

Satisfaction of Key supplier: Analyzing and evaluating factors of supplier satisfaction in a case study with Company X

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

ABSTRACT,

The purpose of this report is to investigate the satisfaction level of a selection of key suppliers. This qualitative research was conducted based on a case study and aims to construct a more comprehensive model of supplier satisfaction. Different factors leading to supplier satisfaction were identified: (1) business idea (2) cooperativity (3) flexibility

This paper advises Company X how to behave in the long run, in order to improve business relationships with its supplier. The result of this paper possesses both scientific relevance and indicates potential implications of buyer-supplier relationships for service companies.

Graduation Committee members:

1st Supervisor: Vos, F.G.S.

2nd Supervisor: Prof. Dr. habil. Holger Schiele

Keywords

Supplier satisfaction, Segmentation, Buyer-supplier relationship, Key-Supplier, Status, Start-up

Permission to make digital or hard copies of all or part of this work for personal or classroom use is granted without fee provided that copies are not made or distributed for profit or commercial advantage and that copies bear this notice and the full citation on the first page. To copy otherwise, or republish, to post on servers or to redistribute to lists, requires prior specific permission and/or a fee.

9th IBA Bachelor Thesis Conference, July 5th, 2017, Enschede, The Netherlands.

Copyright 2017, University of Twente, The Faculty of Behavioural, Management and Social sciences.

1. INTRODUCTION

Over the past decades there has been growing interest towards cooperative purchasing practices as companies become increasingly dependent on their suppliers. However, most companies do not evaluate the level of supplier satisfaction in their buyer-supplier relationship. Buyer-supplier relationships are diverse and difficult without taking supplier satisfaction into consideration (Essig & Amann, 2009, p. 130). Suppliers are further identified as determinants of success in industries (Dwyer, Schurr, & Oh, 1987, p. 18). In order to achieve efficiency, flexibility and competitive advantages, buyer as well as supplier have to be acquainted in a collaborative relationship (Nyaga, Whipple, & Lynch, 2010, p. 102). By drawing on prior buyer-supplier relationship literature, this study contributes to and provides new insights into the supplier satisfaction topic. In particular, the neglected role of supplier relationship is examined and implicit antecedents associated with its consequences in a buyer-supplier relationship. This study extends the current understanding about supplier satisfaction by examining the effect of buyer status and segmentation. In addition to contributions to existing research, a case study is provided in order to give advice on how to optimize supplier satisfaction and improve their relationship. The case study was conducted with a start-up Company, which will also be investigated on, considering them as a driver for supplier satisfaction. The paper is structured as follows. In section 2 a theoretical background on buyer-supplier relationships is provided in order to create a baseline for the discussion (section 5). The methodology used to gather information from the case study is explained in section 3. Section 4 presents the obtained results of the research question. The discussion of the results together with the theoretical and managerial implications are presented in section 5. Section 6 presents a conclusion, followed by section 7 stating some limitations of the paper and suggesting finally some future lines of research.

Partnering between buyer and supplier will not succeed if suppliers' needs cannot be satisfied in a relationship. Thus, partnering efforts should also consider supplier satisfaction. If supplier satisfaction was achieved, suppliers will be more willing to help companies meet their needs. This paper examines how companies can optimize their supplier satisfaction and which effect this has on their relationship (Wong, 2002, p. 570).

In a strategic buyer-supplier relationship both, buyer and supplier, try to leverage their relationship in order to gain competitive advantage (Tanskanen & Aminoff, 2015, p. 128). As this can have immense consequences, they become very selective in terms of with whom they engage in a strategic BSR (Buyer-Supplier relationship). Managing buyer-supplier relationships have been always crucial, according to Obal and Lancioni (Obal & Lancioni, 2013, p. 851). Determining relationships between buyers and suppliers is a key subject of inquiry in organization and management research (Carmeli, Zivan, Gomes, & Markman, 2017, p. 1). Further it is indicated that trust lies at the heart of buyer-supplier relationships (Cannon, 1997, p. 35). If unethical behaviour is present, trust will automatically decrease. (Hill, Eckerd, Wilson, & Greer, 2009, p. 281). As research has shown, many firms create strategic initiatives in order to create long-term relationships (Benton & Maloni, 2005, p. 3). Furthermore can power and dependence be classified as to main important aspects in buyer-supplier relationships (Caniëls & Gelderman, 2007, p. 219). As this study will investigate satisfaction of key supplier, it is important to point out, that these suppliers are strategic assets for buying firms (Ivens, van de Vijver, & Vos, 2013, p. 135). Thus, some supplier are considered as more important than other

ones, as they allow to access and develop new resources (Ivens, Pardo, Salle, & Cova, 2009, p. 517).

1.1 Development of research questions investigates driver of supplier satisfaction by means of segmentation, status and early stage companies

The following paragraph gives an overview about the process of how the research questions were approached. These questions were established, to point out the background as well as significance of this topic, which give raise to the research aim. The core research question is formulated as it investigates the origin of supplier satisfaction and the consequences associated with satisfied supplier. After this has been clarified, the concept of segmentation from both, buyer and suppliers view are taken into account as well as the status of a buying firm. As the entire case study is based on a start-up research, it will further be clarified which influence start-ups have on supplier satisfaction.

Therefore, is the objective of this study elaborated on the following research questions:

What are antecedents and their consequences of supplier satisfaction?

To gain a complete picture of this research, two subquestions are formulated:

1. *Subquestion: How does segmentation and status of the buyer have an influence on supplier satisfaction?*
2. *Subquestion: Which influence do start-ups have on supplier satisfaction?*

Once the processes and fundamental aspects are comprehended, the study will make use of interviews which were conducted with Company X and three of its key suppliers. While the focus in segmentation literature has been on the demand-side of the market, little attention has been given to the supply-side (Erevelles & Stevenson, 2006, p. 490). The need for this research can be indicated as lacking knowledge in this domain. For now, most empirical studies are rather quantitative based whereas this research shows a qualitative approach. This study tries to contribute to existing literature in several ways. First of all, it has to be pointed out, that Company X is a start-up. As released in the recent start-up monitor, these early stage organizations play a crucial role for the economy, employment market and society (Kollmann, 2015). Furthermore, can this case study contribute to close research gaps for start-ups. Next to the form of the organization, also the approach of segmentation appeared to be relevant. As customer and supplier segmentation seem to be especially important in long term relationships, certain suppliers have to be selected first and then segmented. By means of segmentation the most suitable strategy for handling certain segments has to be established. Implementing segmentation in a company can also occupy a distinctive place in the mind of a target market. As the characterization of status is blurred, we will take this concept in order to find out how this will affect supplier satisfaction (Modi & Mabert, 2007, p. 45). Status appears to be dependent on reputation and can lead to several benefits in a social system (Fombrun & Shanley, 1990, p. 233). Moreover, are high status organizations enabled to benefit from competitive advantage (Patterson, Cavazos, & Washington, 2014, p. 75). The overall intended research objectives are to identify factors, that contribute to the level of supplier satisfaction, with a focus on the antecedents and consequences for the buyer-supplier relationship. Additionally, it comes to apply theoretical concepts

and recommended behaviour related to increasing supplier satisfaction as well as determining specific conditions of supplier satisfaction. More specifically, the results sought at the end of the research process are to assess supplier satisfaction, and impacts on supplier's contribution by evaluating how buying firms can increase satisfaction. By means of available resources a qualitative research is sought to support theoretical aspects and is aimed to detect potential weak spots in terms of communication or expectations.

1.2 Practical and theoretical relevance for this research study

Given the range and variety of issues in buyer-supplier relationships, it is becoming increasingly important to elaborate on this topic and detect related antecedence (Carr & Pearson, 1999, p. 489). The motivation behind this research lies thus in the necessity to understand and detect these problems and finally find solutions to it, which will lead to higher supplier satisfaction. In order to avoid conflicts between buyer and supplier it is necessary to detect miscommunication and prevent poor information exchange (Bai, Sheng, & Li, 2016, p. 14). Following the research process and detecting important antecedence, a better alignment of relationships and goals can be ensured. The added value to organizations can help to choose appropriate cooperation partners and identify how these relationships can be effectively managed over time. As previous research has shown, early attempts focused primarily on identifying the characteristics of successful cooperative buyer-supplier relationship. By linking the research project to literature, it becomes clear that some questions have still not been answered yet, which gives reason to the research questions stated in the previous section. Poorly recognized key supplier relationships in the business-to-business literature offer lastly a gap in literature which will be investigated herewith. The last reason for this research can be stated in the fact, that a major part in literature has a quantitative background, whereas this case study is qualitative oriented. By means of this qualitative approach, present theory will be extended in order to explain concepts of supplier satisfaction which were previously not applied for start-ups.

