

Scientific Paper for the  
Interdisciplinary Project (IDP)  
at Technische Universität München

# **Developing a Web Application for a Delivery Service to Provide a Forecast on the Estimated Delivery Time and Real Time Order Tracking**

Betreuer: M. Sc. Alexander Döge  
M. Sc. Christian Ruf

Lehrstuhl für Operations Management  
Technische Universität München

Studiengang: Informatics Master

Eingereicht von: Johannes Neutze  
Haager Strasse 74  
85435 Erding  
Tel.: +49 157 78948410  
Matrikelnummer: 03611960

Eingereicht am: 14.07.2015

The food delivery market is growing very fast and everyone wants to have a piece of it. In order to survive, delivery services have to be more effective than their competitors. Volo has done this by introducing an improved travelling salesman algorithm to improve the routes for the drivers and thus being able to lower the number of drivers needed. This gives a good advantage because it is reducing the amount of money spent for the fleet. But the algorithm can still be improved by predicting time events, like the necessary arrival time at restaurant. This interdisciplinary project has the goal to research ways to create a reliable forecast for the preparation times of food of restaurants, so the driver can arrive right on time.

# Table of Contents

<b>List of Figures</b>	<b>iv</b>
<b>List of Tables</b>	<b>v</b>
<b>1 Introduction</b>	<b>1</b>
<b>2 Review of Literature and Research</b>	<b>2</b>
2.1 Research . . . . .	2
2.2 Approach . . . . .	2
2.3 Forecasting Basics . . . . .	3
2.3.1 Time Series . . . . .	3
2.3.2 Algorithms for Forecasting . . . . .	4
2.3.2.1 Moving Average . . . . .	4
2.3.2.2 Weighted Moving Average . . . . .	4
2.3.2.3 Simple Exponential Smoothing . . . . .	5
2.3.2.4 Evaluation Criteria . . . . .	5
<b>3 Methodology</b>	<b>6</b>
3.1 Problem Definition . . . . .	6
3.2 Gathering Information . . . . .	7
3.3 Preliminary Analysis . . . . .	8
3.3.1 Raw Data Cleanup . . . . .	8
3.3.2 Identifying Patterns . . . . .	10
3.3.2.1 Daily Patterns . . . . .	10
3.3.2.2 Week Patterns . . . . .	11
3.3.2.3 Slot Patterns . . . . .	11
3.3.2.4 Slot and Weekday Patterns . . . . .	11
3.3.2.5 Restaurant Patterns . . . . .	12
3.3.3 Current Assumption . . . . .	13
3.4 Choosing and Fitting Models . . . . .	13
3.4.1 Time Categorizing of Orders . . . . .	13
3.4.2 Combination of Time Categorizations . . . . .	14
<b>4 Results</b>	<b>16</b>
4.1 No time categorization . . . . .	16
4.1.1 Without slot categorization . . . . .	16
4.1.2 With slot categorization . . . . .	17

4.2 Day categorization . . . . .	18
4.2.1 Without slot categorization . . . . .	18
4.2.2 With slot categorization . . . . .	19
4.3 Week categorization . . . . .	20
4.3.1 Without slot categorization . . . . .	20
4.3.2 With slot categorization . . . . .	21
4.4 Weekday categorization . . . . .	22
4.4.1 Without slot categorization . . . . .	22
4.4.2 With slot categorization . . . . .	23
4.5 Mini slot categorization . . . . .	24
4.6 Combination of Categorizations . . . . .	24
<b>5 Conclusion</b>	<b>26</b>
5.1 Result Evaluation . . . . .	26
5.2 Future Work . . . . .	27
<b>Bibliography</b>	<b>28</b>
<b>Appendix</b>	<b>30</b>
3 Appendix One: Consumer Application . . . . .	30
4 Appendix Two: Code and Results . . . . .	33

# List of Figures

3.1 Observations of preparation time of all orders without any data clean up . . . . .	9
3.2 Observations of preparation time of all orders without invalid values . . . . .	9
3.3 Observations of preparation time of all orders without invalid values and outliers . . . . .	10
3.4 Average preparation time per day . . . . .	11
3.5 Box Whisker diagrams with different time categorization. By Week (left), by Slot (middle) and by Weekday-Slot (right). . . . .	12
3.6 Observations of preparation time of all orders at yum2take without invalid values and outliers . . . . .	12
5.1 The consumer application. Login on the left. Driver has to be assigned in the middle. Delivery pick up has started on the right. . . . .	31
5.2 The graphical user interface of the consumer application. When the driver is at the restaurant (left), when the driver has left the restaurant (middle) and when the driver has finished the delivery (right). . . . .	31

# List of Tables

3.1	SIPOC Diagram derived from the five basic steps . . . . .	6
4.1	No time and slot categorization . . . . .	16
4.2	No time but slot categorization . . . . .	17
4.3	Day categorization without slots . . . . .	18
4.4	Day categorization with slots . . . . .	19
4.5	Week categorization without slots . . . . .	20
4.6	Week categorization with slots . . . . .	21
4.7	Weekday categorization without slots . . . . .	22
4.8	Weekday categorization with slots . . . . .	23
4.9	Mini slot categorization results . . . . .	24
4.10	Combination of categorizations results for all orders . . . . .	25
4.11	Combination of categorizations results for yum2take . . . . .	25

# 1 Introduction

The food delivery market is a fast growing market with an giant volume. Rocket Internet predicts it to have a value of 90 billion Euro by 2019 (Rocket Internet (2015 (accessed April 1, 2015))). This money attracts many companies fighting for the supremacy. In order to achieve this goal, they have to differentiate from their competitors. Some try to be the cheapest, others have the biggest variety of lower quality restaurants to offer and still others try to excel in their delivery by optimizing the delivery process and quality of service.

An example is the Munich based startup VOLO. The idea of VOLO is to provide a fast and efficient food delivery. Starting with premium restaurants, an appealing online shop and topped with a fast and efficient driver fleet. The fleet is relying on an algorithm making the deliveries itself as fast as possible while allowing one driver to serve many orders at once. The algorithm is based on the travelling salesman algorithm and calculates the best routing solution for n drivers and m deliveries. A driver is assigned a route and sequence to pick up and deliver one or more orders. This minimizes empty drives and idle time for the benefit of the driver and the company. The driver is able to earn more money from loaded times and tips and VOLO has to pay less for drivers since the idle times are reduced to a minimum.

This algorithm works optimal from the point in time when the driver receives the order information and starts driving to the restaurant and then again when she leaves the restaurant and starts driving to the customer. The problem is that the food is almost never ready at the time the algorithm sends the driver to the restaurant. It is crucial to pick up the meal at the exact right time. Being late is bad, as the food will be cold or no longer fresh. Being early is bad, as it induces waiting time for the driver as she has to wait for the order to be finished. Forecasting the optimal arrival time gives an advantage over the competitors.

This is why VOLO has the need to create a forecast, predicting preparation time for the food so the driver can be sent to the restaurant just in time.

The following chapters will explain the proceeding to solve the problem. It will start with the resources used to generate knowledge, then focus on the methodology used to forecast and it will finish with evaluating the result and a conclusion.

## 2 Review of Literature and Research

This chapter is about the sources and the information gained before starting the actual forecasting.

### 2.1 Research

In order to get a good overview over the problem, a search in Google Scholar was done. The goal was to find similar problems and approaches to it. Different words were chosen for the search, like "preparation time", "meal", "restaurant" and "forecast". The results did not give the right output for this problem. Most of the forecasting in restaurants was about the amount of staff needed, the amount of meals which will be sold over a period or the size a buffet has to be. These topics did not fit the problem given as is pretty unique. There are not many companies who do last mile delivery with time critical materials, as VOLO does. Typically the restaurant has its own fleet of drivers. They are available all the time and sent when someone's ordered meal is ready to be delivered. This needs no sophisticated management and is easy to implement but wastes money when the driver has nothing to do. Combining multiple restaurants with one delivery fleet and managing the fleet via a routing and timing algorithm is rather new. The time component can be implemented by using a static time for every order or a back channel when the order is placed. A back channel would be an reply message by the restaurant containing the time the meal will be ready. The first solution does not give enough time gain while the second requires a lot of infrastructure. This is why a custom approach has to be made in order to optimize the time part.

