

ACM India Industry Webinar on

**WHY DO WE NEED DATA SCIENCE IN E-COMMERCE?**

by

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19 October 2021

# ACM India at a Glance



- **ACM**: world's largest educational and scientific computing society
  - **Mission**: advancing computing as science and profession
  - **Members**: ~100,000 worldwide, ~11000 in India
  - Comprising students, faculty, professionals
- **ACM India Chapters**: ~200 student chapters, ~20 professional chapters
- **ACM-W India**: empowering women in computing
- **Research Initiatives**
  - Student research: [ARCS Symposium](#), [best doctoral dissertation](#), [partial travel grant](#), [PhD clinic](#) and [Anveshan Setu](#)
  - Research conferences: [CODS-COMAD](#), [ISEC](#), [AIMS](#)
- **ACM India Annual Event**
  - Discuss recent trends in technology and celebrate India's achievements in computing
- **Education Initiatives**
  - [Summer and winter schools](#): ~2 week full-time course on technology area
  - [Compute](#): Symposium on computing education
  - [Expert Teacher Program](#): External experts offering a course
  - [CSpathshala](#): inculcate computational thinking in schools
- **Learning and Professional Development**
  - [Eminent Speaker Program](#)
  - [Industry Webinars](#), [Education Webinars](#)
  - [Minigraphs](#): Comprehensive coverage of a tech area
  - ACM global resources: [Digital Library](#), [ACM Learning Center](#)
- **New prestigious awards instituted**
  - Acknowledge and celebrate outstanding contributions
- **ACM Membership in India**
  - Student? [student member form](#)
  - Professional? [professional member form](#)

- Senior Research Director at Flipkart
- Prior roles in IBM Research, Xerox Research, and as head of AI Labs American Express
- ACM Distinguished Member
- President of ACM IKDD
- PhD from IISc Bangalore in Machine Learning and Computational Linguistics; Masters from IIT Bombay; Bachelors from Jadhavpur University



# Growth of e-commerce

- The growth and spread of e-commerce has been a steady story over a decade or so
  - The last couple of years have been even steeper rise
- e-commerce companies have almost become `The Everything Store`\* and the starting point of all purchase intents
- No longer they are only digitizing retail commerce, rather inventing new ways
- Spearheading by leveraging data, software and communication technologies

**Exclusive: Flipkart in line for a 50% rise in its annualised GMV at \$23 billion**

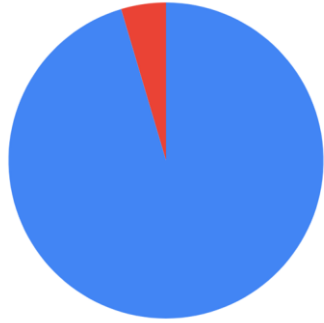
**Indian eCommerce Market Flaunts 25% Growth In FY 2020-21**

**Ecommerce market in India to reach \$350 billion by 2030: RedSeer Consulting**

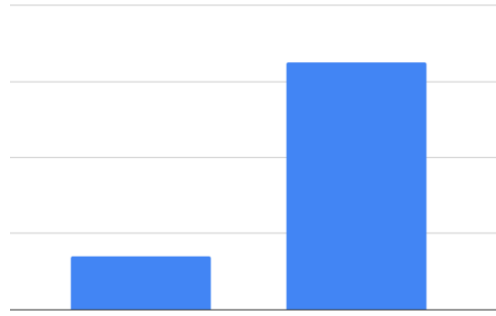
**India's ecommerce festive season sales to top \$9 billion in 2021: RedSeer**

**E-commerce clocks \$2.7 bn in four days of festive sales**

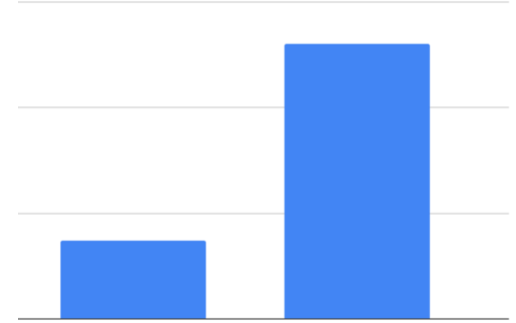
# Growth of e-commerce in India



e-commerce penetration is 4.6% of \$810B Retail market in India (FY21)



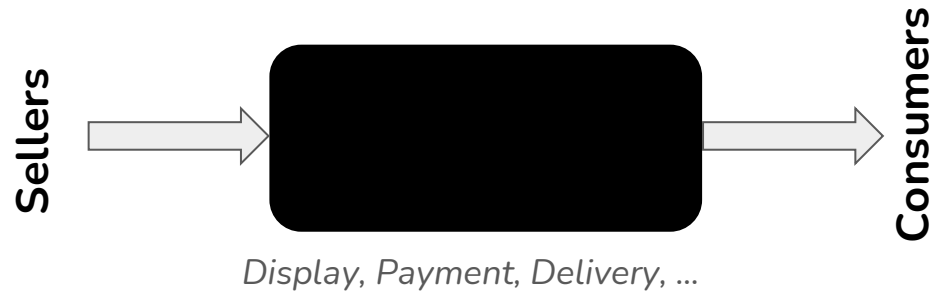
Online shopper base is 140M of internet user base of 625-675M (FY21)



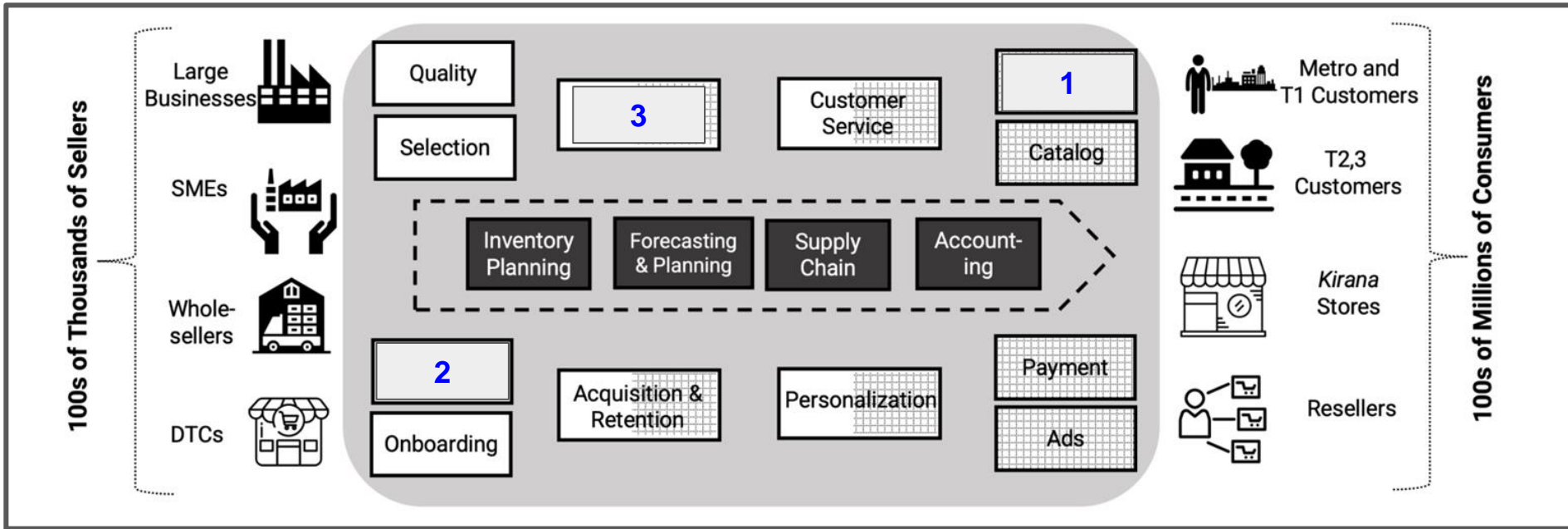
e-commerce market is expected to grow to \$120-140B (FY26)

**Data and Technology are going to be the two key enablers for growth of e-commerce platforms in the next decade and beyond**

Well, but what's the big deal in an e-commerce platform?



