

Antecedents and Benefits of a Preferred Customer Status in a Buyer-Supplier Relationship: A case study at Company X and four of its Key-Suppliers

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ABSTRACT

In the last decades there has been a growing trend in extensive supplier relationship management. Within the context of resource scarcity the topic of the preferred customer status has got grown attendance in the literature. This status leads to preferential resource allocation by a company's supplier. But also numerous other benefits are related to it like better access to innovations, more favorable pricing, superior product quality or shorter lead times. While the topic has been mentioned in an increasing amount of papers in the last year, most of them have solely a theoretical scope without elements from practice. Therefore, as part of this paper, a case study was conducted at Company X and four of its key suppliers to investigate antecedents and benefits of a preferred customer status in practice. Whereas many of the benefits and antecedents identified in the literature could be reinforced by the findings of this paper, also new benefits were found.

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Keywords

preferred customer status, customer attractiveness, supplier satisfaction, benefits, antecedents, case study, supplier relationship management.

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1. INTRODUCTION

While till the end of the twentieth century supplier relationship management was a topic which was shown less attention to, it has become a more important topic on the agenda of academics and purchasing managers since the 1990s (Cousins, Lamming, Lawson, & Squire, 2008, p. 13). In the context of industries where demand exceeds supply and thus resources are scarce buying firms are competing to become preferred customers (Steinle & Schiele, 2008, p. 11). According to Steinle and Schiele (2008, p. 11) a preferred customer status has been achieved by the buyer with preferential resource allocation by the supplier. The preferred customer status will enable the buying firm to attain several sources of value in form of product quality and innovation, support, delivery reliability, price and cost (Nollet, Rebolledo, and Popel (2012, p. 1187). Those advantages of being a preferred customer could facilitate a sustainable form of competitive advantage as mentioned in Schiele, Calvi, and Gibbert (2012, p. 1178). On that account also academic research has an increasing interest in that topic.

So far the topic of the preferred customer has got an increasing amount of interest in the literature. However most of the literature has more a theoretical scope and has not focused on practice yet. As the preferred customer status is supposed to create a form of competitive advantage for the buying company, also a viewpoint from practice is relevant. Therefore in the scope of this paper a case study at Company X will be conducted, investigating buyer-supplier relationships. The objective of the case study is to outline the necessary antecedents and so achieved benefits of having a preferred customer status. A second objective is to examine to what extent the practices of Company X reinforce and contribute to the current body of knowledge in the literature. This two objectives lead to the following research question this paper will address:

Question 1: What are the antecedents and benefits for being a preferred customer with key suppliers for Company X?

Question 2: To what extent do the findings at Company X reinforce and contribute to the existing body of knowledge?

In order to investigate the buyer-supplier relationships between Company X and a four selected key-suppliers, interviews with both the purchasing department as well as with four supplier representatives have been conducted.

The structure of the paper will be in the following way. At first the existing body of knowledge of the topic of the preferred customer status will be reviewed. First and foremost the preferred customer status is defined and related theories are exhibited. Next to this the antecedent and beneficial factors of the preferred customer status which are identified in the existing literature are discussed. Hereby a widened focus will also lay on the historical development of buyer-supplier relationships. In the next chapter the methodology of the case study is explained summarizing the interview design, characteristics of respondents and the way how the interviews have been conducted. Subsequently Company X is briefly introduced and the findings of the interviews will be summarized in a section for the four different buyer-supplier relationships each. The results of the interviews are then compared not only with the literature to evaluate to what extent the antecedents and benefits found in practice coincide with the existing theory but also across the cases. To conclude with the findings of the case study are briefly summarized and the contributions to the existing literature and practical relevance highlighted.

