

How Does an Organization's Attitude towards Sustainability Influence the Strength of Its Buyer-Supplier Relationship? – A Case Study in the Dutch Fruit Juice Industry

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ABSTRACT

Strong buyer-supplier relationships, as well as sustainability are increasingly recognized as important factors for organizations to stay competitive within a fast growing market. To identify the influences sustainability has on the relationship between buyer and supplier, in this thesis a dyadic approach is used, focusing on 4 interviews with Company X and its suppliers combined with information from peer-reviewed articles. The combination of the findings are drawing a conclusion on the most relevant aspects with focus on preferred customer status and key suppliers. The findings confirmed the link between sustainability and the strength between the buyer-supplier relationship, supported with antecedents and benefits of both preferred customer status and supplier satisfaction. Reciprocity and collaboration are most emphasized in this thesis as important factors and can be used as recommendation for managers on how to properly act in case of sustainable changes.

Graduation Committee Members:

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Keywords

Buyer-supplier relationship, preferred customer status, customer attractiveness, key suppliers, supplier satisfaction, sustainability

1. INTRODUCTION

Nowadays, more and more organizations adopt sustainability in their daily businesses as the importance is steadily increasing. In addition to that, the value of a strong relationship between buyer and supplier is gaining significance by organizations around the world, due to the pressure of competitive forces (Kannan & Choon Tan, 2006, p. 755). Not only should organizations consider the economic performance of the suppliers, but also their social and environmental aspects (Funda & Ceyda Güngör, 2018, p. 83). The shift of moving towards sustainability can be divided into two stages. The first stage reasons the shift with increasing pressure by the government and public institutions, whereas the second stage focuses on the promising increase in revenues (Jose & Lee, 2007, p. 307). In terms of the buyer-supplier relationship there is a noticeable change that suppliers can choose which of their buyers gets a regular or preferred status. This is due to the fact that, especially in the business-to-business markets, a reduction of suppliers can be seen since they are dependent on a limited amount of resources. Therefore, they are in a position to allocate their goods to chosen buying firms (Schiele et al., 2015, p. 132). Of course, buyers do not want to be dependent on the supplier and thus try to achieve a Preferred Customer Status (PCS), so a preferential treatment over other buyers (Vos et al., 2016, p. 4613).

This paper will focus on how the adoption of sustainability in an organization influences the buyer-supplier relationship regarding on how a buyer gets assigned as a preferred customer by its supplier, how the customer is presumed as attractive and how the buyer selects its suppliers based on sustainability, meaning, key supplier and how the supplier is satisfied with the sustainable dealings of the buying organization.

As some studies and articles have already been carried out in this area, these data and analyses provide an opportunity to build on them and to gain new insights. One crucial aspect is that both customer-supplier relationship and sustainability are of great interest nowadays, as well as in the near future. Therefore, it is of importance to synthesize these two factors. By doing so, practical solutions for organizations and future academic writings can be identified.

Therefore, the research question of this thesis is:

How does an organization's attitude towards sustainability influence the strength of its buyer-supplier relationship?

The contribution to research of this paper is mostly the connection of sustainability to the relationship between buyer and supplier and the relevance for management, as this paper may create awareness among managers regarding the adoption of sustainability. Further details about this can be found in the limitations section.

2. LITERATURE REVIEW

In order to give an answer on the Research Question, different literature from past studies will be used which give a deeper understanding on the concepts of Preferred Customer Status, Supplier Satisfaction and Sustainability. Theories and concepts which will be used as a support are the Social Exchange Theory, as well as the concept of People-Planet-Profit or Economic, Environmental, and Social Sustainability.

2.1 The Concept of Supplier Satisfaction, Preferred Customer Status & Preferential Treatment

To explain the strength of the buyer-supplier relationship, the understanding of different concepts, describing the relationship is crucial. Supplier Satisfaction (SS) is described by (Schiele et al., 2012, p. 1180) as “the buyer's ability to live up to the expectations of the supplier”. Supplier satisfaction can thereby be divided into two different levels. The first level is the operational level, arguing that a buyer needs to identify the main factors which are the most useful for the supplier. These are mostly common business processes like the procedures of ordering, receiving and payment conditions (Essig & Amann, 2009, p. 105). The strategic level of supplier satisfaction mentions among other things the value of long-term relations with the buying firm and their flexibility (Maunu, 2003, p. 105). In addition, the approach on innovation of the buyer plays an important role on the strategic level. The intensity of the supplier satisfaction depends on how far the supplier is involved in the R&D activities (Essig & Amann, 2009, p. 105). Further key elements which make out supplier satisfaction will be mentioned later in the 'Antecedents of supplier satisfaction'. For now in this part, only a brief definition on each concept is explained.

To define the PCS, the so called Reverse-Marketing concept can be used. According to (Schiele et al., 2011, p. 21), the Reverse-Marketing concept is a turn-around of the traditional Marketing concept in which the company sells itself to the customer. The Reverse-Marketing concept highlights the customer's relationship towards the supplier which means that the customer commercializes itself to the marketer (in this case the supplier) to show a certain customer attractiveness. The aim of this is to support the supplier of entering a closer relation with the buyer and to prefer that specific buyer over others (Schiele et al., 2011, p. 21). Henke and Zhang (2010) argue Preferential Treatment in their paper on supplier-driven innovation that “customers with which suppliers have the closest working relationships are most likely to be given access – sometimes exclusive – to supplier innovations before the supplier takes the technology to other customers (with which it may have less cordial working relations)” (Henke Jr & Zhang, 2010, p. 43). Another element to shortly mention is Customer Attractiveness (CA) on which this paper however will not focus too much. A Customer Attraction is created if the supplier has an optimistic expectation towards the buyer in the business relationship between both parties (Schiele et al., 2012, p. 1180). The PCS, and the Preferential Treatment going along with it consist of Benefits and Antecedents which will also be explained later in 2.1.2.

2.1.1 Social Exchange Theory and Preferred Customership

The Social Exchange Theory (SET), as well as the Preferred Customership are helpful to gain a deeper understanding of the buyer-supplier relationship. The SET emerged from sociology and psychology disciplines by George Homans, John Thibaut, Harold Kelly and Peter Blau. Whereas the others focused on the sociology and psychology aspects, Blau drew more attention on technical economic aspects (Emerson, 1976, p. 335).

Mainly, SET emphasizes the creation of interdependent “transactions” which generates a highly-valuable relationship among both parties affected (Cropanzano & Mitchell, 2005, p.

875). The so called transactions are not limited to material goods, but can also be of intangible nature (Homans, 1958, p. 597). Attractiveness and satisfaction are main motivators for both parties to initiate, further strengthen or to discontinue a relationship to gain a certain value from that exchange relationship (Pulles et al., 2016, p. 131). In this case, this can be directly linked to Customer Attractiveness and Supplier Satisfaction which can be seen as the motivators to further strengthen their business relationship. The strength of the relationship between both buyer and supplier is therefore based on the principle of reciprocity and is thus only working on the fulfillment of the expectations of giving and receiving relational benefits (Lambe et al., 2001, p. 6). The relational benefits are received resources (Pulles et al., 2016, p. 131) which are especially important for customers having a preferred customer status.

The Social Exchange Theory can be further defined by the Cycle of Preferred Customership which consists of three main aspects: “Expectation”, “Comparison level”, and “Comparison level of alternatives” (Schiele et al., 2012, p. 1180).

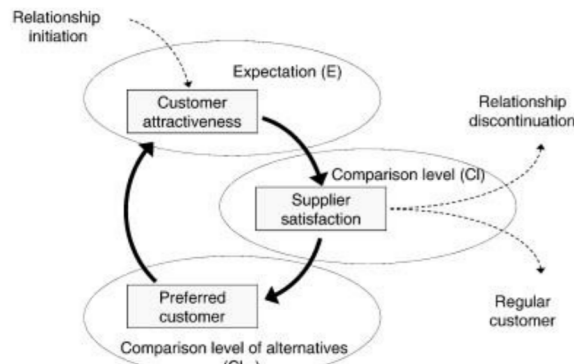


Figure 1: The cycle of preferred customership (Schiele et al., 2012, p. 1180)

Figure 1 shows a circular relationship between CA, SS and PC. The figure assumes that customer attractiveness depends on the expectation a supplier has on its customer when starting a relationship (Schiele et al., 2012, p. 1180). The non-fulfillment, fulfillment or exceeding of the expectation by the customer leads to the discontinuation of the relationship, the classification into a regular customer or in the best case into a preferred customer (Hüttinger, 2014, p. 39). This is named the comparison level in which the supplier evaluates its satisfaction (Schiele et al., 2012, p. 1180). On the comparison level of alternatives, suppliers compare their preferred customer to others in the market in order to find alternatives. Nevertheless, suppliers tend to devalue alternative customers because of the high satisfaction with the current relationship they find themselves in (Hüttinger, 2014, p. 38). “Alternatives should appear less attractive because the subject’s comparison level for alternatives has been increased as a consequence of involvement in the present satisfying relationship” (Ping, 2003, p. 239).

