

Antecedents & Benefits of a Preferred Customer Status in a Buyer-Supplier Relationship: A Dyadic Case Study at a Company from the Oil & Gas Industry and Three of its Suppliers

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ABSTRACT

In recent years, the theory revolving around the preferred customer status and the associated benefits has gained an increasing awareness. Holding a preferred customer status can be a source of sustainable competitive advantage due to a preferential treatment by the supplier. A preferred customer status can lead to numerous benefits for the customer, as for example, an increased quality and availability of the products as well as cost related benefits. However, academics have rarely investigated the concept from a practical perspective. Therefore, this explorative case study elaborates three buyer-supplier relationship of a company from the oilfield industry. The relationships are investigated from a bilateral perspective in order to identify the benefits and antecedents of the company's preferred customer status. The findings of the case study confirm various theoretical benefits of the preferred customer status, as for instance price and cost benefits, shorter lead times and increased supplier flexibility. Nevertheless, this case study suggests price stability, being able to order orally, higher efforts in meeting the delivery date, delivering the products in premium packings, free development and consulting services as well as to being able to prescribe, where the supplier has to order its components as benefits of the preferred customer status. Also, numerous antecedents retrieved from the literature can be confirmed, for example, company size, purchasing volume, open information exchange and shared future visions. However, the customer's industry membership, customer's willingness to cooperate with the supplier, good potentials of sales development and a high supplier dependency are suggested as antecedent factors of a preferred customer status.

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Keywords

Preferred customer status, benefits, antecedents, customer attractiveness, supplier satisfaction, buyer-supplier relationships, case study

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1. PROVIDING A PRACTICAL PERSPECTIVE ON A PREFERRED CUSTOMER STATUS: A CASE STUDY

Increasingly, corporations shift tasks and thus responsibilities towards the supplier in order to put a higher focus on their own core competencies (Schiele et al., 2012, p. 1178). As a consequence, the supplier overtakes more activities in the supply chain from the customer, which has a considerable effect on the dependencies in the buyer-supplier relationship: buying firms experience a higher dependency on their suppliers and the supplier's resources. Therefore, companies are increasingly competing against each other by attempting to be more attractive to suppliers than other corporations in order to attain a preferred customer status (Schiele et al., 2012, p. 1178; Hald, 2012, p. 1229). A preferred customer status can constitute a sustainable competitive advantage for a company, offering numerous benefits to the customer (Schiele et al., 2012, p. 1178). Nollet et al. (2012, p. 1886) argue that a preferred customer is treated differently in comparison to other customers regarding product quality, availability, delivery and prices as well as sourcing processes. The theory regarding the preferred customer status has increasingly been studied during the last years, but rarely academics have investigated the concept from a practical perspective. Because of that, this case study aims to identify antecedent factors and benefits of a preferred customer status from a practical point of view. The second purpose of the case study is to compare the explored findings with the existing literature in order to confirm and reinforce existing literature findings and to propose new findings, which were not yet mentioned in the existing body of literature. This case study explores three buyer-supplier relationships and was conducted in collaboration with a company from the oilfield industry, who wants to remain anonymous and will be referred to as "Company X" or "The Company" in the following. There are two research questions, which are addressed in this case study:

- (1) *What are the antecedents and benefits of Company X's preferred customer status?*
- (2) *To what extent do the findings of this case study confirm the existing body of literature and to what extent are there findings yet undisclosed in the literature?*

In order to find answers to these questions from a bilateral perspective, two buyers of Company X as well as representatives of three suppliers have been interviewed.

The case study is structured in the following way. First, the contemporary literature regarding the preferred customer status will be reviewed. The review is based on a literature review written by a group of students, who wrote their bachelor thesis on the same subject in 2013. In the first part of the literature review, the phenomenon of the preferred customer status and related theories are presented as well as its current state of the art. Subsequently, associated benefits with a preferred customer status are illustrated followed by a conclusive chapter, which reviews antecedents required to achieve a preferred customer status. Thereafter, the methodology summarizes the questionnaire design, the respondents' characteristics and the way in which the interviews were conducted. After the company introduction, three exchange-relationships between Company X and three different suppliers are presented from a dyadic perspective. The results of the questionnaire and interviews enable to construct a comprehensive picture of the two-sided relationships and to identify benefits for Company X resulting from the preferred customer status as well as the antecedents leading Company X to a preferred customer status. Next, three main benefits of Company X's preferred customer status are explained in more detail followed by a discussion

part. The discussion compares the findings of the benefits and antecedent factors leading to a preferred customer status with the existing literature, either supporting the literature and theories or proposing new elements to the body of literature. Afterwards, the benefits and antecedents explored in the three cases will be compared with each other. To finalize, the findings of the case study are summarized, the limitations of the research are discussed followed by recommendations for Company X and a proposal for further research.

2. THEORETICAL REVIEW ON THE PREFERRED CUSTOMER CONCEPT

2.1 The Preferred Customer Status as a Mean to obtain Supplier's Resources

Going back in time, Hottenstein (1970, p. 46) was the first author who contributed to the development of the preferred customer concept by referring to the practice that supplier rank their customers in so-called "preferred customer lists", based on past experiences and future expectations. Other authors, as Leenders & Blenkhorn (1988, p. 187) referred to it as "reverse Marketing" or as the "best customer" concept (Moody, 1992, p. 52). Nevertheless, Brokaw and Davisson (1978, p. 10) were the first authors who explicitly explained the phenomenon of a preferred customer status in 1978.

The preferred customer status has gained an increasing awareness in the literature in recent years. For example, Baxter (2012, pp. 1250-1251) identified which actions a buyer needs to take in order to become more attractive to their suppliers, whereas other authors identified how buyers can access the seller's technological innovations (Ellis et al., 2012, p. 1259) or how to determine the perceived customer level (Harris et al., 2003, p. 11). A survey conducted by Schiele et al. (2011, p. 9) supports the assumption that a preferred customer status is necessary to access supplier innovativeness as well as having a favorable pricing behavior towards the customer. At last, Steinle & Schiele (2008, pp. 11-12) detected a positive relationship between the proximity of buyer and supplier and the development of a preferred customer status.

As mentioned before, the recent development that buying companies aim to be more attractive to suppliers than other corporations is a contemporary phenomenon. This phenomenon contradicts the traditional view of buyer-supplier relationships, where it is assumed that suppliers are attempting to be more attractive to potential customers compared to their competitors in order to be successful. According to Schiele et al. (2012, p. 1178), there are two reasons for this phenomenon. First, the authors argue that in many business-to-business markets corporations are causing a supplier scarcity due to supplier reductions, which ultimately leads to an oligopolistic market structure. Second, the shift of core competences and open innovations towards the supplier lead to an increasing supplier responsibility regarding the supply chain management. Since Ellis et al. (2012, p. 1259) suggest that buying firms should regard their suppliers as a key source of technological innovations, holding a preferred customer status can be especially important in the presence of open innovations (Gianiodis et al., 2010, p. 562; Schiele, 2012, p. 44; Schiele et al., 2012, p. 1178).

As a result of the above-mentioned reasons, the dynamics in the buyer-supplier relationship have changed: buying firms are increasingly dependent on their suppliers due to the scarcity of suppliers. This being the case, a supplier has the opportunity to choose which buyer to supply and which customers get awarded with a preferred customer status, which consequently leads to a more favorable treatment (Williamson, 1991, pp. 81-83; Gulati

et al., 2000, p. 210; Lindwall et al., 2010, p. 5; Hüttinger et al., 2012, pp. 1194-1195; Nollet et al., 2012, p. 1186; Schiele et al., 2012, pp. 1178-1179). Consequently, holding a preferred customer status can be a key competitive advantage, especially in the case of excess demand or if the supplier is highly innovative or in a market leading position (Steinle & Schiele, 2008, p. 11; Hüttinger et al., 2012, p. 1194; Nollet et al., 2012, p. 1186; La Rocca et al., 2012, p. 1241; Schiele, 2012, p. 44; Schiele et al., 2012, p. 1179). Nevertheless, suppliers can also achieve a competitive advantage by assigning the preferred customer status to the right customer (Williamson, 1991, p. 81; La Rocca et al., 2012, p. 1241; Nollet et al., 2012, p. 1187).

