



BASECAMP PRICING





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OUR TEAM!



OUR AGENDA



Context and Problem



Analysis



Alternative Solutions



**Recommendation and Plan of
Action**





BACKGROUND

Project Management Software

- Communication & collaboration
- Scheduling
- Sharing
- Billing

Three separate tiers offered

- Basecamp For Us (\$29/month)
- Basecamp With Clients (\$79/month)
- Basecamp Big (\$3,000/year)

Industry Context

- Estimated size in 2015: \$15B
- Annual growth rate: 12%
- Biggest competition: teams who use no project management software

A/B TEST RESULTS

- 28 of 1,573 registrants convert to a paid plan (1.8%)
- Users chose the least-expensive plan more often when prices were doubled than in the original pricing scheme.
- New accounts were worth 16% less in the test group (\$1.27) than in the control group (\$1.47).

PRICE SENSITIVITY SURVEY RESULTS

- 25% of customers said current prices were "low" and indicated bad quality.
- The interquartile range for the “not out of the question, but you'd have to give some thought to buying it” price point was between 1.0x and 2.0x, with median ranges around 1.4x a user’s current price.

WHAT BOTH THE PRICING TEST RESULTS INDICATED?

- Doubling the current prices of Basecamp tiers is **not an effective** pricing strategy for the company.
- There is room for increasing prices when done carefully.
- Prices should signal that quality.

GOAL

Finding the proper pricing strategy
to create a maximum customer
lifetime value (LTV)





Analysis!



MARKETING MIX

”To help teams around the world communicate better, stay on the same page, and be more productive together.”



Product

The features and benefits of Basecamp's project management software



Place

Where customers can access Basecamp's software



Promotion

How Basecamp promotes its software to potential customers.



Price

How much Basecamp charges for its product, and how it compares to its competitors.



PRODUCT

Features and Benefits



BASIC

Basecamp is a web-based **project management software** designed to help teams and organizations manage their projects, tasks, and collaboration in one central location.

MAJOR BENEFITS

- Improved communication
- Increased productivity
- Streamlined workflows
- Simplified project management

KEY FEATURES

- Message board
- Real-time chat
- Automatic check-ins
- To-do lists
- File storage
- Calendar

TARGET MARKET

- Teams and organizations of all sizes and industries.
- Particularly popular with **small and medium-sized** businesses, startups, and creative agencies.



PLACE

Basecamp's

Distribution Model

- Purely inbound model
- No-touch model
- Integrate Basecamp's API



PROMOTION

Basecamp's Marketing
Strategy

- **LESS PAID-USER ACQUISITION**
- **OUTSPOKEN MANAGEMENT TEAM**
- **WEB PROPERTIES**



Price

Basecamp's Pricing Strategy

BASECAMP'S PRICING SCHEMES

BASECAMP CLASSIC (BCC)

- one free project
- no file storage or time tracking features

**RANGED FROM \$24 TO \$149 PER MONTH,
BASED ON THE NUMBER OF PROJECTS
AND SIZE OF FILE STORAGE.**

BASECAMP'S PRICING SCHEMES

BASECAMP 2 (“BCX,” FOR “BASECAMP NEXT”

- a 60-day free trial
- no time tracking features

**RANGED FROM \$20 TO \$150 PER MONTH,
BASED ON THE NUMBER OF PROJECTS
AND SIZE OF FILE STORAGE.**

BASECAMP'S PRICING SCHEMES

BASECAMP 3

- All plans began with one permanently-free project.
- “For Us” plan with internal collaboration features only
- “With Clients” plan that included external collaboration tools
- Each plan had 100 GB of storage space.