2.1.2 Antecedents of Preferred Customer and Supplier Satisfaction

In order to explain the antecedents of both PC and SS, the study of Hüttinger, L., Holger S., Schröer, D. (2014), combined with the study of Vos et al. (2016) will be taken as references in this paper. Vos et al. (2016) further extended the study of Hüttinger et al. (2014) by categorizing the antecedents of SS into two

different classes: economic and non-economic (Vos et al., 2016, p. 4614). The economic antecedents include aspects such as “continuous income flow and shared resource spending” (Piechota et al., 2021, p. 3) and have a more significant influence on the relative satisfaction (Piechota et al., 2021, p. 1). Non-economic antecedents which are also called social or relational antecedents include aspects such as trust and behavior of both parties (Piechota et al., 2021, p. 1) and have more influence on “absolute supplier satisfaction” (Piechota et al., 2021, p. 3). (Pulles et al., 2016, p. 132) identified these dimensions by using the World Café Method, a method in which a guided multigroup discussion takes place in a welcoming environment where every participant feels free to participate in the dialogue. (Vos et al., 2016) argued that the antecedents can both directly and indirectly affect the SS. As direct antecedents of supplier satisfaction, Relational Behavior, Growth Opportunity, Operative Excellence and Profitability are just a few aspects to mention (Vos et al., 2016, p. 4615), whereas Profitability is an economic antecedent added by Vos et al. (2016) to Hüttinger’s (2014) study. The three most important antecedents of SS were found by the most recent statistical study of Hüttinger et al. (2014) in which among eight relational antecedents, growth opportunity, reliability and the relational behavior of the customer were identified as most significant by a Partial Least Squares analyses (PLS) (Vos et al., 2016, p. 4613). Other aspects can be found in Table 1.

Drivers of supplier satisfaction	Reference
Technical excellence (R&D)	
Early supplier involvement	Maunu, 2003; Essig and Amann, 2009
Technical competence	Essig and Amann, 2009
Supplier development	Ghijzen et al., 2010
Response to supplier requests and suggestions for improvement	Leenders et al., 2005; Essig and Amann, 2009
Joint relationship effort	Nyaga et al., 2010
Supply value (Purchasing)	
Profitability	Maunu, 2003
Bargaining position	Essig and Amann, 2009
Substantial volumes	Leenders et al., 2005
Long-term time horizons	Maunu, 2003; Leenders et al., 2005
Adherence to agreements	Maunu, 2003; Essig and Amann, 2009
Cooperative relationships	Wong, 2000; Forker and Stannack, 2000; Benton and Maloni, 2005; Leenders et al., 2005; Essig and Amann, 2009
Commitment to supplier satisfaction	Wong, 2000
Dedicated investments	Nyaga et al., 2010
Reward-mediated power sources	Benton and Maloni, 2005
Non-mediated power sources (expert, referent and traditional legitimate)	Benton and Maloni, 2005
Recommendations	Ghijzen et al., 2010
Mode of interaction	
Communication	Maunu, 2003; Leenders et al., 2005; Essig and Amann, 2009
Structure (availability of direct contact in the buying firm, definition of roles and responsibilities, communication media used)	Essig and Amann, 2009; Maunu, 2003
Reaction (politeness of employees, openness and trust, commitment, reciprocity, feedback, conflict management, constructive controversy, reaction speed, quality of reaction)	Forker and Stannack, 2000; Wong, 2000; Maunu, 2003; Essig and Amann, 2009; Nyaga et al., 2010
Information (level of information exchange, quality of information, accuracy and timeliness of information exchange)	Whipple et al., 2002; Leenders et al., 2005; Essig and Amann, 2009; Nyaga et al., 2010; Ghijzen et al., 2010
Operational excellence (Production)	
Forecasting/Planning	Maunu, 2003
Order process	Essig and Amann, 2009
Time scheduling	Essig and Amann, 2009
Billing/delivery	Essig and Amann, 2009
Payment habits	Essig and Amann, 2009
Required effort needed for delivery	Essig and Amann, 2009
Support	Essig and Amann, 2009
Business competence	Essig and Amann, 2009

Table 1: The antecedents of supplier satisfaction (Hüttinger, 2014, pp. 58-59)

Table 1 shows all possible antecedents of supplier satisfaction which can be found in relevant literature. Since all possible drivers relate to different departments like Purchasing, R&D, Production etc., a cross-functional collaboration between these departments is required to achieve an optimal supplier

satisfaction (Hüttinger, 2014, p. 58). From the interview outcomes, shown later in 4.2, similar drivers for SS are expected which support the current literature.

Not only for the supplier satisfaction antecedents were found, but also for becoming a preferred customer. A supplier can have a good relationship with all of its customers, but cannot give all of them a preferential treatment as stated by (Hüttinger, 2014, p. 59). Therefore it is necessary to see what it takes for a customer to get a PCS. In the past literature, most of the antecedents of PCS were not derived from a theoretical framework, so Hüttinger (2014) combined the specific antecedents of different literature and put it into a more broad categorization, subdivided in “Economic value”, “Relational quality”, “instruments of interaction” and “Strategic compatibility” (Hüttinger, 2014, p. 61) which are also shown in Table 2 below.

Drivers of preferred customer status	Reference
Economic value	
High purchase volumes	Brokaw and Davisson, 1978; Williamson, 1991; Bew, 2007; Steinle and Schiele, 2008
Profitability	Moody, 1992; Bew, 2007
Business opportunities	Brokaw and Davisson, 1978
Total cost as a basis for purchasing price	Moody, 1992
Low cost to serve the customer (overhead costs, delivery cost, service requirements, customisation)	Moody, 1992; Bew, 2007
Relational quality	
Loyalty	Brokaw and Davisson, 1978; Williamson, 1991
Trust	Moody, 1992; Blonska, 2010
Commitment	Moody, 1992; Blonska, 2010
Satisfaction	Brokaw and Davisson, 1978;
Customer attentiveness	Moody, 1992
Respect	Moody, 1992
Fairness	Moody, 1992
Strong bonds	Blonska, 2010
Instruments of interaction	
Early supplier involvement	Moody, 1992
Involvement in product design	Moody, 1992
Supplier development	Blonska, 2010
Quality initiatives	Moody, 1992
Schedule sharing	Moody, 1992
Response to cost reduction ideas	Moody, 1992
Communication and feedback	Moody, 1992
Action-oriented crisis management	Moody, 1992
Simple and coordinated business processes	Moody, 1992
Predictable decision processes	Bew, 2007
Strategic compatibility	
Strategic fit	Bew, 2007
Shared future	Blonska, 2010
Geographical proximity	Steinle and Schiele, 2008
Cluster membership	Steinle and Schiele, 2008

Table 2: The antecedents of preferred customer status (Hüttinger, 2014, pp. 58-59)

2.2 The Concept of Economical, Environmental, and Social Sustainability

As already mentioned in the introduction, sustainability gets more and more important in the near future. Therefore already many studies have been made and a lot of literature can be used which will be discussed further in this section.

To get a better understanding of sustainability in general, it can be divided into three categories: Economical, Environmental and Social Sustainability.

Krause R., Vachon S. and Klassen, D. (2008) focused with their essay especially on the integration of sustainability in the purchasing management in which “competitive priorities” were identified by Hayes and Wheelwright (1984) and later improved by Krause et al. (2001). These five “competitive priorities” are quality, cost, delivery, flexibility and innovation (Pagell et al., 2008, p. 20). Furthermore, Pagell et al. (2008) argue that sustainability should be added in the competitive priorities as well. The alignment of these competitive priorities with the overall strategy of the corporation is crucial for the business performance (González-Benito, 2007, p. 905; Pagell et al., 2008, p. 20). As shown in the literature, sustainable development already plays an important role, not only for

organizations in general, but for every single department in an organization.

