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The impact of customer attractiveness and supplier satisfaction on becoming a preferred customer

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ABSTRACT

This paper discusses how a firm can become preferred customer, defined as a particular buying firm to whom the supplier allocates better resources than less preferred buyers. Two concepts play a central role for a firm aiming to become preferred customer: (i) customer attractiveness and (ii) supplier satisfaction. However, the current literature still lacks a clear discussion on the conceptual differences between these constructs and their attributes and is ambiguous with regard to the relationships between the concepts. This study addresses these shortcomings. We examine customer attractiveness and supplier satisfaction as distinct conceptual variables and test how these constructs relate to each other and to preferred customer status. We build upon practitioner input and survey data from 91 suppliers to do so. Our analyses show that the impact of customer attractiveness on preferential resource allocation from suppliers is significantly mediated by supplier satisfaction. These findings expand the current understanding of these concepts. In addition, our findings might help managers better evaluate their relationships with suppliers and align their strategies accordingly to obtain better resources from their suppliers.

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1. Introduction

It is well-known that relationships with suppliers offer many opportunities for firms. Previous research provides various examples of firms improving their performance through collaborations with suppliers (e.g., Krause, Handfield, & Tyler, 2007; Bernardes & Zsidisin, 2008; Nyaga, Whipple, & Lynch, 2010). Suppliers can provide resources such as ideas, capabilities, and materials that build competitive advantages that might not be achieved otherwise (Koufteros, Vickery, & Dröge, 2012). However, competing firms may seek similar resources in the same supply base (Takeishi, 2002; Dyer & Hatch, 2006). Therefore, it is not self-evident that firms that collaborate with their suppliers gain a competitive advantage through this collaboration because “other sharks in the water” might obtain better resources. Firms that are capable of obtaining better resources from their suppliers than their competitors have an advantage in resources and will therefore more easily attain a competitive advantage (Hunt & Davis, 2008).

The observation that some buyers obtain better resources from suppliers than their competitors (e.g., Takeishi, 2002; Dyer & Hatch, 2006; Pulles, Veldman, Schiele, & Sierksma, 2014) shows that the allocation of supplier resources to buying firms is a selective process. A recent special issue in *Industrial Marketing Management* (Schiele, Calvi, & Gibbert, 2012) has emphasized the importance of being a preferred customer

(i.e., a buyer to whom the supplier allocates better resources than less preferred buyers). Being a preferred customer can lead to a variety of benefits (e.g., first access to new technology or the allocation of scarce materials in times of high demand; Ramsay, 2001; Hüttinger, Schiele, & Veldman, 2012). Two concepts are argued to play a role in becoming a preferred customer (Hüttinger et al., 2012; Schiele, Calvi, et al., 2012; Schiele, Veldman, Hüttinger, & Pulles, 2012):

- i. Customer attractiveness (Christiansen & Maltz, 2002; Ellegaard, Johansen, & Drejer, 2003; Hald, Cordón, & Vollmann, 2009; Ramsay & Wagner, 2009; Mortensen & Arlbjørn, 2012; Aminoff & Tanskanen, 2013; Tóth et al., 2014)
- ii. Supplier satisfaction (Essig & Amann, 2009; Ghijsen, Semeijn, & Ernstson, 2010; Nyaga et al., 2010; Ramsay, Wagner, & Kelly, 2013).

Although related, customer attractiveness and supplier satisfaction are conceptually different and they embody different supply management practices that influence the behavior of suppliers in different ways. However, the conceptual delineation between the constructs has proved to be challenging in the current literature (La Rocca, Caruana, & Snehota, 2012). Although the more recent studies provide several explorations of the different dimensions and antecedents of customer attractiveness and supplier satisfaction (e.g., Essig & Amann, 2009; Hüttinger et al., 2012; La Rocca et al., 2012; Aminoff & Tanskanen, 2013; Hüttinger et al., 2014; Tóth et al., 2014), this literature does not provide a clear view of the distinct properties of customer attractiveness and supplier satisfaction, so that there is little consensus concerning their

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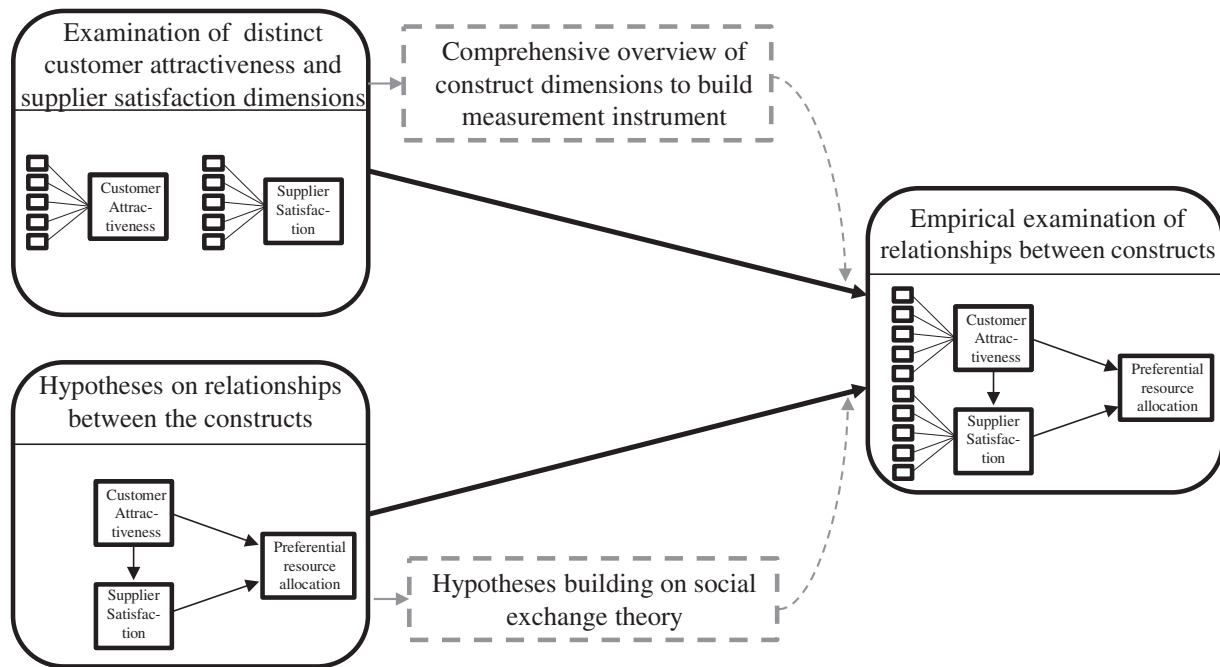


Fig. 1. Research approach and paper outline.

conceptual relationship with each other or with the preferred customer status concept.

What is missing in the literature is an examination of customer attractiveness and supplier satisfaction as distinct conceptual variables and a test on how these constructs relate to each other and to preferred customer status. Our study addresses these gaps thereby responding to recent calls for theoretical conceptualizations (Schiele & Krummacker, 2011; La Rocca et al., 2012; Mortensen & Arlbjørn, 2012) and empirical evidence on the relationships between these concepts (Hüttinger et al., 2012). More specifically, we draw on social exchange theory to discuss the concepts of customer attractiveness and supplier satisfaction and to build hypotheses on the links between these concepts and preferred customer status. In addition, we draw on discussions with practitioners by using a new World Café methodology to generate customer attractiveness and supplier satisfaction constructs that enable an examination of the constructs as distinct concepts. We use the construct development framework discussed by Diamantopoulos and Winklhofer (2001) to build measures of the customer attractiveness, supplier satisfaction, and preferential resource allocation constructs and test our hypotheses using the data of 91 supply firms.

