Introduction to Online Experimentation and A/B Testing

Data Science Dojo



Agenda

Introduction

- What is A/B testing?
- Some interesting A/B tests

Fundamentals

- Steps in Experimentation
- Hypothesis testing and related ideas
- Metrics for A/B testing
- Focus on intuitive understanding than specific distributions, formulas and tests

Common pitfalls

Depth of discussion will depend upon audience engagement and time



Introduction

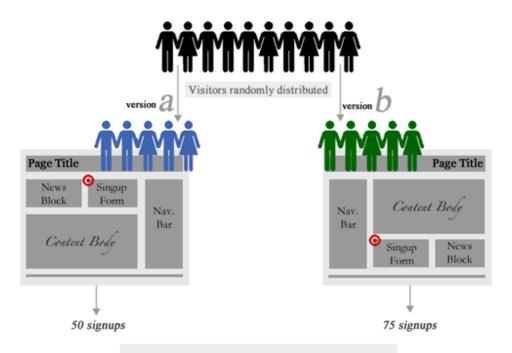


In God we trust. All others bring data.

W. E. Deming



What is A/B Testing?



Version B is better than version A



Obama 2012 Campaign





Obama 2012 Campaign

Maximize Sign-Ups And Donations

















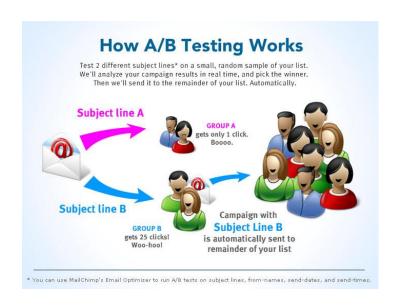




Source: http://www.nathanielward.net/2011/06/see-ab-testing-in-action-on-barack-obamas-reelection-website/



A/B Testing On Newsletters And Email

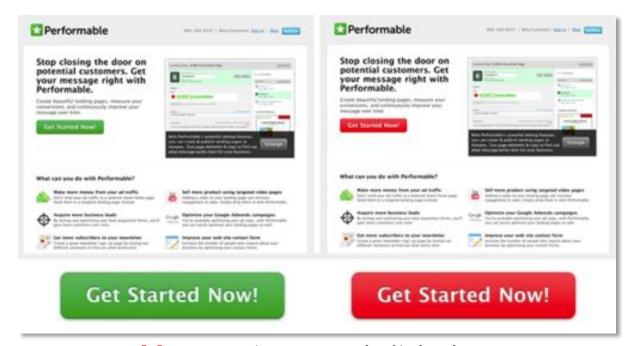


Run tests on many things

- Subject lines
- > From names
- > **Send** dates
- > **Send** time



Testing Call-to-Action Button



Red button increased clicks by 21%



Testing Navigation Bar





'How It Works' increased clicks by 47.7%



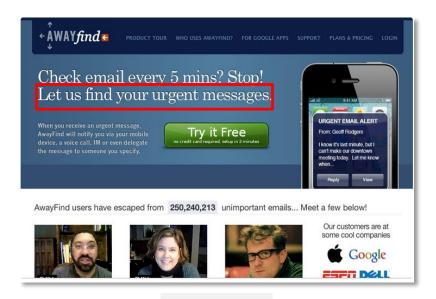
Jocelyn or Michael?

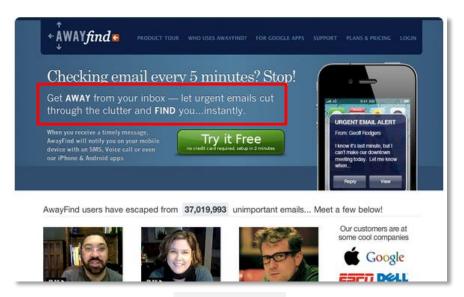


Michael increased conversions by 21%



AwayFind - Mobile notifications for priority messages





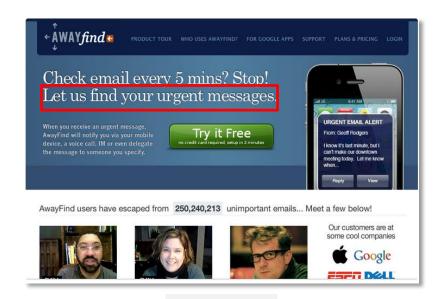
Version A

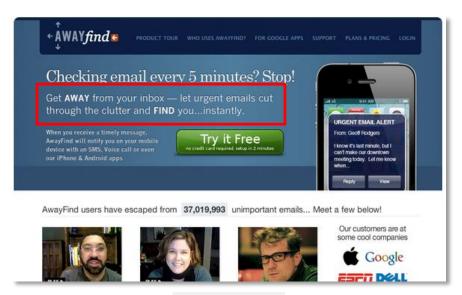
Version B

Which version increased sign-ups by 38%?



