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Customer reference marketing: Conceptualization, measurement and link to selling performance

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ABSTRACT

The use of customer references to facilitate marketing and sales in business markets has received growing interest among practitioners and academics. The importance of references has been highlighted in a wide range of contexts, such as customer relationship management, customer value management, sales, and marketing communications. Yet knowledge about the effective application of references in business remains scant, and studies have not addressed in-depth what constitutes customer reference marketing or studied its relation to firm performance. This study contributes to this important but underdeveloped business marketing topic by 1) conceptualizing customer reference marketing based on theory and an extensive qualitative field study, 2) building a measure for the construct using survey data, and 3) demonstrating its relevance by linking the construct to firms' selling performance with additional collected data. The results broaden and specify the current understanding of how to effectively deploy references in business markets and provide evidence of the hypothesized performance, as well as contingency effects. The established conceptual foundations for the phenomenon provide substantial opportunities for practitioners and theory-testing oriented business marketing research.

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1. Introduction

Many firms, particularly in business-to-business (B2B) markets, use existing customer relationships as references to encourage the adoption of new customers and to facilitate sales and marketing. Customer references lend credibility to companies' value propositions and are important in reducing the perceived risk of target customers (Kumar, Petersen, & Leone, 2013; Salminen & Möller, 2006). Although numerous studies in various areas of marketing, including customer relationship management (Payne & Frow, 2005; Reinartz, Krafft, & Hoyer, 2004), customer value management and selling (Anderson, Narus, & Van Rossum, 2006; Terho, Haas, Eggert, & Ulaga, 2012), and marketing communications (Ballantyne, Frow, Varey, & Payne, 2011), have noted the importance of customer references, only a few studies have specifically focused on firms' use of customer references in the firms' marketing efforts. Consequently, the conceptual foundations of this central business marketing phenomenon remain fragmented and embryonic. Recent studies highlight the need to study the use of customer references in marketing and the performance effects more systematically (Anderson & Wynstra, 2010; Kumar et al., 2013).

The present study addresses this important but underdeveloped topic by 1) conceptualizing customer reference marketing (CRFM), 2) developing a measure for the construct and 3) demonstrating its nomological validity and managerial relevance by studying the relation of CRFM to firms' selling performance. As the current knowledge about the topic is scarce, we used a discovery-oriented, theories-in-use approach for the conceptualization (e.g., Kohli & Jaworski, 1990; Tuli, Kohli, & Bharadwaj, 2007; Zaltman, LeMasters, & Heffring, 1982). In other words, we build on initial insights from a review of key customer reference literature and complement this perspective with insights from firm practices based on 38 in-depth interviews with managers. The conceptualization is followed by a measure development study based on survey data from business managers responsible for work tasks focused on customer reference marketing. Finally, based on a third study, we demonstrate the predictive validity of the CRFM construct by linking it to firms' sales performance based on additional data from business firms.

The present study contributes to business marketing theory by establishing the conceptual foundations for customer reference marketing. We extend the contemporary knowledge on how business firms can deploy customer references in business markets in three central ways. First, our findings highlight that CRFM is a broader phenomenon than most marketing studies to date have indicated (see Anderson & Wynstra, 2010; Godes, 2012; Kumar et al., 2013). The present findings show that CRFM consists of the active leveraging of customer references, not only externally for marketing and sales purposes as most studies have highlighted to date but also internally for internal

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development purposes, such as customer learning, business opportunity identification, or building of best practices. Second, the present study develops operative measures for CRFM, thus enabling future explanatory theory-testing research in the area. Third, the study provides initial empirical evidence that CRFM has a positive relation with firms' selling performance and that this link is contingent on the context of the CRFM application. Overall, the conceptualization and measures offer fruitful avenues for a broad range of business marketing research and have concrete implications for managers who want to advance the effective use of customer references in their organizations.

2. Conceptualization of customer reference marketing

2.1. Previous research on customer references

Customers that are already using a firm's products or services and are willing to share their experiences often play a key role in the purchase process of organizational buyers (Anderson & Wynstra, 2010; Kumar et al., 2013). Selling firms in business markets apply reference marketing through various activities designed to leverage the value of existing customers to facilitate sales and build reputation (Anderson & Wynstra, 2010; Helm & Salminen, 2010; Reuber & Fischer, 2005; Salminen & Möller, 2006). Although customers' referral and word-of-mouth behavior have been studied extensively (e.g., Helm, 2003; Kumar, Petersen, & Leone, 2007; Ryu & Feick, 2007), selling firms' activities related to using customer references in marketing have received less attention (Jalkala & Salminen, 2010). Previous research suggests a phased approach, in which firms carefully establish and maintain relations with initial key customers and then signal references to prospective customers (Salminen & Möller, 2006). The ability to use references effectively has been noted to be particularly important for firms that sell higher-value offerings and in contexts of high uncertainty (Anderson & Wynstra, 2010; Hada, Grewal, & Lilien, 2014), as well as being contingent upon several factors, such as customers' willingness to act as references or the level of reference management in the firm (Jalkala & Salminen, 2010). Although not empirically tested in the literature, efforts to systematically employ references in sales and marketing should have a positive influence on firm performance in B2B markets according to numerous business marketing studies (see Anderson & Wynstra, 2010; Godes, 2012; Hada et al., 2014).

The research on customer references has several unresolved research issues. From a conceptual perspective, we know little about how firms effectively use customer references to facilitate the firms' marketing and sales, and therefore, a comprehensive understanding of what constitutes CRFM is lacking. Extant research is missing sound conceptualization and measures for the customer reference marketing, and although there is some evidence that the use of references is an effective marketing approach particularly in risk-intensive settings (Anderson & Wynstra, 2010; Kumar et al., 2013), the effects on firm performance remain largely unstudied.

Many recent studies have understood customer references narrowly as using existing customer relationships simply to attract new customers (Huntley, 2006; Kumar et al., 2013). Some recent studies suggested that references also have much wider-ranging functions, such as building reputation or acting as value evidence, implying that references should be understood more broadly than as just straightforward customer acquisition tools (Anderson & Wynstra, 2010; Jalkala & Salminen, 2010). Building on the extant literature on customer references, we adopt a broad theory-based definition for the basis for our conceptualization work and define customer reference marketing initially as a firm's efforts to use existing or previous customer relationships and related value-creation activities in the firm's marketing activities targeted at potential customers and other stakeholders. Thus, what distinguishes customer references from the overall portfolio of customer relationships and delivered products or services is the active *deployment of customer references* in the supplier's marketing activities to influence potential customers and stakeholders.

2.2. Field study method

Given the sparse literature on customer references, we conducted a qualitative field study to gain a better understanding of the domain of the construct, that is, how reference marketing is manifested in companies' everyday marketing practices. Similar to Kohli and Jaworski (1990), Tuli et al. (2007), and Ulaga and Reinartz (2011), we adopted a discovery-oriented, theories-in-use approach (e.g., Glaser & Strauss, 1999) with the objective of integrating theory-based and field-based views of reference marketing for an operational definition of customer reference marketing that specifies the activities that make up companies' customer reference marketing.

