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# Becoming the preferred customer: Operative best practices for buyer organisations

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# Abstract

Over the years, there has been an increased attention for the notion of supplier satisfaction and preferred customership. When the buying firm is being awarded the title of preferred customer, it can enjoy competitive advantages by enjoying the preferential treatment. In the last couple of years, multiple extensions have been made on a model measuring supplier satisfaction and the preferential treatment. This study extends the existing literature in two ways. At first, all conducted extensions made on the model are inventoried and examined. Based on their contribution to explanation and statistical properties, a proposed model is presented. This improved model consists of added antecedents on economic, relational and operative factors. Secondly, a benchmark is executed of all replication studies based on the model measuring supplier satisfaction, aiming to identify all top-scoring organisations. The identified top-scoring organisations are subjected to empirical research, aiming to identify which best practices they perform or possess in order to be a top scoring organisation. The empirical research showed the best practices an organisation implements are dependent on the organisational specifics. The identified best practices at the organisations showed that reliability and relational behaviour are the most important categories. Another important finding is that no organisation primarily focuses best practices on profitability. Also, the importance of the power regime in a relationship is identified. Based on these results, a discussion is conducted, resulting in managerial and theoretical contributions. Lastly, limitations of the study are presented and avenues for future research are taken into account.

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# 1. The changing environment between the buyer and supplier

## 1.1 Introduction to the change in the purchasing function of an organisation

Over time, the purchasing function increased its relevance within both the business and the academic environment. Over the last few decades, practices such as purchasing from an international supply base, referred to as global sourcing, are constantly more implemented within firms all around the globe (Steinle & Schiele, 2008, p. 4; Trent & Monczka, 2003, p. 26). This movement of increased global sourcing has increased the importance of the purchasing function within these organisations, whereas today the purchasing function is seen as a strategic function within the organisation (van Weele & van Raaij, 2014, p. 68; Mol, 2003, p. 19). This change within the purchasing function or an organisation has caused companies to focus on gaining and maintaining access to capable suppliers. The latter is because the resources and capabilities of these suppliers are key in developing competitive advantages, in order to keep ahead of competition (Tassabehji & Moorhouse, 2008, p. 66; Mol, 2003, p. 18). With the growing importance of the purchasing function of organisations, the concept of preferred customership has been identified within the academic field (Schiele, Veldman, Hüttinger & Pulles, 2012a, p. 150).

According to Schiele, Calvi and Gibbert (2012b, p. 1178), the increased attention for preferred customership can be traced back to two reasons within the changed economic playfield. Firstly, especially within mature markets, the supply base of firms is shrinking due to the benefits of economies of scale and lower transaction costs. This shrinking supply base led to a decrease in the number of suppliers for that base, which reforms the total market structure (Lavie, 2007, p. 1187). Secondly, Rahmoun and Debabi (2012, p. 106) and Schiele (2012, p. 1178) both argue that an increase in outsourcing non-core activities has led to a shift in the dependency between the buyer and supplier, which is amplified by the growing trends of global sourcing and open innovation. These movements have caused the phenomenon that the supplier is becoming more important and the buyer and supplier are becoming more integrated with each other (Cannon and Perreault Jr, 1999, p. 444).

Moreover, certain events in 2011 disrupted supply chains, where Schiele (2012, p. 1179) pointed that "it has been demonstrated that preferred customers are the beneficiary of these types of situations and are able to take advantage of their status to achieve market share gains''. Thus, the buyer needs to become one of the preferred customers of the supplier for sustainability and competing with other organisations.

Hüttinger, Schiele and Veldman (2012, p. 1194) argue within their study that the special conditions in the current supply markets make it necessary for organisations to focus on gaining access to key suppliers in order to secure tomorrow's competitiveness by becoming the preferred customer. Thus, confirming the notion of Mol (2003, p. 19), who stated that the purchasing function can lead the firm to a strategic advantage. A firm can be seen as the preferred customer when the supplier offers the buyer the preferential resource allocation (Steinle & Schiele, 2008, p. 11). Being the preferred customer can benefit the buying firm for lower prices and costs, higher delivery quality, more customer support and higher product quality and innovation, which is widely confirmed (Pulles, Schiele, Veldman & Hüttinger, 2016, p. 129; Vos, Schiele & Hüttinger, 2016, p. 4621; Nollet, Rebolledo & Popel, 2012, p. 1187). These advantages do not only count for the single organisation, but the whole supply chain can benefit from preferred customership, because it can create a competitive advantage for every member of the chain (Hüttinger, Schiele & Schröer, 2014, p. 713).

## 1.2 Academic focus for preferred customership

As aforementioned, the notion of preferred customership is relatively young and not entirely explored within the academic field. Research within the area of preferred customer can be traced back on the notion of 'reverse marketing' by Leenders and Blenkhorn (1988, p. 2). Based on this notion, Steinle and Schiele (2008, p. 12) argue that the benevolence of a key supplier can lead to a preferential resource allocation towards a buyer. This preferential treatment can have a strategic impact according to Dyer and Singh (1998, p. 673), who argue that privileged access to key suppliers can provide the organisation a competitive advantage over their competitors and have the opportunity to outperform their competitors based on the social exchange theory perspective.

Acknowledging that the preferential treatment is a strategic advantage, the drivers and constructs are researched. Based on the social exchange theory perspective, it is denoted that customer attractiveness, supplier satisfaction and preferred customer status determine whether a preferential treatment is awarded and thus intertwined (Schiele et al., 2012b, p. 1180). Hüttinger et al. (2012, p. 1203) provided a comprehensive review on the drivers of the preferential treatment by suppliers and Hüttinger et al. (2014, p. 710) tested a model consisting of constructs and antecedents based on a mixed-methods approach. Based on this model, Vos et al. (2016, p. 4618) presented a model with the aim of replicating and extending the existing research and 'to provide a more fine-grained picture of the antecedents and consequences of supplier satisfaction' (p. 4621) and confirms the notions of Pulles et al. (2016, p. 137) and Nollet, Rebolledo and Popel (2012, p. 1188) of the positive influence of supplier satisfaction on the tendency of the reward of preferred customer status.

As a direction for future research within his dissertation 'Preferred customer status, supplier satisfaction and their contingencies', Vos (2017, p. 148) argued that scholars urged the need to create an overarching theoretical framework for supplier satisfaction and preferred customer concepts. Thus, constructing a framework that is complete and applicable which allows scholars to use a standard set of concepts or constructs for researching preferred customership. Following this avenue for future research, multiple extensions have been made on the model of Vos et al. (2016). Until this point, no assessment has been made which extensions proved to be valuable and which proved not to be valuable. In addition, no specific research has been conducted to determine which operative tactics, or so-called best practices, a firm can implement for achieving the reward of preferred customer status.

## 1.3 Extensions of the model and best practices of preferred customership as the twofold focus of the research

The focus of this research is twofold. The first aim of this research focuses on which follow-up research on the model of Vos et al. (2016) has been conducted. This follow-up research consisted of extensions on the model, testing antecedents and their effects on the total model. Up to this point, it remains unclear which antecedents in total can be considered as a contribution for the model and which turned out to be insignificant. This leads to the first focus of this research, which aims to determine which variables based on their statistical

properties and contribution to explanation can be considered a contribution to the model of Vos et al. (2016). Accordingly, the first research question is formulated as follows:

- Which extensions have been made on the model of Vos et al. (2016) and, based on their statistical properties and contribution to explanation, can be added to the model?

The second aim of this research focuses on relatively unresearched ground. The follow-up research based on the model of Vos et al. (2016) has been conducted in collaboration with organisations. Outcome of this research showed that some organisations seem top-scoring in being awarded the title of preferred customer. However, it is unclear which tactics, so-called best practices, these organisations use for attaining and maintaining that position of preferred customer. The latter leads to the second focus of this research, which aims to discover which best practices are performed by organisations for attaining the title of preferred customer, meaning what can be learned from these organisations in terms fo best practices. Thus, the second research question is formulated as follows:

- Which operative best practices are used by organisations in order to achieve the reward of preferred customer status?

In order to answer the research question, at first a literature review will be conducted in order to create a more profound understanding of the award of preferred customer status. Subsequently, the existing literature will be examined in order to determine which best practices for achieving the reward of preferred customer currently exist. Furthermore, research methods will be discussed for answering both the research directions. For gaining insights in which variables proved to be an addition for the model of Vos et al. (2016), the extensions on the model will be examined and judged based on their statistical properties and contribution to explanation. Following this analysis, a recommendation will be made which variables proved to be an addition to the model. For gaining insights in what can be learned from best practices organisations, a benchmark of the previously conducted studies will be performed in order to determine which organisations are top-scoring related to the other organisations. These organisations are examined to discover which best practices they

perform in order to achieve the reward of preferred customer. For both research directions, results will be drawn. Finally, within the discussion, limitations of this research are discussed and possible avenues for future research within this topic area are given.

Outcomes of this thesis will contribute to the existing literature, in a way of theoretical and managerial contributions. Theoretical contributions can be translated in the analysis of extensions made on the revised model of Vos et al. (2016), resulting in a proposal of an improved model which can be used for future research. Moreover, it also provides insights in which extensions did not prove to be a valuable addition. For managerial contributions, this study examines which best practices are used by organisations in order to achieve the reward of preferred customership. These operative best practices can be used by other organisations in the future, meaning that they can learn from this research and from each other. Lastly, the outcomes of this research propose new research avenues, outlining that the award of preferred customership is continuously more outlined.

# 2. Preferred customership and best practices: Definition of key concepts

## 2.1 Customer attractiveness and customer satisfaction lead to preferred customership - the cycle of preferred customership

The quest of finding the beginning of research of preferred customership can be traced back to Hottenstein (1970, p. 46), who found that various businesses maintain a list of preferred customers based on prior experiences and future expectations. The beginning of the term preferred customer can be traced back when Leenders and Blenkhorn (1988, p. 2) defined the term ‘reverse marketing’, which can be interpreted as that buyers compete successfully for the suppliers’ business. Later, Blenkhorn and Banting (1991, p. 187) noted the importance of a proactive attitude towards suppliers in order to receive what they actually need. The change in attitude and use of reverse marketing changed the view of the classical market approach. The latter meant that, quite recently, supply management literature started to wonder how they could secure their key suppliers’ benevolence (Hüttinger et al., 2012, p. 1194).

Thus, over the years this viewpoint shifted to the current situation where buyers who try to be more attractive to their suppliers and aim to obtain the best resources from their suppliers. In other words, attempting to be rewarded the title of preferred customer (Hüttinger et al., 2012, p. 1194; Schiele et al., 2012b, p. 1178). The preferred customer is defined as ‘’A firm has preferred customer status with a supplier, if the supplier offers the buyer preferential resource allocation’’ (Schiele et al., 2012b, p. 1178). Thus, the preferred customer is the buyer who receives the preferential treatment.

The buyer who enjoys the title of preferred customer enjoys benefits, compared to their competitors. Steinle and Schiele (2008, p. 11) define the privileges as the buyer receiving better treatment in terms of availability, quality, delivery, support in the sourcing process or prices relative to competitors, due to the preferential allocation of time and resources from the supplier. These privileges are confirmed by Nollet et al. (2012, p. 1187). This allocation comes with privileges that come with the deep relationship, ensuring the effectiveness of the relationship and helps the purchaser to protect itself against its competitors, to whom a supplier possibly can turn to (Hüttinger et al., 2012, p. 1194). Moreover, Patrucco, Moretto, Luzzini and Ronchi (2019, p. 249) argue that a preferred customer of a supplier possesses innovation access benefits. In addition, Bemelmans, Vos and Dewulf (2015, p. 193) denote that the preferred customer could benefit from delivery priorities from their supplier. Lastly, the preferred customer enjoys benefits of strategic supply risk reductions (Reichenbachs, Schiele & Hoffmann, 2019, p. 364).

According to Schiele (2020, p. 124), the benefits a preferred customer receives are always relative to the benefits a competitor receives. The products or services a buyer receives from their supplier can be distinguished within four levels within the tool called the ‘tie of benefits’, according to Schiele (2020, p. 126). This tool helps to classify buyer-supplier relations and shows that not all buyers receive an equal treatment from their suppliers. The tie of benefits show that the purchaser needs to obtain better resources for a better price, instead of the standard product or service. The tie of benefits is displayed in figure 1.

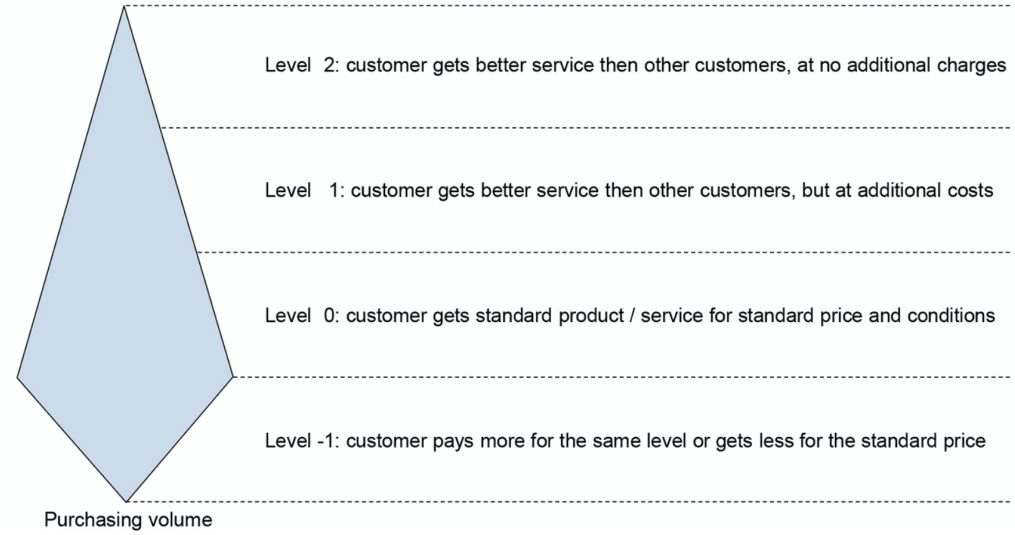


*Figure 1 - The tie of benefits (Schiele, 2020, p. 126)*

Now that the history and the benefits of the preferential treatment are cleared, the concept of preferred customership is outlined. The theory of preferred customership is embedded within the social exchange theory (Schiele et al., 2012b, p. 1180). Preferred customership is split into three elements which can be linked into a cycle, namely expectations (E), the comparison level (Cl) and the comparison level of alternatives (Clalt). Expectations lead to initiation of an exchange of goods and services within a relationship. The comparison level reflects the judgement of the satisfaction within the relationship based on the set criteria. The comparison level of alternatives represents the decision whether a relationship is discontinued or continued, based on the availability alternatives. Based on the third step, a relationship can be continued as a normal customer or preferred customer.

The cycle starts with that the buyer needs to be attractive to the supplier. Customer attractiveness can be defined as the buyers' capacity to cause interest of current, past, future or potential suppliers in exchanging with another, based on the outcomes which are expected from the relationship over time (Hüttinger et al., 2014, p. 703). Customer attractiveness is linked to the level of expectations (E). For being an attractive customer, Cordon and Vollmann (2008, p. 58) describe ten golden rules. These rules imply being a good and demanding customer, selling your opportunities and managing the perceptions of your supplier.

Following customer attractiveness, supplier satisfaction is linked to the comparison level (Cl). Supplier satisfaction is defined by Huttinger et al. (2014, p. 703) as "a positive affective state resulting from an overall positive evaluation of the aspects of a supplier's working relationship with the buying firm". In other words, supplier satisfaction reflects the evaluation of the satisfaction of the supplier with the relationship with the buyer, based on the previously set expectations. Schiele et al. (2012b, p. 1189) denotes that the supplier satisfaction is a necessary but not a sufficient condition for determining the customer's status. As aforementioned, based on the amount of satisfaction, the relationship can be continued in three ways. Namely discontinued, continued as a normal customer or as a preferred customer.

Preferred customer is therefore linked to the comparison level of alternatives (Clalt). Preferred customership can be achieved when the supplier is more satisfied with his buyer than with alternatives and the preferred customer is perceived as attractive (Schiele, 2012b, p. 1189). In addition, Baxter (2012, p. 1255) argued that the more satisfied a supplier is with a buyer, the more likely it is that the buyer is rewarded with the preferential customer treatment. This means that the customer is being awarded with a preferred, normal or discontinued status.

After the award of a status, the relationship starts from the beginning with establishing new expectations. This means that the aforementioned concepts can be linked to each other in a logical way, constructing the cycle of preferred customership. The constructs can be linked in a logistical way and customer attractiveness, customer satisfaction and preferred customership are intertwined (Schiele et al., 2012b, p. 1184). This cycle is represented in figure 2, the cycle of preferred customership (Schiele et al., 2012b, p. 1180). It is empirically supported that the three stages are distinguished (Pulles et al., 2016, p. 137)

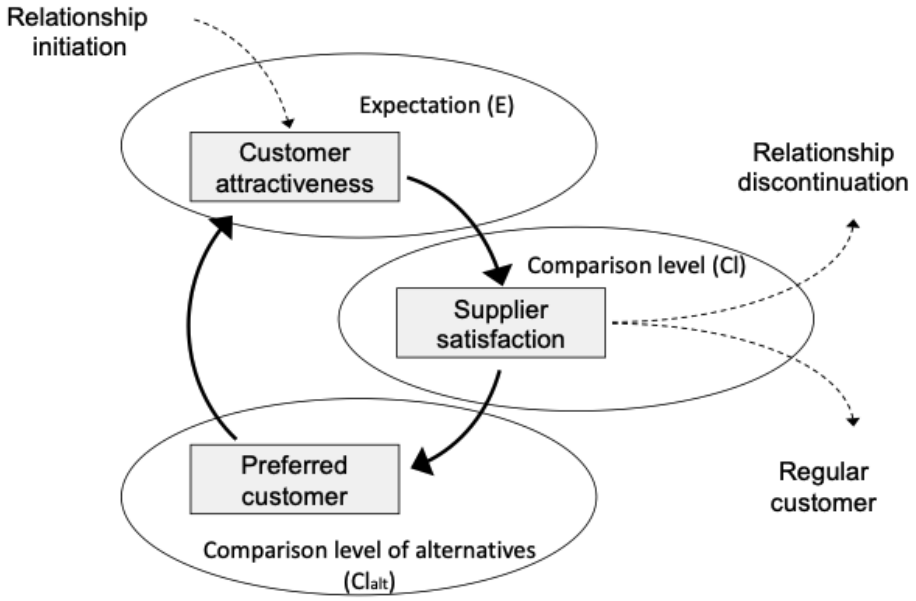


*Figure 2 - The cycle of preferred customership (Schiele et al., 2012b, p. 1180)*

## 2.2 Models for measuring preferred customership: The search for a model which measures both the cycle and the constructs

The academic focus for preferred customership, the benefits and the theoretical structure of preferred customership are determined. Subsequently, the models used for measuring preferred customership are examined, connecting the theory to practice. In accordance with the increased academic focus for preferred customership, diverse tools and models which attempt to explain supplier satisfaction and preferred customership have been proposed within the academic field.

From the seller's perspective, customer segmentation is a tool used by selling organisations which helps the organisation improve its marketing performance by allocating services and resources to the most profitable buying organisations, which can be interpreted as preferred customers (Yang et al., 2016, p. 1270). Several models used by selling organisations for segmenting their customers have been proposed. Windler et al. (2017, p. 181) proposes the comprehensive customer attractiveness matrix which compares the current quality of the relationship with the future potential of the buyer. Another model of Knox (1998, p. 733), called the 'diamond of loyalty', focuses on the profitability of retaining customers instead of constantly searching for acquiring new customers. Another different model focuses on visualising customer hierarchies such as top-customers and inactive

customers, called the Curry pyramid (Curry & Curry, 2000, p. 22). Buying organisations want to score high within models, in order to enjoy the profits of a preferred customer. In order to achieve this, models attempting to explain supplier satisfaction and preferred customership have been proposed.

