

Environmental sustainability and its relationship with preferred customer status in the international fruit and vegetable industry

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ABSTRACT,

This research focuses on the interaction between preferred customer status and environmental sustainability using eleven different viewpoints split up into two main samples. Data for this study was retrieved from eleven different companies, using the qualitative data collection method of questionnaires and summarising data analysis. During this study, benefits of preferred customers were identified as well as antecedents for supplier satisfaction. Some of which can be applied to the general supplier-buyer relationship while others were more market and product-related. The importance of environmental sustainability was recognised by all participants and the majority were willing to collaborate with their partners to achieve common goals. Environmental sustainability was not yet identified as a major reason for the award of preferred customer status but plays an important role in existing supplier-buyer relationships and therefore can have a positive impact on this relationship. Due to the research sample this study is limited to the fruit and vegetable industry and to three specific products within this market. In the future, more research might be conducted in other markets or regarding the geographic location of research samples.

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Keywords

Preferred customer status, customer attraction, supplier satisfaction, supplier-buyer relationship, environmental sustainability, triple bottom line

1. INTRODUCTION

Global warming has long been accepted as a major variable in climate change including the amount and concentration of greenhouse gases in the atmosphere. This is caused by the amount of CO₂ emissions that are produced and emitted into the atmosphere every day. Without a doubt, if there is no immediate action, this will take a massive toll on the planet and humanity. The most impactful effects of climate change are the variations in the food supply, migration, global conflict, and diseases. Looking at the causes of global warming, humans have the biggest impact on global warming and are the only ones that can prevent or hinder this massive threat to our future (Letcher, 2021, pp. 1-16).

In more recent years environmental sustainability has been more and more linked with CO₂ emissions (Ponce & Khan, 2021). The creation of this CO₂ emission does not only include production anymore, but now environmental sustainability has been linked more and more with the logistics that are behind the acquirement of raw materials to delivering the final product to the customer (McKinnon, 2010) Furthermore, goods consumed in a country are produced in another country so most consumed goods rely on logistics (Davis, Peters, & Caldeira, 2011, p. 18554). Therefore, it goes without saying that to tackle global warming, organisations need to rethink their impact on the environment and how this can be improved to preserve the planet.

Supply chain management, involving the relationship with suppliers and therefore preferred customer status has been a topic that firms have increasingly paid attention to as it is closely associated with the reduction of cost for the firm, improved quality and new product development (Cousins, Lamming, & Squire, 2008, p. 75). Thus, achieving a preferred customer status or being able to handle the customer relationship better, can and most likely will lead to the achievement of competitive advantage, as some companies will be treated about another and the benefits from this preferred customer status give the firm a better position in the market (Alqershi, Ismail, Abualrejal, & Salahudin, 2020). One of many reasons why suppliers prioritise a company for a long-term relationship other than price is the companies' interest shown in suppliers' values (Nollet, Rebolledo, & Popel, 2012, p. 1189). In return, the supplier also needs to respect and/or share the values a company has to gain its trust and become a preferred supplier (Hüttinger, Schiele, & Veldman, 2012, p. 1199).

Assuming that most firms have certain environmental sustainability objectives, it would be convenient to inform or even cooperate with their partners about these objectives. This could help to identify if these objectives are being hindered or ignored by certain partners, as effective communication reduces the misunderstanding with partners (Joshi, Kharat, Raut, Kamble, & Kamble, 2017, p. 1311). Additionally by valuing the partners environmental sustainability objectives, the relationship could further be improved, as common interest and goals can strengthen a supplier-buyer relationship (Hüttinger et al., 2012, p. 1203). The accomplishment of these targets is usually related to cost, whether these are just short-term, and the total cost is lower, in the long run, does not have too great of importance, but the company and its partners will have to spend money on accomplishing the objectives and given the objectives and the state of the company and the partners these sums of money can be quite significant (Vorisek & Yu, 2020, p. 18) and therefore have an impact on the relationship between the two firms, as cost usually is a key topic in a business relationship.

In a partnership, there is always one side that has more power over the other side (Gelderman, Semeijn, & De Zoete, 2008, p. 220). If one of the firm's partners has the dominant side in the

partnership, implementing or even enforcing environmental sustainability objectives might be only possible by losing this partner, which could harm the firm immensely as it might lose its competitive advantage in the industry.

There has been some research on the relationship between environmental sustainability and customer satisfaction and its enhancement (Fargnoli, Costantino, Di Gravio, & Tronci, 2018), but there seems to be a gap in research regarding the environmental sustainability objectives of specific firms and the relationship to preferred customer status. This gap is relevant as environmental sustainability is rising in importance (McKinnon, 2010) and therefore could have an impact on the relationship between buyers and supplier as especially produced products emit a lot of CO₂ not only in the production but only in its logistics (Davis et al., 2011, p. 18554; McKinnon, 2010). Due to the identified gap in research between preferred customer status and sustainability, the research question that will be the core of this paper is:

“How do environmental sustainability objectives relate to preferred customer status?”

Companies can use the analysis of the relationship between environmental sustainability objectives and preferred customer status to gain an insight into how important environmental sustainability is for partners, and to what degree and in which direction environmental sustainability objectives influence the supplier-buyer relationship.

The report will follow a logical outline and structure for the best understanding possible. First, the main idea behind the study along with the research objective, the research question and its contributions will be introduced. This will be followed by the theoretical framework including all necessary theories and a hypothesis regarding the research question which builds the base and core of this paper. Following the theoretical framework, the methodology part will be introduced. The research design, the data collection, data measurement and data analysis will be explained, followed by the introduction of the company, the actual findings and then the discussion of those findings. Ultimately the paper will be rounded up with a conclusion.

2. THEORETICAL FRAMEWORK

As mentioned previously, preferred customer status is very important for companies to achieve competitive advantage and therefore have a better position in the market. Furthermore, sustainability has become more and more popular not only as a marketing tool but also as a legal requirement, enforced by a variety of policies. To assess the relationship between these two points, preferred customer status and its main underlying theories must be explained, as well as sustainability and especially how it can be measured. Before these concepts are not clearly explained, a thorough investigation of the research question cannot be conducted, thus all-important theories relating to preferred customer status and sustainability will be explained in the following.

2.1 Preferred customer status

Originally, suppliers were the initiators of relationships with buyers, eventually leading to a continuous relationship which resulted in a preferred customer status (Nollet et al., 2012). This was the original assumption, as suppliers were viewed as an open-access resource, with suppliers willing to share their products with customers (Holcomb & Hitt, 2007). In recent years, this original view has been subject to change, with the focus shifting from suppliers being the initiators to the buyers

being the initiators. This is because buyers have increasingly become aware of the benefits of supplier satisfaction, the preferred customer status and the benefits arising for the buyer from this status (Hald, 2012).

Preferred customer status can be defined as a customer “that constantly receives competitive preference for scarce resources from a critical mass of suppliers” (Board, 2007, p. 1). This means that having a preferred customer status ensures better treatment than other standard customers relating to price, quality, availability and delivery (Nollet et al., 2012, p. 1187). Another key benefit of obtaining a preferred customer status is the big potential of reducing costs for both sides of the relationship (Hald, Cordón, & Vollmann, 2009). Reaching this status also ensures that the needs of the holder of this status will be addressed by the supplier before the needs of other firms, therefore a competitive advantage towards other companies that are being supplied by the same supplier is being established (Board, 2007).

To conclude; some benefits are financial, such as receiving a better price and payment promises such as on-time payment (Schiele, Veldman, & Hüttinger, 2011, pp. 15-16; Xiong et al., 2014, p. 489). Suppliers are also more and more involved in the creation of the product, so early supplier involvement in the production of new goods is also a benefit of preferred customer status (Baxter, 2012; Jayaram, 2008). Other benefits involve the delivery speed and its quality (Nollet et al., 2012, p. 1187), as well as shorter cycle and lead times (Christiansen & Maltz, 2002, p. 186). Furthermore, preferred customer status also guarantees preferred resource allocation, especially in times of supply shortage (Schiele, Calvi, & Gibbert, 2012, p. 1178). Ultimately, preferred customers should receive a higher product quality (Uлага & Eggert, 2006, p. 122), improved communication and trust (Christiansen & Maltz, 2002, pp. 184-187) and the usage of key account managers for preferred customers (Schiele et al., 2012, p. 1178). A round-up of the benefits derived from preferred customer status can be found in table 1.