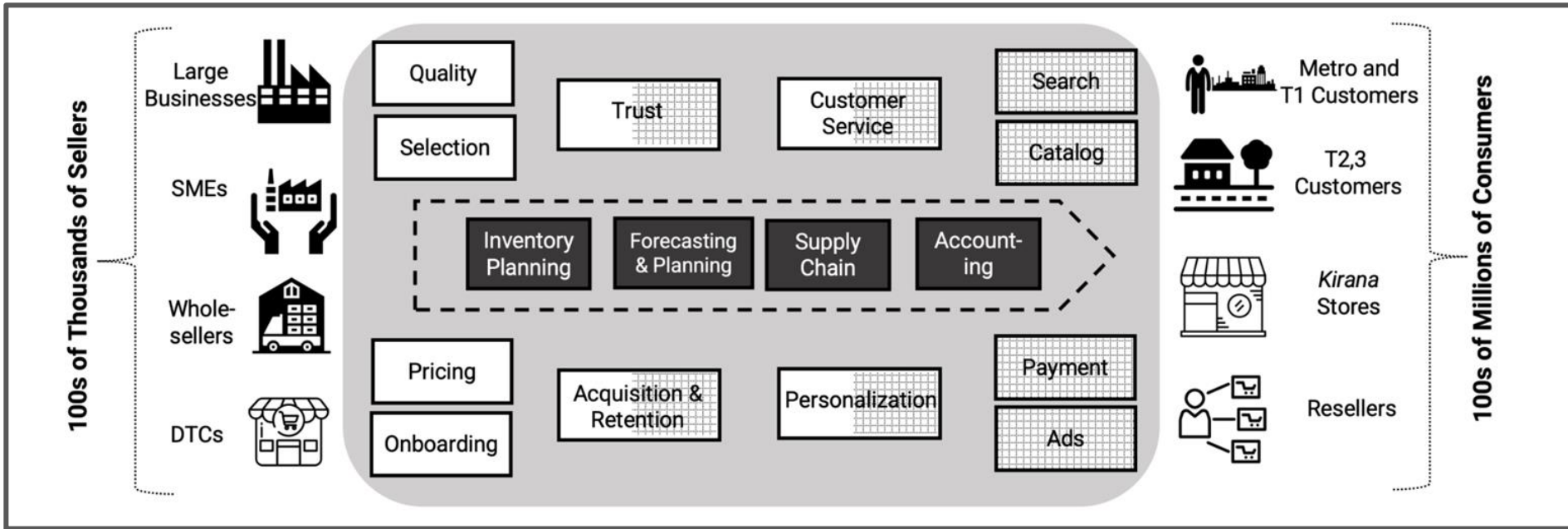
# A Schematic of a Large Scale e-commerce Platform





White box: Seller-side Modules  
 Grid pattern box: Consumer-side Modules


Dark grey box: Backbone Modules  
 White box with grid pattern: Seller and consumer side Modules

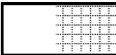
# A Schematic of a Large Scale e-commerce Platform



 Seller-side Modules

 Consumer-side Modules

 Backbone Modules

 Seller and consumer side Modules



# Fast Facts



**300 million**  
Registered Customer Base



**200,000**  
Sellers



**150 million**  
Listed Products Across



**150+ million**  
App Downloads



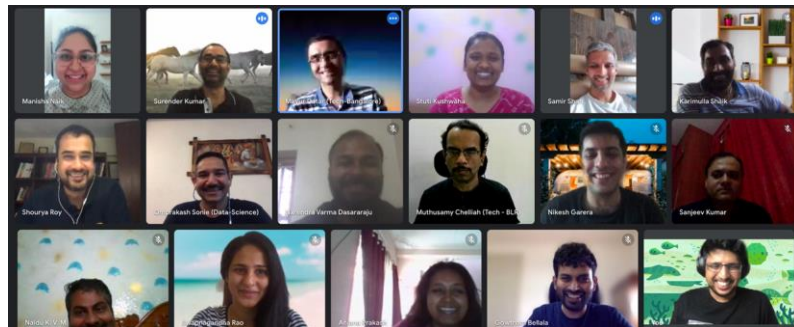
**~100% Pincodes**  
Reach



**2.6 Petabytes**  
Data Processed Every Day

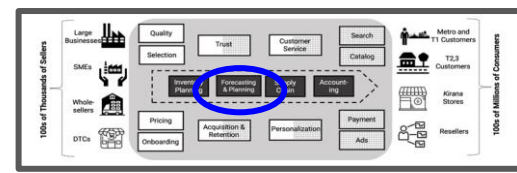
# Agenda

- We will double click on a few areas:
  - Forecasting
  - Pricing
  - Trust
  - Catalog
  - User Generated Content
- For each of these:
  - Business Context and Importance
  - Opportunities and Challenges for Data Science
  - Samples of Data Science SOTA
- The talk will be broad and not deep  
(except references to deep learning 😊)
- For convenience, I will be using AI/ML/DS interchangeably (which is wrong)



*While the talk is mostly based on public domain content, I would like to acknowledge my colleagues at Flipkart from whom I have learnt quite a lot*

# Forecasting and Planning



- Prediction of demand and supply
  - Based on the demand, {*what, how much, when, where and from whom*} to stock
- Consumers get their products and sellers have predictable shipping schedules
- Critical for ensuring **in-stock** and **speed** of delivery
- The sources of complexity
  - *Infinite* selection of e-commerce platforms
  - Large number of correlated and non-stationary time-series
    - Diversity of products having different life cycles and trends
  - Range of granularities along product, time and geography dimensions
  - Seasonal variations, bundle offers, promotions, sales, out-of-fashion and new product



**What:** FastColors; Full Sleeve Solid Men Sweatshirt; Black-red; XL  
**How Many:** Three  
**When and Where:** 17/10 (Srinagar); 20/10 (Guntur); 20/10 (Amritsar)  
**From Whom:** Supp-N in North and Supp-S in South

