THE MODEL OF THE LINEAR CITY UNDER TRIANGULAR DISTRIBUTION OF CONSUMERS

Gianpiero TORRISI
Newcastle University, Centre for Urban and Regional Development Studies, NE1 7RU, Newcastle, United Kingdom
Gianpiero.torrisi@ncl.ac.ukt

Abstract
This paper presents a model of oligopolistic competition in presence of horizontal differentiation of goods, under a triangular distribution of consumers. The triangular distribution represents a case of concentration of consumers around the central location. The main result is that a good deal of differentiation among goods can be achieved in equilibrium also under such assumption concerning the consumers' distribution. This means that the incentive to differentiate prevails on the incentive to hold the central location, even if consumers are concentrated in the central location. The analysis based on an empirical case-study is presented, concerning the choice of beverage retails in a town. The empirical evidence is consistent with the theoretical model.
Keywords: orizontal product differentiation, Hotelling, maximum differentiation, minimum differentiation.

REFERENCES

Benassi, C., Cellini, R. and Chirco, A. (1999). Market Power under Income Polarization, *Journal of Economics*, vol. 3, pp. 289-298.

Carraro, C. and Graziano, C. (1993). *Mercati oligopolistici e strategie dell'impresa*, il Mulino, Bologna.

Cori, B., Corna–Pellegrini, G., Dematteis, G. and Pierotti, P. (1998). *Geografia Urbana*, Utet, Torino.

d'Aspremont, C., Gabszewicz, J.J. and Thisse, J.F. (1979). On Hotelling's Stability in Competition, *Econometrica*, vol. 17, pp.1145-1151.

Economides, N. (1986). Minimal and Maximal Differentiation in Hotelling's Duopoly, *Economic Letters*, vol. 21, pp.160-172.

Garella, P. and Lambertini, L. (2001). *Organizzazione Industriale*, Carocci, Roma.

Hay, D. and Morris, J. (1979). *Economia Industriale. Teoria e Verifiche Empiriche*, il Mulino, Bologna.

Hotelling, H. (1929). *Stability in Competition*, *Economic Journal*, vol.39, pp. 41-57.

Jehiel, P. (1992). Product Differentiation and Price Collusion, *International Journal of Industrial Organisation*, vol.10, pp. 633-642.

Scrimitore, M. (2003). *Symmetric and Asymmetric Equilibria in a Spatial Duopoly*, Unpublished, Lecce.

Article 2