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Overcoming the No-reputation Liability: A Qualitative Study on Startup Credibility and its Influence on B2B Purchase Decisions

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Preben Emilsen Aasen & Sigurd Holthe Solbakken

Executive summary

The objective of this thesis is to understand *how credibility associated with being a startup affects B2B purchase decisions*.

In a rapidly changing globalised world, social and economic entrepreneurship are becoming increasingly important. Particularly in addressing population-related, economic, and environmental challenges. Startups have a crucial role in both creating technology and seizing opportunities to tackle global issues. However, young startups face significant challenges in an economy dominated by risk-aversion, strong brands and commoditized products and services. The absence of intangible assets, such as reference customers and success stories, hampers their credibility and marketing activities towards potential early adopters.

This thesis aims to address the issue of credibility and its impact on startups. By investigating this phenomenon, we seek to contribute to both academia and practice, helping startups achieve success. To address this issue, we conducted a qualitative multiple case study, where we interviewed customers of three Norwegian technology-startups in different industries. Moreover, we discuss and analyse the qualitative interviews in relation to relevant literature on supplier credibility, innovation adoption, and B2B relationships and transactions.

Our findings reveal that the credibility associated with being a startup profoundly influences purchase decisions in B2B markets. We identify a potential connection between concerns about startup credibility and customer firm size, suggesting variations in early adopter suitability. Additionally, co-creation emerges as a positive factor contributing to startup credibility and mitigating concerns associated with startups as suppliers.

In conclusion, we recommend that startups carefully consider their potential early adopters. Some early adopters may be easier to attract, while others may have greater significance as reference customers. Some may provide market access and valuable insights, while some may exploit the buyer-seller power-distance. Overall, this thesis sheds light on the importance of credibility for startups and provides insights to support their growth and competitiveness in an increasingly challenging business landscape.

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Definitions

Supplier Credibility	"The extent to which buyers feel that the supplier has the knowledge or ability to fulfil its claims and whether it can be trusted to tell the truth or not" (Newell & Goldsmith, 2001, p. 235).
Startup	"Startups are young companies founded to develop a unique product or service, bring it to market and make it irresistible and irreplaceable for customers" (Baldridge & Curry, 2022).
Innovation Adoption	"While invention is the process by which a new idea is discovered or created, the adoption of an innovation is the process of using an existing idea" (Rogers, 2003, p. 181).
Early adopter	"Refers to an individual or business who uses a new product, innovation, or technology before others" (Kenton, 2022).
Intangible assets	Intangible assets refers to the assets which an organisation can leverage in their marketing to induce credibility and respect. Hereunder, reputation, success-stories, customer references, and other forms of social proof (Corkindale & Belder, 2009).

1.0 Introduction

“A firm without a reputation has a problem with credibility; that is the firm which is lacking in trustworthiness and expertise. In turn, this credibility deficit is likely to influence persons receiving the message to respond unfavourably" (LaBarbera, 1982, p. 223).

The entrepreneurial journey is charged with challenges, with many startups struggling to succeed in the competitive business landscape (Haltiwanger, 2022). Notably, only 26,5% of businesses established in Norway within the past five years have managed to survive, as per Statistics Norway (SSB, n.d), emphasising the importance of understanding factors contributing to startup resilience.

Startups face a daunting challenge of establishing credibility, especially when compared to established companies that have the advantage of time to build their brand recognition and signals of trustworthiness (Freeman & Engel, 2007). Various studies further reinforce this point by highlighting the significant disadvantages startups encounter in Business-to-business (B2B) markets due to their comparatively weaker reputation (Freeman & Engel, 2007; Goldberg & Hartwick, 1990; Venkataraman et al., 1990). Furthermore, Wisdom et al., (2013) suggests, on the basis of Levy and Lazarovich-Porat’s (1995) “Signal Theory”, that understanding the role of signals in B2B sales may provide explanation to why startups may suffer the aforementioned consequences of LaBarbera’s (1982) no-reputation liability. These studies highlight the pivotal role of a startup's credibility in influencing how firms perceive them.

The topic of this thesis relates to innovation adoption in B2B markets. The objective of the thesis’ qualitative research is to explore the factors that influence a startup’s credibility and understand how these subsequently influence purchase intentions, and willingness to adopt innovation amongst potential early adopters. Rogers (2003) defines early adopters as individuals or entities who are among the initial group to embrace a new product, technology, or idea. Early adopters tend to possess influence, well-established connections, and a willingness to take risks in exploring new innovations.

"Innovation is an idea, practice, or project that is perceived as new by an individual or other unit of adaptation" (Rogers, 2003, p. 12). According to Barnett (1953), innovation can be defined as the process where unique and distinct ideas or behaviours are not only conceived but also implemented into reality. It should be mentioned that innovation does not rely on invention, nor does invention necessarily induce innovation. Innovation can be summarised as factors instigating changes in products, growth in firms, and development of societies (Schumpeter, 2006). The existing body of literature divides innovation into two overlying categories: incremental and radical (also known as disruptive) innovations. Incremental innovation is an innovation with a low degree of novelty, often associated with less risks and costs (Souto, 2015). Conversely, a radical innovation is based on new technology and has high perceived benefits, which typically entails market disruptive properties and perceived risks (Chandy & Tellis, 1998).

"Startups are considered to be the main source of job creation and wealth creation in most economies (some more than others), and of special importance are the technology-based new ventures, for example, in introducing disruptive innovations" (Rehme & Svensson, 2011, p. 5: Aldrich & Ruef, 2006; Christensen, 1997). In support, Kane (2010) claims that without the creation of startups there would be no net job growth in the U.S. economy. Furthermore, the United Nations (n.d.) emphasises the importance of startups for the global economy, and the acceleration of the implementation of the Sustainable Development Goals (SDG). New technologies are highlighted as potential solutions to many of the challenges outlined in the SDG's, including facilitation of "greener choices", and the creation of economic opportunities.

1.1 Research gap and problem statement

Despite the considerable body of research on B2B relationships and startup ventures, there are, to our knowledge, gaps in the literature addressing the role of credibility in innovation adoption. Moreover, a prominent factor that has received limited scholarly attention is empirical data from the customer's perspective. The potential insights gained from exploring the viewpoints of actual customers of startups should be considered instrumental in driving innovation adoption and enhancing a startup's credibility. Still, few research papers have obtained and

utilised primary data from this population, which is somewhat surprising considering evidence of customer insight being imperative for a startup's sustainable success (Kirchberger et al., 2020; Standing & Mattson, 2016; Ojala, 2015; Moogk, 2012). Therefore, this thesis seeks to investigate the issue of credibility through the lens of real customers of three Norwegian technology-startups.

This thesis offers an exploration of the dynamics between supplier credibility and innovation adoption, from an intriguing customer perspective. The findings intend to act as a bridge between theoretical understanding and real-world application, enhancing the body of knowledge on startups in B2B markets. The exploration of how a startup's credibility is influenced by its reputation, specifically in relation to the success of innovation adoption, is warranted due to the significant correlation between a firm's credibility and reputation (Dowling, 2004).

The ultimate ambition of this thesis is to enable startups to overcome challenges related to limited reputation, thereby fostering innovation, economic growth, and entrepreneurship. Guiding our research is the following problem statement:

> *How does credibility associated with being a startup affect B2B purchase decisions?*

2.0 Literature Review

The following chapter aims to examine literature relevant to the thesis' research topic, problem statement, and research questions. The order of the sub-chapters are designed with the objective of imparting a thorough understanding of the theoretical rationale of the research questions, and thereby a foundation for the subsequent methodology and research in this thesis.

2.1 Supplier credibility

Credibility is considered essential for new companies to establish their presence and viability in the market (Rehme & Svensson, 2011). Credibility is both a complex and intuitive conception. According to Maathuis et al., (2004) credibility relates to how an object is considered a reliable source of information, whereas the word "credo" translates to "I trust" or "I believe" (Kouzes & Posner, 2011). The

existing body of literature suggests that credibility associated with firms selling services and products may significantly affect a number of variables linked to mechanics of exchange relationships (Belonax et al., 2007; Newell & Goldsmith, 2001). Amongst these variables is the attitudes towards purchase intentions (Lafferty et al., 2002). Throughout the literature, credibility, in the context of B2B transactions and relationships, are named differently (e.g., source or corporate credibility, company reputation, corporate brand) (Rehme & Svensson, 2011; Corkindale & Belder, 2009; Dowling, 2004), however, most commonly referred to as supplier credibility (Belonax et al., 2007; Lafferty et al., 2002; Lambe et al., 2001; Newell & Goldsmith, 2001).

Newell and Goldsmith (2001) describe supplier credibility as: "the extent to which buyers feel that the supplier has the knowledge or ability to fulfil its claims and whether it can be trusted to tell the truth or not" (p. 235). It defines both the evaluation of existing and potentially new relationships. The most commonly hypothesised components of credibility in B2B-research are trust and expertise (Belonax et al., 2007).

Trust has been described as the most important of the key variables in relational exchange (Lambe et al., 2001). Trust can be defined as: the belief in the exchange partner's reliability and integrity (Morgan & Hunt, 1994); the belief that providing benefits entails reciprocation from the other party (Lambe et al., 2001); and a (existing or potential) partner's possession of credibility and benevolence (Geyskens et al., 1999). Trust has been empirically tested as a relational variable and has been found to be significantly and positively related to "commitment" (Lambe et al., 2001; Geyskens et al., 1999; Morgan & Hunt, 1994).

The term commitment refers to the level of dedication demonstrated by a party in initiating and maintaining exchange relationships (Morgan & Hunt, 1994). This dedication stems from the recognition of the party's satisfaction with current benefits, and accessible alternative benefits in the market (Lambe et al., 2001). According to Lambe et al. (2001): "positive outcomes over time increase firms' trust of their trading partner(s) and their commitment to the exchange relationship" (p. 6).

The second component of credibility, expertise, is defined as the buyer's perception of the supplier's capacity to deliver competent performance (Belonax et al., 2007, p. 250). While trust and expertise are strongly correlated, expertise is typically more associated with the salesperson (Newell & Goldsmith, 2001). Seller expertise can be described as the salesperson's signalled level of knowledge, relevant for the exchange relationship (Belonax et al., 2007). Typically, "when a buyer has limited experience with a supplier firm, the expertise of the firm can be inferred based on the buyer's perception of the salesperson's expertise" (Belonax et al., 2007, p. 250). Kirchberger et al., (2020) argues that a supplier's willingness to adjust their offering demonstrates high expertise, as it signals ability to deal with complex issues. In other words, the exhibition of competence and customer centrism is imperative for inducing credibility.

Levy and Lazarovich-Porat's (1995) "Signal Theory" highlights the importance of the signals a firm conveys. Their theory elucidates how B2B buyers infer information about the quality and reliability of firms, products, or services from signals such as: brand reputation; product quality; customer testimonials; and various forms of social proof. Thus, the lack of reputation, which is not to be confused with poor reputation, is linked to intangible assets, such as reference customers and success stories (Corkindale & Belder, 2009; Levy & Lazarovich-Porat, 1995).

Ruokolainen (2008) emphasises the relationship between intangible assets and supplier credibility, and its subsequent mitigating influence on the perceived risks associated with a purchase. This notion is supported by Kahneman and Tversky's (1979) renowned "Prospect Theory", which elucidates how individuals choose between probabilistic alternatives that involve risk. According to Kahneman and Tversky (1979), when the potential losses or gains of a decision are made explicit, people tend to be risk-averse in the face of potential losses and risk-seeking in the face of potential gains. Thus, if the selling firm (e.g., a startup) lacks reputation or credible signals, which according to Levy and Lazarovich-Porat (1995) reduces the perceived risk, the buying firm may interpret this as a potential loss situation, causing them to be risk-averse and thus less likely to reject the startup's offering. On the other hand, if the startup provides strong positive signals (e.g., customer references of a certain magnitude), the buying firm may interpret this as a potential

gain situation, making them more likely to be risk-seeking and willing to do business with the startup.

2.1.1 Implications for the startup

Startups, by definition, often lack formal relationships, track records, or business references. This implies that obtaining the initial customer reference is crucial, particularly for startups entering competitive B2B markets with complex products or services (Kirchberger et al., 2020). Without tangible evidence of real-world functionality, success stories, or customer references, persuading potential customers becomes challenging, if not impossible (Ruokolainen, 2008). According to Corkindale and Belder (2009): ” innovative products from startups can fail to be adopted widely not because their marketing mix is inadequate but through lack of intangible assets” (p. 243). However, the challenge remains; how can a startup obtain credibility?