To go further into detail on the variety of sustainability, there are six principles (see Figure 2 in the Appendix):

- Eco-efficiency
- Eco-effectiveness
- Socio-efficiency
- Socio-effectiveness
- Sufficiency
- Ecological Equity

describing the three categories of sustainability and demonstrate a correlation between them (Zink, 2008, p. 11). Economical sustainability consists of Eco-efficiency which includes aspects like the “reduction of variety” and the “minimization of costs for poor quality”. Additionally, there is the principle of Socio-efficiency which mentions “Occupational health and safety” and the “design of Working systems” as influencing aspects. Thereby, Socio-/ Eco-efficiency mention the increased production of goods with a decreased input of natural resources. An equation for this was set up by Schaltegger and Sturm (1990), dividing the “added value” and the “positive external effects” of the organization’s business by the “aggregated negative impacts on society and nature” (Zink, 2008, p. 11). Socio-/Eco-effectiveness on the other hand means “doing the right things” with business activities. Socio-effectiveness relates to the social category and eco-effectiveness to the environmental category of sustainability. Another principle for the social category is ecological equity, meaning the “environmental justice is the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies.” (Callahan et al., 2012, p. 8). Leaving “Sufficiency” for the Environmental category, it is described by Dyllick and Hockerts (2002) as the changing (consumer) behavior. All six principles show a connection among the different categories of sustainability, as for example “minimization of costs for poor quality” (relating to the principle of eco-effectiveness), also has an effect on environmental sustainability. All criteria on the three categories of sustainability must be taken into consideration by organizations for a lasting success on the base of sustainability (Zink, 2008, p. 16).

2.2.1 Benefits and Drawbacks of Adopting Sustainability in Organizations

Since sustainability is growing in importance, it is necessary for an organization to identify the benefits or drawbacks sustainability may come along with. First of all, there are aspects which rather force companies to adopt sustainability through external pressure than that they can choose voluntarily, as stated by Kumar & Rahman (2015). Agencies like NGO’s, shareholder, customers and other stakeholders are external pressure factors for organizations and force them to adopt and also extend their sustainable developments throughout their supply chain (Kumar & Rahman, 2015, p. 115). In the Appendix, Table 3 lists all relevant external pressure factors for sustainability adoption. Among these factors are trade unions, media, industry norms, human right organizations, regulatory bodies, employee unions, the society consumer groups and also the pressure of competitors, whereas regulatory bodies, consumer groups and competitors have the most pressure for

adoption on all parties of a supply chain (Kumar & Rahman, 2015, p. 115). Nevertheless, it is not only the pressure which drives companies to adopt sustainability. It also offers certain benefits for which Kumar & Rahman (2015) also made a very clear table with the most relevant benefits the majority of the organizations notice to gain not only an improved image, but also competitive advantage, quality and in some cases even an increase in profitability (see Table 4). Another framework from (Yadav & Mankavil Kovil Veettil, 2021) went even more into detail and divided the benefits into more short-term to long-term benefits (see Figure 3) starting from pressure from the government up till competitive advantage which they argue is based on “shared value creation” and “reputation management”.

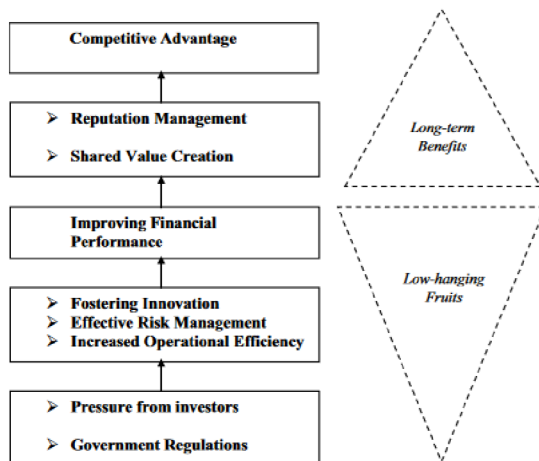


Figure 3: “Conceptual framework of defining business case for sustainability” (Yadav & Mankavil Kovil Veettil, 2021, p. 17)

In addition to that, the first, fourth and fifth level can be categorized as strategic variables, the second as operational and third level as performance variables (Yadav & Mankavil Kovil Veettil, 2021, p. 17).

Contrary to the benefits of sustainability, one of the main drawbacks of the adoption of sustainability, is the lack of knowledge and competence by stakeholders of an organization (Zutshi & Sohal, 2004, p. 5). Also resistance for sustainable changes is one major barrier (Vachon, 2007, p. 4358) in combination with the lack of interest and incentives by suppliers (Hall, 2000, p. 456). Further drawbacks for organizations of adopting sustainability into their business activities and the corresponding literature can be found in Table 6 in the appendix. It is expected from the outcomes of the interviews that similar benefits and drawbacks will occur at both customer and supplier side and that these will have an influence on the relationship among both parties. This will be further explained in the next section, as well as in the model which will be extended based on the literature and personal findings from the interviews.

2.3 Synthesis

As this paper will give an answer on how sustainability and the relationship between customer and supplier is related to each other, in this part both parts are connected to each other based on the literature found.

2.3.1 The Dynamic Between Preferred Customer Status and Sustainability

Lee and Klassen (2008) found out that large firms are more likely to adopt sustainability into their business activities and to report the corresponding sustainable performance to their customers earlier than SME suppliers, since they prefer to first get their internal processes in order (Lee & Klassen, 2008, p. 581). Furthermore they found out in a study in the automobile industry that most suppliers prepare their processes in order to obtain needed certifications required if the customer changes it’s managerial practices regarding sustainability, as in the case of suppliers, it’s procurement practices (Lee & Klassen, 2008, p. 578). As it is confirmed that large suppliers adopt sustainability, it is necessary to state the factors that influence the relationship between the customer and supplier. Therefore, sustainability practices can be divided into drivers and enablers, whereas drivers are initiating factors for a process and enablers the implementing factors for sustainability practices (Kumar & Rahman, 2015, p. 118). Drivers support the development of commitment towards sustainability and enablers support the implementation of the practices for both customer and supplier (Kumar & Rahman, 2015, p. 118). Kumar et al. argue that “a buyer-supplier relationship based sustainable supply chain encourages capacity building and the development of supply chain partners, and places sustainability practices at the center of policies”. There is several literature on relationship management strategies which the customer must develop in order to influence and support their suppliers (Kumar & Rahman, 2015, p. 119) which might also be useful to identify how a customer can get a PCS or when it is already achieved how this is useful to further develop the relationship based on sustainability or develop sustainability practices based on the relationship between both parties. To achieve this, the buyer-supplier relationship should create an “environment conscious designing” in which processes and practices are determined (Sarkis, 1995, p. 87). In order for this to work, both partners should have a strategic partnership (Ageron et al., 2012, p. 171) which is given if the customer has a preferred status, as well as being a key supplier. If this strong, strategic partnership is given, both parties can fully commit to sustainability and facilitate innovation on sustainable technologies (Zhu et al., 2007, p. 1049). (Simpson & Power, 2005, p. 62) found out that if the buyer and supplier visit each others’ plants, even more success on innovation development was achieved. The leading company (adopting or already adopted sustainability) should motivate and stimulate its suppliers to also change to more sustainable business activities and otherwise force them to do so (Kumar & Rahman, 2015, p. 119) if they are in the position that allows this. In the worst case scenario, the customer might even discontinue a long-term relationship with its supplier if it is not able or willing to adopt sustainability. This is one of the main findings in this paper and can also be found in the extended model in the findings section. Of course, no customer is wanting to do this and therefore both customer, but especially the supplier should be aware of the possibility that this might happen. Collaboration therefore is the best method to achieve economic, social and environmental objectives (Gold et al., 2010, pp. 237-238). Van Bommel (2011) emphasizes among other factors, the importance of supplier certification and the reduction of the buyers’ supplier base. In addition to that inspections as already mention before and clear contracts to counteract any inconsistencies are further relationship strategies (Ciliberti et al., 2008, p. 898; Kumar & Rahman, 2015, p. 119; van Bommel, 2011, p. 898). As the buying firm often is more interested in the supplier’s sustainability performance, the supplier often looks for more orders given by

the buying firm. Therefore it is helpful to decrease the supplier base and focus on key suppliers that are willing and especially capable to make sustainability an “integral part of all business activities” (Kumar & Rahman, 2015, p. 120). Another very important fact to mention in this section is that since firms, focusing on sustainability, having the attitude of caring more about developing and maintaining relationships with suppliers who adopt sustainability practices, these suppliers are somewhat forced to adopt sustainability practices (Kumar & Rahman, 2015, p. 123). As buying firms are not always in the position to force a supplier, it may be a better saying that the suppliers are led by the customer to adopt/improve sustainability practices. In order to find a better understanding on the general research question and connect sustainability to the buyer-supplier relationship, 2 propositions are thought of:

1. The suppliers’ adoption or fulfillment of Sustainability criteria set by the customer leads to a collaboration.

2. The suppliers’ non-adoption or non-fulfillment of Sustainability criteria set by the customer leads to a discontinuation of a relationship.

