

# The SaaS Pricing Page Blueprint

A Study of the Top 270 SaaS Pricing Pages

# WHAT'S IN THIS EBOOK?

This eBook offers a comprehensive analysis of the current state of SaaS pricing strategy and pricing pages, including best practices with regard to pricing page layouts and tier structures. In preparing to write this eBook, we conducted a study of 270 SaaS companies and combined this research with the knowledge we've gained helping companies such as Complete.com, New Relic, and Bigcommerce improve their pricing.

We found that the most effective pricing pages had common traits that simplify and improve the experience of purchasing for the customer. We took these characteristics and formulated recommendations for developing a pricing page that you can use to make informed decisions when it comes time to create or redesign the pricing page of your own business.

# WHO IS PRICE INTELLIGENTLY?

We started Price Intelligently because we discovered that traditional pricing analysis, from complicated mathematical models to simply looking at competitor benchmarks, left out the most important factor in a pricing decision – how much the customer actually values your product or service. We realized there's a better, data driven way that makes pricing an easy, scientific process rather than an impermeable art.

That's why we provide deep customer pricing intelligence to companies looking to optimize their positioning, packaging, and pricing. For companies who value deep customer insights and profit maximization, Price Intelligently is the customer intelligence leader who reveals true customer preference, value, and willingness to pay.

# TABLE OF CONTENTS

## Introduction

The Science of Pricing 4

## 2013 State of SaaS Pricing

**Chapter 1: The State of SaaS Pricing** 7

**Chapter 2: Pricing Tier Structure** 11

Section 1: Number of Plans and Features

Section 2: Subscription Length and Free Trials

Section 3: Freemium

Section 4: Custom Plans

**Chapter 3: Pricing Page Layout** 17

Section 5: Pricing Page Titles and Word Counts

Section 6: FAQs and Live Chats

Section 7: Other Elements

**Chapter 4: The Perfect Pricing Page** 21

**Chapter 5: Next Steps** 24

# THE SCIENCE OF PRICING

## Why is pricing important?

To be blunt, pricing is the center of your business. Everything you do, from sales and marketing to product and development, works to justify the price you're putting out there for the customer. In this manner, pricing is the exchange rate on the value you're creating. Plus, a 1% improvement in pricing equates to an 11% boost in profit – more than any other business lever.

## Why is your pricing page important?

Your pricing page is the final gate between you and your customers; it's the physical representation of that value discussed above. A well designed pricing page will maximize revenue and conversion rates, while a poorly configured page will stifle growth no matter how much value your product provides.

Company logo      Features      Pricing      Login

Simple and affordable plans  
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Free	Solo \$24 per month	Team \$49 per month	Business \$99 per month
1 active project 100 MB file storage Unlimited users	5 active projects 500 MB file storage Unlimited users	15 active projects 2 GB file storage Unlimited users	35 active projects 5 GB file storage Unlimited users
<a href="#">Sign up</a>	<a href="#">Sign up</a> Try <b>free</b> for 30 days	<a href="#">Sign up</a> Try <b>free</b> for 30 days	<a href="#">Sign up</a> Try <b>free</b> for 30 days
	\$264 Yearly (1 month free) <a href="#">Buy Now</a>	\$539 Yearly (1 month free) <a href="#">Buy Now</a>	\$1,089 Yearly (1 month free) <a href="#">Buy Now</a>

Frequently Asked Questions

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Further, your pricing page keeps your sales process efficient by filtering out ill-fitting prospects, which keeps your sales team interacting with the opportunities that matter. A properly structured page also reduces the effort and friction required to purchase your product, minimizing churn and your customer acquisition costs.

