

The mutual influence of the preferred customer status and inflation in a retail context

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ABSTRACT,

A new view on buyer-supplier relationships developed. So called “reverse” marketing is used by buyers in order to attract the best suppliers. Buying firms try to have good supplier satisfaction for these suppliers to obtain a preferred customer status and get preferential treatment. Additionally, many firms are dealing with the consequences of inflation. A case study at buying firm X and three suppliers has been developed in order to investigate the relationship between the preferred customer status and inflation. Also antecedents and benefits of the preferred customer status have been researched. This was done using interviews. The findings support previous research on the antecedents and benefits of the preferred customer status. New retail specific benefits are discovered. These are: a higher amount of money invested in promotions, exclusiveness in the form of tailor made promotions or exclusive products, collaboration on strategy and more time being invested into the relationship. One new antecedent is found. This is strategy collaboration. The following propositions were supported by the case study: Firms that have a preferred customer status with their suppliers can make adjustments to contract more easily because they have a better relationship with their suppliers. The price increase can more easily be reversed for suppliers for which the buying firm has a preferred customer status. The way in which buying firms handle inflation can influence if they get a preferred customer status or not.

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Keywords

Preferred customer status, buyer-supplier relationship, supplier satisfaction, inflation, retail, negotiations.

1. INTRODUCTION

The traditional way of looking at buyer-supplier relationships is that there are a lot of suppliers who compete for buyers in order to get their products sold. However, trends like the outsourcing of key activities and the reduction in the number of suppliers have brought a change to this situation. Companies that have outsourced key activities need to have the best suppliers in order to stay competitive (Nollet et al., 2012, p. 1191). This has led to a situation where buying firms compete for the best suppliers to get a competitive advantage. A new perspective on buyer-supplier relationships developed. So-called “reverse” marketing is used by buyers to get preferential treatment from their suppliers (Hüttinger et al., 2014). A concept that is used to describe this preferential treatment is the preferred customer status. The importance of a preferred customer status can be shown with an example.

Interviewees in a research about the preferred customer status said the following: “All of these suppliers are technically good and show fair and correct behavior when dealing with us. But some of them simply seem to like us” (Schiele, 2012, p. 46). Another interviewee in the same interview said: “And they like us more than they like our competitors. That is why they collaborate with us and why we get their innovations first” (Schiele, 2012, p. 46). These quotes highlight the value that the preferred customer status could have for buying firms. The buying firm is able to get access to the suppliers’ innovation earlier than their competitors and gains a competitive advantage from this situation. This is in line with the way in which preferred customership is defined in the literature. “A preferred customer is a purchaser (buying organization) who receives better treatment than other customers from a supplier, in terms of product quality and availability, support in the sourcing process, delivery or/and prices” (Nollet et al., 2012, p. 1187). Antecedents and benefits of the preferred customer status will be explored in the literature review further on in this report.

The war in Ukraine has led to supply chain disruptions and risen inflation. Oil prices have gone up by 30% and gas prices in Europe by 90% (Liadze et al., 2022, p. 881). Ukraine and Russia are also responsible for about a quarter of global wheat exports, one-fifth of corn and other coarse grain exports, and 80% of sunflower oil exports (Liadze et al., 2022, p. 876). These two developments have led to a 17% increase in food prices (Liadze et al., 2022, p. 881). This caused the need for companies operating in the food sector to renegotiate their prices with retailers. A lot is known about these negotiations. However, the current literature does not provide any insights on the role that the preferred customer status plays in these negotiations, or about the way in which inflation is handled in general. It is also unknown whether the way in which a buying firm deals with inflation has an influence on whether it can obtain preferred customer status or not. This is relevant because buying firms want the lowest possible prices, so in the context of inflation this would be to keep the original prices and not increase them. The preferred customer status could help in achieving this. On the other hand, an approach like this could make the buying firm lose their preferred customer status which would lead to a loss of competitive advantage. I will try to provide insights into this

topic and therefore contribute to the literature by answering the following research question:

How do the preferred customer status and inflation influence each other in the field of retail?

The intended contribution to literature will be to explain how the preferred customer status influences the way in which buyers and suppliers handle inflation. More specifically to explain which benefits, in the context of inflation, the buying firm has from being a preferred customer. But also the other way around to explain how the buying firm’s behavior with regard to inflation influences their preferred status. This would be an addition to research by Pellegrino et al. from 2020, in which risk management is researched in relation to the preferred customer status. Another intended contribution is to find new antecedents and benefits of the preferred customer status that are specific for retail. This would be an addition to research by Schiele (2012) and Hüttinger et al. (2014).

The following will be done to answer the research question. A literature review will be conducted to explore the antecedents and benefits of the preferred customer status, the topic of inflation, and the synthesis between the two topics. Qualitative research will be conducted in the form of semi-structured interviews with purchasing professionals at a retail company and their suppliers. Questions will be asked about the preferred customer status, inflation, and the relation between the two topics. Empirical evidence will be gained from these interviews. The results of this research can help firms operating in retail to better understand the role that the preferred customer status plays in the context of inflation.

2. LITERATURE REVIEW

2.1 Preferred customer status

The preferred customer status is defined as: “A preferred customer is a purchaser (buying organization) who receives better treatment than other customers from a supplier, in terms of product quality and availability, support in the sourcing process, delivery or/and prices (Nollet et al., 2012, p. 1187).” Research towards the preferred customer status has gained relevance because the number of suppliers is decreasing and more and more key activities are being outsourced. It is therefore crucial for purchasers to attract the best suppliers in order to stay competitive. (Nollet et al., 2012, p. 1191). This is all due to a fundamental change in supply chain organization, where suppliers have greater responsibilities because of the focus on core competences and open innovation (Schiele et al., 2012, p. 1178). A problem that gains importance because of this development is supplier scarcity (Schiele et al., 2012, p. 1178). Firms can deal with these issues using a “reverse” marketing approach. It used to be normal for supplying firms to advertise their products or services to buying firms. These roles are often reversed nowadays. Buying firms need to compete for supplying firms in order to be awarded preferential customer treatment (Hüttinger et al., 2014, p. 712). The cycle model of preferred customership, developed by Schiele et al. in 2012 (see figure 1), will be used to explain why some firms receive a preferred customer status and other firms don’t. Customer attractiveness and supplier satisfaction are seen as the main drivers towards a preferred customer status (Schiele et al., 2012, p. 1179). These

concepts will be explained in detail in 2.3 cycle of preferred customership. Now we will have a look at the reasons why firms want to obtain a preferred customer status.

