

Preferred customership and its interrelationship with sustainable development within a buyer-supplier relationship

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ABSTRACT,

The perspective on buyer-supplier relationships has changed. It changed from the supplier trying to be as attractive as possible for their buyers to the complete opposite. This research tries to examine the benefits and antecedents of a preferred customer status, and the existing literature on the triple bottom line, to be able to gain a clear knowledge on the interrelationship between a preferred customer status and sustainable development to enhance existing literature in this field. A preferred customer may potentially be a good starting point to collectively work on sustainable development within a buyer-supplier relationship and may influence the outcome and efficiency of sustainability initiatives. The other way around, may sustainability efforts of a buyer influence its potential to gain a preferred customer status. This research is set up as a case study in combination with a literature review. In the case study two buyers and five suppliers of Company X are interviewed. The findings confirm most of the antecedents found in literature and add mutual dependency and customer attractiveness on sustainability as new antecedents. The result of this research indicates that there is indeed an interrelationship between a preferred customer status and sustainable development. Sustainability efforts of a buyer influence the antecedents of a preferred customer status which influence the relation between supplier satisfaction and preferred customership. Also do the results indicate that a preferred customer status is positively influencing the ability to collaborate on sustainable development within a buyer-supplier relationship, with it increasing the efficiency of this sustainable development. Future research can be conducted with a bigger sample size while using also quantitative data, to make it more generalizable than this research. Also, a better separation between the antecedents of customer attractiveness, supplier satisfaction and a preferred customer status should be made.

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Keywords

Preferred customer status, Preferential treatment, Cycle of preferred customership, Supplier satisfaction, Sustainable development, Triple bottom line, Antecedents, Benefits

1. INTRODUCTION

Since the ending of the 70s purchasing and supply management (PSM) has become a strategic function instead of an administrative one (Brandon-Jones & Knoppen, 2018). In all the businesses it is not just the contact between two parties that buy/sell something and only focus on the price anymore. Quality, sustainability, and innovation are factors that are gaining attention in considering which product to buy. Purchasing is an important business component of any part of the supply chain and significantly has a share in the cost of functioning within this supply chain (Ganguly & Roy, 2021). Purchasing managers face the challenge to keep an eye on excellent quality, sustainable production, and innovativeness of the product they buy, while keeping the cost low.

Because of the emphasis that has been put on purchasing and supply management in the last years, the buyer-supplier relationship also changed. The perspective changed from suppliers trying to be as attractive to buyers as possible, to buyers trying to be as attractive as possible to suppliers. It has changed to buyers competing for the best suppliers which are becoming scarcer (Schiele, Calvi, & Gibbert, 2012, p. 1178). The decline of the number of suppliers is a driving force when looking at the increased attention on buyer-supplier relationships. The shifting focus of this relationship is driven by the rising scarcity of good suppliers, which makes buyers seek for resources at the same suppliers. (Schröer, Schiele, & Hüttinger, 2014, p. 697)

With the globalization of supply chains, the competition around qualitative, sustainable, and innovative products rise. With this higher competition a preferred customer status at your key suppliers could be pivotal when trying to get the exact product you want. The rising relevance declares the gaining of attention in preferred customer status. But what is a preferred customer status exactly? According to Pulles, Schiele, Veldman, and Hüttinger (2016) a preferred customer status is a situation in which the supplier allocates its resources preferential to some customers. This means that the customers that have a preferred customer status get their products before other customers, but they also may get to specify more requirements and get lower costs.

Stakeholders more often demand that goods and services that are bought by a company are responsible and sustainable. Sustainable development can be seen as doing business without using resources in a way that makes future generations unable to fulfill their needs (Kumar & Rahman, 2016, p. 837). Supply chain sustainability can help to reduce energy cost, any type of disposal and help to adapt green technologies, which decreases the depletion of natural resources. And when followed closely and over a long period of time, this can lead to sustainable development. (Elkington, 1994). The larger the shift is, the higher the level of collaboration between the different member of the supply chain needs to be (Seuring & Müller, 2008, pp. 1703-1705).

These forces show the importance of a preferred customer status, and the importance of knowing what the antecedents are for such a status. Trust and commitment are shown to be related to a preferred customer status (Nyaga, Whipple, & Lynch, 2010, p. 109). When trying to implement sustainable responsibility it can be seen as a commitment to close and strict interactions between the buyer and supplier (Boström, 2015, p. 253).

All the things mentioned above show that the implementation of sustainable development and having a preferred customer status are two things that are interrelated with each other. It is highly likely that having a preferred customer status will make it easier to work on sustainable development with suppliers. The other way around can it be that whether a buyer is focusing on and

putting effort in sustainable development is influencing how the supplier thinks about this buyer. Literature shows that there is an interrelationship between preferred customer status/buyer-supplier relationship and sustainable development, but what this relationship is, is not clear. And which way it goes also remains unclear.

The objective of this research is to thoroughly examine and review the existing literature on the social-exchange theory of preferred customer status and the antecedents and to identify the effect sustainable development has on preferred customer status or the other way around. These research objectives lead to the following research question: *Does a preferred customer status influence the efficiency of a collaborate sustainability initiative and/or do sustainability efforts of a buyer influence its customer status?*

The goal of this research is to contribute to and examine the literature of the social-exchange theory (Schiele, Veldman, Hüttinger, & Pulles, 2012, pp. 135-136), cycle of preferred customership (Schiele, Calvi, et al., 2012, pp. 1178-1181) and the benefits and antecedents of a preferred customer status (Hüttinger, Schiele, & Veldman, 2012, pp. 1202-1203). By combining this with the examination of existing literature on the triple bottom line theory, the goal is to gain a clear knowledge about the interrelationship between a preferred customer status and the implementation of sustainable development.

This paper is structured in six chapters: in the second chapter an extensive literature review will be done on all the components needed to get a clear understanding of the existing literature. In the third chapter the methodology will be explained, how has the research been done and will the case-study be done. In the fourth chapter the results of the interviews will be analyzed, the company for the case-study will be introduced and the findings will be described. Then, the findings will be extensively discussed. And at last, there will be a conclusion, which consists of limitations of this research and future research suggestions.

2. LITERATURE REVIEW

2.1 Preferred customer status

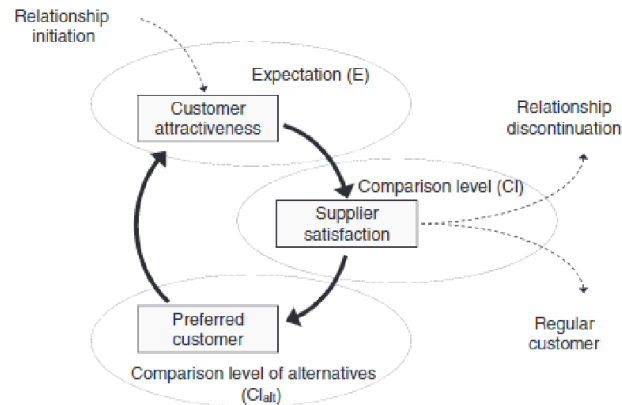
2.1.1 Preferred customer Status explained by the cycle of preferred customership seen through a SET perspective

The approach of looking at a buyer-supplier relationship from the buyers perspective, in which buyers would compete on getting the best resources by being as attractive as possible to suppliers, was initially taken by Schiele, Calvi, et al. (2012, p. 1178). They called it “the cycle of preferred customership” (Schiele, Calvi, et al., 2012, p. 1179), which is the framework for this research paper and links customer attractiveness, supplier satisfaction and preferred customer status. Based on the Social Exchange Theory, customer attractiveness, supplier satisfaction and preferred customer status can be linked, because the interactions between the relational partners create an interdependence between them (Schiele, Calvi, et al., 2012, p. 1180). This theory can be used for the buyer-supplier context in this research because they have an established interdependence on resource exchange.

The Social Exchange Theory (SET) is the theory that is commonly used to explain why suppliers deliver resource to some suppliers better and faster than to others (Schiele, Veldman, et al., 2012, p. 136). As said before the “cycle of preferred customership” (see figure 1) developed by Schiele, Calvi, et al. (2012, p. 1180), is based on the SET and is built upon three core elements (Schiele, Veldman, & Hüttinger, 2010; Schiele, Veldman, et al., 2012, p. 135). The first element is expectation, which will lead to a relationship when the buyer is expected to

be attractive enough as a customer. Comparison level (CL) is the second element, which is about how the outcome of the relationship with a certain customer is rated compared to other relationships, whether the minimum criteria are obtained. As third element the “comparison level of alternatives” (CLalt) is mentioned, this states that also relative criteria are used to evaluate an exchange (Thibaut & Kelley, 1959). In this last step the choice is made whether to sustain the relationship. With the “cycle of preferred customership” the classical SET is expanded, instead of one kind of exchange relationship, two kinds are specified (1) a regular customer, (2) a preferred customer (Schiele, Calvi, et al., 2012, p. 1180).

Figure 1. The cycle of preferred customership (Schiele, Calvi, et al., 2012, p. 1180)



As can be seen in figure 1 Schiele, Calvi, et al. (2012) argue that the customer attractiveness is based on whether the customer meets the expectations the supplier has of them beforehand. The comparison level (CL) (see figure 1) of the expectation of the customer attractiveness and its real attractiveness determines the supplier satisfaction which will decide whether to discontinue the relationship or not (Schiele, Calvi, et al., 2012, p. 1180). Also according to (Thibaut & Kelley, 1959) the differences between the expectation and the real experience will determine the supplier satisfaction. Schiele, Calvi, et al. (2012, p. 1181) conclude: “supplier satisfaction is a condition that is achieved if the quality of outcomes from a buyer-supplier relationship meets or exceeds the supplier's expectations”. Wong (2000, p. 429), stated that effort should be put into establishing a cooperative culture to ensure commitment of both ends of the resource exchange.

