

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

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ABSTRACT

In recent years, the importance of becoming a preferred customer of the most innovative suppliers has received increased attention in the literature. However research this far has been mostly conducted from a theoretical perspective. What is lacking is the practical application of the concept. Therefore, a dual perspective multiple case study has been conducted with a company from the mechanical engineering sector and three of its strategic suppliers to explore the antecedents and benefits of the preferred customer status in practice. This study confirms of large number of previously identified drivers and benefits of the preferred customer status, but also presents novel findings that have not been mentioned in the literature before. Within the case study it was found that high purchasing volumes, potential business opportunities, long-term and trustful relationships as well as effective communications are the main drivers of the preferred customer status. While this confirms the literature, several drivers of the preferred customer status could be identified that are not placed in the literature yet. These are company size, market presence & influence on the market, special services & support, information exchange, customer innovativeness and financial soundness as well as supplier awards, reputation and brand name. This study also touched upon the influence of the buyer's reputation, buyer's status and the partner's strategic fit on the preferred customer status in more detail and found a positive relationship between these concepts. Furthermore, this study found that preferred customers benefit from increased supplier innovativeness, preferential treatment, flexibility and quick problem solving but also from performed services that are outside of the supplier's core business. These findings are also supported by the literature. Furthermore, making exclusive investments for a customer is one additional benefit that has not been confirmed in the literature yet.

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Keywords

Preferred customer status, customer attractiveness, supplier satisfaction, buyer-supplier relationships, antecedents, benefits, status, reputation, strategic fit

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

Successful collaborations with suppliers can improve the performance of a firm due to the fact that suppliers can “provide resources such as ideas, capabilities, and materials that build competitive advantages that might not be achieved otherwise” (Pulles, Schiele, Veldman, & Hüttinger, 2016, p. 129). Firms competing for innovation will benefit from working with the most innovative suppliers (Schiele, 2012, p. 44); however, highly competent supplier markets are often characterized by an oligopolistic market structure (Schiele, Calvi, & Gibbert, 2012, p. 1178; Schiele, Veldman, & Hüttinger, 2011, p. 18). Consequently, for many types of industrial materials, there is only a limited amount of leading suppliers available (Schiele et al., 2012, p. 1179). Furthermore, the few highly innovative suppliers that would make interesting partners for one firm are often exactly the same suppliers that would be appealing for the firm's competitors as well (Nollet, Rebolledo, & Popel, 2012, p. 1186; Schiele, 2012, p. 44). This means that the supplier can choose which customers get access to their scarce resources (Schiele, 2012, p. 44) making them highly selective (Schiele et al., 2012, p. 1179). While it would seem that suppliers should treat all customers equally, in reality some customers are more important to the supplier's business than others (Bemelmans, Voordijk, Vos, & Dewulf, 2015, p. 179). Therefore, they treat their strategically important customers better than other customers and offer them preferential resource allocation (Steinle & Schiele, 2008, p. 11). In this regard, Bew (2007, p. 2) discovered within his study that 75% of suppliers regularly put preferred customers at the top of allocation lists for materials in short supply, 82% of suppliers granted these customer first access to new product ideas and technologies and 87% of them offered unique cost reduction opportunities to their most-preferred customers. This means that it should be more important than ever for buyers to achieve a preferred customer status in order to improve their own competitive position.

Even though the concept of the preferred customer status has gained an increasing interest in the literature, there is not a lot of application in the real business world about how this status can be achieved and what advantages it can bring about for a firm. Therefore, the aim of this study will be to conduct a case study with company X and several of its key suppliers to find out what requirements are necessary in order to become a preferred customer and whether the buyer's reputation, buyer's status and strategic fit between the partners are significant elements that have an influence. Moreover, the case study will find out what benefits a company can gain from having a preferred customer status. The second aim will be to compare these outcomes with the literature in order confirm previous findings but also to add new findings to the existing literature.

Consequently the following research questions will be addressed:

Q1: “What are the antecedents and benefits of a preferred customer status with key suppliers for company X?”

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

The subsequent sections will be structured as follows: Section 2 provides a review of the relevant background literature regarding the concept as well as the antecedents and benefits of the preferred customer status. The research design and data collection are presented in section 3. The analyses and results of the interviews with buyers from the case company and their strategic suppliers are given in section 4. The discussion of the findings will be shown in section 5. Following this, the

conclusions as well as research contributions and recommendations to the case company will be presented in section 6. Finally, limitations and suggestions for future research are offered in section 7.

2. THEORY: THE CONCEPT OF THE PREFERRED CUSTOMER STATUS

2.1 The preferred customer status and its state of the art: A shift of traditional buyer-supplier roles

In the literature, the concept of the preferred customer has received increased awareness over the past decades. Already in 1970, Hottenstein (1970, p. 46) found that “most businesses have a preferred customer list, [...] based on past orders or expectations of future business”. Several years later, the idea of the preferred customer received attention in the study of Williamson (1991, p. 79), who discovered that preferred customers would be “first in line” to have their needs satisfied during shortages while less preferred customers of suppliers were “forced to wait in a queue” (p. 81). While traditionally suppliers approached customers and tried to persuade them to buy, Blenkhorn and Banting (1991, p. 187) found that companies who want to achieve a preferred status need to be proactive towards their suppliers and apply reverse marketing in order to convince the suppliers to provide exactly what the buying organization needs. One reason for this shift in the traditional dynamics between buyers and suppliers can be found in the 1990s when the way firms innovated changed from a closed and laboratory-centered model to an open model that allocated higher responsibilities to suppliers (Chesbrough, 2003, p. 24; Schiele et al., 2012, p. 1178). Over time it became increasingly important to secure the best suppliers for collaborative development projects (Schiele et al., 2012, p. 1178) as they directly contribute to the competitiveness of the buying firm (Mortensen & Arlbjörn, 2012, p. 152). However, actors have constraints on the resources that they can devote to others implying that they can only satisfy the expectations of a limited number of alliances (Schiele et al., 2012, p. 1178). This means that suppliers must make “decisions regarding which customers to serve and to what extent” (Schiele et al., 2012, p. 1179). Schiele et al. (2012, p. 1179) emphasized that “in cases of uncertainty, suppliers first attend to their strategically important preferred customers and only subsequently conduct business with their regular customers.” The idea behind the preferred customer strategy is therefore to become attractive and to influence the supplier's behavior in such a way that the supplier awards selected customers with more favorable treatment than others (Hüttinger, Schiele, & Veldman, 2012, p. 1195). The following section will elaborate on a specific model how this can be achieved.