The preferred customer status is predominantly defined as the supplier's preferential behavior towards the buyer (Steinle & Schiele, 2008, p. 11; Hüttinger, 2012, p. 1195; Mortensen, 2012, p. 1213; Nollet et al., 2012, pp. 1186-1187; Schiele, 2012, p. 44). Hence, the preferred customer status is related to customer attractiveness, Hald et al. (2009, pp. 961-962) emphasize that it is necessary for a buyer to be more attractive than other (potential) buyers in order to obtain a preferred customer status. Schiele et al. (2012, p. 1179) suggest that customer attractiveness can be expressed as expectations, and by meeting these expectations supplier satisfaction can be achieved. Subsequently, supplier satisfaction can lead buyers to getting awarded with a preferred customer status if the buyer offers the highest supplier satisfaction in comparison to alternative buyers. This three-step model was referred as the "cycle of preferred customership" by Schiele et al. (2012, p. 1179). In the following, the benefits and antecedent factors of the preferred customer status will be discussed.

2.2 Preferred Customer Status leading to Various Benefits for the Customer

As aforementioned, due to the benefits of having a preferred customer status, buying companies can achieve competitive advantages in the consequence of a preferential treatment by the supplier. Especially the benefits concern the pricing behavior of the supplier, shorter lead times and supplier innovativeness. The first type of benefits concerns the pricing behavior of the supplier, which will be discussed in the following.

Since a preferential treatment often results in more favorable prices, various authors conclude that a preferred customer status produces cost saving potentials (Blenkhorn & Banting, 1991, p. 188; Moody, 1992, p. 57; Hald et al., 2009, p. 963; Nollet et al., 2012, p. 1187). While Blenkhorn & Banting (1991, p. 188) argue that a preferred customer status can create savings between five and thirty percent, Bew (2007, p. 2) states that savings between two and four percent are reasonable. Anyway, a proactive purchasing approach "may permit the achievement of seemingly impossible objectives" (Blenkhorn & Banting, 1991, p. 188).

In previous research, Schiele et al. (2011, p. 8) demonstrated that close buyer-supplier relationships have a positive impact on the cost efficiency of both parties, resulting in unique cost reduction opportunities for a preferred customer due to standardization or solutions that are more cost effective (Bew, 2007, p. 2; Ellis et al., 2012, p. 1261; Nollet et al., 2012, p. 1187). Furthermore, a supplier can play an important role concerning cost reductions by decreasing operational costs (e.g. product or process costs as well as tooling and warranty costs) or by taking over costs of the customer by bearing the costs of transportation, inventory management, order handling or quality control (Ulaga, 2003, pp. 689-690; Nollet et al., 2012, p. 1187).

Despite from cost advantages, Christiansen and Maltz (2002, pp. 182, 186) found out that a preferred customer status may

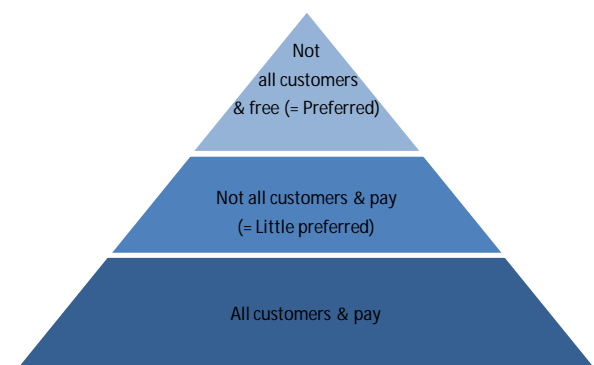
have the benefit of reduced lead times. In their case study, one observed company profited from a lead-time reduction from sixteen to six weeks, whereas another company enjoyed shorter lead times due to air transport. This finding can also be supported by Ulaga's (2003, p. 686) observation that close buyer-supplier relationships with a preferred customer status lead to significantly reduced time-to-market.

Besides cost and lead-time advantages, a preferred customer status also offers significant strategic benefits regarding innovations, information and logistics. Schiele et al. (2011, p. 16) found evidence that a preferred customer status significantly enhances supplier innovativeness. A preferred customer may access supplier innovations first, or even receive an exclusive supplier commitment to innovations (Schiele, 2012, p. 47) and increases significantly the access to supplier technology (Ellis et al., 2012, p. 1266). Moreover, buying companies often perceive that they have to make a compromise between supplier innovativeness and supplier pricing due to the buyer dependency on the supplier. In contrast to the perception of buying firms, a case study by Schiele et al. (2011, pp. 3, 7, 14, 16) revealed that suppliers do not necessarily show opportunistic behavior towards dependent buyers. Additionally, and related to the cost advantages, the authors indicate that the pricing behavior of the supplier becomes more benevolent for buyers with a preferred customer status, concluding that a preferred customer can help to weaken or even overcome price increases occurred by a buyer dependency.

Despite from the above-mentioned advantages, further benefits of a preferred customer status are personnel training, lending supplier personnel, process improvements, sharing strategic information and logistic improvements (Christiansen & Maltz, 2002, p. 192). Other benefits are the prioritized delivery of goods or services in the event of bottlenecks (Schiele, 2012, p. 47) as well as special treatment of a preferred customer's deliveries (Nollet et al., 2012, p. 1187). Additionally, suppliers tend to be more accommodating towards preferred customer regarding price negotiations (Nollet et al., 2012, p. 1187). In Conclusion, all above-mentioned benefits leads to cost savings, for example due to lower administration costs (Christiansen & Maltz, 2002, p. 189).

Figure 1 illustrates the benefits of a preferred customer status based on the assumption that customers receive a different treatment depending on their status. The pyramid is subdivided into three different stages of treatment. At the bottom of the pyramid, customers receive the same treatment as others and are charged at standard prices. One stage above, customers are little preferred and therefore receive a special treatment in comparison to ordinary customers but at extra costs. At the final stage, customers enjoy a "true" preferred customer position and receive exclusive benefits at no extra costs.

Figure 1: Mapping the Benefits of a Preferred Customer



2.3 Antecedents of the preferred customer status

2.3.1 Customer Attractiveness and Supplier Satisfaction as Preconditions for a Preferential Treatment

Analyzing the antecedents of the preferred customer status, the literature review by Hüttinger et al. (2012, p. 1203) will be used as the basic framework. The authors developed a three-step model, which leads to a preferential treatment of the customer by suppliers: customer attractiveness, supplier satisfaction and preferred customer status. The different stages will be discussed in the following.

It is important to mention, that all steps are related to each other. First, a supplier evaluates the attractiveness of a potential customer before engaging in an exchange relationship (Schiele et al., 2010, p. 4; La Rocca et al., 2012, p. 1242; Hald, 2012, p. 1230; Schiele et al., 2012, p. 1179). Therefore, customer attractiveness determines whether or not suppliers start and develop a relationship and consequently precedes supplier satisfaction. Sequentially, a supplier's (dis)-satisfaction with an exchange relationship will decide whether or not a buyer will be awarded with a preferred customer status. Thus, the preferred customer status requires supplier satisfaction. Lastly, there are several additional factors related to value creation influencing the preferential treatment of one customer in comparison to other customers (Hüttinger et al., 2012, pp. 1194-1195). These factors will also be discussed in this chapter.

