

# Part 1

## Planning, Running, and Analyzing Controlled Experiments on the Web

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Slides available at <http://exp-platform.com>

# Amazon Shopping Cart Recs

- Add an item to your shopping cart at a website
  - Most sites show the cart
- At Amazon, Greg Linden had the idea of showing recommendations based on cart items
- Evaluation
  - Pro: cross-sell more items (increase average basket size)
  - Con: distract people from checking out (reduce conversion)
- HiPPO (Highest Paid Person's Opinion) was: stop the project
- Simple experiment was run, wildly successful



# Stress HiPPO

*The less data, the stronger the opinions*

- Whenever you feel stressed that a decision is made without data, squeeze the Stress-HiPPO
- Put one in your office to show others you believe in data-driven decisions based on experiments
- Hippos kill more humans than any other (non-human) mammal (really)
- Don't let HiPPOs in your org kill innovative ideas. ExPeriment!

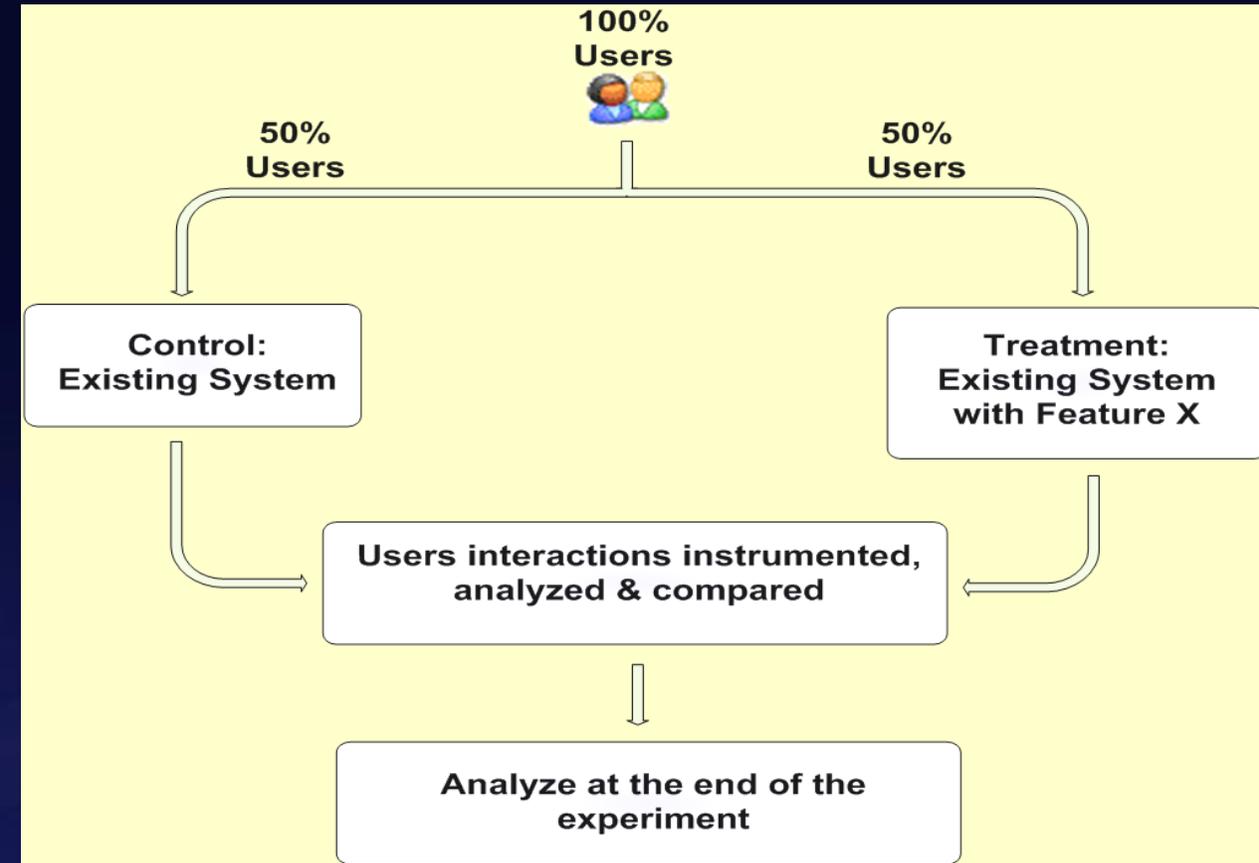


# Agenda

- Controlled Experiments in one slide
- Examples: you're the decision maker
- Culture, OEC (Overall Evaluation Criterion)
- Controlled Experiments: deeper dive
  
- Two key messages to remember
  - It is hard to assess the value of ideas.  
Get the data by experimenting because data trumps intuition
  - OEC: Make sure the org agrees **what** you are optimizing

# Controlled Experiments in One Slide

- Concept is trivial
  - Randomly split traffic between two (or more) versions
    - A/Control
    - B/Treatment
  - Collect metrics of interest
  - Analyze



- Best scientific way to prove **causality**, i.e., the changes in metrics are caused by changes introduced in the treatment(s)
- Must run statistical tests to confirm differences are not due to chance

# Examples

- Three experiments that ran at Microsoft recently
- All had enough users for statistical validity
- Game: see how many you get right
  - Everyone please stand up
  - Three choices are:
    - A wins (the difference is statistically significant)
    - A and B are approximately the same (no stat sig diff)
    - B wins
  - If you guess randomly
    - $\frac{1}{3}$  left standing after first question
    - $\frac{1}{9}$  after the second question

# MSN Real Estate

- “Find a house” widget variations
- Overall Evaluation Criterion: Revenue to Microsoft generated every time a user clicks search/find button

Find Your Dream Home or Apartment

City, State or ZIP

Existing homes    New construction  
 Foreclosures    Rentals

Search listings ▶

A

Existing Homes   Foreclosures   New Construction   Rentals

Find Existing Homes for Sale

Enter City   State ▼  
or  
Enter Zip

Find homes ▶

B

- Raise your right hand if you think A Wins
- Raise your left hand if you think B Wins
- Don't raise your hand if you think they're about the same