AwayFind - Mobile notifications for priority messages





Version A

Version B

Version B!

A longer yet clearer message is more effective.



Online Form

Get Data Center	r Pricing	
ommercial, education and	pedient provides superior colocation, network and managed services to enterprises I government entities. We are committed to providing our clients with reliable, secu- renter services. As a managed data services provider, we can offer your company his ons to meet your needs.	e and
ill out the form below and	get data center pricing today.	
Company Name:		
Name:	68570	1
Phone:	- Est TIPE	
Contact Email: 1		
Services:	Colocation (*) Choud Computing (*) Virtual Colocation (*) Virtual Con Demand (*) Virtual Instance (*) Managed Backup (*) Managed Server (*) Managed Server (*) Internet Connectivity (*)	
Desired Data Center:	Select 💌	
Comments:		
Answer:	Get a Quote	
expedient respects your rig	th to privacy and we will never sell or share your data.	
you have immediate ques	tions, please call 877-570-7827, Monday through Friday 8am - 5pm EST.	

Version	Δ

Company Name : *	
Name:*	
Contact Type:	Primary Contact
Title:	
Comments :	
Contact Phone:	
Contact Email: *	
Data Center Location:	BALTIMORE 💌
Total Required RAM in GB:	
Total Required Processor in GHz:	
Total Required Storage in GB:	
Internet Connectivity:	
Additional Managed Services	
Firewall:	
Remote Backups :	
SAN Storage:	
Load Balancing:	
Priority:*	- Select One - 🛩

Version B

Which Radically Redesigned Form Increased B2B Leads By 368.5%?



Online Form

commercial, education and	edient provides superior colocation, network and man government entities. We are committed to providing or enter services. As a managed data services provider, v ins to meet your needs.	ur clients with reliable, secure and
fill out the form below and	get data center pricing today.	
Company Name:		11111
Name:		E 810
Phone:	Ext	Type
Contact Email:		The state of the s
Services:	□ Colocation ⊕ □ Crious Computing ⊕ □ Virtual Colocation ⊕ □ Virtual On Demand ⊕ □ Virtual Instance ⊕ □ Managed Backup ⊕ □ Managed Save ⊕ □ Managed Server ⊕ □ Managed Exchange ⊕ □ Internet Connectivity ⊕ □ Other	PCi
Desired Data Center: Comments:	Select	
Security Question: Answer:	How many months are there in a year?	J
	Get a Quote	

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ve	151	w	П	A

Version A!
Better be to the point

Company Name : *			
No. 100 Personal Contraction of the Contraction of			
Name:*			
Contact Type:	Primary Contact	~	
Title: *			
Comments:			
Contact Phone:			
Contact Email: *			
Data Center Location: *	BALTIMORE 💉		
Total Required RAM in GB:			
Total Required Processor in GHz:			
Total Required Storage in GB:			
Internet Connectivity:		-jV	
Additional Managed Services		= 4	
Firewall:			
Remote Backups :			
SAN Storage:			
Load Balancing:			
Priority:*	- Select One - 💌		
Security Question:	How many months a	re there in a year	?

Version B



WIKIJOB





Testimonials

Version A

Version B

Version B has **testimonials**, does it work?



WIKIJOB





Testimonials

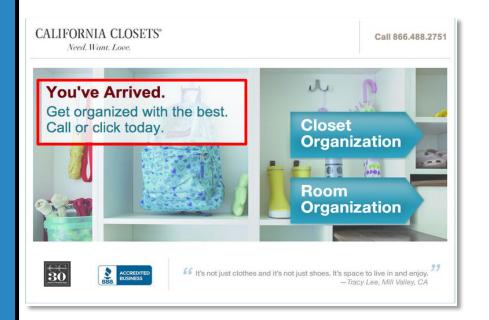
Version A

Version B

Yes, testimonials increased sales by 34%



CALIFORNIA CLOSET





Version A

Version B



CALIFORNIA CLOSET





Version A

Version B

Version A increased leads by 115%.