Answers on both propositions are found in the course of the Analysis section in this paper and later answered and criticized in the Discussion part.

3. METHODOLOGY

The methodology section will explain the way how the research is conducted and which methods are used to find the data and their outcomes for the research.

3.1.1 Research Design and Data Collection

The Research is done by a qualitative case study in the form of an interview. Since the research question asks about ‘How’ sustainability influences the strength of the buyer-supplier relationship, it can be categorized as qualitative rather than quantitative research (Yin, 2009, p. 27). It is a single case study as one customer (the buying company) serves as the main role and its suppliers as supporting roles. The customer, as well as the suppliers are all interviewed individually and separately.

The data collection is done, as already mentioned before, by interview questions. All questions were written down clearly and in some cases also translated into Dutch or German, so all participants were able to fully understand. The answers were given in open text, so there were no limitations on the answers. Nevertheless, if there was a chance to this, the participant was asked to go more into depth if the data was relevant for the research. Unlike surveys or other research methods in which the space for answering is limited to a certain extent, interviews offer a great opportunity to gain deeper insights and more information. In addition to this, by using interviews, the emotions and expressions of participants are shown which is a contrast to more anonymous research methods. Furthermore, the interviews in this case were more suitable in the way that more complex and discursive data were obtained (Irvine, 2018). The primary data was collected through audiovisual and recordings which were deleted after completion of this paper due to confidentiality. As wished by all participants, their names and any confidential information about the companies are not given in this paper. The data from the literature was retrieved by peer-reviewed articles of which all references are included, as can be seen at the end of this paper. Furthermore,

the method was ethically approved by the University’s Ethics department, so all data in this paper can be seen as valid and reliable. Everything mentioned before will be further explained and get more clearer in the next sections.

3.1.2 Interview Design and Analysis Approach

The interview is a ‘focused interview’ in which the interviewees are interviewed, in this case online via video-calling, in a short period of time, on average between 40 and 80 minutes. The study in general consists of one customer, more precisely the procurement manager and three of its suppliers by which the interview is in all cases done by the sales manager. All participants were in an age group between 30 and 60 years, as most of the participants were senior managers with quite a lot of work experience in their branch. The total amount of questions for the procurement manager were 16 and were divided into 4 sections (Classification, Benefits, Antecedents, Sustainability). The total amount of questions for the suppliers were 14 and were divided into the same 4 sections as for the customer. The interview questions can be found in the appendices. The questions were designed in a way that the participants are encouraged to answer on leading questions which are partly already proven by facts. Nevertheless, the participant brings in fresh information and can also add new information which is not directly proven by literature (Yin, 2009, p. 107). In this case, the good thing about the interviews is that a real-life insight in current business relationships is given and thus, combined with literature can give a more precise answer on the research question. For the analysis part of the interview, the answers of the participants will be coded into the categories ‘Classification’, ‘Benefits’, ‘Antecedents’, and ‘Sustainability’ with the help of transcriptions of the interview and programs such as Amberscript and the own transcription program of Teams on which the interviews were conducted. In addition to that relevant or new findings found out during the interview will be filtered out and used for the results. This is done via coding which means that all answers were separated into codes of antecedents and benefits of PCS, SS and Sustainability. The coding was done partly with the program called AtlasTi and partly with written notes taken during the interviews. The purpose of transcribing, followed by coding, was to analyze the data in a very efficient way.

4. ANALYSES & RESULTS

In this main section of the paper, the company will be introduced which may be lacking of information due to the confidential treatment. Also, the data of the interviews will be analyzed and the outcomes derived from them will be stated and explained. As the literature showed antecedents and benefits of both PCS and SS, this case study also focused on these with additional questions on sustainability which will be later, in the discussion part, compared to the literature.

4.1 Company Introduction

In this section, the buying firm, as well as its suppliers are introduced. The exact numbers are taken out, due to confidential reasons, regarding the answers each of the participating companies gave. All four companies included in the interview are market-leading in the production of fruit juice and beverage and its’ raw ingredients in the Dutch, Austrian and Italian food industry. The juice industry was chosen because of the broad adoption of sustainability and close

business relationships within the industry. This allowed the collection of more information.

Interviewees	Scope	Size, Year	Sales
Customer 1 (C1)	Fruit juice producer	... employees, ...	~... mln. Euros
Supplier 1 (S1)	Beverage raw ingredients producer	... employees, ...	~... bln. Euros
Supplier 2 (S2)	Fruit & vegetable ingredients producer	... employees, ...	~ ... mln. Euros
Supplier 3 (S3)	Fruit & vegetable juice/ingredients producer	... employees, ...	~ ... mln. Euros

The customer company (C1) is the market-leader in fruit juice production in the Netherlands, as well as production partner and a supplier for private label. C1 started with the production of metal-free mineral water in the year ... and gradually grew since then to one of the biggest producers of juices and beverages. Over the years, the company increased its product assortment with products such as mineral water, concentrates, essences, lemonade and soft drinks. The company has various suppliers. In this paper however, only 3 large suppliers were taken into account for analysis, most of them having a PCS. All suppliers provide the customer with raw/semi-finished ingredients, such as juice concentrate, aroma, etc. for juice production.

4.2 Findings

In this section, the findings of the interviews are summarized with the most important information.

CLASSIFICATION

C1 stated that they distinct between two classification criteria. On the one hand the use of hard classification criteria which mentions that their suppliers need to be certified based on quality norms. If it is the case that suppliers are not fulfilling the quality obligations, the buyer is not allowed to buy from this supplier. On the other hand, if this hard criteria is fulfilled, the buyer distinguishes between the suppliers regarding how attractive a supplier is. There are a lot of suppliers in the juice industry, but choosing the right supplier with who the buyer wants to do business is very important, as stated by the buyer. This criteria is not written down on paper, but is determined by the buyer, how he thinks and feels about the supplier. This can be factors such as quality as mentioned before, low prices, possibility of late payment, behavior and problem solving. Suppliers who make faults quite frequently, who are generally quite expensive or who offer less good quality are classified as less attractive. The buyer mentioned that this is shown by experience with past suppliers. So, again, there is not a framework on this more specific classification. Furthermore, C1 mentioned it has a closer relationship with around ¼ of its suppliers, whereas with around 5 of them there is a real collaboration, also in terms of innovation which will be further explained later in this section. The buyer told that he knows having a preferred customer status at 2 companies, one orange juice producer and one packaging manufacturer and with one

aroma company they are believing to get a PCS as well, yet there are still doubts. The goal of this year is to rigging a strategic relation with 3 to 5 suppliers for the whole purchasing department.

When looking on the suppliers side, 1 of 3 suppliers (S3) mentioned not classifying their customers at all. A PCS would not be given to any customers in a direct way. S3 stated that the relation with their customers in general is based on friendship and trust, developed over several years by doing business together. The rest of the suppliers (S1 and S2) did classify their relations with customers. S2 has a more strict classification like C1 has, whereas S1 does not have written criteria. Both, S1 and S2 mentioned volume and reliability as major factors for a PCS and especially continuity of the business relations over the years. Thereby, the size of the buying firm is important to both suppliers, probably because of the higher capacity and thus higher volume. Really interesting is the classification of S2, as customers are classified by 'points'. A customer with e.g. less than 40 points gets classified as a bronze-customer. Everything over 40 and up to 60 points is silver. 60 up to 90 points is gold and every customer, having more than 90 points is a platinum-customer and is seen by S2 as having a preferred customer status. Due to confidentiality, S2 did not provide a clear listing of factors influencing the amount of points, but provided some information as besides reliability and volume as basis factors, a win-win relation was very important for S2, as well as collaboration and investments. The sales manager mentioned an own product-line, specially made for a premium-customer, having a platinum status, which no other customer below that status has access to. Another fact mentioned by S2 is that questionnaires, asking how content a customer is with S2 as supplier, was only really given to a PC, as the answers were relevant for improving the exiting relationship with that specific PC. For S2, C1 is currently classified as 'gold' meaning it is a very important customer, but not preferred. The reason for this was that C1 could order more. Both, S1 and S2 classify the company as a whole, so not the sub-branches of a customer.

