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## The preferred customer status: the relevant antecedents in problematic relationships.

### Master Thesis

**Author:** Mesbah Chouman  
**University:** University of Twente  
**Program:** MSc Business Administration  
**Track:** Purchasing & Supply Management  
**Organisation:** [Buyer X]  
**Company supervisor:** Paul Meijer  
**1<sup>st</sup> supervisor:** DR. ir. N.J. Pulles  
**2<sup>nd</sup> supervisor:** DR. R.P.A. Loohuis

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## **Abstract**

Nowadays, the function of purchasing is becoming more and more perceived as a strategic function. Many firms seek competitive advantage by gaining the preferred customer status from their suppliers. However, many firms in practice struggle in attaining and maintaining the preferred customer status. Moreover, there are times where abrupt problems occur in the relationship between buyer and supplier in which the preferred customer status could play a role in mitigating the problems. The current literature of preferred customer status does not elaborate on strategies to deal with mitigation of problems. Furthermore, the literature does not elaborate the relational factors that play a role in those situation. This study aims to fill this gap in literature in a case where problems arise in the relationship between buyer and supplier. This paper will discuss the relevant dimensions of preferred customer status in abrupt problem situations that contribute in achieving and maintaining the preferred customer status. Finally, this study will deliver propositions on how buyers can better satisfy suppliers and improve the chances of becoming a preferred customer. In the end, possibilities about future research will be discussed.

**Keywords:** preferred customer status, customer satisfaction, supplier satisfaction, preferential treatment.

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## **1 Introduction: A gap in literature**

The function of purchasing and the management of supplier relationships has a large impact on the competitive position of a firm (Carter and Narasimhan, 1996; Ellram and Carr, 1994). More developed purchasing functions can lead to greater contributions in terms of overall firm performance (Schiele, 2007). Moreover, a mature purchasing function can even provide supplier information which can potentially solve problems before it turns into a major crisis situation (Pearson and Gritzmacher, 1990). Finally, by adequately managing supplier relationships, firms can obtain competitive advantages (Chen et al., 2004; Leenders et al., 2002). Going deeper into literature of supplier relationships, the importance of acquiring the preferred customer has been stressed out on many occasions by supply management academics, as it serves as a beneficial mechanism in supplier development programs. The preferred customer theory has also relevance for many firms as buyer-supplier relationships can establish valuable benefits (Lindgreen & Wynstra, 2005) and is crucial for acquiring firm-level competitive advantage (Ellram et al., 2013). Also, successful collaborations can improve performance as suppliers can provide resources such as ideas, capabilities, and materials that build competitive advantages (Krause, Handfield, & Tyler, 2007; Bernardes & Zsidisin, 2008; Nyaga, Whipple, & Lynch, 2010; Pulles et al., 2016). However, many firms in practice struggle in attaining and maintaining the preferred customer status. Moreover, there are times where abrupt problems occur in the relationship between buyer and supplier in which the preferred customer status could play a role in mitigating the problems. Conflicts inevitably occur in any type of inter-organizational relationships. The current literature of preferred customer does not elaborate on how could be dealt in such situations. This study aims to fill this gap in literature in a case where problems arise in the relationship between buyer and supplier. This paper will discuss the antecedents of preferred customer status and relevant tactics that might contribute in achieving and maintaining the preferred customer status. Ultimately, advice will be given on how the buyer-supplier relationship can be strengthened through the usage of the theory. Consequently, the buyer will be able to enjoy the benefits of being the preferred customer.

## 1.1 Practical Background

The mentioned buyer in this study is [Buyer X], whereas the supplier is [Supplier Y]. [Buyer X] is established in The Netherlands with a facility for the production and distribution of flexible ducting. Over the years [Buyer X]® has become one of the world's largest manufacturers of flexible ducting systems and is recognized globally for its superior quality, its machine engineering and services. [Buyer X]® is also a pre-eminent manufacturer of flexible stainless steel flue liners and since 1994 certified according ISO 9001. The delivered quality is surely incorporated in the firm's strategy. This is not an easy task as [Buyer X]'s product line include a full range of flexible ducting and ductwork accessories for low-, medium- and high- pressure air conditioning as well as exhaust, ventilation and heating systems. [Buyer X]® recently markets its products in over 55 countries. Hence, all the processes can surely be complicated. The overall goal of [Buyer X] is to supply better indoor air for increasing comfort and wellbeing in the workplace, public facilities and in residential buildings. [Buyer X]'s product development is the key that enables them to provide clean and healthy air for demanding environments all over the world.<sup>1</sup> [Buyer X] has no competitors in Europe in distributing flexible hoses for air ventilation systems, including the processing of glass wool. [Supplier Y] does not deliver the same type of glass wool to competitors of [Buyer X]. On the other hand, [Buyer X]'s production department 'Insulation' is entirely dependent on [Supplier Y], as there is no other supplier providing the glass wool which meets [Buyer X]'s wishes. When it comes to the European environmental regulations, which are annually sharply changed in the industry of air ventilation systems and flue gas removal systems, [Buyer X] has to focus every year, more and more on products and materials which are friendly for the environment. [Supplier Y] reduces its impact on the environment by constantly working on innovations and adjustments for even better environmental performance. Therefore, [Supplier Y] is focused on their production process and on their product performance, which should make [Buyer X] an important pioneer in collaboration. However, this does not seem to be the case as [Buyer X] is not a preferred customer. In fact, there were big problems in the production process of [Supplier Y], which couldn't be addressed for a long period of time. The quality of glass wool that [Buyer X]

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<sup>1</sup> See website [www.\[Buyer X\].com](http://www.[Buyer X].com)

procures was inconsistent for a long period of time. [Buyer X] found it difficult to address this issue due to the lack of a healthy buyer-supplier relationship. At the production plant of [Supplier Y], the glass wool rolls that [Buyer X] procures are normally cut in thicknesses of 50 cm. All clients of the firm procure this commodity in the same production standards. However, it appears that [Supplier Y] cuts the thickness of these rolls by two for [Buyer X]. As a result, the final thickness of the product that [Buyer X] procures comes down to 25 cm. Thus, [Buyer X] procures a customized type of glass wool rolls in comparison to the other clients of [Supplier Y]. This is necessary for [Buyer X] as they use an unique reassemble production method when it comes to the processing of glass wool. Other clients of [Supplier Y] cut the rolls manually based on deviating lengths and place them in cavities. However, the glass wool rolls of [Buyer X] are processed by machines and are continuously peeled during production. The glass wool rolls are pulled through a funnel in order to produce flexible hoses, but the problem was that the rollers continually snapped during the production phase. As the investigation continued, the insulation departments of [Buyer X] noted that the rollers were being processed wet, which was very striking for them. The inconsistency problems occurred for many years. However, the problem is never addressed properly and solved eventually. Sometimes the glass wool was just good enough to use it during production for flexible hoses. However, inconsistencies in the glass wool continued. The roles that were handed over to other customers did not show any problems in terms of quality of the glass wool. Before analyzing the relationship, we [Buyer X]ided to identify the problem first. During an investigation into the inconsistencies, we checked when the problems arose exactly. The rolls that were all too fast and too wet were put aside and stickered on which the badge numbers of production were written along with the further information. We checked whether these inconsistencies could be attributed to a certain or multiple operators. However, the glass wool rolls of [Buyer X] were run by the same operators, so there was nothing to catch up. After a visit at [Buyer X], we also experienced that the rollers ripped too fast and were wet. However, during the investigation, it came also into light that the reports came in after a deviating storage method of glass wool rolls. The production plant of the glass wool is located in the Netherlands. However, it is stored in one another storage location elsewhere in the Netherlands. It appears that the designated storage location for to [Buyer X] is deviating and was changed a few years ago. After

analyzing the flow of logistics and comparing two storage facilities, the problem of the inconsistencies was identified. The ceiling of the new storage facility has metal ceiling whereas the old facilities' ceiling was composed out of different materials. Back then, it was considered to be efficient to set up the storage depot as it resulted into a faster allocation of materials. However, it was not taken into account that if the glass wool rolls were produced from the machine, they were manufactured at a certain temperature. After the roll is produced, it is wrapped up with a special foil. After this, they are immediately transferred to the storage facility by truck. When these are stored in the new storage facility, the hot air that came off the wool conflicting with the metal ceiling. This resulted into condensation which leaked back from above the ceiling into the rollers. The rollers did not dry up as the cycle repeated. This problem lead to another complication, it seemed that [Supplier Y] did not really want to solve the problem as they has not find a solution for this problem. Thus, the supplier does not seem to be willing to change as the buyer is not a preferred customer. Regardless, it is clear that the problem actually could be addressed easily, but was not.



