

A decorative graphic on the right side of the page. It features three concentric blue circles of varying sizes. Two thin blue lines originate from the top left and extend diagonally towards the circles. A large, solid blue circle is positioned at the bottom right, partially cut off by the edge of the page.

# Research study on Recommender System in E-Commerce

In this research, we have focused on how e-business strategies is innovating the use of e-commerce websites through the use of recommender techniques. We will provide an overview of how recommendation systems are helping in the business world. With increasing customers and products, the pressure on running successful business has increased, so it has become mandatory to find out how this growing era of innovation in recommendations can meet our requirements for successful business. Through different research papers, literature reviews and case studies, we have found the best working examples and drilled out the best practices that need to be incorporated in the recommender system in order to meet the future challenges.

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## Abstract

In this research, we have focused on how e-business strategies is innovating the use of e-commerce websites through the use of recommender techniques. We will provide an overview of how recommendation systems are helping in the business world. With increasing customers and products, the pressure on running successful business has increased, so it has become mandatory to find out how this growing era of innovation in recommendations can meet our requirements for successful business. Through different research papers, literature reviews and case studies, we have found the best working examples and drilled out the best practices that need to be incorporated in the recommender system in order to meet the future challenges.

**Keywords:** electronic commerce, recommender systems, data mining, deep personalization, customer loyalty, up-sell, privacy, database marketing, user interface, e-merchants.

## 1. Introduction

The growing era of internet and the quick advancement of e-commerce, the society has now become an information workgroup and economy network, the online trading of goods has been an advantage and offers variety of choices to people but it is getting very complex and unpredictable in its structure. In the assortment of merchandise, clients are losing data about which product is best suited to meet their needs. In the e-commerce environment, upsurging information about products and clients has created a need for assistance to the customers. To meet this requirement of information overloading, customization is being done by the online stores for the presentation of their goods. To accomplish the task of mass customization, our approach is to utilize the recommender framework.

So basically recommender system are those tools and software that aid people in providing a suggestion which can help them filter out and help reach a decision. It assists people to choose things which could be of most use to them. For example- it can help a person in their shopping by giving them relevant suggestions from the top rated stuff or depending on the customer shopping habits or it can suggest them which music to listen, things to buy, news to read etc.

These system are being very popular these days in almost every field. As market of e-commerce is expanding, RS is becoming a big strength in helping out online customers to buy the right product. It has been adopted by most of the big e-commerce websites. As every

individual can have different choices, preferences, shopping habits, so generally these recommender systems do profiling and offers different recommendations. These recommendations come to the people as a part of their preferences or other constraints which could either be gathered explicitly or from the customer navigation pages, or from the ratings given by the customer to certain products. After profiling, they generally rank the products to be offered to the customer. Apart from the personalized recommendation, there are certain non-personalized recommendation which is not a part of RS but still prove to be useful.

The increasing popularity and interest of the RS systems can be seen from the fact that most popular websites like Amazon.com, YouTube, Trip advisor etc. are all using it and many websites are deploying their services based on RS. The value of recommender system in e-commerce can be realized in following three ways:-

#### Browser to customers

Firstly the users look for websites to have an overlook and these browsers find the maximum buyers for the websites by giving the customers suggestion what to buy.

#### Alike Selling

The recommended systems offer products to the customers while they are shopping for an item. It gives them suggestions which is alike that product or used an accessory to the product. For example. While a customer is buying a mobile phone, the recommended system may offer them a mobile case, screen guard etc.

#### Building Loyalty

One of the biggest tasks of these e-commerce websites is to procure their customer. It's just a matter of double click to login to any website online, so there is a big competition between these sites(Reichheld and Sasser 1990). In order to sustain in the market, they are using variety of tools and services like recommender system, loyalty programs etc. to make healthy relationship with their customers. They spend money in learning about their clients choices and offer them custom interfaces which could best meet their needs. Customer repays them by returning back to those websites and spreading the word of mouth helps them find more customers.

In this report, we will identify the role of recommender system. At first we layout some marketing technologies and approaches used by the recommender system. Then we will

discuss in details the examples of recommendation systems used by various e-commerce websites. Further we will entail their interfaces and technological aspects and map it along with their applications. In the later part, we will talk about e-commerce opportunities, followed by the challenges encountered during the research.

## 2. Background

Making decision in regarding to a particular thing where you would have lot of data to choose from and trusting the sources was critical thing to do for any person. Computers proved out to be a perfect source for providing recommendations to the consumers, merchandiser started collecting information on the behaviour of the purchase of the consumer and including computers was the first step towards making an automating recommender system. In parallel, it has gotten to be regular for ventures to gather substantial volumes of value-based information that takes into consideration more profound investigation of how a client base cooperates with the space of item offerings. Recommender Frameworks have developed to satisfy the regular double need of purchasers and merchants via computerizing the era of recommendation in light of information investigation.

In the early-1990s, collaborative filtering started to emerge as an answer for managing overburden in online data spaces. Embroidered artwork was a manual collaborative filtering system: it permitted the client to question for things in a data space, for example, corporate email, taking into account other clients' assessments or activities ("give me every one of the messages sent by John"). It required exertion with respect to its clients, yet permitted them to saddle the responses of past peruses of a bit of correspondence to decide its pertinence to them(Goldberg, Nichols et al. 1992).

In beginning definitions for recommender frameworks depended on clear connection insights and prescient demonstrating, not drawing in the more extensive scope of practices in measurements and machine learning writing(Billsus and Pazzani 1998). The collaborative filtering issue was mapped to arrangement, which permitted dimensionality decrease strategies to be brought into play to enhance the nature of the arrangements. Simultaneously, a few endeavours endeavoured to consolidate content based methods with collaborative filtering, and to consolidate extra space information in the construction modelling of recommender frameworks.

In late 1990's, recommender system started integrating in many e-commerce and online system, the most generally known utilization of recommender system advancements is Amazon.com. Taking into account buy history, scanning history, and the thing a client is at present review, they prescribe things for the client to consider acquiring.

The toolbox of recommender procedures has exaggerated beyond past collaborative filtering to incorporate content-based methodologies based with respect to data recovery, Bayesian induction, and case-based thinking routines(Schafer, Konstan et al. 2001, Smyth 2007). These techniques consider the real substance or attributes of the things to be prescribed rather than or moreover to client rating patterns. Hybrid recommender frameworks have too developed as different recommender procedures have developed, consolidating various calculations into composite systems that in a perfect world expand on the qualities of their part calculations(Burke 2002). Collaborative filtering, on the other hand, has remained a viable methodology, both alone and hybridized with content based methodologies.

## 2.1 Recommendation Techniques

There are many techniques used by the recommender systems, some of them have been discussed below

### 2.1.1 Nearest-Neighbor

This Algorithm used by the most punctual recommenders. These are the calculations that figure the separation between the shoppers in light of their inclination history (Resnick et al. 1994; Shardanand et al. 1995). Predictions are based on how much the customer shows an interest in a particular item, taking into account the weighted normal of the suppositions of the arrangement of the closest neighbour of that item which the buyer is purchasing. Despite the fact that, there is favourable position to the closest neighbour calculation to quickly coordinate the most recent data about any item, yet locating neighbours in such expansive databases is a moderate procedure. Then again, heuristics methodology is utilized by the useful calculations to hunt down the great neighbours and when they are confronted with extensive populace, they may apply the pioneering inspecting.