This is why you should test...!



Fundamentals



Why We Use A/B Testing

Problem

- Users are complex and our intuition is often wrong
- Rolling out a feature to all the users at the same time is risky

A/B testing purpose

- Know what the users want subconsciously or otherwise.
- Helps to fail fast and move on

Impact is always expected to be positive, but outcome is often humbling



A/B Testing vs. Multivariate Testing







A/B Testing vs Multivariate Testing

	A/B Testing	Multivariate Testing
Common use	Compare two very different designs with each other	 Several minor variations are up for debate: Two colors of button with three different headlines Also called full factorial testing
Advantages	Simple in designSmall sample size may be ok	A lot of different combinations tried at once.
Limitations	Trying only one alternative	 Bigger sample size Complex Need better understanding of interactions



Terminology



Control and Treatment

Control

Default experience, the way things are now.

Example: Current look and feel of your

'Buy Now' button



Treatment

The change we want to make.

Example: Change the button from green to

blue



Illustration





Factor and Level

Factor

> The item we want change

Level

> The variations of factor





Metrics Used For A/B Testing

> Search engines

Queries/UU, Session length, Sessions/UU, Page views, Bounce rate

> Online Retailers

Conversion rate, revenue/UU, Avg Cart Value and so on

> Other websites

CTR, signup for newsletter

Each business is different



Brainstorming



Null vs Alternate Hypothesis

- Null Hypothesis (H_o)
 - Control and treatment are similar (in terms of the parameter we are estimating)
- Alternate Hypothesis (H_a)
 - Treatment is different from control



Null vs Alternate Hypothesis



- Null Hypothesis (H_o)
 - Green and blue buttons have the same CTR
- Alternate Hypothesis (H_a)
 - Each button has a different CTR



Type I and Type II Error

Type I Error

The probability of **falsely rejecting** null hypothesis

Type II Error

The probability of **falsely accepting** null hypothesis

Ground Truth

Experiment

	Ho is true.	Ho is false.	
Reject Ho.	Type I error	Correct decision.	
Do not reject Ho.	Correct decision.	Type II error	



Can you tell me in simple words...



The Cook and Smoke Detector

- Null Hypothesis (Ho): There is no fire
- Alternate Hypothesis (Ha): There is fire







The Cook and Smoke Detector

- Type I Error: There is no fire but smoke detector goes off.
- The cook removes the alarm to prevent type I error.
- This increases the chance of Type II Error i.e. a fire without an alarm







The Boy Who Cried Wolf

- Null Hypothesis (Ho): There is no wolf
- Alternate Hypothesis (Ha): There is a wolf





The Boy Who Cried Wolf

- Type I Error: Villagers believe the boy when there is no wolf
- Type II Error: Villagers do not believe the boy when the wolf is really there





Confidence Intervals

Problem: On a 5-point scale, a product has an average review of 4.32 and a standard deviation of 0.845 based on 62 participants in the study. What is the 95% confidence interval?

$$\overline{X} \pm 1.96 \, \sigma / \sqrt{n}$$

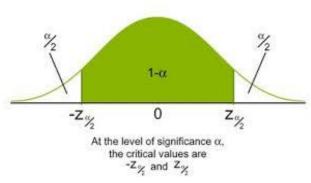


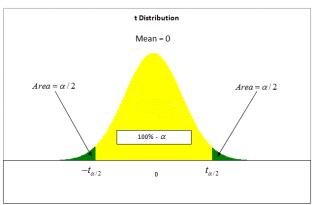
Confidence Intervals

Mean $\bar{X} = 4.32$ Standard deviation $\sigma = 0.845$ Standard error SE = $\frac{0.845}{\sqrt{n}} = \frac{0.845}{\sqrt{62}} = 0.11$ Margin or error is $2 \times 0.11 = 0.22$ The confidence interval is 4.32+0.22 = 4.544.32 - 0.22 = 4.10



Calculating Confidence Interval





Confidence level	Z score
90%	1.645
95%	1.960
98%	2.326
99%	2.576

Critical Values (t*)			
	Confidence Level		
n – 1	0.900	0.950	0.990
10	1.812	2.228	3.169
20	1.725	2.086	2.845
30	1.697	2.042	2.750
40	1.684	2.021	2.704
50	1.676	2.009	2.678
60	1.671	2.000	2.660
70	1.667	1.994	2.648
80	1.664	1.990	2.639
90	1.662	1.987	2.632
100	1.660	1.984	2.626



