

The Impact of COVID-19 on Preferred Customership: A Multiple Case Study with Four Companies

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ABSTRACT,

In the past, several studies have been conducted on the concepts related to preferred customership. This thesis is specifically concerned with the effect of COVID-19 on the antecedents and benefits of preferred customership. Qualitative research has been conducted with a sample of four companies. By conducting semi-structured interviews with five purchasers, it has been aimed to investigate the impact of COVID-19 on the buyer-supplier relationship by considering the view of purchasers. The findings are consistent with the previous research about preferred customership since they confirm previously identified antecedents and benefits. Additionally, new antecedents and benefits have been identified. The results suggest that the antecedents and benefits do not change as a result of COVID-19. However, a shift in the importance of the benefits related to preferred customership can be observed. In times of crises, purchasers especially value loyalty and delivery reliability. Since COVID-19 is still in an early stage, the overall impact on the buyer-supplier relationship should be examined in the future.

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Keywords

COVID-19, customer attractiveness, supplier satisfaction, preferred customer status, preferential treatment, antecedents, benefits.

1. INTRODUCTION

The buyer's dependency on its suppliers is increasing in several markets (Schiele & Vos, 2015, p. 143). Alongside with an increasing level of supplier scarcity in B2B markets this can lead to a challenge for purchasers (Hüttinger, Schiele, & Schröer, 2014, p. 697; Schiele, Calvi, & Gibbert, 2012, p. 1178). A preferred customer status may be a way to counter negative effects of those challenges. Besides, acquiring a preferred customer status can lead to a preferential supply in case of shortages (Schiele, Zachau, & Hüttinger, 2011, p. 25). Furthermore, suppliers show a more legitimate pricing behavior towards their preferred customers (Schiele et al., 2011, p. 24). However, customers are not the only ones to profit from this. Customers' as well as suppliers' innovativeness is positively influenced by a preferred customer status (Schiele et al., 2011, p. 25; Schiele, Veldman, & Hüttinger, 2011, p. 16).

The current outbreak of COVID-19 has led to challenges for many organizations. According to Sherman (2020), 94% of the Fortune 1000 companies are encountering disruptions in their supply chain as a result of COVID-19. Having a preferred customer status can be of importance during turbulent times. This is due to the fact that relationship management plays an important role in crisis situations as it is essential to have effective communications throughout the supply chain (Richey, 2009, pp. 623, 624).

In the past several studies have been performed on the antecedents and benefits of preferred customer status. However, research conducted on preferred customer status did not focus on the importance of a preferred customer status during times of crises. A lack of literature has also been identified on the effect of a pandemic on supply chains, as it appears to be scarce (Ivanov, 2020, p. 2). However, previous research has found that the buyer-supplier relationship is affected in times of crisis as citizenship behavior is favored and could lead to benefits in these times (Matopoulos, Didonet, Tsanasidis, & Fearn, 2019, p. 9). As buyer-supplier relationships are affected by crises it is expected that the antecedents and benefits of a preferential treatment are affected as well.

Therefore, the objective of this study is to investigate whether the antecedents and benefits of a preferred customer status are influenced by pandemic outbreaks, in particular COVID-19. Therefore, this research is an extension to the current knowledge on preferred customer status by focusing on a less researched section, namely preferred customer status in times of crises. In order to fulfill the research objective, the following research question has been created: *To what extent does a pandemic outbreak impact the antecedents and benefits of preferred customer status from a buyer perspective?* To answer this question, four purchasers from different companies will be interviewed. Due to privacy reasons the exact names of the companies will not be provided. Therefore, the companies will be referred to as "Company A, B, C, and, D".

The academic relevance of the research derives from the focus on the impact of pandemic outbreaks on preferred customer status. Several studies have been conducted on preferred customer status. However, the majority of these studies did not focus on preferred customer status in combination with crisis management. This research uses 'the cycle of preferred customership' (Schiele et al., 2012, p. 1178) and the eight classification categories for preferential treatment (Hüttinger et al., 2014, p. 702) as building blocks. Therefore, this research aims to contribute to the growth of knowledge on preferred customer status by providing new insights on this matter. From a practical relevance perspective, the research could aid companies by providing insights on the impact of the COVID-19 pandemic on the buyer-supplier relationship, in particular on the

importance of the preferred customer status during times of crises.

In order to answer the research question, the structure of the study is as follows. A theoretical framework will be given in chapter two, which gives insights into the concept of preferred customership. In the third chapter, the methodology of the research will be explained. An introduction to the companies chosen for this analysis and the results of the analysis will be shown in the fourth chapter. The general findings of the analysis alongside with a comparison to the literature will be discussed in fifth chapter. Conclusions will be drawn in the sixth chapter.

2. THEORETICAL FRAMEWORK

2.1 Preferred customership

The guiding theory that will be applied in the thesis is 'the cycle of preferred customership' by Schiele, Calvi, & Gibbert (2012, p. 1178). The cycle describes three sections of a business relationship that need to be fulfilled in order to acquire preferred customership. The 'cycle of preferred customership' builds on the social exchange theory (SET) of Blau (1964). The core element of SET can be defined as "voluntary actions of individuals that are motivated by the returns they are expected to bring and typically do in fact bring from others" (Blau, 1964, p. 200). The 'cycle of preferred customership' exists out of three interconnected stages, namely: customer attractiveness, supplier satisfaction, and preferred customer status (Schiele et al., 2012, p. 1179). The interconnectedness of the stages can be seen in Figure 1.

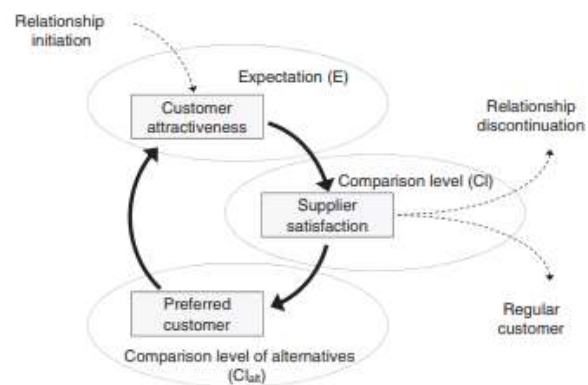


Figure 1. Cycle of preferred customership (Schiele et al., 2012, p. 1180).

2.1.1 Customer attractiveness

Customer attractiveness is the first stage of the 'cycle of preferred customership'. As the first stage, it can be seen as the trigger of a business relationship (Mortensen, 2012, p. 1216). Harris, O'Malley, and Patterson (2003, p. 9) define attractiveness as the degree to which potential business partners are appealing based on "their ability to provide superior economic benefits, access to important resources and social compatibility". Schiele et al. (2012, p. 1180) identify a customer to be attractive "if the supplier in question has a positive expectation towards the relationship with this customer" (Schiele et al., 2012, p. 1180). The perceived customer attractiveness is dependent on the expectations the supplier has towards a relationship with a specific customer (Schiele et al., 2012, p. 1180). Preconditions for this include an awareness of the customer's existence and needs (Schiele et al., 2012, p. 1180). Consequently, the attractiveness is considered as high when the supplier holds the expectations that a relationship will be rewarding (Blau, 1964, p. 20).

Pulles, Ellegaard, Schiele, and Kragh (2019, p. 2) state that customer attractiveness is essential for two purposes. First, customer attractiveness is used for the creation of future relationships. Second, customer attractiveness is essential for enhancing existing relationships with suppliers (Schiele et al., 2012, p. 1180). Accordingly, Hüttinger, Schiele, and Veldman (2012, p. 1202) identified five factors influencing customer attractiveness. The first two factors, market and risk, are of importance in the creation phase of relationships as they “represent criteria for exclusion, which, if not present could prevent the initiation of a relationship” (Hüttinger et al., 2012, p. 1202). The remaining factors, namely economic, technological, and social, are of relevance to an existing relationship as they impact the experienced level of attractiveness (Hüttinger et al., 2012, p. 1202). The market factors can include the following. The size of a company with regards to monetary terms as well as regarding the size of an order are important market factors (Fiocca, 1982, p. 57). Furthermore, the growth of the company represents another essential market factor as it can be said that a supplier is more satisfied with a growing customer (Hald, Cordón, & Vollmann, 2009, p. 964). With a growing customer a future growth in orders can also be expected, which is crucial for the supplier.