Fig. 1 shows the research approach of this study and the outline of this paper. In Section 3 we theorize on the relationship between the customer attractiveness, supplier satisfaction and preferential resource allocation constructs. In Section 4 we examine the dimensions of customer attractiveness and supplier satisfaction. Section 5 builds the measures for these constructs and in Section 6 we present the results of the hypotheses tests. This paper begins with a discussion of the preferred customer concept in Section 2.

2. Preferred customer status: obtaining preferential resource allocation from suppliers

Recent literature has examined supplier management as a means to obtain the resources that are critical to attaining competitive advantages over peers (Hult, Ketchen, & Arrfelt, 2007; Hunt & Davis, 2008). Resources are defined as the tangible or intangible financial, human, intellectual, organizational, and physical entities available to the firm that enable it to increase its competitive advantage (Hunt & Davis, 2008; Newbert, 2008). Because competitive advantage is a relative

notion (Peteraf, 1993), the resources obtained from the supply base shared with competitors will more likely result in a competitive advantage when the buying firm obtains better resources than its competitors (Hult, Ketchen, Cavusgil, & Calantone, 2006; Capron & Chatain, 2008). As a result, firms compete with their peers for the supplier's resources such as best ideas, most experienced engineers, or latest technologies (Paulraj, Lado, & Chen, 2008; Petersen, Handfield, Lawson, & Cousins, 2008). Therefore, firms must find ways to obtain better resources than their competitors to gain greater advantages from shared suppliers.

The allocation of supplier resources to relationships with buying firms is a selective process in which competing customers may be treated unequally (Mitshuhashi & Greve, 2009). Some buyers obtain better resource allocations from their supply base than others, even though these buyers share the same supplier (Takeishi, 2002; Dyer & Hatch, 2006). Consequently, firms must pay attention to their competitors' actions in the supply base, because if a firm has attained a superior resource allocation position from its suppliers, competitors will attempt to neutralize this advantage to accrue similar resource advantages (Hunt & Davis, 2008; Mesquita, Anand, & Brush, 2008; Ellram, Tate, & Feitzinger, 2013). The buying firm that is able to attain a preferential resource allocation position from suppliers that are shared with competitors is a preferred customer¹ (Steinle & Schiele, 2008; Schiele, Veldman, & Hüttinger, 2011). The literature provides several examples of preferred customer status. For example, Ellis, Henke, and Kull (2012), show the effect of preferred customer status on a firm's access to a supplier's technology. Similarly, preferred customer status has shown to positively relate to buyer–supplier innovation (Pulles, Veldman, & Schiele, 2014). Nollet, Rebolledo, and Popel (2012) discuss benefits such as access to scarce materials, better pricing and higher flexibility in delivery planning to offer continuous supply.

From a consumer marketing perspective, suppliers might intentionally and openly grant buyers or consumers a preferred status for specific purposes (e.g., as a motivator for future sales; Wagner, Hennig-Thurau, & Rudolph, 2009). In industrial buyer–supplier relationships, preferential treatment is more subtle and based on less formal criteria. Only a limited

¹ Critics may argue that the term 'customer' in certain streams of literature refers to the end-user. However, we speak of 'preferred customer' and 'customer attractiveness' to adopt the terminology of the preferred customer literature.

amount of buyers can attain the commitment of a supplier. If one buyer obtains, superior resources, then other buyers are *ipso facto* allocated inferior resources (Gulati, Nohria, & Zaheer, 2000). Customer attractiveness and supplier satisfaction play important roles that precede preferential resource allocation from suppliers (Hüttinger et al., 2012).

3. Customer attractiveness and supplier satisfaction and their link to preferential resource allocation

3.1. Social exchange theory

The concepts of attractiveness and satisfaction have their roots in social exchange theory (SET). Based on the notion that exchanges are not limited to material goods, but also include intangible value (Homans, 1958), attractiveness and satisfaction explain the motivations of actors to initiate, intensify, or discontinue a relationship to attain additional value from exchange relationships (Thibaut & Kelley, 1959; Blau, 1964). Central to SET are norms of reciprocity that regulate the behavior and actions of partners towards each other based on the expectations of giving and receiving relational benefits (Blau, 1964; Lambe, Wittmann, & Spekman, 2001). Resources received as a result of interaction between partners can be seen as such relational benefits. Building on conceptualizations of interpersonal relationships, Foa and Foa (1980) characterized six types of resources: love, status, information, money, goods, and services. Similar to interpersonal relationships, relationships between industrial partners develop through repeated interactions in which firms can use mechanisms to influence the (potential) exchange partner. Thus, similar to interpersonal relationships, industrial partners can influence the resources they receive from their partner by means of relational mechanisms. SET can therefore be used to explain the resource allocation behavior of a supplying firm contingent on the relational mechanisms applied by the buying firm (Pulles, Veldman, Schiele, & Sierksma, 2014).

Customer attractiveness and supplier satisfaction can be seen as relational mechanisms to influence supplier resource allocation. From this perspective, SET has been used to explore different configurations of attractiveness in buyer–supplier interaction (Mortensen, Freytag, & Arlbjørn, 2008; Ellegaard, 2012; Tóth et al., 2014) and SET was used in a first conceptual exploration on the relationship between customer attractiveness, supplier satisfaction and preferred customer status (Schiele, Veldman, et al., 2012). Due to the explanatory power of SET regarding behavior of firms contingent on relational characteristics, and its applicability to the conceptualization of attractiveness and satisfaction, we draw on SET to theorize on the relationship between customer attractiveness, supplier satisfaction and preferential resource allocation.

3.2. Customer attractiveness and supplier satisfaction

In the early SET literature, Blau (1964) as well as Thibaut and Kelley (1959) explain the role of ‘value’ in attracting and satisfying partners. As Ramsay and Wagner (2009) observe, a considerable amount of (industrial) marketing research has integrated this perspective and examined the role of value in buyer–supplier interactions taking the supplier's perspective (e.g., Ulaga & Eggert, 2006). According to this perspective, *customer* value is the benefit that customers experience from a specific good or service, most often in monetary terms (Lindgreen & Wynstra, 2005). Conversely, *supplier* value refers to the benefit a supplier receives from an interaction with a specific customer (Ramsay, 2005).

A customer is perceived as attractive by a supplier if the supplier in question has a positive expectation towards the relationship with this customer (Schiele, Calvi, et al., 2012). These expectations are based on the expected value of a given buyer leading to the supplier's interest to intensify or engage in a relationship with this buyer. By creating attractiveness, buyers induce supplier interest by showing potential value to incentivize suppliers to engage into (closer) collaborations (Ellegaard et al., 2003; Mortensen et al., 2008). Therefore, customer

attractiveness refers to the *expected* value of a relationship as Hald et al. (2009, p. 961) effectively summarize: “Blau sees perceived expected value as the primary component in what draws one actor A to another actor B and argues that actor A is attracted to actor B if actor A expects association with actor B to be rewarding for himself.” Or, as argued by Ramsay and Wagner (2009), when suppliers are presented with offerings from multiple buyers, they may be thought of as performing a calculation of the potential value the buyers represent. If the suppliers consider the magnitude of the potential value to be sufficient they may select the buying firm and accept the offer (Ramsay & Wagner, 2009). Attractiveness can thus be seen as the interest of parties to intensify, or engage in a relationship (Blau, 1964).

Satisfaction refers to the perceived feeling of equity or fulfillment when the outcomes are actually achieved in the relationship (Benton & Maloni, 2005; Essig & Amann, 2009). Supplier satisfaction can therefore be seen as a condition that is achieved if the quality of outcomes from a buyer–supplier relationship meets or exceeds the supplier's expectations (Schiele, Calvi, et al., 2012). Thus, supplier satisfaction is based on the *perceived* value in a relationship. By building supplier satisfaction, buyers display value in the relationship and create a feeling of fulfillment with regard to the suppliers' relationship investments (Essig & Amann, 2009) and a feeling of equity despite possible power imbalances (Benton & Maloni, 2005).

