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REPORT 2017

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REPORT 2017

THE ADVERTISING INDUSTRY OF CENTRAL AND EASTERN EUROPE

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Böbe was a freelance journalist during university, and after obtaining her degree, she wrote articles and did research for Hungarian, English and Spanish news sites and magazines. Later, she worked at a PR agency on clients like IKEA, Airbnb and Telenor. She has been weCAN's Communications Manager for three years, and during this time, she has managed projects crossing many geographical borders. She is the editor of the present editorial report.

An Industry Behind the Development

Media and advertising market trends in Central and Eastern Europe in 2016

"Advertising matters for employment, innovation, culture and entertainment, and supports media plurality which is fundamental to democratic freedoms. The benefits are pervasive and run through the fabric of society. Europe without advertising would be poorer, less well informed and less competitive", explains the study called The economic contribution of advertising in Europe as why the old continent needs the advertising industry. According to the research of Deloitte, each euro spent on ads equals to a 7 EUR plus in the GDP, the ad markets creates 5.8 million workplaces in the EU and it contributes to the fact that Europeans have access to news, entertaining content and communication services cheaper and in a wider selection.

In Central and Eastern Europe as well, it is primarily the economic and political circumstances that determine to what extent to can the ad industry work its magic in the society. Local ad markets rank fairly well in an economic sense, since, according to IMF, the economy of the region increased by 1.5% in 2016 and experts predict a 2.2% growth for 2017. The level of unemployment is decreasing, even though it is partly due to the high level of emigration in certain countries, and it contributes to the ageing of local societies and the weakening of economic performance in the long run. The region is still a favorable destination of foreign investors – from mainly the automotive sector – and the taps of EU structural funds were turned on again around the beginning of 2017. However, the experts of IMF believe that it will take a lot more time for the region to fall into line with Western Europe than they thought before 2008.

As compared to the economic changes in the region, the political developments give more reason for concern. According to the Democracy Index of The Economist Intelligence Unit, Central and Eastern Europe performed the worst in implementing electoral processes, pluralism and civil freedoms as well as government management, the participation of society in the political process, and the quality of political culture. At a regional level, the performance of 19 countries deteriorated compared to 2015. Out of the countries examined in the CANnual Report, 12 were labeled as a "flawed democracy", Ukraine fell into the category of "hybrid regime" and Russia was listed as a "authoritarian regime" by the research unit of The Economist.

In parallel with the erosion of democracy, there is another undergoing political process in the region. The study The State of Populism in Europe 2016 revealed that populist politics are gaining the strongest ground in the Eastern member states of the EU. To such an extent that 6 states from the CEE region (Hungary, Bulgaria, Poland, the Czech Republic, Lithuania and Slovakia) made it to the list of countries where the support of populist parties among likely voters is the highest, besides Cyprus, Greece, Italy and France. Moreover, to quote the research, populist parties rule or are members of the coalition government in the above-mentioned six countries, so the FEPS authors – the think-tank behind the study – believe that the region deserves to be called "the heartland of the surge of right wing populism in Europe".

Due to its involvement in the media market, the ad industry is in the center of these political turbulences in many countries. Nevertheless, proving its hardiness and undiminished potential to develop, the Central and Eastern European advertising market managed to increase its value from 9.9 billion EUR to 11 billion EUR in one year.

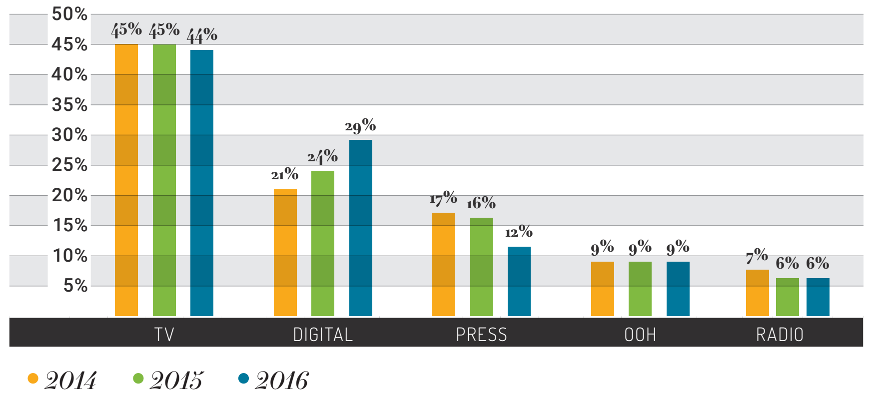
Online Swallows Up Print

In 2016, the advertising market processes observed in 2015 continued in Central and Eastern Europe.
The TV ad spending is holding up at a regional level (even though it decreased slightly – by 1% – compared to 2015), the digital sector is increasing in line with Western trends and print keeps on declining steadily. OOH has been the same for three years and when it comes to radio advertising spending, there is no sign of significant change since 2015 either.

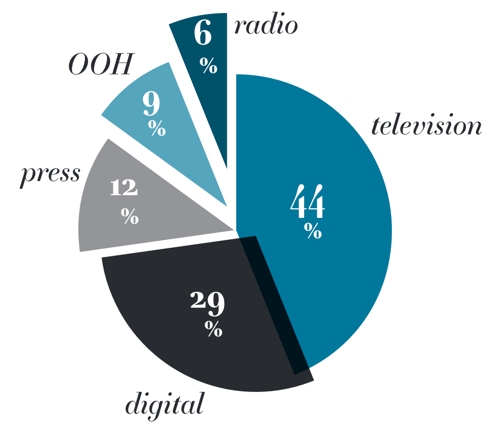
The growth of digital ad spending is roughly proportional to the decrease of print ads, which suggests that advertisers spend an increasing amount of their budget previously allocated to print on online tools. This trend has accelerated in the last three years. While digital spending overtook print by only 4% in 2014, the gap has widened by 2016 as there is a 17% difference between the 2 media types within the advertising pie.

Taking a look at the average distribution of ad spending in the region, it can be concluded that in Central and Eastern Europe nearly half of the advertising budget is still spent on TVCs, about one third is used for digital advertising and the remaining 25% is left for print, OOH and radio. The decrease in print spending is happening at such a scale that its slice of the advertising budget can shrink to that of the OOH in the years to come.

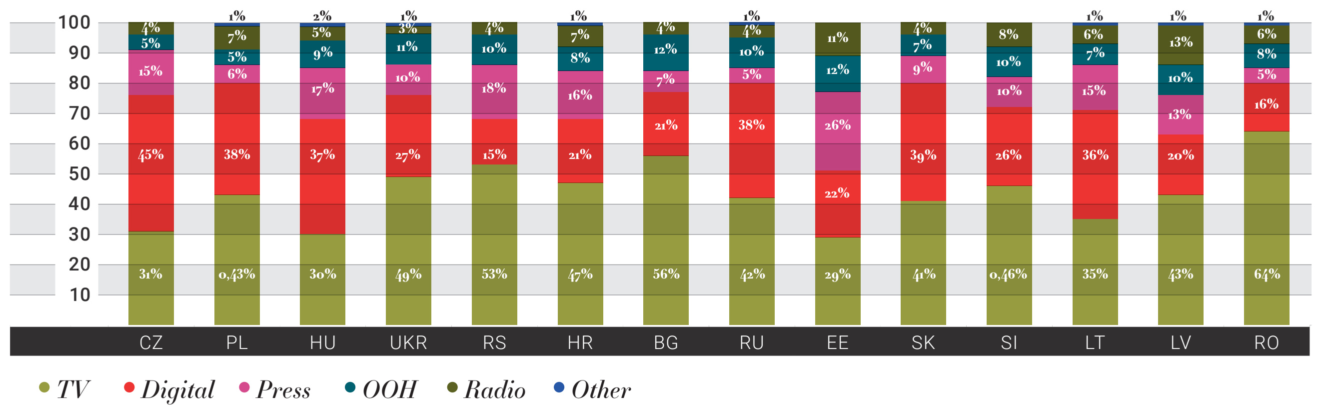
Share of media types in the overall ad spending (2014-2016)



Advertising pie in 2016



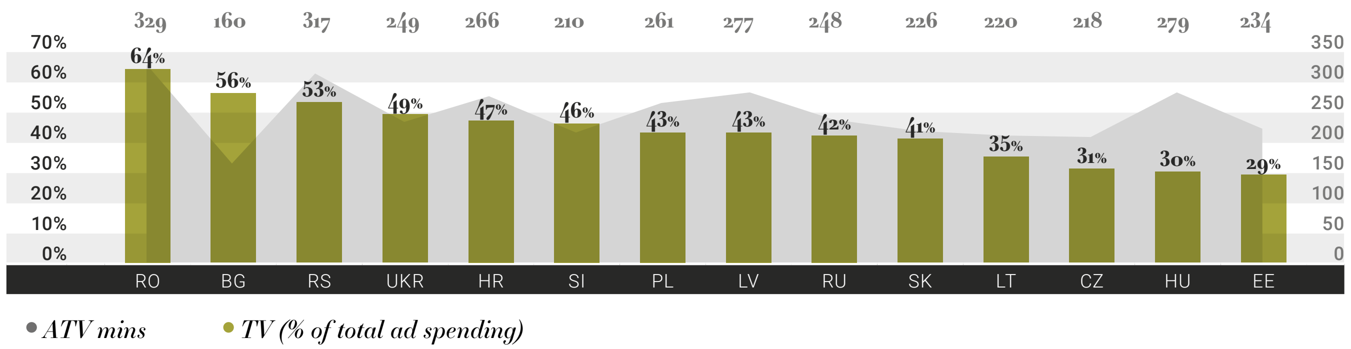
The advertising pie in 14 countries



The Reign of TV Is Undiminished in the South

Television is king regarding the advertising spending in the majority of the CEE countries. The regional TV spending was not affected by major geographical trends significantly: South-East European countries lead the way, while advertisers in the Baltic and Visegrad countries spend less on this medium.

The share of TV in the overall ad spending and TV viewing time



The share of TV ad spending stagnated or decreased by 1-4% in most countries, except for Ukraine, where it grew by 4%. The growth was the result of the fact that since the beginning of the Russian-Ukrainian crisis, the GDP increased for the first time in 2016 and that had a positive effect on the local media market as well. Total advertising spending grew by 27% (resulting in one of the highest growth rates in Europe) and TV ad spending increased to an even greater extent: by 36%. After the years of crisis, advertisers started to spend on TVCs at such a pace that advertising slots were sold out almost 100% between September and December 2016. From this ensues that while Ukraine took sixth place in the regional TV ranking last year (following Romania, Bulgaria, Serbia, Croatia and Slovenia), it finished fourth this year and with that, the ruling of the Balkan states is over. Speaking of which: 2016 not only brought financial changes to the Ukrainian TV market, but cultural ones as well. To bring Russian influence to an end, a law was passed according to which media channels have to broadcast 75% of their programs in Ukrainian.

Source of ATV figures: Kantar Media, 2016; GRAB, 2016; AGB Nielsen, 2016; Nielsen, 2016; AGB Nielsen, 2016; AGB Nielsen, 2016; Nielsen, 2016; TNS, 2016; Mediascope powered by TNS, 2016; SK; PMT, 2016; TNS, 2016; Nielsen, 2015; AGBN Nielsen, 2016; TNS EMOR, 2016

The first place of the ranking is still occupied by Romania, where television is still the favorite medium of advertisers due to its relatively cheap time slots and high reach (Romanians watch TV for more than 5 hours a day on an average).
It is true to such an extent that 64% of the total ad spending goes to TVCs, and time slots were sold out almost entirely on all channels in 2016 (just like in 2015). Romania also saw legislative changes that had an effect on the TV market.
In April 2017, the government emergency order (passed in 2013) – restricting the intermediary role of media agencies between channels and advertisers – was abolished completely.

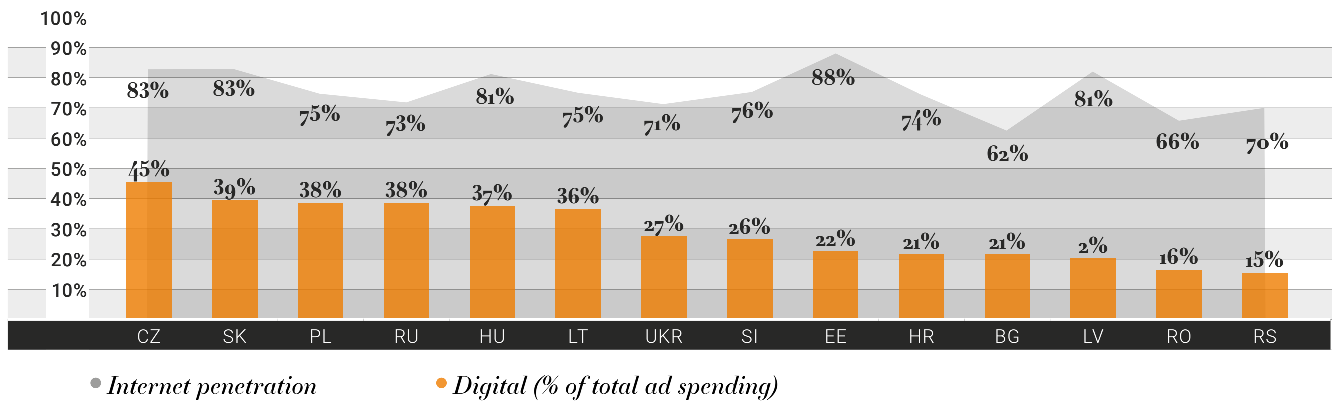
It comes as no surprise that high TV ad spending goes hand in hand with high TV viewing time in most countries. However, this is not the case in Bulgaria that follows Romania on the list. It strikes the eye that while 56% of the advertising spending is spent on TV commercials, an average Bulgarian person watches TV "only" 2.5-3 hours a day (or at least the TV is switched on for that duration), which varies from the 4+ hours average of the region. weCAN's Bulgarian media experts believe that this contradiction occurs due to the business interests of media players, not because of the channels' viewing figures. Legend has it in Bulgaria that the two big local media enterprises, Nova Broadcasting Group and bTV Media Group, will be sold so the two groups fight fiercely to bring better results. Consequently, they convince their clients with the help of special offers and discounted package prices to purchase TV ad slots as well besides investing in advertising platforms in other mediums.

Among the Balkan countries, Slovenia experienced major TV market changes: since the autumn of 2016, time-shift viewing is considered in the pricing of every bigger TV channel, whether viewers fast forward ads or not. In addition, the two major commercial TV groups ceased the terrestrial broadcast of two channels. Even though Croatian media market figures do not differ significantly from that of last year, the situation can easily change by next year. The biggest Croatian private company, Agrokor, producing 15% of the country's GDP, was hit by a grave financial crisis recently and this can have enormous consequences for the Croatian economy as a whole. Since Agrokor companies had belonged to the largest ad spenders on the local market, the crisis of the group will probably leave its mark on the performance of the local media and advertising market as well.

The Digital Outpost: Lithuania Joined the V4 and Russia

In terms of digital ad spending, there have not been rearrangements either, compared to 2015: the Visegrad countries and Russia are still in the lead. In 2016, the proportion of digital ad spending grew by 5% within the advertising pie at a regional level, so it can be concluded that the majority of the CEE markets develop dynamically.

The share of online in the overall ad spending vs. Internet penetration

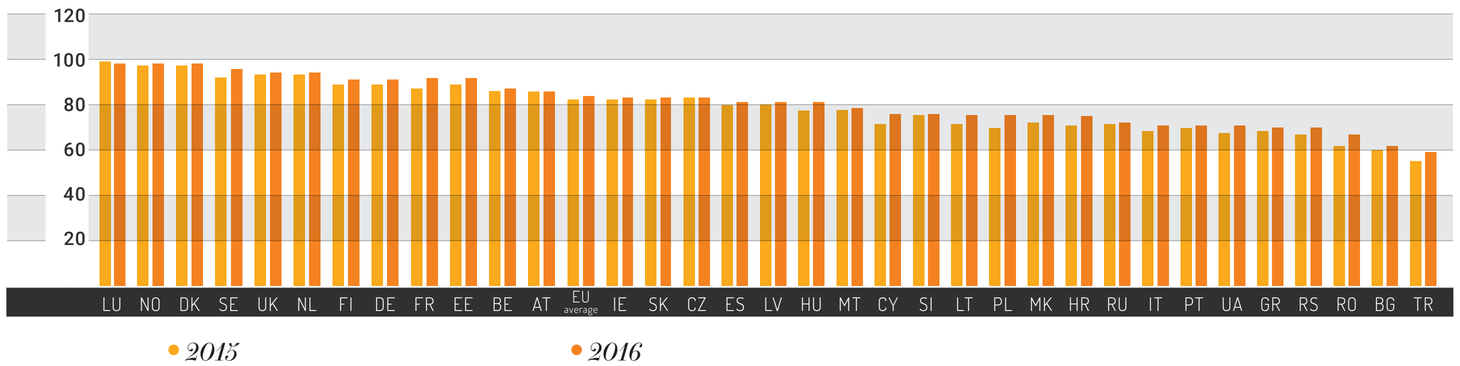


In last year's CANnual Report, we mentioned that online ad spending surpassed TV ad spending in only two CEE countries: the Czech Republic and Hungary. The club has a new member: in Lithuania, the share of online advertisements overtook that of television by 1% within the advertising pie (36% vs. 35%), thus the southernmost Baltic state entered the elite club of the most developed advertising markets of the region. Countries at the first place of the digital list – that is, Slovakia, Poland and Russia – may reach this milestone in 2017, because TV spending in these countries exceeds that of online only by 2-5%.

Although the regional map has not changed much in terms of digital ad spending in the last year, the frontrunners changed positions. Slovakia finished second (after last year's fourth place), coming before Poland which retreated to the third place. Hungary, the fourth state of the V4, has not made it to the podium this year and it came fifth (as opposed to last year's third place) behind Russia, the latter having 100 million Internet users.

The Czech Republic remains the digital king of the region. Internet penetration is the second highest here (83%) and Czech advertisers spend almost half of their budget on digital advertisements. Ad spending per capita reaches 54 EUR in the country, which is nearly three times the regional average (16 EUR) and it is also higher than that of 8 regional countries.

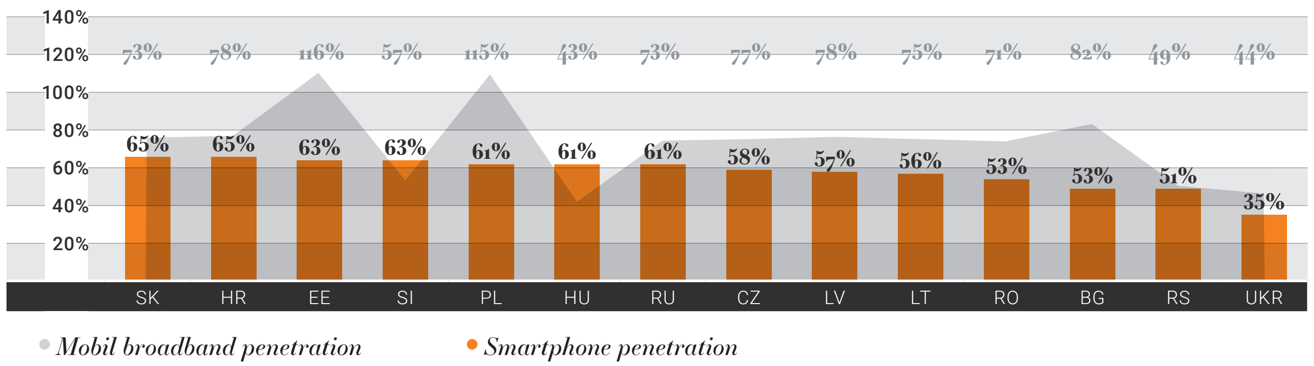
Internet penetration in 34 European countries



You can see that Internet penetration in countries with high figures can increase by 1-2% the most in a year. However, countries with lower figures still have room for development, so the level of penetration increases a great deal within a given year. Let's see an example: in Hungary and Poland, figures grew by 5%, and in Ukraine and in Serbia they increased by 4% from 2015 to 2016. Eastern countries catch up with highly developed countries by taking such major hurdles.

In Slovakia (ranking 2nd), the double-digit growth of digital ad spending continued: the amount spent on online ads increased by 23%. This steady strengthening is partly taking place thanks to the fact that the smartphone penetration is the highest in Slovakia within the whole region (two-third of the whole Slovak population and four fifth of youngsters own a smartphone) and 46% of Internet searches are made on phones.

Smartphone and mobile broadband penetration



In countries that made it to the first half of the ranking, advertisers can reach the majority of the population via their phones as well. It is not surprising at all that the first half of the ranking includes markets that spend the most on digital advertisements, while those at the rear have lower online advertising budgets.
Smartphone penetration does not necessarily go hand in hand with mobile broadband penetration, since users can use Wi-Fi as well. Hungary and Slovenia take the lead in such cost-effective solutions.

Source of data about Internet penetration in western countries: Eurostat, 2016 (% of individuals aged 16-74)

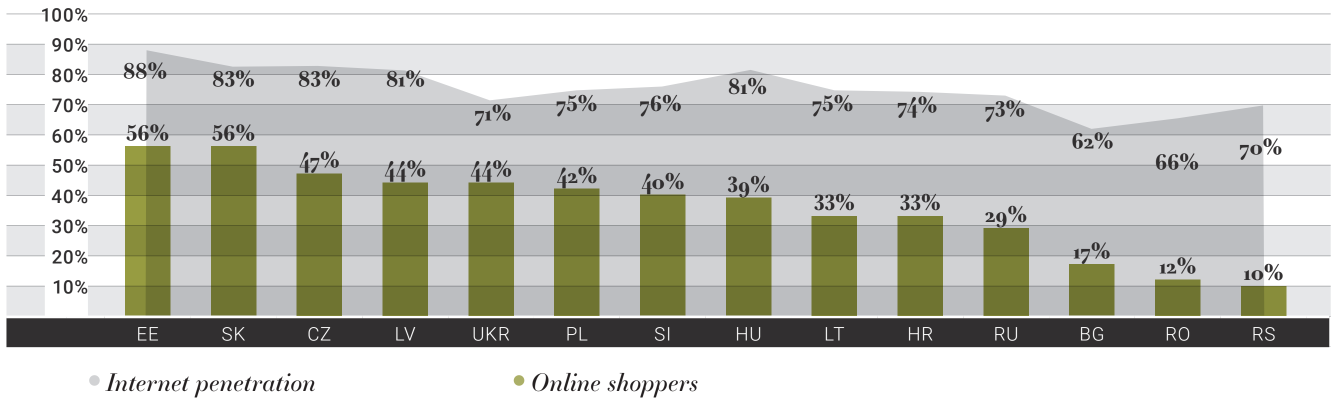
The Polish advertising market was effected by several political and economic decisions of great consequence in the last one and a half years. "500 plus", the new family assistance program of the Polish government – in which families receive a monthly allowance of 500 zlotys (approx. 115 EUR) per child –, boosted consumption and thus had a positive effect on the ad industry, too. On the other hand, the so-called "media re-polonization" bill of the Polish ruling party, the conservative Law and Justice, that would restrict the concentration of capital within the media market in the hands of foreign investors disrupted ad spending for months. Considering all these factors plus the actuality that 36% of Polish Internet users still use AdBlocker, it is a quite a result to stand on the podium of digital ranking. The fact that advertisers spend more on online video ads than advertisements in dailies tells a lot about the level of development of the Polish digital market.

The Russian media market also abounded in legal changes in 2016, but they mainly had an effect on the TV and OOH segments. Alike the above-mentioned Polish rule of law, the State Duma passed a bill banning foreign-owned companies from undertaking TV audience measurement research in the country and it also limits foreign ownership within any news provider at 20%. Despite this novelty, 2016 proved to be really successful for the Russian media market, especially in terms of the digital segment. Online ad spending reached 1.8 billion EUR, that is more than the overall ad spending of the Czech Republic for 2016 (including all media types).

In Hungary, the state interfered with media and ad market processes harshly mainly not by passing new laws, but by rearranging the map of owners. By now, a significant number of major mediums had been sold to pro-government owners and they became the beneficiaries of the central spending. According to Adex, the Prime Minister's Office was the second biggest advertiser in Hungary in 2016, following the company Telekom. This trend does not damage the size of the market per se – experts say that there was a 14% increase in the overall market spending –, but it does serious damage to the quality of media and it can also have devastating consequences for its "watchdog" role. The influence of the state increased in the TV and print segments as well, but the digital market remains a relatively free and fast-developing sector under the current circumstances. In 2016, online ad spending grew by 22%, which was mainly driven by advertisements bought on global platforms. More than 50% of the digital ad spending was pocketed by international networks (e.g. Google and Facebook).

In Lithuania, the advertising market grew by an astonishing 18% in 2016 that was triggered primarily by the explosive 54% increase in digital ad spending. It is due to this incredible advancement that the country made it to the group of the most developed digital markets of the region from the middle group.

Online shoppers (% of population) vs. Internet penetration



The value of Internet penetration is one of the major factors when determining the state of digital development of a country. It can be said about e-commerce as well – just like in terms of the online advertising market – that markets with high penetration tend to be more developed at the mentioned field than those with lower Internet penetration. In terms of e-commerce, it means that in countries with the highest level of penetration, more people shop online, while a lot less people do so in countries where the level of penetration is lower.

After having examined the strongest players of the ranking it is worth taking a look at the country that finished last: Serbia. In the current issue, Ljiljana Grmusa, the Serbian media market expert of weCAN quotes a Google study that lists countries by years in term of their level of digital development based on their online advertising expenditures. The result: it is 2022 in Great Britain and 2008 in Serbia. At the same time, Serbian users spend 10% more time with online content consumption than Brits. They consume 25% of media content online, while advertisers spend a little more than 10% of their budget on online ads. The underdevelopment of the Serbian digital advertising market – and supposedly the same holds true for other countries at the back of the ranking as well – is not related to user habits, but to the strategy of advertisers. The problem is, to quote Grmusa, that "they spend more money on places where people used to be than where people are right now".

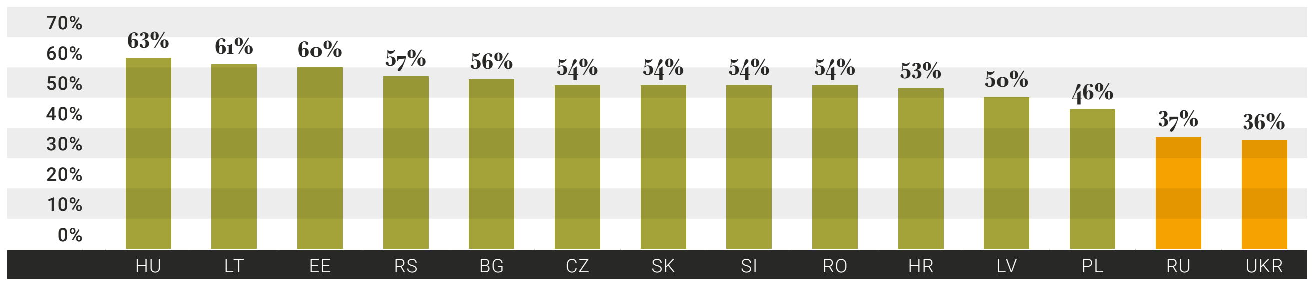
The Drivers of Digital Media Consumption: Social Media and Video Sharing

The global giants Facebook and Google have become significant contributors to the growth of digital advertising spending in Central and Eastern Europe. This is partly due to the fact that – as the central topic of the current issue of CANnual Report hints – one of the most popular channels of the rapidly developing content marketing is social media and one of the most beloved formats is online video.

Social media markets of the region have not changed radically compared to last year. The triumvirate of Facebook, YouTube and Instagram continue to rule the scene in most countries, except for Russia and Ukraine, where VKontakte was the king in 2016, and Latvia, where Draugiem made it to the podium.

While the popularity of big, foreign social media platforms grows constantly in each CEE country, the popularity of local networks is in decline. The number of users on Pokec, the "Slovak Facebook", decreased by 4%, and the Slovak community platform, Modrykonik – created for parents with small children –, also decreased by 2% compared to 2015. Vbox7, the "Bulgarian YouTube", became less popular by 1%, while the number of users of Draguiem.lv, the Latvian social media platform, decreased by 12% compared to last year.

weCAN social media ranking

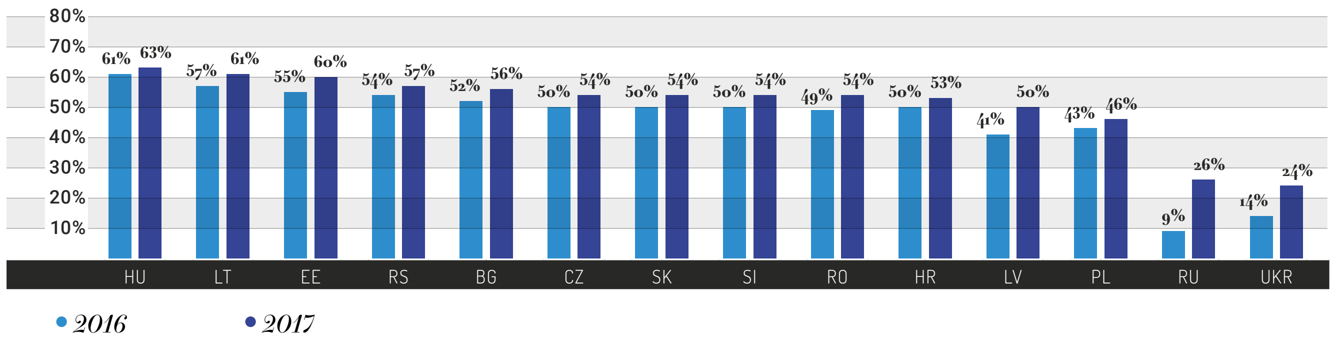


In the CANnual Report, the data related to the number of users on Facebook, Instagram and YouTube were obtained from the advertising account of the given platform. The Russian and Ukrainian data of VKontakte – measuring only PC users – were collected by Mediascope and Factum Group. Percentage values show the ratio of users above 14 – the relevant age group for the ad market – within the whole population. The data published in Google's advertising account does not unveil how many people use YouTube as a social medium (i.e. they have a YouTube profile, they comment, etc.) or use it simply as an online video sharing service. That is why we used the data about the number of users on Facebook and VKontakte and not YouTube in the calculation of the weCAN social media ranking.

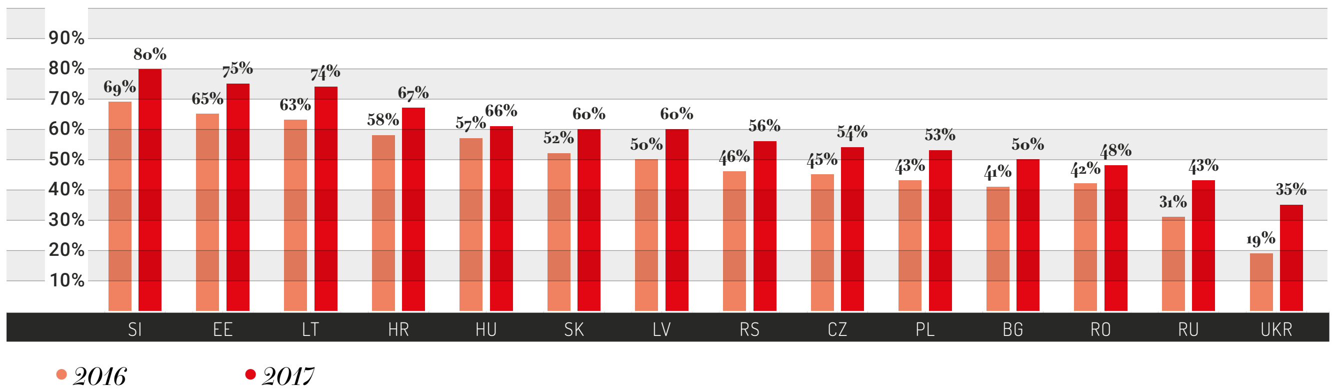
Among the non-Western social media channels, VKontakte – popular in the ex-Soviet countries – suffered the greatest loss as it was blocked in Ukraine from one day to another by Petro Poroshenko, the President of Ukraine, for national security reasons. Before that, VKontakte had been the most visited social media channel in the country – 13 million people used it on PC only –, so after the sanction was passed, an actual exodus started to other social media channels by individual users and brands alike. Their primary destination was Facebook: in the two weeks after the blocking of VKontakte, 1.5 million people registered to the platform (Note: you can read about the blocking of VKontakte in the article A Network Buried Underground in details).

Out of the three big Western social mediums, YouTube's user base grew the most rapidly last year. While the number of new Facebook users grew by 3-5% and that of Instagram grew by 5-10%, YouTube managed to end up with a 10% growth in almost every country. Hence it can be concluded that video consumption in the CEE region strengthens not only in terms of intensity but the number of video consumers as well.