2.2 The three stages of preferred customership: Customer attractiveness, supplier satisfaction and preferred customer status

Becoming a preferred customer can help buyers in order to secure the best resources of suppliers, accordingly Schiele et al. (2012, p. 1183) argued that three sequentially linked stages, namely, customer attractiveness, supplier satisfaction and preferred customer status, are important and determine whether buying firms are awarded with privileged treatment.

Customer attractiveness is essential for suppliers to initiate and intensify business relationships (Schiele et al., 2012, p. 1180). It is the first element that is of importance for the preferred customer status because it influences the suppliers' attitude and

actions towards the buyer and subsequently affects how the supplier allocates its resources (Baxter, 2012, p. 1250). The expected value of the future relationship with a customer is an important indicator for attractiveness (Pulles et al., 2016, p. 137), for that reason, a customer is perceived as attractive when a supplier has a “positive expectation towards the relationship with the customer” (Schiele et al., 2012, p. 1180). However, a supplier must also be satisfied with the relationship (Wong, 2000, p. 429) which is achieved when the buyer is able to “meet or exceed the supplier's expectations” (Schiele et al., 2012, p. 1181). Reaching a high supplier satisfaction is therefore another important step towards the preferred customer status as a satisfied supplier is more willing to contribute their best (Wong, 2000, p. 429) and to make relational investments that improve the buyer-supplier relationship (Pulles et al., 2016, p. 132).

A supplier who perceives a customer as attractive and who is also more satisfied with the buyer as compared to other buyers rewards the customer with a preferred status and privileged treatment (Schiele et al., 2012, p. 1181). Remaining customers are either assigned with a regular status or the relationship gets discontinued if the supplier is not satisfied at all (Schiele et al., 2012, pp. 1180-1181). Hence, both customer attractiveness and supplier satisfaction are essential in order to achieve a preferred customer status; however, a “benevolent strategic prioritization by the supplier” is necessary to attain this status (Schiele et al., 2012, p. 1181). Once the relationship is intensified, the preferred customer status can lead to additional expectations and increased customer attractiveness resulting in a virtuous circle (Schiele et al., 2012, p. 1182) as seen in Figure 1 below.

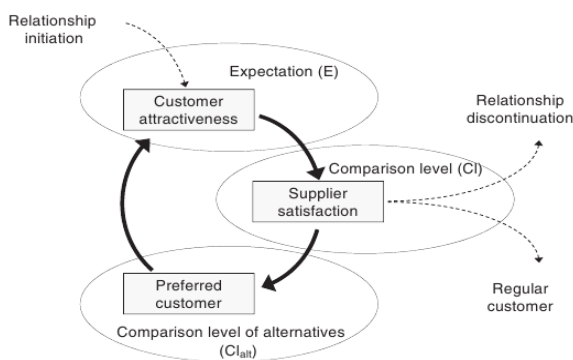


Figure 1: The cycle of preferred customership

Buyers that are aiming to obtain preferential treatment from strategic suppliers should therefore attempt to increase their attractiveness as well as measurements to satisfy their suppliers. Thus, in the following section, the antecedents and drivers for customer attractiveness, supplier satisfaction and the preferred customer status will be introduced.

2.2.1 Customer attractiveness and its antecedents: Market growth-, economic-, technological-, risk- and social factors are influencing attractiveness

Customer attractiveness is the first element of becoming a preferred customer (Schiele et al., 2012, p. 1180) and knowing about its drivers can help buyers to understand what factors encourage suppliers to commit to and invest resources preferentially in the relationship (Baxter, 2012, p. 1249). The literature suggests a variety of different drivers that can influence a supplier's expectation and attraction towards a customer. Hüttinger et al. (2012, p. 1199) categorized these antecedents into five main categories: market growth factors, economic factors, technological factors, risk factors, and social factors.

'Market growth factors' of a customer can influence a supplier's expectations towards a buyer and play an important

role when suppliers evaluate a customer's attractiveness. In this regard, customer attractiveness is driven by the customer's size, market share and influence in the market (Fiocca, 1982, p. 57; Tanskanen & Aminoff, 2015, p. 135) but also the growth rate of a customer is an important indicator. Suppliers are attracted towards growing customers (Fiocca, 1982, p. 57; Hald, Córdón, & Vollmann, 2009, p. 964); consequently, a customer is perceived as attractive when suppliers have the ability to grow along with the buying firm and to generate new potential business opportunities through the relationship (Hüttinger, Schiele, & Schröder, 2014, pp. 703, 712). Next to this, suppliers perceive buyers as attractive when they serve as a bridge to new market linkages, e.g. by helping suppliers to gain access to new customers or new markets (Hald et al., 2009, p. 964; Ramsay & Wagner, 2009, p. 131; Tanskanen & Aminoff, 2015, p. 137).

'Economic factors' drive customer attractiveness since attraction can be found within the partners ability to "provide superior economic benefits" (Harris, O'malley, & Patterson, 2003, p. 12). Perceived attractiveness is thus determined by the potential value creation for suppliers (Ellegaard & Ritter, 2007, p. 5) which can be influenced in terms of price and volume (Hald et al., 2009, p. 964). Moreover, the customer's share of sales (Ellis, Henke, & Kull, 2012, p. 1261) but also the customer's leveraging factors, such as experiences and economies of scale as well as the customer's capacity utilization play an important role in estimating the customer's attractiveness (Fiocca, 1982, p. 57). Finally, suppliers evaluate the different cost elements of the relationship such as the cost of serving different customers or the negotiating pressure within the business relationship which has an impact on the perceived attractiveness of a customer (Ramsay & Wagner, 2009, p. 132).

'Technological factors', such as the customer's commitment to innovation (Ellegaard & Ritter, 2007, p. 5) and the depth and type of the customer's technological skills (Fiocca, 1982, p. 57; Tanskanen & Aminoff, 2015, p. 136) present another area that has an influence on the perceived attraction of a company. Suppliers value customers who mutually share their know-how (La Rocca, Caruana, & Snehota, 2012, p. 1245; Nollet et al., 2012, p. 1189), who involve them early in their R&D (Ramsay & Wagner, 2009, p. 131), and who initiate joint improvements in form of joint product or logistics developments (Christiansen & Maltz, 2002, p. 190). Attractive buyers further support suppliers by providing learning opportunities through trainings or by sending their personnel to offer technical assistance during field trips which depicts additional elements of customer attractiveness (Christiansen & Maltz, 2002, p. 180; Ramsay & Wagner, 2009, p. 131; Tanskanen & Aminoff, 2015, p. 136).