The comparison level of alternatives (CLalt) refers to whether the supplier will or will not grant the preferred customer status to a customer, will break the relationship with the customer or will provide the customer with the services they provide normal customers with (Schiele, Calvi, et al., 2012, p. 1180). Anderson and Narus (1984, p. 64) stated that both CL and CLalt respectively should be taken into consideration, because on both the outcome of the relationship would be considered, and in the end the outcomes of the relationship need to be higher than the alternative outcomes of the relationships with other buyers.

This research will further not focus on customer attractiveness, because the buyers and suppliers that are analyzed in this research are already in a resource exchange relationship. The focus will be on becoming and staying a preferred customer ship. How can a buyer become a preferred customer and what are the benefits of this? Therefore, the focus in the following paragraphs is on the Benefits and Antecedents of a preferred customer status.

2.1.2 Benefits of a Preferred Customer Status

The benefits of a preferred customer status are widely spoken about. A lot of researchers wrote papers about this and lots of

literature can be found. Foa and Foa (1980) mentioned six types of resources that can be received when a good relationship is established; love, status, information, money, goods and services (Pulles et al., 2016, p. 131). Nollet, Rebollo, and Popel (2012, p. 1187) described being a preferred customer as being a customer that receives better action towards help in sourcing, product availability and quality, price and/or delivery. Obtaining better resources than your competitors is key to gaining a competitive advantage, the resources that really make the difference are financial, physical, informational, human, organizational and relational resources (Hunt & Davis, 2008, p. 19). When receiving these resources, a competitive advantage can be gained through a preferred customer status.

More in-depth benefits of a preferred customer status are also mentioned in some papers. Companies can save 2 up to 4% on their total spendings when being a preferred customer, through avoided losses from supply disruption, through first access to breakthrough product or innovations from suppliers and/or through programs to decrease costs of leveraging at suppliers (Bew, 2007, p. 2). Blenkhorn and Banting (1991, p. 188) even said in their research that preferred customers could save 30% of their total costs at the supplier which granted them a preferred customer status.

By being a preferred customer, buyers can receive certain benefits as lower prices or higher product availability/quality (Nollet et al., 2012, p. 1187), which will enable them to gain a competitive advantage. In the next subchapter the antecedents of such a customer status will be extensively described. What the most important antecedents are and what the existing literature says about it will be described.

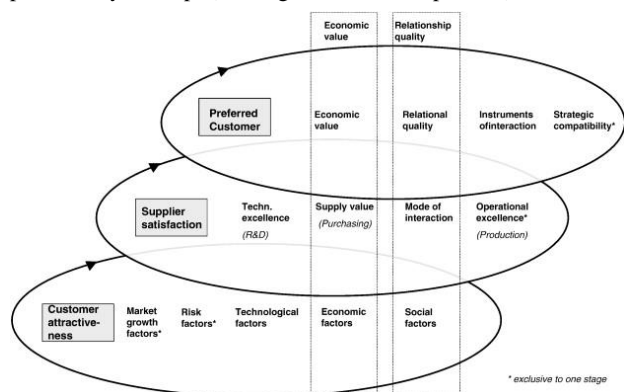
2.1.3 Antecedents of a Preferred Customer Status

If we know what the antecedents of a preferred customer status are, it is easier to know for us in what conditions a preferred customer status will arise. According to Hüttinger, Schiele, and Schröder (2014, p. 699) purchase volume, possible business opportunities and share of sales are factors on which suppliers choose to grant a preferred customer status to a specific customer. It is also said that suppliers' behavior towards customers mainly is influenced by the value creation they generate, but value creation cannot be really mentioned as solely an antecedent for a preferred customer status, because it also is influenced by things as high volumes, which are drivers for customer attractiveness and supplier satisfaction too (Hüttinger et al., 2012, p. 1202). Customer size, growth rate, market share and influence on the market also are often mentioned as drivers for a preferred customer status, but according to Hüttinger et al. (2012, p. 1202), these are things the suppliers already consider when looking at the customers attractiveness.

Factors that Hüttinger et al. (2012, p. 1202) mention as drivers of a preferred customer status can be put into four categories that also can be seen in figure 2, ‘relational quality’, ‘strategic compatibility’, ‘instruments of interaction’ and ‘economic value’. These four categories described by Hüttinger et al. (2012, p. 1202) need a bit broader explanation. The category economic value is because the potential for value creation is important to supplier when assigning a preferred customer status, here is looked at growth opportunity, but also the size of the company. Relational factors also seem to be of certain importance when assigning a preferred customer status. This depends on which interactional approach is chosen by the buyer towards his suppliers, next to the relational quality (Hüttinger et al., 2012, p. 1203). For the instruments of interaction, things as contact accessibility are important. With relational quality, reliability and the length of a relationship are shown to be important. At last is looked at whether the companies that want to establish a buyer-

supplier relationship are compatible, if they have the same goals, achieving goals together is essential for becoming a preferred customer (Hüttinger et al., 2012, p. 1203)

Figure 2. Drivers of preferential treatment by suppliers: a preliminary concept (Hüttinger et al., 2012, p. 1203)



Supplier satisfaction also is seen as an antecedent of preferred customer status as is also shown in the “cycle of preferred customership” (see figure 1) (Schiele, Calvi, et al., 2012, p. 1180). Vos, Schiele, and Hüttinger (2016, p. 4619) also found from their research that supplier satisfaction is an important antecedent of a preferred customer status, which was confirmed by the research of Piechota, Glas, and Essig (2021, p. 10).

Hüttinger et al. (2014, p. 712) found from their research that only two significant antecedents could be linked to whether a supplier would grant a buyer a preferred customer status; 1) growth opportunity, 2) reliability, where innovation potential, operative excellence, support of suppliers, supplier involvement, contact accessibility and relational capability will not have a big influence. But according to the same research next to the two that can be seen as antecedents for a preferred customer status, operative excellence and relational behavior also have a positive influence on preferential treatment. They conclude from this, that positive economic and social results are the most important for how suppliers will treat their buyers.

Table 1: The different antecedents of a preferred customer status.

CATEGORIES DESCRIBED BY Hüttinger et al. (2012, pp. 1202-1203)	ANTECEDENTS OF A PREFERRED CUSTOMER STATUS	REFERENCE
Economic value	Purchase volume	(Hüttinger et al., 2014, p. 699; Hüttinger et al., 2012, p. 1202; Steinle & Schiele, 2008, p. 12)
	Share of Sales	(Hüttinger et al., 2014, p. 699)
	Profitability	(Vos et al., 2016, p. 4619)
	Growth opportunity	(Hüttinger et al., 2014, p. 699; Hüttinger et al., 2012, p. 1202) (Vos et al., 2016, p. 4619)
Relational quality	Supplier satisfaction	(Piechota et al., 2021, p. 10; Schiele, Calvi, et al., 2012, p. 1180; Vos et al., 2016, p. 4619)

	Length of relationship	(Vos et al., 2016, p. 4619)
	Reliability	(Hüttinger et al., 2014, p. 712)
	Relational behavior	(Hüttinger et al., 2014, p. 712)
	Relational capability	(Hüttinger et al., 2014, p. 712)
Strategic compatibility	Innovation potential	(Hüttinger et al., 2014, p. 712)
	Operative excellence	(Hüttinger et al., 2014, p. 712)
Instruments of interaction	Contact accessibility	(Hüttinger et al., 2014, p. 712)
	Support of suppliers	(Hüttinger et al., 2014, p. 712)
	Supplier involvement	(Hüttinger et al., 2014, p. 712)

The existing literature does not seem to completely agree on what antecedents of a preferred customer status are. To make this research as complete as possible all possible antecedents mentioned (see table 1) will be taken into consideration towards the case study. In the next subchapter sustainable development will be explained.

2.2 Sustainable development

2.2.1 Sustainable development as an unclear and vague thing, changed to the assumptions of each company practicing it

Sustainable development is at the basis of Corporate Social Responsibility (Žak, 2015, p. 251). By implementing sustainable development, the search for socially responsibly, ecologically friendly, and economically valuable ways of doing business starts. But what sustainable development exactly means stays unclear and vague. Businesses will use it as they think it is a good thing to do, and they will change it to their own assumptions and believes (Jabareen, 2008, p. 179). From literature two main assumptions can be found for sustainable development (Isil & Hernke, 2017, p. 1235). The first assumption is the win-win situation, that Banerjee (2003, p. 144) describes as the aim of gaining economical growth without environmental damage, he also says that the main discussion in sustainable development is about what is sustained. The second assumption is the assumption of firm-level sustainability which is described as the assumption that sustainability is only achieved when every company is ‘sustainable’ and that companies are the only ones that have the knowledge and methods to challenge sustainable development (Isil & Hernke, 2017, pp. 1235-1236). Korhonen and Seager (2008, p. 411) say that implementation of sustainability is nowadays dominated by something called an eco-efficiency approach, this an approach in which organizations try to produce with as few resources/waste as possible, with lean manufacturing, waste minimization, usage of renewable energy etc. as examples.