The risk factors can be divided into two aspects. First, the risk which comes along with the innovation of products can be shared. The willingness for risk sharing can make customers more attractive to suppliers (Ramsay & Wagner, 2009, p. 131). Therefore, the supplier might prefer a customer who is willing to share risks in the development of new products as it offers a higher security to the supplier. Second, Ramsay (1994, p. 137) defines the buyer dependence as another risk factor. This means that the customer might be dependent on a specific supplier in order to receive the required products. Based on this dependence, the purchasing power of the customer can decrease (Ramsay, 1994, p. 137).

Two considerations can be made for the economic factors. First, a too high negotiating pressure applied by the customer can be considered as unattractive (Ramsay & Wagner, 2009, p. 131). Consequently, a supplier prefers customers who do not apply pressure in the negotiation process. Secondly, the price/volume ratio is of importance to suppliers (Hald et al., 2009, p. 964). Customers who are willing to pay a price premium to receive more value or who are willing to buy in bulks for a reduced unit price are considered to be more attractive (Hald et al., 2009, p. 964). This makes clear that customers cannot expect a higher value for a lower price and that the willingness to buy in larger quantities can improve the perceived level of attractiveness of a customer.

The following can be included in the technological factors. Suppliers place value on being involved in the R&D process of customers from an early point on (Ramsay & Wagner, 2009, p. 131). Moreover, the knowledge transfer might be an important technological factor due to the fact that suppliers tend to be motivated to work with customers who share knowledge of new technologies (Christiansen & Maltz, 2002, p. 188). Consequently, it gets clear that suppliers prefer customers who involve them in their innovation process.

Two aspects can be considered for the social factors. First, as stated by Christiansen and Maltz (2002, p. 184), attractiveness is positively influenced by encouraging suppliers to participate in the organization and its initiatives. This shows that the suppliers want to be involved in the companies of their customers. Second, different suppliers prefer different methods of communication. Therefore, the buyer should provide several meeting options (e.g. face-to-face and online) to improve its attractiveness (Ramsay & Wagner, 2009, p. 131). Through this it

can be ensured that the needs of a specific supplier are considered.

In a more recent study Hüttinger et al. (2014, p. 712) identified operative excellence, relational behavior, and growth opportunity to have a positive impact on customer attractiveness. Additionally, Harris et al. (2003, p. 17) found that attractiveness is being positively influenced by the experienced level of familiarity due to familiarity being essential for relationship building. Hald et al. (2009, p. 964) identified trust, dependence, and expected value to be influencing factors for attractiveness. Furthermore, purchasing volume plays a positive role in considering a customer as attractive (Steinle & Schiele, 2008, p. 11). Consequently, attractiveness should be evaluated on an ongoing base as a change in the supply base is unavoidable (Pulles et al., 2019, p. 2). An overview of the antecedents mentioned for customer attraction can be found in Table 1. A more detailed overview can be found in Appendix A.

2.1.2 Supplier satisfaction

The second stage of ‘the preferred customership cycle’ is supplier satisfaction. Supplier satisfaction and customer attractiveness can be seen as “closely related concepts” (Pulles et al., 2019, p. 3). However, achieving customer attractiveness does not guarantee supplier satisfaction (Hüttinger et al., 2012, p. 1198). A customer might be attractive to multiple suppliers, yet “the interaction may work out better with one supplier than with the other, so that their satisfaction can vary” (Hüttinger et al., 2012, p. 1198).

Satisfaction can be seen as the result of previous exchanges with the customer (Schiele et al., 2012, p. 1180). According to Schiele et al. (2012, p. 1181) supplier satisfaction can be acquired if the “quality of outcomes from a buyer-supplier relationship meets or exceeds the supplier’s expectations. Consequently, the basis of supplier satisfaction is the value perceived in the relationship (Pulles, Schiele, Veldman, & Hüttinger, 2016, p. 131). Supplier satisfaction has to be fulfilled in order for a supplier to give the best contribution possible to the buyer’s company (Wong, 2000, p. 429). Furthermore, Wong (2000, p. 429) found that in order for supplier satisfaction the buyer-seller relationship should be of a cooperative nature. By having a cooperative nature, both parties support each other to achieve goals, which is beneficial for future business (Wong, 2000, p. 429). Consequently, Wong (2000, p. 430) stated that supplier satisfactions is of importance to customers as a higher level of supplier satisfaction leads to a higher level customer satisfaction.

Vos, Schiele, and Hüttinger (2016, p. 4621) distinguished antecedents of supplier satisfaction into two tiers. Antecedents in the first tier can be seen as essential due to having a direct influence on supplier satisfaction. The first tier consists of profitability, relational behavior, growth opportunity, and operative excellence. The antecedents belonging to the second tier are influencing supplier satisfaction indirectly and are: support, reliability, involvement, innovation potential, and contact accessibility (Vos et al., 2016, p. 4621). Furthermore, Nyaga, Whipple, and Lynch (2010, pp. 103, 104) identified trust, commitment, and collaborative activities (e.g. information sharing) to be antecedents of supplier satisfaction. The importance of collaborative activities, such as information sharing, gets confirmed by Whipple, Frankel, and Daugherty (2002, p. 76) as they found that suppliers put high importance on “the timeliness of the partner’s information exchange”. A study by Meena and Sarmah (2012, p. 1249) found factors “such as purchase policy, payment policy, coordination policy and corporate image” to be affecting supplier satisfaction. On the contrary, Henke and Zhang (2010, pp. 41, 42) identified conflicting objectives, price-reduction pressures, and specification changes to be harmful for creating supplier

satisfaction. Those should thus be avoided. An overview of the antecedents mentioned for supplier satisfaction can be found in Table 1. A more detailed overview can be found in Appendix A.

2.1.3 Preferred customer status

Perceived customer attractiveness in combination with a high supplier satisfaction can lead to a preferred customer status. Due to a preferred customer status, companies can benefit from improved product quality and favorable pricing behavior as a reward for being an excellent customer (Moody, 1992, p. 57). In contrast, companies failing to acquire a preferred customer status can encounter issues related to delivery reliability and exclusion of new product development (Schiele, 2012, p. 47).

Having a preferred customer status has an increased level of importance during times of supply scarcity as suppliers tend

to fulfill orders of preferred customers before orders of non-preferred customers (Steinle & Schiele, 2008, p. 11; Williamson, 1991, p. 83). This is in line with research of Christiansen and Maltz (2002, p. 189), who noticed that a preferred customer status goes together with a decrease in lead times. This may especially be of value in times of crises, as demand and supply tend to vary on a daily basis.

Hüttinger et al. (2012, p. 1202) categorized four drivers of preferred customer status antecedents. The first driver, economic value, “includes the rewards and costs that determine value creation” (Hüttinger et al., 2012, p. 1202). Profitability, high purchase volumes and the creation of business opportunities have been identified to be antecedents belonging to this driver (Bew, 2007, p. 3; Hüttinger et al., 2012, p. 1202; Moody, 1992, p. 52; Williamson, 1991, p. 81). Relational quality has been identified

Table 1. Overview of antecedents of customer attractiveness, supplier satisfaction, and preferred customer status.