'Risk factors' are another category that influences customer attractiveness since suppliers are often confronted with high risks and uncertainty (Ramsay & Wagner, 2009, p. 130). Consequently, customer attractiveness is influenced by the customer's risk sharing, forecast reliability and the demand stability that they provide towards the supplier (Ramsay & Wagner, 2009, p. 131; Tanskanen & Aminoff, 2015, p. 136). In a similar vein, Hüttinger et al. (2014, p. 712) identified that a customer's operative excellence has a positive impact on their attractiveness, but also stable operational processes of the customer (Tanskanen & Aminoff, 2015, p. 136) as well as products standardizations (Christiansen & Maltz, 2002, p. 181) play an important role in estimating a customer's attractiveness as they also reduce risks. Next to the stability of the customer's markets (Fiocca, 1982, p. 57), attraction is also influenced by the supplier's perceived dependence on the customer which can make the overall perception of attraction either weaker or stronger for a supplier (Hald et al., 2009, p. 964).

Lastly, 'Social factors', such as tight personal relationships, play an important role in determining whether a customer is seen as attractive since attraction is also experienced between people (Ellegaard, Johansen, & Drejer, 2003, p. 354). Consequently, regular face-to-face contacts with buyers (Christiansen & Maltz, 2002, p. 180; Ramsay & Wagner, 2009, p. 131) as well as familiarity and similarity between the partners have a positive influence on the perceived attractiveness (Harris et al., 2003, p. 17). Next to effective communication and information exchanges (Christiansen & Maltz, 2002, p. 193; Ramsay & Wagner, 2009, p. 132; Tanskanen & Aminoff, 2015, p. 136), the customers' relational behaviour (Hüttinger et al., 2014, p. 712) and relational fit between the partners (La Rocca et al., 2012, p. 1246) is found to facilitate customer attractiveness as well. Finally, trust and commitment are both attractive elements within the relationship (Ellegaard & Ritter, 2007, p. 5) that are positively influenced by the customer's loyalty and support but also by shared values, fairness and reliability within the relationship (Hald et al., 2009, p. 964).

As can be seen from the aforementioned description, the literature identified a number of different drivers for customer attractiveness; however, not all of them are equally important to all suppliers. Consequently, suppliers must be approached differently depending on their needs and characteristics and what they regard as attractive (Aminoff & Tanskanen, 2013, p. 176; Ramsay & Wagner, 2009, p. 127). Despite perceived attractiveness towards a buyer, suppliers will find it difficult to assign a preferred customer status if they are unsatisfied with the buyer-supplier relationship. Following this, we will now identify the drivers that lead to supplier satisfaction.

2.2.2 Supplier satisfaction and its antecedents:

Technical excellence, supply value, mode of interaction and operational excellence are influencing supplier satisfaction

Supplier satisfaction is the second key element in the achievement of the preferred customer status. However, in contrast to customer attractiveness, the antecedents of supplier satisfaction are more operational in nature (Hüttinger et al., 2014, p. 699). The literature identified several drivers of supplier satisfaction. Hüttinger et al. (2012, p. 1201) classified these antecedents into four dimensions: technical excellence, supply value, operational excellence and mode of interaction.

The 'Technical excellence' of a customer is the first dimension that can influence supplier satisfaction (Hüttinger et al., 2012, pp. 1201-1202); indicating that the technical competences of customers are a main driver for supplier satisfaction (Essig & Amann, 2009, p. 109). This involves also drivers such as early supplier involvement which gives suppliers a chance to provide early input and be at the forefront of new technologies (Maunu, 2003, p. 94), but also joint relationship efforts are important and facilitate supplier satisfaction as they show that a customer is keeping the supplier's best interest in mind (Nyaga, Whipple, & Lynch, 2010, p. 109). Next to this, supplier satisfaction is also influenced by the buyers willingness to accept supplier suggestions for improvements (Essig & Amann, 2009, p. 106; Wong, 2000, p. 429); likewise, it can also be driven by supplier developments that are offered by customers (Ghijsen, Semeijn, & Ernstson, 2010, p. 24).

The second dimension that fosters supplier satisfaction is based on the 'Supply value' that results from the business relationship (Hüttinger et al., 2012, p. 1200). In this regard, suppliers tend to be more satisfied with buyers who have financial soundness (Meena & Sarmah, 2012, p. 1239) and who can offer substantial volumes (Hüttinger et al., 2012, p. 1199), profitability (Maunu, 2003, pp. 95, 97; Vos, Schiele, & Hüttinger, 2016, p. 10) as

well as growth opportunities (Hüttinger et al., 2014, p. 712; Vos et al., 2016, p. 9). Supplier satisfaction is also strongly impacted by the quality of the buyer-supplier relationship (Benton & Maloni, 2005, p. 16), indicating that successful cooperative relationships promote the highest level of satisfaction (Benton & Maloni, 2005, pp. 9-10; Wong, 2000, p. 429) and create value for suppliers. Moreover, supply value can be derived from the customer's adherence to agreements (Maunu, 2003, p. 95), their commitment to supplier satisfaction (Wong, 2000, p. 429) and their dedicated investments towards the relationship (Nyaga et al., 2010, p. 109) depicting further drivers of satisfaction.

Supplier satisfaction can also be driven by the applied 'Mode of interaction' between buyer and supplier. This involves e.g., effective communications (Maunu, 2003, p. 96; Meena & Sarmah, 2012, p. 1249) and the availability of a direct contact in the buying firm (Essig & Amann, 2009, p. 109), but also the level of information exchange is an important driver of satisfaction (Ghijsen et al., 2010, p. 24; Nyaga et al., 2010, p. 110). In this regard, supplier satisfaction is also influenced by the accuracy and timeliness of the customer's provided information (Whipple, Frankel, & Daugherty, 2002, pp. 75-76). Next to this, suppliers are satisfied with customers who provide feedback, constructive controversy and effective conflict management (Benton & Maloni, 2005, p. 10; Maunu, 2003, p. 96; Wong, 2000, p. 429). Furthermore, the customer's relational behaviour is a significant driver of supplier satisfaction (Hüttinger et al., 2014, p. 712; Vos et al., 2016, p. 9) containing aspects, such as openness, trust and commitment which are important building blocks of satisfying buyer-supplier relationships (Benton & Maloni, 2005, p. 9; Essig & Amann, 2009, p. 103; Maunu, 2003, p. 96; Nyaga et al., 2010, p. 111).

Lastly, supplier satisfaction can be driven by the 'Operational excellence' of customers. Thus, common business processes such as the order process and time scheduling as well as billing and delivery procedures of the customer have a significant impact on supplier satisfaction (Essig & Amann, 2009, p. 109; Meena & Sarmah, 2012, p. 1238). In this regard, supplier satisfaction is further influenced by the payment habits of the customer and the required effort for deliveries (Essig & Amann, 2009, p. 109). Next to providing forecasting and planning abilities (Maunu, 2003, p. 96), Hüttinger et al. (2014, p. 712) and Vos et al. (2016, p. 9) both identified that a customer's reliability is an important antecedents of supplier satisfaction; consequently suppliers are more satisfied when they interact with a customer who acts in a consistent and reliable manner.