We used purposive theoretical sampling (Eisenhardt & Graebner, 2007; Glaser & Strauss, 1967) and studied firms that are particularly revelatory in terms of the focal phenomenon (Yin, 1994). We elaborated our sample carefully in an attempt to select firms that 1) operate in B2B markets, 2) vary in industry characteristics for ensuring rich information about the focal phenomenon, 3) are known to have invested in reference marketing activities and include knowledgeable interviewees with experience in the topic, and 4) represent industry leaders in their respective markets. As a result, we selected four B2B companies from two industry sectors, process technology and information technology, which have been recognized as especially relevant fields for reference marketing (DeKinder & Kohli, 2008; Forman, Lippert, & Kothandarama, 2007). The selected firms are large international firms whose headquarters are in Finland and operate in the areas of telecommunications equipment, information technology and services, mining technology, and process technology equipment business. To avoid single-informant bias and to get an in-depth, comprehensive view of the firm-wide CRFM practices, we collected data from 7 to 14 informants per firm. The selected interviewees had significant amounts of work experience and reflected a wide distribution of hierarchical levels, functions, and industries. To make sure that the conceptualization covered the whole domain of the construct, we selected respondents carefully so that all potential key stakeholders in CRFM, including sales, marketing, business development and corporate strategy functions, were included.

We developed a semi-structured interview protocol that consisted of four sections. In the first section, we asked the respondents to describe their company background and role in the firm and how they viewed the role of customer references in the firm's business. In the second section, we asked the participants to name key activities that focus on using customer references and presented specific questions regarding the nature of the firms' references and their management. In the third section, we asked the participants to provide concrete examples and real-life vignettes to illustrate how references were employed and to describe the firm's practices related to customer references in detail. Finally, we asked about related areas, such as the growth targets, nature of the sales process, customer relationship management activities, and the participants' view of how customer references were related to these areas. All interviews were tape-recorded and transcribed verbatim. In total, 38 in-depth interviews were conducted with senior and mid-level managers responsible for their companies' customer reference marketing. The interviews lasted between 35 and 86 min, and the transcribed interviews included a total of 362 pages text.

The analysis of the interview data followed the principles of qualitative content analysis (Krippendorff, 2004) and the processes of data reduction, data display, conclusion drawing, and verification (Miles & Huberman, 1994). Data reduction involved several rounds of inductive and iterative coding with the help of NVivo 8 software. During the first coding round, we categorized the data roughly according to the interview themes, and during the following rounds, we identified potentially relevant concepts and their subcategories. We used data displays,

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including tables and interview quotations, to organize and summarize the data and to aid in displaying the logic through which conclusions were drawn from the data analysis. We carefully sought to identify dimensions that were characteristic of all studied firms and mentioned by multiple participants. Themes that were clearly firm specific were excluded from the conceptualization. For example, an information technology supplier noted the importance of a firm-wide information system as a key aspect of customer reference marketing. We did not build on this idea, because only a few study participants mentioned it, and it seemed to be specific to the IT industry. Similarly, we refrain from discussing closely related but distinct topics that emerged in the data, such as the importance of senior management support, cross-functional cooperation, or incentive systems for systematic reference marketing. We drew conclusions through an iterative process by going back and forth between the transcribed interview data, the coding schemes, and the data displays to identify and explore patterns in the data. To demonstrate the basis of the interpretations and the proposed reference marketing construct, we report the findings in conjunction with illustrative extracts from the empirical data. The conclusions were further verified by comparing the findings to previous research and existing theories and discussing the findings with the informants from the participating firms and among the authors.

2.3. Field study findings

The field study respondents consistently emphasized that customer references played a central role in the firms' business marketing efforts. Two core dimensions of reference marketing emerged from the data: leveraging customer references externally and internally. Additionally, the interviews suggested that firm activities to build a balanced portfolio of customer references are a key determinant of CRFM. Below, we explain how the core dimensions of external and internal leveraging were manifested in the data and discuss the identified key antecedent of building a balanced portfolio of customer references.

2.3.1. External leveraging of the customer reference portfolio

The interviews highlighted strongly that external leveraging of the customer reference portfolio is a strategically important sales and marketing practice for the sample business firms. This idea was reflected in the participants' view of the major role of references in concretizing and proving functionality of the firms' offerings and providing evidence of value delivery potential and capability. The respondents reported various practices for systematically employing customer references in sales and marketing communication. For example, the firms used references when the firms were trying to convince potential buyers in sales situations, communicated references on company websites and customer magazines, and organized references visits by inviting potential customers to see products or services delivered to reference customers. Consider the following quotes:

> Vice President of Sales, Alpha: We have sales material, including process flow sheets and pictures from our reference sites and a reference list of license owners. Then we also have technology-specific reference lists, product-specific reference lists, and even model-specific reference lists. When you select the reference material for a new tender or project, you need to really think it through so that you get the most representative reference base. So that the references we communicate to the customer are the most relevant. And when it comes to reference visits, we select the site that is the most suitable in terms of the potential customer's problem, so that it's as close as possible to the desired customer solution.

> Vice President, Sales Hydrometallurgical Plants, Beta: From a narrow standpoint, one way in which we use customer references is that, of course, we use them in sales and marketing when we communicate to customers what we have done before, what we have been capable of, what is our performance. They function as a kind of objective baseline that helps the [target] customer to evaluate how suitable our technology is for them.

> Head of Sales, Gamma: When you show a slide that you have a list of these [reference] customers and go through one of those cases more in depth, it works to some extent. But the best thing to do is to take a potential customer to see a satisfied customer and let them talk to each other. When the customer is able to tell what has been good and what not so good, and also be critical but satisfied as a whole, that's the best case.

> Vice President of Strategic Sales, Delta: When I go to see a customer, I do not tell about our offering directly. Instead, I tell them stories through our reference cases. I may have three slides and a picture of our reference on each slide. I tell a story through the reference case, about the business impacts that our solution has brought, what we have done there, what our role has been, what the customer was thinking, and what his initial goal was. References are basically the only sales tool that I have.

The results underscore that the customer references have a central role in adding concreteness to the complex offerings and in proving the functionality of new technologies. Thus, the firms appeared to use references for concretizing and proving the functionality of their offerings. In addition, the firms used references externally to provide evidence of value creation potential and the firm's capability to deliver the estimated value. The participants highlighted the importance of using the documented benefits that reference customers have gained as value evidence to lend credibility to their value propositions:

> Key Account Director, Delta: I consider the role of customer references highly important. We don't have traditional products so we have to somehow be able to tell people what we're capable of. References say a lot about us, much more than any other story. We are involved in a highly technical business. If you start talking about our technology, it's a) highly boring, b) there are very few people who actually understand the specifics of our technologies in practice, and c) I might be selling to business people who do not necessarily understand the technological aspects in implementing JIRA [software development tool], but they understand that we have solved this customer's problem in this way and what benefits the solution has brought to the customer. I see references as the only way of communicating what we are able to do for our customers.

> Head of Solutions Capabilities Program, Gamma: The most concrete is if we can describe the customers' business problem in a relatively accessible manner and assert our value promise so that the customer says that this is what you delivered. It should be some concrete improvement in the customer's business, such as improved customer satisfaction, top-line growth of a particular business segment, or quality improvement. Some kind of positive change that the customer has been able to clearly identify with their own business indicators.

