

URL: <https://stvp.stanford.edu/clips/refining-price-point-and-messaging>

Alexandra Zatarain, co-founder and VP of brand and marketing at Eight Sleep, observes that research can't help a company find the right price point and messaging strategy— you have to launch a product and see whether people are willing to pay for it. She recommends doing post-purchase research to continue refining your customer profile.



## Transcript

- Your price point in your messaging strategy, 00:00:04,920 I don't believe, and I've never seen this happen at Eight Sleep, is something that you're going to get a positive signal from research.. You have to put it out there.. It's the only way to really know if you got it right.. So you can get some indications from willingness to pay in some bands, right? Or some messages resonating more than others.. But the best signal will be when you actually put something out in the wild, and you see whether people are actually paying for it, and which messages are resonating the best.. - Okay, so the research isn't going to give you validation.. 00:00:37,890 It's just going to give you hypothesis generation.. And then you're validating it, how? So walk us through that, how do you validate the messaging? How do you validate the price point? How do you validate the other key drivers that you think the founders need to validate? Yeah, so at that point is when you just need to put something out there, right? You can't work on it by yourself for too long.. And so the best signals come from launching something, which is the scariest part.. I'm sure a lot of founders stop right before then, or they take too long to ship..

But you have to figure out a way to put something in the wild where you are actually charging, because we also a lot of times make the mistake of underpricing or giving things out for free.. And that gives you only false signals, right? So determine your price, put it out there, and see what happens.. So what we did at Eight Sleep, and I think it's pretty common for companies working in the consumer space, is build a website, build a landing page, start taking pre-orders or orders, depending if you have your product ready to go.. And you've got to read the signals that you get at that point.. Where are these people coming from? And we can talk in a second about how you find these individuals, but where are these people coming from, to your website, which referral sources are converting the best? Are there any commonalities between people who are purchasing in terms of their demographics or their behavior on site? And so just looking at all of that data is going to validate the potential messages or pricing strategies that are working the best.. But I always add, even now at Eight Sleep, add a component of research post-purchase, which is pretty critical because I still believe in the power of that qualitative feedback is much more relevant to keep informing those hypotheses than just seeing the signals that may come through, like analytics on your website.. And so what I always suggest to do is if you put up a landing page and you're taking pre-orders, or maybe you're just getting email signups, reaching out to those people with a follow-up email and just saying, "Hey, how did you hear about us?" Or, "Hey, why are you interested?" Offering people a gift card on Amazon for \$10 and getting on the phone and asking some more questions because all that information will keep refining the profile that you've built of who your customer is or your potential customer is.. And so it's really, really valuable to still close the loop there...