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Topic: Case study: An Evaluation of Criteria in the Supply Chain of Case company to Gain the Preferred Status for Customers and Suppliers.



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III. List of abbreviations

- CSR – Corporate social responsibility
- R&D – Research and development
- E – Expectations
- CL – Comparison level
- CLalt – Comparison level of alternatives
- SET – Social exchange theory
- TCE – Transaction cost economics
- CA – Customer attractiveness
- SS – Supplier satisfaction
- PC – Preferred customer
- DMU – Decision-making unit
- CEO – Chief executive officer
- PSPs – Preferred supplier programs
- ISO – International standardisation organisation

IV. Abstract

The project based industry is a fast-changing industry that incorporates special tasks for the supply chain. Especially the cruise ship industry is striving for solutions to handle the advanced demands, flexibility, time pressure and innovations. As a result, companies in this industry have to adapt to these changes also with respect to decisions that involve collaborating well with certain customers and suppliers. Therefore, the antecedents of the preferred supplier and preferred customer concept are studied in this thesis. Based on an extensive literature review, as well as a case study different levels of criteria are identified: (1) relationship initiatives, (2) financial and economic factors, (3) market factors and (4) technological factors. Contrary to the assumption, the dependence is not a decisive criterion but rather a driver for attraction. Furthermore, gaining the preferred customer status as well as the preferred supplier status at the same time were found to be possible and additional supportive for receiving preferential treatment. The case study revealed five action points for a project-based company to improve the possibility of gaining preferential treatment of customers and suppliers: (1) When relationships valued high then show: truthfulness, openness (also for innovations), extensive knowledge/information transfer, regular talks, establish close long-term relationships and high context communication (2) present spontaneous, fast and flexible behaviour and adapt quickly to changes (3) know the competition and the market especially in terms of feasibility, quality, flexibility, price or relationship criteria (4) Have an extended portfolio or use cooperation to guarantee feasibility. (5) Use the preferred customer and supplier concepts and select and evaluate key suppliers/customers wisely to gain preferential treatment.

1 Introduction

1.1 Cruise-ship Industry: A project-based industry in need of flexible suppliers

Cruise ships today are not just a mode of transportation which ferries travellers from different ports around the world to foreign and exotic destinations which is the reason why the ships are equipped with various and numerous amenities¹, but have fast-grown to become a destination themselves² like many other modern hospitality and resort settings³. The number of challenges is beginning to rise for the cruise sector.⁴ The cruise line has experienced significant growth in passenger numbers⁵, as well as in its fleet size,⁶ which, in turn, increases the demand for technical parts. These technical suppliers operate in an oligopolistic market and provide a specialised expertise to the cruise ship⁷. The market structure counterbalances some of the market conditions.⁸ One speciality of this industry is that more and more industries increasingly rely on their ability to combine internal and external activities and resources. “Consequently, production networks that cross organisational boundaries and combine activities in activity networks are becoming increasingly common.”⁹ The reality, however, is that, at a certain scale of operation, it becomes increasingly more difficult to find suppliers who can provide the required quantity under the required specifications.¹⁰ But the growth in globalization and the easiness of sourcing worldwide has also increased the competition for these few suppliers. One of these specialised suppliers is the German company, which has focused on technical equipment for cruise ships, especially in the engineering, construction and selling of mechanical elements for stage-systems of theatres around the world. Since 2014, the company is striving to extend their network and to grow. They are looking for ways to reach new customers and to find suppliers to keep up with the high requirements needed in the cruise ship industry. The need to aggrandise the company is aggravated by the fact that the competition is not only

¹ See Xie et al. (2012), p. 152; Véronneau et al. (2015), p.76

² See Papathanassis/Beckmann (2011), p.154; Véronneau et al. (2015), p.76

³ See Véronneau et al. (2015), p.76

⁴ See Papathanassis/Beckmann (2011), p.154

⁵ See Papathanassis/Beckmann (2011), p.156

⁶ See Véronneau et al. (2015), p.78

⁷ See Véronneau et al. (2015), p.78

⁸ See Véronneau et al. (2015), p.78

⁹ See Andersen et al. (2015), p.80

¹⁰ See Véronneau et al. (2015), p.79

located in Germany, but in countries like the Czech Republic, Poland or in the Asian regions. Surely, the close proximity to the wharf in the north of Germany where cruise ships are built regularly, is an advantage. However, other shipyards which can build new cruise ships are built around the world, for example in Finland, Italy or Japan. But it is helpful that suppliers are close to the wharf in order to guarantee a fast handling and flexibility to exploit the full advantage of short and fast delivery channels. However, a worst-case scenario for a company would be to be dependent on the resources of suppliers and being denied access¹¹.

1.2 Industry structure: increased expectations raising need for an innovative and flexible structure

A few companies building cruise ships are dominating the cruise-ship industry. The theatre building companies mainly have their headquarters in Germany and Austria, whereas wharfs are mainly based in the north of Germany or Finland (See appendix. Graphic 1). These companies are contracting many different wharves around the world by the order of big shipping companies. The theatre planning and building companies start building the cruise ships for the shipping companies in the wharves by sourcing many different parts from (contracted) suppliers to assemble and resemble these parts on the shipyard. The companies are aiming to offer their customers pleasure voyages, where the voyage itself and the ship's amenities are part of the experience. Increased expectations and rather-new experiences also on board, raised the demand for steadily new and innovative solutions. Installing huge waterslides, building Disney-cruise-ships or offering breath-taking full evening's entertainments are just some examples of the new trends. However, the market structure raises the need for strategic planning, fast adaption and flexibility on these market demands. The logical conclusion is, that the supply chain is in need of a smooth and easy production as well as fast and flexible handling. While looking at the complete supply chain, the critical position in the supply chain is the position between the cruise ship building company and their key suppliers. The tasks are project-based and cannot be standardised. Suppliers, such as the stage building companies, need to be specialised, have to fulfil all requirements and also need to source accordingly.

¹¹ See Schiele/Vos (2015), p.140

The primary purpose of this paper is, on the one hand, to explore the needs, wants and preferences of suppliers and on the other hand to align these with the demands, wants and preferences of the buyers. Based on the social exchange Theory the “cycle of preferred customership” as well as the cycle of preferred supplier will be elaborated which may lead to preferential treatment and competitive advantage for the case company. A mutual influence of the different criteria that have an influence on the steps in this cycle will be surveyed. Additionally, it will be argued that buyers may be able to use an enhanced understanding of supplier preferences in a beneficial manner in order to become the preferred customer, which means that the buyer offers the supplier preferential treatment. In addition, which criteria of the buyer preferences may lead to become a preferred supplier to actually gain preferential treatment. In pursuit of that objective, an alignment of buyer and supplier preferences will be evaluated. The paper proceeds to formally define the concepts of “supplier satisfaction” and “customer satisfaction”, the preferred statuses, and explore and critically assess published descriptions of buyer/supplier drivers which leads to supplier and customer satisfaction.

The paper is divided into different parts. The first part regards to supplier satisfaction and the second to customer satisfaction in literature. These two views are important to capture up- and downward perspectives of the supply chain towards connected satisfaction criteria. Finally, the paper presents the findings of the case study of the supply chain of case company towards the characteristics of satisfaction of suppliers and customers as well, gives advice to the company and concludes with an application advice for the presented concept.

1.3 Trend: Scarcity of suppliers

At least two business trends may have driven the recent increase in research that addresses supplier satisfaction. First, a fundamental change in supply chain organisation has resulted in increasing responsibilities for suppliers. Second, this shift has coincided with a reduction of suppliers in many business-to-business markets. The result is an increased reliance on a fewer number of suppliers, which has prompted a supplier availability problem for buyers and, in turn, a resource allocation problem for sellers. In essence, the problem is that suppliers have constraints on the resources that

they can devote to any particular endeavour and “may only have the time and resources to form and satisfy the expectations of a limited number of alliances. By making choices to ally with some partners, others are *ipso facto* excluded”.¹² Buying firms may not wish to belong to that group of “*ipso facto* excluded” customers. In a situation of supplier scarcity, those suppliers might be in a position to decide to which customer they allocate the majority of their resources.¹³ This trend increases the need for a company to satisfy the customers as well as the supplier needs, wants and preferences.

1.4 Central Research Question: How to satisfy buyer’s and supplier’s expectations

The current situation and its complication forcing the research with the goal to find out how the company can satisfy suppliers and customers at the same time and above that to gain the preferred customer- and preferred supplier status to exploit the full potential of the supply chain.

This research can practically help companies to understand the need of focusing on the whole supply chain for gaining competitive advantages. Especially in specialised industries with strong dependencies or project-based industries with a high need of flexibility, this research will display the importance of customer and supplier satisfaction.

In the literature, up to date data about the alignment of buyer and supplier satisfaction criteria and the contribution to gain preferred customer-, as well as preferred supplier status are not viewed in a coherence yet. Additionally, it gives further insight into the topic of the preferred customer/supplier status and creates awareness for the positive attitude towards this topic. Besides, the case study provides examples to focus on certain criteria to gain these statuses and also stresses the aspect that not all criteria can be fulfilled due to potential contrasts of criteria. This means that this study discusses the thought of criteria for a supplier to be satisfied, which can be different to the criteria of the customers and might sometimes not be fulfilled in one company.

Thus, the main research questions are:

¹² See Gulati et al. (2000), p.210

¹³ See Schiele et al. (2015), p.132

“Which criteria are important for suppliers and customers in a supply chain to be satisfied and to award the case company with a preferred status?”

Sub questions:

SQ1: What does literature state about the preferred customer and supplier concept?

SQ2: Which benefits arise from gaining a preferred status?

SQ4: Which criteria are important for the supplier to be satisfied and to award the customer with the preferred status?

SQ5: Which criteria are important for the customer? to be satisfied and to award the supplier with the preferred status?

SQ6: Which criteria should the case company focus on?

In conducting the following analysis, the Ebsco Business Source premier database, Scopus, Science direct, Springer and Google Scholar are used, searching for a variety of phrases such as *supplier value*, *customer attractiveness*, *customer selection*, *supplier satisfaction*, *buyer-supplier relationship*, *preferred customer status* and *customer attributes*. Additional to these, terms such as “*preferred supplier*”, *key supplier selection*, *preferred supplier status* and *preferred supplier programs* are intensively researched. Especially recent articles about the preferred customer concept, the buyer-supplier relationship and concepts that are found to be in association with the preferred status are evaluated. About two hundred articles stressing parts of this thematic were found whereby over one hundred were cross read and approximately thirty were studied extensively. In 1996 in the paper by Hines the term “preferred customer” was firstly used to explain preferential treatment of one company over the other.¹⁴ From back then the thematic regularly appears in literature and is still an up-to-date topic. The most important articles currently are “The impact of customer attractiveness and supplier satisfaction on becoming preferred customer” by Schiele, Pulles, Veldman and Hüttinger (2016) due to their up-to-dateness. Additional articles describing the fundamentals of the preferred customer status are reviewed as well like “Customer attractiveness, supplier satisfaction and preferred customer status:

Introduction, definitions and overarching framework“ by Schiele, Calvi, Gibber (2012), “The drivers of customer attractiveness, supplier satisfaction and preferred customer status: A literature review” by Hüttinger, Schiele and Veldman (2012) and “I’m your man. How suppliers gain strategic status in buying companies.” by Andersen, P. H., Ellegaard, C. and Kragh, H. (2015). Based on these article reviews the following part describes the literature findings in more detail.

2 Supplier satisfaction: What does the supplier expect from the buyer

2.1 Supplier decision-making: relationship as key factor for decision to make an offer – TCE, SET and criteria evaluation for making an offer

The first part of this literature review regards to supplier satisfaction whereas customer satisfaction is presented in the next section. The buyer has certain criteria that need to be fulfilled to buy from a supplier. These criteria are for example quality, price or delivery time¹⁵. A buyer compares these specific criteria to make a buy decision. If the first buy was satisfying, the buyer can rebuy from that supplier again. The new trend to compare various online platforms and new ways in the purchasing process, as well as internationalisation and global competition, influence the whole purchasing process¹⁶. In business operations, companies act as buyers to assess the bundle of potential costs and benefits represented by a supplier’s sales offering, and either place orders, negotiate a better deal, or seek alternative sources.¹⁷ When it comes to orders with higher purchase volume, specific demands and high specialities, such as in the cruise-ship industry, the power in the process shifts and the supplier can for example refuse to make an offer or to negotiate the deal to his interest. This is because complex world-scale projects, dependent on the production system, costs of the offer can be up to five percent of the project value¹⁸, which sometimes keeps suppliers from making an offer. However, costs for an offer are not proportional to the project value. These high volumes of costs of the preparation of an offer emerge when looking at indirect costs such as the time that the supplier needs to be willing to spend. These indirect costs are sometimes undervalued such as the effort that is put into a buyer-seller

¹⁵ See Ho et al. (2010), p.21

¹⁶ See Felício et al. (2016), p.4924; Wu et al. (2015), p.814

¹⁷ See Ramsay/Wagner (2009), p.3

¹⁸ See Backhaus (2011), p.334

relationship. Relationships between customers and suppliers can be managed in different ways and to different degrees. Unfortunately, building and maintaining network relations is obviously costly¹⁹. Apart from the opportunity costs of investing time in networking activities, network ties are based on trust and on reciprocity.²⁰ Building up trust and reciprocity takes time. This time is measured as indirect costs from the opportunity cost of time²¹. Additional utilising personal relations for business purposes²² contain also costs.

The concept of transaction cost economics (TCE) explains the costs of being in the exchange relation in more detail. For example, typical costs are those of setting up, negotiating and safeguarding the relations (*ex ante*) and the costs of running, securing and correcting the relation while the network is in use (*ex post*)²³. A positive effect of long customer relations is the reduced cost and work to check credit worthiness at a bank as well as to obtain information on the customer. Strong ties and long relationships with the formation of trust and reciprocity serve to reduce transaction costs.²⁴ This is because higher levels of trust are associated with lower transaction costs, which increase the efficiency of inter-organisational relationships such as alliances and joint ventures.²⁵ Further, high inter-organisational trust between the two organisations lowers transaction costs and allows for the extraction of higher benefits from the relationship.²⁶ Another frequently used theory stressing relationships is the social exchange theory (SET), which defines social exchange as interactions that involve social and/or economic outcomes. Central in this theory is the rating of potential value gained from the exchange compared to the value of an alternative exchange.²⁷ Thereby the exchange involves (1) goals that can only be accomplished through interaction with another party, (2) adaptation to further accomplish these goals, and (3) development of social bonds, which reflect the intrinsic value of

¹⁹ See Witt (2004), p.403

²⁰ See Witt (2004), p.403

²¹ See Witt (2004), p.404

²² See Witt (2004), p.405

²³ See Ellegaard et al. (2003), p.347

²⁴ See Witt (2004), p.409

²⁵ See Zaheer et al. (2010), p.65

²⁶ See Zaheer et al. (2010), p.66

²⁷ See Homans (1958), p.602-604

qualitative aspects of the exchange relationship.²⁸ However, this theory is restricted to a business-to-business relation context and the social process of voluntarily providing some benefits in return. Thibaut & Kelly (1959) elaborated this theory further and proposed that people engage in social exchange to achieve their goals.²⁹ In this concept expectations (E), comparison level (CL) and comparison level of alternatives (CLalt) are central factors for the engagement in exchange relations. To put this concept in a nutshell, it stresses three main areas namely expectations (E), that an actor holds about the exchange partner decide whether or not an exchange relation is initiated, second the minimum level (CL) shows that a relation is maintained if the relation meets at least the CL or provides greater benefits as the CL and at least the alternative exchange option (CLalt) indicated if an alternative exchange option can provide greater benefits than the actual CL. If the benefit is greater, the actor might decide in favour of the alternative exchange relation.

2.2 Scoring scheme for offer refusal: strategic and feasibility factors influence suppliers' decision

Apart from the exchange theory other theories influence the business relationships. For example, criteria that influence the decision to make an offer are described by Backhaus and Voeth (2014) who developed an extensive scoring scheme to support the decision to make an offer or not. The scheme incorporates primary criteria such as reliability, solvency and data usages, and additional criteria such as technological risks, state regulations, technical capacity, capital and personal demand or other deadlines ³⁰. This scoring scheme shows that not only TCE and SET have an impact on the suppliers' decision but also strategic and feasibility factors. The concepts explained above (TCE, SET) and the various criteria to ponder (scoring scheme) underlines the urgent need for suppliers to select their customers wisely and to evaluate thoroughly whether to make an offer. This has in turn consequences for customers in this industry. The downside of this power shift towards the supplier can lead to denied access to a key supplier. However, it also shows that a key factor, especially with rare suppliers in the cruise ship industry, is the good relationship with

²⁸ See Ellis et al. (2012), p.1260

²⁹ See Thibaut/Kelle (1959), p.31

³⁰ See Backhaus/Voeth (2014), p.339-340

the supplier to make him or her satisfied and to have a strong and beneficial business relation. In summary, to be a satisfied supplier starts even before the customer makes a request. Business relationships, costs of making an offer and many other criteria are essential for a supplier. This has to be taken into account by the customer when starting and aiming for a good business relation with a supplier to receive all advantages.

2.3 Dependency on buyer/suppliers: accepting dependency risks though attraction

When a supplier decides to make an offer and to work for a company, the risk of getting dependent on one customer is rather present. Dependency in a relationship refers to the degree to which a company needs to remain in the relationship with a supplier or buyer in order to achieve its goals.³¹

For example, the dependency risk increases when the buyer's order requires more than a certain percentage of the supplier's production capacity. The risk that arises then is that if the customer switches to someone else, the supplier leaks of that percentage of their volume of orders, which is hard to get filled by new or other customers³². Another risk factor for dependencies is that the relationship needs to be harmonious because high purchase volumes and projects sometimes involve high amounts of money such as being in submission of costs for that project.

However, the buyer can also get dependent on the supplier. This can be seen when the supplier adjusts to the customer demands in the way that they have a higher value or the supplier offers high-specialised products, which are rare on the market. The concept of VRIO (valuable, rare, inimitable and substitutability) for example displays which products are endangered. Products with the characteristics of the VRIO concept are more likely to be key resources from which the buyer can get dependent of the supplier. The well-known framework identifies strategic assets, which are indicators of the potential of firm resources to generate sustained competitive advantage – value (importance), rareness (unique resources), inimitability (hard to replicate) and substitutability (an organisations ability to exploit the resource/capability).³³ One issue arising from this collaborative model is that the buyer tends to become more

³¹ See Ganesan (1994), p.4

³² See Kim/Henderson (2015), p.116

³³ See Barney (1991), p.112

dependent on the supplier due to the uniqueness, which on the one hand gives the seller a competitive advantage but also binds the buyer to that one key supplier. Multiple cases of buyer-supplier relationship with power asymmetries and dependencies have been reported.³⁴ The net benefits (benefits minus costs) provided by vendors who are highly dependent on the retailer are either marginally greater than or equal to the net benefits offered by alternative vendors.³⁵ To mitigate the dependency dilemma, the analysis of important factors of customer/supplier attractiveness as an enabler of collaboration needs to be stressed. Buyer-Supplier attraction is suggested to precede the reciprocal, voluntary effort.³⁶ To get a better understanding the concept of preferred customer status by Schiele (2012) considers the factor of attractiveness in relation to the acceptance of dependencies and relationship.³⁷ Schiele states that buyers who are a preferred customer of their suppliers can accept the risk of becoming dependent on them. Therefore, the managerial implication of this finding is that buyers should use a reverse marketing approach to reach the preferred customer status of their important suppliers.³⁸ Schiele, Veldman & Hüttinger (2011), underline the urgent need for suppliers to purchase key products from a single or a few suppliers³⁹. Closely collaborating with a selected set of suppliers may be a viable way to ensure their contribution to innovation and new product development⁴⁰. The featured perspective change towards using reverse marketing is among others stressed by Baxter (2012) who says that the “featured perspective is the attractiveness of the buyer to the seller, rather than of the seller to the buyer“⁴¹. The findings about dependency indicate that this variable needs to be set in conjunction with attractiveness in order to achieve a competitive advantage within a supply network. Therewith-involved critical factors such as dependencies need to be handled in a buyer-supplier relationship carefully. It indicates that a buying firm needs to get better access to the industries core suppliers than its competitor.⁴² Thus attractiveness and dependencies are

³⁴ See Aminoff (2015), p.192

³⁵ See Ganesan (1994), p.4

³⁶ See Aminoff (2015), p.158

³⁷ See Schiele et al. (2012), p.1198

³⁸ See Schiele et al. (2011), p.7

³⁹ See Schiele et al. (2011), p.4

⁴⁰ See Schiele/Vos (2015), p.144

⁴¹ See Baxter (2012), p.1249

⁴² See Schiele/Vos (2015), p.139

important factors for a good buyer-supplier relationship. One way to decrease the risks that both parties are taking and which encourages the business life is the virtuous cycle of the preferred customer. This concept of the preferred customer including customer attractiveness and supplier satisfaction criteria will be evaluated in more detail in the following section.

2.4 The preferred customer concept: theoretical approaches, customer attractiveness and supplier satisfaction

Looking back at the SET and its benefits, one can see that this concept is the foundation of the preferred customer concept by Schiele⁴³. The concept by Schiele links customer attractiveness, supplier satisfaction and preferred customer status in a logical way, whereas SET and its further developed concepts function as a theoretical harbour for attractiveness studies⁴⁴. The idea behind the concept states that if the expectations are met, the outcome is supplier satisfaction. When the supplier prefers a particular customer over the others due to higher satisfaction, then this one will be awarded with the preferred customer status and enjoys the associated benefits⁴⁵. When talking about the preferred customer, an aligned understanding is needed. A preferred customer, as one can see from the TCE and SET concepts, provides benefits for the customer such as that the “supplier offers the buyer potential resource allocation”⁴⁶. Thus, a preferred customer receives better treatment from the supplier, than a regular customer. This preferential treatment from a supplier can be indicated through product quality, availability, support in the sourcing process, delivery and/or prices⁴⁷. There is not any exclusive definition for the term *preferred customer* in the literature, but these explanations provide a rough understanding about the topic.

