SCALE

Pricing Workshop
Driving Quick Wins With Your Pricing Strategy

Today's pricing workshop leader

Pete Giordano

GTM Advisor
Scale Venture Partners

Today's Agenda

- Welcome, introductions (15 min)

- Interactive workshop: how to drive quick wins with your pricing strategy (75 min)

We help our portfolio build and optimize hyper-growth GTM machines

What is the GTM Advisory?

Advisory

Been-to-market expertise

Advising over 55% of the portfolio with bespoke GTM consulting

Content

Step-by-step guides
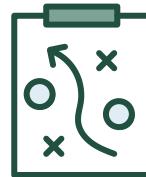
Distilling decades of experience into 80+ practical tools and frameworks

Events

The power of community

Connecting EIRs, advisors, and portcos at 40+ events per year

Introductions

1. Name
2. Title
3. Company

Please take our pricing survey

Driving Quick Wins With Your Pricing Strategy

Your pricing strategy should enable ARR growth

Indicators of a healthy pricing strategy

1. High ACV

2. Low CAC (and fast sales cycles)

3. High NDR

4. Low churn

Challenges with any of these is **symptomatic** of a pricing issue

Indicators of a healthy pricing strategy

1. High ACV

2. Low CAC (and fast sales cycles)

3. High NDR

4. Low churn

Golden Rule:
Design your Pricing Strategy Around Value

1. Align to how your customer uses your product to create value in their business

2. Ensure you make more money when your customer realizes more value form your product

Three **gears of your pricing strategy**

1. **Price Points**

2. **Product Offerings** (or Packages)

3. **Pricing Model**

Effort and impact of shifting the three gears

Impact

2. Offering changes

3. Pricing model changes

1. Price point changes

Effort

Context for this workshop

Fictional product for this workshop: "Posh" API Monitoring SaaS Product

Product features for our workshop

User Behavioral API Analytics

Real-time API Logs

Custom Dashboards

Funnel Analysis

User & Company Profiles

Saved Customer Cohorts

Body Analytics

User-centric API Monitoring

Extensions

Management API

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Scoring quick wins by shifting the gears
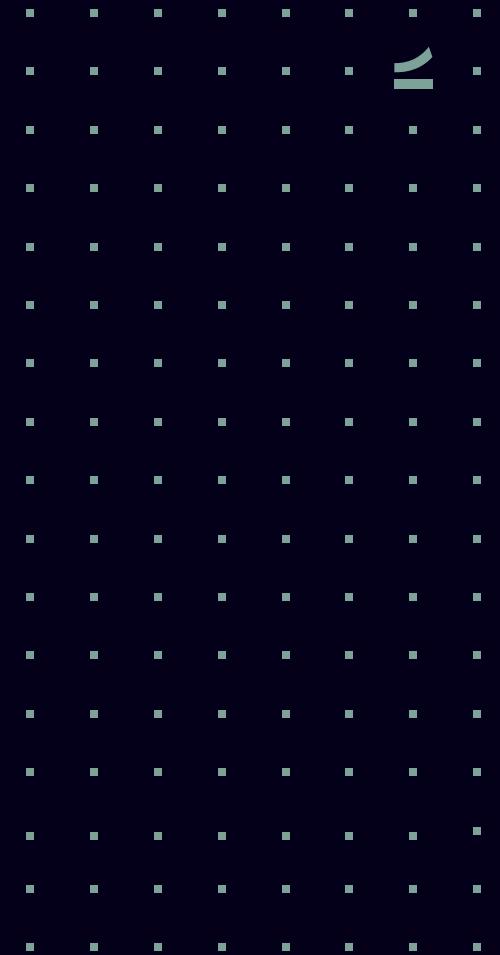
First gear: price point changes

Impact

2. Offering changes

3. Pricing model changes

1. Price point changes

Effort
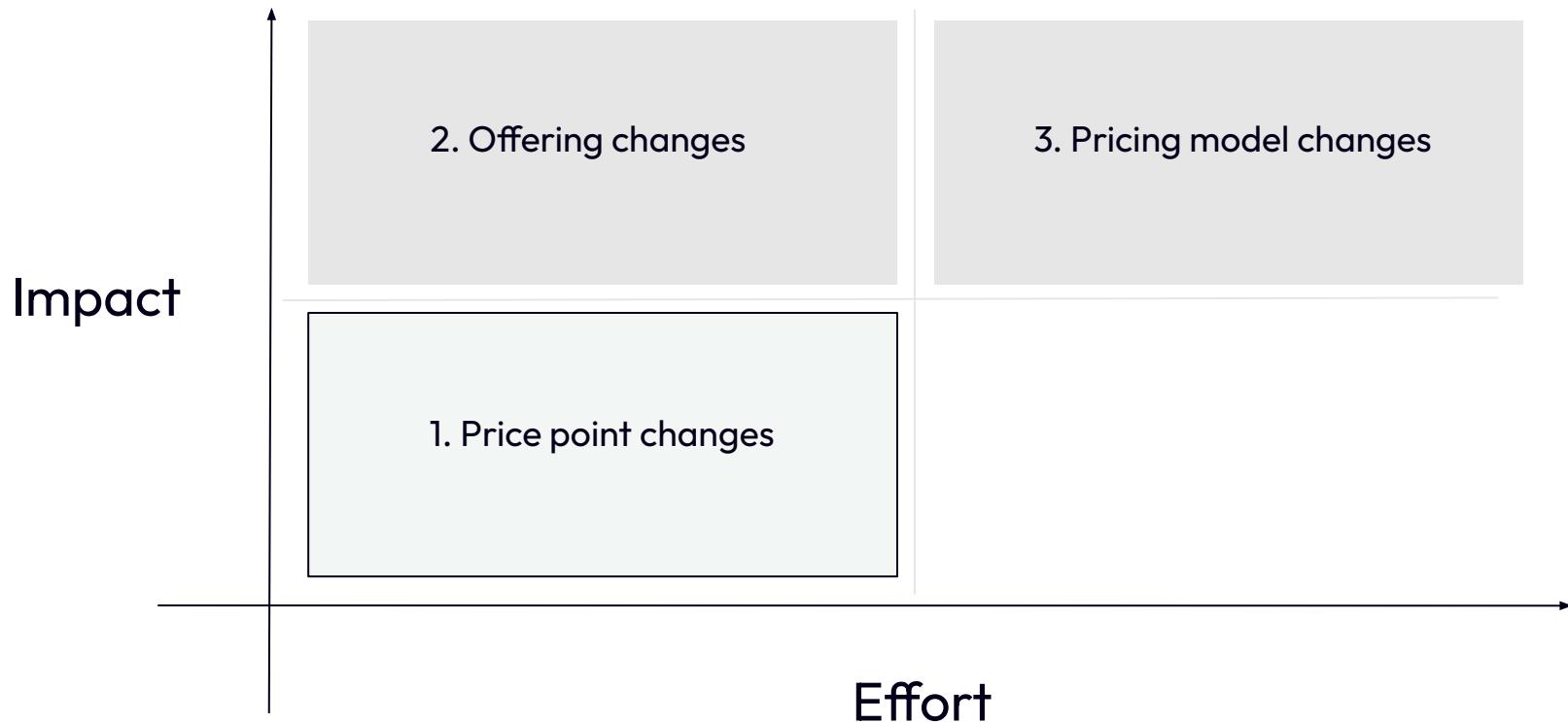
Design your price points around value