2.2 Benefits of the preferred customer status

The reason why costumers want to achieve a preferred customer status, is because this status goes along with benefits for the buying firm. The literature highlights multiple benefits. Schiele wrote that firms that achieved the preferred customer status will get preferential resource allocation from their supplier (2012, p. 47). Examples of what this could look like in practice are that buying firms will get preferential treatment when resource scarcity occurs, that the supplier offers new innovation first to the preferred customer, that the supplier customizes products for the preferred customer or that the supplier decided to have their best personnel working on product development for the preferred customer (Schiele, 2012, p.47). This is also confirmed by Ellis, Henke and Kull who state that the preferred customer status is positively related to suppliers willingness to share new technologies (2012, p.1259). Another benefit mentioned in the literature is that preferred customers enjoy more favorable prices for the products that they purchase (Schiele et al., 2011, p. 16). Preferred customer status also has a positive effect on the satisfaction of the collaboration with the supplier (Bemelmans et al., 2015, p.194). All benefits are listed in table 1. These benefits have as a result that preferred customers will be able to achieve higher levels of competitive advantages from the relationships with their suppliers (Pulles et al., 2016, p.1471). An interesting conclusion from Pulles er al. is that the benefits of preferred resource allocation are significant for manufacturing firms but not for firms providing services (2016, p.1471). It is important for firms to understand what status they have for their suppliers. This way they could try to become preferred of strategically important suppliers and thereby gain a competitive advantage (Schiele, 2012, p.49).

Table 1: benefits of the preferred customer status

| Benefit | Reference |
|-----------------------------------|--------------------------------------------------------------------------------------------|
| Preferential resource allocation. | (Ellis et al., 2012, p.1259) (Pulles, Schiele, et al., 2016, p. 129) (Schiele, 2012, p.47) |
| Sharing innovation | (Ellis et al., 2012, p.1259) (Schiele, 2012, p.47) (Schiele et al., 2011, p. 16) |
| More favorable pricing | (Schiele et al., 2011, p. 16) (Hald et al., 2009, p. 968) |
| Better supplier satisfaction | (Bemelmans et al., 2015, p.194) |

2.3 Cycle of preferred customership

One important model that explains how buying firm can become preferred customers of their suppliers is the cycle of preferred customership, by Schiele et al. from 2012. This model consists of three stages: customer attractiveness, supplier satisfaction and the preferred customer status.

The concept of attractiveness in business explains why business relationships arise and develop (Mortensen, 2012, p. 1216). There three dimensions that determine attractiveness according to Ellegaard and Ritter (2007, p. 5). These dimensions are value creation, interaction process and emotions. Value creation can be direct and indirect. Direct value creation is about buying volume and contribution to profit, where indirect value creation covers aspects like innovation development and access to different markets (Ellegaard & Ritter, 2007, p. 5). The interaction process

dimension is about variables like trust and commitment. The dimension of emotions is about feelings and emotions regarding the business relationship (Ellegaard & Ritter, 2007, p. 5). Another study on attractiveness in buyer-supplier relationships, has broken attractiveness down into perceived expected value, perceived trust and perceived dependence (Hald et al., 2009, p. 967). The perceived expected value is at the core of the model and contains both extrinsic and intrinsic values. This expected value is then moderated both by perceived trust and by perceived dependence on the other party (Hald et al., 2009, p. 968). A customer is being perceived as attractive in the cycle of preferred customership when the supplier has a positive expectation towards the relationship with the customer (Schiele et al., 2012, p. 1180). This is also in line with Mortensens statement that attractiveness can be used to highlight the future expectations and voluntary actions by the buyers and suppliers (2012, p. 1207).

“Supplier satisfaction is defined as a supplier's feeling of fairness with regard to buyer's incentives and supplier's contributions within an industrial buyer–seller relationship” (Essig & Amann, 2009, p. 103). This includes both hard based and soft based dimensions that need to be performed at satisfactory level (Maunu, 2003, p. 106). It is written in the cycle of preferred customership that the state of supplier satisfaction is fulfilled, when the quality of the outcomes meets or exceeds the expectations that the supplier has from the buyer-supplier relationship (Schiele et al., 2012, p. 1181).

How the concepts of customer attractiveness, supplier satisfaction and the preferred customer status are linked together will be explained using the cycle of preferred customership. The buying firm needs a certain level of attractiveness in order for the relationship to emerge. The supplying firm will start to evaluate the relationship, after this is achieved and a relationship has started. The supplying firm will compare the performance of the buying firm to the performance that was expected from the relationship. The supplier will most likely end the relationship when the performance is worse than expected. The relationship will be continued when the performance meets or exceeds the expectations. The more satisfied a supplier is, the higher the chances are that the customer will be treated as a preferred customer instead of a regular customer. The suppliers expectations will rise after awarding preferred customer status. The customer attractiveness changes at the same time. This is how the cycle starts over again(Schiele et al., 2012, p. 1182). The cycle of preferred customership is visualized in figure 1. The cycle of preferred customership is in line with a conclusion drawn by Pulles et al. who wrote that: *“The impact of customer attractiveness on preferential resource allocation is significantly mediated by supplier satisfaction(Pulles, Schiele, et al., 2016, p. 129).”*

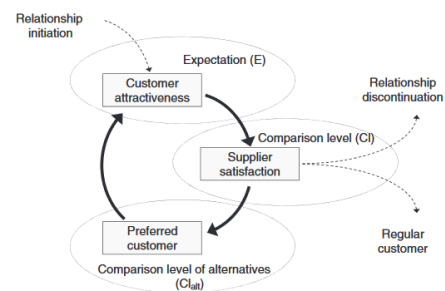


Fig. 1. The cycle of preferred customership.

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

2.4 Antecedents

There are many factors that can lead up to customer attractiveness, supplier satisfaction and eventually the receipt of a preferred customer status.

Growth opportunity, operative excellence and relational behaviour play a significant role in customer attractiveness (Hüttinger et al., 2014, p. 712). It is also crucial to be seen as a trustworthy partner, as a buying firm, during the attractiveness phase (Eringa & Groenveld, 2016, p. 177).