⁴³ See Schiele et al. (2012), p.1180

⁴⁴ See Schiele et al. (2012), p.1179

⁴⁵ See Hüttinger et al. (2012), p.1195

⁴⁶ See Steinle/Schiele (2008), p.11

⁴⁷ See Nollet et al. (2012), p.1186

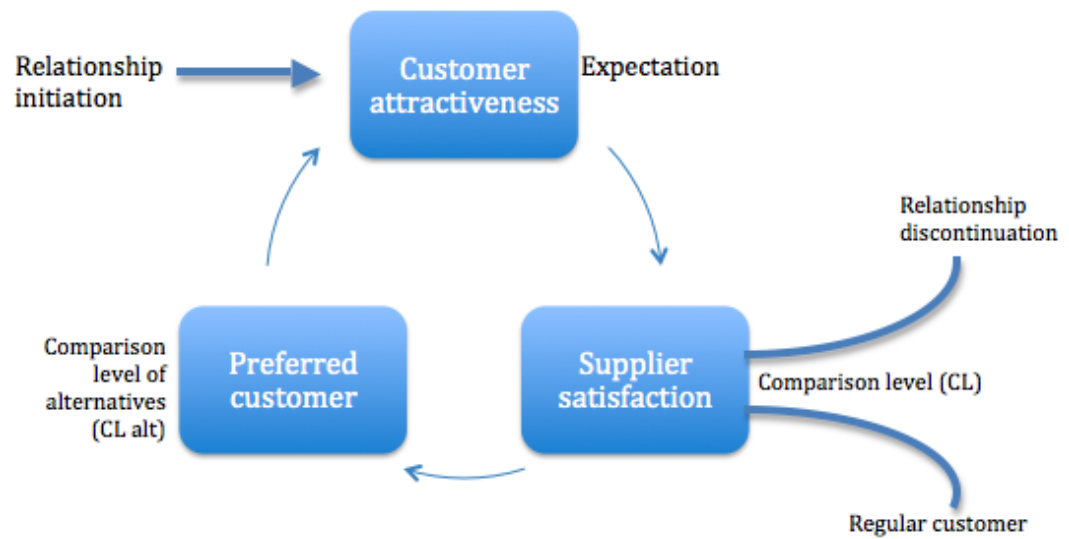


Illustration 1: Virtuous cycle of preferred customer status⁴⁸

The virtuous cycle of preferred customer status by Schiele shows that “perception of initial attraction is particularly based on beliefs and expectations”⁴⁹, thereby saying that a customer is perceived as attractive if the expectations (E) towards the customer are met or surpassed. The second step in the cycle is the supplier satisfaction (Comparison level), which stresses the difference between the attractiveness (E) of a supplier, the actual supplier and the value that is generated through maintaining the exchange relationship. The third step in this cycle is the comparison level for alternatives (CLalt), which is a crucial component in order to explain preferred customer status. The authors state:” A supplier awards a buyer with preferred customer status if this customer is perceived as attractive and if the supplier is currently more satisfied with this customer than with alternative customers”⁵⁰. Therefore, in order to gain preferential customer treatment, a customer has to become attractive (E) in order to initiate the relationship, satisfy the customer needs (Comparison level) in order to maintain the relationship and sequentially generate more value than alternative exchange relations (CLalt) in order to become the preferred customer.

While having this cycle in mind, the following segments stress now the drivers that lead to this status as well as the benefits of becoming a preferred customer in more

⁴⁸ Source: Schiele et al. (2012), p.1180

⁴⁹ See Schiele et al. (2012), p.1180

⁵⁰ See Schiele et al. (2012), p.1181

detail. Afterwards, related concepts of attractiveness, and supplier satisfaction leading to the preferred customer status will be evaluated in more detail to gain a deeper understanding of the linkages.

2.4.1 Drivers influencing the preferred customer status: Finance, relationship, loyalty, reputation, R&D and communication

Drivers for the preferred customer status are customer attractiveness and supplier satisfaction as it can be seen in the cycle. How to reach customer attractiveness (CA), supplier satisfaction (SS) and with this the preferred customer status (PC) is influenced by drivers that are also described in literature (comp. Appendix table 1).

In literature, a lot of criteria can be found that are seen as crucial for the CA, SS or PC. The overload of criteria found over the past years make it necessary to compare those and filter the ones that can be found in all three categories. Therefore, a table was created for comparison, which focuses only on the three relevant aspects, which are CA, SS and PC (Appendix tables 1). The result of Table 1 shows that criteria such as finance, relationship, loyalty, R&D and communication can be found in all three categories. The additional criteria mentioned are found as important for each stage separately, such as stressed in research findings by Zhang, Vonderembse and Lim (2003), who found out that volume flexibility and mix flexibility have strong, positive, and direct impact on relationships with customer satisfaction⁵¹. However, significance of all criteria were not proven yet. The appearance of the criteria found in all three stages indicates that these criteria are even more crucial to analyse in a company to gain the preferred customer status.

A relationship is mostly connected with costs such as the time spend on establishing and maintaining the close relationship. Furthermore, in a business relation and in the purchasing process costs are of interest for both parties. Thus it is not surprising that margin, price, volume, cost elements, economic scale (CA), profitability (SS) and high purchase volume, profitability, total costs and low cost to serve customers (PC) are mentioned as financial aspects in all three categories. Additionally, aspects regarding the relationship can also be found. Long-term collaboration benefits can only be captured if a company can build long-term relationships with key suppliers, with

⁵¹ See Zhang (2003), p.1173

which it builds learning routines and ensures that the capability sets of both parties are aligned and remain useful for future joint projects⁵². Degree of integration, tight personal relations (CA), mutual awareness, joint relationship efforts (SS), close bonds, strong relationships (PC) are indicators for the importance of the relationship in association with the criteria. Characteristics, which are important for this relationship, can be found in all three categories as well which are loyalty and commitment. Loyalty can be defined in consistency, as a buyer's intent to repurchase from a given supplier⁵³. The terms loyalty and commitment include shared values (CA), trust and promises (SS) as well as respect and fairness (PC). It has to be taken care of those misunderstandings and communication problems that arise. Communication is a major part in a relationship as well as in business relationship failures. Therefore, communication is also very important in all categories. Moreover, knowledge transfer and face-to-face communication (CA), quality of communication and conflict management (SS), as well as action oriented crisis management (PC) are factors for a good communication in this relationship. It is desirable, to be co-working with a good communication, especially in terms of research and development. Here, all three categories stress this point as important driver. Joint product development, joint manufacturing process, development and joint logistics, joint teams, involvement, early R&D involvement (CA), capital/human specific supplier development, early supplier involvement, information sharing and innovations (SS), and early supplier involvement, involvement in product design, supplier development and quality initiatives, are all indicators for the importance for customers and suppliers to work together. Reputation and feedback are just as important as other parts of the relationship. In conclusion, the above-mentioned criteria are the most critical ones, because they appear in all three phases in the virtuous cycle of preferred customer status.

- 2.4.1 Benefits: preferred customer's positive influence on pricing, quality, service, resources, time, innovations, protection against its competitors and knowledge transfer Surely the concept is made up of a logical way to link theories such as TCE and SET, but it furthermore generates significant benefits for companies that are aware of these

⁵² See van Echtelt et al. (2008), p.180

⁵³ See Oliver (1999), p.33

linkages. Thus the benefits of being aware of and aiming to reach the preferred customer status, are already confirmed by several authors in literature such as a supplier stability that can support growth and competitive advantage⁵⁴. The relationship that develops between customer and supplier ensures the effectiveness of the relationship and protects the purchaser against its competitors⁵⁵. The main advantage for the preferred customer is received by the allocation of better quality, services and rational reliability⁵⁶. The supplier can offer these specials due to a preferential allocation of resources and time⁵⁷. Moreover, being in a strong relationship including trust and reliability can ensure benevolent pricing behaviour⁵⁸. However, it has no effect on the buying firm's share of supplier sales⁵⁹. The supplier has the opportunity to dedicate its best personnel to joint new product development, customise its products accordingly to the customer's demands, offers privileged treatment if bottlenecks in production occur and takes the costs to enter into an exclusive agreement⁶⁰. A newer part that gains high attention in literature is positive effect on suppliers' innovativeness⁶¹. Due to the preferred customer status benefits such as knowledge transfer with its open innovation effort, product innovation⁶², trouble-free collaboration⁶³, product development⁶⁴, *coordination* and *joint actions*⁶⁵, as well as the supplier's willingness to provide the buying firm access to its new technology⁶⁶ may arise and can support the suppliers' innovativeness. In conclusion, the concept of preferred customer status has a positive impact for the supplier as well as the customer and can lead to a significant competitive advantage and especially increased possibilities for innovation. To get a deeper understanding of how to implement the concept, the variables attractiveness and satisfaction will be explained in more detail.

⁵⁴ See Schiele (2012), p.49

⁵⁵ See Nollet et al. (2012), p.1187

⁵⁶ See Ellis et al. (2012), p.1262

⁵⁷ See Steinle/Schiele (2008), p.11

⁵⁸ See Schiele et al. (2011), p.1201; Schiele (2012), p.47

⁵⁹ See Ellis et al. (2012), p.1261

⁶⁰ See Steinle/Schiele (2008), p.11

⁶¹ See Schiele (2012), p.180

⁶² See Schiele et al. (2011), p.8

⁶³ See Schiele (2012), p.49

⁶⁴ See Ellis et al. (2012), p.1261

⁶⁵ See Baxter (2012), p.1252

⁶⁶ See Ellis et al. (2012), p.1262

2.4.2 Customer attractiveness as approach to manage relationships

Attraction as a mutual construct is described as the strength of the mutual interest of two actors in each other⁶⁷. To make oneself attractive for a supplier, it needs to be understood that attraction is “a prerequisite for development of trust and commitment, not just in the initial stages of relationships but also in continuation and development throughout the relational duration”⁶⁸. It is assumed that the perception of initial attraction is particularly based on beliefs and expectations that a supplier has towards the buyer at the moment of initiating or during the intensification of a business relationship⁶⁹. The perception of a customer as attractive happens, when a purchase or potential purchase exceeds those of its competitors⁷⁰, whereby the exact nature of the expectation remains open⁷¹. However, the main driver for customer attractiveness is based on the meeting or surpassing of the supplier’s expectation⁷². If costs and benefits from a buyer-supplier relation meet or exceed the supplier’s expectations, attraction is the likely outcome. Besides the expectation driver, other drivers influence the attractiveness as well⁷³. Emphasised that a firm has to be aware of the supplier in order to be able to speak about attractiveness⁷⁴. Wilkinson, Young, and Freytag (2005) additionally emphasise that a relationship will only be initiated and developed if actors on both the supplier and buyer sides perceive the attractiveness of this relationship⁷⁵. This leads to the fact that by focusing on being an attractive business partner, the customer will automatically influence the supplier to act accordingly to customer demands⁷⁶. There is not only one solution on how to be attractive because the factor of attractiveness needs to be evaluated in every business case separately.

⁶⁷ See Ellegaard/Ritter (2007), p.352

⁶⁸ See Kovacs et al. (2008), p.800

⁶⁹ See Hüttinger et al. (2012), p.1186

⁷⁰ See Hüttinger et al. (2012), p.1197

⁷¹ See Schiele et al. (2011), p.8

⁷² See Schiele et al. (2012), p.1185

⁷³ See Schiele et al. (2012), p.1185

⁷⁴ See Schiele et al. (2012), p.1185

⁷⁵ See Wilkinson et al. (2005), p.679

⁷⁶ See Ellegaard/Dreijer (2003), p.352

2.4.3 The concept of supplier satisfaction: mostly relationship driven satisfaction influences preferential treatment

Satisfaction is a crucial step in reaching the preferred customer status because the higher the supplier satisfaction, the higher the preferred customer treatment⁷⁷. Supplier satisfaction is defined as “a positive affective state resulting from the appraisal of all aspects of a firm’s working relationship with another company”⁷⁸. A few years later, Essig and Amman define supplier satisfaction in more detail: “a supplier’s feeling of fairness with regard to buyer’s incentives and supplier’s contributions within an industrial buyer–seller relationship as relates to the supplier’s need fulfilment”⁷⁹. “Supplier satisfaction seems to be primarily driven by the nature of the buyer–supplier relationship”⁸⁰, also because attractiveness as a relationship factor influences the satisfaction. The positive effect of satisfaction is that it can lead to an encouragement to allocate more resources to their customers with superior attractiveness⁸¹. Additionally, the supplier commitment increases as well⁸². When looking at the predefined virtuous cycle, customer attractiveness and supplier satisfaction are two distinct constructs; however, these constructs are sequentially linked to each other.

2.5 Expansion of the Model: connection between the grouped financial, economic, technical market and dependency criteria and the virtuous cycle of preferred customer status

When looking at the above-mentioned benefits, becoming a preferred customer can be gained through customer attraction and supplier satisfaction. Therefore, one of the crucial factors is the relationship between buyer and supplier. Being satisfied increases the chance of a longer relationship and thus the possibility of a re-submission of a tender, especially for a preferred customer. This selected customer in turn requests again at this supplier due to the fact that benefits outweigh the drawbacks and the business relations are getting more and more intensive. However, at each stage of the virtuous cycle some risks arise, such as costs and dependencies and factors that

⁷⁷ See Baxter (2012), p.1252

⁷⁸ See Maunu (2003), p.29

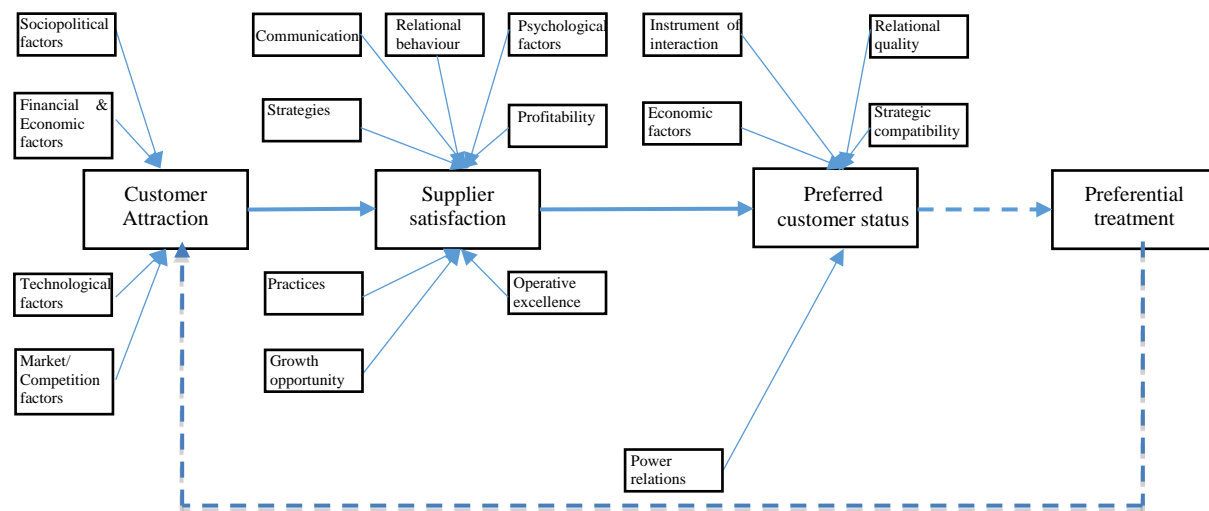
⁷⁹ See Essig/Amann (2009), p.104

⁸⁰ See Benton/Maloni (2005), p.19

⁸¹ See Baxter (2012), p.1262

⁸² See Baxter (2012), p.1253

sometimes cannot be met in the second order, such as the realisation that the product is more expensive than expected at first hand or is too complicated to produce and thus the business relations are discontinued. To continue the business relations, important factors that lead to this aim can be grouped into categories such as technological, financial & economic, market factors or dependencies (com. Appendix Table 2). Apart from the collection of crucial factors Schiele (2016) also mentioned the difference between gaining the preferred customer status and actually gaining preferential treatment⁸³. His study additionally supports the importance of relational behaviour and also stresses the connection between profitability, operative excellence as well as growth opportunity influencing customer satisfaction. To illustrate the coherences, the following model was created.



Model 1: Result from critical influencers on the factors of the preferred cycle leading to preferential treatment⁸⁴

The model shows the preferred customer concept. From top to bottom, the criteria related to the five criteria are displayed. Top level criteria relate to relationships, second level criteria to financial and economic, third level to technological, and fourth level to market factors and fifth level to dependencies. The arrangement from top to bottom does not intend a sorting of aspects by importance, but is solely for clear arrangement. The lines display the findings regarding the stages of the virtuous cycle.

⁸³ See Vos et al. (2016), p.4618

⁸⁴ Source: own model

Due to the fact that not all factors fit in this model, which can be found in literature influencing attraction, supplier satisfaction and the preferred customer status, the categories of the criteria that are summarised in the diverse papers (comp. Appendix Table 2) are representatively used in this model. Unlike the preferred customer cycle, where the preferred customer status leads to attraction again, this model shows the connection between attaining the preferred status and actually receiving preferential treatment. Gaining the preferred customer status is not instantly leading to preferential treatment of suppliers which is why this connection is displayed with a dotted line. Because this connection is still controversially discussed in literature, the connection between the preferential treatment and the revaluation of the attractiveness is also in dotted lines. Additionally, it should be made clear that gaining preferential treatment once is not the end of the process; It rather is a cycle where continuous attractiveness revaluation, satisfaction and staying in the preferred status leads to the continuous need for fulfilling the requirements and might lead to more preferential treatment.

2.6 Detailed explanation of the model: summary of collected drivers influencing the preferred customer status

To further explain the grouping, the model is described in more detail. The top most level regards to relationship factors such as socio-political factors influencing attraction, communication, relational behaviour and psychological factors influencing supplier satisfaction and instrument of interaction and relational quality influence the preferred customer status. Similarly, can the factors be seen in the second level, which regards financial and economic factors. Here, financial and economic factors influence attractiveness, strategies, while profitability influences the satisfaction and economic factors and strategic compatibility is key for the preferred customer status. The third level stresses technological factors, influencing attractiveness while practices and operative excellence stimulate the satisfaction. Market factors/ competition factors (CA) and growth opportunity (SS) can be found in the fourth level. Power relations, which are mainly influencing the preferred customer status, are displayed in the fifth level. The research focuses on the achieving of the preferred status but literature does not yet prove that actual gaining the wanted preferential treatment is the outcome of receiving the preferred status. It cannot be excluded that after gaining the status the

criteria for attraction, satisfaction and preferred status are re-checked and evaluated once more. To put it in a nutshell, literature provides many drivers for the preferred customer concept, which are collected and presented in the model above. The model aims to represent the knowledge about the criteria of the topic so far.

After looking at the supplier satisfaction, the customer satisfaction is discussed in the following section. It is important to look at the whole supply chain, meaning up- and downwards because satisfaction factors may be connected and companies in the supply chain are sometimes customers and suppliers concurrently. Therefore, the following section refers to the customer satisfaction criteria of the case company.

3 Customer satisfaction: meeting supplier/buying-centre expectations in the buying process

3.1 The concept of buying-centre: buying decision is influenced by the ability to reduce uncertainties and the DMU including roles like Initiator, deciders, buyers, influencers, users and gatekeepers

The section above regards to supplier satisfaction and this section regards to customer satisfaction in the supply chain. In business to business marketing, it is one of the fundamental assumptions that, when a customer buys a product, the purchase is not necessarily a single act or isolated event; rather it consists of a number of linked activities, namely the decision-making process.⁸⁵ This process includes different steps that lead to the purchase. For example, a customer buys a product, when he recognises a need or problem; determines the product specification; searches for suppliers and products; evaluates the proposals and selects the right suppliers on his criteria; selects the order routine and gives feedback and evaluations⁸⁶. This process is not rather the same and some variation in this purchase process also exists. Thus, uncertainty and possible negative consequences surrounding purchase and supply decisions are risky, but they are inherent features of exchange in business markets, where managers have to deal with decisions⁸⁷.

⁸⁵ See Brennan et al. (2011), p.37

⁸⁶ See Brennan et al. (2011), p.37-38

⁸⁷ See Mitchell (1995), p.115

Uncertainties can be reduced by the abilities of the suppliers or customers. The problem-solving abilities of a supplier in meeting the customer need and/or their ability to transfer the solution creates the basis for a successful match as far as the customer is concerned. The primary task for the business marketer is to determine the customer's uncertainties and then look at their own abilities to provide solutions to those uncertainties⁸⁸. For a business customer, the decision making process can vary depending on the buying organisation's familiarity with the experience of the product to be purchased, so that they face three different buying situations: new task, modified rebuy, straight rebuy⁸⁹. New tasks involve purchases which have not been experienced before, modified re-buys are repeated buys in which the customer deviates in some way from previous purchase decisions, while the straight re-buy type of situation involves purchases made to satisfy recurring need⁹⁰.

The decision to buy is not made by a single person, but rather by teams. This means that many different persons can be involved in the buying process. The conceptual summary of all people taking part in a buying process is called a buying centre, decision making unit (DMU) or group of purchasing experts. These people are mostly managers that represent the buying team or so to call the "decision-making unit" (DMU) which assume six different roles, as follows:

- Initiator; requests the purchase item and therefore triggers the decision-making process
- Deciders; makes the actual purchase decision. Is not necessarily a formal authority
- Buyers; selects the suppliers and manages the buying process such that the necessary products are acquired
- Influencers; contributes to the formulation of product and supply specifications, and recommends which vendors to consider or which products best satisfy the organisation's needs
- Users; frequently initiating the purchase as well as actually using the product

⁸⁸ See Brennan et al. (2011), p.63

⁸⁹ See Pride(2008), p. 231; Brennan et al. (2011), p.37

⁹⁰ See Brennan et al. (2011), p.39

- Gatekeepers; controls the type and flow of information into and out of the company and members of the buying team⁹¹

3.2 International sourcing teams: the team collocation makes the difference

Besides these roles, especially in international companies, cross-functional sourcing teams are formed. These teams consist not only of a group of managers in the purchase department, but rather of people from different functions and increasingly different organisations. The basic idea behind the buying centre-concept is that members of an organisation (or third parties) dedicated to the buying of industrial goods, build problem specific teams and integrate the members to find a solution. Their task can be specific (such as product design or supplier selection) or broad (such as reducing unit costs or improving quality)⁹². However, it is also conceivable that the members of different business areas are formed on a formal committee to decide for a specific investment⁹³ Buying teams or buying centres are used for purchases. Against this background, companies have started to install international, cross-business, and cross-functional sourcing teams⁹⁴ Sourcing teams are thought to be an effective organisational mechanism to achieve superior purchasing performance⁹⁵. Sourcing teams, also referred to category or commodity teams, are assigned the task of finding, selecting, and managing suppliers for a category of products or services across businesses, functions, and disciplines. Typically, people from different business units with different functional backgrounds are staffed for the sourcing team. These teams therefore have a boundary- spanning role, and have to deal with a wide range of internal and external stakeholders.⁹⁶ Cross-functional sourcing teams have the advantage of a shorter time to complete tasks, are more innovative and better in identification and resolution of problem because of the team collocation.

