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High Tech Sales Are Rebounding – Has IT Learned Its Lesson?

Even major technology firms took a beating during the dot-com bust just after the millennium. The wounds have been slow to heal. Established technology firms are finally seeing growth in spending once again. But are the heady days of go-go double digit sales growth likely to reappear? Save the rare Google, most experts hedge at the prospect. The maturing of the technology sector is one of many indicators that future sales increases may not reach the spectacular growth seen in past years. As a result, many high tech firms are shifting strategies toward profit growth – rather than sales growth – as a way to enhance the value of their enterprise.

This shift in strategy has resulted in a hyper-focus on the customer – with particular interest in developing a loyal customer base and selling more products and services to current customers more frequently. But which customers are really “loyal?”

Several Global 1000 tech firms have hit pay dirt by applying sophisticated multivariate modeling techniques - called Customer Loyalty Modeling (CLM) - to internal and external customer data sets. These very sophisticated models use transactional, CRM, primary customer satisfaction and loyalty data to identify and quantify the characteristics of loyal customers. CLM allows companies to more

accurately predict how customers will react to changes in the marketplace, pricing, product features or intangibles. This allows firms to really understand who their loyal customers are and direct marketing / sales resources effectively. “We have found that the new modeling techniques help us to better understand how our customers think,” said Darin Klein Ph.D., formerly Sr. Market Research Analyst at Intel. “Firms using traditional methods of measuring customer loyalty will increasingly find that they are being left behind,” Klein continued.

A few custom market research firms, like Answers Research Inc., in Solana Beach, CA specialize in developing CLM. Advances in predicting long-term customer value are causing many firms to re-think traditional ways of looking at their customers.

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