Jabareen (2008, pp. 181-187) mentions seven concepts through which sustainable development can be interpreted: concept of ethical paradox, natural capital stock, equity, eco-form, integrative management, utopianism, and political global agenda. In this research the concept of integrative management is best applicable. This concept integrates social development, economic growth, and environmental protection, which can be linked to the triple bottom line theory.

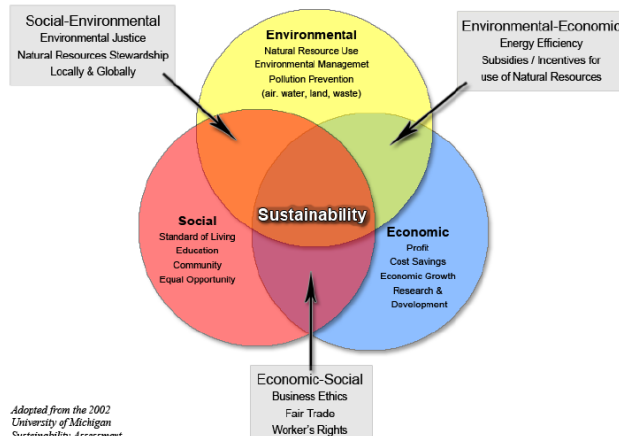
In existing literature, a lot of different approaches and definitions for sustainable development are discussed and explained, like

mentioned above, the two different assumptions (Banerjee, 2003, p. 144; Isil & Hernke, 2017, pp. 1235-1236), and the seven concepts of Jabareen (2008, pp. 181-187). But in this research the focus will be on the triple bottom line theory. This theory will be explained in the next section and will be used when thinking of and talking about sustainable development in the remaining of the research.

2.2.2 Taking all three aspects of economical, environmental, and social sustainability into consideration

The triple bottom line for which Elkington (2004, pp. 3-6) is commonly attributed, shows organizations that they also should focus on the environmental and social impact they have and not only on the financial side of their business (Isil & Hernke, 2017, p. 1237). To be able to achieve the perfect triple bottom line, partnerships should be established on all the three aspects of the triple bottom line. This will enable partnerships to achieve goals, individual organizations will never be able to (Elkington, 1998, p. 37). The triple bottom line theory focuses on maximizing sustainability opportunities (CSR, corporate governance, and stakeholder relations) but at the same time minimizing possible sustainability risks (environmental, and health). By looking at these factors, the environmental and social impact of a business can be computed while assessing the performance of the business (Banerjee, 2003, p. 162). Emanuel, Dickens, Hunter, and Dawson (2011, p. 32) see the three aspects as spheres, as you can see in figure 3, they see environmental, social, and economical impact as three spheres that are connected and overlapping with each other, when perfectly combined, they will achieve sustainability.

Figure 3: The three spheres of sustainability (Source: (Emanuel et al., 2011, p. 32))



The triple bottom line which John Elkington introduced in 1994, must take into consideration seven sustainability revolutions, to maintain the correct triple bottom line in collaboration with their suppliers. These are markets (compliance to competition), values (hard to soft), transparency (closed to open), life-cycle technology (product to function), partnerships (subversion to symbiosis), time (wider to longer) and corporate governance (exclusive to inclusive) (Elkington, 2004, pp. 3-6). This means that organizations should keep a close eye on what is happening in the markets, because the competition is brutal. Organizations also need to be aware that values are fast and easily changed, when the current generation has other values, an organization and his partners should therefore not be to close and strictly holding onto their values. Next to that is that organization and their partners need to understand that almost complete transparency is expected today. Also has the life cycle completely changed, when earlier focused on the implication of their products, it is

now focused on extraction of resources directly to recycling or disposal. The speed at which partnerships are established currently is also something to keep in mind. The time horizon is currently getting shorter by the day. And in the end the kind of situation we currently are in, needs buyers to really involve suppliers in their corporate governance (Elkington, 2004, pp. 3-6)

Companies should focus on the environmental, social, and economical impact they and their relationship partners have, to achieve the perfect triple bottom line. To do this, they also should take into consideration the seven sustainability revolutions (Elkington, 2004, pp. 3-6). The next subchapter will describe the existing literature on the intersection between sustainable development and a buyer-supplier relationship.

2.3 Sustainable development in a buyer-supplier relationship

Kumar and Rahman (2015, p. 118) found in their research certain enablers of sustainability adoption in buyer-supplier relationships, which include joint efforts, trust and commitment among partners and a long-term relationship. This is perfectly linkable with a preferred customer status because the things mentioned as enablers for sustainability adoption are rather close to some antecedents of a preferred customer status. Another antecedent also mentioned as an important influence on success in sustainability is visiting each other's locations within a buyer-supplier relationship (Simpson & Power, 2005, p. 64). Zhang (2021, p. 417) mentions that "strong formal control" can positively influence the implementation of sustainability and describes "strong formal control" as written contracts that creates commitment between the parties. Mutual trust and expectation between the parties in this relationship can positively influence the sustainable tasks (Zhang, 2021, p. 417)

A very broad set of stakeholders can influence the successfulness of a company's sustainability initiatives, of which buyers and/or suppliers are a part (Rocha, Searcy, & Karapetrovic, 2007, p. 89). Rocha et al. (2007, p. 89) even say; "Environmental considerations should become a part of normal purchasing practices". New ways of auditing in a buyer-supplier relationship can create new sustainability standards in a buyer-supplier relationship, in which sustainable capacity and developments are encouraged and placed at the center of policies (Kumar & Rahman, 2015, p. 118). In this way, certain standards are developed, so that both parties in the buyer-supplier relationship know what to expect and know what the importance is of sustainability.

In the existing literature is shown that certain enablers of sustainability within a buyer-supplier relationship are very close to antecedents of a preferred customer status. Also is shown that the successfulness of sustainability can be influenced by stakeholders. In the next subchapter a synthesis will be described between a preferred customer status/buyer-supplier relationship and sustainability.

2.4 Synthesis Section: several propositions

Until the begin of 20th century, social and environmental criteria did not receive a lot of attention in the field of purchasing and supply chain management. The research on sustainable development within purchasing and supply chain management has increased, but still the integration of all the three dimensions of the TBL is missing. (Hollo, Blome, & Foerstl, 2012, pp. 2969-2970).

From the previous literature research can be seen that implementing sustainable development can influence the different antecedents of a preferred customer status. Focusing on sustainable development can for instance influence the possible

business opportunities that a business has, but also influence their value creation and strategic compatibility. The current market is focusing more on this, so when implementing sustainable development into your business, these antecedents may be influenced. Companies that focus on sustainability will also be likely to gain a competitive advantage from this (Campbell, 2007). While most of the times, putting effort into sustainability will increase cost on the short-term it is highly likely, that it will reduce cost on the long-term. It may also influence the competitive advantage in a positive way by communicating the sustainability efforts to customers and the market, because it will positively affect your reputation (Krause, Vachon, & Klassen, 2009, pp. 22-23). Also has research argued that a good sustainability strategy creates an entry barrier for competitors, which result in a competitive advantage when it is unique (Flint & Golcic, 2009, p. 842). Competitive advantage has a positive effect on possible business opportunities, strategic compatibility, and growth opportunity, that in previous chapters are mentioned as antecedents of a preferred customer status..

Proposition 1: Focusing on sustainable development as a buyer influences innovation potential, growth opportunity, and strategic compatibility, which means that it enables buyers to achieve a preferred customer status easier and faster.

Proposition 2: Sustainability efforts is one of the antecedents of a preferred customer status at key suppliers.

In the previous decades, good quality suppliers that are sustainable appear to be very scarce, which means sustainable resources are very hard to get. Previous empirical studies show that co-operation with your suppliers has a positive impact on the economic part of the TBL, but it does not show a lot about the effect on the social and environmental parts of the TBL (Holloos et al., 2012, p. 2969). According to Hollos et al. (2012, p. 2970), buyers can do two thing to increase the sustainability of their supply chain: “(1) to select and accept only sustainable suppliers and to drop those that do not meet certain standards or (2) to co-operate with existing or new suppliers to achieve higher levels of sustainability”. They say that co-operative relationships can improve performance of both the actors in this relationship. In the existing literature working on sustainability with your suppliers is called a sustainable supplier co-operation. Vachon and Klassen (2008, p. 311) found that sustainable co-operation with key suppliers had effect on the fastness and reliability of delivery and flexibility, they also said that it could increase quality, because environmental issues could be integrated more easily. In the end, a company is as sustainable as the suppliers it works with and has a good relationship with (Krause et al., 2009, p. 18)

Proposition 3: Working together on sustainable development within a buyer-supplier relationship makes it easier for both the buyer as the supplier to achieve sustainability in their business.

As described in the literature review on sustainability in a buyer-supplier relationship, sustainability and a preferred customer status are closely linkable. Enablers of sustainability are closely related to antecedents of a preferred customer status. For instance, trust, commitment, long relationship, good contracts, and visiting each other have an influence on sustainability initiatives (Kumar & Rahman, 2015, p. 118; Simpson & Power, 2005, p. 64; Zhang, 2021, p. 417). These are closely linked to reliability, contact accessibility, relational behavior, and length of relationship (Hüttinger et al., 2014, p. 712; Vos et al., 2016, p. 4619). This means that to work together on sustainability effectively, things need to be achieved, and those things are closely linked to the antecedents of a preferred customer status.

Proposition 4: Working together on sustainable development within a buyer-supplier relationship will help to become a preferred customer more easily.