ANTECEDENTS

Having discussed the classification, in the following part, the antecedents of PCS and SS found out by the interviews are listed in Table 6.

As can be seen by the table, all participants in the interview found Reliability, loyalty, trust and honesty one of the most important antecedents of a PCS. These factors require a polite behavior and of course, a willingness for cooperation on both sides should always exist when aiming for a PCS by a supplier. Further similarities or differences between the findings and the literature, as well as explanations of these outcomes, will be discussed in the discussion section later in this paper.

In Table 7, the antecedents of supplier satisfaction which were found by the interview are quite similar to the ones of the PCS. Mostly, the interviewees did not really differentiate between both and the outcomes showed that SS indeed had similar conditions as for a PCS. Nevertheless, drivers which differ to Table 6 are the capacity of customers and if the customers involve their suppliers in any innovation approaches. This was only stated by C1 and S2, as for the other suppliers this was not a criteria factor for SS. in addition to that C1 and S2 both

mentioned the importance of mutual investments which means the customer is ready to invest for its supplier. In turn, C1 mentioned that also an investment from the side of the supplier is expected. This can be in form of a increased product variety or even a complete new product line, only for that customer as mentioned earlier. Only S1 thought that planning could be important for SS and at the same time draw attention on the very importance of understanding for delivery delays by its customers, as S1 and C1 both mentioned the Covid crisis and the Evergreen-incident causing delivery bottlenecks as hard times especially for all suppliers. For all suppliers and the customer the reaction time of both parties was an indicator of good service and a driver for achieving SS. S2 mentioned that early payment increases their satisfaction with a customer, whereas for C1, late payment is more favorable. All other antecedents can be found in Table 7.

BENEFITS

The amount of perceived benefits of a preferred customer status taken from the interview was higher compared to the actual antecedents of a PCS, but nevertheless with quite obvious outcomes. The antecedents and benefits overlapped sometimes which is discussed later. The benefits of a PCS can be found in Table 8 below.

Benefits of a preferred customer status	Interviewee			
	C1	S1	S2	S3
Economic value				
Priority in times of scarcity/new products	X	X	X	
Product variety	X		X	
Better price/payment conditions	X		X	X
Lower costs	X	X	X	X
Favorable contracts		X		
Higher quality	X		X	X
Investments	X	X		
Flexibility		X		
Relational quality				
Fast reaction				X
Problem solving	X			X
Increased level of service				X
Reliability and loyalty	X	X	X	X
Trust/Honesty	X	X	X	X
Relationship intensification		X	X	
Increased certainty on continuity of relationship	X	X	X	X
Instruments of interaction				
Direct communication	X	X	X	X
Knowledge/information sharing				
Behavior (politeness)/friendship	X	X	X	X
Strategic compatibility				
Collaboration/strategic partnership	X	X	X	
Shared goals/strong bond	X	X	X	
Growth opportunity	X	X	X	

Table 8: Benefits of a preferred customer status – findings by interview

As can be seen in Table 8, there are a lot of benefits if a PCS is achieved. The most crucial benefits of being a PC and having satisfied suppliers are shown in the pyramid (Figure 4).

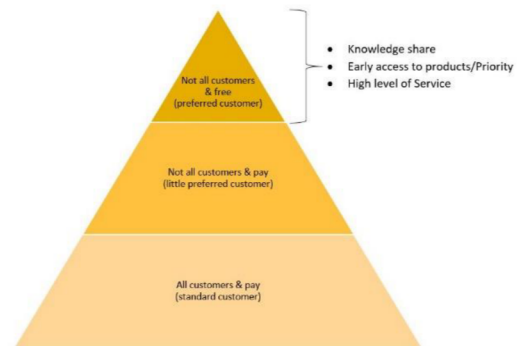


Figure 4: Preferred customer pyramid with its top three benefits – findings by interview

As can be seen here, knowledge share is on the top. The buying firm and most of its suppliers mentioned this as one of the major benefits of a PCS. As the relationship between both parties intensifies, knowledge is shared in such a way that both strategic partners interact with each other on their goals, solve problems together and share their experiences in an open discussion. This increases the opportunity to improve future businesses in this relationship since both parties know what and how to do better. The relationship might intensify even more through the constant interaction between both preferred and key supplier. Another major benefit is the (early) access to certain products, in for example times of scarcity. PCs in almost all cases get the first choice for new or scarce products. It is up to them if they accept that offer or not, but the key supplier is very likely to prioritize the PC. In terms of payment this is also noticeable, as in this case especially S2 has always strawberries in stock for C1, even before the actual contract is set up or the price has been negotiated. A further example of this, which also counts for service in a way, is that as already mentioned in the beginning of the findings, some suppliers set up an own product-line especially for their PCs which cost a great investment. This is not 'free' in the way that the supplier has to pay for that investment, but the PC does not have to pay directly. It is expected by the specific supplier that the PC pays back the investment over the years in form of purchasing of the goods. This may end in a dependency which will be introduced in the discussion section. As already addressed, a high level of service is one of the best benefits of a PCS too. A high service level includes aspects such as the direct contact to all departments of the company and going along with this the fast response of the supplier. This enables the PC to get fast and accurate support whenever this is needed. Not all customers are granted this kind of benefit as questions or feedback mostly goes via the sales manager of the supplier. Fast(er) delivery or better payment condition might also be a service in a way that supplier might offer a later payment or fast transport if needed by the PC. This was also one major aspect C1 mentioned, as the company is not always on high liquidity (e.g. due to investments, high payments, etc.), a later payment is always very favored by C1.

All suppliers, as well as the buying firm adopted sustainability into their business processes. All interviewees were able to give a definition on sustainability and gave answers on why sustainability is important for their companies.

Benefits and drawbacks of sustainability adoption	Interviewee			
	C1	S1	S2	S3
Increased quality of products and packaging	X	X	X	X
Reduced CO2 emissions and waste	X	X	X	X
Increased safety	X		X	
Protection of society	X	X	X	X
Competitive advantage	X		X	X
Increased profitability in the long-term	X		X	
Reputation/Image	X	X	X	X
Alignment of internal and external processes	X			X
High pricing	X		X	
High cost of adoption/investment	X		X	

Table 9: Benefits and drawbacks of sustainability adoption – findings by interview

In Table 9, all benefits and drawbacks (marked with *) mentioned in the interviews are listed. As the outcomes for sustainability clearly shows, all the participants in the study had the same answer in terms of increased quality regarding the products and its packaging, which is in this case fruit, as raw ingredient, semi-finished product (juice concentrate, aroma, etc.), as well as the end-product (juice). All participants mentioned the very importance of sustainability adoption, as their industry built on the nature and the society consuming their products. Especially S1 and S2 mentioned the increasing demand of end-consumers for sustainable products. Further answers which were mentioned by all interviewees were the reduction of CO2 emissions, the protection of society and the improvement of the reputation and image. The participants also stated that it was not possible to use sustainability adoption as just a 'green washing' opportunity, as all of the suppliers, except S3 signed a covenant, named Sustainable juice covenant (SJC) in which particular norms are required to be fulfilled, to reach the goal of being 100% sustainable in 2030. Asking why S3 was not yet part of the covenant, the supplier mentioned that the requirements were already fulfilled by far, but the certification for the covenant did not happen yet due to reasons of covid. S3 stated that the company is already about of getting certified. The SJC targets a 100% sustainable sourcing by 2030, focusing on Living Wage and Working Conditions, Gender Equality, Smallholder Farmer Inclusion and Responsible Agrochemicals Management. In terms of protection for the society, all interviewees mentioned the safe environment of farmers, the non-acceptance of child-labor and the further protection of the society in form of elimination of toxic chemicals and CO2 reduction, as well as pollution. The rest of the answers were not directly mentioned by all participants, but are stated in the SJC, so it is expected that the outcomes are more or less the same for all companies. For the drawbacks of sustainability adoption, S2 made a very interesting statement "Above all, sustainability shouldn't cost any money" in an sarcastic way. She mentioned that everyone wants to be

sustainable, but if the prices are too high (caused by large investments, improved processes etc.), companies are not willing to adopt sustainability or purchase sustainable products. Another statement of S2 supporting this argument she mentioned is "Nice to have, but no priority" with which she meant some companies' shareholders not wanting to participate on any sustainability targets. The argument of high cost of adoption is connected to the large investments companies have to make when implementing more sustainable processes in their businesses, both internal and external, stated by C1 and S2. This also leads the main finding of the paper, arguing that a buyer-supplier relationship can be heavily influenced by sustainability factors. Especially for the case of sustainability influencing the buyer-supplier relationship, the cycle of preferred customership model (Figure 1) can be extended by the variable sustainability.

