

COLUMNS

## How messaging apps can monetize their platforms

March 20, 2014



*Sean O'Brien is co-founder of TextPride*

---

By **Sean O'Brien**

**Sign up now**

**Luxury Daily**

As the messaging application market has rapidly exploded, monetization has been making headlines. Take the Facebook and WhatsApp acquisition news – what was the main focus on the analyst call? Monetization.

A new report from Juniper Research found that instant messaging apps will account for three-quarters of all mobile messaging traffic in 2018. Specifically, the messaging traffic from the likes of WhatsApp, Kik, LINE and Viber, to name a few, will consist of 63 trillion messages by 2018.

The research also points out the difficulty these apps face with generating revenue, predicting that messaging apps will only generate 2 percent of the entire mobile messaging sector's revenue, at about \$3 billion.

The low revenue projections indicate that these apps have not figured it out yet. And as Facebook's Mark Zuckerberg and Jan Koum of WhatsApp have been preaching as of late – ads are not how to monetize messaging. So what are the alternatives? How can mobile messaging apps capitalize on their growing user base and monetize their platforms?

Like any other business trying to compete, the goal for messaging apps is the bottom line.

While these apps all have the users, they are looking for ways to differentiate. With that, here are a few potential answers to the question at hand – here are three ways to take that killer messaging app platform and monetize around it:

- Cash in on sticker-based revenue: The most successful apps today are those with a strong social engagement component.

While mobile messaging apps innately create a channel of communication between their users, it is important to allow users to express themselves and communicate with others who share common interests. That is where stickers and emojis come in.

As messaging apps have evolved from basic communication platforms into gateways built around making conversation more fun, the rising popularity of sticker packs and emoticons comes as no surprise.

Sticker sales present an enormous opportunity for apps to monetize by getting brands and celebrities to sell stickers on their platforms, while offering an additional marketing avenue for brands.

Apps such as LINE and KakaoTalk, for example, have been making millions through selling stickers to their users – LINE revealed in August it is bringing in upwards of \$10 million monthly from the sale of sticker packs. Some of the stickers are for free, but others may cost around 170 yen or about \$1.75 for a pack of 40.

- Messaging apps can expand their services: Gaming is another revenue-generator for messaging apps.

To invoke the examples of KakaoTalk and LINE again, both apps offer games that link up to their messaging networks, leveraging the wider user base. Both apps also revealed recently that in-game purchases make up the largest portion of their revenues.

In July, KakaoTalk announced that its game-related revenues have generated \$311 million with 30 million people playing its 180 game titles and buying items sold through those games.

Similarly, LINE has created a game platform inside the messaging app where users can both download the same app in the context of LINE and play against each other.

- Messaging as a payment: In a bid to monetize, incorporating payment services offers mobile messaging apps a unique and innovative way to generate revenue.

Let us take a look at WeChat. Owned by China's largest internet company Tencent, WeChat recently opened up a new revenue service where users now can pay for purchases directly within the app. Any users that follows a company's official WeChat account – for example, McDonald's – can make a payment without leaving the WeChat app.

THE POTENTIAL for mobile messaging apps is truly there – Facebook sees that potential to monetize WhatsApp's millions of users, just as Rakuten sees the same in Viber.

The growing use of sticker and emoji use, in-app purchases and payment options all present enormous opportunities for everyone – from mobile messaging apps to marketers – to cash in.

*Sean O'Brien is cofounder of [TextPride](#), New York. Reach him at [sean@textpride.com](mailto:sean@textpride.com).*

---

© Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.