

ProductLed.™

Product-Led Monetization Strategy



Objectives .



What are the most common pricing mistakes to make and how to avoid them



Why your pricing and customer acquisition model are like an arranged marriage



An exercise to determine what is the best metric for your organization to charge by



How to take a data-driven approach to understanding your pricing metrics



Identify the best way to upgrade users

Your pricing and customer acquisition model are in an arranged marriage.



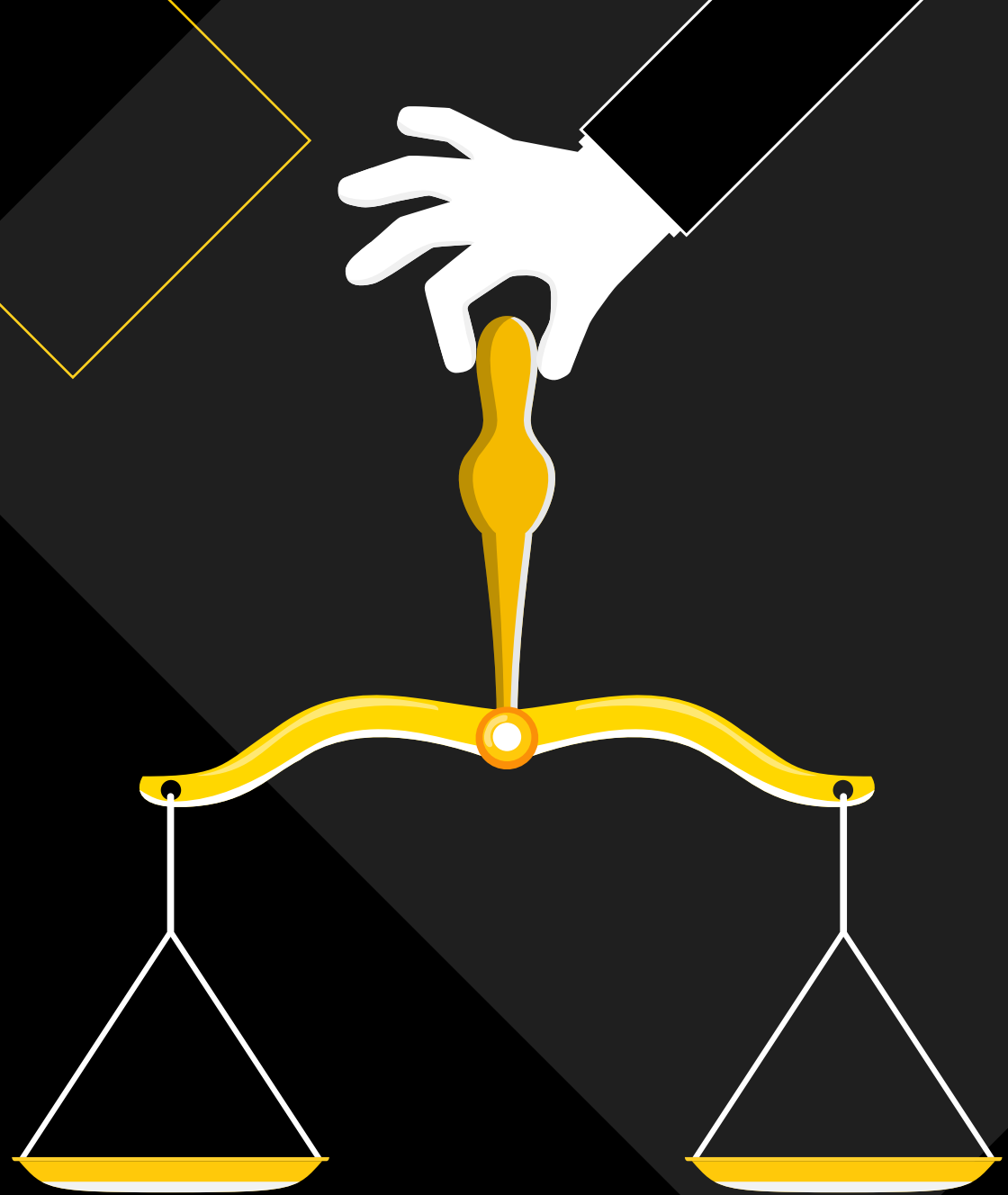


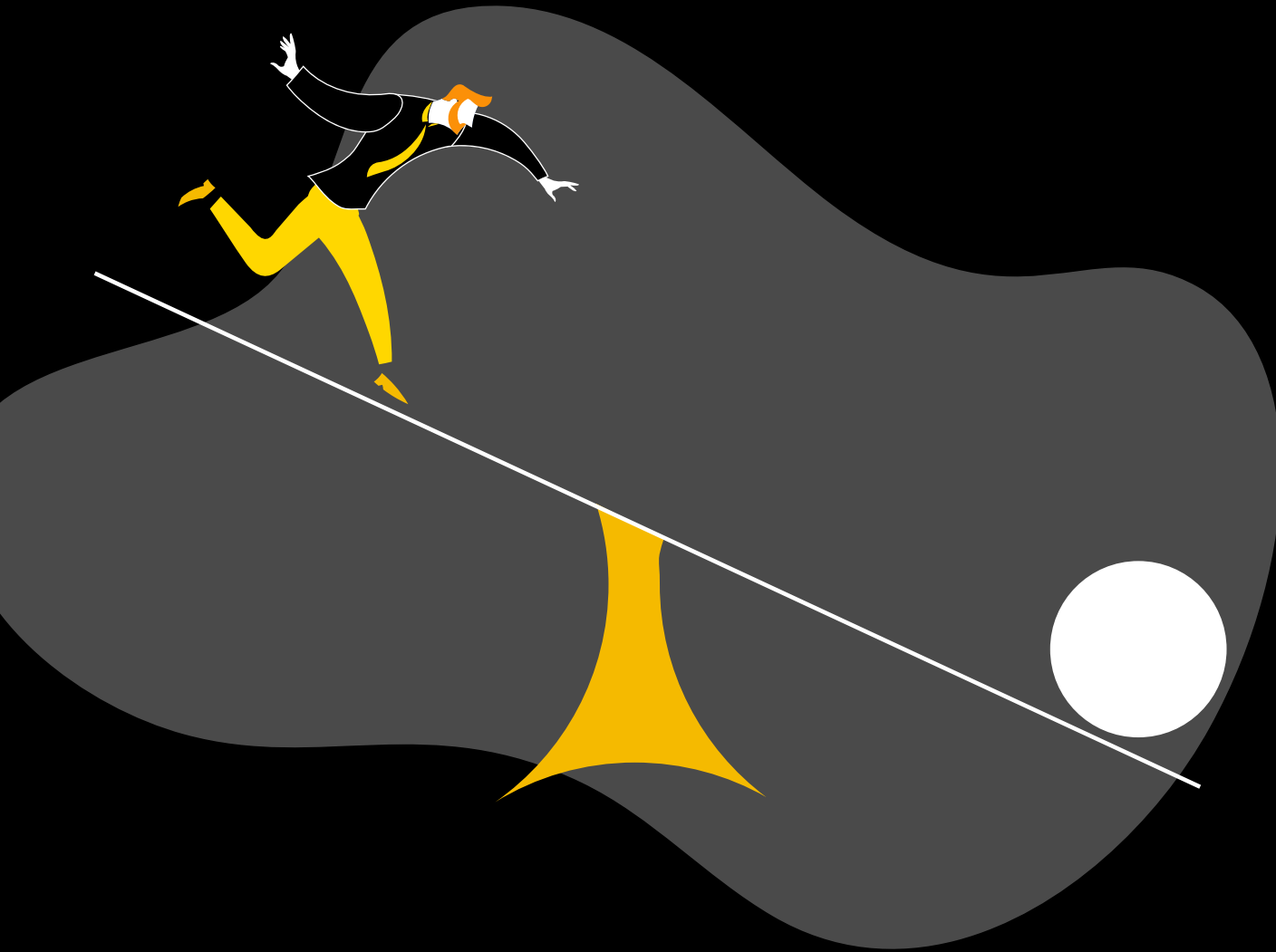
**Give too much
away for free and
your customer
acquisition model
thrives while your
business erodes.**



**Gate all your features
and see a short-term
spike in revenue while
your customers
acquisition model
takes a hit .**

What's The "Perfect" Balance?



