

MARKETING YOUR ANDROID APPS

Lesson 2 Monetization Models: In App Purchases

In App Purchases

IAPs are premium content, virtual goods, or subscriptions that you sell within your app. These could be power-ups, unlocked features or faster progression through levels, for example. These are often impulse buys and can be big money makers, especially in gaming.

Why In App Purchases?

- **Attract users with a free app, but still make money.**
- **The draw of faster progression** – Some people don't want to pay for apps up front, but that doesn't mean they would mind paying for items within your app once they've started using it.
- **In-app purchases are convenient and popular** – Up to 89% gaming spend was for in-app purchases, and other markets at a comparable level.

IAPs Different Models



Freemium.



Premium.



Subscription.



Paymium.

Best Practices in IAPs

- **Start with a large user base** – To effectively monetize using IAPs, you'll need to increase the number of users of your app who are prepared to make in-app purchases. Only a minority of users make those kinds of purchases, so it's likely you'll earn very little revenue from most of your user base if you're dependent on this as a single monetization strategy.
- **Provide plenty of value in the free version** – Toni Fingerroos, Founder and CEO of Fingersoft gives this advice, "If you have a free game and choose to limit some features, you won't get as many downloads because users might think they have to buy everything. If they can't play without buying things they will get demotivated and will no longer play with the app."

Implementation

To help you promote in-app purchases to users in a more relevant way, you can also use in-app purchase ads. You can use these ads to promote in-app items at the right time to the users who are most likely to make a purchase, while still showing AdMob ads to those who aren't.

Use house ads to offer IAPs within your apps – AdMob allows you to place custom ads in your own apps for free and allows you to refine the targeting settings so you connect with those you most want to reach, be it a certain demographic or region, or those most likely to buy.

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