

# Data exchange platform for digital economy

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**Abstract.** This paper describes an experience of the Data exchange software platform practical use supporting the modern trends of Digital Economy. The platform was initially designed for the suppliers and customers of data sources providing the up-to-date technologies of Big Data processing as an online service. The platform is also open for software developers to upload new algorithms and technologies in order to help them to find new areas of application. There is presented architecture and its software implementation for an intermediary online platform capable of collecting, processing and analysis of various datasets. Modern companies being the members of digital economy can use this platform to process their data and produce business analytics. They can become both suppliers and providers of data, as well as develop and upload new customized algorithms. First results were achieved in the area of retail and social media analysis.

## 1. Introduction

Data exchange platform is a new concept to organize an efficient cooperation between the providers and customers of various data sets and algorithms based on implementing the software solution of open service provider [1 – 2]. Considering the results of open service software providers' practical use [3], there was developed and probates new software architecture capable of solving the actual problems of business analytics in the different spheres of digital economy. Such a solution is presented below with an illustration of Data exchange platform application in network retail. Data exchange platform implements the modern technologies of Big Data analysis and capable of providing data analytics in real time. The proposed solution architecture and case study intended for processing network retail data, predicting the processes, managing the placement of Big Data, and planning the computing load balancing.

## 2. Problem domain overview

Retail is a popular way to organize distributive trades. Modern retail industry becomes a promising area of development of network organizations that provide distributed services for a large amount of consumers and therefore processing the concerned flows of Big Data. The logic of this data processing is mainly influenced by the processes of retail service. The following areas of retail are distinguished:

- street retail – organization of retail trade in the most “passing” places: on pedestrian streets, ground floors of buildings.

- non-food retail – organization of trade in non-food products, which in grocery stores, as a rule, are called related. Such products include clothing, cosmetics, household chemicals, stationery and other categories of goods.
- food retail – organization of food trade. This category of goods is the most demanded and relates to everyday goods.
- network retail – organization with several stores of the same chain united by one concept.
- electronic retail – organization of trade through the Internet.
- cellular retail – organization of trade between mobile operators.

Retailers use the following mechanisms to successfully organize retailers that form the main requirements for a data processing toolset:

- calculation of the most optimal locations for placement of outlets;
- use of modern commercial equipment;
- work with categories of clients;
- work with methods of attraction;
- development of self-service and reduction of personnel due to this;
- optimization of logistics, work with wholesale suppliers;
- automation of all stages of trade.

Depending on the direction of retail and other factors, a retail development strategy is determined. The strategy operates with factors affecting the development of retail, by solving the problems of determining the selling price of goods sold, managing the assortment of outlets, and determining their location.

Currently, electronic retail is popular and its popularity is growing according to the main trends of digital economy development. Electronic retail includes trade in both food and non-food products, which leads to serious competition among retailers. Price is the main factor that allows retailers to stand out among their competitors and attract buyers, so pricing strategies should be the most flexible. There are a variety of approaches to pricing:

- personalized approach to customers with the formation of individual offers: this approach is based on the analysis of the consumer behavior of each specific buyer, the determination of his needs, financial capabilities and, ultimately, the formation of individual price offers for him;
- promotion management: the approach is aimed at the formation of special price offers for goods or groups of goods according to certain criteria in order to attract customers. In applying this approach, it is important not to create a reputation as a discounter, which can negatively affect the perception of the retailer by customers, so promotions should be temporary;
- psychological techniques that affect the perception of price. This approach is common for the retail industry as a whole and is quite popular, due to the ease and low cost of its application. For example, to sell an expensive product, you need to put it next to an even more expensive product. Another fact that has been studied is that the customer has a high probability that he will not have a single price, so a small difference in price should be left for similar products. Psychological techniques include managing delivery prices. It is very often necessary to arrange delivery. Modern research shows that most shoppers leave the store basket. The offer of free delivery or promotional goods when making delivery positively affects the customer.
- predictive pricing is a fairly effective approach, the main task of which is to determine how price affects demand. The approach allows you to model changes in demand depending on the price, taking into account various factors, including other methods involved in pricing: psychological pricing, the influence of competitors, behavioral models and categories of current retailer customers, current trends (in the fashion industry or global trends in lifestyle changes )

### 3. State of the Art

The results of [3] show that retailers are moving to more innovative strategies to offer modern consumer solutions based on technological advances. The high level of property rights, due to the enormous number of patents, forces retailers to invest more in the acquisition of patented technologies to achieve advantages over competitors or to introduce new management methods.

The need to analyze retail data in a highly competitive environment is shown in [4]. Advances in machine learning and big data lead to the use of data analytics management systems in many organizations and industries.