There are several models proposed for the buyer's perspective for measuring supplier satisfaction and eventually preferred customership. For example, Kumar and Routroy (2017, p. 12) formulated an approach for measuring a manufacturer's preferred customer status, based on a model which focuses on 36 enablers. Originating from the automotive industry, this model is very focused on the production context and therefore more difficult to translate to other contexts. The same argument holds for the framework for measurement of supplier satisfaction, the model of Hudnurkar and Ambekar (2019, p. 1482) which originates from the same context (Schiele, 2020, p. 128). Another proposed model is the model of Glas (2018, p. 105). This model focuses on only three relative similar antecedents: service quality, communication quality, and time management quality. Similar to the other proposed models, this model does not appear to be broad enough to be widely applicable. Another proposed model is the structural model to measure supplier satisfaction by Meena and Sarmah (2012, p. 1239). This model uses constructs such as payment and purchase policy and corporate image of the buying firm, but again this model is not broad enough to measure all important factors influencing supplier satisfaction and the preferential treatment.

In contrast to the previously proposed models, the model of Nollet et al. (2012, p. 1188) seems better suitable for measuring supplier satisfaction and the preferential treatment in different contexts. This stepwise model is displayed in figure 3 and is useful for assessing the relationship between the supplier and the buyer. Similar to the cycle of preferred customership, it constantly measures the performance and engagement of its customers, with the possible outcome of preferred customer. However, it does not elaborate profoundly on antecedents for measuring the constructs of the model. Up to this point, no model has been proposed which both accurately represents the cycle of preferred customership combined with relevant antecedents which describe the constructs. Therefore, more research is needed.

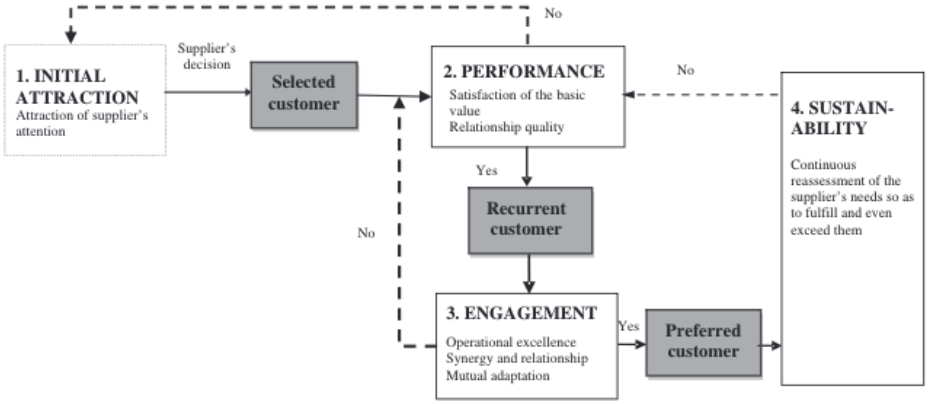


*Figure 3 - The four steps in the process of becoming a preferred customer (Nollet et al., 2012, p. 1188).*

## 2.3 The revised model of Vos et al. (2016) as the basis for this research

In order to discover the relevant antecedents of supplier satisfaction and preferred customership, Huttinger et al. (2012, p. 1201) conducted a literature review in order to determine what the drivers are of customer attractiveness, supplier satisfaction and preferred customership. Within the study, antecedents were determined based on the aforementioned levels. These levels comply with the cycle of preferred customership, displayed in figure 2. The preliminary concept of the drivers of the preferential treatment is added in figure 4.

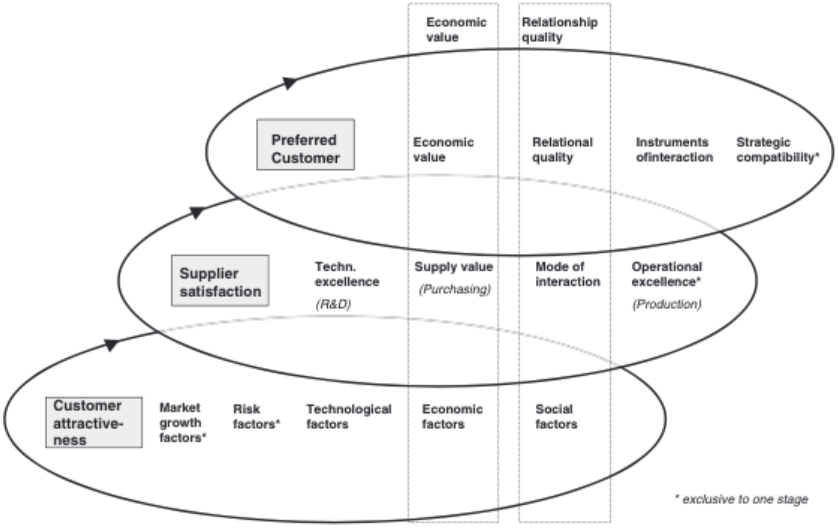


*Figure 4 - Drivers of preferential treatment: a preliminary concept (Hüttinger et al., 2012, p. 1203)*

Based on the preliminary concept of Hüttinger et al. (2012, p. 1203), Huttinger et al. (2014, p. 703) provided a more comprehensive overview based on a mixed methods approach concerning the antecedents influencing the preferential treatment. Within the study, the previously mentioned drivers of the preferential treatment are translated to antecedents of supplier satisfaction. The study is conducted in the context of direct procurement. These antecedents determined within the study are growth opportunity, innovation potential, operative excellence, reliability, support of suppliers, supplier involvement, contact accessibility and relational behaviour. Based on her analysis, she found that growth opportunity, reliability and relational behaviour showed a significant impact on supplier satisfaction (Huttinger et al., 2014, p. 712). The study was the first to show which factors are relevant in practice (p. 712), hence highlighting the relevance for this study.

The model of Hüttinger et al. (2014) was replicated and extended by Vos et al. (2016). Vos et al. (2016, p. 4615) included the ninth antecedent profitability and added preferred customer status as a positive outcome of supplier satisfaction and preferential treatment as an outcome of preferred customer status. Moreover, the length of the relationship as a control variable was added and the model was tested for both direct and indirect procurement. Findings from this study show that growth opportunity, reliability and profitability are essential antecedents of supplier satisfaction. Vos et al. (2016, p. 4620) constructed a revised model with a distinction between first tier and second tier antecedents, influencing supplier satisfaction in the context of direct and indirect procurement. In this analysis, the second tier antecedents showed a positive significant impact on the first tier antecedents. Moreover, the first tier antecedents were positively significant related to supplier satisfaction, where supplier satisfaction significantly affected preferred customer status the latter significantly affected the preferential treatment positively. A schematic view of the results of the revised model of Vos et al. (2016, p. 4620) is displayed in figure 5. In contrast to the previously proposed models, the revised model of Vos et al (2016) appears to be sufficiently broad applicable in multiple contexts and, at the same time, proposing first- and second-tier antecedents for measuring the constructs.

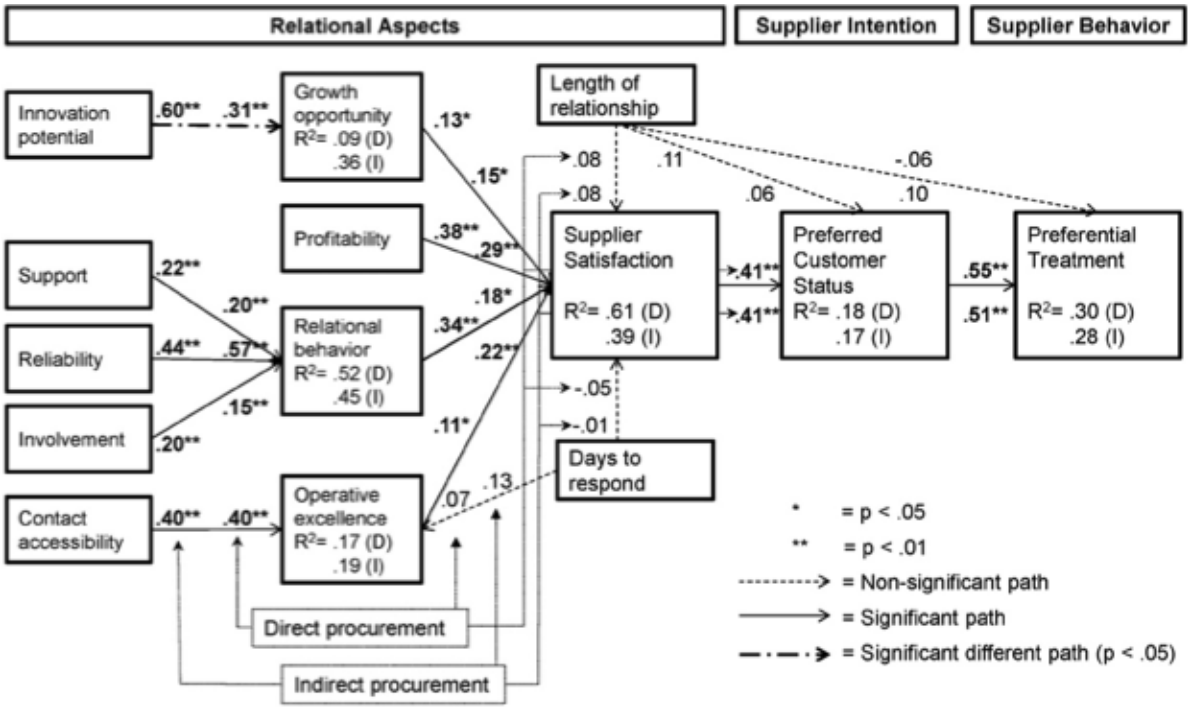


*Figure 5 - Results of the revised model of Vos et al. (2016, p. 4620)*

The results of the study of Vos et al. (2016, p. 4620) have been widely used for further research in the area of supplier satisfaction and the preferential treatment. Multiple extensions have been made in order to test the model within different contexts and testing new antecedents and the impact of those antecedents on the model. The model lays the foundation for this study, contributing to the twofold research goal. On the one hand, the extensions made on the model will be analysed. On the other hand, the replication studies based on the same model will be used in order to determine the top-scoring organisations and the best practices the organisations use.

Until this point, the constructs of supplier satisfaction and the preferential treatment are examined, together with the relevant antecedents concerning those constructs. In the following chapter, tactics related to preferred customership status which currently exist within the academic field are examined.

## 2.4 Examining currently known best practices from the academic field

A best practice is a technique, method, activity of process which has proven to be more effective than other techniques or methods, where the organisation can result in a top-scoring organisation in supplier satisfaction and can possibly enjoy preferential treatment. This chapter will elaborate on which best practices are identified by the academic field to achieve the latter.

As discussed before, multiple models have been suggested to measure supplier satisfaction. The result is that there are also multiple proposed angles for best practices for achieving supplier satisfaction and the preferential treatment. Therefore, the best practices will be divided into three categories, based on the cycle of preferred customership which is displayed in figure 2. Accordingly, the sequence will be: customer attractiveness; supplier satisfaction; and preferred customer.

### 2.4.1 Best practices regarding customer attractiveness

Best practices for customer attractiveness can be interpreted as the basic practices an organisation must perform in order to be attractive for suppliers. Multiple proposals of best practices have been made for being attractive as a customer for potential suppliers.

Following the notion of Baxter (2012, p. 1255), managers need to invest resources into relationships with suppliers, if they want to extract resources from the suppliers. Based on the notion: ‘you’ve got to spend a dollar to make a dollar’. Besides investing, the perception of the financial attractiveness of the customer also has an influence on the treatment of the supplier on its customer (p. 1255). The buyer needs to manage the suppliers’ perceptions, especially when dealing with larger supplying firms (p. 1256).

Lindwall, Ellmo, Rehme and Kowalkowski (2010, p. 9) stress the influence of brand equity on eventual partnership solutions. Having a strong upstream brand equity can have possible returns when organisations invest in their brand equity. Examples of outcomes can be a greater willingness of suppliers to commence collaborative activities and to comply with demanded lower prices; and less time needed to negotiate offerings with the supplier. The organisation must position themselves as an attractive cooperative partner and via the brand equity, the supplier is assured of the value delivered by engaging with the organisation (p.

8). This type of commitment changed the question from ‘who are you’ to ‘what about you and me?’, in case of the supplier (p. 7).

Patrucco et al. (2019, p. 25) argues that one of the key drivers of company attractiveness is the configuration of the nature of the relationship. Which means that organisations will be repaid with cost improvements and a higher innovation outcome when investing and pushing for a collaborative and long-term relationship with supply chain partners. Willingness to share information with the supply chain and experience in managing relationships are pre-conditions for this phenomenon. Procurement managers should have in-depth knowledge of taking business decisions, dealing with human issues and managing new technologies, with top management support (p. 17). Moreover, organisations should share their inventory level knowledge and the production and forecast planning with their suppliers. Lastly, in collaboration with their suppliers, organisations should manage their procurement price, the costs of managing the procurement process and collaborate for the level of innovation in services and products (p.18).

Within their study, Kumar and Routroy (2016, p. 27) propose various attributes which represent the supplier’s expectations. These standard expectations which make a buyer attractive are the following practices: prompt payments of outstanding bills; stability within ordering quantities; the implementation of supplier awards and recognition; profit and risk sharing mechanisms; conflict management; and resource sharing mechanisms.

Windler et al. (2017, p. 181) developed a customer attractiveness matrix, based on an assessment for segmenting solution customers. Examples of criteria mentioned within the study are: customer paying and investment behavior, supplier contacts within the customer organisation, customer attitude towards the business relationship, and customer attitude towards joint innovation with the supplier. The matrix is constructed from the seller’s perspective but provides insights in which criteria the seller could use when assessing customers.

Via a literature review, Nollet et al. (2012, p. 1188) examined which tactics exist within the academic field for achieving the reward of preferred customer, based on the similar constructs as the cycle of preferred customership, displayed in figure 1. The construct, initial attraction, similar to customer attractiveness (Nollet et al., 2012, p. 1189). Tactics for customer attractiveness identified by Nollet et al. (2012, p. 1189) are listed in table 1. The

tactics for ensuring the customer attractiveness are about signalling the presence of the buyer to the supplier and causing positive expectations. Being noticed of the potential value the buyer can deliver for the supplier. When the supplier is aware of the potential value of the buyer and commits its first transaction, tactics for ensuring customer satisfaction can be performed. Based on multiple sources, the identified tactics by Nollet et al. (2012, p. 1189) supplemented by previous tactics provides a profound theoretical perspective of best practices an organisation should implement in order to be attractive for suppliers.

*Table 1 - Tactics for ensuring customer attractiveness (Nollet et al., 2012, p. 1189)*

| **Ensuring customer attractiveness:** |
|---|
| - Participate at events (conferences and trade fairs) |
| - Consistently communicate growth potential and realizations |
| - Forward your organisation's exclusiveness/uniqueness of the products/services by highlighting their distinct advantages |
| - Organise meetings between top management of both organisations |
| - Be a member of associations within the industry |
| - Take part in relevant social media |
| - Revise and update website content to grow traffic from suppliers |
| - Develop a system of impression management with that supplier |
| - Set up and send pertinent information on a regular basis, such as information bulletins and infoletters |
| - Organise events with partners |
| - Regularly involve satisfied clients within the promotional effort |
| - Develop extensive field contact by inviting the supplier at the buyer's site |
| - Visit the supplier's premises |

### 2.4.2 Best practices regarding supplier satisfaction

Best practices for supplier satisfaction can be interpreted as the practices an organisation must perform, in order to be more attractive than the alternatives of the supplier. Multiple proposals of best practices have been made for improving supplier satisfaction.

Baxter (2012, p. 1256) argues about the importance of facilitating factors. This means the kinds of information the buyer needs to give to the supplier and which actions must be performed. Based on the moderator trust, the buyer needs to provide clarification to its supplier of which actions the buyer is going to undertake. Examples are indications of future performance, profitability and the cultivation of the working relationship. This can be accomplished by creative workshops and regular meetings with the supplier, where both parties can soundly inform each other. For instance, the buyer can determine during meetings

how to improve relationship-relevant processes such as documentation or change the way of packaging in order to help the supplier (p. 1256).

These relation specific investments are also supported by the construction sector. Bemelmans et al. (2015, p. 183) argues about the partnership relationship that can reduce cost and improve the similarity between organisations. This is accomplished by joint development in relation specific investments.

Glavee-Geo (2019, p. 10) explored the effects of supplier development activities on supplier satisfaction, and whether supplier satisfaction results in relationship continuity. Within the study, it was found that supplier development activities have a positive effect on both supplier performance and satisfaction. Moreover, the study distinguishes the difference between economic and non-economic satisfaction.

As previously mentioned, Hudnurkar and Ambekar (2019, p. 1484) proposed a framework for the measurement of supplier satisfaction. This framework is built upon five distinctive factors, namely: support, quality management, price and pay terms, relationships and, delivery and receipt of material. The proposed key performance indicators (KPI's) within the framework attempt to explain the factors which improve supplier satisfaction. The framework can be used by organisations as a supporting tool to measure supplier satisfaction.

Within the literature review, Nollet et al. (2012, p. 1190) identified several tactics for improving supplier satisfaction, these tactics are based on the attempt of the buyer to fulfil the supplier's priorities. By fulfilling these priorities, the buyer hopes that the supplier perceives the advantages of the relationship, providing a solid base for employing tactics for becoming the preferred customer. Just as the aforementioned best practices, the best practices are mostly based on transparency, commitment and good customership, confirming the previously examined studies. Based on multiple sources, the identified tactics by Nollet et al. (2012, p. 1190) supplemented by previous tactics provide a profound theoretical perspective of best practices an organisation should implement in order to ensure supplier satisfaction.

*Table 2 - Tactics for ensuring supplier satisfaction (Nollet et al., 2012, p. 1190)*

| **Ensuring supplier satisfaction:** |
|---|
| - Order in large amounts and evade haggling |
| - Ensure timely payments |
| - Fulfill all contract obligations without arguments or hassling |

- Ensure equitable treatment
- Make confidentiality an important aspect of the approach within the relationship
- Behave justly and fairly
- Be open to share relevant information
- Provide the supplier with a full inventory visibility
- Use face-to-face contact at both the supplier's and the buyer's sites (support for problems, training etc.)
- Assign the best employees to impress the supplier and to increase the success of the transactions
- Recruit buyers with a solid technical background, thus making communication more effective and easier

### 2.4.3 Best practices regarding the preferential treatment

Best practices in benefit of the preferential treatment can be interpreted as the practices an organisation must undertake in order to receive and at the same time sustain the preferential treatment from the supplier. Various proposals have been suggested by the literature for receiving and sustaining the preferential treatment.

Baxter (2012, p. 1256) mentioned the regular meetings with suppliers. When opportunism is set aside, the relationship can become so personal that an atmosphere is created where internal information is shared cross-wide and uncertainty is removed. Well-established personal relations are constructed, and this stability creates a timely supply of information between multiple departments of both organisations (p. 1256). This long-term relationship, which creates a competitive advantage, can result in the preferential treatment of the supplier.

Perceived maturity from the perspective of a supplier is also important for attaining the preferential treatment of that supplier (Bemelmans et al., 2015, p. 184). The higher the perceived maturity, the higher the chance of the award. This can be interpreted that the buyer provides suggestions for improvement or innovation of a service or product, resulting in a save in costs or production time.

Within their study, Kumar and Routroy (2016, p. 28) identified attributes of common interest between the buyer and supplier. These attributes provide various additions, besides the previously mentioned. Namely, the mutual visits by competent personnel, the commitment of high ranked personnel, the use of certification and accreditation between both parties and the usage of mutual ethical and moral business values.