Below we theorize on the effects of customer attractiveness and supplier satisfaction. Whereas other works explored (cyclic) process models on the relationship between the constructs in different stages of a relationship (Ellegaard, 2012; Schiele, Veldman, et al., 2012; Tóth et al., 2014), we examine the relationship between customer attractiveness, supplier satisfaction and preferential resource allocation at a certain time in the buyer–supplier relationship.

3.3. Hypotheses

Both customer attractiveness and supplier satisfaction might explain why certain customers are better able to obtain resources from shared supply base (Schiele, Calvi, et al., 2012). As stipulated in SET, interactions between partners are regulated on norms of reciprocity that are based on the expectations of giving and receiving relational benefits (Blau, 1964; Lambe et al., 2001). An actor that is attracted to its partner is interested in proving itself attractive to this partner (Blau, 1964). This attraction induces an actor to establish social associations or expand the scope of such associations once they have been formed (Blau, 1964). Customer attraction can create a situation in which the supplier makes voluntary efforts to be attractive itself in the eye of the buyer (Aminoff & Tanskanen, 2013). In this way, customer attractiveness can help buying firms obtain better resources because the extent to which suppliers perceive a buying firm as attractive might induce these suppliers to allocate resources to that relationship. For example, Ellegaard et al. (2003) explain how expected value can convince certain suppliers to engage in closer collaborations. Because of the expected value, suppliers become interested in engaging in or intensifying a relationship and are expected to allocate their resources accordingly. Thus, customer attractiveness can help buying firms obtain better supplier resources.

H1. Customer attractiveness is positively related to preferential resource allocation from suppliers.

SET suggests that partners adjust their behavior and actions towards each other based on relational benefits and the expectations that these benefits are reciprocated (Nyaga, Lynch, Marshall, & Ambrose, 2013). Supplier satisfaction develops if these relational benefits meet or exceed the expectations of the supplier (Schiele, Calvi, et al., 2012). If a supplier perceives a relationship to be satisfactory, the notion of reciprocity implies that the supplier may feel socially indebted to make relational investments (Nyaga et al., 2013). If a supplier holds satisfying and unsatisfying relationships, the supplier can be expected to make more

relational investments in the satisfying relationships to reciprocate the relational benefits. Hence, the supplier is expected to show more commitment to relationships in which it experiences more relational benefits. Therefore, buying firms that invest in relationships (e.g., through supplier development or sharing knowledge) often reach higher levels of supplier commitment (Dyer & Hatch, 2006). Conversely, suppliers that become dissatisfied with their relationship with the buying firms might eventually allocate their resources to other relationships (Ellegaard & Koch, 2012). If one firm is capable of consistently reaching higher levels of relative supplier satisfaction, then suppliers should prefer collaborating with this firm over the other (competing) firms and allocate better resources to this relationship. Therefore, supplier satisfaction can help buying firms to achieve a better resource allocation from suppliers.

H2. Supplier satisfaction is positively related to preferential resource allocation from suppliers.

As discussed above, supplier satisfaction can help a buying firm to attain preferential resource allocation from suppliers. However, if a buying firm is unattractive, the supplier is unlikely to commit to a relationship in which supplier satisfaction could develop (Ramsay & Wagner, 2009). In this perspective, customer attractiveness is an important condition for suppliers to initiate or intensify a relationship (Schiele, Calvi, et al., 2012; Schiele, Veldman, et al., 2012). Without the initial attraction, supplier satisfaction would be difficult to develop. Attractiveness allows supplier satisfaction to develop not only in the initial development of a relationship; buying firm attractiveness is also important in a relationship in which both partners have a long-term orientation. For instance, even though a supplier is in a satisfactory relationship with a buying firm, at some point a rival of this buying firm may appeal attractive to the supplier, inducing the supplier to invest resources in a relationship with that rival. In interpersonal relationships, for example, an individual might leave a relatively satisfying relationship because of the availability of an attractive alternative (Rusbult, 1983). Therefore, customer attractiveness can be expected to positively influence supplier satisfaction because it enables supplier satisfaction to develop. This implies a mediating effect of supplier satisfaction: Customer attractiveness is not only expected to affect supplier resource allocation directly because of the effect hypothesized in H1, but customer attractiveness also affects supplier resource allocation partly because customer attractiveness affects supplier satisfaction, which in turn affects supplier resource allocation.

H3. The relationship between customer attractiveness and preferential resource allocation from suppliers is mediated by supplier satisfaction.

4. The dimensions of customer attractiveness and supplier satisfaction

As becomes clear from the discussion above, even though customer attractiveness and supplier satisfaction are clearly related by the notion of supplier value, they are also theoretically different concepts. Yet, the conceptual delineation between these constructs has proved to be challenging in the current literature (which is a concern that has also been expressed by La Rocca et al., 2012). Customer attractiveness is often used as an umbrella term in which the distinction between expected value from a future relationship and the perceived value in a current relationship is not clearly made. For example, Aminoff and Tanskanen (2013) discuss three dimensions of customer attractiveness: expected value, trust and dependence. Obviously, the first dimension refers to expected value of a future relationship (example of operationalization: the business volume with the customer is expected to grow in the future). However, the trust (we can openly discuss about the problems in the relationship with the customer) and dependence dimension (the customer has invested to new technology based on our suggestions) refer to the perceived value of the current relationship. Similarly, La Rocca et al. (2012) introduce dimensions of customer attractiveness

that refer to both expected value (e.g., development potential; customer X has good growth potential) and perceived value within a relationship (e.g., intimacy; customer X gives us particular individual attention and care). Thus, although the recent literature provides several explorations of the different dimensions and antecedents of customer attractiveness and supplier satisfaction (e.g., Essig & Amann, 2009; Hüttinger et al., 2012; La Rocca et al., 2012; Aminoff & Tanskanen, 2013; Hüttinger et al., 2014; Tóth et al., 2014), the literature lacks clear multi-dimensional constructs that enable an examination of these constructs as distinct conceptual variables. Therefore, in this section we aim to generate relevant customer attractiveness and supplier satisfaction dimensions that enable to build measures that clearly distinguish between the concepts. We used a relatively new methodology to do so: the World Café.

4.1. The World Café methodology

The World Café method is a conversational process that helps people from different backgrounds and from multiple hierarchies engage in a constructive dialogue. This method gathers data by stimulating café dialogues and creating a welcoming environment in which people feel free to speak up (Tan & Brown, 2005). In these dialogues, participants discuss numerous pre-defined topics. A World Café begins with a general introduction on these topics, followed by a series of parallel small group (i.e., 4–5 participants) conversations (e.g., Pidgeon, Harthorn, Bryant, & Rogers-Hayden, 2009). Between these parallel sessions, participants randomly rotate between tables to continually change the composition of the discussion groups. One specific topic is discussed at each table. Moderators document and facilitate the discussions (Brown & Isaacs, 2005; Hoffmann, 2011).

The World Café can be regarded as a specialized form of the conventional focus group approach (Brennan & Ritch, 2010). However, it has several advantages over focus group and other approaches such as (semi-)structured interviews. For example, participants in World Café discussions are not interviewees; instead, they are co-researchers that explore a certain phenomenon with scholars. This method provides an opportunity for open discussion in which the participants often gain new insights from the experiences of their peers at other organizations. In addition, the World Café method has several built-in iterations in which participants discuss and evaluate the outcomes of their peers from the previous discussions. These multiple rounds of discussion allow the participants to confirm, sharpen, or reject the findings of their preceding discussions, thereby increasing the robustness of the World Café outcomes (for a more detailed discussion on the use of the World Café method in academic research, we refer to Hoffmann, 2011).

