The Soda Vending Machine Problem

Description of the Problem

The soda vending machine offers two kinds of soda: energy drink (E) or sugar free drink (N). E and N are sold at the same price of 1€ and at the beginning the machine contains the same amount of sodas (50 cans for each type). On a normal day, E has a slightly higher probability to be chosen, while on exam days E has a much higher probability to be chosen. Whenever one of the sodas is finished, the machine gets restock. Since refilling the machine is an expensive operation, the objective is to maximize the amount of money gained between two restocks. In order to achieve this objective, the machine can automatically decide to discount one of the two sodas in order to incentive the consumption of a soda.

Implementation of the Environment

The environment together with the preferences model and the evolution between normal and exam days is already provided in simulator.m.

Discount strategy

Given a discount strategy, the performance is evaluated as the average reward collected over $R$ restocks (see test_simulator.m).

The objective of the homework is to

- Define a parameterized discount strategy. You can take inspiration from the soda_strategy_param.m. An example of parameters could be the amount of discount, the amount of sodas available before starting the discount, the amount of money already collected.
- Fix a value for the parameters at hand and compare its performance with the two baselines soda_strategy_discount.m and soda_strategy_nodiscount.m.
- Implement a bandit strategy such that each round $r = 1, \ldots, R$ a different value of the parameters for the parameterized policy is chosen and measure how the performance changes over rounds. Notice that in this case the sample obtained by pulling an arm (i.e., selecting a value for the parameters and running the corresponding discount policy for one round) is the sum of rewards obtained over the round (i.e., amount of money).

Implement TWO out of these possible algorithms: UCB, UCB-V, Thompson, EXP3. Notice that the normal implementation of bandit algorithms assumes that the samples are in $[0, 1]$. So, it is probably better to “normalize” the rewards.