

End Customer Survey 2004! The Software Trends of Tomorrow!

Every software author that offers products online is interested in the opinions and the purchasing habits of their customers. The share it! customer survey provides insight about current software topics and other factors that influence online purchases.

After last year's success in analyzing the purchasing behavior of over one million software users and customers, share*it! has set a new goal to determine the challenges and trends of tomorrow's software market. One primary goal of the survey, entitled "The Software Trends of Tomorrow", is the recognition of customer's requests and needs in the new mobile devices market. With Digital River Inc.'s recent acquisition of element 5 AG, more than 2 million customers from both companies could be asked to take part in this new study.

With over 18,000 completed questionnaires, this inquiry provides a sampling of answers to questions such as, "What is the maximum amount you would pay for software for your mobile device?", "How often do you download trial or demo versions of software?", "What is the ratio of downloads to purchases?", and "How sensitive do software buyers react to post-purchase promotional measures?".

share*it! is proud to present these survey results that highlight perspectives and that suggest recommendations to help us compete in the growing shareware market.

Background Facts

Customers contacted	Approximately 2,000,000
Returned surveys	Approximately 18,000
Duration of study	4 weeks
Number of survey questions	19
Gender breakdown	71% male, 29% female
Average respondent age	43 years
Survey type	Web-based
How contacted	E-mail and advertising banners placed on shareware authors' Web pages.
Incentive	20% discount on element 5's software store

You can download this report at www.shareit.com

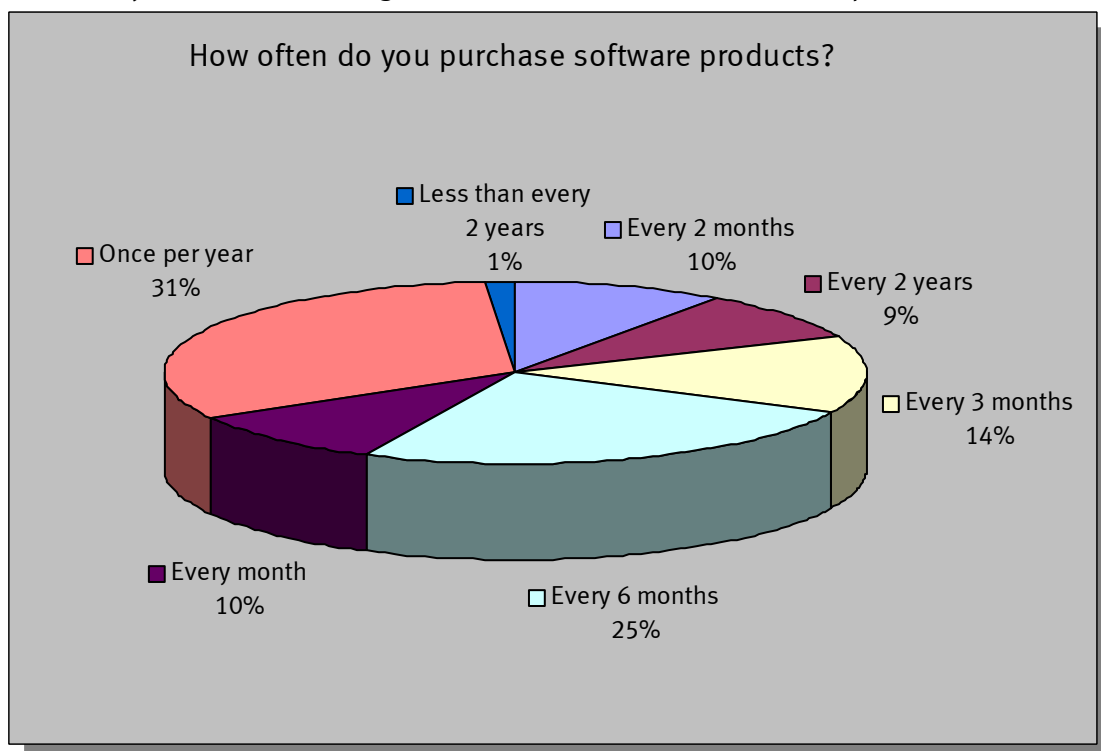
Note:

Some questions can cause totals that at first appear to deviate between the text and diagrams. For example, a question about what price a user is willing to pay for a specific piece of software, permits three responses: a. \$5, b. \$10, and c. \$15. The assumed answer distribution is: a. 20%, b. 35%, and c. 45%. The conclusion then is that (a.+b.) 55% of respondents would spend up to \$10.

