



Rhetoric in customer referencing: Fortifying sales arguments in two start-up companies



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ABSTRACT

This study investigates how start-up companies can strengthen their argumentation power and the persuasiveness of their scarce customer references by applying the principles of rhetoric in the business-to-business (B2B) context. We demonstrate how to fortify the qualitative information embedded in a start-up's single customer reference. By conducting a constructive study with two longitudinal cases, we develop a construction for qualitative reference information with the help of the literature on start-ups, value creation, customer references, and rhetoric. This construction of qualitative reference information for a start-up comprises (1) basic reference data, (2) the reference customer's long-term orientation, (3) the reference customer's value-in-use experiences comprising both direct benefits (i.e., monetary benefits) and (4) indirect benefits (e.g., new competencies), (5) the start-up supplier's demonstrated and improved competencies, and (6) the customer's current and future-oriented commitments to conducting business with the start-up. This study also associates each information element to aspects of rhetoric and accordingly develops propositions regarding the persuasive effects. In addition, it demonstrates the procedure for capturing information to highlight divergent customer perspectives with the assistance of the single reference customer. The key contributions of this study are the developed construction for qualitative reference information and understanding how the rhetorical approach improves sales argumentation by improving *logos* (rational aspect), *pathos* (emotional aspect), and *ethos* (source credibility), as well identification in B2B marketing. The construct also serves as a managerial tool for building and developing single customer references effectively. The results of this study, and particularly the developed propositions, build avenues for further research on start-up and customer reference marketing.

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1. Introduction

From the societal perspective, start-up companies should bring growth, increase wealth, and renew the societal structures by introducing new services and products (e.g., Fritsch & Noseleit, 2013; Koster & Stel, 2014). Often, start-ups must capitalize their knowledge, for example, in technology, after making a breakthrough in their research and development (Ruokolainen & Mäkelä, 2007). A start-up can be defined as a company in the process of setting up business (Brierley, 2001). However, start-ups frequently encounter problems with market entry and growth due to their newness and foreignness, which comprise a lack of reputation, legitimacy, and knowledge of the various business environments (Sepulveda & Gabrielson, 2013). Studies have highlighted that start-ups and small companies lack marketing

competencies (e.g., Huang & Brown, 1999; Perry, Jones, Rowley, & Kupiec-Teahan, 2012), and this underscores the marketing and sales challenges that start-ups face, since customers tend to prefer established suppliers, whose robust performance is already recognized, and who already have an established customer base (e.g., Ewing, Caruana, & Loy, 1999; Podolny, 1993). In order to resolve these problems and overcome the liability of being small and new, start-up companies often need to employ early customer relationships as customer references to help them expand their business (Partanen, Chetty, & Rajala, 2014). Therefore, this study addresses the important aspect of how start-ups can fortify scarce customer references to enhance sales and growth. Previous studies on customer referencing noted that customer references can provide reference information through detailed reference lists as well as through more descriptive success stories and case histories (Anderson & Wynstra, 2010; Jalkala & Salminen, 2009; Kumar, Petersen, & Leone, 2013; Salminen & Möller, 2006).

Recently, Kumar et al. (2013) suggested that richer information content in customer references is more influential, but they did not investigate further the essence of this richer information content or

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the more influential information elements. One of the cornerstones of the present paper is its argument that rhetorical principles help start-ups fortify their customer references by making them richer in information and more influential from the customer perspective, consequently enabling the start-ups to improve their sales arguments. Rhetoric has been acknowledged as a powerful means of persuasion and argumentation (e.g., Reinard, 1987). Significantly, the rhetorical approach is established in the management research (Bonet & Sauquet, 2010; Flory & Iglesias, 2010) and the field of marketing in the business-to-customer (B2C) research (e.g., Huhmann & Albinsson, 2012), but surprisingly, it has rarely been used in the business-to-business (B2B) research. In this paper, we are interested in how rhetoric improves argumentation in B2B markets and fortifies customer referencing via the classic rhetoric elements of *logos*, *pathos*, and *ethos*. In von Koskull and Fougère's (2011) marketing and service development study, these rhetorical elements address rational, emotional, and professional ethical argumentation aspects. We assume that the use of these rhetoric principles enhances the information content of the scarce customer references that start-ups have at their disposal. Studies in marketing and management have demonstrated widely that rhetoric improves persuasion by fortifying marketing messages (McQuarrie & Mick, 1996; Huhmann & Albinsson, 2012), enabling the achievement of an organization's management goals (Nilsson, 2010), or strengthening relationships or buyer–seller interactions (e.g., Andersen, 2001), and can make individuals perceive phenomena, such as trends (e.g., Hackley, 2003; Peattie & Ratnayaka, 1992; Ruebottom, 2013). These studies have demonstrated the usefulness of rhetoric in marketing research and practice. In sum, we see rhetoric as a powerful but underutilized tool that small enterprises, which often have limited resources and power to persuade others, can employ (see Ruebottom, 2013); therefore, we investigate how the key principles of rhetoric improve start-ups' customer referencing and enable more persuasive and fortified customer references.

