# Addressing the Cold User Problem for Model-Based Recommender Systems

Tomas Geurts
Erasmus University Rotterdam
P.O. Box 1738
Rotterdam, the Netherlands NL-3000 DR
tomasgeurts92@gmail.com

Flavius Frasincar
Erasmus University Rotterdam
P.O. Box 1738
Rotterdam, the Netherlands NL-3000 DR
frasincar@ese.eur.nl

## ABSTRACT

Customers of a webshop are often presented large assortments, which can lead to customers struggling finding their desired product(s), an issue known as choice overload. In order to overcome this issue, recommender systems are used in webshops to provide personalized product recommendations to customers. Though, recommender systems using matrix factorization are not able to provide recommendations to new customers (i.e., cold users). To facilitate recommendations to cold users we investigate multiple active learning strategies, and subsequently evaluate which active learning strategy is able to optimally elicit the preferences from the cold users. Our model is empirically validated using a dataset from the webshop of de Bijenkorf, a Dutch department store. We find that the overall best-performing active learning strategy is PopGini, an active learning strategy which combines the popularity of an item with its Gini impurity score.

## CCS CONCEPTS

• **Information systems** → **Recommender systems**; *Personalization*; Retrieval tasks and goals;

**ACM Reference format:**
Tomas Geurts and Flavius Frasincar. 2017. Addressing the Cold User Problem for Model-Based Recommender Systems. In *Proceedings of WI '17, Leipzig, Germany, August 23-26, 2017,* 8 pages.
DOI: 10.1145/3106426.3106431

## 1 INTRODUCTION

Modern-day consumers have made the transition from shopping at brick and mortar retailers with a limited assortment on display to shopping at webshops with practically unlimited assortment available. The most eminent example of such a webshop is the American on-line retailer Amazon.com, which offers over 480 million products. Even though Amazon.com has more products in its assortment compared to any other webshop, other webshops also have considerably larger assortments when compared to their off-line counterparts.

Being able to present a wide and diverse assortment is important for each webshop. When webshops offer a large, varied assortment they can presumably better fit the individual needs of customers. However, when the size of the assortment grows substantially, a new issue arises for webshops. This issue is known as choice overload [6]. Choice overload implies that when customers are exposed to a considerably large assortment, they struggle with finding the desired products, and subsequently experience stress, anxiety, or other negative emotions. This could lead to dissatisfied customers, or even customers leaving the website and purchasing the desired product elsewhere. Hence, it is key for webshops to display products which are relevant for customers.

The challenge of offering a personalized, and thus relevant, assortment to customers gave birth to the concept of recommender systems (RS) [1]. RS's are effective when it comes to information filtering, news article recommendation, and numerous e-commerce related applications [10]. They provide personalized recommendations, which possibly increase the probability of a customer purchasing a product [18].

Interest in the field of RS's was boosted when Netflix initiated a contest where they challenged researchers and enthusiasts to outperform their RS at the time, Cinematch, by 10%. The performances of the competing RS's were measured by the root mean square error (RMSE). Netflix promised one million dollars to the first team achieving this goal. On the 21$^{st}$ of September 2009 'BellKorr's Pragmatic Chaos' was the first team to outperform Cinematch by 10%.

Despite its importance, there are only a few works [5, 13, 14, 22, 24] that propose a solution regarding how to provide personalized recommendations to new users, also known as cold users. The reason why there are only few works that have come up with a solution to the cold user problem is evident: it is difficult to provide personalized recommendations to a user for whom there is no information available. However, being able to provide personalized recommendations to cold users is of vital importance for a webshop. Failing to deliver personalized recommendations can lead to cold users leaving the webshop, and which in turns leads to the webshop missing out on a customer. In this scenario, a webshop not only loses one sale, but the customer might never return, hence missing out on many potential sales. Though, many works on RS's do not focus on this type of users. In fact, the majority of the works on RS's remove all users that have less than a certain


*WI '17, Leipzig, Germany*
 978-1-4503-4951-2/17/08...$15.00
DOI: 10.1145/3106426.3106431

number of ratings from their datasets. Researchers do this in order to ease the testing procedure of their RS's, because when more ratings are known from a user, the better the remaining ratings can be predicted. This is particularly the case for RS's utilizing collaborative filtering, which rely on comparing users by their past behaviour in order to provide recommendations.

