

# original-field-experiment

March 5, 2021

```
[2]: import pandas as pd
      from datetime import datetime
      import numpy as np
      from scipy import stats
      import matplotlib.pyplot as plt
```

```
[3]: from pymatch.Matcher import Matcher
```

```
[4]: from sklearn.linear_model import LogisticRegression
```

```
[5]: import seaborn as sns
```

```
[155]: T_e2e_comp = pd.read_csv('order_e2e_post.csv')
      T_other_comp = pd.read_csv('order_control_post.csv')
```

```
[741]: print('SKU num', T_e2e_comp['item_sku_id'].nunique())
      print('DC num', T_e2e_comp['delv_center_num'].nunique())
```

SKU num 1052

DC num 12

```
[656]: len(T_e2e_comp)
```

```
[656]: 6097
```

```
[726]: skus = np.concatenate((T_other_comp['item_sku_id'].values,
      ↪T_e2e_comp['item_sku_id'].values))
```

```
[732]: print('SKU num', len(np.unique(skus)))
```

SKU num 9308

```
[713]: len(T_e2e_comp)+len(T_other_comp)
```

```
[713]: 61430
```

# 1 Propensity score matching

```
[660]: N_e2e = len(T_e2e_comp)
vlt_e2e = []
for i in range(N_e2e):
    if type(T_e2e_comp.vlt[i]) == int:
        vlt_e2e.append(T_e2e_comp.vlt[i])
    else:
        vlt_e2e.append(T_e2e_comp.vlt[i].days)
```

```
[661]: N_other = len(T_other_comp0)
vlt_other = []
for i in range(N_other):
    if type(T_other_comp0.vlt[i]) == int:
        vlt_other.append(T_other_comp0.vlt[i])
    else:
        vlt_other.append(T_other_comp0.vlt[i].days)
```

```
[662]: T_e2e_comp['vlt_num'] = vlt_e2e
T_other_comp0['vlt_num'] = vlt_other
```

```
[663]: test = T_e2e_comp[['ave_demand', 'vlt_num']]
test['e2e'] = np.ones(N_e2e)
control = T_other_comp0[['ave_demand', 'vlt_num']]
control['e2e'] = np.zeros(N_other)
```

/Users/meng/opt/anaconda3/envs/python3/lib/python3.7/site-packages/ipykernel\_launcher.py:2: SettingWithCopyWarning:  
A value is trying to be set on a copy of a slice from a DataFrame.  
Try using .loc[row\_indexer,col\_indexer] = value instead

See the caveats in the documentation: [https://pandas.pydata.org/pandas-docs/stable/user\\_guide/indexing.html#returning-a-view-versus-a-copy](https://pandas.pydata.org/pandas-docs/stable/user_guide/indexing.html#returning-a-view-versus-a-copy)

/Users/meng/opt/anaconda3/envs/python3/lib/python3.7/site-packages/ipykernel\_launcher.py:4: SettingWithCopyWarning:  
A value is trying to be set on a copy of a slice from a DataFrame.  
Try using .loc[row\_indexer,col\_indexer] = value instead

See the caveats in the documentation: [https://pandas.pydata.org/pandas-docs/stable/user\\_guide/indexing.html#returning-a-view-versus-a-copy](https://pandas.pydata.org/pandas-docs/stable/user_guide/indexing.html#returning-a-view-versus-a-copy)  
after removing the cwd from sys.path.

