Antecedents and Benefits of the Preferred Customer Status in a Buyer-Supplier Relationship: A Multiple Case Study at X and Four of its Key Suppliers

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ABSTRACT

The concept of the preferred customer status with key suppliers and the consequential competitive advantage for the buying firm have received an increasing amount of attention from academics in recent years. However, the current literature mainly takes a theoretical stance by referring to the social exchange theory (SET), resource-based view, social capital theory (SCT) and transaction cost economics (TCE). Based on the findings of a multiple case study at X, this study depicts the antecedents and benefits affiliated to the preferred customer status from a more practical view. Moreover, next to presenting practical confirmation of a large number of theoretical concepts, some novel and unexpected findings are also outlined. A commitment to innovation, joint relationship effort and the offer of business opportunities for the supplier were, among others, confirmed as drivers of a preferred customer status, while the study also showed that a firm's reputation, supplier award, reduction of production mistakes, frequency of new developments and innovations, stable financial performance, operating in at least three countries, and strategic pricing, may be relevant motivations for suppliers to award a customer with a preferred customer status. With regard to the benefits of the preferred customer status, the achievement of seemingly impossible objectives, cost reduction initiatives and increased technological input by the suppliers were, among others, confirmed, while the offering of additional services, such as help in order scheduling, on-site analyses and audits, an exclusive cross-site development team, definition of a specific price level and payment terms extension were proposed as preferred customer status benefits. These also constitute elements which have been neglected in the scientific discourse. If additional similar case studies follow, the scientific groundwork of the preferred customer status could genuinely be reinforced and significant and actionable methods for obtaining future preferential treatment from key suppliers could be revealed for managers.

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Keywords

Preferred customer status, customer attractiveness, supplier satisfaction, preferential treatment from key suppliers, buyer-supplier relationship, antecedents, benefits, dual perspective multiple case study

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1. PREFERRED CUSTOMER STATUS: A PRACTICAL CASE STUDY AT X

To gain competitive advantages in terms of increased quality, innovativeness, cost savings, delivery, integration and flexibility, buyers have increasingly been developing closer relationships with their suppliers, in recent years. The acquirement of a preferred customer status with key suppliers is one method to ensure these benefits from suppliers. A preferred customer is defined as one who receives preferential resource allocation from the supplier, thus obtaining better treatment than other customers (Steinle & Schiele, 2008, p.11). Yet, this advantage cannot be replicated by other customers due to oligopolistic supply markets, where only a small number of suppliers account for the majority of innovations and the supplier's possessed resources are limited. Therefore, the strategic implication entailed by the preferred customer status is that this phenomenon provides a source of sustainable competitive advantage for buyers. While the concept of the preferred customer is not novel, only few scholars addressed this topic, and, specifically, researched how firms can become more attractive to their suppliers. Approaching the concept from a theoretical perspective with the social exchange theory (SET), resource-based view, social capital theory (SCT) and transaction cost economics (TCE), only recently the number of studies on the preferred customer status and its impact on a firm's advantageous positioning has increased. However, few academics attempted to answer the core questions associated with this phenomenon from a practical point of view. Thus, this study's first objective is to present the antecedents and benefits of a preferred customer status with key suppliers by means of a multiple case study at X, examining the key questions related to the preferred customer concept and providing practicable techniques. The second objective is to link these outcomes with the literature to either confirm or reject the theory or recommend new findings not mentioned in previous literature. In particular, the following double research question is approached:

Q1: *"What are the antecedents and benefits of a preferred customer status with key suppliers for X?"*

Q2: *"To what extent do the findings at X represent and contribute to the elements identified in the existing body of literature?"*

To answer these questions, the paper employs a literature review and reflects on six interviews which were conducted with two purchasers of X and four of its suppliers, eventuating in four dual perspective multiple case studies.

The study starts with a literature review outlining the state of the art of the present literature base concerning the preferred customer status. Next, the relationship development history and a summary of the main antecedents and benefits of a preferred customer status with suppliers are provided. Subsequently, the methodology adopted in this study is described, presenting the research design and data collection. The empirical part begins with an introduction to the firm X, and is followed by the dual perspective multiple case studies, summarising the views of both correspondent parts to present a full sight of the relationship between the two parties and focalising mainly on the antecedents and benefits of X's preferred customer status with its key suppliers. Then, three best benefits of the preferred customer status as found in the case studies are outlined and differences and similarities between the empirical findings and literature regarding the preferred customer status are discussed. Finally, this paper concludes with a summary of the results and proposals to X in view of the preferred customer status with key suppliers, theory research contributions and limitations, as well as a recommendation for future research directions.

2. THEORY: THE CONCEPT OF THE PREFERRED CUSTOMER STATUS

2.1 The Preferred Customer Status and its State of the Art

As early as 1970, the preferred customer status was mentioned in the literature, stating that firms have preferred customer lists based on past orders or future business prospects (Hottenstein, 1970, p. 46). Brokaw and Davisson (1978, p. 10) explained the preferred customer status as a preferential treatment received by some buyers from their suppliers. They introduced the reverse marketing concept, which, ten years later, Leenders and Blenkhorn (1988, p. 2) also referred to. Alluding the "best customer" (Moody, 1992, p. 52) concept, Moody, like Williamson (1991, p. 81), stressed the significance of a firm being a good customer to its supplier. Remarkably, these academics neither referenced each other, nor received much recognition from others in respect of the preferred customer concept. Lately, the preferred customer status has received special attention and was referred to as "interesting customer" (Christiansen & Maltz, 2002, p. 179), "customer of choice" (Bew, 2007, p. 1; Ramsay & Wagner, 2009, p. 127) and "attractive customer" (Ellegaard & Ritter, 2007, p. 6).

Academics have recently addressed how firms can ensure preferential customer treatment by becoming attractive to their suppliers (Baxter, 2012, p. 1250-1251; La Rocca, Caruana, & Snehota, 2012, p. 1244), how firms can obtain supplier's innovations (Ellis, Henke, & Kull, 2012, p. 1259), how a preferred customer status positively impacts supplier's pricing behaviour and innovativeness (Schiele, Veldman, & Hüttinger, 2011, p. 9), and the relevance of geographical vicinity and cluster membership in acquiring a preferred customer status (Steinle & Schiele, 2008, p. 11-12).

Instead of suppliers striving to become more attractive to their customers, the reverse is evermore prevailing, and customers compete for suppliers to receive preferential treatment and a preferred customer status (Baxter, 2012, p. 1249; Schiele, 2012, p. 50; Hald, 2012, p. 1229; Schiele, Calvi, & Gibbert, 2012, p. 1178). Schiele et al. (2012, p. 1178) explained this inversion of the classical marketing approach with two reasons. First, a change occurred in the supply chain organisation, due to the core competence movement and shift to an open innovation, leading to increased supplier responsibility. Second, many business-to-business markets have an oligopolistic market structure, due to supplier scarcity (Schiele et al., 2012, p. 1178). Specifically, the change to an open innovation emphasised the relevance of the preferred customer status in enhancing the extent of potential innovations (Gianiodis, Ellis, & Secchi, 2010, p. 562; Schiele, 2012, p. 44; Schiele et al., 2012, p. 1178), since suppliers depict a "key source of technological innovation for buying firms" (Ellis et al., 2012, p. 1259).

These reasons have changed the dynamics in the buyer-supplier relationship, increasing buyers' dependence on their suppliers (Nollet, Rebolledo, & Popel, 2012, p. 1186). Therefore, the supplier decides which buyer to serve and to what extent, facilitating preferential treatment and resource allocation, thus, a "strategic prioritisation" (Schiele et al., 2012, p. 1181) for some buyers to obtain the preferred customer status (Williamson, 1991, p. 81-83; Nollet et al., 2012, p. 1187; Schiele et al., 2012, p. 1181). In particular, when a firm is a preferred customer of a supplier who is highly innovative or market-leading, or when demand exceeds supply in the market, the preferred customer status provides significant competitive advantages (Steinle & Schiele, 2008, p. 11; Hüttinger, Schiele, & Veldman, 2012, p. 1194; Nollet et al., 2012, p. 1186; Schiele, 2012, p. 44; Schiele

et al., 2012, p. 1178; La Rocca et al., 2012, p. 1241, Ellis et al., 2012, p. 1261), applying also to suppliers, assigning the status (Williamson, 1991, p. 81; Nollet et al., 2012, p. 1187; Schiele et al., 2012, p. 1178; La Rocca et al., 2012, p. 1241).

The preferred customer concept, involving customer attractiveness, supplier satisfaction and preferred customer, which have earlier been studied separately (Hüttinger et al., 2012, p. 1195), are summarised in the "cycle of preferred customership" (Schiele et al., 2012, p. 1179). As the perceived attractiveness of a buyer by its supplier is essential for attaining a preferred customer status (Hald, Cordón, & Vollmann, 2009, p. 961-962), a buyer must be able to differentiate itself from other buyers (Nollet et al., 2012, p. 1188). Customer attractiveness is defined as the supplier's expectations towards a customer, which, when fulfilled, lead to supplier satisfaction, at the start or development of a relationship (Schiele et al., 2012, p. 1179-1180). The last step for assigning a preferred customer status is the comparison of alternatives, where the exchange relationship outcomes with contesting firms are evaluated and one or more preferred customers are chosen by the supplier (Hald et al., 2009, p. 966; Schiele et al., 2012, p. 1180).

Building on the prior literature, the following sections first present the history of relationship development and, subsequently, the antecedents and benefits of a preferred customer status with key suppliers.

2.2 Relationship Development History

2.2.1 Attractiveness in Buyer-Supplier Relationships: an Evolutionary Perspective

Drawing on social exchange theory and psychology, Ellegaard (2012, p. 1225) constituted attractiveness in exchange relationships in a cyclical model. Outlined as effective in influencing decisions and directions of the other party (Ellegaard, 2012, p. 1224), yielding commitment and loyalty, the attractiveness development process will be depicted hereafter.

The model shows that for an exchange relationship to begin, the buyer needs to be attractive to the supplier in the early periods of the business relationship. The supplier's assessment of its satisfaction with the relation follows when this relationship is active (Schiele et al., 2012, p. 1182). As outlined before, since the supplier can terminate the relationship or downplay its endeavours, the development of a buyer's understanding for the supplier's satisfaction level is relevant. With an increase in the buyer-supplier interactions, attractiveness is expected to grow (Dwyer, Schurr, & Oh, 1987, p. 15-16), suggesting that attractiveness forms in an evolutionary manner. The enhancement of the relationship following the preferred customer status awarding, initiates further aspirations and may advance the customer's attractiveness, recommencing the cycle of preferred customership (Schiele et al., 2012, p. 1182).

If attractiveness and satisfaction form in an evolutionary way, it can be recommended that firms should dedicate greater regard to the ordinary behaviour of employees who are interacting with suppliers, as well as to the operational admirableness (Schiele et al., 2012, p. 1182).

2.2.2 Attractiveness in Buyer-Supplier Relationships: an Episodic Perspective

Drawing on social exchange theory, Hald (2012, p. 1231) explained attractiveness in exchange relationships in an episodic way. Outlining buyer-supplier relationships as a set of comprised micro- or functional-dyadic exchange relations, this episodic perspective will be presented in the following.

Depicting buyer-supplier relationships as multiple relationships between boundary spanning functions, customer attractiveness and supplier satisfaction are regarded as various and with parallel perceptions, held by different groups inside the supplier firm (Hald, 2012, p. 1230). Thus, the development of perceptions not only occurs at the whole firm, but also at the functional level, and misalignments in customer attractiveness, across functional dyads, are based on the nature of work and different functions' goals (Hald, 2012, p. 1229). Besides, any alteration, that influences involved party's customer attractiveness allocation and supplier satisfaction differently impacts perceived supplier satisfaction levels in various functional dyads (Hald, 2012, p. 1229). Outlining customer attractiveness as the expected rate of alignment to be acquired in exchange relationships, it is found that the provocation of an alteration in the relationship by one parts, may lead to opportunities, where other actor's ends cannot be satisfactorily accomplished (Hald, 2012, p. 1231). Specifically, a party may pursue a discontinuation when a relationship is perceived as misaligned, indicating that they expect that their wants cannot be fulfilled (Hald, 2012, p.1231). Thus, events influence customer satisfaction and the supplier's level of alignment and hence the level of customer attractiveness.

