

## Business Strategy / Pricing Models

Design freemium pricing structures including free tier limits, paid feature unlocks, upgrade triggers, and conversion optimization.

Difficulty: Intermediate → Advanced

Model: GPT-4 / Claude / Gemini

Use Case: Freemium Strategy, SaaS Pricing, User Conversion

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Why This Prompt Exists

Most freemium models fail because the free tier is too generous or too limited.

You get:

- free tier that's so good no one upgrades (0% conversion)
- free tier that's so limited users leave (no acquisition)
- no clear upgrade triggers (users don't know when to upgrade)
- features that don't justify paid tier
- high free tier costs (support, infrastructure) with no ROI

But freemium is not random.

It is a conversion funnel designed to maximize LTV.

- Free tier: enough value to acquire users, not enough to retain heavy users
- Paid features: must be features heavy users need
- Upgrade triggers: usage limits, feature access, collaboration needs
- Conversion optimization: in-app prompts, email sequences, trials

Without freemium discipline, you give away value without capturing it.

This framework forces AI to design freemium that converts.

## The Prompt

Assume the role of a freemium pricing strategist who optimizes free-to-paid conversion.

Your task is to design a freemium model.

Generate:

### 1. FREE TIER SCOPE

- What users get for free
- Limits (usage, features, users)
- Goal of free tier

### 2. PAID TIER SCOPE

- What paid users get
- Key differentiators from free
- Why users upgrade

### 3. UPGRADE TRIGGERS (3-5)

- When users naturally need paid features
- In-app prompts

### 4. CONVERSION OPTIMIZATION

- Email sequences for free users
- In-app upgrade prompts
- Trial options (if any)

### 5. PRICING RECOMMENDATION

- Monthly price
- Annual discount (if any)

## 6. CONVERSION BENCHMARKS

- What good looks like (2-5% conversion typical)
- Goals

### INPUTS:

Product/Service:

[DESCRIBE]

Core Value Proposition:

[WHAT PROBLEM DO YOU SOLVE?]

Target User Segment:

[B2C / B2B / PROSUMER]

Unit Economics (cost per free user):

[INSERT \$ OR "UNKNOWN"]

Goal (primary):

[USER GROWTH / REVENUE / BOTH]

Competitor Freemium Models (if known):

[DESCRIBE]

### RULES:

- Free tier must be valuable enough to acquire users

- Free tier must not be so valuable that users don't upgrade
- Upgrade triggers must be natural (usage-based, feature-based)
- Paid features must be what heavy users need
- Aim for 2-5% free-to-paid conversion (SaaS benchmark)
- Free users cost money (support, infrastructure) - track this

### How To Use It

- Free tier should be valuable enough to acquire users, not retain heavy users.
- Upgrade triggers are when users hit limits or need collaboration.
- Track free-to-paid conversion rate (2-5% is healthy for SaaS).
- Monitor free user costs (support, infrastructure) — they add up.
- Test free tier limits to find optimal conversion sweet spot.

### Example Input

**Product/Service:** Project management software for small teams

**Core Value Proposition:** Keep teams aligned on tasks and deadlines

**Target User Segment:** B2B (small agencies, 2-20 people)

**Unit Economics:** \$0.50/month per free user (support, storage)

**Goal:** REVENUE (use free tier to acquire, then convert)

**Competitor Freemium Models:** Asana (free up to 15 users, limited features), Trello (free with limits), Monday.com (14-day trial, no free tier)

### Why It Works

Most freemium models are poorly designed.

This framework improves outcomes by forcing:

- free tier scope definition (acquisition engine)
- paid tier differentiation (upgrade motivation)
- upgrade trigger identification (conversion points)
- conversion optimization (in-app + email)
- benchmark setting (performance tracking)

Great freemium models don't give away value — they acquire users and convert heavy users.

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