

developer wishing to export to Europe should beware of the distributor's own product mix, since overlapping products might cause the distributor to "bury" the Canadian product.

3.34 What Marketing Support Can Be Offered?

The value-added distributors will customize all marketing to the local market. Nevertheless, the distributor will expect extensive support including technical information, bug lists, press releases, press reviews, marketing information, advertisements (including film), demo disks or versions. One of the pitfalls an exporting Canadian software developer should avoid is underestimating the importance of an intensive information flow into the distribution channels. A product that is accompanied by good marketing information will improve the competitive position of the distributor and therefore receive a greater "mind-share". Furthermore, the marketing support is a way for a software developer to influence local marketing, which could be an advantage if a homogeneous image is desired.

3.35 How Will the Adaptation to Local Needs Be Made?

All administrative and office productivity application products must be translated into the local language in all countries. A few technical/scientific niches may initially be marketed in an English version, but in southern Europe (especially Spain, Italy, France and Greece) the technical/scientific applications must also be translated before they can be marketed effectively. Systems and tools software should generally not be translated. The main issue is how the developer will control the translation of applications and ensure that the distributor remains serious. We see three relevant models:

- The translation is paid for and carried out by the distributor, who is wholly or partly compensated through higher discount rates and greater advertising support.
- The translation is carried out as a joint development where the distributor commits human resources and it is paid mostly by the developer. The translation should take place locally and the payment for translation as well as the distribution rights should be tied to successful completion of the translation.

- The translation is paid for and carried out by the developer.

We suggest a version of the second option because the commitment of human resources will ensure the seriousness and increase the competence of the local support. It is of paramount importance that the developer be responsible for the project in order to maintain control. For example, the translation of Informix Inc.'s SMARTWare into Danish was originally budgeted at CDN\$ 75,000. It ended up costing in the area of CDN\$ 170,000, paid by Informix Inc. to date. And the translated product is still not available, mainly due to a lack of project control at Informix Inc. and a large turnover in the distributor's staff. By comparison, the cost of translating Lotus 1-2-3 into Danish was in the area of CDN\$ 100,000.

3.36 How Will the After-sale Service Be Organized?

The large European end users learn when upgrades are available in the US or Canada through industry magazines. This means that they expect timely upgrades in the local European countries. This, in turn, means that plans for upgrades should include plans for translation and distribution. It is most important to keep the distributors informed of upgrade plans — they should always be better informed than their end user clients. After-sale services must also include timely bug lists, technical notes, answers to common technical questions and bug work-arounds.

3.37 What Pricing Policies Apply to the European Market?

Prices in Europe will vary a great deal from country to country, though they are generally higher than on the North American market. The only comparable inter-European prices that exist are for packaged PC applications.

The prices listed on the next page are in CDN\$, and based on April 91 data collected from suppliers and the following exchange rates: 1 UK£ = CDN\$1.934 = US\$1.2 = 10.05 French Francs = 2.98 Deutschmarks = 2198 Lire. The European Package PC software list prices are, on average, 95 per cent higher than in North America. Prices also fluctuate throughout Europe. Average UK pricing is only 54 per cent higher than North American, while in Italy average prices are 112 per cent higher. The price differences are the result of four main factors: