

# Methods of Applied Statistics I

STA2101H F LEC9101

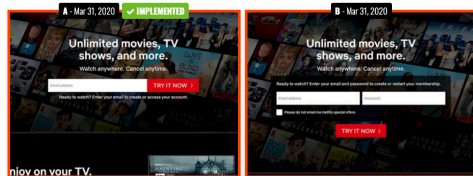
Week 4

October 6 2021

Leak #53 from Netflix.com | May 25, 2020

Home & Landing

## Netflix A/B Tests Displaying A Password Field Which Fails And Gets Rejected



It looks like Netflix has been iterating on showing additional fields upfront on their homepage. After they succeeded at displaying an email address upfront, this experiment now takes next step of showing a password field. The result of the leaked experiment however suggests a negative outcome as they reverted back to the control version - without the visible password. [View Leak](#)

1. Upcoming events, HW 4  
Office Hour Monday Oct 11 7pm-8.30pm
2. Project and HW 4
3. Linear Regression Part 4: recap, collinearity, model-building,  $p > n$
4. Types of studies
5. Third hour – HW 2 Comments, HW 3 help

- Bayesian inference for star clusters

Thursday Oct 7 3.30

[Zoom Link](#)

Gwendolyn Eadie, University of Toronto



#### Short Bio

My research is in the interdisciplinary field of astrostatistics, and I am jointly-appointed between the Department of Astronomy & Astrophysics and the Department of Statistical Sciences. I am interested in using and developing modern statistical methods for astronomy applications to answer fundamental questions about the universe. For example, I use hierarchical Bayesian analysis to study the dark matter halo of the Milky Way and other galaxies, and am developing new time series analysis methods to learn about the internal structure of stars.

- Friday Oct 8 Toronto Data Workshop

[Zoom link](#)

Toronto Data Workshop this Friday, 8 October, at noon (Toronto time) hosts Fedor Dokshin, on the intersection of data science and sociology.

Fedor Dokshin - <http://www.fedordokshin.org> - is an Assistant Professor of Sociology at the University of Toronto. He is a computational social scientist with research interests in social networks, organizations, and energy and the environment. Across these domains, Fedor leverages data science methods and novel data sources to improve existing measurement strategies.

Link: <https://utoronto.zoom.us/j/84277066292>

Meeting ID: 842 7706 6292

Passcode: data\_4\_jvf

1. The data source
2. The size of the data – number of observations and number of covariates
3. the response variable(s)
4. a description of the potential covariates
5. the scientific questions of interest

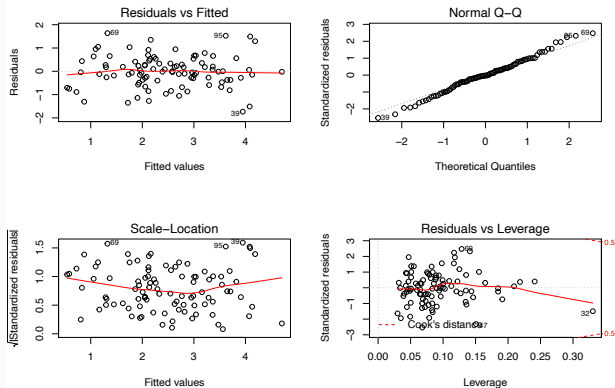
When you submit your final project, it will consist of (at least) the following parts:

1. a description of the scientific problem of interest
2. how (and why) the data being analyzed was collected
3. preliminary description of the data (plots and tables)
4. models and analysis
5. summary for a statistician of the analysis and conclusions
6. non-technical summary for a non-statistician of the analysis and conclusions

# Linear regression recap

- `plot(model1)`

<https://data.library.virginia.edu/diagnostic-plots/>



← → ↻ data.library.virginia.edu/diagnostic-plots/ 🔍 ☆ ⚙️ N

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## Understanding Diagnostic Plots for Linear Regression Analysis

You ran a linear regression analysis and the stats software spit out a bunch of numbers. The results were significant (or not). You might think that you're done with analysis. No, not yet. After running a regression analysis, you should check if the model works well for data.

