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Current Issues and Challenges of Estimating Lifetime Value of 'Free Customer' in Malaysia: An Un-Structured Interview Approach with Industrial Expertises

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Abstract

Traditionally, the world wide businesses has being applied customer lifetime value (CLV) model for estimating their profitability by counting contribution of customer toward the business. The strategic used of CLV model is for understand and analyzing the lifetime values of each customer directly on their spending and purchasing activities. Currently, managing CLV has faced some current issues and challenges specifically on predicting a specific category of customer, called 'free customer'. In fact, 'free customer' is non-database customer and their information is not available to any business. This category of customer always neglect and un-counting contribution, as well as them lifetime value that could be potentially affects the future prospect of the business. The study is aimed to explore current issues and challenges on implementations of CLV model with specific reference to 'free customer' of the hypermarket business. Secondly, the theoretical point of view on CLV will reviewed by using previous selected literature, as well as to explain the current issues and trends of CLV of the study. The method used is semi structured interview with the key person of Industrial Expertise. Meanwhile, the International Hypermarket at Seberang Perai of Pulau Pinang, Malaysia is selected as a reference location regarding the interview session. At the end, suggestion will be made for using

geographical information system (GIS) approach for strengthening the traditional ways of understanding CLV of 'free customer' where it used map as platform of visualization the location of 'free customer'

Key words: Lifetime value; Free customer; International hypermarket; Seberang Perai of Penang

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1. BACKGROUND OF THE STUDY

Traditionally, the world wide businesses has applied customer lifetime value (CLV) model for estimating their profitability by counting contribution of customer toward the business. The finale aimed of CLV is for prospecting the current and future prospect of the business wealth which is vital important for sustaining their performance, both short and long term of operation. The strategic used of CLV model is for understand and analyzing the customer values with stated on customer spending and purchasing activities to the business. In today's competitive environment, it is critical to retailer's survival to understand and monitor their business profitability, which is mainly containing various types of customer. On the one hand, managing relationship with customer is one of important initiatives to ensure the consistent profitability of firms. Fabel, Sonnenschein, Sester and Golestan (2008) noted consumers have great power to revolutionizing their relationships to the business. The empowered consumer is no longer a vague concept, but a reality is that changing the face of commerce. Thus, the smartest companies try to figuring out on how to build

relationship with customer to increase their revenues and in future to spurs growth. On the others hand, it is not easy to manages the customer profitability because retailer need to struggle with the key issues regarding their customers. In fact, these issues identified by Berman and Evans (2007) are includes how the retailers can best serve the customers while retaining a fair profits; how the retailers stand out in a highly competitive environment where consumers have so many choices; and how the retailers grow up their business while retaining a core of loyal customers. Therefore, customer is an asset to the business (Gupta & Lehmann, 2003) and retailers must now how to valuing their customers that contributes the business performance (Gupta, Lehmann, & Stuart, 2004).

Currently, managing CLV has faced some current issues and challenges specifically on predicting a specific category of customer, as called 'free customer'. In fact, 'free customer' is non-database customer and their information is not available to any business, but them also has lifetime value that potentially affects the future prospect of the business. Scholars such as Abe (2009) and Gilbert (2007) coined that the most of the business has successfully predicting the profitability of the database customer; however, sadly they are unable to estimate the contribution of 'free customer' segment because of inability of acquired the database. In reality, the data of 'free customer' is un-restore and never formed as well as common customer database of the business. Epstein, Friedl and Yuthas (2008) mention that determine the most valuable customer to organization is important to estimate the profitability of then business, as well as strengthening the competitiveness in the marketplace. Meanwhile, Flint, Woodruff and Gardial (1997) has identified customer value change in industrial marketing relationship and for that, the business must aware of these issues to re-align their strategy of competitive advantages.