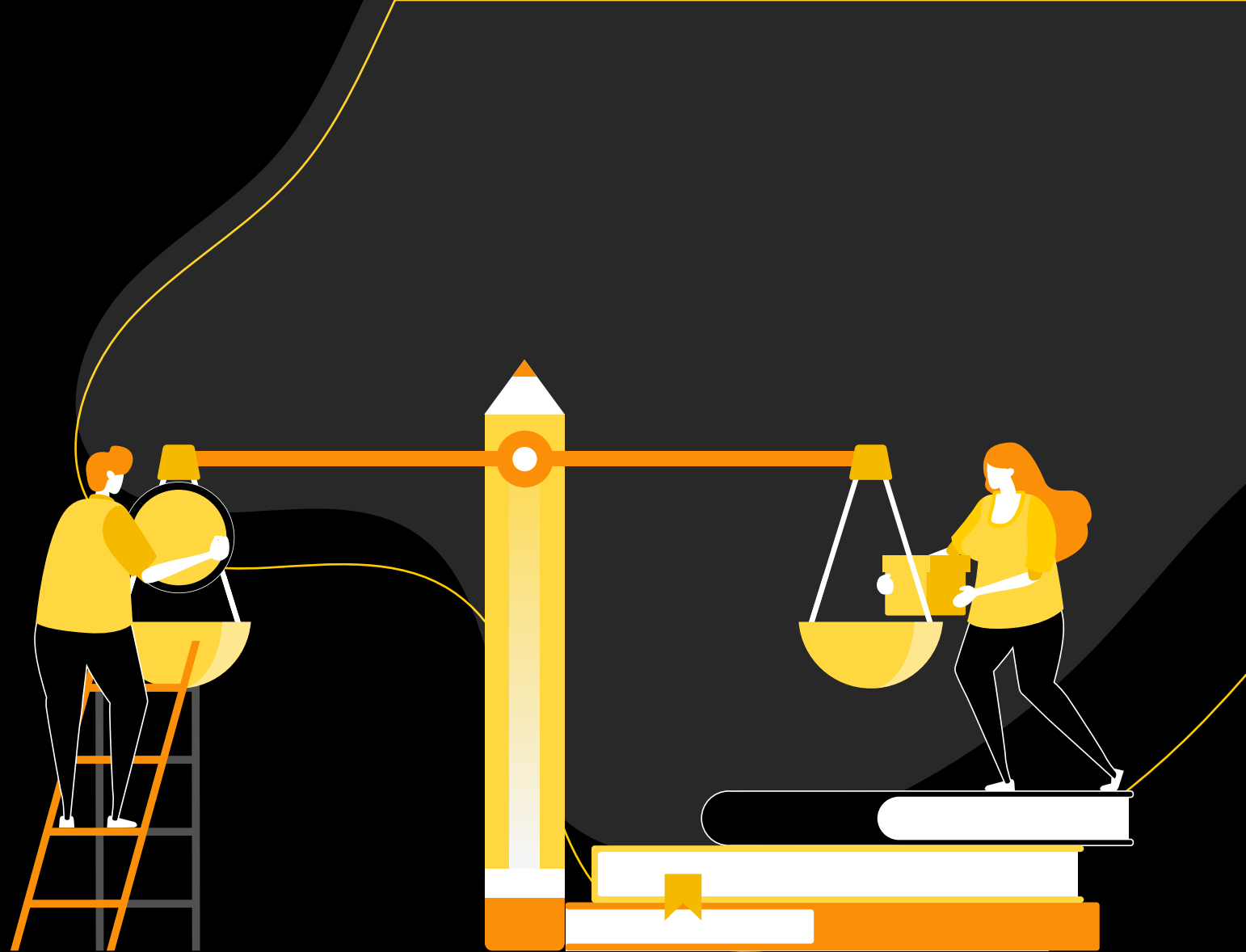


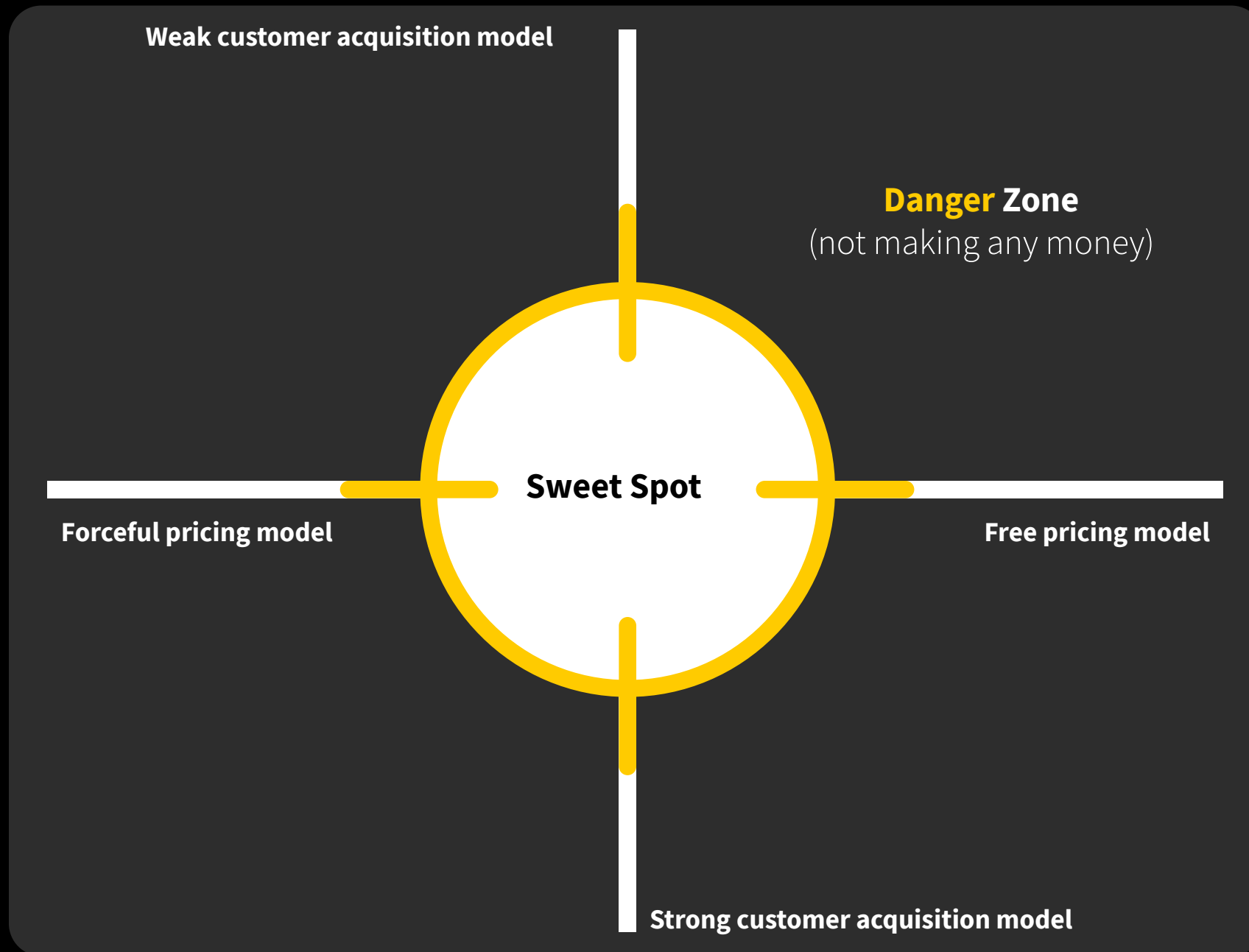
**Is One Side Of The
Model Always
Going To Be
Unbalanced?**

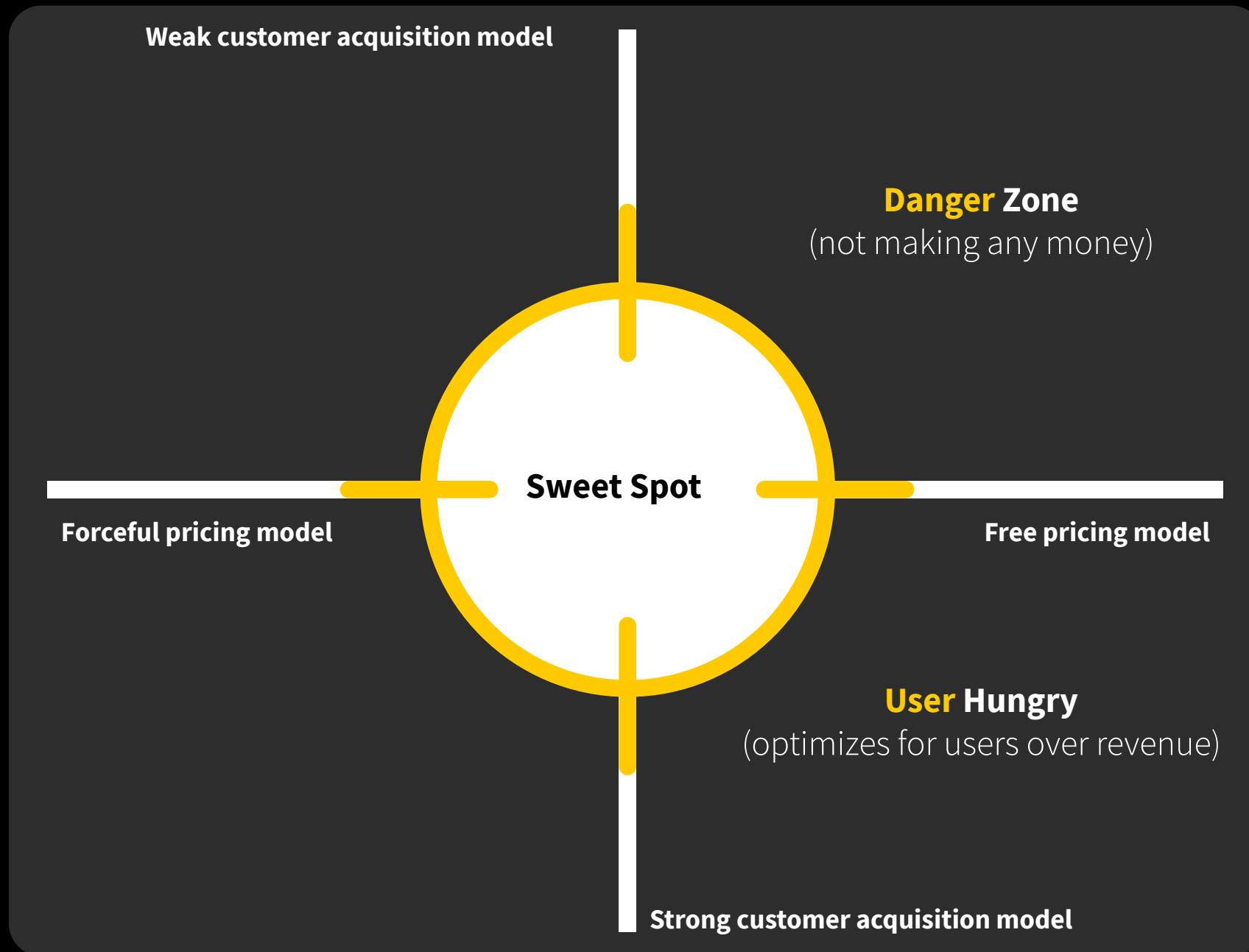
It Depends .

