Business Analytics Capstone Framework for Strategy

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Problem Statement

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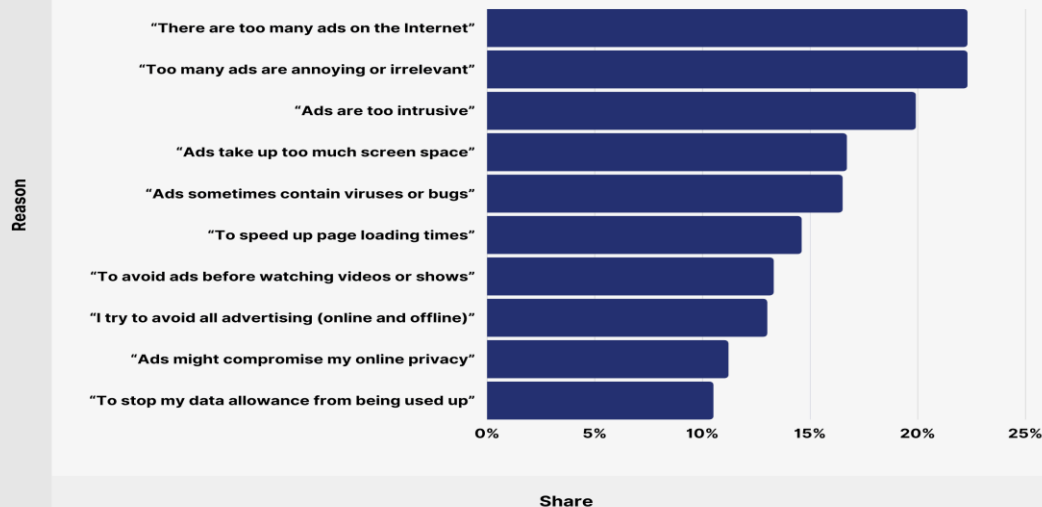Describe the Problem Adblockers present to GYF

- The increasing popularity of Ad blocking software poses a threat to GYF's revenues. A major portion of GYF's revenue comes from selling advertising to other companies who place ads on GYF's digital services. Last year, mobile advertising sales accounted for 70% of GYF's total digital advertising revenue.

- In a debate at Mobile World Congress (MWC), executives from Google and Yahoo it was discussed that Ad blocking software use grew 41 percent in the 12 months to August 2015 and there are now 198 million active AdBlock users around the world, according PageFair. Ad blocking was estimated to cost advertisers $22 billion last year.

- If GYF is unable to display ads to the customers, the companies posting the ads will have no reason to put the ads. Thus resulting in termination by the companies and loss of revenue to GYF. To maintain profitability, GYF might have to charge the customers which may result in decreased usage of GYF's services.

- The main cause of this problem is the companies wiling to pay GYF to advertise on their services if they could not advertise or are blocked by a ad blocker it'll eventually lead to a big loss for GYF .

Problem Statement–

Describe the Problem Adblockers present to GYF

- More and more publishers just can't afford to give their content for free. It is upto the marketing team to understand customers and provide better ads experience users will take a proactive role in allowing ads from sites they like and want to support, effectively working harder to still see ads.

- It's not always bad to use ad blocking service but when does consumers actually would want to use as ad blocker ? When they see irrelevant ads:-
    - *The solution to this is better advertising and showing consumers relevant ads by using digital marketing tools , SEO of websites and optimizing mobile apps.*

- And if advertisements are removed from everywhere the consumer will have to pay for every content they'll view and majority of customers will be willing to see relevant ads on a page rather than having to pay for every website or app they visit or use .

Reasons for using ad blockers

Reason	Share
"There are too many ads on the Internet"	~22%
"Too many ads are annoying or irrelevant"	~22%
"Ads are too intrusive"	~20%
"Ads take up too much screen space"	~17%
"Ads sometimes contain viruses or bugs"	~16%
"To speed up page loading times"	~15%
"To avoid ads before watching videos or shows"	~13%
"I try to avoid all advertising (online and offline)"	~13%
"Ads might compromise my online privacy"	~11%
"To stop my data allowance from being used up"	~10%

Problem Statement–

Application Exercise 1 – Research Methods and Tools (Optional)

- Descriptive research method is best to use since we already know about the problem and it would help us study how big it would impact GYF customer base and financial line

- After this well be using causal Research(especially A/B testing) to make user end more comfortable and see what would the customer prefer by process of Conversion Rate.