## The challenge of pricing for SaaS

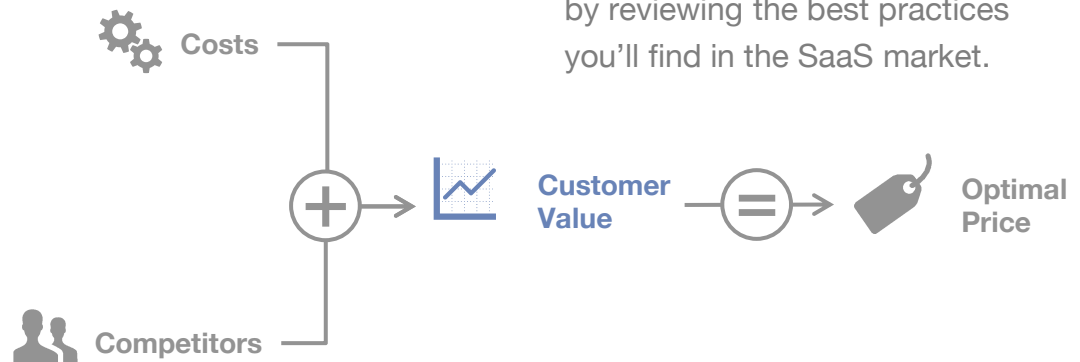
SaaS pricing isn't difficult. The problem is that most companies approach SaaS pricing as an impermeable black box or try to use ineffective, antiquated pricing strategies inappropriately.

For example, cost-plus pricing doesn't make much sense in the SaaS realm, because your costs are negligible compared to the

value you're providing. After all, that's why we're in SaaS, the low costs and favorable unit economics.

Competitor based pricing doesn't make much sense either, as the flexibility of SaaS allows you to quickly target different customers or build differentiable features efficiently, even if you're in a crowded market. Thus, pricing based on competitors means you're essentially ceding your value to your competitors.

That's why customers should play a pivotal role in determining the value of your product, because they're ultimately making the purchasing decision. Great SaaS pricing requires you to understand their price sensitivity and justify the exchange rate on the value you're providing. This may seem difficult in concept, but pricing should never be approached as an impermeable art. Fortunately, this eBook provides you a starting block to getting your pricing right by reviewing the best practices you'll find in the SaaS market.



*Uncovering your optimal price through customer development*

01

# THE STATE OF SAAS PRICING

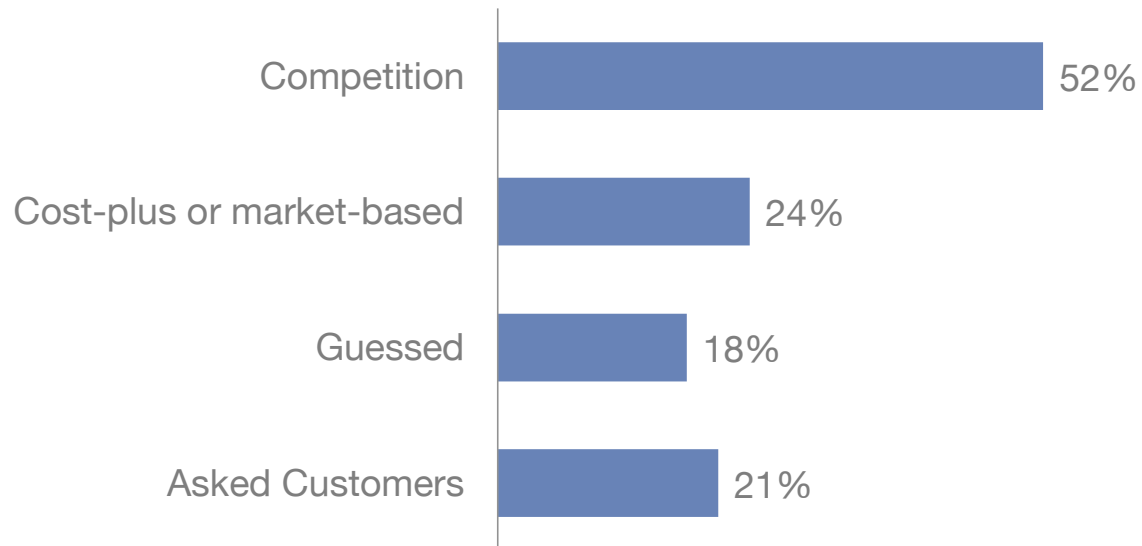


## 01: THE WHO, WHAT, AND HOW

# ONLY 21% USE CUSTOMER DEVELOPMENT TO SET PRICES



### How Is Pricing Set At Your Company?



Source: 2013 Price Intelligently survey. Respondents were allowed to select more than one response.