Type I and Type II Error

Type I Error

The probability of **falsely rejecting** null hypothesis

Type II Error

The probability of **falsely accepting** null hypothesis

Ground Truth

Experiment

Γ	Ho is true.	Ho is false.	
. Reject Ho.	Type I error	Correct decision.	
Do not reject Ho.	Correct decision.	Type II error	



Confidence Interval

 Range of plausible values of parameter being estimated given the sample data





A/A Test

- Comparing the identical experience on different random sets of users
- Used for validation of setup





Steps in Experimentation

Planning

- •Choose factors, levels, sample size(how long to run)
- What business question to answer
- Metrics and expected outcome



Coding and Logging

Setup of test and instrumentation



A/A Test

•To make sure the setup is correct.



Make a Decision

•To ship or not to ship



Analysis and interpretation

- •Some times this can be an art
- Newness effect
- •Seasonality, segments etc.



A/B and/or multivariate test



Categories of Metrics

	Short-term	Medium-term	Long-term
Examples	CTRPVsBounce Rate	PVs/user/dayCTR/user /dayAvg session length	Days with at least one visit: > Total time on site > Repeat visits/user
What is measured?	Immediate or almost immediate impact	Engagement over hours up to a day	Loyalty



Common Pitfalls



Pitfalls in Online Experimentation

- 1. Picking an OEC for which it is easy to beat the control
- 2. Incorrectly computing the confidence intervals
- 3. Using standard statistical formulas for computation of variance and power
- 4. Combining metrics over periods where proportions assigned to Control and Treatment vary or over subpopulations sampled at different rates
- 5. Neglecting to filter bots
- 6. Failing to validate each step of the analysis pipeline and the OEC components
- 7. Forgetting to control for all differences, and assuming that humans can keep the variants in sync



Pitfall 1: Picking an Easy-to-Beat Overall Evaluation Criteria (OEC)

- Before running an experiment an OEC is selected
- OEC should be tied to a long term goals as opposed to short term goals. Click-through Rate (CTR) vs. long term revenue
- Loyal/repeat users get more weight?
- Sometimes getting the true metric is hard. High CTR does not necessarily mean high conversion rate



Pitfall 1: Picking an Easy-to-Beat Overall Evaluation Criteria (OEC)

- Measuring click through on a small area of the page, ignoring the impact on other areas
 - What if the small area on the page was bold/flashing/high contrast?
 - What happens to the whole page CTR?
- Is 'time on site' a good OEC?
 - What if the treatment has a reduced user's effectiveness?



Pitfall 2: Incorrect Computation of Confidence Intervals

- Hypothesis Test: determines whether there is a statistically significant difference in the means of the control and the treatment
- Confidence Interval: provides a plausible range of the size of the effect (difference in C and T means)



Pitfall 2: Incorrect Computation of Confidence Intervals

$$0.95 = 1 - \alpha = P(-z \le Z \le z) = P\left(-1.96 \le \frac{\bar{X} - \mu}{\sigma/\sqrt{n}} \le 1.96\right)$$

$$= P\left(\bar{X} - 1.96 \frac{\sigma}{\sqrt{n}} \le \mu \le \bar{X} + 1.96 \frac{\sigma}{\sqrt{n}}\right)$$

$$= P\left(\bar{X} - 1.96 \times 0.5 \le \mu \le \bar{X} + 1.96 \times 0.5\right)$$

$$250g$$

$$250g \pm 2.5g$$

$$(\bar{x} - 0.98; \bar{x} + 0.98) = (250.2 - 0.98; 250.2 + 0.98) = (249.22; 251.18).$$

Confidence interval implies: If we randomly fill a cup from this vending machine, there is a 95% chance that our cup will have this much coffee



Pitfall 2: Incorrect Computation of Confidence Intervals

- Confidence interval should be formed out of absolute difference
- Do not form a confidence interval around percent change. Percentage change involves dividing by a random variable.
- Some techniques to compute CI are mentioned when the OEC is a linear/non-linear combination of metrics that have the same/different basis/experimental unit.



