

Satisfaction of Key Suppliers

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ABSTRACT,

The importance of supplier satisfaction has recently received more attention from scholars. However, the literature on supplier satisfaction does not contribute much to business in practice. That is why a case study on Vanwyk and four of its suppliers in the metal industry will be conducted. The goal of this case study is to explore the influences, factors, antecedents and consequences of supplier satisfaction in practice. In order to find this, interviews have been conducted with Vanwyk and four of its suppliers. This study supports previous research on certain influences, factors and antecedents. However, several new ones will be presented in this case study: the structure of drawings and the deliverance of documents. Furthermore, this research also presents several consequences of supplier satisfaction: a reduction in the margin of error and a reduction in the rejection rate. Moreover, this thesis concluded that both segmentation and buyer status have an effect on supplier satisfaction.

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Keywords

Supplier satisfaction, Kraljic matrix, Customer Segmentation, Perceptual mapping, Buyer status

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1. A CASE STUDY ON SUPPLIER SATISFACTION AT VANWYK

The importance of purchasing was not completely recognized until the early 1970s when vital changes were taking place in key supply markets (Pearson & Gritzmacher, 1990, pp. 92). Purchasers started to realize that “purchasing is more than negotiating a deal with suppliers. It is about managing the relationship in such a way that suppliers actively support the company’s overall business strategy and value proposition” (Van Weele, 2009, pp. 15). The mutual relationship between buyer and seller became more important and more research has been conducted on this relationship. In the past, satisfying customer needs was seen as achieving business excellence (Wong, 2000, pp. 427). Currently, satisfying suppliers has received more attention and is seen as a way to obtain competitive advantage (Nyaga, Whipple, & Lynch, 2010, pp. 101).

Supplier satisfaction can be defined as “a supplier’s feeling of fairness with regard to buyer’s incentives and supplier’s contributions within an industrial buyer-seller relationship” (Essig & Amann, 2009, pp. 104). Supplier satisfaction is an essential condition for acquiring and continuing access to key suppliers and their resources (Vos, Schiele, & Hüttinger, 2016, pp. 4613). Furthermore, supplier satisfaction has a direct link to value creation and the quality of the relationship (Vos et al., 2016, pp. 4613). According to Pulles, Schiele, Veldman, and Hüttinger (2016, pp. 136) “supplier satisfaction has a significant and positive effect on preferential resource allocation”

There are two views in marketing regarding competition. On the one hand, in the classical view, suppliers are competing with each other for the buyers. On the other hand, in the reverse marketing view, buyers are competing with each other for suppliers (Blenkhorn & Banting, 1991, pp. 186). This paper will focus on the reverse marketing view.

Research into buyers satisfying suppliers was not a field of interest in the past (Baxter, 2012, pp. 1250). It has only recently gained interest. However, the management of the relationship between buyer and seller is difficult when not taking the satisfaction of the supplier into account (Essig & Amann, 2009, pp. 103). There are two reasons for this recent interest in supplier satisfaction. First, the essential alteration in the organisation of the supply chain assigned increasing responsibilities to the suppliers. The second reason is the decline of suppliers in many business-to-business markets (Schiele, Calvi, & Gibbert, 2012, pp. 1178).

The reason for this case study is that there has not been much research into supplier satisfaction of business-to-business companies in the metal industry. There is a niche in the literature regarding this subject. This thesis aims to build on existing literature and aims to explore the influences, factors, antecedents and consequences that have an influence on the satisfaction of suppliers. In order to completely understand the concept of supplier satisfaction, one has to investigate both what influences supplier satisfaction, and the consequences of supplier satisfaction. The following research question will be addressed in this paper:

Q1: “What are the influences, factors, antecedents and consequences of supplier satisfaction?”

The first new factor that will be introduced in this paper is segmentation. Segmentation is a way for customers to classify their suppliers and vice versa. This influences the buyer’s view of the supplier and the supplier’s view of the buyer. This could have an influence on the satisfaction of the supplier. The

following sub question will be addressed regarding segmentation:

Q2: “How does customer segmentation have an influence on the satisfaction of suppliers?”

The second new factor that will be introduced in this paper is buyer status. According to Schiele et al. (2012, pp. 11), supplier satisfaction is disclosed as a necessary, although not sufficient condition for the determination of customer status. However, the status of the buyer can also have an influence on the satisfaction of the supplier, because firms are more likely to partner with high status firms than with low status ones (Cox, Sanderson, & Watson, 2001; Jensen, 2006). Moreover, buyer status could influence which benefits the supplier receives or whether they receive benefits at all. The following sub question will be addressed regarding status:

Q3: “How does the status of the buyer have an influence on the satisfaction of the suppliers?”

This thesis hopes to contribute to the current knowledge in the field of supplier satisfaction by establishing the effects that the segmentation of customers and status of the buyer can have on the satisfaction of the supplier. The goal of this research is to conduct a case study with Vanwyk and its suppliers to find new influences, factors, antecedents and consequences of supplier satisfaction, which can be compared with and added to existing literature.

The subsequent sections of this paper will be structured as follows: section 2 will provide a theoretical framework with relevant concepts and models. The research methodology and data collection will be presented in section 3. In section 4, the buyer and its suppliers will be introduced and the findings of the interviews will be presented. The general findings will be discussed in section 5 and they will be compared to other cases. Finally, section 6 will provide a conclusion.

2. PREVIOUS RESEARCH INTO SUPPLIER SATISFACTION, CUSTOMER SEGMENTATION AND BUYER STATUS

2.1 Supplier satisfaction

Previous research into supplier satisfaction concluded that companies could advance their performance by cooperating with their suppliers (Krause, Handfield, & Tyler, 2007; Nyaga et al., 2010). Companies that are able to achieve this will obtain a competitive advantage more easily (Hunt & Davis, 2008, pp. 14). The distribution of resources to the customers is a selective process, because of the perception that certain buyers receive better resources than others (Pulles, Veldman, Schiele, & Sierksma, 2014; Takeishi, 2002). Scholars argue that customers should consider suppliers as a fundamental source of competitive advantage. Buyers should try to receive the preferred customer status. In order to receive this status a buyer has to satisfy the supplier. That is why supplier satisfaction is a necessary condition for achieving preferential buyer status (Hüttinger, Schiele, & Veldman, 2012, pp. 1202). Suppliers have a choice in this process, because they can decide whether they give the customer a regular or preferential status (Schiele et al., 2012, pp. 1181).

The main goal of satisfying suppliers is to outperform competitors and to get benefits from the supplier. Suppliers can provide these benefits (e.g. capacities, different concepts), which can assist in creating competitive advantages. This could not have been obtained alternatively (Koufteros, Vickery, & Dröge, 2012, pp. 96). Furthermore, supplier satisfaction leads to

higher flexibility, efficiency and higher quality of service from the key suppliers (Nyaga et al., 2010, pp. 101).

In order to satisfy suppliers, customers have to make themselves attractive to suppliers. This creation of attractiveness on the buyer side will encourage suppliers to engage in a close partnership (Ellegaard, Johansen, & Drejer, 2003, pp. 352). Close partnerships between buyers and sellers are fundamental for the achievement of efficiency and flexibility (Nyaga et al., 2010, pp. 101). The customer that satisfies the supplier the most will receive benefits. (Hüttinger et al., 2012, pp. 1195). Examples of these benefits are: receiving the best resources, attention, loyalty, ideas, capabilities, unexpected delivery, redesign of a product, affection and information (Börekçi, Say, Kabasakal, & Rofcanin, 2014; Koufteros et al., 2012).

There are certain factors that influence the relationship between buyer and supplier. These factors can be divided in positive and negative factors. The positive factors that influence the relationship are: the increase in the quantity of information sharing, capital-specific supplier development and influence strategies, collaborative activities and reward-mediated power sources (Benton & Maloni, 2005; Ghijsen, Semeijn, & Ernstson, 2010; Nyaga et al., 2010; Whipple, Frankel, & Daugherty, 2002). The factor that has a negative influence on the relationship is coercive-mediated power sources (Benton & Maloni, 2005; Brown, Lusch, & Nicholson, 1995).