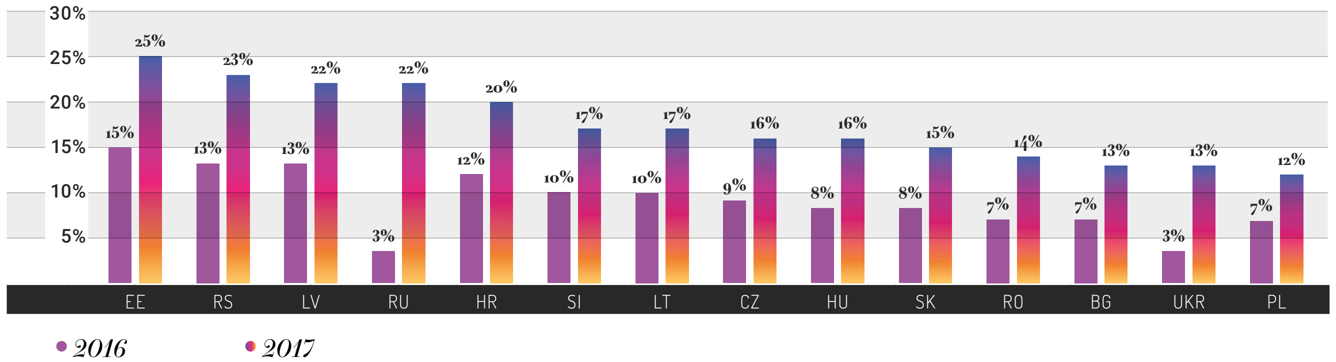
Facebook penetration in 2016 and 2017 (14+)



YouTube penetration in 2016 and 2017 (14+)



Instagram penetration in 2016 and 2017 (14+)

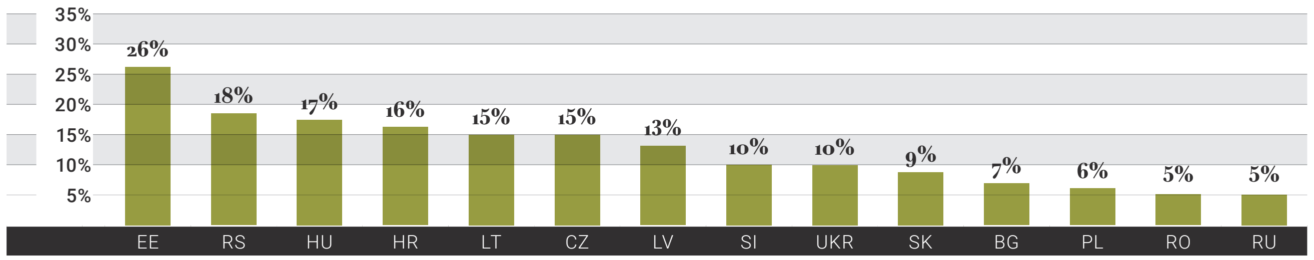


Print, OOH and Radio: the Three Dwarfs

Besides the two giants of the region, television and online, the three other media types have to share approximately 25% of the advertising spending. Print is the strongest of them, but this media type suffers the greatest loss with the advent of online. The regional average of OOH has been stagnating for three years, that of radio decreased by only 1%, but the downfall of print is still ongoing: it decreased from 17% to 12% between 2014 and 2016, and who knows when and where it stops.

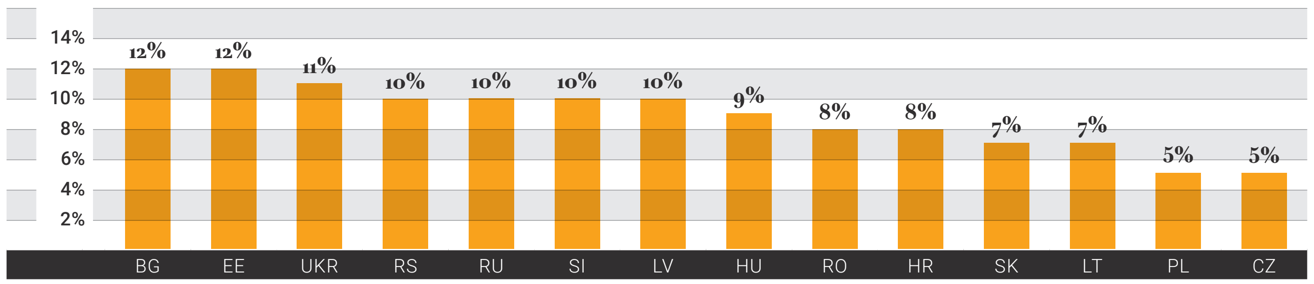
Nevertheless, the money spent on print is still well above the regional average in certain countries. It is especially true in case of Estonia, where print takes up – believe it or not – one quarter of the overall ad spending. However, they also experience signs of decrease in spending. Print was the only media type with decrease in spending on the otherwise steadily growing Estonian advertising market (it grew by 8% from 2015 to 2016): last year it occupied 28% of the advertising pie, whereas it does 26% this year.

The share of print in the overall ad spending



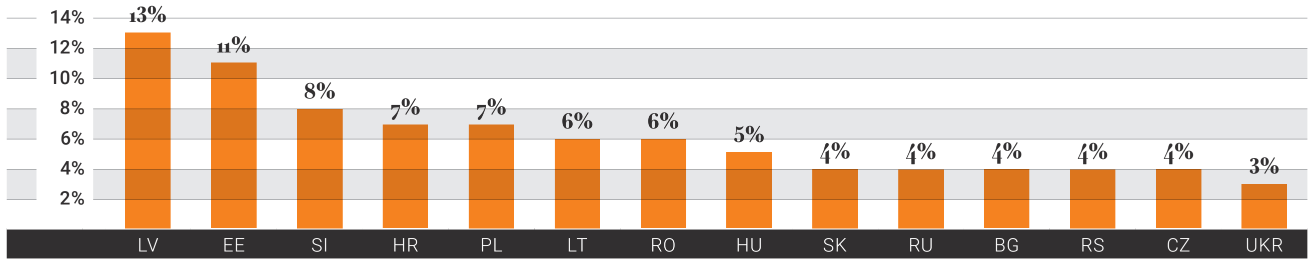
No significant changes have taken place in the OOH ranking. Bulgaria finished first again: outdoor advertisements have an especially important role in regionally targeted campaigns there. Estonia, with the most balanced media spending among the five media types, took the second place and Ukraine finished third (for the third time in a row). You can mainly find digitally developed countries towards the back of the list. Except for Russia, where OOH is still a popular media type and due to the new security requirements regarding the placement of billboards – passed in 2016 –, the segment is finally getting under control.

The share of OOH in the advertising pie



In the radio ranking, the first place goes to Latvia again. Neither the amount of radio media spending, nor that of the other types have changed significantly on the Latvian market in recent years. Companies consider decreasing their advertising budget rather then increasing them, and the advertising spending expected to come in from political actors after the municipal elections did not arrive to mediums either. Politicians – e.g. Nils Ušakovs, the mayor of Riga, popular also due to his social media presence – prefer addressing their voters in the social media than in radio ads or on other traditional advertising platforms.

The share of radio in the overall ad spending



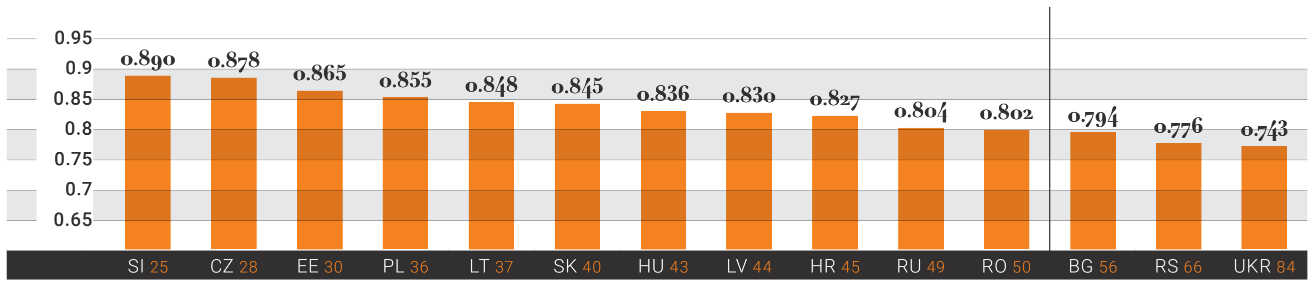
About Positive Developments

It does not exactly warm one's heart to see where Central and Eastern European countries stand in the two rankings – the Democracy Index and the list of populist European countries — mentioned at the beginning of the article. The political regime changes that took place roughly a quarter century ago have a typical implication: in a growing number of countries, the classic sense of democracy is replaced by locally adapted versions with centralized decision making and more populist messages. However, there is yet another ranking that serves as an important reference point in the CANnual Report for the third consecutive year. The data provided by the ranking is essential in order to give a whole and just insight of the region. We are talking about the Human Development Index.

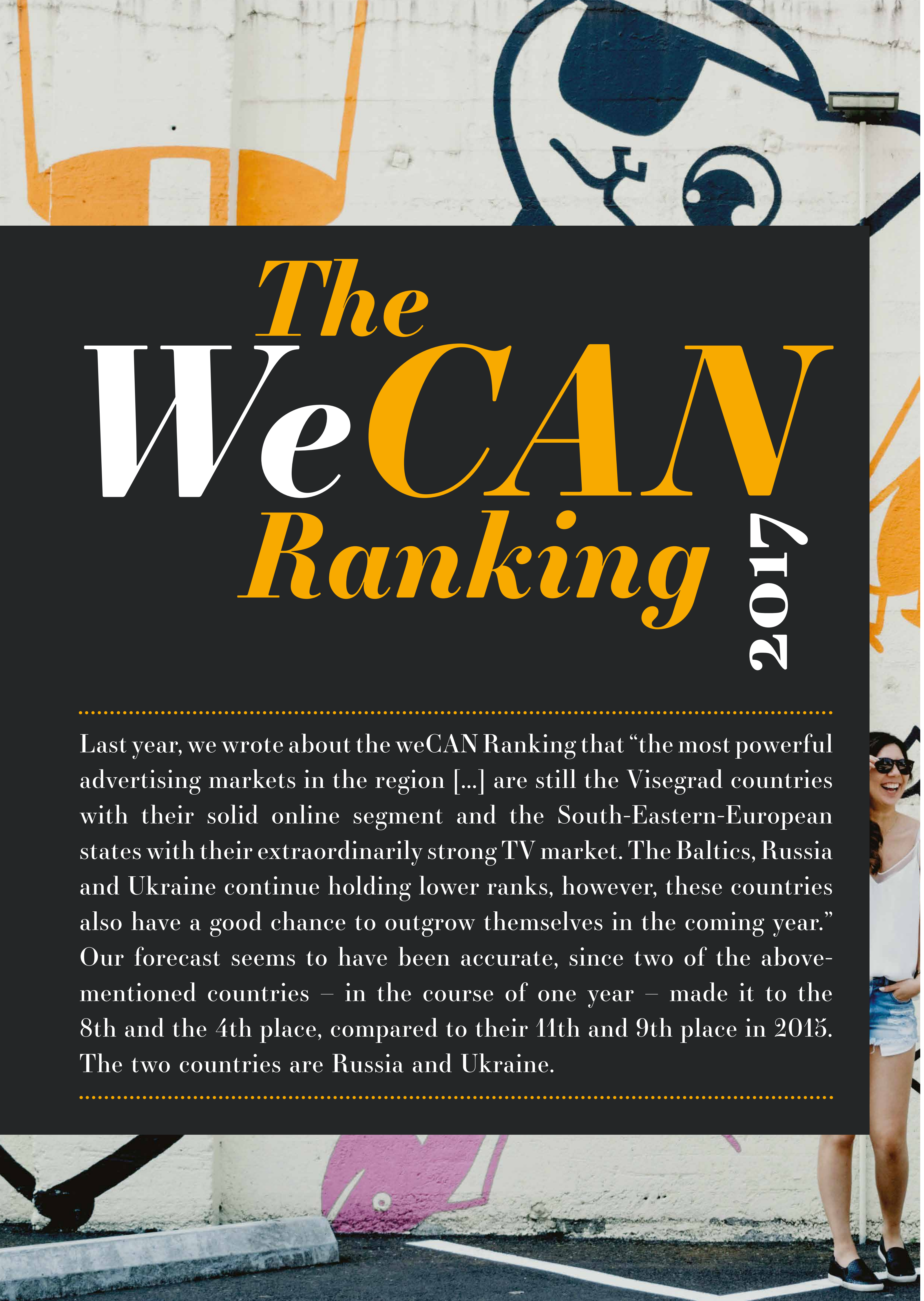
The Human Development Index ranks the countries of the world into four tiers (very high, high, medium and low) of development based on life expectancy, literacy, education and standard of living (e.g. GDP per capita). It's great news that two other CEE countries upgraded to the next level in the 2016 ranking: now Russia and Romania both belong to the "very high" human development countries. This means that 11 out of the 14 countries in the region are among the 51 most developed states of the world.

Helen Clark, a member of the staff in the UN, wrote the following in the introduction of the 2016 publication: "human development is all about human freedoms: freedom to realize the full potential of every human life, not just a few, nor of most, but of all lives in every corner of the world—now and in the future." The countries in the region made a few steps towards this objective and advertisomg had its part in the process.

Countries of the region in the ranking of Human Development Index (HDI, based on HDI figures and place)



The source of all data cited in this article is included in the country chapters, unless otherwise indicated.



The WeCAN Ranking 2017

Last year, we wrote about the weCAN Ranking that "the most powerful advertising markets in the region [...] are still the Visegrad countries with their solid online segment and the South-Eastern-European states with their extraordinarily strong TV market. The Baltics, Russia and Ukraine continue holding lower ranks, however, these countries also have a good chance to outgrow themselves in the coming year." Our forecast seems to have been accurate, since two of the above-mentioned countries – in the course of one year – made it to the 8th and the 4th place, compared to their 11th and 9th place in 2015. The two countries are Russia and Ukraine.

THE WECAN RANKING 2016 AND 2017

2016			2017		
1	SI	0.54%	1	CZ	0.71%
2	HU	0.49%	2	PL	0.52%
3	RS	0.49%	3	HU	0.52%
4	PL	0.48%	4	UKR	0.48%
5	CZ	0.48%	5	RS	0.48%
6	HR	0.44%	6	HR	0.47%
7	BG	0.42%	7	BG	0.44%
8	EE	0.42%	8	RU	0.42%
9	UKR	0.40%	9	EE	0.41%
10	SK	0.39%	10	SK	0.39%
11	RU	0.38%	11	SI	0.39%
12	LV	0.32%	12	LT	0.36%
13	LT	0.31%	13	LV	0.31%
14	RO	0.19%	14	RO	0.20%

The economic situation and the overall performance of the advertising sector determines whether the ad industry is considered a strong or a weak segment on the local market. A country's percentage value – the weight of the ad market within the overall economic performance – in the weCAN Ranking grows when the ad spending increases more rapidly than the GDP, and it decreases when the GDP grows more proportionately than the ad spending compared to the previous year. Following the recession that had been a result of the Western sanctions adopted due to the Russian-Ukrainian crisis, the economic performance of Russia has started to increase in 2016, and the GDP has increased by 1.5% in Ukraine as well, for the first time since the beginning of the crisis. However, the ad industry strengthened more radically in both countries compared to these figures. Russian advertising spending grew by 11% and the Ukrainian did by an astonishing 27% compared to 2015, the latter currently being one of the greatest growth rates in the region. This is reflected in their newly acquired positions in the ranking: Russia has advanced 3 places and Ukraine 5 places in just one year.

Last year's statement related to the strongest countries of the list still rings true, that is, the top countries are the Visegrad countries with developed digital market and the Balkan countries with strong TV markets. At the rear of the list, you can find the Baltic states, Slovakia, Slovenia and Romania.

The methodology of the weCAN Ranking

The weCAN Ranking is an index that shows the percentage of the ad spending per capita within a country's nominal GDP. We calculated both baseline data (GDP per capita and ad spending per capita) using the number of population older than 14 to ensure that the basis of the calculation only includes advertising target groups with independent purchasing power. The WeCAN Ranking reveals whether the advertising market as an economic sector is stronger or weaker than what the overall economic performance of a country would suggest.

The percentage value of the weCAN Ranking grew in the majority of the countries – on 9 markets – by a few thousandths compared to last year. This means that the ad industry grew more dynamically in the Czech Republic, Poland, Hungary, Croatia, Bulgaria, Lithuania, Romania, Ukraine and Russia than the overall performance of the local economy. Besides the Czech market, which weCAN Ranking value grew due to methodological reasons (see our note in frames), Ukraine (0.08%), Russia (0.04%) and Lithuania showed the most significant signs of increase. In Lithuania, advertising spending – similarly to the other two markets – increased by a remarkable level, 18% altogether, and the weCAN Ranking value of the country grew by 0.05% as a result, within one year. The percentage value of Slovakia stagnated, while that of three countries – Serbia, Estonia and Latvia – decreased by 0.01%. This can also be considered rather as a stagnation than a substantive decrease. On the other hand, Slovenia tumbled down on the list, but that is related to the same methodological explanation as in the case of the Czech Republic.

If we compare this and last year's ranking, we can see that 5 countries – the Czech Republic, Poland, Ukraine, Russia and Lithuania – took a higher place, 5 countries – Hungary, Serbia, Estonia, Slovenia and Latvia – took a lower place, and 4 countries – Croatia, Bulgaria, Slovakia and Romania – stagnated.

Challenges in the methodology

The biggest methodological challenge of a regional research is to find comparable data on differing markets. From the very beginning, we have been using net advertising spending data in the CANnual Report as they reflect the best the extent of financial flows between market players in the advertising markets of countries. However, getting net data proves to be difficult in the case of countries that lack precise net ad spending data and local actors measure the market performance rather freely, based on gross data or rate cards. Slovenia and the Czech Republic certainly do so. Consequently, the local media agencies of weCAN could only provide net results based on expert judgement. Estimation methods are constantly being fine-tuned, but they can have an extreme effect on the final outcome. The difference between the place and percentage value of the Czech and Slovenia ad market in the weCAN ranking comes down to this phenomenon.

COUNTRY	WECAN RANKING
United States	1.09%
United Kingdom	0.99%
Australia	0.89%
Czech Republic	0.71%
Germany	0.62%
Canada	0.60%
Austria	0.57%
Poland	0.52%
Hungary	0.52%
France	0.50%
Spain	0.49%
Ukraine	0.48%
Serbia	0.48%
Croatia	0.47%
Italy	0.45%
Bulgaria	0.44%
Russia	0.42%
Estonia	0.41%
Slovakia	0.39%
Slovenia	0.39%
Lithuania	0.36%
Latvia	0.31%
Romania	0.20%

Two thoughts can spring to your mind regarding the countries with better results. First of all, there are three already-mentioned countries – Ukraine, Russia and Lithuania – which ad market has grown a great deal compared to 2015. Second, the 5 countries progressing upward in the weCAN Ranking all made it to the top of digital ad spending ranking. Consequently, they spend the greatest share of their overall advertising spending on online advertising and by doing so, the processes of the local ad markets are in tune with Western trends. Moreover, if you take a look at the expanded version of the weCAN ranking (completed with Western countries), you can see that certain countries caught up with the West regarding the economic importance of their advertising market.

HDI ranking | GDP per capita ranking | Ad spending per capita ranking | weCAN ranking

	COUNTRY	HDI	COUNTRY	GDP per capita EUR	COUNTRY	Ad spending per capita EUR	COUNTRY	weCAN Ranking
1	SI	0.890	SI	19,300	CZ	119	CZ	0.71%
2	CZ	0.878	CZ	16,700	SI	76	PL	0.52%
3	EE	0.865	EE	15,900	EE	66	HU	0.52%
4	PL	0.855	SK	14,900	HU	59	UKR	0.48%
5	LT	0.848	LT	13,500	SK	59	RS	0.48%
6	SK	0.845	LV	12,800	PL	58	HR	0.47%
7	HU	0.836	HU	11,500	HR	52	BG	0.44%
8	LV	0.830	PL	11,000	LT	48	RU	0.42%
9	HR	0.827	HR	11,000	LV	39	EE	0.41%
10	RU	0.804	RO	8,600	RU	34	SK	0.39%
11	RO	0.802	RU	8,076	BG	30	SI	0.39%
12	BG	0.794	BG	6,600	RS	23	LT	0.36%
13	RS	0.776	RS	4,859	RO	17	LV	0.31%
14	UKR	0.743	UKR	1,981	UKR	9	RO	0.20%

Source of data about non-CEE countries: IMF, 2016; Eurostat, 2016; European Central Bank, 2016; Advertising Expenditure Forecasts September 2016, Zenith

The Quiet Revolution of Content Marketing

We have been observing and analyzing CEE ad trends for three years. When we started to ponder over the central topic of this year's CANnual Report, that could cover the ad market changes of the region the most accurately, we agreed on content marketing without hesitation. The reason is simple: there is no other trend that has such a diverse effect on the advertising and media ambient, consumer behavior and business models simultaneously. Continue to read all the crispy news about the quiet revolution of the old-new tool system, content marketing and the future of the regional ad market.

Content Marketing: what should I call you?

Excuse me, did I get off at the right place? Is the revolution this way?

The cloakroom is to the left, the influencers straight ahead where you see the crowd.

Is it possible to get closer to the stage?

You have a phone, right? Check it.

The so-called content marketing as a tradition has deep roots in the CEE countries. Soviet-style one-party systems stayed in power for half a century due to passwords and controlled, monitored, tolerated, banned and supported content. (The 3 Ts of censorship (*Támogatott, Tűrt, Tiltott* – Supported, Tolerated, Banned) were byproducts of the communist cultural policy. Institutions and authorities dealt with culture based on these three pillars.). The biggest accomplishment of the changes of regimes in the 90's was the fact that they eliminated hand-controlled information and with that, a rather exaggerated parallel reality was made history, too. As a result, the word "freedom" gained actual meaning: it meant that you could actually experience, write about and discuss what was happening. It seems that is inevitable that several countries in the region struggle with similar problems a good quarter century later. Let us say the words: those in power seek to monopolize the public with cunning measures (bills, acquisitions, special taxes and they neglect mediums with a critical voice) and fill each platform with messages of their liking.

However, there was no social media 25 years ago, and now we have Facebook and YouTube. So, if I can make a suggestion, the Power can go screw itself.

The taunt is righteous and it sums up pretty well the significance of the channels that are used for content marketing as well. Their impact is crucial for marketing and mass communication, partially since they systemically subvert these fields.

Do we really witness the birth of a new parallel reality? The birth of a communication tool system that creates an alternative, tangible world with its own rules as well as targeted content sharing and advertising solutions? With an independent, much more conscious consumer society within, that consists of micro target groups of fans, followers and subscribers who ignore classic mediums and create celebs by comments and likes? Where content is not necessarily valued in terms of the spent advertising budget? What's more, maybe it does not even matter where the content comes from if it is interesting enough?

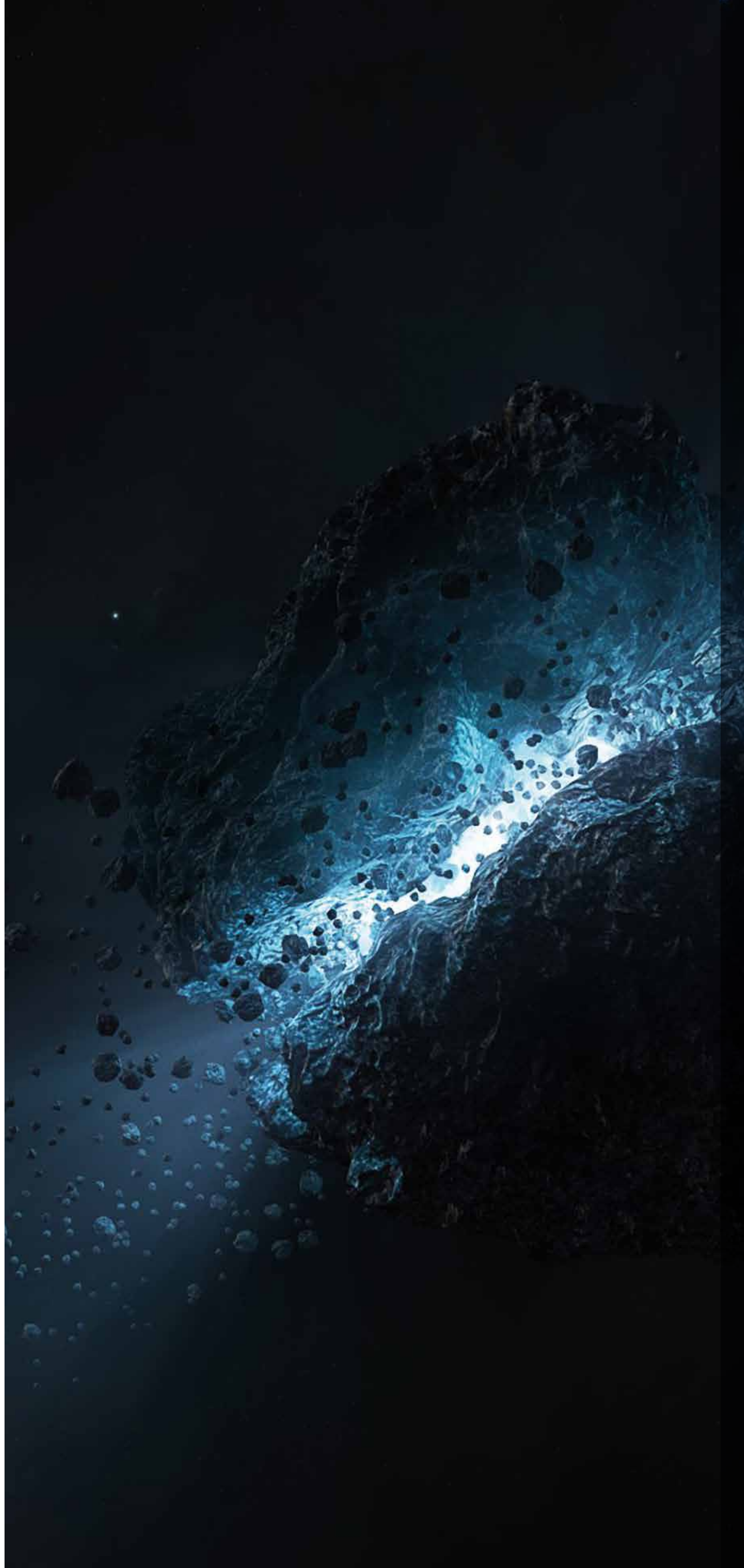
This certainly seems to be the case and the coming of a new era is not only suggested by the drastic changes in the spending structure of the regional advertising market. It is suspicious when there are loud professional disputes related to a quiet revolution. Disputes about dilemmas such as the definition of content marketing. It is also disputed whether news factories can control their content and authenticity and whether it is possible to control large crowds with false information. In addition, one might wonder whether a system is ethical if an average user cannot differentiate an ad, a sponsored content and a branded content.

The Birth of a Parallel Reality

You just have to look at the clear, starry sky to admit that new systems are not born in the twinkling of an eye. It is worth asking the two eternal questions of humanity – where do we come from and where are we going? – every once in a while in communication as well. Especially, when you predict the birth of a new world in parallel with the current one.

The Proto-Matter

Content is as old as communication. Advertisements that matched the style and design of the medium in which they appeared were the proto-matter of content marketing at the dawn of the ad world. It wasn't long before two cosmic powers appeared in the system: advertisers – who wanted to stand out from the grey columns – and editors who wanted to preserve the authenticity of their content and monopolize it. Then a new language was created: advertisements. Marketing communication as such became an independent art and it produced its experts, e.g. research companies and advertising agencies. This well-trodden path offered the only passage between content and consumer for a long time. Media owners strived for reaching as many consumers as possible with their content and for marketing the figures reached, meaning that they let others – who were willing to pay – partially take over their platform. This setup proved to be successful and this system is the basic model of content and advertising sharing market up to this day.



The Big Bang

Let's jump a bit in time and continue where the genie of the Internet got out of the bottle, that is, when the experimental system that supported a scientific work became a public network and a standard that connects computing networks globally. The created information portals tried to market themselves by ancient methods, but success did not come around for a long time. The dotcom balloon made a big noise during the millennium when it popped and swept away the majority of the marketers and by doing so, it set back the market development of online content for years. Portal giants and e-commerce titans – that grew big almost unnoticeably – basically died out.

However, the Big Bang was not the popping of the balloon. The knocked-out online market and the traditional media structure was given a blow from another player: Web 2.0.

The Expanding Universe

While the remainder of online marketers searched for new investors to settle their situation, tech companies collected clients tirelessly and they boosted the number of viewers with networks of increasing quality and speed. It did not take long before the number of Internet users reached critical mass on developed markets. In addition, the simultaneously developing mobile Internet was like a spark inflaming gunpowder and its significance has been growing ever since than. Since the appearance of smartphones, mobile Internet determines the development of the market and the number of new channels between content (data) and consumers (see e.g. the Internet of Things phenomenon).

All these processes led to Web 2.0. which changed the world in three primary ways, laying the foundation of the current parallel reality.

1. The current, constantly online content consumers became – or at least were given to chance to become – content creators of equal rank with the weakening marketers. And consumers did seize the opportunity.
2. The quantity of content skyrocketed and in time, quantity transformed into quality.
3. Quantity of quality burst the borders of traditional content sharing. Today, portals move user content to blog cages or alternative front pages. While the Internet is infinite, it is obvious that these structures are finite.

The Birth of New Galaxies

If there is an excessive amount of something, it will get systemized sooner or later. The gravity of suns attracts planets, their gravity converts moons and solar winds blow away debris. Just a couple of billion years and life is born and we are good to go. This process happens a lot quicker if you do not rely on the universe, God or another organizing plan that rests on the seventh day. Google – that already was an exciting market factor when the dotcom balloon popped – was the first galaxy in the new world with large scales of gravity. They provided content consumers with a well-functioning search algorithm and a simple but precise advertising tool, and they were even able to market these globally. Facebook became the other major galaxy and they were among the pioneers to find a novel approach by means of which they could reform themselves. They realized that even though contact networks are based on relations between individuals, the network itself is everything, as it offers ideal tools to share content via the quality of relationship of individuals. Consequently, it is worth developing.

The importance of the tailor-made newsfeed of Facebook – and the idea of newsfeed in general – cannot be stressed enough. To support that notion: the idea of placing content in front of the user that we or their friends consider relevant for them in backwards timeline might force linear content consumption (and part of the editorial staff) to retire soon.

Users reach 90% of website content via searches, thematic sites or social media platforms, newsfeeds and shares instead of clicking on front pages or column pages. Traditional online editors try to generate sufficient readership of their often blog-style content through search engines, news aggregators and the newsfeed of their own Facebook pages. To their humiliation, they are even willing to pay for it. Tabloid-style clickbait and like hunter titles are sad and necessary byproducts of this new, parallel reality.

Meanwhile, what happened to the good old advertising?

Matter Does Not Disappear, It Only Changes from One Form to Another

It is general knowledge that we can only detect 4% of the universe, and we only have theories about the existence of the other 96%. Those endeavoring sciences that are more exact than the ad industry build particle accelerators to get closer to unriddling the mysteries of the unknown. We have no such tools, but have suspicions based on data, facts and tendencies about the effect of parallel realities on the advertising market.

With that in mind, there are no good news for those hoping for the golden age of advertisements to return. By that, I mean the two decades between the changes of regime and the economic recession, when the market was all about brand introductions, TV and press campaigns with enormous media budgets and inevitably, agency bonuses and refunds at the end of the year.

On one hand, Google, Facebook and other galaxies in the parallel reality are not famous for paying agency bonuses, not even in countries where the law allows it. On the other hand, a growing share of the regional online ad spending ends up in their pockets, as the quality of their services, the precision of their reach and their efficiency are way too appealing. It seems that even money cannot resist the new organizing plans. What is this all about? What keeps the quiet revolution of content marketing going?

1. This new world revalues content by organizing everything into a common, measurable ecosystem in order to ensure efficiency. Banners, sponsored blog posts, branded content, online videos or even an online calculator can serve as a brand building or direct sales promotion tool anytime. What's more, such strategies can be changed on a daily basis since they are measurable and optimizable in every sense. So, it makes no sense to argue about the nature of the tools that can belong to the toolbar of a content marketing ecosystem, if they can boost sales figures and brand communities together in a systemized way.

2. Web 2.0. and its stars not only granted the right of content creation and sharing to users, but they also broke up the monopolies of ad production and distribution. The versatile and simple advertising features of Google, Facebook and YouTube offer a toolbar accessible to everyone, which traditional ad production cannot compete with in terms of value for money. There are always going to be big clients for whom it's going to worth the money, but even they want to spend an increasing sum in the parallel reality. They are going to become smaller clients in the sense of traditional advertisers, so the "dare to be small" principle suggests a rather progressive strategy.

3. The new world deprives creativity of its premium quality. First, since several new advertising solutions require a wedge-like, simple approach and creativity would just ruin that. Agencies should not work on such projects and clients should not pay for them. Second, this new setup takes the right of creativity from the hand of agencies, and every now and then gives it to an opinion leader (who is a lot cheaper by the way) living in the online space. Thus, agencies must reconsider the scope of work and the benefits of their creative services and determine the scale of added value they can provide clients with, and for which they are willing to pay.

If it hadn't been clear until now, I am obliged to say that classic ad agencies that failed to build content marketing, social media and influencer marketing skills up to this point should stop reading the CANnual Report right now and get going. They might already be late.

4. Direct marketing, relationship marketing, lead collection and loyalty building methods that have been fine-tuned over decades of work and as a result, work smoothly, can be adapted to the new content ecosystems with great efficiency. Thus, provided that they are supported by a proper content marketing strategy, they can generate outstanding media campaigns as well as other benefits. They can bring about direct contact with users, information about their behavior and consumer habits, and other details and tools for remarketing. Consequently, while creative agencies commit increasing resources for content marketing development, late direct marketing agencies specialize in data-driven marketing (or both).

5. Classic media has been expanding along content principles for decades to be able to provide services for smaller and smaller target groups and offer advertisers on the media market the same. It tries to compensate for the decreasing audience by repackaging its thematic solutions and selling them at a discounted price. It is easy to see that this practice will make the sector underfinanced in the long run. It holds true especially in the case of countries where public media follows the same "expand-package-discount" practice, but they operate from taxpayers' money. However, an underfinanced field will sacrifice quality sooner or later and by doing so, it will give up one of its former competitive advantages. There is another side of the story: youngsters and young adults turn away from edited content in quantities (often not even getting to them) and enjoy online and on-demand video services of their liking instead (see the article From Brands to Opinion Leaders). There is one question left. Who's going to watch TV in 10 or 15 years? What will TV even mean? The biggest screen in the flat?