## 1.0.1 Compare T\_e2e\_comp & T\_other\_comp

```
[664]: control0 = control
```

```
[667]: N_e2e = len(T_e2e_comp)
print('E2E Sample Number:', N_e2e)
index = np.arange(len(control0))
T_other_comp = T_other_comp0.iloc[index]
```

E2E Sample Number: 6097

```
[669]: origin_data = pd.concat([test, control0], ignore_index=True)
```

```
[751]: #calculate original propensity score:
propensity = LogisticRegression()
propensity = propensity.fit(origin_data[['ave_demand', 'vlt_num']], origin_data.
    ↪e2e)
pscore = propensity.predict_proba(origin_data[['ave_demand', 'vlt_num']])[:,1]
    ↪# The predicted propensities by the model
```

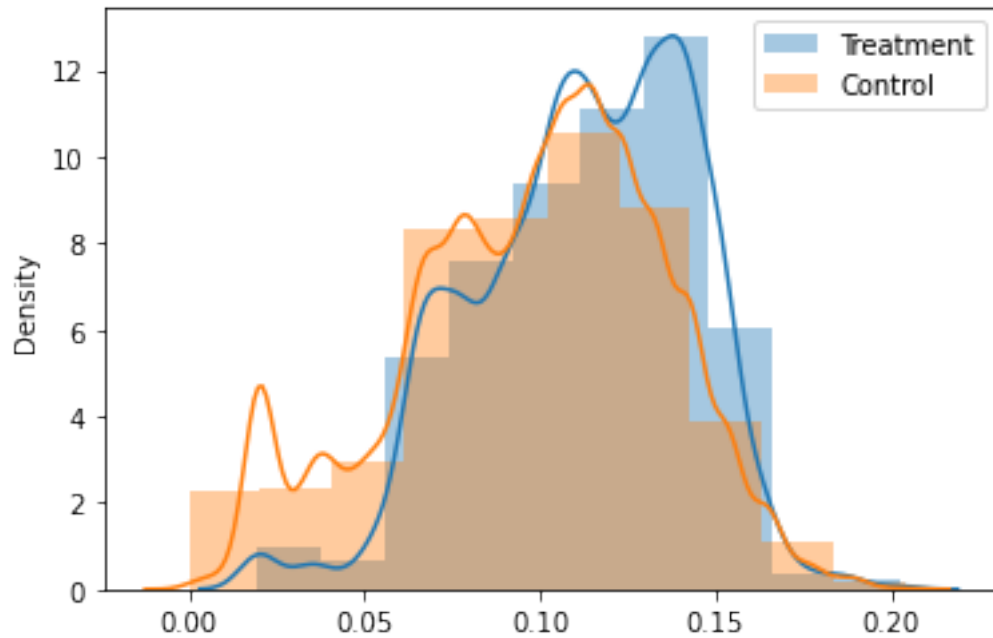
```
[756]: sns.distplot(pscore[:N_e2e], hist = True, bins = 10, label = 'Treatment')
sns.distplot(pscore[N_e2e:], hist = True, bins = 10, label = 'Control')
plt.legend()
# plt.show()
plt.savefig('prop_score_prep.pdf')
```

/Users/meng/opt/anaconda3/envs/python3/lib/python3.7/site-packages/seaborn/distributions.py:2551: FutureWarning: `distplot` is a deprecated function and will be removed in a future version. Please adapt your code to use either `displot` (a figure-level function with similar flexibility) or `histplot` (an axes-level function for histograms).

warnings.warn(msg, FutureWarning)

/Users/meng/opt/anaconda3/envs/python3/lib/python3.7/site-packages/seaborn/distributions.py:2551: FutureWarning: `distplot` is a deprecated function and will be removed in a future version. Please adapt your code to use either `displot` (a figure-level function with similar flexibility) or `histplot` (an axes-level function for histograms).

