AI DRIVEN DYNAMIC PRICING OPTIMIZATION SYSTEM FOR RETAIL BUSINESSES

Williams. S
(M.Sc. Data Science and Business Analytics)
Department of Advanced Computing & Analytics
Vels Institute of Science, Technology &Advanced Studies. Chennai
India

Email: williams88wish46@gmail.com

Dr. T. Sree Kala.
Professor,

Department of Advanced Computing & Analytics
Vels Institute of Science, Technology &Advanced Studies. Chennai
India

Email: sreekala.scs@vistas.ac.in

***Abstract*—This paper is about a system that helps to set prices for the business. The system uses artificial intelligences and Machine Learning for predicting what people's need and what they buy. It also analysis the competitor charging price and market trends to suggest the prices for our business growth. This system is called AI-Driven Dynamic Pricing Optimization System. The system has web dashboard that shows the demand and suggested prices for the particular product.**

***Keywords*—Dynamic Pricing, Machine Learning, Demand Forecasting, Time Series Analysis, Price Optimization, Retail Analytics, Artificial Intelligence**

I. INTRODUCTION

Now a days the retail industry is very competitive and the pricing strategies are important for the business growth mainly in sales and marketing. In those days the price margins are not work well When markets prices and demands grow faster and changes simultaneously. Dynamic pricing is a solution for analysis the market trends and change the prices based on the problems and demands what actual needs for the peoples. The System is designed to calculate the count of necessary needs and suggest the price accordingly.

A. Objective

The system analysis the competitor's sales strategies like how they monitor their profits percentage. It will help businesses make money and make decisions bases on facts

B. Motivation

In retail domain finding the price for a product is difficult for the high accuracy. Many businesses are fixed their prices and won't change it. The System will help businesses save time and make a profit.

II. PROJECT DESCRIPTION

The project is creating a system that uses machine learning to set prices for nosiness profit. The system looks about the people needs and what others charging and the people count. It suggests based on past data and current affairs.

A. Project Scope and Objective

The Project is about building a system uses data for fix the prices in retail businesses and look sales data for predictions. finalize the pricing plans that succeed well. The main goal is to make prices more accurate make money and reduce the amount of work people have to do to make decisions.

B. Key Project Deliverables

The Project delivers a website that suggest your prices according the predictions. It an interface where people can put in information and their results. It includes machine learning models for preparing data and graphs that shows what happening clearly

.III. TECHNICAL SPECIFICATIONS

The system is implemented using programming tools and machine learning libraries. The system will be implemented using python as the programming language due to its simplicity and ease in reworking the process in data analysis and machine learning tasks.

A. Core Libraries and Frameworks

The system will be implemented using libraries like pandas and Numpy for efficient handling of datasets. For the machine learning process, it uses the Scikit-learn library to develop models for the prediction and optimization of the product prices. The system can also use time series forecasting techniques that support models like ARIMA and LSTM. The system can use the Flask framework for web application, which helps in the interaction from customers to backend. The system can also use libraries like Matplotlib for the visualization purpose. The proposed system is developed in such a way that it works efficiently and makes the predictions using the tools like Python and machine learning libraries.

IV. PROPOSED METHODOLOGY

The retail data system follows a method to analysis the retail data and makes the best pricing decisions. The method involves a combination of cleaning the data, predicting customers need, and machine learning to find the prices. The methodology ensures that the system process the data faster and provides results for adjustment.

A. Approach Overview

The systems gathering information about what people purchased, what competitors charge for similar products, and how much is available in stock for restocking up to need. The information is converted into a form for easy understandable. Machine learning is used to find patterns and connections in the information.

B. Getting the Data Ready

The type of data is using as sales data, and this data will carry information such as the price of the product, necessary of the product from peoples, price of competitors' products, and availability of stock. Before this data is used by the system, its helps for clearing all the wrong information. The data is also improved by making all numbers, making all the appropriate information, and improving all the details in this data so that they can be easily used and make the prediction accurately.

C. Building a Model with Layers

The model consists of different layers. This means it able to make guesses based on different techniques that we included in this system. Also, this system is able to find the price based on different techniques that have been included in this system.

D. Teaching the Model

The machine learning models are used in gathering the data that is required in order to label it for understanding purposes. The machine learning models learn how pricing and how

people who were connected with it. In order to do this, we divide the data into two groups in order to find how it works effectively and how we can increase the accuracy rate. While we teach the model, it adjusts its settings in order to avoid mistakes and make correct guesses.

E. Looking at the Results

The system is analyzed by measurements in order to find how accurate it is and how consistent it is. The model is tested in order to find how it works with information it has never seen before. We use graphs in order to find what people are buying and how pricing is working according to our strategy.

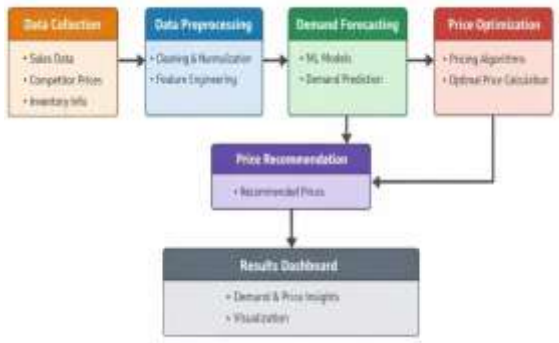

Fig 1: Methodologies

V. ARCHITECTURE DIAGRAM

The architecture of the System is worked to handle data in a easier format and suggest good pricing ideas

A. Input Layer

This portion of the system is important, as it allows for the improved functionality of the system and significantly reduces the complexity associated with operating the system.