2.3.2. Internal leveraging of the customer reference portfolio

In addition to using customer references externally, the managers emphasized practices related to internal leveraging of the customer reference portfolio. Internal leveraging was reflected by the managers' report of practices to utilize customer references within the organization for formal deliberate learning and more informal experiential learning. The practices varied from using reference cases as a formal tool by transferring lessons learned and best practices from selected reference cases to analyzing the installed

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base to develop new business opportunities. Thus, as illustrated by the following quotes, the data suggested that using customer references for deliberate learning and internal development is an important part of customer reference marketing in the studied firms:

> Sales Director, Alpha: We also have these passive references. It means that they are not actively working for us, like active full references, but we are using them to show other customers the good work that we have done. We are also using those installations to learn about eventual mistakes or to improve our products.

> Vice President Sales, Base Metals, Beta: We do a lessons learned analysis after each project delivery, and sometimes, we conduct a win analysis trying to analyze why we won a particular project… [References] are also related to our after-sales services. We try to build a big maintenance business around our installed base, and we need to know internally what we have sold and where.

> Director, Digital Media, Gamma: If we can take the lessons learned from the customer case and use the documentation elsewhere in the organization, it's a clear benefit. We have been communicating internally about the cases through digital media, and people are starting to learn that we have this kind of offering and can offer these things to our customers, so we can create new business opportunities simply by letting people know that we have had these types of customer cases.

> Head of Solution Portfolio Management, Delta: In a solution-oriented company like us, leveraging reference cases is not only for customer care, marketing, or sales, and there's a strong interest in how the business unit and research and development are able to use them. Well-documented reference cases enable us to identify customer needs and to form a picture of what is happening in the market.

Many of the respondents pointed out a general learning orientation to use references to increase the understanding of customers' needs and business problems, and of the firm's internal competences and value-delivery abilities. Thus, in addition to deliberate learning, customer references appeared to be an invaluable platform for informal experiential learning. The inherent duality of using references externally and internally is evident in the following comments:

> Business Line Director, Alpha: References have a significant input for our research and for product development. We can see where things are working well; we can tie that to what products and features we have in that case, so we can then multiply that to improvements for future customers. Pretty much, it's hard to isolate just being a sales and marketing tool.

> Marketing Manager, Gamma: The starting point was that we show these to our current and potential customers. But, of course, we use them for internal purposes all the time in sales training and in disseminating knowledge. That way, our sales guys know about the cases that are going on and the services we offer, and they can better discuss with each other about how we can solve customer Y's issue.

> Head of Marketing, Delta: There are two sides in it. We need internal [reference] material so that our employees are able to identify opportunities, gather background knowledge, and engage in a dialog with new customers. For example, we conduct customer need analysis to understand customers' specific needs depending on their buying behavior segment. Then we compare the identified needs to our offering and existing references. On the other hand, solution selling is all about references because a key factor is that the customer has a perception that these guys have done this before or have done this several times.

2.3.3. Key determinant: building of a balanced customer reference portfolio

The analysis of the interviews revealed that the companies had systematically invested in building a portfolio of customer references, as these efforts were perceived to be critical for firm-wide, systematic leveraging of references in the long-term. A central theme that came up in this context was the idea that firms should strategically consider the overall composition of their customer reference portfolio. Instead of focusing on individual reference cases, the interviewees stressed that their firms strive to contemplate and build a balanced portfolio of customer references, that is, to allocate their scarce resources for a combination of customer references that serves for attaining the focal firms' long-term growth and profitability goals (see Johnson & Selnes, 2004; Terho & Halinen, 2007). Many respondents noted that the most effective references are reputable firms that display similar characteristics as potential target customers. Clearly, this idea implies the need to carefully select the appropriate target reference customers so that the reference portfolio consistently covers the supplier's current and forthcoming key offerings for different customer types and segments, application areas, and geographic regions. Consider the following statements:

> Head of Sales, Gamma: Quite early in the product development process, we start to consider the potential pilot customers. We think about the volume, the size of the customer, if there's a particular strategic market area we would like to enter… Market area is one criterion, and volume is another. The customer's name and brand also have a big impact.

> Communications Manager, Delta: We categorize customer references by market area, for example. Especially when we're talking about new growing markets, such as South America, Asia, or Russia, where we aren't that well-known, it's extremely important for us to be able to find all the references in those geographic areas because they support our market credibility.

For building this type of balanced set of references, the interviewees emphasized the importance of systematically motivating customers to act as references. The development of the customer reference portfolio seems to require extra effort particularly when trying to acquire the first critical reference(s) for a new type of product or service. Common practices in the firms were, for example, to give price reductions or extra guarantees for the identified important customers, make formal agreements about reference activities, and nurture good relationships with key reference customers by providing additional support and special recognition by senior management.

> Regional Manager, Alpha: Occasionally, we sell with a low price to get the machine up and running. In addition, we place high value on and interest in certain customer projects and carefully oversee that everything goes well during these strategically important projects. We do this extra monitoring and babysitting when we know that it is going to be a strategically important reference.

> Vice President, Ferroalloys, Base Metals, Beta: We go deeper in reference thinking by building partnerships. For example, in a new technology area, we may become a minority shareholder, aid the customer in financing the project, or provide operational assistance and management service after the installation. Acquiring the first

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reference [saves] us more investing and incurring costs.

The interview data indicated that documentation of the customer reference information is a crucial aspect of building up a customer reference portfolio as the documentation helps to transfer the reference information throughout the organization. The respondents emphasized that the effective leveraging of references is driven by not only by systematically documenting but also updating the customer reference information. The firms had various practices for documenting and updating reference information ranging from customized IT systems designed specifically to manage reference-related information to customer relationship management (CRM)–related tools or simple spreadsheet dashboards. Respondents stressed the importance of documenting at a minimum the basic information about a reference customer and the initial problem or need, as well as the key facts and benefits related to the delivered solution, as illustrated by the following comments:

> Sales Director, Alpha: Gathering information about the reference and the delivered installation is extremely important for developing our business. After the hand-over, when the customer starts to use the equipment, it is important to consider how we keep contact and maintain real-time information about how well our technology is working and what are the customer's improvement suggestions or ideas.

> Head of Market Unit, Beta: Collecting and updating information are the biggest challenges. Using [customer references] is easy, and everyone is happy to use them if the information is available.

> Manager, Marketing Communications, Gamma: Perception of received customer benefits is surely the most important thing. It is very useful if those benefits can be converted into monetary figures. The more concretely you can substantiate the actual realized benefits, the better.

> Solution Portfolio Development Manager, Delta: [We document] what was the customer's initial challenge and pain point, and what was our solution and scope. There is also lessons learned and value to customer, and if our pricing was tied to it, was it performance based? What was the business value and monetary benefit for the customer? Has the customer received additional sales and revenue? We have value-based argumentation teams, and we attempt to quantify the benefits that the reference customers have received.

2.4. Synthesis: conceptualization of customer reference marketing

The findings of the qualitative field study broaden the theory-based view of customer reference marketing by specifying the key activities and illustrating how this marketing is manifested in companies' everyday marketing practices. The findings indicate that the CRFM comprises active deployment of references in the selling organization externally and internally. *External leveraging* refers to activities that communicate customer references to potential customers through demonstrating delivered customer value in previous and existing customer relationships. *Internal leveraging* refers to activities that use references for internal development purposes.