2.3.2 Customer attractiveness: Suppliers' Expectations on Future Interactions with a Customer

As many authors suggest, customer attractiveness can be seen as a compound of a supplier's expectations on future interactions with a buyer (Hald et al., 2009, p. 961; Hald, 2012, p. 1230; Ellegaard, 2012, p. 1221; Ellis et al., 2012, p. 1260). Since supplier expectations may be very subjective, the attractiveness of a customer may vary between the suppliers. Therefore, Hald et al. (2009, p. 968) suggest that buying companies should inform themselves about the supplier's perceptions of attractiveness and adapt their behavior accordingly in order to appear more attractive to the supplier. Ellegaard & Ritter (2007, p. 4) share a similar view, suggesting that the attractiveness of a customer is dependent on the supplier's affection towards the customer and therefore determined by the supplier. As a result, the responsibility of being attractive is shifting from the supplier towards the customer (Schiele et al., 2012, p. 1178).

2.3.3 Supplier Satisfaction: Fulfilling the Suppliers' Expectations

Recently, the importance of supplier satisfaction has been recognized in the scientific literature (Hüttinger et al., 2012, p. 1198). As one of the first, Wong (2000, p. 427) identified the importance of supplier satisfaction and its resulting supplier commitment towards the buyer. Other authors add that a good relationship is a prerequisite for a highly satisfied supplier (Maunu, 2003, p. 43; Forker & Stannack, 2000, p. 37) and that a high supplier satisfaction is critical for a buyer's responsiveness to market (Benton & Maloni, 2005, p. 2). Anderson and Narus (1990, p. 45) define satisfaction as "a positive state resulting from the appraisal of all aspects of a firm's relationship with another firm", whereas Oliver (1999, p. 34) defines satisfaction simply as a "pleasurable fulfillment of needs, desires and goals". Parasuraman (1988, p. 17) indicates that the supplier's needs and desires are comparable to their

expectations towards an exchange relationship and therefore the supplier will be satisfied with the relationship when the buyer is able to meet the supplier's expectations.

2.3.4 The Preferred Customer Status: Offering Superior Value to Achieve Preferential Treatment

After a customer has attracted a supplier, initiated an exchange relationship and satisfied both buyer and supplier, a buyer may want to achieve a preferred customer status. Williamson (1991, p. 80) mentions that a sheer practice of having legally binding contracts with the supplier is not sufficient in order to ensure the continuity of supply. Therefore, the author proposes that buyers should foster goodwill and trust with suppliers as well as focusing on a supply base optimization to ensure a preferential treatment. Several authors (Moody, 1992, p. 52; Bew, 2007, p. 3; Steinle & Schiele, 2008, pp. 11-12) emphasize the importance of goodwill and trust and refer to it as the "value creation with suppliers". Hüttinger et al. (2012, p. 1202) state that the supplier will award a preferred customer status to a buyer who is creating a superior value in comparison to other customers of the supplier.

3. METHODOLOGY: RESEARCH DESIGN & DATA COLLECTION

3.1 Using Two Qualitative Questionnaires to Investigate the Preferred Customer Status

This exploratory study consists of two qualitative questionnaires, which were developed by a peer group of students from the University of Twente during their bachelor thesis in 2013. The questionnaires are used in order to make the findings comparable to the findings of the last year students. One questionnaire is aimed to survey the buyer-view of the relationship; the other questionnaire surveys the supplier-view of the relationship. The questionnaires are based on the literature review and therefore consist of three parts. The first part deals with the questions whether and how firms classify their customer or supplier and if there is a management commitment towards the classification. Afterwards, the benefits of the preferred customer status were identified and lastly the antecedents of the preferred customer were explored. All questions of the questionnaires were open and therefore enabled an extensive discussion with the interviewees.

3.2 Conducting Two Buyer and Three Supplier Interviews

For this case study, two purchasing supervisors of Company X as well as the related representatives of three suppliers were interviewed. The suppliers will be referred to as Supplier A, Supplier B and Supplier C in the following. Supplier A and B stem from the electronic component industry, whereas Supplier C stems from the mechanical component industry. One purchasing supervisor of Company X is responsible for the electronic commodity group and therefore embodies the counterpart of Supplier A and B, whereas the other supervisor of Company X is responsible for the mechanical commodity group and embodies the counterpart of Supplier C. As a result, all three relationships could be examined two-sided: from a buyer and a supplier perspective. The suppliers were selected in consultation with the supervisors of Company X, based on the supervisors' perception that Company X has been awarded with a preferred customer status by the selected suppliers. In this case study, there are three different buyer-supplier cases. Case 1 consists of buyer interview 1 (B1) and supplier interview 2 (S2), Case 2 is composed of buyer interview 1 (B1) and supplier interview 3 (S3) and buyer interview 5 (B5) and supplier interview 4 (S4) form Case 3. Table 1 gives an

overview of the interview numbers and the associated case numbers.

Table 1: Cases and their associated Interviews

	Company X	Supplier A	Supplier B	Supplier C
Case 1	B1	S2		
Case 2	B1		S3	
Case 3	B5			S4

3.3 All interviews were conducted in German and audiotaped

The two interviews (B1 & B5) with Company X were conducted on-site in Germany. At Interview 1 (B1), one supervisor was interviewed regarding Supplier A and Supplier B. At Interview 2 (S2), the sales manager, the contact person of Company X and the business manager were interviewed during a telephone conference. The interview with the CEO of Supplier B (S3) took place at the supplier's location. For Case 3, Interview 4 (S4) was conducted with a process planner of Supplier C during a phone conversation. Hence all parties reside in Germany, every interview was conducted in German. For proper analysis and translation, all interviews were audio recorded. Lasting between 35 and 55 minutes, the interviews took place during the end of May and early June of 2014.

4. ANALYSIS & RESULTS

4.1 Company X is one of the Leading Oilfield Services Corporations in the Oil & Gas Industry

With more than 1000 employees, the company is the biggest subsidiary of an American oilfield service company, located in an oil and gas industry cluster in the northern part of Germany. As one of the worldwide leading corporations in this industry, the high-technology company strives to offer high quality products to their customers. At the location in Germany, the company is responsible for the development and production of high-technology oil drilling systems.

Due to the matrix organization of the company, the purchasing department is mainly separated into three different sub branches: the electronic purchasing department, the mechanic purchasing department and the supplier development department. Therefore the products being purchased are divided into two commodity groups: electronic and mechanical parts. As a result, the purchasing staff has also a basic understanding of the products that they purchase.

Further, suppliers have to be approved for particular production processes in a so-called approved supplier list (ASL). Before a supplier is allowed to overtake a certain production processes, e.g. special cutting processes, the supplier needs to be trained in order to be capable of the production process. When a supplier proved its competence regarding a certain process, the supplier will be approved to overtake the process (B5). Hence, the ASL supports Company X to ensure their high-quality aspirations by securing that the suppliers are qualified enough to perform a process at the highest stage.

4.2 Case 1: A Strong Relationship with Supplier A based on Good Collaboration

4.2.1 The relationship: Viewing each other as a Preferred Supplier/Customer

Supplier A is a subsidiary located in Southern Germany of a family-owned and managed company group. With approximately 2300 employees, the company group is one of the internationally leading manufacturers and developers of sensors, measuring instruments and automatic imaging solutions.

Supplier A supplies almost entirely exclusive sensors to Company X, which were developed in collaboration and are not obtainable by other customers (B1; S2). The technology for these specified products comes mainly from the supplier's house; Company X supports Supplier A with their know-how during the development of new products (B1). Due to the reasons, that Supplier A is one of the most important sensor suppliers of Company X (B1) and Supplier A assigned Company X with a preferred customer status (S2), both companies foster a partner-like relationship.