# MSN Real Estate

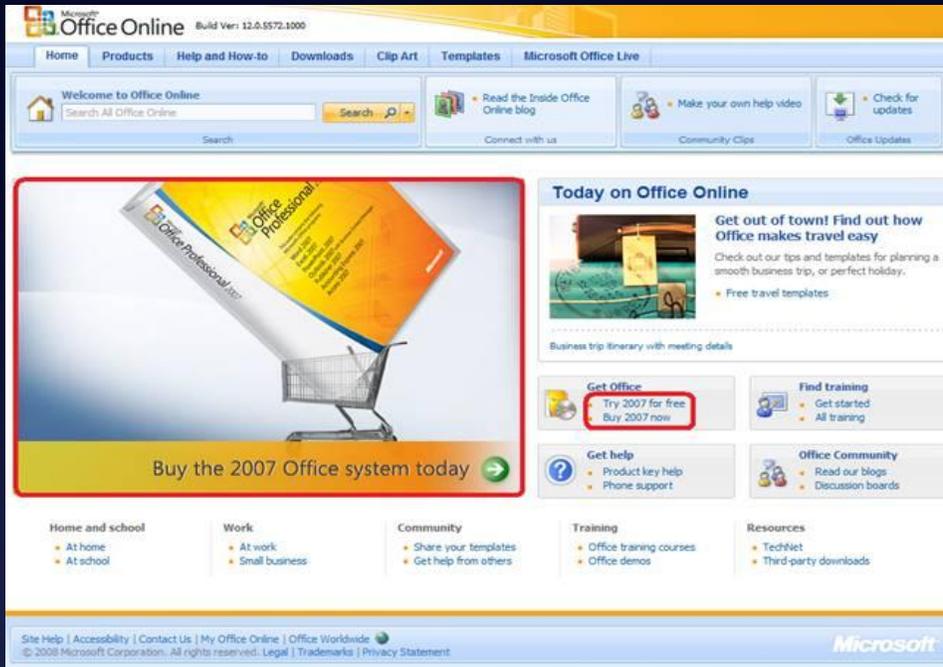
- If you did not raise a hand, please sit down
- If you raised your left hand, please sit down
- A was 8.5% better

# Office Online

## Test new design for Office Online homepage

OEC: Clicks on revenue generating links (red below)

A



B



- Raise your right hand if you think A Wins
- Raise your left hand if you think B Wins
- Don't raise your hand if you think they're about the same

# Office Online

- If you did not raise a hand, please sit down
- If you raised your left hand, please sit down
- B was 64% worse

The Office Online team wrote

*A/B testing is a fundamental and critical Web services... consistent use of A/B testing could save the company millions of dollars*

# MSN Home Page Search Box

OEC: Clickthrough rate for Search box and popular searches

A



B



Differences: A has taller search box (overall size is the same), has magnifying glass icon, "popular searches"

B has big search button

- Raise your right hand if you think A Wins
- Raise your left hand if you think B Wins
- Don't raise your hand if they are the about the same

# Search Box

- If you raised any hand, please sit down
- Insight
  - Stop debating, it's easier to get the data

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# The Cultural Challenge

*It is difficult to get a man to understand something when his salary depends upon his not understanding it.*

-- Upton Sinclair

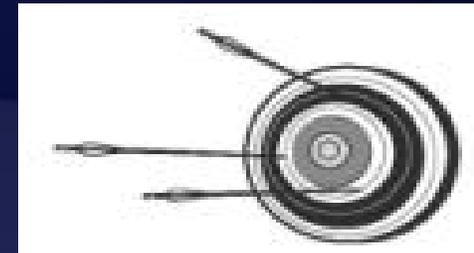
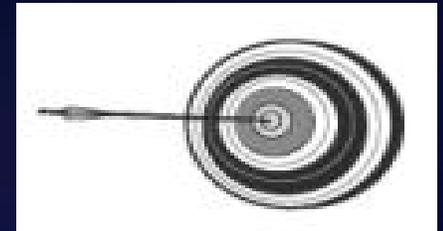
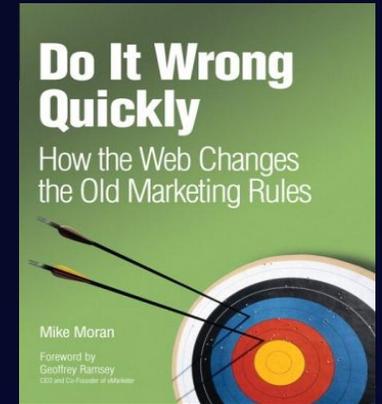
- Why people/orgs avoid controlled experiments
  - Some believe it threatens their job as decision makers
  - At Microsoft, program managers select the next set of features to develop. Proposing several alternatives and admitting you don't know which is best is hard
  - Editors and designers get paid to select a great design
  - Failures of ideas may hurt image and professional standing. It's easier to declare success when the feature launches
  - We've heard: "we know what to do. It's in our DNA," and "why don't we just do the right thing?"

# Experimentation Culture

- Learn from flat/negative results
  - Even if an idea failed to improve the OEC, the org **learned** something. Failing fast is good
  - *“If you're not prepared to be wrong, you'll never come up with anything original”* – Sir Ken Robinson (TED 2006)
  - Deploy the positive experiments: only **their** sum really matters
- To innovate, experiment often
  - *“To have a great idea, have a lot of them”* -- Thomas Edison
  - If you have to kiss a lot of frogs to find a prince, find more frogs and kiss them faster and faster

# Do It Wrong Quickly

- We work on “the plan,” which is reviewed and approved by execs, then we execute flawlessly (or do we?)
- We’re looking to hit the arrow in the center—the bulls-eye
- But what if the game is to score the most points, i.e., the sum of arrow scores.
- Shooting three arrows may be much more effective



# Do It Wrong Quickly (2)

- Netflix considers 90% of what they try to be wrong (p. 240).
- What customers *do* is just as important as what they *say*.  
Measuring the “do” is easier and friendlier than surveying them all the time]
- Try the game at [http://www.redbooks.ibm.com/ibmpress/ibmpressgame/DIWQ\\_game.html](http://www.redbooks.ibm.com/ibmpress/ibmpressgame/DIWQ_game.html)

# Enlightened Experimentation: The New Imperative for Innovation

- HBR article by Stefan Thomke (Feb, 2001)
- Experimentation lies at the heart of every company's ability to innovate
- In the past, testing was relatively expensive, so companies had to be parsimonious with the number of experimental iterations
- The electric light bulb, required more than 1,000 complex experiments with filament materials and shapes, electromechanical regulators, and vacuum technologies

# Enlightened Experimentation (2)

- Essentials for enlightened experimentation
  1. Organize for rapid experimentation
    - a) Encourage rapid experimentation
    - b) Use small development groups with key people to iterate rapidly
    - c) Perform experiments in parallel
  2. Fail early and often, but avoid mistakes
    - a) Embrace failure to advance knowledge
    - b) Failure can expose important gaps in knowledge
    - c) Don't forget the basics: well designed tests with clear objectives
    - d) IDEO's "fail often to succeed sooner"
    - e) Don't develop expensive sleek prototypes, as you become committed to them before you know if they work.

# Enlightened Experimentation (3)

- Essentials (CONT)

3. Anticipate and exploit early information

- a) Front-load to identify problems and provide guidance when it's cheap

- b) Acknowledge trade-off between cost and fidelity.

