

Proceedings of the International Conference on
Re-Engineering Business Concepts
and
Rapid Changes in Worldwide Business Patterns

Editors

Prof. T.M.Hemalatha

Dr.V.T.Dhanaraj



RATHINAM COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

(Affiliated to Bharathiar University, Re-accredited by NAAC with "A" Grade &
Recognized by UGC under 2(f) & 12B, Approved by AICTE)

Rathinam Techzone, Pollachi Road, Eachanari (Post), Coimbatore-641 021, Tamil Nadu, India.
Phone: 0422-4040909, E-mail: info@rathinamcollege.com, Web: www.rathinamcollege.com.

August 18, 2016

Customer Reference as a Tool for Business Promotion –An Empirical Analysis

R .Sowmiya¹ Dr.P.Santhi²

¹M Phil Scholar, Department of Commerce
Avinashilingam Institute for Home Science & Higher Education
For Women, Coimbatore

²Associate Professor, Department of Commerce
Avinashilingam Institute for Home Science & Higher Education for Women,
Coimbatore

Abstract

Customer references are important as buyers frequently seek peer advice in purchasing high value products and services in both business to business and consumer environments. The study focuses on the practices and functions of customer reference marketing and on the ways through which customer references can be deployed as marketing assets. By identifying the practices and functions related to customer reference marketing the paper deepens understanding of this highly relevant but relatively under-researched marketing phenomenon and contributes to the literature on customer-based marketing assets.

Keywords: Customer references, Customer relationships, marketing assets.

Introduction

Customer reference is a composite of a number of qualities. It is driven by customer satisfaction, yet it also involves a commitment on the part of the customer to make a sustained investment in an ongoing relationship with a brand or company. Finally, customer loyalty is reflected by a combination of attitudes and behaviours .Satisfaction is differ from loyalty. Satisfaction is an emotional or feeling reaction .It is the result of a complex process that requires understanding the psychology of customers. A goal of customer reference management is to amplify that it can create market and selling impact. Customer references are important as buyers frequently seek peer advice in purchasing high value products and services in both business to business and consumer environments.

Review of Literature

- ❖ For developing customer satisfaction, reliability in the providing of services and commitment to service relationships a company must attempt to increase customers future expectations (Lin & Wu, 2009).
- ❖ It is important for product/service provider to emphasis on the quality of product and service. As it is stated (Lin & Wu, 2011) that there is statistically significant relationship between quality commitment, trust and satisfaction and customer retention and future use of product, as retention is influenced by future use of product. (Verhoef, 2009)
- ❖ Relationships with large and prestigious customers may have particularly high reference value to an industrial supplier (Walter et al., 2001). Secondly, throughout the existence of a customer relationship there may be several solutions referring to individual projects or deliveries that could be used as 'reference solutions', 'reference projects' or 'reference deliveries'.
- ❖ Stuart et al. (1999) describe three possible social mechanisms that may explain the status-transfer process. Firstly , relationships have reciprocal influences on the reputations of actors. Accordingly, the reference customer's reputation may be damaged if the supplier is of very low quality.
- ❖ Customer reference marketing could be considered one way of leveraging and capturing benefits from customer relationships (Sawhney and Zabin, 2002) by using customer relationships and delivered customer solutions in the company's marketing efforts. The practices of customer reference marketing could be categorized as external and internal (Salminen and Möller, 2006).
- ❖ Prior research on customer references has identified two different levels, the relationship level and the delivery level (Salminen, 1999). Firstly, industrial suppliers use their relationship with the reference customer as a marketing tool through displaying the name of the customer on the company Web site, for example. Thus, on the relationship level it is a question of the benefits the supplier gains from being associated with the reference customer. Relationships with large and prestigious customers may have particularly high reference value to an industrial supplier (Walter et al., 2001).

Statement of Problem

Today's market everywhere present highly diverse customer based. Customers are characterized by a greater amount of complexity. Opinion leaders are influenced in number of cases in the buying behavior of the others in the community. Their influencing power is usually category specific. These opinion leaders play a key in the marketing; they can be useful to the marketer, especially in new product or existing one. When the buyer takes a buying decision no rigid rule binds him. In some case he takes decision on the spot in some other case, he decides after the long search or after evaluating the various alternatives or reference from the customer

Methodology

The data was primarily collected through telephonic interviews with the customer who has purchased products based on the references made by the earlier customers. A telephonic interview schema was used to capture the ways in which the companies deployed their customer references as marketing assets. The data was made with the help of 60 samples which is been taken from the customers who have been motivated based on the reference by friends, family, colleagues etc. The data collected were analyzed statistically. Frequency, percentage and mean ranking scores were used to know the distribution pattern of the respondents in respect to variables.

Objectives

The objectives of study are

- ❖ To know the products purchased by sample respondents based on customer referral and
- ❖ To analyze the motivation derived by the sample respondents to buy products based on customer reference.

