

# **Founder Institute Special Assignment July 22, 2013**

## **Test Pricing with Landing Pages Findings | By Audrey Leung**

### **Special Assignment**

Below is a mandatory Special Assignment that is due on Monday, July 22nd, 2013 by 5:00 PM local time.

Your analysis was poorly formatted and your numbers were low. There were no graphs, and the sample size was too small to draw conclusions from. You have until Monday at 5:00 PM to attract 4,000 visitors and 1,000 registered users, redoing the analysis.

### **Background and Design**

For the five different landing pages, I created four landing pages for the business to consumer model, and one landing page for a business to business model. The landing page design was created through unbounced.com using the Modern Minimalist Design in white. The color scheme of gold and silver that I chose was to evoke a higher class, elegant feel. This is not meant to be for shady hooking up with random strangers or anything like Bang with Friends. Therefore, I avoided hot pink, black, or other neon colors that may conjure an idea of a one night stand. This is a professional, polished looking website and service that has a trusted reputation. One may say that you can also get an upgrade to your room by using this site and splitting with someone else. Therefore, I used the colors of gold and silver to represent a higher class feel that is almost an elite status. I also showed the potential of achieving VIP reward status to evoke an impression of prestige, status, and elitism. This is not a website that one should be ashamed to visit. On the contrary, one should be proud to be a part of this program, as it shows that you have high standards when it comes to traveling and you only stay in the best hotel rooms with other people that have also been accepted and approved in the process. This should be a badge of honor that our customers are proud to tell their friends and family about.

Below the e-mail signup box were the features of the product, which would be varied according to the different pricing models. These different pricing variations included affiliate revenue model, fee based revenue model, and flat fee revenue model.

The weighting proportions each of the B2C pricing model variants was 25% using Unbounce.com, so they would each show up an equal number of times.

The B2C landing page had the following signup link: <http://signup.suitesplit.com>

The B2B landing page had the following signup link: <http://signup.suitesplit.com/white-label/>

## **Distribution Methodology**

In order to get the word out about these two websites, I employed multiple strategies.

The first strategy was to post the website link for the B2C pricing model in Facebook groups, Google+ communities, and forums related to hobbyist conventions and music festivals – any event that would attract a mass group of people to attend. This included AnimeCon, ComicCon, DragonCon, AnthroCon, GenCon, MechaCon, MetroCon, Lollapalooza, Outside Lands, EDC, Ultra Festival, etc.

The second strategy was to search through housing wanted posts on Craigslist in expensive, major cities such as New York, San Francisco, Boston, Honolulu, Miami, Denver, Washington DC, New Orleans, Los Angeles, Chicago, and San Diego. I would then e-mail the people who were looking for a cheap place to stay for a few nights telling them that this website maybe be a potential solution for them and to spread the word to friends as the more people who use the site, the more people to share with. I sent out about 225 e-mails total to people who had advertised on Craigslist.

The third strategy was to find Facebook groups and LinkedIn Groups related to startups, entrepreneurs, Founders, the Berkeley alumni network, the Berkeley startup network, or Silicon Valley startup entrepreneurs and ask them to support my startup if they were interested and spread the word to friends. There was a call to action saying that we needed 500 signups by the end of the week in order to proceed with the next phase of the website.



The fourth strategy was to send the link to my friends and family, asking them to spread the word about my new startup and to sign up if they were interested.

The final strategy was to create surveys through At Your Target Market, which directs surveys toward a specified target market. We created a survey that targeted travelers ages 22-35, which is the young adult population that our product is seeking to serve.

The business to business distribution strategy differed from the business to consumer strategy. In order to spread the word about the white-label platform landing page pricing model, I had to reach out to convention organizers. In order to do this, I performed a Google search for “hotel room share forums.” There were about eleven conventions I found with this type of forum. I then searched for the contact information and e-mailed that address telling them about our product and asked them to sign up if they were interested in learning more.

## Variation 1: Business to Consumer – Free to Share Pricing Model


# SuiteSplit

Follow us on  

## Hotel with others

### Launching soon...

SuiteSplit is working hard to launch a new hotel booking website that will help you to safely share and group purchase hotel rooms. Leave us your email to learn more, and we'll let you know the the minute we launch.