### 2.1.2 Clustering

It is being used for the consumers who have comparable inclination. In this technique, forecasts for an individual is being made by the normal of the perspectives of alternate clients

through which groups will be made. A portion of the bunches mean every shopper with fragmentary commitment in a few different groups through which it makes the forecast by the averaging over the bunches, subjective by the level of contribution (Breese et. Al. 1998). It can be the initial step for contracting the client set in closest neighbour calculation as the execution can be great on account of their little sizes.

#### 2.1.3 Bayesian

It is used where the decisions of customers gradually change with time and not in which the decisions of shopper changes quickly, this sort of system delivers a model taking into account preparing set with a choice tree at every hub and edges speaking to customer data. This can manufactured in a matter of hours or couple of days. The last after effect of this model is much littler, speedier, and basically exact to discover the closest neighbours inclinations for the client (Bresse et al. 1998).

#### 2.1.4 Association Rule

Association rules have been used from many years in marketing for examining the preferences across the products and to recommend products to the customers based on the products they have selected earlier. It often expresses the relationship that when customer buys one product he/she often buys another product with it. These can form very compact information of preference data which may improve the effectiveness of storage as well as performance. These rules are used for large population rather than for individual customers and like other build and apply models; these cannot be used for the applications where the preferences knowledge changes rapidly. These rules can be successfully applied in the broad applications such as shelf layout in retail stores. In contrast to this, the nearest neighbor techniques are easier to implement where the customer opinions are frequently added, such as on-line retail.

#### 2.1.5 Horting

Technique used by the systems in which shoppers are the hubs and the level of likeness between two buyers can be spoken to by the edges between hubs, it a graph based technique in which, by strolling the diagram to adjacent hub and afterward totalling the close-by client assessments, forecasts can be delivered. As indicated by one study, Horting created preferred expectations results over the closest neighbour calculation (Wolf et al. 1999).



## 2.2 Marketing Technologies

Due to increased amount of data, it has become difficult for consumers to make choices to buy a product which eventually increase the need of the recommender system. This data over loading raised problems for buyers and sellers, buyers confronted issues of over-burdening of data and look for help for picking items from colossal arrangements of things, whereas venders lost their associations with the clients and were searching for helping so as to modify and making solid associations with clients them to discover results of their advantage.

Recommender system, simultaneously provides new procedures of database promoting, information mining and notice providing to help the merchandisers to attract consumers to the products and provide direct connection with the clients, by exhorting them exclusively in the wake of having verbal communication. All the while it provides apparatuses that make sellers see needs of the client, their conduct and best utilize is to draw in their consideration towards their items.

### 2.2.1 Database Marketing

Practice attempted by organizations to help merchants by giving them better client administration. The proprietors of physical shops in the area knew not their customary clients, so they can furnish every client with uncommon help. In any case, numerous enormous organizations can't keep up their immediate associations with clients because of colossal retail locations, less proportion of representative to client numbers, and gigantic turnover among their labourers. A hefty portion of the vast organizations treat the clients on the same level. Others take the assistance of database marketing to particular clients on the premise of their salary, area and occupation and do their promoting with every fragment as a gathering. Now and again, shoppers are dealt with as indicated by their needs through database marketing, though when these customers are dealt with as a piece of gathering, then their individual inclinations, cravings and needs are never comprehended by huge organizations.

### 2.2.2 One to One Marketing

To decrease the antagonistic way of using marketing and promote innovation to encourage organizations by helping every client independently, one to one marketing is done (Peppers and Rogers 1997). Catching and utilizing all the customer inclinations is another way of balanced marketing. For instance, a client dependably needs the thing to be conveyed inside of a day or some other client has an inclination for gathering a whole arrangement of

porcelain dolls. Buyer's learning can be utilized by one to one marketing to incorporate new business strategies.

One to one marketing will be implemented by the sellers by the help of recommenders system. On the basis of preferences it breaks down the database of inclinations to overpower the restrictions of portion-based marketing so as to advertise each clients with their own proposals set. Obviously, we can't say that recommender systems are perfect solution for this but still it is just as vital to store and utilize other information of clients, for example, delivery address and saving money record points of interest keeping in mind the end goal to give a satisfied coordinated administration to clients.

Advertisement targeting, focus on premise of prior shopping criteria of customers and analyse that which one is ready to accept the offer or advertisement of another product. Built up dealers keep a look on particular "occasion" in client's life and after that inspire them with those specific promotions or offers identified with that occasion. For instance MasterCard, when a client applies for it, he begins accepting various offers from diverse banks about their card's rendition. If there should be an occurrence of purchasing another house, the client begins getting the offers in regards to extra security, advance union, second home loans and aluminium siding.

Advertisement targeting will assist customers as an individual and as a business group as well. Mostly Offers are being made to those customers who are in the list of E commerce sites. Be that as it may, the clients are constantly included and expelled from these offers records taking into account their conduct. A client is added to the list when he accomplishes an "existence occasion" and who disregards these offers is expelled from the list.

Recommender systems additionally assist organizations with helping them to choose to whom to make an offer and what offer ought to be made to him. These sorts of frameworks permit web indexes and promotion organizations to choose about commercials or offers that must be made on the premise of customer conduct. The recommender frameworks are additionally utilized by sites, for example, Yahoo or Energize to recognize and show that flag ad in view of phrases that the shopper has entered, or to choose about which chain of importance subsection a client ought to explore. Client gets the standard commercial in view of "Buick" item when he enters the words "Buick Century" in a web search tool. It is same for the web search tool of Yahoo, where clients seeking in the segment of NFL and afterward

get a notice for SportsAuthority.com, though when they are exploring in Utah for the index of protection specialists, they may discover a notice for AccuQuote.

### 3. Recommender System Examples

There are many websites that are using different types of recommender system. We will be discussing about their features and the technology used in these websites.

#### 3.1 Amazon.com

##### Customer Who Bought

This recommending feature of amazon.com helps recommending books to their customers in two different ways. For every book, they have an information page in the book in their database. In the information page they have details about the text of the book and the information of purchase of the book. The feature customer who bought gives you two types of recommendation. Firstly, in the information page of the book you are about to buy will tell you about the books frequently purchased by the customers who bought that selected book. Secondly it will tell you different authors whose books are purchased by the customer who bought that book as well.

##### Eyes

This feature of Amazon notifies customer about any new products added to their site to which customer seeks interest. The customer can enable notifications for certain type of products. And matching to that request if something comes up, the customer is notified about that. These requests can be simple queries or complex depending upon the number of parameters passed in the request.

##### Amazon.com Delivers

This recommendation enables customers to request their queries in the form of checkboxes about their categories of interest. For example The Genre of music, the categories of books they like and then frequently the editors of the site emails them and notifies about anything new launched matching their request.

##### Book Matcher

This feature lets customer to rate some books on a scale of 0-5 ranging from the books they hate to books they loved. After giving the feedback, customers may ask for some

recommendation. The site will offers them few more unrated books of similar type and taste to which the customer can give feedback through another system which is “rate these books”.

#### Customer Comments

This recommendation feature helps customers in getting a textual feedback about a book from the people who have already read that book. The comments are written by the customers on the information page which helps new buyers in decision making.

### 3.2 CDNOW

#### Album Advisor

There are two ways in which album advisor works. These are single and multiple mode. In the single mode of album choosing, the customer gets ten recommendations of different albums on the information page whereas in multiple artist mode, they get an option to add up to three artist and they get recommendation of 10 albums of those artists in the information page.

#### My CDNOW

This feature enables customer to set up their own store adding up the music they like, their favourite artists and the music and album they own. The albums that are owned by the customer are moved to “own it” list which is initially considered as the ones they like. But still they have the option to dislike it even if they own it. In this system customers are offered recommendations based on the albums and artist they like and the songs and albums they have bought. They also have a feedback option for the customer to comment on any album they own.