- The tools that can be used are Surveys, Pricing Analysis, Social Media ,Focus Groups 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. They'll also help to identify the exact needs of customers and why would they use ad blocker.

    - **Pricing Analysis -** might help to decide which option would be suitable: charging the customers or paying the adblocking companies to get white listed.

    - **Social Media Data -** to get ads engagement of users.

    - **Focus Groups** – to get clear cut answers from a small group of people and see what is there response to this problem

Strategy

Strategy
Describe your proposed strategy

A single strategy is not sufficient to tackle this problem. So a multiple strategy approach is recommended. Before adopting a strategy, data should be collected on whether the ads are really obtrusive and the current impact of adblockers on GYF's services.

1. **Users should see ads without pushing them** .Our first aim must be to make the ads as less obtrusive as possible. Since the companies that place the ads are also the stakeholders, it makes sense to collaborate with the companies to make the ads less obtrusive and more creative.

2. **The second strategy** is listening to users to figure out user experience and what they want whether they want experience with no ads or one with relevant ads ,this can be done by short surveys and organizing focus group. A survey can also be conducted to target the users who use adblockers to ask them to opt for a 7 day trial where we place better relevant ads and get their feedback on whether such ads are acceptable.

   - *It is also important to make the users realize the need for placing ads. This can be achieved by explaining the users as to how is GYF able to provide all its services for free to its users.*

Strategy
Describe your proposed strategy

3. **The Third Strategy** an analysis must be conducted on the most feasible solutions out of the following 3 options : Charging the customers , Paying to get whitelisted , Paying anti adblocking companies.

4. **Another Strategy** could be paying the Ad blockers directly to stop them from blocking ads on GYF services. This could a form of bribe but if our customer experience is getiing better from it then there is no major harm

5. **A/B testing** for different ads experience to know user end preference and deploying results as per the results with new ads experience provided to users.

6. **Relevant ad campaign & using social media data**

I would hire Peggy Prospect for the position of Senior Associate Director for Digital Advertising Strategy

My reasons for hiring Peggy Prospect:

- Apart from having excellent academic scores, she also has prior experience in the relevant field and that experience might be very useful to save time and money in our strategy application.

- Even though she scored less in cognitive ability test than carrie candidate but her experience is more valued here.

- Less training will be required if she is hired since she already has pretty good experience

- In the interview process she had complete idea of the job role.

- References are not a great indicator of employee performance. Hence it is advisable to ignore it since both the candidates scored nearly similar on the reference scale. And I also find that being focused on short term is not necessarily negative in a constantly changing industry

Effects and Measurement

Effects

Describe the anticipated effects of your strategy

- **The following are the anticipated effects of the strategy adopted above**:

- **The First Strategy** will have a severe affect on user experience since now users will be seeing relevant ads and ads are relevant to the material they visit on internet.

- **The Second Strategy** states users need to know the need of advertisements If we start charging the customers, we might expect a decrease in the number of users who use our services thus decreased revenues and users most probably will be willing to see ads rather than having to pay for every website they visit. Surveys & Focus groups would help us get insights from users directly. Users may feel being part of focus group is time consuming so it would be better to provide them with some incentives

- **The Third Strategy** from Financial Standpoint, charging the customers might increase or decrease the revenue depending on the number of users who quit. If the customer satisfaction increases, the publishers might be willing to invest more in advertising on our platforms.

- Deploying result with new native ads experience using **A/B testing** End users will stay on page if they perceive valuable insights and information from ads.

Effects

Describe the anticipated effects of your strategy

- If we pay Ad blocker this will also cost us. But we could avoid this strategy since we'll have to pay a lot and if it's only a small proportion of users using ad blocker then it would not be the best decision.

