CURLY'S CONSULTING / WHITE PAPER 08

Researching new-product pricing

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August 2026

How to test the commercial proposition before the roadmap, launch plan, and cost structure become commitments.

Abstract

New-product pricing research should begin while the business can still change the customer, scope, delivery model, and cost structure. Waiting until launch turns price into a constraint-solving exercise after many of the economic choices have already been made.

The research objective is broader than finding a number. It is to establish whether a defined customer will choose a specific offer over available alternatives, at terms that support an attractive business. A positive feature reaction, a design-partner commitment, and a repeatable purchase at standard terms provide different levels of evidence.

For investors and operators, the key discipline is staged commitment. Increase spending and operating complexity as the commercial evidence improves. Use each research step to resolve an uncertainty that could change the product or investment decision.

The decision this paper supports

Choose the next product commitment based on evidence about the target buyer, value proposition, offer, price, and delivery economics. Treat launch pricing as a hypothesis to validate and govern, rather than a number to finalize once.

1 Define the commercial hypothesis before the roadmap hardens

Write a one-page hypothesis covering the target customer, triggering problem, current alternative, proposed outcome, economic buyer, purchase process, expected offer, and plausible charging unit. Record what must be true for the product to work commercially.

For example, "operations directors will pay for automated exception handling" leaves major uncertainties unresolved. Which exceptions? What volume? Which error consequences? Is the existing process expensive enough to justify change? Does the operations director control the budget? Can the product deliver without extensive professional services?

Link each uncertainty to a decision. If the buyer will not pay for a standalone product, the team may need to bundle the capability. If delivery requires costly implementation for every customer, the minimum

viable contract size may rise. If the relevant budget belongs to another function, the sales motion may change.

These questions can alter the product itself. A capability valued by a rare, costly-to-serve segment may not belong in a broadly available initial release. Pricing research creates value when it informs those choices early enough to avoid an expensive mismatch.

2 Research the current alternative and the purchase trigger

Ask buyers about actual instances of the problem. Document frequency, cost, consequences, current workaround, and prior attempts to solve it. A problem that sounds serious but rarely triggers action may support less demand than a modest recurring problem with a clear budget.

Identify the event that makes buying timely: a new operating requirement, a failed process, a growth constraint, a contract renewal, or a new budget. Research respondents who have recently encountered that event and those approaching it. A general audience may like the concept without facing a purchase decision.

Separate user pain from organizational priority. The user may want a faster workflow, while management requires a demonstrable reduction in errors or a capacity increase. Procurement may require security review or a minimum supplier standard. Those conditions affect the sale even when the user perceives strong value.

Map the realistic competitive set. A new category still competes with internal work, adjacent tools, outsourced services, and doing nothing. Comparing only with a direct competitor can miss the alternative that actually limits willingness to pay.

3 Use research gates to make commitments explicit

Research should become more realistic as the investment grows. The sequence below is a practical operating framework, not a claim that all products follow the same development process.

Decision stage	Evidence sought	Commitment it informs
Problem definition	A recurring, consequential problem and a credible buyer	Whether to develop an offer concept
Offer concept	Comprehension, differentiation, and a plausible purchase path	Which scope and segment to pursue
Commercial design	Tradeoffs among package, price, unit, and terms	The offer to take into a paid test
Paid validation	Real purchase, adoption, value, and delivery requirements	Whether to fund a broader launch
Launch	Repeatable selling and acceptable contribution	How fast and where to scale
Post-launch	Retention, expansion, costs, and price realization	Which parts of the model to revise

Define the decision rule before each stage. A useful gate might require that qualified buyers understand the same core use case, that a standard offer can be sold without extensive custom work, or that contribution remains positive under a credible delivery-cost scenario. These are company-specific thresholds.

Do not let weak evidence acquire authority through repetition. A sales estimate based on early interviews should remain labeled as an estimate when it enters the operating plan. Record how the evidence changes, rather than allowing a preliminary conversion assumption to become an unquestioned budget target.

4 Treat concept response as a measurement problem

Present the concept with enough specificity for a meaningful choice: what the product does, the expected output, limits, implementation work, price period, and purchase terms. Avoid a demonstration that implies capabilities the launch product cannot provide.

Test comprehension before asking willingness to buy. A respondent who imagines a fully autonomous service is evaluating a different offer from one requiring substantial human review. Ask respondents to explain what they expect to receive and what they would still have to do themselves.

Purchase intentions can be informative, but they are not purchases. Morwitz, Steckel, and Gupta find that the relationship between intentions and behavior varies with product and study conditions, including whether the product is new and the time horizon.[1] Jamieson and Bass examine approaches to adjusting intentions to predict new-product trial.[2] Neither provides a universal conversion factor for an unfamiliar B2B product.

Use those limits to design the next evidence step. Interview reactions can narrow the hypothesis. Structured concept or choice tests can compare offers. Paid purchase and continued use can validate aspects of the commercial model. No single stage answers every question.

5 Test price with scope, unit, and terms

For a fixed concept, a randomized price test can reveal how stated choice changes across a plausible range. Where package content and price remain unresolved, a designed choice experiment may be more useful. Include realistic alternatives and a no-purchase option.

Define the billing unit before interpreting the response. An annual platform fee, a per-user price, and a charge per completed task expose the buyer to different bill distributions even when their expected annual totals match. Test likely usage and high-usage examples so buyers evaluate the offer they would actually receive.

Avoid letting a preferred price dictate the cost assumption. Estimate implementation, support, delivery, third-party costs, and required commercial effort independently. Then assess whether the offer supports the business. If the economics fail, the response may be a different segment or scope, not a more optimistic demand forecast.

