CURLY'S CONSULTING / RESEARCH PAPER 05

Packaging as a value-creation lever

Ammanuel "Tom" Selameab, CPP

Certified Pricing Professional | Curly's Consulting

July 2026

How buyer research turns a package menu into a measurable revenue and contribution decision.

Abstract

Packaging changes which buyers can purchase a useful outcome, how much differentiated value the supplier captures, and what happens as customer needs expand. It can therefore create earnings without a uniform price increase, but it can also produce cannibalization, expensive inclusion, and an unattractive migration for incumbents. This paper develops a buyer-research framework for treating packaging as a value-creation decision. Public examples from Google Workspace, Adobe, and Notion illustrate distinct moves between separate AI charges and integrated tiers; they establish commercial choices, not causal proof that those choices improved performance. The analytical task is to identify actionable buyer segments, design complete outcomes, estimate choice across the entire menu, and model contribution and migration. A worked example shows how an entry offer can create $1.5 million of modeled contribution before cannibalization and program cost, while a plausible change in premium substitution materially reduces the opportunity. The central recommendation is to commission pricing research before choosing package boundaries: discover which needs cluster, which benefits drive purchase, what buyers will trade for price, and which customers will move to a cheaper offer. Those observations turn a pricing-page redesign into a defensible commercial investment.

1 Define the economic problem packaging should solve

Packaging determines what can be bought together, what is included at each level, and what additional expenditure unlocks. It can make the product easier to purchase, create an entry point for an unserved group, or charge more for a demanding workflow. The number of columns on a pricing page is an implementation detail of those decisions.

Start with a commercial problem. Is an all-inclusive offer excluding buyers with a narrow but valuable use case? Are advanced users receiving differentiated benefits without paying more? Do customers need multiple products to complete a workflow? Are add-ons creating procurement friction? Each diagnosis points to a different architecture.

Specify the desired result in economic terms: incremental contribution from a new segment, profitable premium adoption, improved expansion, or a lower cost to deliver a standard offer. "Simplify the packages" can be a useful design objective, but it does not by itself define the financial outcome.

Packaging and price should be evaluated together. An attractive bundle at one rate may be uneconomic at another. An entry plan may expand demand while taking buyers from a higher-contribution package.

The research scope must cover the menu and its alternatives rather than evaluate each proposed tier as if it were sold alone.

2 What public packaging changes reveal and leave unresolved

In January 2025, Google Workspace announced AI inclusion across Business and Enterprise. Its Business Standard example compared a prior $32 per-user monthly total including Gemini with $14 under the revised offer, while customers previously buying Standard without AI faced a $2 increase from the $12 base.[1] The same packaging change can lower or raise a customer's bill depending on the starting cohort.

Adobe's 2025 Creative Cloud redesign created AI-rich Pro and more limited-AI Standard choices. Its US individual annual-contract, monthly-billed prices were $69.99 and $54.99 respectively. AI access and allowances helped differentiate the offers, alongside other product differences.[2, 3] This is a tier design, not simply a single AI surcharge.

Notion's May 2025 announcement put its then-current AI toolkit inside Business and Enterprise, replacing a separately purchased add-on for the revised offer.[4] A buyer considering a higher tier could therefore assess an integrated workflow rather than assemble separate subscriptions.

These examples demonstrate architecture choices. They do not establish the optimal bundle for another company, or isolate the choices' effects on adoption, retention, or profit. They also do not prove that all AI capability should be included indefinitely. The research question is which capabilities belong together for an identifiable buyer at a sustainable price and cost.

3 Separate product integration from price bundling

Selling two existing products together differs from integrating them into a more useful solution. The first changes the buying arrangement; the second can change the customer's outcome and delivery effort. Stremersch and Tellis provide a framework distinguishing bundling strategies.[5] Management should state which mechanism its proposal relies on.

A combined price may reduce purchase friction or encourage discovery without creating new functional value. Integration may reduce handoffs, duplicated data entry, or implementation work. These mechanisms require different evidence and have different costs. Do not credit a commercial bundle with operational benefits that depend on unfinished product integration.

Bundling can also smooth differences in what buyers value across individual components. Bakos and Brynjolfsson analyze that mechanism for information goods under specific conditions, including low marginal costs.[6] It is not a rule that bigger bundles always win. AI compute, assurance, implementation, and services can make included capabilities costly even when the customer does not use them effectively.

The useful design question is whether the package creates a complete outcome with acceptable delivery economics for its intended segment. A technically modular product can support a simple commercial offer. Conversely, an integrated product may require distinct packages because buyer needs and value differ.

4 Research segments that can change the offer decision

Identify differences in the job the buyer wants done, the consequences of failure, workflow complexity, collaboration, assurance requirements, and credible alternatives. Company size can be a useful predictor of those needs, but it should not replace understanding them.

A segment must be economically meaningful and commercially reachable. A group discovered in a statistical model may explain the data but be difficult to identify in the sales process. Self-selection can solve that problem when package differences are clear and connect to recognizable needs. The research should test whether buyers choose the intended offer rather than merely assume that they will.