Despite the variety of factors that lead to supplier satisfaction, it is important to notice that a supplier can be satisfied with many customers; however, only customers that offer greater value to the supplier in comparison to its competitors can hope to be awarded with a preferred customer status. In the following section, we will find out what drivers are identified in the literature in order to become a customer of choice.

2.2.3 Preferred customer status and its antecedents: Economic value, relational quality, instruments of interaction and strategic compatibility as influencing drivers

Recent research showed that suppliers differentiate among customer relationships and select specific accounts as preferred customers (Bew, 2007, p. 2; Ellis et al., 2012, p. 1260). The literature suggests different influencing factors of the preferred customer status. Hüttinger et al. (2012, p. 1202) integrated these antecedents into four categories: Economic value, relational quality, instruments of interaction and strategic compatibility.

The 'Economic value' which includes the rewards and costs that determine value creation for a supplier plays an important role in the supplier's decision to award a preferred customer status (Hüttinger et al., 2012, p. 1202). Thus, such factors as high purchase volumes, profitability and the supplier's perception of the future financial performance of the relationship can be named as drivers for the preferred customer status (Baxter, 2012, p. 1255; Bew, 2007, p. 3; Moody, 1992, p. 52; Steinle & Schiele, 2008, p. 11; Williamson, 1991, p. 81); but also growth opportunities and the potential to generate new business though the relationship are significant when a customer wants to be treated preferentially (Hüttinger et al., 2014, p. 712). Next to this, low costs to serve a customer in terms of overhead costs, delivery costs, servicing requirements, or customization of products seem to be key drivers for a preferred customer treatment (Bew, 2007, p. 3; Moody, 1992, p. 53). Additionally, suppliers are motivated to assign a preferred status when a customer purchases based on total cost rather than invoicing prices as this creates higher value for suppliers (Moody, 1992, pp. 52, 53).

The 'Relational quality' within the buyer-supplier relationship presents a significant factor as to why suppliers treat selected customers better than others (Hüttinger et al., 2012, p. 1202). In this regard, Williamson (1991, p. 81) stated that a customer's long-term loyalty towards the supplier is an important contributor towards establishing a preferred status. Suppliers also place high importance on mutual trust, respect and fairness, but also commitment to and satisfaction within the relationship are valuable traits that are related to the assignment of the preferred customer status (Baxter, 2012, p. 1255; Moody, 1992, pp. 52, 55). Further drivers of the preferred customer status can be found within the customer's attentiveness (Moody, 1992, p. 53) as well as the customer's willingness to truly collaborate with suppliers (Bew, 2007, p. 2). Besides this, the customer's reliability is an additional antecedent which has a positive impact on the relationship as well as the allocated customer status (Ellis et al., 2012, p. 1261; Hüttinger et al., 2014, p. 712).

'Instruments of interaction' refer to the different modes and methods buyers can apply in a supplier relationship, representing the third category that has an impact on the preferred customer status (Hüttinger et al., 2012, p. 1202). Accordingly, such methods as early supplier involvement as well as supplier involvement in product designs of the customer are elements that facilitate a preferred customer status (Ellis et al., 2012, p. 1261; Moody, 1992, pp. 52, 53). Furthermore, effective communication and feedback for the supplier are two important instruments of interaction that can ultimately improve the standing of the customer, but also quality initiatives, schedule sharing and action-oriented problem management depict important drivers of the preferred customer status (Moody, 1992, p. 52). Next to this, suppliers also value customers who have predictable decision processes (Bew, 2007, p. 3) and who use simple and coordinated business processes (Moody, 1992, p. 53) which motivates them to treat these customers better.

A last dimension that influences the preferred customer status is based on the 'Strategic compatibility' between the two firms (Hüttinger et al., 2012, p. 1202). Suppliers appear to place high importance on the strategic fit with a buying firm (Bew, 2007, p. 3) which has a positive impact on the preferred customer status. Relations are also enhanced if key players from both firms are located near each other (Lambert, Emmelhainz, & Gardner, 1996, p. 8) making it easier to achieve a preferred customer status with suppliers (Steinle & Schiele, 2008, p. 11). Geographical proximity and cluster membership can therefore

be indicated as important antecedents of the preferred customer status (Steinle & Schiele, 2008, p. 11).

To conclude, the preferred customer status can be influenced by a variety of factors that play a major role in achieving this status. While there seem to be a lot of differences in the factors driving customer attractiveness, supplier satisfaction and preferred customer status, it can also be observed that there are some recurring factors that are relevant throughout all three stages (Hüttinger et al., 2014, p. 699). Overall, suppliers strive for value creation, but the quality of the relationship also appears to strongly influence the suppliers' behavior towards their customers (Hüttinger et al., 2012, p. 1203).

2.3 Influence of buyer status, buyer reputation, and partner's strategic fit on the preferred customer status

Another focus of this paper will be given to the buyer status, buyer reputation and the strategic fit between the partners and how these concepts impact the buyer-supplier relationship and possibly the preferred customer status. All three aspects will be introduced in this section and further researched within the case study.

2.3.1 Buyer status as influencing driver of the preferred customer status

Generally suppliers consider a customer very important when its purchases are larger than those of other buyers. However, there are other elements that can make an account "interesting" for its suppliers. One such element is the status of the buyer which can be defined as the extent to which a firm has a central position in the market and is viewed as an important firm in an industry (Sauder, Lynn, & Podolny, 2012, p. 274; Swaminathan, Hoetker, & Mitchell, 2002, p. 14). The status of a firm always involves some degree of relative social standing and has value precisely because not everyone has it (Sorenson, 2014, p. 63). Fiocca (1982, p. 54) found that when a customer is particularly prestigious or a market leader, industrial sellers may only slightly consider the amount of purchases. In other words, if a customer operates in an attractive market and also has a dominant position within this market, suppliers are more attracted to engage in a positive relationship with the firm. High-status actors tend to be noticed more often within a field and it is common that firms search for partners that are known to them (Sauder et al., 2012, p. 272; Wilkinson, Young, & Freytag, 2005, p. 669). Furthermore, suppliers may actively seek out high-status partners due to the impact of this relationship on their own status. The fact that a highly respected customer has chosen a firm to supply components will act as a strong signal of the suppliers' skills and quality of their outputs, and, in turn, attract more customers towards the supplier which can improve the status of the supplier as well (Swaminathan et al., 2002, pp. 14-15). In short, buyer status makes a customer attractive to suppliers as they benefit themselves by being affiliated with high-status organizations. Consequently, this might also influence the preferred customer status of a firm.