The dimensions represent two independent facets of CRFM that logically need not co-vary as a firm can, for example, use customer references to a large degree externally but to a lesser degree internally. Thus, the field study findings imply that CRFM is best conceptualized as a first-order reflective, second-order formative construct. The field study interviews highlighted further that a firm's efforts to build a balanced portfolio of customer references represents a key determinant of customer reference marketing. Although this construct is closely connected to CRFM, the construct does not focus on the active deployment of customer references in marketing but enables firm-wide leveraging of customer references marketing. Thus, it is meaningful to expect that the efforts to build a reference portfolio represent a key antecedent of the CRFM construct. The proposed conceptualization extends and specifies the current knowledge on the topic, thus enabling the development of rigorous measures in this area.

3. Developing a measure for customer reference marketing

3.1. Qualitative measurement development procedure

The conceptualization from the qualitative field study was taken as the starting point for developing a measure for customer reference marketing. We followed the established standards (see Becker, Klein, & Wetzels, 2012; Churchill, 1979; Diamantopoulos & Winklhofer, 2001) for developing the measure. First, we formed an initial item pool for the construct based on the theory, field study findings, and definitions, including from 11 to 12 indicators for each dimension. Second, for ensuring the validity of the measure, we conducted a qualitative measure assessment with 20 business marketing scholars by carrying out the item sort test suggested by Anderson and Gerbing (1991). We asked the academic experts to assign the individual items to correct definitions of reference marketing dimensions or under the option "other." Based on the calculated p_{sa} (>0.5) and c_{sv} (>0.7) indices, 11 unclear indicators were dropped, and several indicators were reworded leading to the final item pool[1] presented in Appendix 1. Finally, we discussed the resulting measures with six practitioners to ensure the clarity and relevance of the refined indicators.

3.2. Data collection for measurement validation study

To validate the measure, we conducted a web-based survey among managers who were known to be involved with CRFM. The measure validation sample consisted of 751 managers who are members of a customer reference knowledge-sharing network group on the business-oriented social networking site LinkedIn. The group was deemed highly suitable for the scale development task, as the group represents an international "community for marketing professionals who work on customer references, customer evidence, and customer testimonials" with an explicit emphasis on "integrating references into sales and marketing strategy." The group profile strongly suggests that the respondents should be representative of the target population of this study in the sense that 1) all respondents represent managers who are familiar with the study topic and 2) the respondents' firms have CRFM on their agenda. After two reminders, a total of 133 responses were returned. Nine answers were deleted because of low respondent competence measured with a separate question or substantial missing values leading to 124 usable responses.

The respondents are senior marketing professionals: marketing directors (24%), marketing managers (20%), customer reference marketing managers (30%), and marketing specialists (13%). For 13% of the respondents, the job title was missing. The respondents' firms operate mostly in the information and communications technology (ICT) industry, and the firms vary in size regarding personnel and turnover as illustrated in Table 1. Before we analyzed the data, we tested for possible statistically significant differences in CRFM between the different types of firms, including turnover and personnel. No statistically significant differences were found in the scale means ($p < 0.05$) supporting the use of the full dataset to validate the measure.

[1] The item pool included two extra items per dimension in case of unexpected problems. To keep the scale length reasonable and easy to administer, we include six strong and representative items for each dimension of the CRFM construct in the final measure.

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Table 1
Exploration sample: respondents firm characteristics.

	N	%
Industry		
ICT	100	81%
Industrials	8	6%
Healthcare	3	2%
Financials	3	2%
Missing	10	8%
	124	100%
Personnel class		
Over 10,000	33	27%
1000–9999	27	22%
250–999	15	12%
Under 250	32	26%
Missing	17	14%
	124	100%
Turnover class		
Over 1000 M€	37	30%
100–999 M€	21	17%
Under 100 M€	28	23%
Missing	38	31%
	124	100%

3.3. Validation of reference marketing construct

The insights from the theory and qualitative field study suggest reference marketing is a first-order reflective, second-order formative construct consisting of two key dimensions. The formative measure development guidelines highlight that new formative constructs should be assessed in their close nomological network (cf. Diamantopoulos & Winklhofer, 2001). We tested the validity of the CRFM construct by using the building of the customer reference portfolio as the antecedent and the perceived strength of customer reference marketing as the outcome of the construct. The higher-order conceptualization of CRFM was tested using partial least squares (PLS) modeling due to its ability to test complex models with small datasets, as well as its suitability for exploratory research (Ringle, Wende, & Will, 2005). PLS modeling can achieve high levels of statistical power even with samples with only around 100 responses which is the case in our study in comparison to covariance-based approaches (see Reinartz, Haenlein, & Henseler, 2009). We followed Hair, Sarstedt, Ringle, and Mena's (2012) guidelines in the PLS analysis.

The Fornell and Larcker (1981) test supported the discriminant validity of the constructs as the average variance extracted (AVE) values for all constructs exceeded 0.5, and the squared AVE values were greater than the correlations among constructs. The construct reliability was supported as all constructs had satisfactory Cronbach's alphas and composite reliabilities (see Table 2). Further, the indicator loading for all constructs was statistically significant ($p < 0.01$) and exceeded the recommended threshold of 0.70 as shown in Appendix 1. An examination of cross loadings further confirmed that each indicator loaded highest on the construct the indicator was intended to measure (Hair et al., 2012).

Table 2
Measure properties (exploration sample 1).

Sample 1	Building	External lever.	Internal lever.	2nd order CRFM	Strength
Building	**0.79**				
External lever.	0.60**	**0.88**			
Internal lever.	0.49**	0.49**	**0.82**		
2nd order CRFM	0.63**	0.84**	0.88**	–	
Strength	0.48**	0.60**	0.48**	0.62**	**0.95**
AVE	0.62	0.78	0.67	–	0.91
CR	0.91	0.96	0.92	–	0.95
Alpha	0.88	0.94	0.90	–	0.90

The square root of the average variance extracted is on the diagonal.
** Correlation significant at the 0.01 level.

The reference marketing construct was modeled as a Type II hierarchical latent variable formed by two reflective first-order constructs. Recent studies have established rigorous guidelines that enable the validation of formative higher-order constructs and modeling of their antecedent relationships in the PLS context. We modeled the CRFM construct using Becker et al.'s (2012) recommendations from a recent simulation study that showed reflective-formative hierarchical latent variables are best modeled by using the repeated indicator approach with Mode B and the path weighting scheme (Becker et al., 2012). Further, we estimated the antecedent relation for the higher-order CRFM construct through its lower-order dimensions, as this is the recommended method for assessing antecedent relations for formative constructs (Cadogan & Lee, 2013). The bootstrapping procedure to test the statistical significance of the PLS parameter estimates was based on a sample size of 5000. Fig. 1 summarizes the structural model results.

