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Research paper

How startups become attractive to suppliers and achieve preferred customer status: Factors influencing the positioning of young firms

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A R T I C L E I N F O

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Startups
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A B S T R A C T

Achieving preferred customer status with suppliers helps startups to mobilize suppliers' resources. However, in purchasing, startups also compete against large buyers for suppliers' resources. Furthermore, their newness is a liability that suppliers find unattractive. Consequently, attracting and maintaining relationships is a challenge for startups' procurement. This paper investigates the strategies that startups use to attract large suppliers, improve mutual business relationships, and receive preferential supplier treatment. Based on the preferred customership literature and world café data from 15 startup buyers and suppliers, we identified seven factors that explain how startups attract suppliers, maintain relationships with them, and achieve preferred customer status. These factors are strategic compatibility, innovation potential, startup network, credible growth opportunity, profitability, memorable experiences, and purchaser sellership.

1. Introduction: startup–supplier relationship through a preferred customership lens

In many industrial markets, suppliers can simply choose their customers (Schiele et al., 2012), and buyers might have to compete for suppliers' resources. In this paper, we take the perspective of startups as buyers (Wagner, 2021). Startups depend on their suppliers to pursue innovation (Song and Di Benedetto, 2008) and success (Song et al., 2008). However, when suitable suppliers are scarce (Steinle and Schiele, 2008), startups compete with mature buying firms for the same suppliers. For example, a startup developing an innovative electric vehicle might have to compete against large traditional OEMs (Ulrich, 2021) for the same suppliers.

When competing for supplier resources, startups can be disadvantaged compared to mature buyers. While mature firms are well-established, older, more stable, and have a good credit history (Bulan and Yan, 2010), startups are young (Song et al., 2008), have a high mortality rate (Freeman et al., 1983), have no track record, and suffer from limited resources (Das and He, 2006). As a result, suppliers could perceive startups as unattractive (Bjørgum et al., 2021) and decide not to do business with them (Bolumole et al., 2015). Consequently, startups might experience several obstacles when dealing with suppliers. These obstacles include sourcing from high-quality suppliers (Ghosh et al., 2019), opportunistic supplier behavior (Rottenburger and Kaufmann, 2020), power asymmetries (Perez and Fierro, 2018), and detrimental exclusivity agreements (Garnsey and Wilkinson, 1994). Startups must therefore convince suppliers that they are attractive (Jenkins and Holcomb, 2021).

The mechanisms with which to attract suppliers and obtain a preferred resource allocation status are well documented in the context of mature firms. Advances in preferred customer research (Brokaw and Davisson, 1978; Hüttinger et al., 2014; Schiele et al., 2012; Vos et al., 2016) have allowed buyers to unveil suppliers' preferences. Buyers can now identify critical levers in the buyer–supplier relationship. This helps buyers to become preferred customers. For example, mature firms could become preferred customers by providing a growth opportunity (Hüttinger et al., 2014; Vos et al., 2016), profitability (Vos et al., 2016), relational behavior (Hüttinger et al., 2014, Vos et al., 2016), and operative excellence (Vos et al., 2016). However, the preferred customership literature focuses on the large buying firm context (Adams et al., 2016; Jenkins and Holcomb, 2021). Its findings may not be generalizable to startups because purchasing and supply management research does not address young, small, and innovative firms' distinct features (Jenkins and Holcomb, 2021; La Rocca and Snehota, 2021).

Research on startups as buying firms is limited (La Rocca et al., 2019b). Some studies (Hietschold and Fottner, 2018) only focus on procurement logistics, while other studies (Jenkins and Holcomb, 2021, La Rocca and Snehota, 2021) focus solely on customer attractiveness in

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the relationship initiation phase. There is a gap regarding insights into the startup–supplier relationship process, which includes supplier satisfaction and preferred customer status. Several authors have therefore called for more startup–supplier research. This call includes research into how startups could mobilize supplier resources (La Rocca et al., 2019b), which startup strategies to employ to involve suppliers in new product development (Bolumole et al., 2015), and how they could find and attract suppliers (Wagner, 2021).

We pose the following research question to fill this research gap: Which factors influence the cycle of preferred customership in the context of startups as buyers? Our analysis is theoretically grounded in the "cycle of preferred customership" literature (Schiele, 2022; Schiele et al., 2012), which describes a multi-stage approach with which to comprehend customer attractiveness (Christiansen and Maltz, 2002), supplier satisfaction (Essig and Amann, 2009), and the preferred customer (Steinle and Schiele, 2008) perspective.

In a first step, the buying firm must attract suppliers to establish a relationship. Once the buying firm has an ongoing business with the supplier, it must satisfy the supplier's expectations to maintain the relationship. Finally, once the buying firm fulfills the supplier's satisfaction to a greater degree than its competing buying firms, it will become a preferred customer (Schiele et al., 2012). We adopted the cycle of preferred customership multi-stage approach because it includes the perspective of competing for suppliers' resources. This approach addresses the issue of startups' being disadvantaged when competing against large buying firms.

2. Literature background: startup–supplier relationships and the cycle of preferred customership

2.1. Startups facing challenges in attracting suppliers

Suppliers may perceive startups as small, risky, and unreliable business partners. Startups are young (Song et al., 2008), have a high mortality rate (Freeman et al., 1983; Stinchcombe, 1965), have low legitimacy, have no track record, and are associated with inconsistent commitments (Das and He, 2006). Startups are young and, consequently, unknown to suppliers, lack credibility and reputation (Partanen et al., 2014), and are also a risk for business partners (Bhide and Stevenson, 1992). Moreover, suppliers are unsure whether startups can make on-time payments (Luo et al., 2020). In short, suppliers may demand higher prices or avoid doing business with startups altogether. Evidence indicates that suppliers mostly find startups unattractive (Bjørgum et al., 2021).

Startups may therefore find attracting and mobilizing suppliers' resources challenging. Not only do salespeople behave opportunistically (Rottenburger and Kaufmann, 2020), but finding high-quality suppliers is also challenging (Ghosh et al., 2019). Furthermore, startups' relationships with large companies might be power asymmetric (Perez and Fierro, 2018), which could potentially harm the startups (Garnsey and Wilkinson, 1994; Perez and Fierro, 2018).

Nevertheless, attracting suppliers to build relationships is essential for a startup's success (Song et al., 2008). Supplier networks could improve startups' performance (Tumelero et al., 2018) because they need suppliers to access financial and manufacturing resources (Das and He, 2006) and the established business networks that they lack (Baraldi et al., 2019), as well as to supplement their knowledge limitations (Tumelero et al., 2018). In addition, startups need suppliers' financial support (Song and Di Benedetto, 2008). In short, a startup needs to become a preferred customer to access suppliers' resources.

Despite their distinct liabilities (Freeman et al., 1983), startups also have specific favorable characteristics. They can grow fast (Begley, 1995) and innovate (Carland et al., 1984). Startups should therefore use these favorable characteristics to become preferred customers. In summary, startups must mobilize suppliers' resources (La Rocca and Snehota, 2021). Startups profit from becoming attractive customers (customer attractiveness) (Christiansen and Maltz, 2002), which allows them to initiate working relationships and interact with suppliers to lead to supplier satisfaction (Essig and Amann, 2009) and maintains these relationships. Moreover, suppose a supplier is more satisfied with the startup than with an alternative customer. In that case, this allows the startup to achieve preferred customer status (Steinle and Schiele, 2008), thereby gaining preferential treatment from the supplier (Vos et al., 2016).

2.2. Preferred customer status as key to accessing supplier resources

A preferred customer is "a purchaser (buying organization) who receives better treatment than other customers from a supplier, in terms of product quality and availability, support in the sourcing process, delivery or/and prices" (Nollet et al., 2012; p. 1187). Preferred customer status is essential to ensure that suppliers provide privileged resource allocation (Schiele et al., 2012), to receive special products/services, to gain preferential access to supplier innovations, and to obtain better prices (Bew, 2007; Nollet et al., 2012). Reviewing the preferred customer literature, we identified three main literature streams: i) independent studies focusing on the preferred customer as a stand-alone construct aimed at identifying its antecedents; ii) research focusing on the preferred customer as part of a multi-stage process; and iii) research focused on contextualizing the multi-stage approach, which includes customer attractiveness, supplier satisfaction, and preferred customer. Many of these studies were conducted in specific contexts (industry settings).

First, the stream of independent studies identifies the antecedents of the preferred customer as a stand-alone construct. The list of preferred customer antecedents includes: business opportunities and satisfaction (Brokaw and Davisson, 1978), loyalty (Brokaw and Davisson, 1978; Williamson, 1991), purchasing volumes (Brokaw and Davisson, 1978; Steinle and Schiele, 2008; Williamson, 1991), and, more recently, geographical proximity, and cluster membership (Steinle and Schiele, 2008). The literature review by Hüttinger et al. (2012) grouped the scattered literature on preferred customer antecedents under five factors: market growth, risk, technological, economic, and social factors.

Second, a research stream conceptualizes the preferred customer as part of a multi-stage process. For example, Nollet et al. (2012) conceptualized the preferred customer construct as a stage process. Schiele et al. (2012) regarded the preferred customer as a circular process with multiple stages, each with its own set of antecedents. Finally, Pulles et al. (2016) established the relationship between each stage of the preferred customer circular process.

