

The Influence of Corporate Culture on the Preferred Customer Status: A Multiple Case Study with One Buying Company and Three of Its Suppliers

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ABSTRACT,

In the business environment of today, the phenomenon of the scarcity of accomplished suppliers is not new. It is, therefore, becoming more important to satisfy such suppliers to secure the allocation of resources. The purpose of this study is to examine the influence of corporate culture on buyer-supplier relationships and on the preferred customer status. Qualitative data were collected through a small sample case study involving one buying firm and three of its suppliers. This study indicates that several factors in a buyer-supplier relationship influence the level of supplier satisfaction and the preferred customer status. Supplier satisfaction is achieved if a buyer meets or exceeds the expectations of its supplier. Factors that enhance the level of satisfaction are relational and economic factors as well as characteristics of the corporate culture. The literature review aligns with these findings of relational and economic factors. Findings of the influence of the corporate culture belong to a new research field. Limitations of this study include a limited sample size, which can be increased in future related studies, to increase the significance of these findings. Furthermore, this research relied on interview responses of German companies with one single representative of each company, which might restrict the validity and the international generalizability. It can be argued that it is beneficial when a company has a corporate culture that values the same traits in a business relationship as its suppliers. Additionally, these findings indicate that it is advantageous to be a big customer for a supplier to achieve preferential treatment.

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Keywords

Buyer-supplier relationship, case study, corporate culture, customer attractiveness, preferred customer status, segmentation, supplier satisfaction

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1. INTRODUCTION

Throughout the history of supply chain management, the relationship between buyer and supplier has become more important due to an increasingly competitive environment. Within this environment, the research focus has changed from customer satisfaction to supplier satisfaction. Specifically, in substantial business-to-business markets, a decline in supplier availability has been found (Schiele, Ellis, Eßig, Henke, & Kull, 2015, p. 132). This led to buyers being more dependent on fewer suppliers. Based on this notion, such suppliers are facing increasing responsibilities, for instance, with the right resource allocation. This means that suppliers can be in the situation where they have the power to decide to which customers they want to deliver their resources. Certainly, buying companies do not want to belong to the excluded customers (Schiele, Ellis, Eßig, Henke, & Kull, 2015, p. 132). Therefore, it is not only important that suppliers are attractive to their customers to sell products or services, but also that buyers seek to become attractive to suppliers and satisfy them to acquire advantages and to secure the supply of the best resources (Schiele, Calvi, & Gibbert, 2012, p. 1178). Whether the focus is on supplier satisfaction, preferred customer status or customer attractiveness, all three identify if a buyer will receive preferential treatment by the supplier and have to be analyzed jointly (Hüttinger, Schiele, & Veldman, 2012, pp. 1194-1195).

Already in 1991, Williamson *et al.* declared that a supplier serves first the requirements of their preferred customer before they serve less preferred customers (Williamson, 1991, p. 83). Hence, with a preferred customer status, buyers can achieve access to preferred resources. It is also important, that a company satisfies its customers. To achieve this, companies need the support of their suppliers and work jointly to satisfy the needs of their customers. The supplier will be more unhesitant to support the company if a supplier satisfaction is achieved as well. Consequently, the company not only has to satisfy its customers but also its suppliers (Wong, 2000, p. 427). Moreover, if the suppliers are satisfied with the buyers, they are more likely willing to jointly develop new products, and they are more complying to customize their products (Steinle & Schiele, 2008, p. 11).

This paper will not only focus on supplier satisfaction and the preferred customer status but also on the possible constraint of corporate culture, to analyze if this constraint has an influence on the buyer-supplier relationship and on being a preferred customer. Barney (1986, p. 657) defined corporate culture as “a set of values, beliefs, [and] assumptions (...) that define the way in which a firm conducts its business”. A possible relation between corporate culture and the buyer-supplier relationship could, therefore, be the influence of the behavior towards the other party which can enhance or weaken the business relationship.

There exist similar studies about supplier satisfaction and being a preferred customer (Wong, 2000; Schiele, Calvi, & Gibbert, 2012; Schiele, Ellis, Eßig, Henke, & Kull, 2015; Pulles, Schiele, Veldman, & Hüttinger, 2016). Furthermore, there are studies concerning corporate culture, and what types of cultures exist in companies (Cameron & Quinn, 2006; Baumgartner, 2009; Cameron & Quinn, 2015), but there are none that analyze the relation of organizations’ cultures and their influence on being preferred customers.

The purpose of this study is to better understand how companies work together with their suppliers and how these companies can improve supplier satisfaction. Furthermore, the possible influence of corporate culture will be analyzed. Based on this research objective, the following research question has been defined:

Does the corporate culture of an organization have an impact on the supplier-buyer relationship?

Further attention will be devoted to the following sub-question:

To what extent does the corporate culture influence the preferred customer status?

The aim is to analyze previous studies on supplier satisfaction, achieving a preferred customer status, and corporate culture. These factors will be substantiated by applying the findings on a certain Company X and three of its suppliers. Furthermore, interviews will be performed with Company X and three of its suppliers, followed by a theoretical framework analysis, which will be discussed in Section 2. The validity of the theoretical framework will be analyzed on hand of the practical experience. Following this, the findings will be presented which might aid Company X to improve their future supplier-buyer relationships.

The subsequent sections will provide a deepened understanding of the theoretical approach by discussing supplier satisfaction, customer status, segmentation, classification, and corporate culture which were found in scientific literature. Furthermore, the methodology will be described, followed by an analysis of the interview results with Company X and its suppliers. A discussion of the findings will be given, followed by a conclusion, which includes the limitations of this research.

2. LITERATURE REVIEW

In order to answer the research questions, it is necessary to understand the necessity and influence of supplier satisfaction within a supplier-buyer relationship and the preferred customer status. Further aids, like the Kraljic matrix to increase the purchasing power, segmentation of customers into different levels of preference, and the evaluation of the corporate culture, will be discussed. What follows are the findings of previous studies on this phenomenon, examples of existing representative cycles and matrices, and frameworks that aid with this understanding.

2.1. Achieving Supplier Satisfaction for a Preferential Treatment

For the efficient supply chain management of a company, it is important to achieve supplier satisfaction. Supplier satisfaction can be defined as the received fairness of a supplier with regards to the “buyer’s incentives and supplier’s contributions within an industrial buyer-seller relationship as relates to the supplier’s need fulfillment [...]” (Essing & Amann, 2009, p. 104). If a supplier is unsatisfied, it can negatively influence the quality of the delivered products. Hence, it can lead to a poor quality of received products, which in turn reduces the quality of the buyer’s products and it may even influence the sales volume and, therefore, the profitability of the company (Essing & Amann, 2009, pp. 104,107). If a company wants to be supported by its suppliers and achieve competitive advantage through better commodities from the supply chain, than what competitors receive, the buying company has to undertake partnering efforts and satisfy the needs of its suppliers (Pulles, Veldman, Schiele, & Sierksma, 2014, p. 17; Wong, 2000, p. 427). Furthermore, buying firms have to compete to a greater extent with other firms for suppliers due to a decline in supplier availability (Schiele, Ellis, Eßig, Henke, & Kull, 2015, p. 132). If a firm wants to sustain or gain access to a desired supplier or even receive preferential treatment, it has to aim to satisfy the supplier (Vos, Schiele, & Hüttinger, 2016, p. 4613) through long-term commitment, exclusive agreements, sharing of internal information, extensive communication and reacting immediately to supplier requests (Leenders, Johnson, & Flynn, 2011, pp. 363,364).

Achieving supplier satisfaction can bring the benefits of receiving preferential treatment regarding the distribution of resources (Steinle & Schiele, 2008, p. 11). According to Essing & Amann (2009, p. 104), important factors and antecedents of supplier satisfaction are based on economical and relational elements. Furthermore, antecedents that positively influence supplier satisfaction include growth opportunity, reliability, and profitability (Vos, Schiele, & Hüttinger, 2016, p. 4621). Especially, the relational and cooperative perspective between buyers and suppliers, lead to a satisfied supplier (Wong, 2000, p. 429)

In order to obtain business excellence, a company has to combine supplier satisfaction with customer satisfaction since if the supplier is satisfied, it increases the likelihood that the supplier is willing to work with the buying company together to serve the requirements of the company's customers (Wong, 2000, p. 427). According to another study, supplier satisfaction has an important influence on the relationship of customer attractiveness and the preferred allocation of resources (Pulles, Schiele, Veldman, & Hüttinger, 2016, p. 137). Furthermore, a preferred customer status can be achieved by the buyer who satisfies its supplier the most (Vos, Schiele, & Hüttinger, 2016, pp. 4614,4615).

