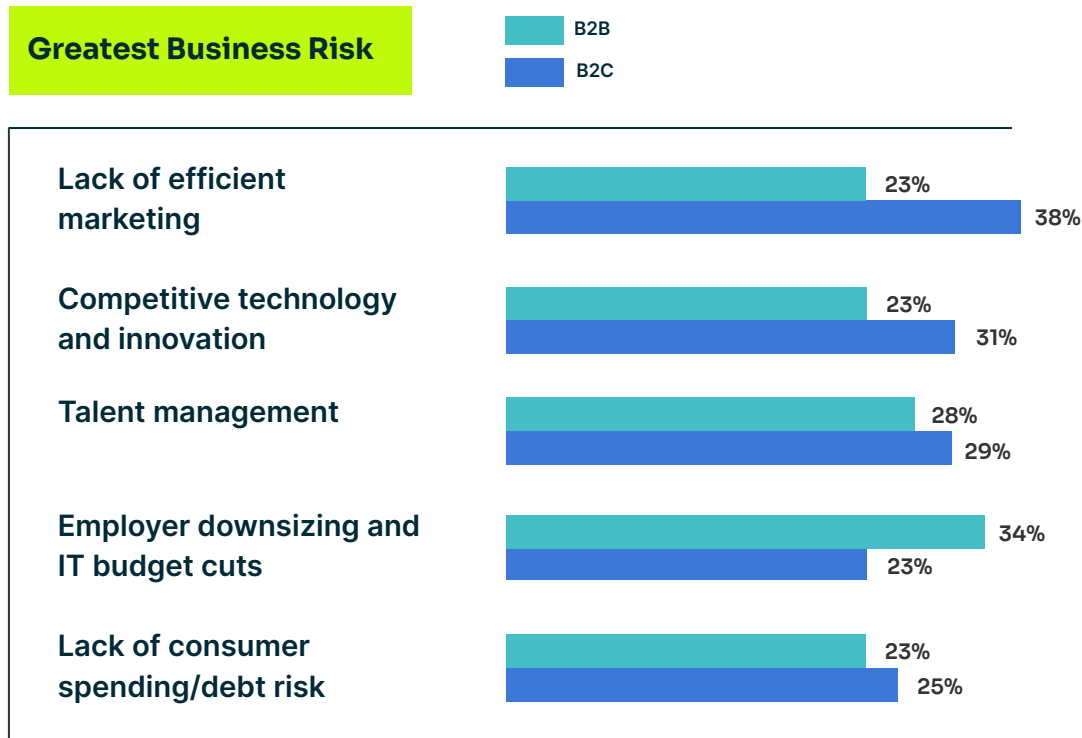- SKYROCKETERS: 27%
- CLIMBERS: 24%

Insight

Skyrocketers want to avoid the downsizing and budget cuts of 2023 and know that operational efficiency is a must. Climbers share the sense of urgency around operational efficiency but are also concerned with business uncertainty and compliance.

Q26: WHICH OF THE FOLLOWING DO YOU ANTICIPATE ARE YOUR GREATEST BUSINESS RISKS IN 2024?

42

Budget cuts and lack of efficient marketing are the greatest business risks for B2B and B2C

Greatest Business Risk

■ B2B
■ B2C

Lack of efficient marketing
- B2B: 23%
- B2C: 38%

Competitive technology and innovation
- B2B: 23%
- B2C: 31%

Talent management
- B2B: 28%
- B2C: 29%

Employer downsizing and IT budget cuts
- B2B: 34%
- B2C: 23%

Lack of consumer spending/debt risk
- B2B: 23%
- B2C: 25%

Insight:

Similar to the Skyrocketers, budget cuts and layoffs are the primary concerns for B2B, whereas B2C is troubled by lack of efficient marketing.

B2B marketing drives complex, long sale cycles built on content and insight, while consumer marketing depends on evergreen campaigns that are constantly changing along with the whims and attention spans of their audience.

