SPI 014 : iPhone App Development and Marketing Tips

(Intro)

So Why Am I Talking About iPhone Apps Today?

- For those of you who don't know, I co-founded an iPhone application company, LOLerApps, with my buddy here in San Diego back in early 2009. We started it as an experiment (like I do with most of the things I talk about on my blog), to see if it was possible to make some money and do well in this market, to earn an income after putting in some hard work building applications and then putting them into Apple's App Store. I'm specifically bringing this up in today's podcast because it's a really hot topic that a lot of people keep asking me about, and although I've written a few blog posts about iPhone apps in the past (which I'll link to in the show notes), I thought it would be cool to talk about it here and get a little more in depth with kind of how it all started, how it works, what kind of figures we're seeing, and some of our marketing strategies.
- Also, as I record this during the week of January 24th, 2011, we're about 2 and a half weeks ago from when Verizon will carry the iPhone, which is huge because it's going to increase the size of the app market bigtime. We're actually trying to time a few applications for that date (as I'm sure a lot of other developers out there are), but I don't know if we'll make it because - well, we'll get more into that later on.

Before I get to the good stuff, I just wanted to mention a few things upfront.

First, we're not making millions like you hear a lot of people are - like the developers of Doodle Jump, for example, an indy developer duo who has seen a few million from one single $0.99 application. We're not at that level, but our business which currently has about 25 applications live in iTunes (and counting), is making a good amount of income each month - averaging about $5 to 6k a month, and recently we've been seeing upwards of $8 to 10k a month.

Secondly, in this session, you're going to learn a lot about the process of taking an idea and turning into an application (mainly through my own experience), but honestly if I were to give you all of the details about the exact process, this would be a long, boring and technical session because there is A LOT to it. Even just taking a finished application and submitting it to iTunes is not an easy task. I remember our first application, it took about 2 weeks to figure out exactly how to get everything in order. There are certain things you have to do to your application, and your computer to make sure you have all the proper licenses in order and distribution keys and this and that - it's crazy. If you end up wanting to tackle this industry, I have a resource for you at the end of this session that is great for beginners.

Okay let's get right into it.

So Why iPhone Apps? How Did I Get Into This Business?

Well, it was the end of 2008 - which was a wild and crazy year for me as many of you know already. It was the year I was laid off, and it was the year I began to monetize greenexamacademy.com, my LEED exam study guide website that just took off and changed the rest of my life.

I don't know exactly how it came up, but we started talking about the iPhone. Neither of us had one, but we talked about how we've been reading a lot about success stories of people developing applications and doing unbelievably well with them.

Joel Comm - iFart
iShoot

So, we decided to just give it a shot. It wasn't a "we're going to drop everything and invest tens of thousands of dollars into this" - it was more of an experiment, one that we thought was worth putting a little cash into to possibly see some return later on - and specifically we were hoping for "passive income", since we knew if we were to build these applications, we could somehow put them into the App Store and pretty much just set them and forget them.

That was the idea.

So that's when we started brainstorming of application ideas. We decided to kind of turn this business into our creative outlet, focusing more on entertainment, funny and whimsical type applications - I guess we got a lot of inspiration from iFart...that sounds kind of sad but it's true - I mean now that I am a part of this business I know that these types of applications, pretty much useless, but funny applications, do fairly well.

Now don't get me wrong, the iPhone is a wonderful tool, and I have many applications that I use on a daily business to actually get a lot of things done in my business and that have improved my life, but we decided to just be creative with our apps and see what would happen.

So, our first application was born. It was called Shake Shake Pop, an game where you'd be timed on how fast it would take you to shake a soda bottle, a can of soda or a wine bottle until it popped, and you'd actually shake your phone to play it.

-Getting the App Built

My business partner was a computer programmer, I was not - but even so we decided it would be better to outsource the development of our applications, rather than learn to code them ourselves.

This turned out to be a fantastic decision, because over time we realized we were able to get more apps done in a shorter period of time, and the quality of those apps was much better than we could ever do on our own.

So we went to Elance.com to find a developer.