Having a preferred customer status will always have a positive impact on the co-operation within a buyer-supplier relationship. Benefits as more information, closer communication, higher quality and higher flexibility (Nollet et al., 2012, p. 1187; Pulles et al., 2016, p. 131) are things that can help to achieve sustainability within your supply chain. Bansal and McKnight (2009, p. 26) say that an extensive relationship is needed between buyer and supplier, to be able to reuse, recycle and reprocess waste and byproducts of both the parties. Having a preferred customer status with your supplier means an extensive relationship and might result in earlier and easier collaboration on reusing and recycling.

Proposition 5: Having a preferred customer status, makes it easier and more effective to work on sustainable development together within this buyer-supplier relationship.

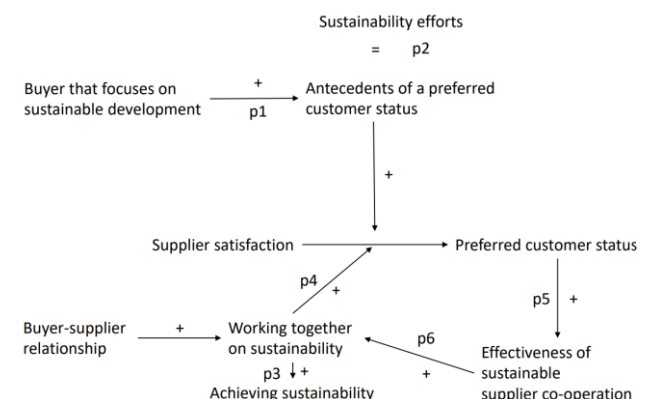
When being a preferred customer influences sustainability initiatives as described in Proposition 5, which means that the effectiveness increases, both parties of the buyer-supplier relationship might highly likely want to work together on sustainability more and more. When something is effective, the company's willingness to work together on sustainability will rise. Therefore, another proposition will be included in the model.

Proposition 6: A higher effectiveness of sustainable supplier co-operation due to a preferred customer status, will increase the willingness of both parties to work together on sustainability.

This last proposition creates a feedback loop in the research model. This means that when both parties in the buyer-supplier relationship decide to work together on sustainability, it influences the relation between supplier satisfaction and a preferred customer status. When the buyer becomes preferred customer through this, it might positively affect the effectiveness of sustainability initiatives, which affects the willingness of both parties to work together. Through this feedback loop, the relationship might be influenced positively continually and result in a good relationship with the highest customer status possible.

The propositions are visualized in figure 4. In the next chapter the methods how to test the propositions will be elaborated.

Figure 4: Research Model



The research model described above will be compared to the findings in the upcoming chapters. In the next chapter, the methods of how this research is conducted will be described. The design, sampling and protocol will be extensively described in the next chapter.

3. METHODOLOGY: QUALITATIVE CASE STUDY

3.1 Research design: case study with seven interviews

For my research I will do a literature review that I will empower with a case study at a company with a separate purchasing department. The literature review will be on “Preferred customer status”, “Social-exchange theory”, “Cycle of preferred customership”, “Sustainable development in supply chains,” and “Triple bottom line theory,”. For all the five main subjects mentioned above I will do a clear literature search, which I will organize in an Excell File (Appendix B). I will focus on the literature found between 2017-2022 and add to these the important literature that is cited. Furthermore, I will focus on articles in the Business, Management and Accounting subject area.

This research contains a qualitative case study at Company X to identify the antecedents and benefits of a preferred customer status and to understand the interrelationship with sustainable development. The case study consists of interviewing two buyers at both of Company X’s subcompanies, of both the subcompanies suppliers will be interviewed. In this research is chosen for a qualitative research, because this is fitting good with answering “how” questions (Pratt, 2009, p. 856), for example about how sustainable development and a preferred customer status are interrelated, but also how a company can become a preferred customer and how to implement sustainable development successfully. A qualitative case study also is perfect for answering the research question, by considering the complexity of this phenomenon (Fawcett et al., 2014, p. 6). In this research a multiple-case study might have been more appropriate to compare differences and similarities (Yin, 2009, p. 10), but due to the amount of time available for this research, a single-case study will also be able to fulfill the research targets.

This interrelationship between sustainable development and a preferred customer status has not been studied before. To gain more knowledge about the interrelationships of these two phenomenon, explorative research is needed (Voss, Tsikriktsis, & Frohlich, 2002, p. 197). Therefore, literature review, a case analysis and depth interviews are combined. To gain a better understanding of the concepts of preferred customer status and sustainable development, it is important to know the experiences of the buyers and suppliers. Quantitative research is generalizable when using large, randomly selected samples, but unusable for this research, because it only measures variables at a specific moment in time and is not able to determine meaning and underlying beliefs (Rahman, 2016, p. 106). To really gain a better understanding of the concepts mentioned above, by analyzing experiences and beliefs, interviews are very usable. Interviews are perfect to explore the beliefs and experiences of people and to do the analysis that is needed (Gill, Stewart, Treasure, & Chadwick, 2008, p. 292). Interviews provide a better understanding, which means it is best fitting for phenomenon of which little is known (Gill et al., 2008, p. 292). It is also highly likely that individuals answer with more clarity and honesty in a face-to-face interview, than when colleagues or competitors are also there listening. To make my findings more generalizable, not only the buyers and supplier of one subcompany, but of both subcompanies are interviewed. By doing this, more different experiences and knowledge is combined into this research. Seven interviews were done to gather the quantitative data.

A qualitative case study is combined with literature review and depth interviews to gain a clear knowledge on the beliefs and experiences of the interviewees on the researched topics. In the

next subchapter the way of sampling the buyers and suppliers are described.

3.2 Sampling 2 buyers and 5 suppliers

To collect the qualitative data about preferred customer status and sustainable development, two subcompanies of Company X were chosen, Company X-a and Company X-b. Both the subcompanies were found suitable, because they have a high spent per year and are focusing on the strategic side of purchasing. Within the companies it is acknowledged that purchasing is a strategic function and not only an operative function. By ensuring that the company saw purchasing as a strategic function, it was far more likely that the company had invested into becoming a preferred customer, which would enable to retrieve better information and knowledge in this research. Within both the companies the managers of the purchasing department were interviewed, to gain the most knowledge, also about how the management of the company was thinking about the different things talked about in the interviews.

Of both subcompanies, suppliers were interviewed. Starting with Company X-a, two suppliers were interviewed. Consensus was put on the availability of interviewing the purchasing managers of these companies. Two suppliers, Supplier 3 and Supplier 4 were interviewed, the managers that were interviewed of these companies all have close contact with the managing purchaser of Company X-a. These two suppliers have a close relationship with Company X and have been working together closely over the past years. Both suppliers are in Germany and were interviewed in Dutch (Supplier 4) and English (Supplier 3). Looking at Company X-b, three suppliers were interviewed. The first one is Supplier 1, a small company in the Eastern part of the Netherlands that is working together with Company X since it was founded. There is a close relationship and what they do for Company X is 25% of the work that is done by Supplier 1. At Supplier 1, the director was interviewed in Dutch. The second company that was interviewed is Supplier 2, a large company in the Eastern part of the Netherlands, at which Company X is a big client, but one of many. At Supplier 2 the Managing Director was interviewed in Dutch. The last company that was interviewed is Supplier 5, a big company located all over the world, with 5 locations in the Netherlands. At Supplier 5 a key account Manager in the Netherlands was interviewed in Dutch. In table 2 you can clearly see the buyers and suppliers that were interviewed.

Of both subcompanies of Company X, suppliers are selected to give as clear findings as possible the companies mentioned beneath are found suitable to function for this research. In the next subchapter the interview protocol will be described.

Table 2: The buyers and suppliers that were interviewed (order based on the order of interviews)

Buyer	Supplier	Function	Language
Company X-a (Buyer 1)		Purchasing Director	Dutch
	Supplier 4	Workshop Coordinator and Manager Projects	Dutch
	Supplier 3	International Sales Manager	English
Company X-b (Buyer 2)		Senior Buyer	Dutch
	Supplier 1	Director	Dutch

	Supplier 2	Managing Director	Dutch
	Supplier 5	Key Account Manager	Dutch

3.3 Interview protocol

Two questionnaires were developed, one for the purchaser's perspective and one for the supplier's perspective (see Appendix A). The questionnaires consist of 4 parts: classification, benefits, antecedents, and sustainability. The first part focuses on how the purchaser classifies its relationship with the supplier and if they have a preferred customer status and for the suppliers it is about whether they assign different status types to customers. The second part is about if the purchaser experiences any benefits of this preferred customer status and if and what suppliers give as benefit to their clients. The third part is about what purchasers do/did to become a preferred customer and what suppliers experience of this. The last part is focusing on sustainability and is a bit more extensively. It focuses on whether purchaser and supplier are focusing on sustainability within their own company and if they put a lot of effort into this. Next to that it is about finding out what purchasers and suppliers think it can mean in a buyer-supplier relationship.

Both questionnaires also are translated into Dutch for the interviews that are done in Dutch. The translation of the questionnaires and the translations of the interviews are both checked for accuracy by a Dutch and English-speaking independent person.

The interviews are conducted in person at the company of the person that is interviewed when this is possible and when the interviewee feels okay with this. This allows to also feel how the business atmosphere is. When it is possible a tour through the company will be requested to also see how the company is working. All the interviewees are asked to sign a voluntary interview agreement in accordance with the UT ethical approval. All the interviews are recorded with the Voice Memos app on an iPhone, after asking for consent of the interviewee. This recording enables to transcribe the interview in a more accurate way, which will be discussed in the next paragraph.

3.4 Data analysis approach: make a clear overview of the mentioned things in the interviews, to be able to make an extensive analysis.

