

20 PRICING QUESTIONS **EVERY CUSTOMER SUCCESS MANAGER** **SHOULD ASK**

WHITEPAPER



CUSTOMER CROSS

PRICING STRATEGIES, CUSTOMER SUCCESS AND HOW THE TWO ARE LINKED



Customer Success Managers (CSMs) are vital for ensuring that their clients achieve tangible results and success with their products or services, leading to contract renewals and reduced churn rates. However, there are many factors that can influence a client's decision to stay or leave. Price is often a contributing factor, but rarely the main one. So, why do we need 20 pricing questions for CSMs?

The answer lies in the connection between customer outcomes and pricing strategy. Customer outcomes are the ultimate goal of CSMs' work, as they help to maximize the Customer Lifetime Value (LTV), which is the total revenue generated by a customer over their relationship with a company. Pricing strategy, on the other hand, is used to maximize the company's profit, which is the difference between revenue and costs. Both are directly related by a simple formula: $LTV = MRR - churn + up- \text{ and } cross\text{-sell}$, where the recurring revenue is the price per unit x number of units sold over time. When the price goes up, revenue goes up, and so does LTV and profit. However, this is not a linear relationship, as price elasticity has its limits. Customers may switch to cheaper alternatives if they perceive that the value for money of the product or service is not worth it. Therefore, it is important to understand how customers evaluate the value proposition of the product or service, and how they react to price changes.



CSMs are in a unique position to gather valuable insights on the pricing strategy, as they have frequent interactions with the customers throughout their journey. From onboarding to training, support, QBRs, and renewals, CSMs have many opportunities to ask relevant questions that can help them assess the

customer's willingness to pay, satisfaction level, competitive awareness, and growth potential. Moreover, CSMs are often seen as trusted advisors by the customers, which makes them more likely to share honest feedback on the pricing related issues.

In this whitepaper, we will provide you with 20 pricing-related questions for CSMs that can help you optimize your pricing strategy and increase your customer retention and loyalty.



20 Pricing Questions

What are some of the questions that you can ask your customers to gain valuable insights on pricing? In this whitepaper, we have compiled 20 pricing-related questions, organized into four logical categories, that can help you and your customer success team to uncover essential pricing information. The list is general and not exhaustive, as different situations may require additional or more specific questions, but it is a good starting point.

Is our value proposition still a good fit?

1. Why did you buy our product/service and not any competitor alternative? Give at least 3 reasons.
2. Was price one of the reasons?
3. How did we compare to our competitors?
4. How many people on your team/organisation are directly involved with <outcome of your product/service>?
5. Has the product/service been rolled out to all who could benefit? If not, why?



Customer results & ROI

6. What do you want to achieve with our product/service?
7. How do you measure the results or outcomes?
8. Where on a scale from 0 (very bad) to 10 (very good) do you rate the value for money of our product/service?
9. How is this result reported to the management? Does your CEO/CFO /Manager request an ROI on a regular base?
10. Would it be a problem if you/your team could no longer use our product/service? Why?

Package, functions and features

11. Could you walk us through how the product fits into the rest of your tech stack?
12. If you could build your ideal package from scratch, what features would you include? (Show a list for users to choose from, clients sometimes need a little help)
13. Now imagine that you had to pay more for each feature you included. Which of these features would you consider taking out of your package?
14. If this new product was priced fairly, how interested would you be in purchasing it on a scale from 1 (very unlikely) to 10 (extremely likely)?
15. What would make you pause or stop you from buying it?

Price & renewal

16. Think back to your ideal package. At what price would you consider it to be a bargain - a great value for the money? At what price would you consider it to be getting expensive?
17. At what price would you consider it to be too expensive so that you'd no longer consider it?
18. Would you prefer a monthly, annual, or multi-year contract for a product like this? Why?
19. How likely are you to recommend renewing the product next year on a scale from 1 (very unlikely) to 10 (extremely likely)?
20. Hypothetically speaking, if the price were to increase by 10%, would your answer change?

Next steps

The exercise does not stop here. Here are some tips on how to use the questions effectively within your organisation:

- Ask these questions when you have a live interaction with your customer, such as an online meeting or a face-to-face visit, or when you have your QBR or renewal talks. Avoid using e-mails as much as possible, as they tend to have lower response rates and quality.
- Don't try to ask all the questions at once in your first meeting, but rather spread them out over time as you build your relationship. Try to go through the list at least once a year, especially questions 5 to 10, as goals and roll out status will vary over time.
- If your stakeholder is unable to answer the questions, you should request to involve someone who can or replace the stakeholder. QBRs are ineffective if you don't have the right stakeholders around the table.
- Record and consolidate your results, for example in your CRM or CS platform. This will help you track and analyze the pricing data over time and across customers.
- Establish a dialogue with your product team to optimize your product bundle and pricing. If needed, include other teams that are involved or responsible for pricing. Make sure those teams have access to your data, so you can review and discuss the results together. Repeat this exercise regularly to ensure follow-up, once every quarter is a rule of thumb.
- Close the feedback loop with your customer at your next meeting or QBR. Let them know that you appreciate their input and that you are working on improving their experience and value proposition.

Contact us to unlock the power of customer data



We understand that each business is unique, and therefore, we also offer tailored insights and recommendations to align with your specific objectives. Our research goes beyond providing a one-size-fits-all approach; it offers a customizable framework that allows you to track the metrics that truly matter, ensuring your efforts are yielding optimal results.

Together, we can unlock the power of customer data and equip you with the knowledge to make informed decisions, supercharge customer success, and propel your business towards unprecedented heights. Join us in revolutionizing the way you approach customer success, armed with the right insights and the confidence to excel. Contact us today to embark on this game-changing voyage of customer-centric success.

HEADQUARTERS

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