intetics

Where software concepts come alive™

Mobile App Monetization Models for Startups

Extended version of Forbes article series

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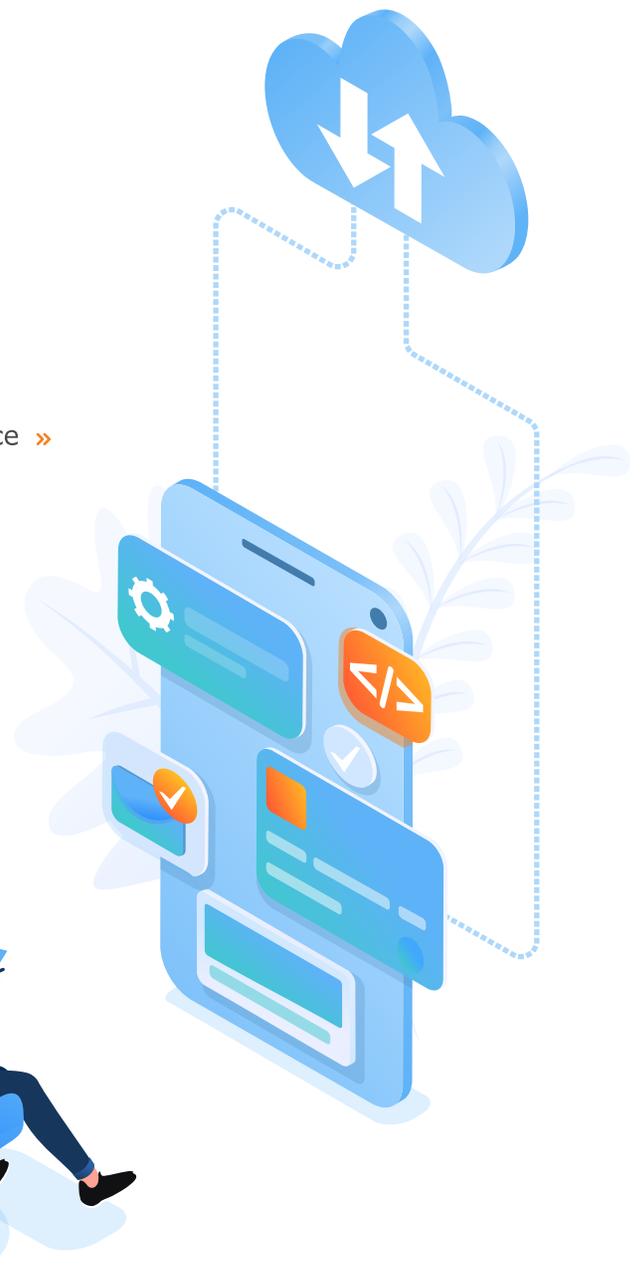
Introduction

One of the most frequent cases of fail, when a startup founder with a disruptive mobile app idea try to grow business and resolve problems with IT solutions, not knowing how to monetize their idea. Every time Intetics is approached by a startup with a mobile application development request, we begin by asking questions to better understand how to build a great solution.

One of the strategically important is to decide whether the application should be Android-based or iOS-based. The choice of platform defines the target audience, needs, customer acquisition approach, and much more.

According to Statista, the global mobile app sales revenue between the Apple App Store and Google Play distributes the following way.
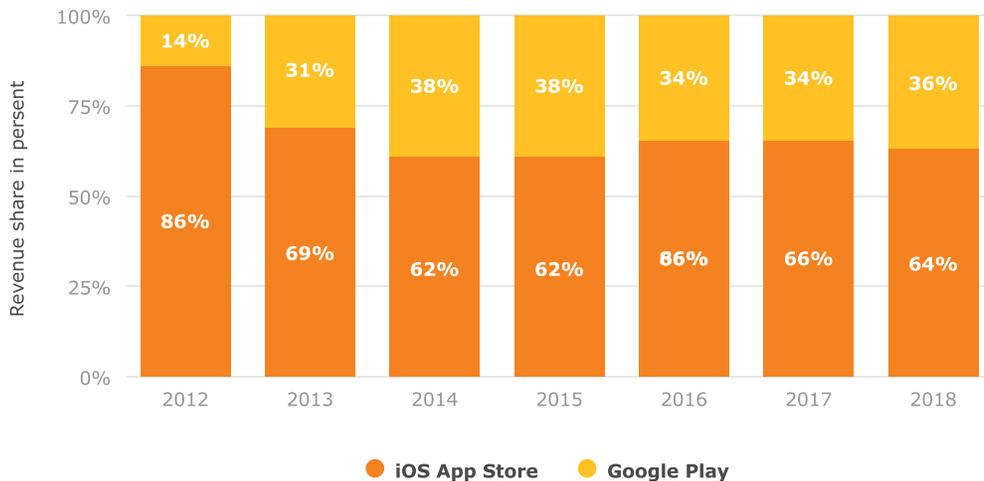
When the operating system is defined, it is important to think of your monetization model early on, so that you can pitch your mobile startup to investors by showing your vision through figures, such as stats and projections presented by key app performance metrics. Developers monetize their products in many different ways, and you too can find a model that is right for your audience and product.

This White Paper will introduce you to 11 major mobile app monetization models based on the wide Intetics portfolio of projects, startup needs, and common cases. As you read, remember that you can build your business upon one model, as well as a combination of models you might find suitable for your product and audience.

11 Revenue Generation Models

Navigate Your App Monetization Options With Ease

Here is a basic outline of the revenue generation models to be discussed in this White Paper. When reviewing monetization models based on your company's offerings, consider:

1. **Advertising:** There is no "if" — this model is suitable in almost every situation. Just make sure you choose the right ad format.
2. **Paid Apps:** If your app is a utility, productivity, photo, video or navigation tool, etc.
3. **In-App Purchases:** If you can quickly build a large user base and offer wow-level, free experience.
4. **User Subscription & SaaS:** If you can provide value for users on an ongoing basis.
5. **Sponsorship:** If there are major brands interested in promoting themselves to your audience.
6. **Affiliate Deals:** If you plan to work with businesses that offer high-demand products or services.
7. **Transaction Fees:** If your app is designed to operate as a mobile marketplace.
8. **mCommerce:** If you plan to sell your own products and/or provide services within a unique ecosystem.
9. **Crowdfunding:** If you can run a successful campaign and/or you are affiliated with an already popular brand.
10. **Donations:** If what you do is highly important for your target audience.
11. **Mob App merchandise & e-commerce:** If your app is based on a brand that has a loyal fan base.

#1 Advertising

Good to be implemented to all Apps
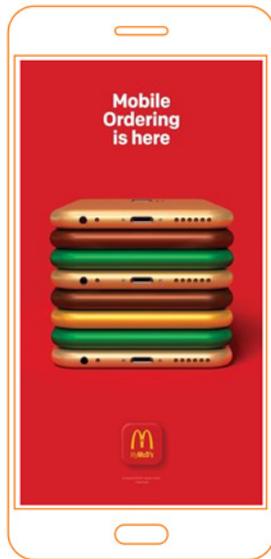
Advertising provides the most revenue for gaming and non-gaming apps alike. That should come as no surprise because through this model users can interact with your app for free, which means that you can grow a large user base and get more people to see relevant offers from a variety of advertisers.

Absolute Market Insights provides another interesting observation-and-projection perspective. According to its research, the market for in-app advertising was more than $66 billion in 2018. The forecast for 2027 indicates it is likely to reach approximately $472 billion, increasing at an estimated CAGR of 24.4% throughout the forecast period.

As for the diversity of industries that can be successfully marketed through in-app ads, consider this recent study by Drum and Smaato. Although 10% of in-game ads are placed in mobile games, the white paper says most in-game advertisers are digital entertainment platforms, retail stores, FMCG brands, and auto manufacturers.

In-app ads are different in their format and type. Check out the following six varieties.

1. **Interstitial ads:** Interstitial ads are designed as natural steps in a user journey through the app. They are most relevant for apps that are built upon linear user experience, such as Uber. It takes several steps to order a cab, and you can insert a full-screen ad as one of these steps. According to an AdColony study, interstitial ads perform slightly better than in-app purchases, with ratings of 3.5 versus 3.4.

However, this ad type is not considered user-friendly for utility apps like the flashlight. In this case, banner ads are a better choice. Google punishes apps that impair user experience with intrusive overlays by ranking them lower in mobile search results.

2. **Banner ads**: Banner ads have been around for decades. Initially used on websites, they expanded to the mobile app layout and remain one of the most efficient ad formats.
   As users interact with the app, an ad banner stays within their eyesight, allowing them time to consider whether it is something worth clicking or not. In time, the banner switches to another ad.

3. **Video ads**: Video is today's most popular ad format. Hackernoon found recently that video made up 60% of mobile advertising for 2019. According to InMobi, video ads boasted double the click-through rate (CTR) of native ads, and 10 times the CTR of banner ads in Q1 2019. And the trend has been upward lately: In Q1 2019, video ads achieved 3.16% CTR on average, compared with 0.26% in Q1 2018. InMobi also noticed completion rates of about 80% and viewability of 91% in Q2 2019.
   At the same time, video is a format that can be utilized through different ad types. The previously mentioned survey by AdColony indicates that publishers estimate rewarded video ads and interstitial video ads as the most efficient, rating them 4.6 and 3.7, respectively.

4. **Native ads**: Native ads are the most creative way of promoting a product or service to app users. Users may not even be aware that they are being targeted by advertising as they come across a native ad. It is typically introduced into UI components in the most unobtrusive way, and it serves a concrete purpose.
   Here is an interesting story that shows how this works. A staff member at Adweek was swiping through Tinder when he matched with a 25-year-old woman named Ava. After a conversation with Ava, he discovered that she was, in fact, a bot promoting *Ex Machina*, a sci-fi thriller by Alex Garland.

Another interesting example of native in-app advertising is how brick-and-mortar businesses paid to place PokéStops, important points in the Pokémon Go game, at their locations to drive foot traffic.

5. **Rewarded ads**: Rewarded ads encourage users to interact in exchange for rewards such as in-app currency, items, or features. These ads can be presented in various formats including video, a full-screen banner with a CTA, or even a demo version of the product (game or another app). Rewarded advertising is best for gaming apps, as an alternative to in-app purchases. According to Tapjoy, 76% of mobile gamers in the US prefer opt-in rewarded ads, while only 24% are more comfortable with mandatory ads.

6. **Text ads**: Just like video, text ads are more a format than an independent advertising model. Some banner ads feature plain text and sponsored posts on Facebook are also based on this medium. The average cost per click in one of the two biggest online advertising platforms, Google AdWords, is between $1 and $2.

| 👍 Pros	👎 Cons
Free to use. You can still offer your product for free, attracting more users.	**Distracting.** There's a risk that an ad will lead users away from your app.
Variety. There are several types of in-app ads, and you can choose whatever best fits the aesthetics of your app.	**Annoying.** Some in-app ads may be annoying and even make users angry.
Simplicity. It's easy to add in-app ads to your product's code.	**Uninstalls.** Too many ads may result in users deleting your app.
Low maintenance. It's almost effortless to maintain the performance of ads.	**No cookies.** In-app ads save no cookies, so the system doesn't know whether a user saw an ad or not, meaning the same ad can be shown repeatedly.
CTR. Ads fit perfectly into apps that are at the top of the app stores, such as games, social networks, blogging, and news platforms. As these apps get regular traffic, the ads get regular click-throughs.	—

