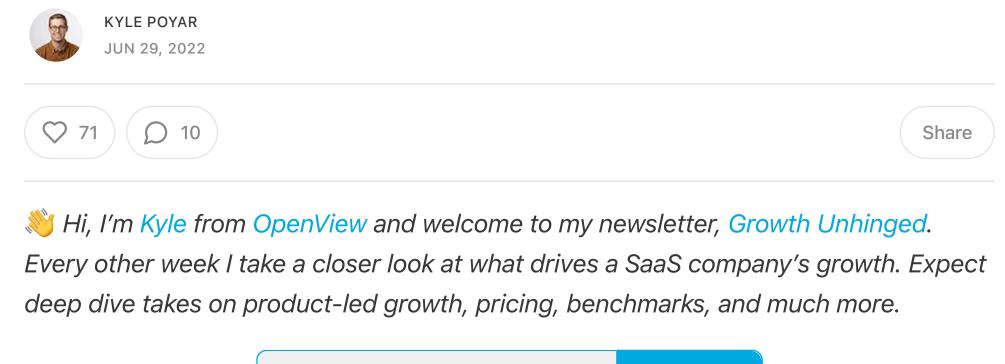
Your guide to reverse trials

A conversation with Airtable's Head of Growth on free trial strategy



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What's better for PLG: freemium or free trial?

You've probably debated the question ad nauseam. They both have their pros and cons, which then polarize different functions that might have competing objectives. Some of the classic freemium vs. free trial trade-offs include:

Acquisition: Freemium products tend to see higher conversion from website
 visitor to new sign-up, translating into faster and more efficient top-of-funnel growth.
 Since freemium products don't restrict users to a restricted trial period, folks try out
 products earlier in their buying cycle.

Solution: Free trial products see higher free-to-paid conversion, often 2-3x the conversion rates of freemium ones. Free trial products create urgency to make a purchase decision. They also force a binary choice: either use the product and pay or stop using the product altogether. The free plans don't 'compete' against paid tiers.

Time-to-value: For some products, users can't experience real value in only a 14day or 30-day period. Freemium products without an expiration give users more time to get set up, share the product with their team, and form a habit.

Virality and network effects: Your product might become more valuable as more folks use it through viral loops or network effects. In these cases, product owners inherently prioritize acquisition over conversion and revenue.

Cash payback: Free trial products not only see higher conversion, they also see *faster* conversion as folks buy upon trial expiration. Median time-to-purchase might be 14 days in a free trial company compared to 60 or 90 days for a freemium one. If you need to generate cash quickly to fund paid marketing efforts, a free trial looks far more appealing.

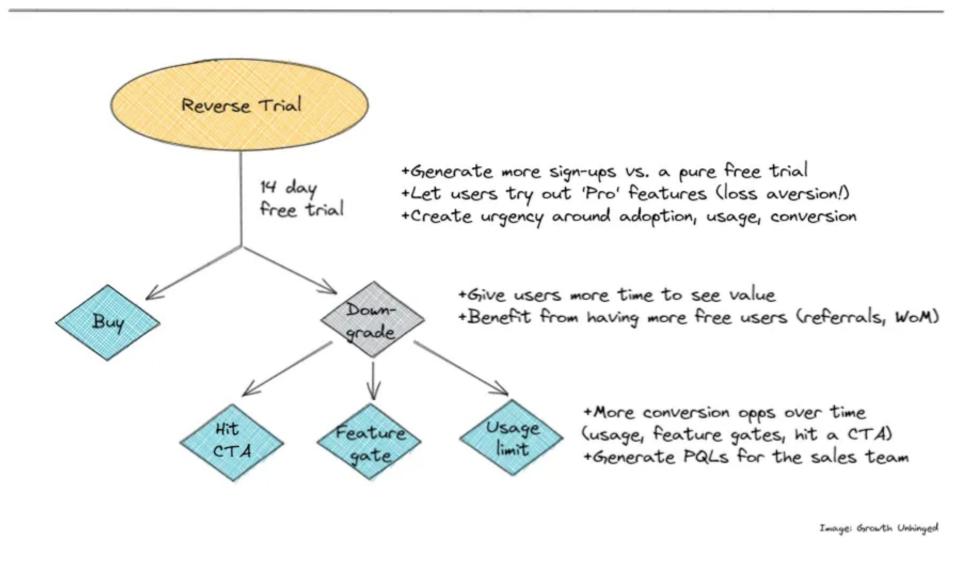
You don't have to choose

Freemium or free trial is a false trade-off. The reality is that you *can* have your cake and eat it, too.

Enter the 'reverse trial.'

In a reverse trial, new users start with a time-limited trial of your paid features. At the end of the trial, they can either buy or downgrade to a fully free tier.

The Reverse Trial Funnel



Example reverse trial funnel

These would seem to be the best of both worlds. You don't need to choose between acquisition or conversion goals; you can pursue both! And you put your best foot forward with new users, giving them access to your most advanced features for a limited time. From a behavioral psychology standpoint, you start to benefit from *loss aversion* where the pain of *losing* something is twice as powerful of a motivator as the pleasure of gaining.

