

# Does size matter? The pricing strategies of gasoline stations in medium-sized cities. A spatial econometric approach

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There is little evidence on whether and how spatial variables explain the variation in gasoline station prices in medium-sized cities. Focusing on the cities of Milan and Naples and adopting a spatial econometric modelling approach, we explore the impact of competition and territorial variables characterizing the urban area within a specific radius around the observed station. We find that competition plays a limited role in price-fixing behaviour for medium-sized cities and how the effect differs when considering cities with different sizes and socio-demographic characteristics. Furthermore, our results show how important it is to increase the number of low-cost stations in urban settings.