

# Informatik-Kolloquium WS 2015/16

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Raum 01.150-128

Cauerstr. 11, 91058 Erlangen

## Prof. Dr. Bernd Skiera

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### The Impact of Hard- and Soft-Floors in Real-Time Display Advertising Auctions on Publisher's Profit

In real-time display advertising (RTA), publishers sell each ad impression separately and in real-time in sealed-bid second-price auctions. An innovative feature of these auctions are two kinds of floor prices: hard-floors which act as a minimum price below which an ad impression will not be sold, and soft-floors that turn the second-price auction into a first-price auction if the advertiser bids below the soft floor. This paper is the first to analyze how intensively publishers use hard- and soft-floors as well as how these floor prices affect advertisers' bidding behavior and consequently publisher's profit. A conceptual analysis, an extensive empirical analysis of 8.4M auctions and a large field experiment that ran for two weeks and covered more than 630K bids submitted by a major global advertiser show that advertisers do not adapt their bids to floor prices so that the publishers can use floor prices to increase their profit by 80% to 201%.

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