

The Impact of Preferred Customer Status with Key Suppliers on Sustainable Supply Chain Management

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ABSTRACT,

In recent years, instead of suppliers competing over customers, buying firms are increasingly trying to become a preferred customers to their key suppliers. In addition, many firms have been paying increasing attention to becoming (more) sustainable. However, for a firm to make its supply chains sustainable, it is crucial to involve its suppliers. Nevertheless, capable suppliers may refuse to collaborate in such efforts, making it difficult for firms to achieve their sustainability goals. Hence, this paper explores whether preferred customer status can increase the likelihood of a successful sustainable supply chain collaboration between a buyer and supplier. The research has been set up as a qualitative case study, where two purchasers and four suppliers of one company have been interviewed. The findings confirm many of the benefits of having preferred customer status found in the literature review, as well as most of the antecedents of supplier satisfaction and preferred customer status. The study also suggests that having a close relationship, being an important stakeholder, and non-contractual factors positively relate to the success rate of sustainability collaborations. Additionally, preferred customer status is not a necessary condition to collaborate successfully with suppliers on sustainability efforts. However, it cannot be concluded whether having such status (indirectly) increases the success rate or not. Contrarily, it is implied that a firm's stage in sustainability may become an antecedent to supplier satisfaction, or even preferred customer status, for some firms in the future. Being preferred customer offers many benefits. Still, further research is needed to discover whether there is truly an interaction between preferred customer status and the success of joint sustainability efforts between buyers and suppliers.

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Keywords

Supplier satisfaction, preferred customer status, benefits, pyramid of benefits, , buyer-supplier relationship, social exchange theory, cycle of preferred customership, sustainability, sustainable supply chain management

1. THE INTERACTION BETWEEN PREFERRED CUSTOMER STATUS AND SUSTAINABILITY EFFORTS

A long-lasting buyer-supplier relationship is critical for any business firm to be successful. Satisfaction between both buyers and suppliers is a vital element that contributes to its success and helps to strengthen relationships (Ganguly & Roy, 2021, p. 247). As the importance of suppliers for company-level competitiveness has grown in recognition, upstream supplier relationship management has become critical for gaining downstream competitive advantage. Because supplier resources may be limited, buying firms must compete over supplier resources. This is especially the case in non-atomistic industries. The buyer that becomes a preferred customer will receive privileged access to a supplier's resources and gains a competitive advantage (Pulles, 2019, p. 1).

In our present time, sustainability has turned into an increasingly important subject for most companies. Manufacturing enterprises aiming to become (more) sustainable must involve considerations of the financial, environmental, and social impacts of business activities at the same time (Houé & Duchamp, 2021, p. 568; Yang & Zhang, 2017, p. 112). The success of implementing sustainability initiatives is dependent on the engagement and aligned effort of all departments within an organization. This is especially the case for the purchasing function. Additionally, the sustainability challenges firms come across cannot be handled without an effective supplier management system (Yang & Zhang, 2017, pp. 112-113). A buying firm's role in improving its suppliers' sustainability performance is vital in developing sustainable supply chains (Ahmed & Shafiq, 2022, p. 280).

The buyer's perspective dominates in the field of buyer-supplier relationship studies, widely discussing issues such as supplier evaluation, selection, and more (Ganguly & Roy, 2021, p. 248). Consequently, many academics and practitioners may still view buyer-supplier relationships with the assumption that for suppliers to sell products or services successfully, they must attempt to be as attractive as possible to their customers (Schiele, Calvi, et al., 2012). Besides this, purchasing and supply chain departments are increasingly expected to support corporate sustainability initiatives. Nevertheless, a firm's ability to create sustainable supply chains and achieve strategic sustainability goals primarily depends on the characteristics of its supply network and the nature of the relationships with its key suppliers (Difrancesco et al., 2022, p. 603). However, the failure rate of a strategic alliance to make supply chains (more) sustainable is very high. The integration of environmental, economic and social considerations to achieve sustainable development is therefore a difficult challenge (Seçkin & Şen, 2018, p. 84).

This research paper aims to find out the foundation and benefits of supplier satisfaction, break down the antecedents for obtaining preferred customer status, and what the benefits of this status are. Additionally, the impact of a preferred customer status on supply chain sustainability collaboration efforts will be explored. For this reason, the research question of this paper is:

RQ: "How does a customer status with key suppliers impact efforts to make supply chains more sustainable?"

In order to answer the research question, existing literature on the antecedents and benefits of having preferred customer status, as well as literature on sustainable supply chain collaborations, will be reviewed first. Afterwards, a qualitative case study approach will be utilized, where key purchasers and suppliers of one buying firm will be interviewed. The case study will contribute by confirming existing antecedents, benefits or other factors

found in the literature review, and by potentially introducing new findings and perspectives. The study will therefore clarify what it takes for a buying firm to satisfy its suppliers, in order to gain the best resources, and how it could become a preferred customer. On top of that, this study will introduce preferred customer status in the field of sustainability. The study will show whether and how having a certain customer status impacts the likelihood of managing supply chains more sustainably. To make their operations greener, many focal firms take on cleaner environmental practices, and expect their suppliers to also contribute to their environmental goals (De Haan-Hoek et al., 2020, p. 12). Still, because firms are reliant on the information and resources provided by suppliers, the importance of buyer-supplier relationships needs to be taken into account in the context of sustainable supply chain management (Gelderman et al., 2021, p. 2).

2. REVIEW OF EXISTING LITERATURE

2.1 The Concepts of Supplier Satisfaction, Preferred Customer Status and Preferential Treatment

2.1.1 Importance of Supplier Satisfaction, and Factors contributing to it

Customers have been made out as the dominant party in a buyer-supplier relationship. They have been perceived as the principals, while suppliers were seen as the agents to be controlled (Hald, 2012, p. 1229). Therefore, customer satisfaction has been widely recognised as extremely relevant to a business relationship's success. Yet, supplier satisfaction has remained unexplored for the most part (Ganguly & Roy, 2021, p. 248; Hüttinger et al., 2012, p. 1198). A long-lasting buyer-supplier relationship is vital for any business organisation to succeed, and satisfaction between buyers and suppliers is crucial to its success (Ganguly & Roy, 2021, p. 247). Moreover, supplier satisfaction must be achieved in order to gain and maintain access to competent suppliers and their resources in a competitive environment (Vos et al., 2016, p. 4613). If a supplier is not satisfied, they would instead give preference to other customers and may consequently even discontinue their relationship with the buying firm (Vos et al., 2021, p. 3).

In a buyer-supplier relationship, supplier satisfaction can be defined as a supplier's feeling about whether a buyer's incentives and the supplier's contributions within a buyer-supplier relationship are fair (Ganguly & Roy, 2021, p. 248). Concerning the subject of perceiving satisfaction, there is an overall consensus that supplier satisfaction is an organisational, multi-person phenomenon. Moreover, even though supplier satisfaction can be associated with a single transaction, most contributions are connected to supplier satisfaction in business relationships with repetitive interactions. The level of supplier satisfaction encompasses evaluating all visible aspects of a business relationship, such as making profits and the behaviour of their business partner, and its non-observable aspects, such as the relationship atmosphere and know-how exchange (Piechota et al., 2021, p. 3).

With the assumption that buyer-supplier relationships are social exchange processes, it could be argued that buyer attractiveness is based on the expectations a supplier has toward the buyer (Ganguly & Roy, 2021, p. 249; Hald, 2012, p. 1230). As the expectations of a business relationship materialise, the antecedents of supplier satisfaction mainly include a more operational nature, such as order processes, payment procedures or information exchange. Additionally, the mode of interaction, such as cooperation and influencing strategies, is frequently

mentioned as one of the factors influencing supplier satisfaction (Hüttinger et al., 2014, p. 699). To achieve supplier satisfaction, a company may try adapting to the wishes of its supplier in a better way than its competitors (Eringa, 2016, p. 177).

Supplier satisfaction can be seen as a unidimensional construct, which is the global judgement of a relationship, or as a multi-dimensional construct, which is the sum of specific aspects or dimensions of the relationship. When investigating the effects of different dimensions of satisfaction in regard to their importance for predicting preferred customer treatment, most existing studies view supplier satisfaction as a unidimensional construct (Piechota et al., 2021, p. 3). However, the limitation of viewing supplier satisfaction as a unidimensional construct is that it could result in the loss of construct validity and reliability in predicting resource allocation decisions. On the other hand, multi-dimensional satisfaction approaches to preferential customer treatment are scarce (Piechota et al., 2021, p. 5). Two different multi-dimensional approaches to viewing supplier satisfaction by (Geyskens et al., 1999) and Maunu (2003) will be briefly discussed. Both approaches underline that different dimensions of satisfaction relate to different antecedents of supplier satisfaction (Piechota et al., 2021, p. 5).

Geyskens et al. (1999) and Geyskens and Steenkamp (2000) divided satisfaction into economic and non-economic (social) satisfaction. Understanding the difference between economic and social satisfaction is key. A buyer's activities may lead to economic satisfaction with its supplier while undermining the supplier's social satisfaction, or the other way around. Moreover, economic and social satisfaction may have distinct consequential and interactive effects. According to Hüttinger et al. (2014, p. 712), certain industries may value certain antecedents more than others. Hence, by distinguishing different satisfaction dimensions, rather than treating satisfaction as a unidimensional construct, the role of satisfaction in managing effective long-term relationships may be understood better.

Economic satisfaction can be defined as a supplier's evaluation of the economic outcomes that flow from the relationship with its customer, such as sales volume, margins, and discounts (Geyskens & Steenkamp, 2000, pp. 11-13). According to Geyskens et al. (1999, p. 224), an economically satisfied supplier considers the relationship a success from a goal attainment perspective. It is satisfied with the general effectiveness and productivity of the relationship with its customer and the

resulting financial outcomes. On the other hand, social satisfaction can be defined as a supplier's evaluation of the psychosocial elements of the relationship. Meaning, interactions with its customer are fulfilling, gratifying, and facile (Geyskens & Steenkamp, 2000, p. 13). A supplier who is satisfied with the social outcomes of the relationship, appreciates the contacts with their customer. Additionally, they are happy to work with their buyer because they believe their buyer is concerned, respectful, and open to sharing ideas (Geyskens et al., 1999, p. 224).

Similarly, Maunu (2003, p. 95) presented nine supplier satisfaction dimensions, which can be categorised under business-related dimensions and communication-related dimensions. Business-related dimensions are hard, fact-based values, and include dimensions such as profitability, compliance to agreements, early supplier involvement, business continuity, and forecasting/planning. On the other hand, communication-related dimensions are softer, human-based values, and include dimensions such as roles & responsibilities, openness & trust, feedback, and company values. In addition to the nine dimensions mentioned by Maunu (2003, p. 95), she also found that elements such as money, time, long-term relationship, communication, quality, trust, commitment, innovation and flexibility impact supplier satisfaction. She divided these elements among eight satisfaction dimensions she had identified (Maunu, 2003, pp. 96-97) (see table 1). Company values have been defined as communication related issues, which can be also called soft- based issues. They are the backbone for a whole company, its culture and behaviour. Within company values, Maunu (2003, p. 96) included customer satisfaction, respect for individuals, achievement and continuous learning.

In table 1, several antecedents of supplier satisfaction mentioned by Maunu (2003) are shown, as well as other literature which also view certain dimensions as an antecedent of supplier satisfaction. The two dimensions, roles & responsibilities and feedback, have been fused into one dimension called Communication. Within communication, components such as conflict management (Essig & Amann, 2009, p. 107) and exchange of information (Whipple et al., 2002, pp. 75-77) have also been included. Nevertheless, supplier satisfaction does not always lead to obtaining preferred customer status. A firm may have to fulfil other antecedents in order to achieve such a status. Therefore, in the next section, the antecedents of preferred customer status will be discussed.

Table 1: Antecedents of Supplier Satisfaction.

