

Sponsored Search: Theory and Practice

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Abstract:

We tend to think Search technology is all about ranking and the free algorithmic search results. However, Sponsored Search paid results are in fact the engine driving the current phenomenon in consumer Search.

Sponsored Search has evolved rapidly over the last eight years, from a very simple, transparent product to an economy that generates more wealth than many countries.

I will survey Sponsored Search history from its inception by Goto.com to its current incarnation as AdWords. In the process I will develop an auction theory framework analyzing the performance of this product. Finally I will touch on some future development possibilities.