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Location equilibria for a continuous competitive facility location problem under delivered pricing ☆

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Abstract

The problem of finding location equilibria of a location-price game where firms first select their locations and then set delivered prices in order to maximize their profits is investigated. Assuming that firms set the equilibrium prices in the second stage, the game can be reduced to a location game for which a global minimizer of the social cost is a location equilibrium, provided that the demand is completely inelastic and the marginal production cost is constant. When the set of feasible locations is a region of the plane the minimization of the social cost becomes a hard-to-solve global optimization

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