4.2.2 Benefits: High cooperativeness, Granting Access to Resources and Communication Benefits

The relationship with Supplier A offers various benefits to Company X. For example, the supplier provides various delivery benefits for the customer. Supplier A carries safety stocks in order to ensure a better supply of products also in the short-term (S2). Moreover, the supplier makes huge efforts in meeting the first confirmed delivery date and is "very cooperative" when the customer wants to reschedule the delivery dates (B1; S2). The cooperativeness of the supplier is also manifested in the supplier's willingness to grant the customer access to its resources. Supplier A grants Company X access to its latest technical developments, which can only be enjoyed by customers with a preferred status (S2). Further, the supplier also conducts R&D related discussions with Company X, which not every customer is able to enjoy (S2). Also, the supplier performs plenty consulting and development services as well as provides support to Company X at logistic issues at no extra costs. According to the interviewee, the above-mentioned extras are a "must-do" in order to maintain a preferred supplier status (S2).

The communication between both parties offers various benefits. For Company X, having a personal contact person and maintaining the personal contact is vitally important (B1). Supplier A maintains a frequent contact with the company in several ways. For example, Supplier A and the purchasing department of Company X have face-to-face meetings at least four times a year. The meetings aim to plan the forecast of orders for the following months and to solve problems of current issues (S2). But also in the day-to-day business, there is an intensive exchange of delivery dates and demand forecasts, which display the demand several months in advance, in order to ensure a high delivery performance and to offset demand fluctuations (B1; S2). Occasionally, there are also so called "technology meetings" between the engineers of both companies in order to exchange views about Company X's ideas regarding future technology developments and the supplier's latest developments (B1; S2). These meetings are aimed to bring each other up to date and to spot opportunities for further development (S2). Despite from meetings, there are also regular videoconferences in order to update each other regarding current developments (B1).

Lastly, there are number of benefits regarding extra services that Company X can enjoy due to its preferential treatment by

Supplier A. The supplier makes huge efforts to convey serial numbers of products in advance before the products are delivered to Company X (B1; S2). In this way, Company X is able to enter the serial numbers in its SAP before the products are delivered, which enables Company X to process the incoming products immediately without any idle times when the products arrive in the receiving area. This allows Company X to handle the products easier and faster without being extra charged by Supplier A. Another benefit that enhances the product handling for Company X is that Supplier A delivers products with extra labels according to the company's wishes (B1; S2). But for this extra, Company X has to pay a price premium.

4.2.3 Antecedents

4.2.3.1 Customer Attractiveness: Partnership, Cooperativeness & a High Purchasing Volume

In this relationship, both Supplier A and Company X perceive the company as an attractive customer (B1; S2). Both companies value the partnership in the relationship (B1; S2). Especially, the supplier values the cooperativeness of the customer as well as the fair and open communication style (S2). Further, Supplier A perceives Company X as attractive due to its interest in long-term relationships and its high-tech aspirations, which challenges the supplier to evolve (B1; S2). As mentioned before, Company X grants Supplier A access to its own technologies by supporting the supplier with their own know-how, which is, according to the supplier, an important factor for the customer's attractiveness. For Supplier A it is crucial to obtain access to the customer's technology in order to be able to advance its own technologies (S2).

Besides perceiving Company X as attractive due to its cooperativeness, high-tech focus and technology accessibility, Supplier A perceives Company X's philosophy as compatible to their own (S2). Moreover, the company's attractiveness is also turnover related: Company X obtains a high purchasing volume for Supplier A (B1; S2). One interviewee explains, "you never want to lose a top customer" (S2). Lastly, the supplier thinks that Company X has a great future prospect due to its size and industry membership.

4.2.3.2 Supplier Satisfaction: Turnover related Satisfaction & Partner-like Collaboration

Supplier A as well as Company X indicate that the company is able to deliver supplier satisfaction in this relationship (B1; S2). The supplier views Company X as an interesting company, which creates a good turnover for the supplier (S2). The partner-like collaboration is seen as another satisfaction factor (B1; S2) and enables both parties to find solutions, which would be impossible without the strong collaboration (S2).

Besides the satisfying factors, there is a factor leading to dissatisfaction as well. Supplier A has difficulties to hedge against fluctuations of the production due to Company X's fluctuations of orders (S2). Supplier A is aware that these, partly considerable, fluctuations are branch-related to a great extent, but the supplier has extra specialists for Company X's products, who are causing training costs and need to be occupied. One interviewee mentions that it is difficult to occupy the specialists when they have a 120% workload for four weeks and shortly afterwards only a workload of 50% (S2). He proceeds by stating that a little less fluctuation would be "significantly easier" but also refers to the fact that both companies are "heading in the right direction" based on a good information exchange between both parties.

4.2.3.3 Preferred Customer Status: Continuous Development, Good Collaboration and Access to the Customer's Technology

Supplier A stated various reasons for awarding Company X with a preferred customer status. First, the supplier valued the continuous and positive development of sales and good potentials of future sales developments (S2). Second, the good communication and collaboration with each other led to a grown relationship, which one interviewee emphasized that the relationship would not be as successful as it is without the frequent and open communication (Interview 2). Third, the access to Company X's technology and their willingness to cooperate with Supplier A are antecedents of the preferred customer status (B1; S2).

Also potentials to acquire Company X as a customer in other segments in the supplier's product portfolio as well as the prospect to enlarge the relationship with Company X on an international level are important factors for awarding Company X with a preferred customer status (S2). Therefore, Supplier B wants to further develop the relationship with the company. Lastly, Supplier B asks themselves "where can we be a good partner and where not?" and is convinced that there are a good partner for Company X (S2).

4.3 Case 2: Supplier B: Having a High Dependency on the Customer

4.3.1 The Relationship: High Supplier Dependency and Close Collaboration

Having 11 employees, Supplier B is a small-scale enterprise offering support for product developments and prototype tests (B1) as well as producing electronic control units (ECU's) and cable harnesses (S3).

Supplier B has a 15 years old lasting relationship with Company X and was founded due to Company X's demand for cable harnesses (S3). Supplier B views itself as an "extended work bench" (S3) of Company X, which represents approximately 90% of Supplier B's turnover (B1; S3). In the beginning of the exchange relationship, Company X supplied Supplier B with the components required to assemble the finished parts (S3). The supplier solely assembled the supplied components and delivered the finished parts to Company X. But increasingly, Company X outsources the procurement of components to Supplier B (S3). Also, Company X prescribes Supplier B which components they are allowed to procure as well as from which supplier and manufacturer (S3).

4.3.2 Benefits: High Flexibility, Extra Services & Outsourcing of Purchasing Activities

The exchange relationship with Supplier B offers various benefits for the company due to its preferred customer status. Both companies emphasize the good collaboration with each other (B1; S3). Especially, the high flexibility of the supplier bring along several benefits (B1; S3). For example, when Company X has some problems with the cable harnesses delivered by Supplier B, the supplier is able to support problem-solving aid on-site within 10 minutes, due to its geographic proximity (B1; S3). The supervisor of Company X adds that Supplier B also take their time for "friendship services", which are not necessarily business related (B1). Another benefit for the customer is that both companies have a good personal relationship with each other (B1; S3), which allows a transparent and honest communication with each other. For example, Company X wanted Supplier B to procure a temperature oven. Supplier B communicated that they need to increase the prices for their products due to the financial burden

of the temperature oven. Company X agreed to the markup and had the benefit that Supplier B could take over one more step of the production process.

Moreover, Supplier B attends to Company X's wishes (B1), which creates various benefits for the preferred customer. For example, on Company X's demand, Supplier B procured a label printer to label each product and packaging, which will be sent to the customer (B1; S3). The label printer was procured at no extra costs for the preferred customer and has the benefit that the labeled products can be easier and faster handled in-house. Another benefit is that Supplier B also supports Company X when the company has difficulties in the procurement of special products (B1). With the assistance of Supplier B, the company is able to procure particular products more rapidly and easier.

