How to obtain a Preferred Customer Status with Key Suppliers and its Influence on Sustainability in Buyer-supplier Relationships – a Dyadic Case Study

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ABSTRACT,
In a setting of increasing supplier scarcity and continuous dependence on suppliers for sustainability, a strategic role for purchasing to contribute to a competitive advantage arises. This study explores how a buyer can achieve a preferred customer status with key suppliers and the influence of a preferred customer status on sustainability in buyer-supplier relationships. In this exploration, qualitative data was collected through semi-structured interviews with two manufacturing companies and multiple of their key suppliers. It was found that the main drivers of preferred customer status are the assurance of operative excellence, creation of relational value, growth opportunity, reliability, long-term orientation, and purchasing volume. Furthermore, the study identified that a preferred customer can obtain a closer relationship, access to innovations, favorable pricing and cost savings, operative benefits, customer support, supplier flexibility, and supply security and that these benefits contribute to the buying firm's economic sustainability. It was discovered that preferred customers often offer the most potential return of sustainability initiatives and that sustainability can be a determining factor in the race for a preferred customer status. The findings of this study confirm and extend existing research on preferred customer status and sustainability in buyer-supplier relationships, and provide practical implications for Company X and Company Y.

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Keywords
buyer-supplier relationship, competitive advantage, preferred customer status, purchasing and supply management, supplier satisfaction, sustainability,

1. INTRODUCTION

Traditionally, a perception prevails that a relatively large number of suppliers compete for orders from a relatively limited number of buyers. In this context the primary effort of the suppliers is to sell, i.e. the supplier is dedicated to convincing the buyer (Schiele, 2010, p. 33). However, in many industrial markets – often with an oligopolistic market structure – an inverted perspective is present.

Firstly, these business-to-business (B2B) markets are characterized by a decreasing number of suppliers, i.e. "supplier scarcity" (Schiele, Calvi, & Gibbert, 2012, p. 1178). As a result of this development, buyers start to compete for deliveries from a relatively limited number of suppliers (Schiele, 2010, p. 34), i.e. "supplier resource competition", as introduced by Pulles, Veldman, and Schiele (2016, p. 1460). This leads to the efforts of buying firms being directed towards becoming an attractive customer to their suppliers (Schiele, 2010, p. 34; Schiele et al., 2012, p. 1178), i.e. "reverse marketing" (Leenders & Blenkhorn, 1988, p. 2). A buyer is perceived to be an attractive customer if the supplier has a positive expectation of the buyer-supplier relationship (Schiele et al., 2012, p. 1180).

Secondly, in conjunction with a reduction in the number of suppliers, there has been an organic shift of supply chain responsibilities, i.e. outsourcing, from the buyer to the supplier (Schiele et al., 2012, p. 1178; Vos, Schiele, & Huttinger, 2016, p. 4613). Following these two developments, buyers are becoming more closely involved with the few remaining suppliers (Cannon & Perreault, 1999, p. 439; Hüttinger, Schiele, & Veldman, 2012, p. 1194).

In competition for the resources of a scarce number of suppliers, buying firms do not only aim for customer attractiveness, but also for supplier satisfaction. Supplier satisfaction has been defined by Schiele et al. (2012, p. 1181) as: "a condition that is achieved if the quality of outcomes from the buyer-supplier relationship meets or exceeds the supplier's expectations." If the supplier has a positive expectation of the buyer-supplier relationship and if the quality of outcomes from the buyer-supplier relationship meets or exceeds this expectation more than that of alternative customers, the supplier is awarded a preferred customer status (Schiele et al., 2012, pp. 1180, 1181). A firm actively has a preferred customer status, if the supplier offers the buyer preferential resource allocation (Steinle & Schiele, 2008, p. 11). In sum, customer attractiveness and supplier satisfaction are prerequisites to a preferred customer status, i.e. preferential resource allocation.

Historically, situations of multiple supply chain disruptions – e.g. the succession of the "Arab spring", a tsunami in Japan, and a flood in Thailand, in 2011 – have shown to jeopardize supply security (Schiele et al., 2012, p. 1179). Furthermore, so-called "boom phases" also demonstrate supply uncertainties in growth markets (Schiele et al., 2012, p. 1179). Both events present the challenge of suppliers not being able to serve all customers in markets of supplier scarcity. Or to put it another way: suppliers find oneself the opportunity to select customers (Schiele et al., 2012, p. 1179). Consequentially, strategically important customers receive preferential resource allocation, and therefore a preferred customer status (Schiele et al., 2012, p. 1179; Williamson, 1991, pp. 81, 83).

As noted, not all customers are of even strategical importance to the supplier. Similarly, not all that is bought by the buying firm is indispensable for its core processes. Therefore, "key" suppliers are defined as those that supply resources – goods, services, capabilities, and knowledge – that are essential for running, maintaining, and managing the primary processes of a firm (Schulze & Bals, 2020, p. 3; Weele, 2010, p. 8). Preferential resource allocation from key suppliers effectively means outperforming competitors as not all customers can receive preferential treatment (Hüttinger et al., 2012, p. 1200). Therefore, a preferred customer status contributes to a competitive advantage for the buying firm (Hüttinger, Schiele, & Schröer, 2014, p. 697; Pulles, Veldman, et al., 2016, p. 1463). This argumentation introduces the notion that a firm's purchasing function can be of strategic relevance (Hüttinger et al., 2012, p. 1200) and therewith contradicts the assumption that purchasing activities are typically only operational in nature (Ramsay, 2001, p. 261; Schiele et al., 2012, p. 1183; Steinle & Schiele, 2008, p. 11).

In addition to the purchasing function's potential to contribute to the economic sustainability of its firm by being a preferred customer of its key suppliers, it plays a focal role in achieving environmental and social sustainability. This is for the reason that "a company is no more sustainable than the suppliers from which it sources." (Krause, Vachon, & Klassen, 2009, p. 18; Miemczyk, Johnsen, & Macquet, 2012, p. 478). This highlights that the achievement of a firm's strategic sustainability objectives is to a great degree dependent on its supply chain (Difrancesco, Luzzini, & Patrucco, 2022, p. 603; Miemczyk et al., 2012, p. 478). Similar to a preferred customer status, environmental and social sustainability initiatives have the potential to contribute to a competitive advantage when they lead to, among others, more inimitability, better resource efficiency, and the minimization of opportunistic behavior (Berns et al., 2009, p. 24; Carter & Rogers, 2008, p. 374; Murfield & Tate, 2017, p. 1325). This potential raises inquisitiveness about the, yet to be explored, interplay between the two strategic components; preferred customer status and sustainability in buyer-supplier relationships. The relevance of both strategic components is amplified by global supply chain disruptions with a comparable magnitude to those in 2011 (e.g. the COVID-19 pandemic, raw material scarcity, and Russia's military invasion of Ukraine) and industries continuously being faced with sustainability risks (e.g. automotive and chemicals) (Schulze & Bals, 2020, p. 6). The delineated observations in this context raise the following research question:

RQ: What is the influence of a preferred customer status on sustainability in buyer-supplier relationships?

In exploration of this research question, this study aims to validate previous findings on how a buyer can become a preferred customer of its key suppliers by providing empirical data. Thereby, providing practical insights into how a buyer can achieve preferred customer status with its key suppliers and ipso facto a competitive advantage. Moreover, this study aims to add to existing literature by researching the interplay between preferred customer status and sustainability in buyer-supplier relationships, an underexposed element in science. The empirical data for this study is collected through interviews with Company X and Company Y and multiple of their key suppliers.

The study starts with a literature review, which is used to draw up propositions and a conceptual model. Then follows the methodology to explain the level of analysis, data collection and analysis. Finally, the findings are presented and discussed to provide theoretical contributions and practical implications for Company X and Company Y.

2. THEORETICAL FRAMEWORK

2.1. Preferred customer status: antecedents, drivers and benefits

2.1.1. The cycle of preferred customership: a resource-based, social exchange theory perspective

This research is conducted from a resource-based perspective, because "the relational benefits from buyer–supplier interaction are increasingly viewed from a strategic perspective" (Pulles, Schiele, Veldman, & Huttinger, 2016, p. 137), "the preferred customer status concept is strongly based on resource-based studies" (Pulles, Schiele, et al., 2016, p. 134) and "resource-based theories have been used to explain the competitive advantage of firms" (Pulles, Veldman, et al., 2016, p. 1463). The resource-based view is frequently used for the discussion of the consequences of preferential resource allocation (Schiele et al., 2012, p. 1179). According to Steinle and Schiele (2008, p. 6), suppliers – as a resource to a buying firm – can contribute to a competitive advantage if they fulfill four criteria:

(1) "they offer a valuable product to the final customer;
(2) they are rare, that is, there are only a few comparable suppliers;
(3) their product is not easy to substitute and
(4) it is difficult for third parties to imitate the buyer–supplier relationship."
(Barney, 1991; Steinle & Schiele, 2008, p. 6)

By extension, the "cycle of preferred customership" by Schiele et al. (2012, p. 1179) is used as a conceptual basis for this study. This concept has its origins in social exchange theory, which corresponds to the resource-based view as it concerns the exchange of resources between actors (Schiele et al., 2012, p. 1180). Moreover, social exchange theory complements the resource-based view as it is more suited for discussing relationship initiation, continuation, and termination issues (Schiele et al., 2012, p. 1179). "This issue is central to the process of becoming a preferred customer" (Schiele et al., 2012, p. 1180). Moreover, Hüttinger et al. (2014, p. 712) suggest that social exchange theory "might be used as a frame of reference in future studies to further examine the drivers of preferential customer treatment by suppliers."

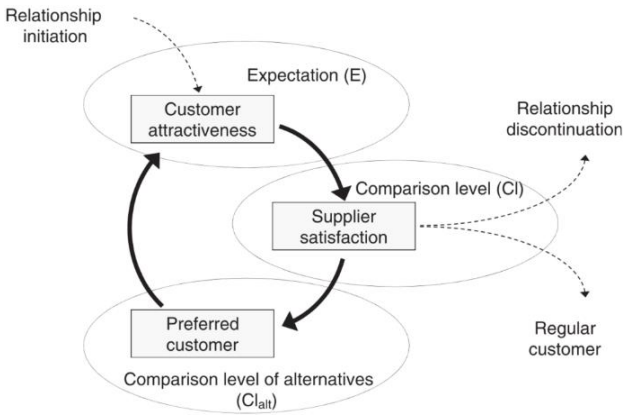

Figure 1. The cycle of preferred customership, by Schiele et al. (2012, p. 1180).