[Learn More](#)

**Trusted roommates**

We verify all identities, and you can filter by travel purpose or your personal preferences.

**It's free to share**

It's completely free to use our service, so all the savings go back to you.

**VIP rewards**



The more you SuiteSplit, the more you save.

The first variant pricing model was free to share for anyone. SuiteSplit would make money through affiliate revenue and ad revenue. We advertised trusted roommates on the site, indicating identity verification for everyone who signs up. With VIP Rewards, the more people use SuiteSplit, the more that they save. Customers can accumulate reward points through using our service that would allow them to get more discounts on future bookings.

The results of this first variant were 305 visitors and 135 conversions, resulting in a 44.26% conversion rate (Exhibit A). This had the second highest conversion rate, most likely because this was the cheapest pricing strategy. Before, this model had the lowest conversion rate, but on the last day, it went to having the second highest conversion rate of the three. My conjecture for why this did not have the highest conversion rate is that people were slightly wary of not paying for a product that seems to add value. Perhaps customers became suspicious when something was free or too good to be true. They may also believe that “you get what you pay for,” and if they don’t pay, then the service might not be as good. Sometimes, customers want to pay something for a good service or product, and that way they also have some comfort that there is money going in to provide the services or benefits they are getting.


## Variation 2: Business to Consumer – 10% Fee Pricing Model

# SuiteSplit

Follow us on  

## Hotel with others Launching soon...

SuiteSplit is working hard to launch a new hotel booking website that will help you to safely share and group purchase hotel rooms. Leave us your email to learn more and receive your first shared booking fee waived!



**Trusted roommates**  
We verify all identities, and you can filter by travel purpose or your personal preferences.

**Save at least 45%**  
Pay a minimal 10% fee to book through our service. You save on the rest.



**VIP rewards**  
The more you SuiteSplit, the more you save.

The second variant pricing model was keeping everything constant from the first pricing model, except changing the fact that we would charge a 10% fee to book through our service. The customer would still save at least 45% on their booking by sharing the room. We kept the other features the same. We advertised trusted roommates on the site, indicating identity verification for everyone who signs up. Additionally, there was an incentive for everyone who signed up, which was to receive the first shared booking fee waived. With VIP Rewards, the more people use SuiteSplit, the more that they save. Customers can accumulate reward points through using our service that would allow them to get more discounts on future bookings. The only difference was the way that we charged customers, specifically to see whether they would prefer to pay a 10% commission or share for free.

The results of this second variant were 264 visitors and 126 conversions, resulting in a 47.73% conversion rate (Exhibit A). This was our original pricing model, and it also resulted in the highest conversion rate. Going along with the hypothesis for the previous pricing model, the customers may feel more comfortable when they are paying for something and getting something in return. In addition, they liked the feature of having trusted roommates.

### Variation 3: Business to Consumer - \$15 Flat Rate Pricing Model

# SuiteSplit

Follow us on  

## Hotel with others Launching soon...

SuiteSplit is working hard to launch a new hotel booking website that will help you to safely share and group purchase hotel rooms. Leave us your email to learn more and receive your first shared booking fee waived!

[Learn More](#)

#### Meet new people


Make a friend or three the next time you travel for vacation, an event, or a convention.

#### Save money

Only pay \$15 per night when you book and share through SuiteSplit. You save on the rest.

#### VIP rewards

The more you SuiteSplit, the more you save.



The third pricing model variation was for customers to pay a flat fee per night of \$15. They can save more money the pricier the hotel they book. This would encourage customers to book more expensive hotels and to split with more people. We would also be targeting people who are going to more expensive cities such as New York or San Francisco as they would be able to save more money on hotels in those places. This landing page also advertised meeting new people instead of the trusted roommates, which tested whether people would want to meet new people (that could potentially be untrustworthy), while only paying a flat fee for each booking. While the value proposition is greater, there is also more risk without identity verification or some sort of trusted source. However, I did mention on the landing page that customers can meet new people when traveling for a vacation, event, or convention, so people could infer that they are meeting people that they already trust going to those locations.