Antecedents of supplier satisfaction named in the literature are growth opportunity, reliability, and relational behavior (Hüttinger et al., 2014, p. 712). Growth opportunity is important because value can be created for the supplier through collaboration (Hüttinger et al., 2014, p. 704). Reliability was the most important antecedent of supplier satisfaction according to the respondents in the research done by Hüttinger et al. in 2014 (704). The most important factor to measure reliability is whether buying firms comply with agreements made or not (Hüttinger et al., 2014, p. 704). Openness and reciprocity were the most important factor when talking about relational behavior (Hüttinger et al., 2014, p. 704). Other articles name: profitability, agreements, early supplier involvement, business continuity, forecasting/planning, roles and responsibilities, openness and trust, feedback and 'the company' values as antecedents of supplier satisfaction (Maunu, 2003, p. 106). Research by Vos et al. adds the variables of buyer status and conflict to this list (2021, p. 10). Buyer status has a strong and significant influence on supplier satisfaction and conflict works as a mediating variable between buyer status and supplier satisfaction (Vos et al., 2021, p. 10). All antecedents of supplier satisfaction can be found in table 2.

Table 2: Antecedents supplier satisfaction

| Antecedent | Reference |
|----------------------------|-------------------------------------------------------------------------------------|
| growth opportunity | (Hüttinger et al., 2014, p. 712) (Schiele, 2020, p.119) (Vos et al., 2016, p. 4621) |
| reliability | (Hüttinger et al., 2014, p. 712) (Schiele, 2020, p.119) (Vos et al., 2016, p. 4621) |
| relational behaviour | (Hüttinger et al., 2014, p. 712) (Schiele, 2020, p.119) (Vos et al., 2016, p. 4621) |
| profitability | (Maunu, 2003, p. 106) |
| agreements | (Maunu, 2003, p. 106) |
| early supplier involvement | (Maunu, 2003, p. 106) |
| business continuity | (Maunu, 2003, p. 106) |
| forecasting/planning | (Maunu, 2003, p. 106) |
| roles and responsibilities | (Maunu, 2003, p. 106) |
| openness and trust | (Maunu, 2003, p. 106) |
| feedback | (Maunu, 2003, p. 106) |
| 'the company' values | (Maunu, 2003, p. 106) |
| buyer status | (Vos et al., 2021, p.10) |
| conflict | (Vos et al., 2021, p.10) |

Growth opportunity and reliability are seen as antecedents that are of direct influence when determining which company gets rewarded preferred customer status and which company doesn't (Hüttinger et al., 2014, p. 712). Also, proximity between buyer and supplier, purchasing volume and perceived maturity in relational behavior play a role (Steinle & Schiele, 2008, p. 3). Ellis et al. add the variable of early supplier involvement as an antecedent of receiving preferential treatment (2012, p. 1259). All antecedents of the preferred customer status are listed in table 3. It is also indicated that suppliers prefer to have continuity in their relationships and that they strive to keep existing relationships going (Eringa & Groenveld, 2016, p. 184).

Table 3: Antecedents preferred customer status

| Antecedent | Reference |
|--------------------------------------|-----------------------------------------------------------------------------------------------|
| Growth opportunity | (Hüttinger et al., 2014, p. 712) (Steinle & Schiele, 2008, p. 3) |
| reliability | (Ellis et al., 2012, p.1259) (Hüttinger et al., 2014, p. 712) (Steinle & Schiele, 2008, p. 3) |
| proximity between buyer and supplier | (Steinle & Schiele, 2008, p. 3) |
| purchasing volume | (Bemelmans et al., 2015, p.179) (Steinle & Schiele, 2008, p. 3) |
| perceived maturity | (Steinle & Schiele, 2008, p. 3) |
| early supplier involvement | (Ellis et al., 2012, p.1259) |

2.5: supplier classification

There are numerous ways to classify suppliers. The most known framework about classification within purchasing is the Kraljic matrix. Firms can classify the products that they buy, using the dimensions of purchasing importance and complexity of supply market. Products can then be classified in one of four categories: strategic items, bottleneck items, leverage items and noncritical items (Kraljic, 1983, p. 111). Kraljic describes different strategies for every category. The framework made by Kraljic does not take more recent developments like supplier scarcity into account. It is also purely focussed on types of products and ignores the role that buyer supplier relationships can play.

A more recent framework developed by Schiele in 2012 discusses strategies that firms can use in order to gain a competitive advantage from the relationship with their suppliers. The framework is called preferred customer matrix and is shown in figure 2. Four categories of suppliers are distinguished in the framework: The king, the squire, the black knight and the quacksalver (Schiele, 2012, p.48). The King supplier is ideal for the buying firm. This is a supplier that is highly competitive in its field and at the same time a supplier that awards the buying firm with preferred customer status. These are the suppliers that can collaborate in shared innovation projects (Schiele, 2012, p.48). The Squire is a supplier who awards the buying firm preferred customer status but is not a leader in its field. The strategy Schiele recommended for these types of suppliers is supplier development. The reasoning behind this strategy is that it might be easier to develop an interested supplier into technological leadership then to become a preferred customer of a new supplier (Schiele, 2012, p. 49). The black knight is technological leader that doesn't award the buying firm preferred customer status. This could be a potential threat for the buying

firm. Schiele suggested to replace these suppliers. Squires might be a good option for replacements. If replacement is not an option, a bonding strategy should be pursued in order to earn preferred customer status (Schiele, 2012, p. 49). A quacksalver is a supplier who is not a technological leader and is also not willing to grand the buying firm preferred customer status. Collaboration projects with these type of suppliers do not make sense (Schiele, 2012, p. 49).

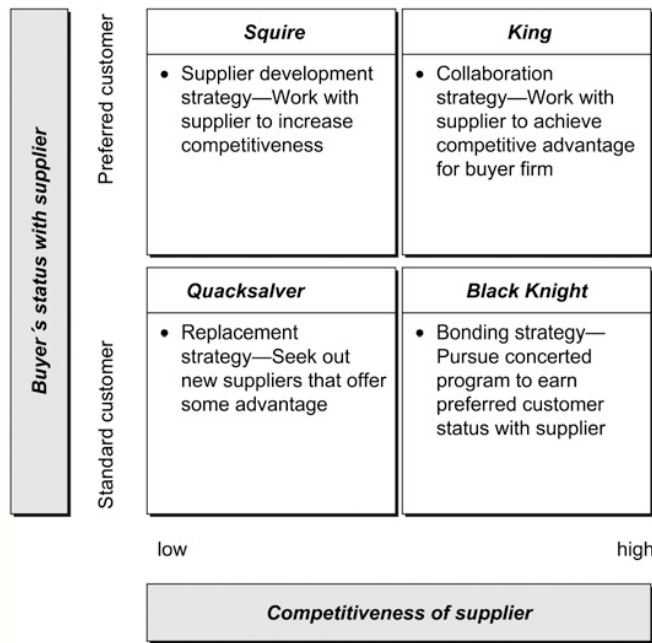


Figure 2: Preferred customer matrix (Schiele, 2012, p. 48)

2.6: Inflation

Inflation is defined the following way: “Inflation is a rise in prices, which can be translated as the decline of purchasing power over time” (Fernando, 2023). A sharp rise in prices can also be observed recently after the start of the war in Ukraine. It started with oil and gas prices going up. These made the prices of other products rise, for example food prices which have gone up by 17% (Liadze et al., 2022, p. 881). This is problematic for suppliers of retail firms.