### 3.3 E-Bay

#### Evaluation Profile

The feedback feature of eBay let you provide feedback about the buyer or seller with whomsoever you have done business. They let you give rating as well as comments. The new buyers can then utilize the ratings of the sellers to get an idea of how reliable those sellers are. The profile of those sellers has a rating for last week, month and past six months. Further the customers can ask for more detailed comments and individual ratings on their profile.

### 3.4 Levis

#### Style Finder

It is a recommender system used by the clothing company levis Straus. They recommend their customers a variety of clothing styles. After logging in their website, the customer gives some information about themselves and then about their interest. Firstly they fill up their sex: male or female. Then they choose from certain categories like fun/music/looks. Similarly they are asked to fill out three four more categories of interest leading to an option that say “Get Recommendations” to which the levis replies with six thumbnails of clothing to which customers can further fill up ratings and give feedback in the form of comments.

### 3.5 MovieFinder.com

#### Match Maker

This feature offers the customers to find out certain movies that match their taste. Firstly the customer looks for some movies. Then from the information page about the movie, you can go for match maker which will provide you with suggestions related to the movie being selected. These suggestions are based on the genre of the movie or the director, actors or cast of the movie.

#### We Predict

It forecasts or predicts movies to the customer depending on their previous interests and the ratings offered by the customer to those movies on a five point scale which they have already seen. There could be some unrated movies as well to which personalized textual prediction is given. Apart from this the customer has the option to display top rated movies based on their genre, cast etc or depending on average rating of customers.

### 3.6 Reel.com

#### Movie Matches

This website features some recommendations on the information page of the movies. The recommendation are of two types. One is closely matching, other is creative matching. Further each type of recommendation consists of many links to information page about the movie. It is also mentioned how the recommended movies match the initially searched movie.

### Movie Map

In this system, the site reel.com will offer suggestions based on the syntactical queries made by the customer depending on the genre, cast, actor, director etc of the movie and find the movies that are closely related to the criteria.

## 4. Interfaces

It relies upon the result that what method should be selected but, there is more than one approach to show recommendations to a client. How the e-business site needs the client to utilize the recommendation will might help in method selection for recommender system. To give more intense recommendations some traditional commerce methods have used automotive medium to strengthen up their systems.

### 4.1 Browsing

Recommendation system has made browsing for a particular product easy by automatically suggesting the list of the data in which customer is interested. Let me take an example of movie store, if a person go to a store and ask for movies related to particular genre and clerk would suggest a list and customer would go on browsing that list, however that list will be limited to clerk's present knowledge about that genre, whereas there would be other better movies which could be could be taken into consideration of customer's interest so quality of recommendation lacks there. Reel.com has a few points of interest when executing skimming into their Movie Map feature. To start with, the recommendations of a few clerks/editors can be joined so that higher quality recommendations can be given regardless what the question parameters. Moreover, recommendations come back with quick connections to the things being suggested – no more browsing the store for the limited videos suggested. In this way system convert buyers into browsers, making unplanned purchases by providing a positive environment and help customers to feel confident about making purchase.

### 4.2 Similar item

This method suggests or exposes those items to the customer about which they might have forgotten or they have not encountered yet. Similar item recommendations are another customized technique of traditional business which allows more particular and personalised recommendations. On the basis of the interest shown by customer towards particular item, items similar to that item will be given as recommendations. Systems, for example, Reel.com's Movie Matcher, Amazon.com's Customers who Purchased and one variety of

CDNOW's Album Advisor endeavour to open clients to things they may have disregarded, or of which they may have just been uninformed. In this way customers will expose more to their products and make more sales.

#### 4.3 Email

Email has been a vital and reliable medium for conveying messages. Recommendations can likewise be conveyed specifically to clients through emails. Amazon.com's Eyes feature is very popular to these type of recommendations, it permits them to inform clients the moment a thing turns out to be economically accessible. Eyes empowers Amazon.com to draw in clients into their store before different stores with the same item can achieve those clients. Moreover, through emails customers will always be aware of sites and the products they might have missed, both Eyes and Amazon.com delivers permits the site to emails clients about it. Clients welcome the email suggestions in light of the fact that they offer them some assistance with watching out for new things they are keen on acquiring. This helps the e-commerce sites in profiting by expanding both loyalty and the relationship to the customers.

#### 4.4 Content Comments

Comments have been given by customers on purchase of any product and these comments will help others to make decision about purchase of that particular product. E-commerce sites have been providing the recommendations construct on text comments of different clients. Amazon.com's Customer Remarks and eBay's feedback Profile features permit clients to find an item of interest and read the remarks or comments given by other customers. This offers e-commerce sites some assistance to make money by providing fair data on the products/administrations being sold – it is simple thinking if a product contiguously getting good comments then it is most likely to be sold many times, on the off chance that enough individuals assert that a book is great, or a merchant is valid, than it is liable to be valid. This not just changes over seekers into purchasers, however ought to build reliability to a site. In the event that clients learn they can believe these outsider proposals, than they will probably give back whenever they are confronted with a sketchy choice.

#### 4.5 Average rating

Even less complex access to "the word on the road" is the normal rating highlight. Instead of inquiring clients to skim a rundown of content based assessments, other clients can give ratings to particular item. By amassing these ratings, it will be converted into rankings or average ratings, Customer Remarks and Feedback Profile both furnish clients with quality of

a product. Like content remarks, average ratings ought to encourage in changing over browsers into purchasers, and expanding client's loyalty to the site.

#### 4.6 Top-N

Amazon.com's Book Matcher, Levi's Style Finder and My CDNOW, among others, exploit suggestions through a top-N list. E-commerce sites educate themselves about the insights of a client's preferences and abhorrence, each has the capacity to deliver the client with a customized rundown of the top number of unrated things for that client. It provides customer with the products in which they have shown interest, so that they will not get diverted by other products in which they are not interested. This helps the seller in a few ways. To start with, it is another illustration of changing over seekers into purchasers – it gives expanded presentation to the merchant's products, however just to those things that should interest the client. Second, it may help the client in settling on a choice about things that they initially held in uncertainty.

#### 4.7 Ordered search result

It is less prohibited variety of Top-N, while top-N restricts the expectations to some predefined number, requested search results keep providing those items which highly viewed or of high interest of the customer. We predict feature of Moviefinder.com's return the query questions sorted by the anticipated probability that the client will appreciate the product.

### 5. Technology used by Recommender System

E-commerce framework works best with customized suggestion innovation and the performance of these websites are enhanced by these innovations. The present suggestion framework prescribed the utilization of technology like collective filtering, suggestions based on understanding, taking into account the viability of suggestion, tenet based proposal, and data dependant suggestions.



Recommender technology	Input	Process
Collaborative filtering	users U ratings to items I	get users in U similar to target u, and produce recommender based on ratings of i
Content-based filtering	target user u ratings to items I	get a classification that fits target u on items i
Mining associate rules	the records of users U buy the items I	get the associate rules and produce recommendation
Demography-based filtering	user demography information	get users in U demography similar to target u, and produce recommender based on ratings of demography
Knowledge-based filtering	users U needs of interest	get a match between target u and others

Figure 1- Illustration of Technology with Input and Processes

### 5.1 Collaborative Filtering

Collaborative filtering is one of the methods used by recommender systems that construct its forecasts and suggestions with respect to the evaluations or conduct of different clients in the framework. In this method, we can utilize the suggestions and feedbacks of other people and collaborate it in such a way that we can make some predictions for a users preferences or inclination. The advantage of collaborative filtering is that we can utilize it without having the domain knowledge, easy to automate, can help in profiling and provide personalized recommendation and the efficiency increases over time. The disadvantage for using this technology is that it could be a problem using this technique with the newly launched products due to lack of feedback and ratings. This type of problem is referred to as cold start problem.

