

Business Analytics Capstone Framework for Strategy

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Problem Statement

Problem Statement—

Describe the Problem Adblockers present to GYF

- The increasing use of adblockers by internet users has become a significant concern for social media companies, as it significantly impacts their advertising sales revenue. Adblockers are software programs that prevent online ads from displaying on websites, mobile devices, including social media platforms. The main implications of this problem are the decrease in ad revenue, the potential loss of advertisers, and the need to develop new strategies to overcome adblocker technology.
- 70% of GYF's advertising revenue comes from mobile ads, and adblockers mean that many users do not see their ads, reducing the number of impressions and clicks. This results in lower ad revenue and a decrease in the effectiveness of advertising campaigns. Furthermore, with the growth in adblocker usage, advertisers may hesitate to invest in mobile advertising, leading to a potential loss of revenue and customers.
- To address the problem of adblockers, GYF must find new ways to reach their audience. This could include using sponsored content, native advertising, or developing new technologies that bypass adblockers. However, these solutions come with their own challenges, including the risk of appearing overly promotional or intrusive.
- Overall, the problem of adblockers has significant implications for GYF, as it threatens their primary source of revenue and requires them to adapt to changing user behavior and technology. Finding effective solutions to this problem will be crucial for the company's' long-term sustainability and advertising sales.

Problem Statement—

Application Exercise 1 – Research Methods and Tools (Optional)

- 1. Given your definition of the problem faced by GYF, what type(s) of research will you employ to learn more about the strategy the DATA Team should pursue? I recommend using causal research to explore the problem adblocking can cause the company since this is a more defined problem.
- 2. What research tools could you use to conduct that research? The tools I can use to conduct this research is using internet community forums, looking at financial sheets of a similar company that use the same ad targeting we do. Also, looking at social media and mobile data and also insights from media planning firms.

Strategy

Strategy

Describe your proposed strategy

The proposed strategy is to make it so that users of GYF have two options on how they can interact with the platform.

- Option 1: Utilize GYF for free: In this option, users do not have to pay to use GYF, but in doing so, they cannot use ad blockers. This means that using ad blockers will prevent access to GYF products. For example, if a user with an adblocker tried to read a news article on the media page of a GYF service, they would be kicked off the site. i.e. they won't have access to it. The downfall to this option is that users may be enticed to use competitor platforms that allow ad blockers.
- Option 2: Pay a monthly subscription fee and access content ad-free. In this option, users will pay monthly to avoid seeing advertisements while interacting with GYF products. This would require the subscription price to be high enough to cover the revenue that would have come in from advertisers. The downfall is that our users may have a limit on how much they are willing to pay monthly. That limit may not be enough to compensate for ad revenue lost.

Strategy

Application Exercise 2 – Hiring a Team Leader (Optional)

I would hire Peggy because she has direct experience in the problem we are trying to solve. Additionally, her job knowledge test indicates that she is familiar with the work we will be doing, leading to reduced ramp-up time. Her personality results indicate that we should seamlessly integrate into team dynamics, which is critical in producing efficient and effective work.

Effects and Measurement

Effects

Describe the anticipated effects of your strategy

Possible Effects:

1. Potential loss of customers who don't want to pay for the service or don't use ad blockers.
2. Potential loss of advertisers who don't like the subscription model.
3. Increase revenue from monthly subscriptions if more users engage into that model.
4. Increased loyalty from advertisers because of "banning" ad blockers.
5. Ability to increase the cost of ads due to guaranteed customer reach.

Effects

Application Exercise 3 – Designing a Deterministic Optimization Model

The objective is to maximize total productivity return.

Constraints

- $20,000 \leq \text{Hard skills internal productivity return} + \text{Hard skills external productivity return}.$
- $12,000 \leq \text{soft skills internal productivity return} + \text{soft skills external productivity return}.$
- $\text{Internal productivity return} \Rightarrow 0.6 \text{ External productivity return}.$

Measurement

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

Some of the anticipated effects would be:

Increased revenue from subscriptions.

- This would be measured by comparing the revenue coming from subscriptions to the revenue lost from users not clicking / viewing ads. If the revenue from subscriptions is higher than that is lost from ads, this strategy would be deemed a success.

Increased loyalty from advertisers

- Since advertisers would be sure that platform users aren't blocking their ads, they would be more inclined to continue advertising on the platform. The best way to measure increased loyalty would be by analyzing if there is a change in the amount that advertisers spend on the platform over a given period. If the amount they spend does go up, it would be an indicator of increased loyalty

Measurement

Application Exercise 4 – Identifying Key Drivers

If there is a subscription-based option for users who do not want to see ads, these users will not need to use adblockers. The money from subscriptions will then make up for the revenue that is lost for these users not being shown advertisements.

Conclusion

As a response to the increased usage of ad blockers, GYF has decided to implement a strategy that will block users who have ad blockers on their browsers. As an alternative to customers not wanting to see ads, GYF has proposed a monthly subscription model in which the users who pay will not have to see ads. This will ensure that revenue lost from the users not seeing ads is recaptured through the monthly payments. Additionally, GYF hopes to gain more loyalty from their advertisers because they can guarantee that ads placed on their platforms will be seen. To assess the success of this strategy, GYF will analyze the change in user interaction with their products, the difference in revenue compared to previous periods, and the shift in relationship with their advertisers.