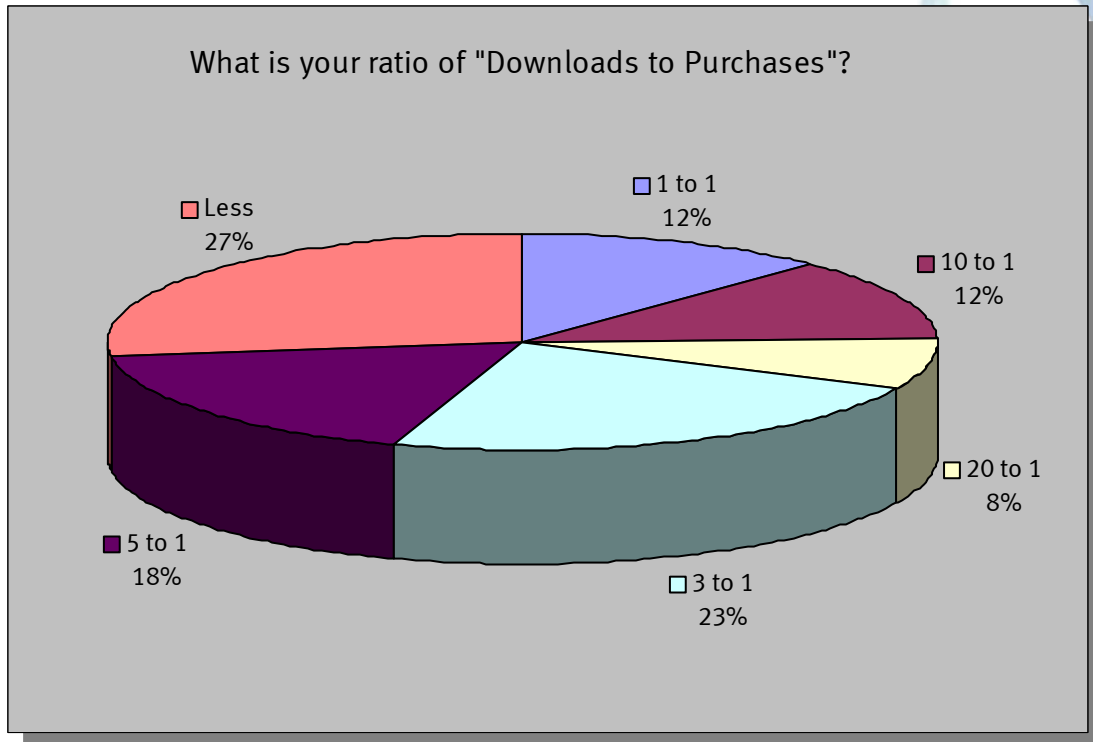
Findings

The test responses offer a variety of information concerning the factors that affect purchase decisions and that help estimate niche markets with the greatest future potential. To incorporate the main business concerns of the shareware authors, both questions about frequency, and the use of shareware downloads, were also considered. Additional consideration was given to the most popular Web pages where customers purchased shareware.

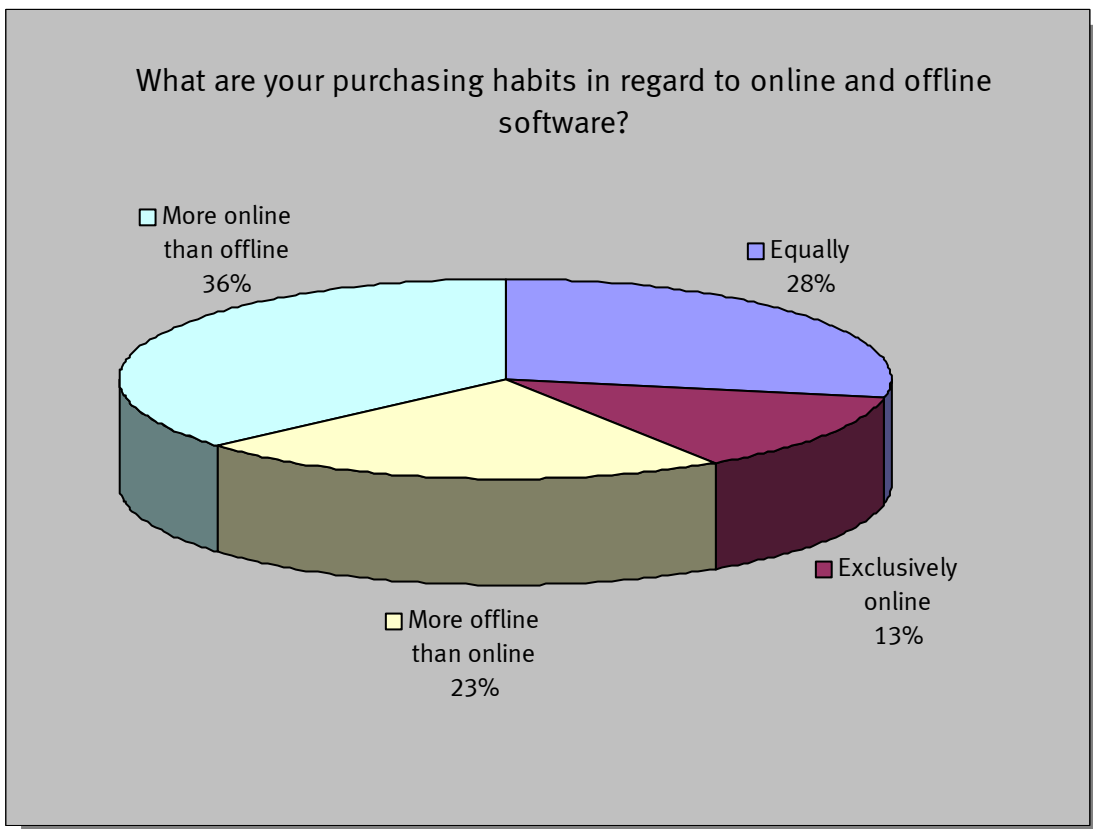
More than half of the interviewees (59 %), stated that they buy at least one piece of software every 6 months. This figure rises to 90% over a 12 month period.



As a result of the survey, the relationship between the shareware downloads, and the resulting purchase is of crucial importance to the shareware industry. 53% of survey participants indicated that at least one in five shareware products were eventually purchased. Further, 7% purchase every shareware product they evaluate, 25% buy on average every third program, and 25% buy each fifth program. 47% download ten or more programs before they decide to continue using a specific program

