

Antecedents, Benefits and History Development of the Preferred Customer Status in a Buyer-supplier Relationship: a Multiple Case Study at Accell Nederland BV and Three of her Suppliers

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ABSTRACT

As interest in buyer-supplier relationships increased, research on preferred customership started. Where customers selected their suppliers in the past, suppliers now select their customers. Although the benefits, antecedents and history development of a preferred customer status have been addressed in literature, they have not much been addressed in practice. A case study at Accell Nederland BV was used to address these elements in the bicycle industry. Accell is a preferred customer to the suppliers interviewed, who all stated that the relationship could not, be improved, or only by increasing business. The case study showed that there are substantial differences between a Dutch and a Chinese supplier in all three aspects, which might be due to cultural differences, which is another field of research. The most surprising finding is that in this case, still most agreements are based on words, which indicates a high amount of trust. The two major streams on history development seem to contradict, however in this case they complement each other. Single events lead to a start of business, where the relationship emerges over time. Operational benefits were barely found, where literature expects it to be one of the major streams of benefits. However, most other benefits, such as discounts, better service and quality, and innovation are present. Also benefits not addressed by literature, such as advertisements and sponsoring were found. The case showed that the antecedents found in literature hold. Customer attraction and supplier satisfaction are indeed important antecedents to the preferred customer status of Accell. Nevertheless, it was also said that Accell is an attractive customer because of the preferred customer status.

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Keywords

Preferred customer status, preferential resource allocation, buyer-supplier relationship, customer attractiveness, supplier satisfaction, history development, benefits, case study

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

The last decades, interest in customer–supplier relationships has increased due to the linkage with improved organizational performance (Fink, Edelman, Hatten, & James, 2006, p. 497). As Jackson’s continuum of working relationships indicates, collaborative relationships between customers and suppliers exist to achieve mutual benefits (Anderson & Narus, 1991, p. 96). As a result of increased interest in customer-supplier relationships, preferred customership is researched. A firm has preferred customer status with a supplier, if the supplier offers the buyer preferential resource allocation, and thus an advantage over their competitors (Schiele, Calvi, & Gibbert, 2012, p. 1178). As competition changes, it is increasingly important for buyers to understand the causes and consequences of a preferred customer status (Ellis, Henke Jr, & Kull, 2012, p. 1266). Where in the past customers selected suppliers to collaborate with (Choy, Fan, & Lo, 2003, p. 266), now suppliers look for customers to partner with (Anderson & Narus, 1991, p. 100) and try to be as attractive as possible (Schiele et al., 2012, p. 1178). According to Roberts (2001, pp. 31-33), the amount of firms that rely on external technology acquisition has risen to 85% in 2001, of which 40% relies on their suppliers. As really good suppliers are in demand, the customer needs to be important to the supplier to be added to the preferred customer list (Schiele, 2012, pp. 47-48) and should be as attractive as possible to be on top of that list (Cordón & Vollmann, 2008, p. 55).

This paper addresses three aspects of preferred customership. Firstly antecedents, as Baxter (2012, p. 1255) showed, antecedents are important for the formulation of strategies to achieve a preferred customer status, while those strategies change due to supplier portfolio optimization (Mortensen, 2012, p. 1216). Secondly it addresses benefits, because the benefits of preferred customership are only partly addressed in practice (Schiele et al., 2012, p. 1183). Thirdly it addresses the history development of preferred customership, as it is not well explained why buyer-supplier relationships exist and develop (Mortensen, 2012, p. 1216). These aspects lead to three research questions to be studied using a multiple case study with Accell Nederland BV¹ and three of her suppliers.

Q1: ‘What are the antecedents and benefits of a PCS with key suppliers for Accell Nederland BV?’

Q2: ‘How does the relationship between Accell Nederland BV and her suppliers develop?’

Q3: ‘To what extent do the findings at Accell Nederland BV represent and contribute to the elements identified in the existing body of literature?’

To answer these questions I firstly looked at existing theory on preferred customer status, the antecedents and benefits of this status and how this relationship developed. In chapter 3, the methodology, consisting of the research design and the characteristics of the respondents, is addressed. In chapter 4, the interviews are analysed and the findings are stated for the companies separately. Here the three best benefits for Accell are also shown. Chapter 5 contains a discussion of the findings from chapter 4. The last chapter tries to answer the research questions and give practical insights, limitations to this research and contributions to the existing research. Also some recommendations for Accell are given in this part.

2. THEORY: THE CONCEPT OF PREFERRED CUSTOMER STATUS

2.1 The PCS and its State of the Art

2.1.1 Preferred customer status is a form of a customer-supplier relationship

Customer-supplier relationships are formed over time and their continuity depends on both parties’ strategic interest, or how they could benefit from it (Burnes & New, 1997, p. 16; Hennig-Thurau, Gwinner, & Gremler, 2002, p. 234). As a result, it is possible to have different types of supplier relationships within one company (Gadde & Snehota, 2000, p. 307). The allocation of valuable internal resources to preferred customers leads to more supply chain competition (Ellis et al., 2012, p. 1266). As partnering is resource intensive, these relationships can only be managed with a limited amount of suppliers (Gadde & Snehota, 2000, p. 306). If managers want resources from their supplier, they should put resources into their relationship too (Baxter, 2012, p. 1255). A form of partnering is awarding preferred customer status. This status can be awarded by a supplier to a buyer. To achieve this status, the customer must be perceived as attractive, and satisfaction of the supplier should be higher than with alternative customers. Because of this satisfaction, the supplier provides the preferred customer privileged resource allocation (Baxter, 2012, p. 1255; Schiele et al., 2012, p. 1181). An important factor to achieve this, are the social competences of buyers (Ellis et al., 2012, p. 1265). Communication quality and conflict resolution are important aspects of the relationship, although their use may not always lead to the desired characteristics (Claycomb & Frankwick, 2010, p. 260).

2.1.2 Becoming a preferred customer and additional strategic implications

The process to become a preferred customer starts with attracting the suppliers attention, followed by satisfying the suppliers expectations, then the supplier should see its own advantage, and lastly, the relationship should be sustainable (Nollet, Rebolledo, & Popel, 2012, p. 1188). The perception of relative attractiveness motivates the buyer to provide incentives, and the supplier to answer with benefits. Social bonds and best value chains evolve through such reciprocity (Ellis et al., 2012, p. 1266). Therefore preferred customer status can be achieved, whether the buyer can or cannot allocate substantial purchase volumes to the supplier (Ellis et al., 2012, p. 1265).

