Analyze A/B Test Results

This project will assure you have mastered the subjects covered in the statistics lessons. The hope is to have this project be as comprehensive of these topics as possible. Good luck!

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Introduction

A/B tests are very commonly performed by data analysts and data scientists. It is important that you get some practice working with the difficulties of these

For this project, you will be working to understand the results of an A/B test run by an e-commerce website. Your goal is to work through this notebook to help the company understand if they should implement the new page, keep the old page, or perhaps run the experiment longer to make their decision.

As you work through this notebook, follow along in the classroom and answer the corresponding quiz questions associated with each question. The labels for each classroom concept are provided for each question. This will assure you are on the right track as you work through the project, and you can feel more confident in your final submission meeting the criteria. As a final check, assure you meet all the criteria on the RUBRIC.

Part I - Probability

To get started, let's import our libraries.

```
import pandas as pd
import numpy as np
import random
import matplotlib.pyplot as plt
%matplotlib inline
#We are setting the seed to assure you get the same answers on quizzes as we set up
random.seed(42)
```

- 1. Now, read in the ab_data.csv data. Store it in df . Use your dataframe to answer the questions in Quiz 1 of the classroom.
- a. Read in the dataset and take a look at the top few rows here:

```
In [2]:
    df = pd.read_csv('ab_data.csv')
    df.head()
```

```
Out[2]:
            user_id
                                    timestamp
                                                  group landing_page converted
          0 851104 2017-01-21 22:11:48.556739
                                                  control
                                                              old_page
                                                                                0
          1 804228 2017-01-12 08:01:45.159739
                                                  control
                                                              old_page
                                                                                0
         2 661590 2017-01-11 16:55:06.154213 treatment
                                                                                0
                                                              new_page
         3 853541 2017-01-08 18:28:03.143765 treatment
                                                              new_page
            864975 2017-01-21 01:52:26.210827
                                                  control
                                                              old_page
                                                                                1
```

b. Use the below cell to find the number of rows in the dataset.

```
In [3]: df.shape[0]
```

Out[3]: 294478

c. The number of unique users in the dataset.

```
In [4]: df.user_id.nunique()
```

Out[4]: 290584

d. The proportion of users converted.

```
In [5]: df.converted.mean()*100
```

Out[5]: 11.96591935560551

e. The number of times the new_page and treatment don't line up.

```
df_q1 = df.query("group == 'treatment' and landing_page == 'old_page'").shape[0]
df_q2 = df.query("group == 'control' and landing_page == 'new_page'").shape[0]
df_q = df_q1 + df_q2
df_q
```

Out[6]: 3893

f. Do any of the rows have missing values?

- 2. For the rows where **treatment** is not aligned with **new_page** or **control** is not aligned with **old_page**, we cannot be sure if this row truly received the new or old page. Use **Quiz 2** in the classroom to provide how we should handle these rows.
- a. Now use the answer to the quiz to create a new dataset that meets the specifications from the quiz. Store your new dataframe in **df2**.

```
In [8]:
    df.drop(df.query("group == 'treatment' and landing_page == 'old_page'").index, inplace=True)
    df.drop(df.query("group == 'control' and landing_page == 'new_page'").index, inplace=True)
    df2 = df
    df2.head()
```

```
Out[8]:
           user_id
                                 timestamp
                                               group landing_page converted
          0 851104 2017-01-21 22:11:48.556739
                                              control
                                                         old_page
          1 804228 2017-01-12 08:01:45.159739
                                              control
                                                         old_page
                                                                          0
          2 661590 2017-01-11 16:55:06.154213 treatment
                                                                          0
                                                         new_page
          3 853541 2017-01-08 18:28:03.143765 treatment
                                                         new_page
            864975 2017-01-21 01:52:26.210827
                                                         old_page
                                                                          1
                                              control
In [9]:
          df2.to_csv('ab_data_2.csv')
           df2 = pd.read_csv('ab_data_2.csv')
In [10]:
           # Double Check all of the correct rows were removed - this should be 0
           df2[((df2['group'] == 'treatment') == (df2['landing_page'] == 'new_page')) == False].shape[0]
Out[10]:
          3. Use df2 and the cells below to answer questions for Quiz3 in the classroom.
         a. How many unique user_ids are in df2?
In [11]:
          df2.user_id.nunique()
          290584
Out[11]:
         b. There is one user_id repeated in df2. What is it?
In [12]:
           df2[df2['user_id'].duplicated()]['user_id']
          2862
                  773192
Out[12]:
          Name: user_id, dtype: int64
         c. What is the row information for the repeat user_id?
In [13]:
           df2[df2.duplicated(['user_id'], keep=False)]
Out[13]:
                Unnamed: 0 user_id
                                                              group landing_page converted
                                                timestamp
          1876
                      1899 773192 2017-01-09 05:37:58.781806 treatment
                                                                                         0
                                                                        new_page
          2862
                      2893 773192 2017-01-14 02:55:59.590927 treatment
                                                                                         0
                                                                        new_page
         d. Remove one of the rows with a duplicate user_id, but keep your dataframe as df2.
In [14]:
           df2.drop_duplicates('user_id', inplace=True)
           df2.info()
          <class 'pandas.core.frame.DataFrame'>
          Int64Index: 290584 entries, 0 to 290584
          Data columns (total 6 columns):
              Column
                             Non-Null Count
                                               Dtype
                              -----
              Unnamed: 0
           0
                             290584 non-null int64
                             290584 non-null int64
              user_id
           1
           2
              timestamp 290584 non-null object
           3
                             290584 non-null object
               group
               landing_page 290584 non-null object
               converted
                             290584 non-null int64
          dtypes: int64(3), object(3)
          memory usage: 15.5+ MB
```