Inflation is one of the risks involved in buyer-supplier relationships. Inflation in the context of supply chain management is defined in the literature as: “Inflation Also called purchasing power risk, it is the chance that the cash flows from the supplier’s investment (resources allocation) to the buyer would not be worth as much in the future because of changes in purchasing power due to inflation” (Pellegrino et al., 2020, p. 967). Pellegrino et al. mention different ways to deal with this risk. The first way is to deal with inflation is to make sure that enough savings are negotiated to offset the impact that inflation has. Another way is to compensate only some suppliers and not all suppliers for the negative impact of inflation. This can be done by only compensating suppliers from certain geographical regions. They also suggested that not all costs should be compensated but only certain costs like energy costs. The last method to deal with inflation is to agree with suppliers on different cost elements that are subject to inflation (Pellegrino et al., 2020, p. 972).

Pellegrino et al. also mentioned strategies to deal with risks that are similar to inflation and could possibly be used to mitigate the impacts of inflation (2020, p.972). For example for commodity price volatility pass-through agreement are suggested. These type of agreements would take away the liabilities from the supplier (Pellegrino et al., 2020, p. 972). Another strategy that could be useful is mentioned under macroeconomic degradation where Pellegrino et al. suggested to re-open and renegotiate contracts (2020, p.972).

Pellegrino et al. also researched the impact that the preferred customer status has on risks management in supply chain (2020, p.973). The results showed that transparency about the business itself was seen as most important. This is because it allows the supplier to be well informed about the risks involved in the relationship. It is also important for the buying company because will ensure that the suppliers expectations can be met, which is an antecedent for suppliers to award the preferred customer status (Pellegrino et al., 2020, p. 973). The article written by Pellegrino et al. was written in 2020 and therefore before the recent inflation that started with the war in Ukraine. The strategies named could already be outdated.

2.7: Synthesis

Inflation leads to higher prices. Food prices have gone up by 17% as mentioned earlier (Liadze et al., 2022, p. 881). Suppliers cannot always keep up with the risen prices and might have to re-negotiate with the retailers for better prices. It is mentioned in the literature that the preferred customer status lead to better satisfaction about the buyer-supplier relationship (Bemelmans et al., 2015, p.194). Also better prices for the buying firm can be achieved when the buying firm is a preferred customer (Schiele et al., 2011, p. 16). This is relevant because buying firms want the lowest possible prices, so in the context of inflation this would be to keep the original prices and not increase it. This could lead to a competitive advantage for buying firms that have a preferred customer status with their suppliers. However, when buying firms focus too much on getting the lowest possible prices, it could have a negative effect on their preferred customer status. Which could mean a loss of their competitive advantage This leads to the following propositions:

Proposition 1a: *Suppliers are more benevolent toward preferred customers in inflation-driven negotiations.*

Proposition 1b: *Firms that have a preferred customer status with their suppliers can make adjustments to contracts more easily because they have a better relationship with their suppliers.*

Proposition 1c: *The price increase can more easily be reversed for suppliers for which the buying firm has a preferred customer status.*

Proposition 2: *The way in which buying firms handle inflation can influence if they get a preferred customer status or not.*

3. METHODOLOGY

3.1. Research design

A literature review has been conducted to gain a deeper understanding of the concepts of buyer-supplier relationships, the preferred customer status and inflation. Data will be collected to answer the research question about the relationship of the preferred customer status on the way that businesses deal with inflation. This is done using a qualitative approach, specifically the use of semi-structured interviews. A qualitative approach fits the purpose of this research because it allows for a deeper understanding of the participants feelings, opinions, opinions and experiences (Rahman, 2016, p. 104). Another benefit is that complex issues can be better understood using qualitative methods (Rahman, 2016, p. 104). This is therefore the most

appropriate method to say something the relationship of the preferred customer status on inflation. The use of quantitative methods would have been more time efficient and would have led to results that are more generalizable to a greater population (Rahman, 2016, p. 105). However, studying buyer-supplier relationships asks for a more in depth analysis for which quantitative methods are not suited. Semi-structured interviews are the right method to use in this context, because the use of semi-structured interviews allows the interviewer to discover the individual views of the interviewee (Flick, 2011, p. 140). The interviewer also has the freedom to deviate from the formulation of the question in order to gain richer answers (Flick, 2011, p. 140). The semi-structured interviews will be held among purchasing managers of buying firm X and managers from suppliers of firm X. Questions will be asked about the classification of buyers/suppliers, benefits that come along with the preferred customer status, antecedents and the way that the firms deal with inflation.

3.2. Sampling

Interviews will be held with purchasers from a Dutch firm operating in retail and their suppliers. The buying firm will be referred to a buying firm X and the suppliers will be referred to as supplying firm 1, 2 and 3. Buying firm X is chosen for interviews because it is one of the leading retail firms in the Netherlands and has a long history of successful supply chain management. Three purchasers will be interviewed at buying firm X. One is responsible for coffee, tea and tobacco, the second one is responsible for beer and the third one for non-alcoholic drinks. Supplying firm 1 and 3 are active in field of non-alcoholic drinks. One sales manager will be interviewed at each supplying firm. This sample has been chosen because it allows for insights into different product categories within retail.

3.3. Interview design

Two questionnaires were used to conduct the interviews. One was from the perspective of the buying firm and the other one from the perspective of the supplying firm. Both were structured in the same way. They start with questions about the classification of customers/suppliers, move into questions about the benefits of the preferred customer status and end with antecedents. These questionnaires were developed by previous year bachelor International Business Administration students at the University of Twente. Questions were added that cover the topics of inflation, the way that the firms deal with inflation and the role of the preferred customer status in this context. This approach allows to identify whether buying firm X is indeed a preferred customer for the suppliers and also allows to identify possible benefits with regards to inflation. Solely open-ended questions were used, as this allows for a more in depth analysis. The interviews were conducted one on one via Microsoft teams. The interviews started with a mutual introduction. Then the purpose of the interview was explained. The interviewees were asked for consent about the recording of the interview. Interviews were recorded using the record function in Microsoft teams. The data collected in these interviews are handled in accordance with the UT data policy and the GDPR. The participants will receive a summary of the research results after the study has been conducted.