Embedded in the context of the social exchange theory, the "cycle of preferred customership" (see Figure 1) sequentially links the three steps of (1) customer attractiveness, (2) supplier satisfaction, and (3) preferred customer status (Schiele et al., 2012, p. 1179). If expectations (E) of a supplier towards the relationship with this customer are positive, the customer is deemed attractive, leading to the initiation of an exchange relationship. Then, the outcomes of the exchange from a buyer-supplier relationship are judged based on the "comparison level" (Cl). Supplier satisfaction is achieved if the outcomes meet or exceed the supplier's expectations, resulting in the continuation of the exchange relationship. Finally, the outcomes from the buyer-supplier relationship are judged based on the "comparison level of alternatives" (Cl_{alt}). Preferred customer status is awarded by the supplier if the customer is able to provide a higher level of satisfaction compared to alternative customers (Schiele et al., 2012, pp. 1180, 1181). The comparison level of alternatives refers to the assumption in social exchange theory that "actors will use not only absolute but also relative criteria to evaluate the outcome of an exchange relationship." (Schiele et al., 2012, p. 1180; Thibaut & Kelley, 1959, p. 44). Therefore it is argued that the continuation of an exchange relationship depends on the availability of alternatives (Schiele, 2020, p. 126; Schiele et al., 2012, p. 1180).

2.1.2. Antecedents of supplier satisfaction: relational behavior, growth opportunity, operative excellence, reliability and profitability

The "cycle of preferred customership" demonstrates that customer attractiveness, supplier satisfaction, and preferred customer status are sequentially linked. Moreover, as introduced, customer attractiveness and supplier satisfaction are prerequisites to a preferred customer status. This study aims to research how a buyer can become a preferred customer of its key suppliers. Therefore it is assumed that the buyer is already in an exchange relationship with its supplier. As set forth by Hüttinger et al. (2012, p. 2102): "In contrast to customer attractiveness, the antecedents of supplier satisfaction refer more to the ways in which the interaction between buyers and suppliers should be organized once the two partners have already begun to interact." Therewith, the antecedents of customer attractiveness do not coincide with the scope of this study and are not explored.

A buyer can find oneself at an intersection in an exchange relationship. The "cycle of preferred customership" provides two options at the "comparison level" (Cl). Either the relationship is continued or discontinued. To ensure the continuation of the exchange relationship the customer has to satisfy the supplier by meeting or exceeding its expectations. In this section, the antecedents of supplier satisfaction are explored.

A variety of supplier satisfaction antecedents have been identified in literature. Not all antecedents have been found to be of equal significance, in fact, some studies identified antecedents that could not be confirmed by successive studies. There does appear to be a consistent thread of antecedents that runs through literature. The results of a survey conducted by Hüttinger et al. (2014, p. 712) indicate that supplier satisfaction is positively influenced by growth opportunity, reliability, and relational behavior. Growth opportunity is defined as the ability to generate new potential business opportunities through the buyer-supplier relationship (Hüttinger et al., 2014, p. 703; Walter, Müller, Helfert, & Ritter, 2003, pp. 161, 162; Walter, Ritter, & Gemünden, 2001, p. 368). Among others, this is determined by whether the buyer operates in a growth market. Reliability concerns the supplier's perception that the buying firm acts in a consistent and predictable manner (Hald, Cordón, & Vollmann, 2009, p. 965; Hüttinger et al., 2014, p. 703). E.g., a buyer is reliable when it complies with set agreements. Relational behavior refers to the buying firm's behavior towards the supplier (Griffith, Harvey, & Lusch, 2006, pp. 94, 95; Hüttinger

et al., 2014, p. 703; Palmatier, Dant, & Grewal, 2007, p. 175). In line with social exchange theory, it has been found that favorable relational behavior invokes the other party to reciprocate (Ellis, Henke, & Kull, 2012, p. 1260; Hald et al., 2009, p. 961; Pulles, Schiele, et al., 2016, p. 132). Therefore, favorable relational behavior could positively influence supplier satisfaction and drive a supplier to assign a preferred customer status. Operative excellence did not show to have any significant effect in this study. The research by Hüttinger et al. (2014) was replicated by Vos et al. (2016, p. 4614), with the addition of profitability as a potential antecedent of supplier satisfaction. The study confirmed that growth opportunity, reliability, and relational behavior are relevant antecedents of supplier satisfaction (Vos et al., 2016, p. 4621). Moreover, it showed that profitability is among the relevant antecedents of supplier satisfaction. Profitability allows for generalization to all industry settings (Vos et al., 2016, pp. 4614, 4621) and is therefore a valuable extension of the findings of Hüttinger et al. (2014, p. 713). Relational behavior, growth opportunity, reliability, and profitability were classified as "first-tier" antecedents, because of their direct influence on supplier satisfaction. Furthermore, Vos et al. (2016, p. 4621) identified "second-tier" antecedents, which influence "first-tier" antecedents and therefore indirectly influence supplier satisfaction. E.g., innovation potential was found to have a positive impact on growth potential. Schiele (2020, p. 133) found that operative excellence significantly influences the supplier satisfaction of private organizations. Operative excellence can be seen as the ease of doing business with a customer as a product of, among others, efficient processes and accurate forecasting (Schiele, 2020, p. 130; Schiele, Veldman, & Hüttinger, 2011, p. 701). Low operative excellence, e.g. slow order processing, may even lead to supplier dissatisfaction (Essig & Amann, 2009, p. 104; Vos et al., 2016, p. 4619).

Antecedents can possess both objective/hard and subjective/soft elements. Objective/hard elements of antecedents are factually quantifiable, whilst subjective/soft elements are merely a matter of preference (Schiele, 2020, p. 130). Similarly, Maunu (2003, p. 95) distinguished between "business-related" dimensions – such as profitability and forecasting – and "communication-related" dimensions, like trust. Moreover, Walter et al. (2001, pp. 367-369) distinguished between "direct functions" and "indirect functions" of value creation. This highlights that not all antecedents of supplier satisfaction can be measured in the same way, nor is their perceived value equal. A conglomerate summary of the antecedents of supplier satisfaction and the corresponding elements is presented in Table 1 and a comprehensive version with the corresponding references is presented in Appendix A.

Table 1. Antecedents of supplier satisfaction.

Relational behavior
Communication
Maturity in relationship management
Flexibility
Reactivity/responsiveness
Growth opportunity
Access to new customers/markets
Growth rate
Market share
Presence in growth market
Size
Operative excellence
Billing/delivery
Forecasting/planning
Order process
Quality management
Support
Time scheduling
Reliability
Adherence to agreements
Commitment
Trust
Payment habits
Profitability
Bargaining position
Contract duration
Margins
Price
Purchasing volume

Note. See Appendix A for a comprehensive version with references

2.1.3. Drivers of a preferred customer status: assured operative excellence, created relational value, growth opportunity and reliability

Supplier satisfaction is achieved if the relational behavior, growth opportunity, operative excellence, reliability, and profitability of the customer meet or exceed the supplier's expectations. When supplier satisfaction is achieved, the exchange relationship is continued. However, the buyer still finds oneself at an intersection: the relationship is only continued as a preferred customer, instead of a regular customer, if the customer "out-satisfies" its competitors. In this section, the drivers for continuing the relationship as a preferred customer are explored.

Nollet, Rebolledo, and Popel (2012, p. 1191) propose a four-step process to become a preferred customer. After the first step, initial attraction, follows the customer's performance. In this step to become a preferred customer the supplier's expectations should be satisfied. Therefore a good understanding of the supplier's expectations is of utmost importance (Nollet et al., 2012, p. 1189). The emphasis in attempting to satisfy the supplier should be on avoiding hassles, limiting additional costs, offering what it values the most, and on developing a good relationship (Nollet et al., 2012, p. 1190). The next step is engagement, in which the customer seeks to increase the supplier's commitment. In order for the supplier to award the customer with a preferred customer status, it must have the perception that the customer satisfies them better than other customers. This perception follows after a comparison of alternative outcomes. The perceived outcomes are made up of the objective/hard and subjective/soft elements of the supplier satisfaction antecedents. Nollet et al. (2012, p. 1191) argue that the assurance of operative excellence and the creation of relational value are the leading antecedents driving this perception. The final step is the maintenance of the preferred customer status. In order to continuously obtain a better evaluation by the supplier than its competitors, the right mechanisms need to be in place (Nollet et al., 2012, p. 1189). Communication, among others, is a key condition to remaining a preferred customer (Hald et al., 2009, p. 967; Nollet et al., 2012, p. 1189).

In contrast to the proposition by Nollet et al. (2012, p. 1191), Hüttinger et al. (2014, p. 712) found in their quantitative analysis that growth opportunity and reliability are the two drivers of a preferred customer status. These are the two categories that were found to be of significant importance in a supplier's customer evaluation behavior and in its decision to award a preferred customer status (Hüttinger et al., 2014, p. 712). This disparity in literature indicates that suppliers apply different criteria to award a customer with a preferred customer status. Moreover, Hüttinger

et al. (2014, pp. 711, 713) found that "not all of the factors that have been identified as influencing factors by buyers are equally valued by suppliers." Thus, existing literature suggests not only that suppliers may have different perceptions of what drives a preferred customer status, but it also suggests that buyers are not always aware of their suppliers' perceptions. A supplier may grant a preferred customer status with only a few drivers in place, while another supplier cannot guarantee preferred customer status despite all drivers being present (Bemelmans, Voordijk, Vos, & Dewulf, 2015, p. 193).

2.1.4. Benefits of a preferred customer status: access to innovations, favorable pricing and cost savings, a closer relationship and operative benefits

As introduced, in a setting of supplier resource competition, a supplier can find oneself the opportunity to select its customers. Following the "cycle of preferred customership", a supplier will select those customers that are most attractive. The customers – among the ones selected – that satisfy the supplier the best obtain a preferred customer status (Hüttinger et al., 2012, p. 1195; Vos et al., 2016, p. 4615). Being a preferred customer of a key supplier effectively means the preferential allocation of resources – goods, services, capabilities, and knowledge – that are essential for running, maintaining, and managing the primary processes of a firm. As noted, this contributes to a competitive advantage for the buyer. This part delves into the benefits a preferred customer could experience over a regular customer of the same supplier.

Existing literature proposes that a buyer may experience – in conjunction or as in consequence – prioritized access to innovations and supplier integration in new product development (Castaldi, ten Kate, & den Braber, 2011, p. 997; Ellis et al., 2012, p. 1266; Hüttinger et al., 2014, p. 697; Schiele, Veldman, et al., 2011, p. 16; Tchokogué & Merminod, 2021, p. 2), favorable pricing and cost savings (Bew, 2007, p. 2; Hüttinger et al., 2012, p. 1201; Moody, 1992, p. 52; Schiele, 2010, p. 36; Schiele, Veldman, et al., 2011, p. 16), a closer relationship and a bilateral sense of loyalty (Bemelmans et al., 2015, p. 183; Schiele, 2012, p. 49) and operative benefits in production and logistics (Schiele, 2020, p. 124; Schiele et al., 2012, p. 1183). "In conjunction or as in consequence" is explicitly stated, because it is needless to say that a benefit often does not stand by itself. E.g., Schiele, Horn, and Vos (2011, p. 330) found that the bulk of cost savings comes from product optimization, i.e. innovation (Schiele, 2010, p. 14).

