

### PRICING

Dave Lynam Founder, Kaizen

#### **RECAP**

- Understanding of KPIs & Metrics
- Introduction to the Pirate Metrics framework
- All products are made up of smaller features
- Prioritising features based on customer value and level of effort
- The benefits of sketching and wireframing
- Understanding usability & user testing best practices

### DAILY STANDUP

- How did things go yesterday?
- Is anything blocking you from making progress?

	Monday	Tuesday	Wednesday	Thursday	Friday
9:00		Daily Standup	Daily Standup	Daily Standup	Daily Standup
10:00	Introductions (course,	Personas	Metrics & KPIs	Pricing	Project management & software development frameworks (Scrum,
	instructors, homework & students)	Market research &			
11:00	Intro to Product	competitive analysis	Features &	Roadmaps	Waterfall, Kanban, Lean)
12:00	Management & development cycle	Lunch	prioritisation	Lunch	Lunch
13:00			Lunch		
	Lunch	Business model		Presenting & stakeholder	
14:00	Elevator Pitches	design	Sketching &	management	
15:00			wireframes		Final Presentations
16:00	Customer development and talking to potential users & customers	Experiments & MVP	Usability testing	Technology for PMs	
17:00					

#### **LEARNING OBJECTIVES**

- Describe different pricing approaches for a new product or feature set.
- Define the purpose of a Product Roadmap in aligning a team and company
- Learn how to build a product roadmap

### PRICING

#### Let's price these products...



#### Let's price these products...



#### Let's price these products...



#### Value based

CUSTOMER PERCEPTION IS KEY TO GETTING THIS RIGHT

HOW BIG IS THE PROBLEM?
HOW EXCLUSIVE IS THE PRODUCT?

#### Innovation

WHERE NO CLEAR **COMPETITION EXISTS, LOOK FOR SUBSTITUTES OR** THE VALUE YOU **CREATE** 



#### THINGS TO CONSIDER WHEN PRICING

COST OF COMPETITORS
LEVEL OF SERVICE
EXCLUSIVITY OF PRODUCT

## HOW CAN WE WORK OUT HOW MUCH SOMEONE IS WILLING TO PAY US?

#### **Customer Development**



#### Customer Development

Frequent interactions and iterations with potential or prospective customers to build the best products.

# I'VE GOT AN IDEA FOR AN APP THAT DOES ... WOULD YOU PAY FOR IT?

### I'VE GOT AN IDEA FOR AN APP THAT DOES ... WOULD YOU PAY FOR IT? YES!

# UNDERSTAND THE PROBLEM THAT NEEDS TO BE SOLVED

"How much time / money does this [current situation] cost you?"

# UNDERSTAND THE FREQUENCY AND IMPACT OF THE PROBLEM

"Talk me through the last time it [the problem] happened. What was the outcome?"

# CRAFT AN EXPERIMENT OR MVP THAT ADDRESSES THE PROBLEM

"We are solving [problem] with [solution]. Are you interested in seeing how it works?"

#### **GET PAID!**

"We are thinking of charging £x.xx for this service, what do you think about that?"

"You can join our early adopter beta programme for £x.xx"

## YOU WILL PROBABLY LEAVE MONEY ON THE TABLE INITIALLY

#### ANYTHING ABOVE FREE IS A GOOD START

"Want to sell more products? Make part of the purchase FREE!"

#### THE POWER OF FREE...



#### THE POWER OF FREE...



The basic service is free and the premium service is paid for, which in some cases, compensates for the users that don't pay.

IIIUIII		in	
What is it?	Cloud storage and file sharing service	Social media for professional networking	Music streaming and downloading service
What's free?	2GB storage & up to 16GB for referrals	Profile, connections and communication	Unlimited music with ads
What's Premium?	More storage	Advanced search and communication	Downloads and add free
No. users	500m	467m	100m