Only a small number of existing works propose a solution to the cold user problem, usually by incorporating additional sources of information. Examples of additional sources of information regarding the cold users utilized to facilitate personalized recommendations to these cold users are social information [5], demographical information [13], or queried item preferences [14, 22, 24]. For webshops, the first two options are not desirable as this information is not always available when a customer visits the webshop for the first time (demographical information), or customers are most-likely not willing to share this information (social information). Yet, the latter option (querying item preferences) seems like a viable solution for webshops to facilitate providing personalized recommendations to cold users. We further explore such solutions in this paper, however, by taking a slightly different approach compared to the existing literature.

We recognize one serious problem for many RS's, being providing personalized recommendations to cold users. This in particular holds for RS's relying on matrix factorization, because a user who has not yet provided any information to the system cannot be compared to other users, and hence no personalized recommendations can be provided. Though, matrix factorization, has become increasingly popular because it is able to provide accurate recommendations [8]. Hence, it would be of particular interest to find a solution to the cold user problem for RS's which utilize matrix factorization. One of the most renowned RS's using matrix factorization is the model proposed by Koren et al. [9].

In this paper we focus on adapting an existing RS using matrix factorization, where we use the model from [9] as our reference, such that the cold user problem is addressed. This leads to the following research question: how can RS's using matrix factorization be adapted such that it can provide personalized recommendations to cold users?

In order to solve the problem posed in the research question, the model proposed by Koren et al. [9] is adapted. Our adaptation first elicits the preferences from the cold users with respect to a number of items, and subsequently incorporates the preferences of the cold users in the optimization procedure. What items are shown is decided by an item ranking, which depends on a particular active learning strategy. We produce multiple item rankings which rely on different strategies, and accordingly evaluate which active learning strategy elicits the preferences of the cold users best, ultimately leading to the most accurate recommendations.

## 2 RELATED WORK

At the beginning of the 1990's the first works on RS's were published. During the same decade, research in the field of RS's slowly advanced into a full-grown field of research. [11, 15, 20]. Since the turn of the century, RS's have further been developed. For a complete overview we refer the reader to a number of surveys on recommender systems [1, 2].

When RS's are not able to provide personalized recommendation to cold users, we refer to this as the cold user problem [19]. Collaborative filtering methods that do not incorporate additional information on the cold users, are not able to provide personalized recommendations to cold users, since there is no historical data available on these users. Hence, the RS can not compare them to other users because they have not rated or interacted with any items yet. This logic also applies to newly introduced items.

### 2.1 Ranking Problem

There are several solutions for providing personalized recommendations to cold users. In particular, showing items to cold users in order to elicit their preferences, is a promising solution to this problem with regard to webshop applications. This solution is sometimes referred to as active learning for collaborative filtering [16]. Though, when requiring the opinion on a number of items from the cold users in a webshop, it is desirable to use as little time of the cold users as possible. In other words, we want to minimize the amount of time needed to learn the preferences from the cold users. Hence, it is crucial to show items to the cold users which have the most explanatory power, and give the most insight into the preferences of the cold users. In this section we review previous research regarding the ranking of items such that the most informative items are ranked highest.

Yu et al. [22] present a compelling argument why showing the "right" items to the cold users is of vital importance. Supposedly, cold users are not willing to spend much time on expressing their opinion on a number of items. This argument makes sense as customers that are new to a webshop should probably not be bothered with time-consuming questionnaires before being able to make use of the services that are offered within a webshop (e.g., a RS). Asking a new customer to fill in a questionnaire might increase the probability of a customer leaving the webshop before making a purchase. As a result of this, when eliciting the preferences of the cold users on the items, it is essential to show items which have large explanatory power. For example, when an item is shown to the cold users which has previously been rated by only one user, ratings from the cold users on this item do not give much information concerning their overall preferences, as it can only be compared with one other user.

Strategies that determine which items should be ranked highest are called active learning (AL) strategies [16]. We can split AL strategies into two groups, personalized and non-personalized AL strategies. The first type implies that personal information from the cold users are utilized to form an item ranking, and the second type does not use such information. We focus on the non-personalized AL strategies, as webshops rarely have personal information from cold users at their disposal. In [4] an overview of different types of AL

strategies is provided. Yu et al. [22] propose an entropy-based strategy to determine the ranking of the items. Furthermore, Yu et al. [22] set the number of shown items to ten. In our research we experiment with this parameter, which is elaborated on in the upcoming section. Rashid et al. [14] also propose several AL strategies. Their best performing AL strategy combines a score inferred from the popularity of an item and an entropy-based score (we refer to this combined AL strategy as the PopEnt strategy in the remainder of this paper). For our AL strategies we follow a similar set-up as Rashid et al. [14]. However, our methodology differs from the methodology used by Rashid et al. on a number of points. First of all, next to the AL strategies evaluated by Rashid et al., we also evaluate the PopGini strategy, a variation on the PopEnt strategy, and the Gini strategy. Secondly, the model that provides the recommendations after the preferences of the cold users are elicited is different compared to Rashid et al., as we use a RS using matrix factorization, instead of nearest neighbors, to provide the personalized recommendations to the cold users. Finally, our dataset contains implicit feedback, while the dataset used by Rashid et al. contains explicit feedback.