Lastly, plenty benefits resulting from the preferred customer status in the exchange relationship affect the procurement of products. Supplier B delivers its products to Company X for free and due to the supplier flexibility, the products can be supplied at a rapid pace (B1; S3). As mentioned before, Supplier B is increasingly taking over the procurement of the required components, which offers various benefits to Company X. First, the company has lower process costs, as they do not have to arrange the procurement and reshipment of the components. Second, the company has lower inventory costs, because the company only receives the finished goods and does not have to store the single components. Third, Company X still receives the finished goods with the required quality, since Supplier A has prescribed supplier and manufacturers, where they are allowed to procure the components. The major advantage for Company X is that during the period, when Supplier A procures the components and assembles them, they have neither to invest time nor money in the procurement of the final goods (S3). Just recently, Supplier B started to deliver cables to another supplier of Company X (S3). Again Company X has to spend no effort to receive the end product from the third supplier, because Company X does not need to buy the cables from Supplier B and to forward the cables to the third supplier (S3). In summary, all the above-mentioned benefits lead to cost savings and less process effort for Company X.

4.3.3 Antecedents

4.3.3.1 Customer Attractiveness: Friendly Communication & Customer's Assistance

Supplier B perceives Company X as a highly attractive customer, because of the following reasons. First, Supplier B appreciates the good communication and collaboration with each other as well as the mutual assistance (S3). Currently, Company X supports Supplier B to overcome problems with the procurement of components from an American supplier (S3). Supplier B appreciates that the company assists the supplier's problems by helping to arrange the trading conditions and the administrative barriers (S3). Second, engineers of Company X also provide assistance when Supplier B has technical problems by creating working groups (B1; S3). Third, Supplier B views the customer as a good payer, due to their regular payment behavior (S3).

4.3.3.2 Supplier Satisfaction: High Satisfaction due to a Matured Relationship & Staff Training

Altogether, both companies think that Company X provides a high supplier satisfaction (B1; S3). Supplier B is very satisfied with the exchange relationship and "has fun" to cooperate with Company X, which is also "very important" (S3). In addition, the supplier is satisfied with the order situation, receiving a stable stream of orders (S3). The CEO of Supplier B does not see a lot of room for improvement; hence most of the processes

are already optimized (S3). Lastly, Company X also trains the supplier's staff at their own expense, contributing to Supplier B's satisfaction (S3).

As a dissatisfying factor, Supplier B mentions that technical drawings are often missing, when Company X made any technical modifications at the specifications of a product (S3). In this case, Supplier B has to contact Company X in order to request the technical drawings in order to have the knowledge about the changes. According to the CEO of Supplier B, the automatic transmission of the technical drawings would save effort for both parties and accelerate the process of delivering the products according to the new specifications (S3).

4.3.3.3 The Preferred Customer Status: Regular Orders and High Dependency

Due to the high dependency of Supplier B on Company X, the company has been awarded with a preferred customer status. The CEO of Supplier B is aware that his company is "on a drip-feed" of Company X, but counter questions: "when a customer is good, pays regularly and orders constantly, what shall I do differently?" (S3). Both companies are well attuned to each other in the exchange relationship and there is little room for improvements, because the relationship is already matured (S3). Moreover, Supplier B believes that it would be problematic to work with a new customer, due to the high standard relationship with Company X, which would serve Supplier B as a benchmark. Therefore Supplier B prefers to further focus on the company rather than to reorientate and look for new customers (S3).

4.4 Case 3: Increasing Outsourcing of Activities towards Supplier C

4.4.1 The relationship: Having a whole Plant devoted to the Customer's Products

With approximately 130 employees worldwide, Supplier C is a medium-sized company located in the southern part of Germany, which produces mechanical components for three different sectors: rolls sector, oil & gas sector and carbon sector (Interview 4). With the beginning of the exchange relationship in 2006, Supplier C entered the oil & gas sector and is now supplying the company with bushes and drilling components (S4).

Based on the fact that Company X represents one of the supplier's Top 5 customers, Supplier C awards the company with a preferred customer status (S4; B5). In 2013, the supplier raised a plant, which solely produces customized products for Company X. These customized products are exclusive for Company X and cannot be procured by another company (S4; B5).

4.4.2 Benefits: High Production Flexibility, Frequent Communication & Overtaking Production Processes

The preferred customer status of Company X involves various benefits regarding a higher flexibility and delivery reliability. Due to the fact that a whole plant concerns the production of Company X's products, Supplier C is able to quickly react to alterations of the customer's priorities by shifting the production, for example, from product A to product B (S4). This flexibility is also coupled with the supplier's high delivery reliability (S4), which is the most valued characteristic by Company X (B5). The purchasing supervisor of Company X, emphasized the importance of a reliable delivery and indicated that the supplier delivery performance was the major factor for advancing the exchange relationship with Supplier C (B5).

Another benefit for Company X is that the prices stayed stable for the last five year (S4).

There are also benefits for the customer resulting from a good communication. Besides the frequent communication with each other, both companies have at least four personal meetings a year in order to talk about strategic orientations (B5). In this way, both parties are up to date about the other's situation and future expectations and consequently are able to adjust their operations accordingly, which ultimately supports the security of supply. Concerning this matter, Supplier C receives frequently forecasts in order to allocate their resources in harmony with the forecasted demand (S4). Additionally, the supervisor of Company X can notify Supplier C orally of orders in advance, providing the supplier with information about the required material, quantity and order number before the purchase order has been created (B5). In this way, Supplier C is able to assign orders instantly and to take actions early on, for example, procuring the required raw materials beforehand, which ensure the on-time supply of the ordered goods as well (B5).

In addition, the preferential treatment by Supplier C leads to an increasing number of process and services that are taken over by the supplier. In the beginning of the relationship, Supplier C was solely a service provider by processing the delivered parts of Company X (B5). But over time, the procurement of the raw materials and components has been transferred to the supplier, which relieved Company X of the burden to source raw materials and required components by themselves (S4; B5). Recently, Supplier X does not only deliver the manufactured parts to the customer, but also started to take over the cabling of the parts. As a consequence, Company X does not need to cable the parts by themselves but receives already semi-finished components from the supplier (S4; B5). In the long-term, it is also planned that Supplier C will obtain the permission to control the quality of the products by themselves, before delivering them to the customer, which again would relieve Company X of one more task (B5). It is also planned to set framework contracts for particular goods, which obliges Supplier C to carry safety stocks for particular goods in the future (S4; B5). As a result, the supplier will have a higher planning security and Company X will have an ensured supply of these goods at lower prices (B5).

Despite from the various benefits mentioned above, there are two more benefits for Company X, which the customer exclusively enjoys. First, at Company X's request, the supplier entered a cooperation with a research institution regarding nitrogen based cooling systems, which will start in the autumn 2014 (S4). According to the interviewee, the supplier entered the collaboration as a favor for the company (S4). Second, the supplier delivers its products to Company X in premium packings, which give the packings a remarkable look (S4; B5). The special packings might not deliver an economic benefit, but might demonstrate the supplier's appreciation of the customer.

4.4.3 Antecedents

4.4.3.1 Customer Attractiveness: High Volume, Size & Prestige as Drivers for Attractiveness

Due to a number of reasons, Supplier C perceives Company X as an attractive customer. First, both companies think that the high purchasing volume of Company X is a main driver of its attractiveness (S4; B5). Additionally, Company X's high technological and innovative aspirations play also an important role (S4; B5). Also, Supplier C views the company's size and prestige as pleasing and desires to acquire Company X internationally as a customer (S4). At last, the supplier perceives the oil sector as interesting (S4).

4.4.3.2 Supplier Satisfaction: High Satisfaction due to Customer's Helpfulness and Innovativeness

On a scale from 1 to 6, Supplier C would rate Company X with the top grade: 1 (S4). The supplier values the good harmony with the customer, resulting from a good information exchange and the company's helpfulness (S4). In addition, Company X is a good payer and has a drive to have their finger on the pulse of time regarding latest technologies, which is important to the interviewee, because "when you stand still, you will pass away" (S4).