If attractiveness and satisfaction are affected by events, and form in an episodic way, it can be recommended to schedule and manage these events (Schiele et al., 2012, p. 1182).

2.3 Antecedents of a Preferred Customer Status

2.3.1 Customer Attractiveness and Supplier Satisfaction Precede a Preferred Customer Status

Depicting antecedents of the preferred customer status, the framework of Hüttinger et al. (2012, p. 1203) serves as a basis. The conceptual model with three integrated stages: customer attractiveness, supplier satisfaction and preferred customer status will be individually described hereafter.

First, a buyer-supplier relationship is always foregone by the appraisal of customer attractiveness by the supplier (Schiele, Veldman, & Hüttinger, 2010, p. 4; La Rocca et al., 2012, p. 1242; Hald, 2012, p. 1230; Nollet et al., 2012, p. 1188) and depicts whether a relationship will be introduced and intensified. Although both customer attractiveness and supplier satisfaction are "interdependent perceptual dynamics" (Hald, 2012, p. 1228), the former is future-directed and an ex-ante expectation judgement, while the latter is directed towards the present and refers to ex-post experiences (Hald, 2012, p. 1230). Thus, customer attractiveness is a premise of supplier satisfaction (Mortensen, Freytag, & Arlbjørn, 2008, p. 804; Hüttinger et al., 2012, p. 1194; La Rocca et al., 2012, p.1242). As value is seen as the basis of relationships (Nollet et al., 2012, p. 1188), the supplier's decision to award a preferred customer status is also conditional to factors linked to value creation of one customer as compared to other customers (Hüttinger et al., 2012, p. 1194-1195), which will be outlined in the following.

2.3.2 Customer Attractiveness and its Antecedents: A Trait due to Supplier's Anticipations of Future Cooperation

As attractiveness varies, a customer seen as attractive by one supplier may not be attractive for another. Therefore, attractiveness, defined as the supplier's perceptions about future interactions with a customer (Hottenstein, 1970, p. 46; Harris, O'Malley, and Patterson, 2003, p. 12; Hald et al., 2009, p. 961; Ellegaard, 2012, p. 1221; Ellis et al., 2012, p. 1260; Hald, 2012, p. 1230), is based on the supplier's expectations (Hüttinger et al., 2012, p. 1197-1198; Mortensen, 2012, p. 1216; Schiele et al.,

2012, p. 1178). Hence, buyers need to comprehend their supplier's perceptions of attractiveness to adjust their actions accordingly (Hald et al., 2009, p. 968; Nollet et al., 2012, p. 1188). Describing customer attractiveness as based on one side's attachment to the other, an understanding of what a supplier values in an excellent customer may additionally lead to the preferred customer status (Ellegaard & Ritter, 2007, p. 4; Ramsay & Wagner, 2009, p. 128; Nollet et al., 2012, p. 1189; Hüttinger et al., 2012, p. 1198).

Hüttinger et al. (2012, p. 1199) classified five categories of drivers of customer attractiveness: *market growth, risk, technological, economic and social factors.*

2.3.3 Supplier Satisfaction and its Antecedents: Ex-post Fulfilment of the Anticipations Linked to Primary Customer Attractiveness

The literature on supplier satisfaction is limited. Only newly its importance in relationships has been recognised, when Wong (2000, p. 427), and Essig and Amann (2009, p. 104) illustrated that partnering efforts should consider supplier satisfaction. Later, supplier satisfaction has been seen as depending on buyer-supplier relationship nature rather than performance (Benton & Maloni, 2005, p. 17) and decreases manufacturing firms' time to market (Benton & Maloni, 2005, p. 2; Ulaga & Eggert, 2006, p. 129). As information exchange and joint effort are found to enhance supplier satisfaction, it is suggested that buyers should show an interest in these activities (Nyaga, Whipple, & Lynch, 2010, p. 109-110). Distinguishing relationship- and results-oriented supplier satisfaction, Nyaga et al. (2010, p. 107) outlined in terms of the former, activity management and decision-making support as relevant. Utilising the satisfaction definition as a "pleasurable fulfilment" (Oliver, 1999, p. 34) of aims, suppliers' aims and expectations are comparable (Parasuraman, Zeithaml, & Berry, 1988, p. 17). Therefore, supplier satisfaction results when the buyer upholds the supplier's expectations during and after an exchange relationship.

Regarding supplier satisfaction, Hüttinger et al. (2012, p. 1201) described four categories of drivers: *technical excellence, supply value, mode of interaction and operational excellence.*

2.3.4 Preferred Customer Status and its Antecedents: Attaining a Preferred Customer Status by Creating Superior Value

Following customer attractiveness and a satisfying exchange relationship, buyers may aim to receive a preferred customer status. While Wilson and Jantrania (1994, p. 57) outlined supplier satisfaction as relevant to relationship success and MacKenzie and Hardy (1996, p. 21) found that relationships resulted after satisfaction developed, Williamson (1991, p. 80) emphasised the relevance of trust to secure supply. In contrast to Wilson and Jantrania (1994, p. 59), who explained resource sharing as a value creating measure, other authors stressed the importance of goodwill to ensure a continuity of supply (Moody, 1992, p. 52; Bew, 2007, p. 3; Steinle & Schiele, 2008, p. 11-12; Nollet, 2012, p. 1189). Overall, a buyer who offers a value creation to a supplier will, in contrast to its competitors, acquire a preferred customer status in the end (Hüttinger et al., 2012, p. 1202).

Hüttinger et al. (2012, p. 1202) distinguished four types of drivers of a preferred customer status: *economic value, relational quality, instruments of interaction and strategic compatibility.*

2.4 Benefits of a Preferred Customer Status

2.4.1 Acquiring Price Benefits: Saving Costs and Becoming a Partner through Increased Efficiency, Lower Lead Times and Commitment

As stated earlier, a preferred customer status can ensure significant competitive advantages due to the benefits arising from a preferential treatment by the supplier. The supplier's fair pricing behaviour is one of these benefits which will be outlined in the following. Although margins range, authors agreed that the preferred customer status provides cost saving options (Blenkhorn & Banting, 1991, p. 188; Moody, 1992, p. 57; Hald et al., 2009, p. 963; Nollet et al., 2012, p. 1187). Whereas Bew (2007, p. 2) referred to savings between two and four per cent, Blenkhorn and Banting argued that savings between five and thirty per cent can be obtained and a reverse marketing method provides the attainment of "seemingly impossible objectives" (Blenkhorn & Banting, 1991, p. 188). Prior research exhibited that exchange relationships impact both parties' cost efficiency (Schiele et al., 2011, p. 8). Thus, suppliers provide preferred customers with cost reductions like standardisations, and are more open to price negotiations (Bew, 2007, p. 2; Ellis et al., 2012, p. 1261; Nollet et al., 2012, p. 1187). Furthermore, suppliers can decrease buyer's costs through higher efficiencies or the takeover of buyer's costs (Ulaga, 2003, p. 689-690; Nollet et al., 2012, p. 1187). Regarding efficiency, Christiansen and Maltz (2002, p. 188-189) determined lead times reduction as an additional benefit of a preferred customer status, which was later supported, as a preferred customer status decreases time-to-market (Ulaga, 2003, p. 686). To conclude, whereas several authors claimed that buyers recognise a trade-off between supplier pricing and supplier innovativeness due to the buyer's dependency on the supplier, leading to a power disequilibrium, Schiele et al. (2011, p. 3, p. 7, p. 14 and p. 16) argued that suppliers' opportunistic pricing behaviour towards buyers is not necessarily common. In fact, the authors manifested that a supplier's pricing behaviour develops to be more favourable once the buyer has become a preferred customer.

2.4.2 Enhanced Supplier Innovativeness: Acquiring Product Development, Cost and Logistics Benefits Through Resource- and Information-sharing

Next to reducing costs in an exchange relationship, the preferred customer status creates benefits in innovation, logistics and information fields. Having argued that the most relevant influence of preferential customer treatment by suppliers is strategic, and resource mobilisation (Ivens, Pardo, Salle, & Cova, 2009, p. 517; Ellegaard, 2012, p. 1219) and external resource link can constitute relational rents (Dyer & Singh, 1998, p. 662) and competitive benefits, authors showed that buyers should differentiate themselves from competitors (Hüttinger et al., 2012, p. 1194). Specifically, Schiele et al. (2011, p. 16), Schiele (2012, p. 47) and Ellis et al. (2012, p. 1265-1266) constituted relevant benefits and outlined that a preferred customer status significantly improves supplier innovativeness and grants access to supplier's technologies.

A product delivery prioritisation during supply bottlenecks (Schiele, 2012, p. 47), continuous product quality (Nollet et al., 2012, p. 1187), logistics and process improvement and personnel training (Christiansen & Maltz, 2002, p. 189) as well as strategic and open information sharing are outlined as further preferred customer status benefits. In addition, the access to supplier's new technologies provides buyers with the possibility to pre-empt competitors who have the same supplier, leading to essential market benefits (Morgan & Daniels, 2001, p.219, Schiele, 2012, p. 48-49). Additional benefits comprise product adjustments,

based on the preferred customer's specifications as well as an enhancement in information exchanges (Nollet et al., 2012, p. 1187).

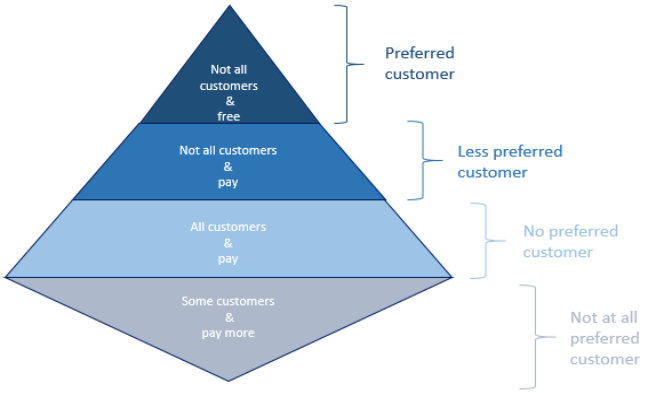

Figure 1: Mapping the preferred customer status benefits

The pyramid in Figure 1 illustrates the value of advantages emerging from a preferred customer status. Differentiating four benefit categories, at the bottom of the pyramid customers who receive some benefits and have to pay extra can be found. Next, customers who obtain the same features and who have to pay are listed. Subsequently, less preferred customers who gain preferential access to the supplier's resources through extra pay are presented. Lastly, at the top of the pyramid, preferred customers who obtain exclusive advantages free of charge are mapped.

3. METHODS: RESEARCH DESIGN & DATA COLLECTION

3.1 Questionnaire Design and Interviews: Utilising a Tripartite Questionnaire to Classify Relationships and Identify Antecedents and Benefits of a Preferred Customer Status

This qualitative, explorative case study is based on two questionnaires, one focussing on the purchaser's and one on the supplier's perspective, respectively. Both questionnaires were conceptualised on the basis of the literature review findings and were divided into three parts. The first part of both questionnaires intended to discover the relationship development history between both parties and the categorisation of relationships. The second part aimed to identify the antecedents and the third part the benefits, of a preferred customer status. To allow for a comprehensive elaboration, the questions were open-ended.