Preferred customer status has strategic implications; if suppliers are limited, being first to pursue a preferred customer policy can lead to a sustainable competitive advantage. A network of suppliers who reward the customer with preferred customer status, is established before competitors realize, and preferred suppliers already chose their preferred customers (Schiele, Veldman, & Hüttinger, 2011, p. 18). Also, preferred customer status helps when capacity exceeds demand, as the customer contributes to a supplier’s success (Nollet et al., 2012, p. 1186).

2.2 The Antecedents of PCS: Customer Attractiveness and Supplier Satisfaction

2.2.1 The cycle of preferred customership shows two major antecedents

The number of suppliers buying companies have, reduces due to the optimization of supplier portfolios. To manage those suppliers, customers need other approaches than the coercive forms used in the past (Mortensen, 2012, p. 1216). In present

¹ <https://www.accellnederland.nl/>

times, understanding antecedents is an important factor in formulating strategies to achieve a preferred customer status (Baxter, 2012, p. 1255). One approach to look at the antecedents is the cycle of preferred customership from Schiele et al. (2012, p. 1183) in which three stages exist: customer attractiveness; supplier satisfaction and preferred customership itself. As these stages are sequential, customer attractiveness and supplier satisfaction are antecedents of a preferred customer status.

2.2.2 Three perspectives on customer attractiveness

Customer attractiveness is the positive expectation of the supplier towards the relationship with the customer. Therefore, the supplier should be aware of the customer's existence and needs (Schiele et al., 2012, p. 1180). Research by Tanskanen and Aminoff (pp. 7-9) showed three different perspectives on customer attractiveness: the economic-based perspective; behaviour-based perspective and resource-based perspective. The economic-based perspective, or customer financial attractiveness, are the expectations suppliers have about the performance of the relationship, in terms of different types of financial returns (Baxter, 2012, pp. 1251, 1254 & 1255). Also industry, business and size of the buyer are drivers for an economic-based perspective on attractiveness (Tanskanen & Aminoff, p. 8). The behaviour-based perspective on customer attractiveness can be used to motivate suppliers, and as a result, affect the suppliers' voluntary actions. This voluntary management approach leads to suppliers allocating resources in favour of the customer. Nevertheless, this approach takes into account that suppliers have their own strategic agenda's, which influence their perception of customer attractiveness (Mortensen, 2012, pp. 1216-1217). Also important for the behaviour-based perspective are communication, a long history, personal relations, stable processes, forecasts, willingness to improve, commitment and trust (Tanskanen & Aminoff, p. 9). Supplier commitment is present when the supplier wants to maintain the relationship for a long time (Baxter, 2012, p. 1251 & 1255; Huttinger, 2014, pp. 118-119 & 128), where supplier trust is when the customer keeps its promises and supplier's interest in mind, and is considered trustworthy. Although supplier trust has a negative, non-significant relationship with preferred customer status (Huttinger, 2014, pp. 118-119 & 128), trust does lead to relationship commitment and cooperation (Morgan & Hunt, 1994, p. 30). For the third perspective on attractiveness; resource based attractiveness; management and competences, reputation, and production process-, innovation-, and supply chain management- capabilities are important (Tanskanen & Aminoff, p. 9). The more these resources or capabilities are present, the more attractive the customer is based on the resource based perspective.

2.2.3 Supplier satisfaction leads to preferred customer treatment through supplier commitment

Supplier satisfaction is the feeling of satisfaction in a buyer-supplier relationship, whether or not a power imbalance exists (Benton & Maloni, 2005, p. 15). Supplier satisfaction is achieved when the expectations of the supplier are met or exceeded (Schiele et al., 2012, p. 1181), or when the supplier is pleased to have the customer as business partner (Huttinger, 2014, pp. 118-119 & 128). A non-significant relationship between supplier satisfaction and preferred customer status is found. However, the relationship is present and significant through an alternative route. Via supplier commitment, supplier satisfaction does lead to preferred customer treatment (Baxter, 2012, p. 1251 & 1255). The strength of the buyer-supplier

relationship has a positive effect on supplier satisfaction. However, buyer, supplier, and supply chain performance do not have a significant positive relationship with supplier satisfaction (Benton & Maloni, 2005, p. 16). Trust and commitment are expected to lead to supplier satisfaction (Nyaga, Whipple, & Lynch, 2010, p. 109). The aspects of joint relationship effort and information sharing are seen as more important by suppliers than by buyers (Nyaga et al., 2010, p. 111), and therefore important for buyers to understand.

2.3 The Benefits of a PCS: Achieving Competitive Advantage through Financial, Operational, Interactional and Technology & Innovation Benefits

2.3.1 The benefits of a preferred customer status

Reverse marketing permits the achievement of 'seemingly impossible objectives' in price, delivery, service, quantity and quality (Blenkhorn & Banting, 1991, p. 188). However, closer customer-supplier relationship can result in higher costs, risks, and dependencies, without an improvement in performance (Fink et al., 2006, p. 497). An example of a risk are switching costs; as buyers try to ensure preferred treatment, switching cost rise. Therefore, the risk of a supplier increasing prices, by taking advantage of these switching costs, is present (Williamson, 1991, p. 82). Nevertheless, the customer-supplier relationship is mostly associated with benefits, as significantly reduced costs, faster time-to-market, increased productivity, and enhanced product quality (Cusumano & Takeishi, 1991, pp. 564-565; Ellram & Edis, 1996, pp. 21-23; Nollet et al., 2012, p. 1186; Wong & Fung, 1999, p. 206).

2.3.2 Financial benefits through benevolent pricing

Preferred customers achieve financial benefits. One of those benefits is supplier benevolent pricing (Huttinger, 2014, pp. 25-26; Schiele et al., 2011, p. 15), in which suppliers price their products while considering the preferred customer. Preferred customers get better prices (Moody, 1992, p. 57), price breaks (Hennig-Thurau et al., 2002, p. 234 & 240) and reduce their costs (Christiansen & Maltz, 2002, p. 189; Hald, Córdón, & Vollmann, 2009, p. 963 & 968).

2.3.3 Technology and innovation benefits

Another benefit is supplier innovativeness (Hald et al., 2009, p. 963 & 968; Huttinger, 2014, pp. 25-26; Schiele et al., 2011, p. 15), which focusses on collaborative innovation with the buyer (Schiele et al., 2011, p. 11). (Early) access to technology (Christiansen & Maltz, 2002, p. 182) and activities to develop new products (Ellis et al., 2012, p. 1265) are part of the innovativeness of suppliers. Successful buyers are mostly preferred customers by their highly innovative suppliers (Schiele, 2012, p. 44).

