



SUBSCRIPTION BOX SHIPPING & RENEWAL BILLING GUIDE

PREPARED BY

CRATEJOY

www.cratejoy.com

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TABLE OF CONTENTS

INTRODUCTION	02
DEFAULT SHIPPING CALENDAR	03
RECOMMENDED SHIPPING DATES	04
SALES WINDOWS & SHIPMENT BATCHES	05
ONGOING + BULK FULFILLMENT	06
NET PROMOTER SCORE	07
"WELCOME" BOXES	08
BASIC ONGOING SCHEDULE	09
MONTHLY BULK FULFILLMENT	11
BASIC BULK SCHEDULE	13
CALENDAR COMPARISON	14

THE OPERATIONAL LIFECYCLE OF A SUBSCRIPTION BUSINESS CAN BE EXTREMELY COMPLICATED: RENEWAL DATES, CUTOFF DATES, AND SALES WINDOWS MUST ALL COME TOGETHER TO ENSURE THAT YOUR SUBSCRIPTION BUSINESS RUNS SMOOTHLY.

These day-to-day processes are lot less sexy than growth marketing or product curation, but they are essential to your subscriber experience and an efficient operation. Making your subscribers' experience as seamless as possible will go a long way in creating a following of happy, loyal customers, which will ultimately grow your business.

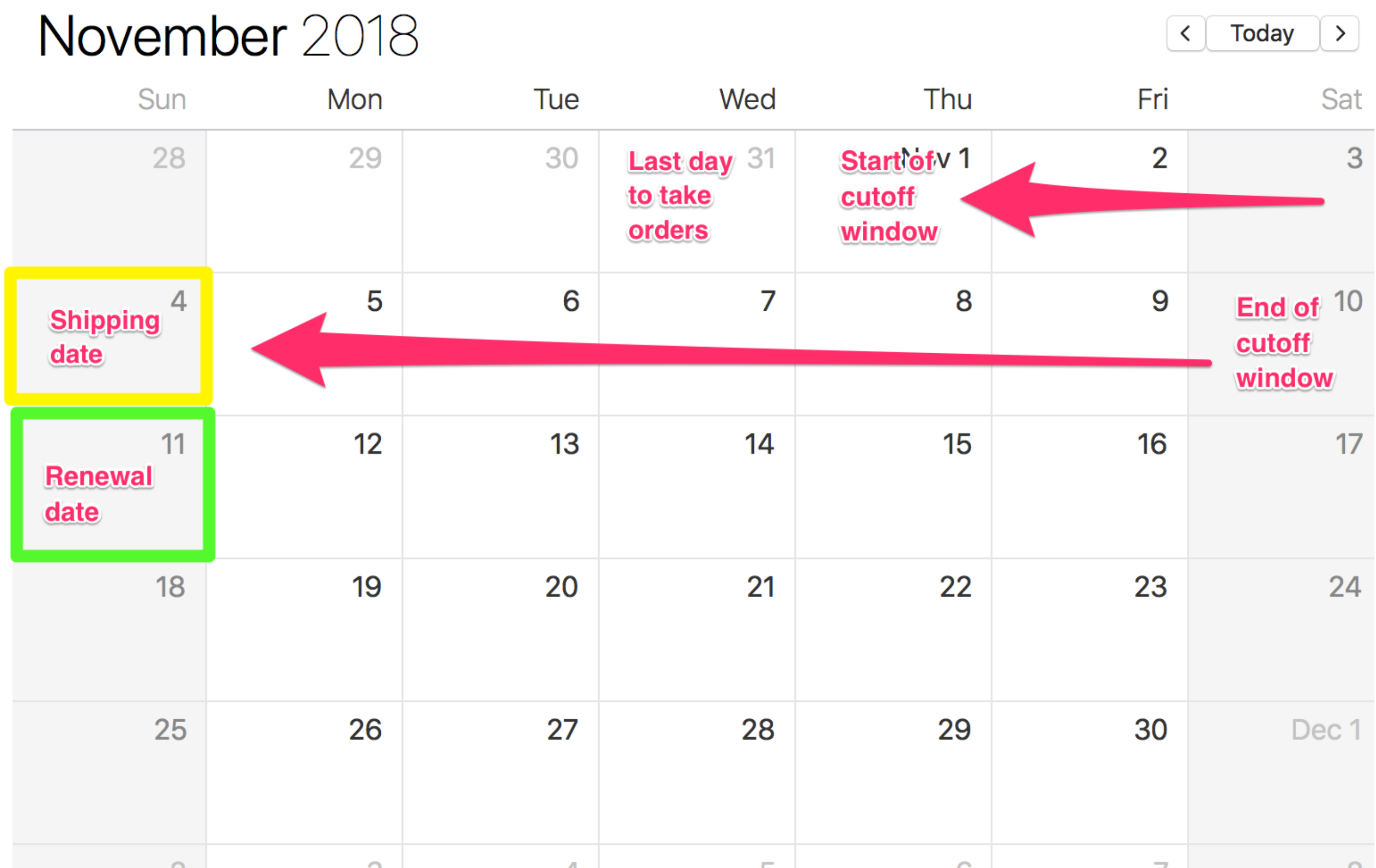
Cratejoy hosts thousands of merchants, each with their own specific operational needs. Years of working with these unique subscription businesses have helped us determine the ideal operational dates for the majority of our merchants.

