

*The Hong Kong Polytechnic University*  
*Department of Logistics and Maritime Studies*  
*Research Seminar*

**More Power to the Retailers?  
An Upstream Perspective of Power Imbalance in Channels**

by

**Dr Shuya YIN**  
**Associate Professor**  
**Paul Merage School of Business**  
**University of California, Irvine**

**(joint work with Yuhong He at Cal State Fullerton and Professor Saibal Ray at McGill University)**

**Date: 30 November 2018 (Friday)**  
**Time: 10:30am-11:30am**  
**Venue: M802, Li Ka Shing Tower**  
**The Hong Kong Polytechnic University**

**(Conducted in English)**

**Abstract:**

Tremendous growth of certain downstream parties in the distribution channels (henceforth, retailers) has become a double-edged sword for their upstream partners (henceforth, suppliers). While such a development is crucial for the suppliers to generate sales, they also feel threatened by the considerable bargaining power this provides to the particular retailers. The increased power enables those retailers to command certain concessions like greater share of the revenue. The phenomenon is quite widespread and has generated a lot of discussion in the practitioner literature. In this paper, we explore the implications of having powerful downstream retailers for upstream suppliers. Do the suppliers necessarily suffer as a result of power imbalance in the channel or are there situations when they would prefer to have powerful downstream partners? Specifically, we study an upstream supplier's choice between a downstream channel composed of retailers who are relatively similar in terms of their popularity and bargaining power versus a channel dominated by a retailer that is significantly more popular and possesses considerably more bargaining power than others. Our analysis indicates that the upstream supplier's preference over the structure of the downstream retailing market crucially depends on factors such as the product level competition (i.e., level of substitutability between products sold at competing retailers) and the supplier level competition (i.e., competition from another channel that provides with a similar competing product). Further, the effects of these factors also depend on whether or not the retailers' bargaining powers are influenced by retailers' market potentials. The findings provide some insights to the upstream suppliers on the motivation to take actions to make the retailing structure more or less symmetric or asymmetric.

**Bio:**

Professor Shuya Yin joined the Merage School faculty in 2005. Her research addresses problems in supply chains by using non-cooperative and cooperative game theory, including product returns, secondary markets, joint selling and group buying, and distribution channel strategies. Professor Yin has published papers in *Management Science*, *Manufacturing and Service Operations Management (MSOM)*, *Marketing Science*, *Operations Research*, and *Production and Operations Management*. She has made many presentations at academic seminars and conferences, and she currently serves as an Area Editor (AE) for *MSOM*. Professor Yin received her bachelor's and master's degree from Southeast University in Nanjing China and her PhD in management science from the University of British Columbia in Canada.

Please email to [clare.lau@polyu.edu.hk](mailto:clare.lau@polyu.edu.hk) for enquiries.

**All are welcome!**