Theoretically, the Marketing Guru's Peter Druckers stressed that Customer is a King and Philip Kotler notes that customer is important stakeholders for every business. Managing customers is important for retails store because of many reasons, especially to the business performance. Researchers as well as Carrie Yu (2009); Fader (2009); Epstein, *et al.*, (2008); Fabel, *et al.*, (2008); Gilbert (2007); Berger, Echambadi, George, Lehmann, Rizley and Venkatesan (2006); Adams (2005); Ching, Ng, Wong and Altman (2004); Jain and Singh (2002); Bell, Deighton, Reinartz, Rust and Swartz (2002); Berger and Nasr (1998), and many more doing their research on customer value and business profitability. Moreover, other scholars such as Baum and Singh (2008); Berman and Evans (2008); Long, Trouve, and Blackmore (2005); and Accenture (2007) believe that customer is crucial part that contributes to retailer profitability for a short and long term business life cycles. Baum and Singh (2008) notes that understanding crucial customer touch of point and Accenture (2007) points out that today's consumers

are more demanding and also more diverse. These trends have created a consumer who is also more empowered compared to before. In addition, Berman and Evans (2007) believe that customers are the backbone of a business.

2. CUSTOMER LIFETIME VALUE, 'FREE CUSTOMER' AND HYPERMARKET PROFITABILITY

There are close relationship between customer lifetime value, 'free customer' and hypermarket profitability where each component interact each other. 'Free customer' is the sources of lifetime value with finally contribute to wellness of business profitability. Glady, Baesens and Croux (2009) coined valuing customers is a central issue of any commercial activity. The value of an individual customer is important for the detection of the most valuable ones, which deserve to be closely followed, and for the detection of the less valuable ones, to which the company should pay less attention. Customers are an important asset, and have to be precisely valued. Similarly, Epstein *et al.*, (2008) indicated by measuring the profitability of segments and managing customer relationships based on customer value, both the customer and company win. In addition, Janiak (2009) discussed the 2009 outlook for retailers is report that a challenging one as many find themselves confronted by liquidity issues, reduced consumer spending, and weak credit market conditions. The retail industry is clearly feeling the effects of the consumer cash and credit crunch. Consumers will be intensely value-oriented in 2009, even more so than in the recent past. With regard to Glady, Baesens and Croux (2009); Epstein *et al.*, (2008) and Janiak (2009), measuring the lifetime value of free customer is equally important as measure value of data based customer, where both contribute to business prosperity.

Gilbert (2007) argues that customer value changes over time, and the value is increasing over time. In general, customer values were expected to initially increase as the firm grows and later decline when the firm reaches a critical mass or maturity. In addition, Glady, *et al.*, (2009)

mention that the value of a customer based on future activity is a key metric for any business activity. In addition, Gilbert (2007) explain that there are two types of customer value, where is identified as tangible and intangible value of customers. In other words, customers provide tangible value to a firm through direct purchases but they also provide intangible value through network effects or word of mouth. It is quite possible that some customers have low tangible but high intangible value. Ultimately, the primary focus for all retailers is customers and Berman and Evens (2007) introduce the concept of relationship retailing whereby retailers seek to form and maintain long-term bonds with customers. For relationship retailing work, enduring value-driven relationships are

needed especially with customers, as well as with others channel. However, all of these scholars have no attention of 'free customer' although they rely that free customer can contribute to hypermarket profitability as well as data based customer.

In practice, most of leading hypermarket as well as Tesco, Carrefour, Giant, and many more actually understand and sharply projecting their customers exceptionally well. Better understanding customer values will lead the retailers to the higher performance, specifically in generating their long term profits. But, for international retail operation, retailers will face the different view of global customers and its environment. Scholar such as Hoffman, Wildman, Rebollo, Clarke and Simoes (2008) believe that when retailers come to global business retailer landscape, the sheer diversity of customers can confuse the best of product brands. To success in a global marketplace requires a fine balance of two essential capabilities which is refer to a global approach to the business and a local view of the customer. However, in the case of Malaysia, there are lacks of study or articles discuss on current status of lifetime value of hypermarket business. More critically, most of hypermarket has no idea on how to estimated non data based customer, as opposite of successfully of predicting their regular customer.

To date, the issues of customer lifetime value have grown rapidly in recent years, with highly consideration on how the firms manage customers as key assets. Regarding customer value management, there are some key challenges that firms and researchers face in understanding, managing, and implementing successful customer management strategies. Kumar, Lemon, and Parasuraman (2006) noted there eight key challenges for managing customer, such as (1) Managing customers across multiple channels, (2) Achieving customer centricity, (3) Managing brand equity versus managing customer equity, (4) Developing and operationalizing appropriate customer lifetime value (CLV) models, (5) Understanding the link between CLV and shareholder value, (6) Developing forward-looking customer metrics, (7) Successfully implementing customer relationship management (CRM) strategies and (8) Implementing CRM in global environments. Managing customer is one of factors for success in managing retail profitability, as indicated in Janiak (2009), Fabel et. al., (2008), Hoffman et. al., (2008), Baum and Singh (2008); Berman and Evans (2008); and Long et. al. (2005). However, critically, most of studies are less attention to estimate the contribution of 'free customer' segment because of inability of acquired the database. One of reason is the data of 'free customer' is un-restore and never formed as well as common customer database of the business.