## 1.2 Research motivation

As mentioned before, this paper identifies relational elements in the relationship between buyer and supplier in problem situations. It is expected to find the several factors that can contribute to the current stream of literature. The assignment was sourced by [Buyer X] as they felt the analysis should be realised by a unbiased researcher. This bears also the inclusion of practical implications to [Buyer X] in how they could address these issues through the use of the preferred customer status theory and to excel afterwards. Furthermore, this study also aims to identify tactics that could be used in problem situations. In order to clarify the research, the following research questions are formulated:

*1. What are the relational factors that influence the willingness to solve a problem?*

*2. What PCS factors are relevant to the problem between [Buyer X] and [Supplier Y]?*

## **2 Literature background**

### **2.1 The importance of Buyer-Supplier Relationships**

Managing a buyer-supplier relationship is key to the success of the supply chain (Ambrose et al., 2010) and thus impacts the performance of a firm (Tan et al. 1999). As also mentioned before, successful buyer-supplier relationships can establish valuable benefits (Lindgreen & Wynstra, 2005) and is crucial for acquiring firm-level competitive advantage (Ellram et al., 2013). Desired performance improvements of buying firms are generally only feasible when they commit to long-term oriented relationships with key suppliers (Krause et al., 2007). Research show that when procuring firms do not commit to long-term oriented relationships, suppliers may be more unwilling to commit in resource investments (Krause et al, 1999). Hence, theoretically, suppliers should be prepared to improve in accordance with the expectations of their customers. However, suppliers see relationship specific investments as vulnerable to opportunism when resource commitments are not forthcoming from the buying firm (Krause, et al., 2007). However, when buying firms signal a commitment to a long-term relationship and indicate a willingness to make investments in key suppliers to help them improve performance, supplier performance is also be expected to improve (Krause et al., 2000). Thus, the relationship should be observed carefully in which the commitment of both firms should be taken into account.

### **2.2 The importance of not having the preferred customer status**

Supplier relationship programs pose several new managerial challenges (e.g. See Hartley et al., 1997; Primo & Amundson, 2002; Wognum et al., 2002; Petroni & Panciroli, 2002; Rutten, 2003; Zsidisin & Smith, 2005). One of these challenge is securing the preferred customer status, which refers to buyer attractiveness from a supplier's point of view. Schiele et al. (2012) argues that a supplier awards a buyer with preferred customer status if this customer is perceived as attractive and if the supplier is currently more satisfied with this customer than with alternative customers. As a consequence of this satisfaction, a supplier reacts by providing privileged

resource allocation to this preferred customer. A customer is perceived as attractive by a supplier if the supplier in question has a positive expectation towards the relationship with this customer. The conditions for this perception of the supplier include an awareness of the existence of the customer and knowledge of the customer's needs (Schiele, 2012). These needs could be fulfilled through value creation, which is the basis of all business relationships (Anderson, 1995; Ulaga & Eggert, 2005; Walter et al., 2001). Thus, the more appealing a value proposition is, the more motivated the supplier will be to award the preferred customer status. A form of value creation may be the purchaser's ability to present a credible offer that would surpass the supplier available alternatives will influence the supplier's [Buyer X]ision to participate in the exchange (Ramsay & Wagner, 2009). Additionally, value could be realised through relational rents which needs intensive cooperation and expertise (Dyer & Singh, 1998). Nowadays, manufacturers are actively focusing on relationship-based strategies and supplier-specific strategies in the interest of to have the best suppliers to contribute in the value addition process (Hesping & Schiele, 2015). In order for a supplier to pay attention to a purchaser, it must be aware both that the purchaser exists and what some of its characteristics are, as well as have a positive expectation towards the purchasing organization (Schiele et al., 2011). Another step and challenge in becoming a preferred customer is to satisfy the supplier's expectations. Legitimately understanding the supplier's expectations is hereby essential, since this allows the purchaser to anticipate and better assess the supplier's behaviour (Nollet et al., 2012). Benton & Maloni (2005) found that supplier satisfaction seems to be driven primarily by the nature of the buyer–supplier relationship rather than by performance. However, this might differ in innovation orientated relationships due to other needs. (Nyaga et al., 2010) found a different perspective namely that supplier's satisfaction is strongly linked to trust and commitment; in order to demonstrate their commitment to suppliers, buyers need to initiate and participate in collaborative activities such as information sharing which has already been proven to be more important to suppliers than to buyers (Whipple et al., 2002). Nevertheless, the satisfaction of the supplier determines the quality of the buyer-seller relationship and is directly linked to value creation. If a supplier is more satisfied with one customer than with the other, he may award the former with preferred customer status (Schiele et al., 2011). To summarize, buying firms could boost its attractiveness by exceeding the supplier's expectations.

### **2.3 Use of Preferred Customer Status literature in this research**

It is evident that healthy relationships with suppliers offer many opportunities for buying firms. Suppliers can provide resources such as ideas, capabilities, and materials that build competitive advantages that might not be achieved otherwise (Koufteros, Vickery, & Dröge, 2012). Earlier, it has been pointed out that supplier relationship programs pose several new managerial challenges (e.g. See Hartley et al., 1997; Primo & Amundson, 2002; Wognum et al., 2002; Petroni & Panciroli, 2002; Rutten, 2003; Zsidisin & Smith, 2005). This paper discusses how a firm can become preferred customer in problematic situations, defined as a particular buying firm to whom the supplier allocates preferential resources to. Although there are various theories and models on how to become a preferred customer (e.g. Schiele et al., 2012, Ellis et al., 2012 & Nollet et al., 2012), the usage of the model of Nollet (2012) is proposed in this research, as it seems to be a more adequate fit in problematic situations due to its pragmatic design. Moreover, the model comes with several managerial tactics, which can be used in building a theoretical roadmap in becoming and maintaining the preferred customer status. More on this will be elaborated in the upcoming chapters.

### **2.4 Becoming the preferred customer by steps**

In prior literature, the social exchange theory has been used to explain why exchange partners intensify cooperation and treat selected customers more preferentially than others (Schiele, 2012). Nollet et al. (2012) define preferred customer as that a purchaser (buying organization) receives better treatment than other customers from a supplier, in terms of product quality, delivery and/or prices. They suggested a pragmatic four-step model (i.e. initial attraction, performance, engagement and sustainability) for firms to achieve and maintain the preferred customer status.