As a rule, large organizations can devote more resources to this, and the software used is more suitable for large enterprises. However, the growing business pressure is forcing small and medium-sized enterprises to implement data analytics, which is new to them and leads to a number of problems considered in [5].

Social networks have become a part of life for most people around the world. Retailers (and not only) are actively using them to share information about their products with customers. As a result of the growth of social networks, the need for monitoring, data mining and analysis is increasing. So, in determining the tasks and opportunities of network retail, the issues of integration with social networks, determining a development strategy and studying the life cycle of clients are relevant [6]. The study of customer behavior models requires taking into account completely diverse data and improving their analysis.

In [7], the questions of creating a body of knowledge are considered, the concept and key methods of data analysis are studied in the field of retail network, the creation of data exchange methods [8], such as shopping basket analysis [9] and sales analysis in general using business intelligence tools.

Analysis of factors of customer satisfaction and loyalty, the image of retailers and the relationships between them lead to the emergence of models for creating a satisfactory experience for consumers, which is a priority for retailers [10]. The influence of fluctuations in demand and purchasing power on macroeconomic regulation and state control are considered in [11].

Research on the effects of loyalty programs on the decision to purchase goods at different periods of time is relevant, since an important factor for multichannel grocery retailers is which promotion strategy to choose across all channels. The tendency of product buyers to continue to visit an offline store after they start buying in the online store of the network means that promotions in one channel can have a significant negative impact on the behavior of customers in another channel, especially if promotions differ by channel [12].

To solve the above mentioned problems of network retail there can be used a variety of data sources. For example, it is possible to analyze data obtained in the following areas:

1. Acquiring data which includes information about the commission of the acquiring bank, categories of outlets, payment card options, which allows you to determine the dependence of the availability of sales outlets on the availability of POS terminals;

2. Retailer data, which include:

- information on loyalty programs and promotions to determine the dependence of demand on the availability of various special offers for goods;
- information about regular customers and users of loyalty programs to analyze the dependence of the purchased goods on the categories of customers, to form the most advantageous offers for both the buyer and the retailer. In addition, it is possible to evaluate each customer in terms of how much money he spends and how often he makes purchases in retailer's stores, which will determine the significance of each customer for the network and more accurately formulate personal offers;
- date of purchase and time of purchase to analyze the dynamics of demand for certain products depending on seasonality and time of day. In addition, it is necessary to take into account various holidays and ongoing events in the analyzed region;
- the list of goods on the check allows you to analyze the most frequently purchased goods together;

- the price of the goods in the check and the total purchase amount allow the analysis of the turnover of the outlet;
  - the trajectory of buyers allows you to determine the order of purchases at retail outlets and to identify the optimal location of goods in the store;
3. Social media that help identification of fashion trends and identify the dependence of purchases as well as the most popular brands and products;
  4. Geo data that can be used to determine the dependence of consumer activity, demand for goods, payment methods depending on the territorial location of the outlet and the nearby infrastructure, such as the area (sleeping, tourist, business centers and others), categories of users visiting or living in the area.

According to the commission of the Code of Good Practices, it is known that retailers do not want to share sales data of individual outlets with suppliers, which leads to an inaccurate assessment of their activities, loss of productivity, and, consequently, loss of income.

#### 4. Solution architecture

Having considered the tasks and problems of network retail, strategies for solving them, we can conclude that the creation of a data exchange platform is a necessary step for the development of network retail, and its intellectualization is an integral part of this process. Data processing can give conflicting results in different contexts and in the absence of data, but the results obtained should provide support in decision-making support.

The proposed software solution for a data exchange platform is presented in Fig. 1. It was implemented using Java (IntelliJ IDEA 15.0.3 Integrated Software Development Environment (Community Edition)) and supports JavaScript, CoffeeScript, HTML / XHTML / XAML, CSS / SASS / LESS, XML / XSL / XPath, YAML, ActionScript / MXML, Python, Ruby, Haxe, Groovy, Scala, SQL, PHP, Kotlin, Clojure, C, C++.

Additional libraries and frameworks include Apache Hadoop, Apache Spark, and Django. Apache Hadoop (HDFS) is a file system designed to store large files, block-by-block distributed between nodes of a computing cluster. Apache Spark is an open source framework for implementing distributed processing of unstructured and weakly structured data, which is part of the Hadoop project ecosystem.