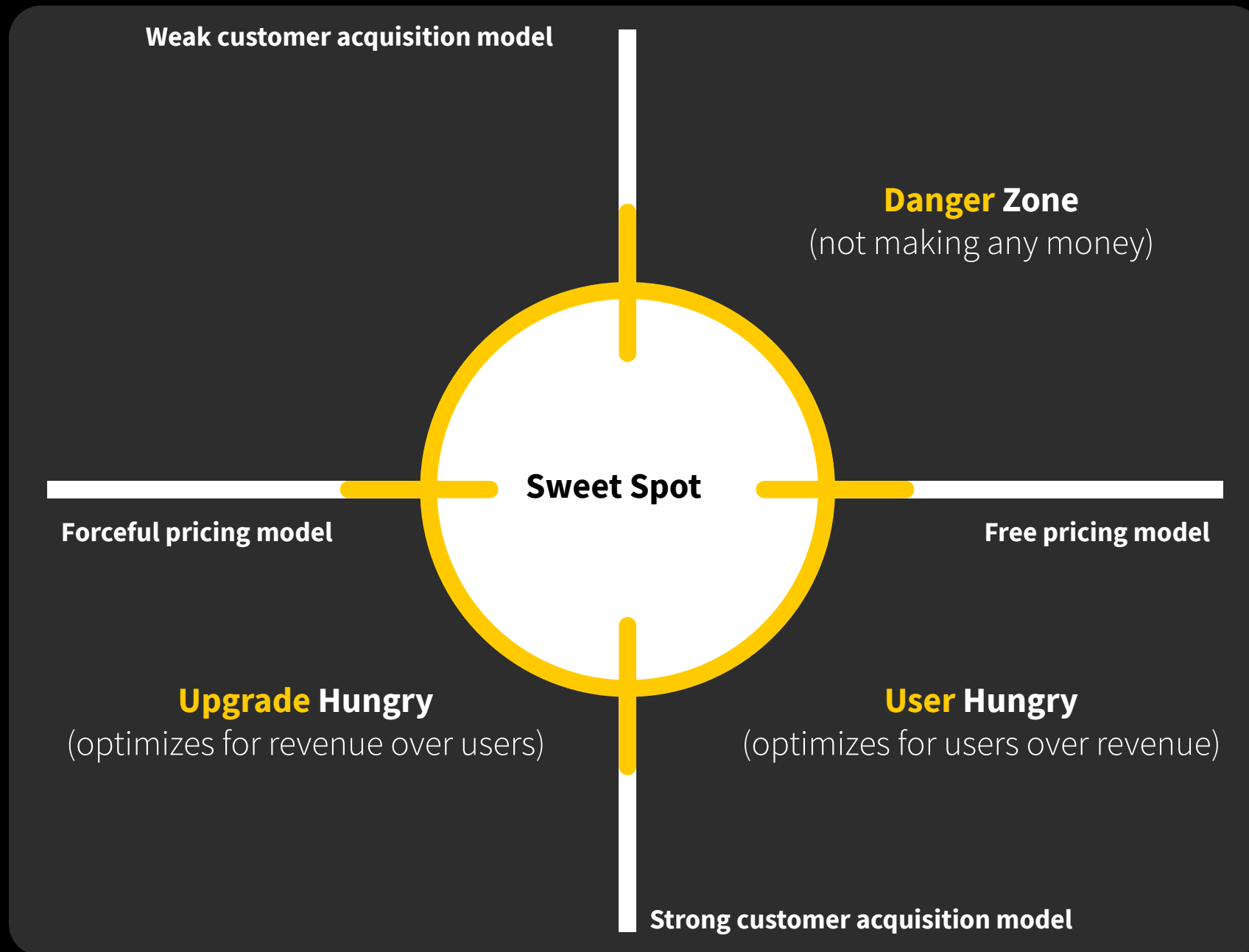


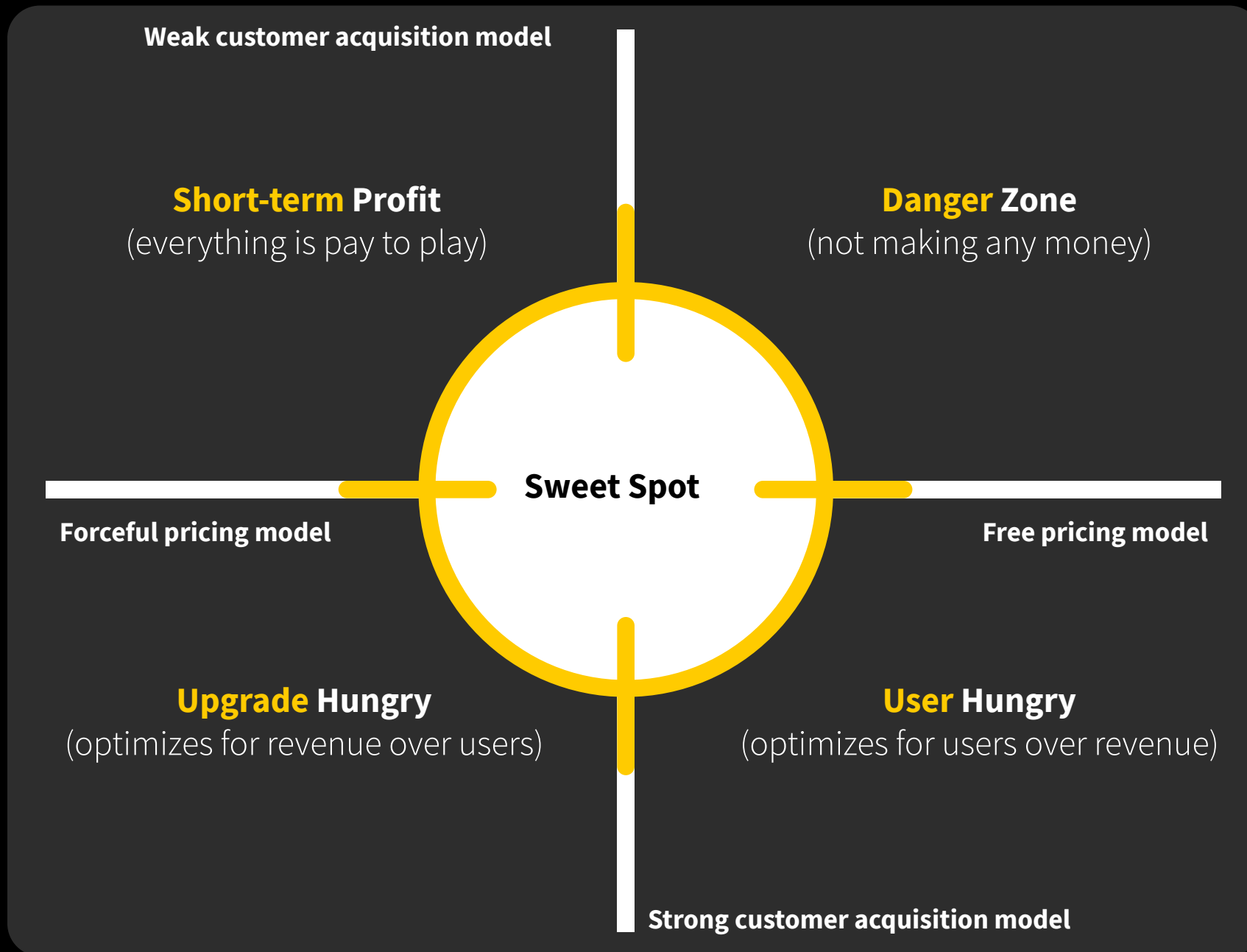
For instance, in your market, you might want to over index on one side over the other.











How Do You Optimize For The Sweet Spot?



Part 1: Identify Your Value Metric.



What Is A Value Metric?



A value metric is the way you measure value exchange in your product.



What Are Examples Of Value Metrics?

Per contact: Activecampaign

The screenshot displays the ActiveCampaign website's pricing page. At the top, a blue navigation bar contains the 'ActiveCampaign' logo, links for 'Features', 'Solutions', 'Pricing', and 'Request demo', an 'Email Address' input field, and a 'Try it free' button. The main heading reads 'Simple pricing with no setup fees.' followed by a subtext: 'What else makes ActiveCampaign different? Learn more about our commitment to your success.'

On the left, a slider tool asks 'How many contacts do you have?' with a value of 25,000. Below the slider, a 'Pay' section offers 'Monthly' and 'Yearly' options. Further down, a section titled 'Have real-time conversations with your customers' features a 'FOR A LIMITED TIME' banner and a price of 'Conversations \$9 CAD / user / month **' with a 'Get started' link.

The central part of the page features a pricing table with four columns: 'Lite', 'Plus', 'Professional' (marked as 'MOST POPULAR'), and 'Enterprise'. Each column lists 'Your Price' (e.g., \$245/mo for Lite, \$645/mo for Professional), a 'Sign Up Now' button, and a list of included features. A green banner across the table states 'LIMITED TIME CRM with Sales Automation included free *'. The 'Professional' plan includes features like 'Unlimited sending', 'Email Marketing', 'Send Newsletters', 'Subscription Forms', 'Marketing Automation', 'Chat & Email Support', and 'Up to 3 Users'.

Lite	Plus	Professional	Enterprise
Your Price	Your Price	Your Price	Your Price
\$245 /mo Paid Yearly (CAD)	\$430 /mo Paid Yearly (CAD)	\$645 /mo Paid Yearly (CAD)	— Contact Us
Sign Up Now	Sign Up Now	Sign Up Now	Get Pricing
Includes	Includes	Includes	Includes
Unlimited sending Email Marketing Send Newsletters Subscription Forms Marketing Automation Chat & Email Support Up to 3 Users	Everything from Lite Unlimited sending Facebook Custom Audiences Lead & Contact Scoring Integrations SMS Marketing	Everything from Plus Unlimited sending Predictive Sending ML Predictive Content ML Customer Attribution & Path to Purchase	Everything from Professional Custom sending limit Custom Reporting (Beta) Custom Mailserver Domain Custom Domain

What Are Examples Of Value Metrics?

Per person: Slack



Choose the plan that's right for your team

Pay by month or the year, and cancel at any time.

Standard

For small and medium-sized businesses

\$6.67 USD

per person, per month, when billed yearly
\$8 USD/person, per month, when billed monthly

Top features:

- ✓ Unlimited message archive
- ✓ Unlimited apps
- ✓ Group video calls with screen sharing
- ✓ Guest accounts & shared channels

Upgrade Now

[Learn more](#)

Plus

For larger businesses or those seeking advanced administration tools

\$12.50 USD

per person, per month, when billed yearly
\$15 USD/person, per month, when billed monthly

Top features:

- ✓ 99.99% guaranteed uptime SLA
- ✓ User provisioning and deprovisioning
- ✓ SAML-based single sign-on (SSO)
- ✓ Corporate exports for all messages

Upgrade Now

[Learn more](#)

Enterprise Grid

For very large businesses or those in highly regulated industries

To get a price estimate for Enterprise Grid, please contact our Sales team

Top features:

- ✓ Unlimited workspaces
- ✓ Support data loss prevention (DLP), e-Discovery and offline backup providers
- ✓ Designated customer success teams
- ✓ HIPAA-compliant message and file collaboration

Contact Sales

[Learn more](#)

What are examples of value metrics?

Per contact w/ Add-ons: HubSpot



Calculate Your Price

Plans Monthly ☐ Annual ☒ SAVE 20%

Starter Professional Enterprise

Contacts
1,000 contacts included. Starts at +\$40/month per 1,000 additional contacts. [More details](#)

1,000 100,000

Add-ons
Customize and enhance your plan with additional features. +

Recommended Services
Upgrade your plan with these premium services for expert help and guidance. +

BILLED ANNUALLY
\$40/mo
ESTIMATED COST TO GET STARTED:
\$480

[Talk to Sales](#)

[View price breakdown](#)

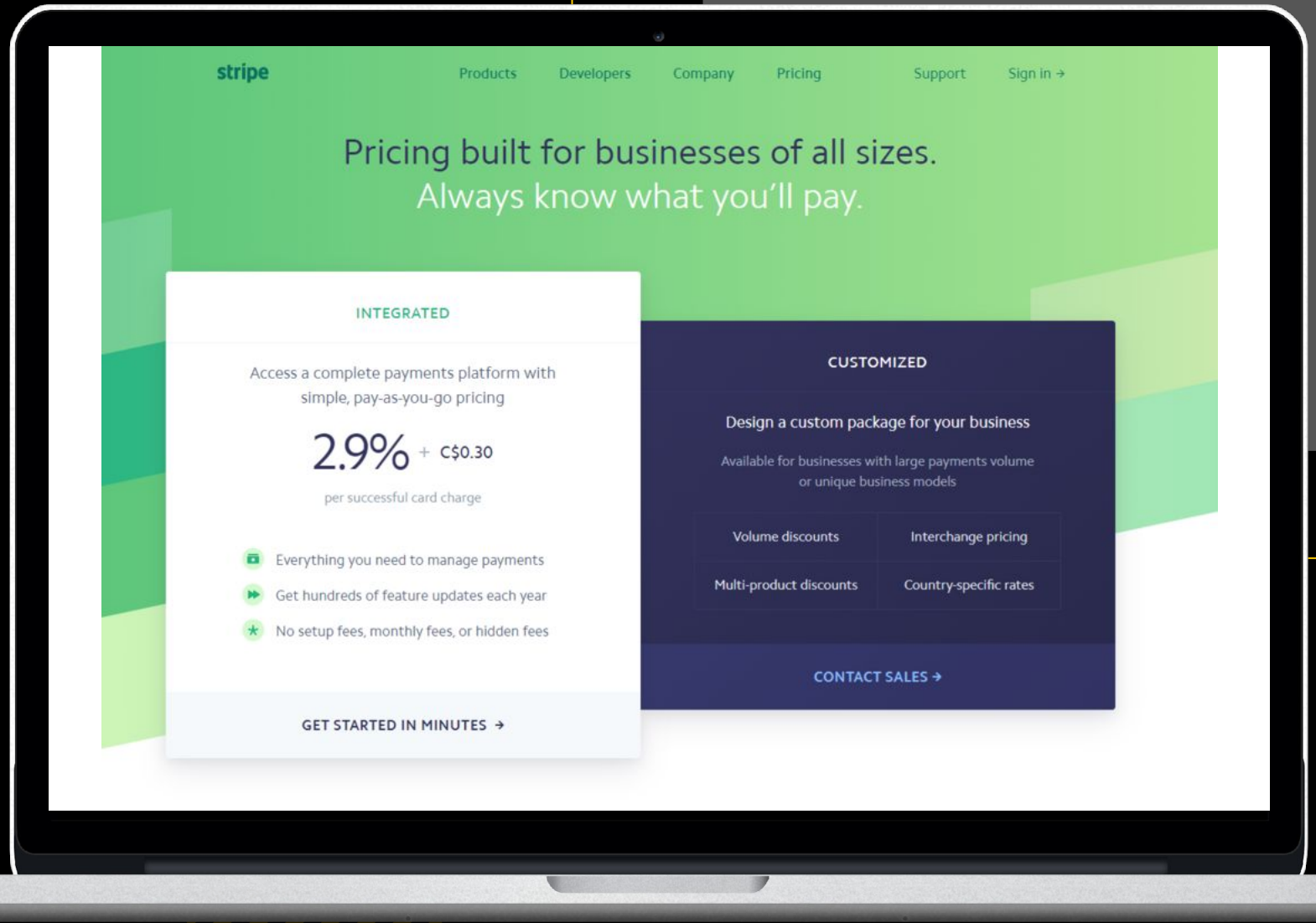
We've estimated your monthly cost based on the options you've chosen above. Any applicable taxes are not included, and your fees are subject to increase with additional purchases.

The discount for annual payment only applies to the products as indicated on this page as well as any additional contacts purchased during your subscription term. It may not be combined with other promotions or discounts.

What are examples of value metrics?

Percentage of sales: Stripe

stripe



Two Types Of Value Metrics .

1

Functional value metrics are “per user” or “per 100 videos.”