### 5.2 Content Based Filtering

Content based filtering also known as cognitive filtering compares user profile against the items liked by the user and profiles that user based on the items he/she chooses and using some descriptive keywords, the user is profiled. Now depending on the item liked and the profile under which the user falls, there could be other customers who have common interests and their profiles have similar keywords and items. This way an items like by other people of similar interests and using their ratings and feedback the suggestions are given. This

recommendation technique is very instinctive and effective. The profiling of goods can be done offline as well but the only problem arises. The techniques used for learning user profiles are feedback, genetic algorithm, neural network etc. The main issue with this is to enable system to learn user choices from user action and referring it to different domains. Example of sites using this technique are Pandora Radio, Rotten Tomatoes etc.

### 5.3 Mining Associate Rules

It is a very well researched and popular technique for finding out relationship between items in a database. In this type of recommending technique, we have to find out some appropriate rules for articles and users using different parameters of interest. This type of rules are then mined further to make discoveries. For example- A person is buying onion and potatoes, it is predicted that the person is going to make a burger. Using the rules about the user and article, we can get that there is most likely possibility that the person is going to buy hamburger meat as well. This kind of decisions help in giving suggestion and recommendations to the customer. It helps in finding out new type of interest. The biggest disadvantage of this type of system is that it is difficult to extract the rules, time consuming and has less degree of personalization.

### 5.4 Demography based filtering

This type of recommendation is based on the demographic techniques used and users are profiled based on their personal characteristics like age, profession etc. It also uses some classifiers to distinguish between the demographic information which is used to classify user and provide them recommendation. The advantage of this type of recommendation is that there is no need for personal background and any historical information about the user. This type of filtering uses personal information of user, so it is sensitive from individual perspective.

### 5.5 Knowledge based filtering

This type of filtering is based on acquisition of explicit knowledge about the user choice, items and the criteria for recommendation. It is helpful in those scenario where other techniques like collaborative filtering and content based cannot be applied and unlike them, it doesn't have any ramp up or cold start problem. The only drawback is the gathering of data which is a tedious process. Also the information has to be defined explicitly for matching.

## 6. Mapping Application to Recommendation System

We will do the analysis of different recommender system from the user perspective. From the view point of customer, the features that are important to the client of an e-commerce site are extent of automation and extent of persistence of the recommendation. The recommendation could be totally manual or completely automated. The recommendation in which customer doesn't participate to tell any preferences or like is called automatic recommendation in which he just has to interact with the website. This type of recommendation comes up from the choice of his navigation and item selection. Opposite to it, manual recommendation could be when the customer is asked explicitly for his choice of an item and based on that recommendation is given to him.

In terms of recommendation, there exists another axis called persistent axis which varies from ephemeral to persistent. Ephemeral suggestion are not based on the past record of the user, it is relevant to the current session of the user whereas persistent suggestions relies on the customers previous shopping habits and his or her like and dislikes. We further divide the recommendation type in four parts namely non personalized recommendation, attribute based, item to item, people to people and user input recommendation which are described below.

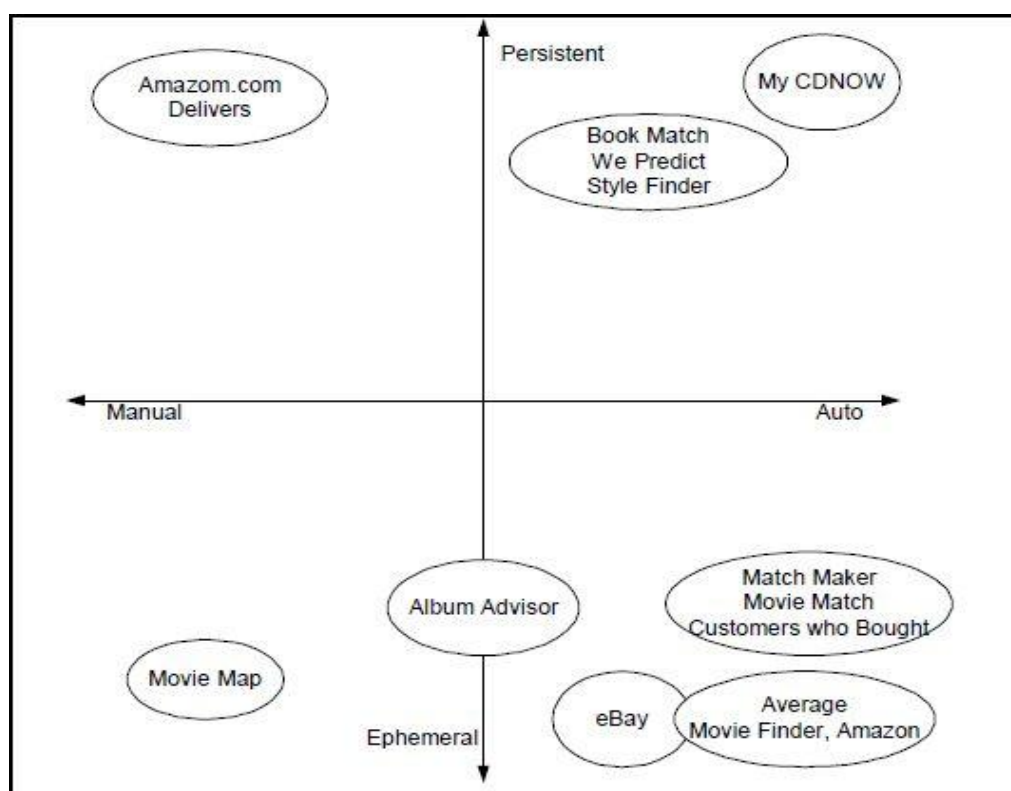


Figure 2- Application distribution on Recommendation Axis

## 6.1 Non personalized recommendation

This type of suggestions are those which are common to all and is not relevant to any particular customer. This comes up as a general suggestion from the ratings given by maximum people. It is a type of ephemeral and automatic in nature as it doesn't recognize the customer but still pops. For example- websites like amazon.com, imdb.com etc provides you with average rating for a product or a movie. It is totally independent and ephemeral as it is not dependant on any particular customer. This type of non personalized recommendation do not need a push from the customer

## 6.2 Attribute based recommendation

This type of recommendation is given based on the property of item that is searched. It is generally manual as it will ask user what kind of item they are after. For example – A user types he wants mobile cases for i-phone, the website gives him suggestion to buy out of hundred different cases. This is a called attribute based recommendation which depends on the syntactic of the product. The websites using attribute based recommendation could be ephemeral or personal as the could be remembering the customer from their past sessions and giving up results. For Example sites like Myntra.com, Jabong.com uses this type of recommender system which is persistent as they remember their customers once you are logged in their sites and depending on your previous history and sessions you will get suggestions. Another example is reel.com where the customer gets suggestions from the category of the movie selected. Since customer has to make manual effort to go to particular page and navigate, this falls under manual category.

## 6.3 Item to Item Correlation

This type of recommender system works on small set of items in which the customer seeks interest. They suggest you products of similar properties which are complementary. For example A user picks up certain items in an online shopping. Now depending on the stuff in his shopping basket, few products that are either complementary or related to those items could be suggested to increase the size of the cart. These suggestions are generally ephemeral, but could be automatic as well as manual depending on whether it is given based on customer typing or just navigation. Example could be Moviefinder.com, Reel.com, Amazon.com as they suggest items correlated to items you pick up.