## 2.2 Contribution

Our contribution to the existing literature is two-fold. First of all, we adapt the model proposed by Koren et al. [9] to facilitate providing personalized recommendations to cold users, since personalized recommendations can possibly increase sales and customer loyalty. This is achieved through showing a number of items to the cold users and requiring their opinion regarding the shown items, in order to elicit the preferences from these cold users. The information gathered on the preferences of the cold users is included in the optimization of the objective function of the RS. We evaluate which AL strategy is able to gather the most information from the cold users. We investigate multiple AL strategies, from which a number are proposed earlier by Rashid et al. [14]. However, we also include two novel AL strategies, Gini and PopGini.

# 3 METHODOLOGY

In this section we elaborate on the model which we use for our research. This model is an adaptation to the model proposed by Koren et al. [9]. Our model specifically addresses the cold user problem for RS's using matrix factorization.

## 3.1 Notation

In a RS there are typically $N$ users (customers). The complete set of users is given by $U = \{u_1, u_2, ..., u_N\}$. Analogous to the notation of the users, there are $M$ items (products), where the complete set of items is given by $I = \{i_1, i_2, ..., i_M\}$. If a user $u$ interacts with an item $i$, this is denoted by $a_{ui}$. Interactions can be ratings on a scale from 1 to 5, in the case of explicit feedback (e.g., movie ratings), or binary ratings, in the case of implicit feedback (e.g., purchased an item, looked at an item, etc.). The complete set of interactions between all users and all items, the user-item interaction matrix, is given by $A \in \mathbb{R}^{N \times M}$. The domain of $a_{ui}$ is given by $a_{ui} \in \{0, 1\}$. Since the data we use for the RS is implicit feedback, we have chosen to limit the values of the interactions to either 0 or 1. In our dataset, the value 1 indicates one or multiple purchases, and 0 indicates that the item is returned. We follow the reasoning of Schafer et al. [18]: if a product is purchased twice and only one of the two products is returned, we record this as a 1, as the sum of the interactions is positive. It holds that the majority of the users only interacted with a subset of the complete set of items $I_u \subseteq I$, where $I_u$ is defined as the subset of items interacted with by user $u$. Hence, in general we expect to observe only a small number of 1's and 0's per user.

## 3.2 Matrix Factorization

Matrix factorization attempts to map both the user matrix and the item matrix to the same latent space. The user latent factor matrix, $P \in \mathbb{R}^{F \times N}$, can be regarded as the preferences of users towards the different latent factors, while the item latent factor matrix, $Q \in \mathbb{R}^{F \times M}$, can be regarded as the resemblance of items with the different latent factors. Furthermore, it holds that $F \ll \min(N, M)$. By multiplying the matrix $P$ and the matrix $Q$, an approximation to the user-item interaction matrix $A$ is computed. It should be denoted that $A$ can contain missing values, i.e., since no user has interacted with all the items (most users have only interacted with a very small amount of items).

Explaining the observed interactions only by the inner product of $P$ and $Q$ is not sufficient according to Koren et al. [9], since the interactions can also partially be explained by effects corresponding to a particular user or particular item. Therefore, we include three biases: a global bias (represented by $\mu$), a user bias (represented by $b_u$), and an item bias (represented by $b_i$). For the values of the latent factors corresponding to user $u$, $p_u$, and to item $i$, $q_i$, the approximation to the user-item interaction $a_{ui}$, is given by,

$$a_{ui} \approx \hat{a}_{ui} = \mu + b_u + b_i + p_u^T q_i. \quad (1)$$

where $\hat{a}_{ui}$ is the approximation to the initial user-item interaction $a_{ui}$.

Once $P$ and $Q$ are known, finding $\widehat{A}$ is straightforward. However, the challenge lies in finding the latent factor matrices $P$ and $Q$. Typically, this is achieved using Singular Value Decomposition (SVD). SVD was used to perform latent semantic analysis in the early 1990's [3]. Subsequently, Paterek [12] and Koren [8] applied a technique similar to SVD successfully to matrix factorization.