Hüttinger et al. (2012, pp. 1201) identified several antecedents and consequences of supplier satisfaction, for example, early supplier involvement, profitability and communication. Moreover, Hüttinger, Schiele, and Schröer (2014) concluded that three fundamental antecedents exist in supplier satisfaction. The three antecedents are: growth opportunity, reliability and relational behaviour of the buyer (Hüttinger et al., 2014, pp. 697).

Research has been conducted into the characteristics of supplier satisfaction. According to Moody, who asked multiple suppliers to rank the importance of 24 characteristics of the relationship between buyer and seller, the following are the most important: early supplier involvement, mutual trust, involvement in product design, quality initiatives, profitability, schedule sharing, response to cost reduction ideas, communication and feedback, crisis management and commitment to partnership (Moody, 1992, pp. 52).

2.2 Segmentation

This paper will discuss both the buyers' and suppliers' perspective of the purchasing relationship. This is important for understanding what influences supplier satisfaction. According to Jobber and Ellis-Chadwick (2012, pp. 264), segmentation can be defined as "the identification of individuals or organization with similar characteristics that have significant implications for the determination of marketing strategy".

2.2.1 The Kraljic matrix

The Kraljic matrix is a way of segmentation. The Kraljic matrix examines the value added by the product line from the buyers' perspective. Professional purchasing is extensively impacted by Kraljic' matrix (Kamann & Bakker, 2004, pp. 63). According to Kraljic, the assessment of the situation of a company in terms of the value added by the product line, and the complexity of the supply market can determine the required type of supply chain strategy (Kraljic, 1983, pp. 110). The Kraljic matrix links to supplier satisfaction, because the matrix shows the buyer's perspective on the seller. By letting the suppliers position themselves in the matrix and by asking the buyers to position the suppliers in the matrix, one can see the relationship between

buyer and seller from both perspectives and see whether this matches. The matrix assists a buyer to classify the relationship with the suppliers on a certain aspect and position them in a quadrant. This will have an effect on the relationship, because buyer will dedicate more attention to strategic suppliers than to non-critical suppliers.

Kraljic presents a four-step approach, which can be used as a framework to set up the supply strategy. The company starts with the classification of the purchased materials according to profit impact and supply risk into four categories: Leverage items (low supply risk, high profit impact), Strategic items (high supply risk, high profit impact), Noncritical items (low supply risk, low profit impact), and Bottleneck items (high supply risk, low profit impact) (Kraljic, 1983, pp. 112).

The next step is to perform a market analysis on the materials. There is a trade-off between the buyer and supplier power (Kraljic, 1983, pp. 113). Subsequently, the strategic positioning of the materials in the matrix will be established. Finally, material strategies and action plans will be developed (Kraljic, 1983, pp. 114). The goal of this portfolio approach is to "minimize supply vulnerability and make the most of potential buying power" (Kraljic, 1983, pp. 112). This traditional view on the Kraljic matrix can be seen as attractive, because the user can position purchases into four quadrants in a relatively simple way (Hesping & Schiele, 2016, pp. 101). However, purchasing decisions are not that simple in reality. Recommendations from the matrix should not be seen as a description, and, yet, they should be shaped by actors for its specific purpose (Spee & Jarzabkowski, 2009, pp. 224).

The Kraljic matrix has been adapted over time. These changes led to alternative purchasing models, which use other classification dimensions (e.g. Olsen & Ellram, 1997). These alternative models have the same assumption that differences in power and dependence occur in the relationship between buyer and seller (Dubois & Pedersen, 2002, pp. 37). According to Gelderman and Van Weele (2003, pp. 210) the discussions about the positions in the matrix are the most fundamental part of the analysis. Several scholars have recommended that the guidelines of the Kraljic matrix should not always be followed up strictly, because not all the items that are placed in one quadrant have to be managed in the same way (Cox, Sanderson, & Watson, 2001; Gelderman & Van Weele, 2003).

Arguments in favour of using the Kraljic matrix are the simplicity of the matrix and the fact that it highlights the areas with the largest risks and benefits (Nwaiwu, 2010, pp. 1). However, although the matrix is easy to use, it is a snapshot of a situation that may change over time. Furthermore, the matrix ignores the risks from outside the relationship that may have an effect on the company (Nwaiwu, 2010, pp. 1).

In the next section, customer segmentation and perceptual mapping will be explained. Customer segmentation examines the purchasing relationship from the supplier's perspective. Perceptual mapping is a tool that helps to segment the customers. This will help to give a clear overview of the relationship from the suppliers' perspective. Segmentation links to supplier satisfaction, because suppliers can rank the buyers based on two attributes that are important to them. Buyers that score high on these attributes will satisfy the supplier more.

2.2.2 The customer segmentation matrix

Customer segmentation provides a viable method for serving customers (Jobber & Ellis-Chadwick, 2012, pp. 264). Three groups of segmentation criteria can be determined: behavioural (e.g. benefits sought, usage), psychographic (e.g. lifestyle,

personality) and profile variables (demographic, geographic) (Jobber & Ellis-Chadwick, 2012, pp. 264). Customer segmentation gives one a better understanding of the characteristics of the customers and allows marketing strategies to match with the customer needs (Yang, Liu, Teng, Liao, & Xiong, 2016, pp. 1262). Moreover, it is a useful way of improving a company's marketing strategy by allocating the right resources to the right customer (Yang et al., 2016, pp. 1262). Perceptual mapping can be seen as a useful tool that helps one to segment customers.

Immense attention in literature has been donated to perceptual mapping over time. Perceptual mapping is a useful tool for determining the position of a customer in the marketplace (Jobber & Ellis-Chadwick, 2012, pp. 290). Perceptual mapping can be defined as: "a marketing research technique in which consumers' views about products are traced or plotted" (BusinessDictionary, 2017).

Jobber and Ellis-Chadwick (2012) provide us with a step-by-step approach to create a perceptual map. First, a set of competitors has to be determined. Second, customers use attributes when choosing between brands. The most important attributes have to be identified. One can investigate this by, for example, qualitative research (Jobber & Ellis-Chadwick, 2012, pp. 290). Third, quantitative research has to be conducted, where customers are asked to score the company on certain attributes. Finally, the companies have to be placed in the plot (Jobber & Ellis-Chadwick, 2012, pp. 290).

Perceptual mapping has several advantages. First, it is a useful way of acknowledging strategic moves. Second, the strengths and weaknesses of a company as perceived by the customers can be identified with perceptual mapping (Jobber & Ellis-Chadwick, 2012, pp. 290). Furthermore, customer perceptions can differ a lot from the management perceptions. Perceptual mapping can provide management with different insights. However, perceptual mapping has several limitations. First, the use of perceptual mapping simplifies the purchase decisions from the customers down to two attributes (perceptual maps for marketing, 2013). When using perceptual mapping the purchase decision of the customer is simplified to two attributes, while in reality there are many more factors, which affect the purchasing decision. Moreover, obtaining market research is very time-consuming and expensive (perceptual maps for marketing, 2013).

2.3 Buyer status

The status of the buyer will be discussed in this section. Buyer status is another factor that can influence the relationship between buyer and seller. The buyer status could have an effect on the sellers' perspective of the relationship. Buyer status can affect supplier satisfaction, because the status of a buyer can influence what companies firms will partner with (Cox et al., 2001; Jensen, 2006). Buyers with a higher status are more likely to satisfy the suppliers.