4.2. World Café exploration of the customer attractiveness and supplier satisfaction dimensions

This study's World Café took place at a consultancy firm located in the Netherlands. Three Chief Procurement Officers (CPOs), 2 Innovation managers, 1 Purchasing manager, 4 consultants, and 3 scholars participated in this World Café. The CPOs and managers (from Dutch and German multinational companies) were selected in collaboration with the consultancy firm. The main criteria in this selection were to select senior participants from firms with a reputation as best exemplar of building collaborative relationships with suppliers. Because the aim of the World Café was to explore the dimensions of customer attractiveness and supplier satisfaction, we selected participants that could provide many examples of competition for supplier resources and the practices their firms applied to acquire these resources. Instead of selecting participants from supplier firms, we chose to select participants from buying firms because these participants would be able to describe the deliberate actions taken to increase the attractiveness of their firm or to build supplier satisfaction. The participants came from firms in a variety of industries (i.e., consumer electronics, chemical, automotive, consumer

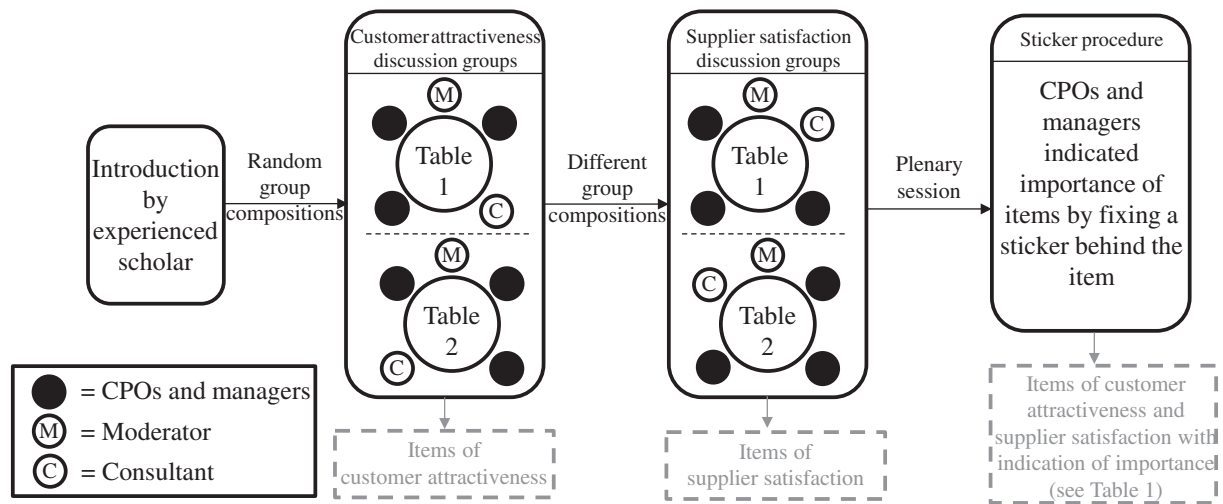


Fig. 2. Schematic overview of the World Café session.

goods and tire industry). A senior scholar, who discussed the recent developments in the literature and explained the concepts of customer attractiveness and supplier satisfaction, introduced the topics of discussion to the participants.

For the discussions of customer attractiveness and supplier satisfaction, the CPOs, managers and two of the consultants divided themselves into two groups of similar sizes. Each discussion group was appointed a moderator (i.e., an experienced scholar whose primary role was to document the discussions and induce explorative discussions, rather than participate or interfere in the discussion). In addition, the two remaining consultants each joined a group; their role was to catalyze conversations (when needed) without interfering in the discussion. Next, the groups began their discussion in two separate rooms. As a starting point for the discussion, the scholars and two of the consultants prepared bullet points on flip-overs with dimensions found to be relevant in practice (indicated with an asterisk (*) in Table 1). The participants commented on these dimensions and discussed (based on their own practices and experience) the dimensions that they found to most accurately describe the underlying dimensions of customer attractiveness and supplier satisfaction.

As a first step, the participants discussed the topic of customer attractiveness. A timekeeper (one of the scholars) monitored the discussion and assured that all the discussions were recorded. In addition, the moderators kept track of the conversation by writing down bullet points on a flip-over. In this way, the participants were able to see how the moderator documented the discussion and could help the moderator to formulate the bullet points, thereby reducing the risk of misinterpretation. The discussions lasted for approximately 45 min.

Then, the participants divided themselves in new groups to discuss the topic of supplier satisfaction. Similarly, the discussions were moderated and recorded. These discussions lasted for 40 min. In the plenary session that followed, the participants evaluated and discussed the bullet-points and clarified them when needed. After this procedure, they indicated the significance of each bullet-point by fixing a sticker to the dimensions that they considered important. Using this procedure, the participants were able to attach stickers to as many bullet-points as they liked. In the final iteration, the senior scholar discussed all the bullet-points. The participants of this closing session indicated that they felt that dimensions were not missing.

Fig. 2 shows a schematic overview of the World Café session. Table 1 shows the final result of the World Café. Reviews of the audio recordings revealed that the moderators did not miss bullet-points. The columns with customer attractiveness and supplier satisfaction dimensions show the bullet-points that the moderators recorded during the

discussions.² The 'stickers' column shows the amount of stickers provided to each bullet-point by the participants in the plenary session.

Table 1 shows the output of the World Café sessions on customer attractiveness and supplier satisfaction. Having presented these dimensions, the following sections discuss the methodology that was used for testing hypotheses 1 and 2. In our measure development we use the dimensions of Table 1 as input.

5. Methodology for testing the hypotheses

5.1. Sample and data collection

This study's data were collected in collaboration with one of Germany's largest automobile manufacturer that supported this research project. In December 2012, an e-mail was sent to a random sample of 1000 suppliers in the manufacturer's database. This e-mail contained an invitation to the sales representative of the supplier to participate in an online survey hosted by the university of the authors. The respondents were informed that the survey was not related to the manufacturer and that their data would not be provided to the manufacturer. To reduce the risk of social desirability bias, the introduction page of the questionnaire clearly stated that individual statements would not be made available to any third party. Also, we stated that all data would exclusively be used for academic purposes. We motivated employees to answer the survey by promising to provide a summary report to all participants. Because the contact details of the suppliers were proprietary to the automotive manufacturer, and the manufacturer did not allow reminders to be sent, reminder e-mails were not sent. The online survey was accessed 146 times, and 96 respondents completed the survey. Of these 96 responses, 5 surveys were removed from the sample due to missing values for key variables. Therefore, the final sample size of this study was 91, which represents a response rate of 9.1%. We asked respondents to assess a single buyer with whom they were familiar on a 5-point Likert scale ranging from 1 = "no, strongly disagree" to 5 = "yes, strongly agree".

On average, the respondents indicated having worked for 6.4 years at their current firm. Table 2 shows the demographic profiles of the respondents. Eight respondents did not indicate their demographic information. Comparative *t*-tests did not reveal any significant differences among the variables of interest with regard to the demographic variables.

² In Table 1, some of the bullets are slightly extended with additional words to increase readability.

Table 1
Outcome of World Café group discussion.