\$29/MONTH FOR “FOR US” PLAN

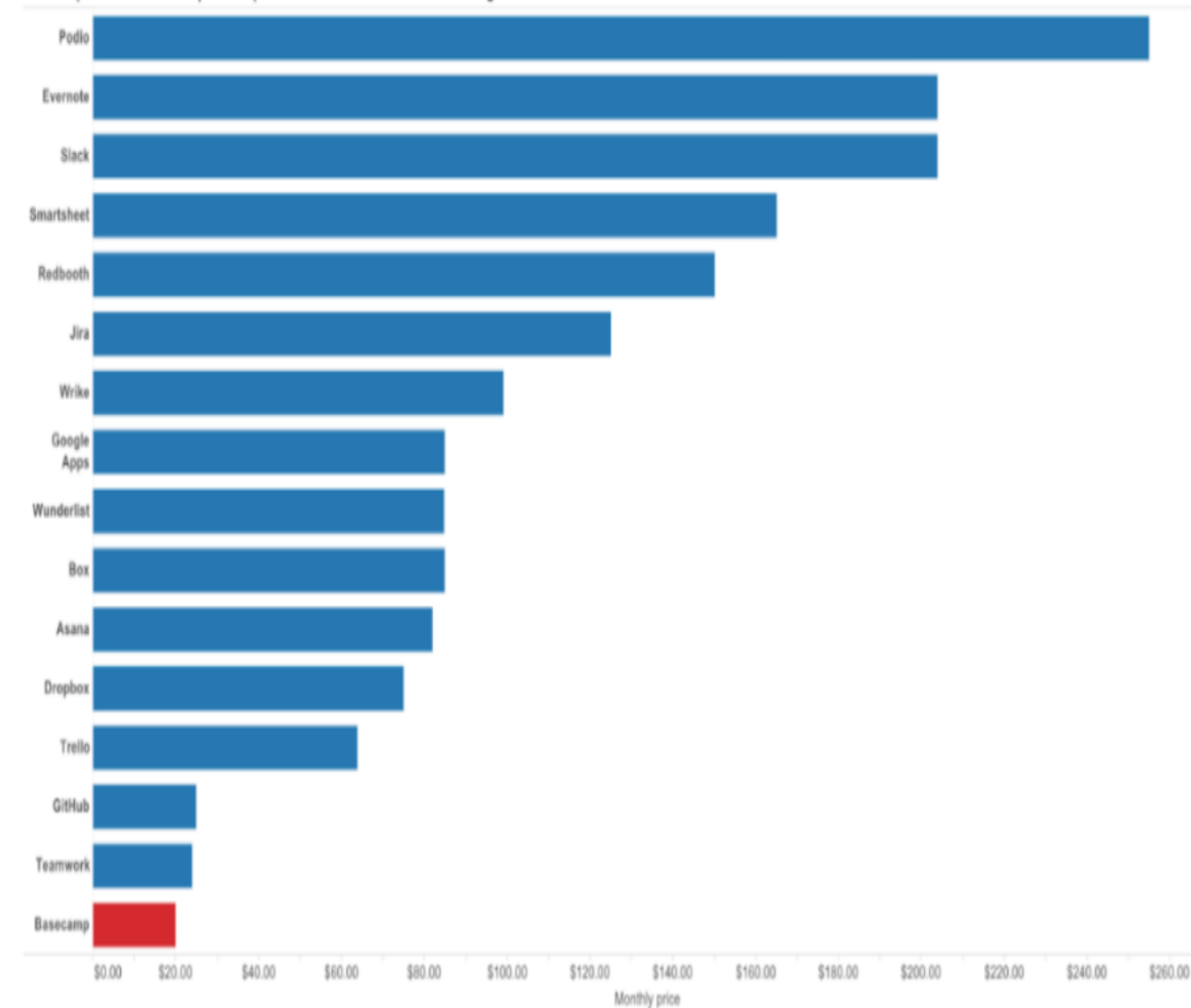
\$79/MONTH FOR “WITH CLIENTS” PLAN

\$3,000/YEAR FOR “BIG” PLAN

COMPARISON WITH COMPETITOR SOFTWARE

Basecamp is among the most affordable small business SaaS products

Median price for Basecamp & competitive services based on BCX usage



- Doesn't charge “per-user” or “per-seat” fees
- Customers can continue to use and pay for older versions of the software



SWOT

Strengths:

- Most affordable for small and medium-sized business
- Can be used for school, home, or family projects

Weaknesses:

- No custom plan for enterprise
- Still offers older products; cannibalizing BC3

Opportunities:

- Continue to make products “world-famously easy to use”
- Capture potential customers who only use email and spreadsheets

Threats:

- External storage solutions
- Other PM software
- Software tools that come as a solution package

ALTERNATIVE SOLUTIONS & ANALYSIS

Offering a discount for annual contracts

Begin charging per customer/user

Indirect & Staged Price Increasing for "For us" and "With Client" Ties





OFFERING A DISCOUNT FOR ANNUAL CONTRACTS



Pros:

- Better forecasting
- Long-term bundle
- Increased customer loyalty and reduced churn



Cons:

- Loss of revenue if all monthly customers transition



CHARGING PER CUSTOMER/USER



Pros:

- Increase the invoice revenue significantly



Cons:

- Might lose existing or potential company customers who has a large base of users

INDIRECT & STAGED PRICE INCREASING

Phase One:

Tier Name	Project Number Limitation	Price
“For Us”	5	\$29
“For Us”	10	\$49
“With Clients”	Unlimited	\$79

Phase Two with functions upgraded:

Tier Name	Project Number Limitation	Price
“For Us”	5	\$29
“For Us”	10	\$49
“For Us”	Unlimited	\$79
“With Clients”	Unlimited	\$99

Pros:

- Better save price-sensitive customers
- Increase customer conversation rate from "For Us" to "With Clients"

Cons:

- Complex pricing strategy causes confusion
- Decreased project number with original price -> customer loss

Recommendation

Combination!

- **Begin charging per customer/user &**
- **Offering a discount for annual contracts**

PLAN OF ACTION

Pilot Customer

- Customer feedback collection
- Negotiation for better pricing strategies
- Customer reflection analysis

New Pricing Strategy Launch

- Together with new position statement
- In-time reply to customer confusion & complaints

Quick Follow-up for Annual Contracts with Discount Provided



**THANKS
FOR LISTENING
Q&A**