## 01: THE WHO, WHAT, AND HOW

# ONLY 21% USE CUSTOMER DEVELOPMENT TO SET PRICES

### Discussion

That's worth repeating. Only 21% of companies use customer development and perceived value to set their prices, while over 75% of companies set prices based on a combination of guessing, competitors' pricing, and their costs of production.

Guess what? Your customers don't care about your internal development costs or how much your competitors charge. Be empathetic and realize that your customers are purchasing based on their perceived value, which means you need to price by quantifying the value you're providing them. Pricing is the exchange rate you put on all the tangible and intangible aspects of your business. Value for cash.

### The Takeaway

If you take customer perceived value into account when discussing your pricing strategy, you'll already be ahead of 75% of the other SaaS companies out there. Go out and talk with your customers about how much they're willing to pay for your product. You'd be surprised how open people are about chatting about prices.

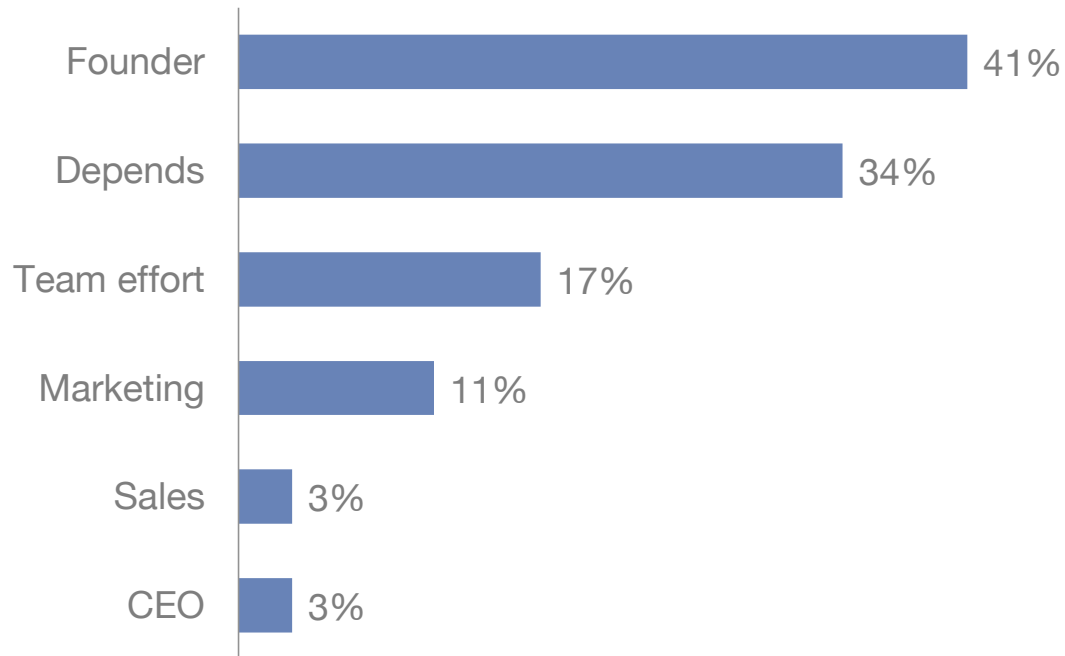


## 01: THE WHO, WHAT, AND HOW

# FOUNDER DECIDES FINAL PRICE AT MOST COMPANIES



### Who Sets Pricing At Your Company?



Source: 2013 Price Intelligently survey. Respondents were allowed to choose more than one response.

## 01: THE WHO, WHAT, AND HOW

# FOUNDER DECIDES FINAL PRICE AT MOST COMPANIES

### Discussion

The founder ends up setting the final price at most SaaS companies. However, from our experience, founders often don't have a background in market research and pricing, which leads to a haphazard guess at value. Only 17% of companies reported that their price points were reached with a team effort, which is ultimately the best strategy (combining the perspectives of Sales, Marketing, Product, etc.). Price represents the total value you're creating with your product, which encompasses all aspects of your business, from development, to marketing, to sales, to customer support. As such, your pricing decision should be a collective decision by key stakeholders from each of these different areas of your business.