However, as ordinary SVD is not feasible when we are dealing with a sparse user-item interaction matrix, this technique is adapted in order to deal with missing values. A possible solution to this problem is fitting the model only to the observed interactions. Even though this solves the previous problem, it causes the model to be very susceptible to overfitting. Kim and Yum [7] use imputation to overcome possible overfitting, but this in turn leads to more expensive computations. More recently, several works [8, 12, 17] fit the

model only on the observed interactions, but they include a regularization parameter to avoid the model from overfitting. We adopt the same approach, but, in contrast to Koren et al. [9], who only include one global regularization parameter, we choose to include two separate regularization parameters, one for the bias terms and one for the latent factors, which should give more flexibility to the model. This leads to the following model,

$$\min_{p,q,b} \sum_{(u,i)\in K} (a_{ui} - \mu - b_u - b_i - p_u^T q_i)^2 + \lambda_1(b_u^2 + b_i^2) + \lambda_2(||p_u||^2 + ||q_i||^2), \tag{2}$$

where $K$ is the set containing the interactions that are included in the training set, $\lambda_1$ is the regularization parameter for the bias terms, and $\lambda_2$ is the regularization parameter for the latent factors. To convert the predictions made by the model to a binary variable, we use the following logistic function,

$$\hat{a}_{ui}^* = \left[ \frac{1}{1 + \exp(-\hat{a}_{ui})} \right], \tag{3}$$

in this expression $\hat{a}_{ui}$ is the predicted interaction for user $u$ with item $i$ and $\hat{a}_{ui}^*$ is the dichotomized predicted interaction.

There are different algorithms which can be used to solve Equation 2. Commonly applied is Stochastic Gradient Descent (SGD), which considers one observation at a time, lowering the computations per iteration. In short, this algorithm implies that for each observed rating included in the training set the prediction error is computed. Formally,

$$\epsilon_{ui}^{\text{pred}} = a_{ui} - \hat{a}_{ui}^*. \tag{4}$$

Accordingly, $b_u$, $b_i$, $p_u$, and $q_i$ are updated using the following rules,

$$b_u \leftarrow b_u + \gamma_1(\epsilon_{ui}^{\text{pred}} - \lambda_1 \cdot b_u), \tag{5}$$

$$b_i \leftarrow b_i + \gamma_1(\epsilon_{ui}^{\text{pred}} - \lambda_1 \cdot b_i), \tag{6}$$

$$p_u \leftarrow p_u + \gamma_2(\epsilon_{ui}^{\text{pred}} \cdot q_i - \lambda_2 \cdot p_u), \tag{7}$$

$$q_i \leftarrow q_i + \gamma_2(\epsilon_{ui}^{\text{pred}} \cdot p_u - \lambda_2 \cdot q_i), \tag{8}$$

where $\gamma_1$ and $\gamma_2$ are the learning parameters.

## 3.3 Strategies for Item Ranking

For a cold user $k$, the user vector $u_k$ is an empty vector because this user has not interacted with any items so far. Since we have no information available concerning this user, we cannot provide any personalized recommendations to this user. To be able to provide such recommendations, we should elicit her preferences towards a number of items. In other words, we would like to know the true values for $\{a_{k1}, ..., a_{kj}\}$, where $j$ is a finite number for which holds that $j \ll M$.

The goal is to elicit the preferences of the user towards the $j$ products, which lead to the highest recommendation quality. In our research we try different values for $j$ as explained in the evaluation. We present five strategies which are used to generate the item rankings from which the top-ranked items are shown to the cold users. All the AL strategies that we propose do not account for user-specific information and require each user to give their opinion on the same set of items. As mentioned before, these AL strategies are considered as non-personalized AL strategies [4]. A number of AL strategies that we propose (the random strategy, the entropy strategy, the popularity strategy, and the PopEntropy strategy) have been investigated in other works [14, 23] in a different context. Two novel AL strategies are proposed in this paper: the Gini strategy, based on the Gini impurity measure, and the PopGini strategy, a combination of item popularity and Gini impurity score.

For the random strategy, Gini strategy, entropy strategy, PopGini strategy, and PopEnt strategy only items for which the number of interactions is larger than ten are considered. If we do not impose this threshold, items that have only been interacted with a small number of times ($< 10$) are possibly ranked high. We set this value to ten because for this value we find the best trade-off between the number of items eligible to be selected using the random strategy and the number of available interactions per item.

