







App Monetisation Guide



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INTRODUCTION

Every app needs to drive profit, or it simply becomes an expensive hobby...which isn't ideal.

My name is Logan Merrick, and I'm one of the directors at Buzinga App Development <http://www.buzinga.com.au>.

We develop mobile apps for people with great ideas. We show them how to monetise, launch and market their apps with a cutting-edge strategy and long-term vision.

In this guide I'll take you through the best ways to monetise and ultimately drive profit from today's most widely available technology

Mobile Apps

Every second person I speak to has an app idea. Many of them are actually really good. But what most of them lack is a well thought-out monetisation strategy.

An app without a monetisation strategy is like milk without the bottle - **it's not a viable product.**

I believe that anyone can build a great app, with a little bit of help and a nudge in the right direction. I hope this eBook can come as a great resource that you can refer back to again and again to guide you to the right monetisation strategy.

All the best to you.
Cheers

Logan Merrick
Buzinga App Development



Chapter 1

The Art of Monetisation

Though there are many different options for monetisation out there that let you get quite creative, it's important that the strategy you decide on compliments your app.

The user experience is the most important aspect of any app. And if your monetisation strategy impedes on the user experience then you can kiss any chance of building a successful app - Goodbye!

So how do you know what monetisation strategy works for each type of app... If only it was as black and white as that, then everyone would be rich. The fact of the matter is, it's a very 'blurry-shade-of-grey'. And every app needs to be looked at individually.

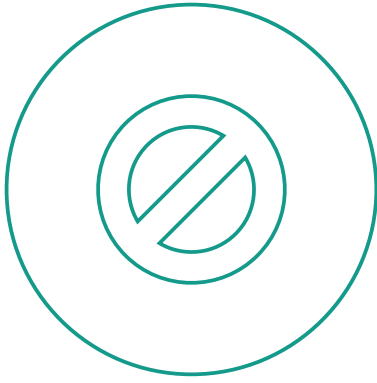
You have to cut a fine balance between monetisation and user experience in order for this to work. Always consider the user experience first and structure your monetisation strategy around it, do this and you will hit the nail right on the head 9 times out of 10.

To round up app monetisation in a nut-shell, there are 3 core strategies (for apps that aren't associated with a business), and they are:

- **PPD (Pay-Per-Download)**
- **IAP (In-App Purchases)**
- **Advertising (CPC & CPM)**

They all work incredibly well depending on your overall strategy and your app concept, but the way you apply each strategy makes a noticeable difference to your bottom-line. And truth be told, another 20-30% (up to 1000%) revenue justifies reading the rest of this ebook, right?

Cool, let's get into the good stuff:



Chapter 2

What Not To Do...Ever...

There are some monetisation strategies that just don't go with certain types of apps.

For example, charging users an upfront payment (PPD) for the use of a social media application is bad business. Just take a look at the 5 most successful social media apps (bar dating apps) – Twitter, Facebook, LinkedIn, Google+, Pinterest – none of which use the PPD strategy.

From memory, Facebook nearly lost a 25% of its user base a few years ago for merely insinuating that they were going to charge for using their service.

A social media app is best monetised by establishing a loyal user-base and using an 'Ads' strategy to generate revenue. This isn't a get-rich-quick scheme so I wouldn't hold my breath to see that return on investment. Other monetisation strategies can be added on later with future updates.

LinkedIn is a great example of a Social Media app that is being monetised using a couple of these strategies.

I mean, this clever group of people developed an app/website where industry professionals like you and me (connect with me on LinkedIn <http://www.linkedin.com/in/loganmerrick>) can sign up and build our network of connections with other professionals from all over the world. This is how they make their ends-meet, using two of the core monetisation strategies:

- An 'IAP' strategy where users subscribe to a premium service hidden within the system, and;

- An advanced CPC/CPM strategy allowing any business to sign up as a user and advertise their services to their own specific target market with side-bar ads.

LinkedIn is one of the fastest growing social media apps in the world with over 200+ million active users in less than 3 years. So they're doing something right.



Chapter 3

Effective Use Of The PPD Strategy

Pay-Per-Download strategies are best deployed with apps like games, education, utilities and fitness etc. However, if you're using this strategy it's important that you offer something that people really want to have and cannot get anywhere else, this will help to incentivise the download. People rarely spend money on something they aren't sure that they need or want.

Once you've built a fleet of well-known apps, people will become more inclined to download your apps on a PPD basis.