4. Use df2 in the below cells to answer the quiz questions related to Quiz 4 in the classroom.

a. What is the probability of an individual converting regardless of the page they receive?

e. Consider your results from a. through d. above, and explain below whether you think there is sufficient evidence to say that the new treatment page leads to more conversions.

Based on the answer to question 4a/b, the percentage of conversion rates is 12.04% in the control group and 11.88% in the treatment group. Since there were a large number of users for the study, there is not much difference. It should also be noted that the probability that a person has received the new page is 0.5 There is therefore no evidence that a page leads to more conversions, as the probability of conversions is almost the same

Part II - A/B Test

Notice that because of the time stamp associated with each event, you could technically run a hypothesis test continuously as each observation was observed.

However, then the hard question is do you stop as soon as one page is considered significantly better than another or does it need to happen consistently for a certain amount of time? How long do you run to render a decision that neither page is better than another?

These questions are the difficult parts associated with A/B tests in general.

- 1. For now, consider you need to make the decision just based on all the data provided. If you want to assume that the old page is better unless the new page proves to be definitely better at a Type I error rate of 5%, what should your null and alternative hypotheses be? You can state your hypothesis in terms of words or in terms of p_{old} and p_{new} , which are the converted rates for the old and new pages.
- 1) Null hypothesis: $pnew pold \le 0$ Alternative hyporthesis: pnew pold > 0
- 2. Assume under the null hypothesis, p_{new} and p_{old} both have "true" success rates equal to the **converted** success rate regardless of page that is p_{new} and p_{old} are equal. Furthermore, assume they are equal to the **converted** rate in **ab_data.csv** regardless of the page.

Use a sample size for each page equal to the ones in ab_data.csv.

Perform the sampling distribution for the difference in converted between the two pages over 10,000 iterations of calculating an estimate from the null.

Use the cells below to provide the necessary parts of this simulation. If this doesn't make complete sense right now, don't worry - you are going to work through the problems below to complete this problem. You can use **Quiz 5** in the classroom to make sure you are on the right track.

a. What is the **convert rate** for p_{new} under the null?

