

Benefits, Antecedents, Buyer Status and Customer Segmentation in Relation to Supplier Satisfaction: A Multiple Case Study at Company X and Three of its (Key) Suppliers

Author: Maximilian Brüning
University of Twente
P.O. Box 217, 7500AE Enschede
The Netherlands

ABSTRACT

Over the past years, the importance of satisfying key suppliers in order to become a preferred customer and outcompete other customers has received increased attention in the literature. However, the concept of supplier satisfaction is still in an embryonic state and needs to be further defined. Research so far has been mostly conducted from a theoretical perspective and only a few case studies exist. Furthermore, the influence of supplier satisfaction in indirect procurement practices has been rarely studied. Therefore, this dual perspective case study strives to further define the concept of supplier satisfaction in relation to different concepts within the context of indirect procurement. In addition to earlier studied concepts, such as benefits, antecedents and drivers, new concepts like buyer status, customer segmentation and the Kraljic Matrix are considered and investigated with regard on their influence on supplier satisfaction. This case study confirms several of earlier identified benefits, antecedents and drivers. Nevertheless, also new antecedents and benefits can be added to the literature. Regarding the newly introduced concepts this study reveals a positive relationship between buyer status and supplier satisfaction. In terms of customer segmentation, the results remain unclear, as the suppliers did not make use of it. The Kraljic Matrix, however, seems to influence supplier satisfaction in that sense that different strategies derived from the Matrix follow different commitment towards the suppliers. Furthermore, this study confirms the existing literature in that sense that customers profit from satisfied suppliers and receive benefits that other customers do not receive.

Graduation Committee members:

Frederik Vos

Prof. Dr. Holger Schiele

Keywords

Supplier Satisfaction, Preferred Customer Status, Case Study, Benefits, Antecedents, Buyer status, Kraljic Matrix, Customer Segmentation

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1. KEY SUPPLIER SATISFACTION: A CASE STUDY AT COMPANY X

In the past it was commonly assumed that suppliers need to become as attractive as possible to sell their products to potential buyers (Nollet, Rebolledo, & Popel, 2012, p. 1186; Schiele, 2012, pp. 49, 50; Schiele, Calvi, & Gibbert, 2012, p. 1178) and the main research focus was on customer satisfaction (Szymanski & Henard, 2001, p. 16). At least two drivers contributed to a change in this assumption: 1) a fundamental change in supply chain organization that allocates more responsibility to the supplier (Schiele et al., 2012, p. 1178), 2) a reduction of suppliers in today's business-to-business markets (Hüttinger, Schiele, & Schröer, 2014, p. 697; Schiele et al., 2012, p. 1178; Vos, Schiele, & Hüttinger, 2016, p. 4613). Therefore, the concept of supplier satisfaction takes the viewpoint of customers competing for capable suppliers, presenting an unfamiliar challenge for many firms (Schiele, 2012, p. 50; Vos et al., 2016, p. 4613). Consequently, several customers competing for resources from fewer suppliers. This decrease in the availability of suppliers in some business-to-business markets creates a competitive oligopolistic environment that shifts the bargaining power to the supplier's side and enables suppliers to select the customer they want to work with (Hüttinger et al., 2014, p. 697). This special environment makes it necessary to pay increased attention to strategic supply management to guarantee access to key suppliers and to secure tomorrow's competitiveness by becoming a preferred customer of key suppliers (Hüttinger, Schiele, & Veldman, 2012, p. 1194). As privileged access to best suppliers gives the firm a competitive advantage, preferred customers should outperform their competitors (Hüttinger et al., 2012, p. 1194). In that account of competitiveness and gaining competitive advantage over other customers the topic of supplier satisfaction came on the research agenda.

Although the topic of supplier satisfaction is still in an embryonic and explorative phase, the topic gained more attention both in practice and academic research (Schiele, Ellis, Eßig, Henke, & Kull, 2015, p. 132). As stated in Vos et al. (2016, p. 4613) supplier satisfaction is a necessary condition for achieving a preferred customer status and is defined as "... the buyer's ability to live up to the expectations of the supplier." However, most of the existing literature has a theoretical focus and has just focused on direct procurement, since direct procurement is considered strategically more important than indirect procurement (Vos et al., 2016, p. 4614). The existing studies in indirect procurement mainly focus on automatizing indirect procurement through E-Systems but did not focus on buyer-supplier relationships (Vos et al., 2016, p. 4614). Therefore, this paper aims to contribute new insights into indirect procurement in practice. To fulfil this purpose a case study at Company X and three of its key suppliers is conducted to investigate the buyer-supplier relationship in practice. The goal of this case study is to outline antecedents and drivers of supplier satisfaction and to find out what kind of benefits customers can get from satisfied suppliers. To determine what factors influence supplier satisfaction, and what are the antecedents and benefits the following research question is formulated:

Q1: What are the benefits, antecedents and drivers of supplier satisfaction of Company X with their key suppliers?

Moreover, the case study will focus on whether buyer status has an influence on the buyer-supplier relationship or not. Status is taken into account, as high status organizations are able to gain a competitive advantage in their industry (Patterson, Cavazos, & Washington, 2014, p. 75). Therefore, the following research question will be addressed:

Q2: What is the buyer status of Company X with their key suppliers and does it influence supplier satisfaction?

Finally, this case study will investigate segmentation, whether customer segmentation or the Kraljic Matrix, as these have not been researched by academics with regard to supplier satisfaction but could also have an influence on it, as "a company can be highly involved with only a limited number of suppliers and needs a variety of relationships" (Gadde & Snehota, 2000, p. 305). Consequently, the following research questions will be addressed:

Q3: To what extent does the position of the supplier in the Kraljic Matrix and the customer segmentation influence supplier satisfaction?

To answer the research questions the subsequent sections have the following structure: Section 2 contains a literature review of the existing theory about supplier satisfaction, buyer status, customer segmentation and the Kraljic Matrix. The following section presents the research design and data collection. The analysis and results are intimated in section 4. In section 5, the findings of the case study will be compared with existing literature in order to confirm previous findings and add new insights about supplier satisfaction as an antecedent for a preferred customer status. Next, a conclusion is drawn and research contributions are presented. Finally, research limitations are displayed and suggestions for future research are presented.

2. THEORY: THE CONCEPT OF SUPPLIER SATISFACTION AND PREFERRED CUSTOMER STATUS

2.1 The concept of Supplier Satisfaction

2.1.1 From conceptual to empirical Assessment: A shift of traditional roles

Despite all the benefits that can be gained from satisfied suppliers, research in this field is still in its infancy (Vos et al., 2016, p. 4613) and the development of supplier satisfaction measurements has been more or less neglected (Essig & Amann, 2009, p. 104). Although, satisfaction research emerged in the second half of the 20th century, until 2009 there were only ten studies that addressed supplier satisfaction in its broadest sense (Essig & Amann, 2009, p. 104). This can be explained by the way past research investigated the buyer-supplier relationship, namely from the supplier's point of view. Meaning that suppliers had to compete for customers and satisfy them (Schiele et al., 2012, p. 1178).

