

Abstract:**Influence of innovation in the customer-supplier relationship on competitive advantage**

RQ: The excellence of a company is also the result of the relationship to the supplier. A good relationship is shown on the results in developing innovative ideas. In this study we were interested in the relations between the buyer and the supplier and how this effects their innovation development, which is later expressed as a competitive advantage, and if this relation effects on the creation of innovation ideas.

Purpose: The purpose is to explore the relationship between suppliers and customers, their common innovative activity and the impact of joint innovation ideas in competitive advantage.

Method: A literature review and a quantitative analysis with an opinion questionnaire was used in this study. Data analysis was carried out with frequency statistics and χ^2 -test.

Results: The result shows that the relationship between buyers and suppliers has a greater impact on competitive advantage than the number of innovations.

Organization: The research study impacts the customer-supplier relationship, mutual expectations and common creation of innovative ideas to increase competitive advantage. The results will be informative in adapting decisions and measures in strengthening the relationship for the creation of an innovative environment within interpersonal relationships.

Society: Society is aware of the importance of customer-supplier relations. Society will be able to obtain information on the degree of the customer-supplier mutual relationship in collaborating and developing innovative ideas, the level of awareness in the importance of innovation in the mutual relation of creating a competitive advantage.

Originality: The originality of the research is to learn about the impact of customer-supplier relations and on innovation as one of an organization's competitive advantages.

Limitations: The research is limited to one company and a smaller sample-size of suppliers in an organization.

Keywords: customer, supplier, innovation, relationship, competitive advantage.