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Maria Gracner

University of Ljubljana, School of Economics and Business, PhD Student, Ljubljana, Slovenia,
mvlasova555@gmail.com

John William Cadogan

University of Leicester, Leicester, United Kingdom

Gregor Pfajfar

University of Ljubljana, School of Economics and Business, Ljubljana, Slovenia

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ORIGINAL ARTICLE

Customer Prioritization: From Conceptualization to International Application

Maria Gracner ^{a,*}, John William Cadogan ^b, Gregor Pfajfar ^c

^a University of Ljubljana, School of Economics and Business, PhD Student, Ljubljana, Slovenia

^b University of Leicester, Leicester, United Kingdom

^c University of Ljubljana, School of Economics and Business, Ljubljana, Slovenia

Abstract

This study examines customer prioritization, a strategic practice where businesses allocate resources and efforts based on customer value. While its significance in international marketing continues to grow, limited research exists on how customer prioritization is understood and applied in international firms operating across diverse cultural contexts. Addressing this gap, the study explores how international-marketing managers conceptualize customer prioritization and identifies its key components. Using a qualitative methodology, the study conducted in-depth interviews with Slovene international-marketing and sales managers from 13 export-oriented firms. Thematic analysis, guided by the Gioia methodology, identified four central themes: prioritization tactics and strategies, international customer profitability, headquarters–subsidiary relationships, and customer relationship management. The results indicate that companies adopt varied prioritization strategies influenced by factors such as product lines, customer size, industry significance, and the importance of foreign markets. Furthermore, subsidiaries play a pivotal role in collecting and relaying local market knowledge to headquarters, facilitating effective customer prioritization. This research advances the conceptual understanding of customer prioritization as a dynamic capability that shapes customer relationship management strategies in international firms and can enhance profitability in foreign markets.

Keywords: Customer prioritization, Customer value management, Relationship marketing, International marketing, Headquarters–subsidiary relationships, Profitability

JEL classification: M30

1 Introduction

In the contemporary business landscape, companies striving to establish a sustainable competitive advantage are increasingly shifting their focus from short-term sales performance to cultivating long-term relationships with key market participants, particularly high-value customers. This shift aligns with the growing prominence of customer prioritization in international marketing, which emphasizes the strategic allocation of resources to customer segments with the highest potential for profitability and loyalty (Homburg et al., 2008; Zeithaml et al., 2001). By prioritizing key customers, firms can tailor their value propositions and marketing efforts to

foster stronger relationships, thereby enhancing customer satisfaction, loyalty, and overall business performance (Harrison-Walker, 2010; Rust et al., 2004). Recent literature underscores the importance of this approach, highlighting its role in achieving competitive advantage in a globalized market where cultural and economic contexts vary significantly (Ain et al., 2024; Mathur & Kumar, 2013; Wetzel et al., 2014). Companies are increasingly adopting tiered customer prioritization strategies, where selected customers receive preferential treatment, such as customized marketing instruments and enhanced engagement, to maximize relationship value (Blattberg et al., 2009; Homburg et al., 2008; Ramani & Kumar, 2008). However, the effective implementation

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* Corresponding author.
E-mail address: mvlasova555@gmail.com (M. Gracner).

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of customer prioritization requires a comprehensive understanding of its components, particularly within the international-business context, where alignment on goals, plans, and processes is essential to address diverse market dynamics and customer preferences (Yip & Bink, 2007). Prior research has highlighted various dimensions of customer prioritization, including customer lifetime value, relationship dynamics, and the impact of customer engagement on sales performance (Mathur & Kumar, 2013; Wetzel et al., 2014; Yeniaras & Kaya, 2022). Despite its growing application, the concept still lacks a comprehensive theoretical framework, requiring further exploration to guide firms in managing prioritization strategies that balance short-term gains with long-term value creation. This trend underscores the increasing complexity of customer relationships and the necessity for tailored strategies that resonate across varied cultural and economic landscapes.

Despite growing interest in customer prioritization, significant gaps in the literature warrant further investigation. While numerous studies highlight the benefits of customer prioritization, such as increased profitability, loyalty, and enhanced business performance (Homburg et al., 2008; Lacey et al., 2007), they often overlook the potential risks, including the alienation of lower-priority customers and perceived unfairness in treatment, particularly in international markets where cultural norms regarding equity vary significantly (Hüttinger et al., 2012; Polyakova et al., 2020; Pontes et al., 2021; Söderlund et al., 2014). Research to date has largely concentrated on domestic markets, neglecting the unique complexities of prioritization strategies in global contexts (Hu et al., 2025; Reinartz & Kumar, 2000). Moreover, customer prioritization is frequently addressed implicitly, with limited exploration of its specific features and components, which leaves both academic and practical understanding underdeveloped (Kumar & Shah, 2004). Calls for research emphasize the need for a holistic examination of customer prioritization that not only considers its advantages but also explores its drawbacks, such as the negative impact on relationships with lower-priority customers and potential harm to brand equity (Davis, 2019; Harrison-Walker, 2010; Homburg et al., 2008). Additionally, there remains limited clarity regarding how firms balance competing priorities across markets while maintaining consistent customer engagement (Slater & Narver, 1994).

International customer prioritization manifests in various forms, such as favouring larger over smaller markets (e.g., Papadopoulos & Martín Martín, 2011), prioritizing fast-developing regions over established ones (e.g., Cavusgil, 1997), or segmenting customers by profitability (e.g., Homburg et al., 2008; Niraj et al., 2001), standardized needs (i.e., homogenous

as opposed to heterogeneous needs; e.g., Jain, 1989; Theodosiou & Leonidou, 2003), localized (adapted) needs (i.e., heterogeneous as opposed to homogeneous needs; e.g., Ryans et al., 2003; Yeniaras & Kaya, 2022), or behavioural factors such as repurchase frequency (e.g., Kumar & Shah, 2004; Reinartz & Kumar, 2003). This diversity adds complexity to its implementation, particularly in international marketing, where cultural, economic, and organizational dynamics create additional challenges (Mathur & Kumar, 2013; Mittal et al., 2005). Despite its practical importance, the lack of a comprehensive framework leaves practitioners with limited guidance on effective implementation, especially in navigating these diverse contexts (Patrucco et al., 2024; Rust et al., 2002; Verhoef & Lemon, 2013). To address these deficiencies, scholars must explore not only the conceptual facets of customer prioritization but also its operationalization in multinational enterprises (MNEs), where alignment across diverse cultural and market settings is essential for success (Homburg et al., 2002). This approach will provide a deeper, more holistic understanding of customer prioritization and its implications for international-marketing strategies.

The primary objective of this research is to enhance the understanding of customer prioritization within the realm of international marketing by identifying and examining its core features and components. By addressing significant gaps in the literature, this study seeks to provide a comprehensive framework that elucidates how international-marketing professionals conceptualize and implement customer prioritization strategies. The central research question guiding this investigation is: *How is customer prioritization understood by international-marketing managers, and what are the key components that constitute this concept?* In particular, this research explores how customer prioritization is operationalized within MNEs across diverse cultural contexts, aiming to offer clarity and structure to this underexplored area. By investigating both the benefits and potential drawbacks of customer prioritization, this study aspires to provide a more balanced perspective on its application, which can inform more effective implementation strategies (Homburg et al., 2008). Ultimately, the goal of this research is to contribute to a more holistic and actionable understanding of customer prioritization, enabling organizations to optimize their marketing strategies and foster stronger, more effective customer relationships in international markets.

To achieve these objectives, the study employs in-depth interviews with Slovene international-marketing/sales managers of 13 export-oriented firms. Thematic analysis, using the Gioia methodology (Gioia et al., 2013; Magnani & Gioia, 2023), is employed to analyse the interview data, identifying key

themes and patterns in their understanding and implementation of customer prioritization. This study is expected to unveil the complex and multidimensional nature of customer prioritization, shedding light on the interconnections between customer value, relationship management, and strategic decision-making processes. Additionally, it aims to identify the contextual factors shaping prioritization strategies, including cultural diversity, market dynamics, and organizational competencies. By integrating these insights, the research aspires to offer practical guidance for marketers aiming to enhance their customer prioritization approaches in the context of an ever-evolving dynamic global business environment.

This study makes a significant theoretical contribution to the field of international marketing by developing a comprehensive framework that identifies and organizes the core components of customer prioritization within an international context. This framework establishes a solid theoretical foundation for future research, enriching the discourse on customer-centric strategies in global business environments and addressing ongoing calls for deeper investigation into these approaches (Rust et al., 2004). In addition, the research underscores the pivotal role of subsidiaries within MNE networks in influencing customer prioritization strategies formulated at headquarters, thereby advancing the understanding of the interplay between headquarters and subsidiary dynamics. By synthesizing insights from international-marketing and sales managers, this study offers a novel conceptualization of customer prioritization, reflecting the challenges and opportunities presented by contemporary global market dynamics. The findings also hold practical significance, emphasizing key elements of customer prioritization that managers can leverage to design and implement effective marketing strategies. By identifying critical components, the research provides actionable insights that enable firms to optimize resource allocation, refine market focus, and strengthen customer engagement (Reinartz & Kumar, 2000).