INTRO TO PRICING STRATEGY

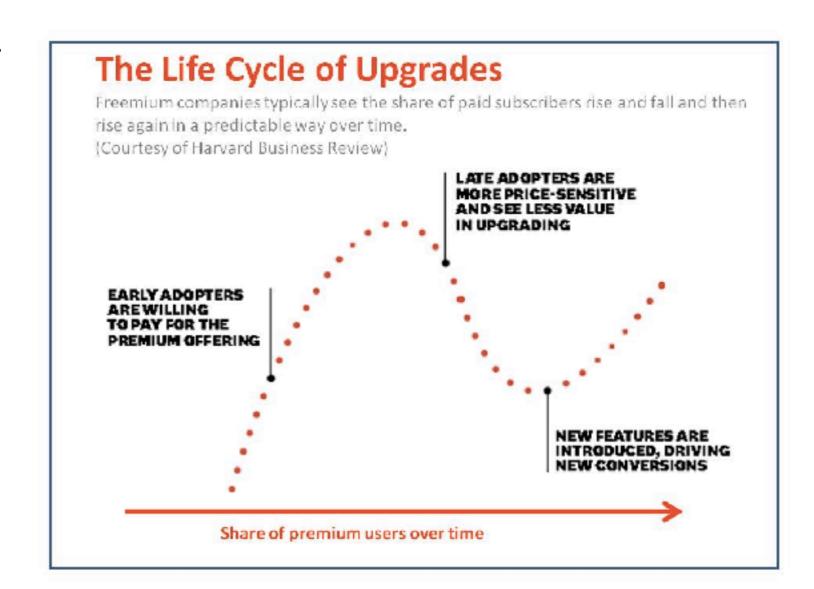
#### WHEN IS FREEMIUM A GOOD THING?

#### WHEN IS FREEMIUM A GOOD THING?

LET CUSTOMERS TEST FOR THEMSELVES

COLLECT USAGE DATA & REFINE THE PRODUCT

GROW YOUR USER BASE & REDUCED COST OF SALES



Source: Forbes / HBR http://bit.ly/2t6xF1l

LEAVE THE USER NEEDING A LITTLE BIT MORE

SLICK ON BOARDING IS KEY

MORE TEAM USERS = EMBEDDED INTO WORKFLOW

PREPARE FOR THE COST OF PROVIDING THE SERVICE

#### Free Trial / Pilot

USEFUL WAY TO SHOWCASE 'PREMIUM' FEATURES

BE VERY SPECIFIC ABOUT THE TIME PERIOD

**USEFUL TO GET A CUSTOMER 'OVER THE LINE'** 

PROVE THE VALUE AND EMBED YOUR PRODUCT

"Lowering the price is the refuge of the marketer that doesn't know what to do..."

#### **CHOICE PARALYSIS...**



#### **PRICING**

#### **COMMON PRICING MODELS CONSUMER**

One time fee



A: Subscription Model



B: Freemium / Advertising

**Subscription** + **Activation** 





#### **PRICING**

#### **COMMON PRICING MODELS B2B**

Per Seat

Yearly License





#### **PSYCHOLOGY & SENSITIVITY**

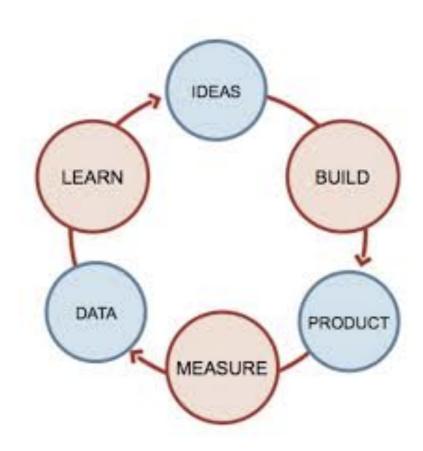
- Referencing effect (Decoy pricing & Anchoring)
- Switching costs
- Perceived quality / service
- Bundling
- How it's written... £9k, £9000, £9,000, **£9,000.00**
- Precision £9,765.13

#### **SETTING & TESTING PRICES**

- Objectives max profits vs market share
- Competition
- Pilot / early bird offer
- Simplicity

### TEST & VALIDATE (IT WILL TAKE MANY ATTEMPTS)

- Validate with research (both user & competitive)
- Iteration is key to getting it right
- You won't get it right the first time