The third research stream contextualizes the multi-stage approach, which included customer attractiveness, supplier satisfaction, and preferred customer. These studies were conducted in specific contexts and in terms of focal buying firms. Different contexts include US automotive original equipment manufacturers (OEMs) (Ellis et al., 2012), such as manufacturers in New Zealand (Baxter, 2012), a large European automotive OEM (Hüttinger et al., 2014), and two German companies (one chemical company and one automotive OEM) (Vos et al., 2016). Moreover, in some studies (Hüttinger et al., 2014; Vos et al., 2016), the focal firms had a relationship of more than 20 years with their suppliers. Ultimately, these studies converge to four antecedents of preferred customer: growth opportunity (Hüttinger et al., 2014, Vos et al., 2016), profitability (Vos et al., 2016), relational behavior (Hüttinger et al., 2014, Vos et al., 2016), and operative excellence factors (Vos et al., 2016). In the next section, we describe the preferred customer's multi-stage approach.

2.3. The cycle of preferred customership: a multi-stage approach

In the circle of preferred customership's (Fig. 1) multi-stage approach, a startup must be attractive as a buyer to initiate a relationship with suppliers. Next, a startup needs to satisfy the supplier more

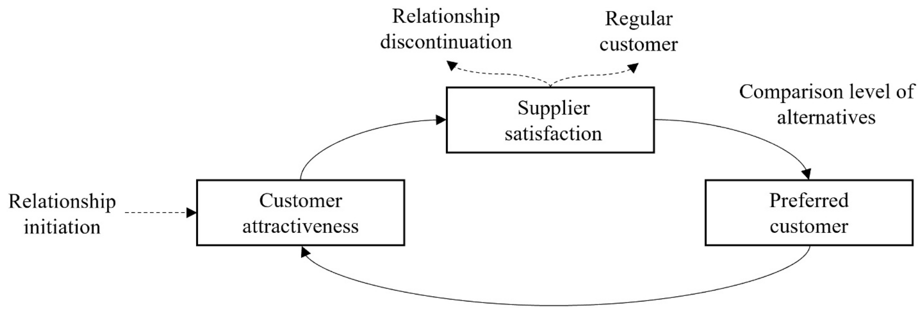

Fig. 1. The cycle of preferred customership (Schiele et al., 2012).

than it does other customers in order to become a preferred customer. Consequently, the three core concepts are customer attractiveness, supplier satisfaction, and preferred customer status.

Customer attractiveness refers to the supplier's expectations of its relationship with a potential customer (the buying firm). For Schiele et al. (2012; p.1180), "a customer is perceived as attractive by a supplier if the supplier in question has a positive expectation towards the relationship with this customer." Furthermore, customer attractiveness is essential because startups have limited resources (Das and He, 2006) and must be attractive to mobilize supplier resources (La Rocca and Snehota, 2021). In this context, customer attractiveness is the only phase with some startup-focused research. Several studies have identified factors that make a startup attractive to suppliers. The study by La Rocca and Snehota (2021) focuses on new ventures. Similarly, Jenkins and Holcomb (2021) focus on nascent firms. Kragh et al. (2022) also focus on low-leverage buyers, all of which share similarities with the startup context, such as newness or smallness. Overall these studies identify attractiveness factors, such as innovation and technical competence (Jenkins and Holcomb, 2021; Kragh et al., 2022; La Rocca and Snehota, 2021), proactiveness and communication (Jenkins and Holcomb, 2021; Kragh et al., 2022), market access and growth (Jenkins and Holcomb, 2021, Kragh et al., 2022), reputational benefits, prestige, and personal satisfaction (La Rocca and Snehota, 2021), cooperating with suppliers on solutions, and including suppliers in internal teams (Jenkins and Holcomb, 2021), and relationship maintenance (Kragh et al., 2022). Overall, startups differ from mature firms, while innovation (Jenkins and Holcomb, 2021, Kragh et al., 2022, La Rocca and Snehota, 2021) and a proactive approach to suppliers (Jenkins and Holcomb, 2021, Kragh et al., 2022) are crucial elements to enhance attractiveness. Once customer attractiveness is achieved, the buyer–supplier relationship commences. Thereafter, it becomes crucial that startups focus on achieving supplier satisfaction and overcoming the challenges associated with becoming a preferred customer.

Supplier satisfaction is "a condition that is achieved if the quality of outcomes from a buyer–supplier relationship meets or exceeds the supplier's expectations" (Schiele et al., 2012; p. 1181). In the supplier satisfaction stage of the cycle of preferred customership (Fig. 1), suppliers will determine three possible outcomes of the buyer–supplier relationship. First, suppliers might discontinue the relationship if the customer fails to achieve the supplier's minimum expectations. Second, if the customer exceeds the supplier's minimum expectations, the latter will assess its panel of customers and compare them with one another. The availability of alternative customers also affects this supplier decision-making process and is defined as the comparison level of alternatives (Schiele et al., 2012). Suppliers might compare alternative customers. If the customer fails to exceed the supplier satisfaction level with an alternative customer, the customer will become a regular customer (Schiele et al., 2012). Finally, if the customer exceeds the supplier satisfaction level with an alternative customer, the customer will become a preferred customer (Schiele et al., 2012). In summary, supplier satisfaction could lead to a preferred customer status (Pulles et al., 2016; Vos et al., 2016).

Having a preferred customer status might lead to exclusive resource allocation by suppliers. The preferred customer status is awarded "if this customer is perceived as attractive and if the supplier is currently more satisfied with this customer than with alternative customers" (Schiele et al., 2012; p. 1181). The preferred customer status thereby motivates the "supplier [to react] by providing privileged resource allocation to this preferred customer" (Schiele et al., 2012; p. 1181).

2.4. Need for startup preferred customer research

The factors and the processes of becoming a preferred customer in the context of large buying firms are copious. However, we do not yet know which factors influence preferred customership in startups. This study therefore uses the third research stream and is built on the preferred customership concept as a multi-stage process in the context of startups. We chose this approach because it considers competition between buyers, which suits our problem well, with startups competing against large buyers. In summary, according to the cycle of preferred customership, if a supplier finds a startup attractive, the former might initiate a business relationship. Thereafter, the supplier will evaluate the relationship in the supplier satisfaction stage. The supplier might also compare startups as customers to large mature firms. If the supplier is more satisfied with the startup customer than with another customer, the supplier could award the startup a preferred customer status.

3. Method: world café with startup purchasers and suppliers

3.1. Introduction to the world café method and the comparison with focus group

We use a qualitative approach, because our research is exploratory. We use a novel mix of focus groups (Silverman, 2020), using a world café (Brown and Isaacs, 2005; Schiele et al., 2022) in a virtual setting. As a research method (Schiele et al., 2022), the world café differs from focus groups. The overall objective of the world café is to explore new research topics and "test" emerging findings in an integrative way, its participants are co-researchers and can vote on the findings' relevance (Schiele et al., 2022). The world café has an interactive character. Its method includes multiple rounds of discussion, with the findings being refined based on feedback from subsequent rounds, which helps to increase the results robustness, because the method encourages participants to confirm, refine, or reject the previous rounds' findings (Pulles et al., 2016). The participants move from one table to the next, which creates a "cross-pollination of ideas" (Hüttinger et al., 2014; p. 701).

A world café's participants play a different role than the one they play in focus groups. Their participants are co-researchers and not just interviewees. Together with scholars, they create knowledge (Pulles et al., 2016). Moreover, the world café method offers several advantages over traditional focus groups. One such advantage is the extensive documentation it provides. In addition to the recordings and the transcripts that the focus group method uses, it also creates notes on the discussion, which it captures on flipcharts or electronic whiteboards, provides the voting procedure's results, which contain all the concepts captured and summarized on the flipchart, as well as the votes assigned to each concept (Schiele et al., 2022).

Finally, unlike focus groups, the world café method includes a validation procedure achieved through a voting process (Goldberg and Schiele, 2018; Pulles et al., 2016), in which each participant is allowed to review the findings of each table and assigns points to the discussion topic they find the most relevant. This process produces a ranking (Goldberg and Schiele, 2018). In summary, the voting procedure helps analyze and validate the knowledge captured in the world café.

3.2. Participant selection and sample: multi-national, multi-industry sales and purchasing professionals sample

We invited purchasing professionals, who worked for startups and suppliers with sales experience doing business with startups, to participate in the world café. We conceptualized startups as young buying companies that had received venture capital during the last ten years (Appendix A). We used the ten-year age criteria for nascent firms with emerging supply chains (Jenkins and Holcomb, 2021), thereby excluding startups with no revenue and suppliers. In addition, we used venture capital funding as a proxy for emerging supply chains (Jenkins and Holcomb, 2021). We used the event website, LinkedIn search, and our personal researcher network to invite 85 people to participate in the world café. We also used the snowballing procedure, asking buyers for referrals to suppliers and other buyers.

In addition, we used non-probabilistic sampling. Since startups from different industries (software, manufacturing, and high-tech) might face different supplier challenges, we purposively selected participants from different industries to obtain a high degree of variation. Of the 85 invitees, 26 agreed to participate, with 15 actually participating (Appendix B). Reasons given for their non-participation included COVID-19, urgent meetings at work, and previously made appointments.