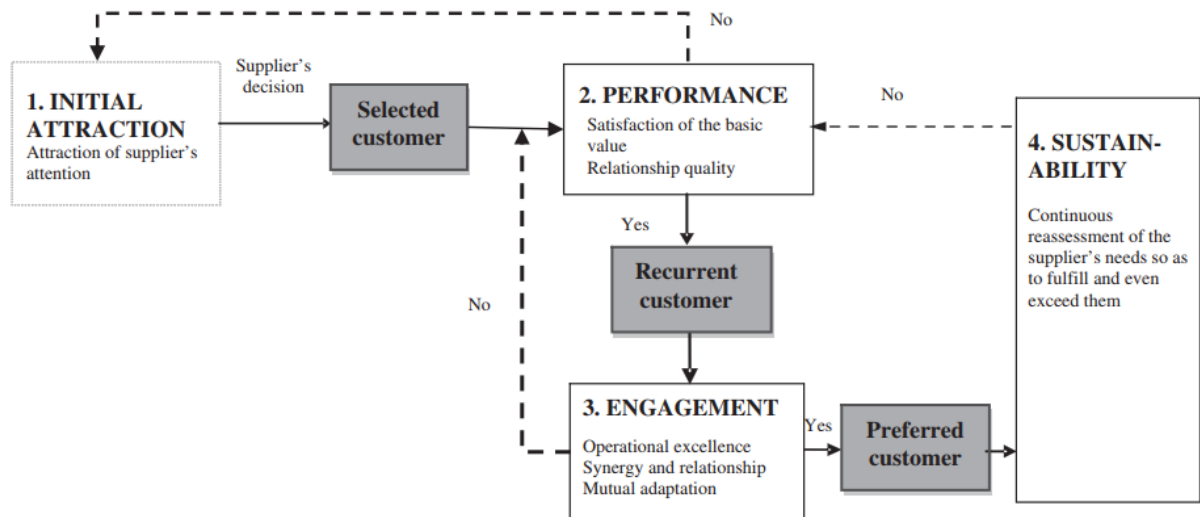


Figure 1: Four-step model of Nollet et al. (2012)

Similarly, Schiele et al. (2012) proposed a cycle model of preferred customership. This model is also rooted in social exchange theory, but expands it by not only discussing continuation or discontinuation of a relationship, but by differentiating between two levels of continuing industrial exchange relationships (Schiele, 2012). The model consists out of three stages, namely customer attractiveness, supplier satisfaction and the preferred customer status. Each of these stages has their own empirical manifestations and are sequentially linked to each other. Customer attractiveness is necessary to initiate or intensify an exchange relationship. If the expectations are met, the next stage is supplier satisfaction. The preferred customer status will be awarded to the company that gives the most satisfaction and will enjoy the associated benefits (Hüttinger et al., 2012). The study of Hüttinger et al. (2014) show three antecedents of customer attractiveness, namely operative excellence, growth opportunity and relational. The latter is in great interest as this thesis focuses on mainly relational aspects. Furthermore, relational behavior is also an antecedent of supplier satisfaction. Other two antecedents of supplier satisfaction are growth opportunity and reliability, which are also the antecedents of the preferred customer status. Other factors in the study are not significantly correlated. Important findings for management in practice are that buying firm's reliability and its relational behavior toward suppliers should be considered in acquiring the preferred customer status. Buyers who strive for preferential treatment by suppliers should avoid acting opportunistically, showing solidarity, mutuality and flexibility instead. A relationship-driven approach based on

shared values rather than on transactional exchange relationships seems to be conducive to the goal of securing preferential customer treatment (Hüttinger et al., 2014).

## **2.5 Social Exchange Theory: To pressure or to reward**

The problems around the inconsistencies in supplies could be addressed by the usage of the Social Exchange Theory. The theory is a broad framework that spans various social scientific disciplines such as management. Resources are exchanged through a process of reciprocity, whereby one party repays the deeds of another party (Gergen, 1969; Gouldner, 1960). This could be executed through the usage of rewards or by punishments, which leads to the following question; Should one pressure or reward? Pulles et al. (2014) show how certain mechanisms can improve the allocation of resources. They find that coercive tactics do not necessarily affect supplier resource allocation negatively and goodwill trust does not inherently affect supplier resource allocation positively. Furthermore, they find that that the share of turnover off a supplier on the buying firm affects the relationship. Finally, they find that goodwill trust only affects supplier resource allocation when the buyer has a large share in the supplier's turnover, while competence trust is more effective if buyers account for a small share in the supplier's turnover (Pulles et al., 2014). The latter is also the only mechanism that is significant and positively correlated with the allocation of physical and innovation resources.

### **2.5.1 Power**

Power could be described as a fundamental force in social relationships and is pervasive throughout numerous types of interactions (Sturm & Antonakis, 2015). Consequently, it has been researched by scholars in many diverse disciplines such as management (Shervani, Frazier, & Challagalla, 2007). There are various ways to define power. Scholars argue that it is difficult to comprehensively define the concept of power (Lukes, 1986), as the definition varies in different research fields (Shervani, Frazier, & Challagalla, 2007). Examples of definitions are expressed in terms of antecedents, units of analysis, actor's intentions, target's responses, and outcomes of interest, and it has been measured in terms of dependency, influence, resistance, and

the modification of others' states (cf. Keltner et al., 2003; Sturm & Antonakis, 2015). The distribution of power in most exchange relationships in society are characterized as unequal between parties (Dwyer & Walker 1981; Johnston & Bonoma 1983). It is tough to realise a bargaining setting, in which each party has the same dependence position, negotiating skills, credibility, expertise, and outcome at stake (Dwyer, 1984). Consequently, purchasing at alternative suppliers and acquiring product information from other sources might be difficult for buying firms. A less powerful party therefore has less to demand of another. It is evident that the concept of power plays a great role in buyer-supplier relationships. It is assumed that problem-solving thinking partially depend on power dimensions and may play a role becoming the preferred customer.

#### 2.5.2 Trust

Trust is a multilevel notion that can exist between employees, organization and individuals. Similar to power, trust has different dimensions (Pulles et al., 2014) Das and Teng (2001) distinguish goodwill trust and competence trust as two dimensions of trust. Competence trust refers to an organization's expectation of another firms' technical competence whether for example they are able to deliver what they promise (Mayer et al., 1995), whereas goodwill trust refers to the degree to which a person trusts another person (or firms) and is willing to act in ways that exceed the stipulated contractual agreements without explicitly asking for such help (Ireland & Webb, 2007; Roy et al. 2004). Trust is considered to be a central fundamental for firms when engaging and to develop a relationship (Ireland & Webb, 2007; Morgan & Hunt (1994). It has been shown that both dimensions of trust are significantly and positively correlated with innovation resource allocation, depending on the share in turnover (Pulles et al., 2014). Therefore, it is argued that the level of trust can is an important underlying dimension of customer attractiveness and leads to preferred customer treatment.

## 2.6 Purchasing tactics involving the PCS

Using purchasing tactics is key in becoming the preferred customer. Nollet (2012) argue that attaining the preferred customer status requires a structured – albeit sometimes complicated – approach. This implies process and operations renewal, as well as a change in the usual approach of a firm (Nollet, 2012). It is important to underlie that purchasing tactics should be based on a structured framework. As for this paper, the framework of (Nollet, 2012) is used as is described in chapter 2.4.