	ANTECEDENTS	RELATED FACTORS	SOURCE
Business-related dimensions	Money	Profitability, Revenue, Return on Investment, Share of Sales	Geyskens et al. (1999, p. 224); Hudnurkar and Ambekar (2019, p. 1477); Maunu (2003, pp. 95-97); Vos et al. (2016, p. 4621); Weller et al. (2021, p. 7)
	Compliance to Agreements	Commitment	Maunu (2003, pp. 95-97); Nyaga et al. (2010, p. 111); Wong (2000, p. 431)
	Early Supplier Involvement	Quality, Innovation	Essig and Amann (2009, p. 105); Maunu (2003, pp. 95-97)
	Business Continuity/ Opportunities	Long-term Relationship	Maunu (2003, pp. 95-97); Vos et al. (2016, p. 4621)
	Forecasting/Planning	Flexibility, Time	Maunu (2003, pp. 95-97); Schiele (2020, p. 137)
Communication-related dimensions	Communication	Roles & Responsibilities, Feedback, Exchange of Information, Conflict Management	Essig and Amann (2009, p. 107); Hudnurkar and Ambekar (2019, p. 1477); Maunu (2003, pp. 95-97); Weller et al. (2021, p. 7); Whipple et al. (2002, pp. 75-77)
	Openness & Trust	Trust	Maunu (2003, pp. 95-97); Nyaga et al. (2010, p. 111); Weller et al. (2021, p. 6)
	Company Values	Customer Satisfaction, Respect for Individual, Achievement, Continuous Learning	Geyskens et al. (1999, p. 224); Hudnurkar and Ambekar (2019, p. 1477); Maunu (2003, pp. 95-97)

2.1.2 Antecedents of becoming Preferred Customer and receiving Preferential Treatment

Suppliers can differentiate customer relationships and recognize a select few as preferred customers (Ellis et al., 2012, p. 1260). Suppose a buying firm is inactive in becoming a preferred customer. In that case, its competitors could get ahead in building closer relationships with the best suppliers, resulting in them receiving preferential treatment over the former (Kumar & Routroy, 2016, p. 1171). Large purchase volumes, further business opportunities or share of sales can be antecedents of preferred customer status. However, according to Hüttinger et al. (2014, p. 712), growth opportunity and reliability are the most significant antecedents. Not so surprisingly, profitability can also be considered an antecedent of preferred customer status (Bew, 2007, p. 3; Moody, 1992, p. 52). Ellis et al. (2012, p. 1261) and Moody (1992, p. 52) identified supplier involvement as an antecedent of preferred customer status. Also, according to Patrucco et al. (2020, pp. 8-9), customers who share the same objectives as their suppliers are more likely to be preferred. Bemelmans et al. (2015, pp. 193-194) added that a firm's purchasing department's maturity, as perceived by suppliers, is also a key antecedent. Still, not all antecedents have to be present to receive preferred customer status. Likewise, if all antecedents are in place, the status is not assured.

The Social Exchange Theory can explain why some suppliers increase operations, find specific customers attractive and grant preferential treatment to some customers. Based on this theory, three antecedents for receiving preferential customer treatment are customer attractiveness, supplier satisfaction and preferred customer status. (Hüttinger et al., 2014, p. 698; Hüttinger et al., 2012, p. 1194). When a supplier is very satisfied with a buyer, they have a higher tendency to give the buying firm preferred customer status, which leads to the buying firm receiving better treatment than its competitors (Vos et al., 2016, p. 4621). Baxter (2012, p. 1255) also identified supplier satisfaction as an antecedent of preferred customer status, and added financial attractiveness as an antecedent. Financial attractiveness is the supplier's perspective of the likely performance of the relationship in question in the future (Baxter, 2012, p. 1254).

The Social Exchange Theory explains that humans select between alternative potential associates and courses of action. People do this by evaluating the (expected) experiences with each option in terms of a preference ranking, from which they then select the best alternative (Glas, 2017, p. 100). Aside from explaining why suppliers would grant preferential treatment to some customers, the Social Exchange Theory helps discuss relationship continuation issues. The Social Exchange Theory is quite popular, as the core issues that the theory discusses include questions about relationship initiation, termination and continuation. The Cycle of Preferred Customership (see figure 1) shows how customer attractiveness, supplier satisfaction and preferred customer status are linked logically. This model is rooted in Social Exchange Theory. However, in contrast to the Social Exchange Theory, which only discusses the continuation or discontinuation of a relationship, the Cycle of Preferred Customership also differentiates between two levels of continuing business relationships: regular customer or preferred customer (Schiele, Calvi, et al., 2012, pp. 1179-1180).

The Social Exchange Theory builds on three essential components, which can be incorporated into the Cycle of Preferred Customership. These elements are (1) expectations, "E", which lead to the start of a business relationship; (2) the comparison level, "CL", which is the standard that is used to judge the outcome of the trade; and (3) the comparison level of alternatives, "CL_{alt}", which suggests that when deciding whether to continue a business relationship or not, those involved are

influenced by the availability of other options (Hüttinger et al., 2014, p. 698; Schiele, Calvi, et al., 2012, p. 1180; Schiele, Veldman, et al., 2012, p. 13). Schiele, Calvi, et al. (2012, p. 1180) explain that based on the assumption that the relationships between buyers and suppliers are social exchange processes, customer attractiveness is established from a supplier's expectations towards the buyer when beginning or intensifying a business relationship. Thus, the comparison level assesses a supplier's satisfaction with the relationship, which reflects whether the outcome of the exchange outweighs previously established expectations. The development of the comparison level of alternatives, CL_{alt}, links to the supplier's decision whether to award the preferred status to a buying firm, assign a regular customer status, or to even discontinue the relationship.

Several antecedents of preferred customer status have been identified, and can be categorized into economic and non-economic antecedents (see table 2). According to Piechota et al. (2021, p. 11), economic factors have a stronger (indirect) impact on preferred customer treatment. Nevertheless, it takes effort to become preferred customer. However, at the end of the road, there are many benefits waiting for buying firms who do manage to achieve such a status. These benefits will be explored next.

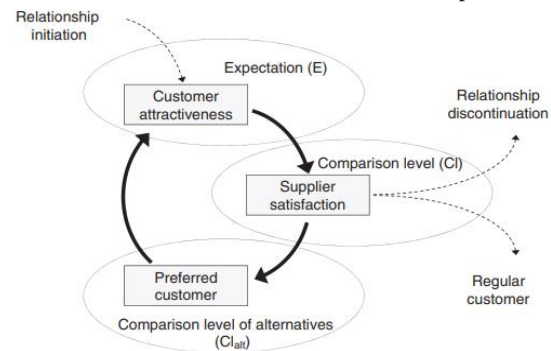


Figure 1: Cycle of Preferred Customership (Schiele, Calvi, et al., 2012).

Table 2: Antecedents of Preferred Customer Status.

ANTECEDENTS	SOURCE
Economic	
Purchase Volumes	Hüttinger et al. (2014, p. 699)
Profitability	Bew (2007, p. 3); Moody (1992, p. 52)
Share of Sales	Ellis et al. (2012, p. 1264); Hüttinger et al. (2014, p. 699)
Further Business Opportunities	Hüttinger et al. (2014, p. 712)
Growth Potential	Hüttinger et al. (2014, p. 712)
Financial Attractiveness	Baxter (2012, p. 1255)
Non-Economic	
Reliability	Ellis et al. (2012, p. 1264); Hüttinger et al. (2014, p. 712)
Goal Alignment	Patrucco et al. (2020, pp. 8-9)
Supplier Involvement	Ellis et al. (2012, p. 1264); Moody (1992, p. 52)
Purchasing's Maturity	Bemelmans et al. (2015, p. 194)
Customer Attractiveness	Hüttinger et al. (2014, p. 698); Hüttinger et al. (2012, p. 1194); Pulles, Schiele, et al. (2016, p. 9)
Supplier Satisfaction	Baxter (2012, p. 1255); Hüttinger et al. (2014, p. 698); Hüttinger et al. (2012, p. 1194); Pulles, Schiele, et al. (2016, p. 9); Vos et al. (2016, p. 4621)

2.1.3 The Benefits of being Preferred Customer

In current supply markets, customers may witness the number of potential suppliers declining. As a result, many competing

customers seek resources from a limited number of suppliers. When many customers want to do business with a limited number of suppliers, it gives suppliers the chance to select the customers they want to work with. For this reason, not all customers can access the resources they want to have (Hüttinger et al., 2014, p. 697). Suppose a firm can distinguish itself from its competitors by meeting the needs of its supplier in a superior manner. In that case, the firm could become a preferred customer and receive preferential treatment (Eringa, 2016, p. 178).

With the scarcity of suitable suppliers, a buying firm must establish preferential relationships with its supplier to achieve its long-term goals (Kumar & Routroy, 2016, pp. 1171-1172). When a supplier is more satisfied with a particular buyer than with their other customers, they may award the former with a “preferred customer status”. A firm is a preferred customer of a supplier when its supplier offers the buying firm preferential resource allocation (Pellegrino et al., 2020, p. 961; Schiele, Calvi, et al., 2012, p. 1178; Schiele et al., 2011, pp. 7-8). Preferential resource allocation can take various forms: a supplier may allocate its best personnel to develop a new product jointly; they may customise their products according to their customer’s wishes; they could offer innovations to their customers; or, suppliers could even enter into an exclusivity agreement. The supplier might also ensure privileged treatment if bottlenecks occur (Schiele, Calvi, et al., 2012, p. 1178).

A buyer and seller grow closer together if the buyer has a preferred customer status. This means that they will reduce costs together, the interaction between the two companies will increase, and they will become more similar (Bemelmans et al., 2015, p. 183). Other benefits of achieving preferred customer status are receiving materials of better quality, better scheduling options and forecast reliability. By achieving the status, buying firms can expect to receive continuity, partnership, and commitment and loyalty from their key suppliers. Commitment is a crucial element in the relationship. Long-term interactions can lead to sharing important market information, mutual trading, and even developing new projects. Gaining unexpected opportunities can also result from being a preferred customer (Eringa, 2016, p. 184). Nollet et al. (2012, p. 1187) suggested additional benefits to having preferred customer status. They noted that suppliers are more open to further negotiations on the prices of their goods or services with their preferred customers. Suppliers also try to deliver consistent quality and offer one of the lowest prices on the market to their preferred customers. Last, Hüttinger et al. (2014, p. 704) added that suppliers are more willing to develop innovation with a preferred customer.

The Pyramid of Benefits (see figure 2) is an appropriate tool for depicting the value of the advantages emerging from having preferred customer status. In the case of disruptions in the supply chain, supplier scarcity becomes especially clear because suppliers become highly selective. Suppliers will prioritise their preferred customers over customers with little preference, and customers with little preference will be prioritised over standard customers (Palmqvist & Beddari, 2014, p. 8). The three levels of the Pyramid of Benefits are Preferred Customers, Little Preferred Customers, and Standard Customers. Preferred Customers receive benefits without having to pay extra, while Little Preferred Customers only receive benefits if they pay for them. Lastly, Standard Customers do not receive any benefits at all.

To conclude, many benefits to having a preferred customer status have been mentioned and can be categorized as financial, operational, production and relational benefits. In Appendix C, an extended list of benefits is displayed. Although there are many benefits to being preferred customer, it is not easy to achieve such a status. The next section will explore the barriers preventing buying firms from becoming preferred customer.

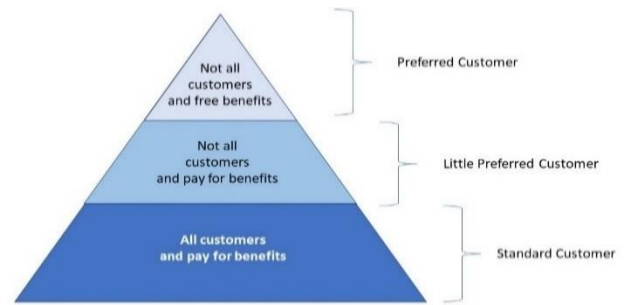


Figure 2: Pyramid of Benefits.