Schiele (2020, p. 124) highlighted that the benefits obtained by a customer are always relative to the benefits received by competing customers and the costs for these benefits. This adds to the conception that achieving a preferred customer status carries a strategic component (Hüttinger et al., 2012, p. 1200; Pulles, Veldman, et al., 2016, p. 1459; Schiele, 2020, p. 124). Given this perspective, Schiele (2020, p. 124) developed a model that distinguishes among four levels of benefits that a buying firm may receive. An adapted version, the "tie of prosperity", can be found in Figure 2.

At the bottom of the figure (level -1) belong the benefits for which the customer pays more than other customers. Moreover, here belong the detriments the customer experiences compared to other customers, whilst paying the same price. These conduce to a competitive disadvantage to the unpreferred customer in this situation. The level there above (level 0) represents an even playing field, in which the customer receives the same benefits as other customers for the same standard charges. This "zero point" can be seen as a point of departure as it "simply avoids a competitive disadvantage (as occurs at level –1) without contributing any advantages" (Schiele, 2020, p. 125). A customer finds oneself at level 1 if it receives benefits other customers do not get, at additional charges. In this case, the customer may experience exclusive customization for a fee. Since not all customers receive these benefits, competitive advantages emerge at this level (Schiele, 2020, p. 125). Level 2 is the highest attainable level in this model: the status of a preferred customer. Here, the customer receives benefits other customers do not get, without being charged extra. Not only does this provide a competitive advantage, but it is also financially attractive (Schiele, 2020, p. 125) and therefore contributes to the sustainability of the advantage. The tie of prosperity could guide buying firms in classifying the benefits they receive or aim to receive from their suppliers, on the way to sustainable competitive advantage.

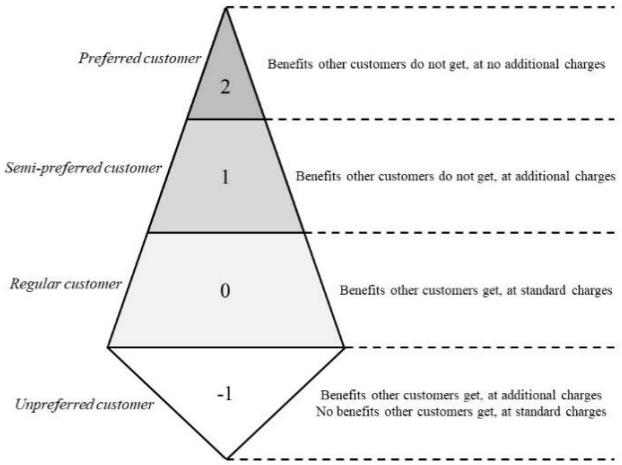

Figure 2. The tie of prosperity, adapted from Schiele (2020, p. 126); Vos (2014).

2.2. Sustainability in buyer-supplier relationships: definition, strategic importance, drivers and barriers

2.2.1. Defining and measuring sustainability in buyer-supplier relationships: the triple bottom line

As set out, a preferred customer receives benefits that contribute to a competitive advantage. Together with the financial attractiveness of these benefits, it can be reasoned that a preferred customer status at a key supplier has a positive influence on a firm's economic sustainability. Economic, environmental and social sustainability make up the "triple bottom line" of an organization (Carter & Rogers, 2008, p. 364; Foerstl, Reuter, Hartmann, & Blome, 2010, p. 118; Kleindorfer, Singhal, & Van Wassenhove, 2005, p. 483). The influence of a preferred customer status on sustainability – particularly environmental and social sustainability – remains to be explored. This chapter seeks to reason, the previously unexplored, influence of a preferred customer status on sustainability. Imprimis follows a review of the extant literature on sustainability in buyer-supplier relationships.

What is essential to understand the interplay between environmental and social performance on one hand, and economic performance on the other, is a certain recognition (Carter & Rogers, 2008, p. 361). That is, the recognition that environmental and social initiatives are sometimes profit-compatible and sometimes not (Hoffman & Bazerman, 2005, p. 16). This acknowledgment allows firms to focus on those initiatives that contribute to environmental and social

sustainability, and which simultaneously also contribute to economic sustainability.

Sustainability is not unanimously defined in extant literature. Miemczyk et al. (2012, p. 489) argue that the definitions used in research should reflect what is actually studied. The level of analysis is a prominent determinant for the delineation of a study. This research is conducted on a "micro-level", i.e. dyadic buyer-supplier relationships (Mortensen, 2012, p. 1207; Schiele et al., 2012, p. 1182). Given the level of analysis, a comprehensive definition of sustainability is outlined:

> Sustainability in a buyer-supplier relationship is the consideration of economic, environmental, and social elements in the supply of external resources – goods, services, capabilities, and knowledge – that are essential for running, maintaining, and managing the primary processes of a firm, in such a way that it contributes to people, profit and the planet.
> (Lintukangas, Kahkonen, & Hallikas, 2019, p. 3; Miemczyk et al., 2012, p. 489; Schulze & Bals, 2020, p. 3; Weele, 2010, p. 8)

This definition incorporates the suggestion of the triple bottom line that initiatives at the intersection of social, environmental, and economic performance positively affect the natural environment and society, and also result in economic benefits (Carter & Rogers, 2008, pp. 361, 362). Measuring the impact of sustainability initiatives on people and the planet is less straightforward than measuring the impact on profitability. Therefore, Miemczyk et al. (2012, p. 490) developed a taxonomy of the measures used in sustainable purchasing and supply research. More specifically, it includes the measures used at each level of analysis. Environmental measures at the dyadic level include, among others, pollution, compliance and standards, and risk. Social measures at the dyadic level comprise, among others, of non/ethical behavior, conflict of interest, and codes of conduct. (For a comprehensive list of measures see Miemczyk et al. (2012, p. 490).) Kumar and Rahman (2015, p. 113) identified in their literature review that the minimization of pollution, emission, waste, energy used and input material are among the indicators of an environmental supply chain. Indicators of a social supply chain include working conditions, career growth opportunities, women and minority-specific issues, and the elimination of poverty (Kumar & Rahman, 2015, p. 114).

Furthermore, with the chosen definition, it is argued that in a buyer-supplier relationship one can only speak of sustainability if the initiatives lie within the intersection and have a mutually positive effect. That is, contributions are made and enjoyed by both the buyer and the supplier.

2.2.2. Purchasing's strategic role in sustainability: contributing to competitive advantage

The lack of a single unambiguous definition of sustainability in extant literature also translates into business. Berns et al. (2009, p. 21) found that, in spite of different definitions, businesses are virtually united in the view that sustainability is and will be a leading force to be reckoned with. This is reflected by an increasing number of firms that have integrated sustainability into their business strategy over the last decades (Difrancesco et al., 2022, p. 604; Wu, Jim Wu, Chen, & Goh, 2014, p. 220). The success of strategic sustainability objectives is to a great degree dependent on its supply chain (Difrancesco et al., 2022, p. 603; Miemczyk et al., 2012, p. 478). That is for the concise premise that "a company is no more sustainable than the suppliers from which it sources." (Krause et al., 2009, p. 18; Miemczyk et al., 2012, p. 478). Carter and Rogers (2008, p. 361) highlighted that "supply chain professionals are in an outstanding position to impact sustainability practices." Environmental initiatives such as reducing packaging and social initiatives such as improving working conditions in warehouses can simultaneously be economic initiatives by e.g., enabling cost reduction (Carter & Rogers, 2008, p. 361).

Carter and Rogers (2008, p. 374) propose that "supply chains which integrate social and environmental resources and knowledge may be more difficult to imitate", therewith contributing to a competitive advantage. Moreover, they added that firms that more effectively adapt to declining natural resources and social changes have a competitive advantage by being more economically sustainable (Carter & Rogers, 2008, p. 375). Specifically, environmental sustainability efforts can lead to greater operational efficiencies and more efficient use of resources, resulting in cost savings (Berns et al., 2009, p. 24). Additional efficiency and cost savings allow environmental initiatives to be used as a means of competitive advantage (Murfield & Tate, 2017, p. 1325). Furthermore, social sustainability efforts can minimize opportunistic behavior, therefore also resulting in cost savings and improved economic sustainability (Carter & Rogers, 2008, p. 375).

A buying firm's dependence on its suppliers for sustainability implies that the buyer bears sustainability risk. In a setting where the buyer finds oneself the opportunity to select suppliers, sustainability risk assessment capabilities could lead to a more profound mitigation of corporate reputational risk to the buying firm (Foerstl et al., 2010, p. 127). That is, because "sustainability risk assessment capabilities allow for effective supplier selection, leading to risk reduction, which constitutes a source of competitive advantage." (Foerstl et al., 2010, p. 125). In a setting where the supplier finds oneself the opportunity to select customers, sustainable supplier development could result in enhanced operational performance of the buying firm (Foerstl et al., 2010, p. 127). This is supported by the finding that "organizationally dynamic firms are able to exploit and combine their external resources with internal ones successfully in order to respond to market changes and create competitive advantage." (Lintukangas et al., 2019, p. 2). The earlier a firm starts with sustainability risk assessment or sustainable supplier development, the greater the accumulated benefits will be relative to its competitors. This implies that sustainability initiatives in buyer-supplier relationships possess "first-mover advantages" (Foerstl et al., 2010, p. 127). Not only can sustainability initiatives in a buyer-supplier relationship lead to a competitive advantage, but the lack thereof could even lead to a competitive disadvantage. That is, e.g., by being more exposed to sustainability risks than competitors. Thus, the absence of sustainability initiatives could be the loss of a longer-term competitive advantage (Giunipero, Hooker, & Denslow, 2012, p. 268). In sum, existing literature suggests that sustainability in buyer-supplier relationships can contribute to a competitive advantage. Other drivers and potential barriers of sustainability in buyer-supplier relationships are explored in the next part.

2.2.3. Drivers and barriers of sustainability in buyer-supplier relationships

The potential to gain competitive advantages could be the sole driver for commitment to sustainability initiatives. However, this is not the only driver for the initiation of sustainability initiatives. Giunipero et al. (2012, pp. 260-262) identified in their literature review that, in addition to competitive advantage, top management involvement, governmental regulation, financial benefits, ISO certification, and customer demand are the most commonly cited drivers of sustainability. In their consecutive

Delphi analysis and interviews, Giunipero et al. (2012, p. 267) found that top management was the number one driver of purchasing and supply management sustainability initiatives. These sustainability initiatives were found to be compliance-driven. Therefore it was suggested that "purchasing and supply management executives must keep up to date with government regulations on sustainability and be in full compliance with these regulations." (Giunipero et al., 2012, p. 262). Additional, less significant drivers, identified are the reduction of the carbon footprint and increased utilization of resources (Giunipero et al., 2012, p. 267).