### The Takeaway

Involve more people in your pricing process! You should be collecting input from all aspects of your company, as well as your customers, to determine your optimal price points. The average team only spends 6 hours pricing a product that they spent hundreds of hours developing; make sure that isn't you!

02

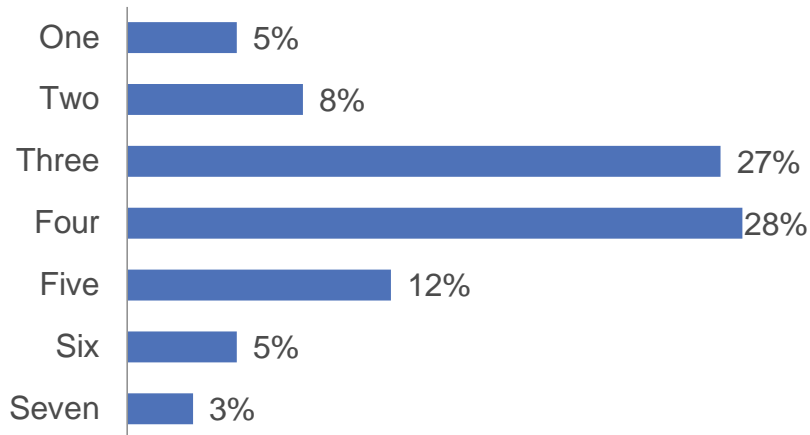
# PRICING TIER STRUCTURE



## SECTION 1

# NUMBER OF PLANS & FEATURES

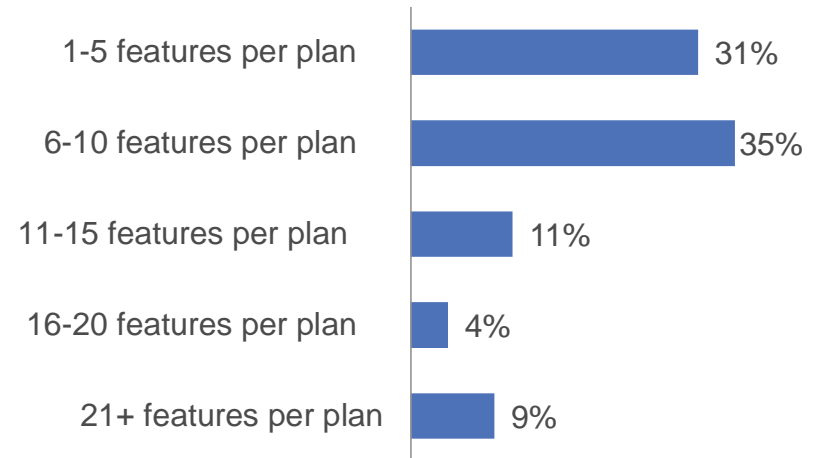
### Distribution of Plan Counts



### Discussion

Offering a variety of tiers will help your customers pick the best plan for them, but too many choices can be daunting and turn potential customers away. Our research shows that most SaaS companies find that offering 3-4 tiers provides the right number of options. Keep in mind though, the optimal plan count for your business will depend on your product and particular revenue model.

