

## Chapter 4:

### **You get what you pay for--** Getting skeptics to work for you

You could never upsell a customer, without a variety of price points. And there is no price more enticing than free, unless it's nearly the exact amount that a customer hoped to spend.

Getting customers to spend more money is a cornerstone of retail enterprise, no matter how many people expect to get all their software for free. What you want everyone to think is that spending more money will always result in additional value.

The truth is that a lot of people can get what they need or even want, without spending additional funds. Our goal is to be creative with that truth, and once again “accentuate the positive.” The positives we are going to focus on, are the positives of *spending more*. With a little finesse, we can also feed the customer's fear of not getting enough-- to make them afraid of being “ripped off” if they don't pay anything. We want to take people who think they want to get something for free, and convince them to **associate value with spending**-- *not* saving-- their money.

One advantage we have in this is the internet. The internet allows us to focus more exclusively on the advantages of our products over free “competitors,” and outsource our attacks to fans and useful third parties.

One party we can make use of in this effort is the “open source” fanbase. Unlike the quasi-religious free software groups, open source offers us a cooler, more practical, more open-minded audience that isn't interested in getting everything for free if there is a good argument for spending money.

Their philosophical difference with the free software crowd means that we can stir contention between “open” and “free” and get open source to defend our model, as proof they understand more about software and the computer industry than their more idealist counterparts.

When free software zealots insist that the user should have full control of their computers and software, we can count on open source to needle them about each aspect of their position that rejects our distribution model-- we don't have to reduce free software users to simply being cheap, we can get open source fans to do that for us. We don't have to say why our product is better to free software

users that are against us completely-- we can tell their open source opponents that our product is better, and they will do the rest of the work as it vindicates their mixed approach to free and proprietary software.

And we can prove that spending money adds value even in the free software landscape-- Red Hat, Inc. built a multi-billion-dollar company out of selling services with software that was already free. All we have to do is continue to demonstrate and argue that *our development of proprietary software is an equally valuable service*, resulting in even greater value.

Social websites like Facebook and Twitter have resulted in a new term, called "FOMO" which stands for "fear of missing out." In the marketing world this is an ancient concept-- FOMO doesn't just apply to events or social updates, it can also apply to "missing out" on special promotional offers, better products and the myriad features we add to our software so that if you don't get the latest edition-- you will "miss out" on everything that makes the new version so much better.

Consumers are wonderfully competitive as individuals. If your clothes tend to look cooler or more expensive than someone else's clothes, sooner or later you're going to feel like a cooler person or even a better person than they are. Software products work the same way-- this is no news to Apple, who built an industry on having "cooler" (also more expensive) computers than the standard fare. Why would you buy a Leaf, when you can afford a Tesla?

So we want everyone to feel like the price tags are not only justified, but guarantee a better level of satisfaction. The fact that so much software is now free (and unlimited, even improvable and redistributable) has absolutely no bearing on this feeling-- on the contrary. Open source fans know they can always shell out a few dollars and be instantly cooler than the ideological nerds and other stuffed shirts they love to argue with. We in turn, can deliver the very goods they need to feel superior.

While free software tries to convince the world that free is somehow better, we can remind the majority of the world what marketing has conditioned them to believe for years: greater spending translates directly to greater value and better products; using better products translates to higher social status-- both of these translate to a happier customer. Spending more is what makes you happy!

People will always point out that this is cynical. It doesn't really matter, because this "cynical" point of view is what continues to drive consumers to spend and overspend, year after year. If we drive this point forward any further, many people will start to forget that things that are "free" are worth anything at all!

In developing nations, people will be more likely to discover the perceived value of free software. In the past, we have fought so aggressively to stop people in impoverished countries from copying our software illegally, that they have nearly been forced to choose free options over ours. To some degree, that may have been a mistake.

There are a few things that we can do to counter that previous mistake-- one is to take advantage of the subscription model. We can control updates; we don't really care who pirates the "starter pack" for our platform anymore, because we can monitor and update and deactivate whatever parts of the platform we want pirates to have or not have.

Complete control of the software after purchase means we don't need to care so much about control of the software before or even during purchase-- particularly in developing nations where we want the growth of our market.

We can also work with charities to deliver (and pay for) our software. Obviously, these charities could simply put free software on computers and deliver those to developing nations-- just like OLPC wanted to do. But is it really *charity* to deliver software that can barely compete with the quality of our own?

