

LEVEL 3 UNIT 7

MORE APPS

Reading 3

HOW TO MAKE MONEY FROM APPS

Every third person in the whole world owns a smartphone, and most of them download different kinds of apps. That's about 3.8 billion people, and it's estimated that the number will go up to 5.5 billion people in 2025. The app market combined is a $189 billion market, and it's projected to become a trillion-dollar market within the next couple of years. This is a perfect example of the importance of app development nowadays.

There are different ways that people can make money through apps. Developing an app has the potential to make millions, and even sometimes billions of dollars depending on certain factors. There are a couple of app monetization strategies that can be considered to create a profitable app.

App advertisements

Everyone has been on apps where in-app advertisements pop up. In-app ads are the fastest growing form of mobile advertisement. These ads include banners, posts, videos, and even mobile games, which are displayed within an app to make a profit. App users tend to find continuous in-app ads extremely annoying, so it's important to make sure not to overdo it as a user can decide to stop using the app. Incentivized ads, which rewards users for app engagement, can be the most successful among app users.

Skills:

- Details
- Understand negative facts
- Understand language function
- Understand vocabulary in context

Getting started:

Brainstorm ideas: How can apps make money?

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In-app purchase options

In-app purchases are a great choice for developers, especially if the app is free to download. The In-app purchases can be anything from selling an eBook to something **such as** a mobile game upgrade. The developer can even offer a premium version of the app that includes more options or a better experience for the user.

Paid apps

There's also the option to offer a **one-time fee** for an app. Users will have to purchase the app upfront to be able to download and get the full app experience. Before buying a paid app, users will have higher expectations, so it's important to make sure the app is functional and of high quality. Users are more likely to rate a paid app, and if they don't like what they're experiencing within the app, they're more likely to give a bad review which will directly prevent other users from purchasing the app.



Subscription apps

These apps are more popular than ever among app users. Offering a subscription app is a way to bring in **revenue** by allowing app users to pay a monthly or annual fee to access the information and/or experience within the app. Let's say someone wants to create a fitness app where numerous recipes, workouts, tips & tricks are added to help people get into a healthy lifestyle. If the app users really enjoy the app, they will continue paying for the app experience because they are being provided with quality service. That is the goal when it comes to having a subscription app service, and what app users will be looking for if the developer wants to keep them as long-time customers.

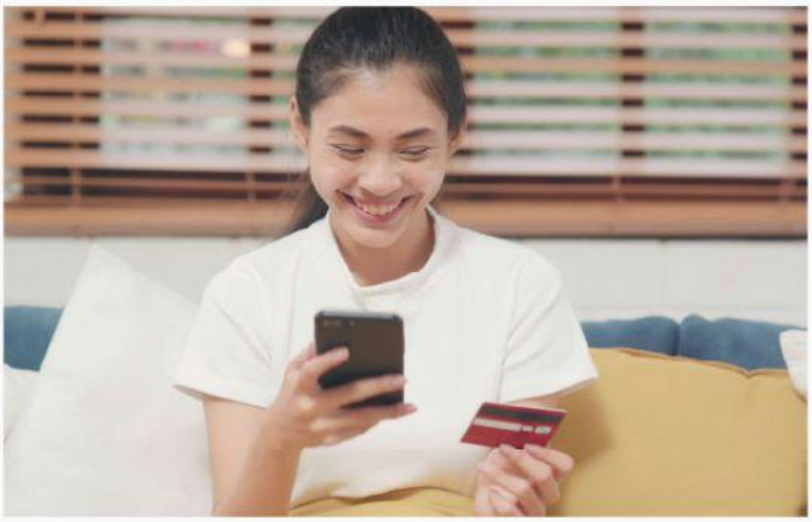
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Finally, it's important to understand if there is a point when the money an app makes must be shared with a platform. For example, both Apple and Android keep 30% of the revenue made but pay developers the rest of the 70% of revenue for paid apps, digital sales, and in-app purchases. After the first year, this **share drops** to 15%. Free apps and apps relying on ads don't have to go through these revenue shares and can earn full amounts directly. Some apps that sell physical goods or services don't use in-app purchases but an external payment processor, which helps bring the processing **fee** down to just around 4% or better.