warnings.warn(msg, FutureWarning)



```
[673]: from sklearn.preprocessing import StandardScaler
from sklearn.neighbors import NearestNeighbors

def get_matching_pairs(treated_df, non_treated_df):

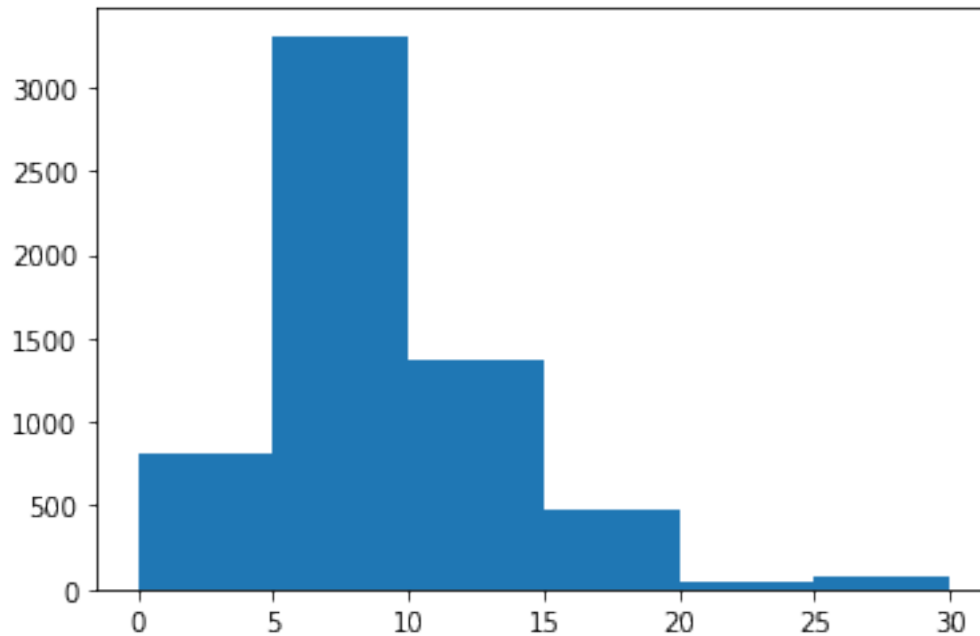
    treated_x = treated_df.values
    non_treated_x = non_treated_df.values

    nbrs = NearestNeighbors(n_neighbors=1, algorithm='auto').fit(non_treated_x)
    distances, indices = nbrs.kneighbors(treated_x)
    # print(indices.reshape(-1,3)[:,:2])
    indices = indices.reshape(indices.shape[0])
    return indices

matched_idx = get_matching_pairs(test, control0)

T_matched_comp = T_other_comp.iloc[matched_idx]

plt.hist(T_matched_comp.vlt_num, bins = 6)
plt.show()
```



```
[674]: control = control0.iloc[matched_idx]
N_other = len(T_other_comp0)
N_match = N_e2e
print('JD method Sample Number:', N_match)
h = 1
b = 9
```

JD method Sample Number: 6097

```
[675]: prop_data = pd.concat([test, control], ignore_index=True)
```

```
[676]: N_e2e
```

```
[676]: 6097
```

```
[757]: #calculate propensity score:
pscore = propensity.predict_proba(prop_data[['ave_demand', 'vlt_num']])[:,1] #_
↪The predicted propensities by the model
```

```
[760]: sns.distplot(pscore[:N_e2e], hist = True, bins = 10, label = 'Treatment')
sns.distplot(pscore[N_e2e:], hist = True, bins = 10, label = 'Control')
plt.legend()
plt.savefig('prop_score2.pdf')
plt.show()
```

