A Robust Optimization Model for the Single-Depot Capacitated Location-Routing Problem

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Abstract : In this paper, the single-depot capacitated location-routing problem under uncertainty is presented. The problem aims to find the optimal location of a single depot and the routing of vehicles to serve the customers when the parameters may change under different circumstances. This problem has many applications, especially in the area of supply chain management and distribution systems. To get closer to real-world situations, travel time of vehicles, the fixed cost of vehicles usage and customers’ demand are considered as a source of uncertainty. A combined approach including robust optimization and stochastic programming was presented to deal with the uncertainty in the problem at hand. For this purpose, a mixed integer programming model is developed and a heuristic algorithm based on Variable Neighborhood Search(VNS) is presented to solve the model. Finally, the computational results are presented and future research directions are discussed.

Keywords : location-routing problem, robust optimization, stochastic programming, variable neighborhood search
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