2. THEORETICAL BACKGROUND

In order to understand the developments of supplier satisfaction, it is necessary to analyse business literature regarding different constructs which will support this concept. Given the fact that this case study is conducted with an entrepreneurial organization, it will first be clarified on which terms research on start-ups is important.

2.1 Importance of start-up research

2.1.1 Investigating start-ups is beneficial for society and economy

Based on the fact, that Company X is just a recently formed company, their primary goal depicts profitability and growth (Friar & Meyer, 2003, p. 147). Start-ups pass through several phases after they were formed (Ruhnka & Young, 1987, p. 167). It is important to investigate on start-ups, in order to determine factors which can cause possible failure, since start-ups often have difficulties to stay in the market. Findings of research of start-ups could help founders to remain competitive and stay in the market, which indicates the practical relevance for this type of organizations. According to the foundation monitor, do start-ups not only offer new workplace, but also new innovations and contribute to the GDP which again strengthens competitiveness. Given the growing number of start-ups in recent years it becomes more and more important to investigate on them. After a two-year increase in the foundation quote, a decrease from 1.8 to 1.5

was present in 2015. (Kollmann, 2015, p. 26). The impact of start-ups has never been so prominent for our economy (Friar & Meyer, 2003, p. 145). Founders of start-ups are typically highly qualified, since 75% of them obtained a university degree. The distinctiveness to large organizations is based on the fact, that the latter focus rather on the big picture and on profitable segments, whereas start-ups recognize niche markets which do not appear to be an opportunity at first sight (Ireland, Hitt, & Sirmon, 2003). Literature agrees, that most of these business founders show distinct characteristics that set them apart from other businesses. Contributing to existing literature has therefore academic relevance in business administration.

2.2 Supplier satisfaction as a result of meeting expectations of suppliers among various parameters of importance

First attention to supplier satisfaction was drawn in the nineties. However, since the early 2000's a reasonable amount of research has been conducted on this concept. Essig and Amann define supplier satisfaction as an important facet of buyer-supplier relationship. The objective to investigate supplier satisfaction is thus useful, as supplier satisfaction indicates the quality of the buyer-seller relationship. (Essig & Amann, 2009, p. 109). Benton and Maloni further explain, that buyer-supplier relationships have a significant effect on supplier satisfaction. (Benton & Maloni, 2005, p. 5). According to Wongs first research in this field, working with supplier will improve both supplier and customer satisfaction (Wong, 2000, p. 430). As explained in the Social Exchange Theory, the roots of satisfaction are based on mutually satisfaction in a relationship. Each party has a certain level of expectations in terms of value in the relationship. If the expected level is above the perceived value, the other party is seen as attractive (Schiele, Calvi, & Gibbert, 2012, p. 140). Supplier satisfaction is thus the result of the comparison between expectation and the actual perceived value in a relationship. It can therefore be seen as a measurement to which degree those expectations are (not) met or exceeded.

Supplier not only provide resources like raw materials and semi-finished goods, but also ideas, knowledge and capabilities which a firm is not able to get anywhere else in order to achieve a competitive advantage (Koufteros, Vickery, & Dröge, 2012, p. 96). Supplier satisfaction can be explained as a supplier's feeling of fairness with regard to buyer's incentives and supplier's contributions within a BSR (Essig & Amann, 2009, p. 103). According to Schiele et al. (Schiele et al., 2012, p. 1194), supplier satisfaction is the buyer's ability to live up to the expectations of the supplier whereas the relationship between the buyer and supplier influences this level of satisfaction (Forker & Stannack, 2000, p. 24). Supplier satisfaction is crucial in the process of resource allocation. Considering an unsatisfied supplier, he will most likely not do the best to support the buying firm and may supply raw materials etc of less quality compared to a satisfied supplier. This will have a negative impact on sales and profitability of the buyer, which thus explains the importance of satisfied supplier. This indicates, that a company has to be aware of the level of satisfaction of its supplier.

2.2.1 Antecedents and benefits of supplier satisfaction

Based on the study of Forker and Stannack, possible antecedents of supplier satisfaction where tested, by comparing competitive and cooperative relationships on the level of satisfaction of buyer and supplier. Cooperative relationships showed a higher level of satisfaction than competitive ones (Forker & Stannack, 2000). Further research was conducted by Whipple et al. who tested the effect of information sharing in a BSR (Whipple, Frankel, &

Daugherty, 2002). Results showed a positive relationship between information exchange and the level of satisfaction. In 2006 Leeders et al. defined the BSR by means of a "Purchaser-Supplier Satisfaction Matrix". According to this framework buyers are able to improve their suppliers' satisfaction by means of four specific tools:

1. Granting substantial volumes, long-term commitments, exclusive agreements
2. Sharing internal information and extensive communication
3. Exhibit a willingness to change behaviour in the purchasing organisation
4. Respond rapidly to requests from suppliers

However, this has only been a conceptual study. (Leeders, Johnson, Flynn, & Fearon, 2006, p. 1199).

Based on Nyagas research in 2010, factors such as dedicated investments, information sharing and joint effort were investigated in order to see if there is a correlation with satisfaction. In fact, each activity showed a positive correlation with satisfaction as well as performance (Nyaga et al., 2010, p. 101).

Generally speaking four groups of antecedents can be categorized according to the above mentioned literature (Schiele et al., 2012, p. 1198). Those are:

1. Technical relevance
2. Supply value
3. Mode of interaction
4. Operational excellence

According to Trent and Zacharia, satisfied suppliers "are more willing to provide valuable kinds of preferential treatment to their preferred customers compared with less satisfied suppliers." (Trent & Zacharia, 2012, p. 14). Further studies support, that focusing on suppliers' satisfaction can lead to substantial benefits. This is supported by Hüttinger et al. (2012) who state, that those, who are able to satisfy their suppliers, receive also the best resources and a preferred status over other buyers (Hüttinger, Schiele, & Veldman, 2012, p. 1196). Thereby is satisfaction linking the quality of the relationship and value creation. Three significant key antecedents can be identified: growth opportunity, reliability and relational behaviour of the buyer (Vos, Schiele, & Hüttinger, 2016, p. 4613). In other words, it can be stated, that satisfaction colludes with attractiveness and has an impact on the BSR as well as the associated value. (Wegereef, 2017, p. 10).

2.3 Status as a resource and social standing enables firms to create a competitive advantage

2.3.1 Influence of buyer status on supplier satisfaction

As already defined by Parker et al. in the 1980th, the performance of an organization is determined by its status. Their research findings show, that an organizations efficiency is affected by its status (Dunsire, Hartley, Parker, & Dimitriou, 1988). By means of status an organization is also able to represent its social standing in economic sociology. (Dimov, Shepherd, & Sutcliffe, 2007, p. 483). Status is further used as a construct of quality for firms and pertains to the external perception of a company and thus their external image (Podolny, 1993). Podolny also found out, that higher status firms are also preferred partners of other high-status organizations (Podolny, 1994). Mariano and Ozbas suggest in their study, that status directly affects utility (Marino

& Ozbas, 2014, p. 192). They further state, that status is non-tradable and only acquired through action. Further it was found by Anicich et al., that high power combined with low status are a direct origin of interpersonal conflict and demeaning treatment. If, however the status of a high-power role is increased, conflicts will be decreased automatically, whereas decreasing its status increases conflicts (Anicich, Fast, Halevy, & Galinsky, 2015, p. 1123). An antecedent of a certain status level, was found to be in differences in social ranks and can have different benefits as a consequence (Patterson et al., 2014, p. 76). Status can further be used as a tool or resource of an organization in order to achieve its desired results and result in competitive advantages. In other words, it can be said that a higher status leads simultaneously to higher benefits. Patterson et al. also found out, that high status organizations are able to achieve a competitive advantage in the market (Patterson et al., 2014, p. 75). All in all, it can be concluded, that status has an influence on different benefits and can have a competitive advantage as a consequence. Similar to the preferred customer pyramid explained in section 2.5, only a limited number of firms can achieve this. Namely the ones with a high status.

