

# Wholesale Transactions under Economies and Diseconomies of Scope in Search Activities in a Model of Search and Match

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## Abstract

We extend standard models of search and match to allow for two types of goods so that there can be variable economies and diseconomies of scopes in search activities. Under this setting, there arise wholesale transactions between sellers when the benefit of economies of scope is strong enough. When the benefit of economies of scope in search activities for buyers compensates the loss of diseconomies of scope in search activities for sellers, there are multiple equilibria where wholesale transactions between sellers are always made in one equilibrium but never made in another.

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