UNIVERSITY OF TWENTE.

Faculty of Behavioral, Management, and Social Sciences

All ambition, no leverage?

Exploring the effect of customer attractiveness and personal relationships on buyer-supplier relationships in start-ups

Master Thesis

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Berlin, August 02, 2023

Acknowledgments

I sincerely thank my supervisors Frederik Vos and Ariane von Raesfeld Meijer, for their invaluable guidance and support throughout this master thesis. Their expertise and constructive feedback have shaped this work, and I am truly grateful for their mentorship.

I am also grateful to Amélie Rulquin and Vincent Rabl for brainstorming this thesis's conceptual setup with me, which has greatly improved the quality and direction of my research. Their expertise, constructive feedback, and access to the interviewees were invaluable.

I extend a special thank you to all the interviewees who participated in this study, openly sharing their time, knowledge, and experiences. Their contributions have enabled this research project and have greatly enhanced its depth. I deeply appreciate their involvement.

I am deeply grateful to my parents, Celina, and Lilli, for their unwavering support throughout this academic journey. Their love, encouragement, and feedback have been crucial for my motivation and the successful completion of this thesis.

Lastly, I want to acknowledge my friends, who have been there for me during moments of frustration and fatigue. Their belief in my abilities and encouragement have helped me overcome challenges and stay motivated.

To all mentioned above and to everyone who has supported me along this journey, I express my deepest appreciation. Your contributions, big or small, have significantly impacted the completion of this thesis. Thank you, you were integral to the success of this endeavor.

Abstract

Start-ups face significant challenges due to their small size and newness, making the establishment and maintenance of buyer-supplier relationships (BSRs) difficult. However, forming quality supply channels is crucial for long-term success and the ability to sell quality products. Therefore, this thesis investigates how start-ups overcome these challenges to initiate and maintain their first supplier relationships.

A multiple case study approach was employed to explore this phenomenon, analyzing the buyer-supplier relationships of two related start-ups in the fast-moving consumer goods industry. Semi-structured interviews were conducted with executives from both the start-ups and their respective suppliers, allowing for the analysis of multiple start-up-supplier dyads.

The research revealed that achieving a certain level of economic attractiveness is a prerequisite for any buyer-supplier relationship. Additionally, personal relationships within the BSR-dyads can enhance start-ups' resource and social attractiveness, but only after reaching a sufficient level of economic attractiveness. The study also proposes a U-shaped development curve for the importance of personal relationships in buyer-supplier relationships for start-ups. Personal relationships are vital for initiating BSRs but temporarily lose importance afterward, only to become essential again when start-up managers implement a sophisticated sourcing strategy.

These findings contribute to understanding customer attractiveness for start-ups and shed light on the role of personal relationships in buyer-supplier relationships involving new businesses. They provide valuable guidance for founders and start-up managers as they navigate the challenges of initiating and maintaining their first supply channels. Based on the findings of this thesis, future research could quantitively explore the validity of the proposed U-shaped development curve. Furthermore, this research provides a basis for future academic investigation for specific strategies to leverage personal ties with suppliers as a stimulus for quicker growth and enhanced economic customer attractiveness.

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List of Abbreviations

BSR	Buyer-Supplier Relationship
B2B	Business-to-Business
B2C	Business-to-Consumer
CA	Customer Attractiveness
CEO	Chief Executive Officer
COO	Chief Operations Officer
FMCG	Fast-Moving Consumer Goods
IMP	Industrial Marketing and Purchasing
SKU	Stock-Keeping Unit
US	United States
VC	Venture Capital

Word Count: 21.455

1. Introduction

Ventures depend on relationships with suppliers and other external business partners to develop and acquire the resources required to operate their business. Any business relies on competent suppliers to become profitable and successful long-term (Aaboen, La Rocca, et al., 2017; Aaboen et al., 2016; Gadde et al., 2012; La Rocca et al., 2013). While crucial to business success, establishing initial interactions with clients and suppliers is a complex endeavor. Numerous administrative, commercial, and technical problems must be addressed, and solutions must be developed to build effective supplier relationships (Aaboen, La Rocca, et al., 2017).

Establishing relationships is particularly challenging for start-ups (Bjørgum et al., 2021; La Rocca et al., 2013), nascent businesses incorporated for less than ten years (Jenkins & Holcomb, 2021). Nascent businesses must overcome two significant barriers when attempting to initiate supply streams. On the one hand, start-ups inherently suffer from liabilities of newness and hence from a lack of a respectable reputation. Without having an established product in place, paying customers, and an existing network of suppliers of resources, start-ups often find themselves in difficult bargaining positions when approaching potential suppliers and other stakeholders. A lack of a history of positive performance makes it riskier for potential business partners to engage with an unknown entity. Hence, this lack of legitimacy makes young ventures more unattractive in the eyes of potential business partners than established companies (Starr & MacMillan, 1990; Zimmerman & Zeitz, 2002). At the same time, most start-ups are confronted with liabilities of smallness, manifested in a lack of financial and human resources that limit the resources that start-ups can employ when searching for new suppliers (Aaboen, Holmen, & Pedersen, 2017; Bjørgum et al., 2021; Oukes et al., 2017). The sum of this scarcity of financial resources and the inherent lack of a respectable reputation pose significant barriers to establishing a functional supply chain and make start-ups unattractive customers for suppliers (La Rocca et al., 2019; Mortensen, 2012). Yet, if start-ups fail to establish an effective supply chain and cannot form adequate relationships with their suppliers, they will likely encounter substantial growth constraints and may never succeed (Ghosh et al., 2018; Wagner, 2021).

Even though start-ups face significant challenges when initiating supplier relationships, the topic remains under-researched (Aaboen, La Rocca, et al., 2017; La Rocca et al., 2019; Oukes & Raesfeld Meijer, 2017). There is a lack of studies on new ventures' supplier relationships, and the current understanding of how supplier relationships develop derives from studies highlighting their importance for business performance in mature, established businesses (La Rocca et al., 2019). This previous research on mature businesses has shown that increased attention to supplier relationship management can improve company performance (Lambert & Schwieterman, 2012). At the same time, researchers investigating personal relationships in corporate contexts have shown that personal interfirm relationships can have a significant positive impact on initiating and maintaining buyer-supplier relationships (BSRs) in mature businesses (Butt & Ahmad, 2019; Doney & Cannon, 1997; Ellegaard et al., 2003; Gligor & Holcomb, 2013). Some initial research suggests that this phenomenon may also appear in new ventures, yet the empirical evidence is slim and anecdotal (Giraldo-Diaz & Fuerst, 2019).

While there are some preliminary studies about supplier relationships in manufacturing start-ups (i.e., Lerner & Nanda, 2020), start-ups in other industries have so far garnered little academic attention in regard to buyer-supplier relationship research. Nevertheless, developing effective supplier relationships may be especially important for e-commerce ventures (Saunila et al., 2019). However, developing effective supplier relationships may be particularly significant in retail businesses in the fast-moving consumer goods industry (FMCG), where the products the retailer sells goods that are directly passed on to end consumers. In this industry, the characteristics of the products the retailer sells highly depend on the quality of its sourcing channels, which lets suppliers significantly impact the firm's products and performance. Hence, this thesis aims to answer the subsequent central research question:

> *How do start-ups overcome liabilities of smallness and newness to elevate their customer attractiveness when initiating and managing buyer-supplier relationships in different phases of maturity?*

To study this phenomenon, this thesis will employ a case study methodology centered around interviews with the French-German sister start-ups La Fourche and Ackerherz. Launched in 2018 and 2022, respectively, both companies are organic online supermarkets. As retailers, they rely on a multitude of suppliers to provide their end-consumers with quality products. At the same time, they must compete with other retailers for access to these suppliers. La Fourche is now in its fifth year of operation and has successfully built numerous supplier relationships despite its newness and smallness. Meanwhile, Ackerherz is in its first year of operation and is still in the phase of initiating and building its first supply channels.

1.1. Theory contribution

With this research question, this thesis contributes to two distinct research streams. First, it deepens academia's understanding and the role of start-ups in supply chains. More specifically, this thesis contributes to buyer-supplier relationship research, particularly in the domain of customer attractiveness (CA). Recent years have seen the concept of customer attractiveness becoming a popular focus for supply chain researchers (cf. section 2.5 for details). This research stream has been uncovering what firms can do to become attractive buyers in the eyes of their suppliers (i.e., Ellegaard & Ritter, 2007; Hüttinger et al., 2012; Mortensen, 2012; Ramsay & Wagner, 2009) on which they depend in one way or another (Kraljic, 1983; Padgett et al., 2020; van Weele, 2010). In this sense, researchers have studied strategies to elevate customer attractiveness both in established businesses (Tanskanen & Aminoff, 2015), and in new ventures (Jenkins & Holcomb, 2021; Kragh et al., 2022; La Rocca & Snehota, 2021). This thesis contributes to this recent research on buyer-supplier relationships in start-ups through the lens of customer attractiveness in the context of the Fast-Moving Consumer Goods industry. Furthermore, Jenkins and Holcomb (2021) have explored strategies start-ups can employ to increase customer attractiveness. This thesis adds to this research by exploring what strategies start-up founders and managers should focus on depending on their company's maturity level. Furthermore, this thesis also builds upon and extends research in obtaining preferred customer status (Hüttinger et al., 2012; Pulles et al., 2016; Vos et al., 2016). By exploring the role of personal relationships through the framework of social capital theory in BSR dyads, this thesis extends the knowledge of the influence of social capital in supply chain relationships. Exploring the influence of social capital on supplier satisfaction in ongoing BSRs is also the focus of recent publications in the domain of preferred customer research (Jääskeläinen et al., 2022; Jääskeläinen et al., 2020). This thesis extends the described research stream by studying the influence of social capital in BSRs in start-ups on the one hand and during the early phases of buyer-supplier interactions.

Therefore, this thesis mends the understanding of the interplay of buyer-supplier dependency, customer attractiveness, and social capital in the context of emerging buyer-supplier relationships in start-ups. By contrasting two start-ups at different stages of their corporate development, this thesis also explores the influence of the level of maturity of buyer-supplier relationships in start-ups. As a result, this thesis adds a better understanding of the role of personal relationships in elevating customer attractiveness by start-ups and thus further helps close the research gap on how start-ups can overcome limitations stemming from newness and smallness.

1.2. Practical Contribution

From the practical perspective, this research project could guide entrepreneurs and managers of start-ups on navigating liabilities of newness and smallness and the disadvantages start-ups have regarding customer attractiveness to establish their supplier networks.

Specifically, this thesis could provide guidance on how to approach emerging supplier relationships in terms of the attention paid to building personal relationships by procurement managers with their suppliers. While there is tentative research on start-ups elevating their customer attractiveness as described in the previous subsection, this thesis provides a clearer understanding of what strategies are the most fruitful to pursue to expand the portfolio of suppliers which sourcing executives in start-ups can access. For Ackerherz and La Fourche*,* the companies this research project is analyzing as a case study, this thesis could help its managers evaluate their current procurement strategies and serve as a guideline for managing emerging supplier relationships. This guidance will be especially beneficial for potential future expansion into markets without existing supplier relationships for all kinds of start-ups.

1.3. Thesis Structure

This thesis is structured as follows: Chapter 2 portrays the theoretical background as the foundation of this thesis. Chapter 3 introduces a preliminary research model before chapter 4 depicts the methodological approach. Chapters 5 to 7 describe the data collection results by depicting the individual cases prior to a cross-case analysis. Chapter 8 discusses the research results in the context of the theoretical foundation before this thesis presents its conclusion, discusses its limitations, and provides an outlook for future research in chapter 9.

2. Theoretical Background

The following section portrays the context of the companies analyzed in the case studies as well as the exploration of the most relevant literature to prepare for the investigation of the research question in the subsequent chapters.

2.1. Retail and FMCG Industry

Retail is commonly understood to be the direct selling of goods to a buyer who wants to utilize them from a single point of purchase. The single point of purchase might be a physical retail location, an online store, or a catalog (Farfan, 2022). Generally, the retail industry comprises all businesses offering end consumers products and services.

The retail industry supply chain usually consists of four main links: manufacturers produce items using machinery, raw resources, and labor. Wholesalers acquire finished items from producers and distribute them in bulk to retailers. Retailers sell the products to the end-user in limited quantities for a higher price, i.e., the manufacturer's suggested retail price. Finally, the end-consumers purchase items from the merchant for their own use (Farfan, 2022). However, dependent on their specific business model, retailers may be able to circumvent wholesalers and source their product catalog directly at the manufacturing level, using their own infrastructure for bulk storage and distribution to retail outlets. Popular examples are Amazon and Walmart, which both operate enormous vertically integrated supply chains and are thus independent of wholesalers (Farfan, 2022). Part of this sector of the economy is the fast-moving consumer goods (FMCG) sector. FMCG products are sold quickly and typically encompass low margins at high product volumes, often with a high inventory turnover (van Elzakker et al., 2014). A classic example of this sector of the economy is the food industry, where the short shelf-life of many products further contributes to the need for companies to be able to restock their inventory frequently, often on a daily basis. Furthermore, specific food products are often easily substitutable, hard to differentiate, and can thus be seen as commodity products.

Analysts estimated the global market for edible groceries to be worth 2.8 trillion dollars in 2021, and by 2026, forecasts anticipate the annual industry turnover to increase by about 600 billion (Edge by Ascential, 2022). Predictions see internet food retail sales also increasing in the upcoming years. E-commerce sales reached 174 billion dollars in 2021, or nearly 6% of total sales. By 2026, this amount is anticipated to increase by more than 100 billion USD (Edge by Ascential, 2022). Sedentary lifestyles and the embrace of high-quality products and services are predicted to drive the growth of online shopping (Business Research Insights, 2023).

With significant changes in customer behavior, food retail is transforming fast, and, similar to most other industries, the food retail industry has already undergone substantial transformations since the widespread adoption of the internet (Statista, 2023). While the revenues in the food retail industry seem very attractive, the retail industry is now very competitive, with pressure from several business models. Hard bargain retailers and conventional grocers share the same market, and both types of businesses profit from modern technology and internet distribution.

The widespread adoption of the internet in consumer households since the 1990s has opened the door for e-commerce start-ups to enter a market that is traditionally considered slow-moving and reluctant to innovate (Matricano et al., 2022). This thesis defines a 'start-up' as an "organization in its early years of existence, whether initiated by an established organization or independent from an established organization" (Zimmerman & Zeitz, 2002, p. 414). Usually, these nascent businesses have been incorporated for less than ten years (Jenkins & Holcomb, 2021). These new ventures can be distinguished from established businesses, which are often well-known organizations that have existed for some time (La Rocca & Snehota, 2021). As the internet has enabled small companies to reach customers almost independently of their physical location, several nascent e-commerce companies have reached a broad customer base without the need to install many brick-and-mortar store locations.

At the same time, academic researchers have long indicated that start-ups are subject to certain liabilities due to their relative size and age. These phenomena are known as liabilities of newness and liabilities of smallness (Aldrich & Auster, 1986; Ellegaard, 2006; Stinchcombe, 1965; Strotmann, 2007).

2.2. Liabilities of Newness and Smallness

The concepts of liabilities of newness are used to describe the difficulties that often arise as a result of new products, services, or initiatives entering an organization or market. Strotmann (2007) defines the 'liability of newness' as the phenomenon "that the risk of closure is highest after start-up and decreases over time" (Strotmann, 2007, p. 88). This idea dates back to Stinchcombe (1965), who lists several factors that young organizations must overcome to compete favorably with more established ones. These factors include the need to develop new procedures, practices, and skills, which can be expensive and result in efficiency losses. Older firms also benefit from better social and trust relationships as well as more dependable relationships with their clients or suppliers (Stinchcombe, 1965). This lack of embeddedness in existing social structures can also be understood as an inherent lack of legitimacy and reputation. Fischer and Reuber (2007, p. 55) define a firm's reputation as the "assessments made by outsiders." According to Fischer and Reuber (2007), the externality of the assessment differentiates "reputation" from "identity" and "image." Fischer and Reuber (2007) describe "identity" as what insiders think about the organization, while "image" is understood as what insiders think that outsiders think about an organization (Fischer & Reuber, 2007). Closely related to this definition of "reputation" is Suchman's (1995) definition of "organizational legitimacy" as the perception of an organization as meaningful, predictable, and trustworthy (Suchman, 1995). Table 1 provides an overview of the delineation of these closely related terms.