Company status can be defined as "the perceived quality of a company's products in relation to the perceived quality of its competitors' products" (Podolny, 1993, pp. 830). It can be seen as a source of competitive advantage that is able to affect economic and noneconomic results (Choi, Kang, Kim, Lee, & Park, 2015, pp. 88). It can be seen as an intangible asset of the company (Piazza & Castellucci, 2014, pp. 301) and it is important because it operates as a quality sign that affects both how external actors view the position of the firm and how external actors view the firms that are affiliated with the firm (Podolny, 1993, pp. 831).

Buyers can be ranked based on their status for suppliers. For example, companies prefer to partner with companies with a higher status, while companies are more reluctant to partner with companies that have a lower status (Jensen, 2006, pp. 97; Podolny, 1994)(pp. 485). Furthermore, firms that have the subordinate role in the relationship have a lower status than firms that do not have this role in the relationship (Benjamin & Podolny, 1999, pp. 569).

Exchange relationships can shift the status of a firm. This means that companies can increase their status by the formation of relationship with companies that have a high status and decrease their status by the formation of relationships with low-status companies (Podolny & Phillips, 1996, pp. 456).

Affiliations are a very important aspect for the validation of status. Firms are more willing to affiliate with firms that others also want to affiliate with. This is an advantage for firms with high status, because it is easier for them to partner with other firms (Jensen, 2006, pp. 97).

According to Podolny (1994, pp. 458), status is the most important in uncertain times, when the evaluation of a product is problematic. However, Jensen argues that uncertainty affects the importance of status, however it is not true that status is only important when high uncertainty is present. The status of a company is important, regardless of the presence of uncertainty (Jensen, 2006, pp. 97).

There is a debate in the current literature on buyer status. Deephouse and Carter (2005) concluded that status theory argues that the status of a company assists to outperform competitors in terms of innovation, financial performance and legitimacy. However, according to Blonska, Rozemeijer, and Wetzels (2008, pp. 11) supplier development does not have a positive impact on the buyer status, but preferential buyer status has a positive impact on supplier adaption.

3. INTERVIEW SET-UP

3.1 Standardized open-ended interviews

For this case study, interviews with the buyer and four of its suppliers were conducted to investigate how satisfied the suppliers are. The reason that both the buyer and supplier are interviewed is because one can detect whether the perspectives on their buyer-supplier relationship are similar.

The interviews are conducted in the form of personal interviews, because they are conducted directly with the respondent. The main task of the personal interview is to understand the meaning of what the respondent is saying (Podolny, 1993, pp. 830). The advantage of the personal interview is that the researcher is able to ask follow up questions. However, the drawback of personal interviews is that it is very time consuming (Kvale, 1996). The reason that personal interviews are used in this research project is that it provides more information and a more accurate screening of the respondents (Snap surveys, 2010). Furthermore, the researcher is able to keep the respondents focused and on track of the interview, because he or she is in control (Snap surveys, 2010). This is not the case with questionnaires.

The interviews are standardized and have open-ended questions. The only difference between the questions of the interview with the buyer compared to the interview with the supplier is that the questions are drafted from a different perspective.

Two different questionnaires have been developed for this case study. There is one questionnaire for the interview with the buyer and there is one questionnaire for the interview with its suppliers. The questions of the interview were based on

questions from a case study on preferred customer status, however the questions were adapted for the purposes of this study to investigate supplier satisfaction. The questions for both the interviews are similar.

The interview questions were divided into three parts. The first part of the questions classifies the relationship between the buyer and seller. Second, the benefits from the relationship will be discussed. The last part of the questionnaire described the antecedents of the relationship between buyer and seller.

3.2 General interview information

First, introduction material and the interview questions for both the buyer and its suppliers were sent to the buyer's floor manager by email. Based on these questions and additional material that has been sent to him he selected four suppliers that were willing to cooperate. The four suppliers agreed to an interview and the researcher set up interview appointments with them. The first step of the interviews was the explanation of the purpose of the interview and the terms of confidentiality. Subsequently, the respondents were asked whether they gave permission to be recorded.

The interview with the buyer was conducted with its floor manager. The length of this interview was 45 minutes. The interview was conducted in Dutch and took place at the office of the buyer at the 10th of May. The interview with supplier A took place at the 25th of April and lasted 51 minutes. The interview with supplier B took place at the 26th of April and lasted 31 minutes. The interview with supplier C took place at the 2nd of May and lasted 10 minutes. The interview with supplier D took place at 1st of June and lasted 15 minutes. These interviews were conducted in Dutch. Because the interviews were recorded in Dutch, they were later translated to English and worked out on paper. All of the companies were interviewed once, which makes a total of five conducted interviews.

To find the attributes for the customer segmentation matrix, all of the suppliers have to be interviewed first in order to determine the best matching attributes for all of the suppliers. The reason for this is, because when the attributes are chosen before the interviews, then one is not certain whether the attributes are applicable on this certain case.

4. INTERVIEWS WITH VANWYK AND THE SUPPLIERS

4.1 Vanwyk and the four suppliers

Buyer: Vanwyk - Vanwyk consists of three, former independent, companies that merged in 2002. These companies were Vanwyk systems, Brugman Holland and Vald. Henriksen (Vanwyk, 2017). Vanwyk combined the different areas of expertise of the different companies into one company. They produce automatic dispensing and blending machines for the paint and perfume industry; wet-finishing equipment for the textile industry; and jigger systems (Vanwyk, 2017). Vanwyk has two locations, one in Oldenzaal and one in Santpoort. Its workforce consists of 40 employees. Their projects are installed in over 60 countries worldwide.

Supplier A: Senro - Senro was established five years ago in Hengelo. The company produces and develops machines that sort, sift, filter, separate and transport a wide range of (waste) materials (Senro, 2016). Senro focuses on the recycling, water purification, food and the metal industry. All of Senro's products are custom-made. Its main customers are established in the Netherlands, Belgium and Germany. Senro is a relatively small player in the recycling industry. The firm's permanent

workforce consists of 15 employees and its flexible workforce alternates between 6 and 10 employees. Senro strongly believes in long-term relationships with clients and suppliers. This allows them to better understand the specific needs of its customers and enables them to advance their services (Senro, 2016). Senro provides Vanwyk with multiple products: road rollers for pressing, steamers and water tank cooling units. The company also carries out side projects for Vanwyk. The reason that Vanwyk chose Senro as a supplier is because Senro's owner used to be an employee of Brugman. This means that he has knowledge of the machines and spare parts that Brugman is building. This gives them an advantage over other suppliers. Moreover, Senro's factory is very close to Vanwyk's factory.

According to Senro, Vanwyk is more depended on Senro than vice versa. However, according to Vanwyk, Senro is not that important to them, because there are several other supplier that can deliver the products.

Supplier B: Electromach - Electromach was established 50 years ago and produces equipment for hazardous areas. Electromach's area of expertise is explosion protection technology (Electromach, 2017). The company develops application software, manufactures, assembles, tests and performs on site commissioning (Electromach, 2017). All of Electromach's products are custom-made. They are operating in oil, gas and petrochemical industries all over the world. Electromach is an independent company that is not tied to any specific brand. The firm is a large player in several industries with a workforce of more than 2000 employees worldwide (Electromach, 2017). The plant in Hengelo has 190 employees in its permanent workforce and about 50 flex workers. Vanwyk produces dosage machines for the paint and perfume industry and Electromach provides Vanwyk with terminal boxes and monitoring systems control boxes for these dosage machines. Vanwyk's electro-engineer chose Electromach as a supplier because of Electromach high quality products and its short distance to Vanwyk. Vanwyk became a customer of Electromach 30 years ago. Electromach thinks that Vanwyk is more dependent on them than the other way around, because according to Electromach there are not many other suppliers that can deliver the terminal boxes. Vanwyk thinks that they are not dependent on Electromach, because there are other suppliers that could deliver these products.