So how do we apply these strategies and start making some cash? Let me share with you a really simple strategy that's used by app developers like Rovio (Angrybirds) and how they monetise their applications? Check out these 3 important Steps.

Step 1:

Launch the app and charge your nominated fee (average app fee on app store is \$0.99).

Step 2:

Launch a second version of your app (a free version) which uses a CPC/CPM strategy that pushes people into paying to download the ads-free version of your app.

Step 3:

The app will also allow users to make purchases (extras, unlock levels, hints etc.) that improves the users' experience. Costs for these can range anywhere between \$0.99 and upwards.

There are endless amounts of ways each of these strategies can be used and combined, it just really comes down to getting creative with it. If you feel that a particular strategy isn't working well for you then rethink your approach and try something new.

Tips

There are a tonne of ways to incentivise people to download your app and the main one is by using beautiful screenshots and having an impeccable icon.

Good copy in the description is also important but at the end of the day, most people don't read that stuff anyway... So it's mainly all about visuals.

To learn more about the visual aspect, there is a bit of information about this in one of our posts called 'ASO: Getting Found on the App Store'

<http://www.buzinga.com.au/smart-phone-apps/app-store-optimisation-getting-found-on-the-app-store/>



Chapter 4

Revenue from Advertising (CPC & CPM)

With so many Free apps on the app marketplace you may find yourself asking “How do Free apps make any money – I sure didn’t pay anything...did I?”

The answer is simple. They monetise using mobile ads.

You probably already know what I mean. In fact, you’ve probably seen them. They’re the little banner ads at the top or bottom of the screen in the app. And more popular now days are the full page interstitial ads.

Most people don’t tap on them out of genuine interest. Like me, they only really ever hit them accidentally every so often. And yes, they are annoying...but yes, they work.

A lot of big developers will publish two versions of their app. A light version with ads, designed to push people into paying to download the full version.

That way the app developer is still cashing up whether the user pays for the app or not!

So what kind of money can you make from ads?

The app stores never publish the figures made from banner ads but a quick search on Google reveals that app developers may make between a couple of hundred a month to a few thousand a week just from running the advertising strategy.

The beauty about making your app free is that you get several times more downloads than you would if your app was paid.

But the real key to making money from Free Apps is to ensure return usage:

Impressions (CPM)

Impressions are the amount of times an ad is featured on the screen. The advertiser pays the agency – which then pays you – a certain amount per 1000 impressions. CPM stands for Cost Per Mille.

To ensure a good return, you need to get a crap-load of users and make sure that they use the app regularly. You also want your users to navigate through the pages because every new page equals one impression.

Pay-per-click

The pay-per-click model is pretty basic. The advertiser pays the agency – which then pays you – a certain amount every time someone clicks the ad. And you get paid whether they click it by accident or not.

Tips

• Internal & External Ads

You can use internal and external ads. What that means is you can advertise other people’s apps in your app but you can also advertise your own apps within your own network of apps which doesn’t cost you anything. There by getting your users on one of your apps to start using your other apps. Like cross promotions. If they liked your first one, chances are they will like your second one too.



Chapter 4

Revenue from Advertising (CPC & CPM) **Continued**

- Full Screen Interstitial Ads

Full screen interstitial ads appear in between screens when people are navigating through your app. The key is to pop them in places where they're not annoying. For example, during loading screens, at start-up etc.

- Hiding Ads

I'll often not show ads in my apps until the app has been used for a certain length of time. This lets the user settle in and become –what I call – a loyal user of my app. This gives me a higher chance of getting an in-app purchase out of them which is worth a whole lot more. Likewise, if the user does make an in-app purchase then I generally set the ads to hide, this helps keep them keen and engaged. You definitely don't want to scare people away who've spent money in your app, because chances are they'll spend again.

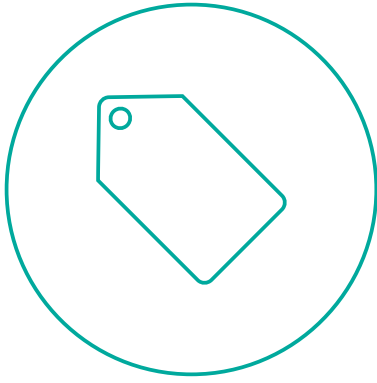
- Use ads that compliment your app

The key to this strategy is to get as many people clicking on the ads in your app as you can. So it's important to use ads that compliment your app. i.e. if your app is a game, then picking an ad for another game in a similar category is a must.

Some ad networks will do this for you...but most won't.