Table 1: Terminology Delineation related to "legitimacy" based on Fischer & Reuber, Suchman (2007; 1995)

Terminology	**"Identity"** (Fischer & Reuber, 2007)	**"Image"** (Fischer & Reuber, 2007)	**"Reputation"** (Fischer & Reuber, 2007)	**"Organizational Legitimacy"** (Suchman, 1995)
Assessment by	Subject	Subject	External party	External party
Object of assessment	Subject	External parties' perception of the subject	Subject	Subject
Connotation	Neutral	Neutral	Neutral	meaningful, predictable, and trustworthy

Establishing and upholding a solid reputation and thus being perceived as legitimate is a crucial part of starting a business, as reputation is one of the essential intangible resources to build and maintain a sustainable competitive advantage (Fischer & Reuber, 2007, p. 54). However, new ventures' lack of history entails low confidence in the young business by their stakeholders (Zimmerman & Zeitz, 2002, image 5). Hence, a lack of legitimacy and reputation inherent to any new business is one of the core elements of liabilities of newness and is thus one of the critical barriers start-ups must overcome to become successful.

Analogous to liabilities of newness, liabilities of smallness illustrate the challenges that smaller organizations face compared to larger organizations. Coined by Aldrich and Auster (1986), the term 'liabilities of smallness' describes the notion that the probability of a firm's survival is positively correlated with its size. Several studies have found empirical evidence for the thesis that small firms are more likely to fail than established firms (Strotmann, 2007). Reasons for this phenomenon include that smaller organizations tend to have fewer resources, including financial and human resources, which can lead to having reduced capabilities and limits their ability to take on larger projects and investments (Fackler et al., 2013). These organizations also tend to have limited access to the market and capital and may have difficulty attaining the necessary networks and alliances to compete (Aldrich & Auster, 1986). Furthermore, they often lack the organizational structure and internal controls of larger organizations, as well as managerial talent, which can lead to difficulties in implementing strategies, and reduced trust and performance (Lucas, 1978).

At the same time, being small and new can also have benefits. Ellegard describes how small companies often rely on informal communication channels, making collaboration with others more flexible and direct (Ellegaard, 2006). Furthermore, small firms tend to be more innovative and bring forth more innovations relative to the number of employees than larger corporations (Aldrich & Auster, 1986). Moreover, collaborating with start-ups often presents larger firms with the possibility to access new markets and technologies (Steiber et al., 2021).

Table 2 summarizes the key factors described in the existing literature regarding smallness and newness for start-ups in B2B-relationships.

Table 2: Key Factors of Smallness and Newness for Start-ups in B2B-relationships

Finding	References
Challenges	
Building trust in relationships takes time	Stinchcombe (1965)
Inherent lack of legitimacy of new companies	Zimmerman and Zeitz (2002)
Small firms are more likely to fail than larger firms, making collaboration risky	Strotmann (2007)
Resource limitations prohibit access to large projects and investments	Fackler et al. (2013)
Limited access to capital	Aldrich and Auster (1986)
Limited access to networks and alliances	Aldrich and Auster (1986)
Facilitators	
Innovation affinity	Aldrich and Auster (1986)
Flexibility and informality of communication	Ellegaard (2006)
Possibility to access new markets	Steiber et al. (2021)
Possibility to access new technologies	Steiber et al. (2021)

In summary, liabilities of newness refer to the difficulties and risks associated with new products, services, or initiatives entering an organization or market. As Table 2 visualizes, start-ups lack embeddedness in existing social structures, legitimacy, and reputation, which can hinder their ability to compete with established firms. On the other hand, liabilities of smallness highlight the challenges faced by smaller organizations, such as limited resources, market access, and internal controls. However, being small and new also has advantages, including flexibility, innovation, and potential collaborations with larger firms. To overcome the liabilities of smallness and newness, nascent businesses need to develop specific strategies. One of the domains of business where liabilities of smallness and newness are well-observable is the relationship of start-ups with their suppliers of upstream products (La Rocca & Snehota, 2021). The following section, therefore, explores the relationship dynamics of buyer-supplier pairings in start-ups.

2.3. Relevance of Suppliers for Start-ups

The importance of quality suppliers for any venture's success is well described in existing literature, especially in the case of new ventures (Kragh et al., 2022; Bjørgum et al., 2021; Ciabuschi et al., 2012, as cited by La Rocca et al., 2019). Every professional relationship between two firms displays unique characteristics and must be managed accordingly. Managing these professional relationships, particularly regarding sourcing in buyer-supplier relationships (BSRs), has become a core managerial responsibility and is essential to many firms' value generation and performance (Li et al., 2022).

Over the years, scholars have proposed various BSR typologies that seek to clarify the conceptualization of BSRs and offer insights into creating and maintaining the exchange relationships between supplier and buyer firms. These typologies are intended to assist practicing managers in addressing challenges and opportunities in the BSR realm (Tangpong et al., 2008), often describing the implications of relationship dependence. Dependence is frequently defined

as the necessity for one party to sustain a relationship with another entity to accomplish the party's objectives (Beier & Stern, 1969, as cited by Padgett et al., 2020). Dependence occurs particularly often in buyer-seller relationships (Scheer et al., 2015).
Li et al. (2022) give an overview of past BSR typology research. The authors describe the "classical two-by-two typologies with the two BSR characterizing properties being [the] buyer's dependence on [its] supplier; and [the] supplier's dependence on [its] buyer, i.e., buyer dependence and supplier dependence thereafter" (Dwyer et al., 1987 as cited by Li et al., 2022, pp. 874–875). Examples of supplier-dependent companies are semi-conductor manufacturers that are dependent on the Dutch company AMSL. ASML is the only company in the world that builds machines that produce the most advanced computer chips, giving ASML monopoly powers over their clients (O'Grady & Kenyon, 2023). Reversely, in the automotive industry, many suppliers of car manufacturers are highly dependent on their buyers, sometimes generating over 40% of their revenue with one client (Handelsblatt, 2015). In these cases, the purchasing decisions of the car manufacturer can have an existential impact on the business success of their suppliers.

Most of these BSR typologies focus on the conceptual setup of BSRs, informing managers about the basic types of buyer-supplier relationships and their respective managerial implications. To date, there are only a few empirical studies of the relative frequency of occurrences of these different BSR types (Tangpong et al., 2015). Therefore, the significance of each kind of BSR is hardly assessable. Li et al. (2022) are one of the notable exceptions, in which the authors examine the existence of BSR types in established American firms (Li et al., 2022). However, like Li et al. (2022), the literature on BSR typologies mainly focuses on reputable, more established firms. There seems to be a lack of a BSR typology that considers liabilities of smallness and newness that new ventures typically suffer from.
Exploring supplier dependence in more detail, Padgett et al. (2020) argue that switching cost dependency is one of the main components of supplier dependence. Switching cost dependency describes a situation in which the buyer perceives that "there would be significant costs (contractual or other) incurred when disengaging from the supplier, sourcing a new supplier, etc." (Padgett et al., 2020, p. 14). Similarly, Cox (2001) argues that buyer search costs for new suppliers, alongside buyer switching costs, are one of the fundamental bases for dependency on suppliers by buyers (Cox, 2001). For new ventures suffering from financial constraints due to their liabilities of smallness and newness, this may mean that the dependence on their suppliers correlates with their access to financial resources. With scarce resources, spending money searching for and switching suppliers may not be suitable for cash-strapped start-ups.
Furthermore, a dimension researchers in the BSR domain have so far neglected is that the level of start-ups' buyer dependence may differ due to their respective business models. Arguably, not every business model is equally dependent on its suppliers. On the one hand, open-source software, readily available IT infrastructure, and accessible skills and resources may be used to build software start-ups without dependence on a single supplier. On the other hand, starting a hardware start-up takes considerable investments, a mix of several hard-to-access talents and

resources, and often specialized upstream products (Lerner & Nanda, 2020). Here, a "software start-up" is one whose products are exclusively digital.

In contrast, "hardware start-ups" refers to young companies that manufacture computers and peripherals, electronics, networking and equipment, semiconductors, telecommunications, industrial, and energy (Lerner & Nanda, 2020). Wei (2017) follows a similar line of argumentation as Lerner & Nanda, claiming that "[hardware] start-ups do require more initial capital due to the costs associated with rapid prototyping of hardware, which includes material costs and assembly/manufacturing fees, as compared to software development which has mainly a labor cost" (Wei, 2017). However, both sources are non-peer-reviewed conference publications. At the same time, it is hardly generalizable that hardware start-ups are more supplier dependent than other kinds of start-ups. There are cases imaginable where a manufacturing start-up only needs readily available and substitutable commodities from their suppliers, or a software start-up is highly dependent on a specialized upstream product. Thus, a more product-focused differentiation of supplier dependency is more prevalent in the academic literature. Nevertheless, the assessment of supplier dependency is arguably more relevant for hardware-focused business model start-ups that often rely on upstream items purchased from their suppliers. Therefore, this thesis focuses on start-ups whose business model is based on physical products instead of software.

2.4. Kraljic Matrix and the Dutch Windmill

For these kinds of "hardware" start-ups, a nuanced classification of BSRs can be expected to exist as the products they purchase from suppliers often have commodity-like characteristics. Thus, a product-focused assessment of supplier dependency seems especially relevant for those kinds of start-ups.

Much of the discussion on product-focused differentiation of supplier dependency centers around the so-called Kraljic Matrix, outlined by Peter Kraljic in a seminal contribution to Harvard Business Review from 1983 (Kraljic, 1983). Also known as the Purchasing Portfolio Matrix, the Kraljic Matrix is a tool for strategic procurement management used to examine a company's purchasing portfolio and create suitable sourcing plans for various goods and services. The Kraljic Matrix classifies items in a company's purchasing portfolio based on two dimensions: supply risk and profit impact. Supply risk refers to the level of supply chain disruption that would occur if there were a shortage of the item, while profit impact refers to the item's impact on the company's profitability (Kraljic, 1983). Based on these two dimensions, the Kraljic-Matrix classifies items into four categories: strategic items, bottleneck items, leverage items, and noncritical items (see Figure 1).

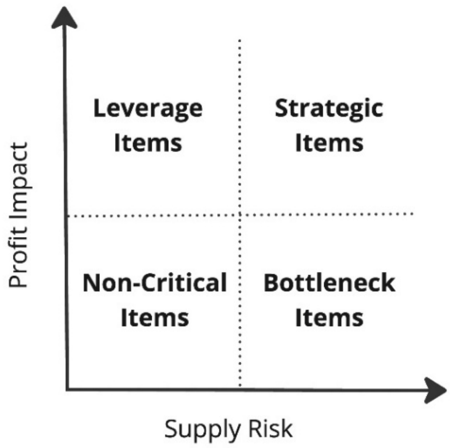

Figure 1: Visualization of Kraljic Matrix, based on Kraljic (1983)

Strategic items are high-risk, high-profit products that require long-term sourcing plans and tight supplier relationships. Low-profit goods, known as bottlenecks, are essential to the company's operations and must be carefully managed to prevent supply chain interruptions. Leverage items are high-profit products easily accessible from several suppliers, allowing for price negotiation. Finally, non-critical items can be purchased from various suppliers because they are low-risk and low-profit items. Based on the analysis of the two dimensions of profit impact and supply risks for each item that needs to be sourced, companies can develop appropriate strategies for managing each item, including supplier selection, negotiation, and risk management (Kraljic, 1983).
Van Weele (2010) extended this analysis of a company's purchasing portfolio with another angle: the supplier's perspective. In particular, van Weele introduced two additional dimensions to the Kraljic Matrix, i.e., the buyer's relative value to the supplier and the buyer's attractiveness (see section 2.5 for an in-depth discussion of customer attractiveness). For each quadrant of the Kraljic Matrix, these two dimensions are introduced to analyze how the supplier of a product likely views its customer. As a result, various generic strategies show how buying firms should manage their sourcing channels and respective BSRs. Figure 2 shows a visualization of this concept.

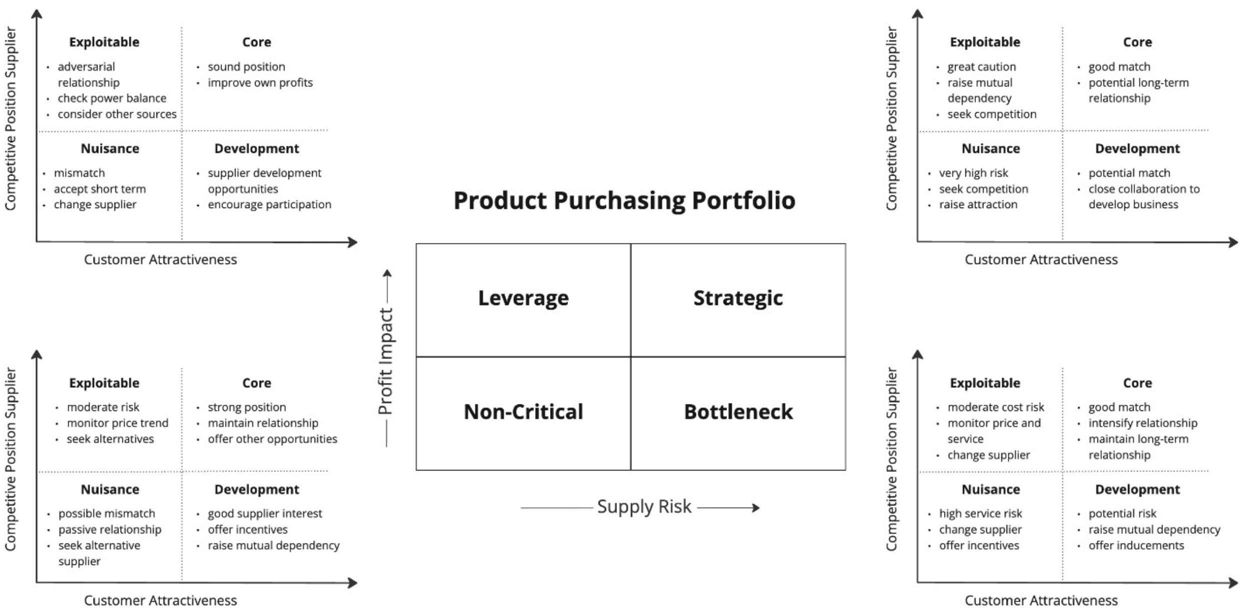

Figure 2: The Dutch Windmill. Based on van Weele (2010)

To illustrate van Weele's Dutch Windmill concept, consider the example of an online food retailer, like the one this thesis portrays in later sections as a case study. Typically, a food distributor's inventory portfolio will include all four types of products outlined in the Kraljic Matrix. Milk and flour are commodity-like products that are probably easily accessible from many suppliers but incur very low profit margins. This combination makes milk and flour non-critical products (lower left quadrant). However, specialty products demand more attention. An example of this type of product could be a popular brand of chocolate that is only sold by this single online supermarket and that makes up a significant portion of the company's revenue (upper right quadrant). This constellation of profit impact and supply risk creates a buyer's dependency on the supplier to purchase this chocolate from its supplier. Determined by the retailer's customer attractiveness and the supplier's competitive position, the online food retailer may be able to make its supplier dependent on the retailer. If the retailer can purchase vast volumes of the popular chocolate and promise to buy candy or other adjacent products from the supplier's portfolio, the online supermarket becomes more attractive to the supplier. Thus, an interdependency between buyer and supplier is observable.

In this sense, developing effective supplier relationships may be especially important for start-ups such as nascent e-commerce ventures (Saunila et al., 2019). By exploring the role of dependency in BSRs of start-ups, the relationship dynamic of specific buyer-supplier dyads can be understood more holistically. To fully understand dependency in BSRs, it is furthermore necessary to consider the concept of customer attractiveness. As described above, Van Weele (2010) incorporated customer attractiveness as one of the two dimensions that describe the supplier's perspective on its BSRs. Nevertheless, liabilities of smallness and newness often hinder start-ups from becoming the most attractive customers. This concept will be explored in more detail in the following chapter. Before, Table 3 provides an overview of the most significant literature findings concerning BSR dependencies in the context of FMCG start-ups.