3.2 Respondent Characteristics: Interviewing Four Medium-sized Suppliers and the Respective Purchasing Staff of X

For this case study, interviews with two employees of X's purchasing department and interviews with four of their suppliers: Supplier A, a German packaging supplier, supplier B, a German supplier of packages and displays, supplier C, a British-based paper and packaging supplier and supplier D, a German supplier of energy, were conducted.

The first buyer at X represents the counterpart of the three packaging suppliers, and the second buyer represents the counterpart of the energy supplier, providing a dual perspective from both buyer and supplier side. The interviewees were chosen in consultation with X's purchasing manager, while the perception that X has been awarded a preferred customer status with the chosen suppliers served as the basis for the selection of the interviewed parties.

In Table 1, the numbers of the interviewees to which references will be made in the course of this study are indicated. Buyer 1 and supplier 1 constitute the first case, buyer 1 and supplier 2 constitute the second case, buyer 1 and supplier 3 constitute the third case, and buyer 2 and supplier 4 form the fourth case.

Table 1: Case study interviews

Case	Supplier	Interviews
1	Supplier A	B1, S1
2	Supplier B	B1, S2
3	Supplier C	B1, S3
4	Supplier D	B2, S4

(B = Buyer, S = Supplier)

The interview with the packaging purchaser was conducted in Frankfurt and the interview with the packaging supplier, supplier A, in Oerlinghausen. The other four interviews were conducted by telephone and all interviews were conducted in German, except the one with supplier C, which was conducted in English. To avoid interpretation bias and allow for accurate paraphrasing and better analysis, all interviews were, with the prior consent of the respective interviewees, recorded on tape. Besides, all interviews took place in April and May 2015 with an average duration of 75 minutes.

To provide an insight into the topic, the interview questions and an introduction to the preferred customer concept were sent to the buyers and suppliers prior to the interviews. For all interviewees, this information was provided in German, except for supplier C, for whom an English version was prepared. Lastly, the outcomes of the German interviews were translated back into English.

4. ANALYSIS AND FINDINGS

4.1 X is a Leading Food and Beverage Firm

The case studies of this research were conducted in collaboration with the packaging and energy purchasing department of X. In the following, this firm will be referred to as X. X, with German headquarters in Frankfurt and 19 other sites in Germany, belongs to Y, a Swiss multinational food and beverage firm as well as greatest food firm in the world, with regard to its income.

Concerning its structure, X is decentralised and its business activities differ from one country to another as the responsibility for operating decisions is assigned to local units (B1). Next to the local purchasing, there is a European purchasing, so-called, "ZEMENA" (Zone Europe Middle East and North Africa), and a global purchasing, which is only responsible for a few categories, such as coffee and milk (B1). Altogether, X's mission is to meet customers' needs by offering high quality products, and by providing best quality, also in terms of its transport and packaging materials as well as in its supplier selections.

X's purchasing department, divided in direct materials (raw materials and packaging) and S&IM (service & indirect materials) focuses on supplier quality, costs, delivery time, and risks, in its strategic decision making (B1). For X's suppliers, the first step is to be registered in X's SAP system and the second to know how to become a preferred supplier, as X classifies its preferred suppliers into four statuses: the validated, preferred, mandatory and sole supplier. The validated supplier has a frame contract with X, makes three offers and is competitive. With preferred suppliers, two types of RS (responsible sourcing) audits are conducted, SMETA (sedex members ethical trade audit), which is extensive, including supplier visits, and EcoVadis,

which is less costly, including a questionnaire. To become a mandatory supplier, from which X must buy services and spare parts and depends on, a RS audit and SRM (supplier relationship management), as well as authorised payment terms and an electronic invoice process are required (B1). The highest preferred supplier status is the sole supplier, which is a monopolist and has a unique selling proposition, and which X cannot change.

After obtaining the preferred supplier status, the next step is to improve processes with each other. Overall, X expects its suppliers to comply with requirements, concerning work conditions, ecological sustainability and business integrity. These non-negotiable standards, indicated in X's Supplier Code, show X's aspiration for a partnership with its key suppliers. Newly, X has introduced a SRM on the European level, where a handful selected suppliers are asked to conduct a SWOT (strengths, weaknesses, opportunities, threats) analysis of X to give feedback and jointly work on solutions and improve the relationship (B1). Thus, taking a long-term view on the business development and collaboration, X values and requires supplier honesty, fairness and integrity in its supplier relationships. Similarly, X emphasises that they are committed to their own customers, too. Therefore, it is highly interesting to determine not only the history of the relationship development between X and its key suppliers, but, specifically, which steps and measures have been taken by X to be awarded with a preferred customer status and which advantages this status has entailed for the firm.

4.2 Case 1: Preferred Customer Status at Supplier A

4.2.1 Relationship Development History

Supplier A with its headquarters in Oerlinghausen, Germany, is a packaging supplier with a service offer ranging from folded boxes, web-fed and gravure printing, package cutting, to tea wrapping customisation and tags.

Supplier A, supplying X with folded boxes since 1989, is a long-term supplier of X and was awarded with the silver supplier award this year. Although supplier A does not categorise its customer relationships, X is optimally treated and regarded as a special customer (S1). If supplier A classified its customers, they would attribute the preferred customer status to X as a whole (S1). Overall, attractiveness in the exchange relationship is seen as an evolutionary process, which with a growing business relationship improves and strengthens the long-lasting collaboration between the firms (B1, S1).

However, approaching X with one sales man, supplier A has not yet been involved in X's SRM (B1), which aims at enhancing the exchange business relationship.

4.2.2 Antecedents of the Preferred Customer Status

4.2.2.1 Customer Attractiveness

Both, X and supplier A, perceive X as an attractive customer to its suppliers and to supplier A, in particular, and named similar reasons. First, the supplier indicated that "each supplier wishes that they can keep a customer for a long time" (S1). Thus, characterised by reliability, the long-term interaction between the firms, depicting a planning security for supplier A, is mentioned as the main reason for X's attractiveness (B1, S1). Through the permanent information exchange, early R&D involvement and joint improvement as well as commitment to innovation, production mistakes can be reduced, too, presenting further drivers of customer attractiveness (S1). Also, since X has a triple accreditation by Standard & Poor's, X's reputation is mentioned as another reason for X's attractiveness (S1).

However, X's size, which may contribute to customer attractiveness is mentioned as a source of customer unattractiveness since X's purchasing and bundling power can allow the firm to put a price pressure on its suppliers during negotiations (B1). Supplier A confirmed this by stating that X, periodically, expects price reductions (S1).

4.2.2.2 Supplier Satisfaction

Both interviewed parties indicated that X is able to deliver supplier satisfaction. Supplier A is especially satisfied with the early and intensive supplier involvement in X's new products and it is mentioned that supplier A "knows what to expect" (S1) from X and can rely on it. This view is shared by X itself and it is added that a cooperative and joint relationship exists between the two firms (B1, S1). Indicating that supplier A communicates with X's production site in Hamburg and its headquarters in Frankfurt, daily and openly, and communication takes place at different levels, the timely and high quality information exchange presents another supplier satisfaction driver (S1). Lastly, X's timely payment habit is mentioned as enhancing supplier satisfaction, too (B1, S1).

Although business between the two parties is regarded as stable, X's non-continuous growth rate is indicated as a reason for supplier dissatisfaction (S1).

4.2.2.3 Preferred Customer Status

Several reasons for supplier A to award X with a preferred customer status were identified. First, the long-term interaction with X based on trust and loyalty, which developed from a respectful relationship, depicts a reason why X is perceived as a special customer to supplier A (S1, B1). Mentioning that "the greater a customer [and] the higher the purchase volumes, the more attractive they become" (S1), X's high purchase volumes and the consequential business opportunities the firm can offer supplier A, present two additional drivers of the preferred customer status (S1). Besides, the involvement of supplier A's development department in X's product design and the regular feedback X provides to supplier A are indicated as further antecedents of the preferred customer status (S1, B1). As the two parties collaboratively develop production plans and schedules for the future every two years, the shared future and X driven quality initiatives, which intensively focus on having no foreign bodies in the delivery of products in the ideal case at the moment, depict additional motivations for X's preferred customer status (S1, B1). Lastly, X's reputation is indicated as another driver for awarding the firm with a preferred customer status (S1).

4.2.3 Benefits of the Preferred Customer Status

The case study yielded two main benefits resulting from the preferred customer status of X.

Regarding the first main benefit, which is the achievement of seemingly impossible objectives, the supplier indicated that, for example, "a preferred customer receives orders, which, in regular cases, are impossible" (S1). X confirmed this by stating that the supplier shows both, a "high flexibility and (…) [a] non-bureaucratic" (B1) behaviour, when X requests a product delivery sooner than initially requested.

A second main benefit is supplier A's offer of additional services, such as help in the scheduling of X's orders with the supplier to prevent X from running out of stock due to too late orders (S1). Providing a special service and showing rapidity, supplier A therefore supports X's staff, reminding them, for example, of taking specific actions, with regard to product orders (S1).

Next to these main benefits, supplier A, besides delivering consistent product quality and customer-specific products to X,

provides the firm further with quality improvements, partially without request, by pro-actively co-designing new packages and suggesting improvements for past orders (S1). As supplier A is in closer contact with a preferred customer, X is, in addition, being offered innovations, such as newly implemented machines and techniques at supplier A first, and receives internal reports about the fate of the firm (B1, S1). Therefore, X obtains increased technology access, supplier innovativeness and technological input, representing additional benefits of the preferred customer status (B1, S1). Furthermore, a timely provision of information and access to best employees are mentioned as further preferred customer status benefits (S1). Supplier A also indicated that they provide preferred customers with a prioritised delivery during limitations, which is especially obvious in crisis and emergency situations (S1). Besides offering one of the lowest market prices and being receptive to further price negotiations, supplier A additionally provides X with a disclosure of internal cost data, such as packaging price fragmentations and cost reduction initiatives, depicting two further benefits of the preferred customer status of X (B1, S1).

4.3 Case 2: Preferred Customer Status at Supplier B

4.3.1 Relationship Development History

Supplier B with its headquarters in Fulda, Germany, is a leading European manufacturer of customised packages and displays and its service offer ranges from transport, goods, display and promotion packaging, to protective and industry packaging.

Supplier B is a long-term supplier of secondary packaging and displays, consisting of corrugated cardboard, of X, since 1968 (S2). Supplying eleven X sites from six supplier B sites in Germany and supplying X in thirteen countries, supplier B was for the second time, selected among X's top 20 suppliers this year. The supplier categorises its customers in four statuses, CBU (central business unit), which is the highest customer classification, strategic account, key account, and, lastly, B and C customers (S2). X, which before has been seen as a key account, is classified as a CBU, since 2001, and regarded as a whole, as it is indicated that, through the globalisation, suppliers must see a customer as a whole when assigning a preferred customer status (S2). Moreover, the attractiveness in the exchange relationship is seen as an evolutionary process since it is mentioned that both parties grew closer together through the long-term and intensive relationship (B1, S2).

Regarding supplier B's key account manager (KAM) capabilities, which "no other supplier can offer at the moment" (B1), as exceptional, supplier B has, in addition, been involved in X's SRM, on the European level (B1, S2).

4.3.2 Antecedents of the Preferred Customer Status

4.3.2.1 Customer Attractiveness

X and supplier B perceive X as an attractive customer to its suppliers and to supplier B, in particular. First, X's continuous growth rate is indicated to influence its attractiveness (B1, S1). Moreover, supplier B is able to supply X, not only with one product, but an entire portfolio (S2). Thus, the business opportunities X offers are valued, too. Besides, the frequency of and early involvement in new developments and innovations as well as X's innovation commitment are praised by the supplier (S2). The intensive, long-term interaction and regular information exchange between the two firms depict further reasons why X is perceived as attractive (B1, S2). Lastly, the supplier award, which X awarded for the second time this year and which is awarded every two years, is mentioned, next to X's reputation, as an additional reason for customer attractiveness (B1, S2).

