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You Never Get a Second Chance for a First Impression

A multiple-case study of the selection, acquirement, and utilisation
process of initial reference customers

by

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Abstract

Title: You Never Get a Second Chance for a First Impression - A multiple-case study of the selection, acquirement, and utilization process of initial reference customers

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Purpose: The purpose is to explore the process that startups undergo when selecting, acquiring, and utilising initial reference customers. Further, the purpose is to understand which steps are taken by startups and how the organisations' members involved in the process reason in relation to how initial reference customers may contribute to the brand positioning and initial brand trust. The aim is to develop a framework for this process.

Methodology: A qualitative, multiple case study has been carried out, with an abductive approach. The case companies for this study were Orbital Systems, Enjay, and Easyfill.

Theoretical Perspective: Previous research regarding startups, building awareness, reference customers, brand positioning, as well as initial trust and initial brand trust is reviewed. As an abductive approach was executed, a theoretical framework was developed from empirical material.

Empirical data: The empirical material was collected through seven semi-structured interviews with members of the case companies that held relevant knowledge regarding the investigated process.

Conclusions: A developed framework is introduced, representing four steps in the investigated process; building awareness, selecting initial reference customers, acquiring initial reference customers, and utilizing initial reference customers. Every step is comprised of specific points of actions. We proposed that brand positioning is communicated through the initial reference customers, and that initial brand trust is considered and formed in various ways during this process.

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1. Introduction

This chapter introduces the background to the field upon which the study is based, followed by a problem discussion. Subsequently, the purpose and the research questions are presented as well as the aimed contributions, and limitations. This chapter is concluded with an outline of the thesis.

1.1 Background

Since mid 1990s the popularity for organisations to adopt a focus towards corporate brands has continuously increased. Thus, moving into an age where the differentiator is the organisation as a whole as well as what it stands for, rather than the products and services themselves (Melin, 2002; Balmer, 2010.). This is also reflected in academic literature, where the discussion regarding corporate brand has become a prevailing research topic (Balmer, 1995; Balmer & Gray, 2003; de Chernatony, 1999; Hatch & Schultz, 2001; Urde, 2013). The corporate brand is special because it explicitly represents an organisation as well as a product (Balmer, 2010). To have a strong corporate brand is important as it can work as an information carrier, a guarantee, risk reducer, and image creator (Melin, 2002), and it can symbolise quality, trustworthiness, and distinctiveness (Törmälä & Saraniemi, 2018). Further, brand-related competitive advantages are often more sustainable than product-related competitive advantages due to the fast-moving pace of new product innovations (Melin, 2010). The corporate brand is often seen as a brand promise which originates in the corporate brand identity (Balmer and Gray, 2003; Urde & Greyser, 2016). The brand identity is defined by Melin (2002, s. 118) “*as what the brand stands for, what gives it meaning and what makes it unique*”. It is influenced by the organisation’s core values, mission and vision, and lives through the corporate culture and the employees (Urde & Greyser, 2016), indicating that all activities undertaken by a company and its employees are connected to corporate branding. But a corporate brand is not only created within the organisation, it is further developed by the stakeholders’ image and perception of the organisation (Hatch & Schultz, 2003). In order to manage a corporate brand, one must understand how different stakeholders experience, interpret, and influence the corporate brand (Melewar, Gotsi, & Andriopoulos, 2012). The corporate brand image is based on stakeholders’ impressions, perceptions, and associations with the brand, and builds up over time through brand experiences (Balmer, 2001; Balmer & Gray, 2003). Further, it is illustrated by Park,

Jaworski and MacInnis (1986) that the associations an organisation desires the stakeholders to hold, guide the strategies implemented for establishing brand position. Which in turn provides external stakeholder with an understanding of what differentiates the brand from others. An approach for organisations to provide external stakeholders with certain associations is through the use of reference customers.

Jalkala and Salminen (2010) view reference customers as a marketing asset, which has been acquired from customer-based relationships that the organisation has developed. Previous research has found the utilisation of reference customer to have a primarily external focus, where the organisations leverage their reference customers as promotional tools through, e.g. reference visits, reference lists, or case studies (Helm & Salminen, 2010; Jalkala & Salminen, 2008; 2010). The benefits from communicating these customers as marketing accomplishments are perceived concreteness and functionality of complex offerings as well as the organisation's ability to deliver (Gomez-Arias & Monterroso, 2007; Ruokolainen, 2008; Helm & Salminen, 2010; Jalkala & Salminen, 2010; Jalkala & Thero, 2015). Moreover, customers becoming advocates for an organisation provides a possibility for market penetration and play a role in building the brand as well as brand positioning (Gomez-Arias & Monterroso, 2007; Ruokolainen, 2008; Jalkala & Salminen, 2010).

Reference customers are presented in previous research as highly relevant in business-to-business (B2B) context because the market conditions exhibit a high level of uncertainty (Gomez-Arias & Monterroso, 2007; Jalkala & Salminen, 2008; 2010; Ruokolainen, 2008). Thus, business suppliers require various tools in order to decrease the perceived risk that customers often associate with the offerings in B2B markets (Jalkala & Salminen, 2008; 2010). It is illustrated by Ruokolainen (2008) that a possibility for reference customers to positively influence B2B suppliers' reputation, particularly under the circumstances of it being the supplier's first reference customer. Additionally, Stuart, Hoang, and Hybels (1999) argue it is essential for new ventures to verify a service or product's functionality and performance. If an organisation lacks experience or accomplishment, affiliations can be used for the purpose of demonstrating the success of a new venture and its ability to perform (Stuart, Hoang & Hybels, 1999). This indicates that the first reference customers are assets with the potential to convey a supplier's trust (Gomez-Arias & Monterroso, 2007), and delivered customer value (Jalkala & Salminen, 2010). Furthermore, Mäläskä, Saraniemi and Tähtinen (2011) argue that developing a brand through networks and affiliations is crucial for young companies with limited knowledge and resources. Reuber and Fischer (2005) depict that different signals about the young company are provided, depending on whom they select to associate themselves with. For instance, if the first reference customers have favourable reputations, the organisation can leverage it to develop their own (Helm & Salminen, 2010; Jalkala & Salminen, 2010) on account of the high interdependencies among a young firm's network members (Mäläskä, Saraniemi & Tähtinen, 2011). Thus, suggesting that "*the choice of the first customer is a strategic decision, not just a tactical one*" (Gomez-Arias & Monterroso, 2007, p.989). The strategic value of first reference customers is also reflected in their facilitation of a competitive brand position on the market (Aaboen, Dubois & Lind, 2013; Mäläskä, Saraniemi & Tähtinen

2011; Reuber & Fischer, 2005). Which implies that the selection of reference customers is of significance (Jalkala & Salminen, 2008; Kaulio, 2003; Tormälä & Gyrd-Jones, 2017).

1.2 Problem Discussion

In practice, reference customers have been used across competitive contexts for a variety of reasons (Jalkala & Salminen, 2010; Reuber & Fischer, 2005) and have been shown to be remarkably relevant within business-to-business (Gomez-Arias & Montermoso, 2007; Jalkala & Salminen, 2008). The market conditions of B2B exhibit uncertainty, thus, demonstrating a need for tools and activities that enable a reduction of the associated perceived risk that customers hold towards complex and expensive offerings (Jalkala & Salminen, 2008; 2010). Uncertainty can determine the choice of customers purchasing or not and is elevated for organisations launching new products (Taylor, 1974). Thus, uncertainty increases the difficulty of meeting market share goals (Gomez-Arias & Montermoso, 2007). Customer relationships are illustrated to generate revenue and market introduction, indicating the importance of building a portfolio of reference customers appropriately as to achieve success (Jalkala & Salminen, 2010). As B2B markets exhibit market characteristics of high perceived risk and uncertainty, we argue for the relevance of reference customers within these markets. Furthermore, prior studies have primarily focused on mature organisations developing and utilising reference customers. Previous research has provided startups with limited help in the development and utilisation of reference customers (Ruokolainen & Aarika-Stenroos, 2016). A scarcity of literature regarding this topic makes it difficult for young organisations to justify their decisions and strengthen their approaches (Ruokolainen & Aarika-Stenroos, 2016). Thus, further studies concerning startups developing and utilising their reference customers are essential.

Building a portfolio of reference customers has been established as an important endeavour (Jalkala & Salminen, 2010), although the endeavour of procuring the initial reference customers is described to be a crucial milestone for new ventures as well as difficult to undertake (Jalkala & Salminen, 2008; Kaulio, 2003; Tormälä & Gyrd-Jones, 2017). Initial reference customers can enhance the argumentation power of young companies (Ruokolainen & Aarika-Stenroos, 2016), as it enables an organisation to verify market attractiveness and functionality of new offerings as well as to demonstrate ability to perform and deliver, and to develop brand reputation (Gomez-Arias & Montermoso, 2007; Kaulio, 2003; Ruokolainen, 2008). Thus, reflecting the fact that the choice of initial reference customers is a strategic decision rather than tactical (Gomez-Arias & Montermoso, 2007,). Which yet again reflect the importance of conducting research regarding reference customers in the context of startups. Although prior research has addressed the importance of reference customers during initial stages of a new venture (Kaulio, 2003) as well as their various benefits such as customers' decreased perceived risk or suppliers' enhanced brand reputation (Gomez-Arias & Montermoso, 2007; Helm &

Salminen, 2010; Jalkala & Salminen, 2008; 2010; Mäläskä, Saraniemi & Tähtinen, 2011; Reuber & Fischer, 2005; Ruokolainen, 2008), the processes through which organisations obtain reference customers as marketing assets is not well understood (Jalkala & Salminen, 2010). More specifically, the existing literature has not provided a comprehensive understanding of the process and the steps that startups undergo when selecting and acquiring their initial reference customers.

According to Rueber and Fischer (2005), reference customers can be employed to signal certain reputational messages regarding the functionality of products and services. However, existing literature is unable to provide an understanding of how reference customers can be selected for branding purposes. Corporate brands are born from brand identities and can be characterised as what the company stand for and its core values (Urde & Greyser, 2016), but also as a creator

of the associations that customers have towards the brand (Melin, 2002). On the other hand, brand associations are described to live within the minds of stakeholders (Balmer, 2001; Balmer & Gray, 2003). Further, reference customers are described to have an ability to signal messages those stakeholders (Rueber & Fischer, 2005), which in turn influences their brand associations. This is consistent with the shifting perspective of branding process becoming integrated with internal and external forces, rather than merely internally driven (Mäläskä, Saraniemi & Tähtinen, 2011). Thus, generating customers as partners rather than targets (Balmer & Grey, 2003). With this in mind, selecting a certain reference customer would imply a certain corporate communication. Rindova, Williamson, Petkova and Sever (2005) have found that strategic brand signals can be implemented in an attempt to generate customer expectations about the products or services that potential customers are unable to access prior to purchasing. Moreover, Rueber and Fischer (2005) highlight the need for startups to tackle the ambiguity they exhibit with regards to what their target market is. This discussion reflects Kapferer's (2012) depiction of brand positioning as an approach to signalling the values and promise of the brand as well as signalling proof of their value propositions and whom they desire to serve. Thus, we argue that different reference customers can be selected to facilitate startups with strategic opportunities to establish brand positioning.

Besides the benefits of reference customers, such as increased credibility of offering's functionality and signalling brand position to other stakeholders (Gomez-Arias & Montermoso, 2007; Helm & Salminen, 2010; Jalkala & Salminen, 2010; Mäläskä, Saraniemi & Tähtinen, 2011; Reuber & Fischer, 2005), there are certain risks for young firms selecting customers when entering a new market. Because of the high interdependencies that exist in networks (Mäläskä, Saraniemi & Tähtinen, 2001) in combination with startups receiving stronger status-transfer effects from its customers than larger firms do (Jalkala & Salminen, 2010), the risk for misrepresentative associations and signals emerge. The selected initial reference customers may inadvertently signal undesired messages, providing various points of misalignment (Hatch & Schultz, 2001). Differing perspectives between stakeholders as well as misrepresented brand associations have the potential to damage the corporate brand (Hatch & Schultz, 2001). Thus, with corporate brands becoming the differentiator in today's society (Roper & Fill, 2012), we argue that selecting the appropriate reference customers as to reflect a desired corporate brand

position becomes more important, and especially for young firms. Moreover, potential misalignments generate a risk for scrutiny. Communicating the corporate brand's core values while selecting initial customers that signal the opposite, may lead to other stakeholders questioning the organisation's promise as it does not practice what it preaches. Roper and Fill (2012) illustrate rebranding and repositioning as challenging endeavours, which further implies the importance of selecting the right initial reference customer. Due to these reasons, an understanding of how startups reason when selection initial reference customers with regards to brand positioning are considered indispensable. Existing literature concerning entrepreneurship and startups neglects branding, which *"is surprising because 'if startups or new ventures are not able to establish their corporate brand in the market within a relatively short time frame, they disappear from the market' (Timmons, 1999)"* (Bresciani & Eppler, 2010, p.357).

Similar to the depiction of brand positioning being a signal of a brand's ability to deliver promised values as well as value propositions (Kapferer, 2012), Delgado-Ballester and Munuera-Alemán (2005) present brand trust as the perception of a brand's willingness and ability to deliver what has been promised. In turn, previous research has described trust as a key outcome from utilising reference customers (Reuber & Fischer, 2005; Ruokolainen, 2008; Jalkala & Salminen, 2010). Subsequently, initial reference customers have been depicted to enable young companies to convey trust (Gomez-Arias & Montermoso, 2007), and initial trust between a startup and potential customers is more likely to be achieved the more highly first reference customers are regarded by the potential customers (Ruokolainen, 2008). Although, previous research neglects to explain what manner of trust reference customer can shape. Which is surprising because the research concerning trust in itself has been greatly studied through the years (Selles, 1998). Previous research regarding startups has found that organisations that are unknown can lack potential customers' trust (Welter & Smallbone, 2006). Although, initial trust is possible to be developed between two parties despite an absence of or limited prior experience or first-hand knowledge (Li, Hess & Valacich, 2008). Due to these reasons, an understanding of the role initial trust has for startups with regards to the selection of reference customers is crucial. Furthermore, considering the fact that company reputation and brand reputation become synonymous when an organisation offers a sole product associated to the organisation's name (Corkindale & Belder, 2009), we argue the same can be perceived of initial trust in the product and initial brand trust.

1.3 Purpose and Research Question

In this study, we want to explore the process that startup organisations undergo when selecting, acquiring, and utilising initial reference customers. We desire to understand which steps are taken by the company and how the organisations' members involved in the process reason in relation to how initial reference customers may contribute to the brand positioning and initial brand trust. Thus, the following research question has been formulated:

- *How do startup companies undergo the process of selecting, acquiring, and utilising initial reference customers, and how do they reason in relation to brand positioning and formation of initial brand trust during the process?*

The aim is to develop a framework through which the investigated process of selecting, acquiring, and utilizing initial reference customers can be understood.

1.4 Aimed Thesis Contributions

The theoretical contributions of this study are twofold. Firstly, we aim to contribute to the scientific literature regarding reference customers by providing an understanding of how the process of selecting, acquiring, and utilising initial reference customers can occur. Furthermore, we will attempt to provide an understanding of how members of a startup reason with regards to brand positioning and formation of brand trust. Research that investigates reference customers is scarce, thus, implying a need for further investigation. In the field of initial reference customers, this thesis will provide a response to Jalkala and Salminen's (2010) call for future studies. Jalkala and Salminen (2010) conveyed a need for further understanding regarding the obtainment and utilisation of customer-based marketing assets such as reference customers. The perspectives from various startups revealed in this study will provide insights concerning this need by illustrating their experiences. Secondly, we aim to offer startups a framework for them to successfully select, acquire, and utilize initial reference customers when launching their first product on a B2B market. This thesis also intends to provide managers with insights regarding the potential for initial reference customers to generate brand positioning and brand trust. Lastly, the developed framework may serve as guidance during initial stages of a new venture, as insight into startups' reasoning has the potential to provide aid concerning aspects that may need attention.

1.5 Research limitations

As we are exploring the process that organisations undergo when selecting, acquiring, and utilising initial reference customers, an obvious limitation of this study is the exclusion of external stakeholders' perspective. Considering that the relationship between organisations and reference customers is reciprocal, the perspective of the reference customers could have been of interest. However, this study is positioned to understand how the members of startups reason during the investigated process, hence reinforcing the argument for excluding external stakeholders' perspective.

Reference customers are relevant for organisations of all sizes as well as across market (Gomez-Arias & Montermoso, 2007; Reuber & Fischer, 2005; Jalkala & Salminen, 2008; 2010). Although, with a focus on seeking how startups undergo the process mentioned above, this study excludes more mature and established organisations. Additionally, this thesis aims to investigate startups whom offer a complex product within B2B markets. Therefore, engagement with organisations that offer services and/or are present in business-to-consumer markets are omitted from this study.

1.6 Outline of Thesis

This study is comprised of six main chapters and follow the aforementioned purpose and research questions.

Chapter 1: introduces the research topic by providing a background and problem discussion, followed by the study's purpose and research questions as well as its aimed contributions and research limitations.

Chapter 2: includes an elaboration concerning the authors' research approach as well as selected research design, data collection and data analysis methods. Further, a discussion is presented regarding the ethical considerations, limitations, and quality of conducted research.

Chapter 3: is comprised of a literature review, focusing on the research streams related to startups, building awareness as well as reference customers and aspect related to selecting and utilizing initial reference customers. Additionally, research streams related to corporate branding, brand reputation, brand positioning, as well as initial trust and initial brand trust are reviewed. This chapter is concluded with a theoretical framework that was developed by the authors.

Chapter 4: presents the empirical material that was collected through interviews.

Chapter 5: analyses the collected empirical material with the theoretical framework as a guideline and utilizes the literature review to ground interpretations.

Chapter 6: provides an answer to the research question, presents the developed framework, and highlights significant findings. Moreover, it consists of a discussion regarding the empirical material, insight from analysis, and previous research, within a broader context. The thesis concludes by presenting the theoretical and managerial contributions as well as the study's limitations and potential future research.

2. Literature Review

The literature review presents an overview of previous research as a means to provide a comprehension for certain theoretical constructs related to the aim of this study. The following chapter commences with a presentation of the theoretical constructs regarding startups, building awareness, reference customers, and aspect related to selecting and utilising initial reference customers. Thereafter, the constructs of corporate branding, brand reputation, brand positioning, as well as initial trust and initial brand trust are presented. The literature review concludes with a theoretical framework.

2.1 Startups

Startups are often associated with being young companies who are offering an innovative product or service, displaying growth potential, having limited business networks, as well as having a tendency to be linked with the founder's actions (Rode & Vallaster, 2005). What distinguishes startups from established companies, is their limited knowledge and experience regarding successful market entry (Rode & Vallaster, 2005). Kaulio (2003) presents the initial stages that are of high importance for new business venture creation and highlights how a core idea represents the starting point for the new business ventures. Following this stage is the establishment of the initial core team with relevant competences, and the author describes that the team revolves around the core idea. Thus, recruiting a core team with relevant competencies was found by the author to be a critical activity during these initial stages, and can reflect how startups meet the limited knowledge young organisation hold. Furthermore, Kaulio (2003) depicted financing to be another critical activity during the initial stages of new ventures, in line with Bresciani and Eppler (2010) depicting financing as a vital issue for startups. Another challenge that startups generally face is that of establishing their brand (Bresciani & Eppler, 2010). However, the authors found many that startups do not focus on branding when starting a business, while Rode and Vallaster (2005, p.122) highlight Timmons' (1999) illustration that *"if startups or new ventures are not able to establish their corporate brand in the market within a relatively short time frame, they disappear from the market"*. Furthermore, with startups facing the issue regarding a lack of customers, branding activities are also crucial to acquire customers (Rode & Vallaster, 2005), thereby depicting corporate branding as vital for the survival of young companies.