2 Customer prioritization

2.1 Conceptual challenges

Customer prioritization is a concept that the literature often links or sometimes even substitutes with concepts such as customer value management (Ramani & Kumar, 2008), customer orientation (e.g., Terho et al., 2015), customer lifetime value (e.g., Venkatesan & Kumar, 2004), or customer relationship management (CRM; e.g., Lindgreen et al., 2006). Thus, it is not surprising that the literature offers a wide

variety of customer prioritization conceptualizations and definitions (see Table 1).

These can be grouped in several meaningful categories. Definitions based on **customer differentiation**, which appear most frequently, fall into the first category. These are definitions that emphasize the varying levels of resources and effort allocated to different customer segments based on their importance to the firm (e.g., Harrison-Walker, 2010; Homburg et al., 2008; Lacey et al., 2007; Mathur & Kumar, 2013). In fact, the most often adapted definition is the one by Lacey et al. (2007). The authors adopting this definition focus on intangible and tangible benefits provided to specific customer groups, in particular providing selected customers with elevated social status recognition, additional products, and enhanced services (e.g., Butori & De Bruyn, 2013; Chark & Wang, 2024; Jiang et al., 2013; Kim & Baker, 2020; Polyakova et al., 2020; Pontes et al., 2021, 2023). The second category comprises definitions based on **marketing instruments**. Definitions in this category emphasize a differentiated use of marketing instruments (product, price, promotion, place, processes, sales) for different customer tiers—in other words, a marketing strategy adapted to specific customer segments (Harrison-Walker, 2010; Homburg et al., 2008; Mathur & Kumar, 2013; Zeithaml et al., 2001). Other definitions that fall in the same category equate customer prioritization with offering a distinct value proposition to top-tier customers compared to bottom-tier customers (Harrison-Walker, 2010; Homburg et al., 2008). The third category consists of definitions that are based on **relationship marketing**. The first group of definitions falling into this category highlights the role of preferential treatment as a proactive strategy in building, maintaining, and strengthening customer relationships (Grönroos & Ojasalo, 2004; Lacey et al., 2007; Patterson & Smith, 2003). The second group of definitions in this category emphasizes the personalization aspect of preferential treatment by customizing value propositions to match individual customer needs (De Wulf et al., 2003; Gwinner et al., 1998; Lacey et al., 2007). The fourth category comprises definitions that are based on **customer perceptions**. Here, definitions focus on the customers' subjective perception of receiving better treatment than other customers (Blader & Rothman, 2014; Butori & De Bruyn, 2013; Hüttinger et al., 2012; Lacey et al., 2007). Similarly, the definitions explore customers' perceptions of the extent to which firms treat regular (loyal) customers better than nonregular (nonloyal) customers (Xia & Kukar-Kinney, 2014). The final, fifth category, consists of definitions based on **resource allocation**. These definitions emphasize the tangible aspect of preferential

treatment, conceptualizing it as preferential allocation of various resources (e.g., time, effort, human resources, etc.) to selected customers (Nollet et al., 2012; Steinle & Schiele, 2008). Some other definitions encompass providing preferential treatment through customized firm-initiated interactions—for instance, personalized communication can be considered a form of preferential treatment (Ruz-Mendoza et al., 2021). In sum, although we identified five categories, it is important to note that the categories are not mutually exclusive, as many definitions incorporate elements from multiple categories. For instance, the most often used Lacey et al.'s (2007) definition (see Table 1) covers aspects of customer perception, marketing instruments, and customer differentiation.

We observe a common thread across most customer prioritization definitions in the prominence of providing selected customers with enhanced service levels, elevated status, or additional benefits in comparison to other customers. Preferential treatment is often grounded in the importance to the firm or customer's perceived value, which can be based on strategic considerations, relationship longevity, or financial metrics. In the context of B2B marketing, definitions emphasize the strategic use of preferential treatment as a relationship marketing tool, which is aimed at enhancing customer loyalty, satisfaction, and profitability. Several definitions also highlight potential negative consequences of customer prioritization, including opportunistic behaviour, feelings of entitlement, perceived injustice, and even harm to other customers. This ethical dimension has become prominent particularly in recent studies, evaluating the social and psychological implications of preferred treatment and instructing firms to carefully reevaluate the fairness and transparency of their prioritization strategies. Gaps in the existing definitions and conceptualizations mostly point at the narrow focus and a lack of a comprehensive definition that integrates various dimensions of customer prioritization, encompassing both its benefits and potential downsides. Additionally, we observe that none of the definitions explicitly address specific challenges and complexities found when managing international customer relationships across different markets, cultures, and regulatory environments.

Based on the above argument we propose our own definition:

Customer prioritization is a specialized tool utilized by organizations to enhance firm performance through the evaluation of the value of potential customers. This evaluation is conducted based on formal or informal rules established within the company. Consequently, a hierarchical waiting list for customer treatment is formed,

ensuring that resources are allocated efficiently based on the perceived value of each customer. The process involves a careful evaluation of international factors that might impact the customer prioritization, including cultural sensitivity, legal and regulatory compliance, global supply chain dynamics, and technological advancements. Finally, the benefits and potential downsides of customer prioritization should be considered before the implementation of an actual prioritization strategy.

2.2 Key findings and knowledge gaps in customer prioritization research

Customer prioritization is a strategic tool commonly employed by businesses to enhance performance by focusing efforts on top-tier customers while reducing marketing and sales costs (Homburg et al., 2008). This approach typically results in higher profitability for firms (Brady, 2000; Kumar & George, 2007). However, it can also have adverse effects, such as strained relationships with customers who are deemed low priority. The majority of extant research (e.g., Kim & Baker, 2020; Mathur & Kumar, 2013) predominantly associates dissatisfaction with preferential treatment with the nature or extent of benefits provided. However, it is noteworthy that another aspect—targeting mismatch—may also contribute to such dissatisfaction. Targeting mismatch occurs when rewards intended for the most valued customers are erroneously bestowed upon individuals who do not align with this designation (Pez et al., 2015).

In the contemporary business landscape, companies increasingly expand their customer bases in new markets. To effectively identify potential partners during initial outreach, sales managers must ascertain key decision-makers early in the engagement process (Dutta & Kumar, 2024). These decision-makers often provide vital insights into product requirements and supplier expectations. Armed with primary information, managers can then preprioritize potential customers based on their perceived value. Throughout the communication process, the prioritization of potential customers may shift based on factors such as budget, order quantity, and delivery timelines. While many companies adopt formal or informal customer prioritization strategies, the execution can vary based on market dynamics and organizational culture (Trimi & Berbegal-Mirabent, 2012). It is imperative for sales and marketing managers to discern which customers warrant heightened attention to optimize resource allocation (Dutta & Kumar, 2024). However, mis-prioritization or inadequate attention to certain customers can strain supplier–customer relationships. For instance, if a customer's needs are

Table 1. Customer prioritization conceptualizations, their uniqueness, similarities to other definitions, and gaps in the conceptualizations.

Author	Definition/conceptualization	Uniqueness vs. similarities	Gaps
Ain et al. (2024)	The authors define customer prioritization as deliberate elevation of product or service provided to selected customers, which differentiates the customer experience by offering a higher value compared to what is available to the general customer base. Preferential treatment is a deliberate act of elevating the value offered to selected customers, leading to differentiated experience.	The authors explicitly link preferential treatment to a differentiated customer experience and focus on how it influences customers' emotions and behaviours. They examine the impact of preferential treatment on impulse buying, customer delight, and advocacy through the lens of affective events theory.	Limited to the retail sector and may not cover variability in other contexts
Baxter (2012)	Customers' preferential treatment exclusively depends on the seller's perceptions of customer financial attractiveness. In other words, the buyer's financial attractiveness influences the seller's commitment, their resource allocation to the relationship, and preferred customer treatment.	The conceptualization covers the supplier's perspective on customer financial attractiveness as a key driver for preferential treatment, reviewing it through the resource-based view and industrial marketing and purchasing network theory.	Limited to B2B relationships with the focus on financial criteria for preferential treatment, neglecting other potential factors
Bemelmans et al. (2015)	The authors focus on conceptualizing preferred customer status as an outcome of relationship development, attractiveness and satisfaction, preferential resource allocation, maturity of supplier relationship management, relationship-specific investments, and suggestions for innovation or improvement.	The conceptualization provides a comprehensive overview of antecedents and benefits of obtaining preferred customer status. The definition is aligned with those authors who emphasize long-term relationship as a criterion for customer prioritization.	Limited to B2B relationships and construction industry, which means it might not be fully generalizable to all other contexts
Blader & Rothman (2014)	The authors treat preferential treatment as favouring some group members over others and explore the effect of empathy on perceptions of preferential treatment, specifically endorsement of categorization based on needs and fairness, all viewed through the accountability framework.	The conceptualization focuses on psychological mechanisms behind preferential treatment, offering a unique perspective on the subjective evaluation of preferential treatment through empathy and accountability. The definition aligns with those who incorporate ethical considerations in their definitions.	Limited to perceptions of preferential treatment and does not account for actual implications for customer behaviour
Butori & De Bruyn (2013)	The authors introduce noncontractual forms of preferential treatment and call this discretionary preferential treatment (DPT), which they define as "the selective granting of non-contractual advantages to a limited number of customers." (p. 358). DPT is evaluated by customers on four dimensions: imposition, justification, surprise, and visibility.	The authors introduce the new concept of DPT and identify four dimensions that customers use to evaluate DPT. The focus of this definition is on the individual differences and subjective evaluation of the preferential treatment, which is the aspect that aligns this definition to those that emphasize fairness and customer perceptions.	Limited to unearned preferential treatment that does not reflect the dynamics of planned or earned preferential treatment
Chan et al. (2019)	DPT is "an explicit strategy of the firm that authorizes the offering of structured or prespecified benefits to selected customers based on contractual and publicly stated rules and policies to reward customers for time and effort they invest in the firm (e.g., spending)." Similarly, it is "an explicit strategy of the firm that authorizes its employees to use discretion to select a limited number of customers, based on their personal judgment (rather than publicly stated rules and policies) to grant non-contractual advantages as an unexpected benefit above and beyond the core services to surprise and delight customers" (p. 372).	The conceptualization is further enhanced through appraisal theory and relationship marketing literature, but in its essence it is similar to DPT proposed by Butori & De Bruyn (2013).	Limited to hospitality services treatments and similar contexts