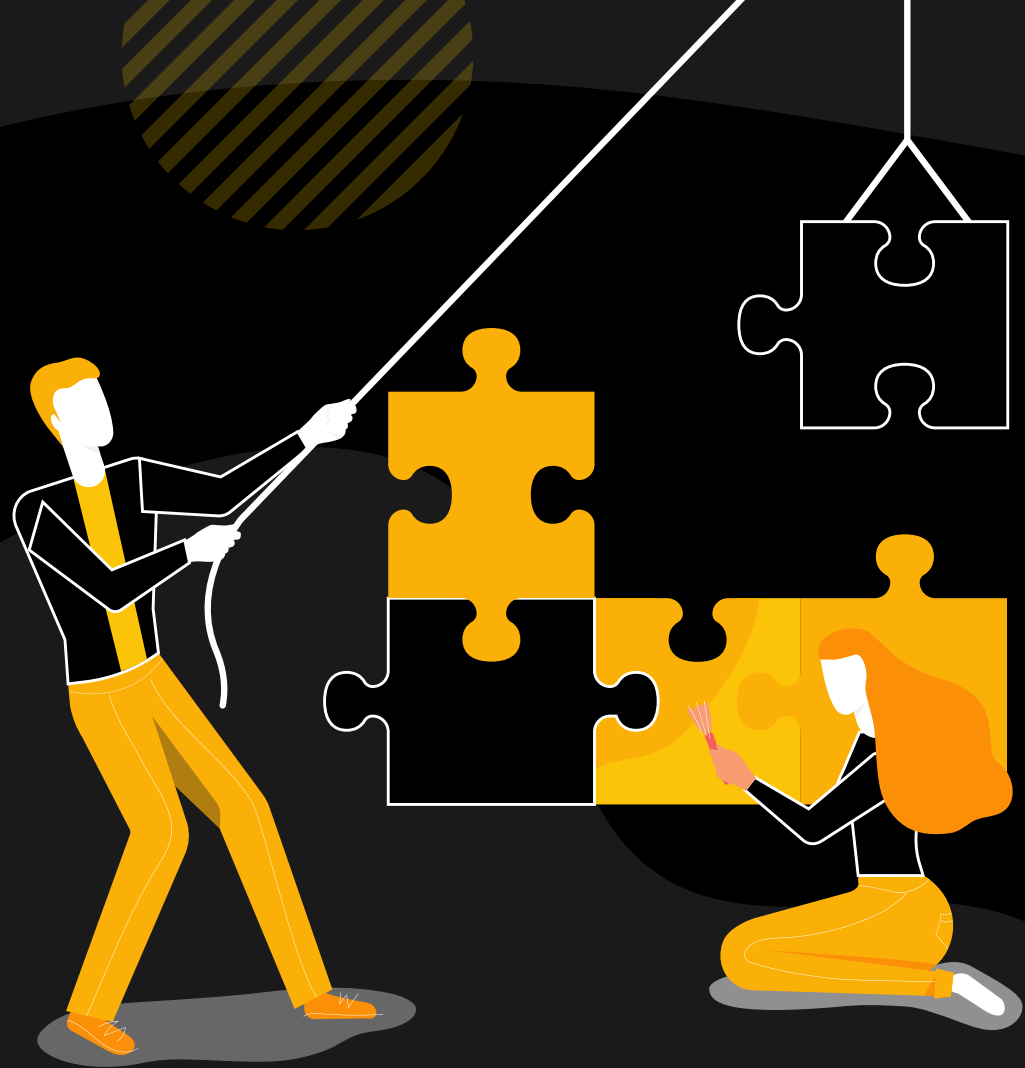
2

Outcome-based value metrics charge based on an outcome, like how many views a video received or how much money you made your customer.



**Why do you think
value metrics are
so important for
product-led
businesses?**

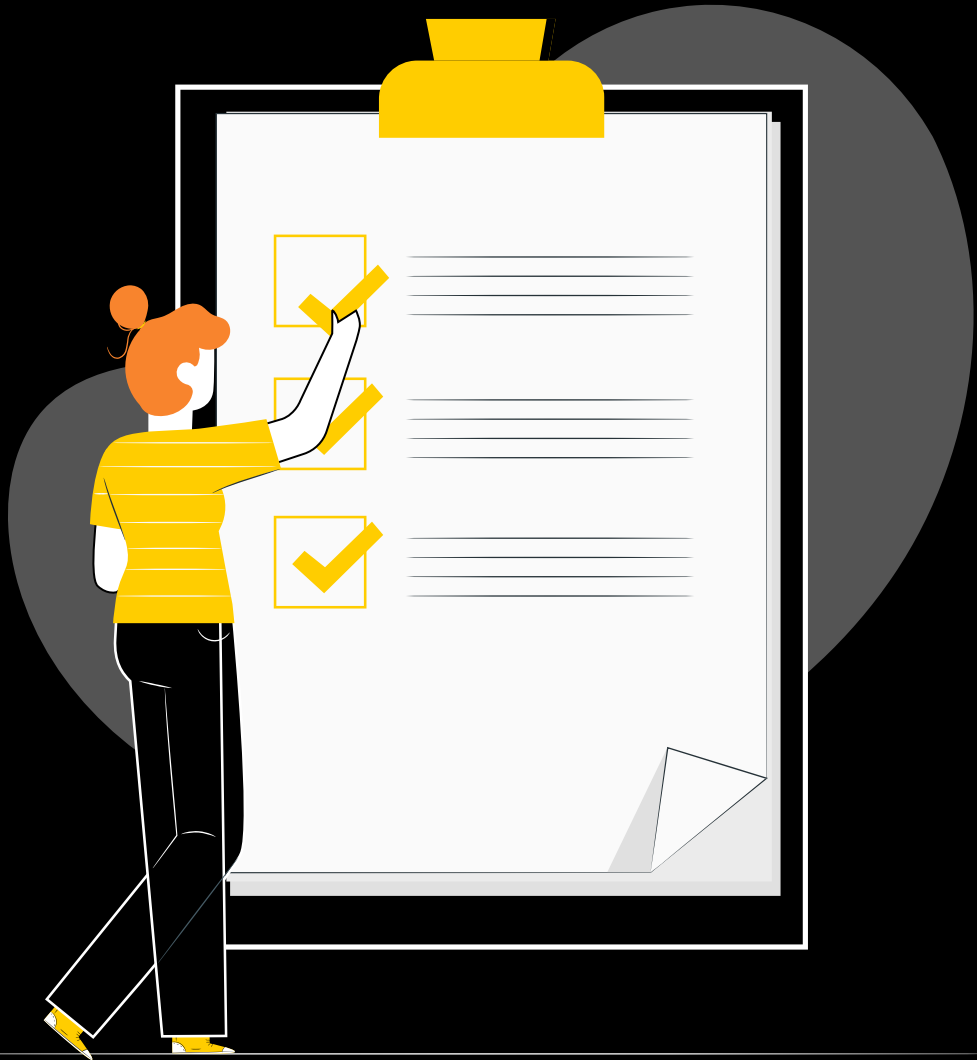




**What Makes
A Great Value
Metric?**



It Must Pass Three Tests .



It's easy for the customer to understand.



It's aligned with the value that the customer receives in the product.



Grows with your customer's usage of that value.

**It Must Meet
Both Your
Customer's
And Company's
Needs ●**

Pricing Metric ~ Decision Guide

by PricingWire

Your objective is to evaluate and identify the Pricing (Value) Metrics most likely to perform best.

Step 1: List up to 10 different Pricing (Value) Metrics in Column B.

Step 2: Score each Metric Option for each Criteria [only using "3" to indicate you strongly agree, "1" somewhat agree and "0" do not agree]



<<< Your Customers' Perspective >>>

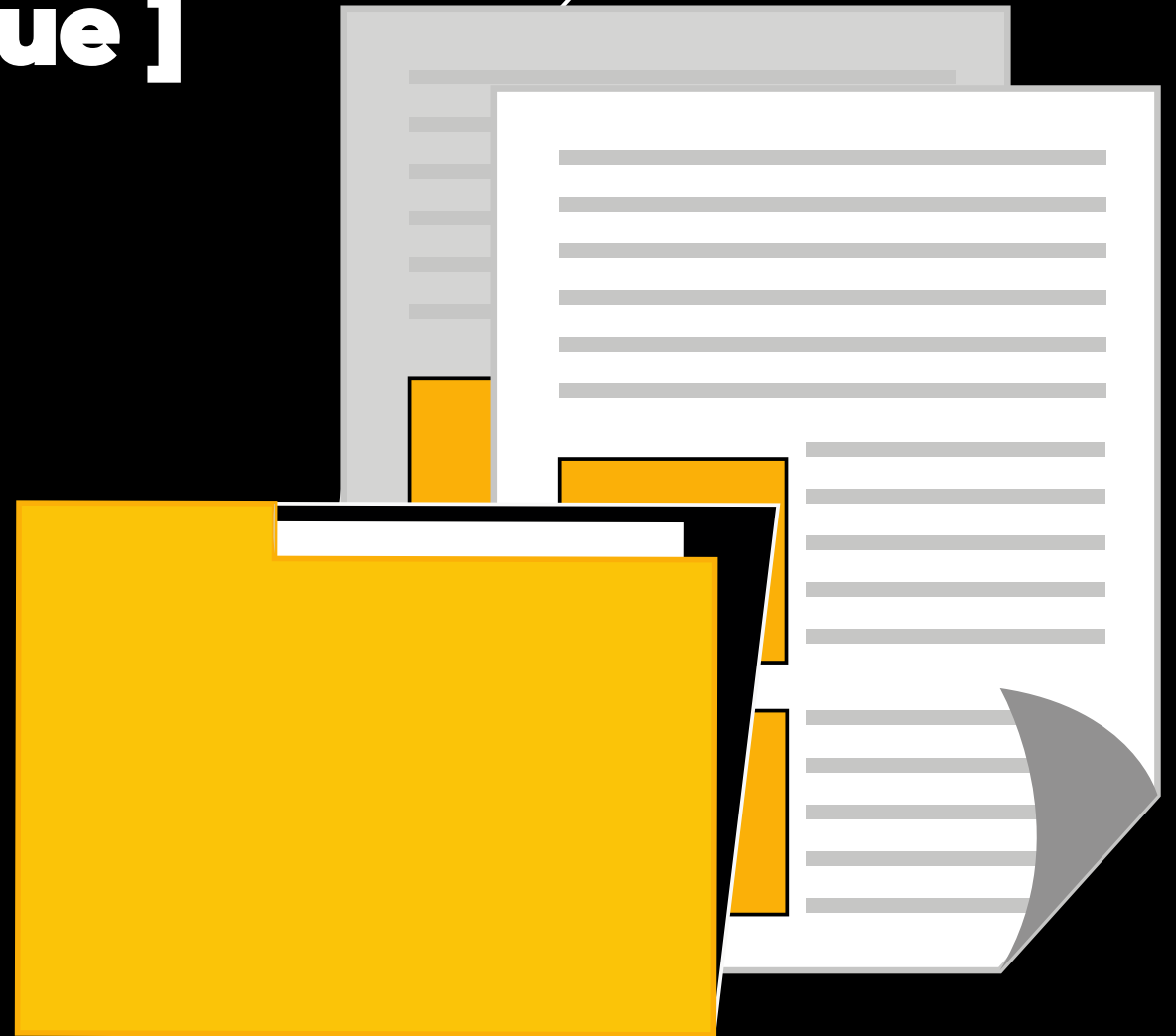
<<< Your Company's Perspective >>>

[Click Here for Help](#)

Criteria Description	Supports Differences in Value Across Segments			Simplicity		Advantage	Fits with Business Goals		Internal Execution		Cost-to-Serve	Totals
	Relevant to the Business of Most Buyers	Applies Across the Range of Most Use Cases	Relevant to How Most Buyers Experience Value-in-Use	Easy to Understand	Easy to Estimate or Forecast Requirements	Promotes Favorable Position Over Alternatives	Revenue Scales with Customer Success	Encourages Increased Use	Simple to Measure	Easy to Enforce	Tracks to Differences in Cost-to-Serve	
Weight	1.00	1.00	1.00	1.50	1.50	1.00	1.50	2.00	1.00	1.00	1.25	
1 Viewer Hours	3	3	3	1	0	0	3	1	3	3	3	Unweighted 23.00
	3.00	3.00	3.00	1.50	0.00	0.00	4.50	2.00	3.00	3.00	3.75	Weighted 26.75
5 Data Retention Term (# of Days / Months)	1	3	1	3	3	1	0	1	3	3	1	Unweighted 20.00
	1.00	3.00	1.00	4.50	4.50	1.00	0.00	2.00	3.00	3.00	1.25	Weighted 24.25

How to Evaluate + Select Pricing [Value] Metrics - Using the Pricing Metric .

Decision Guide



Examples.





Most Common Mistake .







User-based pricing

**Why Do You
Think That's
The Case?**



How To Know If User-based Pricing Is For You .