Rehme and Svensson (2011) conducted a study on “credibility-driven entrepreneurship”. Their research revolves around the importance of credibility in the startup-context, where they argue that startups can acquire credibility through a range of activities, including social, technical, commercial, and operational endeavours. Examples of such activities include assembling a competent and well-known team, establishing partnerships with influential investors, and publicly demonstrating the availability of capital (Rehme & Svensson, 2011). In other words, startups should emphasise proof of concept, proof of market acceptance, and proof of stakeholder commitment as means to portray credibility.

Kirchberger et al. (2020) proposes alternative pathways to inducing credibility amongst potential early adopters. Their research highlights the critical role communication plays in persuading prospective customers about the viability of their offerings and stimulating buying behaviour. This is achieved through sharing of the value proposition, with the objective of learning about customer priorities and concerns. More specifically, how technological innovation might better enable those customers to achieve a priority or alleviate a concern. The recommendation by Kirchberger et al. (2020) is to tweak the offering to boost job-relevancy and highlight the value proposition’s benefits through monetary quantification. These steps are instrumental in establishing credibility, which in turn, fosters the

acceptance of innovation. In support of this, LaBarbera (1982) posits that when faced with the no-reputation liabilities, transparency serves as a trust-building tool.

In contrast, Ruokolainen (2008) suggests that technology-based startups should focus on development and building technological expertise, before sharing the value proposition. This may contribute towards being more capable of responding to complex problems, which in turn is suggested to enhance credibility (Kirchberger et al., 2020; Ruokolainen, 2008). Ruokolainen's (2008) study, and his earlier research (2005) demonstrate that placing too much effort on learning and testing, and thus neglecting the development of competitive advantages and sales arguments, may hamper a startup's chances of attracting the most appropriate initial customers. Conversely, Moogk (2012) suggests that: "developing a full product before testing a concept in the market is a risky proposition due to the extreme uncertainty associated with startup operations" (p. 24), supporting Kirchberger et al.'s (2020) suggestions.

Successfully securing initial customers becomes crucial for startups as it allows for acquiring the necessary evidence for inducing credibility, and consequently being recognized as a viable player in the market (Kirchberger et al., 2020; Rehme & Svensson, 2011; Ruokolainen, 2008). Merely offering a unique product or service may not suffice, credibility is considered essential.

The first research question is based on the idea that most innovative and independent startups suffer from limited credibility, associated with LaBarbera's (1982) no-reputation liability. Furthermore, supplier credibility as a variable in B2B transactions is extensively scrutinised (Belonax et al., 2007; Newell & Goldsmith, 2001; Geyskens et al., 1999; Morgan & Hunt, 1994), and its importance for startups is well-founded (Kirchberger et al., 2020; Rehme & Svensson, 2011; Corkindale & Balder, 2009; Ruokolainen, 2008). However, the precise impact of credibility on the outcome of innovation adoption remains somewhat unclear. Limited attention has been devoted to the credibility's direct influence on purchase decisions in a startup-context. Thus, in order to explore *how credibility associated with being a startup affects B2B purchase decisions*, we must first investigate the perceived credibility's importance for the purchase decision. Hence, why we propose the following research question:

RQ1: *How decisive is the perceived credibility for the purchase decision?*

By delving into this research question, we establish a foundational base and contribute with essential perspectives that will be instrumental for the forthcoming sub-chapters and research questions (RQ2-5).

2.2 Innovation adoption

While there is evidence on how startups can establish credibility and its importance, there are, to our knowledge, gaps in the literature concerning credibility's influence on the perception of innovative offerings. Further investigation is thus necessary to explore the intricate relationship between a startup's perceived credibility and the facets of customer evaluations. This may contribute to a more thorough understanding of the factors that sway customers' acceptance and adoption of innovative products or services.

In the context of startups in B2B markets, adoption refers to the process by which other businesses or organisations embrace and utilise innovation (Rogers, 2003). For startups the initial adopters are crucial, and often hard to attract - not only due to credibility-related implications, but also because of their role in developing technology and refining value propositions (Kirchberger et al., 2020; Taherdoost, 2018; Standing & Mattson, 2016; Ojala, 2015; Rehme & Svensson, 2011; Ruokolainen, 2008).

2.2.1 Technology acceptance

Various models and frameworks have been developed to explain the factors that may impact technology acceptance, amongst customers and users (Taherdoost, 2018). The "Technology Acceptance Model" (TAM) (Davis, 1989), and its subsequent versions, TAM 2 (Venkatesh & Davis, 2000) and TAM 3 (Venkatesh & Bala, 2008), are considered the most prominent theoretical frameworks for explaining behavioural intention (i.e., usage, adoption, or purchase) in the context of technology adoption (Taherdoost, 2018).

The second TAM-model (TAM 2) builds on Davis' (1989) proposed antecedents of "intention to use" (i.e., perceived usefulness and ease of use) by suggesting: subjective norm; brand image; job relevance; output quality; and result

demonstrability; as predictor variables for "perceived usefulness" (Venkatesh & Davis, 2000). An intriguing observation from Venkatesh and Davis' (2000) TAM 2-model is that "subjective norm", and thus the image or reputation of the seller stands out as the most influential predictor variable of perceived usefulness. This further supports the notion of the startup's reputation and associated credibility playing a central role in innovation adoption.

Furthermore, the second most prominent variable of the TAM 2-model is "job relevancy" (Venkatesh & Davis, 2000). This coincides with other literature addressing technology acceptance which presents constructs such as: "goodness of fit"; and "task-technology fit" (Graham & Logan, 2004; Greenhalgh et al. 2004); as imperative in regard to behavioural intention. That is, how well the technology aligns with the user's needs or objectives. Furthermore, factors such as awareness of innovation, attitudes towards change, assessment of knowledge and existing skills, and potential implementation challenges, play a crucial role in shaping the willingness to adopt (Solomons & Spross, 2010; Graham & Logan, 2004).

2.2.2 Barriers to innovation adoption

Numerous theoretical frameworks have been employed in an effort to elucidate the intricate process of implementing innovation. Within the context of this thesis, it is imperative to investigate the barriers of adoption to fully understand the role of credibility.

On an organisational level, the adoption process may be complex. According to Garland et al. (2010), promoting change in a routine practice is difficult when decision-makers within businesses do not perceive change as a necessary measure. That is, (e.g.) when a firm is satisfied with the outcomes (i.e., positive benefits) from an exchange relationship (Lambe et al., 2001). Hence, why Aarons et al. (2010) suggests that decision-makers might experience difficulties around knowing, evaluating, or selecting appropriate innovations to solve particular problems.

Similarly, to consumers, firms can be compared in terms of their willingness to adopt innovations. Rogers (2003) provides a framework for differentiating individuals as low-, medium-, or high-adopters, depending on their adoption speed.

That is, the pace at which a new technology, process, or idea is accepted and used by individuals, organisations, or societies. Building upon Roger's (2003) work, Greenhalgh et al. (2004) further elaborate on the perception and categorization of adopters. The level of willingness and interest in adopting innovations varies, and often reflect the degree of "innovation capability" within organisations. Innovation capability refers to the firm's capacity to identify the worth of new, external information, incorporate it, and utilise it for commercial purposes (Cohen & Levinthal, 1990). This typically relies on the decision-maker's individual preferences and the organisational capacity to embrace change. This coincides with Wisdom et al. (2013) suggesting that businesses have different traits and different levels of "readiness for change". For instance, "absorptive capacity" is the firm's capacity to utilise innovative and existing knowledge (Cohen & Levinthal, 1990). For example, firms that have existing or good knowledge, and have the capacity and mechanisms in place to incorporate new knowledge or innovations, are more likely to first explore an innovation (Aarons et al., 2010). If the organisational leadership is favouring change, innovation and new thinking, the firm is more prone to accept a startups innovation.

Size emerges as a distinct characteristic that exerts an influence on the adoption of innovation. Frambach and Schillewaert (2002) suggest that large organisations perceive an imperative to adopt innovations as a means to bolster and enhance their overall performance. Concurrently, small organisations are noted for flexibility and propensity, leading to an elevated receptiveness to innovation (Frambach & Schillewaert, 2002).

The existing literature highlights that decision-makers may encounter challenges in recognising, evaluating, or selecting suitable innovations to address specific problems. Factors such as individual preferences and the organisation's readiness for change can also significantly vary, thereby influencing the degree of innovation capability within firms. Moreover, there's a deficiency in understanding how certain characteristics of firms, such as: risk tolerance; firm size; and experience with innovation; interact with the reputation and credibility of startups (Megias-Robles et al., 2022). The potential relationship between these buyer's characteristics and the startup's perceived credibility have received limited attention in the existing body of literature. A thorough understanding of these dynamics, namely

organisation's capacity for change, and the perceived credibility of startups is vital when it comes to comprehending the barriers to adoption. Such an understanding can yield valuable insights for both startups and organisations aiming to engage in innovative endeavours. We therefore propose the following second research question:

RQ2: *How does organisational characteristics affect the perceived credibility?*

2.3 B2B relationships and transactions

Supplier credibility, as previously mentioned, influences the buyer's perception of the supplier's reliability, competence, and ability to deliver (Belonax et al., 2007; Lafferty et al., 2002; Lambe et al., 2001; Geyskens et al., 1999; Morgan & Hunt, 1994). Comprehending the mechanisms of B2B exchange relationships and transactions enables a thorough investigation of how supplier credibility influences the evaluation of offerings, and consequently adoption of innovation. By exploring B2B exchange theory, we gain insights into the intricacies of buyer-supplier interactions and outcomes, including factors such as benefit standards, alternative benefits, and purchase importance.

The objective of the following sub-chapters is to address the mechanisms of decision-making processes within B2B markets and to introduce the final research questions of the thesis along with their underlying rationale.

2.3.1 B2B Exchange theory

To explore B2B exchange research tends to focus on the mechanism that governs and encourages transactions. For example, transaction cost analysis (TCA) suggests that exchange governance is driven by a firm's desire to minimise the direct, as well as opportunity costs of transactions (Rindfleisch & Heide, 1997). Researchers typically utilise TCA to explain how and why exchange relationships develop. However, due to its limitation in terms of explaining relational governance, researchers have increasingly relied on social exchange theory (SET). They use SET to understand how social and economic outcomes in an exchange relationship over time, explains B2B purchasing behaviour (Lambe et al., 2001).

According to SET, individuals engage in social exchange relationships when the rewards they receive (i.e., benefits) from the relationship outweigh the costs. According to Lambe et al (2001), if firms have positive experiences from previous transactions, they are likely to anticipate similar positive outcomes in the future. Conversely, negative experiences may predispose them to expect more of the same. Thus, the decision to sustain the relationship largely depends on the ongoing provision of satisfactory rewards.

Thibaut and Kelley (1959) are widely recognized as important contributors to Social Exchange Theory (SET) due to their introduction of the concepts of "Comparison Level" (CL) and "Comparison Level of Alternatives" (CLalt). These concepts help explain how individuals in a relationship evaluate the benefits of the exchange and make decisions about whether to continue or discontinue an exchange relationship (Schaefer & Kornienko, 2010; Lambe et al., 2001).

"Comparison level represents the benefit standard that one feels is deserved in a given relationship and is compared to the outcomes that one receives from the relationship" (Lambe et al., 2001, p. 8-9). The benefit standard is either neutral or positive (i.e., existing benefits meet or exceed expectations), or negative (i.e., existing benefits fall short of expectations). In other words, it depends whether the buyer is satisfied with the current exchange relationship, or not. As previously mentioned, inducing willingness to replace an exchange relationship becomes exceedingly challenging when the buyer is satisfied with its status quo (Garland et al., 2010). Customer evaluation of supplier performance and satisfaction with the relationship represent perhaps the most important outcome in business exchange and is thus one of the most crucial dimensions of this thesis' research (Cannon & Perrault, 1999).

The Comparison Level of Alternatives represents the overall benefit that could be obtained from the best possible alternative exchange relationship (Lambe et al., 2001). "When firms are satisfied, meaning their received benefits meet or exceed their expectations, and their current benefits are equal to or better than those achievable through alternative options, they are more inclined to preserve and strengthen the relationship" (Lambe et al., 2001, p. 25). Conversely, if the perceived benefits of alternatives outweigh those of the current relationship, firms may be more inclined to consider alternative options.

Cannon and Perrault (1999) establish a connection between the "Availability of Alternatives" (i.e., equivalent to alternative benefits) and customer satisfaction, particularly emphasising the influential role of competitive intensity within the supply market. They further highlight how the uniqueness of an offering shapes customer satisfaction and, in turn, affects the outcomes of the exchange relationship. Dependency is a common indicator of low competitive intensity as it signals that a dependent firm receives much greater benefits from a current exchange partner than what is available from the best alternative exchange arrangement (Lambe et al., 2001).

