



Research Brief

Now Is the Time to Market Software

Abstract: *Building, funding and investing in sales and marketing programs, even through this recession, are critical to maintaining existing customers and expanding revenue opportunities.*

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Key Issues

How will opportunities in the market be affected by competition, technology and evolving user requirements?

How will sales distribution channels affect the future of the market?

Recommendations

- Vendors must look at the Internet as an integrated piece of traditional sales and delivery methods and channels.
 - Vendors must hold all sales and marketing firms (internal and external) accountable with agreed metrics.
 - Now is the time to invest in innovative marketing, while the competition is cutting programs.
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Recession Creates Opportunity

Pumping cash into a new marketing campaign probably sounds counterintuitive during a recession. When the economy contracts, marketing budgets often are the first victims of cost cutting. While most companies have tightened their budgets, the savvy ones are doing just the opposite. A recession actually creates new customers and opportunities by forcing changes in the status quo, potentially opening new doors of opportunity for the first time. But it also requires a new way of marketing. The following is a list of marketing and sales activities to think about implementing during this period.

- **Look for alternative sales channels** — Traditionally, software companies have looked to the alliance and OEM relationships to deliver significant incremental revenue, widen their market reach and leverage their investments in R&D. The benefits of this type of sales activity are to expand your companies' brand and user base.
- **Choose your media carefully** — It is tempting to snap up bargain ad deals. Try areas that are proven and keep a close eye on your results.
- **Tailor your message** — Marketing in a down economy requires a tailored message. Understand what is driving your target audience to purchase your software and tailor your message to that need.
- **Be prepared and hold your companies accountable** — Companies must evaluate the success of its marketing campaigns. Create metrics of success and failure of your efforts on a quarterly basis.
- **Manage your logistics** — Today's economy is making it hard to justify bringing or keeping logistics in-house. You can save money by working with quality logistic vendors. Work side by side with your vendors to make sure that your customers are getting the service they require and expect. The savings are in the details, and your profit margins depend on how well you manage this aspect of your business. The cost of people, equipment and storage can surely outweigh any benefits and cost savings that you can attribute to doing it yourself. Pay special attention to shipping rates, palette charges and other hidden fees. Most software companies only look at the cost of duplication. Look at all the fees and see if you can get a better return on investment (ROI) by outsourcing your logistics.
- **Cut your print materials** — There are great differences in price and quality depending on whom, what and where you buy your print materials. Try to use standard sizes, limit the number of colors and your forecast for usage. Ordering too much is wasteful. Ordering not enough, causing you to not being able to take advantage of volume discounting, can also hurt your bottom line. Consider using a print broker that can help you get better rates and work with different vendors that can possibly provide you with better service.

- Make telemarketing a profit center — Today's market requires orders to be taken 24x7. Many telemarketing companies provide inbound and outbound service to your customers. Some of them are even willing to revenue share.
- Integrate the Internet fully into your channel structure — With the Internet came the challenge of finding the right sales and marketing mix for distribution for the millions of potential users of the information highway. As with all other means of selling and delivering, selling software products over the Internet using electronic software distribution, customer relationship and e-commerce software can be a complicated endeavor. Look at the Internet as an integrated piece of your traditional sales methods and channels. Traditional sales channels, such as direct sales, retail stores, value-added resellers, catalogs, direct response marketing and even TV infomercials, are not going away.

Gartner Dataquest Perspective

Building, funding and investing in sales and marketing programs, even through this recession, are critical to maintaining your existing customers and expanding your revenue opportunities. Remember that the recession is a market disrupter. Such discontinuities create great marketing and sales opportunities for those prepared to take advantage with the right products, market programs and funding.

Winning extra market share is difficult in the face of entrenched supplier-customer relationships. Market discontinuities often force buyers to reconsider their vendor options and open the door to alternative suppliers. Now is the time to invest in marketing, while your competition is cutting programs and buyers are more open to considering viable alternatives.

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