Targeting. Opportunities for targeting are infinite, giving you more chances to address your audience successfully.	—
Compatibility. You can use this ad format with others to get even more revenue.	—

#2 Paid Apps

*Good to be implemented to all Apps*
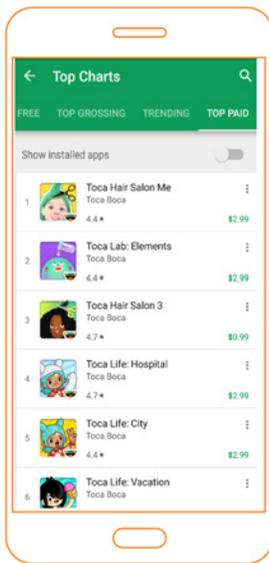
Paid apps are a simple model: You pay a one-time fee to be able to use an app. Once a user has paid, they can access all app features. However, this monetization option is not very popular.

The reason behind the unpopularity of the paid model is the difficulty of ensuring stable revenues over time. It depends on the influx of new users, which takes substantial effort to maintain. Utility, productivity, photo, video, and navigation apps can be considered candidates for monetization through a one-time payment model.

| 👍 Pros	👎 Cons
Free to use. You can still offer your product for free, attracting more users.	**Distracting.** There's a risk that an ad will lead users away from your app.
Variety. There are several types of in-app ads, and you can choose whatever best fits the aesthetics of your app.	**Annoying.** Some in-app ads may be annoying and even make users angry.
—	**Hard work.** It takes a lot of effort and promotion to convince users to buy a product.

#3 In-App Purchases

Good to be implemented to all Apps
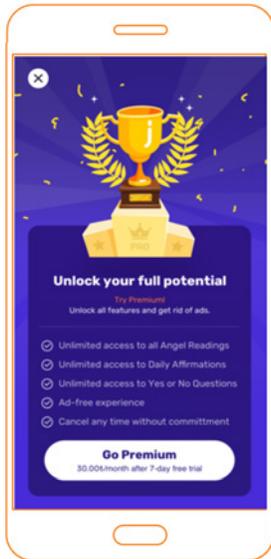
The freemium monetization model making revenue from in-app purchases is increasingly popular among app publishers. The freemium (i.e., free and premium) concept is that everyone can use the basic features of your app for free. If they enjoy their experience, they can purchase, add on, or unlock other features for an additional fee.

> Sensor Tower reported recently that users spent almost 17% more on in-app purchases in 2019 than in 2018.

Global Consumer Spending in Mobile Apps for 2019

+17%

$24.8B   +16.3% $29.3B

$46.6B   +16.3% $54.2B

2018   2019

● iOS App Store   ● Google Play
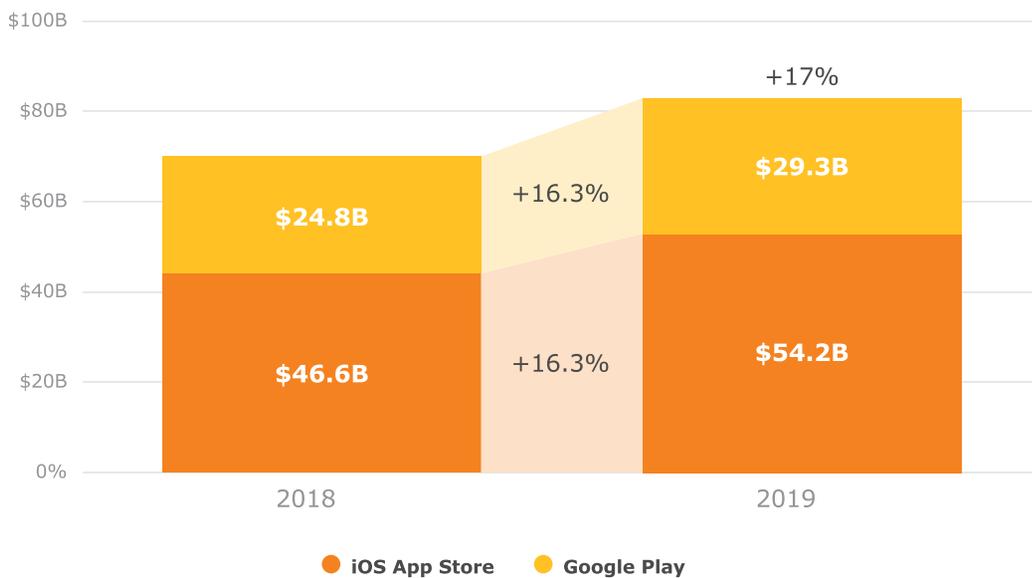
What is more interesting is that the top-grossing apps belong to Game producers, Music providers, and Social Networks. Users tend to invest more in their leisure time and pastimes. The wallet share of iOS apps in these areas also exceeds Android apps.

Android downloads move the needle, but iOS continues to be a massive money-maker.

- Android may have significant mindshare, but iOS has a much larger share of wallet. iOS apps account for 1.5x the amount of revenue ($32.6 billion) compared to Android ($22 billion).
- From **Gaming** & **Music Streaming** to **Entertainment** & **Social**, the top-grossing app categories are synonymous with leisure time and pastimes. It's no coincidence that these categories are also where iOS accounts for the lion's share of revenues.