The results of this third variant were 276 visitors and 111 conversions, resulting in a 40.22% conversion rate (Exhibit A). At first, this had the highest conversion rate, but then dropped to the lowest of the three pricing models. Perhaps meeting new people is not the best business after all, and people would still prefer to have trusted identity check over just the fun of meeting new people. However, this version of the landing page had two variables that changed, so either one

may have caused the conversion rate to lower. The first variable that changed was from trusted roommates to meet new people. Perhaps people were not as likely to want to meet new people whose identity was unverified, but if there were trusted roommates, then they may have signed up. The other variable that changed was the pricing, which changed to a \$15 flat rate per night. This may be less attractive of an option if people wanted to stay in cheaper hotels that would make splitting the room and paying the \$15 flat fee not worth it. They would probably prefer a percentage fee that would vary with the cost of the hotel booked. On the other hand, if our customers were more interested in booking expensive hotels, then they may have wanted to pay the flat fee instead. Our survey results show that our target market is probably more interested in not only saving money on hotels by splitting room costs, but also booking cheaper hotels.




#### Variation 4: Business to Consumer – 15% Fee Pricing Model

# SuiteSplit

Follow us on  

## Hotel with others Launching soon...

SuiteSplit is working hard to launch a new hotel booking website that will help you to safely share and group purchase hotel rooms. Leave us your email to learn more and receive your first shared booking fee waived!



[Learn More](#)

**Trusted roommates**  
We verify all identities, and you can filter by travel purpose or your personal preferences.

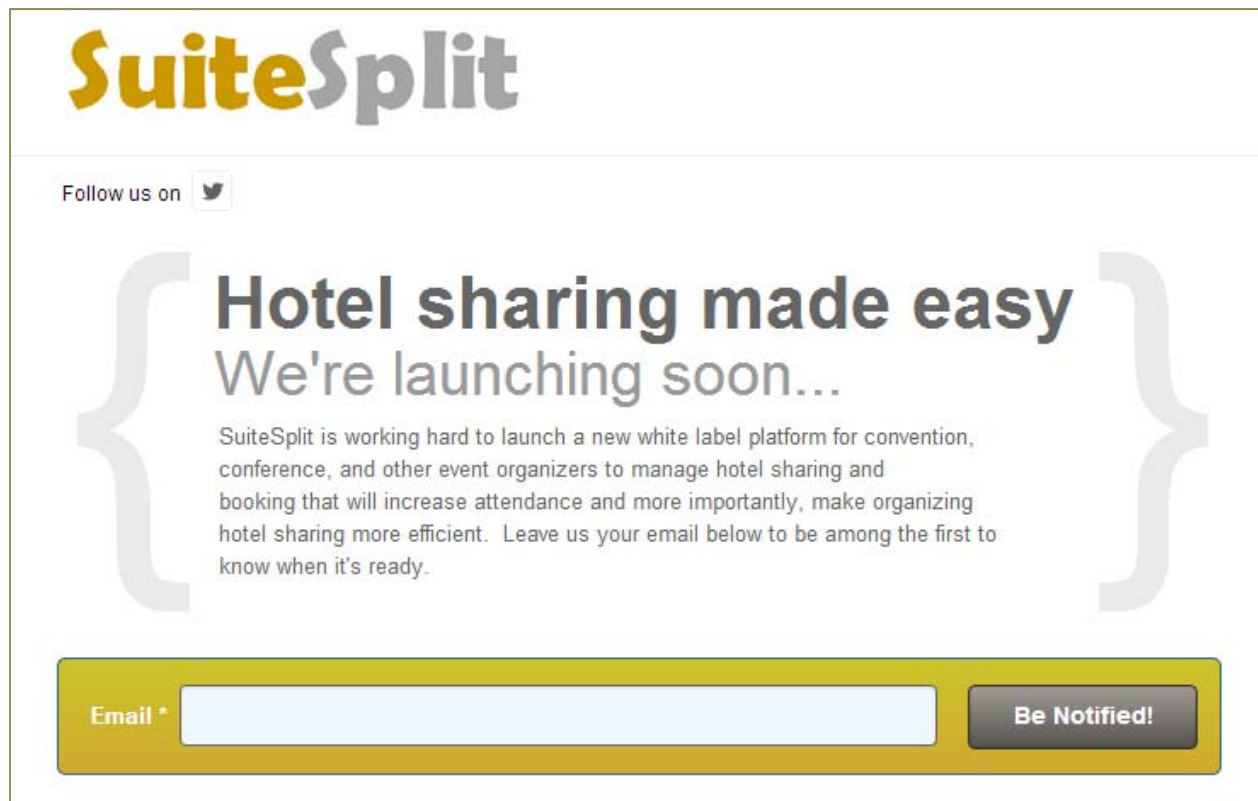
**Make money**  
Sell shares of your hotel space. We only charge 15% and the rest is your profit.

