Revenue in reverse? An examination of reverse supply chain enabled revenue streams - DTU Orbit (26/12/2018)

Revenue in reverse? An examination of reverse supply chain enabled revenue streams
When original equipment manufacturers (OEMs) examine whether to implement a reverse supply chain (RSC) for their products, oftentimes the motive is cost savings or regulatory compliance. However, a frequently overlooked but equally important benefit is the possibility for creating new revenue. The purpose of this paper is to examine which revenue streams the RSC enables for OEMs to utilize and how these streams are utilized in industrial practice. First, the paper identifies the RSC-enabled revenue streams that are available to OEMs using a literature-based conceptual modeling approach. Second, using a set of eight cases the paper explores these streams’ utilization pattern and develops a set of propositions that explain the pattern. Results show a set of 12 distinct RSC-enabled revenue streams within three categories: new revenue through sales of used items, new revenue through sales of recovered items, and new revenue through added sales of virgin products. Six of these 12 streams are utilized in industrial practice. Among the propositions that explain the utilization pattern are the degree of component customization, product life-cycle longevity, and the value gap between used and recovered products. While extant literature concerning the relation between the RSC and the firm’s revenue is scarce, this paper contributes to the understanding of RSCs’ revenue generation potential and thus to the stream of literature that views the RSC as a value creator rather than a costly nuisance. Furthermore, the paper provides managers with a broad view of how their firm’s RSC can increase revenue from existing markets as well as create revenue from new markets.

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