In 1988 Leenders and Blenkhorn first explored the concept of reverse marketing. Blenkhorn and Banting (1991, p. 187) further described that as a "reversal of traditional roles". In 2000 Wong (2000, p. 427) mentioned that it is important for a company to satisfy their customers to get the support and resources of their suppliers. This holds especially true for companies who outsourced a lot of their activities and was backed up by Schiele et al. (2012, p. 1178) who identified the reorientation in the organization of supply chains and the allocation of more significance to suppliers as an important driver for that change. Additionally, Wong (2000, p. 427) mentioned that customers can involve suppliers through partnering efforts in order to get the best resources (Vos et al., 2016, p. 4613) and outperform competitors (Hüttinger et al., 2014, p. 697). However, partnering efforts will not be successful if supplier's needs are not satisfied (Wong, 2000, p. 427). From then on, the concept of supplier satisfaction was further developed and different definitions emerged. Benton and Maloni (2005, p. 5) based their definition on the relational level of the buyer-supplier relationship, "as the feeling of equity with the relationship no matter what power

imbalance exists.” Schiele et al. (2012, p. 1181), on the other hand, defined supplier satisfaction as “... a condition that is achieved if the quality of outcomes from a buyer-supplier relationship meets or exceeds the supplier’s expectations”. Consequently, supplier satisfaction is an ex-post construct of supplier’s expectations and the comparison with the actual outcome. In 2012, the cycle of preferred customership was developed by Schiele et al. to demonstrate the relationship between customer attractiveness, supplier satisfaction and the preferred customer status.

2.1.2 Explanation of the cycle of preferred customership

To completely examine the importance of supplier satisfaction, it is important to understand the cycle of preferred customership. As Vos et al. (2016, p. 4621) proved in their study that supplier satisfaction is a means to gain competitive advantage and positively impacts the supplier’s tendency to award a preferred customer status. The cycle of preferred customership builds upon three core elements, namely 1) expectations, 2) comparison level and 3) comparison level of alternatives (Schiele et al., 2012, p. 1180).

Customer attractiveness is the initiator of the cycle and is essential for suppliers to initiate and intensify the relationship (Schiele et al., 2012, p. 1180). An important indicator of customer attractiveness is the expected value of the future relationship with a customer (Pulles, Schiele, Veldman, & Hüttinger, 2016, p. 137). This is backed up by Blau (1964, p. 20) who stated that an individual is attracted to another individual if he expects associating with this other individual to be a rewarding experience. The next step, used to evaluate the outcome of the exchange, is the comparison of the supplier’s satisfaction against the previously established expectations. Supplier satisfaction is achieved when the buyer is able to “meet or exceed the supplier’s expectations” (Schiele et al., 2012, p. 1181). In case the supplier perceives the customer as attractive and is more satisfied with the exchange relationship compared to other customers, the customer will get awarded with a preferred customer status. In case the supplier is not satisfied the supplier will classify the customer as regular customer or discontinue the exchange relationship (Schiele et al., 2012, p. 1180). Consequently, if the hypothesis of circularity holds true and the exchange partners achieved a certain level of satisfaction, this can lead to the exclusion and devaluation of possible other exchange partners (Schiele et al., 2012, pp. 1181, 1182) giving the involved customer a competitive advantage and preferential treatment. However, the cycle of preferred customership is just explained to get the context, the main research focus of this paper is on supplier satisfaction.

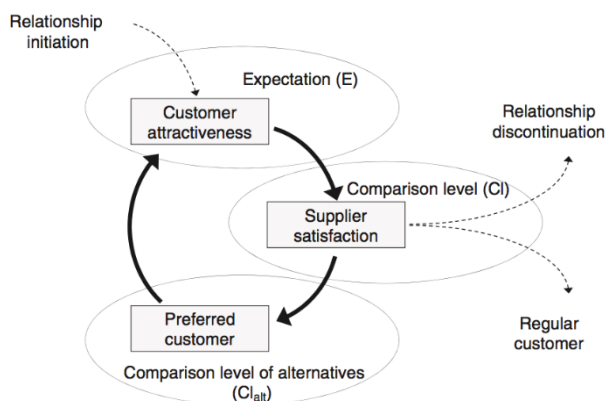


Figure 1: The cycle of preferred customership (Schiele et al., 2012, p. 1180)

2.1.3 State of the art and antecedents of supplier satisfaction

At the same time, when the cycle was developed, Hüttinger et al. (2012, p. 1201) presented an overview of all possible drivers of supplier satisfaction studied in earlier literature. They summarized their findings into four different groups, namely technical excellence, supply value, mode of interaction and operational excellence (Hüttinger et al., 2012, p. 1201). Furthermore, they stated that, apart from mode of interaction, which applies to all functions, the found criteria can be attributed to different functions. Meaning that achieving supplier satisfaction is not just the responsibility of the purchasing department but rather a cross-functional approach (Hüttinger et al., 2012, p. 1200). The antecedents of the technical excellence, of which the R&D department represents the most important part, are for example: technical competence and early supplier involvement. The group of supply value includes antecedents, such as profitability and cooperative relationships, and is mostly influenced by the purchasing department. The mode of interaction refers to all departments and represents drivers, such as communication and reaction. The group of operational excellence antecedents represents the production department of the firm and refers to forecasting and payment habits (Hüttinger et al., 2012, p. 1201).

In 2014 Hüttinger et al. (2014, p. 711) explored new antecedents of supplier satisfaction using a mixed methods approach. They identified eight possible antecedents: growth opportunity, innovation potential, operative excellence, reliability, support, involvement, accessibility and relational behavior. These antecedents were tested in a model with supplier satisfaction, preferred customer status and preferential treatment. They found that reliability, relational behavior and growth opportunity are significant. However, they acknowledged that some factors might be industry-specific and that in other industries different weights could emerge (Hüttinger et al., 2014, p. 713).

In addition to replicating the model of Hüttinger et al. (2014), Vos et al. (2016) extended their model and added another possible driver of supplier satisfaction, namely profitability. This driver was added for the reason that Hüttinger et al. (2014) only included growth opportunity as a possible antecedent, but several researchers argued that economic and relational factors are equally important in buyer-supplier relationships (Vos et al., 2016, p. 4614).

2.2 Benefits Offered by Satisfied Suppliers

Satisfying suppliers can lead to benefits that can be distinguished into three different levels as shown in Figure 2 below.

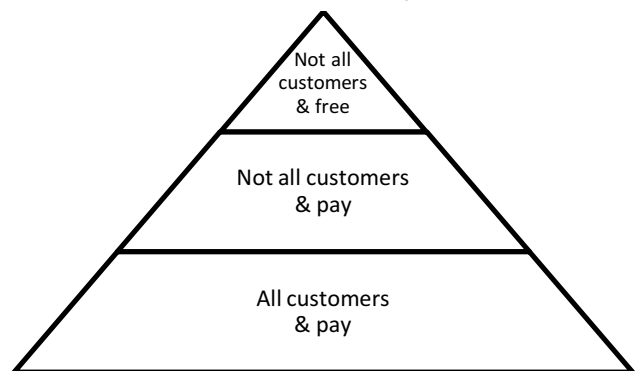


Figure 2: Mapping the benefits of the preferred customer

The top of the pyramid involves only preferred customers. Customers who are categorized in this level receive benefits that others do not receive and they receive them for free. The middle of the pyramid shows customers who are only little preferred.

