Application of Customer Accounting in Vietnamese Enterprises

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ABSTRACT

The study aims to assess the application of customer accounting in Vietnamese enterprises from the perspective of techniques and the level of general customer accounting. Data was collected from a questionnaire with 324 valid answer sheets of accountants, and directors, and descriptive statistical analysis was performed using SPSS 20 software. Research results show that Vietnamese enterprises have placed a focus on customers, implementing strategies with clients applying customer accounting (mean from 3.46 to 3.88). Enterprises with large labor sizes and high years of establishment have the highest application level. Customer profit analysis accounted for the highest percentage (76.5% and 67.9%), while the customer lifetime valuation analysis was applied to the lowest percentage (agree level at 55.9%). The research results are suggestive of the application of customer accounting in Vietnamese enterprises to collect appropriate information for business decisions with a focus on customers.

Keywords: Customer accounting, customer profit analysis, customer lifetime valuation, customer asset valuation.

1. INTRODUCTION

Management accounting has played an increasingly important role in providing information to managers over the past two decades in Vietnam (Phi Anh D. N., 2016). Management accounting information serving the implementation of business strategies is approached from different perspectives about customers, competitors, strategies, and strategic performance measurement systems...Strategies have value. value and rationality are necessary to pursue sustainable competitive advantage and achieve the best performance. These strategies can occur in any organization's activity, operation, or function, such as marketing, manufacturing, human resources, finance, and accounting. In particular, customer accounting is the most important source of information in an industry because it is people-oriented (Cadez and Guilding, 2008).

Client accounting represents a tool of strategic management accounting. It becomes a challenge to develop new approaches by integrating marketing accounting interfaces in the changed business context (Kraus, Hakansson, and Lind, 2015). Therefore, client accounting plays an important role in guiding the company's strategy and driving operations.

Several studies have shown that businesses implementing customer accounting more successfully achieve higher operating efficiency. Customer accounting focuses on financial measurements related to customers and their characteristics and behavior. Customer accounting presents the costs of product attributes that create value for customers and provides information to make objective decisions considering the company's competitive capabilities and advantage position. profit. Therefore, companies have paid attention to how they spend and invest in target customers. Furthermore, customer accounting leads to sustainable competitive advantage and superior financial returns through more efficient use of resources and increased value for customers (Holm, Kumar, and Plenborg, 2016).

Research aimed at improving the quality of information to serve managers' decision-making and improve business operations is carried out by many scholars. However, in Vietnam in particular and in the world in general, there are still not many research documents on this issue in terms of both theory and application. This article aims to learn about the current status of the application of customer accounting in Vietnamese businesses, compare the

application of customer accounting between businesses of different sizes and ages, and thereby propose some recommendations. Recommendations to increase the use of economic information and improve the operational efficiency of Vietnamese businesses.

2. LITERATURE REVIEW

Customer Accounting

Customer accounting is a topic of both practical and academic interest (Foster and Gupta, 1994; Foster et al., 1996). Many scholars have given different views on customer accounting, from a strategic and detailed perspective.

According to Guilding and McManus (2002), customer accounting is a customer-focused approach that includes all accounting techniques for evaluating profits, sales, or the present value of income related to customers. customer or customer group and is used in strategic management accounting. Cadez and Guilding (2008) added this client accounting is gaining even more attention as there is a growing demand for management accounting information to provide strategic direction.

According to Holm, Kumar, and Plenborg (2016), customer accounting can also be understood as all accounting techniques to measure the value of the contribution of each customer or group of customers to a business's profits. Customer accounting performs the tasks of classifying, recording, tracking, calculating, and providing reports for each customer or customer group to serve as a basis and support for administrators to make decisions. decisions related to customers.

The above views show that customer accounting is the use of techniques to measure and provide information about revenue, costs, profits, and the present value of income related to each customer or customer. customer groups from past information and future estimates. Customer accounting provides data and financial information to support the important relationship between customers and profits. Client accounting plays an important role in the strategy of determining the performance of a business.

To perform customer accounting, techniques are used to consider the customer or customer group as part of the accounting analysis. Customer accounting techniques include Customer profitability analysis; Evaluating the customer life cycle; and valuing customers as assets.