Table 1 – Benefits of preferred customer status

Financial	Operational	Innovation	Other
Better Payment	Delivery frequency and quality	Early supplier involvement	Allocating key account managers
On-time payment	Shorter lead and cycle time	Influence on innovation activities	Communication and trust
			Product quality
			Preferred resource allocation

A preferred customer relationship suggests a relationship between two actors in a transaction which is not only decided by finances and cost, but also by a variety of other factors. Some of those factors are the company’s market position, the company’s size, the market share they have and the image the company displays. But also, the strategic fit between the companies, the delivery costs, and the requirements to deliver the service plays an important role in establishing a preferred customer status (Board, 2007). Another reason a preferred status is being given is that most industrial markets are increasingly becoming more

oligopolistic, with suppliers becoming more limited and selective towards their customers. Within those emerging markets, the core competence movement has caused former in-house activities such as innovation to be outsourced to suppliers, meaning that suppliers now have a greater responsibility when it comes to innovation and the influence they have on innovation activities (Schiele et al., 2012). This means that buyers need to put effort into establishing a preferred status by making themselves more attractive to suppliers than their competitors to be able to collaborate with those suppliers and to operate/compete in the market. Furthermore, gaining this status with the right supplier also has a great influence on the long-term performance of the firm, as the suppliers offer new possibilities and influence on key driving factors such as innovation, which can have a great deal of impact on a firm’s performance.

Different customers can be grouped into different sections identifying the status and the benefits received from their status/group. There are three main distinctive groups: the first group are customers with no customer status, who also receive no benefits and must pay the full price in monetary terms, but also social costs. Most normal customers a firm has are in this group, which are subject to change firms, so some customers just buy one time. Those are the least preferred customers to a firm as they hold no extra value for the firm. The second group has a somewhat established customer status, receiving some benefits for which they however must pay, such as special delivery. There are fewer customers in this section than in the first group. Ultimately, we have group 3, which only holds a few customers who all receive preferred customer status. This group receives all the benefits a firm has to offer at no extra cost, meaning that group 3 is preferred to the customers in group 2 and the benefits they receive give them an advantage over their competitors in group 2 or group 1 (Praas, 2016).

Figure 1 displays the three different groups of preferred customers, Group 1 being the biggest of the three groups but having no/the lowest benefits. Group 2 is smaller than group 1 and has more benefits and ultimately Group 3 which is the smallest group of the three but the group with the most benefits.

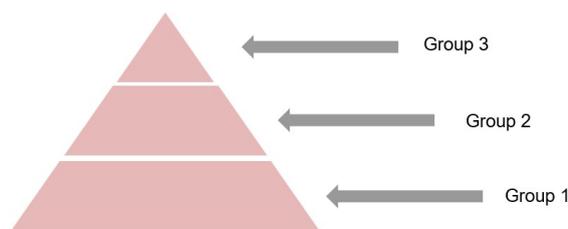


Figure 1 – Preferred customer pyramid

All in all, preferred customer status has been pursued by both suppliers and buyers for many years. This is due to the many advantages that come from obtaining this status, eventually improving the market position of a company, and deriving a competitive advantage from this preferred customer status. The status is obtained mostly because two companies harmonise better than others with one another, representing each other’s values and having common goals. In the next section, the social exchange theory is introduced, this theory explains in detail how preferred customer status is achieved in a non-direct financial way, for example, other reasons than the selection due to the lowest price offered or highest price paid.

2.2 Social exchange theory

Preferred customer status has several benefits for both sides of the relationship and it is usually being awarded due to a variety of different factors, ranging from customer attraction to supplier satisfaction (Schiele et al., 2012) and the strategic and value fit between the two companies (Hüttinger et al., 2012, p. 1199). To further understand the award of preferred customer status, the social exchange theory reviews social interactions between the two parties, analysing risks and benefits using cost-benefit analysis (Roeckelein, 2006).

Social exchange theory (SET) is a theory that is trying to understand workplace behaviour, originating from anthropology, social psychology, and sociology (Cropanzano & Mitchell, 2005). The theory is also based on the exchange in economic terms, whether this includes material value such as the exchange of goods and services or if the exchange is beyond materialistic value which refers to the exchange being an interaction between two actors (Cropanzano & Mitchell, 2005).

SET consists of interactions between individuals, which are exchanging resources in a working environment. This constant exchange can potentially lead to very tight and close interdependent relationships in the long run, however only under certain circumstances. Therefore, the SET is very commonly used in a business-to-business exchange (Hallén, Johanson, & Seyed-Mohamed, 1991), and the interdependence that can result from the constant exchange over time can be related or compared to preferred customer relationship (Schiele et al., 2012).

SET can be explained by “the cycle of preferred customership” which can be found in Figure 2 and in Schiele, Calvi and Gibbert (2012, p.1178). The theory has three core elements, all of which link together into a cycle of preferred customer status. The first element is expectation, which leads to the initiation of the relationship (Pulles, Schiele, Veldman, & Hüttinger, 2016, p. 137). The second element is the comparison level, indicating a standard against which the outcome of the relationship/exchange is being measured, and eventually deciding if the outcome of the relationship/exchange is satisfying or if it is not meeting the required standards (Hüttinger, Schiele, & Schröer, 2014, p. 698). The third and last element is the comparison level of alternatives, which assumes that actors not only evaluate the outcome of an exchange relationship based on absolute but also relative criteria (Thibaut & Kelley, 2017). This means that before deciding to commit to an exchange, the actors are evaluating their alternatives (Schiele et al., 2012). All in all, the customer first needs to be attractive to the supplier, then the customer needs to satisfy the supplier during the relationship and ultimately the customer needs to offer better benefits than alternative customers before they become a preferred customer to the supplier.

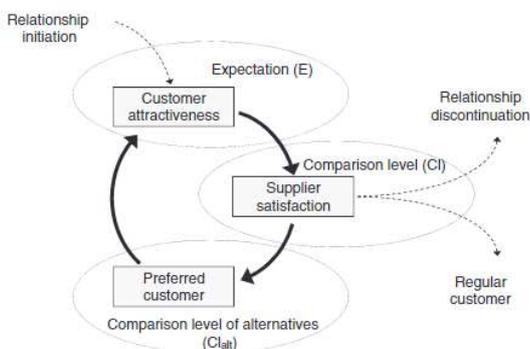


Figure 2 – The cycle of preferred customership, reprinted from H. Schiele et al. (2012, p. 1180)

The main concept of the SET is a cost reward concept. Costs are viewed because of a decision, usually of negative effects. Examples of costs can be time, energy, and money. On the other hand, rewards are the positive results of the decision usually coming in form of social exchanges. This means that actions conducted by an individual voluntarily, are motivated by the expectation of something in return from another person (Cook, Cheshire, Rice, & Nakagawa, 2013, pp. 61-88).

A beneficial outcome of the three core elements, or in other words a positive social exchange can generate different benefits such as social power, networking effects, psychological dependency and leadership (Cropanzano & Mitchell, 2005). Assuming that preferred customer status is influenced by social exchange theory and assuming that the buyer is trying to initiate the relationship as mentioned in the preferred customer status framework, the first core element of the social exchange theory, the expectation is being evaluated before the relationship is initiated. The perceived attractiveness of the buyer to the supplier is being evaluated at the initiation of the relationship, building the core of the comparison level, as these previously established expectations will be used as standard, and the exchange relationship will be compared to these standards from time to time. The comparison level of alternatives relates directly to preferred customer status. Suppliers in oligopolistic markets should have a range of different buyers, all creating different expectations in the relationship and all performing on different comparison levels over time. Given the expectations and the level of comparison the supplier has with a certain buyer, the supplier must decide whether to treat the buyer as a normal customer, hence no preferred customer status exists, or if the buyer manages to have better expectations than competitors and exceeds the standards set in the comparison level, the supplier can award a status of preferred customer to the buyer. If this is the case then the buyer has proven itself better than the alternatives and reached the preferred customer status with this supplier (Schiele et al., 2012).