In this guide, we'll reveal the scheduling secrets that will make your life easier and your subscribers happier.

Take a look on the next page for our standard shipping calendar!

OUR DEFAULT SHIPPING CALENDAR

PRO TIP: SET YOUR RENEWAL DATE AS THE 11TH OF THE MONTH.



Let’s face it: subscriptions are generally considered a luxury purchase, not an essential one. It makes sense that if money is tight, the box is the first bill to drop.

Setting your renewal date for the 11th does two things: not only does it hit around mid-month payday, but – more importantly – **it allows you to stop taking orders at the end of the previous month.** It's way easier for your subscribers (and your business) to remember that if they order in November, they'll receive their first box in December.

RECOMMENDED SHIPPING DATES

PRO TIP: RENEWAL AND CUTOFF DATES DETERMINE YOUR OPERATIONAL CYCLE FOR SALES AND SHIPPING.

In other words, make sure you're thinking about your customers' needs as well as your own!

Recommended Renewal Date: 11th of the month

The reason we set the default renewal date as the 11th of the month is because your 10-day cutoff window counts backward from there. If you set your renewal date earlier than the 11th, your cutoff window will go into the week of the previous month, and that can get confusing. (We'll look at alternative calendars later on in this guide.)

Recommended Cutoff Window: 1-10th of the month

If you allow customers to subscribe through the end of the month, that allows you to ship your boxes early in the next month (by the 4th). Then customers will have about a week – aka the "cutoff window" – to receive their box before renewal. If they decide to cancel, they have this time to do so before they get charged for next month.

SALES WINDOWS & SHIPMENT BATCHES

Establishing Your Sales Window

Since your cutoff date for orders is always the last day of a given month (see above), your sales for each batch of shipments will take place within the timeframe of a calendar month.

Shipment Batches on Cratejoy

In the Cratejoy dashboard, shipments are batched according to the sales window in which the transaction occurred. Here's how to define them:

Previous: the batch you've already shipped

Current: the batch you'll ship no later than the 4th of the month

Next: the batch that you're selling right now

For your subscribers, this means that if they purchase in the month of October, they receive their first shipment in November. Simple enough! For merchants, this means a clearly defined window in which to sell subscriptions for the upcoming shipment. So rather than splitting between X day of this month to Y day of that month, you always have a defined period of time when sales take place.

ONGOING VS. BULK FULFILLMENT

There are two main shipping models you can adhere to: **ongoing & bulk fulfillment** and **bulk fulfillment**. While both involve packing and shipping large-scale orders of boxes, ongoing fulfillment means that you ship on a rolling basis. We recommend this for new subscribers, so they don't wait for that first box. Purely bulk fulfillment means you would only ship boxes once a month.

Choose Ongoing & Bulk Fulfillment if...