**VIP rewards**  
The more you SuiteSplit, the more you save.


The fourth pricing variation was targeted towards people who want to make money, or perhaps profit from company reimbursements. We got this idea from one of the mentors during the mentor idea review who imagined many people going to corporate events and making additional money if they were already getting reimbursed by their company for the full price of the hotel room. Therefore, this landing page shows a higher fee of 15%, but they still make money. The landing page returns to the trusted roommate version with verified identities, so the only change is the fee of 15% instead of 10%. There were still VIP rewards advertised, so the more you use SuiteSplit, the more you save. This presents an opportunity for customers to stay loyal to our program, just like there are loyalty hotel programs.

The results of this fourth variant were 245 visitors and 107 conversions, resulting in a 43.77% conversion rate (Exhibit A). This had the second lowest conversion rate of all, showing that people would much rather pay a 10% fee to use the service or use the service free rather than a 15% fee. This makes sense, because the highest fee received the lowest conversion rate. This shows that customers visiting the landing page were probably most interested in saving their own money, rather than making money as a side source of income.

## Variation 5: Business to Business – Pay Per User Pricing Model

A landing page for SuiteSplit. At the top is the SuiteSplit logo in orange and grey. Below it is a social media link that says "Follow us on" with a Twitter icon. The main headline is "Hotel sharing made easy" in large bold letters, followed by "We're launching soon..." in a smaller font. Below the headline is a paragraph of text: "SuiteSplit is working hard to launch a new white label platform for convention, conference, and other event organizers to manage hotel sharing and booking that will increase attendance and more importantly, make organizing hotel sharing more efficient. Leave us your email below to be among the first to know when it's ready." At the bottom is a yellow bar containing an email input field with the label "Email \*" and a dark grey button with the text "Be Notified!".

**SuiteSplit**

Follow us on 

# Hotel sharing made easy

## We're launching soon...

SuiteSplit is working hard to launch a new white label platform for convention, conference, and other event organizers to manage hotel sharing and booking that will increase attendance and more importantly, make organizing hotel sharing more efficient. Leave us your email below to be among the first to know when it's ready.

Email \*

**Be Notified!**

The last pricing model variation was quite different than the others in that it was a business to business strategy. This was a platform that would perform in the background of the websites of the conventions or events as a white label. That way, the convention organizers could customize the service to the design of their own website, which event organizers had expressed that they wanted. The purpose of this landing page was to make organizing hotel sharing more efficient and also to optimize the use of hotel group rates.

We also advertised three different features on the site. This included trusted users, pay as you go, and keeping your look. We wanted the organizers to know that people using the site would have their identity verified, so they don't have to worry about their conference attendees rooming with a serial killer or sexual offender. Additionally, the event organizers don't need to pay anything until their attendees actually use the site to book. Our revenue source would be a percentage fee that is paid by the event organizer to use our white label. And finally, we wanted to be clear that with the white label platform, we would be keeping the look of their conference or event, and there would be a seamless transition for their attendees to book hotel rooms.