Then again, there are also some factors leading to dissatisfaction. Similar to the electronic supervisor's diagnosis that the organization of Company X underlies a certain inertia due to its size (S1), Supplier C and the second interviewed supervisor also acknowledge a slow reaction time of the customer (S4). As an example, Supplier C mentioned that it occupies much time to receive required documents and technical drawings of a product after the specifications have been changed (S4). According to the interviewee, it will be easier if the documents will be instantly updated in the portal, where the supplier can access the documents. Currently, the counterpart of Company X is sending the documents via e-mails, so that the supplier does not have to wait for too long (S4).

4.4.3.3 Preferred Customer Status: Customer's Innovativeness, Consistent Philosophies and Internationalization Opportunities

Supplier C mentioned several reasons for awarding the customer with a preferred customer status. Supplier C values the customer's innovativeness and that the customer is constantly developing their technology, which helps the supplier to advance their own technology and competency (S4). Moreover, both companies have a consistent philosophy, since both corporations put a great emphasis on the quality of their products (S4; B5). In addition, the supplier pleases the customer's openness for novelties (S4).

Besides from the company's technological drive and consistent philosophy, the supplier values the customer's economic standing. First, the supplier welcomes the rarity of the customer's products, because the supplier wants to manufacture products, which are rarely produced in the market economy (S4). Second, Supplier C strives for the internationalization of the relationship with Company X. Supplier C has a subsidiary in China and consequently the supplier would like to extend the collaboration with Company X on the Chinese market (S4).

4.5 Access to Supplier's Resources, High Flexibility & High delivery reliability are the Three Main Advantages of Company X's Preferred Customer Status

As demonstrated in the bilateral elaboration of the three exchange relationships, Company X's preferred customer status offers various benefits to the company. However, there are benefits that are remarkably noteworthy. Therefore, this section discusses three main benefits of Company X's preferred customer status, where the company receives exclusive benefits at not extra charge (See Figure 1).

The first main benefit of Company X's preferred customer status is the exclusive access to Supplier A's resources (S2). As mentioned before, the supplier grants Company X exclusive access to its latest technology developments, which not every customer is able to enjoy (S2). As the purchaser of Company X points out, Supplier A pushes the development of the sensors (B1), whereby Company X facilitates the supplier's product

development with the support of their own know-how (B1; S2). The collaboration in the product development enables Company X to further develop the highly customized products according to their wishes and helps both companies to advance their technologies. Supplier A emphasized that the R&D related collaborations and discussions are only conducted with high priority customers (S2).

The second main advantage is Supplier B's high flexibility (B1; S3). Due to the reasons that Supplier B is highly dependent on the company and has almost no other customers, the supplier is able to focus completely on Company X's needs without charging any extra costs. The CEO of Supplier B emphasized, that basically all services for Company X are exclusive and for free (S3). The supplier is able to cater the company's special demands, for example, the supplier procured a special label printer on the customer's request at no extra costs (B1; S3). Moreover, Supplier B provides unconventional support to the company, for example, by assisting the company in the procurement of products, which are difficult to obtain or by taking time for "friendship turns" (B1). Also, the geographic proximity contributes to Supplier B's high flexibility, because the supplier is able to support the company on-site at any time (S3). Moreover, the short distance allows Supplier B to deliver the products to Company X any number of times for free (B1; S3). All in all, the high flexibility of Supplier B is an important benefit for Company X, because the supplier is willing to support the company in any kind of matters.

The high delivery reliability of Supplier C constitutes the third main advantage of the company's preferred status. Supplier C is able to ensure high delivery reliability due to the fact, that a whole plant is devoted to the customer's products (S4; B5). Therefore, the supplier is able to switch the production to the customer's needs and to supply the products, which have been assigned with a higher priority (S4). Moreover, a frequent communication and forecast exchange provides the supplier to adjust its production plan to the demands in the near future (S4; B5). During the interview, the mechanic purchasing supervisor reinforced the high importance of the delivery reliability, indicating that a high delivery performance can be an important advantage for a company (B5).

5. DISCUSSION OF THE FINDINGS

5.1 Most findings of the Study are also retrievable from existing Literature

5.1.1 Benefits of the Preferred Customer Status: Comparison to the Body of Literature

Most of the key benefits of a preferred customer status from the existing body of literature, as for instance price and cost benefits, shorter lead times, increased flexibility, logistics and product developments have also been found in this case study. It needs to be remarked that some benefits have not been literally been mentioned in the scientific body, but the findings were almost synonymously related to the terms used in the literature.

Nevertheless, various advantages explored in this case study were not retrievable from the literature, which were price stability (S4), high efforts in meeting the first confirmed delivery date (S2), delivering the products in premium packings (S4), Company can order orally before creating a purchase order (S5), free development and consulting services (S2) as well as the customer is able to specify, where the supplier has to order its components (S3). A full overview of the identified benefits of the case study can be found in Table 2 (See Appendix).

5.1.2 Antecedents of the Preferred Customer Status: Comparison to the existing Literature

Besides from various benefits identified in the case study, numerous antecedents of Company X's preferred customer status have been identified. This section compares the findings of the cases with existing literature, by dividing the antecedents into three parts: customer attractiveness, supplier satisfaction and preferred customer status.

First, there is a comparison of the elements providing customer attractiveness for Company X to the existing literature. Most elements identified in the case study could also be retrieved, such as the company size, purchasing volume, growth opportunities and open information exchange. However, there has been one element identified that could not be found in the literature, which is the attractiveness of the Company's industry membership. Two suppliers perceived the industry membership of Company X as a constituting factor to the customer's attractiveness (S2; S4).

Second, regarding the elements contributing to a supplier satisfaction, most elements are in harmony with the existing body of literature. Important factors for supplier satisfaction are a cooperative relationship, an open information exchange as well as on-time payment habits. An element that could not be found in the literature is the order quantity of the customer, which also plays an important role for supplier satisfaction (S2; S4).

Third, there are several drivers investigated in the case study, which also match with elements explored in existing literature. For example, shared future visions, a strategic fit, strong and matured relationships, high purchasing volumes as well as an open communication are factors leading a customer to a preferred customer status. Good potential of sales development (S2), the customer's willingness to cooperate with the supplier (S2) as well as the high supplier dependency (B1; S3) were drivers to assign Company X with a preferred customer status, which could not be discovered in the existing literature. Table 3 (See Appendix) summarizes all identified antecedents of Company X's preferred customer status.

5.2 Comparison of the explored Benefits among the Cases

Until now, the similarities and differences between the study's findings and existing literature have been discussed. However, the similarities and differences of the benefits and antecedents between the cases have not yet been examined, which will be discussed in this and the following chapter. Taking a look at the benefits of the company's preferred customer status, the suppliers offer the same advantages to the customer to a large extent.

One benefit for Company X provided by all suppliers is the high effort in delivering the products on time (S2, S3, S4). Whereas, Supplier B ensures the delivery by a good personal relationship and a frequent communication with Company X (S1; S3), Supplier A & C have several personal meetings with Company X a year in order to plan the production for the next months (S2; S4). Additionally, Supplier A & C receive frequently demand forecasts from the company (S2; S4). That Supplier B has no appointed personal meetings with the customer in order to plan the production for the next months could be explained by the supplier's small size and rather low purchasing volume in comparison to the other suppliers. Therefore, there might be no extra meeting required to secure the supply.

One more benefit for Company X, which is provided by all suppliers, is the delivery of exclusive products. All suppliers

deliver products that are customized according to the company's specifications (S2; S3; S4). These exclusive products are not obtainable by other corporations due to their high customer specification. For example, Supplier B requires Company X's approval if another company want to purchase products, which are produced according to Company X's specifications (S3). Therefore, the company ensures that potential competitors cannot access their high-quality products and simultaneously the company receives products customized to their particular needs. This exclusive access to the supplier's products might be a sustainable competitive advantage for Company X.

