

# Preferred customer status with key suppliers and the influence of inflation on the buyer-supplier relationship

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## ABSTRACT,

*Nowadays we are facing an economy that appears to be marred by widespread shortages. Several factors such as the COVID-19 pandemic, long-term shortages and rapidly increasing energy prices in the third quarter of 2021 have increased shortages and disruptions of supply chains which led to an increase in prices that caused inflation. The purpose of this study is to provide empirical evidence on previous literature on the antecedents of supplier satisfaction and preferred customer status and its associated benefits. Additionally, the influence of inflation on the buyer-supplier relationship will be explored. To study this, a case study at Company X was conducted by interviewing three purchasers of the company and four critical suppliers. The results correspond to previous literature on the antecedents and benefits since it identifies the importance of loyalty, good long-term relationships with open and honest communication, and growth opportunities as antecedents of supplier satisfaction. The results also present a limited impact of inflation on the buyer-supplier relationship. Inflation has led to more cautious customers, and to companies that change their strategy. What was also discovered is that a preferred customer status mitigates the impact of inflation, since benefits tend to be kept. A not-known factor that was found during the study was the influence of the fluctuating exchange rate. However, a direct influence of the exchange rate on the buyer-supplier relationship was not found. The focus of future research should therefore look further into whether the exchange rate influences inflation, as well as the direct impact of inflation on the buyer-supplier relationship.*

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## Keywords

Buyer-supplier relationship, social exchange theory, customer attractiveness, supplier satisfaction, preferred customer status, preferential treatment, inflation, risk management

# 1. INTRODUCTION

Throughout the years the potential benefits of collaboration between buyer and supplier have been extensively explored by literature. The common approach of suppliers trying to be as attractive as possible to buyers has shifted towards a perspective where buyers are competing for the best suppliers (Schiele et al., 2012a, p. 1178). Buyer firms do this because supplier resources may be limited and key suppliers are becoming scarcer, while a long-lasting buyer-supplier relationship is vital for any business organization (Patrucco et al., 2019, p. 349).

In recent years, the concept of “attraction” has been introduced in the buyer-supplier relationship (Patrucco et al., 2019, p. 347). Attraction is used to explain how relationships initiate, endure and develop (Hald et al., 2009, p. 968). Improving the relationship with suppliers is needed to experience the associated benefits of a preferred customer ship (Nollet et al., 2012, p. 1187).

According to Schiele, Calvi & Gibbert (2012a, p. 1178) two driving forces increased the attention in research on preferred customer status, with the first one being the progressive use of outsourcing since the 1990s (Pralhad & Hamel, 1990, p. 79). The increased number of outsourcing activities makes businesses more reliant on their suppliers. The second driving force is the decreasing number of suppliers in the business-to-business market. This may result in competing customers that are seeking resources from the same number of suppliers which may cause competing customers to seek resources from the same number of suppliers (Hüttinger et al., 2014, p. 697; Schiele et al., 2012a, p. 1178). Suppliers offering preferential resource allocation to buyers leads to preferred customer status (Steinle & Schiele, 2008, p. 11). Being categorized as a preferred customer increases the likelihood of receiving higher quality service and leads to better treatment. According to Schiele & Vos (2015, p. 139) and Pulles et al. (2019, p. 1) being the preferred customer enhances achieving competitive advantage. Since companies are more vulnerable to their suppliers, there has been a shift in the buyer-supplier relationship towards buyers that are competing for the best suppliers (Pellegrino et al., 2020, p. 960). This makes the concept of preferred customer status of increasing importance (Schiele et al., 2012a, p. 1178). Also, the buyer-supplier relationship is one of the most important elements of supply chain integration and has a positive effect on a firm’s financial performance (Hsiao et al., 2002, pp. 3-4).

However, limited research has been conducted about the relevance of inflation in the potential impact on the buyer-supplier relationship. Moreover, the influence of inflation on the preferred customer status has received little attention in the existing literature. Inflation is relevant since it is linked to the shortage economy that provides a distinct and specific context that goes beyond the conventional problems under constrained or disrupted resources (Ivanov & Dolgui, 2022, p. 7141). The COVID-19 pandemic certainly contributed to the economy’s shortfall by disrupting supply and demand. Long-term problems such as increasing workforce deficits, Brexit, and global trade risks have been a driver of inflation as well as material

shortages (Ivanov & Dolgui, 2022, p. 7144). Supply chains are adapting to cope with resource shortages from energy, workforce and materials which results in price increases and inducement of inflation. Adjustment of prices to account for rising costs may influence the buyer-supplier relationship and the preferred customer status. To study this effect, a case study will be conducted at Company X and four key suppliers which are located across different countries.

The objectives of this study would be to note how the organization of Company X could achieve preferred customer status at four suppliers. Moreover, the objective is to find the benefits, but also drawbacks, of obtaining a preferred customer status. Additionally, the relationship between inflation and a preferred customer status and the buyer-supplier relationship will be explored. The following research question is formulated to reflect the research objectives and will be explored in this research:

*“What are the effects of inflation on the preferred customer status in the buyer-supplier relationship at Company X and its suppliers?”*

This research aims to provide empirical evidence on previous literature on the cycle of preferred customership, its benefit and antecedents such as previous literature from Schiele et al. (2012a, pp. 1178-1185) and Hüttinger et al. (2014, pp. 697-721). Next to that, the influence of inflation on the buyer-supplier relationship will be explored.

The paper is structured as follows: the following chapter will review literature regarding preferential treatment, preferred customer status and inflation. In the third chapter the research methods will be discussed. After that, the results of the interviews conducted at Company X and four of its suppliers will be given, summarized, and discussed based on previous mentioned literature. Finally, a conclusion will be drawn and limitations and directions for future research will be given.

## 2. LITERATURE REVIEW

### 2.1 Preferred Customer Status: Theoretical Backgrounds

Although the concept of preferred customer status has gained increased attention and is extensively explored by literature in recent years there was sporadic and neglected research before 2012, which may have been due to a lack of common theoretical basis (Schiele et al., 2012a, p. 1179). Before the shift described by Schiele et al. (2012a, p. 1178) customers were the dominant party in the buyer-supplier relationship. Customers were perceived as principals, while suppliers were seen as the agents and objects for control (Hald, 2012, p. 1229). Therefore, it is widely recognized that customer satisfaction is extremely relevant for a business and its success. Contradictory, supplier satisfaction has remained unexplored leading to the concept missing a common understanding, despite the fact being critical for success, since the collaboration on both parties needs satisfaction to succeed (Piechota et al., 2021, p. 2). Supplier satisfaction is a necessary component to gain and maintain access to competent suppliers and their resources in the competitive environment (Vos et al., 2016, p. 4613). If suppliers are not properly satisfied, they give preference to another or may even cease the relationship with the buying firm (Vos et al., 2021, p. 3).

Supplier satisfaction in the buyer-supplier relationship can be defined as a supplier's feeling of fairness regarding buyer's incentives and suppliers' contributions (Ganguly, 2019, p. 21). It is referred to as a sequence of repetitive interactions, comprising visible aspects of a business relationships, such as making profits and the behavior of the business partner and non-observable aspects, such as the atmosphere of the relationship and know-how exchange (Piechota et al., 2021, p. 3). Supplier satisfaction is argued to be a key source of competitive advantage for obtaining a preferred customer status. Also, it is more about cooperation rather than competition to build closer relationships (Ganguly, 2019, p. 21; Hüttinger et al., 2012, p. 1200; Kumar & Routroy, 2016, p. 1171).

However, the two driving forces mentioned by Schiele, Calvi & Gibbert (2012a, p. 1178) have led to an increasing number of manufacturing and service firms relying on fewer suppliers. This has led to a shift in the supply chain where the suppliers are more powerful. Suppliers can upgrade customers whom they are satisfied with to preferred and assign a regular status to customers that provide adequate satisfaction (Schiele et al., 2012a, p. 1181). This has led towards a strategy that focuses more on the role of strategic suppliers. Increased attention is paid to guaranteeing the buying firm access to the resources of their strategic suppliers. Getting access to these resources secures a firm's competitiveness for the future to try to become a preferred customer at their key supplier (Hüttinger et al., 2012, p. 1198). Also, striving for preferential treatment among clients of the same supplier can be seen as rivalry to outperform competitors.

In the end, a preferred customer has managed to get preferential treatment from their key suppliers (Hüttinger et al., 2012, p. 1198). Being categorized as a preferred customer increases the likelihood of receiving higher quality service and leads to better treatment including benefits such as enhanced product availability and delivery reliability if bottlenecks occur due to constraints in production capacity, better product quality and innovation when companies choose to cooperate, better support, lower price and costs or even exclusive agreements (Nollet et al., 2012, p. 1187; Patrucco et al., 2019, p. 348; Steinle & Schiele, 2008, p.11). According to Schiele & Vos (2015, p. 139) and Pulles et al. (2019, p. 1) these benefits enhance achieving competitive advantage, as well as the ability to establish and maintain relationships with suppliers that has been increasingly recognized as a source of competitive advantage (Pellegrino et al., 2020, p. 959).