For gaining access of innovations from suppliers, Pihlajamaa, Kaipia, Aminoff and Tanskanen (2019, p. 12) present various actions a customer can undertake for achieving the latter. The actions presented within the study are based on three conditions, namely: being innovative; supplier innovations must be relevant for the buyer; and the willingness of the supplier to share the innovations with the buyer. The conditions are met, based on knowledge-sharing routines and effective governance.

Within the literature review of Nollet et al. (2012, p. 1191) the tactics for preferred customership are split into two constructs, namely: tactics for becoming the preferred customer, and tactics for maintaining the position of preferred customer of a supplier. Based on the antecedents relational behaviour and operational excellence from the model of Vos et al. (2016, p. 4620). Tactics are added in table 3. Based on multiple sources, the identified tactics by Nollet et al. (2012, p. 1191) supplemented by previous tactics provides a profound theoretical perspective of best practices an organisation should implement in order to become the preferred customer.

*Table 3 - Tactics for becoming the preferred customer (Nollet et al., 2012, p. 1191)*

| **Ensuring operational excellence** |
|---|
| - Standardize and simplify supply chain practices |
| - Reassess processes to find creative solutions to problems |
| - Assess the potential use of reverse marketing with the supplier |
| **Create relational value** |
| - Motivate the supplier to invest within the relationship |
| - Invest within the relationship with parsimony |
| - Motivate the supplier to adapt some of its products to make them more suited to the characteristics desired by the supplier |
| - Redesign end-products in order to concentrate business with the supplier |
| - Keep the supplier informed of market developments, innovations etc. |
| - Be committed to causes considered important to the supplier, like ethical procurement, sustainable development etc. |
| - Initiate common projects |
| - Locate closer to the supplier's premises |
| - Plan joint activities |
| - Make joint research |
| - Involve higher-ranked personnel in problem-solving, so as to build and maintain supplier relationships |
| - Make staff exchanges |
| - Promote exchanges with partner organisations that could benefit the supplier |
| - Share performance measurement results with the supplier |

Tactics for maintaining the position of the preferred customer of a supplier are displayed in table 4 (Nollet et al., 2012, p. 1192). Lindwall et al. (2010, p. 5) argued that buyers need to recognize the fact that every supplier constantly evaluates their buyers and provides different treatments per buyer. Therefore, it is important that buyers obtain a better evaluation and thus treatment than their competitors. This can be accomplished by constantly fulfilling the supplier's expectations and creating opportunities which can position the buyer closer to the supplier, keeping the buyer ahead of its competitors (Nollet et al., 2010, p. 1192). The identified tactics by Nollet et al. (2012, p. 1190) provide a profound theoretical perspective of best practices an organisation should implement in order to maintain the position of preferred customer.

*Table 4 - Tactics for maintaining the position of preferred customer (Nollet et al., 2012, p. 1192)*

| **Maintain the position of preferred customer** |
|---|
| - Participate to the planning of events with the supplier |
| - Follow-up of the results in comparison to the initial objectives |
| - Anticipate risks and problems in the realization of objectives |
| - Participate actively to the evaluation of the dyad's needs and to setting its objectives |
| - Communicate problems and changes regularly and reassess objectives when required |
| - Measure performance frequently and share the results with the supplier |
| - Evaluate regularly and take into consideration the supplier's perception of the extent of having reached the objectives |
| - Create disincentives for relational dissolution |
| - Manage reputation through regularly monitoring options about the purchaser and prepare means to modify negative opinions |
| - Manage reputation through reassessing the external environment of the organisation (other partners and their tactics) |

### 2.4.4 Identified subcategories of the antecedents of the model of Vos et al. (2016) provide a useful overview

Within the study, Hüttinger et al. (2014, p. 718) identified subcategories for the main categories. These main categories are in line with the antecedents used in the model of Vos et al. (2016, p. 4620). The subcategories are separated in the three different constructs which are used in the cycle of preferred customership, displayed in figure 1. The identified subcategories provide a useful overview of all previously mentioned best practices. The

subcategories have been displayed in table 5. The usage of this overview, supported by the previously examined literature, will form the basis of the theoretical best practices of this study and will be used for categorising the identified best practices resulting from the empirical study. Besides identifying the operative best practices, this categorisation allows for gaining insights in which areas the organisations mostly perform their best practices.

*Table 5 - Identified subcategories for maintaining the position of preferred customer (Hüttinger et al., 2014, p. 718)*

| Main categories | Customer attractiveness Subcategories | Supplier satisfaction Subcategories | Preferred customer Subcategories |
|---|---|---|---|
| **Growth opportunity** | Growth | Overall planning possibilities | Mutual growth |
| | Brand name | | Brand image |
| | Access to other customers | | Access to other customers |
| | Global player | | Global player |
| | Easier market entry | | |
| | Joining new markets volume of products | | Volume of products |
| **Innovation potential** | Innovation orientation | Joint projects for technical development | Innovation possibilities |
| | Team of experts | | Expertise in R & D |
| | Product attractiveness | | Product quality |
| **Operative excellence** | Planning reliability | Low number of changes | Planning reliability |
| | Reliable forecasting | | Secured capacity utilization |
| | Simple internal processes | Simple internal processes | |
| | Quick decision-making | | Quick decision making |
| **Reliability** | Reliability of messages | Contract compliance | Credibility in agreements |
| | Fairness in dealings | | Fairness in negotiations |
| | Objectivity in supplier selection | Objective evaluation | |
| | Transparency | Transparency | |
| **Support of suppliers** | Supplier training | Guaranteed support for supplier | |
| | Helpfulness | Supplier development | Supplier training |
| **Supplier involvement** | Early involvement | Collaboration in joint projects | Supplier integration |
| | | Early information about changes | |
| | | Freedom in technical development | |
| **Contact accessibility** | Close contact person | Contact person for all matters | Close contact person |
| | Accessibility of contacts | Cross-functional coordination | |
| | | Long-term commitment | |
| **Relational behavior** | Readiness to talk | | Working atmosphere |
| | Openness | Openness | Openness |
| | | Reciprocity in agreements | |
| | Problem solving in bad times | | Taking notice of supplier's matters |

# 3. Methods used for conducting this research

## 3.1 Methods for comparing variables: Selection based on statistical properties, contribution to explanation and model fit

The literature review on preferred customership formed the start of this research. Due to the high amount of research within this area in the last years, the focus of this thesis lays on the outcomes of this previous research. Therefore, the literature review used the studies of Hüttinger et al. (2014) and Vos et al. (2016) as a starting point, because these studies provide

a literature review of preferred customership and highlight the important findings of the used model within this research. This part of the thesis consists of desk research.

The first part of the research consists of examining the conducted extensions on the model of Vos et al. (2016, p. 4620), which extensions proved to be a valuable addition to the model. The extensions will be divided into three categories, namely economic -, relational - and operative factors. This division is based on the structure of the revised model. In order to determine which variables have proven to be a valuable addition to the revised model of Vos et al. (2016), at first a search has been conducted to determine which studies have been conducted in the area of supplier satisfaction and preferred customer. When reviewing the essay database from the University of Twente, at first twenty-six studies scored a direct hit on either supplier satisfaction or preferred customer. These studies were analysed and based on the title, abstract, keywords and used research methods, selected for further research. Based on the analysis, thirteen of these studies totally or partially used the revised model of Vos et al. (2016) and nine actually tested extensions on the model. These nine selected studies have used partial least square (PLS)-based statistical analysis, usage of this analyses makes them comparable. The comparison will be made based on their statistical properties and contribution to explanation. The criteria for statistical properties are examined below.

The main focus of the evaluation of PLS-based statistical analysis is focused on the predictive accuracy of the model and the significance of the path coefficients. The predictive power $R^2$ plays an essential role in evaluating the quality of the model. $R^2$ represents the proportion of variance explained in the endogenous latent variable by the explaining latent variables. $R^2$ values above 0.75, 0.50 and 0.25 can be considered subsequently as substantial, moderate and weak (Hair, Ringle & Sarstedt, 2011, p. 147).

However, the predictive power can also increase when non-significant constructs are added to the model without a relationship. Based on this, the path coefficients should also be considered when assessing the quality of the model and constructs. In addition, the constructs will be checked for validity, reliability and the model for overall fit.

When checking for reliability, the first step is to check the reliability of the outer loadings of the indicators. The minimum loading of each indicator should be at least 0.7 because at this threshold, ‘’there is more shared variance between the construct and its measure than error variance’’ (Hulland, 1999, p. 198). For checking the internal consistency

of the constructs, composite reliability (CR) is used. The value for composite reliability should be above 0.7 in order to be acceptable, 0.6 when the research is exploratory (Bagozzi & Yi, 1988, p. 82).

In order to ensure that the constructs measure what they intend to measure and retain them from systematic measurement error, the validity of the constructs has to be assessed. Validity is divided within convergent validity and discriminant validity.

Convergent validity assesses if a factor is unidimensional, which means that the measures of a construct are related (Henseler, Hubona & Ray, 2016, p. 11). This is assessed by looking at the average variance extracted (AVE). According to Bagozzi and Yi (1988, p. 82), an AVE of 0.5 or higher is considered acceptable.

Discriminant validity assesses if the measure of a construct is statistically different from the measurement of the other measured constructs (Hair, 2010, p. 146). Multiple measurement methods exist for measuring the discriminant validity. The Fornell-Larcker criterion and the heterotrait-monotrait (HTMT) ratio between the latent variables are the most commonly used methods. The Fornell-Larcker criterion (1981, p. 49) assumes discriminant validity when the square root of the AVE in every latent variable is higher than the correlation coefficient of other constructs. This criterion is used when the HTMT ratio is not mentioned or used within studies. The reason for this is that Henseler, Ringle and Sarstedt (2015, p. 121) denoted that traditional methods do not ‘’reliably detect the lack of discriminant validity in common research situations’’. Using the HTMT ratio as a criterion would resolve this problem. The threshold of the HTMT is that it should be under 0.85 or 0.9 in order to support discriminant validity.

In order to determine the overall model fit, the value of the standard root mean residual (SRMR) can be used for assessing the latter. The SRMR represents the difference between the observed correlation and the implied model correlation matrix. As cited by Vos et al. (2016, p. 4617), a cut-off value of 0.10 or below is considered an adequate threshold for assessing model fit, although a score lower than 0.08 is considered even better (Henseler, Ringle & Sarstedt, 2015, p. 127).

Furthermore, the path coefficients are evaluated on significance and strength. If a coefficient is significant, the direction of the hypothesised relationship is empirically supported (Hair et al., 2011, p. 147). This result can then be generalised from sample to a

population (Henseler, Hubona & Ray, 2016, p. 11). Based on the empirical support and their contribution to the explanation, recommendations will be made for determining which antecedents proved to be a valuable addition to the revised model of Vos et al. (2016). The effect size ($f^2$) of the path coefficients can also be used for interpretation. Effect size will be taken into consideration and the size values of 0.02, 0.15, and 0.35 suggesting respectively small, medium and large effects (Henseler et al., 2016, p. 12).

Based on their statistical properties, contribution to explanation and overall model fit the extensions will be analysed within the results and conclusions will be drawn.

## 3.2 The empirical part: methods for benchmarking and determining best practices for supplier satisfaction

In order to determine the top-scoring organisations, the scope was focused on fourteen replication studies, based on the model of Vos et al. (2016, p. 4620), extracted from the database University of Twente. The results of these studies have been compiled in a single SPSS Statistics dataset. Mean scores were generated per study and per antecedent, resulting in an overview of all scores. These scores have been used to construct a benchmark table, showing the top-scoring organisations per antecedent. For graphical interpretation, a graphical representation has been constructed. Both the table and graph have been added consequently in appendix A and B.

Based on the conducted benchmark, the top three of every antecedent were selected and brought together in a matrix. This matrix represented the top-scoring organisations and the focus for determining the best practices. This matrix consisted in a target group of eight studies, consisting of ten organisations. These organisations are subjected to qualitative research. After sending requests to the organisations, four organisations have denied the request to cooperate with this research due to various reasons. The remaining six organisations have been subjected to qualitative research. The choice for qualitative research has been made due to the fact that best practices cannot be expressed in numbers, but via in-depth research.

The chosen qualitative research method is through semi-structured interviews. Interviews are conducted with the known contact person at the organisation. As stated by Alsaawi (2014, p. 151), semi-structured interviews allow control for the direction of the

interview while asking open-ended questions which are predefined, in order to receive a wider range of responses for every subject. This method provides the researcher with a certain amount of flexibility in the way of being able to question specific questions about subjects in detail or to deviate from the interview guide to a certain degree. The interview protocol has been created by the researcher and checked by the supervisors. The length of the interviews is approximately 45 to 60 minutes. Due to the impact of Covid-19, the interviews will be conducted within a digital environment in order to limit physical implications.

Dikko (2016, p. 522) pointed out that a pilot study can help discard difficult questions and identify whether the questions can lead to adequate responses. Moreover, the pilot study ensures that the interview is able to measure all concepts which it intends to measure. After the first interview, the interview protocol was re-examined and led to an adjustment in jargon and the aggregation of two questions.

In accordance with the approach of Burnard (1991, p. 462), the interviews are transcribed afterwards and all interviews will be recorded with approval of all participants. The transcribed interviews are analysed via the qualitative software system Atlas.ti. In order to systematically evaluate the qualitative data gathered from the interviews, Leech and Onwuegbuzie (2008, p. 587) consider coding as the appropriate approach to achieve this. Coding is defined by Basit (2003, p. 144) as ‘noticing relevant phenomena; collecting examples of those phenomena; and analysing those phenomena in order to find commonalities, differences, structures and patterns.

Due to the explorative aim of this research, categories of coding will be defined whilst reading the transcripts and filtering out unimportant topics, creating categories that are able to capture all of the data, which is the process of open, data-driven coding (Burnard, 1991, p. 462). The open codes are further demarcated into categories, using the overview displayed in figure 5. The program Atlas.ti will be used to structure this. Based on these results, an analysis is drawn within the results section and conclusions are drawn within the discussion section.

## 3.3 Quality assessment of the qualitative study through the framework of Shenton

The framework of Shenton (2004) controls for internal-, external validity and reliability within qualitative studies. The framework consists of three main criteria: transferability; credibility; and dependability (Shenton, 2004, p. 64).

Transferability is interpreted as the extent to which the results of the research can be generalized in a different context (Drisko, 1997, p. 189). Transferability can be achieved when the reader is enabled to decide how the findings may transfer based on the sufficient information about the research context, processes, participants and researcher-participants relationships (Morrow, 2005, p. 252). The latter is widely described within this study, achieving transferability.

Credibility is defined by Tracy (2010, p. 840) that the study is marked by thick description, triangulation, multivocality and member reflections. Within the study, varied voices are incorporated to ensure a wide understanding in the matter of multivocality. Using a wide range of sources for explaining various constructs and concepts, which results in a higher adequacy and interpretive status of the evidence. The latter is used within this thesis in order to sustain triangulation. Member reflections were realized throughout the data analysis and writing process, allowing for dialogue with the supervisors about the findings and creating the opportunity for feedback and collaboration. Lastly, a thick description of the subject is marked by an in-depth illustration with abundant concrete detail (Tracy, 2010, p. 843), which in this research is outlined in the theoretical framework. The aforementioned practices show that credibility is ensured and guarantees the trustworthiness of this research.

Dependability refers to the capability of other researchers of repeating the same research process and by doing so, obtaining similar results (Pitney, 2004, p. 27). A commonly used method is clarifying the researcher's perspective on choices within the research. Another tool is the aforementioned triangulation. An example of the latter is the presence of the interview guide, which could benefit future research. Both methods are used within this research, showing dependability.

# 4. Comparison of new variables introduced

## 4.1 Analyzation of which antecedents to be added to the model

As stated by Vos et al. (2016, p. 4614), researchers studying supplier satisfaction stress the difference between economic and social perspectives within satisfaction research. Satisfaction consists of both economic and non-economic antecedents (Vos et al et al., 2016, p. 4614). Within the model of Vos et al. (2016, p. 4620), antecedents are split up on the one hand economic, relational and operative antecedents. These relational aspects for supplier satisfaction are again split up in first-tier and second-tier antecedents, where the second-tier antecedents are the predictors for supplier satisfaction. This division of antecedents can be seen in figure four, together with the control variables and setting in which the model is tested. This chapter will elaborate on which antecedents, settings and control variables have been tested in relation to the model. These extensions will be analysed and based on their statistical properties and contribution to explanation, make a recommendation which should be used in the standard model in the future. The quality assessment of the data, which are composite reliability, convergent validity and discriminant validity, model fit and explained variance by the model are added in table 6. Abnormalities and deviations from the set thresholds have been marked within the overview and are taken into consideration when potential antecedents are assessed. These abnormalities are considered when assessing the significance of the extensions. The combined effects of all different extensions will be considered later on.

*Table 6 - Overview quality assessment extensions model of Vos et al. (2016)*

| **Source** | Van der Lelij (2016) | Elias (2019) | Jansen (2018) | Praas (2016) | Sende (2018) | Goos-sen (2019) | Barte-link (2019) | Maste-broek (2018) | Ilkay (2020) | Henn (2018) |
|---|---|---|---|---|---|---|---|---|---|---|
| **n** | 104 | 42 | 149 | 104 | 118 | 139 | 48 | 83 | 179 | 115 |
| **CR** | Above 0.7 | Above 0.7 | Above 0.7 | Above 0.7 | Above 0.7 | Above 0.7 | Above 0.7 | Above 0.7 | Above 0.7 | Above 0.7 |
| **AVE** | Above 0.5 | Above 0.5 | Not used. | Above 0.5 | Above 0.5 | Above 0.5 | Above 0.5 | Above 0.5 | Above 0.5 | Above 0.5 |
| **HTMT** | Below 0.9 | Not used. | Below 0.9 | Below 0.9 | Below 0.9 | Below 0.9 | Below 0.9 | Below 0.9 | Below 0.9 | Below 0.9 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **SRMR** | 0.097 | Not used. | Not used. | 0.068 | 0.083 | 0.064 | Not used. | 0.129 | Not used. | 0.0635 |
| **R² SS** | 0.75 | 0.38 | 0.41 | 0.65 | 0.634 | 0.249 | 0.488 | 0.485 | 0.475 | 0.78 |
| **R² PC** | 0.28 | Not used. | 0.38 | 0.25 | 0.502 | 0.404 | 0.318 | Not used. | Not used. | 0.31 |

*n = Sample size, CR = Composite reliability, CV = Convergent reliability, AVE = Average variance extracted, DV = Discriminant validity, HTMT = Heterotrait-monotrait ratio, SRMR = Standard root mean residual, SS = supplier satisfaction and PC = Preferred customer status.*

### 4.1.1 Buyer importance, buyer status and contextual factors as identified economic factors

Firstly, the influence of buyer's status on supplier satisfaction was examined by Van der Lelij (2017). Within the study it was found that the inclusion of the buyer's status does not only increase the supplier's satisfaction, but also reduces the tendency of having conflicts within a relationship. The concept of conflict will be discussed within the operative factors part. The buyer's status is capable of mitigating the negative fall-out of coercive power on possible conflicts and as well increasing supplier satisfaction. Thus, high-status buying firms can benefit from their status through increased supplier satisfaction which results in increased benefits from the supplier for the buyer. An important finding (Van der Lelij, 2017, p. 63) is that having a high status has a significant effect on becoming a preferred customer of a supplier ($t = 2.204$; $\beta = 0.188$; $f^2 = 0.035$; $p < 0.01$). Also, the direct effect of status on supplier satisfaction proved to be significant (Van der Lelij, 2017, p. 60) ($t = 2.095$; $\beta = 0.17$; $f^2 = 0.046$; $p < 0.05$), showing the impact of status. Moreover, buyer's status is also researched by Goossen (2019), which will be discussed later on.

