



## Article Info

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# Personalized E-Commerce Recommendation Engine Powered And Data Science To Enhance Customer Engagement And Sales

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## ABSTARCT

In the contemporary digital economy, the spread of product options has posed a big problem upon consumers, which has been referred to as information overload. This study introduces a powerful Personalized E-Commerce Recommendation Engine that aims at reducing decision fatigue and improving user experience. The system leverages a hybrid mathematical method, which is mostly based on Singular Value Decomposition (SVD) in a collaborative filtering system. The engine identifies the latent features of user-item interaction by breaking down the interaction matrix into deep behavioral patterns, and forecasts future consumer preferences. Its implementation has a two-layered logic: popularity-based model of cold-start situations (new users) and personalized matrix factorization model of existing users. The system was created with the help of the Streamlit framework to become an interactive real time system and reached a high predictive accuracy with a root mean square error.

**Key words:** Singular Value Decomposition, Digital Economy and Consumer.

Prediction, Data Mining

## 1. INTRODUCTION

### 1.1 Background

The rapid evolution of the digital era has fundamentally transformed the retail landscape, shifting consumer behavior from traditional brick-and-mortar stores to expansive e-commerce platforms. This transition has provided customers with access to an unprecedented variety of products. However, the sheer volume of available choices has created "information overload." In an environment where thousands of similar products compete for attention, consumers often struggle to identify items that truly align with their specific preferences and past purchasing behaviors. Recommendation engines act as intelligent filters, bridging the gap between vast inventories and individual expectations.



## 1.2 Problem Statement

Despite the necessity of recommendation systems, traditional approaches face critical limitations. Standard algorithms struggle with the **Cold-Start Problem**, where new users or products lack historical data. Furthermore, **Data Sparsity** where users only interact with a tiny fraction of the catalog leads to inaccurate similarity measures. Existing systems also often lack **Scalability** and **Interactivity**, failing to provide stakeholders with visual insights or the ability to process large- scale interaction data in real-time.

## 1.3 Objectives and scope

- To design a robust data pipeline capable of processing and cleaning large- scale e-commerce interaction datasets.
- To implement a high-accuracy Collaborative Filtering model using Singular Value Decomposition (SVD) to address matrix sparsity.
- To develop a popularity-based fallback mechanism to mitigate the cold-start problem for new users.
- To integrate the model into an interactive Streamlit web interface for real- time recommendation generation and data visualization.

The scope of this project encompasses the development of a backend recommendation logic using Python and Scikit-learn, specifically focusing on matrix factorization techniques. It includes the analysis of user-item rating matrices to predict latent features. The project is bounded by the use of static e-commerce datasets for training and the deployment of a localized web-based dashboard. Future expansions into deep learning and real-time clickstream processing remain outside the current implementation scope.

## 2. EXISTING SYSTEM

### 2.1 Traditional Techniques Used

The conventional e-commerce recommendation methods have long been based on various approaches, which have their unique constraints.

**Content-Based Filtering:** This is a system that will suggest products that are similar to those that a user has already dealt with according to product attributes (e.g., brand, category, price). Nonetheless, it tends to result in over-specialization, in which the user never gets exposed to new or different types.

**Traditional Collaborative Filtering:** These systems determine relationships among users by taking into account shared interaction history. They are very effective, but have the Sparsity Problem, in that the user-item matrix is too sparse to be useful with standard similarity metrics (such as Cosine or Pearson).

**Association Rule Mining:** The Apriori algorithm is used to identify co- purchase patterns (e.g., "customers who purchased bread also bought butter"). They can be used in cross-selling but do not go much into the personalization of each user profile.

### 2.2 Limitations of Existing Systems

The conventional e-commerce recommendation systems have a number of technical and operational challenges that cripple their effectiveness:

**Cold-Start Problem:** This is where there is an inadequate amount of data on the system concerning new users or new products. In the absence of any history of interaction, the system cannot give correct predictions or recommendations.

**Scalability Problems:** Traditional similarity computations become more and more complicated and consume more resources as datasets become very large. This poses a significant challenge to processing massive data in real- time.

**Absence of Context Awareness:** Current systems do not usually take into account situational factors of time, place or seasonality which can have a strong impact on consumer purchasing behavior. Popularity Bias It is common in these systems to have a bias towards popular objects, where they will recommend the products bought by many but they will not show a wide variety of niche products.