2.1.4 Barriers towards achieving Preferred Customer Status

There are many benefits to becoming a preferred customer of a certain supplier. However, not many buying firms can achieve such status for several reasons. One of the reasons identified by Nollet et al. (2012, p. 1192) is that to become a preferred customer may take significant investments. If a buyer invests a lot in one of their key suppliers, it will be difficult for the supplier’s other customers to become more attractive alternatives. However, making these investments also means that the buying firm will increase its risks. Piechota et al. (2021, p. 11) also identified a limitation. They noted that becoming a preferred customer also depends on external relationship factors, such as the supplier’s perspective on the availability and quality of alternative relationships. A buyer can barely influence these.

As discussed in section 2.1.2, Bemelmans et al. (2015, p. 184) observed that having a mature purchasing function is an antecedent to gaining preferred customer status. Still, this antecedent is often overlooked by buying companies. Generally speaking, a mature purchasing function is integral to the overall company performance. Firms should focus on supplier relationship management, which implies that a company should be able to formulate a purchasing policy. Meaning, the purchasing function should be able to classify suppliers into different categories, so it can focus on the most important ones and set the correct priorities. Also, it should be able to act professionally towards a supplier. Contrarily, in case a customer’s purchasing function is not seen as mature from the supplier’s point of view, it is less likely that the buyer will become that supplier’s preferred customer.

In addition, not all key suppliers are prepared or willing to take the next step into collaborating more intensively with one or a few of their customers (Schiele, 2012, pp. 47-48). As mentioned before, even if all the antecedents to obtaining preferred customer status are present, preferred customer status is not guaranteed (Bemelmans et al., 2015, p. 193). Yet, even if a supplier is willing to intensify collaborations with its buyers, it may not always be apparent (Pulles, Veldman, et al., 2016, p. 1463). To avoid the frustration of failing to become preferred customer, a buying firm has to fully understand the status a firm has with a supplier, the supplier’s intentions and its capabilities. Table 3 summarizes the barriers that have been identified. In the next section, sustainability will be introduced in the context of buyer-supplier relationships.

Table 3: Barriers to becoming Preferred Customer

Barrier	Source
Costs of Investments	Nollet et al. (2012, p. 1192)
External Factors	Piechota et al. (2021, p. 11)
Perceived Maturity of Purchasing Department	Bemelmans et al. (2015, p. 184)
Supplier’s Willingness or Qualification	Bemelmans et al. (2015, p. 193); Schiele (2012, pp. 47-48)

2.2 Sustainability and Buyer-Supplier Relationships

2.2.1 *The Concept of Sustainability in relation to Sustainable Supply Chain Management*

Supply chain complexity has increased in many firms due to outsourcing and global sourcing. Moreover, stakeholders often expect focal firms in supply chains to make an effort to manage their supply chains in a responsible manner. When a firm's suppliers act irresponsibly, a firm could be held accountable. As a result, the firm may experience a decline in revenues or loss of reputation, even if it was not attributable to the irresponsible behaviour of its supplier (Ahmed & Shafiq, 2022, p. 280; Seçkin & Şen, 2018, p. 95). Consequently, many firms have been paying increasing attention to becoming (more) sustainable, as they are pressured by authorities, consumers, and other stakeholders (Gelderman et al., 2021, p. 1).

The most often quoted definition of sustainability is that it is about development that meets the needs of the present without compromising the ability to meet the needs of future generations (Carter & Rogers, 2008, p. 363). However, nowadays, sustainability increasingly also refers to the combination of three principles: environmental integrity, social equity, and economic prosperity (Carter & Rogers, 2008, p. 361; Houé & Duchamp, 2021, p. 569; Jacobs et al., 2020, p. 4). Environmental integrity considers the efficient use of resources, recycling and reduction of pollution, waste and emissions. Social equity considers human rights, labour practices and impact on local communities. Lastly, economic prosperity can be operationalised in terms of market, operational or accounting-based measures (Difrancesco et al., 2022, p. 605). Firms that aim to become (more) sustainable must consider the social, economic and environmental impacts of activities (Houé & Duchamp, 2021, p. 568; Yang & Zhang, 2017, p. 112).

Approaches which believe that economic performance should not be sacrificed for social welfare are not in line with the progressive view of sustainable supply chain management (Yun et al., 2019, p. 140). If the sustainable supply chain management approach is operationalised, the supply of all types of resources, has to bring value to the organisation, society, and the economy as a whole (Houé & Duchamp, 2021, p. 568). However, whether the implementation of sustainability initiatives is successful depends on the engagement and aligned effort of all departments within an organisation. This is especially the case for the purchasing function. Moreover, companies' sustainability challenges cannot be dealt with without an effective supplier management system (Yang & Zhang, 2017, pp. 112-113).

A firm's ability to build sustainable supply chains and achieve strategic sustainability objectives is mainly dependent on the characteristics of its supply network and the nature of the relationships with its key suppliers (Difrancesco et al., 2022, p. 603). However, the failure rate of a strategic alliance to make supply chains (more) sustainable is very high. The integration of environment, economic and social considerations to achieve sustainable development is therefore a major business challenge (Seçkin & Şen, 2018, p. 84). In the next part, factors which may increase the success rate of a sustainable supply chain collaboration between a buyer and supplier, will be explored.

2.2.2 *Factors which facilitate Sustainable Development in Supply Chains*

The increasing number of regulations and the relational impact of buyer-supplier standards have made integrating sustainability into purchasing strategy necessary for firms. However, this has turned out to be very difficult for purchasing managers. Sustainability considerations can lead firms to rethink their

sourcing strategies and how they collaborate with their suppliers. In most cases, buyer-supplier relationships strongly influence the supply chain's overall performance, and positive interactions between buyers and suppliers can promote sustainable supply chain management (Houé & Duchamp, 2021, p. 568). A firm's capability to create and sustain a competitive advantage largely depends on its suppliers. Monitoring and managing supplier relationships are key in implementing sustainability practices and defending against possible risks (Difrancesco et al., 2022, pp. 604-606). Also, working with suppliers on sustainability helps reduce the social and environmental impacts which are rooted in a supply chain (Jacobs et al., 2020, p. 33; Ye et al., 2021, p. 3).

Ahmed and Shafiq (2022, pp. 282-283) pointed out that the pressure on firms from various stakeholder groups to improve their sustainability performance and work with suppliers to improve the sustainability across the supply chain, has increased. In a buyer-supplier relationship, the buying firm plays the dual role of being a customer firm and a stakeholder for the supplier. As the stakeholder, the buying firm could influence their supplier's behaviour, whose actions can affect their stakeholders. A buying firm could be considered a key stakeholder to the supplier. Nevertheless, buying firms have not always been able to achieve the desired level of sustainability performance from their suppliers. According to literature on stakeholder salience, the absence of specific attributes, such as legitimacy and power, could undermine a stakeholder's influence (Ahmed & Shafiq, 2022, pp. 282-283; Thijssens et al., 2015, pp. 875-877).

A supplier has to deal with various and sometimes contradicting demands from its stakeholders. Therefore, stakeholders can be both drivers and barriers on a firm's path toward sustainability (Gelderman et al., 2021, p. 2). In stakeholder theory, the role of legitimacy is emphasized (Ahmed & Shafiq, 2022, pp. 282-283). Suchman (1995, p. 574) defines legitimacy as a generalised perception or assumption that the activities of an organisation are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions. It is difficult for a supplier to satisfy all stakeholders, and the supplying firm will have to prioritise some stakeholders over others (Ahmed & Shafiq, 2022, pp. 282-283; Gelderman et al., 2021, p. 2). Demands from a firm who lacks legitimacy can be seen as hypocritical and opportunistic. A supplier can respond to such demands by ignoring them, giving a firm lower priority, or by utilizing greenwashing practices. Also, unless the supplier is motivated to act, it will be difficult to expect any sustainability improvements (Ahmed & Shafiq, 2022, pp. 282-283).

On the other hand, power is a relationship among social actors in which one social actor can get another to do something that they would otherwise not do (Thijssens et al., 2015, p. 875). Depending on the relationship, either the supplier or the buyer has more power and dominance over the other party, which results in different outcomes regarding their collaboration and information sharing in sustainability efforts (Gelderman et al., 2021, p. 3). A buying firm with higher market power could control suppliers' access to the market. When firms with high market power focus on certain aspects of sustainability performance, other firms within the industry will do the same. Therefore, firms with market power can influence, and in some cases, set industry standards. Pressure for sustainability from such a customer will have an influence because the supplier will have high switching costs if they do not comply. Using power can lead to increased resource allocation and commitment from the supplier toward the buyer's sustainability goals. However, it should be noted that coercion can lead to suppliers resorting to little compliance (Ahmed & Shafiq, 2022, pp. 282-283).

A close and high-quality buyer-supplier relationship helps to increase communication, knowledge sharing and trust, which in

turn has a significant effect on the sustainability of a Supply Chain (Mallet et al., 2022, p. 13; Ye et al., 2021, p. 3). According to Nassar et al. (2020, p. 471), trust, openness and honesty are among the most important elements in maintaining a successful, long-term, responsible and ethical relationship. Moreover, communication, information sharing, commitment, knowledge management and partnership development are significant for socially responsible supply chains.

The complexity and uncertainty of sustainability make it challenging to set sound performance specifications (De Haan-Hoek et al., 2020, p. 5). Therefore, contractual mechanisms, such as contracts, standards and auditing, are not enough to ensure supplier engagement and compliance in becoming more sustainable. These mechanisms do not significantly improve sustainable performance beyond the least of requirements. Contrarily, non-contractual factors of a buyer-supplier relationship, such as strategic fit, could be helpful in obtaining desirable behaviours from the supplier (Ahmed & Shafiq, 2022, p. 282; Gualandris et al., 2015, p. 2). For instance, if a buyer and supplier focus on similar sub-dimensions of sustainability, they could use complementary resources and produce synergies. If an aligned focus exists, buyers and suppliers can be expected to have a shared understanding of what contributes to the improvement and how to accomplish it. Such shared understanding and resources are expected to decrease if the buyer firm and their supplier focus on entirely different sub-dimensions of sustainability (Ahmed & Shafiq, 2022, pp. 285, 292-294). De Haan-Hoek et al. (2020, p. 5) argued that when a buying firm can trust that its supplier shares the same sustainability goals, relational governance is more at play, which is based on trust. Balancing contractual and relational governance mechanisms is crucial to successfully integrating sustainability in supply chains. All factors which may impact the success rate of sustainable supply chain collaborations between a buyer and supplier, are listed in table 4. Next, the topics that have been previously explored, will be synthesized and propositions will be made.

Table 4: Factors Positively Influencing Success of Collaboration Efforts to become more Sustainable

FACTORS	SOURCE
Stakeholder Importance	
Legitimacy	Ahmed and Shafiq (2022, pp. 282-283); Thijssens et al. (2015, pp. 875-877)
Power (market power)	Ahmed and Shafiq (2022, pp. 282-283); Thijssens et al. (2015, pp. 875-877)
Close High-Quality Buyer-Supplier Relationship	
Communication	Mallet et al. (2022, p. 13); Ye et al. (2021, p. 3)
Knowledge Sharing	Mallet et al. (2022, p. 13); Ye et al. (2021, p. 3)
Trust	Mallet et al. (2022, p. 13); Nassar et al. (2020, p. 471); Ye et al. (2021, p. 3)
Openness / Transparency	Nassar et al. (2020, p. 471)
Honesty	Nassar et al. (2020, p. 471)
Commitment	Nassar et al. (2020, p. 471)
Partnership Development	Nassar et al. (2020, p. 471)
Non-Contractual Factors	
Aligned focus on sustainability goals (strategic fit)	Ahmed and Shafiq (2022, pp. 285, 292-294); Gualandris et al. (2015, p. 2)
Relational Governance	De Haan-Hoek et al. (2020, p. 5)

2.3 Preferred Customer Status indirectly impacts Efforts to Sustainable Supply Chain Management positively

For a firm to make its supply chains more sustainable, it can be helpful for the firm to have preferred status with suppliers who can collaborate with them in this mission. Ahmed and Shafiq (2022, pp. 282-283) mentioned that a buying firm plays two roles simultaneously, which are being a customer and a stakeholder for the supplier. However, it is often difficult for a supplier to satisfy all stakeholders' needs due to resource constraints, and the supplying firm will have to prioritize some stakeholders over others. If a buying firm lacks both legitimacy and market power, a supplier may respond to the buying firm's sustainability demands by ignoring them, giving them a lower priority, or by simply utilizing greenwashing practices. Therefore, the higher a firm's importance as stakeholder, the less likely its supplier will ignore its sustainability demands or use greenwashing practices.