If a firm perceives that the offering provided by an existing exchange relationship possesses unique characteristics that make it the only viable option in the market for a particular solution, the firm is likely to be deterred from changing suppliers (Cannon & Perrault, 1999). Conversely, if an alternative offering possesses the same attributes (e.g., an unprecedented radical innovation), the firm may be inclined to explore the alternative supplier, provided that the perceived benefits of the alternative outweigh the current benefits. This coincides with the challenges startups typically face in their initial commercialisation phase, highlighting the appropriateness of the SET as a framework for investigating the decision-making process regarding innovation adoption in B2B markets.

However, it is crucial to note that B2B buyers prioritise risk avoidance over selecting the best solution, leading to defensive decision-making practices (Bruce & Pregler, 2022). This creates a risk-reward gap where buyers perceive higher risk and negative consequences without adequate rewards (Kahneman & Tversky, 1979). In addition, factors such as external influences, data security, knowledge gaps, company size, and prior experience influence the perceived risks and convenience that impact purchase intentions among B2B customers (Megias-Robles et al., 2022; De Matos & Krielow, 2019; Aarons et al., 2010).

Despite this, understanding the specific role of benefit standards, and alternative benefits in shaping the perceived credibility of suppliers seems to have received limited scholarly attention. By delving into these dimensions within the context of SET, this research seeks to provide a contributive understanding of the factors that influence the acceptance and adoption of innovation in B2B markets - shedding light on the dynamics between benefit standards, alternative benefits, and perceived

supplier credibility. Thus, we propose the following third and fourth research questions:

RQ3: *How does the buyer's benefit standard affect the perceived credibility?*

***RQ4*:** *How does alternative benefits affect the perceived credibility?*

2.3.2 Purchase importance

A purchase's importance is typically associated with business criticality. High business criticality is associated with procurement and exchange relationships of significant strategic importance (Gelderman & Van Weele, 2003; Cannon & Perrault, 1999). It refers to the degree of impact a purchase has on a firm's core business activities and the associated supply risks (Gelderman & Van Weele, 2003). Supply risk, often operationalized by the number of alternative suppliers (Gelderman & Van Weele, 2003), aligns with the idea of alternative benefits proposed by Lambe et al. (2001) and the availability of alternatives suggested by Cannon and Perrault (1999).

Within the context of B2B decision-making, the feasibility and reliability concerns surrounding new products or services, especially in relation to dependencies and operational disruptions in B2B-contexts, are related to business criticality and associated risks (Graham & Logan, 2004; Greenhalgh et al., 2004). In addition, financial risks, market risks and regulatory risks further shape B2B decision-making, including concerns about market demand, compliance, and potential reputational risks, which are particularly salient for firms operating in regulated sectors (Ali & Osmanaj, 2020; Gupta et al., 2016; Corkindale & Belder, 2009). These risks are intertwined with the strategic importance of a purchase, contributing to the overall risk profile, and influencing the decision-making process in B2B settings.

Belonax et al. (2007) addresses whether the importance of the purchase decision affects buyer perceptions of supplier credibility. Contrary to their prevailing thought, their results indicated that perceptions of credibility were higher in minimally important purchases than in extremely important purchases. Their proposed explanation revolves around purchase complexity, suggesting that for low importance purchases the buyer puts more faith in the supplier to avoid high

involvement. Conversely, for a highly important purchase the buyer is more involved to safeguard the potential transaction. Hence, in the context of high-importance purchases, internal processes and evaluations carry more weight than the credibility of the supplier, as compared to purchases of lesser importance. Unlike this thesis, Belonax et al.'s (2007) study focuses on established firms, rather than newly formed ones that may face the liabilities of a limited reputation, as highlighted by LaBarbera (1982). Therefore, the dimensions of credibility explored in Belonax et al.'s (2007) research may not align precisely with the perceived credibility of a startup. We anticipate that supplier credibility will continue to yield significant influence over buyer's internal evaluations and behavioural intentions, particularly in the case of high-importance purchases. Hence why we suggest purchase importance to be an imperative factor when exploring how a startup's credibility affects purchase decisions.

Furthermore, customers relying on certain technological aspects of their core operations are more sensitive towards potential disruptions adopting new products or services (Roper & Tapinos, 2016). Without explicitly addressing business criticality, Roper and Tapinos' (2016) findings indicate a relationship between innovation and purchase importance. This contributes with interesting aspects to how a startup, with a highly technical or disruptive value proposition, is considered in the context of an important purchase decision.

The fifth, and final research question is based on the notion that the importance of the purchase decision affects the perceptions of the supplier's credibility. As mentioned, empirical research suggests that there is indeed a relationship between purchase importance and perceived supplier credibility (Belonax et al., 2007; Gelderman & Van Weele., 2003; Cannon & Perrault, 1999). However, the existing literature are seemingly more concerned with purchase behaviour and efforts (i.e., repetitiveness versus newness of a purchase), and strategic relationship governance, rather than how the importance of the business area (e.g., core business versus new business opportunities) and associated risk aversion influence the perceived credibility of the startup. Thus, it is interesting to further investigate the relationship between purchase importance and credibility. Hence, the following fifth, and last, research question:

RQ5: *How does the importance of the purchase affect the perceived credibility?*

3.0 Methodology

3.1 Research design

In light of the research gaps, as highlighted in previous chapters, and the explorative character of the current thesis problem statement, a qualitative approach was deemed the most appropriate. The thesis aims to explore and seek a deeper understanding of how a startup's credibility influences the acceptance of innovations. By employing qualitative techniques, we are able to investigate this issue from the customer's perspective, which received limited attention in the innovation adoption literature. An unstructured research design is therefore appropriate as it enables flexibility to make adjustments as we gain knowledge throughout the research (Grennes, 2021).

The procedure of the research is based on a multiple case study approach. This approach aligns with established research practices and is widely utilised across disciplines as a robust method and strategy (Creswell, 2013; Yin, 2017). This involves investigating three cases (the startups investigated in this thesis), that exhibit similar or dissimilar characteristics. The approach enables us to compare and replicate findings, generating more reliable and compelling evidence compared to a single-case study (Grennes, 2021; Yin, 2017; Lewis-Beck et al., 2004). The analysis is based on semi-structured interviews of customers of three Norwegian startups from different industries. Furthermore, this allows for the identification and exploration of trends and patterns in customers' perceptions of startups and their value propositions.

3.2 Sample selection

The sampling design relies on a multistage approach (Moore et al., 2021). The first stage involves selecting startups as the primary sampling units (PSUs). The startups were then asked to provide appropriate interview-objects, who constitute the secondary sampling units (SSUs). The SSU's were the informants in the interviews. The selection criteria are presented in Table 1.

Table 1.

Sample selection criteria

Sample		Criteria
PSU	1.1)	Operates in B2B markets.
	1.2)	Below six years since establishment.
	1.3)	Adequate degree of innovativeness*
	1.4)	Unambiguous business model.
SSU	2.1)	The informant is a representative informant of a formal organisation.
	2.2)	The informant has participated in the relevant purchase process.
	2.3)	The organisation that the informant represents has either purchased or not purchased the startup's value proposition.

*Note: *Subjective evaluation in line with Chandy and Tellis' (1998) definitions.*

Multi-stage sampling was deemed useful since it is difficult to obtain a complete sampling frame of all relevant startups and businesses related to our problem statement (Moore et al., 2021). In this case, the startups serve as a convenient means to access representative informants that otherwise are hard to identify and reach.

3.2.1 Anonymity

All participants (i.e., both startups and informants) were promised anonymity. Pseudonyms are used to distinguish the participants in the forthcoming findings, and result and discussion chapters (Grennes, 2020). Informants are described by their case-affiliation and purchase outcome. The informants are labelled with letters signalling their decision outcome ("Y"=purchase, "N"=no purchase), a number corresponding to their case-affiliation, and a customer number (i.e., Y1.1, Y1.2, Y2.1, etc.). Startups are simply labelled by S (for startup) and a number to differentiate between the three startups (i.e., S1, S2, and S3).

3.2.2 Startup selection

We identified 87 startups that were deemed appropriate. However, 20 were excluded due to lack of public contact information. Out of the 67 remaining startups, six out of the 36 startups that responded agreed to participate. This corresponded to a response rate of 54% and a participation rate of 17%. Of the six startups agreeing to participate, only three provided appropriate interview objects. Thus, the total primary sample was three startups. These startups originated from different industries, providing two interview objects each. While the majority of startups were positive towards participating, many were ultimately unable due to anticipated circumstances (e.g., sensitive customer-relationships, incomplete offering, or market entry). Table 2 describes the participating startup's pseudonyms (labels), industry affiliation and offering characteristics.

Table 2.

Startup Characteristics

Startup	Industry	Offering	Technology
S1	Forestry	Graphic data analysis (SaaS)	AI, Cloud Processing
S2	Food Service	Workforce Management (SaaS)	Cloud platform
S3	Construction	Workforce and Project Management (SaaS)	App

Note: Abbreviations: AI = Artificial Intelligence; SaaS = Software as a Service

3.2.3 Informant selection

To address the mentioned research gaps and answer the research questions, it was imperative to gather insights from individuals in businesses who had direct experiences with startups. The informants had diverse backgrounds, experiences, and perspectives, which made it possible to capture a diverse range of insights and opinions. This ensured the richness and depth of the data collected, contributing to the thorough analysis of the research questions (Gripsrud et al., 2018).

A total of six customers participated in the interviews, divided into two groups: four customers who expressed interest and willingness to engage with the startup's

offering ("yes-customers") and two customers who declined the offering ("no-customers"). By comparing the perspectives of these two groups, we aim to investigate various dimensions of a startup's credibility in relation to the thesis' research questions. Table 3 presents characteristics of the interviewees.

Table 3.

Characteristics of the interviewees.

Purchase	Startup	Customer	Business	Role	Firm size
Yes	1	1	Timber sales and forestry services	Leader of Operations	50-100
Yes	1	2	Cooperation enterprise in forestry	Marketing Director	50-100
Yes	2	1	Franchise food service	Managing Director	150-200
Yes	2	2	Franchise food service	Managing Director	100-150
No	3	1	Property management	Managing Director	10-20
No	3	2	Construction company	Managing Director	10-20

Note: Firm size is approximate to ensure anonymity.

The informant selection process also considered practicalities such as feasibility and availability. Given the limitations of time and resources, we managed to obtain a sample of six participants for semi-structured interviews, a manageable number that also allows for meaningful comparisons (Saunders et al., 2015).

3.3 Procedure

3.3.1 Sampling

This thesis operates with a primary and secondary sampling unit, obtained through multistage sampling. The primary sample (i.e., the startups) were systematically mapped through public websites of different incubators and accelerators associated

with SIVA's (Selskapet for industrivekst) acceleration and incubation program (siva, n.d.). The startups deemed appropriate were directly contacted per email.

The selection of the secondary sample (i.e., the informants) was based on the principle of "snowballing" (Gripsrud et al., 2018), as we initially first got in touch with startups, who directed us to their respective customers (Table 3).

3.3.2 Communication

All initial communication with startups was conducted by standardised email (appendix: 8.1). The subsequent communication with the informants were also conducted by standardised email distributed by the participating startups (appendix: 8.2). The startups obtained acceptance of participation from the interview objects, before providing their contact information. Subsequently, communication with the informants were conducted by email, whereas interviews were conducted through video and phone calls.

The collaborating startups were incentivised by gaining access to customer evaluations of their respective value proposition. Also, the participating informants were incentivised by contributing towards technological advancements in their respective industry.

3.3.3 Data collection

Primary data was gathered through qualitative semi-structured interviews (Gripsrud et al., 2018). The interview guide (appendix: 8.3) ensured proper flow and consistency across the interviews. The reviewed literature on supplier credibility, innovation adoption, and B2B relationships and transactions constituted the theoretical foundation for the main questions. The semi-structured format offered the adaptability necessary to incorporate both pre-determined and responsive follow-up questions, which ensured the collected data's relevance for the research questions (Gripsrud et al., 2018). The format of the interview guide adhered to Harvard step-by-step guide to writing interview questions, emphasising the comprehensibility of the questions, and the language and wording to align with the characteristics of the interviewees (Harvard, n.d).

To establish a comfortable environment for the respondents, we commenced each interview with introductory questions designed to put them at ease (Harvard, n.d.). The sequencing of the questions followed a logical and chronological structure, with more challenging and complex questions positioned towards the end of the interviews. At the end, an open-ended question was posed to allow respondents to offer insights into their overall perceptions and thoughts not addressed in the earlier questions (appendix: 8.3).

As a means to encourage participation, we adjusted the wording of the questions and limited the interview duration to a maximum of 30 minutes. The interviews were recorded (with permission) using personal equipment. Participants were informed of the recording beforehand, as well as our obligation to delete the recordings after completing the transcripts.