3.4. Data analysis (Analysis)

The interviews were transcribed using Microsoft teams or Amberscript. An additional manual check was done to take out errors in the automatic transcription. The transcribed text files were coded using ATLAS.ti. The methods used for analysing the text were deductive and inductive coding. Deductive coding is useful when comparing the interview results to existing literature to see if the results are consistent or not (Thomas, 2006, p. 238).

This approach will mainly be used to analyse the interview questions that cover existing theories.

Inductive coding will be used after that. This approach contains an open coding process and can ensure that key aspects of the data that are not previously mentioned by theory will also be considered (Azungah, 2018, p. 391). This approach will mainly be used for the added questions regarding the influence of the buyer-supplier relationship on inflation. Cross-tables will be used to visualize the results.

4. RESULTS

This chapter lists the findings of the conducted interviews. The interviewed purchasing managers from the buying firm and sales managers working for the suppliers will be referred to in the following way:

Buyer 1 is responsible for the purchase of alcoholic drinks at buying company X. Buyer 1 will be referred to as B1.

Buyer 2 is responsible for the purchase of coffee, tea and tobacco at buying company X. Buyer 2 will be referred to as B2.

Buyer 3 is responsible for the purchase of non-alcoholic drinks at buying company X. Buyer 3 will be referred to as B3.

Supplier 1 is selling non-alcoholic drinks to buying firm X. Supplier 1 will be referred to as S1.

Supplier 2 is selling coffee to buying firm X. Supplier 2 will be referred to as S2.

Supplier 3 is selling non-alcoholic drinks to buying firm X. Supplier 3 will be referred to as S3.

I asked the respondents how the different product categories differ from each other. The main difference is in the share of private label within the categories. Alcoholic drinks for example has the lowest share of private label. This is relevant because A-brands and private label require a different approach for purchasing.

4.1 Classification

The first questions asked were about the classification of the relationship between buyers and suppliers. Neither of the buyers said that they use any formal methods to classify the relationship with their suppliers. However, all of them said that they do classify suppliers according to a set of variables. B1 and B2 named the size of a supplier as an important variable to differentiate them. B3 specified further and named revenue. Other important quantitative measures named, were growth and profit margins. B2 and B3 named interpersonal relationships as an important qualitative measure to differentiate suppliers. Another way to distinguish suppliers is whether the suppliers deliver A-brand or private label products. These require a different purchasing approach. B3 named more variables. An overview of all variables used to classify suppliers can be found in table 4.

B1 and B3 expected suppliers to look at more or less the same variables. They thought that revenue, profit margin, and interpersonal relationships would be the most important variables for suppliers to classify their buyers.

S1 explained that the company she is working for classifies customers either as regular customer or as power partners. This distinction is mainly made based a combination of size of the buyer and strategic goals. The strategic goals often have marketing goals as their main driver. S2 has a differentiated approach for retailers based on the revenue that they make through their customers, the market share that the retailer holds for their product category, and the type of retailer. Types of retailers that are differentiated between are supermarkets, e-

commerce, and other types of retailers and types of supermarkets so discounters or service-oriented supermarkets.

S3 is dividing customers between bronze, silver, gold, and platinum category. The distinction is mainly made based on the market share of the buyer and the willingness of the buyer to cooperate in order to achieve strategic goals. A new variable added was special occasion. The example given as an explanation was the hypothetical situation that Amazon would step into the Dutch food market. This potential customer would have no market share but could get special treatment because of the high revenue potential. All variables are summarized in table 4.

Table 4: Variables used for classification

| | B1 | B2 | B3 | S1 | S2 | S3 |
|-----------------------------|----|----|----|----|----|----|
| Revenue | X | X | X | X | X | X |
| Growth | X | | X | X | X | |
| Profit margin | X | | X | | X | |
| Interpersonal relationships | | X | X | | X | |
| Private label vs A-brands | X | X | | | | |
| Cooperativeness | | | X | | | X |
| Flexibility | | | X | | | |
| Innovativeness | | | X | | | |
| Marketing approach | | | X | X | | X |
| Professionalism | | | X | | X | |
| Strategic goals | | | | X | | X |
| Market share buying firm | | | | | X | X |
| Type of retailer | | | | | X | |
| Special occasion | | | | | | X |

Revenue turned out to be the most used variable for classification. Most respondents also named revenue as the most important one. The next section will be about the benefits that come with a preferred customer status

4.2 Benefits of a preferred customer status

The next questions asked were about the perceived benefits that the buying firm gets with a preferred customer status.

All buyers named more investments from the suppliers in the form of more promotions as an important benefit that they get from having a preferred customer status. The suppliers who buying firm X has a preferred customer status with would pay more for promotions with them than for promotions with competitors. Another benefit that all buyers perceive is that they either get exclusive products or tailor-made promotions from suppliers. So they will either get products that will only be sold through buying firm X and not through competitors, or the suppliers will do promotion campaigns that are specifically done for buying firm X and will not be done for any competitors. This benefit is named exclusiveness in table 5. Other benefits perceived by some of the buyers were a tighter collaboration on strategy, more time being invested into the relationship and one buyer perceived preferential resource allocation. So buying firm

X would have priority over other retailers when there would be a shortage of a certain product.

S1 confirmed that they reward their power partners with more investments in the form of doing more promotions than with other retailers. They would also do tailor-made promotions exclusive for power partners and they would invest more time and personnel to keep the good relationship intact. S2 named exclusiveness, more promotions, strategy collaboration and preferential resource allocation. So when there are distribution issues and not all customers can be served buying firm X will have priority over others. S3 confirmed previously named benefits. S3 highlighted that they invest more personnel into the relationship with preferred customers to keep the good relationship intact. Suppliers also mentioned that the high revenue that can be made through buying firm X can lead to better conditions for buying firm X, for example on price. The suppliers who mentioned this preferred to keep this information confidential, hence the question marks in table 5. All benefits are shown in table 5.

Table 5: Perceived benefits of a preferred customer status

| | B1 | B2 | B3 | S1 | S2 | S3 |
|----------------------------------|----|----|----|----|----|----|
| More promotions | X | X | X | X | X | X |
| Exclusiveness | X | X | X | X | X | |
| Strategy collaboration | X | | X | | X | X |
| More time invested | X | | | X | | X |
| Preferential resource allocation | | X | | | X | |
| Benevolent pricing | | | | ? | ? | ? |

The most important benefits that retailer X gets from being a preferred customer are a higher amount of money invested into promotional campaigns and exclusiveness. Also, more favorable conditions, for example on price were named as a benefit. The next section will be about antecedents that lead to preferential treatment.