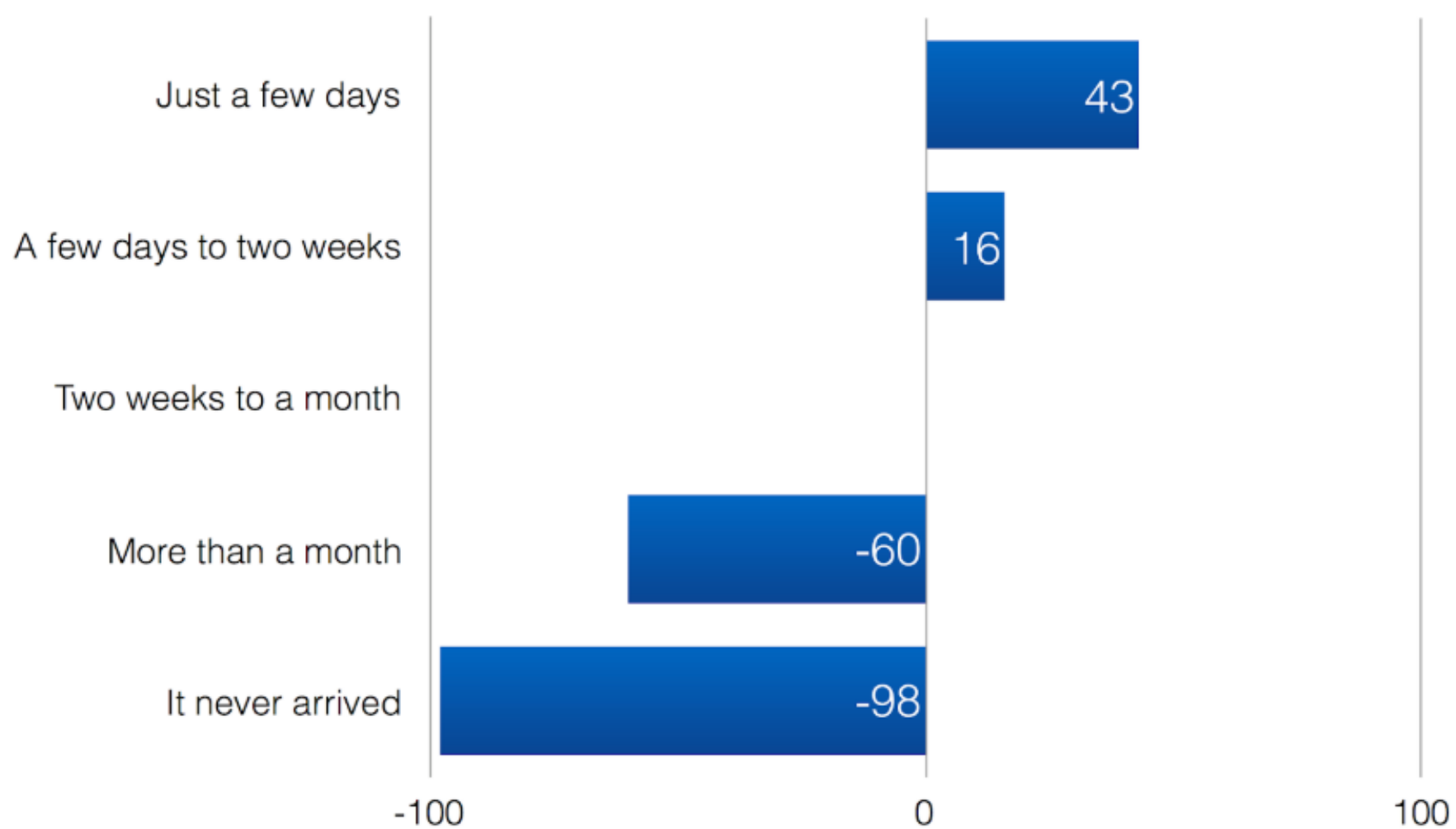
- You're able to invest in a "welcome" box for new subscribers or have some ecommerce experience
- It is important to you that your subscribers receive their first shipment quickly
- You've noticed a lot of your new subscribers churn due to issues with shipping

Choose Once-a-Month Bulk Fulfillment if...

- Your subscribers belong to a community that wouldn't like unboxing "spoilers" from others
 - Your subscription is a guided experience
 - You're new to ecommerce, and are not ready to promise a quick turnaround time
-

NPS & WHY IT MATTERS

NPS for: How long did it take to receive your first box?