2.3.4 Operational benefits compress time

The third category of benefits are the operational benefits. One of those is time compression, which decreases time to market, the ability to respond to unexpected demand, and it reduces investments in inventory (Hald et al., 2009, p. 963 & 968), inventory itself, and lead times (Christiansen & Maltz, 2002, p. 189). Another benefit is competency development. This are competencies a buyer learns from their suppliers, and the supplier learns from their buyers, that can be used in other relationships. If the buyer can teach the supplier, he is more attractive to the supplier (Christiansen & Maltz, 2002, p. 189; Hald et al., 2009, p. 963 & 968).

2.3.5 Interactional benefits

The last category are the interactional benefits. A preferred customer status leads to more predictability (Moody, 1992, p. 57) as the customer knows what to expect (Hennig-Thurau et al., 2002, p. 234 & 240), and the supply chain is more visible (Christiansen & Maltz, 2002, p. 189). The preferred customer also receives products of better quality (Moody, 1992, p. 57) and better, faster or individualized service from the supplier (Hennig-Thurau et al., 2002, p. 234 & 240; Moody, 1992, p. 57). Emotional relational benefits, e.g. familiarity with employees or creation of friendships are benefits of a preferred customer status too (Hennig-Thurau et al., 2002, p. 234 & 240).

2.3.6 Mapping the benefits of a preferred customer status

Figure 1 shows a pyramid, mapping the benefits of a preferred customer status. The pyramid shows three different categories of customers based on the differences in treatment customers receive from their supplier. Starting from the bottom, products are supplied to all customers in return for payment. Little preferred customers receive exclusive products in return for extra payment. And at the top, preferred customers receive exclusive products, free of charges.

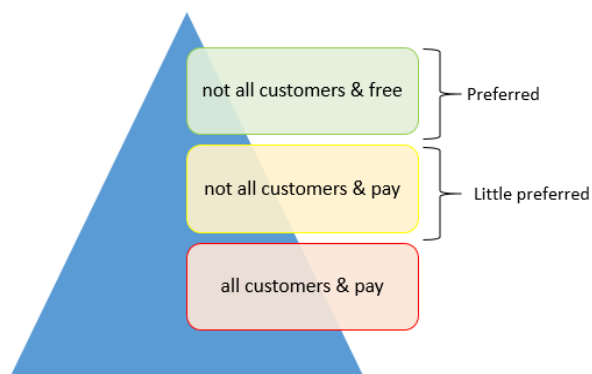


Figure 1: Mapping the benefits of PCS

2.4 History of Relationship Development: Evolutionary or by Episodes?

2.4.1 Relationship development

Buyer-supplier relations have become strategic. Since creating relationships is seen as a means to achieve goals, the process of relationship development accelerated (Wilson, 1995, p. 2). In buyer-supplier relationship development, attraction contributes to the voluntary actions taken by both buyer and supplier in the initiation and development of relationships. Why these buyer-supplier relationships develop is not well explained yet (Mortensen, 2012, p. 1216; Wilson, 1995, p. 1). Adaptive behaviour in the buyer-supplier relationship can be planned and unplanned (Brennan & Turnbull, 1999, p. 491). Multiple views on the development of the relationship are discussed below.

2.4.2 An emerging relationship through stages

The development of buyer-supplier relationships consists of four phases according to Dwyer et al. (1987): awareness, exploration, expansion, and commitment (Claycomb & Frankwick, 2010, p. 253). Those stages are not influenced by the age of the relationship (Brennan & Turnbull, 1999, p. 493). Another author changed this to five stages: partner selection, defining purpose, setting relationship boundaries, creating

relationship value, and relationship maintenance (Wilson, 1995, p. 15). The development of the relationship can be combined with relationship variables in one model, as different variables appear in the different stages. This model begins with interaction, which starts the development of mutual trust. The second stage helps to clarify shared goals, and is the glue in the relationship. The third stage makes sure partners know to what degree they should act jointly and which resources each partner devotes to these activities. The fourth stage enhances competition and allows both partners to gain from the relationship. The last stage depends on the success in the earlier stages. If performance is achieved, commitment to the relationship increases (Wilson, 1995, pp. 15-23).

2.4.3 Evolutionary approach: incremental changes

Firms can adapt substantially to the other firms' needs, because of multiple relatively unimportant decisions that require incremental changes. If not managed well, a firm might therefore end in an unfavourable relationship (Brennan & Turnbull, 1999, p. 492). The evolutionary approach is a reciprocal process in which rewards are exchanged between the buyer and the supplier. As expectations are exceeded, the other actor changes attitude, so even higher rewards are attained. This cycle (as visualized in figure 2) leads to increased attraction, and eventually a close relationship (Ellegaard, 2012, pp. 1224-1225). When trust and commitment grow, the chances of mutually advantageous adaptive behaviour increases (Brennan & Turnbull, 1999, p. 493).

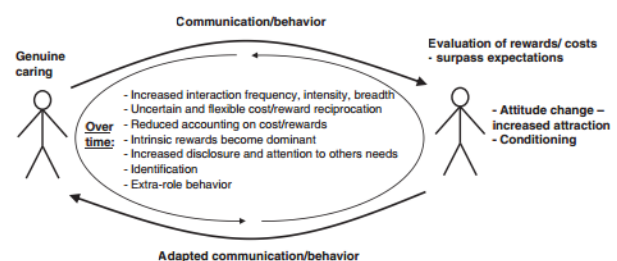


Fig. 2. The cyclical attraction process.

Figure 2: The cyclical attraction process

2.4.4 Major events trigger the relationship

Another view on relationship development is the episode story. Brennan and Turnbull (1999, p. 493) state that the amount of adaptation activities might burst as a result of some external change. From this perspective, it is not the day-to-day interaction, but the few major events that influence attractiveness. Those major events are triggered by the partner and have a relative importance high enough to be remembered. These events have the ability to block the partner from obtaining objectives which are previously obtained (Hald, 2012, p. 1238).

