

THE FINANCIAL CRISIS IMPACT ON THE ROMANIAN ON-LINE ADVERTISING

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Abstract: *The last trimester of 2008 brought a 4.4% GDP decrease for the Romanian economy. Due to the new financial constraints, Romanian companies started to look for ways to manage and promote their product efficiently. The World Wide Web became the place where products were relocated and on-line advertising proved to be a cheaper and faster way to access customers. This paper aims to analyze the dynamics of the Romanian web, the new challenges for site owners and the opportunities of today's on-line marketing.*

Key words: *on-line advertising, site promotion, crisis management.*

1. Introduction

Internet advertising has received increasing attention in recent years as more and more companies have chosen to develop their internet visibility. In Romania, ten years ago, the internet was seen as an e-mailing tool, but since then it has become also an instant message, blogging, networking and video tool. [1] With these new attributes, the internet was able to attract more and more potential customers and, therefore, the companies realized the importance of on-line advertising. On-line advertising campaigns proved to be valuable tools to target customers. As the crisis began to strike the marketing budgets, the internet was seen as a cheaper way to promote the products and services. Many companies were forced to reconsider the importance of the internet to their business. Some of them found a refuge in World Wide Web but more than that, internet became the place where we can find successful brands developed under the pressure of the crisis.

2. Objectives

This paper aims to present the Romanian on-line advertising market before and after the crisis (2008 and 2009), the evolution of the main market players and the new trends that shaped the on-line business market.

3. Market Situation

3.1 Before the Crisis – Year 2008

In 2008 the Romanian on-line market grew by more than 70% relative to 2007. The access to broadband connections, the increased time spend on internet and the increase in search engine usage were the main factors that contributed to this massive growth. [2] According to Internet World Stats, in 2008, Romania had 7.43 million internet users with a penetration rate of 33.4%. Compared with the 2007 figures, 5.06 million internet users and

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23.9% internet penetration, the increase is significant. [3] In December 2008, more than 52,000 web sites generated 2.5 billion visits. This is an increase of 33% for web sites and 47% for visits. [4]

Online advertising revenue reached an annual growth of over 70% relative to 2007, therefore a market share of 3% of all net media volume. The biggest advertising growth in 2008 was represented by video advertising which increased by 600% compared to 2007. The web-site banners had the smallest growth – 51%. [2] Thus, internet campaigns started to focus more on new and innovative ways to promote their products on internet, replacing the not-so-efficient classic methods. The evolution of expenditure for on-line advertising is presented in Fig. 1.

The categories of companies which used on-line advertising were Finance, Telecom and Automotive. The top advertising vendors were Netbridge investments/Boom (201 websites, 61 million users/month), ARBOMedia (156 websites, 20.2 million users/month), Ad Evolution (110 websites 18.6 million users/month), Mediapro Interactive (39 websites, 10.8 million users/month) and Internet Corp (15 websites, 4.2 million users/month). [2]

3.2 After the Crisis – Year 2009

Due to the financial crisis, the on-line advertising market shrank to 65.191 million RON. This decrease, relative to 2008, represents a decline of 10%. [5] Compared to 2007, the market is still 53% bigger.

In the first semester of 2009, advertising dropped to 25.5 million RON, a 25% decrease relative to the same period of 2008. For the second half of the year, the incomes from on-line advertising were 39.7 million RON. Compared to the same period of 2008, the incomes were 3% bigger. Compared to the last semester of 2007, they were 50% bigger. The first months of 2009 were poor for the on-line advertising market but starting with September, the market began to grow (September relative to August brought 52% more money on the market).

4. Evolution of the Main Market Players

The evolution of on-line advertising market players can be described by three major characteristics: unique visitors, visits and page views.

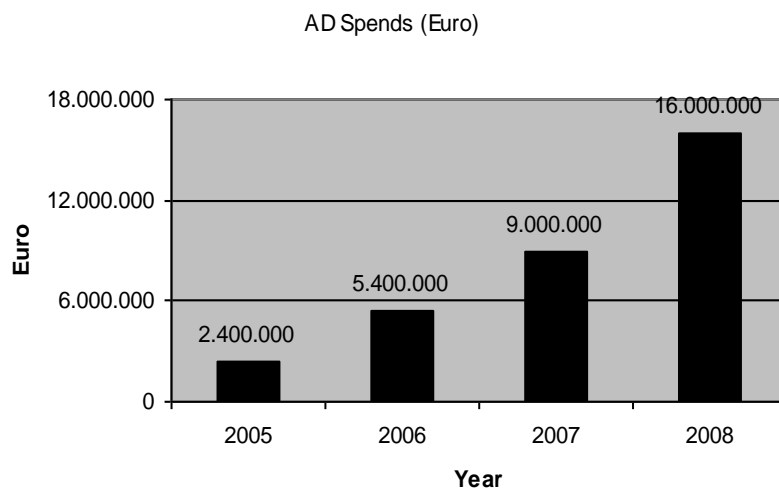


Fig. 1. Evolution of expenditure for on-line advertising
Source: Media Fact Book 2009

In March 2010, compared to April 2009, the number of unique visitors increased with 30% for the TOP 5 independent advertising vendors (Ad Evolution, ARBOmedia, Internet Corp, Media Pro

and Netbridge) and F5 Webcorp (the advertising vendor for Realitatea-Catavencu media-group). The contribution of each company is presented in Table 1 and Fig. 2.

Unique visitors' evolution for main online ad-selling companies

Table 1

Company	Evolution
Ad Evolution	+56%
ARBOinteractive	+40%
F5 Webcorp	+36%
Internet Corp	+21%
Medianet	+11%
Netbridge Development	-13%
Average	+30%

Source: sati.ro

In absolute terms, the market improved by more than 4.5 million unique visitors. The biggest increases were obtained by Ad Evolution (+1.72 million) and F5 Webcorp (+1.37 million).

