Analyze_ab_test_results_notebook

December 26, 2021

1 Analyze A/B Test Results

- Section ??

Introduction

A/B tests are very commonly performed by data analysts and data scientists. For this project, I will be working to understand the results of an A/B test run by an e-commerce website. My 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.

```
## Part I - Probability
To get started, let's import libraries.
```

```
In [111]: import pandas as pd
    import numpy as np
    import random
    import matplotlib.pyplot as plt
    %matplotlib inline

#setting the seed
    random.seed(42)
```

1.0.1 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:

Data columns	Purpose	Valid values
user_id	Unique ID	Int64
		values

		Valid	
Data columns	Purpose	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, some		
	inaccurate rows		
	are present in the		
	initial data, such		
	as a control		
	group user is		
	matched with a		
	new_page.		
landing_page	It denotes	['old_page'	
	whether the user	'new_page']	
	visited the old or		
	new webpage.		
converted	It denotes	[0, 1]	
	whether the user		
	decided to pay for		
	the company's		
	product. Here, 1		
	means yes, the		
	user bought the		
	product.		

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

```
      1
      804228
      2017-01-12
      08:01:45.159739
      control
      old_page
      0

      2
      661590
      2017-01-11
      16:55:06.154213
      treatment
      new_page
      0

      3
      853541
      2017-01-08
      18:28:03.143765
      treatment
      new_page
      0

      4
      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 [113]: # Number of rows
          df.shape[0]
Out[113]: 294478
   c. The number of unique users in the dataset.
In [114]: # Number of unique users
          df.user_id.nunique()
Out[114]: 290584
   d. The proportion of users converted.
In [115]: # Proportion of users converted
          df['converted'].sum() / df.shape[0]
Out[115]: 0.11965919355605512
   e. The number of times when the "group" is treatment but "landing_page" is not a new_page.
In [116]: # Number of times when the "group" is "treatment" but "landing_page" is not a "new_page"
          df.query('group == "treatment" and landing_page != "new_page"').shape[0]
Out[116]: 1965
In [117]: # Number of times when the "group" is "control" but "landing_page" is not a "old_page"
          df.query('group == "control" and landing_page != "old_page"').shape[0]
Out[117]: 1928
In [118]: # Sum of above two numbers
          df.query('group == "treatment" and landing_page != "new_page"').shape[0] + df.query('g
Out[118]: 3893
   f. Do any of the rows have missing values?
In [119]: # Check if there are missing values
          df.isnull().sum() # None
Out[119]: user_id
                           0
          timestamp
          group
                           0
          landing_page
                           0
```

converted dtype: int64

1.0.2 1.2

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
7000	XXXX XXXX	control treatment	old_page	X X

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.

a. Remove the inaccurate rows and store the result in a new dataframe, which is df2.

```
In [120]: # Remove the inaccurate rows, and store the result in a new dataframe df2
          df2 = df.drop(df[((df['group']=='treatment') & (df['landing_page']=='old_page') | (df[
In [121]: # Double Check all of the incorrect rows were removed from df2 -
          # Output of the statement below should be 0
          df2[((df2['group'] == 'treatment') == (df2['landing_page'] == 'new_page')) == False].s
Out[121]: 0
```

1.0.3 1.3

Use **df2** and the cells below to answer the questions.

a. How many unique user_ids are in df2?

```
In [122]: # number of unique user_id
          df2.user_id.nunique()
Out[122]: 290584
```

b. There is one **user_id** repeated in **df2**. What is it?

```
In [123]: # find repeated user_id
          df2[df2.duplicated(['user_id'])].user_id
Out[123]: 2893
                  773192
          Name: user_id, dtype: int64
```

```
c. Display the rows for the duplicate user_id?
In [124]: # show duplicated rows having same user_id
          df2[df2.duplicated(['user_id'], keep=False)]
Out [124]:
                user_id
                                                          group landing_page converted
                                           timestamp
          1899
                 773192 2017-01-09 05:37:58.781806 treatment
                                                                    new_page
                                                                                       0
          2893
                 773192 2017-01-14 02:55:59.590927 treatment
```

new_page

0

d. Remove **one** of the rows with a duplicate **user_id**, from the **df2** dataframe.

1.0.4 1.4

Use **df2** in the cells below to answer the questions.

a. What is the probability of an individual converting regardless of the page they receive? > The probability is the overall "converted" success rate in the population and it is called as $p_{population}$.

b. Given that an individual was in the control group, what is the probability they converted?

/opt/conda/lib/python3.6/site-packages/ipykernel_launcher.py:2: UserWarning: Boolean Series key

```
Out[127]: 0.1203863045004612
```

c. Given that an individual was in the treatment group, what is the probability they converted?