### 2.2 Approach

After searching for fitting materials, the book "Forecasting: Principles and Practice" by R. Hyndman and A. Athanasopoulos was chosen as a starting point, since it covers the topic of forecasting in general pretty good for starting the job. After reading the book, it was determined to follow the steps the book suggests to create the forecast. The book (Hyndman and Athanasopoulos (2013)) has five basic steps for forecasting which will be explained in the following:

1. Problem Definition

2. Gathering Information
3. Preliminary Analysis
4. Choosing and Fitting Models
5. Using and Evaluating the Forecast

In a first step, the process of the forecast is mapped out and the Stakeholders and their contribution to the forecast is determined. They are being consulted on their view of the problem and their needs. For this purpose a SIPOC diagram will be created (Simon (accessed June 5, 2015)). With this information a problem statement is defined.

In the second step, the data available for the process is determined. With the variety of restaurants, meals and levels of utilization of staff during the day, it is to be expected there will not be enough statistical data for all scenarios. In order to make up for the little and imperfect data, the expertise of the people who collected this data and who use the forecasts is also taken into account.

The third step is the preliminary analysis. It is done to identify patterns, abnormalities and get an overview over the data. Also historic average preparation times are calculated to have a rough estimation for the outcomes of the forecast. The data is put into graphs to have a visual output and to detect invalid inputs, patterns or trends. The fourth step is to choose good models and to fit the processed data set to these models. A model is the way the data is forecast, e.g. the granularity or algorithm used.

The fifth and last step is all about using the models and getting results. The results are then evaluated and discussed how they will fit into the process.

## 2.3 Forecasting Basics

In order to establish a foundation for the forecast, certain key terms are specified.

### 2.3.1 Time Series

Time series are used on events that happen sequentially over time. This method puts events (forecasted or actual) onto a time axis. They are used in the preliminary analysis to identify abnormalities and patterns. They will also be used to gain a better understanding of the forecast results but most of the time only the numbers matter. Charting data as a graph often reveals patterns. These patterns are divided into 3 different kinds (Hyndman and Athanasopoulos (2013)). The first pattern is the trend pattern. A trend is a decrease or increase over a long period of time. The second pattern is the season pattern. Seasonal patterns appear when data is influenced by seasonal factors and the effect has a known and fixed time period. The third one is the cyclic pattern. Cyclic patterns at least fluctuate over 2 years and

have no fixed period of recurrence. An example is a rapid increase followed by a slow decrease, which is not happening every summer, but from time to time.

Orders are discrete events over time well suited to be shown in time series, so time series decomposition was the choice. The available data is transformed to a time series and divided into suitable components, hopefully revealing patterns.

### 2.3.2 Algorithms for Forecasting

The book (Hyndman and Athanasopoulos (2013)) offers different algorithms to forecast on time series. Three are chosen und presented.

#### 2.3.2.1 Moving Average

A classical method is the moving average. It is used to iteratively calculate the next forecast value of a time series. The next value is generated by taking all prior events in account. The calculated values are independent of each other.

The formula to calculate the forecast for the order  $t$  is:

$$ma_{(t)} = \frac{1}{t} \sum_{l=0}^{t-1} x_l \quad (2.1)$$

#### 2.3.2.2 Weighted Moving Average

Instead of taking all events (as in the moving average), weighted moving average defines a weight, i.e. only the last  $x$  events or a time frame as a moving window, which should be used for the forecast. This window moves according to the current position on the time series. The window can be specified in orders or in time. When using orders,  $n$  equals the number of orders from the window. When using a time specification,  $n$  is the number of orders which is in the specified time frame, e.g. the window is three days, day one has 10 orders, day two 5 and day 3 has 2 orders, the resulting is 18 when a new order comes. When calculating the next forecast value, the oldest value or time unit is removed from the window, and the most order or time unit current is added. For Instance, when moving to a new day, the time frame moves on, dropping the all orders of the day from the beginning. This way, only a specific amount of time units, e.g. days, and the associated orders stay in the calculation. The size of the window is called weight. The weight can be used in different sizes for different models, which are dependent on the number of orders available. For example when the time frame contains 20 weeks, the weights can be 4 weeks (20%), 8 weeks (40%) and so on.

The weighted moving average for order  $t$  is calculated as following:

$$wma_{(t)} = \frac{1}{n} \sum_{l=t-n+1}^{t-1} x_l \quad (2.2)$$

### 2.3.2.3 Simple Exponential Smoothing

Another approach is the Simple Exponential Smoothing which returns a smoothed forecast. The forecast value is calculated from the occurrences before. The two components of the forecast value are weighted by the factor  $\alpha$  with the constraint  $0 \leq \alpha \leq 1$ .  $\alpha$  specifies the ratio between the weight of the last order's preparation time and the calculated forecast of the values before that. The function is recursive and has no limit for the number of predecessors. The only thing which has to be defined is the starting value  $ses_{start}$ .

Forecasting the value for point t in time is as following:

$$\begin{aligned} ses_1 &= \alpha * x_0 + (1 - \alpha) * ses_{start} \\ ses_t &= \alpha * x_{t-1} + (1 - \alpha) * ses_{t-1} \end{aligned} \quad (2.3)$$

### 2.3.2.4 Evaluation Criteria

In order to compare different approaches, the root mean square error (RMSE) is used. It represents sample standard deviation of the actually recorded time from the forecasted value. It sums up the squared error for each calculation and divides the result by the number of calculations.

The square rooted result is the RMSE.

$$RMSE = \sqrt{\frac{\sum_{x=0}^n (y_{forecast} - y_{actual})^2}{x}} \quad (2.4)$$

## 3 Methodology

The following chapter explains in detail how the first four steps postulated in the book (Hyndman and Athanasopoulos (2013)) are used for forecasting in this Interdisciplinary Project. Step five, the results and evaluation, is discussed in the next chapters.

### 3.1 Problem Definition

According to the process, some general questions have to be solved before the forecast is started. For this purpose a stakeholder analysis is done and a SIPOC diagram is created (Table 3.1).

Table 3.1: SIPOC Diagram derived from the five basic steps

Supplier	Input	Process	Output	Customer
Emanuel Pallua (COO)		Preliminary Analysis		
Sebastian Sondheimer (BI)		Choosing Models		
Stefan Rothlehner(CTO)		Fitting Models		
Sergej Krauze (CTO)		Forecasting		
Operations Team		Evaluating		
	Knowledge Experience Historic Database		Forecast Evaluation Result	Emanuel Pallua Sebastian Sondheimer Operation Team

Emanuel Pallua is identified as the first stakeholder. He is Chief of Operations at VOLO and the one who requested the forecast. His requirement for the forecast is to decrease "waste". Waste is defined as idle times for drivers, like being at the restaurant too early or food losing freshness by lying at the restaurant for too long. Another goal is to save money by maximizing the utilization of drivers and thus decreasing the fleet size. In general, he wants a robust forecasting process which can be continuously improved and automated in the future for day to day usage.

The second source and customer in one person is Sebastian Sondheimer who is with Business Intelligence. His aim is to optimize the whole process of VOLO. He supports the forecast process by adding his knowledge of the current key numbers of VOLO. He suggests using different performance factors for the forecast. This should include the preparation times of this current slot and day, of the slot in the last seven days and all orders of the last week as well as of the slot and all orders on this weekday of the last four weeks.

As sources on the technical side, there are Stefan Rothlehner and Sergej Krauze, both Chief Technical Officers. Stefan Rothlehner is responsible for the backend database and delivers the data. The information of the orders is extracted from the

PostgreSQL database which is hosted on the heroku server. Sergej Krauze who is responsible for the Traveling Salesman Algorithm has the requirement to have the forecast written in Java. Since his work is already in Java and the forecast can be integrated without much additional effort, once decided that it should be integrated at all.

The last source and customer is the Operations Team since they are involved in the everyday business. They support the algorithm with their real life scenario knowledge. Their experience is that a 15 minute estimation works reasonably well. In their opinion, a decrease of one third, 33%, of waste will make it worth to implement the algorithm. In order to have a benchmark for the results of the forecast, the error of their current assumptions will be calculated later.

### **Problem Statement**

The goal is to research a forecast for preparation times of meals. The approach should be simple and easy to implement together with the Traveling Salesman Algorithm. Reduction of waste should be significant over the current approach.

