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**SUPPLIER SATISFACTION: THE IMPORTANCE OF GROWTH RELATED
FACTORS IN ORDER TO CREATE SATISFIED SUPPLIERS**

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TABLE OF CONTENTS

1. INTRODUCTION

2. THEORETICAL BACKGROUND

2.1 Reverse marketing: the new buyer-supplier relationship

2.2 Traditional purchasers versus reverse marketing oriented purchasers

2.3 Customer attractiveness: inducing relationship initiation and intensification

2.4 Supplier satisfaction: when a relationship produces outcomes that exceeds expectations

2.5 Preferred customer status: the distinction of the best customers

2.6 The main drivers of supplier satisfaction are profitability, growth, relational behavior and operative excellence

2.7 Growth opportunity exists out of different subparts

2.7.1 Innovation potential as an important predictor for growth opportunity

2.7.2 Increasing the supplier's market share for satisfied suppliers

2.7.3 Customers that show growth in their sales are more likely to realize the benefits of a relationship

2.7.4 Suppliers can enter new markets due to contacts or alliances possessed by the buyer

2.7.5 Dependence is an important moderator for growth-related factors

3. HYPOTHESES

3.1 Growth in sales as a predictor for supplier satisfaction and customer attractiveness

3.2 New market opportunities as a predictor for supplier satisfaction and customer attractiveness

3.3 Customer attractiveness as a predictor for supplier satisfaction

3.4 Dependence as a moderator variable

4. METHODOLOGY

4.1 Measurement

4.2 Data collection via focal firm X

4.3 Choice of statistical analysis

4.4 Quality assessment of data structure, measurement items and latent factors

5. RESULTS

6. DISCUSSION AND CONCLUSION

7. LIMITATIONS AND FURTHER RESEARCH

8. REFERENCES

9. APPENDICES

1. INTRODUCTION

Supplier satisfaction has become an important topic for businesses, due to a change in the buyer-supplier relationship. In the traditional relationship, the seller is offering a product and buyers will decide whether they buy it or not. This relationship is replaced by one where the buyer tries to find a supplier which can fulfil the exact needs of the buyer¹. In order to find a supplier that is willing to manufacture your specific need, it is crucial that a well-maintained relationship must be present between both buyer and supplier. There are more reasons why the buyer needs a good relationship with its supplier. First, there has been a shift in the way innovation is approached by companies. In the early 1990s companies mostly innovated internally, whereas by the end of the decade most of the companies used external partners in their innovation programs². Suppliers became more and more important as partners for the buying firms in these innovation programs³. Second, the amount of innovative suppliers is scarce, therefore it is also likely that competitors try to set up a good relationship with that supplier. In order to take an advantage of an innovative supplier, preferential treatment should be ensured⁴.

There is one very important element that affects the status of the buying firm: supplier satisfaction⁵. Supplier satisfaction is a condition that is achieved if the quality of outcomes from a buyer-supplier relationship meets or exceeds the supplier's expectations⁶. As said before, the amount of innovative suppliers is scarce, so how can firms collaborate with innovative suppliers? In order to get preferential treatment, the status of preferred customer must be accomplished. Suppliers are deciding whether a buyer will become a preferred customer or not. However, supplier satisfaction is a necessary condition for preferred customer status. The concept of preferred customer status will be explained in chapter 2.3.

In the paragraphs above, the beneficial consequences of supplier satisfaction are explained. However, the existing research regarding this topic became popular since the last decade⁷. Vos et al., (2016) built further on the research done by Hüttinger et al., (2012). The antecedents that are considered statistically significant to describe supplier satisfaction are replicated in a new context, i.e. indirect procurement. Also a new antecedent is found, which increased the

¹ Leenders & Blenkhorn (1988)

² Roberts (2001), p.239.

³ Schiele (2012), p.44.

⁴ Schiele (2012), p.44.

⁵ Schiele (2012), p.49.

⁶ Schiele (2012), p.1181.

⁷ Hüttinger et al. (2012), p.1194.

explanatory power of the model. In Appendix A, the revised model can be found. At the moment only innovation potential explains the perceived growth opportunity. Davidson (1989) did research on firm growth and names other important factors of firm growth, like “firm size” and “sales increase”⁸. Since these factors are missing in the existing research on supplier satisfaction, this research will fill this gap. Also, the outcome of this study can give companies insights in important growth-related factors that will lead to supplier satisfaction. This will help managers to better engage in a buyer-supplier relationship in order to achieve the best outcomes. The antecedent “growth opportunity” that leads to supplier satisfaction will be extended. In the theory chapter more components of perceived growth opportunity will be explained and introduced. The research question of this research is:

What impact do different components of growth opportunity have on supplier satisfaction and customer attractiveness?

This research will build further on the research done by Vos et al., (2016), the aims of this research are: (1) to find more antecedents that can explain the variable “Growth opportunity” and thus increasing the explanatory power of the existing model. (2) To find what impact each component of growth opportunity has on supplier satisfaction and customer attractiveness. (3) To test if the variable “dependence” has a moderating effect on the relationship between the growth-related factors and supplier satisfaction/attractiveness. This research will be different than earlier research done in the field of supplier satisfaction. In this research there will be a focus on supplier satisfaction/attractiveness and on the new variables that are added. For each of the variables “growth in sales” and “new market opportunities” their effect on both supplier satisfaction and customer attractiveness is tested. Furthermore, the contribution of the moderator variable, i.e. dependence, will be tested too. This research is not only relevant for science, but also for companies. It will be clear for them on which aspects they have to improve their performance in order to achieve a better satisfaction by the suppliers. Furthermore, this research will help companies to adjust the information they publish about their company, in order to increase the chances of supplier satisfaction. Also, they can shift their focus within their existing relation with the suppliers, in order to influence their perception about the company.

⁸ Davidsson (1989), p.223.

2. THEORETICAL BACKGROUND

2.1 Reverse marketing: the new buyer-supplier relationship

In 1988 Leenders & Blenkhorn introduced the “The new buyer-supplier relationship”, they emphasize that the buyer-supplier relationship has changed considerably. In the traditional relationship, the seller is used to offer a product in order to sell its product or service. This type of relationship is replaced by one where the buyer tries to find a supplier that is able to fulfil the exact needs of the buyer, this type of relationship is called reversed marketing⁹.

As stated before, a new buyer-seller relationship has evolved in the last few decades, which is called reverse marketing¹⁰. In their research, Blenkhorn & Banting, (1991) illustrate the difference between traditional purchasing and reverse marketing. In traditional purchasing, the supplier tries to take the initiative in order to attract customers. Reverse marketing implies a reversal of the traditional marketing. Nowadays the buyer tries to convince the supplier to produce their exact needs¹¹.

Research done in Japan and North-America shows four key points in reverse marketing¹². First of all, reverse marketing is an aggressive and imaginative approach in order to achieve supply objectives. Second, reverse marketing requires an alliance with a supplier in order to achieve supply objectives. Third, a company will save costs with the use of reverse marketing, savings from 5 up to 30 percent are likely. Last, reverse marketing is more than a technique or tool, it requires new insights on the whole process.

How can this “reverse marketing” be beneficial for buyers? Above is explained the effort needed by the buying companies in order to fulfill the reverse marketing requirements. Companies benefit from reverse marketing in several ways. Blenkhorn & Banting (1991) explain two benefits with the help of examples in their paper¹³. First of all, it helps companies to acquire materials. When for example a product or resource is scarce on the market or expensive, buying companies try to make use of their alliance in order to acquire it. The effort invested in the supplier will pay back when needed. Furthermore, this can be applied to

⁹ Leenders & Blenkhorn (1988).

¹⁰ Blenkhorn & Banting (1991), p.187.

¹¹ Blenkhorn & Banting (1991), p.187.

¹² Leenders & Blenkhorn (1988).

¹³ Blenkhorn & Banting (1991), p.186-187.

technology too, when several suppliers do not want to invest effort in order to develop the buyer's needs, a buyer have to be aggressive and look elsewhere, maybe even across borders.

Furthermore, those partnerships lead to the selection of the best suppliers which are involved in new product development and those best suppliers are becoming an extension to the firm due to their similarity. The shorter time to market is a critical factor for gaining complete advantage, which is attained with reverse marketing¹⁴. A study of McKinsey & Co (1991), showed that firms who apply reverse marketing strategically, obtain benefits. E.g. They do not need to hire many procurement people, effective procurement employees, decreased lead times and increased quality of deliveries.

The trends and the effects of the trends mentioned contribute to the strategic role of purchasing. The procurement department no longer only focusses on the buying of products/services for a cheap price. Nowadays, it is expected from the procurement people to maintain important relationships with other firms. Furthermore, they have contact and relationships with other departments, such as research & development, finance, human resources, etc. This makes the procurement department an essential asset for a company for processes such as product development^{15 16}.

In this chapter we learned how the traditional marketing approach is replaced by a new buyer-supplier relationship, which is called reverse marketing. The key points in reverse marketing are illustrated as well as the benefits that are acquired with reverse marketing. In the next chapter the conditions and requirements for reverse-marketing oriented purchasers will be explained and analyzed.

2.2 Traditional purchasers versus reverse-marketing oriented purchasers

In order to have satisfied suppliers, reverse-oriented marketing purchasers must be present within the organization. The transition from traditional buying to reverse marketing requires new skills and capabilities by the employees¹⁷. Biemans & Brand (1995), explain the differences between a traditional purchaser and a reverse marketing oriented purchaser. Where traditional purchasers are acting responsive, reverse marketing purchasers try to be proactive.

¹⁴ Stalk & Hout (1990), p.19.

¹⁵ Williams & Smith (1990), p.317.

¹⁶ Burt & Soukup (1985), p.90.

¹⁷ Leenders & Blenkhorn (1988).

Furthermore, Biemans and Brand (1995) state that the successful implementation of reverse marketing requires three changes by the procurement people. First of all, a company must have personnel employed that have the right attitude and education. Second, they must receive sufficient support and commitment from the organization. Lastly, practical guidelines must be available that explain how to implement a reverse marketing strategy¹⁸. Blenkhorn & Banting (1988) did research to the characteristics and requirements that must be present for reverse marketing oriented purchasers, they are showed in table 1¹⁹.

Table 1 - Purchaser profiles

Criterion	Traditional purchaser	Reverse-marketing oriented
Action oriented	Responsive	Proactive
Outlook – way of thinking	Unidimensional thought	Multidimensional thought
Functional analysis	Routine approach	Creative approach
Perception of role within organization	Functionally limited view	Organizationally integrated view
Attitude towards supplier	Adversial “them vs. us”	Cooperative partnership
Temporal horizon	Short-term perspective	Long-term perspective
Payoff horizon	Immediate and satisficing	Continuing and optimizing
Negotiation approach	Passive	Assertive
Motivation	Accepts status quo	Highly motivated

These new characteristics of reverse-marketing oriented purchasers also imply implications for the industrial marketers (Blenkhorn & Banting 1991). A proactive purchaser knows what his

¹⁸ Biemans & Brand (1995).