These customers receive benefits but they still have to pay for them. The remaining part of the represents all other customers. In this level, all standard customers are represented. They receive no special treatment and have to pay for extra services

2.2.1 Price benefits and cost savings offered by satisfied suppliers

As it can be seen in figure 2, supplier satisfaction directly impacts the appointment of the customer status and therefore impacts the benefits offered by suppliers. The allocation of supplier resources is a selective process and therefore not all customer receive the same benefits (Pulles et al., 2016, p. 129). Being a preferred customer offers benefits, such as access to rare products, access to new innovations and technologies and better prices (Nollet et al., 2012, p. 1186). Bew (2007, p. 2) revealed in his study that successful collaboration programs with suppliers can add up to cost savings of 2-4% off of the company's total spend base. In other words, the monetary value of a buyer-supplier relationship is not just determined by purely price-driven negotiations but can also be determined by cost-savings through close collaboration. For example, the incorporation of programs that assure a reliable delivery or avoid production breakdowns. Therefore, firms collaborate in relationships to improve overall operations, not just price reductions (Ulaga, 2003, p. 689). Nollet et al. (2012, p. 1187), however, found that suppliers are also more receptive for further price negotiations with their preferred customers.

Although the price remains an important criterion in a buyer-supplier relationship, buyers do not only select their suppliers based on the cheapest price. Building on supplier competencies to assure a world-class supply base in the future is sometimes considered more important than cost savings (Christiansen & Maltz, 2002, p. 180). These benefits will be discussed in the following section.

2.2.2 Operational, technological and quality benefits offered by satisfied suppliers

Next to the financial benefits, a preferred customer status has also positive influence on the supplier's willingness to give their preferred customer first access to new products or innovations (Bew, 2007, p. 2; Christiansen & Maltz, 2002, p. 189). In addition to that, a supplier might be willing to give its customer an ultimate competitive advantage when he enters into an exclusivity agreement (Steinle & Schiele, 2008, p. 11). Exclusivity agreements are a major competitive advantage as they exclude all other customers. In times where demand exceeds supply and other customers are forced to "wait in the queue" (Williamson, 1991, p. 81), suppliers give priority to their preferred customer and therefore prevent them from bottlenecks in their production (Nollet et al., 2012, p. 1187). To ensure their priority status and make sure that these customers receive their goods first, different measures that show supplier's commitment can be taken. Suppliers keep safety stocks or locate warehouses close to the customer's facility, deliver missing components within reasonable time, adjust to changes in delivery schedules or take particular care of the orders delivered to those customers (Nollet et al., 2012, p. 1187). To underpin the preferred customer status, suppliers also offer shorter lead times (Christiansen & Maltz, 2002, p. 189), which might be associated with higher costs in case of overnight deliveries or paying express couriers. Additionally, suppliers also customize products according to their customer's needs (Steinle & Schiele, 2008, p. 11), or even perform steps that are not part of their core business (Nollet et al., 2012, p. 1187). The preferred customer status and the strong relationship that goes along with this offers also opportunities for win-win situations. Through knowledge and information sharing the supplier might be able to identify solutions to solve problems at a lesser cost (Nollet et al., 2012, p. 1187). The intersection on

the supplier side to share this knowledge and communicate with the preferred customer is the key account manager who underlines the suppliers willingness to be available and responsive in terms of physical presence, speed of response and the speed of adaption to customer's needs (Nollet et al., 2012, p. 1187) which is a service that is not given to all customers.

Consequently, it is reasonable to assume that not all customers receive these benefits and that suppliers differentiate between their customers (Ellis, Henke Jr, & Kull, 2012, p. 1260).

2.3 Maintenance, repair and operations procurement: Ensuring day-to-day business

As already mentioned in the introduction, this case study investigates buyer-supplier relationships in terms of indirect procurement. Hence, this section aims to give closer insights into the topic of indirect procurement, especially maintenance, repair and operations.

A main distinction of corporate procurement can be made between direct procurement "direct materials" and indirect procurement "indirect materials" (Kim & Shunk, 2004, p. 153); Vos et al. (2016, p. 4614). This section aims to give closer insights into the topic of indirect procurement, especially MRO-procurement (maintenance, repair and operations) that will be in focus in the following case study. Although MRO items are not integral into the products manufactured or the services created, they are essential for the effective functioning of the organization (Yu, Mishra, Gopal, Slaughter, & Mukhopadhyay, 2015, p. 1054). Next to their importance for the effective functioning of the organization, MRO items and services account for 15%-30% of revenue spending for large companies (Subramaniam & Shaw, 2004, p. 162). Although the share on the total purchasing expenditure of indirect procurement services (40%) is lower than direct procurement (60%), their share of all purchasing transactions (60%-80%) is higher, as direct procurement is far more predictable and volumes are higher (Vos et al., 2016, p. 4614). In non-manufacturing firms, however, indirect procurement typically accounts for 60% third-party spending (Bosch, Bounds, Rycraft, & Trampel, 2010, p. 37). In addition to that, A.T. Kearney found in their 2010 Indirect Procurement Study which included 94 multinational companies that the indirect spending of these companies summed US\$ 134 billion (Bosch et al., 2010, p. 37).

Indirect procurement ensures the everyday business through the purchase of materials that are not directly related to the production process (Kim & Shunk, 2004, p. 153). Kim and Shunk (2004, p. 153) also added MRO "maintenance, repair and operation" to the category of indirect procurement activity. MRO, however, should not be interchanged with ORM "Operating Resource Management", which includes items like: office supplies, furniture, travel services, computers, light bulbs and janitorial services. Although ORM and MRO both belong to the category of indirect procurement, the latter is the one which is far more complicated and complex in nature and therefore needs to be managed differently. The reason for this is that ORM belongs to the white collar (indirect office supplies) and MRO belongs to the blue collar (indirect industrial supplies) (Maunu, 2003). Office supplies, such as pencils or notepads can be purchased from every wholesaler. Moreover, they are easy to describe and catalog (Neef, 2001, p. 27). In addition to that, blue collars have a higher number of orders and a higher delivery criticality up to the point of work stoppage. Therefore, they are usually procured under fixed-term contracts and price agreements (Neef, 2001, p. 28).

As already mentioned in Vos et al. (2016, p. 4614) the field of indirect procurement is a rather unstudied topic so far, as former

research considers direct procurement as more important. But not only research spent little attention, also top management does not spend attention to indirect procurement as these resources are consumed internally and add no or just little value to the final product (Yu et al., 2015, p. 1055). Resulting in uncoordinated ad hoc purchases outside the formal purchasing contracts which cause large inefficiencies. Therefore, Yu et al. (2015, p. 1055) concluded that indirect procurement and especially MRO presents huge potential for cost savings, process improvements and efficiencies. Consequently, procurement managers spend their attention on how to streamline the procurement of such products and services through the use of e-procurement (Yu et al., 2015, p. 1055).

2.4 The Buyer's side: Segmenting Suppliers Using the Kraljic Martix

The Kraljic Matrix is considered as the four quadrants are associated with different levels of importance. Hence, each quadrant follows a different strategy that can have an influence on supplier satisfaction.

The involvement and commitment of resources and employees to suppliers in order to satisfy them is associated with costs. Furthermore, "a company can be highly involved with only a limited number of suppliers and needs a variety of relationships" (Gadde & Snehota, 2000, p. 305). Therefore, not all exchanges with suppliers should evolve towards a relationship (Corsten & Felde, 2005, p. 456). Consequently, buyers need to segment their suppliers according to their importance for the firm. As a result, segmentation has a direct influence on supplier satisfaction, because a customer might be not interested in satisfying a supplier, due to the fact that the market offers several substitution opportunities. A commonly used approach to define the right purchasing strategy is the Kraljic Matrix, as it "aims to match external risks and opportunities with internal needs, it seems to handle the power dependence problem in terms of balancing, exploiting and diversifying, and finally facilitates internal coordination and places emphasis on cross-functional teamwork" (Padhi, Wagner, & Aggarwal, 2012, p. 1).