Supplier C: ATB Metaal - ATB Metaal is a relatively young company that is specialized in machining technology (ATBMetaal, 2017). The company had been a LLC until 2010, when it became a private firm. The company is led by Arjan ten Brinke and his wife and does not have any other employees. ATB delivers custom-made products to its customers. ATB is specialized in small production of machine components. Most of ATB's customers are established in the Netherlands. ATB provides Vanwyk with small components for their machines. Vanwyk sends ATB drawings of the components that they want and ATB produces these components. Vanwyk chose ATB as a supplier because they offer the best price for their products on the Dutch market. Vanwyk mainly uses suppliers from China for simple products. However, when these products need to be a bit more specialised, then Vanwyk orders at ATB. ATB Metaal thinks that Vanwyk is dependent on them, because they make specialized products. However, Vanwyk does not think ATB Metaal is important because they can buy the products everywhere.

Supplier D: Festo - Festo is an international company that was founded in Esslingen am Neckar in 1925. It produces pneumatic and electrical automation technology for more than 35

industries. The company has 18.800 employees worldwide and operates in over 176 countries. They have more than 2 billion euro turnover this year. Festo Nederland is located in Delft and operates independently. The company has 135 to 140 employees on their staff. Festo provides Vanwyk with pneumatic products. They deliver everything from connections to valve terminals. Vanwyk chose Festo as a supplier, because they are a large supplier with a lot of stability, fast delivery and good support.

Vanwyk is dependent on Festo, mainly because of the support and assistance. There are other suppliers who can deliver the same products. However, Festo differs from them because they support and assist Vanwyk. Vanwyk is also a very important customer of Festo, mainly because they are partly standardized on Festo's products.

4.2 The classification, benefits, segmentation, status and behaviour of the relationship between buyer and seller

Buyer: Vanwyk

Classification - Vanwyk does not classify its suppliers into groups, because the company is too small to do this. There are two employees working at the purchasing department. They do not have time to classify suppliers next to their other work. The purchasing employees know what they should pay attention to with the different suppliers. The management of Vanwyk is not working on satisfying the suppliers. The management thinks that suppliers are just suppliers and has no intention to satisfy them in order to obtain benefits. The only thing that Vanwyk does to satisfy its supplier is trying to pay the invoices on time. Vanwyk is only aware that Festo is classifying the relationship with its buyers based on the expected revenue and standardized usage of their products.

Benefits - Vanwyk only makes use of a few benefits from the suppliers. They sometimes make use of Senro's express delivery. Vanwyk has to pay for this. They also make use of the flexibility from all of the suppliers, which they do not have to pay for. Senro will also store Vanwyk's products longer when Vanwyk is not able to use them yet, which is also for free. Vanwyk makes use of Electromach's general discount and of price fixing when placing a large order. Furthermore, Vanwyk makes use of Electromach's fast service and the large information share. Finally, Vanwyk makes use of Festo's technical support and service. The service is for free. However, in exchange Vanwyk has to stay a loyal customer.

Relations - First, Vanwyk is not always satisfied with Senro, because the quality of their products is variable. Sometimes all the products are all of good quality and delivered properly and sometimes the products have to be sent back because they are flawed or they have not been packed with care. This depends on how busy Senro is. However, the delivery and quality has improved over time according to Vanwyk purchasing manager. Moreover, the communication between the companies has improved too. Secondly, Vanwyk is very satisfied with Electromach, because Electromach always has a flawless delivery and their products have a high quality. When there is a problem with the products. Electromach will fix this as soon as possible. Additionally, Vanwyk is also very satisfied with ATB Metaal, because they also always deliver high quality products on time. Finally, Vanwyk is satisfied with Festo, mainly because of the high quality products, stable delivery and technical support and service.

Kraljic - Vanwyk was asked to position the different suppliers into the Kraljic matrix. This Kraljic matrix can be found in figure 1. The squares represent the position where Vanwyk puts the suppliers. First, it would put Senro in the Bottleneck

quadrant, because there are only a few suppliers that could deliver the steamers, road rollers and water tank cooling units to Vanwyk. Moreover, the products that Senro delivers are sent back often because they were flawed, which makes the delivery unstable. Finally, the products that Senro delivers do not have a major strategic importance to Vanwyk.

Second, Electromach would also be positioned in the Bottleneck quadrant. However, Electromach's supply and financial risk is higher than that of Senro. The reason for this is that there are fewer suppliers that can deliver the products that Electromach delivers, compared to the products that Senro delivers. Vanwyk will have a larger problem when Electromach stops delivering products. There is also a larger risk when Electromach's products are flawed, than when Senro's products are flawed. That is why Electromach is positioned closer to the strategic quadrant.

Additionally, Vanwyk would position ATB Metaal in the Non-Critical quadrant, because the supply risk and profit impact are both low. ATB delivers simple products with low strategic importance. There are many suppliers for these products. The products from ATB have a lower impact than the products from Senro.

Finally, Festo would be positioned in the Bottleneck quadrant. Festo is the only manufacturer of these products. There are, however, companies that produce similar products, but adaption costs a lot of time and money. The products that Festo delivers are difficult to manufacture and are custom-made. The market is stable and Festo's delivery is good. Festo's products are important for Vanwyk.

Customer segmentation - Vanwyk would give itself a 6 for payment behaviour and a 6 for profit impact. The reason for the 6 for payment behaviour is that Vanwyk pays late sometimes. Vanwyk gave itself a 6 for profit impact, because Vanwyk has a lot of suppliers. Vanwyk uses products of many different suppliers to assemble one machine. Hence, the profit impact per supplier is small.

Supplier A: Senro

Classification - Senro does not classify its buyers because it is too young to do this. The firm attaches a lot of value to the fact that Vanwyk has been a customer since Senro's establishment. If Senro has to classify the relationship with Vanwyk, Senro would give Vanwyk a 5 on a scale of 10 for importance and a 4 for profitability. Vanwyk ensures for about 7 or 8 per cent of Senro's profit.

Relationship - Senro is satisfied with Vanwyk, because they like the work that Vanwyk provides them with and its matches with their abilities. However, there are some improvements possible for Vanwyk. First, the deliverance of the documents for certain products could be improved, because these documents have not always been sent with care. Second, there is no structure in the drawings of the products that Senro receives, which increases the margin of error and the rejection of products. A lot of products have been rejected this year. Additionally, the payments of the invoices are delayed sometimes. Moreover, information sharing between the companies can also be improved. Subsequently, the profitability could be improved. Furthermore, the communication between the companies could be improved, because this has been poor in the past. Mark Mensen thinks that Vanwyk sees them just as a supplier instead of a partner. Senro pursues to become partners instead of just being a supplier. If Senro had to give the relationship with Vanwyk a grade, it would be a 6.5.

Preferential customer status - Senro gives Vanwyk a preferential customer status, mainly because of their history together. Even though Vanwyk's degree of importance is not

that high, Senro appreciates and likes the work that they get from Vanwyk.

Benefits - There are several benefits that preferential buyers can receive from Senro. First, the company is very flexible towards preferential customers and offers them a fast service. For example, when Vanwyk needs a certain component as soon as possible, then Senro will sometimes work overtime to finish the component. Furthermore, management will dedicate a lot of attention to projects from preferential customers to make sure that everything is working properly and that the project is finished on time. An example of this was a project of VDL. VDL has the opportunity to become a very important customer in the future. That is why the management dedicated a lot of attention to the project to make sure that everything was perfect. Additionally, Senro will provide logistical benefits for preferential customers. Moreover, Senro will store the products for longer if the buyer is not able to use them yet. Senro does this for Vanwyk sometimes, because Vanwyk builds large machines and sometimes they cannot use the parts from Senro directly. Finally, the firm also pays more attention to the product and the packaging of the product (e.g. proper labelling) for preferential customers. An example of this was also a project for VDL where the management wanted to make sure that everything was perfect. That is why they put labels of Senro on all the products.

