# Analyze\_ab\_test\_results\_notebook

September 22, 2022

## 1 Analyze A/B Test Results

This project will assure you have mastered the subjects covered in the statistics lessons. We have organized the current notebook into the following sections:

- Section ??

Specific programming tasks are marked with a **ToDo** tag.

## Introduction

A/B tests are very commonly performed by data analysts and data scientists. 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 webpage, - Keep the old webpage, or - Perhaps run the experiment longer to make their decision.

Each **ToDo** task below has an associated quiz present in the classroom. Though the classroom quizzes are **not necessary** to complete the project, they help ensure you are on the right track as you work through the project, and you can feel more confident in your final submission meeting the <u>rubric</u> specification.

## Part I - Probability

To get started, let's import our libraries.

```
In [86]: 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)
```

## 1.0.1 ToDo 1.1

Now, read in the ab\_data.csv data. Store it in df. Below is the description of the data, there are a total of 5 columns:

		Valid
Data columns	Purpose	values
user_id	Unique ID	Int64
		values
timestamp	Time stamp when	-
	the user visited	
	the webpage	
group	In the current	['control',
	A/B experiment,	'treatment'
	the users are	
	categorized into	
	two broad groups.	
	The control	
	group users are	
	expected to be	
	served with	
	old_page; and	
	treatment group	
	users are matched	
	with the	
	new_page.	
	However, <b>some</b>	
	inaccurate rows	
	are present in the	
	initial data, such	
	as a control	
	group user is	
	matched with a	
landing nage	new_page. It denotes	['old_page'
landing_page	whether the user	'new_page']
	visited the old or	new_bage ]
anni anto d	new webpage. It denotes	Γ <b>Λ</b> 43
converted	whether the user	[0, 1]
	decided to pay for	
	the company's	
	product. Here, 1	
	means yes, the	
	user bought the	
	product.	

Use your dataframe to answer the questions in Quiz 1 of the classroom.

a. Read in the dataset from the ab\_data.csv file and take a look at the top few rows here:

```
851104 2017-01-21 22:11:48.556739
                                                     control
                                                                  old_page
         1
             804228 2017-01-12 08:01:45.159739
                                                     control
                                                                  old_page
                                                                                     0
                                                                  new_page
         2
             661590 2017-01-11 16:55:06.154213 treatment
                                                                                     0
             853541 2017-01-08 18:28:03.143765
         3
                                                                  new_page
                                                                                     0
                                                   treatment
             864975 2017-01-21 01:52:26.210827
                                                     control
                                                                  old_page
                                                                                     1
   b. Use the cell below to find the number of rows in the dataset.
In [88]: # number of rows in the dataset is 294478
         df.shape[0]
Out[88]: 294478
   c. The number of unique users in the dataset.
In [89]: # number of unique users are 290584
         df.user_id.value_counts().shape[0]
Out[89]: 290584
   d. The proportion of users converted.
In [90]: # calculated number of converted users (0.119659)
         df.converted.value_counts(normalize = True)
Out[90]: 0
              0.880341
         1
              0.119659
         Name: converted, dtype: float64
   e. The number of times when the "group" is treatment but "landing_page" is not a new_page.
In [91]: # number of times where treatment group does not match with the new page
         df.query("group == 'treatment' and landing_page == 'old_page'").shape[0]
Out[91]: 1965
   f. Do any of the rows have missing values?
In [92]: # view if there are any missing values
         df.isna().sum()
Out[92]: user_id
         timestamp
                          0
         group
                          0
         landing_page
                          0
         converted
                          0
         dtype: int64
```

timestamp

group landing\_page converted

### 1.0.2 ToDo 1.2

df.head()

user\_id

Out[87]:

In a particular row, the **group** and **landing\_page** columns should have either of the following acceptable values:

user_id	timestamp	group	landing_page	converted
XXXX	XXXX	control	old_page	X
XXXX	XXXX	treatment	new_page	Χ

It means, the control group users should match with old\_page; and treatment group users should matched with the new\_page.

However, for the rows where treatment does not match with new\_page or control does not match with old\_page, we cannot be sure if such rows truly received the new or old wepage.