4.3.2.2 Supplier Satisfaction

Both parties indicated that X is able to offer supplier satisfaction, especially because of the early supplier involvement in the developments and strategic considerations about how packages will change in the future and if, for example, specific colours and lacquers are needed (B1, S2). Also, an open and trustful communication, timely and high quality information exchange, as well as X's joint relationship effort, are indicated as further increasing supplier satisfaction (B1, S2). Specifically, it is mentioned that "X has contributed very much to establish a cooperative relationship" (S2) and makes recommendations to supplier B, too (S2). Lastly, a timely payment habit as well as long-term horizons are indicated as additional deciding factors of supplier satisfaction (S2).

Although being overall satisfied with X, supplier B indicated that they hope that the added value of their employees' services would be recognised more often by X, in the future (S2).

4.3.2.3 Preferred Customer Status

Many reasons for awarding X with a preferred customer status were mentioned.

First, X provides a large and consistent purchasing volume to supplier B (B1, S2). This volume allows supplier B to supply X, not only locally, but Europe-wide, such as in France, U.K., Poland and Hungary, where further growth potential is seen (S2).

Second, X offers supplier B a complete portfolio, as supplier B is not only able to supply X with one corrugated cardboard for one particular product, but can cover several X brands as well as products, presenting a business opportunity for supplier B (S2).

Third, the intensive, long-term and strong collaboration between the parties, based on trust and respect, depicts another motivation for assigning the preferred customer status (S2). By jointly developing and openly discussing solutions for packages, and providing feedback to supplier B, X's preferred customer status further enhances (B1, S2).

An additional driver of the preferred customer status is X's aspiration for quality initiatives with supplier B, in terms of both operative and strategic projects (B1, S2). Furthermore, the strategic fit of the firms, which have similar and to some extent identical values, responsibilities, cultures and philosophies, presents another antecedent of the preferred customer status (S2). Lastly, X's reputation is praised as the supplier B respondent indicated that "when (…) [their] sites use X as a reference, it is of major significance" (S2).

4.3.3 Benefits of the Preferred Customer Status

The preferred customer status brings along four main benefits, which were depicted in this case study.

First, X is, unlike any other of supplier B's customers, provided with a cross-site development team, which is exclusively assigned to X, consisting of developers, an internal key account management as well as consultants, in the supplier's different sites, in Germany (S2).

Having, in each of supplier B's sites marginal cost pricing defined for X's products which cannot be exceeded, presents another benefit of the preferred customer status (S2).

Third, supplier B, always puts extra effort in solving X's problems, and undertakes additional services when necessary (B1, S2). Therefore, when X asks the impossible, supplier B tries to get it done, especially, when X requests a product delivery sooner than previously planned (B1, S2).

Fourth, supplier B is willing to invest for X, showing an increased technological input and supplier innovativeness. Last time, for example, in two new software developments and a database programming, but also in machines, regarding new technologies for the production of packages (S2).

Alongside these benefits, X and supplier B have standardisation initiatives together. Supplier B not only covers complete operations by standardising packages in such a way that they can be used for several of a brand's packages of X, but has, in fact, newly been trying to harmonise operation overlapping products, such as coffee and mustard glasses (S2). The supplier's suggestion of quality improvements and innovations for products presents, hence, another benefit of the preferred customer status (B1, S2). Besides, supplier B offers X innovations, first, and signed an exclusivity clause for laser sensitive colours with the firm (S2). The supplier additionally took over the maintenance of the display's database, which, prior, X was responsible for, and granted access to X's packaging technology and purchasing (S2). Next to offering fair prices, supplier B shows a receptivity to further price negotiations, discloses internal cost data and also offers regular price reductions to X (S2).

4.4 Case 3: Preferred Customer Status at Supplier C

4.4.1 Relationship Development History

Supplier C with headquarters in Vienna, Austria, is an innovation leader of paper- and plastic-based materials and pre-made consumer packaging.

Supplier C supplies X with flexible packaging for diverse products and started business with X in 2004 (B1, S3). However, the relationship with Y started earlier and supplier C supplies Y with flexible packaging in 46 sites in 17 European countries, from which six German sites are supplied (S3). Supplier C categorises its customers, not only in ABC anymore, but, from above to below, in key account customers, managed account customers and customers. X is classified as a key account and regarded as a whole since supplier C does not differentiate between X's sites in the different countries, when assigning a preferred customer status (S3). Regarding the attractiveness in the relationship, it is mentioned that it is difficult to say whether it is an evolutionary or episodic process (S3). On the one hand, supplier C sees it as evolutionary as its business and products have developed through the relation with X. On the other hand, X has, from the beginning of the relationship, been seen as a key account customer (S3).

Moreover, providing different KAM's in different countries to X, supplier C approaches X also with a European KAM and has been taking part in X's SRM, on the European level, and, soon, will be involved on the local level, too (B1, S3).

4.4.2 Antecedents of the Preferred Customer Status

4.4.2.1 Customer Attractiveness

Both parties indicated that X is perceived as attractive to its suppliers, and to supplier C, in particular, and mentioned similar reasons (B1, S3). First, supplier C values the long-term interaction and high information exchange with X (S3). X's high purchase volume, growth rate, and strategic pricing, providing supplier C with a price update, each half year, present the firm also as a low risk and stable business (B1, S3). In addition, supplier C, not only, supplying flexible packaging for baby food to X's site in Wiesenhofen, but also for nutrition products to X's site in Osthofen, values the business opportunities X provides the firm (S3). X's innovation commitment and investment in new sites and technologies further enhance X's attractiveness, too, and it is indicated that "there is a spirit" (S3) X shows. The latest example is X's investment in one of X's brands sites in Schwerin, where supplier C has been involved in the brand's business development, although it is not yet certain, if supplier C will supply the site (S3). Lastly, X's reputation is mentioned as another driver of customer attractiveness (S3).

4.4.2.2 Supplier Satisfaction

Both interviewed parties mentioned that X is able to deliver supplier satisfaction, mainly because of the early supplier involvement and joint relationship effort (B1, S3). Recently, for example, supplier C has been invited, as one of four suppliers, to an initiative X induced to develop its supplier relationships (S3). Sharing timely and high quality information about innovation projects with supplier C and involving the firm in their development, it is perceived that X counts on supplier C as a long-term partner (S3). Thus, the cooperative relationship and open and trustful communication further influence the supplier satisfaction (B1, S3). Supplier C, for example, created a platform, where X's and supplier C's people can share documents with each other in external team rooms (S3). Moreover, X is seen as loyal in terms of payment habits, increasing supplier C's satisfaction, too (B1, S3).

Yet, a source of supplier dissatisfaction is that supplier C, mostly gets approximate indications, instead of specific volume forecasts from X (S3). But supplier C also understands that there is a high volatility on the market, making it difficult for X to provide forecasts to supplier C to the extent the firm needs it (S3). A second supplier dissatisfaction factor is that X is seen as "a bit more conservative than the others and a bit less dynamic" (S3), when supplier C wants to introduce a new idea or innovation.

4.4.2.3 Preferred Customer Status

Three main reasons for awarding X with the preferred customer status were identified.

First, providing a high purchase volume to supplier C, X's size is mentioned as a motivation for assigning the preferred customer status (B1, S3).

The second preferred customer status driver is X's ability to operate across borders, in at least three countries (S3).

The provision of business opportunities, allowing supplier C to develop itself not only locally, but globally, depicts a third antecedent of the preferred customer status (S3).

Besides these drivers, X's stable financial performance is another factor influencing the preferred customer status (S3). Similarly, X's strategic pricing, helping supplier C to secure margins, and also capacities for X, presents a value-addition for both firms (S3). X's trust- and respectful behaviour and supplier C's involvement in flexible packaging designs, through professional and properly shared instruments of interaction, such as quarterly reviews, KPI (key performance indicator) measures and external team rooms as well as X's regular feedback influence its preferred customer status, too (S3). Alongside X's reputation, a last motivation for awarding X with the preferred customer status is the strategic fit between the firms, as it is indicated that both "concentrate on an honest performance [and] honest behaviour and (…) want to grow not only locally, but across different regions, if not, continents" (S3).

4.4.3 Benefits of the Preferred Customer Status

The case study yielded two main benefits, resulting from the preferred customer status with supplier C.

First, the achievement of seemingly impossible objectives is mentioned, indicating that with regard to the lead times, X is preferentially treated, when there is, for example, a change in the

production plan and supplier C reacts with a high flexibility to fulfil X's urgent requirements (S3).

Second, X is provided with exclusive joint innovation projects, presenting supplier C's increased innovativeness and technological input (S3). Similarly, supplier C provides X with specialised trainings, which take place twice a year (S3). These are free of charge and consist of a basic and an in-depth training, where supplier C presents its technologies and it is discussed how its flexible packaging technologies are linked to X's (S3).

Furthermore, supplier C makes suggestions to X, in terms of quality improvements and innovations for flexible packaging (S3). These may lead to standardisation initiatives, which are regularly conducted with X together (S3). Last year, for example, the firms changed and harmonised an ice cream flexible packaging of X Germany and X France, which, before used different specifications (S3). Apart from extending products' stock period and payment terms, disclosing internal cost data, and providing fair market prices to X, supplier C is, in addition, receptive to further price negotiations, and has also cost reduction initiatives with X (S3).

4.5 Case 4: Preferred Customer Status at Supplier D

4.5.1 Relationship Development History

Supplier D with its headquarters in Berlin, Germany, belongs to the Z Group. The production of energy and district heating, distribution of gas, natural gas and energy performance as well as electricity trading count to supplier D's key activities.

Supplier D supplies electricity to X, which has a power consumption of approximately 300 gigawatt hours per year since 2012, and their contract ends in 2016. Although supplier D does not officially categorise its customers, X is seen as a preferred customer and it is stated that, if supplier D classified customers, it would attribute the preferred customer status to X as a whole (S4). In addition, attractiveness in the exchange relationship is seen as an evolutionary process which developed "in the course of time" (B2) from the long-term and good cooperation (B2, S4).

Supplier D has also been involved in X's SRM, aiming to improve the exchange relationship (S4).

4.5.2 Antecedents of the Preferred Customer Status

4.5.2.1 Customer Attractiveness

While X's purchasing personnel indicated that X is attractive to supplier D, but may not be attractive to all of its suppliers, supplier D regards X as an attractive customer.

Supplier D perceives X as attractive, not only because of the firm's reputation, but because of the long-term relationship (S4). By involving supplier D in the SRM and intensively exchanging information with each other in the diverse pilot projects (B2, S4), supplier D values, not only, X's aim to grow together and maintain a strong relationship, but overall its healthy corporate culture (S4). Similarly, X's commitment to innovation makes the firm attractive to supplier D, too (S4). At X's site in Nonnweiler, for example, one of X's brands brings various products on the market, which supplier D praises, as it sees X's "positive movement" (S4), showing the firm's growth rate and minimising supplier D's risk, and therefore enhancing X's attractiveness further (S4).

The purchaser of X perceives that X's reputable name mainly influences the firm's attractiveness to suppliers (B2). However, it is argued that X may not be attractive to all suppliers, and may be unattractive for small firms, due to its strict guidelines in terms of liability and payment terms (B2).

4.5.2.2 Supplier Satisfaction

Both parties indicated that X is able to deliver supplier satisfaction. Supplier D is mainly satisfied with the relationship because of the clear and trustful communication, showing the high quality of information exchange between the two parties (S4). This view is also shared by X and it is added that X's open communication, for example, by having contacted supplier D as one of the first, when recently a fitness studio and nursery were built in X's German headquarters, shows the cooperative relationship between the firms (B2). Thus, it is indicated that "there is little improvement potential" (B2) in both parties' joint relationship effort. Moreover, long-term horizons and good payment practices are depicted as additional motivations for supplier satisfaction (B2, S4).

