

Business Analytics Capstone Framework for Strategy

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Problem Statement

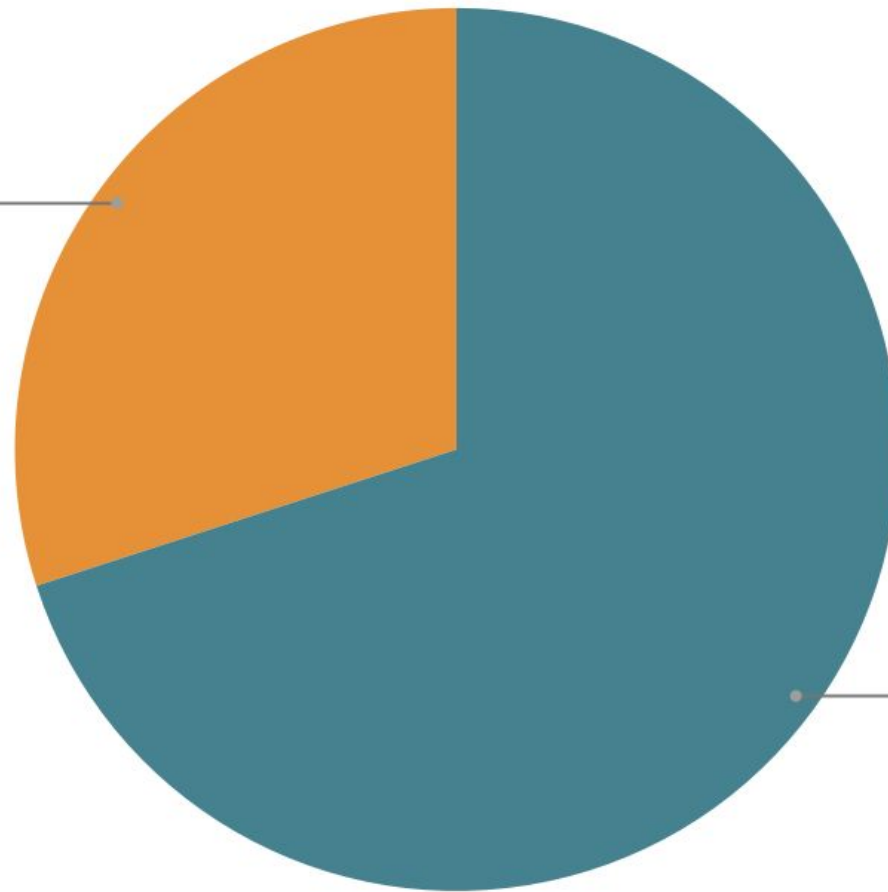
Problem Statement—

Describe the Problem Adblockers present to GYF

Revenue from Ads

Browser

30,0%



Mobile traffic

70,0%

Problem Statement—

Describe the Problem Adblockers present to GYF

Revenue from Ads

Browser

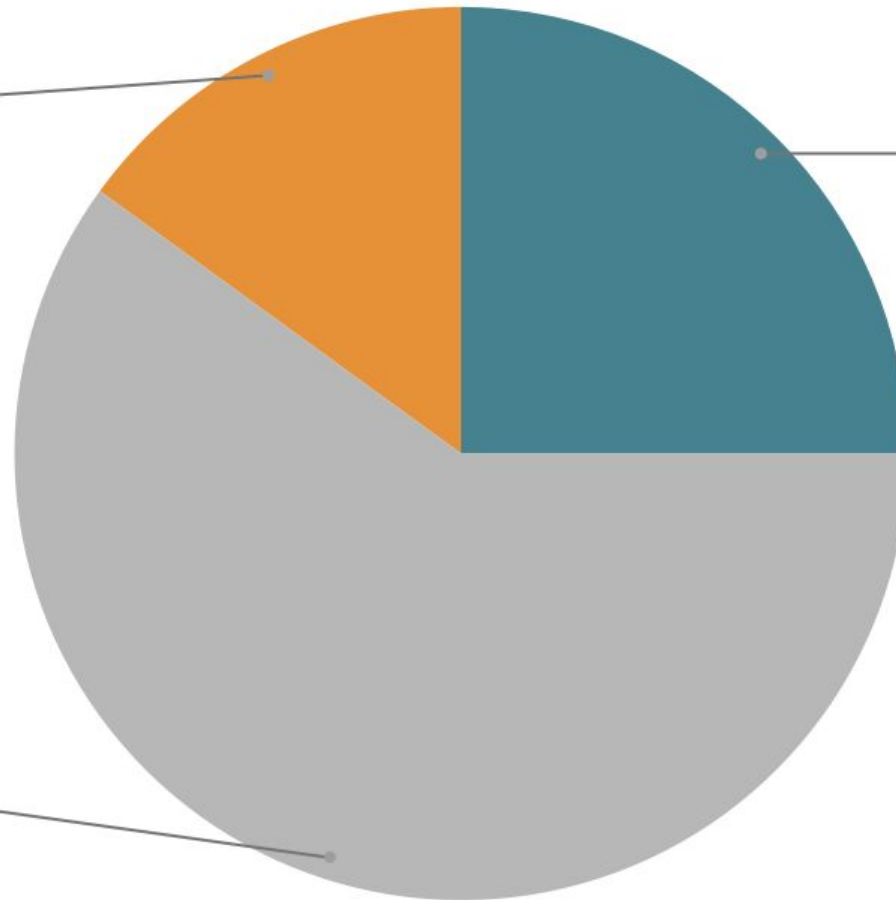
15,0%

Mobile traffic

25,0%

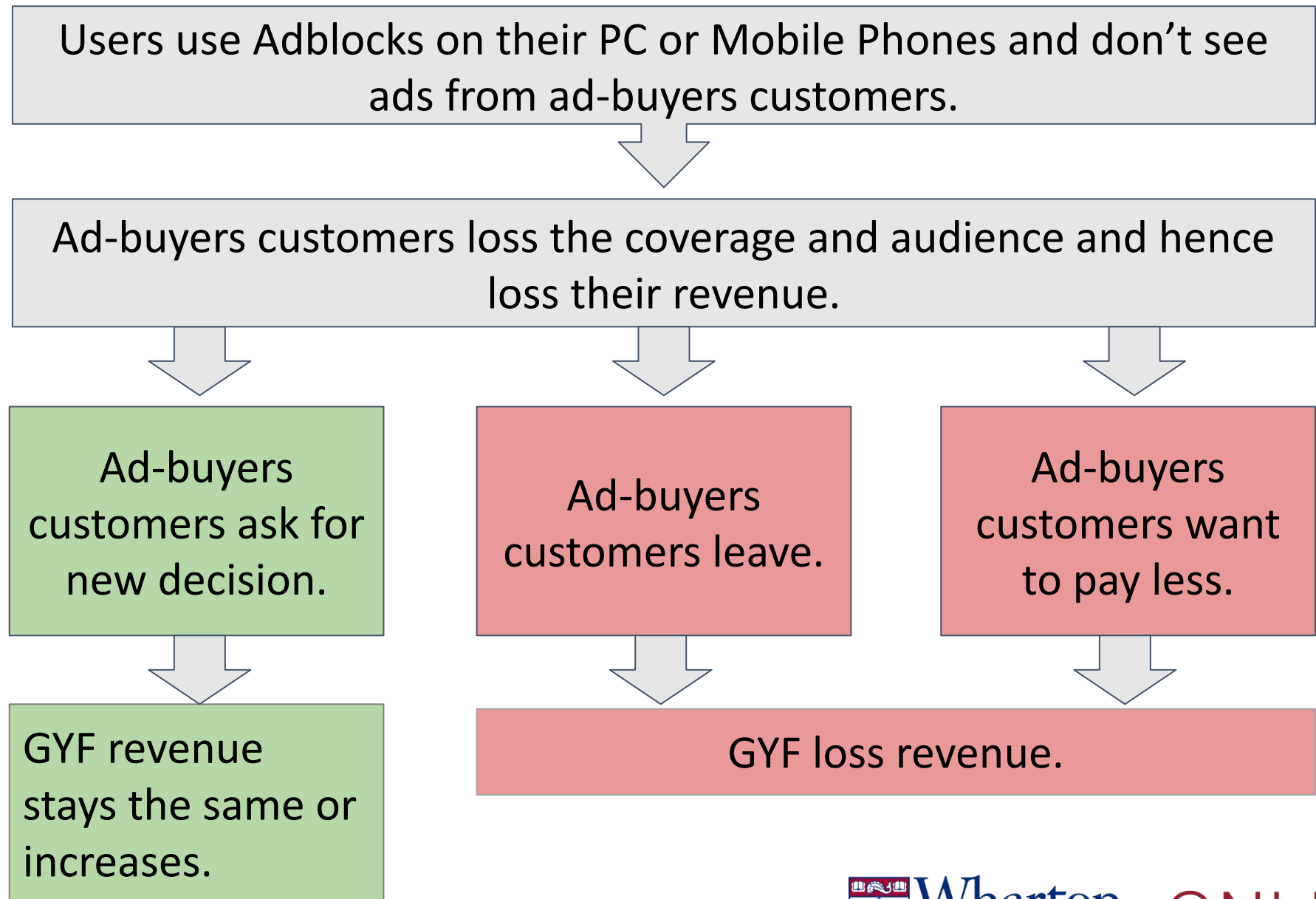
Ad blocks

60,0%



Problem Statement—

Describe the Problem Adblockers present to GYF



Problem Statement—

Describe the Problem Adblockers present to GYF

- *Customer Analytics:*

The absence of advertisements in the search engine entails the impossibility of customers to research the market. The inability to evaluate the effectiveness of an advertising campaign without knowing how many users have watched it, how loyal