Goossen (2019) investigated the influence of contextual factors external to the dyadic buyer-supplier relationship. Within the study, Goossen (2019, p. 45) found that dependency did not significantly influence supplier satisfaction, but dependency does significantly influence preferred customer status ($t = 6.110$; $\beta = 0.472$; $f^2 = 0.323$; $p < 0.01$). Thus, a customer can still receive preferred customer status despite the level of supplier satisfaction due to the dependency within the relationship. In relation, within the dependency section it is stated that organisations should match their processes and structures to their environment, which could be interpreted as operational compatibility. The latter is also researched by Sende (2018), which will be discussed within the operational variables section. Lastly, when

investigating the antecedent buyer status, the $R^2$ value of supplier satisfaction increased from 0.249 to 0.507 (Goossen, 2019, p. 42). The path coefficient was also relatively high, on which it is concluded that buyer status plays a significant role within the level of supplier satisfaction and consequently achieving preferred customer status from a supplier. However, the other first-tier constructs proved to be not significant anymore, so as Goossen (2019, p. 47) pointed out more research is needed. But both Van der Lelij (2017) and Goossen (2019) showed that buyer status significantly influences preferred customer status. Moreover, dependency is also empirically supported. Therefore, both antecedents can be considered as an addition to the revised model of Vos et al. (2016).

Thirdly, Jansen (2018) investigated the (indirect) effects of buyer and supplier importance on supplier satisfaction and preferred customership. Within the study, Jansen (2018, p. 64) found a strong relationship between supplier importance and relational behaviour, but when adding the second-tier antecedent reliability, only an indirect effect on supplier satisfaction remained. However, buyer importance proved to have a much higher influence on becoming the preferred customer ($\beta = 0.46$; $p < 0.01$). When buyer importance was added within the model, the influence of supplier satisfaction on preferred customer status became less significant ($\beta = 0.50$; $p < 0,01$ versus $\beta = 0.23$; $p < 0.05$) (Jansen, 2018, p. 63). The latter shows the influence and impact of buyer importance upon the whole model, showing the relative importance. This can be interpreted that buying companies need to invest time and money in order to become more important for the supplier, which positively influences becoming the preferred customer. This antecedent can be considered as an addition to the revised model of Vos et al. (2016).

At fourth, the effect of proximity in the public procurement sector was tested. Within the results proximity showed to have no effect on preferred customership ($t = 0.073$; $\beta = -0.008$; $p > 0.05$). When comparing groups however, a difference was found but this is not ‘clear-cut’ (Praas, 2017. p. 51). For public procurement, evidence was found that public organisations should try to satisfy suppliers who are participating in a public procurement procedure on quality ($t = 1.285$; $\beta = 0.120$; $p < 0.05$). Overall, the research did not provide great implications on the model of Vos et al. (2016), so there is no support for adding this antecedent to the revised model of Vos et al. (2016).

At fifth, the impact of brand related factors on supplier satisfaction is examined by Elias (2019). Assessing the influence of brand awareness, brand equity and brand image on growth opportunity and supplier satisfaction. Within the study, it was found that brand equity and brand awareness have had a significant impact on both supplier satisfaction and growth opportunity. However, brand awareness was the only factor that had a positive significant impact on supplier satisfaction ($t = 1.75$; $\beta = 0.31$; $p = 0.08$) when testing only on supplier satisfaction and growth opportunity. When brand awareness is tested within the model of Vos et al. (2016), it proved not to have a significant influence anymore (Elias, 2019, p. 52). Due to the fact that brand awareness negatively impacts the whole model, it is advised by Elias (2019, p. 57) not to implement the variable within the model. Within this study, this advice is adopted not to take brand related factors into consideration any further.

### 4.2.2 Information sharing as the identified relational factor

Firstly, Bartelink (2019) aimed to identify relevant antecedents of information sharing and what the impact is of these antecedents on information sharing and supplier satisfaction. A review on information sharing literature resulted in the factors that influence information sharing, which are the following: trust; commitment; reciprocity; and shared norms. However, when testing them, only evidence was found for shared norms having effect on information sharing (Bartelink, p. 49). This can be linked to cultural compatibility, which is researched by Sende (2018). Moreover, when testing the antecedent information sharing in the model Vos et al. (2016), evidence was found for the significant effect of information sharing ($t$ = unknown; $\beta = 0.322$; $p < 0.05$) on relational behaviour. Furthermore, information sharing has a positive effect on customer attractiveness and supplier satisfaction (Bartelink, 2019, p. 52). Within the study it is argued that more research is needed to further investigate the relationship of information sharing. Overall, information sharing empirically positively influences relational behaviour and supplier satisfaction, so information sharing can be an addition to the revised model of Vos et al. (2016).

Secondly, several relational aspects related to supplier satisfaction were tested by Sahbaz (2019) in the context of public procurement. Within the results, not much evidence was found for the proposed model. However, information sharing is also researched within this thesis and proved not to be significant ($t = 1.45$; $\beta = -0.03$; $p > 0.05$) (Sahbaz, 2019, p.

51). When comparing this to the results of Bartelink, this can be considered interesting. However, within the study the relation between supplier satisfaction and preferred customer also proved to be insignificant ($t = 1.07$; $\beta = 0.19$; $p > 0.05$). Moreover, a partial version of the model of Vos et al. (2016) was used and it is tested within the public sector, so there is little comparability with the original model. Overall, this means that this will be left out of this analysis.

Mastebroek (2019) researched relational factors that enable supplier satisfaction and aimed to investigate the effect of structural and cognitive factors on supplier satisfaction and these relational factors. Important note, contrary to other studies, this study did not find a proper model fit, with an SRMR of 0.129 (Mastebroek, 2019, p. 41) and cross loadings (Mastebroek, 2019, p. 45). Taking these effects into account, Mastebroek (2019, p. 52) argues that size asymmetry has a positive effect on supplier satisfaction. Where an explanation could be that large buyers are associated with better problem solving and information sharing. However, only relational factors were tested within the research, so the effect within the model of Vos et al. (2016) cannot be tested. Moreover, Mastebroek (2019, p. 53) emphasises the positive significant effect of likeability on supplier satisfaction directly ($t = 1.791$; $\beta = 0.224$; $p < 0.05$) and via relational behaviour ($t = 3.313$; $\beta = 0.398$; $p < 0.01$). Within the study it is argued that likeability can be added as a second-tier antecedent which influences supplier satisfaction via the first-tier antecedent relational behaviour. Where buyers should get the most out of their relationships via suppliers who appear motivated and likeable. But as discussed, these conclusions were drawn on a model with a relatively bad model fit and tested in a simplified environment. Impact of these factors on the model of Vos et al. (2016) is questionable and not advisable.

Lastly, Henn (2018) investigated the moderating effects of corporate culture on the model of Vos et al. (2016). Contradicting the current literature, the outcomes of the study show that culture does not impose a moderating effect on supplier satisfaction and the second-tier antecedents (Henn, 2018, p. 51). Due to the absence of empirical support, this antecedent will be left out of the analysis.

### 4.2.3 Conflict and coercive power, compatibility and complementarity aspects, demand uncertainty and order, billing/delivery as identified operative factors

As aforementioned, Van der Lelij (2017) examined the effects of three major concepts. For operative variables, the direct effect of coercive power on supplier satisfaction proved not to be significant when the other concept was introduced: Conflict (Van der Lelij, 2017, p. 60). Within the study, it is argued that conflict resolution mediates the effect between coercive power and supplier satisfaction. Meaning coercive power reduces the level of supplier satisfaction, only when the power is causing conflicts within the relationship, thus coercive power indirectly influences supplier satisfaction. The latter highlights the importance of correctly handling a conflict, in order to maintain supplier satisfaction and thus has an indirect effect on becoming the preferred customer. The direct effect of conflict resolution on supplier satisfaction also proved to be significant (Van der Lelij, 2017, p. 60), based on an alpha level of 0.05 ($t= 2.078$; $\beta = 0.24$; $f^2 = 0.096$). Based on this empirical support, coercive power with the mediation effect of conflict can be considered an addition to the revised model of Vos et al. (2016).

The research aim of the study of Sende (2018) was twofold. On the one hand, the effects of preferential treatment on quality, timeliness and accuracy of amount of deliveries were examined. However, no empirical evidence was found for an actual effect of these factors. On the contrary, empirical evidence was found about influences of cultural compatibility, operational compatibility and resource complementarity on supplier satisfaction and preferred customership. Within the study, Sende (2018, p. 45) argues that suppliers value soft factors like relational behaviour, even more than profitability, outlining the effect of cultural compatibility on supplier satisfaction ($t = 3.620$; $\beta = 0.254$; $f^2 = 0.115$; $p < 0.01$). Operational compatibility also showed a significant effect on preferential treatment ($t = 2.390$; $\beta = 0.267$; $f^2 = 0.068$; $p < 0.01$) which shows the necessity of compatible processes for receiving the preferential treatment. Processes need to match with suppliers. Lastly, resource complementarity showed a somewhat lesser significant effect on preferred customer status ($t = 1.815$; $\beta = 0.213$; $f^2 = 0.068$; $p < 0.05$). This can be interpreted that skills, know-how and products are resources that can create a dependency between firms. Firms have to actively look for suppliers that complement them. Based on the empirical support, resource

complementarity, operational compatibility and cultural compatibility can be considered an addition to the revised model of Vos et al. (2016).

Ilkay (2019) investigated the influence of quality of processes on supplier satisfaction within the defence industry. Quality of processes is further divided in demand forecasting, ordering process, payment and contact accessibility on supplier satisfaction. The influence of these factors on supplier satisfaction are investigated. Within the study, evidence is found for the positive relations between the operative variables, but there is a complication. Within the study of Vos et al. (2016), operative excellence as a first-tier antecedent is not considered within this study, so the effects are unknown of the operative antecedents within the model. Moreover, operative factors as demand forecasting and payment can be considered as a part of the quality of the process. The direct effect of quality of processes on supplier satisfaction is investigated and evidence is found for an actual effect ($t = 1.959$; $\beta = 0.188$; $f^2 = 0.049$; $p < 0.01$) (Ilkay, 2019, p. 44). However, considering the weak effect of the antecedent and the absence of testing its effects within the whole model, it is recommended to consider it not to be an addition to the revised model of Vos et al. (2016).

As previously discussed, Goossen (2019) tested contextual factors within the dyadic buyer-supplier relationship. For operative factors, Goossen (2019, p. 43) investigated the moderating effects between supplier satisfaction and preferred customer status, classified as external environment effects. Of these effects, the following appeared: technological uncertainty; competition uncertainty and demand uncertainty, appeared demand uncertainty to have a negative significant effect ($t = 1.919$; $\beta = -0.202$; $f^2 = 0.036$; $p < 0.05$). This can be interpreted that however satisfied a supplier is with a certain buyer, the tendency to classify that customer as preferred can be less likely when operating in an uncertain market in terms of demand (Goossen, 2019, p. 46). Also, Goossen (2019, p. 45) found that order ($t = 4.834$; $\beta = 0.417$; $f^2 = 0.189$; $p < 0.01$) and billing/delivery ($t = 2.634$; $\beta = 0.214$; $f^2 = 0.056$; $p < 0.01$) both significantly influence operative excellence. However, operative excellence did not have a significant influence on supplier satisfaction anymore after adding these second-tier constructs ($t = 1.419$; $\beta = 0.111$; $f^2 = 0.014$; $p > 0.05$). But both provide great empirical support for their influence, showing their potential. Altogether, demand uncertainty, order and billing/delivery can be considered as an addition to the revised model of Vos et al. (2016).

Smits (2018) researched the applicability of the model of Vos et al. (2016) within the construction sector. Hereby the antecedent of operational excellence was replaced by contractor's operative excellence, due to the particularities of the sector. Due to the fact that this has not led to major implications for the model of Vos et al. (2016), other than testing it in a specific sector, this study will be left out of the analysis of additional variables.

## 4.2 The improved model and operationalisation of the antecedents

Based on the empirical support and contribution to explanation, an improved conceptual model can be generated which can visualize the additions to the revised model of Vos et al. (2016). This conceptual model of the drivers of preferential treatment is added within figure 6. The black rectangles with straight arrows originate from the revised model of Vos et al. (2016). The blue rectangles represent the significant additions which are previously discussed.

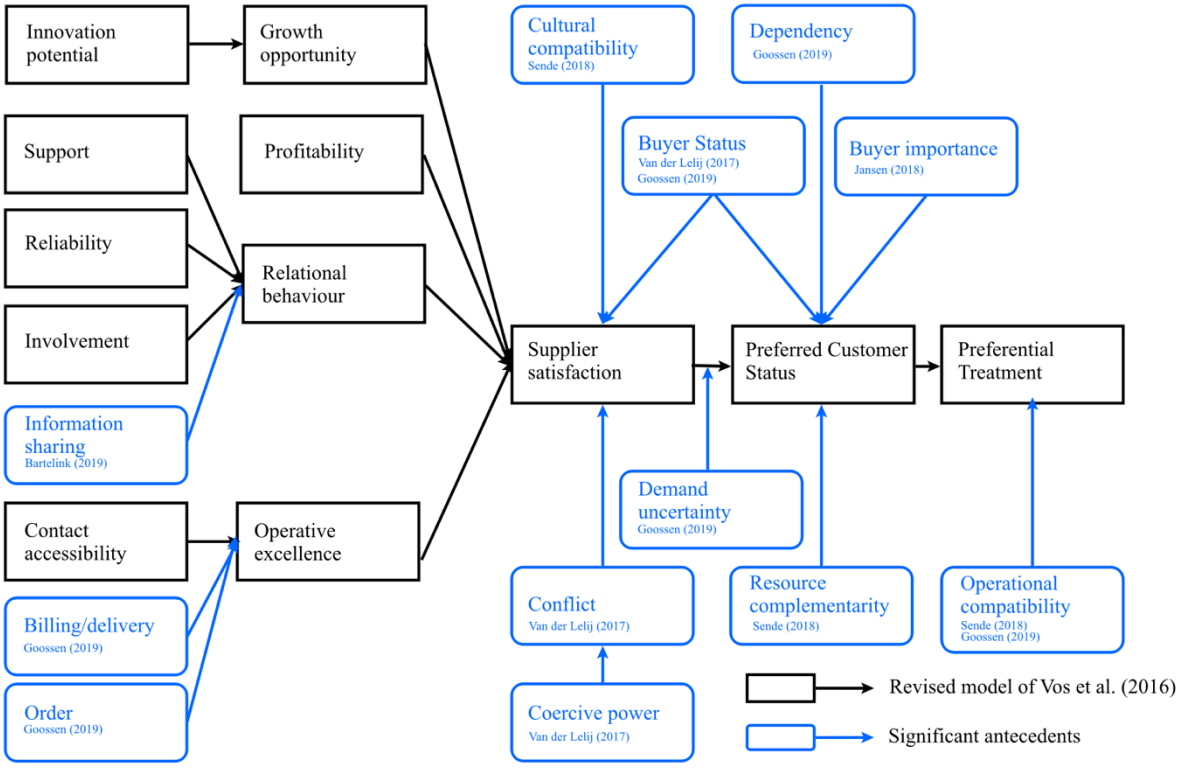


*Figure 6 - Conceptual model of the drivers of preferential treatment*

The partial aim of this study was to identify relevant antecedents for the revised model and create a conceptual model which can be used for future research. In order to make the conceptual model useful for future research, the antecedents need to be measurable.

Therefore, an operationalization table is constructed in order to make the additional antecedents measurable. This will result in an improved reliability of this study. The operationalization contains both the description and original source and is added within table 7 - Conceptual model of the drivers of preferential treatment.

*Table 7 - Operationalization of the additional antecedents of the conceptual model*

| **Antecedent** | **Description** | **Statistical properties** | **Original source** |
|---|---|---|---|
| Buyer's status | "Status is grounded in social consensus, must be perceived by individuals, and can be assessed via structural characteristics'', thus status is seen as a subjective ranking based on achievements and characteristics the supplier thinks are important. | BS > SS $f^2$ = 0.046<br>BS > PC $f^2$ = 0.035<br>SRMR = 0.097<br>$R^2$ SS = 0.75 | Pearce (2011, p. 6), |
| Dependency | "An actor's need to continue its relationship with its exchange partner in order to achieve its desired goals'' | D > PC $f^2$ = 0.323<br>SRMR = 0.064<br>$R^2$ SS = 0.51 | Scheer, Miao and Palmatier (2015, p.700), |
| Buyer's importance | The amount of importance the buyer is for the supplier. | BI > PC $Q^2$ = 0.42*<br>SRMR = -<br>$R^2$ PC = 0.37 | Jansen (2018, p. 39) |
| Cultural compatibility | "Compatibility describes how far buyer and supplier match on cognitive and operational dimensions ... a similar corporate culture and management style will additionally help both firms to identify themselves with each other." | OC > SS $f^2$ = 0.115<br>SRMR = 0.083<br>$R^2$ SS = 0.63 | Smith (1998, p. 7) |
| Information sharing | "... the sharing of information between buyers and suppliers, which is detailed, frequent and timely enough to meet a firm's requirements.'' | IS > RB $f^2$ = unknown<br>SRMR = unknown<br>$R^2$ SS = 0.49 | Carr and Kaynak (2007, p. 350) |
| Coercive power | "Coercive power is used through threats which will be executed unless the other party performs the desired behaviour. Being exposed to coercive power as a supplier will generally reduce the value of the outcome of the relationship and often bring costs.'' | CP > SS $f^2$ = 0.046<br>SRMR = 0.097<br>$R^2$ SS = 0.75 | Anderson & Narus (1990, p. 46), Scheer & Stern (1992, p. 131) |
| Conflict | "A buyer-supplier conflict … a disagreement between buyer and supplier that appears because each party strives to achieve its own business goals'' | C > SS $f^2$ = 0.249<br>SRMR = 0.097<br>$R^2$ SS = 0.75 | Samaha, Palmatier & Dant (2011, p. 102) |
| Resource complemen-tarity | "Complementary means that both firms have to bring in part of the necessary resources for a successful transaction … buyer as well as the supplier wants to obtain the highest possible value from the relationship and therefore resources brought into the relationship by both firms have to be valuable for each other'' | RC > SS $f^2$ = 0.045<br>SRMR = 0.083<br>$R^2$ PC = 0.48 | Sende (2018, p. 19) |

| | | | |
|---|---|---|---|
| Operational compatibility | "Compatibility describes how far buyer and supplier match on cognitive and operational dimensions ... operational compatibility and a fluent exchange are necessary for ensuring a fit of procedures and processes.'' | OC > SS $f^2 = 0.068$<br>SRMR = 0.064<br>$R^2$ PT = 0.50 | Sarkar et al. (2001, p. 362) |
| Demand uncertainty | Demand uncertainty reflects the rate of changes in demand and represents specific uncertainties on business levels. | DU > SS $f^2 = 0.036$**<br>SRMR = 0.064<br>$R^2$ SS = 0.51 | Huo et al. (2018, p. 156) |
| Billing/ delivery | "Buyers need to identify the specific key elements that the supplier values most in terms of … payment habits, payment procedures and delivery deadlines.'' | B/D > OE $f^2 = 0.056$<br>SRMR = 0.064<br>$R^2$ SS = 0.51 | Essig & Amann (2009, p. 16) |
| Order | "Buyers need to identify the specific key elements that the supplier values most in terms of … ordering procedure and adherence to long-term contracts.'' | O > OE $f^2 = 0.189$<br>SRMR = 0.064<br>$R^2$ SS = 0.51 | Essig & Amann (2009, p. 16) |

* = $Q^2$ = predictive relevance. Value above 0.35 is interpreted as high predictive relevance (Chin, 2010, p. 680); ** = Moderating effect between supplier satisfaction and preferred customer

Based on the effect size, it can be concluded that dependency, buyer importance and conflict are the most important identified antecedents, with an effect size of between medium and large effects. The other identified antecedents impose a small to medium effect.