In-App Revenue by App Category
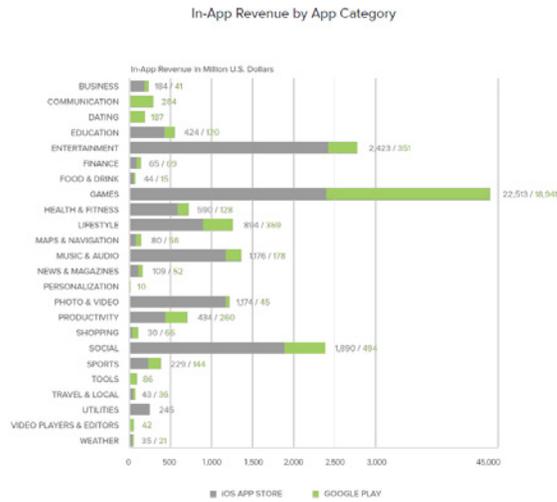
**There are three major types of in-app purchases:**

1. **Consumable**: Users can buy in-app currency, items, bungles, lives. and other content that can be used once and purchased multiple times. For example, you can buy consumable "gems" on the mobile app game Candy Crush Saga.

2. **Non-consumable**: Non-consumable premium content is purchased or unlocked once and for the entire user lifetime. This can be car wraps, photo filters, character outfits, upgrades, VIP points, and more. For example, the productivity app Forest allows you to upgrade to the "Pro Version" that, among other benefits, enables accountability partnerships.

3. **Feature Subscription**: Users can subscribe to particular features, such as daily delivery of valuable items or currency, for a recurring fee. For example, with NFS No Limits, users can subscribe to gold delivery for a particular period.

If you can rapidly build a large user base and deliver top-notch free experience, this model will work for you. Consider mixing and matching in-app purchase types to better suit the needs of your audience and business model.

👍 Pros	👎 Cons
No intrusive ads. In terms of user acquisition and retention, no intrusive ads are the biggest advantage. Your users are free to make decisions themselves, so the risk of losing them decreases as they aren't irritated while using your app.	**Revenue fluctuations.** This is an inevitable disadvantage of a free app. The percentage of people who will pay will probably be below 2%. However, Dropbox managed to reach a 4% conversion rate.
Compatibility. This model is rather universal and can be used with other approaches. You can even let users pay to get rid of ads.	**Expenses.** Since most of your users don't pay, all maintenance costs are on you. This includes development and data storage, ongoing customer support, bug fixing, etc.
Sales. You'll be surprised to see how many users will make in-app purchases if you add a SALE banner on paid features or premium content.	**Churn.** Customer outflow is a risk faced by any free app. As users have spent nothing on your app, they can easily abandon it.
Low maintenance. Maintaining the performance of ads is almost effortless.	—
Limited time offers. After you've started a sale, place a timer. By doing this, you create a sense of urgency, which may make people want to purchase extra features even if they weren't going to.	—
Wide reach. As the app remains free, considerably more users will download it. The 'try before you buy' approach always delivers good results. Using a good marketing strategy, you can even make the app go viral.	—

#4 User Subscription & SaaS

♛ **TOP** *to be implemented to all Apps*
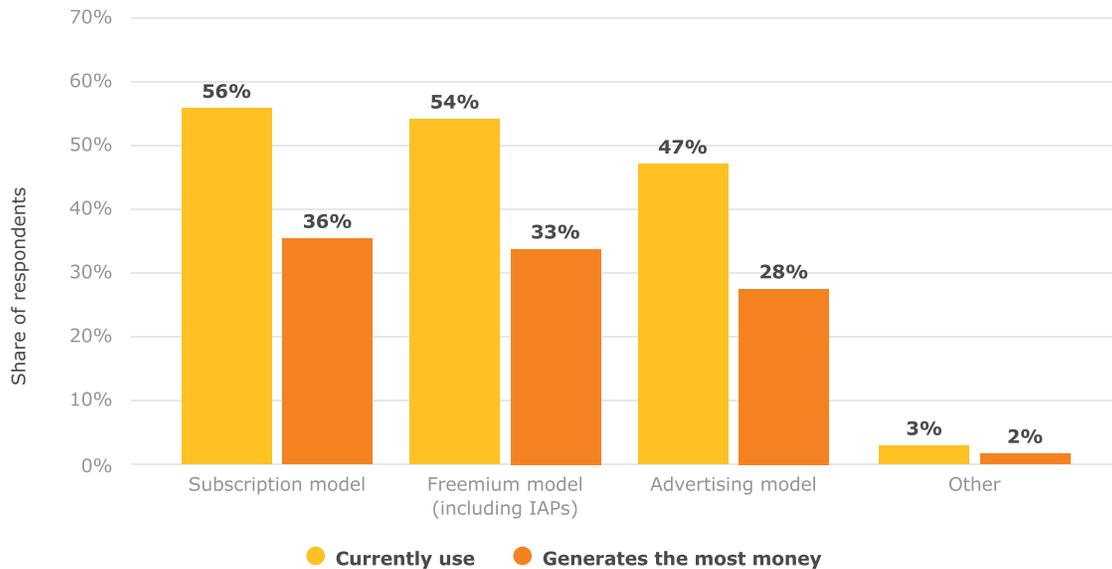
The subscription model works with mobile apps exactly as with any other SaaS: A user subscribes for an app and is automatically charged over the subscription period until they cancel.

App Annie recently reported that subscription revenue from nongame apps resulted in a consumer spending boost for the entire industry up to $120 billion worldwide in 2019.

As for the revenue made by subscription apps, Sensor Tower points at 21% growth as a result of $3.8 billion that the top 100 apps in this category generated. The total revenue for subscription apps was $4.6 billion in 2019. This figure made 19% of total consumer spending on the Apple and Google app stores for that year.