Type	Stage		
	Customer attractiveness	Supplier satisfaction	Preferred customer status
Economic	Size		
	Growth	Growth	
	Price/volume ratio		Purchasing volumes
	Negotiation pressure		
	Expected value		
		Profitability	Profitability
		Payment policy	
		Purchase policy	
			Financial attractiveness
			Business opportunities
Non-economic	Trust	Trust	Trust
	Supplier participation	Supplier involvement	Supplier involvement
	Communication	Contact accessibility	Communication and feedback
	Operative excellence	Operative excellence	
	R&D involvement	Innovation potential	
	Familiarity		
	Dependence		
	Knowledge transfer		
	Risk sharing		
	Expected value		
		Support	
		Reliability	
		Coordination policy	
		Cooperative nature	
		Relational behavior	
		Corporate image	
			Geographical distance
			Quality initiatives
			Loyalty
			Strategic fit
			Cluster membership
			Supplier satisfaction
			Commitment

as the second driver. Mutual trust, commitment to partnership, and loyalty are of importance in buyer-supplier relations and are therefore grouped in the second driver (Moody, 1992, p. 52; Williamson, 1991, p. 80). Trust should be treated carefully and practices as “buying by price, rather than total value” should be avoided, as it has been recognized to have a negative impact on trust, and thus on the buyer-supplier relationship (Moody, 1992, p. 52). Instruments of interaction, the third driver, contains “the different modes and methods buyer can apply in a supplier relationship” (Hüttinger et al., 2012, p. 1202). Moody (1992) rated early supplier involvement, quality initiatives, involvement in product design, and communication and feedback to be essential elements in a buyer-supplier relationship (Moody, 1992, p. 52). Whereas, schedule sharing has been found to be of lower importance for acquiring preferred customer status (Moody, 1992, p. 52). The last driver mentioned is strategic compatibility and concerns the compatibility between the buying and supplying firm (Hüttinger et al., 2012, p. 1202). Steinle and Schiele (2008, p. 11) found geographical distance and cluster membership to be influencing factors regarding preferred customer status. Additionally, the strategic fit between the buyer and supplier is of importance for strategic compatibility (Bew, 2007, p. 3). Baxter (2012, p. 1251) identified supplier satisfaction, supplier commitment, and the financial attractiveness of the customer to be antecedents of a preferred customer status.

Several antecedents have been identified above. However, not every antecedent needs to be fulfilled in order for acquiring the status (Bemelmans, Voordijk, Vos, & Dewulf, 2015, p. 193). Conversely, fulfilling every antecedent does not guarantee a preferred customer status (Bemelmans et al., 2015, p. 193). An overview of the antecedents mentioned for customer attraction, supplier satisfaction, and preferred customer status can be found in Table 1. A more detailed overview can be found in Appendix A.

2.1.4 Antecedents and benefits of preferential treatment

Hüttinger et al. (2014, p. 702) classified the antecedents of preferential treatment (existing out of customer attractiveness, supplier satisfaction, and preferred customer status) into eight main categories namely; growth opportunity, innovation potential, operative excellence, reliability, support of suppliers, supplier involvement, contact accessibility, and relational behavior. However, the importance of these antecedents vary as operative excellence, reliability, growth opportunity and relational behavior have been identified as having the highest level of influence on obtaining preferential treatment (Hüttinger et al., 2014, p. 712).

In addition, Bemelmans et al. (2015, p. 194) found the contractor’s maturity (as perceived by the supplier) to be an antecedent for achieving a preferential treatment. In the study of Bemelmans et al. (2015, p. 186) the level of maturity gets assessed by a mixture of: communication, cooperation and goals, management participation, involvement, and information sharing. It is recommended to contractors to assign product group managers, as this would lead to “clearer communication channels with the suppliers” (Bemelmans et al., 2015, p. 194), resulting in a higher level of maturity.

Acquiring a preferred customer status offers benefits. Through preferred customership a competitive advantage might be achieved (Pulles, Veldman, & Schiele, 2016, p. 1463). This is due to several reasons. A supplier might offer benefits regarding the pricing of products (Moody, 1992, p. 57). This enables the customer to achieve higher margins or to offer their products at a lower price to their customers. Besides a price reduction, a preferred customer can benefit from price negotiations as the

supplier is “more receptive to further price negotiations” (Nollet, Rebolledo, & Popel, 2012, p. 1187). Moreover, a preferential treatment with regards to material and technology access can be offered by the supplier (Pulles, Schiele, et al., 2016, p. 129; Schiele, 2012, p. 49). The preferred customer has priority for the supplier when it comes to the delivery of their products (Bemelmans et al., 2015, p. 193). Thus, customers with a preferred status receive products preferentially when there might be shortages.

For a preferred customer, a supplier might be willing to share innovations and ideas to which competitors of the customer do not have access (Bew, 2007, p. 1; Schiele, 2012, p. 47). This can also lead to a cross-functional collaboration between the supplier and the buyer (Schiele, 2012, p. 49). Next to this, personnel who are higher skilled might be allocated to work with a preferred customer (Hüttinger et al., 2012, p. 1198). This indicates that suppliers are more committed to those customers (Glas, 2018, p. 108). Moreover, the loyalty of suppliers is higher with regards to preferred customers than regarding regular customers (Prakash, 2011, p. 363). This includes that the supplier is determined to continue the relationship and to recommend the organization (Prakash, 2011, p. 364). Based on these benefits, it can be assumed that dependency issues can be mitigated by acquiring a preferred customer status (Schiele & Vos, 2015, p. 144). An overview of the benefits can be found in Table 2. A more detailed version can be found in Appendix B.

Table 2. Benefits of preferential treatment.

Type	Benefits
Economic	Price reduction
	Negotiation position
Non-economic	Delivery priority
	Material access
	Technology access
	Innovation sharing
	Allocation of high skilled personnel
	Supplier commitment
	Loyalty

2.2 Crisis management

Supply chains have acquired an increased level of vulnerability to crises as a result of a decrease in lead time, suppliers, and stock, whilst simultaneously increasing the outsourcing activities (Norrman & Jansson, 2004, pp. 434, 435). A situation can be called a crisis in the supply chain “when one or more supply chain members’ activities are interrupted, resulting in a major disruption of the normal flow of goods or services” (Natarajarithnam, Capar, & Narayanan, 2009, p. 537).

Literature identifies two main types of risks for supply chains, namely operational and disruption risks (Han & Chen, 2007, p. 4919; Tang, 2006, p. 453). Operational risks are related to day-to-day uncertainties in the supply chain resulting from uncertainties regarding the demand of customers, supply, and costs (Han & Chen, 2007, p. 4919). Disruption risks are characterized by natural disasters (e.g. earthquake in Taiwan in 1999), epidemics/pandemics (e.g. SARS outbreak in 2003) or man-made catastrophes (e.g. Chernobyl nuclear disaster in 1986) and can be classified as “low-frequency-high-impact events” (Han & Chen, 2007, p. 4919; Ivanov, 2020, p. 1; Natarajarithnam et al., 2009, p. 536). Therefore, the COVID-19 pandemic can be classified as a disruption risk for supply chains.

Furthermore, risk can be defined from a buyer-supplier relation perspective as Zsidisin (2003, p. 222) identifies risk as “the probability of an incident associated with inbound supply from individual supplier failures or the supply market occurring, in which its outcomes result in the inability of the purchasing firm to meet customer demand or cause threats to customer life and safety”.

A crisis can also have impact on the innovation performance of several companies. A study by Paunov (2012, p. 25) about the 2008-2009 global financial crisis shows that as a result of the crisis about 25% of the companies cancelled innovation investment projects. However, the same study shows that another 24% of the companies still introduced new products during the crisis, meaning that the “innovation performance remained strong during the crisis” (Paunov, 2012, p. 32).

Richey (2009, p. 623) stresses the importance of relations management during times of crisis as “collaboration will likely be the glue that holds organizations together”. Loyalty can be seen as an important element in a crisis as a purchaser could see the crisis as an opportunity to negotiate prices with its supplier or switch to a cheaper alternative (Servais & Jensen, 2012, p. 19). On the contrary, Servais and Jensen (2012, p. 19) found that a satisfied purchaser is less likely to negotiate about prices during financial crises and continues its orders as usual. Furthermore, the length of the buyer-supplier relationship is of importance during a crisis as Wolfolds, Taussig, Hong, and Carlsson (2017, p. 158) found that in times of crises, buyers are less likely to cancel business relationships with suppliers they had longer histories with. Besides, a purchaser is likely to support a supplier during a crisis as the purchaser benefits from the survival of a supplier since time and efforts has been invested in the creation of the relationship (Sheth, 2001, p. 4). Matopoulos et al. (2019, p. 9) found that in times of crisis a satisfied supplier is more likely to commit to the purchaser “by facilitating the sharing of risk, joint decision-taking and the collaborative allocation of resources”. In conclusion, a preferred customer status can be of importance during a crisis.