2.3.2 Buying firms with higher status yield to several benefits

Organization with high status can profit from different benefits. Next to cost advantages belong also high growth rate, greater access to capital and an ability to have greater access to capital. Besides, high -status firms can risk to decline in their own status by affiliating with firms of lower status. According to different literature articles a vast variety of benefits can be classified into operational and service benefits, technological and quality benefits and financial benefits (Nollet, Rebolledo, & Popel, 2012).

Service benefits can constitute of delivery reliability which presumes that supplier align delivery schedules, monitor order deliveries for completeness and deliver commodities in time. (Nollet et al., 2012, p. 1187). If an organization enjoys a premium status, its supplier is also willed to offer information on new products, which is not offered to regular customers. Technological and quality benefits are expressed by supplier innovativeness (Schiele, Veldman, & Hüttinger, 2011, p. 3) and can also lead to exclusive agreements (Steinle & Schiele, 2008, p. 11). Additionally, are suppliers also willed to provide commodities of higher quality (Moody, 1992, p. 4). The third category of benefits encompasses financial matters. Outsourcing sources of technology not only leads to close strategic supplier relationships, but also to costs. However, represent financial benefits of a high status also a beneficent pricing behavior from supplier's side, which result in better price offers (Bew, 2007, p. 2). In regard to the Transaction Cost Theory also cost reduction can be offered by suppliers in relation to acquisition cost and operation costs which provides another benefit to the preferred customer (Christiansen & Maltz, 2002, p. 188). As visible in Figure 2. the preferred customer pyramid illustrates three layers of supplier benefits.

2.4 Preferred customer status

In order to ensure benefits from its key suppliers, a preferred customer status has to be acquired with its suppliers. (Steinle & Schiele, 2008, p. 11). This competitive advantage can result in an increase of quality, innovativeness, cost savings, delivery, integration and flexibility. This competitive advantage is relative to competing buyers by deriving greater benefits from suppliers' resources and capabilities (Schiele et al., 2012, p. 1178). Next to preferred customer status two other constructs determine whether buyers are awarded privileged treatment by the supplier. These are explained by supplier satisfaction and customer

attractiveness. (Hüttinger et al., 2012, p. 1194). It is said by the authors, that a supplier will be awarded preferred customer status and enjoy associated benefits, if the supplier is more satisfied with certain customers than with others. As indicated in a research by Ellis et al. preferred customer status also mediates the benefits exchanged within a buyer-supplier relationship (Ellis, Henke, & Kull, 2012, p. 1259). Therefore, preferred customer status influences collaboration between buyer and supplier (Vos et al., 2016, p. 179). As visible in Figure 2, suppliers are able to offer companies different benefits. Therefore, different categories are divided based on different treatments which customers receive from their suppliers. The pyramid is segmented into three layers, which also indicates these treatments given by suppliers. The bottom layer includes those customers, who are not given any preference status and who receive their products in return for a payment. The middle layer includes those customers, who are given little preferred status and benefit from somewhat preference as well as exclusive products in exchange for extra payments. An example of a benefit for this layer can constitute e.g. delivery conditions. In contrast to the bottom layer, not every customer is allowed to benefit from this status. Finally, the top level represents those customers, who are preferred over all others, free of charge. Compared to the other layers, only a selected number of customers receive this premium status. Benefits in the upper layer can be in the form of e.g. higher product quality, availability, lower prices, faster delivery or support in the sourcing process.

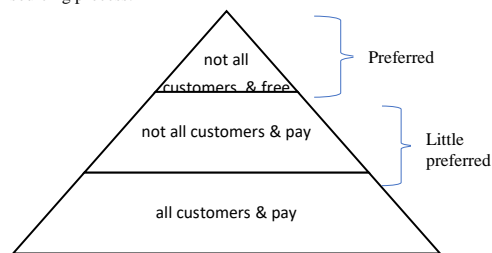


Figure 2. Preferred customer pyramid

2.5 Segmentation: Kraljic matrix as a strategic stool to deliver supplier segmentation

According to Kottler et al. supplier segmentation can be seen as “a process that involves dividing suppliers into distinct groups with different needs, characteristics or behavior, requiring different types of inter-firm relationship structures in order to realize value from exchange” (Kotler & Armstrong, 2010, p. 391). Strategic segmentation can determine the future direction in a buyer-supplier relationship and is seen as an important operational feature of strategic sourcing. It is based on past interactions and potential future value and plays thus a crucial role in supply management in order to exploit strategic opportunities for creating value with suppliers (Day, Magnan, & Moeller, 2010, p. 625). Much attention has been paid to purchasing portfolios in literature addressing to professional purchasing. Kraljic is taken as a suitable concept here, as it indicates the importance of segmenting the supply-side of the market. It is also the most popular approach to supplier segmentation, which specifies the variables required for segmenting suppliers (Day et al., 2010, p. 626). Kraljic (Kraljic, 1983, p. 112) stated that the general idea of the portfolio

approach is to “minimize supply vulnerability and make the most of potential buying power”, which leads to the assumption, that the fundamentals of the purchasing portfolio comprise of differences in power and dependence in a BSR (Dubois & Pedersen, 2002). The relative power and dependence position of buyers and suppliers are therefore expected to be factors of importance in explaining the conditions that influence the choice of purchasing strategy within each quadrant. In other words, can certain emphasis of power and dependence lead to different impacts for both buyer and supplier. However, little is known about the way in which power and dependence in buyer-supplier relationships enter the Kraljic matrix (Gelderman & Van Weele, 2005). Also, Kraljic does not explicitly deal with issues of power and dependence. Some of his recommendations refer to the power structure (‘exploit power’) though. Empirical research on the impact of power and dependence on buyer-supplier relationships is even scarcer. Therefore, it is critically important to examine the power and dependence positions of buyers and suppliers for the various purchasing strategies that have been identified in each quadrant of the portfolio matrix. As Erevelles and Stevenson point out, supplier segmentation focuses on the supply-side on the market (Erevelles & Stevenson, 2006, p. 490). Rezaei and Ortt further explain, that supplier segmentation is created by firms to treat grouped suppliers differently. By means of supplier segmentation a buying firm is thus able to deal differently with suppliers (Rezaei & Ortt, 2013, p. 75). The traditional segmentation is based on two dimensions and can be illustrated in the Kraljic Matrix. After segmenting relationships, one can identify more or less important relationships. By means of the Kraljic matrix, the extent of supply weaknesses can be recognized and can indicate a strategy to manage this supply. The focus lies on categorized commodities, which has to be seen as strategically important to a firm. The general idea behind the model is to minimize supply risk and make the most of buying power. (Fenson, Edin, & Holmer, 2008, p. 5).

A firm’s supply strategy depends on two factors namely profit impact and supply risk (Kraljic, 1983). Hence, those which can be considered as more important then be strengthened, whereas less important relationships can be offshored if there are alternative suppliers. According to the Kraljic matrix, firm’s purchased items are classified into four categories on the basis of their profit impact and supply risk (Kraljic, 1983, p. 111). The 2x2 matrix classifies four categories. Non-critical, leverage, strategic items and bottleneck items, as to be seen in Figure 2. Leverage items on the other hand enable a buying firm to exploit its entire purchasing power through e.g. target pricing and product substitution. Routine items are of low value and low supply risk, which can cause high transaction costs and logistic or administrative complexity due to their infrequent use. Strategies related to routine items aim thus at efficient processing, order volume and inventory optimization. A collaborative strategy between buyer and supplier is required for strategic items. Bottleneck items are characterized by high risks and cause significant problems which are suggested to be handled in terms of e.g. safety stocks and backup plans. Alternative suppliers or products can resolve this issue in some cases (Gelderman & Laeven, 2005, p. 2). As each category has a different emphasis on profit impact and supply risk, they also require distinctive approaches towards suppliers. It is most common that each quadrant recommends only one strategic advice in the portfolio. Orientating on this matrix, it is elaborated in which of the categories the organization belongs and the type of supply strategy can be determined by exploiting its purchasing power and simultaneously reducing its risk to an acceptable minimum. (Caniëls & Gelderman, 2007, p. 221)

Besides several benefits a satisfied supplier has to offer preferred customers, belong also reductions in regard to acquisition cost and operation cost, which pursues to then next section of transaction cost economics.