Elance.com, for those of you who don't know, is a website that connects people who want jobs done, with people who will do them for a price. It's fantastic, because I can post up a job about, anything really - I've used elance for web design, graphic design, bookkeeping, legal services, voice talents, eBook editing, copywriting, fixing bad quality recordings, and of course, iPhone applications - and then what happens is providers will bid on your project, and you get to award a bidder your job. Then you work with them on the site using their message board to keep track of conversations, exchange files and even handle payments through an escrow program, which is nice, and then when they complete your job and you're satisfied, you leave feedback and a review for them so others know the quality of their work.

So, we posted our job and awarded our application to a developer (and I'll get into app pricing later on in the session). We chatted with the developer and his team created the app and after 4 months, we had a completed application.

Now - know that we didn't expect the app to take 4 entire months. We were hoping for maybe 1 month, and there are several things we did wrong that I want to make sure I go over with you so you don't make the same mistake if you're thinking about doing the same time.

When we posted the job, we awarded it to the lowest bidder. This was our first time working with a developer and we didn't understand the wide range of abilities and experience developers have. They ended up completing the app, like I said, in 3 months and the quality was okay, but it was obvious they weren't really professionals.

First of all, they didn't understand how to give us the application to test. Hypothetically, you could hire someone to develop an application for you and never even test it or use it yourself before it gets submitted to iTunes, but seriously - you'll want to test your application before you put it out there for people to see.

The idea is that as the app gets built, the developers can send you what is called "ad hoc" versions of the app which allows you to use the app on an iPhone or iPod Touch. There's a lot of technical things involved to make this happen, but each iPhone or iPod Touch has a specific, I guess you could say code or serial number, that has to be implanted into the ad hoc version of the application so the application knows that it can be loaded and tested on that device. I guess they do this for security issues and so early versions of apps don't get spread around or downloaded illegally - i dunno. All I know is that it's a real hassle because our developers could not figure out how to get the app they were building onto my phone - so we had to watch videos of the application being used from their side of the world, which was just really inconvenient.

That was the first thing.

Secondly, we didn't realize that besides the developers of the application, you should also get someone on board to do the graphics of the application too. We had no idea, so when we got

our first version (on video), to look at, we saw the graphics and they were just terrible. And this was our fault because we didn't have any graphics for them to include so they created them themselves, and they were not a graphics design company so it looked pretty bad. Now, we make sure that we have someone (sometimes myself) have the graphics ready for an application before the application even starts to be built. That's good for the developers because they'll have the graphics needed to complete the application per our specifications, and it's good for us, the developer, because we don't have to worry about them not understanding how things should look.

Thirdly (again from the videos that we watched of the progress of our application), the app and game flow was not how we had wanted. They were building the app based on our description in Elance and some further instructions after we hired their team, but we learned that that is not enough. You have to (or you should) give clear instructions on exactly what every screen does, and what every button on every screen goes or does too. It's gotta ALL be laid out or else the developer is either going to bombard you with questions later on that you're going to have to work out because they are probably things you haven't thought about, or they are just going to assume something that isn't right.

Every single little detail must be explained. For example with our Shake Shake Pop application, we had different levels of gameplay - the easy level, which is a soda can, the 2nd level, which is a 2 liter coke bottle, and then the last level, which is the wine bottle, which takes a lot more work to pop the cork off. Anyways, at the end of each level if the user completed it within a certain time frame, they would then move to the next level. Well, we didn't explain HOW the player would get to the next level. We just said "If they pass this level in 5.00 seconds, they get access to the second level". Well, we didn't think about if the player should see a screen that says congratulations, and should they have a button that takes them to the next level or does it just automatically take them there after a few seconds. What ended up being built was exactly what we explained to them in our initial description - after the player passes this level in 5 seconds, they get to play the next level - and so when we saw the video and the player passed the level in 5 seconds, they immediately went to the start of the next level. No sounds, no congratulations or button to press. It was just really odd and so we had to spend time to then describe how we wanted things to work, create new buttons and graphics for that - and this happened with a lot of parts of the application.

Ugh it's just really stressful even to think about those days, haha.

So what we learned was the best thing you can do, even before you submit your idea to a developer, is to wireframe or map out the ENTIRE application. If you can design every single screen and use arrows that point to new screens for when certain buttons are pressed, then even better. It'll take a while to create in the beginning, but trust me it'll save A LOT of time. If you have photoshop, that works, or you can even do it on paper. I had an application done once that was done on 10 pieces of printer paper, each of them a different screen within an application. Each one has a specific name so I could show on the sample screens where I wanted certain buttons to go to by referencing the name of the application. And I just scanned

this and sent it to the developer.