Whereas top management initiatives and regulatory compliance drive sustainability, there are other forces that impose a barrier to sustainability initiatives (Giunipero et al., 2012, p. 262). The most significant barriers were found to be high initial buyer and supplier costs of investment and economic uncertainty (Giunipero et al., 2012, p. 267). It should be noted that the significance of these two barriers can be explained by the recessionary times in which the study was conducted. Other barriers that were found to be of a lesser significance include the lack of the following: regulations, standards, top management support, and supplier resources (Giunipero et al., 2012, p. 267). These findings are supported and complemented by the comprehensive literature review of Kumar and Rahman (2015, p. 117). They concluded that, among the many barriers to sustainability initiatives identified, most are related to the capacity and capability of the supplier (Kumar & Rahman, 2015, p. 119). They added, that most of these barriers can be overcome with the help of relationship management (Kumar & Rahman, 2015). (For a comprehensive list of barriers see Kumar and Rahman (2015, p. 117).)

2.3. Synthesis: propositions and conceptual model

The anteceding literature review on preferred customer status and sustainability in buyer-supplier relationships forms a theoretical framework, which is used to draw up a conceptual model and to develop a set of propositions as a means of exploring the aspects that lack prior empirical evidence. This conceptual model is presented in Figure 3.

The preceding literature review shows that there is both conceptual research and empirical evidence on how a buying firm can obtain a preferred customer status. The "cycle of preferred customership" (Schiele et al., 2012, p. 1179) and its elements from social exchange theory form the basis of the exchange of supplier satisfaction and preferred customer status between a buyer and a supplier presented in the conceptual model. The mechanism is as follows: when a buyer satisfies the supplier better than competing customers, the supplier achieves supplier satisfaction and reciprocates by providing benefits to the buyer that other customers do not get at no additional prices (see Figure 2), with which the buyer obtains a preferred customer status. Prior empirical evidence suggests that a preferred customer status is awarded to a buyer by a supplier when this supplier perceives the buyer to satisfy the supplier better than other customers in terms of operative excellence, relational value, growth opportunity, and reliability. Other existing literature suggests that a buyer with a preferred customer status receives access to innovations, cost savings, a closer relationship, or operative benefits from its supplier.

These forms of preferential resource allocation lead to a competitive advantage when these are not enjoyed by competing customers. Direct or indirect cost savings or increased profitability as a result of these benefits have an impact on the economic condition of the firm. The life span of a competitive advantage obtained through preferential resource allocation by key suppliers makes up the sustainability of the competitive advantage (Hunt & Morgan, 1995, p. 12). Therefore, it is proposed that:

P1: A preferred customer status has a positive impact on a buying firm's economic sustainability.

"With any kind of relationship, each party has certain expectations; a buyer firm may look for an improved sustainability performance by the supplier firm while the supplier firm looks for more business from the buyer firm" (Kumar & Rahman, 2015, p. 120; Rocha, Searcy, & Karapetrovic, 2007, p. 89; Zutshi & Sohal, 2004, p. 408). In other words: in a buyer-supplier relationship, the buyer may have expectations of the supplier's sustainability performance whilst, as identified, the supplier has expectations of the buyer's relational behavior, growth opportunities, operative excellence, reliability, and profitability. For this reason, it is assumed in the conceptual model that sustainability initiatives are initiated in the buyer-supplier relationship when the supplier's performance meets the buyer's expectations.

Kumar and Rahman (2015, p. 116) found in their literature review that the adoption of sustainability practices could lead to new market opportunities. As identified in the literature review, new market opportunities are an element of growth opportunity, which in turn is one of the antecedents of supplier satisfaction. Conversely, as noted, high initial buyer and supplier costs of investment and economic uncertainty impose barriers to sustainability initiatives (Giunipero et al., 2012, p. 267). These two elements bound to sustainability initiatives can negatively impact the (short-term) profitability of a buyer to the supplier, which results in lower supplier satisfaction. Given these mechanisms, the following is proposed:

P2a: A buyer's sustainability expectations from its supplier can negatively impact the short-term profitability of a supplier and thereby have an indirect negative influence on supplier satisfaction.

P2b: A buyer's sustainability expectations from its supplier can positively impact the long-term growth opportunities of a supplier and thereby have an indirect positive influence on supplier satisfaction.

Following the social exchange theory, when a supplier's expectations are met or exceeded, a preferred customer can expect the reciprocity of preferential resource allocation (Pulles, Schiele, et al., 2016, p. 131). It can be argued that the higher the level of supplier satisfaction, the higher the reciprocity by the supplier will be. Furthermore, existing literature suggests that customer demand is a driving force for the adoption of sustainability initiatives (Giunipero et al., 2012, pp. 261, 262). This implies that a supplier is more willing to adopt sustainability initiatives for a preferred customer when compared to regular customers and leads to the following proposition:

P3: The sustainability performance of a supplier is positively influenced by the preferred customer status of the buyer.

In the presence of a buyer-supplier relationship, it can be assumed that sustainability is compliant with regulations. As suggested by Carter and Rogers (2008, p. 369), environmental sustainability initiatives and social sustainability initiatives "must be undertaken with a clear and explicit recognition of the economic goals of the firm." Therefore, it is assumed in the conceptual model that environmental sustainability initiatives and social sustainability initiatives that go beyond regulatory

compliance are initiated only at the intersection with economic sustainability. The joint set of these propositions results in the conceptual model that is presented in Figure 3.

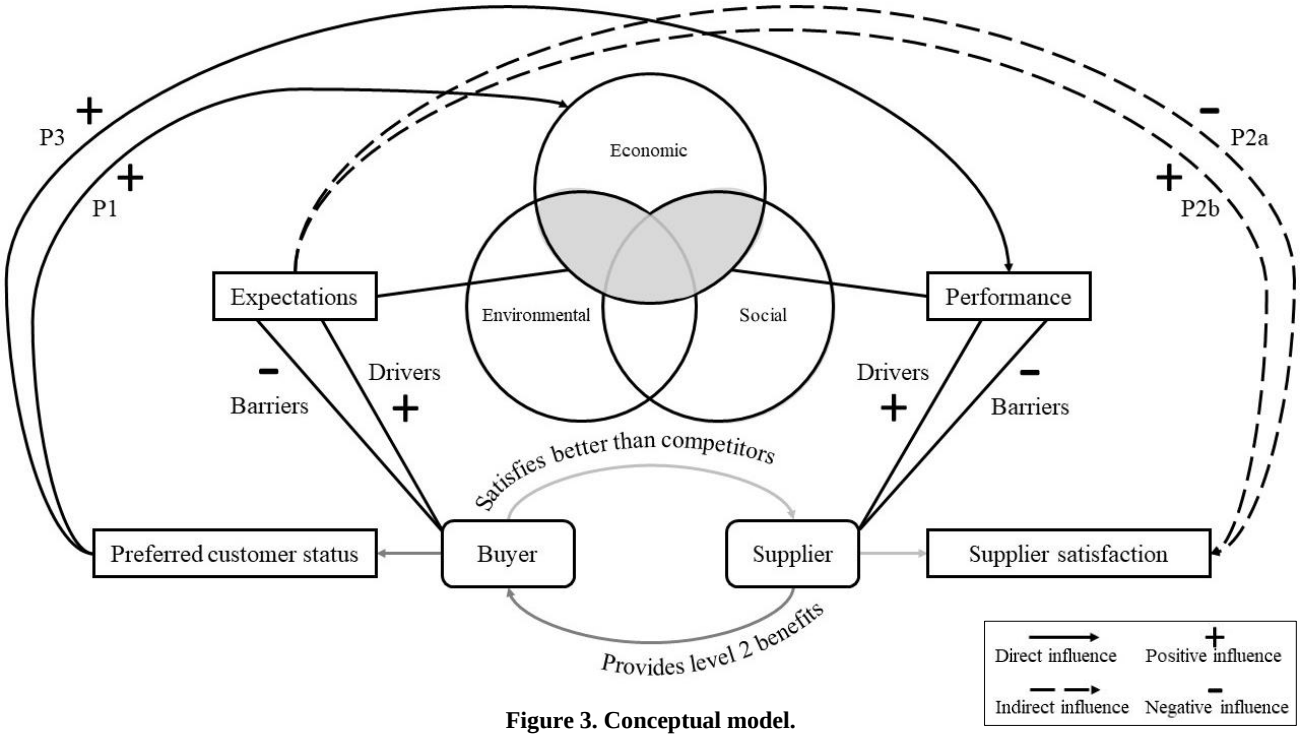

Figure 3. Conceptual model.

3. METHODOLOGY

3.1. Level of analysis and research participants

As introduced, this study is conducted at the micro-level of analysis, in which dyads are studied. Dyads are relationships between two individual actors (Miemczyk et al., 2012, p. 479). In the context of this research, dyads refer to buyer-supplier relationships. This level of analysis is chosen for the reason that a preferred customer status is awarded by immediate suppliers. In addition, the relationships with the buyer's immediate suppliers get their primary focus in initiating sustainability initiatives along their supply chain (Miemczyk et al., 2012, p. 479).

In exploration to answer the research questions, multiple dyadic relationships with key suppliers at two different buying firms were studied. The buying firms were selected for their core process: manufacturing, for their contrasting positions within their supply chain, and for their difference in size and ownership. Studying buyer-supplier dyads at two manufacturing companies – that operate in different industries – contributes to the comparative analysis. Not only can the different dyads of one company be compared to each other, but the dyads of one company can also be compared to those of the other company. This would not have been possible with a research sample of a single buying firm. Consequently, three suppliers of each firm were jointly selected, based on the criteria that they supply resources that are indispensable for running, maintaining, and managing the manufacturing process of the buying firm and on their willingness to participate. The indispensability of the resources supplied by the suppliers highlights their strategic relevance to the buying firms. The interviewees of the buying firms bear the responsibility of the procurement of indispensable resources and are in direct contact with the account managers of the participating suppliers. An overview of the participants; companies and interviewees, is presented in Table 2.

Table 2. Research participants

Company	*Function*	*Interviewee*
Company X	Semiconductor manufacturer	PX
Supplier X1	Gas supplier	SX1
Supplier X2	Chemical supplier	SX2
Supplier X2	Gas supplier	SX2
Company Y	Custom bicycle manufacturer	PY1, PY2
Supplier Y1	Electronics supplier	SY1
Supplier Y2	Tire supplier	SY2
Supplier Y3	Multi-component supplier	SY3

3.2. Qualitative data collection: semi-structured interviews

The qualitative data for this study was collected through conducting semi-structured interviews with the participating interviewees. Semi-structured interviews were chosen as the method of data collection, because the focal questions helped to define the areas to be explored and because they also allowed for a divergence to pursue inputs and responses in more detail (Britten, 1999, pp. 9-11; Gill, Stewart, Treasure, & Chadwick, 2008, p. 291). Two questionnaires were developed; one for each perspective in the buyer-supplier relationship. The questionnaires are based on a template that was developed by previous bachelor International Business Administration (IBA) students at the University of Twente (UT). In cooperation with other IBA students from cohort 2019, this template was adapted and extended to fit the topics addressed in this research. The questionnaire for buyers and for suppliers can be found in Appendix B. Questions 18 and 19 for the suppliers were added before the interviews as the study progressed. The questions were

grouped on the basis of overarching topics. The overarching topics are classification, benefits, antecedents, and sustainability. The questionnaires were formatted solely with open-ended questions as these are likely to yield the most relevant information and these suit the semi-structured interview (Gill et al., 2008, p. 292).