Low-fidelity experiments (costing less) are suited in early exploratory stages

4. Combine new and traditional technologies

- a. Today's new technology might eventually replace its traditional counterpart, but it could then be challenged by tomorrow's new technology

# Failures are Not Mistakes

- Article by Thomke, May 2006
- Mistakes refer to the wrong actions that result from poor judgments or inattention; they should be avoided because they produce little new or useful information.
- A poorly planned or badly conducted experiment that results in ambiguous data, forcing researchers to repeat the experiment, is a mistake.
- Another common mistake is repeating a prior failure or learning nothing from the experience

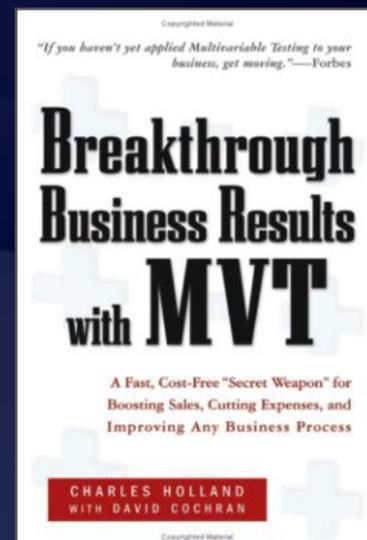
# Failures are Not Mistakes (2)

## Story about Tom Watson Sr., IBM's founder

- A promising young executive involved in a risky new venture, managed to lose more than \$10 million while trying to make the venture work
- When the nervous man was called into Watson's office, he offered to accept the logical consequence of losing the company such a large amount of money: "I guess you want my resignation, Mr. Watson."
- Much to his surprise, Watson countered: "You can't be serious! We've just spent 10 million [dollars] educating you."

# Hard to Assess the Value of Ideas: Data Trumps Intuition

- It is humbling to see how often we are wrong
  - Experts are often wrong in many domains
  - Doctors did bloodletting for centuries until the 1836 when Pierre Louis ran a controlled experiment (randomized clinical trial)
- At Amazon, more than half of the experiments failed to show improvement
- QualPro tested 150,000 ideas over 22 years
  - 75 percent of important business decisions and business improvement ideas either have no impact on performance or actually hurt performance...



# Microsoft's Batting Average

- Based on experiments with ExP at Microsoft
  - **1/3 of ideas were positive ideas and statistically significant**
  - **1/3 of ideas were flat: no statistically significant difference**
  - **1/3 of ideas were negative and statistically significant**
- Our intuition is poor: 2/3<sup>rd</sup> of ideas do not improve the metric(s) they were designed to improve!
- Every idea was built because someone thought it was a great idea worth implementing (and convinced others)
- Humbling, but that's the value of experimentation

# The OEC

- If you remember one thing from this talk, remember this point
- OEC = Overall Evaluation Criterion
  - Agree early on what you are optimizing
  - Getting agreement on the OEC in the org is a huge step forward
  - Suggestion: optimize for customer lifetime value, not immediate short-term revenue
  - Criterion could be weighted sum of factors, such as
    - Time on site (per time period, say week or month)
    - Visit frequency
  - Report many other metrics for diagnostics, i.e., to understand the why the OEC changed and raise new hypotheses

# OEC Thought Experiment

- Tiger Woods comes to you for advice on how to spend his time: improving golf, or improving ad revenue (most revenue comes from ads)
  - Short term, he could improve his ad revenue by focusing on ads...
  - But to optimize lifetime financial value (and immortality as a great golf player), he needs to focus on the game
  - While the example seems obvious, organizations commonly make the mistake of focusing on the short term



# McNamara's Fallacy

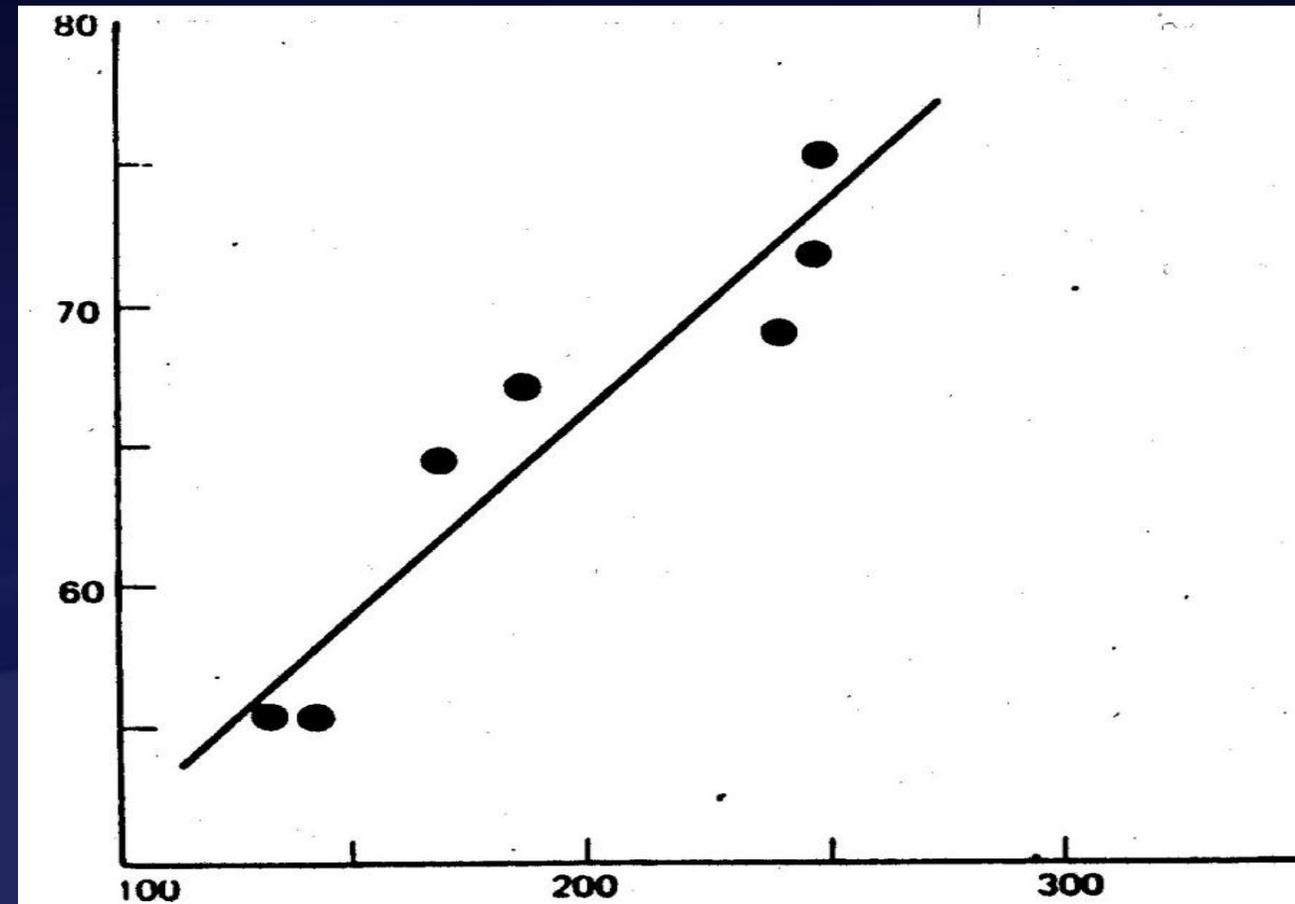
- Beware of measuring what is easy instead of what's important. For example:
  - Clicks to the beginning of the purchase pipeline rather than actual purchases (you may change the probability of purchase given someone enters the pipeline).
- McNamara's Fallacy:
  - The first step is to measure what can easily be measured. This is OK as far as it goes.
  - The second step is to disregard that which can't easily be measured or give it an arbitrary quantitative value. This is artificial and misleading.
  - The third step is to presume that which can't be measured easily really isn't important. This is blindness.
  - The fourth step is to say that what can't be easily measured really does not exist. This is suicide.

