

A photograph of a traditional Japanese room, likely a tatami room. The room features a large window with a wooden frame and a grid pattern, divided into four panes. The floor is covered in tatami mats. A small table with a white cloth and a cushion are visible on the right side. The ceiling has a light fixture and a framed picture. The overall atmosphere is warm and traditional.

AppSamurai
"Your App in the Spotlight"

A Beginner's Guide to In - App Purchases

Creating an amazing mobile application is great but, making some profit with it, it's even better. There is an interesting strategy to monetize an app, besides the paid apps and the advertising methods. That strategy began in 2011 and is based on in - app purchases (IAP), which means that the user spends money within the app, either he buys some levels and characters in a game or he buys a jacket in a shopping app. A reason to implement this technique is that the purchase flow is very easy to handle. For example, for iOS apps you need the Store Kit Framework. First step is to show your user the products that he can buy. Next, after he selects the desired product, the app requests payment from the App Store. Last, the Apple App Store processes that payment and the app delivers the product or service.

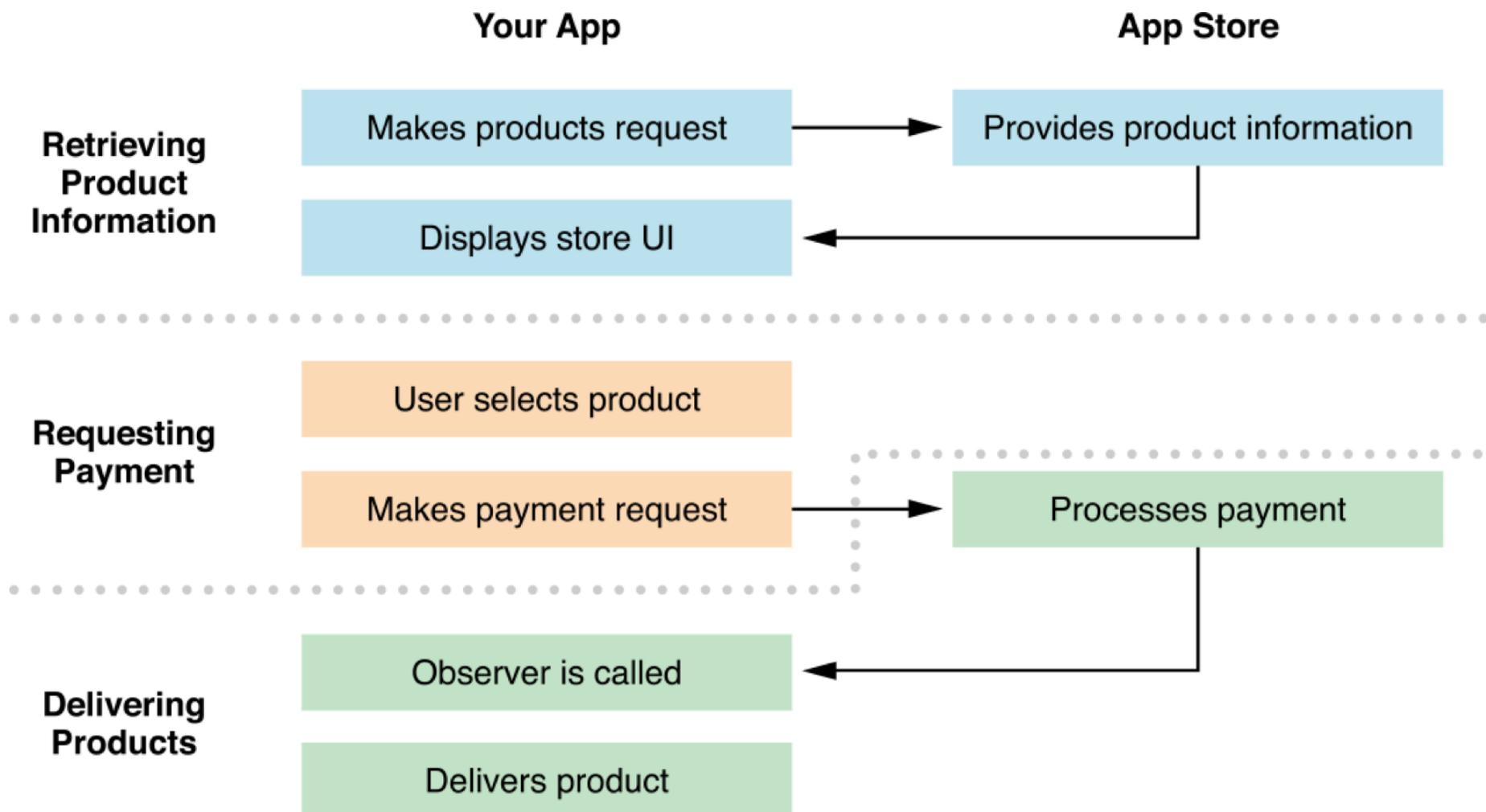
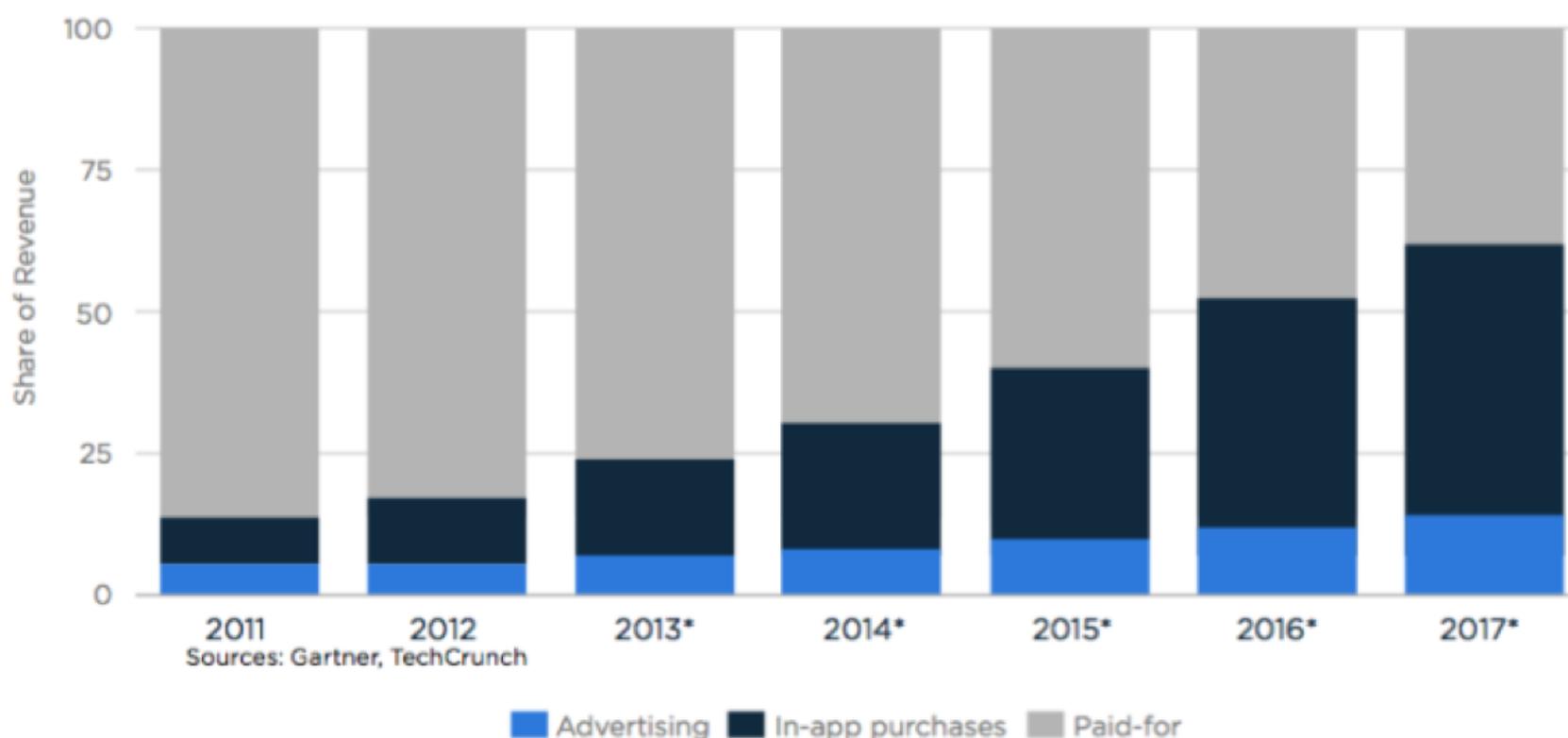


