VinoView Pricing Proposal

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App description

VinoView uses text recognition to deliver users information about the wine list at restaurants. Users simply highlight the name of the wine and it delivers them the rating and market price of the bottle. Another feature is suggested food pairings and consumer and professional reviews for each wine. This allows them to know right at the table if they are overpaying for the wine. They can also save the wines to a favorite list that allows them to rate and comment about them for future reference.

Target customer

Our target customers are those who have a college degree and drink wine more than once a week. This criteria makes up about 35% of all wine drinkers in the U.S. (Approximately 3,500,000 in U.S. and 3,028,550,000 Globally).

Of this 35%, we look to target those who spend an average of $2-3k+ on wine annually. They typically have steady jobs and are in a relationship or married. These are people who dine out at least once a week and enjoy wine with their meal. They enjoy luxury and are willing to spend a good amount of money for a night out.

- Age 25-60, male and female
- Income of $30k+
- Has a career, not a day job
- Owns an iPhone and can be considered proficient with it
- Likely to own their own home and be married

Competitor pricing

The apps that are in contention for a similar audience are all free, aside from one. Most others offer a paid version to avoid advertisements and offer minor functionality increases. In order to develop the technology needed for the text recognition, I have increased the development costs to $30k from the suggested $20k.

Suggested price model

The launch of this application will be based on a trial period before the user needs to buy the app. The development costs are based on a $30k estimate.

Pricing

We will also partner with a major wine publication for sponsorship opportunity. The trial period will be measured by the number of successful wine list scans they make. Once they reach five, they will be directed to the app store for purchase. The user will also have the option of in-app purchases for more scans.

- A 25 pack of scans will be priced at .99 cents.

- The full version of the app will have a price point of $4.99 which will include unlimited use. This is the same version price of the other app on the market, WineGlass, which is the only one offering the same feature of text recognition in a wine app.

Sponsorship

By partnering with Wine Spectator or Wine Advocate, we open up more opportunities for revenue as these are names that our target users know well and trust. The predicted revenue for the app will be much higher at the time of launch if there is a major publication attached to it. This will allow us to sell at a higher price point than other paid apps on the market.

- If no corporate sponsorship is found, the app will be priced at $3.99 to undercut the current competition.

We will ask for an investment of $5k from the companies to brand the app with their name. This will lead to more customers knowing the name of their brand and potentially increasing their revenue.

Expected revenue & payback time

ARPU

Average revenue per user is based on the initial price of the app, considering half of the users continue to use it past the trial period. This would amount to approximately $2.99 per user. There is no seasonal decline in wine consumption so this is a year-round figure.

Revenue projections based on $30k of development costs

Users	ARPU	User Revenue	Less app store fees	Sponsorship income	Potential First month	Net revenue Year1
1000	$2.99	$2,990.00	$2,093.00	$5,000.00	**$7,093.00**	$-384
2000	$2.99	$5,980.00	$4,186.00	$5,000.00	**$9,186.00**	$20,232
5000	$2.99	$14,950.00	$10,465.00	$5,000.00	**$15,465.00**	$90,580
10000	$2.99	$29,900.00	$20,930.00	$5,000.00	**$25,930.00**	$221,160

- The first figure represents the lowball scenario of only 1000 users with an ARPU being calculated by what we believe most of the users will choose to do with the app after the trial period expires. The development cost of $30k would be recouped after 15 months.

- The best case scenario reaches over $220k in one year after development costs. These figures represent revenue without the initial investment and sponsorship of any outside company. The Potential first month figure includes the sponsorship allowance as well as the user revenue.

- The median user downloads still exceed what would be required to cover the costs of development for this application.

The best case scenario in this table represents only represents close to 0.02% of the actual market of addressable users for the app.