The interviews were conducted one-on-one, apart from the interview with PY1 and PY2. With the exception of one interview, the interviews were conducted via the communication application MS Teams. All interviews started with a mutual personal introduction, in which the intent and the purpose of the research was explained and in which the interviewee introduced themselves and the company. Thereafter, the interviewees were asked for voluntary, informed consent on participation and the recording of the interview. Along with this question, it was made clear that the data was going to be anonymized and processed into a transcript. In the interest of transparency, the participants were informed that they will receive a summary of the research results after their participation is concluded. The data collected in this study are handled in accordance with the UT Data policy and the GDPR.

3.3. Qualitative data analysis: deductive and inductive coding

The interviews were transcribed via MS Teams or via the transcription service Amberscript. The transcripts were analyzed by both deductive and inductive coding as a method of analysis. The analysis started with a deductive approach, which was set out to examine whether the data are consistent with the reviewed literature and the constructed propositions (Thomas, 2006, p. 238). The literature review, propositions and questionnaire aroused the anticipation that certain core concepts are present in the data (Azungah, 2018, p. 391; Bradley, Curry, & Devers, 2007, p. 238; Thomas, 2006, p. 1763). The predetermined categories are customer classification, antecedents of supplier satisfaction, drivers of a preferred customer status, benefits of a preferred customer status, drivers of sustainability in buyer-supplier relationship and barriers to sustainability in buyer-supplier relationship. The categories and the corresponding expected elements are presented in a framework in Appendix C. The data was deductively coded according to these categories to develop clusters of data (Azungah, 2018, p. 392). This effectively means that the interview transcripts were entered as text files to ATLAS.ti 22 software and analyzed line by line, assigning codes to text or paragraphs when in accordance with a predetermined category.

To complement the initial analysis and to ensure that all relevant elements in the data are captured, an inductive approach with open coding was used. Analogous to the deductive approach, the interview transcripts were analyzed line by line with ATLAS.ti 22 software. Contrary to the deductive approach, the analysis was entirely driven by the participant's inputs and codes were assigned to text or paragraphs as concepts unfolded (Azungah, 2018, p. 391). A combination of the deductive and inductive approaches is frequently used (Thomas, 2006, p. 238) and allowed for a comprehensive data analysis in this research. The findings from both approaches are presented in tables in Appendix D to H and in text in the following chapter.

4. FINDINGS

4.1. Customer classification: no classification, hierarchical classification and non-hierarchical classification

4.1.1. No classification

From the interviews, it became apparent that each supplier has its unique method of classifying its customers. SX2 mentioned that they do not apply segmentation of customers on paper. This is partly for the reason that Supplier X2 was going to be acquired in the near future and expected the acquiring company to have a customer classification process in place. In practice, Supplier X2 is more willing to provide benefits, such as long-term agreements to ensure supply security, to larger customers than to smaller customers. Similar to Supplier X2, Supplier Y3 also does not officially apply and direct on customer classifications. However, in practice, Supplier Y3 does distinguish between lesser, average, and good customers. SY3 mentioned that Company Y is a good customer for Supplier Y3.

4.1.2. Hierarchical classification

Suppliers X1, X3, and Y1 all apply a variant of hierarchical classification. Supplier X1 distinguishes customers on the basis of three classifications: regular customers, major customers, and strategic customers. Major and strategic customers differ because strategic customers purchase across borders. Major and strategic customers are preferred customers as they enjoy benefits regular customers do not get. Major and strategic customers are equal preferred customers as they obtain the same benefits. Company X is classified as a strategic customer, despite no longer purchasing across borders. They used to purchase across borders and since strategic and major customers enjoy the same benefits the classification remains the same. Supplier X3 applies a variant of hierarchical classification similar to Supplier X1: local customers, key customers, and strategic customers. The difference between key and strategic customers is not always clear and both are usually treated in the same way. Key and strategic customers enjoy benefits local customers do not get and are therefore preferred customers. Company X is classified as a key customer in the semiconductor industry.

Supplier Y1 recently switched its customer classification method. They used to classify based on three levels of contribution to their revenue. The new method distinguishes between phases in which a customer could find oneself and is based on the characteristics of the customer. The phases in order of preference are; the harvest phase, growth phase, investing phase, developing phase, declining phase, and low potential phase. Company Y was classified in the top level of the old classification method and in the harvest and growth phase in the new method. Therefore, Company Y is a preferred customer of Supplier Y1.

4.1.1. Non-hierarchical classification

Supplier Y2 applies a non-hierarchical customer classification on paper. The classification is based on the business of the customer: wholesale, manufacturer, and industry. The classification is used to make sure that the bigger and less complex customers do not overshadow the smaller, complex customers. In practice, they do distinguish between regular and preferred customers, but this is not anchored. Company Y is a preferred customer of Supplier Y2.

In sum, all suppliers apply a unique customer classification method. Two suppliers use no classification method, three

suppliers use a variant of a hierarchical customer classification method and one supplier applies a non-hierarchical customer classification method. The criteria applied for the customer classifications are set out in the subsequent sections.

4.2. Preferred customer status: drivers and benefits

4.2.1. Main drivers of a preferred customer status: assurance of operative excellence, creation of relational value, growth opportunity, reliability, long-term orientation and purchasing volume

The antecedents of supplier satisfaction and preferred customer status proved to be difficult to distinguish. Therefore, for the antecedents of supplier satisfaction, only the deductive coding results are presented (see Appendix C). Relational behavior was mentioned by all participants to be an antecedent of satisfaction in the buyer-supplier relationship. Each of the other deductive categories was supported by some, but not all participants. All the antecedents of supplier satisfaction that were found with the inductive approach were also drivers of preferred customer status and are therefore included in Appendix D.

All suppliers, even the suppliers that applied no classification or a non-hierarchical classification method, mentioned that (in practice) they distinguish between customers. So it applies to all suppliers that customers can obtain a form of preference. Following the deductive approach, it was discovered that growth opportunity and creation of relational value are supported by a majority of the participants as a driver of a preferred customer status and are followed by reliability and assurance of operative excellence. Following the inductive approach, many divergent drivers were identified. The one driver that was mentioned by all suppliers and almost all participants is purchasing volume.

SX1 mentioned that purchasing volume is the most important driver of a preferred customer status. Furthermore, a driver for Supplier X1 is the creation of relational value through short lines of communication. Long-term orientation, because a long-lasting relationship plays a contributing role in the creation of relational value. Growth opportunities through increased production capacity, presence in a growth market, and state-of-the-art technology were also mentioned as drivers. Furthermore, SX1 also stated that conducting business with a third party is more difficult than directly with Company X. SX2 indicated that purchasing volume, growth in purchasing volume, and presence in a growth market are important drivers to obtain benefits. Given Company X's position in its market, SX2 sees room for improvement in purchasing volume and growth. SX3 mentioned that the creation of relational value and long-term orientation through partnerships are the most important drivers for a preferred customer status to obtain mutual benefits. Top management involvement was mentioned to be essential to determine the long-term orientation and form a partnership. Part of the long-term orientation for Supplier X3 is the sustainability performance of the supplier. Compliance with their sustainability policy is a must to conduct business.

SY1 expressed that besides volume and growth opportunities through access to new customers, reliability is a driving force for a preferred customer status. Reliability in forecasting, consistency in demand, and loyalty were found to be valued in particular. Optimization of the supply of components from the customer to the supplier was found to be a minor point of improvement. SY2 indicated that Supplier Y2 offers preferential treatment to the customers that contribute to Supplier Y2's brand awareness when compared to other customers that do not. Supplier Y2 also introduced the driving force of lead time flexibility by the customer. In the setting of scarcity, in which this supplier operates, customers that are able to handle the longer lead times get preferential resource allocation. This is part of the assured operative excellence of Company Y. SY2 mentioned that the similar company culture and values of Company Y and Supplier Y2 positively contribute to the approach of Supplier Y2 to Company Y. SY3 mentioned that relational value, reliability, and flexibility are factors that drive goodwill towards the customer. Goodwill is a determining factor for preferential resource allocation for Supplier Y3 in times of scarcity. Furthermore, purchasing volume, growth opportunity, and access to certain brands were drivers to see a customer as a good customer.

A full table with all the drivers of a preferred customer status mentioned in the interview can be found in Appendix E. An adapted version with the deductive findings and the most notable inductive findings is presented in Table 3.

Table 3. Main drivers of a preferred customer status.

Main drivers of a preferred customer status	*PX*	*SX 1*	*SX 2*	*SX 3*	*PY 1, PY 2*	*SY 1*	*SY 2*	*SY 3*
Deductive findings								
Assurance of operative excellence	X				X	X	X	
Creation of relational value	X	X		X	X	X	X	X
Growth opportunity	X	X	X	X		X	X	X
Reliability	X				X	X	X	X
Inductive findings								
Long-term orientation	X	X		X			X	
Purchasing volume		X	X	X	X	X	X	X

Note. Adapted version, see Appendix E for full version

4.2.2. Benefits of a preferred customer status: a closer relationship, access to innovations, favorable pricing and cost savings, operative benefits, customer support, supplier flexibility and supply security

All participants have expressed that a preferred customer has a closer relationship with its supplier than regular customers. The other deductive coding categories for benefits of a preferred customer status were also found in the data analysis. Supply security as a form of preferential resource allocation was inductively found to be a benefit that is offered by all suppliers to their preferred customers. Two other potential benefits of a preferred customer status were added through the inductive approach; customer support and supplier flexibility. The deductive and inductive benefits found are presented in Table 4.