Image Source: <https://developer.apple.com/library/content/documentation/NetworkingInternet/Conceptual/StoreKitGuide/Introduction.html>

Why Are In-App Purchases Important?

There are apps developed around the idea of in - app purchases, like commerce apps, apps that provide some services or retail applications. This kind of apps is more oriented for success in convincing the customers to spend money. But, there are other apps like games where you have to pay for more features or freelancing apps where it's free to make an account and to bid for a job but you have to pay for taking some tests and improve your profile or to view more information about competitors. Marketers can benefit from this method if they use it in a proper way. It has the advantage of a big number of downloads because most of the users look for free apps and, if they like the app they will pay for extra content or products. The best part is that you can still use ads along with in - app purchases inside an app.

Share of Global Mobile App Revenue By Type

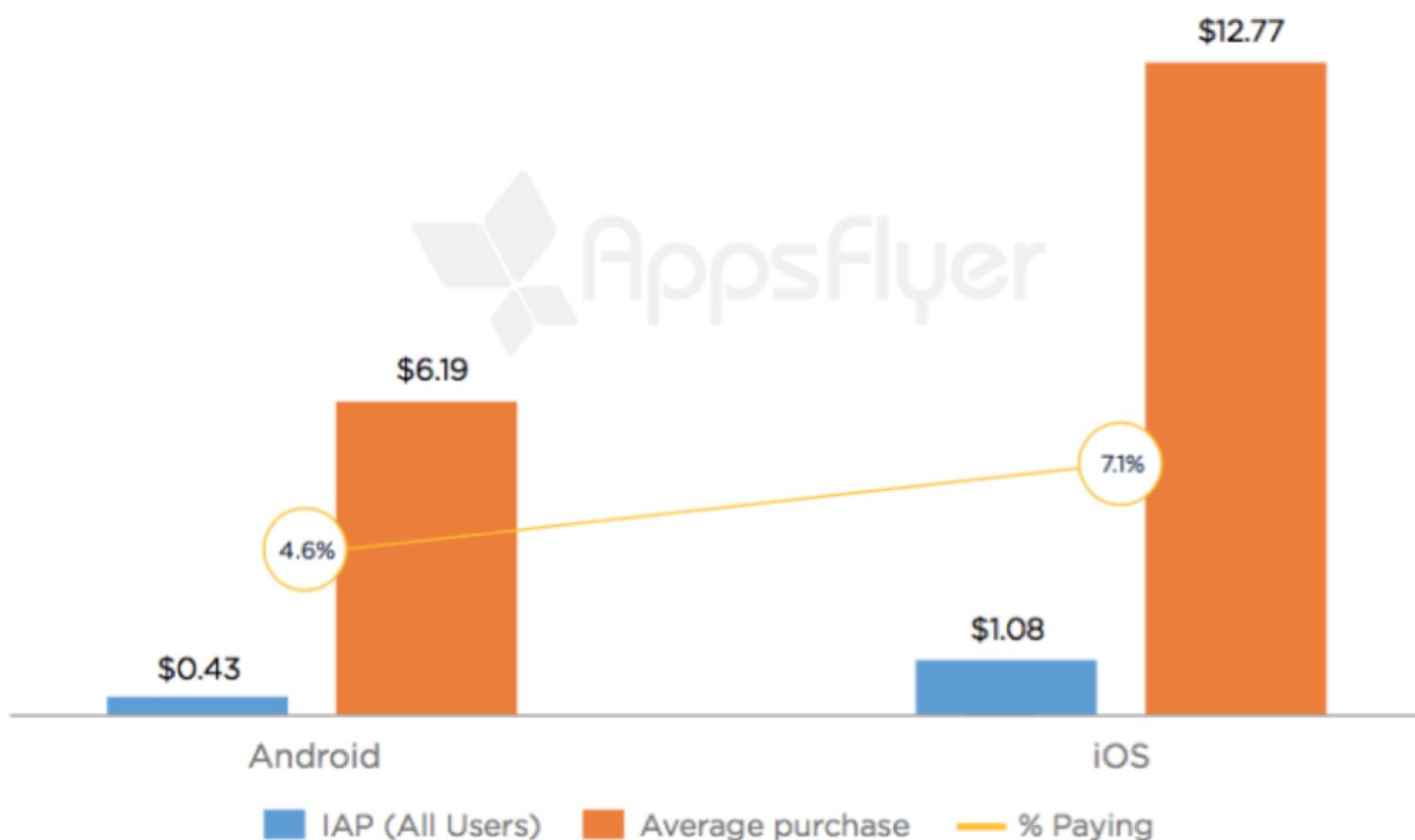


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Despite the fact that only 5% of app users spend money with in - app purchases, the total amount earned by companies from this method is 20 times greater than the sum provided by all the other methods together.

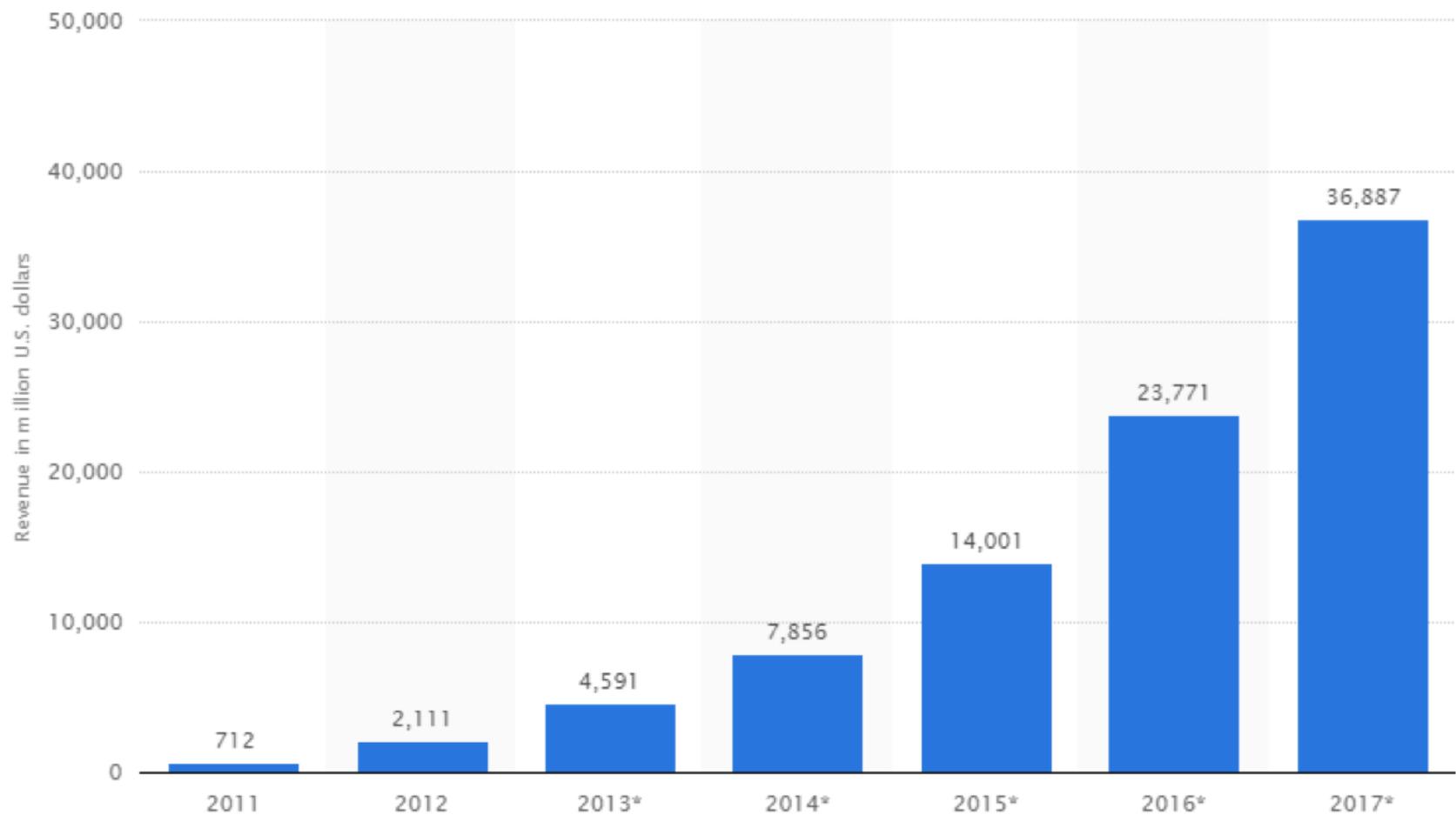
According to the same study published by AppsFlyer, Apple is the leader in this area, having an average global spends of \$12.77 with in - app purchase which is double value in front of Android apps.