4.3 Antecedents

The next questions were about antecedents of the preferred customer status.

The buyers got asked if there is management commitment to achieving preferred customer status with strategic suppliers. There is no formal policy within the business specifically for this matter but the buyers do feel a lot of support from within the organization to enable them to have the best possible relationships with their suppliers. The support is mainly in the form of data analyses that come from a central buying department and trainings for purchasers. B3 said that there might be measures that could be undertaken by the business to improve the relationships even further. He named an example where strategic suppliers will officially be named category captains. These category captains will get more commitment from the buying side in exchange for more intense collaboration. Another measure that could help was inspired by another retailer that lets purchasers and suppliers go on a trip together to improve their relationships. S3 confirmed that and said that these types of

events are a lot of fun to take part in and help to improve interpersonal relationships.

The respondents were asked whether buying firm X is attractive for suppliers and if so what makes buying firm X attractive. The results were that buying firm X is attractive, mainly because of its size and therefore revenue potential. Buying firm X has a very high market share within the Netherlands for many products which is a second reason why buying firm X is attractive for suppliers. Buying firm X offers suppliers opportunities to advertise their products and is growing fast in e-commerce. Two of the buyers and one supplier also said that buying firm X is a very professional and reliable partner to do business with. B1 explained that buying firm X has a lot of consumer data which can be highly valuable to suppliers. B2 mentioned that the setup of the stores allows for more different products, which can be beneficial for suppliers who sell niche products. S2 liked the mutual dependence between her organization and buying firm X. All results are summarized in table 6.

Table 6: Antecedents of attractiveness

| | B1 | B2 | B3 | S1 | S2 | S3 |
|-------------------|----|----|----|----|----|----|
| Size | X | X | X | X | X | X |
| Marketing | X | | X | X | X | |
| Professionality | X | | X | X | | X |
| E-commerce | X | | | X | | X |
| Market share | | X | | X | X | X |
| Consumer data | X | | | | X | |
| More products | | X | | | | |
| Mutual dependence | | | | | X | |

The most important antecedent of attractiveness was the size of the buying firm. The next section will be about supplier satisfaction.

When it came to supplier satisfaction it became clear that supplier satisfaction is not always the top priority for the purchasers. Supplier satisfaction is important for the purchasers and they think that their organization is doing well when it comes to supplier satisfaction, but they do not want to become too dependent on single suppliers. They try to maintain good relationships with multiple suppliers which means that not all suppliers will be fully satisfied in the end.

When asked about practices practiced at buying firm X that improve supplier satisfaction, the buyers were unanimous on three things. They said that buying firm X is a reliable partner to work with. Suppliers know what they can expect from buying firm X and agreements with buying firm X will always be held. The firm is also operating in a highly professional way. Processes are well organized and there is a lot of knowledge within the organization. As a third factor, all buyers said that suppliers like it that buying firm X can invest a lot of time and personnel into the relationship with its suppliers. Another important practice mentioned is making sure that the interpersonal relationship between the purchasers and the suppliers is and remains good. Other factors mentioned are the performance, so the sales of a product through the buying firm, the low time to market that buying firm X needs to bring new products into stores, flexibility, and collaboration on strategy that can help both suppliers and the buying firm. An overview of antecedents can be found in table 7.

S1, S2 and 3 confirm most of the points that the buyers mentioned. They said that buying firm X is professional and has

a lot of contacts for them to talk to on different levels within the organization. They put time into interpersonal relationships. They also show commitment by having a lot of personnel available and by planning quarterly meetings to reflect and discuss how the performance can be improved. They are also proactive in thinking about strategies to get the best results. S3 added that his company and buying firm X are doing business together for multiple decades, which results in mutual trust and is an important antecedent for giving buying firm X a special status.

Table 7: Antecedents of supplier satisfaction

| | B1 | B2 | B3 | S1 | S2 | S3 |
|-----------------------------|----|----|----|----|----|----|
| Reliability | X | X | X | | | X |
| Professionality | X | X | X | X | X | X |
| Commitment | X | X | X | X | X | X |
| Interpersonal relationships | X | | X | X | X | X |
| Performance | X | | | X | X | |
| Time to market | | X | | | | |
| Flexibility | | X | | | | |
| Strategy collaboration | | | X | X | X | X |
| Long term relationship | | | | | | X |

Professionality and commitment to the relationship were the most named antecedents of supplier satisfaction. Interpersonal relationships turned out to be an important factor as well. The next section will highlight factors that can cause dissatisfaction.

Things that according to the buyers can cause dissatisfaction with suppliers are unreliability and bad performance. They also mentioned that suppliers are not always happy with the strict way of negotiating and the margins that the buying firm tries to get, but that is just part of the job according to them. The suppliers named different points when asked which things lead to dissatisfaction about the relationship. S1 is having some difficulties with restrictions within buying firm X. These restrictions are in place because the buying firm wants to advocate for healthy food and the product that S1 sells is not seen as healthy. S2 mentioned the response to inflation as a factor that causes dissatisfaction in the relationship. The reason for this is that the strategies of the buying firm and the supplier do not align, mainly on the point of promotional efforts. S3 explained an issue that is not applicable to them but is more a general characteristic of retail in the Netherlands. S3 said that retailers are dealing with many suppliers and do not have time for all of them. It is often the case that suppliers put more time and effort into the relationship than retailers do. All factors that cause dissatisfaction can be seen in table 8.

Table 8: Factors that cause dissatisfaction

| | B1 | B2 | B3 | S1 | S2 | S3 |
|-----------------|----|----|----|----|----|----|
| Unreliability | X | | X | | | |
| Profit margins | X | X | | | X | X |
| Bad performance | X | | | | | |
| Restrictions | | | | X | | |

| | | | | | | |
|-------------------------------------------|--|--|--|--|---|---|
| Response to inflation | | | | | X | |
| Buyer doesn't have time for all suppliers | | | | | | X |

The most named factor when it comes to dissatisfaction is the strict way of negotiating and the high profit margin that the buying firm tries to achieve. However, all respondents view this as part of their job and do not see this as a major issue. The suppliers have factors that are mainly specific to them that affect the relationship stronger. The next part will be about inflation.

4.4 Inflation

The last questions were about the influence that the recent inflation had on the procurement process and the influence of the preferred customer status in this context.