(Continued)

Table 1. Continued.

Author	Definition/conceptualization	Uniqueness vs. similarities	Gaps
Chark & Wang (2024)	The authors define customer prioritization as the practice of giving selected customers elevated social status recognition and/or additional or enhanced products and services above and beyond standard firm value propositions and customer service practices. Customer loyalty and buying history are considered key criteria in preferential treatment selection, with specific implications for observer reactions and relationship norms.	The definition incorporates social dynamics of preferential treatment, in particular relationship norms that come into effect especially in cases of unearned preferential treatment. The core of the definition relies on Lacey et al.'s (2007) definition.	Limited to B2B relationships
Choi et al. (2024)	The authors evaluate preferential treatment through perceived status, effort, and loyalty. Specifically, they examine the impact of service agent type (AI vs. human) on consumer satisfaction with preferential treatment, considering the factors listed above.	The authors uniquely explore the emerging role of AI in delivering preferential treatment and compare its perceptions to human-delivered preferential treatment. This definition is aligned to those who emphasize enhancing the value proposition for selected customers.	Limited to services and may not account for broader aspects of customer prioritization in other marketing contexts
Homburg et al. (2008)	“Customer prioritization implies that a firm is highly customer centric for the most important customers and at a lower level for less important customers.” (p. 110) “This idea of customer prioritization implies that selected customers receive different and preferential treatment regarding marketing instruments.” (p. 116)	The authors see customer prioritization as a strategic approach to differentiating treatment based on customer importance. They explicitly define customer prioritization as based on differential treatment with respect to marketing instruments and emphasize the potential impact on firm performance and customer relationships.	Limited to performance-related outcomes and does not account for other potential consequences (e.g., social or ethical)
Huang (2012)	“The notions that customers have heterogeneous ‘lifetime values’ to a firm, that such values can and should be measured, that premium customers according to such measures should be especially pampered, and that the less profitable customers according to such measures should be discriminated against or even fired have been widely accepted.” (p. 497)	It is unique by proposing measurement (forecasting as evident from the paper), but at the same time builds on the customer lifetime value (CLV) research (e.g., Venkatesan & Kumar, 2004).	Limited to CLV modelling
Hüttinger et al. (2012)	The authors define preferential treatment as a decision of the supplier to provide a better service to certain buyers. This decision is influenced by customer attractiveness, supplier satisfaction, and preferred customer status.	The conceptualization provides a comprehensive overview of drivers of preferential treatment from the supplier's perspective. The definition is similar to those that emphasize better customer treatment based on customer value and relationship quality.	May not adequately address the dynamic nature of preferential treatment and how it evolves over time
Hüttinger et al. (2014)	The authors explore drivers of preferential treatment by suppliers in the automotive industry, including growth opportunities, operative excellence, reliability, and relational behaviour.	The conceptualization covers drivers of preferential treatment from both buyer and supplier perspectives, examining factors beyond financial attractiveness. The definition is similar to those who emphasize earning preferential treatment through valuable contributions.	Limited to automotive industry context and might not fully capture other dynamic contexts
Kim & Baker (2020)	The authors define preferential treatment as giving selected customers elevated social status, recognition, and/or additional or enhanced products and services beyond standard firm value propositions and customer service practices. They conceptually align preferential treatment with loyalty programmes in the hotel industry context, differentiating treatment between programme and nonprogramme customers, and incorporate negative effects of unearned preferential treatment in the assessment.	This is one of the strongest connections between preferential treatment and loyalty. The authors highlight a critical role of the firm explanations and compensation in mitigating negative perceptions of unearned preferential treatment. The core definition is based on Lacey et al. (2007) and similar to those who emphasize offering exclusive privileges to selected customers.	Limited to hospitality industry and may not incorporate the complexities of other industries and contexts

(Continued)

Table 1. Continued.

Author	Definition/conceptualization	Uniqueness vs. similarities	Gaps
Lacey et al. (2007)	“Preferential treatment is defined as the practice of giving selective customers’ elevated social status recognition and/or additional or enhanced products and services above and beyond standard firm value propositions and customer service practices.” (p. 242)	Preferential treatment is considered as a proactive and progressive relationship marketing strategy, while at the same time the conceptualization builds on economic and customization components of preferential treatment proposed by Gwinner et al. (1998).	Limited to relationship marketing view on customer prioritization
Libai et al. (2020)	The authors explore the impact of AI on customer relationship management, particularly the use of AI for personalized interactions and customer prioritization. Customer prioritization in their view is executed based on expected customer profitability, which leads to different treatments in terms of service levels, pricing, and promotions, which can potentially result in customer abandonment.	The authors uniquely highlight the potential of AI in automating customer prioritization, and at the same time raise ethical concerns of fairness and transparency of such AI usage. Similarly to other definitions, a part emphasizes preferential treatment based on customer value, offering personalized experiences and potentially abandoning low-value customers.	Limited to technological/measurement side of customer prioritization
Mathur & Kumar (2013)	Customer prioritization is the extent to which customers are treated differently with regard to marketing instruments based on their importance to the firm. Customer prioritization is conceptualized as firm’s ability to effectively use relationship investments to retain customers, depending on the relationship quality and length.	The definition emphasizes the role of customer prioritization in customer retention. The authors view customer prioritization through the lens of the resource-based view and dynamic capabilities theory, treating customer prioritization as a strategic capability in the firm. The similarity to other definitions is in its emphasis of treating customers differently due to their value (CLV).	May not fully cover ethical aspects of customer prioritization and neglects potential negative consequences
Newman et al. (2019)	Customer prioritization is measured through exclusive promotions, which the authors define as “as an invitation-only, non-contractual promotional offer intended for a certain individual that can be acted upon by only that individual due to verifiable eligibility and redemption criteria set forth by the promoter (i.e., firm)” (p. 77).	The authors offer a view on customer prioritization through a sales promotion lens.	Focusing solely on exclusive promotions as prioritization tools, applicable more in B2C than B2B settings
Nollet et al. (2012)	The authors introduce a 4-step process of a purchaser (buying organization) becoming a preferred customer: initial attraction, performance, engagement, and sustainability. Each step influences the supplier’s decision to grant the customer a preferred status that manifests in terms of better product quality and availability, support in the sourcing process, delivery, or/and prices.	The authors introduce a strategic approach for buying organizations to become and remain preferred customers, highlighting the dynamics of the buyer–seller relationships. The core of the definition is similar to those that emphasize the role of long-term partnerships in achieving preferential customer status.	Limited to B2B relationships and may not fully capture the dynamics of other contexts
Polyakova et al. (2020)	“Preferential treatment is the provision of benefits to some customers but not others (Jiang et al., 2013; Söderlund et al., 2014). There are many forms of preferential treatment, such as random-draw prizes (e.g. customer sweepstakes), milestone prizes (e.g. for the one-millionth customer), introductory gifts, surprise gifts, exclusive previews, selective discounts, initial bonuses and free upgrades, among many others.” (p. 693)	The distinction in preferential treatment forms is made based on the rewards that lead to customers’ selection for such treatment.	Focusing solely on the customer benefits and applicable more in B2C than B2B settings

(Continued)

Table 1. Continued.