3.3.4 Pre-test

Prior to conducting the actual interviews, a pre-testing phase was carried out to evaluate the clarity and effectiveness of the interview questions and protocol. The purpose of the pre-test was to identify any potential issues or areas of improvement to enhance the quality and reliability of the data collected. A sample of two fellow students with sufficient knowledge of the research topic was selected in the pretesting phase. During the pre-test, each participant was interviewed, and encouraged to provide feedback based on clarity, relevance, and comprehensibility of the interview questions. However, there are also some limitations with such pretesting as the chosen individuals can provide biased opinions and feedback. Ultimately, the insights enhanced the clarity and effectiveness of the interview guide, thus ending up with a more refined and suitable structure of the questions.

3.3.5 Data analysis

To ensure the transcripts' fidelity and accuracy we followed a guideline for qualitative analyses by Gibbs (2007). Both researchers were present in all interviews to minimise interpretation-errors. The level of transcription was verbatim. Verbal tics, pauses and repetitions were excluded to enhance the transcripts interpretability. The transcripts were typed manually, which is a convenient way to initiate the analysis. Furthermore, it contributes towards

minimising interpretation-errors as the researchers understand the context of the questions and potential dialect of the informants (Gibbs, 2007).

In our analysis strategy, inspired by Gibbs (2007), we started by familiarising ourselves with the entire dataset, carefully reading transcriptions and noting observations. Next, we segmented the interviews and assigned specific phrases as codes to structure the research content. Similar codes were grouped and refined, resulting in a finalised list of prominent findings. By using this list, we identified and explored relevant themes for each research question, which will be discussed in subsequent sections of our study.

3.4 Reliability and validity

To strengthen the face validity, the majority of the interview guide was based on adaptations of prior research (Belonax et al., 2007; Newell & Goldsmith, 2001; Cannon & Perrault, 1999). The sampling design (i.e., multistage) also strengthened validity because it enabled interviews with knowledgeable participants in relevant positions (Stenbacka, 2001). Additionally, by addressing both yes- and no-customers we avoided potential bias related to the purchase outcome when answering the research questions.

However, most qualitative research involves interpretation, which entails that our analysis is exposed to implications of the chosen methods, values, biases and decisions made by us, the researchers (Gibbs, 2007). To minimise these implications, both researchers were extensively involved in all aspects of the analysis.

3.5 Compliance with legal and ethical regulations

In compliance with the General Data Protection Regulation (GDPR) and the Norwegian Data Protection Act (NSD), all data collected for this study was handled in accordance with national regulations (NSD reference: 985323). Personal data (i.e., name, contact and employee information) was collected and stored securely, only to be used for the purpose of this thesis. Participants were informed of their rights to withdraw from the study at any time, however, nobody opted to do so. All data are anonymized and de-identified to protect the privacy of participants.

4.0 Findings

The following chapter aims to present the most relevant findings from the interviews, structured in accordance with the research question.

Throughout the development of this research, special attention has been devoted to ensuring interpretability. The objective behind this approach is to guarantee that the insights generated can be comprehended and interpreted with ease, thereby maximising the academic impact and practical usability. Consequently, we have designed six qualitative scales that encapsulate the crucial elements pertaining to each research question.

These scales are composed of three categorical levels. The first two and the last scale range from "low" to "high" and are focused on assessing perceived credibility, capacity to change, and purchase importance. The third scale spans from "negative" to "positive" and is used to assess the standard of benefits (i.e., satisfaction). The fourth and fifth scale measures offering performance and alternative benefits, ranging from "fall short of" to "exceeding" expectations, relative to each other. The scales are based on adaptations of prior studies (Wisdom et al., 2013; Belonax et al., 2007; Lambe et al., 2001; Newell & Goldsmith, 2001; Cannon & Perrault, 1990), and will contribute towards the findings' interpretability. The scales are scored based on the researchers interpretation of the interviewees' responses, in light of discussed findings in the literature review. The following table presents the scales and its scores:

Table 4.

Scales and scores

Interviewee	Perceived credibility	Capacity to change	Benefit standard	Offering benefits	Alternative benefits	Purchase importance
Y(1.1)	High	High	-	Exceeding	Fall short	Low
Y(1.2)	Moderate	High	Met	Exceeding	Fall short	Moderate
Y(2.1)	Moderate	Low	Met	Exceeding	Meets	High
Y(2.2)	Low	Moderate	Negative	Meets	Meets	High
N(3.1)	Low	High	Negative	Fall short	Exceeding	High
N(3.2)	Moderate	High	Met	Meets	Exceeding	Moderate

Note 1: Read the table left to right; meaning offering benefits fall short, meets, or exceeds Benefit standard; and Alternative benefits fall short, meets, or exceeds Offering benefits.

Note 2: Recall, "Y" or "N" in e.g., Y(1.1) indicates the decision outcome: "Y"=purchase, "N"=no purchase.

The chosen interviewees provided valuable first-hand experiences and insights that contributed towards enhancing the understanding of various aspects of B2B purchasing behaviour. A summarisation of the recounts of their purchase processes, and the rationale behind the scores (Table 4), are attached in the appendices (appendix: 8.4). The forthcoming sub-chapters concretizes the most relevant findings for the thesis' research questions.

4.1 Research questions

4.1.1 Research question 1

How decisive is the perceived credibility for the purchase decision?

Perceived credibility is intricately connected to the trustworthiness and expertise of a firm. It relies on the firm's capacity to fulfil their promises and act as a competent and dependable business partner (Belonax et al., 2007).

The interviews express a range of decisive factors for their respective purchase outcomes. The following table provides a summary of the factors explicitly

mentioned by the interviewees that contributed to their respective purchase outcomes:

Table 5.

Decisive Factors and Perceived Credibility

Interviewee	Perceived credibility	Decisive factors for purchase outcome
Y(1.1)	High	• **Credibility** • Capacity to change
Y(1.2)	Moderate	• Capacity to change • Alternative benefits • Co-creation • Being the “first mover”
Y(2.1)	Moderate	• **Credibility** • Co-creation
Y(2.2)	Low	• Price
N(3.1)	Low	• **Credibility** • Offering benefits
N(3.2)	Moderate	• Alternative benefits

As seen in table 5, three out of the six interviewees mentioned factors related to the startup’s perceived credibility. All interviewees besides Y(1.1) had prominent concerns regarding the startup’s credibility.

When asked to reflect on the decisive factors for the purchase outcome, Y(1.1) first mention the firm’s culture, interest, and capacity to innovate, and follows up with a specific mention of S1’s holistic presentation:

> "I believe that the presentation of (S1) as a company was quite impressive, which counts for a lot. [...] the entire setup that (pronoun) presented to us. If (pronoun) had given a poor or less credible presentation of (S1) and the whole setup, we probably wouldn't have accepted."

Y(1.1) also explains that they were unaware of S1 being a startup, and that they found the representative of S1 as well as the offering itself highly trustworthy and competent.

Similarly, to Y(1.1), Y(1.2) also mentions the firm's capacity to change but does not mention any credibility-related factors. Instead, Y(1.2) emphasises the lack of alternative (benefits) opportunities in the market and opportunity of co-creation as the main contributors to the firm's purchase outcome: *"when it comes to the co-creation aspect in relation to what the value proposition, the output, should be, there are currently no alternative competitors in Norway, as we see it today"*. There were prominent concerns related to S1 being a startup. Firstly, there were concerns regarding liquidity in relation to transactions and security of deliverance. Secondly, a mismatch in expectations and delivery are suggested to stem from S1 being a startup, and consequently being poorly adapted to doing business with relatively big organisations. As an outcome-decisive factor and potential mitigator of the firm's credibility-related concerns, Y(1.2) stated: *"to be a first mover in an area that is important, which we believe is important for us"*. The "first-mover-advantage" was not mentioned by the other interviewees but was considered decisive for the purchase outcome for Y(1.2).

Furthermore, Y(2.1) explains that there was scepticism related to S2 being a startup. This is reflected by the extensiveness of the purchase-process and the need for multiple pilot-projects. The concerns mainly revolved around supplier risks and risks associated with person-dependency. However, Y(2.1) argues that these concerns were mitigated by: *"(*S2*)'s flexibility and commitment to the firm as the main customer,* (which) *benefited their credibility*". When asked to reflect on the decisive factor for the purchase outcome, Y(2.1) explains:

> "We have experienced it (S2's holistic offering) very well, we have experienced it very professionally. They have been very trustworthy [...] that helped us overcome some of the fears (risks associated with S2 being a startup), if I can call it that. We were also able to get the answers we needed, and it helped us in the process."

Similarly, to Y(1.2) the opportunity: *[…] to have some influence in relation to their development"* (i.e., opportunity of co-creation); is emphasised by Y(2.1) as an important factor, both for the purchase decision and the perceived credibility.

Y(2.2) had substantial concerns towards S2 being a startup, emphasised by the lack of references: *"[…] one would have kind of felt that the trust was already there* (if the seller was an established firm)*"*. Furthermore, in-house legal competence and overall *"manpower"* were emphasised as concerns. Y(2.2) states that an exchange relationship with a startup, in comparison with an established firm, creates a person-dependence which leaves the buyer vulnerable. Y(2.2) describes S2's offering as: *"the benefit of this solution is significant enough that it is a profitable investment almost regardless of the cost"*; nevertheless, the price still played a decisive role in the purchase decision;

> "(implying S2) needs to have an expected price, set up a price list for each customer and similar. However, if you don't succeed there, if customers force you down to your knees, because there are big companies like us capable of doing it [...] The supplier was offered this, but at a significantly lower price than initially. (S2) chose to accept it, so we'll see if they succeed with it or not in the future."

Ultimately, the price weighted higher than the credibility.

In contrast to Y(2.1)'s and Y(2.2)'s concerns related to the supplier being a startup, N(3.1) stated: *"[…] the fact that they are a startup company has no significance, but I noticed that their solution, the development, bore the imprint of them being a startup company, perhaps"*. Instead, it was the seller, the presentation of S3' offerings, and the subsequent communication that determined the purchase outcome. Firstly, N(3.1) experienced that the seller did not really understand the firm and its business challenges. Secondly, inquiries about certain functionalities were never answered. The seller seemed neither trustworthy, nor competent. When asked to reflect on the decisive factors for the purchase outcome, N(3.1) stated:

> "It was the overall impression. That is, the solution was not quite as we had hoped. And it didn't seem like they were going to make changes to make it the way we wanted [...] there was a greater emphasis on the fact that the service was not up to par since it is crucial for us. But it certainly contributed to the decision when we felt there were no good answers and follow-up from the salesperson."

In contrast to the other interviewees, N(3.2) is yet to make a final purchase decision, however, as stated in the interview: "*we are likely not proceeding with* (S3)*".* Similarly, to N(3.1), N(3.2) is not concerned with the supplier being a startup: *"I have great faith that startups can offer very effective solutions to multiple problems, perhaps even better than other large established players"*. The most decisive factor, however, is described as:

> "The reason (decisive factor for purchase outcome) was that compared to other players, regardless of whether they are more established or not, the system appears to be somewhat unfinished. And the other reason is that, as a result, it addresses too few challenges. It solves an important task, but we still have a couple of other things for which we need to continue searching for alternative solutions."

In sum, although multiple interviewees mentioned credibility (Y1.1; Y2.1; & N3.1) as a decisive factor for the purchase decision, none explicitly mentioned it as being the most decisive factor. There is also no indication of connection between the perceived credibility and the decisiveness of credibility.

A notable, yet anticipated finding, was the decisive role of the salesperson (i.e., the startup's representative). The salesperson's influence was substantial, impacting both the purchasing decision and the ongoing relationship and collaboration between the startup and the firm. As stated by several of the interviewees, the salesperson was imperative to the overall impression of the startup. The salesperson appears to serve as the fundament of the entire collaboration, and without their

involvement, the partnership may falter. As indicated by Y(1.2) and Y(2.2), this represents a degree of vulnerability inherent in the relationship, which highlights the dependency on individuals for successful collaboration. For instance, Y(1.1) stated:*"Yes, actually the entire way (the founder) presented themselves and how they presented the solution was quite decisive. If (pronoun) had given a poor or less credible presentation of* (S1) *and the entire setup, we probably wouldn't have accepted".* The dependency on the founder at the firm is also emphasised by Y(1.2):

> "(the exchange relationship) is person-dependent, connected to (the founder) as an individual. [...] (What the founder is capable of) is quite unique, so (pronoun) is a unique asset for us and within (S1). What I was thinking about earlier when we were talking is that it is somewhat fragile, the relationships are a bit fragile. We are more connected to (the founder) than we are to (S1). And that has its pros and cons. (Pronoun) is indeed an asset, but at the same time, the company needs a connection between companies, so it is a consideration in transitioning from startup to running a business and ensuring there are multiple touchpoints. The agreement is with (S1) and not with (the founder), but currently, it is (the founder).