Use interviews and operating data together. Usage reveals behavior under current access and pricing. It does not establish willingness to pay for a capability or how choices change when the menu changes. Nonuse may reflect irrelevance, poor discovery, implementation difficulty, or a valuable but infrequent task.

Include prospects, lost opportunities, relevant incumbents, and decision makers with budget responsibility. A study of enthusiastic advanced users can overstate the appeal of a premium package and miss entry demand. A study limited to new prospects can miss what existing customers consider already included.

5 Build complete outcomes and credible upgrade reasons

The entry package should let the target buyer complete the promised job. Removing essential steps to force an upgrade can create apparent conversion followed by poor activation or retention. Test the entire workflow, including the work the customer must perform outside the product.

An upgrade needs a benefit the buyer recognizes. It might serve multiple teams, a more complex process, a greater operating scale, or a higher level of assurance and support. A long feature list is weak evidence of differentiated value if buyers do not understand or need the additional capabilities.

Distinguish core requirements, tier differentiators, and optional add-ons. A capability needed for the core promise may belong in every relevant plan. A specialized workflow with a distinct buyer or substantial cost can merit a separate offer. Research should establish the difference rather than allocate features according to the internal organization chart.

Inspect package fences. User counts, usage limits, workflow rights, integration access, and service levels create reasons to select or upgrade. They also create behavior. A collaboration product can discourage wider adoption if adding occasional participants produces a disproportionate bill. A usage allowance can encourage useful trial while exposing the supplier to costly intensive work.

6 Model choice across the whole menu

For segment s with N_s buying opportunities and package j in menu $\mathcal{M}$, let $q_{sj}(\mathcal{M})$ be the menu-dependent choice share, p_j net price, and c_{sj} avoidable delivery cost. Expected contribution before additional fixed expense is:

$$K(\mathcal{M}) = \sum_{s} N_s \sum_{j \in \mathcal{M}} q_{sj}(\mathcal{M})(p_j - c_{sj}).$$

Include no purchase and the relevant incumbent alternatives. Existing customers may remain on a legacy offer, downgrade, renegotiate, or leave. New buyers may choose an entry plan instead of premium. Those are part of the economic effect, rather than deviations to remove from the analysis.

Choice models formalize substitution, but their assumptions matter. Train explains the standard logit model and alternatives accommodating heterogeneous preferences.[7] Research simulations estimate response within the designed choice setting. They require behavioral calibration before being treated as market-share forecasts.

Test a small number of coherent architectures derived from qualitative evidence and operating constraints. Asking respondents to assemble an unrestricted menu can create combinations the company cannot deliver. Restrict implausible offers for a stated reason, while preserving the variation needed to answer the commercial question.

7 Worked example: entry demand and cannibalization

Illustrative assumptions; not a client result. A market contains 1,000 qualified annual opportunities. Buyers select the affordable offer with the greatest nonnegative surplus, defined for this simplified example as value minus price. The values below are assumptions rather than measured willingness to pay.

Buyer segment	Opportunities	Core value	Suite value
Core workflow	300	$8,000	$9,000
Team workflow	400	$7,000	$14,000
Complex workflow	300	$5,000	$20,000

The current menu contains only Suite at $11,000, with $2,500 avoidable annual cost. Team and complex-workflow buyers purchase: 700 customers, $7.7 million revenue, and $5.95 million contribution.

Add Core at $6,000 with $1,000 avoidable cost, keeping Suite unchanged. Core-workflow buyers now purchase Core. The other segments still prefer Suite under the assumed values. Revenue becomes $9.5 million and contribution becomes:

$$300(\$6{,}000 - \$1{,}000) + 700(\$11{,}000 - \$2{,}500) = \$7{,}450{,}000.$$

The modeled gain is $1.5 million before implementation and additional operating cost. It depends on new entry demand without premium cannibalization, precisely the proposition the research must test.

If 200 would-be Suite buyers instead select Core, each replaces $8,500 of contribution with $5,000. That reduces the gain by $700,000. Subtract $200,000 of recurring program and support expense and the net annual opportunity becomes $600,000 before one-time expense.

Illustrative bridge	Annual contribution effect
New Core demand, before substitution	$1,500,000
200 Suite buyers move to Core	−$700,000
Additional recurring expense	−$200,000
Net modeled annual improvement	$600,000

The example is not evidence that entry tiers create value. It demonstrates why the size of the unserved segment, package substitution, and cost to serve must be measured. A new tier's revenue alone does not reveal its contribution to the business.

8 Test comprehension before optimizing the menu

Ask buyers to explain what each offer includes, which fits their needs, what would trigger an upgrade, and how the bill changes with growth. Misunderstanding is evidence about the architecture, not simply respondent error to discard.

Then test choices among complete offers with realistic prices and a credible outside option. Vary the attributes that matter to the decision rather than every feature the product team can name. Preserve purchase context, including implementation, contract term, billing unit, and service obligations.