B2B studies have begun increasingly discussing how contemporary firms in general face challenges in garnering and increasing sales. In particular, the research addressing value-in-use has posed a challenge to seller firms in terms of how to assess and display the potential and realized value for customers, and to customer firms in terms of how to grasp and evaluate the value potential (e.g., Aarikka-Stenroos & Jaakkola, 2012; Anderson & Wynstra, 2010; Keränen & Jalkala, 2013; Keränen & Jalkala, 2014; Terho, Haas, Eggert, & Ulaga, 2012; Wiersema, 2013). These recent studies have increasingly shown that customer references facilitate communicating, visualizing, and displaying the potential value that a company's offering may generate for its customers. For example, Anderson (2004) stated that reference customers' business cases, for example, serve as “value documenters” that convey credible information concerning the value of offerings, such as cost savings. Customer references, in general, constitute sales tools that enable companies to prove their competence and present information on their performance from the customer's perspective (Anderson & Wynstra, 2010; Jalkala & Salminen, 2009; Kumar et al., 2013; Salminen & Möller, 2006).

Our starting point is that mature companies with a multitude of reference customers can rely on the volume and spectrum of long-standing customer references, whereas start-ups must construct and employ their scarce customer references carefully to be effective. Start-ups can augment their customer referencing by considering and gathering relevant reference information, explicitly and effectively, and transforming this information into persuasive and credible arguments by employing rhetorical principles. However, the recent studies have not offered the theoretical knowledge or managerial tools for accomplishing this, due to the following research gaps:

1. The literature on start-up marketing has not focused on the development of further sales or the improvement of sales tools; rather, the studies on start-ups' selling and marketing have focused on global

companies' capabilities for mobilizing their networks to support their growth (Sepulveda & Gabrielson, 2013), entrepreneurial marketing (Wallnöfer & Hacklin, 2013), and interaction and entrepreneurial orientation (Chen, Li, & Evans, 2012). However, these approaches do not help start-ups understand how to amplify and strengthen their crucial sales tools—the sparse but vitally important initial customer references.

2. The customer referencing studies have also provided little help for start-ups in the development of sales. While some studies have indicated the relevance of customer references to technology start-ups (e.g., Partanen et al., 2014; Ruokolainen & Igel, 2004), major studies on customer referencing have focused on large, mature firms and how they can develop, choose, and employ customer references (e.g., Jalkala & Salminen, 2009; Kumar et al., 2013; Salminen & Möller, 2006). Thus, there is a need for further studies focusing on how to improve customer referencing in start-ups in particular.
3. According to Wiersema (2013), industrial practitioners and academics need a greater understanding of value-in-use and user experiences; he underlined the need to extract more granular knowledge of customers' perspectives and perceptions of the potential value that offerings can provide. Although the ability to demonstrate the value-in-use of an offering is essential for suppliers, the multifaceted value elements have remained unexplored (Aarikka-Stenroos & Jaakkola, 2012; Lindgreen, Hingley, Grant, & Morgan, 2012). These notions rely on an increasing tendency to stress that value emerges through the use of the offering in customers' value-generating processes accumulating “value-in-use” (Grönroos, 2011; Vargo & Lusch, 2008), whereas suppliers, for their part, make value propositions—that is, “promises of value” (Ballantyne & Varey, 2006). Even though some studies have underscored the importance of customers' value-in-use perceptions (e.g., Keränen & Jalkala, 2013; Terho et al., 2012), the recent studies have maintained the focus on the supplier firms' perspective. Surprisingly, there have been no studies on the perspective of reference customers or their role in constructing solid customer references that include information based on realized value-in-use. Furthermore, there is no understanding of how customers can help construct customer references, how the value perceived by customers can be incorporated in the references, and how the value-in-use that customers have experienced can be captured in the references.

Consequently, the current knowledge lacks an understanding of start-ups' customer references, specifically how their competencies and evidence on value-in-use are effectively displayed within a few customer references. Furthermore, there is minimal understanding of how the rhetoric principles can fortify B2B marketing and particularly customer referencing. Table 1 provides an overview of the existing literature and positions relevant to this study.

Based on these notions and the identified gaps in the literature, this study aimed to investigate how start-ups can construct and employ the reference information embedded in a single customer reference to enhance their arguments for further sales and marketing. To realize that aim, this study needed to answer the following two research questions:

- RQ1: What information is required from a single customer reference to construct persuasive arguments on the basis of the principles of rhetoric?
- RQ2: How can this reference information (a) be captured with the assistance of a single reference customer and (b) be employed for further sales?

To achieve the research goals, we employed the case study strategy and the constructive research approach (Kaplan, 1998; Kasanen, Lukka, & Siitonen, 1993). Using two longitudinal cases, we examined how

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