Return Policies in Distribution Channels  

By  
Dr Yunchuan LIU  
University of Illinois  

Date :  26 Jun 2017 (MON)  
Time :  10:30 am - 12:00 nn  
Venue :  M802  

Abstract  
Many retailers and manufacturers adopt the practice of accepting product returns from consumers (via money-back guarantee) and retailers (via full-credit return policy) respectively. While the extant literature focuses on either the manufacturer’s or retailer’s returns policy, this paper investigates both returns policies and finds that the manufacturer’s returns policy can actually induce the retailer’s returns policy by increasing the retailer’s salvage value for consumer returns. However, counter to the intuition that an increasing salvage value is always beneficial for retailers, the manufacturer’s returns policy is not necessarily beneficial for competing retailers. Nonetheless, the manufacturer’s returns policy can benefit the manufacturer even when competing retailers face a certain demand before sales, which is in sharp contrast to the extant literature. We also show that a high quality retailer be more likely to accept returns than a low quality retailer.  

Dr Yunchuan Liu is a tenured Associate professor and the academic director of Undergraduate Programs at 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. He is an enthusiastic teacher for both MBA and PhD students, consistently being on the List of Excellent Teachers for MBA 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”. He has won numerous reviewer awards of Marketing Science and Management Science. He cofounded Chinese Association of Marketing Scholars (CSMA) and cohosts annual Chinese Marketing International Conference. He is an active promoter on collaborations between UIUC and Chinese Universities.  

All interested are welcome.