In order to gain more insight about which additional antecedents proved not to be an addition, an alternative model has been constructed in which all extensions have been presented. This model is presented in figure 7.

In order to gain more insights about the total effects of previous research on the revised model of Vos et al. (2016), an extra analysis is conducted within appendix C. This analysis combines all data collection from previous research and analyses the resulting outcomes. The analysis is conducted using Partial Lease Squares (PLS) path modelling, using SmartPLS 3.0 software of Ringle et al. (2015). The data is subjected to the same quality assessment as the different studies mentioned previous. The results of this extra analysis will be used when discussing the results.

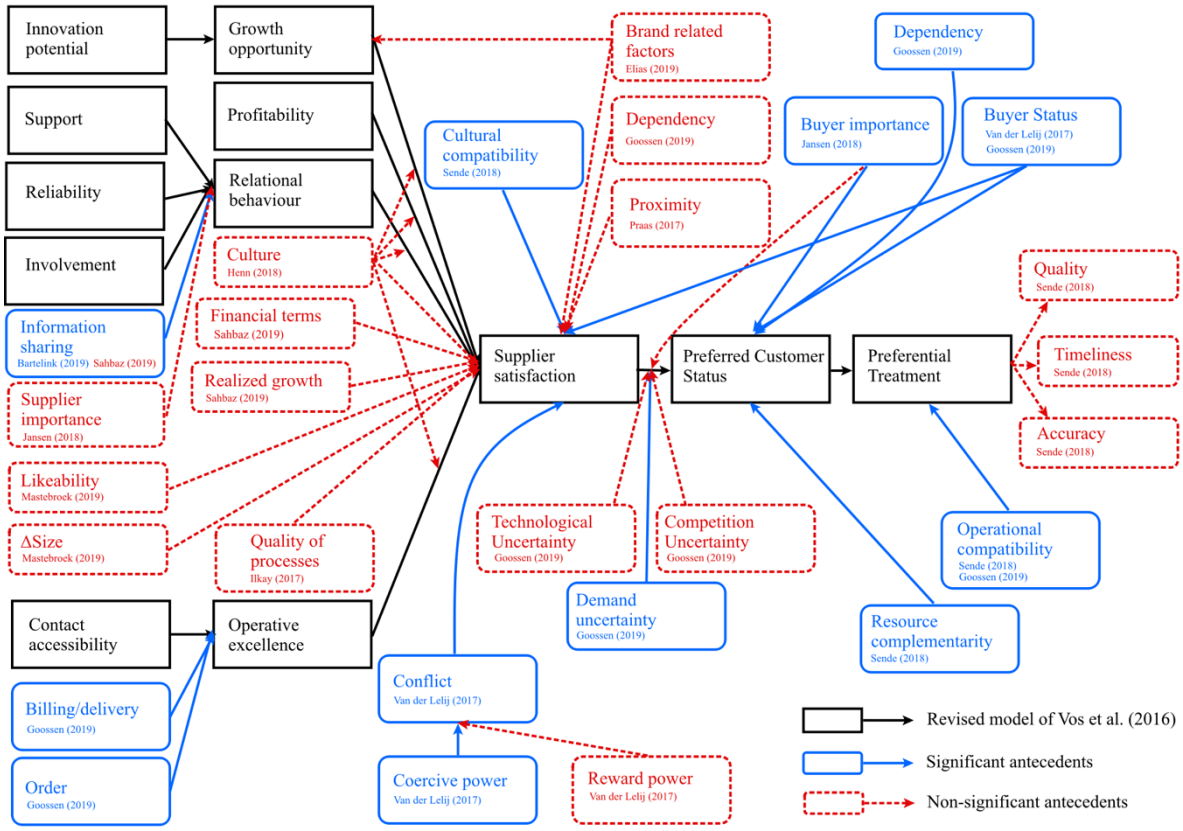


*Figure 7 - Graphical overview of all extensions to the model of the drivers of preferential treatment*

# 5. Operative best practices for supplier satisfaction and preferred customership

## 5.1 Ten top-scoring organisations identified in the benchmark table

After the completion of the study of Vos et al. (2016), multiple studies have been conducted, all based on the model of Vos et al. (2016), presented in figure 4. Despite the extensions, discussed in the previous chapter, all studies also measured the same antecedents. The studies have been conducted in collaboration with organisations, operating in different industries. This chapter will examine which practices organisations use, in order for the organisations to become a top-scoring organisation relative to other organisations.

In order to gain a better understanding of which organisation can be classified as a top-scoring organisation, a benchmark is conducted. All results of the studies have been compiled in a single dataset. From this dataset, means are extracted per antecedent, sorted per study. These scores were put together in a benchmark table. From this table, the three

highest scoring organisations per antecedent were extracted. As a result, eight studies proved to be top-scoring in one antecedent or more. The matrix with top-scoring studies is added in table 8. The matrix shows the study and the industry the organisation is operating in. The original benchmark table and graph are added in appendix A and B, respectively.

*Table 8 - Matrix top-scoring studies*

| | #1 | #2 | #3 |
|---|---|---|---|
| Contact accessibility | 6: Food* | 12: Logistics | 1: Chemical |
| Growth opportunity | 12: Logistics | 6: Food* | 9: Defence |
| Innovation potential | 12: Logistics | 4: 3 high-tech engineering organ.* | 7: Micro miniature motor |
| Operative excellence | 6: Food* | 7: Micro miniature motor | 12: Logistics |
| Reliability | 6: Food* | 7: Micro miniature motor | 1: Chemical |
| Support | 12: Logistics | 9: Defence | 13: High-tech measurement |
| Involvement | 12: Logistics | 9: Defence | 13: High-tech measurement |
| Relational behaviour | 6: Food* | 7: Micro miniature motor | 4: 3 high-tech engineering organ.* |
| Profitability | 12: Logistics | 19: Industrial services* | 13: High-tech measurement |
| Supplier satisfaction | 12: Logistics | 6: Food* | 19: Industrial services* |
| Preferred cust. status | 12: Logistics | 6: Food* | 4: 3 high-tech engineering organ.* |
| Preferential treatment | 12: Logistics | 6: Food* | 9: Defence |

*Declined to participate

## 5.2 Six conducted interviews showed the different best practices used by organisations when managing suppliers

Based on the target group, six organisations have been subjected to interviews. Within these interviews and based on the interview protocol, four main parts were researched, focusing on a specific subject. The first part focuses on the background information of the organisation

and aims to identify the characteristics of the organisation, the industry the organisation is operating in and the supplier base. The second part focused on retrieving the impact the previous conducted research has had on the organisation. The third part is focused on the best practices which the organisation performs in terms of supplier satisfaction and preferred customership. The last part of the interview consists of which three most important recommendations the organisation would give to similar organisations in terms of supplier satisfaction and preferred customership. The interview protocol is added in appendix D.

The interviews showed that the best practices an organisation performs is dependent on the characteristics of the organisation, the industry it is operating in and the associated supplier base. Due to this reason, the results are presented per organisation and each result is built up according to the previously outlined interview protocol. Per case, an overview is presented of the identified best practices. Afterwards, an overview of all results is presented. Within this overview, the results are compared with the existing literature.

### 5.2.1 Alpha – A pioneering organisation in high-tech engineering

The first interview is conducted with the director operations of a high-tech manufacturing organisation. Within the organisation, the director is responsible for the branch where the machines are assembled in modules, adjusted to the desires of the customer. For constructing these modules, the organisation uses practices such as milling, sheet metal, electronics and other manufacturing practices. The focus of the organisation is to pioneer in the area of manufacturing, and it is the leading organisation in certain manufacturing practices. Supplier selection is based on the complexity of the module. When working with parts with high complexity, the organisation selects suppliers which are specialised in that specific type of manufacturing, for example milling. Parts with low complexity are delegated to suppliers which are specialised in this type of activities.

The second part of the interview investigated the effects of the previously conducted research on the organisation. Previous research proved to not have a substantial effect on the organisation, besides increasing awareness. A few comments have been made on the strategic plan and the cooperation between buyer and supplier is measured on a low scale, but not inherited in the structural process. This means that the previous conducted research did not oppose any major changes.

The third part of the interview investigated the best practices. The first identified best practice is the **brand name** that the organisation possesses. The organisation is known within the industry for being progressive and being one of the most advanced in the area of milling. This reputation is enforced by the fact that the organisation proclaims to score high in **helpfulness**, being prepared to help other organisations and being open to collaboration.

Being helpful reflects on the other best practices. The organisation involves suppliers in new technologies or methods. Through **supplier development** the organisation creates a win-win situation. With by example new milling methods, the organisation tends to educate and develop the suppliers with the new technologies. This is enforced by another best practice, namely the **intensive information provision** and **being general accessibility for cooperation** from the organisation to the supplier. This transparency between both parties creates a fertile ground for cooperation.

Besides supplier development, the organisation has used **supplier training** as a tool to train their suppliers in order to meet production standards. In the example, these production standards were implemented by a third, external organisation and has led to the fact that the organisation implemented **mutual production standards**, in order to meet the standards of the third, external organisation. The organisation is also combining the training and standards, resulting in a **remote supplier training system** where the organisation can assist the mechanic remotely by projecting the project on a workbench visually.

Besides standards, the organisation is looking for **mutual raw materials** for production with suppliers which could benefit both parties, but this is not implemented yet. Moreover, the organisation participates in **joint projects for optimising material** with suppliers, aiming to optimize the usage of glue within their processes. Also, the organisation is experimenting with self-guided vehicles which could speed up logistics. This and other previously mentioned practices show the **expertise in R&D** which could overall lead to shorter production cycles can make them more attractive to suppliers.

Besides supplier training, the organisation is experimenting with **supplier integration**. The organisation is orienting on delegating products with low complexity to a so-called ‘groothandel’, or wholesale. The organisation would have to manage less suppliers and buyers and the wholesale would gain in business.

Moreover, the organisation is working on **making standards for linking ERP systems**, aiming to link ERP systems across different organisations. The latter with the goal of achieving an improved exchange of information. In doing so, the organisation **participates in regional work groups** with other local organisations, creating an environment where all organisations join forces. Moreover, the organisation is a reference **partner of a global system**, where the organisation can teach other organisations how the systems work. Therefore also a form of supplier training. Lastly, the organisation is **physically located on a high-tech campus**, where the campus aims to create mutual beneficial projects and partnerships.

The last part of the interview consisted of which recommendations the organisations would give to similar organisations. The recommendations given by the organisation were: ensuring a fixed planning in order to reduce the dynamics within the demand pattern; linking systems to reduce the administrative burden; and being involved within technical development. Moreover, an overview of identified best practices is presented in table 9. Within the overview, original top-scoring categories are marked.

*Table 9 - Overview best practices Alpha*

| Main category | Dimension | Subdimension |
|---|---|---|
| Growth opp. | Brand name | Progressive organisation milling operations |
| Innov. potent.* | Expertise in R&D | Self-guided vehicles, remote supplier training system |
| | Innovation orientation | Participate in regional work group |
| | Innovation possibilities | Making standards for linking ERP, reference partner global network |
| | Joint projects for tech. dev. | Participate in regional work group, optimising glue within operations |
| | Product attractiveness | Progressive organisation milling operations |
| | Team of experts | Physical location on tech campus |
| Oper. excel. | Planning reliability | Ensuring fixed planning |
| | Quick decision making | Being part of work groups |
| | Simple internal processes | Linking systems for lighting adminastrive burden |
| Reliability | Fairness in dealings | Fairness in dealings |
| | Transparency | Intensive information provision towards suppliers |
| Sup. of suppl. | Helpfulness | Willing to cooperate |
| | Supplier development | Developing suppliers in new milling methods |
| | Supplier training | Training suppliers meeting production standards |
| Suppl. involv. | Coll. in joint projects | Mutual production standards, mutual raw materials |
| | Early involvement | Joint early product development |
| | Supplier integration | Outsourcing low difficulty products |
| Contact acc. | Accessibility of contacts | Accessible for contacts |
| | Long-term commitment | Physical location on tech campus |
| Rel. behavior* | Problem solving bad times | Problem solving in bad times |

**Main category on which the organisation was top-scoring*

### 5.2.2 Beta - Long term contracting and trust the defence industry

The second interview is conducted with the manager of manufacturing buying a high-tech organisation, operating in the defence industry. Manufacturing buying is one of the two purchasing departments of the organisation. The organisation is working based on long term and strict product regulations from the defence industry. The organisation is one of the pioneers in their area of radar and aerospace technology and offers long term contracts to the suppliers working with the organisation. The organisation is a branch of a global organisation, meaning that the organisation can offer a lot of business on a global scale.

When assessing the second part, impact of the previous conducted research, specifics have emerged. The first point of impact is the improved awareness of the amount of attractiveness of the organisation for suppliers. This has led to improvements within the supplier management. More important, the improved awareness has had a lot of effect in the strategy towards complex and bottleneck suppliers. The organisation takes less for granted, making a shift in the perceived power regime, knowing that they can offer and demand more than they previously thought.

The third part of the interview investigated the best practices the organisation performs. For example, the organisation is using **extensive information provision** towards suppliers in terms of forecast sharing, involvement and other forms of information. Besides information sharing, the organisation constantly reviews the strategic suppliers via **performance reviews** and **supplier audits**, on both regional but also global scale. Besides reviews, the organisation uses **contracting** in order to ensure that output is extracted from the relationship. Moreover, contracting is used for pushing technical developments. When assigning contracts, **supplier trust** is expressed towards that supplier.

Another best practice is that the organisation operates as a **global player**. This provides suppliers with the opportunity to **gain access to other markets, knowledge and technologies.** Moreover, the organisation has a lot of **expertise in R&D.** The latter makes the organisation very attractive to current and potential suppliers.

When the organisation initiates new technical projects, suppliers are **early involved** within these projects or are early informed about potential projects. This provides the suppliers with the opportunity to influence the product design, cost and structure of the project.

The organisation invests in being a **good employer**. This is in terms of **human resources**, offering good working terms and conditions and in terms of **regional activism**, offering employment opportunities to other organisations. These two are enforced by the **brand name** that the organisation possesses nationwide.

By working together with suppliers, the organisation can offer a **transfer of technology** through **exchange of personnel**. The organisation partners in these examples with other organisations or institutes, constructing **supplier integration** and **supplier development.** This is all based on **long term commitment** and again **contracting**, where both parties can benefit from the guaranteed business and the additional profitability and **helpfulness**, when other organisations need help. With helpfulness, **exchange of higher ranked personnel** is used in order to manage the whole supply chain. Lastly, the organisation also **participates in regional work groups** for constructing developments.

Last part of the interview consisted of which recommendations the organisations would give to similar organisations. The recommendations given by the organisation were: Ensure supplier trust and show commitment; show support and involvement towards suppliers; and be a good employer for your employees and organisation. Moreover, an overview of identified best practices is presented in table 10. Within the overview, original top-scoring categories are marked.

*Table 10 - Overview best practices Beta*

| Main category | Dimension | Subdimension |
|---|---|---|
| Growth opp.* | Access to other markets | Organisation active in multiple markets worldwide |
| | Brand name | Regional supply base wants to bind with the organisation |
| | Global player | Organisation active worldwide |
| Innov. potent. | Expertise in R&D | Specialised in high-end technologies |
| | Innovation orientation | Participate in regional work group |
| | Joint projects for tech. dev. | Participate in regional work group |
| | Product attractiveness | Being an attractive employer |
| | Team of experts | Outsourcing employees with knowledge |
| Oper. excel. | Reliable forecasting | Regularly contact about forecasting |
| | Secured capacity util. | Long-term contracting |
| Reliability | Contract compliance | Contracting, supplier audits |
| | Fairness in dealings | Showing confidence in business relationships |
| | Objective evaluation | Yearly assessment and development alignment |
| | Objectivity in supplier sel. | Objectivity in supplier selection |
| | Transparency | Working on a base of trust, intensive data provision |
| Sup. of suppl.* | Helpfulness | Helping suppliers in time of need |
| | Supplier development | Transfer of technology towards suppliers |
| Suppl. involv.* | Coll. in joint projects | Joint product development projects |
| | Early involvement | Early involvement in joint projects |
| | Supplier integration | Joint product development projects via institutions |
| Contact acc. | Contact person for all matt. | Exchange of higher ranked personnel |
| | Cross-functional coord. | Exchange of personnel |
| | Long-term commitment | Long-term contracting, long-term commitment |
| Rel. behavior | Problem solving bad times | Helping suppliers in time of need |
| | Taking notice suppl. matt. | Involvement of suppliers within progress |
| | Working atmosphere | Being a good employer |

**Main category on which the organisation was top-scoring*

### 5.2.3 Charlie - Transparency and long term relationships in a leading chemical organisation

The third interview is conducted with the manager of the department which is in charge of services and processes within procurement and logistics, of one of the leading organisations within the chemical industry. The organisation is acting on a global scale in four different chemical segments, and their supplier management is based on 500 key suppliers. For assessing the impact of previous research, no impact was identified by the interviewee.

The supplier management has a clear design. On the site, a **transparent** overview is presented of what the organisation expects from her suppliers. The supplier management includes shared values and goals and long term commitment. For key suppliers, **contact on different management levels** is held and the importance of a **management relationship** is

emphasized, in order to construct mutual **trust**. Also, engineers are involved within the supplier management, showing the **split function of purchasing**.

The organisation uses **key performance indicators** for **yearly assessment and development alignment**, partly based on **audits**. The organisation is also part of a sustainability initiative. All suppliers are **audited,** based on their **sustainability**. This also results in improvement plans. Moreover, the organisation requires their suppliers to meet certain **ISO standards**. Relationships are based on **contracting** with a minimal and maximum range of volume and purchase-to-pay. The organisation intends to show **loyalty** to contracts, sticking to agreements and handling them fair.

For improving their suppliers, the organisation yearly organises **supplier days** and **innovation meetings** with selected key suppliers. Also, **early involvement in projects** with suppliers is used. For integrating with suppliers, the organisation uses **artificial intelligence** and **portal** connections between ERP systems. Another network solution which is used is **Ariba**, which allows for collaborative work which supports processes automatically. Cooperation between the suppliers and the organisation within the initiatives of sustainability, artificial intelligence and Ariba shows the previously mentioned **long term commitment** of both parties.

Last part of the interview consisted of which recommendations the organisations would give to similar organisations. The recommendations given by the organisation were: Be reliable for your supplier; be ready to master challenges together with your supplier; and provide supplier authentic confidence that he will be able to grow with you. Moreover, an overview of identified best practices is presented in table 11. Within the overview, original top-scoring categories are marked.

*Table 11 - Overview best practices Charlie*

| Main category | Dimension | Subdimension |
|---|---|---|
| Growth opp. | Brand name | World leader in its industry |
| | Global player | Organisation active worldwide |
| Innov. potent. | Innovation orientation | Innovation meetings |
| | Joint projects for tech. dev. | Joint project development |
| | Team of experts | Split function purchasing |
| Oper. excel. | Quick decision making | Ariba |
| | Secured capacity util. | Contracting |
| | Simple internal processes | Split function purchasing, portals for exchanging information |
| Reliability* | Contract compliance | Sustainability audits, supplier audits, contracting |
| | Fairness in dealings | Loyalty, being reliable for your suppliers |
| | Objective evaluation | KPI, yearly assessment and development alignment, ISO standards |
| | Objectivity in supplier sel. | Clear requirements mentioned on website |
| | Transparency | Clear supplier management |
| Sup. of suppl. | Helpfulness | Helping suppliers in time of need |
| | Supplier training | Supplier day |
| Suppl. involv. | Coll. in joint projects | Joint project development |
| | Early involvement | Early involvement in joint projects |
| | Supplier integration | Connecting systems with AI, Ariba |
| Contact acc.* | Close contact person | Management relationships |
| | Contact person for all matt. | Contact on different management levels |
| | Long-term commitment | Commitment to suppliers, long-term focus |
| Rel. behavior | Problem solving bad times | Helping suppliers in time of need |
| | Taking notice suppl. matt. | Being ready to master challenges together |
| | Working atmosphere | Supplier trust, mutual growth |

**Main category on which the organisation was top-scoring*

### 5.2.4 Delta – Segmentation due to power regimes in a competing high-tech organisation

The fourth interview is conducted with the manager of a high-tech organisation building measuring instruments. The organisation is the product of a merger between two organisations, both specialised in building measuring instruments. The organisation operates within a high mix low volume market environment and has several branches around the globe. All best practices used are intertwined with the position of the organisation within the market.