Photo: Roni Karsai

A Brave New World

Should anyone have any doubts that a new world is coming to life, there are other proofs that content marketing and social media are coming to the spotlight.

One of them is the noticeable independence of the stars of video sharing platforms from the everyday operation and the practice of traditional mainstream media. Opinion leaders build their very self with content regarded as valuable by users. They ride on the road of popularity, paved with pleasure and pain without magazine covers and TV interviews, while they receive constant feedback from their followers that gives them strength and support. This is indeed a self-sufficient, self-propelled and independent world. It comes as no surprise that only a handful of classic celebs have managed to convert their popularity and build a strong social media presence.

The lack of legal rules is a beneficial – albeit probably temporary – peculiarity of the field. It is especially conspicuous compared to the regulations concerning the broadcasting and economic aspects of advertising. The diverse and almost unlimited interoperability between content, content types and ad formats present many advertising and creative content creating options. Note that those active in the field are in the lead in terms of self-regulation even without examples of good practice, but it is in their best interest to do so (see our report How to Train Your Influencer).

However, such comprehensive business models are the real deal by means of which platforms can unite marketers – content creators, users, advertisers and agencies – under the same roof with increasing efficiency. Adequate models make all parties interested in terms of money and they offer tools for support. This is a crucial difference as opposed to the world that was characterized by impenetrable walls between content consumers and content creators as well as one-way transactions between advertisers and mediums.

***

Content marketing as a tradition has deep roots in the CEE region. One of the political celebs of bygone systems was Lenin, the father of the Soviet Union. He often showed up in somewhat surprising scenarios and roles as a sort of folk hero in the textbooks of schoolchildren. Those who had a chance to study from such books must remember two things. First, the high forehead and bald head of Lenin that was ideal for drawing different hairstyles and moustaches. Second, his statement that revolutions take place when the ~~power~~ media can no longer govern as it used to and when people do not want to ~~live~~ consume content as they used to.

Maybe he predicted the quiet revolution of content marketing?

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A Network Buried Underground

What Is There Beyond Social Media Doomsday?

On the 16th of May, Sasha Kievtseva was sitting in the office when the first news came out on Facebook. Reading the posts of the Ukrainian news sites, she thought it was just some kind of a joke. Then official information appeared on the website of the government. The communique disturbed the calm Tuesday morning of the digital agency: Ukrainian President, Petro Poroshenko announced that the largest social media channel of the country, VKontakte would be banned in Ukraine due to national security reasons.

The strategist of Liquid7 digital agency and her colleagues, whose daily tasks had included the management of the VKontakte pages of their clients up until that point, started to devour the news. It turned out that the presidential decree expanded the sanctions against Russia (applied due to the annexation of Crimea and the support of Eastern-Ukrainian separatist forces), and blocked the most popular Russian-owned web services of the country for three years. By blocking Yandex that, among other Internet-related services, operates a highly popular search engine, and Mail.ru that includes a well-known email service, and the country's two major social media platforms, Odnoklassniki and Vkontakte, the Ukrainian government aspired to put an end to Russian hybrid warfare. Internet and mobile service providers were given 15 days to implement the technical blocking.

Half a Country Stood Helplessly

VKontakte, owned by a Russian group of companies called Mail.ru, is the most popular social media channel in former Soviet states – before Facebook and other Western community pages in the area – and it was used by 75-80% of the Ukrainian Internet users before the ban. The approximately 25 million people were taken unawares by the news, as were Sasha and her colleagues. Most of them did not have a clue about what would happen to their profiles and the contact networks they had built over the years. Although VKontakte came to their help the next day with a detailed description about how they can keep on using the platform through VPN, most of the VK users lacked the skills to connect to a non-Ukrainian IP address through VPN. A lot of them did not want to be left without social media, so they registered to Facebook. Due to the exodus from VKontakte, the number of Ukrainian Facebook users increased by 1.5 million in just two weeks. The blocking of the site caused little heartache to millions of users but a great deal of it to brands. Lesia Shchygol, a digital marketing expert of Lay's, was attending a workshop in Prague, when she heard the news. *"We immediately stopped all running campaigns and suspended all planned activity"* she recalls.

Where Did People Go?

"After a huge buzz, all the swarming calmed down a bit and we started to think about what should we advise our clients?" remembers Sasha. VKontakte closed its Ukrainian office when the site was blocked, so you could only make payments for the advertisements directly to the Russian parent company. However, in accordance with the decree, Ukrainian enterprises cannot have business relations with sanctioned Russian companies, thus all the doors to advertising were shut on brands and agencies alike. Still, this was not the only aspect of social media management that became a problem.

Head of Service on Issues of Information Security of the Staff of the National Security and Defence Council of Ukraine Valentin Petrov ensured Ukrainian citizens that bypassing the law on the blocking of Russian websites would not be punished, so in theory, users are still able to use VKontakte. Nevertheless, due to the relative complexity of the anonymity-proof VPN access, the Ukrainian userbase of the page has fallen by 61% in just three months. *"The volume of access is decreasing at such a fast pace that it is not reasonable [for brands] to stay on this platform"* says German Sevalnev, Head of SMM at Liquid7.

So, from one week to the other, brands bid farewell to their VKontakte communities that they had been building for years arduously, for a lot of money. They published a post in growing numbers announcing that they would stop managing their pages. Some companies had to start building their Facebook communities from scratch, while others – including Lay's – had been active on the Western platform already, so they could simply invite their fans to follow them on the other channel. However, many of them kept away.

Brands used to approach Facebook and VKontakte with different communication objectives in Ukraine, because one could reach two quite different target groups on these platforms. VKontakte users used to be mainly young people who used the site to listen to music, watch videos and chat. On the other hand, the audience on Facebook was typically older than 24, with higher level of education and besides consuming and sharing content, they put a huge emphasis on networking as well. Due to the different profiles of the two platforms, not all VKontakte users switched to Facebook right after its shutdown. 45% of them already had an account on the Western site and it is likely that the rest of them will sooner or later follow them. Until then, brands are faced with the challenge of reaching this suddenly invisible audience. Until there is enough information gathered in the surveys of TNS and Gemius, professionals try to reach younger audiences through other social platforms. *"We simply advised our clients to use VK in case they wanted to reach young target groups before. Today, we rather plan with Facebook, Instagram, Telegram and other messenger apps"* notes Sasha.

Besides the target audiences, the two sites differ in terms of the available advertising formats and targeting options as well, which justifies the difficulty of adapting creative concepts running on VK to Facebook.

"The tone of interaction with the users of the two sites are very different, so it makes no sense to copy the campaigns" says German. *"We have to entirely rebuild our creative approach and our strategy."*

During the weeks following the ban, the greatest challenge for brands – besides the measurement of target groups and the readjustment of campaigns – was the revision of social media budgets. Most clients did not change the amount of money; they simply split the sum allocated to VKontakte between other channels. However, Facebook's algorithm makes advertising more expensive when the demand in a certain country rises. Consequently, brands must pay a higher price for shout over the ad noise rising from the masses of new Ukrainian advertisers.

"From now on, you cannot find us on Odnoklassniki or VKontakte", reads the farewell message of Lay's Ukraine on VK, which was also a call for followers to like the Facebook page of the brand. The page had about 73,000 fans

Local Heroes

Shutting down the most popular social media channel of a country is not necessarily painful for everyone. While due to Poroshenko's decree millions of Ukrainian users lost their online contact network and many companies had to bid farewell to one of their most valuable marketing assets, the blocking of VK provided a handful of ambitious young people with a great opportunity. *"I collected the team and proposed to try and find a way to capture the Ukrainian market before everybody migrated to Facebook"* remembers Alex Vasylyk, CEO of the Canadian-based start-up accelerator StartupSoft and co-founder of the community site called Ukrainians.co.

Two days after the blocking of VKontakte, the 29-year-old guy with a psychology degree – who has the portraits of Richard Brandson and Steve jobs hanging on his office wall – started to search for supporters with his colleagues to create a new Ukrainian social platform. In two weeks, they collected 75,000 signatures instead of the planned 50,000, so they started to develop the system at the beginning of June. The landing page for user registration was active on the 3rd of June.

Since then, every week brings a new function to the site that had 370,000 registered users already by the middle of August. Even though it is lower than the number of Ukrainian Facebook profiles, but Ukrainians.co has advantages over the Western giant. The design is simpler and similar to that of VKontakte, which older VK users like. The site has a music sharing function that VK visitors are used to, but is not available on Facebook. Alex and his team keeps on monitoring the ways they could differentiate their site better from its competitor in order to reach the desired number of 5 million users and start producing profit through advertising.

The life of the mini-platform is determined by two giants in all aspects. First, Facebook poses a serious threat to the site. *"The most difficult thing about creating a new social network is that we are in 2017. There is an absolute and unquestionable market leader, and that is the main risk."* At the same time, Ukrainians.co would not have been created without the suddenly appearing market gap in the place of VKontakte. *"This opportunity directly aroused from the presidential ban of VK. A demand for a channel similar to VKontakte appeared on the market, and we simply supplied. Without this gap, the whole project would be too risky."*

Can This Happen Elsewhere?

This is not the first time that a Central-Eastern-European state decides to ban a foreign social medium within its borders. For example, in November 2016, Russia blocked LinkedIn because it stores the personal data of registered Russian citizens on foreign servers. This year, Russian authorities started to investigate Twitter and the Chinese service WeChat for the very same reason.

You do not have to be paranoid to wonder whether this can happen in other countries of the region as well. Do not the rule of law proposed by the Polish governing party, the conservative Law and Justice, called "media re-polonization" (aiming at restricting the concentration of capital in the media market in the hands of foreign investors) or the deep repugnance of the Hungarian government towards any independent media point to such events?


Петро Порошенко pinned post
May 16, 2017 at 1:39 pm
+ Follow

Гібридна війна вимагає адекватних відповідей на виклики. Тому з метою впливу на опонентів та контрпропаганди моя команда використовувала сторінки в деяких російських соцмережах.

Але масовані кібератаки РФ по всьому світу, зокрема - нещодавнє втручання у виборчу кампанію у Франції, вказують, що прийшов час діяти інакше і більш рішуче.

Українські інтернет-провайдери мають припинити надавати доступ до «Вконтакте», «Однокласники», «Яндекс» та інших російських сервісів. Всі офіційні сторінки Президента в цих сервісах буде закрито. Закликаю всіх співвітчизників негайно вийти з російських серверів з міркувань безпеки.

Слідкуйте за моїми сторінками в інших соціальних мережах:

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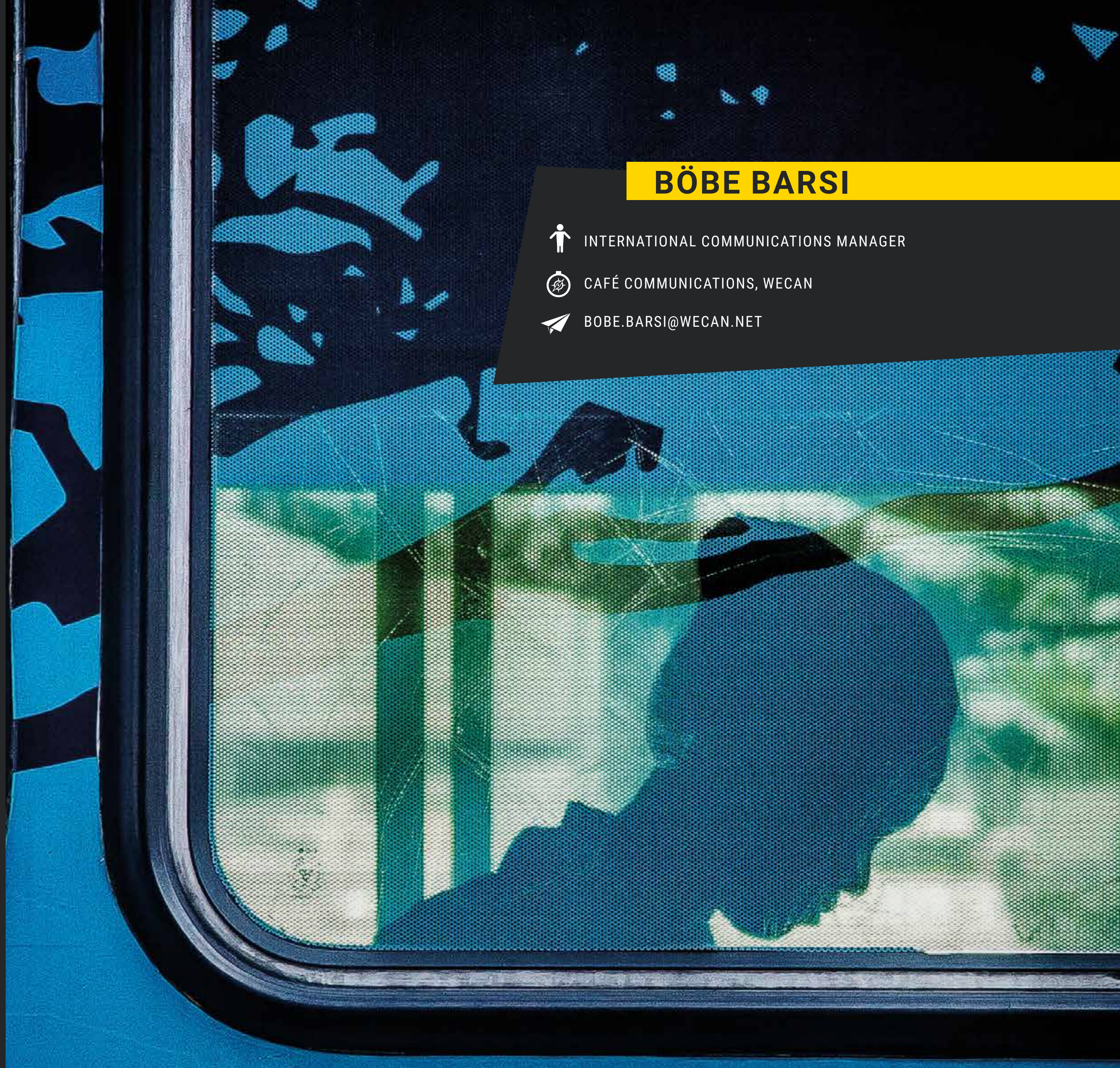
5,045

The author has opted to limit comments for this post

"In case of Facebook, which trades in user data globally, it is difficult to see how the Polish government will be able to single-handedly 'regulate' this global digital technology organization whilst benefiting from direct communication with citizen-voters, and using the outreach capabilities of this platform. The Orban government in Hungary will be facing similar dilemmas" comments Pawel Surowiec, Senior Lecturer at the Faculty of Media and Communications at Bournemouth University and editor of the publication entitled 'Social Media and Politics in Central-Eastern Europe'. Nevertheless, the theoretical possibility of a turn of events similar to the Ukrainian example still exists, if *"the existing governments continue their push towards the consolidation of power and authoritarian governance, and liberal-left opposition will not develop a solid response to, for example, attempt to deconcentrate media markets."*

„...severe Russian cyber-attacks around the world – especially the interference with the French elections recently – pointed out that the time has come to take different and more serious measures. Ukrainian internet service providers can no longer provide access to VKontakte, Odnoklassniki, Yandex and other Russian services. The official pages of the President on these sites will be deleted. I invite my fellow patriots to immediately disconnect from all Russian servers due to security reasons" reads the farewell post of Petro Poroshenko on VKontakte, where he had more than 460,000 followers. The same post redirects all fans to the YouTube, Instagram, Twitter and Facebook pages of the President (the latter had more than 630,000 fans in August 2017).



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One Thing You Cannot Be Prepared For

For some weeks following the blocking, agencies spent a lot of time revising their strategies and corresponding with clients. They learnt the greatest lesson of the event: it is not enough to rely on solely one platform. One has to get acquainted with new channels and be ready for changes. After this, everything went back to normal.

Until, at the end of June, a devastating cyberattack swept over the country. *"Now, we are prepared for anything"* says Sasha, laughing, referring to the unfortunate series of events. And what if Facebook disappeared overnight? Are they ready for that? The voice of the strategist gets serious at this point: *"No, you cannot be prepared for that."*

Global Brands Local Content

RONI KARSAI

Roni pocketed a Master's degree in translation and interpreting, and following her graduation, she gained a versatile professional experience: she worked as a freelance translator, a dubbing dramaturge and a journalist. She is fluent in Hungarian, English, Italian and Russian and when she is not examining texts, she is busy baking bread or she is off on some other culinary or travel venture.

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The Most Active Sectors and Brands in Content Marketing in The CEE Region

On the first page of the Slovak chapter of the publication, you are greeted by a rough-looking gentleman in black jacket, with a tattoo peeping out from under his collar and a thick gold chain around his neck. Patrik Vrbovský, better known as Rytmus, is one of the most popular Slovak celebs, who is followed by 10% of the population thanks to (or despite) his explicit rap lyrics. Brands realized the underlying marketing potential in the rapper's popularity, e.g. the financial sector, which is known for its rather reserved communication approach. As a result, the Roma artist who grew up in a block of flats in the small town of Piešťany, became the face of the financial education campaign of Tatra banka (part of the Austrian Raiffeisen Bank) called Tatra Academy, targeting young people.

CEE markets have their own Kendall Jenners and Mark Fischbachs: the latter has received 7 billion views with his horror game reviews and, consequently, became the most popular gamer influencer in 2017 according to Forbes. The editors of the CANnual Report were intrigued to see which brands use local influencers and other content marketing tools the most keenly, so – due to the lack of solid content marketing measurements tools –, we confronted the challenge and created the ranking of the content marketing advertisers of the region, based on our own methodology.

We asked the local content marketing experts of weCAN to provide us with the list of the 5 most active brands on the local market. We searched for brands that use the available toolkit in a visible way, reach a target audience of tremendous size, and, as a result, bring content marketing to the level of mainstream advertising formats that becomes even commensurable with them. After this, we compared the lists provided by local experts and prepared a ranking which is led by brands that use content marketing tools as part of their communication in the countries of the CEE region in the greatest number. We then compared this result with the lists of brands and sectors that spend the most onto ads in different media types.

The Most Active Sectors: Soft Drinks, Telecommunications and Cosmetics in the Lead

As it turns out from the estimate of content marketing experts, the soft drink sector is through the roof in terms of content marketing: such brands are in the top5 in 11 countries. Electronics and telecommunications rank as second – they appeared on the list in 8 countries – and they are followed by the cosmetic sector (highly active in 5 countries). The first three places of the content marketing ranking are occupied by product types whose target audience is very active in the digital space due to their age or interests.

The retail, bank and alcohol sectors come fourth (they made it to the top5 in 4 countries). It might be the case that alcohol brands turn to content marketing tools willingly, because they provide them with an alternative to traditional media with all its restricting measures related to alcoholic beverages ads.

If we set this list against the top sectors in terms of media spending, it is only the telecommunications sector that is present in the top3 on both lists. Hence, it is fair to say that those involved in the telecommunications sector make the most of the potential of content marketing. In contrast with this, the retail sector – where the biggest players, retail stores, spend the most on ads in each CEE country – lags behind other product types significantly in terms of content marketing. It is evident that these stores are inclined more to traditional forms of advertising and have a bigger faith in sales promotion leaflets thrown into mailboxes on a weekly basis than in online platform-based videos presenting products on sale.

The biggest difference between the two lists is related to the pharmaceuticals sector. While pharmaceuticals rank as third on the list of the largest spenders in the CEE region, they only hold the 7th place in content marketing (they only made it to the top5 in Ukraine).

The financial and the food sector rank the same in both lists which shows that they are significant market players regarding their total ad spending as well as their content marketing engagement. However, the content marketing king, the soft drink sector is only the 6th in terms of total media spending. Hence, we have reason to believe that soft drink brands allocate an increasing slice of their total marketing budget to content marketing – a lot more proportionally when compared to the largest media spending sectors.

Top CM sectors

1.	soft drinks	11
2.	electronics / telco	8
3.	cosmetics	5
4.	trade / bank / alcohol	4
5.	food	3
6.	fast food/travel/fashion	2
7.	auto/pharma/beauty care/ baby/home design/transfer	1

Top sectors

1.	trade	14
2.	telco	10
3.	pharma	9
4.	finance	6
5.	food / entertainment	5
6.	soft drinks / cosmetics	5
7.	FMCG	2
8.	cars / sweets / media	2
7.	electronics / furniture / beer / services	1

Top CM brands

1.	Coca-Cola	8
2.	L'Oréal	4
3.	Lidl/Pepsic/Red Bull/Philips/ Samsung/Tele2	3
4.	McDonald's/Telekom/Swedbank/Adidas	2
5.	Alca.cz, Atlas, BMW, Farmak, Ford, Heineken, Henkel, Huggies, IKEA, Karlovačko, Martini, Maybelline, Mercator, Nestle, Nike, Schweppes, Švyturys Brewery, Play, Podravka, Reebok, Rozetka, Serdika, Slovenska sporitelna, Tatra banka, Telenor, Tinkoff Bank, Torchyn, Uber, Unicredit, Vodafone	1

Top brands

1.	Lidl	7
2.	Telenor / Telekom /Maxima	3
3.	Tesco, Rimi, VIP, Vodafone, Orange, MTS, Tele2	2
4.	Alca.cz, Beeline, Billa, Dormeo, Elisa, Emag, Energy TM, Euro RTV, Idea, Iki, Kinder, Kiyevstar, Konzum, M. Video, Maxi, Media Expert, Media Markt, Megafon, Mercator, Nescafe, Nivea, Office of the Prime Minister of Hungary, O2, OTP, Penny Market, Perlas, Profi, Samsung, Sazka, Selver, Simobil, Spar, Telia, T-HT, Zagorka, 1A.lv, 220.lv	1

Coca-Cola Comes First

The most active soft drink brand in content marketing is undoubtedly Coca-Cola. weCAN experts mentioned the soft drink giant among the preeminent content marketing users in 8 out of 14 countries. Coca-Cola is followed by L'Oréal: it was estimated to be among the top brands in terms of content marketing in 4 countries. However, neither of them is among the largest advertisers in terms of their total media spending, which suggests that it is not the largest spenders that spend the most on content marketing in Central and Eastern Europe. Product types and the target group seem to be more crucial factors than the available budget.

At the same time, a growing number of the largest media spenders allocate significant amounts of money to content marketing. Lidl is a good example, since while it is a major advertiser in half of the CEE countries, it is also one of the most active brands in content marketing: it comes third after Coca-Cola and L'Oréal. The same holds true for Telenor and Telekom as well (although to a lesser extent): they are among the top10 advertisers in 3 regional countries and they made it to the content marketing list as well. The retail and the telecommunications sectors are represented by these 3 brands the most actively.

Lidl shares the "bronze medal" in the content marketing ranking with soft drinks (Pepsi, Red Bull), electronic brands (Samsung, Philips) and the major telecommunications company of the Baltic markets, Tele2. The fast food king, McDonald's, the already-mentioned Telekom, Adidas and Swedbank (popular in the Baltic states) finished fourth. Looking at the list, there is no doubt that international brands are the most active regionally, in terms of content marketing and the total media spending as well.

Local Solutions Instead of Adaptations

Given the nature of the "genre", it is more difficult to adapt global content marketing strategies to local markets than creatives prepared for traditional media types. From time to time, it can even be contra-productive to do so. While it is fairly easy to produce the local adaptation of TVCs, as well as outdoor and press advertisements made in the Western HQ of international brands, in many instances, local marketing experts and their agencies – with the help of local partners – have to realize and even plan the content marketing part of global campaigns. If brands lack local expertise, it is not only impossible to decide about the right platform(s) to reach the local target audience, but also about the content and the influencers who would help the brand remain authentic.

It is evident from its first place on the content marketing list that Coca-Cola is just as active in content production in Central and Eastern Europe as in the Western markets. They make lots of local videos, e.g. in Hungary, the online gastro series called "Let's Eat Together", where a Hungarian mum and a local gastro vlogger share their recipes. In Serbia and Poland, the brand developed gastro mobile applications that feature recipes. The company is also active in influencer collaborations at a regional level. In the communication of the WOAH platform of Coca-Cola – addressing teenagers – YouTubers get the lead, whereas in the Hungarian adaptation of the Kiss Happiness campaign, trendsetters covered several fields (i.e. sports, music and arts). In Poland as well, the brand focuses on the YouTube audience and they involve more than 40 vloggers in their communication.

'The biggest challenge is to find the right balance between centrally and locally produced content' said Gábor Varga, the Digital Business Director of Café Communications, the weCAN agency working on the Hungarian digital campaigns of the brand. 'Naturally, there is content that arrives from the HQ and is an integral part of the strategy, but there is room and even demand for local content, too. Because you can address local consumers the most efficiently with local and relevant content'.

It is also true for Romania that international brands are bolder when using content marketing solutions than local ones. For example, during its UberJET campaign, Pepsi gave away four VIP tickets for Electric Castle, an insanely popular local music festival, where the lucky winners could travel on a private jet. The campaign – that was realized by the brand with the collaboration of thegroup, weCAN's local agency – was completed by the campaign teaser, vlogs and Facebook Live videos of the popular Romanian vlogger, Mariciu. Speaking of which: Pepsi likes producing music-related content in Ukraine, too. During the "Pepsi Fuzz" summer project, artists who had never immersed themselves in the world of electronic music before could take their turn. In the course of the campaign, tremendous amount of content – interviews, photos and recordings – was produced with the musicians.

The thorough knowledge of the local influencer scene and platforms was an integral part of the success of the Russian campaign of adidas SUPERSTAR, which was the merit of weCAN's local Russian partner agency, Louder, part of Serviceplan Group. The HQ of the year-long campaign was a pop-up store in downtown Moscow that also served as an art space and event venue. Local social media channels – e.g. Telegram and VKontakte – and Russian trendsetters were integral parts of the communication.

As the local lifestyle scene has grown considerably in recent years, it was not hard to find local influencers and communities that are as vivid and engaging as global ones. Russian actor and TV host Ivan Urgant was the brand ambassador, 16 local celebs participated in the campaign launching event and the Supercolor collection – the SUPERSTAR model in 50 different colors – was popularized with the help of 80 local influencers. By the end of the year, the SUPERSTAR appeared on catwalks and fashion magazines and it conquered the streets. Due to local influencers and other content marketing elements, the campaign managed to make the dream of every brand come true: it found a way for Muscovite millennials to re-discover the product and as a result, SUPERSTAR became a true lovebrand.

How to Train Your Influencer

How can agencies specialized in influencer marketing expand on smaller markets? What trends and challenges are there in the CEE region? In this report, we asked experts of the region about the evolution and operation of influencer networks.

Before we immerse ourselves in the world of influencer networks, let's picture an everyday conversation. The venue is a café in the city of your liking: Zagreb, Cracow, Budapest or Prague. Two old friends bump into one another, one of them a marketing guy, the other one a high school teacher. Following the usual quick questions of "How are you? And the family?" comes the question: 'And what do you do for a living?'

The teacher says – with a smile on his face – that the summer break is still on, but he works with teens. The marketing guy confesses reluctantly that he launched an influencer agency the previous year. Seeing the puzzled look on his friend's face, he adds that he also works with teenagers. They make videos and he helps them earn money from it. The teacher asks him, frowning: 'Do you mean those horrible nonsenses kids go nuts about? How can you make money of that?'

To turn our attention to those in the business, more and more marketing specialists acknowledge the potential of influencers, and bigger brands venture to this field with increasing enthusiasm. For advertisers, the easiest and the most efficient solution is to collaborate with specialized agencies with an extensive portfolio and sufficient experience in the world of – for the time being – young bloggers, YouTubers and opinion leaders.

We had a talk with professionals who were pioneers of the influencer marketing industry on their respective markets: they contributed to e.g. an organically expanding blogger community, a rapidly growing YouTube network and a media agency that acts as a forerunner of local trends. Despite the different market sizes and the diverse consumer habits, there is a clear parallel between the influencer networks and their evolution in the given countries.

All experienced marketing specialists agree that the CEE region is a few years behind the English-language markets in advertising and media as well.

Agencies and networks in the UK and the US experienced a similar escalation 3-4 years ago, while some countries in the region have come to their senses only now. Maybe too late on smaller markets. In some countries – e.g. in Romania and Serbia –, YouTubers already signed a contract with international networks or they have a manager in the traditional sense of the word, with disadvantageous contractual terms.

What's more, big international media companies have started to acquire bigger networks one by one in recent years. To set a couple of examples, Disney bought the American Maker Studios – managing thousands of YouTube channels – and Warner Bros. purchased Machinima, a company mainly focusing on gamers.

Multi-Channel Network, But Not Really

A handful of influencer networks in the CEE region focus on YouTube and YouTubers primarily, but they do not consider themselves a classic Multi-Channel Network (MCN) such as the above-mentioned Maker Studios, in spite of the fact that they are official "YouTube Certified Partners". This might be due to the fact that the MCN model is designed especially for the management of hundreds or even thousands of YouTube channels in one hand and this is supported by premium tools and continuous support on behalf of Google.

The scope of activities of most influencer marketing agencies includes more than the business, legal and technical management of channels, and due to that, they go beyond the MCN model. Such entrepreneurships have to cover events organization, production management, talent management and original content creation in order to be efficient.

The often underage (under 18) influencers receive their income in different ways, depending on the market: in MCN-style scenarios, they get a dividend from the advertising revenues, while certain agencies pay them a fix, monthly salary.

How to Train Your Influencer

Aggregator-style MCN networks dealing with thousands of channels simply cannot pay as close attention to content creators as smaller influencer networks that discover local talents. However, local agencies can build their portfolios deliberately, tailor-made for their clients' needs.

"You can work with YouTubers efficiently, if the agency employees know them personally and they are almost on friendly terms. They might even tell us about a fight with their girlfriend" tells Dániel Farkas, Technical Manager of the Hungarian Star Network, who has been working on the management of YouTube channels since 2013. According to Dániel, they used to work with PPC exclusively, and then the YouTube and influencer marketing team continuously increased under his direction. Today, they have their separate agency and the number of employees has grown to 14 people.

JoomBoos in Croatia has elevated the attitude towards influencers to a higher level: they can seek the assistance of a life coach, a psychologist or even a psychiatrist and they can attend an actor training if they need help with producing exclusive content. From what Matej Loncaric (Head of JoomBoos) says, JoomBoos has come a long way, since they used to work on print publications and advertisements originally. JoomBoos — translating roughly in Croatian slang as the "mix of everything" — started as an incubator project at Styria Media Group, but today it covers the whole of the Adriatic region and it is expanding to Austria as well.

"We have reversed our strategy on numerous occasions in the last one and a half years. JoomBoos started out as a YouTube channel initially, then developed into a network connecting YouTubers and influencers, and today it is an agency that works on music videos and B2B communications, too" recounts Matej.

Education and personal relationships not only matter for YouTubers, but also for classic bloggers. The Content Agency is specialized in blog writers and they are the first to focus on influencer marketing on the Slovak market. According to Jana Malaga — who used to be a blogger herself —, proper information and representation of interests are really important: she works with 134 authors under the auspices of the Content Agency.

*"Influencer marketing is not going to develop on its own. We have to invest time and energy into it, so I started **Bloggers Associations,** where we educate, protect and represent Slovak bloggers simultaneously. For me, the biggest challenge is to teach bloggers how to be professional, creative, reliable and consistent at the same time. In my opinion, these values make an influencer literally valuable."*

How to Train Your Client

Irrespective of market and content type, more or less each expert agrees that advertisers/clients could use a bit education as well. Many advertisers are not even aware that influencer marketing as such is not restricted to YouTube. Most opinion leaders are present on several platforms and major YouTube stars are usually just as popular on Instagram, Snapchat and Facebook, too.

For this reason, influencer networks organize workshops and conferences for clients on the subject, and that of course stimulates new orders.

"In Hungary, advertisers have recently discovered the field and that triggered an explosive growth in the last 6 months. There is a "hype" about influencers and we receive unusual requests at times, but it is important to note that even though it does not fit everyone, it is certainly one of the best communication platforms to reach young people. We are doing our best to realize projects in which influencer marketing can be effective. Pricing is reach-based, but it is far more important to produce relevant content that the viewers we reach like. It does no use if you reach a given target group, but they do not like the content publicizing the product. Consequently, it is vital to come up with creative solutions that match the given YouTube channel and the personality of the YouTuber" said Gergő Szabó, the co-founder of the Hungarian Special Effects Media. Fun fact: one of the biggest Hungarian media groups, Centrál Média, has recently acquired interests in the company.

"We have been working with influencers since 2014 and I would expect clients to be more aware nowadays. Influencer and YouTube marketing have become mainstream tools in the Czech Republic during the last 3 years. Although everybody talks about it and they sort of know what it is all about, traditional agencies and their clients have somewhat unreal expectations occasionally. This mainly arises from the fact that they lack experience in this field, so, for this reason, we organize educational meetings for our new clients so that they can learn about all advantages and disadvantages" tells Tomáš Gavlas, the CEO of the Czech Get Boost.

It is a huge con for some potential advertisers regarding collaborations with YouTubers that you can address those aged 18-35 most effectively on the markets of the region, but it is not yet suitable for communication with older people.

The experts interviewed do not see this as an obstacle; most of them think that it is possible to engage older generations on YouTube, only with other types of content of good quality.

A Handful of Good Tools and an Odd One Out

If we compare the influencer networks and agencies of the region, it is clear which complementary scope of activities work the best in network building. YouTube events and meetups attract huge crowds of people in each country. The Czech **Utubering** festival started with 20,000 visitors in 2015, but in 2016 and 2017 it was already organized in Brno, close to the capital.

