



Research Article

Multidimensional Next-Generation Time and Transition-Aware Product Recommendation System

Alper Ozpinar^{1*}, Arma Deger Mut²

¹ Istanbul Ticaret Universitesi, https://orcid.org/0000-0003-1250-5949, alper.ozpinar@ticaret.edu.tr,
² Pazarama, https://orcid.org/0009-0001-1611-8666, arma.mut@pazarama.com

* Correspondence: alper.ozpinar@ticaret.edu.tr; +90 552 336 46 24

Received 01 February 2024 Received in revised form 11 May 2024 In final form 28 May 2024

Reference: Ozpinar, A., Mut, A., D. Multidimensional Next-Generation Time and Transition-Aware Product Recommendation System. The European Journal of Research and Development, 4(2), 229-246.

Abstract

In the dynamic landscape of e-commerce, the proliferation of products has immensely complicated the process of effective product discovery. With over 14 million items listed on platforms such as Pazarama.com, consumers often struggle to navigate through extensive catalogs to find products that genuinely meet their evolving needs. This challenge is exacerbated in categories requiring sequential consumption, such as baby products, where the progression from one product stage to another is not only inevitable but critical.

Traditional recommendation systems primarily rely on static historical data. While these systems provide baseline suggestions based on past purchases or general popularity, they often fail to capture the nuanced and immediate requirements of consumers. For instance, a parent purchasing size one diapers will soon need to transition to size two, and a static system might continue to recommend size one, ignoring the child's growth. Moreover, these systems are not equipped to handle anomalies or data inconsistencies, often stemming from privacy regulations like the General Data Protection Regulation (GDPR), which can skew the effectiveness of the recommendations provided.

This paper proposes a novel approach that integrates Recurrent Neural Networks (RNNs) and Long Short-Term Memory (LSTM) networks to develop a multidimensional, next-generation product recommendation system. This system accommodates time-sensitive needs and transitions in consumer product stages, predicting future product requirements based on evolving consumer stages while handling anomalies and data inconsistencies due to privacy concerns. Furthermore, it offers real-time updates and integrates seamlessly with social media and online platforms to enhance user engagement and satisfaction.

By employing time series analysis and advanced AI techniques, this model aims to improve the accuracy of personalized recommendations, support the introduction and marketing of new or rare products, and



ultimately enhance the overall user experience on platforms like Pazarama.com. Through this approach, the paper demonstrates the potential for advanced recommendation systems to transform online retail environments by increasing sales, enhancing customer interaction, and expanding the technological repertoire of e-commerce platforms.

Keywords: E-commerce, Product Recommendation System, Recurrent Neural Networks (RNN), Long Short-Term Memory (LSTM), Time Series Analysis, Consumer Behavior, Personalized Recommendations, GDPR Compliance, Architecture

1. Introduction

The e-commerce landscape is undergoing a rapid transformation characterized by an ever-expanding product universe and increasingly sophisticated consumer demands. This dynamic environment necessitates a paradigm shift beyond static recommendation systems that rely solely on historical data (Baker, 2003; Davenport et al., 2007). Traditional approaches often fall short in capturing the nuanced and evolving needs of consumers, particularly in categories with sequential consumption patterns like baby products (Kline et al., 2003; Leibold et al., 2007). For instance, a static system recommending size one diapers to a parent might fail to account for the inevitable need for size two as the child grows. This research addresses these limitations by proposing a multidimensional product recommendation system that leverages the power of artificial intelligence (AI), specifically ARIMA, Recurrent Neural Networks (RNNs) and Long Short-Term Memory (LSTM) networks.

The proliferation of online products presents a significant challenge for efficient discovery. Major e-commerce platforms like Pazarama.com, with its vast array of over 14 million items, exemplify the complexity of navigating extensive online catalogs. Consumers face significant difficulties in identifying products that meet their specific and evolving needs (Han & Karypis, 2005; Hwangbo et al., 2018; Prasad, 2007). This is particularly true for categories where sequential consumption is the norm, as exemplified by baby products. Traditional recommendation systems, despite their ubiquity, often struggle to address these complexities (Choi et al., 2012; Kumar & Thakur, 2018; Sengupta et al., 2020; Torres et al., 2021).

Current recommendation systems primarily rely on historical data to offer baseline suggestions based on past purchases or general popularity (Ansari et al., 2000; Ying et al., 2006). However, they lack the capability to capture the dynamic and context-specific needs of contemporary consumers (Jannach et al., 2010). Additionally, these systems are susceptible to anomalies and inconsistencies in data, which can be further exacerbated by privacy regulations like the General Data Protection Regulation (GDPR) (Hoofnagle et al., 2019; Mohallick et al., 2018). GDPR compliance often involves anonymization or partial redaction of data to protect user privacy, leading to skewed recommendations that lack real-time accuracy and relevance. Consequently, customer satisfaction and



engagement suffer (Sartor & Lagioia, 2020). And also ethical considerations should be taken into account (Özpınar et al., 2010).

