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**Effects of risk attitudes and investment spillover on supplier encroachment.** (English)

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**Summary:** With the development of e-commerce, a growing number of suppliers have begun to initially establish their own direct channels, competing with their retail channels. However, while this encroachment endows the suppliers with an efficient method to control downstream competition and total production output directly, it may hurt the retailer due to the loss of monopoly in the retail market. This inconsistency presents a difficulty in reaching equilibrium. In this paper, we focus on the combined effects of the risk attitudes and upstream production investment of supply chain members on supplier encroachment and verify the existence of “win-win” results for both supplier and retailer. We find that, while the two parties cannot simultaneously benefit from supplier encroachment in the absence of upstream investment, they can obtain a Pareto improvement from it in the presence of upstream investment and spillover effect. Regarding risk attitudes, we find that both the supplier and the retailer can reach agreement on the supplier encroachment in the case of a moderate confidence level. In other words, the not too risk-loving and not too risk-averse supply chain members are more likely to obtain a Pareto improvement.

**MSC:**

90B50 Management decision making, including multiple objectives

90B06 Transportation, logistics and supply chain management

**Keywords:**

encroachment; investments; spillover effects; confidence level; uncertainty environment

**Full Text:** [DOI](#)

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