## 2.2 The Social Exchange Theory and the Cycle of Preferred Customership

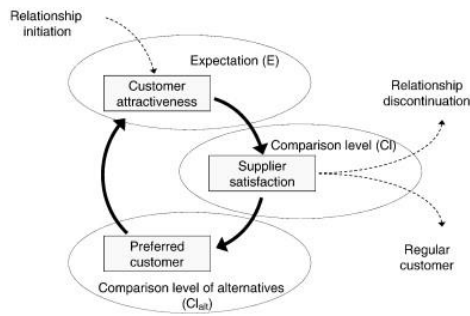
Suppliers can differentiate between customers and label a customer preferred when they are satisfied and assign a regular status to customers that provide adequate satisfaction (Schiele et al., 2012a, p. 1181). In recent years, the social exchange theory has become the dominant theory to explain why suppliers serve a few selected customers better than others (Schiele et al., 2012b, p. 136). The theory can explain why some suppliers increase operations, look at customer attractiveness and why preferential treatment is granted to some customers. Three antecedents for receiving preferential customer treatment based on this theory are customer attractiveness, supplier satisfaction and preferred customer status (Hüttinger et al., 2014, p. 698; Hüttinger et al., 2012, p. 1194). When a supplier is satisfied with a buyer, the likelihood of the purchasing company being granted a preferred customer status increase, which results in the purchasing company being treated better than its competitors (Vos et al., 2016, p. 4621). Also, supplier satisfaction and financial attractiveness were added by Baxter (2012, p. 1255) as an antecedent for receiving preferred customer status.

The social exchange theory revolves around the relational interdependence that emerges over time through interactions of the resource exchange partners (Schiele et al., 2012a, p. 1180). It studies the social processes which influence the dynamics between individuals and groups. People consider potential benefits and drawbacks of engaging in a relationship or interaction, with the level of satisfaction dependent on the perceived balance of rewards and costs. Norms, trust, commitment, and personal relations can be used by the theory to analyze exchange relationships between buyers and sellers (Schiele et al., 2012b, p. 136).

The cycle of preferred customership (see figure 1) by Schiele et al. (2012a, p. 1180) links customer attractiveness, supplier satisfaction and preferred customer status logically. This framework is based on the social exchange theory, where the concepts of attractiveness and satisfaction have their roots (Pulles et al., 2016, p. 131). However, the social exchange theory only discusses the continuation or discontinuation of relationships, the cycle of preferred customership also differentiates between two levels of maintaining business relationships, namely being regular customer or preferred customer (Schiele et al., 2012a, p. 1179-1180).

The cycle of preferred customership is based on the social exchange theory and built upon three elements, which are connected with each other. Costs and benefits will be weighted to decide the level of commitment to this relationship (Schiele et al., 2012b, p. 136). The first element of the cycle of preferred customership is Expectation (E). This is about the expectation that a supplier has with the customer, and it forms the basis (Pulles et al., 2016, p. 137). Attractiveness rises when the supplier has a positive expectation (Schiele et al., 2021a, p. 1180). The second element is Comparison level (CL) which looks at how certain relationships are in comparison to others when minimal requirements are met. Comparison level of alternatives (Clalt) are used to evaluate the outcomes of the exchange relationships between parties and suggests that in deciding whether to continue or discontinue a business relationship, those involved are influenced by the availability of other options (Schiele et al., 2012b, p. 136; Hüttinger et al., 2014, p. 698; Schiele et al., 2012a, p. 1180). According to the cycle of preferred customership, the comparison level of customers has to be better compared to other customers at the same supplier to achieve the preferred customer status (Schiele et al., 2012a, p. 1180).

The three constructs in the cycle of preferred customership determine whether buyers are granted preferential treatment of their supplier. To start an exchange relationship, customer attractiveness for the suppliers is required. In some way the buyer must at least meet, or exceed, the expectations to achieve supplier satisfaction. Suppliers can upgrade customers towards a preferred customer with preferential treatment when they are satisfied in comparison with other alternatives (Schiele et al., 2012a, p. 1181; Hüttinger et al., 2012, pp. 1194-1195). Within the three constructs, there is also an aspect of circularity regarding receiving preferential treatment. Rewarding preferred customer status contributes to higher expectations of the supplier which can further increase the attractiveness of the buying firm. This process leads to restarting the relationship cycle between the supplier and the buyer (Schiele et al., 2012a, p. 1182).



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

### 2.3 Customer Attractiveness

One of the constructs of the social exchange theory is customer attractiveness. According to Schiele et al. (2012a, p. 1180) attractiveness can be described as the difference between the expectations and the costs of being in a business relationship. A buyer party can be seen as attractive by a supplier when the supplier has a positive expectation of the relationship. Engaging in an exchange relationship is associated with costs, therefore the social exchange theory indicates that these relationships exist and are maintained if the rewards surpass the costs (Schiele et al., 2012a, p. 1181). In current supply markets, there has been a shift as mentioned by Schiele, Calvi & Gibbert (2012a, p. 1178). Competing customers seek resources from a limited number of suppliers. This process makes suppliers more powerful, since it creates opportunities for suppliers to select the customers they want to work with. Therefore, suppliers need to be aware of the existence and needs of the buyer (Schiele et al., 2012a, p. 1180). All of this leads to some sort of exclusion in which not all customers can access the resources they want to possess (Hüttinger et al., 2014, p. 697). According to Hovmøller Mortensen et al. (2008, p. 800) attractiveness is necessary for buyers and suppliers to engage in an exchange relationship. If the buying firm seems attractive, it can attract attention which can help increase performance and loyalty. Due to the scarcity of suppliers, a buying firm must establish long-term relationships to get preferential treatment to achieve their future goals (Kumar & Routroy, 2016, pp. 1171-1172). Relational costs can also be minimized as the supplier will act more proactively in an attractive relationship (Hovmøller Mortensen et al., 2008, pp. 801-802). To show attractiveness, buyers tend to show their potential value to incentivize suppliers for collaborations (Pulles et al., 2016, p. 131). Managing this attractiveness should include taking into account background, business understanding and culture and will therefore look differently at every situation (Ellegaard et al., 2003, p. 354). In the buyer-supplier collaboration, attractiveness should not remain the same, but it should increase when the buyer-supplier relationship develops over a longer period of time (Schiele et al., 2012a, p. 1181).

The question that arises is how buying firms show their potential value and attractiveness to their suppliers. Customer attractiveness can be grouped under five categories: market factors, competition, financial and economic factors, technological factors, and socio-political factors (Hüttinger et al., 2012, p. 1196). These company-related factors give large firms the benefits of establishing themselves as more important customers in comparison to smaller firms. However, smaller firms can compensate in other ways, by lowering economic attraction such as technological expertise or interesting modes of cooperation (Hüttinger et al., 2012, p. 1198). Next to the company-related factors there are social factors which influence the customer attractiveness. Ellegaard et al. (2003, p. 354)

mention that tight social, including trust, commitment and emotions, and professional relationships provide goodwill that results in an increase of attractiveness on both sides.

In the buyer-supplier relationship, customer attractiveness is an important factor for any business to engage in a relationship. Besides benefits like performance, loyalty and minimization of relational cost, an attractive relationship benefits both parties in the long-term. Customer attractiveness influences supplier satisfaction, which will be discussed in the next subsection.

### 2.4 Supplier Satisfaction

As mentioned earlier, the social exchange theory connects the three constructs that are mentioned by Schiele et al. (2012a, p. 1180) despite the fact that previous studies regarded satisfaction as an autonomous factor that was not related to the preferred customer status (Schiele et al., 2012a, p. 1181). Based on this, an outcome which indicates the rewards and costs of the relationship can be explained by comparing the expected value to the actual realised value. When the outcome is lower than the expectations, the supplier will be dissatisfied with the exchange relationship and may even cease (Vos et al., 2021, p. 3). However, if the value is equal to or exceeds expectations, satisfaction evolves and the supplier will be satisfied with the exchange relationship (Schiele et al., 2012a, p. 1181). So, supplier satisfaction is based on the perceived value in a buyer-supplier relationship (Pulles et al., 2016, p. 131). The greater the satisfaction with the supplier, the more loyal the retailers tend to be, which can benefit the long-term perspective. Another way of achieving supplier satisfaction is by adapting better to the wishes of a supplier, compared to competitors (Eringa, & Groenveld, 2016, p. 177). However, a satisfied customer is not necessarily loyal, because at some point a rival of the buying firm may appear attractive to the supplier, despite being in a satisfying relationship. This induces the supplier to invest resources in a relationship with that rival (Maunu, 2003, p. 42; Pulles et al., 2016, p. 132). However, the likelihood of receiving preferential treatment increases when a supplier is satisfied in a relationship (Hüttinger et al., 2014, p. 698).

Supplier satisfaction can be seen as the global judgement of a customer relationship (uni-dimensional) or as the sum of specific aspects or multiple dimensions of the relationship (multi-dimensional). Existing literature reveal that supplier satisfaction is widely considered as a uni-dimensional-construct, while some multi-dimensional approaches exist (Piechota et al., 2021, p. 3). A limitation of viewing supplier satisfaction as a uni-dimensional construct is that it potentially results in a loss of construct validity and reliability for predicting resource allocation decisions. (Piechota et al., 2021, p. 5). One study that viewed supplier satisfaction as a multi-dimensional approach is the one of Maunu (2003) which presented nine supplier satisfaction dimensions, which can be divided into two groups: business-related dimensions and communication-related dimensions (Maunu, 2003, p. 95). Business-related dimensions are hard, fact-based values and include dimensions such as profitability, honor agreements, early supplier involvement, business continuity and forecasting/planning. Communication-related dimensions are softer, human-based values which includes dimensions like roles and responsibilities, openness & trust, feedback, and values of the buying company. In addition, to the nine dimensions mentioned, elements such as money, time, long-term relationship, commitment were also found as factors influencing supplier satisfaction.