3. METHODS: RESEARCH DESIGN & DATA COLLECTION

3.1 Questionnaire Design and Interviews: Using a Questionnaire to Classify Relationships, and Identify Benefits, Antecedents and the History Development of PCS

For this research, two qualitative, open ended questionnaires, already designed by students who did their bachelor thesis on this subject in earlier years, were used. One questionnaire for

the buying company, and one for the supplying companies. These questionnaires are categorized in three parts: Classification, the antecedents of a preferred customer status, and the benefits of the preferred customer status. I have added one part to these existing questionnaires: The history of the relationship development. Using these questionnaires, a holistic view on preferred customer status of Accell with her suppliers will be generated.

3.2 Respondent Characteristics: Interviewing three Medium-sized Suppliers and the Purchasing Staff of Accell

The strategic buyer at Accell Nederland BV, is further referred to as B1, or Accell. This is the purchaser of the three suppliers interviewed. Supplier 1 (S1) is the managing director at Schwalbe Nederland BV (Schwalbe)². Supplier 2 (S2) are the co-owners at Hesling BV (Hesling)³. And supplier 3 (S3) is the founder of Jovial Bike components Ltd. (Jovial)⁴. Further information about the suppliers can be found in table 1, where #E indicates the number of employees.

Case	S	#E	Founded (in sector)	B	PC
1	S1	180	1922 (1973)	B1	Yes
2	S2	100	1936 (1936)	B1	Yes
3	S3	300	2012 (2012)	B1	Yes

Table 1: Information about the suppliers

All interviews using these questionnaires took place in the end of May and start of June 2015. The interviews B1, S1 and S2 are transcribed and conducted in Dutch. Interview S3 was conducted using communication technology.

4. ANALYSIS AND FINDINGS

4.1 Accell is a Successful Company in the Dutch Bicycle Market (B1)

Accell is a successful company which develops, produces and sells bicycles. Accell Nederland BV was founded in 2014, as a merger of the Dutch companies within Accell Group NV, which started in 1986. However, history goes back to the start of Batavus in 1904, which is still part of the Accell Group. In the Netherlands, work 400 employees. The company has around 220 suppliers, of which 45 are considered critical. Although Accell does not have an official classification for the relationship with suppliers, Accell expects to be a preferred customer (in the top 5 of preferred customers) of 30 to 35 companies. This because Accell group NV is a leading company in the bicycle branch worldwide with subsidiaries in Europe and the US.

Accell strives to have an open relationship with all preferred suppliers, which are the suppliers on the official list with whom agreements are made. Although Accell expects to be a preferred customer to around 30 companies, it is also expected that a lot of suppliers do not classify their relationship with customers. Since the shift in the presentation of Accell, from separate companies to one group, suppliers have a better understanding of the true size of the company. Especially with key accounts, management has an important role, even the board of directors

has sometimes contact with suppliers. However, management contact is mostly once a year or more frequently.

There are no plans to become a preferred customer to more suppliers, as that list is big enough. If changes are made, it will probably be a reduction. Which will make Accell even more interesting to the remaining companies. But also gives Accell better control on the supply chain, and might even lead to an improvement in the logistics process.

4.1.1 Sharing information and being one of the biggest in the world are important antecedents

The concept of preferred customer was set up from the holding around five years ago. Before all companies operated autonomous. Sharing information through the story of who we are, what we want and what we do, was the means of acquiring preferred customer status. By sharing this information there is the risk that companies have higher expectations than what the company can do. Although Accell is one company, different subsidiaries still have their own suppliers.

Accell expects to be an attractive customer, as it is a big company and in volume one of the biggest in the world in the bicycle branch. Also Accell operates in the high (and sometimes middle) market segment, which is attractive as margins are higher. Lastly Accell is a financially stable and trustworthy company.

Suppliers, and also the subsidiaries within the Accell Group, need to get used to the more central role. Suppliers do not always know who to contact, and substantive diversity exists within the group. However, it is expected that suppliers are satisfied with the company, which is growing and therefore has potential.

4.1.2 Presenting the company more as a group resulted in financial and interactive benefits

Because Accell started to present the company as a group, benefits appeared. Especially bigger suppliers are realizing that mistakes need to be corrected as they otherwise have more severe consequences, and when they score good, there are chances to grow the business. The relationship has become more professional. From this more professional relationship, better terms of payment can be agreed on, as suppliers know Accell is a holding company. Also more and better discounts are present. Products are developed especially for Accell on request, and sometimes interesting companies come with their ideas to Accell as the company is of bigger size.

Relationships and interaction are getting better through the years. Especially with Asians, as they are professionalising business and investing in English skills and visit Europe more often for company visits. It also happens that free products are provided, but this happens in segments that are not interesting for Accell, as those are mostly cheaper segment mass products.

4.1.3 History of relationship develops through standard procedures and periodic communication

In developing relationships with suppliers, Accell has a standard procedure, in phases. Starting small, with a sample and evaluations of the product and the company. If those are positive, business starts for one season, on low scale, to get experience. Based on that experience in stability and trustworthiness the question to increase growth is asked.

For existing companies, relationships further develop through periodic communication, with openness in what is going on and what are the expectations. But also what are the problems and challenges, and is there a possibility to improve? Doing business in an open way is important to Accell.

² <http://www.schwalbe.com/nl/>

³ <http://www.hesling.nl/?lang=en>

⁴ <http://www.jovialbike.com/>

4.2 Case 1: PCS at Schwalbe (B1; S1)

Schwalbe Nederland is the Dutch subsidiary of the German company Ralf Bohle GmbH. Accell Group is a preferred customer to Bohle, and Accell Nederland is a preferred customer to Schwalbe Nederland. Schwalbe operates in the bicycle, wheelchair, and motor-scooter tires and tubes sector, providing bicycle tires and related articles to Accell Nederland.

Schwalbe does not assign status types to her customers, however, they assign bonuses. Accell is the customer with the best relationship to Schwalbe, and therefore receives the best conditions. This relationship is exceedingly good (S1, p.7), resulting in the expectation that no other company (in the Netherlands) will appear that receives a status close to Accell.

4.2.1 Modes of communication and trust are important antecedents

Communication with Accell proceeds openly, honestly and fairly. The brand image and size of the company are attractive, which makes it important for a tire brand to be represented on those bicycles. Accell is a customer that can be trusted, as the supplier said: 'You could almost call it a friendship' (S1, p.8). Not only the above leads to a preferred customer status, also the corporate strategy, relationship and paying behaviour have contributed to the status, because it fits.

