

## ANALYSIS OF THE MARKET OF ADVERTISING SERVICES IN ROMANIA IN THE CONTEXT OF THE PRESENT ECONOMIC CHALLENGES

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**Abstract:** This paper intends to analyse the impact of the economic crisis on the advertising market and propose a possible trend on the Romanian advertising market making a comparative analyse between the international and the local advertising market.

The analysis performed in this paper, underlines that the effects of the economic crisis had been also deeply felt on the market of advertising services, as this fact made the companies to look for new and more efficient media of advertising. The Romanian advertising market registered unexpected decreases especially in 2009, the estimations for the current year and for 2011 being positive only for the market of online advertising.

**Key words:** e-marketing, traditional advertising, e-advertising, economic crisis

### 1. INTRODUCTION

The companies, in nowadays face great challenges, as they are forced to choose between the acceptance of the new economic realities and the adaptation to the “rules” imposed by the “flat world” where they do business, or they can refuse the alignment to the globalization process, but they must be aware that this can represent their decline.

Under the influence of globalization and all factors connected with it, the world of advertising has changed dramatically in just the past few years.

We passed from the traditional advertising, where the channels used to inform the consumers were simple and predictable (press, radio, television, posters) to the advertising requested by the “digital economy” based on internet and social networks. Some experts have suggested that YouTube, MySpace, Twitter and FaceBook may have been the most influential new media in decades, and have also contributed to the changes in the consumer’s and companies’ behavior.

By the means of technology such as digital videos recorders and TiVo, the consumer has the possibility to select the advertisements using “skip” or “zap” and can use in the same time more sources of advertising. According to some authors watching TV, while listening to music, flipping through a magazine, and surfing the Internet is the new “normal” of our days (Roger A. Kerin, Steven W. Hartley, 2009).

### 2. A “NEW TYPE OF CONSUMER” IMPOSES SIGNIFICANT CHANGES ON THE MARKET OF ADVERTISING AT THE GLOBAL LEVEL

Technological progresses, as well as the increased speed of information by using the internet resulted in the “homogenization of markets all over the world, the creation of some global markets and products at the global level” (Sultan Kermally, 2009). This result led to the formation of a global hyper-competition which determined changes in the consumer’s behavior, creating “the consumer of the future”, who is more informed, pretentious and selective, who looks for in a product not only the pleasure of having it, tasting it, but also the

satisfaction of discovery, testing and association of that product (Paul R. Gambel, Alan Tapp, 2005).

Companies must not focus on the range of their products, but concentrate on the portfolio of clients, the nowadays advertising being based on growing the relations with clients (Ph. Kotler, Dipak Jain, Suvit Maesincee, 2009). In the new economy - “the digital economy”, marketing works exactly reversed: the consumer is now the one who “is in control” on the market. The consumer is the one who informs the company regarding his needs, proposes the price, establishes the way for delivering the goods and decides the way in which the information and advertisement messages are sent to him.

The internet became an information channel used more and more, the consumers trusting it with 35% more in 2010 compared to the last year against television. In Europe and USA, it was observed that the internet is used during the last period 58% times more by the consumers looking for a promotional offer, and 49% times more to look for information connected to products and services.

### 3. THE EVOLUTION OF THE ROMANIAN ADVERTISING MARKET IN THE CONTEXT OF THE PRESENT ECONOMIC CHALLENGES

The economic context is challenging for the advertising market. In order to face the financial crisis, during the last period, the companies reduced dramatically the budgets for advertising, as a measure to reduce the costs. At the end of 2009, in Central and Eastern Europe were registered massive cuts in the marketing budgets. In Romania, according to the study performed by the Linea Directa Communications for the same period, the budget for marketing suffered cuts of 22.7%.

This approach is seen as a smart cut. This new “smart cut” strategy is based on selecting the media of advertising, with the best results for the company, from the point of view of sending the advertisement messages to the intended public as well as for the expenses.

More people allocate for online advertising a bigger budget for marketing, compared to the last years, the advertising in the digital or online media begging to be an important market to compete – see Figure 1.