Use holdouts and diagnostics to assess prediction inside the study. Inspect unstable price effects, implausible preferences, and subgroups with limited evidence. Where observed purchases or a paid launch test are available, use them to evaluate calibration. Do not insert stated-choice shares directly into a revenue plan without acknowledging the difference.

Report economics across a range of plausible responses. A menu with the highest point-estimate contribution may have only a small advantage over a simpler alternative. Implementation burden, uncertainty, and reversibility can matter to the decision when the apparent optimum is broad rather than sharply identified.

9 Research migration separately from acquisition

An incumbent has a contract, a history of access, and a reference price. Those conditions differ from a new prospect's first choice. An attractive new-customer menu can therefore be a difficult migration for the installed base.

Build an account-level matrix of the current offer, proposed destination, scope change, bill change, contractual eligibility, effective date, and required customer action. Include remaining on a legacy offer where that is credible. Reconcile the matrix to the financial model so that benefits are not credited before customers can move.

Research which changes incumbents regard as new value and which they regard as paying again for existing rights. Test the actual migration message and options. Grandfathering can protect continuity but delay benefits and add complexity; rapid migration can accelerate exposure but increase resistance. The tradeoff needs evidence, not a blanket rule.

Make the technical and commercial migration consistent. Entitlements, contracts, quoting, product access, and invoices must describe the same offer. If the business needs manual exceptions for common use cases, revisit whether the package architecture fits the market.

10 Measure the value-creation mechanism after launch

Track conversion and contribution by segment, package mix, realized net bill, activation, cost to serve, expansion, contraction, and retention. Separate new customers from migrated incumbents. A richer customer mix is not automatically proof of better price realization.

Compare the result with the baseline and the mechanism the research predicted. Did entry demand materialize? Did premium buyers choose the expected package? Were concessions larger? Did expensive usage concentrate in a low-priced tier? Each answer identifies a different revision.

Preserve the offer version and effective dates. Without them, changes in product scope, price, and customer mix can become indistinguishable. For a PE owner, a repeatable package decision system is more valuable than a one-time increase in one tier's bookings.

11 Conclusion: commission buyer evidence before choosing the boundaries

Packaging creates value when the menu helps distinct buyers purchase useful outcomes and lets the supplier capture an appropriate share of that value at sustainable cost. It destroys value when apparent new revenue is offset by premium substitution, unnecessary delivery expense, or a migration customers do not accept.

The decisive questions require research: which needs cluster into commercially actionable segments; which benefits justify an upgrade; what buyers will trade for price; how the complete menu changes choice; and which incumbents will move to a cheaper offer or resist the migration. Product-usage data and competitor packages can inform those questions, but they cannot answer them alone.

Curly's Consulting's **Pricing Transformation** combines primary buyer research and willingness-to-pay analysis, packaging and segmentation design, size-of-prize economics, and direct execution support. Commission a scope that connects the package decision to contribution and migration, rather than purchasing a feature-ranking exercise. If the first question is whether the opportunity is large enough, the **Pricing Upside Report** provides conditional revenue and EBITDA scenarios and priorities for the next decision.

Research the menu before migrating the customer base

Request a Pricing Transformation quote. To establish materiality first, buy the Pricing Upside Report.

References

[1] Google Workspace. *Google Workspace enables the future of AI-powered work for every business*. 2025-01-15; timing updated 2025-04-28. https://workspace.google.com/blog/product-announcements/empowering-businesses-with-AI.

[2] Adobe. *Meet Creative Cloud Pro: new tools and expansive creative controls*. 2025-05-15. https://blog.adobe.com/en/publish/2025/05/15/meet-creative-cloud-pro-new-tools-expansive-creative-controls.

[3] Adobe. *Changes to Creative Cloud plans for individuals*. Updated 2026-02-12. https://helpx.adobe.com/account/individual/subscriptions-and-plans/plan-types-and-eligibility/changes-to-individual-plan.html.

[4] Notion. *Notion AI for work: official product and pricing announcement.* 2025-05-13. https://www.notion.com/blog/notion-ai-for-work.

[5] Stremersch, S., and Tellis, G. J. (2002). Strategic bundling of products and prices: a new synthesis for marketing. *Journal of Marketing*, 66(1), 55–72. https://doi.org/10.1509/jmkg.66.1.55.18455.

[6] Bakos, Y., and Brynjolfsson, E. (1999). Bundling information goods: pricing, profits, and efficiency. *Management Science*, 45(12), 1613–1630. https://doi.org/10.1287/mnsc.45.12.1613.

[7] Train, K. E. (2009). *Discrete Choice Methods with Simulation*, second edition. Cambridge University Press. Chapters 3, 6, and 13. Author-hosted edition: https://eml.berkeley.edu/books/choice2.html.

About the author. Ammanuel "Tom" Selameab, CPP, is a Certified Pricing Professional and founder of Curly's Consulting. He helps private equity investors and portfolio-company leaders answer pricing and monetization questions through primary buyer research, commercial analysis, and financial modeling.

Curly's products | tom@curlysconsulting.com

© 2026 Curly's Consulting. All rights reserved.