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MASTER THESIS

Role of competitive intelligence in strategic purchasing decisions and its influence on suppliers' resource allocation

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ROLE OF COMPETITIVE INTELLIGENCE IN STRATEGIC PURCHASING DECISIONS AND ITS INFLUENCE ON SUPPLIERS' RESOURCE ALLOCATION

Abstract

Competition on the factor market undoubtedly has extensive consequence for a company's profitability and overall market strength. It is therefore most likely that a focal company will try to obtain competitive advantage within purchasing activities. Hence, having an effective and efficient supplier base and the allocation of external resources have received great attention among scholars. Companies strive for the so-called preferred customer status with their respective suppliers. This status grants favorable treatment in terms of suppliers' resource allocation over other competitors. In order to achieve this preferential treatment, competitor intelligence, referring to information about the focal company's position in relation to that of others and its individual relationships to its suppliers, in strategic purchasing decisions is essential and part of the companies' agenda.

This paper aims at analyzing how competitor intelligence in strategic purchasing decisions affects the suppliers' resource allocation and leads to a competitive advantage. Based on an exploratory multiple-case study with ten Global Players, insights into strategic purchasing decisions and the consideration of competitor intelligence were gathered. Thus, this paper sets the first step towards theory building with respect to the use and effect of competitor intelligence in strategic purchasing. It was found that competitor intelligence is imperative for strategic purchasing decisions and positively affects the decision's outcome. Surprisingly, most of the companies perceive competitors sharing the same supplier to be a threat and an opportunity at the same time. In more detail, results indicate, that while competitor intelligence may slightly affect the buyer-supplier relationship per se; the assumption that competitor information leads to a better resource allocation and ultimately positively affects a company's competitive advantage is widely accepted by the participants.

Keywords

Resource allocation – buyer-supplier relationship – preferred customer status – strategic purchasing – decision making – competitor intelligence

1. Introduction

Today, supply chains are considered a valuable mean of securing sustainable competitive advantage and improving organizational performance. There is a shift from focusing on competition between companies to competition among supply chains. This shift results from the fact that externally acquired resources lead to strong dependencies from a buying company to its supply chain environment (Baxter, 2012, p. 1250; Pfeffer & Salancik, 1978). Therefore, especially indirect competitors with high resource similarity but low market commonality pose the greatest threat to a buying company (Bergen & Peteraf, 2002; Chen, 1996). In this context, current literature developed the theory of the *preferred customer status (PCS)* which helps a company to derive greater benefits from the suppliers' resources than direct and indirect competitors sharing the same supplier (Dyer & Hatch, 2006; Schiele et al., 2011; Schiele et al., 2012a; Steinle & Schiele, 2008). Seeking for or maintaining this preferred position granted by key suppliers is considered a *strategic purchasing decision* and necessitates a complete picture of all aspects of dominance or inferiority compared to buyers sharing the same supplier (Day &

Nedungadi, 1994, p. 32). In order to achieve this objective companies must be aware of competitors sharing the same supplier and about their relative position from a supplier’s perspective (Bromwich, 1990; Chen, 1996; Day & Wensley, 1988). However, most companies neglect to consider competitor intelligence in purchasing decisions (Bergen & Peteraf, 2002; Day & Nedungadi, 1994; Ramsay, 2001; Schiele, 2012). This results in a company’s inability to determine whether and how competitive advantage was gained in purchasing activities (Ramsay, 2001, p. 41).

The literature review in the course of this thesis exposed two waves of research analyzing the organizational environmental scanning and the use of competitor intelligence. In the 1980s and 90s there was a first trend of analyzing strategic decisions in this context. At the same time literature about the organizational buying behavior focusing on companies’ purchasing processes began to emerge (Sheth, 1973; Webster Jr & Wind, 1972) and resulted in a variety of general comprehensive models (for a review of existing models of organizational buying behavior see Webster Jr and Wind (1972)). Both, literature on decision making and on strategic purchasing, mainly concluded that strategic decisions should include a broad environmental scanning (Auster & Choo, 1993, 1994; Bromwich, 1990; Bunn, 1993; Dean & Sharfman, 1996; Kraljic, 1983; Lester & Waters, 1989; Sheth, 1973; Webster Jr & Wind, 1972) as well as an in-depth competitor analysis (Chen, 1996; Day & Nedungadi, 1994; Day & Wensley, 1988; Porter, 1980). With the upcoming topics of factor market rivalry and the PCS research about environmental scanning (Frishammar & Åke Hörte, 2005; Insead & Chatain, 2008) and the use of competitor intelligence (Bergen & Peteraf, 2002; Peyrot et al., 2002; Rothberg & Erickson, 2005) in the context of strategic (purchasing) decisions received an apparent boost in the beginning of the 20th century. With regard to the PCS, literature mainly focused on the advantages and effects of this status (Dyer & Hatch, 2006; Hüttinger et al., 2012; Schiele et al., 2011; Schiele, 2012; Schiele et al., 2012a) and its antecedents (Essig & Amann, 2009; Hüttinger et al., 2012; Ramsay & Wagner, 2009), while not much research has been dedicated to analyze how a buying firm can achieve this status (Hüttinger et al., 2012; Schiele et al., 2012a). Although there have already been preliminary attempts to study how to achieve this status based on the link between customer attractiveness, supplier satisfaction and PCS (Baxter, 2012; Schiele et al., 2012a), the role of purchasing decisions leading to this preferential treatment is less well-understood.

Knowing how to achieve the PCS therefore poses new managerial challenges in the context of purchasing decision making. The overall objective of this paper is to extend existing theory about the preferred customer status and link it to strategic purchasing decisions. Based on existing theory about competitor intelligence, the assumption is that using this kind of information enables a company to receive the PCS. Thus, the aim is to analyze strategic purchasing decisions with regard to the use of competitor information and their effects on a company’s competitive capability in terms of resource allocation. In this context, competitor information refers to information about the supplier’s other customers, i.e. direct and indirect competitors of the focal firm on this resource market. This in-depth analysis of decision making processes was achieved by a multiple-case study with ten worldwide operating companies. This paper provides a holistic theoretical understanding of the use and effects of competitor intelligence in strategic purchasing decisions on the suppliers’ resource allocation and the buyers' competitive advantage and is therefore a good basis for a following deeper conceptual analysis.

The PCS is granted if the customer 'is perceived as attractive and if the supplier is currently more satisfied with this customer than with alternative customers' (Schiele et al., 2012a, p. 1181). That implies that companies need to actively manipulate these components. Being aware of the own position relative to that of competitors helps managers recognize, that even though the relationship might be satisfying, there still might be room for improvement. This paper's results show that the use of competitor information helps companies make purchasing decisions leading to preferred resource allocation. This detailed competitor information is mainly gathered by internal and external personal relationships. To achieve favorable resource allocation managers need to consider competitor-based information in purchasing decisions to actively influence the supplier's satisfaction and its attractiveness ultimately enabling a company to achieve competitive advantage.

In the next chapter, the reason for and the importance of the PCS and its antecedents are explained in order to get a basic understanding of the assumptions for the following theory development. Then, strategic purchasing decisions and current literature is analyzed. Focus is set on the use of competitor intelligence in the decision making processes and how that information is gathered by decision makers. These insights help formulate the research questions as well as an appropriate and testable research framework, presented in the latter part of this paper. The fifth section shows the results of this exploratory analysis supported by multiple cases from several industries varying in the company size (annual revenue), while the last part provides a summary of the theoretical and practical implications as well as limitations and directions for further research.

2. Background

2.1. Resource competition and competition within supply chains

According to the resource-based view, the use and combination of resources and the firms' capabilities enable companies to have a competitive advantage over competitors (Barney, 1991; Penrose, 1995). However, not all resources a company requires can be created internally but need to be acquired and exploited externally (Nagati & Rebolledo, 2012). This results in strong dependencies of buying companies on their environment (Baxter, 2012, p. 1250; Pfeffer & Salancik, 1978).

Even though the resource-based view is widely accepted, previous literature on competition mainly focused on product markets referring to the output side of a company's supply chain. Competitors of a focal firm are only considered to perform within the same industry, offering the same products (Markman et al., 2009, p. 424; see e.g. Porter, 1980). With the increasing intensification of competition through globalization, new challenges of offering the right product at the right time and at lowest cost arise. This highlights the importance of a company's capacity to exploit and benefit from buyer-supplier relationships in the context of resource allocation in order to maintain a competitive advantage (Nagati & Rebolledo, 2012). Competition and efficiencies within organizations therefore are more and more redundant, while theorists and practitioners currently set focus on efficient and competitive supply chains (Li et al., 2006; Markman et al., 2009). Literature highlights the importance of supply chain management for securing competitive advantage in purchasing processes which ultimately improves the organizational performance (Hunt & Davis, 2008; Li et al., 2006; Ramsay, 2001, p. 45; Sheth & Sharma, 1997, p. 96). The resulting factor market rivalry is defined as rivalry over resource positions, which may even occur with companies not acting in the same product market but only in the same factor market (Markman et al., 2009, p. 423).

This implies, that in order to maintain a competitive position, companies need to broaden their inter-firm resource perspective and consider suppliers to be part of a company's resource base (Steinle & Schiele, 2008). Buying firms aim to improve their resource allocation position with regard to external resources procured from suppliers (Insead & Chatain, 2008). This improvement helps obtain better resources than competing firms with whom the focal firm shares their supply base (Steinle & Schiele, 2008). Supplier selection and development, in order to build up close relationships with external partners, might help companies to better attain external resources. Therefore, companies aim at an intense collaboration with suppliers which offer opportunities to access expert knowledge and abilities quicker, to share costs and risks with suppliers and to better use the partners' expertise (Wognum et al., 2002, p. 341). This is due to the fact that the 'distinctiveness in the product offering or low costs are tied directly to the distinctiveness in the inputs – resources – used to produce the product' (Conner, 1991, p. 132). Contrary to that, Dyer and Hatch (2006, p. 703) consider it to be 'extremely difficult' for buying firms to obtain competitive advantages through their supply base if buying firms are in rivalry for the best resources. Similarly, Takeishi (2001) points out that no matter how close the relationships of a focal firm with its partners are and no matter how capable these partners are, the company's competitors also seek for such close relationships. Companies that are able to achieve an intense relationship may enjoy better returns and competitive advantage and vice versa (Takeishi, 2001). Nevertheless, it might be difficult for competitors to neutralize the thereby derived competitive advantage of having a superior supplier base (Hunt & Davis, 2008).

This shift from solely considering competition between organizations in the same industry to competition between supply chains results in the increasing importance of focusing on strategic supply chain management (Li et al., 2006; Markman et al., 2009). On the foreground of the resource-based view, especially the purchasing of resources becomes a critical influencing factor on a company's competitive advantage. Companies therefore need to be aware of how to master or even reduce rivalry over externally acquired resources in order to strengthen their sustainable competitive advantage over competitors sharing the same supplier (Li et al., 2006; Ramsay, 2001, p. 45; Sheth & Sharma, 1997, p. 96).

2.2. The preferred customer status

Based on this development, the PCS has received much academic attention for the last years (Dyer & Hatch, 2006; Hüttinger et al., 2012; Schiele et al., 2011; Schiele et al., 2012a; Schiele et al., 2012b). With regard to the increasing scarcity of raw materials and factor market rivalry, companies with strong competitors seek to achieve this favorable treatment (Steinle & Schiele, 2008).

A focal company, collaborating with identical suppliers as competitors and purchasing similar products, may however still enjoy a competitive advantage (Dyer & Hatch, 2006; Steinle & Schiele, 2008). This may be the result of the PCS, referring to buyers who receive – intentionally or accidentally – favorable treatment from a supplier in terms of preferential resources allocation compared to competitors sharing the same supplier (Schiele et al., 2011; Schiele et al., 2012a; Steinle & Schiele, 2008). For example, the supplier may assign his best personnel and ensure a privileged supply of products to the customer, customize its products with regard to the buyer's requirements or even offer exclusive agreements (Schiele et al., 2011; Steinle & Schiele, 2008). Furthermore, Ellis et al. (2012, p. 2) found that the PCS strengthens the supplier's willingness to share technologic innovations with the buyer. As a buyer depends on resources from his suppliers (Baxter, 2012, p. 1250) this preferential resource allocation might provide him with competitive advantage (Hüttinger et al., 2012, p. 2; Steinle & Schiele, 2008, p. 14).

For these reasons, it is imperative for a company to know how to achieve the preferred status granted by suppliers. The concept of the PCS includes two interlinked components, the supplier satisfaction and the customer attractiveness (Hüttinger et al., 2012, p. 2; Schiele et al., 2012a, p. 1178) as this status is granted by a supplier, if the customer 'is perceived as attractive and if the supplier is currently more satisfied with this customer than with alternative customers' (Schiele et al., 2012a, p. 1181). Whereas customer attractiveness is value-focused and relies on a future time dimension as well as ex-ante expectation about the customer, the supplier satisfaction results from previous performance and ex-post experience with the buyer (Hald, 2012, p. 1229; La Rocca et al., 2012, p. 1242). Hüttinger et al. (2012, p. 5) established an extensive list of previous identified antecedents of the customer attractiveness including market growth factors (e.g. size), risk factors (e.g. demand stability), technological factors (e.g. commitment to innovation), economic factors (e.g. price/ volume, financial attractiveness, development potential, intimacy, profitability, relational fit) and social factors (e.g. tight personal relations, emotional attachment, familiarity, similarity). Regarding supplier satisfaction the four most important influencing factors are: Financial performance (e.g. profit, sales volume, order volume, serving costs), technology level (e.g. innovation, customer innovativeness as moderating effect), market relations (e.g. market access/ information, interpersonal boundary spanner, and reputation), behavioral patterns (e.g. trustworthiness, predictability in the decision processes, demand stability) (Essig & Amann, 2009, p. 106; Ramsay & Wagner, 2009, p. 130).

Both components, customer attractiveness and supplier satisfaction, might help the buyer to better benefit from the buyer-supplier relationship (Baxter, 2012, p. 1250; Ellegaard et al., 2003, p. 346; Ellegaard & Ritter, 2006, p. 7; Hald, 2012, p. 1229) and increase the possibility to receive a preferential treatment (Baxter, 2012, p. 1250). In order to continuously pursue high customer attractiveness and supplier satisfaction the manipulation needs to be adapted to changes and to the supplier-specific requirements (La Rocca et al., 2012, p. 1246; Nollet et al., 2012, p. 1187). Furthermore, not all factors are equally important to different suppliers so that the weight of the factors used by suppliers will be chosen according to the situation and context (La Rocca et al., 2012, p. 1246).

Overall, customer attractiveness and supplier satisfaction are crucial especially for strategically relevant suppliers or if there exist a lot of alternative buyers. However, profiting from the advantages of the PCS also requires the buyer to work actively to get and continuously maintain this status (Schiele et al., 2011).

The main underlying assumption of this thesis is that companies continuously strive to improve their competitive advantage. This implies that buying companies who are aware of the relationship between customer attractiveness, supplier satisfaction and the PCS seek to actively influence their own position from the supplier's point of view.

2.3. Strategic purchasing

The objective of inheriting the PCS can be achieved via strategic purchasing which might help positively influence one's customer attraction and the supplier satisfaction. Carr and Smeltzer (1997, p. 201) define strategic purchasing as 'the process of planning, implementing, evaluating and controlling strategies and operating purchasing decisions for directing all activities of the purchasing function towards opportunities consistent with the firm's capabilities to achieve its long-term goals'. Strategic purchasing leads to the sustainable competitive advantage pursued by companies by facilitating the establishment and maintenance of mutually beneficial inter-organizational relationships (Chen et al., 2004). The capabilities to 'a) foster close working relationships with a limited number of suppliers; b) promote open communication among supply-chain partners; and c) develop long-term strategic relationship orientation to achieve mutual gains', are essential for performing strategic purchasing (Chen et al., 2004, p. 505).

Effects of strategic purchasing are not only to establish long-term, strategic and cooperative relationships with all suppliers but also to foster close working relationships with a limited number of dedicated suppliers. Literature also showed a positive correlation between strategic purchasing and financial performance (Chen et al., 2004, pp. 515-517).