To conclude, supplier satisfaction mainly relies on a buyer-supplier relationship where the needs of the supplier are fulfilled by the buying company and where both parties openly communicate and cooperate with each other.

2.2. The Cycle of Preferred Customership – Becoming a Preferred Customer Through Customer Attractiveness and Supplier Satisfaction

Supplier scarcity was discovered in many industries due to constraints on resources which led to a more competitive environment for customers. (Schiele, Scott, Eßig, Henke, & Kull, 2005, p. 132). Furthermore, some suppliers are more noticeable with their products and services due to a better quality, price, and innovative advances and, therefore, more attractive to potential customers. Therefore, buying firms have to become more attractive than their competitors to receive the chance to cooperate with the chosen supplier in order to acquire the best resources and to gain the advantage of receiving a preferred customer status with these suppliers (Nollet, Rebollo, & Popel, 2012, p. 1191). Suppliers are likely to prefer the relationship with companies where the supplier favors the behavior of the buyer, business values, or practices (Pulles, Schiele, Veldman, & Hüttinger, 2016, p. 136). If a company has achieved the status of being a preferred customer, it can not only expect a better resource allocation, but also a better treatment in terms of the access to innovations, collective new product development, exclusive agreements, fair prices, a better quality of products, and improved customized products (Steinle & Schiele, 2008, p. 11; Schiele, 2012, p. 49; Vos, Schiele, & Hüttinger, 2016, p. 4621).

As illustrated by Figure 1, Schiele *et al.* explained the relation between customer attractiveness, supplier satisfaction, and preferred customer status in the virtuous cycle of preferred customership (Schiele, Veldman, Hüttinger, & Pulles, 2012, p. 141; Schiele, Calvi, & Gibbert, 2012, p. 1179). To commence an exchange relationship, the buying company has to make itself attractive to the supplier. The attractiveness of customers “is based on the expectations that a supplier has towards the buyer” (Schiele, Calvi, & Gibbert, 2012, p. 1180). After an active relationship is achieved, the supplier assesses its satisfaction with the buying company and decides if the business will be discontinued or continued. The supplier can even enhance the

relationship and award the buyer with a preferred customer status (Schiele, Calvi, & Gibbert, 2012, p. 1182)

The cycle indicates that a preferred customer can continue the relationship with the supplier, or even intensify it, if the supplier is satisfied and if the buyer meets or exceeds their expectations. Therefore, the two elements of customer attractiveness and supplier satisfaction are essential for attaining a preferred customer status (Schiele, Calvi, & Gibbert, 2012, p. 1181).

Based on this notion, it is important to develop certain strategies in order to attain a preferred customer status. The customer has to become attractive to the supplier after the initiation of the buyer-supplier relationship. If the customer cannot succeed with this, the relationship might be discontinued or the customer will be treated as a standard customer and can still try to attract the supplier in the future. However, if the customer is indeed attractive to the supplier and achieves supplier satisfaction, it could lead to a preferred customer treatment (Schiele, Calvi, & Gibbert, 2012, p. 1180).

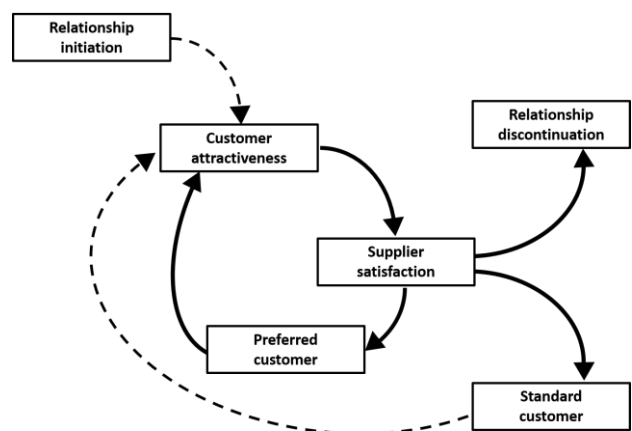


Figure 1: The virtuous cycle of preferred customership represents the development of a buyer-supplier relationship (Schiele, Veldman, Hüttinger, & Pulles, 2012, p. 142).

2.3. The Kraljic Matrix – a Tool for Developing Strategies to Increase Purchasing Power

The modern supply chain economy has to deal with scarcity and depletion of resources, political changes, changing technologies, and increased competition. To deal with these issues, a portfolio model may be helpful to managers in order to recognize weaknesses in their supply chain and to develop appropriate strategies to improve the supply of the different commodities (Kraljic, 1983, p. 109). Portfolio models assume that there is a difference in power and dependence between buyers and suppliers (Caniels & Gelderman, 2005, p. 141). Their objective is to generate purchasing and supplier strategies that differ from one another (Gelderman & Van Weele, 2003, p. 207). Furthermore, Kraljic emphasizes that portfolio models minimize weaknesses in the supply chain and incorporates the use of potential purchasing power (Kraljic, 1983, p. 112).

Suppliers can be segmented into different categories and each category uses a unique strategy for its supplier, related to the products it supplies (Gelderman & Van Weele, 2003, p. 207). The Kraljic matrix (Figure 2) is a two-by-two matrix that recommends generic purchase strategies for different situations and products (Hesping & Schiele, 2016, pp. 101,102). These are classified into profit impact and supply complexity. Its four categories are the leverage, strategic, non-critical and bottleneck quadrants (Gelderman & Van Weele, 2003, p. 207).

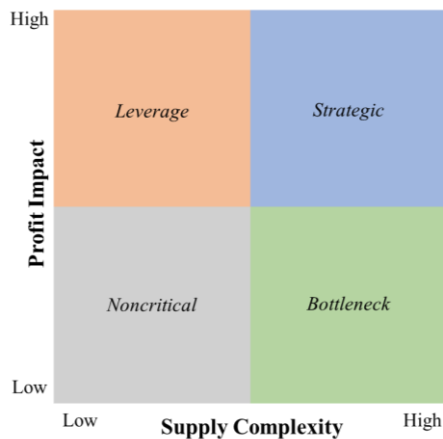


Figure 2: Kraljic matrix, a strategic tool for organizations to improve the supply of their commodities (Botes, Niemann, & Kotzé, 2017, p. 189).

Products under the leverage category are strategically important items which are easy to manage (Olsen & Ellram, 1997, p. 105). These standard commodities have a large number of available suppliers, which provide customers with a high degree of purchasing power (Gelderman & Van Weele, 2003, p. 207).

The strategic category focuses on key products that have high strategic value for companies. These commodities are often under high supply risk due to the scarcity of available suppliers (Caniels & Gelderman, 2005, p. 144). This commodity market is complex and difficult to manage (Olsen & Ellram, 1997, p. 105).

Non-critical products have a low strategic importance. These products are standardized and easy to manage through a good supplier-buyer relationship. Therefore, not many suppliers are required and the number of duplicate services can be reduced (Olsen & Ellram, 1997, p. 105).

The bottleneck strategy considers products with a low strategic importance which are not easy to manage (Olsen & Ellram, 1997, p. 105). Therefore, it is necessary to sustain a good relationship with the supplier to avoid any risks regarding the inventory of that product. At the same time, it is advised to search for new suppliers to reduce the supplier dependency and to ensure a supply of resources for the case that the first supplier is short on resources (Gelderman & Van Weele, 2003, p. 207).

This would enable the company to minimize potential weaknesses by segmenting the suppliers in their supply chain and to adopt an adjusted purchasing strategy to achieve effective results.

2.4. The Tie of Advantage - Segmenting Customers Into Different Levels of Preference

Based on the increasing tendency to attain a better efficiency, flexibility, and competitive advantage, companies tend to form strategic collaborative relationships with their suppliers (Nyaga, Whipple, & Lynch, 2010, p. 101). Multidimensional models aid to categorize customers into different segmentation groups (Kolarovszki, Tengler, & Majerřáková, 2016, p. 123). Furthermore, the segmentation process is used in daily management operations to assess and review the continuing relationship with suppliers (Day, Magnan, & Moeller, 2010, p. 626).