Downsizing and cuts are top concerns for B2B - could this reflect the painful belt tightening that B2B tech companies went through over the past 2 years? Have companies cut too deep?

Q26: WHICH OF THE FOLLOWING DO YOU ANTICIPATE ARE YOUR GREATEST BUSINESS RISKS IN 2024?

Managing operational costs, customer support at scale, and maintaining quality during rapid growth are key scaling challenges

Primary Scaling Challenges

- **Managing increased operational costs**
- **Ensuring consistent customer support at scale**
- **Maintaining quality during rapid growth**
- **Recruiting and training skilled personnel**
- **Upgrading technology infrastructure**

6.0%
7.2%
31%
27%
29%
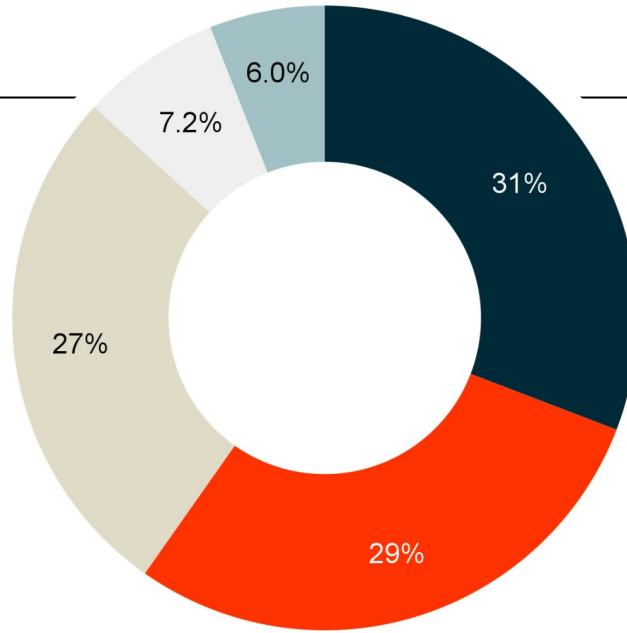
Insight

Keeping operational costs in check, providing smooth customer support as the business grows, and keeping the quality of service high are key to growing successfully and sustainably. It's all about finding the right balance where saving money, making customers happy, and running things smoothly are all important.
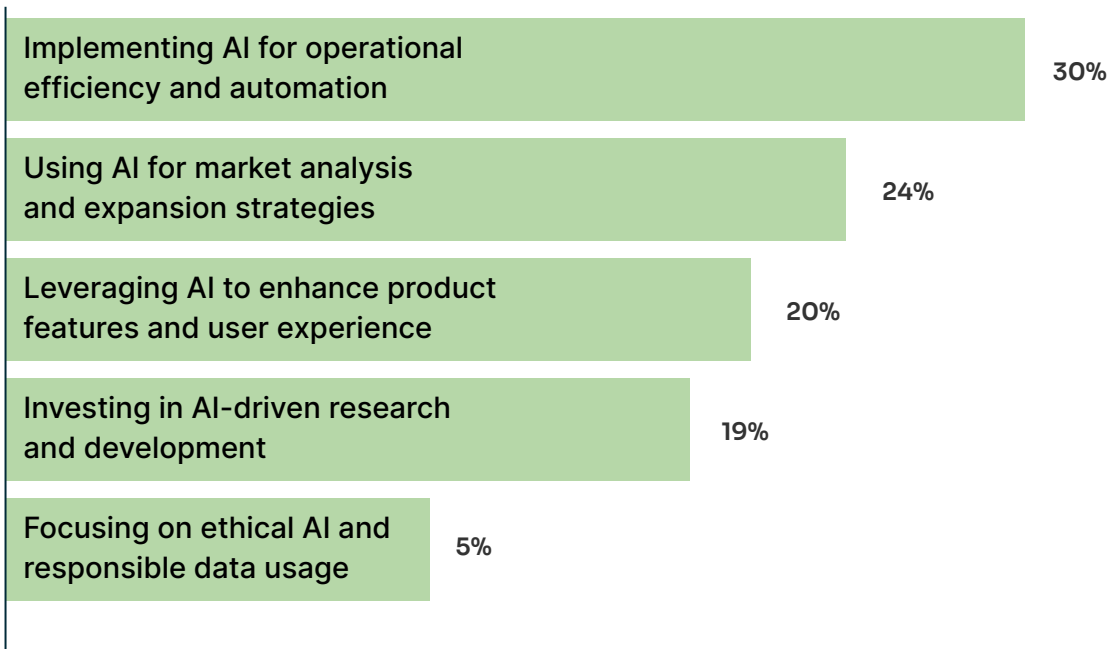
Q27: WHAT ARE THE PRIMARY CHALLENGES YOU FORESEE IN SCALING YOUR OPERATIONS?