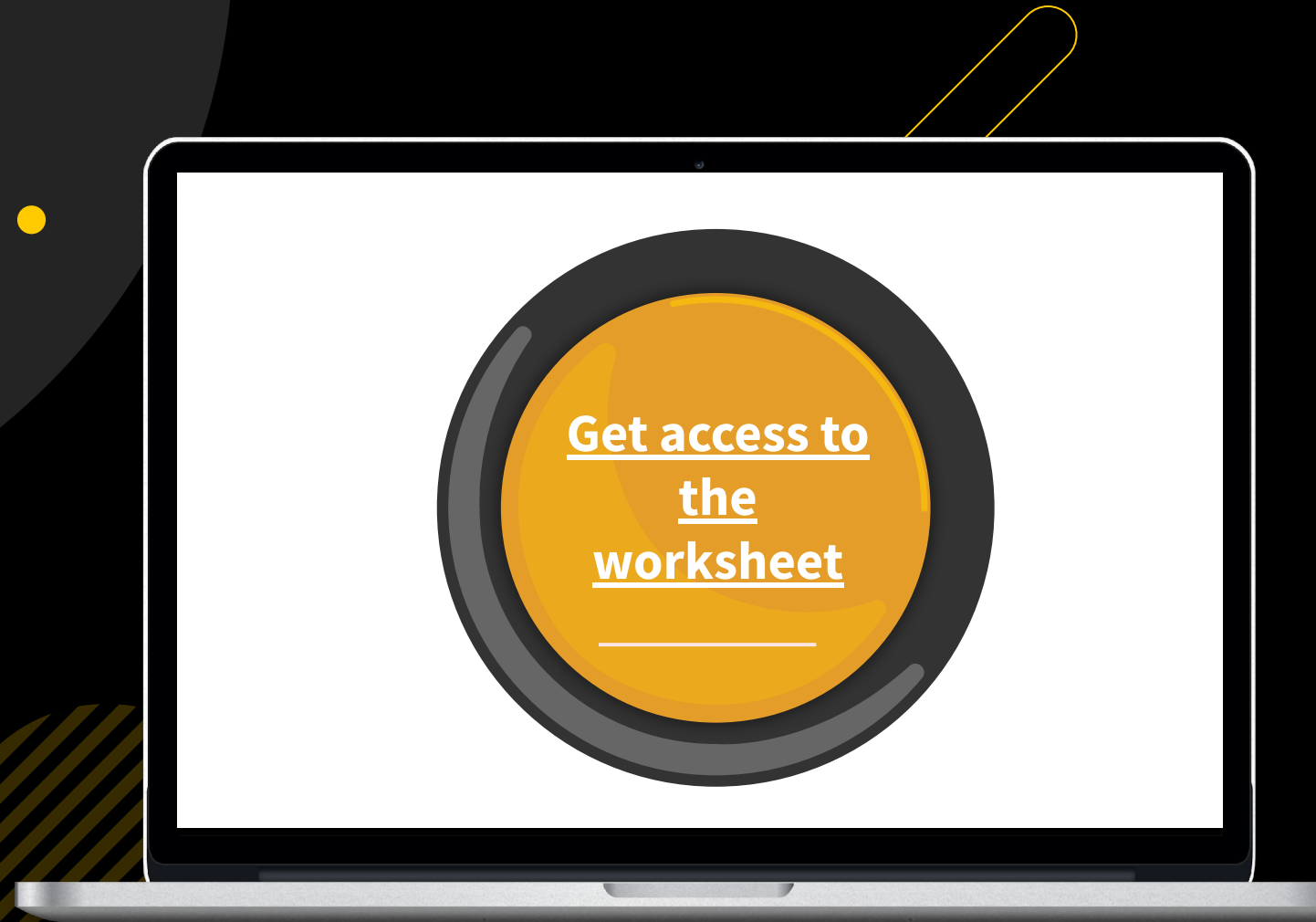
Per-User Pricing Scratch Pad

Condition	Example	True?
Each user receives differentiated value from accessing the product.	 LinkedIn Recruiter	✓
The customer has a strong need to standardize their department or company on the platform.	 Salesforce	✓
The product has network effects, where initial users want to collaborate and invite others.	 Slack	✓
Budget predictability and control is critical for your buyer persona(s).	 DocuSign	✓
Buyer is less sophisticated and needs easy-to-understand pricing.	 Evernote	✓
Usage metrics in your industry have become commoditized or are becoming table stakes.	 GitHub	✓

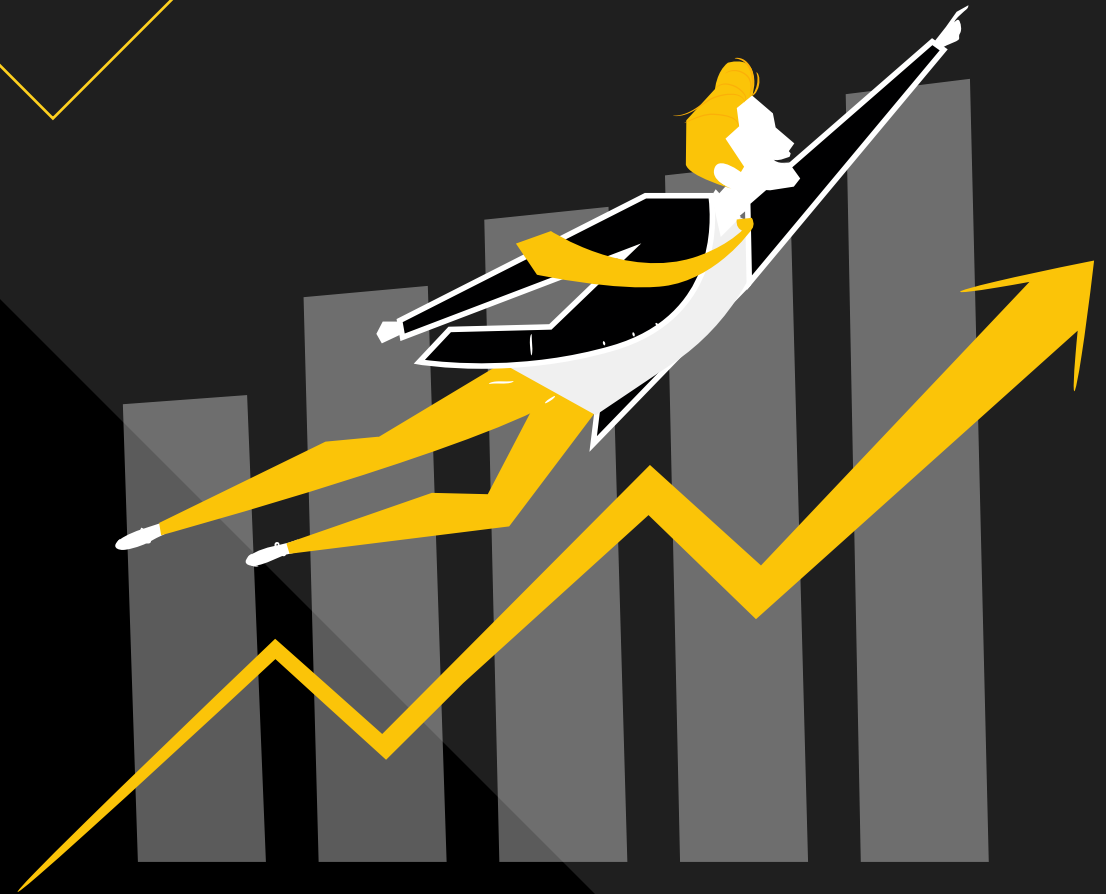
How Do You Find Your Value Metric?



Complete The Monetization Strategy Worksheet .



Part 2: Create Seamless Upgrade Experience .





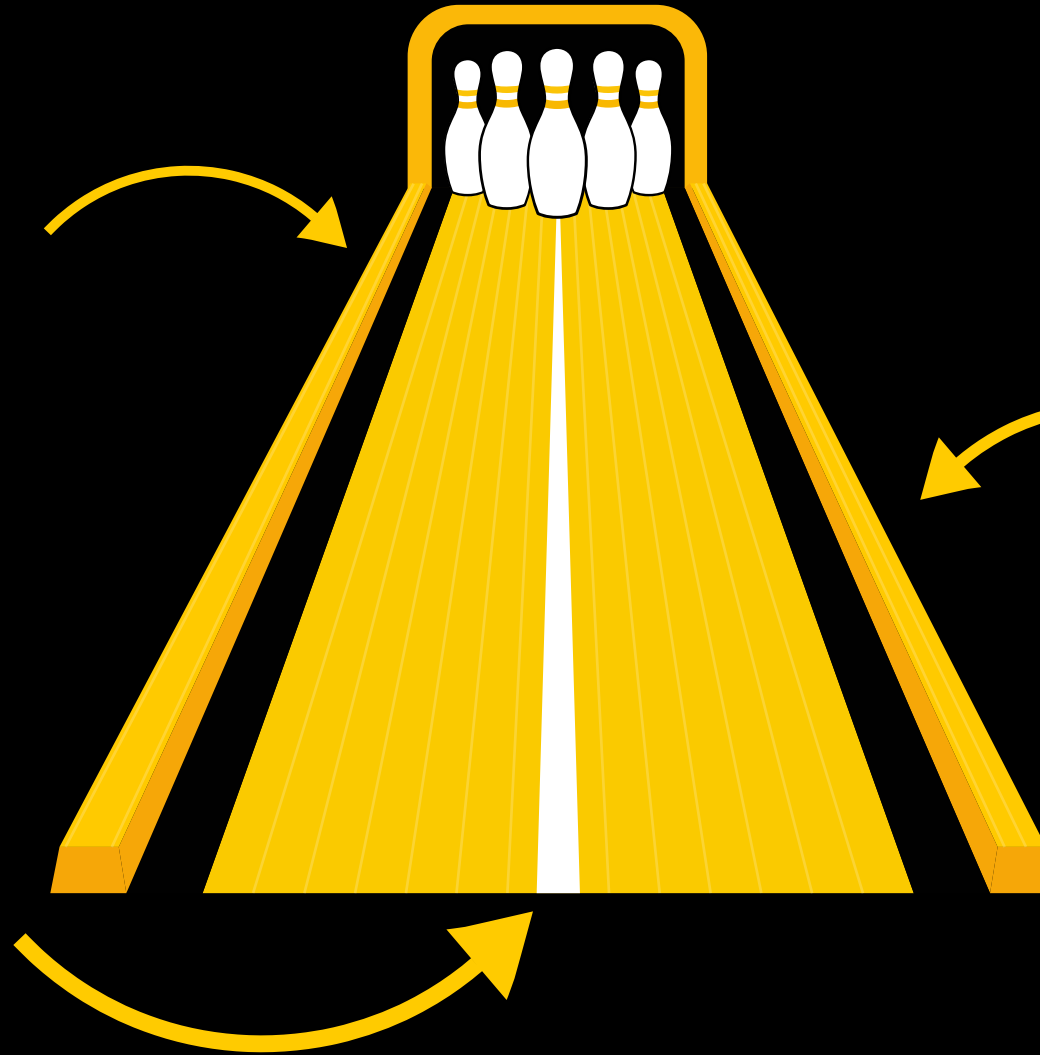
**How Can We
Create A
Seamless
Upgrade
Experience?**

Conversational Bumper

Use prompts such as email and SMS to bring users back to the product.

Straight-Line Onboarding

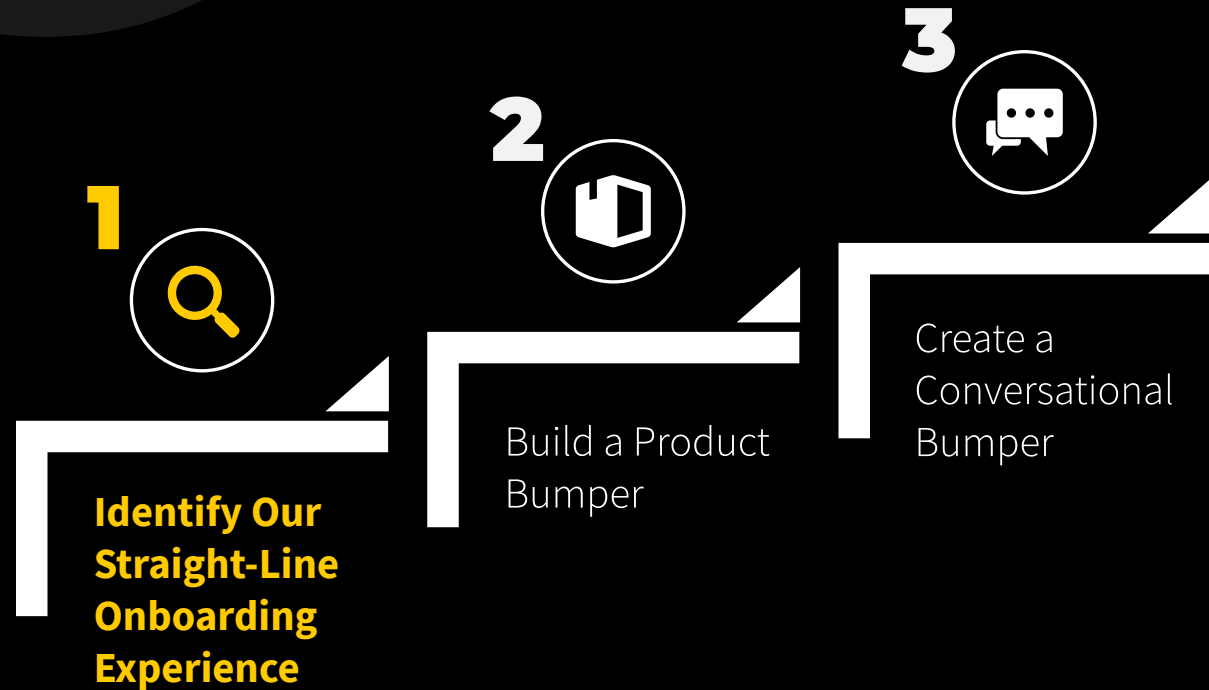
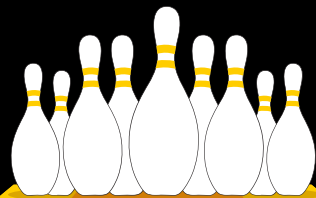
Contains the absolute minimum number of required steps for a user to experience value.