2.3.1. Strategic purchasing decisions

Strategic decisions are 'important, in terms of the actions taken, the resources committed, or the precedents set' (Mintzberg et al., 1976, p. 246) and are therefore defined as 'intentional choices or programmed responses about issues that materially affect the survival prospects, well-being and nature of the organization' (Schoemaker, 1993, p. 107). Furthermore, they '(1) involve strategic positioning, (2) have high stakes, (3) involve many of the firm's functions, and (4) are considered representative of the process by which major decisions are made at the firm' (Eisenhardt, 1989, p. 546). In general, strategic decisions are based on a structured rational process consisting of activities including intelligence gathering, direction setting, uncovering alternatives, selecting a course of action and implementation (Choo, 1996, p. 329; Eisenhardt & Zbaracki, 1992, p. 27; Mintzberg et al., 1976).

In the context of the resource-based view, seeking for better resource allocation in order to strengthen the own competitive position can be considered as a strategic purchasing decision. These buying decisions in general follow a basic logic or structure for purchasing decision makers. Buyers need to continually assess the buying situation in order to respectively adapt their buying activities (Chen, 1996, p. 329).

As purchasing decisions often are highly complex and uncertain they require effective and efficient decision making processes. Therefore, authors highlight the importance of search for and use of information that is particularly relevant to buying decisions in order to reduce and avoid uncertainty (Carr & Smeltzer, 1997; Sheth, 1973; Webster Jr & Wind, 1972). The higher the impact of these purchasing resources, the higher the strategic value and sustainability of the purchasing function. For strategic decisions in the case of resource similarity it is absolutely necessary to consider the own status relative to the competitors' (Bromwich, 1990; Chen, 1996) as competitors with low market commonality and high resource similarity are argued to pose the greatest competitive threat (Bergen & Peteraf, 2002; Chen, 1996). The latter established a hierarchy of competitor awareness in combination with resource equivalence in order to provide a framework for competitor identification and competitor analysis (based on the framework of

Chen, 1996). This framework, facilitating the environmental scanning, indicates that the likelihood of competitive attack and response regarding to indirect competitors generally is low with a high equivalence. Even though, high equivalence increases the likelihood for competitive action, indirect competitors are 'less likely to be perceived as equivalent ... [and companies] are likely to be less aware that indirect competitors are indeed competitors' (Bergen & Peteraf, 2002, p. 164).

Bunn (1993) characterized six different buying decision approaches among organizational buyers depending on several variables based on situational characteristics[1] and buying activities[2]. The author concludes that in case of strategic decisions of a buyer with a perceived moderate level of buying power, in general a moderate level of information search and analysis techniques is used. Whereas repurchasing of products show lower uncertainty and is based on established purchasing standards, buying decisions regarding new product types from new suppliers are high in uncertainty and do not follow existing procedures (Bunn, 1993). These results are in line with Kraljic (1983, p. 112) who highlights the importance of good market and supplier data at least for leverage items and especially for strategic products considered in higher level of decision making, such as bottleneck or strategic items.

Literature on buying situations and buying processes consider the buying process as a linear progression from an identified need supported by systematic information gathering and processing in order to come to a rational decision (Bunn, 1993). However, Sheth (1973, p. 55) points out that not all business decisions are the result of a systematic decision making process.

2.3.2. Rationality of strategic decisions

The basic idea of decision making assumes that decisions are intended to be rational, involving relatively comprehensive information and broad knowledge of constraints (Dean & Sharfman, 1996, p. 374) in order to actively improve one's competitive position (Auster & Choo, 1994). However, some scholars observed limitations regarding the decision makers' rationality. In an uncertain environment, this bounded rationality refers to the fact that companies formulate anticipations about the future based on available information and in response to previous experience (Cyert & March, 1963; March & Simon, 1958). 'The intended rationality of an actor requires him to construct a simplified model of a real-life situation in order to deal with it. He behaves rationally with respect to this model, and such behavior is not even approximately optimal with respect to the real world' (Simon, 1957, p. 198). This simplified model causes decisions based on satisfactory solutions rather than evaluating the best possible alternative for maximizing the outcome (Cyert & March, 1963; March & Simon, 1958; Simon, 1955). This also means that decision making depends on the cognitive ability of the decision maker as well as emotional and habitual aspects (Simon, 1955).

In the context of more realistic competitive decision making processes, Porter (1980) mentions a framework for industry and competitor analysis. His assumption is, that companies' decisions are biased or based on so-called blind spots, referring to 'areas where a competitor

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[1] Situational characteristics are purchasing importance (perceived awareness of the purchasing decision in terms of purchasing size and potential impact), task uncertainty (perceived lack of relevant information), extensiveness of choice set (perceived breadth of available alternatives) and perceived buyer power (perceived negotiation strength) (Bunn, 1993).

[2] The authors considers the buying company's search for information (amount of internal and external information which are considered in the purchasing decision process), the use of analysis techniques (use formal and/ or quantitative tools for evaluation of information), proactive focus (extent to which the decision making is based on strategic objectives and long-range needs), procedural control (policies, procedures or transaction precedents structure the evaluation of purchasing decisions) as variables for the buying activities (Bunn, 1993).

will either not see the significance of events at all, will perceive them incorrectly or will perceive them very slowly' (Porter, 1980, p. 59). In other words, decision makers may ignore or misinterpret events happening in their direct environment. He also argues that a company which knows the competitors' blind spots may be able to identify competitor weaknesses (Porter, 1980).

To eliminate or minimize these blind spots, companies should scan the internal and external environment in order to come to an effective and efficient decision making process (Auster & Choo, 1993; Bunn, 1993; Lester & Waters, 1989; Sheth, 1973). Environmental scanning is defined as 'management process of using environmental information in decision making' (Lester & Waters, 1989, p. 5). This process consists of the gathering of information concerning the organization's external environment, the analysis and interpretation of this information and the use of this intelligence in strategic decision making (SDM) (Lester & Waters, 1989). The more information about the internal and external organizational environment that is considered within decision making processes, the better the conclusions are about possible consequences of alternative actions leading to more successful decisions (Auster & Choo, 1994; Pfeffer & Salancik, 1978). Authors attested that the focus of environmental scanning is set on information about customers, competitors and suppliers (Lester & Waters, 1989) by mainly using personal sources (Auster & Choo, 1993, p. 199). Auster and Choo (1993) conclude that even though the companies' awareness of the value of environmental scanning constantly increases, they often apply informal and unsystematic approaches leading to problems of integrating the environmental scanning in SDM.

2.3.3. Competitor intelligence for purchasing decisions

Competitor intelligence, as part of the environmental scanning, firstly introduced by Porter (1980), is commonly considered as essential for decision making processes (Bromwich, 1990; Chen, 1996; Webster Jr & Wind, 1972). Nevertheless, literature points out that the necessity of competitive intelligence for an effective and efficient decision making and for competitive actions is often overlooked (Chen, 1996).

Successful companies often monitor their direct competitors and are aware of their actions' success but neglect to monitor competitors in supply markets (Bergen & Peteraf, 2002). However, in the context of purchasing decisions which are affected by factor market rivalry, scanning the external environment of the competitive landscape is important. Most companies miss to consider their status relative to competitors due to incomplete competitor information (Day & Nedungadi, 1994, p. 32; Ramsay, 2001, p. 41). This causal ambiguity arises 'when competitors are either unable to determine if an organization has achieved a competitive advantage as a result of some purchasing activity, or know that such an advantage exists but are unable to determine how it was achieved' (Ramsay, 2001, p. 41). Literature states that few companies consider competitor-oriented information in their decision making processes (Day & Nedungadi, 1994, p. 36)[3].

[3] The study's result of Day and Nedungadi (1994) show that only few companies focus on the competitor-centered view (13%), whereas the self-centered (41%), customer-oriented (30.5%) and the market-driven (15.5%) views are more often applied by companies. Self-centered companies do not asses advantages by using customer or competitor information. The customer-oriented measures emphasize on segment differences and differentiation advantages relying on customer comparisons using e.g. choice models; customer satisfaction and loyalty surveys; and relative shares of end-user segments. The market-driven view combines both, the customer-oriented and competitor-centered view (Day & Nedungadi, 1994).

External environmental scanning prerequisites processes of selective search and attention, selective perception and simplification to understand markets, segments, competitive forces and entry barriers (Day & Nedungadi, 1994, p. 31). This competitor analysis helps create a detailed image of the competitive environment assessing a focal companies competitive positions and relationships with competing firms (Chen, 1996). Thereby, competitor intelligence is gathered, which has the objective 'to develop a profile of the nature and success of likely strategy changes each competitor might make, each competitor's probable response to the range of feasible strategic moves other firms could initiate and each competitor's probable reaction to the array of industry changes and broader environmental shifts that might occur' (Porter, 1980, p. 47). Companies assessing the competitors' positions usually form representations of their own position, enriched by competitor information, which help to anticipate competitive actions and reactions. In this case, the buying firm's strategic actions are based on the comparison of the own resources and capabilities with competitors serving to formulate expectations about the competitors' reactions (Day & Nedungadi, 1994, p. 32). These competitor-centered comparisons mainly emphasize on managing 'judgments of strengths and weaknesses, comparisons of resource commitments and capabilities, value chain comparisons of relative costs, and market share and relative profitability' (Day & Nedungadi, 1994, p. 34). They are especially appropriate for companies in markets with strong competitors which aim at defending competitive actions (Day & Nedungadi, 1994, p. 41).

Companies must have a complex, multidimensional picture of all points of dominance or inferiority compared to buyers sharing the same supplier including the competitors' actions and movements (Day & Nedungadi, 1994, p. 32; Insead & Chatain, 2008). This includes the awareness of a company about its own position compared to that of competitors and how these competitive advantages are gained by purchasing activities (Day & Wensley, 1988). This awareness is crucial to a company's action and the main driver of competitive attack and response (Chen, 1996, pp. 101-102). This understanding of a company's own capabilities and environmental factors facilitates successful decision making (Dean & Sharfman, 1996, p. 389) and can lead to preferential treatment.

Overall, it is questionable whether buyers really know which resources competitors receive from shared suppliers and what status they inherit compared to competitors, as most companies do not consider competitor information within purchasing decisions (Day & Nedungadi, 1994, p. 32; Ramsay, 2001, p. 41). Even though a company might be satisfied with the relationship to the supplier, a competitor might receive preferential treatment. Further, it is unknown if the use of information and knowledge about suppliers and competitors pays off and the preferential resource allocation as well as the competitive advantage are positively influenced (Bergen & Peteraf, 2002). Results by Frishammar and Åke Hörte (2005) also expose that by considering information about competitors a company's innovation performance is negatively affected. Nevertheless, for achieving the PCS Schiele (2012, pp. 48-49) explicitly highlights the importance of knowing one's own status relative to the competitors' in order to pursue a respective resource-based strategy.

3. Research problem and aim

3.1. Research problem

To scan the problem in current literature, a literature review helped gain insights in state-of-the-art literature about environmental scanning in the context of strategic decision making. Furthermore, a more detailed view on competitor intelligence and competitor analysis with regard to strategic decisions exposed that the first assumptions about companies neglecting to use competitor information in purchasing decisions is supported by the missing literature on this subject (see Table 1). The following table clearly shows that in the 90s environmental scanning and competitor analysis were a very popular subject to literature. Recently, a new discussion about competitor analysis arises with the upcoming awareness about factor market rivalry and the PCS. However, there is an apparent neglect of literature analyzing competitor intelligence in the context of strategic purchasing decisions.

Research field	**Environmental Scanning**	**Competitor Intelligence / Competitor Analysis**
Strategic Decision Making	Lester and Waters (1989) Bromwich (1990) Auster and Choo (1993) Auster and Choo (1994) Dean and Sharfman (1996)	Porter (1980) Day and Wensley (1988) Bromwich (1990) Day and Nedungadi (1994) Chen (1996) Bergen and Peteraf (2002) Peyrot et al. (2002) Rothberg and Erickson (2005)
Organizational Purchasing Decisions	Webster Jr and Wind (1972) Sheth (1973) Kraljic (1983) Bunn (1993) Frishammar and Åke Hörte (2005)	Insead and Chatain (2008)

Table 1: Overview of relevant literature

Several papers exist on environmental scanning related to general SDM. Even more scholars deeply analyze the use of competitor intelligence or competitor analysis, as part of environmental scanning, in the organizational context related to general strategic decisions. With regard to strategic purchasing decisions, few authors also examine environmental scanning as a basis for decision making referring to information about competitors, customers and the general market. That implies that literature proposes to use external information for decision making, but does not analyze exactly what kind of information, e.g. competitor-based information, is especially relevant for purchasing decisions. Furthermore, this stream of literature does not thoroughly analyze the role and effects of competitor intelligence on the decisions outcome.

Worth mentioning are especially the papers by Frishammar and Åke Hörte (2005) as well as Insead and Chatain (2008). The results by Frishammar and Åke Hörte (2005) indicate that environmental scanning is one important factor for innovation management, also referring to purchasing aspects. By focusing on factor market rivalry, Insead and Chatain (2008) highlight the importance of a focal company's competitors' resource-oriented strategy – based on competitor analysis – in order to foster its own resource position relative to that of (direct and indirect) competitors'. The authors set focus on analyzing the use of competitor intelligence in the context of purchasing decisions and deeply examine a focal company's actions with regard to competitive attack and response in order to control its resource environment. However, they miss to analyze how the use of competitor intelligence affects a company's strategic purchasing decisions and how this might lead to a better resource allocation and to the PCS.

On the foreground of literature on the resource-based view factor market rivalry and the PCS, one can assume that for achieving the PCS competitor intelligence must be used. Purchasing decisions considering this kind of information increase a company's awareness about competitors sharing the same supplier and thereby lead to a better outcome. This outcome then positively affects the buyer-supplier relationship as well as the customer attractiveness and the supplier satisfaction. This might lead to a preferential resource allocation. Therefore, a relationship between the use of competitor information and preferential resource allocation, mediated by the buyer's SDM is expected. Finally, by aiming at achieving preferential treatment with the help of competitor information in SDM processes a company may be able to increase its competitive advantage and profitability. Being aware of these antecedents of strategic decisions also implies that a company might be able to manipulate them in order to optimize the decisions' consequences.

3.2. Research aim

While literature analyzes the effects and advantages of the PCS on the buying firm's resources and innovativeness, a comprehensive picture – based on the linkage of customer attractiveness, supplier satisfaction and PCS – how a buying firm can achieve this status is missing (Hüttinger et al., 2012; Schiele et al., 2012a). Until now literature has not analyzed to what extent and to what degree companies try to foster their own status using competitor information within their SDM processes nor has considered the outcome of purchasing decisions as influencing factors for the buyer-supplier relationship. Thus, currently it is unknown how companies may receive or maintain the PCS by using competitor information about competitors sharing the same supplier.

To address this gap, this thesis aims to explore buyer-supplier relationships in-depth and to examine how strategic decisions may influence this relationship by using information about competitors sharing the same supplier. By analyzing what kind of competitor intelligence firms apply in purchasing decisions, conclusions about the role of competitor intelligence in those decisions can be derived and assumptions about its impact on the suppliers' resource allocation and the buying firm's competitive advantage can be made. This helps formulate conclusions and enlarge current literature about the buyer-supplier relationship and the decisions' effects on the resource allocation.

3.3. Research question and framework

The objective of this research is to elaborate a company's use of information about competitors with regard to suppliers in purchasing processes in order to show how the company can use this information to maintain or achieve the status of a preferred customer. The central question of this thesis is: '*How does the consideration of information about key competitors sharing the same supplier influence purchasing's strategic decision making?*'

The elements of this thesis can be visualized within the following framework (see Figure 1).

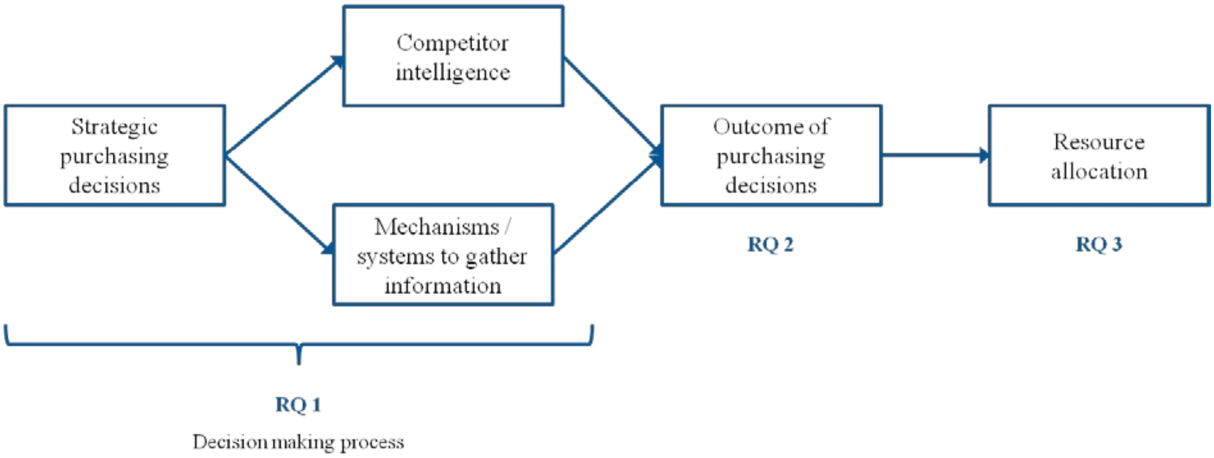

Figure 1: Research framework

The overall research question is divided in the three following sub-questions, which are aligned with the research framework.