# Back to the Forecast!

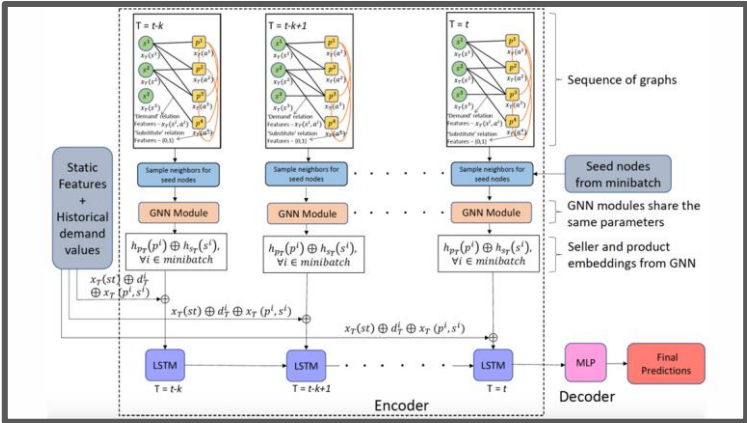


**Timeline of Major  
Forecasting Competitions**



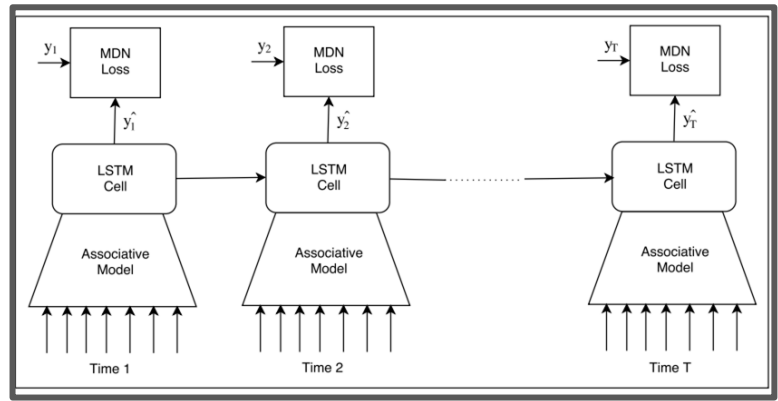
**Evolution of  
Forecasting Techniques**

# Samples of Recent Research



1. GNNs on sequence of hypergraphs (*Amazon*)

- Demand prediction considering interdependencies between seller and products
- Hypergraph with product and seller nodes with demand and substitute relations
- Time series of GNN and LSTM followed by a final layer of MLP

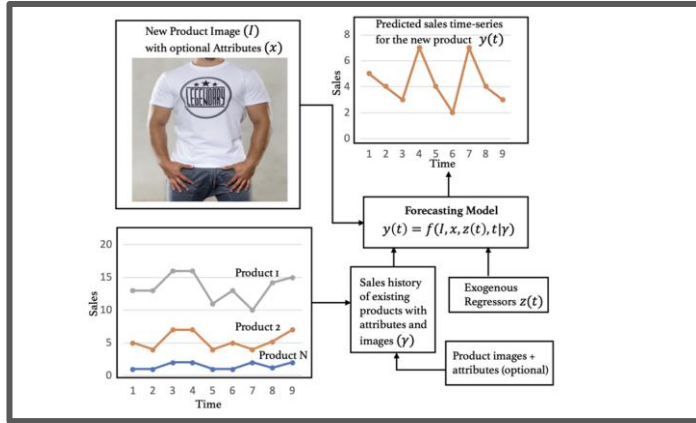


2. Associative and Recurrent Mixture Density Networks (*Flipkart*)

- Attempts to address similar dependency factors between products
- Modeled using an ensemble of MLP and LSTM
- Output is probability distribution over demands as a mixture of Gaussians

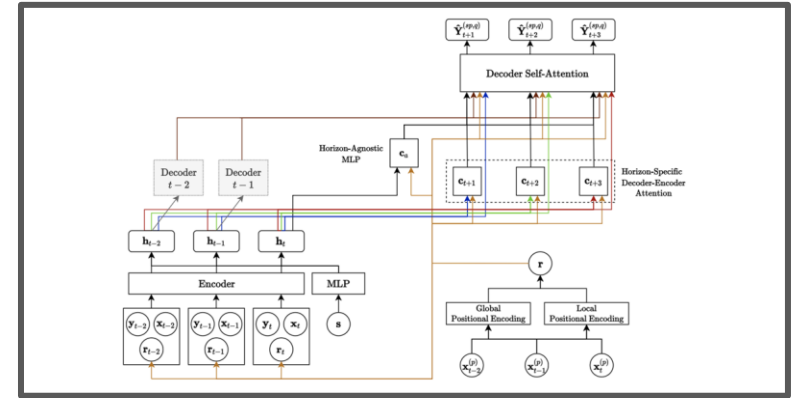
[1] Spatio-temporal multi-graph networks for demand forecasting in online marketplaces; Gandhi et al; 2021;  
 [2] ARMN: Associative and Recurrent Mixture Density Networks for eRetail Demand Forecasting; Mukherjee et al; 2018

# Samples of Recent Research



## 3. Seq2seq using image and structured features (*IBM*)

- Demand prediction for fashion apparels
- Additional challenges of huge dead unsold inventory, higher volume and velocity of introduction of new products
- Multiple models based on textual and image features e.g. kNN, encoder-decoder based models etc.



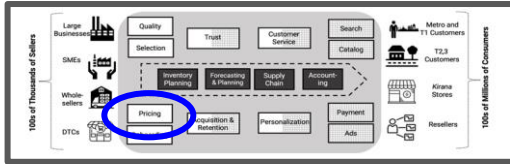
## 4. Seq2seq with attention and positional encoding (*Amazon*)

- Application of Transformer architecture to demand forecasting
- Interesting application of concepts viz. self-attention, positional encoding
- Provides SOTA results on multiple datasets with improvements in situations such as seasonal peaks and promotions

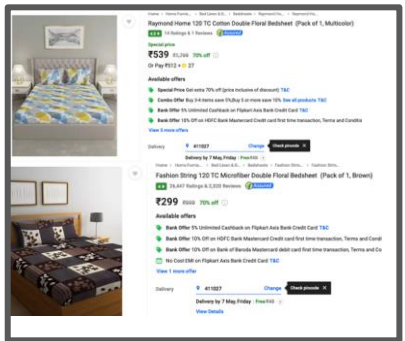
[3] Spatio-temporal multi-graph networks for demand forecasting in online marketplaces; Gandhi et al; 2021;

[4] MQTransformer: Multi-Horizon Forecasts with Context Dependent and Feedback-Aware Attention; Eisenach et al; 2020