The structural model results support the conceptualization of CRFM. First, both first-order dimensions had substantial positive effects on the higher-order reference marketing construct (0.76, $p < 0.01$; 0.37, $p < 0.01$). Second, the predictive validity was supported as reference marketing had a strong relation (0.66, $p < 0.01$) with the perceived strength of the customer reference marketing explaining 44% of its variance (see Fig. 1). Finally, the empirical results supported the idea that firms' efforts to build a balanced portfolio of references is a central determinant of customer reference marketing. The building construct had a statistically significant impact on external (0.61, $p < 0.01$) and internal (0.49, $p < 0.01$) leveraging of references. To calculate the total effects on reference marketing, the explained variance in each dimension was multiplied by its weight, and the individual contributions of each dimension were added together (Becker et al., 2012). The construct explained a total of 37% of the variance in the CRFM construct.

Finally, we tested an alternative three-dimensional conceptualization of reference marketing, which included the building construct as one of the dimensions of the construct. The results supported the original conceptualization as the building of the reference portfolio was not statistically significantly connected to higher-order CRFM (0.17 ns) in contrast to external (0.67, $p < 0.01$) and internal (0.33, $p < 0.01$) leveraging when predicting the strength of customer reference marketing. Overall, the initial analysis supported the validity of the measure. However, to create stronger, cumulative support for the measure, we cross-validated the CRFM measure with a new set of data to avoid respondent- and sampling-related errors, as well as to analyze the nomological validity more closely (Churchill, 1979; Diamantopoulos & Winklhofer, 2001).

4. Customer reference marketing and sales performance

4.1. Hypothesized antecedents, outcomes, and moderators of customer reference marketing

For assessing the nomological validity and managerial relevance of the CRFM construct, we conducted an additional empirical study among large B2B firms. This third empirical study provides additional cumulative evidence of the validity and reliability of the construct and initially explores its relation to firm performance. We present three hypotheses concerning the key drivers, outcomes, and moderators of CRFM based on a resource-based view (RBV) and insights from the qualitative field study.

The underlying basic tenet of RBV is that sustained firm competitiveness can be explained by the heterogeneity and immobility of firm resources (Barney, 1991). Studies widely distinguish two broad types of resources that can act as sources of competitive advantage: on the one

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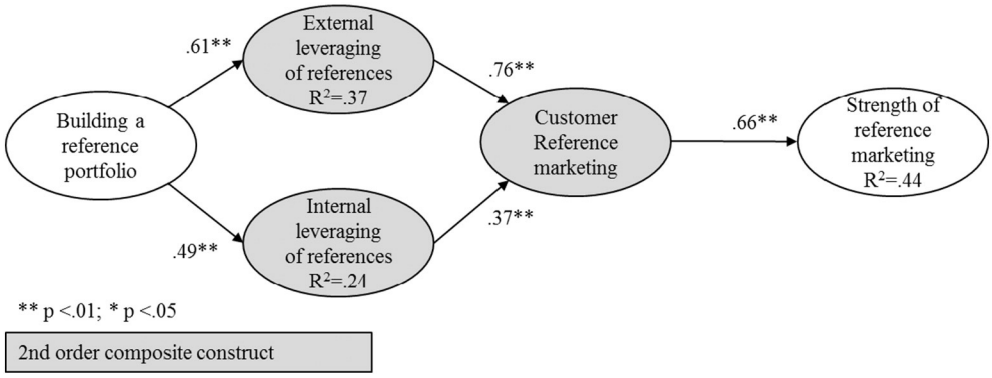

Fig. 1. External validity of the 2nd order CRFM construct (validation sample 1).

hand assets referring to the physical, human, and organizational resource endowments that a business has accumulated over time, and on the other hand capabilities, referring to the firm's ability to bring these assets together and deploy them advantageously (see Amit & Shoemaker, 1993; Day, 1994). The CRFM conceptualization focuses on internal and external leveraging of customer references in firms' processes and therefore can be considered a marketing capability (see Kozlenkova, Samaha, & Palmatier, 2014; Srivastava, Fahey, & Christensen, 2001). In the same way a firm's portfolio of customer references can be considered the underlying key asset of CRFM. Because resources rarely act alone in creating or sustaining competitive advantage (Wade & Hulland, 2004), we argue that a firm must invest in developing a unique set of assets to able to systematically leverage customer references in business. The building construct can be considered an underlying dynamic capability for CRFM that "continuously creates, extends, upgrades, protects, and keeps relevant the enterprise's unique asset base" thus enabling systematic CRFM (see Teece, 2007, p. 1319). Thus, we hypothesize that a firm's efforts to build a balanced customer reference portfolio is a key antecedent of CRFM:

H1.: Firm efforts to build a balanced portfolio of references have a positive relation with customer reference marketing.

Customer reference marketing can be seen as a market-based resource, that is, a subset of firm resources related to marketing activities (see Kozlenkova et al., 2014; Srivastava, Fahey, & Christensen, 2001). We theorize that CRFM can lead to sustainable competitive advantage and, therefore, improved performance drawing on the well-established VRIO framework in resource-based view (see Barney & Hesterly, 2012; Kozlenkova et al., 2013). Specifically, the framework states that firm resources can lead to sustained competitive advantage when they are valuable, rare, imperfectly imitable, and exploitable by the organization.

First, previous research has widely documented the value-creating properties of customer references in the business marketing context due to their various functions, such as status-transfer effects from reputable customers, signaling the completion of the previous supplier selection process, the ability to demonstrate how complex offerings function in usage situations, or acting as value evidence of previously delivered customer value (Hada et al., 2014; Jalkala & Salminen, 2010). Strong research evidence exists that these functions of references are critical for effective selling in B2B settings, particularly for higher-priced and higher-value offerings (see Anderson, Thomson, & Wynstra, 2000; Anderson & Wynstra, 2010). Second, systematic customer reference marketing entails that the selling firms create processes for firm-wide systematic deployment of references in their organization. Additionally, we hypothesized that systematic CRFM is enabled by efforts to develop sufficient customer reference assets. This notion reflects the resource complementary principle in RBV highlighting that the benefits from some specific resource, such as CRFM, are best leveraged by the presence of another resource (see Kozlenkova et al., 2013; Morgan, Slotegraaf, & Vorhies, 2009). Due to the required notable long-term investments and the resource complementary principle, firms' CRFM practices are likely to vary notably within an industry making CRFM a rare resource. Third, by definition, reference marketing should be an imperfectly imitable resource because of its intangible and complementarity nature. The vast majority of customer references and firm CRFM activities are not visible to other firms, and the effects are also likely to be causally ambiguous for competitors (see Kozlenkova et al., 2013). This makes it hard for a firm's competitors to copy and duplicate CRFM practices. Fourth, CRFM is a cross-functional practice involving a broad set of stakeholders inside the selling organization. Without sufficient organizational alignment and support from a range of stakeholders from senior management to various functional experts, firms are unlikely to realize the full benefits. In sum, as CRFM can be considered a marketing capability with valuable, rare, imperfectly imitable, and organizationally exploitable characteristics, we hypothesize a positive relation between CRFM and firm sales performance:

H2.: Customer reference marketing has a positive relation with firms' selling performance.