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Get the data by experimenting because data trumps intuition
  - OEC: Make sure the org agrees **what** you are optimizing

# Typical Discovery

- With data mining, we find patterns, but most are correlational, providing hypotheses for possible causes
- Here is one a real example of two highly correlated variables

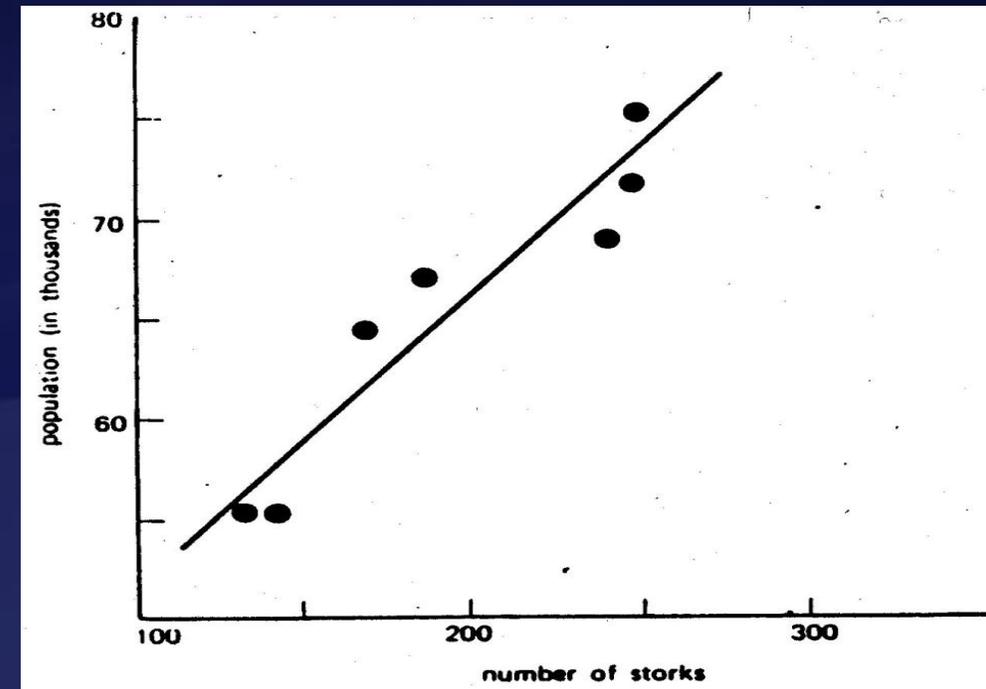


# Correlations are not Necessarily Causal

- Data for the city of Oldenburg, Germany
- X-axis: stork population
- Y-axis: human population



What your mother told you about babies and storks when you were three is still not right, despite the strong correlational “evidence”



# Correlation: Example 2

- True statement (but not well known):  
**Palm size correlates with your life expectancy**  
The larger your palm, the less you will live, on average.
- Try it out - look at your neighbors and you'll see who is expected to live longer

But...don't try to bandage your hands

Women have smaller palms and live 6 years longer on average

# Advantages of Controlled Experiments

- Controlled experiments test for **causal** relationships, not simply correlations
- When the variants run concurrently, only two things could explain a change in metrics:
  1. The “feature(s)” (A vs. B)
  2. Random chance

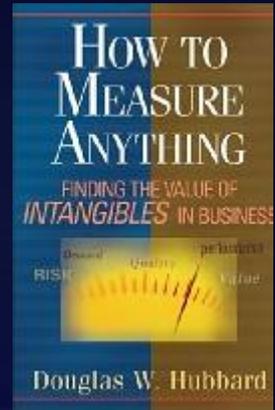
Everything else happening affects both the variants

For #2, we conduct statistical tests for significance
- The gold standard in science and the only way to prove efficacy of drugs in FDA drug tests

# Issues with Controlled Experiments (1 of 2)

*If you don't know where you are going, any road will take you there*  
—Lewis Carroll

- Org has to agree on OEC (Overall Evaluation Criterion).
  - This is hard, but it provides a clear direction and alignment
  - Some people claim their goals are “soft” or “intangible” and cannot be quantified. Think hard and read Hubbard’s *How to Measure Anything: Finding the Value of Intangibles in Business*
- Quantitative metrics, not always explanations of “why”
  - A treatment may lose because page-load time is slower. At Amazon, we slowed pages by 100-250msec and lost 1% of revenue
  - A treatment may have JavaScript that fails on certain browsers, causing users to abandon.



# Issues with Controlled Experiments (2 of 2)

- Primacy/newness effect
  - Changing navigation in a website may degrade the customer experience (temporarily), even if the new navigation is better
  - Evaluation may need to focus on new users, or run for a long period
- Multiple experiments
  - Even though the methodology shields an experiment from other changes, statistical variance increases making it harder to get significant results. There can also be strong interactions (rarer than most people think)
- Consistency/contamination
  - On the web, assignment is usually cookie-based, but people may use multiple computers, erase cookies, etc. Typically a small issue
- Launch events / media announcements sometimes preclude controlled experiments
  - The journalists need to be shown the “new” version

# Best Practice: A/A Test

- Run A/A tests
  - Run an experiment where the Treatment and Control variants are coded identically and validate the following:
    1. Are users split according to the planned percentages?
    2. Is the data collected matching the system of record?
    3. Are the results showing non-significant results 95% of the time?

This is a powerful technique for finding bugs and other integration issues **before** teams try to make data-driven decisions

- Generating some numbers is easy
- Getting correct numbers you trust is much harder!

# Best Practice: Compute Statistical Significance

- A very common mistake is to declare a winner when the difference could be due to random variations
- Compute 95% confidence intervals on the metrics to determine if the difference is due to chance or whether it is statistically significant
- Increase percentage if you do multiple tests (e.g., use 99%)
- Idea: run an A/A test in concurrent to your A/B test to make sure the overall system doesn't declare it as significant more than 5% of the time (great QA)

# Best Practice: Ramp-up



- Ramp-up
  - Start an experiment at 0.1%
  - Do some simple analyses to make sure no egregious problems can be detected
  - Ramp-up to a larger percentage, and repeat until 50%
- Big differences are easy to detect because the min sample size is quadratic in the effect we want to detect
  - Detecting 10% difference requires a small sample and serious problems can be detected during ramp-up
  - Detecting 0.1% requires a population  $100^2 = 10,000$  times bigger
- Abort the experiment if treatment is significantly worse on OEC or other key metrics (e.g., time to generate page)

# Run Experiments at 50/50%

- Novice experimenters run 1% experiments
- To detect an effect, you need to expose a certain number of users to the treatment (based on power calculations)
- Fastest way to achieve that exposure is to run equal-probability variants (e.g., 50/50% for A/B)
- If you perceive risk, don't start an experiment at 50/50% from the beginning: Ramp-up over a short period