According to Hespings and Schiele (2015, p. 141) a specific sourcing strategy is needed for distinct sourcing categories. The Kraljic Matrix enables buyers to categorize their products into four different categories which are compiled by two axes. The x-axis determines the supply risk from low to high. A low supply risk means there are several suppliers in the market and the buyer is in a powerful position, a high supply risk means there are only a few suppliers in the market and the power is shifted to the supplier. The y-axis determines the profit impact of the certain product or commodity the supplier is supplying. A low profit impact means that the product does not add significant value to the company's output. A high profit impact means that product adds a lot of value to the company's output. This can be because of its high price or a high proportion from the overall output.

The Kraljic Matrix cannot only be used to categorize different commodities but also to match commodities with the right tactical levers (Hespings & Schiele, 2016, p. 104).

2.4.1 Defining the supply strategy

Kraljic (1983, p. 112) use of the matrix starts with the classification phase. In this phase, each of the two variables is defined. The profit impact can be defined in terms of volume purchased, percentage of total purchasing cost or business growth. Supply risk, on the other hand, is defined by availability, number of suppliers or competitive demand. Other factors that could influence the supply risk could be the rate of technological substitutions or entry barriers.

Next, the market is systematically reviewed. This review includes, for example, the supplier's bargaining power. To evaluate this bargaining power criteria of supplier's and buyer's strength are compared. According to Kraljic (1983, p. 112), most of them are self-explanatory but six need further explanation. *Supplier's capacity utilization*, indicates the risk for supply bottlenecks. *Supplier's break-even stability*, gives hints about the supplier's bargaining power. Kraljic (1983, p. 113) figured out that a supplier with a lower break-even point is capable of offering lower prices but on the other hand has also higher bargaining power and can delay negotiations. *Uniqueness of supplier's product*, is the function of natural scarcity. Meaning, that the supplier has special knowledge and there are no substitutes in the market. *Annual volume purchased and expected growth in demand*, is the main indicator of the company's bargaining power. Especially, in terms of economies of scale which often yield a decisive competitive advantage. *Past variations in capacity utilization of main production units*, supports the judgement of the built-in flexibility of its supply coverage which arise through sales strategies and promotions or overall economic conditions. *Potential costs in the event of non-delivery or inadequate quality*, these costs influence inventory levels and required safety stocks (Kraljic, 1983, p. 113). However, he also mentioned that each industry requires different criteria for the right evaluation of a supplier (Kraljic, 1983, p. 113). The third phase positions materials in the portfolio. It aims to identify opportunities and reveal vulnerabilities Kraljic (1983). The ultimate goal of this phase is to plot the company's buying strength against the strengths of the supply market and develop counterstrategies concerning their key suppliers (Kraljic, 1983, p. 113).

Finally, it is to develop the right purchasing strategy for each commodity, this can be done by using sourcing levers and will be explained in detail in the following section.

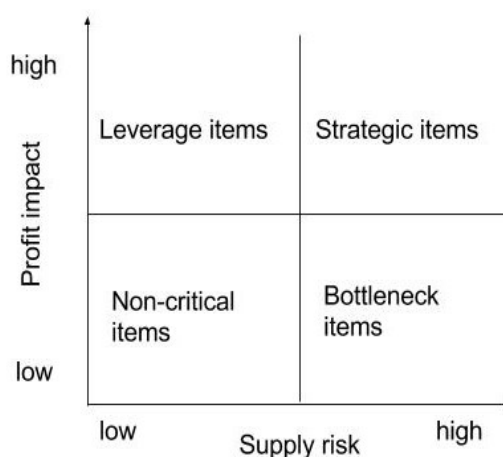


Figure 3: Kraljic Matrix

2.4.2 Making the most of exchanges: Tactical levers for each quadrant

To get the most out of each quadrant, distinct sourcing tactics can be defined. In contrast to the overall sourcing strategy tactics do not define orientation or a specific goal, rather they describe sets of activities used to operationalize strategy (Hespings & Schiele, 2016, p. 104). Non-critical items are of low strategic value and therefore do not contribute a lot to the company's output. As the supply is abundant, the supply risk is also low. Therefore, tactics in this quadrant focus on efficiency, including reducing transaction costs through product standardization, order volume

optimization and inventory optimization (Hesping & Schiele, 2016, p. 102). In the case of leverage items, there are also many suppliers available but the material's strategic impact is higher than non-critical items. Relevant tactics to make use of the company's full purchasing power are: vendor selection, product substitution, and a mix of contract and spot purchasing (Hesping & Schiele, 2016, p. 102). Next, bottleneck items are only offered by a limited number of suppliers and have low strategic influence. The main goal of this quadrant is therefore, to assure reliable short-term sourcing (Kraljic, 1983, p. 111), that can be achieved through the control of vendors, security of inventories and backup plans (Hesping & Schiele, 2016, p. 102). The most important quadrant is the one of the strategic items, as it has a high strategic impact and products are offered only by a few qualified suppliers. Consequently, demand needs to be forecasted accurately based on detailed market research, long-term supply relationships need to be established, make-or-buy decisions, and contingency planning (Hesping & Schiele, 2016, p. 102). Among the different tactics for strategic products, the establishment of a long-term/ privileged relationship is the most mentioned one in academic literature (Hesping & Schiele, 2016, p. 104). Therefore, the question arises how these long-term relationships can be developed. One approach will be discussed in the following section.

2.4.3 Key supply management: Developing long-term relationships

The following section discusses the method of key supply management as a possible tactical lever which was not formerly mentioned by the literature. Key supply management could be a possibility to satisfy key suppliers of strategic important commodities through special commitment and support.

After strategic commodities were identified using the Kraljic Matrix (Kraljic, 1983) it is now about how to secure long-term access and availability to these commodities. Hesping and Schiele (2016, p. 104) found in their study that building long-term/ privileged relationships is the most frequent suggested tactic to secure access to strategic products. Ghijsen et al. (2010, p. 19) identified satisfaction as the overriding factor in future supply chain partnership. In addition to that, Schiele et al. (2012, p. 1181) found that satisfaction is the result of expected value and the actual quality of the outcome it achieves. Gadde and Snehota (2000, p. 311), however, argued that a company can only be highly involved with a limited number of suppliers. One way to achieve this satisfaction of key suppliers and therefore secure access to strategic products is the incorporation of "Key Supply Management". In that account, Andersen and Rask (2003, p. 93) mentioned that there should be a function symmetric to the key account management function. More precisely, KSM is a set of practices that allow certain suppliers to receive specific, adapted treatments (Pardo, Missirilian, Portier, & Salle, 2011, p. 854). Meaning, that a company is able to make use of KSM to generate an increased relational value between the company itself and the key supplier (Henneberg, Pardo, Mouzas, & Naudé, 2009, p. 538), which is excluded in the traditional supply management approach. The advantages that can be observed by companies using KSM are apparently the same as the advantages that can be gained by achieving preferred customer status: cutting-edge technology and innovation, competitive advantages against competitors, increased leverage possibilities, cost cuttings and many more (Pardo et al., 2011, p. 854).

Although KSM brings a lot of advantages with it, many companies do not make use of it. One apparent reason for this phenomenon might be the cost factor of setting up key supply managers. But Pardo et al. (2011, p. 855) identified other reasons, namely 1) "a too high number of suppliers to be treated as key

suppliers and 2) the absence of team work, with the full support and cooperation of top management."