Group 1		Group 2	
Dimensions of customer attractiveness	Stickers	Dimensions of customer attractiveness	Stickers
Growth opportunities for suppliers	4	Reputation of creating a win–win situation	4
Presence of buyer in growth markets, acting as a reference	3	Acting as a reference helping to enter new markets	2
Compensating suppliers for taking risks	3	Share technology	2
Reputation of high quality supplier management ^{a,b}	2	Supplier development programs ^a	1
Short time from first offer to actual sale	2	Reputation of brands ^{a,b}	0
Reputation of trustworthiness ^a	1	Purchasing volume of buyer ^a	0
Supplier development programs ^a	1	Providing feedback ^a	0
Continuity in demand	1	Advanced contracting	0
Values of the company (e.g., sustainability)	1	Firm strategy	0
Simplicity in business processes/speed of response	1	Value proposition of the buyer	0
Providing suppliers with constructive feedback ^a	0	Exclusivity agreements	0
Geographical spread of the buyer	0	Early supplier involvement	0
Flexibility in initiating new collaborations	0		
Providing suppliers access to advanced knowledge	0		
Acting as a reference to demonstrate capability of supplier	0		
Top-management interest for suppliers	0		

Group 1		Group 2	
Dimensions of supplier satisfaction	Stickers	Dimensions of supplier satisfaction	Stickers
Relationships based on trust rather than solely on profits ^{a,c}	5	Top management commitment	5
Chemistry between acting people ^a	4	Trust ^a	4
Managing realistic expectations	4	Share risks with suppliers	4
Cultural fit between firms	4	Long-term orientation/continuity	3
Continuous income flow	2	Alignment of business between firms	3
Measure satisfaction through survey	2	Shared resource spending	1
Top management accessibility	2	Close/tight relationships	1
Keep close connection with supplier	1	Help suppliers ^a	0
Info sharing	1	Growing purchase volumes ^a	0
Pay high prices for goods ^a	0	Specific investments in suppliers	0
Help suppliers ^a	0	Joint development/test suppliers' innovations	0
Easy ramp-up, and ease in continuation of the relationship	0	Good organization of relationship	0
Key account management meeting account plans	0	Shared objectives	0
Supplier rating, compare to competitors	0	Feedback to suppliers	0
Open up growth innovation opportunities	0		

^a = Bullet points prepared by scholars and consultants as discussion input.
^b = Original bullet, as starting input to the discussion was named; reputation. Bullet was rephrased during discussion.
^c = Original bullet, as starting input to the discussion was named; trust. Bullet was rephrased during discussion.

Because non-response bias is a general concern for survey studies, we compared the data from early responders to late responders based on the assumption that the responses of late responders represented the responses of non-responders (Armstrong & Overton, 1977; Paulraj et al., 2008). The survey was open for 19 days. The first 25% of the respondents filled out the survey in within 2 h, the last 25% filled out the survey spread over the last 17 days. We compared these groups with regard to this study's key constructs and the supplier's turnover. The results of these *t*-tests did not yield significance differences between early responders and late responders (at $p < 0.05$). Thus, we did not find evidence of a non-response bias in our sample.

5.2. Measure development

We used the World Café output to construct the measures for the customer attractiveness and supplier satisfaction constructs. Because the preferred customer status concept is strongly based on resource-based studies, we built upon existing research in the resource-based literature to create the indicators for our construct that measures preferential resource allocation from suppliers.

Because our study aims to capture the multidimensionality of the customer attractiveness and supplier satisfaction constructs, we developed formative (and not reflective) measures of these constructs. Whereas reflective indicators are, in essence, interchangeable, formative indicators can be mutually exclusive (Diamantopoulos & Winklhofer, 2001). As a group, formative indicators jointly determine the conceptual meaning of the construct (Jarvis, Mackenzie, Podsakoff, Mick, & Bearden, 2003, p. 201). The outcomes of the World Café showed that customer

attractiveness and supplier satisfaction have many dimensions that are not necessarily related to each other. For example, a buying firm can be highly attractive because it is known to compensate suppliers for taking risk even though the firm is known for the long time between the first offer and the actual sale (and vice versa). To capture this variation, we constructed formative measures.

Based on the dimensions generated using the World Café method, we proceeded with the measure development and reliability assessment for the final instrument. Unlike the development of reflective scales, detailed guidelines for constructing formative measures are

Table 2
Profile of turnover and material group of the sample.

Country	Frequency	Country	Frequency
Brazil	3.3%	Italy	2.2%
Canada	1.1%	Mexico	6.6%
China	2.2%	Poland	1.1%
Czech Republic	5.5%	Portugal	3.3%
France	3.3%	Russia	1.1%
Germany	53.8%	Slovakia	1.1%
India	1.1%	United States	5.5%

Annual turnover (€)	Frequency	Material group	Frequency
0–10 million	28.6%	Chassis	4.4%
11–20 million	11.0%	Electric	6.6%
21–50 million	14.3%	Exterior	7.7%
51–100 million	9.9%	Interior	24.2%
101–500 million	16.5%	Metal	31.9%
>500 million	11.0%	Power train	16.5%

uncommon. However, Diamantopoulos and Winklhofer (2001) provide a generally accepted methodology to construct formative measures which involves (1) content and indicator specification (for which we use the World Café output), (2) collinearity tests and (3) an assessment of external validity. We integrated their methodology with our measure development procedure and reliability assessment. Furthermore, we included a content and indicator specification, an assessment of indicator collinearity, and tests for the external validity of our measures.

5.2.1. Content and indicator specification for customer attractiveness and supplier satisfaction

To construct the customer attractiveness and supplier satisfaction measures, we built upon the sticker procedure used by the World Café participants and the audio recordings of the discussions. To obtain the final indicators for the constructs, we merged the dimensions from Table 1 into a single list. To avoid redundancy (Peng & Lai, 2012), dimensions with a similar meaning but different phrasing were combined into a single indicator, and the number of stickers allocated to these dimensions was summed. For example, the supplier satisfaction dimensions, 'Top management accessibility' (Group 1, two stickers) and 'Top management commitment' (Group 2, five stickers) were merged into the item 'Top management commitment/accessibility' (7 stickers). Using this procedure, the original discussions were traced back to the World Café audio recordings to prevent misinterpretation and indicator rephrasing that altered the original meaning of the participants.

We made a final selection to form the measures from this merged list. The dimensions with the highest perceived importance (i.e., stickers) were used for the customer attractiveness and supplier satisfaction constructs. We compared this list with the study by Ramsay and Wagner (2009) who explored the dimensions of supplier value and the literature review of Hüttinger et al. (2012). These studies mention business volume as an important source of (potential) supplier value, therefore these items were added to the final measurement of the constructs. After this final step, we concluded that the customer attractiveness and supplier satisfaction indicators are sufficiently inclusive and capture the constructs' domains (Diamantopoulos & Winklhofer, 2001). The final indicators were rephrased to fit the focal objects (Rossiter, 2002) of customer attractiveness and supplier satisfaction. The final indicators customer attractiveness reflect those dimensions that a supplier may perceive as valuable in future collaboration. The indicators of supplier satisfaction reflect those dimensions that the supplier can perceive valuable in a current relationship. The measures are shown in Table 3.

5.2.2. Content and indicator specifications for preferential resource allocation

Earlier, we defined a preferred customer as buyer to whom the supplier allocates better resources than less preferred buyers. We provided examples of preferential resource allocation (e.g., the first offer of a new technology or the delegation of the most experienced engineering team for collaborative NPD projects). To operationalize these resources, we built on the resource-based literature. We built on Newbert (2008) who suggested measuring the availability of resources in an organization, in a way similar to the suggestion of Hunt and Davis (2008). Newbert's resource classification comprises financial resources (capital,

cash), human resources (experience, intelligence of individual employees), intellectual resources (patents, ideas), organizational resources (partners, suppliers), physical resources (materials, physical technologies), and capabilities (skills, expertise). To capture the entire domain of this construct, we included these resources as indicators (Diamantopoulos & Winklhofer, 2001; Peng & Lai, 2012). Table 4 shows the preferential resource allocation measure.