"Programs" based on TV talent and award shows bring significantly good viewing numbers. The Hungarian Video Gala ended with 1.2 million unique views, and it set the record of live stream broadcasts with 30,000 viewings.

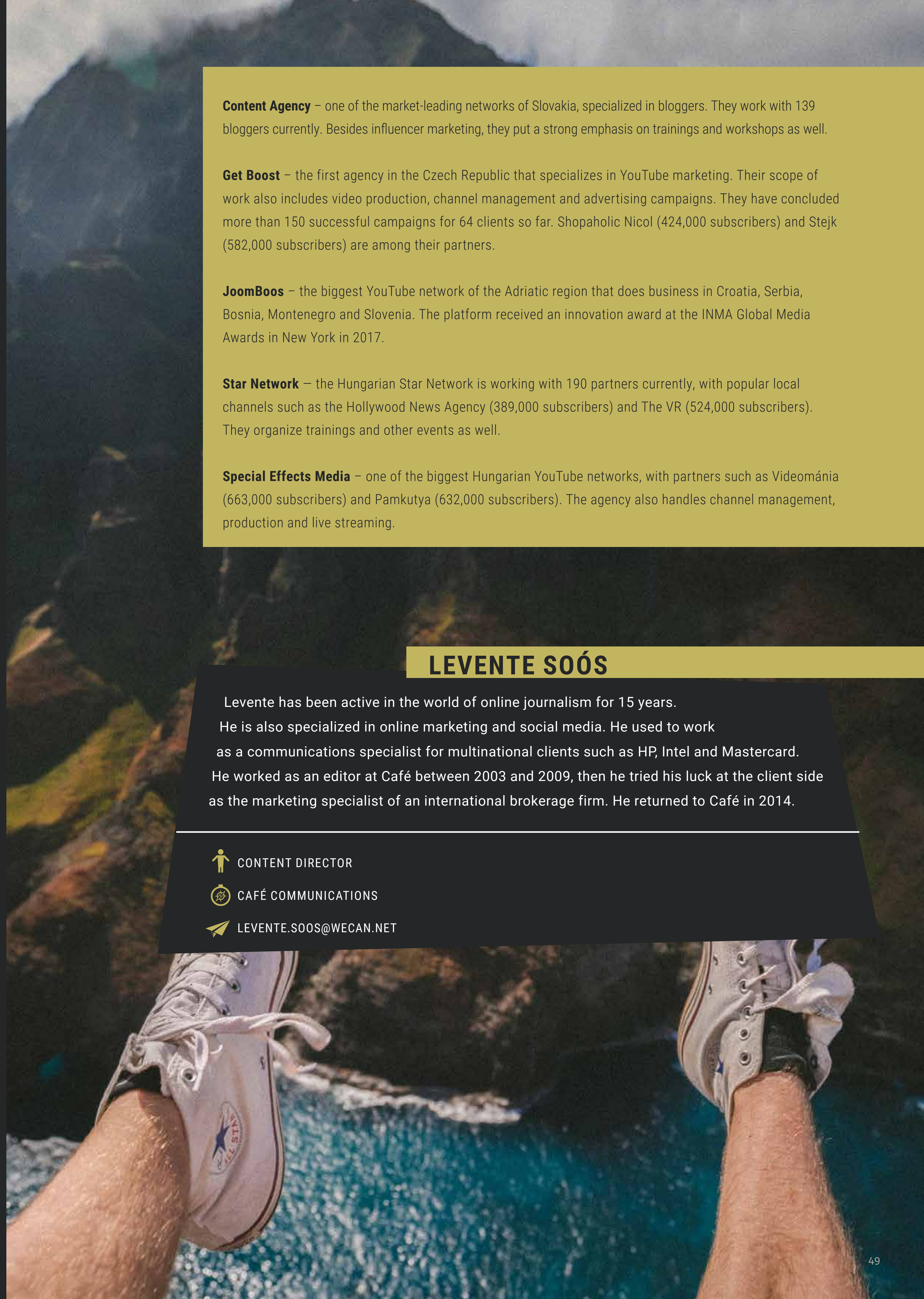
There is a lot of potential in special "hero" content as well. A number of agencies experiment with series and music videos successfully: several foreign networks feature their influencers in clips and self-produced series.

JoomBoos came up with an interesting and successful idea: they publish a quarterly journal reminiscent of old-school teen magazines in 15,000 copies. Every one of them is sold. You would not assume that members of generation Z bought anything at a newsagent's, but this shows the impact of influencers: if they ask their fans, they are willing to read even a print publication for their sake. According to Matej Loncaric, this adds to the potential of this business model, since there is hardly any advertising space left in the December edition at the time of writing.

Back to Our Friends

Do you still remember the two guys in the intro? When we left them, the high school teacher challenged the marketing specialist whether videos did worth any money. Here is what he replied:

"Don't you feel like starting a funny vlog about the life of teachers? Then you would see for yourself..."



Content Agency – one of the market-leading networks of Slovakia, specialized in bloggers. They work with 139 bloggers currently. Besides influencer marketing, they put a strong emphasis on trainings and workshops as well.

Get Boost – the first agency in the Czech Republic that specializes in YouTube marketing. Their scope of work also includes video production, channel management and advertising campaigns. They have concluded more than 150 successful campaigns for 64 clients so far. Shopaholic Nicol (424,000 subscribers) and Stejk (582,000 subscribers) are among their partners.

JoomBoos – the biggest YouTube network of the Adriatic region that does business in Croatia, Serbia, Bosnia, Montenegro and Slovenia. The platform received an innovation award at the INMA Global Media Awards in New York in 2017.

Star Network – the Hungarian Star Network is working with 190 partners currently, with popular local channels such as the Hollywood News Agency (389,000 subscribers) and The VR (524,000 subscribers). They organize trainings and other events as well.

Special Effects Media – one of the biggest Hungarian YouTube networks, with partners such as Videománia (663,000 subscribers) and Pamkutya (632,000 subscribers). The agency also handles channel management, production and live streaming.

LEVENTE SOÓS

Levente has been active in the world of online journalism for 15 years. He is also specialized in online marketing and social media. He used to work as a communications specialist for multinational clients such as HP, Intel and Mastercard. He worked as an editor at Café between 2003 and 2009, then he tried his luck at the client side as the marketing specialist of an international brokerage firm. He returned to Café in 2014.

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From Brands to Opinion Leaders

What Makes a Video Content Good and How Can a Brand Be Successful on YouTube?

In the early 80's, music videos made radio stars tumble from the throne. Two and a half decades later, online video sharing services plotted against the life of music TV channels. This – still ongoing – process posed a challenge to linear broadcasting in general, since the online video content has been changing the content consumption medium. Although the viewers are seemingly the same, they can no longer control their favorite programs solely with the remote control of the TV. In fact, they have access to audiovisual content on any device, anytime and in literally any life situation. So they consume it!

They don't come across any difficulties in doing so, as they can access their favorite series anywhere: while standing in the queue (possibly downloaded from Netflix), on a tablet, or on the smart TV at 1:30AM thanks to time shifting. However, you can pamper your eyes with (often interactive) audiovisual content of outstanding quality on games consoles connected to the Internet, not to mention YouTube, where whole generations lose themselves in the enormous selection on a daily basis, generating an excessive quantity of minutes watched. In recent years, this trend has been supported by the growing sales of Internet-connected devices as well as the decreasing data traffic costs and the increasing speed of data transmission. If this tendency continues – and it certainly appears so –, the sweeping penetration of video content is seemingly unstoppable.

From Consumers to Creators: Generation C

There is yet another crucial difference compared to the situation 10-15 years ago. Multifunctional smart devices connected to the network are in the hands of multifunctional consumers who are also connected to the network. It's getting difficult to think of this ever-growing consumer segment – the so-called Generation C – in terms of actual age groups. Their approach and attitude are a lot more telling. They are the ones who create and control content tirelessly with talent, while being connected with their online communities and often with each other around the clock. Their name also derives from the expressions creation, curation, connection and community[1].

However, they not only control the whens and whats of their content consumption, but the conversion as well: they decide what, when, from where and from whom they buy online. They know and use their devices, possess diverse communications skills, are bolder entrepreneurs and more active than the average, being online indigenous people who grew up in the world of two-way communication. Authenticity, relevance and originality are the key factors in their eyes regarding online video content, so it comes as no surprise that they are the main consumers of YouTube as well.
So, how many of them are there? It is no exaggeration to say that 80% of millennials (generations Y and Z) can be considered content consumers of Generation C, as well as potential creators and content sharers. They not only watch and listen, but they are also willing to create and share everything about themselves and the world that they consider as important, interesting and valuable.

In truth, anybody with basic equipment, in the absence of advanced professional background can produce and share audiovisual content easily and simply. Is it any wonder then that the first-generation creative video makers (the so-called YouTubers) and opinion leaders (that is, influencers) with several millions of followers on other content sharing and social media platforms (e.g. Facebook and Instagram) are slowly stealing the show from TV stars? They built their image during the years with authenticity and consistency and established strong and real relationship with their audience, followers or subscribers as new content creators. The quantity, perception and visual approach of their audiovisual content have a major effect on the consumption of long text content. Bloggers have started to look over the fence: to the world of vlogging. They aim to pick up skills related to new tools and software in order to be part of the phenomenon and to avoid lagging behind the current content consuming habits.

[1] Introducing Gen C: The YouTube Generation, https://www.thinkwithgoogle.com/consumer-insights/introducing-gen-c-the-youtube-generation/

Brands on the Track of Next Generation Content Creators

In recent years, big media agencies and program producers were just as busy as the bottom-up, new-generation content creators: in the absence of a better alternative, they relied on excerpts of their TV-optimized programs or relevant online video content related to them. Meanwhile, creative agencies and their clients were represented by their payed online and social media campaigns and branded video content. In parallel, the algorithms of social media platforms made their way towards online video as well. What's more, even the traditional content provider sites have become the vanguards of the principle "who cares, it should just move", when they brought the legendary fossils of the primeval Internet, animated gifs back to everyday life.

Brands and those providing services for them are clearly seeking the right creative format and the relevant motion picture strategy and they try to reach those who spend more time consuming online content than watching TV, listening to the radio or reading the printed press. The video formats of different platforms, so the dynamics of the world of online videos has an effect on media agencies as well. Ads become branded video content more and more often, and the viewers decide about their reception, success or downfall. Meanwhile, online video makers have become opinion leaders who can be targeted towards brands, can reach a huge audience and can be engaged for product placement. Consequently, old and new players of the market have started to connect with each other via their creative content creating and sharing strategies as well. TV programs and TV celebs use online content sharing platforms, brands seek opportunities to collaborate with online video makers who concurrently show up in the portfolio and platforms of big media agencies.

Video Is King

A CISCO forecast[2] talks about the intensive prolificacy of this multi-actor ecosystem, predicting that the consumption of video content will generate 80% of the global Internet data traffic by 2020, and that two-third of the data flow will reach viewers via wireless and mobile devices. According to the data of Tubular Labs[3], the number of video content is three and a half times more, while the number of video content publishers has increased by 250% since 2013.

The breakthrough of video format has a significant effect on the everyday life of the biggest players of the consumer market in terms of content marketing. A growing number of brands and services realize that their annual marketing communication plan means nothing without a multiplatform video production and publication strategy. Multiplatform means the joint, strategic use of online and other digital channels and tools that are relevant for the given brand. By all means, the production and publication of creative video formats (relevant for the targeted audience), optimized for the various content sharing and social media platforms should be included in this process as well. In addition, it is vital to invest in native branded content and to come up with an elaborate plan for media appearances so that placed content would be activated appropriately.

But there is more. It is necessary to continuously fine-tune the process, e.g. based on the data compiled from the consumption of text content, posts and videos. It does not hurt if you also find time to experiment with the novelties introduced on different platforms such as live broadcast, VR or 360-degree videos – if you think of video content.

[2] Cisco Visual Networking Index: Forecast and Methodology, 2015–2020, https://static1.squarespace.com/static/54496f89e4b0ad2be6456bc7/t/57b386f8e4fcb59cf4894907/1471383319341/Cisco+Forecast+2015-2020.pdf
[3] The State of Video – Fall 2016, https://www.slideshare.net/TubularLabs/the-state-of-video-fall-2016

The challenge is undoubtedly real. A big brand and its agencies have to do pretty much the same what creative video makers did when they started to share their content on YouTube back in the day. By the way, the ever-increasing number of brand channels rely on their experience and expertise, too. There is no excuse, you cannot blame the size, because tiny players can easily overtake the big ones in video content.

The YouTube Story: You Can Share Your Income

Even though online video had already existed in the dawn of public Internet in the 90's, the modern history of online video content is perfectly described by the platform of YouTube and its methods. YouTube is the biggest video sharing platform today and the second biggest search engine (after Google), with 1.5 billion logged-in users a month[4], with more than 400 hours of uploaded video per minute and with more than 60% of the videos being watched via a mobile device.

YouTube is included in the marketing communications strategies of more and more brands and services. There is certainly an increasing number of marketers who want to build an optimal presence to communicate via video content, reach new customers and clients, manage their rights or even to obtain income on the platform. These players investigate the benefits of the platform tenaciously, e.g. how they can equal to the rather new content production and activation challenges in the midst of the newest formats of audiovisual content. Or what tools and techniques they should use to become easier to discover on YouTube and how they can maximize their minutes watched.

In the dawn of YouTube's 12-year-old history, mostly young video makers uploaded their works on the platform, basically ignoring that they used unlicensed copyrighted content (e.g. films, excerpts of games, TV programs). Google purchased the rising video sharing site at the end of 2006, as they saw its potential to become a platform suitable for marketing communications and ad placement. The bigger actors of the creative industry (film producers, music companies, TV companies and game producers) naturally wanted to protect their intellectual property rights, but expected a share of the ad revenue from Google generated on the platform as an income, which forced Google to make a step.

As a result, the YouTube Partner Program has been elaborated slowly but surely in the last 10 years: it offers content creators, rightsholders and authors the opportunity to earn an income, while Google shares the ad revenues. As a part of the program, the bigger partners gain access to the content management system developed by YouTube (YouTube CMS), including a content identification system (YouTube Content ID). The latter is a tool that enables rightsholders and partners to identify all videos uploaded by another user that use their content (of which they own the rights) partially or entirely by voice and image recognition. In addition, they can also set what should happen to such video content: they can block, monetize or just track the given video or its statistical data.

Why is it important to understand this process as the owner or manager of a brand channel? So that they can keep an eye on licensing music or other third-party content used in their branded videos. Otherwise, rightsholders may even block videos uploaded by a brand. It is a better – even though not a joyful – scenario to only monetize them, because then ads of other brands can appear on our videos, which earns revenue for the rightsholders. Brands do not necessarily mind this, but nobody likes it when a rival product or service advertises itself on their video. So, it is worth taking rights management seriously, especially since the same conditions of use apply to videos containing personal, original content.

[4] Updates from VidCon: more users, more products, more shows and much more, https://youtube.googleblog.com/2017/06/updates-from-vidcon-more-users-more.html#gpluscomments

Talents and Their Agents: Influencers and the MCN Partners

YouTube not only opened up opportunities for the spreading and monetization of online video, but it also paved the way for the appearance of new players, service types and business models. The introduction of the so-called Multi-Channel Network (MCN) partners is also in great part due to YouTube. They build their business ventures on the first generations of creative video makers (YouTubers) who can reach the general public. In the best-case scenario, a creative agency can start an influencer marketing project running on YouTube by means of such a YouTube MCN partner.

Creative video makers and artists consider their channel a personal business venture, where they intend to earn an optimal income as a compensation for the time and work invested. From this point of view, for them, videos are products generating income. They have to understand – besides the optimal use of the tools of the platform – this whole process so that they can maximize their income. While producing and sharing content consistently and regularly to keep their audience and increase their minutes watched, video makers also have to pay attention to be marketable not only to viewers, but also to advertisers, ad agencies and potential sponsors by means of their channels and videos.

How Should Your Brand Appear on YouTube?

The answer is simple. With a novel approach. Brands have to manage their channel as a personal "TV channel" where they conduct brand communication – in accordance with relevant content consumption habits – with audiovisual content. In this sense, videos are fundamental parts of content marketing communication that is based on the brand's objectives and the audience's demands. Hence, it is important to have a clear conception of the tools and techniques offered by YouTube to assist the realization of creative video content publication and sharing strategies so that they reach their clients and customers.

Brands can learn a lot from the experiences of YouTubers in terms of authentic communication by relevant and original content. However, in the last couple of years, a number of new methods that are based on audiovisual content specifically were introduced within the field of content marketing. I am going to introduce a few of them in details now.

10 Fundamentals of Creative Strategy on YouTube

The creative video makers of YouTube spent years on the platform in order to build a firm and loyal audience and subscriber base. Thanks to them, they can maximize the minutes watched on the channel, which – together with other factors – has a significant effect on revenue optimization.

THE 2 CRITERIA OF A GOOD CHANNEL: SUSTAINABILITY AND INSPIRATION

The 10 fundamentals of creative strategy[5] can be divided into three groups. When it comes to creators and channel owners, ***sustainability,*** long-term planning and the power of creative ideas are indispensable. In addition, to launch a successful channel it is fundamental to have perseverance, ***inspiration***, **authenticity** and professional prestige.

4 ADVICE ON HOW TO GAIN NEW VIEWERS: VIRALITY, COLLABORATION, DISCOVERABILITY, ACCESSIBILITY

Sharable, collaborative and ***optimally discoverable,*** explorable and ***accessible*** video content help gain new viewers.

The impact of ***virality*** – marketing by word-of-mouth – is powerful and new viewers discover video content this way the most often. The spreading of videos of such nature is not an accident. On the contrary: it is the result of deliberate and creative planning and strategy. Such projects are usually supported by paid media appearances, and during the planning, they also try to predict what will make future viewers share the given video. Are they related to an event? Do they target the viewers' emotions with a topic or a tone that they can relate to and as a result, find the video interesting? Or is it simply that a talent or a skill that they have never seen before entertain them so much that they want to share it with others too? Either can work, as long as it is boosted properly by the budget.

Collaborations with other channel owners and opinion leaders relevant for the brand can also bring new viewers and subscribers. These provide excellent opportunities for promoting your content and channel. The right collaborations can strengthen the loyalty of your viewers and subscribers. It is important that you should reach viewers with similar or the same audience and interests. On the other hand, you cannot damage the authenticity of influencers: you have to be careful with the relationship that took many years to establish. Brands should not misuse it, but should rather give room and inspiration to the experience and ideas of the given creative video maker. They should decide how a product or service can appear in the collaboration.

[5] Create Great Content, Lesson 2, YouTube Creator Academy, https://creatoracademy.youtube.com/page/lesson/creative-fundamentals-bootcamp; 10 Fundamentals for YouTube Success, https://www.youtube.com/playlist?list=PLpjK416fmKwQeaR-02rel8JGZZp2T8VFO

The ***discoverability*** of videos is crucial as YouTube is a frequently used search engine. Consequently, search engine optimization is obligatory, so providing optimal metadata is essential. Brand-related search words and expressions should be used consistently in the title and description of the video, as well as the tags and even the subtitle files. Another successful approach can be if you create content based on prominent search trends, i.e. trendy topics and events. You can also create content that will stand the test of time and will always remain popular and relevant (e.g. how-to and tutorial videos).

Making all your videos ***accessible*** helps you keep new viewers and make them watch as many videos as possible in a given watch session. It is essential to create click-through options between videos, especially when it comes to video series, in case viewers find just one episode. You have to direct your viewers consistently in a given context.

3 TIPS TO KEEP YOUR FOLLOWERS

You can keep your viewers and subscribers with ***consistent*** and ***interactive*** videos that promote dialogue and last but not least, ***target the right audience.***

Loyal viewers like ***stability*** in creative formats, but the consistent use of brand-related brand image elements also has a positive effect (e.g. the usual intro, end screen and branded unique thumbnails). The familiar tone, the predictable programming as well as the consistent planning and realization of the date and upload of publications pay off, too.

Engaging your viewers and ***promoting dialogue*** among them is also a crucial task. You have to lay the foundation of the community and also have to decide what or who is going to hold the community together. You have to consider why your subscribers follow your channel: do you have your own language, style or are there any rituals that might strengthen the feeling of community? The moderation of comments, Q&A videos, content created by your community, a pre-planned Google Hangouts on Air conversation for top fans or a personal meetup all contribute well to two-way communications. Boosting interactivity can lead to the engagement of viewers and the enhancement of viewer experience. By drawing the audience into storytelling and using clickable navigation tools (e.g. cards and end screens), you can entertain your viewers with novel, thrilling and appealing experiences.

Precise targeting is indispensable. Locating and knowing your target audience gives a hand with developing creative formats. Do you have a broad audience, spanning across multiple age groups or a smaller "niche" community? What data can you get from YouTube Analytics or other social media profiles? What do they like? What interests do they have? This data can form the basis in determining the so-called micro-moments relevant for the brand.

Content Creating in Practice:

Who, What and When

THE MOMENT OF RELEVANT INFORMATION: VIDEO MICRO-MOMENTS[6]

Consumers reach for their Internet-connected devices when they look for an answer to a question, when they want to discover new things, or when they want to examine the differences between two products prior to purchase. In such moments, they want to get adequate, relevant information at the right time. Consequently, brands should realize the micro-moments – as Google calls them – where the interests and desires of the target audience meet the objectives of the brand. It is worth developing your creative video formats taking these into consideration, because you can provide consumers with an added value if you produce videos with authentic and relevant content as well as a tone of voice and aim matching the brand. Such moments can be caught in the act when somebody concludes a search, visits your website, uses a mobile app or visits YouTube.

The four major video micro-moments are the following:

- When consumers want to see content in line with their interests ("I-want-to-see-because-I-care moments")
- When they want to learn and explore ("I-want-to-know moments")
- When they want to do something new with the help of tutorials (I-want-to-do moments")
- When they want to buy something ("I-want-buy moments")

WHAT IS THE MESSAGE? INSPIRATION – EDUCATION – ENTERTAINMENT

Depending on the brand identity, you can choose different ways that can help reach and keep your viewers and find the right message and tone of voice for them. In the light of experience gained, YouTube features three of these. Making inspiring videos and sharing stories that move viewers emotionally and which they can relate to. Making useful videos full of information as a means of education that can contribute to the understanding and proper use of your services and products. Or making videos full of spectacular and creative solutions to simply surprise and make your viewers laugh for the sake of entertainment.

WHO CREATES THE CONTENT? CREATE – COLLABORATE – CURATE[7]

When developing your creative video-making strategy, you have to decide how you create video content and how you are going to use them. There are three main paths to follow in content creation. The first type of content is when video formats are planned and created by the brand. The second type is the already-mentioned scenario: when the brand collaborates with other creators, video makers, the audience, artists or business partners. The third type is curation: finding, collecting and then sharing user-generated content about the brand, its products or services.

[6] Lucas Watson: Video Micro-Moments: What Do They Mean for Your Video Strategy?, https://www.thinkwithgoogle.com/marketing-resources/micro-moments/video-micro-moments-what-do-they-mean-for-your-video-strategy/
[7] Kim Larson: Building a YouTube Content Strategy: Lessons From Google BrandLab, https://www.thinkwithgoogle.com/marketing-resources/building-youtube-content-strategy-lessons-from-google-brandlab/

Hero
Large-scale, tent-pole events or 'go-big' moments designed to raise broad awareness

Hub
Regularly scheduled 'push' content designed for your prime prospect

Hygiene
Always-on 'pull' content designed for your core target

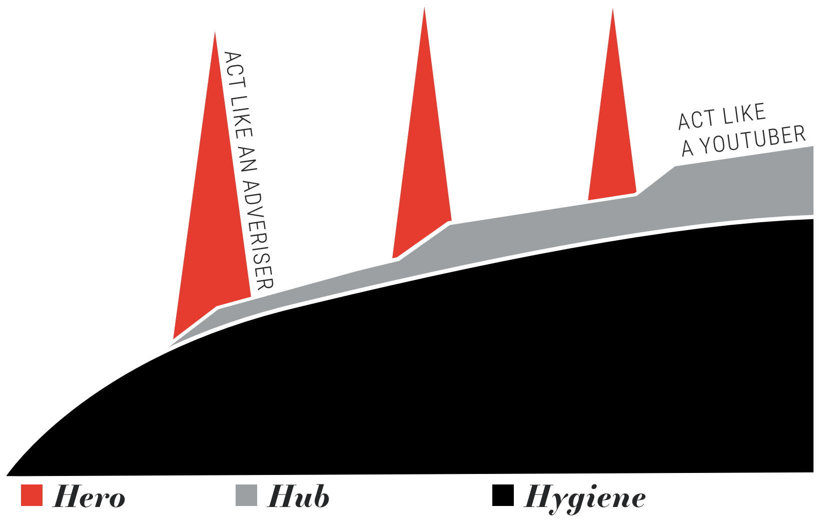
HOW TO STRUCTURE YOUR PROGRAMME? HELP – HUB – HERO[8]

Google offers three complementary content types that we create in different formats and with different objectives to help elaborate our own programming strategy.

The so-called HYGIENE or HELP content provide viewers with useful and helpful information. Content of such nature are centered around perpetually relevant topics and they are realized as the part of a pull marketing strategy. They can include tutorials, consumer-generated and curated content and CSR videos.

HUB content is published periodically, on a regular and planned basis. Such videos can provide a good reason to viewers to return to the channel. When it comes to HUB content, the precise time of content sharing should be communicated consistently. Product demonstration videos, series, interactive promotional content, "behind the scene" videos, interviews and storytelling videos may belong to this category.

HERO content is of key marketing importance and are created a few times a year. In a best-case scenario, they are supported by a well-structured, complete, multiplatform PR and marketing communication strategy and paid media advertisements. The image film of a highlighted campaign, the introduction of a new product or the live broadcast (in 360 degrees) of an event can be considered a HERO content.



[8] Develop a Programming Strategy, https://www.thinkwithgoogle.com/features/youtube-playbook/topic/programming-channel-strategy/

YouTube Checklist:

USE OF BRAND IMAGE ELEMENTS WHEN LAUNCHING A BRAND CHANNEL
- verification of the channel
- adding managers to the channel
- connecting the channel to the website and webshop

OUR GOALS WITH THE VIDEO CONTENT
- increasing brand publicity
- education, entertainment, inspiration
- sale of products or services

VIDEO CONSUMPTION HABITS OF OUR CONSUMERS
- types of devices and level of frequency
- types of video formats
- desires and interests of the target audience

THE CREATIVE PLANNING
- consistent tone of voice, style and brand image elements suiting the goals
- authenticity and relevance
- formats suitable for multiplatform sharing (e.g. short, long, series, GIF, pictures)

CREATING OUR VIDEO CONTENT
- we create them
- we collaborate with other creators, YouTubers, etc.
- we share content generated by others

STORING OUR VIDEOS
- YouTube platform where our videos are available, searchable and can be viewed anytime and on any device
- community and viewership building on the platform

OPTIMIZATION OF OUR VIDEOS
- optimization of metadata to increase discoverability
- call-to-actions, use of YouTube toolbar to keep the audience (cards, end screen, playlists)

PUBLICATION OF VIDEOS
- regularity
- sustainability
- elaboration of a long-term sharing strategy

ACTIVATION OF VIDEOS
- proper use of paid media appearances to maximize video reach
- increasing organic views and minutes watched, sharing, using our social media profiles

10 FUNDAMENTALS OF CREATIVE STRATEGY ON YOUTUBE WITH THE RECOMMENDATION OF YOUTUBE'S CREATIVE VIDEO MAKERS
- to gain new viewers: collaborative, viral, accessible, discoverable
- to keep viewers: dialogue, interactive, consistent, targeted
- from a creator's point of view: sustainable, inspired

ANDRÁS BODROGI

András worked in various fields of the Hungarian creative industry (RTL, Duna TV, EMI Hungary, Music Export Hungary, WM Music Distribution) as new business and marketing manager, gained an expertise in digital music and content management, helping many labels and artists in this challenging era of music content creation and performance. Currently he is an expert trainer and consultant partner of Google Hungary helping local YouTube partners, agencies, brands and content creators to reach their goals by audiovisual content.

CERTIFIED YOUTUBE EXPERT, CONSULTANT
GOOGLE REGIONAL TRAINER – GOOGLE GROUND BUDAPEST, HUNGARY

3

CzecH Republic

Sandra Kisić is a passionate scuba diver, a Forbes columnist and a world traveler, keen to learn everything about foreign cultures, with a major in Arts Management. She has 14,000 followers on Instagram and about 9,500 on Facebook. Sandra can say hello in 25 languages and would love to live in a Wes Anderson movie.

Foremother
Eve First to Yield to the Temptation of Content Marketing

I would love to believe that marketing communication is in the hands of a bunch of incredibly resourceful inventors, who come up with an innovation every second day that will change the lives of those “out there” for the better. It might be the case, but there is a lack of evidence.

Why do I think so? The current trend of the so-called content marketing suggests so. One would say that it is a hot novelty, but I remember that as a kid, I used to hang on my history teacher's words as she told us about how people would pass on their experiences and memories by word-of-mouth, long before Mr. Gutenberg introduced his printing press. In addition, there had always been someone in the village who recorded the news into a chronicle. If you were lucky, you met a salesman at the main square of the village, trading silk or candies from far-away lands. They would tell you stories of their silk, of how it had been obtained from a beetle, a caterpillar or whatever. They all had different stories to share, with some extra detail. If this is not content marketing, I'm going to eat my hat.

If we were to go further back in history to see our forefather and foremother, Adam and Eve in Eden, they would perhaps tell us that a treacherous snake tricked them with an apple tree.

We probably all have the feeling that content marketing is not a novelty. However, at the moment, it is the rising star. Nowadays, many new teams and agencies come to life in the Czech Republic. They can smell the money clients are ready to spend on anything content-related.

Yes, it is a fashion. However, we work in a business that is all about fashion.

TOP CHANNELS BY NUMBER OF USERS
% OF POPULATION 15+/18+[1]

YOUTUBE	54%
FACEBOOK	54%
INSTAGRAM	16%

1| YouTube
% of the population 18+[2]

54%

2| Facebook
% of the population 15+[3]

54%

USERS BY GENDER[4]
USERS BY AGE[5]

male	female
48%	52%

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60+]
12%	32%	24%	17%	8%	6%

THE MOST POPULAR BRAND[7]
LIDL ČESKÁ REPUBLIKA [SUPERMARKET]
Number of local fans
537,530

USERS BY DEVICE[6]

MOBILE	DESKTOP
83%	73%

3| Instagram
% of the population 15+[8]

16%

USERS BY GENDER[9]
USERS BY AGE[10]

male	female
46%	54%

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60+]
23%	47%	17%	9%	2%	2%

WATCHING VIDEO CONTENT FROM SHARING SERVICES
% of the population[11]

52%

BY GENDER
(% OF THE GROUP)[12]

male	female
55%	49%

BY AGE
(% OF THE GROUP)[13]

age [16-24]	age [25-34]	age [35-44]	age [45-54]	age [55-64]	age [65-74]
82%	67%	52%	42%	32%	24%

Video advertising (€m)[16]
81

Video share of display (%)[17]
21.5

Video advertising YoY growth (%)[18]
16.5

BY EDUCATION[14]
% of the group

None or low	Medium	High
62%	49%	57%

BY INCOME QUARTILES[15]
% of the group

4th (highest)	57%
3rd	54%
2nd	43%
1st (lowest)	45%

[1] Own calculation based on Google AdWords and Facebook Ads Manager, March 2017 [2] Own calculation based on Google AdWords, March 2017 [3-6] Own calculation based on Facebook Ads Manager, March 2017 [7] socialbakers.com, March 2017 [8-10] Own calculation based on Facebook Ads Manager, March 2017 [11-15] 16-74 years old, Eurostat, 2016 [16-18] Adex Benchmark 2016, IAB Europe

The trendiest trend in the current Czech marketing pond is the frenzy about YouTubers. There are already about two dozen of them who can earn around 1 million CZK (approximately 37,500 Euros) annually. Note that the Czech Republic has a little over 10 million inhabitants, over 76% of the households have Internet connection, and every second citizen is on Facebook. These numbers are slightly above the EU average and they provide a fertile ground for spending money provided that you have a camera on a tripod and a head full of ideas.

Two years ago, you could pass a couple of cosmetics samples to a female YouTuber and Miss Enthusiastic would have praised your brand. Today? No chance, forget it. Contemporary YouTubers ask for more money than top business managers. But we should add that they usually seek long-term co-operations.

As a matter of curiosity, they do not really want to talk about their income. YouTubers are often individuals or freelancers, not subject to any audited accounting. However, they do have to pay VAT, because it is mandatory – in accordance with the Czech tax system – for those who earn over 1 million CZK annually. Nevertheless, not every YouTuber belongs to this category.

So, where does their money come from? If we make a quick calculation, we can come to the following conclusion: YouTubers get something from Google for the ads displayed while their videos are being viewed, and part of their incomes comes from the partner with whom they collaborate. The top YouTubers are so popular that they sell their own merchandising. The most popular Czech one, Jirka Král sells his own baseball cap for 900 CZK (34 Euros) which is not a bargain per se, but can you resist?

Which companies do you associate the classic top YouTuber with? The above-mentioned Jirka Král made videos for Alza.cz, the largest electronics retailer. In addition, he also collaborated with T-Mobile, Milka, Philips and Red Bull. It should be pointed out that his videos are of excellent quality, which partly explains the demand for him.

We do not find anyone from the older generation among Czech YouTubers. Why is that so? Content creation is a fashion among younger people, with the resulting excessive content consumption being basically a form of addiction. The eyes of a schoolkid stuck to the screen, watching videos online 8 hours a day during the week is no longer a rarity.