# Pricing



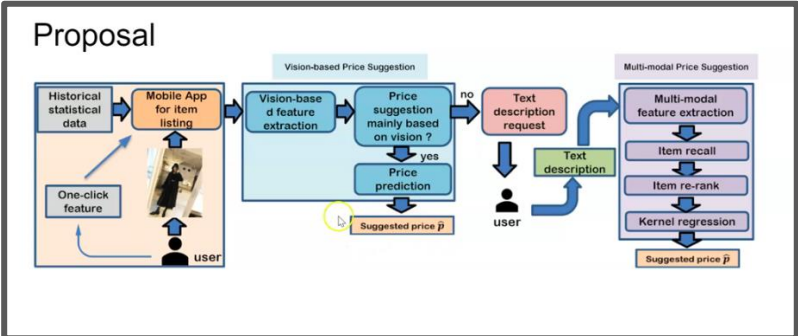
- Predict optimal price increasing the likelihood of a product to be sold
  - Recommendation for seller at the time of listing
  - Shape customer demand
  - Gain competitive advantage
- Increase profitability of sellers and platform while providing the best price to consumers
- The sources of complexity
  - Dependent on various factors *brand, quality, supply & demand, production cost & volume, competition*
  - Short duration price fluctuations due to sales, promotional events etc
  - Inadequate, incomplete and poor quality of data



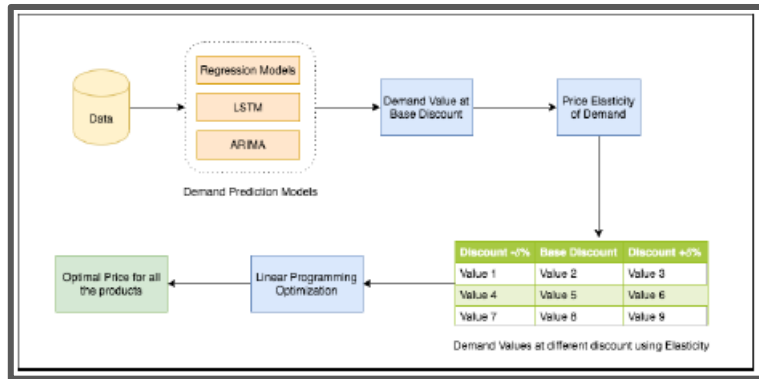
**Sweater A:**  
“Vince Long-Sleeve Turtleneck Pullover Sweater, Black, Women’s, size L, great condition.”

**Sweater B:**  
“St. John’s Bay Long-Sleeve Turtleneck Pullover Sweater, size L, great condition”

# Samples of Recent Research



[1] For 2nd-hand items (from?)



[2] For fashion e-commerce (from?)

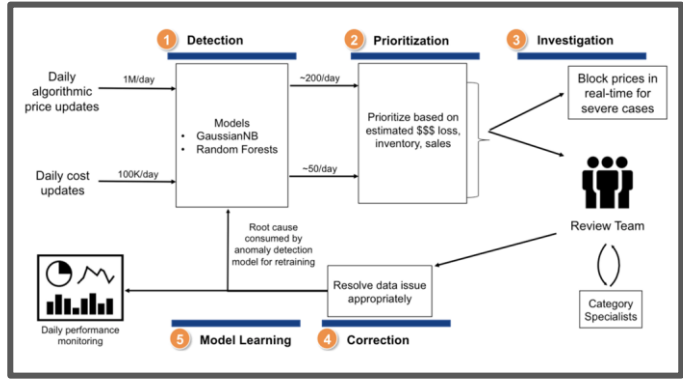
Featured Code Competition

## Mercari Price Suggestion Challenge

Can you automatically suggest product prices to online sellers?

Mercari · 2,380 teams · 4 years ago

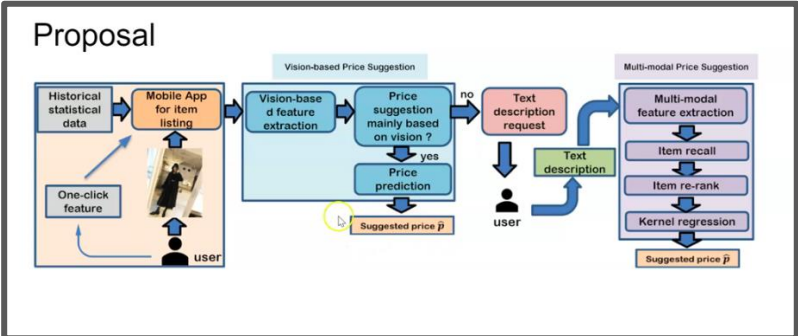
[3] For a community marketplace (from?)



[4] Pricing anomaly detection (from?)

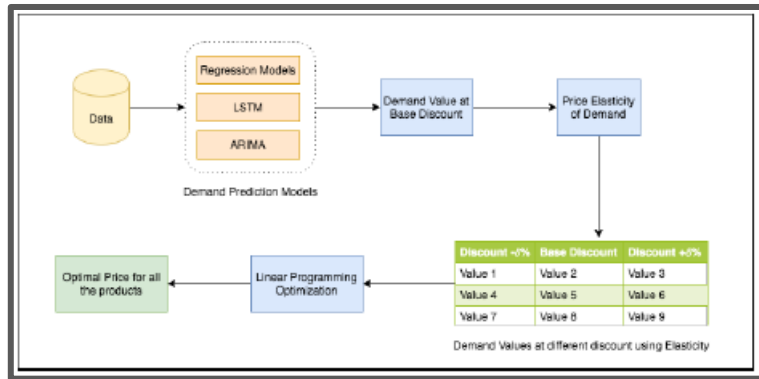


# Samples of Recent Research



[1] For 2nd-hand items (from?)

Liang Han, Zhaozheng Yin, Zhurong Xia, Mingqian Tang, Rong Jin



[2] For fashion e-commerce (from?)

Sajan Kedia, Samyak Jain, Abhishek Sharma

Featured Code Competition

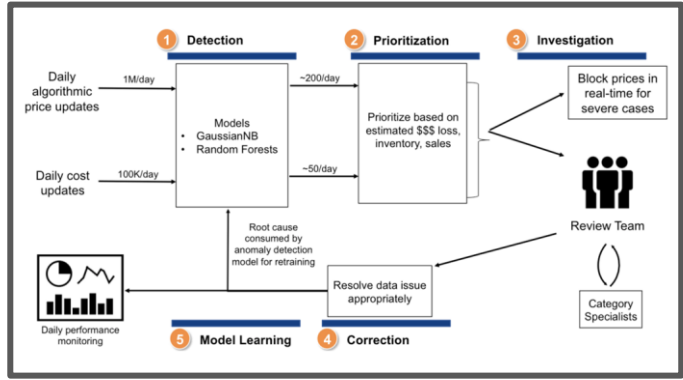
## Mercari Price Suggestion Challenge

Can you automatically suggest product prices to online sellers?

Mercari · 2,380 teams · 4 years ago

[3] For a community marketplace (from?)

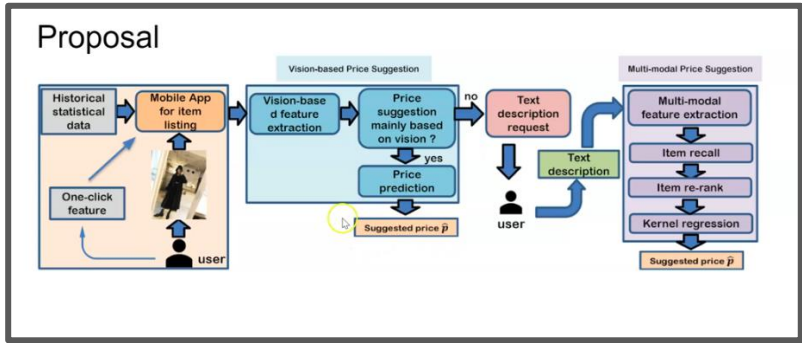
Kaggle Competition



[4] Pricing anomaly detection (from?)