Furthermore, it was noted that communication, knowledge sharing and trust significantly affect a supply chain's sustainability. These three factors increase if there is a close and high-quality buyer-supplier relationship (Mallet et al., 2022, p. 13; Ye et al. (2021, p. 3). Also, according to Nassar et al. (2020, p. 471), trust, openness and honesty are key elements in maintaining a successful, long-term, responsible and ethical relationship. If the relationship between a buying firm and its supplier is lacking, the previously mentioned factors and elements would very likely be missing in the relationship. A supplier would not want to work on an initiative with a buyer they do not trust, nor is the collaboration going to be successful if either party refuses to be honest, open or transparent with each other. Communication is key, and so are trust, openness, knowledge sharing and honesty. If these elements are all present in a relationship, the relationship could be considered close and high-quality. Having a close buyer-supplier relationship will therefore facilitate collaborations between a buyer and supplier.

In addition to stakeholder importance and having a close buyer-supplier relationship, non-contractual factors also have an influence (Ahmed & Shafiq, 2022, p. 282; Gualandris et al., 2015, p. 2). The complexity and uncertainty of sustainability make it hard to set stable performance specifications (De Haan-Hoek et al., 2020, p. 5). For this reason, contractual factors are not enough to ensure supplier engagement and compliance in becoming more sustainable beyond the least of requirements (Ahmed & Shafiq, 2022, p. 282; Gualandris et al., 2015, p. 2). Non-contractual factors, such as having an aligned focus and relational governance, can help increase the success rate of a sustainability collaboration between a buyer and supplier. Suppose, a buyer approaches a supplier who views sustainability differently, or does not put the same value on sustainability as the buyer. Miscommunications can occur, or the buyer and supplier may come up with completely different strategies which work against each other. Rather than achieving synergies, the buyer and supplier would hinder each other.

P1a: *The success rate of sustainable supply chain collaborations is positively impacted by a close, high-quality buyer-supplier relationship.*

P1b: *The likelihood of success of sustainable supply chain collaborations is positively impacted by non-contractual factors*
P1c: *The likelihood of success of sustainable supply chain collaborations is positively impacted by stakeholder importance.*

A close, high-quality buyer-supplier relationship may lead to a buyer receiving preferred customer status. However, Bemelmans et al. (2015, p. 193) noted that even if many or all, antecedents of preferred customer status are present, it does not guarantee that a buying firm will obtain the preferred customer status. This may

be the case because a supplier may simply not be willing to grant such statuses to its customers (Schiele, 2012, pp. 47-48). Therefore, it can be expected that even without being a preferred customer, a buying firm can still successfully collaborate with its suppliers to manage its supply chains more sustainably.

P2a: *A close, high-quality buyer-supplier relationship may or may not lead to preferred customer status.*

P2b: *A sustainable supply chain management collaboration can be successful without preferred customer status.*

Maunu (2003, p. 95) identified nine supplier satisfaction dimensions: profitability, compliance to agreements, early supplier involvement, business continuity, forecasting/planning, roles & responsibilities, openness & trust, feedback, and the company's values. The Social Exchange Theory identifies supplier satisfaction as one of the antecedents of gaining preferred customer status (Hüttinger et al., 2014, p. 698; Hüttinger et al., 2012, p. 1194), and the Cycle of Preferred Customership supports this by explaining how supplier satisfaction is connected to gaining preferred customer status (Schiele, Calvi, et al., 2012, pp. 1179-1180).

Having a preferred customer status may facilitate setting up non-contractual factors, such as finding a strategic fit, aligned focus and relational governance. If a buyer can trust that its supplier shares the same sustainability goals, relational governance is more at play (De Haan-Hoek et al., 2020, p. 5). Hüttinger et al. (2014, p. 712) identified reliability as one of the most significant antecedents to becoming a preferred customer, and Maunu (2003, p. 95) identified trust as one of the nine supplier satisfaction dimensions. Supplier satisfaction, in turn, is also an antecedent of preferred customer status (Baxter, 2012, p. 1255; Hüttinger et al., 2014, p. 698; Hüttinger et al., 2012, p. 1194; Schiele, Calvi, et al., 2012; Vos et al., 2016, p. 4621). Hence, it can be assumed that there should be trust between a supplier and their preferred customer. This trust will help setting up relational governance mechanisms. Moreover, a preferred customer receives benefits which other customers do not receive, such as continuity, partnership, commitment and loyalty (Eringa, 2016, p. 184). Therefore, it can be said that preferred customers are prioritized over other customers by a supplier, and may have more importance as a stakeholder than the latter. By positively impacting non-contractual factors and stakeholder importance, preferred customer status indirectly increases the success rate of sustainability collaborations with suppliers.

P3a: *Having preferred status will increase the likelihood of success in efforts to make supply chains more sustainable by facilitating setting up non-contractual factors.*

P3b: *Having preferred status will increase the likelihood of success in efforts to make supply chains more sustainable by positively impacting stakeholder importance.*

Propositions 1, 2 and 3 are visualized in figure 3. In chapter 3, the methodology of the qualitative case study will be tackled.



Figure 3: Research Model

3. METHODOLOGY: QUALITATIVE CASE STUDY APPROACH

3.1 Semi-Structured, 1-on-1 Interviews

In order to answer the research questions, a qualitative case study approach was utilized aside from having performed the literature review. The qualitative case study approach is explorative and helps to gain an understanding of underlying opinions, reasons, feelings and motivations (Almalki, 2016, p. 291; Rahman, 2016, p. 104). Although the context and content of the qualitative approach will be subjective, the data is current (Almalki, 2016, p. 291). Moreover, qualitative research often concerns developing a depth of understanding rather than a breadth (Boddy, 2016, p. 430). On the contrary, quantitative research methods must involve a larger sample. One limitation of this research method is that it does not look at a phenomenon in-depth, thus overlooking responders' experiences and what they may mean by their answers. Quantitative research methods may therefore leave out the meanings and effects of a particular system (Rahman, 2016, p. 108). Hence, the qualitative research method was chosen instead.

Data were collected through 1-on-1 interviews. Interviews were not done in focus groups because the presence of other people could have inhibited a respondent and influenced how they formulated their judgment or answer (Acocella, 2012, p. 1133). The interviews were either done in person or through Office Teams. Interviews can be classified according to their degree of structure: they can be structured, unstructured or semi-structured, the latter being a combination of the first two (Azarpazhooh et al., 2008, p. 33). On the one hand, structured interviews are highly inflexible, but offer much guidance. Unstructured interviews, on the other hand, are very flexible, but highly inconsistent and may be subject to various errors (Azarpazhooh et al., 2008, pp. 34-36). For this reason, semi-structured interviews were conducted in this research, as it offers a middle ground. The semi-structured interview provides guidance through the questionnaire that has been set beforehand, but also gives the flexibility to ask other questions or for elaboration (McIntosh & Morse, 2015, p. 1).

Two questionnaires were already provided: one for the purchasers with 16 key questions in total, and one for the suppliers with 15 key questions (see Appendix A). All questions are open-ended, which allowed answers to be more detailed. The questions were categorized into four sections: classification of customers, benefits of preferred customer status, the antecedents to achieving supplier satisfaction and preferred customer status, and the relationship between sustainability and preferred customer status. In the next section, the sample of respondents will be introduced and the interview design will be explained.

3.2 Interviews with Lead Buyers from Company X and 4 of their Key Suppliers

This study was done in collaboration with Company X and four of its suppliers. The suppliers were chosen based on whether Company X perceives them as "Key" and their willingness to participate. The sample size may seem too small, meaning its findings may not be generalizable for every situation (Boddy, 2016, p. 430; Rahman, 2016, p. 105). However, qualitative research is often about creating a depth of understanding rather than a breadth. For this reason, a qualitative case study involving even only one single research participant can be of importance and can generate great insights (Boddy, 2016, p. 430).

Due to confidentiality reasons, the participants of this research have been anonymized. Because different purchasers are responsible for the relationship with different suppliers in company X, two lead buyers from Company X were interviewed,

B1 and B2. The interviews were done from week 19 until week 21 in 2022. B1, B2, S1, and S3 were interviewed in Dutch, while S2 and S4 were interviewed in English. For those who were interviewed in Dutch, translated questionnaires were used. An overview of the companies and their industry is given in table 5.

Respondents were first asked whether they assigned different customer status types or were assigned such status types to see if they were familiar with the concept of preferred customer status. Once it was established whether a respondent assigned (or was assigned) different customer statuses, the benefits of preferred customer status were discussed. If a respondent did not assign different status types, they would be asked whether they offer benefits to only a select few. All respondents were asked what it takes to satisfy a supplier, whether the buying company in question was considered attractive, and if supplying firms were satisfied with the exchange relationship. These questions were asked as customer attractiveness and supplier satisfaction are considered antecedents of preferred customer status (Hüttinger et al., 2014, p. 698; Hüttinger et al., 2012, p. 1194). Those who assign (or are assigned) different status types were also asked what it takes to become a preferred customer. Finally, questions regarding sustainability were asked. As companies may view sustainability differently, respondents were first asked to define sustainability and its importance to their company. Once this was done, questions regarding the interaction between sustainability and a buyer-supplier relationship were asked. After the data had been collected, they had to be analysed. The next section will go into detail on how this was done.

Table 5: Characteristics of Respondents

Company	Respondent	Industry
Company X	B1 & B2	Motion Control Systems
Supplier 1	S1	Metal Ware
Supplier 2	S2	Fastener and Supply Chain Services
Supplier 3	S3	Metal Ware
Supplier 4	S4	Mechatronic Solutions

3.3 Data Analysis Method: Coding and Analysing Transcripts

The interviews were recorded after having been granted permission to do so. The recordings were then transcribed using the transcription function on Teams (if the interview was done through Office Teams), or through Amberscript, a program which automatically converts audio or video to text. After Office Teams or Amberscript made a transcript, the transcript was checked and manually adjusted if necessary. This is because when having an audiotape transcribed, it is important that the tape is transcribed precisely, word-for-word, from the tape and not paraphrased (McIntosh & Morse, 2015, p. 8). Using ATLAS.ti, the data were coded and examined.

Both deductive and inductive coding was used when coding the transcripts of the interviews. Deductive codes are codes based on a researcher's pre-existing hunches or theories about issues likely to appear within the data. In contrast, inductive codes are codes which emerge from the data itself. Inductive codes supplement the deductive codes (Neale, 2016, pp. 1097-1098). The deductive codes used were derived from chapter 2, where the benefits of preferred Customership, the nine dimensions of supplier satisfaction by Maunu (2003), and the antecedents of preferred customer status were discussed. While going through the transcripts, words, phrases, or even whole paragraphs, were analysed and assigned one of the predefined codes if applicable. If new benefits or antecedents were discovered, new codes would

be created. These new codes could also be used for other transcripts if another respondent mentioned something similar.

If there is not enough former knowledge about a certain issue or if this knowledge is very limited, inductive coding is recommended (Elo & Kyngäs, 2008, p. 109). Hence, for the part discussing the interaction between customer status and sustainability, mainly inductive codes were used. This is because there is limited knowledge about the interaction between preferred customer status and collaboration in sustainability efforts with suppliers. Moreover, not every firm is as focused on sustainability as others and may also view sustainability differently. If answers could be linked to theory, deductive coding was utilized instead.

4. ANALYSIS & RESULTS

4.1 A Brief Introduction to Company X

The research on the interaction between sustainability and preferred customer status with key suppliers was done in collaboration with Company X. Company X develops and produces hydraulic drive systems for the automotive, truck, and shipping industries, as well as for the agriculture and the medical markets. For several decades, Company X has engineered a robust and innovative line of hydraulic position and motion control products that have become a standard in tilting, latching, levelling, lifting and stabilizing systems used in today's most demanding markets.