- **<u>Effect on Revenue</u>** :
  - There will be more user acquisition if they will see relevant and less obtrusive ads on GYF services If there is increase in user acquisition more advertisers would like to advertise on our services. It would lead to earning more revenue
  - Surveys & Focus groups and interacting with users will cost us money
  - For Running Ads campaign we would need a create to focus more on our digital marketing team hire some more experienced people for better marketing this will also cost us money but it would create a better user experience.
  - Paying the ad blocker will cost GYF a lot.

Effects

The optimization model suggests that we must invest as follows:

- **20000** dollars for internal soft skill

- **45000** dollars for external hard skill.

- The final optimized increase in productivity is **43500** dollars.

- For optimizing the model, the objective function was to maximize the productivity.

- **Objective function** : 0.2*(Internal Hard Skill)+0.7*(External Hard Skill)+0.6*(Internal Soft Skill)+0.4*(External Soft Skill)

- **Constraints** :

  - 0.2*(Internal Hard Skill)+0.7*(External Hard Skill) >= **20000**

  - 0.6*(Internal Soft Skill)+0.4*(External Soft Skill) >= **12000**

  - EHS + IHS + ESS + ISS <= **65000**

- **Considering according to me**

  - Any modelling has its limitations.

  - Training programs are related to human resources which we know are of dynamic change and growth and analytics are needed to achieve much greater outcome towards objective.

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Effects

Application Exercise 3 – Designing a Deterministic Optimization Model

Business Analytics Capstone
Application Exercise 3

Net Productivity Increase (in $ per $ spent on training)

Training	Hard Skills	Soft Skills
Internal	0.2	0.6
External	0.7	0.4

Total Net Productivity Increase (in $ thousands)

43.50

Spending Amounts (in $ thousands)

Trainging	Hard Skills	Soft Skills
Internal	0.00	20.00
External	45.00	0.00

Total Spending Budget (in $ thousands)	65.00	<=	65
Productivity Increase in Hard	31.50	>=	20
Productivity Increase in Soft	12.00	>=	12

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Measurement

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

- Measuring the ads performance

    - *Ads can be measured by number of impressions on a ad.*

    - *Return on investment (ROI) measures can be used.*

    - *Brand awareness can be seen by using various digital marketing tools.*

    - *Customer engagement through click through rates on a website's ads.*

- We need to pick out a strategy that's cost effective and works best in case of customer acquisition.

- By surveys and focus groups we find out what the users want : if they want an experience with relevant ads or no ads at all. The revised ads which are less obtrusive can be tested on a sample of users and the effect of those can be measured through the surveys.

- Factors of subscription charges can also be used in revenue measurements

- To understand how the work is going on we need to measure the amount on time spent on employee discussions ,hiring new staff , developing new ideas.

- Need to measure all the extra spending being done on marketing

- Company will decide on the basis on revenue whether to hire new employees for better digital marketing or hire an agency to do the work.

Achieve net income growth from better advertisements against ad blocker software

- **Hypothesis (Causal Business Model) :**

    - Better experience on platform for the users

    - Prevent users from installing ad blocker software

    - Improving customer experience on our platform

    - More CTR (click through rate) = more profit per impressions

- **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.

- **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.

- If the platform is gaining more users and users are exploring more then it will lead to more satisfied customers.

Conclusion

- Adblocking is a serious threat to the online advertising industry but there are ways in which this problem can be dealt with.

- We need to gather data using modes of gathering data such as scanner data , mobile surveys, social media analytics , mobile data as they would help in emphasizing the real problem

- For each strategy a evaluation needs to be conducted in terms of revenue employees and customer

- A number of strategies can be applied based on the requirements like Improving ad Quality, decreasing obtrusive ads, explaining the need to place ads to the users, paying to get whitelisted, paying some anti adblocking companies, charging the customers etc.

- We also need to link non financial strategies to financial outcome by doing research

- After doing the research and going through all the strategies we need to implement the one which is best in terms of both financial metrics and customer satisfaction