Parents are divided: some of them claim that it is better for the kids to play shoot 'em up games, while others impose a ban on the Internet for their children. Czech psychologists conduct researches in the question, looking for the golden middle way. Some studies say that there are adults who watch TV the whole afternoon and evening, yet it does not interfere with their social life. The most important thing is not to let the child's perception of reality be disrupted by the excessive amount of online videos. As an acknowledged marketing consultant, Simon Sinek warns, social media users are hungry for likes which is a form of narcissism and can lead to complete estrangement. It is not going to be easy for our kids.

With that in mind, let's ask ourselves a question: what can we do to avoid creating content that lacks value? How can we leave something meaningful behind? Let's take a quick look at history once again. Good content endures. Mozart was ridiculed for having composed "cheap pop" at his time, but now his work is of great value and it stands still. Consequently, what we consider a cheesy pop song now might be praised by future generations. You never know.

CONTENT MARKETING Q&A *Czech Republic*

NAME THE TOP 10 INFLUENCERS ON THE LOCAL MARKET. *4.*

CHANNEL	NUMBER OF SUBSCRIBERS	PROFILE
Jirka Král	872,626 (YouTube)	entertainment, games
Teri Blitzen	434,267 (YouTube)	entertainment, lifestyle
Kazma	70,154,577 (views on Stream.cz) 184,000 (Instagram)	one-man show
Leoš Mareš	419,000 (Instagram)	TV and radio presenter, singer
Kovy	477,271 (YouTube)	entertainment, travel
FattyPillow	507,230 (YouTube)	games, entertainment
Shopaholic Nicol	411,304 (YouTube) 527,000 (Instagram)	lifestyle
Týnuš Třešničková	253,000 (Instagram) 202,748 (YouTube)	fashion and beauty blogger
PetraLovelyHair	147,000 (Instagram) 180,524 (YouTube)	beauty blogger
A Cup of Style	166,971 (YouTube)	lifestyle and fashion tips from two sisters

WHICH CONTENT MARKETING TOOLS ARE THE MOST COMMON ON THE LOCAL MARKET? *1.*

There have been times when more people wrote than read in this country, if we exaggerate a bit. Even an automatic washing machine had its own blog. The most important content marketing tools are those of social networks, Facebook and YouTube, undoubtedly. In addition, Instagram in certain respects.

WHICH CONTENT MARKETING TOOLS DEVELOP THE MOST DYNAMICALLY? *2.*

The Czech Republic stands in line with the EU average. Influencer marketing is becoming very important as well. You can use online celebrities on and off, but in general, the quality work of the media planner is crucial.

NAME THE MOST IMPORTANT PLATFORMS IN YOUR COUNTRY FROM A CONTENT MARKETING POINT OF VIEW. LIST THEM ACCORDING TO THEIR IMPORTANCE/ POPULARITY IN DESCENDING ORDER. *3.*

I would love to come up with a great discovery, but the Czech Republic is no exception. Content marketing is the most successful on Facebook and YouTube. A strong local player is Stream.cz, which is popular primarily due to the so-called "One Man Show" of an artist named Kazma.

NAME 5 BRANDS THAT USE INFLUENCERS THE MOST OFTEN ON THE LOCAL MARKET. *5.*

a Alza.cz
b Red Bull
c T-Mobile
d McDonald's
e Philips

HOW WOULD YOU DEFINE THE FOLLOWING TERMS WITH YOUR OWN WORDS? *6.*

- **Native advertisement:** It is funny; I find it entertaining. Nowadays, native advertising only exists in the form of magazine ads. Are these still being published in print?
- **Branded content:** Basically everything the involves a brand.

Author of the Chapter on Content Marketing

Photo: Médiář.cz

Loves beautiful photographs. Blue-blooded patriot and cosmopolitan. Studied in Prague and San Francisco. Father of two princesses. Experienced the ups and downs of the Czech Internet. Was even personally responsible for some of them. Worked as a journalist, an animal nurse, a specialist and a manager of 150 people. At Comtech_CAN, he is in charge of strategic planning and digital advertising. The brands affected by his ideas include T-Mobile, ČSOB, SPP, Nestlé, O2, Aquila, Fatra, etc. Petr is also the Executive Chairman of the digital section of the Association of Communication Agencies and a regular speaker at conferences and also lectures at universities.

PETR LAŠTOVKA

GROUP HEAD OF PLANNING

COMTECH_CAN

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WE CAN ranking

0.71% **1** ↑

(in 2016: **5**
0.48%)

CORE DATA[19]

Political system	Parliamentary republic
Capital	Prague
Area	78,868 km²
Official language	Czech
Population	10,554,000
Population density (people per km²)	137
Time zone	CET (UTC+1), CEST (UTC+2)
Currency	Czech Koruna

ECONOMIC DATA[20]

GDP (billion, EUR)	176,564.3
GDP per capita (EUR)	16,700
PPP (billion, current international dollar)	350.720
PPP per capita (current international dollar)	33,231.522
HDI	0.878
GDP growth (estimate, %)	2.5
Government gross debt (% of GDP)	37.67
Industrial production (estimated growth rate, %)	2.8
Unemployment rate (% of total labor force)	4
Inflation (consumer prices, annual %)	0.5
Current account balance (billion, USD)	2.152
Number of households	4,644,200
Number of persons in households	2.4
Labor force participation rate (% of total population aged 15+)	59.4

[19] europa.eu; IMF World Economic Outlook, April 2017; data.worldbank.org; timetemperature.com
[20] Eurostat, 2016; IMF World Economic Outlook, April 2017; Human Development Report 2016; CIA World Factbook; ilo.org

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STRATEGIST

_CANMEDIA

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Heading Towards Tailor-made Advertising

Pavel graduated from the University of Economics where he studied Art Management. During his Master's in 2012, he joined the international importer of VW Porsche Czech Republic s.r.o. (previously Import Volkswagen Group) as a full-time Marketing Manager for SEAT, with a primary focus on online activities (ATL & BTL). In February 2016, he entered the agency side by joining the Mediablock group. In September 2016 – as a part of Mediablock–, _CANMEDIA was founded, in which he took the strategic lead. In May 2017, he was given a senior role in the agency Blaze (also part of Mediablock Group), specializing in offline media.

Heading Towards Tailor-made Advertising

ONLINE MARKETING TRENDS IN THE CZECH MARKET

Recent trends in Internet marketing include a range of new formats in real-time bidding (RTB), cross-device targeting and impression volume with guaranteed purchase. 'What indicates this development?' you might ask. The events in the Czech media sales houses as well as the experience of foreign markets. Ad-wise, one of the major platforms for online campaign management will also feature several innovations.

Given the Guaranteed Impression Volume, the Price of Advertising is Not Excepted to Rise

Nowadays, the situation in the field of agency deals and client discounts is a bit chaotic. Price lists rarely correspond to the real value of the commodity, rather acting as a one-sided bargaining proposal. This was supposed to change with a guaranteed impression volume buying method known as the "Automated Guaranteed". This premium programmatic purchase method keeps the advantages of RTB, but at the same time, guarantees advertisers a specific amount of impressions at a certain price.

Compared to the currently prevailing direct purchase, the benefits include the equality of conditions for all buyers and the limitation of the price movement while displaying the advertisement based on the auction offers. Another advantage is a greater potential as for data manipulation. For example, it is possible to reject impressions that are not being displayed by target users, without affecting the campaign volume.

The online advertising market should become more transparent and predictable thanks to this ad-buying format. The Tn.cz website and the whole CPEx group has recently transferred part of their inventory to this shopping model and other media portals are likely follow their lead.

We Will Target Users No Matter What Device They Use

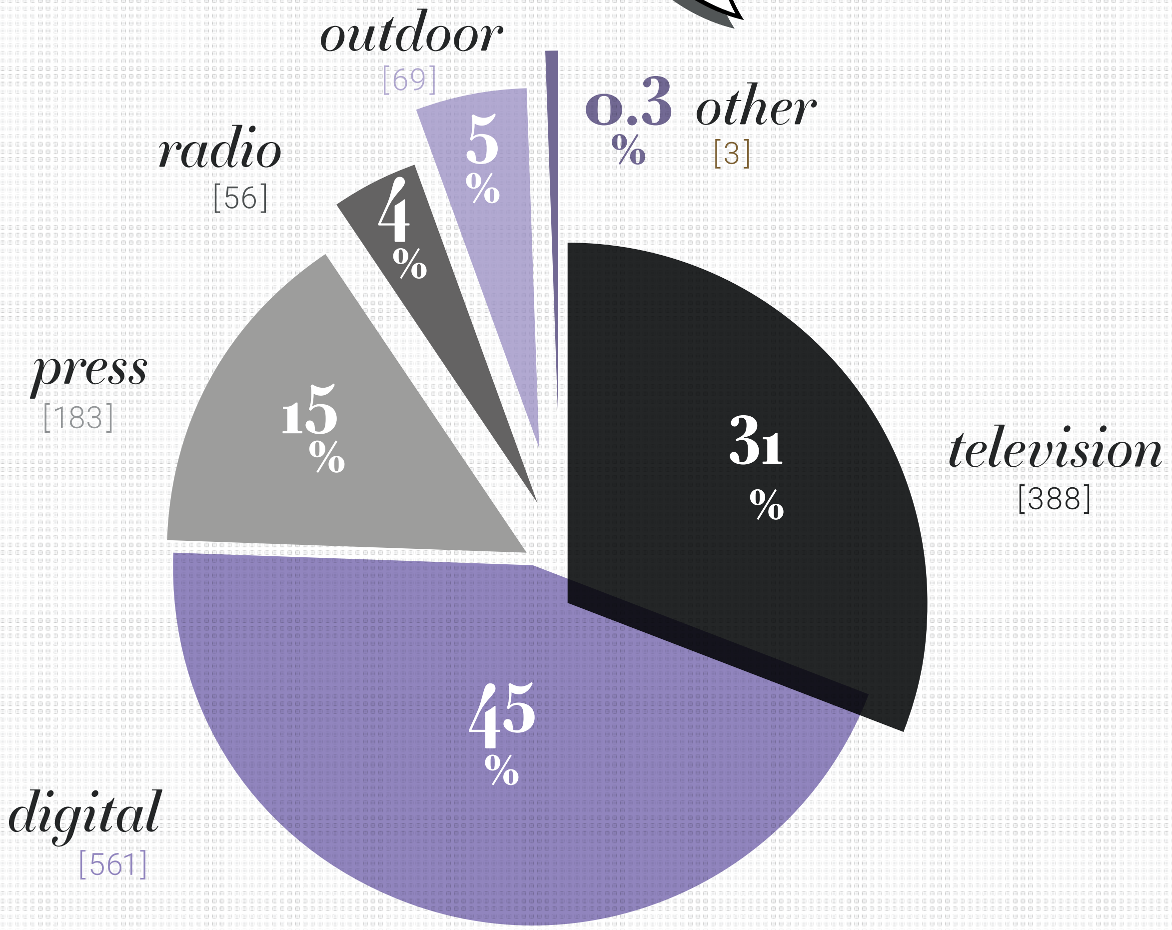
It is common for the user to be active on a large number of devices nowadays. If we look at online campaigns from only the cookies' point of view, the key metrics are distorted significantly. The resulting impact appears to be noticeably higher due to the large number of cookies, and the frequency is analogically lower in the statistics. Consequently, targeting users and not their devices is clearly the future.

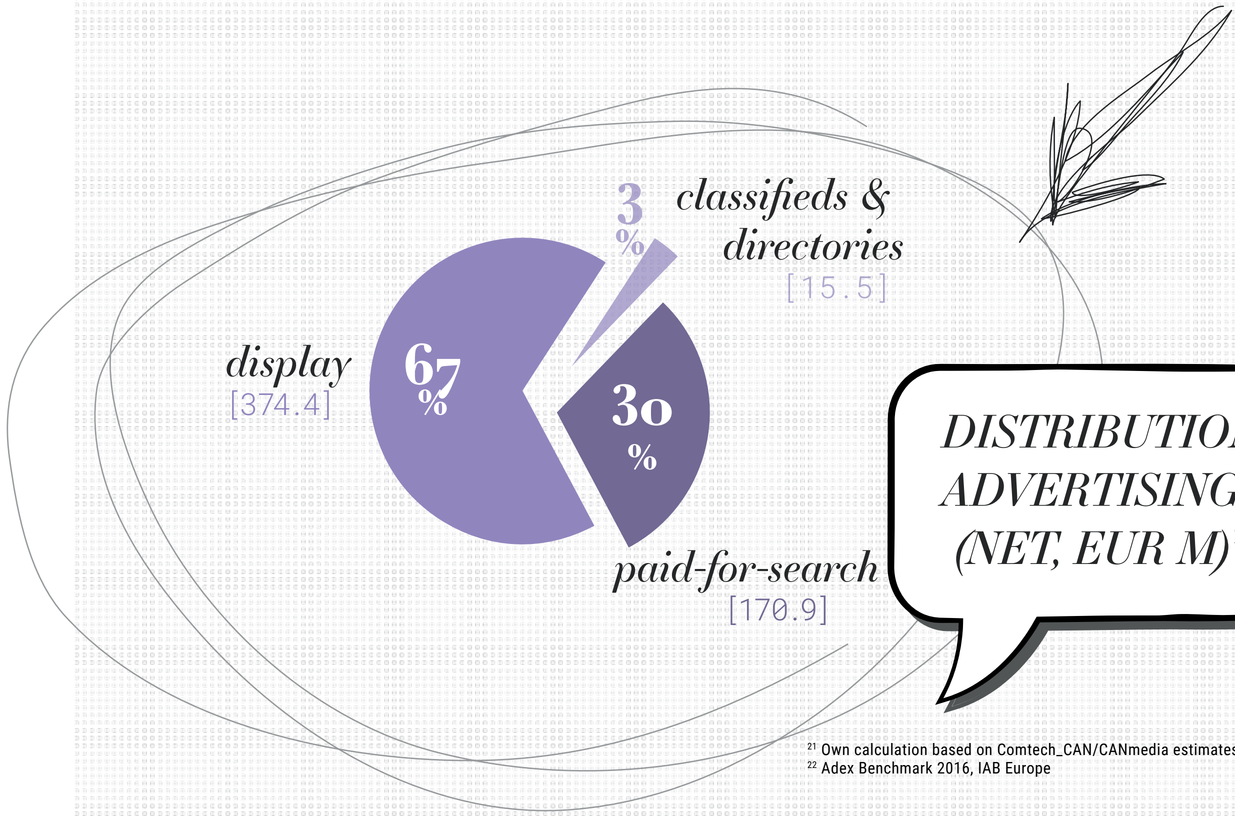
To identify the user, a combination of two methods can be applied: a deterministic (predetermined) and a probabilistic one. In case of a deterministic identification, we follow the user login from different devices. This is a relatively unambiguous method, however it is limited by the number of available logins. Facebook and Google are the best examples.

The probabilistic method works with probability and tries to find behavioral patterns that can tell, with sufficient precision, that two different devices belong to the same user. Combining these two approaches maximizes the volume of paired devices as well as the accuracy of the model.

The utilization of cross-device targeting in campaigns varies. Frequency management across platforms, devices, and media types is the most common with the users. It can also be applied when you do not have your own mobile app and want to target people by in-app based ads, based on the web traffic.

DISTRIBUTION OF ADVERTISING SPENDING (NET, EUR M) [21]





DISTRIBUTION OF DIGITAL ADVERTISING SPENDING (NET, EUR M) [22]

[21] Own calculation based on Comtech_CAN/CANmedia estimates, 2016 and IAB Europe Adex Benchmark 2016
[22] Adex Benchmark 2016, IAB Europe

THE MOST VISITED WEBSITES (TOP20)[23]
real users, monthly average

search engine	Seznam.cz	5,919,417
news portal	Idnes.cz	4,357,111
news portal	Novinky.cz	4,282,334
popular information portal	Super.cz	3,511,849
maps	Mapy.cz	3,350,743
e-commerce prices comparation	Heureka.cz	3,208,279
catalog of certified companies in the Czech Republic	Firmy.cz	2,994,625
inet TV site, stream video	Stream.cz	2,709,840
popular information portal	Blesk.cz	2,679,887
sport news portal	Sport.cz	2,648,555
news/celebrity, fashion, lifestyle site for women	Prozeny.cz	2,536,021
TV site	Iprima.cz	2,397,707
TV site	Nova.cz	2,250,519
news portal	Aktualne.cz	2,247,662
movie information portal	Csfd.cz	2,035,527
used goods e-commerce	Bazos.cz	2,008,999
search engine/email client	Centrum.cz	1,997,580
comparison site for prices	Zbozi.cz	1,976,311
news portal	Denik.cz	1,957,848
TV site	Ceskatelevize.cz	1,786 ,605

New Formats and Dynamic Creativity in Real-time Bidding

Small banner formats are receding, while 300x600 formats, branding (ads in the background of websites) and videos are getting stronger. As it has been observed, new formats contribute to a higher programmatic ad performance. Year-round campaigns clearly show that the click-through rate has been increasing and thus the cost-per-click formats shows signs of decrease. Not only will this development lead to higher RTB investments, but as a result, RTB will also get a similar recognition as direct buying within the Internet ad space.

The big challenge for 2017 is to run rich media formats (i.e. interactive banners) within RTB. Today, most of these formats are either not available or can only be purchased directly.

Technological developments in the ad targeting field also contribute to dynamic creativity. Thanks to the built-in decision engine, different users see different ads. Everything points to the fact that in many cases, the banner is limited to its frame, into which the individual components are loaded, based on rules or directly on user segments.

Mobile broadband penetration[24]

77.1%

Smartphone penetration[25]

58%

[23] netmonitor.cz, July 2017 [24] digital-agenda-data.eu, European Commission, 2016 [25] The Connected Consumer, Google, 2016

INTERNET PENETRATION
% of the population[26]

83%

INTERNET USERS BY GENDER[27]

male	50%
female	50%

INTERNET USERS BY AGE[28]

age [10-14]	age [15-24]	age [25-34]	age [35-44]	age [45-54]	age [50+]
6%	14%	19%	22%	16%	22%

THE CZECH REPUBLIC HAS THE HIGHEST SHARE OF THE DIGITAL AD SPENDING *WITHIN THE ADVERTISING PIE (45%).*

PURPOSE OF USE
% of users[29]

Getting information	Searching for information	90%
	News	67%
Entertainment	Playing or downloading games, music, videos	59%
Administration	Electronic banking	63%

INTERNET USERS BY ESOMAR SOCIAL GRADE CATEGORIES[30]

AB	36%
C	45%
DE	19%

Online shoppers (% of the population)[31]

47

CONSUMER DURABLES[32]
in % of households

car	laptop	TV
69%	75%	97.8%

[26] 16-74 years old, Eurostat, 2016 [27-28] Gemius, July 2017 [29] digital-agenda-data.eu, European Commission, 2016 [30] Own calculation based on NetMonitor – SPIR – Gemius, 4/2016-2/2017
[31] E-Commerce Foundation Team, 2016 [32] Czech Statistical Office, 2015

Poland

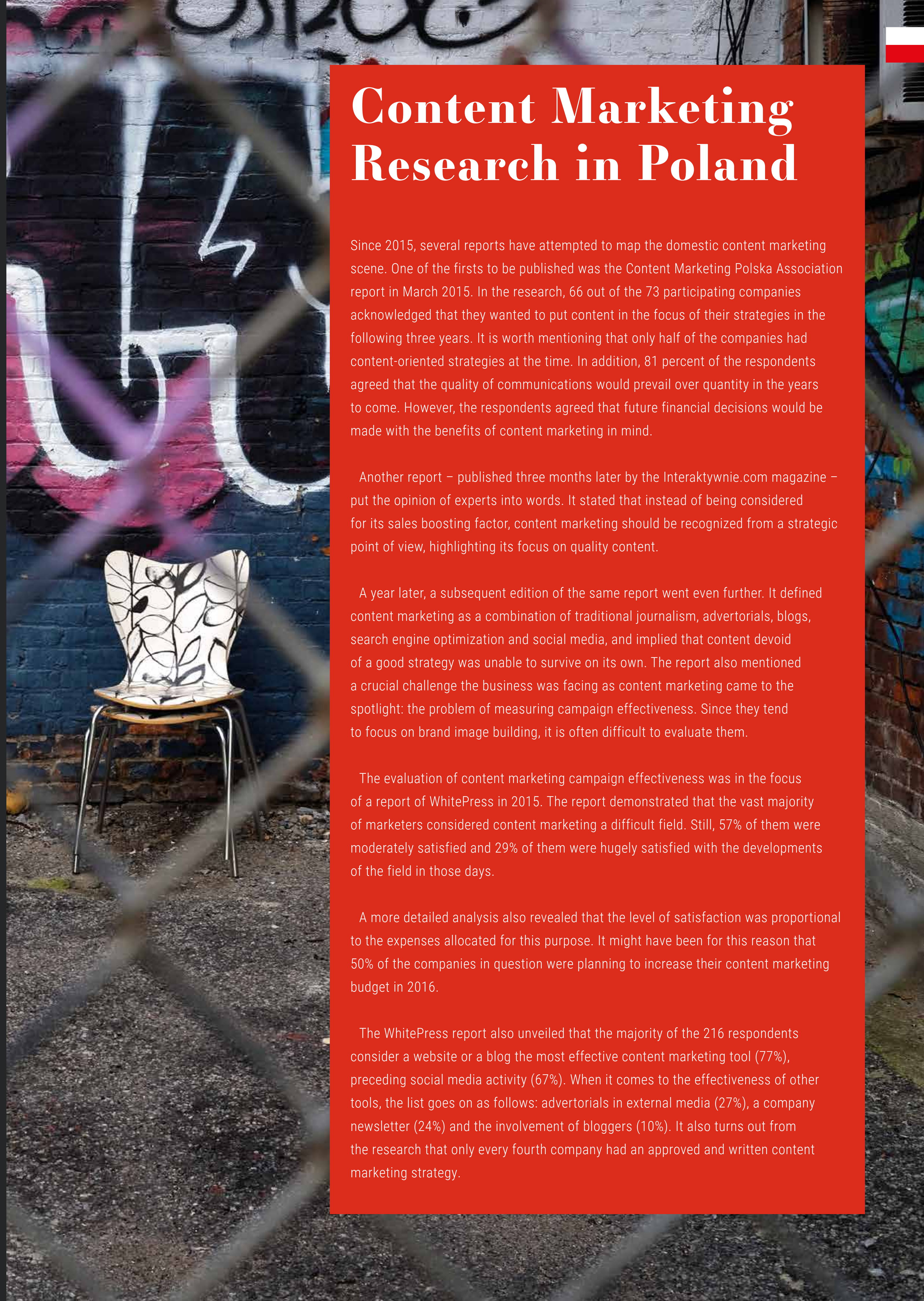
In 2009, Julia Kuczyńska became Maffashion. That is when she started her blog, presenting the latest trends in fashion. Seven years later, she was announced the most influential fashion blogger in the world. By adapting to new social media channels and expanding from the blogosphere to mainstream media, she became one of the most valuable Polish brands. She currently has 1.1 million followers on Instagram and over 900,000 fans on Facebook.

Fast Growth *and Future* Prospects

The term 'content marketing' has made a remarkable career in the world of media and advertising. No respectable agency portfolio would neglect this kind of tool. Although this phenomenon may reflect the tendency to give a trendy name to an already established activity, a growing number of companies appreciate a more profound approach to the subject.

As the resilience of consumers to traditional advertising and the content overload on the Internet is growing, communication between brands and consumers seems to be returning to its roots. In order to stick out and reach their target audience, brands strive for attractive and substantive content. It was Bill Gates who first proclaimed in his essay – published in 1996 – that "Content is king". It took more than a decade for marketers to digest and embrace his motto. Until a couple of years ago, the Internet media was not capable of user segmentation – e.g. in terms of age, residence, income and interest –, but brands now are able to reach meticulously selected groups of potential consumers. Hence the opportunity has arisen to implement innovative solutions called content marketing in the process of brand image building.

The term has been gaining popularity in Poland since 2004 just like in other countries, and this is well illustrated by a chart in Google Trends. The term showed a rising popularity after 2011 and the search for the term almost tripled in 2014-2015. In the spring of 2015, the book "Content marketing po polsku" (Content Marketing the Polish Way) by Barbara Stawarz, the first Polish guide on the subject was published, which must have helped the term to enter the market for good.



Content Marketing Research in Poland

Since 2015, several reports have attempted to map the domestic content marketing scene. One of the firsts to be published was the Content Marketing Polska Association report in March 2015. In the research, 66 out of the 73 participating companies acknowledged that they wanted to put content in the focus of their strategies in the following three years. It is worth mentioning that only half of the companies had content-oriented strategies at the time. In addition, 81 percent of the respondents agreed that the quality of communications would prevail over quantity in the years to come. However, the respondents agreed that future financial decisions would be made with the benefits of content marketing in mind.

Another report – published three months later by the Interaktywnie.com magazine – put the opinion of experts into words. It stated that instead of being considered for its sales boosting factor, content marketing should be recognized from a strategic point of view, highlighting its focus on quality content.

A year later, a subsequent edition of the same report went even further. It defined content marketing as a combination of traditional journalism, advertorials, blogs, search engine optimization and social media, and implied that content devoid of a good strategy was unable to survive on its own. The report also mentioned a crucial challenge the business was facing as content marketing came to the spotlight: the problem of measuring campaign effectiveness. Since they tend to focus on brand image building, it is often difficult to evaluate them.

The evaluation of content marketing campaign effectiveness was in the focus of a report of WhitePress in 2015. The report demonstrated that the vast majority of marketers considered content marketing a difficult field. Still, 57% of them were moderately satisfied and 29% of them were hugely satisfied with the developments of the field in those days.

A more detailed analysis also revealed that the level of satisfaction was proportional to the expenses allocated for this purpose. It might have been for this reason that 50% of the companies in question were planning to increase their content marketing budget in 2016.

The WhitePress report also unveiled that the majority of the 216 respondents consider a website or a blog the most effective content marketing tool (77%), preceding social media activity (67%). When it comes to the effectiveness of other tools, the list goes on as follows: advertorials in external media (27%), a company newsletter (24%) and the involvement of bloggers (10%). It also turns out from the research that only every fourth company had an approved and written content marketing strategy.

TOP CHANNELS BY NUMBER OF USERS
% OF POPULATION 15+/18+[1]

YOUTUBE	53%
FACEBOOK	46%
INSTAGRAM	12%

1| YouTube
% of the population 18+[2]

53%

2| Facebook
% of the population 15+[3]

46%

THE MOST POPULAR BRAND[7]
PLAY
Number of local fans
2,037,654
PLAY

USERS BY GENDER[4]

male	female
48%	52%

USERS BY AGE[5]

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60+]
17%	34%	25%	13%	6%	5%

USERS BY DEVICE[6]

MOBILE	DESKTOP
87%	73%

3| Instagram
% of the population 15+[8]

12%

USERS BY GENDER[9]

male	female
41%	59%

USERS BY AGE[10]

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60+]
31%	45%	15%	6%	2%	1%

WATCHING VIDEO CONTENT FROM SHARING SERVICES
% of the population[11]

47%

BY GENDER (% OF THE GROUP)[12]

male	female
51%	44%

BY AGE (% OF THE GROUP)[13]

age [16-24]	age [25-34]	age [35-44]	age [45-54]	age [55-64]	age [65-74]
68%	59%	45%	30%	27%	21%

Video advertising (€m)[16]
51

Video share of display (%)[17]
11.8

Video advertising YoY growth (%)[18]
1.2

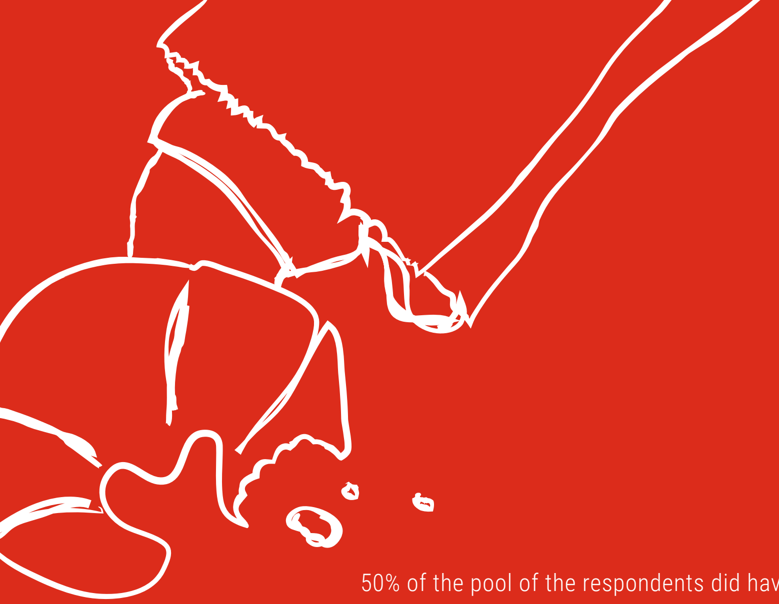
BY EDUCATION[14]
% of the group

None or low	*Medium*	*High*
61%	41%	54%

BY INCOME QUARTILES[15]
% of the group

4th (highest)	51%
3rd	46%
2nd	47%
1st (lowest)	42%

[1] Own calculation based on Google AdWords and Facebook Ads Manager, March 2017 [2] Own calculation based on Google AdWords, March 2017 [3-6] Own calculation based on Facebook Ads Manager, March 2017 [7] socialbakers.com, March 2017 [8-10] Own calculation based on Facebook Ads Manager, March 2017 [11-15] 16-74 years old, Eurostat, 2016 [16-18] Adex Benchmark 2016, IAB Europe



50% of the pool of the respondents did have a strategy, but not a written one. The experts criticized the approach to strategies: according to 75% of the marketers, the primary goal of strategies is brand image building, whereas 68% percent of them believe that they should aspire to create an expert image of the brand. However, motives related to brand image tend to be interspersed with practical ones, with 69% of the respondents seeing content marketing as a tool to woo customers and increase sales and 65% of them preferring to increase website traffic.

The IAB Polska report – published in February 2017 – came up with similar results. 189 people took part in the research and 80% of them use content marketing. As it turns out, only 8% of them resort to the services of specialized agencies, while the others entrust their in-house staff with the job. This certainly has an effect on the way they operate. Current, innovative channels are less popular and marketers prefer social media accounts (86%), websites (66%) and e-mails (65%). In terms of effectiveness, expert assessments published on external web services come first, followed by infographics and last but not least, video material. Similarly to the WhitePress report, 40% of the participants stated that they were planning to increase their content marketing budget, and 13% of them intended to allocate more than half of the marketing budget to this branch of the industry. The IAB report differs from the other reports in the sense that it puts an emphasis on the image building factor of content marketing. The brand expert position comes first with 64%, then follows the brand image role (60%) and brand awareness with 55%. The proportion of companies having a content marketing strategy is approximately 35%. The responses given to the question focused on the choice of communication channels among marketers give evidence of the maturity of the market. 70% of the respondents consider their target group first when making a choice; a slightly smaller percentage considers which channel fits the brand best; the third biggest group on the list of preferences considers reach options, followed by the cost of reaching the target.

Major Trends and the Most Successful Campaigns on the Polish Market

This year's content marketing report of the Interaktywnie.com magazine – published at the end of April 2017 – came to the same conclusions about the industry as the earlier editions. It maintains the view according to which content marketing serves primarily as an image building tool and only then as a sales boosting instrument. The rest of the writing takes a look into the future, sketching cases of brand co-operations with bloggers and other influencers. In addition, it proposes potential bases for campaigns and presents best practices from both Poland and abroad for inspiration. Let's take for example Studio Tymbark – a domestic soft drink producer – on YouTube with its teenager talk show. The channel has nearly 200 thousand subscribers and over 10 million screenings, so it is effective in terms of increasing brand awareness and promoting the flagship product of the company among young consumers. The culinary campaigns of Lidl are also often praised by experts, alongside with their recipe website. People started to associate the Lidl brand with exquisite cooking, as a result of which it could break away from the image of the cheap discount store with low-quality products.

A good Polish example of successful content marketing projects is 'Legendy polskie' (Polish Legends), a series launched by the Allegro Group at the end of 2015. In cooperation with a renowned Polish animator and director, Tomek Bagiński, the project was to tell traditional fairy tales in a new and modern sci-fi style. While the audience could enjoy stories known by heart, the brand itself benefitted from having been associated with both Polish traditions and modern technology.

In the fall of 2016, IKEA Polska used the same medium with a different twist. In a series of documentaries, IKEA presented the real, unedited life of ordinary Polish families with IKEA furniture in the background. The solution received wide media coverage and was a real craze.

The best proof of the current status of the Polish content marketing scene is the huge array of annual awards – such as the Szpalty Roku (The Columns of the Year) and Pióro roku (The Pen of the Year) - as well as the conferences, such as the Power of Content Marketing Conference and the Content Marketing Master Class organized by the Content Marketing Polska Association.

CONTENT MARKETING Q&A *Poland*

WHICH CONTENT MARKETING TOOLS ARE THE MOST COMMON ON THE LOCAL MARKET? *1.*

According to the IAB report of February 2017, the most popular content marketing tools in Poland remain advertorials, reports and guides, aspiring to present brands as experts in the given branch of industry. As many as 82 per cent of respondents confirmed that these are the tools most frequently used by them. The most popular means of content distribution are social media channels and company websites.

WHICH CONTENT MARKETING TOOLS DEVELOP THE MOST DYNAMICALLY? *2.*

The role of visual elements – that is, video content – in content marketing is getting more and more important as one of the most engaging tools. At the same time, the share of professional infographics, which is appreciated for its capability to present complex content in an eye-pleasing way is not inconsiderable, either.

NAME THE MOST IMPORTANT PLATFORMS IN YOUR COUNTRY FROM A CONTENT MARKETING POINT OF VIEW. LIST THEM ACCORDING TO THEIR IMPORTANCE/ POPULARITY IN DESCENDING ORDER. *3.*

The most successful content marketing campaigns in Poland were based on video materials published in the social media. For this reason, YouTube seems to be the most powerful platform in terms of delivering interesting branded content. It is followed by other leading social media channels, namely and most importantly Instagram and Facebook.

