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Barry Fast

Academic Book center

Judy Webster

University of Tennessee

Eleanor I. Cook

Appalachian State University

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Issues in Vendor-Library Relations

Softer and Softer Software

by **Barry Fast** (Vice President, Academic Book Center) phone: 800-326-3080 <barryf@acbc.com>

Column Editors: **Judy Webster** (U. of Tennessee) <jdwebster@utk.edu>
and **Barry Fast** (Academic Book Center) <barryf@acbc.com>

In the early 1980's some savvy marketing executives at Honda noticed a lot of people drank their morning coffee in their cars. Drivers used all sorts of gadgets to hold their Styrofoam cups, from hanging gizmos in their windows to attaching Velcro strips to their dashboards, to the most daring of all solutions: gingerly suspending the cup between thighs while maneuvering through traffic. These marketing people asked the Honda engineers to design a cup holder into the console between the front seats. After this technological breakthrough, costing all of fifty cents, was introduced, Honda sold 500,000 more cars than they had projected. Built-in cup holders alone accounted for this dazzling sales performance, and this Honda marketing lesson has become a classic.

The lesson: Find a real customer need and satisfy it first. If you are first with the solution, and if you do it well (the cupholder has to firmly hold the cup), you will blow away the competition. Now, of course, nearly all cars have cupholders (except in Europe, where an Italian would be as likely to drink coffee as eat some pasta putanesca while driving). Honda's advantage has long since disappeared, but every marketing person in every company is looking for another cupholder triumph.

When Netscape went public with the first user-friendly Web browser, their shares opened above \$100. At that point Netscape had not made a dime, resulting in a price earnings ratio that reflects the size of the universe. Netscape beat Microsoft to market with their Web product, and beat them by over a year. That's why the stock was worth so much, at least for a period of time. There was only Netscape, a monopoly created by technology, the dream of entrepreneurs and venture capitalists. Being first, as a strategy, was ratified again.

The motivation to be first to market with a new technology, new software, a new product like disposable diapers (talking about soft wear - sorry, I couldn't resist), is so powerful because it accomplishes several goals at the same time. Being first grabs market share, especially among "early adopters". These consumers are often the leaders and opinion makers in their market segment. This is the rationale behind "sneak previews" in the movie business. Marketers know that word of mouth, especially if the mouths are in the heads of outspoken people whose opinions are respected, is the most cost-effective method of advertising your product. Get the attention of the opinion makers and you are well on your way to achieving a marketing victory. That is how CDs were introduced and then went on to replace vinyl records in a few short years. Good vinyl played on quality equipment sounds better than a CD. That's my opinion, but my opinion counts for nothing in the music business. The real opinion makers favored CDs.

Being first also blindsides the competition. In some cases, this can result in some competitors dropping out of the race. In recognizing your advantage, and the time it will take to overcome your lead, some competitors may simply cede market share to you and look for other market segments in which to compete. No cloth diaper manufacturer went into the disposable diaper business.

Being first more than once has even greater benefits. It has an effect upon consumers that benefits your company across other product lines. If you are perceived as a technology leader, for instance, customers are attracted to you. Your technology leader-

ship, or the perception of that, makes selling easier. Customers see your company as an ongoing solution organizer. Being perceived as being first makes your customers feel more successful by associating with you. IBM built its business on this principle, until it failed to notice an Apple growing in a garage in Cupertino.

Anyone who thinks that the vendor community today is not in an all out technology race is kidding himself. Libraries have traditionally been the technology leaders in the academic environment, and public libraries are more technology driven than most other local community services. With a customer base so immersed in technology, so comfortable and dependent upon it, vendors have to continue to meet or exceed their customers' technology expectations.

Vendors who fail to keep pace with their customers' expectations will fail. The business of serials and book supply to libraries is now, and forever will be, a high technology business. So don't be surprised when we vendors act like other high technology companies, for good or ill.

It is smart marketing to strive for technology leadership, to listen to customers, to learn their needs, and to bring solutions to them before anyone else. It is heady stuff to know that your customers perceive you as the technology leader. In fact, it is such a seductive strategy that it's hard to resist striving to create the perception even when it is not the reality. Being first has become so important, especially in technology, that it motivates companies to announce products or

services that don't really exist: Software that is so ephemeral, so fluffy, it is vaporware.

In a recent *New York Times* article on the personal computer business, and what is wrong with it, **Paul Saffo** of the Institute for the Future, a technology think tank, was quoted on this issue. Dr. Saffo said, "I would fire the CEO of any company that held off its product until it was ready." The technology business is so competitive that introducing unfinished products represents responsible management.

How can you easily recognize vaporware? How should customers or potential customers react to the introduction of vaporware? Vaporware is easy to recognize. The vaporware provider announces a product or service that will be on the market sometime in the future, along with some generally described attention-grabbing features. There is nothing inherently wrong, dishonest or unethical about this. The company is simply trying for an advantage, stretching the definition of being first into being the first to announce. This stretch is almost, but not quite, as effective as being first. The further into the future this product will come to market, the more general the claims for its efficacy, the more vapory it is.

Realistic potential consumers of these potential products or services should take the Missouri approach: Show me the software so I can see it's not vaporware. If the vaporware provider can't show you the software, you can't realistically base a decision on its usefulness to you. If you are an innovative person, an early adopter, an opinion maker, you are the kind of consumer we entrepreneurs especially covet. But don't let your enthusiasm for the new obscure your judgment about what is real.

Don't plan to spend your next vacation at a resort that hasn't opened yet. It's no fun being awakened by the hammering of carpenters, and it hurts to dive into an empty pool.