Author	Definition/conceptualization	Uniqueness vs. similarities	Gaps
Pontes et al. (2021)	“Preferential treatment is a common practice in service encounters where only a few customers receive special benefits, such as priority boarding, access to exclusive events, and special discounts or offers, that go beyond the firm’s core service (Lacey et al., 2007). Such treatment may be formally earned by the customer through loyalty programs or given spontaneously (and thus unearned) by the service provider. By offering preferential treatment, service providers fulfil the natural need for status and distinction individuals seek in consumption experiences (Dreze & Nunes, 2009; Henderson et al., 2011).” (p. 3034)	The conceptualization distinguishes between formally earned and spontaneously given (unearned) preferential treatment, but extensively builds on previous conceptualizations (e.g., Lacey et al., 2007).	Limited to services and B2C context
Pontes et al. (2023)	Customer prioritization is defined as giving selected customers elevated social status recognition or/and additional or enhanced products and services above and beyond standard firm value propositions and customer service practices. Preferential treatment is conceptualized with potential harm to others, impacting attitudes towards the service provider through negative moral emotions, and moderated by an individual’s need for distinction.	The authors uniquely investigate the moderating role of the need for distinction on the effects of preferential treatment, especially in the light of negative consequences. The definition is similar to those that focus on offering exclusive privileges to selected customers.	Limited to services and does not encompass a wide variety of exclusive privileges
Pulles et al. (2016)	The authors argue that a preferred customer status can be achieved through customer attractiveness and supplier satisfaction, which in turn lead to preferential resource allocation from suppliers.	The definition highlights the role of customer attractiveness and supplier satisfaction in achieving preferred customer status and obtaining preferential resource allocation. The definition is aligned with those authors who emphasize the role of long-term partnership in achieving preferential treatment.	Limited to B2B relationships and may not fully capture the dynamics of other contexts
Ramani & Kumar (2008)	“Customer value management represents the extent to which the firm can define and dynamically measure individual customer value and use it as its guiding metric for marketing resource allocation decisions.” (p. 29)	Customer value management is conceptualized as one of the key components of interaction orientation.	Limited to resource allocation view on prioritization (i.e., how much profit each customer generates), measured through CLV
Ruz-Mendoza et al. (2021)	“The idea of prioritizing specific customers has received significant attention under the label of ‘preferential treatment’, understood as ‘the practice of giving selective customers’ elevated social status recognition and/or additional or enhanced products and services above and beyond standard firm value propositions and customer service practices’.” (p. 341). Preferential treatment is delivered through customized firm-initiated interactions, which can lead to improved relationship strength, profitability, customer gratitude, and positive word of mouth.	Acknowledging the equation of customer prioritization and preferential treatment, while adopting a conceptualization provided in the literature earlier (i.e., Lacey et al., 2007), the conceptualization distinguishes between standardized and customized firm-initiated interactions as mechanisms to deliver preferential treatment and focuses on building strong B2B relationships.	Limited to B2B relationships and may not fully capture the dynamics of other contexts
Söderlund et al. (2014)	Preferential treatment is conceptualized as receiving something extra compared to other customers in service encounters, which may in turn impact the perceived justice and customer satisfaction.	The conceptualization focuses on social and ethical implications of preferential treatment, while at the same time highlighting the potential conflict between increased satisfaction and perceived injustice. The definition is well aligned with those authors who incorporate additional benefits and personalized experiences in their conceptualizations.	Limited to services application

(Continued)

Table 1. Continued.

Author	Definition/conceptualization	Uniqueness vs. similarities	Gaps
Tessaro et al. (2023)	A purchaser/buying organization has preferred customer status if it 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.	The authors highlight preferred customer status as a key to accessing supplier resources and examine specific challenges faced by startups in achieving it. The focus is on value contribution and relationship development as a base for better treatment, emphasizing earning preferential treatment through long-term partnerships.	Comprehensive conceptualization from the international-marketing viewpoint that may be validated in other contexts
Varela-Neira et al. (2010)	The authors emphasize the need for objective criteria for preferential customer status, as a lack of preferential treatment leads to customer dissatisfaction, especially after a service failure.	The conceptualization considers the ethical implications of the perceived injustice of not receiving preferential treatment, emphasizing negative emotional and behavioural consequences, particularly when customers perceive a lack of equity and transparent criteria for preferential treatment.	Limited to services application
Wetzel et al. (2014)	The authors define customer prioritization as a double-edged sword, triggering both positive, gratitude-driven and negative, entitlement-driven processes, with tactics differing in their ability to impact the firm's profitability.	The dual-process model of customer prioritization, highlighting positive and negative consequences, is unique and includes an analysis of the psychological mechanisms of gratitude and entitlements as a response to customer prioritization. This is similar to other definitions that build on the trade-off between positive and negative sides of the prioritization or even acknowledge its downsides.	Limited to B2B relationships
Xia & Kukar-Kinney (2014)	"Preferential treatment is a prevalent relationship marketing practice of companies treating some customers better than others."	The conceptualization acknowledges that preferential treatment is a prevalent relationship marketing practice, focusing on dual mechanisms of fairness and gratitude in consumer responses to preferential treatment highlighting the potential for embarrassment and the role of social comparison, but similarly to others adopting the view that some (regular) customers are treated differently (better) than others (nonregular customers).	Limited to relationship marketing view on the concept and limited in the scope of prioritization possibilities, not addressing implications for firm strategy or ethical considerations of prioritization
Yeniaras & Kaya (2022)	The study focuses on customer prioritization as a job demand that can impact (increase) job stress and customer service performance in SMEs, with business ties acting as a moderating resource.	The conceptualization focuses on the organizational implications of customer prioritization by applying the job demands–resource model to examine potential negative consequences of customer prioritization on employee well-being and service quality.	Limited to SME context and may not fully cover the dynamics of customer prioritization in larger firms
Zheng et al. (2023)	Preferential treatment is conceptualized in the context of Airbnb as giving selected customers elevated social status recognition and/or additional or enhanced products and services above and beyond standard firm value propositions and customer service practices.	This conceptualization uniquely examines the challenges and consequences of preferential treatment through the lens of a sharing economy, focusing on the potential for unfulfilled expectations and the impact of online reviews, while emphasizing the provision of additional benefits and elevated status similar to definitions that highlight offering exclusive privileges to selected customers.	Limited to the context of Airbnb and might not be fully applicable to other platforms within the sharing economy

neglected due to competing priorities, they may seek alternative suppliers, which results in lost opportunities (Brozović et al., 2023). Small and medium-sized enterprises (SMEs), being more agile, are often better positioned to adapt to evolving customer needs.

Amid this landscape, many export-oriented companies, consciously or unconsciously, adopt customer prioritization strategies (Nyu et al., 2022). Sales managers may oversee multiple markets, segmented based on geographical or economic factors, to streamline operations and better understand customer requirements (Nyu et al., 2022). These managers typically wield a degree of decision-making autonomy, although their actions are overseen by directors or the head office. Effective prioritization of markets is crucial for swift decision making and customer satisfaction, ultimately impacting revenue generation. Moreover, the prioritization of markets influences the level of attention from the head office or directors, with strategically significant markets receiving greater focus (Nyu et al., 2022). However, this approach can be contentious, as local suppliers may offer competitive advantages such as lower prices or faster service delivery. Nonetheless, prioritizing customer needs and market dynamics remains essential for business success.

In the realm of customer-centricity, companies must also prioritize dignified interactions with customers and avoid price reductions that compromise product quality (Sharp, 1991). This principle extends to remote work practices, which have become prevalent during the Covid-19 pandemic. Remote work arrangements have reduced overhead costs and increased employee satisfaction, provided there is diligent performance (Smite et al., 2023). Furthermore, hiring sales managers or directors with local market knowledge can enhance customer-centricity and facilitate stronger supplier relationships (Day, 1999; Sharp, 1991). These individuals are adept at gathering and interpreting market insights, thereby contributing to organizational growth and customer satisfaction.