2.5 Customer Segmentation: Suiting Each Customer with the Right Commitment

Not only customers segment their suppliers according to their importance, but also suppliers segment their customers. The importance of focusing on customers is stressed by the fact that it costs about ten times more to get a dissatisfied customer back than to keep him (Marcus, 1998, p. 494). The most traditional approach to segment customers is demographic segmentation (Marcus, 1998, p. 494). Newer approaches captured and analyzed purchase and customer information, this practice is known as database marketing (Marcus, 1998, p. 494). Declining costs of technology, the desire to better understand customers and to enhance and measure marketing efforts have rapidly expanded the use of database marketing (Marcus, 1998, p. 494). In his research Marcus investigated the use of the RFM (recency, frequency, and monetary value) matrix and found that it is not practical as the matrix comes up with too many segments to interpret and work with (Marcus, 1998, p. 495). Therefore, he adjusted the matrix so that it can be applied to small and medium sized businesses. He found that the two variables that can best express the value of a customer are: Number of purchases and average purchase amount, resulting in a 2x2 segmentation matrix with four quadrants: uncertain, spender, frequent and best (Marcus, 1998, p. 496). Each quadrant should follow a certain strategy to get the most out of each segment. It is essential to keep the best customers. For spenders, who demonstrated a high level of average purchase amounts it is the goal build up purchase frequency. Frequent customers, who already have a high purchase frequency, should increase the amount of their average purchases. Finally, for uncertain customers it should be only focused on those who are new or have a high affinity for specific products (Marcus, 1998, pp. 499, 500). In more recent studies other definitions and frameworks for customer segmentation were developed.

Dannenberg and Zupancic (2009, p. 85) defined customer segmentation as "the process of dividing the market into different segments and their development in accordance with their value for the company." Another approach to segment customer is to segment customers into high and low priority customers (Meyr, 2009, p. 231). Meyr did not further elaborate how he determines priority.

Chan (2008, p. 2755) investigated in his research the framework which was developed by the customer relationship team of IBM. The framework segments customers based on three dimensions: What, whom and how. The what factor is determining what value the company want to deliver to the customer. Second, the whom, is the actual segmentation. To whom should the value be delivered and lastly the how deals with the question: how to identify suitable customers and contact them.

Customer segmentation might influence satisfaction in terms of partnering together only with customers that are considered important enough.

2.6 Buyer Status and Buyer Reputation and Their Potential Influence on Supplier Satisfaction

The following section will assess the concepts of buyer status and buyer reputation to investigate their influence on supplier satisfaction.

2.6.1 Buyer status as an influencing factor on supplier satisfaction

In contrast to reputation which is related to a history of high quality, status is an externally assigned measure of a social position (Patterson et al., 2014, p. 73). Although status is nothing tangible, it is an intangible asset that can be key to achieve competitive advantage (Patterson et al., 2014, p. 74). Status can stem from an organization's historical legacy in the form of positive or negative associations that may have little to do with assessments of quality (Patterson et al., 2014, p. 76). In addition to that, Swaminathan et al. (2002, p. 9) defined buyer status as the degree to which other firms in the industry view a firm with deference. In their research Patterson et al. (2014, p. 76) indicated status as a resource that can be gained or lost, or if accumulated can help an organization obtaining its desired outcome. One desired outcome can be the nomination of a preferred customer status. Usually, suppliers consider their customers as preferred or more important if its purchases exceed those of other customers. But in account of the buyer's status suppliers might be willing to engage in relationships even the customer is not being considered as important in terms of its purchase volume. However, the buyer's status may also have a positive impact on their own status. Therefore, it is not only the quantity of customers in a supplier's network but the identity of those partners, that determines the value of the network and in turn the supplier's own status (Swaminathan et al., 2002, p. 9). Although, buyer-supplier relationships are mostly about the exchange of tangible resources, a supplier can also rather benefit from being affiliated with the buying firm than benefiting from the flow of resources (Swaminathan et al., 2002, p. 9).

2.6.2 Buyer reputation as an influencing factor of supplier satisfaction

Such as status, reputation is also a valuable, intangible asset (Patterson et al., 2014, p. 77) that evolves over time and is a result of consistent performance (Bendixen & Abratt, 2007, pp. 69, 70). Next to the tangible assets in a buyer-supplier relationship that are the "must-haves", intangible assets are considered to be the source of competitive advantage (Wagner, Coley, & Lindemann, 2011, p. 30). A buyer's reputation is determined by the signals that stakeholders receive concerning its behaviors, whether directly or indirectly (Bendixen & Abratt, 2007, p. 70). Due to the fact, that suppliers expect buyers with a positive reputation as trustworthy, credible and benevolent (Wagner et al., 2011, p. 33), the logic of transaction cost economics suggests that these buyers can expected to be good business partners and therefore substitute for expensive governance mechanisms (Bendixen & Abratt, 2007, p. 70). Concluding, firms that put effort and take care of their reputation have better chances to satisfy their suppliers in terms of making prompt payments (Ramsay, 2005, p. 556) or avoiding hard-hitting negotiation (Ramsay & Wagner, 2009, p. 127).

3. METHODOLOGY: RESEARCH DESIGN & DATA COLLECTION

3.1 Questionnaire design and interviews: Two different questionnaires for the case study

The interviews with the purchasing department as well as the interviews with the supplier have been conducted using a questionnaire to analyze the concept of supplier satisfaction in practice. Questionnaires gave the possibility to compare the relationships between the variables and identify cause-and-effect relationships (Saunders, Lewis, & Thornhill, 2008, p. 362). Hence, qualitative interviews were perfectly suited to further

define the concept of supplier satisfaction and discover cause-and-effect relationships between the antecedents and benefits. The questionnaire only contained qualitative questions to give the respondents the opportunity to refer to interactions, behaviors, and feelings and freely describe their perception of the relationship. These qualitative open-ended questions give a holistic view of the relationship. The questionnaire was developed by last year bachelor students for their purpose and was based on existing literature and earlier studies. To suit the needs of this year bachelor students the questionnaire was modified to examine the satisfaction of key suppliers. Although, both questionnaires contained similar questions, the first one focused on the purchaser's perspective, whereas the latter one focused on the supplier's point of view. This standardization of the questionnaires offers the possibility to compare the answers and draw possible conclusions about different industries.

At first, the questionnaires test how and if the relationship with the other party is classified. For the classification of the buyer's side the Kraljic Matrix (Kraljic (1983) is used to classify the importance of each supplier. On the supplier's side, the aim is to find the different dimensions on which suppliers base the classification of their buyers. The next section aims to identify the benefits the buyer receives. These benefits will be classified using the preferred customer pyramid. In addition to that, it was investigated which additional benefits could be offered to the buyer. Finally, section three investigates the antecedents of their respective relationship.

3.2 Interview with One Buyer of Company X and Three of His (Key) Suppliers

For the case study, interviews have been conducted in German language since all four companies are located in Germany. In that account and to ensure validity the questionnaires were translated into German. To eliminate translation bias, the translation was checked by a professional business translator. After the contact with the buying company was made, the buyer received an introduction about the topic and the concepts via email to familiarize him with the topic of key supplier satisfaction. The interviewee at Company X held the position of a purchaser for engineering and construction services (P1). To assure a certain relationship between the buying and the supplying side, the interview partners for the supply side were chosen by the buyer. Before the selection of the suppliers for the interviews, the buyer was introduced to assign only suppliers that he considers as important enough to call them key suppliers. To point out differences in satisfaction, one supplier was chosen that quit his business-relationship with Company X and is now working with a different subsidiary of Company X. Resulting in interviews with one general manager whose Company is now only working with the subsidiary of Company X and two sales managers who are still working together with company X (S1, S2, S3).