## 6.4 People to People Correlation

This type of recommendation originated from collaborative filtering and offer suggestion based on opinion of group of people. This type of suggestion arise from correlation between customer of the website who have bought similar items from that website. This type of suggestion are nearly automatic as recommendation are generated automatically. Some system take into account suggestions from particular customers explicitly, those websites have manual system as well. Furthermore these websites are persistent in their methodology as they keep record of their customer and on the basis of that offer them any suggestion. For example- Amazon.com has book matching feature and the predictions from Moviefinder.com are all persistent but they ask for customer ratings as well so they are not completely automatic whereas some sites like CDNOW are fully automatic as customer choice are captured from their personal music settings.

## 7. Finding Recommendation

The way e-commerce websites are working out in order to help people things and giving them suggestions. They are using different technology to use these recommendation. So there could be different ways which can be offered to the customers for accessing these recommendations. We will discuss few methods that a customer can utilize in order to get the recommendation.

### 7.1 Organic Navigation

This type of navigation requires least amount of effort to get the suggestions. These are given on the basis of customer navigation. These recommendation may consists of comments, extra items, ratings etc.

### 7.2 Request Recommendation List

In this process of recommendation, the customer gets suggestions based on their previous likes and dislikes. The customer just have to request for recommendation. It also doesn't require much efforts.

### 7.3 Selection Option

In this type, recommendations are captured by interacting with the system. Websites like amazon.com, flipkart.com etc offer selection recommendation in which they have variety of predefined options to choose from. For example in clothes shopping website like

mynta.com, you have set of categories to select different type of clothing and accessories. Also you have the option to display the results on the basis of price, rating etc.

## 7.4 Keyword

This type of recommendation requires the most interaction from the customers to provide you with the suggestions. This form of recommendation is called keyword as we have to type in the keywords on which we want the recommendation. Examples of websites using keyword recommender system are We Predict, Movie Map etc in which we pass on the keyword on which query is conducted and suggestion are provided.

## 8. E-commerce opportunities

Numerous assortments of recommender frameworks are as of now being used. Till now, we have investigated various interfaces, advances, and data requirements for these sorts of systems, but there will always be many chances of the extension of recommender systems in E-commerce sites. Many sites uses data of the purchase behaviour of the customer to provide recommendations. This result changes in system to become more effective and entirely new system.

CDNOW has acknowledged in My CDNOW that owning something can't generally be deciphered as a positive. Review that CDNOW permits clients to later retreat what's more, specify "own it yet detest it". Be that as it may, few sites are endeavouring data to separate verifiable negative evaluations from buy information. One approach to do this would be through the examination of information on returned items. While clients may give back a thing for an assortment of reasons, all in all any arrival could be considered as a negative rating on item that being referred. Another model of certain negative rating can be gotten from point of interest perspectives. On the off chance that the site displays a couple of items in low detail and the client decides to see a few items at higher point of interest, yet disregards others, a gentle negative rating can be surmised for the unselected things. Numerous recommender framework calculations perform better with both negative and positive evaluations, so the negative information can be significant.

Recommender system are also used to disclose about the product to the customer that what kind of that product it is. Recommender frameworks might be utilised to tell that the products, which are being suggested to a customer are similar to the previous products which they have enjoyed. Algorithms can implemented in a way that they would recommend items

related to customers interest. For best results they ought to be adjusted to return things that the client has acquired previously, instead of the typical arrangement of things the client has not acquired previously.

Unpretentious personalisation might be created by the algorithms used by the recommender system for using large amount of different information about purchase. E-commerce sites unpretentiously changes the interface in invisible way so that customer could not notice about the changes and think of it as the recommendation of their interest (Balabanovic and Shoham, 1997) (Basu, Hirsh, and Cohen, 1998) (Sarwar et al, 1998). The client collaborates with the site pretty much as customer would have before personalization, customer doesn't have to take any express activities to advise the site of her intrigues or wishes.

Current recommender frameworks are for the most part purchase side frameworks. That is, they are intended to work in the interest of the client in choosing what items they ought to buy. Be that as it may, marketing is outlined not simply to expand utility to the client, however to amplify quality to the business as well. The recommender framework could produce a sign of the value affectability of the client for a given item, so that E-commerce site could offer every item at the value that boosts the lifetime estimation of the client to the site. Case in point, one client may willing to buy the item at a value that would gain the site 20 cents of benefit, while another client may buy the same item at one dollar benefit. There are testing moral issue in executing frameworks like these that utilization data from examining the client in deciding how to get more cash from the client. One monetary study proposes that destinations may need to pay clients for their data (Avery et al. 1999).

On the other hand at the merchant side, recommender frameworks could permit organizations to choose which customers to make unique offers. In conventional business an organization could offer a coupon for a free item with the buy of a particular product and another product as well to expand the purchase offer. The achievement of this relies on upon the client seeing the coupon and convey it to the store. A recommender framework could be outlined which sees that a client as of now has two products in his shopping basket and infrequently buys another one in context.

Recommender systems come up with one limitation that is gathering enough information to make compelling suggestions for new clients. One approach to speed up the move for sites is to share data about their clients. Shared data advantages clients, in light of the fact that they get more exact suggestions in less time, yet diminishes the advantage to individual sites on

the grounds that clients are not as faithful to them. On the other hand, it appears to be very conceivable that consortia of non-contending sites may frame with the objective of sharing information to build the worth to organizations inside of the consortia. Clients of these consortia will require confirmations that their security will be ensured, even as their information are shared past the limit of a solitary site.

## 9. Models for e-commerce recommender system

Models are being identified to address all the recommender application design and to achieve business goals by implementing these models in their recommender system to complete business needs.

### 9.1 New join and irregular customers

Keeping clients connected with distinctive items is not a simple assignment for E-commerce sites. Different forms of structure of list are being prepared by almost every E-commerce site and recommend proposals about distinctive items to customers. They pull in clients to occupy their thoughtfulness regarding these recommendations. The reason that makes suggestion records remarkable is a result of less info required; individual information is not required aside from the base expected class of the client's prerequisites. Vast proposal records permit venders to advance their items by conforming costs and stock to coordinate the needs of the clients. Specialists or editors can remark on diverse items to showcase their items.

### 9.2 Building credibility: Reviews and Ratings

Retailers and e-retailers need to dispose of picture of low validity. Clients ought to feel that these E-business sites are keen on offering their items furthermore giving them "suggestions" to incite clients to purchase their items. The standards of eye to eye showcasing propose that it is the retailer's decision of how they will serve their clients. Restricted is to gather the remarks and appraisals of the buyers. With the assistance of these frameworks, they recommend clients on the premise of surveys, evaluations and expectations.

These "grass roots" suggestions require exertion of the clients to do the assessment. They likewise give believability among clients as clients trust more on different shoppers as opposed to the dealers. As a recipient, they add to a group of clients that can recognize particular webpage from other E-trade sites and in this way pulls in new clients.



### 9.3 Notification services

Customers are being pulled in by the e-commerce by telling about newly arrived items and their new rates to attract customers to make purchase of the items. Notification services works in same way, e-commerce web sites provide notifications about new items whenever customer search for particular product and on the bases of the searched product proposals are made for clients. Numerous E-trade sites store the characteristics of the clients and afterward naturally advise clients when the results of their advantage are accessible with them. These notice administrations serve the clients in most ideal way and convey the clients to the destinations all the time. It additionally helps in keeping up the solid client relationship.