Finally, we expect that the relation between CRFM and selling performance is likely to be contingent on the context of the CRFM application. Specifically, we hypothesize that the performance effect of CRFM becomes stronger when the complexity of the exchange increases (see Anderson & Wynstra, 2010). We focus on two key characteristics of the offerings that affect the nature of the exchange: (1) offering complexity and (2) offering innovativeness. The suggested positive moderation effects can be justified through contingency theory that states the effectiveness of management approaches is contingent upon the organizational environment in which they are applied (Lawrence & Lorch, 1967; Miles & Snow, 1978). The value of customer references should become higher for customers and the selling firm when the complexity and innovativeness of the offerings increase, as customer references help reduce the problematic value ambiguity and uncertainty of this type of exchange (Anderson & Wynstra, 2010; Hada et al., 2014; Jalkala & Salminen, 2010; Salminen & Möller, 2006). Thus, the value of CRFM should depend on the context of the CRFM application, leading to the following hypotheses:

H3.: (a) Offering complexity and (b) offering innovativeness moderate positively the relation between customer reference marketing and selling performance.

4.2. Data collection

The data collection of the third study was conducted in Finland and focused on large B2B firms with a turnover of >50 million Euros and with >100 employees. The study was carried out at the business unit level and focused on ICT, materials, and machinery and equipment

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industries. The procedure led to a sampling frame of the 242 business units. The data collection was conducted as part of a broad survey study of strategic selling initiatives thus helping to avoid response bias problems related to CRFM. We personally contacted the senior sales directors of the business units to invite them to participate in the study. After three reminders, a total of 99 responses were returned. The removal of responses with substantial missing values led to a dataset that included 96 business units summarized in Table 3. Although the dataset was small, it was sufficient for the study purposes because of the explorative nature of the study and the cumulative nature of empirical evidence in our mixed-methods study. The data were adequate from the technical perspective as a recent Monte Carlo simulation study showed that small samples of around 100 observations can give high levels of statistical power in PLS modeling (see Reinartz et al., 2009). Before we analyzed the data, we tested for possible differences in CRFM and performance in relation to the background variables, including firm turnover, personnel size, and industry. As expected, we found no statistically significant differences ($p < 0.05$).

4.3. Common method bias

Common method variance (CMV) must be considered when independent and dependent variables are obtained from the same source. Because of the evident challenges in obtaining multiple respondent data from B2B firms, the third study was based on single-respondent data. We employed procedural remedies against the CMV following Podsakoff, MacKenzie, Lee, and Podsakoff's (2003) recommendations. These recommendations include a promise of full response confidentiality and anonymity to respondents plus the use of various scale anchors for independent and dependent variables (see Appendix 1). CMV was further assessed with two approaches. First, Harman's one-factor test in which an un-rotated factor analysis generated six factors with eigenvalues greater than one was used. The first factor accounted for 37% of the variance, whereas the other five factors together accounted for 63% of the total variance, indicating that CMV was unlikely to be a major concern in this study. Second, we estimated CMV with a measured latent marker variable (MLMV) approach, which has been shown to detect and correct CMV in PLS analysis (see Chin, Thatcher, Wright, & Steel, 2013 for details). This approach involves testing a research model that includes a measured CMV control variable for all constructs in the model. Regrettably, our questionnaire did not contain a dedicated MLMV control variable with no clear nomological relation to the other constructs of the study. We chose to use Homburg, Artz, and Wieseke's (2012) competitive intensity scale as an MLMV variable due to its low statistically insignificant correlations (0.01 to 0.15) to other study constructs. Importantly, the results were equal between the original research model and the MLMV model with the only exception the slight reduction in the level of the interaction effect from −0.26 ($p < 0.05$; t-value = 1.98) to −0.24 ($p < 0.10$; t-value = 1.80). Taking into consideration the small sample size, the conceptual closeness of the moderators and the marker variable, and the exploratory nature of this study, we conclude that the MLMV test supports the validity of the results. As the MLMV variable did not represent a truly separate domain to the construct, we report the results from the tested original research model. Finally, we conclude that the statistically significant moderation effect indicates the absence of serious common method bias because interaction effects cannot be caused by CMV (see Siemsen, Roth, & Oliveira, 2010).

Table 3
Main sample composition: business unit characteristic.

Industry	N	%
ICT	17	17%
Industrials	67	68%
Materials	12	12%
	96	100%
Personnel class		
Over 1000	23	24%
500–999	22	23%
250–499	26	27%
Under 250	25	26%
	96	100%
Turnover class		
Over 200 M€	45	47%
100–199 M€	22	23%
Under 100 M€	29	30%
	96	100%

4.4. The link between customer reference marketing and sales performance

The third final phase of the study focused on cross-validating the CRFM construct based on a novel dataset and exploring the construct's predictive relevance by analyzing the relation of the construct to firms' selling performance. We used established measures for all constructs in the model as summarized in Appendix 1 and applied PLS modeling to test the hypothesized relations (Ringle et al., 2005). The validity and reliability of the measures were again supported since all constructs displayed satisfactory psychometric properties (see Table 4). Composite reliabilities and alphas exceeded the 0.70 level, and the standardized indicator loadings were predominantly above 0.70 supporting reliability (see Appendix 1). The discriminant validity was supported as the Fornell and Larcker (1981) criterion was met for all the constructs. No problematic cross-loadings existed, and all indicators loaded highest on the construct they were intended to measure (Hair et al., 2012).

The structural model results were estimated again using the established guidelines for testing PLS models, including first-order reflective, second-order formative constructs with antecedent relations. We modeled the higher-order composite CRFM measure using the repeated indicator approach with Mode B and the path weighting scheme. We also tested the antecedent relation for the higher-order CRFM construct through its lower-order dimensions (see Becker et al., 2012; Cadogan & Lee, 2013). Again, the results supported the nomological validity of the CRFM construct (see Fig. 2).

First, H1 was supported as the building of a balanced portfolio of references is an antecedent for the internal (0.58, $p < 0.01$) and external (0.72, $p < 0.01$) leveraging dimensions of CRFM, explaining a total of 43% of the variance in the higher-order construct. Second, the results supported H2 as CRFM had a statistically significant positive effect (0.30, $p < 0.01$) on the organizational sales performance explaining 18% of its variance. A closer look at the CRFM hierarchical component model revealed two interesting findings. First, both first-order dimensions of the customer reference marketing construct made a substantial statistically significant contribution to the second-order construct when sales performance was explained supporting the predictive validity of CRFM conceptualization (see Becker et al., 2012). Interestingly, the internal leveraging dimension made a stronger contribution to the higher-order construct compared to the external leveraging dimension when the selling performance was predicted (0.70, $p < 0.01$ versus 0.40, $p < 0.01$). Finally, we tested the hypothesized moderation effects using a two-stage approach, which is the recommended approach for research models that include formative constructs (see Hair, Hult, Ringle, & Sarstedt, 2014, p. 251). One of the two hypothesized interaction effects was supported. However, contrary to our hypothesis, we found a statistically significant negative moderating effect of offering innovativeness (−0.26, $p < 0.05$) on the link between CRFM and selling performance. The result indicate that CRFM has a stronger relation with performance under lower offering innovativeness. Thus, we found partial support for the H3b moderation hypothesis and concluded that H3a was rejected.

We carried out an additional post-hoc test to assess whether the efforts to build a balanced reference portfolio affect firm selling performance indirectly through its positive link to CRFM. We followed the

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Table 4
Measurement properties (main sample 2).

