

Impact of GDN not participating in AdX auctions

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Jan 2014

Auction simulations were performed to understand the impact of GDN not participating in AdX auctions. The impact is a 70% reduction in Google revenue and a 65% reduction in publisher payout. Details are provided below. The auction simulation is run on the Bernanke holdback data.

1. Queries won by AdX buyers today

AdX buyers obviously continue to win these queries when GDN stops submitted ads. They, however pay a smaller amount of money to Google because GDN no longer second prices them. In such cases,

* Simulation run on 01/05/2014

Metric	With GDN bids (won by AdX buyer)	Without GDN bids (won by AdX buyer)	With GDN bids (won by AdX buyer), mobile traffic only	Without GDN bids (won by AdX buyer), mobile traffic only
Daily Queries	2.17B	2.17B		
Daily Google Revenue	\$1,609,225	\$1,325,312		
RPM (revenue / 1000 queries)	\$0.742	\$0.611		
Daily Publisher Payout	\$1,287,380	\$1,060,249		

2. Queries won by GDN today

AdX buyers now win some of these queries, but a large number (70%) go unmatched (which is interesting). Also interesting is that the RPM on queries won now by AdX buyers is only a third of the RPM on queries won by GDN earlier.

* Simulation run on 01/05/2014

Metric	With GDN bids (won by GDN)	Without GDN bids (won by AdX buyer)	With GDN bids (won by GDN), mobile traffic only	Without GDN bids (won by AdX buyer), mobile traffic only

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<i>Daily Queries</i>	5.32B	\$1.47B		
<i>Queries with eligible AdX bids*</i>				
<i>Daily Google Revenue</i>	\$3,795,826	\$321,087		
<i>RPM (revenue / 1000 queries)</i>	\$0.714	\$0.218		
<i>Daily Publisher Payout</i>	\$2,611,289	\$256,870		

* These are queries in which there is at least one AdX buyer bid above reserve. On such queries, it can be inferred that the win rate is

3. Cumulative

* Simulation run on 01/05/2014

<i>Metric</i>	<i>With GDN bids (won by AdX buyer or GDN)</i>	<i>Without GDN bids (won by AdX buyer or GDN)</i>	<i>With GDN bids (won by AdX buyer or GDN), mobile traffic only</i>	<i>Without GDN bids (won by AdX buyer or GDN), mobile traffic only</i>
<i>Daily Queries</i>	7.49B	3.64B		
<i>Daily Google Revenue</i>	\$5,405,051	\$1,646,399		
<i>RPM (revenue / 1000 queries)</i>	\$0.651	\$0.452		
<i>Daily Publisher Payout</i>	\$3,898,669	\$1,317,119		