The subscription model is a source of revenue on an ongoing basis. To keep churn rates at bay and extend user lifetime with this model, you should be prepared to constantly innovate user experience and update your content. This takes up resources, but users are unlikely to pay recurring fees for the same limited content on a monthly or quarterly basis.

Subscriptions will also be especially beneficial if you can measure the services that your app provides or the content it allows access to in units like credits. With every payment, the credit count will renew for your users. If they want more, let them get additional credits through in-app purchases and exchange them for content or services.

For example, when you subscribe to Amazon's Audible app, you get one credit per month, which you can exchange for any audiobook in its library regardless of the price, and prices range from $3 to over $35 per title.

In addition, you can choose free titles from the Audibles Special section each month and listen to daily news including the *New York Times*, *Washington Post,* and *Wall Street Journal*.

Major types of subscriptions:

•   **Auto-renewable** subscriptions give users access to content, services, or premium features in your app on an ongoing basis. At the end of each subscription duration, the subscription automatically renews until a user chooses to cancel it.

•   **Non-renewable subscription** is time-bounded by membership expiration time.

•   **Software-as-a-Service** is a subscription-based app monetization model that offers a good option for startups, as long as their services are well-matched to the subscription plan. The subscription permits your company to lure users into a long-term payment approach to increase the lifetime value of clients.

In a nutshell, if you are sure that you can provide value for users on an ongoing basis, the subscription model will be a good option for you.

👍 Pros	👎 Cons
Price. The price of a subscription is usually lower than the price of a paid app, which appeals to users. By lowering the upfront cost with a subscription, you incentivize users to buy more and will eventually get more recurring income.	**Sharing.** Subscriptions don't allow family members to share the same app across multiple accounts.
Commitment. This is a perfect model for news apps, blogs, book apps, and magazines. Attract your target audience, provide them with the best experience, and you'll get a steady relationship.	**Content generation.** Depending on the sphere, it might be challenging to create top content that will make your users prolong their subscriptions.

#5 Sponsorship

Good to be implemented to **specific** *Apps*

Sponsorship is essentially a mix of the aforementioned ad formats promoting a limited number of brands or even a single business within one app.

What differentiates sponsorship from the in-app advertising monetization model is that you do not need to integrate your app with ad networks to run promotional content. Typically, ads for sponsors are more static in nature, and you can tailor them to the needs of the brand as much as the technology behind your app allows you to.

For example, you can add a sponsor's logo to the loading screen of your app or design a section dedicated to a brand in the app layout. Another popular practice is title sponsorship, whereby you change your app's name and white-label its design so that it represents a single brand.

There is also the multi-level sponsorship structure. In this case, brands are served the exposure based on the size of the sponsorship package they pay for.

The sponsorship model might be a fit for your app if:

- It has already gained momentum.

- You can prove that with clear, up-to-date, analytical figures.

- You know your target audience well.

- There are major brands interested in promoting themselves to this audience.

- You have the flexibility of the tech side to meet the requirements of your sponsors.

- The potential revenue from sponsors is high enough to ensure the growth of your business.

👍 Pros	👎 Cons
Phenomenal results. People tend to follow influential leaders. The difference between revenue from advertising and from promoting an app with an influencer is amazing. Opinion leaders impact purchase decisions greatly.	**Time to set up.** It takes a lot of time to conduct proper market research, find the right influencer or sponsor, and work out a marketing campaign strategy. Moreover, you might get stuck on the terms and conditions of your further cooperation. Prepare for a long journey.
Vast reach. No targeting will reach as diverse an audience as sponsorship. The bigger the audience, the more chances to appeal to them.	**Performance tracking.** In order to tailor your strategy to the situation, you need to develop tools for measuring success. There are many aspects to consider, from social media reach to the geographic location of users.

The right audience. If you collaborate with sponsors or influencers from your sphere, your user retention rate will be higher as these users will be interested in the same things as your influencers.	**Negative backlash.** You risk getting no ROI if you work with the wrong people or companies. Make sure your influencer or sponsor is trusted, well known, and doesn't engage in any yellow journalism. Poor research can result in a ruined reputation.
Low budget. To start working with influencers, you don't need to pay them a lot of money. You can start with a barter system, offering free services, products, discounts, or experience depending on your business sphere.	**Long-term commitment.** A lot of companies think it's enough to pay for one blog post to see an instant ROI of 500%. Great brands build long-term relationships with their sponsors and influencers to show real commitment, authority. and credibility.

#6 Affiliate Deals

Good to be implemented to **specific** *Apps*

Affiliate marketing is not an app-specific concept. By using this model, you can earn a commission fee every time someone follows an affiliate link placed in your app and takes a specific action. These actions range from downloading an app to purchasing a product or using a service.

The affiliate approach is more beneficial for advertisers than regular apps in the sense that they are charged per effective consumer behavior rather than ad impression or click. If 298 app users click through an affiliate link but no one buys, shares their contact information, or downloads an affiliate app, it costs nothing to the advertiser.

Discount coupons and promo codes generated within your app are probably the clearest examples of how this works. The Coupons app, for example, built its whole business on providing users with such codes.

You should consider implementing this model if you plan to partner with businesses that offer products or services in high demand.