Our sample included ten purchasing professionals representing buyers, eight from startups with manufacturing or industrial processes, and two from software startups. The remaining five participants were salespeople representing suppliers to startups. We chose this combination to secure both perspectives of the buyer–supplier dyad. Our sample consisted of four females and 11 males with 18 years of experience on average. Eight had a bachelor degree, and seven had a master or MBA. The participants were drawn from six countries (Netherlands, Brazil, Germany, Hungary, UK, and the US) and from 14 companies in nine industries, including manufacturing and services (Appendix C). Altogether, the diverse sample of gender, industry, and country combinations with many years of relevant experience enhanced the workshop's outcome by improving the external validity and, to some extent, strengthening the results' generalizability. Furthermore, before the meeting, all the participants received a document explaining the research topic and the researchers' motivation.

The world café consisted of three virtual rooms. We used the following guiding question in room A: What strategies do startups use to attract large suppliers to initiate a business relationship? In room B, the question posed was: What strategies do startups use to improve supplier satisfaction and receive preferential treatment from existing suppliers? Finally, room C hosted a general discussion, connected to this research, on purchasing organizations within startups. In sum, we used the output of the two virtual rooms (A and B) for this paper.

3.3. Data collection: the world café

The online world café took place in July 2021 and lasted 2.5 h. It started by involving all the participants in a plenary. First, we introduced the research topic to the participants. Although all the participants were familiar with startups, we described their characteristics briefly and compared them with large, established buyers. The introduction gave the participants a common language and reduced the information imbalance regarding the differences between startups and large companies as buyers. As a second step, we presented the concepts of customer attractiveness and preferred customership. Further, we presented two scenarios as a starting point for the discussion in each virtual room. Finally, we described the world café method (Fig. 2). Each virtual room included startup purchasing professionals, suppliers for startups, and a professional moderator. Moderator 1 was one of the authors, a male with a PhD, while moderator 2 was also a male with a PhD. Both are experienced researchers.

After the introduction in the plenary, we allocated the participants to

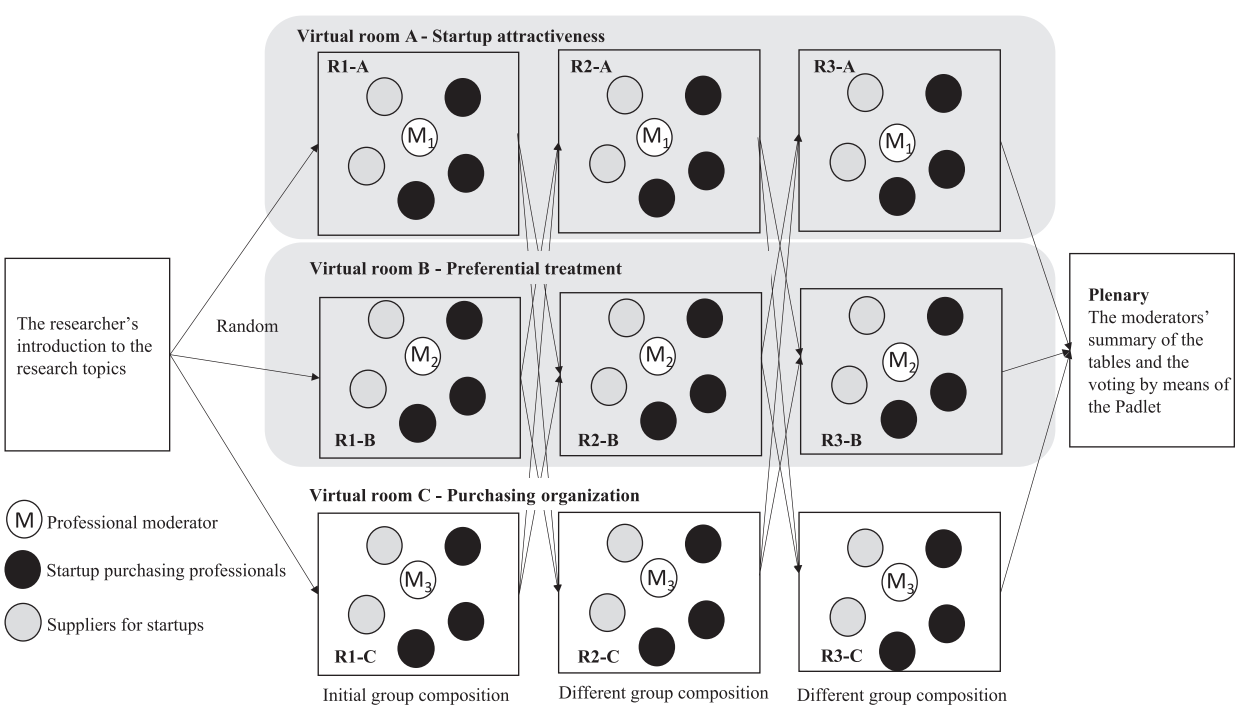

Fig. 2. Overview of the research world café configuration.

Table 1
The five criteria for good practice.

Good practice (Schiele et al., 2022)	How we performed this study
1) Selecting the participants to ensure generalizability	Purposeful sampling of purchasers and suppliers from several countries and different industries
2) Keeping each trained moderator at the same table throughout	Moderators were experienced academic purchasing and entrepreneurship professors.
3) Using flip charts/electronic boards instead of tablecloths for the moderator to capture the findings	We used an electronic board, Padlet, to capture the findings
4) Recording and transcribing the discussion sessions	We recorded the online event via Zoom and transcribed it using Amberscript software.
5) Presenting the results in a plenary and asking participants to rate the findings by assigning points	Participants voted electronically using the Padlet software to allocate ten stars (a maximum of five to any given item)

the two virtual rooms. The participants rotated between rooms over three rounds. The moderators remained in place. Round 1 was 25 min long, round 2 took 20 min, and round 3 lasted 15 min. A PhD student assigned participants randomly to the rooms and was also the time-keeper. Within each virtual room, the moderator presented the question for Virtual Room A (What strategies do startups use to attract large suppliers to initiate a business relationship?) and Virtual Room B (What strategies do startups use to improve supplier satisfaction and receive preferential treatment from existing suppliers?). The moderator stimulated the discussion without providing examples from the literature. Consequently, the participants initially developed the concepts without sourcing them from the literature. After each round, the moderator summarized the discussions from the previous rounds to allow the experts to build on the concepts explored by the others. The participants could always see an electronic whiteboard (Padlet), on which the moderator noted the comments while the experts engaged in a discussion.

After the third round, the participants attended a plenary debriefing session. Thereafter, they were asked to vote twice (once for room A and once for room B) by assigning ten points per voting round to relevant discussion topics according to their judgment (a maximum of five points for a single discussion topic). This voting process helped prioritize the word café findings and allowed the researchers to focus on the essential topics determined by the experts' opinion (Schiele et al., 2022). In addition, we recorded the discussion in all the rooms, the summary sessions, and the voting procedure. Subsequently, we transcribed the recordings, pseudonymized the participants' names, and edited the participants' quotations that were presented in this report to enhance their readability.

3.4. Data analysis: voting results and transcripts

First, we analyzed the discussion topics in each room independently (reported in Section 4). Thereafter we familiarized ourselves with the data by reading the transcripts and watching the recordings. We used the discussion topics as the basis for the analysis, complementing the data with notes from the electronic whiteboards and the transcripts' text. The transcripts supported and enriched each discussion topic's meaning, ensuring that the interpretation that the moderators initially captured was indeed correct. In addition, we carefully evaluated each discussion topic, compared it with the research question, and deleted three low-voting topics from room A (shown in Appendix D) that were unrelated to startup attractiveness.

Second, we followed Pulles et al. (2016) to create influencing factors based on the discussion topics. To create the final list of factors, we compared the discussion topics from room A with those from room B (Table 2), identifying commonalities between the rooms. We combined the discussion topics with similar meanings phrased differently under one factor. We also merged the points that the experts assigned when combining the discussion topics. For example, in Virtual Room A (Appendix D), we merged the discussion topics on innovative business models (4 points), disruptive innovation (6 points), and technology transfer (6 points) into a single factor called innovation (making a total of 16 points). Finally, we compared the concepts and discussion topic with the preferred customer literature and adjusted the factor names to match the literature. This data reduction process simplified the 24 world café discussion topics to seven factors (reported in Section 5).

3.5. Methodological rigor and good practice: preparation, moderation and transcription

We applied the most recent good practice recommendations and world café improvements for academic research (Goldberg and Schiele, 2018; Hüttinger et al., 2014; Pulles et al., 2016; Schiele et al., 2022). Table 1 presents the five criteria for good practice and the procedure adopted to address each criterion.

