

Portfolio Case Study | OpenView Venture Partners

THE PRICE IS RIGHT

How Redesigning Signpost's
Pricing Boosted ARPU by 40%

SIGNPOST +  openview

IN EARLY 2014, local marketing software provider Signpost was in a challenging position — with their product rapidly evolving, they suddenly found themselves competing head-to-head with an entirely new set of companies. Signpost needed to quickly get up to speed on several market dynamics including how their newfound competitors were pricing, positioning and discounting their own solutions.



“Our pricing plan was too complex, there were 16 to 24 permutations. It was just too confusing for the sales team, customers and everyone involved.”

– Rod Feuer, Signpost COO

TO GAIN A BETTER understanding of the competitive landscape and to reassess their pricing model, Feuer reached out to OpenView Market Insights Manager Brandon Hickie. The team set out to conduct market research that would ultimately provide Signpost with recommendations on how to simplify its pricing structure while capturing more value.

Signpost asked for OpenView's help answering three key questions...

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3 KEY QUESTIONS

1. How do Signpost's competitors price and structure contracts for their products?
2. How do competitors demonstrate value and position their products?
3. How is this similar and different from the way Signpost prices and positions its products today?

TO GET STARTED, OpenView conducted primary and secondary research to learn about the pricing and discounting models of six competitors. They looked at each of the models across 16 different variables, including price level, setup costs, billing and contract terms to better understand competitors' pricing tiers and discounting practices.

The Market Insights team built six competitor product and pricing profiles highlighting key differences in pricing and discounting models in order to best identify how Signpost could optimize its own model.

	Company A	Company B	Company C
Price Levels	\$199 / \$249 / \$299	\$179 / \$199 / \$239	\$99 / \$149 / \$199
Contract Length	Quarterly	Month to Month	Annual
Billing	Upfront	Invoiced	Upfront
Price Metric	 	 	 
Price Drivers	  	  	  
Tier 1	<ul style="list-style-type: none"> Sales Dashboard Account Manager 	<ul style="list-style-type: none"> Central Management of Sales & After Sales 	<ul style="list-style-type: none"> Ad Customization
Tier 2	<ul style="list-style-type: none"> Social Media Management Marketing Services 	<ul style="list-style-type: none"> Inventory and Staffing Management Custom Promotions 	<ul style="list-style-type: none"> Account Support Dashboard Tracker Yelp Campaigns
Add-Ons	<ul style="list-style-type: none"> Additional Social Media Integrations and Functionality 	<ul style="list-style-type: none"> Support and Product Services 	<ul style="list-style-type: none"> Custom Profile and Videos

 Location
  Users
  Functionality
  Social Media
  Professional Services
  Support

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SIGNPOST

RESULTS



↑ 40%

Based on OpenView's findings, Signpost successfully rolled out a pricing change, which resulted in a 40% increase in average revenue per user (ARPU) in less than a year.

THIS ENABLED Signpost to simplify its pricing and discounting options, making it easier for customers to navigate and select the best options. Signpost's sales team also benefited greatly — a simpler pricing structure enabled sales professionals to better position themselves in competitive deals.

Today, Signpost is strategically positioned to compete and win against key competitors, and its ARPU continues to increase as the company builds out its platform and product functionality.

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About OpenView Labs

OpenView Labs is the strategic and operational consulting arm of [OpenView Venture Partners](#), a global Venture Capital fund that invests in expansion-stage technology companies.

More Information

Visit the [OpenView Labs website](#) for more ideas and inspiration for senior managers of technology companies.

To learn more about OpenView Labs or OpenView Venture Partners, contact us directly at (617) 478-7500 or info@openviewpartners.com.

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