We can check if a model works well for data in many different ways. We pay great attention to regression results, such as slope coefficients, p-values, or  $R^2$  that tell us how well a model represents given data. That's not the whole picture though. Residuals could show how poorly a model represents data. Residuals are leftover of the outcome variable after fitting a model (predictors) to data and they could reveal unexplained patterns in the data by the fitted model. Using this information, not only could you check if linear regression assumptions are met, but you could improve your model in an exploratory way.

In this post, I'll walk you through built-in diagnostic plots for linear regression analysis in R (there are many other ways to explore data and diagnose linear models other than the built-in base R function though!). It's very easy to run: just use a `plot()` to an `lm` object after running an analysis. Then R will show you four diagnostic plots one by one. For example:

- Workshops
- Data Discovery
- Research Data Management
- StatLab
- Research Software
- Social, Natural, Engineering Sciences
- Meet the Team

Applied Statistics | October 5, 2022

## ... Recap

- residuals:  $\hat{\epsilon}_i = y_i - \hat{y}_i$
- $\text{Var}(\hat{\epsilon}) = \sigma^2(I - H)$ ,  $\text{Var}(y_j - \hat{y}_j) = \sigma^2(1 - h_{jj})$   $0 < h_{jj} < 1, \sum h_{jj} = p$
- i.e. don't all have the same variance
- hat matrix  $H = X(X^T X)^{-1} X^T$   $H y = X(X^T X)^{-1} X^T y = X \hat{\beta} = \hat{y}$
- standardized residuals:  $r_i = \frac{\hat{\epsilon}_i}{\tilde{\sigma}(1 - h_{ii})^{1/2}}$  approx var 1
- Cook's distance  $C_i = \frac{(\hat{y} - \hat{y}_{-i})^T (\hat{y} - \hat{y}_{-i})}{p \tilde{\sigma}^2} = \frac{r_i^2 h_{ii}}{p(1 - h_{ii})}$  measure of influence  
high leverage or high residual

## ... Recap

- Model structure:  $E(y | X) = X\beta$ ,  $\text{Var}(Y | X) = \sigma^2 I$
- added variable plots:  
plot residuals from  $y$  on  $X_{-j}$  against residuals from  $x_j$  on  $X_{-j}$   
(slope of this line is  $\hat{\beta}_j$  – nice exercise)
- partial **residual** plots:  
plot  $\hat{\beta}_j x_j + \hat{\epsilon}$  against  $x_j$

partial **regression** plots

note: all components obtained from original fit

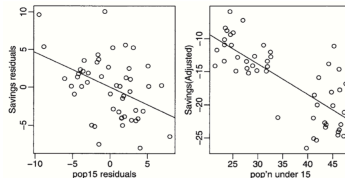


Figure 4.13 Partial regression (left) and partial residual (right) plots for the savings data.



- simple model  $y_i = \beta_0 + \beta_1 x_{1i} + \beta_2 x_{2i} + \epsilon_i, \quad i = 1, \dots, n$
- if  $x_1 \perp x_2$ , then interpretation of  $\beta_1$  and  $\beta_2$  clear
- if  $x_1 = x_2$  then  $\beta_1$  and  $\beta_2$  not separately identifiable
- usually we're somewhere in between, at least in observational studies
- may be very difficult to dis-entangle effects of correlated covariates
- example: health effects of air pollution
- measurable increase in mortality on high-pollution days
- measurable increase in mortality on high-temperature days
- high temperatures and high levels of pollutants tend to co-occur +++
- mathematically,  $X^T X$  is nearly singular, or at least ill-conditioned, so calculation of its inverse is subject to numerical errors
- if  $p > n$  then  $X^T X$  not invertible, no LS solution

ridge, Lasso

more next week

```
> model1
```

Call:

```
lm(formula = lpsa ~ ., data = prostate)
```

```
> X <- model.matrix(model1)
```

```
> X[1,]
```

(Intercept)	lcavol	lweight	age	lbph	svi	lcp
1.0000000	-0.5798185	2.7695000	50.0000000	-1.3862940	0.0000000	-1.3862900
gleason	pgg45					
6.0000000	0.0000000					

```
> e <- eigen(t(X[,-1])%*%X[,-1])
```

```
[1] 1.00000 2.78186 47.66094 52.22787 85.98499 103.73114 153.85414 243.30248
```

```
> vif(X)
```