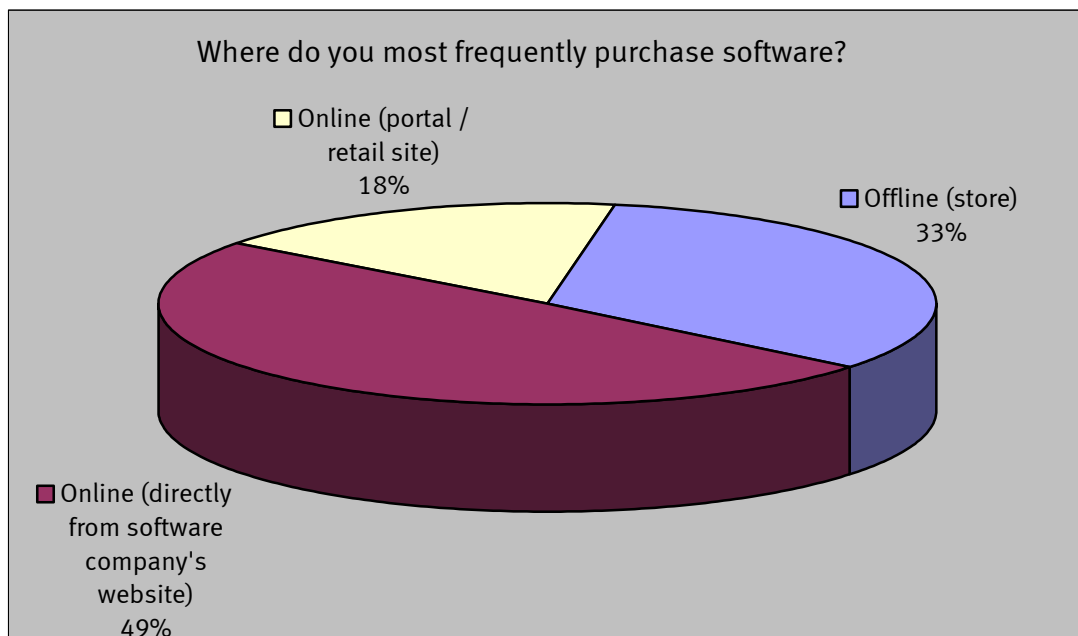


This result is even more significant considering the relationship between online and offline purchases. In this sample, only 49% buy more software online than offline. 28% state that they use both channels equally, and 23% prefer only offline purchases.



Another question on the survey specified the exact distribution channel and verified these figures. The question “Where do you most frequently purchase software?” indicated that 49% make their purchases online from the shareware author, 18% use online catalogues and portals, and 33% acquire software offline in retail stores. This can be verified to a large extent by evaluating any spontaneous purchases made during shopping tours.

Based on last year’s survey, it is clear that software users place a high value on finding up-to-date information on a shareware manufacturers’ Web site. Further, customers appreciate online catalogues because they allow them to compare items in those catalogs with similar products available offline. Based on these results, shareware authors should concentrate both on their own Web pages, and on listings in international catalogues or portals.



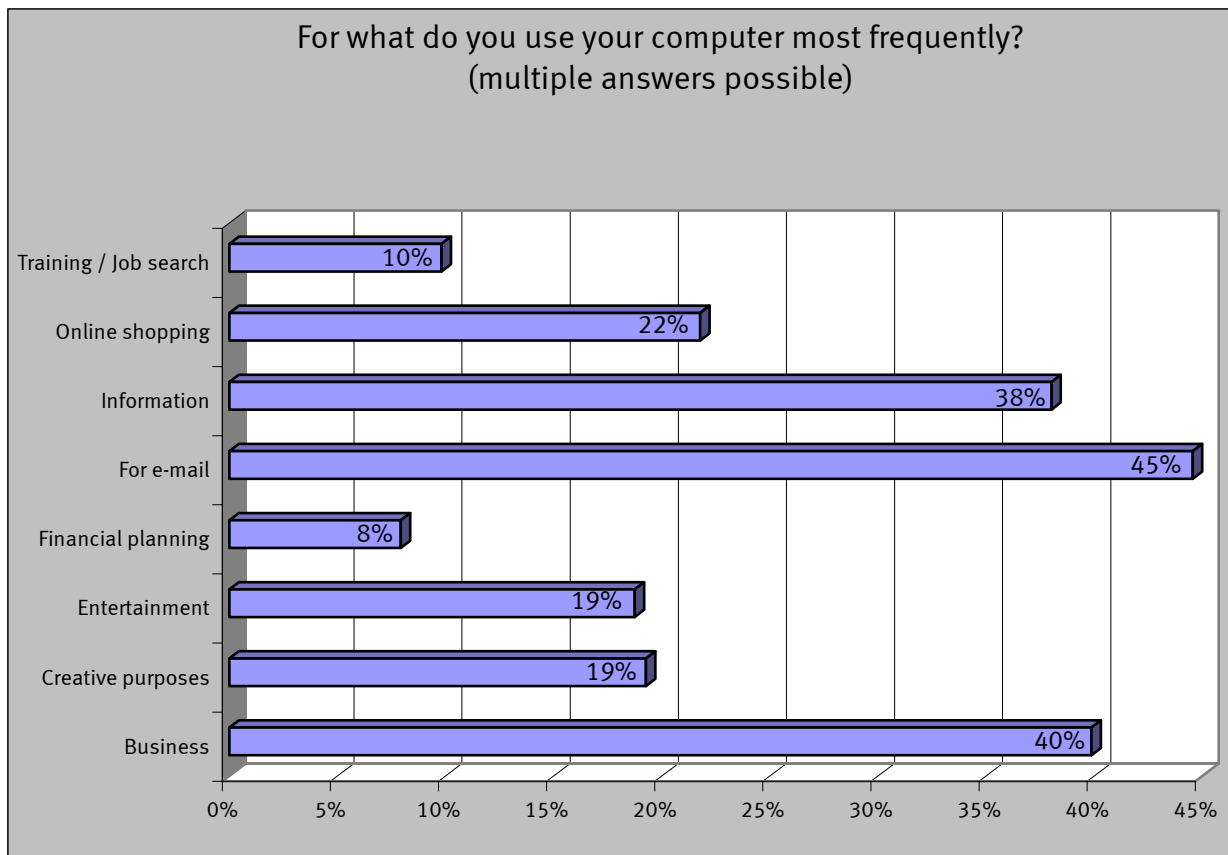
The most frequently visited Web sites that offer software products are:

1. Amazon	10%
2. Symantec	7%
3. eBay	4%
4. element5/share*it!	3%
5. Microsoft	1%
6. Pearl.de	1%
7. Download.com	1%
8. Databecker	1%
9. Bitdefender	1%
10. Handango	1%

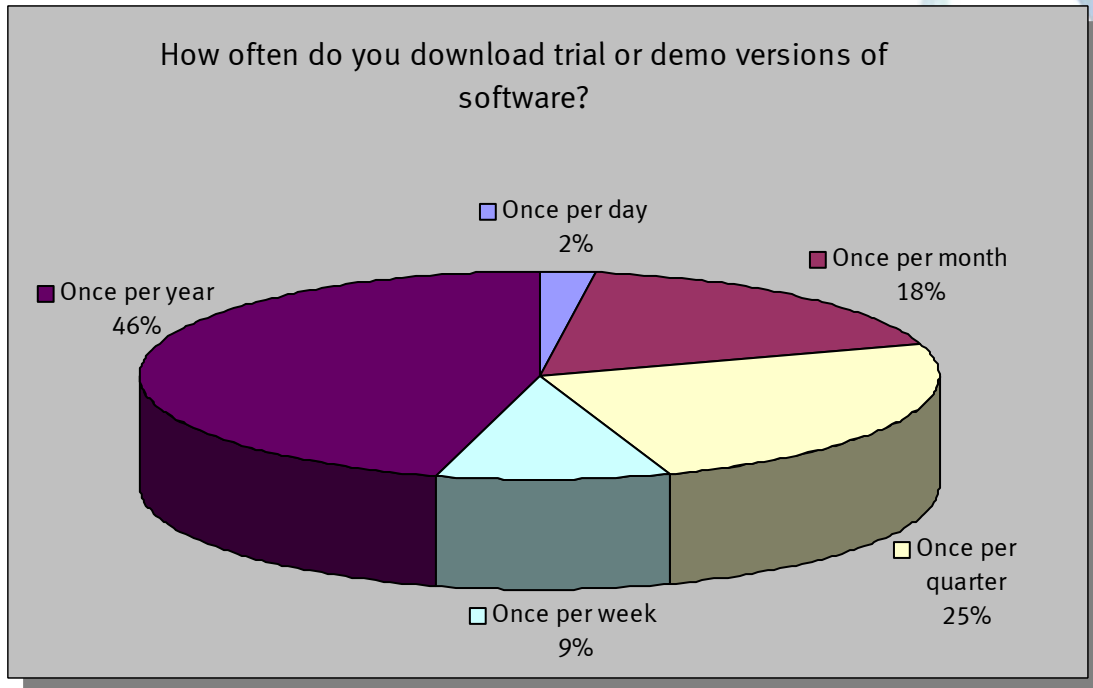
Those Web sites losing market share when compared with last years’ survey (previous rankings are in parenthesis) were: 29th Zdnet (2), 13th Tucows (4) and 27th Cnet (5).

Amazon forged ahead from tenth to first place, while eBay climbed from 23rd to second place.

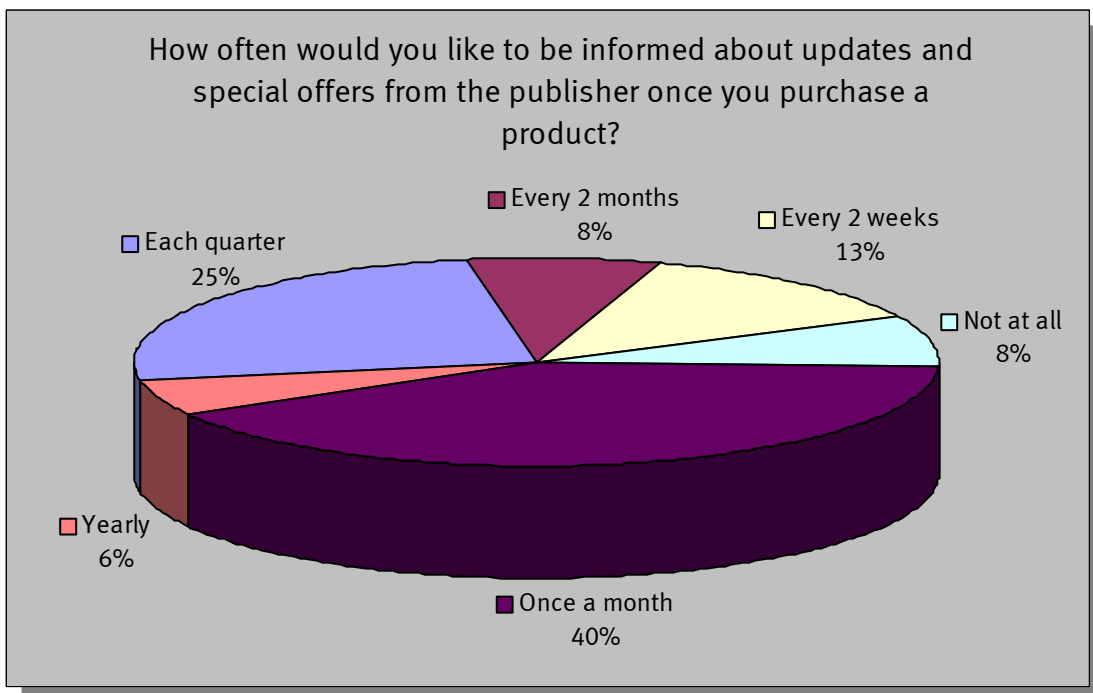
The PC and its uses have changed significantly in the course of the past several years. The PC has evolved from a text-processing typewriter replacement, to a sophisticated Internet-instrument. When asked about their PC use, respondents indicated that they used the PC for E-mail (45%), business purposes (40%), and for online information searches (38%). However, 20% use the PC to pursue fine arts through their own creativity, or for relaxation purposes (music, etc.).



