

The Power of Experiments: Decision Making in a Data-Driven World

Description

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By Michael Luca and Max H. Bazerman, March 2020. [Published by MIT Press](#)

How organizations—including Google, StubHub, Airbnb, and Facebook—learn from experiments in a data-driven world.

Abstract

Have you logged into Facebook recently? Searched for something on Google? Chosen a movie on Netflix? If so, you've probably been an unwitting participant in a variety of experiments—also known as randomized controlled trials—designed to test the impact of changes to an experience or product. Once an esoteric tool for academic research, the randomized controlled trial has gone mainstream—and is becoming an important part of the managerial toolkit. In *The Power of Experiments: Decision-Making in a Data Driven World*, Michael Luca and Max Bazerman explore the value of experiments and the ways in which they can improve organizational decisions. Drawing on real world experiments and case studies, Luca and Bazerman show that going by gut is no longer enough—successful leaders need frameworks for moving between data and decisions. Experiments can save companies money—eBay, for example, discovered how to cut \$50 million from its yearly advertising budget without losing customers. Experiments can also bring to light something previously ignored, as when Airbnb was forced to confront rampant discrimination by its hosts. *The Power of Experiments* introduces readers to the topic of experimentation and the managerial challenges that surround them. Looking at experiments in the tech sector and beyond, this book offers lessons and best practices for making the most of experiments.

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Contents

Preface

Acknowledgments

Part I: Breaking Out of the Lab

- 1: The Power of Experiments
- 2: The Rise of Experiments in Psychology and Economics
- 3: The Rise of Behavioral Experiments in Policymaking

Part II: Experiments in the Tech Sector

- 4: From the Behavioral Insights Team to Booking.com
- 5: #AirbnbWhileBlack
- 6: eBay's \$50 Million Advertising Mistake
- 7: Deep Discounts at Alibaba
- 8: Shrouded Fees at StubHub
- 9: Market-Level Experiments at Uber
- 10: The Facebook Blues

Part III: Experimenting for the Social Good

- 11: Behavioral Experiments for the Social Good
- 12: Healthy, Wealthy, and Wise
- 13: The Behavior Change for Good Project
- 14: The Ethics of Experimentation
- 15: A Final Case for Experiments and Some Concluding Lessons

See also a [World bank blog review by David McKenzie](#)

Category

1. Books

Date

19/06/2026

Date Created

16/03/2020

Author

admin