Out[25]:

```
In [19]:
           p_new = df2.converted.mean()
           p_new
          0.11959708724499628
Out[19]:
         b. What is the convert rate for p_{old} under the null?
In [20]:
           p old = df2.converted.mean()
           p_old
          0.11959708724499628
Out[20]:
         c. What is n_{new}?
In [21]:
           n_new = df2.query('landing_page == "new_page"')['converted'].count()
           n_new
          145310
Out[21]:
         d. What is n_{old}?
In [22]:
           n_old = df2.query('landing_page == "old_page"')['converted'].count()
           n_old
          145274
Out[22]:
         e. Simulate n_{new} transactions with a convert rate of p_{new} under the null. Store these n_{new} 1's and 0's in
         new page converted.
In [23]:
           new_page_converted = np.random.choice([0,1], size = n_new, p=[(1-p_new), p_new])
           new_page_converted.mean()
          0.11869107425504094
Out[23]:
         f. Simulate n_{old} transactions with a convert rate of p_{old} under the null. Store these n_{old} 1's and 0's in
         old_page_converted.
In [24]:
           old_page_converted = np.random.choice([0,1], size = n_old, p=[(1-p_old), p_old])
           old_page_converted.mean()
          0.1194088412241695
Out[24]:
         g. Find p_{new} - p_{old} for your simulated values from part (e) and (f).
In [25]:
           new_page_converted.mean() - old_page_converted.mean()
          -0.0007177669691285637
```

h. Simulate 10,000 p_{new} - p_{old} values using this same process similarly to the one you calculated in parts **a. through g.** above. Store all 10,000 values in a numpy array called **p_diffs**.

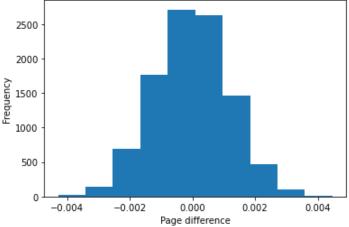
```
p_diffs = []
for i in range(10000):
    new_page_converted = np.random.choice([0,1], size=n_new, p=[(1-p_new), p_new]).mean()
    old_page_converted = np.random.choice([0,1], size=n_old, p=[(1-p_old), p_old]).mean()
    dif = new_page_converted - old_page_converted
    p_diffs.append(dif)
```

i. Plot a histogram of the **p_diffs**. Does this plot look like what you expected? Use the matching problem in the classroom to assure you fully understand what was computed here.

```
In [27]:
    p_diffs=np.array(p_diffs)
    #histogram of p_diff
    plt.hist(p_diffs)
    plt.title('Simulated Difference of new_page & old_page converted under the Null')
    plt.xlabel('Page difference')
    plt.ylabel('Frequency')
```

Out[27]: Text(0, 0.5, 'Frequency')

Simulated Difference of new_page & old_page converted under the Null



j. What proportion of the **p_diffs** are greater than the actual difference observed in **ab_data.csv**?

```
In [28]:
    new_page_converted_act = df.query('landing_page == "new_page"')['converted'].mean()
    old_page_converted_act = df.query('landing_page == "old_page"')['converted'].mean()
    diff_act = new_page_converted_act - old_page_converted_act
    (p_diffs > diff_act).mean()

Out[28]:

Out[28]:
```

k. In words, explain what you just computed in part **j**. What is this value called in scientific studies? What does this value mean in terms of whether or not there is a difference between the new and old pages?

The p-value was calculated. This is the probability that our statistics will be observed as to whether or not the null hypothesis is true

A high p-value (in this case: 0.9) also means that the statistics are more likely to come from our null hypothesis. Therefore, there is no statistical evidence that rejects the null hypothesis. In this case: that old pages are the same or slightly better than the new pages.

I. We could also use a built-in to achieve similar results. Though using the built-in might be easier to code, the above portions are a walkthrough of the ideas that are critical to correctly thinking about statistical significance. Fill in the below to calculate the number of conversions for each page, as well as the number of individuals who received each page. Let <code>n_old</code> and <code>n_new</code> refer the the number of rows associated with the old page and new pages, respectively.

```
import statsmodels.api as sm

convert_old = df2.query('landing_page == "old_page"')['converted'].sum()
convert_new = df2.query('landing_page == "new_page"')['converted'].sum()
n_old = df2.query('landing_page == "old_page"')['converted'].count()
n_new = df2.query('landing_page == "new_page"')['converted'].count()
convert_old, convert_new, n_old, n_new

Out[29]: (17489, 17264, 145274, 145310)
```

m. Now use stats.proportions_ztest to compute your test statistic and p-value. Here is a helpful link on using the built in.

```
In [30]:
    z_score, p_value = sm.stats.proportions_ztest([convert_old, convert_new], [n_old, n_new], alter
    z_score, p_value
```

Out[30]: (1.3109241984234394, 0.9050583127590245)

n. What do the z-score and p-value you computed in the previous question mean for the conversion rates of the old and new pages? Do they agree with the findings in parts **j.** and **k.**?

```
from scipy.stats import norm
    #how significant our z_score is
    norm.cdf(z_score)
    #critical value of 95% confidence
    norm.ppf(1-(0.05))
```

Out[31]: 1.6448536269514722

We found that the Z score of 1.31 is below the critical value of 1.64. So we accept the null hypothesis. The results in parts j and k are consistent with this calculation. There is not enough evidence that the new pages are better or worse than the old pages.