It's no wonder that PLG giant Airtable, a workflow platform that lets your team build applications to run your most important business practices and is valued at \$11 billion, has been an early pioneer of reverse trials. But how does this work in practice and are reverse trials right for everyone?

Inside Airtable's reverse trial strategy

I sat down with Airtable's Head of Growth, Lauryn Isford (LinkedIn | Twtr), to find out more.

Lauryn leads Airtable's Product Growth team, a 40+ person team accountable for accelerating Airtable's user growth and success from free signup through enterprise deployment, as well as self-serve revenue. In practice these teams work on *product acquisition flows* (sign-up, referral), *activation and onboarding experiences*, *monetization* (conversion, upgrades, pricing & packaging), and *product-led sales* (cultivating leads and hand-off for a sales conversation).



Below is a lightly edited version of our conversation (Lauryn's comments are in italics).

KP: How does a free product fit into a PLG strategy?

For a company with a PLG strategy, there are typically two competing north star metrics: one around number of users (weekly actives, monthly actives, or number of accounts) and one around revenue. Growth teams can drive or contribute to one or both of these north stars, but the strategies differ:

- 1. **User growth:** Get as many people as possible using the product and finding value.
- 2. **Revenue:** Generate business by monetizing the user base.

Offering a free version of your product lends itself well to the first strategy (user growth). A free version widens the funnel substantially, giving more people more time to try out the product and grok its value. This creates a longer, but often more comfortable or natural, sales cycle for the user. It also creates space for you to set aside the payment conversation and focus on helping the user get started.

In contrast, offering a free version can make less sense when revenue is top priority. It may create an expectation that the product shouldn't be 'expensive', or anchor users on a lower price point. It also creates substantially more work for you to win your customer: it's not sufficient to just get users to love your product and stick around. They must also be convinced to spend money for additional value on top of that core free experience.

In my experience working for and with PLG companies, I've found that most Growth teams focus first on driving revenue in their early days, and then shift toward a user growth strategy as their product matures. This is a natural transition because the business becomes more interested in top-of-funnel growth as it reaches scale and begins setting multi-year growth targets. With that in mind, I generally advise PLG companies to plan ahead and consider offering a free plan early (if not from Day 1) and err on the side of onboarding many users whom they can potentially monetize later.

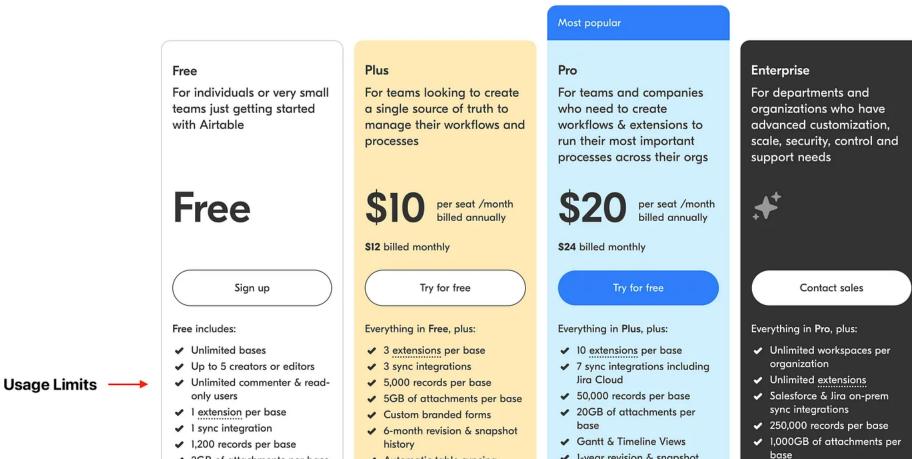
KP: What do you see as the trade-offs between freemium vs. free trial?

Both freemium and free trial allow you to showcase product functionality without requiring a user to pay upfront. They both support users in first mile exploration and seeking early value from the product.

- As outlined above, **freemium** is best aligned with a strategy oriented around user growth. You can get as many people as possible into the product and understanding its value, even if they're only using basic functionality.
- A **free trial** lends itself more to a revenue orientation. The free experience is provided for a short time to give users just enough space to discover a product's value and fit for their needs. After this limited trial, they're asked to pay or move on. This consistently results in higher conversion rates because users are required to make a payment decision.

You could argue that a free trial is the more efficient manifestation of a free product offering. It creates urgency for the user to deeply explore the product over a short time frame and make a decision. However, during a free trial (commonly ~14 days), your users are working against the clock to understand the full extent of possibilities from your product. If they don't understand the deep value your product can offer them in those 14 days, you may see otherwise avoidable churn at the end of their trial.