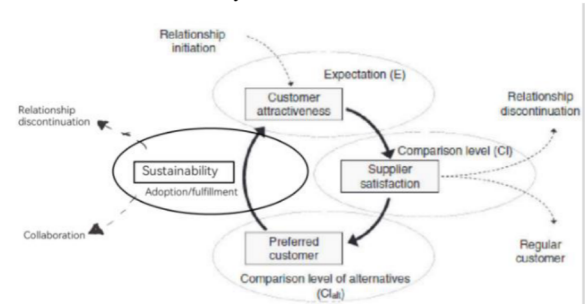


Figure 5 : The extended model of preferred customership with sustainability as influencing variable

As the buyer of C1 told that if suppliers do not meet the sustainability requirements, in this case stated in the covenant, the buyer is not allowed to buy from these suppliers. This means the covenant 'forces' the customer in some way to buy only from certified suppliers. In this sense, the buyer told that from the current suppliers of C1, a certain amount of suppliers with which the buyer built up a quite intensive business relationship over the past years, have to give up that relationship. In the other case, if the suppliers are certified for the SJC, the buyer is allowed to purchase and mentioned the further development of that buyer-supplier relationship. Regarding innovation, the buyer mentioned that only with around 3 suppliers there was a collaboration and investments in innovative technologies, but would like to see more suppliers offering new innovations and spend more on R&D as C1 argued the current amount of innovative suppliers is really low. Regarding C1 has not a direct PCS at the suppliers mentioned in this interview, but a preferential treatment from S2, as S2 always had strawberries in decent volume on stock for C1, sustainability enhanced a deeper relationship with S2 since both adopted sustainability practices into their supply chain and aim to further develop on this. Also for S1, as sustainability is very important for the supplier, mentioned the enhancement of trade with C1, as both has the same view on sustainability. C1 stated that in some way it is a 'taboo' to ask whether the buyer has a PCS at their suppliers or not which is also somehow applicable to the propositions, meaning that the customer will not directly mentioning the discontinuation of a relationship to the suppliers if these are not following certain sustainability standards, but rather encourage them to also adopt or improve to an extent that the customer is still willing to buy, as it is in both interests to continue a good buyer-supplier relationship

with a favorable outcome of collaboration and a shared future. In addition to that, the customer might lose its PCS if he is not able or wanting to buy (any)more from the supplier.

5. DISCUSSION OF THE FINDINGS

In this section of the paper, the findings of the previous section are discussed. In addition further outcomes found out during the interview are stated.

5.1 Comparison of Cases / Critical discussion

Comparing the findings to the literature, The statements of the buyer mentioned in the findings section before, support that a lot of similarities are noticeable, still with some differences. Starting by comparing the antecedents of PCS, ‘profitability’ was among others one of the strongest criteria for a PCS which is also stated in the literature (see e.g. Table 2). Nevertheless, ‘continuity’ was a driver for PCS mentioned by a lot of interviewees, meaning the continuation of buying by the supplier. This can be seen as a shared future, but it is not directly mentioned in the literature. Since C1 and S2 stated the very importance of this antecedent, ‘continuity’ could be a new antecedent, adding to current antecedents. Other major differences are ‘capacity’, ‘company size’, ‘visits’ and ‘strategic partnership’, whereas this antecedent is not mentioned in the literature directly, but in form of ‘strategic fit’. ‘Capacity’, similar to ‘company size’ are also not mentioned in the literature before. They can be seen as criteria that the buying firm is large enough and has the capacity for mutual growth with the supplier. ‘Company visits’ can also not be found in current literature, probably due to the fact that this is a side-criteria, not directly found by companies as really important to gain a PCS. It is more profitability, quality or purchasing volume what makes out if a customer gets a preferential treatment or not. Regarding supplier satisfaction, the same differences as mentioned before occur. In addition to that, ‘involvement in innovation approaches’ stated by C1 and S2 is more specific than the literature where this driver could be classified as ‘early supplier involvement’ in general. Furthermore, ‘Understanding for delivery delays’ was a major driver for SS, as the purchasing manager of C1 thought. This driver is relatively similar to antecedents like ‘feedback’ or ‘quality of reaction’ which also presumes ‘politeness’ and ‘behavior’, found out by the interviews. All interviewees, except S3 mentioned ‘certainty’ as a driver for supplier satisfaction as the suppliers prefer to not be too dependent on the customer after collaboration with the customer. C1 mentioned the importance of not “squeezing out” the suppliers in terms of prices since it is only beneficial for the buying firm in the short-term and the relationship will be destroyed and certainly discontinued. Future businesses with that supplier will probably not be possible anymore. The benefits for PCS and SS are in some extent similar to their drivers. This is most probably due to the fact that the specific factors are helpful to achieve PCS or SS, but if PCS or SS is already achieved these factors are considered as benefits. Both benefits and antecedents can overlap. There is not always a clear distinguish between both which was also proven by the answers of the interviewees. Although trying to go more into detail, either some participants did simply not know the exact meaning and explained in their perspective or they did in case of S3 they did not adopt PCS

into their businesses, so exact distinguishable answers could not be given. Statements on drivers or benefits of both PCS, SS and Sustainability which are mentioned by fewer participants are less strong as the statements mentioned by more interviewees. Different people have different opinions about something. Nevertheless, if these are not matching, they get less meaningful.

Comparing other literature to the findings of this paper, the statement of Henke and Zhang (2010), arguing that suppliers are more likely to give their preferred customer (exclusive) access to new technology before they give it to others, is reflected by the outcomes of the interviews. S2 mentioned the exclusive product-line for its platinum-customers and investments as an example or C1 with the collaboration with suppliers on innovative technology. To the Social Exchange Theory in which Cropanzano and Mitchell (2005) emphasized the creation of interdependent “transactions” to generate a highly-valuable relationship between buyer and supplier, the outcomes of this case study show an alignment. The outcomes stressed the existence of “win-win situations” in which both customer and supplier cooperate to create value, beneficial for both parties. It is a form of reciprocity which is supported by the statements from C1 and its suppliers.

For the sustainability part, all three pillars of sustainability consisting of Nature, Economy and Society (see Figure 2) were considered by the interviewees and the SJC leading to an overall agreement for the assumptions of Zink (2008). Regarding the conceptual framework of Yadav and Mankavil Kovil Veetil (2021), showing ‘shared value creation’, ‘reputation management’ and ‘competitive advantage’ as long-term benefits can also be agreed upon. Especially the purchasing manager mentioning sustainability is not done within a short-time and needs a lot of effort to eventually pay out in the long run, leading to competitive advantage. Pressure from government regulations or investors were not mentioned by the interviewees. This is most probably due to the fact that no interview questions were asked in that direction. In addition, the participants were certified for the SJC with which all current governmental regulations are surpassed. Zutshi and Sohal (2004) mentioned lack of knowledge and competence by stakeholders of an organization as a major drawback for adopting sustainability. In the interviews there was no direct indication for such a statement. The reason for that is most probably that most companies have a manager, especially hired for sustainability efforts. S3 stated that it was in the market over 70 years and noticed the changes towards more sustainable processes and thus S3 most probably created the knowledge itself. Also resistance for sustainable changes and the lack of interest and incentives by suppliers is one major barrier as Vachon (2007) and Hall (2000) stated. All suppliers in the interview seemed quite open-minded and interested in the adoption of sustainability, but C1 argued that a lot of suppliers are not willing to adopt sustainability into their businesses which supports the statements made by Vachon (2007) and Hall (2000). This directly leads to the most important finding which needs to be discussed in detail. Figure 5 shows an extended model of the cycle of preferred customership by Schiele et al. (2012). During the interview, C1 expressed that if one of its suppliers is not willing to get certified for the SJC, the relationship to that supplier unfortunately had to be given up by the buyer. This leads to the acceptance of the second proposition formulated in 2.3.1. Indeed, the non-adoption or non-fulfillment of criteria for sustainability by suppliers can lead to a discontinuation of a long-year relationship between

both parties. As the buyer furthermore stated that with the suppliers being certified to the covenant, a collaboration is very likely to happen. Of course this needs more criteria than only the certification. Aspects like the behavior, payment conditions, volume etc. also need to be considered when going into a collaboration. Therefore it is necessary that the customer has a preferred status and that the supplier is willing to develop a long-term, intensified buyer-supplier relationship. Nevertheless, the buying firm requires the supplier to be certified at all, so it plays a major role for the question if a collaboration is likely to be developed or not. This accepts the first proposition, asserting that the suppliers' adoption or fulfillment of Sustainability criteria set by the customer leads to a collaboration. As enough evidence from the case study exists, this extension of the model can be concluded, although this is yet only evidenced by the juice industry. This will be further explained in the limitations part in 5.2. Future research could be done on whether these propositions are also true in other industries, like for example car manufacturers, as the literature is mostly from there. As different industries have different processes, outcomes from different industries might indeed differ a lot from this paper. More about this will be explained in the following section.

