***Session By Deepak Abbot***

Here are the key learnings from the session conducted by The Product Folks where Deepak Abbot shared insights on pricing strategies:

1. Understanding Unit Economics:

* Unit economics involves analyzing the financial aspects of individual units or transactions within a business.
* Prior to pricing a product, it is crucial to understand all input costs, including production, overhead, and marketing expenses.
* By considering these costs in the pricing strategy, businesses can ensure profitability and sustainability.

1. Key Financial Metrics:

* Cost of Goods Sold (COGS) encompasses direct costs related to product production or delivery.
* Customer Acquisition Cost (CAC) represents the expenses associated with acquiring new customers.
* Customer Lifetime Value (CLV) estimates the revenue generated by a customer throughout their relationship with the company.
* Gross Margin is the difference between revenue and COGS, indicating unit profitability.

1. External Factors Affecting Pricing:

* Pricing decisions can be influenced by external factors such as inflation, market trends, regulatory environments, and economic conditions.
* Adapting pricing strategies to these factors helps businesses remain competitive and responsive to market dynamics.

1. Seasonal Pricing:

* Seasonal pricing involves adjusting prices based on demand fluctuations during specific times of the year.
* Price adjustments can be made during peak seasons or holidays while considering customer preferences and market conditions.
* Maintaining a balance between pricing and customer expectations is crucial to avoid compromising perceived value.

1. Psychological Pricing:

* Psychological pricing techniques aim to influence customer perception and behavior.
* Strategies like bundling, decoy pricing, offers like buy two get three, subscription models, and value vs. luxury pricing can impact customer decision-making.
* These techniques leverage psychological biases to create favorable pricing perceptions and encourage purchases.

1. Freemium Concept:

* Freemium is a pricing model that offers both free and premium versions of a product or service.
* The basic version is provided for free to attract a large user base, while additional features or enhanced functionality are offered at a premium price.
* Freemium models can effectively capture a wide user base, drive customer engagement, and convert free users into paying customers.

These learnings highlight the importance of understanding unit economics, key financial metrics, external factors, seasonal pricing, psychological pricing tactics, and the concept of freemium in designing effective pricing strategies.