To test software before making a purchase, 29% of the respondents downloaded demo versions and shareware at least once per month. 46% downloaded these programs once a year, and 10% downloaded demos or shareware on a weekly basis.

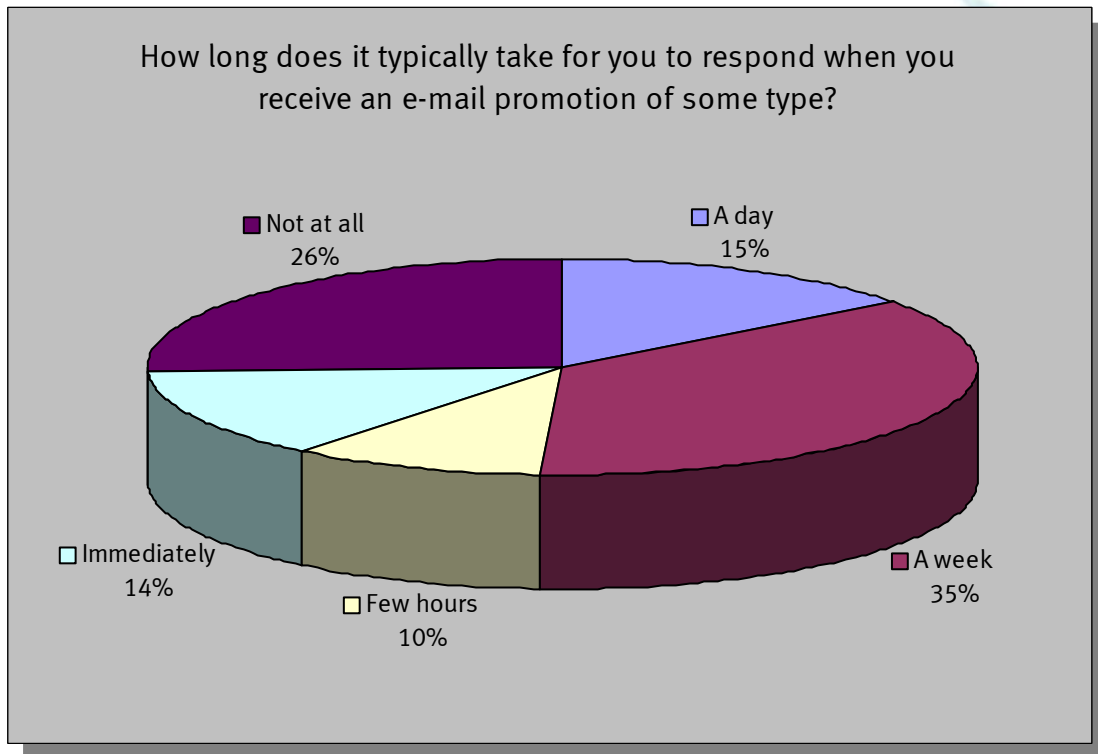


In the last survey, an overwhelming 86% of the candidates indicated interest in post-purchase information from shareware authors. About 53% of software purchasers want to receive product updates and new product information on a monthly basis. 25% of respondents want to receive product-oriented newsletters on a quarterly basis. Based on these results, it is vitally important for a business to respond to these information requests in a timely manner to help build repeat business.

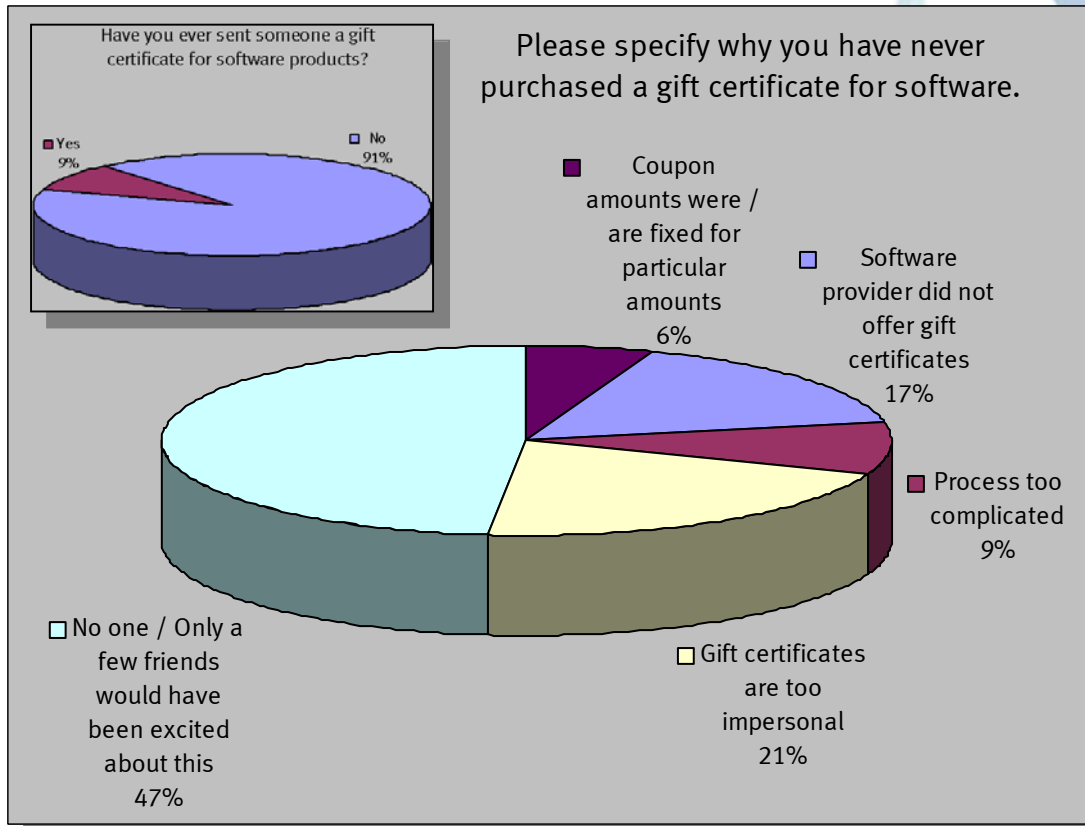


This subject leads to another important question asking for the time frame in which customers reacted to shareware offers they received via E-mail. 24% indicated that they reacted either immediately or within a few hours of receipt of the offer. 39% decide