## **3.2 Gathering Information**

The data for the forecast is taken from the PostgreSQL database of the backend. Every order from the beginning of VOLO in September 2014 has been processed and stored in this database. Each order has timestamps for each step of the delivery process. This way a rich set of historical data has piled up and is available. For this interdisciplinary project, two data samples are downloaded at different points in time, the training data set and the test data set. The training data set is used to âœtrainâ the model and find potential relationships. It creates the first forecast. The result of the forecast is then compared to the result of the test data set. This gives information about the prediction abilities of the model. When the two results are significantly different, the predictive relationships do not hold. The two data sets were dumped on the 26th of March and the 29th of April and contain 3034 and 4973 orders respectively. The downloaded data sets were saved in comma separated values files, known as csv files. Since VOLO was bought and moved to Berlin in April 2015, the company has grown very fast and with it came different problems in operations, e.g. too little expertise of the cityâ™s operations team or drivers in new cities. In order to have a forecast for a âœworkingâ system, only data from the Munich times was used, when the process was completely supervised by people who had done this for a longer time. New data can be used again when the operations have risen to normality, as observed before the move.

The raw data has some weaknesses. The biggest one is the size of the gathered data, i.e. the lack of data items for some of the more granular categories defined later. Forecasts need big amounts of information to generate a meaningful result. Since

some restaurants have too few orders or a lot of bad data for the preparation times, additional expertise has to be put into the forecast. This expertise is taken from the Operation Team. They have to deal with orders on a daily basis and right now have to "forecast" the point in time the driver has to be at the restaurant on their own. In their experience, an estimation of around 15 minutes to prepare an order is a more or less accurate guess for most restaurants except for some which are known for their unpredictability.

In order to use the datasets from the csv files, it has to be parsed into objects in the Java program. For this purpose a csv parser library is used. The library reads the csv file and matches the orders from the database to the OrderModel.class of the code. Not all attributes of the database are used, only the ones related to the forecast are picked from the information. Since there is no tracking in the restaurant for the preparation time per se, it was decided to take the time interval from the point in time at which the restaurant receives the notification for the order until the driver leaves the restaurant. In the process of volo, the printer in the restaurant prints the receipt when as the driver accepts the delivery, which is saved in the database as accepted\_at. The timestamp of the driver leaving the restaurant is saved in delivery\_started\_at. Since it is not the task to figure out the exact preparation time but rather the time between when the order is sent to the restaurant and when the driver can pick it up, these two time stamps can be used, so the clock for the preparation time starts ticking on accepted<sub>a</sub> and stops at delivery<sub>started</sub>.

### 3.3 Preliminary Analysis

There are many factors which can influence the preparation times of the restaurant. Some are of external nature, some internal nature. The weather or season can have an effect or if a cook is ill.

Marketing campaigns may boost orders short term, which can influence the results, but this has not happened in the recorded time frame.

In order to discover these patterns and get a feeling for the data the preliminary analysis is done.

#### 3.3.1 Raw Data Cleanup

First of all, the data has to be cleaned and a rough overview for the dimensions of the data gained. This is done to get a feeling of the time frame a restaurant usually needs to prepare an order. It provides an estimation of what to expect and clue to whether the result of a forecast is totally unrealistic or pretty close. In addition to the average time analysis, a visualization of the data is done. This is done in a time series plot on which it is very easy to see anomalies or patterns of the raw data.

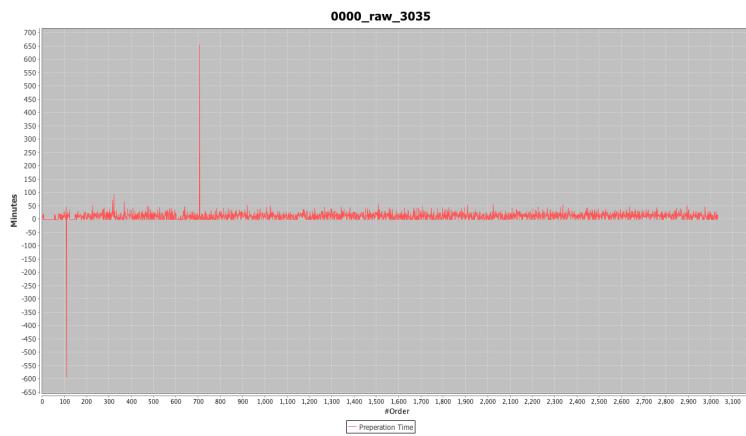


Figure 3.1: Observations of preparation time of all orders without any data clean up

As the first step of the raw data cleanup, the training data is put into a time series graph (Fig. 3.1). The training data set still contains unfinished orders and orders which have corrupted or missing timestamps. These orders cannot be transformed correctly and receive a total time of "-1" since their `accepted_at` timestamp is not usable. In case that the orders `delivery_started_at` timestamp is before the `accepted_at` timestamp a negative value is visible. These events unrealistically reduce the average preparation time to 12 minutes and can be easily spotted in the time series graph. In order to get realistic results, these flaws in the data set have to be removed. This is done by ignoring all values which are below 0 minutes in the forecast. This action increases the average preparation time to 16 minutes which is much higher than the first result but free of misleading values. The data set which, in contrast to Figure 3.1, does not contain any negative values, is visualised in Figure 3.2.

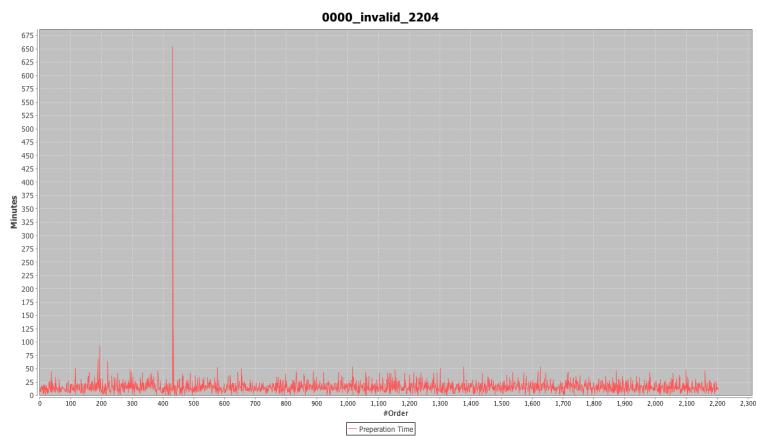


Figure 3.2: Observations of preparation time of all orders without invalid values

After removing the obviously invalid and corrupted orders the data looks a lot more consistent. The next problem are the orders which were finished long after they have been started. It has to be assumed that these times were either caused by bugged software or human error in the process. These data points are removed

from the data set. For this purpose the Grubbs training for outliers is applied to the dataset and all values that seem not to come from a normally distributed population are removed (Engineering Statistics Handbook (2012 (accessed May 21, 2015)). Figure 3.3 shows how this action influences the graph. The change can be noted in the scale of the diagram, which is now much more granular. This results in an average preparation time of 15 minutes which is the same result as the operations team suggest to use as a basis.

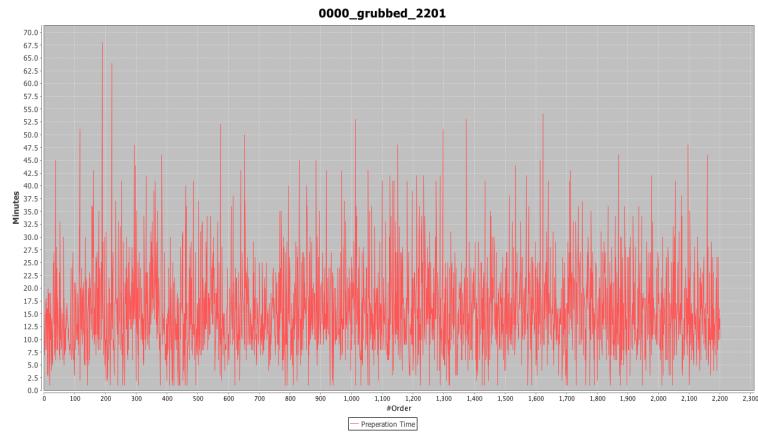


Figure 3.3: Observations of preparation time of all orders without invalid values and outliers

### 3.3.2 Identifying Patterns

Now, as only the usable dataset is extracted from the input data, it can be analyzed for patterns, trends or similarities. For this purpose a time component has to be introduced into the graph since putting order after order does not reveal patterns.

#### 3.3.2.1 Daily Patterns

As a first try, orders are summed up by day and visualized in Figure 3.4 by average preparation time per day . The most obvious information that can be extracted from the diagram is that the average preparation time varies from day to day by up to 19 minutes.