2.3 Conceptual model

The relationship between COVID-19 and preferred customership has not been researched yet. Therefore, an applicable theoretical model is not available yet. However, as mentioned before, the concepts of preferred customership and its antecedents have been investigated in the past. Based on studies from the past three propositions have been made.

The importance of relation behavior on preferential treatment has been shown in a study by Hüttinger et al. (2014, p. 712) as it has been mentioned to be next to reliability the most important social factor. Richey (2009, p. 623) stresses the importance of proper relational behavior in times of crises as it could be the saving factor. Based on the importance of relation behavior on preferential treatment as well as the importance in times of crisis this study expects that relational behavior gains importance as the COVID-19 crises intensifies. The first proposition has been created based on this reasoning.

Proposition 1: The COVID-19 crisis has a positive correlation with the importance of relational behavior on preferred customership.

A study by Filippetti and Archibugi (2011, p. 189) found that during the economic crisis of 2008-2009 a substantial amount of companies were able to maintain their innovation investments. However, the same study also found that the amount of companies which could expand their innovation investments “has dramatically dropped, and the firm that have decreased them have also substantially raised” (Filippetti & Archibugi, 2011, p. 189). Therefore, it is expected that innovation potential has less importance in obtaining a preferential treatment in times of crises as an overall decrease in innovation investments has been found in previous crises. Therefore, this study expects COVID-19 to have a negative impact on the importance of innovation potential on preferred customership.

Proposition 2: The COVID-19 crisis has a negative correlation with the importance of innovation potential on preferred customership.

Growth opportunity has been found to have “a substantial effect on preferential customer treatment” (Hüttinger et al., 2014, p. 712). However, Erken, De Groot, Hayat, and Marey (2020) expect a decrease in the level of GDP in both the US and the Netherlands as well as a decrease in the economic growth rate as a result of the COVID-19 crisis. Besides, Erken et al. (2020) expect a lower level of investments by businesses. Therefore, this study expects growth opportunity to have a lower level of importance as companies might be more concerned with survival instead of growth.

Proposition 3: The COVID-19 crisis has a negative correlation with the importance of growth opportunity on preferred customership.

Figure 2 provides a conceptual model including the three propositions.

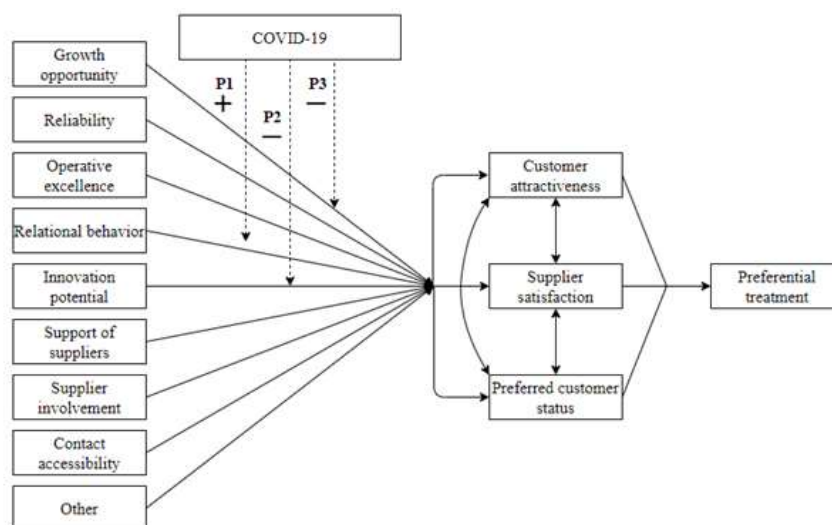


Figure 2. Conceptual model.

3. METHODS: RESEARCH DESIGN

This study is based on primary data. The primary data has been acquired through the conduction of four interviews. Qualitative research “allows greater spontaneity and adaptation of the interaction between the researcher and the study participant” (Mack, Woodsong, MacQueen, Guest, & Namey, 2005, p. 3). Thus, qualitative research offers a high extent of flexibility. Furthermore, this allows for an understanding of the experience, feelings, and opinions of the participants (Rahman, 2016, p. 104). However, the analysis of qualitative data can “take a considerable amount of time”. Additionally, Rahman (2016, p. 105) states that the generalizability of results obtained by qualitative research is limited. In comparison, quantitative methods are superior regarding generalizability and the analysis is considered to be less time consuming (Rahman, 2016, p. 106). Nevertheless, quantitative methods are not suitable for investigating an underlying explanation or meaning of a phenomenon (Rahman, 2016, p. 106). Since qualitative research is reasonable for exploratory research (Mack et al., 2005, p. 3), it is suitable for exploring the impact of COVID-19 on the antecedents and benefits of a preferred customer status.

For the case study four interviews have been conducted. These four interviews have been conducted with five purchasers working for four different companies, which are all operating in different industries. For the interviews a questionnaire has been created. First, questions were asked in order to classify whether there is a preferred customer status. The second part focused on benefits related to preferred customer status. The focus of the last part of the questionnaire was on the antecedents related to the preferred customer status.

The interviews were semi-structured, which means that the structure of the interviews remained similar while leaving room for changes based on the answers of the interviewee (Saunders, Lewis, & Thornhill, 2009, p. 320). Besides, semi-structured interviews “are the most widely used interviewing format for qualitative research”, which suits the qualitative nature of this research (DiCicco-Bloom & Crabtree, 2006, p. 315). Due to COVID-19 restrictions the interviews were conducted online. With the permission of the interviewees the interviews have been recorded so they could be transcribed afterwards.

3.1 Interview participants

In May and June 2020, four interviews have been conducted with purchasers working for different companies. In total, five purchasers have been interviewed due to the opportunity to interview two purchasers in the interview scheduled with company C. As mentioned before, due to confidentiality reasons the participants will be anonymized. An overview of the industry the companies are operating in and the function of the interviewee can be found in Table 3.

Table 3. Overview of interview participants.

Company	Function interviewee	Industry operating
A	Strategic Purchaser	Industrial Automation
B	Purchasing Manager	Wholesale
C	Purchaser	Oil & Energy
D	Senior Buyer	Building Materials

The case study is aimed at the buyer perspective of the impact of COVID-19 on the antecedents and benefits of preferred customer status. As it can be seen in Table 3, each company is operating in a different industry. This offers the advantage of including views from different industries. Due to reduced COVID-19 restrictions it was possible to have a face-to-face interview with company B.

The remaining three interviews have been conducted through the online videocall applications Skype, Google Meet, and Zoom. The average time of an interview was 41:55 minutes, with 24:03 being the shortest and 55:15 being the longest. The interviews have been conducted in Dutch language as each interviewee preferred it to be in Dutch instead of English.

3.2 Analysis strategy

After conducting the interviews, the interviews had to be transcribed in order to be analyzed. A codebook has been created to assign relevant data from the transcript to certain categories. The created codebook has been derived from a mixture of eight existing categories for preferential treatment (Hüttinger et al., 2014, p. 702) and two newly created categories, namely ‘COVID-19’ and ‘Other’. As the codebook builds on both existing and newly created categories it can be seen as a mixture of deductive and inductive content analysis. Deductive is applicable as it is “used when the structure of analysis is operationalized on the basis of previous knowledge” (Elo & Kyngäs, 2008, p. 107), which in this case is based on the categories provided by Hüttinger et al. (2014, p. 702). Inductive is of relevance as it is concerned with a phenomenon of which little is known (Elo & Kyngäs, 2008, p. 113), which in this case is related to the newly created categories ‘COVID-19’ and ‘Other’.

4. RESULTS

4.1 Company A

Company A is a company operating in the Industrial Automation industry. The company requires a strong relationship with its suppliers as the interviewee states “*we do not have a supply chain existing out of 30, 40 or 50 suppliers*”. Instead, the company is operating with three key suppliers, resulting in a certain level of dependency as they “*do not have a second source for most parts*”. Currently, there is no explicit management commitment in acquiring a preferred customer status at its suppliers. However, the purchaser states to be working on it in an implicit way by acting in a cooperative and ethical way.

Company A cannot be seen as highly attractive to suppliers based on purchasing volumes. However, company A is operating in a high-complexity-low-volume manner. A benefit for the supplier is that “*due to the complexity of our products, suppliers can expect a higher margin*”, compensating for the lack of purchasing volume. Furthermore, company A sees itself as a loyal customer, which aims at building long-term relationships with its suppliers. As mentioned earlier, there is certain dependency on its suppliers, which increases the attractiveness of company A.

