Business Analytics Capstone Framework for Strategy

Jasmine Taylor

08/17/2022

Wharton
University of Pennsylvania ONLINE

Problem Statement

Problem Statement–

- **The increasing popularity of Ad blocking software poses a threat to GYF's revenues. Since 70% of GYF's revenue comes from ads, a rise in the ad blocking software's popularity might have negative effects to the company.**

- **If GYF is unable to display ads to the customers, the GYF will lose revenue because companies will no longer pay to advertising.**

- **To maintain profitability, GYF might have to charge the customers which may result in decreased usage of GYF's services and loss of customer base which will eventually lead to losses.**

- **Both GYF and the companies that post ads will have to invest in finding ways to tackle the ad blockers which may increased expenses.**

Problem Statement–

- **Since we are already aware of the problem, we could use descriptive research to further examine this problem. Using descriptive research will help further examine the extent in which adblockers have affected GYF. After analyzing results from the descriptive research, we can use Causal Research to see what changes might solve our problem. For example, we can check whether customers are willing to pay if we offer to remove the ads.**

- **The tools that can be used are surveys, pricing analysis and mobile data analysis. Surveys and mobile data will help us decide whether the customers really find ads to be obtrusive and also whether customers are ready to pay for the services etc. These tools will also help identify the needs and preferences of our customers. Pricing Analysis might help to decide which options would be suitable, like charging the customers or paying to get white listed.**

Strategy

Strategy

A multiple strategy approach is recommended to tackle this problem. The following strategies can be adopted.

• Before adopting a strategy, data should be collected on whether the ads are obtrusive and the current impact of adblockers on GYF's services.

• Our first goal must be to make the ads as less obtrusive as possible. Since the companies that place the ads are our stakeholders, we should collaborate with the companies to create more creative and less obtrusive ads.

• After making the ads unobtrusive, a survey or focus group can be conducted to target the users who use adblockers to get their feedback regarding ad preferences and acceptability.

• We can also emphasize on our website to make the users realize the need for ads. This can be achieved by explaining the users as to how advertising is how GYF is able to provide its free services.

• If the above strategies fail to provide a desirable result, an analysis must be conducted on the most feasibly economic solution out of the following 3 options:

1. Charging the customers.
2. Paying anti adblocking companies.
3. Paying adblocking companies to get whitelisted. (With this option, there is a chance of some other adblocker that might block our content. This should be adopted only as a short-term solution.)

Strategy

• **I would hire Peggie Prospect for the** new **Senior Associate Director for Digital Advertising** Strategy position **because in her most recent role at a larger digital media company, which is under many of the same pressures as GYF, she was a Digital Content Manager. As part of her previous role, she specifically focused on the issues posed by adblockers and other technologies that disrupt the traditional delivery of online advertising.**

• Peggy also excelled in the job knowledge test, showing a strong familiarity with the kinds of **tasks she would be assigned in this position.**

Based on her job experience and her job knowledge test results, Peggy might save valuable time and money that would have been lost in training her to get acclimated to this role. She may be able to also provide valuable input or even additional solutions.

Effects and Measurement

Effects

The effects on customers (ad-buying customers and end-users) are:
•End-users that do not use adblockers will continue to search for relevant information and ads.
•End-users that use adblockers will have the option to continue using our search and/or see the ads.
•GYF may lose some customers who opt out to see our ads, which will lead to less end-users and less ad-buying customers.
•Better ads and services that end-users/people want to see and share. The ad that is relevant context/content to targeted end-users. This might lead to an increase in customer satisfaction and decrease in the amount of adblocking software in use.

The effects on revenue are:
•If the customer satisfaction increases, our stakeholders might be willing to invest more in advertising on our platforms.
•If we start charging the customers, we might expect a decrease in the number of users who use our services thus decreased revenues.

The effects on the internal organization:
• GYF will offer better values and more effective training programs to employees to increase productivity and efficiency.
• In the short term, we will increase our costs to make the necessary changes because of adblocking to increase our revenues in the long term through better user experience and higher customer satisfaction.

Effects

We created an algebraic model below:

• Our goal/objective is to maximize Total Productivity Return thru Employee Training Program within Budget.