Customer Profitability Analysis (CPA)

Customer profitability analysis has been established as a powerful technique for providing a solution to the problem of measuring customer profitability and can be used as a vehicle to support a customer-focused strategy. Measure segment profitability and manage customer relationships based on customer value so that both customers and the company achieve their goals. Customer profit sheet analysis is considered to allocate revenues and costs to customer departments (segments) and can calculate the profits of customers or customer groups (Raaij, Vernooij, and Triest, 2003). Through analysis, businesses will manage target costs and improve profits, providing a basis for decisions on pricing, bonus plans, and discounts for customers. Businesses have information about the profitability of an individual customer or a group of customers, which is used to build and nurture relationships with customers. Accordingly, analyzing customer profitability performance becomes a key strategic tool in helping businesses build customer relationships and achieve sustainable competitiveness and good operational efficiency.

Customer lifetime valuation (CLV)

Customer lifetime value is the present value of expected profits minus customer costs. According to Guilding and McManus (2002), customer life cycle assessment is an advanced development of customer profitability analysis. However, customer lifecycle assessment is a fundamental and quantitative measure of the financial outcome of the relationship a company has with its customers.

Customer lifetime value represents a potential method to help companies achieve and increase long-term performance, success, and sustainability. This is a measure for selecting customers and designing marketing programs and the present value of the expected future profit stream over the lifetime of the transaction with the customer (Haenlein, Kaplan, and Schoder, 2006). Therefore, companies that implement customer lifetime value assessment will strive to serve customers and consider customers as long-term assets to have the best customer

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relationships and performance. It calculates the rate of revenue per customer, total profit per transaction or given period, marketing costs, and discount rate of funds. Additionally, customer lifetime value refers to the value of a customer relationship over its lifetime (Ryals, 2008). Customer lifetime value is important for predicting a company's long-term performance.

Value customers as assets (VCA)

This technique evaluates customers as assets involved in calculating customer value (Cadez and Guilding, 2008), making customers part of the company's value (Gupta and Lehmann 2003). Identifying and creating customer value is considered a prerequisite for a company's survival and long-term success.

Guilding and McManus (2002) found customer accounting techniques, including Customer profitability analysis, customer life cycle profitability analysis, customer valuation as assets, and accounting information. Overall customer accounting. Recent studies on client accounting (Cadez, 2006; Cadez and Guilding, 2008) also mention these techniques.

Thus, it can be said that the role of customer accounting is ultimately to help businesses improve operational efficiency. With information on profit analysis by customer, customer life cycle assessment, and customer valuation as assets, businesses can choose to focus on specific customers, and customer groups and exploit customers. as an important source of competitive advantage and efficiency. Many studies have shown that applying customer accounting at the aggregate and detailed levels has a positive impact on business results (Helgesen et al., 2018; Slater and Narver, 1994; Guilding and McManus, 2002).

3. RESEARCH METHODS

The stages of implementation from data collection, and processing to analysis are as follows:

- Based on the theoretical models of Guilding and McManus (2002), Gupta and Lehmann (2003), and Pfeifer et al (2005), we developed a questionnaire and sent it to accountants and business managers via email.

The data collected was 332 votes. After encoding and cleaning the data, 324 valid votes were obtained.

- Analyze data on SPSS 22 software: Descriptive statistics and chart comparison.

The questionnaire is designed into 5 parts. Part 1 "Current status of customer accounting techniques". Part 2 "Business information" and Part 3 "Respondent information". Observed variables and Likert scales of each type are shown in Table 1.

Table 1. Scale description table

No	Customer Accounting	Code	Observed variables	Likert scale
1	Customer accounting information	CAI_F	04	1- Never; 2 – Rarely, 3 - Sometimes, 4 – Frequent, 5- Very Frequent.
2	Customer profitability analysis	PCA_F	06	1- Very much disagree; 2 - Disagree, 3 - Normal, 4 - Agree, 5- Very agree and N/A - No apply.
3	Customer Lifetime Value Analysis	CLV_F	06	
4	Value customers as assets	VCA_F	05	

(Source: Prepaired by authors)

Description of the research sample

With a total of 324 votes corresponding to businesses, there are 126 small and medium-sized enterprises with employees under 100 people (accounting for 38.9%), and 120 large-scale enterprises with employees from 100 - 200 people. (accounting for 37%), and 78 large-scale enterprises with over 200 employees (accounting for 24.1%). In terms of age, 170 businesses were established between 5 and 10 years (52.5%), followed by business over 10 years (87%), and the rest were businesses under 5 years (67; 20.7%).