No clear trend or pattern can be observed in a day by day time axis diagram (Figure 3.4). In order to inspect behaviour of groups of events in a given category as opposed to single events on the time axis, a box and whisker diagram is created from the data (Figure 3.5). It shows the median and average preparation time as line and point inside the box. The box represents the upper and lower quartile of preparation times into which 50 % of the data falls while the red whiskers visualize the entire population without outliers. Red circles and a red triangle are shown in case outliers are out of scale of the diagrams visualized range. The purpose of this kind of graph

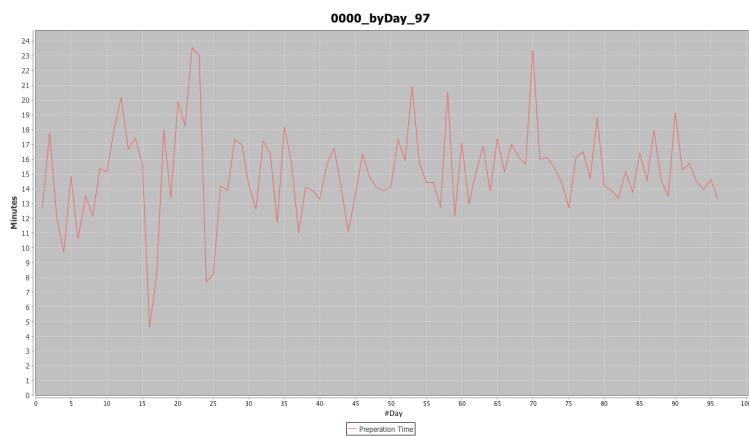


Figure 3.4: Average preparation time per day

is to give an overview of the set of values of the preparation time and the boundaries most of the orders are located in. The data was analysed by different categories and plotted as box whisker graphs.

### 3.3.2.2 Week Patterns

The first diagram in Figure 3.5 on the left is on a week basis. It was created to see if there is a trend over time as the company expertise grows. The only observation that can be made is that after fluctuating preparation times in the first weeks it gets more constant towards the end but there is no clear trend.

### 3.3.2.3 Slot Patterns

Since no conclusion can be drawn from week analysis, a box whisker diagram for each slot is created (Figure 3.5, middle). The day is divided into three slots, the big meals, lunch and dinner, as well as the time between these, which is not as busy as the meal times. The diagram shows no real difference in preparation times between the slots. A more in depth analysis has to be done, combining slots with different categories (see below).

### 3.3.2.4 Slot and Weekday Patterns

Since weekdays can have strong differences in terms of load for the restaurant, a combination of weekday and slot needs to be analysed separately (Figure 3.5, right). This is done since it contains two different key information. Slots and weekdays alone do not have as much information as the two combined. For example on a sunday evening, many people like to go to a restaurant and do not order, while during the week offices sometimes order big deliveries for lunch. The values in the diagram do not vary much, which can be due to the fact the training set has few

values for some days.

The difference between slots on weekdays as well as between weekdays is more significant than all other diagrams before and will be considered when creating the models.

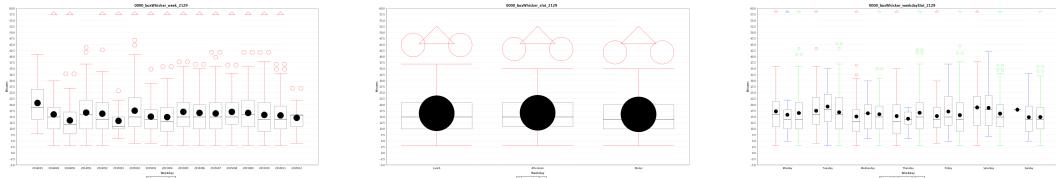


Figure 3.5: Box Whisker diagrams with different time categorization. By Week (left), by Slot (middle) and by Weekday-Slot (right).

All these steps from the clean up of the data are also applied to the test data set which is used later.

### 3.3.2.5 Restaurant Patterns

Preparation times can be very different by restaurant. There are restaurants, which have pre-cooked ingredients and others which prepare every meal fresh. Some have simple ways of preparing meals, like sandwiches, while others take long baking, frying or cooking. For all of them, preparation times are different. A roasted duck takes longer than a sandwich.

This suggest looking at each restaurant separately, which initially leads to two categories: One restaurant agnostic and another one restaurant specific. For the evaluation of the restaurant specific forecast, yum2take is chosen as it is the most mature Volo customer with the most data points.

In order to get a first look at the restaurant specific data, a diagram with slot and weekday differentiation is created in Figure 3.6. The distribution in the diagram

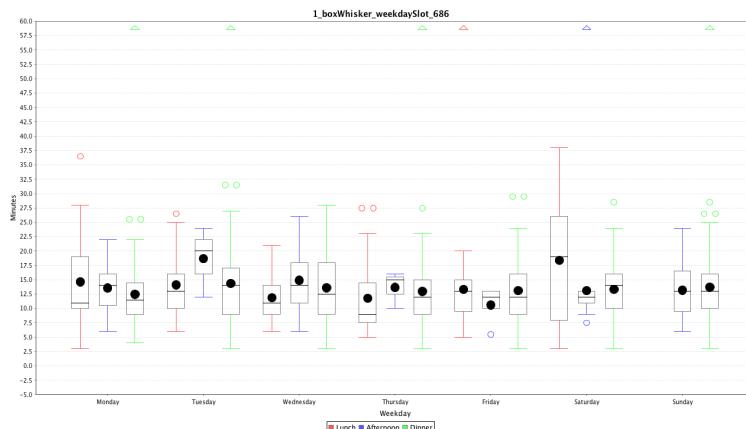


Figure 3.6: Observations of preparation time of all orders at yum2take without invalid values and outliers

for yum2take is clearly different from the overall visualization. This confirms the

assumption that restaurants should be looked at separately. The average times are also different. Instead of an average of 15 minutes for the preparation of food, the restaurant specific average time for yum2take is 13.1 minutes.

### 3.3.3 Current Assumption

As a stake in the ground and to compare future forecast models to the current process, the RMSE of the current forecasting mechanism where every preparation time is supposed to be 15 minutes is calculated. Based on the training data, it is 8.5 minutes. Since the improvement should be 33%, the sought RMSE is around 5.7 minutes.

## 3.4 Choosing and Fitting Models

After the preliminary analysis, it is time to fit the data to models for the forecast. A model combines three dimensions, the algorithm, the restaurant category and a time category.

### 3.4.1 Time Categorizing of Orders

When categorized by time, only orders in a specific time window are used to calculate the forecast value for the current order. The time window is always relative to the current order. The following time categories were chosen:

#### No Time Categorization

No time categorization means that for the forecast of the current order all preceding orders are taken into account. This is done in order to treat all orders the same and get a simple forecast.

#### Day Categorization

When using day categorization, only the orders before the current one on the same day are used to calculate the forecast value. The day categorization is done since from day to day conditions in the restaurant can change. For instance staff may be ill, delaying meals on that day.

#### Week Categorization

The week categorization is done to take larger events into account, e.g. marketing campaigns. In order to consider such events, this categorization uses all preceding orders of the calendar week for the calculation.

#### Weekday Categorization

Weekdays are also different from each other and have to be considered since they cause different utilization of restaurants, e.g. on sundays markets are closed and people tend to order for lunch but go to the restaurant in the evening. For this categorization all orders before the current one on this weekday, regardless of the week, are used for the forecast of the order.

### Slot Categorization

In the preliminary analysis the slot categorization was found relevant. These slots are lunch, dinner and the time in between and they cause different traffic for the restaurants, lunch and dinner being high traffic while the time in between is not so crowded. In order to consider these day specific differences, they can be applied together with the other time categorizations, to improve the accuracy of the forecast. For example when using day and slot categorization, not all preceding orders of the current day are considered for the forecast but only the ones in the same slot and before the current order.

### Single Minislot Categorization

The minislot categorization divides the day into half hour slots. Since this granularity is finer than the slot categorization, it cannot be combined with it. For each forecast for an order all orders before the current one in this slot are used. This is done to consider short time fluctuations caused by peak times, e.g. the half hour in which most people do their lunch or shortly before eight in the evening before the prime time movie starts.

Even though there might not be enough data for this categorization, is done to see its potential.

### Edge Case

Before the actual forecast can be done, the edge case of not having preceding orders for the current order, has to be resolved. Since the operations teams suggested a 15 minute basic time for preparation, this time is always taken when no forecast value can be generated for the current order.