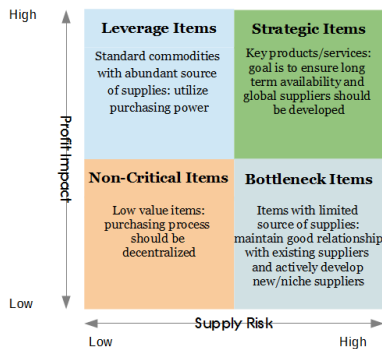


Figure 2. Kraljic Matrix

2.6 Customer Segmentation as a tool to make strategies more efficient and meet customers' expectations

Next to supplier segmentation, customer segmentation has to be considered as well. This is because targeted customer segmentation have to be a crucial part for the success of customer relationship management (Hwang, Jung, & Suh, 2004, p. 181). The aim of segmentation is to define distinct customer groups that have homogeneous needs (Wind, 1978). Customer segmentation aims to classify potential and current customers based on their market reactions (Oldano, 1987, pp. 143-146). An important argument behind this study is based on the shift in last decades from market segmentation to customer segmentation. Next to corresponding concepts of trust, commitment and relationships, closely related issues in terms of identifying good and bad customers have to be considered (Rigby, Reichheld, & Scheffer, 2002, pp. 101-109). Many firms can benefit from good customers and differentiating between them in terms of profitability and loyalty (Cao & Gruca, 2005, pp. 220-225). By using customer profitability, different segments can be formed. Highest-profit customers can therefore illustrate the most profitable segment, whereas unprofitable customers show another segment. Segmenting customer is also a common method used for selecting appropriate customers for a launch campaign (Chan, 2008, p. 2754). The research contributes to an understanding of how high or low levels of trust and of commitment can be used to differentiate customers in terms of active use the services regularly, and passive, use the services only occasionally.

Customer segmentation can be seen as a method for managing different customers with diverse preferences. By meeting these diverse customers' needs companies maintain long term relationships with their customers (Zhang, 2007). It further divides heterogeneous customers into homogeneous groups based on mutual attributes and groups together those, with similar preferences. Thus, different strategies can be implemented to each segmentation group. According to Hung and Tsai, is not only satisfaction to customers increased but also the expected profits for a company (Hung & Tsai, 2008, pp. 781-786). A crucial part in the segmentation process is the selection

of customer's attributes. Different attributes lead to different segments and thus the goal to offer appropriate services or products based on different customer status (Tsai & Chiu, 2004, pp. 266-270).

2.7 Theories explaining buyer-supplier relationship

2.7.1 Transaction cost theory

A common use of the transaction cost theory is based on the fact, that it provides a foundation to estimate risks from supplier opportunism. (Crosno & Dahlstrom, 2008). Moreover, it claims that the satisfaction of an exchange is influenced by the level of exchange partners' specific opportunistic behaviors. (Chao, 2014).

A firm purchasing components from other parties can show that one or both parties act in its own interest on the expense of the other (Gilster & Lee, 1984). If the supply market is highly competitive and components are not rare the buying firm can easily terminate the relationship with its supplier. This indicates that one party is in the position of power (Rindfleisch & Heide, 1997, p. 30). But, firms can also try to reduce opportunistic behavior by recognizing advantages and mutual benefits of working together (Williamson, 1993, p. 97). The strategic importance of a product and supplier is thus measured as a cause of transaction costs. If a product or supplier is of importance to a buyer, it is in the interest of the latter to strengthen the BSR (Bremen, Oehmen, Alard, & Schönsleben, 2010, p. 23). Moreover, does the unpredictability of supplier affect transaction costs. Especially in fast-growing companies like Start-ups may relations be canceled due to a change in strategic alignment. Transaction cost economics protect against opportunistic behavior and hazardous exchange relationships between firms (Klein & Shelanski, 1995, p. 336).

2.7.2 Resource based view

Transaction cost economics and Resource-based Theory work often complementary for what reason the RBV will also be reflected upon next (Silverman, 1999, p. 1110). The Resource based view is often referred to as the "theory of the firm." The RBV is characterized by tracing the potential to create and appropriate more value than the competition to the resource endowments of firms, and the characteristics of these resources. To gain a sustainable competitive advantage, trust, the desire to work together and the efficient flow of information have to be in line. (Hoyt and Huq, 2000). The RBV also holds that sustained competitive advantage rests on organization resources that are valuable, rare, inimitable and non-substitutable (VRIN). By means of the resource based view also different modes of value creation that act as constituents of a strategic intent for segmentation can be shown.

3. METHODOLOGY: RESEARCH DESIGN AND DATA COLLECTION

3.1 Setting up two questionnaires and addressing them to Company X and three suppliers

The focus of this research design is based on the idea, to ascertain the origin and consequences of supplier satisfaction. In order to elaborate the relationship between Company X and its suppliers, two questionnaires were created by a joint effort between different authors and can be found in the appendix. One questionnaire aimed to gather information from the buying company, Company X. The other interview questions were formulated for each supplier. Both questionnaires consist of three parts: Classification, benefits and antecedents.

The interviews were conducted in a written form for Company X, S1 and S2 and on the phone for S3. This is due to the fact, that Company X is located in Dortmund and it appeared to be the most convenient way for all participating parties. Interviews appeared to be the best method for this qualitative research given the following facts. First of all, the sample size was quite small with 4 participating parties. It was also expected to retrieve as much information as possible and use them to interpret and understand connections between the investigated factors in order to answer the research questions. Further, lies the aim behind this qualitative investigation in the determination of possible new drivers of supplier satisfaction. The standardized form then allows to compare the retrieved information. Further benefits of interviews are the detailed collection of information and the fact, that interviewees are not influenced by others. Open questions were formulated to encourage the respondents to think and reflect about their answers. Moreover, it was expected that an open approach will also give new insights and opinions to this topic as well as information in terms of needs, wants and problems of each interviewed party. Finally, it was also anticipated, that the respondents realize the extent of their problems which could provide input for a problem-solving approach and inconsistencies between different expectations can be further detected. Thus, this interview appeared to be ideal for this case study in order to investigate all components which are required to test theoretical aspects. The interviews were addressed at the CEO of Company X, the responsible party for Germany of Supplier 1, the product developer of supplier 2 and CEO of supplier 3. Each interviewee appeared to have enough knowledge to provide reliable answers to the questions. Also, crucial for this case study was to gather information from both ends of the BSR. The interview with Company X was communicated in English, whereas the suppliers preferred German.

3.2 Company X operating as a start-up in the retail industry and distributing nourishments with chia seeds

Company X is since the beginning of 2016 on the market and is focused on the distribution of organic smoothies. Currently, the start-up is distributing their products online and in selected retail stores.

4. EMPIRICAL FINDINGS

Based on the fact, that Company X is at an early stage on the market, the interview results were reflected on short term experience for all three suppliers. However, is the relationship between each other assessed as positive for every party.

4.1 Case 1

4.1.1 Level of satisfaction for Supplier 1 can be assessed as good with the possibility to optimize in the long run

This section addresses to level of satisfaction in the relationship between Company X and S1. Benefits in the relationship between these two were found in good communication and the willingness to cooperate on a respectful level. Even though, Company X is just developing in the market, S1 was attracted by the business idea and ambition. A crucial aspect for Supplier 1 in a good BSR was indicated in the willingness to cooperate in the long run. Therefore, it has to be proven in the future if the level of satisfaction for S1 remains or changes.