2.3 Antecedents for preferred customer status

The previous two sections identify that customer attraction is needed before any kind of relationship between supplier and customer can be considered or even formed. It can even be argued that customer attraction is the most important factor in starting a business relationship, as without it there would be no initial reason for the two firms to work with one another (Mortensen, 2012). If the supplier is satisfied with the relationship, then a preferred customer status is established (Hüttinger et al., 2012). Therefore, when looking at the antecedents of preferred customer status, customer attraction and supplier satisfaction also need to be analysed.

In 2012, the work of L. Hüttinger et al. (2012) provided a good overview of antecedents regarding customer attraction, supplier satisfaction and preferred customer status. The antecedents of preferred customer status were divided into the following four dimensions: Economic value, relational quality, instruments of interaction and strategic compatibility.

As previously discussed, by Schiele et al (2012), one of the most important antecedents of preferred customer status is supplier satisfaction. Furthermore, supplier satisfaction is positively affected by supplier involvement and relational reliability (Ellis, Henke Jr, & Kull, 2012), which can both also be found in Table 2 which states the antecedents of preferred customer status, found in Hüttinger et al. (2012, p. 1202). This means that involving the supplier early in the development of new products has a positive effect on the customer’s preferred customer status. Relational reliability or quality refers to the relationship between customer and supplier including their commitments and

promises. If the relational reliability is higher, the chance of risk during exchanges between supplier and customer is lower (Ellis et al., 2012), as individual factors of relational quality, which can also be found in Hüttinger et al. (2012, p. 1202) or in Table 2, relate to a strong relationship with is equally balanced between both sides with a lot of commitment between both parties.

Table 2 – Antecedents of preferred customer status, adapted from Hüttinger et al. (2012, p. 1202)

Economic value	Relational quality	Instruments of interaction	Strategic compatibility
High purchase volumes	Loyalty	Early supplier involvement	Strategic fit
Profitability	Trust	Involvement in product design	Shared future
Business opportunities	Commitment	Supplier development	Cluster membership
Total cost as a basis for purchasing price	Satisfaction	Quality incentives	Geographical proximity
Low cost to serve the customer	Customer attentiveness	Schedule sharing	
	Respect	Response to cost reduction ideas	
	Fairness	Communication and feedback	
	Strong bonds	Action-orientated crisis management	
		Simple and coordinated business processes	
		Predictable decision processes	

The three sections above give an in-depth review of preferred customer status, its rewards, antecedents, and its award with a special focus on the cycle of preferred customership and social exchange theory. Given this review of the first main variable of the research question, an in-depth review of environmental sustainability must follow to assess the other main variable and to have sufficient knowledge about both variables before a synthesis model can be drawn up, based upon the review of both variables.

2.4 Environmental sustainability

Sustainability can be described as “one of the most widely used buzzwords of the past two decades” (Scoones, 2007, p. 589). While the definition of sustainability has changed throughout the

years, regarding the general view on sustainability was, there are still countless definitions of sustainability all related to different areas and readers (Johnston, Everard, Santillo, & Robèrt, 2007), but sustainability can most commonly be defined by meeting the needs of the present without hindering or preventing future generations from meeting their needs (Scoones, 2007). Therefore, sustainability looks at the use of resources understanding that resources are finite and can be exploited but that they should not be wasted. Given this assumption the central concept surrounding sustainability is the efficiency with which each resources being used (Goodland, 1995).

Sustainability becomes more and more a branding and marketing tool for companies with which they can improve their image (Baldassarre & Campo, 2016). Therefore, having a well-defined sustainability policy that relates to how the business operates can boost the companies’ image not only from a customer point of view but also from a partner point of view. Besides being a marketing tool, the legal pressure on becoming sustainable and environmental policies has risen immensely, almost forcing companies to take action in terms of environmental sustainability policies to stay legal (Hüttinger et al., 2012).

Sustainability can be separated into three main groups: economic sustainability looking at social equity, economic sustainability looking at economic development and environmental sustainability looking at environmental protection (Alhaddi, 2015). These three aspects can be measured via the triple bottom line, which will be explained later.

Environmental sustainability is a concept that relates to and links the concepts of social and economic sustainability. As previously mentioned, there is no clear understanding nor definition for the term sustainability, yet the word appears on every website and is overused to create a better image (Morelli, 2011). Therefore, there are different approaches and definitions for the term environmental sustainability. Most commonly, environmental sustainability is being defined by reducing the cost that is being imposed on the environment. This is most commonly related to CO2 emissions especially created by logistics and transports (McKinnon, 2010). However, environmental sustainability can also be defined as “meeting the needs of the current generation without compromising the ability of future generations to meet their needs” (Morelli, 2011, p. 5), or as ““a condition of balance, resilience, and interconnectedness that allows human society to satisfy its needs while neither exceeding the capacity of its supporting ecosystems to continue to regenerate the services necessary to meet those needs nor by our actions diminishing biological diversity” (Morelli, 2011, p. 5). These are quite fitting definition as they consider all kinds of pollution, not only regarding emissions to the atmosphere but also the use of non-renewable resources and the usage of land.

The most difficult topic regarding sustainability is the assessment of the impact that a firm has on of sustainability. Different frameworks and theories help to measure this impact. The triple bottom line which will be explained in the next section is a framework that assesses a firms impact on sustainability not only on a financial but also on a social and environmental level.

2.5 Triple bottom line

The triple bottom line, or TBL, is originally a framework regarding measuring business success and performance relating to sustainability (Goel, 2010). This performance is divided into environmental, financial, and social dimensions known from sustainability. Those three dimensions are also referred to as people, planet, and profit, or commonly known as the 3Ps. The framework measures the impact that a certain organisation and its actions have on the world in terms of sustainability. This will be done in the dimensions of people affected (social), effects on

the planet (environmental) and profit (financial). Those dimensions are measured in terms of sustainability and the 3Ps help to measure the impact of the organisation due to the dimensions, as before the TBL framework it was very difficult to assign a measurement for sustainability. (Slaper & Hall, 2011).

Planet, or the environmental dimension is normally related to the cost imposed on the environment by producing or manufacturing a good, including energy, resources used in production and the overall carbon footprint that is left on the planet from producing the good. A positive measurement for this dimension would be the reduction of emissions or waste and becoming more efficient in the use of energy and resources used. The people or social dimension is aimed at both internal and external players. Within the organisation the dimension relates to a better work environment and quality of life by promoting equality and diversity in the workplace, promote networking activities and establish an accountable governance structure within the firm. Externally, the organisation must assess the social impact their actions have and in how far they impact and affect the society in which the organisation operates. Therefore, the TBL framework does not only suggest firms to act socially and economically responsible and have a positive impact on both planet and society but also that such a positive behaviour can have a financial advantage for the organisation, which could come from energy efficiency, the reduction of waste and the efficiency in the usage of resources and raw material (Gimenez, Sierra, & Rodon, 2012).

Regarding the research question, the TBL analyses not only the environmental sustainability objectives a firm has and its actual effect on the environment, but it will also help to understand in how far those objectives will have an impact on the environment and if those effects may or may not have other effects on either financial or social sustainability as a side hint. Therefore, the TBL will be the main tool of assessment in how far the firm and its partners are affecting the environment and how well the environmental sustainability objectives are having a positive effect on the environment.

Furthermore, the planet dimension of the TBL enables the measurement of the impact a preferred customer status has on the environment. Certain benefits that arise from a preferred customer status, for example delivery times and frequency, can be tracked by the TBL. If this preferred customer status leads to one company delivering another company much more frequently and faster, but similarly could wait and ship a greater combined volume and saving CO2, the TBL will measure the impact that these delivery benefits can have on the environment and therefore, using the TBL framework helps in evaluating how preferred customer status relates to sustainability.

3. SYNTHESIS MODEL

In the previous few sections, a variety of different theories and frameworks have been explained which are supposed to give the knowledge required to understand the fundamentals of the research question and they should also be sufficient to build a synthesis model or an assumption of the outcome before the research is conducted and analysed.

