

Blog

Learn what's new at AppLovin.

[< Blog](#)



Guest Post: What's Working in App Monetization

by Katie Jansen on June 22, 2015

The following is a guest post from Ankur Prasad, Head of Partnerships, Developer Marketing at Amazon



Ankur Prasad

Freemium has become the dominant model for mobile gaming. **83% of the top thousand apps** monetize via freemium, so it's very important to understand how to encourage in-app purchases (IAP). At Amazon, we studied 50 of the top performing games to see what they did in order to stimulate IAP. In this blog post, I'll share some lessons learned so you can apply them to your monetization strategy.

Train your customers. You'll often hear that to be successful, you have to serve the right in-app items to the right users at the right time. But we're finding that this may not be enough in such a competitive market. We learned in our study that games that show their users how to acquire in-app items, using prompts or in-game tutorials, show 2.5 times the conversion rate over those that don't. Additionally, among the games we studied, those that showed players how to use what they purchased demonstrated 65% higher repeat orders than those that didn't. Clearly, players benefit from training on how to use the in-app-items they acquire, so keep in mind that sometimes a gentle nudge or a bit of training can produce remarkable results.

An example of a great way to train players on how to purchase is to leverage the tutorial. Take a look at the example below. In this game, the tutorial ensures the players know how to collect and purchase coins.





Offer variety (but not too much). Because players tend to prefer having options to choose from, it's a good practice to have multiple price points for your in-app items. The example below shows how one game offers multiple price points to its players. However, it's important to not overdo this with too many options and risk confusing the user. We found that games, which have 1-5 price points typically, make 47% more than games with 6-10 price points.



Be clear about value. If you want to sell more in-app items, it's important to make it very clear what the benefits are for different price point items. Take a look at the IAP dialogue example below. Why would a player spend \$59.99 instead of \$0.99? He could take out a calculator and figure out what value he is


getting with the bigger purchase, but that could make him work too hard – he'll likely just go for the lowest priced item. This example could improve the experience by explaining the benefits of each.





Now, let's look at a good way to showcase value. The IAP dialogue below is much better. Note that it shows the same number of items (6) available for purchase, but it indicates the bonus – the value the customer gains for spending more money. Our study showed that games that make it easy to shop – that clearly show the relative value of in-app purchases – increase revenue 75% over the apps which do not.





Reduce the barrier to re-entry: Our study showed that 48% of repeat IAPs happen within one hour of the first. Since the average session length of these games is around 7.5 minutes, it is likely that the repeat purchase happens during a new session. Therefore it's crucial to make it easy for any player to return to your game, and of course to keep them engaged. Flappy Bird offers an excellent example of the "reduced barrier" approach. The moment a player's character dies, a new session starts as soon as the player pushes the play button.

When you're developing or refining your game, be sure to keep in mind the following: players often need a little training in how to buy and even use IAP, there's a sweet spot to how many IAP options you should offer, make sure comparative value is immediately apparent with the options, and make sure players can get right back into your game once it ends.

If you'd like to learn more about the findings of our study you can [watch our presentation](#) from GDC 14.

SHARE THIS:



105



2

< [Twice as Nice: How Some Publishers and A...](#) [About Last Night — AppLovin at the Think ...](#) >

SEARCH



AUTHORS



ARCHIVES

[November 2015](#)

[October 2015](#)

[September 2015](#)

[August 2015](#)

[July 2015](#)

[June 2015](#)

[May 2015](#)

[April 2015](#)

March 2015
February 2015
January 2015
December 2014
November 2014
October 2014
September 2014
August 2014
July 2014
June 2014
May 2014
April 2014
March 2014
January 2014
December 2013
November 2013
September 2013
August 2013
July 2013
June 2013
April 2013
March 2013

TERMS OF SERVICE

RESOURCES

PRIVACY POLICY

PRESS

JOBS

BLOG



CONTACT US

COPYRIGHT © APPLOVIN 2015