Part III - A regression approach

- 1. In this final part, you will see that the result you acheived in the previous A/B test can also be acheived by performing regression.
- a. Since each row is either a conversion or no conversion, what type of regression should you be performing in this case?

using Logistic Regression

b. The goal is to use **statsmodels** to fit the regression model you specified in part **a.** to see if there is a significant difference in conversion based on which page a customer receives. However, you first need to create a column for the intercept, and create a dummy variable column for which page each user received. Add an **intercept** column, as well as an **ab_page** column, which is 1 when an individual receives the **treatment** and 0 if **control**.

```
In [46]:

df3 = df2
df3['intercept'] = 1
df3['ab_page'] = pd.get_dummies(df3['group'])['treatment']
df3.head()
```

Out[46]:		Unnamed: 0 user_id		timestamp	group	group landing_page		converted intercept	
	0	0	851104	2017-01-21 22:11:48.556739	control	old_page	0	1	0
	1	1	804228	2017-01-12 08:01:45.159739	control	old_page	0	1	0

	Unnamed: 0	user_id	timestamp	group	landing_page	converted	intercept	ab_page
2	2	661590	2017-01-11 16:55:06.154213	treatment	new_page	0	1	1
3	3	853541	2017-01-08 18:28:03.143765	treatment	new_page	0	1	1
4	4	864975	2017-01-21 01:52:26.210827	control	old_page	1	1	0

c. Use **statsmodels** to import your regression model. Instantiate the model, and fit the model using the two columns you created in part **b.** to predict whether or not an individual converts.

```
import statsmodels.api as sm
model = sm.Logit(df3['converted'], df3[['intercept', 'ab_page']])
results = model.fit()
```

Optimization terminated successfully.

Current function value: 0.366118

Iterations 6

d. Provide the summary of your model below, and use it as necessary to answer the following questions.

```
In [48]:
            results.summary()
                                 Logit Regression Results
Out[48]:
                                   converted No. Observations:
              Dep. Variable:
                                                                      290584
                    Model:
                                                   Df Residuals:
                                                                      290582
                                        Logit
                   Method:
                                        MLE
                                                      Df Model:
                      Date: Tue, 14 Mar 2023
                                                 Pseudo R-squ.:
                                                                   8.077e-06
                      Time:
                                     16:45:47
                                                Log-Likelihood: -1.0639e+05
                                                        LL-Null: -1.0639e+05
                 converged:
                                        True
           Covariance Type:
                                                   LLR p-value:
                                                                      0.1899
                                   nonrobust
                        coef std err
                                             z P>|z| [0.025 0.975]
           intercept -1.9888
                               0.008 -246.669 0.000 -2.005
            ab_page -0.0150
                               0.011
                                        -1.311 0.190 -0.037
```

e. What is the p-value associated with ab_page? Why does it differ from the value you found in Part II?

Hint: What are the null and alternative hypotheses associated with your regression model, and how do they compare to the null and alternative hypotheses in the **Part II**?

The Logistic Regression (Part III) is a two-tailed test, which is why we get a different result (0.19) than the previous one-tailed test. The alternative hypothesis model (one-tailed test) assumed that the probability that old and new users would convert pages was equally high.

f. Now, you are considering other things that might influence whether or not an individual converts. Discuss why it is a good idea to consider other factors to add into your regression model. Are there any disadvantages to adding additional terms into your regression model?

It would be good to include factors (age, gender and nationality) that influence user behavior. But before you include them in the regression model, you should be sure that they are relevant to the analysis. Furthermore, one should note the Simpson paradox, which occurs. This phenomenon occurs when confounding variables are not considered in statistical analysis.

g. Now along with testing if the conversion rate changes for different pages, also add an effect based on which country a user lives. You will need to read in the **countries.csv** dataset and merge together your datasets on the approporiate rows. Here are the docs for joining tables.