Due to the big distance and for the interviewees' convenience all interviews were conducted by telephone. To assure validity, all interviews were recorded. All interviews were conducted in April and May 2017. The interview with the purchaser took 91 minutes. Although, it was allowed to record the interviews, the Company X insisted on their right to not mention their name in the published case study and not publish any of the findings gathered during the interview with their buyer. To point out who gave the information in the following chapters, the people will be named with the initials given in the table.

Case	Interviewed Supplier	Interviewed persons
1	Supplier 1	P1; S1

2	Supplier 2	P1; S2
3	Supplier 3	P1; S2

4. EMPIRICAL FINDINGS

Left out due to confidential information.

5. DISCUSSION OF THE FINDINGS

5.1 Various Benefits Found that Match with the Existing Literature - However one new benefit can be added

This section discusses the benefits mentioned in the literature in comparison to the benefits of the available literature. First thing to mention is that all suppliers offer benefits to Company X. The benefit that was mentioned most frequently is the quick reaction time in case of problems (S1, S2, S3). One supplier even offers support out of their business hours (S2). This is in line with the existing literature that mentioned privileged treatment in case of bottlenecks (Steinle & Schiele, 2008, p. 11). It is also in line with what (Nollet et al., 2012, p. 1187) classified as the delivery of components within reasonable time or as Christiansen and Maltz (2002, p. 189) put it: shorter lead times. Regarding the pyramid of the benefits of a preferred customer status these benefits belongs to the top of the pyramid as it is only offered for the most preferred customers and indicates a clear privileged treatment over other customers. Next, a benefit that was mentioned by supplier 3 is that they work exclusively for the Company X. Meaning, that they reject offers of other customers to fulfill the framework contract with Company X as good as possible. This benefit stems from a long-term and strategic relationship, as supplier 3 is a preferred supplier of Company X and therefore show commitment in that relationship. Exclusivity agreements are a benefit that is also stated in the available literature (Steinle & Schiele, 2008, p. 11). In terms of the preferred customer pyramid, an exclusivity agreement can be classified as real competitive advantage as it exclude all other customers. Hence, it can be categorized in the top of the pyramid. Another benefit that is offered by supplier 2 and 3 is the support during the project planning phase at Company X. Although Company X does not share their plans with their suppliers, the suppliers try to get access to the plans in order to mention their ideas for improvement. This is also in line with the existing literature, that stated that joint project development is a benefit offered to preferred customers (Steinle & Schiele, 2008, p. 11). Furthermore, the suppliers commitment towards the relationship in terms of ideas and improvements can be classified as support which is also mentioned in the available literature (Nollet et al., 2012, p. 1187). Finally, supplier 3 indicated that Company X sometimes produces pressure to fulfil the orders that are in delay. The literature stated that adjusting to changes in delivery schedules is indeed a benefit of a satisfied supplier (Nollet et al., 2012, p. 1187). One benefit that was only mentioned by the purchaser is that Company X sometimes gets blank offers that do not contain a price. The purchaser stated that this might be due to the fact that the suppliers are afraid to lose contingents. Blank offers are a benefit that is not mentioned in the literature yet. Other benefits mentioned by the purchaser are that the suppliers accept corporate standards, the change of buying conditions and the change of the date of payment (P1). Reasons for these benefits are Company X's power position and that no supplier wants to get in a lawsuit with a global player. These factors are also not mentioned in the literature yet.

5.2 Multiple Antecedents Discovered that confirmed Existing Factors in the Available

Literature and Added a New Factor to the Existing Literature

In this section, the antecedents of supplier satisfaction will be discussed and the findings of the case study are compared with the already existing literature.

The first factor that was mentioned by all three suppliers are the payment habits of Company X. Although, Company X is a reliable business partner the purchaser admitted that this is a price-driven competition. However, in order to also satisfy smaller suppliers Company X has special payment terms with their smaller suppliers that include payment after just two days. According to literature, payment procedure and payment habits belong to the operational level (Essig & Amann, 2009, p. 109). Nevertheless, supplier 1 refused to keep doing business with Company X and is now only working for the subsidiary of Company X. Supplier 1 stated that this purely price-driven competition is not the way he wants to do business and he felt a lack of appreciation. The feeling of equity with the relationship no matter what power imbalance exists is an aspect already mentioned in the literature (Schiele et al., 2012, p. 1181). Hence, a mix of relational and economic antecedents seems to be equally important. This contrasts with the other suppliers who stated that they are satisfied with the payment habits of Company X. The better price they receive can be related to their company size that results in bigger framework contracts that in turn contain better prices. This is in line with the literature stating that payment habits are an influential factor for supplier satisfaction (Essig & Amann, 2009, p. 105). However, it contrasts with the existing literature of Vos et al. (2016) who found that relational behavior has no significant influence in indirect procurement. Nevertheless, in their rearranged model they found relational behavior to be significant again. Consequently, it can be concluded that sometimes relational factors overweigh economic factors. The reason why supplier 1 feels a lack of appreciation might be due to the fact that he is a rather small and not a preferred supplier of Company X unlike the other two suppliers. Structures and culture is also topic brought by the purchaser who stated that it should be differentiated between corporate structures and medium-sized businesses (P1). Therefore, it can be assumed that the company size and the consequent company culture are factors influencing satisfaction. Culture and company size are also factors that are mentioned in the available literature (Wong, 2000, p. 429). Another factor that leads to satisfaction is the framework contracts that all suppliers are equipped with. Since the repair of the broadband grid can be defined as a blue collar activity, this is in line with the literature that suggests to procure blue collars through the use of fixed contracts (Neef, 2001, p. 28). The suppliers indicated that these framework contracts give them security and enable them to plan on a reliable basis. These framework contracts can be understood as the growth opportunity mentioned by Hüttinger et al. (2014, p. 711), as framework contracts offer the possibility for further growth in the future. However, framework contracts also contain substantial volumes and long-term horizons, which are also factors that are mentioned in the literature, they belong to the category of supply value (Hüttinger et al., 2012, p. 1201). In addition to that framework contracts can also be categorized as profitability, which is a driver of supplier satisfaction in indirect procurement according to the literature (Vos et al., 2016, p. 4618). Finally, it is stated that long-term contracts have a direct influence on satisfaction on the operational level (Essig & Amann, 2009, p. 109). Regarding reaction, which belongs to the mode of interaction according to Hüttinger et al. (2012, p. 1201), supplier 1 indicated that he is satisfied with his direct contact and the level of politeness and trust at Company X.