/Users/meng/opt/anaconda3/envs/python3/lib/python3.7/site-

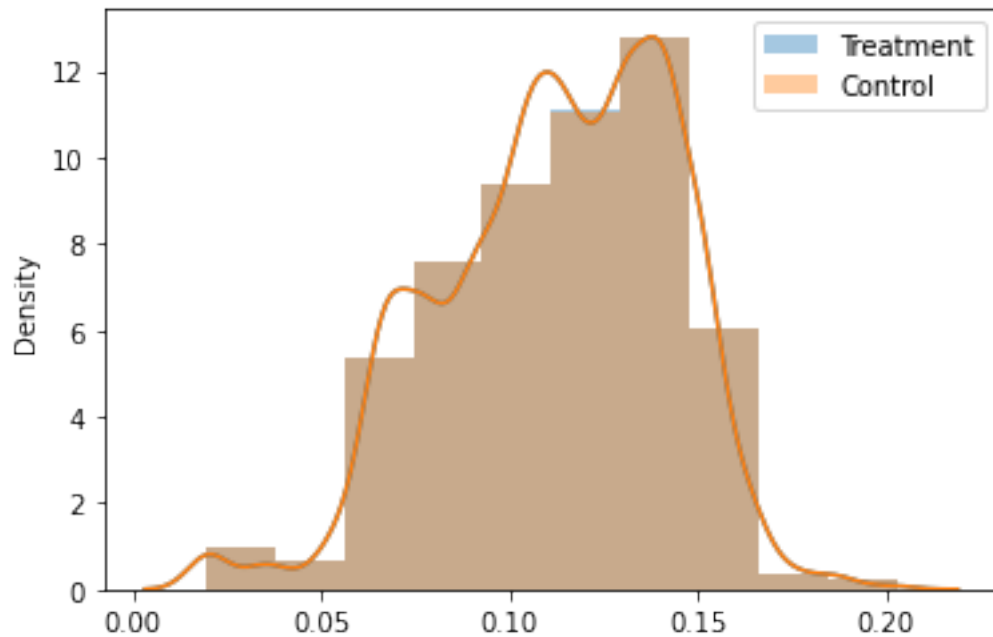
packages/seaborn/distributions.py:2551: FutureWarning: `distplot` is a deprecated function and will be removed in a future version. Please adapt your code to use either `displot` (a figure-level function with similar flexibility) or `histplot` (an axes-level function for histograms).

```
warnings.warn(msg, FutureWarning)
```

/Users/meng/opt/anaconda3/envs/python3/lib/python3.7/site-

packages/seaborn/distributions.py:2551: FutureWarning: `distplot` is a deprecated function and will be removed in a future version. Please adapt your code to use either `displot` (a figure-level function with similar flexibility) or `histplot` (an axes-level function for histograms).

```
warnings.warn(msg, FutureWarning)
```



```
[682]: # calculate inventory metric
e2e_holding_cost = []
e2e_stockout_cost = []
e2e_total_cost = []
e2e_turnover = []
e2e_stockout_ratio = []
for n in range(N_e2e):
    inv = T_e2e_comp.iloc[n].test_inv
    holding_cost = 0
    stockout_cost = 0
    stockout_day = 0
    T = len(T_e2e_comp.iloc[n].test_demand)
    for t in range(T):
        cur_inv = inv[t]
```

```

        if(cur_inv>=0):
            holding_cost += h*cur_inv
        else:
            stockout_cost += -b*cur_inv
#         if(T_e2e_comp.iloc[n].test_demand[t]<=0):
            stockout_day+=1
    turnover = T_e2e_comp.iloc[n].ave_inv/T_e2e_comp.iloc[n].ave_demand
#     turnover = np.maximum(0, T_e2e_comp.iloc[n].ave_inv/T_e2e_comp.iloc[n].
    ↪ave_demand)
    stockout_ratio = stockout_day/T

    e2e_holding_cost.append(holding_cost)
    e2e_stockout_cost.append(stockout_cost)
    e2e_total_cost.append(holding_cost+stockout_cost)
    e2e_turnover.append(turnover)
    e2e_stockout_ratio.append(stockout_ratio)

```

```

[683]: print('Algorithm A Average Holding cost: ', np.mean(e2e_holding_cost))
        print('Algorithm A Average Stockout cost: ', np.mean(e2e_stockout_cost))
        print('Algorithm A Average Total cost: ', np.mean(e2e_total_cost))
        # e2e_turnover1 = [max(0, item) for item in e2e_turnover]
        print('Algorithm A Average Turnover rate: ', np.mean(e2e_turnover))
        print('Algorithm A Average Stockout rate: ', np.mean(e2e_stockout_ratio))

```

```

Algorithm A Average Holding cost:  598.2009184845006
Algorithm A Average Stockout cost:  496.344759717894
Algorithm A Average Total cost:  1094.5456782023946
Algorithm A Average Turnover rate:  18.592980603044012
Algorithm A Average Stockout rate:  0.16808800001671162