*3.3.1 Random Strategy.* We first propose the random strategy, which entails a random selection of items to form the item ranking. This AL strategy is incorporated as a baseline for the other AL strategies, as we expect the other AL strategies to outperform a randomly assembled item ranking.

The advantage of the random strategy is the fact that the ranking of the products is at random and hence, the shown products are by definition uncorrelated. Furthermore, all products from the assortment have a probability of being presented, in contrast to the other AL strategies which are presented in this section.

*3.3.2 Popularity Strategy.* The second AL strategy that we propose is the popularity strategy, which can be seen as a single-heuristic attention-based AL strategy. With a single-heuristic attention-based AL strategy we imply an AL strategy that only depends on a single heuristic which score is based on the amount of 'attention' an item receives (i.e., the popularity). This AL strategy implies that the most popular items are ranked highest in the item ranking. With popular items we denote items that have been interacted with by the largest distinct number of users.

An advantage of this AL strategy is that the items which are ranked high are items which many users have interacted with. On the other hand, there are two severe disadvantages to this AL strategy.

The first disadvantage is the fact that many items which are ranked high can be relatively similar. For example, it could be possible that the three most popular (and thus highest ranked) items are all t-shirts from the same brand. Hence, once we know the opinion of the customer on the first of these three items, the following two responses do not provide much additional insight in the preferences of the cold user (but do require an effort from this cold user).

The second disadvantage entails that this AL strategy only elicits the preferences from the cold users on a number of popular items. This could lead to the problem that the

RS also recommends more popular items as opposed to less popular items.

*3.3.3 Gini Strategy.* Next, we propose the Gini strategy, which uses the Gini impurity measure to compute the item ranking. This AL strategy is considered as a single-heuristic uncertainty-based AL strategy. With an uncertainty-based AL strategy we imply a AL strategy that is based on an impurity-measure, computing the 'uncertainty' for each item. The Gini impurity for item $i$ is given by,

$$\text{Gini}(i) = 1 - \sum_{j \in 0,1} (p(j|i))^2, \tag{9}$$

where $p(j|i)$ is the relative frequency of a positive interaction ($j = 1$) or negative interaction ($j = 0$) with item $i$. Accordingly, the items are shown in descending order to the user. A high Gini impurity for item $i$ implies that the ratio between positive interactions and negative interactions is (relatively) balanced. Intuitively, items with high Gini impurity are good in splitting the set of users into equally sized groups.

The Gini strategy ensures that the items that are shown are able to optimally split the set of users, which is considered advantageous. Specifically, the Gini strategy highly ranks items which have received much contrasting feedback from the users. As a result of this contrasting feedback, the RS is rather unsure about the user's opinion on these items. Subsequently, when a cold user expresses her opinion on this item, this gives useful information regarding the cold user's preferences [4].

*3.3.4 Entropy Strategy.* Another commonly applied AL strategy is based on the entropy measure [14, 21]. Similar to the Gini strategy, the Entropy strategy also is a single-heuristic uncertainty-based AL strategy. We also include this AL strategy in our research, where we use Shannon's entropy as the designated entropy measure. The entropy for item $i$ is computed accordingly,

$$\text{Entropy}(i) = -\sum_{j \in 0,1} p(j|i) \log_2 p(j|i), \tag{10}$$

where $p(j|i)$ is the relative frequency of a positive interaction ($j = 1$) or negative interaction ($j = 0$) with item $i$. Accordingly, the items are shown in descending order to the user. A high entropy for item $i$ implies that the ratio between positive interactions and negative interactions is (relatively) balanced. Intuitively, items with a high entropy are good in splitting the set of users into equally sized groups.

*3.3.5 PopGini Strategy.* This AL strategy entails a linear combination of the scores produced by the popularity strategy (see Section 3.3.2) and the Gini strategy (see Section 3.3.3). This AL strategy can best be described as a static combined-heuristic AL strategy. The popularity score (i.e., interaction frequency of an item) tends to dominate the PopGini score because of several outliers, items for which many distinct users have interacted with that item. This leads to the popularity strategy and PopGini strategy being relatively similar. To overcome this issue (as we prefer that both scores are relatively balanced), we take the logarithm with base 10 of the popularity score. We choose for a log transformation since the distribution of the item frequencies are rightly-skewed, i.e. many items which have only a few interactions and a small amount of items that have many interactions.

This AL strategy both accounts for popular items, where many users have interacted with, and items which are relatively different (in terms of feedback given by the users), such that more information can be elicited from the cold users. The importance weights for the two components are determined in the next section.