However, some drawbacks need to be mentioned, such as poor team decisions, team process loss, and negative effects on individual members' poor artificial consensus.⁹⁷ Nonetheless, the decision rather influences a firm's competitive position directly. In summary, it is important to analyse the scope and structure of a buying centre, as well as

⁹¹ See Brennan et al. (2011), p.43

⁹² See Monczka et al. (2010), p.118

⁹³ See Driedonks et al. (2014), p.291-292

⁹⁴ See Johnson et al. (2002), p.78; Driedonks et al. (2014), p.289

⁹⁵ See Driedonks et al. (2014), p.291

⁹⁶ See Driedonks et al. (2010), p.109

⁹⁷ See Monczka et al. (2010), p.118

the roles and functions of persons involved, which can help the supplier to find the right action to influence the customer for a purchase and to be aware that these people have different ideas on the criteria that a supplier needs to satisfy to be (re-)selected as a supplier.

To explain the possibilities of influence on the buying process, the different stages of the process will be explained shortly. The explanation also leads to a greater understanding of the following concept of gaining the preferred supplier status.

3.3 The buying process: demand, strategy, selection and evaluation

3.3.1 Demand identity through push and pull factors

Besides getting insides of the buying centre, different starting points for specific marketing efforts can be found in the buying process. Organisational buying is affected by a number of factors. The successful vendor understands these and tailors its marketing activities accordingly.⁹⁸ The buying process and DMU, while clearly important, have to be placed in the broader context to the company's purchase orientation and overall business strategy. Being familiar with purchase orientation and business strategy allows the vendor to accurately meet the expectations of the buying organisation⁹⁹.

At the first stage of the buying process, the potential customer recognises a need or a problem that needs to be solved. This stage is called *demand identity*. Sometimes companies, especially technology companies are pushing products on the market that they developed. With this push strategy they want that the customer buys a product that he has not recognised of needing beforehand. A good example is Apple that developed the iPod and pushed that technology on the market. Nowadays, this technology is a standard that everyone wants and Apple made a lot of profit out of it¹⁰⁰.

Another strategy of companies is to fulfil the demand of customers (pull factors) that are seeking for a product that is not on the market yet. To make profit, the company is aiming to develop this product to be first on the market and to saturate the market with that product. In project-based industries, the customer usually seeks for suppliers, which can

⁹⁸ See Brennan et al. (2011), p.53

⁹⁹ See Brennan et al. (2011), p.53

¹⁰⁰ See Wonglimpiyarat (2012), p.91

produce the product. Thus, the supplier offers the new product to the customer to saturate the demand.

3.3.2 Different sourcing strategies as displayed in the Kraljic matrix

A firm can organize its supply process by using a variety of sourcing strategies¹⁰¹. The choice of these different approaches is contingent upon a variety of factors, such as the importance of a good or service to the firm and the competitiveness of the supply marketplace. Firms must also consider the technical complexity of the product. To help buyers to formulate appropriate sourcing and competitive strategies, Kraljic (1983) developed a simple positioning matrix based on these factors¹⁰².



Figure 1: Kraljic Matrix¹⁰³

Most purchasing departments and consultancy firms use this matrix or successors today and it is one of the main strategic positioning tools for thinking about supply management decisions. The author proposed a way to create a purchasing strategy based on different types of commodity such as standard commodities with abundant source of suppliers (leverage items), key products (strategic items), low value items (non-critical items) and items with limited source of suppliers (bottleneck items).¹⁰⁴ In the buying process, the sourcing strategy influences the decisions on how to source.

3.3.3 Supplier selection: different stages - qualification, measurement, information, selection and evaluation

Twenty to thirty years ago, the problem of selecting among potential suppliers would have been of little interest at the strategic level of the organisations¹⁰⁵. But today, several stages of supplier selection are identified. The first stage refers to is the initial supplier

¹⁰¹ See Brennan et al. (2011), p.47

¹⁰² See Kraljic (1983), p.109

¹⁰³ See Padhi et al. (2012), p.2

¹⁰⁴ See Kraljic (1983), p.112

¹⁰⁵ See Cousins (2008), p.59

qualification scheme, where precise criteria are used for the qualification of a supplier. Although these criteria vary between firm and industry manufacturing capabilities (low cost, flexibility, delivery performance, standards, techniques and system), as well as financial viability (long-term financial health) are usually assessed¹⁰⁶. The second stage is the acceptance of the measurement criteria. In this stage, the relevant criteria also below surface such as cost, quality, delivery and flexibility, will be evaluated¹⁰⁷. The next stage refers to the obtaining of relevant information to compare suppliers and to measure supplier performance¹⁰⁸. The last stage is the make selection stage.

In consequence of these stages, several selection methods and multi-criteria decision making approaches have been developed to assist the supply strategist in making the final selection between potential suppliers, such as multi-criteria utility theory models¹⁰⁹, the simple multi-attribute rating technique (SMART), the Compromise Ranking method (VIKOR)¹¹⁰, evidential reasoning¹¹¹, fuzzy set theory¹¹², the analytic hierarchy process (AHP), the analytic network process (ANP), case-based reasoning (CBR), data envelopment analysis (DEA), genetic algorithms (GA), and mathematical programming¹¹³.

In the supplier selection process, the second stage refers to measurement criteria. Measurement criteria for the evaluation of the supplier selection vary widely and hundreds of criteria are proposed in literature that influences the decision to select the supplier. Diverse criteria were researched and the result showed that some of these were named as most popular¹¹⁴. These selected criteria are quality, followed by delivery, price/cost, manufacturing capability, production facility and capacity, service, management, technology, research and development, finance, reputation, relationship, risk, and safety and environment¹¹⁵. Thereby is quality the most popular criterion followed by delivery and price/cost. Based on the above findings by Ho (2010), it was revealed that price/cost is not

¹⁰⁶ See Cousins (2008), p.62

¹⁰⁷ See Cousins (2008), p.63-65

¹⁰⁸ See Cousins (2008), p.68

¹⁰⁹ See Arslan et al. (2008), p.483; Hatush/Skitmore (1998), p. 114

¹¹⁰ See San Cristóbal (2012), p.751

¹¹¹ See Sönmez et al. (2002), p.111

¹¹² See Singh/Tiong (2005), p.62

¹¹³ See Mafakheri et al. (2011), p.52

¹¹⁴ See Ho et al. (2010), p.21

¹¹⁵ See Weber et al. (1991), p.15; Ho et al. (2010), p.21

the most widely adopted criterion¹¹⁶. “The traditional single criterion approach based on lowest cost bidding is no longer supportive and robust enough in contemporary supply management”¹¹⁷.

3.3.4 Preferred supplier concept: transferred concept, supplier attractiveness and customer satisfaction leading to a preferred supplier status

Supplier selection and evaluation in the buying process incorporates important criteria that a supplier has to fulfil to become attractive for the customer and to meet his or her expectations. Therefore, the supplier has to analyse the customer's wants and demands to be selected as their supplier. In some industries, suppliers also have the power to select their customers with accepting or denying the order. But to gain the position of selecting customers as a supplier, the supplier needs to be the one that is preferred in the market. Therefore, the strategy (Kraljic matrix) and market analysis can help to identify the positioning. This market position can be reached though making oneself attractive to the customer. To make oneself attractive the initial supplier qualification stage in the buying process is important because, at the beginning of this process, a supplier will be selected and it will be evaluated if the supplier is attractive to the customer. In a given dyad relationship there are two perspectives: the attractiveness of the customer as perceived by the supplier (customer attractiveness); and the attractiveness of the supplier as perceived by the customer (supplier attractiveness)¹¹⁸. The social process of categorising and evaluating supplier inputs has been referred to as status creation¹¹⁹. The commonalities found in literature between the relationship of the supplier to the customer and the relationship from the customer to the supplier strive the need for a comparable concept for suppliers as well.

Terms like preferred supplier, attractiveness of suppliers and customer satisfaction have been used already; however, a concept that combines these in a logical way, such as the preferred customer concept has not been developed yet. This thesis aims to find comparisons of both way relationships. To do so, the preferred supplier concept will be explained in the following. In this concept supplier attraction, customer satisfaction and the preferred supplier status are evaluated.

¹¹⁶ See Ho et al. (2010), p.21

¹¹⁷ See Ho et al. (2010), p.21

¹¹⁸ See Ellegaard/Ritter (2007), p.4

¹¹⁹ See Andersen et al. (2015), p.72

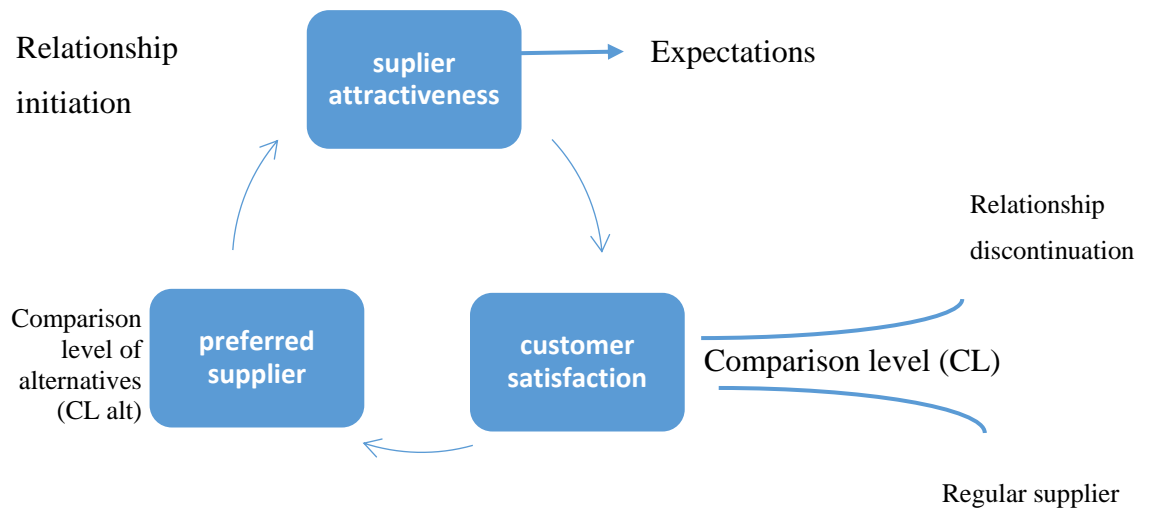


Illustration 2: Virtuous cycle of preferred supplier status¹²⁰

The preferred supplier status is leaned on the concept of the preferred customer status by Schiele (2011). The idea of this concept is that the supplier makes him- or herself attractive for the customer to get selected and then the customer needs to be satisfied to awards the supplier with the preferred status and associated benefits. Even though Schiele focused on customers, the concept idea can be logically transferred to suppliers as well. The findings by Ellegard and Ritter (2007), who propose that attractiveness can be seen from two perspectives and are theoretically independent from each other, supports the transferability¹²¹. Attractiveness of a supplier is constituted if the expectations towards the customer are met or surpassed¹²². Attraction is still an important part of maintaining trustworthiness and to establish satisfaction¹²³. Furthermore, attraction is viewed from an individual point, which is determined from a business context, where value expectations from the other parties are important and where buyers and suppliers achieve a reward-cost outcome at some minimum level compared to what they could achieve from other relationships through interaction¹²⁴. The second step in the cycle is the customer satisfaction. A satisfied customer is an essential ingredient for service loyalty¹²⁵, which can be seen as an award for the supplier. Here, it is important to gain information about the suppliers and the performance of them, such as in the third stage in the selection stage. In

¹²⁰ Source: own illustration

¹²¹ See Ellegaard/Ritter (2007), p.4

¹²² See Schiele et al. (2012), p.1186

¹²³ See Kovacs et al. (2008), p.804

¹²⁴ See Kovacs et al. (2008), p.804

¹²⁵ See Chen (2012), p.204

this, the customer compares the information gathered about the suppliers and their performance to each other (CLalt). The third step in the cycle is the preferred supplier status, where the customer awards the supplier with preferential treatment. A substantial research corpus deals with status and status effects, suggesting that status improvements bring several benefits¹²⁶. Besides loyalty; building up of long-term relationships could be an example of preferential treatment. Selecting and classifying key suppliers in order to adequately manage supplier relationships is seen as increasingly critical due to the fact that an absence of clear long-term relationship management structure hinders effective transfer to follow-up collaborations¹²⁷.

Therefore, some departments have established so called preferred supplier programs (PSPs) that, for instance, entail contractual agreements for preferred suppliers that secure a close relationship¹²⁸. Influences of relationship initiation, expectations and comparison level are not tested yet and can thus not significantly be transferred into this cycle. However, it can be assumed that, to a certain degree, the comparison level concepts and expectations also relate to the preferred supplier cycle. Thus, it can be summarised that a customer awards a supplier with the preferred status if the supplier is perceived as attractive and if the supplier is currently more satisfied with this supplier than with alternative suppliers. While having this cycle in mind, the following segments stress now the benefits of becoming a preferred supplier, as well as the antecedents that influence this status.

3.3.5 Antecedents of preferred supplier concept: emotions, trust and commitment, value creation and time

In the supplier selection and evaluation parts, some criteria such as price/costs, delivery and quality were mentioned as a prerequisite for being selected as a supplier already¹²⁹, but being the preferred supplier needs more than meeting these criteria. These evaluation criteria for supplier selection can be seen as prerequisites for the attractiveness of a supplier and thus also as an influencer on the preferred status. Apart from that, three main areas determine the perceived attractiveness of one actor by another actor: value creation,

¹²⁶ See Gould (2002), p.1143; Andersen et al. (2015), p.74

¹²⁷ See van Echtelt et al. (2008), p.194

¹²⁸ See Sieweke et al. (2012), p.124

¹²⁹ See Ho et al. (2010), p.21

interaction process and emotion¹³⁰. Value creation refers to the function by which the buying company contributes to the supplier value creation and hereby builds commitment. Functions like profits and volume, as well as innovation development and market access, improve the possibility of working as a business partner in a relation¹³¹. However, being in a relation is rather costly, as the widely known approach of total cost of ownership (TCO)¹³² for determining the overall cost generated by a supplier relationship shows.

The secondly mentioned interaction process refers to trust and commitment in a relation¹³³, because if these are present, then the supplier considers the relation as being important enough to warrant maximum effort¹³⁴ and supports the continuance of the exchange relation¹³⁵. To reach commitment, trust and satisfaction have been proposed as source of commitment¹³⁶.

The third element of attractiveness are emotions which sometimes cannot be explained with rational arguments. Arguments such as *having a bad feeling* or *not really being happy* are used to question otherwise rational decisions¹³⁷. The customer satisfaction also needs to be incorporated. For being a satisfied customer, the supplier has to fulfil or surpass the expectations of the customer. This can be supported by a good relationship significantly. Thereby, arguments like *easier to work with* sometimes outweigh resources which are particularly valuable, rare or inimitable compared with those of other suppliers¹³⁸. Also, laziness or acting out of habit can let the company experience loyal customer, even though other satisfaction is not given¹³⁹.

Additionally, time is critical variable such as delivery time, production time or the short lead times, that support the possibility of the company to be responsive to external changes. Higher uncertainty is in association with vendor's lead time as this involves difficult and complex management of production processes¹⁴⁰. A recent trend in

¹³⁰ See Ellegaard/Ritter (2007), p.3

¹³¹ See Ellegaard/Ritter (2007), p.4

¹³² See Cousins (2008), p.167

¹³³ See Ford (2009), p.365

¹³⁴ See Morgan/Hunt (1994), p.31

¹³⁵ See Cook/Emerson (1978), p.721

¹³⁶ See Morgan/Hunt (1994), p.31

¹³⁷ See Ellegaard/Ritter (2007), p.7

¹³⁸ See Andersen et al. (2015), p.8

¹³⁹ See Russo et al. (2016), p. 893

¹⁴⁰ See Benton/Krajewski (1990), p.403

manufacturing strategy is the implementation of the Just-in-time (JIT) philosophy¹⁴¹. As a consequence, increased concerns over the geographical location of vendors are clearly one major change brought about by the implementation of JIT strategies¹⁴². Satisfaction can also be gained through value-added product-service offerings¹⁴³, service experience¹⁴⁴, corporate social responsibility¹⁴⁵, intercultural competence¹⁴⁶ or interaction to staff and other customers¹⁴⁷. However, for many industries and companies, the criteria for customer satisfaction vary and need to be accessed individually.

3.3.6 Benefits and drawbacks of the preferred supplier status: loyalty vs. dependency

Just as the preferred customer status, the preferred supplier status is for a company desirable to reach. The most important reason for establishing preferred supplier programs is to reduce costs and transaction costs¹⁴⁸. This can be supported by the TCE and SET concepts. Besides the economic advantages that the supplier-buyer relationship brings, the preferred supplier concept influences the relationship of the two parties as well. When becoming the preferred supplier, the likelihood of long-lasting loyal relationship increases. Moreover, the process gives rise to the assessment and reassessment of a supplier's qualities – both formally and informally. These assessments occur from day to day through personal interaction between buyer and supplier staff¹⁴⁹. However, influencers like social media, marketing, communication etc. have influence on a customer's loyalty as well¹⁵⁰. Loyal customers demand a reward for their loyalty and invoke their elevated perceived negotiation power, and to retain loyal customers, salespeople grant discounts more willingly¹⁵¹. Successful vendors understand the criteria that are more important and can dissociate one from the other suppliers. The price can also be regulated though making the customer dependent on the customer. This is sometimes seen in the automobile industry, where one company uses the full capacity of a supplier or the preferred supplier, so that the supplier cannot or does not want to produce for others. The negative aspect of this

¹⁴¹ See Weber et al. (1991), p.15

¹⁴² See Weber et al. (1991), p.15

¹⁴³ See Pan/Nguyen (2015), p.179

¹⁴⁴ See Afifah/Asnan (2015), p.279

¹⁴⁵ See Afifah/Asnan (2015), p.278

¹⁴⁶ See Afifah/Asnan (2015), p.281

¹⁴⁷ See Ali et al. (2016), p.5

¹⁴⁸ See Sieweke et al. (2012), p.123

¹⁴⁹ See Andersen et al. (2015), p.79

¹⁵⁰ See Laroche et al. (2013), p.76

¹⁵¹ See Wieseke et al. (2014), p.17

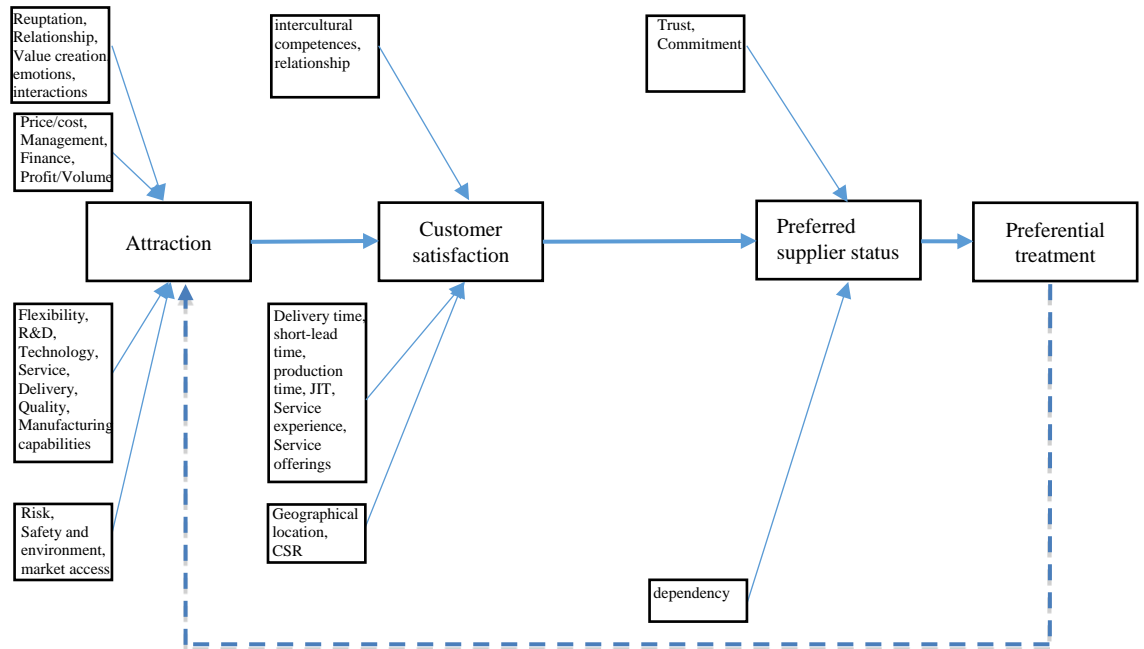
relationship is that being bound to only one special supplier can lead to miss out on new supplier advantages.

In turn, close relationships to a few customers can also have the advantage of minimising costs, using shared research and development, co-production or information sharing. This can include access to rare resources, which is, in the resource-based view, a competitive advantage. The format of the relationship can help overcoming uncertainties, and thereby is a close relationship, networking and good communication are essential for success.

