

Business Analytics Capstone Framework for Strategy

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Problem Statement

Problem Statement—

Describe the Problem Adblockers present to GYF

- Ad-blocking software's growing popularity poses a serious threat to GYF's revenues, as GYF relies heavily on revenues from advertising, particularly from digital media services, where mobile advertising sales accounted for 70% of GYF's total digital advertising revenue last year
- There would be a significant loss to advertisers across GYF's three core businesses who purchase mobile and internet ads to be displayed alongside GYF's content, primarily due to customers not visiting their websites, signing up for mailing lists or making purchases, as well as loss of brand awareness and so on after the removal of their ads by Ad blockers. This will eventually negatively impact GYF's revenue.
- To remain profitable, GYF may charge its customers for its services across all three of its businesses which are currently offered free of charge to the end users. It may eventually lead to a decrease in services usage, loss of customer base, and thus revenue loss.
- The software would penalize good advertising, and ruin the relationship between consumers and advertisers
- More and more publishers simply can't afford to provide their content for free to users, consequently driving publishers to GYF's competitors' platforms where ads and tracking codes cannot be blocked
- Due to the loss of data caused by Ad blockers, it will become harder to predict consumers' future behaviour and develop efficient marketing strategies based on their past behaviour. Ad-block typically prevents sites from collecting data about users' browsing behaviour and other information such as demographics.
- Ad blockers also eliminate content from publishers and interfere with e-commerce sites by removing images and data, thereby reducing the richness of the sites and contents users interact with
- Both GYF and advertisers would need to come up with new ways of tackling the Ad blockers, adjust and form new business models that will revolve around subscriptions and better forms of advertising, resulting in GYF's increased expenses and its contract resets with advertisers and consumers
- Thus, we must devise a strategic solution to avoid the losses that GYF may suffer as a result of the proliferation of Ad blockers

Problem Statement—

Application Exercise 1 – Research Methods and Tools (Optional)

- Below are the researches that should be employed to frame our strategy to combat the arisen issue-
 - a) Since we are aware of the problem, **Descriptive research** can help get hard numbers for data to study how customers have been affected and to what extent, their reasons for disliking ads, their preferences for ads and so forth
 - b) We should use **Causal research** to establish cause-and-effect relationships between variables and determine which actions could possibly help tackle the problem
- The following tools can be used to conduct the above two researches-
 - 1. Descriptive research:

Active

Surveys (web and mobile)

Used to study customer attitudes, sentiments, ad related habits, and in-situ reactions of customers rather than retrospected on mobiles. Qualtrics can be used for both web and mobile data capture.

Below are some questions that can be asked:

- Do you find the ads on this website/app to be obtrusive?
- How often do you feel interrupted by ads when using this website/app?
- Do you think the number of ads on this website/app is excessive?
- Would you prefer to use a website/app that had fewer ads or no ads at all?
- Would you be willing to pay for an ad-free version of this website/app?
- Do you think the placement of ads on this website/app is too intrusive?
- Have you ever left a website/app because of the obtrusiveness of ads?
- How likely is it that you would want to see personalized ads?
- Do you think the ads on this website/app are relevant to you?

Passive

Social media analytics

Can provide data about users' opinions on finding ads obtrusive. What are customers saying about GYF, how are customers comparing GYF to its competitors, how many times is GYF brand mentioned, what is customers response to the campaign on whether or not ad removal should happen, can analyze the sentiment of posts and comments related to ads, how users feel about specific types of ads, how users engage with ads and which ads generate the most interest. Hotsuite can be used for data capture.

Web media analytics

Can provide insights into how users interact with ads on a website. What are different kinds of searches being made on internet, what happens in the marketplace, what are the websites being visited, what types of ads are customers looking at, which pages on a website generate the most ad revenue, and which ads are the most effective at generating clicks. Etsy can be used here for data capture.

Mobile data analytics

Can provide insights into how users interact with ads on mobile devices. By tracking metrics such as app usage, ad engagement, and app revenue, it can determine how users respond to different types of mobile ads. Can also help identify which ads generate the most revenue and which ads are most effective at generating clicks on mobiles. It can compare people usage experience on web and mobiles, measure, track, monetize and optimize the app performance. Flurry analytics can be used for data capture.

Problem Statement—

Application Exercise 1 – Research Methods and Tools (Optional)

2. Causal research:

A/B Testing

Can be conducted on both the web and mobile. Questions that can be asked are if GYF plans to make adjustments to its mobile app and websites, how will those changes be received by consumers, what would be the pages/app load time, users experience on searches, contents display, web/mobile device performance and so forth. Optimizely can be used here for data collection.