Customers will be divided into specific groups with different needs, characteristics or behaviors to ensure an effective management for the different customer segments (Kotler, Wong, Saunders, & Armstrong, 2005, p. 391). Moreover, not all customers should receive equal treatment, since they stand for different costs and profits within a company. This implies that

some should receive standardized offers and others, custom-made offers (Kolarovszki, Tengler, & Majerřáková, 2016, p. 123).

A novel framework to assess and classify customer segmentation is the tie of advantage. This model (Figure 3: The tie of advantage illustrates the disadvantages from the bottom, to the advantages a preferred customer can achieve at the top of the tie) categorizes four different levels which describe how the buyer interacts with the suppliers and what benefits they receive.

The lowest, Level -1, should be avoided by customers since it contains customers that pay more than other customers for the same product or service, or even receive less for the standard price. Level 0 contains customers that receive standard products or services for the regular price and condition. These customers neither receive any competitive advantages, nor disadvantages. The next, Level 1, contains customers that are little preferred and which receive a better service than other customers, but only for additional costs. At the top of the tie is Level 2, which stands for customers that receive the best products and services. They benefit from a better service than other customers, for no additional charges. These customers enjoy a preferred customer status (Schiele, 2018, pp. 70,71).

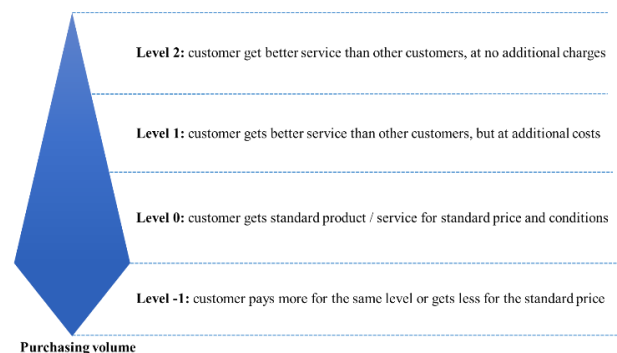


Figure 3: The tie of advantage illustrates the disadvantages from the bottom, to the advantages a preferred customer can achieve at the top of the tie (Schiele, 2018, p. 71).

Concluding, the segmentation of customers aids to establish a suitable structure for the governance and relationship between buyer and supplier. A company can benefit from its supply network, for instance, through access to new technologies or better resource allocation and treatment. Therefore, it is important to prioritize the right suppliers (Day, Magnan, & Moeller, 2010, pp. 625,627). According to the categorization, the customer will be treated differently. Consequently, if a customer wants to be positioned higher and receive preferential treatment, it has to satisfy the opponent.

2.5. The Competing Value Framework (CVF) as Tool for Evaluating Corporate Culture

Corporate culture can be defined as “a complex set of values, beliefs, assumptions, and symbols that define the way in which a firm conducts its business” (Barney, 1986, p. 657). Therefore, the culture of a company has extensive effects on its organization because it not only considers important stakeholders, but also determines to a greater degree how a company collaborates with these stakeholders (Barney, 1986, p. 657).

The management team of a company shapes, to a greater degree, the corporate culture through long-term activities which are accepted by employees. With the right corporate culture, a company can even enhance its competitive power (Shieh & Wang, 2010, p. 396). It has to be added that culture only develops and changes slowly over time due to influencing aspects in the

management and business environment (Baumgartner, 2009, p. 106; Wilson, 2001, p. 326).

The Competing Value Framework (CVF) was developed by Quinn and Rohrbaugh in 1981, in order to determine the current culture of an organization (Cameron K. S., 2008, p. 433). Furthermore, it evaluates the collective values and beliefs of corporate culture effectively. This framework consists of four different cultures, namely clan-, hierarchy-, adhocracy-, and market-culture, as illustrated in Figure 4 (Cameron & Quinn, 2006, pp. 34,36). A company evolves a dominant culture-style, which is often a combination of these cultures (OCAI online, 2010, p. 4).

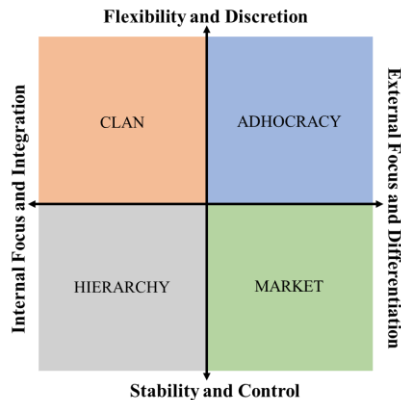


Figure 4: The Competing Value Framework, to determine the culture of an organization (Cameron & Quinn, 2006, p. 35).

The framework is segmented by a horizontal axis that divides internal orientation on the left side from an external orientation on the right side. An internal orientation refers to a unity and integration of processes. In contrast, the external orientation focuses on differentiation from others and rivalry (Cameron K. S., 2008, p. 434). The vertical axis of the CVF is dividing different effectiveness criteria. These criteria focus on flexibility and discretion on the top, compared to a focus on stability and control on the bottom (Cameron & Quinn, 2006, p. 34).

Based on Figure 4, the clan culture is internally-oriented and can be described with a flexible business structure. It has a focus on people and, therefore, offers a friendly and family-oriented work environment (Cameron & Quinn, 2015, p. 6). This structure supports communication, cooperation, and collaboration of employees (Cameron & Quinn, 2006, p. 41).

Next, is the hierarchy culture, which is also internally-oriented with a stable business structure that is characterized by control mechanisms. It aims to remove variability by establishing a clear structure, process guidelines, and policies for all members (Cameron & Quinn, 2006, p. 38).

The adhocracy culture is externally-orientated and follows a flexible business structure. This culture focuses on growth and therewith on 'being the leading edge' towards innovations, developments and the future vision (Cameron K. S., 2008, p. 433).

The market culture is externally-oriented and has a stable business structure. These organizations are profit driven and focus on aggressive competition. Furthermore, they strive towards a result-oriented workplace with strong control mechanisms (Cameron & Quinn, 2006, pp. 39,40).

The competing value framework helps to assess the current corporate culture of an organization and fosters change which is required if a company's culture has to be improved for a greater success in the future (Cameron K. S., 2008, p. 432). Ideally, this could then be applied during an investigation that requires a comparison between companies. In this report, such comparison

will stem from a methodological evaluation of a buying company and three of its suppliers.

3. METHODOLOGY

The framework of this research project is built on theoretical knowledge which is collected through scientific literature and book reviews. Interviews are conducted with the team leader of indirect procurement of the purchasing company (Company X), with the general manager of Supplier 1 and 3, and the key account manager of Supplier 2 to collect relevant qualitative data for this research.

The questions for the interviews are developed by means of questionnaires from a previous study (Bockstette, 2017, pp. 10-12) to maintain consistency in this study and its literature review. Some questions are modified to fit the research topic of corporate culture which is to serve as a baseline for the analysis of the relationship between the purchasing company and its suppliers. One questionnaire is designed for the purchasing company and a second questionnaire with slightly modified questions is designed for the supplying companies. These interviews are held separately and only with either the buyer or supplier being present to prevent possible bias. This explanatory case study uses the interview method of a semi-structured questionnaire, in order to encourage the interviewees to elaborate on their answers. Furthermore, it leaves the possibility for interaction and to ask follow-up questions on which to elaborate, and to gain a deeper understanding of the research topic (Gill, Stewart, Treasure, & Chadwick, 2008, pp. 291-292).

The three suppliers are key suppliers to the buying company and belong to different commodity groups. Company X was introduced to the research topic via email. Based on this knowledge, Company X selected the interviewed suppliers and introduced them to the field of research. All interviews took place in May and June 2018 via an online video call. The interviews were conducted in German. The duration of the interview with Company X was 2.5h, whereas the interviews with the suppliers were, on average, 40 minutes long. In addition, the interviews were recorded and transcribed. The transcribed interviews can be viewed in Appendix A to Appendix D.

Following each interview, the data necessary for analysis were collected. The comparative method analysis (Ragin, 2014, p. 35) is used to understand and interpret the patterns found in the data during this research. This includes analyzing the contents of the questions by summarizing the interviews, comparing them with the theoretical frameworks from Section 2, and tabulating the findings to highlight common factors and differences in the relationship of the analyzed companies. With the insight obtained from the supplier and buyer perspective, a deeper understanding of supplier satisfaction, the preferred customer status and possible influences of the corporate culture can be gained.