Kraljic matrix - Senro would position itself in the strategic quadrant of the Kraljic matrix, because the supply and financial risk of the steamer and the road rollers for pressing are high. One needs specific knowledge to produce these machines and there are not many companies that can produce these machines. Moreover, these products are very important products for Vanwyk. The small components that Senro produces for Vanwyk can be placed in the non-critical quadrant because there are a lot of firms that can produce these components and their strategic importance is low.

Customer segmentation - Senro gives Vanwyk a 6 on a scale to 10 for payment behaviour and a 4 for profitability. The reason for this is because Vanwyk paid its invoices too late multiple times. Furthermore, Vanwyk ensures for 7 or 8 per cent of Senro's profit, which makes their profitability relatively low.

Buyer status - The status of the buyer influences Senro's behaviour towards the buyer. Vanwyk's status is relatively average to Senro. There are other customers with a higher status (e.g. VDL) and there are customers with a lower status. An example of this behaviour towards the buyer is that Senro responds later to Vanwyk's emails than VDL's emails. Moreover, Senro is not trying hard to get more of Vanwyk's small side projects. However, it is trying to get more projects from VDL. Furthermore, Senro dedicates more attention to VDL's projects than Vanwyk's projects, because VDL could become a very profitable customer in the future.

History is a very important factor for the motivation for Vanwyk's status. Senro attaches a lot of value to the fact that Vanwyk assisted at the establishment of Senro. Senro thinks that Vanwyk knows what their status at Senro is although they never communicated about this. They gave some signals (e.g. later response on emails and counter the discussions about invoices).

Behaviour - The behaviour that Senro wants to see from a customer is: payments on time, collaboration on projects, information share, and intention to finish the assignment together in a positive way. Senro prefers a customer with a future perspective instead of a short-term customer. Moreover, a joint relationship effort is an important factor for Senro.

Supplier B: Electromach

Classification - Electromach classifies their customers based on the degree of turnover the customer delivers them. They have three groups: Group A, Group B and Group C. Moreover, the company also classifies customers based on the probability that the customer will accept the order provided by Electromach. The reason that Electromach classifies their customers in this way is because Electromach's employees invest time into tendering an offer. Time will be lost when the offer is not accepted.

Relationship - Vanwyk is an important customer for Electromach. The relationship and collaboration between the companies is good. Electromach is very satisfied with Vanwyk. Electromach knows that the probability that they get orders from Vanwyk is high. Moreover, the company pays their invoices on time. Additionally, their information sharing is open and honest. Finally, Vanwyk is flexible towards Electromach. However, if they had to change something, it would be the clarity of their ideas and drawings. At the moment Albert Geerdinck would give this a 7 on a scale of 10, but if Vanwyk makes this clearer it could go up to a 9. When the drawings are not clear then Electromach employees have to spend much more time on figuring out what Vanwyk wants. This has two negative consequences. First, the time that the employees spend on this is actually a waste of time. Second, the margin of error will be larger if the ideas and drawings are not clear. This will increase costs for both of the companies.

Preferential customer status - Electromach does not give customers a preferential customer status. When they get two orders at the same time, Electromach will choose the customer with the highest probability of accepting the order that Electromach provided.

Benefits - Electromach offers several benefits to preferred customers. First, they offer a general discount. When a company makes one large order, then Electromach will start with price fixing. Vanwyk makes use of this sometimes, when they order components for multiple machines at once. Second, Electromach is very flexible for its preferred customers. Moreover, Electromach offers a fast service to preferred customers. For example, when there is a problem with Electromach's products at Vanwyk, they will send someone over there to solve it within the hour. Finally, Electromach will share a lot more information with its preferred customers than its regular customers. The information share between Electromach and Vanwyk is extensive. Vanwyk informs Electromach where they buy their products, so that Electromach can see whether they can provide Vanwyk with these products instead of another supplier.

Kraljic matrix - Electromach would position itself in the strategic quadrant of the Kraljic matrix. The reason for this is because the supply risk of the monitoring systems and terminal boxes is high because, there will be two other suppliers for this at most. The strategic importance is also very high, because the monitoring boxes for the dosage machines are a very important component of the machine. The dosages that the machine has to do are a very precise process. If the monitoring boxes are not working properly, then the dosages will be wrong and that will cost a lot of money.

Customer segmentation - Electromach gives Vanwyk a 7 on a scale of 10 for profitability, because Vanwyk makes many orders a year. Moreover, when Electromach gives them a quotation, Vanwyk almost always accepts this. This can influence the relationship between the companies, because Electromach knows that they can put more effort into Vanwyk's orders because it is almost certain that they will be accepted. Electromach would give Vanwyk a 6 for payment behaviour, because Vanwyk pays within 57 days on average. The term of payment is 45 days.

Buyer status - A company's status influences Electromach's behaviour towards that customer. For example, when a customer is too late with the payments of its invoices multiple times, then the customer has to pay beforehand with every new order. Vanwyk has a high status according to Electromach. According to Albert Geerdinck, Vanwyk knows that they have this status, because Electromach gave them signals for this, for example, Electromach provides a fast service for Vanwyk and they are very flexible. However, they never communicated about this openly.

Behaviour - There are two important aspects that Electromach wants to see in their customers' behaviour. First, open and honest information sharing is very important to them. Second, the customer should not be disingenuous. Negative behaviour that customers could show, are not following Electromach's ordering policy and bad communication.

Supplier C: ATB

Classification - ATB does not classify its customers in different groups based on one reason. The owners do not like to clump other people in sacks and shoeboxes. They want to treat every customer equally.

Relationship - ATB is satisfied with Vanwyk at this moment. There is not anything specific that Vanwyk can do to make ATB more satisfied. There are no negative factors influencing the relationship currently.

Preferential customer status - ATB does not give a preferential customer status to their customers, because they want to treat every customer equally.

Benefits - The company does not give special advantages to preferred customers. They give the same advantages to all customers. Examples of these advantages is being flexible for their customers and providing them with a fast service. ATB is willing to work on a Saturday when Vanwyk has an emergency order.

Kraljic matrix - ATB would position itself in two quadrants of the Kraljic matrix. They would put their simple machining into the non-critical quadrant and they would put their specialized machining into the strategic quadrant. Vanwyk's profit impact is average for ATB.

Segmentation - ATB would give Vanwyk a 7 for profitability and a 6 for payment behaviour. The reason for this is, because Vanwyk makes a lot of orders. However, Vanwyk's payments are not always on time.

Buyer Status - According to Desiree ten Brinke, owner of ATB Metaal, does a company's status not affect ATB's behaviour towards this company, because ATB Metaal wants to treat everyone equally. They deem that if its does not work between customers and them (e.g. paying too late multiple times or irritations), and then it is better to terminate the relationship. This means that status does affect the companies' behaviour towards a customer, because when a customer has a status of, for example, paying too late, then ATB Metaal thinks it is better to terminate the relationship.

Vanwyk has a good status at ATB. There are different factors that influence this status. First, Vanwyk pays its invoices on time, most of the time. Second, the owners of ATB have a good relationship with Vanwyk's purchase manager. There is consultation between them. Additionally, the communication between the companies is good. Fourth, information sharing is open and honest. Finally, the interplay between the companies is good. For example, one the one hand, when ATB cannot finish the product on time, they communicate this with Vanwyk. On the other hand, when Vanwyk has an urgency order, ATB will try to squeeze this order in or work overtime to finish the order. Vanwyk knows that they have a good status at

ATB Metaal, because Vanwyk's sales manager and the owners of ATB communicate often and have a good relationship.

Behaviour - ATB Metaal would like their customers to be open and honest and not be disingenuous. They want to be treated as how they treat their customers.

Supplier D: Festo

Classification - Festo divides its customers into several groups: end-users, engineers and engineering offices. The end-users use Festo's components in their own machines. The engineers use Festo's components to assemble machines and sell them. The engineering offices do not buy components for themselves. However, they work by order of a customer. The engineering office makes a drawing of a machine for the customer and the customer buys the components. Festo advises the engineering offices.

