

Academic Seminar

Channel Coordination of Storable Goods

We investigate how a storable-goods manufacturer coordinates its channel when its retailer and consumers can stockpile the goods. Our analysis reveals different effects of retailer and consumer stockpiling and their interactive effects on channel members' pricing incentives and profit allocations, which lead to three key recommendations. First, with dynamic linear prices, the manufacturer should restrict retailer stockpiling when the storage cost is low; however, with two-part tariffs, the manufacturer should restrict retailer stockpiling when the storage cost is high. Such restriction can also benefit the retailer, resulting in a win-win outcome. Second, with dynamic linear prices, when restricting retailer stockpiling, the manufacturer should reduce first-period wholesale prices to induce consumer stockpiling; when allowing retailer stockpiling, the manufacturer should raise first-period wholesale prices to dissuade retailer stockpiling, with retailer stockpiling crowding out consumer stockpiling in equilibrium. Third, product storability increases the manufacturer's profit under dynamic linear prices but decreases it under two-part tariffs.



Prof Krista Li

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Krista Li is an Associate Professor of Marketing and Weimer Faculty Fellow at the Kelley School of Business at Indiana University. She received her B.B.A degree in Marketing at Lingnan University. She applies game-theoretic and empirical models to examine how marketers improve product, pricing, and channel decisions by leveraging consumers' data (e.g., purchase histories, profiles) and behavioral biases (e.g., fairness concerns, self-control problems, status preferences, and loss aversion). Her research has appeared in *Marketing Science*, *Management Science*, *Journal of Marketing Research*, *Journal of Marketing*, *Manufacturing and Service Operations Management*, *Production and Operations Management*, *Strategic Management Journal*, *International Journal of Research in Marketing*, and *Decision Sciences*. She will serve as an Associate Editor at *Marketing Science* from January 2022, and she currently serves on the Editorial Review Board of the *Journal of Marketing Research and Decision Sciences* and was selected as a MSI Young Scholar in 2021. Krista has taught undergraduate, MBA, EMBA, and Ph.D. courses. For seven years, she worked in the marketing consulting industry for clients in consumer packaged goods, automotive, retail, telecommunications, and pharmaceutical industries.



Join Now

Date: December 7 , 2021 (Tuesday)

Time: 9:30 - 11:00 am (HK time)

Zoom meeting (ID: 914 4354 3727)

Language: English

****ALL ARE WELCOME****