Use **Quiz 2** in the classroom to figure out how should we handle the rows where the group and landing\_page columns don't match?

**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**.

Use df2 and the cells below to answer questions for Quiz 3 in the classroom.

a. How many unique user\_ids are in df2?

**c.** Display the rows for the duplicate **user\_id**?

```
In [97]: # View rows of duplicated user
         df2[df2.duplicated(['user_id'], keep = False)]
Out[97]:
               user id
                                          timestamp
                                                          group landing_page converted
                773192 2017-01-09 05:37:58.781806 treatment
         1899
                                                                     new_page
                                                                                        0
         2893
                773192 2017-01-14 02:55:59.590927 treatment
                                                                                        0
                                                                     new_page
   d. Remove one of the rows with a duplicate user_id, from the df2 dataframe.
In [98]: # Remove one of the rows with a duplicate user_id..
         # Hint: The dataframe.drop_duplicates() may not work in this case because the rows with
         df2.drop(df2[df2.duplicated(['user_id'])].index, inplace = True)
         # Check again if the row with a duplicate user_id is deleted or not
         df2[df2.duplicated(['user_id'])]
Out[98]: Empty DataFrame
         Columns: [user_id, timestamp, group, landing_page, converted]
         Index: []
1.0.4 ToDo 1.4
Use df2 in the cells below 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?
In [99]: # Probability of converting regardless of the page recieved (old or new)
         P_population = df2.converted.mean()
         P_population
Out [99]: 0.11959708724499628
   b. Given that an individual was in the control group, what is the probability they converted?
In [100]: # Probability of a person in the control group converting
          conv_c = df2.query("group == 'control' and converted == 1").shape[0] / df2.group[df2.g
          conv_c
Out[100]: 0.1203863045004612
   c. Given that anindividual was in the treatment group, what is the probability they converted?
In [101]: # Probability of a person in the treatment group converting
          conv_t = df2.query("group == 'treatment' and converted == 1").shape[0] / df2.group[df2
          conv_t
Out[101]: 0.11880806551510564
In [102]: # Calculate the actual difference (obs_diff) between the conversion rates for the two
          df_c = df2.query("group == 'control'")
          df_t = df2.query("group == 'treatment'")
```

obs\_diff = df\_t.converted.mean() - df\_c.converted.mean()

obs\_diff

```
Out[102]: -0.0015782389853555567
```

**d.** What is the probability that an individual received the new page?

**e.** Consider your results from parts (a) through (d) above, and explain below whether the new treatment group users lead to more conversions.

We can infer that the new page doesn't lead to more conversions as the evidence isn't sufficient to draw that conclusion.

However the test was certainly well designed, as 50% of the population got the old page and the other 50% received the new page (population size = 290584).

From the performed analysis, it is fairly clear there isn't any considerable difference in conversions, neither the old\_page (12.04%) compared to the new\_page (11.88%).

```
## Part II - A/B Test
```

Since a timestamp is associated with each event, you could run a hypothesis test continuously as long as you observe the events.

However, then the hard questions would be: - 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.

#### 1.0.5 ToDo 2.1

For now, consider you need to make the decision just based on all the data provided.

Recall that you just calculated that the "converted" probability (or rate) for the old page is *slightly* higher than that of the new page (ToDo 1.4.c).

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 be your null and alternative hypotheses ( $H_0$  and  $H_1$ )?

You can state your hypothesis in terms of words or in terms of  $p_{old}$  and  $p_{new}$ , which are the "converted" probability (or rate) for the old and new pages respectively.

```
Null Hypothesis (H0) = P(old) >= P(new),
Alternative Hypothesis (H1) = P(new) > P(old)
```

## **1.0.6** ToDo 2.2 - Null Hypothesis $H_0$ Testing

Under the null hypothesis  $H_0$ , assume that  $p_{new}$  and  $p_{old}$  are equal. Furthermore, assume that  $p_{new}$  and  $p_{old}$  both are equal to the **converted** success rate in the df2 data regardless of the page. So, our assumption is:

```
p_{new} = p_{old} = p_{population}
In this section, you will:
```

- Simulate (bootstrap) sample data set for both groups, and compute the "converted" probability *p* for those samples.
- Use a sample size for each group equal to the ones in the df2 data.
- Compute the difference in the "converted" probability for the two samples above.
- Perform the sampling distribution for the "difference in the converted probability" between the two simulated-samples over 10,000 iterations; and calculate an estimate.