5.2 Managerial Implications

The value of this paper in terms of action for managers is the creation of awareness, to pay attention to changing markets, especially towards sustainability. Another very important aspect to mention is the open communication. Customer and supplier, talking about their current business relationship, can enhance their relationship, avoid misunderstandings and can offer the opportunity of improved cooperation up to collaboration. Also, especially for buyers, aiming for low costs towards the supplier and not continuing doing businesses in the future can lead to major damages in the relationship between both parties, also for losing a preferred status, and it is therefore recommended not to do so.

5.3 Limitations and Future Research

The result of this thesis is mostly based on the outcomes from interviews by companies in the fruit juice industry which may implicate that this thesis is only applicable on the fruit juice sector. Some of the frameworks used are based on the car-manufacturing industry in which conditions might differ from the ones in the fruit juice industry. In addition to that, qualitative research like interviews are perspective-based approaches in which the responses are not measured mathematically. Also, the collected data can not be proven as the questions were open-ended by which the interviewees controlled the content by the answers they gave. Another limitation of this case study is that the amount of interviews is quite small, influencing the accuracy and that they are not conducted face-to-face due to long distances. Nevertheless, interviews give the respondents an opportunity to give more information, so the chance of missing information is very small. Regarding the fact that the interviews were based on the juice industry only, it can be mentioned that the food industry is significantly contributing to the consumption of resources and has major impacts on the environment (Del Borghi et al., 2014, p. 121), so using this industry as an example gives a better insight on the importance of sustainability and buyer-supplier relationships.

For future research, it is recommended to use this case study for the food-processing industry and to not generalize these outcomes. Furthermore, the companies were all located in Europe. As supplier 3 mentioned that customers in different

countries partially have other methods of production, behavior and other conceptions of sustainability, it is recommended to use the data of this case study only for cases in Europe.

6. CONCLUSION

Both propositions were supported by the data from the findings. Different factors influence buyer-supplier relationships. With this case study a further variable was taken into consideration, concluding that sustainability indeed influences the strength between customer and supplier. The main aspects of the findings were that a non-adoption or non-fulfillment of sustainability can lead to an unfortunate discontinuation of a business relationship which remained for a long time. It is not the personal contact which is discontinued, but simply the business relation, as the supplier or customer did not adopt or fulfill the criteria required by the opposite party. Regarding the preferred customership, the customer might lose its preferential status, as well as key suppliers level down to normal suppliers. In the future sustainability will grow in importance as stated by the participants in the interviews, as well as stated by literature. It shows that sustainability is a long-term approach which needs to be handled hand-in-hand with both customer and supplier agreeing on cooperation and full commitment.

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APPENDICES

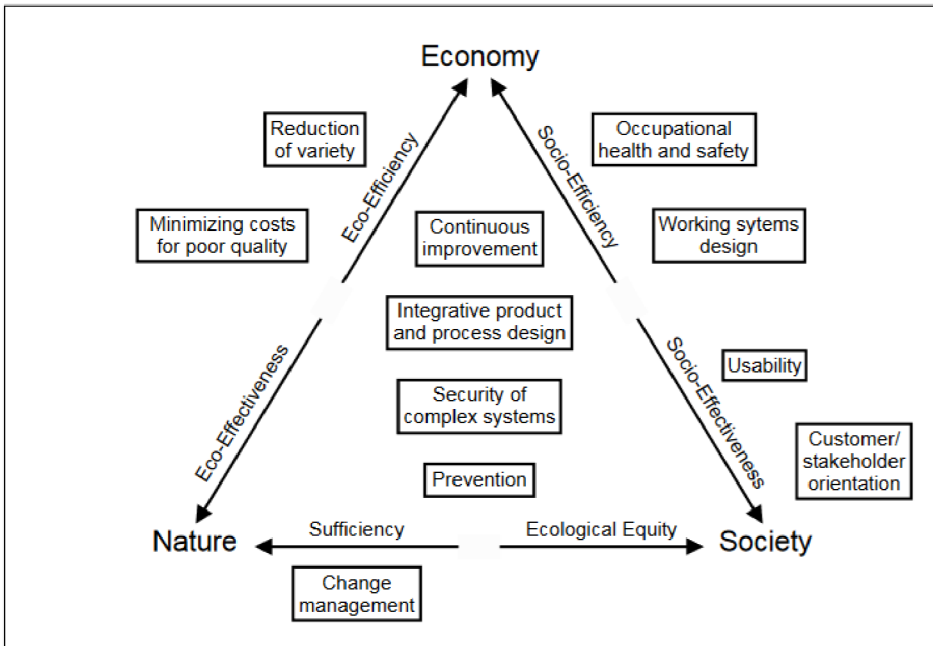


Figure 2: “Principles, tools and methods of business excellence and human factors in corporate sustainability” (Zink, 2008, p. 13)

External Agency	References
Trade union	Bommel, 2010; Routroy, 2009; Peters et al., 2011
Media	Darnall, 2008; Peters et al., 2011; Markley & Davis, 2007
Industry norms	Darnall, 2008; Ageron et al., 2011
Human right organizations	Bommel, 2010; Peters et al., 2011; Bitzer et al., 2008; Elkington, 1994; Markley & Davis, 2007
Regulatory bodies (laws and regulations)	Teuteberg & Wittstruck, 2010; Asif et al., 2008; Diabata & Givindanb, 2011; Routroy, 2009; Nakano & Hirao, 2011; Clemens & Douglass, 2006; Walker et al., 2008; Ytterhus, 1999; Seuring & Muller, 2008; Michelsen, 2007; Sarkis et al., 2010; Closs et al., 2010; Ageron et al., 2011; Brito et al., 2008; Elkington, 1994; Pullman et al., 2010; Markley & Davis, 2007; Fortes, 2009
Employee unions	Asif et al., 2008; Holt & Ghobadian, 2009; Ytterhus, 1999; Darnall, 2008; Hall, 2000; Eltayeb et al., 2011; Elkington, 1994; Markley & Davis, 2007
NGO	Seuring & Muller, 2008; Lee, 2008; Darnall, 2008; Vachon & Klassen, 2006; Peters et al., 2011; Matos & Hall, 2007; Sarkis et al., 2010; Muller et al., 2009; Elkington, 1994; Markley & Davis, 2007
Society/Community	Asif et al., 2008; Holt & Ghobadian, 2009; Ytterhus, 1999; Darnall, 2008; Hall, 2000; Eltayeb et al., 2011; Elkington, 1994; Markley & Davis, 2007
Focal company influence	Nakano & Hirao, 2011; Rao & Holt, 2005; Darnall, 2008; Hall, 2000; Markley & Davis, 2007; Keatinga et al., 2008; Vachon & Mao, 2008
Civil society	Smith, 2007; Clemens & Douglass, 2006; Bitzer et al., 2008; Elkington, 1994
Trade association	Darnall, 2008; Ageron et al., 2011; Lee, 2008; Elkington, 1994
Consumer groups	Bommel, 2010; Diabata & Givindanb, 2011; Holt & Ghobadian, 2009; Routroy, 2009; Zhu et al., 2008b; Seuring & Muller, 2008; Smith, 2007; Walker et al., 2008; Vachon & Klassen, 2008; Hall, 2000; Matos & Hall, 2007; Sarkis et al., 2010; Closs et al., 2010; Kushwaha, 2011; Markley & Davis, 2007; Buyukozkan & Cifci, 2010; Hamprecht et al., 2005; Cote et al., 2008
Competitor pressure	Diabata & Givindanb, 2011; Holt & Ghobadian, 2009; Ytterhus, 1999; Darnall, 2008; Zhu et al., 2007b; Kogg, 2003; Closs et al., 2010; Elkington, 1994; Pullman et al., 2010; Markley & Davis, 2007