# Randomization



- Good randomization is critical.  
It's unbelievable what mistakes developers will make in favor of efficiency
- Properties of user assignment
  - Consistent assignment. User should see the same variant on successive visits
  - Independent assignment. Assignment to one experiment should have no effect on assignment to others (e.g., Eric Peterson's code in his book gets this wrong)
  - Monotonic ramp-up. As experiments are ramped-up to larger percentages, users who were exposed to treatments must stay in those treatments (population from control shifts)

# Controversial Claims

- Run concurrent univariate experiments
  - Vendors make you think that MVTs and Fractional Factorial designs are critical---they are not. The same claim can be made that polynomial models are better than linear models: true in theory, less useful in practice
  - Let teams launch multiple experiments when they are ready, and do the **analysis** to detect and model interactions when relevant (less often than you think)
- Backend integration (server-side) is a better long-term approach to integrate experimentation than Javascript
  - Javascript suffers from performance delays, especially when running multiple experiments
  - Javascript is easy to kickoff, but harder to integrate with dynamic systems
  - Hard to experiment with backend algorithms (e.g., recommendations)

# Summary

*The less data, the stronger the opinions*

## 1. It is hard to assess the value of ideas

- Listen to your customers
- Get the data by experimenting because data trumps intuition
- Examples are humbling. More at <http://exp-platform.com>

## 2. Empower the HiPPO with data-driven decisions

- OEC: make sure the org agrees **what** you are optimizing (long term lifetime value)

## 3. Compute the statistics carefully

- Power, 95% confidence, ramp-up
- Stats/details described at [http://exp-platform.com/hippo\\_long.aspx](http://exp-platform.com/hippo_long.aspx)

## 4. Experiment often

- Triple your experiment rate and you triple your success (and failure) rate.  
Fail fast & often in order to succeed
- Accelerate innovation by lowering the cost of experimenting

# Extra Slides

# Microsoft Support

- Support.microsoft.com shows “top issues”
- OEC = click-through rate
- A shows top issues
- B filters top issues to OS & Browser used to visit site (useragent)

## Top customer issues and help

- [Download Windows XP Service Pack 3](#)
- [Manage .PST files in Outlook](#)
- [Download the latest Windows Vista service pack](#)
- [Get help with printing by installing the latest drivers](#)
- [Use earlier versions of Office to open and save files from Office 2007](#)
- [Find help when Internet Explorer stops working](#)

Personalization rarely hurts, but does it help?

- Raise your right hand if you think B Wins by over 30%
- Raise your left hand if you think B Wins by under 30%
- Don't raise your hand if you think they're about the same

# Microsoft Support

- If you did not raise a hand, please sit down
- If you raised your left hand, please sit down
- B was >50% better

**Personalization helps more than people think!**

# MSN UK Hotmail experiment

Hotmail module on the MSN UK home page

The screenshot shows the MSN UK homepage in a Windows Internet Explorer browser window. The address bar displays `http://uk.msn.com/?expao=msnhp_uk_1:T1`. The page features a large banner for the movie "MAMMA MIA! THE MOVIE" at the top. Below the banner, the date is "Thursday, July 10, 2008". The MSN UK logo is visible on the left, and a search bar is in the center. A navigation bar includes links for "Web", "News", "Images", "Maps", "MSN UK", "Shopping", and "More". A "Live Search" button is also present. On the right side, there are links for "Hotmail", "Messenger", and "Spaces". The Hotmail module is highlighted with a red box and a red arrow pointing to it from the text above. The module displays "Welcome to MSN UK", "Sign Up | Sign Out", "My MSN | Change Colour", and "Windows Live Hotmail" with an up arrow. Below this, it shows "Inbox" with "328 new messages!" and links for "Compose", "Calendar", and "Contacts". A "Show emails" dropdown menu is at the bottom of the module. A red label "New" is placed to the right of the Hotmail module. The page also features various content sections like "Eating By Gender", "IN CINEMAS TODAY", "British image poll", and "Get local maps and info".

News, Sport, Music, Movies, Money, Cars, Shopping and more from the MSN UK - Windows Internet Explorer

http://uk.msn.com/?expao=msnhp\_uk\_1:T1

Search web... Live Search

News, Sport, Music, Movies, Money, Cars, Shoppi...

MAMMA MIA! THE MOVIE

today Thursday, July 10, 2008 Make this your homepage

UK msn

Web | News | Images | Maps | MSN UK | Shopping | More | Live Search

UK Only Popular Searches Car tax | Sepp Blatter | Michael Jackson

Hotmail Messenger Spaces

Welcome to MSN UK  
Sign Up | Sign Out  
My MSN | Change Colour

Windows Live Hotmail **New**

Inbox 328 new messages!

Compose | Calendar | Contacts

Show emails

Eating By Gender  
Top 10 foods for men | Top 10 foods for women

IN CINEMAS TODAY

British image poll  
ICONIC BRITAIN  
Vote now and win

Get local maps and info  
multimap

Internet | Protected Mode: Off 100%

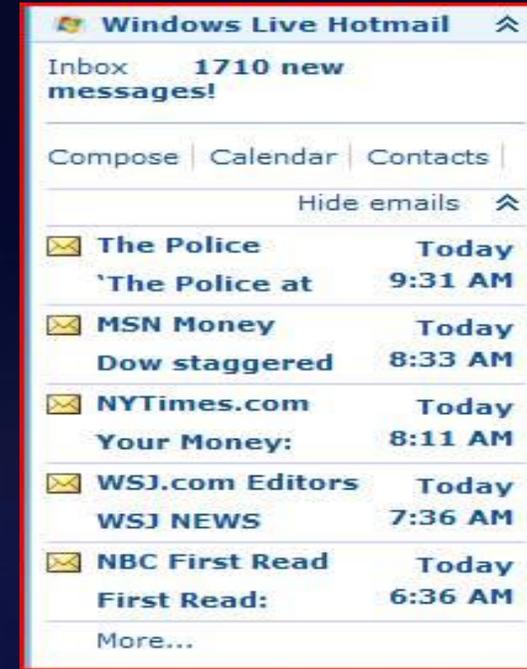
# MSN UK Hotmail experiment

A: When user clicks on email  
hotmail opens in same window

B: Open hotmail in separate window

Trigger: only users that click in the  
module are in experiment  
(no diff otherwise)

OEC: clicks on home page (after trigger)



- Raise your right hand if you think A Wins
- Raise your left hand if you think B Wins
- Don't raise your hand if they are the about the same

# UK Hotmail

- If you didn't raise a hand, please sit down
- If you raised your right hand, please sit down
- For those in the experiment, clicks on MSN Home Page increased +8.9%
- $<0.001\%$  of users in B wrote negative feedback about the new window

# Data Trumps Intuition

- The experiment report was sent by the BI/CI team to all multiple teams across the world
- Someone who saw the report wrote

*This report came along at a really good time and was VERY useful.*

*I argued this point to my team (open Live services in new window from HP) just some days ago.*

*They all turned me down.*

*Funny, now they have all changed their minds.*

# Real Example: MSN Real Estate

- “Find a house” widget variations
- Overall Evaluation Criterion: Revenue to Microsoft generated every time a user clicks

**Find a new home or apartment**

**Existing Homes**  
from REALTOR.com®

**New Homes**  
from Move.com™

**Foreclosures**  
from RealtyTrac.com™

**Rentals**  
from Move.com™

Price Range: \$0 — No Maximum  
 Enter City — Select a State  
 Or Enter ZIP **Go**