### 9.4 Cross selling: Product associated recommendation

This is performed when the needs of the customer are identified by the system, ecommerce sites try to give suggestions on the bases of the product a customers is seeking on the website, and they keep the needs into suggestion list and provide that list to customers to make purchase of items.

By proposing extra items for the client to buy, cross-offers can be enhance by Recommender system. On the off chance that the proposals are great, the normal purchase size ought to increment. Recommender frameworks utilize the setting of past obtained items to prescribe different items to the clients utilizing suggestion techniques. These items get to be prevalent due to diverse proposals including client buy histories, item characteristics, appraisals and feelings of specialists. These proposals are suitable for inactive conveyance as they are shown on the item data page.

### 9.5 Building long term relationship

It is the aim of every organization to make a strong bond with their customers and to sustain a long term relationship which never ends which will not just profit their business but also increase their market value. Depending on the activities of customer, their choices, likes/dislikes and their buying habits, customer is profiled and personalized. Until now it was used in advertisements on the web but now it is expanding in the ecommerce as well. This profiled customer is then given recommendation taking inputs from his shopping history and using collaborative filtering for predicting and from the buying habits of other customers of similar profile. This type of recommendation is called deep personalized recommendation.

## 10. Recommender System Architectures

From literature review we have identified different Architectures are used in E-Business. Here we are discussing few of them that are helpful in decision making.

### 10.1 Web Services based Model

In order to deal with heterogeneous knowledge, data, tools, algorithms in e-commerce recommender systems, based on web-service and multi-agent theory, Yan-xin presented a recommender model management architecture with web service and intelligent agents. Two types of models, atomic model and composite model, are described in web service form, which makes dynamic model refactoring and combination feasible. Also, model selection and dispatch mechanism are provided, in which, intelligent agents are responsible for choosing and dispatching models. This architecture may solve some key problems about recommender model sharing, inquiring and dispatch in e-commerce target recommendation throughout the whole internet, which are under distributed environment (Yan-xin, Xiang-Yang et al. 2012).

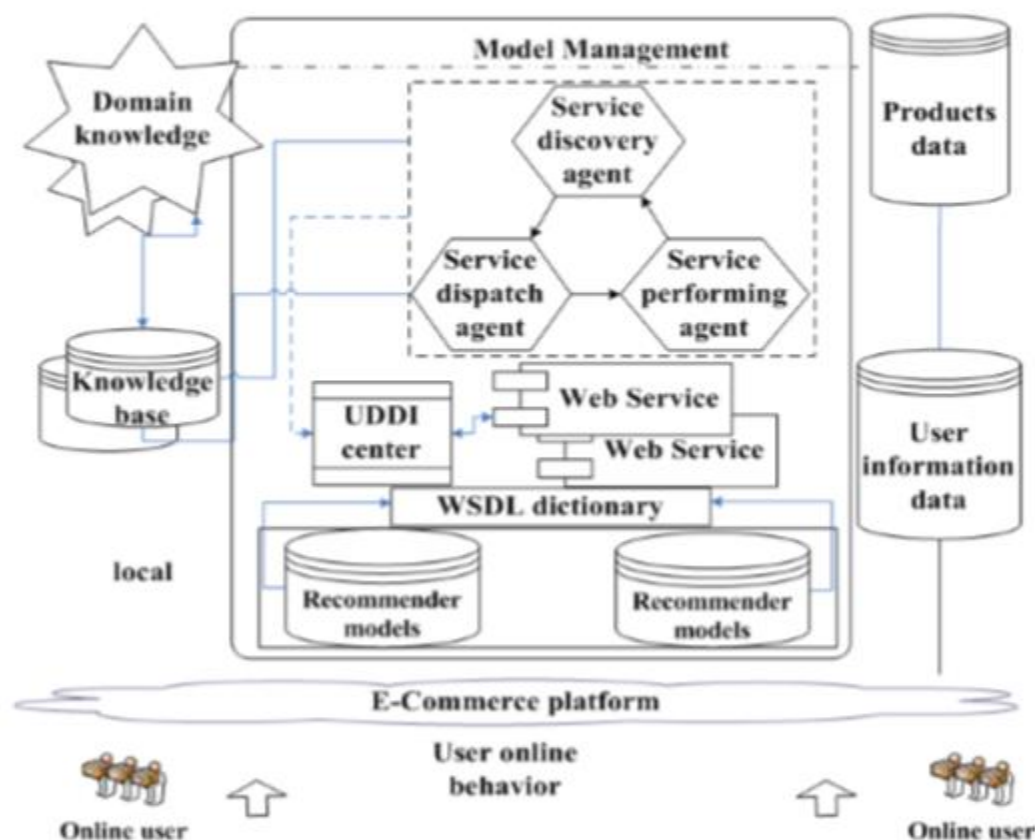


Figure 3-Web services based Architecture (Yan-xin, Xiang-Yang et al. 2012)

## 10.2 Model for Maintaining Customer Profiles

Tipnoe et al. in their paper, proposed a new dynamic recommender system framework to address the poor scalability and the lack of ability to handle dynamic changes in the user profiles(Haruechaiyasak, Tipnoe et al. 2005).

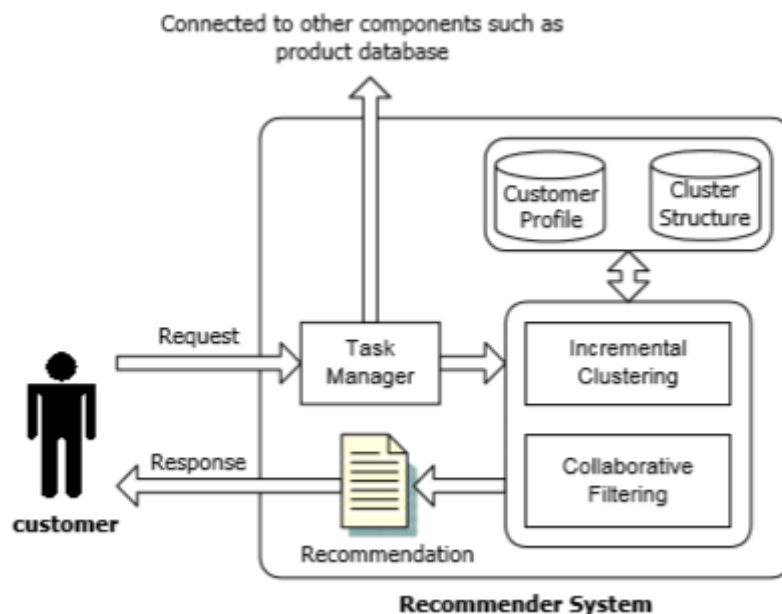


Figure 4- Customers Profile Management Architecture(Haruechaiyasak, Tipnoe et al. 2005)

To understand this model let's take an example of a new user who decides to purchase some products from the store, he/she would be required to register and fill out necessary information such as address and telephone number. This process is performed by the customer database manager which is connected to the recommender system. The content searching and browsing are performed via the content manager. Once the order is placed, a new customer profile will be created and the cluster structure must be updated to reflect this new customer. This step is performed through the incremental clustering component. Once the update is finished, the task manager would signal the collaborative filtering component to perform the recommendation task by using the updated user profiles and the cluster structure. The list of recommended products will then be generated and presented to the customer.

## 10.3 Web Data Mining Model

Recommender systems have emerged as powerful tools for helping users find and evaluate items of interest. The research work presented by Sun and Xie propose a new framework based on web data mining technology for building a Web-page recommender system. In their

paper they illustrated how web data mining technology can be effectively applied in an e-commerce environment(Sun and Xie 2009).

