



SELECTING THE RIGHT BUSINESS METRICS: PITFALLS AND OPPORTUNITIES

MODERATORS:

JEFF FERRIS (AMAZON)

HAO HU (GOOGLE)

OUR SPEAKERS

- Ayal Chen Zion (Convoy): Organizational context's role in experiment evaluation
- Emma Zetterdahl (Spotify): Creator Promotional Tools for Fan Building - Method choice for business needs and scale
- Joe Orsini (Uber): Governance process for making long-run claims from short-run experiments
- Lee Richardson (Google): Pareto Optimal Proxy Metrics

WHY IS THIS TOPIC IMPORTANT?

- Consider this set of experiments (Based on a true story)
- Context:
 - Products matched through an auction
 - Think Ebay, with a “Buy It Now” Price
 - Buy It Now sets the ceiling for the auction
 - Objective is to obtain the highest average price possible
- Experiment(s):
 - What happens if we increase posted “Buy It Now” prices?

EXPERIMENT

- Treatment Split by market (minimize spillovers) and rotate assignments each week

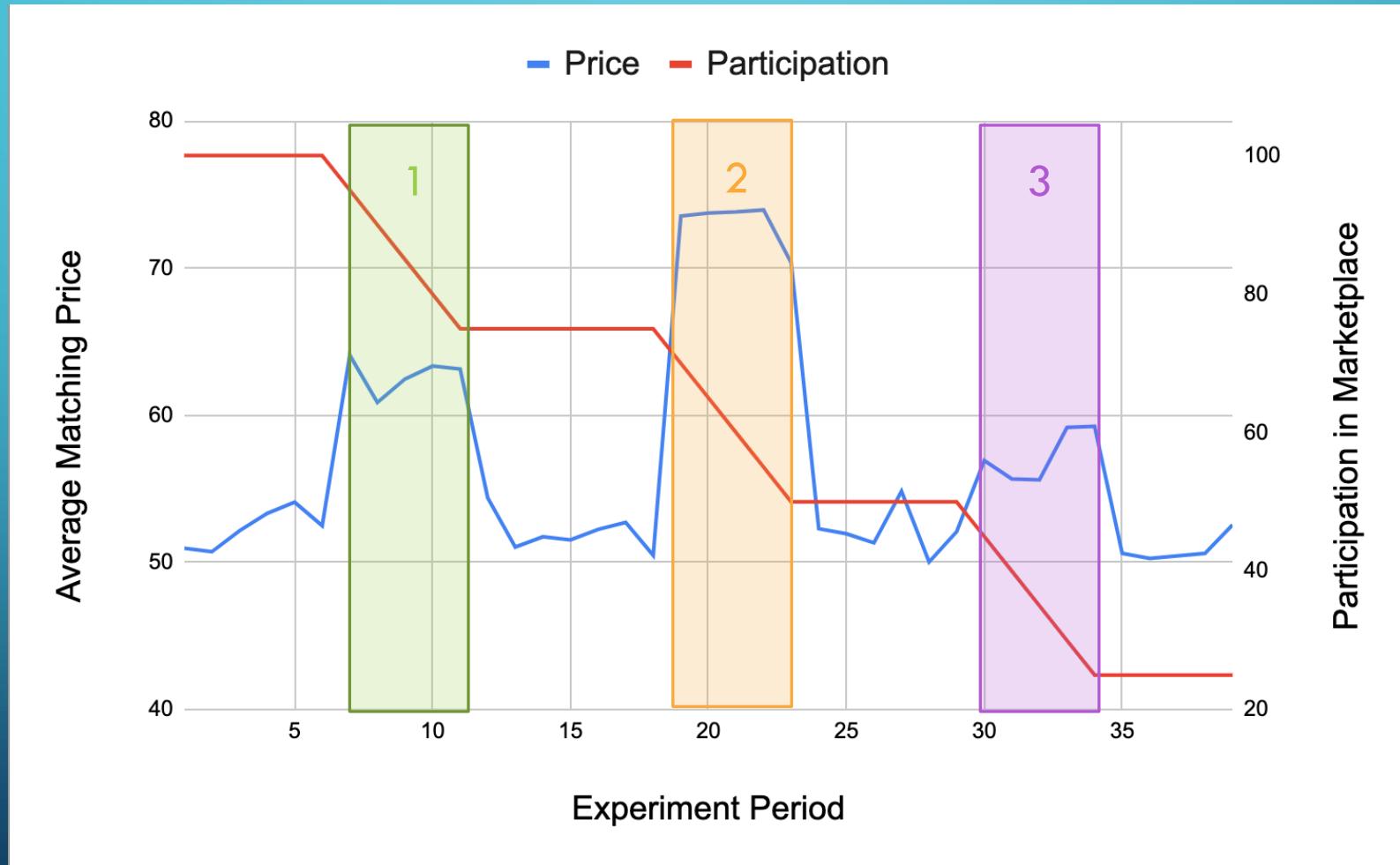
| Experiment | Predicted Profit Lift (BPS) | Outcome |
|--------------|-----------------------------|---------|
| Experiment 1 | +120 BPS | Launch! |
| Experiment 2 | +160 BPS | Launch! |
| Experiment 3 | +80 BPS | Launch! |



WE MADE THE RIGHT CALL...RIGHT??

- Wrong!

WHAT WAS ACTUALLY HAPPENING



TAKEAWAYS

1. Experiments require careful thought about business context and objectives
(art meets science)
2. Well designed and executed experiments can fail because we measure the wrong things
3. The best outcomes to measure are not always \$\$\$, even if that's what we really care about