Leek and Christodoulides (2011) argue that a supplier's brand is of significance during the earlier stages of a customer's decision-making, as the two parties lack first-hand experiences. Thus, indicating that *"brand awareness may act as a relationship initiation or driver"* (Leek

& Christodoulides, 2012, p.108). As such, illustrating the importance of brand awareness for companies that lack experience. Nedungadi and Hutchinson (2012) described awareness of brands or products to be essential when making a choice and illustrate it to reflect the customers' ability to bring the brand or product to mind. Awareness is the first step when building a brand (Kapferer, 2010) and will therefore be further elaborated as to provide an explanation of how organisation can generate brand or product awareness.

2.1.1 Build awareness

Preceding any actions to build the brand and brand awareness, the organisation creates a market segmentation strategy (Kapferer, 2012). According to Beane and Ennis (1987), market segmentation is conducted for the purpose of finding product opportunities or areas where potential customers may be receptive to the product, as well as for developing improved communication messages as a result of increased understanding of customers. Moreover, segmentation is conducted as one product is unable to fulfil the needs of every customer on the mass market (Fill & Turnbull, 2016). The segments are distinct groups that are identifiable from each other on the mass market (Fill & Turnbull, 2016) and can be based on aspects such as demographic, socio-demographic, lifestyles, industry, attitudes, or occasion (Beane & Ennis, 1987). Thereafter, certain segments are targeted due to their market potentials, such as financial measures, profit, growth, or opportunity to compete, and constitutes the context in which communication activities will be implemented (Fill & Turnbull, 2016).

The initial stage of building a brand is generating brand awareness, which has the objective to generate brand power by increasing the existence of the brand in people's minds (Kapferer, 2012). Brand awareness of the targeted segment refers to "*both its place within a category in general terms and the specific products that the company manufactures*" (Urde, 1999, p.126). Further, the new brand must select whether to communicate the brand meaning solely or focus on their offering (Kapferer, 2012), where the choice is derived from the segment that is targeted (Beane & Ennis, 1987). With brand awareness as well as awareness of category and product associations, the requirements for establishing a relationship between the brand and its targeted customers exists (Urde, 1999).

When the segmentation strategy and brand strategy is selected, brand building activities must be selected and implemented (Bresciani & Eppler, 2010), thus generating the appropriate brand awareness related to desired brand meaning. Beane and Ennis (1987) highlight that organisations should communicate the benefits of their offering that is relative to the target segment. Keller (2009) emphasises on implementing activities through the use of websites, advertising, or email, while Kapferer (2012) exemplifies building awareness through campaigns, sponsorships, or opinion leaders. The author also presents that newly launched brands can attempt to reach their desired segment by having highly involved customers acting as ambassadors for the brand. Thus, reflecting the concept of reference customers, which is often referred to a relationship between an organisation and existing customer that is exploited

for the purpose of attracting new customers (Helm & Salminen, 2010). This implies a high marketing value of reference customers for increased brand awareness. Hence, the following section will be an elaboration of reference customers as to explain their potential value for startups.

2.2 Reference Customers

Previous research has described reference customers as customer-based marketing assets, referring to an approach of using an organisation's existing relationships with customers as means to attract new customers (Helm & Salminen, 2010; Jalkala & Salminen, 2010). In practice, this approach has been found to be employed across competitive business contexts (Gomez-Arias & Montermoso, 2007; Jalkala & Salminen, 2010; Reuber & Fischer, 2005). Although, reference customers have been found to be particularly relevant within B2B markets (Gomez-Arias & Montermoso, 2007; Jalkala & Salminen, 2008). Businesses that are starting up or introducing a new product within the B2B market are facing challenges generating commercial revenue and meeting market share goals (Gomez-Arias & Montermoso, 2007; Jalkala & Salminen, 2008) and possibilities for a successful launch of high technology products are illustrated by Gomez-Arias and Montermoso (2007) as remarkably limited. B2B suppliers operating in these markets conditions of uncertainty often encounter its associated perceived risk, which these organisations need to reduce (Gomez-Arias & Montermoso, 2007; Jalkala & Salminen, 2008; 2010). Customers that face uncertainty or risk are described by Taylor (1974) to either gather more information as to understand the potential outcome or reduce the risk of negative consequences by not making a purchase. Prior research illustrates the use of reference customers for the purpose of adding concreteness to offerings that are perceived as complex and increasing credibility to the products functionality (Ruokolainen, 2008; Helm & Salminen, 2010; Jalkala & Salminen, 2010; Jalkala & Thero, 2015) as well as for the organisation's potential to create and deliver value (Jalkala & Thero, 2015). Thus, generating information about the organisations' offering and brand. The relevance of reference customers in B2B markets is reinforced by Jalkala and Salminen (2008) as a powerful marketing asset for the suppliers. Reflecting this, Gomez-Arias and Montermoso (2007) describe reference customers as a marketing accomplishment that should be broadly communicated. The authors further mention reference customers influencing market penetration possibilities as well as potentially becoming advocates for the newly introduced technology.

Although previous research predominantly describes reference customers as an opportunity for B2B suppliers to provide evidence of the offerings' performance and functionality, the importance of reference customers in other various business activities has also been researched. Research depicts reference customers within B2B markets to have a potential to enhance the reputation of suppliers (Helm & Salminen, 2010; Mäläskä, Saraniemi & Tähtinen, 2011), especially if the customer is the first reference customer (Helm & Salminen, 2010). However, the effect is only favourable when the supplier and reference customer have a reputational fit

(Helm & Salminen, 2010). Which in turn implies that the brand reputation of potential initial reference customers is essential to consider when selecting among them, as a wrong decision may have a negative effect. For instance, a reference customer's reputation for low self-expressive products would preclude a reputational fit if the supplier was building their competitive advantage on high self-expressive products. Thus, the reputational transfer would be low and send a mixed signal of position. Mäläskä, Saraniemi and Tähtinen (2011) depict the interdependencies among actors of a startup's network to be a factor for a positive spill-over effect.

2.2.1 Selecting the initial reference customers

The use of reference customers offers a variety of possibilities (Reuber & Fischer, 2005; Jalkala & Salminen, 2008; Ruokolainen, 2008; Jalkala & Salminen, 2010; Mäläskä, Saraniemi & Tähtinen, 2011) and points to the fact that reference customer portfolios should be built in a systematic manner, considering a long-term and firm-wide perspective (Jalkala & Terho, 2015). Moreover, Jalkala and Salminen (2008) highlight the challenge of finding the first reference customers when introducing a new product as well as the importance of the decision. For new ventures with limited history, it can be challenging to find the first customers, especially if the product is complex and equals high perceived risk for the buyer (Raddats & Easingwood, 2010). Therefore, it is common for startups to leverage existing contacts when finding the first customers (Eisenhardt & Schoonhoven 1996). This statement aligns with Ruokolainen (2005), who argues that startups often find their first customers through friends or other informal social channels, indicating that this possibility is essential to consider when selecting initial reference customers. If the first customer is found through social relationships, the entrepreneur often uses the social capital from previous relationships (Rouziou, Dugan, Rouzies & Lacobucci 2018), which can be described as "*as a set of social resources embedded in relationships*" (Tsai & Ghoshal, 1998, p.464). Regardless how the initial reference customers are found, the procurement is a vital milestone for new ventures (Kaulio, 2003; Tormälä & Gyrd-Jones, 2017). The initial reference customers are not only verification of market attractiveness regarding the new product or service but also a foundation for procuring external resources such as financing (Kaulio, 2003), which often is a challenge for new ventures (Dodge, Fullerton, & Robbin, 1994). Further, the authors argue that securing a steady revenue stream to be a challenge for new ventures. To overcome this challenge, Gilbert and Davies (2011) suggest young firms target the most influential customers in the market. This statement aligns with Beard and Easingwood (1996) who suggest organisations to find and use the most influential companies as reference customers. They argue that reference customer with influence on the market equals credibility to the distributor. This further aligns with Gomez-Arias and Montermoso (2007), indicating that the choice of first reference customers has implications on revenue generation and the success of introducing a new offering, as well as business development and reputation. Thus, implying that "*the choice of the first customer is a strategic decision, not just a tactical one*" (Gomez-Arias & Montermoso (2007, p.989).

There is research on criteria to keep in mind during the choice of the first reference customers (Gomez-Arias & Montermoso, 2007; Ruokolainen, 2008; Helm & Salminen, 2010) and include factors such as industry focus, size, previous relationships, reputation, and desired utilisation of affiliation. Large firms are recommended as first reference customers to concretise offerings or receive status-transfer (Jalkala & Salminen, 2010). Research also shows that organisations display an inclination of choosing partners similar to themselves (Ruokolainen, 2008; Wilkinsons et al. 2005), which is consistent with the proposition claiming that reference customers with a high perceived can enhance the reputation building process (Helm & Salminen, 2010). It also reflects the creation of a meaningful brand relationship with a potential customer, which refers to the extent to which the supplier and customer being ‘in sync’ (Keller, 2001). The author illustrates that this can enable an intense and active relationship between the two parties. Intensity refers to customers having a strong personal attachment to the brand, whereas activity refers to high purchase levels as well as going beyond purchase behaviour and engaging through activities such as being a representative of the brand itself (Keller, 2001). Likewise to the need for a potential relationship to be ‘in sync’, Jalaka and Terho (2014) have found the potential customers’ brand to have an impact when selecting first reference customers.

2.2.2 Establish relationship with initial reference customer

The literature regarding startups’ attempts of acquiring reference customers is scarce. However, Fill and Turnbull (2016) present trials, price discounts and reference customers as initiatives to be implemented to prompt customers to purchase a product as well as increase credibility of a brand. According to Ruokolainen (2008), it is vital to building a long-term relationship between the supplier and the reference customer. He argues that to build and cultivate a partnership-based relationship is needed if the supplier wants to utilise the reference customer successfully. This statement aligns with Helm & Salminen (2010), who argues committed reference customers to be essential in a reference customer relationship. They mean that the reference customer needs some motivation to stay committed and mentions discounted prices as a way of maintaining the relationship. According to Barnes (2003), the supplier can also demonstrate reciprocity to the buyer, who argue that if the customer feels valued and respected, the chances for a robust and lasting relationship increases, and that the customer may reward the supplier with loyalty. Further, a good relationship is also described to be desired for the buyer, especially if the supplier is selling complex high-technology products (Ruokolainen, 2008). For example, if the installation process, operating process or maintaining process is complex, a close relationship with the supplier can be favourable for the buyer.

2.2.3 Utilizing the initial reference customers

As young companies with high purchase complexity mean high risk for potential buyers, the utilisation of initial reference customers can be a critically important tool for startups (Helm & Salminen, 2010). This is especially important for high-technology suppliers with short track records and little production experience (Stuart, Hoang, & Hybels, 1999). The acquirement of the initial reference customers is essential for startups, as it is only then potential customers can evaluate the startups' track record and offerings through another customer (Salminen & Möller, 2006). It is common that potential customers ask the supplier for references, but it is also common that the supplier actively initiates the utilisation of them (Salminen, 2001). This includes *“reference visits, reference lists, brochures of customers cases, and success stories, as well as communicating about references on trade fairs or via the internet”* (Helm & Salminen, 2010, p.739). The literature of reference customers mainly focuses on how the utilisation of reference customers reduces the risk for potential customers (Salminen & Möller, 2006), but is often also used for knowledge sharing between the two parties (Aaboen, Dubois & Lind, 2013). This is further explained by Ruokolainen and Igel (2004), who argues that startups can learn how to develop their business offering from the initial reference customers. The authors investigated startups in the software industry and found that they further developed their offering, sales arguments and marketing practices by learning from their initial reference customers. Although, a similar study within a high-technology product context has not been undertaken.

As mentioned above, prior research has found credibility and trust to be an outcome when investigating reference customers (Gomez-Arias & Montermoso, 2007; Reuber & Fischer, 2005; Ruokolainen, 2008; Jalkala & Salminen, 2010). Jalkala and Salminen (2010) have found that reference customers enable the supplier to send signals that convey credibility, as the relationships validate the supplier as worthy to be chosen in a selective process. Thus, providing credibility of the supplier's experience, performance, and functionality of offering as well as the ability to deliver (Jalkala & Salminen, 2010). Meaning, the first reference customers can be utilised as assets that have the potential to portray credibility (Gomez-Arias & Montermoso, 2007) and delivered customer value (Jalkala & Salminen, 2010). Another essential aspect that first reference customers convey in place of the supplier is trust (Ruokolainen, 2008). Larger firms as first reference customers have a higher possibility to increase the trustworthiness of a supplier than a smaller firm as first reference customers (Reuber and Fischer, 2005; Ruokolainen, 2008). Furthermore, establishing initial trust is increasingly feasible the more highly the potential customers regard the first reference customers. Thus, implying the high market value of the first reference customers. Furthermore, Jalkala and Salminen's (2010, p.978) claim that contracts with a large customer can be utilised to *“signal an enhanced market position to investors, competitors, and other stakeholders”*.

Utilising participants in a young firm's network for branding purposes can generate a competitive position on the market for the firm (Reuber & Fischer, 2005; Mäläskä et al. 2011). Mäläskä et al. (2011) indicate that it is essential to view stakeholders as part of the branding process rather than merely internally-driven, thus becoming partners rather than targets. As younger organisations have limited resources and knowledge, the authors argue that building a brand through affiliations and networks is critical. Although, the utilisation of reference

customers for branding purposes is not well understood within the existing literature. However, Reuber and Fischer (2005) have found that different customers provide different signals about the young organisation in question, building reputation across competitive contexts. Moreover, the authors emphasise the need for young companies to focus on tackling ambiguity of whom they desire to serve as well as whom they effectively serve. Thus, one can argue that different customers providing various signals could also be employed as to provide young firms with a strategic opportunity to establish positioning. Which in turn implies that young companies have an opportunity to deliberately develop stakeholder portfolios as a strategic initiative (Harrison, Holmen & Pedersen, 2010 see Aaboen et al. 2012) to utilise them for branding purposes (Hallen & Eisenhardt, 2013).

2.3 Corporate Branding

To understand how initial reference customers may contribute to the brands' positioning and initial brand trust, it is important to understand the concept of corporate branding. Corporate branding represents an entire organization unlike product branding which usually represents a single product or service (Balmer, 2001; Balmer & Gray, 2003). The distinction can be recognised in the language, corporate brand talks about themselves as 'we', external stakeholders say 'them', but product brands is always talked about as 'it' (Urde, 2013). Furthermore, corporate branding is known to include all employees as corporate marketers (Balmer, 2010), indicating that all activities undertaken by a company and its employees are connected to corporate branding. Abreatt & Kleyn (2012, p.1052) defines a corporate brand as "*expressions and images of an organisation's identity*". This statement aligns with Balmer (2010, p.186) who argues that "*corporate brands are born out of corporate identities but live in the minds of groups and individuals*". According to Urde (2009), the brand identity is defined by the root mindset of an organisation and the core values that portray what the corporate brand stands for. These core values of a brand identity support the brand promise and resonate with customers' perceived values (Urde, 2009). One can say the corporate brand is created internally by the brand identity, but communicated and developed externally by the perceptions of the stakeholders. The latter refers to the brand image, which has been defined as "*perceptions about a brand as reflected by the brand associations held in memory*" (Keller, 1993, p. 3). This definition is based on the memories and experiences consumers and other stakeholders have had with a brand. Keller (1993) coined this as 'brand associations' and argue these associations can be developed from experiences with the brand or its products, value propositions, and how the brand communicate and position itself. The brand image differs from the brand identity, in that the brand image reflects how the consumer and other stakeholders view the brand, understand the brand, and think of the brand (Roy & Banerjee, 2008), and can be based on tangible or intangible elements and actual experiences or expectations (Persson, 2010). As the brand image is influenced by the decisions an organization takes, but defined by the stakeholders, one must understand it is not static but rather something that is evolving (Martinez

& Chernatony, 2004). It is a challenge to determine what stakeholders associate with the brand, and which actions to take to influence those associations (Martinez & Chernatony 2004). Although, brand strategies and external marketing communications can be employed in attempts to form the future brand image (Kotler & Pfoertsch, 2006). Further, they argue that establishing a strong brand image not only enhances differentiation, but can also boost credibility and reduce risk for potential buyers.

2.3.1 Brand reputation

The corporate reputation is said to be referred to the organisation's legitimacy with respect to the stakeholders (Corkindale & Belder, 2009) and is comprised of the perceptions that stakeholder have towards an organisation's ability to deliver quality goods as well as the organisation's prominence in the stakeholders' minds (Rindova, Williamson, Petkova & Sever, 2005). Corporate reputation is described to evolve consequent of consistent performance and communication (Gray & Balmer, 1998). Herbig and Milewicz (1993) postulate that reputation depends on both customers' initial beliefs and organisations' past behaviour. The authors also suggest that it is established through achieving certain market signals that indicate the organisation intention, motivations, and commitments. Therefore, companies can generate an enhanced reputation by providing information that is accurate and appropriate, as it signifies an assessment of the organisation's attributes (Gray & Balmer, 1998; Herbig & Milewicz, 1993) and collective recognition of and knowledge about the organisation (Rindova et al. 2005). These strategic market signals can in turn decrease uncertainty that exists in the marketplace regarding an offering's quality (Baek, Kim & Yu, 2010). Corkindale and Belder (2009, p.243) reference Aaker (1999) when stating that *"in the circumstance where a company has only one product or service and associates its company name with its sole marketplace offering, company reputation and brand will be synonymous"*. Thus, the reputation of a product or organisation becomes the corporate brand reputation in the context of new ventures, where startups have a single offering. Reputation is often described to be built by word-of-mouth (WOM) communication from various stakeholders (Helm & Salminen, 2010), but can also be built by utilising reference customers (Jalkala & Salminen, 2010), as mentioned in section 2.2. The two phenomena are similar but needs to be distinguished from each other as WOM is typically described as *"informal interactions between customers ... largely beyond the control of marketers"*, while utilising reference customers as marketing assets can be described as *"supplier-initiated activities undertaken in order to leverage customer relationships and previous deliveries"* (Jalkala & Salminen, 2010, p.976).

2.3.2 Brand positioning

Rindova et al. (2005) point out the importance of strategic brand signals for the purpose of forming expectations about offerings when customers lack the possibility to assess it prior to

purchase. According to Park, Jaworski and MacInnis (1986), the brand concept that an organisation desires to convey, through various signals and communication, is to be decided upon before market entry and is utilised to guide the positioning strategies. Kapferer (2012) illustrates positioning of a brand to entail a presentation of whom the brand serves, in which market it desires to exist, the brand's core values and promise, as well as evidence that support the value propositions to be true. Thus, positioning provides the customers on the market an understanding of what differentiates the brand from others.

When discussing the process of branding, Mowle and Merrilees (2005) focus on the added values the customers perceive as inherent in certain brands. Meaning that the brand signals a certain positioning by delivering certain values. Previous research has separated these brand values in two dimensions, functional and symbolic (Bhat & Reddy, 1998; Mowle & Merrilees, 2005; Ok, Choi & Hyun, 2011; Park, Jaworski & MacInnis, 1986). Functional values associated with a brand are often referred to the more tangible product performance benefits that are rationally evaluated (Mowle & Merrilees, 2005), and functional brands are described to satisfy needs that are immediate and practical (Bhat & Reddy, 1998). Therefore, customers' needs that are utilitarian in nature can be adapted towards by positioning the brand concept or image as functional (Bhat & Reddy, 1998; Park, Jaworski & MacInnis, 1986). On the other hand, a brand should position themselves as symbolic when the customers' needs are to enhance and develop their social image or self-image (Bhat & Reddy, 1998). The authors exemplify these needs as related to self-expression and prestige, often labelled as emotional values and reflect the intangible benefits provided by the brand. Further, Bhat and Reddy (1998) present that utilitarian aspects are simply incidental when brands have a primarily symbolic positioning. In order to establish a symbolic position, one tactic would be to create a brand that is difficult to obtain by either charging a premium price or limiting distribution to selected segments or areas (Park, Jaworski & MacInnis, 1986). This tactic would highlight the relationship brands have with members of various groups as well as customers' self-identification through use of symbolic brands.