Given the rise in importance of environmental sustainability (McKinnon, 2010), one could argue that environmental sustainability rises in popularity and therefore kind of forces firms to include environmental sustainability objectives in their daily business not only for legal but also for publicity reasons (Morelli, 2011). On the other hand, preferred customer status, its benefits and especially the ability to gain a competitive advantage in the market from it (Board, 2007) has a high importance for firms as all the benefits and the competitive

advantage ultimately make the firm survive and in the best case scenario make it the market leader. Therefore, both variables should have a very high importance not only to but also in the firms so the relationship they have with another can give insights on not only which variable is more important to the firm but also how one variable might affect the other. Therefore, a variety of propositions regarding the relation between environmental sustainability and preferred customer status can be drawn up.

In the first proposition, preferred customer status is established by a few factors, one of them being the similarity in business objectives and the strategic fit (Hald et al., 2009, p. 965). If two firms that have a preferred customer status with each other have the same view on environmental sustainability, it suggests that this preferred customer status is further enhanced, due to the fact that shared values or goals between the partners strengthen the relationship between them (Hüttinger et al., 2012, p. 1203), or even environmental sustainability objectives are drawn up together to better help the environment, as working together can increase the competencies of both firms (Hald et al., 2009, p. 963). A visualisation of this first proposition, including the effect of environmental sustainability on the supplier-buyer relationship can be found in Figure 3.

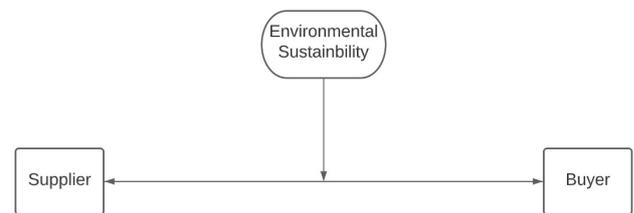


Figure 3 – Proposition 1; Positive effect of environmental sustainability on preferred customer status

Proposition two, which can be found in figure 4, argues that a firm that has not yet gained a preferred customer status with one company, but is implementing environmental sustainability objectives, might become more attractive to the other firm. Relating to customer attraction, the firm might become more attractive to a supplier due to its change in sustainability objectives and in the long term a preferred customer status could be created. This is as a change in one firms values and goals might increase its fit with another companies values and goals, and strategic fit is an antecedent of supplier satisfaction (Hüttinger et al., 2012, p. 1202).

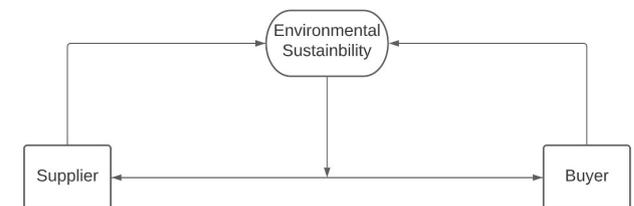


Figure 4 – Proposition 2; Supplier and Buyer attitudes/goals on environmental sustainability leading to a relationship

As previously mentioned, the execution of environmental sustainability objectives can be costly (Vorisek & Yu, 2020, p. 18). If the preferred customer status is not very strong or cost is being one of the main reasons for its award then the strict following of those objectives, which inevitably leads to higher costs can influence this preferred customer status up to the point where one firm retracts this status due to the dissatisfaction

perceived from a higher price (Schiele et al., 2012), relegating the company from a preferred customer to a normal customer and removing also all of the unpaid benefits that arise from the status (Praas, 2016). This could also then lead to one firm losing its competitive advantage in the industry and create the risk of losing out to competitors or even struggling to survive. This is visualised in Figure 5, which shows the third proposition of the synthesis model.

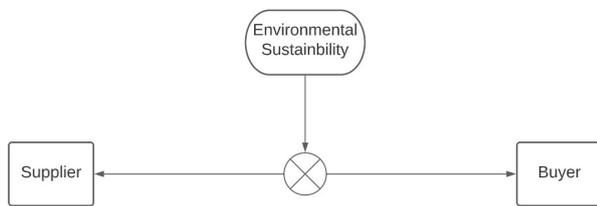


Figure 5 – Proposition 3; Negative effect of environmental sustainability on preferred customer status

Flipping the coin, sustainability objectives can also influence the preferred customer status of a firm. Given the possibility of a competitive advantage due to preferred customer status (Board, 2007), the receiving end of the benefits should do everything they can to keep this status (Nollet et al., 2012).

If a preferred customer status awarding firm has a certain view on a certain topic, on environmental sustainability for example, firms on the receiving end should pay interest in those interests as firms that have common interests are more likely to obtain and retain a preferred customer status (Hüttinger et al., 2012). This means that if a firm, regardless of if awarding or receiving, takes their environmental sustainability objectives serious then their partners should do the same. If the environmental sustainability objectives are taken serious by a company, meaning they will do everything in their power to meet those objectives, then they might also be willing to terminate preferred customer status relationships to meet those objectives, which can be seen in figure 6. This implies that if one company has very tight and strict sustainability objectives which it also communicates to their partners than one partners ignorance of these objectives can lead to the termination of the relationship regardless of its status. This is because external pressure regarding sustainability is rising sustainability is increasingly influencing the public imagine, so to be seen as a sustainable firm is key to uphold legal and public favours. If therefore one or more partners refuse to uphold the sustainability objectives firms might have to terminate the relationship in order not to get dragged down legally and publicly by these partners. Firms therefore must make sure to communicate sustainability objectives and also to gather the sustainability objectives of their partners and the seriousness by which those are perceived to assess how much sustainability and preferred customer status relate to one another.

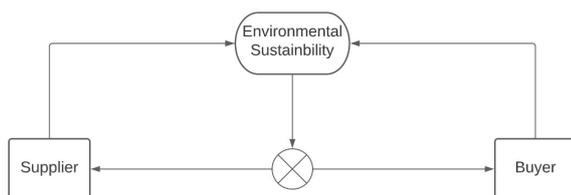


Figure 6 – Proposition 4; Supplier and Buyer attitudes/goals on environmental sustainability terminating to a relationship

All in all, preferred customer status and environmental sustainability can be related. Both variables can also have a

variety of different effects on one another. Both preferred customer status and environmental sustainability can be the cause of the other one, both can be the reasons for why the other variables disappears or both variables can have a strengthening and weakening effect on one another. Preferred customer status can create environmental sustainability objectives, improve those, or diminish those. Environmental sustainability can be the reason why a preferred customer status is awarded, why the preferred customer status is improved or the reason for why a relationship between two firms is being terminated, preferred customer status or not. This, however, seems highly unlikely as in the fruit and vegetable business price and volume should be the most important actors for both suppliers and buyers due to the certainty the industry requires. The two variables can also interact, so both contribute to the relationship in the form of improving the other one. Hence if preferred customer status and environmental sustainability awareness exists in both companies, then not only the environmental sustainability objectives will be improved but also the preferred customer status relationship will be strengthened. However, it goes without saying that the two variables always have at least some impact on the other if not an interaction of the two. This can be seen in Figure 3, which shows the potential relationships or the influences on the relationships and therefore the possible outcomes of this research.

In the following research this synthesis model and its four different propositions will be put to the test by conducting real research rather than trying to knit an answer to the research question based on separate theories. The extent to which variable influences the other, if they interact or how strong the influence is will be assessed. Furthermore, settings such as country, good/service supplied, and buyer or supplier role will be included in the assessment.

4. METHODOLOGY

To be able to answer the research question, data will need to be collected. In the following, there will be a clear explanation of how the research will be designed and what will be asked. Furthermore, there will be an exact indication of how the data will be collected and recorded. Ultimately, the section will close with a short description of how the data will be measured and compared to another.

4.1 Research Design

The research design of the study will be explanatory. This is because a cause-effect relationship should be found and finding the reason “why” events happen is crucial to establish this relationship (Saunders, Lewis, & Thornhill, 2009). The aim is to analyse this relationship from a neutral point of view; therefore, a variety of variables need to be assessed starting from measuring the preferred customer status, environmental sustainability perspective and perceptions, and ultimately trying to connect these two variables together and see if, and if so how, there is a relationship.

