

# Transforming Pricing Model to Uncover Potential Revenue

## Applying Value-Based Pricing for Maximum Financial Impact

### Situation

- The client was a global e-commerce platform with over **600K** active users, consisting of small to large-sized online merchants.
- The existing 'freemium' model underestimated the value delivered and the amount of active users wasn't translated into increasing profits.
- The existing price metrics, bundles and promotions were ineffective in improving subscription rates.
- As the result, the client needed to develop value-based pricing strategy and execution plan in order to:
  - drive significant revenue per user
  - generate subscriber growth.

### Approach

#### 1. Gather Data & Analyze Pricing

- Gathered 1-3 year of transactional data, customer information and size thresholds, and product data
- Implemented in-depth analysis to measure price elasticity and the current promotion strategy
- Conducted Value Workshop using "best in class" pricing tools

#### 2. Conduct Market Research

- Conducted customer interviews and global conjoint study to understand purchasing decision and package preference

#### 3. Improve Existing Pricing Model

- Develop value-based recommendations on:
  - Package bundling & discount strategy
  - Key pricing metrics
  - Quick Win opportunities
- Provided the client with an actionable roadmap & tools

### Results



Change in discount structure **increased profitability by 9%**



New bundling strategy **increased revenue by 8%**



The recommended promotion estimated to provide 65%+ increase in revenue over the week of the promotion and **87% increase in number of renewals** the year after (the most successful the client ever had).