The result of this test was 12 visitors and 2 conversions, resulting in a conversion rate of 16.67% (Exhibit C). This had the lowest conversion rate of all five landing page pricing model variations and shows that targeting this product to the right type of convention or event is very important. There was the least traffic of all to this website, because there are fewer customers available in



the business to business space. However, each customer would generate a much higher revenue than in the business to consumer model. I would like to reach out to more convention and conference organizers with this landing page to see if the 17% conversion rate still holds with a greater audience.

In speaking to the organizer of the Lean Startup Conference, I found that she would be interested in using this service. However, she would not know if she would actually pay for this. She also spoke to other event organizers in a board meeting, and they were also interested in having a service to make hotel sharing easier, but they were also unsure about whether they would be willing to pay for this as well. It would also be worth it to conduct another experiment with different pricing strategies for the business to business model as well.

One other pricing strategy I would try would be perhaps having the hotel bookers pay us the fee rather than the event organizer. That way, this white label would be free for the event organizers to put on their site, but we still make money when the customers book using our service.

## **Findings and Conclusions**

With regards to the B2B revenue model, I would hesitate to use these results as there were only 12 visitors to the site. I would try to get at least 50 visitors before drawing any conclusions about the conversion rate for the B2B pricing strategy.

The average conversion rate for our B2C model was 43.94%, which was higher than our surveyed results of 20%. The good news is that the conversion rate jumped much higher when we targeted specifically customer ages 22-35. This shows that customer targeting is extremely important for this business idea, and carving out a niche market is a better strategy. Before, when we were targeting general groups, the conversion rate was only around 13%.

We would have to revise our market sizing model and revenue model with the assumption of a 44% conversion rate. Additionally, with this assumption of a 44% conversion rate, I could calculate exactly how much advertising spent it would take to get 1,000 signups and 4,000 visitors. For 1,000 signups, we would need 2272 visitors. At a CPC of \$0.40, this would cost \$910. At a CPC of \$0.10, this would cost \$91. In order to get 4,000 visitors at a CPC of \$0.40, this would cost \$1,600.

The pricing model strategy that we would most likely employ for SuiteSplit would be the second variation, charging a 10% fee for each shared hotel booking. This variation received the highest conversion rate at 47.73%. From the testing results, it seems that people feel more comfortable paying for a product that adds value rather than receiving the service for free. They may also be skeptical with receiving a service for free when the service has a cost to create. Therefore, charging a 10% fee is better than offering the hotel sharing and booking service for free.

## Exhibit A – B2C Pricing Model Conversion Rates

1090  
VISITORS

479  
CONVERSIONS

43.94%  
CONVERSION RATE

Created 5 days ago, updated a day ago, Last Published a day ago.

SuiteSplit Launching Soon Edit Notes »