### 3. PROPOSED SYSTEM

#### 3.1 Overview

The suggested system will deal with the limitations nature of the traditional filtering techniques by using high-performance scalable architecture that integrates both latent factor modeling with interactive deployment layer.

#### 3.2 System Architecture

The architecture will be created as a pipeline that can be extended or contracted into a modular pipeline that is to be switched between a process of ingesting raw data and delivering real-time recommendations. It has four main layers: Data Layer (csv/sql input), Preprocessing Layer (filtering and normalization), Model Layer (SVD and Popularity algorithms) and Presentation Layer (Streamlit web interface). This modularity guarantees that the system can be updated/scaled without interfering with the whole workflow.

#### 3.3 System Workflow

The engine operational process is a series of steps that allow to guarantee that each recommendation is supported by data and applicable:

**User Authentication & Identification:** The process begins when a User ID is entered into the system via the Streamlit interface.

**Matrix Factorization (SVD Execution):** Matrix SVD is run on the User- Item matrix by the existing users. It computes the dot product of user-latent vectors and item-latent vectors, which are used to predict the scores of products that the user has not viewed yet.

**Ranking and Filtering:** The scores predicted are ranked in descending order. It filters so that the user does not see the items he has bought or rated before, to make it new.

**Output Generating:** The Top-N items (e.g., Top 5 or Top 10) are brought out and presented on the dashboard with the metadata in terms of Product ID and the estimated affinity.

### 4. RESULT AND DISCUSSION

#### 4.1 Experimental setup

The personalized E-Commerce Recommendation Engine was experimentally tested in a controlled development environment to control the reproducibility of the findings. This arrangement was set up as follows:

**Hardware Configuration:** The model training and simulations were carried out on a computer with an Intel Core i5 processor, 16GB of DDR4 RAM, and an NVIDIA GeForce GTX graphics card to speed up the calculation of matrices.

**Software Environment:** Python 3.9 was used to build the backend logic. Major libraries were Pandas and NumPy to manipulate data, Scikit-learn to implement Truncated SVD algorithm and Surprise to do cross-validation and to estimate errors.

**Dataset Characteristics:** The model has been trained on a big e-commerce interaction dataset. The data was preprocessed to incorporate only users who had rated at least 50 products and products with a minimum of 10 interactions in order to achieve statistical reliability.

**Data Partitioning:** A standard 80/20 train-test split was used. The matrix was factored with 80% of the user-item interactions to learn latent features and the rest 20% of the interactions were used as the ground truth to compare the accuracy of the predicted rating.

#### 4.2 Evaluation Results

A multi-dimensional assessment model based on the accuracy, relevance, and the operational efficiency of the engine was used to measure the performance of the engine.

**Performance Evaluation Results:**



Metric	Description	Experimental Value
RMSE	Root Mean Square Error (Accuracy of the predicted ratings)	1.31
MAE	Mean Absolute Error (Average magnitude of error)	1.04
Precision@K	Ratio of relevant items in the top-K recommendations	0.87
Recall@K	Proportion of relevant items that are recommended	0.82
Latency	Average time to generate a recommendation list	< 200ms

## 5. CONCLUSION

The Personalized E-Commerce Recommendation Engine has been developed and implemented successfully based on machine learning methods, namely, Collaborative Filtering and Singular Value Decomposition (SVD). The primary aim of this project was to deliver smart, data-driven product suggestions that must adjust to the personal user preferences and thus enhance the entire shopping experience in e-commerce sites.

The system efficiently analyzes user-item interactions to uncover hidden patterns and relationships between users and products. The project used Truncated SVD to perform a successful dimensionality reduction of results, which allowed computing results more quickly and maintaining a high level of predictive accuracy. Filtering based on correlation was also used to improve the quality of the recommendations since it takes into consideration products that have similar user behavior patterns. The system is made interactive, user-friendly, and results are visualized in real-time by implementing a Streamlit-based interface. The popularity-based recommendations are offered to new users and personalized suggestions are offered to existing users based on their past preferences and purchase history. The measures of evaluation such as RMSE and MAE prove the reliability and accuracy of the model, and a RMSE value of 1.31 and a MAE value of 1.04 are achieved.

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