4. Results: merging 24 discussion topics into seven factors

The project's objective was to investigate the factors influencing the cycle of preferred customership in the context of startups. The world café resulted in a ranking of 24 discussion topics (Appendix D). We calculated the total scores by adding the points assigned to each discussion topic. Using a data reduction procedure, we compared the discussion topics from two rooms, identified commonalities, and combined discussion topics with similar meanings. This procedure reduced the 24 four world café discussion topics to seven factors, because most of the

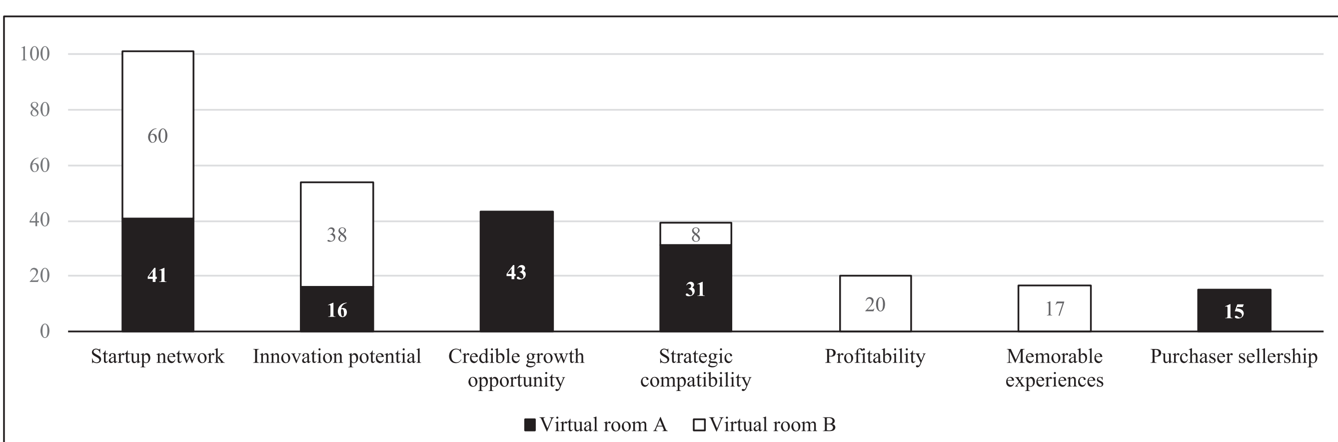

Fig. 3. Summary of the cycle of preferred customership influencing factors.

Table 2
Cross table of the seven factors.

Factor	Room A whiteboard (Attractiveness)	Room B whiteboard (Supplier satisfaction and preferred customer)	Transcripts
Startup network	Networks as signaling mechanisms: • Reputable founder • Reputable investor • Founder as shareholder • Startup customer networks • Exploring supplier networks • LinkedIn, media • Receiving new funding rounds Networks as a source of trust: • Transparency compensates for the lack of financial records	Networks as signaling mechanisms: • Partner with a prestigious supplier Networks as a source of trust: • Trust in the startup's future • Overcome suppliers' risk management	Networks as signaling mechanisms: • Founder network • Network of reputable investors • Network of reputable customers • Purchaser network • New funding round Networks as a source of trust: • Overcoming a financial credit check
Memorable experiences	• Not discussed	• It is nice to visit a startup and be amazed • Seeing the process of growth and development • Salespeople: enjoy making new products • Brings diversity to salespersons/engineers	• Fun to see startup development and growth • Fun to be treated like a partner • Experience startup atmosphere • Enjoy participating in startups' NPD • It is fancy to visit a startup • Not old school
Purchaser sellership	• The purchaser has to be a salesperson too	• Not discussed	• Act as a salesperson • Pitch the startup business case to suppliers • Treat suppliers as investors, encourage them to buy the startup • Pitch the startup advantages
Innovation	• Innovative business models • Innovative manufacturing process • Suppliers learning from the startup	• Startup innovates the supplier • It is beneficial for suppliers in the long run • Showing that innovation lives up to expectations • Innovation depends on product or service	• Early exposure to novel startup business models • Learning from the startup innovation
Credible growth opportunity	• Showing proof of concept • Suppliers also want to enjoy a successful business • Building history with a supplier matter	• Not discussed	• Exposure to high-growth markets • High-growth ambitions
Strategic compatibility	• Buyer–supplier alignment with strategy • Market potential, technology, competencies	• Small-size suppliers can grow with startups • Larger-size suppliers can learn from startups • Larger-size suppliers can teach startups to organize	• Supplier–startup strategy alignment • Similar competencies • Technology alignments • Salesperson–purchaser compatibility
Profitability	• Not discussed	• Startups are not cost-driven but value-focused – it is okay to pay more • Startups pay more – they are more dedicated to developing products • Startup efficiency thinking starts later in the process	• Lack of control • Lack of procurement department • Lack of professional negotiators • No time to negotiate • Focus on NPD, not cost • Startups sell high-margin products • Pay a higher price to secure production

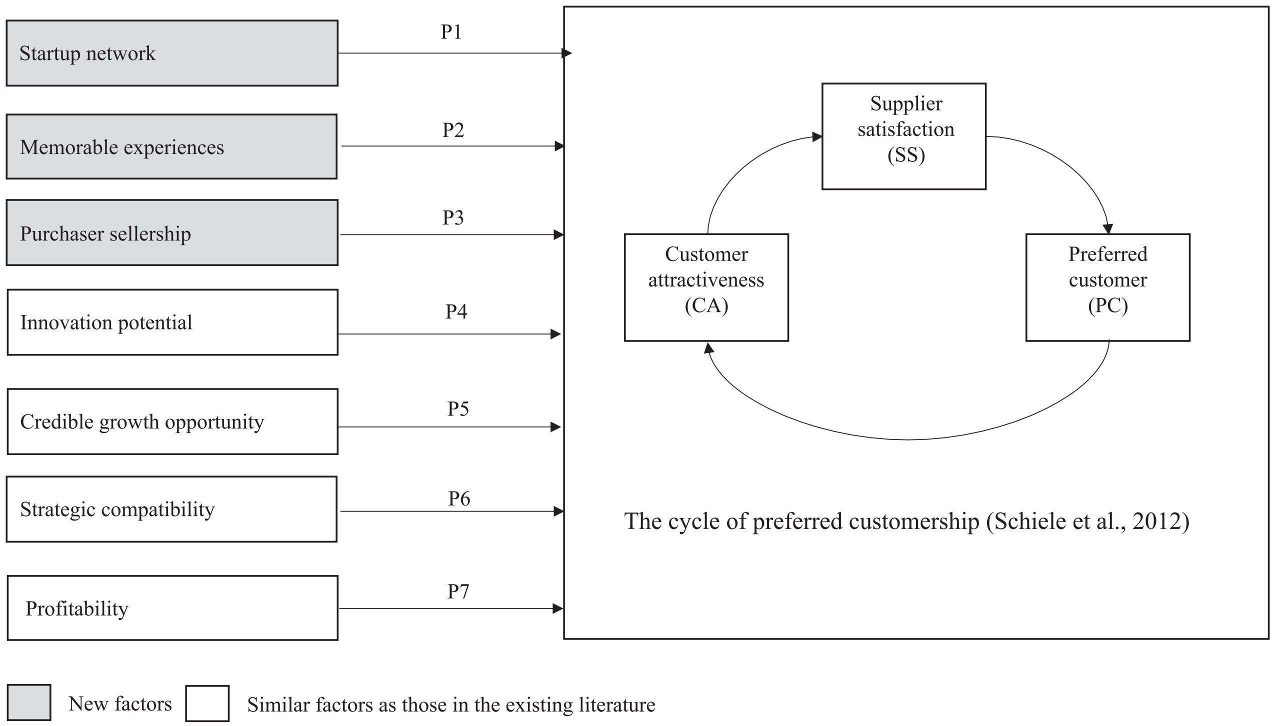

Fig. 4. Framework for startup preferred customership.

discussion topics were similar in both rooms.

Furthermore, each room discussed different stages of the cycle of preferred customership. Room A discussed attractiveness, while Room B discussed supplier satisfaction and preferred customership together. Finally, the participants arrived independently at similar ideas, leading us to merge all discussion topics under a common framework. This process resulted in seven factors that do not directly influence the CA, SS or PC stages, but are influencing factors in the cycle of preferred customership. Consequently, Fig. 3 shows the ranking of the seven factors of the world café results and the aggregated total score per factor that the participants allocated during the voting procedure. This study is not quantitative by nature. However, the scores give an indication of each factor's relevance in the view of the participating experts. Fig. 3 shows the seven factors from the highest to the lowest score: i) startup network, ii) innovation potential, iii) credible growth opportunity, iv) strategic compatibility, v) profitability, vi) memorable experiences, and vii) purchaser sellership.

We then used qualitative data to examine the seven factors in detail. First, we analyzed the data from the virtual whiteboards (Padlet) used in the rooms. Second, we reviewed the transcripts and captured additional text by using the discussion topics as a guide (see Table 2).

5. Discussion: seven factors influencing the cycle of preferred customership in the startup context

This research identified factors that influence the cycle of preferred customership in the startup as buyers context. We found seven factors that explain how startups attract suppliers, maintain relationships, and achieve preferred customer status (Fig. 4). In the discussion, we divided our findings into two categories: i) new factors that emerged from this research and ii) factors similar to the existing literature. The three new factors – startup network, memorable experiences, and purchaser sellership – are reported here for the first time as antecedents of the cycle of preferred customership. Furthermore, we designed the world café in such a way that it does not use concepts from the literature to influence the participants. As expected, some of the concepts that the participants suggested are similar to those in the literature. Consequently, similar to replication studies, we validate existing research by extending their boundaries to the startup case. This study therefore confirms that factors in the literature also apply to startups, namely their innovation potential, credible growth ambitions, strategic compatibility, and profitability. The section below describes the two categories in detail.

5.1. This study identified new factors: startup network, memorable experiences, and purchaser sellership

5.1.1. Startup network: leveraging networks to improve trust and signal creditworthiness to suppliers

We conceptualize the startup network as the startup's ability to leverage its customer networks, investors, and purchasing teams to improve trust in them and signal its creditworthiness to suppliers. Furthermore, startups can leverage their networks to attract suppliers and achieve preferred customer status. We also found that signaling could help improve supplier satisfaction and entice suppliers to initiate a relationship. Finally, participants mentioned credit checks' importance. Owing to startups' poor credit scores, most suppliers will run credit checks and, given the resulting evidence, may not be inclined to approve the startups as customers. Nevertheless, the participants indicated that signaling mechanism strategies could overcome the potential credit check issue. Reputable customers and reputable investors could signal creditworthiness and help startups obtain approval through the suppliers' credit check process.