Company X is an independent daughter company of a multinational company in the USA. In order to meet the various market needs of its customers globally, it has its headquarters located in The Netherlands and the USA, as well as manufacturing plants in Brazil, China, France, India, Mexico, the Netherlands, Turkey and the USA. Company X aims to continuously improve the relationship it has with its several suppliers. The spokesperson of Company X was therefore interested in what Company X's suppliers valued in a relationship, what it takes to make them satisfied, and possibly achieve preferred customer status. In the next section, all findings from the interviews will be outlined. The results will be described per subject, starting with whether suppliers assign different customer statuses.

4.2 Findings based on the Interviews

4.2.1 Not all Suppliers assign different Status Types to their Customers

Company X assigns different statuses to its suppliers. Likewise, both B1 and B2 believe that some suppliers of Company X assign different status types to their customers. They add that Company X is a preferred customer with some suppliers or, at least, receives preferential treatment. Receiving preferred customer status or preferential treatment is, according to B1, the consequence of optimally arranging a supply chain and portfolio mix. However, B2 noted that not many suppliers probably saw Company X as a preferred customer or treated it preferentially, as Company X is quite difficult to deal with. B1 also mentioned that Company X could be difficult for some suppliers. B2 explained that this is because Company X offers various products and thus has to order products or materials in small quantities. However, Company X expects low costs and high quality from its suppliers, which does not go well with ordering small batches.

Out of the four respondents from supplying firms, S1 and S3 mentioned that their firms do not assign customer statuses and try to treat all their customers equally. Both Supplying firms viewed the concept of "Preferred Customer Status" negatively, as they expressed that it may leave some of their customers feeling disadvantaged for not receiving such a status. The

relationship between the supplying firm and a disappointed customer could deteriorate, and customers may seek to purchase their materials and services elsewhere. However, although Supplier 1 does not assign statuses, they do keep track of who its top 10 customers are concerning sales generation. S3, on the other hand, mentioned that frequent customers would be treated a bit differently from customers who only purchase once so often. In case supplies are limited, Supplier 1's top 10 customers will be served first. Similarly, S3 noted that customers with the highest urgency would receive their orders first in such situations. Both Supplying firms would clearly communicate the situation to customers who do not receive the materials or services and seek a solution together. Supplier 1 identified Company X as one of their top 10 customers, while S3 mentioned that Company X was Supplier 3's number 1 customer. However, Company X must share that number 1 spot with many others.

Suppliers 2 and 4 do assign different customer statuses to their customers. Supplier 2 classifies, after segmenting their customers into market categories, into A1,2,3/B1,2,3/C1,2,3. A mix of turnover and return on investment drives the status type assigned to a customer. Still, even if a company's turnover is not that high, if there is much potential, Supplier 2 might still assign preferred customer status to the customer. Therefore, growth potential is another critical factor in deciding a customer's status. A customer with an A1 status is considered a loyal and highly preferred partner, with Supplier 2 being its single source; B1 would be a regular customer, which still has some growth potential; while C3 is a customer Supplier 2 needs to consider ending the exchange relationship with. Likewise, Supplier 4 categorizes its customers in categories A, B and C, with customers in category A being the most preferred customers, while customers from Category C are the smaller customers.

Supplier 2 assigns a customer status to a company as a whole. On the other hand, whether Supplier 4 assigns a category to a company as a whole or not, depends. A company could belong to category A in one product area, but in category C for another product. Aside from these sub-categorizations, Supplier 4 also assigns a category to the overall customer. Supplier 2 used to assign Company X in the market category New Automotive, and the status type A1. However, Company X often fails to deliver on its promises and agreements. There is a gap in the relationship between Company X and Supplier 2, and Company X does not seem very proactive in trying to close this gap. In the case of Supplier 4, S4 identified Company X as a company belonging to category A, and thus as one of its preferred customers.

In short, two of the four respondents from the supplying firms interviewed do not assign preferred customer statuses, as both view the concept negatively. The other two suppliers do assign preferred customer statuses, but only Supplier 4 currently sees Company X as a preferred customer. In the next section, the antecedents of supplier satisfaction and preferred customer status will be examined.

4.2.2 Antecedents to Supplier Satisfaction and Becoming Preferred Customer

Out of the two lead buyers from Company X interviewed, B1 mentioned that Company X could be considered an attractive customer, but not always. On the other hand, B2 did not think Company X was that attractive. Both respondents agreed that the firm was a demanding customer to deal with. B2 explained that this is because Company X offers various products, and thus has to order products or materials in small quantities. However, this does not go well with the low costs and high quality that Company X expects from its suppliers. Yet, on the contrary, all respondents from supplying firms mentioned that Company X is an attractive customer, but each respondent gave a different

reason. Supplier 1 found Company X attractive not only because company X generates a lot of revenue, but also because Company X is a trendsetter and not a trend follower. S2 mentioned that Company X has a lot of potential, as the company fits well with the products and services Supplier 2 offers, while Supplier 2 also fits well into Company X's supply chain. Supplier 3 also identified Company X as an attractive customer. However, it is important to note that Supplier 3 views all its customers as attractive. Nevertheless, Company X is attractive because Company X challenges Supplier 3 in terms of costs, quality, and technique. Supplier 4 sees Company X as an attractive customer, as it generates a lot of revenue for Supplier 4, and because Company X has a global footprint, which is something interesting for new future business opportunities.

Regarding achieving supplier satisfaction, one crucial aspect mentioned by all respondents was having good, open communication. It was often noted that it was the basis of having a good relationship between a buyer and supplier. Closely following communication, is the factor trust (B1, B2, S1, S3 and S4). Turnover (B1, B2, S2 and S4) and compliance with agreements (B2, S1, S2 and S3), also understood as keeping promises, were also important factors in supplier satisfaction. In addition to the aforementioned factors, S1 also valued receiving accurate information, such as forecasts. If a customer provides wrong forecasts, Supplier 1 does not have the flexibility to deliver much more if demand increases significantly. To prepare an accurate number of supplies, correct forecasts are necessary. Furthermore, S3 also mentioned a company-value-related aspect: Supplier 3, in the case of Company X, was very satisfied with the relationship because of Company X's culture. Lastly, S3 noted a new antecedent to supplier satisfaction which was not previously mentioned in the literature review: fair trade. There should be a balance in giving and taking from both sides.

Suppliers 1, 3 and 4 are content with the personal and business relationship they have with Company X. However, S3 mentioned that decision-making in Company X sometimes takes very long. This can be annoying at times, yet also very understandable. Supplier 4, on the other hand, was a little worried about how the relationship would pan out in the future, as they expect that business could go down further along the line. S2 mentioned that Supplier 2 is satisfied with the personal relationship they have with Company X. However, the business relationship between them and Company X is still lacking, as Company X currently fails to deliver on what it promised.

Suppliers 1 and 3 do not assign preferred customer status to their customers, so they did not mention any antecedents to becoming a preferred customer. However, both respondents from Company X and Suppliers 2 and 4 could name a few antecedents. An antecedent which both respondents of Company X mentioned was the share of sales. Both B1 and B2 mentioned that if Company X is a big customer in a supplier's eyes, Company X is more likely to receive either preferred customer status or preferential treatment. Both S2 and S4 mentioned further business opportunities and growth potential. Supplier 2, for example, looks at whether a buyer can be used for marketing scenarios: can the firm be used in a pitch in front of potential new customers? S2 further mentioned that reliability is critical: being able to deliver on promises. S2 did mention that customers do not need to fulfil 100% of their promises, but should actively try to deliver on most promises. Also, when assigning customer statuses, return on investment is a factor at which Supplier 2 looks at. Lastly, Supplier 4 looks at their customer's future turnover: how attractive is the relationship financially? Lastly, although B2 did not mention large purchase volumes specifically, they did note that Company X was most likely not preferred customer with many suppliers, as it orders various parts

in small quantities while demanding low costs. Therefore, purchase volumes is included as a confirmed antecedent.

In table 6, antecedents to supplier satisfaction and preferred customer status are listed. Fair trade, which is a new antecedent identified by one of the respondents, has been placed under the category “Business-related Dimensions” of supplier satisfaction. Although none of the respondents explicitly mentioned supplier satisfaction as an antecedent to preferred customer status, many of the dimensions which lead to supplier satisfaction were also mentioned as antecedents of preferred customer status. Hence, supplier satisfaction has been included. See in Appendix B the extended table. Now that the antecedents have been identified, the benefits of having preferred customer status identified by the respondents will be reviewed.

4.2.3 Benefits of having Preferred Customer Status

Several benefits were discussed during the interviews. Most of the benefits mentioned are operational benefits. Each respondent mentioned one such benefit: delivery reliability, also known as continuous supply. Even suppliers who did not assign preferred customer statuses ensure delivery reliability to a select few when supplies are limited. Supplier 1 ensures delivery reliability to their top10 customer, while Supplier 3 chooses to give priority to customers with the highest urgency. Other operational benefits mentioned are giving solutions to problems (B2, S1 and S2), customized services according to the customer’s wishes (S4), and delivery flexibility (B1 and S1).

Curiously, financial benefits were barely mentioned. The only respondent who brought it up was B1. They mentioned that Company X benefited from benevolent pricing and cost reductions. However, B1 did note that nobody can ever be sure of such benefits, as the buyer who receives such benefits relies on the information the supplier gives. Even if suppliers say they are reducing the price or giving a good price, it is not easy to check whether that is the case. Another benefit category, which barely came up, is production benefits. One benefit from this category was mentioned by S4, which is giving priority access to preferred customers towards new business opportunities.

Lastly, a few relational benefits were named. One such benefit is the allocation of an account manager to Company X, mentioned by B1. The allocation of the on-site account manager was also, according to B1, a key indicator of whether a supplier saw Company X as an important customer or not. If Company X were not seen as an important customer, Company X would most likely deal with an agent or the sales team of its supplier rather than having an account manager allocated to them. S4 noted another benefit and mentioned that Supplier 4 provides more information about new product development and overall market segment intelligence to their preferred customer. S1 mentioned a third relational benefit: Supplier 1 would visit their top 10 customers or vice versa, to discuss certain topics or issues. Although Supplier 1 does not assign different customer statuses, S1 mentioned that they could not simply send an email to their top 10 customers like with other customers, as the top 10 are too important within Supplier 1. S1 did note, though, that other customers could also request visits if they deem it necessary. Finally, S4 said that Supplier 4’s top management would be involved with preferred customers.

In table 7, the benefits mentioned by the respondents are listed. The benefits are put in 4 different categories, which are financial, operational, production and relational benefits. See Appendix C for the extended list of benefits, where benefits found in the literature review and qualitative case study have been combined. In the next section, the answers in relation to sustainability will be discussed, starting with how respondents define sustainability, and its importance to their firms.

Table 6: Supplier Satisfaction Dimensions and Antecedents of Preferred Customer Status

SUPPLIER SATISFACTION	RESPONDENT					
	B1	B2	S1	S2	S3	S4
Business-related Dimensions						
Money	X	X		X		X
Compliance to Agreements		X	X	X	X	
Business Continuity/Opportunities	X			X	X	X
Forecasting/Planning			X			
Fair Trade					X	
Communication-related Dimensions						
Communication	X	X	X	X	X	X
Openness & Trust	X	X	X		X	X
Company Values					X	
PREFERRED CUSTOMER STATUS	RESPONDENT					
	B1	B2	S1	S2	S3	S4
Economic						
Purchase Volumes		X				
Profitability				X		X
Share of Sales	X	X				
Further Business Opportunities				X		X
Growth Potential				X		X
Financial Attractiveness						X
Return on Investment				X		
Non-Economic						
Reliability				X		
Supplier Satisfaction				X		X

Antecedent = new antecedent introduced in this study by a respondent

Table 7: Benefits mentioned in the Interviews

BENEFITS	RESPONDENT					
	B1	B2	S1	S2	S3	S4
Financial Benefits						
Benevolent Pricing	X					
Cost Reduction	X					
Operational Benefits						
Introducing Solutions to Problems		X	X	X		
Customized Products or Services according to Customer’s Wishes						X
Delivery Flexibility	X		X			
Delivery Reliability (Continuity)	X	X	X	X	X	X
Production Benefits						
Supplier offers Prioritized Access to Innovation / Business Opportunity						X
Relational Benefits						
Allocation of Personnel	X					
Increased Interaction / Information sharing						X
Location Visits			X			
Top Management Involvement						X

Benefit = new benefit introduced in this study by a respondent

4.2.4 Preferred Customer Status and Sustainable Supply Chain Collaborations between Buyer and Supplier

4.2.4.1 Defining Sustainability, and its Importance

On the one hand, according to B1, Company X is working with some suppliers to make its supply chains more sustainable. Sometimes, incentives to make supply chains more sustainable come from the buying firm themselves, other times from its supplying firms, but it could also come from the government. For this reason, Company X may not have to approach its suppliers on specific sustainability issues, as regulations may require Suppliers to change. On the other hand, B2 mentioned that Company X barely did anything to make its supply chains more sustainable. B2 reasoned that this was because Company X has a mother company in the USA, which does not care much about sustainability. Both B1 and B2 did agree that Company X had other priorities to focus on. Also, both B1 and B2 mostly associated sustainability with environmental sustainability, and B1 mentioned that Company X was making some efforts to reduce waste and avoid toxins from being released into the environment.