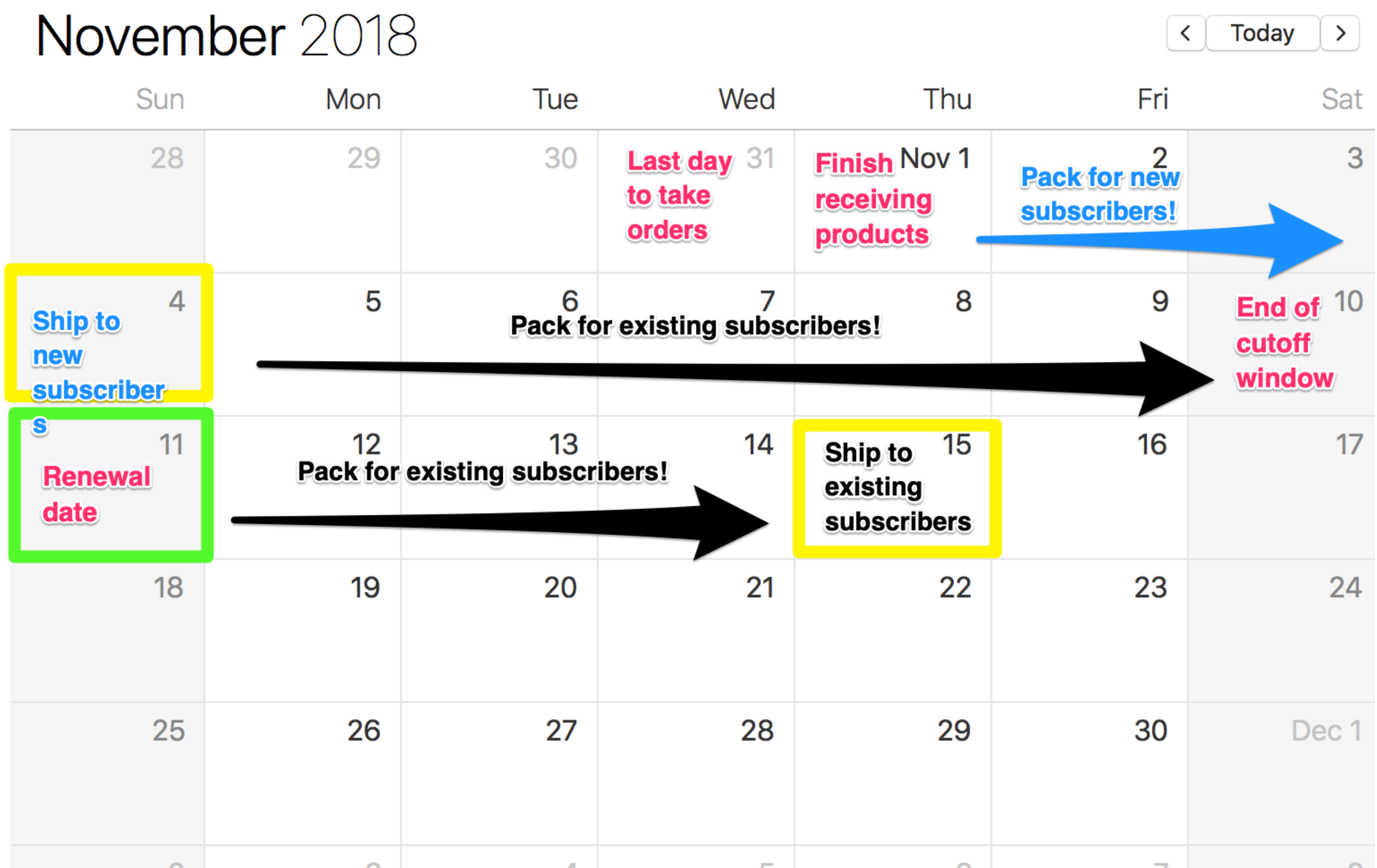
Take a look at the chart above. **NPS** stands for **Net Promoter Score**, a percentile measurement of how likely customers are to recommend your business. The highest score you can receive is +100, while the lowest is -100. You can determine your NPS with the following equation:

$$\% \text{ Promoters} - \% \text{ Detractors} = \text{Net Promoter Score}$$

In other words, if you have more fans (“promoters”) than disappointed customers (“detractors”), your NPS is likely to be positive. If you have more disappointed customers than fans, your NPS will go down.

The bottom line is this: **a long wait to receive a box will lower customer satisfaction, raise churn, and weaken your NPS score.** When you ship a subscriber’s first box right away – with ongoing fulfillment – you could go from -60 NPS to +43, as shown above.