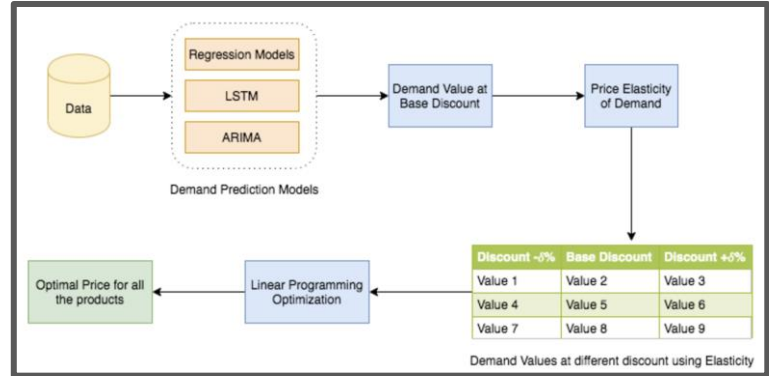
Jagdish Ramakrishnan, Elham Shaabani, Chao Li, Mátyás A. Sustik

# Samples of Recent Research



[1] For 2nd-hand items (*Alibaba*)

- Multi-modal inputs: textual, visual and statistical item features
- Binary classification followed by regression for price suggestion
- Additional constraints for different demand, customized loss function to facilitate more transactions




[2] For fashion e-commerce (*Myntra*)

- Three stage technique for optimal pricing for clothing and apparels
  - Demand prediction at different discount levels
  - Price-elasticity based model to obtain different demand values
  - Choosing the most optimal permutation of demand-price pairs

[1] Price Suggestion for Online Second-hand Items with Texts and Images; Han et al.; 2020; [2] Price Optimization in Fashion E-commerce; Kedia et al.; 2020

# Samples of Recent Research



Featured Code Competition

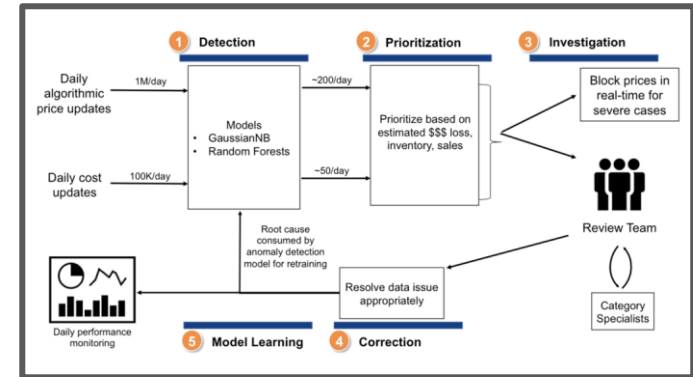
## Mercari Price Suggestion Challenge

Can you automatically suggest product prices to online sellers?

Mercari · 2,380 teams · 4 years ago

### [3] For a community marketplace ([Mercari](#), [Kaggle](#))

- Kaggle competition for predicting prices of second-hand items based on textual and structured features
- Winning team had an ensemble of multiple models MLP, LGBM at different granularities
- Good dataset to explore and understand pricing nuances

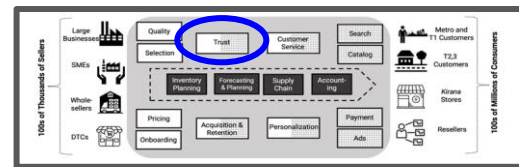


### [4] Pricing anomaly detection ([Walmart](#))

- Comparison of a number of supervised and unsupervised approaches
- Novelty is mostly in terms of retail-specific feature engineering
- Addresses multiple practical considerations e.g. business-led prioritization, manual review/override etc

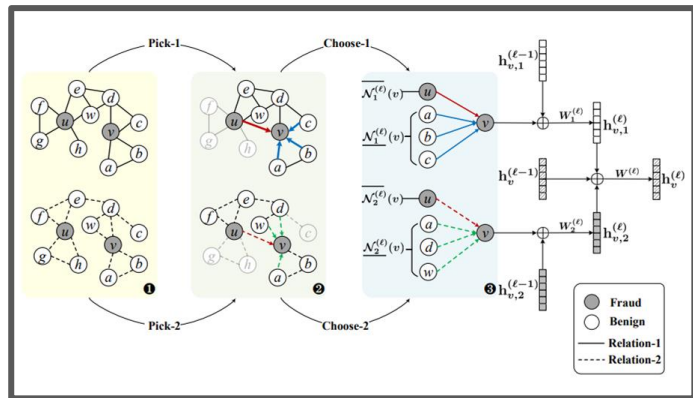
# Trust

- Making e-commerce platforms trusted by mitigating fraud and curtailing abuse
  - Fraud and abuse can happen by any party in the e-commerce ecosystem viz. *consumers, sellers, platform*
  - **Fraud:** Stolen card, missing products, return-to-origin, supply chain fraud, delivery fraud
  - **Abuse:** Excessive return, seller cancellation, reseller
- Leads to negative (bottomline) monetary impact and poor customer experience
- Uber goals are elimination of fraudsters and behaviour shaping
- The sources of complexity
  - Continuously evolving nature of fraud and abuse
  - Scale and diversity of data and lack of sacrosanct labels
  - *Walking on the thin ice* of decision making



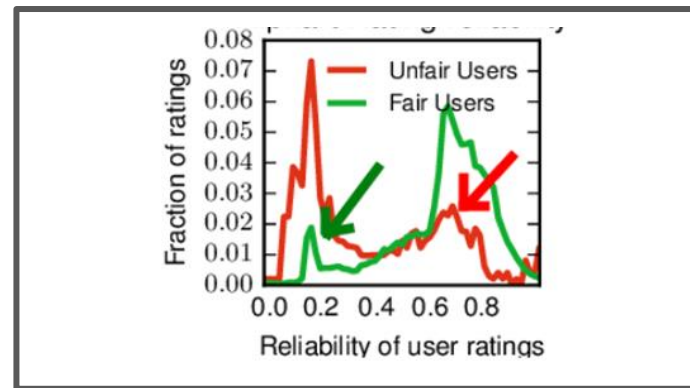
Service	Description
Spam Search & Clicking	Spammers use specific query to complete a search link and click target items, attempting to promote Click through Rate (CTR) and the number of clicks.
Spam Add-to-Cart	Spammers seek a specific item or service in a fraudulent way, then add target item into online shopping cart. Their purpose is to fake Add-to-Cart factor and receive over exposures.
Spam Transactions	Spammers are asked to make certain transactions in a specified manner and charge fraudulent merchants a certain amount of label cost. This behavior attempts to hack ranking mechanisms.
Spam Product Reviews	Spammers evaluate products with serious bias. Usually they put unreal reviews aiming to mislead consumers' decisions.
Two-day Task	First add target item into online shopping cart, and then create a spam transaction on the next day
...	...