To address these shortcomings, this paper proposes a multidimensional product recommendation system that harnesses the capabilities of advanced AI techniques, specifically RNNs and LSTMs. These models excel at capturing sequential data by understanding the order and timing of user purchases. This allows them to learn from historical purchasing patterns and predict evolving consumer preferences. RNNs and LSTMs are particularly adept at tasks requiring sequence analysis over time, making them ideal for predicting future product needs based on dynamic consumer stages (Das & Chaudhury, 2007).

Recurrent Neural Networks (RNNs) are a class of artificial neural networks specifically designed to handle sequential data. Unlike traditional feedforward neural networks, RNNs can process information by incorporating past data into the current state. This "memory" capability allows them to learn long-term dependencies within sequences, making them well-suited for tasks like language translation, speech recognition, and, in our case, predicting sequential product purchases (Chen et al., 2020; Pemathilake et al., 2018; Qi et al., 2019).

Long Short-Term Memory (LSTM) networks are a specific type of RNN architecture built to address the vanishing gradient problem, a common challenge faced by traditional RNNs in processing long sequences. LSTMs employ a gated memory cell that allows them to selectively store and access relevant information over longer periods, making them ideal for capturing the complex temporal dynamics of consumer behavior in ecommerce (Fischer & Krauss, 2018; Kaunchi et al., 2021; Yu et al., 2018).

The proposed system goes beyond simple recommendation by integrating sophisticated time-series analysis to accommodate time-sensitive needs and transitions in product consumption stages. This allows not only for predicting future requirements but also for effectively handling anomalies and data inconsistencies arising from privacy concerns. Time-series analysis techniques like ARIMA (Autoregressive Integrated Moving Average) models or Prophet by Facebook can be employed to capture seasonality, trends, and cyclical patterns in user purchase behavior. This enables the system to adjust recommendations dynamically based on temporal factors and identify potential outliers or data inconsistencies that might affect recommendation accuracy.

The system provides real-time updates and integrates seamlessly with social media and online platforms, fostering enhanced user engagement and satisfaction. This real-time aspect is crucial for capturing the dynamic nature of consumer needs and preferences. Social media integration provides valuable insights into consumer trends and preferences through user reviews, product mentions, and social listening techniques. By analyzing



social media data, the system can identify emerging trends, discover new products, and personalize recommendations based on real-time consumer sentiment and behavior.

In developing this system, we employ various data analysis and segmentation techniques to further enhance personalization and recommendation accuracy. Here's a breakdown of some key techniques:

- Basket Analysis: This technique analyzes co-purchased items to identify frequently bought together products. By identifying these relationships, the system can recommend complementary products based on a user's current purchase, fostering upselling and cross-selling opportunities (Chen et al., 2005; Raeder & Chawla, 2011).
- Network Analysis: Network analysis explores the relationships between different products within the product catalog (Carrington et al., 2005). This can reveal hidden patterns and associations between seemingly unrelated items, allowing the system to recommend products that complement a user's purchase even if they wouldn't traditionally be considered together (Schrock et al., 2018).
- Machine Learning Algorithms: Supervised machine learning algorithms like collaborative filtering, content-based filtering, and hybrid methods are employed to predict user preferences based on historical interactions. These algorithms learn from past behaviors to make accurate and personalized recommendations.
- Segmentation techniques, including the K-Means algorithm and hierarchical clustering, are applied to categorize customers based on their co-purchase behavior and demographic characteristics. This segmentation allows for more personalized product recommendations, catering to distinct groups such as parents purchasing baby products or athletes buying sports equipment. For instance, demographic segmentation can identify patterns in purchasing behavior among different age groups or income levels, leading to more targeted marketing strategies. Customer Lifetime Value (CLV) analysis further enhances personalization by understanding long-term profitability and retention factors, enabling businesses to focus marketing efforts on high-value customers (Gupta et al., 2006; Sohrabi & Khanlari, 2007).

Additionally, our system incorporates privacy considerations to ensure compliance with GDPR. Data minimization, anonymization, and robust security measures are implemented to protect customer data. By respecting customers' rights to access, rectify, erase, and restrict the processing of their personal data, we demonstrate responsible data handling practices. These measures not only comply with legal requirements but also build trust with consumers, who are increasingly concerned about data privacy.

Ethical considerations are also paramount in our research. We ensure informed consent from customers before data collection, implement appropriate data security measures,



and address potential data biases. These ethical principles ensure that our work respects individual privacy and promotes fairness in data analysis. For example, by anonymizing data, we protect individual identities while still gaining valuable insights from consumer behavior.

Through this novel approach, our model aims to improve the accuracy of personalized recommendations, support the introduction and marketing of new or rare products, and ultimately enhance the overall user experience on e-commerce platforms like Pazarama.com. By leveraging advanced AI techniques and integrating real-time updates with social media, our system has the potential to transform online retail environments, increase sales, enhance customer interaction, and expand the technological capabilities of e-commerce platforms.