```

```

[684]: T_other_comp0.to_csv('order_other_useinpaper_0927.csv')
        T_matched_comp.to_csv('order_matche_useinpaper_0927.csv')

```

```

[685]: T_e2e_comp.to_csv('order_e2e_useinpaper_0927.csv')

```

```

[686]: # calculate inventory metric
        jd_holding_cost = []
        jd_stockout_cost = []
        jd_total_cost = []
        jd_turnover = []
        jd_stockout_ratio = []
        for n in range(N_match):
            inv = T_matched_comp.iloc[n].test_inv
            holding_cost = 0
            stockout_cost = 0
            stockout_day = 0
            T = len(T_matched_comp.iloc[n].test_demand)

```

```

for t in range(T):
    cur_inv = inv[t]
    if (cur_inv >= 0):
        holding_cost += h*cur_inv
    else:
        stockout_cost += -b*cur_inv
#         if (T_matched_comp.iloc[n].test_demand[t] <= 0):
#         if (cur_inv <= 0):
        stockout_day += 1
turnover = T_matched_comp.iloc[n].ave_inv / T_matched_comp.iloc[n].ave_demand
stockout_ratio = stockout_day / T

jd_holding_cost.append(holding_cost)
jd_stockout_cost.append(stockout_cost)
jd_total_cost.append(holding_cost + stockout_cost)
jd_turnover.append(turnover)
jd_stockout_ratio.append(stockout_ratio)

```

```

[687]: print('Algorithm B Average Holding cost: ', np.mean(jd_holding_cost))
print('Algorithm B Average Holding Stockout cost: ', np.mean(jd_stockout_cost))
print('Algorithm B Average Total cost: ', np.mean(jd_total_cost))
jd_turnover1 = [max(0, item) for item in jd_turnover]
print('Algorithm B Average Turnover rate: ', np.mean(jd_turnover1))
print('Algorithm B Average Stockout rate: ', np.mean(jd_stockout_ratio))

```

```

Algorithm B Average Holding cost: 809.5422338855175
Algorithm B Average Holding Stockout cost: 1027.9293094964737
Algorithm B Average Total cost: 1837.471543381991
Algorithm B Average Turnover rate: 20.393857811615447
Algorithm B Average Stockout rate: 0.2561209373197818

```

```

[688]: x_demand = np.concatenate((T_e2e_comp.ave_demand, T_matched_comp.ave_demand),
    ↪axis = 0)

```

```

[689]: vlt_e2e = []
for i in range(N_e2e):
    if type(T_e2e_comp.vlt[i]) == int:
        vlt_e2e.append(T_e2e_comp.vlt[i])
    else:
        vlt_e2e.append(T_e2e_comp.vlt[i].days)

```

```

[690]: vlt_match = T_matched_comp.vlt.dt.days.values
# for i in range(N_other):
# #     if type(T_other_comp.vlt[i]) == int:
# #         vlt_other.append(T_other_comp.vlt[i])
# #     else:

```



```
#     print(i)
#     vlt_other.append(T_other_comp.vlt[i].days)
```

```
[691]: x_vlt = np.concatenate((vlt_e2e,vlt_match), axis = 0)

x_e2e = np.concatenate((np.ones(N_e2e), np.zeros(N_e2e)), axis = 0)
```

```
[693]: ot_e2e = []
for i in range(N_e2e):
    ot_e2e.append(datetime.strptime(T_e2e_comp.create_tm[i], '%Y-%m-%d').
↳toordinal())
```

```
[694]: ot_other = []
for i in range(N_other):
    ot_other.append(datetime.strptime(T_other_comp.create_tm[i], '%Y-%m-%d').
↳toordinal())
```

```
[695]: ot_match = []
for i in range(N_e2e):
#     print(matched_idx[i])
    ot_match.append(ot_other[matched_idx[i]])
```

```
[696]: x_ot = np.concatenate((ot_e2e, ot_match), axis = 0)
```

```
[697]: x_oe = np.multiply(x_ot,x_e2e)
```

```
[698]: import statsmodels.api as sm

from sklearn import preprocessing
```

```
[700]: # t-test holding cost:
a = np.array(e2e_holding_cost)
b = np.array(jd_holding_cost)
t, p = stats.ttest_ind(a,b)
u,p2 = stats.mannwhitneyu(a,b)
print("t = " , str(t))
print("p = " , str(p))
print("u = " , str(u))
print("p2 = " , str(p2))
```

```
t = -14.75484521783182
p = 7.54820122414664e-49
u = 17856434.5
p2 = 8.584230533160078e-05
```

```
[701]: #linear regression:
y = np.concatenate((a,b), axis = 0)
df_lr = pd.DataFrame({'y': y, 'e2e':x_e2e, 'vlt':x_vlt, 'd':x_demand, 'ot':x_ot})
X = df_lr.drop('y',1)    #Feature Matrix
y = df_lr['y']           #Target Variable
```

```
[703]: model = sm.OLS(y, X)
lr =model.fit()
print(lr.summary())
```

#### OLS Regression Results

```
=====
=====
Dep. Variable:                y    R-squared (uncentered):
0.458
Model:                        OLS    Adj. R-squared (uncentered):
0.458
Method:                        Least Squares    F-statistic:
2579.
Date:                          Sun, 04 Oct 2020    Prob (F-statistic):
0.00
Time:                          17:30:34    Log-Likelihood:
-98553.
No. Observations:              12194    AIC:
1.971e+05
Df Residuals:                  12190    BIC:
1.971e+05
Df Model:                      4
Covariance Type:               nonrobust
=====
=====
```

	coef	std err	t	P> t	[0.025	0.975]
e2e	-211.3302	14.184	-14.900	0.000	-239.132	-183.528
vlt	-4.3977	1.621	-2.713	0.007	-7.575	-1.221
d	92.2846	6.195	14.895	0.000	80.140	104.429
ot	0.0009	2.97e-05	30.627	0.000	0.001	0.001

```
=====
=====
Omnibus:                      3233.352    Durbin-Watson:                1.598
Prob(Omnibus):                 0.000    Jarque-Bera (JB):              7142.429
Skew:                          1.536    Prob(JB):                      0.00
Kurtosis:                     5.150    Cond. No.                      1.48e+06
=====
=====
```

Notes:

[1]  $R^2$  is computed without centering (uncentered) since the model does not contain a constant.

[2] Standard Errors assume that the covariance matrix of the errors is correctly specified.

[3] The condition number is large, 1.48e+06. This might indicate that there are strong multicollinearity or other numerical problems.

```
[704]: # t-test stockout cost:
a = np.array(e2e_stockout_cost)
b = np.array(jd_stockout_cost)
t, p = stats.ttest_ind(a,b)
u,p2 = stats.mannwhitneyu(a,b)
print("t = " , str(t))
print("p = " , str(p))
print("u = " , str(u))
print("p2 = " , str(p2))
```

```
t = -19.787436442736016
p = 8.425421360691402e-86
u = 14959338.0
p2 = 5.90363517221594e-89
```

```
[705]: y = np.concatenate((a,b), axis = 0)
model = sm.OLS(y, X)
lr =model.fit()
print(lr.summary())
```

#### OLS Regression Results

```
=====
=====
Dep. Variable:                y    R-squared (uncentered):
0.293
Model:                      OLS    Adj. R-squared (uncentered):
0.293
Method:                    Least Squares    F-statistic:
1265.
Date:                      Sun, 04 Oct 2020    Prob (F-statistic):
0.00
Time:                      17:30:34    Log-Likelihood:
-1.0581e+05
No. Observations:          12194    AIC:
2.116e+05
Df Residuals:              12190    BIC:
2.117e+05
Df Model:                  4
Covariance Type:           nonrobust
=====
=====
```

	coef	std err	t	P> t	[0.025	0.975]
e2e	-531.5254	25.714	-20.671	0.000	-581.929	-481.122

vlt	40.9508	2.939	13.936	0.000	35.191	46.711
d	358.8603	11.232	31.949	0.000	336.844	380.877
ot	-1.683e-05	5.38e-05	-0.313	0.754	-0.000	8.86e-05

```
=====
```