Table 3: Key Findings of BSR Dependencies in the Context of FMCG Start-ups

Finding	Reference
Switching costs hinder frequent supplier switching and infers buyer dependency	Cox (2001), Padgett et al. (2020)
Product-focused differentiation of BSR dependencies is more generalizable than business model focus	Kraljic (1983), van Weele (2010)
Buyer-supplier dependency can be bi-directional	van Weele (2010)
Buyer-supplier dependency is influenced by profit impact and supply risk of products	Kraljic (1983)
Buyer-supplier dependency is further influenced by the buyer's attractiveness to the supplier and the supplier's competitive position	Van Weele (2010)

2.5. Customer Attractiveness

While van Weele (2010) introduced the concept of customer attractiveness in the specific context of buyer-supplier dependency, this notion has been well-described in other, more generalized contexts in academia to understand why companies sell to certain clients and not others. The fundamental definition of customer attractiveness is taken from sociological studies on relationships and social exchange theory (La Rocca et al., 2012). According to this study tradition, a party's attractiveness has been widely described as its ability to pique the interest and attention of another party (Blau, 1965; Hansen et al., 1982). In this research stream, customer attraction describes the basic idea that when either the buyer or the seller can draw the relational partner's attention, each may do it in a way that can result in greater loyalty and performance in the relationship. A more cost-effective connection with the counterpart might result from a shared commitment to solve issues and meet demands (La Rocca et al., 2012). While the concept has been examined in sociology for some time, it is a relatively novel notion to business relationship research (Mortensen, 2012, p. 1212). More recently, Industrial Marketing and Purchasing research (IMP) has started to reexamine the concept to explain why suppliers sell to specific customers instead of others (Harris et al., 2003; Hüttinger et al., 2012; Kragh et al., 2022; La Rocca et al., 2012; Mortensen, 2012; Ramsay & Wagner, 2009; Schiele et al., 2012; Wilkinson et al., 2005).

Definition of Customer Attractiveness

In this sense, Harris et al. (2003) define attractiveness as "the extent to which relational partners perceive past, current, future and potential partners as professionally appealing in terms of their ability to provide superior economic benefits, access to important resources and social compatibility" (Harris et al., 2003, p. 12). This definition of attractiveness sets its focus on the perception of the present situation of relational partners.

In contrast, Hüttinger et al. (2012) argue that customer attractiveness is influenced by expectations towards the relationship and how it will develop over time. Therefore, customer attractiveness (CA) is not only based on present factors but also on expectations of the potential future of the relating partners (Ellegaard & Ritter, 2007; Hüttinger et al., 2012). This future orientation must, therefore, also be considered in the definition of customer attractiveness. The different interpretations of attractiveness show that there is not yet one commonly accepted definition of the term (La Rocca et al., 2012, p. 1242). Nevertheless, two aspects are apparent in most understandings of CA: the customer's present and forecasted economic value to the supplier and the relational fit of the customer and supplier (La Rocca et al., 2012, p. 1242). Therefore, this thesis understands customer attractiveness as the economic value and relational fit in both the supplier’s initial perception of a potential customer before initiating a buyer-supplier relationship and while maintaining this relationship.

Elements of Customer Attractiveness

In general, the topic of customer attractiveness is well-studied by several researchers. Ramsay and Wagner (2009) present a list of 49 factors that contribute to CA from the perspective of the supplier firm. Similarly, Hüttinger et al. (2012) present a literature review that provides a detailed list of drivers of customer attractiveness, i.e., market share, demand stability, and tight personal relations (Hüttinger et al., 2012). These factors can be understood as antecedents of a supplier assessing a potential buyer and finding a business relationship attractive. Hence, these customer attractiveness elements can be seen as criteria on which suppliers ex-ante evaluate potential buyers (Hüttinger et al., 2012).

However, most studies do not consider firms' different contexts and economic realities and consider customer attractiveness factors as equally accessible to any venture (Kragh et al., 2022). Low-leverage firms that cannot boast high sale volumes may have to consider different attractiveness strategies than global corporations (ibid.).

Table 4: Customer Attractiveness Factors in Existing Literature. Based on Ramsay and Wagner (2009), Hüttinger et al. (2012), and Kragh et al. (2022)

Paper	Ramsay and Wagner (2009)	Hüttinger et al. (2012)	Kragh et al. (2022)
Economic Factors	Overall profit	Market Size	Additional sales potential
	Revenue elements	Market Share	
	Cost elements	Growth Rate	
	Sales volume	Influence on the market	
	Sales impact	Barrier to entry or exit	
	Sales potential	Access to new customers / markets	
	Payment format	Risk sharing	
	Windfalls	Demand stability	
	Lack of negotiating pressure	Patent protection	
	Risk sharing	Level of integration	
	Revenue insurance	Political risk	
	Demand stability	Market stability	
	Forecast reliability	Margins	
	Early R&D involvement	Price/volume	
	Financial probity	Cost elements	
	Market access	Value creation	
		Leveraging factors (economies of scale, experience)	
		Capacity utilization	
		Negotiating pressure	
Resource Factors	Supplier learning opportunities	Standardization of product	Supplier learning
	Low modification rate	Dependence	Feedback to suppliers
	Appropriately trained staff	Level of transaction-specific assets	Feedback on supplier's roadmap
	Institutional access	Customer's ability to cope with changes	Product improvement suggestions
	Market information	Depth of skills	Product access for suppliers
	Competitor sales support	Types of technological skills	Sharing of roadmap with suppliers
	Supplier independence/power	Commitment to innovation	General technological discussions and feedback
	Buyer dependence/power	Knowledge transfer	
	Interest commonality	Supplier training and field visits	
	Diversification facilitation	Early R&D involvement	
	Customer-led innovation	and joint improvement	
	Supplier-led innovation support		
	Reputation		
Social Factors	Good inter-organizational staff relations	Possibilities for face-to-face contact	Continuity in contacts
	Personal preferences	Supplier participation in internal teams	Contacts from different functions
	Personal motivation	Tight personal relations	Frequent visits

Paper	Ramsay and Wagner (2009)	Hüttinger et al. (2012)	Kragh et al. (2022)
	Personal meetings	Familiarity	Road trips to suppliers
	Contact stability	Similarity	Regular meetings
	Long-term interactions	Behavior	
	Roles and responsibilities	Communication	
	Performance feedback	Information exchange	
	Joint teams		
	Fairness		
	Independence/power		
	Customer attentiveness		
	Fairness		
	Trustworthiness		
	Receptiveness to supplier ideas		
Application Limitation	None Specified	None Specified	Low-leverage firms, especially start-ups

Table 4 shows three broad categories of customer attractiveness factors: economic, resource, and social. As recognizable in Table 4 and argued by Kragh et al. (2022), low-leverage firms like start-ups usually cannot rely on economic factors to become attractive customers for their suppliers and thus have to hone in on resource and social factors to build supplier relationships. Illustrating this view and contrasting Ramsay and Wagner (2009) and Hüttinger et al. (2012), La Rocca and Snehota (2021) argue that customer attractiveness for start-ups is based on elements that differ from those found in research on established businesses. For example, the expected business volume may not necessarily be deciding factor of customer attractiveness for start-ups in supplier relationships (La Rocca & Snehota, 2021, p. 408). These differences in dimensions of customer attractiveness occur because the economic factors of customer attractiveness are most often negligible among start-ups. Hence, researchers must consider different attractiveness dimensions to explain why suppliers collaborate with a particular new venture and not another. To this end, La Rocca et al. (2012) identify four dimensions of attractiveness for start-ups: development potential, intimacy, relational fit, and profitability (La Rocca et al., 2012).

While the elements of customer attractiveness shown in Table 4 help to understand what makes a buying firm an attractive customer for suppliers, it does not indicate what buyers can do to elevate how their (potential) suppliers perceive them. Tanskanen and Aminoff (2015) give insight into this in a multiple-case study of BSR dyads (Tanskanen & Aminoff, 2015). In their paper, the authors argue for four distinct categories of attractiveness that firms can improve to become more appealing customers. Similar to the categorization shown in Table 4 and in many other studies on customer attractiveness, Tanskanen and Aminoff (2015) distinguish economic-based attractiveness, behavior-based attractiveness, resource-based attractiveness, and bridging-based attractiveness (Tanskanen & Aminoff, 2015). From this, the authors argue that a company seeking to improve its appeal to a supplier should first understand what that supplier finds appealing before adopting the cost-benefit perspective. At this point, the business should explore all the potential ways to increase its appeal and concentrate on the components with the best cost-benefit ratios (Tanskanen & Aminoff, 2015). While the authors show that the popular belief is that becoming more appealing customers is only possible by growing the economic attractiveness, companies may be wise to employ more cost-effective strategies (Tanskanen & Aminoff, 2015). These low-cost strategies aimed at becoming more attractive customers may be especially vital for nascent businesses. Due to start-ups' liabilities of newness and smallness, suppliers could be too cautious when cooperating with start-up companies, while simply increasing the economic benefits for their suppliers through higher business volumes are untenable in the short term. Thus, the difficulty for emerging businesses is persuading suppliers that working with them would result in more rewards than risks. Therefore, to secure crucial strategic supplier commitment and collaboration, emerging businesses must boost their customer attractiveness by overcoming a supplier's perceived collaborative risk (Jenkins & Holcomb, 2021, pp. 1290–1291). La Rocca and Snehota (2021) argue that start-ups can increase their customer attractiveness by focusing on stressing to potential suppliers that these suppliers can benefit from collaboration through gaining stimuli to innovate, reputational benefits, and personal satisfaction from interactions (La Rocca & Snehota, 2021, p. 410). At the same time, La Rocca & Snehota (2021) also stress that the weight of attractiveness factors is hardly generalizable, and the context of the supplier-buyer relationship determines the importance and influence of distinctive attractiveness factors. Similar results are found by Jenkins and Holcomb (2021), who identify five distinct strategies employed by start-ups for increasing customer attractiveness. These include "(1) selling on growth potential, (2) showing commitment to innovation, (3) cooperating with suppliers on solutions, (4) being proactive, and (5) including suppliers in internal teams to convince suppliers to commit financial investment required to support collaboration" (Jenkins & Holcomb, 2021, p. 1300).

However, Jenkins and Holcomb's (2021) paper shows that even if the start-up company employs these strategies well, it does not always mean customer attractiveness will increase. The authors stress a lack of legitimacy and reputation as one of the frequently encountered barriers to supplier-relationship building (Jenkins & Holcomb, 2021). Nevertheless, the authors concede that nascent businesses can leverage "existing social ties and immediate trust" to "positively moderate the effectiveness of their relationship-building practices" (Jenkins & Holcomb, 2021, p. 1307). The role of personal relationships and trust in these interfirm relationships will thus be explored in the next section. Before, Table 5 sums up the most critical aspects of customer attractiveness in the context of FMCG start-ups and their BSRs.

Table 5: Key Factors of Customer Attractiveness Concerning BSRs in FMCG Start-ups

Finding	Reference
Plethora of CA elements available to consider	Kragh et al. (2022), Mortensen (2012), Ramsay and Wagner (2009)
Significance of specific CA elements depends on their context	La Rocca and Snehota (2021), Tanskanen and Aminoff (2015)
Start-ups' CA factors differ from established companies	La Rocca and Snehota (2021), Jenkins and Holcomb (2021)
Economic CA factors are often rather negative for start-ups	Kragh et al. (2022), La Rocca and Snehota (2021), La Rocca et al. (2012)
Start-ups need to employ non-economic tactics to boost their CA	Kragh et al. (2022), Jenkins and Holcomb (2021), La Rocca and Snehota (2021)
Personal, interfirm relationships may enhance effectiveness of BSRs	Jenkins and Holcomb (2021)

2.6. Role of Personal Relationships and Social Capital

To complement the attractiveness-building-strategies portrayed in section 2.5, Ellegaard et al. (2003) argue that personal relationship management is an essential aspect of BSRs as it is a significant factor in building inter-organizational trust (Ellegaard et al., 2003, p. 354). Personal relationships in professional settings refer to interpersonal connections between executives of two firms (Adobor, 2006). Leveraging interpersonal connections can be especially beneficial in buyer-supplier relationship settings. According to Doney and Cannon (1997), the growth of such personal relationships across firms boosts the frequency of communication and fosters trust by giving customers a chance to confidently forecast the supplier's future behavior (Doney & Cannon, 1997). Social capital theory forms a theoretical basis for this construct.

In their 1998 seminal paper, Nahapiet and Ghoshal describe social capital "as the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit" (Nahapiet & Ghoshal, 1998, 243). They furthermore identify three dimensions of social capital: structural, cognitive, and relational capital (Nahapiet & Ghoshal, 1998).

Structural capital refers to the impersonal arrangement of connections between individuals or entities. It describes the general pattern of connections between actors and the modes and frequencies of communication between two actors. In essence, structural capital portrays whom you can contact and how you can reach them (Nahapiet & Ghoshal, 1998). Based on Schiele et al. (2015), Jääskeläinen et al. (2022) suggest that traits of structural capital, such as regular customer contact and meetings, ease of cooperation, and having a designated point of contact, enable the supplier to have a better business relationship with the purchasing company and vice versa. Cognitive capital, on the other hand, refers to shared languages, codes, and goals. Cognitive capital aids in preventing misunderstandings, while suppliers are more interested in forging business ties with buyers when there are common aims (Jääskeläinen et al., 2022; Patrucco et al., 2020).

Furthermore, cognitive capital also includes a cultural dimension, such as geographical proximity (Hüttinger et al., 2014), that can positively or negatively influence a BSR depending on the actors' similarities in this dimension. Lastly, relational capital "focuses on the particular relations people have, such as respect and friendship, that influence their behavior" (Nahapiet & Ghoshal, 1998, p. 244). The concept further relates to the assets that a company can leverage from its relationships with other companies, for example, building trust in personal relationships between employees involved in BSR dyads. Hence, social capital can be used as a framework for the analysis of resource and social customer attractiveness elements.

2.7. Personal Relationships in BSR Dyads in Start-ups

This building of trust through interpersonal relationships can have several benefits.

Kanter (1994) claimed that interpersonal connections among people working for different companies encourage sharing of pertinent information. This information sharing enables partners to understand one another's intentions and interests and encourages cooperative behavior, thereby overcoming some of the limitations formal contracts entail (Kanter, 1994). Similar results were found in a study by Gligor and Holcomb (2013), based on which the authors argue that intra-firm personal relationships can enhance trust through more effective communication (Gligor & Holcomb, 2013). Informal personal relationships can also help resolve minor conflicts before they escalate into significant legal disputes (Butt & Ahmad, 2019; Kanter, 1994). Furthermore, frequent interaction between two parties results in commitment between buyer and supplier, creating value for both parties and enhancing customer attractiveness by the buying side (Kragh et al., 2022). Moreover, personal relationships across firms can even yield higher business volumes (Gligor & Holcomb, 2013). In essence, personal relationships often act as an antecedent to build interfirm-level trust and commitment and enable effective communication, enhancing customer attractiveness in BSRs (Tanskanen & Aminoff, 2015).

For start-ups, leveraging interpersonal relationships could offset a lack of legitimacy and other liabilities of smallness and newness, as the interpersonal relationship could vouch for the start-ups' trustworthiness. Existing literature supports this hypothesis, albeit focusing on established ventures. Butt and Ahmad (2019) argue that the "interpersonal relationships between managers often provide the basis for strong initial trust for a firm to determine whether prospective partners are trustworthy" (Butt, 2018, p. 141, citing Zaheer et al., 1998). According to Volkoff et al. (1999), personal connections between people are beneficial when it comes to initiating a dialogue between potentially partnering businesses (Volkoff et al., 1999). Initiating business relationships through existing personal relationships works by providing firms a prompt to explore possibilities to enter into long-term intra-firm relationships (Xin & Pearce, 1996). Following this logic, start-ups could use existing personal relationships as a way to make themselves become more attractive customers in the eye of their suppliers. However, evidence supporting this method is scant. Some anecdotal evidence suggests that building personal relationships with suppliers is a successful strategy for start-ups to cultivate their first buyer-supplier relationship (Giraldo-Diaz & Fuerst, 2019). Yet empirical, peer-reviewed research in the domain is slim. Consequently, this thesis will therefore investigate this hypothesis in detail.

Nevertheless, Table 6 provides an overview of the current research findings regarding the role of personal relationships concerning BSRs in FMCG start-ups.

Table 6: Key Findings of the Role of Personal Relationships Concerning BSRs in FMCG Start-ups

Finding	Reference
Characteristics of BSR dyads can be analyzed regarding their structural, cognitive, and relational embeddedness	Jääskeläinen et al. (2022), Nahapiet and Ghoshal (1998)
Personal relationships across firms boost the frequency of communication and foster trust	Kanter (1994), Doney and Cannon (1997), Ellegaard et al. (2003)
Personal relationships can vouch for trustworthiness in intra-firm relationships	Butt & Ahmad (2019)
Personal relationships provide prompts for initiating interfirm relationships	Xin and Pearce (1996), Giraldo-Diaz and Fuerst (2019)

3. Synthesis and Preliminary Research Model

Based on the previous literature review, this thesis proposes a preliminary research model to describe key influencing factors that govern the process of initiation and maintenance of supplier relationships in FMCG start-ups. Figure 3 shows this preliminary research model.