Does it appear that country had an impact on conversion? Don't forget to create dummy variables for these country columns - **Hint: You will need two columns for the three dummy variables.** Provide the statistical output as well as a written response to answer this question.

```
In [49]:
           countries_df = pd.read_csv('./countries.csv')
           countries_df.head()
Out[49]:
             user_id country
          0 834778
                         UK
          1 928468
                         US
          2
            822059
                         UK
          3
            711597
                         UK
          4 710616
                         UK
In [50]:
           countries_df.country.value_counts()
          US
                203619
Out[50]:
                 72466
          UK
                 14499
          \mathsf{C}\mathsf{A}
          Name: country, dtype: int64
In [51]:
           ### Create the necessary dummy variables
           df_new = countries_df.set_index('user_id').join(df2.set_index('user_id'), how='inner')
           df_new.head()
```

Out[51]: **Unnamed:** country group landing_page converted intercept ab_page timestamp user_id 2017-01-14 834778 UK 143206 0 1 0 control old_page 23:08:43.304998 2017-01-23 treatment 928468 US 157345 0 1 1 new_page 14:44:16.387854 2017-01-16 UK 822059 257177 treatment new_page 1 1 14:04:14.719771 2017-01-22 711597 UK 48778 0 1 0 control old_page 03:14:24.763511 2017-01-16 710616 UK 106686 1 treatment new_page 13:14:44.000513

```
In [54]:

df_new[['US', 'UK', 'CA']] = pd.get_dummies(df_new['country'])

df_new.drop(['country'], axis=1, inplace=True)

df_new.head()
```

Out[54]:		Unnamed: 0	timestamp	group	landing_page	converted	intercept	ab_page	US	UK	CA
	user_id										
	834778	143206	2017-01-14 23:08:43.304998	control	old_page	0	1	0	0	1	0
	928468	157345	2017-01-23 14:44:16.387854	treatment	new_page	0	1	1	0	0	1
	822059	257177	2017-01-16 14:04:14.719771	treatment	new_page	1	1	1	0	1	0

		Unnamed 0		timesta	mp gı	roup	landing_pa	age cor	verted	interc	ept a	b_page	us	UK	CA
	user_id														
	711597	48778	3 03:	2017-01 14:24.763		ntrol	old_p	age	0		1	() 0	1	0
	710616	106686	i 13:	2017-01 14:44.000!	troati	ment	new_p	age	0		1	1	0	1	0
In [56]:		'UK_page			5']*df_ne (']*df_ne										
Out[56]:	ı	Unnamed: 0	tim	nestamp	group	lanc	ling_page	convert	ed int	ercept	ab_pa	ige U	s uk	CA	US_pa
	user_id														
	834778	143206		7-01-14 3.304998	control		old_page		0	1		0	0 1	0	
	928468	157345		7-01-23 5.387854	treatment		new_page		0	1		1	0 0	1	
	822059	257177		7-01-16 1.719771	treatment		new_page		1	1		1	0 1	0	
	711597	48778		7-01-22 1.763511	control		old_page		0	1		0	0 1	0	
	710616	106686		7-01-16 1.000513	treatment		new_page		0	1		1	0 1	0	
	4														>
In [57]:		= sm.Lo _2 = mod			nverted'], df	_new[['ir	ntercep	t' , 'a	b_page	', 'U	K', 'I	JS']])	
	Optimiza		functi		sfully. e: 0.366	113									
In [58]:	results	_2.summa	ry()												
Out[58]:			Logit F	Regressior	Results										
	Dep. Va	ariable:	con	verted N	No. Observ	ations	29	0584							
		Model:		Logit	Df Res	iduals	29	0580							
	M	lethod:		MLE	Df	Mode	l:	3							
		Date: T	ue, 14 Ma	r 2023	Pseudo	R-squ	: 2.323	e-05							
		Time:	16	5:51:52	Log-Like	lihood	l: -1.06396	e+05							
		erged:		True	L	L-Nul	l: -1.06396	e+05							
	Covariance	e Type:	non	robust	LLR p	-value	e: 0.	1760							
		coef	std err	z	P> z [0	.025	0.975]								
	intercept	-1.9893	0.009	-223.763	0.000 -2	2.007	-1.972								
	ab_page	-0.0149	0.011	-1.307	0.191 -0	0.037	0.007								
	UK	0.0099	0.013	0.743	0.457 -0	0.016	0.036								

Answer: The P-value for the two countries is above 0.05, so the country variable has no influence on the conversion rate. The null hypothesis is also not rejected in this analysis.

h. Though you have now looked at the individual factors of country and page on conversion, we would now like to look at an interaction between page and country to see if there significant effects on conversion. Create the necessary additional columns, and fit the new model.