Monthly In-App Spend Per User, Per App With Purchase Activity
(April-May 2016)



Why Are In-App Purchases Important?

A chart from [Statista](#) shows the massive growth of the revenue from in - app purchases. They estimate that the numbers will be double by 2020.



© Statista 2016

Best Practices For In - App Purchases

The key point in this In - App Purchases method is to convince your users to buy while using your app. There are some tips to follow in order to reach the best results when you choose this strategy:

Know your customers. It is important to discover what your user is looking for when he opens your app. Study your user's behavior and act accordingly. That will help you concentrate all the efforts on the right side of the field.

User segmentation. The first point leads us to this stage where we have to develop smart campaigns concentrated on the customer's needs. It is almost impossible to sell sun glasses to a customer that lives in the most Nordic point of the world. App Samurai shows some examples and best practices for [user segmentation](#).

Engage users. An engaged user is easier to persuade for making a purchase than a user that hardly opens your app. If they don't like the app, it's a sure fact that they won't buy anything within your app. Maybe they don't even get to the point where the in - app purchase message pops in. Make them see that you have a valuable app, and then think how to attract them to spend money with it. More information about how to increase user engagement is provided by a previous article on [App Samurai](#).



Best Practices For In - App Purchases

Retargeting campaign. Follow your users and convince them to use again your app, especially in the most frustrating situation for an app owner where users put some item in the shopping cart and they didn't finish the purchase. More details about retargeting are listed in [our previous article](#).

Offer promotions. It is a common practice to attract customers with incentives or giveaways. Moreover, if you discover that a user is looking for sales you can send him a message about a discount and send him directly into the app where he just have to press a button to purchase the product. This is a win - win situation for both, customer who saves money and time and app's owner who makes the sale. In this case, you can use [deep linking](#) to reach the purpose.