(RQ1) *How are strategic decisions in the purchasing process made?*

The first step is to elaborate important strategic decisions within the purchasing process of companies. This is to get insights in the company's way of mental models affecting SDM processes and to elaborate potential mechanisms or systems helping companies to gather relevant information. Furthermore, a basic understanding of how the use of competitor information may influence the result of SDM processes can be gained.

Based on the definition by Mintzberg et al. (1976, p. 246) and Schoemaker (1993, p. 107) supplier selection and the objective to constantly improve this buyer-supplier relationship are important strategic decisions. Decisions about early supplier involvement are also strategic. Furthermore, others, such as make-or-buy decisions, contract negotiation including tendering procedures and design or innovation collaboration are considered as strategic purchasing decisions.

a. *What kind of competitor information is regarded?*

As previously mentioned, authors highlight the importance of using competitor intelligence in decision making processes (Bromwich, 1990; Chen, 1996; Porter, 1980; Webster Jr & Wind, 1972). This can be transferred to purchasing decisions. Especially companies aiming at receiving preferential resource allocation should consider competitor information (Schiele, 2012, p. 48).

Using this information as basis for making purchasing decisions this might result in more effective and efficient decisions. If a company is aware about competitors sharing the same supplier and about their actions undertaken, this information must be included in decision making. This kind of competitor information will affect the decision's outcome accordingly and might lead to better performance.

Therefore, it is essential for a focal company to be aware about direct and indirect competitors which receive similar products from the same supplier. Thereby, a focal company becomes aware of its own status relative to competitors. Other information to consider might be

– if available – the purchasing volume of competitors, their strategic relevance for the supplier as well as information about innovation or exclusive product agreements between the supplier and the other customer.

One can assume that companies in general have guidelines or policies giving exact instructions on how to perform strategic purchasing decisions. These policies may also indicate on what kind of information is to be regarded in the decision making process.

b. *How is this information collected?*

Depending on the type of information, multiple information sources should be considered in the decision making process. Additionally, by validating information via several sources, the information quality can be increased and thus the decisions uncertainty can be reduced (Alejandro et al., 2011). This includes personal sources, e.g. managers and employees within the organization or customers and business associates (Auster & Choo, 1994), as well as newspapers or internal data. Via personal contact to the suppliers' key account managers or to the competitors' purchasing departments a company might also obtain competitor intelligence. Furthermore, publically available financial information about competitors may be considered. One can also imagine that events, e.g. trade shows or company presentations, might lead to some information about competitors sharing the same supplier. The supplier is intended to show well-known customers in order to attract new ones; companies then might become aware of competitors sharing the same supplier. To conclude, internal as well as external networking of purchasing responsibles is important in order to gain insights of the customer base of suppliers. The internet can be considered as a cost-effective source of information. It not only helps to improve the supplier selection, but to access critical external knowledge and market research.

(RQ2) *What is the role of competitor information in purchasing decision making?*

The assumption of this thesis is that using competitor intelligence in purchasing decisions leads to better decisions' outcome. This is based on the findings from literature, that environmental scanning is an essential prerequisite for efficient and effective decision making (Auster & Choo, 1993; Bunn, 1993; Lester & Waters, 1989; Sheth, 1973). Thus, strategic purchasing decisions are made on the basis on a complete picture of the supplier and risks emerging with a respective decision. A complete picture then reduces a focal company's uncertainty regarding this supplier and leads to a well-elaborated decision.

Therefore, the assumption is that companies gathering competitor intelligence in strategic purchasing decisions also allocate importance to this information. If the information is accessible one should not neglect it. The role of the collected competitor information on the purchasing decision is assumed to be high (or at least equally-weighted with other information used within the decision) and ultimately positively affects the decision's outcome.

(RQ3) *How can the use of competitor information throughout the purchasing decision process influence suppliers' resource allocation?*

Assuming that competitor-based purchasing decisions positively affect the decision's outcome, this result is considered to be better compared to decisions not based on this kind of information. Better, in this context, means that the outcome also positively affects the buyer-supplier relationship. Thereby, the resource allocation granted by the supplier to the buyer also becomes better compared to other customers of this supplier. For example, the focal company might be early involved in the supplier's innovation process, or receive resources cheaper and faster, especially in supply bottlenecks. This more effective and efficient resource allocation might ultimately lead to have competitive advantage over competitors.

If a company is aware about this relationship between competitor-based strategic purchasing decision and the suppliers' resource allocation, it also might actively try influencing the suppliers' resource allocation by making respective decisions.

4. Methodology

4.1. Research design

The use of competitor information in strategic purchasing decisions in order to influence one's position from a supplier's perspective is a challenging issue to study. This is mainly due to the fact that little research was dedicated to the relationship of both concepts – the PCS (preferred customer status) and competitor-based purchasing decision making – in the past. On the one hand, only few authors analyzed potential antecedents of the PCS; on the other hand, as already stated above and as clear outcome of this thesis' literature review, until now not much research was undertaken regarding competitor information used in strategic purchasing decisions. This fact is particularly true regarding questions about what kind of competitor information is collected and to what degree they are considered in those decisions. Furthermore, none of the authors analyzed whether and how this information positively affects the decisions, boosts resource allocation and enables companies to achieve competitive advantage.

To deal with this unexplored topic, an exploratory research design was chosen (Yin, 2003). This research design is suitable with regard to the objective of gaining insights into the entire setting of this idea as until now there exist no literature about strategic purchasing decisions in the context of the PCS. By mainly providing qualitative data, the exploratory design helps provide a better understanding of the phenomenon at hand and acquire rich and meaningful insights.

To answer 'how' research questions in the context of an unexplored research field, literature proposes several techniques to be applied in exploratory research designs, namely literature searches (secondary data), experience surveys, pilot studies or case studies (McCutcheon & Meredith, 1993; Yin, 2003). Considering the purpose of this thesis – to explore buyer-supplier relationships in-depth and to examine how competitor intelligence in strategic purchasing decisions may influence the supplier's resource allocation – the case study methodology is suitable to intensively focus on this contemporary issue. Thereby, the phenomenon can be investigated in-depth and in its real-life context. This also helps obtain information about respective buyer-supplier relationships. This ultimately yields a complete and holistic understanding of the context and complexity of the phenomenon (Miles & Huberman, 1984; Yin, 2003). Therefore, this exploratory multiple-case study can be considered as a first step for theory building about the use of competitor intelligence in the context of strategic purchasing decisions.

Aiming at more robust and compelling results, this thesis is based on a multiple-case study (Miles & Huberman, 1984; Yin, 2003). As the cases are analyzed and compared in their totality, this multiple-case study is based on a holistic view, i.e. one level of analysis (Yin, 2003). This refers to the use of competitor intelligence in strategic purchasing decisions. By analyzing several cases a between-case analysis may help understand similarities and differences between cases including subtle variations whereby replication might be possible. This might allow the generalization of findings (Meredith, 1998; Yin, 2003).

The following table gives an overview of the study profile. Details regarding the interviews in the context of this multiple-case study are given in the following chapter 4.2.

Method	Exploratory multi-case study with holistic view
Instrument	Individual face-to-face or telephone interviews, semi-structured
Population	25
Sample size	10
Participants	One purchasing manager per case

Table 2: Study profile

Via the author’s personal and professional contacts a total of 25 companies were contacted; 18 of which responded to the request. As the cases are chosen on the basis of theoretical preliminary ideas about the use of competitor intelligence in decision making, a strict selection of interview partners regarding this thesis’ objectives was executed. In order to study the concept of competitor intelligence in strategic purchasing decisions the criterion for this elaboration was whether the companies currently use competitor intelligence in strategic purchasing. Preliminary consultations with the interview partners helped select ten companies appropriate for this multiple-case study. Companies initially stating that they do not consider this kind of information in decision making were not suitable for this thesis’ objective.

For this exploratory multiple-case study a small and non-representative sample is not critical. Eisenhardt (1989) recommends to select four to ten cases; similar, Miles and Huberman (1984) suggest to select a maximum of 15 cases, depending on the complexity of the case study. For a short introduction about these companies including financial key figures see Table 3.

Company	Industry	Annual Revenue[4]	No. of Employees	Interviewee
Company A (OEM[5])	Manufacturing and engineering[6]	< € 1 billion	< 10,000	Purchasing manager for the product group of technical plastics injection moldings
Company B (OEM)	Manufacturing[6]	€ 1-5 billion	< 10,000	European purchasing manager for engines and engine parts (since 2009)
Company C (OEM)	Heating systems	€ 1-5 billion	< 10,000	Sourcing manager Asia (since 2006)
Company D	Manufacturing[6]	€ 1-5 billion	< 20,000	Global purchasing manager for

[4] For confidentiality reasons, the companies‘ revenues are clustered in four ranges: < € 1 billion; € 1-5 billion; € 5-15 billion; > € 15 billion.
[5] OEM – Original equipment manufacturer, manufactures products or components that are purchased by another company and retailed under that purchasing company's brand name.
[6] Due to anonymity reasons, a more precise indication of the industry or branch this company operates in is not possible.

(OEM)				engines (since 2011)
Company E (OEM / first-tier supplier)	Manufacturing of automation technology for various industries	€ 1-5 billion	< 20,000	Global sourcing manager for the product group of pneumatics (since 2003)
Company F (First-tier supplier)	Manufacturing and engineering for various industries	€ 5-15 billion	< 50,000	European purchasing manager for the product group of hydroelectric equipment (since 2008)
Company G (OEM / first-tier supplier)	Mining and construction	€ 5-15 billion	< 50,000	Proprietary sourcing manager China (since 2010)
Company H (First-tier supplier)	Manufacturing and engineering for automotive industry	> € 15 billion	< 100,000	Global commodity manager for the product group of bearings (since 2012)[7]
Company I [8] (OEM / first-tier supplier)	Automotive industry	> € 15 billion	< 60,000	Global purchasing manager for engine parts (since 2011)
Company J [8] (OEM)	Automotive industry	> € 15 billion	< 50,000	Purchasing manager for the product group of security parts for passenger vehicles (since 2008)

Table 3: Overview of companies covered by the study

4.2. Data collection

The multiple-case study was conducted with ten companies with the help of several types of data. The first step was to gather insights in the research field which is realized by analyzing qualitative secondary data sources, while the second step refers to the interviews held with the selected companies and – if feasible – the analysis of additional data provided by some companies.

In the beginning, a literature review about current research regarding the PCS and purchasing decisions using competitor information helped establish a basic understanding about the research background. Due to these insights an appropriate research framework as well as the research question including several sub-questions was derived (see chapter 3.3).

Based on these insights gained in the literature review, interview questions were prepared in order to explore the selected cases and the phenomenon at hand. Aiming at answering the three subordinated research questions, a semi-structured questionnaire with open questions is suitable for this exploratory research design. Semi-structured interviews are a flexible technique for

[7]This participant has been working in the Purchasing business unit of this particular company for more than 10 years and became Global Commodity Manager one year ago.

[8] Both, Company I and J, are part of the same group company.

small-scale research, such as case studies (Wengraf, 2001, p. 97). Furthermore, they are well suited for the exploration of the perceptions and opinions of the interviewees, being involved in the situation at hand, regarding complex and sensitive issues. They help probing for more detailed information and clarifying relevant issues (Barriball & While, 1994, pp. 328, 334). In order to guarantee that all issues are covered within the interviews an interview guideline was established on the basis of the previously performed secondary data analysis (see Appendix A) (Barriball & While, 1994, p. 333). This ultimately leads to conveying equivalence of the meaning, although not using the exactly same wording in each interview. Thereby, it is possible to standardize the semi-structured interview aiming at increasing comparability (Barriball & While, 1994, p. 330). In order to ensure that all interviewees had the same understanding of the topic at hand, summary of the topic, including definitions and the research background, was provided. Thereby, misunderstandings or interpretations of the wordings differing from interviewer to interviewees were eliminated as much as possible. One pretest interview was performed in order to test the comprehensibility of the interview questions and to reveal need for changes. However, an adaption of the interview questions was not necessary (Barriball & While, 1994, p. 333).

With regard to the overall research question, the interviews focus on the use and effects of competitor intelligence with regard to strategic purchasing in the respective company. The interview questions cover the entire field of collecting and using competitor intelligence for strategic purchasing decisions as well as its influence on the decisions' outcome. Competitor information in this context does not only consider direct competitors but also includes indirect ones, operating in another industry or market; all of them sharing the same supplier, i.e. competing for identical input factors.

Considering the use of competitor intelligence to influence a company's status from the perspective of suppliers, the interviewees all are managers who have the authority to actually make purchasing decisions and thereby influence the final outcome of the latter. Therefore, purchasing managers are considered as an appropriate sample for the interviews (see Table 3).

All interviews were held within 60 minutes and transliterated after the sessions. These reports were sent to the interview partners for review and approval. Checking the findings from the interviews with the participants enhances the validity of the individual interpretation by the interviewer (Hartley, 2004, p. 330). Most of the interview partners (8 out of 10) directly approved the report and no modification was necessary. In case of comments by the participant, the report was adapted and resent for approval. The following Table 4 gives an overview on the interview setup.

Furthermore, continuative documents (e.g. guidelines or process definitions) provided by some companies helped to deepen the understanding about strategic decision making. However, access to secondary data was not feasible for all companies due to confidentiality reasons (4 out of 10). These various sources of evidence helped reduce the risk of biases by early impressions gained during the interviews (Hartley, 2004, p. 330). Relying on multiple sources for data collection, referring to triangulation, increases the construct validity of this thesis (Hartley, 2004; Yin, 2003, p. 330). All documents analyzed confirmed the findings gained in the course of the interviews; none of the interviewees made statements which were not in line with the provided documents. Therefore, one can assume that purchasers, not providing secondary data, also strictly rely to guidelines and policies provided by their companies and that their actions are not deviate from their theoretical planning.

Company	Date of interview	Type of interview	Number of contact moments	Secondary data sources
Company A	August, 6th 2013	Telephone	2	▪ Process definition for purchasing activities ▪ Classification scheme for suppliers
Company B	August, 7th 2013	Telephone	2	Process definition for purchasing activities
Company C	August, 14th 2013	Face-to-face	2	N.a. (confidential)
Company D	August, 14th 2013	Telephone	3	▪ Purchasing strategy ▪ Porter Matrix and SWOT for the respective relationship
Company E	August, 15th 2013	Face-to-face	2	▪ Purchasing strategy ▪ Scoring method ▪ Porter Matrix and SWOT for the respective relationship
Company F	August, 7th 2013	Telephone	3	N.a. (confidential)
Company G	July, 23rd 2013	Telephone	2	Process definition for purchasing activities
Company H	July, 24th 2013	Face-to-face	2	Process definitions for purchasing activities and supplier selection criteria
Company I	July, 24th 2013	Telephone	2	N.a. (confidential)
Company J	August, 2nd 2013	Telephone	2	N.a. (confidential)

Table 4: Overview of interviews and data sources

To further enhance reliable results a complete chain of evidence about all gathered data is essential (Eisenhardt, 1989; Yin, 2003). Aside from recording and transliterating all interviews additional information as well as data, provided by the participants, are documented thoroughly.

4.3. Data analysis

To increase the reliability of results, the data analysis consists of five steps pursued by two different individuals. Figure 2 illustrates the different steps performed in the data analysis.

As the interview questions indicate, the collected data is – based on the main elements of the research framework – organized into three main sections relating to the subordinated research questions. Thus, the first step after the interviews was to transliterate them and summarize the major findings per case and per section in order to get an overall understanding of competitor-based decision making.