4. ANALYSIS

4.1. Analysis of Interview With Company X

4.1.1. Interview With the Team Leader of Indirect Procurement at Company X

The interview with the purchasing company was conducted with the team leader of procurement of facility and infrastructure solutions, from the procurement department for indirect spend of Company X. This male participant is representing the whole department for indirect spend and has, therefore, coordinated himself with the other team leaders of Company X to align his point of view and to answer out of the expertise of the whole department. The interview transcript can be found in Appendix A.

The three suppliers are, and have been for many years, business partners with Company X and were chosen by the interviewee of

Company X based on their good relationship. Furthermore, all three suppliers have a different strategic impact on Company X and belong to different commodity groups. All three suppliers are in contact with different buyers in the team of the interviewee of Company X.

4.1.2. The Segmentation of Company X's Suppliers and the Classification of these Three Suppliers Into the Kraljic Matrix

Company X uses a supplier lifecycle management system as purchasing matrix to segment its suppliers into five different categories. These are drop suppliers, directed parts suppliers, base suppliers, preferred suppliers and strategic suppliers.

The drop supplier category contains suppliers with whom Company X is not satisfied and with whom they do not want to continue their relationship in the future. Directed parts suppliers are suppliers that are prescribed by the customer and, therefore, Company X is obligated to use the product of that supplier. A base supplier is a default supplier which provides Company X with a regular supply of products or services. These suppliers are easy to replace due to a large number of available suppliers. Furthermore, these suppliers have to reach a certain sales volume to be categorized into the next higher category. Preferred suppliers are suppliers at which Company X wants to bundle their purchase- and sales volumes. Suppliers in this category do not add strategic value or know-how to Company X. The final category is the strategic supplier. As with the preferred supplier, Company X wants to bundle the purchase- and sales volume. However, these suppliers offer Company X quality advantages or special know-how, for instance in the technological or innovative direction, which other suppliers cannot offer them. These suppliers, therefore, do not necessarily have to be suppliers with a high turnover volume.

Company X categorizes Supplier 1 as a preferred supplier. The second supplier is a strategic supplier and Supplier 3 is a base supplier due to a large number of available suppliers on the market who can offer the same product or service for Company X and they do not reach the required sales volume yet to be classified into a higher category.

Company X also views the three suppliers as part of different categories of the Kraljic matrix (Figure 2). Supplier 1 has a stable commodity market and with secure products and services which have a low strategic value for Company X. Therefore, it can be placed in the non-critical category of the matrix. Suppliers 2 and 3 also operate in a stable market but with a high strategic value. These products and services can be placed in the leverage category of the matrix.

4.1.3. Company X Sees Itself as a Preferred Customer at All Three Suppliers

Company X chose its suppliers by means of several criteria, which, amongst others, include their cost-benefit ratio, flexibility, and the geographical position or, respectively, the regional location. They aim to cooperate with suppliers where they occupy an important position, though, they do not want suppliers to be completely reliant on them.

Furthermore, suppliers themselves could also categorize Company X in terms of their own buying companies, which is a factor that could influence their marketing synergy. Based on this notion, Company X views the formal status they receive from suppliers as not as important as the indirect status, which is the experience gained from personal cooperation through their own performance and actions. For instance, there were situations where Company X only had access to key account managers of the suppliers if the turnover was high enough. Next, Company X does not necessarily want to do business with suppliers where they have an uninteresting position. Furthermore, they can

determine their status as a result of the actions suppliers take in order to fulfill the needs of Company X, and whether they would want to remain business partners.

Other indicators are factors that dissatisfy Company X, which include a lack of quality, logistics, price, performance, and adherence to the delivery date. For instance, Supplier 1 is a regional supplier and Company X knows that they occupy an important position, due to their regional significance. In addition, Supplier 1 responds to changes openly. Furthermore, Company X receives special price offers from Supplier 2 and Company X is able to withdraw a bit. All three suppliers have an intensive and regular communication with Company X.

Concluding, through the cooperation with its suppliers, Company X knows the status that the suppliers give them. For Company X, a good cooperation is essential which includes communication to solve problems and to strengthen the relationship.

4.1.4. Communication As Instrument to Achieve a Preferred Customer Status

For Company X, communication is an important tool to convey the level of satisfaction from both sides and it represents a continuous and functioning relationship. Also, in the case of dissatisfaction, communication is important to identify these dissatisfying factors. An example of such factors is the delayed delivery of commodities. For instance, if there are dissatisfying factors with one of the suppliers, Company X communicates with them to optimize their cooperation. Furthermore, Company X works together with Supplier 2 on new sourcing models. In some situations, Company X would even accept small additional charges due to the importance of the relationship to Supplier 2.

Company X could have intensified its control mechanisms in the past and increased its communication to enhance the supplier satisfaction. For Company X the primary goal is not to satisfy their suppliers. They are rather self-serving regarding costs and process optimization. However, they strive a good relationship with their suppliers and, therefore, try to come to an agreement during negotiations where both sides are considered.

4.1.5. The Beneficial Treatment Company X Receives From Its Suppliers, and Its Link to the Tie of Advantage

Company X receives partial benefits from the three suppliers. Supplier 1 tries to fulfill requests from Company X and displays interests in offering the requested service to Company X. However, Company X has to pay for these additional requests. Therefore, Company X can be categorized on Level 1 of the tie of advantage model (Figure 3). Supplier 2 offers Company X the benefits of telling them when best to buy the product or service to secure the best price. They have a close collaboration with each other and the supplier tries to meet urgent requirements and offers consulting services for no additional costs. This supplier notifies Company X about new models and solutions in their field of business and invites them to events. Therefore, it can be said that Company X receives preferential treatment and can be categorized into Level 2 of the tie of advantage model. For Supplier 3, different conditions apply. There is a big pool of available suppliers that offer the same product and service and, therefore, this supplier has to meet the requirements of Company X. This supplier offers free project discussions, exchanges with Company X about new innovative solutions and invites them to events. Therefore, it can be concluded that Company X receives a preferential treatment and can be categorized into Level 2 of the tie of advantage.

Regarding these categorizations, Company X is placed between Level 1 and 2 of the model. This gives the company a little-

preferred customer status and the full-preferred customer status at its three suppliers.

4.1.6. The Change From a Hierarchically-Oriented Corporate Culture to an Adhocracy Culture

Company X performs many of their production- and maintenance processes themselves instead of outsourcing them. According to Figure 4, this indicates that they have an internal focus. However, they are forced to align their focus externally due to new market requirements and the adaption of Industry 4.0 systems. Company X gave its employees the freedom to act autonomously but with regulative guidelines, control mechanisms, and clear role definitions and, therefore, they have a stable focus. Furthermore, they follow fundamental principles and have been active in the same product market for a long period of time.

Due to the changing market conditions, they recognize the need to act more flexible, to look at the market from an innovative perspective, and to adapt to new team-oriented leadership styles, such as agile methods. This also involves that the employees have to think differently and be more creative in order to develop new ideas. Company X stands for trust, reliability, and innovation. These traits show on the one side where Company X is coming from – the hierarchically oriented corporate culture, and on the other side where they want to go – the adhocracy-oriented corporate culture.

4.2. Analysis of the Interview With Supplier 1

4.2.1. Interview With the General Manager and Owner of Supplier 1

The interview with Supplier 1 (Appendix B) was performed with the general manager and owner of the company. He works since 25 years at the company and has been working together with Company X for the past 17 years.

4.2.2. Company X is a Top Customer of Supplier 1 Which is Using Them as a Positive Reference

Company X is a top customer at Supplier 1 because of their pleasant partnership. Furthermore, the collaboration is on an equal level. They try to solve problems together and in this way, it makes working together much more pleasant.

Supplier 1 is using Company X as a reference to their own signature. According to the interviewee, it has a positive impact if they can say to potential new customers, that Company X has been a good and satisfied customer for almost 17 years. This also indicates that Supplier 1 delivers a good quality service. According to Supplier 1, Company X is an international known company with good working conditions. Moreover, the renowned status of Company X has a positive impact on Supplier 1.