For SX1 the benefits provided mainly lie in the collaboration with a preferred customer. Supplier X1 cannot collaborate with every single customer, because this is simply impossible. A closer relationship through collaboration is shaped by a personal account manager. This account manager has the power to internally demand that a preferred customer gets prioritized supply security. Supplier X1 does not charge preferred customers

when they have a technical issue on site for which they ask Supplier X1's technicians to jointly solve the issue. These benefits are enjoyed by Company X. SX2 stated that a big customer is treated differently in terms of pricing and customer support. Company X is not a big customer of Supplier X2, but Supplier X2 is improving the quality support to Company X. Moreover, SX2 mentioned that initially price concessions are demanded less and supply capacity and supply security are key elements in the buyer-supplier relationship. This shift is due to raw material scarcity that makes prices rise and supply security more uncertain. Similar to Supplier X1, Supplier X3 assigns a dedicated account manager to preferred customers. This enables the launch of more programs with these customers and provides these customers access and exposure to top management. Supplier X3 also has exposure to the top management of Company X, but mentioned that this can still be improved. That means that for SX3 it is not as easy to reach the top management of Company X as compared to other customers. Furthermore, Company X, as a preferred customer of Supplier X3 enjoys on-site customer support. This means that, on a daily basis, Supplier X3's personnel operates Company X's equipment to ensure continuity of production. SX3 sees opportunities and room for improvement in the optimization of production assets in the back-end productions of Company X. This is an operative benefit that has not yet been exploited to its full potential. Supplier X3 is also more willing to enter long-term agreements with preferred customers over regular customers, especially in the current situations of crisis, to ensure continuity of deliveries.

Company Y has a closer relationship with Supplier Y1 when compared to other customers. Company Y receives more attention from Supplier Y1 as they have a weekly meeting to, e.g., solve shortages and other problems. In their approach to Company Y, Supplier Y1 is more flexible when compared to regular customers. Furthermore, Supplier Y1 employs a lower margin of profit for preferred customers like Company Y. Supplier Y1 has a clear policy in times of shortages: preferred customers get preferential treatment. In the persistent component crisis, Supplier Y1 had an under-capacity relative to the number of orders. As a result Supplier Y1 was forced to cut customers. With its preferred customer status, Company Y has managed to ensure supply security. SY2 mentioned that the bigger the customer, the more intensive the collaboration and the relationship becomes. This may result in Supplier Y2 visiting these customers a few days a year to make sure all departments are attuned to each other. Despite that Company Y is not among the bigger customers of Supplier Y2, Company Y still receives benefits. This is because they tick every other box of the main drivers of a preferred customer status (Table 4). Supplier Y2 reciprocates the flexibility shown by Company Y, e.g. when they want to cancel an order. This is an important benefit as the lead time of Supplier Y2 is around 19 months. Furthermore, Supplier Y2 provides preferential resource allocation to preferred customers in times of scarcity. SY3 mentioned that, because of the relationship they have with Company Y, SY3 will do everything he can to answer the question that they have put to Supplier Y3. Moreover, there are customers with whom Supplier Y3 has a close relationship and to whom they supply customized products. Furthermore, the goodwill Supplier Y3 has towards Company Y is a determining factor in consideration for preferential resource allocation.

Table 4. Benefits of a preferred customer status.

Benefits of a preferred customer status	*PX*	*SX 1*	*SX 2*	*SX 3*	*PY 1, PY 2*	*SY 1*	*SY 2*	*SY 3*
Deductive findings								
A closer relationship	X	X	X	X	X	X	X	X
Access to innovations					X	X		X
Favorable pricing and cost savings	X		X			X		
Operative benefits	X			X	X			
Inductive findings								
Customer support		X	X	X				
Supplier flexibility						X	X	
Supply security		X	X	X	X	X	X	X

4.3. Sustainability initiatives in buyer-supplier relationships: drivers and barriers

4.3.1. Sustainability initiatives in buyer-supplier relationships: knowledge sharing, product recycling, sustainable transportation and waste minimization

With the inductive approach, it became clear that all the participating suppliers have sustainability initiatives running and under development in their buyer-supplier relationships. It does not go without mentioning that all participants have multiple sustainability initiatives running, but only the ones that are related to their buyer-supplier relationships are included.

One incremental initiative by Supplier X1 is the shipment of bigger lot sizes to reduce transportation and consequently emissions. Another incremental initiative is the exclusion of paper invoices to reduce waste and the use of resources. Supplier X1 has specialist personnel that share knowledge and educate the customer on how to use their product to minimize emissions. Not only does Supplier X1 ship in bigger lot sizes, but they also have hydrogen trucks that allow for emission-free transportation. This is an initiative that is to be expanded. SX2 mentioned that Supplier X2 receives sustainability questionnaires from some of its customers. This is used by their customers to ensure to them that they comply with their sustainability policy. Supplier X3 has implemented and is still expanding multiple forms of mobility for the energy transition. Currently, all mobility is at least hybrid and it is planned to transition all into electric vehicles. Moreover, Supplier X3 has hydrogen service busses that are deployed to bring their services to the site of the customer. Furthermore, Supplier X3 has measuring methods that enable its customers to accurately measure their emissions and significantly reduce them.

Supplier Y1 supplies electronics that must be securely packaged. Normally this is accompanied by cardboard and plastic waste that have to be properly processed. As an alternative, Supplier Y1 offers return packaging in the form of hard plastic containers with foam that is specifically designed for certain prints and containers that can lie flat with an insert and that can be reused. Supplier Y2 has a tire recycling project running with some customers. The project started with retailers as they mount the

most tires and is being expanded to other customers. Wherever possible, Supplier Y3 actively minimizes its packaging.

In sum, all the participating suppliers have sustainability initiatives in their buyer-supplier relationships and these can be categorized under knowledge sharing, product recycling, sustainable transportation, and waste minimization. The initiatives are also presented in Appendix F. The drivers of these initiatives are presented in the following section.

4.3.2. Sustainability initiatives in buyer-supplier relationships are driven by divergent factors

Through the deductive approach, it became apparent that competitive advantages, regulatory compliance, and top management initiatives are near to equal drivers of sustainability initiatives. Through the inductive approach, an extensive list of additional drives was identified, which is presented in Appendix G.

Supplier X1 has a history of adopting sustainability initiatives and they feel a responsibility to contribute to sustainability as a company. SX1 mentioned that preferred customers get priority in their sustainability initiatives because these have the potential to yield the most gains as they are mostly their larger customers. SX3 also mentioned that preferred customers are mostly their larger customers and that therefore sustainability initiatives with these customers have the most impact on their sustainability targets. Furthermore, SX3 mentioned that SX3 is looking for the right interlocutor at Company X; someone who can tell more about Company X's sustainability strategies and challenges, to explore how Supplier X3 can contribute to this in a partnership. SX2 mentioned that Supplier X2 is listed on the stock market and therefore undertakes all sorts of sustainability initiatives. PX supports this as PX expects that, among other things, shareholder demands and expectations play a driving role in the sustainability initiatives of Company X. Although it is more an operational initiative instead of an initiative in their buyer-supplier relationships, Supplier X2 tries to decrease its energy consumption to subsequently reduce costs.

Supplier Y1's return packaging initiative is driven by customer demand. The customers that currently make use of the return packaging are all preferred customers. After an initial investment by the customer, the return packaging allows for a lower selling price. That is because it requires fewer resources and labor in the long term. Supplier Y2's tire recycling program is also driven by customer demand as their tire that is partially made from recycled tires is a best-selling item. This is also why they see their program to have major marketing potential, which contributes to the further development of the program. For Supplier Y2, sustainability is a company-wide commitment and this contributes to sustainability initiatives being explored in their buyer-supplier relationships. Moreover, bicycle tire production is Supplier Y2's core process and therefore allows them to focus on the optimization of this core process through e.g., the recycling program. Supplier Y3's waste minimization is also mainly driven by customer demand and allows them to reduce production costs.

4.3.2. Barriers to sustainability initiatives in buyer-supplier relationships: high initial investments, sustainability as a centralized function and economic and supply uncertainty

Through the deductive approach, it became clear that inadequate supplier capacity and capability could not be confirmed as barriers to sustainability initiatives. High initial buyer and supplier costs of investment were found to be a barrier to sustainability in buyer-supplier relationships. Among others, competitive disadvantage and supply uncertainty were found to be barriers following the inductive approach (see Appendix H).

SX1 endorsed that high initial investments impose a barrier to the adaption of sustainability initiatives, especially when these investments are limited to one single customer and cannot be applied to other customers. As noted, Supplier Y2's company-wide involvement enables them to adopt sustainability initiatives in their buyer-supplier relationships. Conversely, SX2 mentioned that Supplier X2 has a specific department that is concerned with sustainability, because of the size of the company. PY1 mentioned that supply security overshadows sustainability in times of scarcity. This is supported by SY3, who mentioned that because of scarcity and economic uncertainty many sustainability projects were put on hold.

In sum, high initial investments, sustainability as a centralized function, supply uncertainty, and economic uncertainty can impose barriers to the adoption of sustainability initiatives in buyer-supplier relationships.

4.4 Revision of propositions

The findings of the research allow for a revision of the propositions. Based on the literature review the following propositions were made:

P1: A preferred customer status has a positive impact on a buying firm's economic sustainability.

A closer relationship and supply security were found to be benefits that all participating suppliers offered to their preferred customers. A closer relationship was found to intensify the collaboration between the buyer and the supplier. Therewith, a closer relationship was found to act as a facilitator for the provision of other benefits. Furthermore, it was discovered that the supply security of key resources could guarantee the continuation of production. Therefore, it can be concluded that the findings support *P1*.

P2a: A buyer's sustainability expectations from its supplier can negatively impact the short-term profitability of a supplier and thereby have an indirect negative influence on supplier satisfaction.

P2b: A buyer's sustainability expectations from its supplier can positively impact the long-term growth opportunities of a supplier and thereby have an indirect positive influence on supplier satisfaction.

The findings from the research cannot offer support for *P1a* and *P1b*. From the interviews, it became clear that sustainability expectations from customers did not necessarily have an influence on their satisfaction level. However, it was found that for some suppliers the sustainability performance of a customer is a driving force for a preferred customer status.

P3: The sustainability performance of a supplier is positively influenced by the preferred customer status of the buyer.

P3 is partially supported, based on the findings from this research. Multiple suppliers mentioned that sustainability initiatives with preferred customers often offer the most potential return and that therefore preferred customers are prioritized. Furthermore, it was found that suppliers are more open to collaborating with preferred customers, including collaboration in sustainability initiatives. However, this might not be true for all suppliers, also depending on their initiatives, and therefore this proposition can only be partially supported.

5. DISCUSSION

5.1. Confirmation and extension of existing research on preferred customer status

Regardless of whether the supplier classifies its customers or what classification method is applied, a customer can become a preferred customer and enjoy benefits over regular customers when this customer can satisfy the supplier better than competing customers. This finding aligns with social exchange theory because it confirms that benefits are reciprocated between parties in a resource exchange relationship (Pulles, Schiele, et al., 2016, p. 131). It was found that resources that a preferred customer receives as a reciprocation for the superior satisfaction experienced by the supplier, can contribute to competitive advantages. This adds to existing resource-based theories which postulate that access to key resources, when effectively utilized, can gain firms competitive advantages (Hitt, 2011, p. 9; Pulles, Schiele, et al., 2016, p. 137).

