

## **Session 3.2: Business-to-Business Marketing across Cultures**

*Session Chair: Angela Hausman (Howard University)*

### **References in Industrial Marketing: A Qualitative Analysis of the Utilization of References in Mechanical Engineering Firms**

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### **REFERENCES IN INDUSTRIAL MARKETING: A QUALITATIVE ANALYSIS OF THE UTILIZATION OF REFERENCES IN MECHANICAL ENGINEERING FIRMS**

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#### **ABSTRACT**

Even though the mechanical engineering industry in Germany suffers severely from the current global economic crisis, it is still a very important part of the German economy. Goods like manufacturing machines or power plants that are manufactured by mechanical engineering firms are complex, mostly individually planned and assembled for individual customers. Given that those machines in most cases are not standardized, their quality can not be evaluated before the actual purchase. Therefore, potential customers need to trust in the reliability and capabilities of their supplier.

Given this crucial role of trust, experiences of former customers may reduce potential customers' perceived risk, for instance by providing references (Henthorne, Latour and Williams 1993, Jalkala, Salminen 2008). References are generally considered as powerful tools for communication (e.g., Mangold, Miller, and Brockway 1999, Helm 2003), and hence play an essential role in industrial marketing. They are indirect proofs of a supplier's capabilities that are based on actual experiences of former customers and are set up by a supplier (Salminen and Möller 2006). In general, references are presented in different ways, for example in person (often as organized visits of plant actually constructed and working), in journal articles, or as reference lists attached to formal bids (Salminen 1998; Salminen and Möller 2006).

In our paper, we focus on a one-way, impersonal communication from the supplier to potential customers via the firm's reference pages on their websites. Up to now, actual reference descriptions from supplier websites have only been examined by Jalkala and Salminen (2008). Extending their research approach, we will additionally concentrate on intended effects on potential customers by interviewing firm representatives.

Our study draws on qualitative research and has several goals: First, referring to transaction cost and corresponding inference theory, the relevance of references for suppliers and (potential) customers is explained. Second, based on empirical data from German mechanical engineering firms, different modes of presentation and schemes of content embedded therein are extracted by content analysis. To gain insights into the assumed effects of references offered, semi-structured interviews with firm representative were conducted. Third, based on the collected data, research propositions incorporating prominent features of reference descriptions and assumed effects on customers are set up. Fourth, the results of our study are discussed in contrast to other recent studies (Salminen and Möller 2006; Jalkala and Salminen 2008) and implications for future research are examined. Finally, managerial implications of the research are discussed with respect to the design of references on the internet and to reference behavior in general.

References Available on Request