Therefore, it is critically to performance specific work on exploring current issues and challenge on managing 'free customer' where it has being less attention from

scholars and academician. In the case of huge market of Malaysia, identified the latest trends of lifetime value among them 'free customer' can contribute to the previous knowledge on the body of knowledge. With multicultural market, as existing of multiracial group of 'free customer', this study bring a usefully idea of how to explored insight of 'free customer' where can reflect future direction of such study.

3. OBJECTIVE OF THE STUDY

The study is aimed to explore current issues and challenges on implementations of CLV model with specific reference to 'free customer' of the hypermarket business in Malaysia. Secondly, the theoretical point of view on CLV will reviewed by using previous selected literature, as well as to explain the current issues and trends of CLV of the study. This is for validate of important information from the interview session.

4. RESEARCH METHODOLOGY

The method used is semi structured interview with the key person of Industrial Expertise as well as Chartered Institute of Marketing Malaysia, Institute of Marketing Malaysia and Institute of Retailing Malaysia. This interview session also conducted among key person of Hypermarket Business to get more detail about the issues and challenge of managing 'free customer'. Meanwhile, the International Hypermarket at Seberang Perai of Pulau Pinang, Malaysia is selected as a study setting for applied the interview session. There are four international hypermarkets operating at the Seberang Perai of Penang of Malaysia that will be selected as target sample of the study. The potential key persons to for the interview session are Manager, Supervisor, Head of Department as well as Marketing, Purchasing, and Customer Services, Account Manager, and anybody who's responsible in profitability estimation, customer relationship, investment, consumer research, and so on. This interview session conducted using 4W1H approach, where refers to Who, Why, When, Where and How. The respondent will respond: (a) who their 'free customer'; (b) why 'free customer' important to the business; (c) when 'free customer' make a transaction; (d) where are 'free customer' located; and (e) how 'free customer' can contributed an effected current and future prospect of the business. Interview session will conduct in-persons with them and it depends on availability of respondents to be interviewed. Finally, findings of this study will validated by using literature review resources, as mention before.

5. RESULTS

Totally, there are 25 respondents involved in this interview session. In term of gender, 12 of 20 respondents are male

and 13 are female. Beside that majority of respondents were come from group ages thirty until thirty five years old (14 respondents) and minority was above forty five years old (11 respondents). For education level, there are 10 respondents gained secondary or diploma level and other 15 respondents are bachelors. In term of position, there were (3) Director; (4) Financial Manager; (4) Supervisor; (3) Head of Marketing/Consumer Research Department, (3) Head of Purchasing Department; (2) Account Manager, and 6 (Assistance Manager). The time used for completing the interview session is on average of 30 minutes per person.

Here, there are some issues highlighted in context of free customer, CLV and profitability issues in hypermarket business in Malaysia. From these issues, important views on problems, research gaps, and prospects are identified and discussed.

5.1 Who is 'Free Customer' to International Hypermarket?

Overall, all of 25 respondents answered that 'free customer' is silence segment of their regular customer with less information regarding their particular information. The particular information of 'free customer' never exist in hypermarket database because of them never or not interested to register them self as a membership card. 'Free customer' is totally free to decide what they want and need from purchasing activity to hypermarket. 'Free customer' is never exist in CLV estimation, because of un-ability of business to capture and restored their name, address, income, educational background, and any other personnel details.

Because of in-ability to classify free customer, either it profitable and unprofitable to the hypermarket, the question is how well the hypermarket know insight their 'free customers'. How depths the hypermarket understand their 'free customer'? Overall, all of 25 respondents answered that there have no idea on how to identify and analysed insight of their 'free customer'. The respondents agreed that sometime 'free customer' can identify when they make a payment of their purchasing, where determine by either they identified them self by shows them membership or credit card to add-up their purchasing point. But, it not represent all about 'free customer'. This is because of membership card and credit card is share used among the data based customer.