Relationship - Festo is satisfied with the relationship with Vanwyk. The collaboration is very smooth. The contact between the companies is good. However, Festo's representative wants to support and collaborate more with the engineering department. Moreover, Festo aspires to provide Vanwyk with electrical engines. They want to evaluate the possibilities to do this with Vanwyk. There are no negative factors influencing the relationship.

Based on the interview findings one can conclude that the best matching attributes for the customer segmentation matrix for this buyer supplier relationship are profit impact and payment behavior. All of the suppliers can rank Vanwyk based on these attributes.

Preferential customer status - Vanwyk has a preferential customer status according to Festo, because it is an important and interesting customer. Festo has bigger customers, but also smaller customers. The reason that Vanwyk got this status is because Vanwyk is partly standardized on Festo products. This has a lot of value for Festo and this makes them want to do more for Vanwyk than for other customers. Moreover, the personal contact between the companies is really good.

Benefits - Festo produces several assembly kits for preferred customers that produce standardized machines. This makes the ordering process easier and faster. However, Vanwyk does not make use of the assembly kit, because they produce specialized machines. Moreover, Festo is more flexible for preferred customers. For example, Festo's representative answers the phone for preferred customers during weekends and days off, while he does not do that for other customers. Furthermore, Festo assists and advises preferred customers more than regular customers.

Kraljic matrix - The strategic importance of Festo's components is high for Vanwyk. There are other suppliers that can deliver the same components. However, Festo differentiates from these suppliers by offering assistance and support. The delivery process of Festo is stable and the products are easy to buy. That is why Festo would position itself in the leverage quadrant.

Customer segmentation - Festo has no issues with Vanwyk's payments. Hence, they would give them a 7 on a scale of 10 for payment behaviour. Moreover, Vanwyk is an important customer for Festo. Thus, Festo gives them a 7 on scale of 10 for profit impact.

Buyer status - Status influences Festo's behaviour towards a customer, because some customers could be a risk. When a customer is, for example, financial unstable, then Festo makes agreements with these customers. Festo still wants to serve these customers, but these customers have to pay beforehand. Vanwyk has a high status according to Festo, because Vanwyk pays on time and the relationship between the companies is

good.

Behaviour – Festo thinks it is really important for both buyer and seller to be loyal to each other. There is no specific behaviour that a customer has to show to obtain the preferred customer status. It is a natural process. There should be a connection between buyer and seller.

5. HOW CLASSIFICATION, PREFERENTIAL CUSTOMER STATUS, BENEFITS, SEGMENTATION AND BUYER STATUS INFLUENCE THE BUYER-SELLER RELATIONSHIP

Classification – Two of the suppliers in this study do not classify their buyers. There are two reasons for that. First, Senro is too young to classify its buyers. Second, the owners of ATB Metaal want to treat every customer equally and do not want to put their customers in sacks and shoeboxes. However, Electromach classifies its buyers based on profit and probability that the customer accepts the order. Moreover, Festo classifies its buyers based on whether they are an end-user, an engineer or an engineering office. The fact that suppliers classify their supplier or not, could have an effect on the relationship. For example, ATB does not classify its suppliers, because they want to treat every customer equally. This means that Vanwyk cannot get any benefits from the relationship that could lead to a competitive advantage. This could mean that the buyer will put little effort into this relationship, because it will not receive benefits from the supplier. However, Electromach classifies its buyers based on the degree of turnover and the probability that the buyer accepts the order. Vanwyk scores high on these to factors, that is why they get additional benefits from Electromach, which could lead to obtaining a competitive advantage. This could mean that Vanwyk will put more effort into the relationship with Electromach than into the relationship with ATB Metaal, because Vanwyk could get additional benefits.

Relationship – There are several antecedents that influence the relationship between the buyer and the sellers in this case study: the degree of collaboration, the relationship with the purchase manager, the degree of information share, support, flexibility, profit impact, communication, development, honesty, interplay, consultation, deliverance of documents, structure of drawings and payment behavior.

These antecedents conform with the antecedents that Hüttinger et al. (2012) identified. Examples of antecedents that she identified are early supplier involvement, profitability and communication. Only early supplier involvement did not **show** in this case study. The new factors that are introduced in this case study are: the deliverance of documents and the structure of drawings.

Moreover, Hüttinger et al. (2014) presented the three fundamental antecedents of supplier satisfaction: growth opportunity, reliability and relational behavior of the buyer. Growth opportunity and reliability have not been presented in this case study. However, relational behavior of the buyer has been presented in this case study. The suppliers find the relationship with the purchase manager an important factor.

When one compares these antecedents with the characteristics that Moody (1992) presented one sees that there are many differences. Moody presented the following: early supplier involvement, mutual trust, involvement in product design, quality initiatives, profitability, schedule sharing, response to

cost reduction ideas, communication and feedback, crisis management and commitment to partnership. Only profitability and communication appear in both of the lists.

Preferential customer status – Senro and Festo are the only suppliers that would give Vanwyk a preferential customer status. The reason for this is because Vanwyk has been a customer since the beginning of Senro and Senro values this a lot. Festo gives Vanwyk a preferential customer status because they are an important and interesting customer for Festo and they are partly standardized on Festo's products. Electromach does not give a preferential customer status to a buyer. The firm looks at the degree of turnover and the probability that the customer accepts the order, because these are very important factors for them. ATB also does not give a preferential customer status, because they want to treat every customer equally. Whether the suppliers give Vanwyk a preferential customer status could have an effect on the relationship, because preferential customers get benefits that other buyers do not get.

Benefits – There are several benefits that buyers could receive from the suppliers when the suppliers are satisfied with the buyer: flexibility, more dedication from the management, express delivery, logistical benefits, longer storage time, more attention to product and packaging, general discount and price fixing, faster service, more support and assistance and a larger information share. Vanwyk receives several of these benefits: express delivery for a fee, flexibility, longer storage time, general discount, faster service, large information share and more assistance and support. The benefits that the suppliers give to the preferred customers differ a lot from each other. The only benefit that all of the suppliers give to preferred customers is flexibility. That is why flexibility is the most important benefit. Second, faster service would be the second most important benefit; Senro, Electromach and ATB Metaal provide the preferred customer with this benefit. Finally, more dedication from the supplier would be the third benefit. Senro dedicates more attention to projects from preferred customers by making sure that everything is working properly and is finished on time. Festo dedicates more attention to preferred customers by assisting and supporting them more than regular customers. These benefits have a positive effect on the relationship between buyer and seller, because these benefits could not have been obtained otherwise.

According to Nyaga et al. (2010, pp. 101), supplier satisfaction leads to higher flexibility, efficiency and higher quality of service from the key suppliers. This finding also accords with this case study. For example, Electromach is satisfied with Vanwyk. This satisfaction leads to a change in Electromach's behaviour towards Vanwyk. Electromach gets more flexible towards Vanwyk by sending over a mechanic within an hour when something is wrong. The ordering process also gets more efficient by sharing a lot of information with each other. For example, Vanwyk's drawings are not always clear. By telling Vanwyk to change a small thing, the drawings are clearer and the ordering process is more efficient and faster.

Kraljic - The circles in the Kraljic matrix figure 1 represent the position where the suppliers would put themselves. The squares represent the position where Vanwyk would put the suppliers. The letter in the circle or square is the first letter of the company name, for example, A is ATB Metaal and S is Senro.