Ok, Choi and Hyun (2011) claim that a brand image or position can be either functional or symbolic, whereas Bhat and Reddy (1998) as well as Mowle and Merrilees (2005) have found that a brand to be comprised of both functional and symbolic values for customers. Mowle and Merrilees (2005) continue to propose two different branding approaches based on these values, one being product driven while the other is market driven. The former approach based its branding on the product itself, meaning that the brand was created from the product as well as signified the product. Another aspect that is of importance in the product-driven approach is that *“the symbolic values associated with the brand were also tied to the product component, and therefore had a strong interconnection with the functional values”* (Mowle & Merrilees, 2005, p.223). The latter approach entails developing the brand in a holistic manner and is prevalingly comprised of functional values too, while also having greater symbolic values than with the former approach. A market-driven approach is also highlighted to include *“an experiential component in addition to the generic base for branding and the product component”* (Mowle & Merrilees, 2005, p.224). The authors state that these brands hold symbolic value tied to the experiential component, rather than the product component.

Baek, Kim and Tu (2010) illustrate that a customer's perception of a brand's willingness and ability to delivering what has been promised influences purchase intentions. Although, this refers to low self-expressive products, as these products represent utilitarian attributes and thus a focus on cognitive-oriented benefits (Baek, Kim & Yu, 2010). In order to influence purchase intentions of high self-expressive products, the authors claim that high status of product needs to be associated with the brand as well. Additionally, Ok, Choi and Hyun (2011) state that brands comprised of both utilitarian and symbolic values have a positive influence on brand trust. Delgado-Ballester and Munuera-Alemán (2005) describe brand trust to be referred to the brand's willingness and ability to deliver what has been promised as well as trusting that the brand has good intention in relation to the trustor's welfare and interests.

2.4 Initial Trust and Initial Brand Trust

Rousseau, Sitkin, Burt, and Camerer (1998, p.395) describe trust to be *"a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another"*. The concept consists of two dimensions, referring to the willingness to depend on others as well as believing that the other party is benevolent, competent, and honest in a given situation (McKnight, Cummings & Chervany, 1998). Moreover, previous research has conveyed trust as a key outcome from utilising reference customer. Although, previous research explaining what manner of trust is formed through the use of reference customers is scarce, particularly regarding what manner of initial trust is formed. Which is surprising as research relating to trust in general has been greatly studied and exhibit a vast variety of initial trust formations (Selnes, 1998). As the definition of trust is similar, if not indistinguishable to brand trust (Delgado-Ballester & Munuera-Alemán, 2005; McKnight et al., 1998; Rousseau et al., 1998), initial brand trust is in this study based on the description of initial trust (McKnight et al. 1998). Initial trust refers to when two parties have no or limited experience with each other, or solely form trust based on second-hand knowledge (McKnight et al. 1998).

This paper will focus on four streams that are prominent throughout the initial trust literature; personal-based, institutional-based, cognitive-based, and calculative-based (Li et al. 2008; Kramer, 1999; McKnight et al. 1998). These streams will be elaborated upon as well as how they relate to initial brand trust.

Firstly, personal-based trust is described by Welter and Smallbone (2006) to build on initial knowledge that is acquired about the other party, based on aspects such as a long-standing business relationship. The trustor's willingness to depend on others is said to differ depending on the person's past experiences and thus influence trust prior to interaction (Li et al. 2008). For instance, the trustor may believe in human nature or favourable outcomes regardless of the

other party's actual attributes. Which implies that personal-based trust towards a brand can occur regardless of what a brand stands for or is perceived as. However, existing literature neglects to provide an understanding of how personal-based trust relates to the formation of initial brand trust.

The second research stream, institutional-based trust, refers to a belief that impersonal structures generate stability and predictability of future endeavours (McKnight et al. 1998; Welter & Smallbone, 2006). The authors also illustrate two dimensions of institutional-based trust that influence trust formation, situational normality and structural assurance. The former entails a perception that a relationship is comparable to other existing trust exchanges and appears to generate successful interactions. Thus, sharing a common understanding facilitates a willingness to depend on other members (McKnight et al. 1998). The latter will create a belief of success because of the contextual conditions of contracts, regulations, guarantees, as well as promises that are put in place (Li et al. 2008; McKnight et al. 1998). Institutional trust reflects Doney and Cannon's (1997) assertion that a buying firm's expectation of future interaction with a supplier is connected to their trust in the supplying firm. Thirdly, cognitive-based trust will affect trust formation through various cues and impressions (Li et al. 2008). This base is explained by the authors to enable initial trust prior to any interaction between parties or prior knowledge about the trustor. By establishing cognitive familiarity based on knowledge that is second-hand knowledge, such as reputation, and cognitive processes (Li et al. 2008; McKnight et al. 1998). Thus, indicating that cognitive-based trust can act as an alternative to first-hand knowledge when meeting the challenge of distrust between two unfamiliar individuals or organisations. Although, previous research neglects to explain how cognitive-based trust relates to the formation of initial brand trust. However, previous research highlights three types of cognitive processes through categorisation; unit grouping, reputation, and stereotyping (Li et al. 2008; McKnight et al. 1998; Welter, 2012), which is presented below.

Unit-grouping refers to those who are grouped with each other because they share the same values, norms, or goals and thereby increases their perception of each other (McKnight et al. 1998) as well as a higher collective trust (Welter, 2012). Brand trust and authenticity is built when an organisation stays committed to certain values, instead of adapting them to short-term market trends that continuously change (Eggers, O'Dwyer, Kraus, Vallaster, & Guldenberg, S., 2013; Faust & Householder, 2009). Eggers et al. (2013) purposes that customer that identify with a brand in a B2B context, whether it be based the brand characteristic or value, can have an increased willingness to accept a premium price. Reputation categorisation entails increasing one's trustworthiness by creating a good reputation with regards to certain competences or their benevolence (McKnight et al. 1998; Welter, 2012). In a B2B context, a supplier's reputation is essential for the development of trust that the buyer holds towards the supplier (Doney & Cannon, 1997), especially in the initial stages of a relationship. Eggers et al. (2013, p.734) suggest that *"customers are more likely to perceive companies with highly favourable reputations as trustworthy"*, and that brand reputation can generate self-identification. Stereotyping can be done on several levels, ranging from individual to national and generalising from a favourable category can contribute with positive trusting beliefs toward the trustor (McKnight et al. 1998). Eggers et al. (2013, p.733) have found that *"in the B2B market*

environment, transaction partners comprise a significant part of organisational customers' social identity and form suitable identification target” as well as how this aspect may increase a customers' willingness to depend on the other party.

Lastly, calculative-based trust is built on the assumption that people are rational beings and will make a decision based on self-interest and risk-benefit analysis when facing unfamiliarity (Li et al. 2008). Paul and McDaniel (2004) argue for the relevance of this trusting base for initial stages of a relationship, reflecting Williamson's (1993, see Welter, 2012, p.194) suggestion that business relationships “*are never governed by personal trust but rather, are always based upon calculated risk*”. In relation to this initial trust stream, Chaudhuri and Holbrook (2002) illustrate the perceived risk that is present when choosing between brands. The authors explain functional brand-choice risk as the consideration of various brands that differ in their tangible aspects, such as finance or performance, and as something that can result in greater willingness to trust a brand. Emotional brand-choice risk refers to the brands' difference, in relation to psychological consequence or social implication, and can result in a greater trusting belief that a brand will deliver an emotional response (Chaudhuri & Holbrook, 2002). However, previous research does not provide an understanding of how calculative-based trust relates to the formation of initial brand trust.

2.5 Theoretical Framework

While the literature review presented an overview of previous research, the following theoretical framework (figure 1) has been developed as a means of illustrating the investigated process of selecting, acquiring, and utilising initial reference customers as well as the relationship between key concepts presented in the sections above. Figure 1 is comprised of these key concepts and their interaction, which will be further explained below. The theoretical framework will be utilised as a guideline for the analysis of collected empirical material and as a link to the research questions.

As the aim of this study is to explore the process that startups undertake when selecting their initial reference customers, this process is the outline of the theoretical framework. As this is an abductive study, these steps have been provided by the empirical material.

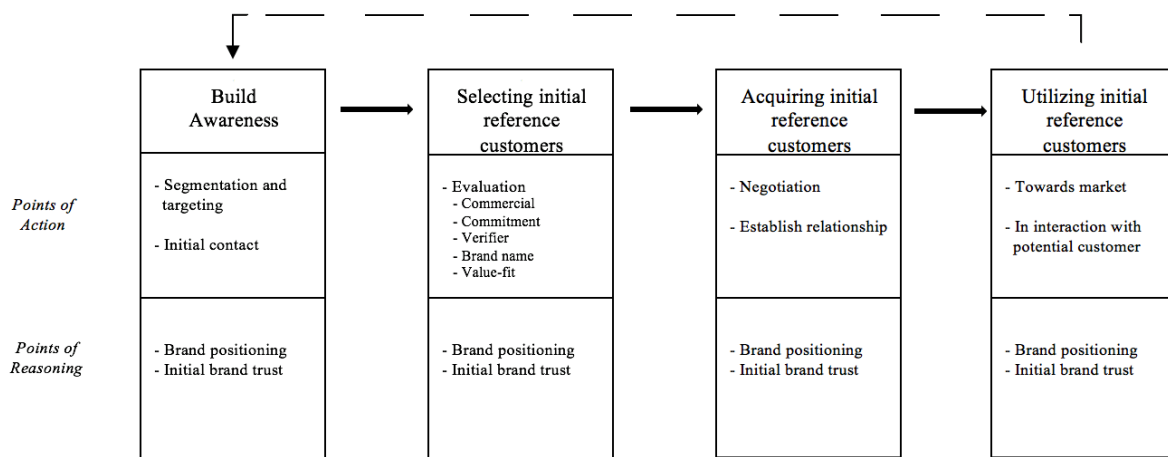


Figure 1, Theoretical Framework

As mentioned, figure 1 represents the process of selecting, acquiring, and utilising initial reference customers. Therefore, an understanding of what a reference customer is, becomes vital. Reference customers are customer-based marketing assets, where the relationship between the reference customer and an organization is exploited for the purpose of attracting new customers (Helm & Salminen, 2010; Jalkala & Salminen, 2010), thus generating reference customers as partners rather than targets (Mäläskä et al. 2011). An organisation’s reference customers have an ability to convey concreteness and functionality of products that are perceived as complex (Ruokolainen, 2008; Helm & Salminen, 2010; Jalkala & Salminen, 2010; Jalkala & Thero, 2015) as well as convey the potential an organisation has to create and deliver value (Jalkala & Thero, 2015). In this study, initial reference customers refer to the first reference customers that a startup acquires and represent a crucial achievement for new ventures (Kaulio, 2003). Although initial reference customers are not well understood in the existing literature, they are believed to hold the same abilities as reference customers in this study (Gomez-Arias & Montermoso, 2007; Ruokolainen, 2008; Helm & Salminen, 2010). Moreover, the study’s purpose is to explore the process within a B2B market, hence the term ‘customer’ is emphasised and used throughout this study.

Within the steps of the process, certain points of actions exist. This refers to the activities that are undertaken during a specific step in the investigated process. All points of actions within respective steps hold the same purpose, which is also what differentiates one step from another. The various points of actions will be explained within the steps that are elaborated upon below.

The first step is to build awareness, which entails activities that are implemented as to increase the existence of the brand in people’s minds (Kapferer, 2012). A brand does so through various communication activities (Fill & Turnbull, 2016), e.g. advertising, campaigns, sponsorships, or attending events. In order to implement the appropriate communication to reach the desired customers, an organisation must undergo segmentation and targeting as to understand the customers (Beane & Ennis, 1987). Thus, this step is comprised of actions with a purpose to undergo segmentation, targeting, and communication activities to build awareness, which

eventually leads to contact with a potential customer for the first time. When the initial contact has been achieved, the process advances to the next step as the points of action no longer hold the purpose of building awareness.

The second step is selecting initial reference customers. The choice of initial reference customers is crucial for startups (Kaulio, 2003), thus, we argue that evaluating potential initial reference customers is important. The action of evaluating is undertaken with regards to five dimensions, with the purpose of understanding which customers to select as the initial reference customers. These dimensions are labelled commercial, commitment, verifier, brand name, and value-fit. Commercial and commitment have the objective to overcome the challenges that startups often face regarding commercial revenue, meeting market share goals, and need for committed reference customers (Gomez-Arias & Montermoso, 2007; Helm & Salminen, 2010; Jalkala & Salminen, 2008). Previous research relating to the dimension of verifier can be found regarding how initial reference customers have an ability to verify the product's performance and the organisation being selected by another (Gomez-Arias & Montermoso, 2007; Jalkala & Salminen, 2010). Furthermore, the literature review depicts the brand of another's party to play a role in decision making (Kotler & Pfoertsch, 2006) and that perceived fit between two parties to generate favourable status-transfer (Helm & Salminen, 2010). When these actions of evaluation are accomplished, the startups select their initial reference customers, hence advancing to the next step of the process. The process advances as the points of actions changes from the purpose of selecting initial reference customers to the purpose of acquiring them.

The third step is acquiring initial reference customers and represents the actions undertaken for the purpose of creating a relationship with the potential initial reference customers. Firstly, the startups conduct activities of negotiation, which reflects the implemented activities that persuade the potential customers to purchase a product (Fill & Turnbull, 2016) and thereby initiate a relationship. Thereafter, relationships between customers and suppliers should be built and developed, which has the potential to enable the customers to become reference customers (Ruokolainen, 2008). Thus, acquiring the initial reference customers rather than solely initial customers. Which reflects the point of action in figure 1, labelled establish a relationship. When the startups have acquired their initial reference customers, the process advances to the next step as the points of actions no longer hold the same purpose.

The fourth step is utilising initial reference customers and entails activities that hold this purpose. Previous literature has identified the practices of reference customers to be "reference visits, reference lists, brochures of customers cases, and success stories, as well as communicating about references on trade fairs or via the internet" (Helm & Salminen, 2010, p.739). In this study, the utilisation of initial reference customers has is divided into two kinds of actions, where the purpose of the utilisation is either towards the market and selected segments or during an interaction with a potential customer.

Brand positioning is according to Kapferer (2012) a presentation of whom the brand serves, and in which market the brand exists, as well as the brands core values, promise, and evidence that support the value propositions. Organisations signal functional or symbolic values through

communication and thus establish brand positioning (Mowle & Merrilees, 2005). In this study, the functional values are defined as tangible product and performance benefits connected to the brand. While symbolic values are defined by the intangible benefits connected to the brand and adhere to the customer needs for enhanced social image, self-image, self-expression, or prestige. Furthermore, reference customers provide various signals (Reuber & Fischer, 2005) and therefore enable startups to establish brand positioning.

As the definition of trust is similar, if not synonymous, with brand trust (Delgado-Ballester & Munuera-Alemán, 2005; McKnight et al., 1998; Rousseau, Sitkin, Burt, & Camerer, 1998) we argue that the definition of initial trust applies to initial brand trust as well. Hence, in this study, initial brand trust is the potential customers' willingness to depend on startups delivering as promised when the two parties have limited or no information about each other, or solely form trust based on second-hand knowledge (McKnight et al. 1998). Further, it is the belief that the startups are benevolent, competent, and honest in a given situation (McKnight, Cummings & Chervany, 1998). Moreover, within the context of new ventures, the reputation of a product or organisation becomes the brand when startups only have one offering associated with the company name. Therefore, we argue that initial trust in brand refers to initial trust in brand, product, and organisation alike.

From the literature review, the concept of corporate branding is illustrated exists within every activity an organisation does (Balmer, 2010), which in turn also includes establishing brand positioning and the formation of initial brand trust. Therefore, we argue that every point of action that is illustrated in figure 1 affects the startups' brand positioning and formation of initial brand trust. As the purpose of this study is to understand how members of organisations reason during the process depicted in figure 1 in relation to brand positioning and formation on initial trust, the points of reasoning are the same in every step. Meaning that these aspects will be considered in connection with every point of action.

Lastly, Kapferer (2012) illustrates how building awareness can be conducted by certain customers acting as ambassadors for the brand. Thus, reflecting the concept of reference customers. This means that utilising initial reference customers has the potential to build brand awareness, thus creating a process that goes in a loop. This is illustrated by the arrow in figure 1, moving from the last step to the first.

3. Methodology

The approaches and processes carried out during this study will be presented in the following section. Explanations and arguments regarding choices, actions, and measures that were taken into consideration when conducting this study will be revealed in a structured manner.

3.1 Research Approach

Foregoing any argumentation of this study's methodological choices, Easterby-Smith, Thorpe and Jackson, (2015) illustrate the importance of understanding the fundamental research philosophies as a means to evaluate choices regarding research design. Further, this understanding also enables us as authors to increase reflexivity as well as an increased comprehension for our role as researcher (Easterby-Smith, Thorpe & Jackson, 2015).

In this study, we explore the process that startup organisations undergo when selecting, acquiring, and utilising first reference customers. We desire to understand which steps are taken by the company and how the organisations' members involved in the process reason in relation to how initial reference customers may contribute to the brand positioning and initial brand trust. Therefore, we gathered empirical material regarding the events and experiences when undergoing the investigated process. Moreover, we desired to reveal the reasoning behind the choices that were made by the members of the startup organisations, and thus gain insights of how the initial reference customers relate to brand positioning and initial brand trust. Prior branding literature depicts the possibility for customers to be partners as well as targets (Balmer & Gray, 2003). Although, as the aim of this study is to explore the reasoning of organisational members that hold relevant knowledge regarding the investigated process, we excluded the customer perspective in this study. Focusing on the organisations' perspectives with regards to the process is essential as a comprehensive understanding for how firms obtain and develop customer-base marketing assets, such as reference customers, is not provided by existing literature (Jalkala & Salminen, 2010). Moreover, acquiring a more in-depth understanding of the perceptions that organisational members hold regarding their experiences enabled us to reveal similarities as well as differences regarding their behaviour and thoughts. Thereby, placing the process, and the reasoning within it, into a broader context of selecting, acquiring, and utilising initial reference customers.

As the literature on reference customer research regarding startups is scarce, our study adopted an explorative approach with an aim to acquire in-depth understanding of the phenomenon.

Decisions like these and those regarding research design are influenced by the philosophical stance of researchers as well as the aim of the study (Easterby-Smith, Thorpe & Jackson, 2015). Comparing various parts of the empirical material, whether it be between individuals or topics, allowed us to confront different views and thereby draw conclusions. To be able to fulfil this we found it appropriate to emphasise what individuals thought and reasoned during a specific moment or event. By doing so, we consider the analysis to have an increased authenticity. Reflecting this discussion is Easterby-Smith, Thorpe and Jackson's (2015) depiction of researchers holding a relativistic stance with regards to their ontology as well as a constructionist epistemology.

3.2 Research Design

When conducting research, the authors must be clear on which research strategy is most applicable for the aim study and why (Guba & Lincoln, 1994). It is possible to mix research strategies but for most research it is advised to choose one (Greener, 2011). For this study a qualitative research strategy has been chosen, as the aim has been to explore the process startup companies undergo when selecting, acquiring, and utilising initial reference customers, and how they reason during the process. Bryman and Bell (2011) highlight qualitative studies as suitable when trying to obtain detailed information about a phenomenon. The investigated process has been explored through a multiple-case study, as explained below, with the aim to generate new theory. More specifically, we have sought to understand a process within a specific context, and therefore, close interactions with the research participants have been of vital importance. Eisenhardt (1989) argue a qualitative research strategy to be suitable when the aim is to provide an in-depth understanding of unique features within a specific context. Further, Bryman and Bell (2011) present qualitative research as the preferred strategy for authors who seeks to generate rather than test theory and for authors whose emphasis lies on understanding behaviour and emotions rather than quantifying data. Which in turn reflects our research approach and aim as discussed above, thus supporting our choice to employ a qualitative research design.

In accordance with Yin (1984), the purpose of the study is of exploratory nature as we investigated how startups undergo a specific process and how they reason during it. Further, Yin (1984) argue case studies to be appropriate for exploratory studies, and since the intention for this study was to achieve a deeper understanding for a specific process, an exploratory case approach has been applied. The investigated case is the process startups undergo when selecting, acquiring and utilising initial reference customers, and how they reason in relation to brand positioning and formation of initial brand trust during this process. In order to gain insights regarding the investigated case, seven interviews were conducted. However, we want to clarify that the investigated case has been investigated across organisations. Thus, we argue for the term multiple-case study, as our approach enabled us to obtain perspectives about the

investigated process from several organisations. Which aligns with Zainal (2007) who argues that through a multiple-case study approach, one can obtain an understanding of behavioural conditions within a context through the actors' perspectives.