4.1.2 Segmentation indicates high dependence on Supplier 1 given strategic items

As became clear in this relationship, Company X is quite dependent on Supplier 1 given the key ingredients for the production process. Considering this from the other side it becomes clear, that Company X is just one customer between several others who they can provide their chia seeds to. In other words, Supplier 1 has larger power and higher flexibility in changing to different customers.

4.1.3 Buyer Status and Reputation suggest potential relationships between buyer and supplier

The general status of Company X can be seen as low given the recent market entrance. Supplier 1 highlighted from experience, that high status firms are often aware of their credit on the market. Therefore, they often behave different than smaller and unknown organization as they enjoy their buying power and independence from their supplier and switch more often to alternative ones. If Supplier 1 is then aware of a Company with such reputation, they would rather avoid the higher status firm and tend to start-up such as Company X. Besides status and reputation, long-term and cooperative relationships are more valued. In regard to their recent contact it was pointed out by S1, that Company X has a positive status based on the development of first contracts, cooperativity and flexibility. Company X further stated that they are happy to take suggestions from supplier in order to benefit from their experience, which was also pointed out by supplier 1 in order to do their best to perform a long-term cooperation. Retrospectively S1 pointed out, that Company X made a positive impression based on their creative business idea as well as cooperative and flexible attitude in the beginning of the business relationship, which then got Company X a better status and reputation.

4.2 Case 2

4.2.1 Level of satisfaction can be assessed as neutral with the possibility to optimize in the long run

As extracted from the interview with Supplier 2 it became clear, that the relationship has to be continued in a longer run to get a better picture of the level of satisfaction. It was stated that they hope to continue the cooperation which indicates, that Supplier 2 is satisfied to a certain level. This resulted through the good communication in the development of contracts and processes. Therefore, can well-functioning communication be seen as a benefit to the BSR, similar to case 1.

4.2.2 Segmentation indicates high dependence on Supplier 2 given Strategic items

Not only is Company X dependent on S1 but also on S2. This can be explained given the fact, that these two illustrate key supplier and offer superior ingredients crucial to the production process of Company X product. Again, observing from the suppliers' perspective, S2 is quite independent and has thus also more power in the BSR. Hence, are the provided fruits of high quality and show high impact to profitability as well as high supply risk.

4.2.3 Low buyer status and reputation do not necessarily affect supplier satisfaction

As was made clear in the interview, was that Supplier 1 does not only cooperate with high-status firms, but also like to support start-ups and develop a successful business model. Status could not be identified as a necessary factor to influence supplier satisfaction. However, it turned out, that Company X enjoys a certain degree of positive reputation in regard to the mode of

Kommentiert [DM1]: Interview best choice

interaction. This is reasoned to the phase when the business relationship struggled in the beginning and Company X behaved in such a manner so they could finalize contracts in a mutual understanding. Company X enjoys a higher status according to its cooperativity yielding in the business development.

4.3 Case 3

4.3.1 Level of satisfaction for Supplier 3 is low due to short business relationship

Given the fact, that S3 does not constitute a supplier anymore, their level of satisfaction to Company X is therefore also low. After an updated cartonnage did not meet expectations of Company X, no further order was made. Nevertheless, it was made clear, that the communication went well upfront and S3 did just not meet Company X expectations. This will lead to the next aspect, which indicates that Company X is less dependent on S3, given the wide variety of alternative suppliers in packaging.

4.3.2 Segmentation indicates less dependency on S3 and higher flexibility to move to alternative suppliers

As shortly mentioned in 4.3.1, Company X was less dependent on S3 than it is on S1 and S2. This is based on the fact that there are more alternative resources provided by S3 than there are of S1 and S2. On the other hands is also S3 not depending on Company X due to other customers. Taking this from the suppliers' perspective, it can be concluded that Company X was seen as an unprofitable customer, which lead to a short-term relationship given the needs of Company X were not met.

4.3.3 Low buyer status and reputation did not affect BSR in the first place

Even though, Company X constitutes a low status and reputation, it did not hinder S3 to cooperate in the first place. As pointed out by S3, every customer who is willing to place orders regularly is a welcome customer. However, also those who order only once in a while but then in bigger batches are good customers. Also, customers who require different sizes and updated features are happy to be seen. It appeared that despite from status and reputation, each customer is welcome. If then steady customer requires personalized and updated packaging, they get a preferred status. Hence, the importance of a customer will influence the status. Like for the two other suppliers do also long-term contracts account for a preferred status as they provide higher security. For S3 continuous communication is a core aspect in a successful BSR, since this did not seem to be the case for Company X and S3, the short relationship between these two could be explained and therefore lower reputation.

5. DISCUSSION: EMPIRICAL FINDINGS FROM PRACTICE

5.1 Similarities and Contributions to the theoretical findings on supplier satisfaction

Following the developed framework by Hüttinger et al. (2012, p.1203), different antecedents of supplier satisfaction will be highlighted in this section starting from technical relevance over supply value and mode of interaction to operational excellence.

It will also be highlighted whether this was coherent with the case study. Economic factors characterize high purchasing volume and a predictable utilization of the production capacity. While high purchasing volume was also stated in practice as a possible antecedent, it was also clarified, that this would not conflict with start-ups if they show more important characteristics which will be explained later. A predictable utilization of production capacity has to be investigated on in the

future, as for now commodities are only produced in batches and sold from stock for financial reasons. Demand stability and dependency outline risk factors, which are less important for the current status of BSR. Demand stability can be currently classified as uncertain given the fact, that it is unclear whether potential demand of customers will remain or change. However, research of the "Ökobarometer" of the "Bundesministerium" in 2015 has shown, that two out of three interviewed people purchase organic products. (Hölscher, 2016, p. 6) Next, tight personal relations were detected as contributing factors to satisfaction. The exchange of information with great interest as well as cooperative and flexible attitude towards supplier were stated as important aspects in a BSR leading to satisfaction. The mode of interaction in form of good communication is thus another antecedent for supplier satisfaction. Company X enjoys an attractive status to supplier 1 due to its creative and innovative ideas.

As will be pointed out in section 5.2, is Company X currently dependent on each supplier, due to their exclusive resources. For S1 it is therefore crucial to know how Company X will behave if they are less dependent due to a broader variety and offer of suppliers. This will clarify if the relationship is based on a cooperation strategy or on a service of the supplier.

On the basis of the before mentioned literature, this research investigated on constructs such as segmentation as well as preferred customer status as influencing factors of supplier satisfaction for the case study of Company X. In the following part, drivers of key supplier satisfaction are discussed and compared to literature. As outlined in chapter 3, both supplier interviews were conducted with responsible people who are directly involved in the supplier relationships and have a comprehensive overview over the processes and the implications in the business. This chapter illustrates the results of all surveys.

Both suppliers highlighted, that a certain level of satisfaction is achieved, if there is a basic level of mutual sympathy present as well as a common sense for an innovative idea of start-ups. This indicates, that good interpersonal relationships have a large impact on the level of satisfaction of suppliers. Since S1 and S2 both state, that creative ideas are welcome factors, the identification with the customer's product can be seen as a driver for supplier satisfaction. Ultimately, a willingness to continue the business relationship and inner urge of successfully practicing business would represent key drivers in supplier satisfaction. But also, other factors play a significant role.

Willingness in business growth is also an important factor for suppliers as it indicates mutual future cooperation and long-term relationships. As S1 and S2 highlight, they are happy to be part of a business roadmap of a company's future success. Both suppliers thus constitute of a part of the company where also transparency plays a crucial role in a mutual business development and common vision, which can be seen as the next antecedents of satisfaction. Due to the nature of the business as an entrepreneurial company, having volatile production volumes can imply great risks to suppliers. However, in this case is Company X rather relying on S1 and S2, as they provide crucial ingredients for the production process. Hence is Company X more dependent on its supplier than the other way around. Forecasting and planning accuracy can therefore constitute of aspects in the future when the production processes are increased, as for now big batches are produced and sold from stock rather than continuous production. Interview results also indicated, that a certain degree of fairness and respectful behaviour is appreciated from all parties in order to create a transparent, long-term relationship. It also appeared, that the BSR does not only constitute of a business relationship, but also

of engagement for the product. The present trust in this relationship results in a partnership with both parties engaging in long term relationships.