2. LITERATURE REVIEW

2.1 The preferred customer status: theory and concepts

In the past it was common that the supplier was the initiator of a buyer-supplier relationship, i.e. the supplier was trying to attract potential customers ((Nollet et al., 2012, p. 1186)). However in recent times this view is in undergoing change. Especially in the last decade there is an increasing amount of researchers focusing on the topic in reverse (Baxter, 2012; Hüttinger, Schiele, & Veldman, 2012; Schiele, 2012): That is that buying companies are trying to persuade suppliers to be seen as attractive customers. The notion for the underlying concept differs across the literature. While Moody (1992, p. 52) is using the term “best customer”, Bew (2007, p. 1) is referring to the “customer of choice”. Regardless of different notions all terms refer to the same concept, namely the preferred treatment of a customer by its supplier. In most of the recent papers the term “preferred customer” is established as common expression (Hüttinger et al., 2012; Nollet et al., 2012; Schiele, 2012; Schiele, Veldman, & Hüttinger, 2011)

For the increasing research interest the motives are twofold. At first Schiele et al. (2012, p. 1178) argued that an undergoing fundamental change in supply chain organization leads to a shift of responsibilities to suppliers. Within the context of transition from closed to open innovation (Chesbrough, 2003, p. 68) the new product development process of firms has changed from a highly controlled and proprietary protected approach to one of knowledge and resource exchange on an inter-organizational level (Ellis, Henke, & Kull, 2012, p. 1259). Chesbrough (2003, p. 68) suggested that firms should rely on external sources of technology to drive new product innovations. Thus being a supplier’s preferred customer can be seen as important for innovation and new product development (Schiele et al., 2012, p. 1178). As a second argument for the importance of the preferred customer status Schiele et al. (2012, p. 1178) mentioned a decrease in the number of supplier in business-to-business markets leading to scarcity. According to Williamson (1991, pp. 80-81) supplier will source scarce resources to larger and more loyal customers, while less preferred customers are forced to wait for being until more resources are available.

In the context of preferred customer literature the concept of customer attractiveness is also often discussed. Hüttinger et al. (2012, p. 1195) defined customer attractiveness as the attractiveness of a customer, namely the positive characteristics of a buying firm towards its suppliers. The term customer attractiveness is taken from social exchange theory literature, defining attractiveness as the capability to cause interest and attract another party (La Rocca, Caruana, & Snehota, 2012, pp. 1241-1242). According to the paper of Schiele et al. (2012, p. 1180) customer attractiveness can be achieved with the fulfillment of supplier’s expectations. It is seen as the foundation of supplier satisfaction which will consequently be required to achieve a preferred customer status.

After the introduction into the concept of the preferred customer status and the accompanying concept of customer attractiveness the next section will elaborate on the benefits of an obtained preferred customer status. Subsequently the antecedents needed to become a preferred customer will be presented.

2.2 The Benefits of a Preferred Customer Status

2.2.1 Price benefits and cost savings are related to a preferred customer status

Concomitant with an obtained preferred customer status is the possibility of a competitive advantage. This advantage can be achieved by the benefits of the preferred treatment by a company's suppliers. One benefit which is commonly discussed in the literature is cost savings or more favorable prices (Moody, 1992, p. 57; Nollet et al., 2012, p. 1187; Walter, Ritter, & Gemünden, 2001, p. 367).

Schiele et al. (2011, p. 5) described price setting as a matching process in the buyer-seller relationship. They expected business relationships as one of the criterion in a supplier's price determination and consequently as effect on its pricing behavior. In conclusion it was found that a preferred customer status can lead to benevolent pricing behavior (Schiele et al., 2011, p. 18). In one of the early research related to the preferred customer topic it was found out that cost savings between five up to thirty percent are not an uncommon benefit (Blenkhorn, 1991, p. 188). Next to this Bew (2007, p. 2) reported that obtained benefits out of the preferred customer status have a value equivalent of cost savings of two to four percent.

