

7.2 Strategic Alliance with Vendors Who Want to Sell to the Canadian Government:

Most major vendors wish to sell their computer products to the major provincial or federal government departments. Many of these vendors have made a commitment to "Buy Canadian" products or to assist Canadian companies to export their products in order to ingratiate themselves as good corporate citizens with their political masters. As well it is usually just a good business decision. Take advantage of this need. Approach the major hardware vendors to see if both your marketing needs and their selling needs can result in joint distribution.

Generally strategic alliances with a major hardware vendor offer stability and reassurance to a purchaser nervous about standardizing on a software product from a small unknown company. One danger of big companies is that they will not put the energy and focus into your product that you can.

7.3 Major Retail Computer Chains:

Businessland, Softsel, Ingram, Computerland, etc, market a large percentage of the computer software sold in the USA. If you can get your product accepted by these chains you are halfway to making money with your software. Be aware, however that these firms receive 50-100 packages a week to review. Many of them will simply send you the standard kit and ask you to send the demo product along. You may never get a response unless you call weekly.

Major software distributors and retailers carry a limited range of products. In order to get shelf space you must have the cash to draw the product through the retail chain via direct advertising, sales calls, work with VARs, etc. Specifically you as the product owner must have the cash to run large advertising campaigns, get product reviews, etc. Consider these cash requirements when planning strategy.

Major retailers will return your product to you if it does not sell. Several Canadian retailers have been shocked to receive large return shipments of their software that they thought had been sold. Instead, it had just gone into the channel but had not been sold. It was returned for a full refund.

7.4 Don't Ignore the Mail Order Houses:

Mail Order Houses such as 800 Software account for 18%-20% of the PC software sold. Most Canadian software creators are not aware of how important this channel is. Mail order software firms have the advantage of being able to "carry a larger number of titles," without being too deep in shelf stock. For many vertical markets and exotic software, this channel may in fact be the one best suited to your needs. On the down side, mail order people are really order fillers. They do not create demand through sales calls and advertising. They will not create product awareness.