Use the cells below to provide the necessary parts of this simulation. You can use **Quiz 5** in the classroom to make sure you are on the right track.

**a.** What is the **conversion rate** for  $p_{new}$  under the null hypothesis?

```
In [104]: # null hypothesis states both new and old have the same conversion rates
    P_new = df2.converted.mean()
    P_new
```

Out[104]: 0.11959708724499628

**b.** What is the **conversion rate** for  $p_{old}$  under the null hypothesis?

Out[105]: 0.11959708724499628

**c.** What is  $n_{new}$ , the number of individuals in the treatment group?

Out[106]: 145310

**d.** What is  $n_{old}$ , the number of individuals in the control group?

e. Simulate Sample for the treatment Group Simulate  $n_{new}$  transactions with a conversion rate of  $p_{new}$  under the null hypothesis.

**f. Simulate Sample for the** control **Group** Simulate  $n_{old}$  transactions with a conversion rate of  $p_{old}$  under the null hypothesis. Store these  $n_{old}$  1's and 0's in the old\_page\_converted numpy array.

**g.** Find the difference in the "converted" probability  $(p'_{new} - p'_{old})$  for your simulated samples from the parts (e) and (f) above.

```
In [111]: # Calculating the P_diff (difference in simulated conversion probability)
    P_diff = sample_t.mean() - sample_c.mean()
    P_diff
```

Out[111]: -0.00032565222869790356

**h. Sampling distribution** Re-create new\_page\_converted and old\_page\_converted and find the  $(p'_{new} - p'_{old})$  value 10,000 times using the same simulation process you used in parts (a) through (g) above.

Store all  $(p'_{new} - p'_{old})$  values in a NumPy array called p\_diffs.

```
In [112]: # Sampling distribution
    p_diffs = []

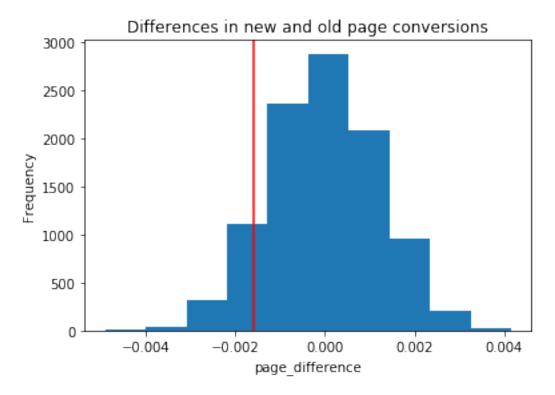
for _ in range(10000):
        sample_t = np.random.choice([1, 0], size = n_new, p = [P_new, (1-P_new)])
        mean_t = sample_t.mean()
        sample_c = np.random.choice([1, 0], size = n_old, p = [P_old, (1-P_old)])
        mean_c = sample_c.mean()
        p_diff = mean_t - mean_c
        p_diffs.append(p_diff)
```

**i. Histogram** 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.

Also, use plt.axvline() method to mark the actual difference observed in the df2 data (recall obs\_diff), in the chart.

```
In [113]: p_diffs = np.array(p_diffs)
    plt.hist(p_diffs); # p_diffs histogram
```

```
plt.xlabel('page_difference') # x-label
plt.ylabel('Frequency') # y-label
plt.title('Differences in new and old page conversions') # Title of graph
plt.axvline(obs_diff, c='r');
```



j. What proportion of the  $p\_diffs$  are greater than the actual difference observed in the df2 data?

**k.** Please explain in words what you have just computed in part **j** above.

- What is this value called in scientific studies?
- What does this value signify in terms of whether or not there is a difference between the new and old pages? *Hint*: Compare the value above with the "Type I error rate (0.05)".

