**AdWords Placement Problem via Online Bipartite Graph Matching**

**Estimated time:** 8 hours

**Problem:** We are given a set of advertisers each of whom has a daily budget. When a user performs a query, an ad request is placed *online* and a group of advertisers can then bid for that advertisement slot. The bid of advertiser for an ad request is denoted as . We assume that the bids are small with respect to the daily budgets of the advertisers (i.e., for each and , ). Moreover, each advertisement slot can be allocated to at most one advertiser and the advertiser is charged his bid from his/her budget. The objective is to maximize the amount of money received from the advertisers.

For this project, we make the following simplifying assumptions:

1. For the optimal matching (used for calculating the competitive ratio), we will assume everyone’s budget is completely used. (optimal revenue = the sum of budgets of all advertisers)
2. The bid values are fixed (unlike in the real world where advertisers normally compete by incrementing their bid by 1 cent).
3. Each ad request has just one advertisement slot to display.

**Submission Instructions:**

Submit your adwords.py or adwords.R file on Moodle.

**Datasets**

You are provided with a small dataset called bidder\_dataset.csv. This dataset contains information about the advertisers. There are four columns: advertiser ID, query that they bid on, bid value for that query, and their total budget (for all the keywords). The total budget is only listed once at the beginning of each advertiser’s list.

In addition, the file queries.txt contains the sequence of arrivals of the keywords that the advertisers will bid on. These queries will arrive online and a fresh auctioning would be made for each keyword in this list.

**Project Requirements**

For this project, your task is to implement the **Greedy**, **MSVV**, and **Balance** algorithms as described below. Your code should also calculate the revenue for the given keywords list (in that order) as well as calculate an estimation of a competitive ratio. The competitive ratio is defined as the minimum of , where is the mean revenue of your algorithm over all possible input sequences and is the optimal matching. To estimate the value of , simply compute the revenue over 100 random permutations of the input sequence and calculate the mean value.

**Project Details:**

* Use either python or R for your implementation. Your file should be called either adwords.py or adwords.R.
* Your code must take one argument as input, which will denote which algorithm to run. The input arguments will be given as: greedy, balance, or msvv.
* Your code must write to the console the calculated revenue using the chosen algorithm on queries.txt as given as well as the estimation of the competitive ratio. Simply, print these two numbers on two separate lines.
* NOTE: at some points in the algorithms below, two or more advertisers will tie for an advertisement slot. In this case, choose the advertiser with the smallest ID.

**Greedy:**

1. For each query
   1. If all neighbors (bidding advertisers for ) have spent their full budgets
      1. continue
   2. Else, match to the neighbor with the highest bid.

**MSVV:**

Let be the fraction of advertiser's budget that has been spent up and .

1. For each query
   1. If all neighbors have spent their full budgets
      1. continue
   2. Else, match to the neighbor that has the largest value.

**Balance:**

1. For each query
   1. If all neighbors have spent their full budgets
      1. continue
   2. Else, match to the neighbor with the highest unspent budget.

**Example Output:**

Using Python with random.seed(0) for shuffling queries, the following was obtained.

|  |  |  |
| --- | --- | --- |
| **command** | **revenue** | **competitive ratio** |
| python adwords.py greedy | 16731.40 | 0.94 |
| python adwords.py mssv | 17671.00 | 0.99 |
| python adwords.py balance | 12320.20 | 0.69 |