The impact of previous conducted research can be identified as twofold. On the one hand, results showed that the organisation, as a high-tech organisation, is not viewed as innovative by its suppliers. This critical feedback has led to discussion within the organisation and conversations with its internal customers. Secondly it has improved awareness of the organisation in the way the suppliers see the organisation.

Concerning the identified best practices, the organisation is very **aware** of its position within the market and uses **segmentation** based on **power regime** within the relationship in order to operate. The organisation acknowledges that there are organisations with more leverage within the market.

When cooperating with suppliers, the organisation uses **early involvement of suppliers in projects**, which enhances the relationship between both. The **organisational culture** intents to cooperate with suppliers with the intention that the relationship provides both parties the perspective of value creation. This is again based on the **power regime**. This acknowledgement of power leads to the fact that the organisation handles relationships as **close relationships,** based on **fair pricing**. This means a high amount of contact, sharing intentions, keeping promises and most importantly **supplier trust**. Within the relationship, **contact on different management levels** is maintained. Moreover, **direct contact between engineers** is used in order to erase the filters of the purchasing department. Within purchasing, a **split function of purchasing** is designed in order to make a distinction between the operational- and tactic/strategic function of purchasing. In addition, the organisation pursues the **combined function of the purchasing department with risk management.**

Within the organisation, a special division is dedicated to **supplier development**. This division aims to solve quality issues emerging with selected suppliers. Moreover, **supplier training** is used to a small extent with these suppliers. During these trainings, new tools are introduced and the suppliers are subjected to certain forms of problem solving. Suppliers are selected based on **segmentation**, both on a global and local scale. Every supplier is categorized into category levels, based on complexity and power levels. For every level, an individual strategy is formulated. Via this method, the organisation gains insight into their bottleneck suppliers, critical or key suppliers and leverage suppliers. Also, the organisation asks suppliers to **share their cost calculations**, so that the costs can be optimised and both parties can gain from the relationship. All based on **contracting**.

For assessing the relationships, the organisation **dislikes the usage of auditing and ISO standards**. Instead, the organisation uses **reverse auditing**. A reversed audit is based on a dialogue with the supplier, not on standardised performance tools. Based on a certain performance, the organisation starts the dialogue with the supplier aiming to achieve common goals. However, other organisations could be forced by **pressure from the supply chain** to

conduct audits or use ISO standards. This depends on, again, the power regime of the whole supply chain.

Acknowledged by this organisation, but not ready used is the **supplier integration** in the form of connecting engineering systems. This allows for engineers to directly work on the systems of the buyer. Another acknowledged example of a best practice is having significantly **distinguished products** in your portfolio where other organisations depend on.

Last part of the interview consisted of which recommendations the organisations would give to similar organisations. The recommendations given by the organisation were: Be transparent; keep your promises; and make agreements and secure them contractually. Moreover, an overview of identified best practices is presented in table 12. Within the overview, original top-scoring categories are marked.

*Table 12 - Overview best practices Delta*

| Main category | Dimension | Subdimension |
|---|---|---|
| Growth opp. | | |
| Innov. potent. | Innovation possibilities | Sharing cost calculation |
| | Joint projects for tech. dev. | Joint product development projects |
| | Team of experts | Mixed purchasing department, split function purchasing |
| Oper. excel. | Simple internal processes | Split function purchasing |
| Reliability | Contract compliance | Contracting |
| | Fairness in dealings | Supplier trust |
| | Fairness in negotiations | Fair pricing |
| | Transparency | Sharing cost calculation, operate transparant towards suppliers |
| Sup. of suppl.* | Helpfulness | Helping suppliers in time of need |
| | Supplier development | Specialised supplier development department |
| | Supplier training | Supplier day trainings |
| Suppl. involv.* | Coll. in joint projects | Joint cost calculations |
| | Early involvement | Early involvement in projects |
| | Supplier integration | Co engineering with large suppliers |
| Contact acc. | Close contact person | Direct contact engineers |
| | Contact person for all matt. | Contact on different management levels |
| Rel. behavior | Problem solving bad times | Helping suppliers in time of need, supplier trust |
| | Taking notice suppl. matt. | No usage of auditing, no use of ISO, keep your promises |
| | Working atmosphere | Close relationship, reversed audit, supplier trust |
| Dependency | Adaption to power regime | Pressure from the supply chain |
| | Segmenting | Using segmenting and purchasing categorys for handling dependency |

**Main category on which the organisation was top-scoring*

### 5.2.5 Echo - Trust and commitment in a high-tech leading organisation

Concerning the first two parts of the fifth interview, it is conducted with the head of purchasing from the miniature drive systems branch of a global operating organisation. Within the miniature drive systems, the organisation is one of the leading companies and

classified as a top innovator. On a daily basis, the organisation works with a high variety of suppliers in order to deliver her products. The focus of the purchasing department is to build **trust** with a **long term commitment**, due to the fact that they need their suppliers more than the suppliers need them. These two culture aspects can also be seen as best practices. Furthermore, for the effects that the previous conducted research has had on the organisation, those effects are minimal.

The third part of the interview investigated the best practices the organisation performs. For example, the organisation uses various tools for **supplier development**. One of those tools is the usage of **ISO standards** for **supplier audits**. Another tool is the usage of **strategic purchase and quality visits**. During these visits, the supplier is assessed on quality, but the organisation also looks for if there is a potential for more business with that supplier. **Higher ranked personnel** are included within these visits. Also, the organisation uses **portals** with suppliers in order to exchange information, together with the **linkage of systems** between supplier and buyer. Another practice that the organisation uses for supplier development, is that the organisation involves the suppliers **early within the development stage**. So the supplier has the advantage of being early involved, shaping the product to their specifications. The organisation has the advantage of getting knowledge or technology from that supplier. This early development is enforced by the fact that the purchasing department also consists of technical buyers, buyers with expertise in the technical part. This **mixed purchasing department** leads not only to the best technical solutions, but also to better purchasing.

The organisation also buys technology and develops the machines for it with suppliers, a form of **supplier integration**. This form of integration is protected via **contracting** and ensures that the organisation keeps ahead of the competition via patents. Moreover, **frame contracts** are used with suppliers. These contracts are beneficial for suppliers, because they have assurance to sell a certain amount of quantities at the organisation.

For maintaining relationships with suppliers, the organisation also uses tools. Every year, the organisation chooses a supplier and awards it with the **supplier award**. This award is based on a decision between purchasing and quality, showing that the organisation is very happy with that specific supplier. Another tool, which is also a form of **supplier training**, is

that the organisation organises a **supplier day** each five years. During this day, all important suppliers are invited and given a forecast of the organisation, combined with workshops and other forms of interaction.

Last part of the interview consisted of which recommendations the organisations would give to similar organisations. The recommendations given by the organisation were: developing long term connections with your suppliers; install a culture of mutual respect; and not only pressure is the way. The latter refers to an atmosphere of trust, where the organisation needs the supplier more than vice versa. Moreover, an overview of identified best practices is presented in table 13. Within the overview, original top-scoring categories are marked.

*Table 13 - Overview best practices Echo*

| Main category | Dimension | Subdimension |
|---|---|---|
| Growth opp. | Positive external image | Products widely known |
| | Global player | Global active organisation |
| Innov. potent.* | Innovation orientation | Strategic purchase and quality visits |
| | Joint projects for tech. dev. | Joint product development projects |
| | Product attractiveness | Distinguished products |
| | Product quality | Distinguished products |
| | Team of experts | Mixed purchasing department |
| Oper. excel.* | Secured capacity util. | Frame contracting |
| | Simple internal processes | Portals for exchange of information, mixed purchasing department |
| Reliability* | Contract compliance | Supplier audits, contracting |
| | Fairness in dealings | Supplier trust |
| | Objective evaluation | ISO standards, strategic purchase and quality visits |
| | Transparency | Working on a base of cooperation |
| Sup. of suppl. | Helpfulness | Working on a base of cooperation |
| | Supplier development | Strategic purchase and quality visits |
| | Supplier training | Supplier day, supplier training |
| Suppl. involv. | Coll. in joint projects | Linkage of ERP systems |
| | Early involvement | Early involvement of suppliers in projects |
| | Supplier integration | Developing machines with suppliers for common technologies |
| Contact acc. | Contact person for all matt. | Strategic purchase and quality visits, top management included |
| | Long-term commitment | Developing long term connections |
| Rel. behavior* | Problem solving in bad times | Working on a base of cooperation |
| | Taking notice of suppl. matters | Working on a base of cooperation, supplier award |
| | Working atmosphere | Installing a culture of mutual respect |

**Main category on which the organisation was top-scoring*

### 5.2.6 Foxtrot – Combining brand name, volume and consistency in a logistics organisation

The sixth interview has been conducted with the manager of logistics of the BeNeLux, a part of the global procurement department of one of the leading food and beverage organisations

globally. The logistics department consists of warehousing and transportation and is responsible for finding suppliers who can transport and warehouse the products for the organisation. The organisation works with a system that every contract is limited to two years, and tenders are given to potential suppliers. For the number of suppliers, on the one hand the organisation does not want to be too dependent on suppliers, but on the other hand does not want to manage too many suppliers. Organisations like to work with Foxtrot, due to the brand name of the organisation and the guaranteed volumes it needs to transport. Also, corporate social responsibility is an important topic within the organisation.

The impact of the conducted research is moderate. The results were presented within the whole logistics department, improving awareness of the organisation. Moreover, the department has acknowledged that they intend to strive for long term relationships with suppliers. But this conflicts with the two-year tender approach. The organisation intends to formulate a different approach towards tendering, aiming to create more **long-term relationships** with suppliers.

Best practices identified with the organisation are all related to their widely known **brand name**, combined with their **volume,** which is **consistent,** which needs transportation. With **tendering**, a form of **contracting**, the organisation does not strive for the cheapest supplier, but intends to work with **fair prices**. This is based on **long term commitment**, first looking with the current suppliers whether they can meet the renewed agreements.

The suppliers are willingly to transport the **brand name** of the organisation, due to the fact that the suppliers can show to other organisations that they meet the requirements of this organisation, displaying a **positive external image**. The organisation works with **service levels agreements, key performance indicators** and **price levels** which suppliers need to meet. Moreover, **sharing forecasting** with suppliers and **showing loyalty** within the **frame contracts**. During the relationship, the organisation has **intensive information provision** with the supplier and, if necessary, on **different management levels**. The organisation intends to show **helpfulness**, helping suppliers in good and bad times, expressing **trust**.

Moreover, as a fast moving consumer goods organisation, it is driven with a constant pressure for **efficiency** and improvement of **durability**. The organisation intends to stimulate their suppliers in becoming more durable, through **pressure from the supply chain**.

Nowadays, organisations need to become more durable. An example of this is a **joint project for becoming more durable** aiming to reduce waste of less sellable products.

Last part of the interview consisted of which recommendations the organisations would give to similar organisations. The recommendations given by the organisation were: Usage of fair, market conform pricing; keep in touch with your supplier; and aim for mutual problem solving. Moreover, an overview of identified best practices is presented in table 14. Within the overview, original top-scoring categories are marked. Interesting remark is that Foxtrot is perceived by their suppliers are innovative potential, but the organisation did not show any best practices within that category.

*Table 14 - Overview best practices Foxtrot*

| Main category | Dimension | Subdimension |
|---|---|---|
| Growth opp.* | Positive external image | Positive external image |
| | Brand name | Globally known brand |
| | Volume | Consitent volume, high volume |
| Innov. potent.* | | |
| Oper. excel.* | Quick decision making | Intensive contact with suppliers |
| | Reliable forecasting | Forecast sharing, frame contracts |
| | Secured capacity utilization | Consistent volume, frame contracts |
| | Simple internal processes | Constant drive for efficiency |
| Reliability | Contract compliance | Service level agreements |
| | Fairness in dealings | Loyalty to suppliers, fair pricing |
| | Fairness in negotiations | Fair pricing, price levels |
| | Objective evaluation | KPI |
| | Objectivity in supplier sel. | Tendering |
| | Transparency | Forecast sharing, intensive contact with suppliers |
| Sup. of suppl.* | Helpfulness | Helping suppliers in time of need |
| Suppl. involv.* | Coll. in joint projects | Joint product development for reducing waste |
| Contact acc. | Contact person for all matt. | Contact on different management levels |
| | Long-term commitment | Consistency in supplier selection |
| Rel. behavior | Problem solving bad times | Helping suppliers in time of need |
| | Taking notice suppl. matt. | Keep in touch with suppliers |
| | Working atmosphere | Supplier trust |
| Dependency | Adaption to power regime | Pressure from the supply chain |

**Main category on which the organisation was top-scoring*

## 5.3 Overview results, reliability and relational behaviour as the most important categories for best practices

The organisations which are assessed all differ within their size, volume, and their power regime in relation to the market. The identified best practices relate to their organisational specifics. For example, the organisations which are leading in their industry, having a

relatively good position within the power regime of the relationship, were more focused on the general aspect of supplier management and focusing on multiple suppliers at once (A, C, E & F). On the other hand, organisations with a higher rate of dependency within the power regime of the relationship, are much more focused on segmentation and on that resulting specific relationship (B, D). The other organisations are operating in an equal divided power regime. This highlights the first result, that the best practices are very dependent on the power regime of the organisation and the environment it is operating in.

When assessing the impact and effect of previous research on these organisations, various effects are identified. At two organisations, no impact of previous research on the organisation has been reckoned by the interviewees (C & E). On the contrary, at the other four organisations the minimum impact the previous conducted research imposed was an improved awareness in supplier management (A, B, D & F). These organisations have adjusted within their strategy towards bottleneck suppliers (B), improved their supplier management (B & D) or tendering procedure (F) through critical feedback from their supplier base. These adjustments represent the second result of this study, that organisations can benefit from participating in research, imposing impact on their organisation.

The third result is the identified operational best practices, which are treated in the previous section. As previously mentioned, the best practices are intertwined with the specifics of the organisation and the power regime it is operating in. The current operational state, related to the organisation of industry, makes it difficult to compare them. Therefore, all best practices have been subjected to categorisation, based on the identified categories and subcategories for maintaining the position of preferred customer (Hüttinger et al., 2014, p. 718), which are also presented in table 5. This research with corresponding categorisation lays the foundation for the study of Vos et al. (2016, p. 4614). Using this categorisation, insights can be gained in which antecedents represent the most used operational best practices by organisations. This is displayed in table 15. A first look at the results show that two organisations (A & F) differ from the other organisations. Alpha does have relatively little best practices concerning relational behaviour and Foxtrot does relatively have little best practices concerning innovation potential.

*Table 15 - Overview results best practices*

| Main category | Dimension | A | B | C | D | E | F | Sum | | Identified by literature? |
|---|---|---|---|---|---|---|---|---|---|---|
| Growth opportunity | Access to other markets | | X | | | | | 1 | | |
| | Positive external image | | | | | X | X | 2 | | Lindwall et al. (2010, p. 9) |
| | Brand name | X | X | X | | | X | 4 | | Lindwall et al. (2010, p. 9) |
| | Global player | | X | X | | X | | 3 | | |
| | Volume | | | | | | X | 1 | 11 | Nollet et al. (2012, p. 1990) |
| Innovation potential | Expertise in R&D | X | X | | | | | 2 | | |
| | Innovation orientation | X | X | X | | X | | 4 | | Nollet et al. (2012, p. 1991) |
| | Innovation possibilities | X | | | X | | | 2 | | Nollet et al. (2012, p. 1991) |
| | Joint projects for tech. developm. | X* | X | X | X | X | | 5 | | Nollet et al. (2012, p. 1991) |
| | Product attractiveness | X | X | | | X | | 3 | | |
| | Product quality | | | | | X | | 1 | | |
| | Team of experts | X | X | X | X | X | | 5 | 22 | Nollet et al. (2012, p. 1990) |
| Operative excellence | Planning reliability | X* | | | | | | 1 | | Nollet et al. (2012, p. 1990) |
| | Quick decision making | X | | X | | | X | 3 | | Nollet et al. (2012, p. 1990) |
| | Reliable forecasting | | X | | | | X | 2 | | Nollet et al. (2012, p. 1990) |
| | Secured capacity utilization | | X | X | | X | X | 4 | | Nollet et al. (2012, p. 1991) |
| | Simple internal processes | X* | | X | X | X | X | 5 | 15 | Nollet et al. (2012, p. 1991) |
| Reliability | Contract compliance | | X | X | X* | X | X | 5 | | Nollet et al. (2012, p. 1992) |
| | Fairness in dealings | X | X* | X* | X | X* | X* | 6 | | Nollet et al. (2012, p. 1990) |
| | Fairness in negotiations | | | | X | | X | 2 | | Nollet et al. (2012, p. 1990) |
| | Objective evaluation | | X | X | | X | X | 4 | | Nollet et al. (2012, p. 1992) |
| | Objectivity in supplier selection | | X | X | | | X | 3 | | Nollet et al. (2012, p. 1992) |
| | Transparency | X | X | X | X* | X | X | 6 | 26 | Nollet et al. (2012, p. 1991) |
| Support of suppl. | Helpfulness | X | X | X | X | X | X | 6 | | Nollet et al. (2012, p. 1990) |
| | Supplier development | X | X | | X | X | | 4 | | Nollet et al. (2012, p. 1991) |
| | Supplier training | X | | X | X | X | | 4 | 14 | Nollet et al. (2012, p. 1990) |
| Suppl. Involv. | Collaboration in joint projects | X | X | X | X | X | X | 6 | | Nollet et al. (2012, p. 1991) |
| | Early involvement | X | X | X | X | X | | 5 | | Nollet et al. (2012, p. 1991) |
| | Supplier integration | X | X | X | X | X | | 5 | 16 | Nollet et al. (2012, p. 1991) |
| Contact accessibility | Accessibility of contacts | X | | | | | | 1 | | Nollet et al. (2012, p. 1990) |
| | Close contact person | | | X | X | | | 2 | | Nollet et al. (2012, p. 1990) |
| | Contact person for all matters | | X | X | X | X | X | 5 | | Nollet et al. (2012, p. 1990) |
| | Cross-functional coordination | | X | | | | | 1 | | Nollet et al. (2012, p. 1990) |
| | Long-term commitment | X | X | | | X* | X | 4 | 13 | Nollet et al. (2012, p. 1990) |
| Rel. behavior | Problem solving in bad times | X | X | X | X | X | X* | 6 | | Nollet et al. (2012, p. 1990) |
| | Taking notice of suppl. matters | | X* | X* | X* | X | X* | 5 | | Nollet et al. (2012, p. 1990) |
| | Working atmosphere | | X* | X* | X | X* | X | 5 | 16 | Nollet et al. (2012, p. 1990) |
| Dependency | Adaption to power regime | | | | X | | X | 1 | | |
| | Segmenting | | | | X | | | 2 | 3 | |

** Best practice which consisted of a top three recommendation*

Within the identified categories by Hüttinger et al. (2014, p. 718), the antecedent profitability was not identified yet. However, the interviews showed that all best practices were not primarily focused on the profitability of the relationship between the buyer and supplier. As an example, fair pricing and frame contracts were mentioned, but these were consequently focused on the reliability aspect of the relationship and operative excellence. This highlights the fourth result, that the profitability of the relationship with important suppliers is not a primary focus of organisations when dealing with key suppliers.