This value in scientific studies is referred to as the p-value, which generally signifies that whether the comparison is statistically significant or not. From the results we are unable to reject the null hypothesis.

**I.** Using Built-in Methods for Hypothesis Testing 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 walk-through of the ideas that are critical to correctly thinking about statistical significance.

Fill in the statements below to calculate the: - convert\_old: number of conversions with the old\_page - convert\_new: number of conversions with the new\_page - n\_old: number of individuals who were shown the old\_page - n\_new: number of individuals who were shown the new\_page

m. Now use sm.stats.proportions\_ztest() to compute your test statistic and p-value. Here is a helpful link on using the built in.

The syntax is:

```
proportions_ztest(count_array, nobs_array, alternative='larger')
```

where, - count\_array = represents the number of "converted" for each group - nobs\_array = represents the total number of observations (rows) in each group - alternative = choose one of the values from [two-sided, smaller, larger] depending upon two-tailed, left-tailed, or right-tailed respectively.

The built-in function above will return the z\_score, p\_value.

1.31092419842 0.094941687241

**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.**?

The z-score coincides with the result from the p-value calculated earlier (z-score<95%). Therefore we are unable to reject the null hypothesis.

### Part III - A regression approach

#### 1.0.7 ToDo 3.1

In this final part, you will see that the result you achieved in the A/B test in Part II above can also be achieved by performing regression.

**a.** Since each row in the df2 data is either a conversion or no conversion, what type of regression should you be performing in this case?

We need to use logistice regression.

**b.** The goal is to use **statsmodels** library to fit the regression model you specified in part **a.** above to see if there is a significant difference in conversion based on the page-type a customer receives. However, you first need to create the following two columns in the df2 dataframe: 1. intercept - It should be 1 in the entire column. 2. ab\_page - It's a dummy variable column, having a value 1 when an individual receives the **treatment**, otherwise 0.

```
In [117]: # intercept coloumn
          df2['intercept'] = 1
          # Creat dummy variables in a coloumn called 'ab_page'
          df2['ab_page'] = pd.get_dummies(df2['group'])['treatment']
          df2.head()
Out[117]:
             user id
                                       timestamp
                                                      group landing_page
                                                                           converted \
             851104 2017-01-21 22:11:48.556739
                                                                 old_page
                                                                                   0
                                                    control
             804228 2017-01-12 08:01:45.159739
                                                                 old_page
                                                     control
                                                                                   0
             661590 2017-01-11 16:55:06.154213 treatment
                                                                 new_page
                                                                                   0
             853541 2017-01-08 18:28:03.143765 treatment
                                                                 new_page
                                                                                   0
             864975 2017-01-21 01:52:26.210827
                                                     control
                                                                 old_page
                                                                                   1
             intercept ab_page
          0
                     1
          1
                     1
                              0
          2
                     1
                              1
          3
                     1
                              1
          4
                     1
                              0
```

**c.** Use **statsmodels** to instantiate your regression model on the two columns you created in part (b). above, then fit the model to predict whether or not an individual converts.

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

```
In [119]: result.summary2()
Out[119]: <class 'statsmodels.iolib.summary2.Summary'>
```

Results: Logit

========		:=======			======	====	====	======
Model:		Logit		No. Iterations:		6.0000		
Dependent Variable:		converted		Pseudo R-squared:		0.000		
Date:		2022-09-22 02:15		AIC:		212780.3502		
No. Observat	cions:	290584		BIC:			2128	01.5095
Df Model:		1		Log-Li	kelihoo	d:	-1.0	639e+05
Df Residuals	3:	290582		LL-Nul	1:		-1.0	639e+05
Converged:	erged:		1.0000		Scale:		1.0000	
	Coef.	Std.Err.		 Z	P> z	[0	.025	0.975]
intercept	-1.9888	0.0081	-246	 . 6690	0.0000	-2.0	 0046	-1.9730
ab_page	-0.0150	0.0114	-1	.3109	0.1899	-0.0	0374	0.0074
========	======	========	=====	=====	======	====	====	=====

11 11 11

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

We can see that the p-value of the ab-page is 0.189 which is much higher than the type I error 0.05. So from this we can gather that we are unable to reject the null hypothesis, meaning that the new page isn't doing better than the old one in regards to conversion.