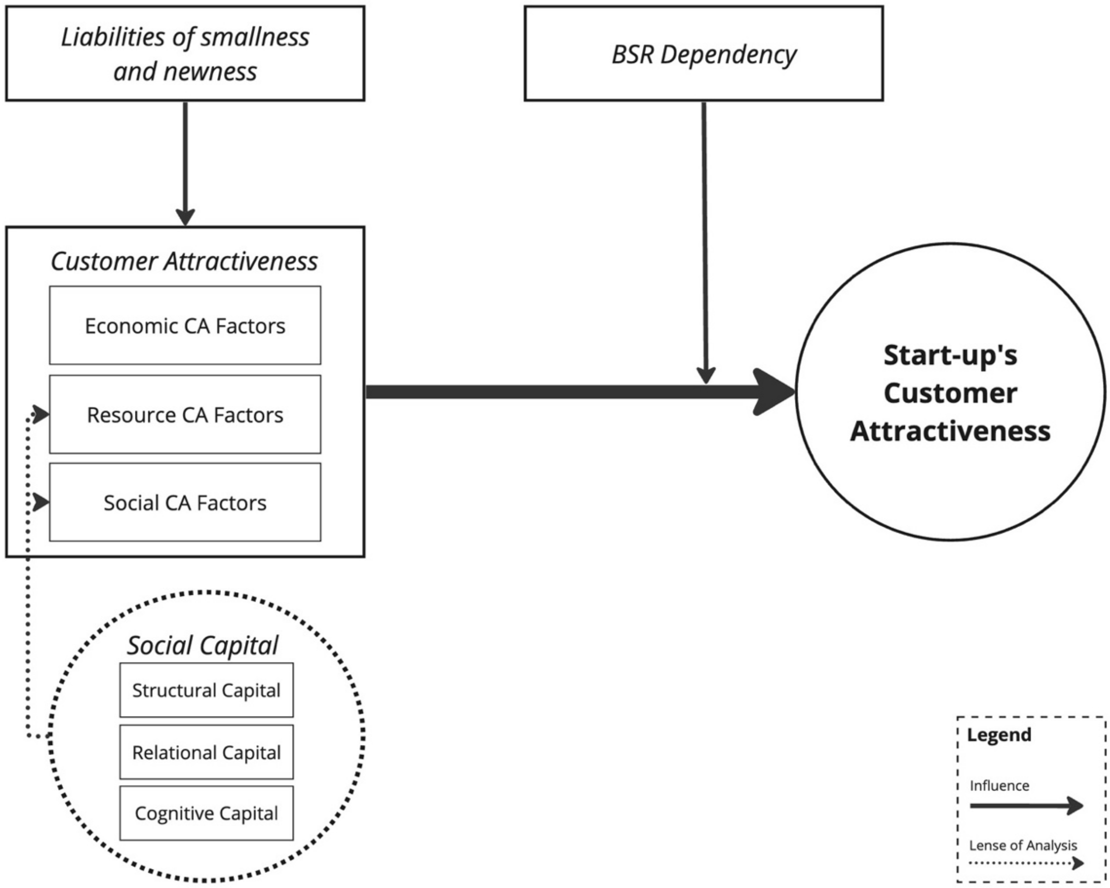

Figure 3: Preliminary Research Model. Own visualization.

The model includes the following key relationships:

- Liabilities of smallness and newness broadly affect the customer attractiveness of FMCG start-ups to potential suppliers. These liabilities include limited financial and other resources, an inherent lack of legitimacy, and collaboration risks. At the same time, these start-ups can present their potential suppliers with the opportunity to access new markets and offer innovation potential.
- The influence of smallness and newness on customer attractiveness elements can be seen in three categories of customer attractiveness. The influence of economic customer attractiveness may be manifested by potential suppliers possibly being hesitant to work with start-ups that do not have an established track record of success and lack the market penetration that makes a collaboration financially attractive. Furthermore, start-ups may be unable to offer the same level of payment security or volume commitments as larger, more established companies. At the same time, the growth and innovation potentials of start-ups may be attractive to potential suppliers.

- The influence of resource and social customer attractiveness elements in start-ups depends on the specific context. In some cases, these elements may act as positive moderators that enhance the attractiveness of start-ups to potential suppliers, i.e., through informal, non-hierarchical communication channels or frequent personal interaction. In other cases, they may act as negative moderators that decrease attractiveness.
- Resource and social customer attractiveness elements can be analyzed through the framework of social capital theory. Social capital, particularly personal interfirm relationships, can moderate the impact of resource and social customer attractiveness elements. For example, a start-up may be able to leverage existing personal relationships with suppliers or industry contacts to overcome some of the liabilities of smallness and newness by having interpersonal contacts vouch for the trustworthiness of the start-up. Moreover, personal relationships may facilitate informal communication and reduce complexity within the buyer-supplier relationship.
- BSR dependency, or the extent to which a start-up relies on a particular supplier for key resources or inputs, as well as a supplier relying on the start-up as a revenue source, can both positively and negatively moderate the impact of economic customer attractiveness elements. For example, a start-up may be willing to accept less favorable payment terms if it is highly dependent on a particular supplier for critical inputs. This makes the start-up more attractive for the supplier. At the same time, start-ups may become less attractive customers when the supplier operates in a highly competitive market and is dependent on the start-up to buy its products.

Overall, this model highlights the complex interplay of factors that influence the initiation of supplier relationships in FMCG start-ups. While smallness and newness can be significant barriers to entry, start-ups may be able to leverage other factors, such as social capital and BSR dependency, to overcome these challenges and establish successful supplier relationships. In the data gathering section of this thesis, the presented preliminary model forms the basis of the interview guideline and is thus tested in a practical setting.

4. Research Design

As portrayed in section 2.5, the concept of customer attractiveness is well described in recent publications. Plenty of studies have explored factors of customer attractiveness in BSRs, both in established firms and in new ventures. This literature would prompt a more quantitative approach to further describe the phenomenon of successful start-ups overcoming liabilities of smallness and newness in the supply chain. However, the focus of this research is not lying on measuring the relative influence of individual customer attractiveness factors. Instead, the goal of this research is to understand the underlying mechanisms at play in building effective buyer-supplier relationships in start-ups. While some aspects of this problem have been studied in detail (compare sections 2.2 to 2.5), the relational behavior of start-ups and their employees, as well as the role of personal relationships across firms in buyer-supplier pairings, in particular, has been understudied (see section 2.6).

Given the limited amount of published research in this specific domain, an explorative research method is fitting appropriately to investigate the process of initiating supplier relationships in start-ups in practice. A case study approach is most suitable for this type of research setting. Case studies have been widely used as one of the most popular research methods in social sciences, like business and management studies (Ponelis, 2015). Since this thesis deals with continuous processes whose essential actors are under development and the limits of the phenomena of interest are not well defined, this research project employed a case study methodology (Yin, 2003). Specifically, a business was chosen whose founders and key personnel were willing to participate in the data collection and grant access to their suppliers out of theoretical consideration. This research design allowed the author of this thesis to take advantage of the researcher's position within the firm, allowing access to key personnel (Miles et al., 2014). The case study research design is appropriate for investigating the selected cases in depth and offers excellent data collection possibilities with detailed analyses of the steps undertaken during the process (Ponelis, 2015). Moreover, this research approach allows this thesis to gather in-depth insights and generate a detailed enough description that can be applied to comparable circumstances (Merriam, 2009; Ponelis, 2015).

4.1. Sampling and Data Collection

Specifically, this research project analyzed the French start-up La Fourche and their German subsidiary Ackerherz. Founded in 2018, La Fourche is a business-to-consumer (B2C), subscription-based online food retailer offering up to 50% discount on everyday organic food items (La Fourche, 2022). As a food retailer, La Fourche relies on a network of suppliers from France and other European countries. As the company has been in operation for four years, it has undergone the initiation and maintenance of multiple start-up-supplier relationships. Since the company has experienced decent success in France, it has expanded operations to Germany, launching its subsidiary Ackerherz for the German market in September 2022 (Ackerherz, 2022).

Therefore, the analysis of both La Fourche's and Ackerherz' supplier relationships offered the unique opportunity to contrast the initiation of supplier relationships in two different market environments and different development stages yet with very similar product offers and equal business models. At the same time, both La Fourche and Ackerherz rely on multiple suppliers. Because of this setting, more than one supplier-start-up dyad could be analyzed in detail. Hence, a multiple-case study approach was used. This approach allows researchers to examine variations both within and between cases via a multiple case study. Replication of findings across cases is the aim. The instances must be carefully picked since comparisons will be made, allowing this thesis to anticipate either consistent findings across cases or inconsistent results based on a hypothesis (Baxter & Jack, 2015; Yin, 2003).

Data collection for the case study centered around a series of interviews with La Fourche and Ackerherz senior executives and their suppliers. Specifically, interviews were conducted with La Fourche's founding team, including the co-founding Chief Executive Officer and Chief Operations Officer, the Head of Offering and Supplier Relationships, senior employees of the offering team, and two executives of their suppliers. For Ackerherz, an interview with the CEO was conducted, as well as interviews with four executives of all of Ackerherz' suppliers at the time of the interviews.

This sample was chosen to cover multiple angles and experiences of the same events. This approach aimed at gaining a holistic perspective on the processes that had taken place and were still underway at La Fourche and Ackerherz concerning their supply chain management activities. The CEO of La Fourche was interviewed to gain a macro perspective on the initiation of La Fourche's first supply channels and the development of supplier relationships. By interviewing the CEO as well as the COO, this research project was able to compare the intricacies of BSR building at different stages of a start-up, as well as with different kinds of suppliers. While the CEO of La Fourche had expert knowledge of the product suppliers that supply La Fourche with groceries to be sold to the end-consumer, the Chief Operations Officer displayed intricate knowledge about the relationship with transportation service suppliers and third-party logistics suppliers. Therefore, interviewing both subjects enabled this thesis to analyze not only supplier relationships of a particular industry but broaden the analysis and evaluate supplier relationships with start-ups in a slightly different context. By interviewing both the CEO and COO, the analysis of the La Fourche case covered not only the relationships with its end-product suppliers but also service suppliers in the form of parcel transportation providers.

Moreover, this approach made it possible to learn from the founders' experience of convincing the very first supplier to collaborate with La Fourche and exploring experiences of negotiating with new suppliers at the time of the interviews, five years after the start-up's launch. To uncover more recent experiences and detailed day-to-day practices in La Fourche's supplier relationship management was discussed with La Fourche's Head of Offering as well as two other executives of the purchasing team. Executives of La Fourche's most important suppliers were interviewed to gain insights into the suppliers' perspective on the relationship with La Fourche compared to other, more established buying companies. For Ackerherz, the same general approach was taken in regard to interviewing both Ackerherz' head personnel and executives of their German suppliers. Due to their smaller staff size, Ackerherz interviews were only held with the

General Manager, who was the only executive entrusted with a procurement role at the time. In total, twelve interviews were conducted.

Interviewing both La Fourche and Ackerherz executives, as well as their respective suppliers, served two purposes. First, it allows a comparison of BSR initiation and management at different stages of start-ups at different maturity stages yet operating in the same industry, offering essentially the same services and products. Second, interviewing separate relationship dyads enabled the exposure of personality-dependent factors that may influence the relationship between start-up and supplier but are specific to an individual person. Interviewing executives in similar roles working at different companies thus made it possible to account for intricacies in the relational behavior of individuals in these interfirm relationships. Table 7 details the interview sample and the purpose of the individual interviews.

Table 7: Interview Sample and Purpose

Token	Interviewee	Interview Purpose / Goal
Exec 1	Senior Level Executive at La Fourche	Explore strategic perspective process of initiation and maturation of BSRs
Exec 2	Senior Level Executive at La Fourche	Explore practical perspective of process of initiation and maturation of BSRs
Exec 3	Senior Level Executive, Offering and Sourcing at La Fourche	Explore process of professionalization of sourcing department and BSR strategy
Exec 4	Senior Sourcing Manager at La Fourche (1/2)	Explore current state of BSRs at La Fourche
Exec 5	Senior Sourcing Manager La Fourche (2/2)	Explore current state of BSRs at La Fourche
Sup 1	Director Wholesaler / Long-Term Supplier for La Fourche	Explore current state of BSR dyads at La Fourche from wholesale supplier perspective
Sup 2	Account Manager Producer / Long-Term Supplier for La Fourche	Explore current state of BSR dyads at La Fourche from supplier perspective
Exec 6	Senior Level Executive at Ackerherz	Explore process of initiation and maturation of BSRs in early-stage start-up
Sup 3	Sales Representative at Wholesaler-Supplier for Ackerherz (1/3)	Explore BSRs with early-stage start-up from supplier perspective
Sup 4	Account Manager at Wholesaler-Supplier for Ackerherz (2/3)	Explore BSRs with early-stage start-up from supplier perspective
Sup 5	Account Manager at Wholesale-Supplier for Ackerherz (3/3)	Explore BSRs with early-stage start-up from supplier perspective
Sup 6	Account Manager at Producer-Supplier for Ackerherz	Explore BSRs with early-stage start-up from supplier perspective

4.2. Interview Design

The interview guideline was created based on the literature-based theoretical foundation of the thesis, adopting an approach described by Bogner et al. (2014). This literature-based theoretical foundation enables the interview to be sufficiently exploratory while assuring an effective dialogue. As asking the experts direct research questions is impractical, Kaiser (2014) suggests operationalizing the research questions. This operationalization aims to ensure that the data from the interviews is comparable to the theoretical framework of this thesis during the evaluation. Hence, the interview guideline served as a means of translating the theoretical framework of this thesis into the context of the expert's practical experience (Kaiser, 2014). Specifically, the interview guideline translated all parts of the research model described in chapter 3 into discussion points of the interviews. Consequently, the interviews included questions on the industry context of the interviewees' respective companies, their buyer- or supplier-relationships and associated challenges, the perception of customer attractiveness in the interviewees' companies, social capital in their BSRs, as well as the influence of personal relationships.

As the interview partners represent various business functions within their respective companies, they have varying degrees of knowledge in the different sub-topics of this research project and diverse areas of expertise. Hence, the interview guideline was adapted to account for the interviewees' respective competencies and backgrounds. However, the core subjects stayed the same. Prior to the initial interview, the interview employed pilot testing of the interview guideline to ensure that the questions, structure, and functioning of the interview guide were straightforward and working proficiently (Kaiser, 2014). Weaknesses in the guideline were discovered through a conversation with a test participant before the study's execution, and the required revisions were implemented without misrepresenting or hurting the study's findings (Turner, 2010). Annex 1: Interview Guideline shows the final interview guideline.

4.3. Data Analysis

To systematically capture the essence of the conducted interviews, this thesis applied the commonly used rule-based qualitative content analysis described by Mayring and Fenzl (2019). Before analyzing the interviews, the audio files of the interviews were first transcribed using the semi-automated audio transcription software *Trint.* The interviews were transcribed using literal transcription rules based on the description by Kuckartz (2018). **Error! Reference source not f ound.** details the applied transcription rules.

After the rule-based transcription of all interviews, the interviews were coded and analyzed primarily using a deductive interview coding approach described by Skjott Linneberg and Korsgaard (2019). The basis of this structure was built on the theoretical groundwork of this thesis, aggregated in the preliminary research model (see chapter 3). The code system was then redefined to determine additional categories that became apparent during the analysis of the interviews. Hence, the final code system combines both deductive and inductive approaches, resulting in a blended approach most commonly used in the qualitative content analysis of interview material (Skjott Linneberg & Korsgaard, 2019). This code structure was subsequently applied to all transcripts using the software *Atlas.ti*. While the goal of this coding structure is to categorize the interview material as precisely as possible, these categories are not mutually exclusive in all cases. Especially in regard to resource and social factors of customer attractiveness, some overlap with codes concerning social capital was tolerated to adequately portray the spirit of the interview results.

Figure 4 visualizes the final code structure. Chapters 5 to 7 portray the results of the interviews.