One mentioned source of supplier dissatisfaction is the constant change of supplier D's contact person at X, which occurred for the third time during the three year relationship (S4). Therefore, it is indicated it would be "nice to have" (S4) a contact for longer.

4.5.2.3 Preferred Customer Status

Three key reasons for awarding X with a preferred customer status were mentioned.

First, the long-term interaction, bringing along a joint development process and a closer relationship between supplier D and X are indicated as drivers of X's preferred customer status (B2, S4).

Second, the clear communication and feedback in diverse projects and contracts and X's trust- and respectful behaviour additionally contributed towards becoming a preferred customer of supplier D (B2, S4).

A third motivation for awarding X with a preferred customer status is the shared future, since both firms jointly elaborate on common objectives, which "can only be achieved by closely working together" (B2). Indicating that the two firms are "mutually in a good position" (S4) in terms of their strategies, too, the current aim is, for example, to establish a business relationship in several countries, by pursuing a "Ten European Partnership" (S4).

Next to these main drivers of X's preferred customer status, X's high purchase volume, being in the upper segment of supplier D's customers' purchase volumes, is indicated as relevant (B2, S4). Furthermore, supplier D sees business opportunities resulting from its relationship with X, such as an energy efficiency consultation (S4). Besides, the firms indicated that they fit together, not only because both operate internationally, but also because of their cooperative character, showing a high flexibility in their reactions to customer requests, for example (B2, S4). Lastly, X's reputation is mentioned as another antecedent of the preferred customer status (S4).

4.5.3 Benefits of the Preferred Customer Status

Two main benefits resulting from the preferred customer status with supplier D were identified.

First, supplier D grants X extended payment terms, which only strategically relevant customers of supplier D, who have a good credit rating and with whom supplier D has a good business relationship as well as a good partnership, are provided with (S4).

Second, the additional services X obtains from supplier D presents another preferred customer status benefit (B2, S4). Currently, for example, supplier D and X have an initiative project related to energy savings, where it is believed that thereby, both parties can "achieve more together" (S4). In addition, offering X Europe-wide advice in topics going beyond

energy services, conducting on-site analyses in X's sites, and providing a contact, who is available at all times, are mentioned as further benefits (B2, S4). Another service offered to X, in April, is "Flexscan", an audit, where X and supplier D identify optimisations in terms of the flexibility, structure and costs of the power consumption (S4). Besides, supplier D mentioned that they uphold a "positive cooperation [and] lively exchange" (B2) with X during these services.

Next to these main benefits, supplier D's aim to achieve seemingly impossible objectives is another benefit of the preferred customer status (B2, S4). Through the joint project, called "energy service contract", for example, supplier D supports X with professional expertise to "achieve the not, yet, achievable objectives" (S4). Moreover, X has access to supplier D's best employees as well as to the power consumptions at the diverse sites, and a high information availability exists between the firms (S4, B2). Furthermore, X is offered fair prices and the firm can access supplier D's internal cost data, too (S4). Showing a receptivity to further price negotiations and providing cost reductions, present two additional benefits of X's preferred customer status with supplier D (S4).

4.6 Three Most Important Benefits of the Preferred Customer Status of X

Three most noteworthy benefits X receives from its suppliers due to its preferred customer status will be outlined in the following, and belong in the top of the pyramid in Figure 1, and are thus not provided to all customers and free of charge.

First, the achievement of seemingly impossible objectives, especially with regard to the delivery dates, is mentioned as the main benefit of X's preferred customer status with its key suppliers. It is outlined that suppliers show a fast reaction and a high flexibility, when there is a production plan change (S3), for example, but also in terms of a prioritised delivery during limitations to X (B2, S2). When X requests a product delivery sooner than initially requested, it is further indicated that suppliers try to fulfil X's requirements, as best as they can, by "doing magic" (B1) from the purchaser's perspective, and X therefore receives orders, which, under normal circumstances, are impossible (S1). Besides, the interviewed suppliers indicated that they support X in projects, for example, with professional expertise to achieve impossible goals (S4).

Second, X receives additional services from its suppliers, for example, help in the scheduling of orders to prevent the firm from running out of stock, due to too late orders (S1). Showing rapidity, supplier A, therefore, supports X's staff, reminding them, when necessary, of taking specific actions, with regard to product orders, for example. In addition, offering advice in topics going beyond common services, and providing X with a contact, who is available at all times, are mentioned as further benefits of the exclusive support offered to X by its key suppliers (S4). Similarly, X is provided with a cross-site development team, which is exclusively assigned to X, and consists of three developers, an internal key account management and consultants, in the supplier's different sites, presenting another benefit of X's preferred customer status (S4). Also, it is indicated that the suppliers always make every effort to solve any of X's problems by taking additional activities when required and therefore provide X with great care (S2).

Third, the suppliers provide increased technological input to X, in terms of innovations and machines (S1, S2) as well as technology trainings (S3). For example, several years ago, it was not possible to create a "double-wave" in a specific printing process, cost-efficiently. Since X's need increased, supplier B invested in a machine, of which there are currently only two on the European market, which with laser-sensitive colours can produce the "double wave", depicting a competitive advantage to X (S2). Moreover, X is provided with specialised technology trainings, taking place twice a year and including a basic and an in-depth training, where X gets insight into the supplier's packaging technologies and it is discussed how these can be linked to X's technologies (S3). Therefore, being offered supplier's increased innovativeness, also in terms of newly implemented machines and techniques, X can, further, benefit from the supplier's technological input (S1).

5. DISCUSSION

5.1 Relationship Development History

Based on Ellegaard's evolutionary perspective and Hald's episodic perspective of the attractiveness in buyer-supplier relationships, the relationship development history between X and its key suppliers was examined in this case study.

All in all, Ellegaard's evolutionary view of attractiveness in the exchange relationship was confirmed in the majority of the case studies (B1, B2, S1, S2, S4). Therefore, for example, supplier D indicated that through the long-term and good cooperation between X and supplier D, optimisations are introduced and contract conditions are adjusted, and overall X's attractiveness has increased, gradually (S4). Similarly, supplier A mentioned that, despite ups and downs in the business relationship with X, the connection between the firms has enhanced and intensified over the long-term collaboration, implying that X's achievement of a preferred customer status is seen as an evolutionary process (S1). Supporting this view, supplier B indicated that while the firm in the beginning of the exchange relationship with X supplied only three X sites and the parties discussed packaging products only, the firm now not only supplies eleven X sites, but also discusses complete supply chain processes with X. Thus, supplier B, like the other two suppliers, confirmed that X's attractiveness, supplier's satisfaction, and eventually, X's attainment of the preferred customer status are seen as an "evolving process" (S2).

However, supplier C as the only supplier indicated that it is difficult to say whether X has become a preferred customer in an evolutionary or episodic way. On the one hand, the supplier mentioned that, confirming the evolutionary perspective, supplier C has developed and grown as a business through the relationship, and X's attractiveness has increased, incrementally. On the other hand, it is stated X has, from the beginning of the relation, been seen as a preferred customer, implying that X has been perceived as attractive already at the start of the relationship (S3).

5.2 Antecedents of the Preferred Customer Status

Based on the three-part framework of the drivers of a preferred customer status, resting upon the attainment of customer attractiveness, supplier satisfaction and a preferred customer status, by Hüttinger et al. (2012, p. 1196-1202), the antecedents of a preferred customer status were examined in this case study. Thus, a comparison between the case study results and the literature was drawn, and most identified antecedents of a preferred customer status confirmed prior findings. Subsequently, the model by Hüttinger et al. (2012, p. 1196-1202) will be discussed.

An overview of the preferred customer status antecedents, as found in the case study, and their links to the literature are presented in Table 1 while their limits to the literature are outlined in Table 2.

5.2.1 Customer Attractiveness

First, with regard to drivers of customer attractiveness, almost all of the elements mentioned in the case study could be linked to the literature and reinforced similar concepts mentioned in prior theoretical studies. All suppliers indicated that a buyer is perceived as attractive, when the customer shows a commitment to innovation and a long-term interaction and high information exchange exist between the two parties (S1, S2, S3, S4). Elements which were not found in the literature are firm reputation, supplier award, reduction of production mistakes, high purchase volumes, strategic pricing, business opportunities, and frequency of new developments and innovations. In fact, a firm's reputation appeared to be a motivation for customer attractiveness in all four case studies.

5.2.2 Supplier Satisfaction

Second, in terms of supplier satisfaction drivers, it was found that all but one of the elements, were covered by comparable concepts in the literature and no novel elements could be identified. Consensually, joint relationship effort, cooperative relationships, open and trustful communication, timely payments, high quality and timely information exchange were indicated to increase supplier satisfaction in a relationship (S1, S2, S3, S4). However, customer's recommendations as a supplier satisfaction driver was mentioned only once (S2).

With regard to supplier dissatisfaction, X's non-continuous growth rate (S1), infrequent recognition of supplier's generation of added value in its services and performances (S2), non-specific volume forecast and "a bit more conservative and (…) less dynamic" (S3) behaviour in terms of the implementation of supplier's ideas and innovations and a constant contact person change (S4) were mentioned.

5.2.3 Preferred Customer Status

Lastly, in terms of antecedents of the preferred customer status, all elements proposed in the case study were proven by the literature. High purchase volumes, offering the supplier business opportunities, communication and feedback, trust and respect in the relationship were, by all suppliers, indicated as preferred customer status drivers (S1, S2, S3, S4). Elements not found in the literature were long-term interaction, stable financial performance, operating in at least three countries, and strategic pricing. Besides, reputation, which was found to be a driver of customer attractiveness, not indicated in the literature before, appeared to influence the preferred customer status, too, and was mentioned as the only new element in all four case studies (S1, S2, S3, S4).

5.3 Benefits of the Preferred Customer Status

Next to the antecedents, benefits of the preferred customer status of X were identified during the case studies. While many of the key benefits of a preferred customer status from the scientific literature were also identified in this case study, multiple other benefits were not found in the previous literature and unique in this respect. In addition, some benefits were found to be offered by all suppliers, whereas others are offered by a single supplier only. Therefore, the similarities and differences of the benefits offered by the suppliers will be presented in the following.

An overview of the preferred customer status benefits as found in the case study and their links to the literature are presented in Table 3. Based on the benefit pyramid in Figure 1, the table also shows whether the benefits are free and/or exclusive. For each case study, the antecedents and benefits of the preferred customer status, are indicated in Table 4.

Regarding the similarities among the benefits of the preferred customer status, which confirmed prior literature, all suppliers offer fair and economical prices (S1, S2, S3, S4). However, this does not imply that they provide the best market prices to X. Sometimes firms from the East, where labour costs are lower, can offer better prices, but may not offer the "exceptional quality" (B1) X's suppliers can offer. Furthermore, all suppliers show a receptivity to further price negotiations, disclose internal cost data, by providing detailed cost breakdowns and have cost reduction initiatives with X together. The final benefit, mentioned by all suppliers, is the achievement of seemingly impossible objectives (S1, S2, S3, S4). Indicating that they try their best in satisfying preferred customer's needs, especially with regard to delivery dates, it was stated that a flexibility and fast reaction are shown, when X requests a product delivery sooner than initially planned.

Three main benefits, which were mentioned by the majority of suppliers comprise the suggestion of quality improvements and innovations for the products required by X, increased supplier innovativeness and increased technological input (S1, S2, S3). An element mentioned only once is the partial acquisition of customer's activities (B1, S2).

Although the delivery of consistent supplier product quality, timely provision of information and availability, adaption of supplier capacities to the customer's requests, access to best employees, prioritised delivery during limitations and product customisation according to customer's specifications, outlined as preferred customer status benefits in the literature, were also mentioned by the majority of the suppliers (S1, S2, S3). Still, these benefits were rather perceived as basic requirements suppliers must offer.