Product Bumper

Shows the user what to do within the product using helpful tooltips

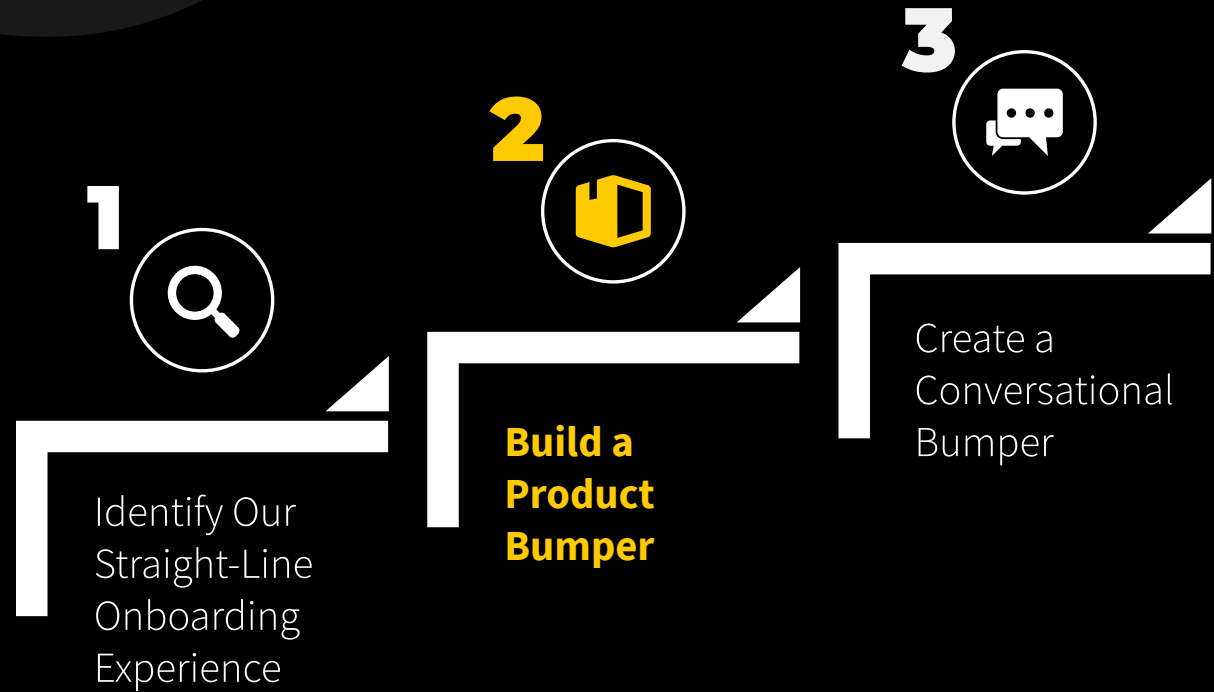
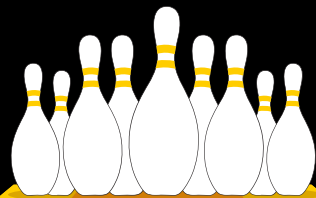
Bowling Alley Framework.



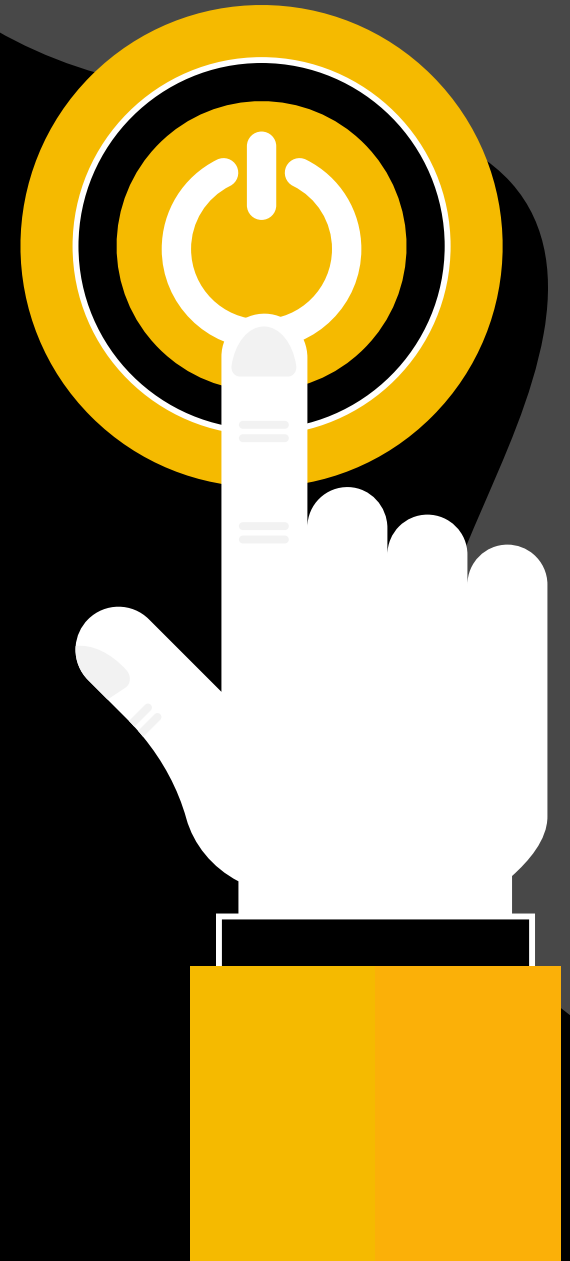


**What Does Someone
Need To Do To
Successfully Pay For
Our Product?**

Bowling Alley Framework .

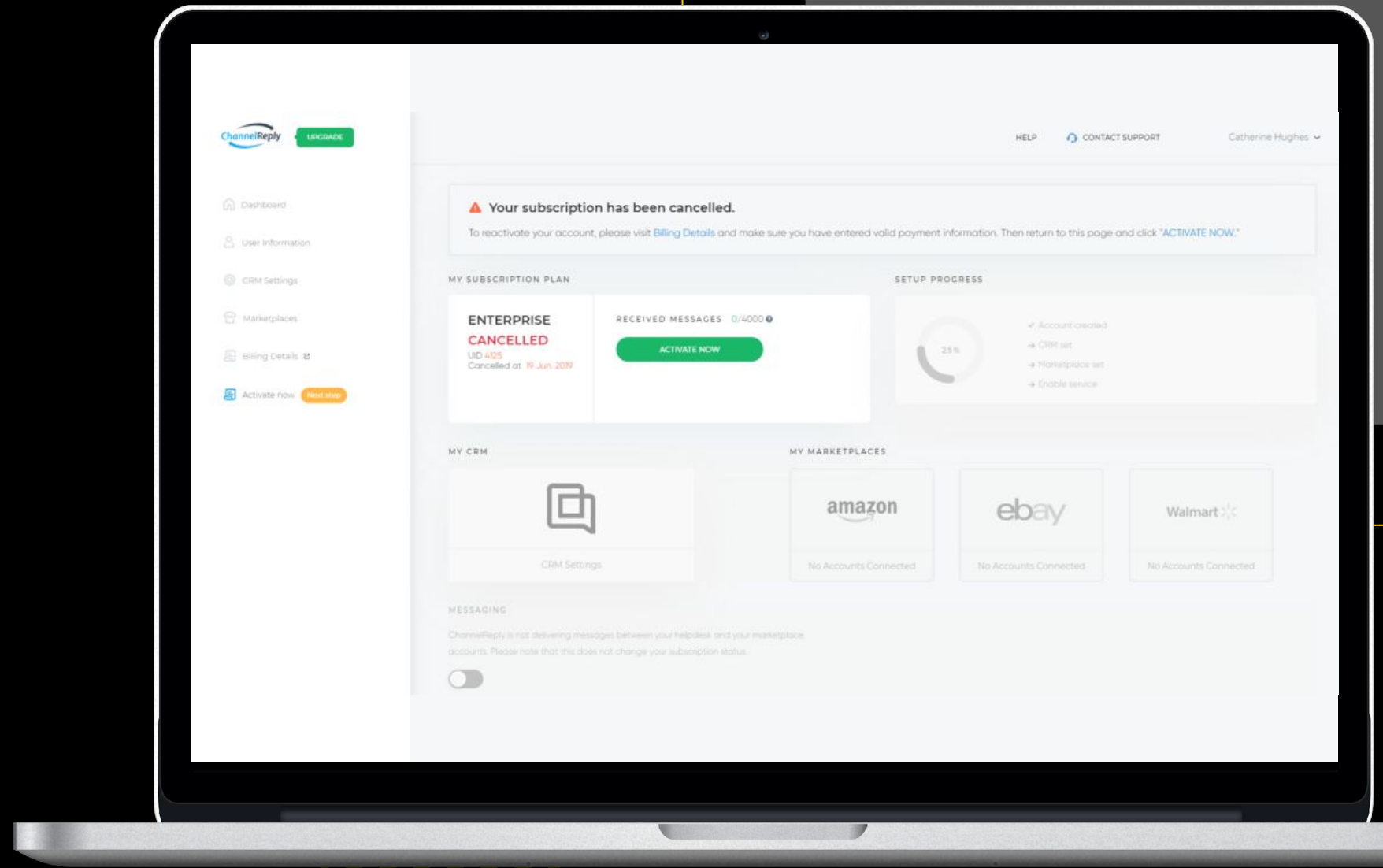


**How Can We Use
Product Bumpers To
Make It Easy For Our
Users Upgrade?**



Examples.

Trial Expired



Examples .