¹⁹ Blenkhorn & Banting (1988), p.189.

organization needs and knows how to achieve the organizational requirements. A marketer must be able to respond to the buyer's aggressive and proactive actions. Furthermore, a reverse-oriented purchaser will think about many implications of a purchase for his company. Industrial marketers must illustrate not only a solution for the problem that is presented by the buyer, but they have to demonstrate how the solution can also influence other dimensions. E.g. influence on other operations in the future. A industrial marketer that faces a purchaser with a creative approach, should adopt a strategy where he positions his product or service accurately within the system of the buying organization. The supplier must take into account that the buyer will view the future purchase from a systems perspective. Another characteristic of a reverse-marketing oriented buyer is the seeking for a long-term relationship and a cooperative partnership with a supplier. As a supplier, it is important to take into account that short-term affairs must be avoided. Sacrifices of fast short-term profits and a focus on long-term relationship is necessary, besides information sharing about pros and cons about the company are also an important aspect. Blenkhorn & Banting built further on the implications: "Allied with a long-term perspective, the reverse marketing practitioner seeks continuing satisfaction in a relationship with the supplier. Immediate gains through purchasing may be sacrificed in order to develop longer-term optimal gains as part of a mutually beneficial, stable, collaborative purchaser- supplier relationship. Industrial marketers who are too quick to close a sale, offer little or no after-sale follow- up, or are not willing to adjust sufficiently to the buyer's needs, should heed the warning that the numbers of re- verse marketers who won't tolerate insensitive or "here today, gone tomorrow" suppliers are growing"²⁰. Since the buyer is no longer passive during the negotiation approach, but assertive and proactive, the industrial supplier must come prepared. A modern buyer would not take no as an answer and really searches for flexible suppliers. A buyer will not waste time on a supplier that comes unprepared and one that is not willing to meet the requirements or wants to adapt. Lastly, a supplier must try to give something extra, because a buyer is highly motivated and really wants to find the best of the best. Suppliers that will not be able to fulfill the exact needs will not be selected. This characteristic of a highly motivated buyer is only handled well, when the supplier thinks with the buyer and wants to invest in itself in a cooperative way.

So, as we can see there are new skills and capabilities required by the purchasing employees that want to engage in reverse marketing. However, the suppliers must change their way of

²⁰ Blenkhorn & Banting (1991), p.190

doing business also, otherwise they might have the risk of losing (important) buyers. Furthermore, they can apply this strategy in order to acquire new customers.

It became clear that a reverse-marketing approach became a necessary approach in order to acquire scarce materials, getting access to new technology, etc. The next chapter will elaborate on the construct customer attractiveness.

2.3 Customer attractiveness: inducing relationship initiation and intensification

As stated before, the shift in the buyer-supplier relationship caused changes in the way of doing business. Buying companies attempt to become as attractive as possible for suppliers in order to obtain the best resources²¹. This phenomenon, also called customer attractiveness gained a lot of attention in the past years. There are two main reasons for this: “(1) a fundamental change in supply chain organization that allocates increasing responsibilities to suppliers, which has coincided with 2) a reduction of suppliers in many business-to-business markets, i.e., supplier scarcity (Schiele, 2012, p.3.)²².”

Schiele (2012) found a definition of customer attractiveness after arguing and on the basis of different views on attractiveness. First of all, it involves a forward-looking orientation. In this context, a relationship will only be initiated and developed if both the supplier and buyer perceive the attractiveness in the relationship. Based on this information, Schiele (2012) p.8. argued the following claim: “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 needs²³.” The level of attractiveness of a customer can also change, Byrne & Rhamey (1965) state that attractiveness can grow when interactions increase between a buyer and supplier in the relationship development process.

Before the constructs supplier satisfaction and preferred customer status are treated, the link between a preferred customer status, customer attractiveness and supplier satisfaction is explained. Schiele (2012) explains: “In the early stages of a business relationship, the buyer must be sufficiently attractive to the supplier to begin an exchange relationship. Once this

²¹ Schiele (2012), p.3.

²² Schiele (2012), p.3.

²³ Schiele (2012), p.8.

business relationship is active, the supplier will evaluate its satisfaction with the relationship, i.e., the supplier's satisfaction with the customer. It is important for buyers to understand their supplier's satisfaction levels, in particular as the supplier has a choice to discontinue the relationship or de-emphasize its efforts. The supplier's assessment of the buyer can induce the former to either discontinue the relationship, continue with a regular degree of emphasis or award preferred customer status. The intensification of the relationship that occurs after preferred customer status is awarded creates additional expectations and may further increase the attractiveness of the customer, restarting the relationship cycle between the supplier and buyer. Of course, also a vicious circle of continuously deteriorating attractiveness can be imagined. It must be noted that a regular or "discontinued" customer could again attempt to increase its attractiveness to eventually reach preferred customer status. Moreover, an analogous cycle might occur on the supplier's side²⁴."

Pulles et al. (2016) shows that the three constructs (i.e. preferential resource allocation, customer attractiveness and supplier satisfaction) are in relation with each other. In their research a positive significant relation between customer attractiveness and supplier satisfaction is found²⁵. Also Pulles et al. (2016) explains the difference between customer attractiveness and supplier satisfaction: "Even though both customer attractiveness and supplier satisfaction build on the notion of supplier value, they are conceptually different. We discussed that a buying firm is perceived as attractive by a supplier if the supplier in question has a positive expectation towards the relationship with this customer (Schiele, Calvi, et al., 2012). Supplier satisfaction can be seen as a condition that is achieved if the quality of outcomes from a buyer-supplier relationship meets or exceeds the supplier's expectations²⁶ (Schiele, Calvi, et al., 2012)."

This chapter explained the term customer attractiveness, furthermore the link between preferred customer status, customer attractiveness and supplier satisfaction is explained. As explained before, customer attractiveness can lead to supplier satisfaction. In the next chapter, supplier satisfaction, its importance and main drivers are explained.

²⁴ Schiele, (2012), p.12.

²⁵ Pulles et al. (2016), p.9.

²⁶ Pulles et al. (2016), p.8-9.

2.4 Supplier satisfaction: when a relationship produces outcomes that exceeds expectations

In the last years, the research done in the field of supplier satisfaction has increased. Approximately 10 years ago, the research in a buyer-supplier setting was very limited too²⁷. However, new research has been done in the last years and new antecedents are investigated. Examples of studies done are Vos et al. (2016) and Hüttinger et al. (2012). Before the factors and antecedents of supplier satisfaction are highlighted the concept needs to be defined. This is best done by Schiele (2012). He defined the concept “supplier satisfaction” after reasoning: “if the quality of outcomes of a relationship remains below expectations, the supplier will be dissatisfied. In contrast, if the supplier feels that a relationship produces outcomes that are equal to or exceed expectations, the supplier will be satisfied. Therefore, supplier satisfaction is a condition that is achieved if the quality of outcomes from a buyer-supplier relationship meets or exceeds the supplier’s expectations²⁸.” So it is not only about what the buying firm gives to the supplier, but also what the supplier expects. There has been done research to supplier satisfaction also before the studies mentioned above. In the next paragraphs, an overview of different studies is presented. The history and state of art in supplier satisfaction research is illustrated.

Wong (2002), states that a co-operative culture, commitment to supplier satisfaction and constructive controversy are factors that will lead to supplier satisfaction²⁹. A co-operative culture ensures the satisfaction of the suppliers’ needs and will establish effective ways for interacting with the suppliers. Furthermore the companies will work together in order to achieve mutual goals. The commitment to supplier satisfaction will increase the chance of the supplier’s full support to the company. The so called constructive controversy implies the alignment of ideas and goals of both the buying company and the supplier. In order to achieve the best solution, the accomplishment of a mutual benefit and the discussion of views and perspectives is necessary. Wong (2002) also stresses the importance of supplier satisfaction and its components, as explained in the beginning of this chapter³⁰.

Maunu (2003), discussed the possible antecedents of supplier satisfaction. The antecedents were distinguished on a basis of communication and business factors. The business-related factors include: profitability, agreements, early supplier involvement, business continuity and

²⁷ Wong, (2000), p.427.

²⁸ Schiele (2012), p.1181.

²⁹ Wong (2002), p.567.

³⁰ Wong (2002), p.567.

forecasting/planning. Whereas the communication-related factors include: roles and responsibilities, openness and trust, feedback and the buying company's values³¹.

In 2005, Benton & Maloni conducted an empirical research on how the buyer-supplier relationship affects supplier satisfaction. They found that the quality of the relation between the buyer and supplier impacts how well the supplier is satisfied. Furthermore, they found that if the power holder is attempting to promote satisfaction, its strategy should include an emphasis on a relationship-driven supply chain rather than a performance based strategy³².

In 2009, Essig and Amann made a large step in the supplier satisfaction research. They distinguished the antecedents of supplier satisfaction on a basis of strategic, operative and accompanying levels. Interesting and new in their study was that they dismantled these levels into different areas of focus and each of those dimensions consists of sub-categories, which made the model the most comprehensive until this point in time³³.

Until 2012, no real astonishing progress was made. However, Schiele et al. (2012) explained how supplier satisfaction can emerge into preferred customership. In the beginning of this chapter, his explanation of supplier satisfaction is illustrated, it is about the expectations. When those expectations are met, or even exceeded, preferred customership can be attained³⁴. This preferred customership can bring along a lot of advantages for buying firms, this will be explained later. In the same year, Meena and Sarmah (2012) came to the conclusion after an empirical study that the buyer's payment and purchasing policy, its coordination and corporate image have a positive impact on supplier satisfaction³⁵. Again in 2012, Schiele, Veldman, Hüttinger and Pulles presented four factors that influence supplier satisfaction: (1) Technical excellence, (2) Supply value, (3) Mode of interaction and (4) Operational excellence³⁶.

Hüttinger, (2014) made an extension to the antecedents of supplier satisfaction that were already found in the foregoing years. The antecedents that determine supplier satisfaction are: relational behaviour, innovation potential, growth opportunity, reliability, operative excellence, involvement, support and access to contacts. Two years later, Vos et al. (2016) replicated and

³¹ Maunu (2003).

³² Benton & Maloni (2005), p.1.

³³ Essig and Amann (2009), p.103.

³⁴ Schiele (2012), p.1181.

³⁵ Meena and Sarmah (2012), p.1236.

³⁶ Hüttinger et al. (2012), p.1194.

extended the previous study of Hüttinger et al. (2014). This study added the variable profitability to the antecedents of supplier satisfaction³⁷.

Summarizing the history of the research in supplier satisfaction, the research has been going through a metamorphosis. First, supplier satisfaction was assessed as a successful supply chain collaboration between buyers and suppliers. Also the buyer-supplier atmosphere was an important factor. Then, theory approaches were adopted and applied to the research. After this, empirical studies tried to investigate the antecedents of supplier satisfaction. The outcomes were matrices, frameworks and explanatory models. And the most recent research really linked supplier satisfaction to access to valuable resources and ultimately to a preferred customer status.

Next to the research done in the field of supplier satisfaction, assessing antecedents etc. The importance of the study of supplier satisfaction is mentioned too. Some studies that mentioned this are: Clark, 2017; Kumar & Routroy, 2017; Kumar & Routroy, 2016.

2.5 Preferred customer status: the distinction of the best customers

Again, the phenomena that companies, especially manufacturing firms, rely on less suppliers is an important topic here. The shift from traditional marketing to reverse marketing is related with preferred customer status. In the last years, the research into preferred customer status has grown, studies of Vos et al. (2016) and Hüttinger et al. (2012) are examples. Steinle & Schiele (2008) state that a preferred customer is one that receives preferential resource allocation from the supplier. The three constructs supplier attractiveness, supplier satisfaction and preferred customer status determine whether a preferential treatment will be obtained by the buyer (Schiele, 2012). However, there can be more “good” buyers from a supplier perspective, but only those who are the best and exceed others will be awarded with a preferred customer status and receive the corresponding benefits (Steinle & Schiele, 2008).