Besides a reduction in direct product costs it was found out that a stable partnership-like relationship will also prevent from high switching costs (Ulaga, 2003, p. 689). These costs occur in case a new supplier needs to go through new qualification processes. Even though the supplier might have higher prices the buyer would not replace it but try to work with it to reach an acceptable price. Furthermore in a collaborative relationship additional cost savings are realized like a decrease in process costs like transportation costs or operation costs (Ulaga, 2003, pp. 689-690). Suppliers which got already involved during a new product development stage can learn to become more efficient while assimilating customer's needs and allowing standardized solutions which can reduce the buyer's costs (Ellis et al., 2012, p. 1261).

2.2.2 Better product quality, support, delivery reliability and innovation as benefits of a preferred customer status

Along with cost reductions and benevolent pricing there are more benefits related to the preferred customer status. Nollet et al. (2012, p. 1187) mentioned product quality and innovation, support and delivery reliability as additional benefits. As one of the drivers of value creation in buyer-supplier relationships product quality is revealed (Ulaga, 2003, p. 682). Product quality is seen as "the extent to which the supplier's product meets customer specification" (Ulaga, 2003, p. 683). This driver is further addressed as a benefit associated with the delivery of a consistent quality level but also the customization of products consistent with customers' specifications (Nollet et al., 2012, p. 1187). According to Moody (1992, p. 57) better product quality is more likely offered to customers of choice.

Another benefit going along with a preferred customer status is support offered by suppliers. Ulaga and Eggert (2006, p. 124) elaborated the concept of service support which was differentiated into supplier's responsiveness and the supplier's ability to exchange information with the customer. The two elements can be linked to the sharing of information about products and markets in a timely matter (Nollet et al., 2012, p. 1187). Supplementary features of support are personnel trainings offered by the supplier or even the restructure of certain production processes on the customer's site

(Christiansen & Maltz, 2002, p. 192). Also support can be given by suppliers to reduce the customer's time-to-market, e.g. prototypes are developed much faster (Ulaga, 2003, p. 686).

To give an overview of the various benefits of a preferred customer status a pyramid can be used as mapping tool (Figure 1). The underlying principle of the pyramid is that preferred customers are offered benefits exclusively and at no additional costs. These benefits are mapped at the top of the pyramid. One level below benefits are classified which are not offered to all customers and are not free of charge. Customers in this category can be seen as 'little preferred'. On the bottom of the pyramid are features categorized which are offered without any restrictions to all customers and are only available against payment.

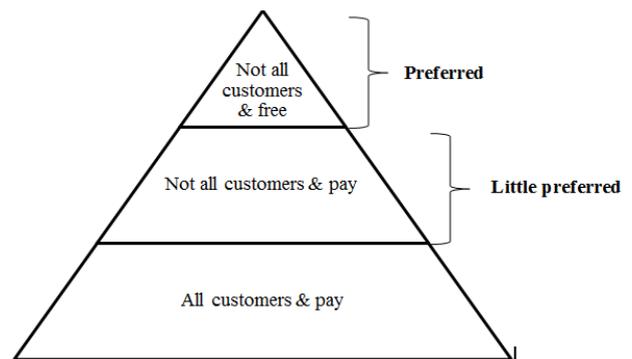


Figure 1: Mapping the benefits of a preferred customer status

2.3 Antecedents of the Preferred Customer Status

2.3.1 Customer Attractiveness, Supplier Satisfaction and a Preferred Customer Status lead to Preferential Treatment

To obtain the previously mentioned benefits the antecedents for a preferred customer status need to be exposed. In this paper the framework developed by Hüttinger et al. (2012, p. 1203) will be applied to exhibit the drivers of preferential treatment by suppliers. Based on previous research fields the authors have linked the concepts of customer attractiveness, supplier satisfaction and preferred customer status. The three elements have to be arranged consecutively to achieve a preferential treatment by the supplier.