**Adapted from https://jumpgrowth.com/make-money-from-apps/*

Glossary:

- **Revenue**: The money an organization receives from its business.
- **Share**: One part of something that is divided between two or more people.
- **Fee**: An amount of money that you pay for professional advice or services.



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Answer the following questions:

1. According to paragraph 1, how many people has a smartphone in a group of 3,000 individuals?

a. 100
b. 600
c. 1000
d. 3000

2. What is stated about apps in paragraph 2?

a. People who create apps become millionaires immediately.
b. Developing a profitable app is really easy.
c. Creating an app can cost billions of dollars.
d. People have some options to make money through an app.

3. What is NOT stated about in-app ads in paragraph 3?

a. Nowadays there are more and more in-app ads.
b. An audiovisual commercial is a type of in-app ads.
c. Incentivized ads are bad examples of in-app ads.
d. People may feel fed up with constant in-app ads.

4. The phrase such as in paragraph 4 is used to

a. introduce an example
b. express similarity
c. express contrast
d. introduce a consequence

5. In paragraph 5, what does the phrase one-time fee imply?

a. You pay money to buy one of the top applications on the internet.
b. You buy the app, and then you don't have to pay more money.
c. You can't purchase the app unless you pay a fee every month.
d. You can download the app only once.



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6. What is stated about app reviews in paragraph 5?

a. A negative review can cause other people not to buy an app.
b. Users often review an application before buying it.
c. Users enjoy reviewing high quality apps.
d. Only the most functional applications are likely to be reviewed.

7. In paragraph 6, what is NOT stated about subscription apps?

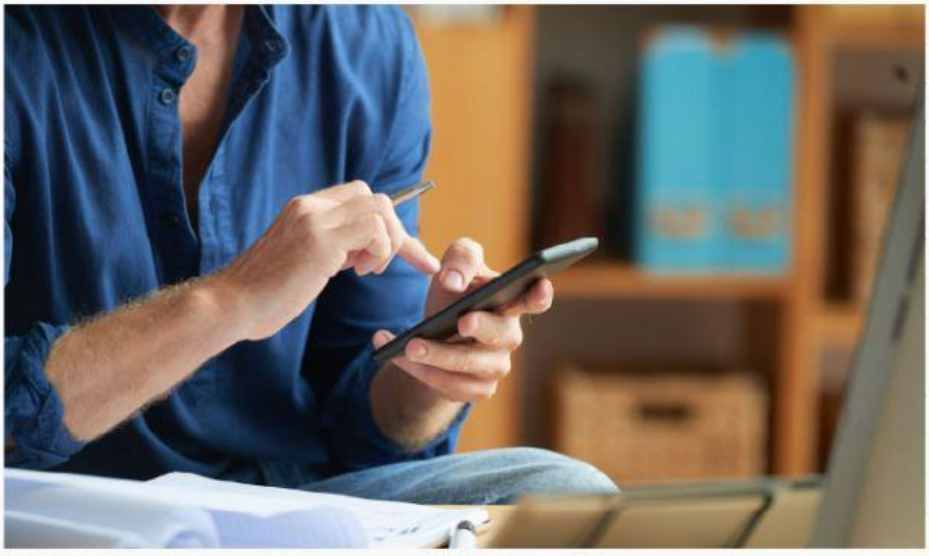
a. A subscription app implies more constant income.
b. These apps are more in demand now than they used to be.
c. If users like an app, they're more likely to continue paying for it.
d. Fitness apps are the most common examples of subscription apps.

8. The word drops in paragraph 7 is closer in meaning to

a. decreases
b. leaks
c. throws
d. releases

9. What is stated in paragraph 7?

a. Apple always receives 15% of the money generated by an app.
b. An app store gets more money through all free apps.
c. Android gives more money to developers than Apple.
d. A way to earn 100% of a transaction is by developing free apps.



What do you think?

In your opinion, which of the strategies described above is the best one to make money with an app?

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