3.4 Decision to (re) order: grouping of drivers into relationship, finance, economic, technical and dependency and allocation to the stages of the preferred supplier status

The decision of a customer to order and reorder a product or service can be explained through various criteria that can be found in literature¹⁵². However, to exploit the full potential of a buyer-supplier relationship, specific actions where benefits outweigh the drawback can lead to a preferred supplier status. Aiming for receiving this status, especially for bottleneck items should be one point on every company's priority list. This status can be reached though becoming more attractive than the competitors and then to satisfy or surpass the customer's demands and wants. The result of fulfilling can lead to long-term customer loyalty. However, costs, risks, power and uncertainties are crucial in this process. The criteria influencing the different steps, are: attraction, customer satisfaction and preferred supplier status leading to preferential treatment. Drivers of these can be grouped into five categories illustrated through five different levels from top to down (Comp. Appendix Table 5). Additional arrows to the three stages of the preferred customer cycle show the affiliation of the criteria to the different stages. This means that, if for example value creation was found in literature as driver for attraction, this criterion belongs to the relationship factor and will be shown in the first level with an arrow pointing to attraction. The summary of this grouping can be seen in this model:

¹⁵² See Weber et al. (1991), p.2



Model 2: Result from critical influencers on the factors of the preferred cycle leading to preferential treatment

The basis of this model is the cycle of the preferred supplier status. To gain this status attraction leads to customer satisfaction, which in turn leads to gaining the preferred supplier status. Because it is not clear that gaining a status automatically leads to preferential treatment, this model incorporates preferential treatment as the desired outcome, which is displayed with the dotted lines. These steps are influenced by many criteria, which are grouped into five levels. The top-level regards to relationship factors, which can be found in all three steps. The second level regards to financial and economic aspects, which are important especially in the supplier selection period. The operative factors in the third level are different between attraction and customer satisfaction but important and mostly disqualification factors for many suppliers. The fourth level reveals to the general market factors and the broader surrounding which has to fit with the supplier-buyer relationship. The fifth level regards the dependency that buyers and suppliers have to be aware of when the supplier gains the preferred supplier status. To sum it up, literature provides many drivers for the preferred

customer concept, which are collected and presented in the model above. The model aims to represent the knowledge about the criteria of the topic so far.

4 Case company: A producer of stage systems

4.1 Project-based business wants to grow

The case company is a German firm specialised in the engineering, construction and selling of mechanical elements for stage-systems of theatres around the world. Since the foundation in 2014, the firm has focused on creating its network to establish in this particular niche industry. The main task the company is doing on a day-to-day basis is the creation of technical drawings, purchasing of components and selling the complete stage systems for cruise ships. They especially focus on adding value to the product by purchasing high quality products, while, at the same time, keeping costs low. The mechanical elements of the stage system such as winches, stages or wire hoists are created and designed individually for each theatre, which is an indicator for a project-based industry. Standardised production is not possible due to individual designs and construction of the theatres and the customers' unique demands. This year, the company already sold the custom stage equipment and machinery to theatres in Germany, Switzerland, Austria and Finland. Even though the theatres are located around the world, there are only few main customers buying from the case company. The most important one is a global acting business concern, one of the biggest companies in Austria for building, assembling and maintaining services for theatres in towns. The company buys only certain components for some theatres from the company due to limited capacities on the supplier's side. Another important customer is the market leader for cruise ship building.

In 2015, The case company decided to grow and to gain better business relations with their buyers. While working for only a few companies, dependency is assumed to be risky, as resources are not fully used. Thus, it is clear that the value creation in the supply chain of the company needs to be improved. In order to do so, the case company has to decide to increase the number of customers to lower the potential risks, to improve the relationships and contracts with the existing ones, and to aim for accessing rare resources. Based on this improvement, the company hopes to gain

access to product and process innovation, performance criteria like rare resource allocation, higher quality or other criteria that can lead to the needed competitive advantage for the company. To evaluate how these goals can be reached within the given circumstances, the criteria of suppliers and customers will be examined to improve the whole value chain.

4.2 Particularities of a projected-based industry are the structure, aims and management within given boundaries

The project-based industry or organisation has a different structure, needs and aims and differs significantly from a standardized industry. Based on literature of significant international Standards of Project management, the following definition summarizes the current understanding of the term project. Therefore, a project is defined as a temporary single intention with a unique procedure, a specific organization, complex structure and realizable fixed aims within a given timeframe and resources (i.e. Costs, feasibility of production, personal or work conditions) as well as quality¹⁵³. To handle such projects within a company or within an industry sector, project management is needed. As defined by Samset and Volden (2016) project management refers to the processes established to organize and manage resources required to complete a project within defined scope, quality, time, and cost constraints¹⁵⁴. In order to carry out projects, teams are often formed with control takes. The project team's objective will be to provide what the client wants which influences the necessary processes and basic structures, which in turn determines the handling of the resources¹⁵⁵. The critical part of projects is the complexity. There are a variety of solutions, the success of which is unknown at the start of the project. Additionally, transaction cost economies have to be incorporated during a project. TCE are essentially the costs of setting objectives, integrating contributions, making the various managerial decisions, controlling the contributors and the costs that arise from the organization structure selected, all of which are aims solely at achieving the client's objective¹⁵⁶. In construction industries, the extend of the projects are not limited to one organization and subcontracting is needed. The construction work is accomplished by

¹⁵³ See Aichele/Schönberger (2014), p.4

¹⁵⁴ See Samset/Volden (2016), p. 298

¹⁵⁵ See Walker (2015), p.311

¹⁵⁶ See Walker (2015), p. 250

contractors who vary widely in terms of size and specialty. The project management chooses contractors for certain tasks or aspect of the construction project and are therefore referred to as specialty contractors. Others assume broader responsibility for a comprehensive work package and are referred to as general contractors. Commonly, general contractors will subcontract specific aspects of a project to specialty contractor, forming a contractual web of general contractors and specialty contractors¹⁵⁷. This network of co-working companies can also be found in the stage building industry. In the supply chain of the cruise ship, generally projects are managed by a certain company, subcontracting many other companies, which also use projects to complete their tasks. To understand this better, the project managing organization is not one single organization handling the cruise ship building, many different parts of the cruise ship are built in forms of projects due to the fact that every cruise ship is one of their kind. For example, one company including a team is handling the planning of the theatre for the principal, another handle the complete construction of the theatre based on the planning, and others again are building the different parts for the construction and so on. Only some parts of the raw material such as screws and steel are built in mass production, but every other step of the production is done in individual projects which contribute to the overall project of building a cruise ship. When the cruise ship is built then the shipyard company buy the complete cruise ship from the wharf. Nonetheless, the shipyard company breath wishes to the wharf such as specifications for the theatre based on the plays they are planning to perform. Understanding the process of building a cruise ship illustrates the complexity of the process. The building of a cruise ship is fixed in a timeframe of nine moth and based on media information, the costs are around 641 to 73 million euro per cruise ship which is an enormous financial amount for a project.¹⁵⁸ To sum it up, particularities of a project-based industry such as the stage building industry are the temporary single intention which is the building of a theatre within an individuality given setting and customer wishes that make the theatre unique, with a unique procedure, a specific organization, complex structure and realizable fixed aims (based on the shipyard company wishes) within a given timeframe (9 month) and resources

¹⁵⁷ See Sears et al. (2015), p.2

¹⁵⁸ See Schade (2015), p.1

(fixed amount of money, feasibility of production in the given timeframe,) as well as quality (independent inspectors) handled by project managers or teams and subcontracting companies.

5 Methodology: Case study with semi-structured interviews

5.1 Research design: about twelve qualitative interviews of customers and suppliers of the company

To answer the research question, a case company in a project based industry is selected. Looking at the supply chain of a project-based company up- und downstream can give important information and coherences in this specific supply chain. Additional criteria of customers of a company and the criteria of the suppliers of the company can vary and might not be realizable at the same time. This is why there is an importance to look at both sites on one company in the middle of a supply chain. Research that is fixed in boundaries, such as in this study, where research is done in a case company, are appropriate for exploratory studies¹⁵⁹. The research design of this study will thus be explorative conducted through a qualitative case study with the aim to explore insights on the selection criteria of becoming a preferred customer as well as the preferred supplier. By using a case study, it is possible to combine business practice with academic theories¹⁶⁰. This design was chosen because it gives not only deeper understanding of the criteria but also points out which criteria are most or least important and it will offer insights on how to react to those criteria as an organisation for gaining the benefits of the preferred status such as gaining competitive advantage¹⁶¹.

The units of analysis in this study will be the company in collaboration with their customers and suppliers. This study will focus on the criteria of how to become a preferred customer/supplier and the benefits of receiving and carrying such a status. The results of this study will be generalised to other firms in project-based industries.

The data collection will be conducted at the company by means of semi-structured interviews. Interviews are an often used method and is considered as part of the six

¹⁵⁹ See Saunders et al. (2009), p.139

¹⁶⁰ See Bryman/Bell (2015), p.71

¹⁶¹ See Schiele (2012), p.49

sources of evidence: documentation, archival records, interviews, direct observation, participation observation and physical artefacts¹⁶². The data is collected across several companies in the theatre-building sector as well as the cruise ship theatre building sector. This will be done at one time (cross-sectional), in the time span from July until August 2016. The interviews will be central to the data collection and thus the main source of gathering information on possible criteria for becoming a preferred customer. The interviews are conducted face-to-face (semi-structured) because Saunders et al. (2009) stress that especially when doing face-to-face interviews, which is a highly recommended method to collect in-depth data and to observe tacit data, the technique gives each interviewee an opportunity to hear themselves *thinking aloud* about things they may not have previously thought about¹⁶³. If the interviewees cannot be reached for a face-to-face interview, a telephone call or Skype interview will be used instead.

The interviews will be recorded. The recording of the interviews is important because it enriches and deepens the collected data and motivates the respondents¹⁶⁴. It also allows for an extensive analysis afterwards because the listener is getting aware of tone and other important language techniques that might have been missed in the affect of the interview.

The study is limited in time and availability of respondents, which makes it necessary to choose the right sample size. In comparison to the quantitative research where higher sample sizes are preferred, many researches have been conducted to find the right sample size for a quantitative research. The preferable range lies between ten and twenty interviews¹⁶⁵. Due to the fact that in business life the key persons for a purchase or order are not always the purchasers or one buyer, but a buying/selling team in a buying/selling centre, it is important to recruit the participants on the basis of their knowledge and position/influence in the buying/selling process. The selection from the suppliers and the customers of the case company is random, however, it should be noted that not two persons of the same company are interviewed. Therefore,

¹⁶² See Yin (2003), p.240

¹⁶³ See Saunders et al. (2009), p.348

¹⁶⁴ See Saunders et al. (2009), p.339

¹⁶⁵ See Baker/Edwards (2012), p.27

the interview partners were selected carefully, ensuring that people from different occupational groups of the business' hierarchy are chosen, interviewing both technicians and specialised managers.

5.2 Interview conduction: guideline for the interview conductions are relationship, financial market, technological and dependency factor

The outlined research questions will be studied from different perspectives by including multiple sources of data. The use of multiple sources of evidence will increase construct validity¹⁶⁶ and moreover will help both confirm and improve the clarity or precision of a research finding by the use of triangulation¹⁶⁷. In the process of triangulation, all evidence is compared with other kinds of evidence on the same issue to assess the credibility of the case study evidence and the conclusions drawn thereof, also known as contextual validity¹⁶⁸. Collecting other evidence about particular sources of evidence can assess the validity of those sources of evidence by looking after characteristic distortions.

The interviews are based on a semi-open question format and do not follow a strict order. However, an interview guideline is used, which is based on the findings from literature. Most interviews are conducted on a face-to-face basis in order to be able to also capture body language. Due to far distances, some interviews were held via telephone calls and were recorded.

It is assumed that supplier criteria are the same as customer criteria because a relationship (interaction to buy a product or to sell a product) is always two-sided (two persons involved in the process) and rely on the same fundamentals like relationship, financials etc.. Therefore, suppliers and customers are interviewed on the same topic and are afterwards assessed on the same criteria to be able to compare challenges for the company.

Literature provides many drivers, which are important for customers and suppliers. Especially the new research paper by Vos et al. (2016) indicates important significances between drivers that lead to the preferred status and to preferential

¹⁶⁶ See Yin (2003), p.240

¹⁶⁷ See Ritchie/Lewis (2014), p.275

¹⁶⁸ See Ryan (2002), p.7

treatment¹⁶⁹. In the preferred customer cycle, as stated above, the relationship between reaching the preferred status and actually gaining preferential treatment is not directly given. Identification of shared main drivers of customer and supplier characteristics leading to preferential treatment showed that unambiguous similarities were seen between the fund categories by Vos et al. (2016) and the categories that are derived from the previous literature analysis¹⁷⁰. This grouping of drivers is as following:

1. *Relationship initiatives*: commitment, trust, quality of communication, close working relations, emotions, interactions,
2. *Financial & economic factors*: profitability, value creation, price/cost, finance, strategies,
3. *Market factors*: growth opportunities, risks, CSR, market access,
4. *Technological factors*: operative excellence, flexibility, quality, manufacturing capabilities, R&D, innovation,
5. *Dependencies*: interdependencies.

The grouped drivers (comp. Appendix tables 2 and 5) are considered as critical factors that enable access to preferential treatment through attaining the preferred status. From these groups of drivers, it is assumed that those are all drivers relating to customers, as well as to suppliers likewise. The interviews were therefore summarised on the basis of Mayring (2003) to be able to compare the findings¹⁷¹. Then the results of the Mayring analysis were transformed into a table regarding the five categories found in literature earlier (comp. Appendix Table 5). After the coding the criteria which can be found in the table are assigned to the stages of the virtuous cycle based on the interviews. Thus, findings from the previous literature research will be implemented in the course of this study, afterwards the results will be compared and analysed. In the following section the evaluation of the interviews in particular to drivers will be discussed.

¹⁶⁹ See Vos et al. (2016), p.4613

¹⁷⁰ See Vos et al. (2016), p.4613

¹⁷¹ See Mayring (2003), p.58

6 Evaluation of the supplier expectations on their customers

6.1 Short individual interview summary reveals importance of relationship to the customer

In total, eleven interviews were conducted in face-to-face meetings from June to August 2016. Six of the interviews are directed to suppliers of the case company, the other five to customers of the company. To give a rough overview, every individual case will be shortly presented. The interview legend can be found in appendix A9. The interviews of the suppliers are presented next, whereas the interviews are presented in the next section. This is important because company size, market position or product type may have influence on the criteria chosen by the interviewee. The interviewees are named from A to K, thereby A to F regards to the suppliers and G to K to the customers of the case company.

The case company is a project-based company that needs raw material to maintain production. Most of the raw material is steel; therefore, three steel suppliers were interviewed. Additionally, a screw supplier and two craft businesses for mechanical engineering were interviewed. All companies are small and medium-sized enterprises (SMEs) ranging from about 200 workers in one plant (B) over having 165 workers in 7 different plants in Europe (F) to being family-businesses with only a few workers. All companies are located in the western area of the Rheinland in Germany. The limitation to this area is due to the closeness to the case companies plant in Moers which is important for them to ensure fast and flexible handling. The interviews with the representatives of these companies were carried out face to face.

The first interview (A) was held with the owner of the project-based mechanical engineering company. Her strongest points regarding the topic of preferred customers are the relationship factors between two companies and especially the personal relationship between the customer and the supplier. She stresses that, apart from the financial aspect, namely profitability which is a prerequisite for attraction, things like good communication, fairness, humanity and other relationship factors are the reasons which differentiate a normal customer from a preferred one. When a preferred relationship is in place, her company offers the customer special treatment such as

guaranteed on time delivery, best quality and additional special efforts for the customer's demands.

The second interviewee (B) is processing and sales manager at a bigger steel seller and supports the view of the importance of the personal relationship. Particularly loyalty and long-term relationships are stressed as very important especially with fluctuating steel prices. However, regularly buying and financial aspects such as on time payment and profit also need to be incorporated for the decision to make the customer a preferred one. Once chosen as the preferred customer they can get special price discounts, as well as favoured delivery and additional efforts.

In contrast to these two opinions, interviewee C, a field person from an individual enterprise which also sells steel in various sizes and shapes, says that the relationship does not matter at all. The only thing that counts is the financial aspect. Foremost the volume that the customer orders, the regularity of the orders and the payment method counts. In return, they offer faster delivery and special service.

The fourth interviewee (D) is an attorney at a mechanical and plant engineering company. He is responsible for technology and for foreign contacts, as well as consultant with contracts and reveals new aspects. On the one hand, relationship factors are seen as important and thus especially the relationship networks. Additionally, the customer needs to be authentic and reliable. In the networks, cooperation is a key feature. But on the other hand, logistic-/technical feasibility is most important and as a consequence thereof the following of an agreed schedule. He additionally points out that, to reduce risks, one needs to be diverse, such as being in the steel as well as the aluminium industry. When a customer is having a problem, he is also willing to do innovation with the customer, even though the growth potential is hard to pre-estimate. It is more important for him to receive a feedback at the end of the work and the satisfaction of having something successfully managed.

Honesty is one of the most important relationship factors for the sales manager, interviewee E, by a steel company. Besides those customers with a high turnover and on time payments are seen as favoured. None the less, the customers who have serious problems receive special treatments. Time is then a critical variable. When repairs due

to a crash are being carried out, the company prefers these customers and delivers faster to help the customer. Therefore, honesty and trust is very important.

The last interviewee F, who works as a sales manager for a medium sized screw-producing company, stresses relationship factors such as long-term relationships, trust, politeness and kindness to be key components of preferring a customer. When he has a good personal relationship with the preferred customer he is regularly talking to, then he is more willing to attend to his or her demands such as next day delivery. Apart from that he stresses that he works with a team, which are checking the financial aspects, growth potential or risks of the customer.

6.2 Results and analysis from the interviews: either relationship or financial importance

To be able to see the similarities of the most critical criteria of customers and suppliers, as well as the differences between them, an evaluation table (see Appendix table 6) was created. Based on this analysis, it can be deviated from different interviews that most companies are seeing financial aspects such as profit as a given variable for a good business relationship, but when it comes to special treatment and seeing a customer as a preferred customer, the relationship factors are then the most mentioned aspect. A connection between choosing the financial criteria over the relationship criteria cannot be found by five interviewees, only one interviewee chose the financials over the relationship. The chosen criteria that are most important for the company are varying between the interviewed companies and it cannot be clearly stated that there is a relation between criteria and product, structure, market position or company size. It rather seems that the salesperson, sales team or sales department might individually choose these criteria because most of the interviewed persons state that there is no common or formal criteria system, they decide from their gut feeling on their own criteria. It appears to be mainly based on previous experience that was gained during the relationship periods with the customers. Five of the six interviewees (not including interview C) mentioned the relationship as an important factor. Interviewee C was clear that only the financial part is important, whereas relationship does not matter. A significant reason for the difference to the other interviewees could not be found. The relationship factor is further defined. When asking for deeper definitions of the preferable relationship, they named specific characteristics that

support a good relationship. The interviewed persons listed loyalty, good communication, good relations, good characteristics, to accommodate someone, trust, reliability, authentically, honesty and politeness in this context.

Furthermore, other criteria were mentioned that support a good business relationship. These criteria are profit, turnover, on time payments, fast solution findings, set up rules, fostering of the relationship, long-term relationships, good reputation, market position, flexibility, appropriate behaviour, acceptance of price fluctuations, personal contact person, growth potential, order volume, social networks, logistical and technical feasibility, innovative talks and appropriate behaviour with complaints. Here, it can be seen that all interviewees except for C see financials as important but not as key variable for the decision to choose a preferred customer. Moreover, financials need to be good, meaning profit, turnover and volume, which are prerequisites for starting a business relationship.

Another critical point that was more defined by the interviewees was the operative procedure. Most of them mentioned that time is one of the crucial aspects. Flexibility, spontaneous behaviour, new technologies, fast reactions and geographical closeness is seen as important to influence the crucial variable of time. Closeness to the customer is not seen as a choosing variable but is preferable when it comes to logistics. It was mentioned that the regional closeness enables shorter delivery but regional customers are not getting preferred over others. The only constraint to the location is the company focus. Some companies are only delivering on regional level, others Europe wide or worldwide but this is not a limitation for being a preferred customer. Additional factors that are not directly connected to the order process also influence the decision as well. Company structure (C), industry sector (E), having different departments of innovation or just if having a key account manager or team for particular customers (F) were mentioned. These factors were not consistent because other interviewees did not deny but also did not mention these criteria. Also, management behaviour by the customer is influencing the satisfaction of the supplier. Especially when it comes to complaints the behaviour of the customer is very important for the continuing of the relationship.

But before a relationship begins, some companies are differentiating between the first buy and repeated buy. Mostly the first buy is limited by pre-payment, sometimes cash payments and starts out with small orders, which to such an order size that normal payment conditions are then installed. Suppliers ensure credit worthiness of customers before starting business on the one hand, but on the other hand suppliers rely on trust merely. Being dependant on a customer is not a risk in this industry because the companies empathise to have many different small customers. If the customer is attractive and the supplier is satisfied, then the customer gets chosen for the preferred customer status. With this status the supplier offers high quality, on time delivery, more commitment, price reductions, faster delivery, preferred handling of the order, service and the acceptance of higher risks. In addition to this it was underlined that in case of a preferred customer status, the suppliers repeatedly check, whether they gained profit from this relationship, if the volume is still high, and if they receive a positive feedback, especially when they put extra effort in the relationship. This is then important for the continuing of the relationship and staying at the preferred status. The ranking of the criteria is mostly dominated by the vendor's gut feeling; no common formal rating system exists in the companies.

6.3 Comparison shows similarities to previous studies and concepts

In order to see the similarities of the most critical criteria of customers and suppliers as well as the differences between them, an evaluation table (see Appendix table 5) was created.