Pricing Analysis

Can be used to determine if customers would be willing to pay for the services that are currently offered free of charge, their level of satisfaction with the services, and their likelihood to recommend the services to others, should GYF pay ad block developers to be whitelisted so the ads can be seen, or should it invest in anti ad blocking software.

Strategy

Strategy

Describe your proposed strategy

- The following two typical approaches to strategy would be most suitable to GYF's business environment-

Adaptive strategy

It refers to the ability to quickly adjust to changes in the market and to continuously improve products and services. To stay at the forefront of all of its three business industries, especially the digital media industry, GYF needs to adapt to the changes in market trends, user behavior and their preferences, and constantly innovate, improve its algorithms, and evolve its platform and business models to deliver more relevant search results and unobtrusive, meaningful ads.

Visionary strategy

It involves developing a long-term vision of where the company wants to be in the future and creating a roadmap to get there. GYF should have a strong focus on the vision of organizing the world's information and making it universally accessible and useful, the future of online videos and their content quality, collecting and analyzing consumer data to create unobtrusive meaningful ads and assess their potential in acquiring/maintaining a large consumer base and consumer satisfaction, investing in emerging technologies, and exploring new revenue streams.

- There are several strategies that can be employed to resolve the issues caused by ad blockers on GYF:
- ✓ **Analysis of collected data:** The data collected through various research methods and tools should be carefully analyzed to draw inferences on the consumers behaviour, dislikes, preferences, sentiments, impact on GYF's services and brand, and other required information with respect to the obtrusiveness of ads in order to frame the strategic plan. Deploy Data team for this task.
- ✓ **Active listening and responding:** GYF and advertisers need to understand that they need not to fight back. Instead, listen to what consumer want and give them something of value. Mechanisms for listening and responding to users must be implemented holistically throughout the company, not as a separate, siloed set of functions, and in the advertiser companies too.
- ✓ **Hire and deploy the job performer** —pick the right people and develop them so that they can be deployed against the right approach to strategy. We would need to focus on parsing signals from noise and rationally measuring the correct attributes and metrics while hiring.

Strategy

Describe your proposed strategy

- ✓ **Optimize ad experience:** Improve the user experience by optimizing ads placement, formats, loading times, and devices/sites performance. Use responsive design to ensure ads display properly on all devices without interfering with the site's contents.
- ✓ **Use native advertising:** Native advertising blends seamlessly into the user experience, making it less obtrusive and less likely to be blocked. Consider using native ads to improve the user experience and increase engagement.
- ✓ **Consider alternative ad formats:** Ad blockers tend to target traditional display ads. Consider using creative and alternative ad formats such as video, audio, or sponsored content that are less likely to be blocked.
- ✓ **Better User experience:** Advertising should be R.A.V.E.S. — Use relevant and respectful, actionable, valuable and value-generating ads. This can help reduce the incentive for users to install ad blockers.
- ✓ **Educate the audience:** Many users install ad blockers because they find online ads intrusive, annoying, or irrelevant. GYF needs to educate its audience on how non-intrusive and relevant ads will help keep their website free and provide value to them.
- ✓ **Be transparent:** GYF needs to build trust with users by being transparent about data usage and implementing privacy-focused solutions. Additionally, offering non-intrusive ads through programs like the Acceptable Ads Program can help build goodwill with users.
- ✓ **Diversify revenue streams:** Relying solely on advertising revenue can leave GYF vulnerable to the impact of ad blockers. GYF needs to consider diversifying its revenue streams by exploring alternative monetization methods such as affiliate marketing, sponsored content, or subscriptions. We would need to monitor the consumer response to being charged, whether they are willing to pay or leave the services and platform, and what the optimal price should be by giving them different subscription pricing options.
- ✓ **Use anti-adblock solutions:** There are numerous anti-adblock solutions that can assist in identifying and preventing ad blockers. These remedies either limit access to content until the user disables their ad blocker (not advised) or show substitute ads that are not blocked (recommended). This can be accomplished through pop-up windows, messaging, or other means. The first method is not recommended because preventing access to content and making users disable their ad blockers would only cause user indignation and negative press for GYF. We can think about providing anti-ad blocker technology as a service to advertisers, which would lower the upfront cost and make it more affordable for smaller advertisers, given that adopting anti-ad blocker technology can be expensive, especially for smaller advertisers. Advertisers can also consider partnering with ad tech companies that specialize in anti-ad blocker technology.
- ✓ **Pay to be whitelisted:** GYF can pay ad block developers to be whitelisted so the ads can be seen. But it could have several implications like ethical concerns, reduced user trust, and increased cost for advertisers as they may have to pay more to GYF to ensure that their ads are seen by users who are using ad block software.

