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# Search Engine Economics

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# Search Engine Economics

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Search engine advertising has become a big business, with the combined revenue of industry leaders Yahoo and Google exceeding \$11 billion in 2005. Most all of these ads are sold via auction, with literally billions of these auctions being held per week.

This talk is concerned the economics of search engine ad auctions: how they evolved, how they work, and where they are going. I also speculate on how search engine advertising will affect other marketing efforts.