4. RESEARCH RESULTS

4.1. Current status of using customer accounting information

Customer accounting information

The current situation of using general information about customer accounting is considered under 4 used techniques: Profit analysis by each customer, profit analysis by each customer group, and profit analysis by customer life cycle. customers, valuing customers or customer groups as assets.

Table 2. General customer accounting information usage

Customer accounting information	Percentage (%)						
	Mean	**Never**	**Rarely**	**Sometimes**	**Frequently**	**Very often**	**More often**
	Mean	**S1**	**S2**	**S3**	**S4**	**S5**	**S4&S5**
1.1. Customer profitability analysis	3.70	2.5	6.2	23.5	54.6	13.3	67.9
1.2. Analyze profits by each customer group	3.88	1.5	2.2	19.8	59.6	17.0	76.5
1.3. Customer lifetime value analysis	3.46	5.6	11.4	27.2	43.5	12.3	55.9
1.4. Value customers as assets	3.59	5.2	8.6	21.9	50.0	14.2	64.2

(Source: Calculated from survey results)

Table 2 shows the level of use of general customer accounting information. Businesses all reached an agreement on using customer accounting information (average value 3.46 to 3.88). Businesses that use profit analysis by each customer group and each customer have the highest percentage of agreement (76.5% and 67.9%), with an average value of 3.88 and 3.88% respectively. 3.7. Customer life cycle analysis used by businesses has the lowest agreement rate (55.9%), average value of 3.46.

Customer profitability analysis

When investigating the current situation of the technique of analyzing profits by customers, the results show that businesses have used this technique, The level of agreeing or higher accounts for 75.9% to 84%, and the level of not using it is 75.9% to 84%. use accounts for an insignificant proportion (Table 3). Looking in detail, the implementation of customer classification is supported the most (accounting for 84%), followed by analyzing profits on total customers and analyzing profits of customers (customer groups) with contributions. highest for businesses and Revenue analysis by customer (81.5% to 82.4%). The remaining techniques such as Cost Analysis by Customer and Profit Analysis because profitable customers compensate for losing customers have less support.

Table 3. Profit analysis by customer

Analyze profits by customer	Percentage (%)

	Mean	No, apply	Very disagree	Disagree	Normal	Agree	Very Agree	Very Agree and more
		S0	S1	S2	S3	S4	S5	S4&S5
2.1 Analyze profits by all customers	4.01	1.2	0.3	1.5	14.5	65.7	16.7	82.4
2.2 Analyze profits by customer (group of customers) have the highest contribution to the business	4.01	1.5	0	2.2	14.8	64.8	16.7	81.5
2.3 Customer classification	4.05	1.2	0	2.2	12.7	64.8	19.1	84.0
2.4 Analyze revenue by customer	4.04	1.5	0.3	2.2	14.5	61.1	20.4	81.5
2.5 Cost analysis by customer	3.99	2.5	0	3.1	17.0	59.9	17.6	77.5
2.6. Analyze profits as profitable customers offset loss-making customers	4.01	3.7	0.6	3.7	16.0	57.1	18.8	75.9

(Source: Calculated from survey results)

Customer Lifetime Value Analysis

The current status of customer lifetime value analysis techniques is shown in Table 4. The results show that all businesses have used this technique, the level of agree or higher accounts for 78.7% to 82, 4%, and the level of non-use is insignificant (from 2.2% to 3.4%). Looking at the details, Analyzing potential future profits of customers, and Analyzing potential future revenue from customers are most supported (accounting for 82%), followed by Analyzing direct costs. future potential from serving customers, and Analyze future customer behavior (80.2% to 81.5%). The remaining techniques such as Full Cost Analysis for Potential Customers and Term Analysis of the business-to-customer relationship have less support.

Table 4. Customer Lifetime Value Analysis

Analyze customer lifetime value	Mean	Percentage (%)						
		No, apply	Very disagree	Disagree	Normal	Agree	Very Agree	Very Agree and more
		S0	S1	S2	S3	S4	S5	S4&S5

3.1 Analyze potential future revenue from customers	4.04	2.2	0.6	0.6	14.5	64.5	17.6	82.1
3.2 Analyze potential future direct costs from serving customers	4.05	3.1	0	1.9	14.8	63.3	17.0	80.2
3.3 Analyze customer's potential future profits	4.07	3.4	0	2.2	12.0	66.0	16.4	82.4
3.4 Analyze the duration of the relationship between a business and its customers	4.02	2.8	0.6	1.5	16.4	61.4	17.3	78.7
3.5 Analyze future customer behavior	4.05	2.8	0.3	1.9	13.6	63.6	17.9	81.5
3.6. Complete cost analysis for potential customers	4.08	3.1	0.3	1.9	15.1	58.3	21.3	79.6

(Source: Calculated from survey results)

Valuation of customer assets

Regarding customer asset valuation techniques, the results of Table 5 show that all businesses use this technique, but the level of agreement or higher is lower than the above two techniques (accounting for 77.5% to 81%). .5%, the level of non-use ranges from 2.5% to 3.7%. Looking in detail, future cash inflow analysis can be obtained from the most supported customer group. (accounting for 81.5%), The remaining techniques have similar rates of agreement or higher.