Y(1.2) asserts that the relationship between the firm and the startup is heavily reliant on the founder. This interpersonal connection is critical to the existence of the partnership. However, it is also a source of risk. Y(2.2) adds to this by stating: *"[...] what is also on the plus side* (of having an established supplier instead of a startup) *is the trust factor, in terms of both manpower and the absence of dependency on individuals".* Again, this finding further supports the indications of the salesperson's decisiveness for the startup's credibility, and ultimately the purchase outcome.

4.1.2 Research question 2

How does organisational characteristics affect the perceived credibility?

Capacity to change is referred to as the organisation's capacity and ability to embrace and adapt to new ideas, practices, technologies, or approaches. It represents the readiness and willingness to depart from current ways of thinking or operating and embrace innovation or change in order to achieve desired outcomes or improve existing processes (Wisdom et al., 2013). As indicated in table 4, there is seemingly no connection between the interviewees' capacity to change and the perceived credibility of the startups.

When asked to reflect upon the decisive factor of the purchase outcome, interviewee Y(1.1) stated: "*There are many forward-thinking individuals in (the firm) who want to be part of new and modern things, in other words, those who want to be part of the future",* which indicates that the firm strives towards innovative solutions. As mentioned earlier, Y(1.1) was the only interviewee who perceived their respective startup as highly credible. The firm's high capacity for change could be a plausible explanation for this perception. However, it is important to note that this does not coincide with other firms with a high capacity of change (Table 4).

Interestingly, in contrast to the majority of the interviewees', N(3.2) exhibits a strong inclination toward innovation, as evident in their statement: "*[...] I have a lot of faith in startups being able to provide very good solutions to various problems, perhaps better than other large established players*". This sentiment aligns with the organisations' openness to change and their pursuit of more optimal solutions for their own services. In regard to S3's credibility, N3.2 answered: "*I perceived the credibility to be good [...] It could have easily been a company that has been around for a long time, as far as I knew*". Indicating that N(3.2) believes that a firm is more credible if it has been around for several years. Notably, both Y(1.1) and N(3.1) also express a belief that startups are more than capable of delivering offerings of the same, or even better quality compared to established firms. Interestingly, in addition to their shared attribute of high capacity for change, they also represent the smallest firms among the interviewees. This finding suggests that firm size may indeed influence the perceived credibility of startups.

Furthermore, only three firms, characterised by their differentiated firm size and reputation, expressed a low perception of credibility with notable implications for startups. Their statements suggest that firm size plays a role in shaping how they perceive startups. As Y(2.1) noted, "*We are not exactly a speedboat, we are almost a cruise ship, so it takes a little longer for us to turn around.*" This highlights a challenge faced by larger companies in terms of embracing change in an efficient manner, which further supports the aforementioned indications regarding the influence of firm size.

Moreover, Y(1.2) emphasised the importance of trust and established agreements when dealing with startups. They shared their internal deliberations, stating: "*It simply hasn't been a long enough agreement. And those are the kind of things we discuss internally, like, Hmm, can we trust this? What is this all about? and then just, Okay, it's a startup. Okay, let's take the chance"*. This implies a scepticism by larger firms due to risks associated with startups.

Y(2.2) highlights the role of firm size in perceiving startup credibility, illustrating the financial struggle of startups with a simple analogy:

> "Let's use a simple number and say you have 100,000 NOK in costs per month [...] So, if each customer is supposed to leave 1,000 NOK with you every month, well, then you need a hundred customers just to break even [...] hunt for that one chain that gives you a hundred locations, and you are already breaking even ."

This highlights a potential upside of acquiring large initial customers, not only because of their reference magnitude, but also the comparatively higher purchase volume. However, as indicated in previous findings, they may also be more difficult to initiate an exchange relationship with. Thus, indicating a potential trade-off between the benefits of the exchange relationship and the difficulty of initiating it.

4.1.3 Research question 3

How does the buyer's benefit standard affect the perceived credibility?

The benefit standard refers to the degree of which a party is satisfied with the current solutions to its business challenges. Hereunder, the benefits of (e.g.) an ongoing exchange relationship compared to the benefit standard one feels is deserved (Lambe et al., 2001). The benefit standard also represents the benchmark the startup's offering needs to meet (in terms of benefits) to induce purchase intentions.

As indicated in Table 4, there are variations in both the interviewees' benefit standard (i.e., satisfaction with current solutions) and their perceived credibility. Since Y(1.1)'s adoption of S1's offering opens completely new areas of business, satisfaction with prior solutions or conditions is not identifiable, and benefit standard is deemed irrelevant.

As indicated in the following table, based on the available data material, there is a seemingly a more or less perfect relationship between the benefit standard and perceived credibility:

Table 6.

Benefit standard and Perceived Credibility

Interviewee	Benefit standard	Perceived credibility
Y(1.1)	-	High
Y(1.2)	Met	Moderate
Y(2.1)	Met	Moderate
Y(2.2)	Negative	Low
N(3.1)	Negative	Low
N(3.2)	Met	Moderate

Furthermore, the pattern is consistent across multiple startups, and perhaps more interestingly, it is also consistent regardless of the interviewees' purchase outcomes.

Interestingly, the interviewees who were the least satisfied with their current solutions (Y2.2, & N3.1) found their respective startups to be the least credible. Y(2.2) stated: *"the benefit of this* (S2's) *solution is significant enough that it is a profitable investment almost regardless of the cost"*; indicating that the firm's dissatisfaction with existing solutions contributes to an inclination of purchase regardless of S2 being a startup or established firm. Still, Y(2.2) were concerned with the potential supplier being a startup, thus contradicting the aforementioned indication. Y(2.2) claims that the decisive factor for the purchase outcome was the firm's opportunity to squeeze S2's price. Given the significant economic potential this entailed, the impact of low perceived credibility appeared to be mitigated by the substantial improvement in Y2.2's negative benefit standard, ultimately resulting in a positive purchase outcome. Therefore, without the notable dissatisfaction expressed by Y(2.2), the uncertainty, and ultimately credibility towards S2 might not have been enhanced.

Conversely, N(3.1) claims to have no concerns with the supplier being a startup. The purchase outcome, however, was determined by: *"[…] we didn't feel like the* (S3's) *solution was fully complete, we didn't feel like it was suitable for our part"*; whereas the perceived credibility was suggested to be a consequence of S3's ability to meet N(3.1)'s benefit standard and subsequent communication:

> "I would say that the credibility itself was okay, but it was quickly disproven when it seemed like he hadn't really familiarised himself with the system"; "[...] I didn't quite understand why we should have that (referring to implementing S3's offering). It was almost like it was just there to deceive people because it was so poorly thought out that one couldn't really understand its purpose."

Lastly, Y(1.1) which had no identifiable benefit standard found the startup highly credible, and the remaining interviewees which had a more or less a neutral benefit standard (i.e., Y1.2, Y2.1, & N3.2) found their respective startups moderately credible (Table 6).

4.1.4 Research question 4

How does alternative benefits affect the perceived credibility?

Alternative benefits refer to alternative solutions or options that exist outside of the current exchange relationships. These alternatives have the potential to replace or substitute the current solutions or methods that are already in place within the firm (Lambe et al., 2001).

As indicated in Table 4, there are divergent viewpoints among the interviewees regarding the startup's offering in comparison to alternative options and their associated benefits. As previously mentioned, since S1's offering represents an entirely new business area for Y(1.1), it is not surprising that the offering surpasses alternative benefits. This notion is further supported by Y(1.1) statement:

> "I definitely believe that they are competitive compared to any potential competitors they may have, […] but based on my experience, their (S1) offering is very good, and it seems very professional. So, if there were any competing companies, I believe they would do very well."

Also, this seemingly increases the credibility aspect as Y(1.1) and the firm are reliant on S1's offering in order to proceed within this new business area: *"I believe that if we were to accomplish this, we would be dependent on* (S1)*".*

As previously mentioned, Y(2.2) also emphasises the lack of alternatives as a potential mitigator of their concerns regarding S1's credibility: *"the potential for co-creation, the offering itself, and what the out-put is supposed to be, there is no alternative competition in Norway"*. Furthermore, Y(2.1) mentions the unique opportunity to: *"have some influence in relation to their* (S2) *development"*; as a big contributor to the purchase outcome, despite the firm's concerns with initiating an exchange relationship with a startup.

Y(2.2)'s perception of the startup's credibility is also influenced by their assessment of S2's competitive landscape, which is described as: "*Not at all alone, within this business here, there are several others playing in the same field and wanting to offer the same thing. And ultimately, it's about multiple factors - price plays a*

significant role". As previously mentioned, the price of S2's offering emerges as the decisive factor and utilised to mitigate Y(2.2)'s concerns with having a startup as a supplier. Ultimately, Y(2.2) awareness of alternative benefits (i.e., price-comparison) contributes towards the effects of S2's poor perceived credibility being mitigated.

Y(1.2) emphasises the lack of alternatives in the market and opportunity for co-creation as the main contributors to the firm taking a chance on S1: "*We believe that the only sensible thing for us is to have a close and good cooperation with* (S1)", and followed up with "*So, I have a lot of faith in the business model that* (S1) *has. At the same time,* (S1) *is dependent on continuously being the best. This is important to us*". Again, indicating that startups should be willing to collaborate and co-create with different firms in order to attain firms of different scale. Especially, in regard to building reference customers and enhancing trust.

Interestingly, several interviewees highlighted the importance of collaboration with the startup in their decision-making process. As indicated in Table 4, both Y(2.1) and Y(2.2) had concerns about S2's credibility and considered the offering's benefits to be more or less equivalent to alternative offerings. The decisive factor, as previously mentioned, seemed to be, as stated by Y(2.1): "*So, the thing is that* (S2) *stood out with a more extensive digital toolbox and an offer to embark on a digital journey together with them. Additionally, we have been granted some influence in their development".* This indicates that the startup's willingness to co-create may be an expedient approach for differentiation, and subsequently overcoming the challenges associated with limited credibility. This notion is further supported by Y(1.2) stating: "*Given that I define this as a co-creation project, it is unthinkable for us to look for other suppliers*". Conversely, N(3.1) and N(3.2) perceive alternative offerings as exceeding S3's offering benefits, emphasising that they needed a finished product from the start. Notably, this coincides with prior findings highlighting that there may be differences between large and small firms. Not only in regard to how firm size seemingly affects the perception of credibility (as presented in 4.1.3), but also in regard to how effective leveraging co-creation is, for influencing differentiation and the perceived credibility.

4.1.5 Research question 5

How does the importance of the purchase affect the perceived credibility?

Purchase importance refers to the degree of impact a purchase has on a firm's business activities and the associated supply risks (Gelderman & Van Weele, 2003). The following table illustrates purchase importance in relation to the perceived credibility:

Table 7.

Purchase importance and Perceived Credibility

Interviewee	Purchase importance	Perceived credibility
Y(1.1)	Low	High
Y(1.2)	Moderate	Moderate
Y(2.1)	High	Moderate
Y(2.2)	High	Low
N(3.1)	High	Low
N(3.2)	Moderate	Moderate

As indicated in Table 7, there seems to be a relationship between the purchase importance and perceived credibility. As previously mentioned, S1's offering did not directly impact Y(1.1)'s core business area. Instead, S1's offering introduced a new business area for exploration, which may have influenced Y(1.1)'s risk-tolerance, and consequently the perception of S1's credibility.

Moreover, both Y(2.1) and Y(2.2) viewed S2's offering as a potentially crucial component of the firms' core business areas. As expressed by Y(2.2): "(the affected business area is) *extremely important. That's the nerve centre of a company with so many employees and such a large number of shifts to be staffed throughout the day"*. Y(2.2) supports the potential relationship between purchase importance and credibility by stating: "*There is a risk involved* (affecting the core business), *and you should be confident that the startup knows what they are talking about and can actually deliver what you need them to do*". Notably, both interviewees emphasised concerns with a startup being the supplier towards a business-critical area of the

firm. Furthermore, the interviewees expressed that the perceived credibility of S2 was influenced by its startup status, indicating a potential connection between perceived credibility and the significance of the purchase.

N(3.1) and N(3.2) rated the purchase importance of the current business solution as moderate to high. Both interviewees explicitly mentioned the importance of the solution's *"adequacy"* in relation to the importance of the purchase. N(3.1) states: *"so we see that if we are going to choose a system that will impact their* (the employees, which are suggested to be the core business) *workday, we are very concerned that we have to get it right".* This coincides with N(3.2)'s statement:

> "It is very important that when implementing systems that become so central to the core business, in other words, the employees potentially interact with it every day, it is crucial that it actually provides the added value. And above all, that we can trust that if we have any challenges, (S3) will solve them in a way. So, the element of trust becomes very important when it has such a significant impact on the guys out in the field on projects."