/opt/conda/lib/python3.6/site-packages/ipykernel_launcher.py:2: UserWarning: Boolean Series key

```
Out[128]: 0.11880806551510564
```

The probabilities I've computed in the points (b). and (c). above can also be treated as conversion rate.

Out[129]: -0.0015782389853555567

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

It seems that there are only **small** differences of convertion rate between the old control group and the new treatment group which was **0.0015**.

So I think that it is hard to say that the new treatment group users lead to more conversions.

Part II - A/B Test

Since a timestamp is associated with each event, we could run a hypothesis test continuously as long as we 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 2.1

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

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

If I 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 my null and alternative hypotheses (H_0 and H_1)?

I can state my 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.

- H_0 (null) : p_{old} is equal to p_{new}
- H_1 (alternative) : p_{new} is greater than p_{old}

1.0.6 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, I 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.
- **a.** What is the **conversion rate** for p_{new} under the null hypothesis?

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

Out[132]: 0.11959708724499628

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

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.

In order to simulate N_{new} transactions with a convert rate of P_{new} under the null, we can use either one of the following three approaches:

- numpy.random.binomial
- numpy.random.choice
- pandas.DataFrame.sample

In this project, I will use numpy.random.choice() method to randomly generate n_{new} number of values. I will store these n_{new} 1's and 0's in the new_page_converted numpy array.

f. Simulate Sample for the control **Group** I will simulate n_{old} transactions with a conversion rate of p_{old} under the null hypothesis. Then I store these n_{old} 1's and 0's in the old_page_converted numpy array.

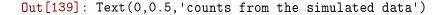
g. Find the difference in the "converted" probability $(p'_{new} - p'_{old})$ for the simulated samples from the parts (e) and (f) above.

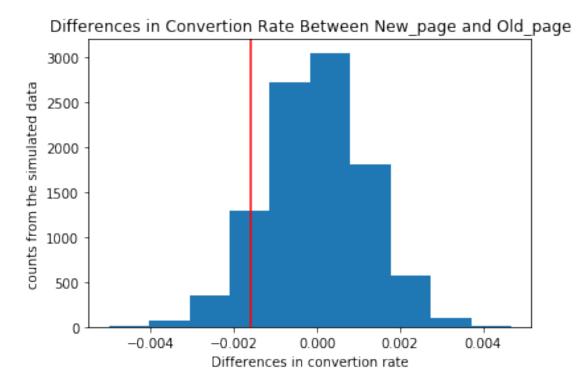
h. Sampling distribution I will re-create new_page_converted and old_page_converted and find the $(p'_{new} - p'_{old})$ value 10,000 times using the same simulation process I used in parts (a) through (g) above.

Then I will store all $(p'_{new} - p'_{old})$ values in a NumPy array called p_diffs.

i. Histogram I will plot a histogram of the p_diffs.

Also, I will use plt.axvline() method to mark the actual difference observed in the df2 data (recall obs_diff), in the chart.





j. What proportion of the p_diffs are greater than the actual difference observed in the df2 data?

Out[140]: 0.90290000000000004

From the above results, I can find that the p-value is 0.9028.

If you see the histogram above, it seems that there are plenty of data from the red line to the right (alternative hypothesis), and if we calculate the p-value which is the mean of p_diffs data having greater value than the obs_diff, it is 0.903, which is greater than the Type I error rate of 0.05. Thus we cannot reject the null hypothesis, which assume that there is no difference between the treatment group and the controlgroup.

l. 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

In [141]: import statsmodels.api as sm

```
# number of conversions with the old_page
convert_old = df2.query('landing_page == "old_page"').converted.sum()

# number of conversions with the new_page
convert_new = df2.query('landing_page == "new_page"').converted.sum()

# number of individuals who were shown the old_page
n_old = df2.query('landing_page == "old_page"').user_id.nunique()

# number of individuals who received new_page
n_new = df2.query('landing_page == "new_page"').user_id.nunique()

convert_old, convert_new, n_old, n_new

Out[141]: (17489, 17264, 145274, 145310)
```

m. Now let's use sm.stats.proportions_ztest() to compute the 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.

```
Two-tailed : H_1 as (p_{new} = p_{old}). Left-tailed : H_1 as (p_{new} < p_{old}). Right-tailed : H_1 as (p_{new} > p_{old}).
```

The built-in function above will return the z_score, p_value.

1.0.7 About the two-sample z-test

Recall that I have plotted a distribution p_diffs representing the difference in the "converted" probability $(p'_{new} - p'_{old})$ for my two simulated samples 10,000 times.