Other tools that can help you through this process are things like MindMeister, which is a mindmapping tool that I've talked about before. This is great when developing the idea for an application, however not so good for handing to the developer - they'll need something more linear than a sort of bubble diagram chart.

There's a tool called Gliffy that is like a workflow chart that is good for describing the flow of an app, from screen to screen, for example. And of course there's photoshop or if you don't have that, you can use the free photoshop-like tool called Gimp, which I'll hopefully be doing some tutorials for you later.

So after we FINALLY got that app finished, again after 4 months, we submitted it to iTunes and just let it sit, and we were fortunate enough to see a good amount of downloads, but it wasn't anything like iFart or Doodle Jump - it didn't take off like we had dreamed, but we kept going because we saw there was potential.

We then took 3 more ideas and submitted them to a developer to get them all done at the same time, and after year 1 we had a total of 4 applications in iTunes.

We let it sit for a while, we were earning a couple thousand a month and were pretty happy with that, but I don't know when it happened, but sometime in early 2010 we decided to go gung ho with iPhone apps and we ended up making about 21 more, some of which have done really well.

We learned from a lot from our mistakes, but we learned a lot from other successful iPhone app developers out there too. First, we learned that Free Apps can earn money too, which is pretty cool.

You can earn money from free applications by putting in advertisements, and getting paid each time someone clicks an ad that shows up in your app. It's pretty much like Adwords and Adsense that we use to place ads on our website. We just embed a piece of code into our applications and it'll automatically generate advertisements, and again you get paid Per Click.

There are several Ad services that you can use for this:

1. Admob.com
2. iAds
3. Google Adsense

The thing is with paid apps (0.99, 1.99, 2.99, etc.), Apple takes am immediate 30% cut of the revenue, so really each download is 0.69, 1.39, or 2.09, etc.). Obviously you can make a lot of money this way - it's the primary business model that most developers use, and we have an application that is at the $2.99 pricepoint, Baby Maker, that has done really well for us, earning

an average of about $80 to $120 dollars a day.

Free Apps that run ads are good because:

1. People download free apps like crazy, just because they are free...
2. You don't make money just from the initial download, but everytime someone opens that application it's a potential for income (and the ads change automatically over time so it's not the same old ad that pops up).

Now the guys from FreeTheApps - who actually did a blog posts interview on the SPI blog, almost all of their applications, I'd say maybe 95% of them, are free apps running advertisements, and they are making a killing. Almost $800k a year they are pulling in now, and I'm sure they're excited for the Verizon launch too.

The guys who developed the game Paper Toss (throwing crumpled paper into a garbage can), they've made millions from ads.

We have a free application, one of our most successful ones actually, called Traffic Light Changer, which is a "gag" app that can be used to fool your friends that your iPhone can change a traffic light from Red to Green. Totally ridiculous but really funny, and in the description of the app in iTunes we even say it's for entertainment purposes only. And it's really simple, it's just a big green button that, when pressed, emits a sound and does a little animation as if signal was being produced to change a traffic light, and really...sometimes it does actually work (by random chance, obviously).

Well, this application has been downloaded, to date, 856,431 times. Now, it averages about 3,000 downloads per day, which is a lot of ad impressions and we're seeing anywhere between $50 and $100 in revenue every day from this single application.

Oh, and I have to read you this email we got just last week about this application - it's priceless:

"Just exactly where does the signal exit my iPhone to trigger the traffic light? Which way do I point the phone for maximum signal".

Another thing we learned which has really helped us, especially when we release new applications, is that many of our latest apps have a "more apps" button that takes people to a page where they can see our latest apps. This is cool because every single download of our applications (and remember that one alone gets 3000 a day), becomes an opportunity for other downloads of our other applications. We have a tracking code on each of our apps that tell us how many times the more apps button has been pressed, and it's about 20 thousands away from 1 million Clicks.

So, here are some additional app marketing tips I've picked up along the way that I'm happy to share with you:

1) When you submit your application, it'll take about 7 days to get notice that you've been approved. Once approved, your app goes live into iTunes after a few hours, and is put on a "New Releases" list for the rest of the day.

One thing you can do is go into iTunes Connect (which is where you submit your application to Apple), and change the date to the next day (or a future date if you're planning to do some type of announced launch or something). This way, you can have a full day on that "New Releases" list, instead of just a half a day, or less.

2) Getting on those lists, like the "New Releases" list or any of the top 100 lists for different categories is the most important thing that you can do. It gives you immediate exposure to everyone looking for apps on their iPhone, and on their computers. If you're not on those lists, you're "buried" and really the only hope you have to be found is through search (so you better have optimized the title of your application, and the description too).

To get into those lists, it can be very challenging. It depends on the category you're in too. If you choose the "entertainment" category, you're going to have a hard time because there are just so many apps competing for top spots in that category. You'll have to find one that works for you and your specific application, and I'd actually scour the app store on your iTunes on your computer for a week or so just to see how apps are moving around. Before, it was the lifestyle caterogy that was the best one to get into, the one that has the best download to competitiveness ratio, and then it became the utilizies category, and really it changes and evolves so it may be totally different now.

You could try to create buzz for your app if you have an existing audience, or you could buy ads for your application, which we've done in the past, on sites like Admob, which I mentioned before. It's like the Adwords side of the advertisements, where instead of being on the side where you put ads in your app, you're putting your ad in other people's applications. It's nice because you can track clicks and see results immediately.

As far as the "hot apps" and "new and noteworthy" - getting on those lists is entirely up to Apple. My only advice for those is to make sure you have really good graphics, as it'll help you stand out from the thousands of submissions they get per day. Usually, those apps have really good looking icons and graphics. It's the same deal for podcasts too - the better your podcast logo, the better chance you'll have of being featured.

3) I wouldn't waste my time on app review sites. We used to think that's exactly what you had to do, and so we spent a lot of time submitting applications and emailing app review site authors and bloggers to get our apps featured on their sites. I think we may have done a total of 100 submissions, and we were only selected twice for a review, and honestly when we were reviewed it didn't even have a real impact on downloads or sales.

Questions (answered in Audio Version only, for now):

I know a lot of you have some questions about this process, so here are a few I know you're probably thinking:

1. How much does it cost to get an app developed by a developer?

2. I Have a Fantastic Idea for an Iphone Application and I want to Hire Someone to Develop it For me. How Do I protect my idea from being stolen?

3. Do you Have to have a Mac Computer in order to Submit applications to iTunes

4. Do You Think There is Still Room for Success Stories in The iPhone Application market?

5. What About other Platforms - like iPad, or even Android Applications?

So, that's a lot of information about this particular business that I'm in, which like I said has done fairly well for us. I'm very pleased to see an extra $6 to $10k a month come in for doing almost nothing - now that we've already put in the hard work (most of it done by other developers), and now we're reaping the benefits.

We do plan on putting more out there, hopefully by the Verizon launch but really, it's hard to time it when working with developers because you never know what's going to come up. Every time we've tried to time something it never works out and things are always delayed, so just understand that that is going to be a part of the process if you do end up going into this market and experimenting with it. Just expect it, and if things get done on time then that's awesome!

I do have a couple of resources for you related to iPhone applications. If you're interested in the process and want to get the sort of step by step process, there's a fantastic eBook (both helpful and inspirational) by the guys at FreeTheApps, which you can check out at

http://www.smartpassiveincome.com/iphoneapps

That is an affiliate link, so I do earn a commission if you do purchase that eBook from that particular link, just letting you know. A few people have actually recently emailed me to say they got their first applications up and live on iTunes using this as their guide which is pretty awesome to hear. I've read through it and picked up a lot of great tips, but we already had our iPhone app business in place when this came out.

http://www.smartpassiveincome.com/iphoneapps

And secondly, if you are looking for a developer - like I said Elance.com is a great place to go. If you can't find anyone just email me on the contact page of my site and I'll give you the name of a developer I've been using from Elance time and time again that has done a wonderful job for

me. I won't mention them here because I don't want them to get bombarded with requests, but if you're serious about it let me know and I'll give you their Company name.