At Airtable, our mission is to democratize software creation. Because of our ambition to give everyone (not just engineers!) the tools to build connected apps using our platform, we offer advanced functionality like integrations in our free plan and provide time and space to explore that functionality. We offer a **reverse trial**: a 14 day free trial of our Pro Plan (top-tier self-serve offering), and then default users to our Free Plan if the user chooses not to upgrade. This reverse trial is more generous than a free trial, and more nuanced than freemium alone. We feel this strikes the best balance of giving value away freely, while helping users understand what's possible with our premium offerings.



Airtable pricing page (June 2022)

KP: Do you see more companies introducing a reverse trial? Why?

I do think reverse trials are becoming more common. It's mutually beneficial for you and your users to have a conversion conversation without the risk of losing them altogether. The reverse trial provides space upfront to explore the full potential of the product, but also keeps the door open for you to nurture your relationship with users over a longer time horizon.

At Airtable, we're comfortable giving users that time and space because our top priority is getting them to success and long-term value. We see our relationship with them as multi-year and are comfortable being more patient with that moment of conversion.

KP: Where does this reverse trial strategy work or not work?

As mentioned earlier, a reverse trial works well when you are most focused on user growth. It's important to remember that while a trial experience can be short, your relationship with a user should hopefully be quite long, lasting many months or years. In that case, orienting toward a user's success and long-term value should remain the highest priority.

You build up trust with a user over many months, but you can lose them in one conversion conversation.

The reverse trial is a great option for fostering that longer-term user relationship. It gives users time to get to know your product, including a short window to explore the most advanced features available to them, but holds space for them to reengage with you about conversion when they're ready.

Additionally, a reverse trial will only work well when there is a compelling reason to convert later on (sounds obvious, but hard to get right!). Your packaging – which features are included in each of your free and paid plans – is the foundation on which you can convert users from free through paid and enterprise offerings. If your paid plans aren't compelling enough to justify purchase in their own right, then the impact a reverse trial can have on top of that packaging will be capped. It's hard to make double-digit improvements in conversion, even with something as foundational as a free trial experience, if you don't have a sturdy foundation with robust packaging. It's relatively easy to find market comps for healthy conversion rates to assess if your packaging is converting well today – I encourage you to check out the benchmarks here.



KP: How do you decide which features should be in each plan?

With the reverse trial approach in mind, I'd recommend giving away freely any feature which enables and accelerates top-of-funnel user growth. These features directly serve the growth and retention of your user base over time.

In comparison, the features that are best suited to paid plans are those which you can roughly classify as 'moat' features, 'sticky' features, or 'sophistication' features. Paid features should map to target user personas and clearly differentiate value for each of them.

- **Moat features:** High switching costs or powerful network effects that compound value relative to competition
- **Sticky features:** Once a user starts using this feature, they pay more to use more
- Sophistication features: Deeper, more complex feature usage

For example, a new customer could build a basic CRM in Airtable for free. But our Salesforce integration, which unlocks deeper usage and scales out their workflow, is well-suited to a paid plan. Meanwhile, the ability to invite many colleagues to a view you created on top of that CRM should be free – we want that moment of success to be easy and also to expose the product to as many people as possible.

Note that there are a variety of pricing models out there, beyond what we'll cover today: seat-based, usage-based, tiered, and combinations of each. Exactly how you 'give away' premium features will depend on your product and should map to customer usage (more on this next).

> Thanks for reading Kyle Poyar's Growth Unhinged! Subscribe for free to receive new posts and support my work.



KP: What's been most effective to convert free users to paid customers?

Start with the 80:20 rule. If you are trying to figure out 'how much value' to give away for free, draw a line on feature usage where roughly 80% of users will stick to the plan they have and 20% will want to upgrade. You can first look at the adoption of your core features today, see which ones are broadly used, and start to draw lines from there.

To share an Airtable example, extensions are a much-loved premium feature among our user base. We give everyone the chance to try extensions for free (limit of 1 in our free plan), and unlock more extensions as users progress through our paid offerings.

KP: What other advice do you have for emerging startups?

Early stage startups have the great luxury of experimentation. It's much easier to tweak your pricing, packaging, and trial strategy early in the life of your company. Take advantage of this time! You may want to move features around across your plans, adjust price points, or change up your trial approach. Ideally, by the time you've

reached some level of product-market fit, you feel great about the foundation of your pricing and packaging and can then focus on conversion and scaling.

If you don't offer a free plan yet, I'd encourage you to reconsider it once more. What is holding you back from offering the product for free? If it's possible for users to get up and running on your product without the assistance of your customer experience teams, then a free offering could be a scaled and efficient approach for you. Across my experience supporting startups, I've yet to encounter a company who tried freemium and regretted it.

Finally, sweat the details. Free trials are hyped and glamorous. However, the details of how you implement that trial and optimize it for maximum user conversion really matter. If you can get 5% of your users to convert to paid plans within 3 months (vs a 2 or 3% baseline), that's a tremendous step-change for your company's recurring revenue that will compound as your business grows. Don't give up!

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