Strategy

Application Exercise 2 – Hiring a Team Leader (Optional)

- Peggy Prospect would be the best person to hire because of the following reasons-
 - Relevant **background/experience** in her previous jobs: great academic scores; a background in digital media companies where she had experience in digital contents; acquaintance with the issues posed by adblockers and similar technologies. This will come in handy in her new role in GYF to cut down on the time and expenses of her training, and she will be able to utilize her past experiences to quickly start working to deal with the arisen issues.
 - Great performance in her **structured interview**- demonstrates her fitness for the role in GYF, her expertise in the digital landscape, her compatibility to work with her new team members
 - Excellency in the **job knowledge test**- familiarity with the new job and tasks to be performed due to her past experiences
 - **Personality test**- knack for detail-oriented, open minded and teamwork, which would be much needed to perform in-depth analysis and work with her team towards fighting the potential threat posed by ad blockers.

Effects and Measurement

Effects

Describe the anticipated effects of your strategy

- The anticipated effect of the strategies on customers, revenue, and the internal organization of GYF can be as follows:
 - **Customer:** The focus on active listening and responding, optimizing the ad experience, using native advertising, using alternative ad formats, ensuring a better user experience, diversifying revenue streams, and offering non-intrusive ads can improve the customer experience, their satisfaction level, increased engagement and reduced churn rates. Educating the audience on the value of advertising, being transparent about data usage, and implementing privacy-focused solutions can build trust with users. However, the use of anti-ad blocker solutions and paying ad block developers to be whitelisted can be viewed negatively by some users. The strategy of charging consumers for services and subscription plans may lead to consumers' increased or decreased satisfaction and their willingness to continue using GYF services.
 - **Revenue:** Implementing strategies that optimize ad experience, ensure better user experience and diversify revenue streams can lead to increased revenue for GYF. However, some of these strategies, such as using anti-adblock solutions or paying ad block developers to be whitelisted, may increase costs for GYF/advertisers and eventually affect GYF' revenue. The strategy of charging consumers to pay for the free services can lead to increased or decreased revenue depending on how customers respond to it and their decision to quit or not.
 - **Internal organization:** The implementation of some of these strategies, such as analysing collected data, optimizing ad experience, using alternative ad formats, using native advertising, and diversifying revenue streams, may require changes in the internal organization of GYF, such as rethinking advertising strategy, hiring and training new staff, using staff to examine the results of surveys and extract the relevant data for next steps, and developing and testing new ad formats. Additionally, implementing anti-adblock solutions and paying ad block developers to be whitelisted may require collaboration with external partners and vendors.

Overall, the effect of these strategies on customers, revenue, and the internal organization of GYF will depend on the specific strategy implemented, the success of its implementation, and the responses of users and advertisers. It is important for GYF to carefully consider the implications of each strategy and monitor the results to determine the best approach to resolving the issues caused by ad blockers.

Effects

Application Exercise 3 – Designing a Deterministic Optimization Model

- **Decision variables** are as follows:

IHS: Internal Hard Skill

ISS: Internal Soft Skill

EHS: External Hard Skill

ESS: External Soft Skill

- **The Objective function** was to maximize the productivity and the equation is as follows-

$$0.2*(IHS)+0.7*(EHS)+0.6*(ISS)+0.4*(ESS)$$

- **Constraints :**

- $0.2*(IHS)+0.7*(EHS) \geq 20000$ (Amount spent on Hard skills training)
- $0.6*(ISS)+0.4*(ESS) \geq 12000$ (Amount spent on Soft skills training)
- $IHS+ISS \geq 0.6*(EHS+ESS)$ (Internal training program to External training program ratio)
 $\Rightarrow (IHS+ISS)/(EHS+ESS) \geq 0.6$
- $EHS, IHS, ESS, ISS \geq 0$ (Non negative)
- $EHS + IHS + ESS + ISS \leq 65000$ (Maximum training budget)

- The **Solver** was used to get the optimal solution.