Besides the absence of profitability, the overview shows that all other first tier and second tier antecedents are represented with identified best practices. Again the importance

of the specifics of the organisation is highlighted. For example Foxtrot, being active in logistics, implemented mostly best practices in the form of reliability, which is very important in the logistics sector. Moreover, the best practices are all related or focused on supplier satisfaction, but no specific best practice is mentioned which is directly related to supplier satisfaction or preferred customership. This highlights the fifth results, confirming the model of Vos et al. (2016, p. 4620), that supplier satisfaction consists of the first-tier antecedents.

When comparing the results with the identified best practices from the theoretical framework, the sixth result is represented. It is seen that the antecedents: relational behaviour; contact accessibility; supplier involvement; supplier support; operative excellence; and reliability were previously acknowledged by the literature. However, best practices regarding innovation potential, growth opportunity and dependency were partly or not described by the literature. Examples of partly descriptions are that Windler et al. (2017, p. 178) mention the prospective' ease to establish new ties with future buyers, users and payers, but this from the buyer's perspective, not the sellers. Moreover, it is meant as a criterion of measurement, not a best practice.

Lastly, the seventh result is the importance of the antecedents relational behaviour and reliability. Within the interviews, the three most important recommendations of best practices were researched. Fourteen of the eighteen recommendations are categorized within these two antecedents. This shows that the primary task of organisations is to invest within their relational behaviour and act reliable in the relationship with their suppliers. Examples of this phenomenon are that organisations highlighted the importance of keeping promises and committing trust with suppliers. Moreover, an overview of all given recommendations is added within table 16.

*Table 16 - Overview recommendations*

| Main category | Company | Recommendation |
|---|---|---|
| Growth opportunity | | |
| Innovation potential | A | Being involved within technical development |
| Operative excellence | A | Ensuring a fixed planning in order to reduce the dynamics within the demand pattern |
| | A | Linking systems to reduce the administrative burden |
| Reliability | B | Show support and involvement towards suppliers; |
| | C | Be reliable for your supplier |
| | D | Be transparent |
| | D | Make agreements and secure them contractually |
| | E | Not only pressure is the way |
| | F | Usage of fair, market conform pricing |
| Support of suppliers | | |
| Supplier involvement | | |
| Contact accessibility | E | Developing long term connections with your suppliers |
| Relational behavior | B | Ensure supplier trust and show commitment |
| | B | Be a good employer for your employees and organisation |
| | C | Provide supplier authentic confidence that he will be able to grow with you |
| | C | Be ready to master challenges together with your supplier |
| | D | Keep your promises |
| | E | Install a culture of mutual respect |
| | F | Keep in touch with your supplier |
| | F | Aim for mutual problem solving. |

## 5.4 Proposition online conference with participating organisations

Up to this point, it has become clear which best practices are used by organisations when satisfying their suppliers. Moreover, the identified best practices have been divided into categories, in order to identify which factors are the most important when dealing with supplier satisfaction. Consequently, the question that arises is how the organisations can learn and benefit from the results of this study. In relation to this, the subsequent question arises how organisations which did not participate, can also learn from the study.

This can be achieved by designing a conference, aiming to discuss the results of the research and possibly broaden the results. During the conference, all results from the research can be shared openly and allows participants to discuss the outcomes. Moreover, it allows organisations to ask questions to similar or different organisations on how those organisations handle different issues. It is advised to invite organisations who did not participate before, this allows for new input regarding best practices and a critical view of the identified best practices. By implementing this structure and vary between content and presentation, the audience is most easily maintained (Wyatt, 1999, p. 223). Also, be ensured that structure is varied and interesting. This will keep the audience on the main subject and prevent deviations (Wyatt, 1999, p. 224).

Organised on behalf of the University of Twente, insights from the academic field can also be added to the discussion between organisations. On the other hand, the academic field has the opportunity to learn from the organisations when participants are discussing the results. This allows the speakers, from the participants of the organisations or the experts from the academic field, to speak sequentially concerning the best practices. Afterwards, they can be brought together as an expert panel for discussion or questions at the end (Wyatt, 1999, p. 224). This expert panel can hold opposing views but will be an enrichment for the knowledge. Especially for organisations who have not participated in the research before.

Concerning availability, it is advised to check the week before the conference that all invited attendants will be present and prepared (Wyatt, 1999, p. 226). Moreover, during the time this research is conducted, there is a presence of Covid-19 globally. Furthermore, the participating organisations are divided across Western Europe. For these two reasons, it is advised to organise the conference in an online form. During the interviews, the organisations have indicated that this would be a more attractive option when it is organised. Therefore, it is advised to organise the conference online.

Regarding the content of the online conference, this is all captured within a presentation. This presentation is built up in the following sequential order: introduction; target statement; background information; method section; general overview results; results and discussion per case; general discussion section; and closing. The interactive conference is hosted by a member of the University of Twente. The presentation supporting the conference is made and in possession of the University of Twente.

# 6. Discussion

## 6.1 Evaluation and discussion of the results

The aim of this research was twofold. At first, the aim was to investigate all conducted extensions made on the model of Vos et al. (2016). Based on their statistical properties and contribution to explanation, various conducted economic, relational and operative factors have been considered a possible contribution to the model of Vos et al (2016). Moreover, an extra analysis is conducted where the model is tested with all the previous data from previous studies. Based on this, two conclusions are drawn.

Firstly, based on their alpha levels, all extensions displayed in figure 6 are considered an addition to the revised model of Vos et al. (2016). However, when taking effect size into account, buyer importance, dependency and conflict resolution appear to be the most important identified factors. Moreover, buyer importance and dependency as important factors is reinforced by the acknowledgement of the power regime from the results section, concerning the identified operative best practices. This means that all identified extensions are an addition, but the three previous mentioned factors are the most important.

Secondly, the model of Vos et al. (2016) is tested with all the available data, several conclusions can be drawn. Overall, all relations have proven to be significant at an alpha level of 0.01. When the identified $R^2$ values within appendix C are compared to the original model in figure 5, all $R^2$ values are higher than the original model, except for the antecedent supplier satisfaction ($R^2 = 0.46$ vs. $R^2 = 0.61$). When taking the effect size of the antecedents of supplier satisfaction into account, supplier satisfaction is mostly influenced by relational behavior ($f^2 = 0.20$). The influence of the other second-tier antecedents is quite small, namely growth opportunity ($f^2 = 0.02$), operative excellence ($f^2 = 0.04$) and profitability ($f^2 = 0.01$). This can be explained by the fact that over time, several indicators have been added or removed from the questionnaire. Meaning that not all studies have been using the exact same questionnaire and the results differ from each other. This could have had impact on the results and could also be an explanation for the poor model fit. However, overall it can be concluded that the model of Vos et al. (2016) is confirmed by all the data.

The second aim of this research was to explore the relatively unresearched ground of used best practices by organisations in terms of supplier satisfaction and preferred customership. The results show that organisations make use of best practices which are beneficial for their supplier satisfaction with their key suppliers. As the identified best practices can be divided over all the identified categories by Hüttinger (2014), which again were used for the study of Vos et al. (2016), shows that the model of Vos et al. (2016) can be confirmed. However, two particularities are made on this notion.

Firstly, the results show that no best practices are primarily targeted on profitability, where profitability is mostly a result of other best practices. For example, fair pricing is focused on creating fairness in negotiations, which is a form of reliability. Not only is the impact of profitability questioned within this study, but also in several other conducted

studies. (Henn, 2018, p. 51; Jansen, 2018, p. 61) Moreover, during the interviews it was noted that the angle of approach of profitability is questionable. Meaning, when the profitability for other organisations is good, then procurement is not doing a good job. This can be explained by that relational factors like reliability and relational behaviour, explain similar or more variance in supplier satisfaction, rather than economic factors such as profitability (Vos et al., 2016, p. 4621). In other words, relational factors such as relational behaviour can influence the supplier satisfaction and possibly the preferential treatment, without offering large economic value to that supplier.

The second identified particularity within the best practices is the importance of the power regime within a relationship between a buyer and supplier. The power depends on the complexity of dyadic relationships (Cox, Sanderson & Watson, 2001, p. 33). Multiple scenarios are applicable due to different environments. This could explain that Delta focuses more on segmentation, rather than Charlie. This dependency which is a possible result of the relationships can be a positive outcome. This is confirmed by Caniëls et al. (2017, p. 348), who stated that both a symmetric and asymmetric dependence has a positive impact on supplier satisfaction. Moreover, the latter confirms that organisations need to tailor their best practices to the specifics of their organisation and market the organisation is operating in. This effect of different social embeddings and power distance is also confirmed by Pulles, Ellegaard, Schiele and Kragh (2019, p. 4).

When taking the recommendations of the organisations into consideration, relational behaviour and reliability are the most important two categories mentioned. This means that the organisations indicate that the social bonds between the buyer and supplier are the most important when dealing with key suppliers. This is confirmed by Shanka and Buvik, (2019, p. 66), who state that social bonds are realized to be beneficial in enforcing the relationship and making it more appealing, having a positive and significant impact on supplier satisfaction.

Lastly, the results showed that Alpha and Foxtrot proved to have slightly different best practices than the other organisations. For Foxtrot, the absence of best practices concerning innovation is not surprising, since Foxtrot was an organisation operating in logistics, contracting suppliers to deliver their goods. On the other hand, the results for Alpha are slightly deviating, since it is a high-tech organisation, similar to organisations like Beta

and Charlie. This can be explained by the fact that Alpha was the first contact with participants for this research. In relation to this, researchers may need a period of preparation to allow them to feel confident in their skills of obtaining information (Boeije, 2009, p. 53), meaning that the first interview can deviate from the other interviews due to absence of what to say or to expect.

## 6.2 Theoretical and managerial contributions

Concerning the theoretical contributions of this study, this research could help other scholars researching supplier satisfaction and preferred customership with the proposed conceptual model of the drivers of the preferential treatment. The study has conducted an inventorisation of previous research which has used the model of Vos et al. (2016) and has shown which extensions have proven to be valuable. Such an inventory has not been conducted before and the resulting improved model can be used by fellow scholars to measure the drivers of preferential treatment more precisely. Moreover, an overview is presented which antecedents have proved not to be an addition, thus not to be considered in the future anymore concerning the drivers of preferential treatment. As discussed in the results, the most important extensions are buyer importance, dependency and conflict.

Another theoretical contribution of the study are the identified best practices, resulting from the empirical research. This study is the first that researched the best practices of organisations in relation to the model of Vos et al. (2016). The outcomes and methods used for this research and can serve as a base for fellow scholars when examining best practices at other organisations. Moreover, fellow scholars which want to study best practices can use this study as a starting point.

Moreover, within the existing literature, general best practices are mentioned for organisations when dealing with key suppliers. However, it was found that no distinction is made between organisational specifics, such as operating in certain environments, maturity and size of the organisation. This results in the theoretical contribution of the acknowledgement that until now, the literature has made no distinction between types of organisations and best practices related to that specific industry or organisation.

Concerning the practical implications, this study has researched which best practices are used by organisations in the area of supplier satisfaction. The identified best practices can

help organisations improve their supplier management when dealing with key suppliers. These improvements can help the organisations by becoming the preferred customer of that supplier and achieving a strategic competitive advantage over their competitors.

Subsequently, the plan of the online conference can be used by the University of Twente and organisations to improve the knowledge about the existing best practices. During the online conference, participating organisations can debate about the outcomes of this research and learn from each other. Also, additional organisations can be added in order to widen the focus and possibly extract more best practices from that additional organisations.

Finally, this paper can be used as a clear overview of improving supplier satisfaction with the aim of becoming the preferred customer, with the practical identified best practices in relation to the theoretical theories. This knowledge can help organisations designing and finetuning their strategies and approaches within their supplier management, aiming for the preferential treatment.

## 6.3 Limitations and avenues for future research

Concerning the limitations of this research, firstly regarding the research to existing best practices, only six organisations were examined. This is a relatively small amount. Other best practices could occur when examining more organisations. This is also applicable when examining organisations active in other industries, such as services industry, or with a different power regime, which not previously have participated in research with the University of Twente.

Also, although the organisations were selected based on the scores provided by their suppliers, the in-depth interviews were only conducted with one manager of the organisation. Other members of the organisation in different management layers and suppliers which participated in previous research were not subjected to the research. This could lead to possibly confirming or conflicting outcomes.

Lastly, despite being a top-scoring organisation, four organisations denied participation in the research. These organisations could have provided additional insights within the best practices.

Based on the outcomes of this research, several avenues for future research have been detected. As previously discussed, the $R^2$ values identified in appendix C are relatively low

for the first-tier antecedents operative excellence ($R^2 = 0.25$) and growth opportunity ($R^2 = 0.36$). Although several factors have been proposed for explaining operative excellence, such as information sharing, no factors have been proposed which could define growth opportunity besides innovation potential. Future research could search for more factors which could explain growth opportunity.

Based on the acknowledgement that the literature has made no distinction between types of organisations and best practices related to that specific industry or organisation, future research could search for which typologies of organisations or industries exist when dealing with best practices. Factors which could influence this are for example the maturity of the organisation, the power distance the organisation is operating in and the industry the organisation is active in.

Moreover, within the results is has become clear that unclarities exist concerning the antecedent profitability. On the one hand, the impact of the antecedent profitability on the model of Vos et al. (2016) is questionable. On the other hand, the interviewees have questioned the angle of approach of profitability. These two factors could also be related. Future research could resolve these uncertainties and judge whether the antecedent is part of the model of Vos et al. (2016).

Lastly, within the results section of the best practices, it has become clear that best practices regarding growth opportunity, dependency and innovation potential are fully or partially yet to be discovered by the literature. Future research could emphasize on the completion of best practices for these antecedents. This could be connected to the typology future research angle.

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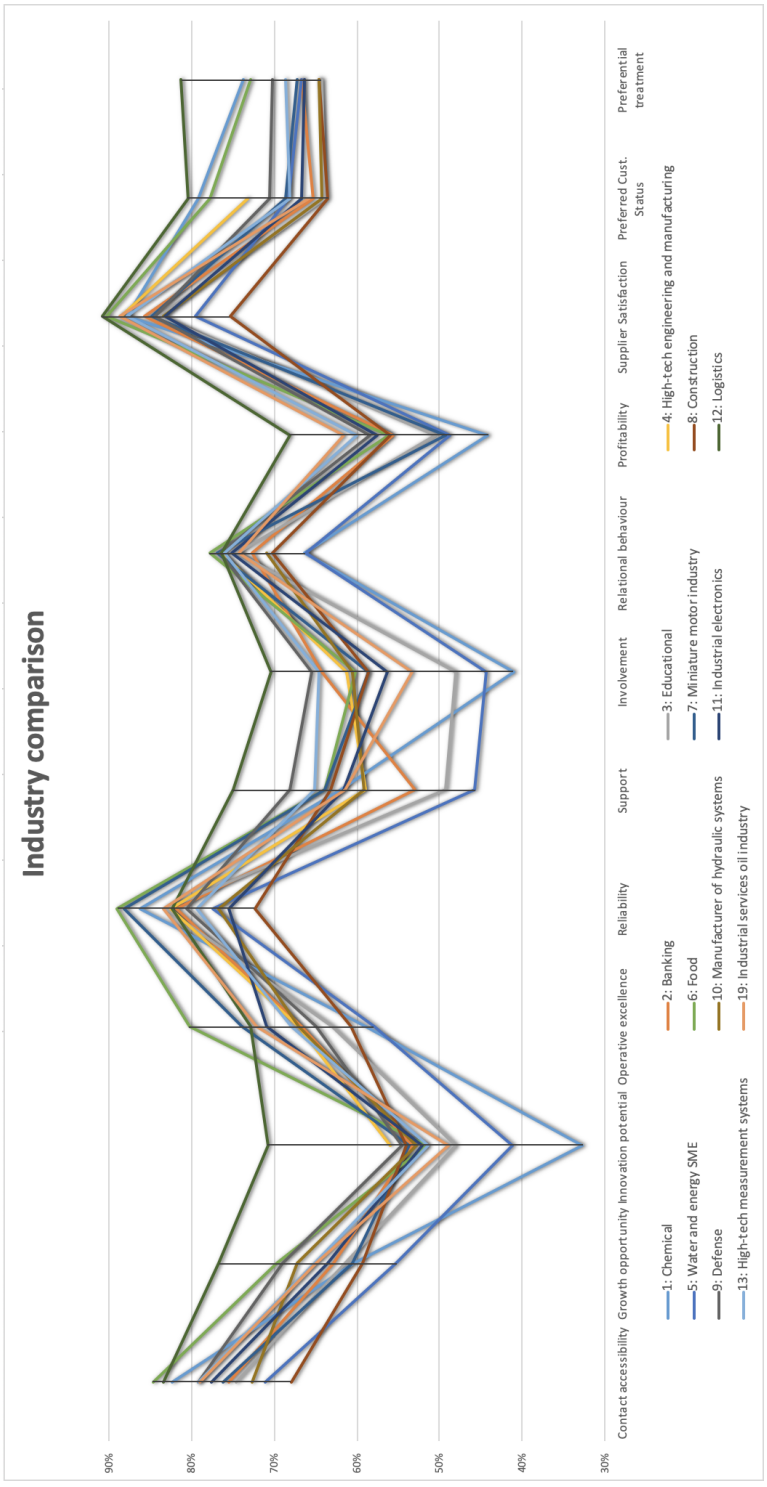
# Appendix

## A: Benchmark table

| Mean scores, adapted to % | 1: Chemical | 2: Banking | 3: Educational | 4: High-tech e | 5: Water and | 6: Food | 7: Miniature n | 8: Constructio | 9: Defense | 10: Manufacti | 11: Industrial | 12: Logistics | 13: High-tech | 19: Industrial |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Contact accessibility | 82,43% | 75,47% | 74,60% | 75,00% | 71,13% | 84,67% | 76,13% | 67,93% | 79,13% | 72,73% | 77,60% | 83,40% | 79,20% | 79,07% |
| Growth opportunity | 60,31% | 62,80% | 61,45% | | 55,25% | 69,75% | 60,50% | 59,30% | 68,95% | 67,25% | 63,45% | 76,70% | 65,20% | 64,90% |
| Innovation potential | 32,73% | 53,27% | 48,00% | 55,90% | 41,20% | 51,53% | 53,74% | 54,05% | 54,60% | 52,87% | 52,13% | 70,80% | 51,47% | 49,00% |
| Operative excellence | 58,96% | 66,75% | 63,08% | 67,03% | 57,92% | 80,32% | 73,88% | 60,69% | 64,94% | 67,06% | 70,98% | 72,90% | 68,00% | 72,24% |
| Reliability | 86,26% | 81,84% | 82,98% | 82,53% | 77,52% | 88,99% | 88,09% | 72,38% | 80,57% | 76,67% | 75,45% | 82,41% | 79,29% | 83,41% |
| Support | 61,91% | 53,00% | 49,29% | 58,96% | 45,68% | 63,93% | 63,87% | 63,20% | 68,07% | 59,07% | 61,60% | 75,00% | 65,13% | 61,47% |
| Involvement | 41,01% | 64,23% | 48,08% | 61,20% | 44,27% | 60,20% | 58,60% | 58,67% | 65,47% | 60,60% | 56,27% | 70,47% | 64,67% | 53,27% |
| Relational behaviour | 66,27% | 72,63% | 74,51% | 76,46% | 66,20% | 77,87% | 76,91% | 70,20% | 76,47% | 70,97% | 75,20% | 76,43% | 76,03% | 74,30% |
| Profitability | 44,13% | 55,70% | 50,58% | | 48,78% | 56,10% | 49,22% | 55,90% | 58,35% | | 57,55% | 68,12% | 60,09% | 61,57% |
| Supplier Satisfaction | 87,75% | 85,72% | 84,01% | 88,60% | 79,51% | 90,20% | 84,81% | 75,41% | 84,48% | 83,49% | 83,26% | 90,85% | 87,80% | 88,75% |
| Preferred Cust. Status | 79,15% | 65,22% | 63,81% | 73,26% | 68,24% | 77,81% | 68,56% | 63,51% | 70,52% | 64,29% | 66,73% | 80,49% | 68,09% | 65,74% |
| Preferential treatment | 73,71% | 66,71% | 64,28% | | 66,64% | 72,82% | 67,22% | 64,57% | 70,15% | 64,64% | 66,40% | 81,26% | 68,68% | |

# B: Benchmark graph



# C: Additional analysis total data collection of the revised model of Vos et al. (2016)

**Data structure quality assessment and model reliability and validity**

The obtained data of all previous studies is empirically tested via Partial Least Squares (PLS) path modelling, using the SmartPLS 3.0 software of Ringle et al. (2015). At first, the data structure quality assessment needs to be conducted. Missing data is treated with a mean replacement within that certain component. Continued, the individual loadings are assessed, in order to determine whether the indicators measure their intended components. Their individual loadings need to be 0.55 (Tabachnick, Fidell & Ullman, 2007, p. 504). Based on this threshold the following indicators are removed and left out of the analysis: S_Available_10_4_inv; S_InnovationPot_30_4; S_InnovationPot_30_5; S_Involvement _70_5; S_Involvement_New_75_1; Involvement_ New_75_2; Involvement_New_75_3; Involvement_New_75_4; S_OperativeExc_40_6; S_RelBehavior_80_7; S_Support New_65_1; S_SupportNew_65_2; and S_Support New_65_3.