Another way for comparing the mean of two independent and normal distribution is a **two-sample z-test**. You can perform the Z-test to calculate the Z_score, as shown in the equation below:

$$Z_{score} = \frac{(p'_{new} - p'_{old}) - (p_{new} - p_{old})}{\sqrt{\frac{\sigma_{new}^2}{n_{new}} + \frac{\sigma_{old}^2}{n_{old}}}}$$

where, - p' is the "converted" success rate in the sample - p_{new} and p_{old} are the "converted" success rate for the two groups in the population. - σ_{new} and σ_{new} are the standard deviation for the two groups in the population. - n_{new} and n_{old} represent the size of the two groups or samples (it's same in our case)

Z-test is performed when the sample size is large, and the population variance is known. The z-score represents the distance between the two "converted" success rates in terms of the standard error.

Next step is to make a decision to reject or fail to reject the null hypothesis based on comparing these two values: - Z_{score} - Z_{α} or $Z_{0.05}$, also known as critical value at 95% confidence interval. $Z_{0.05}$ is 1.645 for one-tailed tests, and 1.960 for two-tailed test. You can determine the Z_{α} from the z-table manually.

First, I need to decide if the hypothesis is either a two-tailed, left-tailed, or right-tailed test. Accordingly, I will reject OR fail to reject the null based on the comparison between Z_{score} and Z_{α} . We determine whether or not the Z_{score} lies in the "rejection region" in the distribution. In other words, a "rejection region" is an interval where the null hypothesis is rejected iff the Z_{score} lies in that region.

For a right-tailed test, reject null if $Z_{score} > Z_{\alpha}$. For a left-tailed test, reject null if $Z_{score} < Z_{\alpha}$.

Reference: - Example 9.1.2 on this page, courtesy www.stats.libretexts.org First, import the statsmodels library.

```
In [142]: import statsmodels.api as sm
    z_score, p_value = sm.stats.proportions_ztest([convert_new,convert_old], [n_new,n_old]
    print(z_score, p_value)
```

-1.31092419842 0.905058312759

Z-score of **-1.3109** means that the observed difference (obs_diff) is 1.31 standard deviations below the mean. Normally, Z_{α} or $Z_{0.05}$ is **1.645** for one-tailed tests and for a right-tailed test like this case, we can reject null if > . So from the fact that the of **-1.31** is not greater than **1.645**, we can NOT reject the null hypothesis.

Also the p-value here (0.905) is very similar to the p-value computed earlier (0.903). So I can NOT reject the null hypothesis.

Part III - A regression approach

1.0.8 3.1

In this final part, we will see that the result we 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, I should perform **logistic regression** in this case.

We can use logistic regression when the predicted response variable (which is converted here) is limited to a probability between 0 and 1 (in this case *not converted* and *converted*).

b. The goal is to use **statsmodels** library to fit the regression model we specified in part **a.** above to see if there is a significant difference in conversion based on the page-type a customer receives. However, I 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.

```
Out[143]:
            user_id
                                      timestamp
                                                     group landing_page converted \
             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
                                                              new_page
                                                                                0
             853541 2017-01-08 18:28:03.143765 treatment
         3
                                                              new_page
                                                                                0
             864975 2017-01-21 01:52:26.210827
                                                                                1
                                                   control
                                                               old_page
            intercept ab_page
         0
                    1
                    1
                             0
         1
         2
                    1
                             1
         3
                    1
                             1
                             0
         4
                    1
```

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

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

```
In [145]: # Use summary2() method
      results.summary2()
Out[145]: <class 'statsmodels.iolib.summary2.Summary'>
                        Results: Logit
      ______
      Model: Logit No. Iterations: 6.0000
Dependent Variable: converted Pseudo R-squared: 0.000
                                           6.0000
                   2021-12-26 14:46 AIC:
                                           212780.3502
      No. Observations: 290584
                              BIC:
                                           212801.5095
                  1
      Df Model:
                              Log-Likelihood: -1.0639e+05
                            LL-Null:
                  290582
      Df Residuals:
                                           -1.0639e+05
      Converged: 1.0000
                                           1.0000
                               Scale:
      _____
               Coef. Std.Err. z P>|z| [0.025 0.975]
      _____
               -1.9888 0.0081 -246.6690 0.0000 -2.0046 -1.9730
      intercept
               -0.0150 0.0114 -1.3109 0.1899 -0.0374 0.0074
      ab_page
      ______
```

11 11 11

In Part II - H_0 (null) : p_{old} is equal to p_{new} - H_1 (alternative) : p_{new} is greater than p_{old} So, it is **one-sided**.

In Part III.

- H_0 (null) : p_{old} is equal to p_{new} - H_1 (alternative) : p_{old} is NOT equal to p_{new} So, it is **two-sided.**

Also, the current p-value of **0.1899** is still greater than the *Type I Error Rate* of **0.05**. I refered to the Reference.

It says,

"The null hypothesis states that the coefficient(1) is equal to zero. In other words, there is no statistically significant relationship between the predictor variable, x, and the response variable, y.