At first a customer needs to be considered as attractive by a supplier to engage in an exchange relationship with it (Hüttinger et al., 2012, p. 1194). Thus customer attractiveness makes the supplier decide whether it starts and intensifies a relationship and subsequently precedes supplier satisfaction. Hereinafter the level of supplier satisfaction decides, whether the customer is treated preferentially or not. In case the supplier's satisfaction with a customer is greater than in comparison to others, this customer will be awarded with a preferred customer status (Hüttinger et al., 2012, pp. 1194-1195)

2.3.2 Customer attractiveness is related to the fulfillment of supplier's expectations towards its customer

As perceived attraction can be seen as very subjective, also in the literature social scientists found it impossible to agree on a

common definition (Ellegaard, 2012, p. 1221). One of the most important antecedents of attraction is 'the net perceived reward obtained by one individual from interaction with another' (Ellegaard, 2012, p. 1221). Furthermore Schiele et al. (2012, p. 1180) stressed, that the level of attraction is related to a supplier's positive expectations towards a buyer-supplier relationship. As expectations differ from supplier to supplier, buying companies need to understand in which way suppliers perceive customer attraction (Hald, Cordón, & Vollmann, 2009, p. 968). The condition for this perception is that the supplier is aware of the customer's existence and knows its needs (Schiele et al., 2012, p. 1180).

To increase its attractiveness towards a supplier, a buyer can address various drivers, which were identified in the literature view by Hüttinger et al. (2012, p. 1199). The identified drivers are: (1) market growth factors, (2) risk factors, (3) technological factors, (4) economic factors and (5) social factors. These findings concur with the findings of Harris, O'Malley, and Patterson (2003, p. 13) who found out, that attractiveness is driven by economic content (1, 2,4), resource-based content (3) and social content (5).

2.3.3 Supplier Satisfaction as ex-post criterion in the evaluation of buyer-supplier relationships

While the evaluation of the attractiveness of a customer precedes a buyer-supplier relationship the ex-post evaluation of it determines the level of satisfaction (Schiele et al., 2012, p. 1180). Up to a recent point the available literature on supplier satisfaction was scarce, especially factors leading to satisfaction remained undetected (Schiele et al., 2012, pp. 1180-1181; Wong, 2000, p. 427). To achieve business excellence supplier satisfaction is seen as an important requirement for supplier commitment towards the customer (Wong, 2000, p. 427). Benton and Maloni (2005, p. 2) found out that a customer's market responsiveness and product quality is dependent to a large extent on the level of supplier satisfaction. Wilson (1995, p. 11) specified supplier satisfaction to be influenced by the discrepancies between how the expectations of a supplier are met by the business actions of its customer. This finding is backed up by Oliver (1999, p. 34) who defined satisfaction as the 'pleasurable fulfillment of needs, desires and goals'. Thus a customer can achieve satisfaction of its suppliers by fulfilling its expectations.

A categorization of drivers of supplier satisfaction is provided in the literature review of Hüttinger et al. (2012, p. 1201). They identified four distinct categories of antecedents of supplier satisfaction, namely (1) technical excellence, (2) supply value, (3) mode of interaction and (4) operational excellence.

2.3.4 A Preferred Customer Status is awarded for attractive customers which meet supplier's expectations

Once a customer is considered to be attractive and consequently a buyer-supplier relationship is initiated in which supplier's expectations are met leading to a level of satisfaction, buyers might be awarded with a preferred customer status. The concomitant benefits of a preferred customer status are widely studied in the literature. Moody (1992, p. 57) stressed better product quality and more favorable pricing for excellent customers. Further Bew (2007, pp. 1-2) mentioned the prioritization of customer's needs and a preferential treatment of resources in times of market scarcity. Next to these benefits the preferred customer status can positively influence a supplier pricing behavior and acts as an antecedent to supplier innovativeness (Schiele et al., 2011, p. 16).

Hüttinger et al. (2012, p. 1202) distinguished between four different dimension of value creation as consequence of a preferred customer status. They mentioned (1) economic value, (2) relational quality (3) strategic compatibility and (4) instruments of interaction.