### *Step 1: Initial attraction*

Harris et al. (2003) define attraction as the extent to which relational partners perceive past, current, future or potential partners as professionally appealing in terms of their ability to provide superior economic benefits, access to important resources and social compatibility. Hence, a supplier should become aware of the existence of a firm in the first place. Preferably, the firm should have a positive perception of that very firm. The literature describes the following tactics that could be used in this stage<sup>2</sup>:

- Be a member of associations in the industry
- Communicate, in a consistent fashion, realizations and growth potential
- Develop a system of impression management with that supplier
- Develop extensive field contact by inviting the supplier at the buyer's site
- Organize events with partners
- Organize meetings between top management members from both organizations.
- Participate at events (e.g. industrial conferences)
- Put forward the organization's uniqueness or the exclusiveness of its products and services by highlighting their distinct advantages
- Regularly involve satisfied clients in the promotional effort
- Revise and update website content to grow traffic from suppliers
- Set up and send pertinent information on a regular basis
- Take part in relevant social media
- Visit the supplier's establishments

### *Step 2: Performance*

The second step in becoming a preferred customer is to gratify the supplier's expectations. Consequently, understanding the supplier's expectations is crucial as this allows the buyer to anticipate the supplier's behaviour. In fact, it is a matter of

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<sup>2</sup> Source: Blythe (2002), Hald et al. (2009), Mohamed et al. (1999), Mortensen, Freytag, and Arlbørn (2008) & Nollet et al. (2012).



achieving a performance level that will satisfy the supplier. If the level reached is one of delight, then step 3 and the recognition as a preferred customer should come more easily (Nollet, 2012). The following tactics are proposed in this phase<sup>3</sup>:

- Assign the best people to impress the supplier and to increase success in the transactions.
- Be open to share relevant information.
- Behave fairly.
- Ensure equitable treatment.
- Fulfill all contract obligations without hassle or argument.
- Give the supplier full inventory visibility.
- Make confidentiality an important part of the approach.
- Make timely payments.
- Order in large quantities and use no haggling.
- Recruit buyers with a solid technical background, thus making communication easier and more effective.
- Use face-to-face contact at both the buyer's and the supplier's sites (training, support for problems, etc.).

### *Step 3: Engagement*

For instance, is the customer willing and capable to standardize and simplify its supply chain practices? Is there openness to reassess processes and find creative solutions to problems? Intentions are great, but the ability to perform at a high level must also be there. The following tactics are proposed in this phase:<sup>4</sup>

- Ensure operational excellence
  - Assess the potential use of reverse marketing with that supplier.
  - Reassess processes to find creative solutions to problems.
  - Standardize and simplify supply chain practices.
- Create relational value
  - Be committed to causes considered important to the supplier (sustainable development, ethical procurement).
  - Initiate common projects.
  - Invest in the relationship with parsimony.
  - Involve higher-ranked personnel (president, vice-presidents) in problem-solving, so as to build and maintain supplier relationships.
  - Keep the supplier informed of innovations, market developments, etc.
  - Locate closer to the supplier's premises.
  - Make joint research.

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<sup>3</sup> Source: Adapted from Christiansen and Maltz (2002), Essig and Amann (2009), Morash and Clinton (1998), Nyaga et al. (2010), Ramsay and Wagner (2009), Ulaga and Eggert (2006), Walter et al. (2001) & Nollet et al. (2012).

<sup>4</sup> Source: Adapted from Christiansen and Maltz (2002), Eng (2008), Ghijsen et al. (2010), Jap and Ganesan (2000), Knoppen and Christiaanse (2007), Morash and Clinton (1998), Steinle and Schiele (2008) & Nollet et al. (2012).

- Make some staff exchanges.
- Motivate the supplier to adapt some of its products to make them more suited to the characteristics desired by the buyer.
- Motivate the supplier to invest in the relationship.
- Plan joint activities.
- Promote exchanges with partner organizations that could benefit the supplier.
- Redesign end-products in order to concentrate business with the supplier.
- Share performance measurement results with the supplier.

#### *Step 4: Sustainability*

No customer rests assured of maintaining its status for long: “Buyers need to recognize that they, together with other firms competing for resources from their suppliers, are continuously being evaluated and consequently, getting differential treatment” (Lindwall et al., 2010). Hence, the buyer must ensure that it continues obtaining a better evaluation by the supplier than its competitors. And this implies having the right mechanisms in place to do so. For instance, good communication is a key condition to remain a preferred customer (Hald et al., 2009, Nollet, 2012). The following tactics are proposed in this phase:<sup>5</sup>

- Anticipate risks and problems in the realization of objectives.
- Communicate problems and changes regularly and reassess objectives when required.
- Create disincentives for relational dissolution
- Evaluate regularly and take into consideration the supplier's perception of the extent of having reached the objectives
- Follow-up of the results in comparison to the initial objectives
- Integrate supplier awards in supplier development program
- Manage reputation through:
  - Regularly monitoring opinions about the purchaser and prepare means to modify negative opinions
  - Reassess the external environment of the organization (other partners and their tactics).
- Measure performance frequently
- Participate actively to the evaluation of the dyad's needs and to setting its objectives
- Participate to the planning of events with the supplier
- Share performance results with the supplier

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<sup>5</sup> Source: Adapted from Akdemir (2017), Ford (1993), Dwyer et al. (1987), Hald et al. (2009), Ulaga and Eggert (2006) & Nollet et al. (2012).

### 3 Research methodology

This study involves a case study through several in-depth interviews with the buyer ([Buyer X]) and their supplier ([Supplier Y]). In order to find relational elements from the buyer's perspective, five interviews are held with the procurement department of [Buyer X]. Thereafter, five interviews with officials of [Supplier Y] are held. The positions of these officials are either engineers or managers. In all cases, the interviewees are directly involved in the buyer-supplier relationship. In total, there are 10 interviews. We travelled to the designated locations to conduct the interviews in a period of few weeks. In appendix I & II, an overview of the interview protocols can be found. The aim of the questions was to identify rich and descriptive data about people's behaviours, attitudes and perceptions which all derive from the processes between the two firms. In order to do this, the suggestions of Galletta (2013) are followed, who proposed such interviews could be done in three stages. The first stage contains the work of creating a level of comfort. Therefore, in order to effectuate a sufficient research, a pleasant atmosphere is essential. While reflecting the truthfulness of the research, the atmosphere should be preserved during the entire interview. Subsequently, the research will need to provoke additional insights which not have been covered in the interview protocol. In order to generate space for the members to tell their experiences, in this stage the questions were open-ended and focused on theory of preferred customer. Consequently, a solid environment for research is established in where the richest and most proactive source of data was collected.<sup>6</sup> The second phase is conceptualized to carry on the situation in more depth. In essence, this phase forms the core of the research. It was essential to hold on the story that has been shared in the opening section and extract data of bigger specificity and wider framework stages. In order to make the respondents to talk as much as possible, the questions are formulated broadly while following the flow of the interview. The questions are based on both insights from the practical background as also literature (e.g. Pulles, 2016). For instance, power and trust are known dimensions that play a role in the theory of preferred customer. Depending on the answers, an improvisation took

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<sup>6</sup> Adapted from Galletta, A. (2013). Mastering the semi-structured interview and beyond: From research design to analysis and publication. NUY Press.

place in the follow-up questions. The questions are mainly based on relevance: it had to reflect to the research questions in order to answer them.

The last stage of the interview is used to a check and to wrap the interview up. This phase functioned as a tool to ascertain that the collected data is accurately interpreted. In order to check if the important questions are asked during the interview, a brief summary after the interviews took place. Finally, the interview could be finalized. The choice for these interviewees is made on the basis their involvement in the relationship of the buyer and supplier. Furthermore, some of the interviewees are involved in the inconsistency problem, which also brought helpful insights. These two angles were the basics of selecting the right respondents. The results are validated by cross-referencing the findings with each other whenever possible. There were no contradicting results. The respondents form a majority in the people that are involved in the relationship and thus can be regarded reliable as a data source. In the appendices, the interview questions can be found.