Furthermore in the research of Hüttinger et al. (2012) they summarized the antecedents of preferred customer status³⁸. First of all, economic value is a predictor of preferred customer status³⁹. For example high purchase volumes and profitability are important here. Next, the

³⁷ Vos et al. (2016), p.4613.

³⁸ Hüttinger et al. (2012), p.1197.

³⁹ Brokaw and Davisson (1978), p.10.

relational quality plays an important role in order to obtain preferred customer status, trust and commitment must be present in the relation between the supplier and buyer⁴⁰. Also the instruments of interaction is an antecedent of preferred customer status. E.g. early supplier involvement, involvement in product design, quality initiatives, schedule sharing, simple and coordinated business processes and action-oriented crisis management. Lastly, strategic compatibility is an predictor of preferred customer status, for example shared future and strategic fit are part of this antecedent⁴¹.

The paragraphs above explain the term preferred customer status and give an insight on how to be able to achieve this status, but why is it important? And what are the benefits that can be obtained from the status that is achieved? Steinle & Schiele (2008) explain: “The concept of becoming a preferred customer is contrary to the classic notion of the seller alone to become attractive to the buyer (Schumacher et al. 2008). The importance of being preferred customer, therefore, is most relevant in the event of scarcity of suitable suppliers” p.11⁴². This view is a contradiction of the assumption of the classic market-based view. Here is argued that all companies have equal access to all supplier and thus, sourcing activities will not make any difference⁴³. The preferential treatment by a supplier can thus be seen as a competitive advantage obtained by the buying firm. From the other way around, supplier obligations to competing buying firms can be seen as a special form of supply risk⁴⁴.

Ellis (2012) did research to the effect of buyer behaviors on preferred customer status and the access to supplier technological innovation. He found that preferred customer status is positively correlated with technological innovation access⁴⁵. Technology access is best described by Ellis (2012). He defines it as: the extent to which a supplier willingly invests in and shares new technologies without the promise of future orders, this will advance the buying firm’s innovative capabilities⁴⁶. Schiele et al. (2011) argues that suppliers may give access to their new technologies to preferred customers⁴⁷. The technology access for some buyers will

⁴⁰ Blonska (2013), p.1296.

⁴¹ Blonska (2013), p.1299.

⁴² Steinle & Schiele (2008), p.11.

⁴³ Ramsay (2001), p.259.

⁴⁴ Zsidisin (2003), p.221

⁴⁵ Ellis (2012), p.1259.

⁴⁶ Ellis (2012), p.1260.

⁴⁷ Schiele et al. (2011), p.1.

result in substantive advantages in the marketplaces, because buyers that share the same supplier do not have equal access to its resources⁴⁸.

Schiele (2012) argues that both parties, i.e. buying and selling firm must be able to gain benefits from the collaboration, otherwise the partnership will fail before it even started⁴⁹. However, when a company is looking for a supplier that can award them as a preferred customer, they can choose the suppliers strategically. It depends on what they want to achieve with the collaboration, therefore, Schiele (2012) developed a supplier portfolio. He distinguishes between four different scenarios: “The Squire”, “The King”, “The Quacksalver” and “The Black Knight”⁵⁰. The squire is a scenario where the buying firm applies a supplier development strategy in order to increase the competitiveness of the firm. The King is a scenario where the buying firm handles a collaboration strategy in order to attain a competitive advantage for the buying firm. The Quacksalver scenario is characterized by a replacement strategy where the buying firm looks for new suppliers that offer some advantage. Lastly, The Black Knight scenario, here a buying firm tries to apply a bonding strategy where outstanding suppliers are approached in order to get a preferred customer status. Black Knight firms are those that represent a competitive threat to the buying firm because they awarded competitors already with a preferred customer status but the own firm not, which lowers their relative resource access. By The Squire and The King scenarios the buying firm is already a preferred customer. However, by The Squire scenario the supplier is not a technological leader in the field, whereas in The King scenario the supplier is. And as said before in The Quacksalver scenario, the buying firm has to look for other suppliers in order to attain advantages, because the current supplier is not able to offer those.

Furthermore, Schiele (2012) explains how supplier satisfaction can lead to preferred customer status. He explains how customer attractiveness, supplier satisfaction and preferred customer status are linked with each other from a social exchange perspective⁵¹. He explains that in social exchange theory attractiveness is very important. “Attractiveness of another entity is determined by the difference between the expected rewards of from a relationship and the costs of being involved in this putative relationship. Thus attractiveness involves a forward-looking orientation.”

⁴⁸ Schiele 2012, p.1179.

⁴⁹ Schiele 2012, p.48.

⁵⁰ Schiele (2012), p.48-49.

⁵¹ Schiele (2012), p.1179.

In the previous two chapters and this chapter, the constructs customer attractiveness, supplier satisfaction and preferred customer status are explained. The next chapters will elaborate on the factors of supplier satisfaction and customer attractiveness, especially growth-related factors will be explained.

2.6 The main drivers of supplier satisfaction are profitability, growth, relational behavior and operative excellence

In the research history of supplier satisfaction and the state of art, there are different views on supplier satisfaction and its antecedents or factors, this is also explained in the previous chapter. Recent research show that supplier satisfaction exist out of four main drivers: technical excellence, supply value, mode of interaction and operational excellence⁵². In this study all antecedents researched so far are adopted in the research model. However, not all criteria that foster supplier satisfaction are attributed to all factors, except for the mode of interaction. Most criteria have only an influence on a single factor, those factors are: factors that are influenced by purchasing, factors that are the responsibility of production and logistics areas and factors that are attributed to the research and development department. So it becomes clear that the achievement of supplier satisfaction requires a cross-functional approach. Vos et al., (2016) replicated Hüttinger's study and added a variable: profitability. He identified the following relational variables that lead to supplier satisfaction: Growth opportunity, innovation potential, operative excellence, reliability, support, involvement, contact accessibility, relational behavior and profitability.

Wong (2000) states that the intensity of the cooperation between the buyer and supplier does not necessarily require a long relationship or a high degree of involvement⁵³. However, this is definitely the case when there exist a development-based partnership. These researches make clear that a factor or antecedent of supplier satisfaction is different for every type of relationship and type of firms. So, it is always important to know in what environment a study is conducted in order to be able to explain the outcomes.

This study will focus on the impact of growth opportunity on supplier satisfaction and customer attractiveness. Growth-related variables will be analyzed more in depth and a direct

⁵² Hüttinger et al. (2012), p.1201.

⁵³ Wong (2000), p.429.

identification of relations between supplier satisfaction/customer attractiveness and those variables is measured. As stated in the introduction, the aims of this research are to find more antecedents that can explain the variable “Growth opportunity” and thus increasing the explanatory power of the existing model. Second, to find what impact each component of growth opportunity has on perceived supplier satisfaction. This will be done by building further on the research done by Hüttinger et al. (2014) and Vos et al. (2016). It has several reasons why this study will build further on these researches. First of all, they explain an antecedent that is very important for this study, i.e. Growth opportunity. Furthermore, their research is one of the most extended for relational antecedents of supplier satisfaction.

Vos et al. (2016) states that the study of Hüttinger et al. (2014) ignores the impact of perceived profitability by the supplier in his research. Therefore, he added a new variable, which is profitability. He added this variable, because at that moment only growth opportunity represented the economical aspect of supplier satisfaction⁵⁴. However, research shows that growth opportunity exists also out of more aspects (Gundry & Welsch, 2009; Liu et al. 2009). This chapter learned us what factors lead to supplier satisfaction. Furthermore, it became clear that there has been research done in this field. In the next chapters more growth-related factors are illustrated and explained.

2.7 Growth opportunity exists out of different subparts

In the existing research on supplier satisfaction, the antecedent growth opportunity has been identified as a predicting factor for supplier satisfaction, e.g. (Hüttinger et al., 2014) and Vos et al., 2016). However, the existing research lacks a more specified analysis into this antecedent of supplier satisfaction. The research of Hüttinger and Vos did mention the different components of growth opportunity, i.e. growth in sales, providing new market opportunities and being a global player. Still, these subparts are not mentioned apart and neither is their direct separate influence on supplier satisfaction presented. In this research I will try to identify more subparts of growth opportunity and research how each of those relate to the perceived satisfaction by suppliers.

⁵⁴ Vos et al. (2016), p32.

Growth opportunity refers to the ability of the supplier to grow together with the buying firm in order to generate new potential business opportunities through the relationship⁵⁵. Growth opportunity is a very important aspect for the supplier on how he sees the buyer. In the study of Hüttinger (2014), one buyer of the automotive OEM stated: “I think being a constantly growing company makes us an attractive customer. That is because the supplier can grow together with us due to the high number of parts we purchase from him. Thus, a company which is not only in a stable but in a growing position represents an attractive business partner for suppliers⁵⁶.”

In the foregoing chapters, we saw that reverse-marketing oriented suppliers are looking for long-term relationships and partnerships with critical suppliers. Beekman & Robinson (2004) state that small, high-growth firms are looking for cooperation with firms in order to improve their competitive position. In this way they try to compete with the bigger firms⁵⁷. But what kind of impact has growth on the actual relationship between buyers and suppliers. In their research, Beekman & Robinson question this: “So, as firms seek to grow, will alliances that once were beneficial now become a hindrance to growth? Should the organization that has under-gone a period of rapid growth institute relationships with new suppliers to take advantage of opportunities that growth can create, or do firms retain established relationships with which they are familiar to facilitate the growth process?⁵⁸” p.60. They furthermore state that for many firms, growth is one of the most essential things in the firm. Besides they show two perspectives on how suppliers can react to growth. First of all, we have to know that growth requires change. On the one hand, suppliers may be slow, or not willing to change. The other perspective shows the opposite. This perspective shows that firms are quickly adaptive and willing to change in a period where growth occurs. The research that Beekman & Robinson (2004) conducted is very interesting. They investigated how changes in strategic direction brought by high growth, affected the relationship with critical suppliers. They surveyed 283 pharmaceutical related companies. They found a positive relationship between growth and the amount bought from a critical supplier. However, they also found that the growth and percentage purchased is moderated by the variable effectiveness. So, if firms grow they tend to maintain or even grow relationships with critical suppliers.

⁵⁵ Walter et al. (2003, p.167.

⁵⁶ Hüttinger et al. (2014), p.702.

⁵⁷ Beekman & Robinson (2004), p.59-60.

⁵⁸ Beekman & Robinson (2004), p.60.

There has been done many research in the field of enterprise growth. In order to create a clear model, only appropriate factors of growth are adopted in this study. In the following chapters, factors that are related to growth based on scientific literature are illustrated. For each of these factors it is tested whether it has a direct influence on the perceived supplier satisfaction. Afterwards, the research model and hypotheses that are tested are shown in section 3.5.

2.7.1 Innovation potential as an important predictor for growth opportunity

The revised model of Vos et al., (2016) shows that the only predictor of growth opportunity is innovation potential for the supplier⁵⁹. Therefore the construct will be explained shortly. The existing model shows that innovation potential is an important predictor for the variable growth opportunity. Innovation seeks to leverage the suppliers ability to improve or expand their product portfolios, both in terms of functionality and costs⁶⁰. According to Valiev (2007) innovation has two parts: “the generation of an idea and the conversion of that idea into a successful application⁶¹.”