Accell cannot improve her status, as it is already a super relationship. Nevertheless, Accell is changing and Schwalbe wants to go along. Even when the impossible is asked, both companies can discuss it freely. Although it is seen that companies try everything to receive discounts as high as possible, there are no other parties the size of Accell in Schwalbe's market. There are small companies that are very loyal, but on a different level, resulting that they will never achieve the same status as Accell. Not because they are too small, but because the relational sphere is different. One of the positive factors of Accell is that you can talk about problems of the world, for example the price of oil, or different currencies.

Most purchasers have in their education learned how to play tactical games, but for Schwalbe, this is not the best strategy to do business. Pleasant conversations occur when purchasers do not have (or at least do not have visible) double agenda's or play games with you.

4.2.2 More and better benefits are given to the preferred customer

In principle there are no differences in the treatment of customers. Only one pricelist exists, and when certain turnovers are achieved, a bonus is given. However, Accell does have special deals which other customers do not have, as they are the only company with a status that good that it is called a special status. Accell is not the only company that receives benefits, but Accell receives more benefits and better benefits. For example in product trainings, advertisements, sponsoring, and helping the customer during events. There is also product innovation, when Accell makes a new product, different tires are required. Therefore, Schwalbe proposes ideas and gives out sample tires to Accell, which can be tested physically and optically for free.

4.2.3 Relatively long history based on the man his word

The relationship between Schwalbe and Accell started in the period that the Accell brands were separate companies, however, these days business was sporadic. Starting from the name change of Schwalbe, real business started in 1997/1998,

while Schwalbe was a better known brand, and had improved the quality of their products. As a result, Schwalbe could supply to the brands within Accell Group. However, the very good relationship started in the Accell period, around ten years ago. Through the marketing of Schwalbe tires to the dealer market, and indirectly the consumer market, consumers asked for Schwalbe tires on their bikes. This was the beginning of top management meetings between Accell Group and Bohle. Top management has been talking about turnover and the market since then twice a year. Not only top management meets. Schwalbe has good contact with all buyers of the companies within the Accell Group. Those people have all been in the company for quite a while, and therefore a personal relationship with them exists, which improves the relationships. Also the fact that the relationship is based on the man his word, not on contracts, underlines the very special relationship.

4.3 Case 2: PCS at Hesling (B1; S2)

Hesling BV is a Dutch family business founded in 1936. As the management has been handed over to the children, and now the grandchildren, there has not been a change of direction. The company started with leather products like belts and wallets, and soon looked at the bicycle and started producing products for the bicycle branch. Now Hesling produces mostly bicycle products; supplying chain cases, coat guards and chain screens to Accell.

Hesling does not assign different status types for customers, however the two biggest customers do have an advantage over the others. Leading to employees within the production department knowing that certain customers, of which Accell is one, should be handled first. Accell has such a good status, that the supplier does not know how Accell could improve.

4.3.1 With size comes importance; trust is also a major antecedent

For Hesling, all customers are important. However, by being bigger, importance increases. Accell produces nice bicycles under different brand names. As Accell is a big customer, Hesling can keep producing relatively large quantities. As Accell has been a customer for a long time, the supplier knows the purchasing staff of Accell. In the past there have been some problems, but for the future the companies trust each other to live up to the agreements. Accell and Hesling have started forecasting, which is something that needs mutual trust. For example if Accell orders on forecast 800 chain cases, but need only 700, they will take the other 100 too. Mutual trust leads to easy producing, and it benefits both companies. Also important in the relation is communication, to talk openly about ideas which Hesling treats confidentially. Within Hesling, supplier contracts appear more and more, which the company does not prefer. An advantage of Accell is that they do not have those juridical agreements, and that agreements can be made without legal documents.

4.3.2 Exclusive products and innovation are benefits of a preferred customer status

When customers become more important, or come closer to a preferred customer status, service levels increase. Hesling takes partnership into account when calculating prices. In the case of Accell, which is a company that is known for a long time, this leads to better prices. When Hesling develops new products, or has an idea for a new product, this is first shown to the preferred customer. This because the preferred customer is the partner you like to work with, but also because Hesling has knowledge of the colours and holes Accell needs. Exclusive

products are also made by Hesling for Accell, as it is a customer Hesling has the best relationship with.

4.3.3 The history: from multiple companies, to one company while the relationship emerges

The relationship between Hesling and Accell started probably with the foundation of Hesling in 1936. However, it could also be some years later. When Hesling started producing coat guards and other bicycle products, the company needed to fight for existence. That is when the different brands which now belong to Accell, started using Hesling's products. In that period, the different brands were competing with each other, but now they are one company. Then there were multiple forecasts, one of each brand Hesling was supplying, but now there is only one from Accell. The relationship has always been a good one, and the status Accell now has, emerged through time without consciously thinking about awarding special statuses. As a lot of other companies stopped producing closed chain cases, Hesling's market positions increased. And with that also the relationship with Accell. Only two producers of closed chain cases exists, as the Dutch market is the only market asking for it, of which Hesling is by far the biggest. Interaction between both companies is daily in sales, and at least monthly for purchasing, which depends on what is going on. New models or different colours are introduced regularly, which increases the frequency of contact. Accell and Hesling meet each-others' expectations, which led to a good relationship.

4.4 Case 3: PCS at Jovial (B1; S3)

Jovial is a Chinese frame manufacturer founded in 2012, and supplies bicycle frames and forks to Accell. The company has large Taiwanese investors, demanding quick business. Therefore the relationship with Accell started with no other reason than the business, bicycles. As Jovial produces bicycle frames, the company needs large bicycle manufacturers as customers. Accell received the preferred customer status in January 2013, two months after both companies first met, and is the only preferred customer of Jovial.

4.4.1 Quantity of business and cooperation are important antecedents

The size, and thereby the quantity of business, is an important factor of Accell's attractiveness. Also the cooperation with Accell and the relationship with Accell are good. The factors deemed necessary to become a preferred customer of Jovial are similar to the actions companies undertake to become a preferred customer. This is also the case with Accell. If Accell wants to improve her status, she should do more business.

4.4.2 Preferred customers receive as benefit the best offer with short lead times

A preferred customer receives the best offer from Jovial, including short lead times. As Jovial started the relationship with an offer to Accell, this offer was interesting in logistical possibilities and competing on price. To start business 100% commitment was needed, and this commitment is still present. The relationship benefited both companies as Accell needed a new and stable supplier, and Jovial needed a customer. This resulted in a large amount of goodwill from both sides.