44

Technology & Innovation
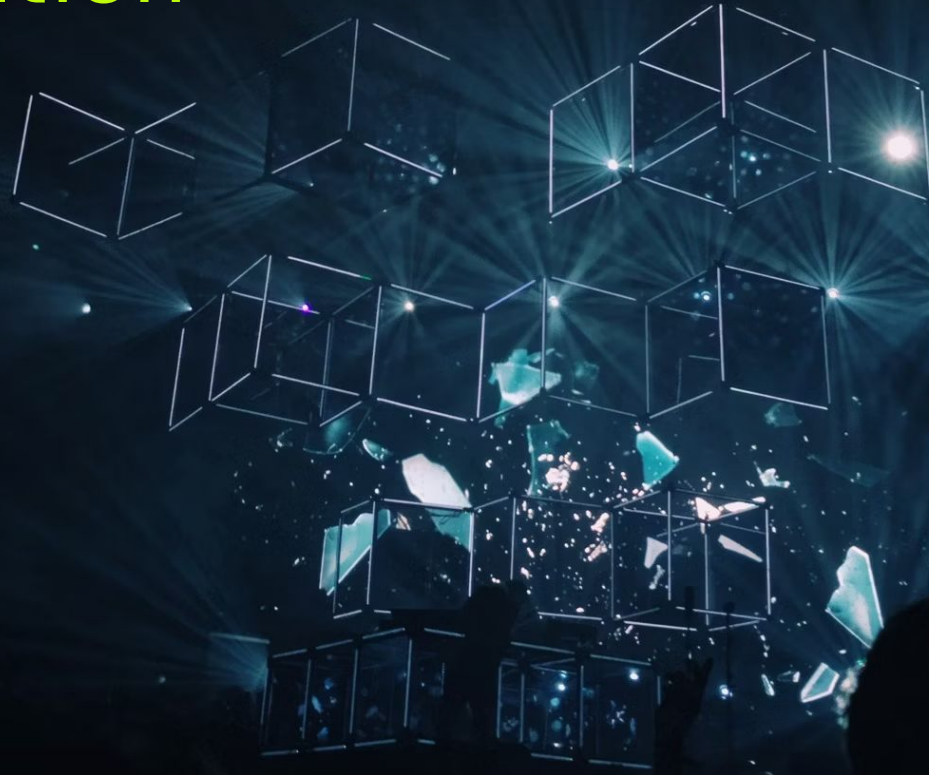
AI will be used strategically for operational efficiency, market expansion, and to enhance product features and the user experience

AI in use

|	
Implementing AI for operational efficiency and automation	30%
Using AI for market analysis and expansion strategies	24%
Leveraging AI to enhance product features and user experience	20%
Investing in AI-driven research and development	19%
Focusing on ethical AI and responsible data usage	5%

Insight
Subscription leaders plan to leverage AI to optimize operational efficiency, explore new market opportunities, and elevate product features and user experiences, ensuring a competitive edge and sustainable growth.