NAME THE TOP10 INFLUENCERS ON THE LOCAL MARKET. *4.*

CHANNEL	NUMBER OF SUBSCRIBERS	PROFILE
SA Wardega	3,481,862	entertainment
abstrachujeTV	2,655,538	entertainment
blowek	2,649,534	games, entertainment
reZigiusz	2,550,527	entertainment
stuu Games	2,386,746	entertainment
step Records	2,006,815	music
5 sposobów na...	2,002,511	lifehacks
isAmUxPompa	1,577,600	games
mandzio	1,489,987	games
niekryty Krytyk	1,418,865	entertainment

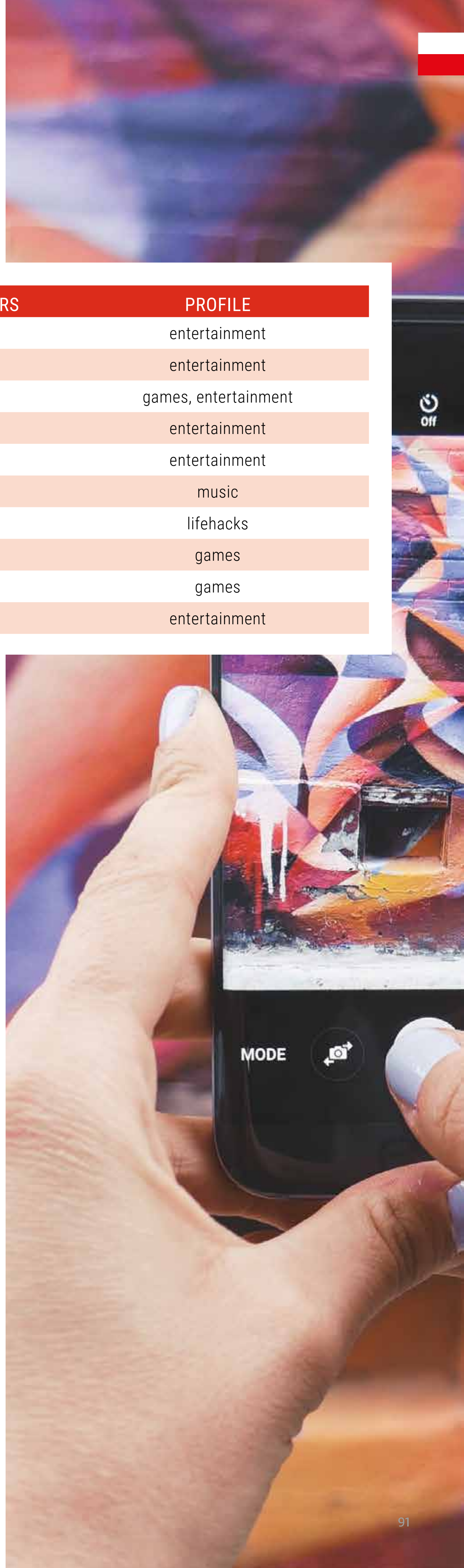
Source: YouTube, Q2 2017

NAME 5 BRANDS THAT USE INFLUENCERS THE MOST OFTEN ON THE LOCAL MARKET. *5.*

IKEA, Play, Coca Cola, Adidas and Uber

HOW WOULD YOU DEFINE THE FOLLOWING TERMS IN YOUR OWN WORDS? *6.*

- **Native advertising –** It is an alternative to traditional advertising, aiming for maximum reach. Information about a brand and its benefits woven into its products is naturally incorporated into the message which does not differ significantly from the remaining content published in a given medium. This makes native advertising unobtrusive and it stands much greater a chance to succeed.
- **Branded content –** A form of brand image building based on composing messages to make it considered valuable in the eyes of consumers. While the brand remains the main factor in elaborating the content, its message has no commercial tone or character. The brand name and logo may appear to denote the author of the project. Brand products may also partake in the story but it is much more important to create strong associations with the values the brand is to present.



Authors of the Chapter on Content Marketing

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WALK

Journalist, long-standing contributor to the Polish Press Agency PAP, Gazeta Wyborcza daily, weekly magaizne Polityka, na Temat website, and a media monitoring company board chairman. Walk Content Director since 2016.

DAWID BARTOSIK

CONTENT DIRECTOR

WALK

DAVID.BARTOSIK@WECAN.NET

WE CAN ranking

0.52% 2

(in 2016: 4
0.48%)

WERONIKA SZWARC-BRONIKOWSKA

CO-FOUNDER, VICE PRESIDENT

WERONIKA@MEDIAPEOPLE.PL

MEDIA PEOPLE

CORE DATA[19]

Political system	Parliamentary republic
Capital	Warsaw
Area	312,679 km²
Official language	Polish
Population	37,967,000
Population density (people per km² of land area)	124
Time zone	CET (UTC+1)
Currency	Polish Złoty

ECONOMIC DATA[20]

GDP (million, EUR)	424,269.1
GDP per capita (EUR)	11000
PPP (billion, current international dollar)	1,054.132
PPP per capita (current international dollar)	27,764.261
HDI	0.855
GDP real growth rate (estimate, %)	3.1
Government gross debt (% of GDP)	54.238
Industrial production (estimated growth rate, %)	4.2
Unemployment rate (% of total labor force)	6.111
Inflation (consumer prices, annual %, estimate)	-0.8
Current account balance (billion, USD)	-1.395
Number of households	14,113,400
Number of persons in households	2.8
Labor force participation rate (% of total population aged 15+)	56.6

Growing Under Uncertainty

In the past, Weronika worked for big publishers such as Agora, Prószyński, ZPR (Murator). In the latter two, she was the head of the advertising department. She co-managed MediaOn for 11 years: the agency was labelled as the best Polish media house by the industry magazine Media & Marketing in 2014. She worked with Astra Satelite, A + E Networks, Bittner, Polska Woda (Danone), Candy, Roca, Franke, Caparol, Ecorys, the Polish Agency for Enterprise Development, Ministry of Regional Development, Ministry of Labour and Social Policy and others.

[19] europa.eu; IMF World Economic Outlook, April 2017; data.worldbank.org; timetemperature.com
[20] Eurostat, 2016; IMF World Economic Outlook, April 2017; Human Development Report 2016; CIA World Factbook; ilo.org

Growing Under Uncertainty

2016 WAS ALL ABOUT THE LOCAL ADVERTISING AND MEDIA MARKET GETTING USED TO THE REALITY UNDER THE AUSPICES OF THE NEW RULING POLITICAL PARTY, AND FACING POTENTIAL NEW LEGAL REGULATIONS.

Although legal changes have not yet been followed through in the media and the advertising industry, a new law will be introduced, restricting the concentration of capital in the hands of foreign investors on the media market. This process is being realized under the slogan "media re-polonization". The close future may prove to be a turning point, with the number of foreign media investors being reduced.

Increasing Consumption, Declining Investment

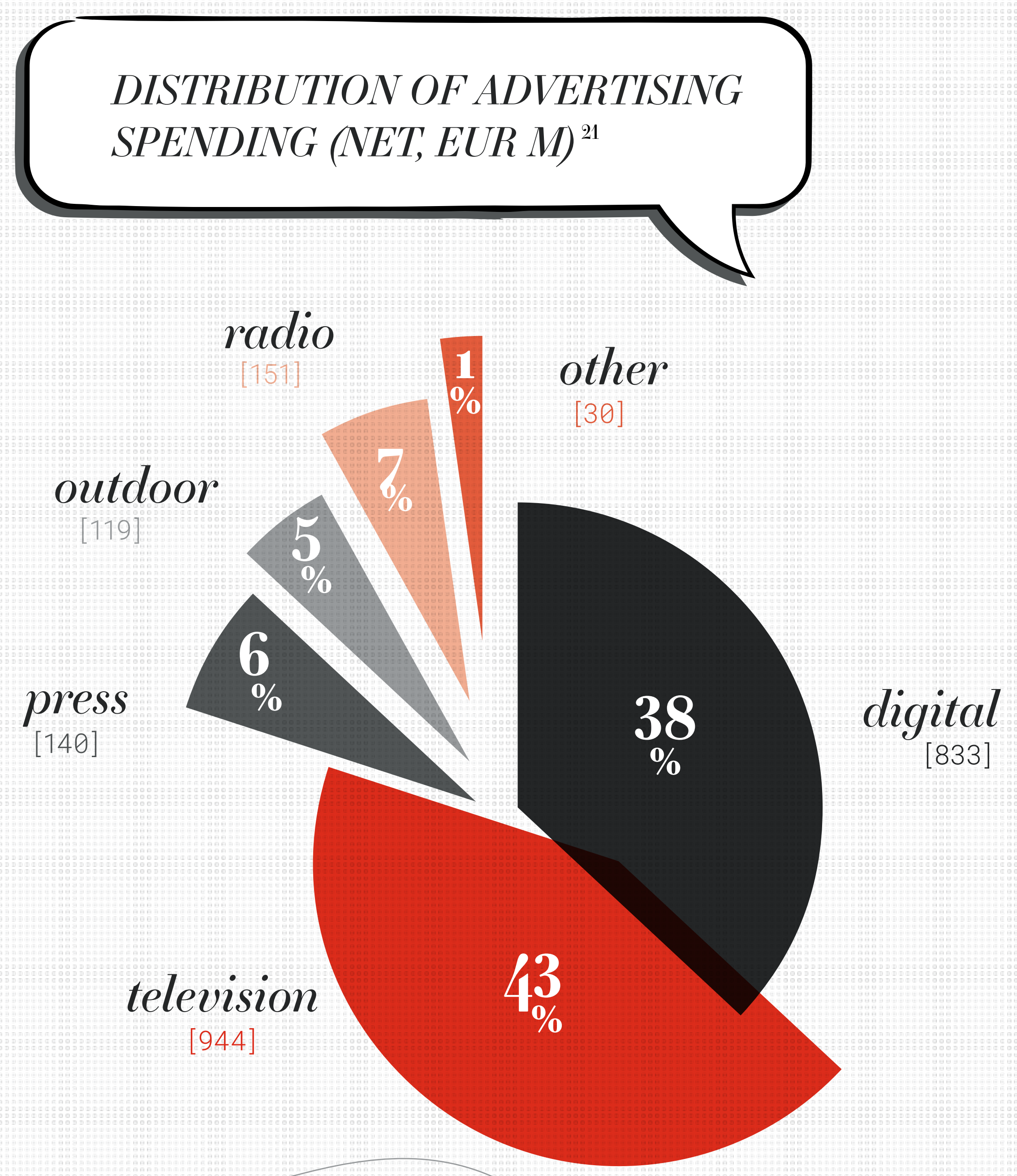
"Media re-polonization" is not the only legal change the new government intends to introduce. It plans to impose a subscription obligation on every citizen to get a hold on the budget of the public television, and they also plan to limit advertising related to pharmaceutical products. The advertising activity of ministries and state-owned companies is also something to be concerned about. They have been withdrawing investments from the media owned by foreign investors, transferring them to the right-wing media.

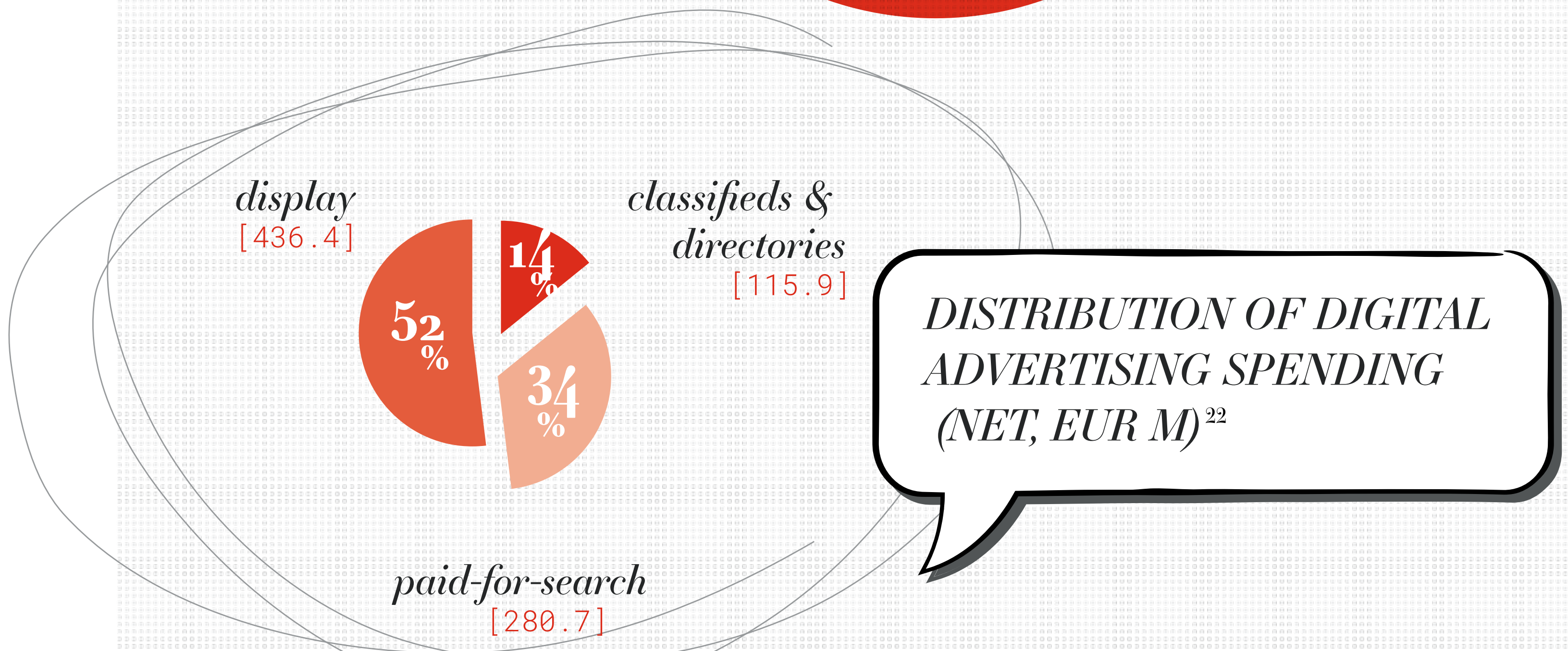
The weak economy and the uncertainty of legislation led to unfortunate decisions affecting the advertising market in the second and third quarters. Advertisers drew back due to the disappointing results in GDP growth, the introduction of new taxes on trade and finance, as well as the announcements of potential further changes affecting beverage and pharmaceutical companies.

The data compiled after the fourth quarter – showing a 3.9% increase in spending – may indicate that advertisers have become accustomed to the high level of uncertainty, and that they are convinced that the announced changes of law will not enter into force at the time they were planned.

There is another factor that had an influence on the development of the advertising market in the fourth quarter: the social program of the government – "PLN 500+ for each child in the family" – led to an economic revival due to the increased consumption and, therefore, had a positive effect on the industry. The beneficiary of this program seems to be the trade sector, as it took the lead in advertising spending.

All in all, the net value of the advertising market reached PLN 8,331 million by the end of 2016. This is a 3% increase compared to last year. The trade and the financial industries were the biggest players, while home appliances stores and discount stores were the engines of growth. The largest set-back in terms of spending was recorded by the financial segment.





[21] Own estimation of Media People based on Kantar and Adex Benchmark 2016, IAB Europe; Adex Benchmark 2016, IAB Europe [22] Adex Benchmark 2016, IAB Europe

THE MOST VISITED WEBSITES (TOP20)[25]

real users, monthly average

google.pl	search engine	26,582,895	
facebook.com	social media	22,580,827	
grupa onet - rasp	one of the biggest vertical portals in Poland	21,477,887	
grupa wp	one of the biggest vertical portals in Poland	21,142,844	
youtube	video	20,016,312	
grupa interia	one of the biggest vertical portals in Poland	18,793,686	
grupa olx	e-commerce (mainly used items)	16,794,840	
grupa gazeta	one of the biggest vertical portals in Poland	16,386,713	
grupa allegro	biggest e-commerce in Poland (eBay style)	16,344,195	
grupa polska press	divesified network of regional publishers + niche websites	15,633,359	
wikipedia	online encyclopedia	15,337,733	
grupa zpr media	radio broadcaster + niche websites	13,768,474	
grupa cyfrowy polsat	TV broadcaster	10,989,790	
grupa tvn	TV broadcaster	10,168,189	
grupa ceneo	price comparison engine	10,158,633	
grupa edipresse.pl	press publisher, lifestyle niche websites	9,313,002	
grupa microsoft - msn	search engine	8,031,384	
filmweb	biggest (mainly) movie database in Poland	7,825,388	
cda.pl	video	7,378,114	
grupa gazeta prawna.pl	niche (law, finance, news) websites	7,139,278	

Mobile broadband penetration[24]

115%

Smartphone penetration[25]

61%

Video Took Over Advertising in Dailies

In 2016, the highest growth rate (+13.3%) of advertising revenue was recorded in the cinema. Other segments also showed the signs of growth: Internet spending grew by 9.4%, radio by 4.5%, outdoor advertising by 3.8% and television by 1.3%. Following a multi-year trend, the advertising spending in magazines (-8.6%) and daily newspapers (-8.6%) is still falling.

New television channels were launched by active players such as Onet (Axel Springer), WP (Wirtualna Polska), ZPR and Agora (the biggest publishers with Polish ownership). Portal Onet and WP managed to allure well-known journalists from other televisions and newspapers, and produce valuable content with them. Onet and WP are making use of their internet experience in the two new terrestrial TV channels. By doing that, they are revolutionizing the market.

Netflix entered Poland and even though it probably will not be a mass market service for a long time, it started encouraging local VOD services to invest. Netflix – along with its competitors such as Prime Video! and Showmax – offers consumer freebies on the Internet. Unfortunately, pirating movies is still a common issue in Poland.

The largest volume growth can be observed in the Internet ad spending. Advertisers spent 203 million USD more on the Internet than they did in the corresponding period of 2015 - despite the fact that the share of AdBlock among Polish internet users is still very high (over 36%). The main formats of online advertising are still desktop display and SEM. These two still do not go anywhere near each other, but with each quarter, the difference between them is decreasing.

The weight of video advertising has been growing rapidly and even market actors who do not produce any content themselves (e.g. Facebook) can capitalize on the "video revolution". The share of online video advertising has already exceeded that of the daily newspapers in Poland, and next year's forecasts estimate a value of PLN 400 million.

Digital advertising has been yielding new businesses in Poland continuously. Nowadays, most advertising campaigns in the country use influencers, so brokers offer them – individually or on wholesale – to advertisers. Among Polish companies, LifeTube and Indahash have been the most successful in terms of business development on international markets. The field of programmatic ad buying is also developing, combined with a parallel trend: the additional scripting and reporting of external campaign tools purchased in automated models.

The prospects of online advertising are recognized by big consulting firms like Deloitte and PWC as well: they have absorbed interactive and strategic agencies and they try to create their own commercial outlets.

[23] PBI/Gemius Megapanel, 03.2017 [24] digital-agenda-data.eu, European Commission, 2016 [25] The Connected Consumer, Google, 2016

INTERNET PENETRATION
% of the population[26]

75%

INTERNET USERS BY GENDER[27]

male	50%
female	50%

INTERNET USERS BY AGE[28]

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60-69]	age [70-75]
8%	24%	23%	22%	15%	8%	1%

POLAND SPENT *MORE ON VIDEO ADVERTISING THEN ON ADS IN DAILIES.*

PURPOSE OF USE
% of users[29]

Getting information	Searching for information	82%
	E-mailing	78%
	News	59%
Social networking	Using instant messaging	66%
Downloading	Movies	51%
	Music	58%
Entertainment	Listening to the radio	61%
	Watching movies, videos online	71%
	Online games	62%
Administration	Electronic banking	68%

INTERNET USERS BY HOUSEHOLD SIZE[30]

NR OF MEMBERS IN FAMILY

1 members /family	2 members /family	3 members /family	4 members /family	5+ members /family
[12%]	[21%]	[22%]	[25%]	[20%]

INTERNET USERS BY ESOMAR SOCIAL GRADE CATEGORIES[31]

AB	9%
C1	45%
C2	31%
DE	15%

Online shoppers (% of the population)[33]

42

CONSUMER DURABLES[32]
in % of households

62.8% · 60.3% · 96.8% · 8.8% · 74.2%

[26] 16-74 years old, Eurostat, 2016 [27-28] PBI/Gemius Megapanel, 12.2016 [29] Target Group Index / Net Track, 2016 [30-31] PBI/Gemius Megapanel, 12.2016
[32] Report of Central Statistical Office, 2015 [33] European Ecommerce Report 2017, Ecommerce Europe

Anna Kőnig, better known as Follow Anna, launched her YouTube channel in 2012 and has gained over 209,000 followers since then. Her videos that center around lifestyle and beauty topics are so popular that in 2015, Anna - being just 20 at that time - became the first Hungarian beauty vlogger surpassing 100,000 subscribers.

Photo: Rohonczi Anita – Festyinstyle

Entertain Before You Jump to Sales

Content marketing is far from being a new concept in advertising. Its tools have been part of everyday life in Hungary as well, but the significance of content-based solutions in brand communications have increased considerably during the last couple of years. The fundamental notion–that is, giving valuable information to consumers–is still the same, but the goal, the tools and the format have changed significantly. Content abandoned its role as a mere supporting actor that enhances the brand message and has stepped into the spotlight. It might as well soon become the most important link between brands and consumers.

In recent years, a growing number of people support the idea that the time of traditional communications and advertising is coming to an end. Less and less consumers like being the target of advertising, regardless of age. Instead, they prefer real dialogue with brands. It is fair to say that new consumers – that is, self-conscious costumers with strongly-held, individual opinions –, are more responsive to tailor-made, useful and entertaining communication. They are a lot more responsive to this approach than to conventional methods and tools that just increase the noise level around them.

This is an essential trend in most parts of the world and fortunately it is becoming a trend in Hungary, too. Obviously, it does not mean that Hungarian consumers do not come across classic advertisements in the streets anymore and that content-based solutions dominate in television. However, brands began to realize (or agencies are getting more efficient in convincing their clients) that it is less likely to find loyal customers with traditional advertising.

Obviously, there is no such thing as a "one size fits all" solution. However, there is an increasing number of clients who realize that it is worth trying, and even risking small failures. At times, this is the price one has to pay for finding models that work, can be implemented on a larger scale and that yield great success in the end. The comprehensive toolbox of content marketing is the right place to look for the ingredients of brilliantly effective campaigns that can be mixed easily and quickly.

The Trend Is Undiminished

As last year's CANnual Report revealed, content consumption has started to be redirected from television to social media platforms. It is especially true when it comes to the young generation below 30. With that in mind, it is not surprising at all that social platforms which primarily function is content sharing, now offer an increasingly varied mixture of content and advertising solutions. More than that, by getting rid of former patterns, they demand a cool, casual, vivid communication style with strong viral content to enhance the hype around content, instead of promoting brands and services directly.

A number of small agencies specialized in content marketing appeared on the market and as happens usually, they gave a boost to this branch of the industry. The local social-economic structure ended up being a fertile soil too, because there are only 4.4 million breadwinners for the 9.8 million people who constitute the total population of Hungary. There are 1.2 million individual entrepreneurs and an additional 0.5 million partnerships, and only 20% of them are actually active. For this small group, consisting of some 100,000 entrepreneurs hungry for customers, yet managing tight budgets, social media, cheap and precisely targetable communications as well as the possibility of a direct relationship with the customers were like heaven. However, disappointment was inevitable for those who had great hopes in sales, but had no original and exciting content.

The response to their needs, originating from the lack of expertise, was immediate. Dozens of content marketing and social media agencies operating with a handful of colleagues - journalists, PR and marketing experts - appeared out of thin air from one day to another. However, it is difficult to grow big and fast when you manage a tiny budget, so most of them did not succeed. Only a few could become a proper agency that, besides creating high-quality and optimized website texts, SEM/SEO solutions and professional Facebook posts, can also deliver entire campaigns based on an elaborated concept, presenting a story, matching the context, supported by good design and occasionally including traditional media solutions.

TOP CHANNELS BY NUMBER OF USERS
% OF POPULATION 15+/18+[1]

YOUTUBE	66%
FACEBOOK	63%
INSTAGRAM	16%

1| YouTube
% of the population 18+[2]

66%

2| Facebook
% of the population 15+[3]

63%

THE MOST POPULAR BRAND[7]
TÚRÓ RUDI [FOOD]
Number of local fans
829,926

USERS BY GENDER[4]

male	female
47%	53%

USERS BY AGE[5]

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60+]
11%	26%	23%	19%	11%	10%

USERS BY DEVICE[6]

MOBILE	DESKTOP
79%	74%

3| Instagram
% of the population 15+[8]

16%

THE MOST POPULAR BRAND[11]
TOP JOY [SOFT DRINK]
Number of local fans
82,000

USERS BY GENDER[9]

male	female
46%	54%

USERS BY AGE[10]

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60+]
22%	41%	20%	12%	3%	2%

WATCHING VIDEO CONTENT FROM SHARING SERVICES
% of the population[12]

68%

BY GENDER[13]
% of the group

male	female
71%	64%

BY AGE[14]
% of the group

age [16-24]	age [25-34]	age [35-44]	age [45-54]	age [55-64]	age [65-74]
87%	80%	70%	61%	50%	35%

Video advertising (€m)[16]
7

Video share of display (%)[17]
7.5

Video advertising YoY growth (%)[18]
10.4

BY EDUCATION[15]
% of the group

None or low	Medium	High
74%	65%	72%

BY INCOME QUARTILES[19]
% of the group

4th (highest)	71%
3rd	65%
2nd	60%
1st (lowest)	62%

[1] Own calculation based on Google AdWords and Facebook Ads Manager, March 2017 [2] Own calculation based on Google AdWords, March 2017 [3-6] Own calculation based on Facebook Ads Manager, March 2017 [7] socialbakers.com, March 2017 [8-10] Own calculation based on Facebook Ads Manager, March 2017 [11] Magyar Instagram Körkép 2016, Crane [12-15] 16-74 years old, Eurostat, 2016 [16-18] Adex Benchmark 2016, IAB Europe [19] 16-74 years old, Eurostat, 2016

Who Influences Consumer Behaviour?

Established advertising agencies entered this increasingly complex market slowly but surely. They included content marketing in their portfolio, focusing on its most popular fields. Which ones are these? In Hungary, 2016 was the year of influencer marketing and branded content, but the field of native content was booming as well. The trends are clearly reflected by the advertising contests of creativity and efficiency, because an increasing number of the submitted works feature content marketing solutions. What is more, the majority of campaigns awarded with the most prestigious trophies were centred around customer-based contents.

In addition, even though the ranking of the largest spenders has not changed significantly since last year, the distribution of their digital ad spending did, with content having a increasing share. One of the best examples from last year is the digital communication of Coca-Cola that, by conveying all messages to consumers in the form of content via ambassadors and influencers, is a pioneer in the Hungarian market. Moreover, they target the young audience and also the main purchasers in this way. As expected, many followed their example, including the long-standing competitor, Pepsi. It is fair to say that all the brands that have smaller target groups with a focus on the younger generation already communicate through influencers or they are restructuring their communication strategy now, incorporating a content marketing approach.

The "demand creates supply" rule prevails also on the agency market, having more and more people on the list of content marketing specialists. As a result, there are two significant companies in Hungary – specialized in influencer management – that help brands and advertising agencies: Special Effects (in which Centrál Media, one of the largest media outlets in Hungary, recently has acquired a stake) and Star Network.
The most popular channels with the largest number of followers are managed by these two companies. They offer YouTubers and vloggers – and their audience – who match the brand to advertising agencies and as a part of their services, they also manage the content marketing campaign on the influencers' channels professionally. The market is not saturated yet, but if demand keeps on growing towards this type of communication at the present pace, the bubble may burst. According to experts, the local market can keep busy only 200 influencers in the long run. However, not surprisingly, the "expiry date" of influencers is closer to that of dairy products than to that of consumer durables. Consumer demands are changing fast, so there will always be room for a new, funnier guy with a new idea, while it is just as easy to disappear from this ever-changing environment.

Social Media, the Social Video Player

We already noted in the CANnual Report last year that social media channels, especially Facebook and YouTube, have a particularly high reach in Hungary. Considering that over half of the Hungarian population regularly visits social media platforms, it comes as no surprise that the importance of influencers in communication campaigns is growing.
This trend is enhanced by the increasing presence and popularity of video content on all major social media platforms. Platform providers also contribute to this tendency by means of their developments; just consider the steps Facebook and Instagram have lately taken to inspire users to upload videos. Nota bene: the good performance of videos is influenced by the providers themselves as well. As a consequence, social media agencies and content providers have to get ready to be able to produce and manage new formats on a large scale. 360-degree videos, animated GIFs – experiencing a revival nowadays –, the option of live videos in the news feed and reaction buttons do not only allow for a more colourful, attractive and audience-activating content, but also pave the way for new communication mechanisms, and they become recurring campaign tools.

It is no accident that social media communication is at major crossroads in Hungary. An increasing number of companies entrust agencies with managing their content ecosystem instead of writing posts by themselves. As Facebook, Instagram, YouTube, Snapchat, its competitor, Instagram Stories and Musical.ly are all gaining strength slowly and steadily, companies and brands have to seriously consider how to extend their social media presence beyond one or two channels in order to actually reach the most important target groups. The harmonized use of social media channels, following changes as well as exploring, learning and making good use of the rapidly occurring opportunities is such a great amount of work that it goes well beyond the enthusiasm, working hours and capacity of an in-house community manager. And we haven't even touched upon the subject of having a good advertising strategy: it has a growing importance in delivering high-quality content due to the decreasing level of organic reach.

This slowly takes us back to the traditional model in which advertisers pay for their message to be delivered to the consumers. However, this content differs a lot from paid advertising: the style, the channels and the themes are all very different. It is safe to say that content marketing is going to receive more than fifteen minutes of professional fame in its new role, strengthened by the aggregation capacity of social media – so it is well worthwhile to take it into account in the long term.

CONTENT MARKETING Q&A *Hungary*

WHICH CONTENT MARKETING TOOLS ARE THE MOST COMMON ON THE LOCAL MARKET? 1.

The number of blogs in Hungary is well below the world average, but more than half of the population uses social media regularly. As the platforms act as content factories, user-generated content is less dominant, while social media as a distribution channel has become the most significant content marketing tool. Besides these, it is important to mention product and service comparison sites which are the primary reference points of internet users in the field of insurance and finances.

WHICH CONTENT MARKETING TOOLS DEVELOP THE MOST DYNAMICALLY? 2.

The popularity of influencer marketing and the significance of branded content are constantly growing. As a logical consequence, inbound marketing – the field of directing interest towards purchase, which is the hinterland of content marketing activities – is becoming a common tool in the sales strategy of clients. Conversion reached through content marketing and supported by traditional advertising is an increasingly important aspect during the evaluation of campaigns.

NAME THE MOST IMPORTANT PLATFORMS IN YOUR COUNTRY FROM A CONTENT MARKETING POINT OF VIEW. LIST THEM ACCORDING TO THEIR IMPORTANCE/ POPULARITY IN DESCENDING ORDER. 3.

Social media channels as content sharing platforms are inevitable in terms of communication. People who share content for business purposes are regulars on Facebook and YouTube. In certain sectors Instagram is crucial too, and Snapchat is regarded by many as an important tool to reach those under 25.

NAME THE TOP10 INFLUENCERS ON THE LOCAL MARKET. 4.

CHANNEL	NUMBER OF SUBSCRIBERS	PROFILE
Videómánia	618,947	film critics and parodies
PamKutya	493,959	music parodies
TheVR	481,170	gaming
luckeY	463,185	gaming
UNFIELD	440,210	humor
Peter Gergely	437,827	solo acoustic guitarist
JustVidman	393,262	humor
HollywoodNewsAgency	379,140	film critics
Radics Peti	370,439	voice over parodies
James	314,425	gaming

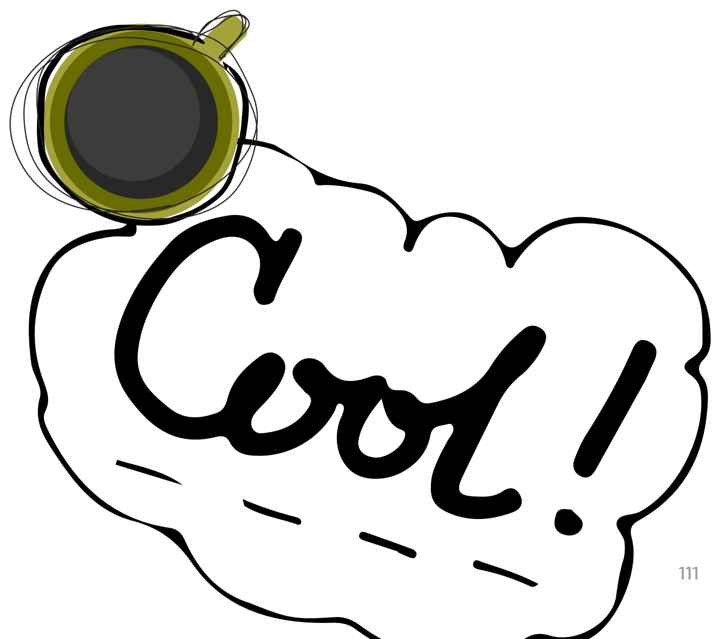
Source: YouTube, Q2 2017

NAME 5 BRANDS THAT USE INFLUENCERS THE MOST OFTEN ON THE LOCAL MARKET. 5.

