

# Endogenous Timing of Moves in Bertrand-Edgeworth Triopolies

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## Abstract

We determine the endogenous order of moves in which the firms set their prices in the framework of a capacity-constrained Bertrand-Edgeworth triopoly. A three-period timing game that determines the period in which the firms announce their prices precedes the price-setting stage. We show for the non-trivial case (in which the Bertrand-Edgeworth triopoly has only an equilibrium in non-degenerated mixed-strategies) that the firm with the largest capacity sets its price first, while the two other firms set their prices later. Our result extends a finding by Deneckere and Kovenock (1992, RES) from duopolies to triopolies. This extension was made possible by recent the advancements of Hirata (2009, BEJTE) and Bagh (2010, JET) on the mixed-strategy equilibria of Bertrand-Edgeworth games. The extension to oligopolies seems still out of reach. However, we can at least show that the largest capacity firm moving first and the remaining firms later remains an equilibrium of the timing game, but we cannot show that the timing game does not possess other equilibria.