This paper integrates Recurrent Neural Networks (RNNs) and Long Short-Term Memory (LSTM) networks into a multidimensional, next-generation product recommendation system, representing a significant advancement in the field of e-commerce. This system addresses the limitations of traditional recommendation models by providing a dynamic and responsive solution that adapts to the evolving needs of consumers. By leveraging advanced AI techniques and real-time data integration, the proposed system aims to revolutionize online retail environments, ultimately leading to increased sales, enhanced customer satisfaction, and a more sophisticated technological landscape.

The structure of this paper is designed to systematically explore the various components and implications of our proposed system. Following this introduction, the background and motivation section delves into the current state of e-commerce recommendation systems and identifies their limitations. The research methodology section provides a detailed account of the technical framework employed, including the architecture of RNNs and LSTMs, data collection methods, and analysis techniques. Subsequent sections present the findings and results, showcasing the effectiveness of our approach through empirical data and case studies. The implications and applications section discusses the practical benefits of our system for e-commerce platforms and highlights potential areas for future research and development.

2. Materials and Methods

2.1. Data Analysis and Segmentation

To develop an effective product recommendation system, it is crucial to analyze and segment data meticulously. This introduction sets the stage for a detailed exploration of the methods, findings, and implications of our research. The subsequent sections will guide the reader through the intricacies and innovations of modern e-commerce recommendation systems, demonstrating how our approach can transform online retail



environments. The methodology section will further elaborate on the specific techniques and processes utilized in developing and testing our recommendation system, providing a comprehensive understanding of its capabilities and potential impact. This involves identifying co-purchased products, segmenting customers based on their purchasing behavior, and analyzing time-series related products. The following methods are employed:

2.1.1. Basket Analysis:

This method examines product combinations in customers' shopping carts to determine which items are typically purchased together. By identifying these relationships, the system can recommend complementary products based on a user's current purchase, fostering upselling and cross-selling opportunities.

2.1.2. Network Analysis:

This technique visualizes product relationships as a network graph to uncover clusters of frequently co-purchased products. Network analysis can reveal hidden patterns and associations between seemingly unrelated items, allowing the system to recommend products that complement a user's purchase even if they wouldn't traditionally be considered together.

2.1.3. Exploratory Data Approaches:

Utilizing algorithms to predict the likelihood of specific products being purchased together enhances the system's ability to identify co-purchase patterns. Supervised machine learning algorithms like collaborative filtering, content-based filtering, and hybrid methods are employed to predict user preferences based on historical interactions.

2.2. Data Preparation with Segmentation Techniques:

2.2.1. K-Means Algorithm

The K-Means algorithm is a popular clustering technique used to group customers based on similar purchasing behavior, enabling personalized product recommendations. The data preparation process for applying the K-Means algorithm begins with data collection and cleaning. Transaction data, including customer ID, product ID, purchase quantity, and purchase date, is gathered and cleaned by removing duplicates, handling missing values, and correcting inconsistencies to ensure data integrity.

Next, feature extraction is performed to derive meaningful insights from the raw data. Key features such as purchase frequency, monetary value, and recency are calculated for



each customer. Purchase frequency helps in understanding how often a customer buys products, while the monetary value indicates the total amount spent by the customer. Recency measures the time elapsed since the customer's last purchase, capturing their level of engagement with the platform.

Once the features are extracted, data normalization is essential to bring the features onto a common scale. Techniques such as Min-Max scaling or Z-score normalization are used to ensure that no single feature dominates the clustering process. Dimensionality reduction techniques like Principal Component Analysis (PCA) or t-SNE can be applied to reduce the dataset's dimensionality, making it easier to visualize and cluster.

Finally, the normalized and reduced dataset is used to implement the K-Means algorithm. The optimal number of clusters (k) is determined using methods like the Elbow method or Silhouette analysis. For instance, in the context of baby products, customers who frequently purchase diapers, baby wipes, and baby formula can be grouped into distinct clusters, allowing for targeted recommendations of new baby-related products based on cluster membership..

2.2.2. Hierarchical Clustering:

Hierarchical clustering is a method that divides customers into subgroups based on their proximity to each other, facilitating more tailored recommendations. The data preparation process for hierarchical clustering starts with collecting and cleaning transaction data, similar to the K-Means algorithm. Ensuring data integrity is crucial for accurate clustering results.

Feature extraction follows, where key attributes such as purchase frequency, monetary value, and recency are calculated. These features provide a comprehensive view of customer behavior, essential for identifying meaningful subgroups. Once the features are extracted, data normalization is performed to standardize the features, ensuring that each feature contributes equally to the clustering process.

Unlike K-Means, hierarchical clustering does not require a predefined number of clusters. Instead, it creates a dendrogram, a tree-like structure that illustrates the hierarchical relationships between customers. By applying a distance metric, such as Euclidean or Manhattan distance, hierarchical clustering iteratively merges or splits clusters based on their proximity.