To be able to identify and assess the three different possibilities of the relationship it is important that the researched is designed in such a way that this is possible, including selecting the right research sample. First, the firm needs a variety of environmental sustainability objectives as well as preferred customer status to be able to be selected as chosen research sample. Given the necessity of conducting research from both the supplier as well as from the buyer side, the selected firm should also have a variety of different suppliers, as well as a variety of different buyers, preferably all being aware of the environmental sustainability objectives of the firm and all with a stronger or weaker preferred customer status. Whether this status is from the firm’s point of view or vice-versa is not immensely important, but some slight variation in the form or perspective of the

preferred customer status can give a better analysis of the relationship. Given the neutral view that is being used while designing the research, there is no prejudice to either possibility of the possible relationships.

There are a variety of different research methods, that one can use to conduct research such as observation, interviews, and questionnaires. Observations help to answer research questions which focus on what people do in certain situation, so the focus being on behaviour given certain triggers. Interviews are useful as data collection tool when very specific and detailed data is needed and when follow up questions on answers are expected. Questionnaires are used to collect data for research questions assessing opinions, behaviour, attitude and/or experiences of the respondents (Saunders et al., 2009). The research question that is being assessed in this paper requires specific data regarding the opinions and attitudes of the respondents, therefore the data collection tools in this paper should be interviews and questionnaires to gather the right data.

4.2 Data collection

In the second section of this paper all important theories are being discussed, including preferred customer status and environmental sustainability. This theoretical framework acts as deductive research, as already existing scientific research is being used as data collection method and the framework should also give an understanding of both independent variables to build a solid foundation of knowledge and understanding of the research question.

The data regarding the relationship of both variables to one another will be collected in a qualitative way. Given this deductive method of collection, questionnaires with open end answers are being conducted, as those are most useful when collecting qualitative data, on a few selected partners from the sample firm (Saunders et al., 2009).

The firm that is being used as a sample is a company operating in the fruit and vegetable market. Due to privacy reasons the company will not be named but much rather referred to as "Company X". Company X is one of the largest importers and distributors of tropical products, mainly focused on bananas, pineapples, and melons. Their network reaches globally which makes them one for the biggest international players in the market.

From the supplier side, five different suppliers were selected by Company X. All suppliers are producing either bananas or pineapple for Company X and are dispersed across the globe.

From the buyer side, two samples were selected. The first sample consists of four different buyers all located within the United Kingdom. Those four companies all buy both bananas and pineapples from Company X and therefore can all be compared to one another within this sample. The second sample consists of two companies located in continental Europe buying only bananas from Company X.

The main way of collecting data is via written response. In this case the sample firm will receive the questionnaire and will return it with written responses for very question. This method is good for high quality data as firms have enough time to answer to each question in depth and do the necessary research that is required within their own firm. Furthermore, the answers of each supplier/buyer will be used without mentioning the actual name, for data protection reasons and to avoid conflicts arising between the two partners due to this research

4.3 Data collection design

The Data collection for both suppliers and buyers are designed based on the synthesis model. The model predicts a variety of

different possible relationships that the two variables of the research question can have not only on one another but also with another. Therefore, it is important that the data collection is designed in such a way that the most important factors relevant for the different possibilities are covered and assessed.

Two separate questionnaires of twenty-two and twenty-four questions have been drawn up, one for suppliers and one for buyers. Both questionnaires included a variety of different questions, which should cover all important points to assess the relationship between the variables. The questions can be grouped into four different types of questions. First, "Classification" should gather data regarding how different partners are classified within the company. Then "Benefits" assessed the impact and benefits companies perceive from different types of customer status or different benefits they award to different customers. In "Antecedents" data about the creation and satisfaction with different types of customers is being collected. Ultimately in "Sustainability" questions about the perception and importance of sustainability and its impact on the supplier-buyer relationship are being asked. These four groups should collect enough data to answer the research question.

The questionnaires for both the suppliers and the buyers, including the four question groups can be found in the appendix.

4.4 Data analysis

Due to the deductive approach of using a questionnaire the returned data should be standardised and therefore it should be easy to analyse and compare the collected data (Saunders et al., 2009). Data analysis will be conducted by identifying similarities and differences within each pair, as well as between pairs and ultimately between buyer and supplier. This will be used by summarising data, meaning that the data collected from the questionnaires will be compressed into smaller data, which will help to identify possible relationships between the two research variables (Saunders et al., 2009, pp. 491-492). The data will therefore not be numerical data, but much rather a comparative analysis and the identification of factors that benefit or hinder the preferred customer status and the impact of those factors on the relationship if there is any.

5. FINDINGS

In the following section the findings from the questionnaires will be discussed and grouped in a logical. This section together with the synthesis model lay grounds for the analysis and answer to the research question. First the findings from the buying side will be presented and then the findings from the supplier side.

5.1 Buyers' classification

Five of six firms indicated that they classify the relationship that they have with their suppliers. The classification methods range from being collaborative, ranking companies from A-D with A being the preferred customer and D a possible candidate for discontinuing the work to scorecards setup for commercial deals and suppliers.

Regarding the knowledge if suppliers are equally classifying their relationship with the buyers, only one company answered with a clear "yes". Two companies answered the question with a "no", the other three answers however indicated that the buyers have valid reason to believe that suppliers are at least putting effort in working together with the buyers or at least have valid grounds to assume so.

Five out of six companies confirmed that there is a management commitment to achieving preferred customer status. This can be seen on several different points such as long-term promises, price fixes, strategic and holistic decisions, Joint Business plans, strategic meetings, and trials on strategic buyer concepts. One

company also answered that interactions on all levels of business functions can further help manager commitment in this matter.

Regarding the last question of the “Classification” part, buyers should name with whom they have a preferred customer status. While some companies listed names of actual companies or answered with “confidential”, most answers regarded “key suppliers”, “core product suppliers” and “key suppliers and retailers”.

5.2 Suppliers' classification

Three out of five suppliers stated that they classify the relationship they have with their buyers. Categories are either the type of buyer, e.g., supermarkets, restaurants or wholesalers or the suppliers different between volume, price, fairness, strategic fit and the ease of dealing with the buyer.

Furthermore, only one out of five suppliers confirmed that they assign a preferred customer status to a customer company, or to different establishments or sub-branches of this company separately, the other four answered the question with “no”. The question if Company X is a preferred customer to the supplier was answered twice with a “no”, one time with a no, but Company X is a strategic customer, one company did not answer with “yes”, or “no”, but said that Company X is a good customer who does not mess around with the supplier. The last supplier answered that all their customers are preferred, therefore Company X is as well.

5.3 Buyers' benefits

The question “Do you notice shorter lead times, influences on the purchasing prices, better access to innovative capabilities and shared development projects coming from preferred customer status?” was answered only one time with “no”. The other five answers were all positive, some mention pricing, lead times, innovative capabilities, and development of packaging together, target deliverables and long-term relationships.

Further noticed benefits of preferred customer status were answered with better understanding of business pressures such as inflation and supply chain implications, better communication between partners, strategic alliances, lower prices, loyalty, straight services, availability of products, speed of restocking if another supplier fails to supply sufficiently and the input for own brands.

Regarding further benefits that could be achieved through a preferred customer status were answered by the buyers with building long term relationships, aligning targets and initiatives, drawing up Joint Business Plans for better overall profit margins for both partners, easy solutions to quality claims and still getting supplied even though the market is undersupplied.

5.4 Suppliers' benefits

All suppliers had different answers regarding how the status types influence their behaviour towards customers. While some stated that loyal and committed customers would become “friends” over time, others answered that key account would get more focus, but also more cost assigned, others indicated that volume, pricing, and quality control would make them spend more time on a client and ultimately one supplier stated that high level behaviour on volumes and tenders are key to a preference in buyers.

The benefits offered by suppliers to preferred customers also varied slightly per answer. While some suppliers offer “favourable conditions” for both partners, others promise to supply the ordered quantity and have price commitments. Others offer benefits in terms of volume, price, key account managers and contact partners for specific buyers, dedicated contracts and promised to supply buyers with a preferred status to the most

possible quantities if there is a general shortage of the product in the market.