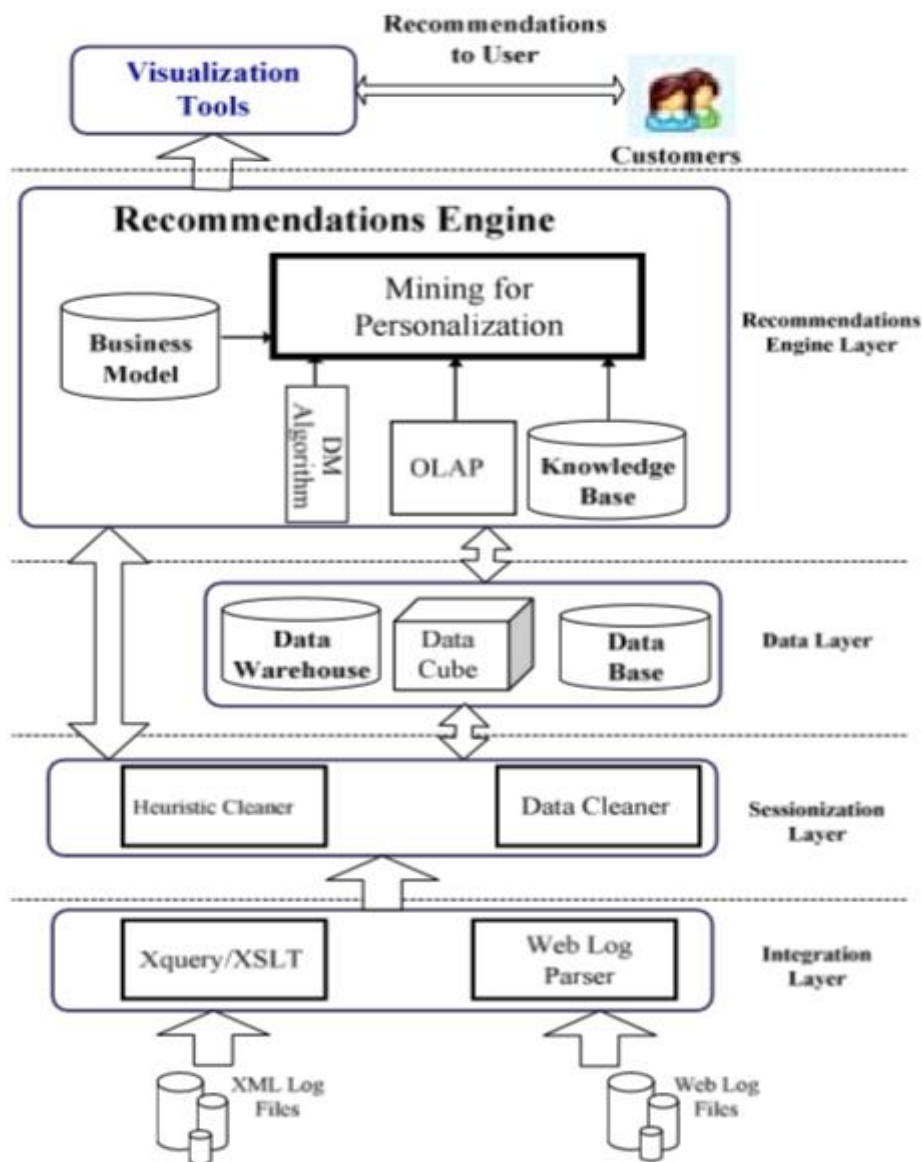


Figure 5- Web data mining Architecture(Sun and Xie 2009)

L1.The integration layer is set of programs used to prepare data for further processing. For instance: extraction, cleaning, transformation and loading.

L2.The sessionization layer is used to tie the instances of Web services and Web pages to sessions and to user.

L3.The data layer is a repository of input/output e-commerce data. It also stores pre-processed logs, e- commerce sessions, and information about the Web services execution.

L4.The recommendations engine Layer is a data mining engine and is in charge of bulk loading XML data from database, executing SQL commands against it and executes the mining algorithms.

L5.Visualization tools should be used to present implicit and useful knowledge from recommendations engine, Web services usage and composition.

## 11. CASE STUDY

### 11.1 Furniture.com a failure case

Furniture.com began life in June 1998 as furnituresite.com, one of the many furniture stores online. This domain was purchased for \$1 million and launched a \$5 million advertising campaign. By the end of 1999, Furniture.com had achieved net sales of nearly \$11 million from 2 million visitors. On November 6 the company closed down.

What had gone wrong? Almost everything imaginable. The order tracking software didn't work, and neither customer nor rep knew the status of orders. Some deliveries took 8 months to arrive. There were over 200 different furniture suppliers, with no way of managing them. Finally the company, desperate for business, offered free shipping, which only hastened bankruptcy.

If they had DSS system installed than it would have recommended the most suitable suppliers based on the consumer location with low cost. Also when the product been dispatched the system would inform the user about its activity through message or email.

### 11.2 Apple Store success case

When Appstore recommends an application on its site for a customer, it's not just a coincidence. A smart system, known as a recommender system, works, collects and analyses a hefty amount of consumer data in order to provide a list of options or products that would be suitable for a customer.

A recommender system allows the e-commerce store to appeal personally to all the customers based on the needs and the choices of the customers. Basically, a recommender system makes personalized recommendations during a live customer interaction. The appstore offers

millions of application to their customers for download. To make it an easier choice for the customers, to choose from that pool of application, a recommender system is used. These systems help the customers to make a choice amongst all these products, with the help of their previous choice. We live in a world where behaviour can easily be measured and analysed. A recommender system collects and analyses a large amount of anonymous consumer data. Then the system establishes patterns of behaviour to deliver the recommendations best suited to the end user.

In this case the recommender system watch over the patterns of the user and build the knowledge base by learning the recent activity of user and his/her friends. The learned patterns can be the information like what applications they have downloaded in the past, items they have browsed, or items they have considered for buying, items that they've liked or rated, or items on which they have commented and reviewed in the past. It can be simply understood as "item to item collaboration".

A recommender system selects automatically the items that match the users' preferences and needs, which are previously modelled according to their personal profiles. In current approaches, "The profiles store items which are (un)appealing to the users, along with their main attributes (named content descriptions) and their ratings" (Blanco 2008).

As explained, these ratings can be implicit or explicit, which means, the details of the product can either be modified by the users or customers who have bought the product, or by the company and their focused groups. Normally, negative values or bad comments means disliking a product, whereas, positive value or good comments mean, liking a product, these ratings and comments help decide whether the product is suitable for recommendation or not. Normally the success of a product in appstore is derived by the number of ratings, likes reviews, and comments that it has.