For example, in the context of sports equipment, hierarchical clustering can be used to group customers based on their purchase patterns of beginner to professional table tennis rackets. By visualizing the dendrogram, distinct subgroups of customers can be identified, allowing for more tailored recommendations of equipment upgrades as customers progress in their skill levels.



2.2.3. Demographic Segmentation:

Demographic segmentation categorizes customers based on demographic attributes such as age, gender, and income level, allowing for targeted marketing strategies. The data preparation process for demographic segmentation involves collecting demographic data alongside transaction data. This combined dataset provides a rich context for understanding customer behavior and preferences.

The first step is to ensure the accuracy and completeness of the demographic data. This involves cleaning the data to handle missing values and inconsistencies. Once the demographic data is clean, it is integrated with transaction data to create a comprehensive customer profile.

Feature extraction involves deriving key demographic attributes, such as age groups, gender distribution, and income brackets. These features are then normalized to ensure they are on a common scale, facilitating accurate segmentation. By applying clustering algorithms, customers are grouped based on their demographic attributes.

For instance, in the skincare products domain, demographic segmentation can categorize customers into age groups such as young adults, middle-aged adults, and seniors. Each group may have distinct preferences for skincare products, such as transitioning from basic anti-wrinkle creams to specialized eye creams and age-specific formulations. This segmentation enables targeted marketing campaigns and personalized product recommendations that resonate with each demographic group.

By meticulously preparing data for K-Means, hierarchical clustering, and demographic segmentation, our system can deliver highly personalized and relevant product recommendations. These clustering and segmentation techniques provide a deeper understanding of customer behavior, enabling e-commerce platforms to enhance customer satisfaction and drive increased sales..

2.3. Privacy and Ethical Considerations

2.3.1. Privacy Considerations

To ensure compliance with data protection regulations such as the General Data Protection Regulation (GDPR), our system implements measures such as data minimization, anonymization, robust data security, and respect for data subject rights. These measures not only comply with legal requirements but also build trust with consumers. Data minimization involves collecting only the data necessary for specific purposes, reducing the risk of over-collection and potential misuse. Anonymization techniques are applied to de-identify personal data, protecting individual privacy while still allowing for meaningful analysis. Robust data security measures are put in place to safeguard data from unauthorized access, use, or disclosure. Respecting data subject



rights includes allowing customers to access, rectify, erase, and restrict the processing of their personal data.

For example, when analyzing the transition from size one diapers to size two as a child grows, LSTM networks track the growth rate to predict the appropriate timing for recommending the next size. By anonymizing customer data, we ensure that personal identifiers are removed, maintaining privacy while accurately predicting needs.

In the context of child footwear, where children's shoe sizes grow rapidly and then stabilize at a certain age, RNNs analyze past purchase data to recommend new sizes accurately. The system collects only the necessary data points and anonymizes them, ensuring compliance with GDPR and maintaining consumer trust.

2.3.2. Ethical Considerations

Ethical research practices are paramount when handling customer data. Our system involves obtaining informed consent from customers before data collection, ensuring that they are aware of and agree to how their data will be used. Appropriate data security measures are implemented to protect collected data from breaches or unauthorized access. Anonymizing customer data is crucial to protect their identities and ensure their privacy. Additionally, addressing potential data biases is essential to promote fairness in data analysis and avoid skewed recommendations.

For instance, in the progression from beginner to professional table tennis rackets, RNNs and LSTMs understand skill progression and recommend equipment upgrades. Before collecting purchase history data, we obtain informed consent from customers, ensuring they understand how their data will be used. Anonymizing this data protects their privacy while allowing the system to make accurate recommendations.

In the skincare products domain, LSTMs capture long-term skincare needs based on age and usage patterns, transitioning customers from basic anti-wrinkle creams to specialized eye creams and age-specific formulations. By implementing ethical data handling practices, including informed consent and anonymization, we respect individual privacy while providing valuable product recommendations.

When forecasting weekly changes in baby formula needs as infants grow, ARIMA models predict consumption patterns to ensure timely product recommendations. Ethical considerations include obtaining consent for data use, protecting data security, and anonymizing data to maintain privacy.

Seasonal health products, such as allergy medications in spring and flu vaccines in winter, demonstrate the application of ARIMA models to capture seasonal trends. To ensure ethical research practices, we collect data with customer consent, secure it against breaches, and anonymize it to protect privacy, all while providing relevant and timely recommendations.



By adhering to these privacy and ethical principles, our system demonstrates responsible data handling practices, builds consumer trust, and promotes fairness in data analysis, ultimately enhancing the overall effectiveness and credibility of our product recommendation system..

2.4. Transition-Aware Time-Series Analysis

Transition-aware time-series analysis forms the backbone of our proposed multidimensional product recommendation system, enabling it to predict and adapt to the evolving needs of consumers. Following the meticulous preprocessing and cleaning of our dataset, we employ a suite of advanced time-series modeling techniques to capture temporal dependencies and forecast future product requirements. These techniques include Recurrent Neural Networks (RNNs), Autoregressive Integrated Moving Average (ARIMA) models, Long Short-Term Memory (LSTM) networks, and Gated Recurrent Unit (GRU) networks. Each of these methods plays a crucial role in understanding and predicting consumer behavior over time.