Three situations:

① Updating prices

② Experiencing high CAC and low NDR

③ Seeing frequent discount requests

① Updating prices
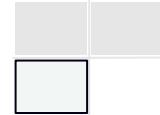
IF

You haven't updated your price points **in over a year** and customer feedback or competitor analysis **suggests a mismatch...**

THEN

Ensure current pricing and WTP assumptions reflect **recently released features**, **increased value**, and **current market dynamics**

Benefits

Improved ARPU, LTV, NDR, and Churn in ~ 1–3 quarters

(2) High CAC, Low NDR
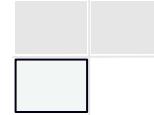
IF

- >40% of customers **choose the lowest-price tier**
- Those customers have **high satisfaction**
- Those customers **do not upgrade** over time...

THEN

Review higher-tier price points to ensure the value of their additional features **more than compensates** for their prices

Benefits

Improved ARPU, LTV, and NDR in ~ 1-3 quarters

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3 **Frequent Discount Requests** (or price negotiations)
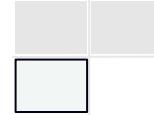
IF

Customers frequently **ask for discounts** or engage in price negotiations, particularly at the middle or highest tier...

THEN

Assess if the price points of those tiers **exceed your customers' WTP** for the value delivered

Benefits

Improved Gross Margin, Win Rate, Sales Cycle Time, and NPS in ~ 1–3 quarters

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Use "Direct WTP" questions to determine ranges of "acceptable prices"

At what price would you consider the product…

1. To be **too expensive** that you would not consider buying it?

2. To be priced **so low** that you would feel the quality couldn't be very good?

3. Starting to get **expensive**, so that it is not out of the question, but you would have to give some thought to buying it?

4. To be a **bargain**—a great buy for the money?
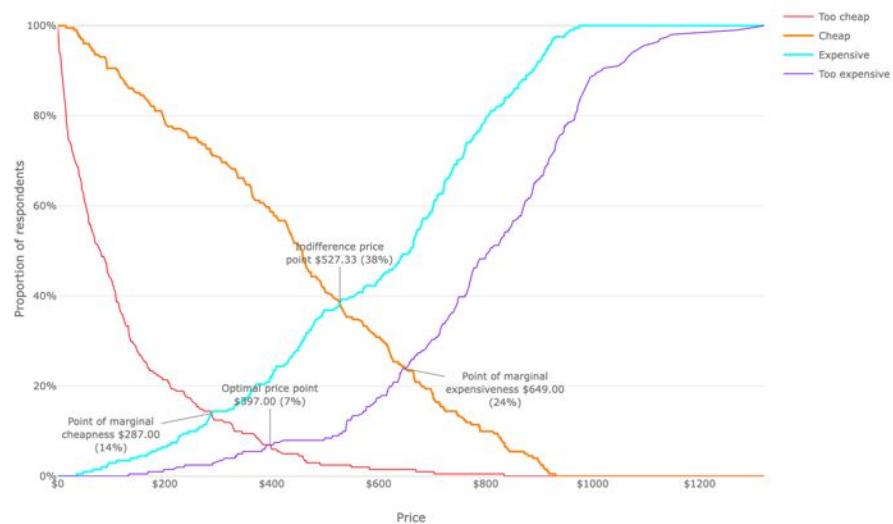
Determine the acceptable price range for segment 1
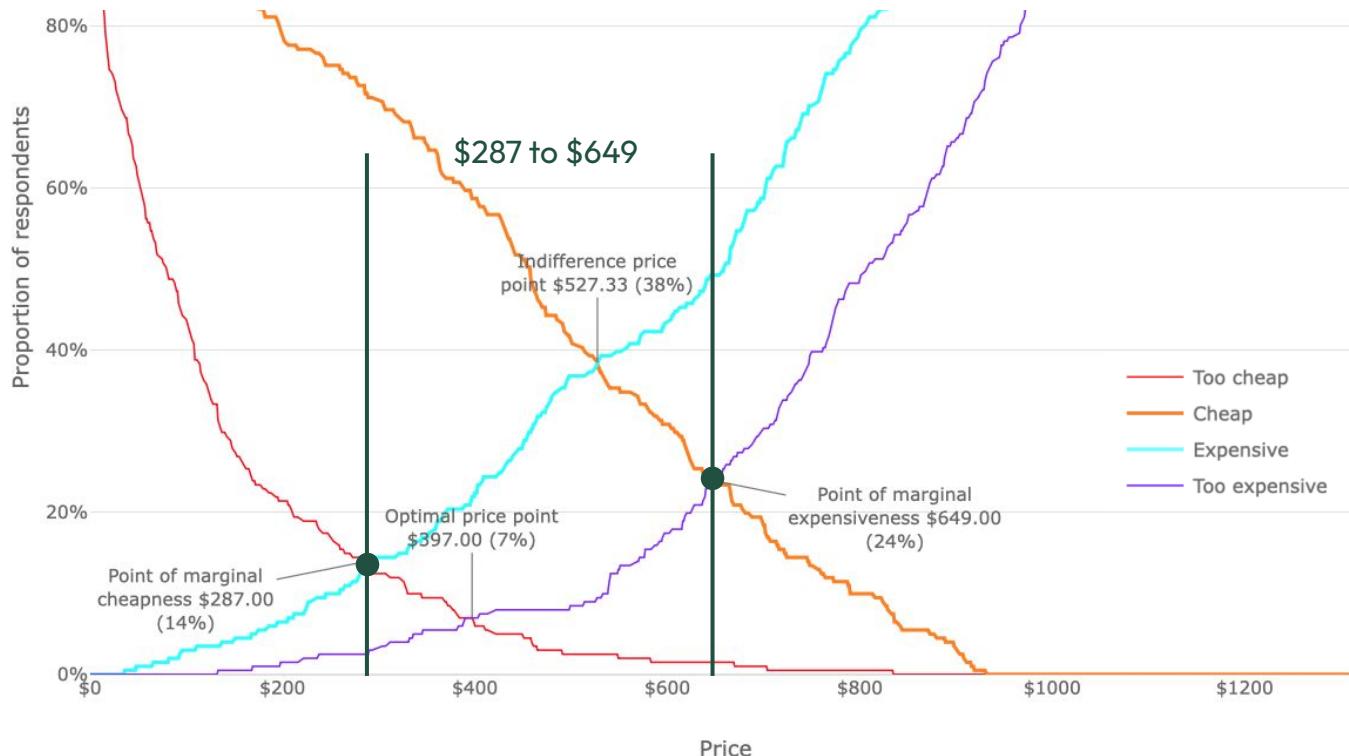
Key Takeaways