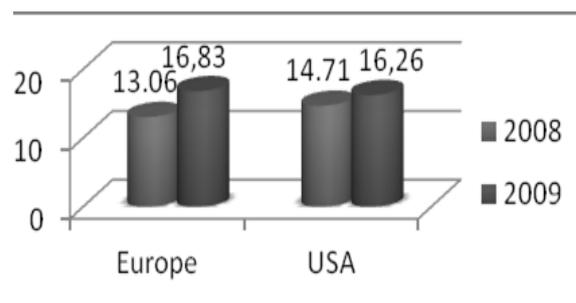


Fig. 1. Billion EUR spent on online advertising in Europe vs. USA

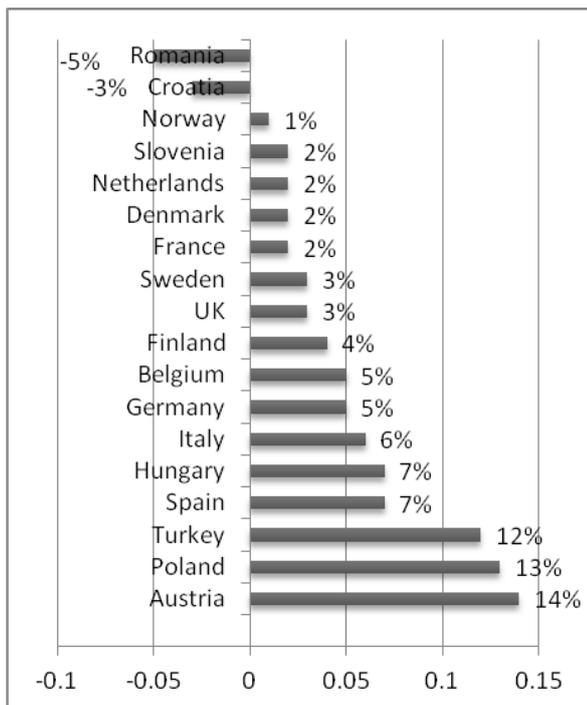


Fig. 2. Evolution of Internet Marketing spending – 2009 compared to 2008

In Romania, as we can see in Figure 2. - online media remains one of the advertising segments which does not attract too big investments compared to those from other countries - UK according to the report UK Online Advertising Spending and Trends the investments in online advertising at the end of 2009 were 4,62 billion EUR, increasing with about 3% compared to 2008, while other forms of advertising suffered a double digit drop; in France at the end of 2009 the gross advertising investments on the internet raised up to 1,96 billion EUR according to a IAB report, due to the fact that the investors are not convinced by this type of media. Despite all that, a detailed analysis of the data from the last period shows an increase each year for the investments made in this domain in our country.

According to the studies performed by the MediaFactBook for 2010 we can notice the evolution of the investments (expenses) for online advertising in figure 3. and which were the effects of the financial crisis over the types of media used in our country (TV, radio, print, internet, cinema, outdoor).

According to the data, 2009 is the first year when the crisis affects also the advertising market in Romania, the effects being felt much more this year.

The domestic media market dropped with 37% in 2009, its net value reaching 339 million EUR, and compared to the last

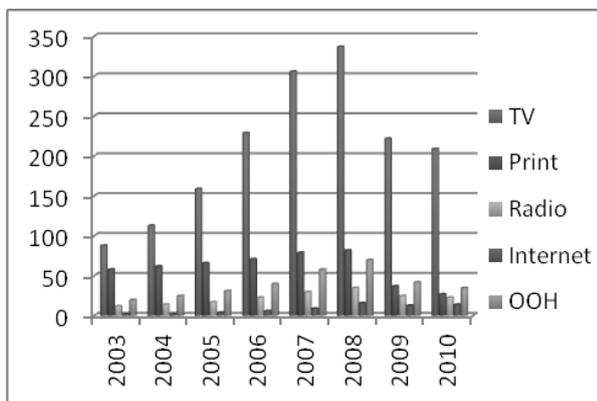


Fig. 3. Investments in the advertising market in Romania (millions EUR)

year the print registered a drop of the investments in advertising of 55%, being followed by the outdoor with a drop of 40%. The television segment reported a decrease of incomes from advertisement with 34% compared to 2008 reaching a value of 42 million EUR. Internet ads registered drops of 19%, the net value being of 13 million EUR.

In 2010 we observe changes regarding the total net expenses for advertising which decreased with 9% in our country, until the end of this year being estimated a market of 308 million EUR. This value is the smallest one registered on the market of advertising in Romania for the past years.

Investments for TV advertising are estimated to register in 2010 a drop with 6% compared with the last year, while for radio the drop is estimated to 10%. It is estimated that outdoor advertising will be affected by drops of 15-20%, but the most dramatic situation is that of print, being estimated to register drops of 25-30% until the end of this year.

Compared to 2008, when the net value of expenses for printed advertising was estimated to 82 million EUR, in 2010 is estimated to reach 27 million EUR. This year seems to be the begging of the print-online confrontation in Romania.

Despite all that, we notice that the investments from 2010 have a slightly increasing trend for the online advertising market compared to the traditional advertising, a good thing for Romania, taking into account the fact that at European level an increase of expenses for online advertising is estimated at 7,6% in 2010.

#### 4. CONCLUSIONS

Analysing the statistics for the next two years the global advertising market will increase and it will surpass today's economic situation. From another point of view the GroupM in its "This Year, Next Year" global report forecasts a growth in the advertising expenditures of over 4,5% for 2011.

Romania will follow the global trend in the advertising business and especially in the new channels of advertising, the new trend being e-advertising.

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