2.4.1. Recurrent Neural Networks (RNNs)

Recurrent Neural Networks (RNNs) are a class of artificial neural networks specifically designed to handle sequential data. Unlike traditional feedforward neural networks, RNNs incorporate past information into the current processing state, making them well-suited for tasks that involve sequence prediction. For example, in the context of baby products, RNNs can analyze the sequence of purchases to predict the transition from size one to size two diapers as the child grows. Similarly, for sports enthusiasts, RNNs can track a customer's purchase history from beginner table tennis rackets to advanced professional rackets, understanding the progression of skill levels over time.

2.4.2. Autoregressive Integrated Moving Average (ARIMA)

Autoregressive Integrated Moving Average (ARIMA) models are a powerful statistical tool for analyzing and forecasting time series data. ARIMA models capture autocorrelations within the data by combining autoregressive terms, differencing (to make the time series stationary), and moving average terms. This method is particularly useful for identifying trends and seasonal patterns in purchase behavior. For instance, ARIMA can be used to model the seasonal demand for health products, such as the increase in sales of allergy medications during spring or flu vaccines in winter. It can also forecast the weekly changes in baby formula consumption as infants grow, ensuring timely and accurate product recommendations.



2.4.3. Long Short-Term Memory (LSTM)

Long Short-Term Memory (LSTM) networks are an advanced variant of RNNs designed to address the limitations of traditional RNNs, such as the vanishing gradient problem. LSTMs include memory cells that can store and retrieve information over long periods, allowing them to capture long-term dependencies in sequential data. This capability is crucial for accurately predicting transitions in consumer product stages. For example, LSTMs can track a child's rapid growth and subsequent need for larger shoe sizes, but also recognize when the growth rate stabilizes, and shoe size changes become less frequent. In the domain of skincare, LSTMs can help transition customers from basic antiwrinkle creams to more specialized products like eye creams or age-specific formulations as they age.

2.4.4. Gated Recurrent Unit (GRU)

Gated Recurrent Unit (GRU) networks are another variant of RNNs that offer a simpler architecture compared to LSTMs, potentially reducing computational complexity while maintaining the ability to handle long-term dependencies. GRUs utilize gating mechanisms to control the flow of information, making them efficient in learning and predicting sequential patterns in consumer behavior. For example, GRUs can identify and recommend subsequent products in a baby's nutritional journey, such as transitioning from initial formulas to follow-on formulas over the first few months. They can also predict the purchase patterns of customers transitioning through different health product categories based on age or specific health needs.

2.4.5. Practical Examples:

By integrating these advanced time-series modeling techniques, our system can dynamically adapt to the changing needs of consumers, providing accurate and timely product recommendations. The combination of RNNs, ARIMA, LSTMs, and GRUs allows us to leverage the strengths of each method, resulting in a robust and responsive recommendation engine capable of enhancing the overall user experience in online retail environments.

- Baby Products: Transition from size one diapers to size two as the child grows. LSTMs track the growth rate to predict the appropriate timing for recommending the next size.
- Child Footwear: Rapid growth in children's shoe sizes followed by stabilization at a certain age. RNNs analyze past purchases to recommend new sizes accurately.
- Sports Equipment: Progression from beginner to professional table tennis rackets.
 RNNs and LSTMs understand skill progression and recommend equipment upgrades.



- Skincare Products: Transition from basic anti-wrinkle creams to specialized eye creams and age-specific formulations. LSTMs capture long-term skincare needs based on age and usage patterns.
- Baby Formula: Weekly changes in baby formula needs as infants grow. ARIMA models forecast consumption patterns to ensure timely product recommendations.
- Seasonal Health Products: Seasonal changes in the demand for health products, such as allergy medications in spring and flu vaccines in winter. ARIMA models capture these seasonal trends to provide relevant recommendations.

By employing these advanced methods and integrating real-time data, our system offers a dynamic and personalized shopping experience, adapting to the unique and evolving needs of each consumer. This approach not only enhances customer satisfaction but also drives increased sales and engagement on e-commerce platforms.

2.5. Dataset

The dataset for this research will be sourced from the Alibaba Cloud Tianchi Big Data Competition as "Brand and Item Data from Rec-Tmall Contest". This dataset is from TMALL is an important business unit of Alibaba Group. As the top one B2C platform in China. "REC-TMALL" is a set of RECommendation-related data provided by TMALL which includes comprehensive transaction records that provide rich information for training and testing the recommendation models. The dataset encompasses various attributes such as user ID, product ID, category ID, and transaction timestamps, facilitating the analysis of purchasing patterns and product relationships (Zhang et al., 2014; Zhong et al., 2015).

By meticulously organizing and analyzing this dataset, we can ensure the development of a robust and effective product recommendation system. The preprocessing steps include handling missing values, normalizing data, and performing feature selection to enhance the predictive accuracy of the models.