Interest in the topic commenced when the authors observed young organisations strategically selecting initial customers that reflect their own brand identity. Which brought forth the question whether there is an explanation of how organisations can establish their brand on a market when they are a startup through the procurement of customers that would reflect a certain brand position. Attempting to answer the questions that we were confronted by from this observation, we initiated a primary literature review. This enabled us to acquire insights regarding the research focus as well as enabling a problem discussion. Reading about topics such as corporate branding, brand positioning, trust, and reference customers enabled us to form an interview guide as a base for the collection of empirical material. After conducting interviews, we understood that the literature review had to be expanded with more focus on certain details as well as with new literature streams altogether. Thus, the literature review was further developed during and after conducting the interviews. We chose this research design as a means to increase the possibility to explore and reveal new theoretical and empirical material. This manner of investigating implies the application of abductive research approach (Saunders, Lewis & Thornhill, 2009). By continuously moving between theory and empirical material, we acquired certain knowledge before collecting empirical material but were inspired by the empirical material which resulted in an expanded the literature review.

3.3 Data Collection

As explained above, a qualitative approach was chosen and applied for this study. There are several methods and techniques used to collect empirical material within qualitative research study (Easterby-Smith, Thorpe & Jackson, 2015). With our purpose in mind, we found it appropriate to undertake in-depth interviews with members of organisations. Interviews enabled us to understand how young firms undergo the studied the process of selecting, acquiring, and utilising initial reference customers and their reasons for various choices that were made. The chosen method generated insights of informants' experiences and the role brand positioning and initial brand trust plays during the investigated process. Further, interviews were chosen as it has enabled us to collect and present empirical material fitting to own planning (Bryman & Bell, 2015). Moreover, an understanding for the thoughts, experiences, and opinions of individuals was facilitated through the use of semi-structured interviews (Alvehus, 2013). We found it appropriate to apply semi-structured interviews in our exploratory study as it would enable us to obtain an in-depth investigation while still guided by an interview guide (Appendix 1), as outlined by Bryman and Bell (2015). Thus, we were flexible to go deeper into certain areas of questioning and to adapt the questions to the informants' responses or role in the organisation.

Semi-structured interviews also enabled us to implement laddering-up and laddering-down techniques (Easterby-Smith, Thorpe & Jackson, 2015). By asking the informants to reveal the underlying value of their statements or actions, the laddering-up techniques allowed the reasoning regarding the selection, acquirement, and utilisation of initial reference customers to be brought to light. Thus, clarifying the step-by-step logic that can occur during this process. This interview method was found appropriate to implement as a means to move towards a more explorative study, rather than simply gathering descriptive empirical material (Easterby-Smith, Thorpe & Jackson, 2015). We also employed laddering-down techniques by prompting the informants to provide examples or further descriptions of various occurrences and events expressed during the interview (Easterby-Smith, Thorpe & Jackson, 2015). By doing so, we gathered detailed insights of the process and the informants' understanding of the choices that were made. We were inspired by the critical incident technique (Easterby-Smith, Thorpe & Jackson, 2015), in order to explore the specifics of the process and significant happenings. Thereby, the respondents were asked to explain their actions in detail, such as instances of making a choice between potential customers or moving onto the next phase of the process.

The empirical material from these interviews was collected and analysed for the sole purpose of this study, implying the collection of primary data (Bryman & Bell, 2011). Secondary data (Bryman & Bell, 2011) from the organisations' websites were collected before and after interviews. We found an extensive amount of material, which resulted in a necessary selection as to avoid reviewing material deemed irrelevant based on our research question. This material from their websites was beneficial as it provided us with guidance during interviews, adapting to the perspective that the organisation in question holds. Thus, providing us with a better understanding for the constructs used by the informants when explaining their choices and experiences.

3.3.1 Sampling

A theoretical sampling method was used for selecting case companies to this study, which is described by Eisenhardt & Graebner (2007) as a method for finding cases matching the intended purpose of a study. Certain criteria were decided upon in order to find suitable cases to answer the research question, which were that the firms needed to: (1) be a startup, (2) have found their first reference customers (3) operate in a B2B context, and (4) sell an innovative product with high purchase complexity. Innovative products with a high purchase complexity increases the risk for the potential buyer (Helm & Salminen, 2010) and especially if the seller is a young organization with no or little history and experience (Raddats & Easingwood, 2010), which leads to an increased importance of finding the right initial reference customers (Ruokolainen, 2008; Jalkala & Salminen, 2010). Further, it was important that the candidates had found their first reference customers so that they could look back on the process and how they reasoned.

To select the firms, we made a list of possible candidates, and selected 27 firms to contact, based on the importance for each company to use reference customers and the criteria

mentioned above. The case companies who participated in the study all operate in a B2B context with an innovative product and high purchase complexity but differ with regards to their industry. We did not aim for a maximum variation sample, but as the case companies varied in industries, we found themes with differences and similarities in the studied process that cut across the industries. Which is according to Patton (1990) one of the advantages with the sampling method. 27 organisations were contacted, and four agreed, but late into the process two of the intended case companies withdrew their interest to participate due to unexpected reasons. Therefore, additionally seven organisations were contacted and one of them agreed, which resulted in three case companies participating companies in the study.

The case companies were approached via email and informed about the aim of the study, why they were chosen and the data collection method. We approached the CEOs of the case companies as we required access to relevant informants, thereby acting gatekeepers (Dalen, 2007). Empirical material was gathered from seven interviews, which we argue was enough to reach some extent of saturation. The term saturation is commonly used when authors claim further interviews would not add further insights to the analysis (Malterud, Siersma, Guassora, 2016). If the sample is too small, there is a risk of missing something (DePaulo, 2000), but there is no clear answer how large the sample needs to be to reach saturation (Bryman & Bell, 2015). Therefore, we were guided by the concept of information power for finding an adequate sample size for each specific case. The concept of information power differs from saturation and means that the number of informants needed for a study is based on the research question and how much information the informants possess (Malterud, Siersma & Guassora, 2016). Furthermore, we were limited in regard to choosing informants, as there were only a few employees possessing knowledge about the investigated process in every case company. This aspect was corroborated by the gatekeepers and informants alike, claiming that no other possible member of the respective organisations would possess relevant information regarding the studied subject. However, since we gained access to the key employees who had been working with the investigated process, we argue seven interviews to be enough for answering the research question. Further, we argue that we acquired a broad understanding of the investigated process as we interviewed employees with different positions and roles.

Three firms were selected for the study and below reads a presentation of the organisations and why they were appropriate for the study.

Orbital Systems

Orbital Systems is an organisation operating in the water tech industry. They are the first to introduce a closed loop shower, and by recycling the water, their shower can save up to 90% of water and 80% of energy (Orbital Systems AB, n.d.). Their initial customers were mainly in the hospitality industry, such as hotels, bathhouses and gyms. Orbital Systems were chosen for the study due to their innovative product, the high purchase complexity, and the high risk and big investment for potential initial customers. These factors indicate that initial reference customer ought to be vital for them and, we could also see that they have used reference customers in their communication. The three informants participating in the interviews held the positions of Marketing Director, Vice President of Strategy, and Sales Planner. Orbital Systems

were founded in 2012, and their first reference customer was acquired in 2015. At the time they were eight employees.

Enjoy

Enjoy is an organisation selling a ventilation solution for restaurants. Their product Lepido, is the first energy recycler that efficiently extracts energy from the heat and fat-laden exhaust in restaurants and distributes it through the heating system of the building (Enjoy AB, n.d.). As the product is installed within the ventilation system, is expensive, and first of its kind, it can be described as a significant and complex investment which entail certain risk for their initial customers. These were factors considered when choosing Enjoy for the study, and further, we could see that they were using reference customers in their communication. The two informants participating in the interviews were the founders of Enjoy and held the respective positions of CEO and Marketing Manager. The organisation was founded in 2012 and their first reference customer was acquired in 2016. At the time, they were two employees.

Easyfill

Easyfill sells clever rotating shelving solutions for drinks and food, which allows stocking products from the back of the shelves, resulting in saved stocking time and a first in first out principle (Easyfill AB, n.d.). We found them appropriate as their product is innovative and an expensive investment for their customers, as well as their history of working with reference customers. The CEO and the Chief Marketing Officer were interviewed. Easyfill did not fit the first criteria, being a startup. However, they fit the other criteria and were chosen as two case companies withdrew their interest in participating last minute. However, the informants were asked to look back on how they worked with finding initial reference customers when launching their first product and turned out to be an appropriate participant providing valuable information to the study. Easyfill was founded in 2007 and their first reference customer were acquired in 2009. At the time they were six employees.

Table 1. Overview of the sample

	Orbital Systems	Enjoy	Easyfill (Enjoy)
Founded	2012	2011	2007
Industry	Shower Heads and Panels	Ventilation systems for commercial kitchens	Shelving solutions for retail stores
Product launch year	2015	2016	2009
Employees during launch	8	2	6
Position of informants and interview duration	VP of Strategy (65 min) Marketing Manager (90 min) Sales Planner (120 min)	CEO (90 min) Marketing Manager (90min)	CEO (95 min) Chief Marketing Officer (100 min)

3.3.2 Interview process

The interviews lasted between 60-120 minutes and were held under circumstances that fit the informants. Five of the interviews were held face-to-face with the informants in private rooms at their offices, while the remaining two interviews were held over telephone. There are advantages with both methods (Bryman & Bell, 2015), for example, face-to-face interviews appear to be more suited for complex issues (Shuy, 2011), while telephone interviews are more associated with flexibility (Easterby-Smith, Thorpe & Jackson, 2015). For the purpose of our study, we argue that both methods were appropriated and gave equally good results. One researcher was responsible for taking notes during the interviews, while the other held the interview. We perceived that this would enable the sole interviewer asking questions to build a rapport with the informant, thereby avoiding the potential of missing information because of the interviewee's alternating focus between the researchers. Further, the notes were also for the purpose of writing down ideas that were developed into follow-up questions for the on-going interview and asked in order to avoid the possibility of deprivation of essential information from the participants. The interview guide was developed and structured from previous theory relevant to our research question. It consisted of open-ended questions and functioned as a guide to lead the conversation. However, which questions we focused on depended on the informant and the role he or she played in the organisation. Further, all the interviews were recorded with the permission of the informants.

3.3.3 Other collection of information

Scientific literature in the form of books and articles are considered to be secondary sources (Reinecker & Jörgensen, 2014) and was utilised during this study as a base for the collection of empirical material. The secondary sources that we made use of have been presented in the background, problem discussion, and literature review. When the studied phenomenon had been observed, a primary review of prior research was undertaken. It was instigated for the purpose of repeating subjects relevant to our study as well as discovering what previous research has explored, disclosed, and identified, as a way to explain the observed phenomenon (Bryman & Bell, 2015). During this phase in our study, notes about the studied subjects were taken regularly so that we would yet again find the pertinent information more effortlessly. It also enabled us to maximise our continued search of secondary sources as it provided us with several appropriate keywords. When the initial review was unable to answer how young companies reasoned for their choices during the process of selecting initial reference customers and how they could shape the brand, the relevance of our study was established. This was a turning point where we entered into a stage of intensive reading. Thus, implying that our review proceeded into a learning phase at a detail-oriented level (Reinecker & Jörgensen, 2014), which continued throughout our study.

3.4 Research Ethics

For this study, we have taken certain ethical requirements into consideration. Dalen (2007) illustrated requirements such as information and consent to be the principles of ethics within research and are recommended to be taken into account when dealing with parties that are directly involved. We introduced the purpose and holistic plan for our study as well as explained how the collected empirical material was to be used to all participants when the participants were contacted, and again during the interviews. Thus, attempting to provide transparency as a way to avoid deception (Easterby-Smith, Thorpe & Jackson, 2015). Thereby, the requirement of information was fulfilled, as outlined by Dalen (2007). The fact that our final product will be published and treated as a public record was also highlighted to the participants. We provided all participants with information that they had the possibility to deny participation, in addition to their right of discontinuing cooperation during the course of our study. Thus, fulfilling the requirement of consent as outlined by Dalen (2007).

The following actions were carried out to ensure that no harm falls upon the participants, as outlined by Bryman and Bell (2011). From inquiring the participants' desired level of confidentiality, presentation of company names as well as the position of all informants was agreed upon. The condition of this agreement was that our compilation of empirical material would be available for them before publication, as to ensure a correct understanding of the provided responses. Thus, fulfilling the requirement of confidentiality (Easterby-Smith, Thorpe & Jackson, 2015). Furthermore, the informants were assured that the information provided by them would be utilised solely for the purposes of this study. Thus, fulfilling the requirements of utilisation (Bryman & Bell, 2011).

3.5 Data Analysis

Preceding argumentation for any analytical choices, it is important to understand how the analysis and compilation of the empirical material were facilitated. Digital recordings and notes were taken when conducting the seven interviews, as recommended by (Dalen, 2007; Bryman & Bell, 2011). Even though we recorded the conversations of questions and responses, we chose also to include written supporting notes for us to look back upon to remember what has been said. Transcriptions were carried out after conducting the interviews and divided for the purpose of meeting its time-consuming efforts, as outlined by Bryman and Bell (2011). The detailed transcriptions, as well as the recordings and notes, were studied several times in relation to the compilation and analysis of the collected empirical material. The recordings were mostly utilised when transcriptions were difficult to understand or interpret, while tone of voice could enable a richer explanation of various responses.

Several techniques for data analysis has been undertaken during the course of this study. In accordance with Ryan and Bernard (2003), the initial phase of analysis occurred when transcribing the recordings from conducted interviews. Nevertheless, we commenced with the first cycle of coding when all transcriptions were done (Easterby-Smith, Thorpe & Jackson, 2015). With our purpose in mind, we coded to organise our empirical material with labels that portrayed various steps that were taken during the investigated process. Thus, generating several holistic themes in the form of steps that were described by the respective informants, through a sorting technique (Ryan & Bernard, 2003). The described holistic themes were compared between all informants as well as between informants within each case company. When doing so, we applied the scrutiny technique of similarities and differences (Ryan & Bernard, 2003; Saunders, Lewis, & Thornhill, 2012). Thus, we looked for similarities and differences in how the respective case companies, as well as respective informants, describe the investigated process. As our purpose was not to compare various perspective but to understand a process, we mainly focused on the similarities as to identify steps that all case companies undergo. Four steps were identified within this phase of analysing and portray the main themes of this study.

Following this stage of data analysis, we conducted a second cycle of coding for the purpose of generating a more in-depth analysis (Easterby-Smith, Thorpe & Jackson, 2015). We applied a technique of cutting and sorting (Ryan & Bernard, 2003), where responses deemed irrelevant for our purpose was excluded and the main themes were coded separately. After careful scrutiny regarding the similarities and differences between the case companies and informants alike, subthemes within each main theme were discovered. The outcome of the first and second cycle was a basis for the developed theoretical framework (figure 1), that would be utilised as a guide for our analysis. In the theoretical framework, the main themes represent the four steps of the process while subthemes represent the ‘points of actions’ within each step. Further, the theoretical framework also includes subthemes representing ‘points of reasoning’, developed from previous literature. The main themes and subthemes developed by coding the empirical material was analysed in relation to the subthemes developed from theory. According to Ryan & Bernard (2003), this reflects the technique of theory-relate material and is suggested as relevant when investigating informants’ perspectives and thoughts regarding a process. The authors also demonstrate a trade-off related to this technique, where a risk of researchers finding solely what they are looking for exist as well as the potential benefit of discovering connections between empirical material and research question. By questioning our interpretations when analysing the empirical material and whether there are other explanations, we decreased the risk of being subjectively biased.

The final stage of data analysis consisted of meta-coding (Ryan & Bernard, 2003), where the relations between identified themes, that were established during prior stages of analysis, were connected and colour-coded as to discover potential meta-themes. The outcome from this applied technique was an identification of the interrelated or unrelated patterns between the ‘points of reasoning’.

3.6 Source Critique

Aspects that may have affected the quality of our collected empirical material during the course of the study is prestige and sample bias. The former is considered unavoidable and reflects the point where informants provide responses as a means to be perceived as “better” in the eyes of the interviewer (Easterby-Smith, Thorpe & Jackson, 2015). In an attempt to limit the possibility for untruthful appearances, we aimed to uphold confidence between the interviewer and interviewee by creating a comfortable atmosphere. The latter refers to inference on quality that occurs because of the chosen sampling strategy (Easterby-Smith, Thorpe & Jackson, 2015). We have chosen to use gatekeepers, and thereby we are aware that there may be underlying reasons for why certain participants were chosen while others were not. For instance, there is a possibility that the gatekeepers provided us with contacts within the organisation that are closer to them, or those whom would offer “correct” answers. However, due to the fact that we interviewed startups about a very early phase of their life cycle, the possible candidates to interview were few. Thus, we argue that those recommended by the gatekeepers in question are of high relevance because of a low probability of excluding key participants, as they were few to begin with. Additionally, the informants were asked who else could possess information about the investigated process, but the informants confirmed that we already had access to the relevant employees. Further, the quality of research may also have been affected by our selection of secondary data from websites. A consequence from this could be inhibiting potentially valuable information to be included in this study. Which would entail that our selection of secondary data in this instance may have caused a deterioration of quality regarding the outcome of this study (Bryman & Bell, 2011). To achieve high quality, we jointly reviewed the secondary data to the best of our abilities in order to select information that is of relevance.

We understand that there were various interpretations carried out during the interviews, whether it was regarding a question, answer and/or statement, or done so by the interviewer or interviewee. To reduce the risk of misinterpretations, the informants were asked follow-up questions but also given a chance to comment on findings derived from their responses. The informants were sent these findings on email, and they all replied that the interpretations were ok. Further, we realised that the interviews, as well as the quality of follow-up questions, became better for every conducted interview. Which entailed a higher quality of responses as the interviews progressed, as they provided broader information regarding the research question. Therefore, it is feasible that we were deprived of essential information during the first interviews. However, the variety of questions that were generated through the use of semi-structured interviews was advantageous as they enabled us to further discuss what the individual informants perceived as important, which resulted in a wide variety of insights. Moreover, asking the informants to look back on a specific process and their reasoning during this process, generated a risk for post-rationalisation (Möhring & Daniel, 2008). To avoid embellished or distorted answers to affectin the research outcome, several organisations and informants were interviewed, in addition to applying laddering-up and laddering-down techniques.

3.6.1 Pre-understanding

As researchers we held a certain pre-existing understanding and opinion regarding the investigated area prior to the study. Dalen (2007) describes this phenomenon as prejudice. During our academic studies, we had sought after and acquired an understanding regarding subjects such as strategic decision-making, the role of customers, marketing, communication, and branding. This facilitates the gathering of information regarding these subjects and their like. Moreover, this prejudice will be of use during the interview process as it contributes to an increased understanding of the informants' experiences and responses. Our prejudice could also have an effecting on the interpretations made from the informants' statements. As the undertaken academic studies were in connection with business administration and marketing as well as service management, it is likely that these will be the perspectives that are of highest influence during the study. Although, previous in-depth knowledge about reference customers and their role was limited. Thus, as outlined by Gummesson (2000), requiring a time-consuming process to find relevant and appropriate understanding for the subject.

3.7 Validity and Reliability

Validity and reliability have been commonly used when discussing the quality of research but are considered to be less applicable for a qualitative study, as it rarely attempts to measure or generalise a phenomenon (Bryman & Bell, 2011). Alternative concepts such as credibility, transferability, dependability, and confirmability, have been introduced by Lincoln and Guba (1985). These four criteria have been applied in this study as to evaluate its quality and discussed below.