Therefore, the importance of the purchase itself seems to indeed be influential, however, not entirely decisive for the perceived credibility of the startup.

4.2 Summarisation of main findings

In response to research question 1 (4.1.1): The credibility seems to be very important, however, not entirely decisive for the purchase decision. Five out of the six interviewees, excluding Y(1.1), had concerns related to their respective credibility, whereas only three interviewees emphasised credibility as a decisive factor for the purchase outcome. Credibility was mentioned as main contributors, and mitigators to various concerns. Furthermore, there is variation in what is emphasised as credibility. Some express concerns associated with a potential supplier being a startup, whereas others emphasise the credibility of the salesperson, or the startup's representative. Lastly, there is no indication of connection between perceived credibility and the decisiveness of credibility.

Research question 2 (4.1.2): The buyer's organisational characteristics seems to be influential in regard to the perceived credibility. Particularly, firm size emerges as a prominent factor, where the larger firms seem to be more critical towards initiating exchange relationships with startups. Other factors, such as capacity to change and embrace innovation seems to affect the purchase decision, however, not necessarily the perceived credibility.

Research question 3 (4.1.3): The buyer's benefit standard seems to be positively related to the perceived credibility. These findings are somewhat surprising as the prevailing thought was that customers with low satisfaction were more inclined towards finding the startup credible.

Research question 4 (4.1.4): Alternative benefits seem to be quite influential on perceived credibility. Firstly, the lack of alternative benefits seems to mitigate concerns regarding the startup's credibility. Secondly, the existence of alternatives enables price-comparisons, which can help mitigate the effect of poor credibility. Lastly, in the face of alternatives, startups can effectively leverage willingness to co-create, as a source for differentiation and increased credibility.

Research question 5 (4.1.5): Purchase importance seems to influence how the buyer perceives credibility; the higher the importance of the purchase, the more emphasis the buyer gives the credibility of the supplier, ultimately becoming more critical towards it.

5.0 Discussion

The following chapter contextualises and discusses our most important findings in light of the reviewed literature, and the thesis' problem statement: *how credibility associated with being a startup affects B2B purchase decisions*. The objective is to present a purposeful discussion of the dynamic mechanics of supplier credibility and consequential effects on purchase or adoption intentions within a B2B-startup-context.

5.1 Supplier credibility

Our findings highlight the imperative nature of credibility for startups in B2B markets, which seems to correspond neatly with our literature review. In line with

Belonax et al., (2007) and Newell and Goldsmith (2001), trust and perceived expertise have emerged as important pillars supporting the construct of credibility throughout all the interviews.

The identified challenge is to develop and convey trustworthiness in a context defined by a startup's lack of intangible assets (Corkindale & Balder, 2009). Central to a startup's journey is the task of making the concept of credibility more tangible. This indicates that one of the most important aspects of a startup's reputation, which were identified in the interviews, is to take the idea of credibility and make it actionable and comprehensible. In other words, startups face the task of demonstrating and proving their credibility to others, such as their customers, or partners, in a way that is acknowledged. For instance, this involves establishing partnerships, demonstrating actual capabilities, or showcasing success stories and reference customers to enhance their credibility in the eyes of others (Rehme & Svensson, 2011; Corkindale & Balder, 2009; Ruokolainen, 2008). As previously mentioned, Ruokolainen (2008) argues that an expedient approach to inducing acceptance amongst potential reference customers may be to emphasise technological expertise and development, rather than focusing solely on learning and testing. This viewpoint is both supported and contradicted in the interviews. For S3, according to N(3.1) and N(3.2), this would arguably be beneficial. Conversely, for S2, the sharing of a perhaps unfinished offering and inviting to co-creation was instrumental in overcoming N(1.2), N(2.1), and N(2.2)'s concerns regarding S2's credibility.

Communication plays a crucial role in overcoming the challenges faced by startups, as it signals ability to deal with complex issues (Kirchberger et al., 2020). Our findings support the idea that effective communication of the value proposition is essential for convincing potential firms of the viability of the startup's offering. Startup's need to tailor their messaging to enhance job-relevancy, substantiate the value proposition through monetary quantification, and exhibit customer-centric intentions (Kirchberger et al., 2020). As experienced in the interviews with Y(1.2), Y(2.1), and Y(2.2), engaging in transparent information sharing, startups can build trust, induce innovation acceptance, and mitigate concerns related to their reputation and credibility (Kirchberger et al., 2020).

The emergence of the importance of the salesperson was surprising, but not unexpected. In line with Belonax et al. (2007), multiple interviewees mentioned the salesperson, or representative of the startup, as a prominent reason for how credible they found the startup. Simultaneously, in interviews where the startups representative was prominently mentioned (i.e., Y1.2, Y2.1, & Y2.2), the exchange relationship's person-dependency was also suggested to be a vulnerability. Namely, in regard to the resilience of the exchange relationship, and thus also predictability and reliability of the transactions. Notably, these concerns were confined to the largest firms in the sample. This finding will be discussed thoroughly in the forthcoming sub-chapter.

5.2 Innovation adoption

Our findings provide insights on the feasibility of overcoming the challenges startups face in becoming a credible supplier in the B2B market. These encompass various factors, ranging from evident aspects such as effective communication with emphasis on benefits and customer centrism, to the importance of possessing expertise and passion pertaining to their offering. This coincides with the existing body of literature on technology acceptance, job-relevancy, communication, barriers to innovation adoption, and risk (Kirchberger et al., 2020; Graham & Logan, 2004; Greenhalgh et al. 2004; Venkatesh & Davis, 2000).

In the context of technology acceptance, our findings align with the technology acceptance model (TAM). The findings highlight the importance of the customer's subjective norm in determining perceived usefulness (i.e., perceived benefits), and consequently resulting in behavioural intention (i.e., purchase or adoption) (Venkatesh & Davis, 2000). In line with our findings, startups should be conscious of how and to whom they communicate their value propositions. As noted earlier, firm size emerges as an indicator of a buyer's norms towards initiating exchange relationships with startups. Furthermore, the potential power-distance between a larger organisation and startup could induce exploitation, or opportunistic behaviour, as exemplified by Y(2.2). These findings coincide with the literature on barriers to innovation adoption (Wisdom et al., 2013; Aarons et al., 2010).

Startups do encounter organisational factors that influence the willingness to adopt their offerings (Wisdom et al., 2013). Y(1.2) exemplifies this, by expressing

substantial frustration with the mismatch between the startup's culture, flexibility, and agility, and its own (large) firm's need for predictability and rigid systems. These findings implies that the buyer's organisational characteristics, specifically firm size, may influence the perceived credibility of the startup. Additionally, startups should navigate carefully, particularly when engaging with larger firms, due to a more demanding and time-consuming process, when it comes to establishing trust and credibility. Furthermore, the findings suggest a distinguished hesitance among the bigger firms towards partnering with startups, which might be driven by the startups brief operational history and unproven ability to fulfil their promises. In contrast, smaller firms appear to be more open to collaborating with startups, as demonstrated by a higher degree of perceived credibility (Table 4). The flexibility and innovative potential of startups may be more congruent with the needs and expectations of smaller firms (Frambach & Schillewaert, 2002).

Furthermore, factors such as capacity for change, and organisational leadership play a role in shaping the adoption decision (Aarons et al. 2010; Frambach & Schillewaert, 2002). This was emphasised in the interviews with both Y(1.2) and Y(2.2) as decisive factors for the purchase outcome. Startups should be aware of these organisational characteristics and tailor their strategies to address them effectively. By showcasing their expertise, and leveraging their flexibility and innovation capability, startups can enhance their appeal to potential buyers (Frambach & Schillewaert, 2002). Moreover, according to our findings, organisational characteristics may also provide insight into the appropriate initial customer. Findings related to the second research question (4.1.2) suggests that it is easier for a firm suffering from the no-reputation liability (LaBarbera, 1982) to initiate exchange relationships with smaller firms. However, the startup should be aware of the potential trade-offs this may entail. Specifically, in regard to the potential magnitude of the customer-reference, as well as the economic implications.

Additionally, our findings coincide with the concept of job-relevancy (Venkatesh & Davis, 2000) and task-technology-fit (Graham & Logan, 2004; Greenhalgh et al. 2004). During N(3.1)'s interview it becomes apparent that specific aspects (e.g., functionality) of a value proposition can be instrumental to perceived usefulness, the overall perceived benefits of the value proposition, and ultimately the supplier's

credibility. The absence of specific functionality combined with a lack of customer-centric response were detrimental to the S3's credibility, which entailed a negative purchase outcome.

Interestingly, this implies limitations in the technology acceptance model (TAM) (Venkatesh & Davis, 2000), by highlighting that it is not necessarily sufficient that the startup demonstrates their offerings alignment with the customer's existing practices, goals, and values. The startup should also be aware of the importance of communication. As previously mentioned, the startup should also exhibit flexibility, transparency, and willingness to adjust the value proposition, in order to increase the likelihood of adoption (Kirchberger et al., 2020). This is supported in multiple interviews, where the holistic importance of communication, portraying job-relevancy, and the harmonisation of existing practices is emphasised.

Furthermore, our findings highlight the role of risk in B2B purchasing decisions. The literature on risk provides valuable insights into the paradox of risk aversion and risk taking. Startups should effectively address and alleviate the perceived risks associated with engaging with a less-established firm while highlighting the potential benefits and rewards of their offerings (De Matos & Krielow, 2019). By adopting an extensive risk management approach, startups could manage to navigate through the puzzle of risk and increase their chances of successful adoption (De Matos & Krielow, 2019).

5.3 B2B relationships and transactions

Applying social exchange theory (SET) to the world of startups provides a fresh perspective on an already established theory. Our findings highlight the tension between the scarcity of intangible assets and the need to convey potential perceived benefits to other firms.

Interestingly, several of our interviewees demonstrated a willingness to engage with startups despite their lack of credibility. This finding highlights a key principle of SET - the anticipation of positive outcomes can influence the decision to maintain a relationship, or change the preferred supplier, which can be seen with four out of six interviewees (Y1.1, Y1.2, Y2.1, & Y2.2). This highlight important aspects of B2B exchange relationships: Time and commitment (Lambe et al., 2001). Notably,

co-creation and collaboration emerges as prominent factors influencing the purchase decisions in the face of poor credibility. Several of the interviewees explicitly mentions the opportunity to *"influence their development"* (Y2.1), as means to initiate long-lasting relationships, and thus induce commitment, as a decisive factor in their respective purchase outcome.

Furthermore, our findings reveal an intriguing aspect of reciprocity. Several of interviewees (Y1.2, Y2.1 & Y2.2), as previously mentioned, emphasised intangible benefits, rather than the immediate economic benefits of the startup's value proposition as decisive for their purchase decisions. These findings highlight the seemingly vital role startups play in offering innovative perspectives for growth and actively collaborating with firms to co-create solutions that enhance the firm's existing practices. This aligns with the claims of Kirchberger et al. (2020), which emphasise the imperative nature of startups' willingness to adapt their offerings according to the needs and desires of the firm. It highlights the importance of startups embracing flexibility and responsiveness to meet the evolving needs of their partnering firms, ultimately contributing to success and value creation in terms of reciprocity.

In addition, findings shed light on the prominent role that risk plays in B2B purchasing decisions, providing insights into the interplay between risk-aversion and risk-seeking. This dynamic of risk-aversion and risk-seeking aligns with the principles by Kahneman and Tversky (1979), which states that individuals exhibit risk-averse behaviour when faced with potential losses but can become risk-seeking when presented with potential benefits. Our research revealed a prevalent sense of risk aversion among the interviewees. For instance, Y(1.2) and Y(2.2) displayed a degree of uncertainty and caution when considering the offerings were presented by startups. A standout finding in our research was the interviewees' willingness to take risks, especially when the perceived benefits of partnering with a startup were explicitly stated and deemed significant (e.g., purchase importance or co-creation) (Lambe et al., 2001). This was evident when the interviewees recognised opportunities for co-creation (Y1.2, Y2.1), engagement in new business areas (Y1.1), or when the importance of the solution itself held substantial value (Y2.2). This finding also presents a challenge for startups. On one hand, they should effectively highlight the potential benefits and advantages of their offering to attract

potential buyers. This further recommends them to communicate the value proposition, innovative features, and competitive advantages that their offering has, and they should be willing to adjust based on the firm's requirements, which coincides neatly with our findings (Y1.2 & Y2.1). On the other hand, startups should also address and alleviate the perceived risks that potential firms associate with engaging with a startup. This involves addressing concerns such as financial risks, technical feasibility, market demand, and regulatory compliance (Tiberius et al., 2021; Wisdom et al., 2013; Lambe et al., 2001). Furthermore, by understanding the dynamics of risk perception and adopting an extensive risk management approach, startups can potentially navigate more effectively and make decisions that enhance their chances of successful adoption and collaboration with firms (De Matos & Krielow, 2019).