2.4 The development of customer attractiveness: A history of major events in contrast to a cyclical development

Related to the development of customer attractiveness in buyer-supplier relationships the opinions of scholars differ. Hald (2012, p. 1238) argued that the developed takes place in the course of major events which were described as a set of micro-dyads and intra- and inter-organizational exchange relationships. It is further explained that customer attractiveness is set up as a result of successful and unsuccessful alignments between the boundary spanning roles in the relationship counterparts (Hald, 2012, p. 1238). Boundary spanners can be seen as actors of a company which act not only internally but also interact on an inter-organizational level. To illustrate the issue, the spanners of key account management on the supplier's site and the strategic sourcing department on the buyer's site can be used as examples. Both roles act not only internally but also interact with their counterpart in a buyer-supplier relationship (Hald, 2012, p. 1236). Furthermore it is explained how this roles can be aligned well, if they share common interests. However they can also be misaligned, e.g. if strategic sourcing decides against an increase of the purchasing volume (Hald, 2012, p. 1236). Hald (2012, p. 1238) had shown in their analysis that actors in a relationship will see each other as more attractive in case the ends of the spanners are aligned, fostering also customer attractiveness. All successful and unsuccessful acts of the boundary spanner are seen as possible drivers which led to changes in the supplier's level of satisfaction and in consequence of customer attractiveness.

In contrast to the findings the previous findings Ellegaard (2012, p. 1219) has found out that the development of customer attractiveness takes place in cycles. The author related backed up the change in customer attractiveness with findings from social psychology, stressing the importance of interpersonal-relationships. It is argued that the provision of rewards is necessary for the creation of attractiveness. However, next to tangible rewards, social rewards have no given monetary value which makes reciprocity unspecific (Ellegaard, 2012, p. 1223). But in close relationships the received awards are usually not been counted which leads to a continuous offer of rewards to ensure the continuity of the affiliation (Ellegaard, 2012, p. 1223). Next to this the authors argued that attraction will generate more attraction and acts as a mean to influence decisions of other individuals. Attracted individuals are seen as more willing to share informal information which improves the chance of favoring the other party. Ellegaard (2012, p. 1224) linked both concepts of rewards and attraction and framed a cyclical model. They argue that the given rewards of one party to another will increase the attractiveness towards the former. As a result the party which received an award will change its attitude, shares more informal information and adapts to the former party's behavior. That in turn can sent out rewards which better meets the other's needs. Consequently, the level of attractiveness towards the initiator will further increased. Subsequently this cycle can be further repeated which increases the attractiveness further and strengthens the buyer-supplier relationship (Ellegaard, 2012, pp. 1224-1225)

3. METHODOLOGY: RESEARCH DESIGN & DATA COLLECTION

3.1 Two Questionnaires have been used to structure the interviews

The interviews with both the purchasing department and suppliers have been conducted with a guiding questionnaire. This questionnaire has been developed by a group of bachelor students in 2013 and also found application by students in 2014. The standardization of the interview questions gives the possibility to compare the gathered results on an overarching level beyond companies and industries. For the two different interview situations two different questionnaires have been used: One questionnaire has been used for interviews with the purchasing department of Company X to identify the buyer's view on the relationship; the other one for interviews with suppliers to gather information on the opposite view from the supplier's side. However both questionnaires follow the same structure. The first section aims to classify how companies classify their counterpart in the relationship between both. In the second section questions are asked to find out which benefits the buying company receives respectively the supplier offers. Finally questions in the last section investigate which antecedents have forgone the relationship. To foster an extensive environment for discussions all questions are open-questions.