2.3.2 Buyer reputation as influencing driver of the preferred customer status

Next to the buyer's status, a buyer's reputation can also make them appear attractive despite the profitability of the relationship (Ramsay & Wagner, 2009, p. 131; Tanskanen & Aminoff, 2015, p. 136). Sorenson (2014, p. 64) differentiated between buyer status and buyer reputation and argued that status stems from position, whereas the reputation of a company arises from past actions and future prospects (Fombrun, 1996, p. 72). A buyer's reputation can be seen as a collective perception held by all relevant stakeholders and what they

believe the organization stands for, as well as the associations they make with it (Chun, 2005, p. 105). As an intangible asset, a buyer's reputation signals information about a firm's quality and performance (Wagner, Coley, & Lindemann, 2011, p. 30) and can positively or negatively affect a supplier's attraction and perception about the exchange relationship (Harris et al., 2003, p. 25; Wagner et al., 2011, p. 32). For example, companies that have a reputation for helping suppliers innovate (Christiansen & Maltz, 2002, p. 180) or for making prompt payments (Ramsay, 2005, p. 556) are more attractive for a supplier compared to firms who do the opposite. Furthermore, a favorable reputation of a buying firm is found to reduce the fear of suppliers and increase supplier satisfaction (Meena & Sarmah, 2012, p. 1240). This is due to the fact that suppliers expect buyers with a positive reputation to be trustworthy, credible and benevolent (Wagner et al., 2011, p. 33) making them feel more secure when participating in the relationship. As can be argued, firms that put effort into their reputation management are more likely to attract the best suppliers because they often choose partners based on reputation. This might also influence the preferred customer status within a firm.

2.3.3 Strategic Fit between partners as influencing driver of the preferred customer status

Another element that can be significant for a supplier is the strategic fit with their customers. Based on a survey, Bew (2007, p. 3) discovered that suppliers place high importance on the strategic fit between firms which has an influence on the amount and type of scarce resources they provide and if they treat buyers as customer of choice. The strategic fit between two firms implies that the partners have compatible technologies, platforms, and/or products that can work together as well as complementary skills and capabilities which create more value when combined (Lavie, Haunschild, & Khanna, 2012, p. 1498). Moreover, partners that possess strategic fit are found to have aligned business objectives and to operate in similar market segments (Lavie et al., 2012, p. 1498). From a strategic perspective, understanding the other actor's strategy and having compatible ways of working together is important. Maunu (2003, p. 72) found that the strategic intents of a buyer and supplier need to fit, in the order to create supplier satisfaction. For example, if one actor's strategy is to consolidate, reduce risks and reduce costs while the other is looking for growth and new opportunities, there will be conflict (Hald et al., 2009, p. 965). However, when there is a certain degree of similarity and complementary towards the other party, a higher probability of relationship success can be discovered (Wilkinson et al., 2005, p. 679). Mortensen and Arlbjörn (2012, p. 162) argued that suppliers who have a higher perception of strategic fit towards the buyer are seen to have higher performance and loyalty. Furthermore, the strategic fit between firms enhances cooperation, coordination and commitment (Lavie et al., 2012, p. 1474) which all have an influence on the preferred customer status.

2.4 Benefits of the preferred customer status: Operational & service benefits, technological & quality benefits as well as financial benefits resulting from the PCS

Being a preferred customer can lead to benevolence of suppliers (Schiele et al., 2011, p. 16) indicating that the buyer can obtain better benefits than competing buyers which puts them in a better position to achieve a competitive advantage (Schiele et al., 2011, p. 18). In the literature we find a vast variety of benefits which can be categorized into operational and service

benefits, technological and quality benefits as well as financial benefits.

2.4.1 Operational and service benefits due to the preferred customer status

A preferred customer can be granted a variety of operational or special service benefits since reverse marketing may facilitate the "achievement of seemingly impossible objectives" (Blenkhorn & Banting, 1991, p. 188). One important benefit for preferred customers is being at the top of allocation lists and "getting what they need from suppliers, when they need it" (Bew, 2007, pp. 1-2) especially when bottlenecks occur due to constraints in production capacity (Nollet et al., 2012, p. 1187; Steinle & Schiele, 2008, p. 11; Williamson, 1991, p. 79). Such delivery reliability includes that suppliers adjust to changes in delivery schedules, take particular care for the orders delivered to that customer, are ready to deliver missing components within reasonable time, keep safety stocks or locate warehouses close to the customer's facilities (Nollet et al., 2012, p. 1187). Furthermore, it leads to the fact that suppliers tend to be more available and responsive towards their preferred customer (Nollet et al., 2012, p. 1187), and additionally show more flexibility (Williamson, 1991, p. 81). In order to please preferred customers, suppliers accept to perform steps that are not part of their core business (Nollet et al., 2012, p. 1187). Moreover, they are often found to offer appropriate and timely information on new products, markets, or solutions (Nollet et al., 2012, p. 1187) which is a service that is not extended to regular customers. Next to this, Christiansen and Maltz (2002, p. 189), noticed that suppliers offer reduced lead times for preferred customers. Hence, they show an increased willingness to help customers to achieve reduced time-to-market by accelerating design work, developing prototypes faster but also by speeding up the product testing and validation process (Hald et al., 2009, p. 963; Ulaga, 2003, p. 686). Finally, compared to regular customers, preferred customers also received quicker repairs from suppliers (Schiele et al., 2012, p. 1183).

2.4.2 Technological and quality benefits due to the preferred customer status

The preferred customers status has also a positive influence on supplier innovativeness (Schiele et al., 2011, pp. 3, 16) providing technological benefits to the buyer. Suppliers tend to give their preferred customers first access to new product or service ideas as well as technologies (Bew, 2007, p. 2; Christiansen & Maltz, 2002, p. 182; Ellis et al., 2012, p. 1265) and sometimes even enter into an exclusivity agreement (Steinle & Schiele, 2008, p. 11). Furthermore, suppliers show an increased willingness to share key technological information and to support their customers during collaborative product developments and process improvements (Schiele et al., 2011, p. 20; Ulaga, 2003, p. 685). This also involves that suppliers provide better product quality for their preferred customers (Moody, 1992, p. 4), not only by showing consistent quality levels but also by making quality improvements for the buyer's products (Nollet et al., 2012, p. 1187). Next to this, the preferred customer status also allows the buyer to influence their suppliers' direction of research (Schiele, 2012, p. 47). In doing so, they get a product design that fit the intended application exactly as a supplier can customise its products according to the customer's wishes (Steinle & Schiele, 2008, p. 11). Finally, suppliers may dedicate their best personnel to joint new product developments (Steinle & Schiele, 2008, p. 11) presenting an exclusive benefit to the preferred customer.