To increase supplier satisfaction the purchaser prefers to act like “*an ambassador for [their] suppliers*” in case problems or irregularities occur by acting in a cooperative way, instead of a criticizing way. Additionally, openness and transparency related to costs and margins is granted to suppliers in order to avoid price related discussions. Trust is also of importance in the satisfaction of company A’s suppliers, as the components needed to produce the required products need to be ordered early and are only applicable to company A’s products. Their suppliers can expect timely payment, while company A can expect the components being ordered “*even if there is no formal agreement on the order*”.

The purchaser of company A is not aware of whether their suppliers are working with classification categories like preferred customer status and whether company A is classified as such one. However, the purchaser stated to be an advocate of partnerships in buyer-supplier relationships. According to the purchaser, the key elements of a partnership are trust, cooperation, and openness. Reduced costs and product innovation can be seen as

benefits from such a partnership as the purchaser states that in a partnership there is the possibility to “*cooperate on creating a cheaper, better or smarter product*”. Besides, both the supplier and the purchaser are willing to “walk the extra mile” in a partnership. All of these are also mentioned as antecedents and benefits of preferred customership. Therefore, it can be suggested that the partnership as mentioned by the purchaser of company A can be seen as a preferred customer status.

Company A orders with a forward timespan of up to nine months. Therefore, they are not experiencing irregularities in the amount of orders being placed towards the suppliers due to COVID-19. As company A is still in position to keep up with the frequency and volume of orders it can be said that they remain an attractive customer to their suppliers. However, they are experiencing delivery delay as some of their suppliers are experiencing a lockdown, making it impossible for the products to leave the warehouses. During the COVID-19 pandemic company A places additional value on the relational behavior, such as openness and communication, of the suppliers as the interviewee states “*we are receiving various notifications from our suppliers about delay. However, we put value on the reasoning behind it instead of simply saying the cause is corona*”. Additionally, honesty is valued as honesty will lead to understanding, which is according to purchaser A especially of importance during this COVID-19 pandemic.

4.2 Company B

Company B is operating in the wholesale industry. The company is conducting business with over 400 suppliers, of which about 50% are located outside of Europe. Company B is making use of a classification system for their suppliers, dividing them over three categories namely, A, B, and C. The ‘A’ tier exists out of 25 suppliers, which the purchaser describes as an excellent supplier both from a financial perspective as well as from a relational perspective. The ‘B’ tier consists of the majority of suppliers and they can be seen as replaceable in case of a price increase. The ‘C’ tier includes 25 to 30 suppliers, which are highly replaceable as they serve products of low importance. The purchaser expects to have a preferred customer status at the suppliers classified in the ‘A’ tier.

Company B can be seen as an attractive company for suppliers. The purchaser of company B mentioned synchronized growth to be of importance in being attractive as “*we guarantee an annual growth rate of 10% to our A tier suppliers*”, relating to a growth in order size. Furthermore, the purchaser stated that company B is attractive due to its company image as company B is member of a purchasing organization existing out of 20 companies with a combined revenue of over 50 million euro, which is beneficial for the purchasing volume and trust of the company. Furthermore, company B has an attractive payment policy as the purchaser states “*we are paying our supplier within 28 days, with the average payment being processed within 9 days*”.

Company B’s payment policy is also used to create supplier satisfaction as its ‘A’ tier suppliers are granted the option to be paid within 8 days for the normal price or within 28 days with a premium. Furthermore, company B values its relational behavior towards its suppliers as they are on average visiting its ‘B’ tier suppliers at least once a year, while its ‘A’ tier suppliers are being visited on a regular basis. Besides, the purchaser states to be an advocate of quick response and will not leave the office before every email of suppliers is been taking care of. Company B also offers promotional benefits towards its suppliers as they will be mentioned on the invoices (dependent on which kind of product) as well as on their website. Moreover, company B tends to be a loyal customer for its suppliers as the purchaser states “*we have been conducting business with one of*

our suppliers for over 90 years, such a supplier does not need to worry we will switch”.

As mentioned earlier, company B is assuming it is classified as a preferred customer by its ‘A’ tier suppliers. According to the purchaser, the ‘A’ tier suppliers do always have stock ready for them, even in turbulent times. Besides the guaranteed stock, company B notices a reduction in lead times with these suppliers. The company also derives benefits related to discounts. The purchaser states to receive discounts for ordering in bulk at ‘A’ tier suppliers, allowing them to sell their products at a highly competitive price. Furthermore, the involvement with ‘A’ tier suppliers is higher as they take on shared projects related to new product development. The purchaser noticed advertising benefits to be unique with some suppliers as a supplier “*offered to produce and spread 20,000 leaflets at no costs to promote the new product we have been working on together*”. This can be seen as a strong commitment to the partnership.

The impact of the COVID-19 pandemic on company B can be described as low. As the purchaser states “*we encountered delivery problems in the first few weeks, but after a few weeks everything returned to normal*”. Overall, the company did not experience a difference in delivery reliability during the pandemic compared to usual, this applies to local suppliers as well as foreign suppliers. The crisis had its impact on the costs as the purchaser noticed an increase in the price of the hygienic products offered by suppliers. However, due to an increase in the demand on these products the purchaser concluded that “*while the revenue has grown during the crisis, the margins have decreased*”. Conclusively, the company did not experience a shift in its relationships with suppliers.

4.3 Company C

The third interview has been conducted with two purchasers of company C. Company C is operating in a highly confidential branch of the oil & energy industry. As the company is operating in a confidential branch, the knowledge exchange possibilities are limited. Therefore, the company is conducting business with a limited number of suppliers which are located in Europe. Although, there is no active management commitment in acquiring a preferred customer status at its suppliers, one of the purchasers stated: “*We are working on it in an implicit way and are aiming to make it more explicit in the future*”. The current strategy that is being pursued towards supplier involvement is mainly based on strategic aspects.

Company C describes itself as attractive. According to the purchasers this attractiveness derives from its technological capabilities. One of the purchasers stated: “*Our company is operating at the technological barriers of innovation*”, this requires dedication and cooperation of the suppliers. However, the corresponding payment is representative to this effort, meaning that their attractiveness is also derived from their profitability. Furthermore, the supplier can expect a long-term relationship by conducting business with company C as a result of the confidentiality of the knowledge exchange. Besides, there is a certain level of dependency the company has on its suppliers as there are only a limited number of suppliers which are allowed and capable of working with the confidential technologies.

The company works in a cooperative way with its strategic suppliers in order to keep them satisfied. Company C is also trying to involve suppliers into innovations as one of the purchasers stated: “*We prefer including suppliers in our new product development if the nature of the innovation allows it*”. Furthermore, in areas which require a lower level of confidentiality, such as cleaning, the company is working closely together by sharing schedules on known procedures and advising each other on improvements. Loyalty has also been mentioned as

being of importance in providing supplier satisfaction as one of the purchasers mentioned: *"We have been conducting business with our suppliers in good times, and will remain doing so in bad times"*.

Both purchasers shared the opinion that company C is not classified by its suppliers as a preferred customer. However, company C is reaping benefits that are related to a preferred customer status. Such benefits for company C are shared innovation projects, loyalty, and improved quality of products.

The purchasers stated to not have experienced mayor hindrances due to COVID-19. Due to only operating with European suppliers most of the orders could have been brought forward without noticeable hindrances. Company C finds communication and delivery reliability to be highly important factors in the crisis with delivery reliability being the most important as one of the purchasers stated: *"Ultimately, the most important thing is that the product is being delivered at the agreed time"*. However, the purchaser mentioned that communication and delivery reliability are always of importance, meaning that they are not solely of importance during COVID-19.

4.4 Company D

The final interview has been conducted with company D, a company operating in the building material industry. Company D is a European oriented company with globally dispersed suppliers. The company has been created out of a group of manufacturers which were known for being family businesses. Therefore, the purchaser notices a company culture which builds on trust and familiarity.