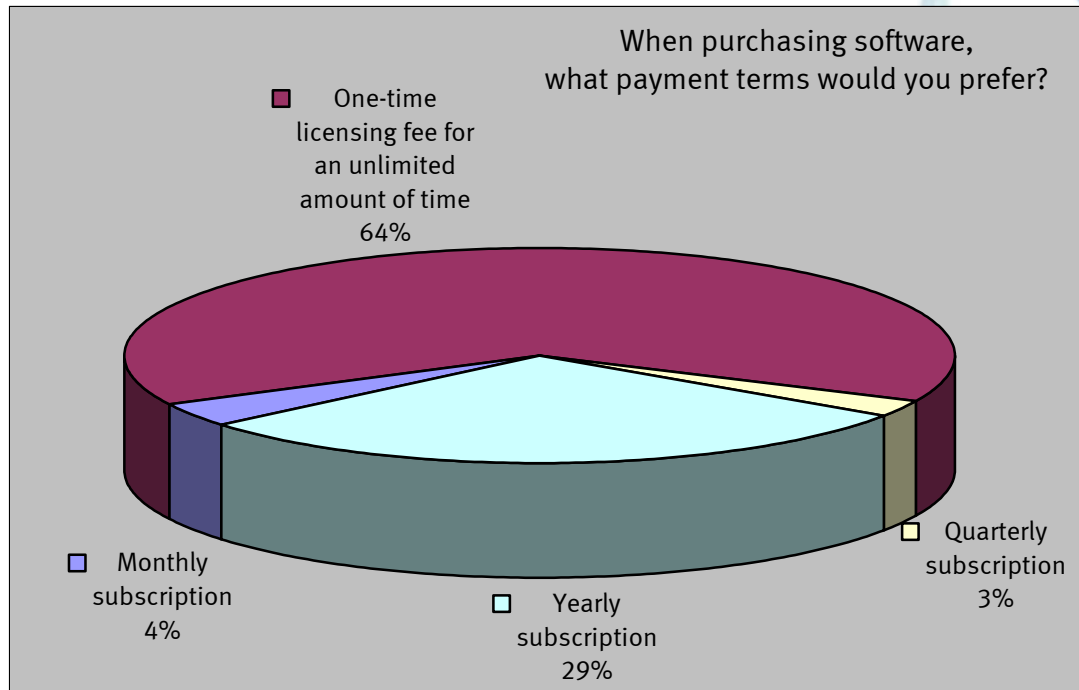
within a day, and 74% within one week. 26% of respondents indicated that they are completely uninterested in these types of offers and that they usually delete them without reading them. As a result, the lifespan of an e-mail offer is set at about one week



Since the introduction of gift certificates on Amazon.com, coupons have experienced their Second Renaissance. While only 9% of the respondents gave certificates good towards software products, 32% would likely take advantage of this option if their favorite shareware author offered it (17%), and/or would simplify the handling (9%).



Software purchases can easily amount to several hundred dollars per product. With offline retailers and wholesalers leading the way, it may be worthwhile to re-evaluate preferred payment options. Given the choice of paying for software in defined, temporal intervals, 64% of the respondents preferred paying a unique royalty for temporary unlimited usage. The remaining 36% prefer annual subscription models (29%), while the desire for monthly or quarterly models was minimal. shareware authors should consider the possibility of extended installment payments and use them as a foundation for a long-term customer relationship.



Focus on Mobile Devices

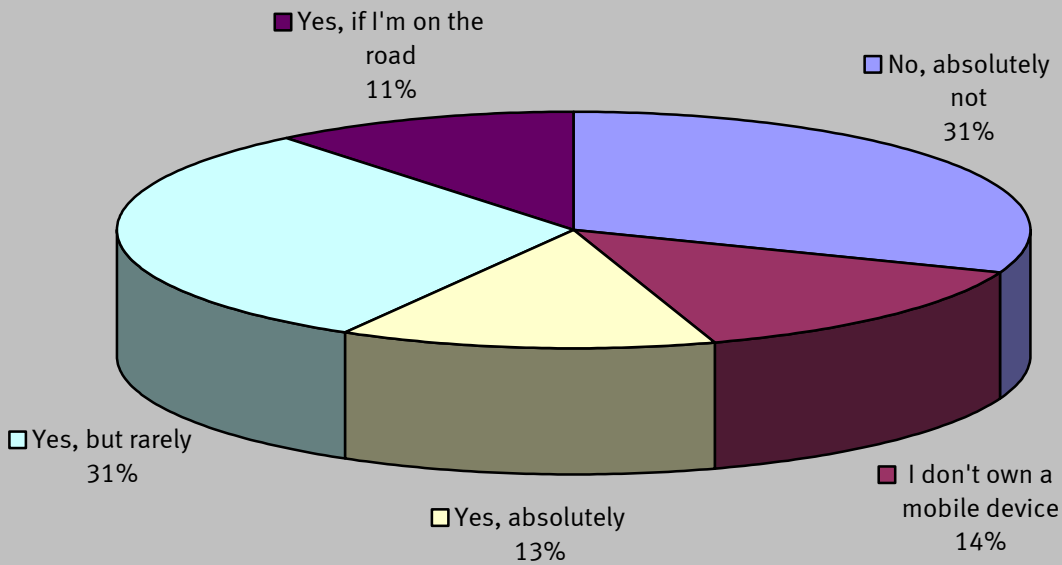
Mobile devices such as PDAs, handhelds, Smartphones, etc, are quickly gaining prominence in the software marketplace. According to the British market research group, [Canalys](#), in the first quarter of 2004 alone, 6 million mobile devices were sold worldwide. That represents an increase of 41% when compared to the previous year, with no end in sight.