The alternative hypothesis states that coefficient(1) is not equal to zero. In other words, there is a statistically significant relationship between x and y."

f. Now, let's consider other things that might influence whether or not an individual converts. I will discuss why it is a good idea to consider other factors to add into my regression model. Are there any disadvantages to adding additional terms into my regression model?

Since there seems no relationship between converted and the group, we need to consider if there is other things that affects the dependent variable, converted along with the group variable.

If their combined effect on the dependent variable, "converted", is ignored then the results that we get can be biased (technically known as omitted variable bias).

However, including too many variables in the model can lead to a problem called Multi-collinearity.

The more variables included in the model, typically, the less independent variation there will be for each of the individual variables.

- **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. I will need to read in the **countries.csv** dataset and merge together the df2 datasets on the appropriate rows. We 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.

```
In [146]: # Read the countries.csv
          df_coun = pd.read_csv('countries.csv')
          df_coun.head()
Out[146]:
             user_id country
          0
             834778
                          IJK
              928468
                          US
             822059
                          UK
          3
             711597
                          UK
              710616
                          UK
```

```
In [147]: # Join with the df2 dataframe
          df_merged = df2.join(df_coun.set_index('user_id'), on='user_id')
          df_merged.head()
Out[147]:
             user_id
                                                        group landing_page
                                        timestamp
                                                                             converted
              851104
                      2017-01-21 22:11:48.556739
                                                                  old_page
                                                      control
                                                                                     0
              804228 2017-01-12 08:01:45.159739
                                                      control
                                                                  old_page
                                                                                     0
              661590 2017-01-11 16:55:06.154213 treatment
                                                                  new_page
                                                                                     0
          3
              853541
                      2017-01-08 18:28:03.143765 treatment
                                                                  new_page
                                                                                     0
              864975 2017-01-21 01:52:26.210827
                                                                  old_page
                                                                                     1
                                                      control
             intercept
                        ab_page country
          0
                               0
                                      US
                     1
                     1
                               0
                                      US
          1
          2
                                      US
                     1
                               1
          3
                     1
                                      US
                               1
                     1
                               0
                                      US
In [148]: # Create the necessary dummy variables
          df_merged = df_merged.join(pd.get_dummies(df_merged['country']))
          df_merged.head()
Out[148]:
                                                                            converted
             user_id
                                        timestamp
                                                        group landing_page
              851104 2017-01-21 22:11:48.556739
                                                      control
                                                                  old_page
                                                                                     0
              804228
                      2017-01-12 08:01:45.159739
                                                                                     0
          1
                                                      control
                                                                  old_page
              661590 2017-01-11 16:55:06.154213 treatment
                                                                  new_page
                                                                                     0
              853541 2017-01-08 18:28:03.143765
                                                                                     0
          3
                                                                  new_page
                                                   treatment
              864975 2017-01-21 01:52:26.210827
                                                                  old_page
                                                                                     1
                                                      control
                                              UK
                                                  US
             intercept
                        ab_page country
                                          CA
          0
                     1
                               0
                                           0
                                               0
                                                   1
          1
                     1
                               0
                                      US
                                           0
                                               0
                                                   1
          2
                     1
                               1
                                      US
                                           0
                                               0
                                                   1
          3
                     1
                               1
                                      US
                                           0
                                               0
                                                   1
                     1
                               0
                                      US
                                           0
                                               0
                                                    1
```

h. Fit the model and obtain the results Though we 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 are significant effects on conversion.

First, I will create the necessary additional columns, and fit the new model.

Iterations 6

```
Out[149]: <class 'statsmodels.iolib.summary2.Summary'>
                            Results: Logit
       ______
       Model: Logit No. Iterations: 6.0000
Dependent Variable: converted Pseudo R-squared: 0.000
                2021-12-26 14:46 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]
        _____
                 -2.0300 0.0266 -76.2488 0.0000 -2.0822 -1.9778
       intercept
       ab_page
                 -0.0149 0.0114 -1.3069 0.1912 -0.0374 0.0075
       US
                  0.0506 0.0284 1.7835 0.0745 -0.0050 0.1063
       UK
        ______
In [150]: # Exponentiate the coefficents from the summary
       np.exp(country_result.params)
Out[150]: intercept 0.131332
       ab_page 0.985168
       US
                1.041599
       UK
                1.051944
       dtype: float64
```

Looking at all p-values in the summary, all the p-values are **greater** than the *Type I Error rate* of 0.05.**

So I can conclude that this logistic model is **NOT statistically significant** and there is no interaction between page and country.

Therefore I failed to reject the null hypothesis.

With coefficient values above, I can add

- For every unit for UK user, conversion is 1% more likely to happen compared to CA user, holding all other variables constant.
- For every unit for US user, conversion is 1% more likely to happen compared to CA user, holding all other variables constant.

But these findings are not practically significant as well.

So my conclusion is that the new page is NOT better than the old page, which allows me to accept the null hypothesis.