Fundamentally, all people may be created equal, but the same can't be said for customers. Everyone knows that some customers are more profitable than others. Conversely, some are downright unprofitable. These statements had agreed by all 20 of 25 respondents of the study. Despite enormous variations in profitability Epstein, *et. al.*, (2008) discussed that many companies continue unprofitable relationships with customers, often providing them with pricing and service levels identical to those received by the most profitable ones. In most cases,

companies simply do not know who the unprofitable customers are. As such, they cannot develop marketing strategies or manage costs accordingly unless their get accurate results on it. Companies don't necessarily need a state-of-the-art database or analytics technology to improve customer profitability. Because of their unique qualifications and abilities, financial managers should take the lead in translating analysis to action and creating the culture of value.

Overall, the main issues regarding identified who is 'free customer' is about limitation of CLV to differentiate 'free customer' segment, as well as important to them on identified segment of Profitable and Unprofitable Customer. In addition, an even more challenging issues with concerns how to turn unprofitable 'free customers' into profitable ones, especially using shows what are profile 'free customer' look like. Actually, this would require knowledge of what do free customers actually do which distinguish them from data based customers? While the present study does not provide a rich understanding of this issued, it does suggest that identified the demographic characters of 'free customer' potentially can helps for identified who this 'free customer' look like.

5.2 Why 'Free Customer' Important to the Business Profitability?

Customer intensely value-oriented is one of the main reasons why the hypermarket continuously survive and maintain their performance and profitability from year to another years. All of 25 respondents have share similar consensus on this premises. In fact, Janiak (2009) argue that consumers will be intensely value-oriented in 2009, even more so than in the recent past. In an environment of slow growth by the year 2009, retailers will need to focus on building market share via business models that are more responsive, adaptable, and efficient with resources and assets. Retailers also should evaluate opportunities to drive short-term, bottom-line results. These could include integrating and leveraging multi-platform communication channels to reach more consumers.

The respondents argued them self on how they can implement CLV to ensure the can cope with the issues of customer value-oriented, for both data based and 'free customer'? How their analyze CLV of 'free customer' to maximize the value oriented, as well as using some information from customer database. How they can effectively designing business model and evaluate opportunities, based on 'free customer', without understanding the profile or demographic characters of them. These three statements are share by 19 of 25 respondents. Long, *et al.*, (2005) mention retailers who use customer centricity successfully continually monitor performance with key segments, testing the relevance of their strategy with that ever-evolving profitable consumer. That future orientation is more vital than ever because today's best customers are not necessarily tomorrow's. To

sustain profitability in the flow of a changing marketplace, retailers need to offer the customer a constantly relevant reason to buy. Suppose that reason can vary from one customer, situation and region to another.

Overall, beside of an issues of important of 'free customer', actually CLV model that used by most of hypermarket under the study has un-ability to support activity related to classify an important of 'free customer' accordingly to their contribution. Even, Customer Centric Oriented Model as applied by the sixth international hypermarket has limited capability to explore more detail about 'free customer' contribution to the business profitability. Moreover, finding the real best among 'free customer' is more complex than identifying the segments with the highest potential, where agreed by 21 of 25 respondents of the study. While profiling of best 'free customer' segments, by using some technology, but it is still not enough. Not only is it a matter of targeting the customer, it also requires evaluating each customer segment's potential in terms of sales and margin contribution. In addition, Long, *et al.*, (2005) mention that the deeper information dive required of customer-centric retailing takes in considerations such as geography, demographics, income and buying behavior. Critically, Fader (2009) noted that increasingly, senior management of business has been asking analysts to obtain valid answers to questions such as: (i) Which individuals are most likely to be active customers in a future period of time? (ii) What will the aggregate and disaggregate purchase patterns look like for a group of customers in the future period? (iii) What will be the "lifetime value" for individuals within the firm's customer database (or the corporate database as a whole)? With regard to study have done by Fader (2009), actually the traditional method of CLV is not very well-suited to address these kinds of questions, as well identified of an important of 'free customer' to their business.