Major types:

- Discount coupons

- Promo codes

- Reservations

👍 Pros	👎 Cons
Easy to start. It costs nothing to join affiliate programs. There are a lot of merchants who have affiliate programs, and all you need to do to join is fill out a form.	**Hard to compete.** Because of its strong strong advantages, this app revenue model is really popular. Everyone is trying to try their hand at affiliate programs, making it a struggle for marketers to compete and retain users.
Countless partners. You're free to join as many affiliate programs as you want, thus making more money.	**One-time deal.** As soon as your users click the affiliate link and find out about the merchant, they'll continue buying the product directly from them. So, you'll get the commission only once, even if the new customer stays with the merchant for a long time. Some programs do offer recurring licenses with the fixed commission for as long as users stay loyal.
Easy to manage. When you start working with a merchant, they'll provide you with everything you need: unique links, banners, videos, text. Your task is to place it and get busy with effective promotion.	**Unpredictable income.** Even for experienced marketers, it's difficult to predict the behavior of users with this model.
Fewer financial risks. As affiliate marketing is a free model, you don't have to invest in anything and won't lose anything – only earn.	—

#7 Transaction Fees

*Good to be implemented to **specific** Apps*
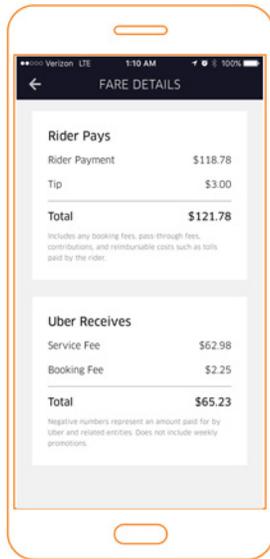
Transaction fees, service fees, or payment fees can be a powerful source of revenue for apps that are designed as a digital marketplace.

Depending on the specifics of your app business, such as target audience, niche, and merchants, you can choose whether to charge vendors, consumers, or both. Airbnb, as an example, has two options for service fees: shared host and guest fee (3% and up to 14.2%, respectively) and host-only fee (14% to 20%) as mandatory for hospitality businesses.

Service providers and merchants benefit from the fee model because they only pay you when they get paid, thanks to you. This feature makes this model especially suitable for startups, where the app lifetime and efficiency over time are hard to predict.

In other words, if your app operates as a mobile marketplace, why not follow the example of eBay, Fiverr, Uber, PayPal, and other successful businesses?
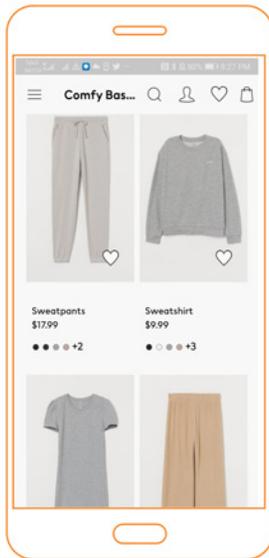
You can charge:

- Vendors

- Consumers

- Both

👍 Pros	👎 Cons
Customer flow. The marketplace brings large and stable customer traffic.	**Transaction security.** The transactions can be handled elsewhere for this reason. The buyers should be attracted not only by product variety and quality but also by transaction security.

#8 mCommerce

*Good to be implemented to **specific** Apps*

Companies that use apps to sell products and services are in the mobile commerce business.

Mobile commerce (m-commerce or mCommerce) connects smartphone users with merchants enabling deals between them. Offers range from financial services and wholesale to stickers, slippers, and private counseling.

According to Statista, sales made through mobile in the U.S. are likely to reach $339.03 billion in 2020, compared with $207.15 billion in 2018. The upward trend is due to the growing security of mobile apps. If you plan to distribute your goods and provide services within a unique ecosystem, building an m-commerce app is the right choice for you.

Examples of mCommerce:

- in-App purchasing

- Virtual marketplace Apps like the Amazon Mobile

- Mobile banking

- Digital wallets such as Apple Pay, Android Pay, and Samsung Pay

👍 Pros	👎 Cons
It creates a global customer base. People are able to shop from wherever they happen to be with mCommerce in place. That makes it convenient for businesses because they are providing information to the consumer no matter where they are. It is convenient for the customer because they can purchase items on a schedule that works for them. For buyers and sellers, it is easier to reach each other with this platform.	**Lack of personal touch.** Despite inviting graphics, in-depth product descriptions, and consumer discounts, brands must be careful when using mobile commerce. The first impression of a mobile website or app tends to become the foundation of customer reviews. These reviews last forever, which means companies need to get that first impression right as often as possible. Because there is a lack of personal touch, there are fewer opportunities to reverse an initially poor experience.
Opens up rural markets. mCommerce eliminates the need to stand in a long line at a physical store. For rural markets, mCommerce also removes the need to travel to a physical location to purchase something. These consumers can quickly purchase what they need, then have the items delivered directly to their home or business.	**A highly competitive marketplace.** mCommerce creates a global marketplace, the amount of competition you have for your products or services is enormous. There's a good chance that you'll be competing with several businesses around the world who do the exact same thing you do. Although you might be the only provider in your community, the build-up of sales from mobile commerce can require a lot of time. Consumers must find you through the white noise of everyone else promising the same thing.
Allows scaling a business very quickly. When you have an mCommerce presence, then you can quickly scale your business to meet current needs. You can add money to your advertising budget when you see a campaign is performing well. You don't need to worry about adding new space or inventory for shoppers because everything is available online. If you use drop-shipping, then you don't even need to produce new products or services for your store, which allows you to quickly grow.	**Fast services should be available at all times.** The amount of time that a consumer is willing to wait on a purchase from an mCommerce perspective is very small. Some consumers will stop using an app or website if it fails to load the information they need in 2 seconds. At best, you have an 8-second window to close a sale for most customers on this platform. If that doesn't happen, then your competition is going to get the revenues that were initially yours. You must be vigilant about maintaining your mobile platform to avoid issues that could cost you business.