3.2 Interviews conduction with three buyer and four supplier representatives

In the context of this case study interviews with Company X and four of its suppliers have been conducted. In total there have been seven interviewees. Three of them are purchasers at Company X and four representatives of the four different suppliers. The suppliers have been selected by the executive manager of the procurement for the branch in XY, Germany. The selection has been made in a way that interviews with suppliers for different commodities were possible. This led to several pairings of interview participants for the four different cases. The first interview held with the purchaser (B1) for the commodity group A was the person of contact for the supplier A and B (S1; S2). Another interviewed purchaser (B2) who is responsible for commodity group B embodies the counterpart in the relationship with supplier C (S3). The next interviewee (B3) who is responsible for the commodity group C represents the counterpart in the relationship with supplier D (S4). Next to the three interviewees with the different purchasers, interviews with a representative of the four different suppliers each have been conducted. This approach facilitates a dyadic view on the buyer-supplier relationships. An overview of the interview constellations for the different cases is given in table 1.

Table 1: Case overview and related interview constellations

	Company X / Buyer	Supplier A	Supplier B	Supplier C	Supplier D
Case 1	B1	S1			
Case 2	B1		S2		
Case 3	B2			S3	
Case 4	B3				S4

3.3 Interviews were conducted in German language personally and via telephone

All of the interviews have been conducted in the language German as both the buying company and the interviewed suppliers are located in Germany. On that account the questionnaire was translated into German. The translation was cross-checked by a fellow student to eliminate any distortion of the meaning of the original English questions. In advance a one-page paper which briefly summarizes the concept of the preferred customer topic has been sent to the concerned staff at Company X's procurement department to acquaint them with the topic. The interviews with the procurement staff were conducted at Company X's office. All buyers were interviewed on one day individually in the mid of May 2015. Each interview addressed a different supplier relationship. Before Company X placed the contact with suppliers it was requested to have a look on the interview questions beforehand but no concerns arose. Two of the interviews with suppliers were held at their sites in Germany while one was interviewed via telephone. In all interviews one representative of the supplier participated. Interviews with suppliers were conducted in the end of May and early June 2015.

For reasons of validity it was planned to record all interviews. However due to reasons of confidentiality it was prohibited to record the buyers at Company X's site. Instead of recordings minutes were kept and later on sent to the interviewed persons to double-check for a correct understanding. Nevertheless it was possible to record the supplier interviews with the agreement of the interviewees. In the aftermath all interviews were transcribed in German language. The average duration of an interview with a buyer was 31 minutes and with a supplier 44 minutes.

4. ANALYSIS AND CASE FINDINGS

4.1 Description of the company Company X

Company X is a German company, leading in its field of business.

5. DISCUSSION

5.1 Identified benefits and antecedents coincide with theoretical findings

In the previous four case studies a number of benefits of Company X's preferred customer status at four of its key-suppliers have been identified. These benefits were not only found in practice but were also found in the existing literature related to the preferred customer concept. Among the identified benefits better pricing, shorter delivery times, innovations and support were mentioned in the case studies. These benefits were also introduced in the previously mentioned literature.

But also benefits were mentioned which have not been identified in the existing literature so far. Worth to be mentioned are the offer of services beyond the supplier's core business, additional employed personnel to meet the customer's need for flexibility and the automation of the order process.

5.2 Findings from Practice discussed against a Theoretical Background

Next to the benefits also the antecedents of the preferred customer status identified in the existing body of knowledge could be reflected in practice. Following the structure which

already found use in the literature review of this paper, also for the comparison of the antecedents between theory and praxis each element - customer attractiveness, supplier satisfaction and preferred customer status - will be observed in isolation. This isolative view follows the structure prescribed by the developed framework of Hüttinger et al. (2012, p. 1203).

For customer attractiveness a number of antecedents could be identified in the case studies. These antecedents were also described in the existing literature: First, economic factors were found like a high purchasing volume and a predictable utilization of the production capacity. Second, risk factors in form of demand stability and dependency were described. Third, tight personal relations, the exchange of information and the possibility for extensive face-to-face contact, were found as social factors contributing to customer attractiveness. Fourth, on the complexity and type of technological skills and early R&D involvement, namely technological factors, it was elaborated in the case studies. Fifth, also market growth factors like the growth rate of the purchasing volume over the years of the buyer-supplier relationship was highlighted during the conducted interviews. However also antecedents which made Company X to be seen as an attractive customer and found hitherto no mention in the literature could be identified. Considerable are the reputation of the customer's name and also the field of business it operates in were seen as a driver of attractiveness. Further the close local proximity and the awarding of 'preferred supplier' classifications were seen as attractive.