• GYF's management calculated that the productivity return (i.e., the expected extra productivity in the next period, in the equivalent of U.S. dollars, that is achieved for each U.S. dollar spent on training, net of training cost) is proportional to the amount of money spent on training.

	Hard Skills	Soft Skills
Internal	0.2	0.6
External	0.7	0.4

• Our objective is to maximize the Total Productivity Return value of 0.2*Internal Hard Skills (HI) + 0.7*External Hard Skills (HE) + 0.6*Internal Soft Skills (SI) + 0.4*External Soft Skills (SE).

• We used Excel Solver to find the optimal values for our decision variables which are the training spending amount for each combination of Hard/Soft Skills with Internal/External Program with the following constraints:

1. 0.2*HI + 0.7*HE >= 20,000 (The Hard Skills training program must achieve at least $20,000 in the total net productivity increase)
2. 2. 0.6*SI + 0.4*SE >= 12,000 (The Soft Skills training program must achieve at least $12,000 in the total net productivity increase)
3. 3. 0.2*HI + 0.6*SI >= 0.6* (0.7*HE + 0.4*SE) The Internal program should achieve at least 60% of the net productivity increase realized for the External program
4. 4. HI, HE, SI, SE = integer (no decimal points)
5. 5. HI, HE, SI, SE >= 0 (no negative values)

• Using the excel solver, we entered our objective, decision variables, and constraints above.

• The objective comes at $42.823.50 with training spending amount of $38,235 for External Hard Skills Program and $26,765 for Internal Soft Skills Program.

Measurement

Measurement Plan for effects on customer for our strategy can be measured by annual/monthly year over year growth of:

• Overall customer and end-user experience thru surveys/ratings.
• Overall numbers of customers and end-users (can be categorized/segmented by existing vs new customers and end users).
• Customer advertising ad renewals (or likelihood of customer renewals).
• Ad value ratings by end-users.
• Click thru rate by ad-buying customer.

Measurement Plan for effects on revenue for our strategy can be measured by annual/monthly year over year growth of:

• End-users loyalty and retention.
• Ad-buying customers to measure growth in loyalty and retention.
• GYF financial bottom line.

Measurement Plan for effects on internal organization for our strategy can be measured by annual/monthly year over year growth of:

• Employee satisfaction and retention.
• Employee increased performance thru comprehensive training programs.

• **Some comprehensive measurement of key performance indicator examples that we will highlight are:**
• Analysis of Click Thru Rate vs End-User/Customer Satisfaction Rating by Prior Year vs Current Year.
• Analysis of Customer Revenue Growth vs Customer Satisfaction Rating.
•Analysis of Future Revenue Growth.

Measurement

The key drivers for revenue increase or decrease are:

- **Customer Satisfaction:** Increase in customer satisfaction is expected to cause an increase in revenues
- **Decrease in Obtrusive Ads:** This will increase in customer satisfaction which will lead to not using adblockers which will help to retain more publishers which will lead to prevention in losses. Our stakeholders (customers) willingness to collaborate closely with our IT, Data, Marketing, and Sales, and Departments is critical along implementation and creation of more effective ads.

- **Charging the Customers:** This will lead to decrease in number to users but might lead to increase or decrease in the revenue depending on customer turnover.
- **Paying the Adblocking Companies:** This might lead to short term loss of revenue but might help in the long term by retaining publishers and decreasing losses.

Conclusion

- Adblocking is a threat to the online advertising industry.

- After analyzing the options pricing analysis will help to find out the most economical option out of the above.
-
- We need to measure all of our three strategy implementations to ensure our continued operations without any disruption from adblockers to see which one(s) give best values in terms of customer acquisition and retention along with it being cost effective.

- This can be measured by collecting data and analyzing whether we are having higher/lower traffic and more/less click thru rate on our different strategies. If there is not much increase in traffic and click thru rate in our ads and cost of operations are too high in comparison to our revenues, we need to find a new strategy and may need to work with media planning firms.
- Collecting data from focus groups, online/mobile surveys, internet communities, social media analytics, and mobile data analytics can help us better understand our end-user interests and if they prefer good relevant ads context/contents.

- By tracking the end-users activities, we can learn what they like and dislike so it will help us improve their experience and satisfaction on our GYF platforms and channels.