Further it is indicated, that business/contract continuity and cooperative firms are assessed as more valuable than those firms, who focus on short business relation. Therefore, a long business focus can be considered as the first antecedent of satisfying supplier. As becomes clear, supplier satisfaction comprises the overall relationship between buyer and supplier starting with the development of the relationship, via the functionality and joint business goals. The level of supplier satisfaction can thus be influenced in each of the three phases and comprises a whole process between buyer and supplier. The Starting phase (1) is explained by the beginning of the contractual relationship followed by the present state (2) and the future state as the last phase (3).

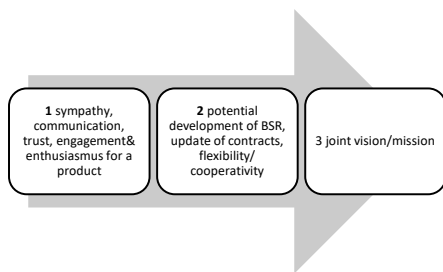


Figure 3. Development of satisfaction in different phases

5.1.1 Company X has to be located in the strategic quadrant (Kraljic matrix)

As specifically outlined in the literature review, does the Kraljic matrix consist of four quadrants. After analysing the survey results we can conclude, that Company X can be located in the strategic quadrant. Even though, the commodity of Company X has a high impact to profitability, it has also high supply risk. As expressed in the survey, certain ingredients are difficult to get with a high degree in quality but are essential for the production process. It is therefore suggested to follow a collaboration strategy with its key supplier. As was also suggested by Carr and Pearson, collaborative communication with suppliers also benefits the buying firm in the long run. (Carr & Pearson, 1999, p. 502). The Kraljic matrix however, does not consider factors such as power and dependence. To consider these, the Dutch windmill can be applied for the relationship and which will be further investigated in the next section. Since the segmentation by means of Kraljic results in the identification of important relationships we can conclude that Company X relates with high importance to its key supplier. This is due to the fact that only a limited number of alternative suppliers is present on the market and Company X is therefore dependent on their supplier. Considering the other way, it is clear that both suppliers are less dependent on Company X and have thus more power in their relationship.

5.1.2 Company X is more dependent on its supplier and is located in the nuisance segment (Dutch windmill)

Van Weele explained in 2005 the concept of the Dutch windmill and can be seen as an extension to the purchasing portfolio. By means of the windmill a buyer-seller interdependence can be

analysed. It combines both, the buyer's portfolio and the supplier's customer portfolio approach. In total 16 different business-to-business relationships are described in the windmill requiring each a different sourcing strategy. The goal of the concept is to create more effective buyer supplier collaborations in terms of future expectations. As already indicated in the previous section is Company X more dependent on its supplier than the supplier are on Company X. Key supplier have in this case higher power than the buying firm and are thus independent from Company X. This indicates in terms of the Dutch windmill that supplier and buyer are in a different segment and have thus a different strategy in relation to each other. In other words, have both supplier a higher strategic importance to customer C whereas from the supplier's perspective Company X belongs to the Strategic – core segment. This could cause a major problem for Company X as the ingredients of the smoothie has to be of high quality and only a limited source of supplier offer these, each key supplier is of strategic importance. Therefore, it comes to maintain its relationships and actively develop new suppliers, which is something Company X is already working on.

In order to align its perception of the relationship, Company X has to influence S1 and S2 with its own objectives. In other words, has Company X to be attractive for its key suppliers.

In the Kraljic model, it is not obvious when the balance of power between buyer and supplier is used in the model. It is clearly stated in the strategic quadrant, but it also needs to influence other parts of the model. Power is often seen as something negative because of its possible misuse. Ignoring power is not a solution, because it still exists and has an influence on the buyer-supplier relationship (Caniëls & Gelderman, 2005, p. 150). Dependency is used to show power and is defined as the contrary of power (Emerson, 1964, p. 282).

6. CONCLUSION: ANSWERING THE RESEARCH QUESTIONS BY CONFIRMING EXISTING FACTORS AND ADDING NEW ONES

By means of the conducted case study each research question has been answered. Regarding the first research question antecedents and consequences of supplier satisfaction were discovered. Antecedents, drivers and the consequences associated with supplier satisfaction confirmed a number of aspects in given literature. Also, more concrete factors were highlighted. The concepts of customer segmentation, supplier segmentation and buyer status have been investigated and added to answering research question two. Table 1-4 visualizes these consequences and can be found in the appendix. Considering the beforementioned factors it can be concluded, that Company X has a strategic fit with at least two of the investigated suppliers. Since many elements influence the level of satisfaction of supplier, it is hard to measure how strong the effect of each elements is. After conducting the case study, it became clear that the majority of suppliers is excited to work with start-ups. Their engagement, creativity and innovativeness is appreciated much, which is seen as an antecedent for satisfaction. Concerning this case, it appeared that given the personal contact and empathy with each other, a close relationship was build. As no comparison between mature firms and early stage firms was made in this case, we can only speak for one side. This means in regard to research question 1, that start-ups are seen as creative sources used for cooperation. Moreover, it helps that they are more agile and flexible.

6.1 Recommendations to Company X

6.1.1 Company X should continue with its supplier relationship

As research has shown, the current relationship with Company X and its supplier is considered as successful which can be developed on in the future after the production is increased. Both supplier consider start-up companies as interesting and see potential in their creative minds and ambition. Supplier one and two show also a high level of satisfaction. This indicates, that expectations of both suppliers were met, even though they were not stated specifically beforehand. As both suppliers are satisfied, it is advised to continue the relationship and keep up or update its strategy as soon as the production volume is increased and the corporate structure of Company X changes.

In this case study, it became apparent that Company X obtained several benefits with its key suppliers and is seen as an attractive business partner. Even though, they do not benefit from a preferred status yet due to the young relationship status, it is recommended to keep up with its suppliers and try to optimize their BSR by the time they increase the production volume. Both suppliers state that their satisfaction is at a desired level which should at least be maintained. Company X should further invest in long-term contracts as both suppliers stated that this would positively affect the relationship. Moreover, should Company X consider its procurement policy. Despite the fact that Company X is just establishing themselves on the market and they carefully have to consider prices, it might have an undetected effect on suppliers if cheap prices are more important than quality. This could have possible consequences on reliability, quality or other factors. Besides actions to improve, there are also things which should be maintained in the future. This would be the exchange between buyer and supplier, as it is appreciated from every involved party. Next to this it is recommended that Company X continuous with the passion and dedication as they do it now. With their engagement and vision, they were able to persuade also their supplier. Therefore, Company X has to continuously stay attractive, communicative, cooperative, eager and willing to satisfy its most important suppliers in order to benefit from potential benefits in the future.

Given the fact, that Company X belongs to the strategic quadrant, the best segmentation theory would thus lie in a collaboration. As was also indicated by the CEO of company, they encourage the idea of using their supplier as a new source of ideas, given the fact that they just entered the market and are glad of supplier offer new ideas. This is also why suppliers are invited to participate in suggestions for improvement in regard to packaging etc. The open-minded attitude towards supplier is seen as positive, especially given the suggestion to make use of a collaborative strategy.

7. LIMITATIONS AND IMPLICATIONS FOR FURTHER RESEARCH

7.1 Research findings contribute to existing literature and give reason to continue

While in the last years there was an increase of research on the field of customer attractiveness and the concept of preferred customer status, most of the published papers had more a theoretical scope and have not focused on practice yet. With the investigative case study in this paper to learn about benefits and antecedents of a preferred customer status in practice, the gap on the practical side can be narrowed. Furthermore, as many of the benefits and antecedents which were developed in the theory could be found in practice, this paper provides a reinforcement of the existing body of knowledge. In addition, benefits and

antecedents have been found with no existing foundation in theory which could possibly initiate further research.

A crucial shortcoming in this case study is based on the fact, that Company X constitutes a start-up. Thus, the existing relationships to its supplier have to be seen as rather young in an early stage which is due to recent contracts. Further it can be stated, that the research conducted, took only place for one organization in the food industry sector and cannot be generalized at this point in time for other industries. Due to the research of only one organizations, a less objective point of view is given in the results. Therefore, further research can be conducted with more case studies I different industry sectors. By increasing the sample size also, the research findings would be more comprehensive and indicate possible undetected antecedents.