Table 5. Customer asset valuation

			Percentage (%)						
Valuation of customer assets	**COD**	**Mean**	**No, apply**	**Very disagree**	**Disagree**	**Normal**	**Agree**	**Very Agree**	**Very Agree and more**
			S0	**S1**	**S2**	**S3**	**S4**	**S5**	**S4&S5**
4.1 Analyze the future cash **inflows** that may be obtained from a particular customer	VCA1	3.95	2.5	0.6	1.2	17.9	65.1	12.7	77.8
4.2 Analyze the future cash **outflows** that can be obtained from a particular customer	VCA2	3.94	2.5	0.9	2.2	16.4	66.0	12.0	78.1

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4.3 Analyze the future cash **inflows** that can be obtained from the customer group	VCA3	4.03	2.8	0.6	0.9	14.2	66.0	15.4	81.5
4.4 Analyze the future cash **outflows** that can be obtained from the customer group	VCA4	3.98	3.1	0.6	2.2	16.7	62.3	15.1	77.5
4.5 Analyze future cash flow constraints for customers	VCA5	4.02	3.7	0.6	1.5	15.7	63.0	15.4	78.4

(Source: Calculated from survey results)

4.2. Compare customer accounting applications according to the size and age of the business

When comparing the application of customer accounting by enterprises according to the size of employment (Figure 1), large-scale enterprises (over 200 people) apply customer accounting the most. Medium-sized enterprises (from 100-200 people) and small enterprises (under 100 people) do not have significant differences, medium-sized enterprises apply slightly higher customer asset valuation than small businesses.
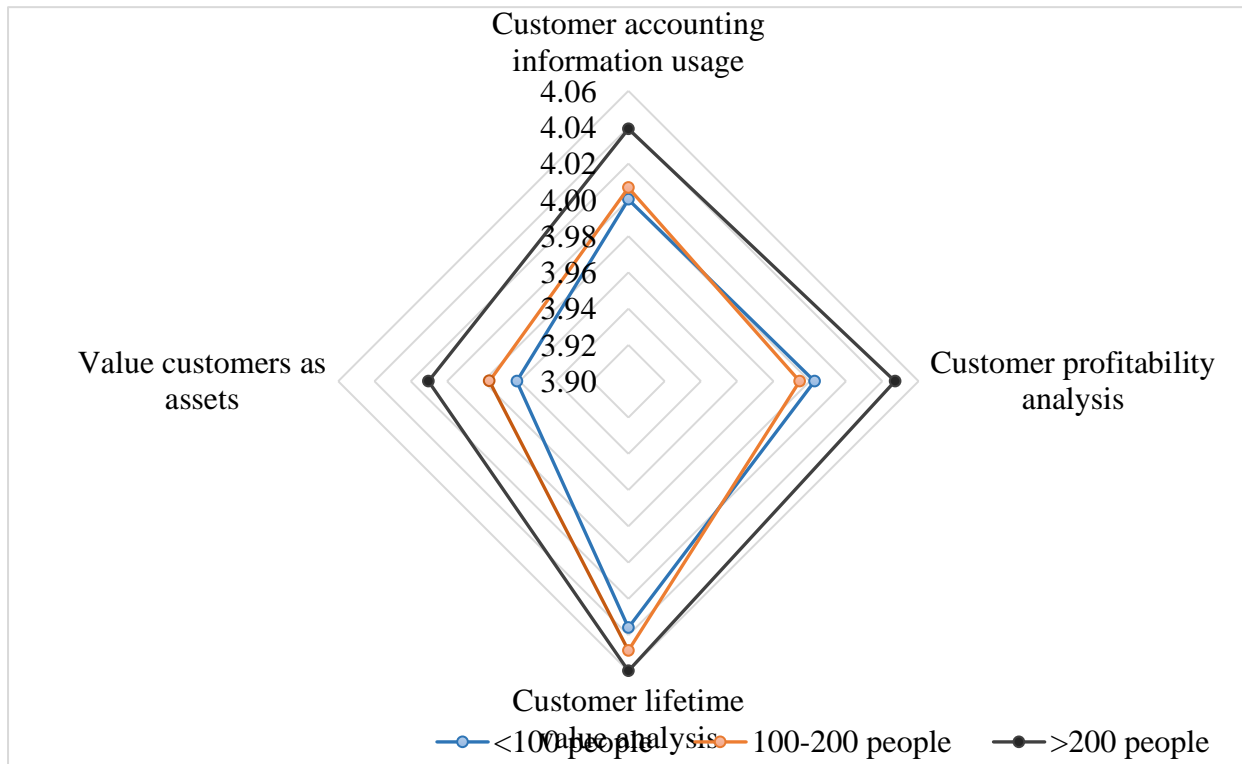