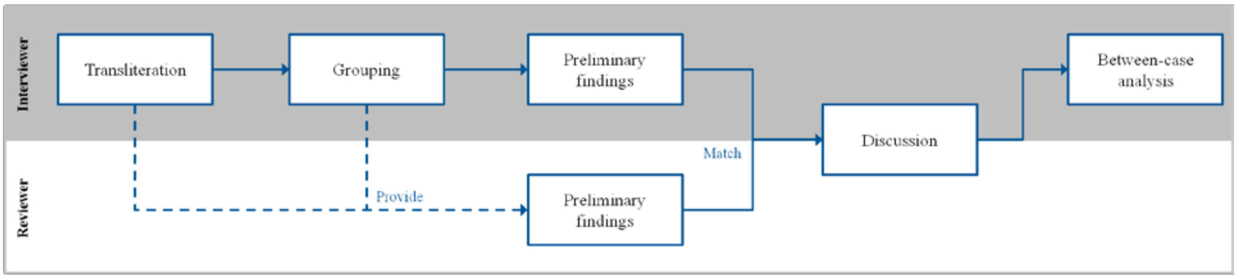

Figure 2: Steps of data reduction and analysis

Secondly, the transliterated reports per interview were analyzed carefully. In order to reduce data complexity, the aim was to construct a grouping system indicating different patterns or elements of competitor intelligence in combination with strategic purchasing decisions. This helps examine the data in detail and to find similar or contradicting findings (Hartley, 2004, p. 329).

Due to the individual interpretation and personal judgment by the interviewer the results may be highly subjective. To reduce such biases which are very likely in interviews and to increase intercoder reliability, an independent person[9] was asked to validate the preliminary findings. Intercoder reliability is a critical component of the content analysis; it helps validate the grouping system and establishes a higher level of reliability (Lombard et al., 2002, p. 589). In order to do so, the interview transcripts were read and analyzed by this external reviewer. The latter used the established grouping system (without knowing the preliminary findings of the author) and systematically matched the answers given in the course of the interviews to the respective groups.

Subsequently, the preliminary findings of both, the interviewer and the reviewer, were matched and compared. Overall, the grouping by different persons was very similar as the system is respective of the structure of the interview questions. For 7 out of 100 allocations of answers (regarding research question 2 and 3) there existed disagreements in the grouping of results. A discussion of the interviewer and reviewer exposed that the different grouping resulted from the fact that the interviewee himself used different wordings for same context. Finally, this process helped established groups which are internally homogeneous and externally heterogeneous. Additionally, they are free of objectivity and show high reliability (Lombard et al., 2002, p. 593).

Based on this grouping system, the results presented in chapter 5 are summarized in tables and subsequently discussed in more detail (between-case analysis).

[9] This independent person was a fellow student of the author with the same study background. This was a prerequisite as it is assumed that having a similar background and understanding would lead to the same perception and categorization.

5. Findings

The following section is, respective of the structure of the research questions and interviews, separated into three parts. Firstly, the general findings are summarized in a table and briefly presented. Subsequently, an interpretation of the findings is given and cases, showing exceptional or surprising results, are explained in more detail.

5.1 Strategic purchasing decisions

5.1.1 Making strategic purchasing decisions

This chapter answers research question 1 (‘How are strategic decisions in the purchasing process made?’). Table 5, summarizing the key findings with regard to general purchasing decisions, is followed by a discussion of the main thoughts.

General findings

According to the interviewees and in line with the definition given in literature (Eisenhardt & Zbaracki, 1992, p. 546; Mintzberg et al., 1976, p. 246; Schoemaker, 1993, p. 107), strategic decisions are crucial for the survival and well-being of a company. Additionally, literature and practice impute high stakes to strategic purchasing decisions, which often are jointly made by diverse departments or functions. In the course of the interviews, most participants refer to decisions about joint product innovations or early supplier involvement.

As proposed by literature (Choo, 1996, p. 329; Eisenhardt & Zbaracki, 1992, p. 27; Mintzberg et al., 1976), the interviewees consider their strategic decisions to be based on a structured process consisting of several activities defined in corporate guidelines. According to the interviewees this includes – based on the defined purchasing strategy – intelligence gathering with regard to current trends, suppliers and competitors, as well as uncovering and selecting alternatives. Company G, I and J state, that these guidelines differ depending on the size of the purchase volume. Higher volume implies that companies have stricter rules and include more individuals and departments (e.g. controlling or research and development) in the decision making process. Additionally, some of the companies (Company G, H, I and J) apply regular supplier evaluations. Thereby, companies aim at having a well-established and highly qualified supplier base they firstly resort to in strategic purchasing decisions.

All of the companies interviewed classify potential suppliers with the help of quantitative as well as qualitative criteria. With regard to quantitative criteria the companies rely on information such as financial situation, sourcing conditions and total cost of ownership. The supplier’s suitability in terms of production and delivery as well as previous experience with the supplier are the most important qualitative factors. Additionally, most companies set up a supplier profile or a risk assessment. This includes an evaluation of the company’s position from the supplier’s perspective (is the company considered as strategic customer of this supplier and does the focal company consider this buyer being strategic for them).

Negligent of strong dependencies from the supplier resulting from a small supplier base, Company A and B aim at reducing the supplier base (e.g. via consolidating the purchase for similar product groups). A and B, both being smaller companies[10] expect a smaller supplier base to lead to a closer and more intense relationship in which suppliers are not only considered as vendors but as partners. This is in line with literature, concluding that organizational strategies

[10] Within this thesis, the term ‘smaller company’ is applied for companies having an annual revenue of less than € 5 billion.

Case	Guidelines / policies applied within companies for strategic purchasing	Quantitative criteria firms use in strategic purchasing decisions	Qualitative criteria firms use in strategic purchasing decisions
Company A	▪ Purchasing strategy ▪ Process definitions for purchasing activities ▪ Guidelines for pre-purchasing phase (supplier selection & classification)	▪ Financial situation of supplier ▪ Sourcing conditions (price, delivery,…)	▪ Previous experience with supplier ▪ Supplier from local network / proximity ▪ Suppliers' customers ▪ Personal, long-lasting relationship ▪ Suitability of supplier for product / component (technical know-how / experience, capacity & quality)
Company B	▪ Purchasing strategy ▪ Guidelines for pre-purchasing phase (supplier selection & classification)	▪ Financial situation of supplier ▪ Sourcing conditions (price, delivery,…)	▪ Previous experience with supplier ▪ Suppliers' customers ▪ Personal, long-lasting relationship ▪ Reduce supplier base to maximum ▪ Suitability of supplier for product / component (technical know-how, capacity & quality)
Company C	▪ Purchasing strategy ▪ Process definitions for purchasing activities ▪ Guidelines for pre-purchasing phase (supplier selection, development & classification) ▪ Scoring methods	▪ Financial situation of supplier ▪ Sourcing conditions (price, delivery,…) ▪ Changes in material prices ▪ Supplier profile (size, revenue,…)	▪ Previous experience with supplier ▪ Personal, long-lasting relationship ▪ Decrease dependencies from supplier ▪ Suitability of supplier for product / component (technical know-how / experience, capacity & quality) ▪ Supplier profile (customers, market,…) ▪ Ethical factors
Company D	▪ Purchasing strategy ▪ Process definitions for purchasing activities ▪ Guidelines for pre- purchasing phase (supplier selection, development & classification) ▪ Scoring methods	▪ Financial situation of supplier ▪ Sourcing conditions (price, delivery,…)	▪ Previous experience with supplier ▪ Risk assessment ▪ Suitability of supplier for product / component (technical know-how / experience, capacity & quality) ▪ Supplier profile (customers, market,…) ▪ Application of Porter's Five Forces and SWOT
Company E	▪ Purchasing strategy ▪ Process definitions for purchasing activities ▪ Guidelines for pre- purchasing phase (supplier selection, development & classification) ▪ Necessity for regular supplier evaluation ▪ Supplier classification ▪ Scoring methods	▪ Financial ratings ▪ Price ▪ Total cost of ownership ▪ Sourcing conditions (price, delivery,…)	▪ Suitability of supplier for product / component (technical know-how / experience) ▪ Supplier profile (customers, market,…) ▪ Application of Porter's Five Forces and SWOT ▪ Ethical factors

Company F	▪ Purchasing strategy ▪ Process definitions for purchasing activities ▪ Guidelines for pre-purchasing phase (supplier selection, development & classification)	▪ Financial situation of supplier ▪ Sourcing conditions (price, delivery,…) ▪ Total cost of ownership ▪ Risk assessment	▪ Previous experience with supplier ▪ Decrease dependencies from supplier ▪ Suitability of supplier for product / component (technical know-how, capacity & quality) ▪ Ethical factors
Company G	▪ Purchasing strategy ▪ Process definitions for purchasing activities ▪ Guidelines for pre-purchasing phase (supplier selection, development & classification) ▪ Selection criteria mainly regarding product and service quality ▪ Scoring methods	▪ Financial situation of supplier (public information & ratings by agencies) ▪ Sourcing	▪ Supplier located in proximity ▪ Suitability of supplier for product / component (technical know-how / experience, design capability, capacity & quality) ▪ Product and service quality assessment ▪ Supplier profile (customers, capacity share with competitors) ▪ Risk assessment
Company H	▪ Purchasing strategy ▪ Process definitions for purchasing activities including sourcing decision board and outlook of order placing (consolidation of orders, dual sourcing strategy) ▪ Guidelines for pre-purchasing phase (supplier selection, development & classification)	▪ Financial situation of supplier (public information & ratings by agencies) ▪ Sourcing conditions (price, delivery,…) ▪ Total cost of ownership ▪ Changes in material prices	▪ Decrease dependencies from supplier ▪ Suitability of supplier for product / component (technical know-how / experience, capacity & quality)
Company I	▪ Purchasing strategy / strategy paper ▪ Process definitions for purchasing activities ▪ Guidelines for pre-purchasing phase (supplier selection, development & classification) ▪ Rules of conduct with regard to suppliers ▪ Supplier selection criteria ▪ Dual sourcing strategy	▪ Financial situation of supplier (public information & ratings by agencies) ▪ Sourcing conditions (price, delivery,…) ▪ Total cost of ownership	▪ Previous experience with supplier ▪ Risk assessment ▪ Application of Kraljic Matrix and Porter's Five Forces ▪ Suitability of supplier for product / component (technical know-how / experience, capacity & quality) ▪ Decrease dependencies of supplier and from supplier (equal supplier portfolio)
Company J	▪ Purchasing strategy / strategy paper ▪ Process definitions for purchasing activities ▪ Guidelines for pre-purchasing phase (supplier selection, development & classification) ▪ Rules of conduct with regard to suppliers ▪ Supplier selection criteria ▪ 'Forward sourcing' activities	▪ Financial situation of supplier (public information & ratings by agencies) ▪ Sourcing conditions (price, delivery,…) ▪ Total cost of ownership	▪ Previous experience with supplier ▪ Risk assessment ▪ Suitability of supplier for product / component (technical know-how / experience, capacity & quality) ▪ Decrease dependencies of supplier and from supplier (equal supplier portfolio)

Table 5: Purchasing decision making processes and information considered

tend to aim at developing strong relationships with few suppliers especially in regional networks. (Sheth & Sharma, 1997) Finally, the interviewees consider a small supplier base as a possibility to better profit from the supplier-buyer relationship and ultimately increase their competitiveness by locking in good suppliers. Other interviewees (Company C, F, H, I and J), limiting the overall purchasing volume with each supplier, accentuate that this is not only of interest for the buyer but also for the supplier to be part of a well-balanced supplier base, indicating that none of them is listed as being 'preferred'.

Interpretation

To conclude, one can state that all companies analyzed use similar methods to come to strategic purchasing decisions. This may result from the fact that suppliers and purchasing activities are considered as source of competitive advantage. This goes hand in hand with literature, recently highlighting the importance of an effective and efficient supply chain management in order to secure competitive advantage (Hunt & Davis, 2008; Li et al., 2006; Markman et al., 2009; Ramsay, 2001; Steinle & Schiele, 2008). The change from traditional cost orientation in purchasing towards a holistic and well-defined purchasing strategy becomes evident. The overall trend of working with fewer suppliers, performing global sourcing activities, and partnership agreements implies that purchasing managers consider the relationship with suppliers to be strategic per se. To overcome the major challenge of constantly responding to customer needs by delivering the right products to the right target groups in the right time, purchasing strategies, which are derived from the overall business strategies, are essential.

Literature proposes that especially for strategic purchases with high uncertainty information search and analysis with regard to the supplier and the market are highly important (Bunn, 1993; Kraljic, 1983) in order to come to effective and efficient purchasing decisions (Auster & Choo, 1993; Bunn, 1993; Lester & Waters, 1989; Sheth, 1973). This recommendation is widely accepted by the companies analyzed, as they perform an external environmental scanning to come to make well-elaborated strategic purchasing decisions.

Specific findings

With regard to qualitative criteria, Company A additionally highlight that they focus on a close personal relationship, proximity to their supplier base and a well-working regional network. Being strongly connected with their suppliers, trust and a good-working network are more important than just observing hard facts. Company B and F additionally mention the importance of ethical factors. They refer to fair-trade, ethical trading and sourcing or corporate social responsibility. Also, Company C considers the complexity of the product or special quality requirements in the decision. This implies that the company assesses whether the supplier is capable to supply the purchased product or whether he is experienced in this kind of product.

Only few companies mention well-established frameworks from theory, such as the SWOT or Kraljic Matrix or Porter's Five Forces, in order to set up profiles about their suppliers (see also Porter, 1980, p. 47). This result is in line with Auster and Choo (1993), stating that companies tend to apply informal and unsystematic information gathering approaches leading to challenges of integrating the environmental scanning in SDM.

As stated by some interviewees, the fact that some criteria conflict each other adds complexity to purchasing decisions. Purchasing at the lowest price might result in lower quality of the product or service. This ultimately requires a trade-off between contradicting criteria. While some companies provide scoring methods for evaluating the supplier in which poor performance for one criterion may be compensated by a better one in another criterion, some companies also set up minimum requirements for all criteria.

5.1.2 Use of competitor information in strategic purchasing decisions

To deepen research question 1 this part gives answers to the sub-questions 'What kind of competitor information is regarded?' and 'How is this information collected?'.

General findings

In the course of strategic purchasing decisions, the use of competitor intelligence highly varies between the companies interviewed. However, to gather this information the interviewees in general consider similar sources. Especially with regard to direct competitors sharing strategic suppliers, companies exactly know what they are doing with respect to suppliers, products and future product developments (Company H and I). This perception is supported by most of interviewees. Some soft facts, e.g. on-time delivery or exclusive innovation agreements, seem also to be accessible for the companies. Furthermore, it is commonly known or perceived by the interviewees if one buyer enjoys preferential treatment from the supplier. Whether this picture is complete or whether there might be rivals the respective companies are not aware of could not be covered in the interview, as it was only performed with the buying side. Company C is aware of this incompleteness but also mentions that a comprehensive picture is not necessary. This is due to the fact that they consider – according to Company C – the most important facts about suppliers and competitors which together with other information in return leads to a well-elaborated decision.

With regard to more detailed information about competitors, all companies state that it is nearly impossible to get information about the price paid by other customers of this particular supplier. Product analyses indeed seem to give indications to the purchasers about the price per part by separating products into their single components and estimating the costs per component. In this context, Company E and F also mention legal restrictions given by the European Union. According to Article 101 TFEU information exchange between competitors or supply chain partners is prohibited if this would lead to agreements in terms of prices or market behavior.[11]

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[11] The guidelines provide general principles on the competitive assessment of information exchange, including the assessment under Articles 101(1) and 101(3) TFEU, which are applicable to all types of horizontal co-operation agreements, such as purchasing agreements. Information exchange takes various forms such as data shared directly between competitors, data shared indirectly through a common agency or a third party or through the companies' suppliers or retailers. Even though information exchange can be beneficial for companies it can also lead to restrictions of competition when it enables companies to be aware of their competitors' market strategies. Such types of information exchanges will normally be considered and fined as cartels. Outside the area of cartels, information exchange is only considered to restrict competition by object where competitors exchange individualized information regarding intended future prices or quantities. Exchanges of all other types of information, including current prices, will not be treated as restrictions by object and will be assessed as to their restrictive effects on competition (see Guidelines on horizontal cooperation agreements; http://europa.eu/legislation_summaries/competition/firms/l26062_en.htm).

