

Significance Testing: Takeaways

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Syntax

- Visualizing a sampling distribution:

```
mean_differences = []  
for i in range(1000):  
    group_a = []  
    group_b = []  
    for value in all_values:  
        assignment_chance = np.random.rand()  
        if assignment_chance >= 0.5:  
            group_a.append(value)  
        else:  
            group_b.append(value)  
        iteration_mean_difference = np.mean(group_b) - np.mean(group_a)  
        mean_differences.append(iteration_mean_difference)  
plt.hist(mean_differences)  
plt.show()
```

Concepts

- A hypothesis is a pattern or rule that can be tested. We use hypothesis testing to determine if a change we made had a meaningful impact.
 - A null hypothesis describes what is happening currently.
 - While we use an alternative hypothesis to compare with the null hypothesis to decide which describes the data better.
- In a blind experiment, none of the participants knows which group they're in. Blind experiments help reduce potential bias.
- If there is a meaningful difference in the results, we say the result is statistically significant.

- A test statistic is a numerical value that summarizes the data; we can use it in statistical formulas.
- The permutation test is a statistical test that involves simulating rerunning the study many times and recalculating the test statistic for each iteration.
- A sampling distribution approximates the full range of possible test statistics under the null hypothesis.
- A p-value can be considered to be a measurement of how unusual an observed event is. The lower the p-value, the more unusual the event is.
- Whether we reject or fail to reject the null hypothesis or alternative hypothesis depends on the p-value threshold, which should be set before conducting the experiment.
- The most common p-value threshold is **0.05** or **5%**. The p-value threshold can affect the conclusion you reach.

Resources

- [What P-Value Tells You](#)
- [Difference Between A/B Testing and Hypothesis Testing](#)
- [Type I and Type II Errors](#)



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