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Bid Optimization for Internet Graphical Ad Auction Systems via Special Ordered Sets

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ABSTRACT

This paper describes an optimization model for setting bid levels for certain types of advertisements on web pages. This model is non-convex, but we are able to obtain optimal or near-optimal solutions rapidly using branch and cut open- source software. The financial benefits obtained using the prototype system have been substantial.

KEYWORDS

Optimization, Advertising, Electronic Business

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