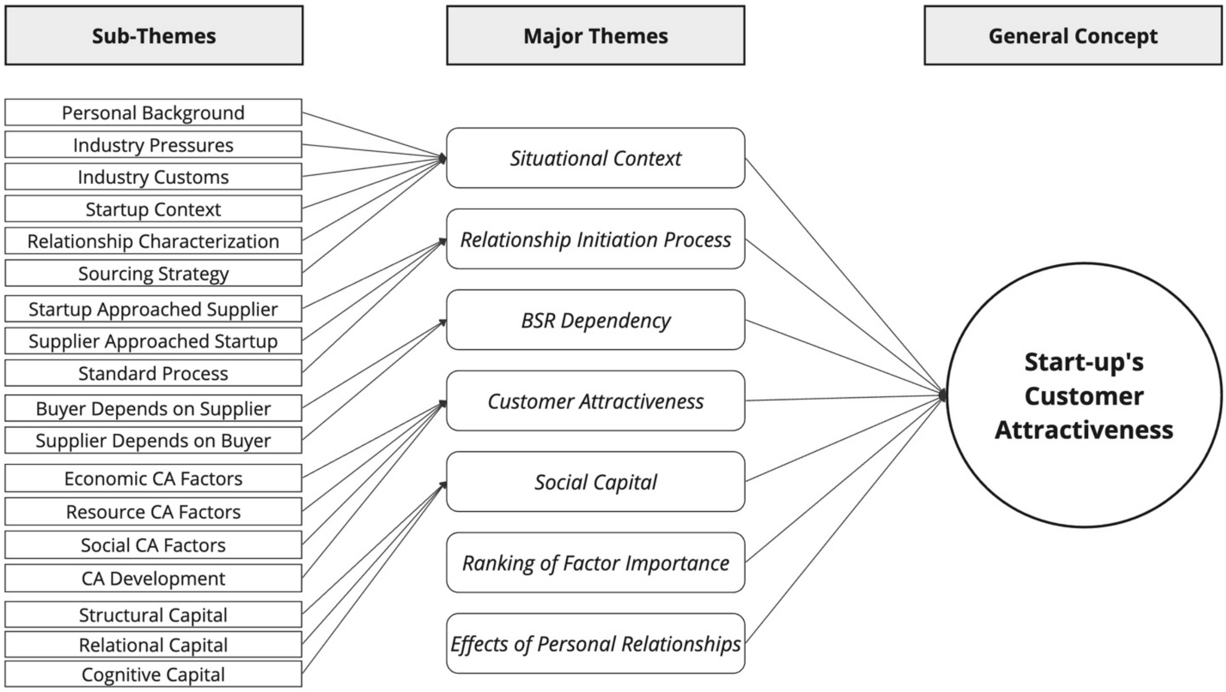

Figure 4: Interview Coding Structure. Own illustration.

5. Interview Results – La Fourche

To sufficiently comprehend buyer-supplier relationships at La Fourche and Ackerherz, the following chapters detail the results of the conducted interviews, as outlined in chapter 4. Separating both cases, chapter 5 portrays the interview results of the relationship dyads concerning La Fourche before Ackerherz' BSRs are detailed in chapter 6. Then, this thesis compares both cases in chapter 7.

The following three chapters are structured as follows: The first subsection describes the situational context of the interviewees and their respective companies. This context is essential to avoid misinterpretation of the statements given by the interviewees. Following the coding structure outlined in Figure 4 and detailed in **Error! Reference source not found.**, this subchapter p ortrays the personal and professional background of the interviewees, the experienced industry pressures, and the customs of the organic food industry. It further depicts the intricacies of working for or with start-ups and manifestations of liabilities of smallness and newness. Additionally, it describes accounts of the sourcing strategy of the start-ups and characterizations of the buyer-supplier relationships as experienced and stated by the interviewees. Following the situational context, the interview results regarding the relationship initiation process and BSR dependency are portrayed in detail. The subsequent section depicts the respondent's answers concerning customer attractiveness, social capital, their ranking of factor importance, and the business effect of personal relationships.

To demonstrate the results of the interviews, the following chapters use direct quotations and indirect citations of the interview transcripts, indicating the interviewee and the number of the paragraph of the respective interview transcript the citation refers to. The name tokens in these citations refer to the individual interviewees, as described in Table 7. Before describing the interview results of the La Fourche case in detail, Figure 5 gives an overview of the most significant interview results. The interview results that differ significantly from the Ackerherz case are marked in red and discussed in detail in chapter 7.

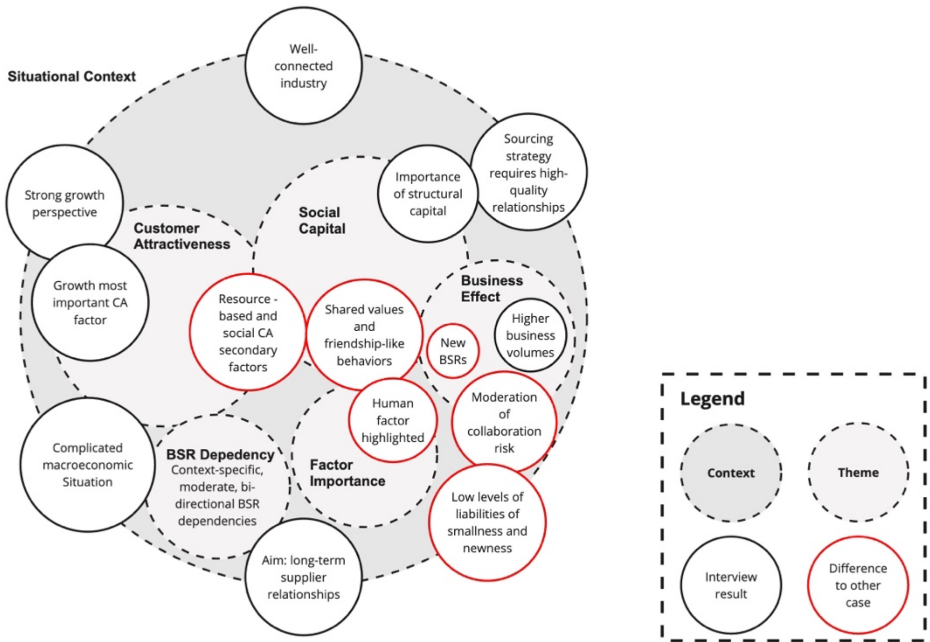

Figure 5: Thematic Map of Interview Results, La Fourche Case. Own illustration

5.1. Situational Context

The interviewees can be allocated into three typical backgrounds. La Fourche's most senior personnel had neither a specific background in either purchasing, sourcing, nor in operations. Additionally, they had no existing personal or professional relationships in the organic food industry or e-commerce (cf. Exec 1, 11, 44; Exec 2, 11). However, the senior staff of the purchasing team of La Fourche did have rather extensive backgrounds and pre-existing relationships in the food industry, if not specifically in the organic food industry. Before joining La Fourche, these employees worked at some of the largest supermarket chains in France (cf. Exec 4, 15; Exec 3, 14), or in start-ups in the cosmetics industry (cf. Exec 5, 15).
Similarly, the interviewees working at La Fourche's suppliers also had extensive professional experiences in the food industry (cf. Sup 1, 12; Sup 2, 20).

Completing the portrayal of an industry that is relatively small but well-connected within itself, where "everyone knows each other and stays in the organic market, exchanging contacts" (Exec 3, 86), the French respondents stated that in the organics industry, people have "pretty good relationships all around" (Sup 1, 60). This interconnectedness of the industry leads to a basic level of trust between most buyers and suppliers across the industry (cf. Sup 1, 62). At the same time, the actors in the industry were described as paying particular attention to beliefs, norms, and personal judgments of industry players. The interviewees described an industry that highly regards authenticity and company values, more so than other industries (cf. Exec 1, 65).

Against this background of the importance of values and relationships, the interviewees described an overarching climate of tough economic times experienced by the organics industry. However, La Fourche itself may have benefitted in some regards from the inflationary times, as their competitors "made less turnover than the year before, while [La Fourche] made 30% more turnover" (Exec 4, 75). In this way, this presented an opportunity for the expansion of La Fourche's business as their suppliers "[wanted] the market to expand obviously because they feel the pains of the industry" (Exec 1, 32). At the same time, the inflationary situation also created a strain on the buyer-supplier relationships as negotiations sometimes turned into existential questions:

> *In negotiations, it's always very difficult, especially when we have this inflation time that we have now. You have to understand which supplier is going to take advantage of the inflation and which one is really in a bad situation. (Exec 5, 32)*

> *I'm pretty sure that within five years, at least five brands will just go bankrupt. So it's difficult to ask them to lower their prices or to question the price increase on their side. (Exec 5, 105)*

Even with the external economic pressures and strenuous price negotiations, both the suppliers and La Fourche executives described the relationships almost exclusively as very positive (cf. Exec 1, 16; Exec 4, 19; Exec 5, 19; Sup 2, 24). La Fourche views their supplier relationships not only as a transactional means to an end but more like "long-term partnerships" and tries to create "win-win situations" (Exec 3, 16; cf. Exec 5, 101). In some instances, the buyer-supplier relationships were characterized as collaborations instead of transactional business relationships (cf. Exec 1, 16; Exec 5, 19-23; Sup 1, 16). Therefore, La Fourche was also interested in the long-term success of their suppliers:

> *Even in years of high inflation, we try to find the best agreement for both parties. So, we act as negotiators, but we try not to be too hard on the supplier. We aim to find a compromise. (Exec 3, 16)*

However, this long-term thinking differed significantly regarding La Fourche's relationships with its transportation service providers. Here, the opposite was the case, as Exec 2 described how they "change[d] providers pretty often […], on average [changing] providers at least once every six months" (Exec 2, 15). This was done to maintain a high quality of service and negotiate the best prices, but also to be taken seriously by the service providers (cf. Exec 2, 15-20).

The interviewees depicted La Fourche's sourcing strategy as based on two main aspects. The first aspect concerned the type of supplier the company worked with. Depending on a particular product's volume, La Fourche bought their products from a wholesaler or directly from the producer (cf. Exec 4, 27). Secondly, La Fourche sold two types of products: national brands and their private label products, marketed as La Fourche brand products (cf. Exec 4, 35). While the relationships with the national brands were usually less engaging, the relationships with private label suppliers were the ones that felt like collaborations to La Fourche's employees (cf. Exec 4, 23; Exec 5, 19-23).

Putting somewhat of a strain on its BSRs, La Fourche faced the challenge of phasing out national brands in some categories in favor of their private label products while continuing to work with the same suppliers for other products or even taking them on as the producers of their own private label products (cf. Exec 5, 52).

Overcoming these challenges of their sourcing strategy required high-quality relationships with their suppliers. The quality of La Fourche's supplier relationships was supported by a two-folded sourcing strategy with distinct objectives: "one to push our private label products and give space to [La Fourche's] own brand. But it's also a way to select and push our partners" (Exec 1, 16). By selecting exclusive suppliers for particular product categories, La Fourche was able to eliminate category-specific competition for their suppliers they experienced at other organic shops and push "sales to one specific, trusted brand" (Exec 1, 16). With this strategy, La Fourche changed the nature of the buyer-supplier relationships because the suppliers "feel that they have some privilege because they have been selected by [La Fourche]," which "influences negotiations as this gives a certain leverage and […] influences the relationships" (Exec 1, 16). This enabled La Fourche to have a "different, direct discussion" with their suppliers by being able to highlight to their suppliers that they would not "have the two main competitors that [their suppliers] usually have" (Exec 1, 70).

Additional aspects of La Fourche's sourcing strategy included the company's aim to substitute about 25% of the products in their catalog per year (cf. Exec 3, 24). This practice created a specific dynamic and opportunity to access new products without cannibalizing existing products and

negotiating better prices. This product sourcing strategy was similar to the service provider sourcing strategy, which also resulted in frequent changes in the service providers (cf. Exec 2, 15). Furthermore, Exec 3 stated that they recently decided to work only with one wholesaler going forward, along with the plethora of producers the start-up sources their product catalog from (cf. Exec 3, 58). This decision allowed La Fourche to negotiate better purchasing prices, streamline its operations, and focus its resources on that one partnership (cf. Exec 3, 58).
Lastly, besides the wholesaler, La Fourche aims to work with mid-sized suppliers instead of very large or very small partners, reducing the collaboration risk for both sides and improving commercial conditions (cf. Exec 5, 28).

At the point of the interviews, La Fourche employees reported only a small number of instances where its employees felt the constrains of being a start-up and the associated liabilities of smallness. The instances where these challenges did appear concerned the relationships with its logistics service providers. For La Fourche, the most recent issue was finding transportation providers who were ready to commit sufficient resources to La Fourche to be able to absorb their vastly increasing parcel volume (cf. Exec 2, 76). Complicating this challenge were precisely the liabilities of being “a young company; [La Fourche] could be bankrupt tomorrow or [they] could just have flat growth for the next two years” (Exec 2, 76).
In the product procurement department, the challenge did not occur any longer. Sup 2 noted that in his perception, “it's not really a young company […], because they are really thinking like a big company, they are structured like a nice company” (Sup 2, 40).
While the issues associated with being a young and small company did not presently occur, La Fourche executive did recall its growing pains, summing it up by saying: “When you’re small, you don’t matter. That was the main challenge at the beginning” (Exec 2, 40). This meant that they could not create the assortment they wanted and could not work with specific brands they wanted (cf. Exec 1, 53). It further meant having to accept smaller margins because of a lack of purchasing power and thus “very little bargaining power in total” (Exec 1, 53). In turn, their lack of bargaining power and uncommon business model shut the company out from working with several suppliers as some in the industry feared that La Fourche would start a price war (cf. Exec 3, 32).

> *We wanted to keep our business model hidden. It was complicated and unproven at the beginning because of the pricing discount we offer. One of the largest suppliers we had back then quit after two or three months because they saw our prices. They said, "I'm not delivering to you in two months; I'm quitting." At the very beginning, it was really difficult because we were very small and unproven. (Exec 1, 36).*

Overcoming this challenge meant a lot of explaining the business model and reassuring their suppliers that La Fourche would not start a price war in the industry (cf. Exec 3, 24; Exec 4, 51). Their unproven business model and lack of volumes prevented the company from implementing its original sourcing strategy and forced it to instead work with wholesalers for the bulk of its product sourcing (cf. Exec 3, 38-40). Nevertheless, these issues were not as present anymore at the time of the interviews.

5.2. Relationship Initiation Process

Besides these early challenges, La Fourche executives described the process of initiating new supplier relationships as relatively uncomplicated. The very first supplier relationships were initiated at trade shows, where they understood that they had to work with wholesalers first before being able to approach producers directly (cf. Exec 1, 40). Just having started the company, it was mostly the start-up who approached the suppliers (cf. Exec 3, 32), even though they did not have any pre-existing relationships in both the parcel transportation industry or the organic food industry (cf. Exec 1, 42-44; Exec 2, 40).

However, even back then, suppliers also approached La Fourche only a few months into operation (cf. Sup 1, 32; Sup 2, 24). With growing media coverage and gaining attention from the industry, suppliers approaching La Fourche became a regular occurrence (cf. Exec 3, 32). At the time of the interviews, the relationship initiation process was started both by La Fourche approaching suppliers directly and vice versa, with a tendency of the supplier contacting La Fourche more often than the other way around (cf. Exec 3, 30-32; Exec 4, 47; Exec 5, 25). This was described as the standard process of BSR initiation at La Fourche (cf. Exec 3, 31-32).

5.3. BSR Dependency

The interviewees portrayed the topic of dependency in La Fourche's BSRs as very context-sensitive. La Fourche executives noted that for certain very popular products, they are indeed very dependent on their supplier, especially for brands that are well-known and boost a strong brand recognition with consumers (cf. Exec 4, 71; Exec 5, 46-52). The same is the case for the service providers. Here, one La Fourche executive noted that the delivery part of the business is the only face-to-face interaction with the costumers that occurs, and this part of the business is controlled by La Fourche's service providers (cf. Exec 2, 13). Hence, La Fourche was "super dependent on the [service providers] because they are the sole providers of this crucial part of La Fourche's service" (Exec 2, 28). This dependency posed an existential threat to La Fourche (cf. Exec 2, 28). At the same time, competition within both the transportation service market and the organic food producer market moderated La Fourche's supplier dependency, as well as their increased revenue and business volume (cf. Exec 2, 19; Exec 2, 32; Exec 3, 33; Exec 4, 67). Therefore, the start-up's overall dependency on its suppliers was described as moderate and spotty (cf. Exec 3, 71; Exec 4, 67).

Reversely, La Fourche executives noted that their suppliers were currently at least somewhat dependent on them (cf. Exec 2, 34; Exec 4, 19; Exec 5, 56), which was not the case a few years ago (cf. Exec 5,56). On the other side, La Fourche's suppliers did not perceive a relevant level of dependency in either direction (cf. Sup 1, 80-84; Sup 2, 48-52).

5.4. Customer Attractiveness

Noteworthily, when asked about the factors that make La Fourche an attractive customer, the first thing mentioned almost exclusively related to some element of economic attractiveness. Only after being explicitly asked about non-economic factors did the interviewees mention factors that can be categorized as resource or social factors. Details of the interviewee's answers are portrayed below.