Skyrocketers and Climbers will use AI to strengthen customer relationships

COHORT ANALYSIS

AI in use
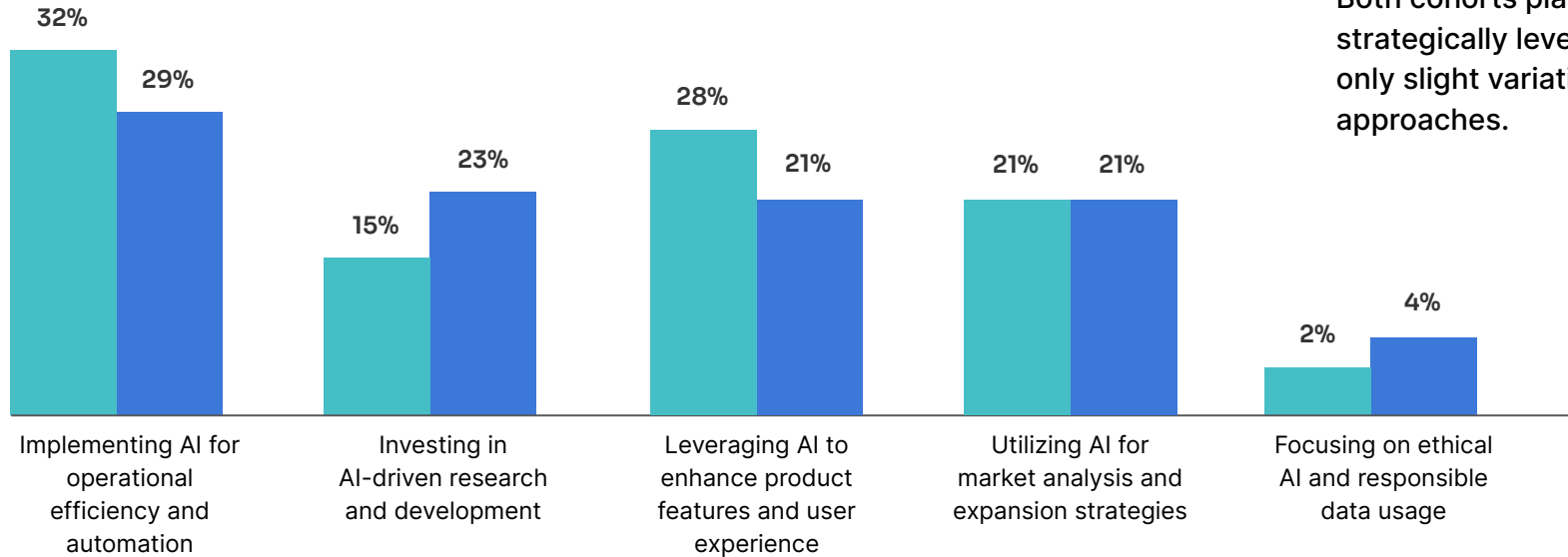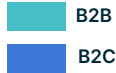
■ SKYROCKETERS
■ CLIMBERS
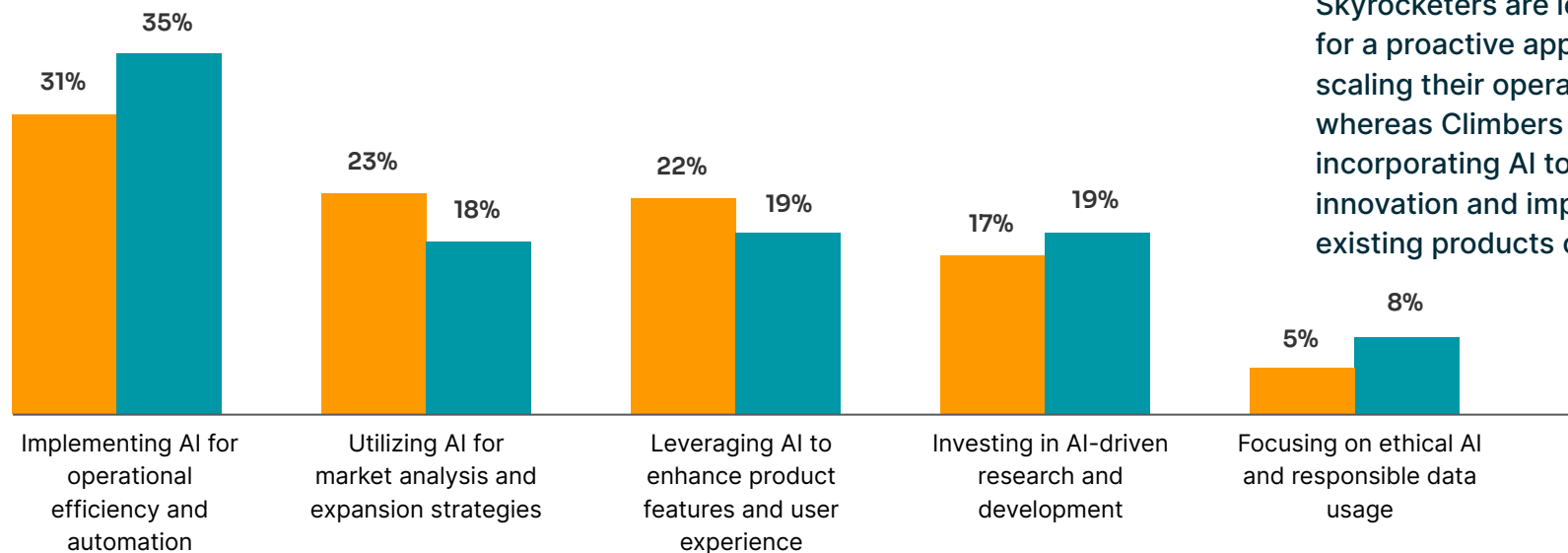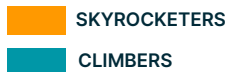
Insight
Skyrocketers are leveraging AI for a proactive approach to scaling their operations rapidly, whereas Climbers are incorporating AI to focus on innovation and improving existing products or services.