The following step is to continue for checking the validity and reliability of the indicators. This is analysis is conducted via bootstrapping 5000 in SmartPLS. As previously mentioned, the threshold is that every indicator needs to score above 0.7 (Hulland, 1999, p. 198). Two indicators score below this threshold, namely S_OperativeExc_40_5 with a score of 0.573 and S_Satisfaction_100_6 with a score of 0.690. These indicators are left out of further analysis. The remaining indicators score above the threshold and thus are considered as reliable for measuring the specific construct. Further on, the composite reliability measures the internal consistency of the constructs. As previously discussed, a value of 0.7 or higher is acceptable (Bagozzi & Yi, 1988, p. 82). All values are above the threshold, meaning that composite reliability is ensured. Moreover, the convergent validity measures if a factor is unidimensional. This is measured via the Average Variance Extracted (AVE). An AVE of 0.5 or higher is considered acceptable (Bagozzi & Yi, 1988, p. 82). All values score above the mentioned threshold, meaning that convergence validity is ensured. All results concerning validity and reliability are presented in table 1.

The next step is check for discriminant validity. The chosen method is the heterotrait-monotrait (HTMT) ratio between the latent variables. The threshold of the HTMT is that it

should be under 0.85 or 0.9 in order to support discriminant validity. Moreover, when assessing the confidence interval of the HTMT, it should not be greater than the value of 1. These results are presented in table 2. Both requirements are met, meaning discriminant validity is assumed.

*Table 1 – Reliability and validity (1)*

| | Indicator | Outer loading | Composite reliability | Convergent validity (AVE) |
|---|---|---|---|---|
| Preferred customer | PC_PC_110_1 | 0.858 | 0.927 | 0.718 |
| | PC_PC_110_2 | 0.903 | | |
| | PC_PC_110_3 | 0.881 | | |
| | PC_PC_110_4 | 0.791 | | |
| | PC_PC_110_5 | 0.798 | | |
| Preferential treatment | PC_PrefTreat_120_1 | 0.840 | 0.910 | 0.717 |
| | PC_PrefTreat_120_3 | 0.827 | | |
| | PC_PrefTreat_120_4 | 0.880 | | |
| | PC_PrefTreat_120_5 | 0.840 | | |
| Contact accessibility | S_Available_10_1 | 0.918 | 0.932 | 0.820 |
| | S_Available_10_2 | 0.894 | | |
| | S_Available_10_3 | 0.905 | | |
| Reliability | S_Collaboration_50_1 | 0.863 | 0.925 | 0.755 |
| | S_Collaboration_50_2 | 0.881 | | |
| | S_Collaboration_50_3 | 0.854 | | |
| | S_Collaboration_50_4 | 0.877 | | |
| Growth opportunity | S_Growth_20_1 | 0.820 | 0.887 | 0.663 |
| | S_Growth_20_2 | 0.807 | | |
| | S_Growth_20_3 | 0.783 | | |
| | S_Growth_20_4 | 0.846 | | |
| Innovation potential | S_InnovationPot_30_1 | 0.923 | 0.938 | 0.836 |
| | S_InnovationPot_30_2 | 0.934 | | |
| | S_InnovationPot_30_3 | 0.885 | | |
| Involvement | S_Involvement_70_2 | 0.890 | 0.922 | 0.798 |
| | S_Involvement_70_3 | 0.903 | | |
| | S_Involvement_70_4 | 0.887 | | |
| Operative excellence | S_OperativeExc_40_1 | 0.835 | 0.906 | 0.706 |
| | S_OperativeExc_40_2 | 0.822 | | |
| | S_OperativeExc_40_3 | 0.853 | | |
| | S_OperativeExc_40_4 | 0.851 | | |
| Profitability | S_Profitability_90_2 | 0.792 | 0.928 | 0.722 |
| | S_Profitability_90_3 | 0.891 | | |
| | S_Profitability_90_4 | 0.814 | | |
| | S_Profitability_90_5 | 0.872 | | |
| | S_Profitability_90_6 | 0.876 | | |
| Relational behavior | S_RelBehavior_80_1 | 0.810 | 0.909 | 0.625 |
| | S_RelBehavior_80_2 | 0.855 | | |
| | S_RelBehavior_80_3 | 0.792 | | |
| | S_RelBehavior_80_4 | 0.715 | | |
| | S_RelBehavior_80_5 | 0.797 | | |
| | S_RelBehavior_80_6 | 0.768 | | |
| Supplier satisfaction | S_Satisfaction_100_1 | 0.859 | 0.915 | 0.683 |
| | S_Satisfaction_100_2 | 0.818 | | |
| | S_Satisfaction_100_3 | 0.892 | | |
| | S_Satisfaction_100_4 | 0.840 | | |
| | S_Satisfaction_100_5 | 0.712 | | |
| Support | S_Support_60_1 | 0.860 | 0.913 | 0.778 |
| | S_Support_60_2 | 0.892 | | |
| | S_Support_60_3 | 0.894 | | |

*Table 2 – Reliability and validity (2)*

| Construct | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| 1 Preferred customer | - | 0.739-0.819 | 0.304-0.417 | 0.287-0.408 | 0.520-0.625 | 0.423-0.522 |
| 2 Preferential treatment | 0.781 | - | 0.241-0.367 | 0.185-0.320 | 0.433-0.563 | 0.415-0.519 |
| 3 Contact accessibility | 0.361 | 0.304 | - | 0.425-0.547 | 0.347-0.474 | 0.219-0.341 |
| 4 Reliability | 0.348 | 0.253 | 0.486 | - | 0.272-0.393 | 0.115-0.234 |
| 5 Growth opportunity | 0.574 | 0.500 | 0.412 | 0.334 | - | 0.647-0.735 |
| 6 Innovation potential | 0.474 | 0.468 | 0.282 | 0.175 | 0.692 | - |
| 7 Involvement | 0.395 | 0.445 | 0.314 | 0.245 | 0.495 | 0.590 |
| 8 Operative excellence | 0.408 | 0.324 | 0.563 | 0.555 | 0.501 | 0.430 |
| 9 Profitability | 0.476 | 0.465 | 0.277 | 0.292 | 0.695 | 0.578 |
| 10 Relational behavior | 0.497 | 0.427 | 0.554 | 0.670 | 0.557 | 0.403 |
| 11 Supplier satisfaction | 0.529 | 0.414 | 0.513 | 0.652 | 0.526 | 0.318 |
| 12 Support | 0.471 | 0.440 | 0.384 | 0.346 | 0.605 | 0.631 |

*Table 2 – Reliability and validity (2) (continued)*

| Construct | 7 | 8 | 9 | 10 | 11 | 12 |
|---|---|---|---|---|---|---|
| 1 Preferred customer | 0.338-0.453 | 0.347-0.466 | 0.422-0.527 | 0.411-0.552 | 0.477-0.580 | 0.414-0.527 |
| 2 Preferential treatment | 0.378-0.498 | 0.258-0.388 | 0.409-0.521 | 0.362-0.490 | 0.355-0.471 | 0.380-0.498 |
| 3 Contact accessibility | 0.248-0.377 | 0.503-0.618 | 0.212-0.341 | 0.496-0.609 | 0.458-0.566 | 0.316-0.449 |
| 4 Reliability | 0.183-0.305 | 0.505-0.602 | 0.231-0.352 | 0.623-0.714 | 0.600-0.700 | 0.282-0.408 |
| 5 Growth opportunity | 0.437-0.550 | 0.439-0.559 | 0.650-0.738 | 0.501-0.610 | 0.475-0.574 | 0.552-0.657 |
| 6 Innovation potential | 0.539-0.637 | 0.372-0.484 | 0.530-0.624 | 0.345-0.459 | 0.259-0.376 | 0.584-0.674 |
| 7 Involvement | - | 0.386-0.503 | 0.437-0.547 | 0.494-0.594 | 0.292-0.408 | 0.580-0.680 |
| 8 Operative excellence | 0.445 | - | 0.383-0.496 | 0.571-0.669 | 0.517-0.609 | 0.457-0.573 |
| 9 Profitability | 0.491 | 0.440 | - | 0.489-0.587 | 0.418-0.523 | 0.509-0.607 |
| 10 Relational behavior | 0.545 | 0.538 | 0.538 | - | 0.665-0.740 | 0.554-0.654 |
| 11 Supplier satisfaction | 0.351 | 0.564 | 0.472 | 0.703 | - | 0.370-0.489 |
| 12 Support | 0.632 | 0.516 | 0.559 | 0.605 | 0.432 | - |

The following and last step is determining the model fit. For this measure, the standard root mean residual (SRMR) is used. A cut-off value of 0.10 or below is considered an adequate threshold, where 0.08 is even better. Resulting from SmartPLS, an SRMR of 0.138 is presented. This means that the model does not consists of an adequate model fit. This needs to be considered when discussing the results.

**Results**

Despite poor model fit, the model has been run in SmartPLS 3.0 in order to test the effects of the model. According to Hair et al. (2011, p. 147), the most important outcomes of a PLS path model are the $R^2$ values and the significance of the path coefficients. $R^2$ values above 0.75, 0.50 and 0.25 are consequently considered as substantial, moderate and weak and indicates the proportion of variance explained of the dependent variables by the explaining independent variables. Moreover, the effect size $f^2$ of the path coefficients is also used for interpretation. Effect size will be taken into consideration and the size values of 0.02, 0.15,

and 0.35 suggesting respectively small, medium and large effects (Henseler et al., 2016, p. 12). Results are generated based on a bootstrap of 5.000 subsamples and is tested based on a one-tailed significance level of 0.05, because the coefficient is expected to have a positive or negative influence. The results from this analysis are presented in figure 1 and table 3.

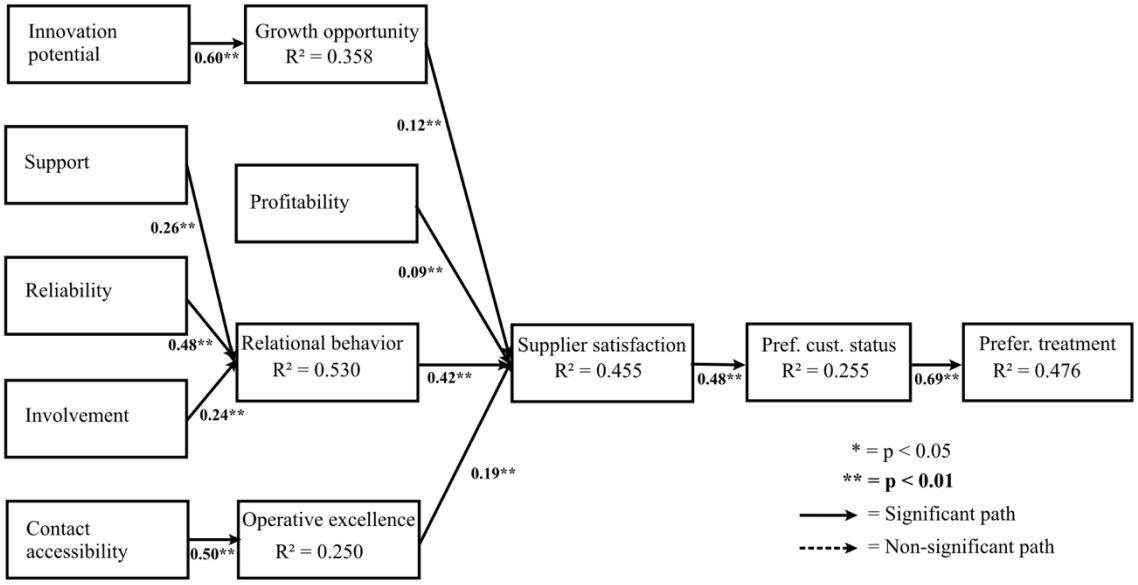



*Figure 1 – Results from PLS path modelling*

*Table 3 – Bootstrap and effect statistics of the model (Bootstrap samples = 5000)*

| Path | β | SE | t | p | f² |
|---|---|---|---|---|---|
| Contact accessibility -> Operative excellence | 0.500 | 0.026 | 19.486 | 0.000 | 0.334 |
| Growth opportunity -> Supplier satisfaction | 0.118 | 0.028 | 4.204 | 0.000 | 0.015 |
| Innovation potential -> Growth opportunity | 0.598 | 0.019 | 30.737 | 0.000 | 0.558 |
| Involvement -> Relational behavior | 0.238 | 0.026 | 9.230 | 0.000 | 0.084 |
| Operative excellence -> Supplier satisfaction | 0.189 | 0.026 | 7.335 | 0.000 | 0.043 |
| Preferred customer -> Preferential treatment | 0.690 | 0.019 | 36.496 | 0.000 | 0.910 |
| Profitability -> Supplier satisfaction | 0.089 | 0.030 | 2.979 | 0.001 | 0.008 |
| Relational behavior -> Supplier satisfaction | 0.424 | 0.027 | 15.790 | 0.000 | 0.198 |
| Reliability -> Relational behavior | 0.467 | 0.023 | 20.260 | 0.000 | 0.417 |
| Supplier satisfaction -> Preferred customer | 0.475 | 0.024 | 19.942 | 0.000 | 0.291 |
| Support -> Relational behavior | 0.256 | 0.027 | 9.466 | 0.000 | 0.092 |

β = standardised coefficent beta; SE = standard error of β; t = t-statistic; f2 = effect size; p = probability obtaining results

Table 3 shows that all relationships are significant at an alpha level of 0.01. Next, figure 1 shows that the proportion of variance explained by the dependent variables is for all dependent variables between weak and moderate, containing $R^2$ values between 0.25 and 0.5. The only variable which contains a $R^2$ value between moderate and substantial is relational behaviour ($R^2 = 0.530$). Supplier satisfaction ($R^2 = 0.455$) and Preferred customer status ($R^2 = 0.255$)

Next, the effect size $f^2$ is analysed. When looking at the results of the first-tier antecedents, it appears that growth opportunity ($f^2 = 0.015$) and profitability ($f^2 = 0.008$) appear to have no effect on supplier satisfaction. On the other hand, relational behaviour ($f^2 = 0.198$) has a medium effect on supplier satisfaction and operative excellence ($f^2 = 0.043$) a small effect. Taking the second-tier antecedents into account, support ($f^2 = 0.092$) and involvement ($f^2 = 0.084$) appear to have a small effect on relational behavior. Reliability ($f^2 = 0.417$), on the other hand, contains a large effect on relational behaviour. This is similar to contact accessibility ($f^2 = 0.334$) and innovation potential ($f^2 = 0.558$), which oppose a large effect on respectively operative excellence and growth opportunity. When taking the effect of supplier satisfaction ($f^2 = 0.291$) on becoming the preferred customer into account, a medium effect is detected. Lastly, effect of the preferred customer on attaining the preferential treatment is analysed, which contains a large effect ($f^2 = 0.910$). These results will be taken into account when discussing the overall results of this research.

# D: Interview protocol

Interview protocol - Discovering best practices

Researcher: P.F. Lammers

Student number: S2194732

Research department: BMS - PSM

**Introduction**

The goal of this research is to identify the operative best practices used by organisations in order to achieve preferred customership by their suppliers. Currently, it is not clear what practices are used by organisations in order to achieve the title of preferred customership. For sample definition, I have benchmarked conducted research in the area of preferred customership in order to determine which organisations are top-scoring in various variables. Eight organisations have proven to be my target for qualitative data collection.

**Research question**

Which operative best practices are used by organisations in order to achieve preferred customership?

**Method**

Beforehand, a request is sent to the known correspondence address of the organisations who have worked with the BMS - PSM in the past. When approved, the data collection can begin. During the interview, the interviewee still can withdraw from the interview. The method for data collection will consist of semi-structured interviews, eight in total, one per organisation. The semi-structured interviews will be conducted in a digital format, via Microsoft teams.

Approval

Interviewee, organisation:_____, _____

Date:_____

Starting time:_____

**Section 1: Introduction**

Hello, my name is Pieter Lammers, I am a master student from the University of Twente, studying the track purchasing and supply management from business administration. I would like to thank you for taking the time to talk with me. The goal of this interview is to identify which operative best practices used by organisations in the matter of supplier satisfaction. Important notice of this interview is that there are no right or wrong answers and everything that we discuss will remain confidential and results will be processed with anonymity via coding. If I have your permission, I will be recording this interview so I will not lose viable information. Do I have your permission to record this interview?

Record permission: _____

**Section 2: Background questions**

- Could you provide more information about your current position within the organisation?
  - Department, experience, size of the organisation, age.
- Could you explain what type of industry your organisation is working in?
  - Industry, products, services, market uncertainty
- Could you tell me more about the size and mix of your supplier base?
  - Amount of suppliers, variety within suppliers, average length of the relationship, market concentration

**Section 3: Review question**

In the recent past, student X from my department has conducted research at this organisation measuring supplier satisfaction and preferential treatment.

- What effect did the results of this research have had on the organisation?
  - Changes in organisational behaviour, processes, personnel, products.

**Section 4: Specific questions**

I have performed a benchmarking study of all results from studies which have used the same model which measures supplier satisfaction. Results from this benchmark are that you score relatively good, in relation to other organisations regarding supplier satisfaction.

- What explanation could you give that outlines the fact that your organisation scores relatively high in relation to other organisations?
  - Focus on operational best practices, not to 'good relational behaviour'
- You mentioned [best practice]. Could you provide more information about this best practice?

According to our data, you specifically scored relatively high on [zie matrix]

- What could similar organisations learn from you in the area of maintaining satisfied suppliers?
  - Focus on operational best practices, not to 'good relational behaviour'
- Which three most important recommendations to similar organisations would you make for satisfying suppliers and aiming for preferential treatment? [welke tools gebruik je daarvoor]
  - Tools, actions, processes, methods, systems etc.

**Section 5: Wrap up**

I am almost finished with the interview, meaning I have no further questions regarding this interview. Are there any subjects or details that you would like to discuss? After transcribing all the data, I will deliver you an overview of this interview so that you can check them before I use them to generate results, would that be fine with you? Also, would you like to receive the anonymised report containing the results? Lastly, my supervisors would like to keep in touch with you(r) (organisation). Are you interested, keeping in touch and despite Corona an conference with all best practices?

I would like to thank you for your effort and time!

Ending time:_____