#9 Crowdfunding

Good to be implemented to **specific** *Apps*
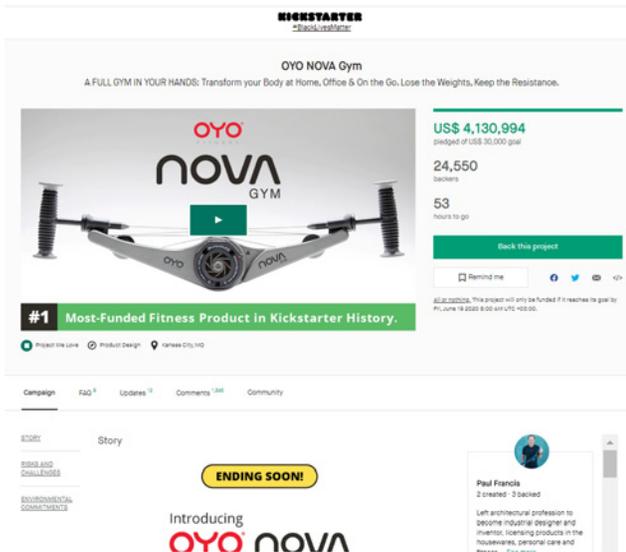
During the early days for your app, while you are lacking finance for the development and marketing, you can use one of the many available crowdfunding platforms, such as **Indiegogo, Kickstarter, AppsFunder, Indiegogo**, and **CrowdFunder**.

Many successful apps have been crowdfunded.

Here is one of the latest success stories: in 2019, the language-learning app Fluent Forever raised more than $500,000 on Kickstarter from 4,000 platform users.

If you are leaning towards crowdfunding, you should begin with building a brand and planning a promotional campaign. This market can be described as a crowd of apps vying for attention from the bigger crowd, so it is crucial to have a clear vision of how you are going to make your voice heard, and considerable resources to put this vision into action.

The rewards for potential backers can range from equity to merchandise and in-app perks. Base your choice on the value that your app provides and the demands of your potential funders.

If you have the resources and expertise to run a successful campaign and/or you draw on an established, popular brand, this monetization (or rather funding) option might be your best option.

👍 Pros	👎 Cons
Easy money. This strategy allows you to raise money without much investment. With crowdfunding platforms, you'll have to cover fees only.	**Donor's pressure.** As soon as you've raised enough money, you'll have to show your donors what you've spent it on. This is quite reasonable because you're engaging in negative cash-to-cash cycle, meaning you're getting money before you provide the service. As startups and IT products are notorious for late delivery, you should think about how to avoid it in advance.
Wide reach. You'll not only raise money but advertise your product in front of thousands of people around the world.	**Lack of payoff.** If you don't conduct in-depth research on your target audience and don't run a successful promotional campaign, you'll get nothing but wasted time and effort.
Concept validation. If you're raising money to make an MVP or launch a risky startup, a crowdfunding campaign will show if your idea might be viable and cost-efficient. Interest and donations are the main benchmarks.	**Fees and access to money.** First of all, you won't have any access to the funds until your campaign is over. Secondly, when the fundraising is over, a platform fee will be deducted from your total raised. The bright side is that Kickstarter doesn't charge if you don't raise the amount you set as your goal.

#10 Donations

Good to be implemented to **specific** *Apps*

Relying on donations is like playing the app monetization game at the God difficulty level.

You are unlikely to create a competitive advantage that will be sustainable enough to cover the development, maintenance, and marketing costs by donations alone. It is difficult to incentivize users to pay that much on a regular basis while the freeloader mentality governs the general mobile app user base.

This makes the entire revenue generation model based on donations highly unpredictable. Also, measuring the effective cost per acquisition (eCPA) will be a difficult task.

In which case might this model work for you? The answer is simple: when what you do matters a great deal to your target audience.

Canadian journalist Jesse Brown has been able to ensure stable monetary support for his website, CANADALAND, and podcast through a monthly donation subscription on Patreon (now complemented by merchandise and ad-free podcast feed). However, you don't need to be a patron to access his content.

Still, Brown is said to be making between $17,000 and $20,000 through this revenue model monthly in 2018.

But if what you do matters to your user base, why limit your monetization options to donations? Instead, you can try to combine it with occasional ads, sponsorship, merchandise sales, and other revenue generation opportunities — just like Brown does

👍 Pros	👎 Cons
Because of the free access to the product, some companies manage to get increasingly popular, so that donations become a major part of their revenue.	As long as this model is never used on its own, the revenue generated by it remains a secondary source because of its random/unstable nature.

#11 Mob App merchandise & e-commerce

Good to be implemented to **specific** *Apps*
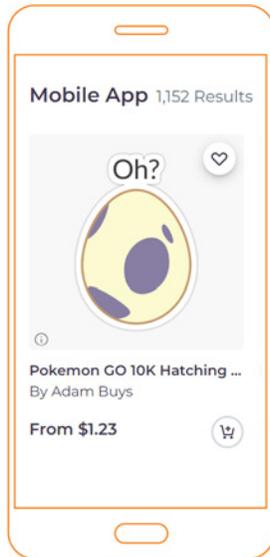
You can make money with your app by selling branded T-shirts, stickers, backpacks, and other items, or selling the rights to other companies to do that for you.

This monetization model is relevant only for apps that are based on a brand that has a substantial, loyal following like Pokémon Go and Angry Birds.

However, this idea can propel you to invest more effort into a brand-building with your app and securing your proprietary rights. If and when your product gains enough traction to increase the demand for your merchandise, you will benefit immensely.

