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1. OBJECTIVES:

This report is a handbook of techniques for getting Canadian personal computer software into the appropriate distribution channel for the United States market. The market statistics included in this report will also help some mini and mainframe distributors to better service the growing overlap between their products and the increasingly powerful PC platform.

This report will offer general advice and guidelines about how to distribute software. Individual products may not fit these generalized guidelines. Many of the Canadian software developers have taken other approaches to marketing their software and still been successful. The report provides the statistics necessary to make an informed choice about the channels that match your product, human and financial resources.

The data contained in this report has been drawn from several sources. Dataquest of San Jose, has provided most of the data through direct consultations, as well as the best report on software distribution that the Consulate has seen in the marketplace. This report can be purchased for around \$700 - \$900 US.

Datapro has an older study on software distribution practices of the larger software producers and hardware vendors. It documents the actual marketing practices of such players as Lotus, Microsoft, and Epson. Other sources of information include the Software Publishers Association, Sentry Marketing, etc. Unless otherwise specified, the source of the charts in this report is Dataquest.

2. OVERVIEW:

Software producers would be well advised to hire their next marketing manager from either the book publishing industry or the grocery business, because the personal computer software industry increasingly resembles these commodity marketplaces. Skill and experience in getting "retail shelf space" is critical to success in the software marketplace. Software brilliance, like book writing brilliance, is not enough to succeed in this marketplace. Standard marketing tools, dollars, and "retail shoe leather" are required to tell the customer about your software product. The "big players" are increasingly reluctant to take a risk distributing a new software package into their channels, only to incur the expense of picking up poorly selling products from retailers. They want to sell proven high volume winners..

Industry experts estimate that it would require about \$10 million dollars to "overtake" a major software product such as Lotus 1-2-3 or WordPerfect. To take market share from less popular software would require \$1 - 2 million. As you can see, a careful plan is required by any software writer who plans to "play" in this market. This is not to say that there are no niche opportunities nor "guerilla marketing tactics" that can't overcome a lack of cash. However, prudent software vendors will set realistic sales goals for their product.