Company D can be described as an attractive customer due to several reasons. The purchaser mentioned the company's reputation, as the company is known as a key player in the European building material industry. Besides, purchasing volumes make the company attractive as the purchaser stated: *"We are a big company, which results in large purchasing volumes for our suppliers"*. In addition to purchasing volumes, the company also provides growth opportunity as it is seeking for standardization of certain processes. Next to this, the company is attractive due to its dependency on certain suppliers, as there is no second source available for certain raw materials. Lastly, the purchaser mentioned: *"We have been conducting business with certain supplier for over 30 years"*, pointing to the loyalty the company has to offer.

The company can be seen as a reliable purchaser, which enhances the supplier satisfaction. The purchaser stated: *"To my knowledge, there have not been situations in which we could not order at our suppliers. Together, you will always come across a solution"*, which means the company is operating in a cooperative and reliable way. Furthermore, company D is willing to involve suppliers in the idea creation phase if suppliers are willing to operate in a cooperative and transparent way. As mentioned before, the company is an advocate of proper relational behavior. Thus, the suppliers can expect to be treated with trust and respect. However, the purchaser notices a shift towards commercialization as *"we are working towards a bit of healthy commercialization in our relations, to fasten verbally made agreements"*

According to the purchaser it is not known whether the company is being classified as a preferred customer. Currently, company D is working on creating a classification system for its suppliers, starting off with their largest clay suppliers. However, company D is already working closely together with a key supplier on shared projects. The goal for the future is to further integrate supplier cooperation as the purchaser stated: *"We would like to go a step further with these kinds of relationships in the future"*, aiming to cooperatively organize the transport.

The purchaser notices an improvement in product quality, which results in a reduction in required additives, as a result of a close relationship with suppliers. Based on the benefits and integration it is expected that company D is classified as a preferred customer by its key suppliers.

Company D is experiencing an increase in supply chain disruptions as the crisis continues. In the beginning of the crisis, company D was able to cover most hindrances by daily information exchange meetings with its suppliers about continuity and availability. Nevertheless, since the pandemic continued, company D started to experience supply chain disruptions as mines and raw material suppliers got closed due to a lockdown. During these times company D places additional value on delivery continuity as the purchaser stated: *"Without continuity, there is no production which means no sales"*. Furthermore, the purchaser mentions trust and loyalty to be of importance as suppliers should not abuse the current scarcity to their own advantage as *"We have been partners in good, and bad times"* and expects their suppliers to act according to this.

4.5 Overview

Based on the four conducted interviews an overview has been created. The overview has been created by coding the interviews and placing the mentioned keywords in the related category as mentioned in the theoretical framework and methodology. The most frequently mentioned keyword is loyalty (14). All of the four companies value loyalty, both in receiving loyalty from their suppliers as in granting it. The principle of conducting business *"in good and in bad times"* (C, D), sums up the mindset the purchasing companies have towards their suppliers. Profitability, dependency, and trust have been mentioned nine times throughout the interviews, making them the second most frequently mentioned keyword. Company B mentioned profitability the most often out of the companies as the purchaser believed that attractiveness is derived from economic factors, such as the 10% growth rate the company offers its key suppliers. Besides, all companies mentioned to be in one or another way dependent on their suppliers, which increases their attractiveness as well.

In general, relational behavior, such as visits, loyalty, and trust, have been mentioned the most often throughout the interviews with a total of 42 times. This could be explained by the vision of the purchaser of company C, who states that economic benefits will more likely be achieved in case of good relational behavior between the purchaser and the supplier. The category 'innovation potential' has been mentioned the least. An explanation could be the nature of some of the companies, as company A is operating in a highly complex industry with a limited number of suppliers while company C is operating in a highly confidential industry, which does not offer many possibilities regarding shared innovation.

None of the interviewed purchasers knows for sure if they are classified as a preferred customer. Moreover, none of the four companies have an explicitly stated strategy in acquiring a preferred customer status, which could explain the lack of knowledge regarding being classified as a preferred customer.

Factors that are seen as important by the purchasers during COVID-19 are; openness, communication, honesty, delivery reliability, loyalty, and continuity. Therefore, the suppliers should aim to satisfy these factors. An overview containing all the mentioned keywords can be found in Table 4. A more detailed version containing all keywords for each company can be found in Appendix C. Furthermore, an overview of the impact of COVID 19, and the related actions of the interviewed companies can be found in Appendix D.

Table 4. Overview of mentioned keywords classified into corresponding categories.

Category	Keyword	Total frequency
Growth opportunity	Size (2)	29
	Purchasing volume (4)	
	Growth potential (2)	
	Synchronized growth (3)	
	Image (2)	
	Promotion (3)	
	Profitability (9)	
	Revenue (3)	
Reliability	Discount (1)	32
	Reliable (3)	
	Payment (5)	
	Expectations (2)	
	Transparency (3)	
	Dependency (9)	
	Mutual dependency (3)	
	Delivery (6)	
Operative excellence	Continuity (1)	9
	Flexibility (1)	
	Efficiency (5)	
	Company policy (2)	
Relational behavior	Information exchange (1)	42
	Visits (4)	
	Loyalty (14)	
	Trust (9)	
	Commitment (1)	
	Familiarity (4)	
	Cooperative nature (5)	
	Apologize (2)	
Innovation potential	Openness (3)	5
	Possibilities (3)	
Support of suppliers	Product quality (2)	8
	Advice (4)	
Supplier involvement	Support (4)	9
	NPD Involvement (2)	
Contact accessibility	Shared projects (7)	10
	Communication (6)	
	Speed of reply (3)	
Other	Contact access (1)	20
	Individual (8)	

Reputation (1)

Exclusivity (1)

Length of relationship (5)

Sustainability (3)

Commercialization (1)

Location (1)

5. DISCUSSION

A case study has been conducted with four purchasers. Therefore, the research takes the perspective of purchasers on the antecedents and benefits of preferred customership. By focusing on purchasers, it can be found out how purchasers are seeing themselves as attractive, how they are creating supplier satisfaction, and whether there are changes due to COVID-19.

In the previous chapter, several antecedents and benefits of preferential treatment have been mentioned. The majority of these benefits and antecedents have been introduced in the theoretical framework. However, the case study also introduced a couple of unidentified antecedents and benefits. This chapter will discuss each of the three stages as described in the cycle of preferred customership (Schiele et al., 2012, p. 1180) followed by a section which focusses on COVID-19. At last, contributions, limitations and directions for future research will be discussed.

5.1 Preferred customership

5.1.1 Customer attractiveness

Starting with customer attractiveness. By comparing the results of the case study to the drivers identified in the literature it can be seen that four drivers have been confirmed, while the case study found an additional five drivers of customer attractiveness. Buyer dependency, growth, purchasing volume and trust have been identified both by the literature as by the conducted case study. However, the purchasers mentioned payment policy (B), technological capabilities (C), profitability (A,C), loyalty (A, C, D) and company image (B) to be additional drivers of customer attractiveness, which have not been mentioned in the literature.

None of the antecedents got mentioned by all four of the companies. However, buyer dependency (A, C, D) and loyalty (A, C, D) got mentioned by three of the companies as drivers for attractiveness. The importance purchasers place on being a loyal customer can be explained by the level of buyer dependency as it is necessary to stay in business with certain suppliers which possess a scarce resource. Table 5 provides an overview of the antecedents mentioned in the case study and their link to the literature on customer attractiveness.

Table 5. Comparison of the antecedents of customer attractiveness.

Antecedents mentioned in practice	Company	Source in theory
Buyer dependency	A, C, D	Ramsay (1994, p. 137), Hald et al. (2009, p. 964)
Growth	B, D	Hald et al. (2009, p.964), Hüttinger et al. (2014, p. 712)
Purchasing volume	B, D	Hald et al. (2009, p. 964), Steinle and Schiele (2008, p. 11)

Trust	B	Hald et al. (2009, p. 964)
Payment policy	B	-
Technological capabilities	C	-
Profitability	A, C	-
Loyalty	A, C, D	-
Company image	B	-

5.1.2 Supplier satisfaction

As the case study has been conducted from a purchasing perspective, it is not possible to know for sure what actions induce the satisfaction of suppliers. However, the case study shows how the companies are trying to generate supplier satisfaction. By comparing Table 6 to Table 1 it gets clear that non-economic factors are more prominent in the creation of supplier satisfaction, as the only economic factor is payment policy. Company A uses its payment policy to create satisfaction by being a reliable payer, even if the order gets canceled the company does not hesitate to cover the damages, whilst company B uses its payment policy to create satisfaction by timely payment with an average of nine days. Three out of the four purchasing companies (A, C, D) mentioned to satisfy their suppliers by acting in a cooperative way, which also gets mentioned by Wong (2000, p. 430) as a driver for supplier satisfaction. Only company C mentioned to create supplier satisfaction by offering innovation potential, as the company is in possession of the latest technological innovations.

