We'd get out amazing new application from the hottest development agency in town, and then we'd kick up our feet and watch the cash just flow in. Of course it would be nice, but that's not really how things work, or at least not how they work if we want to capitalise fully on the potential of our investment. Scroll over to how much money you've pulled in, and, chances are, you're going to be shocked, confused, and underwhelmed by the results.

Monetising on growth is not something that solves itself. You need to plan well and really understand your target audience and their behaviour. Millions of applications are out there, and everyone is trying to get a piece of the pie. You might be surprised to know that only half of all apps end up generating any sort of income, and that only a very select 4% really crack the code and make more than $500K every month. Those are the ones who've learned to monetise, not uniformly, but in the way that best suits their product.

## How do we get into that 4%?

Every factor is important, so think long and hard about each decision and leave nothing to chance. There are several general strategies that are used, so we'll take you through them, and you can then decide for yourself which route you choose to take.

1. **Freemium**

"Free + Premium" is one of the most popular, efficient and well-proven strategies in any business. You give customers a taste, but offer the best wares for a price. With apps, this generally means allowing free download of the app, offering some basic content and then demonstrating that the usefulness, entertainment or whatever reason exists for using the free version would be multiplied exponentially by adding the paid features. Your goal is to generate enough buzz around your app that users will be encouraged to buy the premium package. It's an effective strategy, which is why retailers have been using it for years. The greatest challenge here is learning to strike the right balance between offering

too much and too little - you want the golden mean of enough to interest without giving away the best parts, which users would pay for, so experiment and you'll find what works best for you and your audience.

We recommend **Freemium** if:

- Additional features offer enough value to justify purchase
- The free part of the app is attractive enough to pull in and not detract users
- The app has a large audience

2. **Limited Trial**

Another universal retail practice, offering a limited time to use the app can also be a successful strategy. The premise is simple enough, you make your mobile app accessible for free for a short period. That window varies, depending on what you offer, but developers usually keep it somewhere between 7 and 60 days.

We recommend **Limited Trial** if:

- Your app is intended for daily, weekly or repetitive use (e.g. business tools)
- Your target audience possesses the means and desire to pay for apps
- You have an established, reputable brand identity

3. **In-App Advertisements**

If there is anything the Internet has taught us, it is that marketing departments are ready to place their advertisements in any digital space they can find. There are two subsets within this strategy. The first involves the fairly straightforward process of selling ad space to other companies, but the second is a more unique approach, in which you view your app as a digital billboard you have created for yourself. In essence, you play the long game, use your app to advertise your own goods and services and direct traffic from your app to the places you want users to spend money.

Now, no one particularly enjoys having ads continually in their face, but an easy fix to this is to combine this strategy with Freemium and make an ad-free version of your app for anyone who pays the premium price. There are many combinations and varied [methods of advertising based strategy](#), so you should review your options and choose the most suitable one.

We recommend **In-App Advertisements** if:

- You can't or don't want users to be your revenue source
- You have a mass audience in a huge marketplace

4. **Subscriptions**

Getting "software as a service" (SaaS) usage is an offshoot of Freemium and Limited Trial strategies. The app itself is downloadable and free, but the functionality is limited by time. More or less, the idea is

the same as in a limited trial, except that window is extendable, as long as users continue to pay to keep it open.

We recommend **Subscriptions** if:

- You offer dynamic, constantly changing content (news, financial monitors, etc.)
- Users are guaranteed to use habitually
- Your target audience possesses the means and desire to pay for your app

5. **Paid Apps**

Just charging users to download an app may seem like the most obvious choice, but it's more complex than you may expect. The challenge here is that it is difficult to convince people to pay for something they have not tried before. That places a tremendous burden on the marketing department to craft a perfect campaign that demonstrates the power of your product without any interaction from the user. It also means you have to live up to every promise they make, because if users discover the app doesn't perform in the way they had anticipated, you can expect a lot of negative feedback. And that can kill any hopes to perform well in the App Store or Google Play.

We recommend **Paid Apps** if:

- You believe that your app excels over comparable free alternatives
- You have a strong reputation of releasing valuable, high-quality applications
- You have the marketing department and resources to craft and execute a highly-competitive marketing campaign

6. **In-App Purchases**

Rather than charge at the onset, what many app creators have taken to doing is charging inside the app. "In-App Purchases" are small upgrades or renewable resources that work within the application. For examples, users could pay to start a trial of a feature or for a one-time bump in performance. Most often seen in mobile gaming, the same principles can be applied for business apps as well. These purchases can be as simple as interface customisation to paying to lift yourself X number of spaces in a queue or ranking.

We recommend **In-App Purchases** if:

- Your primary goal is to sell goods or services
- The app contains or addresses situations that require temporary or incremental, repeated additional features

# But Which is the Right One?

As you decide, keep in mind:

1. **Target audience**. Define who you want using and paying for your app. Understand digital markets and behaviour is vital, because certain strategies excel in certain regions, while the same ones fall flat on their face in others. Two prime examples:

   - The most solvent audiences come from the UK, USA, Japan.
   - The most numerous audiences are found in South American and Asian countries.

- **App Category**. Just as with audiences, the type of app you are selling changes how you can use it. For example, monetising apps financial news monitors and currency calculators can be achieved with Limited Trial and SaaS strategies, but Freemium and Ads are more suitable for apps with mass audiences, like games and lifestyle apps.
- **Competition**. Look at both your free and paid competitors. Analyse what they do right and what they do wrong. You have to beat them on different levels, so take a comprehensive view of each group.

Now that you see the six main avenues businesses take, it is time to choose one, or, as you have seen, mix and match pay schemes to maximise your monetisation. Don't be afraid to combine methods and change the strategy's rules. Behind every successful app monetisation plan there is at least one person who thought creatively.