Out of Company X's four suppliers interviewed, three suppliers are already working on sustainability: Suppliers 1, 3 and 4. However, Supplier 4 is currently working on sustainability with its local suppliers and has not done much with their customers. Supplier 1 and 3 have worked with their customers on becoming more sustainable, by using retour packaging, different materials with less waste and by looking for different processes to reduce carbon emissions. Supplier 2 is still at the very beginning stage, having not yet defined any sustainability goals or objectives they wish to achieve in the next few years. When asked how S1 would define sustainability, they primarily associated it with environmental sustainability and sustaining relationships. Although Supplier 2 is still at the very first stage, S2 associated sustainability with waste management and treating partners the way they themselves would like to be treated. S3 noted that using common sense goes above everything else when it comes to sustainability: use no more than necessary. Supplier 4 cares about the environment and the community. It sees sustainability at two levels. The first level is at the corporate level, referring to how Supplier 4 plans to reduce its carbon emissions. The second level is an action plan at the product level. This refers to how Supplier 4 plans to reduce a product's and assembly processes' impact on the environment.

In short, Suppliers 1, 3 and 4 are already trying to reduce their waste and carbon emissions, while Supplier 2 is not emersed in it yet. B1 mentioned that Company X has already started working with some suppliers on sustainability, while B2 noted he barely noticed anything in that regard. Both B1 and B2 did agree that sustainability was not a priority for the company. All respondents associated sustainability with environmental sustainability; S1, S2 and S4 also associated sustainability with the well-being of others and taking care of relationships; and B2 was the only one who considered money in sustainability efforts: it should not create losses.

4.2.4.2 Influencing factors in Sustainable Supply Chain Collaborations

B1 stated that to successfully collaborate with a supplier in making supply chains more sustainable, having a good relationship with its supplier would help. B2 agreed with this, but added that it would only be helpful if the initiative produced more or an equal amount of money. Likewise, S3 also thought that the type of relationship a supplier has with a customer matters when deciding whether to collaborate on sustainability initiatives with their buyer or not. They did note that their approach differs from

customers who often purchase from Supplier 3 to customers who purchase less often. S3 doubted it would be useful to work on such initiatives with one-time customers or customers who barely purchase from Supplier 3. On the contrary, the type of relationship Suppliers 1 or 4 have with a customer does not matter when discussing sustainability initiatives. It is a challenge Suppliers 1 and 4 are willing to take. S1 added that if a customer introduced an idea that was more sustainable and viable for the company, Supplier 1 would gladly work together on it. Supplier 1 would even see if they could include their other customers in the initiative.

B1 did mention that whether a supplier or buyer was sustainable does not impact the relationship. Similarly, as of now, a potential customer being or actively trying to be more sustainable does not impact Suppliers 1, 2, 3 and 4's decision on whether to take in a customer or continue working with them (yet). Neither does a (potential) customer's stage of sustainability. Other factors need to be taken into account. However, S4 did mention that it could become a factor of consideration in the future.

Crucial factors, which could influence sustainability collaborations, according to B1, are having the buying power, supplier's interest, and an aligned focus in goals and visions. It would be difficult to ask from a supplier to work on sustainability initiatives if the supplier does not see Company X as an important customer or when the supplier's interest is missing. An aligned focus in sustainability goals and visions is also important, as it would mean that higher-ups from both the buying firm and the supplier would be backing up the initiatives. The purchasing department of a firm or the marketing and sales team of a supplier do not have much power in this. If there is an aligned focus, it will facilitate the collaboration in sustainability. Supporting this, B2 mentioned that Company X's organisational structure and lack of higher-up support make it difficult for Company X to manage its supply chains more sustainably. S3 also mentioned having an aligned focus is important: they would rather work with a customer who had the same interests as them.

Supplier 2 does not have any goals or objectives concerning sustainability, which they wish to achieve in the next few years. Still, S2 did hint that if Supplier 2 decided to invest more in becoming more sustainable, they would first have to work with their own suppliers rather than their buyers. Likewise, Supplier 4 is currently working with its local suppliers before they work on sustainability initiatives with their buyers. Furthermore, S2 stated that taking up sustainability is a full stakeholder approach, in which many aspects must be considered.

Factors which contribute to the success of sustainable supply chain collaborations between a buyer and supplier according to the case study, are shown in table 8. See Appendix D for the extended table. Supplier involvement in turning a firm's supply chains more sustainable was confirmed to be important by S2 and S4. Factors mentioned during the interviews, which increase the success rate of sustainability collaborations between a buyer and supplier, are having a good relationship, strategic alignment and focus, buying power, the type of organisation structure, and higher-ups support. S1 and S4 noted that the type of relationship or customer status does not matter in deciding whether to collaborate in sustainability efforts, as they are willing to take up the challenge with their customer regardless of status. Additionally, if the sustainability initiative turns out to be successful, it can either be used for other customers or as a marketing attribute for the supplying firm. Contrarily, B1, B2 and S3 did think the type of relationship mattered. However, the stage of a firm's expedition towards sustainability has not become a factor to take into account when deciding whether to take in a customer or (dis)continue a relationship, according to most respondents. Nevertheless, as S4 stated, this could become

a criterium in the future. Lastly, the decision on whether to work on sustainability is a full stakeholder approach. Many aspects need to be taken into account before engaging in such an effort.

Now that all relevant subjects and factors have been discussed and analysed, the findings need to be laid side by side with the propositions made in chapter 2.3. This will be done in the next section. Based on the results, changes will be made to research model introduced back in chapter 2.3.

Table 8: Influencing factors in Sustainable Supply Chain Collaborations based on the Interviews.

INFLUENCING FACTORS	RESPONDENT					
	B1	B2	S1	S2	S3	S4
A good buyer-supplier relationship	X	X			X	
Aligned Focus (strategic fit, higher-up's support)	X	X			X	
Organizational structure		X				
Other stakeholders				X		
Power (buying power)	X					

Factor = new factor introduced in this study by a respondent

4.2.5 Findings Related to Propositions

To further answer the research question made in chapter 1, the current knowledge of the antecedents of the preferred customer status can be extended with the knowledge gained from the case study about whether a customer status has an impact on the success rate of sustainability collaborations between a buyer and supplier. In section 2.3, propositions were made about how preferred customer status may positively impact the success rate of sustainable supply chain collaborations.

Propositions 1a, b and c were about how a close buyer-supplier relationship, non-contractual factors, and stakeholder importance positively influence the success rate of sustainable supply chain collaborations. Based on the interviews, factors that could increase the success rate of sustainability initiatives are: having a good relationship, strategic alignment and focus, buying power, the type of organization structure, higher-ups support, and suppliers' involvement. Moreover, it was mentioned that the decision on whether to work on sustainability is a full stakeholder approach. There are many aspects that need to be taken into account before engaging in such an effort with customers. These factors seem to confirm propositions 1a, 1b and 1c.

Proposition 2a mentioned that a close relationship may or may not lead to preferred customer status, while 2b speculated that even without preferred customer status, buyers can still successively collaborate their suppliers on sustainability. All suppliers interviewed found Company X an attractive customer, and most were also satisfied with the exchange relationship. Out of the four suppliers interviewed, only two suppliers assign different customer statuses to their customers. The other two do not, as they see the concept of preferred customer status as something negative. Thus, a close buyer-supplier relationship could lead to preferred customer status, but not necessarily. Despite not assigning different customer statuses, the two suppliers do work with their customers on sustainability initiatives. Therefore, having preferred customer status is not necessary to succeed in a sustainable supply chain collaboration. Hence, it appears propositions 2a and 2b are also confirmed.

Lastly, propositions 3a and 3b theorized that preferred customer status indirectly positively impacts sustainability collaborations' success rate, by positively influencing non-contractual factors and stakeholder importance. Only three of the four suppliers interviewed are currently working on sustainability. S1 and S3

are already working with customers, while S4 is currently working with their own local suppliers. According to B1, Company X is also working on sustainability, although it is currently not Company X's primary concern. On the contrary, B2 does not really notice much of these sustainability efforts. S3, B1 and B2 thought that the type of relationship between a buyer and supplier matters when working on sustainability initiatives. Supplier 3 would be hesitant to collaborate on sustainability efforts with a customer who rarely purchases from Supplier 3. Suppliers 1 and 4, on the other hand, would not turn down a challenge if they were confronted by it. If the idea is interesting and viable, they would be willing to take it on. It is important to note, though, that Suppliers 1 and 3 do not assign different customer statuses. Based on the interviews, no clear connection between preferred customer status and non-contractual factors or stakeholder importance could be discovered. However, the absence of such a connection can also not be confirmed. Hence, no conclusion can be drawn about propositions 3a or 3b.

Based on the interviews, some of the propositions can be confirmed, while no conclusion can be drawn yet for other propositions. Figure 4 shows the changes to the research model. In chapter 5, findings from the case study will be discussed in relation to existing literature, and contributions and limitations of the research will be brought forward.

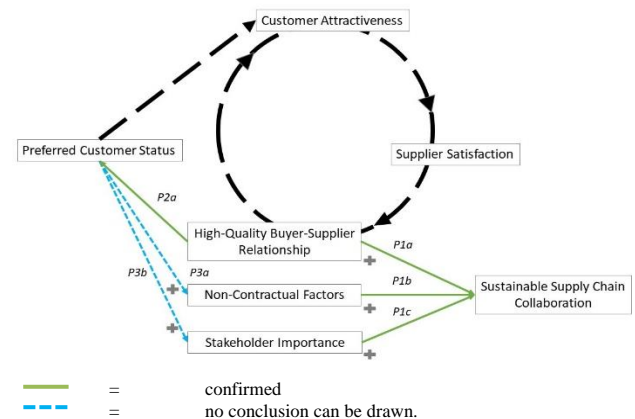


Figure 4: Results regarding Propositions

5. DISCUSSIONS ON THE FINDINGS

5.1 Preferred Customer Status with Strategic Suppliers

5.1.1 Factors contributing to Supplier Satisfaction

The aim of this research is to empirically examine and enhance the existing literature on the antecedents of supplier satisfaction and preferred customer status, and the benefits associated with being a preferred customer. Additionally, this paper aimed to discover whether preferred customer status positively impacts the likelihood of success of sustainable supply chain collaborations. This chapter first discusses the findings regarding the antecedents and benefits. Afterwards, the findings related to the propositions will be discussed.

Based on the findings from the case study, most of the dimensions of supplier satisfaction identified by Maunu (2003, pp. 95-97) were shown to be still relevant according to the respondents. Except for the dimension of early supplier involvement, all other dimensions were mentioned by at least one respondent. Out of the two categories, business-related and communication-related dimensions, the latter seems to be more valued by the interviewees. From all the antecedents of supplier satisfaction mentioned during the interviews, the most often reported factor is communication.

