A Sixteen Ventures Master Class in...

Beta Testing & Pricing

A Hazardous Combination: Handle With Care!
This is from a 25-minute presentation I did in 2011... if you’d like to watch the video of that presentation, you can here:

http://sixteenventures.com/beta-testing-pricing
What is ‘Beta Testing’?

- Alpha = internal
- Beta = external
- Is beta the "launch?"
  - Invites?
  - Scarcity?
- The web has blurred things
  - Continuous Deployment
  - Web Apps Evolve & Change Constantly
- You aren’t Google
General Perception

Beta = not commercially viable
(production, solid, stable, etc.)

Transparent pricing = I have a commercially viable product and I'm going to apply a pricing strategy to it
Publishing Pricing during Beta

I’m normally **AGAINST** publishing ‘production’ pricing during beta
- If you do it right, you will learn from your users during the Beta process
- What you learn could help you figure out how to price your product
- If you’ve already published prices prior to the beta, you will need to manage the ‘price change’ properly or you could launch to a hostile crowd
- Many will join the beta with the assumption that at ‘go live’ they’ll get the pricing that was published when they signed-up
Rules for Pricing & Beta

- Do Customer Development during Beta
- You will learn more than what features are good or what bugs are present
- Some of your users will never be customers
- Most of your customers will never be beta testers
Rules for Pricing & Beta

- Understand that your Beta Testers might not be ‘testing’ as much as ‘using’
- If they are ‘using’ then they are INVESTING their time in the product
- This is good as they will be more likely to be a paying customer post-beta
- Don’t assume that you have to give free-for-life access to Beta users
  - Done right they should WANT to pay
- Just manage expectations so that they will feel comfortable becoming Invested
When you mix Beta & Pricing you can cause serious problems

Have a Beta strategy; don’t just wing it

Know what you're doing and why you're doing it

Don’t think of beta users as freeloaders or free users

Don’t expect too much from them, though

Manage expectations
Rules for Pricing & Beta

1. COMMUNICATE!
2. COMMUNICATE!
3. COMMUNICATE!

Did I mention COMMUNICATE?

COMMUNICATION
It's best to pretend people are actually listening to you.
Rules for Pricing & Beta

- Create a private way to communicate with beta testers
- Tell your beta community things first; before you publish publicly
- Actively engage your Beta Community in many ways
- Good to do waves of testers
  - 100 at a time (for example)
  - each wave will learn from the previous wave
- Treat Beta as more than a bug-finding/testing mission for them and more of a learning process for you
Rules for Pricing & Beta

- Also solicit their feedback on pricing
- Let them think they were a part of the process even if they weren’t
- Grandfather pricing for beta testers only as part of a special offer - not as a reaction to a misstep and keep this to a minimum or limited time
- Create incentives for participation in your Beta program, including participating in Customer Development
Grandfathering is a BAD WORD

- Not a positive thing
- Generally a Reaction to something that went wrong
- Minimize Grandfathering
- Use Grandfathering Sparingly
- Don’t want to go live with a bunch of baggage
Treat your beta users well and they will treat you well.

Treat your beta users bad and they will gladly return the favor!