As opposed to the Company X's reliable and trustworthy payment habits there are also factors that lead to dissatisfaction at all three suppliers, namely the planning and forecasting, and supplier involvement. The purchaser stated that Company X downsized their purchasing department from 600 to around 60 purchasers over the years which led to bad planning, forecasting and in the end a bad information exchange. The suppliers indicated that there is some sort of information exchange but they would appreciate a timelier information exchange in order to have a better internal planning process. Indeed, the literature suggests that planning and forecasting, and supplier involvement have direct influence on satisfaction (Essig & Amann, 2009, p. 109; Hüttinger et al., 2012, p. 1201; Maunu, 2003, pp. 97,98). Nevertheless, there is a difference between the findings and the existing literature. Referring to Hüttinger et al. (2012, p. 1199) who stated that buyers value the accuracy of the exchanged information, it seems that Company X is more concerned about saving costs downsizing their purchasing department than providing their suppliers with accurate information. However, the fact that suppliers value the timely exchange of information is in line with the existing literature (Hüttinger et al., 2012, p. 1199). Also, supplier 3 acknowledged that Company X sometimes exerts pressure to fulfil orders in delay. Mostly the delay is a result of Company X's bad planning. Time scheduling, which belongs to operational excellence, is indeed a factor that influences supplier satisfaction (Hüttinger et al., 2012, p. 1201). Next to this, all suppliers mentioned that they value loyalty and honesty in their relationship. Especially, supplier 3 valued loyalty as they are a business partner of Company X since their founding (S3). Another factor that also influences the satisfaction of supplier 3 is the length of their relationship with Company X. That is in contrast with the existing literature in which it is stated that the length of the relationship is not significant (Vos et al., 2016, p. 4618). The adaption of changes at the supplier is mentioned as a benefit in the literature, but it is not indicated that this can also be antecedent when the buyer is adaptable for changes mentioned by the supplier. Supplier 3 stated that Company X adapts smaller wishes brought up by his company. Consequently, this can be added as a new factor to the literature.

5.3 Kraljic Matrix and Customer Segmentation: Suppliers Do Not Make Use of Segmentation - Company X is Still a Preferred Customer

This section deals with segmentation into the Kraljic Matrix and the consequent influence on the buyer-supplier relationship.

The purchaser classified the service he purchases as existential for Company X in terms of maintenance, grid expansion and digitization (P1). Two suppliers segmented themselves according to their status that they got assigned with by Company X (S2, S3, P1). Whereas one supplier classified himself also as strategic important for the region but is not assigned with a preferred supplier status yet (S1). As opposed to this, all three suppliers consider Company X as a preferred customer. Considering that supplier 2 and 3 are bigger companies that offer the same services compared to supplier 1 it is logical that they are classified as preferred suppliers and are equipped with bigger framework contracts. In addition to that, the business relationship of supplier 3 and Company X dates back until 1963. Although all suppliers consider Company X as a preferred customer not all of them make use of customer segmentation. Supplier 1 stated that he does not make use of a customer classification system but rather unconsciously treats Company X as a preferred customer. Supplier 2 indicated that he segments its customers into high and low priority customers. The priority of the ranking system is based on revenue and order size. Ranking customers into high

and low priority customers is also a method mentioned in the available literature (Meyr, 2009, p. 231). Finally, supplier 3 does not make use of customer segmentation as Company X is their only customer. In account of supplier satisfaction, it seems that the segmentation through the Kraljic Matrix has an influence on satisfaction, as supplier 2 and 3 know about their strategic importance for Company X and are satisfied with the relationship. Supplier 1, however, considers himself as strategically important, but is not a preferred supplier and terminated the business relationship with Company X due to a lack of appreciation and a purely price-driven competition. Regarding customer segmentation, it is hard to measure its influence on satisfaction as only one supplier makes use of customer segmentation. Nevertheless, Company X is considered a preferred customer at all three suppliers which might be influenced by their status and company size and will be discussed in the following section.

5.4 Buyer Status and Reputation: Doing Business with a Global Player influences the Relationship

In this section, the influence of buyer status on the relationship will be discussed and compared with the existing literature.

In some relationships, the status of Company X as the market leader and global player influences the relationship (S1, S2). Whereas supplier 3 indicated that status has no influence on the relationship and they do not differentiate between smaller or bigger customers (S3). Furthermore, he admitted that Company X's preferred customer status stems from their long-term relationship but has nothing to do with their status or size (S3). Nevertheless, all suppliers and the purchaser stated that Company X's status is high (S1, S2, S3, P1). Furthermore, there were several reasons identified that give Company X a high status. All suppliers agree on the fact that status is influenced by the popularity of Company X (S1, S2, S3). Next, the suppliers admitted that the long-standing history of Company X has an influence on their status (S1, S2, S3). Supplier 1 mentioned that he does not consider Company X's reputation as a marketing tool in terms of associating his company with Company X but considers the status of Company X as a reliable business partner as important (S1). Being a reliable business partner is indeed a factors that is mentioned in the literature (Bendixen & Abratt, 2007, p. 70). Unlike supplier 1, supplier 3 is proud to be a business partner of Company X and also uses this relationship for marketing purposes (S3). This in line with what Swaminathan et al. (2002, p. 9) stated, namely to be associated with the buying company. He admitted, however, that Company X is well aware of their status and sometimes makes use of it in terms of bargaining power (S3). This is in line with what the purchaser stated.

6. CONCLUSION ON THE FINDINGS

6.1 Answering the Research Questions: Existing Factors Confirmed, New Factors Added and New Concepts are Somewhat Influential

With the dual perspective case study with Company X and three of their suppliers all three research questions have been answered. Regarding the first research question, several antecedents, benefits and drivers have been explored at Company X. These factors match with the existing literature, but some factors are also contrary in terms of indirect procurement. Finally, a new antecedent and a new benefit can be added to the literature. Two new concepts, namely buyer status and customer segmentation have been investigated on their influence on

supplier satisfaction in a qualitative way. The second research question investigates the buyer status and its influence on the buyer-supplier relationship. All three suppliers and the buyer stated that the status of Company X is high. Two suppliers and the buyer admitted that the status influences the relationship. The last research question deals with customer segmentation and its influence on supplier satisfaction. Concerning this case study, it is hard to draw a conclusion about customer segmentation's influence on supplier satisfaction, as one buyer is serving Company X exclusively, one buyer does not make use of customer segmentation and only one buyer segments its customers into preferred and less preferred customers. However, all suppliers stated that they treat Company X as a preferred customer. Therefore, it can be concluded that buyer status has an influence on the buyer-supplier relationship and also customer segmentation influences the relationship in some way. Nevertheless, it is hard to generalize the findings as buyer status and customer segmentation are concepts that consist of many elements and the results can be different in other industries or countries.

6.2 Several Research Contributions from the Case Study in the German Telecommunication Industry

Different research contributions can be drawn from the dual perspective case study. Different factors are confirmed or disproved regarding the existing literature. Also, new factors can be added. Although existing literature only suggests antecedents for direct procurement, these antecedents can also be applied for indirect procurement. However, there are contrasts when it comes to the antecedents, e.g. relational behavior and length of the relationship influence satisfaction in indirect procurement. Additionally, a new factor that can be added is that the buyers adapt wishes of suppliers. Still, existing factors are also confirmed, e.g. growth opportunity and payment habits. Concerning the benefits, existing benefits, such as flexibility and exclusivity agreements are confirmed. But also new benefits can be added to the literature, namely blank offers that contain no price and the change of buying conditions. These benefits demonstrate the influence of Company X's status and how desperately suppliers want to do business with Company X. Regarding the newly introduced concepts of customer segmentation and buyer status it can be concluded that both influence the relationship to some extent. Additionally, factors such as the historical legacy (buyer status) and the differentiation between preferred and less preferred customers (customer segmentation) confirm the existing literature. Finally, it was found that segmentation through the Kraljic Matrix seems to have an influence on supplier satisfaction. Supplier 2 and 3 are preferred suppliers and stated that they are satisfied with the relationship. Supplier 1, however, is not a preferred supplier and indicated that he was not satisfied with the relationship between him and Company X.