4.2.3. Company X is a Preferred Customer for Supplier 1 and the Delivered Product and Service Can Be Classified as a Non-Critical Item

Supplier 1 is using an A-B-C customer classification to structure and organize the importance of supervision of their customers. They are ranked according to the amount of turnover Supplier 1 generates from them and extra qualifications that are required to accept and perform the job. C-clients are small clients or clients with one time orders which offer only a small turnover for Supplier 1. Though Supplier 1 highlights that every customer, even the small and individual clients, is important. Company X as a whole receives the A status since Supplier 1 is satisfied with the collaboration of Company X. Furthermore, Supplier 1 indicates that it is natural to act immediately if Customer X has a

request or if there are arising issues. Especially, because the collaboration is so pleasant with Company X, they try to assist and act immediately. Therefore, it can be said that Company X has “definitely a preferred customer status”.

Regarding the Kraljic matrix, Supplier 1 sees no purchasing risk with their products and services. There are many other suppliers on the market that offer the same products and services. In addition, Supplier 1 has some extra qualifications that not everyone in this branch can offer. According to Supplier 1, only 2% can offer this, which makes them belong to the elite. Also, according to Supplier 1, the cost factor is quite high. Contrary, Company X does not think that the cost impact is that high on the end product. Therefore, this product and service can be categorized as a non-critical item in the Kraljic matrix (Figure 2).

4.2.4. A Long-Standing Relationship and a Collaborative Partnership Leading to Supplier Satisfaction

For Supplier 1, supplier satisfaction involves a pleasant and trustful collaboration and an open communication to solve problems in a fast manner. Having a good payment morale and a long-standing collaboration, which is more valuable for Supplier 1 than short notice jobs, is also important. This is also what Supplier 1 values regarding the collaboration with Company X, especially, the satisfying work relationship which entails the collaborative partnership and the good payment morale. Furthermore, Supplier 1 was not really dissatisfied with Company X before, because if there is an issue from any side, both companies are assured that they can communicate to each other and find a solution together.

The motivation for Supplier 1 to give Company X a preferred status is their long-standing relationship, where both sides work in a collaborative partnership. They also value that Company X cares about a good relationship and that they do not only talk with them about complaints but about the way they can improve their work relationship. Therefore, Company X does not have to change anything to improve their status. They include Supplier 1 in many areas and Supplier 1 can help them with many services. They even ask Supplier 1 if they can do anything to make the job operations easier which is “definitely something not everyone is asking”.

4.2.5. Company X Receives Beneficial Products and Services for a Better Price Than Other Customers

In order to achieve a preferred customer status at Supplier 1, a few criteria have to be fulfilled. The turnover has to be high enough in order for Supplier 1 to occupy enough employees. Furthermore, a cooperative partnership is important. However, a big customer that is not appreciating their work would not receive the same status.

Supplier 1 is not changing its behavior to customers with a different status. Though if an A customer and C customer call at the same time, Supplier 1 would first take care of the A customer, such as Company X. Furthermore, A and B customers might have a preference to the organization because they have an extra supervisor. This is necessary since the scope of activity for these customers is often more complex.

Supplier 1 mentions during meetings that Company X is important to them and that they have a good status. However, Company X does not receive any products or services for free but for a special price, such as an example product, where Company X receives a better quality to a very cheap purchasing price compared to other customers who would not receive this discount from Supplier 1.

It can be concluded that Company X is a preferred customer of Supplier 1. They receive beneficial products and services at better prices but they do not receive any benefits for free.

Therefore, Company X can be placed at Level 1 in the tie of advantage model (Figure 3).

4.2.6. Supplier 1 Values Its Customers and Employees but Also Aims for Cost-Effective Results Through Modern Technology

The first priority for Supplier 1 is its customers. It can be said that they have an external focus. Supplier 1 responds quickly to the needs of its customers, hence, flexibility is another important trait to have and Company X values this flexibility.

The employees have to follow certain rules and processes, however, the leadership style focuses on the wellbeing of employees which includes flexible working hours as far as possible. Important values for Supplier 1 are flexibility, reliability, quality, a proper appearance, and, most importantly, the customer focus. For instance, if the customer expresses a wish, it is important to react immediately.

Another strategically important trait is modern technical equipment to ensure faster and better results. The modern equipment is also leasing to more cost-effective results which are important to the customers and lead to sustaining customers for longer periods. Furthermore, employees receive guidance and appropriate training for new equipment. Supplier 1 mentioned that they cannot make the employees work faster, therefore, the appropriate equipment is necessary.

For Supplier 1, success includes to not only have satisfied customers but also a satisfied team which enjoys their work and a good employee structure with a good work atmosphere and performance.

Out of this analysis, it can be concluded that Supplier 1 has traits of the clan culture but also the adhocracy culture from the competing value framework (Figure 4).

4.3. Analysis of the Interview With Supplier 2

4.3.1. Interview With the Key-Account Manager of Supplier 2

The interviewee of Supplier 2 is working since 20 years in the company and is positioned as Key-Account manager. Supplier 2 is working for 13 years with Company X together and over the years the product and services that they provide to Company X have expanded. The interview transcript can be found in Appendix C.

4.3.2. Company X is a Strategic Key Account Customer of Supplier 2

Company X is a strategic Key Account customer of Supplier 2. Furthermore, they are in a reciprocal collaboration because Company X is supplying Supplier 2 with products as well. According to Supplier 2, Company X is a big and well-known company that is placed worldwide with many different divisions. Additionally, Company X has a political impact in the region, since this is a larger and more established organization than conventional companies of its sort. It is also a big primary consumer of the core commodities of Supplier 2.

Important criteria for Supplier 2 are not only good collaborations, but also the sectors in which a company operates since there are sectors that could have a negative impact on the business of Supplier 2 which is not the case with Company X. Furthermore, Supplier 2 inspects the financial standing of their business partners where Company X has a good position. If a company has a negative financial standing, then Supplier 2 would not necessarily perform business with them. Another factor is the future perspective of companies for Supplier 2 because they conclude contracts for three to four years. Therefore, the

economic position of a company has an impact on Supplier 2 since they are only as good as their customers.

The general status of Company X has a positive impact on Supplier 2. Moreover, it is important for Supplier 2 to have renowned customers as an example and, therefore, they use Company X as a reference customer. Supplier 2 enjoys to supervise Company X due to the good collaboration and they do not have problems with each other.

4.3.3. Company X is an A+ Customer for Supplier 2 and the Core Commodities Can Be Classified as Leverage Products

Supplier 2 categorizes its customers into A+-A-B-C customers. The financial power is the most important criterion for the categorization. They also aim to have only A+ and A customers as business partners which stands for a good financial standing and, therefore, customers have to provide them with financial reports. The different status levels influence the time for payment allowed that Supplier 2 offers to their customers. Next to it, Supplier 2 looks at the whole corporation with all its subsidiaries and categorizes them according to the dominating part.

Company X has an A+ status since they have a good financial power. Furthermore, Supplier 2 has a long-standing relationship with Company X with a good and loyal collaboration. In case of difficulties Company X reacts in a fair manner.

Supplier 2 provides Company X with many different services and, therefore, it is difficult to categorize these products in the Kraljic matrix. Looking at the core business, they offer a product with a strategic importance and with an impact on the operating results. There are many suppliers on the market that offer these commodities but only a few offer a special price model, as Supplier 2 does. Therefore, the core commodities of Supplier 2 can be classified as a leverage item of the Kraljic matrix (Figure 2).

4.3.4. Supplier Satisfaction Through Respect and Open Communication

For Supplier 2, supplier satisfaction involves the level of reliability, communicativeness and time the counterpart has for them. Furthermore, it is important that the clients are open and fair in the relationship and that they pay on time. It is valued if their customers participate at workshops and events that Supplier 2 offers. Additionally, Supplier 2 appreciates if they express constructive wishes and criticism for improvements. Something that Supplier 2 dislikes is when clients expect them to agree to offers where they have to make a loss and pay extra.

Supplier 2 is satisfied with the business relationship of Company X because they know that the contact persons at Company X are collaborating on a humane level where everyone respects the other side and openly communicates. In addition, Company X has a preferred status because they keep extending the contracts, and adopt the innovative ideas that Supplier 2 suggests them. Company X cannot do much to improve the level of satisfaction for Supplier 2 and should, therefore, should stay open-minded, faithful, and continue to accept the new solutions Supplier 2 offer them since they give thought to their new ideas and would only suggest ideas that are appropriate for their customers.