Price points are relatively easy to change...

1. Review price points at least every year

2. Prioritize WTP for higher tiers / more valuable offerings to boost NDR

Q&A:
Price Points
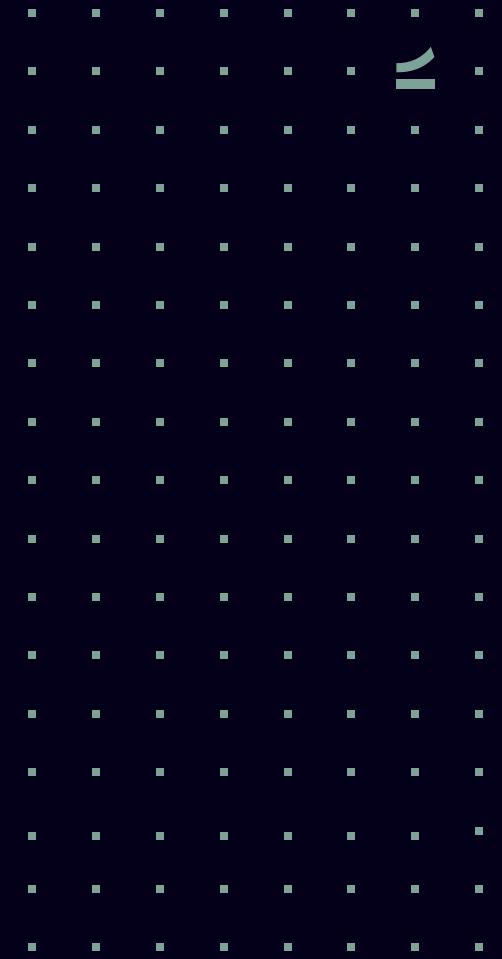
Second gear: offering / packaging changes

Impact (vertical axis), Effort (horizontal axis)