Case	Type of competitor information the company has access to / uses strategic purchasing	Sources of competitor information the company relies on
Company A	▪ Awareness about all competitors sharing the same supplier ▪ On-time-delivery for the supplier's other customers ▪ Exclusive agreements of supplier with its other customers ▪ Granting preferential treatment	▪ Internal network (employees previously employed at competitors, employees which work(ed) together with supplier / competitors) ▪ External network (supplier's presentation and communication, trade fairs, proximity of suppliers and their customers, openness in local network)
Company B	▪ Awareness about all competitors sharing the same supplier ▪ On-time-delivery for the supplier's other customers ▪ Exclusive agreements of supplier with its other customers ▪ Granting preferential treatment	▪ Internal network (employees which work(ed) together with supplier / competitors) ▪ External network (supplier's presentations and communication, proximity of suppliers and their customers, openness in local network)
Company C	▪ Awareness about competitors (mainly global players) sharing the same supplier ▪ On-time-delivery for some direct competitors ▪ Exclusive agreements of some direct competitors ▪ Granting preferential treatment	▪ Internal network (employees previously employed at competitors, employees which work(ed) together with supplier / competitors) ▪ External network (openness on the Asian market with this kind of critical information, supplier's presentation and communication) ▪ Internet
Company D	▪ Awareness about all competitors sharing the same supplier ▪ On-time-delivery for direct competitors ▪ Granting preferential treatment	▪ External network (supplier's presentations and communication) ▪ Internet
Company E	▪ Awareness about main competitors sharing the same supplier ▪ On-time-delivery for main direct competitors ▪ Exclusive agreements of supplier with its other customers ▪ Price estimation of purchased product (direct competitors) ▪ Granting preferential treatment	▪ Internal network (employees previously employed at competitors, employees which work(ed) together with supplier / competitors) ▪ External network (supplier's presentation and communication, trade fairs, communication / cooperation with indirect competitors) ▪ Internet ▪ Product analysis
Company F	▪ Awareness about all competitors sharing the same supplier ▪ On-time-delivery for the supplier's other customers ▪ Exclusive agreements of supplier with its other customers	▪ Internal network (employees which work(ed) together with supplier / competitors) ▪ External network (supplier's presentations and communication, trade fairs)
Company G	▪ Awareness about all competitors sharing the same supplier ▪ On-time-delivery for the supplier's other customers (direct competitors) ▪ Exclusive agreements of supplier with its other customers (direct competitors) ▪ Granting preferential treatment	▪ External agency ▪ Internal network (employees previously employed at competitors, employees which work(ed) together with supplier / competitors) ▪ External network (openness on the Asian market with this kind of critical information by supplier or competitor, proximity of suppliers and their customers, trade fairs) ▪ Internet ▪ Product analysis

Company H	▪ Awareness about all competitors sharing the same supplier ▪ On-time-delivery for the supplier’s other customers (direct competitors) ▪ Exclusive agreements of supplier with its other customers (direct competitors) ▪ Granting preferential treatment	▪ External network (supplier’s presentation and communication) ▪ Internet ▪ Product analysis
Company I	▪ Awareness about all direct competitors, which are global players in their industry, sharing the same supplier ▪ On-time-delivery for the supplier’s other customers (direct competitors) ▪ Exclusive agreements of supplier with its other customers ▪ Price estimation of purchased product (direct competitors) ▪ Granting preferential treatment	▪ Internal network (employees previously employed at competitors, employees which work(ed) together with supplier / competitors) ▪ External network (supplier’s presentation and communication, trade fairs, communication with sub-brands of corporate group and competitors) ▪ Internet
Company J	▪ Awareness about direct competitors, which are global players in their industry, sharing the same supplier ▪ On-time-delivery for the supplier’s other customers (direct competitors) ▪ Exclusive agreements of supplier with its other customers ▪ Price estimation of purchased product (direct competitors) ▪ Granting preferential treatment	▪ Internal network (employees previously employed at competitors, employees which work(ed) together with supplier / competitors) ▪ External network (supplier’s presentation and communication, trade fairs, communication with sub-brands of corporate group and direct competitors) ▪ Internet ▪ Product analysis

Table 6: Kind of competitor intelligence available for purchasing decisions

Some companies stated that ‘a good purchaser simply knows all there is to know about competitors’ (Company E) or ‘a good purchaser just knows the competitive landscape with regard to strategic suppliers’ (Company I). This is – according to some interviewees – mainly due to the good internal and external network the purchaser has access to. This helps to be aware of competitors sharing the same supplier and get soft facts about these competitors. Either the suppliers themselves try to increase their own reputation and to be more attractive for potential customers by referencing on important customers within corporate presentations (in the pre-purchase phase) or customers (often indirect ones) have a good relationship and compare notes with others. Competitors purchasing from the same supplier are often the own indicators for the supplier’s product and service quality (Company C).

Interpretation

As proposed by literature (Auster & Choo, 1993; Bunn, 1993; Lester & Waters, 1989; Sheth, 1973), the companies interviewed scan the competitive landscape. The companies all state to have access and to gather information about direct and indirect competitors. However, it cannot be guaranteed that all of the supplier’s customers are covered and there might be ‘hidden’ ones the focal company is not aware of in the decision making process.

Nevertheless, and in line with the conclusion of Bergen and Peteraf (2002), most companies often consider their direct competitors in supply markets but neglect to monitor indirect ones. This thesis’ results indicate that with regard to more detailed information especially larger companies are not aware about indirect competitors and their standing with the supplier, whereas smaller companies seem to have access to information about both. For smaller companies, with strong personal ties to the supplier and mainly working in a close and intense regional network, the fact that they know indirect competitors sharing the supplier seems reasonable. As the supplier himself also mainly acts within this regional network and sells his products within this network, all of his customers are also part of it. Open communication and personal relationships within the network then leads to the exchange between direct and indirect competitors about the respective supplier. In contrast, larger companies often are unable or consider it as irrelevant to access information about indirect competitors. Even though being aware of both, they only gather information about direct competitors with regard to specific purchasing activities. Buyers may be aware about indirect competitors sharing the same supplier, e.g. due to references in corporate presentations, however more detailed information is difficult to access or is considered as less important (Company I and J). This perception contradicts the recommendation in literature that considering competitor information in case of high resource similarity but low market commonality is especially important (Bergen & Peteraf, 2002; Bromwich, 1990; Chen, 1996).

Specific findings

Worth mentioning is the finding that Company G, operating on the Asian market, is not only aware of direct and indirect rivals, but also has access to more detailed information. As ‘copy paradise’ (as stated by the participant), internal information will not be kept internal for long. This facilitates a very thorough analysis of competitors. The fact, that Asian companies are less concerned about privacy or confidentiality aspects, was supported by the behavior of the interviewee from Company G. He provided detailed information about competitors and suppliers, including names, whereas the interviewees from the German market only provided anonymized information. This also implies that suppliers and competitors are less concerned which kind of information should be made available for the buyers and which kind of information should not. According to the interviewee competitors as well as suppliers are very up-front and easily provide confidential information.

5.2 The role of competitor information in purchasing decision making

This section gives answers to research question 2 (‘What is the role of competitor information in purchasing decision making?’). Table 7 summarizes the interviewees’ perception about the role and effects of competitor intelligence considered in strategic purchasing decisions, both indicated by meaningful citations from the interviewees.

General findings

Whereas some companies consider the role of competitor intelligence in strategic purchasing decisions to be high, only one company considers the impact to be low and therefore barely regards this type of information. The interviewee of Company J neglects to consider competitor information – even though access to such information is available. Only in rare cases of perceived inferiority to competitors, Company J feels impelled to actively consider competitor intelligence. Having high purchasing volumes, Company J perceives to be preferred by every supplier. Company I, part of the same group company as Company J, however, considers competitor information to be essential especially for new suppliers the company does not have previous experience with. Competitors then might be the only indications of the supplier’s product and service quality. Additionally, the participant is interested in knowing his own position compared to competitors as this is crucial in strategic purchasing decisions. Nevertheless, Company I highlights that the use and influence of competitor intelligence on the decision depends on an individual assessment per decision.

Company A considers the impact of competitor intelligence on a decision’s outcome to be ‘medium’ as their aim is to purchase from the regional network. ‘There are several criteria for selecting suppliers, and besides others [their] competitors are of course considered as a threat in terms of intellectual property rights. […] considering competitor information is quite important, however, not the most important aspect’ (Company A). Company F, one major patent applicant in Germany, often innovates in cooperation with suppliers. For deciding about joint innovation projects they consider – besides others – competitor information. Knowing that global players from several branches are being delivered by this supplier is viewed as a positive signal. Nevertheless, the interviewee does not consider a decision based on competitor information to be a better than one not relying on competitor information.

In total, six of the participants (Company B, C, D, E, G and H) allot high impact to competitor intelligence in strategic purchasing decisions. Except of Company H, all other five show annual revenue of less than € 5 billion per annum. ‘It depends on the kind of projects, the kind of support from headquarter as well as the kind of capability we have; in general maybe competitor intelligence has 25% of impact on the entire decision’ (Company G). All companies are convinced that without considering this kind of information, decisions would come to a less effective and efficient result and ‘… would definitively lead to a worse outcome’ (Company E).

Case	Role of competitor intelligence in the purchasing decision	Competitor intelligence's impact on purchasing decision's outcome[1]
Company A	▪ 'This depends whether there are several suppliers available in our regional network, or whether there is only one supplier who is suitable for our requirements. If there are several, many factors, including the supplier's customer base, are considered for the final selection. If there exists only one appropriate supplier, of course we must choose him, as our aim in terms of sustainability is to only purchase from the network.'	▪ 'If we have the choice between more than one supplier the impact is medium. There are several criteria for selecting suppliers, and besides others, our competitors are of course considered as threat in terms of intellectual property rights. Thus, in those decisions, considering competitor information is quite important, however not the most important aspect.' ▪ 'I even think that if we would consider this kind of information, this might lead to worse choices, as we might tend to choose a supplier who is not the best for our requirements.'
Company B	▪ 'This information is very important for us. Beside from considering financial aspects and sourcing conditions, the supplier's profile is the most important influence factor. The profile consists of four criteria; one of them is the customer base.'	▪ 'If our key competitors are delivered by this supplier, we try to avoid purchasing from him. Of course this aim is not always feasible.' ▪ 'In few cases, even though the supplier might not be considered as preferred from us, we anyway might decide to purchase from him, as direct competitors also purchase from this supplier and this often is a sign of high quality.'
Company C	▪ 'In case of joint innovations we simply sign a NDA …only in rare cases we reject the decision due to competitor information.' ▪ 'If the first-tier-supplier delivers to all direct competitors and there are only few of them on the market, then we do not consider this information.' ▪ 'In case of price differences between buyers with this supplier, we would firstly discuss this topic with the supplier and then potentially end the relationship. We do not want to establish dumping prices but we want fair ones, appropriate to the global market prices.' ▪ 'If we learn that we are deceived by the supplier (compared to our competitors), this affects the relationship extremely negative. In further strategic decisions, this supplier is then put on the so called black list and neglected or even shut down… if his behavior changes due to our reaction, we will consider him again, otherwise we will of course not purchase from him anymore.'	▪ 'If the supplier's other customers are situated in another industry, such as automotive, than this is a positive sign for quality and technical expertise.' ▪ 'Roughly estimated in 90% of the cases will lead to the same decision whether considering competitor information or not. The other 10% are cases, in which it is considered as positive or negative if direct competitors purchase from the same supplier.' ▪ 'If the supplier is new for us, the only indication about service and product quality can be derived from the information about competitors which are delivered by this supplier. Not considering competitor information (if not available) this increases the risk and uncertainty for us whether the supplier is qualified for our requirements.' ▪ 'To conclude, this information often helps to come to better decisions.'
Company D	▪ 'I consider the role of this type of information to be very high. Not knowing what the competitors are doing is critical with regard to our supply chain effectiveness.'	▪ 'Neglecting this kind of information… would definitively lead to a less evaluated and surely worse decision.' ▪ 'Competitor-based decisions help to find the most appropriate supplier, whose customer base does not impose a threat to us.'

[1] This column indicates the interviewees' perceptions about the impact on decision's outcome when using competitor intgelligence compared to decision's outcome not using competitor intelligence in the decision making process; i.e. meaning that the outcome is better in decisions based on competitor information.

	▪ ‘Our scoring method included competitor information as one aspect. We evaluate our suppliers according to their cooperation with [direct] competitors. If there are too many working with this supplier, we try to find another one. Also signed NDA of the supplier with competitors are strictly considered. In the scoring method, both facts will lead to drawbacks in the score.’	▪ ‘This kind of information is always discussed and considered. Not regarding competitor information would lead to another result for the decision as this is one component of the decision.’
Company E	▪ ‘I think, competitor information is quite important in decision making processes. This is also anchored in our purchasing guidelines.’ ▪ ‘In all kinds of strategic purchasing decisions, the supplier profile, which considers this information, depends on minimum requirements for each aspect. If they are not met, the decision is rejected. This also accounts for competitor information. If there are too many global players or we know that there is one with especially high purchase volumes or one who has signed several NDA with the supplier, we do not consider him anymore.’	▪ ‘If we would not consider competitor information, this would definitively lead to a worse outcome.’ ▪ ‘By knowing what our competitors are doing and how their relationship to the supplier is, we can strengthen our position in contract negotiations.’
Company F	▪ ‘In joint innovation projects with the supplier a thorough analysis of his business environment is necessary… In those decisions competitor information is considered. The main factors influencing the decision are the financial structure, risk evaluation, the supplier’s capability and willingness and to reduce the supplier base.’ ▪ ‘Of course, the customers of this supplier are considered within decision, but are not one of the main aspects.’ ▪ ‘As all joint innovation projects are protected with NDA, the fact that competitors are also working with this supplier is good to know but does not really change the final decision.’	▪ ‘NDAs cover the joint innovation projects, so why consider competitors if this one is the most suitable supplier. Finally, other factors are more important and they are the only one influencing the decision.’ ▪ ‘As other factors are more important, I doubt that more relying on competitor information would lead to a better decision.’ ▪ ‘However, of course knowing that competitors work together with this supplier might also be a sign of quality.’
Company G	▪ ‘It depends on the kind of projects, the kind of support from headquarter as well as the kind of capability we have; in general maybe competitor intelligence has 25% of impact on the entire decision.’ ▪ ‘In key strategic projects we take competitor information as a must to consider.’ ▪ ‘It is very important for all the key projects.’	▪ ‘This definitively leads to a better outcome than in decisions not considering competitor information.’
Company H	▪ ‘The most important criteria is the supplier’s profile and if he is able to meet our requirements and the risks are low. Then we have to screen whether the supplier is one out of many or whether we have the possibility to avoid purchasing from him…. But for supplier development or early supplier involvement (ESI) we only consider suppliers who do not deliver to our competitors.’ ▪ ‘In the purchasing guidelines at hand, the consideration of competitor information within the risk management is necessary.’	▪ ‘Knowing other customers of the supplier, themselves global players in their industry would just intensify our interest in the supplier. But this would not directly affect that we are purchasing from him.’ ▪ ‘Suppliers having a highly competitive customer base from our perspective are not considered to be potential partner for supplier development or ESI.’

	▪ 'If e.g. 5% of the supplier's revenue is coming from us, whereas 80% is generated by activities with one competitor, we should ask ourselves if this is an appropriate strategic supplier.'	
Company I	▪ 'Our strategy paper includes all accessible information about competitors sharing our supplier for strategic components.' ▪ 'In case of capacity bottlenecks, it is essential to know whether we are a strategic customer or not. If a boost of economy for both, the supplier and our competitor is forecasted this information is critical. If we are not but a competitor is a strategic partner, then we should aim at finding another supplier.' ▪ 'With regard to new suppliers criteria regarding the competitors being delivered by this supplier are more important than in decisions about suppliers we already are experienced with.' ▪ 'It is very important to know how the supplier perceives and evaluates us and his other customers.'	▪ 'This overview on our competitors' suppliers, gives us the opportunity to find new suppliers, we didn't know until now. Perhaps he might be very good for our requirements, thus the competitor analysis help find a better and more appropriate supplier… if this new supplier offers benefits to us due to the fact that he is also delivering to competitors, this competitor information is crucial and positively affects the decision.' ▪ 'If we however know that a competitor has high purchasing volumes with a supplier, this might lead to reject the decision to cooperate with him.' ▪ 'Thus, knowing our position compared to competitors from the supplier's perspective is essential for all kinds of strategic purchases.' ▪ 'The influence depends on the type of strategic decisions. One cannot generalize this. There might be decisions, in which this information is important and there might be decisions in which we totally neglect this information.'
Company J	▪ 'As we are interested that the supplier survives, it is good if the supplier also has other big OEMs purchasing from him. Thus, it is important that the supplier has not only our group company as customer.' ▪ 'We, as part of the group company, are not afraid of the suppliers' other customers.' ▪ 'For supplier selection, only the capital structure of the supplier is important.' ▪ 'Information about competitors sharing the same supplier are very inferior, at the end of the day the financial ratings, quality and on-time-delivery aspects are highly important… Information about competitors purchasing from this supplier are in some respect considered in the financial rating….but finally only the price counts.' ▪ 'If we perceive being inferior from the perspective of the supplier compared to other customers, we try to eliminate and replace this supplier.' ▪ 'When agreeing on ESI we consider competitor intelligence to some extent. In this context, other customers of this supplier are considered as reference for quality in terms of product and behavior.'	▪ 'Nearly no impact of competitor intelligence on the decisions' outcomes.' ▪ 'The main influencing factors on the decisions outcome are thus prices, total cost of ownership, quality as well as adherence to delivery dates.' ▪ 'Low, but only positive impact in case of ESI.' ▪ 'However, if we get to know that a competitor is preferred by the supplier, we directly try to eliminate this supplier.'