*3.3.6 PopEnt Strategy.* The final AL strategy is similar to the PopGini strategy presented in Section 3.3.5, and also implies a linear combination of two scores. For this AL strategy, we use a linear combination of the popularity strategy (see Section 3.3.2) and the entropy strategy (see Section 3.3.4). The PopEnt strategy can best be described as a static combined-heuristic AL strategy. Equivalent to the PopGini strategy, the popularity score tends to dominate the PopEnt score. This leads to the popularity strategy and PopEnt strategy being relatively similar. To overcome this issue we take the logarithm with base 10 of the popularity score.

This AL strategy, similar to the PopGini strategy, both accounts for popular items, where many users have interacted with, and items which are relatively different, such that more information can be elicited from the cold users. This AL strategy is, as mentioned before, relatively similar to the PopGini strategy. However, it is of particular interest whether the Gini impurity measure or entropy measure performs better when combined with the popularity score. The importance weights for the two components are determined in the evaluation.

# 4 EVALUATION

In this section we explain the evaluation of the model proposed in this paper. Before presenting and discussing our results we first introduce the dataset that is used for our research. Subsequently, we present the metric by which our model is evaluated, and the set-up that is used to perform this experiment. We then finalize with presenting the results and discussing these.

## 4.1 Dataset

To empirically validate our model we use a dataset[1] provided by de Bijenkorf, a Dutch department store with a large webshop. The webshop has over 100,000 unique visitors each day, over a quarter million euro sales each day, and more than 200,000 unique products currently in their assortment.

The dataset contains all interactions between customers and products (i.e., purchases and returns) from 14 July 2015 till 13 July 2016. There are 563,495 unique customers and 242,020 unique products in our dataset, and in total the dataset contains 2,563,878 number of unique interactions between a customer and a product. We have chosen for

[1]Dataset is available from http://tinyurl.com/z8mqele.

dichotomized interactions, and hence the interactions are assigned a 1 when the number of times product $i$ is purchased by customer $u$ is larger than the number of times product $i$ returned by customer $u$ and a 0 when these two values are equal.

Out of the 2,563,878 interactions, 2,159,538 interactions are positive interactions (i.e., are assigned a 1) and 404,340 interactions are negative interactions (i.e., are assigned a 0). If a customer has not purchased (and hence also not returned a product), the interaction between the customer and the product does not exist (i.e., it is missing from the user-item interaction matrix). This implies that the user-item interaction matrix is very sparse. Each customer has interacted with 4.55 items on average, while each item has been interacted with by 10.59 customers on average. Finally, in this dataset all customer identifiers are anonymized.

## 4.2 Set-up and Model Parameters

To evaluate the performance of the model proposed in this paper we include the score on the most-widely used metric in the field of RS's. This metric indicates how the proposed models score with regard to the recommendation quality. The metric which we report is the root mean square error (RMSE), which is given by,

$$RMSE = \sqrt{\frac{\sum_{(u,i)\in T}(a_{ui} - \hat{a}^*_{ui})^2}{|T|}}. \tag{11}$$

where $T$ is the test set, $a_{ui}$ is the interaction of user $u$ with item $i$ and $\hat{a}^*_{ui}$ is the dichotomized predicted interaction of user $u$ with item $i$. For the RSME holds that the lower its value, the better the recommendation quality of the proposed model. We choose to only report the RMSE, and not the MAE, as the RMSE and the MAE are equivalent (up to a square root) when using binary values as the input for user-item interaction matrix.

The goal of our experiment is to evaluate which AL strategy elicits the most information from the cold users such that the RS is able to provide the best recommendations, in terms of the RMSE, to these cold users. We elicit the information from the cold user by showing them a number of items and requiring their opinion on these items. We evaluate the AL strategies for different numbers of items shown to the cold users: 10, 25, 50 and 100.

We use the following experimental set-up: 25% of the total set of users is randomly selected to be a cold user. Similarly to other works that attempt to elicit information from cold users, this number is picked somewhat arbitrarily [23]. All the interactions of the non-cold users are included in the training set. Additionally, all the interactions of the cold users with items that are included in the item ranking under consideration, under the condition that the cold user has interacted with the item shown to her, are also included in the training set (e.g., if cold user $u$ has only interacted with one of the items shown to her, only that particular interaction is included in the training set). The remaining interactions of the cold users are included in the test set. Only cold users that have interacted with at least one item in the ranking under consideration (i.e., items shown to the cold user) are included in the training and test set. If a cold user has not interacted with any of the items shown to her (this can be interpreted as the cold user having no opinion on any of the items from the item ranking shown to her), this particular cold user is excluded from both the training set and test set. We do this because if this user is still included, we would be providing recommendations to a cold user for which the ranked items did not elicit any information from this particular user, and hence the recommendations are not personalized. The intuition behind this set-up is that previous to making recommendations to the cold users, the only information we have at our disposal is the information on the interactions of the previous (non-cold) users and the preferences of the cold users with respect to the items that are shown to them (i.e., the items from the item ranking under consideration).