To ensure a shared understanding of informants' answers, we employed the use of explanatory probing questions during the interviews (Easterby-Smith, Thorpe & Jackson, 2015) as well as provided the informants with our final compilation of the empirical material. In doing so, we desired to confirm that our interpretation of their answers was correct and thus validating our presentation of empirical material. Thereby, increasing the credibility of our study, as outlined by Lincoln and Guba (1985). Bryman and Bell (2011) describe transferability as the generalisation possibilities of conducted studies. Case studies are generally regarded to restrict the possibilities of generalising the results onto other social environments or contexts (Yin, 1994). In our study, the transferability could be argued to be low as the sample size consisted of solely three case companies. Including a larger amount of case companies may have increased the transferability of our study (Yin, 1994). However, we argue to have increased the transferability by being transparent and thoroughly describing the research context and central assumptions taken during this study.

Bryman and Bell (2011) depict how dependability is achieved by enabling reproduction of the study. Therefore, the research design and processes undertaken in this study have been described in great detail. We have also presented motivations and arguments for the

methodological choices that were made during the course of the study, as a means of increasing dependability as described by Lincoln and Guba (1985). Lastly, in accordance with Lincoln and Guba (1985) we argue to have increased the confirmability by questioning our incentives throughout the progression of the study. For example, we have reflected upon and asked ourselves when analysing the empirical results if we perceived the material as meant by the informants, and if we somehow been influenced by external factors.

4. Empirical material

This chapter commences with a table providing the names of the informants as well as their position and the organisation to whom they belong. Further, the collected empirical material will be presented based on the structure of our interview guide (Appendix 1), thus presenting the process of selecting, acquiring, and utilizing initial reference customers, the steps the process consist of, and the reasoning behind the choices made by the members of the case companies. The process consisted of four steps: building awareness and selecting, acquiring, and utilizing initial reference customers.

Within the following sections, quotes that may deviate from or reinforce responses that one, several, or all informants have delivered are presented.

4.1 What a Reference Customer Is

The informants view on what a reference customer is, were considerably unanimous. The VP of Strategy from Orbital Systems presented an answer that represented the informants unified view when saying: *“it is someone we can utilise in marketing, someone we can use to try concepts, but also someone who is a satisfied customer that speak well of us to others”*. All of the case companies described initial reference customers to be used for marketing and in their sales process, but also to test the product in a real environment. These testings were described as external and internal proof of concept, as the following statement from the Marketing Manager of Enjay demonstrates:

“With reference customers we can show that our technology works, by talking about them in media and by referring them to potential customers, but it also showed to ourselves that the idea actually flies.” (Marketing Manager, Enjay)

As the above quotation shows, testing the product with a customer was considered important. All case companies performed theoretical test when developing the product, but stressed the difficulty in stimulating a real environment, as illustrated by the Marketing Manager of Enjay: *“to really test the product you need to throw yourself from theoretical testings and try it in a real environment”*. By testing the products with initial reference customers, the case companies had learnt new things about their product and thereby improved it. The CMO of Easyfill explained that customers use their products differently and that the logistics are different in

every store. He continued and said that this was not something that they had taken into consideration when they developed the product and that:

“You need to learn from the customers. You can innovate a good product but you also need to verify that it works practically, and for that the initial reference customers are incredibly important.” (CMO, Easyfill)

The informants from Orbital Systems also described experiences of learning from user behaviours regarding aspects that they had not predicted when developing the product. It was illustrated by the Marketing Director how the understanding for changing temperatures on the shower differed between the company's employees and end-users. Another example of a learning moment concerned construction workers washing their shoes in the shower and how the filter could not withstand the dirt. On the other hand, Enjay did not reveal learning from specific user behaviours as they install their product within ventilation systems, but rather that they learnt and improved the product by testing and observing the technique in a real environment, as stimulating a restaurant environment was described as impossible.

4.2 Build Awareness

All three case companies described creating awareness as the first step when launching their first product to the market. The CEO of Easyfill described that: *“first you have to develop the product, then you have to launch the product to create an interest, for example on events and media”*, which reflects the responses for all case companies regarding the first step. Networking, events, and media presence seemed to be key to create an interest, which is illustrated in the following statement of the Sales Planner from Orbital Systems: *“I think it is a mix between media, events, and that we ourselves try to spread the message”*.

Market research was revealed to be undertaken by the case companies during this first step, as well as the importance of creating interest and awareness in the right segment. For example, Orbital Systems first attended events and fairs within the hospitality industry, as they desired to reach segments with high water consumption, such as hotels, bathhouses, and sports gyms. Easyfill highlighted that they began with store fairs in order to reach out to their initial target segment and waited with fairs for other segments, as attending fairs for several segments was explained to be too expensive. Although all case companies expressed creating awareness through events to be crucial when building awareness, only Orbital Systems acquired their first reference customer from one of those events. They met their initial reference customer at an event who signed up for Orbital Systems newsletter, and a few months later they were contacted as the hotel was to expand with eight new rooms.

Easyfill and Enjay stressed the importance of using personal contacts to build awareness as a startup. The two case companies found their initial reference customer by reaching out to old contacts, which was expressed to be natural when launching a new product. The CEO of Easyfill explained that it is easier to sell to someone you know, and that he found the first reference customer by reaching out to organisations he had been in contact with during his previous employment. Similar to Easyfill, Enjay found their first reference customer by contacting a client that they had worked together with before with their old company. The Marketing Manager of Enjay described that:

“We had a contact with Burger King as we tested our UV purification technology there with our old company and failed big. So we had the contact and even though we failed big we still had a good contact.” (Marketing Manager, Enjay)

To summarize, the case companies mentioned networking at events, creating an online presence, and previous contacts to be of importance when building awareness in order to find the initial reference customers. Therefore, the initial reference customers can come from the organisation contacting the potential customers, or the organisation being contacted by the potential customers.

4.3 Selecting the Initial Reference Customer

The second step in the process was described as selecting the initial reference customers. In this step, the case companies described profiling and evaluation of potential initial reference customers to occur. Within this step, certain aspects regarding evaluating the potential customer were mentioned across the conducted interviews, which are presented below.

4.3.1 Financial aspects

Evaluating the potential initial customers' financial situation was revealed to be important for the three case companies. They revealed that the main goal with acquiring the first customer was to use it as a reference, but also expressed that to obtain a revenue stream was an important aspect to them as young companies.

All three case companies highlighted the potential customers' financial situation to be important for two main reasons. The first was to ensure a short-term revenue stream, meaning that they could ensure that the customer would be able to pay for the ordered products. This was especially important if selling to smaller organisations and was demonstrated by the Marketing Director of Orbital Systems claiming that: *“there is always extra consideration when you are working with a startup to make sure, from a financial perspective, that they can make the*

payment terms". However, the three case companies preferred to sell to big organisations and bigger volumes, as demonstrated by the CMO from Easyfill:

"It is a commercial product, we need to sell big volumes to make any money. If we knock on doors to sell one unit to small stores it will take years to make money. We need to achieve economies of scale. It's all about volumes. With big volumes the costs per produced unit goes down, so does the distribution, and the revenue up. That is what's it all about." (CMO, Easyfill)

The second reason for why the financial situation of the potential initial reference customers was important relates to the possibilities of repeated orders. Potential customers were described to evaluate the case companies' offerings by talking to the initial reference customers. The case companies believed that the purchase intention of these potential customers to be affected when observing initial reference customers undertaking repeated orders. Thereby, repeated orders were not only revealed to be of importance for operating the organisations, but also for gaining trust and credibility within the industry, as illustrated by the CEO of Easyfill in the statement below:

"It [repeated orders] increases the credibility. When other companies talk to these [reference] customers and ask them if they have installed at several facilities, then they ask themselves what is going on here? It is then that the product starts to live its own life, and it is not only us telling others how well this is working." (CEO, Easyfill)

Repeated orders were also described to affect potential investors. All three case companies described investors to be important for their future success and that their investors partially evaluated their success with customers. The Sales Planner of Orbital Systems explained that:

"One thing investors look at are how many customers that bought pilot orders continue with new orders. If you have a high rate of repeated orders, you have many happy customers proving that the product is working". (Sales Planner, Orbital Systems)

4.3.2 Importance of relationship and commitment

The informants expressed that ongoing relationship and commitment between distributor and customers was important and that this was something they evaluated before engaging in a relationship with them. Further, they expressed that potential customers who showed no or little interest were often put to the side. All case companies expressed that they did not work hard to get customers that showed little interest, which was illustrated in a statement from the Marketing Manager of Enjay:

"As a young organization with a new product on the market it is basically self-regulated, you only get customers that are enthusiastic. If they show resistance you put them aside and note in your CRM system that they are too busy or show little

interest. So you pause them and choose the ones that are more interested, in other words, you follow the hot leads.” (Marketing Manager, Enjay)

The case companies described their initial reference customers as bold trendsetters, organisations that dared to take the risk of trying something new, as all case companies did themselves. These organisations were preferred as initial reference customers, as they dared to take the risk of being first as well as shared the same culture as the case companies. The VP of Strategy from Orbital Systems explained this by saying: *“We are an entrepreneurial organisation, and if customers are the same and have the same culture, it might be easier to find each other”*.

To have a good relationship was described as particularly important in the beginning, when the product was still immature and not tested in a real environment. By having a good relationship with the customer, they could gather data and usage information in order to improve the product. The informants stressed the importance of notifying the initial reference customers that the product was immature, as the VP of Strategy from Orbital Systems illustrated by stating:

“It is important to inform the client that this is a prototype and some things may not work as it is supposed to in the future, and we might have to change and improve it, so that they have are aware that some things might not work as it will in the future and that some things will be changed and improved.” (VP of Strategy, Orbital Systems)

To notify the initial reference customers was described as important to minimize the risk of them getting disappointed if problems occurred with the product. Further, the case companies expressed that the initial reference customers who agreed to be first and try the product needed to be shown much appreciation. The Marketing Manager of Enjay said: *“the person who took the risk and decided to try our product need to get all our love and if something goes wrong, then we are there to fix it”*. However, with time, and after acquiring the first reference customers, the commitment and relationship seemed to become less important. The informants described that after acquiring the first reference customers, the level of commitment differed from customer to customer, and that some customers did not want to commit to a relationship that was more than just buying the product. All the case companies expressed that today they would not say no to a customer who did not want to have a close cooperation if it equaled a good revenue stream. This was exemplified by the Sales Planner of Orbital Systems, who said: *“I think that the more mature the product becomes, the less important is it to have a close cooperation with every customer”*.

4.3.3 Branding aspects

All case companies expressed that acquiring initial reference customers would indicate the product’s successful performance and operation. The case companies expressed how the market

understood that their product could help them with challenges, but not convinced of its functionality. Therefore, they reported that selecting the correct initial reference customer was to be a crucial choice, as the following statement from the Marketing Manager of Enjay illustrates:

“No one in this industry believed this was possible, and there was only one way to convince the market and that was with reference customers. So for us, it has been vital. Therefore, the choice of our reference customer was also extremely important, to find the right one.” (Marketing Manager, Enjay)

The three case companies further pointed out that the correct initial reference customers illustrate that the startup has been through a process where they have been chosen as the supplier. The correct initial reference customers were believed by Enjay and Easyfill to have an ability to influence potential customers’ purchase intention. This was demonstrated by the CEO of Easyfill expressing that strong brands as initial reference customers would be correct because: *“potential customers think ‘if they have bought it, maybe I should too’*”. The CMO of Easyfill also noted that this may occur because customers trust other customers rather than suppliers, as well as how it may lead to trust in the supplier.

Easyfill mentioned the potential for market entry as essential when considering whom to select as the initial reference customers, and that one central customer could be the gatekeeper to a key target segment. Orbital Systems also considered whether the customers would offer the potential to enable market entry. However, the Marketing Director of Orbital Systems further points to also considering solely the brand name of the potential customers, as the case company did when selecting a sustainable hotel as one of their initial reference customers. She indicated the case company to become associated with the brand of the hotel. This combination of considerations is demonstrated by the following statement from Orbital Systems’ Marketing Director:

“It’s being strategic and picking some of the customers that offer you something more ... but sometimes it just comes down to the brand name. In the hotel industry, which is a large and small industry at the same time as a lot of people know each other, one particular hotel might be looking for a reference in, for example, some kind of similar group of hotels.” (Marketing Director, Orbital Systems)

According to Enjay and Easyfill, the potential reference customers’ brand image was not considered during the selection process, with the exception of not supporting something that the two organisations would perceive as atrocious. The primary concern for Enjay was to select an initial reference customer that was a well-known brand, but more importantly recognised to be a worst-case scenario on the market regarding recycling the heat in restaurant ventilation systems. This choice would convince others that case company’s product works as well as that it is a cost-effective product that decreases carbon emissions. Thereby creating a story that could be told. Enjay and Easyfill were unified in that well-established brands were favourable choices

for initial reference customers as it confirms the products' attractiveness, reflected in the following remark from Easyfill's CMO:

"It signals that it's a good product and an accepted product by the well-known brands ... it's about trust, if you [the customers] can trust that it's something [the product] that actually works, you [the customers] don't need to be as worried." (CMO, Easyfill)

Orbital Systems provided answers that reveal the primary consideration to be the potential for a customer to increase purchases over time. While the potential of customers becoming a reference customer, is held as secondary. This is reflected in the following statement from Orbital System's Sales Planner:

"The first thought is that they will purchase more showers for their next hotel. Then of course, number two is that they should become references so that others will buy showers of us, their values are similar to the values we seek from our customers." (Sales Planner, Orbital System)

However, the Marketing Director of Orbital Systems expressed that a value-based conversation comes first and that there would be a fit if they hold the same values. The informant further demonstrates that:

"Since we are a premium product we have to sell on these values. If we sold just regularly needed product, from a perspective that I need this in my everyday life to function, not a premium company, then I think the conversation is different." (Marketing Director, Orbital Systems)

Informants from Enjay and Easyfill considered it important to select larger organisations as initial reference customers. They could reflect a higher performance from the supplier and their product, in comparison to smaller companies as reference customers. This is reflected in the example presented by the CEO of Easyfill: *"when you get a foot in with them, it shows quality and an ability to deliver, and that is how you get more customers"*.

The case companies provided varied responses regarding the importance of brand image when selecting initial reference customers. Enjay disclosed that the brand image of potential initial reference customers was considered but not of relevance for them during this process. Contrary, The Sales Planner of Orbital Systems expressed that: *"certain potential reference customers are excluded early in the process when they do not have the brand image we search for"*. However, the informant continued to state how the brand image would have been ignored if the customer desired to purchase a large number of products, that: *"it's about 'give and take', we cannot afford to be spoiled even if we try to be as selective as possible"*. The need to weigh their choices was essential for Orbital Systems. It was further explained by the VP of Strategy and Sales from the case company that it related to a need of proving yourself on the market as well as a need to deliver a high volume of product on the market. An example of when Orbital

Systems achieved a correct fit was their initial reference customer, a hotel that conveys predominantly sustainability values. The Marketing Director of Orbital Systems disclosed that their value match, as well as the hotel's interest towards new solutions for a sustainable future, was favourable.

All informants from Orbital Systems indicated that they were selective because they were protective of their brand and its premium look and feel, thus marketing their product as luxurious as well as sustainable. Tesla was a brand that was compared to Orbital Systems across all three informants from the company, as it too is a premium brand. The informants of the case company argued for the favourable outcome of the initial reference customers they have today to hold both luxury and sustainability as core values. Reflecting this is Orbital System's Sales Planner expressing that: *"we install with premium customers. A premium product should be at a premium place"*.

Initial reference customers' ability to enable easier conversations with potential customers was mentioned by the informants from Enjay and echoed throughout by Easyfill's responses. Enjay explained that large organisations, such as their initial reference customers Burger King and Stena Fastigheter, were chosen as they considered it important for them to be able to say that they are customers because it would be more influential. The Marketing Manager on Enjay expressed that *"it is a lot better to have a big, established player"*, which reflects the case company's CEO's statement *"it was important to have a big player who chose to invest"*. The initial reference customers would be influential as they were believed to provide trustworthiness. The two informants described that it had the potential to affect how others would perceive the brand of Enjay, as others within the relevant industries recognise the brand name of Stena and what it stands for. Thus, CEO of Enjay claimed that *"if one is able to sell to the bigger players, the proof somehow becomes more real"*. This argument was also expressed by Easyfill, as they indicated how having larger organisations as the initial reference customers was perceived to signal trustworthiness.

4.4 Acquiring the Initial Reference Customers

The third step in the process was described as acquiring the initial reference customers. In this step, the negotiation of commercial aspects and the process of establishing reference customer relationship were mentioned across the conducted interviews, which are presented below.

4.4.1 Negotiation

After evaluating customers potential fit and revenue stream, negotiations commenced. The case companies described their potential customers as naturally risk averse and unwilling to be the first in the market to try a new product, making it difficult to get a first reference customer. A common method for the case companies to overcome this obstacle was to let potential customers try the product for free. The CEO of Easyfill described how he initially had to “beg” supermarkets to try the product and that he told potential customers:

“you can try it for three months for free, if you are not satisfied we will come over and restore your store as it was before, but if you want to keep it you will have to pay for it ... maybe I gave them some discount.” (CEO, Easyfill)

Orbital Systems described a similar process when negotiating with potential customers. As their shower circulates the water, the customer will save money on water and energy costs. The Sales Planner described how every negotiation differs, but that they rarely discuss price discounts if there is no potential upside for them. He described how they often set up key performance indicators (KPIs) when they negotiate with the customer and said:

“For example, we can install X amount pilot showers, if the showers do not achieve the KPIs, you don’t have to pay for the showers, but if they do you can get a discount on them, if you commit to buy additionally X amount of showers. It’s a win-win situation, if it doesn’t work, you can buy another shower, but if it works, you are buying showers you are happy with.” (Sales Planner, Orbital Systems)

Enjays process of negotiating with the initial reference customers differed from the other case companies. They gave the product to the first reference customer for free, but explained that further customers had paid full price. The Marketing Manager demonstrated in the following statement how they got the first reference customer:

“When we first reached out to them they said, we can’t be bothered, we just tried another technique which didn’t work, and it cost us 15000 SEK. So, we said, ok, you don’t have to pay anything, we install when your restaurant is closed, we make sure your operation will not get disrupted anyway, if it doesn’t work we remove it without any costs for you and if it works you get to keep it for free.” (Marketing Manager, Enjay)

4.4.2 Establishing reference customer relationship

After the evaluating the potential customers, negotiating with them, and after signing the contract, the case companies described that the next phase was to install the product. In this phase the case companies expressed the importance of making sure that the product worked as

supposed, and to demonstrate how to use the product. This was demonstrated in the following statement from the VP of Strategy from Orbital Systems:

“when we install the product we are dedicated to make sure that the installation goes well, you know that the client understand how to use the shower, that they have access to the data, the savings, and how to use it.” (VP of Strategy, Orbital Systems)

After installation, the case companies expressed the next phase was to follow up. In the case of Orbital Systems and Easyfill, who often start with a trial for an agreed upon time, following up on the KPIs was important as this would determine if the sale would go through or not. Further, all the case companies targeted big organisations and expressed that if the customers are happy and reach their KPIs, the chances for repeated orders would be more likely. Another aspect why companies followed up was to collect feedback so that they could improve the installation process, the product, and general offerings. The CMO of Easyfill described that they collect feedback right after the installation, and once again two months later in order to get a wider span of feedback, as the customer's experience of the product might change within this time. Further, he stressed the importance of collecting the data and said: *“we need to collect this data so that we can learn and improve ourselves, no matter if the feedback is good or bad”*.

An additional reason to follow up was to ensure that the customers were happy so that they could be utilised as reference customers. All the case companies were unified in the view of the importance of follow up and expressed it to be the key to maintain a good relationship with the customer and to convert them to reference customers. It was also expressed by the case companies that they promised their initial customers much attention and that this promise was important to keep, as described by the Marketing Manager of Enjay: *“if you promised to follow up every week, then you do it every week”*.