Previous scholarly investigations into the concept of customer prioritization span various disciplines, encompassing fields such as marketing, psychology, information support systems, and supply chain management. This interdisciplinary approach enables diverse perspectives but often yields ambiguous findings. Contrary to the simplistic assumption that customers uniformly appreciate feeling special and receiving preferential treatment, it is imperative to recognize that the same preferential treatment may elicit delight in one customer while provoking anger or embarrassment in another (Butori & De Bruyn, 2013). While customers generally perceive preferential treatment as somewhat unjust, studies

indicate that customer satisfaction tends to be enhanced among those who receive it. Consequently, it can be argued that preferential treatment exerts differential effects on perceived justice and satisfaction, contingent upon contextual factors such as whether the preferential treatment is received individually or shared with another customer (Söderlund et al., 2014). Although customer prioritization has been linked to increased job stress on the seller's side, the presence of business ties mitigates this relationship (Yeniaras & Kaya, 2022). Moreover, the attitudinal and behavioural consequences of preferential treatment are not universally positive (Xia & Kukar-Kinney, 2014). While recipients may experience feelings of gratitude that positively influence their purchasing behaviour and word-of-mouth recommendations, non-recipients may perceive the treatment as unfair, leading to concerns about fairness that negatively impact their response toward the firm. Interestingly, empathy has been identified as a driving force behind preferential treatment, arising due to individuals' concerns about fairness rather than in spite of them (Blader & Rothman, 2014). Observing others receive preferential treatment can evoke envy among bystanders, triggering a motivation for self-enhancement that subsequently influences their future intentions regarding participation in loyalty programmes (Huang & Brown, 2023). Furthermore, the individual customer's need for distinction/uniqueness has been identified as a positive moderator of the effect of perceived harm to others resulting from preferential treatment on customers' attitudes toward the service provider (Pontes et al., 2023). However, witnessing others receive preferential treatment does not invariably evoke negative sentiments. Empirical evidence suggests that preferential treatment can serve as a constructive catalyst when bystanders believe they can attain comparable treatment, activating their goal-setting motivation and heightening their commitment to goal-relevant behaviours such as intentions to repatronize (Chang et al., 2020). Understanding the rules governing preferential treatment has been shown to increase motivation to participate in loyalty programmes (Huang & Brown, 2023). Lastly, customer gratitude resulting from customer prioritization has been found to hinge on various factors including the breadth and depth of relationship marketing, as well as customer task and interaction orientation (Nelson et al., 2024).

The critical success factors for the implementation of a customer prioritization strategy encompass a wide spectrum of elements (e.g., Homburg et al., 2008; Hüttinger et al., 2014), ranging from top management support and commitment to information technology infrastructure, proficient and motivated

personnel, organizational culture, quality of customer data sharing practices, formulation and dissemination of the prioritization strategy, employee engagement, and effectiveness in measuring, monitoring, tracking, and providing feedback. Additionally, factors such as knowledge management capability and the clear delineation of objectives and goals pertaining to customer prioritization play integral roles in ensuring success (Farhan et al., 2018). These factors can be categorized into four groups—project, process, technological, and organizational—although individual factors may not be exclusively confined to a single group. Accordingly, the evaluation criteria for customer prioritization encompass a range of metrics, including the potential profit rate per unit of time, the anticipated value of future orders with higher profit margins, the alignment of potential orders with available capacity, and indicators of customer loyalty that signify future business opportunities (Akyildiz et al., 2015).

The typology of customer prioritization strategy remains somewhat elusive within the existing literature. Drawing from the realm of CRM, a comprehensive understanding of customer prioritization strategy encompasses elements such as customer strategy, customer-interaction strategy, brand strategy, value-creation strategy, organizational culture, human resources management, information technology infrastructure, relationship management processes, and knowledge management initiatives (Lindgreen et al., 2006). Moreover, previous studies have highlighted specific prioritization tactics, such as the prioritization of communication channels (Venkatesan & Kumar, 2004). Expanding on this notion, a holistic prioritization strategy may encompass various facets including product, pricing, process, sales, and communication prioritization (Homburg et al., 2008). Within this broad spectrum of prioritization tactics, strategies may involve the provision of core benefits, elevation of status, and provision of preferential treatment (Wetzel et al., 2014). Finally, characteristics of preferential treatment may include selectivity and structure (Xia & Kukar-Kinney, 2014).

To gain a comprehensive understanding of customer prioritization strategies, it is imperative to consider the perspective of customers or buyers and evaluate how supplier prioritization strategies manifest in their approaches. The literature introduces the concept of customer portfolio alignment (Højbjerg Clarke et al., 2017), contending that for customers to attain attractiveness to suppliers and secure preferred customer status, both internal and external alignment are indispensable. In essence, achieving preferred customer status, a particularly formidable task for startups due to their novelty, which may render them less appealing to suppliers, hinges on

several factors: memorable experiences, profitability, innovation potential, credible growth opportunities, strategic compatibility, business network, and purchaser–seller relationship (Tessaro et al., 2023). A lingering question pertains to how buying firms, having already secured preferential treatment and thereby being acknowledged as preferred customers or ‘customers of choice,’ can perpetuate supplier commitment and uphold this esteemed status within a competitive marketplace. Empirical findings suggest that supplier development and engagement directly contribute to sustaining commitment; while coupled with information sharing, they positively influence expectations concerning relationship continuity (Patrucco et al., 2024). Other positive outcomes of the preferential treatment include relationship commitment, increased purchases, increased share of a customer, positive word-of-mouth communication, and continuous customer feedback (Lacey et al., 2007).

International-marketing literature provides limited insights into customer prioritization within an international context. However, as businesses expand into foreign markets, it becomes essential to understand how to prioritize customers effectively. This understanding is crucial for optimizing resource allocation and enhancing customer satisfaction (Homburg et al., 2008; Wetzel et al., 2014). A comprehensive understanding of the international context—through both macro-level and micro-level factors influencing customer behaviour—enables businesses to align their customer prioritization strategies with local market conditions, thus improving their competitive advantage in foreign markets (Douglas & Samuel Craig, 2011). Companies operating across borders face a complex interplay of cultural, economic, regulatory, and geopolitical factors that influence customer behaviour and preferences (Yeniaras & Kaya, 2022). Customer participation can vary significantly from one market to another (Menguc et al., 2020). Consequently, developing and adjusting customer prioritization strategies to fit local market specifics becomes more complex. Different cultures have various perceptions of value, fairness, and business practices (Kim & Baker, 2020; Wetzel et al., 2014). As a result, customer prioritization strategies that are acceptable in one culture might be seen as offensive or discriminatory in another. Additionally, economic conditions and income levels vary greatly across countries, impacting customer value perception and purchasing power (Homburg et al., 2008; Kumar & George, 2007; Reinartz & Kumar, 2000; Venkatesan & Kumar, 2004). Therefore, customer prioritization strategies must be adjusted to cater to different income segments and economic realities across markets. Moreover, customers in various international markets demonstrate different levels of

task orientation (focus on efficiency) and interaction orientation (focus on building relationships) (Nelson et al., 2024; Ramani & Kumar, 2008). This indicates the need to develop tailored targeting approaches for diverse markets. Lastly, much of the existing research on customer prioritization concentrates on specific industries or contexts (Homburg et al., 2008; see previous chapter). By examining customer prioritization across various international contexts, researchers could identify best practices for adapting strategies to foreign environments, enhancing the generalizability of findings and providing a more comprehensive understanding of the phenomenon.

3 Methodology

We selected the interview method to gain insights into the nature of customer prioritization strategies and how sales managers implement these strategies within their firms. Initially, we developed a semistructured interview guide. This guide underwent a pretest phase involving three sales managers, leading to the refinement of certain questions to better align with our research objectives to get an understanding of how international-sales managers understand customer prioritization and what components constitute this phenomenon. The final interview guide comprised three sections. The first focused on general demographic information about the interviewee and their company, including variables such as gender, tenure as a manager in an export-oriented sales department, industry type, number of employees, and the number of markets in which the company operates. The second section addressed the firm's international activities, ranging from basic export data, such as total international sales over the past three years and the duration of the firm's involvement in foreign markets, to more detailed insights, such as identifying the most important foreign markets and the rationale behind their significance, methods for measuring performance in foreign markets, and whether specific performance metrics are prioritized over others. The third section constituted the core of the interview guide, focusing on customer prioritization within the firm. This section was organized around the study's main themes: conceptual understanding of customer prioritization, barriers to its effective implementation, the influence of organizational structure on prioritization, performance outcomes, and strategies for implementation. Key questions explored whether prioritization strategies targeted products, countries, customers, or combinations thereof; how subsidiaries were categorized; and the strategies and tactics commonly employed in prioritization.

To ensure respondents were qualified to address these topics, purposeful sampling was employed.

Participants were selected from international firms that had entered at least one foreign market through a subsidiary rather than through exporting or franchising. Additionally, all firms primarily served business customers—a critical criterion, as business-to-business (B2B) relationships often emphasize prioritization strategies to sustain profitability in foreign markets (Homburg et al., 2008). This emphasis aligns with insights from relationship marketing research (e.g., Lindgreen et al., 2006; Mathur & Kumar, 2013), which highlights the distinct nature of B2B customer prioritization compared to end-customer strategies. Thirteen in-depth, semistructured interviews were conducted with managers from sales departments of export-oriented firms. All respondents were responsible for sales in foreign markets and provided insights regarding business customers in their most significant international markets. The interviews were conducted either in person or via Microsoft Teams video calls, with each session lasting approximately 45 minutes. For detailed information about the interviewees and their professional backgrounds within the companies, please refer to Table 2.

Finally, a data analysis was conducted. The interviews were transcribed and reviewed, after which they were combined and categorized into themes. To enhance comprehension of the topic, visualization tools such as quotes, tables, figures, word clouds, and comparison matrices were utilized. Additionally, descriptive statistics were employed to present and identify patterns and provide an overview of the data (Fisher & Marshall, 2009).