	Implementing AI for operational efficiency and automation	Utilizing AI for market analysis and expansion strategies	Leveraging AI to enhance product features and user experience	Investing in AI-driven research and development	Focusing on ethical AI and responsible data usage
Skyrocketers	31%	23%	22%	17%	5%
Climbers	35%	18%	19%	19%	8%

B2B & B2C share a plan to use AI for efficiency and automation

AI in use

■ B2B
■ B2C

- Implementing AI for operational efficiency and automation: 32% (B2B), 29% (B2C)
- Investing in AI-driven research and development: 15% (B2B), 23% (B2C)
- Leveraging AI to enhance product features and user experience: 28% (B2B), 21% (B2C)
- Utilizing AI for market analysis and expansion strategies: 21% (B2B), 21% (B2C)
- Focusing on ethical AI and responsible data usage: 2% (B2B), 4% (B2C)

Insight
Both cohorts plan to strategically leverage AI with only slight variations in their approaches.

Investments in AI technology, finance automation, and data business intelligence services will pave the way for more empowered operations

Tool Investments

- ■ AI technology
- ■ Finance automation
- ■ Data business intelligence services
- ■ Subscription billing
- ■ Marketing automation
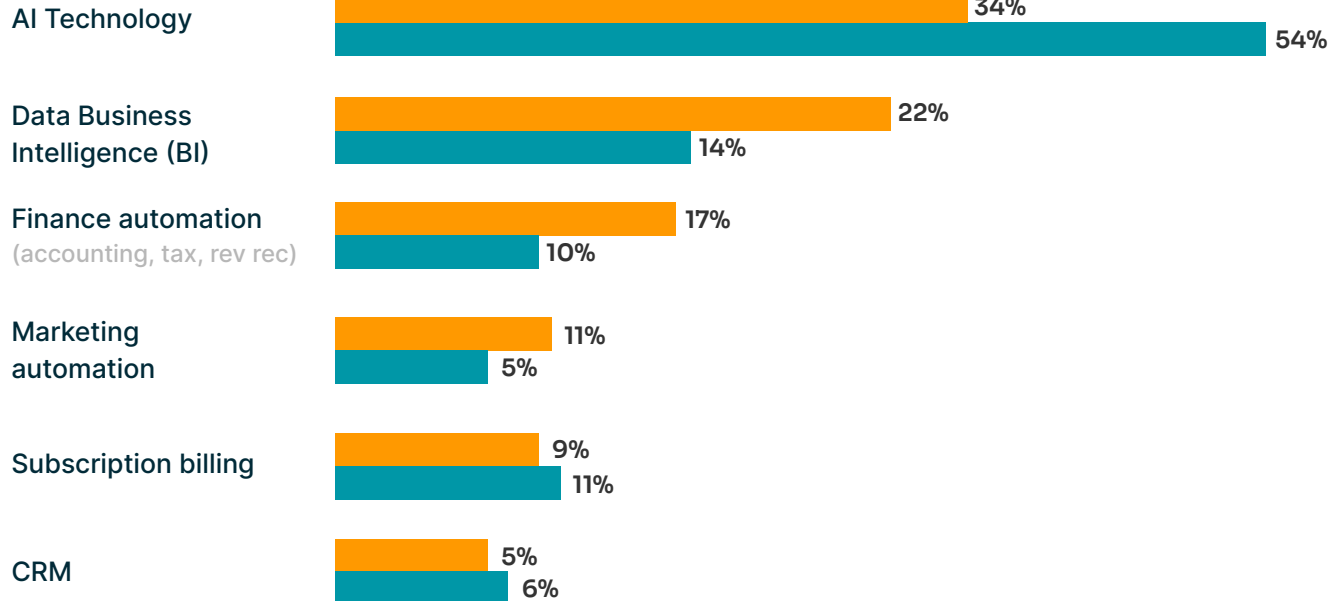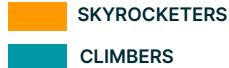- ■ CRM

46%

15%

14%

9.1%

8.5%

6.9%
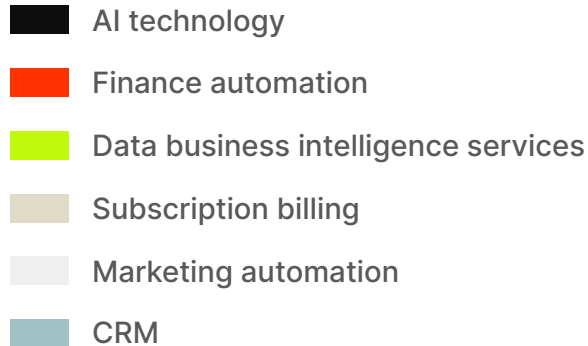
Insight

Planned investments will not only streamline processes but also pave the way for enhanced decision-making capabilities, fostering a more agile and competitive subscription environment.

Q31: WHICH TOOLS DO YOU PLAN TO INVEST IN (EITHER VIA NEW PURCHASES, UPGRADES, OR INCREASED USAGE)?