Regarding the number of visits, for the same period and for the same companies, the situation is summarized in Table 2.

Visits evolution for the main online ad-selling companies

Table 2

Company	Evolution
Ad Evolution	+75%
ARBOinteractive	+47%
F5 Webcorp	+27%
Internet Corp	+23%
Medianet	+19%
Netbridge Development	+1%
Average	+34%

Source: sati.ro

In March 2010, there were over 43 million visits for the web-sites of these companies. The most visited sites were the ones of F5 Webcorp (over 12 million visits) and Ad Evolution with Internet Corp (more than 10 million visits each).

The situation of the pages viewed in April 2009 in contrast with March 2010, for the companies mentioned before, is presented in Table 3.

Page views for main online ad-selling companies

Table 3

Company	Evolution
Ad Evolution	+96%
ARBOinteractive	+46%
F5 Webcorp	+13%
Internet Corp	+20%
Medianet	+21%
Netbridge Development	+98%
Average	+42%

Source: sati.ro

Overall, there has been an increase of 42% in March 2010 relative to April 2009. The performers of this category are Ad Evolution with more than 54 million pages viewed and F5 Webcorp, with more than 42 million. Even that Netbridge almost doubled the page views, in absolute terms the increase was only 9 million. In contrast, the +96% of Ad Evolution represent +26 million page views.

Based on the information presented in this chapter and in the previous one, it is obvious that the Romanian on-line market is getting stronger. Even though the crisis hit all the companies, the ones that are handling the on-line advertising market were able to find solutions to their problems and to set new trends in the Romanian web.

5. New Trends in the Romanian On-line Advertising Market

5.1. From Print to On-line

In 2009, an important Romanian newspaper (Cotidianul) decided to move all its content completely on-line. The paper edition is no longer available but all the information is present on its web-site. Until 2009, the internet edition of

“Academia Catavencu”, a weekly newspaper, was accessible only to paying visitors. Now it is free of charge for everyone.

These examples are related only to websites belonging to F5 Webcorp. But different on-line players have had to find solution to the same problem: the customers will not pay tomorrow (a newspaper) for news they can have today for free (from a website). Starting with the solution of this situation one of the main trends that changed the Romanian on-line advertising was the boom of free on-line newspapers.

If they decided to put the content online, the next step was to make it even more accessible. Thus, the next trend was to have RSS and other Web 2.0 tools embedded in the web-site so that the information can be accessed from a mobile device.

But not all the companies decided to put all the content on-line for free. There are magazines that advertise the offline content using their online website. The evolution of the newspapers in on-line environment is uncertain. The presented trends are only the beginning of the journey for the heavily hit print industry.

5.2 From TV to On-line

In 2009, three on-line Video on Demand (VoD) platforms were launched in Romania: *muvi.ro*, *mediadirect.ro* and *filmbox.ro*. Another two VoD services are going to be launched in 2010.

The VoD market in Romania is completely new. Until 2009, video consumers were split between the ones who were following user generated content sites (like *trilulilu.ro*) and the ones who were using different file sharing methods. This new market is trying to build itself on the DVD renting market, which has an estimated 7 million Euro income. [6] The main advantage of VoD is the availability of the service. The customer can see the movie or the TV show anytime he wants, regardless of cinema schedule or ticket availability.

So far, the VoD has been the best way for the television channels to make extra money from the TV shows they produce. For advertisers is a good way to target customers. More than that, movies can be offered for free as long as they have commercials integrated.

The shift from TV to on-line is a normal step. The process is only at its beginning, but the crisis forced all the market players to think in advance. And VoD is a good example of thinking in advance.

5.3 From Web 2.0 to Advertising

Facebook, Twitter, blogs etc. represent for on-line advertising markets new opportunities to develop their brand awareness. Dacia, the Romanian automotive brand has a facebook profile (<http://www.facebook.com/Dacia>). The University of Bucharest has a blog, a twitter and a facebook account.

As soon as the marketing budgets were hit by the crisis, marketers realized that the on-line advertising can be cheap and rewarding.

The networking platforms like hi5, facebook etc. have become places where the companies show off their new products and services.

The blogging (wordpress) or microblogging (twitter) platforms are places where the company can announce their latest news and plans.

The bloggers can use their influence and blog to promote a phone (*cabral.ro*) or to promote a car (*mirceabadea.ro*).

The companies can choose to use only an on-line campaign, as long as a significant part of the target is presented on-line, or they can use a mix of TV, on-line and print to send the message to the customer.

Actually, the Web 2.0 has proved to be a tool with few limitations. As long as the potential customer spends some time on the internet, the Web 2.0 is able to reach him and to deliver the message.

6. Conclusion

The Romanian on-line advertising market, like all the advertising markets in Romania, has been severely hit by the crisis. The figures from the beginning of 2009 are eloquent. But unlike the other advertising markets, the on-line one has proved to be able to take advantage of the strong tools it has at its disposal: flexibility and recovery strength.

Therefore, 2009 was a bad year for on-line advertising if we look at numbers, but it was a good year if we look at the perspectives.

The crisis has hit hard all the other media channels and forced many businesses to rethink the attitude towards internet. The online has taken the challenge and has become able to develop and provide cheaper tools to target the customers.

Thus, new trends have emerged. The print has found a cheaper and faster way to publish the news. The TV has found a way to gain extra money from the movies and

TV shows. And the companies have found reliable persons, bloggers, and tools, web 2.0, to promote themselves and their products more efficiently.

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