



WhatsApp Monetization Case Study

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WhatsApp Monetization Case Study

- **The Case**

In India, WhatsApp has nearly 500 million users and close to 50 million business accounts. More than 95% of WhatsApp's monthly active users in India use the app each day, and nearly its entire user base checks the app at least once a week. As a new product manager, your mission is to figure out a monetization strategy for WhatsApp for India and take it to market.

Part 1 – Problem space and scope definition

Part 2 – Solution space and prioritization

Part 3 – Wireframing

Part 4 – Risks & Considerations

Part 5 – Go to Market



Problem Space and Scope Definition

Context: Privacy is increasingly being valued as a value addition for digital products. Several Products have built their niche by offering Privacy as the main differentiating factor. Given WhatsApp's scale and immersive & simple User Experience, how can we monetize the core Product internally without sharing users' data with other Facebook suite of Products.

Why Privacy should be a part of Immersive User Experience on WhatsApp?

1. More Legislation and Regulation across the world could force Facebook products to stop sharing data between their different Products.
2. WhatsApp provide immense value to its users and has replaced traditional communication mediums like Phone calls and SMS as their default option. This value proposition could be monetized in-app without sharing data outside the product.
3. **Messaging as a Service** could be one option for monetization. However, Pricing is a sensitive topic for emerging countries like India. And thus, it should be priced very aggressively and bundled with additional useful features for premium users. Additionally, we can explore other Ad-based monetization options for other users.



Problem Space and Scope Definition

Desired Outcome: Move WhatsApp's business model from a Free App to a Freemium App that provides additional features for paid users and In-App Ads for free users.

Behaviors That would Need to be Changed:

- Drive Adoption for Premium Subscription.
- Make other users more comfortable viewing Non-Intrusive ads on the Platform.

Hypothesis:

- 5-10% of 500M users would move to Premium Subscription.
- Users would be okay seeing Non-Intrusive Ads on Platform.

Revenue Potential:

- 5% Paid users in 1st year
 $25M * 4USD = 100M \$$
- Remaining Ad Based Monetization
 $475M * 2USD = 950M \$$
- Total => 1.05 Billion USD

Assumption:

- Govt Regulation will hurt Big Tech in coming times
- WhatsApp will have to eventually figure out an independent monetization strategy.

Additional Data Points:

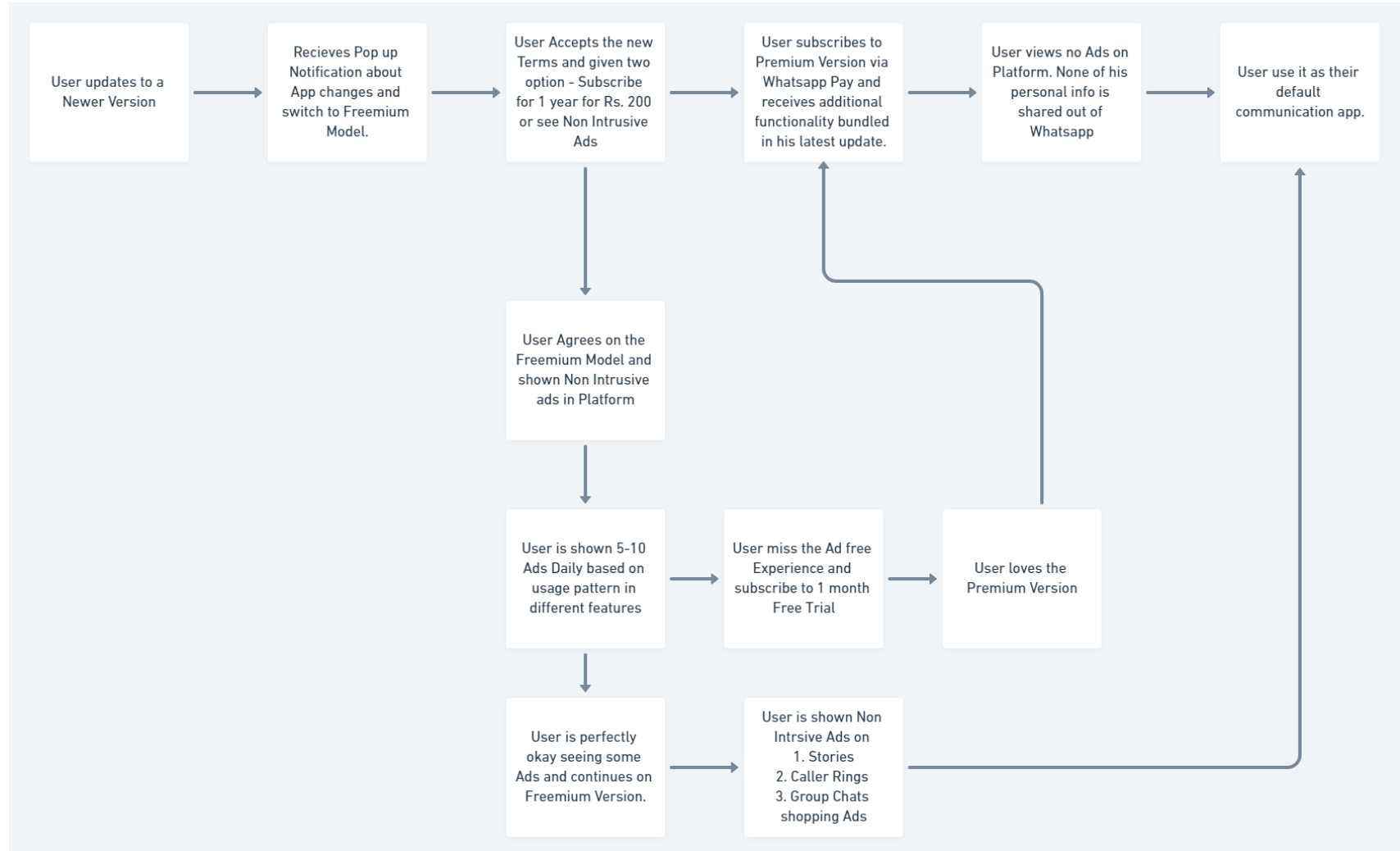
- ARPU for Indian users on other social media sites
- Correlation between Usage on Non-Ad and Ad based social networks and its Impact.



Solution Space and Prioritization

Approach:

Move to Freemium model without having serious impact on DAU and MAU numbers.



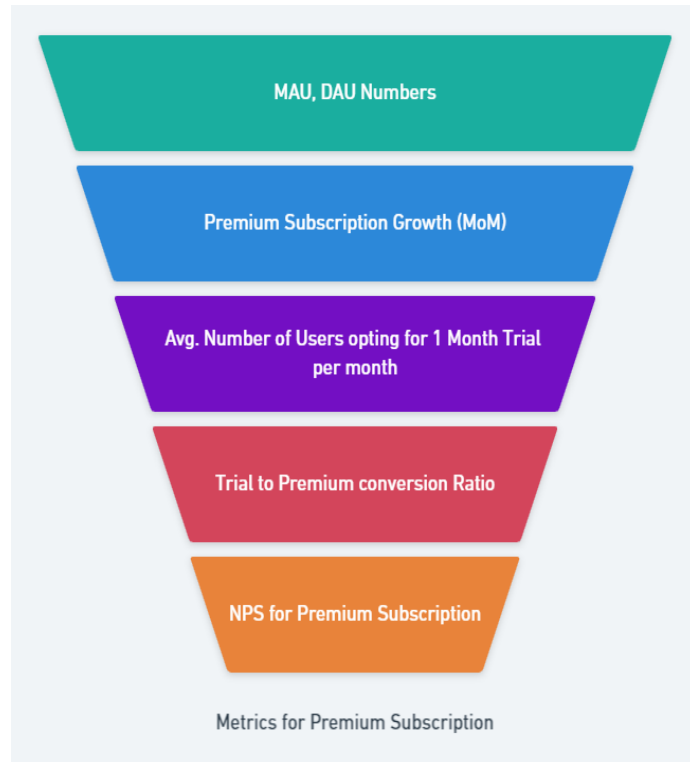
[User Flow Link](#)



