



Implementing a 'land and expand' pricing strategy for business growth

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In a highly competitive business environment, such as we often find with professional services, it is arguable that an aggressive pricing strategy helps win work and new clients. A 'land and expand' pricing strategy could be an option for you to consider to drive business growth and success.

What is 'land and expand' pricing?

'Land and expand' is a pricing strategy used to secure a small piece of work (one in which hopefully the prospective client's procurement processes play no or only a small part) and then grow the work so that it becomes a significant revenue generator for your business.

There are essentially two ways you can employ a 'land and expand' pricing structure:

Under-quote for phase 1 of a project, knowing there will be phases 2, 3 and 4 where it won't be strategic for the client to move the work to another service provider because it would cost them more to "come up to speed". As a result, while you may take a hit on the initial instruction, overall, the strategy will be very profitable. Here, you are essentially 'buying' the work.

Under-quote for a piece of work, knowing or hoping that in securing the small entry-level matter, you can grow the target [clients relationship](#) over time by offering more value than the target client's existing service provider. Here, you are essentially buying the relationship.

Implementing a 'land and expand' strategy

If done wrong, a 'land and expand' pricing strategy can be very costly to your business, but if done right, it can deliver lucrative results for your business.

4 tips to implement a successful 'land and expand' pricing strategy

Identify the right project and/or target client

Not all projects are fit for a 'land and expand' pricing strategy. You need to identify a project that you know will have multiple phases and where it makes sense for the client to stay with the same service provider throughout the project, regardless of the fact that you may need to be tendering for each phase separately – which is likely part of the target's procurement policy.

Likewise, not all clients like to think they are being 'bought', so if you apply a 'land and expand' pricing strategy to a client acquisition strategy, you need to make sure you [emphasise the value you are providing](#) and why you can do the work at the price-point you can. This might be because you are more efficient. It could be because you have greater knowledge of the subject. Whatever the reason, it can not be that you are simply cheaper because then it becomes a conversation on price alone – and your competitor always has the right to drop their price!

Use data

If you are thinking about implementing a 'land and expand' strategy, implement data tracking to track how your customers are using your service and at what cost. Determine what, if anything, it is going to cost you to implement the strategy and how long you will need to be turning an acceptable profit.

This is a relationship, not a transaction

A 'land and expand' strategy relies on you having a relationship over time with the target client. It is not transactional. So, if the matter you are being asked to quote on looks transactional, then a 'land and expand' approach won't work; unless you are looking to buy the relationship and not the piece of work. In that scenario, you need to ensure that your customer is getting the maximum value from the service you initially provide.

Here, strong onboarding, ongoing training and [customer feedback sessions](#) can help to significantly increase the likelihood of your expansion success.

Communicate your strategy

A land and expand pricing strategy is a long-term game. You will not see results from adopting this approach in the next 3 months! So, make sure you communicate what you are doing and why you are doing it to the management of your firm so they are on board with this and see the long-term benefits. Otherwise, you may well find your own senior management team scuppering your best laid plans!

Conclusion

Done well, a 'land and expand' pricing strategy can be a powerful way to increase your firm's revenue and drive a long-term relationship with a new customer. It comes with risk though. You could lose a lot of money if you pick the wrong target client or project. So, make sure you align the evolving needs of your client with the strategy you are implementing.

Get in touch if you need support with adopting this type of pricing strategy.

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