5.4 Limitations

The choice of qualitative research method provided a great opportunity of addressing the mentioned gap in the innovation adoption literature in regard to empirical data from the customer's perspective. However, we acknowledge, retrospectively, limitations of our research methods and design.

First and foremost, the interview-format may lead to the data being influenced by social desirability bias (Gripsrud et al., 2018). However, we designed our questions to be sufficiently open-ended, a strategy intended to help minimise this tendency. Upon reflection, we recognize that by asking more targeted follow-up questions regarding credibility, we could have gained a deeper understanding of its role in B2B relationships. Additionally, we could have utilised the unstructured design more effectively by adjusting the interview guide more extensively throughout the interview process. This results from the delayed initiation of the analysis until after several interviews had been conducted, thus hindering our realisation of areas for improvement. We did, however, conduct adequate pre-tests of the interview guide. Nevertheless, it would have been beneficial to test it with representative informants from the intended research population.

Additionally, we acknowledge a weakness in our study relating to the imbalance between 'yes' and 'no-customers'. However, the challenges in obtaining representative informants did not permit extensive time allocation to achieve an

equal distribution. While a balanced representation would undoubtedly be ideal, it was necessary for us to effectively utilise and prioritise the participants we were able to obtain. Throughout this process, the challenges we faced in acquiring informants could provide an explanation for the existing gap in empirical research, and the difficulties of obtaining data from this specific population.

Furthermore, the thesis' literature review relies on some relatively old empirical research as per the available literature, which could potentially introduce historical bias. However, due to the specific nature of the chosen research topic, there is a lack of recent, and thus more representative research, especially from the customer perspective. Hence, why this thesis aims to address these gaps, contributing with new insights into the matter.

5.5 Future research

As discussed, there seems to be various effective approaches to inducing acceptance in the face of limited credibility. S1 and S2 were rewarded for being transparent, sharing and open to collaboration at an early stage, whereas S3 was punished for not emphasising technological expertise and sufficient development of their offering. With these contradicting findings in mind, an interesting avenue for future research emerges. This involves investigating the comparative benefits and preferences between sharing an incomplete value proposition with the intention of learning, and waiting and developing before sharing, in a similar sample.

Furthermore, the findings suggest a link between organisational characteristics and buyer's subjective norm of startup credibility and concerns, implying smaller initial customers might be easier for startups to convince. However, this approach could involve trade-offs concerning the potential impact of the reference and the financial implications related to purchase volume. Thus, a potential interesting research direction emerges revolving around investigating the comparative benefits of initially pursuing either small or large customers.

Ultimately, the discussion highlighted some of SET's limitations, especially regarding reciprocity. Startups, due to resource constraints and one-sided dependency, may struggle to reciprocate favourably in exchange relationships with larger firms. Findings indicate that startups can reciprocate customer investments

through flexibility, commitment, and co-creation opportunities. This highlights the importance of intangible benefits when intangible assets are lacking. Our future research recommendation is to explore startup-specific reciprocity alternatives within their unique environment.

6.0 Conclusion

The aim of this thesis was to investigate *how credibility associated with being a startup affects B2B purchase decisions.* Through a discussion of literature and empirical data, we uncovered several findings that shed light on the factors influencing startup acceptance and the challenges they encounter. The findings contribute to both academia and practice within supplier credibility and innovation adoption, while also highlighting new directions for future research.

Our findings suggest that the credibility associated with being a startup has a profound influence on purchase decisions in B2B markets. We find indications of the startup's representative(s) being a prominent influence on credibility. Specifically, their expertise and competence, along with their ability to align with the customer's attitudes and expectations, appear to be instrumental to the overall perception of the startup. Moreover, we identify a potential relationship between concerns regarding startup credibility and the size of customer firms, whereby larger firms appear to exhibit greater scepticism and a willingness to exploit the power distance in buyer-seller relationships. These dynamics of the B2B markets indicate variations in early adopter appropriateness, which can entail substantial implications.

Furthermore, our findings highlight the influence of co-creation on startup credibility. Co-creation emerges as a positive factor that contributes to enhancing startup credibility while simultaneously mitigating concerns associated with a startup being a supplier. This suggests that engaging in collaborative partnerships and involving customers in the value creation process can help the startup overcome the no-reputation liabilities.

In conclusion, we recommend startups being considerate when identifying potential early adopters. It is important for startups to recognise that different early adopters may possess distinct characteristics and hold varying levels of magnitude as

reference customers. Additionally, some early adopters may provide valuable market access and insights, while others may exploit the buyer-seller power dynamics. Thus, startups need to navigate these considerations and the different approaches to attract initial customers strategically to optimise their chances of entrepreneurial success.

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8.0 Appendices

8.1 Standardised email to startups in English

Hello,

We are writing a master's thesis (Strategic Marketing Management, BI Norwegian Business School) about Norwegian startups, specifically focusing on challenges related to landing the first sales/acquiring pilot customers.

We have noticed (the startup), and you meet our selection criteria.

We would like to examine your company and how your customers evaluate you as a supplier in a sales context. In return for collaboration, you will gain insight into the following:

1. Customer satisfaction with current business solutions.
2. Customer evaluation of you as a potential supplier.
3. Customer trust and perception of the solution you offer.

Our goal is to gather information from customers with whom you have been in contact, both those who have accepted your offer and those who have not (yet).

Practical execution of our study involves:

1. Obtaining consent from collaborating startups (referring to this email).
2. Startups contact potential interview objects (as mentioned in the email).
3. Interview analysis and collaborating startups receiving information.

We have chosen this approach to ensure privacy (GDPR). Therefore, we rely on you to reach out to potential informants you have been in contact with. Participating startups (including yours) and informants will not be identifiable in the data or master's thesis.

You will have access to our research findings (specific to your company) and the complete thesis upon its completion on 3rd July 2023.

We appreciate your collaboration and look forward to hearing from you. If you have any questions, feel free to contact us!

8.2 Standardised email to informants in English

Hello,

(startups) has entered a collaboration with two master's students from BI Norwegian Business School who are writing a master's thesis on innovative startups in Norway. This is a qualitative study where the students aim to conduct brief interviews with companies that have been presented with an innovative value proposition, similar to (startup's offering). The interviews will be short (maximum 30 minutes) and can be conducted over the phone, Microsoft Teams, or other appropriate communication methods.

Since we have presented the (startup's offering) and our value proposition to you, we thought that you could be an interesting interview subject for the thesis. Participation in the study will contribute to supporting research on innovation in Norway, and the results can be beneficial for both (startup) and other startups. The students aim to include a diverse range of participants to gain a representative understanding of experiences with startups. This includes both small and large companies, different industries, and varied experiences with startups in general.

The questions will not be business-sensitive or revealing. They will only cover general considerations of how the customer experienced the startup and its value proposition. Neither (startup), the interview subject, nor the organisation they represent will be identifiable in the final master's thesis.

If this seems interesting to you, please either respond to this email thread or send an email to (student email). Feel free to contact the students if you have any further questions.

Thank you for your time and consideration of participation.

8.3 Interview guide in English

1.0 Introduction

Hello, and thank you for participating in our study. You have been selected to participate in this interview because you have been involved in a purchasing situation with [startup]. The purpose of the study is to investigate how you, as a representative of a buying company, experienced the purchasing process with [startup]. By purchasing process, we mean the journey from when you were

introduced to [value proposition] until a potential purchase or non-purchase decision.

We would like to record the interview so that we can transcribe it later. The recording will be stored on our private mobile phone and will be deleted immediately after transcription.

1.1) Do you accept the recording of this interview?

1.2) Can you tell us a little about the purchasing process?

1.2.1) What was the outcome?

1.3) Can you tell us a little about your role at [buyer]?

2.0 The purchase - importance, organisational level, and capacity to embrace change (2)

2.1) How would you describe the business area that [value proposition] affects in your company and how important it is for [buyer]?

2.1.1) Is it part of your core business?

2.1.2) How important is the acquisition of [value proposition] compared to other acquisitions at [buyer]?

2.1.3) Would you say that the importance of the business area influenced your evaluation of the [solution], and how?

2.2) Has [buyer] adopted other types of innovations in the past?

2.2.1) Can you describe the experiences from these purchases?

2.2.1) How common are such purchasing situations at [buyer]?

2.2.2) What experiences has [buyer] had with purchases from startups?

3.0 Benefit standard (1)

3.1) How would you describe the way you solve the challenges that [startup] is trying to address?

3.1.1) How technological is the current solution?

3.1.2) How would you describe the satisfaction with the solution?

3.1.2) How would you describe the commitment to the solution?

3.1.3) Is the solution acquired externally or developed internally?

4.0 Offering benefits (4)

4.1) How would you describe the quality of [value proposition] compared to [buyer] standards?

4.1.2) In what ways does [value proposition] contribute to increased value creation?

4.1.3) How has the fact that [startup] is a startup influenced your perception of the value contribution of [value proposition]?

4.2) How would you describe [startup]'s presentation of [value proposition]?

4.2.1) Would you say that the benefits were easy to understand?

4.2.2) How would you describe the credibility?

4.3) How would you describe the value of [value proposition] for [buyer]?

4.3.1) To what extent is [value proposition] relevant to the business challenge?

4.4) How would you describe the process of implementing [value proposition]?

4.4.1) How dependent is [buyer] on [startup] to implement [value proposition]?

4.4.2) Will implementation require adjustments?

4.4.3) Did [startup] communicate any intentions to make adjustments?

5.0 Alternative benefits (2)

5.1) How would you describe the competitive situation of [startup]?

5.1.1) Are you aware of other players who can deliver the same as [startup]?

5.2) How would you describe [buyer]'s opportunities to develop a similar solution as [value proposition] on their own?

6.0 Credibility (2)

6.1) In what ways would you say that the fact that [startup] is a startup has influenced the purchasing process and decision?

6.1.1) Would you have evaluated [value proposition] differently if it was presented by a more established company, and why?

6.2) How would you describe any concerns related to [startup] being a startup?

6.2.1) In terms of quality and delivery?

7.0 Conclusion (1)

7.1) How would you describe the decisive factor for the purchase decision?

7.1.1) If [startup] could have done something differently, what should it have been?

Thank you, that's all. We remind you that neither you nor the company you represent will be identifiable in the final task. If you have any questions about the study or wish to withdraw your answers, please contact us using the email address we have communicated so far. Any immediate questions?

8.4 Recounts of the purchase processes

	Y(1.1)
Purchase importance	The adoption of S1's offering opens new areas of business. Thus, **business criticality is low**, due to the technology not affecting the core business. However, from a marketing stand-point, "competition" has adopted similar technologies, thus it may be very important to follow this trend despite not explicitly mentioned.
Capacity to change	Industry is considered lagging in terms of innovation. However, the firm consists of "progressive-minded" people, despite no prior experiences of adopting similar innovations. This was one of the main contributors towards the adoption. The introduction of the technology associated with S1's offering is quite recent (<5 years). Thus, **capacity to change is high**, considering industry characteristics, the offering's radical level of innovation, and the actual adoption.
Benefit standard	S1's offering opens a new area of business, meaning it addresses a latent business challenge which the firm has no current solution to. Despite this, Y(1.1) explicitly says S1's offering would make Y(1.1)'s daily work "easier" and more efficient. Still there is no identifiable satisfaction with a current solution, thus, the **benefit standard is irrelevant**.
Offering benefits	Despite the aforementioned benefit standard irrelevancy, Y1 considers the overall **performance as exceeding benefit standards**. The quality (efficiency and accuracy) of the results exceeds existing methods. It also provides significant cost-advantages (time) which was easy to understand when the offering was presented. However, Y(1.1) comments that the offering may have room for improvement in regards to ease of use.
Alternative benefits	Y(1.1) is unfamiliar with any other offering, or vendor, similar to S1's. Furthermore, Y(1.1) argues that if there were multiple

	vendors, S1 would remain competitive. Also, Y(1.1) comments that the firm is unable to develop a similar offering and that they are *dependent* on S1 to achieve what S1's offering provides. Thus, **alternative benefits fall short of the offerings benefits**
Credibility	S1's offering is regarded as serious. The seller was experienced as trustworthy, competent, and customer centric. Y(1.1) claimed that this was one of the main contributors towards the adoption. Y(1.1) was unaware that S1 was a startup, as the signals did not indicate it. However, Y(1.1) says that the impression of S1 as a "routinised" vendor would be stronger if they knew about S1 from before. The decision-process was relatively extensive, with several participants. Thus, **supplier credibility is high**.