Omnibus:	5483.805	Durbin-Watson:	1.616
Prob(Omnibus):	0.000	Jarque-Bera (JB):	25386.552
Skew:	2.219	Prob(JB):	0.00
Kurtosis:	8.502	Cond. No.	1.48e+06

```
=====
```

Notes:

- [1]  $R^2$  is computed without centering (uncentered) since the model does not contain a constant.
- [2] Standard Errors assume that the covariance matrix of the errors is correctly specified.
- [3] The condition number is large, 1.48e+06. This might indicate that there are strong multicollinearity or other numerical problems.

```
[706]: # t-test total cost:
a = np.array(e2e_total_cost)
b = np.array(jd_total_cost)
t, p = stats.ttest_ind(a,b)
u,p2 = stats.mannwhitneyu(a,b)
print("t = " , str(t))
print("p = " , str(p))
print("u = " , str(u))
print("p2 = " , str(p2))
```

```
t = -28.541731875091184
p = 1.6759264191764458e-173
u = 12850273.5
p2 = 9.569863668036659e-192
```

```
[707]: y = np.concatenate((a,b), axis = 0)
model = sm.OLS(y, X)
lr =model.fit()
print(lr.summary())
```

#### OLS Regression Results

```
=====
```

Dep. Variable:	y	R-squared (uncentered):	0.589
Model:	OLS	Adj. R-squared (uncentered):	0.589
Method:	Least Squares	F-statistic:	4363.
Date:	Sun, 04 Oct 2020	Prob (F-statistic):	

```

0.00
Time:                  17:30:38   Log-Likelihood:
-1.0508e+05
No. Observations:      12194   AIC:
2.102e+05
Df Residuals:          12190   BIC:
2.102e+05
Df Model:               4
Covariance Type:       nonrobust
=====
              coef      std err          t      P>|t|      [0.025      0.975]
-----
e2e          -742.8556      24.234     -30.653      0.000     -790.359     -695.353
vlt           36.5530       2.769      13.199      0.000       31.125       41.982
d            451.1449      10.586      42.618      0.000      430.395      471.895
ot             0.0009      5.07e-05      17.593      0.000        0.001        0.001
=====
Omnibus:                 3512.605   Durbin-Watson:                 1.720
Prob(Omnibus):            0.000   Jarque-Bera (JB):            10278.098
Skew:                     1.508   Prob(JB):                     0.00
Kurtosis:                 6.337   Cond. No.                     1.48e+06
=====

```

Notes:

- [1]  $R^2$  is computed without centering (uncentered) since the model does not contain a constant.
- [2] Standard Errors assume that the covariance matrix of the errors is correctly specified.
- [3] The condition number is large, 1.48e+06. This might indicate that there are strong multicollinearity or other numerical problems.

```

[708]: # t-test turnover:
a = np.array(e2e_turnover1)
b = np.array(jd_turnover1)
t, p = stats.ttest_ind(a,b)
u,p2 = stats.mannwhitneyu(a,b)
print("t = " , str(t))
print("p = " , str(p))
print("u = " , str(u))
print("p2 = " , str(p2))

```

```

t = -2.5707025758472155
p = 0.010161000379500061
u = 16874670.0
p2 = 4.657049264673571e-19

```

```
[709]: y = np.concatenate((a,b), axis = 0)
model = sm.OLS(y, X)
lr =model.fit()
print(lr.summary())
```

