Multiproduct price dispersion

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We study a market in which several firms each supply a number of “brands”. In fashion, for example, a single firm might retail an essentially identical item under different labels and different prices, or a single owner might operate a number of distinct restaurants in a city. Consumers differ in which products they consider or are aware of, and as a result firms compete using (multi-dimensional) mixed strategies for their products. We discuss when firms choose to offer uniform pricing across their brands, and when by contrast they use segmented pricing so that one brand is always priced below another. In a symmetric model we construct price equilibria for all parameters, and discuss when equilibrium is unique. We discuss when a firm has an incentive to market its (single) product under multiple brands, and when this practice is harmful to consumers.