"WELCOME" BOXES



The core idea behind a welcome box is that you maintain a base collection of products that best introduce your box to new subscribers. Instead of sending a brand-new subscriber the current monthly theme for your subscription, you would send them this representative “welcome to [Subscription Name]!” box, then loop them into your themed boxes starting in their second month.

The benefits of setting up a welcome box are twofold:

- **It allows you to forecast inventory more easily.** You don't have to worry about having a lot of “wasted” leftover inventory when you're in the early stages of your business.

- **It encourages ongoing fulfillment!** If you have a selection of products all ready to go, you can ship boxes to new subscribers within a few days of their purchase.

“But what about when I run out of welcome inventory?” I hear you ask. Yes, that’s a fair question. We recommend rotating your collection of welcome products on a quarterly basis to ensure you maintain stock levels. (This strategy has the added bonus of making the welcome box seasonal!)

THE WELCOME METHOD

1. Ask vendors to send you products by the 1st (or shortly thereafter).

Think of this as a prerequisite. Obviously, you'll need products from vendors to fulfill boxes on a regular basis.

2. Pack and ship orders for brand-new subscribers first.

No matter how often you ship, you need to identify all new orders that have been processed since the last time you did so. To find those orders in Cratejoy, go into your dashboard, then filter your shipments by Unshipped and Sub Cycle: 1. That identifies all unshipped orders that are the first shipment of record for any subscription.

The easiest way to retain the subscribers you just acquired is crafting a positive experience from the get-go. That means being speedy – and very clear – about your shipping turnaround. Like it or not, Amazon has primed (get it?) most shoppers to expect two-day shipping as the norm.

Furthermore, by segmenting your orders and fulfilling

new orders as they come in, you're not doing anything groundbreaking. Honestly, you're adhering to the ecommerce norm. But, in doing so, you will increase your retention rate for subscribers' second shipment and beyond. For a subscription box, that means a lot of your key metrics, such as churn and LTV, are all trending positively.

3. Following the renewal of your subscribers, bulk-ship all of your existing subscribers (i.e., those on their second shipment or later).

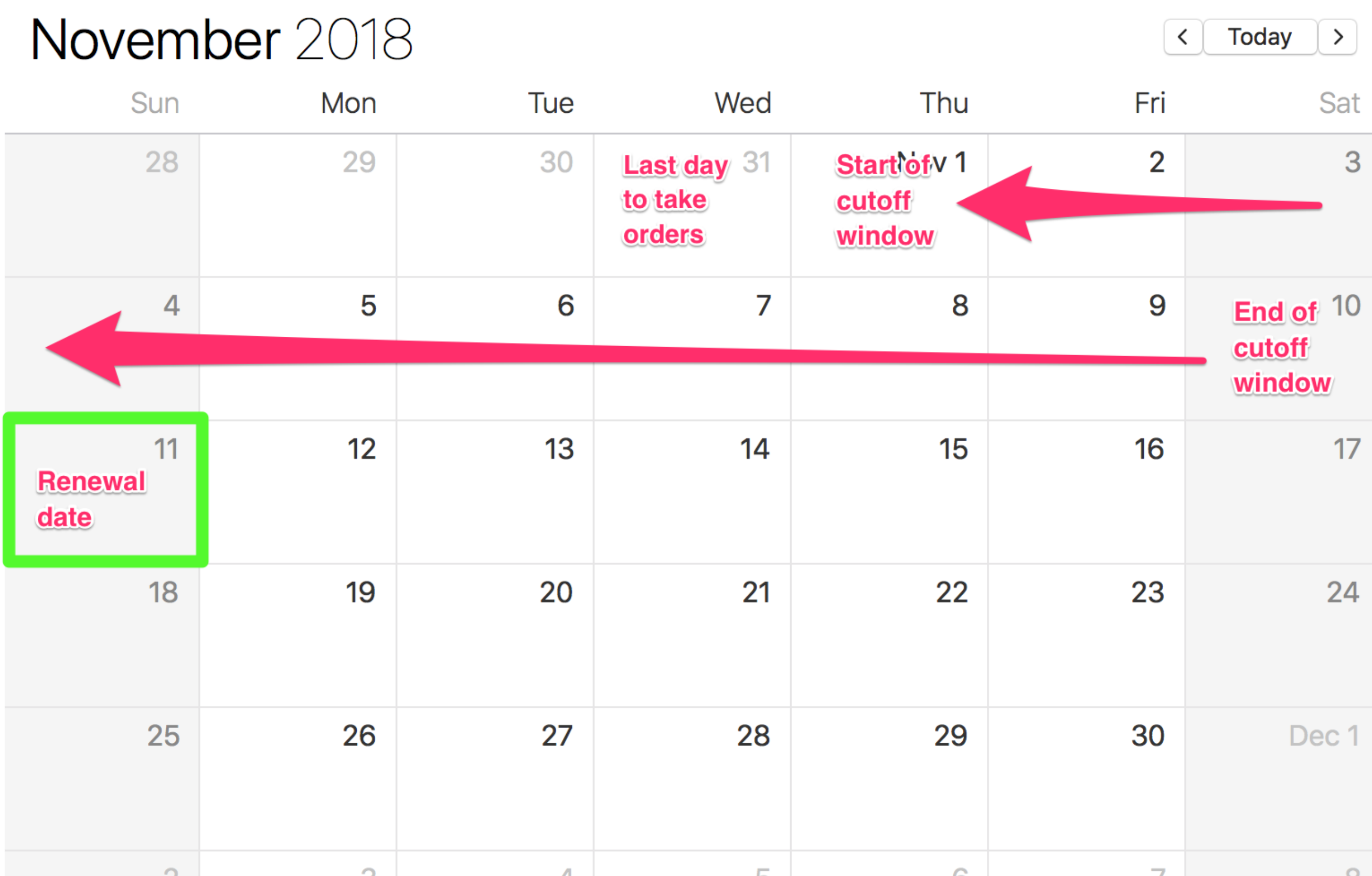
Following the logic of instant gratification, your existing subscribers should also receive their shipment shortly after their transaction. It's important to time this bulk shipment within 10 days of your renewal to maintain an optimal subscriber experience. Ship too far after that renewal date, and you'll have created a long wait – and a poor experience between shipments.