Other antecedents of supplier satisfaction have been extensively explored by previous research. The study of Wong (2000, p. pp. 429-430) mentioned that buyers should focus on relational and co-operative approaches to satisfy their suppliers, as well as

constructive controversy. In the article of Whipple et al. (2002, pp. 67-82) about exchange of information, information sharing is referred to as a “competitive weapon” that can give a firm an advantage through the ability to timely gather and disseminate information about the market and its competitors. Information sharing is an important tool which should be used to satisfy the supplier, with accuracy of sharing the information as a critical factor. The earlier the information is shared, the better the supplier can adjust its plans based on this information (Whipple et al., 2002, p. 76). Furthermore, the study of Essig & Amann (2009) addresses the conceptualization and measurement of supplier satisfaction within communication, including components as intensity of cooperation and conflict management. Vos et al. (2016) that concluded that factors like profitability, growth opportunity, relational behavior and operative excellence directly impact supplier satisfaction (Vos et al., 2016, p. 4621).

**Table 1: Antecedents of supplier satisfaction**

Antecedent	Reference
<b>Social factors</b>	
Cooperative relationships	Wong (2000, p. 429)
Constructive controversy	Wong (2000, p. 43)
Communication	Maunu (2003, p. 95); Whipple et al. (2002, pp. 75-77); Essig and Amman (2009, p. 107)
Early information sharing	Whipple et al. (2002, p. 76)
Forecasting/planning	Maunu (2003, p. 95)
Compliance to agreements	Manu (2003, pp. 95-75)
Relational behavior	Vos et al. (2016, p. 4621)
<b>Economic factors</b>	
Profitability	Vos et al. (2016, p. 4621); Maunu (2003, pp. 95-97); Weller et al. (2021, p. 7)
Earlier supplier Involvement	Maunu (2003, pp. 95-97); Essig and Amann (2009, p. 105)
Business continuity	Vos et al. (2016, p. 4621); Maunu (2003, pp. 95-97)
Growth opportunity	Vos et al. (2016, p. 4621)
Operative excellence	Vos et al. (2016, p. 4621);

Table 1 shows some antecedents of supplier satisfaction mentioned by Maunu (2003) and other literature which also identifies dimensions as an antecedent of supplier satisfaction. After everything, supplier satisfaction does not always lead to preferential treatment, however it is seen as a necessary condition for achieving preferred customer status (Vos et al., 2016, p. 4613). The antecedents shown in table 1 give buying firms an indication of how to improve performance with their suppliers. The next section discusses more in detail what is needed to be rewarded with the preferred customer status.

## 2.5 Preferred Customer Status: the Benefits and Performing Better Than Others

The two driving forces mentioned by Schiele, Calvi & Gibbert (2012a, p. 1178) have led to a declining amount of suppliers in the supply markets. Therefore, suppliers have a more powerful position in which they can select the customers they want to work with (Schiele et al., 2012a, p. 1181). Suppliers can upgrade customers to preferred, assign a regular status when they obtain

appropriate satisfaction or even cease the relationship when they are not properly satisfied (Vos et al., 2021, p. 3).

From what was written earlier, we can state that preferred customer status is linked to customer attractiveness and supplier satisfaction. It is seen as essential for an exchange relationship, since it engages suppliers with buyers (Hovmøller Mortensen et al., 2008, p. 800). As discussed previously and related to the social exchange theory, the construct comparison level for alternatives explains if customers achieve preferential resource allocation (Schiele et al., 2012a, p. 1181). If a buying firm fails to at least meet, or exceed, the expectations of the supplier, they might fail to get preferential treatment (Hüttinger et al., 2014, p. 697). Even attractive customers cannot be guaranteed preferential treatment if they do not satisfy the expectations of the supplier. But customers who might not be as attractive compared to competitors receive preferential treatment in situations where they satisfy the expectations of the supplier (Pulles et al., 2016, p. 137). For this reason, there is some sort of exclusion where not all customers can access the resources they want to possess (Hüttinger et al., 2014, p. 697).

Obtaining a preferred customer status leads to a closer relationship between the buyer and seller in terms of commitment, loyalty, partnership, and continuity. Both parties will jointly reduce costs, intensify their interaction and they will become more similar. Therefore, the supplier learns more about the buyer and its issues (Bemelmans et al., 2015, p. 183). To achieve a preferred customer status four steps are suggested by Nollet et al. (2012, p. 1186). Step one and two, customer attractiveness and supplier satisfaction, might not be enough to maintain a preference (Nollet et al., 2012, p. 1190). Besides these two steps, operative excellence and relational value is necessary to create synergy that leads to commitment in the buyer-supplier relationship. The last step is that the buyer must ensure that they are evaluated better than competitors (Nollet et al., 2012, pp. 1190-1191). Other antecedents of preferred customer status mentioned by Hüttinger et al. (2014, p. 712) are larger purchase volumes, further business opportunities, share of sales, growth opportunity and reliability. Table 2 gives an overview of all antecedents that were mentioned for achieving a preferred customer status.

Preferred customer status is termed as the process in which a buyer develops a preference above other suppliers in terms of attractiveness and in the way they satisfy the supplier in the relationship (Pulles et al., 2019, p.1; Schiele et al., 2012a, p. 1181). Due to the scarcity of suppliers in the market, buying firms must obtain the preferred customer status to achieve the long-term goals (Kumar & Routroy, pp. 1171-1172). Besides this, preferential resource allocation might lead to several advantages such as offering better support by dedicating the supplier’s best personnel to develop a new product jointly, customization of products according to the customer’s wishes, offering innovations or even exclusive agreements, lower price & costs, and privileged treatment in terms of enhanced product availability and delivery reliability if bottlenecks occur due to constraints in production capacity (Steinle & Schiele, 2008, p. 11; Schiele et al., 2012a, p. 1178; Patrucco et al., 2019, p. 348).

Other benefits of being a preferred customer are receiving materials of higher quality, better scheduling options, forecast reliability and gaining unexpected opportunities (Eringa & Groenvelde, 2016, p. 184). Nollet et al. (2012, p. 1187) suggested additional benefits such as that suppliers are more open to negotiating about prices of their goods and services and that suppliers tend to deliver consistent quality and offer a good price to their preferred customer. Hüttinger et al. (2014, p. 704) added that a preferred customer has more chance to develop innovation

with its supplier. Table 3 contains a brief list of benefits that a buying firm could obtain when they have a preferred customer status at a supplier.

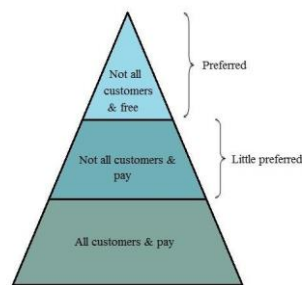
**Table 2: Antecedents of preferred customer status**

Antecedent	Reference
<b>Economic factors</b>	
Larger purchase volumes	Hüttinger et al. (2014, p. 712)
Further business opportunities	Hüttinger et al. (2014, p. 712)
Share of sales	Hüttinger et al. (2014, p. 712)
Growth opportunity	Hüttinger et al. (2014, p. 712)
Financial attractiveness	Baxter (2012, p. 1255)
<b>Non-economic factors</b>	
Reliability	Hüttinger et al. (2014, p. 712)
Relational value	Nollet et al. (2012, p. 1190)
Good communication	Nollet et al. (2012, p. 1191)
Customer attractiveness	Hüttinger et al. (2014, p. 698); Hüttinger et al (2012, p. 1194)
Supplier satisfaction	Hüttinger et al. (2014, p. 698); Hüttinger et al (2012, p. 1194); Baxter (2012, p. 1255)
Maturity of purchasing function	Bemelmans et al. (2015, p. 194)

**Table 3: Benefits of preferred customer status**

Benefit	Reference
<b>Financial benefits</b>	
Negotiation about prices	Nollet et al. (2012, p. 1187)
Lower price and costs	Patrucco et al. (2019, p. 348).
<b>Operational benefits</b>	
Customization of products	Patrucco et al. (2019, p. 348).; Nollet et al., 2012, p. 1187)
Receive consistent quality	Nollet et al. (2012, p. 1187); Eringa & Groenveld (2016, p. 184)
<b>Relational benefits</b>	
Better availability and responsiveness	Nollet et al. (2012, p. 1187)

The Pyramid of Benefits (Figure 2) is a suitable tool that illustrates the value of the benefits from having a preferred customer status. Suppliers will become selective and prioritize some customers over others since there is supplier scarcity. Suppliers will prioritize preferred customers over customers with little preference, and customers with little preference over standard customers. The Pyramid of Benefits exists of three stages in which a customer of a supplier can locate itself in. The lowest level consists of all customers who receive the same treatment as others, and they must pay for it. Customers in the second stage are those who pay for small, preferred benefits but have to pay for this. Customers in the highest stage are those who are preferred and profit from benefits without the need for extra payment.



**Figure 2: Pyramid of Benefits**

There are many benefits of becoming a preferred customer of a supplier. To achieve long-term goals, obtaining a preferred customer status is necessary (Kumar & Routroy, pp. 1171-1172). However, even if many or all antecedents of receiving a preferred customer status are present, it does not guarantee that a buying firm will be granted a preferred customer status (Bemelmans et al., 2015, p. 193). (Piechota et al., 2021, p. 11) mentioned that becoming a preferred customer depends on external relationship factors, such as the suppliers' availability and quality of alternative relationships. These factors can barely be influenced. Furthermore, becoming a preferred customer might take significant investments which will increase the buying firms' risks (Nollet et al., 2012, p. 1192). Also, Bemelmans et al. (2015, p. 184) observed that a mature purchasing function is often overlooked by buying companies. Generally, the purchasing function should be able to classify suppliers into different categories to set priorities and should also be professional towards a supplier. If a supplier sees the buying firm's purchasing function as not mature, it is less likely that the buyer will become. Next to that, there is a possibility that a supplier cannot be qualified or willing to grant such status to its customers (Bemelmans et al., 2015, p. 193; Schiele, 2012, pp. 47-48). Table 4 shows the barriers identified. The next section introduces the concept of inflation.

