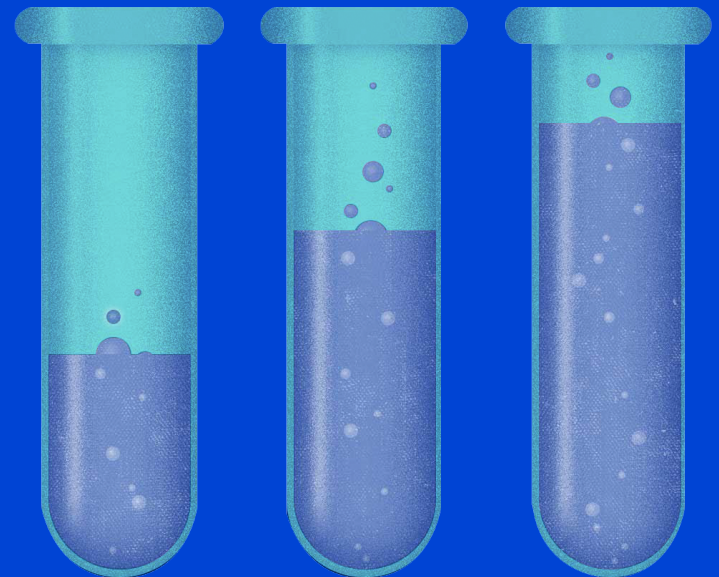


Rebilly

The Rebilly Guide to Optimizing Your Pricing



Optimizing your pricing

PRICING EXPERIMENTS: WHAT TO TEST, AND HOW

Looking for your next pricing test? Here's a full list of price experiments, by funnel stage. We've classified the experiments as Beginner, Intermediate and Expert; Expert level experiments require more complexity to set up and run. You can achieve equally impressive results at all three levels.

	ACQUISITION	GROWTH	RETENTION
GOALS	<ul style="list-style-type: none">• Increase conversion.• Increase initial revenue (or contract value).	<ul style="list-style-type: none">• Increase revenue per customer vs. prior period.• Increase conversion rate on upsell offer.	<ul style="list-style-type: none">• Reduce voluntary churn.• Increase conversion rate on retention offer.
BEGINNER	<ol style="list-style-type: none">1. Test having more or fewer price plans.2. Adjust your aesthetics - how the plans are organized, described, and look visually.3. Increase or decrease the number of price plans.		<ol style="list-style-type: none">1. Sell "light" version to users who attempt to cancel.
INTERMEDIATE	<ol style="list-style-type: none">4. Add a free or very low cost trial.	<ol style="list-style-type: none">1. Test modest unit price increases.2. Upsell additional features.	
EXPERT	<ol style="list-style-type: none">5. Experiment with using local currencies.6. Experiment with offering locally-preferred payment methods.7. Try geo-based pricing. It's common for people in certain parts of the world to be accustomed to paying more — and if you aren't capitalizing on this, you could be missing out in a big way.	<ol style="list-style-type: none">3. Upsell features based on usage patterns.	<ol style="list-style-type: none">2. Sell "light" version to users with low usage and high propensity to cancel.

Optimizing your pricing

PRICING EXPERIMENTS: WHAT TO TEST, AND HOW

A few final experiment ideas

Pricing is a deep topic, and it's near impossible to cover all variables in a single chapter. In addition to the experiments previously outlined, here are a few others to try that have shown positive results for many of the companies with whom we work:

- **Test the actual numbers used in pricing**
Several credible studies have reported the power of “9” and its influence on sales. Prices ending in “9” outperform those ending in “5” or any other number. One study showed that a product priced at \$39 significantly outsold the exact same product priced at \$35.

- **What’s included for the price**
After landing on prices that optimize conversion and retention for your subscriptions, you can also test what customers get for that price. Experiment with the included features and benefits across each of your pricing tiers to arrive at the results that perform the very best.



Optimizing your pricing

EXPERIMENTER BEWARE: WHAT TO WATCH OUT FOR

After each experiment, be sure to also take into account how the results have impacted other key metrics. It's quite common for a positive result in one area to have an unexpected (positive or negative) impact on another area — for example a price change that initially increases conversion, but subsequently decreases LTV.

*In particular,
keep an eye on
these metrics* →

CUSTOMER ACQUISITION COST

INITIAL CONTRACT VALUE/REVENUE

REVENUE CHURN

ACCOUNT CHURN

ESTIMATED LIFETIME VALUE

While it's important to watch these metrics, it is critical that you don't end up with testing paralysis — the point at which your goals start to become clouded with “but-not-ifs.” For example, “We should lower customer acquisition costs, but not if that lowers our revenue per user.”

When you succumb to testing paralysis, the ability to test important variables that can add tremendous value to your business becomes stifled. Often, you stop testing altogether, which leads to stagnation.

Instead of worrying about but-not-ifs during experiment design, just pay close attention to the metrics above during your post-mortem analysis. And be careful that you don't assign causation to very small increases and decreases, either. It can often take time to understand the true impact each variable has across your holistic business performance.

Try Rebilly Free



© 2018 Rebilly SRL
Rebilly.com

Rebilly