

Online Bipartite Matching [KVV '90, EFS '21]

In the online bipartite matching setting [Karp, Vazirani, and Vazirani, 1990], there is a bipartite graph $G = (L \cup R, E)$ where vertices are split into the left side, L , and the right side, R . Edges are unweighted, i.e., all have a weight of 1. We are in an online setting where we see R up front, but the vertices of L arrive online, and as each vertex arrives, we see which edges are incident to it from R . The objective is to match vertices in L to those in R , immediately and irrevocably as each vertex arrives, forming a matching M , such that we maximize the cardinality of the matching $|M|$ and compare well to the maximal offline matching.

In the original paper, Karp et al. [1990] show:

- For every deterministic algorithm, $|M| \leq n/2$.
- Choosing a random match for each vertex independently implies that $\mathbb{E}[|M|] \leq n/2$.
- RANKING (KVV): Choosing a global ranking π U.A.R. and matching according to π implies that $\mathbb{E}[|M|] \geq (1 - 1/e)n$.
- This is tight!

The first proof [Karp et al., 1990] was very complicated (and imprecise). Simplifications were given by Goel and Mehta [2008], Birnbaum and Mathieu [2008], Devanur, Jain, and Kleinberg [2013].

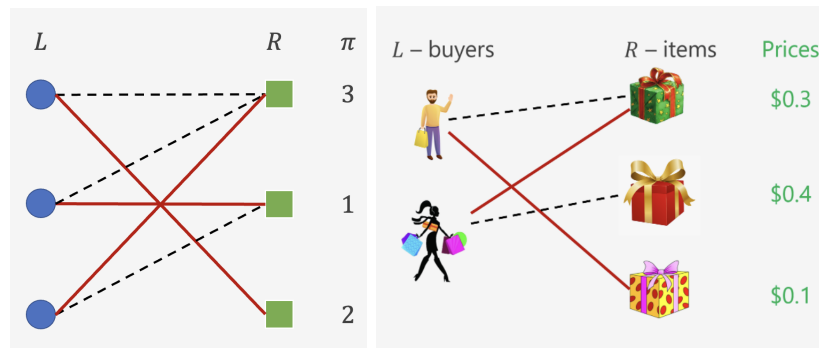


Figure 1: Online Bipartite Matching: RANKING and its economic interpretation.

Today, we'll look at an equivalent algorithm and simplified analysis due to Eden, Feldman, Fiat, and Segal [2021]. We'll use the following set-up: Let R be items and L buyers. They have value 1 or 0 for each item (depending on whether there is an edge). They are unit-demand (want one match). Then our algorithm is as follows.

- Choose item prices i.i.d. from some distribution F supported on $(0, 1)$ without point masses.

- Match buyers to the available item that maximizes utility $v - p$. That is, the lowest-priced item for which the buyer has an edge and is available.

Observations:

- For any F supported on $(0, 1)$ without point masses, choosing item prices i.i.d. from F is equivalent to choosing a UAR ranking π over items.
- $|M|$ is the *welfare* of the matching. Then we can rewrite it as seller's revenue + buyers' utility.

Lemma 1. For F that samples $w \sim U[0, 1]$ and sets $p_j = e^{w-1}$, we have for every buyer i and item j such that (i, j) is an edge in M :

$$\mathbb{E}[\text{util}_i + \text{rev}_j] \geq 1 - 1/e.$$

Corollary 1. $|M| \geq (1 - 1/e)n$.

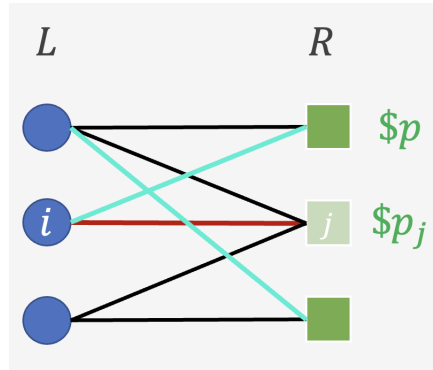


Figure 2: Economic analysis of RANKING.

Proof. Suppose (i, j) are matched in M^* . Let p be the price of the item that i takes in this event that item j is not in the market under the algorithm M .

We first observe that if $p_j < p$, then j is sold. Why? Either j is sold prior to i 's arrival, or i prefers j to the item with price p .

Second, observe that i 's utility is at least $1 - p$. Why? Adding an item only adds options for each agent, so utility cannot decrease.

$$\mathbb{E}[u_i + r_j] \geq 1 - p + \mathbb{E}_{p_j}[p_j \cdot \mathbb{1}[p_j < p]].$$

Recall that $p = e^{y-1}$ for some y . Then this is equal to

$$\begin{aligned} & 1 - p + \int_0^y e^{x-1} dx \\ & 1 - p + e^{y-1} - 1/e \\ & 1 - 1/e. \end{aligned}$$

Then $\mathbb{E}[|M|] = \mathbb{E}[\sum_i u_i + \sum_j r_j] \geq (1 - 1/e)n$. □

Conclusions:

- Taking the economic perspective can be very useful in algorithm analysis.
- Decomposing value into revenue + utility is a powerful tool, e.g., [Feldman, Gravin, and Lucier, 2015, Dütting, Feldman, Kesselheim, and Lucier, 2017, Ehsani, Hajiaghayi, Kesselheim, and Singla, 2018].