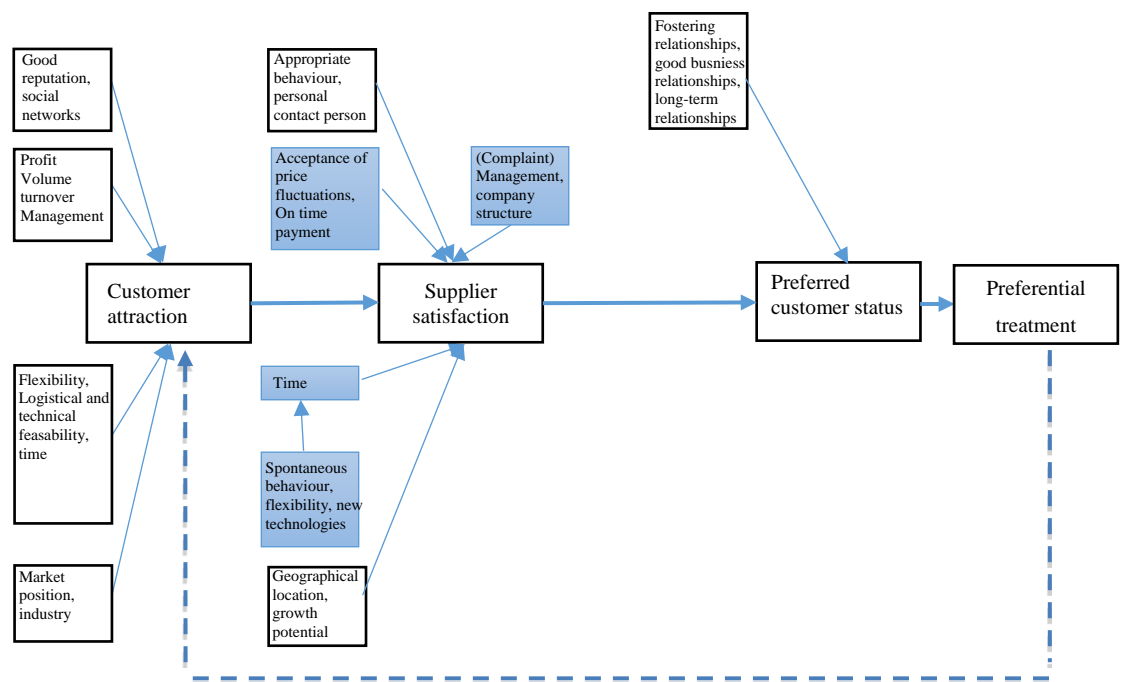
In the following model the mentioned drivers in the interview of preferred customer treatment are summarised on the basis of the critical categories. Therefore, the founded drivers are categorised in the six categories found in literature:

Interviewees categories	A	B	C	D	E	F
Relationship initiatives	good communication, fairness, humanness, good feeling, not stealing someone's blind, long -term relationships, loyalty, trustworthiness, reliable, forthcoming, fair complaint management	loyalty, long-term relationships, personality, personal contact person, long-term relationship, negotiation skills	Teamwork, Freedom to choose	social networks, relationships, authentic, reliable, acceptance, feedback, teamwork	trust, honesty	long-term relationships, trust, politeness, friendliness, team work, to get along with someone, fairness
Financial & Economic factors	profit, volume, price negotiations, on time payment	Purchasing behaviour, acceptance to price fluctuations, profit, frequency in purchase	Payment behaviour, frequency in purchase, Financial statement, Volume	profit, solidity, financial statement	Creditworthiness, payment behaviour, Profit, volume	Payment behaviour, Profit, volume, turnover
Market factors	Reputation, market position, geographical location,	growth potential	SMEs	reputation, diversification	industry sector	purchasing teams

Technological factors	Time management, New technology use to save time, flexibility, good management	Time management, flexibility	payment procedure (Time), Feasibility in working processes	Logistical and Technical feasibility, quality of performance, quality of product, adherence to schedule, Innovations	priority, time	time, deliver time
Dependencies	interdependency though product diversity	interdependence though global market	interdependence though many small companies	interdependence	interdependence	interdependence

Illustration 3: Categorization allocation of interview findings on suppliers¹⁷²

After the categorisation, drivers were assigned to customer attraction, supplier satisfaction and preferred customer status. This category allocation is derived from the preferred customer concept by Schiele to be able to see the similarities and differences between practice and literature and to find additional aspects of this concept.



Model 3: Revised model for preferential treatment of customers¹⁷³

The model shows that even when the companies focus on different aspects in summary four categories, namely relationship initiatives, financial & economic factors, technological factors and market factors could also be found in these interviews. Power relations howsoever were not a critical variable because all companies are striving for independency and already took actions against the possibility to get dependant. The blue marked fields are the one that are somewhat very different to the findings in the literature. The common opinion of all interviewees

¹⁷² Source: own illustration

¹⁷³ Source: own illustration

was that it is better to have many small orders than one big order where they are dependent on. The reason is that all were afraid of the risks. To minimise the risks, the companies check creditworthiness, have many small customers and demand prepayment on first buy; these are just a few safety regulations, which they installed to minimise the risks. Noticeable is that management behaviour such as set up of rules; complaint management and fast solution findings were pointed out. Whereas in literature management was not mentioned as a satisfaction factor and is not further defined. This is because the requirements in the project-based business on the management is high and involve particularly fast reactions on situations. Due to the fact that every order is different, the pre-requirements and the setup of specific (job specific) rules is of high need. The interviewees emphasised this variable as important especially when it comes to complaints. Additionally, the interviews showed that the company structure has influence on the processes. A flat hierarchical company structure decreases time for decisions and bureaucracy and is therefore favourable for the supplying company, because flexibility in the company is needed to respond quickly to changes. Time is seen the most important critical variable. Therefore, time can be found at customer attraction and supplier satisfaction. On the one hand, the customer is attractive if the supplier has enough time to handle the logistics (logistical and technical feasibility) and on the other hand, the supplier is satisfied if the flexibility, new technologies or its spontaneous behaviour helps to handle the demand of fast delivery. Nevertheless, on-time payment by the customer is even more important. If the customer has a bad payment attitude the supplier is not satisfied and no preferences will be given. Moreover, innovation is not seen as a factor for attraction but a bonus when it comes to a good business relationship. Therefore, innovation or research and development for the requesting customer are seen as a preferential treatment and not as a prerequisite for the business relation. This is because the supplier takes extra risks and efforts for the customer for doing innovations. It is mentioned that when a customer has a problem, research and development are done to find some innovation to solve the customer's problem. Good reputation and social networks help to get attractive as a customer, the behaviour and personal contact are influencing the satisfaction. However, to gain preferred supplier status good business relationships mostly need to be in place. Additionally, the factor

of having a long-term relationship is an indicator for the preferential decision. Thus, it can be summarised that power relations are not an indicator for reaching the preferred supplier status but as a prerequisite for the attraction of the customer and for the behaviour for initiating the relationship. On time payment can be seen as a key financial variable for the satisfaction of the supplier because time is one of the most important variables for the supplier as well as for the customer. Company structure and management behaviour also influence the process. Moreover, the financial, technological and market characteristics are mostly seen as attractive factors but the relationship and behaviour of a customer as the ones to turn the scale.

7 Evaluation of the customer expectations on their suppliers

7.1 Short individual interview summary indicates flexibility and price as important

In this section the individual interview summary of the five customer companies, named G to K, is presented. The interview legend can be found in Appendix A9. The companies are mainly project-based companies operating internationally. All companies are operating in the same stage building industry. Their main task is the construction and building of theatres around the world, as well as on cruise ships. The companies are located in Austria and Germany and operate worldwide. The interviews with the representatives of these companies are partly carried out via phone talks due to too far distances and being short of time.

Interview G is a technical drawer, which preselected the suppliers and hands his advices to his boss who then does the final selection and negotiations with the suppliers. In his workday, the suppliers are in a fixed pool, where he is the one asking suppliers first and selects then form the offers. Only if they do not have the capacity or knowledge to produce, he looks in the market for other suppliers that are close to the plant. Trust and close geographical location as well as manufacturing capabilities are key criteria for the companies in the pool. Requests are send to companies in the pool and the price then decides on who get his tender accepted. A whole team influences the ordering process of orders abroad, whereas a different team of people, in which he participates, conducts the orders in Germany.

Interviewee H is purchaser of one of the biggest stage building companies in the world. He values flexibility very highly because he needs companies who can deliver short-dated, adhere to schedule and work flexibly. Closeness to the plants decreases transportation costs and makes it possible to operate more flexible. In the project-based business there are many modifications due to the construction and co-working with the supplier is desirable. Especially, when the supplier discovers drawing-mistakes, he has to tell the customer so that changes can be done. Co-working can also work well when loyalty, a good business relationship or even to be on friendly terms with the supplier and trust is in place. Additionally, the company looks for CSR and checks international standardization organization (ISO) certifications such as 9001 and 14001 as well as solvency. The company sends supplier questions and has a Quality system in which they write down benefits and disadvantages of the suppliers. They are also creating a ranking of the supplier. Although the suppliers are limited, alternatives exist. They also use capital for innovations and new product development projects with suppliers. Nonetheless, he is *old-school fashioned* and avoids to use new media platforms, information and communication channels or other technical innovations. If something goes wrong, he expects a solution without complications.

Interviewee I is CEO of his company and has a clear opinion about key suppliers. Therefore, he values key competences of the company. The companies need to work neatly, have to adhere to time schedules and have to satisfy the customer. Then he offers to favour the payment so that the supplier is more solvent to handle new tasks. Additionally, the suppliers need to have the knowledge of the whole construction and have to prove it themselves. In the business relationship, he values open talks and does not like spurious excuses. His philosophy is: supplier loyalty. Therefore, closeness to the bureau, mutual support, quality and the company structure is important because the quality and correctness of the end product count.

The company of interviewee J (technician and purchaser) is specialised at the theatre building also for artists and stars on tour. Therefore, the orders are requested mostly for a special event and availability gets more important. This means that for him quality precedes over price. The quality standard is high and if the quality is acceptable the cheaper price decides who gets the order or if one company produces in

better quality than the other, than the higher quality is selected. The interviewee's opinion is that the word *preferred* is not the right word in the context of project management. The accessibility of rare resources due to limited manufacturing capabilities limits the choice of suppliers and steadily different products are requested. Therefore, a specific selection for a preferred customer cannot be done, also because a build-up of a long-term business relationship is not done at his company. There are companies he already worked with but the ability of producing the needed product is the first criterion for the supplier selection. Before the sale, he uses his technical gut feeling if the supplier is able to produce correctly and in time and after the sale he checks the quality, delivery time, service, communication and additional service such as drawings and documentation; he does not have a specific system for this.

Interviewee K is head of purchasing and likes to keep things firmly under control. Therefore, he values communication and the personal relationship towards the supplier to get updated and to be able to control the process. Furthermore, he likes when the supplier shows commitment and co-working attitudes. Even so, the supplier of choice should not be very different in price or quality in comparison to the others. That means, they should not be more expensive because the mixture between quality and price has to fit. Therefore, it is understandable that dependency on suppliers or rare resources is a risk due to too high prices or very long delivery times. If all requirements fit, he provides more offers and is more tolerant when something goes wrong.

7.2 Results from the interviews show different indicators for preferred behaviour

First of all, it has to be stated that only five theatre building companies were willing to provide the interview. There is at the moment no other theatre building company on the European market as customer of the case company that could have been interviewed and thus a total number of 5 instead of 6 interviews were conducted. Nonetheless, the results will be analysed in the following. Again, the method by Mayring is used to compare the Interviews and find results¹⁷⁴(Comp. Appendix table 7) The results of the interviews show that the personal relationship is a criterion for the selection of a supplier as a preferred customer. Thereby loyalty, friendly

¹⁷⁴ See Mayring (2003), p.42

behaviour, open-minded talks, no weak excuses, communication and trust are stressed as key indicators. Apart from the relationship factors some other factors were mentioned as important such as flexibility, capacity, adherence to schedule and delivery dates, co-working on the product for improvements, good job preparation, reputation, machinery, certifications, solvency, quality, service, location, competencies, knowledge, cooperativeness, benefits, price negotiations and the price itself. When some of these variables are given and surpass the expectations also in comparison to the competition then the customer awards the supplier with the preferred supplier status which can lead to preferential treatment such as more work, co-working also with innovations, preferred payments, preferred work assignment and more tolerant behaviour. Especially in the operative business to satisfy the norms and regulations is important. Additionally, the company structure influences the operative business, but what happens inside the company is not relevant for the customer, moreover the end product with its quality is crucial. The risks that can arise from such a relationship are quite low. The customers ensure against risks with limited first order, checking for bank guarantee, beforehand clarifications, no prepayment, controls and limited receivables. Checking for the variables to fit with the expectations is mostly done by gut feeling, but also with talks. Only in bigger companies with quality ensuring systems the pros and cons of a supplier are written down and the system provides pre-given variables to check and then to rank the suppliers.

7.3 Analysis of the interviews reveals different opinions about relationship and other factors

When analysing the interviews, the first thing that is conspicuous is the varying opinion about the personal relationship between supplier and buyer. Two of the interviewed persons (G and J) declared that a close personal relationship is not preferable. Therefore, they did not mention any relational behaviour that influences the relationship. As opposed to this, the other interviewed persons stressed that a friendly and personal relationship is needed for the collaboration. Companies, where the relationship factor is very important for the selection of the preferred supplier, stress that loyalty, friendly behaviour, open minded talks, no weak excuses, communication and trust are key indicators.

Interviewee G is part of a purchasing-team and his main task was the pre-selection, which could explain why he does not have a close contact to the supplier. He selected from an existing pool of suppliers and other team members, who also are in contact with the customers, and are responsible for the negotiation. J on the other hand does not believe in the concept of preferring customers. He focuses on the technical feasibility and the price and only decides on the quality if he buys the product or not. This is because he needs constantly different product and different suppliers, which is why he thinks that preferring a customer is inappropriate. Therefore, it can be stated that the company strategy and management behaviours influence the variable of the relationship as an important indicator for the preferred supplier status.

Another selection criterion is the technical feasibility and capacity of the company. The company needs to be able to produce the product and also needs to have the capacity to do so in time. Also, the interview analysis indicates that technical feasibility and price might be as influential as the relationship. Other operative excellence criteria such as quality and flexibility were mentioned. J checks for the quality and if the quality is the same with more suppliers then he chooses the cheaper one. If the supplier offers the same price, then interviewee H explained for example that he focuses on the provided flexibility that the supplier can offer. K also mentions that price, quality and relationship have to be satisfying. These statements support the assumption that price, technical feasibility, quality and relationship are equilibrated for the selection of the preferred customer.

H stresses that being in a customer's relationship saves money and lowers the expenditures for controls. A prerequisite is however, that the supplier adheres to the strict norms and regulations for K controls are also important during the process. G, H and I also stress that the closeness to the bureau or the plant is important to have closer contact, to have shorter delivery ways, which saves money and makes it possible to be faster at the suppliers' plant for controls and arrangements.

The co-working and especially the knowledge of the customer is crucial for the satisfaction during the production process. Most interviewees value the information or communication about the progress highly and want to be informed if something does not fit or errors occur due to wrong planning or drawings. Therefore, regional

companies are preferred, because language problems still exist when looking for customers abroad. Therefore it can be stated that co-working with the supplier is, if relationship is valued, desired.

If the supplier offers quality or surpasses the expectations of the customer, then the customer is loyal toward the supplier. He offers more orders, favours the preferred customer when sending out requests, offers innovation capital for the co-development and is more tolerant with mistakes.

For the control of the observance of the criteria for the selection, most customers say that a certification system is not needed and just needless bureaucracy, they rather check the criteria personally and decide on gut feeling. However, H has arguments for the quality ensuring system (ISO certification). He states that bad behaviour is more likely kept in memory than good behaviour. Therefore, writing down of the benefits and disadvantages is important for a clear picture of the suppliers. Due to the fact that he adjusts this system he also expects the suppliers to be ISO certified to have a guarantee for the standards.

Similar diverse views exist about the credit assessment. Most companies are checking for creditworthiness and rely on companies such as the Creditreform or insurance companies. However, interviewee I argues that these companies are only looking at numbers from the past. They are not up to date and therefore a company cannot fully rely on their information.

In summary, it can be said that criteria such as price, quality, feasibility and relationship are compared between the tenderer and that the one who stands out has the privilege to be selected as the preferred customer. He gets preferences like work, preferred requests, faster payments and innovation co-working possibilities.

- 8 Discussion: Practice vs. theory reveals an importance on technical feasibility and knowledge, price and quality, communication and collaboration and flexibility

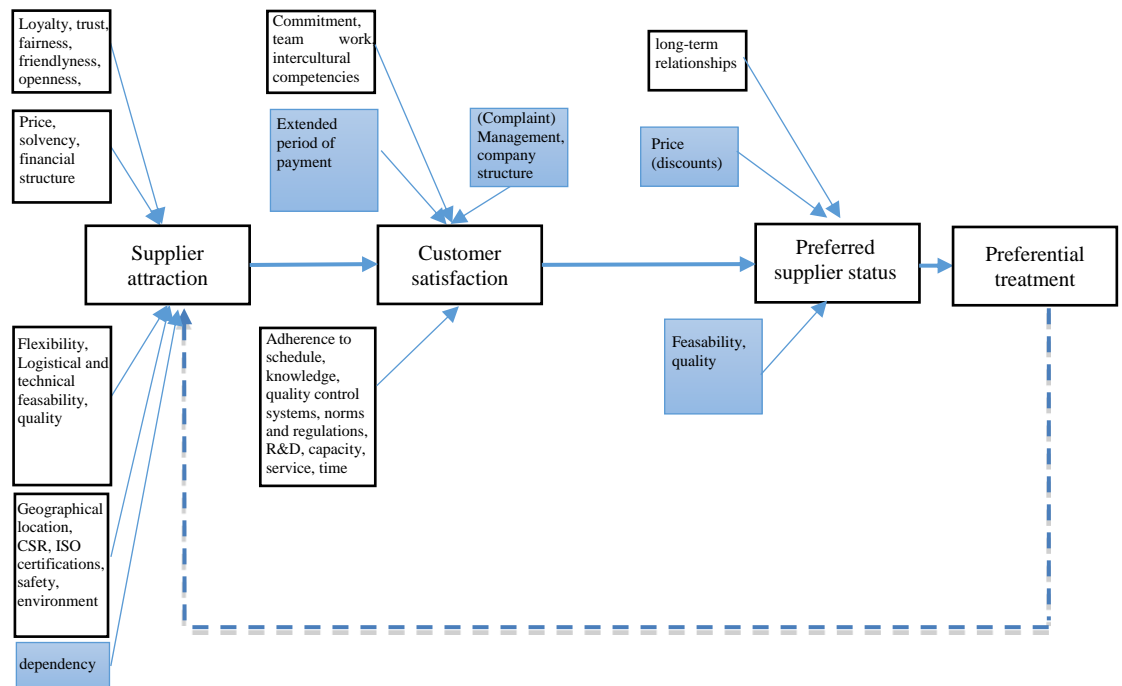
Based on our data it can be seen that attraction and satisfaction are important factors for a company to gain preferential treatment. Especially in the cruise ship industry, where suppliers have to fulfil high demands of customers to stay ahead of the fast changes affecting this industry. The project-based business is sophisticated and reveals

many important criteria for getting the orders. In literature just a few articles stress the idea of becoming the preferred supplier however the interviews revealed that preferential treatment and choosing a preferred supplier is common practice in this industry. For selecting the most important criteria and finding a common basis with literature the following table was created:

Interviewees categories	G	H	I	J	K
Relationship initiatives	Long-term relations, trust, teamwork	Friendliness, fairness, trustworthiness, loyalty	Satisfaction, openness, communication, loyalty, supportiveness, teamwork	Communication	Communication, trust, commitment
Financial & Economic factors	Price negotiations, discounts	Financials, solvency, price, complaint management	Extended period of payment, financial structure, company structure	price	Price
Market factors	Intercultural competencies, geographical location	Geographical location, safety and environment, CSR	Geographical location	-	Geographical location
Technological factors	Manufacturing capacity and capabilities, certifications	Flexibility, capacity, short lead times, co-working, knowledge, good job preparation, manufacturing capabilities, R&D, ISO certifications	Manufacturing capabilities of core components. Adherence to schedule, quality, knowledge, quality control system, consideration of specifications, norms and regulations	Quality, manufacturing capabilities, production capacity, adherence to schedule, benefits (drawings, documentations etc.), service	Quality, delivery time
Dependencies	Moderate dependence	Moderate dependence	interdependence	interdependence	Moderate dependency

Illustration 4: Categorization allocation of interview findings on customers¹⁷⁵

Same procedure as in the supplier section is done, which means that the finding from the analysis are displayed in the model below. After the allocation to the six categories, the criteria were allocated to supplier attraction, customer satisfaction and preferred supplier status, which leads to preferential treatment for the supplier.



Model 4: Revised model for preferential treatment of suppliers.

¹⁷⁵ Source: own illustration

What can be seen from the assignment to the attraction, satisfaction and preferred supplier status is that the four main criteria for gaining the preferred status is the relationship, the price, feasibility and quality. The customer satisfaction is mainly based on the process variables and satisfaction of the end product. Most criteria mentioned regard to the supplier attraction category. Noticeable is that some companies fear dependency and the consequences that come with the dependency. Thus, this criterion was assigned to the attraction category and not as literature displays to the preferred supplier variable. The main differences between literature and the case study are marked in blue and display that some criteria were added to the model. Price, feasibility and quality were seen as very important indicators for a preferential status whereas literature revealed only relationship factors such as trust and commitment as most important. Additional company structure and management behaviour were seen as important for satisfaction as well as payment behaviour for continuous relationships. This was not clearly stated in literature as satisfaction criteria. Apart from this difference, many similarities are related to the finding in literature which will be presented in the following.

The operative factors prevail, when it comes to the decision to select a supplier for the preferred supplier status. Flexibility, R&D, technology, service, delivery, quality and manufacturing capabilities could also be found in the interviews for attraction. Risk, safety and environment as well as financial factors were also mentioned as drivers but not as critical factors. Value creation and reputation were not mentioned but relationship and other relational factors such as loyalty, trust and fairness are often mentioned. This indicates that the findings from the interviews support the findings from literature and add additional variables to it. Due to the fact that the preferred supplier status is not much researched yet, the criteria for the preferred supplier status allocation are different to the findings from the interviews. In this research, the four criteria relationship, price (discounts), feasibility and quality are crucial factors whereas in literature emotions, trust, commitment and dependency were mentioned. It seems that in this research the purchaser decided on a more rational perspective with the focus on price and quality and not so much on emotions or relationship. It is more important, that a supplier is able to produce the product then to have a good relationship to the customer. But for long-term relationships the co-working and

characteristics of the supplier come to this. In summary, it can be stated that if a supplier has the right machinery to offer the technical feasibility and the knowledge, then the important criteria are quality and price which can be gained through modern technology and time saving production methods. Additionally, the supplier has to communicate and collaborate with the customer to optimize the required product. Due to the fact that the claimed products are very diverse because of the project-based business, flexibility is also important. This ensures further orders, more tolerant behaviour, may lead to preferred payments and the possibility to co-work on innovations.