Regarding the similarities among the benefits of the preferred customer status, which were not found in the literature, the offering of additional services (S1, S2, S4) and an extension of payment terms (S3, S4) were indicated. In terms of the offering of additional services, supplier A mentioned that they have the will to control X's packaging order planning and support their customer by providing suggestions about ordering times (S1). Supplier B and D further indicated that they provide X with any support, whenever necessary, especially, in terms of technical assistance (S2, S4). Supplier B, specifically, mentioned that their development tries to solve any of X's problems through "the best commercial and technological channel" (S2), possible, and develops products from the customer's view. Furthermore, supplier D indicated that they conduct on-site analyses of the power consumptions, in the different X sites, and provide X with an audit, called "Flexscan", where optimisation possibilities with regard to the power consumption flexibility are identified (B2, S4). In terms of the payment terms extension, supplier C and D mentioned that they grant X a long period before payment, which requires high supplier flexibility and is provided only to preferred customers, like X, with whom they have a long-term business relationship and a good partnership (S3, S4).

Besides these similarities, two differences among the benefits of the preferred customer status, not found in the literature are an exclusive cross-site development team (S2) and a specific price level definition (S2). With regard to the exclusive cross-site development team, supplier B indicated that X is provided with a team, consisting of developers, an internal key account management and consultants, which is tailored to X on both national and European level (S2). Moreover, supplier B defined a specific price level and determined a marginal cost pricing, which cannot be exceeded, for the packages and displays, requested by X, in each of the supplier's sites (S2).

6. CONCLUSION

6.1 Offering a Practical Perspective to the Antecedents and Benefits of a Preferred Customer Status

The traditional dynamics in the buyer-supplier relationship have changed, increasing the dependence of buyers on their suppliers. This change is based on two reasons, the shift to an open, network-embedded innovation, increasing supplier's responsibility, and an oligopolistic market structure, due to supplier scarcity (Schiele et al., 2012, p. 1178). Therefore, the supplier can choose which buyer to serve and to what extent. Enabling some buyers to attain preferential treatment and resource allocation, the supplier can thus decide which buyer can acquire a "strategic prioritisation" to, ultimately, achieve a preferred customer status (Schiele et al., 2012, p. 1181). Hence, the preferred customer status can provide competitive advantages, which customers are increasingly competing for, by striving to become attractive to their suppliers.

By answering the double research question, this multiple case study at X with its four key suppliers determined a large number of antecedents and benefits of the preferred customer status in a buyer-supplier relationship. Furthermore, the research aimed to provide practical evidence and confirmation of the different antecedents and benefits of a preferred customer status, identified in previous literature. In addition, novel antecedents and benefits not mentioned in prior studies were proposed. While, concerning the antecedents of a preferred customer status, a vast number of the findings supported the prior scientific results, antecedents such as the supplier award, reduction of production mistakes, high purchase volumes, strategic pricing, business opportunities and frequency of new developments and innovations, with regard to customer attractiveness, and long-term interaction, stable financial performance, operating in at least three countries and strategic pricing, with regard to preferred customer status have not been recognised by other studies yet. A customer firm's reputation further appeared to be a driver of both customer attractiveness and the preferred customer status. While high purchase volumes and business opportunities were mentioned as new drivers of customer attractiveness, they were, prior, indicated as drivers of the preferred customer status, in the literature. Similarly, while long-term interaction was mentioned as a new driver of the preferred customer status, it was, before, indicated as a driver of customer attractiveness in the literature. Thus, the case studies showed that drivers of the preferred customer status can also be drivers of customer attractiveness and vice versa. With regard to the benefits of a preferred customer status, a high degree of similarity between the theoretical elements and elements resulting from the case studies was found. However, offering additional services to meet customer's demand, an exclusive cross-site development team, a definition of a specific price level and payment terms extension have not been found in the literature yet, while they may be interesting to consider, too.

6.2 Recommendations to X

This case study proved for X that their preferred customer status with supplier A, supplier B, supplier C and supplier D provides significant benefits for the firm in several aspects of the buyer-supplier relationship. Strengthening the relevance for X of having a preferred customer status with key suppliers, it was further indicated that X always aims to be classified as an A-customer by its suppliers, and it is thus "important to do many things together" (B1), considering a preferred customer status necessary. Since X already focuses on improving the exchange relationships, by asking its key suppliers to conduct a SWOT analysis of X in the SRM and by introducing the supplier award, X aims to improve its status at suppliers. Nevertheless, the suppliers, of which all except supplier A are involved in X's SRM, still see potential for improvement, as, for example, the added value of the supplier's services could be acknowledged more frequently (S2) and X could also be more dynamic in realising supplier's ideas (S3). Thus, the fact that X can become more attractive to its suppliers, combined with the fact that there is no specific management commitment to achieve a preferred customer status with suppliers (B1, B2), shows that significant benefits can still be achieved by introducing a specific preferred customer status approach in the future.

Therefore, X can decide to introduce a preferred customer status strategy. Next to the SWOT analysis, it may, for example, be worthwhile to introduce a regular supplier satisfaction evaluation to get a periodic insight into X's status with its key suppliers. This evaluation which is recommended to be conducted by a third party to provide a more honest assessment, may further improve the relationship between X and its key suppliers. Thus, by not only aiming to position itself as an attractive and satisfying customer, with the preferred customer status strategy, X could further enhance its efforts towards achieving a closer relationship with its key suppliers, taking into consideration the relevant factors mentioned in this study as well as in the study of Hüttinger et al. (2012, p. 1201).

6.3 Theory Research Contributions and Limitations

As the preferred customer concept has not yet been sufficiently analysed in academic research, this study first constituted its latest definitions, antecedents and benefits. Next to the theoretical findings, a dual perspective multiple case study with X and four of its key suppliers was conducted to provide a practical point of view. Based on prior research on buyer-supplier relationships, customer attractiveness, supplier satisfaction as well as the preferred customer status, a large number of findings were confirmed by this study. Moreover, some additions to the existing research were made, presenting both novel antecedents as well as benefits of the preferred customer status.

As this study is built on four dual perspective case studies with one firm and four of its key suppliers, external validity is not guaranteed. Whilst the outcomes proposed new and, potentially, relevant antecedents and benefits of a preferred customer status, a generalisation is not possible, as the results do not outline a full picture. Thus, prior theoretical research findings can only be confirmed and merely expectations in terms of novel results can be provided.

6.4 Future Research Directions

To amplify the research scope on the preferred customer status, additional practical evidence on antecedents and benefits of a preferred customer status is required. As a result of this research, the buying firm's reputation was mentioned as an antecedent of both customer attractiveness and the preferred customer status in all four case studies. Therefore, it could be interesting to explore the influence of a customer firm's reputation on the firm's attractiveness to suppliers and on the probability to be awarded with a preferred customer status by its suppliers.

Since this research presents a starting point for verifying and confirming the current literature on the preferred customer status with practical evidence, more case studies must follow to clearly justify the concept's current scientific groundwork and to offer significant and actionable methods for managers to obtain preferential treatment from key suppliers in the future.

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8. APPENDIX

8.1 Antecedents of a preferred customer status

Table 1: Antecedents of a preferred customer status identified at X and their links to theory

Customer attractiveness			
Element in Practice	**Case**	**Interview Partner**	**Element in Theory**
Market growth factors			
X can offer a supplier an enormous potential and its size is a great factor for suppliers in perceiving X as attractive since supplier's growth opportunities can increase with X's size.	1, 2, 4	B1, B2, S1, S2, S4	Size
Overall, X is perceived by its suppliers as a customer who grows year by year and who depicts a continuous growth rate, and suppliers grow with X, too.	2, 3, 4	S2, S3, S4	Growth rate
As suppliers precisely screen X and its creditworthiness, X, through its size, behaviour (payment habit) and stable business, providing a planning security for suppliers, is regarded as a low risk customer which is of high value for suppliers.	1, 3, 4	B1, B2, S1, S3, S4	Market stability
Suppliers who successfully supplied X in one market can be asked to supply X on another too, or even the entire European market. Thus, X's suppliers are provided with growth opportunities and may strengthen their businesses.	2, 3, 4	B1, S2, S3, S4	Access to new customers and /or markets
Risk factors			
X shows a considerable concession with regard to risk sharing and does "not want the supplier to be too dependent on [them], but (…) also [does] not want to be too dependent on the supplier" (B1). Thus, financial risks and the risk of not having an alternative supplier are, for example, approached in a BCP (Business Contingency Plan). By having a broadly diversified pattern of the energy consumption, X further, for example, shares the purchasing risk with its supplier.	2, 4	B1, S2, S4	Risk sharing
X has particular specifications and wants its suppliers to produce according to them and expedites standardisations of products such as foil or packaging harmonisations, for example.	2, 3	B1, S2, S3	Standardisation of product
X tells its suppliers for direct materials at the beginning of the year its prospective demand, providing them with a forecast. This information, a quantity contract, shows the suppliers how much they have to produce when X eventually sends the contract on call. For indirect material suppliers there is only a single purchase order, but demand is stable, too. Overall, the demand stability X offers its suppliers provides a planning security for them and is therefore highly praised.	2, 3, 4	B1, S2, S3, S4	Demand stability
Technological factors			
X is capable and willing to cope with changes when necessary which is a prerequisite for becoming a preferred customer at the interviewed suppliers. In fact, the customer's ability to cope with changes is seen as a basic requirement nowadays by the suppliers, since demands, which are required from trading, change so rapidly that X needs to make technical adjustments, for example, when necessary.	1, 2, 4	B1, S1, S2, S4	Customer's ability to cope with changes
X shows full commitment to innovations by investing in new sites and technologies, and following a top-down strategy, proposes innovation ideas to its suppliers since the experience has shown that a top-down strategy is much more successful than a bottom-up.	1, 2, 3, 4	B1, B2, S1, S2, S3, S4	Commitment to innovation
Field visits for direct materials exist where X's audit team visits suppliers and checks for specific minimum requirements. With preferred suppliers X performs RS audits, too, distinguishing between SMETA (expensive and extensive, including ethical audits and field visits) and ECOVADIS (less expensive, including a supplier questionnaire). Furthermore, the suppliers conduct field visits when requested by X by holding seminars where X's purchasing staff learns more about the technical, constructive and commercial elements the suppliers make use of in their businesses.	1, 2	B1, S1, S2	Supplier trainings and field visits
In successful supplier relationships, X is in contact with many departments at the supplier, for example, the application groups, or packaging technicians, so that suppliers are earlier involved in X's R&D's, notice improvements earlier, and X and the suppliers jointly learn from each other, too.	1, 2, 3	B1, S1, S2, S3	Early R&D involvement and joint improvement
X approaches its suppliers in terms of technological topics and involves them in new ideas, too. However, it is, just like at other food manufacturers, difficult that "earth-shattering things happen" (B1) at X since many things are solely renovations or design changes.	1, 2	B1, S1, S2,	Types and depth of technological skills
Economic factors			
While X sees its suppliers as partners in the shared value creation, suppliers find a fair and respectful treatment, especially during crisis situations, important. While for supplier B, the strategic pricing and its underlying mechanism further present a value-addition for both X and the supplier (S3), supplier D emphasised that the long-term	2, 3, 4	B1, S2, S3, S4	Value creation