Case	Buyer	Supplier	Interviewee(s)	Length
1	X		1 interview with a procurement professional	31:14
2	X		1 interview with a procurement professional	32:41
3	X		1 interview with a procurement professional	28:35
4	X		1 interview with a procurement professional	30:01
5	X		1 interview with a Head of purchasing	34:51
6		X	1 interview with a Key Account Manager	33:11
7		X	1 interview with a Solution Manager (R&D)	35:22
8		X	1 interview with an engineer	29:52
9		X	1 interview with an engineer	33:41
10		X	1 interview with the production Manager	28:55

*Table 1: Descriptive table of the Interviews*

### **3.1 Data Analysis**

All collected data in this study are recorded and transcribed. This was necessary as the research otherwise would be [Buyer X]lined. The relevant data of the transcripts are exported to a data analysis software called Nvivo, which supports qualitative and mixed methods research analysis. It's designed to allow the researcher to organize, analyse and find insights in unstructured, or qualitative data like: interviews, open-ended survey responses, articles, social media and web content. The program works with setting up nodes, in which various references are recorded.

After importing the data into Nvivo, key findings were translated in key words such as "commitment". This resulted in the creation of the nodes and ultimately served as a measure tool as findings were systematically organized. In essence, frequently recorded topics which are registered into nodes bear relevancy for the research. Hence, the data is collected by an inductive approach. As a rule of thumb, nodes that have over 10 references are regarded to be relevant. This approach of analysis made it possible to adequately summarize the relevant insights and map the results in a systematic way.

## 4 Results

The inconsistency problems that were addressed in background research and are due to relational problems. For instance, the supplier was not willing to solve problems. Hence, the following research question was formulated: *What are the relational factors that influence the willingness to solve a problem?* As expected, the interviews reveal several factors that influence the willingness to solve a problem. The findings reveal that the critical antecedents associated with the willingness to solve a problem include dimensions such as commitment, trust & transparency, coordination and power. The table below summarizes these dimensions and shows the frequencies of references and accompanying quotes.

Dimensions - Nodes	Frequency	Quote examples
Commitment	15 references	<p><i>“In the end, it’s about making a business. So commitment can only be possible when there is a sufficient volume in circulation between buyer and supplier. Otherwise, the transactions are at minimum level, thus not attractive enough for both buyer and supplier”.</i></p> <p><i>“Top management commitment is key in problem situations”.</i></p>
Trust & Transparency	14 references	<p><i>“Transparency deliver value to both buyer &amp; supplier as it minimizes the perceived risks by the reduction of asymmetry information between buyer and supplier. Thus, this creates trust”</i></p> <p><i>“Without transparency in problem situations, there can be no trust nor can the problem be addressed at all”.</i></p>
Coordination	13 references	<p><i>“There are many important elements that has to be taken into consideration. Frequent communication across all relevant dimensions are key in order to maintain a sustainable relationship between buyer and</i></p>

		<i>supplier. This is also a necessity for a successful problem solving approach”.</i>
Power	11 references	<i>“The situation is quite troublesome for us. We also cannot take legal actions, because technically the supplier honors the agreements based on the given technical specifications. So there is no legal ground to sue the supplier. Besides, it is safe to assume that that would negatively influence the relationship”.</i>

Table 2: The usage of nodes

## 4.1 Relational factors

### ***Commitment***

There is a consensus among all respondents that commitment is the most important antecedent in problem solving situations. Without commitment, the role of the other factors seem to diminish. For example, interviewee 6 stressed out that *“if there is no commitment, then there can also be no trust”*. Hence, all concepts are regarded coherent and should derive from both parties. However, this might be ambiguous as commitment is not necessarily is present always. Interviewee 6 expressed that *“In the end, it’s about making a business. So commitment can only be possible when there is a sufficient volume in circulation between buyer and supplier”*. It is important to underlie that measures as volumes are relative. Thus, one party could regard volume as sufficient whereas for another party this bear no significant importance. According to interviewee 5, *“[Supplier Y] has around 40 billion euros on sales turnover worldwide in which they have only a few million euros of turnover with [Buyer X]”*. On the other hand, the supplier is regarded as a strategic partner by [Buyer X] as they produce and deliver key materials for their end products. These findings are confirmed by interviewee 1 as he states *“[Supplier Y] is our key supplier in glass wool materials. However, they do not regard us as a key buyer due to their broad customer base in which more volume of revenue circulate”*. Consequently, interviewee 4 stressed out

that “*We tend to believe that [Supplier Y] lines up in a unfriendly manner towards us, in which they are hardly open for new suggestions*”. On the other hand, interviewee 6 emphasized that “*All of our customers are treated equally. We do have preferred customers which enjoy benefits in various forms. But these customers deserved to receive so*”. Associated benefits are favourable pricing and several extra considerations which apply in both normal as problem situations. This occurs through consultations in which both parties coordinate with each other. Moreover, all clients of [Supplier Y] procure the commodity in the same production standards, whereas [Buyer X] enjoys the benefit of a customized type of glass wool. While this is necessary for [Buyer X] as they use an unique reassemble production method when it comes to the processing of glass wool, it still indicates that [Supplier Y] does sees [Buyer X] as an attractive customer. Finally, interviewee 6 confirms this by stating “*We prefer to do business and allocate materials accordingly to parties we conduct business in the long term*” and implying that they can be triggered by a long-time investment agreement. This is also in line with the literature; when buying firms signal a commitment to a long-term relationship and indicate a willingness to make investments in key suppliers, supplier performance is also be expected to improve (Krause et al., 2000). Finally, Interviewee 7 expressed that “*Top managerial interference sometimes forces us to adjust our behavior*”, implying that top management commitment can influence the willingness to solve a problem. In conclusion, it seems that [Buyer X] is very committed whereas [Supplier Y] is less committed in the buyer-supplier relationship. On the other hand, [Supplier Y] hints that a preferred customer status for [Buyer X] is feasible.

### ***Trust & transparency***

Earlier, it was acknowledged that trust is a central fundamental for firms when engaging and to develop a relationship (Ireland & Webb, 2007; Morgan & Hunt (1994). This is argued through the dimensions of competence- and goodwill trust (Das & Teng, 2001). However, less emphasis was shown in problem scenario’s. This study reveal new findings in the dimension of trust. Interviewee 3 argue that “*Without transparency in problem situations, there can be no trust nor can the problem be addressed at all*”. Furthermore, the same interviewee expressed that “*Transparency deliver value to both buyer and supplier and contributes to the concepts of customer attraction as satisfaction, as it minimizes the perceived risks by the reduction of*



*asymmetry information between buyer and supplier*". Thus, transparency can reduce the chances of opportunistic behavior as it gives trust. The current situation show that the inconsistency problem was neglected as there is poor interaction and no transparency at all. The buyer failed to adequately address the problem, whereas the supplier neglected the problem. Interviewees 8 & 9 expressed that *"We can't fix an issue when the existence is unknown"*. Moreover, interviewee claimed the following: *"Our processes operate in the same manner for [Buyer X]ades. We can't be bothered to investigate nor disclose some of our sensitive infirm operations"*. However, interviewee 5 expressed that *"We tried to address the problem, but they just didn't see it. If the solution was evident, we would have addressed this immediately"*. In conclusion, the supplier failed to listen and was not bothered at all. This also shows the relationship between trust and transparency. The problem eventually resulted into distrust between the two parties, which negatively influenced the problem solving process.

