

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

Distribution Channel Choice and Divisional Conflict in Remanufacturing Operations

by

Prof. Yunchuan LIU
Associate Professor of Business Administration
Gies College of Business
University of Illinois at Urbana-Champaign

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Venue: M802, Li Ka Shing Tower
The Hong Kong Polytechnic University

(Conducted in English)

Abstract:

We consider a firm consisting of two divisions, one responsible for designing and manufacturing new products and the other responsible for remanufacturing operations. The firm may either directly sell to the consumers both new and remanufactured products (direct selling) or sell through an independent retailer (indirect selling). Our paper demonstrates that an internally decentralized firm with separate manufacturing and remanufacturing divisions can benefit from indirect selling with higher firm profit, supply chain profit, total consumer demand than direct selling. Moreover, this structure also induces a remanufacturable product design. In contrast, an internally centralized firm in which the manufacturing and remanufacturing divisions are consolidated is intuitively better off by choosing direct selling than indirect selling. Furthermore, we show that, when the focal firm sells through an independent retailer, a decentralized internal structure can result in higher supply chain profit than a centralized internal structure. We further investigate the case of dual dedicated channels and conclude that, while direct selling of remanufactured products and indirect selling of new products can better induce a remanufacturable product design and higher supply chain profit, it is not in the best interest of the firm in terms of total sales and firm profit.

Bio:

Frank Liu is a tenured Associate professor and the academic director of Undergraduate Programs at Gies College of Business, University of Illinois at Urbana-Champaign (UIUC). He received his PhD in marketing from Columbia University and has taught at University of California and University of Illinois. He is among the most successful Chinese scholars in marketing and an expert on retailing, distribution channels, product, and pricing strategy. He has published many articles in top business journals including Marketing Science and Management Science. Prof. Liu is an enthusiastic teacher for both MBA and PhD students, consistently being on the List of Excellent Teachers for Undergraduate students, MBA students, and PhD students, at University of Illinois. The graduating class of MBA 2013 at University of Illinois voted him as the finalist for "MBA Professor of the Year". Prof. Liu has won numerous reviewer awards of Marketing Science and Management Science. Prof. Liu cofounded Chinese Scholar Marketing Association (CSMA) and cohosts the annual Chinese Marketing International Conference. Prof. Liu is an active promoter on collaborations between UIUC and Chinese Universities.

Please email to winnie.wy.tang@polyu.edu.hk for enquiries.

All are welcome!