5.5 Buyers' antecedents

There are a variety of different approaches that buyers took in the past to achieve a preferred customer status with strategic suppliers. Only one answer is “unknown”. The other buyers used methods such as total solutions to become an attractive preferred customer after price, directors meeting to outline benefits for both parties, building relationships by committing to business, increasing purchase orders and no/little quality claims, transparency, working together and achieving common goals together.

Regarding whether there are other actions that firms did not but could have taken to achieve a preferred customer status, two firms did not answer to the question, one answer was “no”, and one answer was “possibly”. The other two answers were that the firms should make sure to have the same target as the partner and to make sure to work towards those targets together and that firms were held to price which in the past prevented further development in the relationship.

All six buyers consider themselves as attractive customer to suppliers, with one company even stating that they are one of the biggest and most acknowledged companies in their country. The reason for this attractiveness varies from buyer to buyer. While some address their willingness to collaborate, availability, flexibility, speed to the market, product safety and quality, good reliable logistics, volume, the ability to place large orders and economies of scale, others build on fairness, on-time payments and one buyer even argued that their attractiveness comes from them giving back to the local community and to charities, being customer friendly and not having one or two (Wo)men in charge but a lot of different people running the company.

Regarding if buyers can provide supplier satisfaction with important supplier in exchange relationships had mixed answers. While two buyers chose not to answer the questions, one buyer answered with “no”, another one with “yes”, one assumed that it would be the case and only one supplier answered that they could provide it to all but more to some than to others. The follow up question how this satisfaction is positively influenced was left unanswered by four respondents and two referred in their answers to collaborative working on all aspects and proactive, responsive, and future proofing. Questions regarding why the supplier might be dissatisfied was also not answered by four buyers and the other two answers referred to friction around price, tardiness and slow to react to problems or requests.

The answers to whether there are current measures in place to become a preferred customer were also mixed. Two buyers answered “no”, another one chose not to answer at all. Other answers involved the continuation of the holistic approach and building on corporate goals that become important within the changing business environment. Other answers involved all parts of the company's scorecard matrix and balance and finally one buyer related to future sourcing approaches including open-book, long-term contracts and moving away from traditional tendering.

5.6 Suppliers' antecedents

In response to what measures and behaviour buyers need to show to be awarded a preferred customer status, two suppliers answers were related to volume, but four out of five answers referred to loyalty, keeping promises, sticking to agreements and contracts, and assisting the suppliers in quality, compliance, logistics and overall performance.

Only one company answered with a “no” to the question if Company X BV is an attractive customer. The other companies all answered with a yes. The reasons why Company X is

attractive to them were due to their assistance, their long-term commitment, the satisfaction of the supplier and Company X reputation for being sustainable and their size. To follow this up, three out of five suppliers answered that they are satisfied with the relationship with Company X, and two companies describes being satisfied most times. There were different reasons for the satisfaction in the relationship. Two suppliers mentioned the logistical facilities as a reason for their satisfaction. Two suppliers mentioned price and the payment conditions, while one supplier mentioned the proper quality and quantity. Ultimately, one supplier also identified transparency, communication, and the ability to work together as reasons for why they are satisfied in their relationship. As reason for dissatisfaction, one supplier mentioned price and service level, another mentioned the poor or late information about problems and another supplier mentioned market conditions and a high audit frequency driven by the customer as reasons for their dissatisfaction in the relationship.

The question for suppliers' motivation for giving Company X a preferred customer status was answered quite differently. While one supplier did not answer the question, two others said they do not have specific classifications for that, but one of them said the relationship with Company X is symbiotic as they help each other grow. The follow up question on what Company X could do to further improve their status was answered with paying a better price. However, other answers included investing into HR, sell more even though it is difficult and tell the supplier how to improve so that they could also gain a preferred customer status from Company X side.

There were also different perceptions of what customers do to achieve preferred customer status, some relating to paying better, paying on time, and ordering more volume, others referred to having a solid, good feeling relationship and the offering of long-term business with goal quantities. The follow up question, if suppliers would like them to behave differently as they are answered two times with "no" and two times with yes. Only one supplier related to Company X directly and said that they are not the best payer but that they have a reasonable volume.

5.7 Buyers' sustainability

There are different definitions for environmental sustainability between the different buyers. While one calls it a key area for future development, two other firms refer to their CSR targets and international CR strategy including the increase of certified products, reducing packaging and reach net zero CO₂ emission. Another answer refers to all measures to avoid pollution decrease health risks and logistical issues. One buyer even specifically referred to the product and mentioned point such as the usage of less plastic, shortest possible transit times and a fair treatment of employ covering salaries and social development.

The Responses regarding the importance of environmental sustainability in the supplier-buyer relationship were all mainly the same but with some slight differences. While one company stated environmental sustainability is "highly important" in the supplier-buyer relationship, other buyers also viewed it as main pillar or as important, yet the key determinant is price. Other buyers explained the high importance due to either external pressures from the government or due to certification requirements.

All firms answered that their environmental visions and goals align with them of their partners. Some buyers reason that they align their all their goals with their suppliers therefore they work towards the same goals, and that the same goals strengthen the relationship between supplier and buyer. One supplier said that it is highly dependent on the supply chain and the type of good, therefore with Company X for example the targets align but with other goods they do not.

The answers to how the supplier-buyer relationship influenced environmental sustainability initiatives were also all positive but slightly different. While some firms related that both partners have similar views and therefore, they align seamlessly, and those goals and initiatives were aligned corporately, other referred to that supplier-buyer relationship led to the requests of different certification standards, the search of a more environmental way to serve and deliver the product and that a good relationship and proactivity would increase the approach from both sides with different project proposals and collaborations.

The follow up question on whether a closer relationship also gives priority to such incentives, had mixed answers with two clear "yes", one buyer describing it as a standard goal and requirement for shared business, but also one "no" and one buyer stating that it might not always be they can be as there is no compromise to sustainability measures. The follow up question whether buyers collaborate with suppliers to reach those environmental sustainability goals was mostly answered with yes, only one buyer said that it was not always the case as they operate in a very competitive environment, and everyone is looking for that edge.

The last question for buyers whether they expect that their environmental sustainability efforts are an important factor for achieving preferred customer status also had mixed answers. One buyer said that they hope so, others answered yes, reasoning that sustainability is a topic of great attention in the world and that the goal is to have the most sustainable partners in the future. One buyer answered that they hardly believe so and that their emphasis is on improving purchasing practices as they have a far higher value for the company.

5.8 Suppliers' sustainability

The definitions of environmental sustainability also vary from supplier to supplier. While some defined it as regenerating the environment and retaining it for future generations, other argue that nothing should be wasted, one defines it as the protection of soil, water and weather and the last supplier indicated four pillars: quality, cost efficiency, productivity and the protection of humans, animals, and plants before they would consider an agricultural practice.

All suppliers argued that environmental sustainability is very important to the production processes of their company. Only one company outlined that it is limited in scope, but the focus should be on expanding that scope with new technologies. Yet all five-supplier indicated that their goals and aims in environmental sustainability align with those of Company X and other companies that they work together with.

The suppliers also had different opinions on how the supplier-buyer relationship influences sustainability initiatives. Some argued that stronger and longer relationships will improve collaboration on joint initiatives, another supplier mentioned price. Other firms argued that is crucial to distinct between what customers want and what is possible/right to do for the supplier. The last supplier argued that the relationship should not dictate any kind of those efforts and that those efforts would not directly be paid for in price. But in the long term the end customer would raise the value of the product due to those efforts. However, all five suppliers stated that preferred customer do not have priority to such initiatives as all goals are shared and/or drawn up together.

The question if suppliers collaborate with Company X or other buyers to reach your environmental sustainability goals was answered three times with a "yes". One supplier said that they would too if it was needed/wanted from a partner's side, and the

last supplier said that each customer wants something slightly else, so they consolidate them to not only serve one individual customer need but also their own.

The last question if a buyer's environmental sustainability efforts are a key factor for achieving preferred customer status, was answered four times with a "no". Reasons were that sustainability is not a key deterrent for buying from a company, so price and volume outweigh sustainability quite drastically. The last supplier said that it would help if they collaborated with their customer in designing and achieving sustainability efforts.