5.3 When 'Free Customer' Makes a Transaction with the Business?

The hardest question to answer is about when 'free customer' make a transaction where it involved individual activity during a specific time. Because of lacking of information on when transaction have been makes, most of 22 of 25 respondents answered by on their experience and opinion. The respondents just have made a statement based on generalizing the purchasing activity from data based customer as they have. Ideally, creating and understanding single value of CLV is a vital important to every business because every customer have significant contributions toward business profitability and performance. Information about different views of customer is important to markets to helps them identified different perspective and characteristics of customers and finally to improve the quality of services. From previous work, Long, *et al.*, (2005) stated that differentiate the

customers is affords to a near instinctive grasp of the customer, even as that customer changes. For instances, (i) why is the customer buying here, the research needs to ask, other than price?; (ii) what will make the customer always come back here rather than go to the competition?; (iii) what is the unique value the store offers the customer? And, lastly, is it a value that offers the retailer a continued reason for being?

Knowing the CLV of individual customers enables a firm to improve its customer selection, customer segmentation, and marketing-resource-allocation efforts as discussed by Kumar, *et al.*, (2006). With a single view of the customer, an organization can take the next step toward building stronger customer relationships, then executing more precise targeting and superior campaigns. Using a variety of analytical tools and processes to deeply analyze customer and prospect data, the company can conduct strategic market segmentation to understand its relative position in the marketplace; strategic customer and prospect segmentation to understand the behavior and value of customers; and tactical customer and prospect segmentation to continually improve marketing campaigns based on initial response (Adams, 2005). However, doing some analytical work on 'free customer' is not practical so far, because 'free customer' in not able to evaluated and assessed. From the interview session, 23 of 25 respondents agreed that predicting when 'free customer' make a transaction is some time similar to previous customer that hypermarket have, but not at all.

In today's highly competitive market, conducting the customers as usual will not help the business to succeed and performance well in future. Thus, the business must go deeper, as far as they can. For instance, by provide the right services to customer, at the right time, to the right location of customers, this will enabling maybe effective in prospecting when 'free customer' make a transaction. The capability that is at the core of customer insight is the single view of 'free customer'. Without such a view, it is impossible to get overall complete view of customers and their needs and preferences. Importantly, this information must be augmented by external demographic data on customers. More over, by teaming a customer's transaction history with key data such as number and ages of people in the customer's household, median income of the customer's neighbourhood, and customer's ethnic heritage, a company can transcend the one-dimensional, internal picture of a customer that purchase history alone provides, as suggested by Adams (2005). But, it is still under question to get clear picture of a single CLV without analyzing it in contact of location. Without location CLV potentially to produced in accurate results, and almost less in precise, concurrent and timely of results. These will lead a discussion on where is 'free customer' located?

5.4 Where is 'Free Customer' Located?

The issue of where is 'free customer' located is the most

top issues for discussion where many works have done on it. The researchers Kohijoki (2008); Simkin (1990); Wrigley (1990); and Simkin, Doyle and Saunders (1986) have done some study on location factor with concentrates on how location can contribute to business profitability. Fundamentally, the existing of gaps between expected CLV with the real one in actual location is accrued. Theoretically, CLV value projected based on customer information such as from historical buying record, customer database, customer loyal card, and many more. All factors related to CLV as well as financial base are fully depend on that information running base on certain model and software of CLV. For that, all of 25 respondents are agreed on an important of customer information for estimate their business lifetime value, but, they cannot do the same with 'free customer'. From literature study, an expected CLV result actually never refers to location of customer although in location customer acting possible different compared to their previous behaviour. Actually, location factors have highly significant or contribution to change the results of expected CLV. For instance, cultural and local environment of customer, such as drive time, customer experiences, and relationship between customers, are the factors that significant impact toward expected CLV. Thus, any results of CLV that produced from established CLV models are potentially differs from the real one, as exist in location of customer.

From interview session with 25 respondents, 16 of them practices that projected CLV can calculate a customer multiple transactions over time and this practical concept are apply in any kind of business. For hypermarket who making deal with a customer many times in their lifetime, this might derive them to investigate more depth on projected CLV with specifically refers to location of customers. However, most of traditional CLV models are not support these function. In fact, is important to retain spatial based information on customer, for helps them in counting a customer multiple transactions over time, location, and any geographical based situation. Finally, to get more accurate function of projected CLV to location, a new methodology are required, as agreed by all of 25 respondents.

