# Part II - Original Pricing Schema

## Improvements

NOTE: using green highlight I show what improvements I picked up for calculating an impact on revenue.

### Sign-up

1. Ads on LinkedIn based on the job that the leads are searching there and/or based on the best-paid roles in the domain that the leads current role/education is.
   1. The initial budget is similar as for Paid search ($ 1,000,000) (see Tab “Original Pricing - ScoreCards” row 59)
   2. The price per click (see Tab “Original Pricing - ScoreCards” row 60) - $2.9
   3. The expected click-through rate is the same as for paid search - 3.14%
   4. The expected rate of the leads who started sign up flow is higher than for the paid search (35%) - 67% due to the relevance of the leads and proposed classes (we are targeting people on the platform where they are with a purpose to get a job)
   5. The expected conversion rate is bigger than from paid search (75%) - 82% (the same reason as above) with percentage distribution between free, basic, pro and premium plans 52%, 32%, 15% and 1% accordingly
2. “Take a quiz” to pick the best class among similar classes for the users acquired through Paid search.
   1. % leads that suggested taking a quiz - 100% of all who landed on a signup page
   2. % leads that took the quiz - 80%.
   3. % leads who started signing up after taking the quiz - +25% to this field on a Tab “Original Pricing - ScoreCards” row 64 (current value is 35%)
   4. % leads who finish signing up after taking the quiz - +12% to this field on a Tab “Original Pricing - ScoreCards” row 65 (current value is 75%)
   5. Side effect: this also will increase the support of Free users per day on Tab “Original Pricing - ScoreCards” row 121 from $0.31 to $0.33 (+6%)
3. Partner with some universities and colleges to get professional educators to record or run the online classes. This will create a good reputation and more trust in the product, which will attract more leads.
   1. The expected click-through for paid search will increase from 35% (see Tab “Original Pricing - ScoreCards” row 64) to 52%.
   2. Side effect: this also will increase the support of Free users per day on Tab “Original Pricing - ScoreCards” row 121 from $0.31 to $0.41 (+32%)

### Convert to paid customer

1. Group the classes into thematical sets and when a user on a free plan finishes the only class that they picked, show how this class is related to others in the set and what kind of certificate and/or degree and/or job they can get if they finish all of them.
   1. % Learners that convert on upsell… (see Tab “Original Pricing - ScoreCards” row 157) increases from 45% to 64%. The percentage distribution between the paid plans for this upsell remains the same as in rows 160, 163 and 166.
   2. Average days before plan change or cancellation - Free should decrease from 95.7 (see Tab “Original Pricing - ScoreCards” row 125) to 89.3.
   3. Side effect: this also will increase the support of the users on the each tier per day +$0.01 (see Tab “Original Pricing - ScoreCards” rows 121-124).
2. Allow the user to choose between the options to do a project alone or in the team. Not every user enjoys/can take team projects due to personal preferences, time, lifestyle. This will give better flexibility and therefore will look more attractive to the users actually to pay for it.
   1. % Learners that convert on upsell… (see Tab “Original Pricing - ScoreCards” row 157) increases from 45% to 49%.
   2. Average days before plan change or cancellation - Free should decrease from 95.7 (see Tab “Original Pricing - ScoreCards” row 125) to 93.8.
3. On the class page, show statistics on how many users enjoy the paid plans and their positive sentiments about the project related to this class.
   1. % Learners that convert on upsell… (see Tab “Original Pricing - ScoreCards” row 157) increases from 45% to 53%.
   2. Average days before plan change or cancellation - Free should decrease from 95.7 (see Tab “Original Pricing - ScoreCards” row 125) to 91.7.
   3. Side effect: this also will increase the support of the users on the free tier per day +$0.01 (see Tab “Original Pricing - ScoreCards” row 121).

