A Hotelling Network

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Abstract

This paper extends the classical Hotelling model to a network, where each firm is located at a node of this network and it shares with its neighboring firms the market located along the branches of the network. We assume that every firm uses the same price for every market where it competes and that it is uncertain about the structure of the network. The Bayesian Nash prices that firms should practice according to the degree of its node are determined.

Keywords: Hotelling Competition, Networks, Incomplete Information

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