[Senior Living](#) [Home Plans](#)

Existing Homes | Foreclosures | New Construction | Rentals

**Find Existing Homes for Sale**


 Enter City — State ▾  
 or  
 Enter Zip  
**Find homes ▶**

**Find Your Dream Home or Apartment**

City, State or ZIP

Existing homes     New construction  
 Foreclosures     Rentals

**Search listings ▶**

**What are you looking for?**

Existing Homes  
 New Construction  
 Rentals  
 Foreclosures  
 Senior Living  
 Home Valuation  
 Professional Services

Enter City — State ▾  
 Enter Zip  
 \$0 — to No Max  
 Condos/Townhouse     Single Family Home  
**Find homes ▶**

**Find a new Home or Apartment**

 Existing Homes   
  New Construction   
  Foreclosures   
  Rentals

Enter Zip or Enter City — State ▾ **Search listings ▶**

Existing Homes | Foreclosures | New Construction | Rentals

**Find Existing Homes for Sale**


 Enter City — State ▾  
 or  
 Enter Zip  
**Find homes ▶**

Think which one should win...

# MSN Real Estate

The widget that performed the best was...  
the simplest



The image shows a simple web widget titled "Find Your Dream Home or Apartment". It features a search input field labeled "City, State or ZIP". Below the input field are four radio button options: "Existing homes" (which is selected), "New construction", "Foreclosures", and "Rentals". To the right of these options is a "Search listings" button with a right-pointing arrow.

- Revenue increase over control: +9.7%
- Interesting note: nobody from MSN Real Estate or Zaaz (the company that did the creative) thought this widget would win

# MSN Home Page

## Proposal: New Offers module below Shopping

**Shopping**

- Lancôme: Free deluxe compact w/ purchase
- Special promotions at your favorite stores
- Warm fall fashion styles are here
- Save on top brand digital cameras
- Free shipping on furniture for every room

Advertisements

 **A smart way to buy a diamond**

- Wal-Mart: Back-to-school
- Our editor picks budget electronics
- Get fit & save money: Sports sale

Control

**Shopping**

- Lancôme: Free deluxe compact w/ purchase
- Special promotions at your favorite stores
- Warm fall fashion styles are here
- Save on top brand digital cameras
- Free shipping on furniture for every room

Advertisements

 **A smart way to buy a diamond**

- Wal-Mart: Back-to-school
- Our editor picks budget electronics
- Get fit & save money: Sports sale

**Offers**

 **Search GM Certified**  
With our 117-Point Inspection GM Certified means no worries

 **Online University**  
Earn degree from a top school 100% Online. Get Free Info!

 **\$200k Loan, Get Low Rates**  
Secure Financing and Increase Cash Flow. Click Here Now!

Treatment

# The Experiment

- Value proposition
  - The Offers module appears below the fold
  - Sales estimated the three ads would sell for several millions of dollars a year
- Concern
  - Do more ads degrade the user experience?
- How do we trade the two off?
- Experiment!

# Experimental Results

- Ran experiment for 12 days on 5% of traffic
- Clickthrough rate per user (CTR) decreased 0.31% (p-value =0.044). This result is statistically significant
- Clicks per user decreased 0.72% (p-value=0.015)
- Value of click from home page: talk to finance and the SEM team (how much are you paying to drive traffic from search engines)

The net result: losing idea

# MSN Entertainment and Video Services (EVS)

Determine impact of 2 factors for video ads.

1) Factor A: pre-roll vs. post-roll ads

2) Factor B: time between ads (90, 120, 180, 300, 900 seconds)

OEC: revenue from ad starts

The screenshot displays a video player interface. At the top, there is a navigation bar with "Soapbox User Videos" and an "Upload Video" button. The main content area is split into two sections. On the left, a pre-roll advertisement for Dove soap is shown. The ad features the Dove logo, a white soap bar, and the text: "Soap leaves soap scum. Dove® doesn't. See the difference for yourself ▶ artistic dramatization of soap scum in hard water". Above the ad, a message reads "Your video will begin right after this message." Below the ad, there are two video thumbnails: "Granny arrested for keeping..." with 57660 views and "Weddings: 5 Color Combos The Knot" with 58534 views. On the right, a video player shows a close-up of a woman's face. The player controls at the bottom include a play/pause button, a progress bar, and a volume icon. A small "advertisement" label is visible in the top right corner of the player area. At the bottom right, a smaller version of the Dove ad is overlaid on the video player.

# MSN EVS (results)

- Eliminating the initial pre-roll ad
  - Increased repeat visits by 1-3%, but
  - Reduced overall ad views by 50-60%
- The amount of time between ad plays had no statistically significant impact on repeat visits
- Decreasing the length of time between ad streams increased the total ad streams without impacting loyalty (as measured by return visits)
- *Reducing the time to 90 seconds would improve annual revenue by millions*
- Client wrote

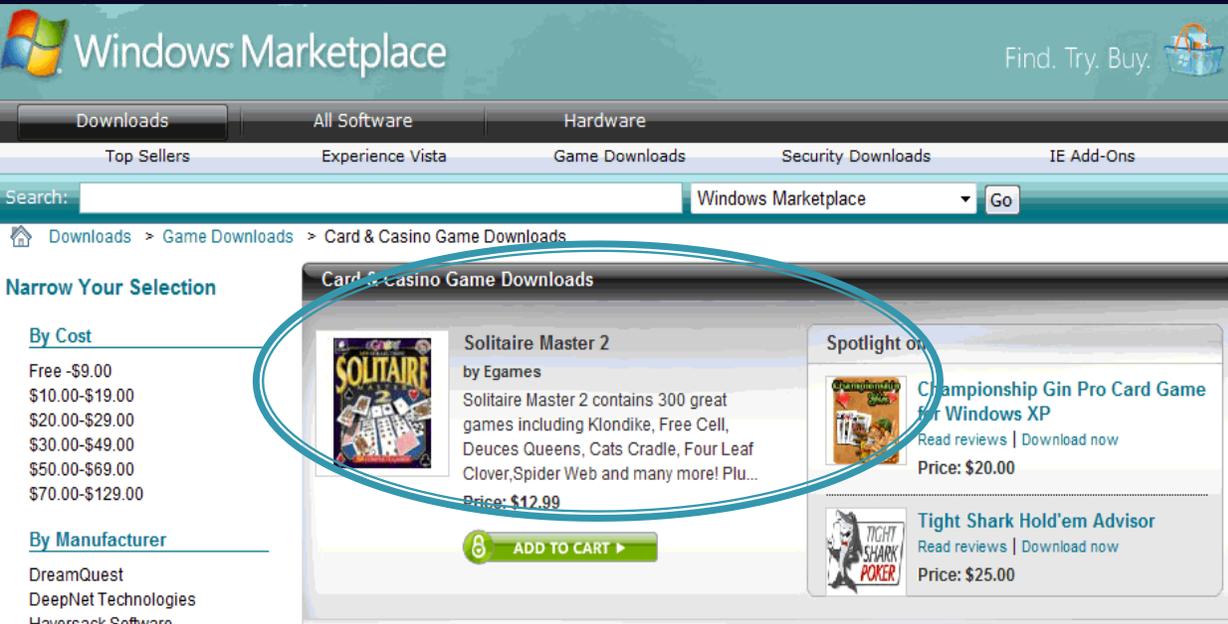
*There is a preponderance of opinion driven design...*