In analysing the data, we adopted a combination of inductive and deductive approaches, commonly referred to in business literature as the Gioia methodology (Gioia et al., 2013; Magnani & Gioia, 2023). Qualitative rigour was primarily ensured through our analytical approach, particularly in categorizing data into primary and secondary groups to facilitate their later organization into a more systematic format. During the initial analysis phase, fidelity to participants' language was maintained, resulting in a potentially extensive number of primary categories. Although this abundance of categories may initially seem overwhelming, this stage of confusion is deemed crucial, echoing Magnani and Gioia's (2023) sentiment that clarity often emerges after navigating through complexity.

As the analysis progressed, commonalities and differences among the numerous categories were identified, akin to Strauss and Corbin's concept of axial coding. This process gradually reduced the relevant categories to a more manageable number. Subsequently, these categories were labelled or described, preferably retaining participants' language, and examined collectively for underlying patterns.

Table 2. Sample characteristics.

Interviewee	Gender	Age	Years in the company	Size of the firm	Industry	Main foreign markets
Interviewee A	Male	33	2 years	SME	Food processing	Romania, Czech Republic
Interviewee B	Male	46	7 years	Large	Electrical installations	Croatia
Interviewee C	Male	57	20 years	Large	Machinery production	Germany, Russia
Interviewee D	Male	40	15 years	SME	Automation process control	Croatia, Serbia
Interviewee E	Male	37	7 years	SME	Manufacture of bathroom fittings	Germany
Interviewee F	Male	37	4 years	SME	Software developer	Poland, Hungary, Czech Republic
Interviewee G	Male	42	7 years	Large	Automotive industry	Germany
Interviewee H	Male	35	5 years	Large	Software as a service	USA, Poland, Czech Republic
Interviewee I	Male	39	10 years	Large	Pharmaceutical industry	Serbia, Romania, Germany
Interviewee J	Male	41	8 years	SME	Software as a service	Serbia
Interviewee K	Male	40	15 years	SME	Broadcasting industry	Europe, Middle East and North Africa
Interviewee L	Male	37	7 years	Large	Pharmaceutical industry	Russia
Interviewee M	Male	35	6 years	SME	Machinery production	CIS countries

At this juncture, a multifaceted analytical approach was adopted, encompassing informant terms, codes, as well as abstract, second-order theoretical concepts such as themes, dimensions, and overarching narratives—aiming to answer the fundamental question, “What is the underlying phenomenon?” from a theoretical standpoint.

Engaging in a gestalt analysis, as advocated by Gioia and Chittipeddi (1991), prompted the formulation of additional inquiries, guiding subsequent interviews towards concepts and tentative relationships emerging from previous discussions—a process akin to Glaser and Strauss’s (2017) theoretical sampling. In the secondary analysis phase, a deeper exploration of the theoretical landscape was undertaken, examining whether emerging themes suggested concepts that could aid in describing and explaining observed phenomena. Special attention was given to emerging concepts lacking sufficient theoretical grounding in existing literature or those standing out due to their relevance to a new domain.

Once a viable set of themes and concepts was established and theoretical saturation was achieved, exploration of further condensing second-order themes into aggregate dimensions was pursued (see Fig. 1). This process culminated in the construction of a data structure, facilitating the visual representation of findings and illustrating the progression from raw data to terms and themes—an essential aspect of demonstrating rigour in qualitative research (Pratt, 2008; Tracy, 2010).

4 Research results

4.1 Thematic analysis

Four major themes emerged from our research: prioritization tactics and strategies, international customer profitability, headquarters–subsidiary relationships,

and customer relationship management. We argue that these are key elements driving customer prioritization strategies in foreign markets. Even more, we predict that the choice of prioritization tactics and strategies influence international customer profitability, which together with headquarters–subsidiary relationships forms successful customer relationship management. Moreover, we could argue that some of the first-order categories that constitute these four identified themes can be treated as forms of customer prioritization (e.g., customer segmentation, customization, personalization), some as inputs to customer prioritization strategy development (e.g., customer value analysis, risk management), and some as outcomes of customer prioritization (e.g., customer loyalty, satisfaction and retention, strategic alignment).

The enterprises under study divulge that their **prioritization tactics and strategies** vary contingent upon factors such as product line, customer firm size, industry relevance, and the significance of foreign markets—a contextual prioritization framework, in essence. Consequently, we contend that customer segmentation should be approached in a twofold manner: firstly, delineating segments within each of these four pivotal factors independently; secondly, discerning commonalities across identified segments within these four factors to establish global segments. Subsequently, resource allocation ought to align with the identification of the most salient customer segments, where customization and personalization levels surpass those of other segments.

The assessment of **international customer profitability** encompasses a spectrum of methodologies, ranging from broad risk management principles to more nuanced approaches such as activity-based costing (ABC), which categorizes customers into A, B, and C groups, alongside customer value analysis. A discernible trend reveals a growing reliance

on contemporary data analytics and technological advancements—including big data, artificial intelligence (AI), blockchain, and machine learning—to meticulously allocate profits to individual customers, thereby enhancing profitability assessments. However, while some firms adopt customer prioritization strategies with the explicit aim of bolstering short-term profitability—such as prioritizing support, upselling, and cross-selling—our investigation highlights notable disparities in the customer prioritization strategies employed by firms based on their short-term versus long-term orientations. Notably, long-term-oriented approaches, such as relationship marketing, customer loyalty programmes, and customer success management, are favoured by certain firms seeking sustained profitability and customer retention.

We posit that in the international arena, customer prioritization strategies must be tailored in accordance with the entry mode adopted by firms in foreign markets. Naturally, firms venturing into foreign markets with a subsidiary view such markets as pivotal, with significant growth potential. Consequently, customers in these markets warrant prioritization over those in markets where the company enters via agents, distributors, or other less resource-intensive entry modes. Accordingly, we regard **headquarters–subsidiary relationships** as a crucial determinant of customer prioritization strategy. Subsidiaries play a pivotal role in devising appropriate customer prioritization strategies in foreign markets by furnishing performance feedback and transferring insights regarding the specific needs and preferences of foreign customers to the headquarters and other subsidiaries. The efficacy of this process hinges upon the subsidiary's ability to assert its voice and ensure that it is heard and heeded by other stakeholders, alongside the development of effective communication channels. Export sales managers have underscored subsidiary autonomy as a cornerstone of the organizational structure of international firms, which facilitates the cultivation of international customer prioritization strategies. Lastly, strategic alignment emerges as both a prerequisite and a consequence of efficient customer prioritization at the foreign subsidiary level. It is a prerequisite insofar as subsidiaries must align with the goals, codes of conduct, strategies, and corporate culture of the headquarters. Conversely, it is a consequence in that effective customer prioritization can bolster the profitability of the subsidiary, augmenting its strategic significance and enhancing alignment with the headquarters and other subsidiary networks.

Conclusively, our research elucidates the role of customer prioritization strategy in nurturing en-

during customer relationships, a phenomenon commonly referred to as **customer relationship management**. We find that customer loyalty emerges as a pivotal factor, with some firms opting to prioritize customers based on their existing loyalty, while concurrently acknowledging that loyalty can also stem from heightened levels of customer satisfaction—a sentiment frequently experienced by those customers who receive prioritized treatment. In sum, effective customer prioritization strategies can engender increased customer retention rates and foster a heightened propensity among customers to engage in recurrent consumption.

4.2 Facets of customer prioritization strategy

In formulating a customer prioritization strategy, it is imperative to comprehend how sales managers target and prioritize different customer groups. The following quotes offer valuable insights into this dynamic:

“Yes, we prioritize our customers, we categorize them into A, B, and C groups.”—Interviewee D

“Our prioritized customers receive more attention from our product manager.”—Interviewee C

“We are a market-oriented company, and we always listen to our customers and employ customer prioritization strategies.”—Interviewee A

“Of course, income is crucial for every company, and we endeavour to enhance it through the implementation of customer prioritization strategies. Our most prioritized customers enjoy certain privileges; for instance, we strive to accommodate their requests promptly and address their inquiries expeditiously.”—Interviewee F

When analysing the responses of interviewees regarding their perspectives on customer prioritization, we observe recurring themes. They primarily depict customer prioritization as a specific marketing strategy aimed at targeting and prioritizing customer groups. Based on the analysis provided, key messages are closely linked to how interviewees describe customer prioritization and its perceived value. This is evident in the following excerpts:

“Our sales managers consistently understand how to prioritize our customers. We have some informal rules in place.”—Interviewee A