### Distribution of Feature Counts



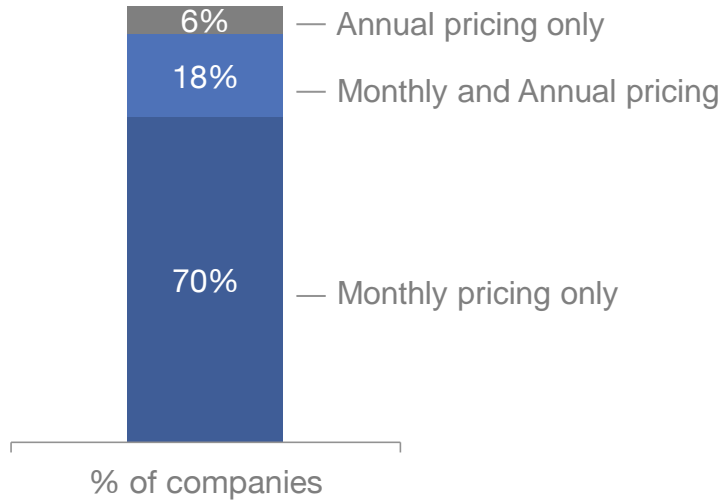
### Discussion

You may think that a long list of features will impress your customers, but in reality, listing too many features will often confuse customers. On average, SaaS companies list between 1 – 10 features per plan, though the number you list should depend on your business. There should be just enough features to pique your customers' interest, but not enough overwhelm them.

## SECTION 2

# SUBSCRIPTION LENGTH & FREE TRIALS

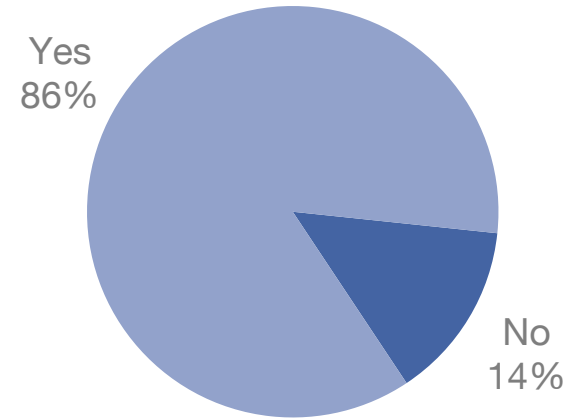
### Distribution of Subscription Lengths



### Discussion

For subscription models, most SaaS companies offer monthly pricing plans, which are popular because the smaller numbers appear friendlier to customers. However, annual subscriptions secure you more business upfront. You can compromise between the two options by listing a monthly price with an option to buy an annual subscription at a slight discount.

### Is There A Free Trial Available?



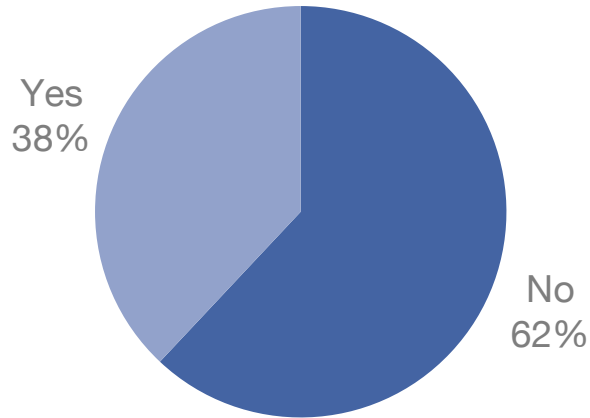
### Discussion

86% of SaaS companies offer a free trial of their product, which makes sense given that free trials are one of the best ways to demonstrate the value of your product and increase your customers' willingness to pay. However, if the marginal cost of user licenses is high, free trials could be detrimental to your bottom line, especially if you have low conversion rates.

## SECTION 3

# FREEMIUM

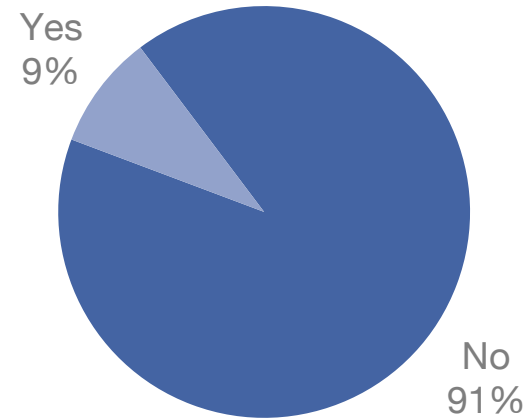
### Is There A Freemium Plan?



#### Discussion

Offering a freemium plan with limited features is a hefty marketing expense, as conversion rates to paid are typically very low. The fact that only 38% of SaaS companies offer freemium plans reflects this reality. If you do choose to provide a freemium offering, be cognizant of the fact that freemium is a customer acquisition strategy, not a revenue model.