The Coca-Cola Company has been active in this field from the beginning and is without doubt one of the brands that collaborates with influencers the most. Pepsico, the long-standing competitor has also positioned itself lately at the forefront with Pepsi and Lays, and Heineken Hungary became one of the leaders of the field with its brands, Heineken and Strongbow. Besides the FMCG sector, it is worth mentioning Telekom that has recently entered the thrilling world of YouTubers by sponsoring a YouTuber event. In the beauty sector, the "Maybelline It" campaign of Maybelline which featured the best local beauty vloggers, was the latest hit.

HOW WOULD YOU DEFINE THE FOLLOWING TERMS WITH YOUR OWN WORDS? 6.

- **Native advertisement:** Advertising embedded in editorial content, matching the media environment in terms of form, style and context. For instance, product offers in the "Bazaar" section of a lifestyle magazine for women can easily be native advertising, as long as they match the style and design of the magazine.
- **Branded content:** Content created by the brand (a product or service) that appears in a paid advertising space and the medium itself labels it as advertising.



Authors of the Chapter on Content Marketing

Editor-in-Chief of the CANnual Report

András started his career as a journalist and worked for McCann-Erickson Budapest as a copywriter, a creative director and the Executive Director of McCann Relationship Marketing in the 90s. The last third of his lifetime has been tied to Café Communications, where he led the group's Relationship Marketing company for 10 years. Recently, he has been building the Content & Inbound Marketing division and working on innovative projects like this report.

ANDRÁS VINICZAI

PARTNER, INNOVATION DIRECTOR

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Gábor joined Café Communications 3 years ago, as head of the agency's digital services. He has 10+ years of experience in communications, digital and retail marketing and has worked for EMEA and global projects most of the time of his career. Prior to joining Café, he'd worked with tech and consumer electronics companies both in the B2B and B2C sector. Today, as the digital business director of the agency, he is busy with big and small clients alike, especially when projects require a solution-driven, techy point of view, or when planning campaigns and activations for Gen Y and Z. Recently, he has dived into the world of AI, trying to discover its possibilities of early application for Café groups' clients.

GÁBOR VARGA

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FOUNDER AND MANAGING DIRECTOR

BE SOCIAL (CAFÉ COMMUNICATIONS)

MARIANN.FORGACS@WECAN.NET

Be Social, the first social media agency in Hungary, has been helping clients orientate themselves in social media's ever-changing world for seven years now. Thanks to the professional experience and diverse client portfolio the agency gained throughout the previous years, it now works with major local and international partners like Coca-Cola, Fanta, Naturaqua, Nestea, Cappy, Renault, Dacia, AVON, Nestlé, Pick and Herz. Mariann is a regular speaker at conferences and the author of the professional blogs besocial.hu/blog and marketingmorzsak.hu.

WE CAN ranking

0.52% 3 ↓

(in 2016: 2 0.49%)

ANITA KIRÁLY

MEDIA DIRECTOR

CAFÉ COMMUNICATIONS

ANITA.KIRALY@WECAN.NET

CORE DATA[20]

Political system	Parliamentary republic
Capital	Budapest
Area	93,011 km^2
Official language	Hungarian
Population	9,835,000
Population density (people per km^2)	109
Time zone	CET (UTC+1), CEST (UTC+2)
Currency	Hungarian Forint

ECONOMIC DATA[21]

GDP (billion, EUR)	112,398.7
GDP per capita (EUR)	11,500
PPP (billion, current international dollar)	270.285
PPP per capita (current international dollar)	27,481.793
HDI	0.836
GDP growth (estimate, %)	2
Government gross debt (% of GDP)	74.197
Industrial production (estimated growth rate, %)	3.3
Unemployment rate (% of total labor force)	4.883
Inflation (consumer prices, annual %)	0.1
Current account balance (billion, USD)	5.434
Number of households	4,151,600
Number of persons in households	2.3
Labor force participation rate (% of total population aged 15+)	54

Author of the Article about the Local Media Market

The State and the Rest

I started my career as junior media planner at a media agency 15 years ago. I arrived at Café in 2006 and I have been leading the media department for 4 years now. I love numbers, I believe in numbers. I graduated as an engineer but have never designed a bridge. However, I search and create connection between brands and consumers on a daily basis. In today's digital world, we build millions of bridges by using more and more exact data. It opens up many possibilities and challenges and it makes media agencies' present and future truly exciting.

[20] europa.eu; IMF World Economic Outlook, April 2017; data.worldbank.org; timetemperature.com
[21] Eurostat, 2016; IMF World Economic Outlook, April 2017; Human Development Report 2016; CIA World Factbook; ilo.org

The State and the Rest

Last year, we started the Hungarian chapter of the CANnual Report by mapping the changes of the media market resulting from the increasing influence of the state. At first, it seemed that the state had wanted to interfere in the market only as a regulatory body, by plotting the Special Tax for Advertising, the "Bonus Act" – wishing to fine-tune the agency market – as well as the National Communications Authority, responsible for managing the central advertising spending. However, a great number of significant Hungarian mediums were sold to pro-government investors by the beginning of 2017 and consequently, they became the mouthpieces of the government communication as well as the beneficiaries of the central spending.

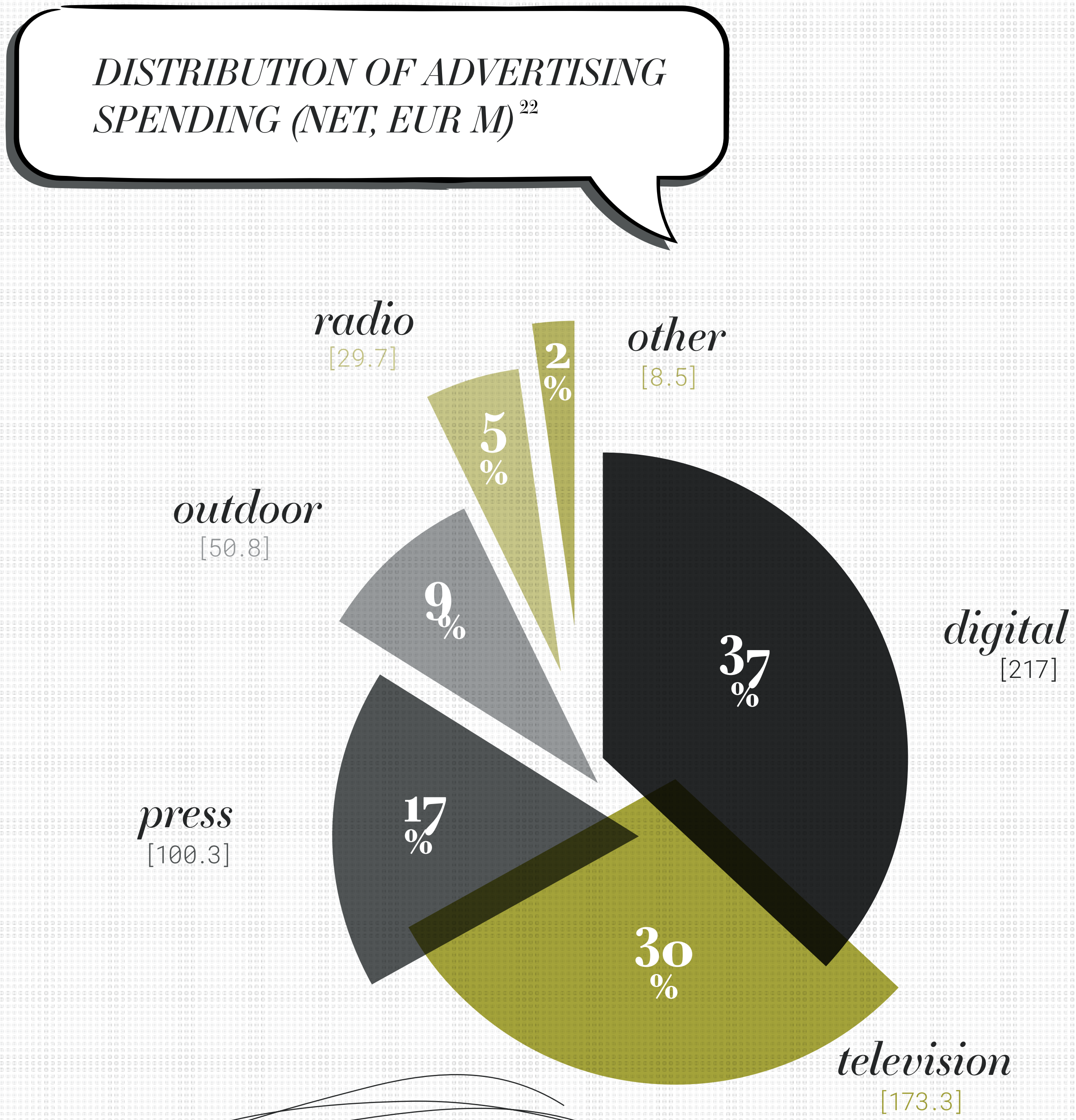
This year, the publication of the advertising pie was delayed by 2 months because the Association of Hungarian Television Broadcasters (MEME) requested its members to provide details about the share of state orders in their advertising revenues. Not surprisingly, many disapproved of this notion. Some commercial TVs – considered pro-government by most – abstained from collaboration. The precise data – with predictable figures – was finally released on the biggest national professional conference in May. As it turned out, 2016 brought a 142% increase in the TV advertising spending, amounting for approximately 20 million EUR. The most viewed Hungarian commercial TV, RTL Klub changed its variable price system – after 13 years – and started selling at fix costs as from 2017. The question is whether this event correlated with the above-mentioned increase, or it took place in response to the acts of state-influenced public media. Other media sectors did not really investigate the figures, so we can only guess the share of public funds based on the 14% increase in the total market spending.

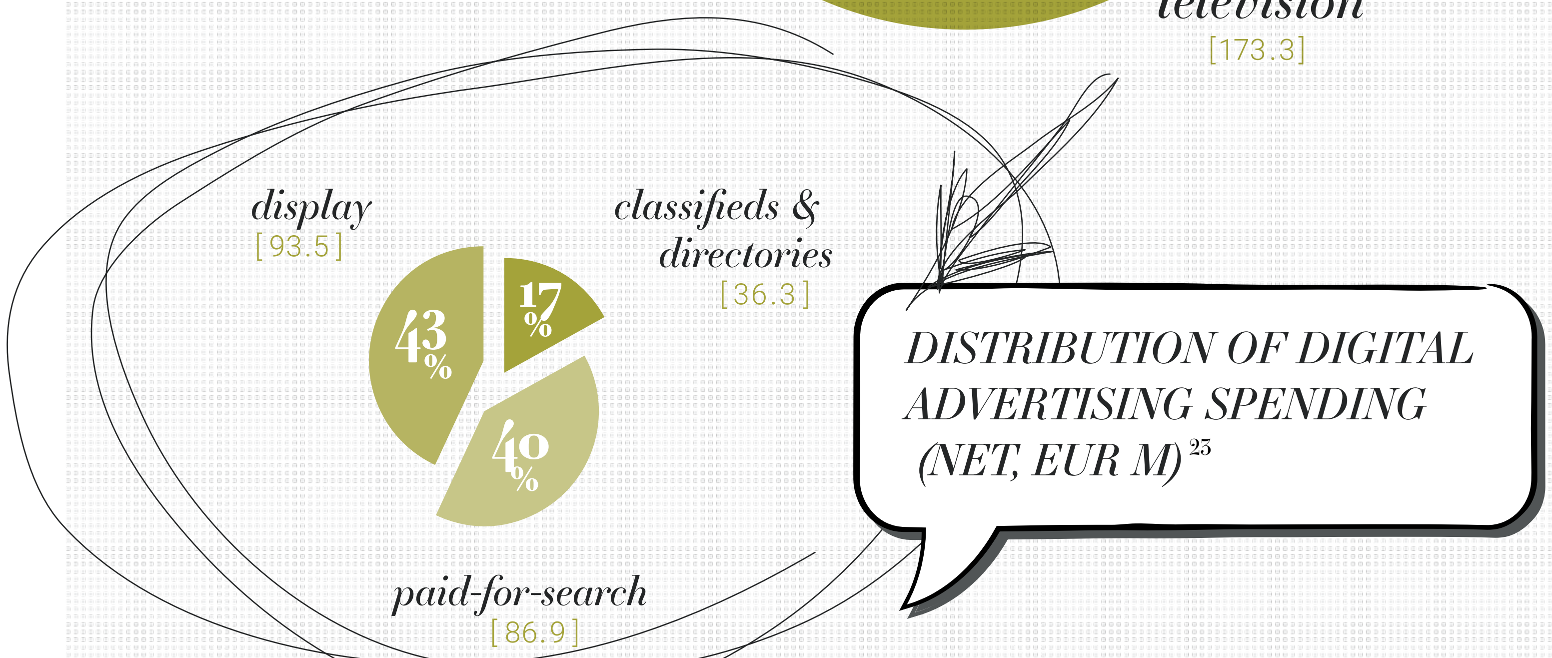
We Excel At Tabloid Journalism

The state did not only become the biggest TV advertiser in Hungary in 2016, but it also took measures to become the most influential power player. The transformation of the local press market reached a whole new level as most of the major county dailies are now in the hands of pro-government companies. One can come across more creative solutions as well: the biggest oppositionist public daily exchanged owners and was shut down shortly after – due to economic reasons and under mysterious circumstances. Meanwhile, tabloid journalism might appear to be making a comeback at first sight, but these new national and regional papers contribute their part to the political and economic character assassinations with their government-style communication clichés and their peculiar tools. Although print has experienced a 1.5% decrease in revenue compared to 2015, this setback is, most likely, temporary.

Cinema Is Not Dead

It was a novelty in last year's report that digital spending outpaced TV in Hungary as well – ranking as second in the region after the Czech Republic. On the other hand, the online sector experienced a 22% growth in 2016, incorporating 36.4% of the advertising budget. The increase was caused primarily by global actors: international networks took 25% more of the revenue, increasing their share to 51% within the Hungarian digital advertising spending. The biggest increase has occurred in display, and mobile ads grew by 27%. This figure still lags behind the consumer rates, mobile browsing being at 46%, while internet penetration at about 81%. In addition, video ads also showed signs of increase, producing 11% more in revenue compared to 2015. However, there is still a long way to go, considering the level of video consumption. The engine of growth is the increased video content consumption on smart phones; 45 out of 100 minutes of online video was watched on mobile services.





[22] Own calculation based on Magyar reklámszövetség, 2016, mrsz.hu; Adex Benchmark 2016, IAB Europe [23] Adex Benchmark 2016, IAB Europe

Unsurprisingly, the growth of the OOH market is mainly related to the ads of the state, but the changes that already took place in the TV and the press are about to enter this segment, too. It seems that the state wants to get in charge of this sector as well by means of state regulations, since posters and billboards are the most popular and cost-effective tools in political communication to convey simple messages.

The biggest surprise of the pie chart was the 50% increase in cinema ad spending. The underlying reasons include the strengthening of consumer affinity and campaigns targeting the younger generations.

From Media Planner to Data Scientist

Both parliamentary and local elections are going to take place in Hungary in 2018, so it would come as no surprise if the state were to strengthen further in 2017 and 2018, and the Prime Minister's Office became the biggest advertiser. This path has been paved since 4 June 2015, when they amended the Advertising Law. As a reminder: media agencies are now forced to work with a unified 15%-based pricing, and media owners have to return all the discounts, including the Annual Volume Discount (AVB) to the clients. State actors evade this law by buying at ridiculous rates, hence they do not have to return the discounts. What's more, they use state-owned and pro-government mediums for advertising.

Compared to this, the private sector stagnates. It does not mean that the experts are bored: clients are working actively on accessing and processing data. While in the past we focused on measurements and big data, now it is all about visualizing numbers and drawing conclusions.

Media agencies have undergone a lot of a change in recent years. During and after the recession the industry needed sales managers, whereas now data analysts take the lead. They must generate assessable data, and be able to learn continuously and change the strategy by the minute if necessary.

THE MOST VISITED WEBSITES (TOP20)[24]

real users, monthly average

search engine	google.hu	4,825,553
social network	facebook.com	4,360,064
video-sharing website	youtube.com	4,076,954
blog platform	blog.hu	2,782,814
news site	origo.hu	2,409,709
online classifieds marketplace	jofogas.hu	2,152,265
blog platform	blogspot.com	2,026,494
news site	index.hu	1,999,375
Internet encyclopedia	hu.wikipedia.org	1,996,532
news site	24.hu	1,958,779
female lifestyle	nlcafe.hu	1,953,672
service provider	telekom.hu	1,874,236
tabloid	blikk.hu	1,795,621
news site	hvg.hu	1,731,365
price comparisons	arukereso.hu	1,700,221
news aggregation site	startlap.hu	1,682,075
forum	gyakorikerdesek.hu	1,662,952
service provider	otp.hu	1,609,990
female lifestyle	femina.hu	1,441,544
health	hazipatika.com	1,370,109

Mobile broadband penetration[25]

(% of the population)

43%

Smartphone penetration[26]

(% of the population)

61%

[24] Gemius - DKT yearly average (15+ ages), 2016 [25] digital-agenda-data.eu, European Commission, 2016 [26] The Connected Consumer, Google, 2016

INTERNET PENETRATION
% of the population[27]

81%

INTERNET USERS BY GENDER[28]

male 48.8%

female 51.2%

INTERNET USERS BY AGE[29]

age	[15-19]	[20-29]	[30-39]	[40-49]	[50-59]	[60-69]	[70-75]
%	8.5%	19.6%	22.9%	20.0%	14.9%	11.5%	2.8%

HUNGARY IS THE ONLY COUNTRY IN THE REGION *WHERE THE STATE IS AMONG THE TOP10 AD SPENDERS.*

PURPOSE OF USE
% of users[30]

Getting information	Searching for information	54.2%
	E-mailing	51.0%
	News	41.0%
Social networking	Using instant messaging	52.8%
Downloading	Movies	21.9%
	Music	25.4%
Entertainment	Listening to the radio	10.0%
	Watching movies, videos online	29.0%
	Online games	18.8%
Administration	Electronic banking	25.0%

INTERNET USERS BY HOUSEHOLD SIZE[31]

NR OF MEMBERS IN FAMILY

1 members family	2 members family	3 members family	4 members family	5+ members family
[10.5%]	[31.5%]	[27.3%]	[19.9%]	[10.7%]

INTERNET USERS BY ESOMAR SOCIAL GRADE CATEGORIES[32]

AB	23.5%
C1	7.5%
C2	27%
DE	42%

Online shoppers (% of the population)[33]

39

CONSUMER DURABLES[34]
in % of households

60.6% 36.8% 97.7% 45% 53.8%

[27] 16-74 years old, Eurostat, 2016 [28-32] TNS Hoffmann - TGI-NOK, 2016 [33] European Ecommerce Report 2017, Ecommerce Europe [34] TNS Hoffmann - TGI-NOK, 2016

UkrAiNe

Nikita Dobrynin is a blogger as well as a TV and radio host. A few years ago, his Instagram channel @nikitadobrynin was ranked as one of the most stylish males by the site 'qg.co.uk'. He writes about traveling, cars, style, food and sport and is very active on Instagram, Facebook and Twitter. Nikita has recently become the editor-in-chief of the XXL Magazine for men.

Content Marketing Dimension in the Ukranian Reality

Content marketing in Ukraine is still relatively young and shows distinctive features, making this market quite special.

First of all, Ukrainians experienced two politician revolutions in 2004 and 2013. Both of them were organized the by society, mostly thanks to social media. Consequently, online users are at an advanced level in social network behavior: they consume, share and create content on a daily basis. Facebook is a very important social platform, because it has the power to influence important social decisions and has a high coverage potential. Advertisers see that this potential is being realized, hence it is an effective channel to follow through different goals: e.g. reach the audience, receive feedback, build credibility, etc. Being present on social media obviously means that you need a strong content strategy. Social media marketing has been developing since the mid-2000s, with content having an important role in it. Advertisers follow social network trends, producing content in all formats (e.g. GIFs, video, 360 videos, streaming and Stories). At the same time, brands actively seek the best content production and promotion solutions, since social networks decreased the ratio of organic reach in timeline algorithms.

Secondly, Ukrainians are used to watching pirated content. On the Ukrainian Internet, one can find basically any movie and TV show and watch it in HD for free. About 60% of the online audience watch pirated videos on a regular basis. Advertisers place commercials on these sites occasionally, but since it is not ethical, big advertisers cannot follow this practice. The legal inventory of video ads is therefore sold out completely. Advertisers are forced to consider other tools, such as self-owned content marketing, but it is expensive and complicated to produce. At the moment, collaborations with influencers and sponsoring special content campaigns on thematic sites are considered the best options for advertisers. Local content houses are fighting to close down torrent websites. In addition, they have to ponder over the production of exclusive content and how to make legal video content affordable. The plan is to persuade users to start consuming legal content. Currently each content house and thematic content website is working on building its own strong brand to provide users with relevant content.

Brands are not in a rush to develop their own content platforms due to the high expenses and the complicated process of content creation. Furthermore, content requires promotion to reach the target audience. Instead, brands launch special content-based campaigns with popular media portals, choosing one that is popular among the target audience.

TOP CHANNELS BY NUMBER OF USERS
% OF POPULATION 15+/18+[1]

VKONTAKTE	36%
YOUTUBE	35%
FACEBOOK	24%
INSTAGRAM	13%

1| VKontakte
% of the population 15+[2]

36%*

*Note: As of May 2017, VKontakte has been banned in Ukraine alongside with several other Russian-owned sites and is not available for the time being.

USERS BY GENDER[3]

male	female
47%	53%

USERS BY AGE[4]

age [15-17]	age [18-24]	age [25-34]	age [35-44]	age [45-65]
5%	20%	29%	22%	24%

USERS BY DEVICE[5]

MOBILE	DESKTOP
49%	51%

2| YouTube
% of the population 18+[6]

35%

3| Facebook
% of the population 15+[7]

24%

THE MOST POPULAR BRAND[11]
CHERNIHIVSKE [BEER]
Number of local fans
345,639

USERS BY GENDER[8]

male	female
44%	56%

USERS BY AGE[9]

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60+]
13%	37%	27%	13%	6%	4%

USERS BY DEVICE[10]

MOBILE	DESKTOP
86%	38%

WATCHING VIDEO CONTENT FROM SHARING SERVICES
% of the population[12]

60%

BY GENDER[15]
% of the group

male	female
49%	51%

BY AGE[14]
% of the group

age [14-24]	age [25-34]	age [35-44]	age [45-54]	age [55-64]	age [65-69]
24%	30%	21%	14%	8%	3%

Video advertising (€m)[17]
15.3

Video share of display (%)[18]
16

Video advertising YoY growth (%)[19]
42

BY EDUCATION[15]
% of the group

None or low	Medium	High
11%	42%	47%

BY INCOME QUARTILES[16]
% of the group

4th (highest)	13%
3rd	17%
2nd	40%
1st (lowest)	19%
N/A	12%

[1] Own calculation based on Google AdWords and Facebook Ads Manager, March 2017, Factum Group, 2017 [2-5] Factum Group, 2017 [6] Own calculation based on Google AdWords, March 2017 [7-10] Own calculation based on Facebook Ads Manager, March 2017 [11] socialbakers.com, March 2017 [12-14] Adreal, June 2017 [15-16] TNS MMI 2016/4+2017/1 [17-19] adcoalition.org.ua, 2016

Branded Content Advertising

Native advertising is a relatively new approach in Ukraine to convey the communications goals to the target audience. Not all advertisers see the effectiveness in native advertising, as it is more expensive than direct placements. However, agencies do consider all content options, since using AdBlocker is getting more and more widespread among Ukrainian users. In Ukraine, 13% of Internet users block ads and the share of ad blocking on smartphones is even bigger. Agencies recommend splitting the digital advertising budget between direct placements and native content, such as influencer marketing and content-based campaigns. Native content advertising is more credible, and even though the reach rates are lower, users are paying considerably more attention to it.

Advertisers have recently started to consider branded content as an effective marketing tool. Taxi Uklon is a good example: they created a 2017 calendar on the popular lifestyle website called Bird In Flight. It is important to mention that Bird in Flight is a media platform of the famous content photo bank DepositPhotos, so their content-based campaigns are quite unique and of high quality.

At the same time, advertisers have come to realize the communications potential in branded content. Content marketing strategies aim to include the interests of the target audience, to appear on relevant websites and essential brand communications platforms. To set an example, Sommersby published several city guides under the title "What To Do This Weekend?" for the biggest cities on the website Vgorode.ua. By doing that, they followed through their communications goal of "bonding with friends". The brand succeeded in all three dimensions of branded content: they used the right platform to reach the right audience and, thus, achieved the communication objective.

Including Storytelling in the Communication Strategy

Ukrainians love legends, myths and fairy tales. Local beliefs that tea bags are the best against bed smell, that vinegar and soda are the best cleaners and that baloney is made of toilet paper are considered general knowledge in the minds of locals. Since Ukrainians are so addicted to stories, they react better to marketing messages that tell stories. Stories help enthrall customers for a long period. Advertisements often list the advantages of a product, but in terms of storytelling the following elements are critical: the hero, the emotional link and true facts. The best option for advertisers is to tell a story using 360-degree communication. McDonald's is a good example: in a campaign with the key message "Best Inside", they ran several commercials for a whole year, focusing on the restaurants, the crew and the products. They managed to woo the hearts of followers with two special campaigns on the same platform. The idea was to show that McDonald's has a special atmosphere, they use the best of ingredients for their products, and team spirit and hard work turn into the most delicious meals and the best service. Customers could join the "Best Inside" story by creating their own burger within a digital contest. The campaign strengthened the position of McDonald's on the market.

Content Marketing Generates Followers

Content is valuable when it brings about new customers, and when it influences sales directly or indirectly. Advertisers understand that content is created to spur users into action, to make them fill out a form to receive newsletters, read a technical document or watch a webinar. The top content marketers have call-to-action buttons on their sites, urging people to sign up for higher-quality content.

To set an example, Mazda compiled useful advice as well as tips on driving and car purchase, and they shared them on an automotive website. The message of the campaign was the following: "Subscribe for a Test Drive". Whenever a user showed up, they were offered to try a new Mazda model. This strategy enabled Mazda to measure effectiveness of the content marketing campaign.

CONTENT MARKETING Q&A *Ukraine*

WHICH CONTENT MARKETING TOOLS ARE THE MOST COMMON ON THE LOCAL MARKET? *1.*

Agencies have a big toolkit for content creation. Local research forms the basis for primary analytics such as Gemius, TNS, GfK and InMind. Social media analytics provide a better understanding of the users; the most popular analytics tools are Semantic Force, YouScan and Brand Analytics. Social media tools such as Popsters, Social Bakers, FeedSpy, Falcon, Social and Tooligram come in handy for the assessment of brands and competitors as well as for community management.

Advertisers prefer branded social media content as the main element of their content strategy, because it is cost-effective and fast. They use dynamic formats – GIFs, short and 360 videos – to spice up content and engage followers. User-generated content is a less popular tool, but it is used during activations that include prizes.

WHICH CONTENT MARKETING TOOLS DEVELOP THE MOST DYNAMICALLY? *2.*

There are two fast growing trends from an advertiser's point of view. The first is collaboration with opinion leaders. It is so popular and in demand, that brands seek long-term collaborations rather than simple product placements. The second rapidly growing tool is sponsorship as a mean to buy, rent and produce content which is relevant for the specific target group. In addition, brands often sponsor TV shows or popular events by integrating digital solutions.

NAME THE MOST IMPORTANT PLATFORMS IN YOUR COUNTRY FROM A CONTENT MARKETING POINT OF VIEW. LIST THEM ACCORDING TO THEIR IMPORTANCE/ POPULARITY IN DESCENDING ORDER. *3.*

The most popular platforms are social networks. Younger generations tend to spend more time on social media than they do surfing the net, partly due to the high smartphone and 3G penetration. The most visited social media channels are Vkontakte and Facebook (edited: Vkontakte has been banned since May 2017 as part of sanctions against Russian companies). Instagram is a fast-growing network, but it is more popular among millennials. YouTube is the no.1 platform for video consumption.

Content consumption on websites is relatively modest in Ukraine. Approximately 60% of users watch pirated videos online, while platforms with lifestyle content only engage about 6% of the Ukrainian audience. Users are more likely to "web surf" information and visit sites from organic search than constantly visit the same websites. On the right, you can see the list of the most visited websites in the most popular categories:

Category	Top 3 platforms	Monthly Reach (% on UAnet)
Video	kinogo.net; my-hit.org; kinokrad.net	28%
News	i.ua; segodnya.ua; 24tv.ua	17%
TV channels	1plus1.ua; stb.ua; novy.tv	14%
Auto & Sport	auto.ria.com; autocentre.ua; football.ua	12%
Lifestyle	vgorode.ua; tochka.net; moirebenok.ua	6%
Women's portals	ivona.bigmir.net; mamapedia.com.ua; moirebenok.ua	5%

NAME THE TOP10 INFLUENCERS ON THE LOCAL MARKET. *4.*

Here follows the list of the TOP opinion leaders based on the number of YouTube subscribers:

Channel	Number of subscribers	Profile
EeOneGuy	11,451,981	entertainment
SlivkiShow	8,284,758	experiments, lifehacks
Mister Max	3,966,044	kid's vlog
Miss Katy	3,889,234	kid's vlog
Anastasiya Shpagina	2,782,017	makeup
YarikPaw	2,700,586	Minecraft
Dilleron Play	2,583,245	gaming
The Poznavatel	2,165,934	experiments
MrUnfiny	1,861,146	Minecraft
KulibinTV	1,752,116	lifehacks

Source: YouTube, Q2 2017

Top Ukrainian advertisers seek long-term collaborations with relevant influencers with a smaller but devoted fan base. The following influencers fit into this concept, among others:

Name	Number of subscribers	Category
Keddr (YouTube)	382,341	new technologies
Margarita Muradova (YouTube)	202,490	fashion blog
Sabina Muszina (Facebook/Instagram)	7365 (Facebook) 152,000 (Instagram)	Co-Founder в G.Bar Киев
Daniel (Instagram)	134000	Lifestyle, food, fashion
Maria Oz (Facebook, Instagram)	5000 (Facebook) 99,300 (Instagram)	Video Design

There are a few brands that are at the forefront of content marketing in Ukraine. Huggies, for instance, created the website Svit Moms that offers useful information to young mothers about the development of babies, shared by other mothers and experts. Red Bull follows a global content strategy and localizes it for the Ukrainian market, while the local sauce brand Torchyn features its own YouTube channel with recipes using its products. Online retailer Rozetka publishes video reviews of new products on its YouTube channel. Farmak, a pharmaceutical company defined loneliness as a disease. To prove it, they interviewed centenarians living in Kyiv, who are on their own in their old age. The company released a book with their memories about Kyiv.

NAME 5 BRANDS THAT USE INFLUENCERS THE MOST OFTEN ON THE LOCAL MARKET. *5.*

L'Oreal Paris and Agusha (PepsiCo) make sure to be up-to-date about relevant influencers to be able to work with the most popular opinion leaders. Maybelline and Martini has long-term collaborations with popular singers, who actively promote brands on their personal fan pages on social media. Activia launched a special campaign with bloggers to introduce a new product. Pepsi created branded imaginary influencer "Yeti", who has a personal blog on Facebook. Besides FMCG, local brands are also very active in influencer marketing: UA Made – a site promoting Ukrainian manufacturers – has gained huge popularity. The most active brands are as follows: Lapti, OhMyLook, Dushka and Piel cosmetics.

HOW WOULD YOU DEFINE THE FOLLOWING TERMS WITH YOUR OWN WORDS? *6.*

- **Native advertisement:** Any brand activity in the form of content that gives information about something, while being clear and easy-to-comprehend to the target audience.
- **Branded content:** Creation of original content by a brand (owned content), or natural (native) integration of the brand within the framework of the original content.

Authors of the Chapter on Content Marketing

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Anastasiia started her carrier in LQD7|AGAMA Communications as a Digital Analytics Specialist in 2012. In 2015, she left for a digital marketing position in the multifunctional complex Gulliver (a shopping mall & business center), where she developed websites and social media content strategies. Since the end of 2015, she has been working as a Strategic Planner, developing digital strategies (e.g. Danone, Carlsberg and Bacardi) and participating in digital projects-focusing on growth and development – by compiling analytical and trend reports.

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Dmytro holds a Master's degree in marketing from the Odessa National Economic University and has 16 years of experience in marketing and advertising. He first gained professional experience at a TV and radio broadcasting company. He later worked for the largest retailers – Fozzy hypermarket and Silpo supermarket chain – in Ukraine. He joined PROVID in 2005 and has grown from Senior Account Manager to Managing Director of the agency. PROVID – part of AGAMA Communications – is one of the first creative agencies in Ukraine. PROVID was the no.2 agency in 2016 and it ranked third in the ranking of creativity in 2016/2017.

I WE CAN ranking

0.48%

(in 2016: 9
0.40%)

4

CORE DATA[20]

Political system	Semi-presidential constitutional republic
Capital	Kyiv
Area	603,550 km²
Official language	Ukrainian
Population	42,501,000
Population density (people per km²)	78
Time zone	EET (UTC+2), EEST (UTC+3)
Currency	Ukrainian Hryvnia

ECONOMIC DATA[21]

GDP (billion, EUR)	84.181
GDP per capita (EUR)	1,981
PPP (billion, current international dollar)	352.978
PPP per capita (current international dollar)	8,305.075
HDI	0.743
GDP growth (estimate, %)	1.5
Government gross debt (% of GDP)	81.248
Industrial production (estimated growth rate, %)	2
Unemployment rate (% of total labor force)	8.801
Inflation (consumer prices, annual %)	13.5
Current account balance (billion, USD)	-3.367
Number of households	15,010,932
Number of persons in households	2.51
Labor force participation rate (% of total population aged 15+)	59.2

[20] CIA World Factbook; IMF World Economic Outlook, April 2017; data.worldbank.org; localtimes.info
[21] Own calculation based on WEO April 2017 and National Bank of Ukraine, 2016; IMF World Economic Outlook, April 2017; Human Development Report 2016; CIA World Factbook; State Statistic Committee of Ukraine; ilo.org

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On an Explosive Growth Path

I got my master's degree in Marketing at the National Mining University. I started my career as a junior media planner at the media agency Initiative Ukraine/ADV Group in 2012. My responsibilities include client service, strategic & tactical solutions and initiatives.
I have worked on both international and local clients (retail, airlines, banks, car industry, etc.). I believe in the power of media and technology and the necessity to use them wisely.