The interviews and answers given by the suppliers are transcribed with the use of Amberscript, a software program that converts audio files into a text file. This converting still has some failures in it, that means the text file needs to be checked, this is done very accurate and with a lot of attention.

To extract findings and to enable analysis of the transcripts that are extracted from Amberscript, the transcripts need to be coded. For this a combination of inductive and deductive coding is used. Inductive coding is used to get to know the experience and beliefs of the interviewees on the concepts of preferred customer status, to find the benefits and antecedents, because this is linked to a framework (Burnard, Gill, Stewart, Treasure, & Chadwick, 2008, p. 429). Deductive coding is used to test the existing data that was found in the literature review (Elo & Kyngäs, 2008, p. 111). Not purely deductive coding is used, because this research also needs to stay open for the input of the interviewees and new factors retrieved from that. The same is done for the information retracted from the interviews about sustainability.

The data from the answers will first be read one by one, to get a clear understanding of what the interviewees mostly answered. The answers of interviewees that are usable for this research are individually given a code. This will result in a code book with a lot of different codes, which will not be ready to use for analysis of the results. The codes that are almost the same or influence the same phenomenon need to be merged into a code that is overarching all the codes combined in this. After creating all these overarching codes, these codes will be put into code groups, according to the different parts and themes talked about in the interviews, these are Classification, Antecedents, Benefits and Sustainability. When this has been done, a clear overview of how often the different things in the different code groups are mentioned can be made. With this clear overview, it is possible to make a clear analysis about this research and the results.

The data analysis approach explained in this paragraph leads to the findings described in the next chapter. The company that is used for the case study is first described to create a better understanding of the situation. After that the analysis of the interviews will be presented. This analysis is divided into different parts, which are the Classification of customers, Benefits of a preferred customer status, Antecedents of a preferred customer status, Sustainability and its interrelationship with a preferred customer status, and the findings on the propositions.

4. ANALYSIS AND RESULTS

4.2 Findings: description of the different findings in the 4 parts of the interview

4.2.1 ABC ranks given as the most common classification of customers.

Most of the suppliers that were interviewed classified their customers in some way. According to my coding the suppliers all had almost the same, but different strategies to do this. Supplier one (S1) for instance did say that they not really classify their customers, but that they do have eight or nine customers that are the most important for them, which means they have a small group of customers that do have their priority, but they try to treat every customer in the same way and provide every customer with the same service. At supplier three (S3) an account manager was interviewed, that did not really know if and how customers were classified, but he mentioned that Company X was one of the most important customers of the company. The other three suppliers (2, 4, and 5) had a clear ranking system like A, B, C or G1, G2, G5 with A and G1 being the most important customers.

Another interview question was about whether the suppliers assigned preferred customer statuses to companies as a whole or to different sub-branches. S1 and S5 said that they assign different statuses to a company as a whole, where S2 and S4 said that they assign the status to different sub-branches of their customers. S5 said that they mostly assigned it to complete companies, because of the size of companies that have a preferred customer status, which are mostly very big companies. The other suppliers did not have a reasoning why they assign it to a company as a whole or to sub-branches.

Company X is one of the most important clients at all the selected and interviewed suppliers. Some suppliers really mentioned that they had a preferred customer status, where others just said that Company X was a very and one of the most important customers that they had.

Four of the five suppliers (S1, S2, S4, S5) said that a customer becomes more attractive to work with, when they are focusing and putting effort in sustainability. S5 even said that it can influence the status they get assigned and that focusing on sustainability, could help you become a preferred customer. This will be elaborated on in the antecedent sub-chapter.

The buyers of Company X were asked some questions about how they classify their relationships with suppliers and if they have companies at which they have a preferred customer status. B1 and B2 both said that the relationships with strategic suppliers (which the suppliers I interviewed all are) are good and close relationships and that they also put effort in keeping it that way. B2 also added to this that in most of their relationships there is a certain degree of mutual dependency, which will be elaborated on in the antecedent sub chapter of this chapter. Both the buyers of company X said that they have a preferred customer status with the suppliers that were interviewed.

To conclude the part of Classification in the interview, the buyers of Company X were asked if there is managerial commitment towards becoming a preferred customer. They were divided on this. B1e said that there is managerial commitment because they see that it can help Company X to get things working. B2 said that there is no managerial commitment because they do not see the help of it. This dividing is hard for creating a conclusion on whether the managerial commitment is there and if it is helpful in becoming a preferred customer.

In the next sub-chapter, the most important benefits of a preferred customer status that were discussed in the interviews will be analyzed and described. This will give a clear image on what the

buyers and supplier see as the most important benefits of this status.

4.2.2 Delivery reliability, Close contact, and Access to innovations as the most important benefits.

Both the suppliers and buyers were asked about the benefits of a preferred customer status. An extensive overview of all the mentioned benefits will be added to the appendix (see appendix C). The suppliers were asked about their behavior towards preferred customers and what benefits they provide to these customers. The buyers were asked what benefits they experience at the supplier where they are preferred customer and what benefits they would further like to receive as a preferred customer.

When asked about how their behavior was different to customers ranked in different classes, the suppliers' answers were different. S1 said that their behavior did not change and that every customer is treated the same at their company, but he also mentioned that they would work harder to meet the requirements of the most important customers and that they would try to do something extra, next to the service they always provide. S3 said that they try to get the most out of every customer, but that a preferred customer would experience shorter lead times, more flexibility and closer contact when compared to less preferred customers. S3 mentioned that they help their preferred customers with technical clarification and that they help with problems at customer sites and work together to achieve exactly what the customer wants. Another thing mentioned by S4 was that a preferred customer status means that you get priority and more flexibility from them. The last supplier (S5) also mentioned things that already were mentioned by the other suppliers.

The buyers of Company X also mentioned some benefits of a preferred customer status. The most things that they mentioned to be the most important where early access to innovations, access to knowledge, higher turnover, shorter lead times and that the supplier does something extra. They also mentioned lower prices, but they said that this remained a perplexity. With higher turnover they meant that a preferred customer status gives access to the core business of the supplier and enables a better and more efficient way of collaboration which will result in a higher turnover.

There are a lot of different benefits that were mentioned by the suppliers and buyers of Company X. The ones that were mentioned the most were close contact, early access to innovations, delivery reliability and higher flexibility. The close contact was something that also often was mentioned as an antecedent, but that will be discussed in the next sub-chapter. With close contact as a benefit, they often meant that problems could be solved quickly, they talk a lot about what they expect of each other, more often visiting each other and some other things, this means that the goals and visions are better aligned, which will give better results and a strengthening effect on the relationship. To conclude delivery reliability was an important benefit often mentioned by the buyers of Company X. Most of the supplier that were interviewed are suppliers of critical products, this means that Company X really needs them for their production, therefore the reliability of delivery and being sure that they get the product is important.

Delivery reliability, close contact, and access innovations were described as the most important benefits above. The findings on the antecedents and which antecedents are seen as the most important, is described in the next sub-chapter.

4.2.3 Economic value, Strategic compatibility, and Sustainability? as the most important antecedents of a preferred customer status.

An important part of this research is about what the antecedents are of a preferred customer status and if sustainability and the focus on this by a buyer can in any way influence the process of being/becoming a preferred customer. Therefore, the interviewees were asked what the reasons are to assign a preferred customer status to buyers and what could help buyers to become a preferred customer. Below you see a table with the different antecedents and by which interviewees it was mentioned. The benefits found in the literature review are used as groups and some other groups are added based on these being mentioned often and being said to be important by the interviewees.

Table 3: the different antecedents of a preferred customer status mentioned by the different interviewees

ANTECEDENTS OF PREFERRED CUSTOMER STATUS	RESPONDENTS						
	B1	B2	S1	S2	S3	S4	S5
Economic Value			X				
Size	X	X		XX	X		
Turnover		XX		X		X	X
Reputation	X	X					
Order frequency				X			
Relational Quality		X					
Trust						X	
Commitment	X		X				
Strong bond	X		X			X	
Instruments of Interaction							
Communication	X	X	X	X	X	X	X
Feedback and crisis management		X	X				
Transparency					X		
Strategic Compatibility							
Strategic Fit	X	X		X	X		X
Win-win situation	X	X		X	X		
Share Knowledge	X	X		X			X
Growth Opportunity	X	X			X	X	X
Reliability			XX	X	X		
Relational Behavior	X		X	X	X	X	
Mutual Dependency		XX	X				
Buyer Attractiveness on Sustainability	X	X	X	X		X	X

(X = Antecedent is mentioned once by interviewee, XX = Antecedent is mentioned more often by interviewee)

Economic value is probably the most important antecedent mentioned by the suppliers of company X, to be precise, the turnover generated by a customer was mentioned as the way of

classifying customers by three out of the five suppliers. Another important antecedent mentioned by the buyers and two suppliers was the size of the company, with this also big product portfolio was mentioned. S3, which is a small supplier of repetitive goods also said that he was grateful for his big customers, because they stimulated him to get certificates and to incline quality, he said that this was important for him, because it showed that they cared about their supplier, which can be described as commitment. Reputation and order frequency were also mentioned as a positive influence on the economic value and therefore an antecedent for a preferred customer status. Order frequency was said to be important by S2, because it would change their behavior to the customer. The supplier said that a customer that ordered often would get fast deliveries and high flexibility when compared to a customer that only ordered something a couple of times a year.

