Networks and Markets

Hw2 submission

Part 5: Experimental Evaluations

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9. We think the most logical thing would be to define the value on the edge between rider and driver as:  
if that value is positive, otherwise the value will be .  
That's because it seems that in an exchange network setting, it's reasonable to view the value on the edge between rider and driver as the value driver has for rider 's ride and can capture that value because the driver will get paid for giving that ride, however, the driver will have to travel from his location to the rider's location and then from that location to the rider's destination, which decreases his revenue by a function of the distance travelled (because it wastes fuel and time.) , this also decreases rider 's value for the match due to time wastage.  
The reason we added that zero evaluation when is negative is [this discussion on the forums.](https://moodle.tau.ac.il/mod/forum/discuss.php?d=96767)

10b.  
The results are as follows:

* For 10 riders and 10 riders:  
  Average rider profits: 16.485  
  Average price: 2.131
* For 20 riders and 5 drivers:  
  Average rider profits: 4.629  
  Average price: 19.706
* For 5 riders and 20 drivers:  
  Average rider profits: 26.284  
  Average price: 0.312

(The way we calculated rider's profits is their utility in the matching markets reduction, the way we calculated price is utility of all matched drivers. Because it would be weird to consider the utility of an unmatched driver a price.)

First, we can notice that if there are much more drivers than riders, riders will get more profits than if there were the same number of riders and drivers, also in that case riders will get more profits than the drivers. When there are more riders than drivers, riders will get even less value than if there were the same number of riders and drivers and riders will earn less than drivers. The same is true vice versa;  
If there are more riders than drivers, drivers will get more value than if there is the same number of riders and drivers. When there are more drivers than riders, drivers will get even less value than if there was the same number of drivers and riders.  
That seems like a very truthful representation of a property of real markets, as supply grows bigger than the demand, prices will decrease, and the consumers will have the upper hand. As supply becomes smaller than demand, prices grow and sellers will have the upper hand.  
Second interesting phenomenon we can notice is that when there is the same number of drivers and riders, riders will earn more than drivers, also, riders earned more when there were 5 riders than how much drivers earned when there were 5 drivers, and also, riders earned more when there were 20 riders than how much drivers earned when there were 20 drivers, this backs up the suggestion from the answer to question 2(c), the says that probably the market equilibrium algorithm prioritizes the buyers.

11. We can multiply a rider's value, , by a factor, , and replace a rider's value by .  
 should be a function of the rider's location and destination, perhaps a sum , where is determined by the rider's location and is determined by the rider's destination. will reflect how popular are the rider's location and destination, for example, if the driver is heading to an airport will be big, and if he's heading to a derelict suburb, will be small, will behave similarly.  
That way, when a rider is heading to or located at a location that is popular among drivers, the value on his edges in the exchange network would be higher, that way, he'll be more likely to get a match and a higher price.