2. Offering changes

3. Pricing model changes

1. Price point changes

SCALE
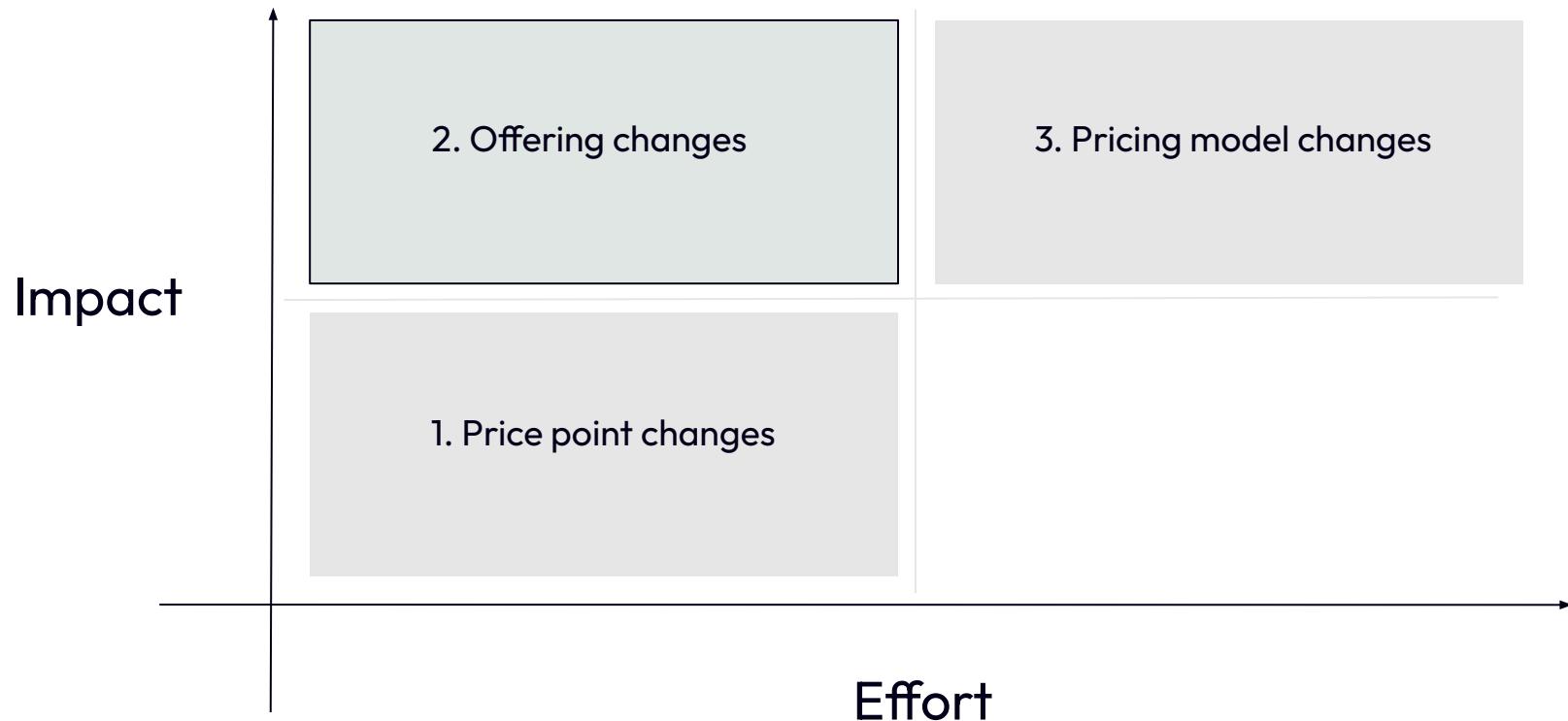
World Class Offering Structure:

For businesses & enterprises   **For individuals & small teams**

⚡ Marketing Hub®

Generate leads and automate marketing that drives growth **Calculate your price**

Free Tools

Start generating and emailing new leads, and measuring your success — for free

$0

Free for up to 2 users. No credit card required.

Get started free

Includes:

- 🔶 Free Marketing tools
- 🔶 Free Sales tools
- 🔶 Free Service tools
- 🔶 Free Content tools
- 🔶 Free Operations tools
- 🔶 Free Commerce tools

⚡ Marketing Hub Starter

Essential marketing tools to engage and convert leads

Starts at
$15/mo/seat

Pay Monthly Commit monthly | **Pay Upfront BEST VALUE** Commit annually

Includes 1,000 **marketing contacts**

Buy now

Free tools with increased limits, plus remove HubSpot branding from:

- ✓ Live chat
- ✓ Forms
- ✓ Email marketing

And:

- ✓ Messaging Insights (Beta)
- ✓ Email and in-app chat support
- ✓ Simple marketing automation

Starter Customer Platform

`RECOMMENDED`

Essential marketing, sales, service, content, and operations software

Starts at
$15/mo/seat

Pay Monthly Commit monthly | **Pay Upfront BEST VALUE** Commit annually

Includes 1,000 **marketing contacts**

Buy now

Learn more

Marketing Hub Starter, plus:

- 🔶 **Sales Hub Starter** Turn leads into deals
- 🔶 **Service Hub Starter** Scale support & self-service
- ▶ **Content Hub Starter** Kickstart your content creation strategy
- 🔶 **Operations Hub Starter** Activate & manage your data

🔷 Marketing Hub Professional

Comprehensive marketing software for automation, reporting, and campaigns

Starts at
$800/mo

Includes 3 seats
Additional seats start at $45/mo

Pay Monthly Commit annually | **Pay Upfront BEST VALUE** Commit annually

Includes 2,000 **marketing contacts**

Talk to Sales

Starter plus:

- ✓ Dynamic personalization
- ✓ Social media
- ✓ Lead Scoring App
- ✓ Teams
- ✓ Breeze social agent (Beta)
- ✓ Custom reporting
- ✓ Omni-channel marketing automation
- ✓ Marketing SMS

*Cost shown does not include the required, one-time **Professional Onboarding** for a fee of $3,000. **Learn more** ⎋

Each offering is tailored to a distinct target customer's needs (JTBD), value, and WTP

⚡ **Marketing Hub®**

enerate leads and automate marketing that drives growth   **Calculate your price**

	⚡ Marketing Hub Starter	Starter Customer Platform `RECOMMENDED`	⚡ Marketing Hub Professional
Target Customer	**Individual marketers** or freelancers	**Small teams** scaling sales, marketing, and service	**Mid-sized companies** or growing teams with complex needs
Jobs to Be Done	**Automate basic marketing tasks** like email and lead capture	**Unify marketing, sales, and service** for easier management	**Run advanced, multi-channel campaigns** and optimize ops
Value Preferences	**Cost-effective, easy to use**, minimal setup	**All-in-one platform** with integrated tools and scalability	**Advanced automation, personalization**, and analytics
Willingness to Pay	**Wants low price** for essential functionality	**Able to invest** for integrated, growing needs	**Willing to pay premium** for advanced functionality
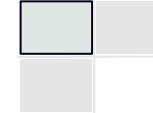
Key Features of World-class Pricing Pages (1 of 2)

User-friendly layout, easy to navigate

Targeted Messaging for Top Level Value Proposition

Targeted messaging and differentiated Value Prop for each offering

Potential for custom pricing

Ability to compare offerings

Price point coverage for low-cost entry.

Separate page for low-end offerings.