6. DISCUSSION

In the following section, the findings will be discussed in relation to the theoretical framework and the synthesis model. This will be the fundamental basis for the conclusion of the research question.

6.1 *Benefits perceived by buyers and suppliers derived from preferred customer status*

Both, already identified as well as both suppliers and buyers identified new benefits. One supplier, for example, mentioned the benefits of assigning specific key account managers to preferred customers, as it was already mentioned by Schiele et al. (2012, p. 1187). A benefit on the buyer's side was identified as the easy dealing with quantity claims, which was not yet identified in the theoretical framework, but might be sector specific as fruits and vegetables can go fall in quality by the hour and dealing with quality claims is more frequent and severe than in other markets.

Most answers from suppliers stated that one benefit they offer to their preferred customers are better prices, price commitment, dedicated contracts, better payment terms and better overall conditions. This is in line with the literature from Xiong et al. (2014, p. 489), which indicates that financial capabilities are a very important factor in the supplier-buyer relationship. Five buyers also indicated that they perceive a greater influence on purchasing prices which also aligns with the literature from Nollet et al. (2012, p. 1187), stating the benefits of preferred customer status. Furthermore, three buyers also stated that by being a preferred customer they experience shorter lead times, which aligns with the literature of Christiansen and Maltz (2002, p.186), and four buyers also mentioned that a benefit is the access to innovative capabilities which also aligns with the literature (Bemelmans, Voordijk, Vos, & Dewulf, 2015, p. 193). Another alignment in findings and literature are the benefits offered by three suppliers in terms of delivering the requested quantity in times of supply shortage to preferred customers. This preference in resource allocation can be found in Schiele et al. (2012, p.1178).

No supplier indicated that commitment and trust was a benefit that they award to preferred customers, and only two buyers reported this benefit, one of them however indicated that they do not perceive shorter lead times, influence on purchasing prices or access to innovative capabilities from the supplier. This lack of perceived commitment and trust is contradicting the literature from Christiansen and Maltz (2002, p.183-186). Furthermore, only one buyer and no supplier stated strategic alliance as a benefit. Even though this is not a benefit in the literature review, it is a core concept of preferred customer status (Hüttinger et al., 2012) and was expected to be named more often as a benefit. Furthermore, literature from Nollet et al. (2012, p. 1187) and Ulaga & Eggert (2006, p. 122) states that one key benefit of preferred customer status is product quality, however not a single supplier mentioned product quality as a benefit they award and not a single buyer perceived product quality as a benefit, yet one buyer thinks that product quality could be a benefit of preferred

customer status. This is very unexpected as product quality is a key factor in the fruit and vegetable industry, and every supplier should offer high quality product to the buyers, and every buyer should expect or perceive high quality products, as this quality is one of the main factors next to price, for why a product is being sold.

There were also benefits that were not stated in the academic literature of this paper. One supplier awarded the benefit of dedicated contracts to preferred customers. This contract would determine a few key terms for both supplier and buyer which would make the future more predictable for both sides and reduced the grounds for arguments and disputes. From the buyer's side, there were two benefits which buyers thought could arise from preferred customer status, yet neither of them perceived those benefits. The first potential benefit was the creation of Joint Business Plans to help achieve better profit margins for both partners of the preferred customer status. The second potential benefit was a simple way of dealing with quality claims, so that both sides could have justified ways that quality claims could be dealt with, and no side would be off better or worse.

6.2 *Antecedents of supplier satisfaction*

Cluster membership, geographical proximity, involvement in product design, schedule sharing, response to cost reduction ideas, action-orientated crisis management and predictable decision processes were not mentioned by a single supplier or buyer during the data collection, even though those terms are academically identified antecedents of preferred customer status by Hüttinger et al. (2012, p. 1202). Fruits and vegetables are a product that cannot be changed easily, so there was no expectation of an antecedent in product design involvement. Furthermore, the products supplied are not products that can be grown in every country and as the firm/the buyers sit in a country where this is not the case, geographical proximity is ignored as it would impose a key hindering for the supply and the purchase of the produced goods.

For two suppliers, the purchasing volume was one of the key antecedents for why they would assign a preferred customer status, this can also be identified in academic literature (Vos, Schiele, & Hüttinger, 2016). Four out of five suppliers also indicated that important antecedents for preferred customer status are loyalty and sticking to agreements and contracts. These antecedents match those from table 2, which refer to the identified antecedents from Hüttinger et al. (2012, p.1202). Other antecedents that positively affect business relationships were listed as the ability to work together and good, reliable logistics which seem to be market dependent antecedents, as they most likely would not be antecedents in the service sector. Logistics are especially important as fruit and vegetable need to be cooled and need to get very fast from supplier to the end consumer to avoid the product going bad. Reasons for dissatisfaction in the relationship were price, poor and late information about problems, messed up deliveries and high audit frequencies promoted by the customer. These factors are also all market dependents. Poor/late information about problems can stall your whole business in the fruit and vegetable industry as the products are highly volatile and you do not have a lot of time to look for alternatives if there is a problem. So, getting information quick and detailed is key for avoiding bigger problems.

Two measures for improvement or antecedents that were not directly found in academic literature but still appeared in the data collection from suppliers were the investment in HR and the indication on how suppliers could outperform other suppliers to have a bigger volume. Also one supplier awarded a preferred customer status based on Company X reputation, specifically for

their sustainability reputation, which can also be backed up by literature (Hüttinger et al., 2014, p. 718). Furthermore, only one supplier stated that there are no set antecedents which can be ticked off a list, but much rather that the buyers need to put their own effort into convincing the supplier that a preferred customer status is beneficial for both sides, as it was already documented by Hald (2012).

All six questioned buying firms answered that they see themselves as attractive firms to customers. Three out of six buyers' reason for this attractiveness by identifying antecedents that were already identified by Hüttinger et al. (2012, p.1202), those include willingness to cooperate (commitment), economies of scales, availability, flexibility, volume, fairness, payment details. The other three named factors such as the firm's size, the giving back to local communities and charities, good logistics and product safety and quality as reasons for their customer attractiveness. The firms giving back to local communities can be backed up by Hüttinger et al. (2014, p. 718) recognition of the firm's reputation as an antecedent of supplier satisfaction. The other factors do not have academic back up in this paper, however good logistics can be related to the previously mentioned pressure of good logistics in the market.

Only three buyers stated that they can satisfy key suppliers in an exchange relationship. Reasons for dissatisfaction are friction around price, tardiness, and slowness to react. This goes hand in hand with some of the reasons that suppliers stated for dissatisfaction in their relationships, so some of the questioned buyers have a precise idea of what can or is going wrong in their relationships with key suppliers.

6.3 Environmental sustainability and preferred customer status

Just as it was stated by Johnston et al. (2012) every single definition of environmental sustainability was slightly different, depending on the suppliers or buyers function for it. This shows that every company defines environmental sustainability regarding the function and importance for it to the firm (Johnston et al., 2007). Furthermore, every single supplier recognised the rising importance for environmental sustainability (McKinnon, 2010) and three different buyers mentioned it was highly important to them. This should suggest that resources and money are invested into environmental sustainability objectives and that this is perceived with quite some seriousness, which can be seen by the fact that only one buyer explicitly said that price is more important than environmental sustainability objectives. Another important aspect is that four suppliers that their goals on environmental sustainability objectives align with those of partners, and five buyers indicated this alignment in objectives with their buyers. This is not directly related to sustainability literature however it proves the point from Hüttinger et al. (2012), that firms with the same interests are more likely to have a preferred customer status and/or a stronger bond between the two firms.