8. ACKNOWLEDGES

My gratitude is expressed to Company X and its key supplier who made this case study possible and supported this study by participating in the surveys. Furthermore, I like to thank my supervisor for continuous constructive feedback during the time of this research, critical questioning at every point and sharing his expertise with me.

9. REFERENCES

- Anicich, E. M., Fast, N. J., Halevy, N., & Galinsky, A. D. (2015). When the Bases of Social Hierarchy Collide: Power Without Status Drives Interpersonal Conflict. *Organization Science*. doi:10.1287/orsc.2015.1019
- Bai, X., Sheng, S., & Li, J. J. (2016). Contract governance and buyer-supplier conflict: The moderating role of institutions. *Journal of Operations Management*, 41, 12-24. doi:10.1016/j.jom.2015.10.003
- Benton, W., & Maloni, M. (2005). The influence of power driven buyer/seller relationships on supply chain satisfaction. *Journal of Operations Management*, 23(1), 1-22. doi:10.1016/j.jom.2004.09.002
- Bew, R. (2007). *The new customer of choice imperative: ensuring supply availability, productivity gains, and supplier innovation*. Paper presented at the 92nd Annual International Supply Management Conference, Las Vegas.
- Bremen, P., Oehmen, J., Alard, R., & Schönsleben, P. (2010). Transaction costs in global supply chains of manufacturing companies. *Journal of Systemics, Cybernetics & Informatics*, 8, 19-25.
- Caniëls, M. C. J., & Gelderman, C. J. (2005). Purchasing strategies in the Kraljic matrix—A power and dependence perspective. *Journal of Purchasing and Supply Management*, 11(2-3), 141-155. doi:10.1016/j.pursup.2005.10.004
- Caniëls, M. C. J., & Gelderman, C. J. (2007). Power and interdependence in buyer supplier relationships: A purchasing portfolio approach. *Industrial Marketing Management*, 36(2), 219-229. doi:10.1016/j.indmarman.2005.08.012
- Cannon, P. M. D. a. J. P. (1997). An Examination of the Nature of Trust in Buyer-Seller Relationships. *Journal of Marketing*.
- Cao, Y., & Gruca, T. S. (2005). Reducing adverse selection through customer relationship management. *Journal of Marketing*, 69(4), 219-229.
- Carmeli, A., Zivan, I., Gomes, E., & Markman, G. D. (2017). Underlining micro socio-psychological mechanisms of buyer-supplier relationships: Implications for inter-

- organizational learning agility. *Human Resource Management Review*. doi:10.1016/j.hrmr.2016.12.002
- Carr, A. S., & Pearson, J. N. (1999). Strategically managed buyer-supplier relationships and performance outcomes. *Journal of Operations Management*, 17(5), 497-519.
- Chan, C. H. (2008). Intelligent value-based customer segmentation method for campaign management: A case study of automobile retailer. *Expert Systems with Applications*, 34(4), 2754-2762.
- Chao, E. (2014). Contractual satisfaction: drivers and implication for theory. *International Journal of Economics and Business Research*, 7(3), 257-274.
- Christiansen, P. E., & Maltz, A. (2002). Becoming an "interesting" customer: Procurement strategies for buyers without leverage. *International Journal of Logistics*, 5(2), 177-195.
- Crosno, J. L., & Dahlstrom, R. (2008). A meta-analytic review of opportunism in exchange relationships. *Journal of the Academy of Marketing Science*, 36(2), 191-201.
- Day, M., Magnan, G. M., & Moeller, M. M. (2010). Evaluating the bases of supplier segmentation: A review and taxonomy. *Industrial Marketing Management*, 39(4), 625-639. doi:10.1016/j.indmarman.2009.06.001
- Dimov, D., Shepherd, D. A., & Sutcliffe, K. M. (2007). Requisite expertise, firm reputation, and status in venture capital investment allocation decisions. *Journal of Business Venturing*, 22(4), 481-502.
- Dubois, A., & Pedersen, A.-C. (2002). Why relationships do not fit into purchasing portfolio models—a comparison between the portfolio and industrial network approaches. *European Journal of Purchasing & Supply Management*, 8(1), 35-42.
- Dunsire, A., Hartley, K., Parker, D., & Dimitriou, B. (1988). Organizational status and performance: A conceptual framework for testing public choice theories. *Public Administration*, 66(4), 363-388.
- Dwyer, F. R., Schurr, P. H., & Oh, S. (1987). Developing Buyer-Seller Relationships. *Journal of Marketing*, 51(2), 11-27.
- Ellis, S. C., Henke, J. W., & Kull, T. J. (2012). The effect of buyer behaviors on preferred customer status and access to supplier technological innovation: An empirical study of supplier perceptions. *Industrial Marketing Management*, 41(8), 1259-1269. doi:10.1016/j.indmarman.2012.10.010
- Emerson, R. M. (1964). Power-dependence relations: Two experiments. *Sociometry*, 282-298.
- Erevelles, S., & Stevenson, T. H. (2006). Enhancing the business-to-business supply chain: Insights from partitioning the supply-side. *Industrial Marketing Management*, 35(4), 481-492. doi:10.1016/j.indmarman.2005.04.005
- Essig, M., & Amann, M. (2009). Supplier satisfaction: Conceptual basics and explorative findings. *Journal of Purchasing and Supply Management*, 15(2), 103-113. doi:10.1016/j.pursup.2009.01.001
- Fenson, C., Edin, P., & Holmer, E. (2008). How purchasing practitioners use the Kraljic matrix. *Cerca con Google*.
- Fombrun, C., & Shanley, M. (1990). What's in a name? Reputation building and corporate strategy. *Academy of Management Journal*, 33(2), 233-258.
- Forker, L. B., & Stannack, P. (2000). Cooperation versus competition: do buyers and suppliers really see eye-to-eye? *European Journal of Purchasing & Supply Management*, 6(1), 31-40.
- Friar, J. H., & Meyer, M. H. (2003). Entrepreneurship and startups in the Boston region: Factors differentiating high-growth ventures from micro-ventures. *Small Business Economics*, 21(2), 145-152.
- Gelderman, C. J., & Laeven, H. T. (2005). Competition or cooperation? Alternative purchasing strategies for leverage products—an empirical study: Heerlen: Open University of the Netherlands.
- Gelderman, C. J., & Van Weele, A. J. (2005). Purchasing portfolio models: a critique and update. *Journal of Supply Chain Management*, 41(3), 19-28.
- Gilster, J. E., & Lee, W. (1984). The effects of transaction costs and different borrowing and lending rates on the option pricing model: A note. *The Journal of Finance*, 39(4), 1215-1221.
- Hill, J. A., Eckerd, S., Wilson, D., & Greer, B. (2009). The effect of unethical behavior on trust in a buyer-supplier relationship: The mediating role of psychological contract violation. *Journal of Operations Management*, 27(4), 281-293. doi:10.1016/j.jom.2008.10.002
- Hölscher, J. (2016). <Oeokbarometer2016.pdf>.
- Hung, C., & Tsai, C.-F. (2008). Market segmentation based on hierarchical self-organizing map for markets of multimedia on demand. *Expert Systems with Applications*, 34(1), 780-787.
- Hüttinger, L., Schiele, H., & Veldman, J. (2012). The drivers of customer attractiveness, supplier satisfaction and preferred customer status: A literature review. *Industrial Marketing Management*, 41(8), 1194-1205. doi:10.1016/j.indmarman.2012.10.004
- Hwang, H., Jung, T., & Suh, E. (2004). An LTV model and customer segmentation based on customer value: a case study on the wireless telecommunication industry. *Expert Systems with Applications*, 26(2), 181-188.
- Ireland, R. D., Hitt, M. A., & Sirmon, D. G. (2003). A model of strategic entrepreneurship: The construct and its dimensions. *Journal of management*, 29(6), 963-989.
- Ivens, B. S., Pardo, C., Salle, R., & Cova, B. (2009). Relationship keyness: The underlying concept for different forms of key relationship management. *Industrial Marketing Management*, 38(5), 513-519. doi:10.1016/j.indmarman.2009.05.002
- Ivens, B. S., van de Vijver, M., & Vos, B. (2013). Managing and developing key supplier relationships: An introduction to the special issue, discussion and implications. *Industrial Marketing Management*, 42(2), 135-138. doi:10.1016/j.indmarman.2013.01.002
- Klein, P. G., & Shelanski, H. A. (1995). Empirical research in transaction cost economics: A review and assessment.
- Kollmann, S., Hensellek, Julia Kensbock. (2015). *Deutscher Startup Monitor 2016*.
- Kotler, P., & Armstrong, G. (2010). *Principles of marketing: pearson education*.
- Koufteros, X., Vickery, S. K., & Dröge, C. (2012). The effects of strategic supplier selection on buyer competitive performance in matched domains: does supplier integration mediate the relationships? *Journal of Supply Chain Management*, 48(2), 93-115.
- Kraljic, P. (1983). Purchasing must become supply management. *Harvard business review*, 61(5), 109-117.
- Leeders, M., Johnson, P., Flynn, A., & Fearon, H. (2006). *Purchasing and supply management with 50 supply chain cases*: New York: McGraw-Hill.