Company X belongs to the top 5 customers of Supplier 2 and they know about their good position as key account customer.

4.3.5. Company X is a Preferred Customer for Supplier 2 and Receives Better Services for Free

Supplier 2 offers prioritized treatment to large customers with a good financial standing. Furthermore, Supplier 2 offers them a bigger variety of possible packages. However, the quality of

supervision and the friendliness remain the same for every customer.

Other benefits preferred customers receive are better terms of payment, as well as that Supplier 2 would invest with them in the future and perform projects with these customers. Supplier 2 knows about the good collaboration with these customers and can rely on them in case of a problem where they find a solution together.

Supplier 2 highly values the relationship between itself and Company X and sees it as ideal. This leads to Company X receiving benefits that not every customer would receive, including special guidelines or special concessions. Furthermore, they would receive consulting services for free. Supplier 2 knows that this would help them with the next contract extension. Regarding the tie of advantage (Figure 3), Company X receives preferential treatment compared to other companies from Supplier 2. Furthermore, Company X receives some of these benefits for free. Therefore, they can be categorized into Level 2 of the tie of advantage model.

4.3.6. Supplier 2 is Customer-Oriented and Plans Its Future Actions Long in Advance

Supplier 2 is customer-oriented and, therefore, aims to meet their needs. Furthermore, they strive to set themselves apart from their competitors. However, most employees do not have any customer contact. Eventually, the external focus outweighs. Supplier 2 thoroughly plans future actions long in advance and they do not perform business with unsteady traits, therefore, stability is very important in the business operations of Supplier 2. The work environment is familial but also result-oriented since the employees have to follow certain rules and procedures. Important values that Supplier 2 esteems are openness, fairness, honesty, reliability, and commitment to the job. Furthermore, it is strategically important for the company to offer products that are competitive as well as from a good value. Another important factor for Supplier 2 is to have a good reputation in the region and to engage in environmental topics.

Regarding the competing value framework (Figure 4), Supplier 2 has a market-oriented corporate culture due to their external focus and their stable business structure. Furthermore, they are competitively driven and result-oriented. However, Supplier 2 shows traits of the clan culture as well, due to their family-oriented work environment and their engagement in environmental topics.

4.4. Analysis of the Interview With Supplier 3

4.4.1. Interview With the General Manager of Supplier 3

The general manager of Supplier 3 is since two years in his position. In total, he works since 22 years at this company. Company X started business with Supplier 3 at least 15 years ago (Appendix D).

4.4.2. Supplier 3 Values Their Daily Collaboration With Company X

Company X is an important customer for Supplier 3 and they have known each other for a long time. For Supplier 3 it is a pleasant relationship with an open communication stream, which is facilitated through their long relationship. Furthermore, Supplier 3 is satisfied with Company X and values their daily cooperation with them. This includes the good payment morale, contractual topics, reliability, and the open and trustful collaboration with Company X. In addition, Supplier 3 mentioned that Company X is a renowned company, which they also hear from other companies and they even use Company X as an example for companies they work together with. Supplier

3 works together with Company X because they fulfill the high standards and demands of Company X. Though Company X's status has nothing to do with the satisfaction of Supplier 3 because it is about the satisfaction of the daily collaboration.

4.4.3. Supplier 3 is Not Segmenting Its Customers Into a Matrix but Certainly Knows Which Customers They Value

Supplier 3 is not segmenting its customers into a matrix or ranks them in a database. The branch of Supplier 3 is overseeable and they only have a few customers, therefore, they can remember their customers and the level of satisfaction in their work relationship. Supplier 3 is not ranking Company X into a category but they can say that Company X is an important customer to them.

Supplier 3 sells a standard product and service to Company X. Furthermore, there are many competitors in the market which sell the same product and service. These products and services Supplier 3 offers to Company X can be categorized as leverage items in the Kraljic matrix (Figure 2).

4.4.4. A Good Collaboration and a Long-Standing Relationship Leading to Supplier Satisfaction

For Supplier 3, supplier satisfaction involves a reliable delivery and the cost-benefit-ratio has to be appropriate, which includes prices that are according on the market price, though Supplier 3 can currently see pressure on the market price. The projects of Supplier 3 last over months or even years. During this time, the customers change their demands and want to implement their new ideas. In that case, Supplier 3 is not changing the charged price every time. Instead, they sell the whole packages. Companies receive a preferential status, if they conform to the sanctity of contracts, follow a good payment morale, build a mutual trust, and exchange in an ongoing communication stream about innovations, and issues that arise.

Supplier 3 is satisfied with the business relationship with Company X, due to a good payment morale, mutual trust, a long-standing business relationship with a good collaboration and compliant contractual terms. Furthermore, Supplier 3 values the constant communication stream even if there are no projects planned to exchange news. Supplier 3 informs Company X indirectly during meetings that they are satisfied with the collaboration and that they would like to continue the collaboration in the future. What Company X could improve for future projects is to pay better prices, as it is most of the time the wish of suppliers.

4.4.5. Company X Receives Preferential Treatment From Supplier 3 by Offering Collaborative Projects

According to Supplier 3, a customer with a good status, like Company X, might receive some advantages compared to other customers. For instance, if Company X gives Supplier 3 an oral assurance then Supplier 3 can rely on it and might start with a project without waiting for the official confirmation which gives an advantage if a project is under time pressure.

The preferred customer status has the advantage that Supplier 3 wants to keep the preferred customer also in the future, therefore, the customer can receive advantages during price negotiations. In the past, Supplier 3 offered Company X to work on a project where both parties acquire together the required know-how for a new system that a 3rd party customer is using. This service Supplier 3 offered for free which they would only offer to customers with a long and satisfying relationship. Concluding, Company X has a preferred customer status at Supplier 3 and receives benefits for free that not every customer would receive, therefore, they can be categorized into Level 2 of the tie of advantage model (Figure 3).

4.4.6. Supplier 3 is Team-Oriented and Acts Flexibly to Meet the Needs of Its Customers

Supplier 3 has many business divisions close to its customers throughout Germany to adapt better to the different needs of the customers. Therefore, it can be concluded that Supplier 3 is external-oriented. Furthermore, if they discover the need for a new site, close to an important customer, they react quickly to serve the needs of the customer better which indicates the flexibility of Supplier 3. The leadership style of Supplier 3 is team-oriented. Important topics are always discussed in a team to receive multiple opinions. Eventually, the manager makes the final decision but includes the opinions of the team. Afterwards, the employees would receive training to qualify them if necessary. Furthermore, the employees have their freedom to operate to a certain extent. A recent employee survey highlighted the satisfaction of employees because they can work independently and are allowed to voice their opinions. The company values trust, loyalty, and commitment. Strategically important is the contact to and the satisfaction of customers, which includes the acquisition of new customers. It is also important to stay competitive and to achieve economic success in the long term.

Regarding the competing value framework (Figure 4), it can be concluded that the corporate culture of Supplier 3 has an adhocracy culture due to their external orientation and their flexible business structure. Furthermore, they show traits of the clan culture through their team-oriented and supportive focus.

5. FINDINGS

5.1. A Figurative Representation of the Outcomes

In the previous section, the interviews with Company X and three of its suppliers have been analyzed. The results of this analysis will be discussed and compared to the literature review in this section. Furthermore, it will be evaluated whether Company X has the same impression of its relationship, as that of its three suppliers. The last part of this section will discuss if the buyer-supplier relationship, as well as the preferred customer status, are influenced by the corporate culture, that is, a set of values, beliefs, and assumptions that describe the way a company manages its business (Barney, 1986, p. 657). A comparative method analysis is used to understand and interpret the patterns found in the applied concepts during the analysis of the interviews in Section 4 (Ragin, 2014, p. 35). Table 1 groups Company X and each of its three suppliers according to the applicable concepts.

Table 1: Summary of the observed outcomes from Company X and three of its suppliers. The x indicates the observed outcome of the respective groups.