### Is A Credit Card Required For The Freemium Plan?



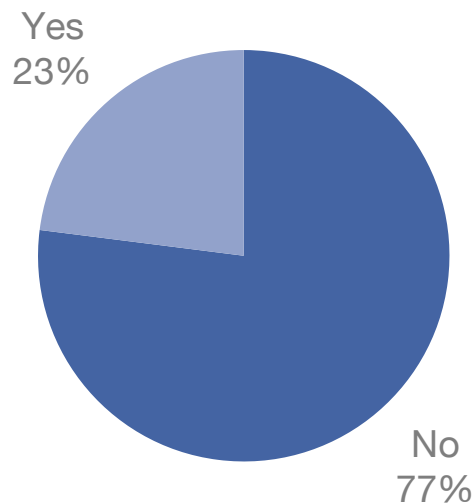
#### Discussion

An overwhelming majority of companies don't require a credit card for their freemium plan, which makes sense if they're using freemium as a rapid customer acquisition method. On the other hand, you might want to require credit cards if you're using freemium to qualify leads for your sales team as only people who are truly interested will enter their credit card information.

## SECTION 4

# CUSTOM PLANS

### Are Custom Plans Available?



### Discussion

Custom plans can help accommodate customers who don't fit into your existing plans, and despite the fact that three out of four SaaS businesses we studied aren't offering custom deals, we feel allowing customers to contact you directly to discuss other options ensures you don't potentially lose out on a high profile client. However, the decision to offer custom plans will depend on the flexibility of your software and the bandwidth of your development team. If your service isn't capable of handling extensive, custom deals, then it's best to avoid advertising such an option.

03

# PRICING PAGE LAYOUT

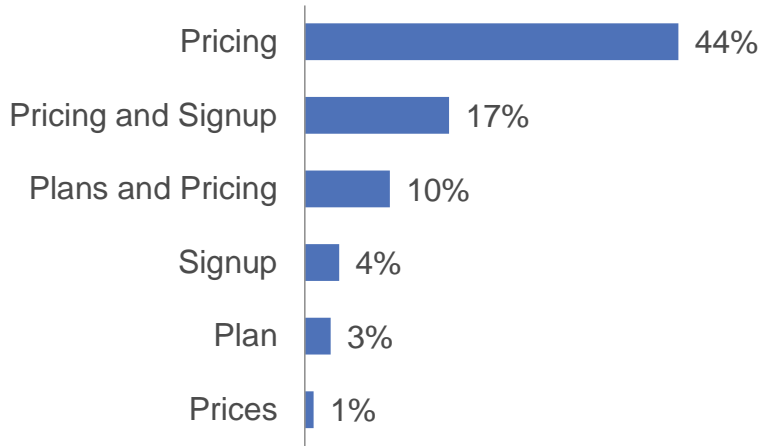




## SECTION 5

# PRICING PAGE TITLE & WORD COUNTS

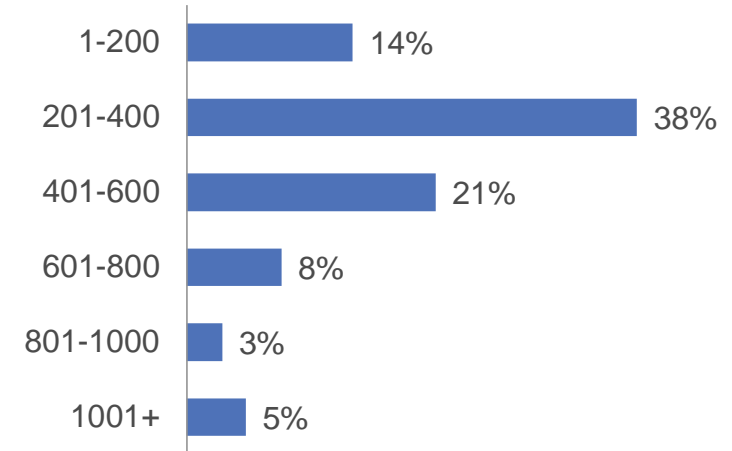
### Distribution of Pricing Page Titles



### Discussion

Make your prices easy to find by including a clear link to your pricing page on your navigation menu. Most companies in SaaS name this link “Pricing”, but you can also choose an alternative such as “Pricing and Signup,” which adds a bonus call-to-action for your potential customers.