Before conducting our experiments we first tune the model parameters. During both the model parameters tuning and the experiments, we set the maximum number of iterations for the optimization procedure to 50. To find the optimal number of factors to include in the matrix factorization, and the optimal values for the regularization parameters, we use a grid search. In order to validate the results of the grid search, we perform 10-fold cross-validation on the complete set of interactions for each parameter combination. We find that the optimal number of factors is 200, the optimal value for $\lambda_1$ (regularization parameter for the bias terms) is $1 \times 10^{-7}$, and the optimal value for $\lambda_2$ (regularization parameter for the latent factors) is $1 \times 10^{-6}$. For the remainder of the parameter tuning and our later experiments we continue to use these values. To provide some more insight in the model parameters, we also include a sensitivity analysis. When adjusting $\lambda_1$ to its next-best value, being $1 \times 10^{-8}$, we observe that the RMSE decreases by 0.29%. Similar, for $\lambda_2$ the next-best value is $1 \times 10^{-5}$, but this implies a decrease of 2.26% in terms of RMSE, which is almost 10 times as much as the decrease in RMSE for adjusting $\lambda_1$ to its next-best value. Adjusting the number of factors has the least influence on the performance in terms of RMSE, the next-best value for the number of factors to include in the matrix factorization is 150 factors, and this causes a decrease of 0.02% in terms of RMSE. Hence, we conclude that the RMSE depends most on $\lambda_2$, followed by $\lambda_1$, and then the number of factors included.

Next to the model parameters, we also compute the optimal weights for the two components of the PopGini score and the PopEnt score. To obtain the optimal weights, the RMSE of each combination of weights using the initial experimental set-up is computed. For each combination we take the mean of the RMSE for 10 and 100 items shown to the cold users. The range of the weights are the values between 0.1 and 1, with step size 0.1. Hence, in total there are 100 unique combinations of weights. We use that 25% of the users is selected to represent cold users. The optimal weights are 0.9 for the popularity component and 1 for the entropy component.

We have implemented our model and the AL strategies for computing the item rankings in Python, and ran our experiments on a C4 instance of Amazon EC2 with 8 vCPU's (High frequency Intel Xeon E5-2666 v3 Haswell processors) and 15GB of RAM. The RS which is included in our model is built using the machine learning framework GraphLab Create developed by Turi. The utilized machine learning framework is built in Python and backed by a C++ engine. This framework facilitates building and deploying machine learning applications at scale, which is desirable when working with very large datasets.

## 4.3 Results

In this subsection we evaluate the different AL strategies on their performance in terms of the RMSE. The results are presented in Figure 1 and Table 1. From Figure 1 we can conclude that when ten items are shown to the cold users, the random strategy is the best-performing AL strategy in terms of the RMSE. It is surprising that the random strategy significantly outperforms the other AL strategies for 10 items shown, however, if we look at the remainder of the results, we observe that the random strategy varies substantially in its performance. For 25, 50, and 100 items shown to the cold users, the PopGini strategy is the best-performing strategy.

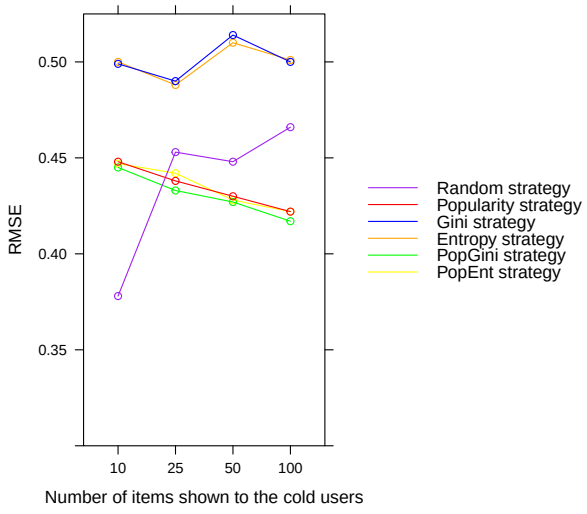


**Figure 1: Graph visualization of the RMSE for different numbers of shown items per AL strategy.**

## 4.4 Discussion

Having presented the results in the previous section, in this section we further investigate the results and discuss their implications.