### Upgrade plan

1. Introduce career support service and coaching for the Premium plan.
   1. % Learners that convert on upsell…- Premium from Free Tier (see Tab “Original Pricing - ScoreCards” row 166) should increase from 2% to 3% while the total number of upsell on this tier extected to be the same 45% (see Tab “Original Pricing - ScoreCards” row 157)
   2. % Learners that convert on upsell…- Premium from Basic Tier (see Tab “Original Pricing - ScoreCards” row 177) should increase from 5% to 15% while the total number of upsell on this tier extected to be increased from 77% to 81% (see Tab “Original Pricing - ScoreCards” row 173)
   3. % Learners that convert on upsell…- Premium from Pro Tier (see Tab “Original Pricing - ScoreCards” row 183) should increase from 2% to 8%
   4. This also should reduce downgrade from Premium (see Tab “Original Pricing - ScoreCards” row 200) from 95% to 92% with the same percentage distribution between the lower plans.
   5. Side effect: this also will increase the support of the users on the premium tier per day +$0.03 (see Tab “Original Pricing - ScoreCards” row 124).
2. Access to an online library with additional materials to support classes for the Pro & Premium plans.
   1. % Learners that convert on upsell… from Free Tier (see “Original Pricing - ScoreCards” row 157) shouled increase from 45% to 57% with conversion rate to basic plan drop from 80% to 70% and increase in conversion for Pro plan 18% to 28%.
   2. % Learners that convert on upsell… from Basic (see “Original Pricing - ScoreCards” row 173) will increase from 77% to 83% with the same percentage desctribution between Pro and Premium plans.
   3. This also should reduce the number of the users who started downgrade from Pro (see Tab “Original Pricing - ScoreCards” row 194) from 4% to 3%.
   4. Side effect: this also will increase the support of the users on the pro and premium tiers per day +$0.01 (see Tab “Original Pricing - ScoreCards” rows 123-124).
3. After finishing the 1st month or a couple of the classes (what happens sooner), give 1 week of free access to the one level up plan to introduce the user to the new feature and let them try and fall in love with them.
   1. % of the users on Free, Basic and Pro plans who gets an opportunity to try level up plan for free for 1 week - 100%
   2. % of the users on Free plan who accept upper level plan for free for 1 week - 85%
   3. % of the users on Basic and Pro plans who accept upper level plan for free for 1 week - 63%
   4. % Learners that convert on upsell…- Basic from Free Tier (see Tab “Original Pricing - ScoreCards” row 160) should increase from 80% to 84% while the total number of upsell on this tier extected to increase from 45% to 49% (see Tab “Original Pricing - ScoreCards” row 157)
   5. % Learners that convert on upsell…- Pro from Basic Tier (see Tab “Original Pricing - ScoreCards” row 175) should increase from 95% to 96% while the total number of upsell on this tier extected to be increased from 77% to 79% (see Tab “Original Pricing - ScoreCards” row 173)
   6. % Learners that convert on upsell…- Premium from Pro Tier (see Tab “Original Pricing - ScoreCards” row 183) should increase from 2% to 3%
   7. This will also impact the operational cost as for all users who tried upper plan for free for 1 week we have to recalculate the support cost for that week. See Tab “Original Pricing - ScoreCards” rows 131-140.

### Downgrade plan

1. Show what feature a user may lose with the downgrading plan including the current activity (e.g. access to the forum, not finished classes if they are out of the limit of the lower plan).
2. % Learners that complete the downgrade from Pro to Basic should go down from 30% to 27% (see Tab “Original Pricing - ScoreCards” row 195)
3. % Learners that complete the downgrade from Premium should go down from 95% to 93% (see Tab “Original Pricing - ScoreCards” row 200) with a new percentage destribution between Basic and Pro plans: 7% and 93% accordingly.
4. Show the statistics of how many users on the current plan successfully got employed, promoted or got certification (e.g. Scrum Master etc).
   1. % Learners that complete the downgrade from Pro to Basic should go down from 30% to 22% (see Tab “Original Pricing - ScoreCards” row 195)
   2. % Learners that complete the downgrade from Premium should go down from 95% to 93% (see Tab “Original Pricing - ScoreCards” row 200) with a new percentage destribution between Basic and Pro plans: 7% and 93% accordingly.
   3. Side effect: this also will increase the support of the users on the pro and premium tiers per day +$0.01 (see Tab “Original Pricing - ScoreCards” rows 123-124).
5. Introduce friction to the downgrading of a plan.
   1. % Learners that complete the downgrade from Pro to Basic should go down from 30% to 29% (see Tab “Original Pricing - ScoreCards” row 195)
   2. I do not expect significant improvement for downgrade from Premium price as the value for money on this plan is not justified well.