### Distribution of Word Counts



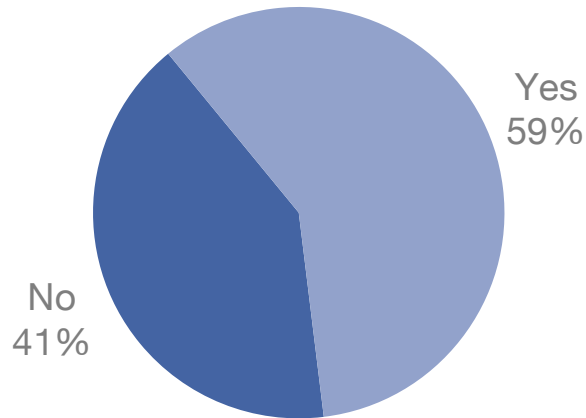
### Discussion

It’s important to communicate the differences between plans, but it’s also important to keep your pricing page concise. Boil down the information on your page to what your customers will most likely be looking for. Most companies keep their word count to between 200 - 600 words, though the word count can vary depending on the complexity of your product.

## SECTION 6

# FAQS & LIVE CHAT

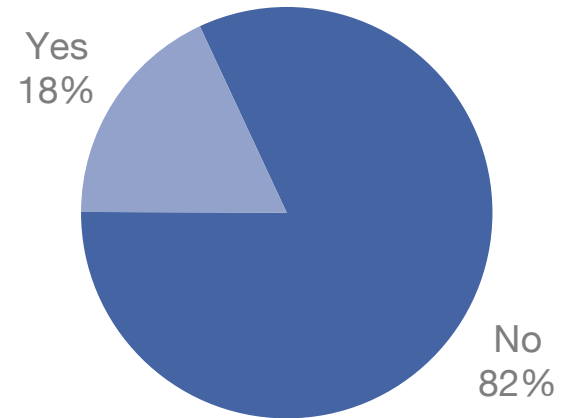
### Does The Page Include FAQs?



#### Discussion

Close to 60% of pricing pages include a section for answers to frequently asked questions, which can be great for companies looking to make their sales process more touchless. On the other hand, if your product requires a hands-on sales process, you might omit the FAQs in hopes that customers will reach out to you. Be aware though that removing FAQ's will most likely add friction to your sales process.

### Does The Page Include Live Chat?



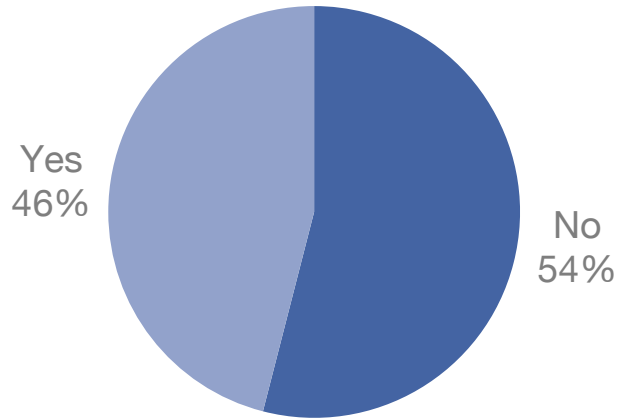
#### Discussion

Live chats can be great tools for increasing customer interaction and overcoming last minute objections. They're also useful for collecting feedback from your customers. Given these benefits, the low rate of live chat among SaaS companies (18%) could reflect the fact that they are a relatively new addition and thus haven't been widely adopted.