Sample 2	Building	External lever.	Internal lever.	2nd order CRFM	Complexity	Innovation	Performance
Building	**0.83**						
External leverage	0.71**	**0.88**					
Internal leverage	0.57**	0.63**	**0.78**				
2nd order CRFM	0.72**	0.92**	0.88**	–			
Complexity	0.28**	0.29**	0.37**	0.36**	**0.86**		
Innovation	0.23*	0.38**	0.36**	0.41**	0.38**	**0.90**	
Sales performance	0.06	0.23*	0.28**	0.28**	0.15	0.19	**0.81**
AVE	0.70	0.78	0.61	–	0.75	0.82	0.66
CR	0.93	0.95	0.90	–	0.92	0.95	0.88
Alpha	0.91	0.94	0.87	–	0.90	0.93	0.83

The square root of the average variance extracted is on the diagonal.
** Correlation significant at the 0.01 level.
* Correlation significant at the 0.05 level.

Preacher and Hayes (2004) approach to test the indirect effects in the PLS modeling context using 5000 bootstrap samples (see Hair et al., 2014, pp. 226–228, for details). We found that building a reference portfolio has a statistically significant indirect effect on performance of 0.21 ($p < 0.05$; STDEV = 0.099; t-value = 2.11) via the effect on CRFM.

Finally, we tested the hypotheses through an alternative three-dimensional conceptualization of CRFM. Parallel to the previous measurement validation study, we found that the building the reference portfolio dimension was not statistically significantly connected to the higher-order reference marketing construct supporting the proposed two-dimensional conceptualization of CRFM. Thus, conceptual and empirical reasons back up the idea that the efforts to build a balanced reference portfolio represent a key antecedent of CRFM rather than being one of its dimensions.

5. Discussion

5.1. Theoretical implications

Business marketing studies have widely stressed the importance of customer references in a range of settings (Anderson et al., 2006; Ballantyne et al., 2011; Payne & Frow, 2005; Reinartz et al., 2004; Terho et al., 2012), and scholars have highlighted the need to study the use of customer references in business more systematically (Anderson & Wynstra, 2010; Kumar et al., 2013). However, extant knowledge on how firms deploy customer references in business marketing remains scant and fragmented, and the conceptual foundations of this important business marketing topic are underdeveloped. Our mixed-methods research contributes to this important but embryonic business marketing topic by 1) conceptualizing customer reference marketing, 2) developing valid and reliable measures for the construct, and 3) providing initial evidence about the construct's relation to firm selling performance. We discuss in more detail how each of these contributions extends current business marketing theory.

First, the present study conceptualized customer reference marketing by synthetizing extant theoretical knowledge on customer references and insights from a qualitative field study. Importantly, the conceptualization showed that CRFM is a broader phenomenon than most marketing studies to date have indicated (see Anderson & Wynstra, 2010; Godes, 2012; Kumar et al., 2013). The findings show that CRFM should be seen as the active deployment of customer references not only externally as most studies highlight but also internally in the selling organization. External leveraging focuses communicating customer references to potential customers through demonstrating delivered customer value in previous and existing customer relationships, whereas internal leveraging concentrates on using references for internal development purposes. Arguably, both dimensions are critical tools for firms that are in the midst of the well-documented shift from product- to service-focused business (Sheth & Sharma, 2008), posing a need for firms to move towards customer-focused selling and for employees to develop and use in-depth customer value knowledge (Blocker et al., 2012).

Second, we developed a novel measure for customer reference marketing. This contribution is important for the business marketing discipline as numerous studies have highlighted the prime importance of customer references in business marketing, but no established rigorous constructs exist in this area (see Anderson et al., 2006; Ballantyne et al., 2011; Payne & Frow, 2005; Reinartz et al., 2004; Terho et al., 2012). The conceptual foundation and operative measures enable explanatory theory-testing research concerning the deployment of customer references in B2B marketing.

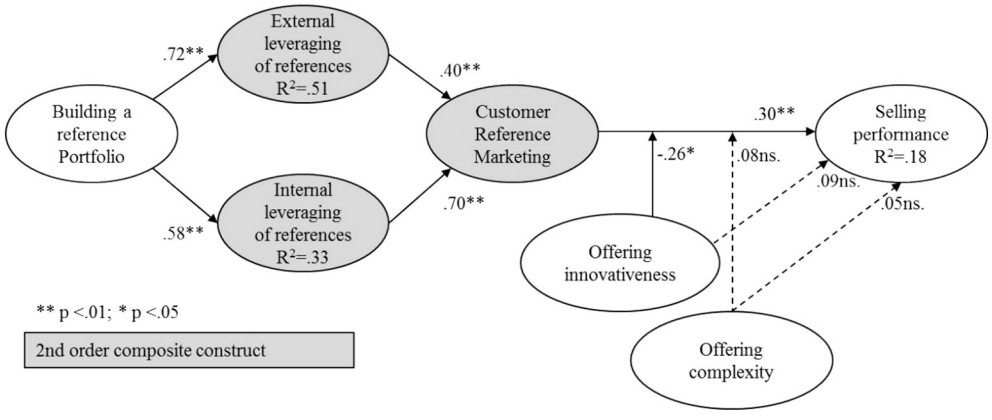

Fig. 2. Reference marketing and relationship to sales performance (main sample 2).

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Third, our study offers several initial insights concerning the nomological network of CRFM in business markets. Building on the resource-based view, we hypothesized and empirically confirmed a positive relation between firms' CRFM and selling performance. The conceptual reasons and empirical evidence supported the idea that CRFM can be considered a marketing capability with valuable, rare, imperfectly imitable, and organizationally exploitable characteristics, and thus has the potential to improve firm competitiveness (see Barney & Hesterly, 2012; Kozlenkova et al., 2013). Therefore, the findings provide empirical support for suggestions that the systematic deployment of customer references in sales and marketing can enhance firm performance in business markets (Anderson & Wynstra, 2010; Godes, 2012; Hada et al., 2014). Importantly, the results imply that the thus far largely neglected internal leveraging of customer references is a more important predictor of performance than the external leveraging of customer references. Our results suggest that CRFM supports customer-driven organizational learning and knowledge sharing (see Sheth & Sharma, 2008; Blocker et al., 2012). Further, drawing on the resource-based view, we find that systematic efforts to build a balanced portfolio of references is a key antecedent of systematic CRFM as it enables firms to systematically leverage references in business making it also challenging for competitors to imitate established CRFM practices (Kozlenkova et al., 2013; Morgan et al., 2009). Finally, we found initial empirical support for the idea that the performance impact of CRFM is contingent on the context of the application. However, counter to our hypothesis, we found a negative moderating effect of the offering innovativeness to the performance link; that is, firms with less innovative offerings gain stronger performance effects from reference marketing efforts, implying that the relation between CRFM and performance could be more complex than is currently understood. There are several potential explanations for this finding that future studies should examine more closely. For example, firms with innovative offerings might have less available reference history for innovations reducing the effectiveness of CRFM. This notion highlights the idea that firms should strive to form, as early as possible, a balanced portfolio of references for the firms' key offerings, customer types, and growth targets for the maximum performance impact (see Pitkänen, Parvinen, & Töytäri, 2014). Another potential explanation for the counterintuitive finding might be that CRFM is even more critical for firms with less innovative offerings as references help firms differentiate from tough competition in mature markets by demonstrating the firms have passed a stringent selection process among established buyers and providing evidence of their value creation capabilities (see Hada et al., 2014).