Theoretical concept	Company X	Supplier 1	Supplier 2	Supplier 3
KRALJIC MATRIX				
Non-Critical Items		x		
Strategic Items				
Leverage Items			x	x
Bottleneck Items				
TIE OF ADVANTAGE				
Level -1 Disadvantaged Customer				
Level 0 Normal Customer				
Level 1 Little Preferred Customer		x		
Level 2 / Preferred Customer			x	x
COMPETING VALUE FRAMEWORK				
Clan Culture		x	x	x
Adhocracy Culture	x	x		x
Hierarchy Culture	x			
Market Culture			x	

5.2. Economic and Relational Elements That Lead to Supplier Satisfaction

Supplier satisfaction is mainly influenced by relational and economic elements (Essing & Amann, 2009, p. 104). Relational elements include a cooperative and relational collaboration (Wong, 2000, p. 429), which can be achieved through long-term commitment, exclusive agreements, the sharing of internal information, reacting immediately to supplier requests, and extensive communication (Leenders, Johnson, & Flynn, 2011, pp. 363,364). Next, economic elements include growth opportunity and profitability for the supplier which can be achieved through reliable relationship (Vos, Schiele, & Hüttinger, 2016, p. 4621).

Considering the factors that all companies share, for Company X and its three suppliers, the relational behavior is amongst others a factor that leads to overall supplier satisfaction. These factors also include a good and ongoing communication stream. Furthermore, they all highlight the good, trustful, and loyal collaboration on one level. For each of the three suppliers, a reliable long-standing relationship, and a good payment morale lead to supplier satisfaction, as can be seen in Appendix E. Moreover, they mention that the business relationship has to be profitable. Company X is a big customer of the three suppliers and, therefore, each of the suppliers considers the turnover they achieve with Company X as one of the factors that lead to satisfaction in their relationship. These elements align with the abovementioned findings from the literature review.

Next, when considering individual suppliers, in particular, Supplier 1 values if customers appreciate their work and if problems are solved jointly. For Supplier 2, supplier satisfaction includes a good financial standing and a good reputation of the customer. They appreciate if their customers participate at events to show their interest in Supplier 2 and if their customers are open-minded to innovative ideas. An important element for Supplier 3 is the compliance to contractual agreements. This observation indicates that, even though each of the suppliers shares similar factors that lead to their satisfaction with Company X, they also have individual preferences that, even though they are different, also lead to supplier satisfaction.

5.3. The Customer Has to Make Himself Attractive to Achieve a Preferred Customer Status

The literature states that a buying company has to make itself attractive to the supplier by meeting the expectations of the supplier to achieve the preferred customer status (Schiele, Calvi, & Gibbert, 2012, p. 1180). Furthermore, the supplier should encourage the buyer behavior, business values or practices (Pulles, Schiele, Veldman, & Hüttinger, 2016, p. 136). These elements are kept broad and can be closely examined through the case companies.

Company X aims to optimize its cooperation through mutual communication to achieve a preferred customer status. A key factor is a continuous and functioning relationship, where they work together with their suppliers on projects. Furthermore, they strive for contractual agreements where both sides are satisfied to become a preferred customer.

For the three interviewed suppliers, several factors influence their relationship with their customers and, therefore, the preferred customer status. These factors include a pleasant and long-standing partnership, a good, trustful and loyal collaboration on an equal level, and the renowned status of a customer which the suppliers can use as a business example. In addition, Supplier 1 considers a high turnover with a customer and jointly problem-solving as an impact on achieving a preferred customer status. For Supplier 2, a good financial

standing of the customer, long-term contracts, and the performance of reciprocal business facilitate the preferred customer status of a customer. Further criteria that lead to a preferred status at Supplier 3 are both a good payment morale and an open communication stream, as can be seen in Appendix F.

5.4. Segmenting the Suppliers Into Different Strategies to Achieve a Good Supplier-Buyer Relationship

Company X and the three suppliers segment the sourced items in the same category of the Kraljic matrix (Figure 2), which is a strategic tool to improve a company's supply chain. Supplier 1 supplies Company X with non-critical items. The other two, Suppliers 2 and 3, supply Company X with leverage items.

Furthermore, Company X segments the three suppliers into different categories of their own purchasing matrix. According to that, Supplier 1 is a preferred customer, Supplier 2 is a strategic supplier and Supplier 3 is a base supplier. This indicates that all three suppliers have a different strategic importance at Company X, even though all three suppliers view Company X as their preferred customer. This ultimately leads to a ranking level in terms of preference to each of the suppliers, making Supplier 2 more important for Company X, followed by Supplier 1 and 3.

Linking these two models, Supplier 1 is a preferred customer and sells non-critical items to Company X. Non-critical items are standardized products and easy to manage through a good supplier-buyer relationship. Supplier 2 is a strategic supplier and supplies leverage items, whereas Supplier 3 is only a base supplier due to the many available suppliers in the pool and also supplies Company X with leverage items.

All three suppliers have a different strategic value for Company X, according to its segmentation matrix. Furthermore, they supply Company X with leverage and non-critical items of the Kraljic matrix and still all three suppliers treat Company X as a preferred customer.

5.5. Company X is a Preferred Customer for All Three Suppliers and the Benefits That Company X Receives

All three suppliers use different means of categorizing their customers. Supplier 1 uses an A-B-C segmentation matrix and ranks its customers according to the turnover generated from them. The next supplier, Supplier 2, segments its customers into A+-A-B-C customers. These customers are again segmented according to the turnover the supplier generates through them. Even though Supplier 3 is not segmenting its customers into fixed segments since it only has a small customer pool, it treats these customers differently. Furthermore, these suppliers indicate in different ways that Company X is a preferred customer for them. For instance, Supplier 1 mentioned during the interview that "Company X is definitely a preferred customer" due to their pleasant partnership. Supplier 2 talked about an ideal relationship and that "Company X belong to their top 5 customers with an A+ status". For Supplier 3, "Company X is an important customer".

The benefits Company X receives from its preferred customer status vary between the suppliers. Supplier 1 offers benefits for a special price, whereas Suppliers 2 and 3 offer benefits which are for free. These benefits include better terms of payment, investing for future collaborative projects, free consulting services, and better prices to keep Company X as a customer in the future. This could also indicate that such benefits are not directly related to the strategic importance that each supplier has to Company X.

Out of this evaluation, it can be concluded that all suppliers treat their customers differently based on their segmentation.

Company X can be seen as a preferred customer for each of the suppliers. Furthermore, the suppliers are more likely to invest with their preferred customers into future projects. Linking the outcomes that lead to supplier satisfaction with the customer segmentation, it shows that suppliers are more satisfied with their most important or A-customers. Company X satisfies its suppliers through economic factors, for instance, profit and behavioral factors. These factors include communication, long-standing relationships, and reliability. Hence, the supplier is more willing to invest in this relationship and Company X receives benefits that lower segmented customers would not receive. From the interview with Company X, it can be concluded that preferred suppliers and strategic suppliers receive more attention than lower ranked customers since Company X aims to keep these suppliers in the future. Therefore, mutual investment in the relationship also increases the level of satisfaction. The cycle of preferred customership (Figure 1) also shows, that if the supplier satisfaction increases, the more likely it leads to a preferred customer status and a continuing relationship.

5.6. The Status of Company X Has an Impact on Supplier Satisfaction

During the interviews, one of the questions was whether the status of Company X has an impact on the supplying companies. Other questions asked if Company X is a highly regarded company to analyze if the status of a company has an impact on the supplier satisfaction.

All three suppliers answered that Company X is a worldwide renowned company. Furthermore, they all recommend Company X as an example, towards other companies with which they work together. Hence, it can be linked to the observed attractiveness of other companies and highlights the positive impact the high status of Company X has on them. This finding is supported by the study of Piazza *et al.*, which states that the status of a company has an impact on future business in case of uncertainties that other companies might have regarding the supplier (Piazza & Castellucci, 2014, p. 302). Supplier 1 also mentioned the good working conditions that Company X offers, which matches to what Supplier 2 responded, who referred to the political impact of Company X in the region, owing to its large size. This statement can be compared to Supplier 3, who mentioned that the status has nothing to do with the level of satisfaction since it is all about the satisfaction of their daily collaboration with each other.

In conclusion, all three suppliers use Company X as a positive business example in their companies and, therefore, the high status of Company X increases the attractiveness and, hence, has an influence on the business of the suppliers. It can be said that the status of a company affects the preferential treatment and, through that, indirectly affects supplier satisfaction.

5.7. The Impact Corporate Culture Has on the Buyer-Supplier Relationship and on the Preferred Customer Status

A study from Schiele *et al.* (2015, p. 137) indicates that cultural aspects should be considered when looking at the relational behavior between buyers and suppliers. A similar corporate culture could affect the partnership and lead to a more satisfied relationship and, hence, to a preferred treatment. Furthermore, if a company has similar expectations towards the outcome of the relationship, it could positively affect the satisfaction of the buyer-supplier relationship.