**Table 4: Barriers to Becoming a Preferred Customer**

Barrier	Source
External relationship factors	Piechota et al. (2021, p. 11)
Investment costs	Nollet et al. (2012, p. 1192)
Maturity of the purchasing function	Bemelmans et al. (2015, p. 184)
Willingness/ability to qualify	Bemelmans et al. (2015, p. 193); Schiele (2012, pp. 47-48)

## 2.6 Inflation and the Shortage Economy

In economics, inflation may be one of the most familiar words and has been one of the most researched topics in macroeconomics for the last few years (Ayyoub et al., 2011, p. 51). However, little research has been conducted about the relevance of inflation on the buyer-supplier relationship. Moreover, the influence of inflation on the preferred customer status has received little to no attention in existing literature.

Inflation is the rate of increase in prices over a certain period of time (Oner, 2012, p. 1). It is a broad measure, which in most situations is seen as a quantitative measure of the rate at which the purchasing power of goods and/or services decreases over time. Inflation is seen as important in the economic world, since the purchasing power of money never remains stagnant (Musarat et al., 2021, p. 408; Oner, 2012, p. 1).

Inflation is a relevant topic since we are nowadays facing an economy that appears to be an economy marred by widespread shortages. The fundamental assumption that resources would continuously be available to meet demand has been taken for granted for years, with some exceptions in times of temporary fluctuations and disruptions (Ivanov & Dolgui, 2022, p. 7141). Building upon this, a trend of shortages in resources needed for production such as labor, material, energy and capital, and logistics operations in supply chains can be observed (Ivanov & Dolgui, 2022, p. 7141). Energy, workforce, and materials are becoming scarce and supply chains are trying to adapt with these resource shortages, along with rapidly rising prices. The COVID-19 pandemic contributed to the shortage by disrupting global supply chains with an unprecedented shortage of transportation capacities. This resulted in an increase in freight prices, product shortages and overall destabilization of supply chains (Ivanov & Dolgui, 2022, p. 7142). The demand and market have recovered much faster than expected after the COVID-19 pandemic, while supply and production capacity ramp-up times were longer. These pandemic-induced effects have been strengthened by long-term problems such as semiconductor shortage, increasing workforce deficits, Brexit and global trade risks which caused inflation (Ivanov & Dolgui, 2022, p. 7144). Next to that, rapidly increasing energy prices in the third quarter of 2021 caused increasing transportation rates and inflation (Ivanov & Dolgui, 2022, p. 7144).

## 2.7 Inflation and the Buyer-Supplier Relationship

The study of Ayyoub et al. (2011, p. 51) defines two causes of inflation. The first one is demand-pull inflation, which is caused by aggregate demand that surpasses available supply. The shortages in supply result in an upward pressure on prices, resulting in inflation. The second one is cost-push inflation, which is caused by supply shocks. It occurs when overall prices increase, such as increases in the production costs like wages and raw materials. Musarat et al. (2021, p. 408) also mentions a third type of inflation on which we will focus, namely built-in inflation. According to the working paper of Albagli et al. (2022, pp. 1-40) this type of inflation occurs when firms extract a signal about future aggregate inflation from observed price changes along the supply chain. Also, since customers want their services and products at the right place at the right time, in the right quality and quantity the costs rise (Hallikas & Lintukangas, 2016, p. 487). Therefore, firms fully pass-through inflation expectations to sales prices (Albagli et al., 2022, p. 30). This seems obvious, since suppliers cannot promise the customer the same deal forever, especially when their costs rise (Okun et al., 1975, p. 362). Normally, a manufacturer produces several types of items, and a supplier/distributor also supplies/distributes several items together to its wholesaler and so on, creating a supplier-wholesaler-retailer-customer supply chain (Pakhira & Maiti, 2021, p.2). So, according to the profit-maximization theory of the firm, every firm in the chain acts in self-interest to maximize profit. The theory is primarily driven by maximizing an organization's profitability in the long-run, with the ultimate purpose of developing sustainable competitive advantage over the competitor (Abdullah, 2007, pp. 171-172). Since firms maximize their profit, antecedents such as financial attractiveness found by the study of Baxter (2012, p. 1255) as well as other antecedents mentioned in table 2 could improve the chance of receiving preferential treatment. However, the profit-maximization theory may create tension with the social exchange theory when one theory overlooks or undervalues the other insights and perspectives. The profit-maximization theory largely neglects the social aspects of exchanges and focuses on

economic efficiency and self-interest, while the social exchange theory is more embedded within relational and social contexts.

Thus, according to the profit-maximization theory, it can be expected that if there are price changes in the supply chain, the sales price goes up. This may be contradictory to some benefits given in table 3. This leads to the following propositions:

**Proposition 1:** *In times of rising prices along the supply chain, firms tend to pass-through the increasing costs to the sales prices.*

**Proposition 2:** *In times of rising prices because of resource shortages in the supply chain, preferred customers maintain the benefits given from their suppliers, despite the higher sales price.*

The ability to develop and maintain relationships with suppliers in a networked environment is a critical success factor as well as a challenging task for the management in a company. Therefore, identification and management of these risks, also known as risk management, is crucial for effective management of the supply chains (Hallikas & Lintukangas, 2016, p. 487). One of the key characteristics of risks is an underlying construct of the transaction cost theory, namely uncertainty. In situations with high uncertainty, there will be high levels of supply risks and transaction costs will be higher (Hoffman et al., 2013, p. 199). This can eventually lead to higher prices. Over the last years, emerging trends such as globalization, outsourcing and growing complexity of products and services have made companies more vulnerable to various supply chains disruptions and risks, making them more dependent on their suppliers (Hallikas & Lintukangas, 2016, p. 487; Prahalad & Hamel, 1990, p. 79; Pellegrino et al., 2020, p. 962). Furthermore, in previous literature it has been shown that collaboration with suppliers in terms of risk management is vital in effective supply chain risk management (Hallikas & Lintukangas, 2016, p. 488). The term supply risk management contains more than applying certain assessment criteria or monitoring risk. The development of general supply risk management procedures and capabilities is proposed to increase supply risk management performance (Hoffman et al., 2013, p. 200). During the last few years, the need to include supply risk management in the firm's agenda increased, covering all aspects of risk management namely risk identification, risk assessment, risk monitoring and risk mitigation. The study of Pellegrino et al. (2020) focuses on risk, risk mitigation and risk management from the purchasing perspective. The study identifies risks that are affecting supplier-buyer relationships with preferred customer status, such as supplier performance and supplier available capacity, and how to mitigate this risk. Use of mitigation strategies appears to be both directly and indirectly relevant for successful supply risk management (Hoffmann et al., 2013, p. 207) A more complete overview of relevant risks and mitigation methods that were studied by Pellegrino et al. (2020) be found in Appendix B.

The study of Pellegrino et al. (2020) mentions one risk that is specific to supplier-buyer relationships with a preferred customer status, namely the absence of symmetrical dependence. This type of risk is linked to the existence of more customers for the same supplier, and the possibility that a buying firm could not be the preferred customer of that supplier. Especially when the buying firm is dependent on the supplier, it may experience strong negative implications (Pellegrino et al., 2020, p. 973). Losing a preferred customer status may mean that, in the event of increased demand, the customer cannot see his requirements fulfilled. Due to the Pyramid of Benefits (Figure 2) the supplier will first serve its strategically important and preferred customers, and if possible standard customers (Pellegrino et al., 2020, p. 973). However, according to the social exchange theory, suppliers which have rewarded buying firms with preferential

treatment are more likely to have a closer relationship compared to regular customers (Hüttinger et al., 2012, pp. 1202-1203). This could mean that suppliers are more willing to co-operate with the buying firm as they have a close relationship. Also, the deeper the partnership, the better the supply chain performance (Hallikas & Lintukangas, 2016, p. 489). This leads to the following proposition:

**Proposition 3:** *In times of inflation a preferred customer and its supplier co-operate more closely as both parties recognize the importance of mitigating the impact of rising prices.*

The benefits of supply risk management will increase when firms mature their risk management process. This can be explained by the maturity model of Schiele (2007) which has three steps. He describes the existence of a clear sourcing strategy and cross-functional involvement between purchasing and other departments as necessary for purchasing maturity (Hoffman et al., 2013, p. 202). Mature companies have a clear focus on risk management across firm boundaries, have cooperative and trusting relationships with all supply chain partners and do not experience information asymmetries in the supply chain. This enhances better supply risk management performances (Hoffman et al., 2013, p. 202).

Since there are no specific or new strategies for a relationship where a buying firm has a preference, all risk management strategies share a common principle. In case of a preferred customer status, the optimal risk management strategy must share and balance risks and rewards across organizations (Pellegrino et al., 2020, pp. 973-974). By implementing successful supply risk management strategies, firms can enhance stability and resilience in the supply chain. This reduces the likelihood of supply disruptions and gives an opportunity to manage inflationary pressures effectively.