Value innovation can be seen as a strategic logic for high growth⁶². Kim and Mauborgne (1997) describe it as the simultaneous pursuit of radically superior value for buyers and lowers costs for companies⁶³. In order to be a company that develops value innovations, the characteristics named above must be applied to the organization. Furthermore, Grossman & Helpman (1994) show evidence why innovation is an important predictor for growth⁶⁴. First of all, they state that the growth rate of the world’s technological leader has been rising over time, not falling. This can only happen in the neoclassical model if the pace of exogenous technological progress steadily accelerates. “Second, countries appear not to be converging to a common level of per capita income, as they must be in the neoclassical model if the countries share similar savings behavior and technologies.” The most convincing evidence comes from Landes (1969), he describes the role of the new technologies during the industrial revolution.

⁵⁹ Vos et al. (2016), p.4620.

⁶⁰ Ulaga (2003), p.685.

⁶¹ Valiev (2007), p.38.

⁶² Kim & Mauborgne (1997) p.1.

⁶³ Kim & Mauborgne (1997) p.11.

⁶⁴ Grossman & Helpman (1994) p.27.

In this section, the existing variable of growth opportunity (i.e. innovation potential) is shortly explained. The next chapters will explain what other growth-related factors can lead to satisfaction by the suppliers.

2.7.2 Increasing the supplier's market share for satisfied suppliers

An important growth-related factor for supplier satisfaction is the creation of a dominant market position (Liu et al. 2009). To explain this better: this happens when the buying company helps the supplier to gain market share and become the market leader through the existing buyer-supplier relationship. Liu states that a dominant market position is part of relationship performance⁶⁵. "Relationship performance is defined as an economic outcome of a buyer-supplier partnership in the form of increased sales volume, market share, discounts and marketing support from the particular relationship⁶⁶." According to Hald et al. (2009) and Ramsay and Wagner (2009) economic factors such as explained by Liu et al. (2009) are pull factors for suppliers. Furthermore, Baker et al. (1999) state in their research that it is proposed that a supplier's perceptions of a buyer's market orientation will positively affect the perception of a supplier⁶⁷. When specifying on the economic attributes of market orientation, the outcome for the supplier is an increase in sales and an improvement in profitability⁶⁸. Especially, that increase in sales is important here, because it will automatically lead to an increased market share for the supplier. In their study, Baker et al. (1999) tested the following hypothesis: "The level of supplier-perceived reseller market orientation is positively associated with supplier satisfaction with the reseller (p.52)." The results of their study support this assumption and found the hypothesis to be significant.

A concept that is linked very much to a dominant market position is that of competitive advantage. This concept can be defined best as the extent to which a firm is able to gain and retain a dominant position over its competitors through creating value for its customers (Porter, 1980). There has been done a lot of research to the antecedents of competitive advantage and many different sights exist here⁶⁹ (Feng et al. 2010).

⁶⁵ Liu et al. (2009), p.295.

⁶⁶ Liu et al. (2009), p.296.

⁶⁷ Baker et al. (1999), p.50.

⁶⁸ Baker et al. (1999), p.51.

⁶⁹ Feng et al. (2010), p.1386.

This chapter explained that a dominant market position is a factor that leads to supplier satisfaction and that the concept is part of relationship performance between the buyer and supplier. Furthermore, we learned that the market orientation of the buying company and customer involvement is very important to obtain a dominant market position. Also gaining a competitive advantage is linked very much with the achievement of a dominant market position in the sales area. In the next chapter another growth-related factor is explained: growth in sales.

2.7.3 Customers that show growth in their sales are more likely to realize the benefits of a relationship

In the research of Vos et al. (2016) questions related to growth opportunity where also the actual growth in sales that a company has⁷⁰. The main question for this factor will be: will a supplier be more satisfied with a buying company that shows growth in their sales? Harms (2010) states that next to the innovation potential of firms also the growth in sales is a predictor of growth opportunity⁷¹. This sounds logically, because when a company is making more and more turnover during the years, it is likely that they will grow further in the future. This is also showed in the study of Hüttinger (2014)⁷². However, most likely there would not be a huge effect on supplier satisfaction if a customer is only responsible for a small part of the revenue of the supplying firm. Ryalls (2009) states that almost all firms are dependent of some customers, a 80:20 Pareto rule exists here: 80% of revenue comes from 20% of the products. This is also applicable to customers, so logically a growth in sale by a big customer would lead to more satisfaction by the supplier than a growth in sales by a relative small customer. Beekman & Robinson (2004) state: “Firms with high sales levels, as opposed to high sales growth rates, may be more likely to purchase more in periods of high growth because they just buy more in general and not because of a strong relationship with a supplier. Further, larger firms may be more likely to realize the benefits of a partnership than smaller firms because they purchase a larger volume from a supplier⁷³. (p.69)” In the chapter about preferred customer status, we saw that a preferred customer receives the best resources a supplier can offer. The fact that buyers may buy more in periods of high growth indicates that a supplier is willing to assign more of

⁷⁰ Vos et al. (2016), p.4620.

⁷¹ Harms (2010), p.138.

⁷² Hüttinger (2014), p.705.

⁷³ Robinson (2004), p.69.

its resources in such a period. In fact, the paragraphs below show that growth in sales by the buying firm on itself is also related with supplier satisfaction.

Furthermore, Kumar & Stern (1992) developed a scale where the resellers performance is assessed by the suppliers. Their research is based on the organizational effectiveness of the suppliers. The organizational effectiveness was split down into four areas, one of the areas focused on the functional imperative: goal attainment. Here, the resellers ability to contribute to sales and profits of the supplier was measured⁷⁴. The results show that growth in sales contribute to supplier satisfaction and are negatively correlated with conflict⁷⁵.

But would this indicate that all firms that show high growth in sales have a better chance to work with satisfied suppliers in their supply chain? In the paragraphs above is explained that larger firms may be more likely to realize the benefits of a partnership than smaller firms, because they purchase a larger volume from a supplier, which thus indicates a satisfied supplier. This shows that most likely the growth in sales achieved by a buying firm has an effect on supplier satisfaction but is moderated by the amount purchased. In other words, when a big customers shows an increase in their sales levels it has a relative big impact on the perceived satisfaction of the supplier. When a relative small customer shows an increase in their sales levels it will have most likely a relative small effect on the perceived supplier satisfaction. This issue takes into account how big the customer is and for how much it purchases by the supplier. Ellis (2012) defines: “Share of sales – the percent of a supplier’s sales revenue attributable to a focal firm⁷⁶.” The existing literature shows us that sales revenue stimulates the attractiveness of buyers through it economic means. When a buyer is accountable for a substantive share of a supplier’s sales revenue, it enhances its relative attractiveness perceived by the supplier⁷⁷. Furthermore, they state that a customer that is accountable for a high share of the sales of the supplier, facilitates inter-organizational bonds by promoting interaction and dependence. Ellis (2012) explains how the share of sales supports attractiveness and dependence: “Increases in share of sales can provide more opportunities for one exchange partner to impress the other, thus facilitating attraction. (p. 1261)⁷⁸” A high share of sales can suggests two things, first of all a customer provides a critical resource to the supplier, in this case the critical resource

⁷⁴ Kumar & Stern (1992), p.241.

⁷⁵ Kumar & Stern (1992), p.248

⁷⁶ Ellis (2012), p.1261.

⁷⁷ Ramsay & Wagner (2009), p.132.

⁷⁸ Ellis (2012), p.1261.

implies revenue. Second, it would be difficult for supplier to replace the buyer⁷⁹. A growth in sales is related with the customer's attractiveness as explained in the paragraphs above, but how is the amount of shares related to supplier satisfaction? Blau (1986) explains that dependent suppliers are more likely to work toward the development of social bonds and recognize more powerful exchange partners with preferred status⁸⁰. Also Beekman & Robinson (2004) state that larger firms may be more likely to realize the benefits of a partnership than smaller firms because they purchase a larger volume from a supplier⁸¹. A study of Brokaw and Davisson (1978) shows that high purchase volumes by a buyer can be seen as a antecedent for supplier satisfaction⁸².

This chapter explained how growth in sales relates to growth opportunity for the supplier and how it leads to supplier satisfaction. The next chapter will elaborate on new market entry and its relation to growth and supplier satisfaction.

2.7.4 Suppliers can enter new markets due to contacts or alliances possessed by the buyer

In the study of Hüttinger et al. (2014) the respondents in the study considered the possibility of access to other customers as a predictor of growth opportunity⁸³. In order to fulfil this criterion, the buying firm needs to have a network with other buying firms. This is in line with the statement of Ramsey & Wagner (2009)⁸⁴. They state that customer attractiveness partially depends on the ability of customers to enlarge the market access of the suppliers. Due to this reason we adopt this variable in the research model of this study. This can be done through helping the supplier establish relationships with other potential buyers or to provide other information about their sales market⁸⁵.

Christiansen and Maltz (2002) developed a paper in which they share a case study that results from three successful manufacturers that have implemented advanced procurement practices as a part of their competitive advantage⁸⁶. They describe one very successful relationship between

⁷⁹ Ganesan (1994) p.16.

⁸⁰ Blau (1986)

⁸¹ Beekman & Robinson (2004), p.65.

⁸² Brokaw and Davisson (1978), p.10.

⁸³ Hüttinger et al. (2014), p.702.

⁸⁴ Ramsey & Wagner (2009), p.131.

⁸⁵ Ramsey & Wagner (2009), p.131.

⁸⁶ Christiansen and Maltz (2002), p.181

a buyer and supplier. After the buyer spent years building trust in the relationship, as well as showing the value of the relationship to the supplier. Frequent exchange of personnel exist in the relationship, besides joint activity at both buyer and supplier sites are present too. In their case study they further explain how the buyer helps the supplier to enter new markets: “The relationship is such that Grundfos has the opportunity to test and incorporate new NEC technology immediately after, and sometimes even before, general commercial release. In return, Grundfos shares its knowledge about motors and what is necessary to apply electronic controls to power equipment. This has allowed NEC to penetrate markets that are not related to its typical consumer and electronics customers. In other words, NEC has been able to use Grundfos Electronics’ deep knowledge of mechanical controls and markets to leverage further the NEC core competence in electronics design and manufacturing. Grundfos Electronics will even act as a demonstration site for new NEC technology, including customer references. Besides the strategic benefit of early access to new technology, Grundfos is also seeing operational benefit. Over the last few years lead times on NEC orders have been reduced from 16 to 8 weeks, and lead times will soon be down to 6 weeks⁸⁷.” This example shows how new market opportunities can be created out a relationship between a buyer and supplier.

Fiocca (1982) was one of the first who related attractiveness with new market opportunities. Fiocca developed an account portfolio analysis for strategy development. In this portfolio the supplier assesses the customer attractiveness based on requirements. One of those requirements is the opening of new markets for the supplier⁸⁸.

Walter et al. (2001) states that there are indirect functions in a buyer-supplier relationship that affect the attractiveness of a buyer. “In business-to-business markets official authorities, chambers, banks and/or trade associations can play an almost dominant role. Sometimes, customers’ experience in dealing with such actors can be of considerable help for a supplier to reduce time- and money-consuming licensing procedures, business negotiations, etc. As such customer relationships can also fulfill an access function. Our theoretical considerations have shown that resources (e.g., technological know-how, market information, goodwill) utilized, developed, and/or gained in a specific customer relationship may have implications for the supplier’s exchanges in other relationships. It is reasonable to assume that the fulfillment of these indirect functions will positively contribute to the overall judgement of the overall

⁸⁷ Christiansen and Maltz (2002), p.181-182.