> "If you have a credibility check by the supplier, they will immediately have a red cross there, as we are not credible for these amounts. But I always used to direct them [the suppliers] to the website of the big partners that we work with that are really enthusiastic about this [startup]. And this really breaks boundaries." Startup buyer #5.

Furthermore, participants suggested that when startups receive sizeable new rounds of investment, this can attract media attention and signal to suppliers that the startup is well-funded.

"Whenever you get a new [funding] round, if you had a big [funding round], a lot of new suppliers reach out to start a relationship." Startup buyer #6.

Moreover, startups could hire purchasing managers with their own supplier network that they can exploit. A possible explanation for this is that startups do not have a track record with their suppliers. However, the startup purchasing manager might have a personal track record with certain suppliers. Consequently, this track record remains with the purchasing professional who carries the history forward to the next company, as which the startup leverage on the transferability of this reputation on a personal level.

"I was hired because of my network, because prior to BETA [current startup employer], I used to work at ALFA [famous automaker] doing the same, buying the same products, dealing with the same suppliers. So, I have a network, and the suppliers know what I do already and how I work." Startup buyer #2.

Startups can benefit from networks that function as a signaling and trust mechanism (Zaheer et al., 2010). The signal occurs when a network actor's quality can be deduced from this actor's relationship with other actors (Zaheer et al., 2010). For example, the signal from winning a large customer (La Rocca et al., 2019a), the signal effect from early customers (Wang et al., 2014), the use of branding (Merrilees, 2007), and government support (Luo et al., 2020) could all signal startup quality. We therefore expect an unknown startup associated with a reputable investor or well-known customer to use this relationship to signal quality. Furthermore, signaling from a high-status organization can improve a startup's legitimacy and reduce its liabilities (Guercini and Milanesi, 2016). In addition, high buyer status can improve supplier satisfaction, serving as a signaling mechanism (Vos et al., 2021).

Networks could enhance trust through their strong ties between partners who are more likely to know and trust one another (Zaheer et al., 2010). In addition, La Rocca and Snehota (2021) emphasize trust and personal relationships in business partnerships. They highlight how supplier commitment to startups can be increased if there is trust between the partners. Finally, startup attractiveness could be based on reputational benefits and prestige (La Rocca and Snehota, 2021).

Overall, these results reflect those of La Rocca and Snehota (2021). This study and the latter highlight the importance of social networks, trust, and prestige in the relationship between startups and their suppliers. Personal factors, such as social networks and previous experience, have been cited as reasons for committing their organization to a new venture (La Rocca and Snehota, 2021). Additionally, this study and that of La Rocca and Snehota (2021) emphasize trust's importance in the supplier-startup relationship. On the whole, both studies demonstrate that social networks, reputational benefits, prestige, and trust are significant factors in improving customer attractiveness in startups. We therefore offer the following proposition:

Proposition 1. Customers', investors', and employees' reputation could be transferred to the startup. This signals its creditworthiness to suppliers and influences the cycle of preferred customership positively.

When analyzing the link between the startup network and the different phases in the cycle of preferred customership, we found this factor in all three phases. Our findings suggest that the startup network is an essential factor to enhance a startup's attractiveness (see also La Rocca and Snehota (2021)). This study also shows that the startup network continues to play a role in supplier satisfaction and in the preferred customer status's phases. Suppliers are attracted to a startup's network to initiate a relationship and recognize its enduring value as the relationship progresses. Consequently, startups with a strong network of partners might be more likely to achieve preferred customer status with their suppliers. However, the links between the startup network and the different stages of the cycle of preferred customership are not yet fully understood and need further research.

5.1.2. Memorable experiences: leveraging startup features to provide memorable experiences for supplier's salespersons

We conceptualize memorable experiences as a startup's ability to provide memorable experiences for its supplier's salespersons, thereby leveraging a startup's prominent features, such as the relaxed and informal business environment, flat organization, and growth.

"[It is] fun to do business with [the startup] a lot of suppliers are just sharing. Well, it's interesting to see how you guys [the startup] are evolving." Startup buyer #8

Furthermore, participants argued that the suppliers' experience is memorable given the new product development process. The innovative and fast-paced startup conditions also create diversity in the daily lives of suppliers' employees, who interact with a startup, such as its salespersons, engineers, and manufacturing-related employees.

"One of their fun parts is that the salespeople often also say that they are the people that are actually machining the machines [and they] really enjoy making new products so that you bring more diversity to their standard [life]." Startup buyer #5

Moreover, participants stated that the fun part relates to personally experiencing the startup growth. Fast-paced startups provide suppliers with opportunities to experience growth changes within their buyer–supplier relationship timespan. In a slow-paced environment, it takes time to notice changes, and suppliers do not experience growth in the same way. One participant used a human biology analogy, stating that it is fun to see children grow. Another participant used analogies referring to consumer experiences, such as a visit to a fancy store.

"Sometimes [it is] fancy to visit us and to see how the startup feeling is. So, what is the atmosphere? How it all goes, etc.? It's also a sort of the feeling. Yes, we [the supplier] are providing some equipment to you, we delivered you something, but we see how you grow." Startup buyer #8

Furthermore, participants suggested that startups, because of their company culture, could have a competitive advantage compared to well-established buyers. For example, participants compared the supplier experience of engaging a startup in business with doing business with a mature company, which one of the supplier participants classified as an "old school" type of buyer–supplier relationship. Suppliers mentioned that a startup's company culture makes doing business fun. The fun factor could open doors for startups, helping them attract suppliers and initiate a business relationship.

"I believe to do business with startups in a particular operational level it's really a big fun. This is part of their company culture, [we learn] how lean their organization [is], how flexible the organizations are. So, I believe that this set of values is, by default, creating the right level of treatment because it's more [aimed] toward a partnership or [is a] joint venture type of behavior than the old-school supplier–customer fashioned relationship. So, I see this, that this is really a door opener." Supplier startups #1

Drawing on the experience economy literature (Pine and Gilmore, 1998), salespeople are also consumers and desire experiences. The experience economy shifts from selling goods and services to creating and delivering memorable customer experiences (Pine and Gilmore, 1998). Startups can therefore create enjoyable and memorable experiences for suppliers, similar to how a stage in performing arts provides a positive and memorable experience for its audience. Consequently, startups can create positive emotional experiences for salespeople, increasing their personal satisfaction. Following Pine and Gilmore (1998) analogy of a stage in performing arts, the startup could be seen as a stage where the purchasers are performers, salespeople are the guests, and buyer–supplier business meetings are memorable experiences. Startups have an intangible essence connected with the employee experience (Gulati, 2019). Similarly, suppliers might consider business meetings in a startup environment as memorable experiences. Suppliers could experience the stereotype of t-shirts, pizza and free soda (Gulati, 2019). We expect suppliers to experience some of this startup culture. It can also refresh experiences (Pine and Gilmore, 1998). Given the nature of a startup and its growth rate, it is possible that every time salespeople visit a startup, they will find something new, such as new people, products, prototypes, and services, thereby revitalizing their experience. When comparing the results of our study to previous research, we did not find mentions of fun and interactive experiences. However, customer attractiveness research on startups has highlighted personal motivations as a vital factor. La Rocca and Snehota (2021) discuss the personal satisfaction and bonds suppliers have developed with startup founders. These authors point out that personal satisfaction from interaction with a startup is crucial for improving its attractiveness to suppliers. Our results corroborate the findings of La Rocca and Snehota (2021), highlighting the importance of understanding the social interactions and personal factors that motivate individuals' engagement with startups. We therefore posit the following proposition:

Proposition 2. Startups could improve supplier satisfaction by providing memorable experiences that increase salespeople's personal satisfaction, thereby positively influencing the cycle of preferred customership.

Nevertheless, when startups develop (Greiner, 1998), they might lose their ability to provide their suppliers with memorable experiences in the long term. Consequently, further research should explore whether startups could sustain this ability. However, startups that maintain their culture (Gulati, 2019) may still succeed in providing memorable experiences. If not, startups may replace these experiences with large purchasing volumes as they assume a large company's characteristics.

When analyzing the link between the memorable experiences factor and the different phases within the cycle of preferred customership, we found that this factor only appears relevant in the supplier satisfaction and preferred customer phases. The memorable experiences factor shares similarities with the personal satisfaction concept of La Rocca and Snehota (2021). However, in contrast to the latter authors, who found personal satisfaction in the customer attractiveness phase, we only found memorable experiences in the supplier satisfaction and preferred customer phases. We therefore posit the following proposition:

Proposition 2.a. The memorable experiences factor might only be relevant in the supplier satisfaction and preferred customer phases. However, personal satisfaction might be essential in all of the cycle of preferred customership phases.

This finding suggests that while personal satisfaction and memorable experiences might be related concepts, they might manifest differently at different stages of the cycle of preferred customership. Further research can explore memorable experiences' precise nature in the supplier satisfaction and preferred customer phases and how such memorable experiences contribute to the overall cycle of preferred customership.

5.1.3. *Purchaser sellership: Acting as a salesperson to persuade suppliers*

We conceptualize purchaser sellership as the startup purchaser's ability to persuade suppliers by acting as a salesperson and "selling" the startup to suppliers. Participants in a startup purchasing position maintained that they apply similar techniques to those that startups use to attract investors.