Therefore, the corporate culture of Company X and the three suppliers was identified with the competing value framework (Figure 4) to see if there are factors that influence the buyer-supplier relationship and the preferred customer status. None of

the companies is purely classified into one category of the matrix. They all show traits of two categories. Company X is coming from a hierarchy culture with strict guidelines and is currently trying to change its corporate culture to an adhocracy culture, which is directed towards innovation. Suppliers 1 and 3 show characteristics of the adhocracy culture as well. All three suppliers have traits of the clan culture, which is people-oriented and encourages communication. The corporate culture of Supplier 2 shows features of the market culture, which is result driven and focuses on competition.

Based on this, it can be concluded that there is no significant pattern in the preferred customer status to be found in the results of the interviews. However, the clan culture encourages communication and the collaboration of employees and its business partners. Considering that, all three suppliers show traits of this culture and these characteristics which could be an indicator of them valuing a close relationship with their customers and importance of communication – something that all three suppliers mentioned during the interviews. The corporate culture, the business structure, and the freedom employees have to operate within might facilitate or hinder the business relationship.

6. CONCLUSIONS

Through a literature review and case study with Company X and three of its suppliers, qualitative data were collected to identify causes that lead to supplier satisfaction and preferred customer status. Furthermore, the corporate cultures of the case companies were classified to identify if a mutual or differing corporate culture has an influence on the buyer-supplier relationship and the preferred customer status to answer the research question.

This case study found factors that lead to supplier satisfaction that align with the findings of the literature review. The most important factors that lead to supplier satisfaction are relational factors, like communication and a long-standing relationship and economic factors, like profitability. A list of influencing factors can be found in Appendix E.

Furthermore, factors that lead to a preferred customer status were identified. The literature review highlights elements like the behavior of the buyer and values of a business that lead to a preferential treatment. These behavioral factors align with the findings of the case companies which value a functioning and long-standing relationship, loyal collaboration, and communication. A list of other influencing factors can be found in Appendix F.

Referring to the first research question, all case companies were identified with differing corporate cultures. Furthermore, they all have traits of two cultures. The supplying companies have the clan culture in common. This culture values teamwork, loyalty, communication, and collaboration. These are traits that were also found in the literature review and the case study as elements that lead to supplier satisfaction and the preferred customer status. Therefore, there is an indication that if a corporate culture follows traits of the clan culture, it can lead through valuing communication, loyalty, and collaboration to a higher degree of satisfaction in the buyer-supplier relationship. However, Company X does not have a clan culture or any other cultural traits in common with its three suppliers and still, Company X is a preferred supplier at all three suppliers. Therefore, the second research question cannot be fully answered.

It can be helpful for a company to consider the corporate culture and, therefore, the values and beliefs of the business partners and to adopt these values during the business relationship to satisfy the counterpart. This research indicates that Company X interacts with their suppliers, especially their preferred and strategic suppliers, through regular communication, long-standing relationships, loyalty, and collaboration. This means that

Company X interacts in the same manner as their suppliers even though they have different corporate cultures. Furthermore, it can be assumed that the purchasing division of Company X values this behavior in their business relationships with their suppliers without having these traits fixed in their corporate culture.

The literature reviews, as well as the case study, indicate that economic factors, like a high turnover in a buyer-supplier relationship, influence the level of satisfaction. Suppliers value a relationship that is profitable for them. The case study indicates that the three suppliers generate a high turnover with Company X and that this is one of the reasons why they receive preferential treatment.

During the interview with Company X, it was stated that their primary goal is not to satisfy their suppliers but that they think self-interested. It can be recommended for Company X to focus more on mutual success in the future to strengthen their business relationships and to focus on the factors that their suppliers value by adapting their purchasing strategy according to that. Otherwise, Company X should preserve their values to maintain a preferred customer status in the future.

Concluding, in a buyer-supplier relationship, relational and economic factors influence the level of supplier satisfaction and the preferred customer status. It is valuable for a company to have a corporate culture that values the same traits and that enhances communication and collaboration. Additionally, it is an advantage to be a big customer for a supplier to achieve preferential treatment.

7. LIMITATIONS

This research was performed with a small sample size and, therefore, the validity of this research is lacking and cannot be generalized. It is recommended to continue the research on the influence of the corporate culture on the buyer-supplier relationship in the future, with a bigger sample size, to find a significant relationship. Furthermore, the size of a company should be taken into account since there is the indication that companies that offer a higher turnover for suppliers receive a better treatment.

Future research should consider to not only analyze the buyer-supplier relationship where the buying companies have a preferred customer status but also, where suppliers are dissatisfied with the relationship to identify possible dissatisfying factors in the relationship and to analyze the similarities in their corporate culture and the possible influences on their business relationship. Additionally, it was only data from German companies collected which hinders the international generalizability of this study.

This research relied on interview responses of one single representative of each company. The interviewees were in a qualified position to possess the required information necessary to answer these questions. However, in some cases, it is conceivable that there might be a bias about the business relationship or the corporate culture of the suppliers. Their opinions can differ, such as them not being able to remember past events or details about their relationship, which might be another limitation towards the validity of this study. It is recommended to interview more representatives of a company to confirm and strengthen these findings.

Furthermore, the corporate culture questions were addressed to the whole corporation and did not consider that larger corporations might have varying traits in their culture between the different divisions. Therefore, future research should distinguish corporate culture and the culture of the purchasing department to receive more detailed information.

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APPENDICES

Appendix A

Left out due to confidential reasons.

Appendix B

Left out due to confidential reasons.

Appendix C

Left out due to confidential reasons.

Appendix D

Left out due to confidential reasons.

Appendix E

Factors That Lead to Supplier Satisfaction

	Factors that lead to supplier satisfaction
Literature	<ul style="list-style-type: none"> • Economical and relational elements (Essing & Amann, 2009, p. 104) • Growth opportunity, reliability and profitability (Vos, Schiele, & Hüttinger, 2016, p. 4621) • Relational and cooperative perspective between buyers and suppliers (Wong, 2000, p. 429) • Long-term commitment, exclusive agreements, sharing of internal information, extensive communication and reacting immediately to supplier requests (Leenders, Johnson, & Flynn, 2011, pp. 363,364)
Company X	<ul style="list-style-type: none"> • Good communication stream • High quality, fair price • Reliability • Good collaboration
Supplier 1	<ul style="list-style-type: none"> • Pleasant and trustful collaboration on one level • Open communication, solve problems together • Long-standing relationship • Good payment morale, high turnover • Appreciation of work
Supplier 2	<ul style="list-style-type: none"> • Good and loyal collaboration • Open and fair relationship, participation at events • Good reputation • Good financial standing, payment on time • Long-standing partnership, reliability, faithful • Good and respectful communication on a human level • Open-minded, acceptance of innovative ideas
Supplier 3	<ul style="list-style-type: none"> • Open and ongoing communication, reliability, • Long-term relationship, open and trustful collaboration • Good payment morale • Compliance to contractual terms

Appendix F

Factors That Lead to the Preferred Customer Status

	Factors that lead to preferred customer status
Literature	<ul style="list-style-type: none"> • A buyer-supplier relationship where the supplier favors the behavior of the buyer, business values, or practices (Pulles, Schiele, Veldman, & Hüttinger, 2016, p. 136).

	<ul style="list-style-type: none"> • Buying company has to make itself attractive to the supplier, which “is based on the expectations that a supplier has towards the buyer” (Schiele, Calvi, & Gibbert, 2012, p. 1180)
Company X	<ul style="list-style-type: none"> • Communication from both sides to optimize cooperation • Continuous and functioning relationship • Working together on projects • Contractual agreements where both sides are satisfied
Supplier 1	<ul style="list-style-type: none"> • Pleasant partnership • Collaboration on equal level • Problem solving together • Renowned status • High turnover
Supplier 2	<ul style="list-style-type: none"> • Reciprocal business • Good and loyal collaboration • Good financial standing • Future perspective (economical position), long-term contracts • Renowned status • Long-standing relationship
Supplier 3	<ul style="list-style-type: none"> • Long and pleasant relationship • Open communication • Open and trustful collaboration • Good payment morale • Renowned status