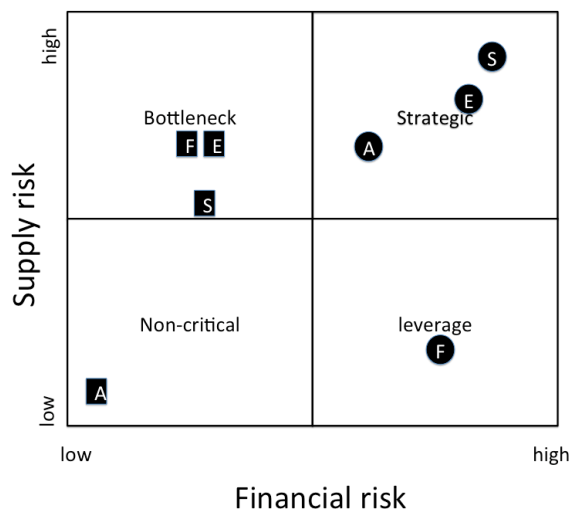


Figure 1: The Kraljic matrix.

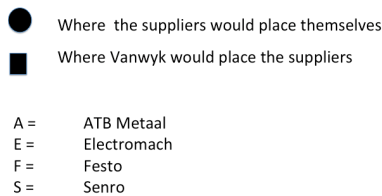


Figure 2: The legend of figure 1.

The place where Vanwyk puts the suppliers differs a lot from the place where the suppliers would position themselves. First, Senro would place itself in the upper-corner of the strategic quadrant, while Vanwyk positions them in at the bottom of the Bottleneck quadrant. This means that Senro is less important to Vanwyk than they think they are. Secondly, Vanwyk positions Electromach in the middle of the Bottleneck quadrant, while Electromach positions itself in the middle of the strategic quadrant. This means that Electromach thinks that they are more important to Vanwyk than they in fact are. Third, Vanwyk places ATB Metaal in lowest corner of the non-critical quadrant, while ATB Metaal places itself in the middle of the strategic quadrant. ATB Metaal feels that they are very important for Vanwyk. However, the supplier is not important at all to Vanwyk. Finally, Festo would be positioned in the Bottleneck quadrant according to Vanwyk, while Festo would position itself in the leverage quadrant. Festo thinks that their products have a high strategic importance for Vanwyk, while Vanwyk thinks their average to them.

All of the suppliers position themselves on the right side of the Kraljic matrix. Three of the four suppliers position themselves in the strategic quadrant. They feel that their products are very important for Vanwyk and that not many competitors can produce their products. Only Festo positions itself in the leverage quadrant, because they feel that they are not the only one that could deliver the products. Vanwyk positions all the suppliers on the left side of the matrix. The reason for this is because Vanwyk only wants one the suppliers to deliver the products that Vanwyk wants. Vanwyk thinks that if one supplier does not want deliver the products than another supplier will.

There is an indication that this mismatch could influence the relationship between Vanwyk and its suppliers. Vanwyk's management sees its suppliers just as suppliers. They have no intention to satisfy their suppliers. The only thing they want from the suppliers is the deliverance of the products on time.

The suppliers have a different opinion regarding this issue. For example, Senro has the feeling that Vanwyk sees them just as a supplier and they want Vanwyk to treat them more as a partner. This could improve the relationship between these two companies, because when Vanwyk treats Senro more as a partner than as a supplier, then Senro and Vanwyk could collaborate more on projects and work towards a positive outcome. This could reduce time and errors.

Vanwyk also has strategic suppliers. The firm puts more effort into these relationships than into the relationship with, for example, a non-critical supplier like ATB Metaal, because there are several other suppliers for these products.

Customer segmentation – As can be seen in figure 3, the customer segmentation matrix, the position where Vanwyk would put itself and where Senro would put Vanwyk differs. Senro gives Vanwyk a 6 for payment behavior and a 4 for profit impact. Vanwyk gives itself a 6 for payment behavior and a 6 for profit impact. This means that Senro is not as satisfied with Vanwyk as Vanwyk thinks they are.

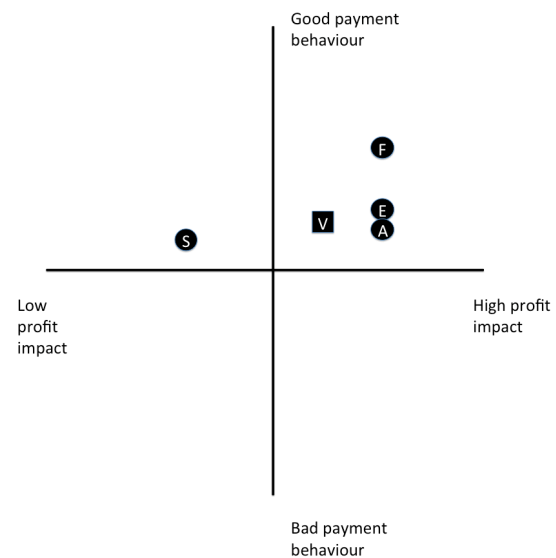


Figure 3: The Customer Segmentation Matrix.

The position where Electromach would put Vanwyk does not differ a lot from the position where Vanwyk would put itself. Electromach gives Vanwyk a 7 for profit impact while Vanwyk gives itself a 6. This also counts for ATB Metaal. Festo would give Vanwyk a 7 for both payment behavior and for profit impact. This means that Festo is more positive about the relationship than Vanwyk thought.

These differences could influence the relationship between the companies. For example, Senro is not satisfied with Vanwyk's profit impact. Low profit impact is an antecedent that could influence the satisfaction of the supplier. This could mean that Senro would dedicate less attention to Vanwyk's projects. Second, the positions of Electromach and ATB do not differ much from Vanwyk's results. Electromach and ATB are more satisfied about profit impact than Vanwyk expected. This means that Vanwyk has estimated the relationship with Electromach and ATB Metaal well.

Finally, the results from Festo and Vanwyk differ a lot. Festo is a lot more positive about Vanwyk than Vanwyk expected. This could influence the relationship in a positive way, because the supplier is satisfied.

Buyer Status – The status of the buyer influences the behavior of the supplier towards the buyer. Companies with a higher

status have a priority over companies with a lower status. There are several advantages for companies with a higher status, for example, faster service, more attention to products and delivery. There are several factors that have an influence on status: history, paying on time, information share and communication.

The suppliers do not communicate directly about the status of the buyer. The suppliers give certain signals from which the buyers can interpret whether their status is good or bad. Vanwyk has a high status according to three of the four the suppliers and an average status according to one of the suppliers.

According to (Podolny, 1993, pp. 831), status can be seen as a quality sign. This also applies on this study, because suppliers show a different behavior to buyers who have a status that they do not pay on time. The suppliers want them to pay beforehand or make other agreements.

Behavior – The behavior that suppliers want to see from their customers is open and honest information share, payments on time, collaboration on project, the intention to finish the project in a positive way, loyalty and good communication. Moreover, customers should not be disingenuous.

6. THE INFLUENCES, FACTORS, ANTECEDENTS AND CONSEQUENCES OF SUPPLIER SATISFACTION

6.1 Segmentation, buyer status and the influences, factors, antecedents and consequences

This case study into supplier satisfaction in the metal industry was conducted to investigate what the influences and consequences supplier satisfaction are and whether segmentation and buyer status influence supplier satisfaction. The new contributions of this paper are segmentation and buyer status. The first sub question that was asked was: “How does customer segmentation have an influence on the satisfaction of suppliers?” To answer this question several concepts as the Kraljic Matrix and the customer segmentation matrix have been used. The Kraljic matrix provides one with a view on the buyer-seller relationship from the buyers’ perception. The Kraljic matrix helps a buyer to classify the relationships with the suppliers by rating the buyer on certain aspect and position them in a quadrant. This will influence the relationship between buyer and seller because the buyer will dedicate less attention to suppliers in the non-critical quadrant and more attention to buyers in, for example, the strategic quadrant.

The customer segmentation matrix gives one a view on the buyer-seller relationship from the sellers’ perspective. Buyers will be ranked in this matrix based on two attributes. In this case study, profit impact and payment behaviour were used, because these were attributes that were applicable on all of the suppliers. One can conclude from this research that buyers who were ranked higher on these attributes satisfied the suppliers more.