Clear upgrade path

Simple price points with clear scaling units

Lead with Benefits, support with features

HubSpot

| For businesses & enterprises | For individuals & small teams |

⚡ Marketing Hub®

Generate leads and automate marketing that drives growth   **Calculate your price**

Marketing Hub Professional	**Marketing Hub Enterprise**
Comprehensive marketing software for automation, reporting, and campaigns	Our most powerful marketing automation software for advanced control and flexibility
Starts at	Starts at
$800/mo	**$3,600/mo**
Includes 3 seats Additional seats start at $45/mo	**Includes 5 seats** Additional seats start at $75/mo

Pay Monthly Commit annually   **Pay Upfront BEST VALUE** Commit annually

Includes 2,000 **marketing contacts**   Includes 10,000 **marketing contacts**

Talk to Sales

☐ Compare

> Give teams different permissions for your emails, forms, CTAs, lists, or workflows, based on role, region, and more, so they can only see and edit content relevant to them.

Starter plus:
- ✓ Custom reporting
- ✓ Social media
- ✓ Dynamic personalization
- ✓ Teams
- ✓ Omni-channel marketing automation
- ✓ Campaign reporting

Professional plus:
- ✓ Limit access to content and data
- ✓ Custom events
- ✓ Multi-touch revenue attribution
- ✓ Custom objects
- ✓ Customer journey analytics
- ✓ Organize teams

*Cost shown does not include the required, one-time **Professional Onboarding** for a fee of $3,000. **Learn more** ⧉

*Cost shown does not include the required, one-time **Enterprise Onboarding** for a fee of $7,000. **Learn more** ⧉

Key Features of World-class Pricing Pages (1 of 2)

HubSpot

Features	Marketing Hub Professional $800/mo	Marketing Hub Enterprise $3,600/mo
Website traffic analytics	Customizable website traffic analytics	Customizable website traffic analytics
Stripe payment processing	Available to customers with an integrated Stripe account.	Available to customers with an integrated Stripe account.
Email reply tracking	✓	✓
Custom user permissions	✓	✓
SEO recommendations & optimizations	Advanced recommendations, full site auditing, and topics.	Advanced recommendations, full site auditing, and topics.
Form automation	Unlimited actions, plus omni-channel marketing automation	Unlimited actions, plus omni-channel marketing automation
	10x marketing contact tier email send limit per calendar month Remove HubSpot branding Additional features	20x marketing contact tier email send limit per calendar month Remove HubSpot branding Additional features
Team email	✓	✓
Forms	Remove HubSpot branding Additional features	Remove HubSpot branding Additional features
Subdomain and country code top-level domain availability	Unlimited number of subdomains and country code top-level domains on 1 root domain.	Unlimited number of subdomains and country code top-level domains on 1 root domain.
Live chat	Remove HubSpot branding	Remove HubSpot branding
Conversational bots	Additional features	Additional features
Facebook Messenger integration	Includes advanced Messenger bot branching and advanced reporting	Includes the ability to use code snippets for custom Messenger bot actions
Email automation	Unlimited actions, plus omni-channel marketing automation	Unlimited actions, plus omni-channel marketing automation
Product library	Up to 15 million products	Up to 15 million products

Connect team-wide email addresses to your shared inbox. Turn incoming emails into tickets, or send them straight into your shared inbox. No more questions slipping through the cracks.

User-friendly layout, easy to navigate

Lead with Benefits, support with features

Feature access across tiers clearly defined and justified

User limitations clearly communicated

Design your offerings around value
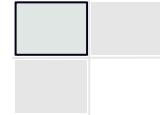
Four situations:

1. Offering a single product

2. Offering Good-Better-Best packages

3. Offering packages for distinct segments

4. Offering freemium and paid tiers

① Single product offering
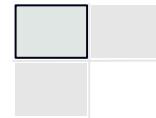
IF

You have a **single product offering**...

THEN

Consider developing 2 to 3 offerings (max 5) according to a GBB framework or distinct customer segments

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Benefits

Improved ARPU, Customer Acquisition Rate, NDR, and LTV in ~ 1-3 quarters

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(2) Good-Better-Best offering structure
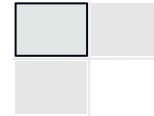
IF

You are using a **Good-Better-Best (GBB)** offering structure AND the sales distribution is not in the expected range of:

- Good: 30%
- Better: 50%
- Best: 20%

THEN

Revisit the mix of leaders, fillers, and killers in each package to ensure **clear differentiation** and value alignment

Benefits

Improved ARPU, Sales Cycle Time, NDR, and NPS in ~ 1–3 quarters

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3 **Distinct segment offering structure**
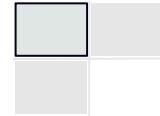
You are using a **distinct segments** offering structure...

Ensure the features each offering are **tailored to the distinct needs** (JTBD), **business value**, and **WTP** of that segment

Benefits

Improved Win Rate, ACV, LTV in ~ 1-3 quarters

SCALE

(4) Optimizing freemium models
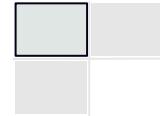
IF

You use a **freemium model** to acquire customers...

THEN

Ensure the free tier delivers a minimum viable value. Don't include high-value features that drive customers to upgrade

Benefits

Improved Free-to-Paid conversion rate, ARPU, Sales Cycle Time, Gross Margin in ~ 1-3 quarters

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Use interviews and survey analyses like MaxDiff to identify the features your segments care about

Customer Segment 1   Customer Segment 2

Feature	Segment 1	Segment 2
User Behavioral API Analytics	-0.24	0.34
Real-time API Logs	0.16	0.15
Custom Dashboards	-0.30	0.45
Funnel Analysis	-0.32	0.10
User & Company Profiles	-0.22	0.35
Saved Customer Cohorts	-0.16	0.55
Body Analytics	0.35	-0.10
User-centric API Monitoring	0.56	0.54
Extensions	0.33	-0.34
Management API	-0.16	-0.43

Relative preference (MaxDiff)

Critical features to include for Segment 2

Opportunity to sell "A la Carte" or motivate to upgrade

Critical features to include for Segment 1

Customer survey: what features do you value the most and least?