Microsoft is quickly gaining ground in developing operating systems for handhelds and for cellular phones, while Symbian remains the leader in the mobile devices market. According to Microsoft, over 100 million PDAs and Smartphones will be sold with the Microsoft Windows operating system by 2007. Needless to say, the mobile software market is experiencing strong growth.

One important consideration in the use of software for mobile devices is the disengagement between the conventional distribution channel and the domestic PC. If software needs to be downloaded on a PC before it can be used on a mobile device, the possibility of spontaneous purchases may be completely lost. Additionally, it contradicts the basic concept of autonomous mobile equipment.

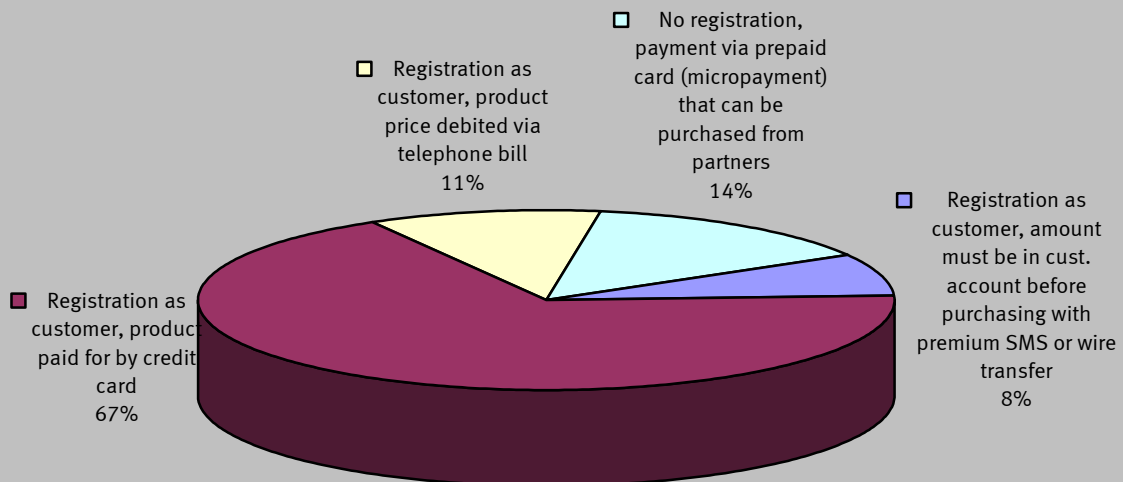
55% of the survey respondents answered yes when asked whether software designed to run on portable devices would be downloaded. 31% said they would not download the software, and only 14% declined to answer because they do not own a mobile device.

Would you also purchase or download software that is meant to run on mobile devices with these devices? (without regard to connection costs and with the guaranteed security of the transferred payment information)

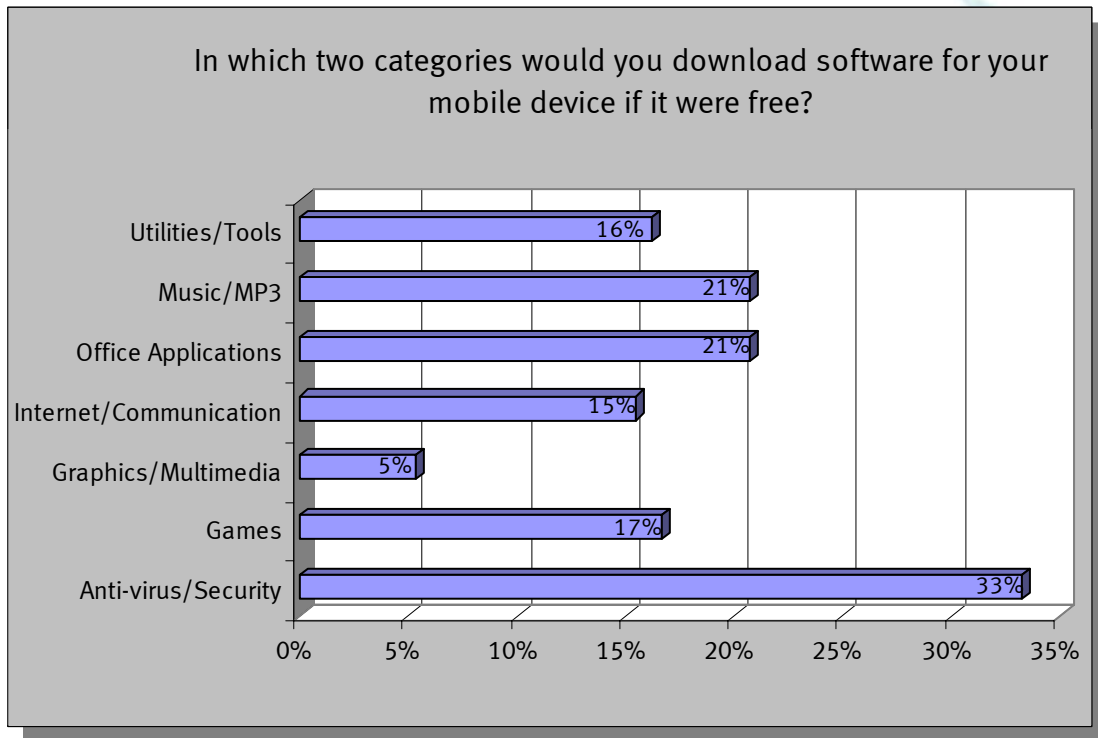


The preferred business model for mobile sales contracts for over 67% of the respondents is to get registered with a provider and to have their monthly fees deducted from a credit card. 11% wanted to settle the bill over the telephone, while 14% would agree to pay the amount by purchasing Micromoney (charge cards with determined amounts that can be activated) with independent partners in order to protect their anonymity.