According to Solver, the best decision to spend on various skills training program are as follows-

- **24375** dollars for Internal soft skill
- **40625** dollars for External hard skill
- **0** dollars for the rest

- These decisions will result in optimized increased productivity of **43062.50** dollars.

Measurement

Describe the anticipated effects of your strategy and how you will measure them

- To measure the effects of the strategy in tackling issues faced by GYF due to ad blockers, we should consider both financial and non-financial measures, with primary focus on non-financial measures which will ultimately account for GYF's revenue, profitability and other financial values.

Financial measures

Revenue	This measures the amount of money generated from advertising on GYF's platforms. We can measure the revenue generated from non-intrusive ads, native advertising, and other monetization methods like sponsored content, affiliate marketing or subscriptions, compared to traditional display ads. A higher revenue would indicate that the strategy is successful in diversifying revenue streams and reducing the impact of ad blockers.
Cost	This measures the cost of implementing the strategy, such as the cost of developing or purchasing anti-adblock solutions, paying to be whitelisted by ad block developers, hiring the right people to perform the job through their capabilities assessment by managers, training and the manager's supervision of its staff, and developing and optimizing new ad formats on mobiles and sites. We should compare the cost to the revenue generated from the strategy to determine its effectiveness.
Profit	This measures the difference between revenue and cost. We can measure the profit generated from the new advertising formats and their quality compared to traditional display ads.

Non-financial measures

User engagement	This measures the level of user engagement with ads on GYF's platforms. We can measure the number of clicks, views, or interactions with non-intrusive ads compared to traditional display ads. A higher engagement rate would indicate that the strategy is successful in improving the user experience and satisfaction.
User satisfaction	This measures the level of satisfaction users have with the ads on GYF's platforms. We can measure user sentiment through surveys, feedback, their likelihood of GYF platforms referral to others, or reviews of the new ad experience. A higher customer satisfaction rate would indicate the success of the introduction of new ad formats and ultimately the retention rate of customers.
User trust and brand image	We can collect data through surveys and feedback mechanisms to measure user trust and GYF's brand image. A positive response from users would indicate that the strategy is successful in building trust, enhancing the brand image and, its market share compared to its competitors.
Ad-blocker usage	This measures the number of users who use ad blockers on GYF's platforms. We can measure the impact of the strategy on ad-blocker usage by tracking the changes in its usage over time, like how many users uninstalled/installed ad blockers after the introduction of new ad formats. A reduced rate of ad blocker usage would indicate the success of the strategy implemented.

Measurement

Application Exercise 4 – Identifying Key Drivers

- The key drivers for the financial success of GYF with the objective of preventing revenue losses are:
 - **Unobtrusive and relevant ads:** Ad revenue is the primary source of income for GYF. The creation of valuable relevant ads, optimized new formats, their placements on both web and mobile, and the use of native advertising, will provide a better user experience, reduce the incentive for users to install ad blockers, increase customer loyalty, reduce customer churn, and retain advertisers, thereby leading to increased revenue.
 - **Diversification of revenue streams:** Diversification of revenue streams through alternative monetization methods such as affiliate marketing, sponsored content, or subscriptions can reduce the reliance on ad revenue and provide a more stable source of income.
 - **Customer engagement and retention:** Improving customer experience by hiring right talent, training staff to carry out the research, analysis, development, for better internal and external collaboration, optimizing ad placement, formats, and loading times can lead to increased user engagement and retention, resulting in more ad impressions and increased revenue.
 - **Cost management:** Effective cost management is crucial for financial success. The cost of implementing anti-ad blocker solutions, paying to be whitelisted, and diversifying revenue streams should be carefully monitored and managed.

Conclusion

- Ad blockers are a serious threat to GYF's revenue in several ways. They can be considered a menace, blunt solution, but at the same time they can bring an industry evolution, the creation of better ads and business models that will revolve around using better meaningful, value-generating advertising.
- Most consumers don't have a problem with online advertising, but when it becomes overwhelming and degrades the quality of the web and mobile experience, they will eventually rebel
- The primary focus of GYF should be to make ads unobtrusive, meaningful, and relevant to users and prevent revenue losses
- There are numerous strategies that can be employed to help GYF tackle the ad blocker issues, improve user experience, increase customer satisfaction, and maintain and increase its revenue and profitability
- It is important for GYF to carefully consider the implications of each strategy and monitor the results to determine the best approach to resolving the issues caused by ad blockers
- Non-financial measures should be primarily considered to measure the effects of strategy along with financial measures