49

Skyrocketers are investing in tools designed for later growth stage organizations while Climbers are investing in the basics

Tool Investments
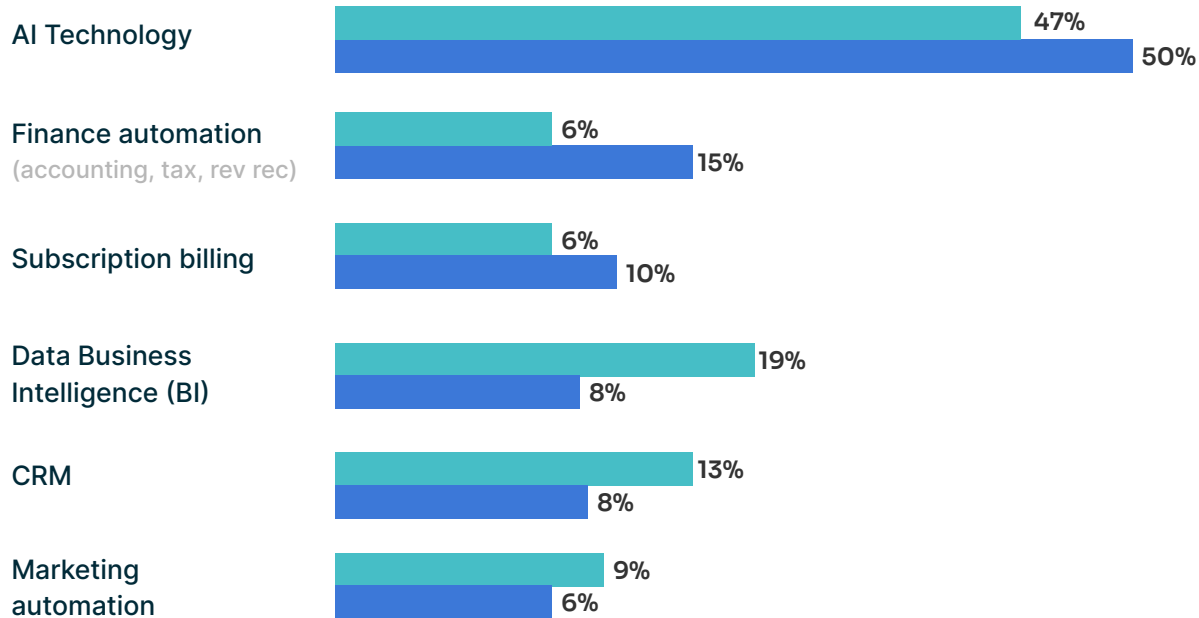
■ SKYROCKETERS
■ CLIMBERS

Tool	Skyrocketers	Climbers
AI Technology	34%	54%
Data Business Intelligence (BI)	22%	14%
Finance automation (accounting, tax, rev rec)	17%	10%
Marketing automation	11%	5%
Subscription billing	9%	11%
CRM	5%	6%

Q31: WHICH TOOLS DO YOU PLAN TO INVEST IN (EITHER VIA NEW PURCHASES, UPGRADES, OR INCREASED USAGE)?

B2B & B2C plan to invest in AI technology while other investments vary based on business model

Tool Investments

■ B2B
■ B2C

Tool	B2B	B2C
AI Technology	47%	50%
Finance automation (accounting, tax, rev rec)	6%	15%
Subscription billing	6%	10%
Data Business Intelligence (BI)	19%	8%
CRM	13%	8%
Marketing automation	9%	6%