5.2.3. Indicator collinearity

Multicollinearity is a particular concern of formative indicators (Diamantopoulos & Winklhofer, 2001). Although a set of formative indicators need not be correlated, high collinearity among the indicators may still exist and create unstable estimates (Mathieson, Peacock, & Chin, 2001). Therefore, a multicollinearity test should be performed. We examined the variance inflation factor (VIF) to test for multicollinearity (Peng & Lai, 2012). Using the SPSS collinearity diagnostic, our results indicated that the VIFs of all indicators showed minimal collinearity: The VIFs of customer attractiveness, supplier satisfaction, and preferential resource allocation ranged between 1.72 and 2.18, 1.30 and 2.32, and 1.42 and 3.58, respectively. Because these values are well below the problematic VIF range of 5 to 10, multicollinearity does not seem to be a serious threat in this study.

5.2.4. External validity

To assess the external validity of formative indicators we examined the correlation between the formative and reflective measures of a construct using a redundancy analysis (Chin, 2010; Hair, Sarstedt, Pieper, & Ringle, 2012). To conduct this test, we included additional reflective scales in our measure that were conceptually equivalent to the formative constructs. Table 5 shows the reflective measures for customer attractiveness, supplier satisfaction and preferred customer status as well as the quality criteria for the reflective constructs. We included reflective measures of preferred customer status to examine if our preferential resource allocation construct fits to the preferred customer status concept. These reflective indicators loaded onto their latent construct with values greater than 0.81, and the average variance extracted (AVE), Cronbach's alphas, and composite reliability (CR) values were all greater than the recommended validity and reliability thresholds.

To perform the redundancy analysis, we created sets of two latent constructs. The first construct was measured using the formative indicators presented in Tables 3 and 4, and the second was measured with the reflective indicators suggested by Cenfetelli and Bassellier (2009) shown in Table 5. The set of formative indicators is adequate if their construct has a strong, significant path with the reflective construct. The path loadings (i.e., β s) between the formative and reflective indicators for customer attractiveness and supplier satisfaction were 0.60 and 0.79 (both $p < 0.01$), and the explained variances (i.e., R^2 s) were 0.36 and 0.63 respectively. The path loading between the preferential resource allocation and preferred customer status construct was 0.58 ($p < 0.01$) and the explained variance 0.76. Although these values can be considered low on conservative scales, the positive and significant path loadings as well as the relatively high R^2 values indicate a sufficient degree of external validity (Ruiz, Gremler, Washburn, & Carrión, 2010).

Table 3
Indicators of customer attractiveness and supplier satisfaction.

Customer attractiveness		Supplier satisfaction	
CA 1	This customer is known for its open and quick information sharing	SSat 1	This customer accounts for a large share in our turnover
CA 2	This customer is known to create win-win situations	SSat 2	This customer pays high prices to us
CA 3	This customer is of substantial size	SSat 3	Trust matters more for this customer than direct profits in the relationship with us
CA 4	This customer compensates suppliers for taking risks	SSat 4	This customer manages realistic expectations
CA 5	This customer has a good reputation for trustworthiness and fairness	SSat 5	This customer guarantees a continuous income flow
CA 6	This customer is known for the short time between offer to actual sale	SSat 6	This customer helps us to innovate
CA 7	This customer is present in growth markets	SSat 7	This customer's top-management commits itself to the relationship with us by being accessible to us
		SSat 8	There is a chemistry between our and this customer's acting people

Table 4
Measure of preferential resource allocation.

PRA 1	Our firm allocates our best employees (e.g. most experienced, trained, intelligent) to the relationship with this customer.
PRA 2	Our firm shares our best ideas (e.g. newest, most innovative) with this customer.
PRA 3	Our firm allocates more financial resources (e.g. capital, cash) to the relationship with this customer.
PRA 4	In case of capacity bottlenecks, we allocate our scarce resources to this customer instead to our other customers
PRA 5	Our firm grants this customer better access to organizational resources (e.g. relationships with its partners, distribution channels, benchmark data).
PRA 6	Our firm shares more of our capabilities (e.g. skills, know-how, expertise).

6. Data analyses and results of hypotheses testing

A partial least squares (PLS) analysis was used to test the hypotheses. PLS is a regression-based structural equation modeling technique that does not make assumptions about data distributions. This study used PLS for three major reasons. First, PLS is ideally suited to test models with latent variables, especially during the early stages of theory development and in exploratory studies (Birkinshaw, Morrison, & Hulland, 1995). Second, unlike covariance-based structural equation modeling, PLS allows for both formative and reflective indicators. Third, PLS is generally more powerful for small sample sizes compared with other techniques. As Reinartz, Haenlein, and Henseler (2009) show PLS is recommended when the number of observations is less than 250. PLS researchers often determine the minimum sample size to be ten times the largest number of structural paths that lead to any endogenous variable (e.g., Howell & Sheab, 2001, p. 22). Our sample size of 91 exceeds this minimum requirement. This study used SmartPLS 2.0 (Ringle, Wende, & Will, 2005) to obtain the estimates.

We applied a path-weighting scheme (maximum of 300 iterations) to estimate the hypothesized paths, and employed a bootstrapping procedure with replacement using 5000 resamples (91 cases, no sign changes) to estimate the significance of these paths. We tested two models. In Model 1, we test the direct effect of customer attractiveness (i.e., H1). In Model 2 we tested the direct and mediating effect of supplier satisfaction (i.e., H2 and H3).

Table 5
Reflective measures of customer attractiveness, supplier satisfaction, and preferred customer status.

Loading	Indicator
	Customer attractiveness (AVE = 0.84, Cronbach's alpha = 0.81, CR = 0.91)
0.91	RCA1 We want to intensify our relationship with this customer because of the expected value of this customer
0.92	RCA2 We expect this customer to be an attractive partner for future collaborations
	Supplier satisfaction (AVE = 0.83, Cronbach's alpha = 0.80, CR = 0.91)
0.92	RSS1 My firm experiences a feeling of equity and fulfillment in the relationship with this customer, based on the value we obtain from the relationship with this customer
0.90	RSS2 Our firm is very satisfied with the relationship with this customer
	Preferred customer status (AVE = 0.70, Cronbach's alpha = 0.79, CR = 0.87)
0.84	PCS1 Compared to other customers in our customer base, we like this customer more than other customers
0.85	PCS2 We consider this customer to be a preferred customer
0.81	PCS3 My firm's employees prefer collaborating with this customer to collaborating with other customers

6.1. Direct effect of customer attractiveness

The results for Model 1 revealed a positive and significant relationship ($\beta = 0.61$; $p < 0.01$) between customer attractiveness and preferential resource allocation, which supports H1. Customer attractiveness accounted for 37% of the explained variance of preferential resource allocation (i.e., $R^2 = 0.37$).

6.2. Direct and mediating effect of supplier satisfaction

Model 2 added supplier satisfaction. Supplier satisfaction had a significant and positive effect on preferential resource allocation ($\beta = 0.50$; $p < 0.01$); therefore, H2 was also supported. The effects in Model 2 are indicative of a mediation effect of supplier satisfaction. That is, the direct effect of customer attractiveness on preferred customer in Model 2 was substantially reduced and became insignificant ($\beta = 0.19$; $p > 0.1$) while customer attractiveness had a significant effect on supplier satisfaction ($\beta = 0.73$; $p < 0.01$) which accounted for 54% of the variance in the supplier satisfaction construct (i.e., $R^2 = 0.54$).