### 3. METHODS: CASE STUDY

#### 3.1 Research Design: Case Study at Telecommunications Equipment Supplier

To get a better understanding of the definitions, theories, antecedents, and benefits of the buyer-supplier relationship of the preferred customer status and the influence of inflation, a literature review has been conducted. To support the literature review and to find out about antecedents and benefits in the relationship between a company and its suppliers, a case study at Company X and four of its suppliers has been conducted. Building upon this, the research will explore the effects of inflation on the buyer-supplier relationship. This will be done by a qualitative research approach, namely interviews. Interviews remain the most common methods of data collection in qualitative research and provide a deeper understanding since it provides deeper understanding and insights behind the answers given in terms of behavior, perceptions, feelings, understanding and experiences that tend to be left out in quantitative research. (Rahman, 2016, p. 104; Gill et al., 2008, p 292-295). However, a qualitative approach has limitations since it is time consuming and has smaller sample sizes (Rahman, 2016, p. 102). Another issue is that, due to the small sample size, results might be unreliable and ungeneralizable (Rahman, 2016, p. 108). A quantitative approach, for example surveys, neglects these limitations but gives less in-depth information as well as what is meant by something (Rahman, 2016, p. 102).

Since no empirical research on the influence of inflation on the preferred customer status exists, this research has an explorative nature. Gill et al. (2008, p. 292) state that interviews are most appropriate where little is already known about the study phenomenon. According to Voss et al. (2002, p. 197) explorative research is needed to develop ideas and questions when the

relationship between variables is unknown or the phenomenon not all understood.

On the supplying side the participants were chosen by employees of Company X. The criteria for participation were to be in some way 'critical' or 'crucial' as well as willingness to participate. Other important aspects were that the participants had to be located somewhat across the globe and the ability to be speaking Dutch or English. This is to find out if geographical location made any differences.

#### 3.2 Sampling at Company X and Four Suppliers

Company X is an online web shop that sells telecom accessories. With its 18 years of experience, it has become one of the largest providers of telecom accessories in the Netherlands and Belgium. The current range (May 2023) consists of around 22.000 articles. This includes phone cases, screen protectors, chargers, cables, car holders and many other phone related accessories from around 70 official brands, and their private labels. The company is located in Almelo, where besides the office the warehouse can be found. Company X supplies from stock, meaning that your package normally gets sent on the day you order and pay. Company X distributes from their suppliers which are located across Europe, the United Kingdom, the United States or Asia, mainly Shenzhen in China.

After asking the founder/director of the company, in cooperation with a purchaser of the company four suppliers were chosen. A big part of the suppliers is located in countries in Europe like the Netherlands or Germany, but most suppliers are settled in China. All interviews for the supplying firms were done via Microsoft Teams in English, except for the first supplier (S1). This interview took place in Dutch at the Company X office in Almelo, since S1 was there for a company visit. This first company is a distributor, which links suppliers and customers. The company amplifies thousands of vendors, resellers, and retail partners by customizing and delivering highly targeted solutions and services. The second supplier (S2) interviewed was a leading manufacturer of high-quality mobile accessories. The company is in Germany and produces phone cases, power banks, chargers, cables, and other telecom accessories. The third supplier (S3) is a supplier superstore, offering a wide range of quality wholesale devices and accessories, operating in China. The last supplier (S4) works for a Chinese consumer electronics brand but is located in Netherlands. Also, three purchasers from the company were interviewed. Purchaser one (P1) and two (P2) are responsible for the relationship with Chinese suppliers, while the third purchaser (P3) has more focus on the European suppliers.

#### 3.3 Interview Structure

The interviews were conducted as semi-structured interviews, since this offers flexibility while there is some guidance on which key elements to talk about (Gill et al., 2008, p 291). Two questionnaires were used, one for the buyer and one for the supplier. Both questionnaires consisted of a similar structure, with differences depending on the position in the buyer-supplier relationship. For every supplier, the original questionnaire was used with added questions about inflation, except for S1. For this Dutch supplier, the questionnaire was translated into Dutch. For the three purchasers, every interview was held in Dutch with translated questionnaires used.

At the beginning of every interview, every participant was given a brief introduction to the subject. Also, every interviewee was asked to give permission for the interview to be recorded, but also informed about other ethical principles such as anonymity and confidentiality. This gives the participants some idea what



the study is about and what they can expect, since honesty is a fundamental aspect and is also in line with legislation like the GDPR (Gill et al., 2008, p 292). Due to confidentiality reasons, every participant of the research will be anonymized when this study is published. Therefore, the names of the participants are not mentioned, but referred to as P1, P2, and P3 for the purchasers and S1, S2, S3 and S4 for the suppliers. The recording of all interviews was done through Microsoft Teams, except for S3 which was interviewed through Skype. The interviews were conducted one-on-one in late May 2023 and early June 2023, meaning that nobody else could listen to the interview.

Every interview started with a small introduction about their company and themselves. The first part was about classification, where the respondents received questions whether they classify their relationships with other parties, with the goal of finding out if status types were assigned. Afterwards, the different status types and the benefits of the preferred customer status were discussed. This part was followed by a section of questions about the antecedents of the preferred customer status and what companies need to do to become a preferred customer. The last section of the questionnaire contained questions regarding inflation. These questions were asked to find out the influence of inflation on the buyer-supplier relationship and the preferred customer status. All questions in the semi-structured interviews were open, since it creates flexibility that allows for discovery in this explorative research that may not have been previously thought of (Gill et al., 2008, p 291). After the interviews were done, the data had to be collected and after that analyzed. The next section will discuss how this was done.

### 3.4 Data Analysis Method

The interview results will be transcribed via Microsoft Teams (if the interview was done through Microsoft Teams) or with Descript. Both programs automatically convert audio or video to text. The transcripts that both programs will make will be checked and manually adjusted if needed. The transcribed text will be coded via Word. During the coding process, a mix of deductive and inductive coding will be used, depending on the topic. Deductive codes are codes based on already existing literature or theories (Gale et al., 2013, p. 3). Contrarily, inductive codes is data that is analyzed through an open coding process (Gale et al., 2013. p. 3). The deductive codes were derived from the literature review in chapter 2, in which the concepts of supplier satisfaction, antecedents of preferred customership, benefits of preferred customership and related were discussed. In the transcript's words, phrases or sometimes multiple sentences were analyzed and assigned with a color. In case of new benefits, antecedents or other information, new colors and groups will be created. In this way, similar words by the respondents could be categorized.

The data analysis has led to the next section, in which the findings will be presented. It starts with finding on classification in the buyer-supplier relationship, followed by antecedents of supplier satisfaction, antecedents, and benefits of preferred customer status, and is ending with the influence of inflation on the buyer-supplier relationship.

## 4. ANALYSIS AND RESULTS

### 4.1 Suppliers Classify The Relationship with Their Customers

Company X classifies the relationships they have with their suppliers between key suppliers and regular suppliers. The key suppliers are seen as big and important and at these suppliers receive orders weekly, or once in two weeks. Also, P1 and P2 mentioned that they had intensive, daily contact with these critical suppliers. These suppliers are seen as critical, because

they mostly supply the products for the company's private labels which are high-selling. If products are not in stock, it is a bigger issue than with products from regular suppliers, who receive an order every month or less frequently. P3 mentions that he not really classifies like P1 and P2 but looks at suppliers geographically. According to him, it is better to overstock products than to let customers wait due to the long distance between the firm and the supplier. All three purchasers believe that Company X is a preferred customer at most of their suppliers or, at least, receives some form of preferential treatment. P2 was of the opinion that this preferential treatment is on the basis of turnover and quantities. He mentioned that these two factors determine if you have a personal contact person at the supplier. Having one means that you are helped better and faster. According to P1 and P3, receiving preferential treatment is a consequence of being the biggest, or almost one of the biggest, customer for the supplier. Next to that, P3 added that small resellers do not even have access to certain key suppliers of the company, and that suppliers are willing to meet requirements of the company, which is both seen as getting preferential treatment.

Through the interviews, it was discovered that every supplier classifies the relationship with their company. One similarity for all suppliers was that they assigned preferential treatment to the company as a whole, instead of specific departments. However, there were some differences in the classifications systems used. The interview with S1 revealed that the company used status types, based on turnover and quantities. The interviewee also mentioned that the company also focuses more on partnerships and co-operation. The system used by S2 and S4 was related to the type of company the buying firm is in their eyes. S3 classifies by annual purchasing amount and order frequency. Despite being seen as key suppliers by all purchasers, P3 mentioned that the Chinese suppliers (S3 and S4) are important, but that they can be replaced more easily in comparison to European or Dutch wholesalers that are crucial to do business with. P2 said that the company is really attractive because it purchases in big volumes. An overview of classification by suppliers can be found in table 5. In the next section, the antecedents of supplier satisfaction will be discussed.

**Table 5: Suppliers classify their relationship with a buying firm**

Classification of suppliers	RESPONDENT			
	S1	S2	S3	S4
Classifies relationship with buyers	X	X	X	X
Assigns preferred customer status to the whole company	X	X	X	X
Assigned preferential treatment to buying firms	X	X	X	X
Classification system used by suppliers	RESPONDENT			
	S1	S2	S3	S4
Turnover	X		X	
Quantities	X			
Order frequency			X	
Relationship	X	X	X	X
Profitability		X		X
Communication	X	X		X
Loyalty program			X	
Growth opportunity	X	X	X	X

## 4.2 Antecedents of Supplier Satisfaction and Becoming a Preferred Customer

All buyers from Company X interviewed mentioned that the company could be considered as an attractive customer, which most of the time received some form of preferential treatment. The interviewed purchasers said that there was a focus on building strategic long-term relationships, which is mainly done through intensive, daily communication with suppliers. P1 mentioned that he was eager to build relationships for the long-term. Once he got into business with a certain supplier, he wanted to stick it for a longer period of time. In this way, commitment was created what resulted in a “snowball effect.” The supplier offers its best services, which leads to satisfaction and more orders from the buying firm, resulting in an easier order process for the buying firm. Another way of building these relationships was mentioned by P1 and P2. They revealed that the buying firm is providing monetary resources to get a better relationship. P2 mentioned that yearly business trips to suppliers in China to build strategic relationships with key suppliers were provided by the company, as well as the possibility to meet suppliers on fairs in, for example, Berlin. However, P3 mentioned that dependency is an important factor in building long-term relationships. Some suppliers are easily replaceable, while others are critical for maintaining business. Another important aspect of supplier satisfaction is that P1 and P2 said that the company does not put too much pressure on purchasing prices. This is done because they grant their suppliers some margin and the priority on short lead times, which can be jeopardized by demanding the cheapest price possible. P3 also mentioned that the payment policy of the company potentially increases supplier satisfaction. He revealed a proactive policy since the company is quite solvent and well liquid: pay first, then complain. In his opinion, a relationship starts with paying on time and quickly, getting trust upon the relationship can be built further then. Furthermore, it was recognized through the interviews that there were more antecedents of supplier satisfaction from the buying side. All purchasers mentioned that the company was able to buy products in high volumes from their suppliers.