If you use Cratejoy's default shipping schedule, your **cutoff window will run from the 1-10th of the month** and your subscribers will **renew on the 11th**. Given this timeframe, we'd recommend shipping existing subscribers – people who should be getting their second box or later – around the **15th**. This schedule gives you four days of dunning (that is, communicating with customers about renewal cycles and any financial issues) after the renewal date on the 11th before you ship out.

AN EXAMPLE:

Let's say you have a new customer who subscribes on the 24th of the month. You'd ship out their box within a week (by the 31st), then renew on the 11th and send out their second box on the 15th!

ONCE-A-MONTH SHIPPING



Bulk fulfillment means that you pick, pack, and send all of your shipments in a single batch at one set time per month. This operation comes with the same renewal dates and cutoff as other practices, but, rather than shipping new orders as they come in, you wait until after orders are cut off for a particular batch before you send them out.

The trick here is to ensure that all orders that come in prior to your cutoff are shipped – and arrive – before the upcoming renewal date.

As an example, let's pretend that you run a book club with a community discussion element. In order to avoid spoilers, it's important for subscribers to start and maintain the same reading pace throughout any given month. Therefore, it's important that subscribers receive their shipments roughly at the same time in the month.

Any sub box with a heavy community or experiential element could have similar requirements. The good news here is that those elements often inspire subscriber engagement – and therefore subscriber retention – despite the longer wait for initial shipments.

THE TRADITIONAL METHOD

1. Receive sourced product on or before the 1st of the month.

Because new orders for any given batch are cut off on the last day of the month, you will need to have your product on hand at the beginning of the month in order to pack and ship to your subscribers.