(Intercept)	lcavol	lweight	age	lbph	svi	lcp
2.004951	2.054115	1.363704	1.323599	1.375534	1.956881	3.097954
gleason	pgg45					
2.473411	2.974361					

- 

$$\text{var}(\hat{\beta}_j) = \sigma^2 \left( \frac{1}{1 - R_j^2} \right) \frac{1}{\sum_i (x_{ij} - \bar{x}_j)^2} \quad R_j^2 \text{ from } x_j \text{ on } X_{-j}$$

LM-2 §7.3; LM-1 §5.3

- variance inflation factor

$$\frac{1}{1 - R_j^2}$$

$\text{vif}(X[, -1])$

- 

$$X^T X = U \Lambda U^T, \quad \Lambda = \text{diag}(\lambda_1, \dots, \lambda_p), \quad \lambda_1 \geq \dots \geq \lambda_p \geq 0$$

$$U^T U = I$$

- $X^T X$  invertible  $\iff \lambda_p > 0$ , but if several  $\lambda$ 's are small, it is nearly singular

- condition number (of  $X$ ):  $\lambda_1/\lambda_p$

“> 30 considered large”; LM

•

$$(\hat{\beta} - \beta)^T(\hat{\beta} - \beta) = \|\hat{\beta} - \beta\|_2^2 \stackrel{d}{=} \sigma^2 \sum_{j=1}^p Z_j^2 / \lambda_j, \quad Z_1, \dots, Z_p \stackrel{iid}{\sim} N(0, 1)$$

•

$$E(\hat{\beta} - \beta)^T(\hat{\beta} - \beta) = \sigma^2 \sum_{j=1}^p \lambda_j^{-1}, \quad \text{var}(\hat{\beta} - \beta)^T(\hat{\beta} - \beta) = 2\sigma^4 \sum_{j=1}^p \lambda_j^{-2}$$

SM, but  $d_1 = \lambda_p$

- “statistical interpretation of condition number is not clear-cut”

SM

- “a more systematic approach to dealing with weak design matrices is ridge regression”

SM, choose regularization parameter by cross-validation

## Aside: standardizing dummy variables

- ridge regression:  $\arg \min_{\beta} (y - X\beta)^T (y - X\beta) + \lambda \sum_{j=1}^p \beta_j^2$
- lasso regression  $\arg \min_{\beta} (y - X\beta)^T (y - X\beta) + \lambda \sum_{j=1}^p |\beta_j|$
- need to center and scale columns of  $X$  so that  $\beta$ 's are all on the same scale
- what about dummy variables?
- Hesterburg, 2021: don't scale dummy variables; instead scale other variables to match the SD of dummy variables with the same standardized skewness  
handles highly unbalanced dummy covariates
- LM-2 §7.2: "A binary predictor taking the values of 0/1 with equal probability has a standard deviation of  $1/2$ . This suggests scaling the other continuous predictors by two SDs rather than one."  
 $x = \pm 1?$

- “analyses should be as simple as possible, but no simpler”
- What variables should we keep in the model ?
- **Hierarchical models**: some models have a natural hierarchy: polynomials, factorial structure, auto-regressive, sinusoidal, ...
- in these models the ‘highest’ level of the hierarchy is removed first
- e.g.  $y = \beta_0 + \beta_1 x + \beta_2 x^2 + \epsilon$  should **\*not\*** be simplified to  $y = \beta_0 + \beta_2 x^2 + \epsilon$
- e.g. if interaction terms are included, then main effects and other 2nd-order terms also need to be included:  $y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_{12} x_1 x_2 + \beta_{11} x_1^2 + \beta_{22} x_2^2 + \epsilon$
- **\*not\***  $y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_{12} x_1 x_2 + \epsilon$  unless  $x = 0/1$
- $y = \beta_0 + \beta_1 \sin(2\pi x) + \beta_2 \cos(2\pi x) + \beta_3 \sin(4\pi x) + \beta_4 \cos(4\pi x) + \epsilon$
- $y_t = \beta_0 + \alpha y_{t-1} + \epsilon$        $y_t = \beta_0 + \alpha_1 y_{t-1} + \alpha_2 y_{t-2} + \epsilon$       **\*not\***  $y_t = \beta_0 + \alpha_2 y_{t-2} + \epsilon$