Table 7: Perceived importance of the role of competitor intelligence in strategic purchasing decisions

However, Company C states that 'roughly estimated, in 90% of the cases it will lead to the same decision whether considering competitor information or not'. Nevertheless, if Company C finds out that they 'are deceived by the supplier (compared to [their] competitors), the effect on the joint relationship would be devastating. In further strategic decisions, this supplier is then put on the so called black list and neglected or even shut down'. This perception is shared by Company B stating that 'if [their] key competitors are delivered by this supplier, [they] try to avoid purchasing from him.'

Interpretation

In line with the results of Day and Nedungadi (1994, p. 36), the interviews show that even though companies are aware of the importance of external environmental scanning, not all companies focus on competitor-oriented information within purchasing decisions to the same extent. This might result from applying informal and unsystematic approaches leading to problems of integrating the environmental scanning in SDM (see also Auster & Choo, 1993). Whereas some companies explicitly state that scoring methods are applied during the decision making process, including minimum requirements for all aspects, others seem to randomly apply the criteria and set requirements tailored to specific situations. This is in line with Bunn (1993) who results that decisions with high uncertainty often do not follow existing procedures but are aligned to the specific requirements.

Competitor intelligence within these companies seems to be focused on direct competitors and less on indirect ones; supporting the findings by Bergen and Peteraf (2002) about companies neglecting to monitor competitors in supply markets. This contradicts the notion by Day and Nedungadi (1994, pp. 34, 41) accentuating the importance of comparisons of resource commitments, capabilities and value chains for companies in factor markets with strong competitors. In this context Company C mentions that a separation of direct and indirect competitors is required. A supplier especially delivering to the automotive industry (most of their suppliers also deliver high volumes to this industry) is in general considered a sign of high quality. This mainly results from the fact that automotive OEMs ask their suppliers to be conform to the ISO technical specification ISO/TS 16949[13]. Company C therefore assumes that this supplier is experienced in producing for quality-oriented OEMs and that this supplier is aware of the importance of delivering high-quality products. Otherwise, competitors would not buy from this supplier. However, this information only slightly affects the final outcome of the purchasing decision. Information about direct competitors on the contrary, may highly affect the decision according to the interviewees. This contradicts the assumption that especially with regard to factor market rivalry a complex, multidimensional picture of all points of dominance or inferiority compared to buyers sharing the same supplier is essential (Day & Nedungadi, 1994, p. 32).

Specific findings

Surprisingly, and contrary to the expectations based on literature, the impact of competitor intelligence on the decisions' outcome can either be positive or negative. This results from the fact that competitors sharing the same supplier are generally considered as both, an opportunity

[13] The technical specification of ISO/TS 16949[13] aims at the development of a quality management system that provides continuous improvement by emphasizing on defect prevention and the reduction of variation and waste in the supply chain.

and a threat. On the one hand, the supplier is experienced and respectively knows quality standards or special requirements facilitating the collaboration with the supplier. Thus competitors purchasing from the same supplier are a sign of high quality (and the decisions is made in favor for the supplier). On the other hand, in terms of intellectual property rights and the transfer of critical data or innovations, direct competitors are highly considered as threat. Similar to this perception, Company H considers competitors sharing the same supplier as the chance to access new innovations and perhaps profit from small prices and vice versa.

For Company B, D and E especially larger companies with high purchasing volumes with the same supplier pose a great threat. 'If there are too many global players or [the focal company] know[s] that there is one with especially high purchase volumes or one who has signed several NDAs with the supplier, [they] do not consider [this specific supplier] anymore' (Company E). These competitors will inevitably have higher and more constant purchasing volumes and are assumed to receive automatically preferential treatment from the respective supplier. Therefore, Company B, D and E are likely to decide against a supplier if one of his other customers has a purchasing share with this supplier extremely exceeding the own one (e.g. 5% of the supplier's revenue coming from the focal company whereas 80% are generated by activities with a competitor).

This perception is in line with the perception of Company J who in contrary states that having high purchasing volumes make them automatically receive preferential treatment. Being both part of a group company, Company I and J are able to consolidate purchasing activities and generate high purchasing volumes. Hence, Company J reasons that having high purchasing volume automatically leads to preferential treatment by suppliers as most suppliers consider them to be a strategic account. Company I confines that they aim at being preferred over competitors, which is facilitated by being part of the group company. This leads to high and constant purchasing volume with one supplier who then is able to generate a constant flow of revenue and a good reputation. Therefore, Company J states 'it's all about money and prices'. With regard to innovation collaborations, competitor intelligence is intentionally neglected as shared innovations are always protected via NDA. Even though it is in general considered as a sign of quality if the supplier delivers to competitors, Company J rarely considers competitors sharing the same supplier as this information is 'in some respect considered in the financial rating' of the customer. This statement is limited insofar, as the participant states that in the case the company gets informed about a supplier preferring another of his customers in terms of delivery or prices, this will directly affect all purchasing activities. This case, however, is – according to the interviewee – very unlikely to happen due to the very good reputation and standing of the group company. Contrary, Company I highlights the importance of knowing the company's position compared to competitors from the supplier's perspective in terms of strategic purchasing decisions. This is particularly essential for new suppliers Company I does not have previous experience with. As both companies are part of the same group company the different perceptions about the role and the impact of competitor intelligence on purchasing decisions are surprising. Even though applying similar tactics for decision making and using similar information, they perceive the importance of competitor intelligence completely different.

5.3 Influence on the suppliers‘ resource allocation

Finally, these previously gained insights help understand the subsequently presented findings regarding research question 3 (‚How can the use of competitor information throughout the purchasing decision process influence suppliers’ resource allocation?’). The main findings from the interviews (see Table 8) are briefly summarized and then interpreted.

General findings

With respect to the supplier-buyer relationship, most companies do not expect an impact by applying competitor intelligence. ‘Solely the fact of thoroughly analyzing his customer base does not strengthen the ties between both partners’ (Company D). This statement is supported by several other companies, assuming that the relationship is either influenced by the contract between the partners or by a close and long-term, personal relationship, but not solely by considering competitor intelligence. Suppliers may even not be aware of whether a decision is made on the basis of competitor intelligence (Company E). Furthermore, both of the partners are ‘only concerned about making revenue’ (Company J) but disregard the relational component of cooperating.

Contrary, few companies assume that competitor information positively affects the relationship. Company B states that if a supplier is aware about the focal company including competitor information in their decisions the supplier ‘perceives [Company B] to be very interested in him and that [Company B] will grant him the status of a ‘strategic supplier’’. The supplier’s effort to receive this status then leads to an improved buyer-supplier relationship. Similarly, the participant from Company F thinks that competitor intelligence ‘makes the supplier be aware about [the company’s] importance’. The interviewee emphasizes that for a supplier who was chosen for the first time, a profound knowledge of the competitor base might lead to the effort of the buying company to develop the new partner towards a strategic one.

Even though competitor intelligence’s impact on the buyer-supplier relationship is rarely supported, its impact on resource allocation and on competitive advantage is widely accepted. By strengthening the own position with the support of competitor information, Company C assumes this helps to become a strategic customer ultimately leading to better resource allocation. A better allocation of resources results from the buyer’s and vendor’s positioning in the contract negotiations. Knowing more details about the supplier, including the entire customer base, enables companies to have stronger arguments in negotiations (Company E and G). Company C also accentuates the access to high-quality products in cases where they share the supplier with competitors. Company H, having a high purchasing volume, rejects that decisions which are based on competitor intelligence will result in a better allocation of external resources. However, the interviewee mentions, that this might be different in the case of a focal firm’s inferiority compared to another buying firm. This is in line with the statement from Company E that important competitors purchasing from the same supplier and innovating with him are considered as an opportunity to access joint innovations from the supplier and the competitor. Furthermore, choosing a supplier who also delivers to competitors, positively affects the access to resources for Company I, even though they accept not directly being a strategic or preferred buyer. A supplier who has important and innovative customers must also be innovative in order to maintain this relationship. Thereby, all buying companies have access to innovations and to lower costs due to higher purchasing volumes.

Case	Competitor intelligence's influence on buyer-supplier relationship	Competitor intelligence's impact on resource allocation	Competitor intelligence's impact on buyer's competitive advantage
Company A	▪ 'As stated previously, competitor information affects the decision's outcome to some extent but is not the most important factor. However, the buyer-supplier relationship is not affected by applying this kind of information.'	▪ 'If we share a supplier with our competitors and we know how these customers are treated by the supplier, we can of course strengthen our position from the supplier's perspective. This might also help us, to become a strategic customer which means that we have better access to the supplier's resources.'	▪ 'Becoming a strategic supplier and accessing better resources, then in the end this also leads to competitive advantage.' ▪ 'Transaction costs might be reduced and we may have faster delivery times.' ▪ 'Overall, the entire purchasing strategy leads to competitive advantage, not solely the fact of considering competitor information.'
Company B	▪ 'If we consider competitor information, the supplier will surely notice this. Then he perceives us to be very interested in him and that we will grant him the status of a 'strategic supplier'. Then of course he also tries to favor us in order to get this status.' ▪ 'Resulting from that, both, the supplier and we, aim at establishing a close and personal as well as long-lasting relationship.' ▪ 'Knowing the own position and the positions of the competitors, we are able to influence the supplier in order to increase his satisfaction with us. This might affect the willingness for cooperation.'	▪ 'This favorable treatment [by the supplier aiming at being one of our strategic partners] then positively affects the resource allocation…'	▪ '… and finally this fosters of course competitive advantage. However, this effect might be restricted, as there are for sure other aspects resulting from purchasing activities, which influence our competitive advantage.' ▪ 'This may be pricing aspects, fast delivery and special agreements with the supplier.' ▪ 'Earlier access to innovations I would also highly consider as one of the advantages resulting from a supplier who wants to be our strategic partner.'
Company C	▪ 'We definitively aim at being a preferred customer, however there are no specific measures to achieve this position… by having low purchasing volume, this is of course very difficult for us.' ▪ 'Considering competitor information might help achieve this aim.'	▪ 'This information often helps to come to better decisions and thus also leads to competitive advantage by better allocation of resources.' ▪ 'Especially when purchasing from a supplier whose other customers are automotive OEMs, then we can access products with higher quality.'	▪ 'This information helps to have a better standing in contract negotiations.' ▪ 'Advantages are especially the quality of products and processing of the purchase, as well as price and total cost of ownership.' ▪ 'In case of new suppliers for which no competitor information was available, there is high risk that the collaboration fails. Thus considering this information may reduce transaction costs and costs resulting from investments in a not appropriate supplier.'

Company D	▪ 'Solely the fact of thoroughly analyzing the supplier's customer base does not strengthen the ties between both partners.'	▪ 'Perhaps if the supplier becomes aware of this thorough analysis, he might aim at improving some conditions such as delivery times or personnel he provides to us.'	▪ 'Of course we can derive competitive advantage out of these competitor-based decisions. If the supplier currently does not has signed NDAs or early supplier involvement programs, we have the chance to do so and to access his ideas.' ▪ 'Additionally this might influence the price negotiations.'
Company E	▪ 'I don't think, that a supplier is even aware whether we apply competitor information in our decision making processes.' ▪ 'However, we are able to unconsciously influence the relationship by touching the supplier's weak points in terms of his customers. Besides strengthening our position in negotiations he will realize how important we are for him and this positively influences our personal relationship.'	▪ 'As our position in the contract negotiations is fostered by knowing more details about this supplier including his other customers, I expect to receive better resource allocation than not considering this type of information.'	▪ 'This of course then enables us to gain competitive advantage over competitors. For example, a competitor sharing the supplier with us, who will not use competitor information, then has less power in contract negotiations.' ▪ 'I would especially expect to have lower purchasing prices.' ▪ 'Sometimes, however, it is very good to have a competitor purchasing from your supplier. Even though most innovations are protected by NDAs, it might be possible to informally access these innovations.'
Company F	▪ 'Applying competitor information for the strategic decision makes the supplier to become aware about our importance.' ▪ 'A supplier, with whom we work together for the first time, might be developed towards a preferred supplier, if we have a good knowledge about the other customers of this supplier.'	▪ 'Regarding the decision for ESI mentioned earlier, a thorough analysis helped as we could impose some conditions in the contract we would have never thought about earlier. This helped to secure our preferred and the best personnel and fast delivery cycles.'	▪ 'Thereby, we then have competitive advantage over our competitors as we have a higher supply chain effectiveness and very good staff provided by the supplier. This increased service quality helps improve our internal processes and the production.'
Company G	▪ 'It depends on the evaluation of the supply side which might lead to a contract or refusing our request.' ▪ 'Only using competitor intelligence in decisions will not affect the relationship because there are always two agreeing on contracts.'	▪ 'Certainly, after using competitor intelligence we can make sure, that an appropriate decision is made. If we know that the other customers of this supplier are smaller than us, our position in negotiation can be fostered.' ▪ '…is very important and affects our allocation of resources.'	▪ 'Yes, of course.' ▪ 'Advantages can be first of all on cost level, design aspects, early access to innovations and even the fact, that this supplier might relocate or set up a new facility near us, to deliver faster and at lower costs.'

Company H	▪ ‘In case of ESI or supplier development the relationship is intensified and considered as strategic. This partnering requires a close relationship, intense communication and exactly knowing what the supplier is doing.’ ▪ ‘Thereby, the relationship is fostered with the supplier.’	▪ ‘From our point of view, I don’t think so. I simply believe that due to our innovations we are in a leading position from the supplier’s perspective and set industry standards. This implies that for smaller competitors the competition for suppliers is intensified as sharing the supplier with us would imply profiting from our innovations. Further, the outlook to have high and constant growth in the next years increases the wish of suppliers to collaborate with us as this implies a solid basis of revenues.’	▪ ‘By considering competitor information in purchasing decision we are able to choose a supplier not working together with competitors. Developing this supplier or partnering by ESI then of course offers us competitive advantage.’ ▪ ‘This may be in terms of prices; but mainly by joint innovations other competitors cannot access as they are protected by NDAs.’
Company I	▪ ‘In case of capacity bottlenecks of a supplier, delivering to competitors, we can always play the card of being part of the group company. This helps being preferred over our competitors.’ ▪ ‘In a specific relationship considering this information helped develop a supplier and to become the preferred customer of him.’	▪ ‘[If we find a new supplier due to our competitor analysis] of course this will affect resource allocation, but we are then not better off as the buyer purchasing from this supplier for several times.’ ▪ ‘Definitively, this is part of our strategy to positively influence our resource allocation by applying competitor intelligence.’ ▪ ‘We might have earlier access to innovations...the supplier might even be incentivized to innovate as he is delivering to several competitors who all have the same requirements and standards who need constantly to be improved.’	▪ ‘Partnering with a supplier, already delivering to a customer may be very good, as we can profit from a supplier who is experienced with this type of product and whose products are less expensive than newly developing them.’ ▪ ‘We can profit from low prices due to higher purchasing volumes when several big competitors purchase from one supplier and we also have access to innovations.’ ▪ ‘If we find a new supplier who currently delivers to competitors but not to us, this is an opportunity, as we can also enter a partnership with this one at relatively low cost as competitor already invested in him…. this will lead to competitive advantage.’
Company J	▪ ‘I do not expect this to affect the relationship with our supplier. He is – just as us – only concerned about making revenue.’ ▪ Only when eliminating a supplier in the case he prefers another of his customers, the relationship with this supplier is ended.	▪ ‘I don’t think so. We sign a contract, to which both parties are strictly bound to. This will thus not affect the allocation of resources.’ ▪ ‘Accessing better resources is only affected by offering higher prices.’	▪ ‘Hard to say, but I would not expect it. As the impact of this kind of information is low, this seems unrealistic.’