All buyers said that they experienced an effect from inflation in the form of higher prices. Suppliers approached them with the request to renegotiate existing contracts because the suppliers had risen costs and wouldn't be able to run their business without a change in their sales price. This request formed a dilemma for the buyers because they wanted to keep the prices as low as possible, to maintain profitability for buying firm X. However, they didn't want their suppliers to have too much financial damage or even go bankrupt, because this would not be in the interest of the end consumer. All buyers said that they changed existing contracts in order to help suppliers. The buyers also felt as if their suppliers tried to make use of the situation and would ask for higher prices to increase their profits. The buyers tried to negotiate fact based in order to prevent this from happening. Fact-based negotiating worked well with private label suppliers because they work with open-cost price calculations. Most A-brands did not provide this transparency, which led to irritations and trust issues. There was a difference in expectations for what would happen after the prices would go down again. B1 said that he will most likely not be able to bring the prices back down again while B2 and B3 said that this is possible.

S1 said that the impact of inflation on the business was not so severe compared to the impact on other firms. S2 felt a severe impact from inflation and had to increase prices. S2 couldn't be 100% transparent about how the price was built up, which led to the situation where buying firm X thought that the price increase was meant to increase profits. This led to a lot of irritation on both sides. S3 noticed that the difficult situation regarding inflation has put a lot of pressure on both retailers and suppliers. He said that it is difficult to maintain a good personal relationship when there is so much at stake for both parties.

4.5 Results propositions

The buyers responded differently when asked about the influence of the preferred customer status on the way in which inflation is handled. B1 said that he didn't notice significant differences between the renegotiations with suppliers whom buying company X has a preferred customer status with and suppliers for which this isn't the case. B2 said that he assumes that the preferred customer status of buying firm X allows him to make better deals than his competitors in this context, but he doesn't know this, because he doesn't know what deals his competitors are able to make. B3 mentioned that buying firm X and the suppliers for which buying firm X has a preferred customer status would resolve extreme situations like the recent inflation more from a collaborative point of view. So in this case buying firm X

would help suppliers who are in trouble because of risen costs. These suppliers would then help buying firm X when they are struggling. S3 said that the most important thing when it comes to changing contract details is that you need to be able to explain the change. A good buyer-supplier relationship is helpful in this context because the two parties will understand each other's situation better. B3 also said it is easier to go back to normal and change the contracts again when prices are falling with the suppliers that grant a preferred customer status. This is also the case according to S3. A better relationship helps two parties to find each other more easily also when it comes to lowering prices.

This confirms proposition 1b: *Firms that have a preferred customer status with their suppliers can make adjustments to contracts more easily because they have a better relationship with their suppliers.* And also proposition 1c: *The price increase can more easily be reversed for suppliers for which the buying firm has a preferred customer status.*

S1 said that negotiations between preferred customers and regular customers do not differ a lot from each other. The difference is that the collaboration is tighter and that there are more things that need to be discussed because these customers are important to reach strategic goals. That means that the negotiations will be carefully prepared and usually take longer than other negotiations. This was also confirmed by S2. S2 said there is some irritation internally due to the current strategy conflict, which is caused by inflation. S2 is looking into different ways how to re-evaluate the relationship with buying firm X and find ways to improve the relationship also with the current inflation challenges. The way in which a buying firm responds to price increases also has an influence on buyer-supplier relationships, according to S3. He said that there is an example in the industry where a retailer denied the risen prices so hard that it risked the business that they did with their suppliers.

This confirms proposition 2: *The way in which buying firms handle inflation can influence if they get a preferred customer status or not.*

Proposition 1a: *Suppliers are more benevolent toward preferred customers in inflation-driven negotiations.* Could not get confirmed. One buyer had the assumption that it is true but he couldn't prove it. S3 said that there is a differentiated approach when it comes to raising prices and buyer-supplier relationships play a role in this context. However, the rate at which the price will be increased depends mainly on the rate at which the costs have increased and the differentiation is mainly based on different business opportunities. Table 9 gives an overview of the conclusions drawn on the relationship between inflation and the preferred customer status.

Table 9: Relationship between inflation and PCS

| | B1 | B2 | B3 | S1 | S2 | S3 |
|-------------------------------------|----|----|----|----|----|----|
| No difference PCS | X | | | | | |
| More favorable deal for buying firm | | X | | | | |
| Easier to go back to normal | | | X | | | X |
| More collaboration | | | X | X | X | |
| Influence of inflation on the | | | | | X | X |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| relationship with the buyer | | | | | | |
|-----------------------------|--|--|--|--|--|--|

The main results are that the preferred customer status leads to a more collaborative approach to solving the challenges caused by inflation. Another main conclusion is that the way in which the buying firm responds to inflation has an influence on the relationship and on whether they remain the preferred customer or not. The next section will be the discussion.

5. DISCUSSION

The intended contribution of this research was to find out how the preferred customer status and inflation influence each other. The research also looked at the antecedents and benefits of the preferred customer status. The results of the research will be compared to the literature in this chapter. The chapter will have the same build-up as the results, so starting with classification, then benefits of the preferred customer status, after that antecedents, and lastly inflation. The chapter will end with limitations.

5.1 Classification

Neither of the interviewees indicated that they use any of the methods given in the literature to classify their suppliers or customers. However, components of the Kraljic matrix can be found in the variables that the respondents name for classifying. All of them name revenue and most of them name it as the most important variable. This would fall under the dimension of purchasing importance in the Kraljic matrix (Kraljic, 1983, p. 111).

5.2 Benefits of the preferred customer status

The literature named several benefits that the buying firm can get from having a preferred customer status. Schiele wrote that firms that achieved the preferred customer status will get preferential resource allocation from their supplier (2012, p. 47). This could be in the form of sharing innovations with preferred customers earlier, having tailor-made products, or having the best personnel working on shared projects with this customer (Schiele, 2012, p.47). The point of getting preferential resource allocation with a preferred customer status was confirmed in the case study but the form of what this would look like in practice is slightly different. Suppliers would make tailor-made products or campaigns for their preferred customers but when they talk about preferential resource allocation they mean something different. Preferential resource allocation in this context means that the preferred customer would get the last available products in stock when there is scarcity. The difference between the case and Schiele's research can be explained by the different industries. Schiele's work is focused on production firms while the case study was done with a retail firm. Another benefit named in the literature is more benevolent pricing of products for the preferred customer (Schiele et al., 2011, p. 16). This was also confirmed in the case study. Higher willingness to share innovations as named by Ellis, Henke and Kull (2012, p.1259), was also confirmed by the interviewees. They said that the preferred customer would receive new products first before other retailers would receive them. A benefit named in the literature that couldn't be confirmed was better supplier satisfaction (Bemelmans et al., 2015, p.194). Benefits that were named in the case study but not in the literature were a higher amount of money invested in promotions, exclusiveness in the form of tailor-made promotions or exclusive products, collaboration on strategy, and more time being invested into the relationship. These are an addition to the current literature. These differences can be explained because these benefits are specific to retail and most previous research

has been done on manufacturing firms. Future research could be done in a different geographical location, to see if the same benefits also apply to retail firms outside the Netherlands. Research could also be done in different industries to see if other industries have different benefits that come with a preferred customer status.