Q31: WHICH TOOLS DO YOU PLAN TO INVEST IN (EITHER VIA NEW PURCHASES, UPGRADES, OR INCREASED USAGE)?
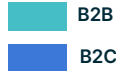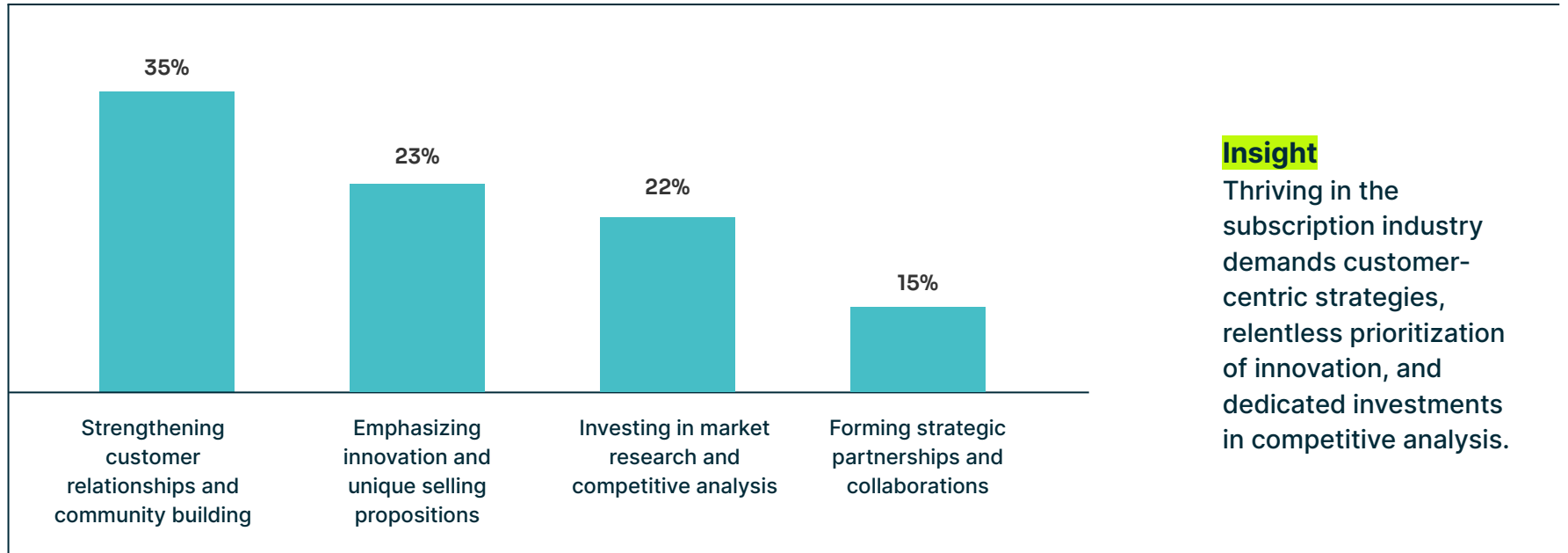
Subscription leaders will stay ahead by adopting customer-centric approaches, prioritizing innovation, and investing in competitive analysis

Staying Ahead

35%

23%

22%

15%

Strengthening customer relationships and community building

Emphasizing innovation and unique selling propositions

Investing in market research and competitive analysis

Forming strategic partnerships and collaborations

Insight

Thriving in the subscription industry demands customer-centric strategies, relentless prioritization of innovation, and dedicated investments in competitive analysis.

Q32: HOW DO YOU PLAN TO STAY AHEAD IN THE COMPETITIVE SAAS MARKET, TAKING INTO CONSIDERATION THE CURRENT TRENDS AND FUTURE PROJECTIONS?

The Future

The tech boom of 2020 gave way to economic adjustments, ushering in an era in 2024 that values strategic and efficient growth. The journey ahead is filled with opportunities for subscription leaders who understand and exercise the power to innovate, be customer-centric, and cultivate a mindset that values sustainable and efficient growth.

The future has never looked brighter for subscriptions and revenue growth.

About Chargebee

Chargebee is the leading Revenue Growth Management (RGM) platform for subscription businesses. Our mission is to help companies of all sizes grow their revenue by providing comprehensive solutions, including subscription management and recurring billing, pricing and payment optimization, revenue recognition, collections, and customer retention. Chargebee is trusted by businesses of all sizes, including Freshworks, Brevo, and Study.com, and is proud to have been consistently recognized by our customers as a Leader in Subscription Management on G2.

To learn more about how Chargebee can help unlock and maximize revenue growth, visit **www.chargebee.com**

Request a demo ⟶