The most compelling reason suppliers wanted to work with La Fourche at the time of the interviews was the company's growth history and potential for strong future growth. This is where all the relevant interviewees agreed (cf. Exec 1, 61; Exec 2, 54; Exec 3, 32; Exec 4, 75; Exec 5, 58-60; Sup 1, 76; Sup 2, 76). From the suppliers' perspective, the interviewees also noted that the start-up was already a big client, with a yearly turnover in the millions (cf. Sup 1, 44; Sup 2, 76). Furthermore, selling their products to La Fourche helped the suppliers brand their own private label products (cf. Sup 1, 68; Sup 2, 76). Additionally, La Fourche reached a different set of customers, especially younger demographics, without much disposable income that the suppliers otherwise had a hard to sell to (cf. Exec 3, 18; Sup 1, 76). However, La Fourche was not large enough to accommodate all possible suppliers in the market, as La Fourche had only represented a minor account for some (cf. Exec 1, 32). As a result, La Fourche did not cooperate with such vendors (cf. ibid.).
This economic attractiveness had changed from La Fourche's very early days compared to the point of the interviews with the growth of the company's revenue, yet only in the perception of La Fourche's staff (cf. Exec 2, 32; Exec 3, 92). In the eyes of the suppliers, the attractiveness of La Fourche had not changed (cf. Sup 1, 74-76; Sup 2, 90-92).

From a resource-based attraction perspective, the respondents mentioned three aspects that are attractive to suppliers. First, Exec 1, Exec 2, as well as Exec 3 described the innovation capabilities and the ability to test new products very quickly and without much notice that draws suppliers to working with La Fourche:

> *They need to bring innovation, you know, testing new products. And they innovate with us. So we can test and launch products very quickly on the website, and we can also kill products on the website if they don't perform well. So, we are very good at that. (Exec 1, 20)*
>
> *[Since] we're always testing everything, eager to innovate and test new things, it's sexy enough for new service providers. And along with being pretty quick when it comes to making decisions, this is comfortable for our service providers. (Exec 2, 60).*
>
> *Another key factor is that we are really reactive. If our clients launch innovations, we can launch them quickly, within a week, instead of waiting for months, like it is at big players like Carrefour. This helps our clients test their projects quickly and efficiently. (Exec 3, 88)*

Furthermore, suppliers found it attractive that through La Fourche, they got access to data and information about consumer behavior online and how their products performed on La Fourche's

website (cf. Exec 1, 24; Exec 3, 65; Sup 1, 72). This allowed the suppliers to optimize their performance and better position their products and brand, even with other clients than La Fourche (cf. Exec 1, 24-28; Exec 2, 60; Sup 2, 44; Sup 2, 64-68).
Lastly, and not as prominently as the aspects before, suppliers saw that La Fourche was "doing something for the future, doing business 'the right way'" (Exec 5, 60). Yet this was described as a minor aspect, and reputational benefits for the suppliers were not portrayed as significant (cf. Exec 3, 67; Exec 4, 86-88; Exec 5, 68).

For the interviewees, the social attractiveness factors for La Fourche's suppliers centered around the ease of working with La Fourche. Sup 2 stressed how pleasant it was to work with La Fourche because everyone he was in contact with was amicable (cf. Sup 2, 40-48; Sup 2, 64). The company's employees also described that building enjoyable and stable human connections was imperative (cf. Exec 1, 32; Exec 3, 69-70; Exec 5, 76). This human connection paid off in negotiation situations, making these usually tense discussions easier to navigate (cf. Exec 2, 56; Exec 5, 81).

5.5. Social Capital

La Fourche's social attractiveness stemmed from building adequate social capital with their suppliers, as detailed in the following:
The interviewees stressed that a critical factor in building quality supplier relationships was "talking to them regularly, whether things are going well or badly" (Exec 2, 81; cf. Exec 4, 108). For every supplier, La Fourche executives reported having scheduled "at least three meetings per year with [the] main suppliers" (Exec 5, 81) and up to bi-weekly meetings with the most important ones (cf. Exec 2, 68; Exec 5, 19). Every supplier had a dedicated contact person (cf. Exec 3, 73-74), who they were in contact with on a weekly basis via e-mail, if not for the scheduled meetings (cf. Sup 2, 54-60).
In the interviews, the interviewees portrayed multiple instances of cognitive capital, especially regarding shared values, where they align the most with their most important suppliers.

> *We are a start-up, and we are different than other players in the industry. So we've seen that basically, the people where we have the best relationships are the top suppliers, the top five or top six. Actually, they've been true believers of the mission of La Fourche. And so there's a question of sharing values. […] We're disruptive compared to the current state, so our suppliers need to understand and support our mission in order [for us] to have a good relationship with them. (Exec 1, 22)*

The significance of sharing values in their BSRs was also recognized by other La Fourche executives and their suppliers (cf. Exec 3, 78; Exec 4, 104; Exec 5, 97; Sup 2, 86-88). In the eyes of one La Fourche executive, this allowed them to negotiate better commercial terms (cf. Exec 5, 97).
In terms of relational capital, the interviewees also shared instances of increased trust through the social capital that they had built with their suppliers. (cf. Exec 2, 72). The respondents even portrayed friendship-like interactions (cf. Exec 3, 82; Exec 4, 96-100; Exec 5, 89).

5.6. Ranking of Factor Importance

To summarize the aspects previously discussed, the interviewees were asked to list the most important factors leading to a successful relationship with their suppliers. Notably, the respective respondents perceived this topic rather heterogeneously, with no factor distinctly ranked as the most significant. Nevertheless, most respondents mentioned the following elements as the drivers of successful relationship building with their suppliers, yet in no particular order.

First, the interviewees stressed the importance of some form of human connection in these business relationships (cf. Exec 2, 80; Exec 4, 128; Exec 5, 108; Sup 2, 96). Specifically, the interviewees depicted trust (cf. Exec 1, 79), availability to react to and solve any arising issue (cf. Exec 3, 96), and empathy (cf. Exec 5, 108) as levers for quality BSRs.

Secondly, the interviewees frequently cited transparency (cf. Exec 2, 82; Sup 2, 96) and frequent and honest communication (cf. Exec 2, 82; Exec 4, 128) as significant factors in their successful supplier relationships.

Thirdly, to make the buyer-supplier relationships work, the interviewees mentioned the importance of the business performance, including the turnover (cf. Exec 4, 128), as well as delivering on your forecasts, especially as a young and growing company (cf. Exec 2, 82) as influencing factors.

5.7. Effect of personal relationships

Lastly, the interviewees were asked to discuss the effect of their personal relationships on their respective companies' business relationships. Overall, the interviewees mentioned only positive effects, portraying that the high quality of the personal relationships led to better business relationships and stronger ties between their companies. Concerning a particular buyer-supplier dyad, Exec 3 was convinced that they were "able to make better deals because we have a good relationship" with their supplier (Exec 3, 82). This notion was echoed by other La Fourche executives and suppliers as well (cf. Exec 2, 76; Exec 3, 84; Exec 5, 81; Sup 2, 70-72).

In particular, the personal relationships led to multiple instances of new supplier relationships being initiated (cf. Exec 1, 45; Exec 3; 84; Exec 4, 120; Exec 5, 89). Furthermore, it also led to higher business volumes traded by the concerned parties (cf. Sup 2; 70-72). Operationally, the quality of their personal relationships drove the interviewees to increased operational flexibility, better problem-solving abilities, and helped during negotiations (cf. Sup 2, 56; Exec 2, 73-74). The interviewees further described that their personal relationships enabled them to get access to high-quality, insider market information (cf. Exec 4, 108). Moreover, two executives reported that their respective personal relationships moderated some of the default risks and other kinds of risks for suppliers working with a start-up as it created a basic level of trust between the start-up and its suppliers (cf. Exec 2, 77-78; Exec 4, 112).

5.8. Chapter Summary- La Fourche Results

To summarize the findings of this chapter, Table 8 gives an overview of the most important results concerning La Fourche's BSRs.

Table 8: Summary of the Key Interview Results BSRs at La Fourche

Theme	Finding	Reference
Situational Context	Actors in organics industry were well-connected within the industry, leading to a basic level of trust	Cf. Exec 3, 86; Sup 1, 60
	Complicated economic situation with looming bankruptcies, yet La Fourche boosted strong growth	Cf. Exec 1, 32; Exec 4, 75; Exec 5, 105
	La Fourche aimed to build mostly long-term supplier relationships, co-creating value with suppliers	Cf. Exec 1, 16; Exec 3, 16; Exec 5, 101
	Sourcing strategy required high-quality relationships	Cf. Exec 1, 16; Exec 3, 58
	Only infrequent instances of liabilities of smallness and newness reported	Cf. Exec 2, 76; Sup 2, 40
Relationship initiation process	BSR initiation both by suppliers and start-up, presently more initiations by suppliers	Cf. Exec 3, 30-32; Exec 4, 47; Exec 5, 25
BSR Dependency	Context-dependent: La Fourche felt dependency on specific brands but no general supplier dependency	Cf. Exec 4, 71; Exec 5, 46-52
	Moderate buyer-dependency for suppliers described	Cf. Exec 2, 34; Exec 4, 19; Exec 5, 56
Customer Attractiveness	Most crucial customer attractiveness element: company's growth and ability to reach new demographics	Cf. Exec 1, 61; Exec 2, 54; Exec 4, 75; Exec 5, 58-60; Sup 1, 76; Sup 2, 76; Exec 3, 18; Sup 1, 76
	Innovation capabilities, knowledge and data exchange as resource-based customer attractiveness	Cf. Exec 1, 20; Exec 2, 60; Exec 3, 88; Sup 1, 72
	Social attractiveness elements centering around amiability of La Fourche's employees and ease of working with	Cf. Sup 2, 40-48; Sup 2, 64, Exec 1, 32; Exec 3, 69-70; Exec 5, 76
Social Capital	La Fourche stressed importance of frequent communication and face-to-face visits	Cf. Exec 2, 81; cf. Exec 4, 108, Sup 2, 54-60
	Multiple instances of shared values with most important suppliers, leading to better negotiation outcomes, trust, friendship-like relationships	Cf. Exec 1, 22; Exec 3, 78; Exec 5, 97; Sup 2, 86-88; Exec 3, 82; Exec 4, 96-100
Ranking of factor importance	Significance of elements of human connection in BSRs	Cf. Exec 2, 80; Exec 4, 128; Exec 5, 108; Sup 2, 96
	Additional factors: open communication and business performance	Cf. Exec 2, 82; Exec 4, 128; Exec 4, 128; Exec 2, 82
Business effect of personal relationship	Better deals and higher business volumes because of personal relationships	Cf. Exec 2, 76; Exec 3, 82-84; Exec 5, 81; Sup 2, 70-72
	Initiation of supplier relationships	Cf. Exec 1, 45; Exec 3; 84; Exec 4, 120; Exec 5, 89
	Moderation of liabilities of collaborating with a start-up	Cf. Exec 2, 77-78; Exec 4, 112

6. Interview Results – Ackerherz

Just as the previous chapter portrayed the results of La Fourche's BSR dyads, Figure 6 illustrates the most important themes derived from the interview results. While looking similar to Figure 5, there are significant differences, highlighted in red. The following subsections detail these interview results concerning Ackerherz' buyer-supplier relationships, while differences to the La Fourche case are highlighted in chapter 7.

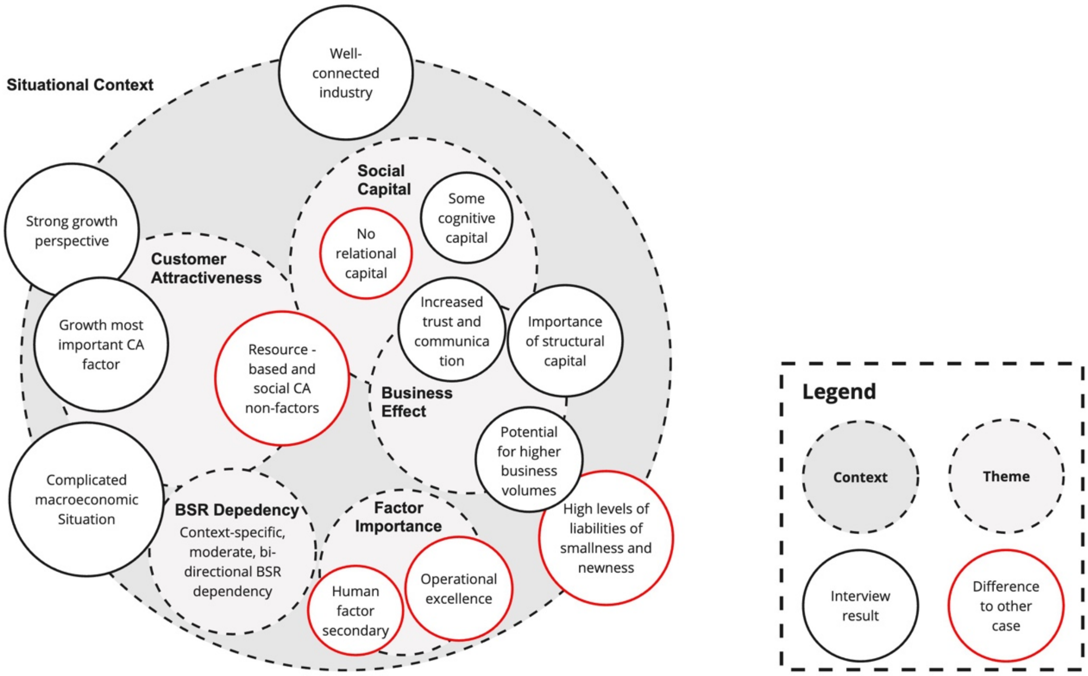

Figure 6: Thematic Map of Interview Results, Ackerherz Case. Own illustration

6.1. Situational Context

The interviewees surveyed regarding Ackerherz' BSRs can be categorized into two themes. The staff of Ackerherz' suppliers mostly had long-time professional experience in the organics industry (cf. Sup 3, 15; Sup 4, 11; Sup 5, 24). Two interviewees even owned organic retail stores (cf. Sup 3, 15; Sup 4, 15). On the other hand, the Ackerherz executive did not have long-term experience in the organics industry specifically but described a career in different kinds of start-ups, including other food industry start-ups (cf. Exec 6, 11).

Prompted to describe the current state of the industry and its customs, the respondents portrayed a relatively conservative industry that had gotten under price pressure in the past few years due to inflation (cf. Exec 6, 99; Exec 6, 117; Sup 4, 83; Sup 5, 56). Alongside this price pressure, the interviewees depicted an expectation of the industry to change from an industry focused on brick-and-mortar stores as the predominant point-of-sale towards adopting e-commerce business models (cf. Exec 6, 57; Exec 6, 95).

This economic situation was described as advantageous for Ackerherz as a young company with an e-commerce-based business model (cf. Exec 6, 57). Nevertheless, the interviewees still

described multiple instances in which Ackerherz was exposed to liabilities of smallness and newness start-ups typically encounter.
This exposure to liabilities of smallness and newness became obvious for one executive when Ackerherz tried to approach wholesalers as their first suppliers and had to rely on contacts of their parent organization La Fourche to make introductions. Without the personal contact, the relationship initiation had not been possible (cf. Exec 6, 31). Due to their small business volume at the time of the interviews, Ackerherz could not freely choose their suppliers but had to comply with the constraints of their wholesalers' commercial conditions, especially regarding minimum order values and data structures (cf. Exec 1; 53; Exec 6, 52; Sup 5, 44; Sup 6, 47-49). Therefore, Ackerherz only worked with two wholesalers and one producer, from whom they sourced directly (cf. Exec 6; 23).

These relationships between Ackerherz and its suppliers were evaluated as relatively positive and uncomplicated, at least by the suppliers, with the suppliers often noting that the relationship had not existed for very long (cf. Sup 3, 23; Sup 4, 79; Sup 5, 28; Sup 6, 19-21). In contrast, the Ackerherz executive painted a different picture, saying the relationships were all tense in their own way, citing his perception of a lack of genuine trust in the relationship (cf. Exec 6, 19). This contrast could be an exposure to the limitations of this thesis, as the interviewers' association with Ackerherz may have prevented the interviewees from criticizing Ackerherz openly. However, chapter 8 discusses this aspect in more detail.

6.2. Relationship Initiation Process

Discussing how their buyer-supplier relationship started, the interviewees mentioned that Ackerherz was the actor that first reached out to the suppliers (cf. Sup 5, 36; Sup 6, 29; Exec 6, 31). Exec 6 noted that for Ackerherz, it was crucial to have the connection to La Fourche as the personal contacts of La Fourche executives were needed to make the first introduction to the suppliers. Without these industry contacts leveraged by personal relationships, Ackerherz would not have been able to initiate the BSRs it had at the time of the interviews. This was criticized as an unnecessary entry barrier:

> *If you know someone, you can start a conversation. If you don't know someone and you try to approach some wholesalers, I think it's almost impossible. It's a mistake by the wholesalers because they really block off that you can easily start business with them because I think they don't see the need. (Exec 6, 31)*

The standard process for relationship initiation for suppliers was reported to start both ways: either the suppliers' sales representatives reached out to existing stores or shops, or new business approached the suppliers directly at trade shows or online (cf. Sup 3, 35; Sup 4, 31; Sup 6, 37). Yet even if the first contact is online, the interviewees described it as customary to have a personal introduction (cf. Sup 5, 52; Exec 6, 36). This was reported to occur even before the suppliers provided details about their product catalog and to first evaluate any potential customer personally, regardless of any harm to the relationship this practice may cause (cf. Exec 6, 36).