*The results of the experiment were in some respect counterintuitive.*

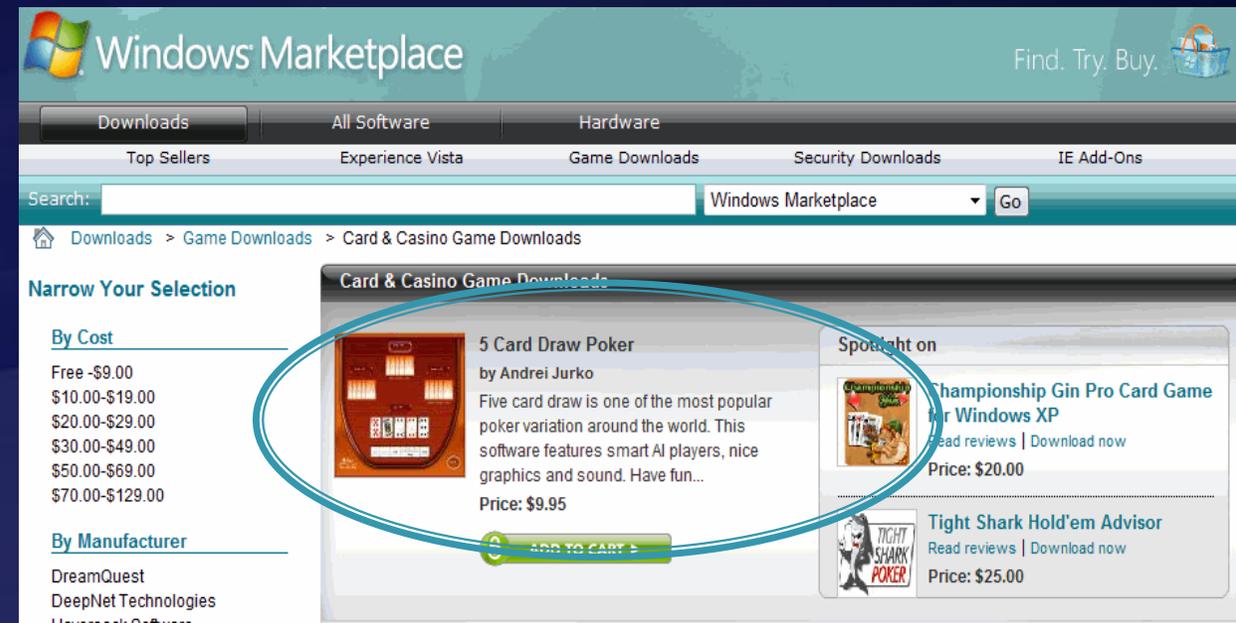
*They completely changed our feature prioritization. It dispelled long held assumptions about video advertising. Very, very useful.*

# Marketplace: Solitaire v Poker

This experiment ran in Windows Marketplace / Game Downloads  
Which image has the higher clickthrough? By how much?



A: Solitaire game  
in hero position



B: Poker game  
in hero position

A is 61% better

# Bloodletting (1 of 2)

- For many years, the prevailing conception of illness was that the sick were contaminated by some toxin
- Opening a vein and letting the sickness run out – bloodletting.
- One British medical text recommended bloodletting for acne, asthma, cancer, cholera, coma, convulsions, diabetes, epilepsy, gangrene, gout, herpes, indigestion, insanity, jaundice, leprosy, ophthalmia, plague, pneumonia, scurvy, smallpox, stroke, tetanus, tuberculosis, and for some one hundred other diseases
- Physicians often reported the simultaneous use of fifty or more leeches on a given patient.  
Through the 1830s the French imported about forty million leeches a year for medical purposes



# Bloodletting (2 of 2)



- President George Washington had a sore throat and doctors extracted 82 ounces of blood over 10 hours (35% of his total blood), causing anemia and hypotension. He died that night.
- Pierre Louis did an experiment in 1836 that is now recognized as one of the first clinical trials, or randomized controlled experiment. He treated people with pneumonia either with
  - early, aggressive bloodletting, or
  - less aggressive measures
- At the end of the experiment, Dr. Louis counted the bodies. They were stacked higher over by the bloodletting sink.

# Design Goals

- Tight integration with other systems (e.g., content management) allowing “codeless experiments”
- Accurate results in near real-time
  - Trust is important
  - Quickly detect and abort poorly performing experiments
  - High-performance data pipeline with built-in data loss detection
- Minimal risk for experimenting applications
  - Encourage bold innovations with reduced QA cycles
  - Auto-abort catches bugs in experimental code
  - Client library insulates app from platform bugs
- Experimentation should be easy
  - Client library exposes simple interface
  - Web UI enables self-service
  - Service layer enables platform integration

# Amazon Behavior-Based Search

Searches for “24” are underspecified, yet most humans are probably searching for the TV program

Prior to Behavior-based search, here is what you would get (you can get this today by adding an advanced modifier like –foo to exclude foo)

Mostly irrelevant stuff:

- 24 Italian songs
- Toddler clothing suitable for 24 month olds
- 24” towel bar
- Opus 24 by Strauss
- 24- lb stuff, cases of 24, etc

"24 -foo"

Showing Top Results « Previous | Page: 1 2 3 | Next »

- 24 Italian Songs and Arias - Medium High Voice (Book/CD): Medium High Voice - Book/CD** by Hal Leonard Corp. (Paperback - Sep 1, 1992)  
 Buy new: ~~\$14.95~~ **\$10.17** [29 Used & new](#) from **\$9.53**  
 Get it by **Tuesday, Oct 9** if you order in the next **24 hours** and choose one-day shipping.  
 ★★★★★ Prime  
**Books:** See all 492,874 items
- striped stretchie** by The Children's Place  
 Buy new: **\$8.33**  
**Apparel:** See all 34,532 items
- KOHLER Forté® Traditional 24-Inch Towel Bar, Polished Chrome #K-11271-CP** by Kohler  
 Buy new: ~~\$56.20~~ **\$44.96** [2 Used & new](#) from **\$44.00**  
 Get it by **Tuesday, Oct 9** if you order in the next **23 hours** and choose one-day shipping.  
 Prime  
**Home & Garden:** See all 404,926 items
- Death and Transfiguration, Tone Poem for Large Orchestra, Op. 24** by Richard Strauss (Music Download)  
 Download MP3 Song: **\$0.89**  
**MP3 Downloads:** See all 8,055 items
- Canon PIXMA iP3000 Photo Printer** by Canon  
[7 Used & new](#) from **\$274.00**  
 ★★★★★  
**Electronics:** See all 11,570 items

# The Idea Behind BBS(\*)

- Amazon/P13N had an engine for X to Y  
People who bought item X bought Y
- Feed searches, i.e.,  
People who searched for X bought Y
- Prototype looked great
- Integration with Search would take a long time: different team in A9 in the Bay Area
- They also highlighted a flaw:  
The results don't always have the search terms.  
Example: search for "duracell charger" and you will see a best selling Sony charger, which does not have the word Duracell.  
But people choose to buy it after searching with this phrase!