4.4.3 The buyer and supplier already knew each other before the start of Jovial

The relationship between Jovial and Accell started in 2013, two months after the first meeting. Much earlier was not possible, as Jovial was founded in 2012. The relationship grew because of

the businesses of both companies. The founder of Jovial and the buyer at Accell already were familiar with each other because of earlier employment. The founder of Jovial knew the industry and visited the Netherlands with an interesting offer for Accell, because Jovial needed business. Therefore, business between both companies started with large volumes already in the first year, which contradicts the standard procedure of Accell to develop a relationship with a year of low volume business first. However, both parties knew each other upfront, so the personal relationship already existed before Jovial. There is daily contact and the relationship between the companies is good. From Accell's point of view Jovial is number one in her assortment. Therefore both companies meet the others' expectations.

4.5 The Best Benefits for Accell

As a result of her preferred customer status, Accell receives benefits. Some benefits are similar for all suppliers, however, other benefits are given by one supplier only. The three best benefits Accell receives as a result of her preferred customer status are benefits it receives from all three suppliers interviewed. These, and other benefits can be found in table 3, which relates theoretical elements to the elements in practice, found in the cases. The best benefits are: access to technology, quality, and financial benefits. Accell has early access to the technology of her suppliers because they want to work with the preferred customer (S2, p.11) and they will make sure the technology is in demand (S1, p.8). As a preferred customer, Accell also receives higher quality than other customers. This is received in different forms from the suppliers: in the form of the best offer (S3, p.12), more and stronger benefits (S1, p.8), and better services (S2, p.11). Thirdly, Accell receives financial benefits from all suppliers she is preferred customer to. Sometimes lead times are shorter (S3, p.12), In other situations terms of payment are better (B1, p.2), or discounts are received as a result of high turnover (S1, p.7) or because of the long lasting relationship (S2, p.11).

5. DISCUSSION

There are differences and similarities in antecedents, benefits and the development of the history in the different cases. Some theoretical elements are present for all suppliers, where others apply to one of the suppliers. Accell has in some cases the same view on her preferred customer status than suppliers, but adds or misses something in others. Nevertheless, a present theoretical element does not necessarily lead to the same view for the different suppliers. For example trust is present through financial stability, where it deals with the relationship in another case. In the following sections the antecedents, benefits, and history development are separately addressed, using tables summarizing the interview findings.

5.1 Customer Attraction and Supplier Satisfaction are indeed antecedents of PCS

Two major antecedents to preferred customer status were found in literature: customer attraction and supplier satisfaction. Also preferred customer status itself can be an antecedent. The last category consists of elements that do not fit any of these categories and therefore is named 'other'. A summary of the findings can be found in table 2.

The first antecedent: customer attraction is present in all cases, however not all theoretical elements are present in all cases. So are the reputation of the firm and personal relations important to S1 (p.8), but not mentioned in the other interviews. Whereas financial returns and commitment are important to S3(p.12) and forecasting to S2 (p.11). Some of these differences can be attributed to cultural differences within the companies. S3 is a

Chinese company, where masculinity is much higher than in the Netherlands. Therefore Chinese society is driven by competition, achievement and success, leading to more importance of financial returns and higher commitment to the job (Hofstede, 2015). However, other differences might exist because the strategic agendas of suppliers have an influence on the perception of customer attractiveness.

Accell's sees herself as a trustworthy customer, which is an important element to preferred customer status according to S1 (p.8) and S2 (p.11). Trustworthy consists of financial stability (B1, p.5; S1, p.8), and the absence of playing games (S1, p.9). Having the right business and brands is another element supported by all cases, which was also found to be important to Accell. The same situation is present with the size of the business in combination with the quantity of products demanded. All suppliers and Accell consider this an important element. This is surprising, because Ellis et al. (2012, p. 1265) mentioned that you do not need to allocate substantial purchase volumes to the supplier to be a preferred customer. An element not seen by Accell is the long history between buyer and supplier. This is said to be important by both Dutch suppliers. Whereas Accell finds it important that suppliers know the company as otherwise a relationship will never exist.

The second antecedent: supplier satisfaction is also present in all cases, however it is much less present than customer attraction. Where information sharing and meeting each-others' expectations are important elements to Accell, these are not present for S3. Information sharing is seen as communication in an open, honest and fair way by S1(p.8), S2(p.11) and B1(p.3). Nevertheless, this open communication which is seen as important may give the wrong signal, falsely increasing suppliers expectations. Meeting expectations is seen as important by S2(p.11), as Accell cannot improve her status as all expectations are met, and by B1(p.2), because Accell is a growing company. An element Accell does not see is joint effort, which is seen as important to S1(p.9) and S3(p.12). This is about cooperation and being able to say that something is not possible.

For preferred customer status, important antecedents are that the relationship is good and everything fits (S1, p.8) and that a company is attractive because it is the only preferred customer (S3, p. 12). This presents a surprising element, that not only customer attraction and supplier satisfaction lead to preferred customer status, but also that the relation might go the other way. That preferred customer status leads to customer attraction and supplier satisfaction.

Other elements include that the relationship just grows, indicating that no antecedents are needed, and that anything is tried to achieve high discounts, which does not necessarily lead to a preferred customer status. Something that is said to be nice is that there are no juridical agreements, because agreements made are based on the man his word.

Element in Practice	Case	Related Theoretical Element
Customer Attraction		
You do not switch between suppliers when you have a stable relationship and competing prices.	B1(p.5)	Knowing the company
Image leads to higher attractiveness, because it is important to be represented on brands with high image.	S1(p.8)	Reputation

Accell is an trustworthy customer, due to stability	S1(p.8), B1(p.5)	Trust
Some problems occurred, but after last project where both parties lived up to agreements, trust has returned.	S2(p.11)	Trust
Accell is a financially stable customer.	B1(p.5)	Trust, Financial return
In our relationship, no dirty games are played.	S1(p.9)	Trust
Accell pays on time.	S1(p.8)	Trust
Accell has the right brands.	S1(p.8), S2(p.11)	Business
Accell has the right business.	S3(p.12)	Business
There are only 2 companies left who produce closed chain cases, as the Dutch market is the only asking for it. Hesling is the number 1 of them.	B1 (pp.3-4)	Business
Margins at Accell are higher, as the high segment of the bicycle market is targeted.	B1(p.5)	Business, Financial return
Accell has been a customer for a long time.	S2(p.11), S1(p.7)	Long history
We are forecasting with Accell. This needs mutual trust and produces easily. Therefore it benefits us both.	S2(p.11)	Forecast
Accell is an attractive customer because they ensure we can keep producing.	S2(p.11)	Forecast
A bigger customer is more attractive than a smaller one.	S1(p.9), S2(p.10), B1(p.4)	Size
Accell has a high quantity of business.	S3(p.12) B1(p.5)	Size
There are very loyal small customer that never will receive the same status as Accell, not only because their size, but relational sphere is very different.	S1(p.9)	Size; personal relations
As supplier you do not have a subordinate role in the relationship with Accell.	S1(p.9)	Personal relations
Almost an amicable relationship.	S1(p.8)	Personal relations
With Accell you can talk about world problems like currencies, oil prices etc..	S1(p.9)	Personal relations
To improve the relationship, Accell should do more business.	S3(p.12)	Financial return
There is 100% commitment in the relationship with	B1(p.5)	Commitment

