

How to Sell Your Software

by John McMillan

This article is a series of extracts from John McMillan's book "How to Write and Sell Software". A Kindle version is available from Amazon for a few pounds or dollars.

Before You Start

Set Achievable Goals

Please set yourself goals that you can achieve. It is terribly easy to get caught up with daydreams of vast riches. Avoid this. The worst thing you can try is to sell a package to the whole world.

The reality is that very, very few start up companies manage to launch world beating products. Even Microsoft and Yahoo didn't. Yahoo started by selling to students, Microsoft to computer clubs. Only when they had established themselves did they expand into larger markets and even then fairly gradually. Companies like Microsoft, Facebook and Google only emerge about once every 10 years. These companies need very high management skills and huge budgets.

Social networks can be a great way to promote your product, especially if people start discussing it. If you choose this way to market, ask – who will shout about it? Who will be your fans? Most success comes from more modest goals.

The Right Product

Mobile app stores group their apps into categories. An ideal app will do something useful in a sparsely populated category. If there are dozens of apps in the category, you will be sharing the sales with the rest. Worse, your app will very likely be buried near the end of the list where nobody sees it.

The same principal applies to any software package: avoid a crowded market.

The most successful products satisfy a new need that nobody else is addressing:

How to Supply Software

There are a number of ways to supply and deploy your package.

CD package

Traditionally, software was supplied on a CD that was delivered physically to the customer. This is fairly expensive and for all but the largest packages, this has now replaced by Internet downloads. Probably the only modern reason to use this approach is if for some reason a physical package is desirable.

Download

For moderate sale volumes, a download area from your web site is the most economical way to deploy the package. This will need some form of control to make sure only paid customers can download the paid versions.

On site installation

This is the favoured method for larger business packages. Many of your customers will want you to install the software and train them in its use. Your pricing needs to reflect this.

App stores

For mobile apps, the only realistic way to sell your package is through the app store. For details of deploying through the Apple app store, see:

<https://developer.apple.com>

For the Android app store:

<http://developer.android.com/distribute/googleplay/publish/register.html>

Other 3rd party

If you can find a distributor for your package, this may be a good way to sell it. Be warned that many distributors will be happy to sell your package but will do little to promote it.

Charging

Software is rarely sold. Normally the software house retains the intellectual rights to the software. What is sold is a licence to use the software. The commonest forms of licence allow users to run the software for an unlimited period.

Be aware that raising and posting an invoice and banking the incoming cheque will cost between 10 and 25 pounds. So, if you are selling a low price package, you need to provide an automatic way such as PayPal for customers to pay you.

Business users are usually happy to pay for support. This can provide useful ongoing income.

Marketing

Methods

It helps to understand the differences between marketing and selling. Generally, marketing is the process of making your potential customers aware of your product, selling is persuading prospective customers to place an order. A well thought marketing campaign will start by defining your target market and finding the best way to reach it. You then design a campaign to make prospective customers – prospects – aware of the product.

Pricing

For most products there is an optimum price and it can be difficult to find what this is. If you set the price too high, you will clearly lose a lot of orders. On the other hand, if the price is too low, people will assume the quality of the product is too low and you will still lose orders.

The main factors to consider in pricing are:

- What your competitors and peers charge
- How much it is worth to the customer
- How much the customer can afford and is prepared to pay

In the case of apps, pricing is relatively easy – just look at the other prices in the app store.

If nobody objects, it's too cheap. Best to start from a high price and come up with offers. It is easier to drop the price than to lift it.

If you are selling to business, the biggest cost to the customer is the time it takes to evaluate and install the software. If this will take a day's work, there is no point in selling it for less than a few hundred.

Market Segments – Your Target Market

Selling to the whole world is extremely difficult. To overcome this, it is necessary to shrink your market and sell to a specific group of people or companies. Companies that do this are usually more successful.

Segmentation happens in most industries, for example:

- Supermarkets target different income groups
- Cars are grouped into compacts, family cars, executive cars, hot hatches, sports cars and others
- The clothing industry targets age and income groups.

Within the software industry, the app stores break their catalogues into categories. These categories are the same concept as segments.