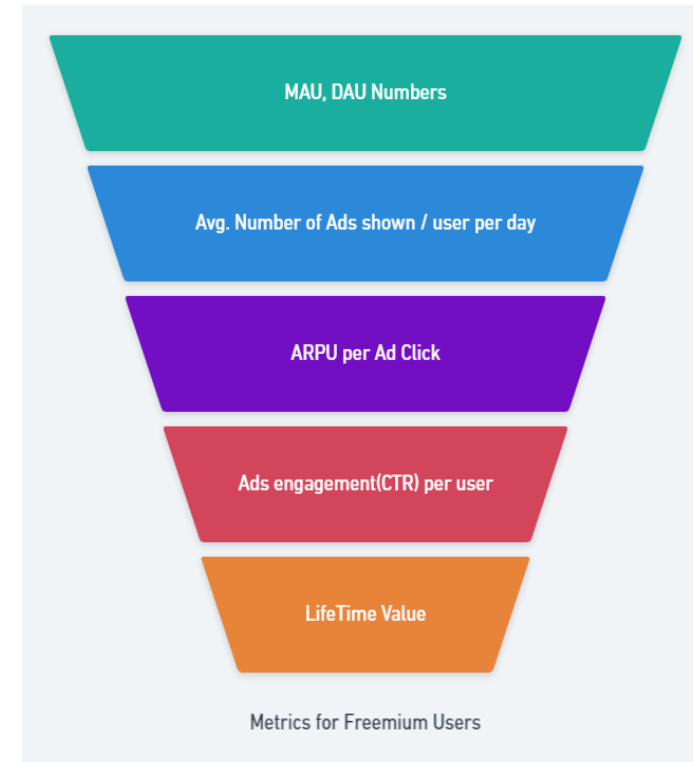


Solution Space and Prioritization

Success Criteria: Positive Revenue Flow with minimal impact on DAU, MAU numbers.



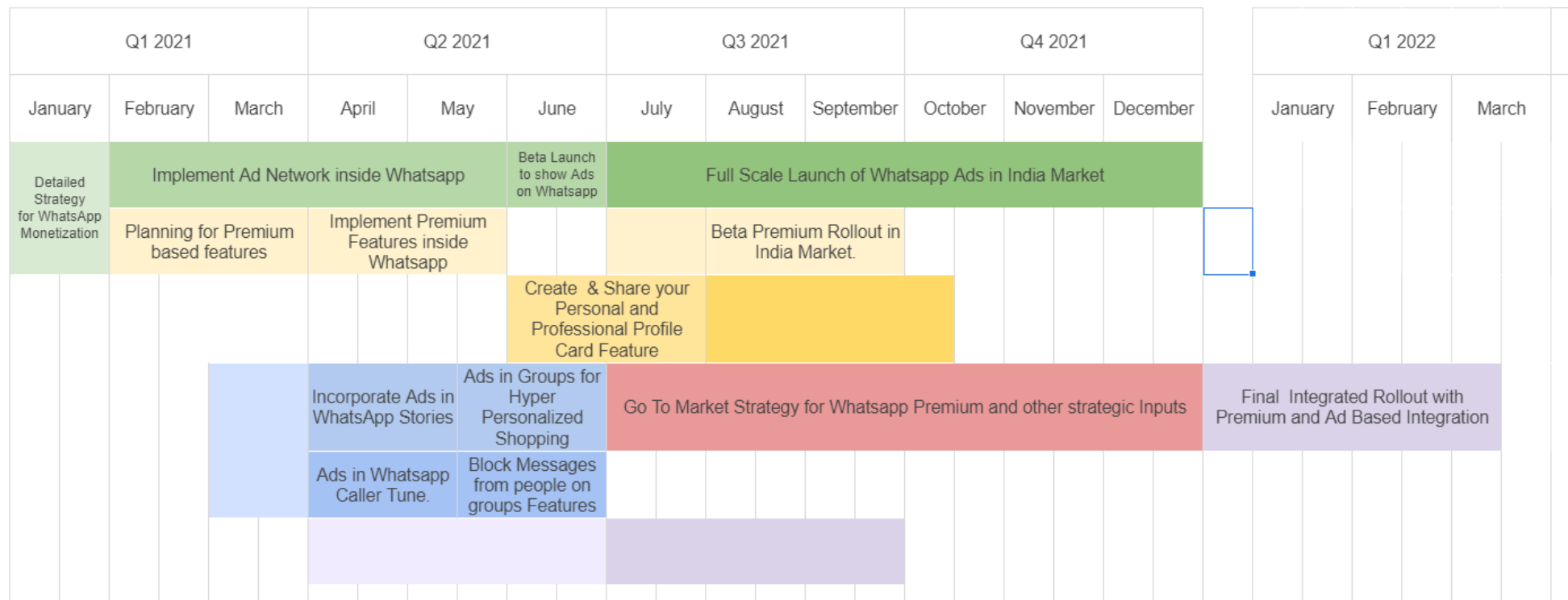
Metrics:





Solution Space and Prioritization

Whatsapp Plus Roadmap





Wireframes for Premium Features:

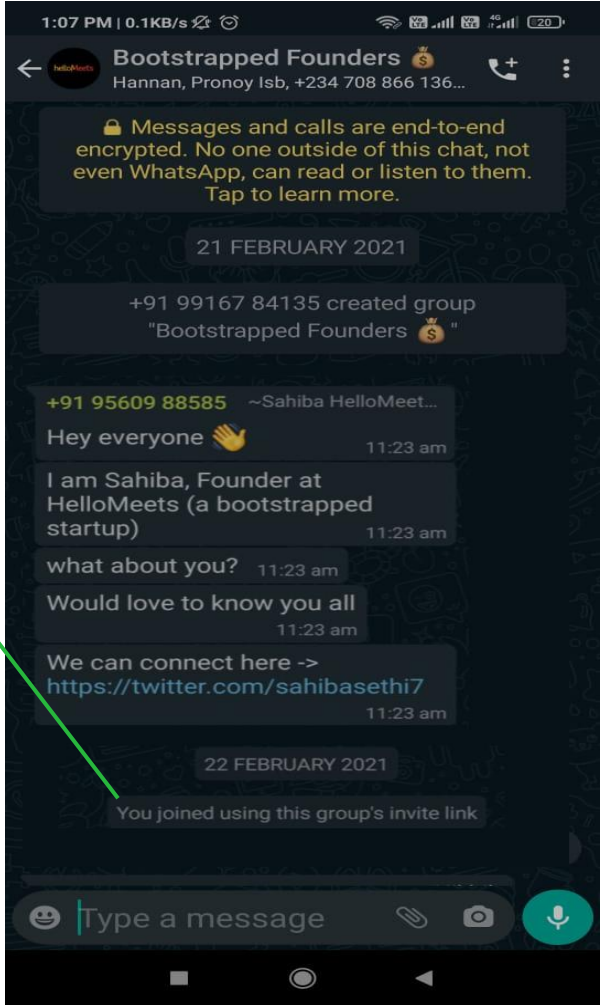


Read Previous Messages on Groups before you joined to get more context on Group Conversations

Premium users can read all previous messages since the group was created irrespective of when they join the group.