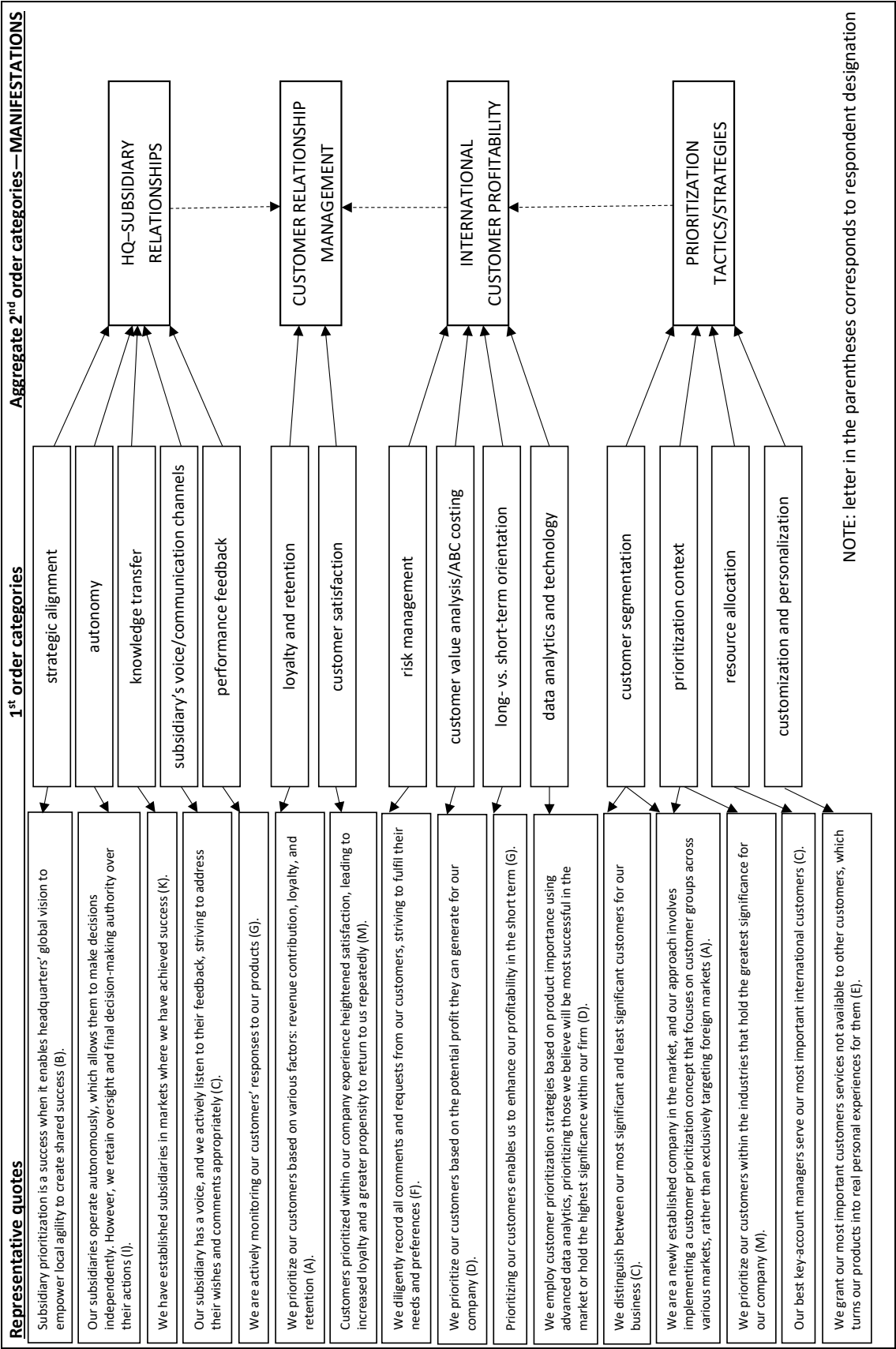


Fig. 1. Data structure.

“Sometimes we prioritize our customers, but mostly they are treated equally because we have regional managers overseeing different markets.”—Interviewee B

“We believe that customer prioritization plays an important role in the firm’s development.”—Interviewee C

“We aim to prioritize our potential customers from the outset of communication with them.”—Interviewee D

The interview respondents underscored the paramount importance of implementing a customer prioritization strategy. These organizations exhibit a readiness to cater to customer needs while simultaneously aiming to expand their market presence by accommodating as many customers as feasible. Firms must adopt a customer-centric approach, while also adhering to customer prioritization protocols. By doing so, sales managers can optimize profitability within shorter time frames, thereby positively impacting overall company operations. During forays into new markets, company managers diligently heed the feedback of prospective or existing partners, striving to meet their needs with precision. Recognizing that contented customers serve as valuable ambassadors, these endeavours bolster the company’s reputation and foster growth. Conversely, neglecting potential or lukewarm customers risks losing them to competitors, which underscores the critical importance of attentive listening and accurate prioritization. In practical terms, there is an abundance of instances where dissatisfied customers, whether due to unmet offers or lacklustre supplier engagement, defect to competitors offering more responsive service. Retrieving such customers becomes increasingly arduous, potentially resulting in missed opportunities as resources are diverted to higher-priority orders.

Further along the workflow, suppliers engage in their own prioritization processes, a factor that can significantly influence customer perceptions of trust, attitude, and satisfaction with the supplier, as corroborated by recent research findings (Brozović et al., 2023). For instance, prolonged equipment assembly times at the factory, delayed responses from support staff to customer inquiries, or interactions with less proficient employees or project managers may prompt customers to seek alternative vendors. In such instances, customers are within their rights to transition to another supplier who can deliver high-quality services and comprehensive support throughout the entire product or service implementation cycle.

Hence, it is imperative to meticulously draft contracts between customers and suppliers, ensuring transparency regarding service costs and potential additional expenses incurred throughout project execution (Nyu et al., 2022). A conscientious supplier who provides accurate information and fulfils contractual obligations is more likely to foster enduring customer loyalty. Every business aspires to differentiate itself to attract and retain a burgeoning customer base, employing various strategies and methodologies in its management practices. Customer reprioritization stands out as a method capable of swiftly and decisively influencing the overall health of a company. In export-oriented markets, companies must heed the insights of foreign market sales managers who serve as conduits for customer feedback. Effective communication between the head office, such as the sales department director, and foreign customers is paramount. This proactive approach not only facilitates rapid growth in a globalized setting but also underscores the significance of market prioritization. However, instances may arise where head offices or directors become preoccupied with tasks deemed more critical, be they in the domestic market or in more lucrative and rapidly expanding foreign markets. This underscores the necessity for market prioritization strategies to efficiently allocate resources and maximize opportunities for growth.

The following quotes lend support to these findings:

“Sometimes we are prioritizing the markets; it means we have the most important markets and the less important markets, and we will pay attention to the first ones.”—Interviewee M

“We need to listen to our customers to be market-oriented and to be successful on the export markets.”—Interviewee K

“We want to attract new customers and for this we need to pay attention for them.”—Interviewee L

A key finding of the study is the association between customer prioritization and organizational structures within the firm, such as the relationship between headquarters and subsidiaries, as well as the underlying rules and practices, which directly impact its effectiveness. This observation aligns with the perspective of Lee et al. (2015), who assert that organizational structure plays a crucial role in achieving marketing objectives. They highlight several facets of organizational structure, including formalization, autonomy, and centralization. Autonomy, which stands in contrast to formalization, allows

for greater freedom in decision making concerning customer prioritization. Conversely, centralization, akin to formalization, denotes centralized power in customer prioritization decision-making processes. Future research is needed to explore the relationships between these underlying concepts.

5 Discussion

The findings offer valuable insights into customer prioritization in an international context, expanding upon existing marketing research. The study highlights how specific customer prioritization tactics and strategies influence the structure and effectiveness of CRM. For instance, customer prioritization dictates the type and frequency of interactions with various customer segments (Peng et al., 2012). High-priority customers typically receive more frequent and personalized communication, while lower-priority customers are engaged through standardized and less frequent interactions, shaping customer perceptions and the quality of relationships (Venkatesan & Kumar, 2004). Additionally, customer prioritization underpins segmentation and targeting efforts, enabling firms to categorize customers based on their value and profitability and thereby tailor CRM strategies and allocate resources efficiently (Peng et al., 2012; Farhan et al., 2018). This targeted approach not only optimizes CRM efforts but also maximizes returns by ensuring that the most valuable customers receive focused attention and services that foster long-term relationships. Effective customer prioritization strategies are, therefore, integral to achieving CRM success.

The finding that customer prioritization tactics and strategies significantly influence international customer profitability is well-supported in marketing literature. For example, Lee and Griffith (2019) underscore the importance of allocating resources to the most profitable customers, emphasizing that concentrating marketing efforts on high-value segments yields higher returns. Such prioritization enhances customer satisfaction and loyalty, ultimately driving increased sales and profitability (Homburg et al., 2008). Mathur and Kumar (2013) further highlight that integrating customer prioritization with relationship dynamics can improve retention, which positively impacts profitability. Additionally, analysing customer lifetime value (CLV) is critical for understanding profitability in international markets (Venkatesan & Kumar, 2004). Empirical evidence from McKinsey shows that enhancing customer experience can more than double growth compared to industry peers (Bough et al., 2023). Prioritization drives profitability through mechanisms such as a “gratitude-driven process,” where tailored benefits

and personalized experiences foster loyalty, repeat purchases, and positive word of mouth, particularly in international contexts requiring trust building (Ain et al., 2024; Blattberg et al., 2009; Wetzel et al., 2014). However, prioritization may backfire if it leads to customer entitlement or perceptions of unfairness, especially in culturally diverse settings where fairness perceptions vary (Butori & De Bruyn, 2013; Newman et al., 2019; Wetzel et al., 2014). Customized interactions are essential for strengthening relationships and triggering gratitude, as standardized approaches often fail to produce meaningful outcomes, which highlights the need for adaptability in international markets (De Wulf et al., 2001; Ruz-Mendoza et al., 2021). Thus, the dynamic interplay between prioritization tactics and international customer profitability is critical for firms aiming to succeed in competitive global markets. However, relatively little is known about how specific dimensions of prioritization and profitability, such as contextual influences on risk management, interact and shape outcomes.