	Y(1.2)
Purchase importance	The adoption of S1's offering is seemingly a development of existing practices. The utilisation of S1's offering is suggested to contribute directly towards legal compliance and customer satisfaction. This indicates that the offering indeed affects the core business, however, it is not explicitly mentioned. Thus, **business criticality is moderate**.
Capacity to change	The firm has systematically "worked innovatively for the last six years" aiming to increase efficiency. The firm has multiple internal projects related to system and process-improvement. Consequently, they have obtained "in-house strategic IT-operative and IT-strategic competence". Being the "first mover" is expressed as one of the main contributors towards the purchase-decision. In sum, **capacity to change is high**.
Benefit standard	The solution prior to S1's offering and satisfaction was not explicitly addressed. Despite it being briefly mentioned to contribute "valuable insight", it is also addressed as "dumb", in comparison to S1's offering. Furthermore, the aforementioned capacity to change suggests that the firm is actively seeking improvement. This may indicate an acknowledged need for improvement which could be interpreted as dissatisfaction. However, without satisfaction being explicitly mentioned, the **benefit standard is likely to be met.**
Offering benefits	Y(1.2) considers the offering as "directly contributing value" for the firm. Thus, the **offering's benefits exceed benefit standards**. The firm already utilises complementary technologies, where S1's tech contributes with "smartness". The quality of the results, in terms of efficiency and accuracy, exceeds what can be achieved through existing methods. Additionally, it offers notable cost advantages in terms of time and management.

Alternative benefits	In regards to "the potential for co-creation, the offering itself, and what the out-put is supposed to be, there is no alternative competition in Norway". The geographical proximity between the firm and S1 is also suggested to contribute towards the lack of appropriate alternatives. Furthermore, Y(1.2) expresses a *dependence* on the founder of S1, commenting that the person concerned "is a unique asset for the firm". Furthermore, the firm is unlikely to be able to develop similar offerings. In sum, it is evident that the **alternative benefits fall short of offering benefits.**
Credibility	S1's offering is regarded as serious. The seller was experienced as trustworthy, competent, and customer centric. The capabilities of the founder is explicitly mentioned as a main contributor towards the purchase-decision. However, there is some scepticism towards S1 being a startup. Firstly, there are concerns regarding the liquidity in relation to the transactions and security of deliverance. Secondly, a mismatch in terms of expectations and delivery are suggested to stem from S1 being a startup and the firm being a relatively big organisation. Despite this, the firm has decided to "take the chance on S1". Thus, the **credibility is moderate**.

	Y(2.1)
Purchase importance	The adoption of S2's entails substantial implications for workforce management, which is explicitly described as a crucial component of the firm's core business. It is also suggested to have a prominent impact on profit. Thus, **business criticality is high**.
Capacity to change	The firm's capacity to change is suggested to be limited because of the organisation's size: "We are not exactly a speedboat, we are almost a cruise ship, so it takes a little longer for us to turn around". Furthermore, the firm is subject to a global umbrella. Consequently, all change-processes have to undergo extensive scrutiny both due to operational and brand-related implications. The decision-process was extensive. Thus, the **capacity to change is low**.
Benefit standard	The solution prior to S2's offering and satisfaction was not explicitly addressed. Y(2.1) claims that the adoption has transformed how the firm operates to be more sustainable and profitable. This may indicate some dissatisfaction with prior solutions, however, it is difficult to determine whether it existed prior to adoption, or as a consequence of it. Furthermore, Y(2.1) states: "We are also running a bit in the hamster wheel ourselves, and what works, works". Thus, the **benefit standard is likely to be met**.

Offering benefits	S2's offering is described as: "It is a great investment for us"; and "the investment was a no-brainer". The offering addresses multiple expressed business challenges - both economical and operational. Y(2.1) also claims that it has contributed towards "good-will" from their employees as a result of automating manual processes. Thus, the **offering's benefits exceed the benefit standards**.
Alternative benefits	Y(2.1) states "I am not familiar with all the suppliers. It is probably a jungle". Furthermore, in the decision-process, S2's offerings were benchmarked against similar offerings. S2 is suggested to differentiate through offering "a more advanced toolbox", however, the competition is still suggested to be "tight". At the time of the decision, the offering was still under development. Thus, it was not the overall performance of the offering, but conversely the opportunity to "have some influence in relation to their development" that was decisive. The firm has the capabilities to develop similar solutions, but does not want to. Thus, S2's offering is arguably not prominently differentiated to similar offerings, hence why the **alternative benefits meets offering's benefits**
Credibility	S2's communication and honesty was emphasised. Especially their professionalism and truthfulness about limitations and capabilities. There was a general scepticism towards S2, which is reflected by the extensiveness of the purchase-process and the pilot-projects. Furthermore, there was some concern related to the economical aspects of initiating an exchange relationship with a startup. The manpower and associated risks was also a concern. Y(2.1) also states that they would probably consider the offering differently if it was represented by an established firm. However, these concerns were mitigated by the perceived competence and commitment of S2, as well as the founders previous affiliation to the industry. In Y(2.1)'s words: "S2's flexibility and commitment to the firm as the main customer, benefited their credibility". Thus, **credibility is moderate**.

	Y(2.2)
Purchase importance	The adoption of S2's is considered "extremely important", "affecting the nerve centre of the firm", and "the most important daily tool". The offering has a profound impact on productivity, and thus profits. Thus, **purchase importance is high**.
Capacity to change	Y(2.2) suggests the firm is "constantly hunting for improved solutions", however, they have no recollection of previous innovation processes. Still Y(2.2) claims that the firm spends

	substantial resources on development. Thus, the **capacity to change is moderate**.
Benefit standard	The need for new solutions to the business challenges was acknowledged and determined before the firm approached S2. There were no unified solutions across the organisation. Prior solutions were deemed "analog", and lacking in terms of "transparency" and "proactiveness". Furthermore, they did not offer much "brand protection" in regards to compliance with HR-regulations. Thus, the **benefit standard is negative**.
Offering benefits	S2's offering is suggested to address the aforementioned challenges of the prior solutions. Y(2.2) states "the benefit of this solution is significant enough that it is a profitable investment almost regardless of the cost". Yet the firm had its concerns regarding the performance of the offering, and S2's ability to actually deliver. Thus, the **offering's benefits meet benefit standards**.
Alternative benefits	S2 is not alone in the market, and multiple suppliers were considered. The flexibility and price of S2's offering is expressed as points of differences to other suppliers. Y(2.2) is not able to develop a similar solution. Thus, S2's offering is arguably not prominently differentiated to similar offerings, hence why the **alternative benefits meets the offering's benefits**
Credibility	Y(2.2) had substantial concerns towards S2, and states that the lack of references was the main reason. If the offering was represented by an established firm, "much of the trust would have already been present". Furthermore, in-house legal competence and overall manpower were emphasised as concerns. Y(2.2) states that an exchange relationship with a startup, in comparison with an established firm, creates a person-dependence which leaves the buyer vulnerable.Yet the person in question was regarded as adequately competent and committed. In sum, the **credibility is low**. Despite this, the firm purchased S2's offering. This was attributed to the aforementioned concerns being mitigated by the opportunity to squeeze the price as a consequence of the power distance between the firm and S2. Ultimately, the price weighted higher than the credibility.

	N(3.1)
Purchase importance	The adoption of a solution that solves the same business challenges as S3 is considered very important. There is a sense of urgency over the purchase as the firm is growing and is thus in need of modernising the routines regarding workforce and project management. It is related directly to the core business in the firm, and will affect all employees of the firm. Adopting the

	technology would have a profound influence on both customer satisfaction and effectiveness, and thus profitability. Furthermore, N(3.1) states explicitly that procuring a solution similar to S3 is emerging as one of the most important business decisions on the firm's agenda. In sum, **purchase importance is high**.
Capacity to change	N(3.1) states that decision-making and implementation are swift processes. The size of the firm and the number of people in need to be onboarded is a big contributor towards this. The firm has no prior experience with innovation adoption, however, they have internal resources with experiences from other firms. Thus, the **capacity to change is high**.
Benefit standard	The need for new solutions to the business challenges was acknowledged and determined before the firm approached S3. The existing solution is "analog" and highly inconvenient. N(3.1) rates the satisfaction: "five out of ten", however, this only accounts for the time being; "so right now, *good enough*, in three months not good enough". Thus, considering the urgency, the **benefit standard is negative**.
Performance	S3's offering did not live up to N(3.1) impressions and expectations. This was also the main reason why the firm did not purchase: "the basic pillars of the system were fine, but when it came to implementation, it was much more cumbersome than we had hoped for". Thus, the **offering's benefits fall short of benefit standards**.
Alternative benefits	S3 is not the only available supplier of similar solutions. However, before the demo, S3 seemed the most differentiated. Retrospectively, N(3.1) is able to mention competitors with slightly different, but seemingly better offerings. At least for the firm's business challenges . Thus, **alternative benefits exceeds the offering's benefits**
Credibility	There were no concerns related to S3 being a startup. N(3.1) claims they would not perceive the offering differently if it was presented by an established firm. Instead, there were prominent concerns regarding the presentation of S3's offering and the subsequent communication. Firstly, N(3.1) experienced that the seller did not really understand the firm and its business challenges. Secondly, inquiries about certain functionalities were newer answered. The seller seemed neither trustworthy, nor competent. N(3.1) described the discrepancy between S3's marketing and the firm's experience as: "It was almost like it was just meant to deceive people because it was so poorly thought out that one couldn't quite understand what it was for". Consequently, the firm lost faith in the offering despite the seller claiming it is undergoing constant development. Thus, the **credibility is low**.

	N(3.2)
Purchase importance	The adoption of a solution that solves the same business challenges as S3 is considered very important. The firm is currently testing the offering, and is still to make the final purchase-decision. However, N(3.2) states: *"we are likely not proceeding with (S3)"*. It is suggested to directly impact the firm's core business areas, as it will be subject to daily use by the firm's employees. However, as N(3.2) states: *"[…] work tasks have been performed for hundreds of years, so it's entirely possible to do the same on (analog tools)"*; and *"we believe that it is an important system. Not because we are completely dependent on it to do what we need to do, but also because we are in a building phase […] (and) we want to establish such things (systems) before we grow bigger"*; implying that there is no sense of urgency to the purchase, however, it may be in the future. Still, the potential adoption is suggested to substantially impact the firm's core business, hence why **purchase importance is moderate**.
Capacity to change	The firm has no experience with adopting technology of similar characteristics. N(3.2) explains that the firm orchestrated and implemented the system in their trial period without significant contribution from S3. There is a need of onboarding more or less all employees, however, due to the current size of the firm, this is suggested to be fairly easy. Thus, the **capacity to change is high**.
Benefit standard	The need for new solutions to the business challenges was acknowledged and determined before the firm approached S3. The existing solution is "manual" and *"quite ineffective at times"*. However, N(3.2) argues that they are not dissatisfied with current solutions, instead the firm wants to be ahead of the challenges which growth entails. Thus, the **benefit standard is met**.
Performance	Overall N(3.2) was quite pleased with the performance of S3's offering: *"we have tested (S3) a bit and parts of the service, and it solves what it intends to solve very well. At least compared to how one would do it manually"*; and *"(the employees) respond very well to getting a system for that, and they respond very well to what we can do within the system"*; however, N(3.2) explains that it does not solve a sufficient number of problems. Especially in regards to eliminating the

	need for other complementary systems: *"[…] which meant that we still relied on making a transaction between two places. And it's those little things that determine whether we can achieve full integration for everyone, we can't just be almost there"*. Thus, the **offering's benefits meet the benefit standard**.
Alternative benefits	N(3.2) states that the firm has tested several offerings before S3's. Furthermore, S3's offering is quite differentiated in terms of user interface, ease of use, and task performance. However, in comparison with other alternatives, S3's fall behind in terms of functionality, which N(3.2) suggests as most important for the firm. Furthermore, N(3.2) states: *"and from what I could gather by reading the pricing model, they also don't come out on top in terms of price"*. Thus, **alternative benefits exceeds the offering's benefits**
Credibility	There were no initial concerns related to S3 being a startup. N(3.2) states that the firm was unaware of S3 being a startup until the firm started to test the offering: *"when we start to delve into what they offer, we might notice that they are not quite up to par (established), so it will be interesting to see what happens"*. Still, the experience with S3 in general was competence and trustworthiness. The fact that S3 did not properly address the firm's need for specific functionality is suggested to only enforce the retrospective prejudice towards S3 being a startup, rather than actively playing a role in the purchase process. Furthermore, the seller seemed competent and trustworthy. In sum, **credibility is moderate.**