All five supplier identified that a preferred customer status would not give priority to environmental sustainability incentive. This suggests that suppliers do not award the benefit of influencing environmental sustainability incentives to preferred customer. However, two buyers indicated that a preferred customer status would give them an influence on those incentives, which hints at the fact that buyers are not fully aware of their influence on suppliers environmental sustainability incentives. Yet its not critical as three buyers recognised that a preferred customer status would not give them priority. Given this, it is also important to notice that all five suppliers stated that they are, or are willing, to cooperate with buyers to reach their environmental sustainability goals, with one supplier even arguing that the

buyers efforts are important for achieving a preferred customer status. This again can be linked back to Hüttingers et al (2012) argument of showing or having the same interests as partner firms increases the relationship, and it proves proposition two partly true, as in this case, environmental sustainability attitudes and goals can improve the relationship between two firms. This was backed up by the fact that five of six buyers also showed willingness to collaborate with suppliers in order to reach environmental sustainability goals. Yet it can be argued that buyers efforts to reach environmental sustainability goals are more visible to the public, so showing a proactive effort, supports the argument from Morelli (2011), that greater sustainability efforts increasing the public image of a company.

Ultimately, four out of five supplier denied that a buyers environmental sustainability efforts are an important factor for achieving preferred customer status. One supplier stated that it "helps" if the two companies collaborate on environmental sustainability efforts, while another argued that those efforts wont guarantee a single sale. This, together with the previous analysis strongly suggests that even tough environmental sustainability is a very important factor with rising popularity, recognised by McKinnon (2010), and it is worth collabing with preferred customers to achieve common sustainability goals, environmental sustainability efforts alone are not sufficient reason why a supplier would award a preferred customer status to buyers. This can be backed up that not a single antecedent identified in this paper is specifically linked to environmental sustainability. Furthermore, it indicates that the second proposition, which can be found in figure four, is partly false, as environmental sustainability is not an alone standing reason for why a referred customer status is being awarded. However, as previously mentioned and stated in the first proposition, environmental sustainability can indeed have a positive effect on the supplier-buyer relationship if both partners work together to achieve the same goals.

On the other hand, four buyers indicated that they expect their environmental sustainability efforts to be an important factor when suppliers award a preferred customer status. This perception can once again be backed up by the public image of a company, which was mentioned by one buyer specifically who argued that they want to be the most sustainable partner for the future. Depending on sustainability efforts and the increase in public image as stated by Morelli (2011) and as argued by Hüttinger et al. (2014, p.718), a firm's reputation is an antecedent of supplier satisfaction, and a better reputation could therefore be a reason for a preferred customer status. Only one buyer identified that their environmental sustainability is not an important factor when suppliers award preferred customer status, but mentioned that purchase practises are more important, which can be academically supported by the economic value antecedents found in table 2 and Hüttinger et al. (2012, p. 1202). This suggests that most buyers do not realise that environmental sustainability effort do not have such a high importance for suppliers when awarding preferred customer status than anticipated. There is no evidence for proposition three and four, as neither supplier, nor buyer indicated that environmental sustainability objectives and a partners strive to attain their goals, would influence the supplier-buyer relationship in a negative way.

7. MANAGERIAL IMPLICATIONS

Given the outcome of the research, there are a few key points that managers can take away. Due to the fact that environmental sustainability objectives are never the main, alone standing reason for why a preferred customer status is being awarded, managers should never place too much emphasis on using those

objectives to gain a preferred status, hence they need to consider more pressing factors such as price and volume. However, sustainability objectives can certainly have an impact on the supplier-buyer relationship, meaning that depending on the partner, valuing, and achieving those objectives can make the relationship stronger or even improve the relationship and its benefits. Therefore, it is very important for managers to know in how far sustainability objectives are an important topic for partners and if it is something that should be pursued together. With this knowledge managers can determine their strategies regarding achieving their sustainability objectives, while also satisfying their partners or even being able to improve relations with those partners.

8. LIMITATIONS AND FUTURE RESEARCH

First it is important to notice, that regardless of the outcome of this study, we cannot generalise any findings due to the small sample size used (Rahman, 2020, p. 105). Furthermore, the data collection was conducted from suppliers and buyers in the fruit and vegetable market, specifically for bananas and pineapple, therefore the results might not apply for other markets or different products.

The study also had less validity due to Company X choosing the questioned suppliers and buyers. Therefore, answers regarding the work and relationship of Company X and suppliers/buyers, might be displayed better than they actually are due to the fear of conflict. For future research, more suppliers and buyers could be questioned and not just the ones selected by Company X. This would not only gain a greater insight into the relationships between Company X and the suppliers, but it could also identify further antecedents for supplier satisfaction in the fruit and vegetable market. Furthermore, the questionnaire are open-ended questions which could lead to misleading answers as questions might be perceived differently and the expected detail of answers might not be as expected. Therefore, answers would generate less data than hoped when drawing up the questionnaires.

Moreover, one of the main variables is environmental sustainability. Company X operates in different countries and has buyers and suppliers from all over the world. Due to the little sample size and the differences in legal pressures around the globe on environmental sustainability, the research does not give any conclusion on how the research question may vary depending on the location of the data collection samples. For future research, one could question many suppliers from one country and question a second large sample from another country

and then compare the results, to say something about how the research question may vary depending on location.

9. CONCLUSION

Both suppliers and buyers mentioned already identified benefits and antecedents regarding preferred customer status. Some benefits and antecedents were not listed in the academic literature, but the findings can be related back to the characteristic of the operating market. Furthermore, some buyers are struggling to identify the benefits that suppliers actually award and not benefits that they perceive. Furthermore, some buyers also fail to identify what suppliers view as antecedents for supplier satisfaction while they do mention important antecedents that depend on the market.

The paper has identified that environmental sustainability efforts are not an important factor for suppliers when awarding a preferred customer status, even though buyers perceive environmental sustainability as one. However, both suppliers and buyers identified the rising importance of the topic and their commitment to collaborate with partners to reach environmental sustainability goals. This proves some of the theories in the synthesis model as right and some as wrong, yet the research shows that other factors are more important in the market such as price and volume which was already suggested.

Environmental sustainability is not a key factor in the award for preferred customer status, given the market and the sample characteristics. However, the variable most definitely has a certain impact on the relationship as external and legal pressures push both suppliers and buyers to work together on this topic and achieve set goals together. Therefore, working together with a partner towards sustainability objectives can strengthen the supplier-buyer relationship, or not following sustainability objectives can do the opposite.

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Appendix

Questionnaire for Buyers

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?
 4. If so, how does this show?
 5. If not, how could management commitment help in this matter?
 6. Whom do you have a preferred customer status with? (If not, go to question 7)
-

Benefits

7. Do you notice shorter lead times, influences on the purchasing prices, better access to innovative capabilities and shared development projects coming from preferred customer status?
 8. Which other benefits do you notice from having a preferred customer status?
 9. Which benefits do you think you can get from having a preferred customer status?
-

Antecedents

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

Sustainability

18. How do you define environmental sustainability?
19. How relevant is environmental sustainability to the purchasing department of your company regarding buyer-supplier relationships?
20. Do your goals/visions on environmental sustainability align with those of your suppliers?
21. How does the buyer-supplier relationship influence environmental sustainability initiatives?
22. Does a closer relationship with your suppliers give you priority to such initiatives?
23. Do you collaborate with some of your suppliers to reach your environmental sustainability goals?
24. Do you expect that your environmental sustainability efforts are an important factor for achieving preferred customer status?

Questionnaire for suppliers

Classification

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

Benefits

5. How do the status types influence your behaviour towards customers?
6. What benefits do you offer to a preferred customer?

-
7. What are measures that customer must undertake to achieve a preferred customer status and what is the necessary behaviour they must show?
 8. Do you consider Company X an attractive customer and if so, why?
 9. Are you satisfied with the business relationship with Company X?
 10. What factors are affecting your satisfaction in this relationship?
 11. What factors are affecting your dissatisfaction in this relationship?
 12. What are your company's motivations for giving a company/Company X a preferred customer status?
 13. What could Company X do to further improve its status?
 14. What do customers generally do to achieve preferred customer status?
 15. Does this differ from the behaviour you would like them to show?
-

Antecedents

16. How do you define environmental sustainability?
17. How relevant is environmental sustainability to the production processes of your company?
18. Do your goals/visions on environmental sustainability align with those of Company X and other companies?
19. How does the buyer-supplier relationship influence environmental sustainability initiatives?
20. Do preferred customers have priority to such initiatives?
21. Do you collaborate with some of your Company X/other buyers to reach your environmental sustainability goals?
22. Are your buyer's environmental sustainability efforts an important factor for achieving preferred customer status?

Sustainability