# End Result

- Ran experiment with very thin integration
- Strong correlations shown at the top of the page, pushing search results down
- Implemented simple deduping of results
- Result : +3% increase to revenue.
- 3% of \$12B is \$360M

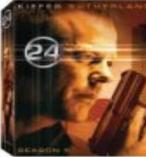
"24"

Related Searches: [24 season 6](#), [lost](#), [prison break](#).

Showing Top Results < Previous | Page: 1 2 3 | Next >

Explore our selection of Fox Television's **24** at Amazon.com's DVD store

- 

**24 - Season Six** by Kiefer Sutherland, Carlos Bernard, Dennis Haysbert, and Elisha Cuthbert (DVD - Dec 4, 2007)  
 Buy new: ~~\$59.98~~ **\$38.99**  
 Available for Pre-order. This item will be released on Dec 4, 2007.  
 ★★★★★ ✓Prime  
[Also Available For Download From Amazon Unbox](#)  
 DVD: See all 430 items
- 

**24 - Season Five** by Kiefer Sutherland, Mary Lynn Rajskub, Kim Raver, and Jean Smart (DVD - Dec 5, 2006)  
 Buy new: ~~\$59.98~~ **\$41.49** [93 Used & new](#) from **\$21.02**  
 Get it by **Tuesday, Oct 9** if you order in the next **24 hours** and choose one-day shipping.  
 ★★★★★ ✓Prime  
[Also Available For Download From Amazon Unbox](#)  
 DVD: See all 430 items
- 

**24 - Season One** by Kiefer Sutherland and Dennis Haysbert (DVD - Sep 17, 2002)  
 Buy new: ~~\$59.98~~ **\$39.99** [176 Used & new](#) from **\$11.80**  
 Get it by **Tuesday, Oct 9** if you order in the next **25 hours** and choose one-day shipping.  
 ★★★★★ ✓Prime  
[Also Available For Download From Amazon Unbox](#)  
 DVD: See all 430 items
- 

**24 - Season Three** by Kiefer Sutherland, Carlos Bernard, Reiko Aylesworth, and Dennis Haysbert (DVD - Dec 7, 2004)  
 Buy new: ~~\$69.98~~ **\$48.99** [113 Used & new](#) from **\$20.00**  
 Get it by **Tuesday, Oct 9** if you order in the next **25 hours** and choose one-day shipping.  
 ★★★★★ ✓Prime  
[Also Available For Download From Amazon Unbox](#)  
 DVD: See all 430 items
- 

**24 - Season Two** by Kiefer Sutherland, Carlos Bernard, Reiko Aylesworth, and Sarah Wynter (DVD - Sep 9, 2003)

# TIMITI – Try It, Measure It, Tweak It<sup>(\*)</sup>

- I'm a Netflix user since 1/2000  
Great example of a company tweaking things

**1999**  
Made from cardboard, the first Netflix mailer weighs more than an ounce. But with only 100,000 customers, reducing material and shipping costs is not yet a priority for the company.

**2000**  
Thick paper replaces cardboard. DVDs are inserted and removed from the top rather than the side.

**2000**  
Full-color printing is introduced. Top-loading is abandoned in favor of side-loading, which is judged more convenient.

**(\*) TIMITI acronym by Jim Sterne**

# TIMITI – Try It, Measure It, Tweak It (II)



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**2000**

Customers are asked to peel off a sticker to reveal Netflix's return address. The design is eventually deemed too complex.



**Instructions**

- Open envelope by carefully
- Remove protective foam
- Remember to insert labels
- Enjoy movie

**To Return**

- Insert DVD with label at
- insert in return envelope,
- Peel off address label to
- Remove adhesive strip at
- Mark the condition of this
- mailbox.

◀ PREVIOUS

NEXT ▶

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**2000**

Made from plastic instead of paper, this mailer is cheaper, but it sometimes inflates when transported on airplanes.



**Do you want more movies?**

◀ PREVIOUS

NEXT ▶

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**2001**

An airhole (the black dot on the left side of the mailer) is added to prevent the package from inflating.



**Do you want more movies?**

Try our **Deluxe** Rental Plan program. Sign up in 5 minutes out of a box for only \$9.99.

**TO RETURN**

- 1) Slip DVD into return sleeve and insert in return envelope.
- 2) Insert return sleeve into return envelope.
- 3) Peel off address label, post off address label.
- 4) Insert address label into envelope.
- 5) Insert slip sleeve. Try to post your return envelope in the mail.
- 6) If there is anything wrong with the envelope and/or contents, please contact us.

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**2001**

Netflix returns to paper because it's easier to recycle. Foam padding is added to reduce breakage.



**NETFLIX**

**Do you want more movies?**

Try our **Deluxe** Rental Plan program. Sign up in 5 minutes out of a box for only \$9.99.

**TO RETURN**

- 1) Slip DVD into return sleeve and insert in return envelope.
- 2) Insert return sleeve into return envelope.
- 3) Peel off address label, post off address label.
- 4) Insert address label into envelope.
- 5) Insert slip sleeve. Try to post your return envelope in the mail.
- 6) If there is anything wrong with the envelope and/or contents, please contact us.

CAREFULLY TEAR OPEN AT BOTTOM LINE. LEAVE FLAP INTACT THIS IS YOUR RETURN ENVELOPE.

NUCCI STUDIO

[NEXT»](#)

# TIMITI – Try It, Measure It, Tweak It (III)

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**2001**  
 Foam padding is dropped because the benefits don't justify the cost. The company gives top-loading another try.

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**2001**  
 Marking a return to side-loading, this mailer is a direct ancestor of the one the company uses today.

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**2003**  
 Instead of sealing the entire top and bottom, Netflix introduces a circular sticker, affixed only on the top.

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**2004**  
 A window shows the disc bar code. Speculation is that this enables storing discs in mailers prior to shipping.

Details in Business 2.0 Apr 21, 2006.  
 The evolution of the NetFlix envelope

# Mixed Effects of Inconsistency on Experimentation in Organizations

- Article in Organization Science Management can support experimentation and highlight it as a value (normative influence)
- However, inconsistent reward systems that punish failure lead to aversion
- Especially in organizations that are under constant evaluation for perfect execution

# Twyman's Law

*Any statistic that appears interesting  
is almost certainly a mistake*

- **Validate “amazing” discoveries in different ways. They are usually the result of a business process**
  - 5% of customers were born on the exact same day (including year)
    - 11/11/11 is the easiest way to satisfy the mandatory birth date field
  - For US and European Web sites, there will be a small sales increase on Nov 1<sup>st</sup>, 2009

# Experimentation Platform Team

*Mission: accelerate software innovation through trustworthy experimentation*

- Build the ExP platform
- Change the culture towards more data-driven decisions
- Have impact across multiple teams at Microsoft, and
- Make platform available externally

<http://exp-platform.com>



Accelerating software Innovation through trustworthy experimentation