Aside from the several supplier satisfaction dimensions which were confirmed, one supplier mentioned an antecedent of supplier satisfaction which Maunu (2003) did not include in her dimensions. This antecedent is “fair trade”. The supplier who named this antecedent, meant that they wanted to receive an equal amount to what they delivered their buyer. Moreover, if this supplier came up with solutions to its buyer’s problems, they also expected their buyer to help solve the supplier’s issues if they had any. Although this antecedent was not found in the nine supplier satisfaction dimensions, it would not be strange to think that most suppliers expects this. No supplier would want to invest a lot in a buyer who underpays them in return.

To achieve supplier satisfaction, a company may try adapting to the needs and wishes of its supplier in a better way than its competitors (Eringa, 2016, p. 177). Most of the respondents valued different dimensions of supplier satisfaction. A buying firm’s activities may cause satisfaction in one dimension at the cost of another (Geyskens & Steenkamp, 2000, pp. 11-12). Thus, a buying firm should be aware of the factors which their key suppliers value, so they can focus on the correct antecedents while managing the relationship.

5.1.2 Antecedents of Preferred Customer Status

In chapter 2, antecedents of preferred customer status identified were: large purchase volumes, share of sales, further business opportunities, growth potential, financial attractiveness, reliability, purchasing’s maturity, customer attractiveness and supplier satisfaction. From these antecedents found in the literature review, share of sales, further business opportunities, growth potential, financial attractiveness, reliability and supplier satisfaction were confirmed in the case study. From these four antecedents found during the interviews, revenue and turnover, which are related to share of sales, were terms often mentioned in connection to becoming a preferred customer.

Although one supplier identified at least five of the antecedents found in the case study, they did mention that even if a company’s turnover is small, if there is a lot of potential, they might still assign preferred customer status to the customer. As Bemelmans et al. (2015, p. 193) mentioned, not all antecedents have to be thus present for a buying firm to become a preferred customer. At the same time, even if a firm has all antecedents of preferred customer status, it is no guarantee it will be granted the status (Bemelmans et al., 2015, p. 193). Based on the interviews, some suppliers view preferred customer statuses negatively. They view a customer as king, but that king has to share the throne with many other kings. One additional antecedent was found, which was not discussed in the literature review: return on investment (ROI). Although profitability is important, ROI tells more in regard to how much benefit a supplier gains in relation to their investment. Therefore, it is not surprising for respondents to view ROI as an antecedent of preferred customer status.

Curiously, most of the antecedents identified in the interviews are very similar to some of the business-related dimensions of supplier satisfaction. This could suggest that although more value is placed on communication-related dimensions when it comes to supplier satisfaction, more emphasis is placed on business-related dimensions, or economic antecedents, when becoming a preferred customer. However, results are limited, as two of the four suppliers do not assign preferred customer statuses to their customers. Therefore, many antecedents other suppliers, who do assign customer statuses, could consider essential may have been left unexplored.

5.1.3 Benefits of having Preferred Customer Status

In chapter 2, 14 benefits of being a preferred customer have been identified. These benefits were divided into four categories: financial benefits, operational benefits, production benefits, and

relational benefits. Out of these four categories, the benefits the respondents mentioned belonged mainly to the category of operational benefits. Eight of the 14 benefits identified in chapter 2 from the literature review were confirmed during the interview. Among these eight benefits, delivery reliability (continuous supply) (Eringa, 2016, p. 184; Nollet et al., 2012, p. 1187; Pulles, 2019, p. 2) was often mentioned as all respondents mentioned it at least once during their interview. Even the suppliers who do not assign customer statuses give this benefit to a select few if supplies are scarce. In addition to the eight benefits found in the case study, which are also supported by literature, four new benefits were found from the case study alone. These four additional benefits suppliers offer are: Introducing solutions to problems, delivery flexibility, locational visits, and top management’s involvement. From these four newly identified benefits, introducing solutions to problems was mentioned most often. However, one supplier who also mentioned this benefit noted that they offer this possibility to every customer.

Not all benefits, which were found in the literature review, were thus confirmed by the case study. However, this does not mean that these benefits are not given by other suppliers to their preferred customer. The sample of the case study was small, and respondents may have left out certain benefits unintentionally.

5.2 Interaction between being Preferred Customer and Sustainability Collaborations with Key Suppliers

Before questions were asked about the interaction between Customer Status and Sustainable Supply Chain Collaborations, the respondents were asked to define sustainability and its importance to their firms. All respondents associated sustainability with environmental sustainability, some also associated sustainability with the well-being of others, and one respondent also considered money in sustainability efforts. These perspectives support that nowadays, sustainability increasingly refers to the combination of three principles, which are environmental integrity, social equity, and economic prosperity (Carter & Rogers, 2008, p. 361; Houé & Duchamp, 2021, p. 569; Jacobs et al., 2020, p. 4).

One of the respondents from a supplying firm stated that if their company did decide to immerse themselves in the topic of sustainability, they would have to involve their own suppliers before working on it with their customers. Similarly, another supplier has not collaborated much with their customer on sustainability, but is currently working with their own local suppliers. This confirms that a buying firm’s role in improving its suppliers’ sustainability performance is vital in trying to become more sustainable itself (Ahmed & Shafiq, 2022, p. 280).

The three factors, stakeholder importance, having a close, high-quality buyer-supplier relationship, and non-contractual factors, appear to positively relate to sustainable supply chain collaborations. For a supplier to decide to improve its sustainability performance so that a buyer can develop sustainable supply chains is a full stakeholder approach. A supplier has to deal with various and sometimes contradicting demands from its stakeholders. Therefore, stakeholders can be both drivers and barriers to a firm’s sustainability goals (Gelderman et al., 2021, p. 2). Having a close, high-quality buyer-supplier relationship can also be helpful in the pursuit of sustainability. A supplier can be hesitant to work with a buyer if there are barely any interactions between them. A close and high-quality buyer-supplier relationship helps to increase communication, knowledge sharing and trust, which in turn has a significant effect on the sustainability of a supply chain (Mallet et al., 2022, p. 13; Ye et al., 2021, p. 3). According to Nassar et al. (2020, p. 471), communication, information sharing,

commitment, knowledge management and partnership development are also significant for socially responsible supply chains. Lastly, non-contractual factors, such as aligned focus and strategies, are also important to gain synergies in sustainability initiatives. To have aligned focus and strategies, higher-ups from both buying and supplying firms must support the initiatives. If an aligned focus exists, buyers and suppliers can be expected to have a shared understanding of what contributes to the improvement and how to accomplish it. Such sharing of knowledge and resources is expected to decrease if the buyer firm and their supplier are focusing on completely different sub-dimensions of sustainability (Ahmed & Shafiq, 2022, p. 285)

Although a close, high-quality buyer-supplier relationship may lead to a buying firm obtaining preferred customer status, it is not guaranteed, even if a firm has all antecedents of preferred customer status (Bemelmans et al., 2015, p. 193). A supplier may refuse to grant such statuses for several reasons. One such reason found in the case study is that preferred customer status is seen as something harmful from the supplier's point of view. Yet, even without having preferred customers, it did not stop these suppliers from working with their customers on sustainability efforts, such as using return packaging and using different materials with less waste. One of the respondents even mentioned that if a small customer approached them with a great sustainability initiative, they would try to involve their other customers in the idea as well. If the initiative is successful, it can also be used as a marketing tool to attract other customers. Therefore, it is not necessary to be a preferred customer to succeed in sustainable supply chain collaborations with suppliers. However, based on the case studies, it is not clear if preferred customer status indirectly increases the success rate of such collaborations by positively impacting stakeholder importance or non-contractual factors. Future research is needed to confirm if there is indeed an interaction or not.

Now that all the findings from the case study have been discussed, the contributions, limitations and suggestions for future research will be explored in the next chapter.

6. CONTRIBUTIONS, LIMITATIONS, AND FUTURE RESEARCH

6.1 Theoretical contributions

The findings of this research provided some practical insights for purchasing managers, as well as some contributions to existing literature. First, the theoretical contributions will be reviewed. Many antecedents, benefits and factors found in the literature review were confirmed by the case study, and some novel antecedents, benefits and factors have been identified. In the case study, the four suppliers of Company X valued different factors, which would lead to satisfaction. This is in line with what Geyskens and Steenkamp (2000, pp. 11-12) and Hüttinger et al. (2014, p. 712) found: to satisfy a buying firm's suppliers, purchase managers must take different approaches for different suppliers, as one supplier may value other dimensions of supplier satisfaction than other suppliers. Additionally, the case study showed that, although the dimensions of supplier satisfaction were defined almost two decades ago (Maunu, 2003), they are still relevant. Many of the dimensions were confirmed by several respondents.

Based on the case studies, supplier satisfaction seems more dependent on communication-related factors. However, when trying to obtain or retain a preferred customer status, much emphasis seems to be placed on business-related factors, or economic antecedents, by both purchasers and suppliers alike. Such economic antecedents include large purchase volumes, share of sales, future business opportunities/continuity, the potential growth of a business, and financial attractiveness. This

finding is in line with what Piechota et al. (2021, p. 11) found in their research. Therefore, purchasers should be aware that suppliers may put more emphasis on economic antecedents rather than social ones when awarding preferred customer status.

Additionally, even if a buying firm possesses all antecedents of preferred customer status, the status is not guaranteed to be given. There can be several reasons for this, such as the supplier not being qualified or willing to assign such a status (Bemelmans et al., 2015, p. 193; Schiele, 2012, pp. 47-48), or the availability of other relationships (Piechota et al., 2021, p. 11). Also, the potentially high investment costs is making it difficult for firms to achieve the status (Nollet et al., 2012, p. 1192). Based on the case study, two suppliers did not assign preferred customer status because they were not willing to, confirming the findings from Bemelmans et al. (2015, p. 193) and Schiele (2012, pp. 47-48). As trying to achieve preferred customer status could require a lot of investments, purchasing managers have to choose on which key suppliers to focus on when trying to achieve such a status. There are barriers to achieving preferred customer status, and some suppliers may never grant such a status.

Lastly, the research indicated that being a preferred customer is not necessary for achieving successful sustainable supply chain collaborations. Half of the respondents from supplying firms interviewed do not assign customer statuses. Yet, both suppliers are working on sustainability with their customers. Stakeholder importance (Ahmed & Shafiq, 2022, pp. 282-283; Thijssens et al., 2015, pp. 875-877), having a close, high-quality buyer-supplier relationship (Mallet et al., 2022, p. 13; Nassar et al., 2020, p. 471; Ye et al., 2021, p. 3), and non-contractual factors (Ahmed & Shafiq, 2022, pp. 285, 292-294; De Haan-Hoek et al., 2020, p. 5; Gualandris et al., 2015, p. 2) were confirmed to influence the success rate of such collaborations. In the next section, some practical insights will be given to Company X.

6.2 Practical Contributions

Based on the case study, although Company X can be a challenging customer at times, it is still considered attractive by all of its suppliers who were interviewed. Moreover, at least one of its suppliers views Company X as a preferred customer. All of the suppliers were satisfied with the personal relationship they have with Company X. However, one supplier noted that the firm did not always fulfil its promises. This issue could possibly lead to supplier dissatisfaction if left alone. Based on the interviews with one of the lead buyers from Company X, the issue may be caused by a misalignment in views between Company X and its mother company. However, it is difficult to solve such a misalignment in views and strategies. Nevertheless, being aware of the problem and acknowledging it, is a step forward.

Factors which influence satisfaction of Company X's suppliers are presented in this study, as well as the antecedents of the preferred customer status. Company X and its purchasers can use this information to ensure that these factors are fulfilled and improved to continuously enhance its relationship with its suppliers. As previously stated, when it comes to supplier satisfaction, respondents seem to value communication-related dimensions more, especially the dimension communication itself. On the other hand, more emphasis is put on economic antecedents by both buyers and suppliers when it came to preferred customer status. However, not all suppliers may value the same antecedents of supplier satisfaction or preferred customer status. If preferred customer status is a goal which Company X wishes to achieve with a certain supplier, it would be helpful to be aware which antecedents the supplier values, and how much weight the supplier attaches to it.

Additionally, the study has shown that supplier involvement is crucial when it comes to making supply chains more sustainable.