% Respondents with __High Value__ for this feature

% Respondents with __Low Value__ for this feature

% High Value

% Low Value

Feature	% High Value	% Low Value
User-centric API Monitoring	90.0%	0.0%
Body Analytics	81.7%	17.4%
Extensions	65.8%	27.4%
User & Company Profiles	54.0%	35.8%
Saved Customer Cohorts	45.0%	57.9%
Real-time API Logs	35.6%	67.2%
Funnel Analysis	27.0%	73.2%
Custom Dashboards	19.0%	93.5%
User Behavioral API Analytics	17.3%	
Management API	5.7%	

SCALE

Customer survey: what features do you value the most and least?

█ % Respondents with **High Value** for this feature ▬ % Respondents with **Low Value** for this feature

Highly Valued by <u>> 80%</u> of customers

A

ND

NOT valued at all by <u>< 20%</u> of customers

Chart — % High Value (left axis) vs % Low Value (right axis):

Feature	% High Value	% Low Value
User-centric API Monitoring	90.0%	0.0%
Body Analytics	81.7%	17.4%
Extensions	65.8%	27.4%
User & Company Profiles	54.0%	35.8%
Saved Customer Cohorts	45.0%	57.9%
Real-time API Logs	35.6%	67.2%
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Management API	5.7%	

Include "Leaders"

SCALE

Customer survey: what features do you value the most and least?

■ % Respondents with **High Value** for this feature

— % Respondents with **Low Value** for this feature

Highly Valued by > 80% of customers

A

ND

NOT valued at all by < 20% of customers

Highly Valued by <u>< 20%</u> of customers

A

ND

NOT valued at all by <u>> 20%</u> of customers

Include "Leaders"

Don't Include "Killers"

100.0%
75.0%
50.0%
25.0%
0.0%

% High Value

% Low Value

Feature	High Value	Low Value
User-centric API Monitoring	90.0%	0.0%
Body Analytics	81.7%	17.4%
Extensions	65.8%	27.4%
User & Company Profiles	54.0%	35.8%
Saved Customer Cohorts	45.0%	57.9%
Real-time API Logs	35.6%	67.2%
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Custom Dashboards	19.0%	93.5%
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Management API	5.7%	

SCALE

Customer survey: what features do you value the most and least?

■ % Respondents with **High Value** for this feature

— % Respondents with **Low Value** for this feature

Highly Valued by > 80% of customers
A
ND
NOT valued at all by < 20% of customers

Highly Valued by < 20% of customers
A
ND
NOT valued at all by > 20% of customers

Include "Leaders"
Consider "Fillers"
Don't Include "Killers"

% High Value
% Low Value

Feature	High Value	Low Value
User-centric API Monitoring	90.0%	0.0%
Body Analytics	81.7%	17.4%
Extensions	65.8%	27.4%
User & Company Profiles	54.0%	35.8%
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Custom Dashboards	19.0%	93.5%
User Behavioral API Analytics	17.3%	
Management API	5.7%	

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**Key Takeaways**

Ensure each offering...

1.   Uses the same pricing model

2.   Aligns to single target customer (GBB or Distinct)

3.   Has only the features the target customer is willing to pay for

Q&A: Offerings
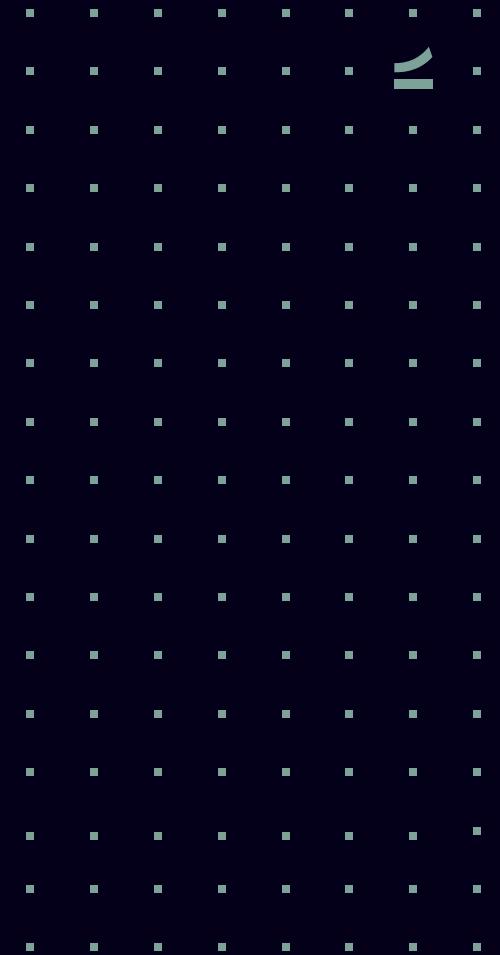
Third gear: pricing model changes

Impact (vertical axis), Effort (horizontal axis)