9 Critical discussion on the criteria of preferred customer and preferred supplier status: compatibility of criteria is possible

9.1 No generalization possible: Differing attraction and satisfaction criteria; specific preferred status criteria

After the separate analysis of suppliers and customers' criteria on the topic, the following section compares the criteria and evaluates if the found criteria are actually possible to comply in one company.

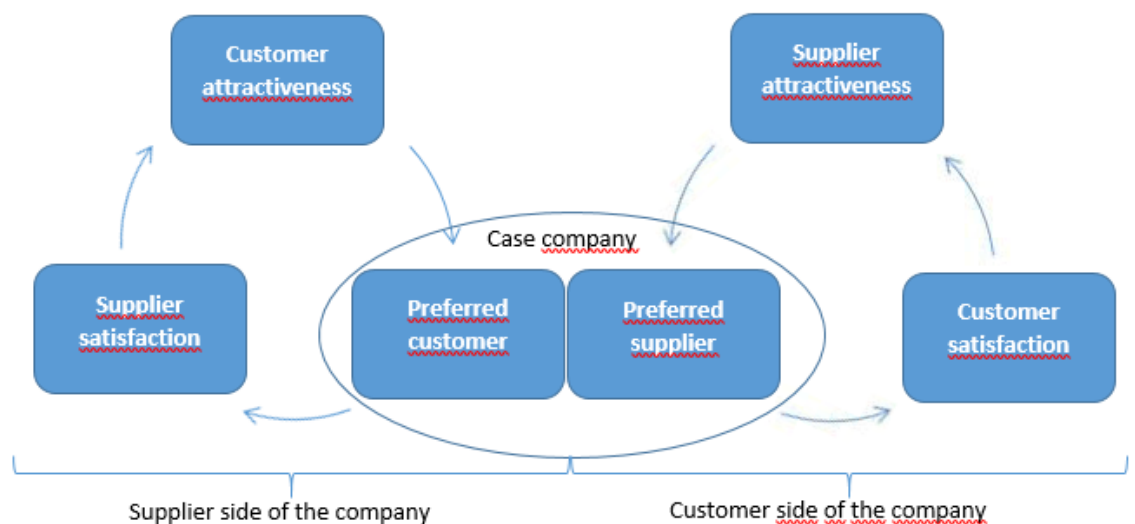


Illustration 5: Combined virtuous cycles of the preferential status in one company¹⁷⁶

This illustration shows on the left side the preferred customer cycle and on the right side the preferred supplier side. This illustration aims to clarify that the company is on

¹⁷⁶ Source: own illustration

the one hand the customer and on the other the supplier to reduce confusion of terms. It shows that the preferential status of being a preferred customer and a preferred supplier on the same time in one company needs to be evaluated. When the company is aiming for reaching the preferred customer status, then the left side of the supply chain is addressed and include the suppliers of the company. When the company is aiming for reaching the preferred supplier status, then the right side of the supply chain is addressed and include the customers of the company.

The paper by Hüttinger et al. (2012) states that the criteria for attraction, satisfaction and preferred customer are very similar¹⁷⁷, but the interview analysis shows that attraction and satisfaction criteria show small differences, and the preferred status criteria are more specific and should not be generalised with other criteria. Therefore, individual evaluation of attraction, satisfaction, gaining the status and actually receiving preferential treatment criteria should be done. The interviews showed that attraction criteria relate more to the actually getting into a relationship and first contact drivers, whereas satisfaction is seen during a relationship. Satisfaction drivers are mostly related to the operative excellence and the fulfilment of expectations. The satisfaction can thus be gained when the reality meets or surpasses the conscious or unconscious expectations of the person. The companies are sometimes not able to fulfil all requirements of the attraction and satisfaction factors; however, the preferred status criteria need to be met to gain the preferential treatment. Clearly the categories in which the criteria can be grouped are the same, but the preferred status criteria are more specific and selective depending on the company structure, industry or management expectations. What stands out when comparing model 3 and model 4 is that attraction and satisfaction criteria are very similar however the standout criteria for getting selected as the preferred customer are different. Whereas getting the preferred customer status is based on the good business relationship, gaining the preferred supplier status incorporate more than the relationship criteria. Here price, feasibility and quality are similarly important for the customers. The analysis shows that the other criteria are perquisites but relationship seems to be the key variable.

¹⁷⁷ See Hüttinger et al. (2012a), p.1203

However different exceptions exist. When relationship is not valued then priority is given to financial aspects.

9.2 Differences found in satisfaction, attraction and preferred customer stages

Some distinctive differences of the models could be found. The criteria time for example is important for supplier satisfaction whereas feasibility is found by customer satisfaction. Strong differences between supplier and customer satisfaction factors have been found. Customers are satisfied when the process and production works smoothly and the product has a high quality. Suppliers are satisfied when the critical variable of time is good managed. Sometimes fast production and high quality are hard to achieve. Even though both look at the technological factor as key satisfaction factors however they define them differently. Customers are more focused on the product itself. The focus on the question if the company is feasible to produce the product and has the capacity to do so. Suppliers are more interested in the production process and how to make the process faster and gain more profit out of it.

A second difference was found because the supplier prefers the relationship variable to the financial. This might be explained by the industry structure. The interviewed suppliers have many small customers and sell standard product. The market is saturated, the competition is known and the prices are fixed and can only be discussed with special discounts. The key difference between the customers is then the relationship between the seller and the purchaser. When looking on the second tie, then it can be seen that the orders are project based and not standard. Therefore, not many companies have the feasibility and knowledge to produce the specific demands from the customer. This limits the availability. Additional the requested competitors are mostly unknown and the prices as well. Therefore, price negotiations are more complicated. The company has to keep up to date with the machinery, company structure and time management to be as flexible as it is requested from the customer. The crucial point is to be cheaper as the competitors and to have higher quality. This task is one of the most difficult one. To add, some customers value the financial criteria over the relationship criteria. But when the customer values the relationship, then this criterion is crucial for staying in the relationship with the customer.

Thirdly, differences in the financial categories were also found. Customers think that suppliers are attractive when they offer a good price-quality ratio and are financially stable, whereas suppliers think that customers are attractive if they can gain profit, enough turnovers with them and get enough order volume. Suppliers also expect that customers accept price fluctuations and pay on time unlike customers that wish for an extended period of payment.

9.3 Partial approval of similarities between preferred supplier and preferred customer criteria

However, apart from these differences some similarities could also be found. The main assumption is that the criteria for the preferred customer status are the same then the criteria for the preferred supplier status can only be partly approved. The combination of being the preferred customer as well as the preferred supplier in the supply chain can be best reached, when the customer values the relationship criteria. It can be seen that some criteria are the same as assumed, such as relationship including loyalty, commitment, trust, and fairness. Additionally, checking the financials, price, solvency, management and complaint management behaviour as well as company structure can be found in both models. Flexibility, logistical and technical feasibility, quality, geographical location, adherence to schedule can be found on both sites.

The analysis shows that the attraction and satisfaction criteria are related to each other. Except from the price, which has to be negotiated to satisfy both parties, no other criteria contradict. This means that a company can be the preferred customer of a supplier and can be on the other hand the preferred supplier for its customer as well. Additionally, a connection between the criteria of suppliers and customers could be found. The interplay between customers and suppliers shows that a customer cannot gain the preferred status only when he is attractive, satisfies the supplier and get awarded, moreover the supplier has a certain power to refuse to offer further working when he is not satisfied with the processes. This can be seen especially with the criteria that were mentioned by all interviewed suppliers that on time payment after the job has highest priority. Thus, the probability that a supplier awards the customer with the preferred status is high, when the customer already awarded the supplier with this status. The popular saying of *I scratch your back, and you scratch my back* could

here be cited as a true sample for reciprocity. From this one can infer, that awarding a customer with the preferred status can also help and lead to get awarded as preferred supplier.

10 Managerial implication: Not everyone values relationship criteria

10.1 Financial, Economic and market factors: quality, closeness, price and source wisely

To gain the competitive advantage the preferred customer concept was evaluated. The benefit of this concept coincides with important criteria found in the theatre-building industry. Being the preferred customer positively influence pricing, quality, service, resources, time, innovations, protection against its competitors and knowledge transfer. During the search for a model that takes the criteria for customers and suppliers into account this study established a revised model of the preferred customer cycle incorporating newer insights on this topic. Theoretical reasoning indicates that certain criteria might precede and influence others, thereby proposing the revised model and a clearer distinction among relational, economic and operative factors. Within the revised model, at the first tier, (1) relationship initiatives, (2) financial & economic factors, (3) market factors and (4) technological factors were found to have a positive impact on attraction and satisfaction. In contrast to the assumption that (5) a dependency is a category by itself, the study indicates that dependencies have an influence but only as a factor for customers due to scarcity of suppliers. In the second tier the criteria found were assigned to these categories and then assigned to attractiveness, satisfaction and preferred customer status. This division was done to check for differences between attraction, satisfaction and the preferred customer status, which actually leads to preferential treatment.

The goal of this research was to find specific criteria in the supply chain of a stage building company that lead to a preferred status at customers and suppliers. Therefore, this paper replicates and extends existing research and provides a more fine-grained picture of the antecedences. The findings show that some criteria are the same but not all of them. However, the criteria do not contradict and thus it is possible to gain the preferred customer as well as the preferred supplier status.

The above described SET theory describes the rating of potential value gained from the exchange compared to the value of an alternative exchange.¹⁷⁸ The analysis showed that especially customers use this theory and compare suppliers on valuable criteria such as feasibility, quality, price or relationship. This indicates that the company has to study the competition on the market and has to look for ways to offer more value than the CLalt. Backhaus described that the supplier has the power to refuse to make an offer on certain criteria.¹⁷⁹ In this industry refusing to make an offer can also happen because of limited capacity or technical and logistical feasibility. Therefore, the case company should also evaluate if they want to make an offer or not, because the preparation of an offer is time consuming and can be expensive. The scheme by Backhaus (2014) could be a guiding scheme in the future to use¹⁸⁰.

10.2 Technological and dependency factors: feasibility, flexibility, innovations and independency

Being close to the customers and suppliers is an important criterion to reduce the delivery time. The handling of the delivery should therefore be managed with a subcontracting company, for example would a contract with a haulage firm be advisable. Flexibility is not only influenced by fast delivery times but also influenced by the right company structure, which should be flat to avoid unnecessary bureaucracy. Therefore, adaptiveness to quick changes and good management is needed. The customers' demands are unique and a co-working is desirable. Therefore, inner company communication and knowledge exchange in all departments is advisable.

For growing and finding new customers key focus should be on the feasibility. New machinery has to be used to handle the time variable to keep the quality high. Hereby, new principles like new communication platforms, the information-connecting network between the machinery and the staff, or up to date production procedures should be installed. Even though customers and suppliers do not value the new technology criteria, it is vital for internal procedures. New machinery and innovations are expensive and the metal industry suffers from an economic decrease at the

¹⁷⁸ See Homans (1958), p.602-604

¹⁷⁹ See Backhaus (2014), p.339-340

¹⁸⁰ See Backhaus (2014), p.340

moment, which can be seen on the prices on the decline for scrap metal¹⁸¹, which is by most companies seen as an industry indicator. The costs of the production are also high due to the individualism, which prevents any possibility for standard, batch or mass production. Having this in mind leads to the thought of cooperation with other companies, which have capacity and feasibilities that are missing yet to fulfil requirements by the customer. To establish a corresponding network can be of advantage. Even joining online networks like the one from DMG, a worldwide machinery producing company, where companies in Europe offer free capacities of DMG machinery could be an option. This could lead to more order volume and new customers as well.

Additionally, the interviews show that the company does not have to fear to get depended on a supplier and their suppliers are not depended on the company. The suppliers all state that they do not want to get depended and prefer many small companies over one big one because the risks are too high.

When applying the preferred customer concept to the case company then one can see that benefits of this concept are also crucial for the company. For example, innovation is important for the suppliers and customers of the cruise ship industry due to the rising demand and industry increase as a consequence thereof. The customers are more and more sophisticated and want to have frequently new experiences. With presenting new attractions, the touristic agencies are trying to offer a unique experience for the travellers and with this trying to gain higher market shares. This trend means for a stage building company to establish close relationships with their key suppliers to fulfil the fast-changing requirements with the high impact of innovation in this particular industry.

Being the preferred customer helps to fulfil the flexibility requirements of the customer to become the preferred supplier and thus gain more work and long-time relationship which in turn strengthens the relationship to its suppliers with more orders.

¹⁸¹ See Bundesverband Sekundärrohstoffe und Entsorgung e.V., (2015), p.21

10.3 Relationship factors: communication, knowledge transfer and cooperation

Remembering the SET and TCE theories, both theories can be found in the interview analysis. The TCE theory describes a positive effect of long customer relations is the reduction of cost and work.¹⁸² This can also be found in this research as well. However, some exceptions on the customer site were found. These exceptions do not value the relationship with its advantage because customers rather look for feasibility of producing the product or suppliers only focus on costs. The TCE theory also states that high level of trust is associated with low level of transaction costs. This can be verified because the analysis shows that customers and suppliers rather buy or produce for people they know, that have a good reputation and with whom they have a trustful relationship. Therefore, the selection of the supplier with whom the company wants to get into a closer relationship to receive advantage is important and has to be done thoughtfully.

The analysis on which supplier value the relationship and which only value the financial means should be done to prevent unnecessary costs for relationship initiations. Analysis shows that four of five suppliers value the relationship factor most. Additional, close relationships to the customers are also important for innovation because if that is given, customers are willing to spend money for research and development and aim at a collaborative attitude so that both companies develop. It is stated that relationships with key suppliers, with which it builds learning routines and ensures that the capability sets of both parties are aligned and remain useful for future joint projects.¹⁸³ But, drivers especially of costs while maintaining the relationships rather need to be considered beforehand.

Communication in the relationship is also an important factor. The customers prefer high information flow and high context communication, whereas supplier value nice communications higher. Thereby communication via new media such as LinkedIn or other new information or communication platform is not as important as a telephone talk on a regular basis. Both, customer and supplier prefer to talk on a frequent basis, which can even include personal topics as well. But not all customers like to have a close relationship. Therefore, an evaluation should be done beforehand between the

¹⁸² See Ellegaard et al. (2003), p.347

¹⁸³ See van Echtelt, Ferrie E. A. et al. (2008), p.1 (180)

customers which appreciate the relationship and the once that are only interested in the technical feasibility, price and quality.

Also, the shared knowledge can lead to cooperative innovations. Even when the company does not have the financial means to do research and development, the open-minded and truthful communication towards the customer can lead to R&D offers financed by them. But the stage building company has to have the knowledge and has to call attention to mistakes or malfunctioning of the individual ordered product during or before the production process. Therefore, it is advisable to have a good job preparation.

Lastly awarding the customer of interest with the preferred customer status can help to lead to get awarded as a preferred supplier in turn. The preferential treatment could make oneself more attractive and might satisfy the customer more than his expectations and alternatives. Therefore, when a customer is attractive, the preferential treatment should be used to gain the preferred status from the customer as well. However, all in all it is advisable for the company to keep this concept in mind and to try to gain the preferred status.

To make it more clear especially the following five managerial implication advices should be considered:

- ➔ If customers and suppliers value relationships high then show: truthfulness, openness (also for innovations), extensive knowledge/information transfer, regular talks, establish close long-term relationships and high context communication
- ➔ Be spontaneous, fast and flexible and adapt quickly to changes
- ➔ Know the competition on the market especially in terms of feasibility, quality, flexibility, price or relationship criteria
- ➔ Have an extended portfolio or use cooperation to guarantee feasibility.
- ➔ Use the preferred customer and supplier concepts and select and evaluate key suppliers/customers wisely to gain preferential treatment

11 Conclusion: Consistency of preferred statuses and analysis need

To conclude, the overall outcome of this study suggests that every customer as well as supplier needs to be evaluated separately. As individual the characters and position of

the personal are, as individual are the personal or companywide criteria for preferences. However, a guideline for the analysis can help categorising. With the following advices, the criteria can be grouped and according actions can be taken.

At first one has to look in which industry they are operating in. This research is based on a project-based industry and the result may vary to other industry types. Then it is important to analyse which products are key. Therefore, the Kraljic matrix can help to categorise. It is advisable for key products to gain the preferred customer and/or supplier status. This research indicates that both types of preferential treatment are possible to reach in a company and might also support each other. This means that gaining the preferred customer status at their supplier can help in the supply chain that gaining the preferred supplier status is more likely. Revised marketing actions support the nomination as a preferred supplier or customer. However, it is very diverse which actions have to be taken. The use of the virtuous cycle of preferred customer or supplier status can clearly help to get an idea on which criteria to focus on. These cycles make clear that at the attraction stage different criteria are important then at the satisfaction stage and the preferred customer status stage has additional or specific criteria. The interviews support the hypothesis of a cycle because they recheck for attraction after every order and evaluate if they stay in the preferred status. This means for the evaluation that one has to understand that a buyer-supplier relationship changes over time and will be evaluated continuously. Secondly the research shows that five categories can be differentiated: the relationship, the financial and economic including management, the market factors and the operative excellence. There is also the fact that companies value one of these criteria higher than the other. It can be seen that companies value the relationship high, the financial criteria are then moderate. Additionally, companies that value the financial aspects high, the relationship criteria are low. This trend can be seen but still need to be affirmed.

Even though the concept to find the drivers for the preferred customer and preferred supplier status can be used, some additional actions found in literature only refer to the purchasing process and need to be incorporated. Looking at the purchasing process it is important to analyse the scope and structure of a buying centre but also the roles and functions of persons involved, which can help the supplier to find the right action

to influence the customer for a purchase and to be aware that these people have different ideas on the criteria that a supplier needs to satisfy to be (re-) selected as a supplier. Being aware that a DMU exists of more than one person and can even involve cross-national members broaden the view of a supplier to understand that having a good relationship to one person is sometimes not enough. The successful vendor understands these and tailors its marketing activities accordingly.¹⁸⁴

The interview analysis also showed that all interviewed persons give preferential treatment for suppliers. They mainly stated that they offer the supplier (more) work, preferred procurement, co-working activities, innovations (R&D), preferential payments and a more tolerant behaviour. This shows that the willingness for selecting and giving preferential treatment and not only naming someone a preferred supplier is high. On the other side suppliers allocate customers with preferential treatment that is based on higher quality, on time delivery, more effort allocation, preferred production/delivery, service and acceptance of higher risks. Looking at these benefits of the preferential treatment, it is clear that the status is of attractiveness for all customers and suppliers. But too high trust and dependency have a negative effect. Therefore, the suppliers and customers are safeguarding themselves with information gaining on the financial situation, reputation and assurances as well as balancing the amount of work and receivables. Interdependence is preferred but scarcities of suppliers make customers partly dependent. They are trying to take care that they are not dependent and work on the principal to have many small than one big fish.

12 Limitations and further research

This research only regards to a project-based industry and is limited to business to business relations due to the industry structure. Analysis in a standardised industry may vary to these results. Additional, the interviewees were selected in the European market and the customers/and suppliers are connected to the case company and is limited in time and resources. Only five stage-building companies were willing to conduct the interview. Another study could have been conducted with more participation on the study. This study could be extended to the worldwide market to

¹⁸⁴ See Brennan et al. (2011), p.53

get a broader picture. The interviews were conducted by only one interviewee and were addressed on interviewees from different jobs in different companies. A future research could be conducted on purchases or sales man only to filter different perspectives between management and department perspectives. The study finds out that five categories need to be incorporated when analysing the criteria for the preferred status. However, an analysis on the dependencies between the five categories and if one companies values the one high and the others low could be conducted. This may lead to a valid conclusion on which criteria is most important, whereas this may vary in different industries. Therewith the relationship between preferring the relationship and/or the financial means should be studied. This study is a qualitative analysis and is limited to the single interviewed persons. It may be advisable to also do a quantitative analysis especially on how many customer/suppliers value which categories highest. It may also be interesting to analyse the preferred status based on the Kraljic matrix that has not been done yet. Another research could be the identification of misevaluation of criteria. This means that the criteria that are actually important may differ between the once that were thought to be important by the company. This gap could be researched as well. Lastly, the difference between the status and the actual gaining of the preference might differ, which is until now not clearly researched separately.