There were also important aspects for the suppliers regarding supplier satisfaction that were revealed in the interviews. The first one was also having good, clear open and honest communication. It was noted by multiple respondents that this was the basis of a good buyer-supplier relationship, and all suppliers mentioned that the business relationship and communication with Company X satisfied them, with having some form of cooperative relationship. Also, loyalty was mentioned by S2 and S3, as they have cooperated for over a decade. S1 said that the relationship set-up with the company was the best, or at least one of the better relationships he had. In his opinion, the communication made both parties able to rely on each other. Additionally, S3 mentioned that she saw not only saw the company as business partners, but also as friends as both parties also share their lives with each other. S2 mentioned that it did not make a difference who he contacted from the company: the service is always the same. He also revealed that problems on both sides are pointed out aloud and not be hidden. However, while S4 was satisfied with both the business relationship and communication, the supplier also mentioned that it can always be improved.

All participants on the supplier side mentioned that the opportunity for both parties to grow together was very important to supplier satisfaction, but also an important antecedent of the preferred customer status. What is interesting, is that the interviews revealed that Company X is pushing forward products from Chinese suppliers S3 and S4 on the Dutch market, but also for S2 which is a German supplier. S2 mentioned that the

company adds value to the assortment of Company X by adding mainly technical products that the company’s assortment is missing. Company X is selling this for S2 on their website and on marketplaces like bol.com, which increases satisfaction of S2. Also, S4 mentioned that Company X receives marketing support, which can be seen as both an antecedent of both supplier satisfaction and preferred customer status. In this way, S2 sees the company as distribution partner and S3 and S4 see the company as a strategic partner. This can also be seen as an important antecedent for the preferred customer status. Furthermore, S2 and S4 mentioned that profitability is seen as an important antecedent for supplier satisfaction. Next to that, S1 and S3 mentioned that feedback is important for both parties. It helps recognize the advantages and weaknesses that help to improve and grow together. For S1 feedback is important as they are dependent on prices as they are a distributor. S1 mentioned that as a distributor it is difficult to make accurate forecasts for the whole assortment that is available on the market. He revealed that Company X shared reports on product sales, which led to S1 being able to purchase more targeted to the demands of the market. This has been placed in the category “become strategic partner.” Also, S1 mentioned other factors like the findability of stock keeping unit (SKU) on Google, the well-ordered categories on the website, and the well-developed product packaging. All antecedents found of supplier satisfaction can be viewed in table 6.

**Table 6: Found antecedents of supplier satisfaction**

Antecedents of supplier satisfaction	RESPONDENT						
	P1	P2	P3	S1	S2	S3	S4
Good communication	X	X	X	X	X	X	X
Openness & trust	X	X	X	X	X	X	X
Cooperative relationship				X	X	X	X
Resources for expanding relationship	X	X					X
Payment policy	X	X	X			X	
Growth opportunity	X	X		X	X	X	X
Loyalty of buyer					X	X	
Become strategic/distribution partner					X	X	X
Profitability				X	X		X
Sharing reports on product sales				X			
Market presence				X	X		X
Feedback				X		X	

## 4.3 Benefits of Having a Preferred Customer Status at a Supplier

Several benefits of having a preferred customer status for a supplier were mentioned and discussed in the interviews. Most of the benefits mentioned were operational, such as customized products or services according to the customers’ wishes that were mentioned by S3. An interesting production related benefit finding was that, according to P1 and P2, the company has an independent warehouse in China, where one employee is operating. Also, at their key suppliers in China the company has a warehouse and/or office, special for producing and labeling

products for company. Another interesting finding was given by P2, which was about product development. He mentioned that it is important that the supplier understands what you mean with a product. When the supplier decides to make the product even better, you have a preferred relationship with that supplier. Another interesting insight was given about aging stock by P3, which is related to Joblot and overstock deals.

What all suppliers had in common regarding relational benefits was that there was some sort of precedence, depending on their customer. P3 mentioned that small resellers do not have access to resources from S1, which is some sort of exclusiveness. S4 has an approach where a preferred customer could, in contrast to the earlier mentioned monetary support, receive exclusive goods that are only available for the company. For S2 and S3 there is a similar approach, preferred customers receive information about new innovations earlier than regular customers. As expected, financial benefits were also mentioned. Almost every supplier gave some form of discount to the buying firm. In example, S1 said that their unique selling point was that they are an umbrella solution for their customers. For their customers, the most interesting was the rebate, which is a form of buying discount. In this way, companies get paid in return a certain percentage of the turnover, as an incentive to do business with S1. As mentioned earlier, S2, S3 and S4 see Company X as a strategic or distribution partner and offer their own form of discount. S1 offers discounts based on their classifications, while S3 gives exclusive discounts to their preferential customers. Another form of discount is given by S4 by giving marketing support to companies. S4 makes an incentive plan together with the buying firm and when a target is reached, money is received for further development and stimulation. In table 7, the benefits mentioned by the respondents are listed.

**Table 7: Found benefits of preferred customer status**

Benefits of preferred customer status	RESPONDENT						
	P1	P2	P3	S1	S2	S3	S4
Benevolent pricing	X	X	X		X	X	X
Own warehouse	X	X					
Allocation of personnel	X	X	X				X
Quicker response and services as PC	X	X					
First access to new developments					X	X	
More/earlier innovation initiatives from supplier		X	X		X	X	
Rebate				X			X
Monetary support							X
Certain company size needed for access to supplier			X	X			
Aging stock leading to Joblot/overstock deals			X				
Company visits	X	X				X	
Exclusion of products							X
More free samples						X	

Consolidate shipments/special logistics channel						X	
Help with product sourcing				X		X	
Support for new projects						X	
Customized packaging/labeling						X	

#### 4.4 The Influence of Inflation on the Buyer-supplier Relationship

The three purchasers that were interviewed all gave different answers relating to inflation affecting their work currently. P1 mentioned that he is not really observing higher purchasing prices, while P2 mentioned that he still experiences rising costs for transport and raw materials. Meanwhile, P3 observed that purchasing prices are indeed higher. P1 and P2 have business relations with China, while P3 focuses more on Europe and observed an increase in buying prices. In contrast, only P3 mentioned that he had to increase selling prices, which was not done by P1 and P2.

Out of four suppliers interviewed, all suppliers mentioned that inflation was affecting their work lately, except for S4. The products his companies sell are, in his opinion, mandator to possess. He said, "cell phone products are mandatory, it's not something you can choose to have or not". In the interviews, it was not noted that he had to deal with declining sales, increasing purchasing prices or raising selling prices. However, he mentioned that the market was not so much affected. Contrarily, S1 observed that their customers were reluctant to purchase, since both prices for purchasing and the sales went up. S2 had to adjust some prices (10 to 15, according to S2), but succeeded to let most of them on the current level. Both S1, S2 and also S3 agreed that rates for transport were back to 'normal', although raw materials and transport are still more expensive than before, leading to higher selling prices. S3 observed that customers are buying more necessities than consumption goods, which is a change of direction that was also mentioned by P1, P2 and P3. It was said that due to lower prices in China, the strategy has shifted on buying more in China. This is supported by interviews with P1, P2 and P3 and the fact that S3 lowered costs, made new categories to meet market demand and reduce some operating fees. It was even mentioned by S3 that important customers are buying more from the supplier. The reason for this change of direction is the fluctuating exchange rate, which was found in interviews with S4, P2 and P3. All interviewees, both on purchasing and supplying side, said that their relationship got closer with the company in terms of more interaction and closer collaboration. However, it was not mentioned if inflation played a role in this. Table 8 gives an overview of found influences of inflation on the buyer-supplier relationship.

In section 2.6, propositions were made about how preferred customer status might be impacted by inflation. Proposition 1 was about that sales prices were passed-through as firms experience rising prices along the supply chain. Based on the interview with P2, P3, S1 and S2, it was made clear that sales prices for most products could increase as a consequence of rising prices in the supply chain. However, S2 mentioned that they did their best to limit the price increases. Furthermore, P3 mentioned that the increase in purchasing prices, mainly for the cheap products in the assortment, is sometimes negligible, since it only contains an increase of a few eurocents.

For proposition two, there is no indication given in all interviews that preferred customers have to sacrifice in the benefits they are granted, that are displayed in table 7. However, interviews with S4, P2 and P3 addressed the fluctuation of the exchange rate.

