Chart 3: Who Decides Within a Company, What Software Gets Bought:

Central Purchasing	40%
Recommended List	24%
Free to choose	36%

(Source: Sentry Market Research)

3. THE MARKET SIZE:

Dataquest predicts that North Americans will purchase 450 million different packages in the next five years, with a total value of $81.5 billion (US). This represents a compound growth rate of 15.3 percent. Experts estimate that there were 50,000 software titles for sale in 1989. Forty percent of all PC software purchases were made by people walking into a retail store, and this figure is expected to rise to 60% by 1993. The total value of these "walk-in" sales is $3.9 billion. The growth in direct sales has been at the expense of direct sales by hardware vendors and VARs.

The top 10 software publishers (including Borland, Software Publishing, Wordperfect, Lotus) sell 80% of PC software. They sell 15 % of this total direct to past customers.

The total software market is expanding. In 1988, 18% of homes indicate they own a PC. The total size of this PC market is expanding at the rate of 3%.

4. CHANNELS FOR DISTRIBUTION:

Listed below are the main types of distribution channels in the USA:

Chart 4. Main Channels of Distribution:

RETAILERS	*NUMBERS*	*MARKET SHARE BY TYPE OF REVENUE*
1) Computer Specialty Store	4,600	35.8%
2) Computer Dealers	3,950	"
3) Clone only stores	600	"
4) Super Stores	50	"