- **testing procedures:** forward selection, backward selection, stepwise selection
- it is quite common to fit all explanatory variables, and then drop if  $p > 0.05$
- if estimates and estimated standard errors don't change very much, may be okay
- if estimates and estimated standard errors change a lot, cause for concern
- if estimates change sign, points to possibly extreme confounding
- importance of retained explanatory variables probably overstated *p*-values
- procedures not directly linked to final objectives of prediction or explanation
- tends to pick models that are smaller than desirable for prediction LM-2 10.2, LM-1, 8.2
- “should be discouraged” LM-2 10.2

- **Criterion-based procedures:** *AIC*, *BIC*, Mallows  $C_p$ ,  $R_a^2$  most widely used

- $AIC = n \log(RSS/n) + 2p$       balance between fit and simplicity  
*RSS*: residual sum of squares

- $BIC = n \log(RSS/n) + \log(n)p$       choose models with smallest *AIC* or *BIC*

- $C_p = RSS_p / \tilde{\sigma}^2 + 2p - n$ :      estimates average MSE of prediction

•

$$R_a^2 = 1 - \frac{\tilde{\sigma}_{model}^2}{TSS/(n-1)}$$

minimizing  $\hat{s}e(\hat{y})$  means minimizing  $\tilde{\sigma}_{model}^2$

- SM has yet another version  $AIC_c$  which may be better than *AIC* for linear models
- $C_p$  and  $R_a^2$  are only useful for linear models; *AIC* and *BIC* more general



- Hierarchical principle, testing procedures, criterion-based procedures all provide guidance on how to choose  $x$ 's
- in a linear regression model and extensions
- rote application of any of these methods gives little insight into the structure of the model
- **Empirical models:** "In many fields of study the models used as a basis for interpretation do not have a special subject-matter base, but, rather, represent broad patterns of haphazard variation quite widely seen in at least approximate form."
- This is typically combined with a specification of the **systematic part of the variation**, which is often, although not always, the primary focus of interest."
- $E(y | X) = X\beta$  how to choose the  $x$ 's

“Suppose that, at some point in the analysis, interest is focused on the role of a particular explanatory variable or variables,  $x_j$  say, on the response  $y$ . Then the following points are relevant.

- the value, standard error, and interpretation of  $\hat{\beta}_j$  depends on the other variables in the model
- relatively mechanical methods of choosing which explanatory variables to use may be helpful in preliminary exploration, especially if  $p$  is quite large, but are **insecure as a basis for a final interpretation**
- explanatory variable not of direct interest but known to have a substantial effect should be included
- it may be essential to recognize that several different models are potentially equally effective
- ...

“The choice of a regression model is sometimes presented as a search for a model with as few explanatory variables as reasonably necessary to give an adequate empirical fit. ... This approach, which we do not .. in general recommend, may sometimes be appropriate for developing simple empirical prediction equations, although even then the important aspect of the stability of the prediction equation is not directly addressed”

- nuclear plant data

Cox &amp; Snell 1981

- `> library(SMPracticals); data(nuclear); head(nuclear)`

	cost	date	t1	t2	cap	pr	ne	ct	bw	cum.n	pt
1	460.05	68.58	14	46	687	0	1	0	0	14	0
2	452.99	67.33	10	73	1065	0	0	1	0	1	0
3	443.22	67.33	10	85	1065	1	0	1	0	1	0
4	652.32	68.00	11	67	1065	0	1	1	0	12	0
5	642.23	68.00	11	78	1065	1	1	1	0	12	0
6	345.39	67.92	13	51	514	0	1	1	0	3	0

```
> nuclear.lm <- lm(log(cost) ~ date + log(t1) + log(t2) + log (cap)
+ pr + ne + ct + bw + log(cum.n) + pt, data = nuclear)
> help(nuclear)
```