Upgrade CTA





 Dashboard

 User Information

 CRM Settings

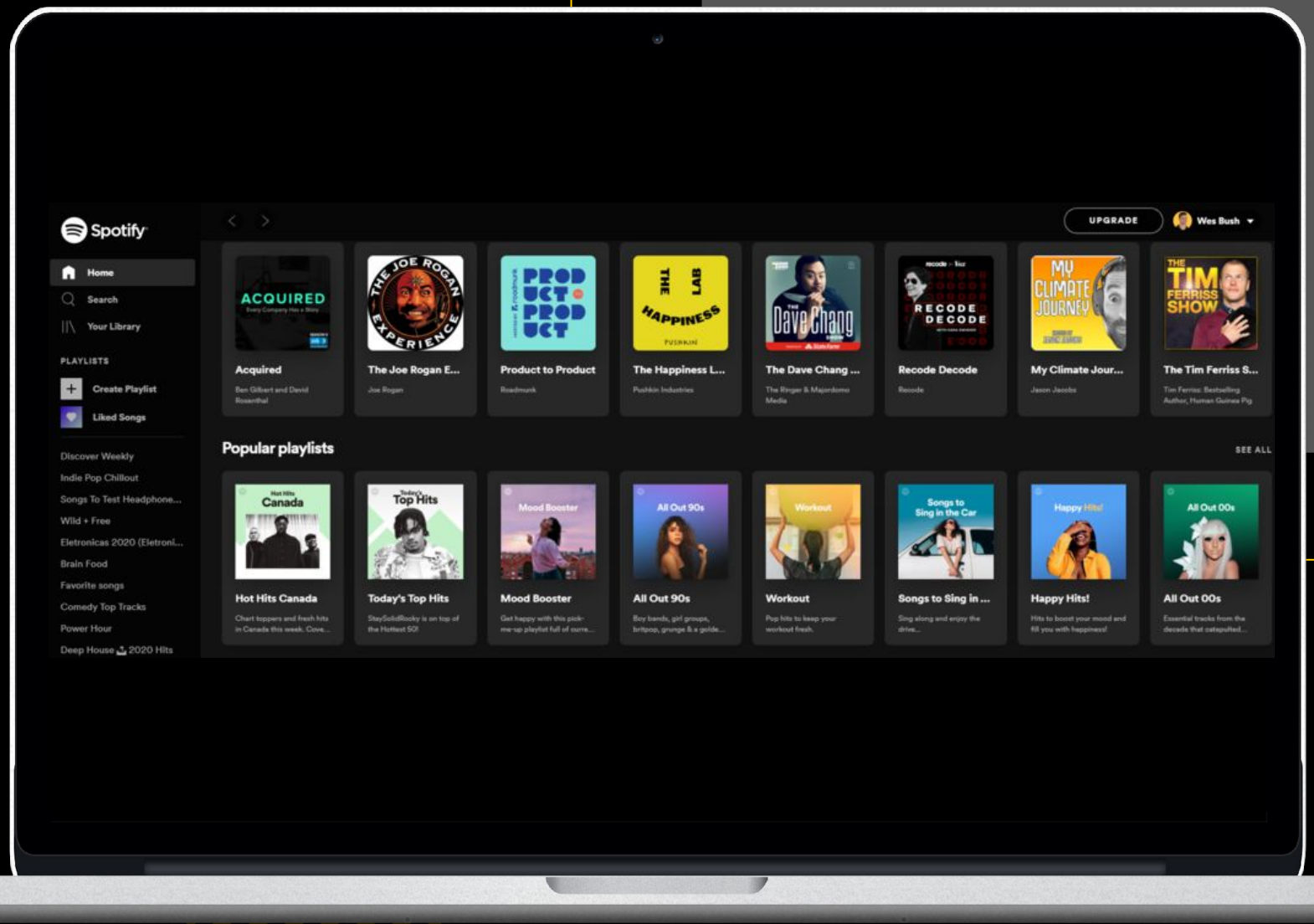
 Marketplaces

 Billing Details 

 Activate now 

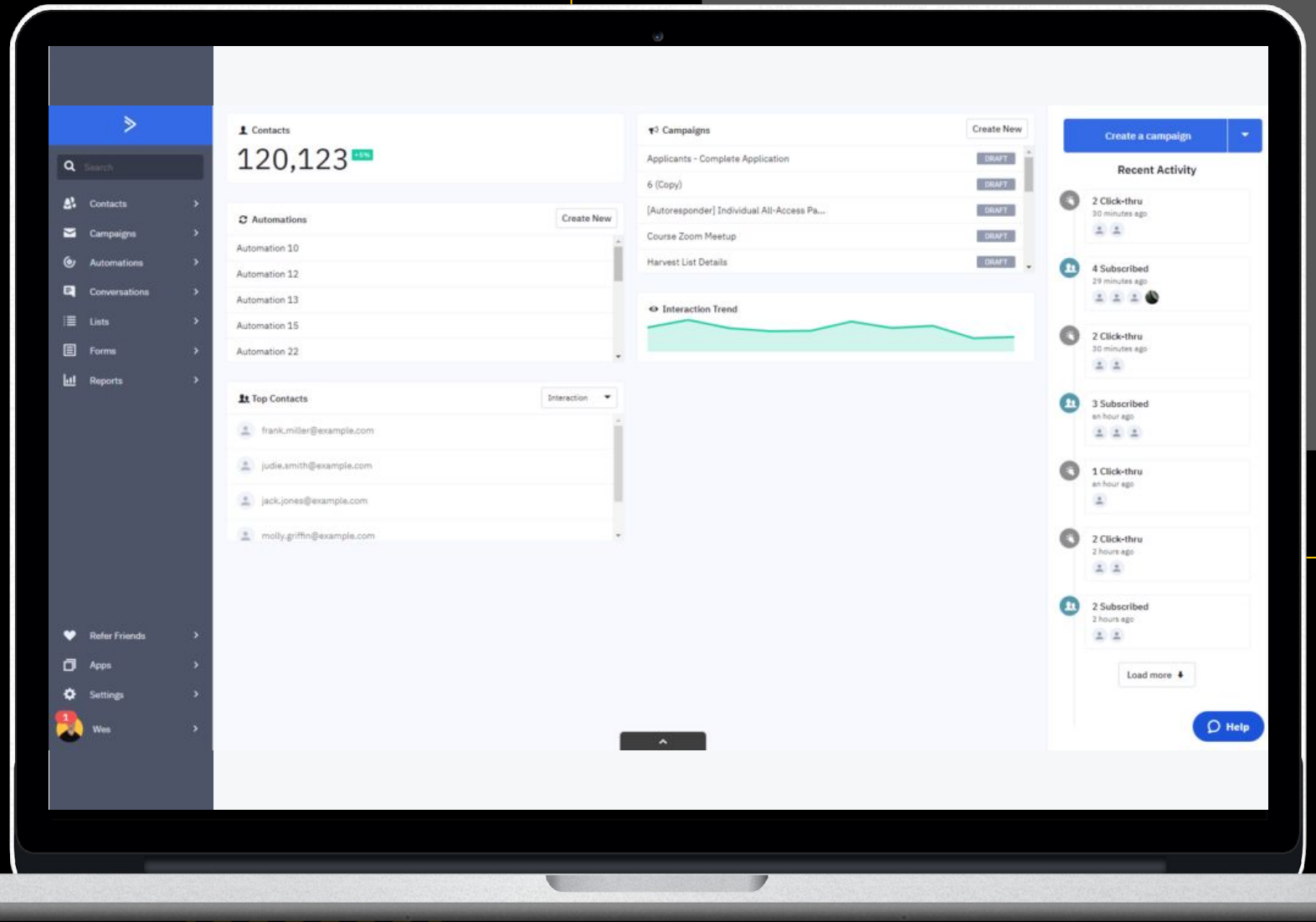
Examples ●

Upgrade CTA 2



Examples .

Alerts



Examples .

Reminders of Value

The screenshot shows a Slack interface. On the left, a user profile menu is open for a user named 'wes'. The menu includes options: 'Update your status', 'Pause notifications', 'View profile', 'Preferences', 'PLG productledgrowth.slack.com', 'Total Messages' (with a red circle around '59k'), 'Invite people to PLG...', 'Settings & administration', 'Tools', 'Help' (with a red circle around '1'), and 'Sign out of PLG'. The background shows a channel named '#need-help' with a message from 'Kenya' asking for help with onboarding.

PLG **wes**
You're set to active. [Change](#)

Update your status

Pause notifications >

View profile

Preferences

PLG productledgrowth.slack.com

Your workspace is currently on the free version of Slack. [See upgrade options](#)

Total Messages
Upgrade to access your first 49k messages. **59k**

Invite people to PLG... >

Settings & administration >

Tools >

Help **1** >

Sign out of PLG

#need-help
2,223 | 2 | Add a topic

Tuesday, June 23rd

out in Tuesday, June 23rd spare a sec to
e feedback on our post (and vote if inclined)
<https://www.producthunt.com/posts/soapbox-me-extension-1> ? (edited)
4

Yesterday

Kenya 12:38 AM
o, guys! Is there anyone who is would like to
e their experience with ProductStar community
nbers about the topic 'Product metrics - which
rics to consider and how to make desicion using
n' this Saturday (27.06) webinar? Please DM

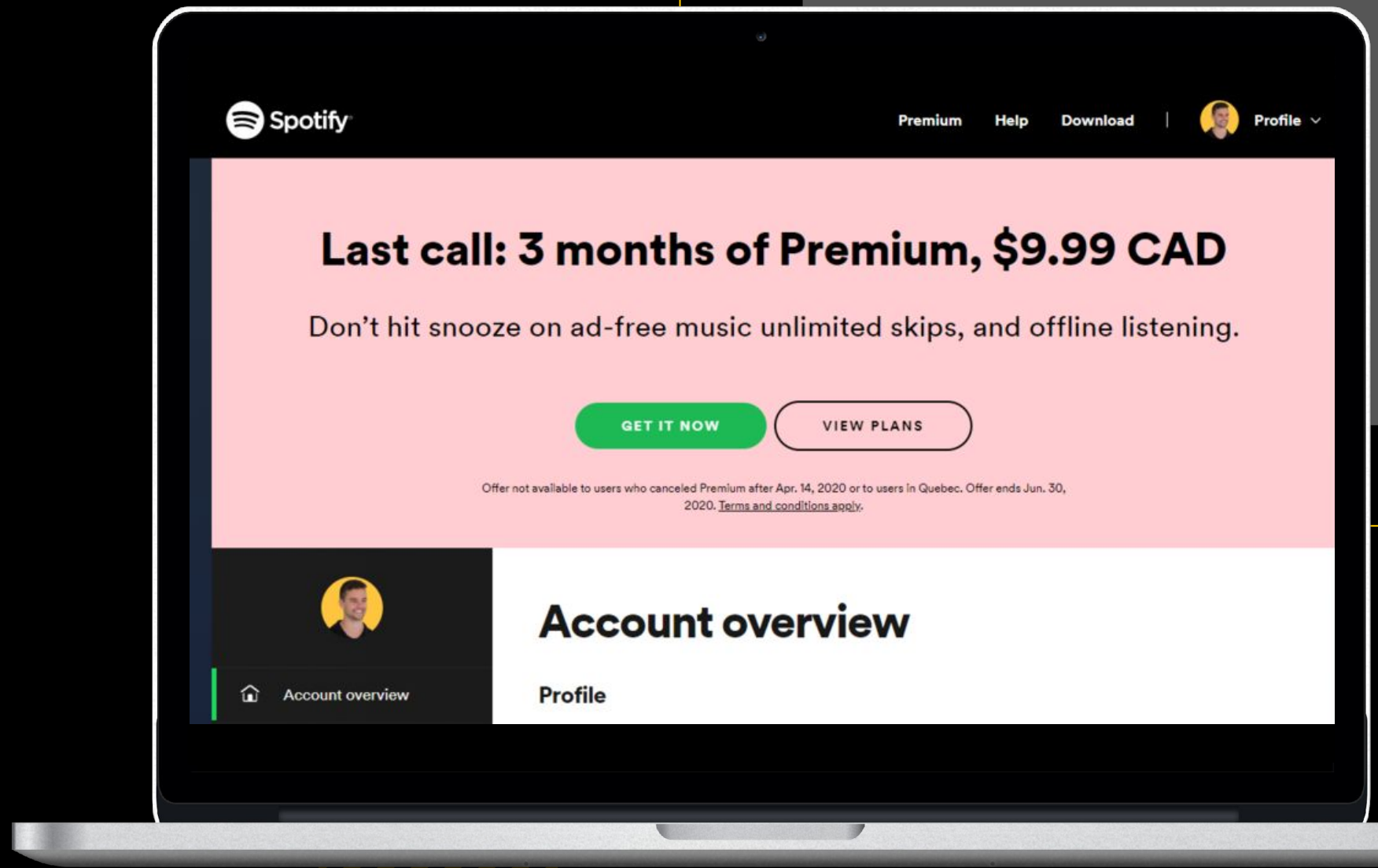
Today

rei Zinkevich 7:26 AM
guys. Do we have any onboarding specialist
? I need help with onboarding for my new
cup. Could do it myself, but simply don't have
...
 4 replies Last reply today at 7:3...

random

Examples .