## 3.4.2 Combination of Time Categorizations

Above categorizations can be combined to create a more complex forecasting model. Like all simple models, this complex model is created by using an algorithm and the restaurant category. Only this time a combination of multiple time categories is chosen instead of just one. Each time category is weighted, which is done in 5% steps, e.g. 5% category A, 20% category B and 75% category C, so all time categories together sum up to 100%. This is done for all possible combinations. In order to get a meaningful forecast, the most important time categories are chosen for the model. The time categories are:

1. Current slot

2. Current day
3. Current slot in the last 7 days
4. Last 7 days in general
5. Slot on the weekday in the last 4 weeks
6. Last 4 weeks in general

The combination of different time categorizations includes short term trends, like marketing campaigns, weekly patterns, like sunday evenings are usually crowded, and general long term patterns, like winter increases the order amount, into the forecast.

This combination is done to consider the behavior of orders in the light of all of these categorizations.

## 4 Results

Now that the models are set and run, their RMSE is calculated. The lower the error the more accurate the model. This is done for the training as well as the test set and the errors are compared and their difference are shown. When the difference between the two sets is low, the predictive relationships of the test set are strong.

In order to see whether the forecasting model is an improvement according to the requirements, it is compared with the basic approach of the Operation Team.

The results are presented following the enumeration of time categories done in Chapter 3.4.2. The forecast is done one time with the time categorization and no slots and one time with slots.

Each table represents a group of models with the same time categorization and use of slots. The algorithm used for the model is shown in the first column. Then follow 2 groups of 3 columns for specific restaurant (yum2take) and all restaurants. These groups show the RMSE for training and test data and the difference in their RMSE. A negative difference indicates a more accurate result for the test set and vice versa. The difference is not significant as long as it is below 5%.

Depending on the number of orders, the weighted moving average can have many weight sizes, as explained, and also the simple exponential smoothing has different  $\alpha$ . These values for  $\alpha$  are stepped up from 0.1 to 1 in 0.1 steps. In the result tables only the best result is shown in the table.

### 4.1 No time categorization

These are the results for the models which are using no time categorization.

#### 4.1.1 Without slot categorization

Table 4.1 shows the results for the models which use no time categorization and no slots.

Table 4.1: No time and slot categorization

Algorithm	yum2take			all		
	training #686	test #945	difference	training #2129	test #3196	difference
MA	6.02755	5.950609	-0.07694	8.409876	8.565466	0.15559
MA (650/2125)	5.738142	5.880966	0.142823	4.542798	8.976687	4.433889
SES (0.1/0.1)	6.116109	5.973192	-0.14291	8.560794	8.65649	0.095695

### No restaurant categorization

The RMSE for the moving average model for this categorization is 8.4 minutes. When comparing the training to the test set the accuracy decreases by 0.15 minutes. The weighted moving average, the second group of models, has different models with different weights which range from 25 orders to 2125 orders. Most of the resulting RMSE are between 7.9 minutes and 8.5 minutes. There is one outlier with the weight of 2100 orders and 2125 orders and 6.7 minutes and 4.5 minutes. All models lose accuracy when compared to their test sets especially the outliers since they rise to the same level as the other models are. The result of the outlier is not very useful since the result of the test set proves a weak predictive relationship in the model.

The simple exponential smoothing has the best result with 8.6 minutes for an  $\alpha$  of 0.1 and rises up to 11.8 minutes for an  $\alpha$  of 1. Except for the outliers, the biggest improvement over the basic approach is around 7% when using the weighted moving average with a weight of 1850.

### Restaurant categorization using yum2take

The forecasts results in a RMSE of 6 minutes for the moving average model. The weighted moving average is calculated in different weights. The weights start with 25 orders and increase step by step to 675 orders. The RMSE of these forecasts is stable between 6 minutes and 6.5 minutes and the best result is achieved with a weight of 675 orders. The best RMSE for the simple exponential smoothing is the result of an  $\alpha$  of 0.1. When increasing  $\alpha$  the RMSE also increases to up to 8.5 minutes of RMSE. The accuracy improves for all models when using the test set by 0.07 minutes for the moving average, between 0.07 minutes up to 0.45 minutes when using the weighted version and between 0.14 minutes and 0.42 minutes for the simple exponential smoothing.

When using the restaurant categorization for this time categorization, an improvement up to 30% for the moving average can be observed.

#### 4.1.2 With slot categorization

The results of the models without time categorization but with slots are shown in Table 4.2.

Table 4.2: No time but slot categorization

Algorithm	yum2take			all		
	training #686	test #945	difference	training #2129	test #3196	difference
MA	5.980634	5.943105	-0.03752	8.203962	8.514927	0.310964
MA (25/100)	6.165134	6.017991	-0.14714	7.957781	8.492864	0.535082
SES (0.1/0.1)	6.065397	5.982731	-0.08266	8.379257	8.618189	0.618189

### No restaurant categorization

Slot categorizations has an RMSE of 8.2 minutes for the moving average case. The weighted moving average is about the same with some results around 8 minutes (e.g. weight of 100 orders, 7.95 minutes). The weights for this algorithm are from 25 orders up to 225 orders in 25 orders steps. This categorization models with the simple exponential smoothing algorithm start from 8.4 minutes and an  $\alpha$  of 0.1 and continue to 11.3 minutes when  $\alpha$  reaches 1. For all models the accuracy decreases when the test set is used. They decline between 0.25 minutes and 0.54 minutes. The best result for this time categorization has the weighted moving average with a weight of 100. An error of 7.95 minutes results in an improvement of around 6%.

### **Restaurant categorization using yum2take**

The results for yum2take the moving average results in a RMSE of little under 6 minutes. The weighted average is used with 25 and 50 order steps from which the 25 orders scores better with 6.2 minutes while 50 orders has 6.3 minutes as RMSE. The simple exponential smoothing also gives good results with close to 6 minutes for an  $\alpha$  of 0.1. When increasing  $\alpha$  the RMSE grows to almost 8 minutes. The accuracy between training and test set is almost identical for the moving average algorithm, improves by 0.15 minutes for the weighted moving average and also improves for all simple exponential smoothing models with a range from 0.08 minutes up to 0.47 minutes while decreasing the accuracy.

When using the moving average an improvement of almost 30% can be achieved in contrast to the basic approach.

## **4.2 Day categorization**

These are the models using day categorization and their results.

### **4.2.1 Without slot categorization**

The results in Table 4.3 are generated for categorization by day. There is no weighted moving average model since there has not been enough data to do forecast in a convenient manner.

Table 4.3: Day categorization without slots

Algorithm	yum2take			all		
	training #686	test #945	difference	training #2129	test #3196	difference
MA	6.011955	5.993232	-0.01872	8.403266	8.57489	0.171623
SES (0.1/0.1)	6.080652	5.995665	-0.08498	8.434747	8.57399	0.139242

### **No restaurant categorization**

The moving average model returns a RMSE of 8.4 minutes while the simple exponential smoothing models start with 8.4 minutes for the  $\alpha$  of 0.1 and end with 9.8

minutes for the  $\alpha$  of 1. The test set is slightly better than the trainings set with 0.17 minutes for the moving average model while the  $\alpha$  of 0.1 has the worst decline with 0.13 for the simple exponential smoothing and the other values increase accuracy up to the best improvement of almost 1 minute for the  $\alpha$  of 1.

When comparing these results with the basic approach an improvement of only 1% can be achieved by using these time categorization.

### **Restaurant categorization using yum2take**

When using day and slot categorization the moving average performs well again, compared to the other models, with an RMSE of 6 minutes. The result improves for the test set by 0.08 minutes. Simple exponential smoothing returned 6.1 minutes for an  $\alpha$  of 0.1 and only slowly increased to 6.9 minutes for the maximum of  $\alpha$  of 1. The accuracy also improved for up to 0.4 minutes from the training to the test set. When using restaurant categorization and yum2take, an improvement of 30% for the RMSE can be seen when using moving average.

#### **4.2.2 With slot categorization**

When using day categorization and slots Table 4.4 is the result.