Provide the summary results, and your conclusions based on the results.

```
df_new.drop(['CA', 'US', 'UK'], axis = 1, inplace=True)
df_new.head()
```

	df_new.	nead()										
ıt[60]:		Unnamed: 0	timestamp	group	landing_page	converted	intercept	ab_page	US_page	UK_page		
	user_id											
	834778	143206	2017-01-14 23:08:43.304998	control	old_page	0	1	0	0	C		
	928468	157345	2017-01-23 14:44:16.387854	treatment	new_page	0	1	1	0	C		
	822059	257177	2017-01-16 14:04:14.719771	treatment	new_page	1	1	1	0	1		
	711597	48778	2017-01-22 03:14:24.763511	control	old_page	0	1	0	0	C		
	710616	106686	2017-01-16 13:14:44.000513	treatment	new_page	0	1	1	0	1		
[61]:	result_	s = sm.Log 3 = model 3.summary		nverted']	, df_new[['ir	ntercept',	'ab_page'	,'US_pag	e', 'UK_¡	page']])		
	Optimization terminated successfully. Current function value: 0.366109 Iterations 6											
t[61]:			Logit Regression	n Results								

Dep. Variable:	converted	No. Observations:	290584
Model:	Logit	Df Residuals:	290580
Method:	MLE	Df Model:	3
Date:	Tue, 14 Mar 2023	Pseudo R-squ.:	3.351e-05
Time:	16:56:01	Log-Likelihood:	-1.0639e+05
converged:	True	LL-Null:	-1.0639e+05
Covariance Type:	nonrobust	LLR p-value:	0.06785

	coef	std err	Z	P> z	[0.025	0.975]
intercept	-1.9888	0.008	-246.669	0.000	-2.005	-1.973
ab_page	-0.0183	0.013	-1.449	0.147	-0.043	0.006
US_page	-0.0644	0.038	-1.679	0.093	-0.140	0.011
UK_page	0.0257	0.019	1.363	0.173	-0.011	0.063

```
In [63]: np.exp(result_3.params)
```

Out[63]: intercept 0.136863 ab_page 0.981901 US_page 0.937618 UK_page 1.025986 dtype: float64

In []:

Review including country variables
Even after adding the country variable, it is not clear that the new page does not convert more
Conclusion review
All analyses show that the new pages no longer convert users. For this reason, our recommendati

Conclusions

Congratulations on completing the project!

Gather Submission Materials

Once you are satisfied with the status of your Notebook, you should save it in a format that will make it easy for others to read. You can use the **File -> Download as -> HTML (.html)** menu to save your notebook as an .html file. If you are working locally and get an error about "No module name", then open a terminal and try installing the missing module using <code>pip install <module_name></code> (don't include the "<" or ">" or any words following a period in the module name).

You will submit both your original Notebook and an HTML or PDF copy of the Notebook for review. There is no need for you to include any data files with your submission. If you made reference to other websites, books, and other resources to help you in solving tasks in the project, make sure that you document them. It is recommended that you either add a "Resources" section in a Markdown cell at the end of the Notebook report, or you can include a readme.txt file documenting your sources.

Submit the Project

When you're ready, click on the "Submit Project" button to go to the project submission page. You can submit your files as a .zip archive or you can link to a GitHub repository containing your project files. If you go with GitHub, note that your submission will be a snapshot of the linked repository at time of submission. It is recommended that you keep each project in a separate repository to avoid any potential confusion: if a reviewer gets multiple folders representing multiple projects, there might be confusion regarding what project is to be evaluated.

It can take us up to a week to grade the project, but in most cases it is much faster. You will get an email once your submission has been reviewed. If you are having any problems submitting your project or wish to check on the status of your submission, please email us at dataanalyst-project@udacity.com. In the meantime, you should feel free to continue on with your learning journey by beginning the next module in the program.

In []:	