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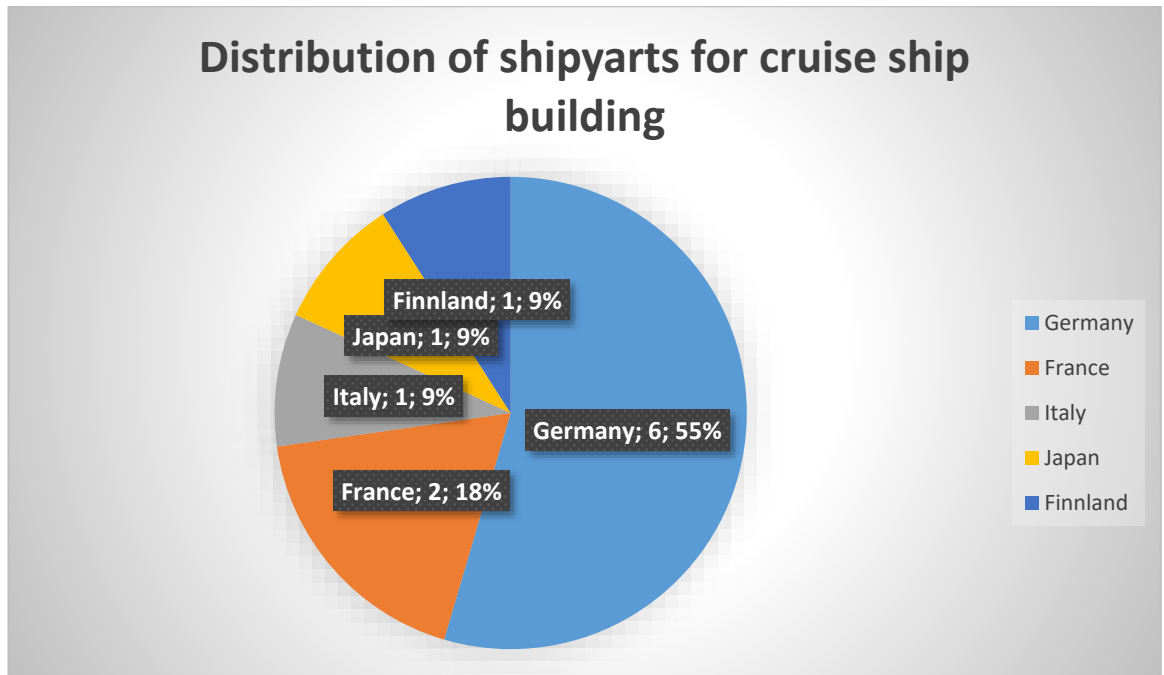
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14 Appendix

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A1 Graphic 1: Distribution of shipyards for cruise ship building by country¹⁸⁵

A2 Table 1: Criteria of the preferred customer cycle

Relationship factors	Attractiveness		Psycho-logical factors	Satisfaction		Relational quality	Preferred Status	
	Environmental changes	Floci (1982, p. 57)		Loyalty	Mauna (2003, p. 42)		Loyalty	Moody (1992, p. 55)
	(Ethical) Behaviour and emotions (support, fairness, trustworthiness, reliability and shared values trust commitment, Adaption, long-term Interactions/loyalty)	Ellegaard & Ritter (2007, p. 7), Hald et al., (2009, p. 964), Ramsay & Wagner (2009, p. 136), Cordon & Vollmann (2005, p. 27), Essig & Amann (2005, p. 559), Maunu (2003, p. 75), Ramsay (2005, p. 557), Christiansen & Maltz (2002, p. 180), Hald et al. (2009, p. 964)		Trust	Benton & Maloni (2005, p. 16), Nyaga, Whipple, & Lynch (2010, p. 109), Maunu (2003, p. 29, p. 96)		Trust	Blonska (2012, p. 6) , Moody (1992, p. 55)
				Commitment	Benton & Maloni (2005, p. 16), Nyaga et al. (2010, p. 109), Wong (2000, p. 429), Maunu (2003, p. 29), Ghijsen, Semeijn, & Ernstson (2010, p. 20)		Commitment	Moody (1992, p. 53), Blonska (2012, p. 6)
							Respect	Moody (1992, p. 55)
							Fairness	Moody (1992, p. 55)
	Supplier participation in internal process	Christiansen & Maltz (2002, p. 184)	Communication	Information sharing	Nyaga et al. (2010, p. 109), Essig &		Strong relationships	Blonska (2012, p. 31)

¹⁸⁵ Source: <http://kreuzfahrt-zeitung.de/werften/>, own illustration

	teams				Amann (2009, p. 109),	Instrument of interaction		
	Compatibility	Harris et al. (2003, p. 17)		Clarity of the customer firm's specification	Forker & Stannack (2000, p. 35)		Customer attractiveness	Moody (1992, p. 53)
	Familiarity	Harris et al. (2003, p. 17)		Constructive controversy	Wong (2000, p. 429)		Early supplier involvement	Moody (1992, p. 53)
	Similarity	Harris et al. (2003, p. 17), Hald et al. (2009, p. 965)		Mutual awareness	Maunu (2003, p. 95)		Involvement in product design	Moody (1992, p. 53)
	Tight personal relations	Ellegaard et al. (2003, p. 4), Ramsay & Wagner (2009, p. 131)		Feedback	Maunu (2003, p. 95)		Supplier development	Blonska (2012, p. 27)
	Possibilities for extensive face-to-face contact	Christiansen & Maltz (2002, p. 180), Ramsay & Wagner (2009, p. 131)		Cooperative culture	Wong (2000, p. 430)		Quality initiatives	Moody (1992, p. 53)
	Communication	Cordón & Vollmann (2008, p.		Openness	Maunu (2003, p. 95),		Schedule sharing	Moody (1992, p. 53)
							Response to cost reduction ideas	Moody (1992, p. 53)
							Communication and feedback	Moody (1992, p. 53)
							Action-oriented crisis management	Moody (1992, p. 53)
							Simple and coordinated business processes	Moody (1992, p. 53)
							Predictable decision process	Bew (2007, p. 3)
<i>Financial and Economic factors</i>	Margins	Fiocca (1982, p. 57), Ramsay & Wagner, (2009, p. 136)	Strategies	Profitability	Maunu (2003, p. 95)	Economic factor	Profitability	Moody (1992, p. 55)
	Price/volume	Ellegaard & Ritter (2007, p. 5), Hald et al., 2009, p. 968), Ramsay & Wagner (2009, . 131-136)		Indirect influence strategies	Ghijsen et al. (2010, p. 22)		High purchase volumes	Moody (1992, p. 53), Steinle & Schiele (2008, p. 6)
	Cost elements	Ramsay & Wagner (2009, . 134-136), Fiocca (1982, p. 55), Shapiro, Rangan, Moriarty, & Ross (1987, p. 102), Russill, (1997, p. 108)		Direct influence strategies	Ghijsen et al. (2010, p. 22)		Business opportunities	
	Value creation	Hald et al. (2009, p. 936)					Total cost as a basis for purchasing price	Moody (1992, p. 53)
	Leveraging factors (economies of scale, experiences, etc.)	Fiocca (1982, p. 57)						
	Negotiating pressure	Ramsay & Wagner (2009, p. 132)				Low cost to serve the customer (overhead cost, delivery cost, service requirements , customization	Moody (1992, p. 55)	
	Barrier to enter or exit	Fiocca (1982, p. 57)				Strategic compatibility	Strategic fit	Bew (2007, p. 3)
							Shared future	Blonska (2012, p. 31)

							Geographical proximity	Steinle & Schiele (2008, p. 5)
							Cluster membership	Steinle & Schiele (2008, p. 7)
Technological factors	Commitment to innovation, customer or supplier led innovation support	Ellegaard & Ritter (2007, p. 5), Ramsay & Wagner (2009, p. 136), Christiansen & Maltz, (2002, p. 180), Fiocca (1982, p. 55)	Practices	Innovation	Maunu (2003, p. 43)			
	Complexity	Fiocca (1982, p. 57)		Capital specific supplier development	Ghijsen et al. (2010, p. 22)			
	Differentiation	Fiocca (1982, p. 57)		Human specific supplier development	Ghijsen et al. (2010, p. 22)			
	Depth and type of skills (patents and copyrights)	Fiocca (1982, p. 57)		Early supplier involvement	Maunu (2003, p. 93-94)			
	Knowledge transfer	Christiansen & Maltz (2002, p. 179), Harris, O'Malley, & Patterson (2003, p. 12), Hald et al. (2009, p. 963)			Essig & Amann (2009, p. 107-108)			
	Customer's ability to cope with changes	Fiocca (1982, p. 57)		Dedicated involvements	Nyaga et al. (2010, p. 109)			
	Standardisation of products	Christiansen & Maltz (2002, p. 181)		Reducing the number of suppliers	Maunu (2003, p. 43)			
	Degree and types of integration	Fiocca (1982, p. 57)		Forecasting/planning	Maunu (2003, p. 91)			
	Joint manufacturing process development and joint logistics development	Hüttinger et al. (2012, p. 1196), Ramsay & Wagner (2009, p. 136)		Promises	Nyaga et al. (2010, p. 109)			
	Joint teams	Cordón & Vollmann (2008, p. 26), Rozemeijer & Van Weele (2002, p. 16)		Joint relationship efforts	Nyaga et al. (2010, p. 109)			
	Early R&D involvement and joint improvement	Hüttinger et al. (2012, p. 1196), Ramsay & Wagner (2009, p. 136), Cordón & Vollmann, (2008, p. 26), Rozemeijer & Van Weele, (2002, p. 16), Essig & Amann (2005, p. 562), Maunu (2003, p. 93)		Recommendations	Ghijsen et al. (2010, p. 22)			
	Product development	Ramsay & Wagner (2009, p. 136), Cordón & Vollmann (2008, p. 26)		Conflict management	Essig & Amann (2009, p. 111)			
	Supplier training and field visits	Christiansen & Maltz (2002, p. 189), Ramsay & Wagner (2009, p. 136)		Buyer and exchange specific properties				
				Intensity of cooperation	Essig & Amann (2009, p. 111)			
				Delivery process	Essig & Amann (2009, p. 111)			
				Purchaser initiative (Reverse marketing)	Maunu (2003, p. 43)			
				Flexibility	Maunu (2003, p. 43)			
				Order process	Essig & Amann (2009, p. 111)			

Market/Competition factors	Size	Fiocca (1982, p. 57)						
	Market share	Fiocca (1982, p. 59)						
	Market influence	Fiocca (1982, p. 57)						
	Growth rate	Fiocca, (1982, p. 57), Hald, Córdón, & Vollmann (2009, p.963), Ramsay & Wagner (2009, p. 132)						
	Influence on the market	Fiocca (1982, p. 57)						
	Access to new customers/markets/technology	Christiansen & Maltz (2002, p. 182)						
		Hald et al. (2009, p. 964), Ramsay & Wagner (2009, p. 136)						
	Degree of concentration	Fiocca (1982, p. 57)						
	Types of competitors	Fiocca (1982, p. 57)						
	Degree of integration	Fiocca (1982, p. 57)						
	Corporate image, Reputation	Ramsay & Wagner (2009, p. 136), Russill, (1997, p. 108), Fiocca (1982, p. 54), Campbell & Cunningham (1983, p. 374), Ramsay (2005, p. 556)						
	Customer attractiveness	Ramsay & Wagner (2009, p. 136)						
	Demand stability	Ramsay & Wagner (2009, p. 136)						
	Risk sharing	Christiansen & Maltz (2002, p. 189), Ramsay & Wagner (2009, p. 136)						
						Power relations	Non mediated power	Benton & Maloni (2005, p. 16), p.16)
							Coercive power	Benton & Maloni (2005, p. 16), Ghijssen et al. (2010, p. 19, p. 22),
							Reward mediated	Benton & Maloni (2005, p. 16)

A3 Table 2: Grouping of the criteria of the preferred customer cycle

	Attractiveness		Satisfaction		Preferred Status	
<i>Relationship factors</i>	Environmental changes	Fiocca (1982, p. 57)	Loyalty	Maunu (2003, p. 42)	Loyalty	Moody (1992, p. 55)
	(Ethical) Behaviour and emotions (support, fairness, trustworthiness, reliability and shared values trust commitment, Adaption, long-term Interactions/loyalty)	Ellegaard & Ritter (2007, p. 7), Hald et al., (2009, p. 964), Ramsay & Wagner (2009, p. 136), Cordon & Vollmann (2005, p. 27), Essig & Amann (2005, p. 559), Maunu (2003, p. 75), Ramsay (2005, p. 557), Christiansen & Maltz (2002, p. 180), Hald et al. (2009, p.	Trust	Benton & Maloni (2005, p. 16), Nyaga, Whipple, & Lynch (2010, p. 109), Maunu (2003, p. 29, p. 96)	Trust	Blonska (2012, p. 6) , Moody (1992, p. 55)

		964)				
			Commitment	Benton & Maloni (2005, p. 16), Nyaga et al. (2010, p. 109), Wong (2000, p. 429), Maunu (2003, p. 29), Ghijsen, Semeijn, & Ernstson (2010, p. 20)	Commitment	Moody (1992, p. 53), Blonska (2012, p. 6)
					Respect	Moody (1992, p. 55)
					Fairness	Moody (1992, p. 55)
	Supplier participation In internal process teams	Christiansen & Maltz (2002, p. 184)	Information sharing	Nyaga et al. (2010, p. 109), Essig & Amann (2009, p. 109),	Strong relationships	Blonska (2012, p. 31)
	Compatibility	Harris et al. (2003, p. 17)	Clarity of the customer firm's specification	Forker & Stannack (2000, p. 35)	Customer attractiveness	Moody (1992, p. 53)
	Familiarity	Harris et al. (2003, p. 17)	Constructive controversy	Wong (2000, p. 429)	Early supplier involvement	Moody (1992, p. 53)
	Similarity	Harris et al. (2003, p. 17), Hald et al. (2009, p. 965)	Mutual awareness	Maunu (2003, p. 95)	Involvement in product design	Moody (1992, p. 53)
	Tight personal relations	Ellegaard et al. (2003, p. 4), Ramsay & Wagner (2009, p. 131)	Feedback	Maunu (2003, p. 95)	Supplier development	Blonska (2012, p. 27)
	Possibilities for extensive face-to-face contact	Christiansen & Maltz (2002, p. 180), Ramsay & Wagner (2009, p. 131)	Cooperative culture	Wong (2000, p. 430)	Quality initiatives	Moody (1992, p. 53)
	Communication	Ramsay & Wagner (2009, .. 132-136), Ford, Gadde, Hajabssib, & Snehota (2003, p. 160), Russill (1997, p. 120), Ramsay (2005, p. 557), Rozemeijer & Van Weele (2002, p. 16), Christiansen & Maltz (2002, p. 184), Fiocca, (1982, p. 54), Campbell & Cunningham (1983, p. 369), Ellegaard et al. (2003, p. 347), Cordón & Vollmann (2008, p. 27)	Openness	Maunu (2003, p. 95),	Schedule sharing	Moody (1992, p. 53)
					Response to cost reduction ideas	Moody (1992, p. 53)
					Communication and feedback	Moody (1992, p. 53)
					Action-oriented crisis management	Moody (1992, p. 53)
					Simple and coordinated business processes	Moody (1992, p. 53)
					Predictable decision process	Bew (2007, p. 3)
Financial and Economic factors	Margins	Fiocca (1982, p. 57), Ramsay & Wagner, (2009, p. 136)	Profitability	Maunu (2003, p. 95)	Profitability	Moody (1992, p. 55)
	Price/volume	Ellegaard & Ritter (2007, p. 5), Hald et al., (2009, p. 968), Ramsay & Wagner (2009, .. 131-136)	Indirect influence strategies	Ghijsen et al. (2010, p. 22)	High purchase volumes	Moody (1992, p. 53), Steinle & Schiele (2008, p. 6)

	Cost elements	Ramsay & Wagner (2009, .. 134-136), Fiocca (1982, p. 55), Shapiro, Rangan, Moriarty, & Ross (1987, p. 102), Russill, (1997, p. 108)	Direct influence strategies	Ghijsen et al. (2010, p. 22)	Business opportunities	
	Value creation	Hald et al. (2009, p. 936)			Total cost as a basis for purchasing price	Moody (1992, p. 53)
	Leveraging factors (economies of scale, experiences, etc.)	Fiocca (1982, p. 57)				
	Negotiating pressure	Ramsay & Wagner (2009, p. 132)			Low cost to serve the customer (overhead cost, delivery cost, service requirements, customization)	Moody (1992, p. 55)
	Barrier to enter or exit	Fiocca (1982, p. 57)			Strategic fit	Bew (2007, p. 3)
					Shared future	Blonska (2012, p. 31)
					Geographical proximity	Steinle & Schiele (2008, p. 5)
					Cluster membership	Steinle & Schiele (2008, p. 7)
	Commitment to innovation, customer or supplier led innovation support	Ellegaard & Ritter (2007, p. 5), Ramsay & Wagner (2009, p. 136), Christiansen & Maltz, (2002, p. 180), Fiocca (1982, p. 55)	Innovation	Maunu (2003, p. 43)		
	Complexity	Fiocca (1982, p. 57)	Capital specific supplier development	Ghijsen et al. (2010, p. 22)		
	Differentiation	Fiocca (1982, p. 57)	Human specific supplier development	Ghijsen et al. (2010, p. 22)		
	Depth and type of skills (patents and copyrights)	Fiocca (1982, p. 57)	Early supplier involvement	Maunu (2003, .. 93-94)		
	Knowledge transfer	Christiansen & Maltz (2002, p. 179), Harris, O'Malley, & Patterson (2003, p. 12), Hald et al. (2009, p. 963)		Essig & Amann (2009, .. 107-108)		
Technological factors	Customer's ability to cope with changes	Fiocca (1982, p. 57)	Dedicated involvements	Nyaga et al. (2010, p. 109)		
	Standardisation of products	Christiansen & Maltz (2002, p. 181)	Reducing the number of suppliers	Maunu (2003, p. 43)		
	Degree and types of integration	Fiocca (1982, p. 57)	Forecasting/planning	Maunu (2003, p. 91)		
	Joint manufacturing process development and joint logistics development	Hüttinger et al. (2012, p. 1196), Ramsay & Wagner (2009, p. 136)	Promises	Nyaga et al. (2010, p. 109)		
	Joint teams	Cordón & Vollmann (2008, p. 26), Rozemeijer & Van Weele (2002, p. 16)	Joint relationship efforts	Nyaga et al. (2010, p. 109)		
	Early R&D involvement and joint improvement	Hüttinger et al. (2012, p. 1196), Ramsay & Wagner (2009, p. 136), Cordón & Vollmann, (2008, p. 26), Rozemeijer & Van Weele, (2002, p. 16), Essig & Amann (2005, p. 562), Maunu (2003, p. 93)	Recommendations	Ghijsen et al. (2010, p. 22)		
	Product development	Ramsay & Wagner (2009, p. 136), Cordón & Vollmann (2008, p. 26)	Conflict management	Essig & Amann (2009, p. 111)		
	Supplier training and field visits	Christiansen & Maltz (2002, p. 189), Ramsay & Wagner (2009, p. 136)	Buyer and exchange specific properties			

<i>Market/Competiti on factors</i>			Intensity of cooperation	Essig & Amann (2009, p. 111)		
			Delivery process	Essig & Amann (2009, p. 111)		
			Purchaser initiative (Reverse marketing)	Maunu (2003, p. 43)		
			Flexibility	Maunu (2003, p. 43)		
			Order process	Essig & Amann (2009, p. 111)		
	Size	Fiocca (1982, p. 57)				
	Market share	Fiocca (1982, p. 59)				
	Market influence	Fiocca (1982, p. 57)				
	Growth rate	Fiocca, (1982, p. 57), Hald, Córdón, & Vollmann (2009, p.963), Ramsay & Wagner (2009, p. 132)				
	Influence on the market	Fiocca (1982, p. 57)				
	Access to new customers/markets/technology	Christiansen & Maltz (2002, p. 182)				
		Hald et al. (2009, p. 964), Ramsay & Wagner (2009, p. 136)				
	Degree of concentration	Fiocca (1982, p. 57)				
	Types of competitors	Fiocca (1982, p. 57)				
	Degree of integration	Fiocca (1982, p. 57)				
	Corporate image, Reputation	Ramsay & Wagner (2009, p. 136), Russill, (1997, p. 108), Fiocca (1982, p. 54), Campbell & Cunningham (1983, p. 374), Ramsay (2005, p. 556)				
	Customer attractiveness	Ramsay & Wagner (2009, p. 136)				
	Demand stability	Ramsay & Wagner (2009, p. 136)				
	Risk sharing	Christiansen & Maltz (2002, p. 189), Ramsay & Wagner (2009, p. 136)				
<i>Dependencies</i>					Non mediated power	Benton & Maloni (2005, p. 16), p.16)
					Coercive power	Benton & Maloni (2005, p. 16), Ghijssen et al. (2010, p. 19, p. 22),
					Reward mediated	Benton & Maloni (2005, p. 16)

A4 Table 3: Summary of evaluating criteria for supplier selection (see Ho. Appendix 14)

Criteria	Attributes	No. of articles
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Quality	Acceptable parts per million, compliance with quality, continuous improvement program, six sigma program, total quality management program, corrective and preventive action system, documentation and self-audit, inspection and control, ISO quality system installed, low defect rate, net rejections, non-conforming material control system, number of bills received from the supplier without errors, number of quality staff, percentage of products or items not rejected upon inspection, perfect rate, process control capability, quality assurance production, quality award, quality certification, quality data and reporting, quality manual, quality planning, quality management practice and system, reliability of quality, rejection in incoming quality, rejection in production line, rejection from customers, service quality credence, service quality experience, shipment quality, training	68
Delivery	Appropriateness of the delivery date, compliance with due date, degree of closeness, delivery and location, delivery compliance, delivery conditions, delivery delays, delivery efficiency, delivery lead time, delivery mistakes, delivery performance, delivery reliability, distance, geographical condition, geographical location, net late deliveries, number of shipments to arrive on time, order-to-delivery lead time, on-time delivery, percentage of orders shipped to buyer on or before original promised ship date, percentage of orders shipped on or before final ship date, percentage of orders delivered by the due date, sample delivery time, supplier proximity, waiting time	64

Price/Cost	Appropriateness of the materials price to the market price, competitiveness cost, cost reduction capability, cost reduction effort, cost reduction performance, direct cost, fluctuation on costs, indirect-coordination cost, logistics cost, manufacturing cost, unit cost, ordering cost, parts price, production price, total cost of shipment	63
Manufacturing capability		39
Service		35
Management		25
Technology		25
Research and Development		24
Finance		23
Flexibility		18
Reputation		15
Relationship		3
Risk		3
Safety and environment		3

A5 Table 4: Additional criteria of the preferred supplier status

Value creation	Ellegard and Ritter (2007)
Profits/Volume	Ellegard and Ritter (2007)
Emotions/feelings	Ellegard and Ritter (2007)
Trust	Ellegard and Ritter (2007), Morgan and Hunt (1994)
Commitment	Ellegard and Ritter (2007), Morgan and Hunt (1994)
Intercultural competencies	Afifah and Asnan (2015)
Interactions	Ellegard and Ritter (2007), Afifah & Asnan (2015)
Corporate Social Responsibility	Afifah and Asnan (2015)
Service experience	Afifah and Asnan (2015)

Service offering	Pan and Nguyen (2015)
Just in Time	Weber (1991), Benton and Krajewski (1990)
Geographical location	Weber (1991), Benton and Krajewski (1990)
Dependency	Schiele and Vos (2015), Schiele et al. (2008)
Delivery time	Weber (1991), Benton and Krajewski (1990)
Short-lead time	Weber (1991), Benton and Krajewski (1990)
Production time	Weber (1991), Benton and Krajewski (1990)
Market access	Afifah and Asnan (2015)
Relationship	Ellegard and Ritter (2007), Afifah and Asnan (2015)