This study proposes that the profitability of international customers significantly shapes CRM strategies, aligning with the established influence of profitability on resource allocation (Homburg et al., 2008). Firms frequently prioritize customer relationships based on CLV, a predictive metric of long-term profitability (Blattberg et al., 2009; Venkatesan & Kumar, 2004). By concentrating resources on high-CLV customers, firms can optimize CRM efforts and maximize returns in international markets (Rust et al., 2004). This approach involves identifying profitable customer segments across borders and strategically allocating marketing investments to meet their specific needs (Venkatesan & Kumar, 2004). The service-profit chain model further emphasizes the necessity of aligning CRM practices with profitability metrics to enhance outcomes (Hogreve et al., 2017). Developing targeted CRM strategies for high-value international customers often includes offering exclusive benefits, personalized communication, and proactive service, which foster loyalty and retention (Kim & Baker, 2020). In essence, the satisfaction, retention, and loyalty of profitable customers validate the implementation of focused CRM initiatives.

The dynamics of headquarters–subsidiary relationships is critical in shaping CRM practices within MNEs. Effective strategic alignment between headquarters and subsidiaries ensures that CRM initiatives are both consistent with corporate objectives and responsive to local market conditions. Factors such as coordination, control, and conflict management significantly influence the success of these relationships (Roth & Nigh, 1992). Knowledge transfer from headquarters to subsidiaries enhances

CRM effectiveness by sharing best practices and global customer insights, ultimately improving customer satisfaction and loyalty (Jean et al., 2015). This process is especially important in international contexts, where subsidiaries encounter distinct challenges and opportunities that demand tailored CRM strategies. Headquarters can guide subsidiaries with insights into global trends, effective prioritization tactics, and culturally adapted CRM approaches, while subsidiaries contribute by customizing CRM practices based on local market dynamics and customer preferences. Achieving successful customer prioritization requires a “selective organizational alignment” between headquarters and subsidiaries (Homburg et al., 2008). This approach balances centralized strategic direction with decentralized autonomy, empowering subsidiaries to tailor CRM efforts while maintaining alignment with the overarching corporate goals. By striking this balance, MNEs can enhance the effectiveness of their CRM strategies and foster higher customer satisfaction.

We contribute to the customer prioritization literature by identifying the subsidiary’s structural position within MNEs as a key factor influencing customer prioritization in an international context. This concept aligns with Bouquet and Birkinshaw’s (2008) framework of *weight* and *voice*, which examines how foreign subsidiaries gain attention from corporate headquarters. We conceptualize a subsidiary’s *voice* and *weight* as enablers or mechanisms through which customer prioritization is operationalized within MNEs. In this context, a subsidiary with greater voice and weight is better positioned to serve customers effectively. Specifically, positioned in this sense refers to the subsidiary’s capacity to respond more promptly, exhibit greater attentiveness to customers, and better meet their needs and preferences compared to a subsidiary with less voice and weight. For example, subsidiary A, possessing higher voice and weight than subsidiary B, is likely to have greater responsiveness and customer-centric capabilities, enabling superior customer service. This understanding can advance the theory of headquarters–subsidiary relationships and highlight the need for interdisciplinary assessment of customer prioritization, integrating perspectives from marketing and international business scholars.

5.1 Theoretical contributions

Our study on customer prioritization in an international context makes several significant contributions to theory. Foremost, it fills a crucial gap by being the first study to explicitly and comprehensively examine the importance of the formality of customer

prioritization. Previous research on customer prioritization and its impact on business performance has largely overlooked the role of formality (e.g., Homburg et al., 2008). By highlighting the critical role of international-sales departments’ coordinative processes and activities in shaping the formality of customer prioritization across subsidiaries, our study addresses this gap. Additionally, we demonstrate that customer prioritization serves as a valuable capability that ultimately leads to improvements in business performance. Secondly, our research contributes to the conceptual understanding of customer prioritization. From the international-marketing perspective, we understand customer prioritization as an organizational ability that enables companies to reallocate and optimize their sales resources across markets, thereby creating a locally sustainable competitive advantage and effectively addressing the challenges and opportunities presented by dynamic environments. By developing a conceptual model of customer prioritization, we identify and elucidate four distinct manifestations of this concept (see Fig. 1). Lastly, our study highlights the dearth of theoretically grounded research on customer prioritization and underscores the need to conceptualize it as a dynamic capability that evolves over time and in response to varying contextual factors. In this regard, we advocate for future researchers to adopt dynamic capabilities theory as a framework for investigating customer prioritization and its implications.

5.2 Managerial implications

A key takeaway for managers is that performance can be positively influenced by promoting the formality of customer prioritization. Formality in this context suggests to managers that sales representatives should implement customer prioritization meticulously, carefully evaluating each customer to determine its applicability. Managers are encouraged to conduct regular assessments, such as annual evaluations, of customer prioritization practices within the company. During these assessments, it is crucial to evaluate the potential future profitability of customers based on their expertise, financial resources, and operational plans. This initial evaluation will enable managers to identify areas for improvement and recognize the importance of enhancing international-sales team capabilities in customer prioritization. Based on the assessment of customer prioritization formality within the organization, managers can devise targeted interventions to enhance customer prioritization and leverage resources available in marketing and sales departments more efficiently. These interventions

may involve reallocating personnel, exchanging knowledge or resources, depending on resource availability. For instance, creating interest groups that convene in informal settings can facilitate the sharing of knowledge and expertise among sales employees, fostering open communication and enhancing customer prioritization practices. Following the implementation of interventions, management can select sales employees to serve as champions for customer prioritization. In addition to these interventions, managers can promote customer prioritization by fostering a supportive organizational culture and providing necessary instructional support. It is important for managers to recognize the pivotal role of sales managers in assessing, cultivating, and nurturing the formality of customer prioritization. Additionally, our findings indicate that international customer prioritization needs to be aligned with the surrounding institutional and environmental context. Therefore, it is imperative for managers to continuously monitor the external environment and make timely adjustments to international-marketing and sales strategies accordingly.

5.3 Limitations and further research

The research has several limitations. Firstly, the study was confined to Slovenia, which suggests the need for future research to include data from other countries to enhance the generalizability of findings. Secondly, the small number of firms involved in our qualitative study restricts our ability to determine whether our findings can be replicated and generalized across a broader context. Additionally, we acknowledge that our assessment of customer prioritization, which informed the development of the conceptual framework (see Fig. 1), may be subjective. As this is a small-sample, qualitative study, we do not assert that firms universally embrace any particular manifestation of customer prioritization; rather, we suggest a tendency towards these manifestations. Moreover, the research was conducted during the pandemic period of 2021–2022, which may have influenced the results. Lastly, while our exploration of the formality of customer prioritization in international sales and marketing has been narrowly focused on the operational interface, future research should broaden its scope to encompass both strategic and operational levels.

Given the evolving trends in the dynamic international-business landscape, where firms increasingly adopt strategic customer prioritization approaches, further research into this phenomenon is both timely and essential. Future quantitative studies could evaluate the extent to which firms align with

customer prioritization strategies and empirically test the proposed relationships, deepening our understanding of its connection to organizational profitability. The relatively underexplored domain of international customer profitability highlights the need for research that examines the nuanced interplay between prioritization strategies and profitability, particularly in the context of diverse global markets. From an international-marketing perspective, it would be valuable to investigate why, when, and how firms prioritize different countries and regions, especially given the rising geopolitical tensions and deglobalization trends. While significant progress has been made in understanding customer prioritization in B2B contexts, there remains a gap in understanding how practices differ between B2B and B2C firms or within organizations serving both client types. Additionally, exploring countertrends such as penalizing customers or managing production capacity to meet preferential treatment demands could offer fresh insights for scholars. Future research should focus on developing frameworks that guide firms in implementing ethical and effective customer prioritization strategies, accounting for diverse contexts, customer segments, and moral considerations. This includes investigating the role of emerging technologies, such as big data analytics, blockchain, and AI, in shaping customer prioritization practices and addressing challenges related to increasing personalization and automation of customer interactions. Such studies could provide actionable insights into navigating the complexities of contemporary customer relationship management in global markets.

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