⁸⁸ Fiocca (1982), p.55.

relationship value⁸⁹.” The indirect functions can be seen as new resources or capabilities instead of functions to enter new markets. However, these alliances and contracts can help to expand the scope of operating activities and or research new markets.

Hald (2009) explains that the variable “access to new buyers/suppliers” is a shared variable amongst both suppliers and buyers. For both the supplier and the buyer it can act as an important variable in the relationship. Suppliers can enter new markets due to contacts or alliances possessed by the buyer⁹⁰. The other way around is also possible, where the buyer takes advantages of the supplier’s network.

The respondents in the study of Hüttinger et al. (2014) considered the role of the buying firm as a global player to be a pull factor for customer attractiveness⁹¹. The existing literature does not show much theory about the impact of a global buyer on supplier satisfaction. Besides the study of Hüttinger et al. (2014), also Fiocca (1982) explains how a global role for the buyer can help the company to increase their attractiveness to the supplier. A buyer can increase its importance to the supplier by opening new markets for the supplier. This can be done with the help of its connections/relations in international markets⁹². Here it is most likely that the supplier will shift from a domestic to a global player with the help of its buyer.

So, literature explains us that buyers can help the supplier to enter new markets in several ways and the supplier values these opportunities. Furthermore, As said before, customer attractiveness partially depends on the ability of customers to enlarge the market access of the suppliers. A buyer can for example use its (international) relationships or provide information about its sales market in order to expand the market access for its supplier.

2.7.5 Dependence is an important moderator for growth-related factors

Razzaque & Boon (2003) define dependence as: “a firm’s need to maintain an exchange relationship with other firms to achieve desired goals⁹³.” This is in line with the definitions of Emerson (1962), Pfeffer and Salancik (1978), Frazier (1983), Buchanan (1992) and Andaleeb

⁸⁹ Walter et al. (2001), p.368.

⁹⁰ Hald (2009), p.968.

⁹¹ Hüttinger et al. (2014), p.702.

⁹² Fiocca (1982), p.55.

⁹³ Razzaque & Boon (2003), p.26.

(1996). Dependence is an important concept for the buyer-supplier relationship, because it is crucial in order to understand the relationship between the buyer and supplier⁹⁴.

Prior research suggests that satisfaction in a channel may be influenced by dependence⁹⁵. Ghijssen et al. (2010) explain the link between dependence, commitment and satisfaction. In their paper they do it as follows: “Dependence and commitment correlate positively (Andaleeb, 1996; Goodman and Dion, 2001). For example, in the automotive industry, a high-power asymmetry exists and suppliers have to compete strongly for business (Benton and Maloni, 2005). If the supplier is highly dependent, he strives to maintain the relationship, and, is committed no matter which kind of influence strategy is used (Andaleeb, 1996). Large customers, in contrast to small customers, can better exploit their power advantage in order to control the relationship to their satisfaction and performance needs⁹⁶”. Furthermore, in their paper they show the components of dependence. They measured dependence with the help of the following constructs: “importance for success”, “few comparable buyers”, “costly switching”, “difficult to replace”, “dependence on buyer”. The results of their study showed the significance of the control variable dependence in the regression analysis⁹⁷.

The effect of nation dependency on (economic) growth has been researched by Firebaugh & Beck, (1994) they state that dependence has an effect on economic growth⁹⁸. Here dependence most of the time refers to trade dependence (trading with other nations) or investment dependence (reliance on transnational corporations for capital). Something important to know in a buyer-supplier relationship is, whether there is dependence symmetry or dependence asymmetry. A relationship where dependence asymmetry exists is most of the time not as effective, because the dominant party will make use of its dominant position. Generally, a relationship where balanced mutual dependence is present is the most effective one⁹⁹. However, suppliers can still be satisfied in a relationship where asymmetric dependence exists, even when the buyer uses its power to squeeze the supplier. The powerful buyer can help the supplier to expand its market share if the supplier is willing to make concessions¹⁰⁰. Earlier is stated that asymmetric relationships are ineffective, however the study of Caniëls & Gelderman (2007)

⁹⁴ Caniëls & Gelderman (2007), p.219

⁹⁵ Razzaque & Boon (2003),p.23.

⁹⁶ Ghijssen et al. (2010), p.20.

⁹⁷ Ghijssen et al. (2010), p.23.

⁹⁸ Firebaugh & Beck (1994), p.632.

⁹⁹ Geyskens et al. (1996), p.314.

¹⁰⁰ Bloom & Perry (2001), p.391

highlight that dependent suppliers can be satisfied as well¹⁰¹. So, supplier dependence can play an important role to provide growth opportunities for the supplier and make him satisfied.

In this chapter a moderator variable is introduced, namely supplier dependence. This is the last variable that will be added in this study. The next chapters show the hypotheses related to the scientific literature.

¹⁰¹ Caniëls & Gelderman (2007), p.226

3. HYPOTHESES

3.1 Dominant market position as a predictor for supplier satisfaction and customer attractiveness

In order to compose the first growth-related hypotheses of this study, the study of Hüttinger (2014) is used. In this study, the respondents considered mutual growth as a dominant role of supplier satisfaction. They state that if their company is constant growing, they will automatically purchase more from their supplier. This will lead to a higher number of parts purchased by the buying company, which will lead to supplier growth¹⁰². Most likely, the supplier will improve its market position when there appears to be mutual growth in the relationship. This is in line with the work of Liu et al. (2009), in his work is stated that a dominant market position is part of relationship performance¹⁰³. Furthermore, Baker et al. (1999) tested the following hypothesis: “The level of supplier-perceived reseller market orientation is positively associated with supplier satisfaction with the reseller (p.52).” A very important part of market orientation is the increase in sales and profitability (Baker et al. 1999). The results of their study support the assumption stated above and found the hypothesis to be significant.

H1a: Buying companies that provide the supplier a dominant market position are more likely to achieve supplier satisfaction.

H1b: Buying companies that provide the supplier a dominant market position are more likely to achieve customer attractiveness.

3.2 Growth in sales as a predictor for supplier satisfaction and customer attractiveness

In the theoretical framework of this paper is mentioned that there exists a relation between a growth in sales by the buying company and supplier satisfaction. Several researchers address the importance of growth in sales. For example, Kumar & Stern (1992) showed that growth in

¹⁰² Hüttinger (2014), p.702

¹⁰³ Liu et al. (2009), p.295.

sales contribute to supplier satisfaction and are negatively correlated with conflict¹⁰⁴. Furthermore, larger firms may be more likely to realize benefits of a partnership than smaller firms, because they purchase a larger volume from a supplier¹⁰⁵. This can be explained by the Pareto rule: 80% of the revenue comes from 20% of the products (Ryalls, 2009). This is not only applicable for the products that are sold but also to the customers that buy the products (Ryalls, 2009). This means that suppliers are in some way dependent on buyers that show growth in their sales, because they become one of their few big customers. Logically, they will be satisfied if they can show growth in their sales. Ellis (2012) confirms this, in his research he explains that growth in sales supports attractiveness and dependence, because it can suggest two things: first of all a customer provides a critical resource to the supplier, in this case the critical resource implies revenue. Second, it would be difficult for supplier to replace the buyer¹⁰⁶. The information above shows that suppliers value growing customers, because they are likely to increase the sales and profits of the supplier itself. Therefore it is hypothesized:

H2a: Buying companies that show growth in sales are more likely to achieve supplier satisfaction.

H2b: Buying companies that growth in sales are more likely to achieve customer attractiveness.

3.3 New market opportunities as a predictor for supplier satisfaction and customer attractiveness

Next to the variables dominant market position and growth rate, another variable will be introduced as a predictor for supplier satisfaction. Ramsay & Wagner (2009) name a factor that is likely to lead to satisfaction by the supplier, i.e. market access¹⁰⁷. Suppliers see it as important to acquire new markets and customers. According to them customers may provide information to the suppliers that allows them to research new markets or they may help them establish relationships with (new) customers in (new) markets. Gundry & Welsch (2001) also identified

¹⁰⁴ Kumar & Stern (1992), p.248

¹⁰⁵ Beekman & Robinson (2004), p.65.

¹⁰⁶ Ganesan (1994) p.16.

¹⁰⁷ Ramsey & Wagner (2009), p.131.

these two aspects as an attribute of market expansion¹⁰⁸. Furthermore, they describe the factor market expansion as an important part of high-growth firms. Hald (2009) explains this more in depth. According to him, access to new buyers is an important variable in the relationship for the supplier. Where alliances or contacts possessed by the buyer can provide an opportunity to enter new markets for the supplier¹⁰⁹. Furthermore, suppliers can acquire new markets through globalization. Hüttinger et al. (2014) and Fiocca (1982) explain how a global role for the buyer can help the company to increase their attractiveness to the supplier. A buyer can increase its importance to the supplier by opening new markets for the supplier. This can be done with the help of its connections/relations in international markets¹¹⁰. On the basis of the information above, the next two hypotheses will be tested:

H3a: Buying companies that help the supplier to acquire new markets are more likely to achieve supplier satisfaction.

H3b: Buying companies that help the supplier to acquire new markets are more likely to achieve customer attractiveness.

3.4 Customer attractiveness as a predictor for supplier satisfaction

In the theoretical part of this paper, it is mentioned that the two dependent variables in this study (customer attractiveness and supplier satisfaction) differ from each other. However, the constructs are proven to be in relation with each other¹¹¹. Pulles et al. (2016) shows that the three constructs (i.e. preferential resource allocation, customer attractiveness and supplier satisfaction) are in relation with each other. In their research a positive significant relation between customer attractiveness and supplier satisfaction is found¹¹². Also in this study the

¹⁰⁸ Gundry & Welsch (2001), p.462.

¹⁰⁹ Hald (2009), p.968.

¹¹⁰ Fiocca (1982), p.55.

¹¹¹ Pulles et al. (2016), p.9.

¹¹² Pulles et al. (2016), p.9.

relation between customer attractiveness and supplier satisfaction is tested, therefore the last hypothesis of this study is:

H4: Customers that are seen as attractive by the supplier are more likely to achieve supplier satisfaction.

3.5 Dependence as a moderator variable

As stated in the literature review, prior research suggests that satisfaction in a channel may be influenced by dependence¹¹³ (Razzaque & Boon, 2003). They found that dependence play an important role in satisfaction, cooperation and commitment in a relationship. Ghijssen et al. (2010) explain the link between dependence, commitment and satisfaction with the help of existing literature. In their paper they do it as follows: Dependence and commitment correlate positively (Andaleeb, 1996; Goodman and Dion, 2001). For example, in the automotive industry, a high-power asymmetry exists and suppliers have to compete strongly for business (Benton and Maloni, 2005). If the supplier is highly dependent, he strives to maintain the relationship, and, is committed no matter which kind of influence strategy is used¹¹⁴.

Something important to know in a buyer-supplier relationship is, whether there is dependence symmetry or dependence asymmetry. A relationship where dependence asymmetry exists is most of the time not as effective, because the dominant party will make use of its dominant position. However, suppliers can still be satisfied in a relationship where asymmetric dependence exists, even when the buyer uses its power to squeeze the supplier. The powerful buyer can help the supplier to expand its market share if the supplier is willing to make concessions¹¹⁵. The increase in market share can be done through many ways. For this study it is important to research the influence of dependence on the relations between growth in sales and supplier satisfaction and new market opportunities and supplier satisfaction. In both situations (growth in sales and entering new markets) the market share will be increased. Based on this information we formulate another four hypotheses:

¹¹³ Razzaque & Boon (2003),p.23.