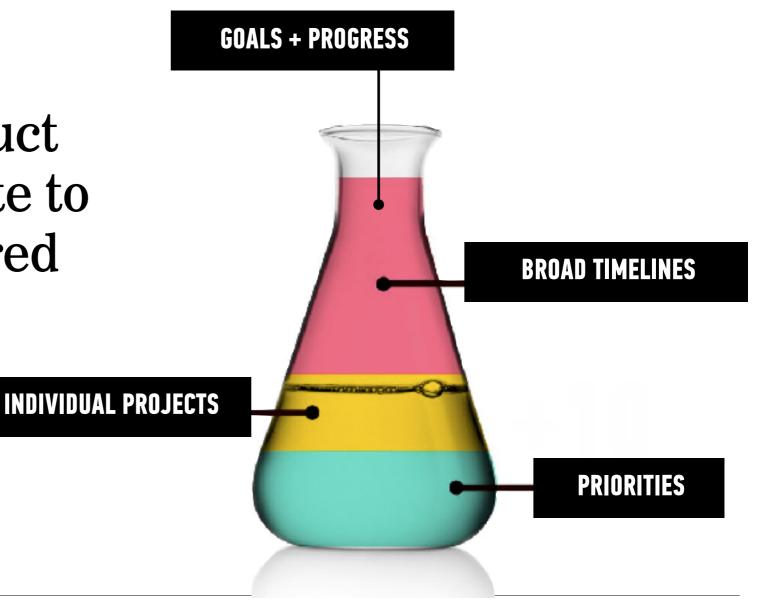
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# WHAT ARE ROADMAPS USED FOR?

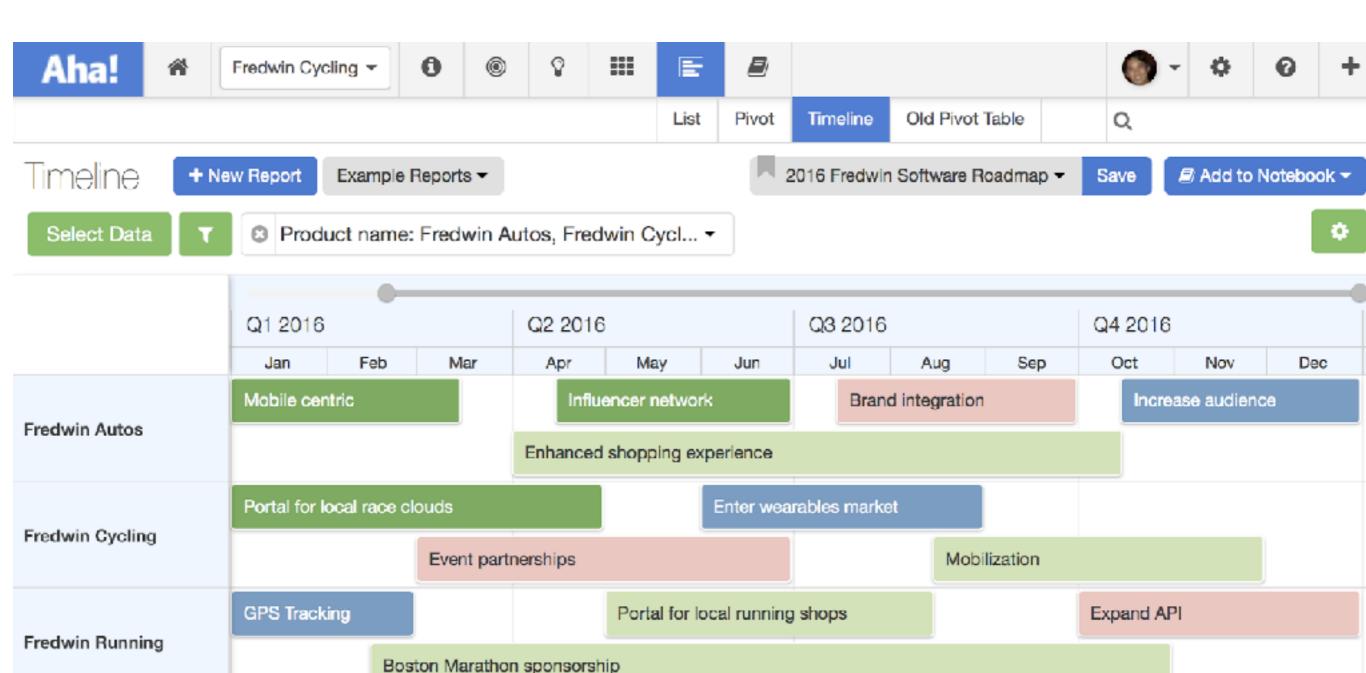
- Internal Communication
- Team Alignment
- Product Positioning
- Resource Planning
- Achieving Stakeholder Buy-in
- Future Vision

Everything in a product roadmap should relate to a goal and be measured by a KPI.