Willingness-to-pay research comparing hypothetical and incentive-aligned methods with actual purchase outcomes reinforces the need to distinguish stated response from behavior.[3] For the new product, validate the recommended offer through a purchase mechanism appropriate to the sales motion rather than applying an arbitrary percentage reduction to survey demand.

6 Worked example: more demand is not the same as a better launch

Illustrative assumptions. A company expects 1,000 qualified annual buying opportunities. Each customer creates $8,000 of avoidable first-year cost, combining delivery and onboarding. Annual fixed operating expense for the product is $1.2 million. The following choice rates are hypothetical planning inputs, not observed sales.

Annual price	Choice rate	Expected buyers	Contribution before fixed expense
$18,000	35%	350	$3,500,000
$24,000	25%	250	$4,000,000
$30,000	15%	150	$3,300,000

After the assumed fixed expense, modeled annual operating contribution is $2.3 million, $2.8 million, and $2.1 million respectively. Under these inputs, the $24,000 offer has the strongest economics despite attracting fewer customers than the $18,000 offer.

Suppose paid validation at $24,000 instead supports a 15 percent purchase rate. With the same 1,000 opportunities and cost assumptions, contribution before fixed expense becomes $2.4 million and the annual result after fixed expense becomes $1.2 million. The product remains attractive on that simplified annual view, but the launch case has materially changed.

The model still omits acquisition constraints, one-time development expense, timing of customer starts, retention beyond year one, and capacity limits. Add those before approving the investment. In particular, 250 first-year signings do not generate 250 full-year equivalents of recognized subscription revenue when customers start throughout the year.

The example shows how to use research: compare complete economics, test the assumptions that matter, and update the commitment. It does not establish the actual best price or justify extrapolating an uncalibrated stated-choice rate.

7 Use design partners without confusing them with the market

Design partners are valuable sources of workflow detail and product feedback. They may also receive unusual attention, influence, services, discounts, or early access. Those conditions can make their purchase and adoption different from a standard customer.

Record the exact offer and support provided. A paid pilot that includes extensive consulting does not necessarily validate a self-serve software subscription. A discounted first year does not validate renewal at the intended standard rate. A nonbinding expression of interest does not establish budget approval.

Recruit beyond close relationships as the hypothesis matures. Test whether buyers unfamiliar with the team understand and purchase the same offer. Preserve the reasons qualified prospects decline. Those losses often reveal missing conditions that successful partners can obscure.

Define what ends the design-partner period. The team should know when it will decide on standard scope, price, service responsibilities, and migration terms. Otherwise, a series of custom pilots can become an uneconomic services business while still being described as product validation.

8 Measure willingness to continue, not merely willingness to try

Trial purchase and retained demand are separate outcomes. A low-risk pilot can attract experimentation without producing repeated use or renewal. Measure activation, workflow completion, accepted output, frequency of use, support demand, and realized value as well as signed revenue.

Identify the conditions needed for a repeatable sale. Can an ordinary account team explain the offer? Can onboarding be delivered within the assumed cost? Does the customer reach the intended outcome without founder intervention? Can finance issue a clear bill and recognize the expected economics?

Observe the timing of value. If benefits arrive only after a long implementation, the buyer's renewal decision and the vendor's cash needs may differ from a rapid-activation product. Price, payment schedule, and service scope should reflect the actual path to value.

Use leading indicators carefully. Frequent usage can support a retention hypothesis, but it does not replace observed renewal. Low usage can indicate poor fit, incomplete onboarding, or a workflow that is valuable but infrequent. Interpret the metric in context before changing the price.

9 Launch with an explicit learning and revision plan

Record the initial target segment, offer version, price logic, approved exceptions, and assumptions behind the forecast. Preserve this baseline so later results can be compared with the actual hypothesis rather than a revised memory of the plan.

Set a review cadence that matches the sales and renewal cycles. Examine conversion and contribution by segment, not only aggregate bookings. Investigate whether shortfalls arise from insufficient qualified opportunities, weak value, price resistance, implementation burden, or an unsuitable charging structure.

Define when to change the offer. A price cut may be appropriate when credible evidence shows a profitable increase in demand. It is a poor substitute for resolving missing capability or a confused buyer. A premium tier may be appropriate when a group values a more demanding workflow. It should not be created solely because the original revenue plan was too optimistic.

New-product pricing research makes development more economically informed. It helps the company decide what to build, whom to serve, how to sell it, and when the evidence supports scale. The strongest launch price is part of a coherent commercial proposition that the business can deliver and buyers choose to keep.

10 Purchase the evidence before the larger commitment

The next investment should resolve the uncertainty that could change the product decision. That may be whether the problem triggers expenditure, which buyer owns the budget, which scope creates a complete outcome, what offer customers choose, or whether real delivery costs support the proposed price. A launch date does not answer those questions.

Commission research around a defined commercial hypothesis and the commitment it will inform. Combine buyer interviews with the appropriate offer or willingness-to-pay test, a financial model, and a plan to validate actual purchase and continued use. The output should be a choice about segment, offer, price, and next investment, with the supporting evidence visible.

Curly's Consulting's **Pricing Transformation** includes size-of-prize modeling, buyer research and willingness-to-pay analysis, monetization design, and direct execution support. For a new product, scope the work early enough that the findings can still change the offer and the economics, rather than only justify a launch price already selected.

The next commercial step

Request a Pricing Transformation quote. Share the product concept, intended buyer, development stage, and next investment decision so the research can be sequenced around it.

Sources and methodology

This paper combines the cited published work with Curly's Consulting's analytical framework. The commercial examples, thresholds, and calculations are illustrative; they are not client results or findings from a new empirical study. Published studies support the specific claims beside their citations. Their results should not be treated as universal benchmarks for a portfolio company.

References

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