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Undivide and conquer: on selling a divisible and homogeneous good. (English) Zbl 1375.91099
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Summary: With the prevalence of cloud computing emerges the challenges of pricing cloud computing services. There are various characteristics of cloud computing which make the problem unique. We study an abstract model which focuses on one such aspect – the sale of a homogeneous and fully divisible good. We cast onto our model the idea of bundling, studied within the context of monopolist pricing of indivisible goods. We demonstrate how selling a divisible good as an indivisible one may increase seller revenues and characterize when this phenomenon occurs, and the corresponding gain factors.

MSC:

91B26 Auctions, bargaining, bidding and selling, and other market models

Keywords:

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