However, sustainability is not a main priority of Company X at the moment. Nevertheless, if Company X does decide to immerse itself more into sustainability, factors such as stakeholder importance (from its supplier's perspective), its relationship with its supplier, and non-contractual factors should be taken into account when approaching a supplier. Company X should approach a capable supplier who focuses on the same sustainability objectives to achieve synergies, as well as a supplier they can trust. Trust is the basis of relational governance, which in turn is crucial when incorporating sustainability in supply chains. Furthermore, trust facilitates maintaining a successful, long-term, responsible, and ethical relationship, and is an important antecedent of supplier satisfaction.

6.3 Limitations and Future Research

Even though the study comes with its contributions, it also has its limitations. The findings in this study represent only a small sample size. Four representatives of four different supplying firms from Western Europe and two purchasers from one Dutch company were interviewed. Furthermore, out of the four suppliers interviewed, only two assigned different customer statuses. Therefore, the outcomes are not generalisable for all purchasing and supplying firms (Boddy, 2016, p. 430; Rahman, 2016, p. 105). Moreover, sustainability was not a topic each firm was putting a lot of focus on. To address this issue and to be able to draw more generalisable conclusions, a larger sample size should be utilised in future research. This sample should consist of purchasers and suppliers from various companies, countries and industries. Another limitation of this study is that respondents may not have been able to fully answer each question. Therefore, some antecedents, benefits, or factors related to this study's topic may have been left out unintentionally.

In regard to future research, considering a company's organisational structure may also be relevant. Based on the case study, it turned out that Company X being a daughter company, limited them in some ways. Their mother company is very short-term focused, while Company X tries to focus more on the gains in the long run. Decisions made by the mother company would overrule the decisions and promises made by Company X, which results in Company X not always being able to deliver on what they have promised to their suppliers. Consequently, this could hurt the relationship it has with its suppliers. Additionally, one

supplier noted that decision-making sometimes took quite long, which could also be a consequence of Company X's organisational structure. In this paper, little attention was paid to an organisation's structure on whether it may facilitate or hinder gaining supplier satisfaction.

Finally, not much literature could be found on a firm's sustainability's impact on a buyer-supplier relationship or preferred customer status. However, it was implied in some interviews that it may become a criterium somewhere in the future. For future research, it may thus be interesting to explore whether sustainability can be an antecedent to supplier satisfaction, or even to preferred customer status.

7. CONCLUSION

To conclude, the goal of this study was to empirically examine and enhance the existing literature on the antecedents of supplier satisfaction and preferred customer status, as well as the associated benefits. Moreover, the paper aimed to identify how having a specific customer status with key suppliers impacts the success in collaborating to make supply chains more sustainable. By conducting six interviews with four suppliers and two purchasers from Company X, some of the antecedents mentioned in the literature have been confirmed, and some new antecedents have been identified. Many benefits associated with being a preferred customer have also been established, and new benefits have been discovered. Furthermore, some propositions regarding the impact of preferred customer status on sustainable supply chain collaborations have been confirmed. In contrast, other propositions will require future research to conclude whether they can be confirmed or not. Having a close, high-quality buyer-supplier relationship will help in the pursuit of making supply chains more sustainable. However, it is not clear whether having preferred customer status will increase the success rate further.

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10. APPENDICES

10.1 Appendix A: Interview Questionnaires

10.1.1 Questionnaire for Purchasers

10.1.1.1 Classification

1. Do you classify the relationship you have with suppliers? If so, how?
2. Do you have indications that the suppliers are doing the same with you?
3. 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?
4. Whom do you have a preferred customer status with? (if not, go to question 7)

10.1.1.2 Benefits

5. Do you notice shorter lead times, influences on the purchasing prices, better access to innovative capabilities and shared development projects? (explore in order to write a mini-case)
6. Which other benefits do you notice from having a preferred customer status? (pyramid)
7. Which benefits do think you can receive from having a preferred customer status? (pyramid)

10.1.1.3 Antecedents

8. 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?
9. Do you consider your company an attractive customer to suppliers? What are the factors that are influencing this attractiveness?
10. 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?
11. Are there measures that are planned to be undertaken to become a preferred customer of other suppliers?

10.1.1.4 Sustainability

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

10.1.2 Questionnaire for Suppliers

10.1.2.1 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?

10.1.2.2 Benefits

4. How do the status types influence your behaviour 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.)

10.1.2.3 Antecedents

6. Do you consider Company-X an attractive customer? What factors are affecting this perceived 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 doing 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 behaviour they must show?
10. What do customers generally do to achieve preferred customer status? Does this differ from the behaviour you would like them to show?

10.1.2.4 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?
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 in order to reach your sustainability goals?
15. Are your buyer's sustainability efforts an important factor for achieving preferred customer status?

10.2 Appendix B: Extended list of Antecedents of Supplier Satisfaction and Preferred Customer Status

Table 9: Antecedents of Supplier Satisfaction and Preferred Customer Status based on Literature Review and Case Studies.

SUPPLIER SATISFACTION	RELATED FACTORS	SOURCES	RESPONDENT					
			B1	B2	S1	S2	S3	S4
Business-related Dimensions								
Money	Profitability, Revenue, ROI, Share of Sales	Geyskens et al. (1999, p. 224); Hudnurkar and Ambekar (2019, p. 1477); Maunu (2003, pp. 95-97); Vos et al. (2016, p. 4621); Weller et al. (2021, p. 7)	X	X		X		X
Compliance to Agreements	Commitment	Maunu (2003, pp. 95-97); Nyaga et al. (2010, p. 111); Wong (2000, p. 431)		X	X	X	X	
Early Supplier Involvement	Quality, Innovation	Essig and Amann (2009, p. 105); Maunu (2003, pp. 95-97)						
Business Continuity/ Opportunities	Long-term Relationship	Maunu (2003, pp. 95-97); Vos et al. (2016, p. 4621)	X			X	X	X
Forecasting/Planning	Flexibility, Time	Maunu (2003, pp. 95-97); Schiele (2020, p. 137)			X			
Fair Trade							X	
Communication-related Dimensions								
Communication	Roles & Responsibilities, Feedback, Exchange of Information, and Conflict Management	Essig and Amann (2009, p. 107); Hudnurkar and Ambekar (2019, p. 1477); Maunu (2003, pp. 95-97); Weller et al. (2021, p. 7); Whipple et al. (2002, pp. 75-77)	X	X	X	X	X	X
Openness & Trust	Trust	Maunu (2003, pp. 95-97); Nyaga et al. (2010, p. 111); Weller et al. (2021, p. 6)	X	X	X		X	X
Company Values	Customer satisfaction, Respect for Individual, Achievement, and Continuous learning	Geyskens et al. (1999, p. 224); Hudnurkar and Ambekar (2019, p. 1477); Maunu (2003, pp. 95-97)					X	
PREFERRED CUSTOMER STATUS		SOURCE	RESPONDENT					
Economic			B1	B2	S1	S2	S3	S4
Large Purchase Volumes		Hüttinger et al. (2014, p. 699)		X				
Profitability		Bew (2007, p. 3); Moody (1992, p. 52)				X		X
Share of Sales		Ellis et al. (2012, p. 1264); Hüttinger et al. (2014, p. 699)	X	X				
Further Business Opportunities		Hüttinger et al. (2014, p. 712)				X		X
Growth Potential		Hüttinger et al. (2014, p. 712)				X		X
Financial Attractiveness		Baxter (2012, p. 1255)						X
Return on Investment						X		
Non-Economic								
Reliability		Ellis et al. (2012, p. 1264); Hüttinger et al. (2014, p. 712)				X		
Goal Alignment		Patrucco et al. (2020, pp. 8-9)						
Supplier Involvement		Ellis et al. (2012, p. 1264); Moody (1992, p. 52)						
Purchasing's Maturity		Bemelmans et al. (2015, p. 194)						
Customer Attractiveness		Hüttinger et al. (2014, p. 698); Hüttinger et al. (2012, p. 1194); Pulles, Schiele, et al. (2016, p. 9)						
Supplier Satisfaction		Baxter (2012, p. 1255); Hüttinger et al. (2014, p. 698); Hüttinger et al. (2012, p. 1194); Pulles, Schiele, et al. (2016, p. 9); Vos et al. (2016, p. 4621)				X		X

Antecedent = new antecedent introduced in this study by a respondent

Antecedent = antecedent is not supported in case study

10.3 Appendix C: Extended list of Benefits of having Preferred Customer Status

Table 10: Benefits of having Preferred Customer Status based on Literature Review and Case Studies

BENEFITS	SOURCE	RESPONDENT					
		B1	B2	S1	S2	S3	S4
Financial Benefits							
Cost Reduction	Bemelmans et al. (2015, p. 183); Nollet et al. (2012, p. 1187)	X					
Benevolent Pricing	Nollet et al. (2012, p. 1187); Pellegrino et al. (2020, p. 961)	X					
Supplier is more open to further price negotiations	Nollet et al. (2012, p. 1187)						
Operational Benefits							
Better Forecast Reliability	Eringa (2016, p. 184)						
Better Scheduling Options	Eringa (2016, p. 184)						
Delivery Flexibility		X		X			
Delivery Reliability (Continuity)	Eringa (2016, p. 184); Nollet et al. (2012, p. 1187); Pulles (2019, p. 2)	X	X	X	X	X	X
Introducing Solutions to Problems			X	X	X		
Production Benefits							
Supplier offers Prioritized Access to Innovation/ New Business Opportunity to Customer	Bemelmans et al. (2015, p. 193); Eringa (2016, p. 184); Pellegrino et al. (2020, p. 961); Schiele, Calvi, et al. (2012, p. 1178)						X
Joint Innovation Development	Hüttinger et al. (2014, p. 704)						
Supplier offers Materials of Better Quality	Eringa (2016, p. 184); Schiele, Calvi, et al. (2012, p. 1183)						
Supplier delivers Consistent Quality	Bew (2007, p. 1); Nollet et al. (2012, p. 1187)						
Customized Products according to Customer's wishes	Nollet et al. (2012, p. 1187); Schiele, Calvi, et al. (2012, p. 1178)						X
Relational Benefits							
Allocation of Best Personnel	Schiele, Calvi, et al. (2012, p. 1178)	X					
Increased Interaction	Bemelmans et al. (2015, p. 183)						X
Commitment and Loyalty	Eringa (2016, p. 184); Pulles (2019, p. 2)						
Locational Visits				X			
Top Management Involvement							X

Benefit = new benefit introduced in this study by a respondent

Benefit = benefit is not supported in case study

10.4 Appendix D: Extended List of Factors which influence Success Rate of Sustainable Supply Chain Collaboration

Table 11: Factors Positively Influencing Success of Sustainability Collaboration Efforts between a Buyer and Supplier based on Literature Review and Case Studies.

FACTORS	SOURCE	RESPONDENT					
		B1	B2	S1	S2	S3	S4
Stakeholder Importance							
Legitimacy	Ahmed and Shafiq (2022, pp. 282-283); Thijssens et al. (2015, pp. 875-877)						
Power (market power, buying power)	Ahmed and Shafiq (2022, pp. 282-283); Thijssens et al. (2015, pp. 875-877)	X					
Other Stakeholders					X		
Close High-Quality Buyer-Supplier Relationship		X	X			X	
Communication	Mallet et al. (2022, p. 13); Ye et al. (2021, p. 3)						
Knowledge Sharing	Mallet et al. (2022, p. 13); Ye et al. (2021, p. 3)						
Trust	Mallet et al. (2022, p. 13); Nassar et al. (2020, p. 471); Ye et al. (2021, p. 3)						
Openness/Transparency	Nassar et al. (2020, p. 471)						
Honesty	Nassar et al. (2020, p. 471)						
Commitment	Nassar et al. (2020, p. 471)						
Partnership Development	Nassar et al. (2020, p. 471)						
Non-Contractual Factors							
Aligned focus on sustainability goals (strategic fit, higher-up's support)	Ahmed and Shafiq (2022, pp. 285, 292-294); Gualandris et al. (2015, p. 2)	X	X			X	
Relational Governance	De Haan-Hoek et al. (2020, p. 5)						
Organizational Structure			X				

Factor = new factor introduced in this study by a respondent

Factor = factor is not supported in case study