2. On or after the 1st, use your finalized list of shipments to fulfill all necessary orders.

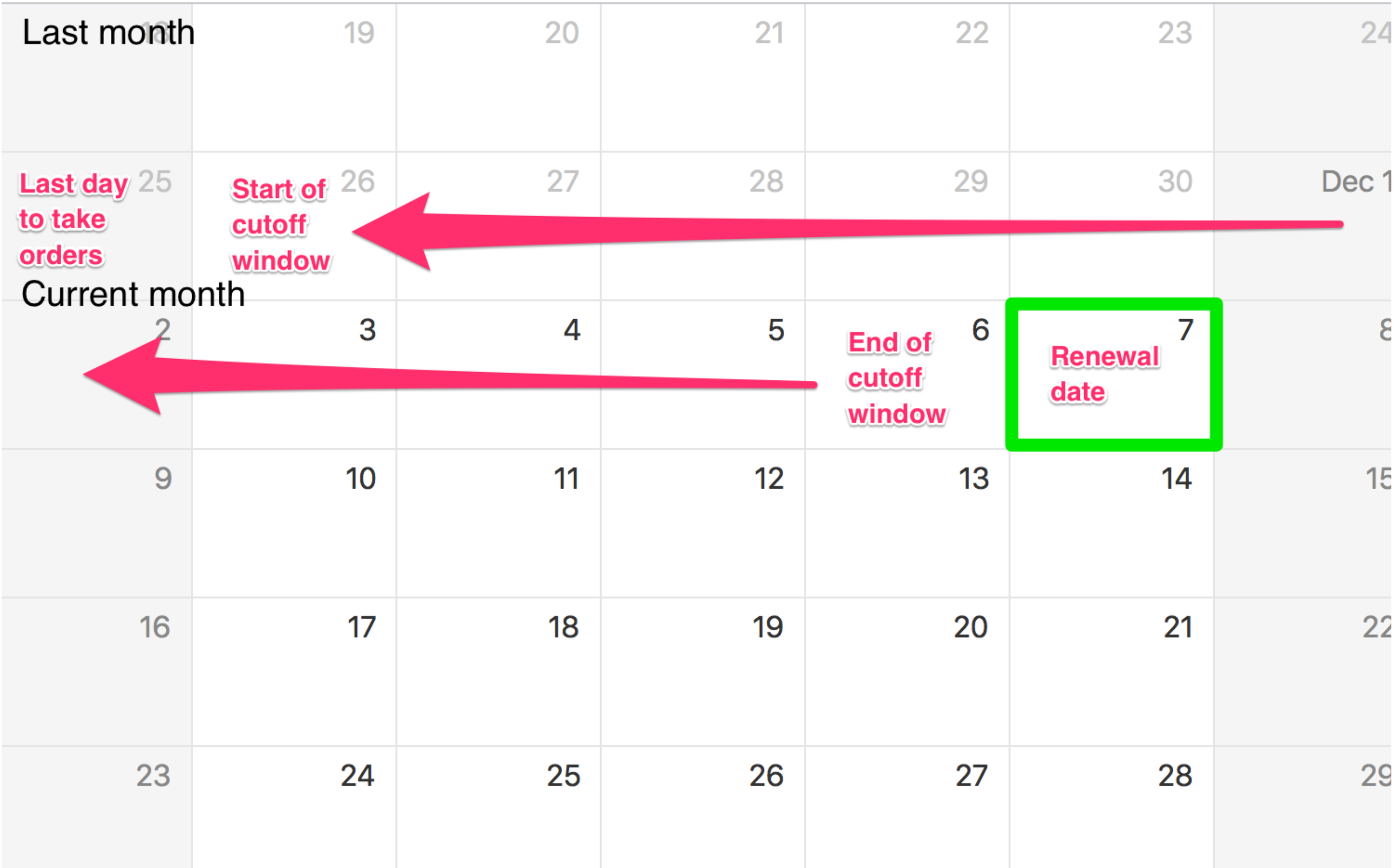
Given that you're using discrete units of time (calendar months) in order to organize your batches, you will always have a list of all shipments due to be fulfilled on the 1st of any given month.

3. Post all of your shipments no later than the 4th of the month.

Your subscriber's renewal date is coming up on the 11th, so it is important to get these shipments out by the 4th so that they get a chance to receive the box before they get charged again. Any transactions that took place prior to the last day of the month will be scheduled to renew, and there is nothing worse than renewing for a second shipment when you have not even received the first.

COMPARING SHIPPING CALENDARS

Remember when we said we would check out an alternative shipping schedule? **Let's say that you want to renew BEFORE the 11th of the month.**



See how the cutoff window starts in the previous month? Not only could that confuse subscribers, but this setup would cause your cutoff window to change each month. Since, in this example, the prior month has 30 days, the cutoff window starts on the 26th. If that month had 31 days, your cutoff window would begin on the 27th.

In short, keeping your renewal date between the 11th and 28th makes your business operations much easier. Even if you're only shipping once a month.