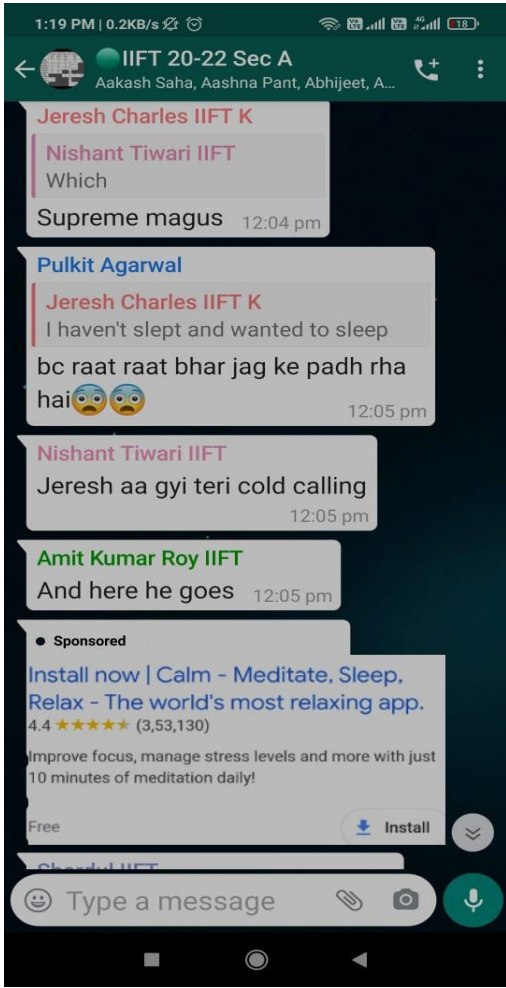
Call Record Option

Premium users will have added facility to record WhatsApp calls from the App Using the record button.





Wireframes for Ad Placement for Freemium Users:



WhatsApp Ads between Stories.
Show Ads based on Interest of users between WhatsApp Stories.



Group Ads
Contextual Ads on Groups based on the conversation happening on the groups.



Risk and Consideration

Potential Risks from this Launch:

1. Significant Drop in DAU & MAU Numbers across India.
2. Drop in Conversation Intensity between users on Direct Messages and Group Chats between users.

Mitigation:

1. Start running 1-month Free Premium trial post 1 month of Launch.
2. Increase Avg. Number of Ads shown per user in a steady manner(Increasing it steadily Month on Month till we find an optimum range.)

Technical Considerations before Launch:

1. Showing Relevant Ads to users in Beginning. Since ML models would take time to understand each users' behavior. Also, How ethical and legal is it to use previous user data in this context post business model shift.
2. Payment Flow: How to Process Refunds, Who to reach out in case of Payment Failure. Customer Support team setup for grievances.
3. Handling Ads: How to show Hyper personalized Ads without making users uncomfortable.
4. Booking Ads: Can business book ads on a separate platform or can it be integrated to Ads Booking on Fb Platform itself.
5. Integrating WhatsApp Business so that SME can promote their offerings to local users.



Go To Market Strategy

Adoption Strategy:

1. Increase Awareness about change in WhatsApp business model.
2. Nudge users for Ad Free Experience with in-app ads about Premium.
3. **Brand WhatsApp Premium Subscription as WhatsApp plus** and promote on Fb suite of Products.

Communication Channels:

1. Facebook, Instagram Ads
2. Notification about Premium Features on WhatsApp Stories.
3. Press Releases before Final Rollout.
4. App Store Release Notes.

Top 3 Value Proposition to Communicate:

1. Never worry about your data, it stays within WhatsApp forever. 100% secure communication when you speak with your friends and family.
2. Premium allows you to get hands on additional functionality like call records, PC video calling and Auto-Prevention from Spammed messages from unknown numbers.
3. Local Stores and Services on WhatsApp Business can now advertise directly to local consumers about things they really care.



Go To Market Strategy for WhatsApp Plus

Users	Pre-Launch	During Launch	Post-Launch(Expansion)
Premium Users	<ul style="list-style-type: none">○ Awareness about WhatsApp policy and Business model update through ads in newspapers○ Premium Features Teasers on FB, Instagram Ads	<ul style="list-style-type: none">○ Acquisition of Premium users through in In-App Notification and ads on FB, newspapers etc.○ Incentivization like 30 days Free Trial for WhatsApp Plus	<ul style="list-style-type: none">○ Cross-Marketing with collaboration with Indian Ecommerce stores.○ Referral Program Launch for WhatsApp Plus users.
Freemium Users	<ul style="list-style-type: none">○ Awareness about WhatsApp Ads through ads in newspapers and Press Releases.	<ul style="list-style-type: none">○ Increase Adoption of WhatsApp Ads by showing relevant and Non-Intrusive Ads	<ul style="list-style-type: none">○ Nudge freemium users to try WhatsApp Plus by showing Ads like Spotify.



THANKS!