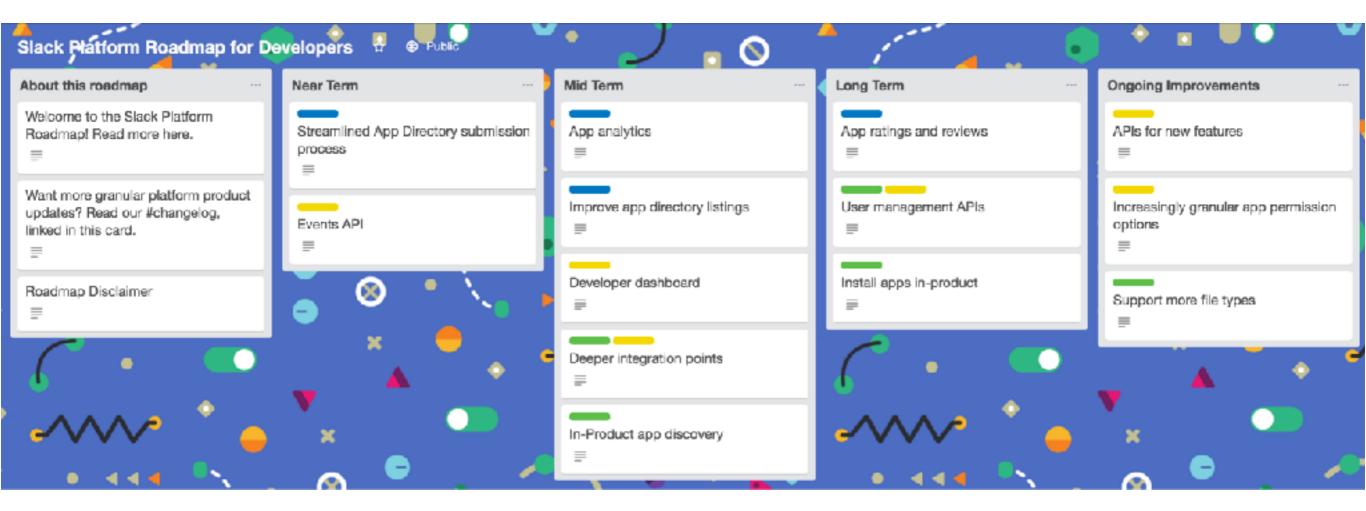


# EXAMPLES OF THE PRODUCT ROADMAP

#### **PRODUCT ROADMAP EXAMPLES**



#### **SLACK'S PUBLIC ROADMAP FOR DEVELOPERS ON TRELLO**





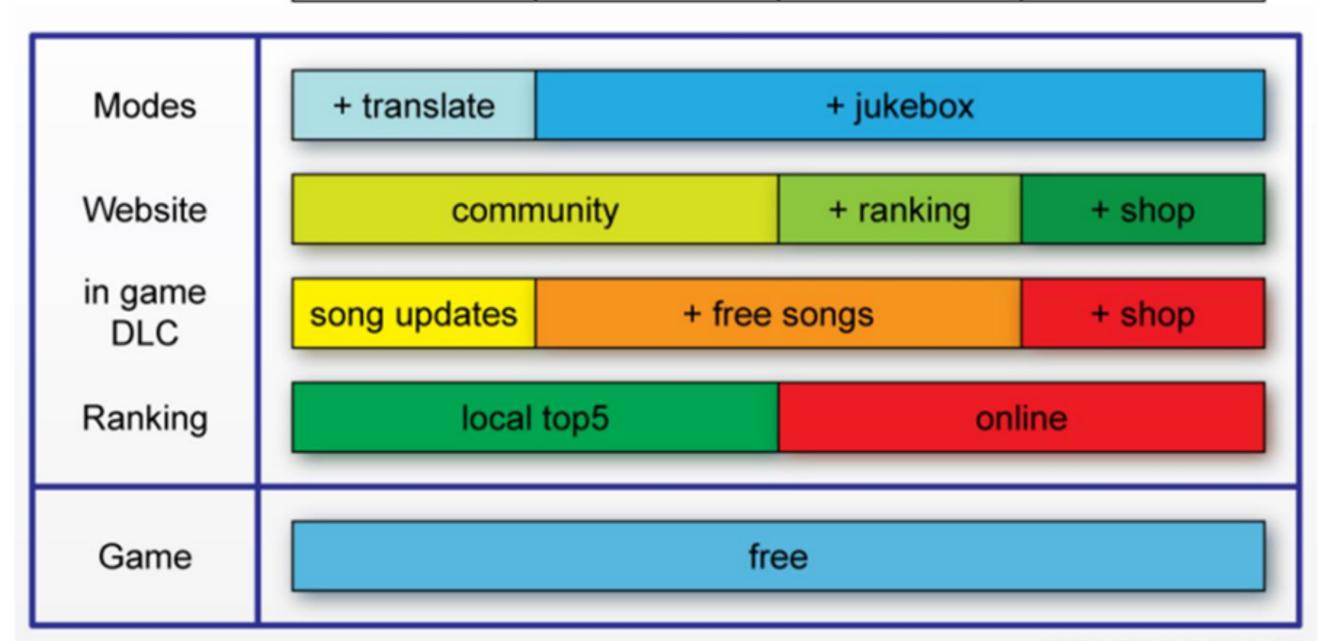


0.7.2 (current version)

0.8.0

0.8.1

0.9.0



#### THEMES AND QUARTERS

Themes Q1

Overhaul Emails

Better Seller Experience

Increase Conversions

#### Email System Upgrade

Goal: Time to build email decreases by 1/2

Priority: High

Progress: Not started

Effort: Medium

#### Seller Portal

Goal: Uploading products decreases by 3/4

Priority: High

Progress: Planned

Effort: High

#### **Drip Email Implementation**

Goal: Drip emails increase conversion by 15%

Priority: High

Progress: Planned & Designed

**Effort: Low** 

#### **Checkout Overhaul**

Goal: Increase conversion by 5%

Priority: High

Progress: Not started

Effort: High

#### **ACTIVITY**



#### KEY OBJECTIVE(S)

Create a product roadmap for an ecommerce company.

#### **TIMING**

In groups, think through what main themes would be needed to build out a basic ecommerce site.

#### **DELIVERABLE**

Themes. You'll use these themes for your next step soon.

# CREATING THE PRODUCT ROADMAP

## HOW ARE ROADMAPS CREATED?

#### **GET READY TO MAKE SOME TOUGH DECISIONS!**

- Fixing bugs OR finishing feature sets
- Features your customers want OR features you know they will need
- Innovation OR practicality
- Refactor OR add new stuff