**Table 8.13** Data on light water reactors (LWR) constructed in the USA (Cox and Snell, 1981, p. 81). The covariates are **date** (date construction permit issued), **T<sub>1</sub>** (time between application for and issue of permit), **T<sub>2</sub>** (time between issue of operating license and construction permit), **capacity** (power plant capacity in MWe), **PR** (=1 if LWR already present on site), **NE** (=1 if constructed in north-east region of USA), **CT** (=1 if cooling tower used), **BW** (=1 if nuclear steam supply system manufactured by Babcock-Wilcox), **N** (cumulative number of power plants constructed by each architect-engineer), **PT** (=1 if partial turnkey plant).

	cost	date	T <sub>1</sub>	T <sub>2</sub>	capacity	PR	NE	CT	BW	N	PT
1	460.05	68.58	14	46	687	0	1	0	0	14	0
2	452.99	67.33	10	73	1065	0	0	1	0	1	0
3	443.22	67.33	10	85	1065	1	0	1	0	1	0
4	652.32	68.00	11	67	1065	0	1	1	0	12	0
5	642.23	68.00	11	78	1065	1	1	1	0	12	0
6	345.39	67.92	13	51	514	0	1	1	0	3	0
7	272.37	68.17	12	50	822	0	0	0	0	5	0
8	317.21	68.42	14	59	457	0	0	0	0	1	0
9	457.12	68.42	15	55	822	1	0	0	0	5	0
10	690.19	68.33	12	71	792	0	1	1	1	2	0
11	350.63	68.58	12	64	560	0	0	0	0	3	0
12	402.59	68.75	13	47	790	0	1	0	0	6	0
13	412.18	68.42	15	62	530	0	0	1	0	2	0
14	495.58	68.92	17	52	1050	0	0	0	0	7	0
15	394.36	68.92	13	65	850	0	0	0	1	16	0
16	423.32	68.42	11	67	778	0	0	0	0	3	0
17	712.27	69.50	18	60	845	0	1	0	0	17	0
18	289.66	68.42	15	76	530	1	0	1	0	2	0
19	881.24	69.17	15	67	1090	0	0	0	0	1	0
20	490.88	68.92	16	59	1050	1	0	0	0	8	0
21	567.79	68.75	11	70	913	0	0	1	1	15	0
22	665.99	70.92	22	57	828	1	1	0	0	20	0
23	621.45	69.67	16	59	786	0	0	1	0	18	0
24	608.80	70.08	19	58	821	1	0	0	0	3	0
25	473.64	70.42	19	44	538	0	0	1	0	19	0
26	697.14	71.08	20	57	1130	0	0	1	0	21	0
27	207.51	67.25	13	63	745	0	0	0	0	8	1
28	288.48	67.17	9	48	821	0	0	1	0	7	1
29	284.88	67.83	12	63	886	0	0	0	1	11	1
30	280.36	67.83	12	71	886	1	0	0	1	11	1
31	217.38	67.25	13	72	745	1	0	0	0	8	1
32	270.71	67.83	7	80	886	1	0	0	1	11	1

	Full model		Backward		Forward	
	Est (SE)	<i>t</i>	Est (SE)	<i>t</i>	Est (SE)	<i>t</i>
Constant	-14.24 (4.229)	-3.37	-13.26 (3.140)	-4.22	-7.627 (2.875)	-2.66
date	0.209 (0.065)	3.21	0.212 (0.043)	4.91	0.136 (0.040)	3.38
log(T1)	0.092 (0.244)	0.38				
log(T2)	0.290 (0.273)	1.05				
log(cap)	0.694 (0.136)	5.10	0.723 (0.119)	6.09	0.671 (0.141)	4.75
PR	-0.092 (0.077)	-1.20				
NE	0.258 (0.077)	3.35	0.249 (0.074)	3.36		
CT	0.120 (0.066)	1.82	0.140 (0.060)	2.32		
BW	0.033 (0.101)	0.33				
log(N)	-0.080 (0.046)	-1.74	-0.088 (0.042)	-2.11		
PT	-0.224 (0.123)	-1.83	-0.226 (0.114)	-1.99	-0.490 (0.103)	-4.77
Residual SE (df)	0.164 (21)		0.159 (25)		0.195 (28)	

**Table 8.14** Parameter estimates and standard errors for linear models fitted to nuclear plants data; forward and backward indicate models fitted by forward selection and backward elimination.