This study confirms the findings of Hüttinger et al. (2014, p. 712) and Vos et al. (2016, p. 4621) that growth opportunity, relational behavior, and reliability are antecedents of supplier satisfaction. In addition, profitability (Vos et al., 2016, p. 4621) and operative excellence (Schiele, 2020, p. 128) are also supported as antecedents of supplier satisfaction. The literature review suggested that not all antecedents of supplier satisfaction are equally perceived by suppliers. The findings from this study support this observation, although the antecedents were supported by multiple, most, or all suppliers.

The identification of assurance of operative excellence and creation of relational value (Nollet et al., 2012, p. 1191), and growth opportunity and reliability (Hüttinger et al., 2014, p. 712) as part of the main drivers of a preferred customer status adds to existing literature. In addition, two other main drivers; long-term orientation and purchasing volume, were identified as the main drivers of a preferred customer status. Purchasing volume as a driver for a preferred customer status is supported by existing literature (Bemelmans et al., 2015, p. 190; Schiele, 2012, p. 48; Steinle & Schiele, 2008, p. 12). Moreover, it was found that purchasing volume is an important mechanism used to classify customers. This supports the notion that suppliers "can be inclined to allocate resources proportionally to the (potential) turnover that is realized by the buying firm." (Pulles, Schiele, et al., 2016, p. 138). The extensive list of additional, more supplier-specific drivers confirms the expectation that suppliers may apply different criteria to award a customer with a preferred customer status. With this in relation to the notion that a supplier may grant a preferred customer status with only a few drivers in place, while another supplier cannot guarantee preferred customer status despite all drivers being present (Bemelmans et al., 2015, p. 193), it is suggested that a good understanding of the supplier's expectations is of utmost importance (Nollet et al., 2012, p. 1189).

All participants endorse that a preferred customer obtains a closer relationship with its supplier. This supports existing literature on the benefits of a preferred customer status (Bemelmans et al., 2015, p. 183; Schiele, 2012, p. 49). Access to innovations, favorable pricing and cost savings, and operative benefits were also identified in this study. Customer support, supplier flexibility, and supply security are identified benefits that add to existing literature. The findings suggest that a preferred customer can enjoy preferential resource allocation (Steinle & Schiele, 2008, p. 11) in various forms. The benefits can be more relational in nature, like a closer relationship, customer support, and supplier flexibility, or more economic in nature, like access to innovations, favorable pricing and cost savings, operative benefits, and supply security. Supply security is possibly the purest form of preferential resource allocation and was found to be the most impactful benefit. It was also found that a closer relationship could enable access to the other benefits identified. Therefore, it was confirmed that benefits can be obtained in conjunction or as in consequence.

5.1. Confirmation and extension of existing research on sustainability in buyer-supplier relationships

It was found that sustainability initiatives in the buyer-supplier relationships of the participating suppliers all have the outcome of the minimization of pollution, emission, waste, energy used, and input material. Therewith, the initiatives correspond to the indicators of an environmental supply chain identified by Kumar and Rahman (2015, p. 113). No social sustainability initiatives could be identified in the studied buyer-supplier relationships. However, as mentioned, it was found that a preferred customer status unquestionably led to a closer relationship. This means that these buyer-supplier relations are less transactional and more collaborative (Giunipero et al., 2012, p. 260; Hüttinger et al., 2014, p. 712). The findings, therefore, provide a reason to believe that this contributes to the minimization of opportunistic behavior and misconduct (Carter & Rogers, 2008, p. 375). This suggests that a preferred customer status has a positive influence on the social sustainability in the buyer-supplier relationship. Furthermore, it can be reasoned that environmental initiatives in buyer-supplier relationships are more evident than social initiatives in buyer-supplier relationships. That is because the environment and the planet are by definition external to both the buyer and supplier, whilst the employees of both firms are part of their corresponding firm. Therefore, social sustainability might be a more internal matter than environmental sustainability. That does not go without mentioning that people are also impacted by environmental initiatives and that therefore the distinction between social and environmental sustainability is not as clear as it may initially appear.

From the findings, it became apparent that the increased utilization of resources (Giunipero et al., 2012, p. 267), market positioning, and leading in sustainability contribute to a competitive advantage and therefore drive sustainability initiatives. Cost savings were also found as a driver for sustainability in buyer-supplier relationships and also provide the potential to contribute to a competitive advantage (Berns et al., 2009, p. 24; Murfield & Tate, 2017, p. 1325). Because of this, most sustainability initiatives carried an economic component besides environmental components (Carter & Rogers, 2008, p. 361). Regulatory compliance and top management initiatives were also confirmed as drivers (Giunipero et al., 2012, p. 267). In addition, a wide range of drivers was identified, which suggests that firms apply are driven by different factors to undertake sustainability initiatives.

High initial buyer and supplier costs of investment and economic uncertainty were confirmed as barriers to sustainability initiatives (Giunipero et al., 2012, p. 267). Supply uncertainty was also identified and can be seen as an extension of economic uncertainty. It should be noted that these findings can partially be explained by the global impact of the COVID-19 pandemic. Furthermore, it can be concluded that sustainability as a centralized function can mean that the purchasing department of the buyer and the sales department of the supplier are not involved in sustainability initiatives and it, therefore, imposes a barrier. The findings from this study do not provide support for the prior finding that many barriers to sustainability initiatives

are related to the capacity and capability of the supplier (Kumar & Rahman, 2015, p. 119).

6. CONTRIBUTIONS AND IMPLICATIONS

6.1. Theoretical contributions

This study contributes to existing research in several respects. Firstly, it confirms previous findings on supplier satisfaction (Hüttinger et al., 2014, p. 711; Schiele, 2020, pp. 135, 136; Vos et al., 2016, p. 4621). Additionally, it confirms and extends the existing literature on how a buying firm can obtain a preferred customer status with key suppliers (Hüttinger et al., 2014, p. 712; Nollet et al., 2012, p. 1191). Furthermore, it confirms and adds to existing literature on the benefits a preferred customer can enjoy over regular customers. By extension, an adapted tool to classify customers based on the benefits obtained (see Figure 2), is provided (Schiele, 2020, p. 126). This study also provides a definition of sustainability in buyer-supplier relationships that may be used in future research. In this study, drivers and barriers of sustainability in buyer-supplier relationships were confirmed and extended (Giunipero et al., 2012, pp. 262, 267; Kumar & Rahman, 2015, pp. 117, 119). Finally, this study identified new relationships and provides new insights into the interplay between preferred customer status and sustainability in buyer-supplier initiatives.

6.2. Practical implications for Company X and Company Y

This study provides insights into how Company X and Company Y are currently classified by their suppliers, how they can satisfy their suppliers, and how they can obtain a preferred customer status and preferential treatment. In addition, the potential benefits of a preferred customer status are presented. This, in combination with the drivers of preferred customer status, can provide input for a profit and loss analysis of pursuing a preferred customer status or improving their current status. The tie of prosperity (Figure 2) could guide Company X and Y in classifying the benefits they receive or aim to receive from their suppliers. Furthermore, this study provides insights into the sustainability initiatives that the suppliers of Company X and Y currently undertake in some of their buyer-supplier relationships. A consideration of what drives their suppliers to undertake these initiatives and what can potentially impose a barrier to the adoption thereof can help Company X and Company Y in the exploration of the possibilities of sustainability initiatives.

No supplier expressed dissatisfaction with the relationship they currently have with Company X and Company Y and for some suppliers, they are classified and/or treated as preferred customers. Although there are still opportunities for Company X and Y.

Supplier X1 currently considers Company X as nearly maxed-out on production capacity. There lies an opportunity for Company X to convey its growth opportunities to Supplier X1. Furthermore, SX1 mentioned that it is harder to do business with a third party, instead of directly with Company X. Therefore it is recommended that Company X continues its short-line communication with Supplier X1. SX1 mentioned that their sustainability initiatives with preferred customers yield the most. It is therefore suggested that Company X, as a preferred customer of Supplier X1, takes this into account when exploring the opportunities for sustainability initiatives with Supplier X1.

Supplier X2 is satisfied with the relationship they have with Company X and the improvement thereof. Here lies an opportunity for Company X to further create relational value. Moreover, SX2 mentioned that SX2 sees big room for improvement in the purchasing volume of Company X as they see a disconnection between the size of Company X and their purchasing volume at Supplier X.

SX3 still sees room for improvement in the recognition that a partnership can realize mutual benefits and that it may deserve more priority. For example, SX3 sees opportunities in the optimization of production assets in the back-end productions of Company X and in the access to Company X's top management. Furthermore, SX3 mentioned that SX3 is looking for the right interlocutor with whom SX3 can explore sustainability strategies and challenges and how Supplier X3 can contribute to this in a partnership.

Supplier Y1's return packaging program is currently only carried out with other preferred customers. Company Y has proven to be very reliable with its forecasts and has a relatively high purchasing volume. This suggests that Company Y is suited to make use of the return packaging and that their investment can be recovered in a relatively short time. The use of return packaging can help Company Y to remain competitive, whilst simultaneously being more sustainable.

SY2 mentioned that they consider Company Y as an important customer as they contribute to their brand awareness. This is because Company Y's business is sustainable in nature: they provide mobility to people that would not have the same mobility without their product and services. Supplier Y2 sees sustainability not only as a responsibility but also as an opportunity for marketing potential. Given Company Y's business, a similar perspective on sustainability can help them to e.g., overcome the barrier to the adoption of sustainability initiatives of high initial investments. That is because these investments can (partially) be recovered through increased revenue as a result of marketing potential.

Supplier Y3 experienced some troubles with the trade cloud that is used by Company Y to communicate and place orders. There is an opportunity for Company Y to help its customers when they experience difficulties with this trade cloud to prevent potential drawbacks.

7. LIMITATIONS AND FUTURE RESEARCH

Although the involvement of two manufacturing companies that differ in their positions in their supply chain, size, and ownership allowed for comparative analysis, the main limitation of this study is the sample size. Not all suppliers of these two companies were involved in this research. So for a comprehensive understanding of all their buyer-supplier relationships, a follow-up study would be recommended. The participating suppliers were selected and approached by Company X and Company Y. It is probable that a different supplier selection would have led to different outcomes. Furthermore, the limited sample size entails implications for the generalization and applicability of the findings. The findings have been found to be supplier-specific and different between industries. Therefore, future research could investigate the findings on a larger scale, across multiple industries, e.g. in the form of a survey.

Given the dependencies on time limits and the planning of the participants, parts of this research have been conducted in parallel. This means that the literature review was not finished before the interviews started. It is acknowledged that this could have led to unequal levels of foreknowledge for the interviews. Although it has been taken into account, it cannot be guaranteed

that the interviews had no influence on the literature review. Because the literature review was not finished before the interviews started, the interview questionnaires had mostly been developed before the literature review was finished. For future research, it is recommended to pilot the interview. This helps to check for length, language suitability, and potential sources of bias (Young et al., 2018, p. 13). Above all, it helps to check whether it produced enough relevant data to answer the research question; if not, the questionnaire can be refined prior to carrying out interviews (Young et al., 2018, p. 13).