When we take a closer look at Figure 1 we can make a number of observations. First of all, the popularity strategy performs better than expected. This is probably due to the fact that many users have a (strong) opinion on popular items and hence, the items are very informative regarding the users preferences.

Secondly, both impurity measure-based AL strategies are the worst-performing AL strategies. This seems surprising, especially considering that both AL strategies perform worse than the random strategy. A possible explanation could be that the bad performance of these AL strategies is due to the fact that odd items are being ranked high. Items that have almost equal purchase and return rates (and thus rank high when using these strategies to generate the item rankings) are most of the time items where there is some deficiency or malfunctioning, and hence, these items might not be a good reflection of the true preference of users towards an item.

At last, we observe that the PopGini strategy is the overall best-performing AL strategy, since this AL strategy achieves the lowest mean RMSE over all numbers of items shown to the cold users. This observation is plausible as this AL strategy depends both on the popularity strategy, which performs well on average, and on the Gini strategy, which proposes items where users have a balanced opinion on. When these two are combined, it is obvious that this combination is the overall best-performing AL strategy.

**Table 1: Tabular representation of the RMSE for different numbers of shown items per AL strategy.**

| **Ranking strategies** | **number of items shown** 10 | 25 | 50 | 100 | mean |
|---|---|---|---|---|---|
| Random strategy | 0.378 | 0.453 | 0.448 | 0.466 | 0.436 |
| Popularity strategy | 0.448 | 0.438 | 0.430 | 0.422 | 0.435 |
| Gini strategy | 0.499 | 0.490 | 0.514 | 0.500 | 0.501 |
| Entropy strategy | 0.500 | 0.488 | 0.510 | 0.501 | 0.500 |
| PopGini strategy | 0.445 | 0.433 | 0.427 | 0.417 | 0.431 |
| PopEnt strategy | 0.447 | 0.442 | 0.428 | 0.422 | 0.435 |

# 5 CONCLUSIONS

Nowadays, RS's are widely used in webshops. They are able to provide personalized recommendations to customers of the webshop. One of the most popular methods used for RS's is matrix factorization. Though, RS's using this method are not able to provide personalized recommendations to cold users. In this paper we present an adaptation to the model proposed by Koren et al. [9], such that this type of RS is able to provide personalized recommendations to cold users. To be able to provide personalized recommendations to cold users, we opt to adapt the model proposed by Koren et al. [9], by showing a number of items to the cold users, to elicit the preferences from these cold users. Using this information on the cold

users we are able to provide personalized recommendations. In our research we evaluate different strategies to produce the item rankings. From the item rankings a number of the highest ranked items are shown to the cold users. We evaluate which AL strategy places the most informative items on top of the item ranking, such that as much information as possible is elicited from the preferences of the cold users, which subsequently leads to the most accurate recommendations being provided.

The results show that the AL strategy which performs best is dependent on the number of items that are shown to the cold users. When we only show ten items to the cold users, we observe that the random strategy outperforms the other five strategies in terms of the RMSE. When the number of shown items to the cold users increases, the PopGini strategy outperforms all other AL strategies. Overall, we conclude that the PopGini strategy is the best-performing AL strategy, as it achieves the lowest mean RMSE.

With regard to the methodology used in our research, there are a number of alterations possible. First, it would be of interest to include other AL strategies. Other AL strategies could be based on different impurity measures (e.g., variance), or possibly follow a completely different approach (e.g., greedy extend). Moreover, in our research we use that the items shown to the cold users are the same for each cold user, regardless of the opinion of the cold user. In this setting, the opinion of a cold user on the first item shown to her is not used when determining which item to show next. It might be advantageous to make the item shown to the cold user dependent on her opinion on the previously shown item. This type of AL strategies are also known as personalized AL strategies. Secondly, in the current set-up the model is learnt during the training phase using the errors on the predictions of all users, both non-cold and cold users. This most-likely ensures the best overall performance in terms of the RMSE. However, if we prioritize the predictions made for the cold users over the non-cold users, there are some alterations possible with regard to the way that the matrix factorization method is applied. Instead of treating all errors equally, it could be investigated whether adding a cost to the errors of the cold users would improve the recommendations to the cold users.

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