# Samples of Recent Research



[1] GNN-based fraud detection ([Alibaba](#))

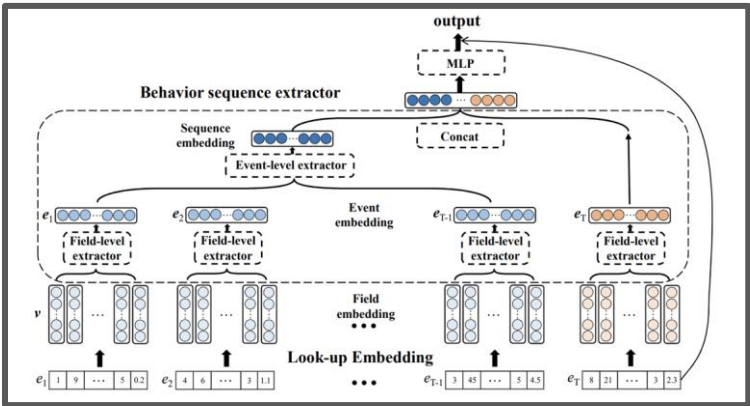
- Label propagation on a network of users through sampling of nodes for handling class imbalance
  - Two step process - *pick* and *choose*
- Graph Neural Network to obtain user/node embeddings followed by classification



[2] Fraudulent rating detection ([Flipkart](#))

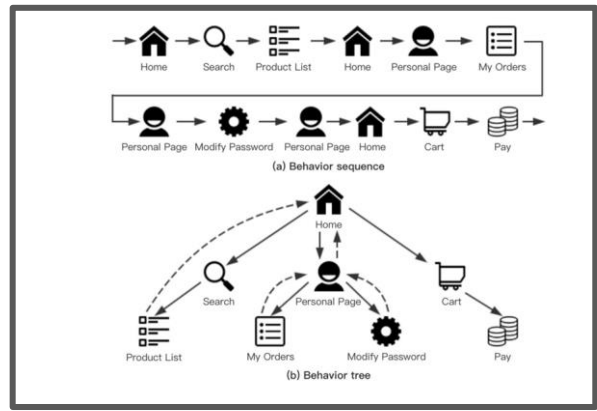
- Recursive modeling of three intrinsic quality metrics
  - fairness of a user
  - reliability of a rating
  - goodness of a product

# Samples of Recent Research



[3] Hierarchical Explainable Network (HEN) ([Alibaba](#))

- Seq2seq modeling of users' historical behaviours
- Predict if a future payment is fraudulent



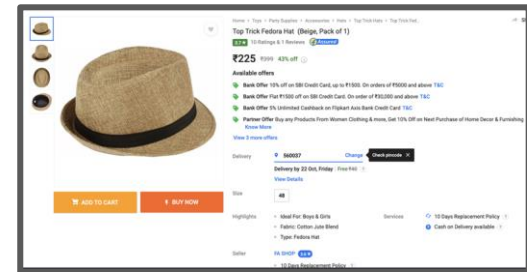
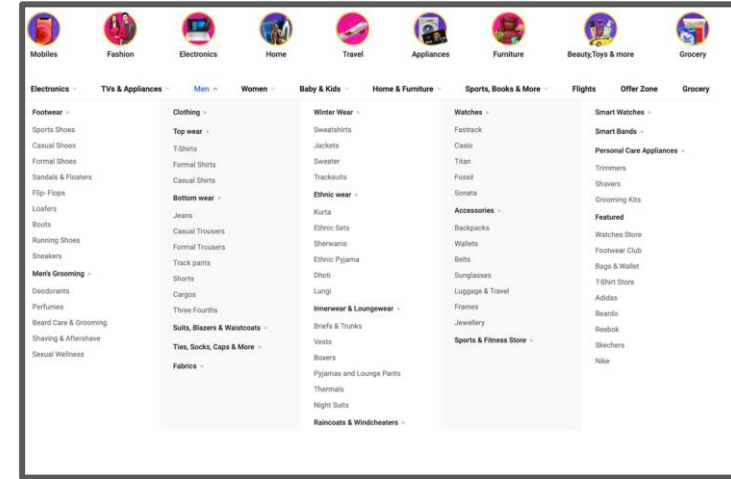
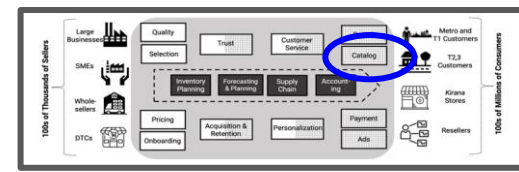
[4] Behavior Tree with Local Intention([Alibaba](#))

- Leverage webpage hierarchy reflected in page-jumps capturing user intents
- Modeled through LSTM with behaviour tree as input and predict if a payment is fraudulent

[3] Modeling Users' Behavior Sequences with Hierarchical Explainable Network for Cross-domain Fraud Detection; Zhu et al; 2020  
 [4] Fraud Transactions Detection via Behavior Tree with Local Intention Calibration; Liu et al; 2020

# Product Catalog

- Large taxonomy of all products available on the platform where sellers add for consumers to explore/browse/purchase
- Huge size with thousands of leaf nodes; 5-10 levels of depth; hundreds of millions of products with 10-100+ attributes
- High velocity of addition/deletion and updates
- The sources of complexity
  - Very large scale hierarchical classification with highly imbalanced number of samples
  - *Vocabulary gap* between product descriptions and consumer search intent
  - Maintaining *correctness, uniqueness and recency* with constant addition/deletion/updation
  - Supporting emerging applications such as visual search, multimodal search, code-mixed search etc.





# Catalog Datasets

Product Titles	category-id-paths
Replacement Viewsonic VG710 LCD Monitor 48Watt AC Adapter 12V 4A	3292>114>1231
Ka-Bar Desert MULE Serrated Folding Knife	4238>321>753>3121
5.11 TACTICAL 74280 TacLite TDU Pants, R/M, Dark Navy	4015>3285>1443>20
Skechers 4lb S Grip Jogging Weight set of 2- Black	2075>945>2183>3863
Generations Small Side Table White	4015>3636>1319>1409>3606


**Table 1: Examples of product titles from the training set.**

---


Product Titles
Disc Brake Rotor-Advanced Technology Rear Raybestos 980368
Coquette Neon Pink Ruffle Babydoll 7035 Neon Pink One Size Fits All
12V 7Ah (SPS Brand) APC NS3000RMT3U Replacement Battery ( 4 Pack)
Honda Ridgeline 2006-08 Black Radio AM FM 6 Disc CD PN 39100-SJC-A100 Face 3TS1
Frankford Arsenal Platinum Series Case Prep Essentials Kit

- **Textual dataset** of one million product titles and the corresponding anonymized category paths from their entire product catalog
  - Over three thousand leaf level nodes (#classes)
- **Evaluation:** weighted-precision, weighted-recall and weighted-F1 for the test set of exact “category-id-path” match


