

Flexible Pricing and Billing for a Variety of Business Needs

For any business, determining the price you will charge for your product or service is a key piece of the revenue and profit puzzle. Subscription businesses have the added task of determining not just a price but the billing model they will use. While a simple, fixed recurring model (same price every time) may work for some businesses, others—for example, SaaS businesses—may charge for each user (or “seat”) accessing the service. Some merchants may want to sell both recurring and one-time items together. And many high-volume transactional services will find that a usage-based and/or quantity-based pricing model is the most beneficial.

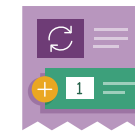
Recurly supports several different billing models which enables our customers to offer the model that best meets their business needs and subscriber expectations. Having these models built into our platform eliminates the need for workarounds such as creating different plans to charge different prices. And, customers who want to charge based on subscribers’ actual usage can more easily and accurately do so.



Fixed Recurring



One-Time Charge



Hybrid



Quantity-Based



Usage-Based



Fixed Recurring Model

Best for merchants who provide a product or service for a single price, charged on a recurring basis. Typically charged at the beginning of the billing cycle.

Benefits

- Steady, continuous, predictable revenue
- Low cost-of-entry for subscribers
- Opportunity to market and upsell products and services

Example: Box of the Month

Subscription service charges a fixed monthly fee for a box filled with products.



One-Time Charge Model

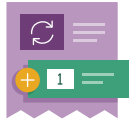
For businesses that include one-time products as part of a subscription plan (e.g., a setup fee or purchase of equipment required for a subscription).

Benefits

- Allows prospects to try the product or service before committing to a subscription
- Ability to test demand for new products and services
- Opportunity to increase revenue from additional item sales

Example: eCommerce

An eCommerce company charges a customer for a physical or digital good.



Hybrid Model

For businesses that want to be able to offer both recurring charges (whether fixed or usage-based) and one-time charges within the same transaction.

Benefits

- Easily combines recurring and one-time charges into a single invoice
- Reduces involuntary churn from transactions blocked by card issuers when multiple similar transactions are submitted
- Minimizes friction and reduces cart abandonment with a simple and fast checkout experience
- Reduces gateway costs which are charged per transaction

Example: Box of the Month

A box of the month service lets subscribers include an add-on item in each box for an additional fee.



Usage-Based Model

Best for companies with a transactional business that want to enable subscribers to pay for only what they use. Typically charged at the end of the billing cycle.

Benefits

- Aligns price with value, leading to reduced churn
- Merchant can cover the costs of heavy users and also gain more revenue from high usage
- Customers with low-to-average-usage can pay only for what they use, which feels more fair
- Current-usage tracking helps to identify upsell opportunities

Example: IT & Cloud Services

A cloud storage company bills at the end of the billing cycle based on the number of gigabytes used.





Quantity-Based Models

Best for companies that want to dynamically raise or lower prices based on the quantity purchased.



Tiered Pricing

Charges for each unit based on the price of its corresponding tier.

Example: an office services company charges \$1 for the first 100 documents and 50¢ each for all documents after the first 100.



Volume Pricing

Charges for each unit based on the price of the highest tier reached.

Example: a screen printing t-shirt company charges \$10 for each t-shirt. If a customer buys more than 20, the cost of each t-shirt becomes \$9.



Stairstep Pricing

Charges a fixed price based on the highest tier reached.

Example: a SaaS company charges a fixed price based on the range of seats a customer buys: 1-10 are \$50; 11-20 are \$100; 21+ seats are \$150. Regardless of whether a customer buys 25, 50, or 100 seats, they will pay \$150 per seat.

Benefits

- Predictable costs that scale based on demand
- Incentivize customers to purchase more to receive a discount
- Support pricing models required by some enterprise businesses



Satisfy customers, build loyalty

Many billing model options are available for subscription businesses, and often multiple models are used within the same business or even within the same product offering. The right billing model will help satisfy customers and build loyalty by better aligning the value of your products and services with the way customers want to pay.

Recurly provides many options that enable merchants to monetize their products.

To learn more, read our [docs](#) or talk to a Recurly expert at +1.844.732.8759.

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Recurly

Recurly helps you gain a competitive advantage with our industry-leading subscription management platform and deep expertise.

[Recurly.com](#)

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