Table 4.4: Day categorization with slots

Algorithm	yum2take			all		
	training #686	test #945	difference	training #2129	test #3196	difference
MA	6.011955	5.993232	-0.01872	8.162479	8.535424	0.372944
MA (15/60)	6.127325	6.109218	-0.0181	7.859824	8.737695	0.87787
SES (0.1/0.1)	6.04016	6.104262	0.064101	8.220405	8.581225	0.360819

### **No restaurant categorization**

The RMSE for the moving average model is around 8.2 minutes while the weighted moving average range from 7.9 minutes, for the best case and a weight of 60 days, to 8.3 minutes for the weight of 15 days. The simple exponential smoothing gets worse the bigger  $\alpha$  becomes. It starts with 8.2 minutes for 0.1 and rises to 10.9 minutes for an  $\alpha$  of 1. The accuracy declines for all moving average variants. The moving average has a decline in accuracy of 0.37 minutes as well as the the weighted inaccuracy grows from 0.24 minutes to 0.88 minutes the bigger the weight gets. For the simple exponential smoothing there is only decline for the  $\alpha$  from 0.1 to 0.3, 0.36 minutes, 0.26 minutes and 0.12 minutes. The remaining  $\alpha$  steadily improve the accuracy up to 1.28 minutes for the value of 1.

Using the weighted moving average of 60 orders results in an improvement of 7%.

### **Restaurant categorization using yum2take**

For yum2take the results are better than for the forecast which uses all orders. The moving average has the best result with about 6 minutes. When weighted it increases to 6.1 minutes, for both weights, namely 15 and 30 orders, which is not

much difference to the training set result. Same goes for the simple exponential smoothing, where the RMSE and the difference between the sets grows the bigger  $\alpha$  gets. The difference between training set is for all models neglectable because it is around 0.5 minutes, which is too small to have an impact on the real life scenario. For restaurant categorization and yum2take an improvement of around 30% over the basic approach can be achieved.

## 4.3 Week categorization

The following results are generated by the models using week categorization for the time categorization.

### 4.3.1 Without slot categorization

The results of categorization by week are shown in Table 4.5.

Table 4.5: Week categorization without slots

Algorithm	yum2take			all		
	training #686	test #945	difference	training #2129	test #3196	difference
MA	6.074067	5.967819	-0.10624	8.402317	8.568181	0.165863
MA (8/16)	6.120197	5.949482	-0.17071	8.164492	8.814434	
SES (0.2/0.2)	6.008943	5.981932	-0.02701	8.399327	8.580201	0.180873

### No restaurant categorization

The result for the moving average model has a RMSE of 8.4 minutes. When comparing the training data set to the test data set the accuracy lowers by 0.17 minutes. The weighted moving average model with the weight of 4 orders is an outlier with 9.5 minutes. When using a weight of 8, 12 or 16 orders the RMSE lowers from 8.5 minutes to 8.2 minutes. Also when using the test set, the weight of 4 orders is still higher than the expected value with an RMSE of 8.9 minutes. In contrast to this outlier the other models only get more inaccurate, respectively 0.1 minutes, 0.29 minutes and 0.64 minutes for the three weights. The models with the simple exponential smoothing algorithm have all similar RMSE, ranging from 8.4 minutes to 8.55 minutes. When compared to the test set the accuracy gets slightly worse but not bigger than 0.21 minutes.

Compared to the basic approach, an improvement of almost 4% can be achieved by using the weighted moving average.

### Restaurant categorization using yum2take

The moving average model has a results with around 6.1 minutes RMSE. The weighted moving average forecast models ranges from 6.1 to 6.6 minutes. The worst results come from the smallest (4 orders, 6.4 minutes) and greatest (16 orders, 6.6 minutes) while the weight of 8 and 12 orders has an RMSE of around 6.1

minutes. When using the simple exponential smoothing, the results range from 6.0 minutes for an  $\alpha$  of 0.2 and slowly grows up to 6.29 for an  $\alpha$  of 1. The difference between training and test data set negative for most cases, meaning the result improves for the test set.

When using moving average, an improvement of 28% over the basic approach can be achieved.

### 4.3.2 With slot categorization

In Table 4.6 the results for week and slot categorization are shown.

Table 4.6: Week categorization with slots

Algorithm	yum2take			all		
	training #686	test #945	difference	training #2129	test #3196	difference
MA	6.048462	6.013698	-0.03476	8.21474	8.532601	0.31786
MA (8/12)	6.137753	5.952349	-0.1854	8.133761	8.843515	0.709754
SES (0.3/0.3)	5.935083	6.155115	0.220032	8.18856	8.615477	0.426916

#### No restaurant categorization

For the moving average model a RMSE of 8.2 minutes was calculated. The different weighted moving average models, weighted with 4, 8, 12 and 16 orders, are resulting in RMSE of 8.9 minutes, 8.19 minutes, 8.0 minutes, which is the best, and 8.1 minutes. Except for the weight of 4 orders, which increases accuracy by 0.04 minutes, the test set results are worse than the training set ones. The standard moving average model decreases accuracy by 0.32 minutes while the weight of 8 orders results in a decline of 0.31 minutes, 12 orders in 0.67 minutes and 16 orders weight in 0.71 minutes. The models using simple exponential smoothing have all RMSE results of around 8.3 minutes, only an  $\alpha$  between 0.2 and 0.6 have a RMSE of 8.2 minutes. The accuracy is lowered by around 0.4 minutes for all models when compared to the test data set.

When using this categorization and the weighted moving average of 12 orders, the RMSE improves by almost 6% over the basic approach.

#### Restaurant categorization using yum2take

The forecast for the models including the categorization of week and slot returned 6.0 minutes for the moving average. The weighted moving average can be calculated for steps of 4, 8 and 12 weeks as weight. It returns 6.3 minutes, 6.1 minutes and 6.2 minutes for the weights. These four results improve their accuracy when forecasting with the test set by between 0.03 and 0.13 minutes. For the simple exponential smoothing an  $\alpha$  between 0.2 and 0.5 gives good results of little under 6 minutes and growing for  $\alpha$  over 0.5 to a RMSE of 6.45 minutes. The accuracy decreases for all values by about 0.1 to 0.2 minutes except for an  $\alpha$  of 1 where it improves by 0.08 minutes.

Compared to the basic approach, using this categorization and the moving average results in an improvement of almost 30%.

## 4.4 Weekday categorization

The following models use weekday categorization with and without slots.

### 4.4.1 Without slot categorization

Weekday categorization results in the following values shown in Table 4.7.

Table 4.7: Weekday categorization without slots

Algorithm	yum2take			all		
	training #686	test #945	difference	training #2129	test #3196	difference
MA	6.208329	6.07587	-0.13245	8.582432	8.660576	0.078144
MA (8/12)	6.181677	6.105938	-0.07573	8.08649	8.700854	0.614363
SES (0.2/0.3)	6.23239	6.113957	-0.11843	8.573267	8.683558	0.110291

### No restaurant categorization

When using weekdays as categorization, the moving average model 8.6 minutes as RMSE. There can be made 3 models for the weighted moving average using 4, 8 and 12 weeks as weight. The results improve the more weeks are taken as weight. The first weight with 4 weeks has a RMSE of 9.1 minutes, the second one improves to 8.5 minutes while the last one is the best with an RMSE of 8.1 minutes. The simple exponential smoothing model using an  $\alpha$  of 0.2 has the best result with 8.6 minutes. All other models with this algorithm range from a little above 8.6 minutes up to 8.9 minutes, increasing with growing  $\alpha$ . When compared to the test set all results decrease of accuracy. The moving average model decreases by 0.08 minutes while the weighted moving average increases by 0.05 minutes, but decreases then by 0.24 minutes and 0.61 minutes. The simple exponential smoothing models also decrease between 0.06 minutes to 0.12 minutes.

This categorization results in an improvement of around 5% over the basic approach.

### Restaurant categorization using yum2take

Weekday categorization returns 6.2 minutes for the moving average model. It improves by 0.13 minutes for the test set. The weighted moving average has three different weights, 4, 8 and 12 weekdays in a row. The results are 6.7 minutes, 6.2 minutes and 6.5 minutes and they improve by 0.4 minutes for the first and thirds and by 0.07 for the second when used on the test set. When using simple exponential smoothing for this categorization the results start with 6.3 minutes of RMSE for all  $\alpha$  under 0.6 and grow up to 6.9 minutes when  $\alpha$  is 1. The accuracy improvement

from training to test set is around 0.1 minute and then grows equally to 0.36 minutes.

When using this categorization an improvement of 27% over the basic approach can be achieved by using the moving average.

#### 4.4.2 With slot categorization

The results of weekday categorization and slots is shown in Table 4.8.