2.4.3 Financial benefits due to the preferred customer status

Another important benefit that results from the preferred customer status is related to financial matters. Firms that search for external sources of technology often establish close relationships with strategic suppliers but at the same time they have to pay for it. Compared to this, buyers that enjoy a preferential customer status enjoy “benevolent pricing behaviour” from the supplier (Moody, 1992, p. 57; Nollet et al., 2012, p. 1187; Schiele et al., 2011, p. 16). Accordingly, Bew (2007, p. 2) found that a majority of suppliers offer better prices to their preferred customers. Furthermore, they are also seen to be more receptive to further price negotiations (Nollet et al., 2012, p. 1187). Next to price benefits, the preferred customer can also profit from cost benefits. For example, Bew (2007, p. 2), revealed that suppliers overwhelmingly offered unique cost reduction opportunities for their preferred customers which resulted in 2-4 % of savings off of the company’s total spend base. Similarly, Blenkhorn and Banting (1991, p. 188) argued that savings in the 5-30 % range are not uncommon. Suppliers also find multiple ways of adding value by taking costs out of the business relationship, particularly costs in relation to acquisition cost and operation costs which provides another benefit to the preferred customer (Christiansen & Maltz, 2002, p. 188; Hald et al., 2009, p. 963; Ulaga, 2003, p. 689).

The specific benefits that suppliers offer to customers can be distinguished into 3 different levels as shown in Figure 2 below.

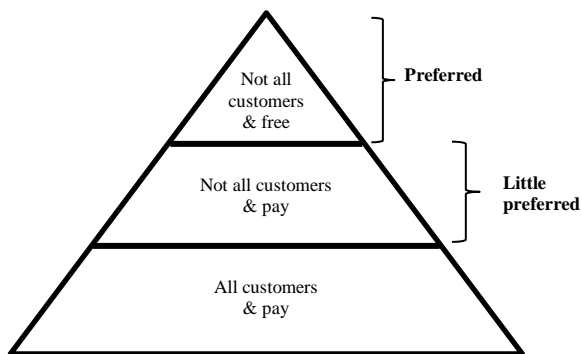


Figure 2: Mapping the benefits of the preferred customer

The lowest level represents all standard customers who have to pay for additional benefits received from suppliers. The middle level visualizes the customers who are a little preferred by their suppliers but still have to pay for extra offerings. The top level of the pyramid, however, shows the true preferred customers. They receive benefits from suppliers that are free of charge and to some extent exclusive to the customer.

3. METHODS: RESEARCH DESIGN & DATA COLLECTION

3.1 Questionnaire design and interviews: Two questionnaires used for case study

A dual perspective multiple case study has been applied at company X in order to analyze the preferred customer concept in practice. Two questionnaires with multiple questions were developed on basis of the literature review and previous studies. Even though both questionnaires contained similar questions, one was mainly focused on the buyer’s point of view whereas the second one exclusively focused on the supplier’s perspective. Participants were first asked to elaborate on their position within the firm. Following this, one section of the interview investigated how the partners classified the relationship and whether a preferred customer status existed

between the buyer and respective supplier of X. The second part was used to explore the benefits that the case company received due to having a preferred customer status. Finally, the third part of the questionnaire was designed to identify the antecedents of the preferred customer status as well as the factors that influenced the supplier to award X with a preferred customer status. A special focus has been placed on the influence of the buyer’s reputation, the buyer’s status and the strategic fit between both firms. All questions were open-ended to encourage interviewees to elaborate on their own experiences without restricting their answers.

3.2 Interviews with three lead buyers of X and three of their strategic suppliers

For this case study, interviews have been conducted with members of X’s purchasing team. After initial introduction to the topic via email and phone, three interview partners were selected by the Supplier Management department of X who also arranged the interview appointments. All three interviewees held the position of a lead buyer for different commodity groups of X. Interview partners from the supply side were chosen by the lead buyers with the assumption to hold a preferred customer status with the supplier. Hence, two key account managers and one sales manager from three different supplying firms of X were interviewed. In total, 3 buyer-supplier relationships have been observed. The first case with Supplier A involved buyer 1 (B1) and supplier 1 (S1) as interview partners, the second case with Supplier B involved buyer 2 (B2) and supplier 2 (S2) and the third case with Supplier C involved results from buyer 3 (B3) and supplier 3 (S3). An overview of the interview pairings is given in table 1 below.

Case	Supplier	Interview Partners
1	Supplier A	B1, S1
2	Supplier B	B2, S2
3	Supplier C	B3, S3

Table 1: Case study interviews at company X

For this case study it was important to interview buyers and their respective suppliers in order gain insights from both ends of the buyer-supplier relationship regarding the preferred customer concept. Interviews with buyers took an average of 74 mins whereas interviews with suppliers took an average of 57 mins. All interviews have been conducted in German language and took place in July and August 2016 at the interviewee’s company side. Due to distance, Supplier A has been interviewed by telephone. With prior consent, all interviews were tape-recorded and then written out. Following this, all interviews were analyzed and translated to English.

4. ANALYSES & RESULTS

Left out due to confidential information.

5. DISCUSSION: FINDINGS FROM PRACTICE DISCUSSED AGAINST THEORETICAL BACKGROUND

5.1 The antecedents of the preferred customer status at company X: Support but also new contributions towards the literature

Building on the study of Hüttinger et al. (2012, pp. 1198-1202), this research explored the three key constructs, customer attractiveness, supplier satisfaction and preferred customer status as isolated drivers for preferential customer treatment at company X. For the most part, this case study supports previous research on the indicated concepts; however, also new drivers

that have not been found in the literature emerged. Subsequently, these three key antecedents and their most influencing drivers within this case study will be discussed and compared to the literature. A more detailed overview of the drivers and their link to the literature can also be found in Appendix A1-A3.

5.1.1 Drivers of Customer Attractiveness

The case study shows that X is an attractive customer for all 3 suppliers. A number of drivers for customer attractiveness have been identified at company X that can be directly linked to the literature: Most importantly, all 3 suppliers agreed that potential business opportunities and tight personal relationships are important factors to perceive X as an attractive company (S1, S2, S3). X offers suppliers the chance to grow with them, to exploit new business opportunities and to enter into new markets; furthermore, X engages in trustful and long-term cooperation with their suppliers which makes them highly attractive. Next to this, the majority of suppliers also mentioned that X is attractive due to their influence on the market (S1, S3), their growth rate (S2, S3), the volume that they offer (S2, S3), their commitment to innovation (S1, S3) and further the joint developments that they conduct with their suppliers (S2, S3). Elements that make X attractive but have not been identified in the previous literature are X's business history (S1), reputation and brand name (S1, S2). Moreover, suppliers find X attractive because they are useful for diversification purposes which has also not been identified in the literature before (S1).