Another benefit for Company X results from the delivery of specially labeled products by Supplier A & B (B1; S2; S3). The labeling of the supplied products enhances the product handling for Company X and consequently lowers the company's process costs. But in contrast to Supplier B, who is offering the service for free, Supplier A charges the company with a price premium for the increased process costs (S2; S3). A reason for Supplier B to provide this extra service for free might be the supplier's high dependency and focus on the customer, whereas Supplier A has substantially more customers to serve.

The last benefit, which has been observed at several suppliers, results from the adoption of purchasing activities by the supplier. Over time, Supplier B & C increasingly adopted the procurement of components and raw materials, which were required to deliver the ordered products (S3; S4; B5). Consequently, Company X has to spend less time and money to receive the ordered goods, because they do not need to provide the supplier with the required components and raw materials (S3). In contrast to Supplier B, Company X is also increasingly outsourcing production processes to Supplier C. A reason for that could be that Supplier C delivers a higher volume than Supplier B and that Supplier C might be better capable of overtaking standardized production process due to their size. Nevertheless, the outsourcing of purchasing and production processes leads to the fact that Company X has to expend less effort and is able to focus more on its core activities, while receiving the same products as before.

Apart from the benefits mentioned above, there are several other benefits provided by multiple suppliers as for example carrying safety stocks (S3; S4; S5).

Besides from benefits, which are offered by several companies to Company X, there are also benefits for Company X provided by solely one supplier. First, Supplier A is the only supplier, who ensures that the serial numbers are conveyed to Company X, before the products are delivered, which allows an easier product handling for Company X (B1; S2). Second, Supplier B offers a higher flexibility than the other suppliers to Company X in many ways (Interview 1; Interview 3). Hence it was discussed already in the section before, this benefit will not be further elaborated.

Third, Supplier C entered a cooperation with a research institution regarding nitrogen based cooling systems at Company X's request (S4). This is a unique benefit for the company, because the supplier will be able to enhance their competence regarding this field, which can ultimately provide the development of Company X's products. Moreover Supplier C solely delivers its products to the company in special lacquered packings (S4; B5), which provides a visual remarkable look. Lastly, Company X can order products at Supplier C orally, before sending a purchase order to the supplier (B5). This benefit has also been solely detected at Supplier C.

Apart from the above-mentioned benefits, there are several other benefits, which are exclusively provided by one supplier. A complete overview of the company's benefits is depicted in Table 2 (See Appendix).

5.3 Comparison of the identified Antecedents among the Cases

Besides from benefits, the elaboration of the cases revealed numerous antecedents of the company's preferred customer status, which will be discussed in this section. Note that not all antecedent factors will be discussed, but are accessible in Table 2 (See Appendix).

Beginning with the factors of the company's attractiveness, the majority of factors have been stated by several suppliers. The company's attractiveness is mainly based on their economic situation due to their size, volume and industry membership (S2; S3; S4). But also the company's soft skills, as for example the company's cooperativity as well as their fair and open communication style, are perceived as attractive by various suppliers (S3; S4). However, the company's attractiveness is also derived from their growth prospect (S2) and prestige (S4). Although, these factors were named by single suppliers, the factors have an important impact on the company's attractiveness.

Driving factors for the suppliers' satisfaction are the company's cooperativity and partner-like collaboration (S2; S3; S4) based on the customer's helpfulness and open style of communication. Additionally, the customer provides a good turnover for the suppliers and has a reliable payment habit (S2; S3; S4). Remarkably, two suppliers indicated the company's slow responsiveness as a dissatisfying factor. As before mentioned, the company underlies a certain inertia due to its size. However, Company X could provide more supplier satisfaction if the company would ensure a better availability of the supplier's contact persons. Another dissatisfying factor for one supplier is the company's fluctuation of demand (S2), which provokes difficulties to overcome these variations of orders.

Lastly, there have been various factors named by suppliers to assign Company X with a preferred customer status. The consistent philosophy (S2; S4) and the willingness to cooperate with the company in the future (S2; S3) has been named as the main reasons for assigning Company X with a preferred customer status. Also, two suppliers mentioned the prospect to acquire Company X internationally as a customer (S2; S4), which can be explained by the fact that both companies are also operating abroad. Supplier B has not mentioned the prospect to acquire the company internationally as a customer, since the supplier might not have the capacities to extend their business internationally. One important factor for assigning the company with a preferred customer status is the high supplier dependency on the customer (S3). For Supplier B the high dependency is an important reason to treat Company X uniquely.

Concluding, Company X has been assigned with a preferred customer status by all examined suppliers, because the company is seen as attractive and is able to provide supplier satisfaction. Moreover, the company has great future prospects, which is also a reason for the suppliers' interest in a further development of the relationship. Remarkably, Supplier B was the only supplier, who mentioned the high dependency as an antecedent and did not refer the prospect of acquiring the customer internationally. Supplier B's differences to the other two suppliers could be explained by the supplier's characteristics (e.g. size, dependency), indicating that the supplier's attributes might have an impact on the reason, which lead the supplier to assign a preferred customer status to the customer.

6. CONCLUSION

6.1 Findings confirm Various Benefits & Antecedents but also suggest New Elements

By answering the two aforementioned research questions, this case study aimed to identify the benefits and antecedent drivers of Company X's preferred customer status by investigating three of the company's buyer-supplier relationships. Three main benefits of Company X's preferred customer status have been identified and the findings of the cases have been compared with each other. Furthermore, the results of the case study have been utilized to confirm antecedent factors and benefits of the preferred customer status retrieved from the existing body of literature and to propose new advantages and antecedents, which are not yet considered in the literature. It can be concluded that a great number of benefits and antecedents of the preferred customer status can be confirmed by this case study, but also there are factors found in this practical study that could not be found in the existing literature. Regarding the antecedents, this case study suggests that a company's industry membership should also be regarded as an attracting factor for a preferred customer status. Moreover, the purchasing volume of the customer was considered as a supplier-satisfying factor, which could also not be found in the literature. The practical study explored the customer's willingness to cooperate with the supplier, good potentials of sales development and a high supplier dependency as factors for assigning the customer with a preferred customer status. As benefits of the preferred customer, this case study explored several elements that are not yet acknowledged in the literature. These benefits are price stability, being able to order orally before sending a purchase order, a higher effort in meeting the first confirmed delivery date, delivering the products in premium packages, free development and consulting services as well as being able to prescribe, where the supplier has to order its components.

6.2 Contributing a Practical View on the Literature

The theory revolving around phenomenon of the preferred customer status still represents a relatively unexplored part in the existing body of literature. This research investigated three buyer-supplier relationships of Company X from a bilateral perspective, which provided a practice related connection to the existing research in this field and its findings are able to reinforce a great number of theoretical propositions and also propose a few elements that are yet unconsidered in the existing literature. Also, this case study provides an overview of the current benefits and antecedents of the preferred customer status of the academic literature, as well as their definitions.

6.3 Company X should proceed their Approach

The investigation of three buyer-supplier relationships of Company X has revealed that the company obtains numerous benefits as a result of the preferential treatment by their suppliers. It bodes well that all interviewed suppliers perceive the company as an attractive customer, which is able to provide supplier satisfaction (S2; S3; S4). Therefore, the interviewed suppliers emphasized their long-term interest in the relationship with Company X. Since the company is also interested in a long-term relationship with their supplier (B1), it is recommended to the company to further develop the relationships with these suppliers in order to further benefit from their preferred status. The current strategy of successively transferring processes and tasks to the supplier should be perpetuated, because the suppliers have proven their capability of taking over the tasks so far and it helps the company to save

costs and to further focus on their core competencies. As one purchasing supervisor of Company X points out, it is crucial to do one step at a time in order to ensure the high quality standards of the company. Therefore, the buyer has to prove that he is capable of performing the new task first, before he is approved to take over the task and to learn the next task (B5).

Also Company X should consider the dissatisfying factors that were mentioned in the interviews. Mentioning one example, Company X should ensure that the required documents and technical drawings are instantly updated and communicated to the supplier. Even though this represents a minor problem, the correction of this issue would simplify and accelerate the collaboration with each other and contribute to the supplier's satisfaction.