Segmentation has an influence on supplier satisfaction, because segmentation makes companies treat buyers or sellers differently. Buyers that satisfy suppliers more, because they score higher on fundamental attributes, will receive benefits from the supplier. Moreover, buyers will put more effort into the relationship with suppliers from the strategic quadrant than suppliers from the non-critical quadrant. Buyers that put more effort into the relationship are more likely to satisfy the supplier.

The second sub question was: “How does the status of the buyer have an influence on the satisfaction of the suppliers?” The status of the buyer has an influence on the satisfaction of the supplier, because suppliers show different behaviour to buyers with different status. For example, buyers with a status of paying late will get certain terms of payment or have to pay beforehand. However, buyers with a high status are more likely to partner with other companies and satisfy the suppliers more.

The main research question from this case study was: What are the influences, factors, antecedents and consequences of supplier satisfaction? To answer this question four suppliers and one buyer have been interviewed. The influences, factors, antecedents and consequences of their relationship are discussed below and can be found in table 1.

The influences of supplier satisfaction are: buyer status, customer segmentation and the mismatches in the relationship. These are all new influences presented in this study.

The factors of supplier satisfaction that are presented in this study are: the degree of information share, the degree of collaboration and the probability that the order will be accepted. The degree of information share and the degree of collaboration accord with the literature by (Benton & Maloni, 2005; Ghijssen et al., 2010). The new factor that is presented in this thesis is the probability that the order will be accepted.

The antecedents of supplier satisfaction are: the relationship with the purchase manager, flexibility, profit impact, communication, consultation, development, honesty, interplay, deliverance of documents, structure of drawings, payment behavior, joint relationship effort, profitability, long term relationship perspective and support.

Many of these antecedents accord with the antecedents of Hüttinger et al. (2012). The new antecedents that are presented in this study are: the relationship with the purchase manager, the deliverance of documents and the structure of drawings.

Supplier satisfaction has several consequences for both the buyer and the seller. First, the marge of error of the products will be reduced when the buyer satisfies the supplier by making the drawings more clear, for example. Moreover, this will also reduce the rejection rate of the products. Additionally, the buyer will put more effort into the relationship, because it wants to enjoy the benefits. Finally, benefits are a consequence of supplier satisfaction for the buyer. Examples of these benefits are: flexibility, more dedication from the management, express delivery, logistical benefits, longer storage time, more attention to product and packaging, general discount and price fixing, faster service, more support and assistance and a larger information share.

Influences	Factors	Antecedents	Consequences
Segmentation	Degree of information share	Relationship with purchase manager	Reduction in the margin of error
Buyer status	Degree of collaboration	Flexibility	Reduction of the rejection rate
Mismatches in the relationship	Probability that the order will be accepted	Profit impact	Buyer will put more effort into the relationship
		Communication	Buyer will receive benefits
		Consultation	
		Development	
		Honesty	

		Interplay	
		Deliverance of documents	
		Structure of the drawings	
		Payment behaviour	
		Joint relationship effort	
		Profitability	
		Long-term relationship perspective	
		Support	

Table 1: the influences, factors, antecedents and consequences of supplier satisfaction.

6.2 Contribution, limitations and further research

This case study contributed to the literature by combining existing and presenting new influences, factors, antecedents and consequences of supplier satisfaction in one paper. Several papers provide only antecedents or only influences in one paper. Moreover, this thesis presents practical evidence of supplier satisfaction, while many papers only offer a theoretical scope. This research provides one with new antecedents of supplier satisfaction: the deliverance of documents and the structure of drawings and the relationship with the purchase manager. Moreover, a reduction in the margin of error and a reduction in the rejection rate can be added to the list of consequences of supplier satisfaction.

This research has shown what influences supplier satisfaction and what the consequences of supplier satisfaction are. Furthermore, it has shown that both segmentation and buyer status have an effect on the satisfaction of the supplier.

The limitation of this paper is that the researcher only looked at the factors that influence the relationship and not at the reasons behind these factors. This gives new insights into the reasons behind the influences, factors, antecedents and consequences of supplier satisfaction. This could provide more background knowledge of why certain influences, factors, antecedents and consequences are important.

6.3 Recommendation to Vanwyk

One can conclude from this study that the relationships between Vanwyk and its suppliers are good. However, there are some improvements possible for Vanwyk. First, the deliverance of documents to the suppliers can be improved. This will save time and satisfy the suppliers more, because sorting out the documents takes a lot of time. Second, the structure of the drawings can be improved, because the drawings are often not clear for the suppliers. This will reduce the rejection rate and margin of error. Moreover, Vanwyk could improve the relationship with Senro by seeing Senro more as a partner instead of a supplier. Finally, Vanwyk could let the representative of Festo collaborate more with the engineering department. By improving these things Vanwyk could satisfy the suppliers more. This will have a positive effect on the

relationship between the companies and could lead to more benefits.

7. APPENDIX

Interview for Purchasers

Supplier Satisfaction

Classification

1. Do you classify the relationship you have with suppliers? If so, how?
2. Do you have indications that the suppliers are doing the same with you?
3. Is there management commitment to achieving supplier satisfaction (besides paying a premium)? If so, which suppliers do you try to satisfy the most? For which suppliers do you particularly focus on satisfaction?
4. Is there management commitment to achieving preferred customer status with strategic suppliers? If so, how does this show? If not, how could management commitment help in this matter?
5. Whom do you have a preferred customer status with?
6. How uncertain is the commodity market of these suppliers? (Kraljic Matrix)
7. What is the strategic importance of this commodity for your organization? Are there many available suppliers for this product/service? (Kraljic Matrix)

How important is the product this supplier provides to you?

8. Why did you choose your current suppliers over others? (Quality reasons, Reliability, Lead time, Price, Others..)
9. Do you have more than one supplier for the commodity/service?

Benefits

10. Do you notice shorter lead times, influences on the purchasing prices, better access to innovative capabilities and shared development projects? (explore in order to write a mini-case)
11. Which other benefits do you notice from satisfying your suppliers/having a preferred customer status? (pyramid)
12. Which benefits do you need to pay for and which are offered to you for free?
13. Are you offered benefits other companies are not?

Antecedents

14. Are there other actions you did not undertake that could have helped in reaching supplier satisfaction/a preferred customer status?
15. Are there measures that are planned to be undertaken to satisfy other suppliers/become a preferred customer of other suppliers?
16. Is your company able to provide supplier satisfaction with important suppliers in exchange relationships? Which factors induce satisfaction in these relationships?

17. Which factors cause dissatisfaction?

Questionnaire for suppliers

Classification

1. Do you assign different status types to customers? (e.g. preferred...) Which status types do you assign? What kind of dimensions do you use?
2. Do you assign a preferred customer status to a customer company as a whole, or to different establishments/departments or sub-branches [of this company separately? (refer to size of the buyer)]
3. Have you assigned a preferred customer status to Company-X?
4. Where would you put yourself in the Kraljic Matrix?

Benefits

5. How do the status types influence your behaviour towards customers?
6. What benefits do you offer to a preferred customer? (Remember the pyramid, check for logistics / production planning, innovation, special services, flexibility, earlier information etc.)
7. Can you even be more satisfied than you are now with the buyer? What benefits would you give to them?

Antecedents

8. Are you satisfied with the business relationship with Company-X? What factors are affecting your satisfaction?
9. What factors are affecting your dissatisfaction in this relationship?
10. What are your company's motivations for giving Company-X a preferred customer status? What did Company-X do to achieve the status? What could Company-X do to further improve its status?
11. Is Company-X aware of their status? Do you let your preferred customers know of their status?
12. What are measures that customer must undertake to achieve a preferred customer status and what is the necessary behaviour they must show? (related to future)
13. What do customers generally do to achieve preferred customer status? Does this differ from the behaviour you would like them to show?

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