

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

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