An antecedent that was mentioned by some suppliers but was less important is the Relational Quality in a buyer-supplier relationship. As showed in table 3 a strong bond was mentioned the most as an antecedent of a preferred customer status. B1 said that he thinks that a strong bond is very important to become a preferred customer and that the 20-year relationship with S4 that made this strong bond, was one of the most important reasons that they are preferred customer. S4 said that the good relationship that they had built together and trust in each other was an important reason to grant the preferred customer status. S1 and S4 also said that a good match of companies also seen as a strong bond is important to achieving a preferred customer status.

As showed in table 3 Instruments of interaction and Strategic compatibility also are antecedents of a preferred customer status that were mentioned during the interviews. All the buyers and suppliers mentioned that communication was important in a buyer-supplier relationship. With communication they mentioned things as regularly meetings (B1, B2, S1, S2, S4, S5) to get on one line and discuss things, but also good information providing on what is needed and on product requirements (B2, S4). From the interviews it was hard to see whether communication is an antecedent for a preferred customer status or that it is an antecedent for supplier satisfaction. This also was the case for feedback and crisis management which was mentioned by B2 and S1. They both said that sitting around the table when something was not good and talking about how to solve thing and do things different the next time is important in the relationship, but B2 said that bad feedback and crisis management could cause supplier dissatisfaction, were S1 said that it positively influenced the relationship, which means that it mediates in becoming preferred customer. S4 mentioned that transparency is very important to them and that they even include this in contract with customers. They said that if a customer is open to be this transparent to them, it means that becoming a preferred customer is easier.

Strategic compatibility was also talked a lot about by the different buyers and suppliers. The most important things mentioned can be seen in Table 3. Strategic fit most of the times was mentioned as having the same goals (B1, B2, S2, S3, S5) and wanting a complete partnership (S5). In the Table can be seen that a win-win situation also is mentioned as an antecedent, which means that it must be a fruitful relationship for both companies. With sharing knowledge most of the interviewees talked about two companies knowing more than one (B1, S2, S5) and that when working together it is easier to innovate (B1, B2, S2, S5).

The other Antecedents can be found in Table 3 and will not be explained in detail in this part. The most important things

mentioned as growth opportunities were, the buyer is functioning in a growth market, the potential turnover the buyer can generate and the innovativeness of the buyer. Reliability was all about fulfilling and having clear agreements. As can be seen in the table, Relational behavior also was mentioned a lot. On the supplier side this was mostly about whether the buyer will aggressively negotiate on the price, when a customer did not do this and let the supplier earn money and wanted the supplier to earn money, it became highly likely to become a preferred customer.

Next to the antecedents already mentioned in the literature review, two antecedents emerged from the interviews. Mutual dependency and Buyer attractiveness on Sustainability. The mutual dependency was mainly found at B1 and S1 who closely work together. B1 talked a lot about mutual dependency and said things as: "We need them, because they supply critical products, but they cannot lose us, because we are one of their biggest customers". S1 talked about it in almost the same context, it is a small supplier that works with Company X since the foundation of the supplier, which makes them hugely depending on Company X, but Company X needs their flexibility and short lead times. For this research finding out what the impact of sustainability was on all the things mentioned before was very important. As you can see in the table, almost every interviewee mentioned when asked about it, that focusing on sustainability makes a customer more attractive, but customer attractiveness is not the thing this research wants to point out. When asked about whether they classify customer on this or they would faster assign a preferred customer status, the answers were varied. For example, B2 said that suppliers wanted to work with them, so that they could say that they contribute to a sustainable product, which is good for the reputation of the supplier. There are a lot more findings about sustainability, that will be discussed in the next sub-chapter.

From the answers in the interview, not a clear separation could be made between antecedents of supplier satisfaction and antecedents of a preferred customer status. Almost all the time, the buyers and suppliers talked about the general buyer-supplier relationship and preferred customership, only sometimes supplier satisfaction was talked about. In the table provided in the antecedent's part above, the mentioning of antecedents of supplier satisfaction have logically been excluded. In this part the mentioning of supplier satisfaction and its antecedents will be analyzed. When asked about supplier satisfaction, all the suppliers had different answers, but most could be led back to communication, so was flexibility and hierarchical structure mentioned (S1), good professional contact (S2) and communication in general (S4). With flexibility and hierarchical structure S1 said that the meant that Company X is sometimes a bit difficult to communicate with, because it is such a big company, and everyone must think about it and say something about it. S3 said that they sometimes are dissatisfied, because Company X is very strict on their delivery times and sometimes it is difficult to meet these. S1 also mentioned reliability as an antecedent for supplier satisfaction, especially meeting agreements. B2 said that he sometimes had to do some crisis management to satisfy the supplier, when there were small problems, and when he did, it was not that hard to get the supplier satisfied again.

In the next sub-chapter, the part of the interview about sustainability and its interrelationship with a preferred customer status will be elaborated upon. The different things mentioned by all the interviewees will be discussed to be able to say something about how sustainability and a preferred customer status are related.

4.2.4 Sustainability and its interrelationship with a preferred customer status

The last part of the interviews was about sustainability. Here the buyers and supplier were asked how they define sustainability within their company, how a buyer-supplier relationship influences sustainability initiatives and if sustainability efforts of buyers are important when classifying customers.

All the companies said that they were trying to focus on sustainability in some way. Most of the companies mentioned environmental sustainability initiatives (only S3 not) such as environmentally friendly delivery (B1, B2, S2, S4), recycling (S1, S2, S5), and greener products (S1, S2, S5). They sometimes tried to do this together with the buyers in a buyer-supplier relationship, but this will be elaborated on later in this sub-chapter. Social sustainability also was mentioned often and seemed to be focused more on than environmental sustainability by some companies (B1, S4, S5). The thing that was mentioned the most was employee welfare and safety (B1, S2, S3, S4, S5), all the companies know that when their employees are happy, business will thrive. All the companies talked about economical sustainability all the time, they said that buyers should enable them to earn money (S2, S3, S4, S5), focus should lay on research and development (B2, S2, S5) and that the investments should not be too high (B1, S1, S2). Now that all the different views of all the companies on sustainability are discussed, the interrelationship between sustainability and a preferred customer status can be elaborated upon.

When discussing the interrelationship between sustainability and a preferred customer status we should focus on a separation between two things. One the influence of a preferred customer status on sustainability and two, the influence of sustainability on a preferred customer status. Several codes emerged from the interviews. The code "A good relationship stimulates sustainability" was mentioned several times (B1, B2, S2, S4, S5), what means that most of the companies think that when working together with close partners, sustainability initiatives will be more efficient and easier to implement. B1 said that when in a good relationship, clear agreements could be made on sustainability, which would according to him result in better and more efficient sustainability initiatives. He also said that the initiative would need to come from Company X, because suppliers are not focusing on this in the current market. B2 almost said the same but was talking about putting down sustainability demands and that this would be possible when suppliers did not want to lose Company X as customer. Both buyers said that they think that in the current market, suppliers will not be open to put effort into this, because it takes too much time, is too costly or is not the priority. The suppliers view on this is almost completely against what the buyers said. It was said that the initiatives mostly need to come from the suppliers (S2, S5) and that they would come up with a more sustainable product and ask if the buyer is interested. S2, S4 and S5 also said that a good relationship will stimulate sustainability initiatives, because when working together it is clear for both supplier and buyer that the need for more sustainable products is there (S5) and that the costs that sustainability initiatives bring, will have to be gained somewhere else (S2, S4). This means that a higher price is needed, and the buyer needs to be open to pay more for their product. The buyer will be more likely to be when being a preferred customer, because when their strategic supplier does better, they will also. One thing that is also mentioned as stimulating to sustainability initiatives are audits, that is when buyer and supplier come together to discuss things, such as sustainability, they also mention that audits are only happening with the preferred customers (B2, S4).

But does this way of thinking also influence what they are doing? Do suppliers and buyers work together in relationships to get better and more efficient sustainability initiatives? The answer on whether they are working together on sustainability initiatives differ. Some companies say that they are currently not working together within their buyer-supplier relationship on sustainability (B1, S3, S4), where S4 said that sometimes customers have certain demands on sustainability. S5 said that they are very much focusing on sustainability within their own company, but that they cannot do this without the help and collaboration of their customers. He said that they can make a sustainable product, but if they cannot sell it, they will soon stop with it. The other interviewees (B2, S1, S2) said that they currently work together with buyers/suppliers on sustainability. B1 said that they are working together with suppliers to minimize the deliveries per week and try to deliver all products once a week. S1 and S2 said that they are working together on recycling with their buyers. S2 also does this with Company X. So, an interesting finding is that almost all companies mentioned "A good relationship stimulates sustainability" (B1, B2, S2, S4, S5) and only B2, S2, and S5 of these companies say that they are currently working together on sustainability.

Probably the most interesting finding on the interrelationship between sustainability and a preferred customer status is the following thing. Five of the seven interviewees mentioned that when a preferred customer is demanding that the supplier is focusing and putting effort into sustainability, the supplier will do this (B1, B2, S1, S4, S5). B1 and B2 said that they currently do not really focus on sustainability, but that they could do it, that they could put it down as a prerequisite for their supplier and that suppliers would listen to this when they wanted to keep Company X as a customer, which is what most of the suppliers would want if Company X were a preferred customer. S1 and S4 said that they would need to align with this prerequisite if it was there and that they on the one side also would want to do this in such a case, because when a buyer is requiring it, they know that it will cost money, and they will be open to pay for it. S5 said that he thought that buyers even should do this to their suppliers, because only in this way sustainability will really thrive.