¹¹⁴ Ghijssen et al. (2010), p.20.

¹¹⁵ Bloom & Perry (2001), p.391

H5a: The relation between the independent variable growth in sales and the dependent variable supplier satisfaction is strengthened by the variable dependence.

H5b: The relation between the independent variable growth in sales and the dependent variable customer attractiveness is strengthened by the variable dependence.

H5c: The relation between the independent variable new market opportunities and the dependent variable supplier satisfaction is strengthened by the variable dependence.

H5d: The relation between the independent variable new market opportunities and the dependent variable customer attractiveness is strengthened by the variable dependence.

4. METHODOLOGY

4.1 Measurement

This study measures the independent and dependent variable by using a multi-item scales. The research of Vos et al. (2016) is the basis for this study. Where the study of Vos et al. (2016) focusses on the predictor variables of supplier satisfaction, this study will try to identify the predictor variables of growth opportunity. This study newly introduces the constructs “Growth in sales” and “Providing new market opportunities” as predictor variables for the variables attractiveness and supplier satisfaction . The measure of the current predictor variable innovation potential originates from the studies of Goodale, (2011) and Hüttinger, (2014). This measure contains aspects like new product development, new products to market and time to market. Next to this existing variable of supplier satisfaction (innovation potential) two new variables will be introduced in this study that will be tested. The predictor variable “Growth in sales” is measured with the help of information based on the study of Liu et al. (2009), Hüttinger (2014), Delmar et al. (2003) and Gundry & Welsch (2001). Furthermore, the predictor variable “providing new market opportunities” is in line with the study of Gundry & Welsch (2001). Also the variable Length of relationship is added as a control variable, the questions of this variable are based on the study of Hüttinger (2014). All the questions used in this study are presented in Appendix A.

4.2 Data collection via survey from focal firms X

This study uses quantitative data from a Dutch company. The data collected from the company comes from suppliers of a manufacturer of hydraulic systems. An e-mail was sent to the suppliers of the company. It contained an invitation to the procurement people of the suppliers to participate in an online survey. The respondents were informed that the individual outcomes of the survey were not provided to the manufacturer. The survey was accessed 120 times and 47 respondents completed the survey. An invitation to complete the survey was sent to 67 suppliers, besides several reminders were sent out to complete the survey. The received responses equal a response rate of 70% For company X. After the reminder some suppliers who already completed the survey, accessed the survey again, which led to a higher amount of accessed surveys than total invitations.

This study will make use of a survey in order to collect data. According to Harrel & Bradley (2009) surveys are most appropriate for quantitative studies that want to address factors to variables¹¹⁶. Since this study focusses on the impact of different factors on supplier satisfaction, surveys will be used. Interviews and focus groups are not appropriate for this study, because this study has not as a goal to obtain examples and specific information about the different aspects of supplier satisfaction. This study's goal is to place that information into a broader context and this is according to Harrel & Bradley (2009) exactly the usefulness of a survey¹¹⁷.

After consecutive steps of trimming outliers and respondents who indicated that they do not know the focal company enough, the final dataset included N=47. Table 3 shows the characteristics of the respondents and the sample.

Table 3 – Sample and respondent characteristics

Characteristics of sample	Characteristics of respondents
1. Length of buying relationship	1. Tenure of respondent in company
< 1 years 0%	< 1 years 0%
1 - 5 years 15%	1 - 5 years 13%
5 - 10 years 15%	5 - 10 years 1%
10 - 20 years 11%	10 - 20 years 39%
> 20 years 59%	> 20 years 47%
2. Annual turnover with company X	2. Tenure of respondent as sales representative
0 % – 25% 86%	< 1 years 0%
25% – 50% 10%	1 - 5 years 21%
50%– 75% 2%	5 - 10 years 13%
75%– 100% 2%	10 - 20 years 30%
	> 20 years 36%
3. Number of employees	3. Length of respondent involvement in focal buyer-supplier relationship
< 100 66%	< 1 years 0%
100 – 1,000 20%	1 - 5 years 36%
1,000 – 10,000 13%	5 - 10 years 15%
10,000 – 50,000 0%	10 - 20 years 21%
> 50,000 1%	> 20 years 28%

¹¹⁶ Harrel & Bradley (2009), p.17.

¹¹⁷ Harrel & Bradley (2009), p.18.

4.3 Choice of statistical analysis

According to Barroso, Carrión & Roldán (2010) a statistical analysis based on Partial Least Squares (PLS) is suitable in this research for testing the hypotheses. PLS is a regression-based technique that does not make any assumptions about the data distribution¹¹⁸. Also covariance-based statistical analyses is available, but PLS analysis is preferred when the research is predictive rather than explanatory¹¹⁹. Since this study is focusing on prediction, a PLS path modelling-based statistical analysis will be used. Another reason for using PLS is, because it is easy to use. Furthermore, PLS gives a clear picture that is easy to interpret. Third, it allows formative and reflective indicators¹²⁰. McDonald (1996) explains that PLS is regarded as the “most fully developed and general system” among all variance-based SEM techniques¹²¹.

This study will use SMARTPLS 3.0 and SPSS for testing the data. With the help of SMARTPLS 3.0 new values will be provided for this predictive research. For the calculation of the descriptive statistics and the tests for data characteristics, IBM SPSS 22 (IBM-Corporation, 2013) will be used. Examples are: common factor loadings, outliers and heteroscedasticity, for all analyses a significance level of $p < .10$ is handled (two-sided).

4.4 Quality assessment of data structure, measurement items and latent factors

The first assessment of the data structure will be done through principal component analysis (PCA). According to Li & Wang (2014) PCA is defined as “a statistical procedure that uses an orthogonal transformation to convert a set of observations of possibly correlated variables into a set of values of linearly uncorrelated variables called principal components. The number of principal components is less than or equal to the number of original variables¹²².”

In order to assess if a factor analysis is suitable, two tests are carried out. First the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and second the Bartlett’s Test of Sphericity are carried out. The KMO index ranges from 0 to 1, where a threshold of .5 is considered suitable for factor analysis¹²³ (Williams et al. 2010). The Bartlett’s Test of

¹¹⁸ Pulles, Veldmand & Schiele (2014), p.413.

¹¹⁹ Barroso, Carrión & Roldán (2010), p.2.

¹²⁰ Wong (2013), P.3-6.

¹²¹ McDonald (1996), p.240.

¹²² Li & Wang (2014), p.1.

¹²³ Williams et al. 2010, p.5.

Sphericity should be statistically significant, i.e. $p < .05$. In table 4 the results of this study are presented for these two tests. The table shows that a factor analysis is suitable for this research.

Table 4 – Results of KMO and Bartlett’s Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,775
Bartlett's Test of Sphericity	Approx. Chi-Square	770,597
	df	171
	Sig.	,000

To assess the factor loadings the Varimax rotation option has been applied. In order to assess the loadings, the sample size is of big importance¹²⁴. However, there exist many different rules of thumb for the sample size, Hogarty et al. (2005) also noted this and stated: “recommendations have not served researchers well¹²⁵”. In this research we have an effective sample size of 42, which is relatively low, because most research label sample sizes under 100 as poor (Williams et al. 2010). According to Hair et al., (1995) loadings need to be at least .50 to be practically significant. Due to the small sample size, a minimum loading of .60 is recommended (MacCallum, Widaman, Preacher & Hong 2001). In this research three of the four components are retained. As the table below presents, all questions have an ideal score, except those questions related to “Growth rate”. No question has a loading of at least .50. Questions related to growth rate and new market opportunities are loading with respectively component three and one. The dependent variables, i.e. attractiveness and satisfaction, correlate very high with component two. In table 5 a rotated component matrix is presented.

¹²⁴ Williams et al. 2010, p.4.

¹²⁵ Hogarty et al. 2005, p.203.

Table 5 – Results of rotated component matrix

	Component				
	1	2	3	4	5
ADD_Growth_Dominant_Market_310_1	-,112	,218	,787	,158	,356
ADD_Growth_Dominant_Market_310_2	,310	,237	,718	-,024	,060
ADD_Growth_Rate_311_1	,277	,329	,702	,064	,182
ADD_Growth_Rate_311_2	,393	,293	,546	,011	,473
ADD_Growth_Rate_311_3	,505	,504	,439	-,167	,272
ADD_Growth_New_Market_312_2	,244	,680	,320	-,292	,228
ADD_Growth_New_Market_312_3	,393	,750	,192	-,277	,161
ADD_Growth_New_Market_312_4	,293	,884	,211	,008	-,066
ADD_Growth_New_Market_312_5	,170	,839	,232	,109	-,160
MDU_Dependence_200_4	,720	,270	,442	,000	-,010
MDU_Dependence_200_7	,863	,136	,080	,013	,001
MDU_Dependence_200_8	,812	,252	,220	-,044	,030
MDU_Dependence_200_9	,868	,231	-,039	-,055	-,101
PC_Attractiveness_126_1	-,123	-,133	,367	,394	,750
PC_Attractiveness_126_2	-,078	-,061	,156	,074	,915
PC_Attractiveness_126_3	,108	,176	,112	,351	,775
S_Satisfaction_100_3	-,087	-,251	,077	,858	,306
S_Satisfaction_100_4	-,064	,062	,195	,901	,025
S_Satisfaction_100_5	,064	-,058	-,180	,864	,295

In the first instance, the questions related to Growth rate were not loading. However, some questions related to the construct are retained. It has more reasons why this is done. First of all, those questions are replicated from the study of Hüttinger (2014) and Gundry & Welsch (2005) where they were considered as valid. Furthermore, more studies (Vos et al. 2016) have used this questions and were considered as valid too. Furthermore, due to the small sample size in this study, the loadings may not represent the actuality. The only adjustment made is to combine the questions related to growth and dominant market position. This will create the new variable: Growth in sales. A reason why this is done, is because the respondents did not seem to distinguish between the initial variables Growth rate and Dominant market position. Furthermore, the questions concerning these two initial variables are related to growth in sales. Concerning the quality criteria of the factors, table 6 presents for each variable several quality criteria. Furthermore the cross-correlations are presented as well.

Table 6 – Cross-correlations and quality criteria of constructs

Cross-correlations	1	2	3	4	5	6
1 Dependence	-					
2 Growth in sales	.55	-				
3 Lengtes of relationship	-.21	-.06	-			
4 New market opportunities	.52	.67	-.01	-		
5 Attractiveness	.01	.39	.44	.07	-	
6 Supplier satisfaction	-.15	-.08	.63	-.18	.47	-
Quality criteria						
Average variance extracted	.67	.66	1.0	.75	.81	.84
Composite Reliability	.89	.91	1.0	.92	.93	.94
Cronbach's Alpha	.89	.88	1.0	.91	.88	.90
Highest VIF	1.4	2.6	1.0	2.0	1.9	2.6

Notes: 1 = Dependence; 2 = Growth in sales; 3 = Length of Relationship; 4 = New market opportunities; 5 = Attractiveness; 6 = Supplier satisfaction.

First of all, the Cronbach's Alpha measures the internal consistency reliability¹²⁶ (Gliem & Gliem, 2003). A threshold of .70 is acceptable, the table above shows that none of the constructs score below the threshold. Also the composite reliability needs to be at least .70 and also for this measure none of the constructs show any problems. This is also the case for the Average Variance Extracted (AVE), all values are greater than .50. The Variance Inflation Factors (VIF) of the variables in the datasets are almost all below 2.5, except for the relation between growth in sales and satisfaction. This is not a very big issue, because the relations scores a 2.6 instead of 2.5 and lower. So there are no really substantive high VIF values existent (Diamantopoulos & Siguaw, 2006; Pan & Jackson, 2008). So, most of the values meet the advised thresholds for the quality criteria. Only for the VIF there is one relation that scores too high. However, this value does not deviate extremely from the thresholds.