Also for a large share of the antecedents of supplier satisfaction corresponding elements in the literature could be found. First, on a level of technical excellence, suppliers were satisfied. They appreciated the response to supplier suggestions for improvements and also an involvement in an early design stage. Second, the supply value has gratified all four suppliers. Long-term horizons exist due to the agreed framework contracts between Company X and some of the suppliers and also the purchasing volume is seen as substantial. Third, the mode of interaction in form of good communication and responsiveness has also led to supplier satisfaction. Fourth, theoretical elements of operational excellence were also found in practice. Next to the antecedents which find their counterpart element in the existing literature, additional drivers of supplier satisfaction were found. The identification with the customer's products, local proximity and good interpersonal relationships as a result of a common history were mentioned.

Lastly, the antecedents of Company X's preferred customer status were discovered in the case studies and for the most part can be linked to the existing theoretical elements. To be mentioned first is the economic value represented by a high purchasing volume. In addition, the good relational quality is the sum of strong bonds and fairness. Third, instruments of interaction like the involvement in the product design, quality initiatives and predictable decision processes were elements mentioned in the case studies. Finally, a strategic compatibility is ensured by the geographical proximity or a shared future.

6. CONCLUSION

6.1 Benefits and antecedents were identified in practice to reinforce existing theoretical findings

In this paper the initially introduced research questions have been answered. With the advantage of a dyadic interview set-up information could be gathered from both viewpoints of buyer-

supplier-relationships. Thus the benefits and antecedents for Company X to be a preferred customer of four of its key suppliers could be identified. The findings of the case studies have not only been compared with each other but also compared with the existing findings in the literature. It was found out that many benefits and antecedents for customer attractiveness, supplier satisfaction and the preferred customer status identified in the literature were mirrored in practice. However also benefits and antecedents were detected which have not been studied in the existing body of knowledge yet. Hence this paper has not only answered the second research questions but could initiate new research on the identified elements which have not been researched.

Related to the antecedents of customer attractiveness it was shown that the field of industry the customer operates in and its product portfolio play an important role. For one supplier of the case study (S2) it even led to supplier satisfaction in form of employee identification with the customer's products. Also benefits were identified which have not been reported about before. One benefit is a holistic product solution beyond its core business by two suppliers (S1, S2). In addition fast responsiveness of its suppliers is an advantage out of the customer's preferred customer status.

6.2 The findings contribute to existing literature and could initiate new research

While in the last years there was an increase of research on the field of customer attractiveness and the concept of preferred customer status, most of the published papers had more a theoretical scope and have not focused on practice yet. With the investigative case study in this paper to learn about benefits and antecedents of a preferred customer status in practice, the gap on the practical side can be narrowed. Furthermore as many of the benefits and antecedents which were developed in the theory could be found in practice, this paper provides a reinforcement of the existing body of knowledge. In addition benefits and antecedents have been found with no existing foundation in theory which could possibly initiate further research.

6.3 Company X should continue with its supplier relationship management practices

The findings of this paper also reinforce Company X's position towards supplier relationship management. In times of resource scarcity buying firms strive to become a preferred customer due to the related preference of a supplier's resource allocation (Steinle & Schiele, 2008, pp. 8, 11). Company X is seen as attractive by four of its key suppliers which also show a high level of satisfaction with it. This seems to be an indicator for Company X that expectations of its suppliers were met with success. The customer sees its suppliers more in a partnership-like relationship which fosters a good communication and contributes to its preferred customer status. As the strategy of a partnership-like relationship management has been successful the company is advised with a continuation.

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