6.3 Recommendations for Company X

Through the case study it was revealed that Company X is an attractive business partner that a lot of companies want to do business with. This attractiveness is mainly based on their market leader position and the high status Company X has in Germany. Hence, Company X is assigned a preferred customer status. As already mentioned by the purchaser Company X is a powerful corporation and sometimes makes use of their bargaining power. Nevertheless, there are some recommendations that Company X can follow to retain their preferred customer position and satisfy their suppliers. Due to Company X's downsizing and cost-cutting approach the planning and forecasting seems to be on the decline and therefore leads to dissatisfaction at their suppliers. In

addition to that Company X does not integrate the suppliers in their plans although they are willing to help and support. Therefore, Company X should integrate the suppliers in their planning process and strive for a more open communication, as through knowledge and information sharing the supplier might be able to identify solutions and solve problems together. Furthermore, the purchaser as well as some suppliers stated that the sharp procurement policy sometimes leads to dissatisfaction. Hence, it is recommended to revise this policy. Meaning, that the procurement policy should contain prices that are profitable for both parties. Company X should therefore further invest in their long-term framework contracts with reasonable prices, since all suppliers mentioned that this positively affects their satisfaction. On the one hand, setting up framework contracts could decrease competition among the suppliers, on the other hand it could increase reliability, loyalty and the supplier's willingness to help in case of problems. What is already positive in terms of their procurement policy is that the company also tries to satisfy smaller suppliers with payments after two days. Besides, Company X should reward and appreciate also smaller suppliers that they consider as strategically unimportant. One supplier already terminated the business relationship because he did not feel appreciated. A possible solution to satisfy key suppliers and improve communication could be the integration of a key supply management function. This function should mainly focus on the most important suppliers and follow an open-door policy for recommendations and solutions offered by suppliers, but also take especially care about issues brought up by key supplier in order to secure long-term successful relationships.

7. RESEARCH LIMITATIONS AND FUTURE RESEARCH

Due to the small sample size, it is hard to generalize the findings of this study. The study was based on one purchaser and three suppliers and took place in the German telecommunication and construction industry. Other countries and other industries could have other factors that have an impact on supplier satisfaction. Furthermore, it is hard to generalize the findings of the influence of buyer status, since Company X is a well-known and powerful corporation and the interviewed suppliers are rather small to medium sized companies. Therefore, the suppliers might be more intimidated than bigger companies. Also, the small company size might be the reason why they do not make use of customer segmentation. Hence, this study reveals little about the influence of customer segmentation. In addition to that, it is possible that the interviewees take some benefits and antecedents for granted and therefore do not especially mention them. Finally, buyer status and customer segmentation are concepts influenced by several different factors. Hence, it is hard to measure to what extent they influence supplier satisfaction. To further define the concept of supplier satisfaction more empirical qualitative research is needed to discover antecedents and benefits that were not mentioned in the available literature and to confirm or disprove existing antecedents and benefits.

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10. APPENDIX

10.1 Appendix 1: Preferred Supplier of Company X

Left out due to confidential information.

10.2 Appendix 2: Tables Chapter 5

10.2.1 Table Benefits

Benefits found in the case study	Benefits described in existing literature
Suppliers react on pressure exerted by Company X (S3)	Adjust to changes in delivery schedules
Supplier 3 offered support during project planning phase	Knowledge and information sharing/ Share project development
Supplier 3 works exclusively for Company X	Exclusivity agreements
Incorporation of changes asked by Company X (S2, S3)	Customization of products according to the customer's wishes
Supplier 3 offers support even if Company X does not share their plans	Support
All suppliers react quickly in case of problems (S1-S3)	Privileged treatment in case of bottlenecks
Suppliers change schedules to fulfil orders in time (S2, S3)	Changes in delivery schedules
Blank offers (P1)	-
Changing the buying conditions (P1)	-

10.2.2 Table Antecedents of Supplier Satisfaction

Antecedents retrieved from case study	Antecedents in the existing literature
Incorporate wishes mentioned by the supplier (S3)	-
Supplier 1 quit relationship due to bad prices (S1)	Profitability
All suppliers are satisfied with the excellent payment habits of Company X (S1-S3)	Payment habits
Downsizing at Company X leads to bad planning and dissatisfaction at suppliers (S1-S3)	Forecasting/ Planning
All suppliers consider the Company X as a reliable business partner (S1-S3)	Reliability
Suppliers are not involved in the planning process (S1-S3)	Supplier involvement
Suppliers are not satisfied that they are not involved in planning (S1-S3)	Cooperative relationships
All suppliers have framework contracts that lead to a safe feeling for the future (S1-S3)	Long-term contracts
Framework contracts can lead to bigger contracts after successful and reliable fulfilment	Growth opportunity

Supplier 1 felt a lack of appreciation (S1)	Relational behavior
Supplier 1 is satisfied with the level of politeness and trust at Company X's subsidiary	Reaction
Company X sometimes exert pressure on suppliers to finish in time (S3)	Time Scheduling
Framework contracts contain substantial volumes for all suppliers (S1-S3)	Substantial volumes

10.3 Appendix 3: Interview Questionnaires

Interview for Purchasers

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 behavior you would like them to show?

10.4 Appendix 4: Translated Interview Questionnaires

Fragebogen für Lieferanten

Klassifizierung

1. Weisen Sie Ihren Kunden unterschiedliche Status zu? Welche Statusarten weisen Sie zu? Welche Dimensionen nutzen Sie? (Welche Kriterien werden berücksichtigt?)
2. Ordnen Sie dem Kundenunternehmen als Ganzes, oder den verschiedenen Abteilungen/Zweigniederlassungen einen bevorzugten Kundenstatus zu?
3. Haben Sie einen bevorzugten Kundenstatus an Unternehmen-X (Ihr Unternehmen) vergeben?
4. Wo würden Sie sich selbst in der Kraljic Matrix sehen (aus der Sicht von Unternehmen-X)

Vorteile

5. Inwiefern beeinflusst der Status/die Reputation Ihres Kunden Ihr Verhalten gegenüber dem Kunden?
6. Welche Vorteile bieten Sie einem bevorzugten Kunden an? (Innovationen, Sonderdienste, Flexibilität, gemeinsame Produktionsplanung etc.)
7. Können Sie noch zufriedener mit dem Käufer sein, als Sie es jetzt sind? Welche Vorteile würden Sie dem Käufer dann bieten?

Ursachen/frühere Vorgänge

8. Sind Sie mit der Geschäftsbeziehung mit Unternehmen-X zufrieden? Welche Faktoren beeinflussen Ihre Zufriedenheit?
9. Welche Faktoren sorgen in dieser Beziehung für Unzufriedenheit?
10. Was ist die Motivation Ihres Unternehmens Unternehmen-X einen bevorzugten Kundenstatus zuzuteilen? Was könnte Unternehmen-X tun, um seinen Status weiterhin zu verbessern?
11. Ist Unternehmen-X sich seines Status bewusst? Lassen Sie Ihre bevorzugten Unternehmen von ihrem Status wissen?
12. Was sind Maßnahmen die ein Kunde treffen muss, um einen bevorzugten Kundenstatus zu erreichen und wie sieht das notwendige Verhalten aus?
13. Was tun die Kunden im Allgemeinen, um einen bevorzugten Kundenstatus zu erreichen? Wie versuchen Kunden Sie zufrieden zu stellen? Unterscheidet sich dieses Verhalten von dem, das Sie sich wünschen?

10.5 Appendix 5: Interview notes

Left out due to confidential information.