#### OLS Regression Results

```
=====
=====
Dep. Variable:                y    R-squared (uncentered):
0.451
Model:                        OLS    Adj. R-squared (uncentered):
0.451
Method:                        Least Squares    F-statistic:
2508.
Date:                          Sun, 04 Oct 2020    Prob (F-statistic):
0.00
Time:                          17:30:50    Log-Likelihood:
-55805.
No. Observations:              12194    AIC:
1.116e+05
Df Residuals:                  12190    BIC:
1.116e+05
Df Model:                      4
Covariance Type:               nonrobust
=====
=====
```

	coef	std err	t	P> t	[0.025	0.975]
e2e	-1.1559	0.426	-2.714	0.007	-1.991	-0.321
vlt	-0.4960	0.049	-10.190	0.000	-0.591	-0.401
d	-6.7993	0.186	-36.547	0.000	-7.164	-6.435
ot	5.112e-05	8.91e-07	57.394	0.000	4.94e-05	5.29e-05

```
=====
=====
Omnibus:                      6008.358    Durbin-Watson:                1.592
Prob(Omnibus):                 0.000    Jarque-Bera (JB):              48627.378
Skew:                          2.221    Prob(JB):                      0.00
Kurtosis:                     11.716    Cond. No.                      1.48e+06
=====
=====
```

#### Notes:

- [1]  $R^2$  is computed without centering (uncentered) since the model does not contain a constant.
- [2] Standard Errors assume that the covariance matrix of the errors is correctly specified.
- [3] The condition number is large, 1.48e+06. This might indicate that there are strong multicollinearity or other numerical problems.

```
[710]: # t-test stockout:
a = np.array(e2e_stockout_ratio)
b = np.array(jd_stockout_ratio)
t, p = stats.ttest_ind(a,b)
u,p2 = stats.mannwhitneyu(a,b)
print("t = " , str(t))
print("p = " , str(p))
print("u = " , str(u))
print("p2 = " , str(p2))
```

```
t = -16.775774867045808
p = 1.8378082008489155e-62
u = 15449754.5
p2 = 4.345803398624435e-67
```

```
[711]: y = np.concatenate((a,b), axis = 0)
model = sm.OLS(y, X, hasconst=True)
lr =model.fit()
print(lr.summary())
```

#### OLS Regression Results

```
=====
Dep. Variable:          y      R-squared:          0.054
Model:                OLS      Adj. R-squared:       0.054
Method:             Least Squares      F-statistic:       234.1
Date:                Sun, 04 Oct 2020      Prob (F-statistic):    1.05e-147
Time:                17:30:55      Log-Likelihood:       -1993.4
No. Observations:      12194      AIC:                3995.
Df Residuals:          12190      BIC:                4025.
Df Model:              3
Covariance Type:       nonrobust
=====
```

	coef	std err	t	P> t	[0.025	0.975]
e2e	-0.0880	0.005	-17.054	0.000	-0.098	-0.078
vlt	0.0101	0.001	17.115	0.000	0.009	0.011
d	0.0294	0.002	13.037	0.000	0.025	0.034
ot	1.533e-07	1.08e-08	14.205	0.000	1.32e-07	1.75e-07

```
=====
Omnibus:                2227.134      Durbin-Watson:          1.377
Prob(Omnibus):           0.000      Jarque-Bera (JB):       3642.060
Skew:                    1.286      Prob(JB):               0.00
Kurtosis:                3.741      Cond. No.               1.48e+06
=====
```

Notes:

[1] Standard Errors assume that the covariance matrix of the errors is correctly specified.

[2] The condition number is large,  $1.48e+06$ . This might indicate that there are strong multicollinearity or other numerical problems.

```
[828]: # dump e2e
import pickle
outcome_e2e = [e2e_holding_cost, e2e_stockout_cost, e2e_total_cost,
               ↪e2e_turnover1, e2e_stockout_ratio]
pickle.dump(outcome_e2e, open("e2e_postexp.pkl", 'wb'))
# dump jd
outcome_jd = [jd_holding_cost, jd_stockout_cost, jd_total_cost, jd_turnover,
              ↪jd_stockout_ratio]
pickle.dump(outcome_jd, open("jd_postexp.pkl", 'wb'))
```

```
[ ]:
```