Table 8: Perceived impact on sourcing activities

Finally, all participants expecting a better resource allocation from competitor-oriented purchasing activities also consider this fact to lead to competitive advantage. Better access to resources, either via cost savings, staffing or the overall supplier's behavior, positively affects a focal company's competitiveness. Further advantages can be on 'cost level, design aspects, early access to innovations and even the fact, that this supplier might relocate or set up a new facility near [the focal company], to deliver faster and at lower costs' (Company G).

Interpretation

By supplier selection and development close relationships with external partners can be built up and a long-term strategic relationship can be established (Chen et al., 2004, p. 505; Wognum et al., 2002). Even though all companies are interested in achieving a strong relationship with the supplier – by being considered as a strategic or even a preferred partner – they do not perceive competitor intelligence to help achieve this objective. Only few companies consider a well-elaborated and competitor-based supplier selection and purchasing decision to influence the relationship between the buying and selling side. There seem to be more important factors, such as constant and high purchasing volumes or intense and continuous communication for a well-functioning buyer-supplier relationship.

In line with the assumption that the competitor intelligence enables a company to achieve the PCS, companies aiming at achieving this status consider competitor-based information to positively affect this relationship. Further, they accept the fact, that this kind of information applied in strategic purchasing decisions positively influences the resource allocation and competitive advantage. This in return means that companies stating that they aim at a preferential treatment seem to realize this objective with the help of competitor intelligence. Being aware of the antecedents of the PCS proposed by literature (Essig & Amann, 2009, p. 106; Ramsay & Wagner, 2009, p. 130) that positively affect the buyer-supplier relationship, they (Company B, C, E, H) might be able to receive the status of a preferred customer. The companies assumption that this favorable treatment by the supplier in terms of resources then ultimately leads to a competitive advantage is supported by literature (Hüttinger et al., 2012, p. 2; Steinle & Schiele, 2008, p. 14).

Even though for some companies the relationship between the supplier and the buyer may not be affected by using competitor intelligence, only two companies dismiss the idea that considering competitor intelligence in strategic purchasing decisions ultimately leads to a better resource allocation. This contradicts the assumption by Bergen and Peteraf (2002), who stated that it is unknown whether the use of information and knowledge about competitors actually pays off the effort put in acquiring this information. In practice it seems to be widely accepted that competitive intelligence leads not only to a better outcome of the decision but that this better outcome further improves the resources a focal company has access to. Ultimately, acquiring better resources also leads to competitive advantage over competitors, as the company may have early access to innovations, obtain lower prices or reduced transaction costs. Contrary to the results of Ramsay (2001, p. 41), the companies at hand are able to determine whether they have achieved 'competitive advantage as a result of some purchasing activity'. They state that they have competitive advantage and that this is partly the result of considering competitor information. Nevertheless, it is questionable whether the interviewees really know how this competitive advantage was achieved (see also Ramsay, 2001, p. 41). Few interviewees constrain their statements by adding, that using this kind of information surely helps to achieve competitive advantage, but is a part of the whole purchasing strategy.

Specific findings

In the last financial crisis, an important supplier of Company H struggled severely and Company H offered him financial support. In the case mentioned by the interviewee this support was only provided by Company H. However, in some cases this support might also be granted to the supplier jointly with other competitors sharing this supplier. Financial support of a supplier is especially necessary when the supplier is the only one who can provide the respective product or if the supplier is involved in ESI. According to the interviewee, this support positively affects the relationship as well as the supplier's resource allocation. Company I and J would also support essential strategic suppliers. This financial support is done on their own and not together with competitors. The interviewee of Company I even states, that they 'accept that [they] finance the supplier of [their] competitors'. However, Company I and J do not assume that this financial support in cases of a supplier's crisis will affect the relationship or the resource allocation. They consider both, their company and the supplier, to be egoistic and just aim at receiving profits. Company I and J even expect a supplier, who is financially supported by one of them, to prefer competitors.

Interestingly, Company C, E and I especially highlight that competitors, sharing the same supplier, offer a great opportunities to access innovations or the opportunity of purchasing at lower costs. By considering competitor information, Company C 'may reduce transaction costs and costs resulting from investments in less appropriate suppliers'. Thus, this information helps reduce risks and uncertainty regarding supplier selection. Similarly, Company E states that 'sometimes, however, it is very good to have a competitor purchasing from [the] supplier'; supported by Company I who considers 'partnering with a supplier, already delivering to a customer [to] be very good, as [they] can profit from a supplier who is experienced with this type of product and whose products are less expensive than newly developing them'. Further, this supplier may be incentivized to invest in innovations – as he would like to further deliver to these customers – and thus offers the opportunity to all customers of being innovative and competitive. The fact, that Company I is then not the only one accessing these innovations, is less important from the focal company's perspective.

5.4 Discussion of gained insights

Firstly, a critical view on the participants' statements is necessary. All of the interviewed apply purchasing strategies, guidelines and process definitions in order to come to strategic purchasing decisions. Even though they might state that such tools are used, one cannot guarantee that they apply these correctly or use these at all. This would imply, that the tools, generally aiming at a more effective and efficient strategic purchasing, might have a contrary effect leading to worse results due to their incorrect usage. However, within this thesis it is assumed, that the interviewees, all experienced in their field of expertise, exactly know how to transpose theory into practice.

Secondly, the above mentioned statements from the interviewees gained during this exploratory multiple-case study are hypothetical assumptions or indications by the individuals about the use of competitor intelligence and their effects on a company's resource allocation.

Therefore, this chapter intends to go one step further by categorizing and linking several answers from the different research questions in order to identify three types of companies differing in the application of competitor intelligence.

Awareness and acceptance of competitors

Overall, the generalization of authors that most companies do not consider competitor information with regard to purchasing activities (Day & Nedungadi, 1994, p. 32; Ramsay, 2001, p. 41) is incorrect according to this thesis' findings. Some companies (Company A, B, C, D, E, G) seem to really think through the concept of competitor intelligence, its impact on the suppliers' resource allocation and the effect on the focal company's competitiveness.

In the course of strategic purchasing decisions, these companies apply strict supplier evaluation rules and tend to search for potential alternatives in order to ultimately select the most appropriate supplier to fulfill their demand for input factors. This supplier evaluation includes, aside from product relevant aspects and general market information, supplier profiles which contain information about both direct and indirect competitors also purchasing from this supplier. Using competitor intelligence in decision making is essential for all of the companies interviewed. By being aware about competitors and by knowing the own status compared to that of rivals from a supplier's perspective, the participants expect to come to a better and well-elaborated purchasing decision. For example, in the cases where there exists an appropriate alternative to a supplier, who does not provide to competitors, this supplier is considered as preferential over the one, delivering to competitors.

Nevertheless, none of companies analyzed exclusively rely on competitor intelligence but moreover include additional aspects. Decisions, which are based on little information only in this context competitor intelligence, are not considered as optimal by the companies. Similarly, in order to increase a decision's rationality, literature demands relatively comprehensive information (Dean & Sharfman, 1996, p. 374) leading to a complex, multidimensional picture of all points of dominance or inferiority compared to buyers sharing the same supplier (Day & Nedungadi, 1994, p. 32). Additionally, Company A accentuates that competitor information which might be weighted too high compared to other aspects 'might lead to worse choices, as [they] might tend to choose a supplier who is not the best for [their] requirements'. In this context, Company A refers to another supplier who was newly selected. As some well-known competitors already purchased from the respective supplier this supplier was not considered as a potential partner even though this specific supplier had the best reputation and financial situation. Thus, Company A purchased from another supplier from the local network and invested greatly. This, however, did not prevent the selected supplier from going bankrupt within one year and Company A had to search for a new supplier.

This implies, with the help of purchasing strategies, guidelines and policies, the companies at hand aim at decisions which are rational in order to actively improve one's competitive position (see also Auster & Choo, 1994). Companies expect to reduce uncertainty and risk by applying objective criteria, i.e. competitor intelligence, and presume that this also leads to a better and more elaborated outcome. According to the interviewees this outcome refers to a positive influence on resource allocation and a companies' competitiveness. Having a strengthened position in contract negotiations, the companies believe to have access to better resources which may ultimately lead to a sustainable competitive advantage. Only three interviewed companies, expect that competitor intelligence positively affects the buyer-supplier relationship, causing a closer and more personal collaboration with the supplier. They hope that the supplier gains awareness about the company's effort in purchasing decisions, so that the supplier is encouraged to grant the status of a preferred customer.

Overall, the interviewees, most of them working for smaller companies, reason that the importance of considering competitor information results from the low dependency of the supplier from the focal companies due to their low purchasing volumes. Therefore, they all must be conscious about suppliers they share with rivals in order to be able to appropriately react to competitive actions.

Negligibility of competitive customer base

Company F, I and J consider competitors purchasing from the same supplier to be good for the buying side and emphasize the possibility of profiting from this competitive customer base. They assess the suppliers' capacity and suitability for the respective decision and mainly rely on hard figures. The examined companies neglect to consider indirect competitors. Their focus lies entirely on direct competition, being supplied by a joint partner, which is generally regarded as a sign of high quality and an opportunity to easily access innovations (Company F and I). Even though, all companies have access to information about direct competitors, none of the interviewees considers this information as a must-have but more as a nice-to-know. Company J even neglects to consider competitor information. The interviewee states that only in rare cases this type of information is considered to a small extent; in this context the latter refers to the unlikely case of inferiority compared to rivals with regard to one supplier in which Company J would try to replace the respective supplier.

This also implies that none of the before mentioned companies concedes high impact on a decision's result to competitor information. A reason for this negligibility about competitors sharing the supplier base might be the fact that all three companies are Global Players with high annual revenue. This attitude is especially supported by a statement of Company J, assuming that being a high-volume and a well-known customer automatically leads to preferential treatment by suppliers. Therefore, Company J does not see the necessity to consider competitor information.

Even though agreeing on the negligibility of competitor information, Company F and I expect an impact of competitor information on the companies' sourcing activities. Company F perceives this information to positively affect the buyer-supplier relationship as the supplier might become aware of the focal company's importance, which then might lead to a preferential treatment. Company I, however, does not perceive this information to impact the buyer-supplier relationship but expect it to influence the resource allocation and lead to competitive advantage. Competitive advantage and resource allocation effectiveness results, according to both interviewees, from the fact that an experienced supplier is chosen in the course of a strategic decision and competitors sharing this supplier might lower prices or help access innovations. Contrary to those expectations, Company J does not expect any impact on sourcing activities in the case they would consider competitor intelligence in purchasing decisions. The only possibility to influence resource allocation, according to this interviewee, is by 'offering higher prices'.

The companies' disinterest of the suppliers' customer bases seems reasonable considering their aim to decrease their dependencies from suppliers. By limiting to the purchasing volume with one supplier to a certain degree, this inevitably implies that competitors also purchase from this supplier. Company J even accentuates the importance that a 'supplier has not only [the] group company as customer'.

Elimination of suppliers delivering to competitors

Finally, Company H states that they 'only consider suppliers who do not deliver to [the company's direct] competitors' in strategic purchasing decisions, even though the interviewee also considers the fact that competitors are purchasing from shared suppliers as a sign of high quality. Nevertheless, Company H eliminates suppliers for ESI or supplier development, which provide to direct competitors. This implies that Company H heavily weighs competitor information in strategic purchasing decisions and neglects to consider additional aspects, such as the supplier's profile or previous experience. On the foreground of yet another statement from this interviewee that the company aims at decreasing dependency from the supplier, objective seems to contradict the attitude of eliminating suppliers delivering to direct competitors. Keeping the own purchasing volume per supplier to a maximum of 30% of the supplier's sales volume, automatically implies that the rest is purchased by other companies. However, in case of significant inferiority of Company H (the interview gives an example in which they contribute to a mere 5% of the supplier's revenue and a competitor to 80%), the company assesses whether it is absolutely necessary to purchase from this supplier.

This leads to the conclusion, that Company H differentiates two types of purchases within strategic purchasing: (1) the (re)purchase of strategic products with suppliers with whom they may accept competitors to purchase from and (2) the agreement on ESI or supplier development, in which suppliers, who deliver to direct competitors, are eliminated from the list of potential partners. By selecting a supplier who does not deliver to direct competitors, the interviewee expects the relationship with the supplier to be strengthened as both partners commit themselves to an intense relationship via ESI or supplier development. Thereby, the interviewee also expects to improve his standing in terms of competitive advantage, which is considered as the main target of ESI or supplier development by both literature and practice. Contrary to this, the participant reasons that an improved resource allocation is unlikely, as the company in general holds a leading position with all its suppliers.

In sum, the complete elimination of suppliers, who provide to direct customers, could be considered as a shortsighted attitude of Company H. Only resorting to suppliers, who do not deliver to competitors in the case of ESI or supplier development, seems to be ignorant. Thereby, Company H might eliminate a supplier, which may be better and more appropriate in terms of quality, experience, etc. This attitude is surprising on the foreground that in case of joint innovations – according to the interviewee – a focal company's competitors purchasing from the same supplier, 'cannot access [the innovations] as they are protected by NDAs'. Aside from that, the interviewee also perceives the company to be superior to competitors from the perspective of suppliers. Holding a leading position, would help Company H protect itself against competitive attacks of rivals with inferior positions. A logical implication of eliminating suppliers providing to competitors, could be the fact that Company H, a well-known first-tier supplier to the automotive industry, is especially alert of knowledge spillover to competitors. Having competitors, who have access to similar or even identical knowledge, would reduce the company’s competitiveness on the supply market (downstream) and simultaneously strengthen the competitor’s position.

6. Discussion and conclusion

6.1. Summary of the study’s main findings

This thesis showed that competitor intelligence impacts the outcome of the purchasing decision and is also perceived to improve a buying company’s acquisition of resources as well as competitiveness. The following illustration shows the main results from the multiple-case study and is supported by quantifications regarding the amount of interviewees (n) who endorse the respective assumption established on the preliminary literature review.

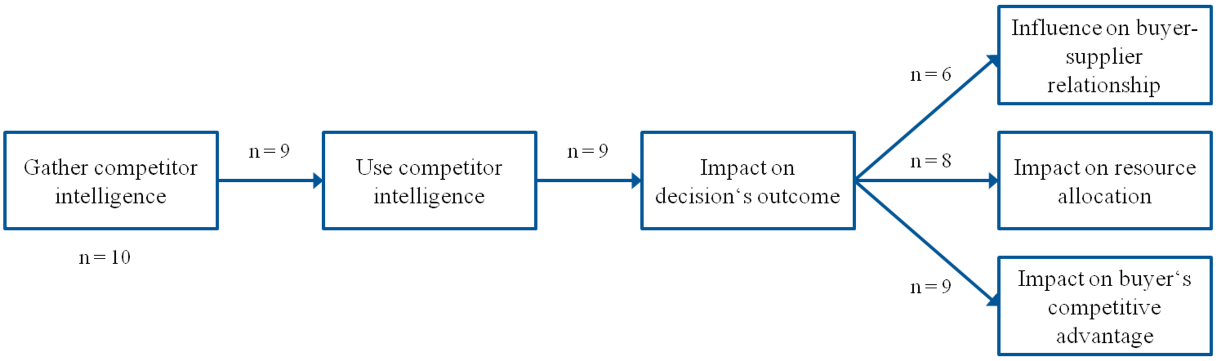

Figure 3: Quantitative interview results

Use of competitor intelligence

Although Day and Nedungadi (1994) argue that most companies neglect to consider competitor intelligence, in the course of this multiple-case study and corresponding to the preconditions mentioned in chapter 4.1 the author was able to find ten companies – more or less – using this kind of information. However, results show that actually only nine of them really use competitor intelligence in purchasing decisions. Purchasing decisions, according to all interviewees, impute high impact on the company’s business, involve several functions and are ultimately crucial for the survival of the company (see also Eisenhardt, 1989, p. 546; Schoemaker, 1993, p. 107).