As long as our proprietary and commercial offerings have more perceived value than the free counterparts, we can point out that these charities could *do more for people* by raising additional funds to send *higher quality* commercial software to the people they want to help-- just as they would have done before all this free software was dumped onto the landscape.

As for people who want to help the poor in industrialized (sometimes called "First World") countries, the message is a simple one-- an important part of pulling yourself out of poverty is to use the same expensive software that everyone else uses. Don't accept and resign yourself to use software for impoverished people-- save your money and *invest* in better tools that you can use to pull yourself up and succeed like everyone else! What better way to thumb your nose at your own modest means, than to buy top-quality tools that enhance your life and help you to make more of yourself?

If professionals find no reason to settle for free software, and people in developing nations find no reason to settle for free software, and the poor in "First World" countries find no reason to settle for free software, then who honestly does have a reason? Only those foolish enough to invent one, and even open source knows better than that-- sometimes, (very often, really) it's *just better* to pay more.

The vast majority of consumers expect this to be true. If we involve ourselves just the right amount in open source, we can use it as a platform to upsell customers to whatever products we want them to purchase. We simply need to keep our pitches modern and relevant (fine-tuned) to today's consumers, many of whom know what their free options are. By accentuating the positive and outsourcing our attacks on the competition to sympathetic third parties, we can help people to remember that it's silly to settle for less.

These days, the old "shareware" concept is reborn as the "freemium" concept. With both, you get something for free and you pay money to make it great. So ask yourself-- do you want the free version, or the *great* version? It's your choice.

## **Relevant quotes from the Halloween documents:**

*“OSS process weaknesses provide an avenue for Microsoft to garner advantage in key feature areas such as architectural improvements (e.g. storage+), integration (e.g. schemas), ease-of-use, and organizational support.”*

*“Commercial software is classic Microsoft bread-and-butter. It must be purchased, may NOT be redistributed”*

*“Limited trial software are usually functionally limited versions of commercial software which are freely distributed and intend to drive purchase of the commercial code. Examples include 60-day time bombed evaluation products.”*

*“Recent case studies (the Internet) provide very dramatic evidence in customer's eyes that commercial quality can be achieved / exceeded by OSS projects. At this time, however there is no strong evidence of OSS code quality aside from anecdotal.”*

*“Commercial software development processes are hallmarked by organization around economic goals.”*

*“OSS projects the size of Linux and Apache are only viable if a large enough community of highly skilled developers can be amassed to attack a problem.”*

*“because OSS doesn't have an explicit marketing / customer feedback component, wishlists -- and consequently feature development -- are dominated by the most technically savvy users.”*

*“How can OSS provide the service that consumers expect from software providers?”*

*“Product support is typically the first issue prospective consumers of OSS packages worry about and is the primary feature that commercial redistributors tout.”*

*“By declaring the HTTP server a commodity, IBM hopes to concentrate returns in the more technically arcane application services it bundles with it's Apache distribution”*

*“OSS development process are far better at solving individual component issues than they are at solving integrative scenarios such as end-to-end ease of use.”*

*“In the short run, IIS soundly beats Apache on SPECweb. Moving further, as IIS moves into kernel and takes advantage deeper integration with the NT, this lead is expected to increase further.”*

From <https://antitrust.slated.org/halloween/halloween1.html>

*“Long term, my simple experiments do indicate that Linux has a chance at the desktop market but only after massive investments in ease of use and configuration.”*

*“Current Linux users are wary of commercial products”*

*“Perhaps the most interesting aspect of Red Hat's business model is their extremely active and continuing contributions to the Linux community. Several prior initiatives spearheaded by RedHat have been released as OSS for modification. In most cases, these code releases were simple fixes or additional drivers.”*

From <https://antitrust.slated.org/halloween/halloween2.html>

*“Microsoft should avoid criticizing OSS and Linux directly”*

*“Overall respondents felt the most compelling reason to support OSS was that it ‘Offers a low total cost of ownership (TCO)’.”*

*“Use the Forrester report to claim that Linux is insecure”*

*“Belittle the quality of the toolset available on Linux”*

From <https://antitrust.slated.org/halloween/halloween11.html>

About the author:

Ted MacReilly is a technologist and tech writer concerned with modern trends in software design and development. He does not work for Microsoft, Apple, or Google, but would like them to continue offering proprietary software and cloudware, without getting too cozy with free software developers.

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