### ***Coordination***

In interview 2, the interviewee state that *"frequent communication across all relevant dimensions are key in order to maintain a sustainable relationship between buyer and supplier"*, hinting to that coordination is a very critical factor in both normal as problem situations. As also pointed out in the literature background, collaboration between buyer and supplier is a crucial factor of a successful business. In fact, interviewee X stressed out that *"the willingness and to adequately coordinate is key in solving problems"*. Interviewee 7 emphasises *"that there should be knowledge sharing between buyer and supplier, especially in problem situations"*. By being communicative about all developments, solutions and its applications could be accomplished in sync. However, this is not the case in the situation of [Buyer X] and [Supplier Y] as the latter refuses to respond to vague issues that require deeper investigation. Consequently, problems cannot be solved as they cannot be tackled. Another problem for [Buyer X] is the lack of innovation of the manufactured materials. Both parties agree that adequate coordination could possibly result into certain innovation of products. However, it appears that [Buyer X] lacks the personnel to effectuate this, whereas [Supplier Y] does not feel the need to. Also, the supplier argues that *"coordination is more feasible with preferred customers as there is more at*

*stake*". Interviewee 6 stressed out that *"If the customer does not operate integer, he/she will never become a preferred customer. In some cases we will even cease to do business"*, hinting that integrity is an important behavioural factor in the willingness to coordinate. The buying firm should be *"[Buyer X]ent and fair"* in their operations and wishes. Finally, interviewee 6 expressed that *"there should be a chemistry between employees of both firms in problem solving situations"*. In conclusion, it appears that the willingness to solve a problem depends on adequate coordination between the buyer and supplier.

### ***Power***

This study shows that the concept of power as described in the literature review also play a role in problem solving situations. Leveraging for allocation in such situations seems to be more feasible when the buying firm has more power over the supplying firm. When the latter holds more power over another, it could neglect the buyer by not offering adequate solutions in these kind of situations. Interviewee X expressed the following: *"We cannot really poke the bear due to not having an alternative supplier for glass-wool materials"*, hinting that they are afraid to upset the supplier due to a lock-in situation. Furthermore, he expressed that *"We also cannot take legal actions, because technically the supplier honors the agreements based on the given technical specifications"*, which are described in appendix III. It's feasible that this finding is the outcome of a monopolistic market and does not necessarily have to be always like this. Power also derives from position, negotiating skills, credibility and expertise in which [Buyer X] is lacking. More on this will be elaborated in the following chapter. Interviewee 3 stressed that *"We lack purchasing power, we believe that this is why our problems was not being taken seriously"*. On the other hand, the supplier stated the following: *"We always strive for the best customer experience. Offering solutions to problems is done accordingly"*. Though the supplier has the upper hand in the buyer-supplier relationship, they claim that do not exploit this. However, this contradicts with the following statement in interview 10: *"Our processes operate in the same manner for [Buyer X]ades. We can't be bothered to investigate nor disclose some of our sensitive infirm operations"*. Later when the inconsistency was identified and addressed, several other officials of [Supplier Y] expressed that they cannot offer a

solution. In conclusion, power seem to play a role in the willingness to solve a problem. Higher power of the supplier may result in not willing to solve a problem.

<b>Commitment</b>	Commitment is related with long-time investments of firms. The willingness to invest is an indicator for firms for potential profits in the long term. A firm will know when that it can build on that relationship and find the customer more attractive. Thus, poor commitment:	Negatively influences	The willingness to solve a problem
<b>Trust &amp; transparency</b>	Lack of transparency results into trust issues. When trust issues arise, a firm doubts whether they even can and consequently should invest time to solve a problem. Thus, The lack of these dimensions:	Negatively influences	The willingness to solve a problem
<b>Coordination</b>	Adequate coordination is regarded key in buyer-supplier relationships and problem solving situations. It underlies factors that influence the success rate of solving a problem. As a consequence, when there is no adequate coordination, a firm might become sceptic of another. Thus, poor coordination:	Negatively influences	The willingness to solve a problem
<b>Power</b>	The supplier does not take the buyer serious as they lack in purchasing power. Consequently, they feel that they can disclose information from the buyer while sharing information is in fact a necessity in solving a problem. Thus, having more power over another:	Negatively influences	The willingness to solve a problem

*Table 3: Summarized results*

## 4.2 [Buyer X] Internal issues

Initially, this thesis was going to focus on how [Buyer X] could use the preferred customer theory to solve the problem it was facing. Meanwhile, [Buyer X] would want to acquire some preferential treatment. However, it quickly became evident that the serious issues derived from relational problems between the buyer and supplier. In fact, [Buyer X] has even bigger challenges than initially anticipated. The purchasing department of [Buyer X] appears to be very immature, with only four procurement professionals working, whom procure over 1000 different kinds of materials. The list of purchasing flaws is very long, therefore it is presented in bullet points:

- No purchasing and sourcing strategy
- Relationship with most suppliers are of transactional nature
- Not enough manpower to ensure adequate purchasing
- No supplier development policy
- Responsibilities of purchasing is vague
- Suppliers are not incorporated in product development
- Risk management is minimal
- No spend analysis
- Negotiation mandates and responsibilities are not defined
- No collaboration with quality engineering and R&D
- Processes are not well defined
- No adequate insight in supplier base and their operations

Although this list of purchasing flaws are not directly related to the relation problems between [Buyer X] and [Supplier Y], it is still worth mentioning them as it shows the level of purchasing maturity of [Buyer X]. In the relation of the [Supplier Y], thus relational problems, the following purchasing flaws are found:

- No defined Key Performance Indicators
- No (internal) alignment
- No documentation
  - Lack of roadmaps
  - Processes are not well defined

The first point is relevant because [Buyer X] cannot identify and how something is wrong. Consequently, problems and improvements cannot be adequately addressed at

the [Supplier Y]. As a result, the supplier cannot nor does wishes to solve problems. Secondly, there is no alignment internally as both externally. Different people make different appointments between the firms. This lack of coordination sometimes lead to problems in the production process as wrong materials are procured. Finally, there is no feedback protocol as there is no documentation in the purchasing department of [Buyer X]. Due to these circumstances, [Supplier Y] is very vague about whether they are willing to change and contribute as a problem solver whenever issues arise. The issue is that [Buyer X] is not being able to manage and coordinate their purchasing activities. As a consequence, [Supplier Y] takes the buyer less serious. Thus, the customer is perceived less attractive as they are not sufficiently competent. As [Buyer X] is not perceived as an attractive customer, they eventually fail to attain the preferred customer status and do not attain any preferential treatment. This issue will be addressed by the usage of certain purchasing tactics in supplier development programs, which are elaborated in the following chapter.

## 5 A Roadmap to an improved relationship

Understanding the minimum maturity point of an organisation, below which there is nothing to be gained from introducing best practices, is an important managerial task. It enables managers to avoid overinvesting in methods, tools and so on that the firm is not yet ready to absorb (Schiele, 2007). Considering that there is no understanding for professional purchasing, setting up and carrying out a supplier development program is impossible. Thus, the relationship problems are not so surprising as they couldn't be managed to begin with. Furthermore, problems may also arise in other supplier relationships as well. The theory of preferred customer describe many tactics that [Buyer X] could use to tackle the relational problems and to achieve the preferred customer status. However, the implication of these tactics cannot be used as [Buyer X] has no resources to effectuate them. Hence, maturing the purchasing department is a necessity and should be done in the short term. First, the purchasing strategy and policy should be well defined, which can be derived from the corporate strategy. Second, the right purchasing staff should be installed. For instance, besides hiring additional (regular) purchasers, it is also advisable to hire procurement engineers that focus on the technical aspects of the procured materials. These professionals are also known as quality engineers and ensure that procured goods meet up to the specified standards. Another associated benefit related to this is that communication in relation to technical between relevant parties is made easier, thus more effective. Simultaneously, [Buyer X] should the possibilities investigate whether their information systems are capable enough to effectuate their purchasing strategy. After these steps, [Buyer X] should focus on the mid-term, which includes their methods and procedures. At this, the lever analysis can been applied in terms of methods. A commodity sourcing strategy may comprise several sourcing levers. Schuh & Bremicker (2005) suggest six sourcing levers: pooling, price evaluation, global sourcing, product optimisation, process improvement and supply relationship. In addition to these levers, Schiele (2007) suggested an extra lever: Commodity-spanned lever. Hence, there are 7 levers in total that [Buyer X] can focus on. In the end, all seven levers must be considered together to eliminate trade-offs (Schiele, 2007). As for procedures, the focus here should be both internally as externally in order to align

processes. This can be done by defining clear internal guidelines and considering the purchasing conditions of the firm.