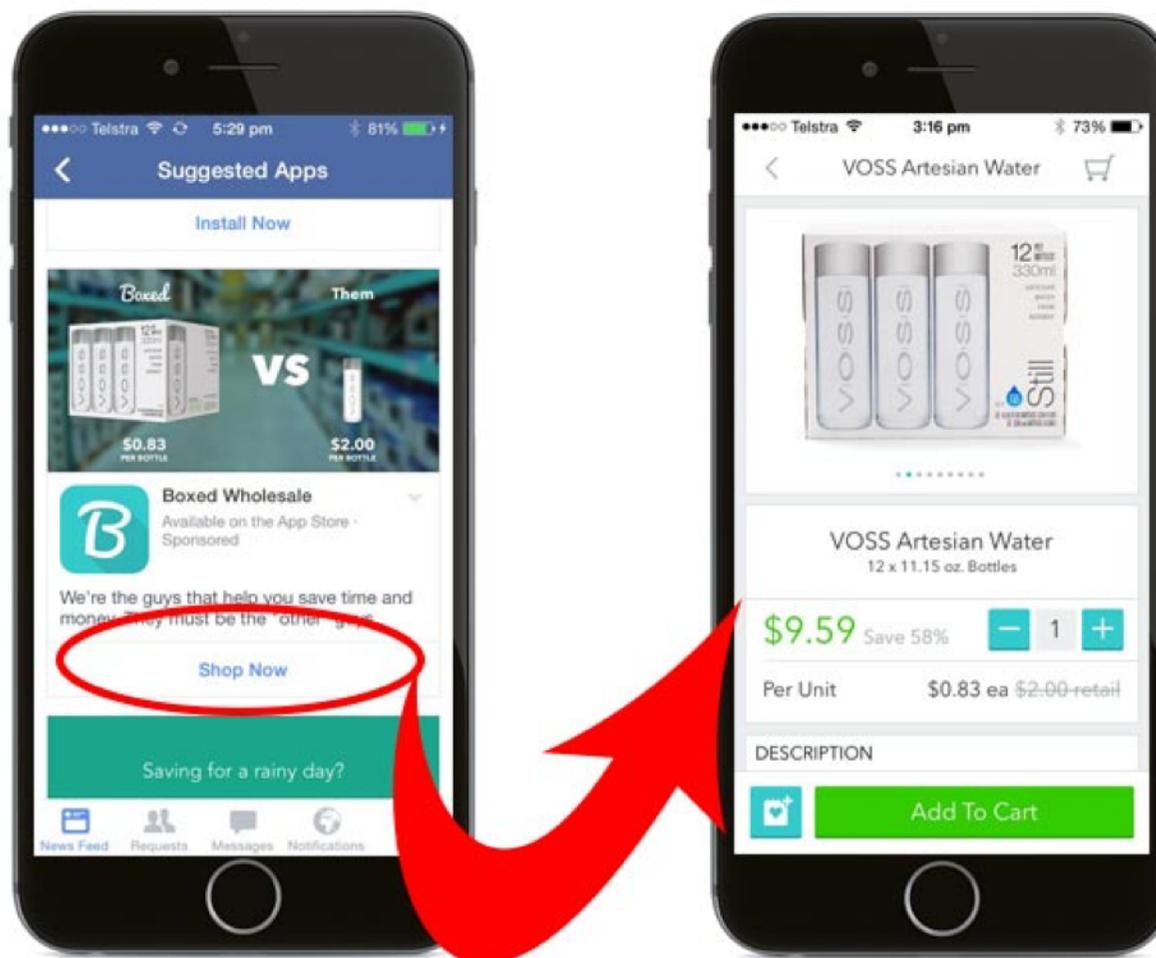


Image Source: smartappmarketer.com

Best Practices For In - App Purchases

Timing. Choose the right moment where you should prompt the in - app purchase suggestion. For example in a game, don't interrupt the battle with this annoying message. Instead, wait for the user to win the battle and show him amazing features of his character that can be bought for the next battles.



Image Source: extremetech.com

Give the best you can. Although it goes without saying that you have to develop an impressive app and offer an amazing experience for your users, we should highlight that because, it is very easy to disappoint a customer and lose it forever when he deletes your app and opt for the competition. If the app is not developed for in - app purchases and you offer better features for extra cost, you have to be sure that the free and basic section is also functional and useful for them. The next image shows a bad example of in - app purchase technique.



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