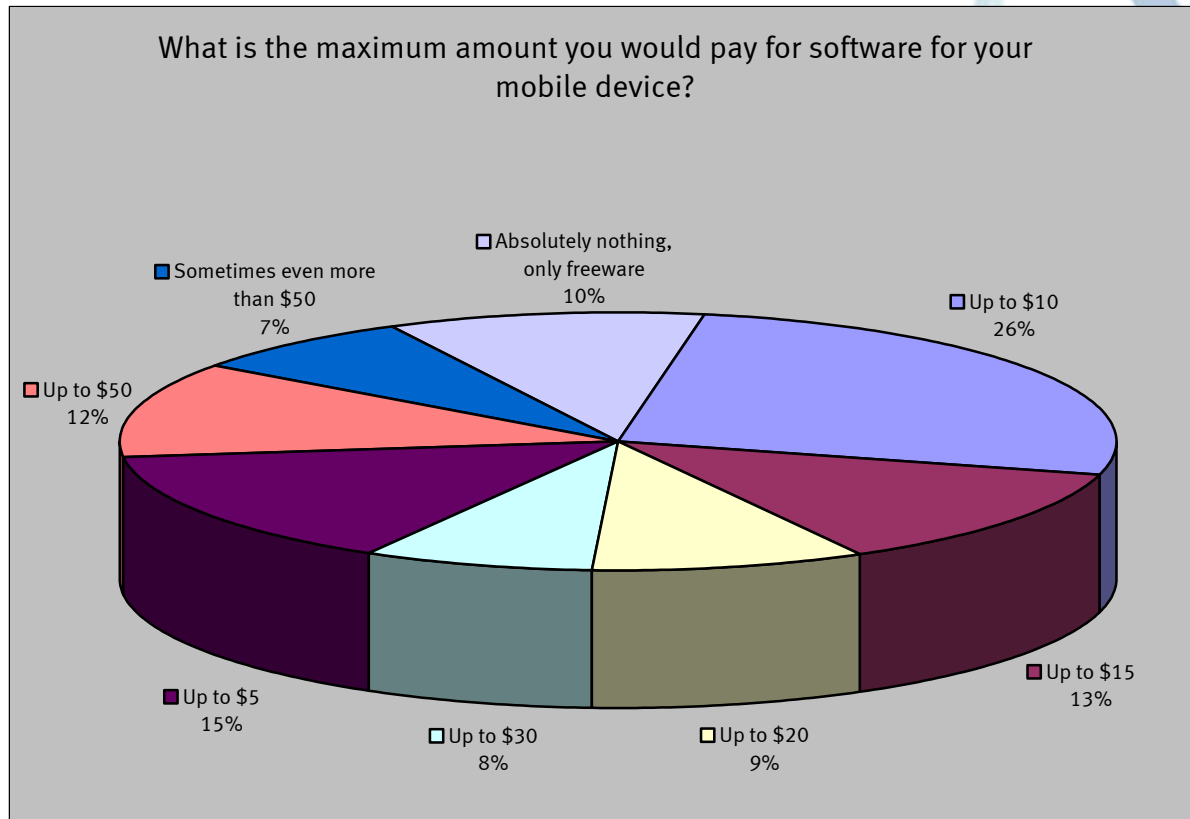
Which business model would you prefer when purchasing software via a mobile device (PDAs, SmartPhones, etc.)?



Many software categories found on PCs, have also found favor among mobile device users. Anti-virus and other security software programs are the clear favorites of 33% of respondents, followed by sound, music, MP3 files, and office applications at 21% each.



Software development requires high initial development costs and relatively low subsequent costs. Because of this, there is an increased scope for pricing models. Many shareware authors use the Value Pricing Approach wherein a customer never pays for a product itself but for the benefit of using it. Accordingly, the crucial question must be: "What benefit does the customer draw from the use of the shareware, and what is the amount of money he is willing to pay for the program?" Hand-in-hand is the question concerning the maximum amount the user would be disposed to spend for mobile software applications. Although 7% indicated they would be willing to pay as much as \$50 in certain cases, the majority of the respondents (41%) said they would consider amounts up to \$10 (41%). Only 10% insist on using freeware exclusively.



Why should you choose share*it! as your e-commerce solution?

- With share*it! your web page can be published within a few hours to an international public.
- The share*it! order process offers localized, personal service, and support in six languages, eliminating many barriers to selling your products globally.
- With the share*it! Style Editor, you can edit each page of your order process to match the design of your Web site, thereby creating a unified look during your customer's entire purchasing experience.
- With share*it!, you can choose full-version hosting for delivery by download links, e-mail attachments, and delivery by license key using static keys, key generators, or key lists.
- The share*it! Control Panel gives you full Web-based access to your product, sales, and accounting data. Manage and edit everything from promotions and cross-selling offers to e-mail campaigns and affiliate sales independently, 24/7.
- share*it! has a global Marketing Network and cooperation agreements with partners including CNET, ZDNet, and CHIP.

Make the switch to share*it! today and you can be online within 24 hours to an expanded worldwide market.

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