Integer_id	Title	Description	Image_id	Product_id
2	Grand Stylet Ergonomique Bleu Gamepad ...	PILOT STYLE Touch Pen ...	938777978	201115110
40001	Drapeau Américain Vintage Oreiller ...	Vintage American Flag Pillow Cases ...	1273112704	3992402448
84915	Gomme De Collection 2 Gommages Pinguin ...	NaN	684671297	57203227



(a) Image filename:  
image\_938777978\_product\_201115110.jpg;  
Category: Entertainment



(b) Image filename:  
image\_1273112704\_product\_3992402448.jpg;  
Category: Household

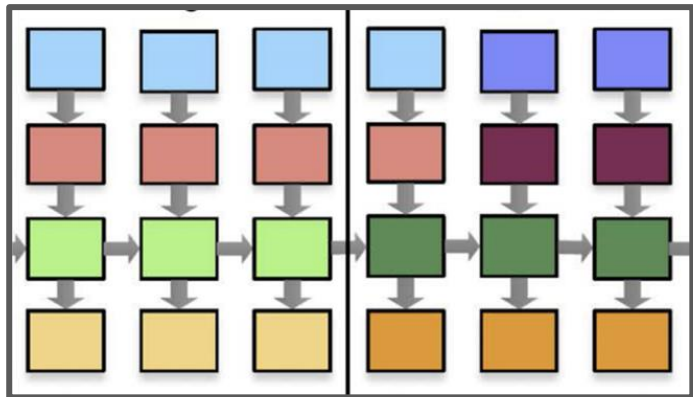


(c) Image filename:  
image\_684671297\_product\_57203227.jpg;  
Category: Books

- A **multi-modal dataset** of ~100K product listings comprising textual titles and description and product image
- **Tasks:** [1] large-scale multi-modal classification and [2] cross-modal retrieval
- **Evaluation:** [1] macro-F1 score and [2] recall@1

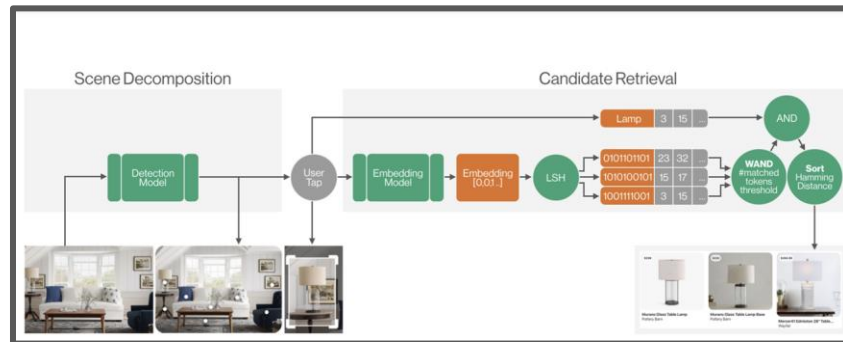


# Samples of Recent Research



[1] Product categorization as NMT ([Rakuten](#))

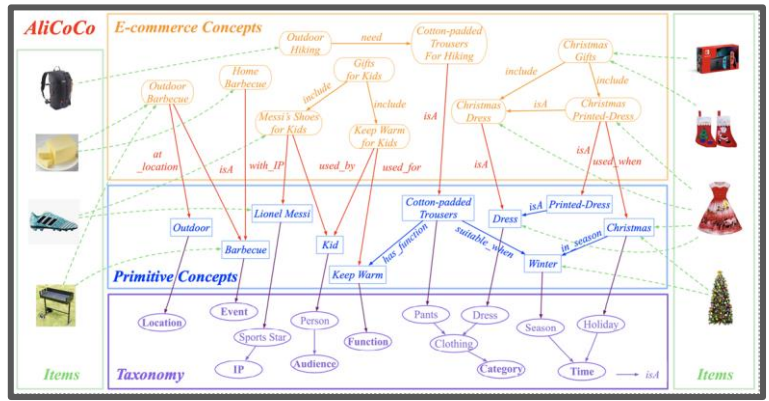
- Large-scale hierarchical categorization problem
  - primarily text (title, description); multi-modal (product images)
- NMT Formulation: *text* -> *path-in-catalog-tree*
- Improvement in benchmark datasets



[2] Visual search through OD ([Pinterest](#))

- Multiple use-cases of object detection e.g. shop-the-look, complete-the-look
- Common approach: Object detection followed by candidate retrieval
  - e-commerce specific customization e.g. category filter
- Other downstream applications include auto-enrichment, catalog completion

# Samples of Recent Research



### [3] Product matching platform (*Amazon*)

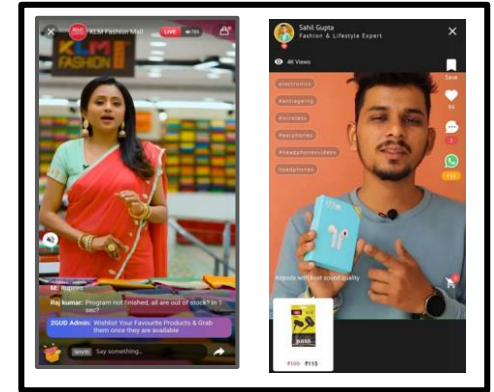
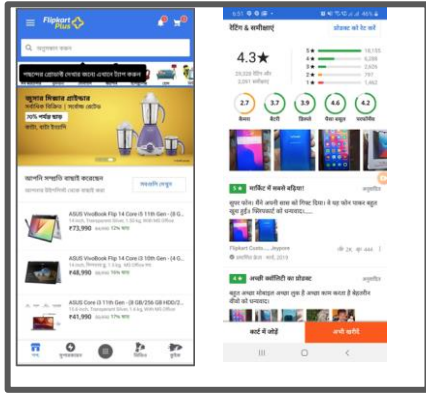
- Duplicate and near-duplicate product detection (and elimination)
- Textual and multi-modal similarity techniques
- Has applications in search, recommendation, fake detection

### [4] Knowledge Graph/Concept Nets (*Alibaba*)

- Semantic gap between user-intent and product-catalog in e-commerce search
- Development and adoption of knowledge graphs are on the rise
- Tasks include attribute and relation extraction, KG embeddings, evaluation, KG alignment and merging

[3] A Flexible Large-Scale Similar Product Identification System in E-commerce; Zuo et al; 2020 [4] AliCoCo: Alibaba E-commerce Cognitive Concept Net; Luo et al; 2020

# User-generated Content: *the rise of 3Vs*



## Vernacular

- Growing base of smartphone users who are more comfortable in vernacular languages
- Challenges faced:
  - Inability to comprehend English
  - Lack of trust and confidence