Table 3: “External Pressure for Sustainability Adoption” (Kumar & Rahman, 2015, p. 115)

Benefits	References
Competition	Diabata & Givindanb, 2011; Holt & Ghobadian, 2009; Ytterhus, 1999
Competitive advantage	Clemens & Douglass, 2006; Walker et al., 2008; Ytterhus, 1999; Vachon & Klassen, 2008; Zhu et al., 2008b; Kogg, 2003; Hong et al., 2009; Olorunniwo & Li, 2010; Zhu et al., 2007a; Peters et al., 2011; Zhu & Sarkis, 2004; Ni et al., 2010; Ageron et al., 2011; Vermeulen & Ras, 2006; Muller et al., 2009; Zhu & Sarkis, 2010; Elkington, 1994; Curkovic & Sroufe, 2010; Cote et al., 2008; Young & Kielkiewicz-Young, 2001; Hsu et al., 2013
Premium pricing	Ytterhus, 1999; Eltayeb et al., 2011; Ageron et al., 2011
Increase quality	Zhu et al., 2008a; Ytterhus, 1999; Eltayeb et al., 2011; Bitzer et al., 2008; Ageron et al., 2011; Ashby et al., 2012; Carbone & Moatti, 2011
Improve corporate Image/ Reputation	Zutshi & Sohal, 2004; Zhu et al., 2008; Smith, 2007; Darnall, 2008; Eltayeb et al., 2011; Zhu et al., 2008a; Simpson et al., 2007; Matos & Hall, 2007; Rocha et al., 2007; Vermeulen & Seuring, 2009; Muller et al., 2009; Keatinga et al., 2008
Cost reduction in long term	Bommel, 2010; Zutshi & Sohal, 2004; Salam, 2008; Holt & Ghobadian, 2009; Rao & Holt, 2005; Clemens & Douglass, 2006; Walker et al., 2008; Lee, 2008; Tsoufas & Pappis, 2006; Green et al., 1998; Eltayeb et al., 2011; Zhu et al., 2008b; Hong et al., 2009; Zhu et al., 2007b; Rocha et al., 2007; Hsu et al., 2013; Vasileiou & Morris, 2006
Improve operational processes	Zutshi & Sohal, 2004; Holt & Ghobadian, 2009; Bai & Sarkis, 2010; Rocha et al., 2007; Ageron et al., 2011; Cai et al., 2008; Hsu et al., 2013
Marketing advantage	Smith, 2007; Clemens & Douglass, 2006; Darnall, 2008; Eltayeb et al., 2011; Zhu et al., 2008b; Kogg, 2003; Zhu et al., 2007a; Bitzer et al., 2008; Zhu & Sarkis, 2004; Markley & Davis, 2007
New market opportunity	Holt & Ghobadian, 2009; Clemens & Douglass, 2006; Bitzer et al., 2008; Markley & Davis, 2007
Product differentiation	Kogg, 2003
Customer satisfaction and value	Hong et al., 2009; Smith, 2007; Lee, 2008; Hong et al., 2009; Kushwaha, 2011; Ageron et al., 2011; Smerecnik & Anderson, 2011
Reduction in fines	Zutshi & Sohal, 2004; Rocha et al., 2007; Kushwaha, 2011; Hsu et al., 2013
Increase profitability	Ytterhus, 1999; Darnall, 2008; Salloum et al., 2012; Eltayeb et al., 2011; Zhu et al., 2008a; Zhu et al., 2007b; Carter & Jennings, 2002; Closs et al., 2010; Markley & Davis, 2007

Table 4: “Benefits of Sustainable Adoption” (Yadav & Mankavil Kovil Veetil, 2021, p. 116)

Barrier	Reference
Increased cost of adoption	Carter & Rogers 2008; Salam, 2008; Wu & Pagell, 2011; Rao & Holt, 2005; Walker et al., 2008; Darnall, 2008; Seuring & Muller, 2008; Bai & Sarkis, 2010; Rao, 2002; Zhu & Sarkis, 2004; Carter & Jennings, 2002; Kushwaha, 2011; Linton et al., 2007; Ageron et al., 2011; Cai et al., 2008; Muller et al., 2009; Bowen et al., 2001; Simpson & Power, 2005; Markley & Davis, 2007; Luthra et al., 2011; Buyukozkan & Cifci, 2010; Cote et al., 2008
Focus on short term profitability	Wu & Pagell, 2011; Cote et al., 2008
Perception of low economic return	Nakano & Hirao, 2011; Ageron et al., 2011; Cai et al., 2008; Bowen et al., 2001; Simpson & Power, 2005; Keatinga et al., 2008; Fortes, 2009; Luthra et al., 2011
Lack of money	Klassen & Vachon, 2003; Smith, 2007; Lee, 2008
Lack of integration	Vachon, 2007; Carter & Rogers 2008; Vasileiou & Morris, 2006
No support from government	Zutshi & Sohal, 2004; Lin, 2007
Resistance from suppliers	Zutshi & Sohal, 2004; Lee, 2008
Poor supplier commitment	Diabata & Givindanb, 2011; Rao & Holt, 2005; Carter & Rogers 2008
Lack of partner trust	Bitzer et al., 2008; Senge & Prokesch, 2011
Lack of top management commitment	Rao & Holt, 2005; Walker et al., 2008; Ageron et al., 2011; Luthra et al., 2011
Cultural difference	Blowfield, 2005; Ageron et al., 2011
Lack of training	Zutshi & Sohal, 2004; Walker et al., 2008
Lack of education	Zutshi & Sohal, 2004; Lee, 2008; Kudla et al. 2012
Lack of human resources capability	Wu & Pagell, 2011; Lee, 2008; Markley & Davis, 2007; Luthra et al., 2011
Lack of knowledge	Smith, 2007; Lee, 2008; Bai & Sarkis, 2010; Vasileiou & Morris, 2006
Lack of resources	Clemens & Douglass, 2006; Lee, 2008; Hall, 2000; Kudla et al. 2012
No capability	Lee, 2008; Hall, 2000; Senge & Prokesch, 2011
Outdated auditing standards	Rao & Holt, 2005; Beske et al., 2008; Hamprecht et al., 2005
Poor demand forecasting	Carter & Rogers 2008
No information sharing	Lee, 2008; Seuring & Muller, 2008; Vachon, 2007; Zhu & Sarkis, 2004; Luthra et al., 2011
No technology sharing	Wu & Pagell, 2011; Klassen & Vachon, 2003; Lee, 2008; Bitzer et al., 2008; Zhu & Sarkis, 2004
Lack of awareness	Rao & Holt, 2005; Bitzer et al., 2008

Table 5: “Barriers to Sustainable Adoption” (Yadav & Mankavil Kovil Veetil, 2021, p. 117)

Drivers of preferred customer status	Interviewee			
	C1	S1	S2	S3
Order volume	X	X	X	
Profitability	X		X	X
Company size		X		
Capacity	X		X	
Innovation capabilities	X		X	
Customer Attractiveness	X	X	X	
Reliability and loyalty	X	X	X	X
Trust/Honesty	X	X	X	X
Open communication	X	X		X
Willingness for cooperation/Commitment	X	X	X	X
Strategic partnership	X			
Shared goals	X	X	X	
Behavior (politeness)/friendship	X	X	X	X
Long-term view on business relations/Continuity	X	X	X	X
Certainty	X	X	X	
Company visits	X		X	

Table 6: Antecedents of a preferred customer status – findings by interview

Drivers of supplier satisfaction	Interviewee			
	C1	S1	S2	S3
Order volume	X	X	X	
Profitability	X		X	X
Company size		X		
Capacity of customer	X		X	
Favorable payment habits	X		X	
Involvement in Innovation approaches	X		X	
Mutual investments	X		X	
Reliability and loyalty	X	X	X	X
Trust/Honesty	X	X	X	X
Reaction time	X	X	X	X
Planning		X		
Understanding for delivery delays	X	X		
Open communication	X	X	X	X
Direct communication to all departments	X	X		X
Willingness for cooperation	X	X	X	X
Strategic partnership	X			
Shared goals	X	X	X	
Behavior (politeness)	X	X	X	X
Maintain friendship	X	X	X	X
Long-term view on business relations/Continuity	X	X	X	X
Certainty	X	X	X	
Company visits	X		X	

Table 7: Antecedents of supplier satisfaction – findings by interview