The follow up phase was shown to be important to ensure sales, to ensure repeated sales, to collect feedback for improvement, and also to enable customers to become reference customers, which was demonstrated in the following statement from the Sales Planner of Orbital Systems:

“We always follow up, everyone we sell too can either give us good PR, be used as reference customers, or buy more showers. In this stage we need happy customers who can talk good about us to others and leave good reviews and if they are not happy they will not do that.” (Sales Planner, Orbital Systems)

4.5 Utilizing the Initial Reference Customers

The last phase was described by the case companies to be utilising the initial reference customers for branding purposes and when interacting with potential customers. Enjay and

Orbital described that they used their initial reference customers for joint marketing, for example by writing articles to newsletters and writing about collaborations on social media. The CEO of Enjay explained that they tried to build a story about their company by using their reference customers for communication purposes. For example, he explained that they wrote an article about their second reference customer and that they emphasised the reference customer and their willingness to do something good for the environment, instead of highlighting the functions of the product. The CEO of Enjay continued to express:

“I believe we can strengthen our brand more by highlighting the customers good work than highlighting what we are doing. People don’t want to read about one company and how good they are. I believe in lifting others, and that our brand will benefit from that ... I believe and hope they see us as humble. I believe we are and that it is important that you can feel it.” (CEO, Enjay)

Similar to Enjay, Orbital Systems were also doing joint marketing together with their reference customers. The Sales Planner of Orbital Systems described how one of their first reference customers bought their showers partly because they wanted to do joint PR with them to highlight their work for sustainability. He continued with: *“this was a perfect customer for us, it was a win-win situation for us both”*. On the other hand, the informants of Easyfill described that joint marketing with their reference customers is something they could improve. The CMO of Easyfill explained that: *“we are not really doing that, but we do have some really big customers which we could use for marketing so on that aspect we can definitely improve”*. Further, he mentioned a difficulty to undergo joint marketing with certain larger organisations, as there had been instances where Easyfill published that a purchase had been made and the customers insisting on the communication to be removed.

The informants of Orbital Systems and Enjay also revealed that reference customers were utilised on their website. Enjay explained that so far, they have their first two reference customers on their website with published quotes and KPIs. Orbital Systems was mainly publishing partnerships on their blog for now, as they were working on a new website which will focus more on their reference customers. Therefore, pictures and information about the installations were described to be continuously requested by clients and potential customers. Orbital System mentioned that having their reference customers more visible and accessible would be good for the startup in a branding perspective, but also very powerful for potential customers and sales conversations. Further, the Marketing Manager from Orbital Systems said, *“we pay a lot of attention to how the installation looks, as we are a premium brand and we want to show premium installations on our website”*. Easyfill, on the other hand, explained that they are not portraying other brands and reference customers on their website. Although, Easyfill revealed that the company presented business cases that demonstrate KPIs and the benefits of their offering, such as decreased labour hours and waste, or increased sales and efficiency, to other potential customers.

All three case companies revealed that the reference customers were not only utilised for branding purposes but also when interacting with potential customers. Both informants of Enjay

described how reference customers are used early on in every sales pitch. The CEO of Enjay explained that: *“as no one in the industry believes what we are doing is possible, we have to use reference customers early on to prove that it actually is possible, and that we can do it”*. Further, he illustrated a situation when they had used their reference customers in a meeting with a big property company and disclosed that the potential customer’s competitors already tried the product. Which resulted in the office manager of the property company to bang his hand on the table and declared, *“if they did it, then we will do it too”*.

All three case companies further described that they asked potential customers to call their initial reference customers if they wanted more information. The case companies described the difficulty of gaining trust from big organisations when they are young companies with limited history. Potential customers were described to sometimes be reluctant to try the case companies’ products, as they did not believe in the startups’ ability to deliver what had been promised. However, after acquiring the first reference customer, the case companies expressed that talking to big organisations became easier, as they now could instruct potential customers to call the initial reference customer in order to confirm their ability to deliver. This is reflected in the following statement by the CMO of Easyfill:

“It is hard to get the big corporations to try your product if you are a small company with no name on the market. But the big corporations talk and learn from each other all the time, even though they are bitter competitors, they trust each other more than a small company from Bräcke.” (CMO, Easyfill)

The utilisation of reference customer extended to more than prompting potential customers to call the reference customers. All three case companies also described bringing potential customers to their initial reference customers as to provide them with an opportunity to see the products in a real environment. This was claimed to be essential for the startups in order to meet potential customers that usually withstand from being one of the initial customers because of the perceived risk. The case companies illustrated that initial reference customers generate an easier conversation with potential customers by reducing their perceived risk.

All informants of Orbital Systems explained that they had taken many potential customers to the hotel they first sold to in Denmark and offered them one of the rooms where their product had been installed. This allowed the potential customer to try the shower themselves, and ask questions to the cleaning staff, the people in the reception, and the hotel manager. Some potential customers to Orbital Systems had been sceptical to showering in recycled water and unsure about the quality. Therefore, inviting them to one of their initial reference customers was described as crucial, as described by the Sales Planner: *“this often increases the trust between us and the customer as they then can try it themselves and talk to others who are working with it”*. Moreover, Orbital Systems revealed that the hotel was known for being a sustainable, premium hotel and illustrated it to be somewhere potential customers can spend the night and experience the luxuriousness of the shower first-hand.

Both informants from Enjay described that they had taken many potential customers to their first reference customer and that no one so far had been willing to buy their product without visiting one of their initial reference customers. Also, Easyfill explained that many potential customers had visited their initial reference customers. The case company's informants highlighted that larger organisations were seen to potentially provide a common understanding within relevant industries, with regards to their product's functionality and performance, which is illustrated in the following statement by the CEO of Easyfill:

“We have chosen our showrooms based on their strong brands, everybody knows them. If I tell potential customers to visit our showroom in a small kiosk, they will not want to come. If I tell them to come to a large store or a renowned brand ... it will of course be more interesting for potential customers.” (CEO, Easyfill)

5. Analysis

The outline of this chapter follows the developed theoretical framework, thus, including building awareness, selecting initial reference customers, acquiring initial reference customers, and utilising initial reference customers. In this chapter, the empirical material is presented and interpreted by using previous research presented in the literature review as well as the developed theoretical framework.

5.1 Build Awareness

The first step of the investigated process provided by the empirical material refers to building awareness on the market. Two actions, segmentation and targeting as well as the first contact with potential initial reference customers, have been identified within this step. These actions will be analysed below, as well as the reasoning behind them.

5.1.1 Segmentation and targeting

The empirical material revealed that the case companies undertook actions regarding industry segmentation before building awareness and creating interest, as to communicate with the correct segment. This aligns with Kapferer's (2012) illustration that market segmentation should precede any action to build brand awareness. The case companies search for those segments where they believe they will have the most success, as suggested by literature (Beane and Ennis, 1987). Thus, reflecting segment that offers successful opportunities and customers that respond to the product for various reasons (Beane & Ennis, 1987). For instance, Orbital Systems explain their main segment to be the hospitality industry as they exhibit high water consumption. Implying that Orbital Systems perceives this industry segment to be more receptive to their product that has the potential to reduce water consumption. Similarly, Enjay and Easyfill found segments where their innovative product would be of most use, such as real estate companies or grocery stores and beverage manufacturers. It is appropriate to divide the segments based on opportunities, as one single product is unlikely to meet the needs of all segments (Fill & Turnbull, 2016), but also as the case companies held little resources during this phase of their life cycle and therefore unable to focus on many segments at once.

Following a segmentation strategy, Fill and Turnbull (2016) illustrate a need for organisations to select target segments. The case companies seemed to be undergoing targeting strategies based on where their product would provide opportunities of revenue streams, rather than

targeted segments based on brand values. For example, Easyfill selected to target grocery chains with independent stores, rather than centrally controlled, because selling to independent stores offered an easier market entry. However, Easyfill explained that they target big grocery stores, because of the desire to sell big quantities. This was detected across the case companies, where Orbital Systems selected target segments such as hotels or training centres and Easyfill selected target segments such as real estate companies with a certain number of restaurants. Which we interpret to reflect selecting a target segment that represents market potential regarding financial aspects as well as a realistic opportunity to compete (Weinsteain & Maragret, 2007). Meaning, the case companies desired to sell to large organisations as to obtain revenue but understood the difficulties of a startup reaching the decision-makers of these organisations.

In order to reach potential initial reference customers within the target segments, the case companies attended events as well as created an online and media presence. These communication activities were undertaken as an attempt to increase awareness for their brands and interest within the certain segments, which we believe indicates an attempt to build a place within a specific category or segment (Urde, 1999). Although, it is difficult to steer the associations of various stakeholders, such as customers (Martinez & Chernatony 2004). Therefore, we understand it to be essential to adapt the communication appropriately towards the selected target segment as to generate the desired associations. Beane and Ennis (1987) claim this to be achieved when conducting segmentation, as it leads to an increased understanding of the customers within the segments and thereby enabling communication that the potential customers would be receptive towards. This can be reflected with Orbital Systems and Easyfill revealing that they attended a variety of events within the industry segments as a way to reach the target segments of hotels and training centres or grocery stores, thus implying that they applied appropriate communication activities to the target context.

Fill and Turnbull (2016) mention reference customers to have the capability to build awareness, which we understand indicates the possibility for reference customers to also build a place within a specific target segment (Urde, 1999). Thus, the case companies communicating what customers and segments the brand is targeting through their initial reference customers can represent a brand positioning approach (Kapferer, 2012). Although the case companies did not have a reference customer when initially starting the business and could therefore not employ them to build awareness, we understand that the initial reference customers of the startups to increase brand awareness. With this argument, we argue that with initial reference customers, startups can build brand awareness and position their brand on the market.

5.1.2 Initial contact

The empirical material revealed that creating awareness by attending events resulted in the first contact with Orbital Systems and their initial reference customer. On the other hand, Easyfill and Enjay, whom also created initial awareness by attending events, differed from Orbital System in how they found the first reference customer. The case companies expressed businesses to be risk averse in their industry and unwilling to be the first in the market to try

their new product due to their complex product offering. The fact that young organisations with complex product offerings struggle with finding the first reference customer is highlighted by several researchers (Raddats & Easingwood, 2010; Ruokolainen, 2008). To overcome this difficulty, the case companies expressed that they approached old business contacts, as demonstrated by CEO of Easyfill in the following statement: *“I went to Coca Cola Sweden and Spendrups, I had sold to them before with my old company so I already had the contacts and they knew me”*. Thereby, benefiting from previous business contacts (Eisenhardt & Schoonhoven, 1996; Ruokolainen, 2005). This indicates a willingness for these contacts to disregard the potential risk by relying on personal-based trust (Welter & Smallbone, 2006) towards the CEO’s of the two case companies, that is based on previous business relationships. Moreover, the Marketing Manager of Enjay emphasised that an old contact became their first reference customer despite previous shortcomings, as demonstrated by the following statement: *“So we had the contact and even though we failed big [with our old company] we still had a good contact”*. This illustrates trust towards the person, rather than the product or the brand. Although, we interpret this to represent the potential of personal-based trust in a person within a company generating initial personal-based brand trust towards the same company. The alignment of trust in a founder and trust in a startup’s brand is consistent with Rode and Vallaster (2005) depicting that startups in themselves have a tendency to be associated and linked with the founders' actions. Thus, indicating the capability of social capital to initiate trust-transfer and thereby aiding startups in acquiring the first reference customer. This implies that recruiting a core team (Kaulio, 2003) with the right social capital and previous contacts (Tasi & Ghoshal, 1998) to be an effective method for initiating first contact with a potential customer and for overcoming the difficulties of having no track record.

5.2 Selecting the Initial Reference Customers

The second step of the investigated process provided by the empirical material refers to the five strategic dimensions that are evaluated when selecting initial reference customers. These five dimensions are labelled commercial, commitment, certifier, brand name and value-fit. In the following section, the dimensions will be analysed, as well as the reasoning behind them.

5.2.1 Commercial

The case companies revealed financial aspects to be a key dimension when evaluating the potential initial reference customers. Evaluating financial aspects was argued to be relevant because of the fact that the case companies were startups, hence facing a need to procure a revenue stream. Previous literature has also illustrated financing as a key issue for new ventures (Vresciani & Eppler, 2010; Kaulio, 2003). Although financing was portrayed to be vital for the case companies when evaluating the initial reference customers, the empirical material provided the insight that the primary focus for evaluating the first customer was its potential to

become a reference rather than financial evaluation. Which in turn reflect the importance of reference customers for new ventures in B2B markets (Ruokolainen, 2008; Helm & Salminen, 2010; Jalkala & Salminen, 2010).

The empirical material provides the case companies' reasoning of repeat orders generating trust and credibility within the industry. Jalkala and Salminen (2010) have found that signalling trust can be enabled through reference customers. From the empirical material, it is demonstrated that reference customers that conduct repeat purchases can potentially be brought to the attention of other customers within the industry. We interpret the case companies to believe that this relationship can generate trust in the sense of situational normality, as the potential customers rely on the condition that already exists in the industry to provide favourable outcomes (McKnight et al. 1998). Meaning that the initial reference customers and potential customers within industries would in this case share a common understanding that the brand is able to deliver as promised, thus generating initial institutional-based brand trust towards the case companies based on second-hand knowledge. Which we perceive is demonstrated by the Marketing Director of Enjay in the following statement:

“When other companies talk to these customers and ask them if they have installed at several facilities, then they ask themselves what is going on here? It is then that the product starts to live its own life, and it is not only us telling others how well this is working.” (CEO, Easyfill)

Overcoming financial challenges that the case companies meet is also highlighted in the empirical material as having the potential to influence external stakeholders, particularly potential investors, as demonstrated by the Sales Planner from Orbital Systems in the following statement:

“One thing investors look at are how many customers that bought pilot orders continue with new orders. If you have a high rate of repeated orders, you have many happy customers proving that the product is working.” (Sales Planner, Orbital Systems)

Based on the case companies' description of reference customers as being satisfied customers that speak well of them as well as show that the developed offering works, we perceive the quote to indicate that a repeat customer represents a reference customer that proves the functionality of a product. Thus, repeat purchases can potentially represent a verification of market attractiveness as well as functionality of product (Kaulio, 2003). Initial reference customers demonstrating functionality of a product may signal functional values, and thereby enable the startups to position their brand as able to fulfil practical and immediate needs of customers (Mowle & Merrilees, 2005). This will in turn provide the benefit of adhering to various stakeholders whom rationally evaluate the case companies' products (Mowle & Merrilees, 2005), which we interpret reflects the investors' focus on repeat orders. Thus, the potential of initial reference customers conducting repeat order is important to evaluate. Moreover, we recognise that the benefit of adhering to rational evaluations of products (Mowle & Merrilees, 2005) reflect Chaudhuri and Holbrook (2002) illustrating that perceived risk is

present when choosing between brands. The functional and tangible benefits of a brand, such as product performance, has the potential to increase the willingness of customers to trust a brand (Chaudhuri & Holbrook, 2002). With this discussion in mind, we argue that the startups can prove functional values by initial reference customers undertaking repeated orders. Thus, forming initial calculative-based trust towards their brand, as they position their brand as functional.

5.2.2 Commitment

The empirical material revealed that the case companies evaluated the degree of commitment and interest shown by a potential reference customer. Targeting committed customers was a key element, as described by the Chief Marketing Officer of Enjay in the following statement: *“if they show resistance you put them aside... and choose the ones that are more interested...”*. We interpret that solely the committed companies were targeted because the case companies are small organisation with little resources (Kaulio, 2003). Although, a benefit of selecting solely committed initial customers is that the case companies get those who have the potential to give activity and intensity (Keller, 2001). Therefore, we argue that the level of commitment of potential initial customers to be an essential dimension to evaluate, as it can potentially generate meaningful brand relationships and therefore reference customer, in accordance with Keller (2001).

Furthermore, the targeted initial reference customers were described as bold trendsetters, and that those organisations often show more commitment. Even though the startups differ from their initial customers in various aspects, the three case companies and potential initial reference customers alike were described as forward-thinking, which can result in a certain level of understanding between the actors. This is demonstrated by The VP of Strategy from Orbital Systems expressing the following statement: *“... we are an entrepreneurial organisation, and if customers are the same and have the same culture, it might be easier to find each other”*. Therefore, we recognise that the case companies target customers similar to themselves, which is suggested by research (Wilkinson et al. 2005). The similarities represent the possibility of an initial reference customer to enhance the startups’ self-image (Bhat & Reddy, 1998) of being forward thinking. Thus, connected to evaluating the possibility of initial reference customers enabling the startups to establish a symbolic brand position.

A potential benefit of aligning your brand with other parties similar to yourself is generating initial cognitive-based brand trust through unit-grouping or stereotyping (McKnight et al. 1998). If the case companies align their forward-thinking brand with initial reference customers that are forward-thinking as well, we argue that self-identification (Eggers et al. 2013) from other potential customers can occur, which is reflected in the quote above. Meaning that initial reference customers can generate initial brand trust if other potential customers perceive a certain stereotype, that the startup and initial reference customers hold, as positive. We recognise that the same can be understood for unit-grouping, where the startup, initial reference customers as well as other potential customers share similar values.

Further, committed customers were shown to be especially important early on in the case companies life cycles, as they needed reference customers for communication purposes, but also for testing the product in a real environment. Committed initial reference customers were revealed to be crucial in order to improve the products, and to develop the business offerings, which is also highlighted by Ruokolainen (2004). Moreover, the case companies revealed the need for commitment to go both ways, which was exemplified by the Chief Marketing Officer of Enjay: *“the person who took the risk and decided to try our product need to get all our love and if something goes wrong, then we are there to fix it”*. We perceive this to indicate that the relationship needs to be reciprocal, which means that the chances for a stable and lasting relationship increases if the customer feels valued and respected (Barnes, 2003).

5.2.3 Verifier

A challenge for the case companies was revealed in the empirical material to concern the verification of the products' performance. The three case companies demonstrated the importance of initial reference customers to overcome this challenge, which reflects previous literature that has found reference customers as able to add concreteness to complex products (Ruokolainen, 2008; Helm & Salminen, 2010). Considering that startups face difficulties finding customers as they have limited experience (Jalkala & Salminen, 2010) and the market's uncertainty towards the offerings' functionality, selecting initial reference customers that could become advocates for the newly introduced products was crucial. This represents a purpose of strategically evaluating initial reference customer based on their ability to signal verification of the product's successful performance and operation. Thus, we interpret the case companies to focus on signalling functional values and positioning the brand as willing and able to fulfil utilitarian needs (Bhat & Reddy, 1998). Further, providing customers with functional and tangible values to consider, such as performance, can confront their perceived risk and thereby increasing the customers' willingness to trust a brand. Thus, indicating the importance of initial reference customer to generate initial calculative-based brand trust, as indicated by the following statement of Enjay's Marketing Manager:

“No one in this industry believed this was possible, and there was only one way to convince the market and that was with reference customers.” (Marketing Manager, Enjay)

A second branding aspect that is evaluated when selecting initial reference customers was found to be their ability to verify that the case companies had undergone a process of being selected themselves. Thus, indicating that the startup is worthy of being selected (Jalkala & Salminen, 2010). Moreover, being chosen by initial reference customers with strong brands was explained to be important, as Enjay and Easyfill perceived it could influence the purchase intentions of other potential customers. We believe this to represent the desire to select initial reference

customers based on their capability to generate initial brand trust through situational normality, as reflected in the following expression by the CMO of Easyfill: *“potential customers think if they have bought it, maybe I should too”*. We interpret this to indicate that the case companies believe if they are selected by influential initial reference customers, it can cause other potential customers to increase their willingness to depend on the startup. The reason for this is because the potential customers now believe a relationship with the startups’ brand is comparable to their existing trust exchange with the initial reference customer (McKnight et al. 1998). Thus, we interpret that selecting an initial reference customer that can indicate that a startup is worthy of being chosen (Jalkala & Salminen, 2010) is desired as it is believed to generate initial institutional-based brand trust based on situational normality.

5.2.4 Brand name

The brand name of potential initial reference customers was considered by all case companies to be an important aspect to evaluate during this step of the process. Although, it was revealed by the empirical material that the case companies focused on different dimension of brand names.