– could also use `stepAIC` or `leaps::regsubsets`

LM-2 10.3, LM-1 8.3

- transformation of variables: `cost`, `T1`, `T2`, `cap`, `cum.n` all converted to log
- “partly to lead to unit-free parameters whose values can be interpreted in terms of power-law relations between the original variables” Cox & Snell
- “Costs are typically relative. Moreover large costs are likely to vary more than small ones. For consistency we also take logs of the other quantitative covariates” Davison
- backward elimination leaves six variables with residual mean square  $0.0253 = 0.159^2$ ; none of the eliminated variables is significant if re-introduced
- variable `PT` is unbalanced
- check on the model includes interaction with `PT` one variable at a time

e.g.

```
> nuclear.lm3 <- lm(log(cost) ~ date + log(cap) + NE + CT + log(cum.n) + PT,
data = nuclear); nuclear.lm3$coef
```

(Intercept)	date	log(cap)	ne	ct	log(cum.n)
-13.26031	0.21241	0.72341	0.24902	0.14039	-0.08758
pt					
-0.22610					

```
> update(nuclear.lm3, . ~ . + pt*log(cap))$coef
```

(Intercept)	date	log(cap)	ne	ct	log(cum.n)
-13.08645	0.21044	0.71761	0.24841	0.13998	-0.08683
pt log(cap):pt					
-2.18759	0.29159				



$$p > n$$

- if  $p > n$  then  $X^T X$  is not invertible
- $\beta$  is not estimable
- residual sum of squares will be 0 with  $n$  explanatory variables
- no reduction in complexity; nothing learned about the relationship between  $y$  and  $x$
- we expect that few variables are “active”, i.e. are useful for explaining the variation in  $y$
- number of active variables usually called  $s$ , assumed  $s < n$
- how do we find them?

also  $s \ll p$

$$\arg \min_{\beta} \{ (y - X\beta)^T (y - X\beta) + \lambda \|\beta\|_0 \}$$

$$\|\beta\|_0 = \#\{j : \beta_j \neq 0\}$$

- 

$$\arg \min_{\beta} \{(\mathbf{y} - \mathbf{X}\beta)^T(\mathbf{y} - \mathbf{X}\beta) + \lambda \|\beta\|_0\}$$

- 

$$\|\beta\|_0 = \#\{j : \beta_j \neq 0\}$$

- non-convex optimization; a convex relaxation of this problem is

$$\arg \min_{\beta} \{(\mathbf{y} - \mathbf{X}\beta)^T(\mathbf{y} - \mathbf{X}\beta) + \lambda \|\beta\|_1\}$$

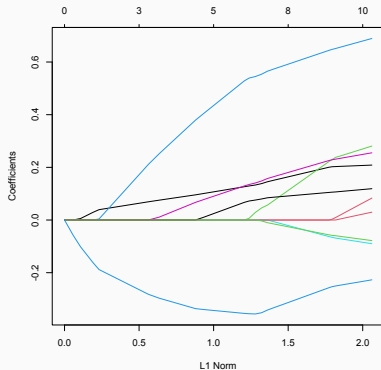
- 

$$\|\beta\|_1 = \sum_j |\beta_j|$$

- the resulting estimate  $\hat{\beta}_{\lambda}$  is called the **Lasso** estimate
- has many components  $\hat{\beta}_{\lambda,k} = 0$
- there are many other approaches to regression with  $p > n$

$$p > n$$

```
> require(glmnet)
> x <- model.matrix(nuclear.lm)
> y <- log(nuclear$cost)
> nuclear.lasso <- glmnet(x,y)
> cv.glmnet(x,y)
...
      Lambda Index Measure      SE Nonzero
min 0.0295    24  0.0367 0.0105         6
1se 0.0566    17  0.0462 0.0115         5
> nuclear.lasso2 <- glmnet(x,y,lambda=0.0566)
> coef(nuclear.lasso2)
0.1055 . . 0.4276 . 0.08728 0.02109 . . -0.3426
```