¹²⁶ Gliem & Gliem, 2003, P.83.

5. RESULTS

In the methods part is shown that the questions related to the variables “dominant market position” and “growth in sales” are not very different from each other. Therefore, hypotheses H1a and H1b are not applicable anymore. The results of the PLS-PM analyses (Table 7 and figure 1) reveal a slightly negative non-significant relationship between the variables growth in sales and supplier satisfaction (H2a; $t=.11$, $\beta=-.02$). On the other hand a strongly positive significant relationship between growth in sales and customer attractiveness is shown by the model (H2b; $t=3.93$, $\beta=.73$). Therefore, H2a is rejected, while H2b is supported. The findings regarding the variable new market opportunities and supplier satisfaction show a negative non-significant relationship (H3a; $t=1.52$, $\beta=-.35$). On the basis of the information stated in the theoretical framework, a positive relationship was expected. Also for the impact of providing new market opportunities to suppliers on customer attractiveness a positive relationship is expected. However, here a significant negative relationship is shown by the models (H3b; $t=1.73$, $\beta=-.31$). On the basis of these results H3a is not supported. H3b shows a significant relationship, nevertheless it is a negative relationship instead of a positive one. Concerning hypothesis 4, the data supports the assumption that customer attractiveness has a positive impact on supplier satisfaction (H4; $t=3.22$, $\beta=.53$).

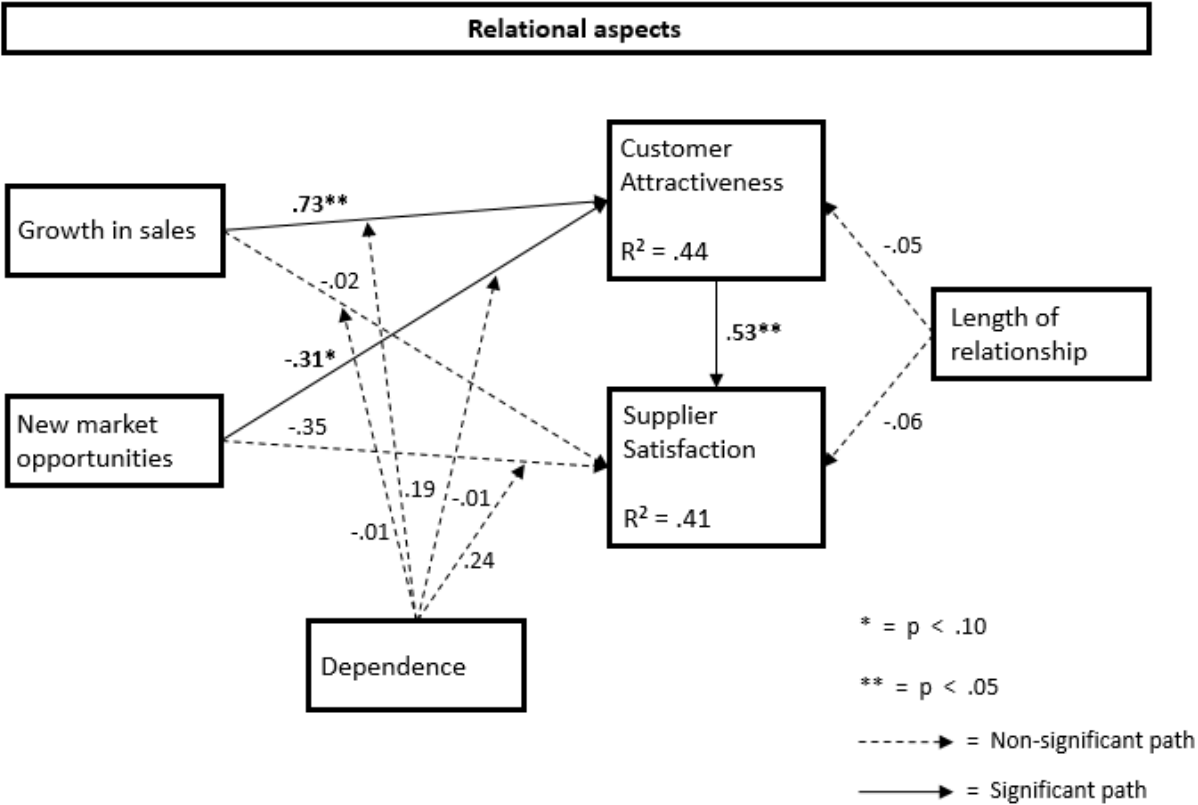
For hypotheses H5a, H5b, H5c and H5d figure two, three, four and five present the effect of the moderator variable dependence. However, none of the relations is significant, thus H5a, H5b, H5c and H5d are not supported by the models (H5a; $t=.06$, $\beta=-.01$) (H5b; $t=.78$, $\beta=.19$) (H5c; $t=1.00$, $\beta=.24$) (H5d; $t=.08$, $\beta=-.01$). Figure 2 (Appendix B) shows the effect of an interaction by the moderator variable dependence. The existing negative relationship between growth in sales and supplier satisfaction is strengthened by the moderator variable dependence, but this influence is very small. Figure 3 (Appendix B) shows that dependence also strengthens the effect of the relation between growth in sales and customer attractiveness. Here the existing positive relation is strengthened. Furthermore, dependence ensures a less strong negative relationship between new market opportunities and supplier satisfaction (Figure 4 (Appendix B)). Dependence also strengthens the negative relationship between new market opportunities and customer attractiveness, this is shown in figure 5 (Appendix B). Nevertheless, this influence is very small again. Again, the results regarding the moderator variable dependence are not significant and thus not supported by the data.

Table 7 – Bootstrap and effect statistics of the model

Paths	β	M	SE	T
Attractiveness -> Satisfaction	.53	.53	.17	3.22**
Dependence -> Attractiveness	-.16	-.16	.18	.38
Dependence -> Satisfaction	.11	.09	.20	.57
Growth in sales -> Attractiveness	.73	.70	.19	3.93**
Growth in sales -> Satisfaction	-.02	-.03	.22	.11
Growth in sales x Dependence -> Attractiveness	.19	.20	.25	.78
Growth in sales x Dependence -> Satisfaction	-.01	.03	.23	.06
Length of relationship -> Attractiveness	-.05	-.03	.15	.33
Length of relationship -> Satisfaction	-.06	-.04	.13	.50
New Market Opportunities -> Attractiveness	-.31	-.28	.18	1.73*
New Market Opportunities -> Satisfaction	-.35	-.28	.23	1.52
New markets x Dependence -> Attractiveness	-.01	-.09	.19	.08
New markets x Dependence -> Satisfaction	.24	.15	.24	1.00

Notes: β = standardized coefficient beta; M= Mean; SE= Standard error of β ; T= T-statistic; *= $p < .10$ (two-sided); ** = $p < .05$ (two-sided); X Dependence= moderated path by dependence.

Figure 1 – Results of PLS-PM



6. DISCUSSION AND CONCLUSION

This research is done in order to enrich the existing literature in the field of supplier satisfaction. Furthermore, the outcomes will help companies to better engage in a buyer-supplier relationship, because they know what is valued by the supplier. The main goals of this study was to find more antecedents that can explain the variable growth opportunity and to test what impact each antecedent has on supplier satisfaction and customer attractiveness. Furthermore, a mediating variable, i.e. dependence was introduced to test if it influences the relationships between those antecedents and the two dependent variables. These objectives were achieved by (1) analyzing the scientific literature for growth-related factors and (2) conducting a quantitative research among suppliers of a manufacturer of hydraulic systems. The results show that not all antecedents have the expected influence on supplier satisfaction and customer attractiveness. This section will discuss the analyses of the results for supplier satisfaction and customer attractiveness. Furthermore, this section will provide managerial recommendations regarding this topic.

For the theoretical contributions of this study we see that the variable growth in sales has a very positive significant relationship on customer attractiveness ($\beta=.73$). This is in line with the existing theory. However, the creation of new market opportunities seems not to be valued by the suppliers. Surprisingly, a negative significant relationship between new market opportunities and customer attractiveness is found in this study. A possible explanation for this negative relationship are barriers that exist to sell products in new markets. According to Karakaya (1989) there exist many barriers to enter new markets¹²⁷. For example, required possession of strategic raw materials. Another barrier could be the access to required distribution channels. Furthermore, new technologies for example can create new market opportunities, but they also can dramatically change existing markets¹²⁸. Etcetera. More or less suppliers are not ready to explore new markets or sell to new markets, because they lack the capacity for it. Therefore, it could be the case that they do not value the opportunities provided by the buying company.

Concerning supplier satisfaction, no significant relations are found. Growth in sales does not seem have a big impact on supplier satisfaction ($\beta=-.02$). Also new market opportunities does not have a significant impact on supplier satisfaction, but its strength is relative high ($\beta=-.35$).

¹²⁷ Karakaya (1989), p.81.

¹²⁸ Bond & Houston (2003), p.132.

The cause of this negative relationship can be again that suppliers cannot deal with the barriers to enter new markets.

This study covered a moderating variable as well, which is dependence. Also here no significant relations are found. Dependence does not seem to have a big effect on the relations between growth in sales and supplier satisfaction and new market opportunities and supplier satisfaction. However, the positive relationship between growth in sales and customer attractiveness is positively influenced by dependence. On the other hand, dependence strengthens the negative relationship between new market opportunities and customer attractiveness. As said before, barriers can influence the relationship negatively, also it can ruin the existing activities in markets they operate currently in. When suppliers are dependent on buyers, they maybe do not want to take risks to lose their important customer.

The last contribution to the literature is the fact that suppliers do not seem to distinguish between a dominant market position and growth in sales. In the rotated component matrix can be seen that questions related to these two variables relate on the same construct. Second, the content of the questions are more or less similar to each other. The questions related to the variables all focus on growth in sales. Therefore, these predicting variables are combined to one variable, i.e. growth in sales. Also for future research a distinction between these two variables is not needed to be made.

Even though this paper did not found any antecedents that are statistically significant for supplier satisfaction, there are antecedents found that are leading to customer attractiveness. As can be seen in the research model, customer attractiveness is an important predictor for supplier satisfaction. This research confirmed that growth opportunity is highly valued by suppliers and buyers who offer these opportunities are very likely to be seen as attractive. For managers of buying firms it is important to emphasize on this in a relationship. Furthermore, it is also important to communicate this to the suppliers, so that they will be aware of growth opportunities offered in a relationship. However, suppliers do not seem to value the enablement of new market opportunities by the buying company. Therefore, it is important to make it very clear that suppliers can achieve a growth in their sales by doing business with this company, but that there is no need to attain new markets.

7. LIMITATIONS AND FURTHER RESEARCH

This study has some limitations, so this should be taken into account when looking at the results and findings. Therefore one must be cautious in drawing conclusions. However, these limitations offer also opportunities for further research.

First of all, this research has a small sample size (N=47), which is also the main limitation of this study. Due to this small sample size there is a big chance that some relationships are not found. Furthermore, a real distinction between companies operating in different industries could not be made due to the small sample size. This makes it impossible to view the results in a broader view and make further analyses. Most likely, many suppliers of different industries would value growth in sales offered by a buying company. Next to the growth in sales, the enablement of new market opportunities should work positively in a relationship as well¹²⁹. However, it seems not to be working in this industry, it can be the cause of the complexity of the industry.