The last part was on whether a buyer will be classified on its sustainability efforts. Almost all the interviewees said that a buyer will be more attractive when he is focusing on sustainability (B1, B2, S1, S2, S4, S5), and most of them also said that they would like to work closer together when a buyer is putting a lot of effort in sustainability. But next to that only one supplier mentioned that it would probably classify a buyer on its sustainability efforts (S5), but he also said that they currently were not classifying customers on their sustainability efforts. S4 said that they would maybe classify it as a preferred customer, but only when the sustainability efforts from the buyer can really be aligned with their business. In short, most of the supplier see it as an attractive thing when a buyer is focusing on sustainability, but currently buyers are not classified on it.

From the above findings, there seems to be an interrelationship between sustainability initiatives and a preferred customer status. So is a customer more attractive when focusing on it and does collaboration positively affect sustainability initiatives. In the next sub-chapter, the findings on the different propositions will be described.

4.3 Findings on the Propositions

Looking at the findings from the interviews, we will be able confirm the propositions or not. A detailed description why the different propositions are confirmed will be omitted, but in combination with the previous description of all the findings, it will still be completely clear.

Proposition one about sustainability effort of a buyer influencing the antecedents of a preferred customer status and therefore making it easier to become a preferred customer can be confirmed by the findings. Only the attractiveness of a buyer that focuses on sustainability has been mentioned a lot of times by the interviewees, the innovation potential and growth opportunity were mentioned to increase when focusing on sustainability and are from the literature and the findings seen as an antecedent for a preferred customer status. Also putting down requirements to suppliers about sustainability was mentioned to be positively influencing the antecedents of a preferred customer status, so was mentioned that when doing this, supplier would see this as a higher commitment from the buyer to the relationship, which is an antecedent of a preferred customer status. This is also one of the reasons why to reject proposition two. Sustainability efforts cannot be seen as an antecedent for a preferred customer status, also because when asked about classifying customers on sustainability efforts, only one supplier said that they maybe would do this in the close future, but also were not doing it now.

Propositions three and four were about whether working together on sustainability within a buyer-supplier relationship would 3) make it easier for both sides to become more sustainable and 4) make it easier to become a preferred customer. The interviewees were all asked about the collaboration on sustainability within buyer-supplier relationships and they all said that when working together this would be easier to do than when working alone. Nevertheless, did not all interviewees work together with their buyers or suppliers to become more sustainable, but they all think it would help and were open for this collaboration. Working together on sustainability makes a buyer-supplier relationship closer and needs better communication and collaboration, this will influence antecedents of a preferred customer status positively and therefore can be said that it is influencing the relationship between supplier satisfaction and preferred customer status. Whether it might help to become a preferred customer as said in proposition four, is not completely clear, but it will positively influence the relationship between supplier satisfaction and a preferred customer status.

That a preferred customer status will cause collaborate sustainability efforts to be more efficient and easier as said in proposition five, can be confirmed by the findings. A lot of the interviewees mentioned that it was easier to work with Company X (a preferred customer) on sustainability, because they had better communication, more visiting, more, and better feedback, and a better strategic fit. A preferred customer status also helps to get clearer agreements and it helps with the trust towards each other to also fulfill these agreements. A better strategic fit means that goals are aligned, which helps with going in the same direction and getting to these goals faster.

The feedback loop in the research model as described by Propositions six could not be proven by the findings of this research, but as propositions four and five were proved by the findings, we can say that proposition six is grounded and could be the case. When collaborate sustainability initiatives seem to work out and be effective, it will be highly likely that both the parties' willingness to collaborate on this will increase.

As described above some of the propositions were proven to be right, some partially right, and some wrong. In the next chapter, the existing literature will be examined and discussed by using the finding from this research.

5. DISCUSSION AND CONCLUSION

The goal of this research is to contribute to and examine the literature of the social-exchange theory (Schiele, Veldman, et al., 2012, pp. 135-136), cycle of preferred customership (Schiele,

Calvi, et al., 2012, pp. 1178-1181) and the benefits and antecedents of a preferred customer status (Hüttinger et al., 2012, pp. 1202-1203) and to examine the interrelationship between sustainability and a preferred customer status, to enhance the existing literature in this field. This chapter first contains a discussion of the findings on the benefits of a preferred customer status. Subsequently the antecedents and influence of sustainability will be discussed.

5.1 Preferred customer status

5.1.1 Benefits of a preferred customer status

Most of the benefits of a preferred customer status mentioned in the literature review are confirmed by the interviewees. Information, goods and services (Pulles et al., 2016, p. 131), better action towards product availability, quality and delivery (Nollet et al., 2012, p. 1187) and lower cost through avoided losses of supply disruption (Bew, 2007) all are confirmed by the answers of the interviewees.

Nevertheless, have some benefits from the literature review, like a lower price or better monetary status (Hunt & Davis, 2008, p. 19; Nollet et al., 2012, p. 1187; Pulles et al., 2016, p. 131), been toned down. The interviewees mentioned better prices only twice, because this was as said by the interviewees something difficult in the current market. What was mentioned was that long-term agreements were made on prices, and that stable prices were handled, but almost never were lower prices mentioned.

Informational resources as close contact was mentioned a lot by the interviewees. But in existing literature informational resources was sometimes mentioned (Hunt & Davis, 2008, p. 19; Pulles et al., 2016, p. 131), but never was an important benefit of a preferred customer status. This was something found in this research, but not quite often found in existing literature.

Lower prices were found to not be as important as mentioned in the existing literature, while informational resources seemed to be a more important benefit than was mentioned. In the next sub-chapter, the Antecedent of a preferred customer status will be discussed.

5.1.2 Antecedents of a preferred customer status

From this research not a clear separation can be made between the antecedent of a preferred customer status and the antecedents of supplier satisfaction. This is one of the limitations of this research and can be better separated when doing comparable research in the future. Therefore, this research is in contrast with a lot of the literature in which a clear separation has been made between supplier satisfaction, preferred customer status and its antecedents. (Schiele, Calvi, et al., 2012) for instance described supplier satisfaction and a preferred customer status as two different stages of the cycle of preferred customership. In the literature review on the antecedents of a preferred customer status, the most used literature by Hüttinger et al. (2012, pp. 1202-1203) also made a clear separation between the drivers/antecedents of customer attractiveness, supplier satisfaction and a preferred customer status. But when looking at figure 2 of the antecedent part of the literature review something interesting and more in line with the responses of the interviewees can be found. Hüttinger et al. (2012, p. 1202) show in this table that economic value and relational quality are two types of antecedents that are important on all the three levels of the cycle of preferred customership. From my findings can be discussed that instruments of interaction should also be this type of an antecedent, because when interviewees were asked about supplier satisfaction, most of the times they answered something that was about communication and feedback, which was mentioned as one of the parts of instruments of interaction by Hüttinger et al. (2012, p. 1202). But instruments of interaction as

communication, and feedback and crisis management were also mentioned a lot as antecedents of a preferred customer status.

Economic value is mentioned as an antecedent in both the literature review and the results from the interview. The importance for suppliers is the highest there is, and this can from the result been called the most important antecedent. But although it has been seen separately from growth opportunity in the interviews, it can be seen as one. Because functioning in a growth market and high potential turnover, the things that have been included in growth opportunity, can be seen as influences on a higher economic value, as Hüttinger et al. (2012, p. 1202) describe in their research.

Purchase volume, possible business opportunities and share of sales are factors on which suppliers choose to grant a preferred customer status to a specific customer (Hüttinger et al., 2014, p. 699). This can also be concluded when looking at the findings from this research. In the findings purchase volume and share of sales where often mentioned as an influence on the economic value of a buyer and therefore an antecedent of a preferred customer status. Possible business opportunities as mentioned above indeed was seen as a growth opportunity, but still is an antecedent of a preferred customer status.

Most of the antecedents described in the literature can be confirmed when looking at this discussion, but the separation between antecedents of supplier satisfaction and a preferred customer status should be better. In the next sub-chapter, the interrelationship between sustainability and a preferred customer status is discussed.

5.2 Sustainability

In the literature review about sustainability in this research, the definition of sustainable development was first trying to be found. That the definition was vague and not quite easy to grasp was soon to be discovered. According to Jabareen (2008, p. 179) companies will use it in a way that they think is good, and will change it to their visions and beliefs. What Jabareen (2008, p. 179) said is empowered by the findings, because every company implements it in their own way and thinks about it differently. Isil and Hernke (2017, p. 1235) seemed to be right about the two assumptions they mentioned in their research. The first assumption, that companies wanted to economically grow, without doing environmentally harm (Banerjee, 2003, p. 144), was also underlined by the interviewees. Some interviewees also mentioned that sustainability would only thrive when all businesses would implement it and this is in line with the second assumption mentioned by Isil and Hernke (2017, pp. 1235-1236).

The triple bottom line theory (Elkington, 1998, p. 37) was the main theory talked about in the literature review about sustainability. This was also the most important thing for suppliers and buyers when talking about sustainability. Every company knew it and every company worked with it, they made a separation between economical, social, and environmental sustainability, with economical sustainability being the main reason for doing business. The seven sustainability revolutions of Elkington (2004, pp. 3-6) can be argued to be outdated. All the seven revolutions mentioned are long behind us and are completely woven into the current way of doing business. Therefore it does mean that Elkington (2004, pp. 3-6) was right, but the research cannot be used.