- 2. Offering changes
- 3. Pricing model changes
- 1. Price point changes
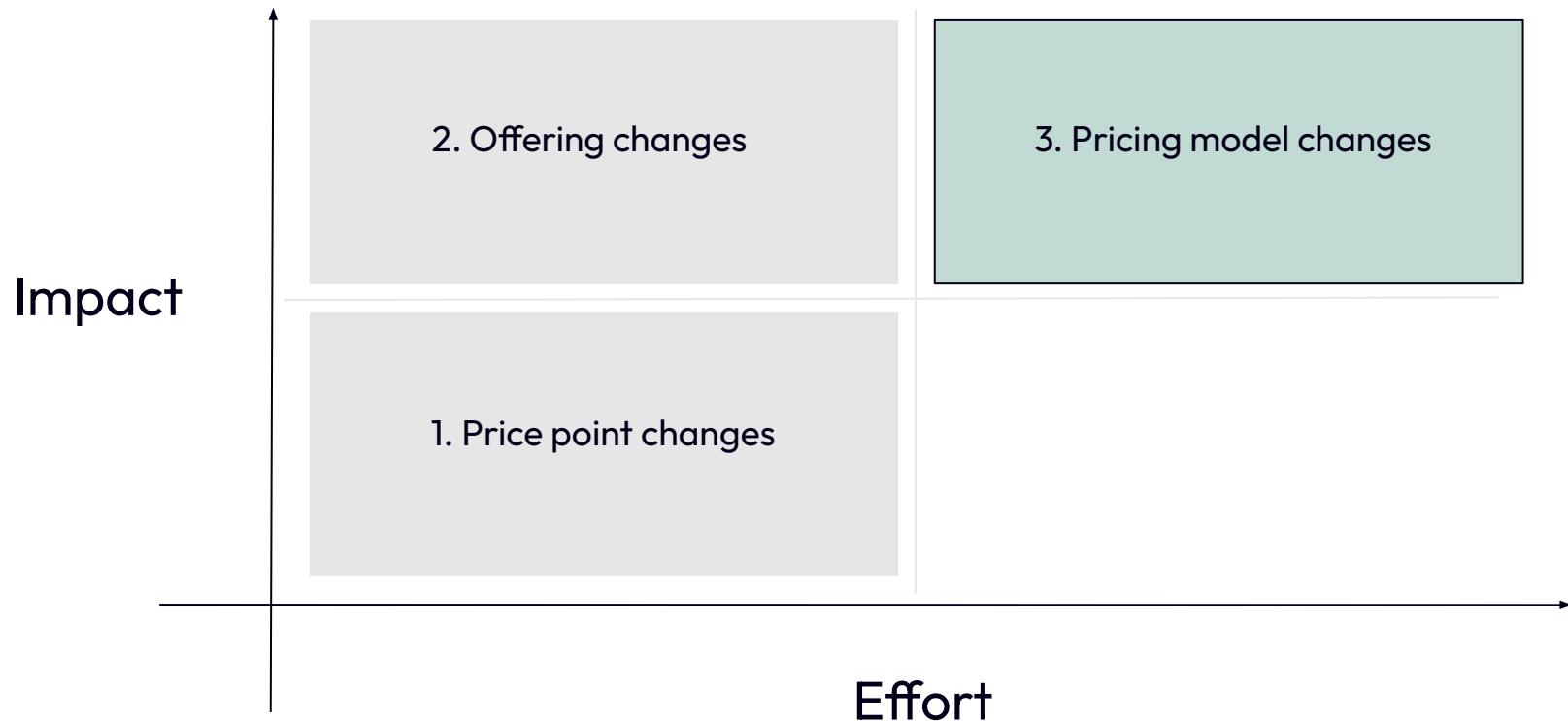
Aligning pricing model to the value delivered can unlock massive growth
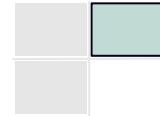
vmware®   2010 – 2013

Per Server Pricing

Consumption Pricing
Value Metric =
Virtual Machine (VM)

Re-aligned pricing to customer's unit of value

$2.8 Billion

$5.2 Billion (23% CAGR)

Design your pricing model around value
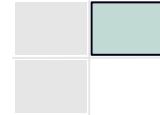
Three situations:

① Enhancing per user pricing

② Optimizing usage-based pricing

③ Optimizing subscription models

(1) Enhancing per user pricing
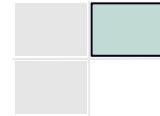
IF

Your product category is a:

- **Communication tool**
- **Collaboration tool**
- **Productivity tool**

, exhibits true **network effects**, and is **priced is per user...**

THEN

Consider adding a value metric for consumption, activity, or outcomes to generate scalable revenue

Benefits

Improved ARPU, NDR, LTV in ~ 1-3 quarters

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② Optimizing usage-based pricing
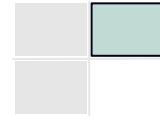
IF

You're already charging based on usage (e.g., consumption, activity) or outcomes...

THEN

Vet your value metric to ensure it is optimally aligned to how customers create business value

Benefits

Improved NDR, NPS, Revenue Predictability in ~ 1-3 quarters

3 Optimizing subscription models
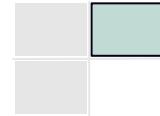
IF

You use a **subscription model without a value metric** (e.g., users, consumption, actions, outcomes)…

THEN

Consider introducing a usage-based component or variable add-ons that increase revenue as the customer's business scales


Benefits

Improved ARPU, NDR, LTV, revenue predictability in ~ 1–3 quarters

Value-based benefits offer clues for usage-based value metrics
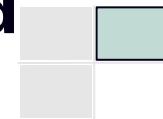
Conduct calls / surveys with important customers to understand their preferences