In most of the interviews it was given that the cooperation between buyer and supplier, proposition three, with the company was getting better. However, most interviews also mentioned that inflation did not directly lead to better cooperation. The interview with S3 mentioned however that her company was busier now, while also offering Company X more business opportunities. S2 also made clear that they see that partnerships are getting better, because the company is still close with clients despite inflation-related issues. In this interview, it was also said that they try to minimize the amount of price adjustments. Table 8 gives an overview about what interviewees mentioned as changes because of inflation, and what factors they recognized as an influence of inflation on the buyer-supplier relationship.

**Table 8: Market changes because of inflation on the buyer-supplier relationship found in the interviews**

Relationship buyer-supplier and inflation	RESPONDENT						
	P1	P2	P3	S1	S2	S3	S4
Increase of purchasing prices		X	X	X	X		
Increase of selling prices			X	X			
Declining sales/reduce amount of spending				X		X	
Different strategy of company	X	X	X			X	
Fluctuating exchange rate		X	X				X
Buying more necessities than consumption goods						X	
Lower costs to meet market demand						X	

## 5. DISCUSSION OF THE FINDINGS

### 5.1 Factors Increasing Supplier Satisfaction

The intended aim of this research was to provide empirical evidence and enhance previous literature on the antecedents of supplier satisfaction and the preferred customers status and the benefits associated with preferred customer status. Additionally, this paper aimed to discover whether inflation impacts the preferred customer status. This chapter starts with a discussion on the results findings related to the antecedents and benefits. This is then followed by findings from the case study. The chapter ends with contributions, limitations, and directions for future research.

What became clear whilst conducting the interviews was that all participating suppliers were very satisfied with their relationship with the company. All participants did classify their relationship, although the classification systems were often different. In addition, some form of preferential treatment was granted as the relationship with the Company X was close. This is in line with the social exchange theory, that suggest that suppliers can upgrade customers towards a preferred customer when they are more satisfied in comparison with alternatives (Schiele et al., 2012a, p. 1181; Hüttinger et al., 2012, pp. 1194-1195).

According to the social exchange theory, the relationship develops over time with norms, personal relations, trust, and commitment as effective governance mechanisms in exchange relationships (Schiele et al., 2012b, p. 136). This is also found in the interviews, where both purchasers and suppliers mentioned that they had a good relationship with each other. Supplier 3 even mentioned that she saw the relationship with Company X not only as a business relationship, but also viewed the company as friends that share information about each other's lives. During the interviews with P1 and P2 it was made clear that investing in business relationship for the long-term is also of importance for Company X, as the company offers monetary resources to build strategic relationships with key suppliers by visiting suppliers or fairs to connect with suppliers. These findings support that the good relationship, on both business and personal level, is an antecedent of both supplier satisfaction and the preferred customer status.

The interviews highlighted that good, honest, and open communication and the focus on long-term relationships was key, which falls in line with the study of Maunu (2003, pp. 95-97), Vos et al. (2026, p. 4621) and Nollet et al. (2012, p. 1191) that also mentioned factors such as communication, long-term relationships and business continuity as critical. Next to this other factors such as payment policy, growth opportunity and profitability were in line with previous explored literature (Nollet et al., 2012, p. 1190; Vos et al., 2016, p. 4621; Maunu, 2003, pp. 95-97).

Next to already identified supplier satisfactions, also other antecedents were found which were not previously mentioned in the literature review, or give another, deeper insight into the dimensions of supplier satisfaction. One of these antecedents was loyalty, which was an important antecedent of two suppliers. Besides that, sharing information with S1 through reports of product sales was an crucial aspect to serve both the company and the demand market better that gave the dimension of forecasting/planning of Maunu (2003, pp. 95-97) another, deeper insight. Also, the payment policy mentioned gives another insight to the dimensions of supplier satisfaction. In the interviews P1 and P2 made clear that the company does not put too much pressure on the purchasing prices. This is done for two reasons, the first one being that they grant their suppliers some margin, and the second one is the fact that demanding the lowest price possible might disrupt the obtained short lead times by the company. Furthermore, three suppliers put importance on Company X as their strategic or distribution partner in the Netherlands. S2, which is a German manufacturer viewed the company as a partner for the Netherlands, while S2 complements the missing technical articles in the assortment of the company. Both S3 and S4 saw the company as their partner to push the brand forward. The ability to establish and maintain relationship with suppliers is recognized as a source of competitive advantage (Pellegrino et al., 2020, p. 959). Buyers being able to buy high volumes was also not previously discussed. According to P1, buying more products pushes the price down and leads to supplier satisfaction as suppliers want to generate the highest possible turnover. The higher volumes you purchase, the more attractive it is for both parties.

### 5.2 Lack of Knowledge Regarding the Influence of Inflation

When the interviews were conducted, it was found that the current inflation is not really directly affecting both purchasers and suppliers. Some research about shortage economy including factors such as increase of freight prices, increase of product shortages, and supply chain destabilization mentioned by Ivanov & Dolgui (2022, pp. 7141-7442) were recognized in the

interviews, but the impact of inflation on the buyer-supplier relationship was found very limited. What was recognized by previous literature discussed in this paper was the concept of risk mitigation, mentioned by Hoffman et al. (2013, p. 202). Mitigation strategies are used to either diminish, eliminate or counteract risks (Hoffman et al., 2013, p. 202). This was recognized in the interviews of S1 and S3, which made clear that customers were more cautious to buy, with S1 even stating that customers were buying more necessities than consumption goods.

What was found about inflation in the interviews with the three purchasers is that inflation has led to a different strategy for the company. Due to the high prices in Europe the firm is ordering more goods from Chinese suppliers. According to P2, this is because of the Chinese inflation in 2020 (COVID-19 period) that affected the margins on the standard assortment of the company. Therefore, the company decided to make a shift towards focusing more on the private labels of the company with suppliers that are located in mainly China. Following the statement of P1 and P2, the company already has own personnel, an independent warehouse and offices located in China. According to P2, focus on China might have a positive impact on the relationship with suppliers in China since it possibly shapes a better relation as both parties strive for the best. However, nothing was mentioned that the relationship with other not-Chinese partners is diminishing as a result of this shift. The shift towards Chinese suppliers rises the risk of absence of symmetrical dependence by Pellegrino et al. (2020). This type of risk is linked to the existence of more customers for the same supplier, and the possibility that a buying firm could not receive preferential treatment from that supplier (Pellegrino et al., 2020, p. 973). With the shift towards the Chinese suppliers, the company might get dependent on the supplier. This could lead to strong negative implications, such as losing the preferred customer status. This means that in case of increased demand, the firm has a bigger chance of its requirements not being fulfilled. Looking at the pyramid of benefits (figure 2) the supplier in these situations will serve strategically important and preferred customers before other customers. Also, the earlier mentioned pandemic-induced effects and long-term problems such as semiconductor shortage, increasing workforce deficits, Brexit and global trade risks mentioned by Ivanov & Dolgui (2022, p. 7144) might lead to potential future problems regarding supply. Preventing dependence on Chinese suppliers could be done through risk mitigation strategies. One way of mitigating this risk can be done by qualifying more alternative sources of supply in order to ensure business continuity. Another way is to collaborate with the supplier to create mutual dependence (Hoffman et al., 2013, p. 202). An overview of mitigation strategies is given in Appendix B as well. Another aspect that was found through the interviews with S4, P2 and P3 was the fluctuating exchange rate. According to S4, this put pressure on the profit margins the company had. However, for P2 and P3 the consequences seem relatively unknown. Further research should look further into this aspect to whether the exchange rate influences inflation.

### **5.3 Company X are Preferred at Their Suppliers**

What was also very apparent was that every supplier was very satisfied working with Company X. In the eyes of the supplier, the company was considered attractive. This is because of the earlier mentioned antecedents and benefits of the preferred customer status, but P3 also mentioned another important aspect that could enhance the preferred customer status it has. The interview of P3 addressed the concept of aging stock, which benefits the company in terms of overstock deals, also known as Joblot. Receiving these overstock deals is a crucial aspect of the

good buyer-supplier relationship, as these tend to give very interesting deals for the company, according to P3. Future research could look further into this aspect on how Company X can get the most out of these overstock deals.

### **5.4 Preferred customer Status Mitigates the Impact of Inflation**

Relating to the propositions, some of the findings support the idea that in times of rising prices in the supply chain, firms pass-through the increasing costs to the sales prices. This confirms the profit-maximization theory of the firm, which reflects that every firm in the chain acts in self-interest to maximize profit (Abdullah, 2007, pp. 171-172). According to Okun et al. (1975, p. 362) this could be seen as obvious, since suppliers cannot promise the same deal for ever, especially when customers want products and services to their wishes in times of rising costs (Hallikas & Lintukangas, 2016, p. 487). However, it should be noted that S2 did their best to limit the amount of increased prices, which is contrary to the profit-maximization theory. Regarding proposition two, there is no evidence found in the interviews that benefits are taken away in times of inflation. This could be explained due to the fact that supplier satisfaction and a close relationship is an important antecedent of obtaining a preferred customer status (Ganguly, 2019, p. 21; Hüttinger et al., 2012, p. 1200; Kumar & Routroy, 2016, p. 1171). In case of a close relationship, it can therefore be doubted if suppliers would take benefits away, since this could lead to controversy.

### **5.5 Contributions, Limitations and Future research**

This research contributes to literature with empirical evidence which further supports previous research on the antecedents and benefits of preferential treatment. The paper also provides new dimensions into these antecedents and benefits. The research also contributes to exploring the impact of inflation on the buyer-supplier relationship. One of the limitations of this research is that the findings in this study represent only a small sample size. Four suppliers, from which two are located in China, and two located in Western Europe, and three Dutch purchasers were interviewed. Another limitation is that the answers from the suppliers might be biased, since they have a good relationship with Company X and do not want controversy. Another limitation is that some interviews were taken before the literature review was fully finalized. This could reduce the quality of the interviews. The last limitation is that there is lack of literature on the impact of inflation on buyer-supplier relationships and related concepts. Future research should focus on the direct impact of inflation on the buyer-supplier relationship, as well as the earlier mentioned influence of the exchange rate on inflation.