### Cancel account

1. For the users on the Pro and Premium, plans suggest downgrading the plan instead of cancelling.
   1. % Learners that complete cancellation of Pro plan reduces from 10% (see Tab “Original Pricing - ScoreCards” row 217) to 2%. This also means that % Learners that started the downgrade from Pro to Basic (see see Tab “Original Pricing - ScoreCards” row 194) will increase from 4% to 5% and % Learners that finished the downgrade from Pro to Basic (see see Tab “Original Pricing - ScoreCards” row 195) will increase from 30% to 30.04%.
   2. % Learners that complete cancellation of Premium plan reduces from 80% (see Tab “Original Pricing - ScoreCards” row 223) to 40%. This also means that % Learners that started the downgrade from Premium to lower plans (see see Tab “Original Pricing - ScoreCards” row 199) will increase from 82% to 88%, % Learners that complete the downgrade from Premium (see see Tab “Original Pricing - ScoreCards” row 200) will increase from 95% to 98% with the percentage destribution between Basic and Pro plans as it is now (see see Tab “Original Pricing - ScoreCards” rows 202 and 204).
2. Introduce classes set personalisation: when a user is about to cancel the account, suggest them instead of cancelling now to take a quiz or talk to the tutor to prepare a personal educational path, so the user can get much more value from a platform.
   1. % Learners that complete cancellation of Pro plan reduces from 10% (see Tab “Original Pricing - ScoreCards” row 217) to 8%.
   2. % Learners that complete cancellation of Premium plan reduces from 80% (see Tab “Original Pricing - ScoreCards” row 223) to 77%.
   3. Side effect: this also will increase the support of the users on the all paid tiers per day +$0.02 (see Tab “Original Pricing - ScoreCards” rows 122-124).
3. Make cancellation not a single click but The Path: the user has to pass through the set of promotional and tutorial materials on how to work with the platform and what benefits they can get from it before they are introduced to the final Unsubscribe CTA.
   1. % Learners that complete cancellation of Pro plan reduces from 10% (see Tab “Original Pricing - ScoreCards” row 217) to 7%.
   2. % Learners that complete cancellation of Premium plan reduces from 80% (see Tab “Original Pricing - ScoreCards” row 223) to 79%. The effect will not be significant as the current Premium plan has a price to hight for the proposed value.
   3. Side effect: this also will increase the support of the users on the all paid tiers per day +$0.01 (see Tab “Original Pricing - ScoreCards” rows 122-124).