The gap is widening between the CLV expected and the CLV in the real location because of the variations in customer information and customer experience in specific location of hypermarket. Some of respondents (21 of 25) indicate that a gap exist between consumers' rising expectations value and what they actually experience in the real environment of geographical matter. In addition, it is so difficult to manage the current change of customer needs in the marketplace with only using CLV model. In traditional way, companies just differentiating their customer based on service, either their satisfied or not satisfied with the services or not. Some of customer may consider themselves as "very satisfied" but rate their experiences as "excellent". Sadly, the business

continuously assumes that the customers are maintaining their satisfactions rates, although by time they are loose their customers in futures and this statement is agreed by 25 respondents of the interview session.

5.5 How 'Free Customer' Contributed to Current and Future Prospect of the Business?

Basically, understanding market areas, trade area, and customers is critical to the success of any business and this opinion is shared by almost 25 respondents of the study. In reality, the business face the huge competing with others business especially in prospering their customer market share. By using established model to prospecting the CLV result, the businesses are unable to identify if their trade areas overlap each others or cannibalize each other. This is because of CLV models are unable to examined data of 'free customer' such as postal address, where at the end results of CLV cannot generated much. In the case of Malaysia, for example, one of the criteria in establishing hypermarket is to guarantee that there is no overlap in each hypermarket customer territory. It is because of that will creates another problem in future and the potential for cannibalization of any hypermarkets in nearest area. However, CLV models never have ability to identify spatially all the retail trade area, customer segmentation, product distribution, and many more.

The main problem regarding this is lacking of relation between CLV with current location of customers. Traditionally, CLV analysis always nothing related to location although currently business trend are highly related to location factor. These statements are agreed by 23 of 25 respondents of the study, while other 2 respondents are not to sure about it. Lucas (2008) stated that CLV is firstly espoused in the 1930s that originally designed to assess the net present value of a customer's future spending. Actually, most of CLV model is not really suited to geographical location and never tested on the reality of business location. Therefore, CLV is not supported by spatial based analyses and practically, it cannot use for prospecting the CLV sharply and accurately, as well as presenting in the real world of business. Seriously, CLV is never operating and relating their analysis and projecting with the location related analyses, and results comes from CLV is never mapped in the geographical platforms.

CLV is declared as a powerful metric that rewards marketers for understanding their relationships with their customers. CLV claim as powerful and straightforward measure that synthesizes customer profitability at individual customer level. Suppose CLV have ability to predict the current and future prospect of business by using customer need and demand. There are 23 of 25 respondents of the study agreed with this statement. Beside that Gupta and Lehmann (2003) mention that customers are important intangible assets of any firms in the business, and for that, it's should be measures in long

term projections. Although researchers have emphasized customer relationships and CLV, these concepts have had limited impact on the business and investment community for two main reasons: (a) they require extensive data and complex modeling, and (b) researchers have not shown a strong link between customer and firm value. As explain by Gupta and Lehmann (2003) before, these two issues should be considers the location of customers as main stream for analyzing the current issues regarding customer relationship and CLV because geographical location is contained customers, firms and overall community related to the business. In fact, using location based data, as well as customer information are important for assessing these issues because it helps in visualize and modeling the customer relationship of 'free customer-CLV in practical ways, includes clarify the impacts of both concept in location.

All these issue and challenges will lead to established new idea on formulating and developing new model on prospecting customer lifetime value. Here, Geographical Information Technology (GIS) approaches is suggest as new ways for understanding lifetime value of 'free customer' with specific attention on current and latest issued related to profitability of the business.

6. SUGGESTIONS

Customer is the greatest asset to retailer, specifically, the current customers who will remain as customer in future also. Theoretically and practically, importance of customer is known to everyone in business, but what's surprising is the fact that many businesses well not understand the value of the customer in terms of location matters. This support by ESRI (2007) where estimates that approximately 50 percent of today's retail stores do not capture customer information as part of the business transaction. Without this find of information, it is difficult to quantify the demographics of your customers or market areas. Therefore, GIS application is powerful and useful which provides one means of identifying characteristics of a mathematically generated market area. Other analyses can be performed to add to the value of these areas including drive time and ring analyses.

Peak (2008) noted that GIS emerged as an important factor in the business world over the past ten years. The GIS trends are towards smaller devices, coupling of GIS with associated technologies, web platforms, and enterprise wide applications. Some huge firms have adopted GIS across their enterprise. Strategically, GIS and spatial technologies can be strategic and advance firms versus their competitors, including the strategic IT grid and web services strategy. The strategic importance of GIS is linked to use of enterprise-web platforms versus traditional client-server. In retailing business, includes hypermarket, Abdul Manaf Bohari, Ruslan and Malliga (2010) mention GIS has to be at the core of business

sustainable efforts with specific initiatives for:

(a) Organising integrated spatial and non-spatial database using the GIS tools. By this ways, spatial and non-spatial data will handle and managing using on database platform, and then, this will integrates two types of data into meaningful view.