they are to the brand, how recognizable and relevant it is. In addition, it is impossible to estimate the cumulative effect of an advertising campaign, which also plays a role in sales. Ad blockers also limit the ability of small local companies to reach users by analyzing their individual needs.

A critical decline in advertisements on websites and mobile applications may lead to a review of contracts for the provision of advertisements. There are options for the complete termination of the contract, or reduction of rates, or revision of the advertising policy - the search for alternative options.

- *Operations Analytics:*

We can build a multiple regression model for predicting the effects of blockers by introducing a set of parameters:

- values of the increase in downloads of applications in the browser for a certain period of time;
- the ability to add sites (search engine, news sites - digital media) to the white lists of blocker applications;
- purchases of Apple phones with a built-in ad blocking system / installation of corresponding applications on mobile phones of other brands.

- *Accounting Analytics:*

A decrease in the percentage of users who see ads is likely to lead to a decrease in the number of contracts for showing ads in the form of banners. Which can lead to a decrease in financial flow from customers if an equivalent alternative solution is not offered

- *People Analytics:*

It is necessary to keep customers by offering them equally productive solutions for advertising their business. Thus GYF needs people who will negotiate with customers for their retention, people who will look for alternative ways to provide advertising and / or search for ways to bypass blockers, as well as people who will negotiate with adblocker companies. Either train the company's staff or consider hiring employees.