Finally, for the long term, [Buyer X] should define and measure Key Performance Indicators and communicate these with its strategic suppliers, such as [Supplier Y]. Consequently, they can monitor the performance and operate accordingly.

Furthermore, the supplier will know where to improve. In order to effectuate this, they need to work on a clear feedback-protocol, which can be easily interpreted by the supplier. Following these steps will allow [Buyer X] to develop and sustain an improved relationship. Ultimately, they could also achieve the preferred customer status and attain preferential treatment from [Supplier Y]. Figure 2 illustrates the proposed roadmap.

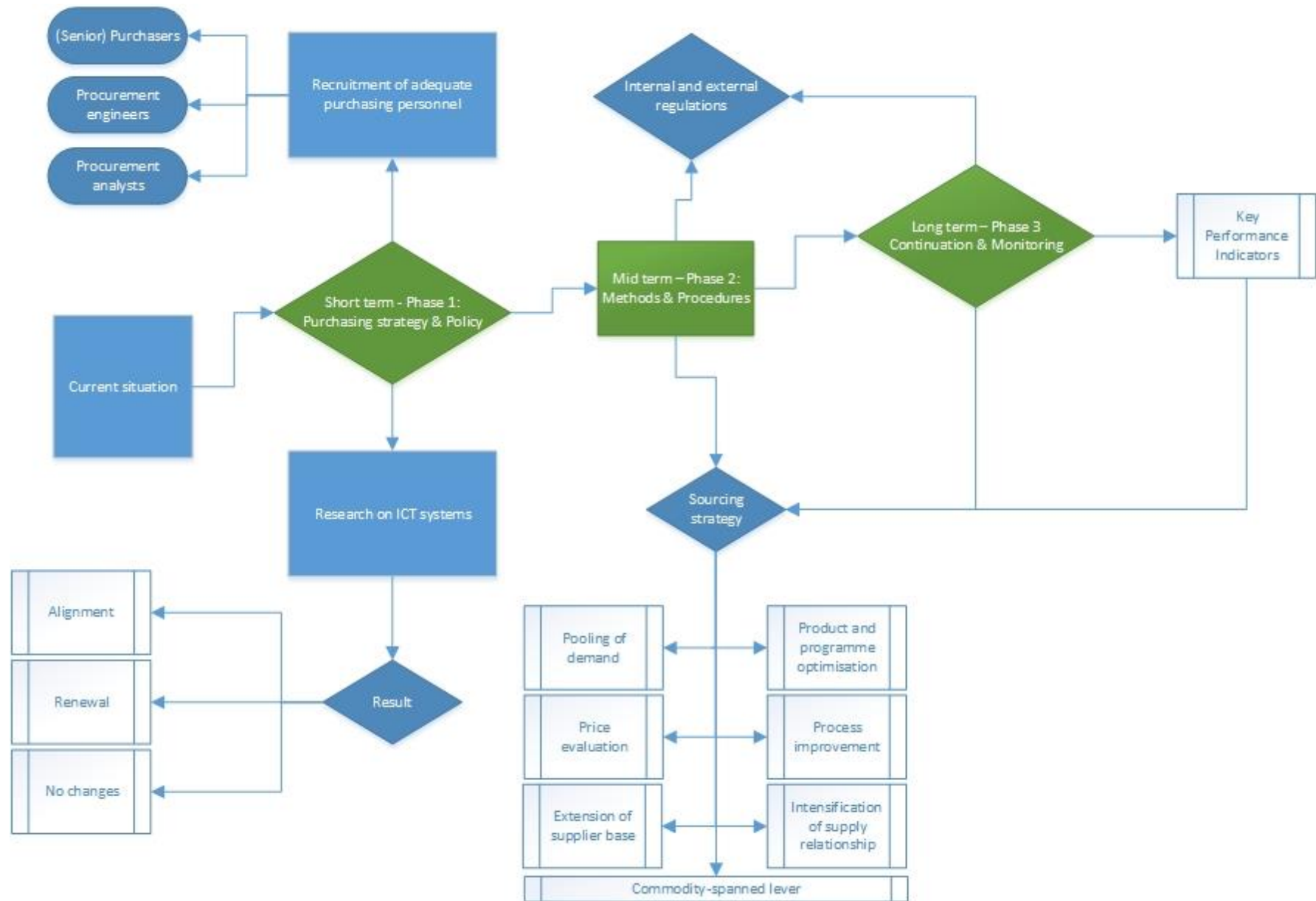


Figure 2: A roadmap to a sustainable relationship between [Buyer X] and [Supplier Y]



Coming back at purchasing tactics that can be used in general problem situations, these can be described more pragmatic. It is important to underlie that the upcoming tactics are general and should be adopted based on the situation, whereas some elements should be adopted in almost every case. Hence, these are not recommendations specifically to [Buyer X]. The recommended tactics are given on the basis of the four dimensions that were identified in this research, namely: Commitment, Coordination, Transparency & Trust and power. The following tactics are possible to use in problem situations:

- Assign the best people to impress the supplier and to increase success in the transactions (**Commitment**)
- Be open to share relevant information (**Transparency**)
- Behave and position fairly (**Trust**)
- Fulfill all contract obligations without hassle or argument. (**Trust**)
- Give the supplier full inventory visibility. (**Transparency**)
- Order in large quantities and use no haggling. (**Commitment**)
- Ensure operational excellence (**Coordination**)
  - Reassess processes to find creative solutions to problems. (**Commitment & Coordination**)
  - Standardize and simplify supply chain practices. (**Coordination**)
- Create relational value
  - Initiate common projects. (**Commitment**)
  - Invest in the relationship with parsimony. (**Commitment**)
  - Keep the supplier informed of innovations (**Coordination**)
  - Make joint research. (**Commitment & Coordination**)
  - Motivate the supplier to invest in the relationship. (**Commitment**)
  - Plan joint activities. (**Coordination**)
  - Share performance measurement results with the supplier. (**Coordination**)
- Communicate problems and changes regularly and reassess objectives when required. (**Coordination**)
- Evaluate regularly and take into consideration the supplier's perception of the extent of having reached the objectives (**Coordination**)
- Follow-up of the results in comparison to the initial objectives (**Coordination**)
- Integrate supplier awards in supplier development program (**Trust**)
- Measure and share performance results frequently (**Coordination**)
- Participate to the planning of events with the supplier (**Coordination**)

## 6 Conclusion and discussion

It has been shown that problem situations in buyer-supplier relationships require a specific approach in order to be solved. Coming back to the research question on which *relational factors influence the willingness to solve a problem*, we conclude through this exploratory research that several dimensions play a role. In the light of this information, we argue that new insights are introduced to the current stream of literature. Firstly, we see that commitment in the buyer-supplier relationship is also of great importance for both buyer as supplier in problem situations. No or poor commitment negatively influences the willingness to solve a problem. However, when there are signals for investments in the relationship, the tide turns and firms become more willing to solve problems. This effect is reinforced with investments that are long-term driven. Also, though commitment should come from both parties, the commitment coming from the buying firm is especially important as it also could contribute in becoming the preferred customer. These findings are in line with the literature: Nyaga et al. (2010) found that supplier's satisfaction is strongly linked to trust and commitment; in order to demonstrate their commitment to suppliers, buyers need to initiate and participate in collaborative activities such as information sharing (Whipple et al., 2002). Accordingly, another found dimension is trust & transparency. We found that if there is no transparency, automatically trust issues arise in the relationship. A transparent relationship mitigates the chances for opportunistic behaviour (Krause, et al., 2007). Moreover, when processes are transparent problems can be addressed more effectively and easier. This has somewhat overlap with the dimension of coordination, which is considering key in solving problem situations. Frequent communication is a necessity in order to maintain a sustainable relationship between buyer and supplier. There could be more knowledge sharing between buyer and supplier, especially in problem situations. Furthermore, there should be a chemistry between employees of both firms when addressing these problems. In this manner, coordination activities can be done more effectively. As a consequence, good coordination positively influences the willingness to solve a problem. Finally, the last dimension that was found in this study power. It is important to underline however that power can be defined very broadly. Examples of definitions are expressed in terms of antecedents, units of analysis, actor's intentions, target's responses, and outcomes of

interest, and it has been measured in terms of dependency, influence, resistance, and the modification of others' states (cf. Keltner et al., 2003; Sturm & Antonakis, 2015). We found that the supplier does not take the buyer serious due to a lack of purchasing power. Thus, poor purchasing power or superior supplier power negatively influences the willingness to solve a problem. All of the identified dimensions are in the context of a problem situation, which was not covered before in the current stream of literature.