6.4 Universal Validity and Bias might be a Limitation

This case study is based on the investigation of three dyadic buyer-supplier relationships of a single company from the oil & gas industry. Consequently, the identified findings of this analysis are only valid for this case and cannot be generalized due to its small sample size. Further, the interviews have been conducted and analyzed by one student, which could not exclude the possibility of a biased analysis of the relationships.

6.5 Further Practical Research is required

This explorative case study was able to reinforce essential theoretical claims of the existing body of literature, but still it requires more practical exploration of this field in order to further back up the validity of the existing literature. Further, the suggested elements that have not yet been acknowledged in the literature need further investigations for determining its generalizability. As indicated in the discussion, Supplier B has stated different antecedents than the other suppliers, which might be explained by the supplier's dependency and size. It is suggested to further investigate whether this observation can be universalized. Also, the present body of literature is insufficient of managerial tools, which could help purchasing organizations to appreciate the benefits of a preferred customer status by leveraging their attractiveness.

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9. APPENDIX

9.1 Benefits of a Preferred Customer Status

Table 2: Identified benefits of Company X's preferred customer status linked to existing literature

Element in Practice (Case)	Related Theoretical Element
Carrying safety stocks to ensure a better supply of products (S2, S4, B5)	Keeping safety stocks
Company has a personal contact person from the supplier (B1)	Be available and responsive
Company X can order orally before the purchase order has been created (B5)	-
Company X does not have to arrange the procurement and reshipment of the components to the supplier (S3)	Process improvements
During the period, when a supplier procures the components and assembles them, Company X has neither to invest time nor money in the procurement of the final goods (S3)	Lower administration costs
Increased cooperativeness when Company X wants to reschedule delivery dates (B1, S2)	Delivery flexibility
Intensive planning of delivery dates & demand forecasts (B1, S2)	Enhanced communication
Making huge efforts in meeting the first confirmed delivery date (S2)	-
Price stayed stable for the past 5 years (S4)	-
Recently, the supplier started to take over the cabling process of the parts (S4, B5)	Outsourcing of activities
Supplier delivers its products to Company X for free (B1, S3)	Taking over transportation costs
Supplier can deliver supply products at a rapid pace due to geographical proximity (B1, S3)	Shorter lead times
Supplier conducts R&D related discussion with the Customer (S2)	Involvement into NPD process
Supplier delivers cables directly to another supplier, Company X does not need to forward the products to the other supplier (S3)	Logistic improvements
Supplier delivers exclusive products, which were developed in collaboration (B1, S2)	Customized products according to customers specifications
Supplier delivers its products to Company X in premium packings, which gives the packings a remarkable look (S4, B5)	-
Supplier delivers products with extra labels according to the company's wishes (at extra costs) (B1, S2)	Logistic improvements
Supplier grants the company access to its latest technical developments (S2)	Access to new products & technologies
Supplier has a high delivery reliability (B5)	Logistic improvements
Supplier has frequent contact with the customer (B5)	Enhanced communication
Supplier has personal meetings with Company X at least four times a year (S2, B5)	Be available and responsive
Supplier has prescribed suppliers and manufacturers, where they are allowed to procure components in order to ensure quality (S3)	-
Supplier is increasingly taking over the procurement of the required components (S3, S4, B5)	Outsourcing of activities
Supplier labels each product & packaging, which will be delivered to the company (B1, S3)	Logistic improvements
Supplier makes huge efforts to convey serial numbers to the company in advance (B1, S2)	Special treatment of deliveries
Supplier manufactures exclusive products for Company X, which are not obtainable by other companies (S2, S3, S4, B5)	Customized products according to customers specifications

Supplier supports Company X, when the company has difficulties in the procurement of special products (B1)	Be available and responsive
Supplier supports the Company at logistic issues (S2)	Logistic improvements
Supplier is able to quickly react to alterations of the customer's priorities by shifting the production (S4)	Delivery flexibility
Technology meetings regarding future technology developments (B1, S2)	Involvement into NPD process
The company only receives the finished goods and does not have to store the single components, which had to be delivered to the supplier otherwise (S3)	Reduced inventory
The supplier entered a collaboration with a research institute on the company's request (S4)	Exclusive commitment to innovations
The supplier has a good personal relationship with the customer (B1, S3)	Enhanced communication
The supplier is able to support problem-solving aid on-site due to its geographic proximity within 10 minutes (B1, S3)	Be available and responsive
The supplier provides consulting and development services (S2)	-
The supplier takes their time for "friendship services", which are not necessarily business related (B1)	Prioritize customer

9.2 Antecedents of a Preferred Customer Status

Table 3: Identified antecedents of the case study in comparison the existing literature

Customer Attractiveness	
Element in Practice (Case)	Related Theoretical Element
For a supplier it is crucial to obtain access to the customer's technology in order to be able to advance its own technologies (S2)	Acquiring customer's knowledge
Advancing its own technologies by accessing the customer's know-how (S2)	Competency Development
Supplier views company's size as attractive (S2, S4)	Size
Engineers of Company X also provide assistance when the supplier has technical problems (B1, S3)	Commitment
The fair and open communication of the customer is valued (S2, S3)	Information exchange
Potential to acquire the customer in other product segments and international markets (S2, S4)	Growth
Company X obtains a high purchasing volume (S1, S2, S4, B5)	Price & Volume
Customer has high-technological and innovative aspirations (S2, S4, B5)	Innovation development
Company X has an interest in long-term relationships (B1)	Long-term interactions
The Company's membership in the oil sector is perceived as attractive (S2, S4)	-
Company has a high prestige (S4)	Reputation
Company X trains the supplier's staff at the customer's costs (S3)	Competency Development
Cooperativity of the company is valued (S2)	Commitment
Company X grants Supplier A access to its own technologies by supporting the supplier with its own know-how (S2)	Acquiring customer's knowledge
Supplier Satisfaction	
Element in Practice (Case)	Related Theoretical

	Element
Collaboration enables both parties to find solutions, which would be impossible without the strong collaboration (S2)	Constructive controversy
Customer pays regularly (S3, S4)	Payment habits
Supplier values the good harmony with Company X (S4)	Politeness
Customer is helpful (S4)	Cooperative relationships
The supplier values the customer's innovativeness (S4)	Technical competence
Good information exchange with the customer (S4)	Information exchange
Customer creates a good turnover for the supplier (S2, S4)	-
Supplier values the open and fair communication (S2)	Cooperative relationships
Company underlies a certain inertia due to its size (B1)	Availability
Good personal relationship enables a transparent and honest communication (S1, S3)	Transparency
Supplier is satisfied with the order situation, receiving a stable stream of orders (S3)	Demand stability
It occupies much time to receive required documents and technical drawings of a product after the specifications have been changed (S3, S4)	Availability
Difficult to occupy the supplier's specialists when they have a 120% workload for four weeks and shortly afterwards only a workload of 50% (S2)	Demand stability
Preferred Customer Status	
Element in Practice (Case)	Related Theoretical Element
Company created a continuous and positive development of sales for the supplier (S2)	High purchasing volumes
Company X's philosophy is compatible to the supplier's (S2, S4)	Strategic fit
Customer's willingness to cooperate with the supplier (S2)	-
High supplier dependency on the customer (B1, S3)	-
Relationship with customer is matured (S2)	Strong relationship
Supplier appreciates Company X's open mind about novelties (S4)	Goodwill & Trust
Supplier desires to acquire Company X internationally as a customer (S2, S4)	Access to new market markets
Supplier prefers to further focus on the company before to reorientate and look for new customers (S3)	Shared future
Supplier sees good potentials of future sales developments (S2)	-
Supplier wants to further develop the relationship with the customer (S2)	Shared future
The relationship with the customer would not be as successful as it is without the frequent and open communication (S2)	Communication & feedback