- Purchase History Analysis: This technique examines customer purchase sequences to uncover patterns of sequential product purchases.
- Product Similarity Analysis: This method calculates the similarity between products based on their attributes, such as category, brand, or price range.
- Association Rule Mining: This approach discovers frequent patterns of product co-occurrences in transaction data, identifying time-series related products like baby diapers followed by baby wipes.
- Customer Lifetime Value (CLV) Analysis: This analysis aims to understand the long-term profitability of customers by estimating the total revenue they are expected to generate over their relationship with the company. It involves



identifying high-value customers, understanding factors that influence customer retention, and predicting future revenue potential using predictive models.

3. Results

This research employs a variety of advanced technologies and tools to develop and implement the multidimensional, next-generation time and transition-aware product recommendation system. The primary programming language used for this study is Python, a versatile and powerful language widely adopted in data science and machine learning applications. The development and testing of the models were conducted using Jupyter Notebooks, which offer an interactive computing environment ideal for data analysis and visualization.

Python Libraries and Tools

- NumPy: A fundamental package for numerical computations in Python, NumPy provides support for arrays, matrices, and a wide range of mathematical functions to perform operations on these data structures.
- Pandas: A powerful data manipulation library that allows for data cleaning, transformation, and analysis. Pandas is essential for handling structured data and performing data preprocessing tasks.
- Scikit-Learn: A robust machine learning library in Python that includes simple and efficient tools for data mining and data analysis. It was used for implementing clustering algorithms like K-Means and hierarchical clustering.
- TensorFlow and Keras: These libraries were used for building and training deep learning models, including RNNs, LSTMs, and GRUs. TensorFlow provides a comprehensive ecosystem for developing machine learning models, while Keras offers a high-level API for easier model creation.
- Statsmodels: A library used for statistical modeling and time-series analysis. Statsmodels includes tools for ARIMA modeling, which were utilized to forecast product demand based on historical data.
- Matplotlib and Seaborn: These libraries were used for data visualization, helping to create insightful graphs and plots to illustrate the findings and results of the analysis.
- Facebook Prophet: A forecasting tool designed for handling time series data, particularly useful for capturing seasonality and trends. Prophet was employed to enhance the accuracy of time-series forecasts.



Table 1: Parameters

Method	Parameters		
RNN (Recurrent Neural Networks)	units=50	return_sequences=True	input_shape=(X_train.shap e[1], 1)
	optimizer='adam'	loss='mean_squared_error'	epochs=20
	batch_size=32		
LSTM (Long Short- Term Memory Networks)	units=50	return_sequences=True	input_shape=(X_train.shap e[1], 1)
	optimizer='adam'	loss='mean_squared_error'	epochs=20
	batch_size=32		
GRU (Gated Recurrent Unit Networks)	units=50	return_sequences=True	input_shape=(X_train.shap e[1], 1)
	optimizer='adam'	loss='mean_squared_error'	epochs=20
	batch_size=32		
ARIMA (Autoregressive Integrated Moving Average)	order=(5,1,0)		
K-Means Clustering	n_clusters=5	init='k-means++'	max_iter=300
	n_init=10	random_state=0	
Hierarchical Clustering	method='ward'	metric='euclidean'	
Data Normalization (Min-Max Scaling)	feature_range=(0 , 1)		

Approach and Implementation

The development of the recommendation system involved several key steps, from data preprocessing to model training and evaluation. Below is an outline of the approach taken for;

Data Preprocessing:

- Data Cleaning: Removing duplicates, handling missing values, and correcting inconsistencies.
- Feature Extraction: Calculating relevant features such as purchase frequency, monetary value, and recency.



- Data Normalization: Scaling features to a common range to ensure effective model training.
- Dimensionality Reduction: Applying techniques like PCA to reduce the dimensionality of the dataset.

Model Training:

- Clustering: Using K-Means and hierarchical clustering to group customers based on purchasing behavior.
- Time-Series Analysis: Implementing ARIMA and Prophet models to forecast future product demands.
- Deep Learning: Training RNN, LSTM, and GRU models to capture sequential dependencies in customer behavior and predict transitions in product stages.

Model Evaluation:

- Cross-Validation: Ensuring the robustness and generalizability of the models using cross-validation techniques.
- Performance Metrics: Evaluating models based on metrics such as precision, recall, and F1-score.

4. Discussion and Conclusion

The present study explores the integration of advanced time-series analysis techniques, specifically Recurrent Neural Networks (RNNs), Long Short-Term Memory (LSTM) networks, Autoregressive Integrated Moving Average (ARIMA) models, and Gated Recurrent Unit (GRU) networks, into a multidimensional product recommendation system. This system aims to address the limitations of traditional recommendation models by adapting to the evolving needs of consumers through dynamic and responsive solutions.