5.1.2 Drivers of Supplier Satisfaction

The case study also proves that X is able to satisfy all 3 suppliers. Concerning supplier satisfaction, the case study could find a variety of drivers that confirm the literature: All suppliers identified that they are satisfied with X's early supplier involvement and joint efforts but also the offered growth opportunities as well as the cooperative and trustful relationships and open communication towards their suppliers (S1, S2, S3). Another driver of supplier satisfaction is also the effective conflict management that X employs (S1, S2, S3). The majority of suppliers further indicated that they were satisfied because X offers profitability to the suppliers (S1, S3) and fosters good interpersonal relationships that focus on mutual respect and fair treatment (S2, S3). Furthermore most of the suppliers mentioned that they are satisfied with the information exchange (S1, S3) as well as X's reliable forecasting and planning abilities (S1, S2) which are all factors that have been previously mentioned in the literature. Elements of supplier satisfaction that were identified in the case study but not in the literature are supplier awards (S1, S2) and positive achievements of the company the supplier could relate to (S1), but also the local and linguistic proximity to X (S2) as well as special services/ support that X offers to its suppliers (S2, S3) were identified as drivers for supplier satisfaction.

5.1.3 Drivers of the Preferred Customer Status

The case study also identified several drivers of the preferred customer status that have been also previously mentioned in the literature. More specifically, all suppliers indicated that they were motivated to assign X with a preferred customer status due to the purchasing volumes and potential business opportunities they are offered (S1, S2, S3). The long-term relationships towards their suppliers that are based on trust and open and honest communication between the partners were another influencing element for X's preferred treatment (S1, S2, S3). Moreover, most suppliers were driven by X's relational reliability (S1, S3) but also the geographical proximity and the resulting similarities between the partners were indicated as motivating factors to assign X with a preferred customer status

(S2, S3). Next to these factors that are supported by the literature, also drivers of the preferred customer status that have not been identified in the literature were found. For example, suppliers mentioned that they were motivated to assign X with a preferred customer status due to X's company size, market presence and influence on the market (S1-S3) as X is an important player in the industry (S2). X is perceived as large enough and has an attractive market presence and market share to offer suppliers sufficient business and sales potential in order to see them as a preferred customer (S1). Being a global player also improves X's status with suppliers since they like to work with global firms (S3). Next to this, X improved their standing with suppliers because they offered special services and support to them (S2, S3). Furthermore, X's financial soundness (S2), X's innovativeness (S1), the information exchange between the partners (S3) but also supplier awards (S2) and the reputation, and brand name of X (S2) are influencing factors that have been mentioned in the case study but not in the literature.

5.2 Buyer status, buyer reputation, and partner's strategic fit as influencing factors of the preferred customer status

Next to the aforementioned antecedents of the preferred customer status, this study also explored how the preferred customer status is influenced by the buyer status, buyer reputation and strategic fit between the partners. Subsequently, these three concepts and their impact within the buyer-supplier relationship will be discussed and compared to the literature.

Regarding the reputation of X, all interview partners indicated that X has a good reputation. This is mainly due to the fact that X is perceived as a top player in their industry (B1, S3) with high quality products (S1, B3) and high reliability (S1, B1, B2). X is further perceived as a firm who is very innovative and technologically advanced (S1, B1, S3, B3) and who shows positive growth and growth opportunities for suppliers (S1, B1, B3). X's positive reputation is a reason that suppliers want to partner with X since a positive reputation of the customer reflects back on the supplier (S2, S3) and further helps with new business and customer acquisition (B2, S3). Consequently all interview partners indicated that X's reputation was an influencing factor to treat X preferentially. Nollet et al. (2012, p. 1189) argued that customers could add value to their suppliers by offering long-term benefits in terms of reputation; however, a direct link between reputation and the influence on the preferred customer status has not been identified before.

Next to the reputation, the status of a firm is also important. All interview partners agreed that X enjoys a higher status due to their market leadership which makes them more prestigious as a customer. X's status provides a reason for suppliers to see X as an interesting customer for joint innovations (S1, S3). X's size and market position also helps to generate relevant quantities and sales volume for suppliers and offers further growth potential (S1, S2, S3). Moreover suppliers can use X's brand name and their achievements in the market as reference which makes it easier to generate new customers (B1, S1, S3, B3). Consequently, due to their status, X is perceived as an attractive customer which also positively influenced X's preferred customer status. This is also in line with Fiocca (1982, p. 57), who argued that customers who operate in interesting markets and who's position in the market is strong can expect that suppliers will engage in a positive business relationship.

Regarding the strategic fit, all interview partners mentioned that they see a strategic alignment between buyer and supplier; however, different factors for this strategic fit emerged. Overall, a strategic fit exists because, X and their suppliers operate and

want to grow in similar markets (S1, S2, B2, B3, S3) but they also fit in terms of innovations (S3, B3). Hence, they move in the same direction with their technologies and have innovative and complementary products that they can combine (S1, S2). Their technological roadmaps are generally aligned (B1, S1) leading to successful development partnerships (B1, S2). Additionally, X is aligned with their suppliers in terms of similar values (B2), similar cultures (B1) and similar mentalities (S3) which provides a reason as to why X is more preferred than other customers (S3). Hence, all interview partners believe that they have a strategic fit and that this had an influence on the preferred customer status of X. Similar findings have been made by Bew (2007, p. 3), who discovered that suppliers place high importance on the strategic fit between the partners and that this influenced them to treat their buyers as customer of choice.

5.3 Benefits of the preferred customer status: Support but also new contributions towards the existing literature

This research also explored the benefits that company X achieves due to their preferred customer status. Subsequently, the most important benefits within this case study will be discussed and compared against the literature. A more detailed overview of the identified benefits and their link to the literature can also be found in Appendix A4.

There are several benefits that the preferred customer status brings about for X that also confirm and reinforce the current body of literature. Most importantly, and mentioned by all three suppliers are X's first access to new innovations, supplier support during collaborative product developments and customize products according to X's wishes (S1, S2, S3). Moreover and also mentioned by all three suppliers are higher flexibility towards X and quick problem solving (S1, S2, S3). From most suppliers, X also benefits from being at the top of their allocation list indicating that X receives preferred resource allocation during shortages (S2, S3). Next to this, suppliers provide X with more information compared to other customers (S1, S3), they grant X access to their key technological know-how (S1, S3), they dedicate their best personnel to joint new product developments (S2, S3) and further provide X with benefits in logistics (S2, S3). Finally, X enjoys unique cost reduction opportunities and increased transparency as a result of their preferred customer status (S1, S3). While all these benefits have been mentioned in the literature before, only one benefit could be identified that is novel, specifically, that suppliers make investments exclusively for X (S1, S3).