#### **HOW DO YOU ESTIMATE TIME FOR PROJECT?**

- Talk to the design, development & testing teams about effort
- Consider all the people you'll need (marketing, design, development)
- Figure out what you need to launch spec lightly
  - Don't try to build everything, consider time constraints

#### **TIMELINES**

#### YOU SHOULD SCHEDULE TIME FOR:

- User research
- Speccing
- Designing
- Development
- QA Testing
- User Testing
- Iteration
- Approvals from stakeholders

#### ADAPT YOUR ROADMAP FOR YOUR AUDIENCE

- External customers
  - Current, near, future
- Internal stakeholders (Director / VP level)
  - Quarterly
- Internal stakeholders (Senior managers / peers)
  - Months / weeks
- Your development team
  - Weeks / days

#### **ACTIVITY PART 2**

### Product Roadmap broken down by quarters with projects in each quarter. Include priorities and effort for each project. Use your themes!

Affiliate program

Search system (input box & results)

Multiple images per product

User submitted images of products

Home page customisation of featured items

"related products" on a product page

Product ratings

Subscribe to a newsletter

Shipment tracking

Social media integration (ex. tweet this product)

Real time inventory count

Live support (chat)

Gift certificates

Product reviews

Wish list

**Product videos** 

Bulk purchase discounts

Shopping cart persists between sessions

Integrate PayPal payment

Search within product reviews

Gift registry

Rewards/loyalty points

Native iPad app

**Push Notifications** 