5.3 antecedents

This section will focus on antecedents of attractiveness, supplier satisfaction, and the preferred customer status, starting with attractiveness. When it comes to customer attractiveness, the size of the firm was seen as the most important variable, by the respondents. The size of the firm is important because it determines the profit potential. This is also in line with the literature, which states that value creation is one of the determinants of customer attractiveness (Ellegaard & Ritter, 2007, p. 5). Value creation is explained as buying volume and contribution to profit, but also aspects like innovation development and access to different markets (Ellegaard & Ritter, 2007, p. 5). One of the respondents named market share, which would also fall under value creation. It is also crucial to be seen as a trustworthy partner, as a buying firm, during the attractiveness phase (Eringa & Groenveld, 2016, p. 177). This is confirmed by the respondents who see professionalism as one of the aspects that contributes to the attractiveness of buying firm X. One respondent named mutual dependence, which is in line with the research of Hald et al. (2009, p. 967). Relational behavior which plays an important role in customer attractiveness according to Hüttinger et al. was not mentioned in the case study in this context (2014, p. 712). Respondents named three factors that are not named in the literature. These were buying firm X's omnichannel approach with strong e-commerce, the consumer data that buying firm X gathers, and the setup of buying firm X that allows for good marketing of the products. Future research could indicate if these antecedents also apply to other firms or if they are specific to buying firm X.

Antecedents of supplier satisfaction named in the literature are growth opportunity, reliability, and relational behavior (Hüttinger et al., 2014, p. 712). Growth opportunity was not confirmed by the respondents. Reliability and relational behavior are both confirmed in the case study. The performance of the collaboration is mentioned both by the respondents and by literature (Maunu, 2003, p. 106). The respondents also named collaboration on strategy, and professionalism as antecedents for supplier satisfaction. These antecedents form an addition to the research done by Hüttinger et al. (2014). Respondents value these factors because knowledge and professionalism from the buying firm in combination with the willingness to collaborate on strategy makes the relationship more than just a transactional relationship. The factors that distinguish the difference between transactional and more strategic relationships might be different in different industries, hence the difference to literature. Future research could be done on a larger sample of retail firms to see if the retail-specific antecedents can get confirmed.

5.4 inflation

All respondents felt an impact from rising prices. Pellegrino et al. suggested to re-open and renegotiate contracts in case of macroeconomic degradation (2020, p.972). This is in line with the observations from the purchasers that are working for buying firm X. They got a lot of requests for suppliers to change existing contracts because the suppliers were suffering from higher costs. Another conclusion from the literature was that transparency was very important because it allows suppliers to assess the risks of the buyer-supplier relationship and it allows buying firms to ensure that the supplier's expectations can be met (Pellegrino et al., 2020, p. 973). The respondents in the case study felt like this

transparency was missing. Many A-brands were lacking transparency about their risen costs which lead to a lot of frustration on both sides. A finding from the case study was that this situation was impacting supplier satisfaction and also plays a role for suppliers when deciding which buyer gets preferential treatment. Further research could be done on how suppliers can best communicate their worries about price increases without giving away trade secrets. Research could also be done on what behavior buying firms should show regarding inflation when they want to remain a preferred customer.

5.5 Relationship between the preferred customer status and inflation

The contribution of this paper would be to investigate the relationship between the preferred customer status and inflation. This led to the following results:

Contracts between suppliers and preferred customers can more easily be adjusted due to the tighter collaboration between the firms.

The way in which the buying firm deals with inflation can have an influence on whether they obtain preferred customer status or not.

Price increases can more easily be reversed for suppliers where the buying firm has a preferred customer status.

5.6 Limitations and future research

The limitations of this research are the small sample size, which makes the conclusions not generalizable and possible bias. There could be bias in the answers of the respondents because the respondents were aware that their contact person at the buying firm or supplier could see the results of the research. This could have made them more careful in the answers that they gave or could have made them talk about the relationship in a more positive way.

Future research can be done in a quantitative way, with a larger sample size, in order to make the results more generalizable. The possible bias in this research could be prevented by contacting buyers and suppliers separately.

6. CONCLUSION

The findings support previous research on the antecedents and benefits of the preferred customer status. New retail-specific benefits are discovered. These are: a higher amount of money invested in promotions, exclusiveness in the form of tailor-made promotions or exclusive products, collaboration on strategy, and more time being invested into the relationship. One new antecedent is found. This is strategy collaboration. The following propositions were supported by the case study:

Proposition 1b: *Firms that have a preferred customer status with their suppliers can make adjustments to contracts more easily because they have a better relationship with their suppliers.*

Proposition 1c: *The price increase can more easily be reversed for suppliers for which the buying firm has a preferred customer status.*

Proposition 2: *The way in which buying firms handle inflation can influence if they get a preferred customer status or not.*

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APPENDIX

Appendix A questionnaire

1. PREFERRED CUSTOMER QUESTIONNAIRE:

1.1 Interview for Purchasers

Classification

1. Do you classify the relationship you have with suppliers? If so, how?
 2. Do you have indications that the suppliers are doing the same with you?
 3. Is there management commitment to achieving preferred customer status with strategic suppliers? If so, how does this show? If not, how could management commitment help in this matter?
 4. Whom do you have a preferred customer status with?
-

Benefits

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

Antecedents

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

Inflation

11. How has recent inflation impacted your work as a purchaser?
12. How did the inflation-driven negotiations between regular and preferred customers differ from each other?

1.2 Questionnaire for suppliers

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 behaviour towards customers? What benefits do you offer to a preferred customer? (Remember the pyramid, check for logistics / production planning, innovation, special services, flexibility, earlier information etc.)
-

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 customer 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. Does the recent inflation have an influence on the relationship with your customers?
11. How do the negotiations between regular customers and customers with a preferred customer status differ from each other?