- common objectives
- to avoid systematic error, that is distortion in the conclusions arising from sources that do not cancel out in the long run
- to reduce the non-systematic (random) error to a reasonable level by replication and other techniques
- to estimate realistically the likely uncertainty in the final conclusions
- to ensure that the scale of effort is appropriate

## ... design of studies

- we concentrate largely on the careful analysis of individual studies
- in most situations synthesis of information from different investigations is needed
- but even there the quality of individual studies remains important
- examples include overviews (such as the Cochrane reviews)
- in some areas new investigations can be set up and completed relatively quickly; design of individual studies may then be less important

## ... design of studies

- formulation of a plan of analysis
- establish and document that proposed data are capable of addressing the research questions of concern
- main configurations of answers likely to be obtained should be set out
- level of detail depends on the context
- even if pre-specified methods must be used, it is crucial not to limit analysis
- planned analysis may be technically inappropriate
- more controversially, data may suggest new research questions or replacement of objectives
- latter will require confirmatory studies

# Unit of study and analysis

- smallest subdivision of experimental material that may be assigned to a treatment context: Expt
- Example: RCT – unit may be a patient, or a patient-month (in crossover trial)
- Example: public health intervention – unit is often a community/school/...
- **split plot** experiments have two classes of units of study and analysis
- in investigations that are not randomized, it may be helpful to consider what the primary unit of analysis would have been, had a randomized experiment been feasible
- the unit of analysis may not be the unit of interpretation – ecological bias  
systematic difference between impact of  $x$  at different levels of aggregation
- on the whole, limited detail is needed in examining the variation **within** the unit of study

# Types of observational studies

- secondary analysis of data collected for another purpose
- estimation of a some feature of a defined population (could in principle be found exactly)
- tracking across time of such features
- study of a relationship between features, where individuals may be examined
  - at a single time point
  - at several time points for different individuals
  - at different time points for the same individual
- experiment: investigator has complete control over treatment assignment
- census
- meta-analysis: statistical assessment of a collection of studies on the same topic



David Banks, Duke University: The statistical challenges of computational advertising

## What are OCEs?

### So what exactly is an OCE and how does it work?

In a classic **A/B test**, two groups of experimental units (usually people) are randomized to one of two treatments (usually different versions of a product), and the data collected in each treatment provide information about which product version is superior.



Recording

# What are OCEs?

## What kinds of things are companies experimenting with?

- ▶ User acquisition funnels
- ▶ User engagement mechanics
- ▶ User retention mechanics
- ▶ Email promotions and headlines
- ▶ Website layout
- ▶ Esthetic features
- ▶ Checkout experience
- ▶ Freemium conversion
- ▶ Branding
- ▶ Ad Campaigns
- ▶ Call to action language
- ▶ ML algorithms

For some real-life examples, checkout the “Leaks” on GoodUI:

## What are OCEs?

### Concrete Examples:

- ▶ Obama's 2008 campaign increased donations by \$60M using a factorial experiment<sup>[6]</sup>

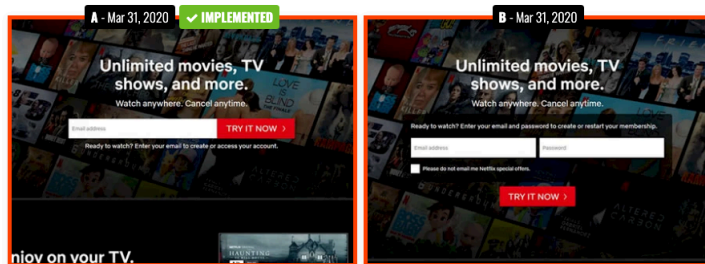


<https://goodui.org/leaks/>

Leak #53 from Netflix.com | May 25, 2020

Home & Landing

## Netflix A/B Tests Displaying A Password Field Which Fails And Gets Rejected



It looks like Netflix has been iterating on showing additional fields upfront on their homepage. After they succeeded at displaying an email address upfront, this experiment now takes next step of showing a password field. The result of the leaked experiment however suggests a negative outcome as they reverted back to the control version - without the visible password. [View Leak](#)

paper

Stanford talk t