A/B Test Centre

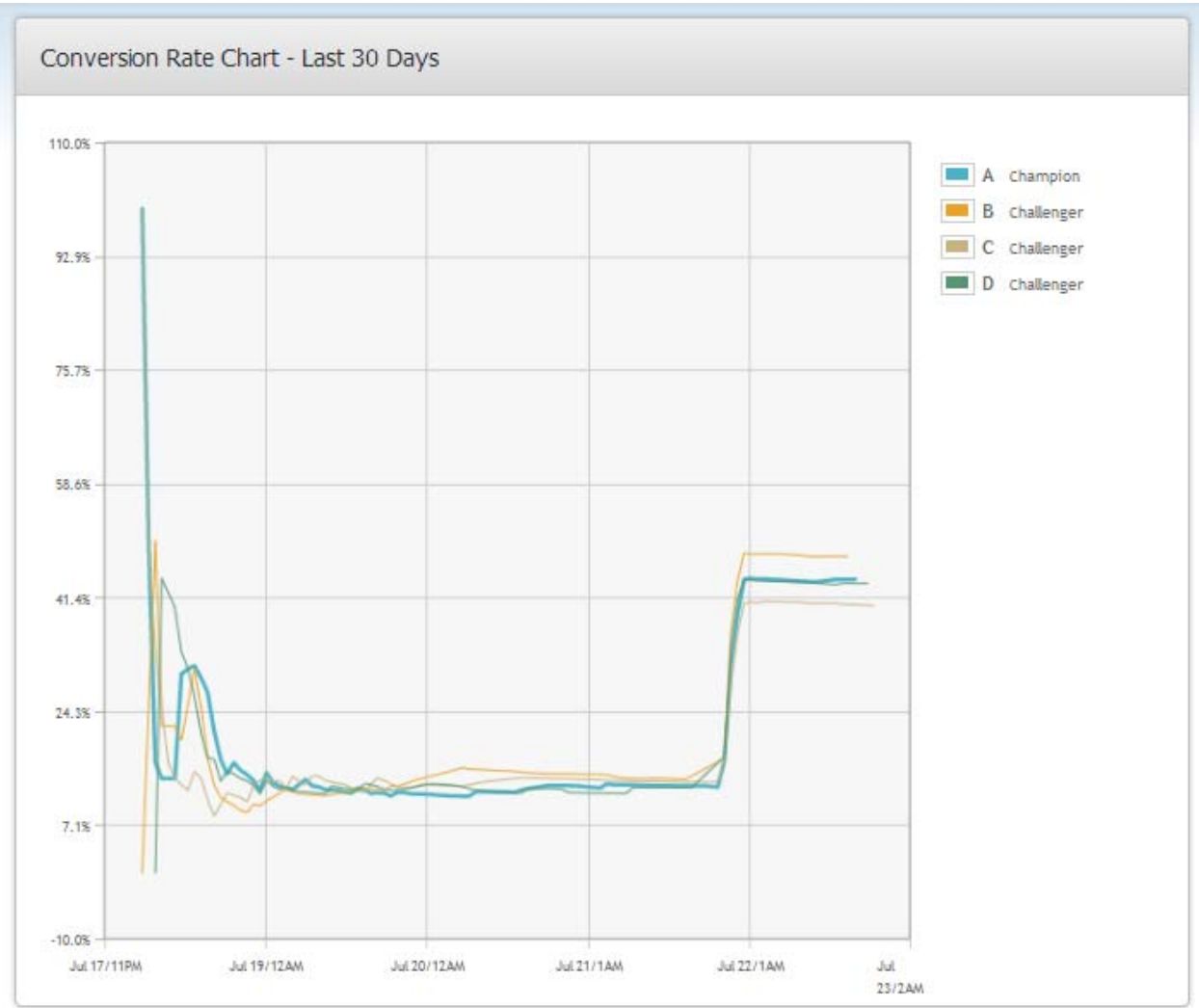
Reset Stats

Preview Variants

Add Variant

Current Champion			Weight	Visitors	Views	Conversions	Conversion Rate	
A	<div>First Variant</div> <div>Updated a day ago</div>	<div>Edit</div> <div>⚙️</div>	25%	305	338	135	44.26%	
Challenger Page Variants								Confidence
B	<div>First Variant copy 1</div> <div>Updated a day ago</div>	<div>Edit</div> <div>⚙️</div>	25%	264	284	126	47.73% <span>↑ 7%</span>	59%
C	<div>First Variant copy 2</div> <div>Updated a day ago</div>	<div>Edit</div> <div>⚙️</div>	25%	276	306	111	40.22% <span>↓ -9%</span>	68%
D	<div>First Variant copy 3</div> <div>Updated a day ago</div>	<div>Edit</div> <div>⚙️</div>	25%	245	269	107	43.67% <span>↓ -1%</span>	11%
Overall:			100%	1090	1197	479	43.94%	

# Exhibit B – B2C Conversion Rate Chart: Last 30 Days



## Exhibit C – B2B Pricing Model Conversion Rate

12

VISITORS

2

CONVERSIONS

16.67%

CONVERSION RATE

Created 4 days ago, updated 3 days ago, Last Published 3 days ago.

template description Edit Notes »

A/B Test Centre

Reset Stats

Preview Variants

Add Variant

Current Champion	Weight	Visitors	Views	Conversions	Conversion Rate	
<div><div><div>A</div><div><div>First Variant</div><div>Updated 3 days ago</div></div></div><div><div>Edit</div><div></div></div></div>	100%	12	14	2	16.67%	

# Exhibit D – B2B Conversion Rate Chart: Last 30 Days

