PRICING DECISION IN DUAL CHANNEL SUPPLY CHAIN FOR REGULATING DEMAND PROPORTION INTER CHANNEL

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ABSTRACT

Dual Channel Supply Chain (DCSC) is the development of sales channel structure that combine traditional retail channel (offline) and direct channel (online). Product price or the amount that have to paid by customer is one critical factor in influencing the customer preferences in sales channel selection significantly. (Liang & Huag, 1998). Each customer surely have their own price limit for each product where customer themselves are still willing to pay that theoretically referred to as customer surplus. This is why level of market demand for online customer demand (Do) and the conventional customer demand (Ds) practically is very difficult or even impossible to obtain perfectly. Therefore, demand management is done to be able to adjust the level of demand by changing the level of pricing or the price offered. In DCSC, one of challenges that must be solved is how to set a better online price (Po), conventional store price (Ps) and wholesale price (Pw) in order to obtain maximum profit. How to set up so that each channel making a maximum sales simultaneously. In this research will be discussed about how decision maker doing the pricing decision in each channel to regulating the demand proportion with customer surplus consideration. The processes is started by developing the model added by changing price factor. Next step is collecting the data for parameter model as the input for basic values and conduct the numerical studies to find the optimal solution. Using double optimization to get the optimal price for regulating the demand proportion inter channel. Results that obtained from this study were indications at what price level decision maker took the decision to set buffer policy between the proportion of demand channel.

Keyword : Dual Channel Supply Chain, Demand, Customer Surplus, Optimization