Accell.		
As the companies found each other at the right moment, there is a lot of goodwill.	B1(p.5)	Commitment
Supplier Satisfaction		
We can go along with Accell when they change their organisation.	S1(p.9)	Joint effort
We can talk with each other when Accell asks something that is impossible for us.	S1(p.9)	Joint effort
Communication in an open, honest and fair way.	S1(p.8), S2(p.11), B1(p.3)	Information sharing
Accell is now really one group, and growing. Now suppliers realize that the firms are part of a bigger whole.	B1(p.2)	Information sharing, Expectations
Accell cannot improve her status as it is already that good.	S2(p.11)	Expectations
Good cooperation leads to satisfaction.	S3(p.12)	Joint effort
Preferred Customer status		
Relationship is good.	S1(p.8)	-
Everything fits.	S1(p.8)	-
Accell is our only preferred customer, and therefore attractive.	S3(p.12)	-
Other		
Not (many) juridical agreements, agreements are based on words.	S1(p.7), S2(p.11)	-
Corporate strategy is one of the reasons of the PCS.	S1(p.8)	-
All customers are important to us, we do not classify our status, it just grows.	S2(p.11)	-
Companies try anything to achieve discounts as high as possible.	S1(p.9)	-
Standard procedure to start doing business.	B1(p.3)	-
Openness creates the risk that expectations of suppliers are higher than can be achieved.	B1(p.5)	-

Table 2: Antecedents of a preferred customer status

5.2 Classifying and Categorizing Benefits

The pyramid, shown in figure 1, is used to classify the benefits of preferred customer status in three categories: not all customers and free, not all customers and pay, and all customers and pay. Some of the benefits did not fit any of these categories and therefore form the category 'other'. A summary of the benefits can be found in table 3.

Most benefits indicate a preferred customer status, and therefore fit the category 'not all customers and free'. Whereas new product development falls into the category indicating little preferred customership 'not all customers and pay'. When Accell asks for specifically developed products, suppliers usually develop them. Also one of the suppliers interviewed indicated that exclusive products sometimes are made.

Although S1(p.8) has in principle one price list, they have special arrangements with Accell and award bonuses when turnover is high enough. Accell receives a sharp price and discounts from S2(p.11) and lead times are shorter in the relationship with S3(p.12). Better quality is a benefit that all suppliers give. Whether it is better service (S2, p.11), the best offer (S3, p.12), or more and better benefits (S1, p.8). For Accell, interaction becoming more professional is also about the quality. Predictability is an important benefit according to S2(p.11). As they know what Accell thinks and which colours need to be used. Therefore the right colours and ideas are shared with Accell, not only because S2 has the knowledge of Accell, but also because they like to work with Accell. This is also present in S1(p.8), where the relationship is so good that one hand washes the other. Accell receives access to technology from both S1(p.8) and S2(p.11), but not from S3, which is probably because of the business they are in. This last benefit is not seen by Accell, but might be important. Likewise, S1(p.8) innovates and shares those products with Accell to test and check, a benefit not categorised as one by Accell.

Element in Practice	Case	Related Theoretical Element
Not all customers and free		
We have special arrangements with Accell, they have a special status.	S1(p.8)	Personal relations
One hand washes the other hand.	S1(p.8)	-
If we develop new products, or have ideas, we contact a company we prefer.	S2(p.11)	Access to technology
We do provide Accell with sample tires to test and check how they look.	S1(p.8)	Supplier innovativeness; Access to technology
We know the thoughts of Accell about new products we create.	S2(p.11)	Predictability
We know which colours, holes etc. we need to add for Accell and we use them.	S2(p.11)	Predictability
Service is better for the preferred customer than for other customers.	S2(p.11)	Quality
Accell receives all benefits more and stronger than others.	S1(p.8)	Quality
As the only preferred customer, Accell receives the best offer.	S3(p.12)	Quality
Shorter lead times are given to Accell.	S3(p.12)	Reduced lead times
We receive better terms of payment.	B1(p.2)	Financial benefits

As we know Accell for such a long time, we take that into account with the costs of our products.	S2(p.11)	Financial benefits
They receive a sharp price.	S2(p.11)	Financial benefits
Not all customers and pay		
We sometimes make exclusive products.	S2(p.11)	New product development
If we ask for it, products are developed for us.	B1(p.5)	New product development
All customers and pay		
In principle only one price list.	S1(p.8)	Financial benefits
Other		
Interaction with suppliers is becoming more professional.	B1(p.4)	Quality
We award benefits in every sector, sponsoring, events, advertisements, product training.	S1(p.8)	-
We award bonuses when a certain turnover is achieved.	S1(p.7)	Financial benefits

Table 3: Benefits of a preferred customer status

5.3 History Develops Over Time, but Needs an Event to Start Business

According to theory, a relationship does develop through an event, develops in stages, or emerges over time. From the interviews, I found that some events might have helped to start the relationship, or at least started business between the companies. However, the development of the relationship towards a preferred customer emerged over time. A summary of the results can be found in table 4.

However all suppliers told that there was no specific event leading to the relationship, S1(pp.7-8) was able to supply to Accell from the moment their brand had reached the point where it was big and well known enough. S2(p.10) has changed the relationship a bit because the brands within Accell that had been different companies are now one. And S3(p.12) visited Accell to start doing business. Nevertheless, the preferred customer status emerged over time, through joint activity, in which top-management meets and where daily contact is present (B1,p.2; S1,p.7). Through commitment, in which expectations are met. But also because what end consumers want, through adaptation of the business and shared goals. However, the most important elements of history are trust, where the relationship already existed before the company was founded (B1, p.4; S3), where agreements are made, and where no big contracts exists (S1, p.7; S2, p.11), and age. Because the suppliers have known the people from Accell for years and the relationship has been there since the company started. However, for S3(p.12), the preferred customer started after two months already as Accell is in the right business.