## SECTION 7

# OTHER ELEMENTS

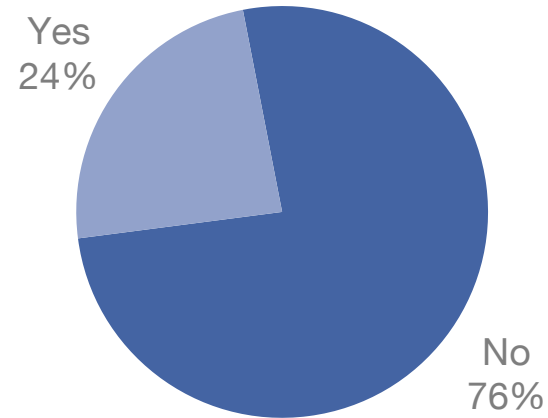
### Does The Page Include High Profile Clients or Testimonials?



#### Discussion

Increasing your product's social validation by adding high profile clients to your pricing page can be highly motivating for people on the fence about purchasing. This obviously assumes that you have high profile clients to list. Don't be concerned if you don't, though; over 50% of the companies we analyzed chose not to include high profile customers.

### Does The Page Include Video?



#### Discussion

Most companies don't include videos on their pricing page, which makes sense if you're trying to minimize distractions. However, 1 out of 4 SaaS companies include videos in order to further explain the value of their product and persuade customers to purchase the service. You may want to A/B test this to see which option works better for you.

04

# PUTTING IT ALL TOGETHER



# PUTTING IT ALL TOGETHER

**Based on data analyzing over 270 SaaS companies, the “Most Popular” Pricing Page includes:**

- A page title with the name “Pricing” (44% of companies) or “Pricing and Signup” (17% of companies)
- Three or four distinct pricing plans (55% of companies)
- Monthly pricing plans (70% of companies) or monthly and annual pricing plans (18% of companies)
- One to ten features per package (66% of companies total)
- Approximately 400 words on the page (company average is 424; 59% of companies have between 200 and 600 words.)
- A Free Trial offer (86% of companies)
- FAQs (59% of companies) below the multi-columned pricing plan table.

# PUTTING IT ALL TOGETHER

Similarly, the following components should be considered at the company's discretion:

- **Maximum price for monthly plan.** 48% of companies have a maximum monthly plan ranging from \$1-100. That said, as business models can vary dramatically, such pricing options should be considered independent of the aforementioned data.
- **Freemium.** 86% of respondents do not offer a free plan. Naturally, this decision should be made on a company-specific basis, but generally freemium plans are more suited for customer-acquisition than revenue.
- **Live Chat.** This is the one instance where the data is slowly catching up to technology. Only 18% of profiled companies offer live chat support on their pricing page. That said, as live chat technology improves and users become more accustomed to it, look to see more pricing pages incorporating this customer service method to engage with users at the point of sale.
- **Custom Plans.** Much like Live Chat, the inclusion of custom plans depends less on navigational considerations and more on the company's business model. If the company has a flexible model and/or believes customized plans can help them convert prospects, than the option should naturally be made available on the pricing page.

# WHAT ABOUT THE REST?

Now that you have your guide to the perfect pricing page, what features and prices will go into your pricing table?

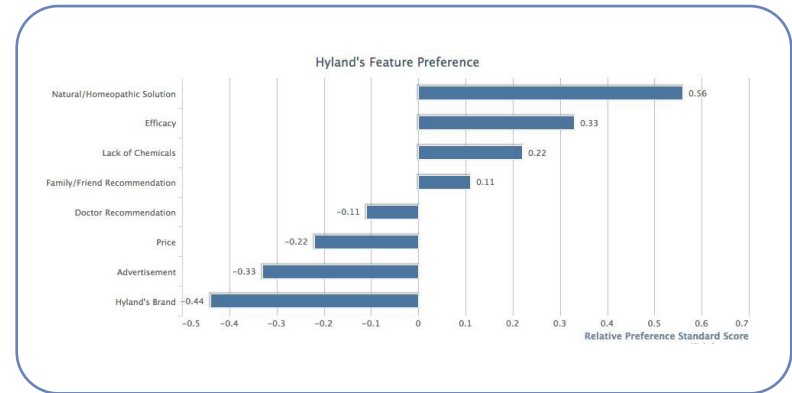
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## Feature Value Campaign



## Willingness to Pay and Price Sensitivity Analysis