Results and Discussion

The results of the data analyzed were presented as follows;

Table 1 Profile of Sample Respondents

VARIABLES		NUMBER OF RESPONDENTS	PERCENTAGE
AGE	25 -35 years	30	50
	35-45 years	22	37
	Above 45 years	8	13
GENDER	Male	22	37
	Female	38	63
MARITAL STATUS	Married	45	75
	Unmarried	15	25
EDUCATIONAL QUALIFICATION	Higher secondary	15	25
	Graduate	22	37
	Post graduates	23	38
OCCUPATION	Government sectors	17	28
	Private sectors	14	24
	Business	18	30
	Home makes	11	18
MONTHLY INCOME	Rs 20000-40000	12	20
	Rs 40000-70000	23	38
	Above 70000	25	42

From the table it is clear that 50 percentage of respondents were in the age group of 25-35 years 37 percentage of the respondents were in the age group of 35-45 years and 13percentage of respondents were above 45 years who bought products on customer reference. It follows with 37percentage of respondents are male and 63percentageof respondents. From the education qualification it is been noted that more percentage of graduates and post graduates 37percent and 38percent respectively. Bought products on reference with regard to occupation, 18percentage of the respondents were in business and government and private sector as 17 and 14 percentages respectively. When it comes to income level obviously customer who has more income will makes more purchase i.e. 42 percentage of respondents are above 70000 based on reference.

Products Purchased Based on Customer Reference

Consumer spends little time thinking about the purchase of products. The consumer involvement grows as the level of perceived risk in the purchase of a good or service increases. It is likely that consumers will feel more involved in the purchase with the best results given by the referral. The products which is been bought by the respondents based on customer referrals are given in table 2

Table 2: Product Purchased Based on Customer Reference

S.NO	PRODUCTS	NUMBER OF RESPONDENTS	PERCENTAGE
1	Jewellery	18	30.00
2	Electronics	5	8.30
3	Vehicle	4	6.72
4	Garments	17	28.34
5	Grocery	16	26.71

From the table it is clear that 30percentage of respondents have brought jewellery based on reference given by other customer and 26.7percentage respondents have brought grocery based on reference, 28.3percentageof respondents have bought garments based on reference given by customer and next 8.3percentage of respondents have bought electronics based on reference given by customer and last 6.7percentage of respondents have brought vehicles based on reference given by customer.

Customer Referrals Motivated to Buy Products

Consumer has been motivated for purchasing a particular product. Motivation is a strong feeling, urge, instinct, desire or emotion that makes the buyer to make a decision to buy. Motivation is based on the referrals that have already familiar with the product with good comments. Buyers motivation provides the impulse to buy, induce action or determine choice in the purchase of goods or service. These motives are generally controlled by economic, social, psychological influences etc.

Table 3: Customer Referrals Motivated to Buy Products

VARIABLE	MEAN	RANK
Jewellery		
Design	7.0	2
Price	5.0	3
Standards	9.4	1
Offers	2.1	4
Electronics		
Price	2.1	4
Features	6.2	2
Brand	8.8	1
Durability	4.3	3
Vehicle		
Luxury	2.2	4
Durability	5.4	3
Price	7.3	2
Service/Features	10.1	1
Garments		
Price	5.5	2
Quality	9.6	1
Offers	3.0	4
New trends	6.0	2
Grocery		
Quantity	6.2	2
Price	4.0	3
Brand	7.8	1

History of Indian jewellery is as old as the history of the country itself. Around 5000 years ago, since then, Indian women and jewellery have gone hand in hand. There cannot be a woman in India, who does not adore herself with minimum jewellery. In this study Jewellery standards are given foremost important by the customers in reference, it is been categorized by hallmarks. Jewellery design is so versatile that it varies from state to state so design takes a second rank. Though jewellery has been sold at high price, people interest to buy jewels has not been reduced. Electronics are now a day's been used by every individual which are found in day to day life. To buy electronic goods the customer first and foremost looks for the brand ie which famous companies brand is that. Then second they refer the features of the brand and its price and they also shows equal importance to its durability.

A sense of dressing accordingly decides the human's appearance, so customer is so conscious in this case of choosing their garments. In such case the quality of the garments leads a top role with its customer, then they choose for the new trends arrived in the markets. The reasonable price for the garments is also been noted by customers.

Conclusion

The purpose of this study was to identify and analyze the various practices and functions of customer reference marketing, and to analyze the ways in which a customer references can be deployed as marketing assets. The study shows that customer reference was used considerably by the entire customer respectively of variance in socio economic profile and invariably for both durable and consumable goods. The findings from the five products show that customer reference marketing is a cross-functional phenomenon encompassing several practices and related functions with the purpose to customer references externally and internally. In accordance with our empirical findings we suggested different roles through which customer references could be deployed as marketing assets.

REFERENCES

- a) Hansen, H., Samuelsen, B. M. and Silseth, P. R. (2008) "Customer perceived value in B-t-B service relationships: Investigating the importance of corporate reputation", *Industrial Marketing Management*, Vol 37 No 2, pp. 206-217.
- b) Helm, Sabrina (2000) *Kundemp fehlungen Marketing instrument*, Doctoral Dissertation, University of Düsseldorf.(Lin & Wu, 2009.) "Customer advocacy and the impact of B2B loyalty programs", *Journal of Business & Industrial Marketing*, Vol 24 No 1, pp. 3-13.
- c) Möller, K. (2006) "Role of competences in creating customer value: A value-creation logic approach", *Industrial Marketing Management*, Vol 35 No 8, pp. 913-924.
- d) Salminen, R.T. (2001) "Success factors of a reference visit – a single case study", *Journal of Business & Industrial Marketing*, Vol 16 No 6, pp. 487-507.



Laser Park Publishing House
D.No.5, SF No. 115/1, M.G. Colony
Vadavalli, Coimbatore, Tamilnadu, India
lpphouse@gmail.com +91 98422 32545

