

Building a Pricing Structure to Monetize a New Digital Solution

Digitized offerings provide as many pitfalls as opportunities for B2Bs. Navigating the digital platform requires a thoughtful pricing strategy that focuses on value perception, buying process, and customer experience, amongst other factors.

Our client, a **global provider of B2B content with over \$1B in revenue** experienced a recent period of rapid growth. During this time the company built a new analytical solution that integrates their product offerings while communicating data to customers in a user-friendly way. The client planned to migrate existing customers to this new platform, making their old offerings redundant.

They came to Pricing Solutions for assistance with this migration, and **in 10 weeks the Pricing Solutions team developed an offer structure** that ensured a high adoption rate and a sustainable revenue stream.

\$1M

In Customer Savings

2,000

New Customers Migrated in Y1

\$200M

Market Potential for the Solution

The Challenge

As the company entered the world of selling a platform, not just content, the key question revolved around pricing, specifically how to price the new platform.

Before building a new offer structure the Pricing Solutions team needed to understand the:

- Value perception of new and existing customers
- Buying process
- Customer's willingness to pay
- Different customer segments.

Building a Solution That Fits

Pricing Solutions created a unique four-step process to develop a high-impact monetization strategy for the client, which included:

1. Workshop Preparation and Data Gathering

- Conducted 2-4 internal interviews to understand the solution's user experience
- Explored existing marketing materials and market research
- Measured total cost of saving that the solution potentially creates

2. Develop a Pricing and Offer Structure Hypothesis

Conducted a Value Workshop to deliver:

- Perceived Value Map: Develops value hypothesis relative to competitive alternatives
 - Financial Value Maps: Quantifies value driver hypotheses to test in the pilot offerings and research
 - Implementation Planning: Defines selling value, objection handling, sales tools and material requirements.
- #### 3. Market Research - Uncover the Voice of the Customer
- Conducted 15 interviews with existing customers to understand the perceived value and quantify the financial value
 - Conducted competitive market research to understand functional and price structure differences
 - Reviewed findings with key stakeholders
- #### 4. Finalize Pricing Strategy
- Developed an actionable value-based customer segmentation framework (graph 1)
 - Developed early adopter strategies and approaches, including target customers
 - Identified appropriate pricing metrics that align with product value and customer purchasing preferences

- Conducted Strategy Workshop to deliver offer structure, metric and pricing strategy recommendations
- Provided training that ensured the sales and marketing teams:
 - Felt confident about the pricing model
 - Were willing to buy into the new pricing strategy
 - Could successfully execute the new pricing strategy

The Result?

The project estimated that **annual customer savings would be up to \$1M**. The monetization strategy resulted in the identified **market potential of over \$200M** for the new digital solution.

The identified pricing metric of the offer structure led to a better adoption rate and exceeded the client's initial expectations – **2,000 customers migrated to the new solution** in the first year after the product launch.

What's the Pricing Solutions Difference?

The Pricing Solutions team takes a unique approach to pricing, one focused on research and the voice of the customer, that provides strong foundation for identifying key metrics and building a new offer structure.

Ideal for companies launching new products, our team conducts tailored workshops and training that ensure internal alignment while equipping marketing and sales teams to confidently deliver pricing to customers.

For this B2B client, our research-driven, customer-centric approach resulted in high adoption rates and a sustainable revenue stream that supports the financial health of the company now and in the future.

1. Clearly defined value segments

	Segment 1	Segment 2	Segment 3	Segment 4	Segment 5
Offering Element 1	Product A	Product B	Product C	Product A	Product A
Offering Element 2				Product B	Product C
Offering Element 3					Product D
Service Level	Standard	Gold	Silver	Silver	Platinum
Fence	Channel (online)	Volume	# Integration pts	# Integration pts	Bundle
Price	\$	\$\$	\$\$	\$\$\$	\$\$\$\$

2. Defined offerings by segment

Graph 1: A sample of value-based customer segmentation

Our Firm

Our mission is to dramatically improve clients' profitability and market share through improved pricing. Pricing Solutions' four core services include Pricing Strategy, Pricing Analytics, Pricing Research and Pricing Training. Known for our World Class Pricing™ methodology, we have grown to become one of the world's leading pricing consultancies with offices in North America, Europe, Asia Pacific and Latin America. Our global team of researchers, consultants and partners are recognized thought-leaders.

We deliver customized cross-functional solutions, helping our clients achieve a typical payback of 10:1 on their investment.

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