## **6.1 Managerial implications**

Within this paper, a conceptual model of tactics has been developed comprising the elements related to the preferred customer status in problem situations. These tactics influence the willingness to collaborate and could be used by managers in the industrial sector. However, it is important to underline that a firm should have sufficient purchasing maturity to be able to effectuate them. The role of maturity is also not covered in the current stream of literature. One could try to become a preferred customer. However, the efforts in this process are likely to go in vain if a buying firm cannot sustain it. The proposed dimensions are in essence a blueprint to use in problem situations. A customer is perceived as attractive by a supplier if the supplier in question has a positive expectation towards the relationship with this customer. These needs could be done through value creation, which is the basis of all business relationships (Anderson, 1995; Ulaga & Eggert, 2005; Walter et al., 2001). Thus, the more appealing a value proposition is, the more motivated the supplier will be to award the preferred customer status. A form of value creation may be the purchaser's ability to present a credible offer that would surpass the supplier's available alternatives will influence the supplier's [Buyer X] decision to participate in the exchange (Ramsay & Wagner, 2009).

In summary, [Buyer X] could boost its chances to become a preferred customer by exceeding the supplier's expectations, but at the same time they should be able to back them up. As for suppliers, it would be fair to recognize the efforts of buying firms and try to be cooperative in such problem situations. After all, it is in their interest to have sustainable relationships as well. In this case, one could argue that the supplier was operating in the automatic pilot and neglected the buying firm. As a consequence, problems could not be addressed adequately by the buying firm as they were not them to do so. This can be regarded as a learning point for suppliers in general. We argued before that conflicts inevitably occur in any type of inter-organizational relationships. These can occur abrupt in the relationship between buyer and supplier in which the preferred customer theory could play a role in mitigating the problems. This can be achieved by the four dimensions that are identified in this research.

## **6.2 Limitations of research**

This study was based on data gained from solely one medium sized company in the industrial sector. As a consequence, too little data was gained during the data acquisition period. Furthermore, input for other industries are not included. Future research should be done to identify what other dimensions may also play a role in the willingness to solve a problem. Preferably research in other industries as well. In addition, it would be interesting to investigate the relation of culture in problem solving situations. This study was done in the Netherlands. In another country with other dynamics, the dimensions of willingness to solve problems might deviate. Altogether, we cannot argue on the basis of this thesis that the identified dimensions are absolute. However, future research could focus on the novel findings of this paper which would help to confirm them.

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## **Appendix I: Interview protocol – Buyer ([Buyer X])**

### **Introduction of the research**

**In this stage there is a need to ascertain a level of comfort and to clarify the objective of this research.**

- Introduce yourself to the person who will be interviewed and tell the person that you're thankful for the time that he is giving you for the interview.
  - Clarify the objective of the research. Tell the interviewee that the results will not be transferred to any other third person or company. It will be published online, but it will be anonymized. All the information that will be discussed is confidential. In the beginning of the interview, I will ask the interviewee if its allowed to record the interview for transcribing purposes.
1. Could you explain your function in detail?
  2. Can you tell me shortly in which industries you are operating in?

### **Opening Segment; sketching the case and exploring the theme**

3. Could you tell me more about your suppliers base?
4. How long are you doing business with [Supplier Y]?
5. What do you think about the idea of preferred customer and preferred supplier?
6. Do you see the benefits of these ideas?
7. What are important factors behind these ideas?
8. What type of preferential treatment would you want to acquire?
9. Could you describe your current relationship with [Supplier Y]?
10. How did the relationship evolve over time?
11. Could you describe your supplier development program?
12. Could you describe your vision in how to become the preferred customer?
13. What is your vision in this idea of becoming more attractive to suppliers? How could one achieve this?

### **Middle Segment; more in-depth of the preferred supplier**

14. Could you elaborate what factors may play a role in problem situations?
15. How do you think you could stimulate the supplier in order to become more willing to solve problems?
16. What relational factors do you think is important?
17. Could you elaborate on the dimension of trust?
18. Could you elaborate on the dimension of power?
19. How would you elaborate a situation where a problem is solved and ultimately leads in becoming the preferred customer? What is important?
20. Has a supplier ever ceased giving a preferential treatment to you? If so, Why?
21. What kind of resources do you use to overcome problem situations?
22. To what extent are you willing to collaborate with [Supplier Y] in order to solve problems?
23. Can you tell me what your opinion is about trust and commitment in buyer-Supplier relationships?

## **Final Segment; wrapping up the theme and questions for the future**

24. Do you have any other insights or ideas you would like to share?

- Summarize findings
- Thank the interviewee for his/her time and stop recording.

## **Appendix II: Interview protocol – Supplier ([Supplier Y])**

### **Introduction of the research**

**In this stage there is a need to ascertain a level of comfort and to clarify the objective of this research.**

- Introduce yourself to the person who will be interviewed and tell the person that you're thankful for the time that he is giving you for the interview.
  - Clarify the objective of the research. Tell the interviewee that the results will not be transferred to any other third person or company. It will be published online, but it will be anonymized. All the information that will be discussed is confidential. In the beginning of the interview, I will ask the interviewee if its allowed to record the interview for transcribing purposes.
1. Could you explain your function in detail?
  2. Can you tell me shortly in which industries you are operating in?

### **Opening Segment; sketching the case and exploring the theme**

3. Could you tell me more about your suppliers base?
4. How long are you doing business with [Buyer X]?
5. What do you think about the idea of preferred customer and preferred supplier?
6. Do you see the benefits of these ideas?
7. What are important factors behind these ideas?
8. What type of preferential treatment could you offer?
9. Could you describe your current relationship with [Buyer X]?
10. How did the relationship evolve over time?
11. Could you describe your sales program?
12. Could you describe your vision in how to select your preferred customer?

### **Middle Segment; more in-depth of the preferred supplier**

13. Could you elaborate what factors may play a role in problem situations?
14. How would you be more stimulated to become more willing to solve problems?
15. What relational factors do you think is important?
16. Could you elaborate on the dimension of trust?
17. Could you elaborate on the dimension of power?
18. How would you elaborate a situation where a problem is solved and ultimately leads to selecting the preferred customer? What is important?
19. Have you ever ceased giving a preferential treatment to your customer? If so, Why?
20. What kind of resources do you use to overcome problem situations?
21. To what extent are you willing to collaborate with [Buyer X] in order to solve problems?
22. Can you tell me what your opinion is about trust and commitment in buyer-Supplier relationships?

## **Final Segment; wrapping up the theme and questions for the future**

23. Do you have any other insights or ideas you would like to share?

- Summarize findings
- Thank the interviewee for his/her time and stop recording.

### Appendix III: Technical specifications of glass-wool

**(Content censored)**