

Re: OT Do free versions work?

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- *From:* "David S" <noway@xxxxxxxx>
 - *Date:* 19 Apr 2007 04:44:00 -0800
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"Chris" <nospam@xxxxxxx> wrote:

Hi

I sell a business invoice application in the UK and in an effort to drum-up new customers I am considering releasing a free but feature limited version of my application.

This is an interesting marketing question that needs to be appreciated in a larger context.

The short answer is "Yes!", but not in the way you might be thinking.

For starters, I get really annoyed at supposed estimates of "theft" of commercial software. The fact is, the vast majority of people who acquire any particular piece of software for free fire it up once or twice and then never use it again. That's true of pirated software, shareware, and even stuff you might give away for free as "trial" or "lite" versions of the app.

I was approached by someone last year to supply him with a free copy of a new app that he could use to complement a product launch he was running. At first, this made me cringe. But I've noticed several marketing folks who are pulling in a SH*TPILE of money by giving stuff away. It's rather counter-intuitive at first, but it works.

Personally, I detest the usual "feature limited" versions of trial software -- like the ones where you can't save or print or really do anything useful with the program other than play with it. That's a no-no in my book.

I got to thinking ... people often tend to make buying decisions based on a time vs. money equation. People who value their

Re: OT Do free versions work?

time more than their money are happy to buy an upgrade that saves them time. However, people who value their money over their time will NOT upgrade. These are people who swear that assembly language is the best way to program anything. Or who bought an old copy of VB4 and see no reason to upgrade.

It boils down to effectively selling the BENEFITS of the full product.

So I looked at some of the features of my app and asked myself, "what are some features that are really nice time-saving features that can be removed without affecting the overall utility of the program?" In most apps, there are several. If not, add some.

I build a "Personal Edition" of the app using compiler switches to exclude these time-saving features, as well as a "Professional Edition" with the missing features included.

Note that I don't use a registration key to enable additional features because they can be hacked.

The "Personal Edition" is given a price, but its primary role in life is to be used as a marketing tool. I think I've sold one copy. I don't care if people pay for it or not.

When they come to my site to get a copy, they give me their name and email address, and then are presented with a "One-Time Offer" for an upgrade to the Pro Edition for a reduced price. On average 10% of them purchase the Pro upgrade right then.

Nobody complains about missing features in the Pers Ed, as there aren't any. For example, one program contains some editing features where the user needs to supply synonyms for words. The Pro Ed includes a thesaurus included in a pop-up editing window, while the Pers Ed lets you open a browser window to thesaurus.com. When your thoughts are flowing, that browser window seems mighty slow!

Another thing in the Pro Ed is something I call "Smart Links". They make editing much faster and easier. It's like the difference between having a WYSIWYG editor vs. a plain vanilla TMemo for editing HTML code. Except we're talking about just a few words at a time, so it's not like editing an entire web page.

I calculate the prices this way:

Pro Ed Full Price = \$xx

Pers Ed Price = \$yy

Re: OT Do free versions work?

Re: OT Do free versions work?

Upgrade price = \$xx - \$yy

OTO price = upgrade price - 15%

Again, the Pers Ed _is_ available for sale, but I make very few sales.

Out of 1500 people who've grabbed free personal editions of two apps, I've had 250 people buy the Pro Ed, either via the OTO or just from the web site. A couple of people have actually upgraded, but most of the activity is either OTOs or direct sales at full price. (And the occasional promotion.)

The thing is, my mailing list is quite responsive to follow-up offers. This is where you can make most of your money in the long haul. Just be aware that 99% of your Pers Ed users will never use the program, and they won't upgrade. But they WILL periodically buy something you promote to them. Enough to make it worthwhile anyway.

In a nutshell, that's how you can make a pile of money by giving stuff away for free!

-David (digloo at yahoo com)

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