The Bulow-Klemperer Result

One famous result takes the form of resource augmentation.

Theorem 2 (Bulow Klemperer '96). *For i.i.d. regular single-item environments, the expected revenue of the second-price auction with $n + 1$ agents is at least that of the optimal auction with n agents.*

Let's talk about what this theorem is saying. Instead of finding the optimal auction tailored to a distribution F for n agents, you can use the Vickrey auction, which requires no prior knowledge of the distribution, so long as we require one extra bidder, regardless of the n that we start with, and earn more revenue than optimal. We do have two strong assumptions here (aside from being in the single-item environment):

- Bidders are i.i.d.—every bidder's value is drawn from F , and independently at that.
- F is a regular distribution. That is, $v - \frac{1-F(v)}{f(v)}$ is monotone non-decreasing.

This result **does not hold** without these assumptions. However, it is a *very strong* result, should our setting meet these assumptions.

Proof. First we claim that in the i.i.d. setting, the Vickrey auction earns the most revenue of all mechanism that *must allocate the item*. To maximize expected revenue, we know it is equivalent to maximize virtual welfare. If we *must* allocate the item in every case, then we should allocate the item to the bidder with the highest virtual value *even* when the virtual value is negative. Because we are in the i.i.d. setting *and* F is regular so $\varphi(\cdot)$ is monotone, virtual value functions are identical, so the bidder with the highest virtual value is identical to the bidder with the highest value. That is, the allocation rule is to *always* allocate to the highest bidder. This is precisely the allocation rule of the Vickrey auction.

Now, we compare the revenue of the Vickrey auction on $n + 1$ bidders to another auction that always allocates the item, and there earns at most as much revenue—call this mechanism M . This mechanism runs the revenue-optimal mechanism for n bidders on the first n bidders $1, \dots, n$. If the item is not allocated in that mechanism, it is then allocated to bidder $n + 1$, so the item is always allocated, and is designed for $n + 1$ bidders.

Then clearly

$$\text{OPT}(n, F) \leq \text{REV}_M(n + 1, F) \leq \text{REV}_{\text{Vickrey}}(n + 1, F).$$

□

For more recent and complex Bulow-Klemperer style or “competition complexity” results, some examples include Eden, Feldman, Friedler, Talgam-Cohen, and Weinberg [2017], Babaioff, Goldner, and Gonczarowski [2020], Feldman, Friedler, and Rubinstein [2018], Beyhaghi and Weinberg [2019].

The Single Sample Mechanism

Can't recruit extra buyers? Instead, we can just exclude one. This is what the single sample result says.

Theorem 3. *Given a random sample from a bidder's distribution, posting it as a take-it-or-leave-it price gives a $\frac{1}{2}$ -approximation to the optimal revenue.*

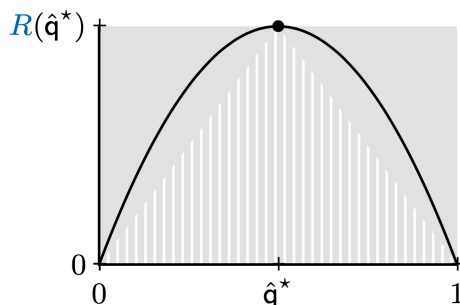


Figure 3: Geometric intuition for a posted-price from a single sample.

Proof. In quantile space! A randomly sampled value corresponds to a randomly sampled *quantile*, sampled uniformly $q \sim U[0, 1]$ independent of the bidder's distribution. The revenue from this mechanism (call it M) is precisely $\text{REV}(M) = \mathbb{E}_{q \sim U[0, 1]}[R(q)] = \int_0^1 R(q) dq$ where R is the price-posting revenue curve in quantile space. This is exactly the area under the $R(\cdot)$.

What does depend on the bidder's distribution is the *optimal* quantile to sell to at a posted price, some q^* . The optimal single-bidder revenue that we aim to approximate is $\text{OPT} = R(q^*)$. This is exactly the area of the rectangle with a height of $R(q^*)$ (the highest height of the curve) and the full width of the curve from 0 to 1 (a width of 1)— $R(q^*) \cdot 1$.

Now notice that the area under the curve contains the triangle with corners at $(0, 0)$, $(0, 1)$ and $(R(q^*), 1)$. Hence this triangle must have area $R(q^*)/2$, that is, $\text{OPT}/2$, contained in the area under of the curve, which is equal to

$$\text{REV}(M) \geq \text{OPT}/2.$$

□

It turns out, using a single sample from the buyers' distribution to set reserve prices and running VCG is a good approximation to the optimal mechanism. See Hartline chapter 5 for more.

Interested in these sort of sample complexity results? A good foundational result is Morgenstern and Roughgarden [2016], and Cole and Roughgarden [2014] then Morgenstern and Roughgarden [2015] after that. A more recent result that also contains an introduction surveying other results is Guo, Huang, and Zhang [2019].

Acknowledgements

This lecture was developed in part using materials by Tim Roughgarden, Jason Hartline, and Alon Eden, and in particular, the books “Twenty Lectures on Algorithmic Game Theory” and

“Mechanism Design and Approximation” [Hartline, 2013, Roughgarden, 2016] and the conference presentation of [Eden et al., 2021].

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