Upgrade banners



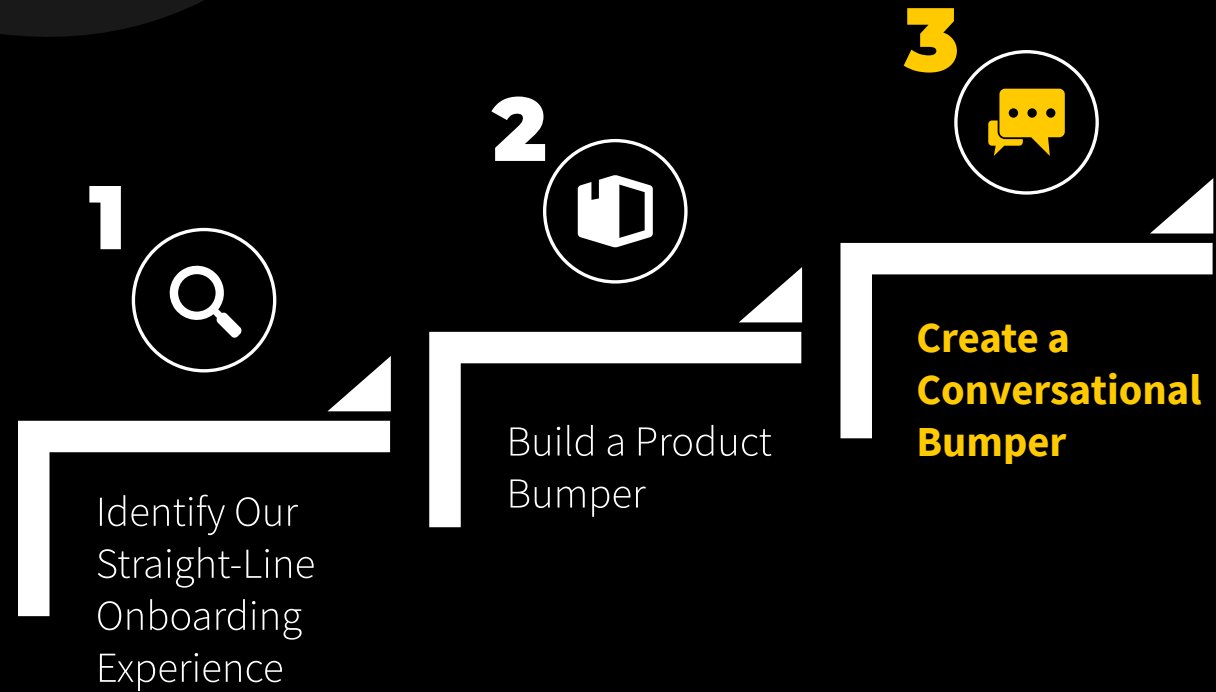
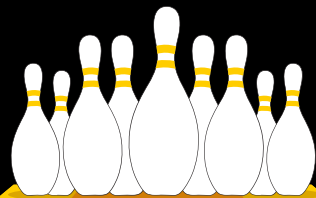


**What other ways can
you make it easy for
your users to upgrade
within your product?**

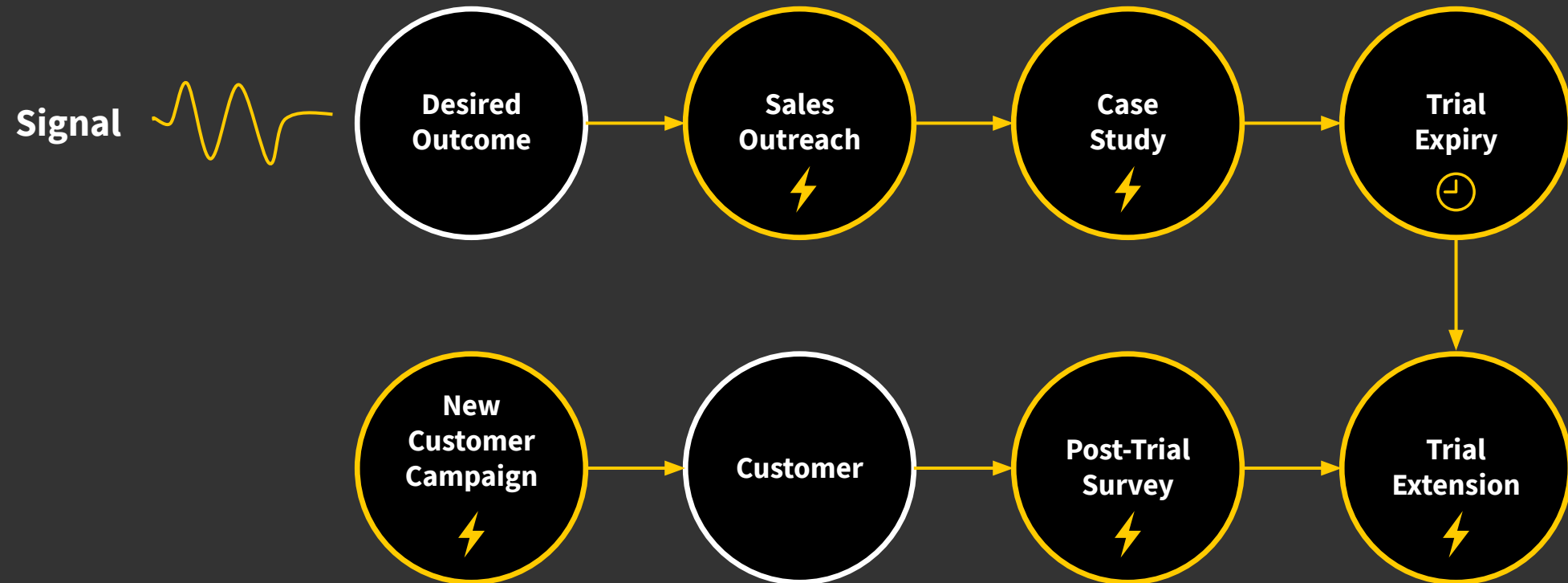


**What products
have the best
upgrade experience
in your opinion?**

Bowling Alley Framework .

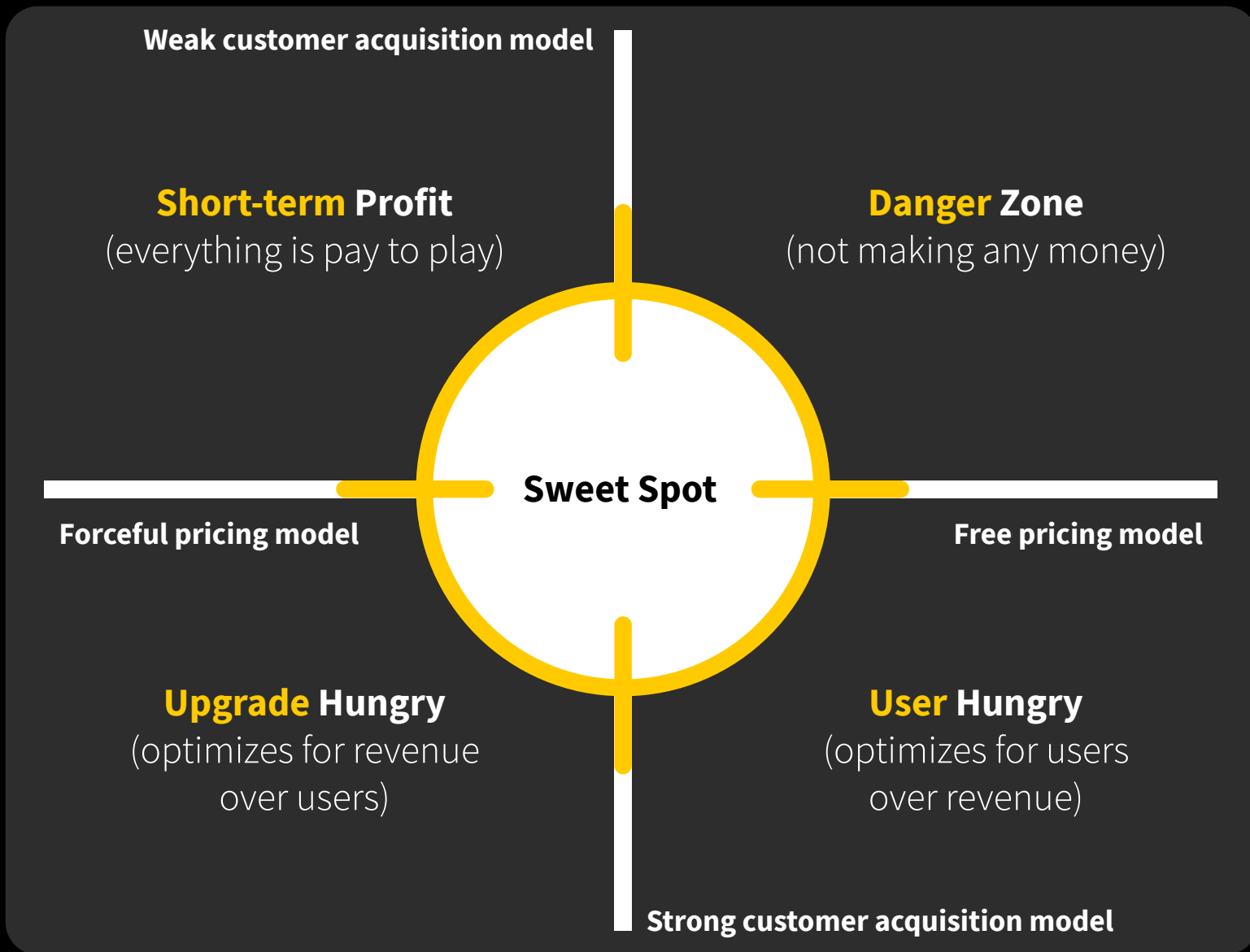


What is our main call to action in these messages?



Recap.







Action Items •



[Complete The Monetization Strategy Worksheet](#)



[How to Evaluate + Select Pricing \[Value \] Metrics - Using the Pricing Metric Decision Guide](#)



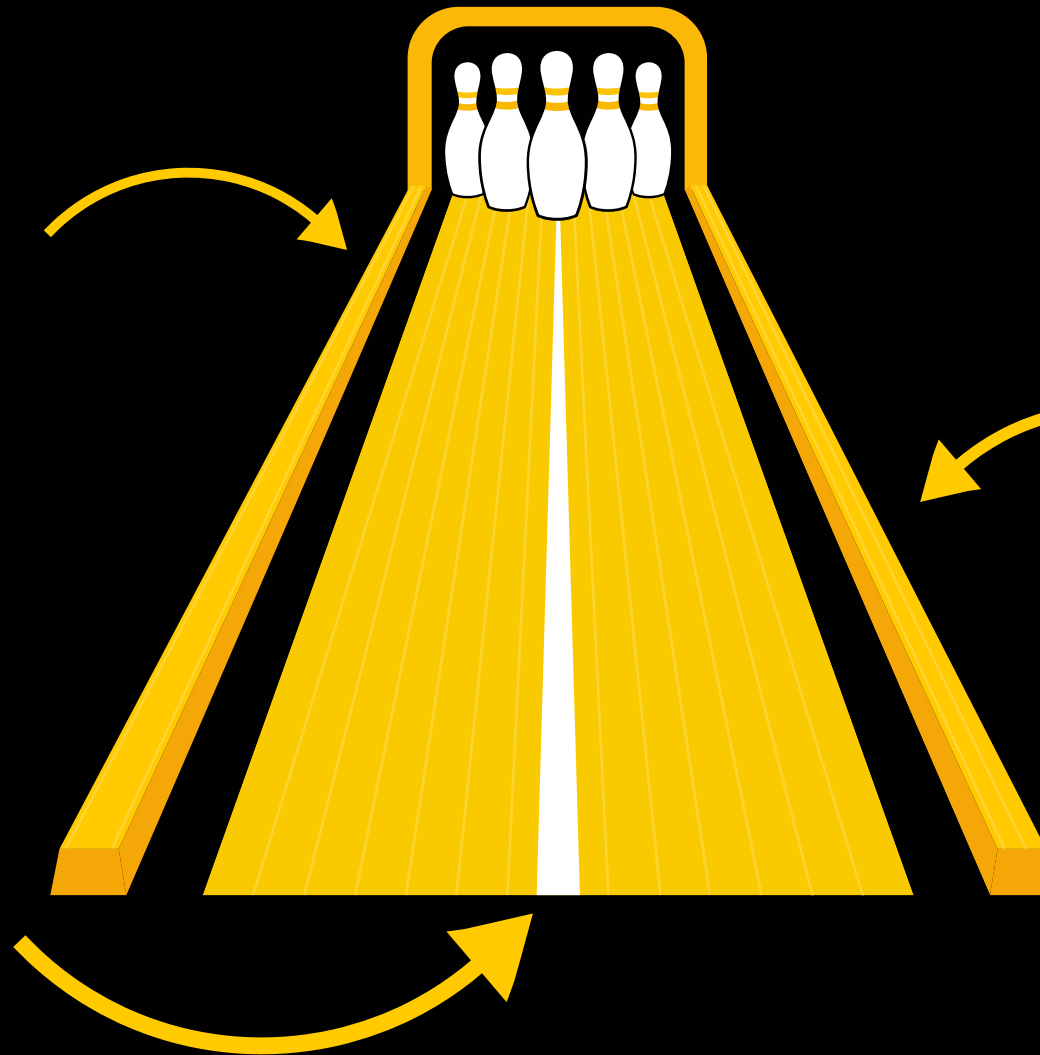
Watch Patrick Campbell and Tamara Grominsky's Expert Series Talks On Pricing

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