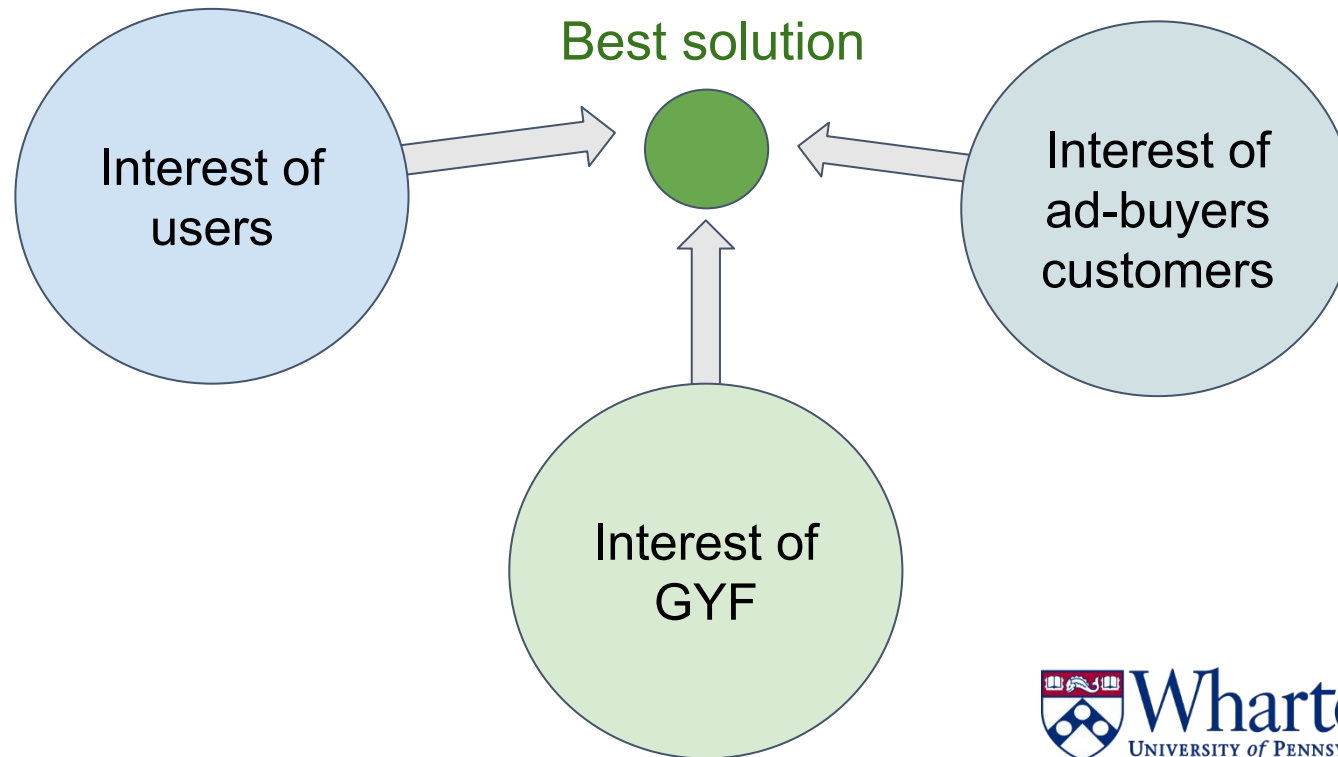
Problem Statement—

Describe the Problem Adblockers present to GYF

The majority of users don't understand how GYF makes money and keeps its services alive. So we can tell them and sincerely ask switch off the adblockers.

*Will it work? Is it the real reason why users use Adblock?
How can we reverse Ads from negative to positive?*

Our solution should include benefits of all three sides:



Problem Statement—

Application Exercise 1 – Research Methods and Tools (Optional)

First of all we need to explore an ambiguous problem. It is necessary to determine what goals users are pursuing by connecting ad blockers in their browser or on a mobile device.

To define the best solution we need to find answers for several questions:

- 1. Why users use Adblocks? Why they don't want to see ads?*
 - a. Ads are annoying and disturbing;*
 - b. ads slow down loading;*
 - c. other reasons.*
- 2. Which type of Ad users can accept and when?*
- 3. Which Ads users can call useful and why?*

We can hire companies that deal with the internet communities (MROCs), Focus groups to see how users react on different kind of ads and mobile surveys to ask users which type of ads they don't mind, with which they are satisfied.

Problem Statement—

Application Exercise 1 – Research Methods and Tools (Optional)

To define the solution we also need to know the customers' interest. Here we can use Customer self-reporting to see what impact of adblocks they really have and what issues they have.

What customers want from their ads to increase their revenue?

- a. Increase brand awareness among the broad or the target audience;*
- b. increase brand loyalty;*
- c. other reasons.*

At the end of researching we can hire companies that deal with AB testing to understand which solution with the ads we can use on the web-sites

Strategy

Strategy

Describe your proposed strategy

- ★ Search the solution within internet communities (users), self reports (users and customers) and mobile surveys (users). Make report every 2-3 weeks.
- ★ Discuss with customers possible options for change the format of their Ads, analyze competitors ideas.
- ★ Define and highlight all possible replacements for the Ads:
 - sponsored article on the GYF's digital media websites;
 - offer customers to buy the first lines of relevant search queries (with the mark “ad”);
 - reach agreements with Adblocker companies to add GYF to whitelists or limit the use of ad units.
- ★ Promote ideas of useful, social and socially significant advertising.

Strategy

Application Exercise 2 – Hiring a Team Leader (Optional)

We, as DATA team, recommend a leader Candidate Peggy. As part of her role she specifically focused on the issues posed by adblockers and other technologies that disrupt the traditional delivery of online advertising. It will be usefull. Also she has a desire and passion to work at GYF, which can be seen from her test result.