### Re-subscribe

1. Suggest one week free to the selected plan after successful re-subscription.
   1. I would expect increase in reactivated users on the Basic tier +15 to the existing values on the Tab “Original Pricing - ScoreCards” row 255.
   2. I would expect increase in reactivated users on the Pro tier +7 to the existing values on the Tab “Original Pricing - ScoreCards” row 256.
   3. I would expect the number reactivated users on the Premium tier will remain the same as the existing values on the Tab “Original Pricing - ScoreCards” row 256 - 0, because the value for the money on this tier is unjustified.
   4. This will impact Reactivated Revenue as it will 25% less of price on the tier for the 1st month of reactivation (2% per month less on this revenue if take an average distribution for the whole year). See the Tab “Original Pricing - ScoreCards” rowa 322-323.
2. Occasionally send an email with a personalised set of classes “Prepared for you” based on the current role of the ex-user or based on their previous preferences but with an accounting career promotion path.
   1. I would expect increase in reactivated users on the Basic tier +8 to the existing values on the Tab “Original Pricing - ScoreCards” row 255.
   2. I would expect increase in reactivated users on the Pro tier +9 to the existing values on the Tab “Original Pricing - ScoreCards” row 256.
   3. I would expect the number reactivated users on the Premium tier will remain the same as the existing values on the Tab “Original Pricing - ScoreCards” row 256 - 0, because the value for the money on this tier is unjustified.
3. Send promotional emails with information that the users who finish e.g. 5 classes per month have a 75% more chance to get promoted or find a new job.
   1. I would expect increase in reactivated users on the Basic tier +1 to the existing values on the Tab “Original Pricing - ScoreCards” row 255.
   2. I would expect increase in reactivated users on the Pro tier +2 to the existing values on the Tab “Original Pricing - ScoreCards” row 256.
   3. I would expect the number reactivated users on the Premium tier will remain the same as the existing values on the Tab “Original Pricing - ScoreCards” row 256 - 0, because the value for the money on this tier is unjustified.

| **Tier** | **Free** | **Basic** | **Pro** | **Premium** |
| --- | --- | --- | --- | --- |
| **Price** | $0 | $100 per learner | $750 per learner | $1200 per learner |
| **Feature** | 1 class per month | 3 classes per month  Project & exercises | 10 classes per month  Project & exercises  Solutions & Grading  Access to online library | 20 classes per month  Project & exercises  Solutions & Grading  Access to online library  Forum access |

The calculation based on the selected improvements is shown on the Tab “Suggested Improvements - ScoreCards”.

**Calculated imact of suggested improvements on the model compared to the original model:**

1. CPL (blanded) reduced on 45% for Jan 2019 and on25% for Dec 2019
2. CAC (blended) reduced on 58% for Jan 2019 and 22% for Dec 2019
3. CoGS per customer (blanded) decreased on 10% for Jan 2019 and 9% for Dec 2019
4. Gross Margine increased on 0.01% over the year
5. Total Operating expenses increased 160% for Jan 2019 and 70% for Dec 2019
6. Support cost per lead reduced on 10% for Jan 2019 and increased for 11% in Dec 2019
7. Support per paid user increased on 23% for Jan 2019 and on 20% for Dec 2019
8. Customer Acquisition Cost reduced on 31% for Jan 2019 and only on 4% for Dec 2019
9. Operation Margin (blanded) increased on 16% for Jan 2019 and decreased on 1% for Dec 2019.
10. Total revenue increased on 2% for Jan 2019 and about 6% for Dec 2019
11. Revenue churn rate reduced on 44% for Jan 2019 and on 66% for Dec 2019

# Part III - Modified Pricing Schema

## Proposed chang to Original Price Schema

I would leave the numbers of tiers and the prices as they are but would introduce all, these modification to the plans:

* Split each plan on “pay annually” and “pay per month” with a total price per year slightly higher for the plans with payment per month. Show this difference (how much the user can save subscribing annually) to motivate the users subscribe annually. But flexebility in the payment plans will attract more leads.
* Make forum available for all paid plans (similar but not exactly as suggest in the modified price schema)
* Increase value of the Premium plan by adding personal career coaching.

## Modified Pricing Schema analisys (based on the provided materials)

The proposed in the material change boosted total revenue 11.6% for Jan 2019 and 5.7% for Dec 2019.

| **Pros** | **Cons** |
| --- | --- |
| 1. Total revenue increase 2. Receiveing revenue even from Free tier 3. Adjusted features bring more value to the plans per price | 1. Less willing/need to upgrade the plan due to ability buy an additional class on the any of the tiers. 2. Premium tier still has unjustified price. Unless the certificat of completion is recognised by authorities and/on big companies there is no good reason to pay for it extra 700$ (companing to the previous price, extra 1150$ companing to the Pro plan) 3. Recurring overage upsell doesn’t really occupy itself on the Premium plan. |