Market Performance Enhancement from Customer Referencing and the Moderating Effects of Firm Characteristics

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Abstract

Customer referencing refers to the practice of intentional revelations of past customer relationships to signal the value of firms' products. We examine the effect of customer referencing on firms' future market performance in addition to the moderating effects of firm characteristics. We find that firms that engage in customer referencing achieve better product market performance than those that do not, which is consistent with the notion of a positive external levering effect. There are also evidences of positive internal levering effects as demonstrated by a more efficient utilization of the marketing assets. In terms of the effects of firm characteristics, we find that the positive effect of customer referencing is stronger for low reputation firms and those that are risky or that have high product market competition. These results further affirm the reputation, market position and brand building enhancement effect of customer referencing. Our study helps better conceptualize the practice of the customer referencing marketing and provides a large-scale confirmatory evidence for the role of customer information as an intangible marketing asset.

Keywords: *Customer Referencing; Product Market Performance; Firm Characteristics*

Track: Relationship Marketing