The case study found four new antecedents for supplier satisfaction, namely openness, transparency, promotion, and loyalty. In this stage, loyalty is used to create satisfaction by proving to be a loyal customer in comparison to the loyalty mentioned in customer attractiveness, which focuses on the reputation of being loyal. Openness can be referred to as openness in the interaction between the individual (purchaser and supplier), whereas transparency refers to the transparency in business practices, such as transparency in costs and margins.

Table 6. Comparison of the antecedents of supplier satisfaction.

Antecedents mentioned in practice	Company	Source in theory
Cooperative	A, C, D	Wong (2000, p. 430)
Trust	A, D	Nyaga et al. (2010, p. 104)
Payment policy	A, B	Meena and Sarmah (2012, p. 1249)
Relational behavior	B, D	Vos et al. (2016, p. 4621)
Contact accessibility	B	Vos et al. (2016, p. 4621)
Supplier involvement	C, D	Vos et al. (2016, p. 4621), Nyaga et al. (2010, pp. 103, 104), Whipple et al. (2002, p. 76)
Innovation potential	C	Vos et al. (2016, p. 4621)
Reliability	D	Vos et al. (2016, p. 4621)
Openness	A	-
Transparency	A, D	-
Promotion	B	-
Loyalty	B, C	-

5.1.3 Preferred customer status

In the study by Hüttinger et al. (2014, p. 702), operative excellence, reliability, growth opportunity, and relational behavior have been identified as the most important elements for preferential treatment. In the conducted case study, relational behavior (42) turned out to be the most important element for purchasers. Reliability (32) and growth opportunity (29) take the second and third place in importance. However, operative excellence (9) did not turn out to be of as high importance as presented in the study by (Hüttinger et al., 2014, p. 712). Therefore, the case study represents similarities in the results, while varying in the importance on operative excellence on preferred customership. Furthermore, the individual characteristics (8) of a purchaser, belonging to the category 'Other', have been mentioned by company A as an antecedent of a partnership. In the opinion of purchaser A, changes regarding to the person responsible for the purchasing will also impact current partnerships with its suppliers.

As mentioned before, all purchasing companies are not sure if they are classified as a preferred customer. Consequently, it is not possible to state which factors have led to their preferred customer status. However, the purchasers are noticing benefits similar to those which are related to a preferred customer status, even though a classification might be missing. Table 7 provides an overview of the benefits mentioned throughout the case study and the links with the theory related to the benefits. Both involvement in suppliers' business activities and an increase in product quality have been mentioned by three companies to be benefits which they are reaping as a result of being in some sort of partnership. Three out of the nine mentioned benefits have not been mentioned in the literature, these benefits are improved product quality, intensive cooperation, and promotion. Furthermore, loyalty can be seen as a benefit, which makes it both a driver and an outcome of preferred customer status.

Table 7. Comparison of the benefits of a preferential treatment

Benefits mentioned in practice	Company	Source in theory
Additional effort	A	Glas (2018, p. 108)
Delivery reliability	B	Bemelmans et al. (2015, p. 193)
Reduced lead times	B	Bemelmans et al. (2015, p. 193)
Discounts	B	Moody (1992, p. 57)
Involvement	B, C, D	Bew (2007, p. 1)
Loyalty	C	Prakash (2011, p. 363)
Improved quality	A, C, D	-
Cooperation	A, D	-
Promotion	B	-

5.2 COVID-19

Literature suggest that a purchaser could see the crisis as an opportunity to negotiate prices with its supplier or switch to a cheaper alternative (Servais & Jensen, 2012, p. 19). However, this research shows that purchasers place a lot of importance on loyalty from their suppliers and therefore it can be expected that they will also provide loyalty to their suppliers. Furthermore, companies A and C valued communication with their suppliers to be crucial during the crisis, as proper communication can reduce the experienced hinderances. Moreover, purchasers placed additional value on openness, communication, understanding, delivery reliability, continuity, and trust in a buyer-supplier relationship. None of the companies from the case

study experienced major changes as result of the COVID-19 pandemic. Thus, also their relationships did not change significantly.

With a total of 42 mentions, the category relational behavior has been mentioned most often throughout the interviews. Loyalty, belonging to the relational behavior category, has been mentioned a total of 14 times, making it the most frequently mentioned keyword. Furthermore, loyalty has been mentioned in both the antecedents and benefits of preferential treatment as well as being of importance during COVID-19. Therefore, the first proposition *“The COVID-19 crisis has a positive correlation with the importance of relational behavior on preferred customership”* gets confirmed by the purchasers as they place additional importance on relational behavior in times of crises. The second proposition *“The COVID-19 crisis has a negative correlation with the importance of innovation potential on preferred customership”* cannot get confirmed as none of the companies specifically placed or noticed a lower level of importance on innovation potential during the pandemic. On the contrary, it could also be argued that innovation potential is negatively impacted by the pandemic as it is mentioned the least often out of the categories with five mentions. However, based on the data provided by the companies the proposition seems not justified. The third proposition *“The COVID-19 crisis has a negative correlation with the importance of growth opportunity on preferred customership”* seems to be true as the companies did not mention growth opportunity to be of importance during the crisis, whereas growth opportunity has been mentioned the third most often in general related to preferential treatment. During the interviews the companies valued delivery reliability and continuity more compared to future growth, which can be explained by the crisis as financially surviving is most likely the first priority.

An overview of the important factors during COVID-19 as mentioned by the companies can be found in Table 8.

Table 8. Important factors during COVID-19.

Important during COVID-19	Company
Openness	A
Communication	A, C
Understanding	A
Delivery reliability	C, D
Continuity	D
Trust	D
Loyalty	D

5.3 Contributions, limitations and directions for future research

In recent years, more research has been conducted on preferred customership and its antecedents and benefits. This study confirms most antecedents and benefits of preferred customership from a buyer perspective whilst also suggesting newly discovered ones. The antecedents belonging to the first stage of the cycle of preferred customership (Schiele et al., 2012, p. 1180), namely customer attractiveness, that have been confirmed in this study are buyer dependency, growth, purchasing volume, and trust. Whereas, payment policy, technological capabilities, profitability, loyalty, and company image have been identified as potential new antecedents for customer attractiveness. For the second stage, supplier satisfaction, the results confirm the antecedents cooperativeness, trust, payment policy, relational behavior, contact accessibility, supplier involvement, innovation potential, and reliability, which have been identified in the literature. Furthermore, openness,

transparency, promotion and loyalty have been identified as potential new antecedents. The study did not focus on the antecedents of the third stage, namely the preferred customer status as the study has been approached from a buyer perspective. However, the benefits experienced by the participating purchasers have been analyzed. By comparing those benefits to the literature the following are supported: additional effort, delivery reliability, reduced lead times, discounts, involvement, and loyalty. Furthermore, the results indicated three new benefits namely improved quality, cooperation, and promotion.

Besides, this research focused on the perspective of buyers on customer attraction, supplier satisfaction, and preferred customership, which has been less researched. Furthermore, the majority of scientific papers on preferred customership are from a theoretical nature, whilst this research adds practical evidence to this topic. This practical evidence provides knowledge to buyers and suppliers in future crises, as it shows what purchasers consider as important in buyer-supplier relationships during times of crises. Thus, it gets clear what they need to consider in such a situation.

The research also comes with limitations. First, the research has taken place at an early stage of the COVID-19 crisis. Therefore, the impact might change over time, which could in turn change the outcomes of this research. Secondly, due to the small sample size of four companies, the generalizability is limited. Consequently, the consideration of other companies might have led to different results. Thirdly, all participants have been told that the results will be anonymous, which could benefit the honesty of the answers. Nonetheless, there is still the possibility of socially desirability bias. This means that the participants might have answered questions in a way that they considered to be socially accepted.

