mCommerce & Monetization

Mobile Media Innovation Module 5
Mobile Media Module

- The Mobile Media Module is designed as a two-week, broad-based study on the mobile landscape that can be applied in many courses.
- The program was implemented at Ohio University’s Scripps College of Communication to support our Scripps Innovation Challenge and to build knowledge of the mobile landscape across our communication curricula.
- For implementation, we brought in an expert in mobile development to teach in four existing classes over two weeks in Spring 2013. Faculty teaching those classes became the students and built their capacity to teach the material in subsequent semesters.
- By “hacking the curriculum” using the “module method,” we were able to reach more than 500 students in one semester with new material.
- **For more information, contact Dr. Michelle Ferrier, associate professor, E.W. Scripps School of Journalism, ferrierm@ohio.edu.**
Mobile Media Innovation Modules

• Part 1: Fundamentals of Mobile
• Part 2: Audience and Usage
• Part 3: Social and Mobile
• Part 4: Mobile and Journalism
• Part 5: mCommerce and Monetization
• Part 6: App Development
mCommerce and Monetization

- What is mCommerce?
  - mCommerce is the term used to classify purchases and sales of goods and services such as online banking, bill payment and information delivery across handheld devices and mobile phone.
mCommerce and Monetization

- **$500M**: Card-not-present / online sales processed by the Upclick e-commerce platform.
- **1,200**: Number of daily recurring transactions managed by Upclick’s subscription platform.
- **33%**: Average reduction in chargebacks provided by our client satisfaction program.
- **2,000+**: Daily calls answered by our Montreal call center in 7 languages.
- **63**: Number of payment methods available worldwide.
- **58%**: Portion of our online sales located outside of North America.
- **15M+**: Number of unique orders transacted by Upclick checkouts/carts.
- **24%**: Average conversion uplift provided by an Upclick-optimized sales funnel.
- **21%**: Typical gain in revenue per order achieved by Upclick users.
mCommerce and Monetization

• mCommerce explained in 3 minutes:

• http://www.youtube.com/watch?v=ClHLLtQrAcA
Why is mCommerce important?

– 1 out of every 3 monthly visitors to the average digital retailer website comes EXCLUSIVELY on mobile platform
– Mobile apps drive smartphone retail engagement, while mobile browsing wins on tablets
– Smartphones drive a higher share of mcommerce dollars than tablets but less on a per device basis
– mCommerce sales and numbers are largely driven by holiday seasons
– Go to the source.
Why is mCommerce important?

![Graph showing the share of retail time spent by platform & access method. Source: comScore Mobile Metrix, U.S., June 2013.]

- **Total Mobile**: 71% (Mobile App), 29% (Mobile Browser)
- **Smartphone**: 78% (Mobile App), 22% (Mobile Browser)
- **Tablet**: 44% (Mobile App), 56% (Mobile Browser)
Business Models

- There are 3 business models associated with apps. They are:
  - PAID
  - PAYMIUM
  - FREEMIUM
Business Models - PAID

- Paid - Charge customers to download your app.
- You must be smart with your marketing
- You must price carefully
- Works best if you have an established brand or a large following of loyal customers
- Paid apps account for 36% of apps in the App Store
- DOES NOT work well for entertainment apps or games, but works **well in other realms**
- Capture the largest portion of revenue shares in Business, Education, Productivity and Navigation categories of the App Store
Business Models – FREEMIUM

• Freemium – The app is provided “free” but revenue is generated by charging for extra features, virtual goods, and most commonly, in-game currency.

• Best for games and entertainment apps
• 92% of revenue on the App Store is generated by freemium apps
• However, they only account for 11% of the apps in the App Store.
• You need HUGE download numbers to make money this way
• App will require constant updates and support to maintain interest
• Many large companies use this model and it is more difficult for small, indie developers to make money this way.
Business Models – PAYMIUM

• Paymium - An app that is paid up front, with additional revenue being generated by charging for extra features via in-app purchase.

• Can work well in place of yearly paid upgrades as you can add new features overtime with in-app purchases to continue to earn revenue from your existing customers.

• Account for only 2% of apps in the Apple App Store but generate the same amount of revenue as paid apps.
Business Models

• So, what business model should you choose?
  – There is no correct answer but you can:
    • Plan ahead for your pricing strategy
    • Start as early as possible
    • Don’t try to force a particular payment model into your app
    • When in doubt, launch as a paid app and then add in-app payments to the app and tweak the experience until you are happy with conversion rates
    • If you launch as a paid app, release with introductory prices and then increase after a certain period
Quick Discussion Questions

• What would your marketing strategy be for the following types of apps?
  
  – Productivity
  – Entertainment
  – Game
Discussion Questions

• Article III: “How To Start an App Business”
• How would you manage running a company and a project at the same time?

• How long would you consider marketing (and spending money) on an app after it is released?

• What steps would you take to differentiate your app from your competitors?

• [http://smallbusiness.foxbusiness.com/starting-a-business/2012/05/01/how-to-start-app-business/](http://smallbusiness.foxbusiness.com/starting-a-business/2012/05/01/how-to-start-app-business/)
Make it known.