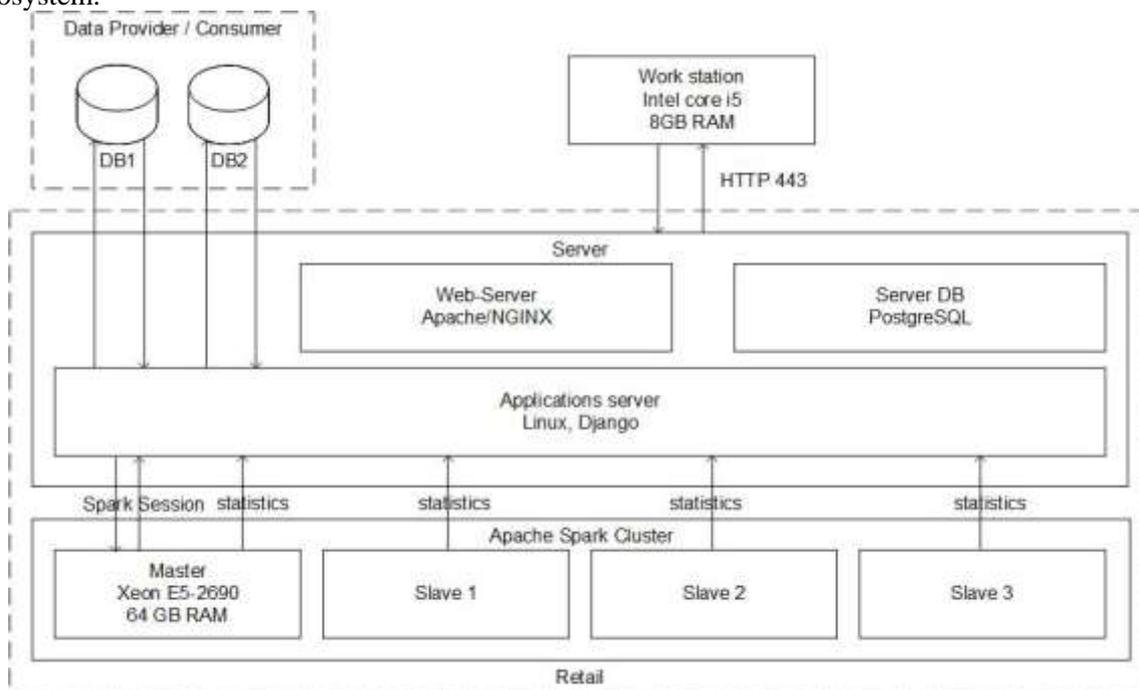


Figure 1. Software architecture.



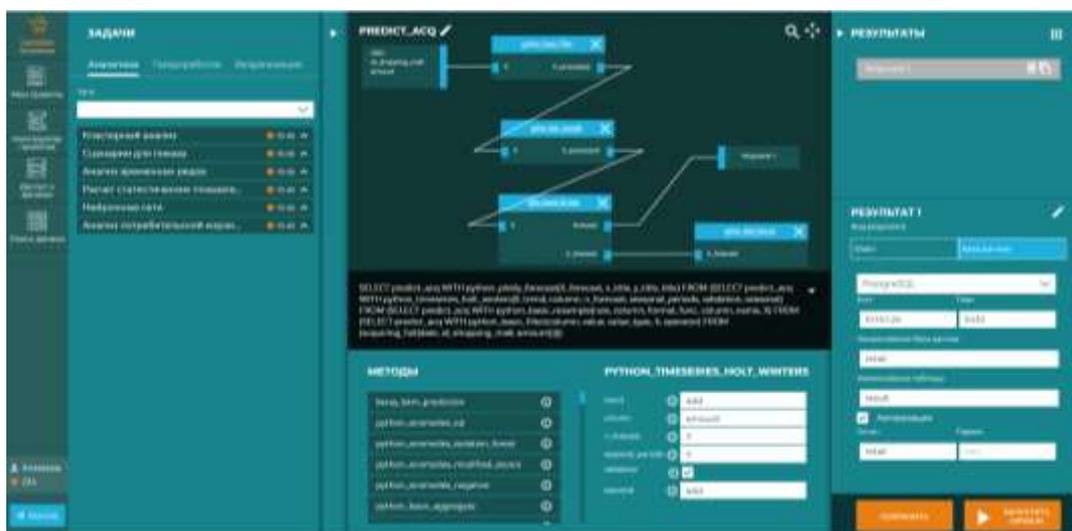


Figure 3. Predictive analysis project.

The result of this project is the forecasted revenue values of the selected store, taking into account the seasonality period of 7 days with a sales horizon of 7 days (see Fig. 4).



Figure 4. Predictive analysis results.

## 6. Conclusion

The developed solution based on the data exchange platform allows predicting the processes of network retail manage the placement of big data and plan the computing load based on the info logical model, which will increase sales efficiency.

Main research results include the following deliverables: Big Data management methodology (O. Surnin), and its implementation by Open code platform architecture (P. Sitnikov), analysis of it's perspective for digital economy (A. Ivaschenko) based on implementation of data exchange model (A. Stolbova) and algorithms of semantic (A. Khorina) and statistics (N. Ilyasova) analysis.

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