A segment needs something to define it. This could be a type of person, an interest or a lifestyle. Examples of segments would include:

- Students
- Education
- Music
- The leather industry

A good segment would have a community with magazines or on line forums. This makes it easy to reach prospective customers.

Promoting the Product

Normally the hardest part of software marketing is making people hear about your product . There are a number of ways to make people aware your product exists. The main ways to promote a product are described below. Before you start, ask where your customers find information. Plan your promotion around that.

Advertising

Advertising can be expensive. A single advertisement is rarely effective. If there is a journal that is written just for a group of your prospective customers, then advertising may work. If not, advertising is unlikely to be for you.

Web sites

If you intend the web site to generate prospects, they will need to find you through search engines. A typical Google search will return hundreds if not thousands of pages. If your page is not in the top few, nobody will see it. You must optimise your web site for search engines so your page is as close as possible to the top of the search list. This is called search engine optimisation (SEO). SEO is a subject in its own right.

Blogs

Blogging can also be effective in making people aware of you and your web site.

Word of mouth

Referrals by word of mouth are the best form of marketing. Word of mouth cannot happen until you have some people who are using and like your product.

Aim for raving fans!

Reviews

Independent reviews and reports are invaluable. App stores allow third party reviews of apps. Once more, make sure the quality is high to attract positive reviews.

Social networks

Social networks are a variant of word of mouth. They can also reinforce blogs. Taking part in discussions and forums on sites like LinkedIn and Facebook is a good way to increase your visibility.

Public relations

If there are journals aimed at your segment, PR is a highly effective way to make people aware of you. News articles and reports are more trusted than advertisements, because they are written by people outside the selling company. However, you have less control over the content.

Sponsorship

If you are happy to sell within a local area, local sponsorship is a good way to be visible.

Email shots

Bulk emails are a low cost way to contact large numbers of prospects, and are especially useful for business software.

Don't forget to provide an unsubscribe facility.

Calling

Telephone cold calling is expensive and generally not suited for generation of prospects. The telephone is however a very good way to follow up an enquiry.

Events

Showing at exhibitions and similar events is a good way to promote both the product and yourself. If you are exhibiting, that can provide a reason to send a mail shot. Many events have opportunities for sponsorship. as an expert.

The Selling Process

While marketing is making people aware of the product and generating leads, selling is persuading prospective customers to buy the product. The marketing process can be summed up as:

- Making people aware of your product
- Making people interested in buying it - lead generation

The selling process usually has the following steps.

- The prospect evaluates the product to decide whether it meets his requirements
- For anything larger than an app, he will want to check you and make sure he trusts you. For a mainstream business application, this will be a significant activity.
- For a main business application, there may be a process where several companies are invited to tender
- The prospect decides to buy your product
- It may be necessary to find budget
- He places the order

If you are selling a mainstream business application, there will be a long buying cycle.

During the launch phase of the product, this evaluation will take longer. Until you are established, the would be customer will want to be reassured about a number of points:

- Who are you?
- He will be nervous that the package might not work well
- The package will not have been thrashed by other users
- He cannot seek reviews from other users
- Danger that the package won't take off and he'll be left with an unsupported system.

Evaluation Methods

Unless the product is very cheap, the prospect will want to know whether it is worth buying. Once you establish a reputation and brand, that will often be enough. Until then, you have to provide him with a way to evaluate the software. The main ways are:

- Evaluation by restricted versions
- Demonstrations
- Meetings

Finally

Bringing software to market is not easy but many people have done it, and many have been very successful. If you anticipate problems and difficulties, you will be better placed to deal with them. It will take longer than you think. This is not because you are doing wrong, it always takes that long. There will be frustrations, especially during late debugging and early marketing. If you confront them, the rewards can be great.

What Next?

There is a lot more information in the Kindle book [How to Write and Sell Software \(UK\) \(USA\)](#), this explains the process in a lot more detail than in this article.

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If you liked this article, you may also like my blog about why a high market share is important. See it on <http://johnrmcmillan.wordpress.com/2012/11/27/why-market-share-matters>.

About John McMillan

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