|  |  |  |
| --- | --- | --- |
| REVENUE MODEL | PROS | CONS |
| * PAID APP | |  | | --- | | * Quick Cash Flow | | * Generate revenue from day 1 | | |  | | --- | | * 30% commission | | * Not easy to convince people | | * App has to be unique and top quality | | * Less than 10% are paid apps | |
| * FREE APP | |  | | --- | | * Attractive to users | | * No barrier to entry | | * Mores users = More money | | |  | | --- | | * Ads might be considered intrusive | | * Need really strong audience – volume and engagement | |
| * FREEMIUM | |  | | --- | | * Attractive to users | | * No barrier to entry | | * No limit to upselling | | * No app store commission for physical goods sold | | |  | | --- | | * Finding the sweet spot takes experimenting | | * App store commissions for value generated from app | |
| * SUBSCRIPTION | |  | | --- | | * Steady cash flow | | * Highest Customer Lifetime Value (LTV) | | |  | | --- | | * Services should be continuously updated to ensure users come back each month. | |
| * REVENUE SPLIT | |  | | --- | | * Free for users to download and use | | * No barrier to entry | | * Successful model, high LTV | | |  | | --- | | * Takes time to build buyer and seller trust | | * Risk around ensuring sellers deliver to buyers | | * Airbnb horror stories | |
| * BUILD AND FLIP | |  | | --- | | * Quick revenue | | * No hassles after sale | | |  | | --- | | * No long term wins | | * No big opportunities | |

REFERRAL

RETENTION

ACQUISITION

REVENUE

ACTIVATION