## **6. FINAL CONCLUSION**

The findings of this research confirm and build upon previous studies that contain antecedents and benefits of supplier satisfaction and associated preferred customer status, by conducting interviews at three purchasers of Company X and four critical suppliers, new insights regarding antecedents and benefits have been identified. What was highly valued by the suppliers was establishing a long-term relationship with open and honest communication. Also, other business-related factors like growth opportunities, and getting a close relationship were considered crucial. Some of the propositions of the indirect influence on inflation on the buyer-supplier relationship have been confirmed. However, the direct influence of inflation remains unexplored. Overall, the findings of this paper contribute to getting a better understanding of the factors that shape supplier satisfaction and preferred customer status by highlighting key elements for a successful buyer-supplier relationship.

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## 8. APPENDICES

### 8.1 Appendix A: Interview Questionnaires

Questionnaire for purchasers, Dutch version (interview voor kopers)

#### *Classification*

1. Classificeert u de relatie die u heeft met leveranciers? Zo ja, hoe?
2. Heeft u aanwijzingen dat de leveranciers dat ook bij u doen?
3. Is er commitment van het management om met strategische leveranciers de status van voorkeursklant (preferred customer/geprefereerde klant) te bereiken?  
*Zo ja, hoe blijkt dit?*  
*Zo nee, hoe zou engagement van het management hierbij kunnen helpen?*
4. Met wie heeft u de status van het zijn van een voorkeurs klant (preferred customer)?

#### *Benefits*

5. Merkt u kortere lead times, invloed op de inkooprijzen, betere toegang tot innovatieve capaciteiten en gezamenlijke ontwikkelingsprojecten?
6. Welke andere voordelen merkt u op de status van het zijn van een voorkeursklant?
7. Wat heeft u in het verleden gedaan om een voorkeursklant van strategische leveranciers te worden? Zijn er andere acties die u niet hebt ondernomen die hadden kunnen helpen bij het bereiken van de status van voorkeursklant?

#### *Antecedents*

8. Beschouwt u uw bedrijf als een aantrekkelijke klant voor leveranciers? Wat zijn de factoren die deze aantrekkelijkheid beïnvloeden?
9. Is uw bedrijf in staat om de tevredenheid van belangrijke leveranciers in ruilrelaties te waarborgen?
10. Welke factoren zorgen voor tevredenheid in deze relaties? En welke veroorzaken ontevredenheid?
11. Zijn er maatregelen gepland om een voorkeursklant van andere leveranciers te worden?

#### *Inflation*

11. Merkt u de laatste tijd dat inflatie invloed heeft op uw werkzaamheden? Verandert inflatie de manier waarop uw bedrijf opereert of zijn er plannen voor de toekomst om dit te doen?
12. Heeft u contractuele afspraken met uw leveranciers met betrekking tot prijzen, aantallen en dergelijke?
13. Merkt u dat er door de inflatie iets verandert in de verhouding tussen uw bedrijf en uw leveranciers? Heeft u samenwerkingen met bepaalde leveranciers verminderd of juist helemaal gestopt?



## Questionnaire for suppliers (English version)

### *Classification*

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

### *Benefits*

4. How do the status types influence your behavior towards customers? What benefits do you offer to a preferred customer?

### *Antecedents*

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

### *Inflation*

10. Have you noticed that inflation is affecting your work lately?  
If yes: Is inflation changing the way you and your business operate or are there future plans to do so?  
If no: have you experienced inflation in the past and how have you dealt with it?
11. Are you experiencing higher prices for raw materials, transport and related?
12. Have you noticed any differences in the orders you get from your customers?
13. Do you have contractual agreements with customers regarding prices, quantities, minimum turnover and related?
14. Do you notice any changes in the relationship between your customers and your company due to inflation? Have you reduced or stopped collaborations with certain customers?

## Questionnaire for suppliers (Dutch version)

### *Classification*

1. Kent u verschillende statussen toe aan klanten? Welke statutypen kent u toe?
2. Kent u een status van voorkeursklant (preferred customer) toe aan een klantbedrijf als geheel, of aan verschillende vestigingen of sub vestigingen van het bedrijf afzonderlijk?
3. Heeft u een voorkeursklantstatus (preferred customer status) toegekend aan bedrijf-X?

### *Benefits*

4. Hoe beïnvloeden de statutypen uw gedrag ten opzichte van klanten? Welke voordelen biedt u een voorkeursklant?

### *Antecedents*

5. Beschouwt u Bedrijf-X als een aantrekkelijke klant? Welke factoren zijn van invloed op deze aantrekkelijkheid?
6. Bent u tevreden over de zakelijke relatie met Bedrijf-X? Welke factoren zijn van invloed op uw tevredenheid of ontevredenheid over deze relatie?
7. Wat zijn de beweegredenen van uw bedrijf om Bedrijf-X de status van voorkeursklant te geven? Wat heeft Bedrijf-X gedaan om deze status te bereiken? Wat zou Bedrijf-X kunnen doen om zijn status verder te verbeteren?
8. Wat zijn maatregelen die klanten moeten nemen om de status van voorkeursklant te bereiken en welk gedrag moeten zij vertonen?
9. Wat doen klanten in het algemeen om de status van voorkeursklant te bereiken? Verschilt dit van het gedrag dat u zou willen dat zij vertonen?

### *Inflatie*

10. Hebt u gemerkt dat inflatie uw werk de laatste tijd beïnvloedt?

Zo ja: verandert de inflatie de manier waarop u en uw bedrijf werken of zijn er plannen om dat in de toekomst te doen?

Zo nee: heeft u in het verleden te maken gehad met inflatie en hoe bent u daarmee omgegaan?

11. Heeft u te maken met hogere prijzen voor grondstoffen, transport en aanverwante zaken?
12. Heeft u verschillen opgemerkt in de orders die u van uw klanten krijgt?
13. Heeft u contractuele afspraken met klanten over prijzen, minimale omzet, hoeveelheden en dergelijke?
14. Merkt u veranderingen in de relatie tussen uw klanten en uw bedrijf als gevolg van de inflatie? Heeft u de samenwerking met bepaalde klanten verminderd of stopgezet?

## 8.2 Appendix B: Risk affecting supplier-buyer relationships with preferred customer status

List of risks affecting supplier-buyer relationships with preferred customer status, the description of the risks and how to mitigate these risks according to Pellegrino et al. (2020, pp. 966-972)

Risk Category	Risk	Description	Mitigation method
<b>Supplier side risk</b>	Supplier performance	The supplier does not have the capability (at the organizational level) to deliver what is contracted/committed	<ol style="list-style-type: none"> <li>1 Use KPI's to monitor if the supplier deliver according to agreements in the contract</li> <li>2 Adopt a risk-reward mechanism to incentivize the supplier to perform well</li> </ol>
	Supplier's bankruptcy	It concerns with the financial stability of the supplier. If the supplier is not profitable, it may not stay in business very long	<ol style="list-style-type: none"> <li>1 Make sure that resources/assets free from third party rights</li> <li>2 Be precise on contract details</li> </ol>
<b>Macroeconomic, political and tax risk</b>	Inflation	Macroeconomics crises, such as global financial crisis of 2008, may cause supply crises and agreement termination	<ol style="list-style-type: none"> <li>1 Negotiate enough savings to offset inflation impact</li> <li>2 Agree to compensate suppliers only in certain regions, but only for some part of the total cost (e.g. energy cost and labor cost)</li> <li>3 Agree with supplier on different cost elements that are subject to inflation</li> </ol>
	Legal	Risks associated with the substantive legal status of the material product, or service, such as import/ export restrictions and tax issues	<ol style="list-style-type: none"> <li>1 Understand the impact of such risk and how to protect against them</li> </ol>
<b>Supply chain complexity-related risk</b>	Supplier available capacity	When demand fluctuates, a supplier may not have equipment, available employees, or the ability to obtain necessary inputs to rapidly satisfy the higher demand	<ol style="list-style-type: none"> <li>1 Develop a robust business continuity plan</li> </ol>
	Supply network	Issues faced may impact the buying firm performance due to the complexity of the buying firm's supply network. The implication is that the buying firm pays twice for risky events linked to the complexity of supply network and relationships	<ol style="list-style-type: none"> <li>1 Track off-balance sheet of liabilities</li> <li>2 Be aware of the health of the industry</li> <li>3 Need to celebrate protecting the supply chains vs. the traditional price increase</li> <li>4 Make sure suppliers do not have any right/property on those assets/resource that the supplier has allocated to the company</li> </ol>
	Absence of symmetrical dependence	This type of risk is linked to the existence of more customers for the same supplier, and the possibility that a buying firm could not be the preferred customer of that supplier. Especially when buying firm is dependent on the supplier, and it serves more preferred, strategically important customers first	<ol style="list-style-type: none"> <li>1 Company must secure its right and access to the resources allocated</li> <li>2 Qualify more alternative sources of supply in order to ensure business continuity</li> <li>3 Collaborate with the supplier to create mutual dependence</li> </ol>
<b>Project-related risk</b>	Project stability	The project/initiative, for which the relationship with the supplier has been started, is deferred or cancelled when all or part of the resources have been allocated by the supplier	<ol style="list-style-type: none"> <li>1 Develop a risk-sharing mechanism</li> <li>2 Makes sure that suppliers do not start the work without official approval</li> </ol>