> "The procurement person needs to be a salesperson too, has to really engage the sellers to buy our company like they were investors. (…). We do [present] the pitch. I do [present] the pitch for investors." Startup buyer #1

Furthermore, the startup purchaser should be creative. Purchasers should uncover what motivates and dissuades suppliers and should provide credible arguments. One participant commented that he highlighted the opportunity for suppliers to learn from the startup how to become more agile.

> "And that is the pitch. I went to them. I said: 'Guys (...) you [suppliers] need to understand that you are too slow in what you do. And if you join ZETA [the startup], if you join us, you will learn how to be quicker.' So, I'm not just a buyer anymore. I'm a salesman because I'm selling my company, really. But I guess that's the approach." Startup buyer #2

The finding that startup purchasers should act as a salesperson to persuade suppliers is consistent with Jenkins and Holcomb (2021), whose participants revealed that nascent firms sell their potential to strategic suppliers. It also aligns with La Rocca and Snehota (2021), who suggests that startups should proactively engage with suppliers to increase their attractiveness, particularly when the latter have limited information. Accordingly, startups should communicate their solution's value, clarify their business idea, and provide suppliers with tangible elements with which to assess their attractiveness (La Rocca and Snehota, 2021). Additionally, our results reflect those of Kragh et al. (2022), who report on canvassing and communicating as attractiveness elements for low-leverage buyers. Their research highlights active engagement and communication with suppliers' importance for establishing relationships. They also emphasize the need to be proactive and persistent when reaching out to suppliers.

Furthermore, buyers should employ preferential treatment factors to apply reverse marketing to improve the relationship (Hüttinger et al., 2014), while startups should persuade large companies to initiate a relationship (Aaboen and Aarikka-Stenroos, 2017). In a reverse-marketing approach (Leenders and Blenkhorn, 1988), the buyer needs to persuade the supplier instead of vice versa (Blenkhorn and Banting, 1991). Purchasers with sellership skills could therefore promote their company (Stek and Schiele, 2021). Moreover, the purchaser should be creative, have a cooperative partnership approach to suppliers, maintain a long-term orientation, and adopt an assertive negotiating approach (Blenkhorn and Banting, 1991). The literature (Jenkins and Holcomb, 2021; La Rocca and Snehota, 2021) supports our findings and suggests that purchaser sellership impacts the cycle of preferred customership positively. We therefore posit the following proposition:

Proposition 3. Purchaser sellership impacts the cycle of preferred customership positively.

When analyzing the link between purchaser sellership and the different phases in the cycle of preferred customership, we found that this factor is only relevant in the customer attractiveness phase. This finding aligns with the research by La Rocca and Snehota (2021) and that of Jenkins and Holcomb (2021), who also suggest that purchaser sellership is a customer attractiveness factor. Moreover, our study's participants did not mention the purchaser sellership factor in the supplier satisfaction and preferred customer status discussion. This suggests that while purchaser sellership might be required to attract suppliers, other factors could become crucial to maintain long-term relationships with suppliers. We therefore posit the following proposition:

Proposition 3.a. Purchaser sellership is only relevant in the customer attractiveness phase.

Nonetheless, purchaser sellership's importance in the cycle of preferred customership initial stages cannot be overlooked and could require further investigation.

5.2. This study confirms that the following existing factors in the literature also apply to startups: innovation potential, credible growth ambitions, strategic compatibility, and profitability

5.2.1. Innovation potential: startups helping suppliers to innovate

We conceptualize innovation potential as the opportunity that a startup offers to improve suppliers' innovation prospects. Thereby, suppliers are able to enhance their own innovative capabilities and signal their innovativeness to their customers and the public. Startups can help suppliers to innovate by sharing modern technologies and provide suppliers with insights into novel business models. The study participants suggested that suppliers could be interested in adjusting their business models and manufacturing processes to benefit from startup innovations and gain a competitive advantage. The supplier's competitive advantage originates from a readiness to offer products and services to other customers. In this case, suppliers will use the startup as a pilot customer.

> "We don't learn the technology, but we learn how to adjust our business model and service solutions for that type of technology. So, I don't want to mislead. We are not spying or things like that. But we need to develop [this type of technology], because a similar set of customers should come from the market, and that would be a competitive advantage." Supplier for startups #1

These findings are consistent with La Rocca and Snehota (2021) who highlights startup-supplier relationship collaborative nature, focused on creating mutually beneficial outcomes through innovation and technological advancement. Consequently, suppliers are attracted to innovation and new capabilities' development, which have the potential to be leveraged within the supplier's existing business (La Rocca and Snehota, 2021). Furthermore, Kragh et al. (2022) report similar findings, emphasizing that supplier learning is an equally significant attractiveness element for low-leverage buyers, which indicates the importance of knowledge transfer and technical discussions that create value for suppliers. Moreover, proactive technological competence is important, since buyers with strong R&D and engineering competencies often bring innovative products to market and build a reputation as a valued partner for suppliers in technical discussions and in innovations (Kragh et al., 2022). Also, low-leverage buyers find innovation a crucially attractiveness element (Kragh et al., 2022). Furthermore, suppliers could engage with startups and become better acquainted with new technologies, thereby finding value in attracting future customers (Jenkins and Holcomb, 2021).

In addition, technology excellence might drive supplier satisfaction (Hüttinger et al., 2012). Innovation potential might indeed drive supplier satisfaction indirectly, leading to preferential treatment (Vos et al., 2016). Likewise, startups could benefit from doing business with companies with an innovation orientation (Zaremba et al., 2016). Nevertheless, while research by Hüttinger et al. (2014) showed weak support for innovation potential's influence on the cycle of preferred customership, the prior research concerned the context of mature buying firms, and was not specifically focused on startups. In contrast, startup-focused customer attractiveness research (Jenkins and Holcomb, 2021, La Rocca and Snehota, 2021) broadly supports innovation potential's importance with regard to driving customer attractiveness. Moreover, innovation is a prominent startup characteristic (Carland et al., 1984). We therefore expect innovation potential to not only influence customer attractiveness strongly, but also supplier satisfaction, as well as startups' preferred customer status. Consequently, we posit the following proposition:

Proposition 4. Startup innovation potential might influence the cycle of preferred customership positively.

When analyzing the link between innovation potential and the different phases within the cycle of preferred customership, we found that this factor impacts all three phases. We found that innovation is a critical factor for startup attractiveness (see also La Rocca and Snehota (2021) and Jenkins and Holcomb (2021)). Additionally, we show that innovation continues to play a role in supplier satisfaction and in the preferred customer status phases. This may be because startups' perceived innovation potential might attract suppliers. As the startup-supplier relationship progresses, innovation continues to play a role in maintaining the relationship, because suppliers could benefit from an ongoing collaboration with innovative startups. In short, our study highlights the importance of innovation as a key driver of the cycle of preferred customership. Nevertheless, further research is necessary to explore the links between innovation and the cycle of preferred customership in different stages in the context of startups.

5.2.2. Credible growth opportunity: convincing suppliers of growth potential despite liability of newness

We conceptualize credible growth opportunity as a startup's ability to persuade suppliers that the growth opportunity has merit, despite the startup's liability of newness. The startup buyers should therefore support their claim that the startup is growing with credible evidence. For example, showing a solid growth history is not possible for startups. Then, the participants suggested utilizing the startup's future growth, supported by market growth data. Following this suggestion would provide evidence for the growth claim and demonstrate credible growth opportunities, thereby attracting suppliers. Furthermore, when discussing startup attractiveness, the participants awarded credible growth the highest score during the voting procedure in the Virtual Room A. In the following transcript, one participant explained how he leverages a startup growth opportunity:

> "Yes, we are trying to be quick at trying to grow right, with our growth ambitions very high. But, also, I recognize that some companies [suppliers] are very interested to have a certain reference in the marketplace. So, they would like to have us [the startup] as a reference because as demand is a growing segment in the marketplace. So, this is where I can hook my suppliers, growth ambitions." Startup buyer #8

Startups can provide tangible growth opportunity evidence by showing suppliers product prototypes or by exposing them to important customers. The participants noted that a startup must demonstrate that the evidence of growth is more than just a sales pitch. This finding is consistent with Jenkins and Holcomb (2021), who propose that nascent firms can attract suppliers by actually selling a growth potential. Kragh et al. (2022) also highlight market access as a significant attractiveness element for low-leverage buyers who create a larger market for a supplier's product by becoming a market leader. Furthermore, our results validate the value proposition (Kirchberger et al., 2020), according to which startups could provide credible evidence.

A growth opportunity is the buying firm's ability to create new business opportunities to increase their suppliers' sales volumes by building joint growth paths for the duration of the relationship (Hüttinger et al., 2014; Walter et al., 2001). Growth opportunity drives customer attractiveness, supplier satisfaction, and preferred customer status (Hüttinger et al., 2014; Vos et al., 2016). Nevertheless, startups are young and do not usually have a track record (Das and He, 2006). Unlike mature companies that rely on a historical growth record, startups can only demonstrate their growth path by offering credible reasoning and supporting documentation. Consequently, we offer the following proposition:

Proposition 5. Startups that demonstrate credible growth opportunities could influence the cycle of preferred customership positively.