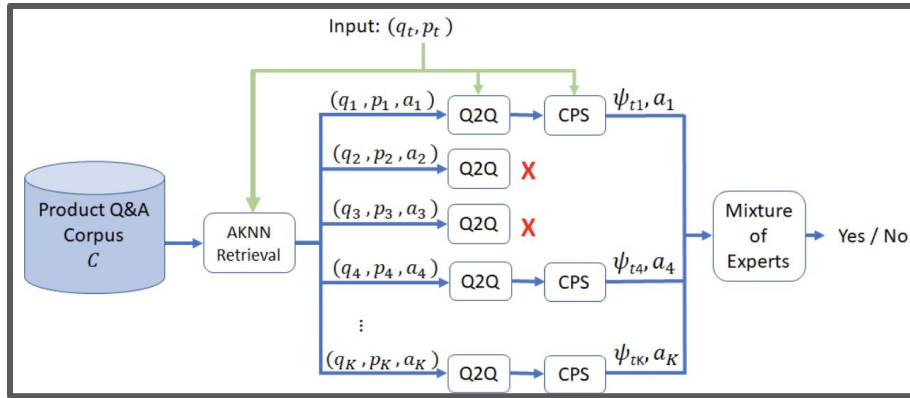
## Voice

- Voice is increasingly becoming the interface of choice especially with new-to-smartphone population

## Video

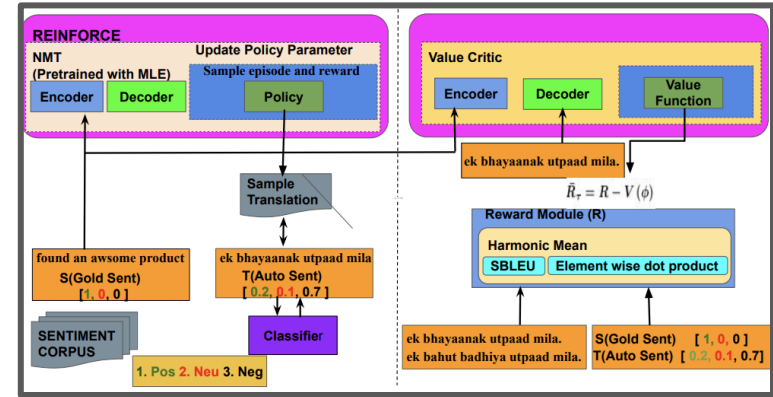
- Shoppable-videos offer an immersive and interactive experience
  - Product shoots
  - Mini-influencers led demonstrations
  - Livestreaming with celebrities

# Samples of Recent Research



## [1] Answering Questions Utilizing Product Similarity (*Amazon*)

- Automatic answering questions about products leveraging prior QAs from contextually similar products
- Helpful for new products, products with less number of reviews
- Predict answer using a Mixture-of-expert framework to aggregate the answers from contextually similar products



## [2] Sentiment-preserving Review Translation (*Flipkart*)

- NMT may lack from preserving stylistic and pragmatic properties of text
  - More prominent for not well-structured text e.g. product reviews
- Deep RL framework to fine-tune the parameters of a NMT system
  - Encoding underlying sentiment as well as without compromising the adequacy

# Samples of Recent Research

Product Data	
Product Title	Product Description
Apple	Active Noise Cancellation for immersive sound. Transparency mode for hearing and connecting with the world.
AirPods Pro	

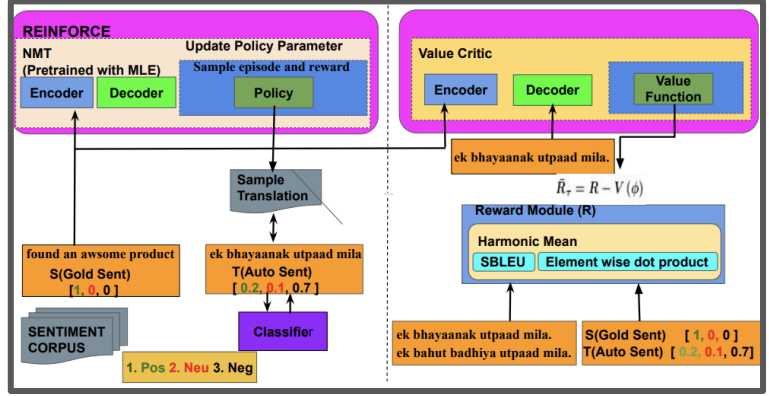
Table 1: Product data examples

User Utterances
Hi, I want to buy Apple air pods
I want to buy the Apple Pro version
Can you also add a screen guard to cart
What is the total?
Remove the screen guard from cart

Table 2: User utterance examples

## [3] Retrained Distilled BERT for Shopping Assistant (*Walmart*)

- Retrained distilled BERT for Retail domain
  - Product titles, descriptions etc. and chat logs
- Showed improvement on downstream tasks such as intent detection, sequence tagging etc.

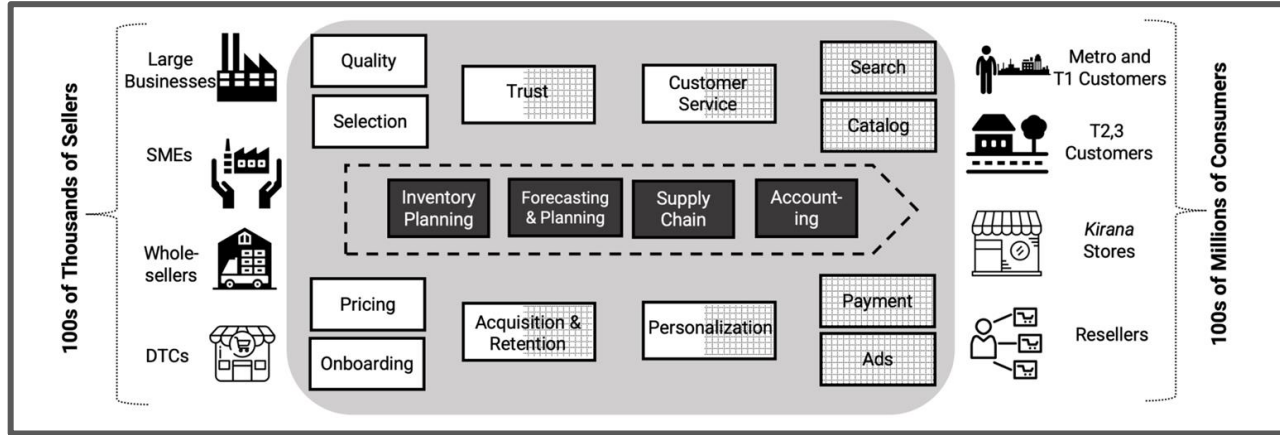


## [2] Sentiment-preserving Review Translation (*Flipkart*)

- NMT may lack from preserving stylistic and pragmatic properties of text
  - More prominent for not well-structured text e.g. product reviews
- Deep RL framework to fine-tune the parameters of a NMT system
  - Encoding underlying sentiment as well as without compromising the adequacy

[3] Retraining DistilBERT for a Voice Shopping Assistant by Using Universal Dependencies; Jayarao and Sharma; 2021

# Summary



- E-commerce is poised for big(ger) growth in the coming years with data and technology can play strong enabling roles
- The domain is rich in data and richer in problem statements
- Advancements in various (sub)-fields of AI/ML/DS have made significant breakthroughs and more to come