B. Text Processing Layer

This portion of the system is important, as it allows for the improved functionality of the system and significantly reduces the complexity associated with operating the system.

C. Output Layer

The dropout layer helps the system to consistently perform well by preventing it from becoming too proficient in one area of expertise.

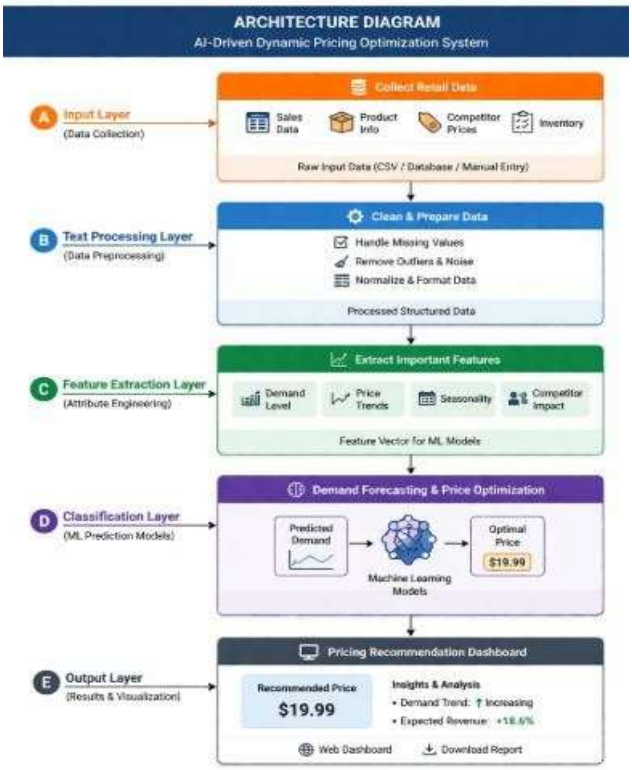

Fig. 2: Proposed Learn Sure System Architecture

VI. INPUT DATA DESCRIPTION

The system uses data to look at how people buy things and to make good pricing suggestions. This data has details about product sales, prices and market conditions.

.A. Dataset Overview

The dataset has old data like product details sales records etc. Each record in the dataset is about a valid input. The system uses this data to see how different things affect people for the changes occurs in the market trends.

B. Dataset Statistics

The dataset has details like:

- Product ID
- Product Price
- Demand Level
- Competitor Price
- Inventory Quantity

C. Class Distribution

The output is price values can also be grouped into different pricing:

- Low Price Range
- Medium Price Range
- High Price Range

For accurate decision-making and understanding the patterns.

D. Data Preprocessing Steps

The model several steps:

- Handling missing values. Removing inconsistencies
- Eliminating duplicate records
- Numerical values are normalizing for better performances.
- It converts variables into numerical format.
- Relevant attributes are embedded for future selections.

It improve the accuracy and reliability of the machine learning model.

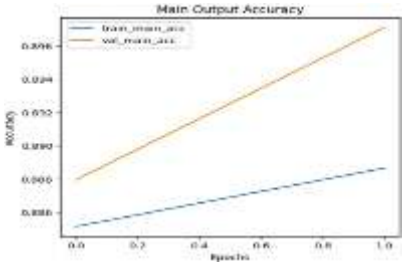

Fig 3: Training&Validation Accuracy Curves.

VII. PSEUDOCODE & IMPLEMENTATION

The system Carries input and predict demand for giving optimized pricing recommendations using ML models. The implementation carries handling data, training models and integrating the system.

A. Dual Output Data Generator

The system produces two types of outputs. The first is the predicted demand value. The second is the optimized price.

- The first output is predicted demand.
- The second output is optimized price.

B. Model Architecture Implementation

- The model architecture has different components.
- The components are work together in the pipeline.

.C. Training Pipeline

The training process begins by splitting the dataset. Where it used for train the model. The testing data is used to evaluate the process accurately.

D. System Development

- The frontend is designed using HTML and CSS.
- The system integrates all components.
- The system delivers a dynamic pricing solution.
- Users can input product details. Receive pricing recommendations instantly.

VIII. OUTPUT ANALYSIS

The AI-Driven Dynamic Pricing Optimization System is helpful for predicting demand and finding prices.

A. How System Was Trained

The systems training analysis how old data learns. It checks of the system figure out the problem or not. Those are arranged and managed for accuracy and effective model.

B. Validation Performance and Visualization results.

We want to verify the system is not just good using the data. We need to find the drawbacks. The AI-Driven Dynamic Pricing Optimization Systems results are shown in graphs like demand curves and price charts.

IX. SCREEN SHOTSAND GRAPHS

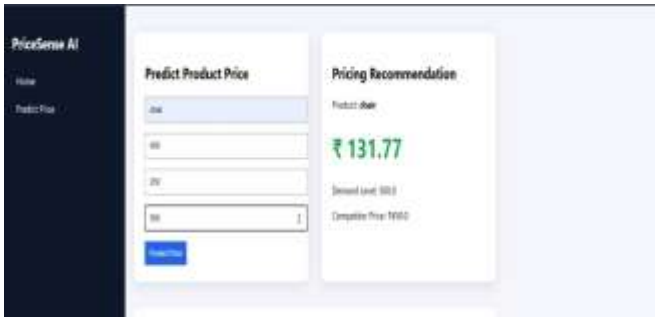

Fig 4: Home page and Result page

X. CONCLUSION

The Dynamic Pricing System is help to stores the data and figure out how much to charge for thing. This system helps them to make money by doing less work and for good decisions when it needed. It has a website that can help people for use it easily and understand the trends. They can look at the results. See what is going on

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