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Abstract	<p>This study deals with joint decisions on pricing and production lot-sizing in a closed-loop supply chain consisting of manufacturing and remanufacturing operations. We use an analytic scheme that helps policy-makers response to such a strategic question: under what conditions an OEM should participate in remanufacturing, in addition to the manufacturing operations. By coordinating the production quantities and retail prices of both versions of the same product, the OEM may generate more profit than that by manufacturing the new product alone. In contrast, under what conditions an OEM should not be involved with the remanufacturing, and choose a head-to-head competition with the third-party remanufacturer counterpart. Results show that the hybrid system does not outperform the manufacturing-only system under a generic setting, but achieves better performance under conditions with a higher degree of substitution and/or a lower remanufacturing cost. And strategic decision depends critically on the costs of remanufacturing and the competition intensity between the two versions. In this scenario, participating in remanufacturing is not only an issue of environmental responsibility, but a profit-boosting option.</p>
Table of Content	<p>Chapter 1 Introduction 1 1.1 Motivation 1 1.2 Objectives 3 1.3 Research Framework 6 Chapter 2 Literature Review 9 2.1 Closed-Loop Supply Chains 9 2.2 Closed-Loop Supply Chains with Remanufacturing 10 2.3 The Substitutable Products in a Competing Market 11 2.4 Contracting and Channel Coordination 11 Chapter 3 The Economics of a Closed-Loop Supply Chain with Remanufacturing 13 3.1 The Problem Context and Notations 13 3.2 The Model 15</p>

	<p>3.3 Analysis22 3.3.1 Analysis and Managerial Implications22 3.4 Numerical Study26 Chapter 4 The Co-opetitive Strategy of a Closed-Loop Supply Chain with Remanufacturing 34 4.1 The Problem Context and Notations34 4.2 The Model37 4.2.1 The Competitive Setting37 4.2.2 The Cooperative Setting40 4.3 Analysis and Managerial Implications42 4.4 Numerical Study46 4.4.1 The Factorial Design46 4.4.2 The optimality49 4.4.3 Sensitivity Analysis49 Chapter 5 Coordinating a Closed-Loop Supply Chain Using a Bargaining Power Approach53 5.1 Problem Context53 5.2 The Base Model55 5.2.1. The centralization55 5.2.2 The non-cooperative decentralization56 5.3 The Cooperative Model57 5.3.1 Wholesale price contracts58 5.3.2 Revenue-Sharing Contracts59 5.4 Analysis and Managerial Implications61 5.5 Numerical Study63 5.5.1 The Factorial Design64 5.5.2 Sensitivity Analysis65 Chapter 6Conclusion69 References71</p>
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