All companies have defined purchasing strategies, guidelines for supplier selection or criteria for supplier evaluation. Some companies seem to have very strict rules of conduct whereas others, mainly with revenue smaller than € 5 billion, seem to have less formal and more flexible ones. Anchored with those guidelines and policies, companies set up supplier selection and categorization criteria, based on quantitative as well as qualitative aspects. Quantitative criteria include the financial situation of the buyer, sourcing conditions or the total cost of ownership. Qualitative criteria refer to the previous experience with this supplier, the supplier’s suitability for the respective product and often a well-evaluated supplier profile, referring to all kind of qualitative aspects including the supplier’s customer base.

The use of competitor intelligence within strategic purchasing decisions and the level of detail of this information highly vary between the companies. Even though, all companies are generally aware of direct and indirect competitors, more detailed information is difficult to gather. Furthermore, results indicate that larger companies seem to have more difficulties to acquire information about indirect competitors. Aside from being not capable to collect this information, the participants neglect trying to access this information about indirect competitors as they do not perceive indirect competitors as a threat for the factor market (see also Bergen & Peteraf, 2002; Day & Nedungadi, 1994, p. 41).

Impact on decision's outcome

In general all companies stated that the fact that a supplier is shared with rivals is perceived as both, an opportunity and a threat. It might be an opportunity as the supplier is experienced and the focal company might have the possibility to access innovations jointly developed by the supplier with other customers. Additionally, it can be considered as a sign of high-quality. Simultaneously, intellectual property rights might be jeopardized or competitors profit from a focal company's investment in the supplier.

The role of competitor intelligence allotted to purchasing decisions varies. In line with existing literature (Auster & Choo, 1993; Bunn, 1993; Dean & Sharfman, 1996, p. 389; Lester & Waters, 1989; Sheth, 1973) some of the companies support the assumption that a thorough environmental scanning is critical for making a well-elaborated decision and ultimately leading to a better outcome. Companies assume that using competitor intelligence within purchasing decisions positively affects the outcome. This kind of information helps them protect their own position on the supply market and thus is the main driver of competitive attack and response (see also Chen, 1996, pp. 101-102). Nevertheless, few interviewees do not consider a decision based on competitor information to come to a better result than one not relying on competitor information. This is supported by Bergen and Peteraf (2002) who result that the use of information and knowledge about competitors and their effects on a decision's outcome are unknown.

Influence on suppliers' resource allocation

Whereas eight out of nine companies attest that competitor intelligence influences the suppliers' resource allocation and ultimately the competitive advantage, only some of them perceive this information to influence the buyer-supplier relationship. Literature however, considers this to be an interlinked effect: by establishing and maintaining mutually beneficial inter-organizational relationships (Chen et al., 2004) a focal company is able to access the supplier's resources quicker, at lower costs and with less uncertainty and ultimately to better use the partners' expertise (Wognum et al., 2002).

In terms of the PCS, literature considers a close and intense relationship as a prerequisite for better resource allocation (Baxter, 2012, p. 1250; Ellegaard et al., 2003, p. 346; Ellegaard & Ritter, 2006, p. 7; Hald, 2012, p. 1229) as well as competitive advantage (Hüttinger et al., 2012, p. 2; Steinle & Schiele, 2008, p. 14). Some companies, being aware of the importance of being preferred by the supplier, consider the use of competitor intelligence to positively the buyer-supplier relationship in order to achieve the PCS. Contrary to this, the company, totally neglecting competitor information, perceives to have a high power compared to competitors, resulting from high and constant purchasing volumes, which then automatically leads to preferential treatment by the supplier.

In general, companies widely accept the influence of competitor intelligence on the suppliers' resource allocation. Without affecting the relationship itself, especially the positioning in contract negotiations is positively affected which then leads to better conditions with regard to purchasing activities. Thereby, the companies are able to achieve competitive advantage, such as access to innovations, lower prices or lower overall costs.

Even though literature indicates that companies often may not be aware about whether they achieve competitive advantage or how they do so (Ramsay, 2001, p. 41), the interviewees definitively consider competitor information to be an influencing factor on resource allocation leading to competitive advantage. These statements, however, only focus on competitor intelligence and do not consider other aspects within the supply chain. There may be several other factors, affecting the competitive advantage of a focal company. However, interviewees might not be aware of or did not mention all factors in the course of the interview.

6.2. New insights and added value to current literature

According to this thesis' objective, to elaborate companies' use of information about competitors with regard to suppliers in purchasing processes in order to show how competitor intelligence affects suppliers' resource allocation, current literature not analyzing this issue, could be extended.

To conclude, this thesis showed that buyers are aware of competitors sharing the same suppliers. Even though some authors explicitly point out that most companies do not consider competitor information with regard to purchasing activities (Day & Nedungadi, 1994, p. 32; Ramsay, 2001, p. 41), results indicate that most of the companies consider this information. Further and contrary to the statement by Bergen and Peteraf (2002) that the effectiveness of using competitor information is not acknowledged, most of the companies interviewed consider this information to positively affect the preferential resource allocation as well as the competitive advantage.

It becomes clear, that competitor-based information is especially important for strategic purchasing in terms of supplier selection and evaluation. Even though it is difficult to access this information, regardless the effective internal and external network purchasing managers rely on, most companies generally consider this information to be important for the final outcome of the decisions. This might, however, depend on the respective decision, on the purchasing volume or on the availability of alternative suppliers. Therefore, one can differentiate between three different types of companies with regard to the awareness and use of competitor information. The first one perceives competitor information to be important for a purchasing decision's outcome and considers this information to positively affect to the company's allocation of resources and competitive advantage. The second type, even though having access to this kind of information, considers this competitor intelligence to be redundant for decisions. However, they perceive competitors to be an opportunity to have access to better resources and therefore influence competitive advantage. Finally, the last type of company, entirely neglects suppliers delivering to direct customers for ESI and supplier development.

With regard to the PCS, the perception of companies about the importance of competitor intelligence greatly varies. However, and contrary to the assumptions made in the beginning of this thesis, most companies dismiss the idea that applying competitor intelligence affects the relationship between the supplier and the buyer. Few companies even expect a preferential treatment resulting from their company's status (high-volume customer). Contrary to this, some companies, aiming at the favorable treatment by the supplier, are aware of the importance of gathering and considering competitor intelligence in order to achieve the PCS. This is due to the fact, that purchasing decisions considering this kind of information increase a company's awareness about competitors sharing the same supplier help to come to better and well-elaborated outcomes. Also the interviewees expect this fact, to consider competitor information, to be visible and perceived by the supplier. In case the supplier finds out that a focal company uses this kind of information, it is expected that the supplier will perceive this customer to have interest in a close and intense relationship and might cooperate intensively. Thereby, the focal company then is able to have access to improved resource allocation.

Another insight that is gained by this case study seems to be a logic implication resulting from the size of the company. There exists a wide range of annual revenue realized by the companies analyzed. Whereas companies with less than € 5 billion per annum seem to have access to information regarding direct and indirect competitors, companies with more revenue tend to only have access to information about direct competitors. That may result from the fact that smaller companies work closely together with their network and are more depending on the personal and strong relationship with the supplier. Contrary to this, companies with very high purchasing volume seem to have a more presumptuous attitude. They even tend to neglect competitor information in their purchasing decisions as they assume that having high and constant purchasing volumes with the supplier makes them automatically become a preferred customer.

Surprisingly, most of the companies do not only perceive competitors sharing the same supplier to be a threat for a focal company’s business. In case a competitor either has a highly competitive customer base with high purchasing power or the focal company aims at supplier development or ESI, competitors generally tend to reject the decision and search for alternatives. However, most of the companies also highlight the importance of having a shared supplier with competitors. This is not only a result of the fact, that delivering to customers is a sign of high product- and service quality. Furthermore, companies expect to be able to access innovations jointly developed by the supplier and a competitor, even in case a NDA exists. Additionally, if a supplier has a highly competitive customer base he must innovate and invest significantly in order to maintain his good reputation with these customers who would otherwise switch the supplier. Buying companies consider this fact to be an incentive to actively innovate. As this supplier may then also have high sales this will again reduce the production costs, making it less expensive for a focal buying company to purchase from a supplier who also delivers to key competitors.

6.3. Limitations and future research

As in any qualitative or quantitative research, this thesis project also inherits certain limitations. Often in research a given sample is assessed for major generalizability in order to achieve applicability of the results for similar or related topics. In this multiple-case study ten companies were analyzed in order to answer the defined research questions. All those cases were based on a holistic view by evaluating one situation within a company; i.e. a decision making process based upon competitor intelligence. These interviews were performed with one contact person per company.

Firstly, the biggest limitation of this study is the missing objectivity of the participants. Even though the author tried to eliminate subjectivity and individual interpretation by handing out a short summary regarding the topic, including definitions and the research background as well as a pre-test to evaluate the general comprehensibility of the questions in order to have a maximum of common understanding of all interviewees, the participants might still interpret the questions differently. Furthermore, even though some interviews were confirmed by secondary data provided by the companies, the probability that interviewees made inconsistent or false statements is existent. However, the assumption of this thesis is that statements made by the interviewees appropriately reflect reality. Finally, some participants might also have an entrenched mindset or follow the path of least resistance. Therefore, the answers given in the course of the interviews are affected by subjectivity.

Secondly, with regard to improved resource allocation gained via competitor based decisions this thesis’ results in terms of validity and reliability are limited. By covering ten companies, operating worldwide and in different industries, and interviewing experiences purchasing managers the aim was to increase validity and reliability of results. This amount of cases is sufficient for an exploratory multiple-case analysis (Eisenhardt, 1989; Miles & Huberman, 1984). Furthermore, data triangulation, including qualitative interviews, secondary data provided by the companies and a literature review for setting up the research framework, helped to foster both aspects. However, it is not possible to guarantee having highly valid and reliable results. Mainly, the statements from the interviews strongly depend on the individual perception of only one respondent per company. This single respondent data may bias the results. Applying data triangulation by asking several individuals per company would have supported the individual personal perceptions of the interviewees. A multi-respondent approach to validate this thesis’ findings could be subject to future research. Interviewing several employees from the focal company who work with the respective strategic suppliers might foster the validity and reliability of other studies results and lead to new insights. Another possibility might be to interview the key account managers or sales department from the supplying side (not only the purchasing managers from the buying side), to appropriately cover the perceptions of both involved parties and to confirm the individual statements from the statements from the other perspective.

Additionally, within this multiple-case study throughout the course of this thesis, performed within two months, decisions’ effects evolving over time and affecting each other could not be covered. However, the granted status of a PCS is not a mayfly for one project or purchase activity but evolves over time and is the result of several purchasing decisions. Especially for practitioners it might be interesting to know how competitor intelligence in strategic purchasing influences the decisions outcome and how this might lead to the PCS and affect sustainable competitive advantage. Therefore, a longitudinal study, examining different points in time, is appropriate for covering the entire field of considering competitor intelligence in decision making and how this may sustainably enhance the supplier’s satisfaction and the customer’s attractiveness resulting in the PCS. Whether this status can be maintained or is undermined by competitors then depends on the further development of this buyer-supplier relationship. This development and the individual effects resulting from several dependent decisions also might become visible in a longitudinal study.

Finally, the generalizability of this study is of analytical nature. Under these circumstances the term generalization refers to using previously developed theory as a template. By means of such a template, empirical results of the case studies can be compared (Yin, 2003). As case studies cannot be viewed as ’sampling units’ using statistics, but rather as ‘individual studies’ that can be used to falsify or confirm an already developed theory, generalization of the results gained with the sample units is difficult. Therefore, theory development needs to be backed up by other research methods to make the assertion reliable which is thus subject to future research.

The findings of this exploratory multiple-case study offer insights into the relationship of competitor based purchasing decisions and their effect on the decisions outcome and potential favorable resource allocation granted by the supplier. Future research needs to validate and extend these findings. To have generalizable results, future research must consider quantitative criteria to foster these preliminary and exploratory findings. Furthermore, research should strengthen the ties in these buyer-supplier relationships by evaluating how competitor-based decisions influence the resource allocation in the long run.

Results show what kind of competitor intelligence is used within the companies analyzed and how the interviewees perceive the influence of competitor intelligence on their own competitive position. The next step would be to truly link competitor intelligence to competitive advantage and deeply analyze how both concepts relate. That implies a deeper conceptual discussion of this thesis' exploratory findings.

Furthermore, this thesis is only based on analyzing the buying side. However, it would be interesting to know, what kind of competitor intelligence could lead to a manipulation of the supplying side. Thus, future research should concentrate on analyzing the effects of purchasing decisions and activities on the vendor's behavior. Knowing what kind of purchasing decisions or decisions' outcome positively affect the buyer-supplier relationship (from the supplier's perspective) and the thereby derived resource allocation, might give indications for purchasers how to actually make strategic purchasing decisions and how to integrate competitor intelligence.

It would also be interesting to enhance current existing research about resource allocation decisions. Scholars mainly focus on becoming a preferred customer (e.g. Schiele et al., 2011; Steinle & Schiele, 2008) by influencing the elaborated antecedents of customer attractiveness (e.g. Hald, 2012; Ramsay & Wagner, 2009) and supplier satisfaction (e.g. Essig & Amann, 2009). However, little is known about decisions made on the supplier's side. This study has shown the relevance of competitor based decisions of the buyer in order to achieve better decision outcome and a favorable resource allocation. By examining sales decisions from the supplier's perspective, e.g. in terms of what information does a supplier consider about customers, literature may close the gap between the perceptions and expectations of vendors and buyers.

As indicated by the results, smaller companies are more likely to consider competitor intelligence in strategic purchasing decisions. This is based on the fact that buyers with less purchasing volume need to fight with other buyers with high purchasing volumes (which are often considered as preferred by the selling side). Therefore, smaller companies also focus on more qualitative factors whereas bigger ones mainly look on cost aspects. An in-depth analysis of purchasing decision making for both types of companies would give more insights in the differences of mental models affecting decision making.

Appendix

Appendix A: Interview Guidelines

Interview guideline

Addressee: Purchasing Manager

Topic: Role of competitive intelligence in purchasing strategic decisions and its influence on suppliers' resource allocation

Time: 60 minutes

Medium: Telephone / Face-to-face with audio-recording

Focus:

(a) *How are these strategic decisions in the purchasing process made?*

a. *What kind of competitor information is regarded?*
b. *How is this information collected?*

(b) *What is the role of competitor information in purchasing decision making?*

(c) *How can the use of competitor information throughout the purchasing decision process influence supplier resource allocation?*

Questions

1. **Opening:**
   - Short introduction of myself: Who am I and what do I do.
   - Motivation of my research and aim as well as interview objectives
   - Consent for audio recording
   - Ethical issues (privacy / confidentiality)

2. **Background of the interviewee:**
   - Please, briefly introduce yourself including your position in your company and since when you hold this position.

3. **Strategic decisions within your department:**
   - Please explain one purchasing decision (one relationship to a supplier) in detail.
   - What makes this case so important/special compared to other cases? Why was it successful/ unsuccessful?
   - How are strategic purchasing decisions?
   - Does the company provide policy/ guidelines/ rules or process definitions that must be followed during such decisions?

4. **Focus on competitor intelligence:**
   - How did you use this kind of information in this specific case?
     - In which context/ to what extent do you consider information about competitors and their actions sharing the same supplier?
     - How did you get this information? What kind of sources did you take into account to gather information about competitors?
     - How do you perceive the impact of using this kind of information on the decision's outcome? How important is competitor information compared to other information used in strategic purchasing decisions
     - How did the supplier reply to this information or to decisions based on this information?

5. **Outcome of competitor based decisions:**
   - With regard to competitor information: How do you perceive the impact of competitor information on strategic decision making? Do you perceive the outcome to be better in decisions based on competitor information, than on decisions not including such information?
   - Compared to projects using other kinds of information (and not competitor information), how was the outcome of this competitor-based decision influenced?

6. **The influence on resource allocation:**
   - What are the effects of these competition-based purchasing decisions on the relationship with your supplier?
   - Knowing that competitor-based decisions come to a more effective outcome: Do you consider this assumption in decision making processes? In other words: Do you actively try to manipulate the relationship with the decisions outcome?
   - How did this decision making help you to be granted better resource allocation by the supplier?
   - What was the role of this kind of decisions on your competitive advantage over competitors? What did the supplier give you what was better for you than for competitors? What kind of advantages did you get this way? (e.g. innovation resources, etc…)

7. **Conclusion:**
   - Summary
   - Further contacts
   - Next steps

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