Figure 1. Comparison of customer accounting applications by business size

When comparing the application of customer accounting according to the age of the business (Figure 2), businesses with an operating age of over 10 years apply customer accounting the most. There is not much difference between new businesses operating for less than 5 years, and from 5 to 10 years, in which businesses operating for 5-10 years have better customer accounting applications than businesses under 5 years.
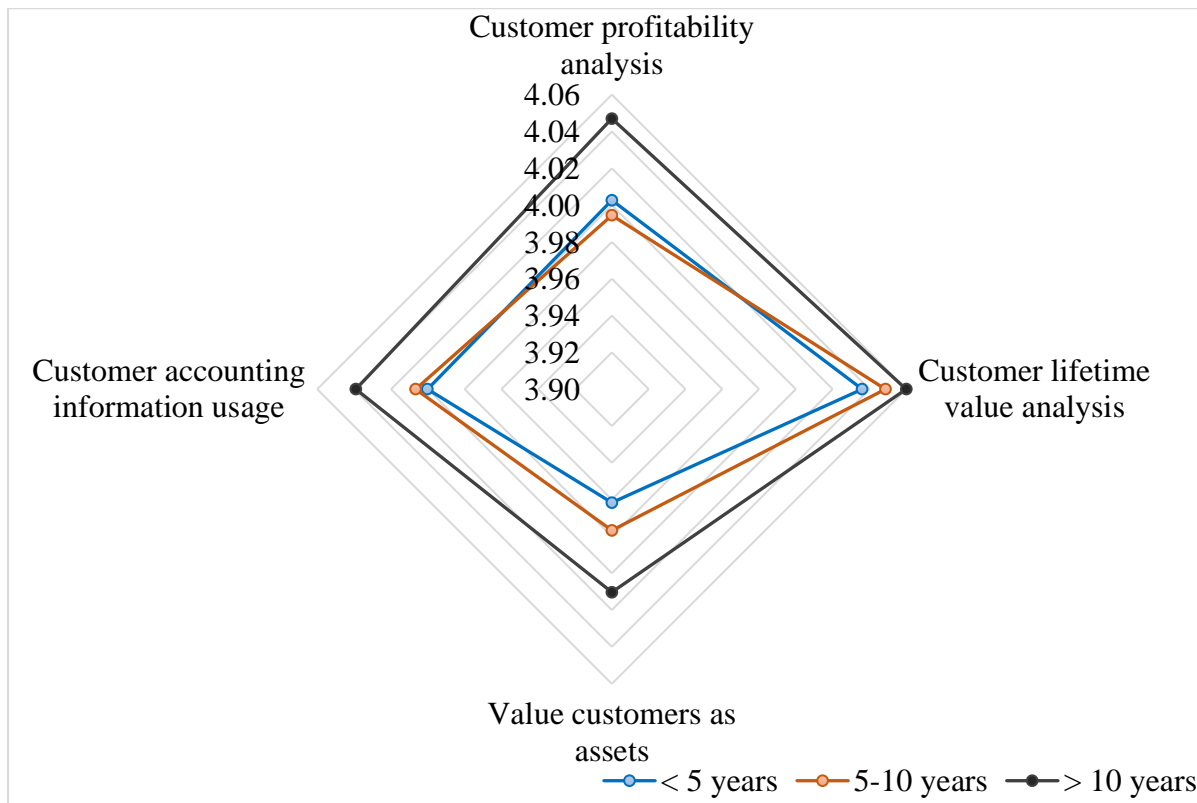
https://jrtdd.com

Figure 2. Comparison of customer accounting applications by enterprise age

DISCUSSION

The research results show that businesses have reached a level of agreement on using general information about customer accounting. Businesses that use profit analysis by each customer group and each customer have the highest agreement rate or more, while customer life cycle analysis is used by businesses the lowest.