When analyzing the link between the credible growth opportunity factor and the different phases within the cycle of preferred customership, we found that this factor is most relevant in the customer attractiveness phase. This finding is consistent with that of Jenkins and

Holcomb (2021), who propose selling growth potential as a customer attractiveness driver. In contrast, La Rocca and Snehota (2021) suggest that growth and profit may arise later in the relationship or cannot materialize when the startup becomes a good regular customer. However, in our study, participants did not discuss growth in supplier satisfaction or in the preferred customer status phases. These findings suggest that startups may need to focus on communicating their growth potential early in the relationship in order to attract suppliers. We therefore posit the following proposition:

Proposition 5.a. The credible growth opportunities factor might only be relevant in the customer attractiveness phase.

Nevertheless, further research is necessary to fully understand the relationship between the credible growth opportunity factor and the cycle of preferred customership.

5.2.3. *Strategic compatibility: leveraging shared values and development goals with suppliers*

A standard participant view was that the startup–supplier strategic compatibility is an essential criterion that suppliers use to decide if they want to do business with a startup. Participants mentioned three strategic compatibility criteria: market potential, technology, and competencies. Startups could target suppliers with an innovation roadmap that fits the startup technology. For example, a traditional automotive supplier might want to develop a core capability of supplying components for electric cars and learn how to deal with startups that manufacture electric cars because this is a recent technology that is central to the automotive industry's growth.

> "To select a partner, we need to be aligned in terms of strategy. Mainly, this is about market potential or technology and competencies. So, more or less, those are the areas where it is driving the discussion." Supplier for startups #1

For example, when looking at the technology criteria, a supplier may want exposure to customers in the telecom industry with 5G technology. Then, startups in the 5G industry might want to attract such suppliers. We observed several similarities when comparing our research findings with similar studies on startup customer attractiveness. Notably, our study and La Rocca and Snehota (2021) highlight the importance of suppliers' interest in developing new technology and know-how through partnerships with startups to develop new technologies. Both studies further suggest that suppliers might be motivated to collaborate with startups for reasons beyond immediate financial returns, such as learning and staying up-to-date on emerging and future technologies. Moreover, our findings are consistent with La Rocca and Snehota (2021), who emphasize that suppliers might want to work with startups as a means to acquire new knowledge and open doors to other opportunities.

Our study confirms that strategic compatibility is associated with the cycle of preferred customership. Further, our finding supports that strategic fit is part of an established firm's selection criteria (Kurpjuweit et al., 2021) Also, we support that suppliers use strategic fit factors in customer scorecards (Bew, 2007). In addition, Hüttinger et al. (2012) conceptualized strategic compatibility as an antecedent of preferred customer status. However, contrary to Hüttinger et al. (2012), who found strategic compatibility only in the last phase of the preferred customership cycle, our results indicate that strategic compatibility can influence the entire preferred customership cycle.

Furthermore, strategic compatibility (Hüttinger et al., 2012) – also described as strategic fit (Bew, 2007; Kurpjuweit et al., 2021) – reflects the startup's technology fit with an established firm's innovation roadmap (Kurpjuweit et al., 2021). Strategic compatibility is distinct from the innovation potential factor that refers to startup technology novelty itself. The customer–supplier fit is "how the features of the customer's business fit with those of the business of the suppliers" (La Rocca et al., 2012; p.1242). Moreover, established firms are inclined to engage with startups when the startup technology becomes part of their core capabilities (Kurpjuweit et al., 2021), and suppliers could prioritize startups to stay updated and potentially gain new know-how from their relationships with these startups (La Rocca and Snehota, 2021). Consequently, startups could benefit from selecting suppliers with strategic compatibility (Hüttinger et al., 2012). We therefore posit the following proposition:

Proposition 6. It is easier to attract and become a preferred customer of suppliers with a strategic compatibility with a startup.

Nevertheless, strategic compatibility can extend beyond companies and also occur between individuals within organizations, which is referred to as social compatibility (Harris et al., 2003). For example, startup purchasers and supplier salespeople might have compatible styles or working situations. Both could be early career professionals.

> "If you are a startup, and you are going to be speaking with the supplier, they are generally going to start off with their entry-level salespeople as well because (…) you are not a large customer. So it could be that as an entry-level salesperson, they want to have a success story, too. They want to show that they've made a sale. So actually, it works very well. (…) You want to get together and make that situation work to be able to buy what you need to [buy]. They sell what they need to, and you start to create that relationship." Startup buyer #7

When analyzing the link between the strategic compatibility factor and the different phases within the cycle of preferred customership, we found this factor in all three phases. Our findings are consistent with La Rocca and Snehota (2021), who also identified the importance of suppliers' interest in developing new technology and know-how through partnerships with startups as a potential factor in the customer attractiveness phase. However, our study is the first to identify strategic compatibility's continued importance in supplier satisfaction and preferred customer status phases. Our data suggest that suppliers might be attracted to collaborating with startups to learn and remain up-to-date regarding emerging and future technologies. Suppliers might even gain further value by learning from a startup when they maintain a relationship. Also, they might elevate the relationship to the preferred customer status. Nevertheless, future research could explore how strategic compatibility evolves throughout the different phases of the cycle of preferred customership.

5.2.4. *Profitability: suppliers gaining high margins due to startups' willingness to pay higher prices*

We conceptualize profitability as startups allowing suppliers to gain high margins from sales to startups. The participants suggested that startups might not focus on costs and might be willing to pay higher prices than large companies would. Consequently, suppliers might yield higher profitability when selling to startups rather than to large buyers. Participants further explained that startups focus less on costs, because their urgent needs mean they only have limited negotiation time.

> "Also, [the startup] pays sometimes more without really negotiating for a long time, just because we need it quickly." Startup buyer #8

Startups may not have purchasing processes and systems in place, lacking control over their purchases. Additionally, startups may prioritize securing production capacity from suppliers over price negotiation. Participants also reported that startups sometimes have high margins, meaning that the product availability is more important than the price.

> "[Startups] don't have the control exactly of what they are buying, and they are usually more dedicated to developing the product and to find their position in the market. (…) They [startup] developed a

product that is very differentiated from the rest of the market. So, they had a big margin and could pay more just to guarantee production and support to take the biggest part of the market [share]." Startup buyer #10

Many startups may not yet have a discrete purchasing function. Such a lack of a purchasing department could lead to higher prices.

"I used to pay more when I didn't have a procurement department in the company, of course, because most of their relationship was based on a personal relationship." Startup buyer #4

Furthermore, La Rocca and Snehota (2021) speculate that profits form sales might not be critical for startups' customer attractiveness. Nevertheless, earlier observations showed that profitability reflects the supplier's view that its relationship with a customer will be profitable (Hald et al., 2009; Vos et al., 2016; Walter et al., 2001). In addition, studies in the context of mature companies confirm the association between supplier profitability, supplier satisfaction, preferential treatment (Vos et al., 2016), and best customer status (Moody, 1992). Consequently, we posit the following proposition:

Proposition 7. Startups pay higher prices than mature firms do, thereby increasing suppliers' profitability and influencing the cycle of preferred customer relationships positively.

When analyzing the link between the profitability factor and the different phases within the cycle of preferred customership, we found that this factor is only relevant in the supplier satisfaction and preferred customer phases. Specifically, profitability might play a role once a relationship has been established. La Rocca and Snehota (2021), who suggest that profit is not a key supplier interest in the customer attractiveness phase, also support the latter notion. Instead, suppliers might prioritize other factors, such as a startup network, the innovation potential, a credible growth opportunity, strategic compatibility, and purchaser sellership. However, as the startup-supplier relationship becomes more established, profitability might become increasingly important for suppliers when they want to maintain the partnership over the long term. We therefore posit the following proposition:

Proposition 7.a. The profitability factor might only be relevant in the supplier satisfaction and preferred customer phases.

6. Conclusion: the unique factors of startup network, memorable experiences, and purchaser sellership can help startups become preferred customers

6.1. Contributions to theory: the cycle of the preferred customership framework for startups

The current study answers the research question regarding the factors that influence the cycle of preferred customership in the context of startups as buyers. Seven factors influence the startup cycle of preferred customership positively: strategic compatibility, innovation potential, startup network, credible growth opportunity, profitability, memorable experiences, and purchaser sellership. The results of this investigation enhance our knowledge of how startups could attract and satisfy suppliers to obtain preferential treatment. The results complement the emerging research field of startup-supplier relationships. We conclude that our work makes the following three significant contributions to theory:

First, three new factors emerged from the data: startup networks, memorable experiences, and purchaser sellership. These new factors have never before been reported as part of the cycle of preferred customership. The findings make a significant theoretical contribution to defining a framework for studying the cycle of preferred customership in the startup context. Moreover, this knowledge is essential to understand the mechanisms that could enhance a startup's ability to allocate supplier resources when competing against large and well-established buyers who share a supply base with startups.

Second, four factors that emerged from the data can also be found in the preferred customership literature in the context of large buyers. Interestingly, we established that a part of the cycle of preferred customership factors for large companies might also be generalized regarding startups. This work therefore complements earlier studies' conclusions (Hüttinger et al., 2014; Schiele et al., 2012; Vos et al., 2016) by specifically enhancing the generalization of strategic compatibility, innovation potential, credible growth opportunity, and profitability to startups. Accordingly, we imported these factors from the literature and incorporated them into the preferred customership framework for startups.