There are further venues of research which might be investigated in the future. First, at this moment it cannot be predicted with certainty how the COVID-19 pandemic will develop and how it will impact the buyer-supplier relationship in the long term. In consequence, this should be investigated at a later point in time. Secondly, the research could be extended by including not only the buyer perspective but also the perspective of the corresponding suppliers. Thirdly, more research can be done about the antecedents and benefits which have been newly identified in this study.

6. CONCLUSION

Four interviews have been conducted in order to answer the following research question *“To what extent does a pandemic outbreak impact the antecedents and benefits of a preferred customer status from a buyer perspective?”*. In conclusion, it can be said that the participating purchasers value relational behavior, reliability, and growth opportunity the most in a partnership with their suppliers. In consequence, the purchasers attempt to fulfill those as well. Next to this, new antecedents and benefits have been identified.

From a buyer perspective, a shift in antecedents as a result of COVID-19 has not been identified. Furthermore, the purchasers do notice benefits of being in a form of partnership. A difference in the type of benefits as a result of the crisis has not been identified. However, a shift in importance of the benefits related to a partnership has been indicated by the purchasers. From the factors that have been identified as important during COVID-19, loyalty and delivery reliability can be ensured through a preferred customer status. Therefore, it can be concluded that a preferred customer status can offer benefits during a crisis.

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APPENDIX

Appendix A: Overview of antecedents of customer attractiveness, supplier satisfaction, and preferred customer status.

Stage	Type	Antecedents	Reference
Customer attractiveness	Economic	Size	Fiocca (1982, p.57)
		Growth	Hald et al. (2009, p.964), Hüttinger et al. (2014, p. 712)
		Negotiation pressure	Ramsay and Wagner (2009, p.131)
		Price/volume ratio	Hald et al. (2009, p. 964), Steinle and Schiele (2008, p. 11)
	Non-economic	Expected value	Hald et al. (2009, p. 964)
		Risk sharing	Ramsay and Wagner (2009, p. 131)
		Dependence	Ramsay (1994, p. 137), Hald et al. (2009, p. 964)
		R&D involvement	Ramsay and Wagner (2009, p. 131)
		Knowledge transfer	Christiansen and Maltz (2002, p. 188)
		Supplier participation	Christiansen and Maltz (2002, p. 184)
		Communication	Ramsay and Wagner (2009, p. 131), Hüttinger et al. (2014, p. 712)
		Trust	Hald et al. (2009, p. 964)
		Familiarity	Harris et al. (2003, p. 17)
		Operative Excellence	Hüttinger et al. (2014, p. 712)
		Expected value	Hald et al. (2009, p. 964)
Supplier satisfaction	Economic	Profitability	Vos et al. (2016, p. 4621)
		Growth	Vos et al. (2016, p. 4621)
		Purchase policy	Meena and Sarmah (2012, p. 1249)
		Payment policy	Meena and Sarmah (2012, p. 1249)
	Non-economic	Cooperative nature	Wong (2000, p. 430)
		Relational behavior	Vos et al. (2016, p. 4621)
		Operative excellence	Vos et al. (2016, p. 4621)
		Support	Vos et al. (2016, p. 4621)
		Reliability	Vos et al. (2016, p. 4621)
		Supplier involvement	Vos et al. (2016, p. 4621), Nyaga et al. (2010, pp. 103, 104), Whipple et al. (2002, p. 76)
		Innovation potential	Vos et al. (2016, p. 4621)
		Contact accessibility	Vos et al. (2016, p. 4621)
		Trust	Nyaga et al. (2010, p. 104)
		Coordination policy	Meena and Sarmah (2012, p. 1249)
		Corporate image	Meena and Sarmah (2012, p. 1249)
Preferred customer status	Economic	Profitability	Moody (1992, p. 52), Bew (2007, p. 3)
		Purchasing volumes	Williamson (1991, p. 81), Bew (2007, p. 3)
	Non-economic	Business opportunities	Hüttinger et al. (2014, p. 712)
		Financial attractiveness	Baxter (2012, p. 1251)
		Trust	Moody (1992, p. 52)
		Commitment	Moody (1992, p. 52), Baxter (2012, p. 1251)
		Loyalty	Williamson (1991, p. 80)
		Supplier involvement	Moody (1992, p. 52)
		Quality initiatives	Moody (1992, p. 52)
		Communication and feedback	Moody (1992, p. 52)
		Strategic fit	Bew (2007, p. 3)
		Geographical distance	Steinle and Schiele (2008, p. 11)
		Cluster membership	Steinle and Schiele (2008, p. 11)
		Supplier satisfaction	Baxter (2012, p. 1251)

Appendix B: Benefits of preferential treatment.

Type	Benefits	Reference
Economic	Price reduction	Moody (1992, p. 57)
	Negotiation position	Nollet et al. (2012, p. 1187)
Non-economic	Delivery priority	Bemelmans et al. (2015, p. 193)
	Material access	Schiele (2012, p. 49)
	Technology access	Pulles et al. (2016, p. 129)
	Innovation sharing	Bew (2007, p. 1)
	Allocation of high skilled personnel	Hüttinger et al. (2014, p. 712)
	Supplier commitment	Glas (2018, p. 108)
	Loyalty	Prakash (2011, p. 363)

Appendix C: Overview of mentioned keywords classified into corresponding categories.

Category	Keyword	Company				Total Frequency
		A	B	C	D	
Growth opportunity	Size	1			1	2
	Purchasing volume	3	2		1	6
	Growth potential		1		1	2
	Synchronized growth	1	1	1		3
	Image		1		1	2
	Promotion		3			3
	Profitability		4	2	3	9
	Revenu	3				3
	Discount		1			1
Reliability	Reliable	1		1	1	3
	Payment		4	1		5
	Expectations		1	1		2
	Transparency	1	1		1	3
	Dependency	4	2	2	1	9
	Mutual dependency	3				3
	Delivery		3	3		6
	Continuity				1	1
Operative excellence	Flexibility	1				1
	Efficiency	3		1	1	5
	Company policy		1		1	2
	Information exchange			1		1
Relational behavior	Visits		3	1		4
	Loyalty	1	7	3	3	14
	Trust	2	3	1	3	9
	Commitment				1	1
	Familiarity	1	2		1	4
	Cooperative nature	3	2			5
	Apologise	1	1			2
	Openness	3				3
Innovation potential	Possibilities		2		1	3
	Product quality		1		1	2
Support of suppliers	Advice	2			2	4
	Support	3	1			4
Supplier involvement	NPD Involvement		1		1	2
	Shared projects		3	1	3	7
Contact accessibility	Communication		5	1		6
	Speed of reply	2	1			3
	Contact access		1			1
Other	Individual	8				8
	Reputation		1			1
	Exclusivity		1			1
	Length of relationship		2	2	1	5
	Sustainability				3	3
	Commercialization				1	1
	Location				1	1

Appendix D: Overview of COVID-19 related actions and impacts.

Impact	Internal adjustments	Supply (chain) adjustments	Examples	PC benefits
Lack of products [B]	Change in policy [B]	Increased the order size [B]	Supply ran out on certain products due to an unexpected increase in demand on hygienic products [B]	Solved in a short period of time [B]
Addition in supplier base [B]	Cooperation with union [B]	Additional orders to China [B]	Cooperation between 20 companies to order a hygienic product in bulk to sell it as cheap as possible [B]	-
Decrease in margins [B]	Increase in sales [B]	Increase of order size [B]	-	-
No physical interaction [D]	No transport of personnel [D]	Enhanced online communication [D]	Increase in team meeting through skype about reliability, continuity, and availability [D], Support of colleagues operating in country of lockdown [D]	Possible due to trust and loyalty [D]
Delay in materials due to lockdown [A, D]	-	-	Having to suffer the consequences as there is no second source available [A, D]	-
-	Risk assessment on inventory [C]	Bring an order forward [C]	Important orders have been brought forward based on a risk assessment [C]	Enhanced communication [C]