The primary objective of this research is to propose a robust framework for developing a transition-aware time-series analysis system that enhances the accuracy and relevance of product recommendations in the e-commerce landscape. The traditional recommendation systems, which rely heavily on static historical data, often fail to capture the dynamic nature of consumer behavior and evolving needs. By integrating RNNs, LSTMs, ARIMA, and GRUs, our proposed system leverages the strengths of these techniques to model complex temporal dependencies and provide timely product recommendations.

The data preparation process, involving collection, cleaning, normalization, and feature extraction, is crucial for the effectiveness of these models. For instance, in the context of baby products, LSTMs can track the growth rate of a child to predict the appropriate timing for recommending the next diaper size. Similarly, RNNs can analyze past purchases to recommend new shoe sizes for children, capturing the rapid growth in their



early years and the subsequent stabilization. ARIMA models can forecast seasonal trends in health products, such as the increased demand for allergy medications in spring and flu vaccines in winter.

Privacy and ethical considerations are fundamental to our approach. Ensuring compliance with data protection regulations like GDPR involves data minimization, anonymization, and robust data security measures. Ethical research practices, including obtaining informed consent and addressing potential data biases, further enhance the credibility and trustworthiness of our system.

In practical applications, the proposed system demonstrates significant potential. For sports equipment, RNNs and LSTMs can recommend equipment upgrades as customers progress from beginner to professional levels. In skincare products, LSTMs can transition customers from basic anti-wrinkle creams to specialized eye creams and age-specific formulations based on long-term usage patterns. These examples illustrate the system's capability to provide personalized and relevant recommendations, thereby enhancing customer satisfaction and driving sales.

As conclusion this paper presents a foundational analysis and approach for developing a transition-aware time-series analysis system in the realm of product recommendations. While the results discussed are based on the implementation of Python code, the core contribution lies in the methodology and approach proposed for creating a dynamic and responsive recommendation system.

By employing advanced AI techniques such as RNNs, LSTMs, ARIMA, and GRUs, our system addresses the evolving needs of consumers and captures complex temporal dependencies in their purchasing behavior. The integration of these models into a unified framework allows for accurate and timely product recommendations, transforming the traditional static systems into adaptive and intelligent ones.

The importance of this approach extends beyond the specific examples provided. It offers a scalable and flexible solution that can be adapted to various domains within ecommerce, enhancing the overall user experience and fostering deeper customer engagement. The discussion of privacy and ethical considerations ensures that the system operates within the bounds of legal and moral standards, building trust with consumers and promoting fair data practices.

Finally, this research lays the groundwork for future developments in intelligent recommendation systems. By demonstrating the potential of transition-aware time-series analysis, we highlight the transformative impact of advanced AI techniques on ecommerce platforms. Future work will focus on refining these models, exploring additional data sources, and expanding the application of this framework to other areas within the digital economy. The insights gained from this study provide a valuable foundation for ongoing innovation in personalized product recommendations, ultimately contributing to a richer and more engaging online shopping experience.



5. Acknowledge

This paper was produced as an output of the innovative project "Multidimensional Next-Generation Time and Transition-Aware Product Recommendation System," conducted under the research and development efforts of the Pazarama R&D Center.

References

- [1] Ansari, A., Essegaier, S., & Kohli, R. (2000). Internet recommendation systems. In: SAGE Publications Sage CA: Los Angeles, CA.
- [2] Baker, S. (2003). New consumer marketing: Managing a living demand system. John Wiley & Sons.
- [3] Carrington, P. J., Scott, J., & Wasserman, S. (2005). *Models and methods in social network analysis* (Vol. 28). Cambridge university press.
- [4] Chen, T., Yin, H., Chen, H., Wang, H., Zhou, X., & Li, X. (2020). Online sales prediction via trend alignment-based multitask recurrent neural networks. *Knowledge and Information Systems*, 62(6), 2139-2167.
- [5] Chen, Y.-L., Tang, K., Shen, R.-J., & Hu, Y.-H. (2005). Market basket analysis in a multiple store environment. *Decision support systems*, 40(2), 339-354.
- [6] Choi, K., Yoo, D., Kim, G., & Suh, Y. (2012). A hybrid online-product recommendation system: Combining implicit rating-based collaborative filtering and sequential pattern analysis. *electronic commerce research and applications*, 11(4), 309-317.
- [7] Das, P., & Chaudhury, S. (2007). Prediction of retail sales of footwear using feedforward and recurrent neural networks. *Neural Computing and Applications*, 16, 491-502.
- [8] Davenport, T. H., Leibold, M., & Voelpel, S. C. (2007). Strategic management in the innovation economy: Strategic approaches and tools for dynamic innovation capabilities. John Wiley & Sons.
- [9] Fischer, T., & Krauss, C. (2018). Deep learning with long short-term memory networks for financial market predictions. *European journal of operational research*, 270(2), 654-669.
- [10] Gupta, S., Hanssens, D., Hardie, B., Kahn, W., Kumar, V., Lin, N., Ravishanker, N., & Sriram, S. (2006). Modeling customer lifetime value. *Journal of service research*, 9(2), 139-155.
- [11] Han, E.-H., & Karypis, G. (2005). Feature-based recommendation system. Proceedings of the 14th ACM international conference on Information and knowledge management,
- [12] Hoofnagle, C. J., Van Der Sloot, B., & Borgesius, F. Z. (2019). The European Union general data protection regulation: what it is and what it means. *Information & Communications Technology Law*, 28(1), 65-98.
- [13] Hwangbo, H., Kim, Y. S., & Cha, K. J. (2018). Recommendation system development for fashion retail e-commerce. *electronic commerce research and applications*, 28, 94-101.
- [14] Jannach, D., Zanker, M., Felfernig, A., & Friedrich, G. (2010). *Recommender systems: an introduction*. Cambridge University Press.
- [15] Kaunchi, P., Jadhav, T., Dandawate, Y., & Marathe, P. (2021). Future sales prediction for Indian products using convolutional neural network-long short term memory. 2021 2nd Global Conference for Advancement in Technology (GCAT),
- [16] Kline, S., Dyer-Witheford, N., & De Peuter, G. (2003). *Digital play: The interaction of technology, culture, and marketing*. McGill-Queen's Press-MQUP.
- [17] Kumar, P., & Thakur, R. S. (2018). Recommendation system techniques and related issues: a survey. *International Journal of Information Technology*, *10*, 495-501.
- [18] Leibold, M., Probst, G. J., & Gibbert, M. (2007). Strategic management in the knowledge economy: new approaches and business applications. John Wiley & Sons.