Table 4.8: Weekday categorization with slots

Algorithm	yum2take			all		
	training #686	test #945	difference	training #2129	test #3196	difference
MA	6.063212	6.13718	0.073968	8.448001	8.73583	0.287828
MA (12/12)	4.202483	5.802201	1.599717	8.117922	8.913511	0.795589
SES (0.3/0.2)	6.319075	6.163683	-0.15539	8.378466	8.720113	

#### No restaurant categorization

The results for the moving average model is matching other results with around 8.4 minutes. The weights of 4 orders, 8 orders and 12 orders return results of 8.6 minutes, 8.3 minutes and 8.1 minutes. The simple exponential smoothing models are in the range from 8.4 minutes up to 9.6 minutes. Regarding the accuracy when compared to the test set, the moving average model declines by 0.28 minutes while the 4, 8 and 12 orders weight increase by over 0.43 minutes. An increase has the  $\alpha$  of 1 with 0.07 minutes while the rest decreases its accuracy with results between 0.02 minutes and 0.34 minutes.

Using this categorization and the best weighted moving average the results is an improvement of around 5% over the basic approach.

#### Restaurant categorization using yum2take

The weekday and slot categorization has an RMSE of 6.1 minutes for the moving average and 6.8 minutes, 6.3 minutes and an outlier of 4.4 minutes for the weighted moving average with an weight of 4, 8 and 12 weeks as weight. The difference between training set and test set is 0.07 minutes of decrease for the moving average and 0.36 minutes of improve for the first two weights of the weighted moving average. The outlier decreases its accuracy by 1.6 minutes to 5.8 minutes which is still a good result. The results for the simple exponential smoothing are around 6.4 minutes for  $\alpha$  from 0.1 to 0.6 and growing to 6.77 minutes for bigger  $\alpha$ . The difference is between  $\pm 0.1$  minute for these models.

The results of this categorization, when leaving outliers out, are an increase of 28% over the basic approach.

## 4.5 Mini slot categorization

The results of mini slot categorization are shown in Table 4.9. There is no weighted moving average since some slots do not have enough data to calculate this model.

Table 4.9: Mini slot categorization results

Algorithm	yum2take			all		
	training #686	test #945	difference	training #2129	test #3196	difference
MA	6.206459	6.078068	-0.12839	8.122773	8.408003	0.28523
SES (0.1/0.2)	6.347103	6.149942	-0.19716	8.670448	8.752016	0.081567

### No restaurant categorization

For the minislot categorization a RMSE of 8.1 minutes is calculated for the moving average model. The models using simple exponential smoothing range from 8.7 minutes for an  $\alpha$  of 0.2 to 11.0 minutes for the maximum  $\alpha$ . When compared with the test data set, the training set was 0.29 minutes less accurate for the moving average and between 0.1 and 0.3 minutes for the simple exponential alternatives.

When using this categorization an improvement of around 5% over the basic approach can be achieved.

### Restaurant categorization using yum2take

The moving average model returns 6.2 minutes RMSE and an improvement in accuracy of 0.13 minutes when using the test set. The simple exponential smoothing models start with a RMSE of 6.3 minutes for the  $\alpha$  of 0.1 and increase to over 8.0 minutes for an  $\alpha$  of 1. The increase in accuracy for all models with this algorithm is below 0.20 minutes.

This categorization is an increase of 27% over the basic approach when using the moving average algorithm.

## 4.6 Combination of Categorizations

The combination models contain not only one time categorization, but a combination of six time categories. The results are presented differently, since there are over thirty thousand combinations for the weights and algorithm used. This is why only the 5 best results for the test set are shown. In addition to the RMSE, the algorithm used and the weighting of the different time categorizations is included.

### No restaurant categorization

When searching for the lowest error on the training set, the result is about 8.947 minutes. It is the result of different combinations. The most occurring one is a mix from 20% of the forecast of the current slot and 25% of the forecast from the current day. The rest is mostly created from the last 7 day's forecast as well as the slot in

the last 4 weeks. These combinations produce the most accurate forecasts. Overall there are only good forecasts generated by the normal moving average. When using the test set to compare the result to the training set the accuracy drops by around 0.06 minutes for the top five models.

When using one of these models the forecast gets worse by around 6% than the basic approach.

Table 4.10: Combination of categorizations results for all orders

Algorithm	Results			Weights					
	training	test	difference	slot	all orders				
	#2129 orders	#3196 orders		today	7 days	4 weeks	today	7 days	weekday 4 weeks
MA	8.947472944	9.009768419	0.062295475	20	10	15	25	30	0
MA	8.947526044	9.009875609	0.062349565	20	5	20	25	30	0
MA	8.947812087	9.00973973	0.061927643	20	15	10	25	30	0
MA	8.947971379	9.010061298	0.062089919	20	0	25	25	30	0
MA	8.948138981	9.009792703	0.061653722	20	10	15	25	25	5

### Restaurant categorization using yum2take

The results show that the best combination for yum2take consists of 25% current slot's forecast, 15% of the current day's forecast and 20% of the forecast of the slot for the preceding 7 days. The rest of weight is combined from the other forecasts and all forecasts are using moving average as algorithm. This results in an error of about 6.26 minutes. The improvement of the test set over the training set is around 0.15 minutes for all of the five best results.

These models improve the RMSE in contrast to the one of the basic approach by around 26%.

Table 4.11: Combination of categorizations results for yum2take

Algorithm	Results			Weights					
	training	test	difference	slot	all orders				
	#686 orders	#945 orders		today	7 days	4 weeks	today	7 days	weekday 4 weeks
MA	6.265421304	6.118386791	-0.147034513	25	20	15	15	0	25
MA	6.265551527	6.118048866	-0.147502661	25	20	15	15	5	20
MA	6.265856228	6.117902793	-0.147953435	25	15	20	15	0	25
MA	6.265868384	6.117507337	-0.148361047	25	15	20	15	5	20
MA	6.265946422	6.117772134	-0.148174288	25	20	15	15	10	15

# 5 Conclusion

The results of the models can now be evaluated and a conclusion can be made.

## 5.1 Result Evaluation

The aim of this work was to research fitting models for a forecast of preparation times of meals. These models should have significant reduction of waste over the current approach.

The models are created from different ingredients, the algorithm, time and restaurant category. Each model delivers a forecast and the quality of that forecast is evaluated as the RMSE. Each result was compared to the basic approach of the Operation Team.

The results are evaluated by category.

### Algorithm Comparison

When comparing models with same time and restaurant categorization, the moving average is the best. For most results it has the lowest RMSE. There are only few outlying results where another algorithm is better and this often only by under 0.2 minutes.

When using the weighted moving average the result gets better when using a greater weight, which means more orders included for each calculation. This is due to a bigger number of orders being able to compensate smaller outliers in the preparation time.

When inspecting the behaviour of the simple exponential smoothing, with increasing  $\alpha$  the accuracy decreases. The most accurate  $\alpha$  in most cases is the  $\alpha$  of 0.1. This means the more the last preparation time is taken into account the more inaccurate the forecast gets.

### Time Categorization

The results for the time categorization are very close to each other when they have the same restaurant categorization. The finding from this is that the time categorization has only a small impact on the forecast accuracy.

### Restaurant Categorization

Restaurant categorization is the only categorization which has a huge impact. When using a specific restaurant in the model the accuracy increases by roughly 25%. This proves the the assumption from 3.3.2.5 that if the forecast is done for a specific restaurant, the accuracy improves.

### Combination of Categorizations

When using the combination of categorization in combination with the restaurant agnostic attribute, the best resulting RMSE is around 0.5 minutes above the result of the current approach. This is insignificant and not in line with the requirements to improve the waste by a third..

When combined with the restaurant specific category, this categorization provides an improvement of about 20%. This is a little less than the best "basic" forecasting models, e.g. no slots, no time categorization and a weighted moving average with an weight of 650. When compared to the test set, all results improve, which indicate that a bigger data sample increases the accuracy of the forecast.

This work provides different forecasting models which decreases the RMSE by up to 25% compared to the current approach. The RMSE will continue improving with the data set growing over time thus improving the foundation of the forecast.

## 5.2 Future Work

The first steps are done, in order to find a way to predict the preparation times of restaurants. In the future, the models need continuously monitoring, as the database grows. Changes in the behaviour of the RMSE need to be observed. Especially how the RMSE behave due to the greater set of input data.

The business needs to monitor the improvements gained through the predictions and determine when they can be used for certain restaurants or parts of the business.