Firstly, the brand associations of the potential initial reference customers were considered because of the possibility of these associations being connected to the startup’s brand as well. A spill-over effect among actors of a startup’s network is likely according to Mäläskä et al. (2011), and as shown in the empirical material, this is something Orbital Systems consider important to evaluate. When several parties in a group share the same values or goals, cognitive-based initial trust can be established because the members’ perception of each other is increased (McKnight et al 1998). We perceive that Orbital Systems desires to position themselves through symbolic values within this dimension and reach their target segment by trying to achieve collective trust through aligning their brand with other brand names that hold similar values. This is reflected in an example revealed in the empirical material, where Orbital Systems evaluated the possibility of other potential customers within the same industry aligning the associations of a sustainable hotel and the case company’s brand. This is demonstrated by the Marketing Manager of Orbital Systems when expressing that *“one particular hotel might be looking for a reference in, for example, some kind of similar group of hotels”*. Thus, indicating the evaluation of an initial reference customer with desired symbolic brand associations can generate initial cognitive-based brand trust through unit-grouping.

Secondly, the size of the brand name is an important aspect that the case companies consider when evaluating potential initial reference customers. From the empirical material, Enjay and Easyfill were revealed to focus on how well-known a brand was, as they were perceived to have the largest reach on the market. However, the primary goal for Enjay was demonstrated to be the initial reference customers’ ability to confirm that the product works. We interpret this to imply a focus on evaluating the potential initial reference customers based on their ability to portray performance values, i.e. a functional based brand positioning. As the empirical material disclosed that the two case companies desired to signal the performance of their product through

initial reference customers with well-known brands, we perceive their branding approach to reflect product-driven branding (Mowle & Merrilees, 2005). Thus, their brands are based on functional values as well as represent the products. Thereby, differentiating themselves through tangible benefits and decreasing the risk customers perceive when considering a choice between functional brands (Chaudhuri & Holbrook, 2002). We understand this discussion to reflect the importance of evaluating how established the brand name of initial reference customers is, as it has the potential to demonstrate the functionality of a product and thereby generate initial calculative-based brand trust. Which is demonstrated by the CMO of Easyfill expressing that *“if you [the customers] can trust that it is something [the product] that actually works, you [the customers] don’t need to be as worried”*.

Additionally, an important aspect when evaluating the size of potential initial reference customers is revealed in the empirical material as the possibility of larger organisations generating trust in the startups’ brands. Enjay and Easyfill highlight the belief that influential large organisations as initial reference customers can facilitate exchanges with other potential customers, thus reflecting situational normality (McKnight et al. 1998). As this discussion emphasises that larger organisation positively affect the corporate brand of the two case companies, we interpret that selecting initial reference customers based on size to potentially generate initial institutional-based brand trust (McKnight et al. 1998).

5.2.5 Value-fit

The potential fit of brand values and image was considered when evaluating potential initial reference customers. It was solely illustrated by Orbital Systems that a value-based conversation was present early in the process of selecting initial reference customers and that an exclusion occurred of those whom were perceived not to hold the same values or a desired brand image. In accordance with Park, Jaworski and McInnis (1986), limiting distribution to certain selected customers is a tactic implemented by brands that desire to establish a symbolic position on the market. We perceive this to reflect Orbital Systems’ protective nature over the brand’s premium look and feel, by marketing themselves as luxurious and sustainable. Which is demonstrated by the Sales Planner expressing that *“we install with premium customers. A premium product should be at a premium place”* and the Marketing Manager demonstrating that *“[s]ince we are a premium product we have to sell on these values”*. Selecting initial reference customers based on their value-fit with regards to premium, luxury, and sustainability, can be understood to represent selecting initial reference customers that provide the brand to communicate the possibility of fulfilling other customers’ needs relating to prestige and social image (Bhat & Reddy, 1998). Thus, indicating evaluating the possibility of initial reference customers enhancing the symbolic positioning of a premium brand during the selection step. An example of a favourable fit was illustrated by the informants of Orbital Systems to be initial reference customers that hold both luxurious and sustainable values, meaning symbolic values. Moreover, the car brand Tesla was compared to Orbital Systems by the informants and portrayed as an inspiration for premium branding possibilities. We perceive the example of favourable fit, in combination of comparing the startup’s brand with another premium brand,

to represent techniques for Orbital Systems to generate initial cognitive-based brand trust. This argument is reinforced as the alignment with value-based brands reflects the formation of initial brand trust among those whom share the same values through unit-grouping, as well as potential customers' initial trust towards the benevolence and competence in the brand through stereotyping (McKnight et al, 1998; Welter, 2012).

On the other hand, the Sales Planner and VP of Strategy from Orbital Systems highlighted the necessity of weighing the need for a value-based fit with the need for delivering high volumes of the product on the market. It was described as a 'give and take' consideration when evaluating potential initial reference customers because startups have a need for revenue (Bresciani & Eppler, 2010), thus making it a primary aspect when evaluating as well. An explanation for this can also be the fact that new ventures have been found to view branding as incidental. Although we understand the fundamental need for revenue and delivering volume (Kaulio, 2003), we also recognise the vital need to establish a brand when starting a business for the purpose of surviving (Rode & Vallaster, 2005).

5.3 Acquiring the Initial Reference Customers

The third step of the investigated process provided by the empirical material refers to acquiring the initial reference customers. Two actions, negotiation and establishing initial reference relationship, have been identified within this step. These actions will be analysed below, as well as the reasoning behind them.

5.3.1 Negotiation

It is affirmed from the empirical material that the case companies perceive potential customers on the market as risk-averse and unwilling to become the first to purchase a new product, indicating low levels of initial trust towards the brand delivering promised value as well as the product's functionality (McKnight et al. 1998). In an attempt to persuade the risk-averse potential initial customers, the case companies offered trials, free products and installations as well as promising to certain KPIs. We understand this to represent the startups' attempt to prove that the product works, as depicted by the Marketing Manager of Enjay in the following statement: "*... if it doesn't work we remove it without any costs for you and if it works you get to keep it for free*". Fill and Turnbull (2016) also depict the methods of trial and price reduction as appropriate to prompt sales and provide credibility. However, Orbital Systems emphasized promising certain KPIs as their main incentive and that discounts were only offered if there was a potential for a win-win situation. Although Orbital Systems differed from Enjay and Easyfill in certain aspects of their approach to overcome customers' unwillingness to purchase the innovative products, we understand all case companies to be attempting to increase initial brand trust (McKnight et al. 1998). By offering trial periods or promising KPIs, we interpret it to

reflect an attempt to increase the customers' initial brand trust with regards to startups' willingness to deliver as promised (McKnight et al. 1998). According to Baek, Kim and Yu (2010), believing in the willingness of a brand to deliver promised utilitarian values can influence the purchase intentions of customers. We interpret this to represent how the case companies worked to acquire their initial customers, by focusing on tangible aspect such as performance and finance (Chaudhuri & Holbrook, 2002) in an attempt to increase their initial calculative-based brand trust (Li et al. 2008). As the case companies presented these negotiation methods to be successful for acquiring initial reference customers, we argue that incentives such as mentioned above increases the initial brand trust through, more specifically, calculative-based initial trusts.

5.3.2 Establishing initial reference relationship

It was revealed by the empirical material that several factors were important when establishing an initial reference relationship. The case companies expressed the importance of following up after installation. By following up, the case companies collected feedback and data to improve the products and their offerings, as highlighted by previous research (Aaboen, Dubois & Lind, 2013; Ruokolainen, 2004). It was revealed that the case companies desired close contact to exist between the two parties, not only so the suppliers could collect data, but also to observe if the sold product achieved the promised KPIs. If incentives such as trials had been offered, achieved KPIs determined if the sale would go through or not. Moreover, following up regarding achieved KPIs increased the possibility of repeated orders. Thus, we recognise that following up has the potential to increase the activity of initial customers, which is described by Keller (2001) as a criterion for creating meaningful relationships. In addition to promising the initial reference customers specific KPIs, the case companies expressed a promise of attention to potential initial reference customers, as illustrated by the Marketing Manager from Enjay in the following statement: *"if you promised to follow up every week, then you do it every week"*. Therefore, we interpret this to represent an effort to establish initial brand trust, by portraying honesty and benevolence (McKnight et al. 1998).

Furthermore, achieving promised KPIs portrays competence, which can generate trust with regards to the brands' ability to deliver as promised. We argue this can result in an increased initial trust in the suppliers' brand (Delgado-Ballester & Munuera-Alemán, 2005), as achieved KPIs reduces the perceived risk for potential customers by positively affect the suppliers calculative-based brand trust.

Following up was also shown to be important to tend to relationships with the initial reference customers. Customers that feel valued are more likely to initiate a long-lasting relationship with a supplier and potentially rewarding them with loyalty (Barnes, 2003), which can be seen to be a priority for the case companies, as demonstrated in the following statement from the Sales Planner of Orbital Systems:

“We always follow up, everyone we sell too can either give us good PR, be used as reference customers, or buy more showers. In this stage we need happy customers who can talk good about us to others and leave good reviews and if they are not happy they will not do that.” (Sales Planner, Orbital Systems)

5.4 Utilizing the Initial Reference Customers

The fourth step of the investigated process provided by the empirical material refers to acquiring the initial reference customers. Two actions, reciprocal activity and independent supplier action, have been identified within this step. These actions will be analysed below, as well as the reasoning behind them.

5.4.1 Towards market

Salminen (2001) claims that potential customers occasionally ask suppliers for references, but that it is also common for suppliers to initiate the utilisation of their reference customers. Which reflects the empirical material, where the case companies reveal various practices of utilising their initial reference customers. A variety of these, including joint marketing through PR and online activities, have been described to hold the purpose of generating brand awareness by means of communicating towards the market and targeted segments.

In accordance with Helm and Salminen (2010), the case companies highlighted utilising initial reference customers on the startups' websites and blogs. Although, we perceive the different approaches that they apply to communicate differently as well. Orbital System has expressed their desire to be perceived as a premium brand throughout the interviews, and it can be recognised in that they displayed the 'premium look and feel' by promoting premium installations on their blog. We understand this utilisation to present symbolic and functional values tied to the product components, as it reveals the intangible benefits, such as prestige, that are provided by the product as well as the practicality of the product (Bhat & Reddy, 1998). By doing so, it generates a premium brand positioning that shows the possibility for customers to fulfil utilitarian needs and those related to developing social image alike. On the other hand, Easyfill utilises initial reference customers to portray achieved KPIs on their online platforms, while Enjay portrayed KPIs and initial reference customers' quotes. As such, the case company focuses on the functional values by highlighting performance aspects. By doing so, the branding approach is based on the product itself, generating a brand that is created from the product and signifies the product (Mowles & Merrilees, 2005).

The empirical material revealed that potential customers continuously requested information and pictures relating to various installations, as Orbital Systems' was not able to deliver this information on their website. This reflects the actions of customers that are uncertain or perceive high risk related to a purchase choice (Taylor, 1974). Thus, indicating a lack of trust in the brand's ability to deliver. We interpret that utilising initial reference customers online as the case companies do creates initial calculative-based brand trust, as the lack of it generates potential customers to request information about the initial reference customers.

Another practice for utilising the initial reference customers was portrayed to be various PR activities, such as press releases or collaborations on social media. An example of how a customer became an initial reference customer by way of initial cognitive-based brand trust is provided by Orbital Systems. The case company demonstrated how an initial reference customer had reached out because the two parties believed in similar sustainability values and therefore desired to conduct joint PR, which we believe indicates self-identification through unit-grouping trust formation (McKnight et al. 1998). Undergoing PR activities with initial reference customers that hold the same values can be understood to generate certain expectations for the startups' brand regarding these values, thus generating brand associations (Keller, 1993; Persson, 2010). Having a brand that is associated with certain values enables other potential customers to have an increased perception of the startup as well as increases the collective trust among them, i.e. unit-grouping (McKnight et al 1998; Welter, 2012). Thus, we argue that utilising initial reference customers that hold the same values in various PR activities can generate initial cognitive-based brand trust. Another aspect of undertaking PR activities with initial reference customers that hold the same values is the possibility for brand positioning (Park, Jaworski & MacInnis, 1986). Communicating brand promise and values is a part of positioning, and as initial reference customers have the ability to send signals (Reuber & Fischer, 2005), they can be utilised as to enhance the position a brand hold on the market (Jalkala & Salminen, 2010). In Orbital Systems case, these values seem to focus on symbolic aspects such as caring for a sustainable environment as well as premium feeling, which are enhanced by utilising initial reference customers that portray the same.

From the empirical material, we recognise Enjay to utilise initial reference customers through press releases differently from the other case companies. The case company offers the perspective of strengthening the brand by building up the initial reference customers' actions by purchasing and lifting their name, rather than focusing on the product. Further, a desire to lift the initial reference customers as to be perceived as humble themselves was also mentioned, as demonstrated by the following statement from the CEO of Enjay: *"I believe in lifting others, and that our brand will benefit from that ... I believe and hope they see us as humble. I believe we are and that it is important that you can feel it."* We interpret that a desire to be perceived as sympathetic to represent a desire to increase initial brand trust through reputational categorisation (McKnight et al. 1998; Welter, 2012). This argument is reinforced in Enjay's portrayal of themselves as 'we', thus indicating a focus on the brand rather than product (Urde, 2013) as well as reputational categorisation being the increase of initial trust by promoting one's benevolence (McKnight et al. 1998; Welter, 2012).

5.4.2 In interaction with the potential customer

Previous research argues that initial reference customers are crucial tools if the difficulty of new ventures' lacking experience and track record is to be overcome (Helm & Salminen, 2010; Salminen & Möller, 2006; Stuart, Hoang & Hybels, 1999). Utilising reference customers through reference lists, case studies, and reference calls, function as a support for signalling the functionality of offering and thereby decreases the perceived risk potential customers hold towards startups (Helm & Salminen, 2010; Salminen & Möller, 2006). The need to demonstrate that the product works is emphasised by Easyfill and Enjoy as vital, as reflected in the CEO of Enjoy expressing that *“as no one in the industry believes what we are doing is possible, we have to use reference customers early on to prove that it actually is possible and that we can do it”*. Further, Easyfill explains that benefits, such as KPIs, increased sales, and decreased labour hours, were compiled in business cases and presented during sales meetings with potential customers. Thus, the case companies demonstrate utilising initial reference customers as a means to establish a functional brand position on the market, as these brands are often associated with functional values that refer to the tangible benefits of product performance (Mowle & Merrilees, 2005).

Regardless of which utilisation method is applied, the case companies can be understood to consider utilising their initial reference customers in this way as a means of displaying their ability to deliver. Easyfill and Enjoy alike illustrate the effect initial reference customers have on other potential customers with arguments such as *“corporations talk and learn from each other all the time, even though they are bitter competitors, they trust each other more than a small company”* from the CMO of Easyfill, while the CEO of Enjoy illustrate a reaction from a potential customer when presented with the reference list as *“if they did it, then we will do it too”*. We interpret this to be congruent with McKnight's et al. (1998) depiction of situational normality as the potential customers perceive a relationship with the startups as comparable to the trust exchange that already exists with the initial reference customer. Thus, increasing their willingness to depend on the brand of Easyfill and Enjoy (McKnight et al. 1998). Therefore, their reasoning reflects the creation of initial institutional-based brand trust.

The case companies utilised their initial reference customers through reference calls, as a way of being associated with more established brands. From the empirical material, the initial reference customers were depicted to have the capability to confirm the startup's ability to deliver. The reason for this was that the larger potential customers may trust other large organisations whom they are aligned with more than a startup. Thus, generating alignment and trust between these large potential customers and the startup. Such initial trust formation is defined by McKnight et al. (1998) as cognitive-based trust by way of unit-grouping categorisation. Further, it reflects the status-transfer that occurs within new ventures' interdependent networks (Mäläskä, Saraniemi & Tähtinen, 2011). Moreover, utilising initial reference customers through these methods was portrayed to also enable an exchange with those customers who were initially reluctant to try the case companies' products. Thus, the reasoning of the case companies is therefore in line with Salminene and Möller's (2006) claim that utilising initial reference customers play an essential role in reducing the perceived risk of

potential customers. As such, we recognise the creation of initial calculative-based brand trust, as it is the brand's ability to deliver as promised that is the established.

All three case companies described utilising initial reference customers for the purpose of reference visits (Helm & Salminen, 2010). According to the empirical material, the purposes for implementing reference visits concerned various aspects; some were relevant for all startups and some not.

Firstly, the opportunity for potential customers to see the products in a real environment played a vital role for all case companies, as the majority of acquired initial customers had purchased solely after visiting an initial reference customer. The purpose of utilising initial reference customers by way of reference visits was revealed in the empirical material to refer to the case companies' desire to enable potential customers to have a conversation with the reference about the functionality of the product. Salminen (2001) offers the perspective that reference visits facilitate a discussion between the potential customer and reference customers about the offering and its properties as well as an opportunity for the visitor to evaluate the supplier brand's ability to deliver. This reflects the above-mentioned desire of the case companies when employing initial reference visits as well as the examples provided in the empirical material. For instance, initiating visits with an initial reference customer, where potential customers have the opportunity to meet managers and staff and inquire about the product, its benefits as well as seeing and trying the product themselves. In line with Bhat and Reddy (1998), this enables a brand to establish functional values tied to tangible benefits and thus enables the startups to position themselves as a functional brand.

Potential customers were described by the case companies as sceptical towards new products because of the high perceived risk, representing a difficulty of new ventures face in a B2B market found by prior research (Jalkala & Salminen, 2008; 2010). Thus, Easyfill utilised initial reference customers with a well-known brand for reference visits. In addition to the potential of influential brands prompting a visit from a potential customer, the case company also indicated how it signalled trustworthiness. A key outcome from utilizing reference customer is trust (Reuber & Fischer, 2005; Ruokolainen, 2008) and is reflected in the empirical material to be a key outcome from implementing reference visits with their initial reference customers, as demonstrated by the Sales Planner from Orbital Systems: *"this often increases the trust between us and the customers as they can try it [the product] themselves and talk to others who are working with it"*. As mentioned earlier, reference visits enabled the startups to position themselves as a functional brand by focusing on the tangible benefits of the brand. With this in mind, the reasoning from Orbital Systems and Easyfill, as demonstrated by the quote above, reflects Chaudhuri and Holbrook's (2002) claim that tangible benefits from a brand can decrease the perceived risk that exists when choosing between brands. Thus, we argue that the creation of initial calculative-based brand trust (McKnight et al. 1998) can occur when utilising initial reference customers for reference visits.

Orbital Systems mention another purpose of utilising initial reference customers for reference visits. The case company explained how potential customers are invited to spend a night at a

hotel, an initial reference customer which is described as a sustainable, premium hotel. Thus, enabling potential customers to experience the luxuriousness of the shower first-hand. This is coherent with Mowle and Merrilees' (2005) presentation of a branding approach where the product hold both symbolic and functional values, while also including an experiential component to which symbolic values are predominantly tied. As mentioned earlier, the case company desires to establish a position on the market as a premium brand. Thus, utilizing initial reference customers that hold similar values as the startup for reference visits, can be understood as a means to associate high status of products to their brand (Ok, Choi & Hyu, 2011). As discussed above, the case company expressed that reference visits enable tangible benefits of the brand to also be communicated. A brand that exhibits both functional and symbolic values have a positive influence on brand trust (Ok, Choi & Hyu, 2011). Thus, by providing potential customers with a luxurious experience through a visit with an initial reference customer, the negative social implications and emotional risk that customers consider when selecting a brand are decreased (Chaudhuri & Holbrook, 2002). Thereby, we yet again interpret that the creation of initial calculative-based brand trust (McKnight et al. 1998) occurs when utilising initial reference customers for reference visits.

Lastly, reference customers have been illustrated to be utilised as a tool for attracting new customers (Helm & Salminen, 2010). Which is reflected by the empirical material, where the case companies state that reference customer to have a purpose of speaking well of the startups to other stakeholders and to be exploited for marketing purposes. Kapferer (2012) explains that highly involved and satisfied customers can become advocates for a brand, i.e. become reference customers, and generate brand awareness. Thus, implying a high marketing value of reference customers for increased brand awareness. Therefore, we argue that the initial reference customers are utilised for the specific reasons discussed above as well as for the purpose of generating brand awareness, in accordance with Kapferer (2012).