6.3. BSR Dependency

In Ackerherz' supplier relationships, the interviewees described potential dependencies as product-specific. Exec 6 felt that "overall, there is some dependency, but it's manageable as it's easy to switch suppliers. It's just certain products that might be hard to replace" (Exec 6, 75). This dependency especially concerned those products that belonged to a well-known brand or were very cheap (cf. Exec 6, 69-73; Exec 6, 81). Thus, the supplier market competition reduced the dependency on the suppliers for the start-up (cf. Exec 6, 69; Sup 4, 63). Reversely, Exec 6 described that there was no financial dependency by the suppliers regarding Ackerherz, yet there might have been moderate strategic dependencies:

> *We are smaller than one organic supermarket, so financially there is no dependency. But strategically, there is a slide deck in the board meeting of [our suppliers], where most likely there is a logo of us. This slide is about new online initiatives or something like that. That's the reason why they work with us. If our name disappeared, then they would need to fill the gap, and right now, there are no other players in our narrow segment. (Exec 6, 87)*

The German suppliers, on the other hand, did not perceive any relevant dependency in either direction (cf. Sup 3, 91; Sup 4, 59; Sup 5, 88; Sup 6, 55-57).

6.4. Customer Attractiveness

When asked about what makes Ackerherz an attractive customer, the respondents agreed that "the economic aspect always comes first, no question" (Sup 5, 72; cf. Sup 3, 59; Sup 4, 55; Sup 6, 65; Exec 6, 53). Specifically, it was the growth potential of Ackerherz backed by the existing proof of the viability of the business model of the French parent company (Exec 6, 53; Sup 5, 44). Additionally, the suppliers mentioned that working with Ackerherz presented an opportunity to grow their own product brand (cf. Sup 4; 51; Sup 6, 65). This opportunity was described as especially attractive in combination with the suppliers' belief that Ackerherz could reach consumer demographics that the suppliers perceived to be underserved (cf. Sup, 3, 63; Sup 6; 65).

Other, non-economic aspects of customer attractiveness were only mentioned when directly prompted. Two this prompt, two suppliers briefly mentioned that they benefitted from some knowledge transfer with Ackerherz (cf. Sup 5, 72; Sup 6, 69). However, Exec 6 doubted that their current suppliers were interested in any knowledge transfer in the first place (cf. Exec 6, 99). Only a producer that Ackerherz currently was not working with directly at the time of the interview had expressed genuine interest in data access and knowledge transfer, according to that interviewee (cf. Exec 6, 99-101).

From a social perspective, the suppliers agreed that they had had only pleasant interactions until the point of the interview (cf. Sup 6, 73). Nevertheless, the suppliers also noted that due to the short existence of the relationship, the social attractiveness of Ackerherz was hard to assess (cf. Sup 6, 69). In the eyes of the Ackerherz executive, the current state of the relationship was

quite uneasy, as he had been avoiding setting up quarterly review meetings to avoid discussing that Ackerherz' growth had been less than what he initially forecasted (cf. Exec 6, 106). Yet this notion was not echoed by the supplier interviewees.
This notion of a slight decrease in the attractiveness of Ackerherz due to downwardly adjusted business volumes was also the only factor that had changed in the eyes of interviewees when asked about the development of the company's customer attractiveness (cf. Exec 6, 135).

6.5. Social Capital

Due to the limited time of the existence of the buyer-supplier relationships at Ackerherz, the interviews produced only minor evidence of significant social capital having been built in the BSRs. Nevertheless, the interviewees did mention some aspects, as detailed in the following paragraphs.

Regarding structural capital, the interviewees noted that Ackerherz had a specific contact person within the supplier's organization and vice versa (cf. Exec 6, 110; Sup 3, 65; Sup 5, 80; Sup 6, 69). Exec 6 believed that the ranking of this contact person in the supplier's company hierarchy reflected Ackerherz' strategic importance as a buyer, describing that one contact person held a rather strategic position at one supplier. In contrast, the others served more operational roles (cf. Exec 6, 110). With this statement, Exec 6 suggested that Ackerherz held a significant position in at least one of the supplier's business relationships. However, despite this structural link, the interviewees agreed that the interactions between Ackerherz and the suppliers were primarily focused on day-to-day operational issues, lacking strategic discussions (cf. Exec 6, 113; Sup 6, 69).

From a cognitive perspective, the interviewees portrayed some shared values between Ackerherz and its suppliers that are generally shared across the organics industry (cf. Exec 6; 117-121). However, the interviewees also pointed out notable differences in philosophies. For instance, Ackerherz' decision to lay off employees for business reasons unsettled one interviewee, as this decision distinctly contrasted their own organizational norms and practices (cf. Sup 6, 77-81). This difference in corporate culture had the interviewee also question the commercial terms of the relationship between Ackerherz and that supplier, even though no action was taken (cf. Sup 6, 77-81).
Due to limited encounters, the interviews revealed an absence of evidence of relational capital. This absence was clearly expressed by Exec 6: "I don't interact frequently enough to have a real relationship" (Exec 6, 125). The other relevant interviewees did not mention any contrary indication of relational capital.

6.6. Ranking of Factor Importance

In response to the question of the most important factors in a successful buyer-supplier relationship, the interviewees mentioned three main themes. First and foremost, the interviewees consistently highlighted meeting the demand and ensuring a smooth process in ordering, delivery, and payment (cf. Sup 3, 97-99; Sup 5, 92). The ability to fulfill orders efficiently, maintaining a functioning warehouse, and relying on a trustworthy carrier were seen as crucial for a successful relationship (cf. Sup 3, 99; Sup 4, 67; Sup 5, 92).

The interviewees further consistently mentioned building trust and maintaining open and honest communication as vital components (cf. Sup 4, 67; Sup 4, 83). Suppliers value honesty, where both parties avoid exaggeration or deception (cf. Sup 4, 83). Active relationship management was also emphasized, with an investment in and commitment to the relationship necessary for its success (cf. Exec 6, 138). This commitment included having a contact person who is responsive and capable of resolving issues promptly (cf. Sup 5, 92; Sup 6, 89).

Lastly, the human aspect and the relationship quality played a significant role for the interviewees. Treating each other respectfully, avoiding a top-down approach, and cultivating a "live and let live" attitude contributed to a healthy relationship, according to the suppliers (cf. Sup 4, 83; Sup 6, 89). Personal connections and customer loyalty were seen as beneficial, although it was acknowledged that business relationships inherently revolve around financial considerations (cf. Sup 5, 92).

6.7. Effect of personal relationships

Like the interviews concerning La Fourche's BSRs, the interviewees for the Ackerherz case were also asked to discuss the effect of the personal relationships they or their suppliers had on the business relationships their respective companies had.

A key observation from the interviews in this regard is that personal connections led to increased communication, trust, and mutual understanding, as stated by the interviewees (cf. Sup 3, 83; Sup 4, 71, Exec 6, 59). Having a good personal connection with suppliers facilitates smoother collaboration, such as offering promotions or working together to increase sales (cf. Sup 3, 83; Sup 4, 75; Exec 6, 59). Furthermore, the interviewees highlighted that the personal bond creates reliability and accountability, where both parties feel committed to delivering on their promises (cf. Sup 4, 75).

The significance of personal relationships is evident in initiating contact and building trust. Meeting face-to-face or having personal conversations, whether in person or through video calls, establishes a different basis for collaboration. Personal interactions simplify communication, enable the exchange of ideas, and enhance problem-solving capabilities (cf. Exec 6, 125; Sup 6, 89). Moreover, the interviewees noted that personal relationships contribute to trust and respectability in business negotiations. Trust and respect were considered prerequisites for conducting business, and if they are lacking, it can hinder the relationship, as portrayed by Exec 6:

> *Especially in the world of wholesaling, they really challenge you in the conversation [...] It's kind of like a boxing fight in negotiations where they test you on a personal level, and I think the trust that you create with them is important. They respect you for that, and I think this carries you far. If they don't respect you as a person, they wouldn't even do business with you. (cf. Exec 6, 128)*

While the interviewees stressed the value of personal relationships, they also acknowledged that personal relationships in business could be challenging due to the underlying financial considerations, making it essential to strike a balance between personal connections and commercial interests (cf. Sup 5, 92).

6.8. Chapter Summary – Ackerherz Results

To summarize the findings of this chapter, Table 9 gives an overview of the most important results concerning La Fourche's BSRs.

Table 9: Summary of the Key Interview Results BSRs at Ackerherz

Theme	Finding	Reference
Situational Context	Advantageous business model for current state of the industry	Cf. Sup 4, 83; Sup 5, 56). Exec 6, 57
	Multiple instances of exposure to liabilities of smallness and newness	Cf. Exec 6, 31 Sup 5, 44; Sup 6, 47-49
	BSRs generally evaluated as positive by suppliers, tense by Ackerherz executive	Cf. Sup 3, 23; Sup 4, 79; Sup 5, 28; Sup 6, 19-21; Exec 6, 19
Relationship initiation process	BSR initiation by Ackerherz	Cf. Sup 5, 36; Sup 6, 29; Exec 6, 31
BSR Dependency	Competition in supplier market reduces Ackerherz' dependency on suppliers	Cf. Exec 6, 69; Sup 4, 63
	Ackerherz dependent on suppliers for specific products	Cf. Exec 6, 69-73; Exec 6, 81
Customer Attractiveness	Growth perspective and possibility to reach new customer segments as primary drivers for customer attractiveness of Ackerherz	Cf. Sup 3, 59; Sup 4, 55; Sup 5, 72; Sup 6, 65; Exec 6, 53
	Knowledge transfer may be relevant in the future but questionable at moment of interviews	Cf. Sup 5, 72; Sup 6, 69; Exec 6, 99-101
	Smooth operational procedures highlighted by suppliers	Cf. Sup 3, 99; Sup 4, 67; Sup 5, 92
Social Capital	Evidence of structural capital and some cognitive capital	Cf. Exec 6, 110; Sup 3, 65; Sup 5, 80; Sup 6, 69; Exec 6 ,117-121; Sup 6, 77-81
	No relational capital due to infrequent interaction, short existence of relationships	Cf. Exec 6, 125
Ranking of factor importance	Operational excellence most important factor in relationships	Cf. Sup 4, 83; Sup 6, 89; Exec 6, 138
	Human factor in relationships also important but ranked as secondary	Cf. Sup 3, 99; Sup 4, 67; Sup 5, 92)
Business effect of personal relationship	Increased trust, communication, and mutual understanding	Cf. Sup 3, 83; Sup 4, 71, Exec 6, 59
	Potential for higher business volumes	Cf. Sup 3, 83; Sup 4, 75; Exec 6, 59

7. Interview Results- Cross-Case Comparison

After portraying the empirical findings on a per-case basis, the following chapter analyzes the similarities and differences between the Ackerherz and La Fourche cases.

Situational Context

Even though both companies operate in the same industry, albeit in different countries, the respective companies' situational context and resulting industry positions were portrayed vastly differently. While the interviewees of both cases portrayed a complicated macroenvironment for their companies with looming bankruptcies, La Fourche was described as relatively stable and established. The interviewees described the French company as rather proven, with their business model being well-understood by industry insiders. The company was portrayed as mostly having outgrown the liabilities of smallness and newness usually associated with young ventures. This maturity allowed La Fourche to implement a sophisticated sourcing strategy focused on long-term relationships that create value for both the start-up itself and its suppliers.

Ackerherz, on the other hand, was portrayed with the opposite level of maturity. While their suppliers believed in the sensibleness of Ackerherz' business model against the backdrop of a struggling industry, the company was still treated with the commonly associated risks of collaborating with a start-up. Specifically, in the Ackerherz case, evidence of exposure to liabilities of smallness and newness was strong and plentifully reported by the interviewees. While the company's suppliers generally reported very positive things regarding their relationships with this new venture, the interviewed Ackerherz executive considered its buyer-supplier relationships somewhat complicated. The smallness of the company prevented the start-up from implementing a more elaborate sourcing strategy comparable to La Fourche's. Thus, Ackerherz was portrayed as unable to build deeper buyer-supplier relationships, and its existing BSRs were described as rather perfunctory.

Relationship Initiation Process

The interviewees noted that for both cases, the start-ups initiated at least some of their buyer-supplier relationships. However, while the responsibility for relationship initiation for the Ackerherz case was described as lying solely with the retailer, the interviewees reported that La Fourche was also approached itself by some potential suppliers asking to collaborate.

BSR Dependency

In terms of dependencies in their BSRs, both La Fourche and Ackerherz interviewees described a dependency on their suppliers for specific product categories, particularly for very cheap price entry products or well-known brands. However, from a broader, catalog-wide perspective, they assessed their companies as only slightly supplier-dependent, as the competition in the producer and wholesaler markets made it easy to switch suppliers. Their respective suppliers shared this perspective. Reversely, the interviewees portrayed La Fourche's suppliers as vaguely dependent on the French venture. The high business volumes reportedly made the start-up a relatively important client for many of its suppliers.

Customer Attractiveness

From the interviewees' perspective, the economic aspects were the most important reason suppliers collaborated with both Ackerherz and La Fourche. Particularly, the growth potential of both companies was noted to be attractive for the suppliers, as this presented the producers and wholesalers with opportunities to grow their own revenues in an otherwise struggling industry. For both cases, the interviewees mentioned other attractiveness elements when explicitly asked about non-economic reasons for the buyer-supplier relationship. In contrast to the Ackerherz case, these resource and social customer attractiveness elements indeed were a factor for suppliers to work with La Fourche. Specifically, the knowledge transfer enabled by data access provided by La Fourche for its suppliers was portrayed as a positive factor for La Fourche's customer attractiveness. Moreover, the suppliers mentioned that La Fourche was also attractive from a social perspective, as the supplier interviewees described the French start-up as easy to work with. Ackerherz' suppliers also described the contact with the German start-up as pleasant, but the interviewees did not highlight that as a specific factor why they worked with Ackerherz.

Social Capital

Regarding evidence of social capital, the cases differed strongly, although some similarities did occur. Both companies were described as having displayed structural capital in their respective BSRs, as evident in regular communication and exchange with the suppliers. However, for Ackerherz, these exchanges were on an operational basis and did not reach beyond this extent. On the other hand, La Fourche did portray regular strategic discussions and exchanges of market insights with their suppliers and regular face-to-face meetings.

Similarly, both companies reported instances of sharing organizational values with their suppliers. However, this was much more important for La Fourche. La Fourche executives described that one of the critical factors in the relationships with their most productive suppliers was that these companies truly believed in and supported La Fourche's mission. These shared values were portrayed as the driver for the successful co-creation of products and, more broadly, economic success. For Ackerherz, the interviewees described no such perspective.

Therefore, the results of the interviews lacked any evidence of relational capital due to infrequent interactions regarding Ackerherz' BSR dyads. In this case, the buyer-supplier relationship was limited to frequent exchanges of operational nature, with no substantial evidence of building a more profound connection or shared beliefs between the buyer and its supplier. In the La Fourche case, however, the interviewees also reported instances of greater trust via the relational capital they had developed with their suppliers and even descriptions of friendship-like connections.

Factor Ranking

For both cases, the interviewees provided fairly similar perspectives on the essential components of a successful buyer-supplier relationship, albeit with different focus points. Both sets of interviewees recognized the importance of trust, transparency, and effective communication as important factors. Furthermore, both acknowledged the significance of maintaining open and honest communication with suppliers. Additionally, they emphasized the importance of meeting demand and operational efficiency in the buyer-supplier relationship.

However, the differences are evident in the specific factors highlighted regarding the respective cases. In the La Fourche case, the interviewees expressed a clear focus on human connection, including empathy, availability to interact with each other, and trust. For the Ackerherz case, the interviewees emphasized smooth processes, efficient order fulfillment, and reliable logistics, focusing more on operational smoothness than genuine human connection.

Business Effect of Personal Relationships

The greater significance of human-to-human relationships for La Fourche was also evident in the described business effects of personal relationships within the respective BSR dyads. In the La Fourche case, personal relationships were viewed as significantly impacting business relationships, leading to better and stronger business ties. The interviewees mentioned benefits such as better deals, new supplier relationships, increased business volumes, operational flexibility, problem-solving capabilities, access to market information, and mitigated risks for suppliers.