Here are some great ad networks you can use

- **RevMob**
- **Admob**
- **iAds**
- **Chartboost**
- **TapJoy**
- **MoPub**



Chapter 5

In-App Purchases

Did you know that 72% of total app revenue in the U.S. came from in-app purchases?

It's true. And that's an amazing figure. So when developing an app, especially a game, you need to make sure to optimise your app for the best use of in-app purchases.

However, be careful because this is where many people fall down. Greed is an interesting thing, and in-app purchases can be like Kryptonite for an app developer.

If you're developing a game it's important that the game is 100% playable without having to spend additional money to get the full enjoyment. On the other hand, if the player is impatient and wants to speed things up, then having a paid option to do this is a must.

Have you ever come across apps where you have to spend money to buy gems? And you use the gems to buy things or make time move faster as if though by magic... Perfect example.

Be careful not to abuse the system. My fiancé was playing an iPhone game a while back and she was flabbergasted (do people still use that word?) at the whole concept that she had to wait for 9 hours before she could make another move. And I mean truly shocked. She's pretty new to mobile apps but a 9 hour wait after a couple of hours of playing the game... she wasn't exactly "hooked" if you know what I mean. If you're going to use long waits to incentivise in-app purchases your game better be addictive.

How to use in app purchases

Being in the industry I tend to play a lot of games myself, and I will literally turn off and delete a game that push in-app purchases too hard. And from what I understand, most people are the same.

So the way to do it is to use the 'silent-salesman technique'...

Simply let users know that there are upgrades, gems, etc available for purchase. Make it available for them at convenient times in the game, e.g. when they really need them. But don't push it up in front of them or make in-app purchases compulsory. It may cost you a little in the beginning but in the long-run you will benefit greatly from a more loyal and satisfied user base.

You see, users are more likely to share an app on social media and with their friends if they get a good vibe from it. There's also a much higher chance that they'll come back to play it again, and again.

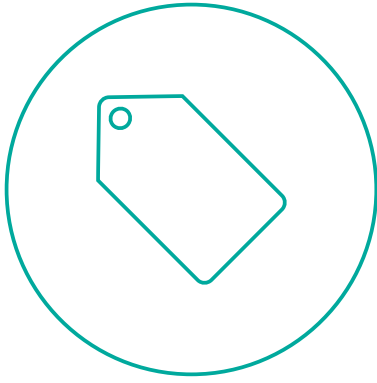
Tips

- Celebrate Milestones

If the user's been using your app for a period of time then that can be celebrated. And a celebration is a good way to make the user an irresistible offer!

- Irresistible Offers

An irresistible offer is one that can't be refused. It has to be good. But at the same time, it has to be time sensitive to create a sense of urgency.



Chapter 5

In-App Purchases **Continued**

- Store

The store is one of the best ways to drive in-app purchases. In the store the user should be able to buy gems. Let's be clear though, they have to be able to earn the gems as well by using your app.

- Gamification

By gamifying your app, even if it's not a game, you're likely to drive a much higher user engagement and the user-return-rate goes through the roof. Adding in badges, achievements and disguising tasks as quests, makes the app a whole lot more enjoyable.

- Lot's of in-app purchases options

You can't be too stingy with this. We've found that in apps where there are more options for in-app purchases the app actually drives more revenue. And don't be afraid to put a hefty price-tag on some of those options either. Some in-app purchases cost upwards of \$100.

- Get people spending their gems

In an earlier tip I mentioned using gems. Gems are a great way to get people to spend money. In most games gems are used to speed up time, unlock objects or to improve the experience in other ways. Making packages of gems available with varying size and cost is a must. Then incentivise them to spend their gems to increase repeat purchases.

- Sales

Running sales in the app is a great way to drive in-app purchases. Once again, these offers need to be irresistible for the users to bite!

- Give a little, get a little

It's important to give the gems away in the beginning of the game. This gives the user a taste for what they can do with gems and as soon as they can spend them they'll want more.

- Advertise your own in-app purchases

Using Chartboost you can actually advertise your own in-app purchase items. It's interesting but it works. Try it out.



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Buzinga Apps is a team of professional custom app developers with over 50 years of business and marketing experience working with people and organisations from all industries. We'll help you brainstorm your idea, design your killer graphics and guide you through launching and marketing your app.

Are you looking for advice and guidance through process of developing an app? Do you want to work alongside a dedicated team to create your perfect application? Then you're in the right position to work with us here at Buzinga.

Contact us today to book your FREE Strategy Session.

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