5.3.1 Three top benefits resulting from X's preferred customer status: Supplier innovativeness, privileged treatment and special services

The three most important benefits that would go in the top of the pyramid in Figure 2, which are exclusive to X and free of charge, will be elaborated on next.

Firstly, X receives increased supplier innovativeness due to their preferred customer status. Next to having access to the suppliers technological know-how (S1, S3), X benefits from working with the supplier's best engineers during projects (S2, S3). Furthermore, suppliers approach X with new innovations and customize products specifically for X (S1-S3). For example, when X wants to develop a machine which has certain requirements that cannot be found on the market, suppliers jointly develop customized solutions for X and incorporate all their knowledge (S2).

Secondly, X enjoys privileged treatment with all suppliers which is exclusive for preferred customers. When X encounters any problems, X receives special attention from suppliers who try everything possible to find a solution (S1-S3). Suppliers also show high flexibility and switch their capacity around to fulfill X's needs while other customers have to wait (S1, S3). This includes being at the top of the allocation list in times of shortages (S2, S3). X's suppliers also process X's requests faster (S1, S3) and are more responsive than for other customers (S1, S2, S3). For example, when X has a complaint about Supplier B's product, Supplier B sends an engineer to X's side in Germany in order to make a timely diagnosis. Normal customers on the other side, have to send their product to the supplier's warehouse where they are diagnosed once a month indicating a clear preferential treatment that is for free.

Thirdly, suppliers perform exclusive services for X that are not part of the supplier's core business and that are not available to regular customers. For example, Supplier B generates for X weekly delivery monitoring as well as shipping orders and uses an EDI connection that has been specifically adapted to the system of X (S2). Next to this, Supplier B also processes data according to X's standards so that X can further work with them (S2). Moreover, X is one of the few customers allowed to pick up products directly from Supplier B's production plant. Pick-up orders are organized by Supplier B and electronically communicated towards the logistics provider of X. Such special services are a great effort for suppliers, but for good customers such as X, they go one step further (S2).

6. CONCLUSION: ANSWERING THE RESEARCH QUESTION

6.1 Practical perspective towards the antecedents and benefits of the preferred customer status and their links to literature

By conducting a dual perspective multiple case study with company X and three of its strategic suppliers, a variety of antecedents and benefits of the preferred customer status have been identified which answers the first research question of this paper. Furthermore all findings of the case company have been compared with each other and with the existing literature. While a lot of the findings in this case study are supportive of the current literature, also novel findings have been made concerning the three key driving concepts: customer attractiveness, supplier satisfaction, and preferred customer status, but also concerning the achieved benefits. Appendix A1-A4 shows a comparison between practice and theory to answer the second research question and should be consulted for detailed answers.

This study further elaborated on the influence of the buyer's reputation, buyer's status and the strategic fit between two partners. All interview partners mentioned a positive relationship between the 3 concepts and the preferred customer status; thus, from the findings of the case study, it can be concluded that a buyer's positive reputation and high status in the industry as well as a strategic fit between firms can be mentioned as influencing factors of the preferred customer status.

6.2 Research contributions resulting from the case study

This research contributes to the literature in a variety of ways. First of all, during the literature review, this paper integrated the newest research findings into the framework of Hüttinger et al. (2012, pp. 1198-1202) and added several new factors regarding customer attractiveness, supplier satisfaction, and the preferred

customer status. While most scientific papers have a theoretical scope, this study also offered practical evidence of the preferred customer concept. By doing so, it further reinforced the current literature but also offered new findings that can be added to the existing body of knowledge. More specifically, this study identified new antecedents of the preferred customer status. Thus, a company's business history, reputation, brand name and diversification abilities can be added as new drivers of customer attractiveness; whereas supplier awards, positive achievements of the company, local and linguistic proximity as well as offered service/support towards the suppliers are novel factors of supplier satisfaction. Concerning drivers of the preferred customer status, several elements are new and contribute to the body of literature. In this regard, the company's size, market presence and influence on the market as well as the innovativeness of the firm, the information exchange between the partners and special services that are offered to suppliers can be added to the literature as they play an important role for the preferred customer status at X. Moreover, this case study recognized the customer's financial soundness, supplier awards as well as the status, reputation, and brand name of a company as influencing and new factors of the preferred customer status. Finally, this study also identified exclusive investments of suppliers as a new benefit of the preferred customer status presenting a new contribution to the literature.

6.3 Recommendations to company X

This case study confirms that X is perceived as an attractive customer who can satisfy their suppliers leading to a preferred customer status. There are several recommendations in order to retain X's preferred status with their suppliers or to extent their status to other suppliers as well. First of all, X could focus on offering their suppliers potential business opportunities as this has been identified as a key driver for X's preferred customer status but also for customer attractiveness and supplier satisfaction as well. While suppliers are currently very satisfied with the growth opportunities, one of them still believed that there is room for improvement in order to grow more and a little faster with X. Hence, for some suppliers X could show more commitment so that suppliers can realize their full potential with X. Next to this, X could focus on a cooperative, relationship-driven supply management strategy because trustful and long-term cooperative relationships as well as open and honest communication between the partners have been mentioned as key drivers in all three areas. Furthermore, X's suppliers highly value early supplier involvement and joint efforts, but also effective conflict management and high purchasing volumes. Focusing on these areas could help X to improve their standing with suppliers. Moreover, X already strengthens their relationship to suppliers through annual business reviews. It could be useful to have X's suppliers do annual reviews about X's performance as well. In this regard, X could find out what satisfies their suppliers and what areas they could improve to increase supplier satisfaction and thus their preferred customer status. Finally, X is advised to use the findings of this study in order to influence their position towards other suppliers.

7. RESEARCH LIMITATIONS AND FUTURE RESEARCH

This study is based on one case company and three of their suppliers. Due to having a very small sample size, the findings of this study cannot be generalized. Consequently, it would be useful to conduct more case studies according to the same outline and to compare them all together. That way the sample size would increase and the findings would be more comprehensive. Benchmarking different firms would also help

so that customers can learn what works best in practice. Future research could also focus on the novel findings of this paper which would help to confirm them. It would be therefore interesting to investigate the impact of supplier awards or special services on the preferred customer status of a firm.

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APPENDIX

Appendix A1: Identified drivers of customer attractiveness and their links to theory

Left out due to confidential information.

Appendix A2: Identified drivers of supplier satisfaction and their links to theory

Left out due to confidential information.

Appendix A3: Identified drivers of the preferred customer status and their links to theory

Left out due to confidential information.

Appendix A4: Identified benefits of the preferred customer status and their links to theory

Left out due to confidential information.