## Bibliography

- Engineering Statistics Handbook, . 2012 (accessed May 21, 2015). *Grubb's Test for Outliers*. URL <http://www.itl.nist.gov/div898/handbook/eda/section3/eda35h1.htm>.
- Hyndman, Rob J., George Athanasopoulos. 2013. *Forecasting: Principles and Practice*. 17th ed. OTexts.
- Rocket Internet, . 2015 (accessed April 1, 2015). *Business Update Global Online Takeaway Group*. URL <https://www.rocket-internet.com/sites/default/files/files/Mar%202015%20Business%20Update%20-%20Global%20Online%20Takeaway%20Group.pdf>.
- Simon, Kerri. accessed June 5, 2015). *SIPOC Diagram*. URL <http://www.isixsigma.com/tools-templates/sipoc-copis/sipoc-diagram/>.

# **Appendix**

### 3 Appendix One: Consumer Application

The Interdisciplinary Project consists of two parts. The first one is the scientific paper, which was described in the pages before. The second part is a consumer application which will be described in this part.

The aim of the application is to give the person, who just placed an order, detailed information about the delivery. This includes the current step in the delivery process as well as the current position of the driver on a map. After the process the customer will be able to rate the delivery.

The moment the customer finishes placing an order the backend will create an account for the customer. The credentials for the new user will be sent to the customer by email. The email also directs to the application in the Play Store where it can be downloaded. This part has to be implemented in the backend once it will be used in a real scenario.

The user can login into the application (Fig. 5.1, left) by entering the user data. Right now a driver account is used to demonstrate the functionality, since the back-end does not support users seeing a driver's order. There is no user in the database except the operator and the driver who can see the order status.

When the customer enters the application, the screen in the middle of Figure 5.1 is shown. In this screen Order is getting assigned is shown as status. This means the driver cannot be tracked yet since the order has not been assigned to a driver. The delivery time is yet unknown, it is set to one hour. This can happen when the calculation of available drivers takes longer than the user logging in.

The application queries every 10 seconds for a status change on the server. As soon as the driver has accepted the order the status switches to Driver is on the way to the Restaurant (Figure 5.1, right). From now on, the position of the driver is updated every 10 seconds so the customer using the application always sees where her delivery is at the moment. The customer sees the different steps of the delivery process, namely pickup\_ended, when the driver has entered the restaurant, and delivery\_started, when the driver has left the restaurant with the meal (Figure 5.2, left and middle). The information for the estimated time of delivery is taken from the server. It consists of the predicted preparation time, which was calculated in the scientific paper and the driving time Google Maps suggests for the route. A buffer is added to increase the experience for the customer since the driver will arrive early, if nothing happens, and has some buffer in case there is a traffic jam.

As soon as the driver has completed the delivery by giving the order to the customer and checking it in her driver application, a feedback dialog opens in the customer application (Figure 5.2, right). In this popup the customer can rate her experience and provide valuable feedback for VOLO in case something was not as she wished. After entering the feedback, the application is closed and the user is logged out from the application. The user account is now set to inactive on the server since

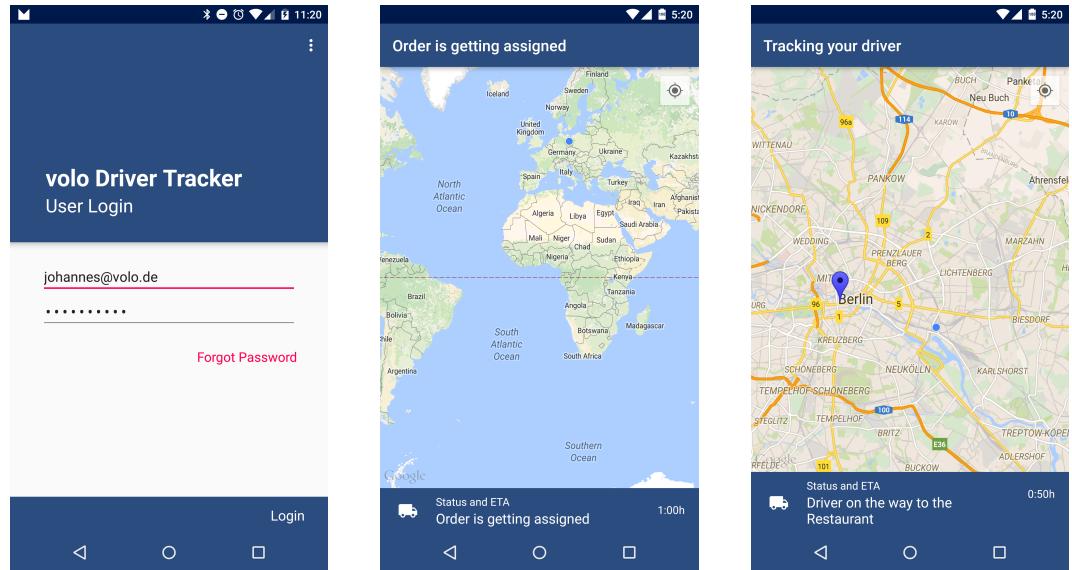


Figure 5.1: The consumer application. Login on the left. Driver has to be assigned in the middle. Delivery pick up has started on the right.

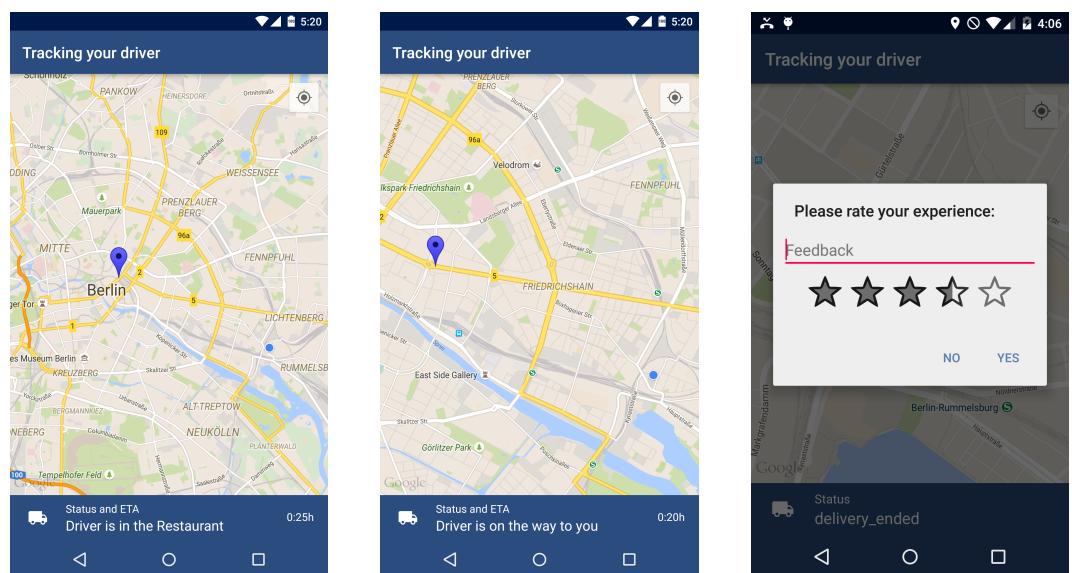


Figure 5.2: The graphical user interface of the consumer application. When the driver is at the restaurant (left), when the driver has left the restaurant (middle) and when the driver has finished the delivery (right).

there is nothing to track anymore. In case the user orders again, the account will be reactivated and a new password will be generated. The user receives an email with her new login credentials.

This way the customer tracking application provides an easy and comfortable way of tracking an order and giving feedback about the delivery.

## 4 Appendix Two: Code and Results

The code and application will be sent by email since they contain confidential material of VOLO UG.

## **Ehrenwörtliche Erklärung**

Ich erkläre hiermit ehrenwörtlich, dass ich die vorliegende Arbeit selbständig angefertigt habe. Die aus fremden Quellen direkt und indirekt übernommenen Gedanken sind als solche kenntlich gemacht.

Ich weiss, dass die Arbeit in digitalisierter Form daraufhin überprüft werden kann, ob unerlaubte Hilfsmittel verwendet wurden und ob es sich - insgesamt oder in Teilen - um ein Plagiat handelt. Zum Vergleich meiner Arbeit mit existierenden Quellen darf sie in eine Datenbank eingestellt werden und nach der Überprüfung zum Vergleich mit künftig eingehenden Arbeiten dort verbleiben. Weitere Vervielfältigungs- und Verwertungsrechte werden dadurch nicht eingeräumt. Die Arbeit wurde weder einer anderen Prüfungsbehörde vorgelegt noch veröffentlicht.

Ort, Datum

Unterschrift