Altogether, the seven factors were incorporated into a framework (Fig. 4) that explains the observations from the word café. Consequently, our study makes a novel contribution to theory by providing a cycle of the preferred customership framework in the startup context, which can be applied to guide future research, such as quantitative studies. We therefore created a different version of the cycle of the preferred customership construct by relaxing its boundary conditions. This framework did not exist in the literature, because the studies were limited to large companies, while our study broadened the existing cycle of preferred customership construct to include the startup context. Moreover, this report introduces an overlooked phenomenon regarding supplier satisfaction and preferred customer status in the particular case of startups. While there is some emerging research on customer attractiveness in startups (Jenkins and Holcomb, 2021; La Rocca and Snehota, 2021) and on low-leverage customers (Kragh et al., 2022), there is no literature on supplier satisfaction and preferred customer status in startups.

Third, we provide additional support for early findings and extend the emerging research field of customer attractiveness in startups and young firms (Bjørgum et al., 2021; Jenkins and Holcomb, 2021; La Rocca and Snehota, 2021), and that of low-leverage buyers (Kragh et al., 2022). We support the literature empirically by highlighting the importance of the following factors: (1) innovation by strengthening the literature that links innovation and technical competence to customer attractiveness (Jenkins and Holcomb, 2021; Kragh et al., 2022; La Rocca and Snehota, 2021). (2) Purchaser sellership by corroborating active engagement and communication's importance for suppliers to establish relationships and the need for proactivity (Jenkins and Holcomb, 2021, Kragh et al., 2022, La Rocca and Snehota, 2021). (3) Startup network by supporting reputation, prestige, and networks' positive effects (La Rocca and Snehota, 2021). (4) Strategic compatibility by supporting the concept of learning and remaining up-to-date with emerging and future technologies (La Rocca and Snehota, 2021). (5) Memorable experiences that substantiate findings on personal satisfaction's importance (La Rocca and Snehota, 2021). (6) Credible growth opportunity by endorsing growth and market access's importance (Jenkins and Holcomb, 2021; Kragh et al., 2022). Overall, our findings provide empirical support for the literature on customer attractiveness in startups. We argue that extending and replicating research is essential to improve the validity of management research (Makadok et al., 2018).

6.2. Implications for management: startup purchasing manager toolkit to attract suppliers and become preferred customers

The findings have implications for startup purchasing managers. They might lack tools and management practices to improve the startup-supplier relationships to become preferred customers, which is essential if startups wish to mobilize their suppliers' resources. Startup purchasing managers could therefore benefit from this study if they work in an industry where suppliers are critical, and startups compete against large companies for scarce suppliers. In this situation, improving supplier satisfaction to become a preferred customer could improve startups' competitive position. Accordingly, purchasing managers could use our findings to implement management practices leading to a preferred customer status. Consequently, several implications emerged from this study.

First, the participants scored the startup network highly. Therefore, we proposed that the effective use of a startup network could be a valuable strategy to attract suppliers and eventually become preferred customers. Suggestions for startups include designing marketing campaigns that target suppliers to improve their legitimacy. For example, such campaigns could showcase a startup network of reputable investors and customers.

Second, the concept of memorable experiences that emerged from the findings, indicates that startups could leverage their unique characteristics as a strategy to attract suppliers. These characteristics include their informal business environment and their startup culture. Using a comparison level, startups could offer suppliers' salespeople memorable experiences in a way that mature firms cannot. To increase their suppliers' satisfaction, startups could aim to craft richer experiences for their suppliers, such as i) taking them to visit product showrooms, innovation, or experience centers; ii) introducing them to the startup's key executives and founders, thereby revealing its informal organization; and iii) offering suppliers the opportunity to watch a product or service demonstration if possible.

Third, the purchaser sellership factor is vital because the startup purchaser must be proactive and vigorously advertise the startup's positive characteristics to attract suppliers. Similarly, startup purchasers' marketing skills can contribute significantly to achieving preferred customer status. This is explained by startups not having a track record. Consequently, startup purchasers need to persuade suppliers and use reverse-marketing techniques. Indeed, close collaboration between the purchasing and marketing departments could mobilize the purchasers through helpful information to promote the startup and convince suppliers of the startup's positive characteristics, such as its innovation ability, and by addressing suppliers with invigorating startup pitches. Moreover, startups could include the purchaser sellership as a desirable skill when writing job ads to hire purchasers.

6.3. Limitations and further research: a quantitative approach to testing influencing factors

Despite its exploratory nature and limitations, this study offers insights into the route for startups to become preferred customers. A natural progression of this work would therefore be to conduct quantitative research to determine the relevance of the CA, SS, and PC factors for startups. In addition, as this study focuses on the cycle of preferred customership, further research could focus on specific stages, for example, on undertaking qualitative studies focusing on customer attractiveness, supplier satisfaction, and preferred customer concepts. Moreover, researchers could explore the role of the comparison level of alternatives in supplier decision-making, which could affect supplier satisfaction. Finally, researchers could use this study's framework and propositions to formulate hypotheses and use surveys or experiments to test the relationships between factors and the stages of the cycle of preferred customership.

Declarations of interest

None.

Data availability

The authors do not have permission to share data.

Appendix A. Startup overview

Company	Last funding round	Funding range	Years since first funding	Funding year	Founding year
BC-1	Series F	>$500 M	8	2013	2013
BC-2	Post-IPO	>$500 M	1	2020	2015
BC-3	IPO	>$500 M	6	2015	2010
BC-4	Grant	<$10 M	2	2019	2017
BC-5	Series A	$10 M-$50 M	1	2020	2019
BC-6	Series B	$10 M-$50 M	4	2017	2015
BC-7	Series A	$10 M-$50 M*	3	2018	2016
BC-8	Private Equity	$10 M-$50 M	5	2016	2010
BC-9	Series E	$100 M-$500 M	9	2012	2010
BC-10	Series D	$100 M-$500 M	9	2012	2000

Source: Crunchbase, BC = Buying company. Funding year = Year of the first funding round.

* The funding range for Buying Company 7 was not available in public databases. However, since the last funding round was Series B, we estimated a funding range of $10 M-$50 M.

Appendix B. World café participants' overview

ID	Pseudonym	G	Role	Industry	Years of experience	Education	Country
1	Supplier for startup #1	M	S	Automotive	11	MBA	Hungary
2	Startup Buyer #1	F	B	*E*-commerce	12	BSc	Brazil
3	Supplier for startup #2	M	S	Telecom	21	BSc	Germany
4	Startup Buyer #2	M	B	Automotive	7	MSc	UK
5	Startup Buyer #3	F	B	Automotive	16	MSc	Netherlands
6	Supplier for startup #3	M	S	Consumer electronics	33	BSc	Netherlands
7	Startup Buyer #4	M	B	Software	10	MBA	Brazil
8	Startup Buyer #5	M	B	Semi conductors	6	BSc	Netherlands
9	Supplier for startup #4	F	S	Software	23	MBA	Brazil
10	Startup Buyer #6	F	B	Real estate	8	B.Eng.	Brazil
11	Startup Buyer #7	M	B	Software	33	BSc	USA
12	Startup Buyer #8	M	B	Telecom	29	BSc	Germany
13	Startup Buyer #9	M	B	3D printing	15	Master ongoing	Netherlands
14	Startup Buyer #10	M	B	Health	31	MBA	Germany
15	Supplier for startup #5	M	S	Automotive	26	BSc	Netherlands

Gender (G): Male (M), Female (F). Role: Buyer (B), Supplier (S).

Appendix C. Participant gender, industry, and country summary

C.1. Summary of participants' gender

Gender	Count	Role	Count
Female	4	Buyer	10
Male	11	Supplier	5
Grand Total	15	Grand Total	15

C.2. Summary of participants' industry

Industry	Type	Count
Automotive	Manufacturing	4
Software	Service	3
Telecom	Service	2
3D printing	Manufacturing	1
Consumer electronics	Manufacturing	1
E-commerce	Service	1
Real estate	Service	1
Semiconductors	Manufacturing	1
Health	Service	1
Grand Total		15

C.3. Summary of participants' country

Country	Count
Netherlands	5
Brazil	4
Germany	3
Hungary	1
UK	1
USA	1
Grand Total	15

Appendix D. Voting results

D.1. Virtual room A (Attractiveness): Discussion results and voting scores

Aggregated factor	Discussion topics	Points assigned by the experts	Total points
Credible growth ambitions	Growth ambitions	37	43
	Salesperson interested in growing together	6	
Strategic compatibility	Alignment with strategy	31	31
Startup network (signaling)	Founder network	13	31
	Startup network beyond the transaction	12	
	Overcoming the financial credit check	6	
Innovation	Innovative business models	4	16
	Disruptive innovation	6	
	Technology transfer	6	
Purchaser sellership	Purchaser must be a salesperson	12	15
	Purchaser selling startup clock speed as a solution to suppliers	3	
Startup network (trust)	Show that contract exit cost is low for suppliers	2	10
	Show that IT risk is low	4	
	Show that startups are not risky and have low exit costs for suppliers	4	
Not used	Suppliers are slower than startups and need to speed up to cooperate	12	12
	Suppliers are concerned about startups' uncertain future	5	5
	Suppliers not ready to collaborate with startups	4	4

D.2. Virtual room B (Supplier satisfaction and Preferred customer): discussion results and voting scores

Aggregated factor	Discussion topics	Points assigned by the experts	Total points
Startup network	Trust in the startup future	49	60
	Overcome the risk management of suppliers	9	
	Partner with a prestigious supplier	2	
Innovation	Startup innovates the supplier	38	38
Profitability	Startups pay higher prices	20	20
Memorable experiences	Fun	17	17
Strategic compatibility	Choose right partner	8	8

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