Element in Practice	Case	Related Theoretical Element
Emerging		
Meeting between top-management of both companies two times a year.	S1(p.7), B1(p.2)	Joint activity; shared goals

There are no big contracts between purchaser and supplier.	S1(p.7), S2(p.11)	Trust
It is about living up to agreements.	S1(p.7), S2(p.11)	Trust
We have known each other from earlier employment.	B1(p.4)	Trust
We have known people within Accell for years.	S1(p.8), S2(p.11)	Age
There has been a relationship with Accell since the beginning of the company.	S2(p.10), B1(p.3)	Age
After knowing Accell for two months, a preferred customer status emerged because Accell is in the right business.	S3(p.12)	Age
We have not been consciously awarding a preferred customer status to Accell, it just emerged over time.	S2(p.11)	Adaptation
Relationship has always been good and emerged through time.	S2(p.10), B1(p.3)	Adaptation
Daily contact with Accell.	S2(p.10), S3(p.12)	Joint activity
Monthly contact with Accell (purchasing), however it depends what is going on.	S2(p.10)	Joint activity
Stages		
I think both of our companies live up to the others expectations.	S2(p.10), B1(p.4)	Commitment
Depending on Accell's market position, we might receive a bigger part.	S1(p.8)	Commitment
Consumers want Schwalbe tyres on their bicycles.	B1(p.3)	-
Very good contact with all purchasers of the companies.	S1(p.8)	-
Event		
As we changed our brand name, it became bigger and better known, so we were able to supply to Accell.	S1 (pp. 7-8)	-
Brands within Accell have been separate companies, but now they are 1 company.	S2(p.10), B1(p.2)	-
The relationship started with a visit to Accell.	S3(p.12)	-
There was not a specific event leading to the relationship.	S2(p.11), S3(p.12)	-

Table 4: History development of a preferred customer status

6. CONCLUSION

Based on the research questions and results, some practical perspectives can be given. Although there are some limitations to this research, some aspects not covered in existing theory are found too.

6.1 Offering a Practical Perspective to Benefits, Antecedents and History development of a PCS

Q1: *'What are the antecedents and benefits of a PCS with key suppliers for Accell Nederland BV?'*

As found in literature, customer attraction and supplier satisfaction are the major antecedents of a preferred customer status. This applies to Accell too. However, also the corporate strategy and open communication are said to be antecedents of preferred customer status. Another important aspect which leads to preferred customer status is the absence of (much) juridical agreements and therefore the presence of agreements based on words.

According to literature, there are multiple groups of benefits of a preferred customer status. These groups are financial, technology and innovation, operational, and interactional benefits, and can be classified according to the pyramid of figure 1. Three of the four groups apply to Accell, financial benefits can be traced back to better terms of payment and discounts. Technology and innovation benefits can be traced back to samples provided to Accell, and early access to new products. There is also some new product development especially for Accell, but this is not for free. Interactional benefits can be traced back to more professional interaction, predictability, better service and other special arrangements. The operational benefits expected in literature are only present in the relationship with S3, where lead times are reduced. Why this is not present in the other cases is not clear. However, it might be because of the high amount of trust or because there are too much suppliers for inventory reduction to have an effect.

Q2: *'How does the relationship between Accell Nederland BV and her suppliers develop?'*

Two streams of literature exist on the development of relationships. One states that a relationship develops over time, or through stages. The other states that a single event can lead to the sudden development of a relationship. In the case of Accell, relationships develop over time and are based on trust, joint activity and commitment. An important element is the age, as Accell has been a customer of S1 and S2 for a long time. However, following the literature on stages, age does not have an influence on the development of the relationship, which can be seen in the case of S3. Some events occurred which triggered the start of doing business, but the suppliers unanimously stated that there was not a specific event that lead to the relationship.

Q3: *'To what extent do the findings at Accell Nederland BV represent and contribute to the elements identified in the existing body of literature?'*

The antecedents found in the Accell case correspond with the antecedents found in literature, however, there are also findings not found in literature, which will be addressed in part 6.3. In the case of Accell, different benefits are found. There are not much operational benefits found in the case, but it does further fit with the expectations by the literature. There are three models on the development of the history, of which I have found two of them (both emerging) to fit to the case of Accell.

6.2 Limitations of Research

Industries are different, and therefore this research is not generalizable to any other industry than bicycles. Also, only one buying company and a small number of suppliers within this branch have been researched. To make this research generalizable to the whole bicycle industry, more buying companies and suppliers need to be interviewed. There is a probability that not all benefits and antecedents are visible to the suppliers and buying companies, and therefore not mentioned during the interviews.

6.3 Contributions to Existing Literature and Suggestions for Further Research

There had not been research on preferred customer status in the bicycle branch before. Therefore this adds a new perspective to literature, especially as during the interviews it had been said that the bicycle branch is very different from e.g. the automotive. A new element was presented by S3 (p.12), as he stated that 'the company is attractive because it is the only preferred customer'. Further research is needed to see whether preferred customer status leads to customer attractiveness or not. Another surprising finding is that agreements are based on words, as business is more and more based on legally binding contracts (S2, p.11). This element: agreements based on words, can be seen as a part of trust, and therefore part of customer attraction. Nevertheless it has not been covered by literature yet. Also advertisements and sponsoring (S1, p.8) are said to be benefits of the preferred customer, while not addressed by literature. In literature was also mentioned that business quantity does not influence preferred customer status, however, in all cases it was mentioned that business quantity is important. Another aspect is the difference in antecedents, benefits and history development between the Dutch suppliers and the Chinese supplier, which might be due to cultural differences. To conclude about this matter, the effect of national and corporate culture on the view of preferred customer status needs to be researched.

6.4 Recommendations to Accell

According to the information obtained through the interviews, Accell has relationships with her suppliers that are such good that the supplier does not know how Accell could improve her status (S2, p.11), or even thinks it is impossible to further improve the status (S1, p.9). The only means to improve the status is according to S3 (p.12) to do more business. Although suppliers indicate no improvement is possible, according to literature, teaching competences to suppliers can lead to even higher attractiveness, and therefore an even better status. Therefore I would recommend Accell to keep presenting as a group such that suppliers recognize the true size of the company and to keep the amount and size of legally binding contracts to a minimum as that is one of the most important reasons why the relationship is attractive. Also it might be important to track the risk of switching cost, which might appear, as relationships are such good, suppliers might take advantage, as they are aware of those costs.

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