The research results also clarify the use of detailed customer accounting information by businesses. Looking at each customer accounting technique, first, the customer profitability analysis (PCA) technique has the highest level of agreement and above. Among them, customer classification is most supported, followed by profit analysis on total customers, profit analysis of customers (customer groups) with the highest contribution to the business, and analysis of profits of customers (customer groups) with the highest contribution to the business. Accumulate revenue by customer. The remaining techniques such as Cost Analysis by Customer and Profit Analysis because profitable customers compensate for losing customers have less support.

Regarding the customer lifetime value (CLV) analysis technique, businesses have used this technique. Specifically, Analyzing potential future profits from customers and Analyzing potential future revenue from customers are most supported, followed by Analyzing potential future direct costs from customers. customer service, analyzing future customer behavior. The remaining techniques such as Full Cost Analysis for Potential Customers and Term Analysis of the business-to-customer relationship have less support.

Regarding the customer asset valuation (VCA) technique, businesses all use this technique but the level of agreement or higher is lower than the two techniques. Looking at the details, the Analysis of future cash inflows can be obtained from the most favored customer group. The remaining techniques have similar rates of agreement or higher.

In terms of labor size, large-scale enterprises with over 200 employees have the highest application of customer accounting, followed by medium-sized enterprises (100-200 employees) with slightly higher application. compared to small businesses. This research result is similar to the research of Nguyen Bich Huong Thao (2021), and Pham Thi Lien (2021) when evaluating large-scale enterprises using management accounting information more than small and medium enterprises. This result is reasonable with the argument about the importance of customer accounting for businesses of different sizes. In large-scale enterprises, administrators pay

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more attention to management accounting in general and customer accounting in particular to make decisions. On the other hand, large-scale businesses often have stronger financial potential, so they can more easily access and apply customer accounting than small and medium-sized businesses.

In terms of business age, businesses with more than 10 years of operation have the highest application of customer accounting, while the remaining businesses have insignificant differences. The results are quite similar to the comparison of customer accounting applications by enterprise size and consistent with the research of Le Thi Tu Oanh et al. (2022) when comparing the use of management accounting by enterprise age. Businesses that have been operating for more than 10 years have had certain developments and have affirmed their position in the marketplace, so they need more management accounting and customer accounting information to help make business decisions. Businesses with a long history of operations will have clearer strategic orientations, focus on customers, and implement strategies with customers more and more, therefore, customer accounting tools become even more important in providing correct and appropriate information for making business decisions.

5. CONCLUSION AND RECOMMENDATIONS

Customer accounting is a relatively new issue in Vietnamese businesses, especially customer asset valuation techniques or customer lifetime value analysis. However, the survey results show that Vietnamese businesses have increasingly focused on customers and implemented strategies with customers, especially businesses with large workforce and years of establishment. The research results are suggestive for proposals to apply customer accounting in Vietnamese businesses to collect correct and appropriate information for choosing business decisions with a customer-oriented focus. Through research on customer accounting content, the author proposes several solutions to apply customer accounting to Vietnamese businesses to improve operational efficiency as follows:

First, businesses need to increase their use of customer accounting information to create strong customer relationships that can provide sustainable competitive advantage and increase profit performance per customer. Customer profit analysis indicators are an important component of customer accounting that businesses need to pay attention to. Companies perform customer profitability analysis to cover opportunities for targeted cost management and profit improvement programs, providing the basis for well-informed pricing decisions, and bonus plans reducing prices for customers, and opening up possibilities for segmentation and targeting strategies based on costs and profits.

Second, businesses need to evaluate customer assets to have information to serve customers' strategic decision-making. Customers are important intangible assets of a company, so consider customers as assets capable of generating profits in the future through investment and business activities in an increasingly competitive market.

Third, promote the role of administrators in control by making decisions related to the use of customer accounting information. By regularly or periodically holding discussions with employees of different departments in the business, administrators can exchange information, and have an overall view of basic related issues. to the customer orientation that the business is aiming for and identify risks that are threatening the business's goals. On that basis, administrators can analyze and propose specific solutions, plans, and action procedures appropriate to the business's operations.

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