To test the significance of the mediation effect, we followed the suggestion by Rungtusanatham, Miller, and Boyer (2014) to apply a procedure that explicitly tests the significance of a mediation effect instead of using an implicit procedure (e.g., Sobel test). They suggest to construct a percentile bootstrap confidence interval in which the sampling distribution is based on the estimated paths bootstrap samples. We followed this procedure and used 5000 resamples to determine the product terms of the constituent mediation path (i.e., customer attractiveness \rightarrow supplier satisfaction, supplier satisfaction \rightarrow preferential resource allocation) which served as empirical, nonparametric approximations of the sampling distributions of the indirect effects of interest (cf., Preacher & Hayes, 2008). This procedure showed that the indirect effect of customer attractiveness on preferential resource allocation through supplier satisfaction is significant (95% confidence interval of 0.16 to 0.66). Therefore, we accepted H3, concluding that the mediation effect of supplier satisfaction existed in the relationship between customer attractiveness and preferential resource allocation. The results of the two models are shown in Fig. 3.³

7. Discussion, implications and limitations

Obtaining better external resources than competitors from shared supply base remains a key challenge for firms (Ellram et al., 2013). A firm's supply chain is a mechanism to obtain or co-create supplier resources that the buying firm can transform into a competitive advantage (Dyer and Singh 1998; Koufteros et al., 2012). Firms that are a preferred customer (i.e., a buyer to whom the supplier allocates better resources than less preferred buyers because the supplier favors the buyer's behaviors, practices, business values, or some combination thereof) can therefore expect to achieve more competitive advantage through its relationships with its suppliers. This paper explained the role of customer attractiveness and supplier satisfaction in attaining preferred customer status.

7.1. Discussion of findings and implications

Even though both customer attractiveness and supplier satisfaction build on the notion of supplier value, they are conceptually different. We discussed that a buying firm is perceived as attractive by a supplier if the supplier in question has a positive expectation towards the relationship with this customer (Schiele, Calvi, et al., 2012). Supplier satisfaction can be seen as a condition that is achieved if the quality of outcomes from a buyer-supplier relationship meets or exceeds the

³ The outer weights and outer loadings can be found in Appendix A.1.

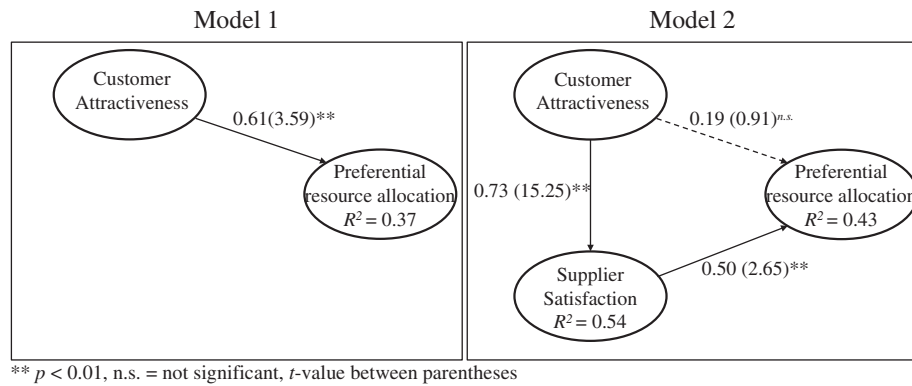


Fig. 3. Results. ** $p < 0.01$, n.s. = not significant, t -value between parentheses.

supplier's expectations (Schiele, Calvi, et al., 2012). Thus, whereas *expected* value of a *future* relationship is an important indicator for attractiveness, *perceived* value in a *current* relationship defines the supplier satisfaction. Yet, this conceptual delineation between these constructs has proved to be challenging in the current literature (La Rocca et al., 2012). In addition, scholars describe contradicting conceptual relationships between these concepts. For example, La Rocca et al. (2012, p. 1242) explain that attractiveness not only precedes trust but also is "an important part of maintaining trustworthiness and to establish satisfaction". However, Hald (2012, p. 1238) describes a reverse relationship between these concepts in his research by explaining how a change in the levels of supplier satisfaction can lead to "overall changes in the distribution of customer attractiveness." These illustrations show that there are conceptual overlap and contradictory statements in the literature concerning the relationship between these concepts.

With this study we aimed to provide a clearer view of the distinct properties of customer attractiveness and supplier satisfaction. In addition, we aimed to provide more consensus concerning their conceptual relationship with each other and with preferred customer status. Whereas the current literature still lacked clear multi-dimensional constructs that enable an examination of the constructs as distinct conceptual variables, we generated relevant customer attractiveness and supplier satisfaction dimensions and built measures that distinguish between the concepts. We operationalized preferred customer status upon the resource-based literature to create the indicators that measure preferential resource allocation from suppliers. These measures formed the input for our empirical study on the relationship between customer attractiveness and supplier satisfaction and their relationship with preferred customer status. The empirical analysis, which was based on the data of 91 supplying firms, showed that both customer attractiveness and supplier satisfaction positively affect preferential resource allocation. Yet, the insignificant direct relationship between customer attractiveness and preferential resource allocation when supplier satisfaction was included showed that the impact of customer attractiveness on preferential resource allocation is affected by supplier satisfaction. Supplier satisfaction showed to be a significant mediator in the relationship between customer attractiveness and preferential resource allocation.

These findings support the notion that customer attractiveness and supplier satisfaction are different concepts that influence the behavior of suppliers in different ways. It is important to make this delineation because the different constructs have a different function in buyer–supplier relationships. We find that, although an important assumption is that the relative attractiveness of buying firms is an important indicator of the commitment of suppliers, in the presence of supplier satisfaction, customer attractiveness loses most of its effect on preferential resource allocation. Thus, if buying firms fail to meet or exceed the

supplier's expectations (i.e. supplier satisfaction), then they might fail to achieve preferential resource allocation. This implies that attractive customers are not necessarily preferred customers if they are unable to satisfy the supplier. Conversely, other buying firms might attain the best resources, despite their perceived lower attractiveness.

However, these findings do not imply that customer attractiveness has no value in buyer–supplier relationships. As shown in previous studies, attractiveness is not only important in the initiation of business relationships, but also in the intensification of the relationship which influences the supplier to allocate its resources accordingly (which is hypothesized in H1). In addition, customer attractiveness influences supplier satisfaction and therefore also influences supplier resource allocation indirectly (H3). Thus, even though our findings show that supplier satisfaction has a dominant influence on supplier resource allocation when both customer attractiveness and supplier satisfaction are in the equation, this does not imply that customer attractiveness is not relevant in buyer–supplier relationships.

Our findings may inform researchers taking a resource-based perspective to study buyer–supplier relationships. Resource-based theories form an appropriate framework to study buyer–supplier relationships as the relational benefits from buyer–supplier interaction are increasingly viewed from a strategic perspective (see, for example, Esper & Crook, 2014). Resource-based theories posit that firms that effectively combine, access, develop, and utilize strategic resources can gain competitive advantages (Hitt, 2011). In this study we showed that customer attractiveness and supplier satisfaction can help to attain preferential access to supplier resources. By examining customer attractiveness and supplier satisfactions as relational mechanisms that can help firm to obtain better supplier resources, we contribute additional insights to the resource-based stream of literature examining competition for supplier resources, which are often of a strategic nature (Ellegaard & Koch, 2012; Ellram et al., 2013; Pulles, 2014).