- [19] Mohallick, I., De Moor, K., Özgöbek, Ö., & Gulla, J. A. (2018). Towards new privacy regulations in europe: Users' privacy perception in recommender systems. Security, Privacy, and Anonymity in Computation, Communication, and Storage: 11th International Conference and Satellite Workshops, SpaCCS 2018, Melbourne, NSW, Australia, December 11-13, 2018, Proceedings 11,
- [20] Özpınar, A., Kazaskeroğlu, E., & Öz, Ö. (2010). Bilgiye erişim, paylaşım ve bilgi teknolojileri alanında etik olmayan davranışlar ve sebepleri. *Ankara: Ağ ve Bilgi Güvenliği Sempoz-yumu*, 3(6).
- [21] Pemathilake, R. G. H., Karunathilake, S. P., Shamal, J. L. A. J., & Ganegoda, G. U. (2018). Sales forecasting based on autoregressive integrated moving average and recurrent neural network hybrid model. 2018 14th International Conference on Natural Computation, Fuzzy Systems and Knowledge Discovery (ICNC-FSKD),
- [22] Prasad, B. (2007). A knowledge-based product recommendation system for e-commerce. *International Journal of Intelligent Information and Database Systems*, 1(1), 18-36.
- [23] Qi, Y., Li, C., Deng, H., Cai, M., Qi, Y., & Deng, Y. (2019). A deep neural framework for sales forecasting in e-commerce. Proceedings of the 28th ACM international conference on information and knowledge management,
- [24] Raeder, T., & Chawla, N. V. (2011). Market basket analysis with networks. *Social network analysis and mining*, 1, 97-113.
- [25] Sartor, G., & Lagioia, F. (2020). The impact of the General Data Protection Regulation (GDPR) on artificial intelligence.
- [26] Schrock, W. A., Zhao, Y., Richards, K. A., Hughes, D. E., & Amin, M. S. (2018). On the nature of international sales and sales management research: a social network–analytic perspective. *Journal of Personal Selling & Sales Management*, 38(1), 56-77.
- [27] Sengupta, S., Basak, S., Saikia, P., Paul, S., Tsalavoutis, V., Atiah, F., Ravi, V., & Peters, A. (2020). A review of deep learning with special emphasis on architectures, applications and recent trends. *Knowledge-Based Systems*, 194, 105596.
- [28] Sohrabi, B., & Khanlari, A. (2007). Customer lifetime value (CLV) measurement based on RFM model.
- [29] Torres, J. F., Hadjout, D., Sebaa, A., Martínez-Álvarez, F., & Troncoso, A. (2021). Deep learning for time series forecasting: a survey. *Big Data*, *9*(1), 3-21.
- [30] Ying, Y., Feinberg, F., & Wedel, M. (2006). Leveraging missing ratings to improve online recommendation systems. *Journal of marketing research*, 43(3), 355-365.
- [31] Yu, Q., Wang, K., Strandhagen, J. O., & Wang, Y. (2018). Application of long short-term memory neural network to sales forecasting in retail—a case study. Advanced Manufacturing and Automation VII 7,
- [32] Zhang, Y., Pang, L., Shi, L., & Wang, B. (2014). Large scale purchase prediction with historical user actions on B2C online retail platform. *arXiv* preprint arXiv:1408.6515.
- [33] Zhong, W., Jin, R., Yang, C., Yan, X., Zhang, Q., & Li, Q. (2015). Stock constrained recommendation in tmall. Proceedings of the 21th ACM SIGKDD International Conference on Knowledge Discovery and Data Mining,