relationship with X and the joint development of projects is important in terms of the value creation (S4).			
Social factors			
Active information exchange exists between X and its suppliers. For example, all suppliers know about X's demand for a year at the start of the respective year. In review meetings information is exchanged, too, and the use of contacts is important to get insight into news at X as a supplier.	1, 2, 3, 4	B1, B2, S1, S2, S3, S4	Information exchange
Trust and reliability are relevant to X as it needs to be able to count on its suppliers. For example, when problems occur such as the tearing of a foil, recognised at X during a quality control, X's trust in the supplier decreases. The firm hopes that suppliers ideally conduct quality controls at their own sites so that such problems can be prevented (B1). Similarly, X shows its suppliers a high degree of trust and loyalty. By being able to openly discuss also problems with suppliers and respecting as well as recognising them, X's becomes more attractive to suppliers. Moreover, supplier C, for example, stated that X is loyal to its suppliers and does not change them fast. When the suppliers meet the bottom line criteria, such as being competitive suppliers and providing top quality to X, then even "if [the suppliers] are a little bit more expensive, still X remains as a loyal customer, trusts the suppliers" (S3).	1, 2, 3,	B1, S1, S2, S3	Output factors: Trust, commitment, loyalty, reliability
The long-term interactions play an important role for X in its relationships with its key suppliers. Suppliers indicated that over time they can predict X's requirements as, through the long-term collaboration, they have developed a feeling for X's behaviour, resulting in both reliability and a planning security.	1, 2, 3, 4	B1, B2, S1, S2, S3, S4	Output factors: long-term interactions
Not mentioned in the literature			
Reputation Suppliers value X's reputable name and its status and use it as a reference since it provides the suppliers with the opportunity to show its customers that they are supplying a great, well-known firm.	1, 2, 3, 4	B1, B2, S1, S2, S3, S4	-
Supplier award The supplier award, which X awarded for the second time this year and which is awarded every two years, satisfies suppliers by confirming their skills, motivating them and increasing their reputation. By selecting 20 suppliers, a bronze, silver, gold and special award are assigned and suppliers receive a letter indicating that they belong in the top 20 of X's 17000 suppliers. Suppliers, such as supplier A, for example, put the award in their entry halls, as it has a huge marketing effect and is of importance to them to convince other customers to choose them as a supplier.	2	B1, B2, S2	-
Reduction of production mistakes Through the continuous information exchange between X and its supplier, also about the knowledge of new technological products, mistakes can be reduced which makes X more attractive to its supplier.	1	S1	-
High purchase volumes X's high purchasing volume makes the firm attractive to the supplier and enhances the possibility of awarding X with a preferred customer status.	3	S3	-
Strategic pricing Agreeing on a two or three year contract the supplier obtains a price update from X each half year. This strategic pricing not only helps the supplier to control the margins, but also helps to secure capacities for X.	3	S3	-
Business opportunities The suppliers are provided with the possibility to grow by supplying other sites as well as brands of X, further enhancing X's attractiveness.	2, 3	S2, S3	-
Frequency of new developments and innovations The more frequently X suggests and fosters new developments and innovations which they can generate with the supplier together, the more attractive X becomes to its supplier.	2	S2	-
Supplier satisfaction			
Element in Practice	**Case**	**Interview Partner**	**Element in Theory**
Technical excellence (R&D)			
X intensively involves its suppliers early in its R&D so that suppliers gain an insight into X's new products and jointly work on developments earlier. The closer the collaboration, especially between X's research centres and the suppliers, the more insight suppliers get into new products and hence benefit from an exclusivity status.	1, 2, 3	B1, S1, S2, S3	Early supplier involvement
The quotation "Treat your supplier as you want to be treated." must be recalled more often, as constructive controversy is important to X (B1). Despite the cost pressure and pursuit of profit, X treats its suppliers fairly and with respect and tries to be	1, 2, 4	B1, B2, S1, S2, S4	Reaction (constructive controversy)

honest about its mistakes. At the same time suppliers also perceive X's culture of debate as great, respectful and appreciative.			
In the SRM, suppliers have newly been asked to do a SWOT analysis to give feedback to X to work together on solutions and improve the joint business and relationship with each other. X is perceived as a fair business which supports its suppliers to grow in business and jointly participate in the good work.	1, 2, 3, 4	B1, B2, S1, S2, S3, S4	Joint relationship effort
Supply value (purchasing)			
The bargaining position is in most cases contractually settled and it is perceived that X places value on the observance of its code of conduct when negotiating with its suppliers.	1, 2	B1, B2, S1, S2	Bargaining position
In principle, X keeps to the agreements made with its suppliers since the firm finds it equally important to be able to trust its suppliers and to be able to count on them. It is specifically important that both X and its suppliers know each other and know how the business works.	1, 2, 3	B1, B2, S1, S2, S3	Adherence to agreements
X highly values reliable and cooperative relationships with its suppliers which the firm especially recognises with long-term suppliers and which strengthen the business development further.	1, 2, 3, 4	B1, B2, S1, S2, S3, S4	Cooperative relationships
X makes recommendations to its suppliers in terms of new technologies or products. Following a top-down strategy, X recommends its suppliers, for example, innovation ideas which can be jointly elaborated in the future.	2	S2	Recommendations
Mode of interaction			
X is always open and polite towards its suppliers in its businesses. By sharing platforms, for example, where files and documents can be exchanged between X and its suppliers, the communication between X and its suppliers is very professional and the exchange relationship is based on mutual trust, too.	1, 2, 3, 4	B1, S1, S2, S3, S4	Reaction (openness, politeness and trust) Communication
Knowledge about the responsible person in a specific department develops over time and with an increase in the contacts with X so that the suppliers have the necessary information about the responsible persons at X.	1, 2, 4	B1, B2, S1, S2, S4	Structure
Timely and high quality information exchange takes place between X and its suppliers. In monthly operational reviews or annual review meetings, for example, information can be directly exchanged with X's suppliers and X's purchasing and technology are in particular perceived as having a high quality of information exchange on the national level.	1, 2, 3, 4	B1, B2, S1, S2, S3, S4	Information (quality and time of information exchange)
Operational excellence (production)			
Depending on the contract X tells its suppliers the required volume and price for a specific year at the start of the year, providing the suppliers with forecasts. Overall, it is thus perceived that X plans with its suppliers for a long-term.	2, 4	B1, B2, S2, S4	Forecasting/planning and long-term horizons
The order process and time scheduling are relevant to X and have become a standard procedure. Therefore, X adheres to its promises as best as they can, which is not always easy since the order process and time pressure are usually determined by trade. But suppliers indicated that X performs both routinely.	1, 2	B1, S1, S2	Order process and time scheduling
X is seen as a disciplined partner who sticks to the payment agreements. As suppliers precisely screen X and its creditworthiness, X's loyal payment behaviour is thus important to them and highly valued.	1, 2, 3, 4	B1, B2, S1, S2, S3, S4	Payment habits
Preferred Customer Status			
Element in Practice	**Case**	**Interview Partner**	**Element in Theory**
Economic value			
X provides its suppliers with a large and consistent purchasing volume which satisfies the suppliers and thus positively influences X's achievement of a preferred customer status.	1, 2, 3, 4	B1, B2, S1, S2, S3, S4	High purchase volumes
X provides its suppliers with the opportunity to grow by allowing suppliers to supply other X sites and/or brands locally or globally. After perceiving the exchange business as successful, suppliers can therefore further strengthen their businesses.	1, 2, 3, 4	B1, B2, S1, S2, S3, S4	Business opportunities
Relational quality			
Although it depends on the sites, X is, overall, both a trustful and loyal customer to its suppliers who does not change its suppliers fast. Also, for example, when X does quality controls with its suppliers and these work well, then later, X can eliminate them. By eliminating the incoming control, X not only saves both money and time, but also relies fully on the outgoing inspection at the suppliers and may decide to do sampling inspections, if necessary, in the future. Suppliers further stated that for X "having fluent supplies and avoiding out of stock situations is more important than a small saving in the price" (S3), stressing that X is both open and quite respectful to its suppliers in its exchange relationships.	1, 2, 3, 4	B1, B2, S1, S2, S3, S4	Trust and loyalty

X shows respect and fairness towards its suppliers to strengthen both long-term and intensive exchange relationships. Suppliers specifically perceive that respect is a prerequisite for achieving the preferred customer status.	1, 2, 3, 4	B1, B2, S1, S2, S3, S4	Respect, fairness and strong bonds
Instruments of interaction			
X not only actively shows an interest in the design of new products to its suppliers, but also actively involves its suppliers in the development of new product designs.	1, 2, 3	B1, S1, S2, S3	Involvement in product design
Both operational and strategic quality initiatives are jointly launched with suppliers together in terms of project based quality initiatives or RS initiatives, for example, and are part of X's and the suppliers' day-to-day businesses.	1, 2	B1, S1, S2	Quality initiatives
X permanently provides open communication and feedback through reviews, supplier evaluations and audits to its suppliers at both operational and strategic level.	1, 2, 3, 4	B1, B2, S1, S2, S3, S4	Communication and feedback
An action-oriented crisis management exists between X and its suppliers. Just like suppliers have a determined organisation chart for their risk management mostly in each of their sites, such a risk management also exists at X.	1, 2, 4	B1, B2, S1, S2, S4	Action-oriented crisis management
Strategic compatibility			
Strategically, X fits to its key suppliers and similarly, X's key suppliers fit to X since the firms' values, cultures, philosophies and responsibilities are similar.	2, 3, 4	B2, S2, S3, S4	Strategic fit
Every two years, X plans with its suppliers for future orders and products, showing that X builds on a long-term relationship.	1, 2, 4	B1, S1, S2, S4	Shared future
The geographical proximity between X's and the supplier's sites is satisfying for assigning a preferred customer status to X.	1, 2	B1, S1, S2	Geographical proximity
Not mentioned in the literature			
Reputation The reputation of X influences customer attractiveness and preferred customer status. As X's name is well-known, suppliers increasingly ask X to use its name in presentations. Thus, suppliers use the reputable name to show show that they are suppliers of a major firm as this has a great worth for them. And for X this is valuable because it can get a good price. Also, X has a great rating with a triple accreditation, according to Standard & Poor's.	1, 2, 3, 4	B1, B2, S1, S2, S3, S4	-
Long-term interaction Despite the ups and downs, the long-lasting business relationship with X based on trust, respect and fairness has contributed much to improve and intensify the firm's connection with its suppliers.	1, 2, 4	S1, B1, S2, S4	-
Stable financial performance The financial performance of X is and also must be stable to become a preferred customer of the supplier. The supplier, who checks how the customer is standing on the market, has to clearly see that X is not a risky, but a stable customer.	3	S3	-
Operate in at least three countries X acts across borders in at least three countries and is thus regarded as a preferred customer by the supplier.	3	S3	-
Strategic pricing Agreeing on a two or three year contract the supplier receives a price update from X each half year. This strategic pricing which also enhances X's attractiveness helps the supplier to control margins and secure capacities for X.	3	S3	-

Table 2: Antecedents of a preferred customer status identified at X and their limits to theory

Customer Attractiveness			
Element in Practice	**Case**	**Interview Partner**	**Element in Theory**
Economic factors			
Although, on the one hand, the large volume X can offer its suppliers may be attractive and may create a potential for suppliers. On the other hand, X can, when a long-term relationship with a supplier exists, demand certain price reductions when ordering a large volume, which presents a driver of customer unattractiveness.	1, 2	B1, S1, S2	Price/volume
X through both its purchasing and bundling power can put a price pressure on its suppliers during negotiations. This price pressure can thus reduce supplier's profit margins and is seen as a reason for customer unattractiveness.	1, 2	B1, S1, S2	Margins

8.2 Benefits of a preferred customer status

Table 3: Benefits of a preferred customer status identified at X and their links to theory