She is a team player: She demonstrated a deep knowledge of the digital advertising landscape, she exhibited a personality that will fit well with the other members of the DATA Team.

Effects and Measurement

Effects

Describe the anticipated effects of your strategy

- A soft policy that takes into account the interests of users and lack of pressure should lead to GYF's brand loyalty. Such a strategy should help retain old users and attract new ones.
- Ad units in appropriate proportions will be placed on banners, for those who do not use ad blockers subject to user limited quantity, in ad integrations - on digital media resources and prepaid first lines search offers. This will increase the number of views for customers, which in turn will allow not to lose customers, but rather to conclude more profitable contracts.
- In particular, targeted advertising will lead to a qualitative increase in the user base for customers. Such an offer should lead to an increase in customers and contracts.

Effects

Describe the anticipated effects of your strategy

Costs to consider:

- Development of new algorithms and involvement of third-party companies (conducting AB testing, ...)
- The need to attract new specialists;
- The need for staff training;

But all costs should increase productivity and revenue in the next period.

Effects

Application Exercise 3 – Designing a Deterministic Optimization Model

The total budget for the development of employees is 65,000. It is necessary to distribute this budget in 4 areas (decision variables) so that the following conditions (constraints) are met:

- The Hard Skills training program must achieve at least \$20,000 in the total net productivity increase;

$$\text{Hard Skills Internal} * 0.2 + \text{Hard Skills External} * 0.7 \geq \$20,000$$

- The Soft Skills training program must achieve at least \$12,000 in the total net productivity increase;

$$\text{Soft Skills Internal} * 0.6 + \text{Soft Skills External} * 0.4 \geq \$12,000$$

- The Internal program should achieve at least 60% of the net productivity increase realized for the External program.

$$(\text{Hard Skills Internal} * 0.2 + \text{Soft Skills Internal} * 0.6) / (\text{Hard Skills External} * 0.7 + \text{Soft Skills External} * 0.4) * 100\% \geq 60\%$$

Effects

Application Exercise 3 – Designing a Deterministic Optimization Model

By changing 4 values, which in total should give the required result (total budget) we can achieve the goal.

	Hard Skills	Soft Skills
Internal	\$7 475,35	\$22 086,67
External	\$34 677,60	\$760,37

Measurement

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

Users' satisfaction can be measured by mobile surveys and online questionnaire. Users' identification with their email can be useful for loyalty.

Click through rate - measurement for the Customers Satisfaction (should have correlation with the Sales).

Customer satisfaction - increase in an amount of contracts (new customers and new contracts with olds).

Revenue increase - total income minus expenses, yoy methods, growth for the different periods and ROI.

Measurement

Application Exercise 4 – Identifying Key Drivers

- *Apply the “causal business model” performance measurement framework to your strategy*

Conducting targeted advertising should increase customer sales, which should lead to an increase in the number of contracts (shares) for such advertising, which should increase the total revenue received from contracts for Ads.

1. Customer sales can be measured with AB testing (targeting/usual Ad) and Click-Through Rate (CTR). Also we can ask users whether they buy the products because of advertisements.

During the trial period, GYF can either offer users some service for calculating real profit itself, or enter into a contract for the provision of data from customers.

Measurement

Application Exercise 4 – Identifying Key Drivers

- *Apply the “causal business model” performance measurement framework to your strategy*

Conducting targeted advertising should increase customer sales, which should lead to an increase in the number of contracts (shares) for such advertising, which should increase the total revenue received from contracts for Ads.

2. If customers sales grow with targeted ads GYF can provide way more profitable but more expensive contract to customers including those who doesn't have targeting option yet.
(technology costs must be taken into account)

Measurement

Application Exercise 4 – Identifying Key Drivers

- *Apply the “causal business model” performance measurement framework to your strategy*

Conducting targeted advertising should increase customer sales, which should lead to an increase in the number of contracts (shares) for such advertising, which should increase the total revenue received from contracts for Ads.

3. The following parameters need to be considered:

- the total number of customers
- the ratio of the number of users with a new contract to the total number
- growth in customers with a new contract
- Net income (revenues minus expenses)

Conclusion

- *Summarize your key points from the preceding slides*