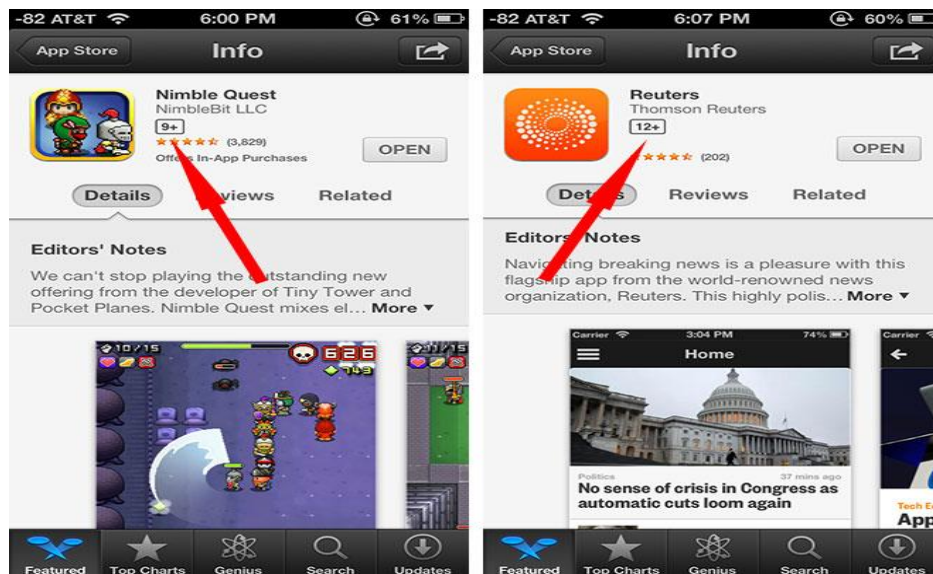


Figure 6- Example of application likeness in Apple Store

## 12. Challenges and Future Recommendation

There are some challenges which recommender system has to face in e-commerce environment.

One biggest challenge is range of purported hybrid systems. At present only one sort or type of information about client's inclination for items is being used by recommender systems to create recommendations for clients. Take all accessible preferences data and use it in clever approach to give suggestion is the main objective of hybrid system. The major challenge is that hybrid system accepts different types of data and create confusion while searching a particular product to get the recommendations (Driskill and Riedl 1998), because different types of data can have different interpretations and different representation. Some solutions were generated for this problem, the distinctive sorts of accessible information can have distinctive understandings, diverse scales, and distinctive representations.

Sparsity is another problem in recommender systems, vast number of items are inculcated in every e-commerce sites, and every client to purchase or for assessment of stand out little piece of the typically under 1%. Sparsity matrix happens when two clients did not rate the same items, regardless of the fact that the two clients have the same preferences or interest, the framework cannot go to the similarity between them, and the calculation cannot even find any items to recommend. To address the suggestion arrangement of rating sparsity issue, specialists have proposed an assortment of suggestion calculations, for example, default qualities taking into account shared sifting recommendation systems, collaborative oriented

filtering suggestions, particular worth composition, lattice decay strategy, things set comparability estimation and affiliation rules strategies.

Another major challenge is giving trust on the recommendation quality. As a rule, certainty in the exactness of a proposal is most essential in deciding when to begin really introducing suggestions to a client. Gruffly, no e-business site needs to look imbecilic to a client. Since the expense of client procurement is high, numerous destinations are more worried about the dangers of giving poor suggestions than about the advantages of giving great suggestions. A certainty metric would empower a site to decide when the framework is prepared to start making sensible proposals. On the other hand, there are numerous challenges to succeed. Numerous famous calculations for making suggestions don't effectively loan themselves to delivering certainty measures (Resnick et al. 1994, Shardanand et al. 1995, Lang 1995, Konstan et al. 1997). Indeed, even those that do regularly have the issue of delivering low certainty qualities, notwithstanding when the proposals would be viewed as 'sufficient'. The issue gets to be one of not just giving a system to decide the certainty of a specific proposal, additionally of giving a sensible route to that certainty to be translated.

Another challenge which is being faced by the recommendation system of e commerce is scalability. These sites are consists of many pages, lines, tons of data but they still need to keep up the reactivity of the small sites and hence no business recommender system have taken care of such extensive database. With the development of the system, the quantity of clients and ventures a vast increment in the client space on the objective client's late look for neighbours protracted, hard to meet the suggested framework for real time requirements. Fundamentally because of the client or projects based collaborative oriented filtering calculation to examine the whole database to ascertain the closeness, so as the increment recorded in the database, the computational unpredictability exponentially developing consistently, prompting a sharp decrease in suggestion framework execution. One conceivable methodology is to utilize grouping to tackle the issue in two stages. Off-stage grouping of clients or undertakings, on-line stage you can go straightforwardly to the little size of huge numbers of the bunch focused closest neighbours and create proposals.

Another two issues which arise in these systems are cold start and privacy preserve issues. Cold start issue is that, when new clients suggested the order framework depends on the client target client and different clients of the correlation; this examination is for the most part in light of gathering the client assessment. On the off chance that another client on the



system, the undertaking has never been assessed, the recommender system cannot educate of his purposes of interest, additionally cannot suggest him. Whereas, issue privacy preserve has brought up lately but expanded more and more in recent years. Sometimes it is hard for systems to prevent and keep the privacy of particular system.

### 13. CONCLUSION

Recommender frameworks satisfy different needs of E-business retailers and clients. E-business can practice mass customization by building up an altered environment. As diverse organizations concentrate in building long terms relation with the clients, they require some positive solutions that can help them to keep up great association with the customers. The advantage of E-business is that it utilizes the information in a proper manner to permit businesses to take a shot at client's history and make more appropriate recommendations. Similarly, through the recommendations the customer would know the business more compel to satisfy their needs for precise items.

In this report, we saw that the recommender frameworks are generally utilized by low to high class E-business sites. It contains diverse parameters to arrange distinctive applications. Also, we have identified different directions adopted as a part of recommender frameworks, including different thoughts in view of some inventive models that are being used presently. Some social issues have also been discussed, for example, information protection and security.

Broad recommendation lists has been discussed that are effective to leverage human experts and to provide accurate and different recommendations for each and every customer. It also allows them to maintain relationship between marketers and customers.

Client remarks and evaluations additionally assume a vital part by helping the e-businesses to make proposals for their clients. Commentators additionally get a kick out of the chance to visit the site over and over as they think that it is helpful to share their remarks and audits which will impact and guide them for new buys.

Notices benefits likewise help clients to discover items as indicated by their needs by showing the items with fascinating substance. These substance centred clients discover these notices as an administration, and the advertisers have an aggressive advantage as it has the information of client hobbies and in this manner, serves the clients appropriately.

Profound personalization keeps up the relationship of merchants and clients as a large portion of the vendors know about client's taste from the experience they have while offering to different clients. They are surely understood of client's longings as they have managed comparable clients some time recently. It results in improvement of the E-trade store as the quantity of client increments.

Each technique examined in this report gives a finish of diverse business necessities demonstrating different plans of action, clients and upgraded advertising arrangements. With the assistance of recommender systems, these E-commerce businesses can take competitive advantage, maintain good customer relationship, and increase their sales.

E-business recommender systems are major guides of internet shopping. These systems are centred on client needs and necessities. E-business recommender systems are vast frameworks and produce a gigantic measure of information gathering especially information identified with the conduct of clients. Information has conceivably extraordinary quality for administration and choice making backing. Information must be acknowledged, prepared and fittingly exhibited utilizing suitable devices. Just present day programming devices can furnish information rapidly and with the required quality. Current programming apparatuses for preparing substantial information accumulations are BI and DSS frameworks. Improvement of ecommerce recommender systems spots expanding accentuation on the need to make models of these frameworks. The displaying of e-trade recommender systems can be viably done by utilization of a process oriented methodology, worth arranged approach or approach taking into account multi-specialists frameworks.

Recommender systems are showing the pragmatic significance of e-commerce, extending from machine figuring out how to customized specialists, in E-commerce. They are a standout amongst the most unmistakable accomplishments of e-businesses on the Web, and are in everyday use on a hefty portion of the most mainstream E-trade locales. Recommender frameworks have the potential to end up universal in E-business. In the not excessively far off future, each E-commerce transaction maybe include proposals to the client - if not some time recently the buy, then unquestionably after the buy to increment cross-offer open doors. The following couple of years will be an energizing time in the development of recommender systems both in E-business and in customary trade applications. We look forward to talking about these issues at the workshop.

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