Pitfall 3: Standard Statistical Formulas for Computation of Variance and Power

- Variance of the metric is needed to compute the statistical significance
- Variance estimates using standard statistical formula for some families of metrics are inaccurate
- This happens when the experimental unit used in random assignment is different from the experiment unit used in the calculation of the metric.



Pitfall 3: Standard Statistical Formulas for Computation of Variance and Power

- Variance, Power and Sample size estimates may be wrong if care is not taken
- How to correct this?
 - Bootstrap method: Estimate variance using bootstrap samples and compare with the variance from standard formula
- This should be done for all metrics and especially for the one with different experiment and randomization units



Pitfall 4: Simpson's Paradox

- Unintuitive but not uncommon
- Simpson's paradox: 'A correlation or trend present in different groups is reversed when the groups are combined'.

	Treatment A	Treatment B
Small Stones	Group 1	Group 2
	93% (81/87)	87% (234/270)
Large Stones	Group 3	Group 4
	73% (192/263)	69% (55/80)
Both	78% (273/350)	83% (289/350)



Pitfall 4: Simpson's Paradox

- 1 million visitors/day
- On Friday the treatment ran with 1% traffic
- On Saturday, the allocation was raised to 50%.
- If we consider Friday and Saturday separately T has a better CTR
- T's CTR is worse when aggregated over days

Table 1: Conversion Rate for two days.

Each day has 1M customers, and the Treatment (T) is better than Control (C) on each day, yet worse overall

	Friday	Saturday	Total
	C/T split: 99%/1%	C/T split: 50%/50%	Total
C	$\frac{20,000}{990,000} = 2.02\%$	$\frac{5,000}{500,000} = 1.00\%$	$\frac{25,000}{1,490,000} = 1.68\%$
Т	$\frac{230}{10,000} = 2.30\%$	$\frac{6,000}{500,000} = 1.20\%$	$\frac{6,230}{510,000} = 1.20\%$

It is possible to have $\frac{a}{b} < \frac{A}{B}$ and $\frac{c}{d} < \frac{C}{D}$ while $\frac{a+c}{b+d} > \frac{A+C}{B+D}$



Pitfall 4: Simpson's Paradox – A Scenario in Controlled Experiments

Sampling of users with non uniform sampling to make sure all browsers have a representative sample

Overall results show treatment is better than control but when segmented by browser, control looks better than treatment for each browser



Pitfall 5: Ignoring Bot Traffic

For experimentation, we are interested in removing bots/fraud clicks that are not uniformly distributed across the control and treatment

Uniformly distributed bots will only reduce the power of the experiment



Pitfall 5: Ignoring Bot Traffic

Failing to exclude bot traffic and fraud clicks may invalidate the results of an experiment



Pitfall 6: Failing to Validate Each Step of Analysis

It is important to keep a check on the health of the pipeline

- Assignment of users to experiment variants
- Calculation of metrics
- Any abnormal shift in metrics
- Movement of metrics that are not expected to move
- Broken instrumentation



Pitfall 6: Failing to Validate Each Step of Analysis

Logging Tests:

- Compare with real historical data
- Compare with generated data
- Look for unexpected patterns
 - Volume of data over time
 - New and repeat users over time
 - Abnormal shift in any of the metrics
- A/A Tests
- Rich Instrumentation



Pitfall 7: Failing to 'Control' the Control

 Don't allow any difference between the Control and the Treatment besides what is actually being tested

 If the Treatment has some updates, Control should have them too and vice versa



Pitfall 7: Failing to 'Control' the Control

 If the site is receiving frequent updates, these updates should be applied equally to the control and the treatment

 Forgetting to control for all differences, and assuming that humans can keep the variants in sync.



A/B Testing Tools



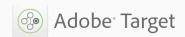








fivesecondtest







Humor



Have you heard the latest statistics joke?

Probably....



Did you hear about the statistician who was thrown in jail?

He now has zero degrees of freedom.



A statistician's wife has twins. He was delighted, and he called to tell his minister the good news.

"Excellent!", said the minister. "Bring them to church on Sunday and we'll baptize them."

"No," replied the statistician. "Let's just baptize one. We'll keep the other as control."



Three statisticians go out hunting together. After a while they spot a solitary rabbit.

The first statistician takes aim and overshoots. The second aims and undershoots.

The third shouts out "We got him!"



How many statisticians does it take to change a light bulb?

$$1 - 3. \quad \alpha = 0.05$$



Questions?





Appendix