- Marino, A. M., & Ozbas, O. (2014). Disclosure of status in an agency setting. *Journal of Economic Behavior & Organization*, 105, 191-207. doi:10.1016/j.jebo.2014.05.002
- Modi, S. B., & Mabert, V. A. (2007). Supplier development: Improving supplier performance through knowledge transfer. *Journal of Operations Management*, 25(1), 42-64.
- Moody, P. E. (1992). Customer supplier integration: Why being an excellent customer counts. *Business horizons*, 35(4), 52-57.
- Nollet, J., Rebolledo, C., & Popel, V. (2012). Becoming a preferred customer one step at a time. *Industrial Marketing Management*, 41(8), 1186-1193. doi:10.1016/j.indmarman.2012.10.003
- Nyaga, G. N., Whipple, J. M., & Lynch, D. F. (2010). Examining supply chain relationships: Do buyer and supplier perspectives on collaborative relationships differ? *Journal of Operations Management*, 28(2), 101-114. doi:10.1016/j.jom.2009.07.005
- Obal, M., & Lancioni, R. A. (2013). Maximizing buyer-supplier relationships in the Digital Era: Concept and research agenda. *Industrial Marketing Management*, 42(6), 851-854. doi:10.1016/j.indmarman.2013.06.002
- Oldano, T. (1987). *Relationship segmentation: enhancing the service provider/client connection*. Paper presented at the Add value to your service: the key to success, Proceedings of the 6th Annual Services Marketing Conference.
- Patterson, K., Cavazos, D., & Washington, M. (2014). It Does Matter How You Get to the Top: Differentiating Status from Reputation. *Administrative Sciences*, 4(2), 73-86. doi:10.3390/admsci4020073
- Podolny, J. M. (1993). A status-based model of market competition. *American journal of sociology*, 98(4), 829-872.
- Podolny, J. M. (1994). Market uncertainty and the social character of economic exchange. *Administrative science quarterly*, 458-483.
- Rezaei, J., & Ortt, R. (2013). Supplier segmentation using fuzzy logic. *Industrial Marketing Management*, 42(4), 507-517. doi:10.1016/j.indmarman.2013.03.003
- Rigby, D. K., Reichheld, F. F., & Scheffer, P. (2002). Avoid the four perils of CRM. *Harvard business review*, 80(2), 101-109.
- Rindfleisch, A., & Heide, J. B. (1997). Transaction cost analysis: Past, present, and future applications. *the Journal of Marketing*, 30-54.
- Ruhnka, J. C., & Young, J. E. (1987). A venture capital model of the development process for new ventures. *Journal of Business venturing*, 2(2), 167-184.
- Schiele, H., Calvi, R., & Gibbert, M. (2012). Customer attractiveness, supplier satisfaction and preferred customer status: Introduction, definitions and an overarching framework. *Industrial Marketing Management*, 41(8), 1178-1185.
- Schiele, H., Veldman, J., & Hüttinger, L. (2011). Supplier innovativeness and supplier pricing: The role of preferred customer status. *International Journal of Innovation Management*, 15(01), 1-27.
- Silverman, B. S. (1999). Technological resources and the direction of corporate diversification: Toward an integration of the resource-based view and transaction cost economics. *Management Science*, 45(8), 1109-1124.
- Steinle, C., & Schiele, H. (2008). Limits to global sourcing?: Strategic consequences of dependency on international suppliers: Cluster theory, resource-based view and case studies. *Journal of Purchasing and Supply Management*, 14(1), 3-14.
- Tanskanen, K., & Aminoff, A. (2015). Buyer and supplier attractiveness in a strategic relationship — A dyadic multiple-case study. *Industrial Marketing Management*, 50, 128-141. doi:10.1016/j.indmarman.2015.04.011
- Trent, R. J., & Zacharia, Z. G. (2012). The wisdom of becoming a preferred customer. *Supply Chain Management Review*, 16(6).
- Tsai, C.-Y., & Chiu, C.-C. (2004). A purchase-based market segmentation methodology. *Expert Systems with Applications*, 27(2), 265-276.
- Vos, F. G. S., Schiele, H., & Hüttinger, L. (2016). Supplier satisfaction: Explanation and out-of-sample prediction. *Journal of Business Research*, 69(10), 4613-4623. doi:10.1016/j.jbusres.2016.04.013
- Wegereef, N. (2017). *Measuring suppliers' willingness to collaborate with ZGT in CSR and NPD projects based on Buyer-supplier knowledge factors*. University of Twente.
- Whipple, J. M., Frankel, R., & Daugherty, P. J. (2002). Information support for alliances: performance implications. *Journal of Business Logistics*, 23(2), 67-82.
- Williamson, O. E. (1993). Opportunism and its critics. *Managerial and decision economics*, 14(2), 97-107.
- Wind, Y. (1978). Issues and advances in segmentation research. *Journal of marketing research*, 317-337.
- Wong, A. (2000). Integrating supplier satisfaction with customer satisfaction. *Total Quality Management*, 11(4-6), 427-432.
- Wong, A. (2002). Sustaining company performance through partnering with suppliers. *International Journal of Quality & Reliability Management*, 19(5), 567-580.
- Zhang, G. (2007). *Customer segmentation based on survival character*. Paper presented at the Wireless Communications, Networking and Mobile Computing, 2007. WiCom 2007. International Conference on.

Appendix

Antecedents extracted from literature	Antecedents retrieved from case study
-	First impression & conversion are indicated as an important first step for S1 & S2.
Communication/ mode of interaction/ information sharing	Company X is assessed as a pleasant communicator for S1 & S2. S3 stated that high exchange of information is crucial.
Openness	The openness and enthusiasm of Company X satisfies S1 & S2.
Reliability	Company X is seen as a reliable customer. and working on long term relationships
Cooperativity	Cooperating and the willingness to work together by means of a same mission is conceived as a strong element.
-	It is emphasized from every supplier that long term commitment is an important element.
-	Company X was perceived as a pleasant business partner S1, S2 & S3
-	Company X was appreciated as an ambitious business partner S1& S2
Relational behaviour	Identification with the Product is perceived as important for S1.

Antecedents

Attractiveness/ Status and Reputation extracted from literature	Attractiveness/ Status and Reputation retrieved from case study
Start-up	Being a start-up makes it interesting for S1& S2 to cooperate.
Commitment	The willingness to cooperate and engagement makes Company X attractive for S1 & S2.
Loyalty	Company X is seen as a loyal customer for S1 and S2.
Neutral Status & reputation	S2 prefers smaller organizations with neutral reputation than bigger ones with negative reputation.
Business idea	S1 & S2 are attracted by Company X business idea.

Status & Reputation

Consequences extracted from literature	Consequences retrieved from case study
Preferential treatments	S1& S3 are willed to be more flexible, offer premium services and faster delivery times when being satisfied.

Consequences