8. CONCLUSION

The main objective of this study was to research the influence of a preferred customer status on sustainability in buyer-supplier relationships. Two suppliers mentioned in the interviews that their preferred customers have a relatively high purchasing volume compared to regular customers – as this is a criterion for the preferred status – and that sustainability initiatives with preferred customers, therefore, offer the most potential return. Another supplier mentioned that their sustainability initiative is currently only carried out with preferred customers. So, a preferred customer can get preferred access to sustainability initiatives with their supplier. These initiatives were found to have a positive environmental impact and in most cases also a positive economic impact. So, as preferred customers may get preferred access to these sustainability initiatives, a preferred customer status can have a positive influence on economic and environmental sustainability. Moreover, it was found that a preferred customer has a closer relationship with its supplier when compared to regular customers. These relationships are characterized by collaboration and reciprocity and therefore contribute to social sustainability. As a result of this reciprocity, a preferred customer receives benefits that can contribute to the firm's economic sustainability and can offer a competitive advantage. In conclusion, this study found that a preferred customer status can have a positive influence on economic, environmental, and social sustainability in buyer-supplier relationships.

ACKNOWLEDGEMENTS

Hereby I would like to express my gratitude to PX, PY1, PY2, and all other participants for taking part in this research and for their devotion. In addition, I would like to thank Dr. F.G.S. Vos for his valuable feedback and support throughout the study. Furthermore, I would like to thank all my acquaintances and relatives that have helped me in this research.

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APPENDICES

Appendix A: Table I. Antecedents of supplier satisfaction.

Antecedents of supplier satisfaction	References
Relational behavior	(Bemelmans et al., 2015, p. 179; Ellis et al., 2012, p. 1260; Essig & Amann, 2009, p. 107; Griffith et al., 2006, pp. 94, 95; Hald et al., 2009, p. 965; Hüttinger et al., 2014, p. 703; Maunu, 2003, p. 105; Moody, 1992, p. 52; Nollet et al., 2012, p. 1189; Palmatier et al., 2007, p. 175; Tchokogué & Merminod, 2021, p. 9; Terpend, Tyler, Krause, & Handfield, 2008, p. 37; Vos et al., 2016, p. 4621)
Communication	
Maturity in relationship management	
Flexibility	
Reactivity/responsiveness	
Growth opportunity	(Fiocca, 1982, p. 57; Hald et al., 2009, p. 968; Nollet et al., 2012, p. 1189; Pulles, Schiele, et al., 2016, p. 134; Vos et al., 2016, p. 4621; Walter et al., 2001, p. 372)
Access to new customers/markets	
Growth rate	
Market share	
Presence in growth market	
Size	
Operative excellence	(Essig & Amann, 2009, p. 106; Hüttinger et al., 2014, p. 703; Hüttinger et al., 2012, p. 1201; Nollet et al., 2012, p. 1191; Schiele, 2020, p. 133; Tchokogué & Merminod, 2021, p. 12; Vos et al., 2016, p. 4621)
Billing/delivery	
Forecasting/planning	
Order process	
Quality management	
Support	
Time scheduling	
Reliability	(Ellis et al., 2012, p. 1265; Hald et al., 2009, p. 965; Hüttinger et al., 2014, p. 712; Maunu, 2003, p. 92; Moody, 1992, p. 55; Schiele, 2020, p. 129; Vos et al., 2016, p. 4614)
Adherence to agreements	
Commitment	
Trust	
Payment habits	
Profitability	(Bemelmans et al., 2015, p. 179; Essig & Amann, 2009, p. 105; Fiocca, 1982, p. 57; Hüttinger et al., 2012, p. 1201; Maunu, 2003, p. 95; Moody, 1992, p. 52; Vos et al., 2016, p. 4621)
Bargaining position	
Contract duration	
Margins	
Price	
Purchasing volume	

Appendix B: Preferred customer status and sustainability questionnaire

B.1. Interview 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? If so, how does this show? If not, how could management commitment help in this matter?
4. Whom do you have a preferred customer status with? (if not, go to question 7)

Benefits

5. Do you notice shorter lead times, influences on the purchasing prices, better access to innovative capabilities and shared development projects?
6. Which other benefits do you notice from having a preferred customer status?
7. Which benefits do you expect/hope to get from having a preferred customer status? (pyramid)

Antecedents

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

Sustainability

12. How do you define sustainability? How relevant is the sustainability of Company-X to the purchasing department?
13. What sustainability efforts does the purchasing department undertake and what drives these efforts?
14. Do your goals/visions on sustainability align with those of your suppliers?
15. How does the buyer-supplier relationship influence sustainability initiatives? Does a closer relationship with your suppliers give you priority to such initiatives?

16. Do you collaborate with some of your suppliers in order to reach your sustainability goals?
17. Do you expect that your sustainability efforts are an important factor for achieving preferred customer status?

B.2. Questionnaire for suppliers

1. Do you assign different status types to customers? Which status types do you assign?

Classification

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

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4. How do the status types influence your behavior towards customers?

Benefits

5. What benefits do you offer to a preferred customer? (relational behavior, growth opportunity, operative excellence, reliability and profitability)

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6. Do you consider Company-X an attractive customer?
7. Are you satisfied with the business relationship with Company-X? What factors are affecting your satisfaction or dissatisfaction in this relationship?
8. What are your company's motivations for giving Company-X a preferred customer status? What did Company-X do to achieve this status? What could Company-X do to further improve its status?
9. What are measures that customers must undertake to achieve a preferred customer status and what is the necessary behavior they must show?

Antecedents

10. What do customers generally do to achieve preferred customer status? Does this differ from the behavior you would like them to show?

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11. How do you define sustainability? How relevant is your sustainability to the supply function within your company?

Sustainability

12. What sustainability efforts do you undertake and what drives these efforts?
13. Do your goals/visions on sustainability align with those of Company-X? Do your goals/visions on sustainability align with those of your other buyers?
14. How does the buyer-supplier relationship influence sustainability initiatives? Do preferred customers have priority to such initiatives?
15. Do you collaborate with Company-X in order to reach your sustainability goals?

16. Do you collaborate with some of your other buyers in order to reach your sustainability goals?
17. Are your buyer's sustainability efforts an important factor for achieving preferred customer status?
18. Do you have a different sustainability approach towards preferred customers compared to regular customers?
19. Do the sustainability expectations of your customers affect your satisfaction or dissatisfaction in the relationship with your customers?

Appendix C: Table II. Deductive coding categories.

Customer classification
Preferred customer
Semi-preferred customer
Regular customer
Unpreferred customer
Antecedents of supplier satisfaction
Relational behavior
Growth opportunity
Operative excellence
Reliability
Profitability
Drivers of a preferred customer status
Assurance of operative excellence
Creation of relational value
Growth opportunity
Reliability
Benefits of a preferred customer status
Access to innovations
Favorable pricing and cost savings
A closer relationship
Operative benefits
Drivers of sustainability in buyer-supplier relationship
Competitive advantage
Top management initiatives
Regulatory compliance
Barriers to sustainability in buyer-supplier relationship
High initial buyer and supplier costs of investment
Economic uncertainty
Inadequate supplier capacity
Inadequate supplier capability

Appendix D: Table III. Antecedents of supplier satisfaction.

Antecedents of supplier satisfaction	*PX*	*SX 1*	*SX 2*	*SX 3*	*PY 1, PY 2*	*SY 1*	*SY 2*	*SY 3*
Deductive findings								
Growth opportunity	X	X	X			X	X	X
Operative excellence	X	X			X	X		X
Profitability	X				X			X
Relational behavior	X	X	X	X	X	X	X	X
Reliability	X				X	X	X	X

Appendix E: Table IV. Drivers of a preferred customer status.

Antecedents of supplier satisfaction	*PX*	*SX 1*	*SX 2*	*SX 3*	*PY 1, PY 2*	*SY 1*	*SY 2*	*SY 3*
Deductive findings								
Assurance of operative excellence	X				X	X	X	
Creation of relational value	X	X		X	X	X	X	X
Growth opportunity	X	X	X	X		X	X	X
Reliability	X				X	X	X	X
Inductive findings								
Contributing to brand awareness							X	X
Expression of importance of deliveries	X							
Internal collaboration	X							
International sites and operations		X		X				
Lead time flexibility							X	X
Limited demand for complexity						X		
Long-term orientation	X	X		X			X	
No shopping at competitors						X		
Purchasing volume		X	X	X	X	X	X	X
Shared company culture and values							X	
Standardization			X					
Sustainability performance				X			X	
Top management involvement	X			X				

Appendix F: Table V. Sustainability initiatives in buyer-supplier relationships.

	PX	*SX 1*	*SX 2*	*SX 3*	*PY 1, PY 2*	*SY 1*	*SY 2*	*SY 3*
Inductive findings								
Bigger lot sizes, less transportation		X						
Emission less transportation		X		X				
Emission measurement and reduction				X				
Knowledge share/ customer education		X		X				
No paper invoices		X						
Return packaging						X		
Sustainable questionnaire			X					
Tire recycling							X	
Waste minimization		X						X

Appendix G: Table VI. Drivers of sustainability in buyer-supplier relationships.

Drivers of sustainability in buyer-supplier relationships	*PX*	*SX 1*	*SX 2*	*SX 3*	*PY 1, PY 2*	*SY 1*	*SY 2*	*SY 3*
Deductive findings								
Competitive advantage		X			X		X	
Regulatory compliance	X					X		X
Top management initiatives	X	X					X	X
Inductive findings								
Company wide commitment and involvement				X			X	
Cost savings			X			X		X
Customer demand	X					X	X	X
Focused business operations							X	
Global initiatives		X					X	
Involvement of responsible individuals	X			X				
Long-term commitment	X	X						
Marketing potential							X	
Mutual benefit		X		X				
Operative excellence						X		
Ownership	X		X					
Preferred customer status		X		X				
Reputational risk	X							
Sense of responsibility		X	X					
Sharing of sustainability goals	X	X						
Standardization	X		X			X		X
Supplier maturity	X	X						
Sustainability match	X						X	

Appendix H: Table VII. Barriers to sustainability in buyer-supplier relationships.

Barriers of sustainability in buyer-supplier relationships	*PX*	*SX 1*	*SX 2*	*SX 3*	*PY 1, PY 2*	*SY 1*	*SY 2*	*SY 3*
Deductive findings								
Economic uncertainty					X			X
High initial buyer and supplier costs of investment	X	X		X				X
Inductive findings								
Dependence on unsustainable supply chain					X	X		
Competitive disadvantage	X							
Investments limited to one customer		X						
Uncertainty about sustainability match	X							
Supply uncertainty					X			X
Sustainability as a centralized function			X					