👍 Pros	👎 Cons
There is a good chance of obtaining high profit from a low-risk monetization method, especially with digital currency and goods.	Many app marketplaces will take a sizable cut from digital and virtual purchases, sometimes as much as 30%.
This model can also support partnerships and affiliate programs.	—

Tracking and Analytics Systems

AND REMEMBER THERE IS NO APP MONETIZATION WITHOUT ANALYTICS
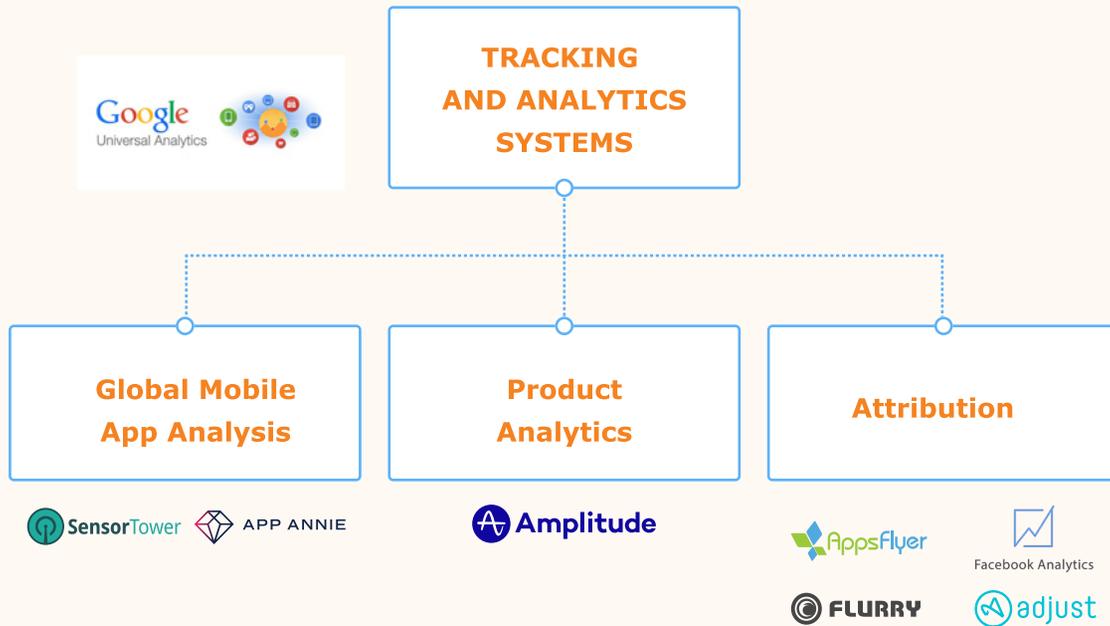
Some Closing Thoughts

In a nutshell, the market trends show thought-provoking numbers. It is expected that in 2021, over 50% of all software revenue will be purchased with a subscription business model. This will expand to 58% in 2023 at a CAGR of 17.5%.

At the same time, the trend to purchase licensed software has been declining at a CAGR of 2.8%, and it is expected to represent just 16% of all software revenue in 2023. However, the maintenance revenue will make up the remaining 26% in 2023, and it is growing at a CAGR of 2.1%.

Additionally, experts observe certain technological tendencies that will influence the market. Reports state that by 2023, 25% of companies will be using ML-driven tools to analyze customer and operational data to recommend B2B customer expansion options (up/cross-sell) via price guidance and eCommerce.

While 25% of organizations will leverage data derived from IoT devices to drive new business models by 2023.

These tendencies combined with market needs and customer requests help you see the big picture and define the strategy.

With this information, you can opt for one of the revenue generation models, learn your target audience. Define why, how, when, and who will use your app, and how much they might be willing to pay for it.

Entrepreneurial fever is an essential driver for you to get things going, but don't let it tunnel your vision. Investors expect you to operate with concrete figures, and the market is ruthless.

Intetics can help you make a better sense of how to plan, design, and develop an app drawing on the needs of a business.

We would love to hear from you.

Let us answer your questions to tap into our stellar mobile development expertise. We are with you in this journey, every step of the way.
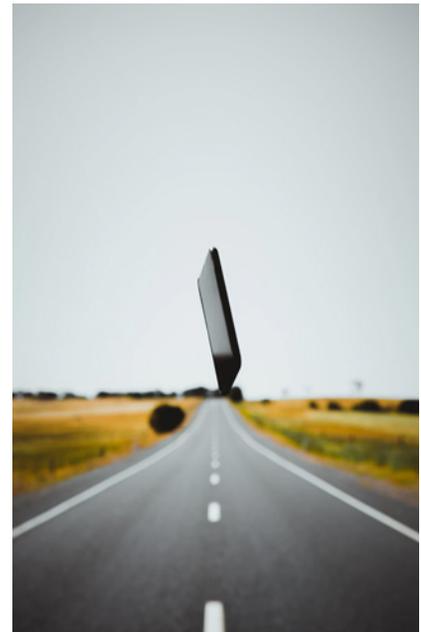
Useful Links

Startup portals

- **Crunchbase** is a platform for finding business information about private and public companies. Crunchbase information includes investments and funding information, founding members and individuals in leadership positions, mergers and acquisitions, news, and industry trends.

- **AngelList** is a U.S. website for startups, angel investors, and jobseekers looking to work at startups. Created in 2010, the platform has a mission to democratize the investment process and to help startups with their challenges in fundraising and talent.

- **FUNDZ** is a Startup Database of all Funded Companies in the U.S

- **Product Hunt** is a curated list of the best new products, every day. Discover the latest mobile apps, websites, and technology products that everyone's talking about.

Accelerators

- **Y Combinator** is an American seed accelerator launched in March 2005 and has been used to launch over 2,000 companies including Stripe, Airbnb, Cruise Automation, DoorDash, Coinbase, Instacart, and Dropbox. The combined valuation of the top YC companies was over $155 billion as of October 2019.

- **500 Startups** is an early-stage venture fund and seed accelerator founded in 2010 by Dave McClure and Christine Tsai. The fund admitted a first "class" of twelve startups to its incubator office in Mountain View, California in February 2011.

Inventory

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