Element in Practice	Case	Interview Partner	Element in Theory
Exclusive and free			
Product quality and innovation			
A benefit of the preferred customer status is that X gets what it wants from the suppliers. Products, for example, not only optically look like X requires, but also foils, for example, run on the machine like X demands. Based on the quote "Quality is the fulfilment of customer requirements." X measures quality and records it in SAP. Thus, so-called "foreign bodies" in deliveries are a delicate topic as X wants its suppliers to have their own quality system so that ideally suppliers test themselves whether a foil tears when it runs over the machine before X notices it. The delivery of consistent supplier product quality requires not only that the quality control at the suppliers works well, but also that the suppliers know what X requires and is perceived as a prerequisite of the preferred customer status by the suppliers.	1, 2, 3	B1, S1, S2, S3	Delivery of consistent supplier product quality
The suppliers' aim to achieve seemingly impossible objectives exists especially in terms of delivery dates. When X requests a product delivery sooner than initially requested, suppliers therefore try their best and deal with X's requirements, showing high flexibility and a fast and completely non-bureaucratic reaction.	1, 2, 3, 4	B1, B2, S1, S2, S3, S4	Achievement of seemingly impossible objectives
When X decides to standardise its products, for example, cartons or foils, then suppliers are certainly willing to support X with their standardisation initiatives.	2, 3	B1, S2, S3	Standardisation initiatives
In the past, X asked its suppliers to come up with innovations so that X's innovation committee can manage its realisations. But X noticed that the suppliers' innovation ideas were not forwarded and were in only a few cases successful. Thus, X decided to follow a top-down strategy and now proposes innovation ideas to suppliers which works much better than the prior strategy. Yet, suppliers still provide quality improvements partially without request to preferred customers like X. By having employees who work exclusively for X in the suppliers' development centers, suppliers pro-actively co-design products and provide improvements for past orders to X, too.	1, 2, 3	B1, S1, S2, S3	Suggestion of quality improvements and innovations for the products required by the customer
Although it is very rare that suppliers propose spectacular products to X and even more rarely that suppliers' proposals are an innovation this also has to do with X's industry (B1). However, X's suppliers show an increased innovativeness to X which they do not show to other customers to such a degree, by working jointly on innovation projects with X, for example.	1, 2, 3	B1, S1, S2, S3	Increased supplier innovativeness
X is provided with an increased technological input from suppliers such as technology trainings and innovations. Several years ago, for example, it was not possible to create a "double-wave" in a specific printing process cost-efficiently. As X's need increased, supplier B, for example, invested in a machine of which there are only two on the market in Europe. With laser-sensitive colours, this machine could produce the "double wave", presenting a competitive advantage to X (S3).	1, 2, 3	B1, S1, S2, S3	Increased technological input from suppliers
X's suppliers provide an increased technology access to X wherever possible. In meetings, for example, X depicts how the market will change in the future and suppliers suggest ideas about which technologies have to be introduced to confront these changes most effectively.	1, 2	S1, S2	Increased technology access
Based on the closer contact with a preferred customer, X gets insight into new machines and techniques and the resulting opportunities, for example, and is being offered innovations first compared to other customers of the suppliers. At the same time, X does not want that, for example, a great innovation idea is offered to competitors first before it gets to X (B1).	1, 2	B1, S1, S2	Being offered innovations first
Support			
Suppliers always aim to timely satisfy X's wishes, when X, for example, needs information faster or the suppliers have to deliver within a specific time or X requests a product delivery earlier than initially requested. As a preferred customer, X needs to be able to have confidence in suppliers' delivery, too, when requesting information or products at a certain time.	1, 2, 4	B1, B2, S1, S2, S4	Timely provision of information and availability
When X is a preferred customer then the suppliers will and must certainly adapt their capacities to X's requests, for example, in terms of delivery times when X requests specific products earlier than initially requested.	1, 2, 4	B1, S1, S2, S4	Adaption of supplier capacities to the customer's requests
At great events such as the supplier award not only X's own employees, but also some suppliers are asked to give a speech to tell why they are important suppliers of X, for example. This active participation in terms of supplier speeches is not written in the supply contract and presents a partial acquisition of customer's activities.	2	B1, S2	Partial acquisition of customer's activities

Besides, supplier B's internal key account management, for example, maintains the database, where the bills of material for X's displays are indicated, showing how the displays are packaged, which material and article number the displays have etc. Therefore, supplier B has taken over this task which previously, X's packaging technology was responsible for and created a software tool for the maintenance of the database which can be accessed by X's packaging technology and purchasing.			
As X tells its suppliers when they are dissatisfied with the work of a KAM, for example, they can access the best supplier personnel. Although not often occurring, X can complain at the supplier firm and ask for another KAM when they perceive that the supplier is unable to fulfil X's requirements.	1, 2, 4	B1, B2, S1, S2, S4	Access to best employees
Delivery reliability			
X obtains a prioritised delivery during limitations by the suppliers as a preferred customer which is specifically obvious in crisis and emergency situations. The suppliers specifically indicated that for their preferred customers they arrange urgent deliveries to the extent as it is requested and as much as it is allowed by the suppliers in terms of the material availability, for example.	1, 2, 3	B1, S1, S2, S3	Prioritised delivery during limitations
Suppliers always try to deliver on time based on what is technically and physically realisable. Timely delivery is very important to X as they measure whether the supplier delivers products on a promised day. Quality and time of supplier delivery are recorded in X's SAP and the suppliers are told whether they achieved X's target (currently 92 % for all suppliers).	1, 2	B1, S1, S2	Timely delivery of missing components
Price			
X wants an attractive price from its suppliers, but at the same time wants its suppliers to make a profit since X does not want to "ruin" (B1) them. Suppliers offer X as a preferred customer one of the lowest prices on the market. Although X continuously benchmarks and checks market prices and, with easily comparable things (for example, packages such as a carton with a specific size and weight), can easily compare price offers and notices differences in supplier's pricing behaviour. This is more difficult with things which are not easily comparable (B1).	1, 2, 3, 4	B1, B2, S1, S2, S3, S4	Benevolent pricing / Supplier's offering of one of lowest market prices
The suppliers show a receptivity to further price negotiations to X. Supplier A, for example, renegotiates its prices with X every two years. Moreover, before conducting a price negotiation with X on the European level, marginal cost pricing is common rather than a full costing. At X, lists indicate prior supplier offerings and discounts. Thus, X also carefully looks at the history they have with their suppliers and analyses which supplier could possibly give how much percentage more discount to X in future price negotiations. (B1)	1, 2, 3, 4	B1, B2, S1, S2, S3, S4	Receptivity to further price negotiations with the customer
Costs			
Suppliers provide X with a disclosure of internal cost data such as an open calculation or very detailed calculations of a product's costs, sharing a very transparent and open cost model. For example, when X demands a cost breakdown of foils, its suppliers provide a very detailed calculation about the price for the foil, for the colour of the foil, and for an additional colour etc.	1, 2, 3, 4	B1, S1, S2, S3, S4	Disclosure of internal cost data
X's suppliers provide cost reductions to X for project cost optimisations, for example. Often, there are negotiations where X tells its suppliers that they have a three year contract from now on but from next year onwards the suppliers' prices must reduce by 20%, for example. So, cost reduction initiatives exist and in fact preferred suppliers are required to provide them to X.	1, 2, 3, 4	B1, B2, S1, S2, S3, S4	Cost reduction initiatives
Not mentioned in literature			
Offering additional services The supplier provides a special service offer to X to help in the scheduling of X's orders with the supplier and reminding the firm, if necessary, of flexible packaging ordering time to meet the customer's demands.	1	S1	-
Exclusive cross-site development team X is, as the only one of supplier B's customers, provided with a cross-site development team consisting of three developers, an internal key account management team, as well as consultants, exclusively assigned to the firm.	2	S2	-
Definition of a specific price level The supplier defined a specific price level which cannot be exceeded for X's packages and displays at each of the supplier's sites.	2	S2	-
Payment terms extension The supplier grants X a relatively long period before payment which it only offers to its preferred customers.	4	S4	-
Exclusive and paid			
X's suppliers actively support X and take part in optimisations, for example, when X reduces specifications or harmonises products. Overall, product customisations	1, 2, 3	B1, S1, S2, S3	Product customisation

according to X's specifications are regarded as a basic requirement by the suppliers. Also, suppliers may agree on an exclusivity clause with X by not supplying the product to any other of its customers for a specific time, for example.			according to customer's specifications
Delivery flexibility The supplier can supply X more frequently and with a larger or smaller volume than initially requested by X by showing a high flexibility.	3	S3	Achievement of seemingly impossible objectives
Stock period extension Upon request by X, the supplier extends the stock period of the products they store in their consignment warehouse and will later supply to X.	3	S3	Adaption of supplier capacities to the customer's requests
Offering additional services The suppliers provide advice to X, mostly technical advice or any other advice requested by X.	2, 4	S2, S4	-
Payment terms extension If X asks the supplier, they can increase the payment terms with X. In exchange, the supplier requires X to purchase a larger volume.	3	S3	-
Not exclusive and free			
Offering additional services The supplier conducts on-site analyses of the power consumptions in the different X sites for X in specific cases.	4	B2	-
Unknown			
Offering additional services The supplier provides a special service in terms of an audit for X, called "Flexscan", where optimisation possibilities in terms of the flexibility of the power consumption are identified.	4	S4	-

8.3 Case studies and the respective antecedents and benefits of a preferred customer status

Table 4: Case studies and the specific antecedents and benefits of a preferred customer status of X

Criterion	Supplier A	Supplier B	Supplier C	Supplier D
Customer classification system	No classification system	1. CBU (central business unit) *(European level)* 2. Strategic account *(European level)* 3. Key account *(National level)* 4. B and C customers *(National level)*	In past: ABC customers Now: 1. Key account customer 2. Managed account customers 3. Customers	No classification system
Major Benefits	• Achievement of seemingly impossible objectives • Offering additional services	• Exclusive cross-site development team • Definition of a specific price level • Offering additional services • Achievement of seemingly impossible objectives • Adaption of supplier capacities to the customer's requests • Increased technological input from suppliers • Increased supplier innovativeness	• Achievement of seemingly impossible objectives • Increased supplier innovativeness • Increased technological input from suppliers	• Payment terms extension • Offering additional services
Antecedents Customer Attractiveness	• Long-term interaction • High information exchange • Early R&D involvement and joint improvement	• Growth rate • Business opportunities • Frequency of new developments and innovations	• Long-term interaction • High information exchange • High purchase volumes • Growth rate • Strategic pricing	• Reputation • Long-term interaction • High information exchange • Commitment to innovation • Growth rate

	• Commitment to innovation • Reduction of production mistakes • Reputation	• Early R&D involvement and joint improvement • Commitment to innovation • Long-term interaction • High information exchange • Supplier award • Reputation	• Business opportunities • Commitment to innovation • Reputation	
Antecedents Supplier Satisfaction	• Early supplier involvement • Cooperative relationships • Joint relationship effort • Open and trustful communication • Information exchange (quality and time of information exchange) • Timely payment habit	• Early supplier involvement • Open and trustful communication • Information exchange (quality and time of information exchange) • Joint relationship effort • Cooperative relationships • Recommendations • Timely payment habit • Forecasting/planning and long-term horizons	• Early supplier involvement • Joint relationship effort • Information exchange (quality and time of information exchange) • Cooperative relationships • Open and trustful communication • Timely payment habit	• Open and trustful communication • Information (quality and time of information exchange) • Cooperative relationships • Joint relationship effort • Forecasting/planning and long-term horizons • Timely payment habit
Antecedents Supplier Dissatisfaction	• Non-continuous growth rate	• Infrequent recognition of supplier B's generation of added value	• No specific volume forecast • "A bit more conservative than the others and a bit less dynamic" when supplier suggests a new idea or innovation	• Constant contact person change
Antecedents Preferred Customer Status	• Long-term interaction • Trust and loyalty • Respect • High purchase volumes • Business opportunities • Involvement in product design • Communication and feedback • Shared future • Quality initiatives • Reputation	• High purchase volumes • Business opportunities • Long-term interaction • Trust • Respect • Communication and feedback • Quality initiatives • Strategic fit • Reputation	• High purchase volumes • Operate in at least three countries • Business opportunities • Stable financial performance • Strategic pricing • Trust • Respect • Involvement in product design • Communication and feedback • Reputation • Strategic fit	• Long-term interaction • Communication and feedback • Trust • Respect • Shared future • High purchase volumes • Business opportunities • Strategic fit • Reputation