From part II the new page has a higher conversion rate than the old page meaning that it is one-sided.

Part III is two-sided as the new page can affect the conversion rate either positively or negatively. Results from part II & III are also unable to reject the null hypothesis.

Difference in p-values is due to 2 different hypothesis being tested in both of the tests.

**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 will be good to add other variable to identify other potential factors affecting conversion rates.

- **g. Adding countries** Now along with testing if the conversion rate changes for different pages, also add an effect based on which country a user lives in.
  - 1. You will need to read in the **countries.csv** dataset and merge together your df2 datasets on the appropriate rows. You call the resulting dataframe df\_merged. Here are the docs for joining tables.
  - 2. Does it appear that country had an impact on conversion? To answer this question, consider the three unique values, ['UK', 'US', 'CA'], in the country column. Create dummy variables for these country columns.

Provide the statistical output as well as a written response to answer this question.

```
Out[120]:
             user_id country
              834778
                          UK
              928468
          1
                          US
          2
              822059
                          UK
          3
              711597
                          UK
              710616
                          UK
In [121]: # Join with the df2 dataframe
          df_merged = c_df.set_index('user_id').join(df2.set_index('user_id'))
          df_merged.head()
Out[121]:
                                                            group landing_page \
                  country
                                             timestamp
          user_id
          834778
                       UK 2017-01-14 23:08:43.304998
                                                          control
                                                                       old_page
          928468
                       US 2017-01-23 14:44:16.387854 treatment
                                                                       new_page
          822059
                       UK 2017-01-16 14:04:14.719771 treatment
                                                                       new_page
                       UK 2017-01-22 03:14:24.763511
          711597
                                                                       old_page
                                                          control
                       UK 2017-01-16 13:14:44.000513 treatment
          710616
                                                                      new_page
                   converted intercept ab_page
          user_id
          834778
                           0
                                       1
                                                0
          928468
                           0
                                       1
                                                1
          822059
                           1
                                                1
          711597
                           0
                                       1
                                                0
          710616
                           0
                                       1
                                                1
In [122]: # Create the necessary dummy variables
          df_merged[['UK', 'US', 'CA']] = pd.get_dummies(df_merged['country'])
          df_merged.head()
Out[122]:
                                                            group landing_page \
                  country
                                             timestamp
          user_id
          834778
                       UK 2017-01-14 23:08:43.304998
                                                          control
                                                                       old_page
                       US 2017-01-23 14:44:16.387854 treatment
          928468
                                                                       new_page
          822059
                       UK 2017-01-16 14:04:14.719771
                                                                       new_page
                                                        treatment
                       UK 2017-01-22 03:14:24.763511
          711597
                                                                       old_page
                                                          control
          710616
                       UK 2017-01-16 13:14:44.000513 treatment
                                                                       new_page
                                                           CA
                   converted intercept ab_page UK US
          user_id
          834778
                                       1
                                                0
                                                    0
                                                        1
                                                            0
                           0
                           0
                                                    0
                                                        0
          928468
                                       1
                                                1
                                                            1
          822059
                           1
                                       1
                                                1
                                                    0
                                                            0
          711597
                           0
                                       1
                                                0
                                                            0
                                                    0
                           0
                                                    0
          710616
                                       1
In [123]: l_m = sm.Logit(df_merged['converted'], df_merged[['intercept', 'US', 'CA', 'ab_page']]
          results = l_m.fit()
          results.summary2()
```

```
Optimization terminated successfully.

Current function value: 0.366113

Iterations 6
```

```
Out[123]: <class 'statsmodels.iolib.summary2.Summary'>
```

Results: Logit

Model: Logit No. Iterations: 6.0000
Dependent Variable: converted Pseudo R-squared: 0.000
Date: 2022-09-22 02:15 AIC: 212781.1253
No. Observations: 290584 BIC: 212823.4439
Df Model: 3 Log-Likelihood: -1.0639e+05
Df Residuals: 290580 LL-Null: -1.0639e+05
Converged: 1.0000 Scale: 1.0000

