Most retail stores can only sell, support, and demonstrate 20-30 products per location (ie. how many software products can you load on one hard disk?). This restriction is based on the fact that most stores only have one to five low paid, high turnover employees. With their limited training the computer sales clerk simply cannot learn any more packages.

Despite the "channel size restriction" that shelf space and employee learning curve produces, most PC software writers opt for the retail channel first. It should probably be the last option in a financially sound plan. Every firm should have a software marketing plan, and it should address such issues as: 1) how you are going to deal with each of the channels, 2) in what order, and 3) with what resources. Few if any software sellers who show up in the USA have such a plan, yet every major distributor, venture capitalist, and VAR will ask for it at the beginning of the negotiations. As Appendix A (a standard letter from Businessland to a software seller) indicates, a business plan is a basic professional requirement in the major US markets.

California is two markets. The California economy alone is the sixth largest economy in the world. It will pass France, in the year 2000. With an economy this large, you must segment the market and set up a service system for Northern and Southern California.

California is a foreign country, with its own business practices. Most Canadians are successful using a "generalist, or department store approach" to their products and services. This approach of offering full service works well in Canada. However, in California, a deep, specialist approach is required. For example, in Canada a car dealer may be a GM/Honda/Porsche dealer. In California, we have "Corvette only" dealers. Failure to adapt to these differences may be costly.

6. CHANNEL OPTIONS:

6.1 Computer Specialty Stores: (4,600)

Computer Specialty Stores offer PCs for both the home and business market. Most stock two or three hardware lines. The computer store approach to retailing emerged because of the wide variety of vendors serving this market, the high level of technical competence initially required to sell a PC, and the amount of "system integration" required to get the PC to perform the tasks demanded by the customer. The computer purchaser yearned for a place to shop for different pieces of hardware and software where he could get the best deal. He wanted a place where he could "road test" the competing claims. It is in the retail store where "user friendliness" gets put to the test.