

Department of Decision Sciences

Statistics Seminar

Restricted Category Captainship

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Abstract

This paper examines the impact of engaging a manufacturer to manage retailer's product categories. Under this arrangement (called category captainship), the category captain acquires private information about the category that helps him to better manage the category. Since this manufacturer is acting in self-interested way, an issue of antitrust is threatening the fair competition. One way to reduce the disadvantage of this process is to restrict the category captain. A model of restricted captainship under asymmetric information is proposed. The comparison between the proposed model and a benchmark model, where the retailer manages his own category, helps to analyze the impact of restricted captainship on the retailer, captain, and non-captain manufacturer.

Keywords:

Retailing, Category Management, Category captainship, Asymmetric information, Antitrust.