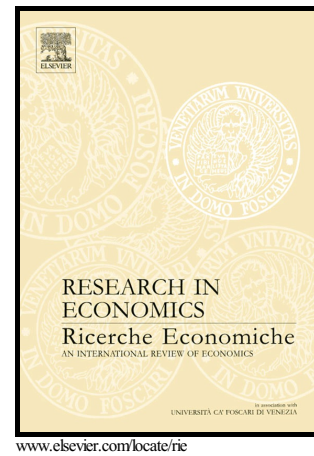


Author's Accepted Manuscript

Costly location in Hotelling duopoly

Jeroen Hinloopen, Stephen Martin



PII: S1090-9443(16)30167-3
DOI: <http://dx.doi.org/10.1016/j.rie.2016.08.002>
Reference: YREEC685

To appear in: *Research in Economics*

Received date: 21 July 2016
Accepted date: 6 August 2016

Cite this article as: Jeroen Hinloopen and Stephen Martin, Costly location in Hotelling duopoly, *Research in Economics*
<http://dx.doi.org/10.1016/j.rie.2016.08.002>

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and a review of the resulting galley proof before it is published in its final citable form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

Costly location in Hotelling duopoly*

Jeroen Hinloopen[†] and Stephen Martin[‡]

May 2016

Abstract

We introduce a cost of location into Hotelling's (1929) spatial duopoly model. We derive the general conditions on the cost-of-location function under which a pure strategy price-location Nash equilibrium exists. With linear transportation cost and a suitably specified cost of location that rises toward the center of the Hotelling line, symmetric equilibrium locations are in the outer quartiles of the line, ensuring the existence of pure strategy equilibrium prices. With

*Thanks are due to Christian Ruzzier for useful comments and constructive suggestions received at the 11th Annual International Industrial Organization Conference, Boston, May 2013, to Darlene Chisholm for her constructive discussion of the paper at the 2014 Annual Meeting of the ASSA, Philadelphia, January 2014, to Bill Novshek and other seminar attendees at Purdue University, and to seminar participants at the European University Institute. The usual disclaimer applies.

[†]University of Utrecht, School of Economics, Utrecht, The Netherlands; j.hinloopen@uu.nl.

[‡]Department of Economics, Krannert School of Management, Purdue University, West Lafayette, Indiana 47907-1310, USA; smartin@purdue.edu.

Download English Version:

<https://daneshyari.com/en/article/5103793>

Download Persian Version:

<https://daneshyari.com/article/5103793>

[Daneshyari.com](https://daneshyari.com)