Relative feature preference
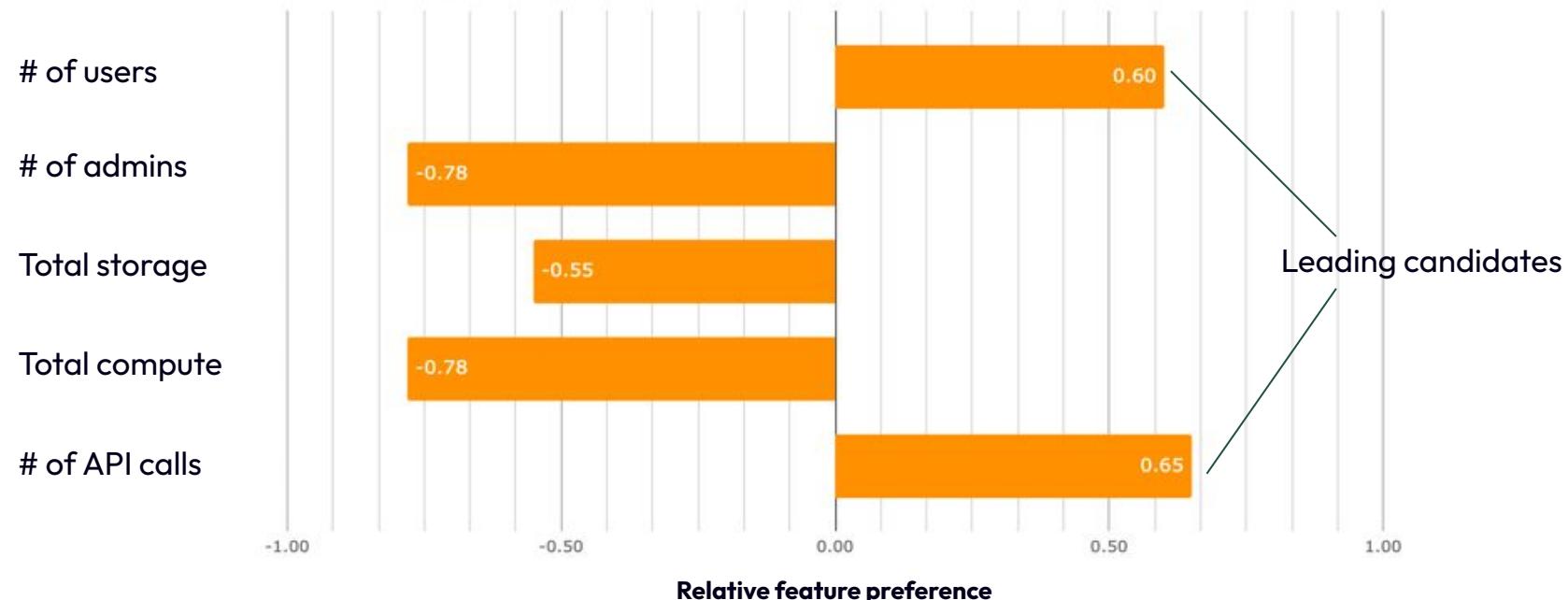
Vet the value metric to ensure alignment
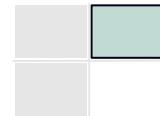
Evaluate candidates according to eight key criteria

| Criteria	Definition	# of users	# of API calls
Aligned with Value	Metric matches how customer values the product	✗	✓
Acceptable	Metric is understood by customers	✓	✓
Consumable	Metric matches how customer consumes or budgets for the product	✓	✓
Predictable	Metric is predictable for both the customer and your company	✓	✓
Scalable	Metric enables flexibility for lower-cost entry and long-term growth	✗	✓
Auditable	Metric can be measured in an objective and transparent way	✓	✓
Sustainable	Metric accounts for future developments in your business	?	?
Differentiable	Metric is differentiated from competition	✗	✓

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Key Takeaways

Look for opportunities to introduce scalable pricing:

1. If pricing per user, consider adding a value metric for consumption, actions, or outcomes

2. Use the eight criteria for vetting how metrics align to value

Q&A:
Pricing Model

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Read these books!

MADHAVAN RAMANUJAM
GEORG TACKE
MONETIZING INNOVATION
HOW SMART COMPANIES DESIGN THE PRODUCT AROUND THE PRICE
WILEY

WALL STREET JOURNAL BESTSELLER
Competing Against Luck
THE STORY of INNOVATION and CUSTOMER CHOICE
CLAYTON M. CHRISTENSEN
Taddy Hall, Karen Dillon, and David S. Duncan

DEMAND-SIDE SALES 101
STOP SELLING AND HELP YOUR CUSTOMERS MAKE PROGRESS
BOB MOESTA with Greg Engle

A BUSINESSWEEK BESTSELLER
"The bible for entrepreneurial marketing"
—TOM BYERS, Founder of Stanford Technology Ventures Program
CROSSING THE CHASM
MARKETING AND SELLING DISRUPTIVE PRODUCTS TO MAINSTREAM CUSTOMERS
GEOFFREY A. MOORE

APRIL DUNFORD
OBVIOUSLY AWESOME
How to Nail Product Positioning so Customers Get It, Buy It, Love It

POWER PRICING
How Managing Price Transforms the Bottom Line
ROBERT J. DOLAN and HERMANN SIMON

SCALE

Index of survey methods based on your goals

Goal	Methods to Consider
Would someone buy my product?	Purchase probability questions Laddering
Find hidden buying personas (segments)	MaxDiff + Latent Class Analysis
Develop a range of prices to test	Direct WTP questions with Van Westendorp Graph
Fine tune WTP	Conjoint Analysis
Relative preferences (Features, Value Metric)	MaxDiff (Best–Worst Scaling) Conjoint Analysis
Customer Segmentation	Conjoint Analysis
Fine tune feature packages	"Build-your-Own" (Gabor-Granger)

Source: Monetizing Innovation, Displayr.com

SCALE

Gen AI can Help with the Survey!

ChatGPT 4 ⌄

with a statistician or market researcher for complex surveys.

You

For this example, we want to use MaxDiff surveys to determine feature preferences of a given user persona known as "Molly", an IT Director. We are examining the features of a fictional B2B SaaS Product, an API Monitoring Product, with the following features:

User Behavioral API Analytics

Real-time API Logs

Custom Dashboards

Funnel Analysis

User & Company Profiles

Saved Customer Cohorts

Body Analytics

User-centric API Monitoring

Extensions

Management API

Please construct the whole survey including the necessary sets, survey questions, and iterations required to perform the survey.

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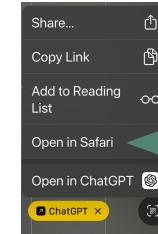
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ChatGPT Session

Ways to gather data

	Good for...	Challenges...
Interviews	"Moment of inception" (No prospects, yet!) Building 1-to-1 relationships with prospects Increased insight into personas Exploring peripheral areas Conversation-driven insights	Slower to • schedule • execute • analyze Non-normalized data
Surveys	You have access to prospects Scaled data collection Lower effort to repeat touch points with prospects Spotting trends	Expensive Low response rates Self reported JBTD You only get what you ask for (best case, fewer random insights)

Survey results

Any final questions?

Thank you