Finally, our study has implications for the literature that examines buyer–supplier relationships from a SET perspective. As explained above, SET is driven by the central concept that behavior of firms in relational exchanges can be explained by relational mechanisms (Thibaut & Kelley, 1959; Blau, 1964). Our study examined two of such mechanisms: customer attractiveness and supplier satisfaction. We showed that clearly delineating between these constructs and their dimensions can provide new insights in their functioning in buyer–supplier relationships, in particular when it comes to how these affect supplier's resource allocation decisions. Whereas other SET based studies remained conceptual (Hüttinger et al., 2012; Schiele, Calvi, et al., 2012; Schiele, Veldman, et al., 2012), our study is the first to empirically test the relationship between customer attractiveness, supplier satisfaction and preferred customer status using comprehensive measures of the relevant dimensions of these

constructs. As we identify different dimensions of customer attractiveness and supplier satisfaction, our study also provides more fine-grained insights into the drivers of these constructs. In addition, the different dimensions of the constructs presented in this study can form the basis for other SET-based studies to differentiate between these dimensions and examine how specific dimensions of customer attractiveness and supplier satisfaction may influence buyer–supplier relationships in different ways (for example, for an examination of financial attractiveness see [Baxter, 2012](#)).

7.2. Managerial implications

The literature provides several tools for managers to build better relationships with suppliers for increased strategic benefits. However, a central notion in this study is that competitive advantage is not a self-evident result from relationships because competitors seek similar benefits from the same suppliers. A buying firm that is able to build a relationship in which the supplier perceives the buying firm to be a preferred customer, compared to the supplier's other customers, should be able to more easily attain a competitive advantage from this relationship. Our findings can help managers to more effectively build their plans regarding how to achieve preferred customer status and, consequently, increase their performance.

The dimensions presented in [Tables 1 and 3](#) provide managers insights into the practices they can adopt to increase their firm's attractiveness or to increase supplier satisfaction. In addition, the conceptual delineation of customer attractiveness and supplier satisfaction enable managers to better recognize potential strategies concerning how to gain better resources from their suppliers. Our findings show that in the presence of supplier satisfaction, customer attractiveness loses most of its effect on preferential resource allocation. The mediation analysis showed that if buyers fail to establish a feeling of equity or fulfillment in the supplier, then they might fail to achieve preferred customer status. This finding does not imply that a supplier would end a relationship or discontinue their business. However, the findings do suggest that attractive customers are not necessarily preferred customers within the supplier network if they are unable to satisfy the supplier. This delineation between customer attractiveness and supplier satisfaction can help managers to better align their efforts to attain preferred customer status.

7.3. Limitations and directions for future research

This study's findings were based on supplying firms that evaluated the customer attractiveness, supplier satisfaction and preferential resource allocation of buying firms. Because our aim was to examine preferential resource allocation from suppliers, we studied the attractiveness of buying firms and satisfaction of suppliers that were already in a relationship. Thus the reported levels of customer attractiveness refer to the expected value from a continuation of an existing collaboration (e.g. in order to intensify the relationship), and not to the expected value of a relationship that has yet to be established. In addition, whereas we hypothesized supplier satisfaction to mediate the relationship between customer attractiveness and preferential resource allocation, it can be argued that, reversely, supplier satisfaction positively influences customer attractiveness. For example, it can be argued that if a supplier is highly satisfied with a buying firm, it considers this firm as an attractive partner for future collaborations. This would imply a certain (cyclic) process model of customer attractiveness and supplier satisfaction ([Ellegaard, 2012](#); [Schiele, Veldman, et al., 2012](#); [Tóth et al., 2014](#)) incorporating startup, continuation and discontinuation phases. Obviously, the relation between customer attractiveness and supplier satisfaction is more complex than our methodology allows us to study. Post-hoc tests showed that a reversed mediating effect, in which customer attractiveness mediates the relationship between supplier satisfaction and preferential resource allocation, was not significant (95%

confidence interval of -0.18 to 0.42). This implies that the relationship between customer attractiveness, supplier satisfaction and preferential resource allocation is, indeed, as hypothesized. Still, future research should aim to further examine the complex relationship between these constructs and other variables that this study did not control for. For example, longitudinal studies can capture both the effect of customer attractiveness and supplier satisfaction in different stages of a relationship and the effect of customer attractiveness and supplier satisfaction on each other across different points in time.

We based our findings on survey data. Thus, the findings in this study are based on subjective data that rely on the respondents' perceptions, which could influence non-response bias. Also, it should be noted that the invitations to the survey were sent by the automobile manufacturer which may have resulted in an unintentional framing in the minds of the respondents. In addition, even though focusing on the automobile industry has its merits (as explained in the methodology section), future research should incorporate a wider range of industries to enhance the generalizability of the findings presented. For example, in more service-oriented industries firms are typically less reliant on their suppliers. The effects of customer attractiveness and supplier satisfaction (and of preferential resource allocation) might therefore differ in those industries. In addition, because the World Café participants were mainly purchasing professionals, the dimensions of the attractiveness and satisfaction measures may potentially be biased towards a buyer's perspective. Although the dimensions showed a high similarity with previous works, (e.g., [Ramsay & Wagner, 2009](#); [Hüttinger et al., 2012](#)) suppliers may have different perspectives on the importance of the different dimensions.

Furthermore, specific dimensions of attractiveness and satisfaction might have different or stronger effects on the allocation of specific resources. In particular, business volume can be argued to be an important mechanism, because a supplier can be inclined to allocate resources proportionally to the (potential) turnover that is realized by the buying firm. Trust, on the other hand, creates an atmosphere in which the supplier may allocate resources based on the belief that the partner will reciprocate these actions. The debate concerning power and trust, shows how different forms of power and trust might relate differently to disparate types of resources ([Ireland & Webb, 2007](#); [Pulles, Veldman, Schiele, & Sierksma, 2014](#)). By incorporating the distinction between the different dimensions of customer attractiveness and supplier satisfaction (e.g., business volume, trust, information sharing) as well as the disparate resources for which buying firms aim, future research might provide important insights regarding the contingent strategies for these firms.

Finally, this paper is built on the notion that preferential resource allocation from suppliers would positively affect the competitive advantage of buying firms. However, the relationship between supplier resources and competitive advantage is not only contingent on the extent to which buying firms obtain better resources than competitors but also depends on the value these resources potentially have. This is because resources can be viewed as heterogeneous ([Dyer & Hatch, 2006](#); [Hunt & Davis, 2008](#); [Adegbesan, 2009](#)), implying that supplier resources that are valuable to one buying firm, do not necessarily have to be valuable to another buying firm. For instance, if a buying firm obtains better resources from a supplier than a competitor, but if this competitor is able to create more synergies with these resources, or if the supplier resources are more compatible with the competitor's overall strategy, the competitor can still be expected to create the greater performance benefits ([Pulles, 2014](#)). The relevance of taking this perspective is demonstrated by [Weigelt \(2013\)](#) who examined the interaction between supplier resources and internal resources. Future research would benefit from viewing resources as heterogeneous and incorporate the interaction between supplier resources and the buying firm's resources, as well as the compatibility of the supplier's resources with the buying firm's strategy.

Appendix A.1. Outer weights and loadings

	Outer weights	t-Values	Outer loadings
CA 1	0.181	1.028	0.620
CA 2	0.260	1.270	0.740
CA 3	0.253	1.417	0.228
CA 4	0.109	0.616	0.570
CA 5	0.638	3.199	0.921
CA 6	−0.087	0.449	0.387
SSat 1	−0.096	0.661	0.272
SSat 2	0.285	1.435	0.581
SSat 3	−0.141	0.816	0.466
SSat 4	0.165	0.793	0.611
SSat 5	0.026	0.149	0.600
SSat 6	0.454	2.235	0.754
SSat 7	0.201	1.116	0.735
SSat 8	0.441	2.856	0.724
PRA1	−0.178	0.734	0.400
PRA2	0.136	0.516	0.635
PRA3	0.306	1.360	0.716
PRA4	0.559	3.146	0.835
PRA5	−0.189	0.764	0.529
PRA6	0.4778	1.8942	0.8363

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