A6 Table 5: Grouping of criteria of the preferred supplier cycle

Category	Attraction	Customer satisfaction	Preferred supplier status
Relationship factors	Reputation, relationship, value creation, emotions, interactions	Intercultural competences, relationship	Trust, commitment
Financial and economic factors	Price/cost, Management, Finance, Profit/Volume		
Technological factors	Flexibility, R&D, Technology, Service, Delivery, Quality, Manufacturing capabilities,	Delivery time, production time, short lead time, Just in Time, service offering	
Market/Competition factors	Risk, market access, Safety and environment	Geographical location, Corporate social responsibility	
Dependencies			dependency

A7 Table 6 Interview analysis A to F

Interview	Line No.	Paraphrase	Generalisation	Reduktion
A	2-3	Von mir werden Kunden bevorzugt, mit denen ich gut	Kunden werden bevorzugt, mit denen eine gute	Zur Bevorzugung gehört eine gute persönliche Beziehung, die

		klarkomme, wo eine gute Basis besteht, gute Kommunikation und vor allen Dingen auch eine gute Verhandlungsbasis.	persönliche Beziehung besteht.	unterstützt wird durch: <ul style="list-style-type: none"> - Kommunikation - gute Verhandlungsbasis - gutes Geschäftsverhältnis
A	10	Gute Eigenschaften mitbringen. Chemie muss stimmen.	Gute Eigenschaften und eine stimmende Chemie bedeuten eine gute Basis.	<ul style="list-style-type: none"> - gute Eigenschaften - stimmende Chemie - Loyalität - Vertrauenswürdigkeit - Entgegenkommen - Zuverlässigkeit - Treue
A	17	Wenn man hinter dem Unternehmen steht ist das sehr von Vorteil.	Bevorzugung erreicht man durch Loyalität.	
A	21	Dass er kommunikativ sein soll, sehr vertrauenswürdig, entgegenkommend und zuverlässig.	Wert wird auf Kommunikation, Vertrauenswürdigkeit, Entgegenkommen und Zuverlässigkeit gelegt.	
B	8	Also das sind dann schon bevorzugte Kunden (...) die einem auch treu zur Seite stehen und umgekehrt genau das Gleiche.	Treue Kunden werden bevorzugt.	
A	5	Bieten wir auch eine hervorragende Qualität, pünktliche Lieferung und zudem auch noch erhöhten Einsatz.	Bei bevorzugter Behandlung wird gute Qualität, pünktliche Lieferung und erhöhter Einsatz geboten.	Bevorzugte Behandlung beinhaltet: <ul style="list-style-type: none"> - Qualität - Pünktlichkeit - Lieferung - erhöhter Einsatz
A	6	Erhöhten Einsatz für Aufträge auf Zuruf.	Bevorzugte Behandlung bedeutet erhöhter Einsatz, besonders bei Aufträgen auf	

			Zuruf.	
A	11-12	Natürlich müssen auch die Aufträge stimmen, so dass die Aufträge sich auch für uns lohnen.	Aufträge müssen stimmen und sich lohnen.	<p>Eine gute Geschäftsbeziehung baut sich auf durch:</p> <ul style="list-style-type: none"> - stimmende Aufträge - lohnende Aufträge - gutes Miteinander klar kommen - pünktliche Bezahlung - schnelles Reklamationsmanagement - gute Kommunikation - vorheriges Klären von Regeln - Pflege der Beziehungen - guten Ruf - die Art der Marktstellung - keine negative Mundpropaganda - Flexibilität - Eingehen auf besondere Umstände - richtiges Verhalten in besonderen Situationen - die Art des Kaufverhaltens - das Verhalten bei Preisschwankungen - ein gutes Verhältnis - regelmäßiges Kaufen
A	14-15	Wenn die Aufträge gut sind, man gut miteinander klarkommt, dann kann man auch eine gute Geschäftsbeziehung aufbauen.	Eine Geschäftsbeziehung besteht aus sich lohnenden Aufträgen und einer guten Beziehung.	
A	26	Die pünktliche Bezahlung der Rechnungen. Ich denke, das wünscht sich ja auch jeder.	Pünktliche Bezahlung ist wünschenswert.	
A	27-29	Wenn es mal Reklamationen oder wenn ein Geldabzug stattfinden sollte, aufgrund von irgendwelchen Mängeln, dass diese im Vorfeld geklärt werden und entsprechende Lösungen gefunden werden und dass alles vor Rechnungskürzungen.	Schnelle Lösungsfindung bei Reklamationen.	
A	30-31	Dies ist mir sehr wichtig, aber auch - wie gesagt - eben auch die pünktliche Bezahlung und, dass Regelungen vorher auch abgesprochen werden. Daher ist mir die Kommunikation wichtig, um zu vermeiden, dass ungeklärte Sachen auflaufen und hinterher Beschwerden da sind	Wichtig ist eine pünktliche Bezahlung und Kommunikation, besonders das Setzen von Regeln, um Streit zu vermeiden.	

		und daraus ein Streit entsteht.		
A	36	Wenn ein Kunde große Aufträge vergibt, (...), dass man eine gute Geschäftsbeziehung aufrechterhält und führt.	Für Großaufträge sollte man eine gute Geschäftsbeziehung pflegen.	
A	45	Wir hören uns am Anfang erstmal um, wobei der gute Ruf eine Rolle spielt.	Guter Ruf unterstützt die Akquisition von Neukunden.	
A	46	Wenn man den Kunden neu kennen lernt schauen wir uns erstmal um, wie seine Marktstellung ist.	Recherche der Marktstellung bei Neukunden.	
A	49	Meistens erfahren wir dies (Informationen) durch Mundpropaganda.	Mundpropaganda überträgt Informationen zum Unternehmen.	
A	66	Dann schauen wir auf die Erfahrung, ob der Kunde bereit ist auf Dinge und Sachen einzugehen, die Flexibilität und das Verhalten des Kunden in bestimmten Situationen.	Der Kunde sollte flexibel sein, auf Dinge und Sachen eingehen und in bestimmten Situationen sich richtig Verhalten.	
B	2	Es hat natürlich auch damit zu tun, wie ist deren Kaufverhalten, verhandeln.	Kaufverhalten und Verhandlungen beeinflussen Bevorzugung.	
B	3	Bevorzugte Kunden sind vor allem die, die auch Preisschwankungen mitmachen.	Kunden werden bevorzugt, wenn sie Preisschwankungen mitmachen.	
B	6-7	Also das sind dann schon bevorzugte Kunden, die regelmäßig kaufen und mit denen man	Bevorzugte Kunden haben ein gutes Verhältnis und regelmäßige	

		ein gutes Verhältnis hat.	Einkäufe.	
A	37-38	Sicherer ist es, (...), dass man mehrere Standbeine hat.	Mehrere Standbeine verringern das Risiko.	Risiken in der Geschäftsbeziehung werden minimiert durch: - mehrere Standbeine - viele kleine Aufträge - Branchenabhängigkeit
A	38-39	Viele kleine Aufträge können einen über den Verlust eines großen Auftrages hinweghelfen, daher ist es auch wichtig zu den kleinen Aufträgen/Kunden natürlich auch Kontakt zu halten, aufzubauen und da auch das zweite Standbein zu haben.	Mehrere kleine Aufträge als zweites Standbein minimieren den Verlust von Großaufträgen.	
A	51-52	Wir haben mehrere Standbeine, denn dies ist das einzige Effektive, um das Risiko in unserer Branche zu minimieren.	In dieser Branche minimiert nur mehrere Standbeine zu haben das Risiko.	
A	54	Zeit ist ein entscheidender Faktor	Zeit ist entscheidend.	
A	57	Dann sind alle Facetten des Managements gefragt, um den Kunden zufrieden zu stellen.	Managemententscheidungen beeinflussen die Zufriedenheit des Kunden.	Das Zufriedenstellen des Kunden wird durch das operative Geschäft beeinflusst, welches besonders bewertet wird durch: - Zeit - Management - neue Technologien zur Zeitreduktion eingesetzt werden - schnelle Reaktion - Flexibilität - Spontanität
A	59	Dabei helfen auch neue Technologien, um bestimmte Prozesse schneller und effektiver zu gestalten.	Neue Technologien helfen dabei, Prozesse zu beschleunigen.	
A	61	Es können so viele Wenn- und Aber-Faktoren mit einspielen, sodass wir aktuell auf eine Situation reagieren müssen, damit wir Profit machen können	Um den Kunden zufrieden zu stellen und Profit zu machen, ist schnelle Reaktion gefragt.	

Interview	Line No.	Paraphrase	Generalisation	Reduktion
H	23	Ich denke schon, dass	Loyalität ist	Zur Bevorzugung gehört

		und die Kunden zufriedenstellen.		
A	72	Wir müssen sehr flexibel und spontan sein, um den Anforderungen gerecht zu werden und da ist Zeit ein kritischer Faktor.	Flexibilität und Spontanität beeinflussen den kritischen Faktor Zeit.	
A	65	Wir überprüfen die finanziellen Aspekte, wie viel Gewinn der Kunde uns bringt	Finanzielle Aspekte werden überprüft.	Der Kunde ist für den Lieferanten weiterhin attraktiv, wenn folgende Faktoren stimmen:
A	68-69	Es ist natürlich schön, wenn dies der große Kunde ist mit hohem Auftragsvolumen, welches uns Profit bringt.	Hohes Auftragsvolumen und Profit werden vom Lieferanten bevorzugt.	<ul style="list-style-type: none"> - Gewinn - Profit - hohes Auftragsvolumen
A	71	Also ich finde den Aspekt des Standortes noch wichtig.	Standort ist wichtig.	Zusätzliche Faktoren beeinflussen die Geschäftsbeziehung: <ul style="list-style-type: none"> - Standort

A8 Table 7 Interview analysis G to K

		Loyalität etc. wichtig ist.	wichtig.	eine gute persönliche Beziehung, die unterstützt wird durch: <ul style="list-style-type: none"> - Loyalität - freundschaftliches Verhältnis - offenes Gespräch - keine fadenscheinigen Ausreden - offene Kommunikation - Zuverlässigkeit
H	24-25	Ich muss mit meinen Lieferanten schon fast ein freundschaftliches Verhältnis haben, weil nur so kommen wir angemessen klar.	Ein angemessenes Verhältnis zum Lieferanten sollte freundschaftlich sein.	
I	15-16	Erstmal Loyalität, zweitens ein offenes Gespräch, drittens keine fadenscheinigen Ausreden, sondern immer sagen, was gerade Fakt ist.	Loyalität, ein offenes Gespräch und keine fadenscheinigen Ausreden, sondern lieber Klartext reden.	
I	19-20	Mit Kernlieferanten oder guter Lieferant, mit dem muss man über Probleme sprechen können und rechtzeitig ausräumen.	Mit Lieferanten muss man über Probleme sprechen können und rechtzeitig ausräumen.	
K	4-6	Wenn du merkst, du kommst mit Menschen gut klar und die Chemie stimmt auch (...) behandelst du manche Lieferanten bevorzugt.	Wenn man mit Menschen gut klarkommt und die Chemie stimmt, bevorzugt man diese Lieferanten.	
K	9	Er sollte zuverlässig sein.	Er sollte zuverlässig sein.	
K	10-11	Er sollte menschlich in Ordnung sein.	Der Lieferant sollte menschlich in Ordnung sein.	
K	14-16	Also, wenn der Geschäftspartner sich für meine Probleme interessiert. Nicht immer nur auf sich selbst schauen, wie er am besten dasteht, sondern auch mal zurückstecken.	Der Geschäftspartner sollte nicht egoistisch sein und sich für die Probleme des Kunden interessieren.	
K	35	Also Kommunikation ist eine tolle Sache, weil man dann weiß, dass es läuft und meine Aufträge nicht wochenlang unberührt da rumliegen.	Kommunikation hilft dabei, den Kunden über den Fortschritt der Arbeit zu informieren.	
G	38-39	Wenn die Betriebe im Pool aus terminlichen Gründen nicht konnten, hat man sich auf dem	Erst wenn der Betrieb aus terminlichen Gründen ablehnt	Bevorzugte Behandlung beinhaltet: <ul style="list-style-type: none"> - Arbeit - gemeinschaftliches

		Markt umgeschaut und was Neues gesucht.	wurde auf dem Markt nach neuen Lieferanten geschaut.	Arbeiten - Entwicklungsmit-arbeit. - vorgezogene Bezahlung - Bevorzugung bei der Auftragsvergabe - toleranteres Verhalten
H	9	Arbeit. Das ist in der heutigen Zeit das Wichtigste.	Heutzutage ist eine Arbeit zu haben das Wichtigste.	
I	5-6	(...), wird dann auch die Bezahlung entsprechend vorgezogen, sodass der Lieferant besser liquide ist, um neue Aufgaben entgegenzunehmen.	Entsprechende Bevorzugung durch vorgezogene Bezahlung, damit der Lieferant eine bessere Liquidität hat, um neue Aufträge anzunehmen.	
K	6-7	Das sieht dann so aus, dass man seine Klamotten eher dort kauft und auch toleranter ist, wenn etwas schief läuft.		
G	15-16	Der hat sich dann vielleicht auch noch mal mit den Firmen zusammengesetzt, hat gefragt, ob derjenige noch Luft im Preis hat.	Nachverhandlungen um den Preis.	Eine bevorzugte Geschäftsbeziehung entsteht, wenn: <ul style="list-style-type: none"> - Flexibilität - vorausgesetzte Gleichpreisigkeit - Freie Kapazität - Einhalten der Liefertermine - Termintreue - Mitarbeit am Produkt für Verbesserungen - gute Arbeitsvorbereitung - Bekanntheit - Maschinenpark - Zertifikationen - Bonität - Qualität - Service - Standort - Kernkompetenzen - Lieferantentreue - Wissen - Hilfe bei Problemen - Zusatzleistungen - Preis - Preis-verhandlungen - nicht deutlich von den anderen im Preis
G	20-22	Wir haben mehrere Betriebe im Umkreis gehabt, auf die man sich verlassen konnte und dann haben wir entsprechend zwei bis drei Vergleichsangebote eingeholt.	Vergleichsangebote werden an vertrauenswürdige Betriebe im Umkreis geschickt.	
G	40	Wir haben versucht, jemanden zu finden, der in der Nähe ist, also regional.	Es wird versucht Lieferanten in regionaler Nähe zu finden.	
H	29-31	Ich muss nicht immer das günstigste Produkt kaufen, wenn ich weiß, dass ich denen mit dem günstigsten Produkt nicht kenne und muss jede Menge Geld und Zeit investieren, um das Ganze zu überprüfen.	Das günstigste Produkt wird nicht gerne gekauft, wenn der Käufer den Lieferanten nicht kennt und Geld für die Überprüfung investieren müsste.	
H	36-38	Also wir hatten das mal so, dass wir eine supplier question	In dem Lieferantenfragenbogen werden	

		absetzen bei neuen Lieferanten und uns somit anschauen, welchen Maschinenpark hat der, welche Zertifikate, wie ISO 9001 oder (...) die 14001.	Kriterien, wie Maschinenpark ISO 9001 und 14001 abgefragt.	unterscheiden
H	38-39	Die Bonität; wir holen uns eine Wirtschaftsauskunft ein.	Bonitätsprüfung erfolgt über das Einholen von Wirtschaftsauskünften.	
H	47	Die Finanzen sind es ja immer.	Finanzen sind immer wichtig.	
H	57	Qualität, gehe ich mal davon aus, muss gegeben sein.	Qualität muss gegeben sein.	
H	58-59	Wenn mal was passiert muss man es anstandslos und ohne viel Aufwand beseitigen, das ist auch wichtig.	Bei Problemen ist es wichtig, dass diese anstandslos und ohne viel Aufwand beseitigt werden.	
H	65	Also die Nähe des Lieferanten zu Papenburg tut schon richtig gut, wenn ihr da in der Nähe seid.	Die Nähe zur Baustelle tut gut.	
I	3-4	Also, es werden Lieferanten bevorzugt behandelt, vor allem Lieferanten, die Kernkomponenten liefern.	Lieferanten werden bevorzugt behandelt, wenn sie Kernkomponenten liefern.	
I	4-5	Wenn der Lieferant ordentlich arbeitet und sehr zügig die Termine einhält und alles zur Zufriedenheit geht, (...).	Der Lieferant sollte ordentlich arbeiten, Termine einhalten und den Kunden zufrieden stellen.	
I	9-10	Der muss erstmal eine Qualität liefern, die entsprechend der Bestellung und entsprechend der Maßgaben von unserem Produkt der Bühnentechnik daliegen.	Die Qualität sollte der Bestellung und den Maßgaben des Produktes der Bühnentechnik entsprechen.	
I	10-11	Dann muss der Lieferant termintreu sein und er sollte auch die Funktion	Der Lieferant sollte termintreu sein und die Funktion der	

		der Anlage im Werk selbständig prüfen können.	Anlage im Werk selbständig prüfen können.	
I	20-21	Hat der Lieferant oder man selber finanzielle Probleme, geht man davon aus, dass ein guter Lieferant auch mal ein längeres Zahlungsziel einräumt.	Bei eigenen finanziellen Problemen sollte der Lieferant auch ein längeres Zahlungsziel einräumen.	
I	25	Meine Philosophie ist: Lieferantentreue.	Meine Philosophie ist: Lieferantentreue.	
I	29-30	(...) weil der Lieferant einen dann auch unterstützen kann, wenn man selbst in Terminnot ist oder in anderen Schwierigkeiten.	Wenn man in Terminnot ist oder andere Schwierigkeiten hat, sollte der Lieferant unterstützen können.	
I	34	Neue Lieferanten im Pool sollten immer in der Nähe des Werkes oder des Büros sein.	Neue bevorzugte Lieferanten sollten immer in der Nähe des Werkes oder des Büros sein.	
I	70-71	Hauptsache es ist ordentlich, entspricht den Qualitätsansprüchen, die in der Bestellung beschrieben werden, entspricht den konstruktiven Zeichnungen und erfüllt die Funktion.	Das Endprodukt sollte den Qualitätsansprüchen entsprechen, die in der Bestellung beschrieben werden. Sie sollte auch den konstruktiven Zeichnungen entsprechen und die Funktion erfüllen.	
J	7-8	Wenn ich allerdings weiß, dass ich mit Leuten, die zwar das Gleiche anbieten, aber ich unterschiedliche Ausfertigungen kriege, dann nehme ich natürlich den Besten.	Bei einem gleichen Angebot, aber bei unterschiedlichen Ausfertigungen wird das Bessere gewählt.	
J	25	Als erstes schaue ich darauf, wie das Produkt aussieht, dass die Leute abliefern können.	Das Produkt wird als erstes überprüft.	
J	26-	(...)wenn dieses Produkt	Wenn die Qualität	

	28	von einem geliefert werden kann, dann vergleiche ich erstmal die Qualität dieser beiden oder mehrerer Lieferanten und dann entscheidet der Preis hinterher.	geprüft wird und gleich ist, dann entscheidet der Preis.	
J	34-35	Was mich interessiert ist, ob die Leute den Eindruck erwecken, dass die pünktlich liefern und ich würde ungerne Vorkasse zahlen (...).	Die Leute sollen den Eindruck erwecken, dass sie pünktlich liefern können und keine Vorkasse verlangen.	
J	46-47	Also es gibt schon Kriterien, die ich da bewerte, wie Qualität, Lieferzeit, Service, Kommunikation, Zusatzleistungen, wie Zeichnungen und Dokumentationen.	Bewertete Kriterien sind Qualität, Lieferzeit, Service, Kommunikation und Zusatzleistungen, wie Zeichnungen und Dokumentationen.	
K	9-10	Die Qualität muss stimmen. Der Preis muss stimmen. Die Lieferzeit muss stimmen und er sollte kein Arsch sein.	Qualität, Preis Lieferzeit und Verhalten müssen stimmen.	
K	18	Also, dass derjenige sich nicht deutlich von den anderen unterscheidet, dass die nicht deutlich teurer sind, als andere Lieferanten, weil das ja dann sinnlos wäre.	Der Preis sollte sich nicht deutlich von den anderen unterscheiden.	
G	50-53	Meistens gab es Probleme mit den Schweißnachweisen (...) Das wurde im Vorfeld bei der Auftragsvergabe meistens geklärt.	Probleme mit Schweißnachweisen wurden im Vorfeld meistens geklärt.	Risiken in der Geschäftsbeziehung werden minimiert durch: <ul style="list-style-type: none"> - limitierte Erstaufträge - Bankgarantien - Klärung im Vorfeld - keine Vorkasseleistungen - Kontrollen - limitierte Außenstände
I	50-51	Ich mache nichts über Creditreform oder andere Institute, die Bonität prüfen, weil diese ganzen Unternehmen sind nur in der Vergangenheit tätig.	Creditreformen oder andere Bonitätsprüfungen werden nicht verwendet, weil diese nur in der Vergangenheit tätig sind.	

J	36-37	Es gibt Teillieferungen und Teilzahlungen, aber es gibt keine Vorkasse für ein nicht bestehendes oder nicht erhaltenes Produkt.	Teillieferungen und Teilzahlungen sind okay, aber keine Vorkasseleistungen .	
K	30	Durch Kontrolle der Ware.	Durch Kontrolle der Ware schützt man sich vor Risiken.	
K	30-31	Und dass man gegenseitig nicht zu große Außenstände hat		
I	64-69	(...) weil es immer darauf ankommt, wie die Mitarbeiter, der Chef und die dazugehörigen Abteilungen aufgestellt sind. In welcher Form und in welcher Konstellation arbeiten die zusammen. (...) ich will mein Endprodukt haben, was davor läuft ist mir so was von egal, weil das Endprodukt zählt.	Es kommt darauf an, wie die Mitarbeiter, der Chef und die dazugehörigen Abteilungen aufgestellt sind und in welcher Form und Konstellation sie zusammenarbeiten. Jedoch interessiert nur das Endprodukt und nicht was davor läuft.	Das Zufriedenstellen des Kunden wird durch das operative Geschäft beeinflusst, welches besonders bewertet wird durch: <ul style="list-style-type: none"> - Einhalten von Normen und Vorschriften - Firmenstruktur
I	72	Und natürlich den Normen und Vorschriften.	Normen und Vorschriften sollten eingehalten werden.	