Coef. Std.Err. z P>|z| [0.025 0.975]

intercept -2.0300 0.0266 -76.2488 0.0000 -2.0822 -1.9778
US 0.0506 0.0284 1.7835 0.0745 -0.0050 0.1063
CA 0.0408 0.0269 1.5161 0.1295 -0.0119 0.0934
ab\_page -0.0149 0.0114 -1.3069 0.1912 -0.0374 0.0075

 $\mathbf{H} \ \mathbf{H} \ \mathbf{H}$ 

For people that live in the UK, they are 1.052 times more likely than ones living in the US, while holding all other variables constant.

For people that live in the UK, they are 1.042 times more likely than ones living in CA, while holding all other variables constant.

The p-value is above the error threshold (0.05)

h. Fit your model and obtain the results 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 are there significant effects on conversion. Create the necessary additional columns, and fit the new model.

Provide the summary results (statistical output), and your conclusions (written response) based on the results.

```
results = l_m.fit()
results.summary2()
```

Optimization terminated successfully.

Current function value: 0.366109

Iterations 6

Out[125]: <class 'statsmodels.iolib.summary2.Summary'>

HHH

Results: Logit

Model:		Logit		No. Iterations:		6.0000	
Dependent Var		nverted		o R-squa		-	
Date:		2022-09-22 02:15		AIC:		212782.6602	
No. Observati	ons: 29	0584	BIC:		2128	46.1381	
Df Model:		5		Log-Likelihood:		-1.0639e+05	
Df Residuals:		290578		LL-Null:		-1.0639e+05	
Converged:		1.0000 Scale:		1.00	00		
	Coef.	Std.Err.	Z	P> z	[0.025	0.975]	
intercept	-2.0040	0.0364	-55.0077	0.0000	-2.0754	-1.9326	
US	0.0118	0.0398	0.2957	0.7674	-0.0663	0.0899	
CA	0.0175	0.0377	0.4652	0.6418	-0.0563	0.0914	
ab_page	-0.0674	0.0520	-1.2967	0.1947	-0.1694	0.0345	
US_ab_page	0.0783	0.0568	1.3783	0.1681	-0.0330	0.1896	
CA_ab_page	0.0469	0.0538	0.8718	0.3833	-0.0585	0.1523	

нин

```
In [126]: np.exp(0.0783), np.exp(0.0469)
```

Out[126]: (1.0814470441230692, 1.0480172021191829)

- Users in the UK treatment group are 1.082 times more likely to convert than users living in the US.
- Users in the UK treatment group are 1.048 times more likely to convert than users living in CA.
- Country of origin for the user does not seem to be significant in regards to conversion rate. Since none of the p-values are close to 0.05 (ie above error threshold). Therefore it is my opinion to not keep using the new page, as there does not seem to be any additional benefits.

### ## Conclusion

• The results from the A/B testing and the regression model both show that the new page aren't able to get more than the old one. Therefore we are unable to reject the null hypothesis and my suggestion would be to stop using the new page and keep using the old one

## Final Check!

Congratulations! You have reached the end of the A/B Test Results project! You should be very proud of all you have accomplished!

## Submission You may either submit your notebook through the "SUBMIT PROJECT" button at the bottom of this workspace, or you may work from your local machine and submit on the last page of this project lesson.

- 1. Before you submit your project, you need to create a .html or .pdf version of this notebook in the workspace here. To do that, run the code cell below. If it worked correctly, you should get a return code of 0, and you should see the generated .html file in the workspace directory (click on the orange Jupyter icon in the upper left).
- 2. Alternatively, you can download this report as .html via the **File > Download as** submenu, and then manually upload it into the workspace directory by clicking on the orange Jupyter icon in the upper left, then using the Upload button.
- 3. Once you've done this, you can submit your project by clicking on the "Submit Project" button in the lower right here. This will create and submit a zip file with this .ipynb doc and the .html or .pdf version you created. Congratulations!