Second, the variable growth in sales is a combined variable, initially there was an extra variable, i.e. dominant market position. Growth in sales and dominant market position are combined to one variable: growth in sales. This was done because they seemed to have very much overlap, but the third question of growth rate is not loading very well on the construct. It loads even a bit more on two other constructs, so there is a possibility that this measurement item measures more than one construct.

Third, the moderating variable “dependence” is one-sided. Mutual dependence is not assessed. This can give a wrong picture about the effect on the relation between the independent variables and dependent variables.

For future research, there are some recommendations that should be taken into account. First of all, the predicting variables dominant market position and growth in sales can be combined into one variable. Second, a larger sample size is necessary in order to detect more relations and to make a distinction between different industries. This enables researchers to get a broader view of the results and findings. Another recommendation for future research is to conduct a research by a company that has a range of relative big and small suppliers in order to test whether this has any effect on the effect of dependence on the relationships. Also, for future research it is possible to take into account mutual dependence instead of one-sided.

¹²⁹ Hüttinger (2014), p.713.

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9. APPENDICES

Appendix A – Questionnaire items

Growth in sales (Liu et al., 2009; Delmar et al., 2003)

1. We are very pleased to do business with this buyer, since it improves our customer base and market share.
2. Our relationship with this buyer has provided us with a dominant market position in our sales area.
3. The relationship with this company is very important for us with respect to growth rates.
4. The relationship with this company is very important for us with respect to increased sales figures.
5. Thanks to this customer we have obtained an increase in our employment rate.

New market opportunities (Gundry & Welsch, 2005)

The relationship with this company enables us to:

1. Expand distribution channels.
2. Expand our advertising and promotion activities.
3. Research new markets.
4. Expand our scope of operating activities.

Dependence (Frazier, 1983; Hibbard et al., 2001; Kumar et al., 1998; Kaiser 2014)

1. In this relationship, our company is very dependent on BuyingFirmXY.
2. If the relationship were to end earlier than contracted, our business goals would be negatively affected.
3. Our company would face great challenges if the customer did not continue the contractual relationship.
4. We have no good alternatives to BuyingFirmXY.

Length of relationship (Vos et al. 2016)

1. How long has your company been a supplier of BuyingFirmXY?

Customer attractiveness (Pulles, 2017)

1. We consider BuyingFirmXY to be an attractive partner for future collaborations.
2. We expect positive outcomes from the relationship with BuyingFirmXY.
3. Our firm has positive expectations about the value of the relationship with BuyingFirmXY.

Supplier satisfaction (Vos et al., 2016)

1. Generally, our firm is very pleased to have BuyingFirmXY as our business partner.
2. If we had to do it all over again, we would still choose to use BuyingFirmXY.

3. Our firm does not regret the decision to do business with BuyingFirmXY.

Appendix B – Two way interaction figures

Figure 2 – Results of two way interaction growth in sales and satisfaction

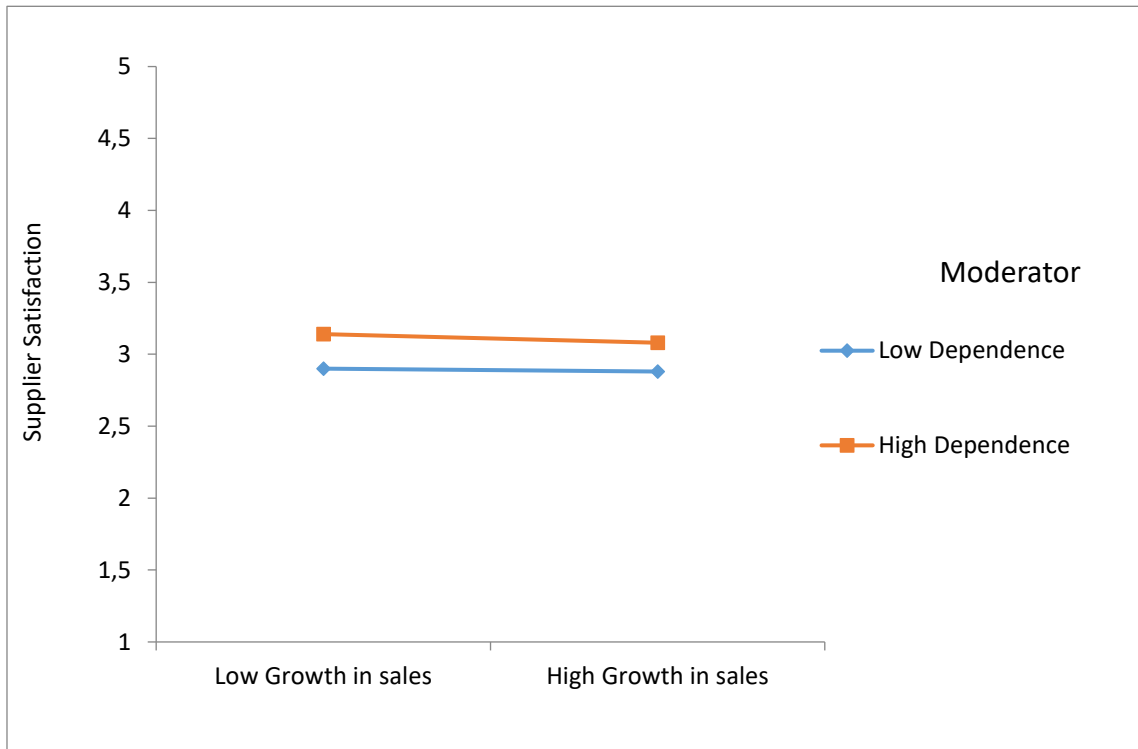


Figure 3 – Results of two-way interaction growth in sales and attractiveness

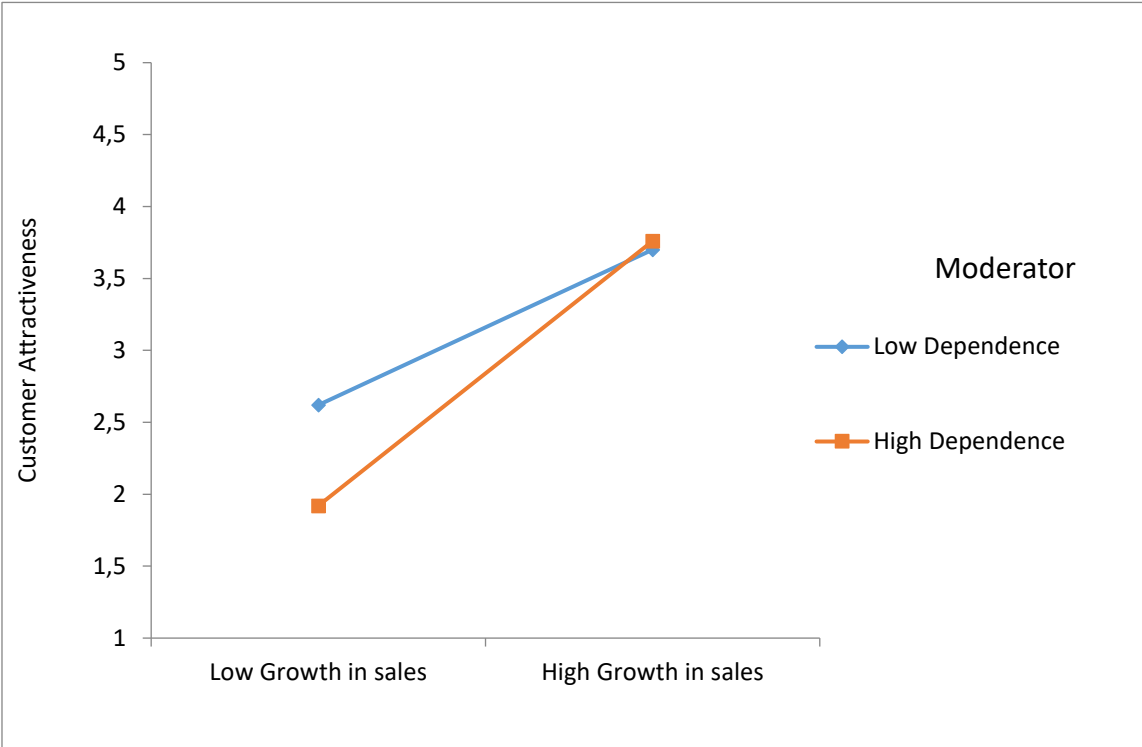


Figure 4 – Results of two-way interaction new markets and satisfaction

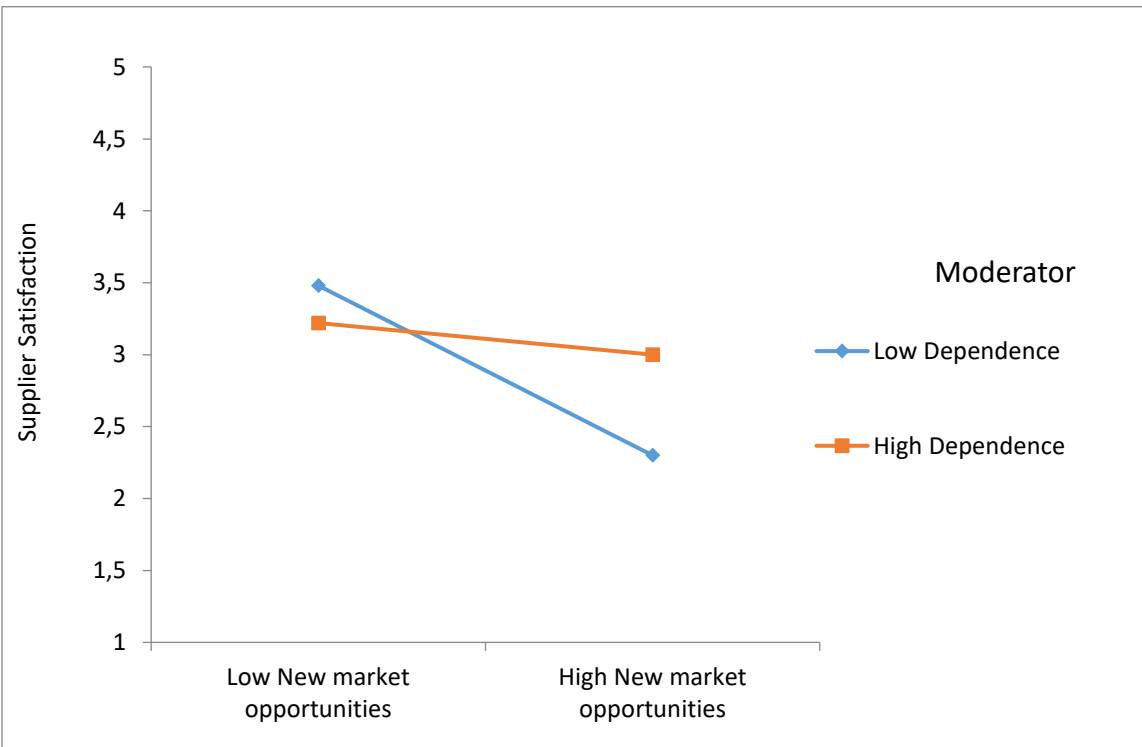


Figure 5 – Results of two-way interaction new market opportunities attractiveness