5.2. Managerial implications

Our study conceptualized customer reference marketing in business markets based on a qualitative field study and two quantitative survey studies. The CRFM conceptualization can be seen as a useful roadmap for managers who want to systematically develop and benchmark the deployment of customer references to facilitate marketing and sales. We distinguished two key constituents of CRFM, namely, external and internal leveraging of customer references, and found that they are positively related to firms' selling performance – see the questionnaire in Appendix 1 for a systematic overview of the key areas of CRFM.

First, firms benefit from systematically leveraging customer references externally from general marketing and sales communication to customer-specific sales encounters. The references act as important means of concretizing and demonstrating the functionality of a complex offering. Customer references also act as credible value evidence of a supplier's general and customer-specific value propositions by demonstrating the firm's capability to deliver projected performance, for example, through documented customer gains and visits to reference customers. Second, we found that the firm's internal leveraging of customer references is another major facilitator of firms' selling performance. Our results showed that CRFM acts as a critical instrument for internal development purposes, such as customer-focused learning, business opportunity identification, benchmarking, and building of best practices for marketing, sales, and even R&D. Clearly, reference customers are an important resource for developing in-depth customer value knowledge.

Finally, our findings underscore the prime importance of building a portfolio of documented customer references as it enables the systematic, firm-wide CRFM. Firms should strive to create a balanced set of customer references that serve the focal firms' long-term growth and profitability goals. Building on the idea that most effective references are reputable firms that show similar characteristics as potential target customers, we recommend that firms should allocate their scarce resources in recruiting reference customers so that the reference portfolio covers the supplier's current and forthcoming key offerings for different customer types and segments, application areas, and geographic regions. Importantly, a balanced reference portfolio represents an asset that is very difficult to imitate by the competitors.

An illustrative example of a state-of-the-art CRFM practice is the firm SKF that uses customer references as a strategic tool in the firm's business (see Hinterhuber & Snelgrove, 2016). SKF has built an exceptional reference portfolio of >63,000 documented reference cases that include information about offerings and realized performance improvements covering systematically different types of customers and offering application areas. SKF leverages references in marketing and sales but also internally for facilitating customer-focused learning and knowledge sharing among employees in marketing, sales, and R&D.

5.3. Limitations and implications for future research

This exploratory mixed-method study broadens the extant understanding of how firms deploy customer references in their business and produces novel measures for firms' customer reference marketing practices. The three independent empirical studies, including an extensive qualitative field study and two cross-sectional quantitative studies, gave univocal cumulative support for the validity and reliability of the CRFM conceptualization in a wide range of B2B settings. However, we want to emphasize that the quantitative studies in this research were based on small datasets and used subjective performance measures, highlighting the need to study the nomological network of the CRFM construct more closely in the future. Thus, the established performance relation and the moderation effects should be considered as initial because we cannot fully exclude the possibility of potential biases, such as common method variance or self-selection bias, in the study findings. In addition, the generalizability of the results should be confirmed in future studies with new large-scale datasets.

We call for new studies on the CRFM construct that examine its antecedents, outcomes, and contingencies. As the established positive performance link must be considered to be initial, we encourage future studies to study this link more closely. To better understand this business marketing phenomenon, we particularly encourage scholars to examine various firm internal and external contingencies that specify the relevance and performance of CRFM. An additional fruitful area for future research is to study other types of performance outcomes in addition to sales performance, such as firm reputation or broader market performance.

Finally, based on the insights from the qualitative field study and previous studies in this area, we want to highlight that the performance impact of CRFM is likely to be largely indirect by facilitating other marketing and selling activities, in addition to the direct performance impact. In other words, we expect that CRFM is likely to be a powerful moderator of a wide range of business marketing activities, such as the initiation of business relationships, marketing and sales of solutions, services, and innovations, customer value creation, or B2B branding. We encourage scholars to examine in detail how reference marketing activities support (moderate) other organizational marketing activities or

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whether CRFM practices can facilitate individual salespersons customer knowledge or selling efforts using multilevel research designs.

Appendix 1. Questionnaire and indicator loadings

Constructs and indicators	Indicator loadings	Sample 1	Sample 2
Building customer reference portfolio[a]			
B1	We pay close attention to acquiring relevant customer references for our different target segments	0.87**	0.80**
B2	We systematically look for reputable reference customers	0.75**	0.86**
B3	We try to motivate our customers to act as references	0.85**	0.92**
B4	We pay special attention to the credibility of documentation in our customer references	0.80**	0.79**
B5	We document sales cases that offer the potential for reference use	0.71**	0.75**
B6	We continuously ensure that our reference information is up to date	0.74**	0.87**
Leveraging customer reference portfolio externally[a]			
E1	We widely utilize customer references in our marketing communications	0.85**	0.84**
E2	We use customer references in sales communications to provide evidence of our performance	0.91**	0.88**
E3	We utilize evidence from our customer references to communicate the value of our products/services	0.94**	0.91**
E4	We apply customer references to concretize how customers can benefit from our products/services	0.90**	0.90**
E5	We communicate our customer references as a proof of the functionality of our products/services	0.90**	0.90**
E6	We ensure that our salespeople use customer references in their sales communications	0.82**	0.86**
Leveraging customer reference portfolio internally[a]			
*I*1	We commonly use customer references as benchmarking tools for internal development	0.86**	0.81**
I2	We utilize reference customers to learn how customers use our products/services	0.85**	0.80**
I3	We utilize major reference projects to identify new business opportunities	0.79**	0.78**
*I*4	We utilize customer references systematically in our R&D work	0.82**	0.70**
I5	We apply customer references in training our sales personnel	0.71**	0.77**
I6	We utilize our customer references to build best practices	0.86**	0.82**
Perceived strength of customer reference marketing[a]			
S1	Our organization has a strong orientation towards customer reference marketing	0.95**	
S2	Customer references play a central role in our marketing efforts	0.96**	
Offering innovativeness (Homburg & Stock, 2004)[a]			
Inn1	Our products/services are highly innovative		0.88**
inn2	Our product/service offering is continuously updated with new products/services		0.93**
inn3	Our products/services are continuously supplemented with new features		0.93**
inn4	Our products/services are subject to permanent innovations		0.88**
Offering complexity (Homburg, Müller & Klarmann, 2011)[a]			
comp1	Our products/services are high in need of explanation		0.88**
comp2	Our products/services are hard to evaluate without expertise		0.88**
comp3	Our products/services require a high amount of expertise		0.85**
comp4	Our products/services require the participation of further experts in the buying decision		0.85**
Sales performance relative to competitors (Homburg, Klarmann & Schmitt, 2010)[b]			
SP1	Acquisition of new customers		0.82**
SP2	Achieving your desired market share		0.87**
SP3	Achieving your desired growth		0.88**
SP4	Hit rate		0.65**

[a] Strongly disagree (1) – strongly agree (7).
[b] Clearly worse (−3) – clearly better (+3).
** Significant at $p < 0.01$.

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