(b) The synthesis of the spatial and non-spatial information by utilizing the specific framework of a coherent data model. It also able to linkage between the different datasets and then reduce variations within database. So, data redundancy will decrease and accuracy will increase for used in predicting and estimating purposes.

(c) The GIS platform bringing together variety of information, from a variety of sources, location, and format. But, it's still fulfilled the qualifications of effective matching of similar or un-similar entities and demands for information consistency within the database design.

(d) Generation of spatial outputs with highly supported by tables, charts, and any others data presentation technique, and these never found in any kind of information systems. However, GIS finally aimed to enhance the development of planning, decision-making, and execution of critical tasks in organizations.

(e) The GIS package will be the workhorse and surely, it's always considers both spatial and non-spatial database sets. The GIS package offers tools and technique for handling spatial and non-spatial datasets of organisation. In addition, non-spatial datasets organisation is important to prospecting future look of organization because it mainly identified as important attributes of the spatial elements where as plays important roles in spatial based analysis.

Of all the business sectors, marketing is perhaps one of the most obvious in which to apply GIS. The field has developed from mass marketing to niche marketing, thus, it has made a new approach to marketing analysis imperative. It also reveals the importance of geodemographic research to marketing. All kinds of market segmentation techniques, for examples, have been developed to define more precisely the target group of customers (Beaumont, 1991). In the real market, interest in the capabilities of GIS for marketing analysis is growing dramatically. Similarly, Toppen and Wapenaar (1994) described the various kinds of GIS applications for marketing research. So, GIS identifies as application that can help to answer a number of marketing questions, such as:

- (a) Where are customers located?
- (b) What are characteristics of buyers in the marketplace (market segmentation, classification of residential areas)?
- (c) Where are Retails competitors located?
- (d) What is the potential turnover in a region for product?
- (e) What market share can expect for every single

retailer?

- (f) Where should Retailers locate their new branch?
- (g) Should Retailers expand an existing branch? Or close the others branch?
- (h) How should Retailers promote their product?
- (i) Where and how should Retailers advertise their product?

In the current business environment, which up to now have had minor spatial aspects, spatial data are become more critical issues. In the large business, for examples, Pick (2008) noted that a data show that over 98 percent of analysis is non-spatial and only 2 percent is spatial. Hence, proportion of the non-spatial uses must be considered in recognizing the perceived importance of spatial data and the priorities given by managers and other stakeholders in utilizing it. Similarly, researcher Zhao (2000) noted that more than 80 per cent of all information in an organisation can be geographically referenced. In this case, domination of non-spatial data finally will contribute to un-balances results because of the results of CLV are tendencies skewed toward non-spatial bases. Here, this is one of reasons why GIS is need to used a platform of prospecting lifetime value of free customer where is has ability to trace and detect each location of 'free customer' and how this customer can effect to business profitability.

CONCLUSION

Managing profitability in hypermarket business has taken on a particular role, especially in the onset of the economic meltdown, as well as the late 1980s, 1998 and currently 2008. The performance of retailers can be improved by reduce costs of production, number of employees, operation costs, and many more, as a traditional way of solution. However, this is not necessarily for a long term solution and for that, more proactive approach may be taken to improving both profitability and customers spending activities. In addition, Abdul Manaf Bohari et al., (2010), Berman and Evans (2007); Miller (2007), ESRI (2002), Toppen and Wapenaar (1994), and Beaumont and Inglis (1989); to analyzing the market and customers either international and local based perspectives, retailers need to utilize GIS to helps them better understanding and analyses on real needs and expectation of customers. In addition, GIS facilitates the business with spatial based solution and make close relation between predictive and real situation of customers. More important facts is GIS helps the business to enhancing decision making with more precise information on the customers niche and values. In addition, GIS method is one of techniques that can be used for in-depth analyzing the insight of customers, especially in differentiates un-profit and profitable customers. From the interview session, all of 25 respondents cited that they still face the problems of identified contribution of each single 'free customer; unless they know where customer is

located. There are no other spatial-friendly technologies, as well as GIS sophistication.

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