Similarly, in the Ackerherz case, the interview results showed that personal connections positively impacted business relationships, yet in a less profound way. They facilitated increased communication, trust, mutual understanding, reliability, accountability, and the ability to deliver on promises. Personal interactions were seen as valuable for collaboration, problem-solving, negotiation, and maintaining respect and trust. However, the described effects were limited to an operational level. In the La Fourche case, personal relationships were associated with specific and more significant business outcomes such as new supplier relationships, increased business volumes, and access to market information. Here, the interviewees emphasized the effects that led to business growth. In the Ackerherz case, the respondent recognized the effects of personal relationships for effective collaboration and trustworthiness instead of tangible business growth. The respondents in the Ackerherz case further acknowledged that personal relationships in business could be challenging due to the underlying financial considerations, making it essential to strike a balance between personal connections and commercial interests. This limitation of the positive effects of personal relationships was not evident in the La Fourche case.

Aggregate Results

This cross-case comparison revealed that overall, Ackerherz' relationships with its suppliers had not yet developed beyond the operational business interactions level. Being incorporated for less than a year, the intra-firm personal relationships that are developed through frequent and meaningful interaction between employees were not mature enough to enable the level of relationships that La Fourche's offering team and the company's founders portrayed. La Fourche's relationships with its suppliers ultimately served as a competitive advantage, enabling the French start-up to access better deals and business relationships with its suppliers. Nevertheless, the status quo of Ackerherz' BSRs could not be regarded as an indicator for the future state of their

BSRs, as La Fourche had had similar experiences in the past. Exec 1 pointed out as much, arguing that as a small start-up, personal relationships are not as meaningful as your company's small size prohibits you from having any relevant leverage with suppliers (cf. Exec 1, 45-49). Hence for Ackerherz, more profound and meaningful business and personal relationships between buyer and supplier employees could develop in the future.

Table 10 summarizes the key results of the cross-case analysis.

Table 10: Overview of Results of Cross-Case Analysis

<table>
<tr><th>Theme</th><th>La Fourche</th><th>Ackerherz</th></tr>
<tr><td rowspan="3">Situational Context</td><td colspan="2">Complicated macro-environment for both start-ups</td></tr>
<tr><td>Little evidence of liabilities of smallness and newness</td><td>Strong evidence for liabilities of smallness and newness</td></tr>
<tr><td>Sophisticated BSRs</td><td>Shallow BSRs</td></tr>
<tr><td>Relationship initiation process</td><td>BSR initiation both by La Fourche and its suppliers</td><td>Initiation of all BSRs by Ackerherz</td></tr>
<tr><td rowspan="2">BSR Dependency</td><td colspan="2">Dependency by both start-ups for specific product categories, yet generally moderate supplier dependency</td></tr>
<tr><td>La Fourche’s suppliers vaguely dependent on start-up due to business volume</td><td>Suppliers do not depend on Ackerherz</td></tr>
<tr><td rowspan="2">Customer Attractiveness</td><td colspan="2">Growth potential deciding factor for both start-ups</td></tr>
<tr><td>Resource and social elements are secondary</td><td>Resource and social elements only have a fringe influence in Ackerherz' case</td></tr>
<tr><td rowspan="3">Social Capital</td><td>Strong evidence of structural capital, strategic alignment with suppliers</td><td>Evidence of structural capital, discussions confined to operational topics</td></tr>
<tr><td>Cognitive capital, i.e., sharing values as major factor for La Fourche</td><td>Cognitive capital is no factor for Ackerherz BSRs</td></tr>
<tr><td>Strong evidence of relational capital in La Fourche’s BSRs</td><td>No relational capital in Ackerherz’ BSRs</td></tr>
<tr><td rowspan="2">Ranking of factor importance</td><td colspan="2">Importance of trust and effective communication highlighted in both cases</td></tr>
<tr><td>Importance of human factors for La Fourche</td><td>Operational excellence as one of the most important factors</td></tr>
<tr><td>Business effect of personal relationship</td><td>Stronger ties, new BSRs, better deals, specific business outcomes</td><td>Less profound impact for Ackerherz, primarily affects operational collaboration</td></tr>
<tr><td>Aggregate Results</td><td>La Fourche BSRs as source of competitive advantage, enabling better deals and higher business volumes</td><td>Ackerherz’ BSRs not matured beyond operational level, no specific effects of personal relationships beyond initiation phase</td></tr>
</table>

8. Discussion

This thesis set out to explore how start-ups, especially those in the FMCG industry, overcome their liabilities of smallness and newness and increase their customer attractiveness to build successful buyer-supplier relationships. The empirical evidence of the multiple case study applied in this research project indicates the following key findings:

As a first research result, the applied case studies revealed that for very young start-ups like Ackerherz, liabilities of smallness and newness are indeed very present and challenging to overcome. Being small and new prevented the start-up from picking and choosing its supplier. Instead, the young venture was somewhat forced to work with the suppliers that chose to collaborate with the start-up. Moreover, the company had to work hard for their current suppliers to take them on. A decisive factor in this process was building initial personal relationships, which enabled the Ackerherz sourcing team to pursue a personal selling strategy after the initiation phase.

Aligned with the findings of Jenkins and Holcomb (2021) and Butt (2018), this result supports the hypothesis that start-ups can leverage existing personal relationships with industry contacts. This practice enables start-ups to overcome some of the liabilities of smallness and newness by having interpersonal contacts vouch for the trustworthiness of the start-up.

Furthermore, the German start-up was able to leverage the current macroeconomic environment of an under-digitalized industry. By presenting an opportunity for brick-and-mortar-retail-focused suppliers to enter the e-commerce market, Ackerherz became a sufficiently attractive customer despite its smallness and newness. Nevertheless, even with the advantageous state of the industry from Ackerherz' perspective, without the personal relationships of the executives of its parent company La Fourche, Ackerherz would have had an even harder time initiating its initial supplier relationships.

On the other hand, La Fourche did not experience extensive exposure to liabilities of smallness and newness, at least not anymore. While the interviewees did report having similar difficulties as Ackerherz at the very beginning of the French company's operations, its executives did no longer perceive any of the typical constraints of start-ups in BSR dyads. Instead, the economic perspective of the company reportedly attracted several potential suppliers to the company. This supplier attraction may also be due to the overall macroeconomic environment in which the company operates, yet in a different way than Ackerherz. In an industry fighting inflation, supply chain disruptions, and overall economic downturn, La Fourche presented an industry-trend-defying growth opportunity for their suppliers. This growth perspective of La Fourche and the possibility for suppliers to reach new market demographics were overwhelmingly mentioned as the most important customer attractiveness factors. The interviews also revealed a similar tendency for Ackerherz. Resource-based and social customer attractiveness factors were also mentioned as relevant in the BSRs of the more established start-up La Fourche yet were no factor for Ackerherz' BSRs.

This research result contests the findings of Kragh et al. (2022) and La Rocca and Snehota (2021), which described economic customer attractiveness factors as being mostly detrimental to start-ups. La Rocca et al. (2012), La Rocca and Snehota (2021), as well as Kragh et al. (2022) argue instead that start-ups should focus on offering suppliers strong resource-based and social customer attractiveness factors to become attractive customers overall. The results of this thesis challenge these findings by the existing academic literature in the sense that the economic factors were indeed the most important levers for both La Fourche and Ackerherz in the relationships with their respective suppliers. However, the current economic situations of the start-ups were not the decisive element for the start-ups' CA, but the growth perspectives were. This differentiation supports the findings of Jenkins and Holcomb (2021), who argue that start-ups must convincingly sell their growth potential to suppliers. Only with this backdrop of a history and a likely future of substantial growth rates could La Fourche leverage its resource and social attractiveness to become an even more attractive client for their existing and potential suppliers alike. For Ackerherz, the non-economic factors were not a factor at all. This phenomenon suggests that resource and social factors of customer attractiveness become only relevant after a start-up has reached a certain level of maturity and a sufficient level of economic attractiveness.

From these results, this thesis derives the hypothesis that economic attractiveness can be interpreted as a prerequisite for resource and social attractiveness in buyer-supplier relationships. Nevertheless, personal relationships are needed in buyer-supplier relationships to initiate the liaison between supplier and start-up, as otherwise, suppliers may not even evaluate the start-up in question and will never assess its customer attractiveness in the first place.

The value of personal relationships in initiating buyer-supplier relationships was very evident in the results of this research project. Nevertheless, the results also show evidence of the significance of these personal relationships decreasing after the initiation phase of the BSR dyads, only to gain importance again later in the start-up's maturation process. This can be seen in the interviewees' ranking of the most important factors concerning BSRs. For Ackerherz, the interviewees, especially the supplier interviewees, focused mostly on operational excellence as the most important factor in their relationship with customers. Fruitful personal relationships were more often portrayed as a relatively negligible factor (cf. chapter 6.6). For La Fourche's executives and suppliers alike, personal relationships within the context of their business-to-business relationships played a much more significant role in successful relationships (cf. chapter 5.6). These high-quality personal relationships did, in turn, lead to stronger business ties, higher turnovers, and better deal-making that benefitted both the supplier and the start-up in the buying role. This effect allowed La Fourche's management to implement a much more sophisticated sourcing strategy, again increasing their customer attractiveness, as they could offer suppliers category exclusivity and data access for their products. In the end, emphasizing the social factor within the buyer-supplier relationships enabled La Fourche to create profound ties with their suppliers that helped both parties to improve their respective businesses.

These deeper ties were a function of the social capital that La Fourche, in particular, had created in their BSRs. Aligned with the research of Schiele et al. (2015) and Jääskeläinen et al. (2022), the interviews with La Fourche executives and its supplier portrayed clear evidence of both structural capital, cognitive capital, and relational capital within the buyer-supplier relationships (cf. chapter 5.5). The sum of this social capital built within the business-to-business relationships enabled the companies to have better communication, easier negotiations, and a superior business relationship overall.
This finding contributes to a clearer understanding of the role of personal relationships within BSR start-ups, as explored by Gligor and Holcomb (2013) and Giraldo-Diaz and Fuerst (2019), and others. Based on the results of this research project, this thesis suggests a differentiated understanding of the role of personal relationships within BSRs. While personal relationships are critical in the early stages of buyer-supplier relationships in start-ups, especially when starting relationships, their value decreases after the successful initiation. However, personal relationships subsequently become crucial once again when a young venture has grown sufficiently large to implement a more sophisticated sourcing strategy. High-quality personal, interfirm relationships allow start-ups to develop and showcase their resource-based and social customer attractiveness elements to suppliers, creating win-win situations for both the start-up and its suppliers.

As a final research result, this thesis contributes to understanding BSR dependency in start-ups, particularly those in the FMCG industry. To this end, the interview results show that the analyzed start-ups indeed experience supplier dependency but only for specific categories of products (cf. chapters 5.3 and 6.3). This product-focused differentiation of buyer-supplier relationship dependency aligns with the research findings of Kraljic (1983) and van Weele (2010). Kraljic's Matrix and van Weele's Dutch Windmill, as its extension, categorize goods of a company's purchasing portfolio into two categories: supply risk and profit impact. As predicted by this literature, both La Fourche and Ackerherz portrayed a moderate dependency on their suppliers for products that are either popular with their customers or hardly accessible from other suppliers.
While the results of this research project underline the findings of Kraljic (1983) and van Weele (2010) regarding product-focused differentiation of BSR dependency, the results of this research stand in opposition to the findings of Cox (2001) and Padgett et al. (2020). The later two research contributions contended that buyer search costs for new suppliers and buyer switching costs are one of the key reasons for buyers' dependence on their suppliers. These findings resulted in the hypothesis of this thesis that the findings of Cox and Padgett et al. implied a correlation between start-ups' lack of access to financial resources with a stronger supplier dependency.However, questioned about this issue of buyer dependency in their respective BSR dyad, the interviewees indicated that switching costs were low for both start-ups because of the elaborate competition in the suppliers' markets. Therefore, the thesis concludes that while the findings of Cox (2001) and Padgett et al. (2020) may be accurate for some contexts, they do not apply to start-ups in the FMCG industry.

Conclusion, Limitations & Outlook

This thesis was designed to give answers to the research question:

How do start-ups overcome liabilities of smallness and newness to elevate their customer attractiveness when initiating and managing buyer-supplier relationships in different phases of maturity?

In conclusion, this thesis has revealed three central research results:

First, this thesis revealed that with economic growth in the form of higher business volumes, increased turnover, and financial success, liabilities of smallness and newness disappear organically. Therefore, start-ups must first focus on enhancing their economic attractiveness to foster their existing and prospective supplier relationships.

Creating a convincing narrative around their company's growth potential should be the primary focus for early-stage start-ups when initiating supplier relationships. For this, founders can leverage the pain points created by the macroeconomic context of their companies' industry. This may mean stressing the ability to reach underserved customer demographics in a struggling industry. In boom industries, on the other hand, this may mean creating fear of missing out on growth among suppliers. Either way, start-ups can leverage their situational context in the initiation phase of supplier relationships even if, on the surface, the nascent ventures are too small and too new to matter. Then, after having reached a sufficient level of economic attractiveness, personal relationships can supercharge the overall customer attractiveness by highlighting resource-based and social attractiveness elements of a start-up. To achieve genuinely productive and successful buyer-supplier relationships, start-ups should subsequently aim to align themselves with those suppliers that share most elements of the start-up company's values and mission. For this objective, it is imperative to foster personal relationships and social capital, particularly the cognitive and relational capital aspects, built during a long-lasting business relationship.

Therefore, as the second central research finding, this thesis argues that while liabilities of smallness and newness of start-ups in supplier relationships disappear with growing volumes and revenues, developing meaningful personal relationships with suppliers can be a strategy to get there faster.

As a third central finding, this thesis hypothesizes that the importance of these personal relationships in buyer-supplier relationships in start-ups can be modeled as a U-shaped curve. At the very inception of a start-up, personal relationships are imperative to initiate supplier contacts and to use the personal connection of start-up employees to build an initial level of trust between the start-up and its supplier. After the first contact has been made, the importance of personal relationships decreases for some time as early-stage start-ups usually do not have the volume to implement a sophisticated sourcing strategy right away. When the nascent business does reach sufficient volumes, personal relationships can again play a crucial role in implementing complex buyer-supplier relationships that can become a competitive advantage once the start-up is scaling up.

Limitations

The objective results and interpretations of those findings come with limitations that may influence both the overall results and their generalizability.

As a first limitation, the weaknesses of the methodological approach must be acknowledged. This research project analyzed two organizations that are very closely related. This approach aimed to ensure the highest overall comparability to explore the research questions for two start-ups at different maturation levels while limiting the influence of the internal company culture and other company-specific intricacies. However, even with these very similar research subjects of Ackerherz and La Fourche, two ventures can never be perfectly alike. One difference may be the two varying national cultures between the French start-up La Fourche and its German counterpart Ackerherz. The presence of multiple national cultures raises concerns about factors such as cultural distance impacting the outcomes of this study. It is plausible that differences in cultural values between French and German people might influence their views and behaviors, thereby influencing the outcomes.

The methodological approach may also have limitations for the generalizability of the results of this research project. This thesis focuses on two related organizations operating in a relatively niche market with similar corporate cultures and strategies. Because of the similarities in interfirm connections and industry features, the findings may be limited in their applicability to other sectors with distinct difficulties, pressures, norms, and habits. Therefore, the findings of this study may need to be tested in other research settings to ensure the applicability of the results to a wider variety of firms or sectors with different industry customs and rules. Additionally, only one Ackerherz executive was questioned due to the lack of other executive personnel responsible for sourcing or operations. Because of the company's executives' minimal representation, the depth and breadth of insights gathered from the interview process may be limited in this regard.

Lastly, the interviewer's own affiliation with Ackerherz and La Fourche may have impacted the respondents' replies. For example, the supplier interviewees may have refrained from criticizing the relationship with their respective clients since they may have assumed that their criticism negatively influences their business relationships due to the interviewer's association with them. It is, therefore, plausible that the respondents were not completely open and honest in their responses.

Outlook

Based on the three main findings of this research project, the outlook of this thesis holds significant potential for further exploration and expansion of its results. To enhance the generalizability of the findings of this thesis, future research endeavors should consider employing alternative methodological approaches, examining a diverse range of start-ups operating various business models in various geographical markets and industries.

Furthermore, the confirmation of the ideas offered in this work requires robust quantitative research methodologies. Attempting to replicate the presented research results with quantitative methods could allow researchers to evaluate the feasibility of using personal ties with suppliers as a stimulus for quicker growth and enhanced economic customer attractiveness. Quantitative research could also test the hypothesis of a U-shaped development of the value of human connections in start-up buyer-supplier relationships. This research could yield valuable insights for both academia and industry. As a result, these prospective research pathways will contribute to understanding the factors determining start-up success in an ever-evolving business landscape.

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