The intersection between both sustainability and preferred customer status mentioned in chapter 2.4, also should be discussed. The found literature in this field showed that the “drivers” of effective sustainability in buyer-supplier relationships, were close to the antecedents of a preferred customer status. From the case-study some things are confirmed,

such as that making clear agreements about sustainability within a buyer-supplier relationship will increase the effectiveness of sustainability initiatives, just like Zhang (2021, p. 417) said in his research. But things as trust and commitment were not mentioned by the interviewees. Audits were also described by interviewees to be important to the implementation of sustainability initiatives in a buyer-supplier relationship.

The interviewees also agreed with Rocha et al. (2007, p. 89) on that a lot of different stakeholder could influence the successfulness of sustainability implementation. Also something that was said in the interviews is that when implementing certain standard on sustainability in buyer-supplier relationships, it would increase effectiveness just as Kumar and Rahman (2015, p. 118) found in their research.

5.3 Managerial Contributions

This research also gives some practical insight on the work of purchasing managers. Purchasing managers that try to become or stay a preferred customer should be aware of the different antecedents of a preferred customer status. Which antecedents the suppliers seem to find important, is in line with the research of Hüttinger et al. (2012, pp. 1202-1203). Purchasing managers should be aware that economic value is one of the most important criteria for classifying a company but should not overestimate their own economic value or underestimate other important antecedents such as reliability, communication, and strategic compatibility. Also, the influence of sustainability on the antecedents of a preferred customer status should not be underestimated and should be kept in head when thinking about becoming or staying a preferred customer status, as it was often mentioned to be an upcoming important thing. It may not be a criterion on which buyers are classified, but it is something that is influencing these criteria and may well be a criterion to classify on in the near future. Whether a buyer is focusing on sustainability and putting effort in it is influencing the way a supplier is looking at this buyer's economic value, growth opportunity and strategic compatibility, which are all important antecedents of a preferred customer status.

The findings of this research also show us that a good buyer-supplier relationship and/or a preferred customer status is perceived to be an important influence on the sustainability of both parties in this relationship. Within a buyer-supplier relationship in which the buyer has preferred customer status good communication, feedback, and agreements is a pre. When these things are all in place, it is not only logical that implementing plans to become more sustainable or even innovations to become more sustainable are earlier to become successful. Some suppliers even said that they think that achieving sustainability is only possible when working together, with their buyers and suppliers and sometimes even they said with the whole supply-chain or the complete market like Bansal and McKnight (2009, p. 26) said in their research. Purchasing managers should not underestimate the importance that is given to sustainability by suppliers, and they should understand that most suppliers want and are open to work together on sustainability to achieve better results together.

5.4 Limitations and future research

This research also has some limitations. One of these limitations is the sample size used for the case study. The sample only consists of two buyers that are responsible for different parts of the purchasing department of one company, and five suppliers of this company. Therefore, the result in this study are not generalizable for the complete market or industry, because the number of samples in this study is limited (Rahman, 2020, p. 108). To make the findings more generalizable, future research should be conducted with a bigger and randomly assigned sample

size. This would make it generalizable for the whole market of industry. Another limitation of this research is that most of the interviewees are account managers at their companies, this may result in them not completely knowing everything that is asked about. Things as classification of customers and sustainable cooperation within buyer-supplier relationships may be decided at a higher hierarchical level. Future research should therefore be better when also interviewing higher level purchase managers and managers with higher positions in sales or strategic management.

Another limitation of this research is that quantitative analysis is missing. Because quantitative data is missing, certain biases cannot be ruled, such as the personal bias of the interviewees and confirmation bias of the researcher. Another shortcoming of qualitative analysis is that findings cannot be statistically displayed in something like a model. For example, the results cannot be displayed through a model as linear regression. Therefore, we cannot tell if the findings are only accidental or significant. Future research should find a way in combining both qualitative and quantitative analysis to come to the best conclusion.

To conclude future research should try to find a better way of getting a clear separation between the antecedents of customer attractiveness, supplier satisfaction and preferred customer status. One of the limitations of the findings of this research was that a clear separation was not to find out of the answers of the interviewees. Clearer question should be asked and more follow-up questions about the different part of the cycle of preferred customership should be conducted to get a clearer separation between the antecedents of customer attractiveness, supplier satisfaction and preferred customership.

5.5 Conclusion

In conclusion, the goal of this research is to contribute to and examine the research on benefits and antecedents of a preferred customership and to identify the interrelationship between a preferred customer status and the implementation of sustainable development. Through the findings of seven interviews, conducted with 2 buyers and 5 suppliers of Company X a clear understanding has been drawn about benefits and antecedents of a preferred customer status and its interrelationship with sustainability. Most of the benefits mentioned in the literature review are confirmed by the findings. Some antecedents found in the literature review also have been confirmed, but some also have been toned down by this research. Next to that some new antecedents have been identified. Most of the propositions made in this research about the interrelationship between a preferred customer status and sustainable development have been (partially) confirmed.

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Appendix A. Interview Questionnaire's

Questionnaire for suppliers

Classification

1. Do you assign different status types to customers? Which status types do you assign?
 2. Do you assign a preferred customer status to a customer company as a whole, or to different establishments or sub-branches of this company separately?
 3. Have you assigned a preferred customer status to Company-X?
-

Benefits

4. How do the status types influence your behavior towards customers?
 5. What benefits do you offer to a preferred customer? (Remember the pyramid, check for logistics / production planning, innovation, special services, flexibility, earlier information etc.)
-

Antecedents

6. Do you consider Company-X an attractive customer? What factors are affecting this perceived attractiveness? [maybe exclude attractiveness]
 7. Are you satisfied with the business relationship with Company-X? What factors are affecting your satisfaction or dissatisfaction in this relationship?
 8. What are your company's motivations for giving a company/Company-X a preferred customer status? What did Company-X do to achieve their current status? What could Company-X do to further improve its status?
 9. What are measures that customer must undertake to achieve a preferred customer status and what is the necessary behavior they must show?
 10. What do customers generally do to achieve preferred customer status? Does this differ from the behavior you would like them to show?
-

Sustainability

11. How do you define sustainability? How relevant is it to the production processes of your company?
12. Do your goals/visions on sustainability align with those of your buyers in general?
Do your goals/visions on sustainability align with those of your specific buyer?
13. How does the buyer-supplier relationship influence sustainability initiatives? Do preferred customers have priority to such initiatives?
14. Do you collaborate with some of your buyers to reach your sustainability goals?
15. Are your buyer's sustainability efforts an important factor for achieving preferred customer status?

Interview for Purchasers

Classification

1. How do you classify the relationship you have with suppliers?
 2. Is there management commitment to achieving preferred customer status with strategic suppliers? If so, how does this show? If not, how could management commitment help in this matter?
 3. Whom do you have a preferred customer status with? (If not, go to question 7)
-

Benefits

4. Do you notice shorter lead times, influences on the purchasing prices, better access to innovative capabilities and shared development projects? (Explore to write a mini case)

5. Which other benefits do you notice from having a preferred customer status? (pyramid)
 6. Which benefits do you think you can get from having a preferred customer status?
-

Antecedents

7. What have you done in the past to become a preferred customer of strategic suppliers? Are there other actions you did not undertake that could have helped in reaching a preferred customer status?
 8. Do you consider your company an attractive customer to suppliers? What are the factors that are influencing this attractiveness?
 9. Is your company able to provide supplier satisfaction with important suppliers in exchange relationships? Which factors induce satisfaction in these relationships? And which cause dissatisfaction?
 10. Are there measures that are planned to be undertaken to become a preferred customer of other suppliers?
-

Sustainability

11. How do you define sustainability? How relevant is it to the purchasing department of your company regarding Purchasing & supply chain management?
12. Do your goals/visions on sustainability align with those of your suppliers?
13. How does the buyer-supplier relationship influence sustainability initiatives? Does a closer relationship with your suppliers give you priority to such initiatives?
14. Do you collaborate with some of your suppliers in order to reach your sustainability goals?
15. Do you expect that your sustainability efforts are an important factor for achieving preferred customer status?

Appendix B. Keyword Search

Keywords	Initial Hits	Limit to: 2017-2022	Limit to: Subject area: Business, Management and Accounting; Publication stage: final; Document type: Article; Language: English
"Preferred customer"	65	20	12
"Key suppliers"	540	123	52
"Preferred customer status"	19	5	4
"Preferential customer treatment"	2	2	2
"Customer attractiveness"	36	20	9
"Benefits preferred customer status"	0		0
"Antecedents preferred customer status"	0		0
"Drivers of preferential treatment"	1		1
Drivers of preferential treatment	68	36	3
"Triple bottom line"	3057	1576	442
"Triple bottom line theory"	34	30	8
"Sustainable development in supply chains"	12	0	0
"Sustainability and preferential treatment"	0		
Sustainability and preferential treatment	32	19	1
"Triple bottom line in exchange relations"	0		
Triple bottom line in exchange relations	9	6	6
Triple bottom line in buyer-supplier relations	0		
"Sustainable buyer-supplier relationship"	3	3	1

Appendix C: Benefits table

(X = mentioned once, XX = mentioned more than once)

BENEFITS OF A PREFERRED CUSTOMER STATUS	B1	B2	S1	S2	S3	S4	S5
Better prices	X	X					
Better service							X
Close and often contact			X	X		X	
Early access to innovations	X	X		X			
Ensuring product delivery	XX						
Higher flexibility towards preferred customer				X		X	X
Higher turnover	X						
Preferred customer has priority						X	
Problems are solved quickly			X				
Shorter lead times		X	X	X			
In-stock products							X
Supplier wants to do something extra		X	X				
Support in solving problems at customer side					X		
Tailor made products					X		X