The first step in the developed framework (figure 2) is building awareness. In line with previous research, selecting a target market is based on financial opportunities for a startup because of limited resources (Bresciani & Eppler, 2010; Kaulio, 2003), rather than opportunities for brand positioning. Social capital in the form of old business contacts is vital during this step, in accordance with (Eisenhardt & Schoonhoven, 1996; Ruokolainen, 2005). The developed framework proposes that personal-based trust in the people within the startups transfers to the formation of initial personal-based brand trust in the same startup. A reason for this being the sole point of reasoning within the first stage can be reflected by Rode and Vallaster's (2005), who claim that startups do not focus on branding when starting a business. Although, segmentation and targeting strategies were found in our study are crucial for all case companies, indicating startups holding a branding focus (Beane & Ennis, 1998; Kapferer, 2012). A natural step after segmentation and targeting is positioning, as demonstrated in the developed framework where reasoning regarding brand positioning was present during the following steps of the process.

The second step in the framework is selecting initial reference customers and consists of five dimensions of a potential initial reference customer that need to be evaluated in order to select the appropriate initial reference customers for a startup's brand. The five dimensions are connected to strategic aspects that are presented in the theoretical framework as crucial for startups to evaluate (Helm & Salminen, 2010; Jalkala & Salminen, 2008; 2010; Kaulio, 2003; Kotler & Pfoertsch, 2006) as the "*choice of the first customer is a strategic decision, not just a tactical one*" (Gomez-Arias & Monterroso (2007, p.989).

Within the commercial dimension, the potential initial reference customer's financial situation is primarily evaluated as to determine whether they have the capability to conduct repeated orders. The commercial dimension is evaluated with the objective to determine the possibility of the potential initial reference customers generating initial institutional-based brand trust through situational normality, as well as functional values that in turn form initial calculative-based brand trust. The second dimension, commitment, is found to be essential to evaluate as the startups and potential initial reference customers in this study share the similarity of being forward-thinking. Thus, enabling the startups to establish a symbolic brand position and initial cognitive-based brand trust through unit-grouping and stereotyping. Within the third dimension, an evaluation is done regarding the capability of the potential initial reference customers verifying the product functionality of a startup's offering (Ruokolainen, 2008; Helm & Salminen, 2010) and the startup being worthy of being selected (Jalkala & Salminen, 2010). Therefore, the dimension labelled verifier is evaluated with the objective to determine the possibility of the potential initial reference customers conveying functional values in the form of product performance. Thereby generating initial calculative-based brand trust. Further, the dimension is evaluated with the objective to determine the possibility for initial institutional-based trust through situational normality is also considered.

Within the brand name dimension, the desired symbolic brand associations of potential initial reference customers are vital to consider as they can be aligned with a startup's brand values. Which in turn indicates a capability to generate symbolic brand positioning and initial

cognitive-based brand trust through unit-grouping. Moreover, how well-known a potential initial reference customer's brand name is on the market is also evaluated within this dimension. The reason being that initial reference customers with established brand names are considered to convey product functionality in a risk averse market. Thus, the size of a potential initial reference customer's brand name is vital to determine as it can enable a startup to establish a functional-based brand positioning as well as generate initial calculative-based brand trust. The fifth and last dimension within the second step of the process concerns the level of fit between the potential initial reference customers' and startup's values. This dimension refers to selecting initial reference customers based on their symbolic values because of its capability to enhance the symbolic positioning of a startup holding the same values. Thereby, generating initial cognitive-based brand trust through unit-grouping and stereotyping.

The third step in the developed framework is acquiring initial reference customers. Conducting negotiations represents the activities that are implemented for the purpose of persuading the potential initial reference customers to purchase a product (Fill & Turnbull, 2016). These activities are carried out for the purpose of conveying the brand's willingness to deliver in a risk-averse market. Thus, exploiting the negotiation with potential initial reference customers to portray the brand's tangible and functional benefits, as well as increasing the initial calculative-based brand trust. Furthermore, startups negotiate with potential initial reference customers as to convey a willingness to deliver as promised. However, we argue that demonstrating achievement of this promise has the potential for acquired and potential initial reference customers alike, to also trust the startup's ability to deliver as promised. Thus, generating initial calculative-based brand trust. During this third step in the developed framework, initial customers are acquired through the execution of the sale, while initial reference customers are acquired by building and cultivating a relationship with the initial customer.

The fourth step in the developed framework is utilising initial reference customers. Two perspectives are proposed to be held when startups utilise initial reference customers. Either the utilisation of an initial reference customer is conducted for the purpose of communicating towards the market, or in an interaction with a potential customer or potential initial reference customer. Online and PR activities were carried out for the purpose of creating brand awareness and brand positioning (Helm & Salminen, 2010; Kapferer, 2012). Promoting reference collaborations online are proposed in the developed framework to enable symbolic and functional values tied to the product component to be communicated, either simultaneously or separately, as to affect brand positioning. Utilizing initial reference customers for online activities is considered to initiate initial calculative-based brand trust. A startup undertaking PR activities with initial reference customers with similar symbolic values are proposed to generate initial cognitive-based trust through unit-grouping as well as conveying symbolic brand positioning. Furthermore, PR activities that promote the initial reference customer, rather than the startup's offering, are argued to create initial cognitive-based brand trust through reputational categorisation tied to the perception that a brand is benevolent.

Reference lists, reference calls, and business cases are undertaken as a means of illustrating the tangible benefits of the product by presenting the initial reference customers' conducted purchases, during an interaction with a potential customer (Helm & Salminen, 2010; Salminen & Möller, 2006). Thus, the developed framework proposes that initial reference customers are utilised through these three practices as means to establish a functional brand position on the market, as well as initial institutional-based trust through situational normality. Furthermore, utilising influential initial reference customers during an interaction with a risk-averse potential customer is proposed to initiate initial cognitive-based brand trust through unit-grouping as well as initial calculative-based brand trust. In line with Salminen (2001), reference visits were found to facilitate a discussion between risk-averse potential customers and initial reference customers about a startups offering, as well as an opportunity for the visitor to evaluate the supplier brand's ability to deliver. The developed framework further proposes that initial reference customers are utilised through reference visit as a means to convey the product performance and functional values of the brand, as well as develop initial calculative-based brand trust. An additional benefit from utilising initial reference customers for reference visits, which is also demonstrated by Mowle and Merrilees (2005), is the opportunity for potential customers to experience the emotional benefits of the product.

As mentioned earlier, a purpose for utilizing initial reference customers is to generate brand awareness. In the developed framework, this is demonstrated with the arrow that connects the last step of the process with the first, creating a process that recommences.

6.2 Discussion

Now that the developed framework for the process of selecting, acquiring, and utilising initial reference customers has been presented and explained, a discussion regarding the points of reasoning will be provided.

The proposed symbolic and functional values that are associated with the startups' brands through an initial reference customer is supported by the theoretical framework. Bhat and Reddy (1998) show that a brand can represent intangible symbolic values and functional performance attributes. The developed framework proposes that whether a brand is more focused on functional or symbolic values can steer their points of reasoning relating to brand positioning. Which is consistent with Park, Jaworski, and MacInnis's (1986) notion that the desired brand concept based on these values guide positioning strategies. In this study, companies that exhibit differences in their brand focus, display differences in the perception of what brand position the initial reference customers are capable of conveying. Even though we argue that a focus on functional performance attributes is present throughout the process for all case companies, brands that desire a premium position were found to mainly focus on symbolic values when selecting, acquiring, and utilizing initial reference customers. However, the case companies' brands that mainly represent functional performance attributes do not exclude

symbolic values. Which is consistent with Mowles and Merrilees' (2005) claim that a brand can be comprised of both values simultaneously.

Moreover, Mowles and Merrilees (2005) demonstrate experiential components to not be relevant for product-driven brands, and to mainly exhibit symbolic values. In contrast to Mowles and Merrilees (2005), our findings suggest that the case companies' brands include an experiential component whether the brand is product-driven or premium-driven. Furthermore, we conclude that the experiential component, represented by the reference visits of initial reference customers, can be either prevalingly symbolic as well as functional.

Prior research does not provide a comprehensive understanding for what manner of trust is formed through the use of reference customers, particularly regarding what manner of initial brand trust is formed in relation to initial reference customers. With this study's focus on initial brand trust formations within the investigated process, we have identified certain patterns throughout the process. Firstly, personal-based trust (McKnight et al. 1998) is solely relevant within the step of building awareness, as well as the only point of reasoning within this step. During the point of action of initial contact, social capital (Rouziou et al., 2018) of the startups' core team (Kaulio, 2003) is proposed to be a vital point of reasoning for the generating initial personal-based brand trust. From the empirical material and conducted analysis, we conclude that personal-based trust in a person within a startup generates initial personal-based brand trust towards the same startup.

Secondly, a relationship between the functional and symbolic values, and the formation of calculative-based and cognitive-based initial brand trust, is detected. From the empirical material and conducted analysis, we conclude that initial calculative-based brand trust is considered to be generated when the initial reference customers convey a startup's functional brand values. In the investigated B2B market that is characterised as uncertain and risk-averse (Jalkala & Salminen, 2008; 2010), positioning the brand by communicating tangible product and performance benefits can tackle customers' perceived risk. Further, we conclude that initial cognitive-based brand trust is considered to be generated when the initial reference customers convey a startup's symbolic brand values. The empirical material and conducted analysis demonstrate that the categorisation processes of unit-grouping and stereotyping (McKnight et al., 1998; Welter, 2012) are relevant when symbolic values are communicated. This relationship between values that communicate brand positioning, and calculative-based and cognitive-based initial brand trust is consistent throughout the investigated process.

Lastly, initial institutional-based brand trust is relevant during the steps of selecting and utilising initial reference customers. More importantly, we conclude that initial institutional-based brand trust to be of importance when the reasoning of startups is directed away from the functional and symbolic values. Within this study, the initial institutional-based brand trust is present when the reasoning concerns the initial reference customers conveying the prevalence of the product, and the startups' ability to deliver. Further, it is present when the reasoning concerns the initial reference customers conveying the value of being selected by an influential brand, as well as the worth of being selected as a supplier.

An interesting consideration from this study is the insight that the process may not change dramatically over time. Kapferer (2012) illustrates how satisfied customers can build awareness by potentially becoming advocates for a brand, i.e. become reference customers. This can be seen in the developed framework (figure 2) as an arrow connects the last step of the process with the first. We argue that this indicates a possibility for the process to go beyond initial reference customers and also be applicable to the process of selecting, acquiring, and utilising of reference customers. This seems rather logical, as the brand positioning and formation of brand trust may not be desired to change over time. Thus, undergoing the process, or one that is slightly adapted, even when the organisation is no longer a startup. Although choosing to study startups was a conscious choice, it would be interesting to consider more established organisations. For instance, could the framework be applied to mature organisation launching new products or entering new markets?

Finding the first customers is difficult for young organisations that lack a track record, particularly if the customers perceive a high risk of purchasing the product (Raddats & Easingwood, 2010). Therefore, we desire to express our perspective that this study's developed framework is no more than one approach for startups to undertake the process that has been presented (figure 2), and that it is not to be perceived as a best practice in a way. Several other activities presumably need to be conducted, whether it be related to the process or not, to enable acquirement and utilisation of reference customers during the initial stages of a startup. Furthermore, other aspects than brand positioning and initial brand trust can be relevant to consider during this process. For instance, the brand identity has been described to be developed internally and externally by various stakeholders (Keller, 1993; Urde, 2009). As it is the core of an organisation and its brand, the role it plays when strategically building a reference portfolio may be of relevance. Although, we argue that initial brand trust and brand positioning are relevant during these steps as they are essential as to establish one's ability to deliver as promised, as well as for customers to understand what the promise holds (Kapferer, 2012). To declare that you hold a premium or functional brand position may not say much to potential customers, before utilising initial reference customers to communicate these brand values.

6.3 Theoretical Contributions

First and foremost, a theoretical contribution from this study is the introduction of the developed framework for the process that startups undergo when selecting, acquiring, and utilising initial reference customers. To the best of our knowledge, this is the first attempt to understand how organisational members reason with regards to how initial reference customers may contribute to the brand positioning and initial brand trust. Thus, contributing with insights regarding the research fields of reference customers, brand positioning, and initial brand trust. Hopefully this will encourage further research that elaborates upon the findings of this study as well as the developed framework. The developed framework consists of four steps: (1) building awareness,

(2) selecting initial reference customers, (3) acquiring initial reference customers, and (4) utilising initial reference customers. The developed framework also includes specific points of actions and reasoning that are of relevance within each step.

The second contribution of this study is towards the literature stream of reference customers. Existing literature does not provide a comprehensive understanding for the acquirement and development of reference customers (Jalkala & Salminen, 2010). The developed framework offers the perspective of organisational members of startups undergo the process with rich descriptions of undertaken activities. Further, the developed framework contributes to a more comprehensive understanding for how startups reason within every step as well as relating to every activity. Previous research has found that reference customers can be utilised to enhance one's position on the market (Jalkala & Salminen, 2010). Thus, our finding extends such literature regarding initial reference customers by incorporating elements of brand positioning and initial brand trust.

The third contribution is connected to brand positioning, and how brands communicate functional and symbolic values (Mowle & Merrilees, 2005). Although brand positioning and the mentioned values have been greatly investigated in the past, the finding in this study can contribute by extending the large body of literature as the subject has not, to the best of our knowledge, been connected to initial reference customers and the role it plays during the investigated process. Our findings show that an underlying reasoning when selecting, acquiring, and utilizing initial reference customers is related to whether startups desire to positioning their brand as predominantly functional or symbolic. More importantly, our findings show that the reasoning is not exclusively focused on initial reference customers conveying either functional or symbolic values. Rather, a simultaneous need to communicate both values occurs while still prioritising one, in line with Mowle and Merrilees' (2005) study.

The fourth contribution of this study relates to the formation of initial brand trust. Prior literature regarding trust and initial trust is vast and exhibit a wide variety of trust formations (Li et al. 2008; McKnight et al., 1998; Rousseau et al. 1998). Although, this study extends the literature stream of trust as we investigate the under-researched area of initial brand trust. We contribute to the literature stream of trust formation by demonstrating that the points of reasoning in the developed framework are found to be either interrelated or unrelated, with regards to the formation of initial brand trust. As existing literature neglects to explain the relationship between initial reference customers and the formation of initial brand trust, our study adds to this research field by showing that calculative-based or cognitive based initial brand trust is formed based on what brand positioning value the initial reference customer conveys. Further, we found that initial institutional-based brand trust is present when the initial reference customers signal aspects other than brand positioning value, while initial personal-based trust is the only relevant trust formation during the first step in the developed framework. We desire to express that this is not regarded as the entire truth, merely an understanding how startups reason about how initial reference customers can contribute to the formation of initial brand trust.

6.4 Managerial Implications

New ventures have been depicted as difficult endeavours, where establishing a brand (Bresciani & Eppler, 2010) and finding the first reference customers are seen as crucial milestones (Kaulio, 2003). Thus, the developed framework can be useful for managers working with startups, as it describes the steps and activities taken during the process of selecting, acquiring, and utilising initial reference customers. As such, it provides a managerial implication in terms of a guideline for startup organisations that wish to generate brand positioning and initial brand trust. Further, our findings show that there is a potential for the developed framework to be adapted for more mature organisations that are launching new products or entering new markets. Thus, implying a managerial implication beyond that of startups.

Further, our findings provide the perspective that initial reference customer holds branding implications. According to Corkindale and Christodoulides (2011), startups that do not succeed in establishing a brand have limited chances of survival on the market. As such, the potential of initial reference customers conveying brand positioning should not be overlooked as an important managerial implication. By providing startups with a framework illustrating how other startups reason during the initial stages of starting a business, this study can be used for the purpose of inspiration as well as to justify the actions managers take with regard to the process.

B2B markets are characterised to exhibit uncertainty and high perceived risk (Gomez-Arias & Monterroso, 2007). Thus, our developed framework can be found to be valuable for startups within B2B markets, as it offers a perspective on how initial reference customers are considered to generate initial brand trust formations in various ways. Further, our findings show that different actions and different initial reference customers are considered to generate different formations of initial brand trust. Which implies that startups can utilise the developed framework to understand the implications of undertaking a certain activity or selecting and utilizing a certain initial reference customer. As all activities that an organisation and their employees engage in affect the brand, this understanding is vital to hold.

6.5 Limitations and Future Research

The empirical material for this study was gathered from semi-structured interviews, which itself reveals certain limitations. Firstly, the informants were asked to look back on a certain time of the organisation's life cycle, which for some informants meant several years. Thus, their memory of certain actions and the reasoning behind them might have been distorted. Memories are subjective and by asking the informants to reflect upon them gave them the freedom to sort and select. However, techniques such as laddering up and down were used to limit the

possibility for misleading responses. Secondly, another obvious limitation of the chosen research method is the risk that the researchers have misinterpreted the empirical material. However, the informants were given the chance to comment the empirical material to reduce this risk.

Further, the maturity of Easyfill and the low number of participating case companies can also be recognised as a limitation, and only explained by low accessibility. Although 34 organisations were contacted for this study, only three participated. As the contacted organisation are in an expensive phase, and as we sought to interview employees with a strategic role, most of the contacted organisations denied participation due to lack of time. Therefore, we had to apply a certain degree of flexibility in our sample. However, seven in-depth interviews were conducted, which we argue were enough to draw conclusions and answer our research questions. Although, for future research, it can be of interest to include more case companies.

An additional limitation of the approach was that interviews were only conducted with informants from the supplier side. This limitation was obvious as the purpose was to explore how startups undergo a specific process and how they reason during it. Therefore, the external stakeholders' perspectives have been excluded. However, as argued for in this study, the relationship between organisations and reference customers are reciprocal. To fully understand these reciprocal relationships, further studies are needed with regards to investigating the process initial reference customers undergo when becoming the first reference customer, and how they reason in relation to brand positioning and initial brand trust during this process.

Furthermore, we call for new studies on the proposed model in other contexts. The investigated process was limited to startup organisations with innovative products, but as argued for earlier, the process and reasoning might be similar for mature organisations when launching a new product or entering a new market. We also ask ourselves, can the proposed model be applied to a service provider or how can it differ? Therefore, we call for new studies comparing our findings over different industry segments and level of mature organisations.

An interesting insight from our study is the interrelated and unrelated relationships between the points of reasoning with regards to how various formations of initial brand trust are generated. As initial brand trust within reference customer research is scarce, we argue for further qualitative studies regarding these interrelated and unrelated relationships that are discussed earlier in the chapter.

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Appendix A – Interview Guide

Background information about the interviewee and the organisation

- *Could you first tell me something about your background and current role in the company?*
- For how long have you worked within the company?
- *Can you shortly explain your organisation/business and how the company began?*
- How would you describe your desired brand image, and working to achieve this?
- What do you consider a reference customer in your business?

Initial process/building the reference customer portfolio:

- Can you tell us a little bit about the general process your organisation went through when finding and selecting the initial customers?
 - When your organisation targeted the first customers, was the aim to use those as reference customers? - Why? How?
- Let us go back to the beginning of the process of selecting initial reference customers, how would you describe this part of the process?
 - What aspects were most important here?
 - Can you give us an example, explain more - why?
 - Who made those decisions? Reasons for decisions (if decisions are mentioned)?
 - Were there any challenges in this part of the process? How did you overcome this, why in that way?
- How did the organization move on from this step? How would you describe this next part of the process?
 - What aspects were most important here? What did you look for? Why?
 - How did you evaluate this?
 - Were there any challenges? Overcome this?

Ask repeatedly until no more steps

More specific criteria for the process of finding and selecting initial reference customers

- How important are their financial situation and how are you evaluating possible customers?
- How important is the potential customers' commitment to a relationship and how are you evaluating this?
 - How important is an ongoing future relationship and how are you evaluating it?
- How do you evaluate which industries to target?
- How are you evaluating the potential customers' brand image and what they stand for when targeting initial reference customers?
 - Are you evaluating the possible spill-over effects it can have on your organization?

- Are there moments in the selection process where branding holds an important role?
- Is there something else you're evaluating when targeting and selecting possible initial customers?
- What is the aim with using reference customers?
- What do you think your existing reference customer portfolio contributes with to your organization?

Managing the reference customer portfolio:

- Do you categorize your reference customers in some way?
 - If so, how and what are the dimensions?
- How are the initial reference customers used?
- Do you use reference customers for branding purposes, if so how?