On an Explosive Growth Path

2016 brought some revival to the economy of the country. Although people are still saving on food, medical services and utility bills, 2016 has been the first year with a positive GDP dynamic (+1.48%) since the political crisis in Ukraine 4 years ago. This affected the media market as well. The volume of the local advertising media market increased by 27% compared to 2015, which is one of the highest growth rates in Europe. According to forecasts for 2017, the dynamics of growth will remain the same.

Local Language and Ukrainian Series Gaining Ground in Television

The main media channel remained TV. TV budgets in 2016 increased by 36% compared to the previous year. This development was 2 times higher than expected. During September-December of 2016, almost 100% of the TV ad inventory was sold out because numerous advertisers had returned to business. The share of sponsorship advertising has increased significantly, up to 65%. The underlying reason is that direct TV advertising time was decreased by law from 12 to 9 minutes per hour (-25%) and beer advertisements are now entirely banned during daytime on TV and OOH. In addition, direct TV inflation was about 30% compared to 2015, and the demand for branded content increased a great deal.

No changes took place in the ownership of the most important media groups. When it comes to legal changes, a new bill was passed on language quotas on TV. In accordance with the new regulations, 75% of the programmes have to be in Ukrainian.

In 2017, the TV market is estimated to grow by 30%, while the inflation is expected to be about 30-35%, according to sales houses. The share of adults among TV viewers continues to grow, the main audience aged 46-64. Buying core target audience is not cost-effective for advertisers, so they refocus to a wider target audience. In addition, they communicate more and more with younger generations directly via online videos (OLV).

In 2017, we predict a wave of new brands in television, while certain large and well-known brands can lose their positions. A growing number of advertisers allocate more money to sponsorship projects related to Ukrainian series as a result of production growth.

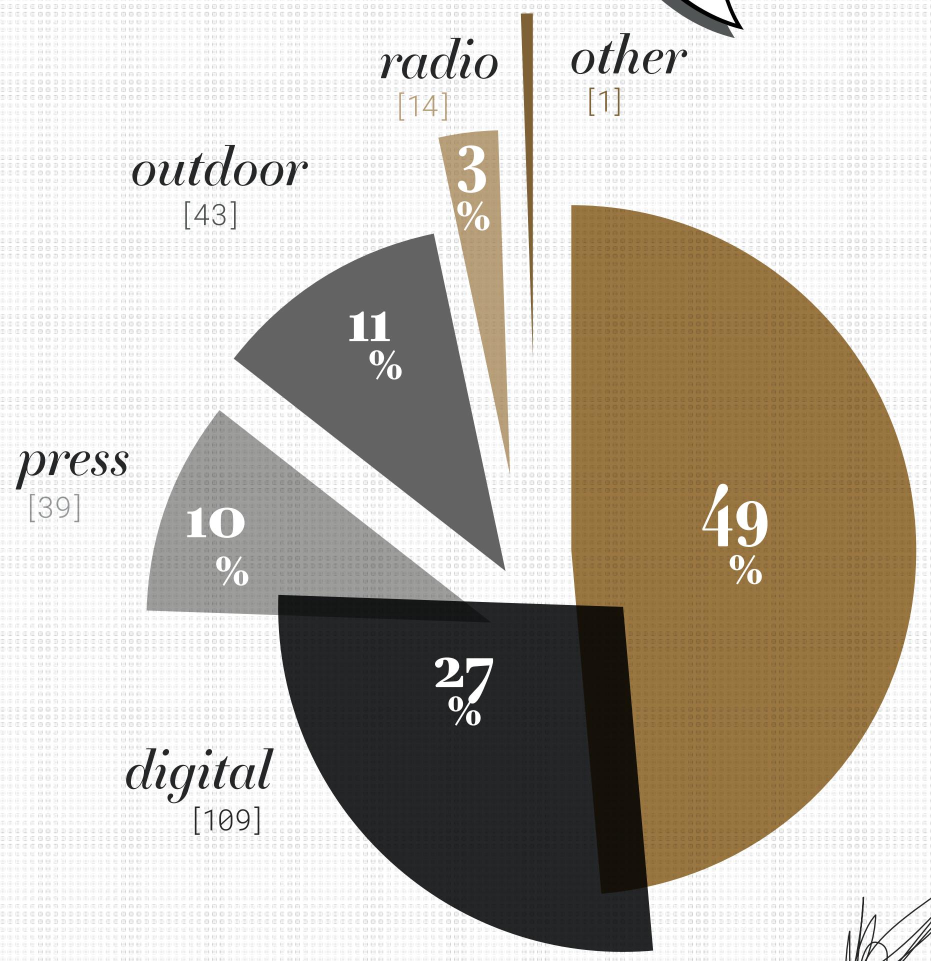
All Roads Lead to Online Videos

Digital investments continued to increase in 2016. The online advertising market grew by 31% in 2016 vs. 2015, besides, video (OLV) and mobile remained the key market drivers.Smartphone penetration in Ukraine has reached about 35-40% and 3G is now available throughout the country. As a result, the volume of mobile advertising increased to 67% since last year.

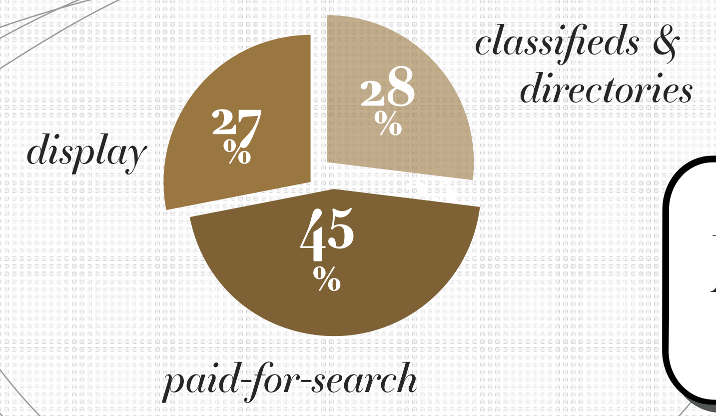
In 2016, the demand for online video (OLV) increased significantly as TV commercial prices skyrocketed. Video content reaches almost 86% of Internet users as well as young audiences, who hardly watch TV anymore. In parallel with this, several popular sites – e.g. ex.ua, fs.to and brb.to – were shut down due to the great number of non-licensed video content. In addition, some similar Russian sites with a focus on video were also banned nationwide, reducing the available video content as a result considerably.

This development led to a 40-50% OLV inflation growth in 2016. Still, it remains the most developing medium in 2017. The sector is estimated to grow by 30% this year as brands care more about the content – i.e. licensed content without political and controversial reference – that appears on their sites and ads.

DISTRIBUTION OF ADVERTISING SPENDING (NET, EUR M) [22]



DISTRIBUTION OF DIGITAL ADVERTISING SPENDING (NET, EUR M) [23]



[22-23] Ukrainian Ad Coalition, 2016

Declining Russian Influence Everywhere

In May 2017, Ukrainian president Petro Poroshenko announced a ban on several Russian-owned internet firms. The ban included VKontakte (VK) and Odnoklassniki – the two most popular social networks in Ukraine, Mail.ru – one of the country's most favored e-mail services – and Yandex, a major search engine. Even though the most popular social networks are now banned in the country, social media penetration is still high. Facebook and Instagram became important channels for brands to communicate with their audience, always keeping in touch with both happy and unsatisfied clients.

As for traditional mediums, print has continued to shrink in volume as well as influence, but the radio advertising market in contrast grew by 30% in 2016.
A new bill introduced minimum quotas for Ukrainian music on the radio: according to the law, at least 35% of the songs have to be in Ukrainian.
In addition, all radio hosts should speak Ukrainian in 60% of entire the on-air time.

What Will the Future Bring?

2016 marked the end of the period of general decline in the economy and the media likewise. Market analysts and the main players look forward to the recovery of the media market with increased investments, new market approaches and the implementation of new technologies in the years to come.

Meanwhile, new trends show up round the clock. Quality content and creative solutions are of increased importance and new, alternative and non-standard integrated campaigns are the king. Social media has become a separate and vital communication channel (with the consumer) with tailor-made strategies, media plans and budget.

A major tendency on the agency side is that top agencies refuse to take part in tenders due to the heavy workload received from existing clients. When it comes to the agency team, media specialists are becoming more and more valuable assets.

In term of clients, there is an increasing number of advertisers from small and medium-sized enterprises. Companies have become more socially responsible, paying more attention to public-interest projects.

THE MOST VISITED WEBSITES (TOP20)[24]

real users, monthly average

search	google.com	9,757,211
entertainment	youtube.com	7,752,372
social networking	vk.com	7,022,378
search	yandex.ua	5,928,787
social networking	facebook.com	5 925 009
mail	Mail.Ru	5,682,420
shopping	olx.ua	4,171,011
payments	privatbank.ua	4,153,265
shopping	rozetka.com.ua	3,965,449
getting information	wikipedia.org	3,749,487
mail/ news	ukr.net	3,231,045
sports betting	parimatch.com	3,217,526
social networking	ok.ru	3,154,996
weather	sinoptik.ua	2,810,622
shopping	prom.ua	2,621,236
weather	gismeteo.ua	2,488,615
getting information	ucoz.ru	2,252,509
shopping	aliexpress.com	2,188,806
sports betting	favoritsport.com.ua	2,120,641
online video	kinogo.net	1,917,138

Mobile broadband penetration[25]
(% of the population)
44%

Smartphone penetration[26]
(% of the population)
35%

[24] Gemius, Q1 2017 [25] Factum Group research, 2016 [26] digital-agenda-data.eu, European Commission, 2016

INTERNET PENETRATION
% of the population[27]

71%

INTERNET USERS BY GENDER[28]

male	48%
female	52%

INTERNET USERS BY AGE[29]

13%	25%	27%	19%	12%	5%
age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60-65]

THE UKRAINIAN AD MARKET GROWS THE FASTEST WITHIN EUROPE: *THE AD SPENDING INCREASED BY 27% COMPARED TO 2015.*

PURPOSE OF USE
% of users[30]

Getting information	Searching for information	74%
	E-mailing	66%
	News	54%
Social networking	Using instant messaging	34%
Downloading	Movies	47%
	Music	49%
Entertainment	Listening to the radio	39%
	Watching movies, videos online	58%
	Online games	46%
Administration	Electronic banking	39%

INTERNET USERS BY HOUSEHOLD SIZE[31]

NR OF MEMBERS IN FAMILY

1	2	3	4	5+
members/family [6%]	members/family [24%]	members/family [39%]	members/family [22%]	members/family [9%]

INTERNET USERS BY ESOMAR SOCIAL GRADE CATEGORIES[32]

High	17%
Middle+ DE	30%
Middle	37%
Middle-	6%
Low	10%

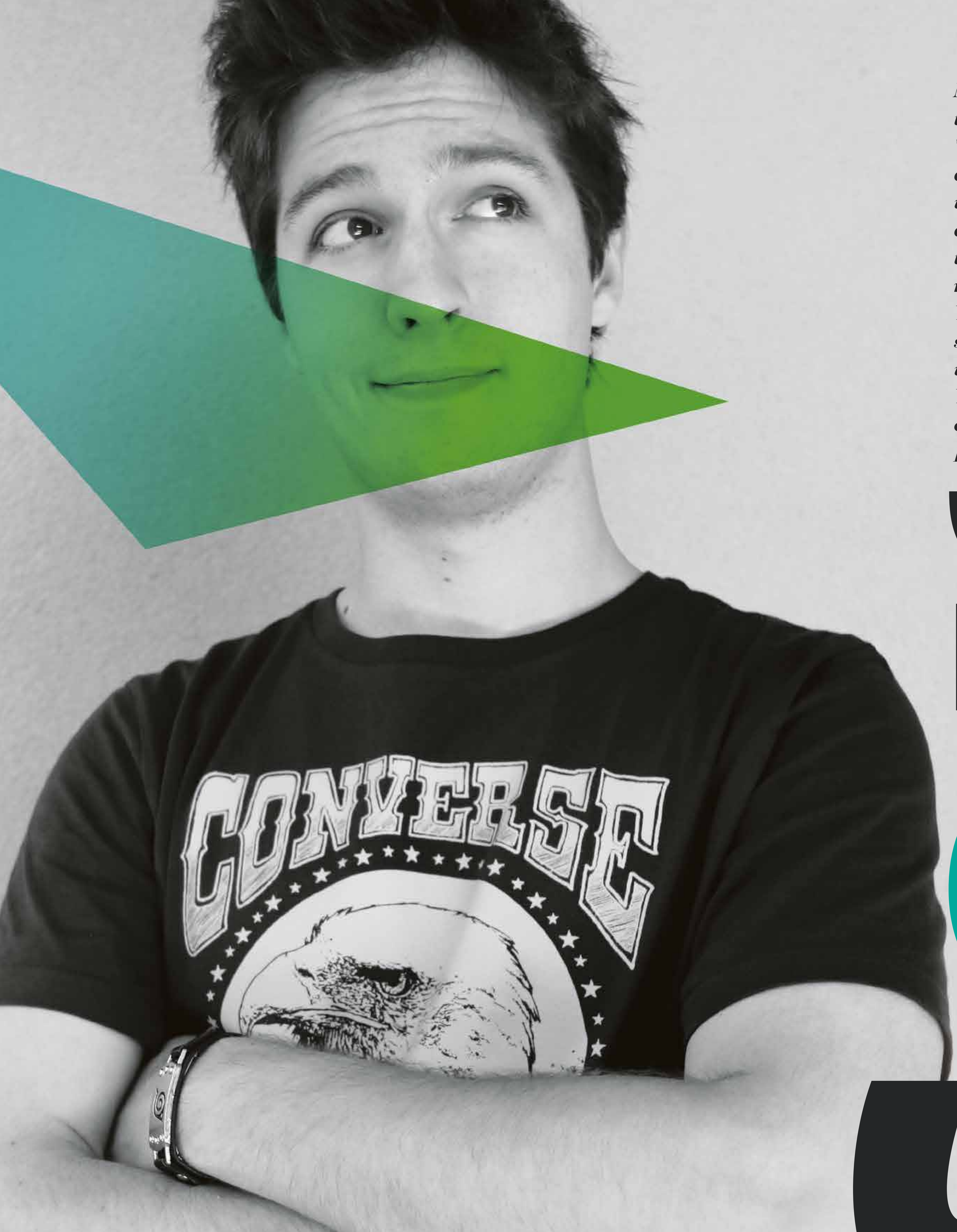
Online shoppers (% of the population)[34]

25

CONSUMER DURABLES[33]
in % of households

18.5% | 53.2% | 97.2% | 37.5% | 44.8%

[27] TNS MMI, 2017 [28-33] TNS MMI, 2016 3+4 [34] TNS, MMI 2015/4 + 2016/1



Milan Inić is a video editing student and the man behind the YouTube channel 'Yasserstain', launched in 2009. Here, he and his friends create funny and educational video sketches. The channel is very popular among teenagers. Their aim is to inspire the youth to be creative and do what they really love. Since the launch of the channel, Yasserstain has gained over 500,000 subscribers and received over 140 million views, which makes him one of the biggest YouTube stars in Serbia. Milan is also the co-founder and the organizer of the Balkan TUBE Fest.

SerBIa

Content *Marketing Needs* Advertising

Content marketing is a well-known concept on the Serbian media market, but for years it has been used as a nice touch in communications rather than a thoroughly constructed pillar of the media strategy. The concept of creating valuable and relevant content from which the audience can benefit has gained a foothold in the digital era. It is a promising process, but we still have a long way to go to have a proper digital market. The truth is that Serbia is still mainly a TV market: people spend more than 5 hours a day watching TV, resulting in half of media investments being spent on TV. Consequently, big brands rely on heavy commercial blocks, while they experiment with digital solutions and try to keep up with global trends. The majority of brands are still not aware of the benefits of using relevant opinion leaders to be the mouthpieces of their content, even though they have the potential of attracting customers and followers.

One of the reasons leading to the rise of content marketing – beside companies trying to engage their customers and benefit from brand visibility – is the increased use of ad blocking software. According to the latest domestic study, 12% of users activated an ad blocking software on their device in 2016. Even though this figure is low compared to many European countries, it shows that people are tired of intrusive ads and cluttered websites. Research also shows that our mind is getting used to the information overload and hence it has become able to ignore banners in articles despite their size or placement.

The local market has recently started recording delayed TV viewing, which is still at a low level, but it is important for marketers due to the possibility of fast forwarding commercials. Until now, we have examined what people did during commercial breaks, whereas now we must face the reality of how many people skip the breaks intentionally. In the months to come we will have a better understanding of the changing habits and a clearer picture of how advertisers have to change their media strategies.

The above-mentioned developments and the global trends trigger marketers to experiment with this new, yet old concept, now at a more deliberate level. Serbia seems to be in its infancy in certain respects, since native advertising and integrated content take up only 2% of total digital investments. This figure was presented by the IAB report, but it does not involve all the formats that affect consumer behavior without being noticeable, e.g. paid search – amounting to 15% of digital advertising – and social media marketing, which (at the time of writing) is at 17%. InStream videos could also be considered native advertising, so with all these figures adding up the Serbian content marketing scene is quite active. However, measuring the data related to this field proves to be a challenge and it makes providing precise figures difficult. As it has been recently revealed during an assessment of mobile users, the measurement of user data is dubious in general. Following this event, a number of top publishers left the research database, leaving a hole behind. This move means a step backwards, instead of marching together forward.

The lack of training related to digital advertising and content marketing constitutes a weakness of the industry. Some local agencies have been making efforts to organize conferences about native advertising, content management and creative solution. Following the conferences, a content academy was started to help industry experts learn about certain topics in details, and it was also a step ahead for the agencies. Lots of talented individuals work on freelance projects, but there is a lack of experienced professionals who would focus on strategy and analytics. The fact that quality and relevant digital content are not considered a priority forms an obstacle for content marketing strategies. Clients long for a crowd of engaged followers without willing to pay the price. This phenomenon hinders small digital agencies with young minds from experimenting and taking risks, because they are unable to develop sustainable business models for low fees and without enough experts at hand. Consequently, the digital community has to educate their clients and make them change their digital mindset to be able to advance on the road of development.

TOP CHANNELS BY NUMBER OF USERS
% OF POPULATION 15+/18+[1]

FACEBOOK	57%
YOUTUBE	56%
INSTAGRAM	23%

1| Facebook
% of the population 15+[2]

57%

THE MOST POPULAR BRAND[6]
SAMSUNG SRBIJA [ELECTRONICS]
Number of local fans
444,701
SAMSUNG

USERS BY GENDER[3]

male	female
53%	47%

USERS BY AGE[4]

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60+]
11%	35%	25%	16%	8%	5%

USERS BY DEVICE[5]

MOBILE	DESKTOP
85%	62%

2| YouTube
% of the population 18+[7]

56%

3| Instagram
% of the population 15+[8]

23%

USERS BY GENDER[9]

male	female
48%	52%

USERS BY AGE[10]

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60+]
18%	46%	21%	10%	5%	2%

WATCHING VIDEO CONTENT FROM SHARING SERVICES
% of the population[11]

47%

BY GENDER (% OF THE GROUP)[12]

male	female
52%	48%

BY AGE (% OF THE GROUP)[13]

age [16-24]	age [25-34]	age [35-44]	age [45-54]	age [55-64]	age [65-74]
21%	26%	22%	17%	11%	3%

Video advertising (€m)[16]
2

Video share of display (%)[17]
9

Video advertising YoY growth (%)[18]
102.6

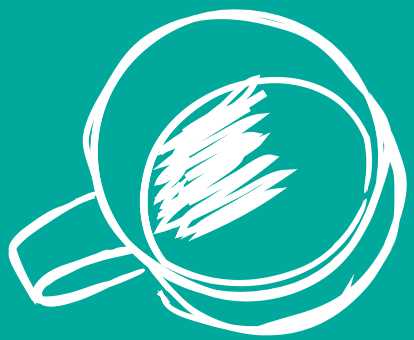
BY EDUCATION[14]

None or low	Medium	High
6%	59%	35%

BY INCOME QUARTILES[15]

4th (highest)	17%
3rd	30%
2nd	33%
1st (lowest)	20%

[1] Own calculation based on Google AdWords and Facebook Ads Manager, March 2017 [2-5] Own calculation based on Facebook Ads Manager, March 2017 [6] socialbakers.com, March 2017
[7] Own calculation based on Google AdWords, March 2017 [8-10] Own calculation based on Facebook Ads Manager, March 2017 [11-15] 16-74 years old, Eurostat, 2016 [16-18] Adex Benchmark 2016, IAB Europe



Big Advertisers as Content Marketing Coaches

The most important digital trends that effect content marketing are the rapid growth in the usage of mobile devices (+248%) and video advertising (+133%). Content is mostly distributed via YouTube and Facebook videos, but by means of microsites or mobile apps as well. Instagram is reserved for fashion and cosmetics brands, with a focus on the female audience. Local websites try to keep up with paid native advertising articles and in-feed/in-stream ads. Some of them offer additional value by engaging bloggers to have a broader reach and benefit on from their up-to-date content.

In addition to video and mobile devices, collaboration with influencers is also a growing trend. YouTubers work for teenagers, beauty bloggers for fashion and lifestyle brands and Twitter stars are favorable by young adults. Facebook is no longer a mainstream base, but due to its user volume it is great for content distribution. Local word-of-mouth platforms and specialized agencies can help brands with influencer campaigns and with choosing the right social media star for the brand's objectives. The list seems to be endless, but it is a complex task to find the best fit for a brand who can also preserve their integrity.

There are some good content marketing solutions in the telecommunications industry that can serve as a good example. Telenor has recently launched a specialized website for small entrepreneurs, offering them free know-how and useful business tips. Others cover the private sector with various helpful video tutorials and entertaining tips from YouTubers, such as "how to make killer selfies" and the like.

Coca-Cola is still the king of content, engaging top influencers in specialized mobile apps, blogs and YouTube channels. A local job portal launched a rather entertaining campaign: they released an e-book called "How to Survive a Terrible Job?" with witty instructions and tips. The campaign was a real success as it encouraged many unsatisfied people to start looking for new opportunities.

The mine of worthy examples is infinite. A local dairy company used gamification to avoid intrusive ads and it targeted kids and parents with a SimCity-like solution, which proved to be very effective. Additional popular gamification methods involve contests and giveaways with the participation of bloggers. Cosmetic and fashion brands are particularly fond of deploying this solution.

Meaningful and impactful ideas are still mostly presented by big advertisers, since it is usually neither cheap, nor a quick process to create something truly valuable that will engage your audience. A genuine part of brands that are less constrained by budget are still getting used to the benefits of content marketing. For the time being, they are rather astonished and confused when they see that a well-conceived influencer video can turn a product into a bestseller in its category. Legend has it that a mobile company collaborated with a beauty vlogger to spice up its digital mix, and following a shopping craze related to its new flagship product, they wanted to allocate all their digital budget to the already-mentioned influencer girl. There are probably examples for the opposite as well: companies might re-allocate their budget after a bad experience or when their expectations do not meet the reality. It is worth noting that quality content is not necessarily able to be monetized in a short period time. However, it is certainly true that it is a must to aim high and not settle for an average solution, because the audience will notice. We expect the local analytics tools to develop, as this advancement would help the industry measure results more precisely, see ROI figures and – consequently – learn from the mistakes and make progress. Until that happens, we will come across a couple of great examples every year, but a lot of clumsy solutions as well, that will make people put their anti-advertising shields higher up.

CONTENT MARKETING Q&A *Serbia*

WHICH CONTENT MARKETING TOOLS ARE THE MOST COMMON ON THE LOCAL MARKET? 1.

The most common tools are the social media platforms without doubt. What's more, video as a medium has an increasing role, especially on Facebook, YouTube and Instagram. Influencers are also becoming indispensable and it is getting difficult to find an opinion leader who matches the brand and is not already "taken" by big brands.

WHICH CONTENT MARKETING TOOLS DEVELOP THE MOST DYNAMICALLY? 2.

As it was already mentioned in the article, video is growing very fast. Brands make video tutorials (educational or entertaining) or present their products and services with the help of influencers. The trend to launch channels with influencers is becoming wide-spread, so more and more new digital faces enter the market. Certain companies organize YouTuber meet-ups to get to know young influencers and make the best choice for the brand.

NAME THE MOST IMPORTANT PLATFORMS IN YOUR COUNTRY FROM A CONTENT MARKETING POINT OF VIEW. LIST THEM ACCORDING TO THEIR IMPORTANCE/POPULARITY IN DESCENDING ORDER. 3.

Social media in general, but the most crucial platforms are as follows: Facebook, YouTube, Instagram and Twitter. Facebook has the largest volume, so it is irreplaceable in terms of content distribution, although most influencers do not use it as a base. Depending on the strategy, brands either communicate via their own social media channels or they let influencers generate the brand-related content on their site.

NAME THE TOP10 INFLUENCERS ON THE LOCAL MARKET. 4.

CHANNEL	NUMBER OF SUBSCRIBERS	PROFILE
Zorannah	801,000	fashion
Yasserstain	477,907	entertainment
marija Zezelj	416,000	model, singer
jana Dacovic	366,000	lifestyle, make-up
nixa Zizu	358,250	bodybuilding
Srpski tutorijali	311,185	reviews & tutorials
Koza na štiklama	240,000	writer
Zvoganj	237,380	animations
Lea Stankovic	225,000	entertainment, lifestyle, make-up
Kovalska	180,300	gaming, reviews, unboxing

Influencers' biggest platform, Q2 2017

NAME 5 BRANDS THAT USE INFLUENCERS THE MOST OFTEN ON THE LOCAL MARKET. 5.

Coca-Cola engages influencers for their top brands, whereas Fanta teamed up with teenage YouTubers. Coca-Cola turned to teenagers as well, but with a broader mix and Schweppes joined forces with opinion leaders on Instagram and Twitter. Pepsico as a major competitor cooperated with a top YouTuber in their #shareasmile campaign. In addition, Telenor launched a notable campaign called Young Heroes with young influencers appearing in it.

HOW WOULD YOU DEFINE THE FOLLOWING TERMS IN YOUR OWN WORDS? 6.

- **Native advertisement:** It is a form of advertisement that matches the natural environment of the medium where it is placed. The advertisement is marked as a promotion, but because of its nature, relevance and authenticity the audience usually accepts it and finds it useful/entertaining.
- **Branded content:** Content produced by brands and distributed through different mediums clearly as part of the marketing communication.

Author of the Chapter on Content Marketing

With a degree in marketing and 5 years of working in both global and local media agencies, Ivana develops campaigns for clients in various categories. She always aims to find the best, tailor-made solution for each brand. She likes exploring different research methods and creating data-driven campaigns.

IVANA ZLATANOVIĆ

MEDIA MANAGER

ADVANS MEDIA COMMUNICATIONS BELGRADE

IVANA@ADVANS.RS

WE CAN ranking

0.48% 5

(in 2016: 3
0.49%)

LJILJANA GRMUŠA

PARTNER AND MANAGING DIRECTOR

ADVANS MEDIA COMMUNICATIONS BELGRADE

LJILJANA@ADVANS.RS

CORE DATA[19]

Political system	Parliamentary republic
Capital	Belgrade
Area	77,474 km² without Kosovo and Metohija
Official language	Serbian
Population	7,021,000
Population density (people per km² of land area)	81
Time zone	CET (UTC+1); CEST (UTC+2)
Currency	Serbian Dinar

ECONOMIC DATA[20]

GDP (million, EUR)	34,115.2
GDP per capita (EUR)	4,859
PPP (billion, current international dollar)	101.752
PPP per capita (current international dollar)	14,493.130
HDI	0.776
GDP real growth rate (estimate, %)	2.5
Government gross debt (% of GDP)	74.143
Industrial production (estimated growth rate, %)	5
Unemployment rate (% of total labor force)	15.905
Inflation (consumer prices, annual %, estimate)	1,10%
Current account balance (billion, USD)	-1.516
Number of households	2,487,886
Number of persons in households	2.9
Labor force participation rate (% of total population aged 15+)	51.4

[19] CIA World Factbook; IMF World Economic Outlook, April 2017; data.worldbank.org; belgradeeye.com, National Bank of Serbia
[20] Eurostat, 2016; IMF World Economic Outlook, April 2017; Human Development Report 2016; CIA World Factbook; Statistical pocketbook of Serbia 2016; ilo.org

Author of the Article about the Local Media Market

We Dig Digital. With Delay.

Her previous positions include Managing Director at Dotični Belgrade and Media Planner at several agencies during more than ten years of professional experience. A Master's (2014) and a Bachelor's degree (2004) in Business Administration from the University of Belgrade. Fluent in English, French, Italian and German, was born and is still living in Belgrade.

We Dig Digital. With Delay.

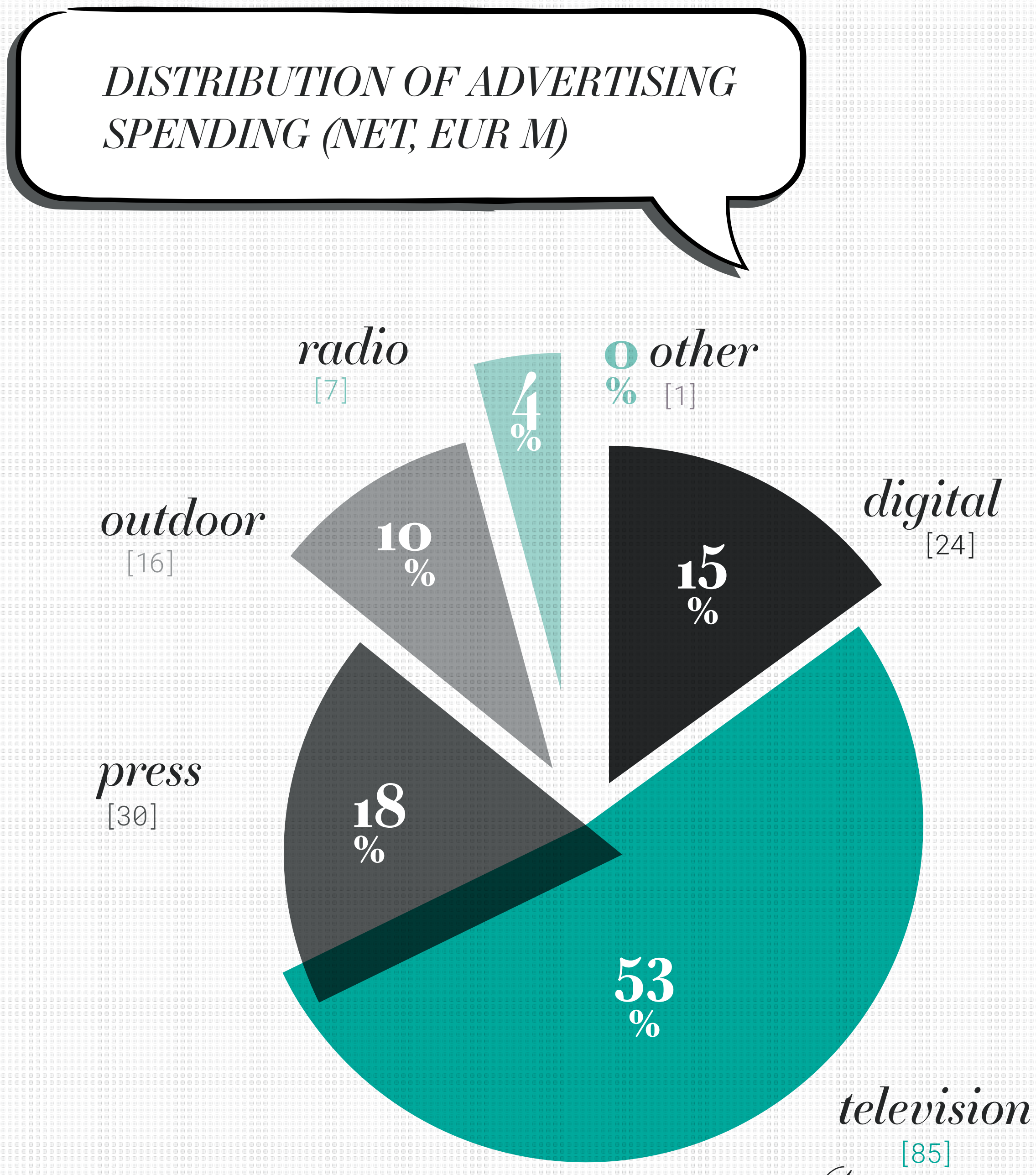
IF WE TAKE A LOOK AT THE LIST OF COUNTRIES IN TERMS OF DIGITAL DEVELOPMENT, SERBIA–WITH ITS CURRENT STATUS–IS IN 2008, WHILE GREAT BRITAIN IS IN 2022, ACCORDING TO GOOGLE EXPERTS. THIS ASSESSMENT IS BASED ON ONLINE ADVERTISING EXPENDITURES. HOWEVER, WHEN IT COMES TO ONLINE CONTENT CONSUMPTION, SERBIAN USERS SPEND 12 MINUTES–THAT IS, 10%-MORE BROWSING COMPARED TO THE ABOVE-MENTIONED PRODIGY, BRITAIN.

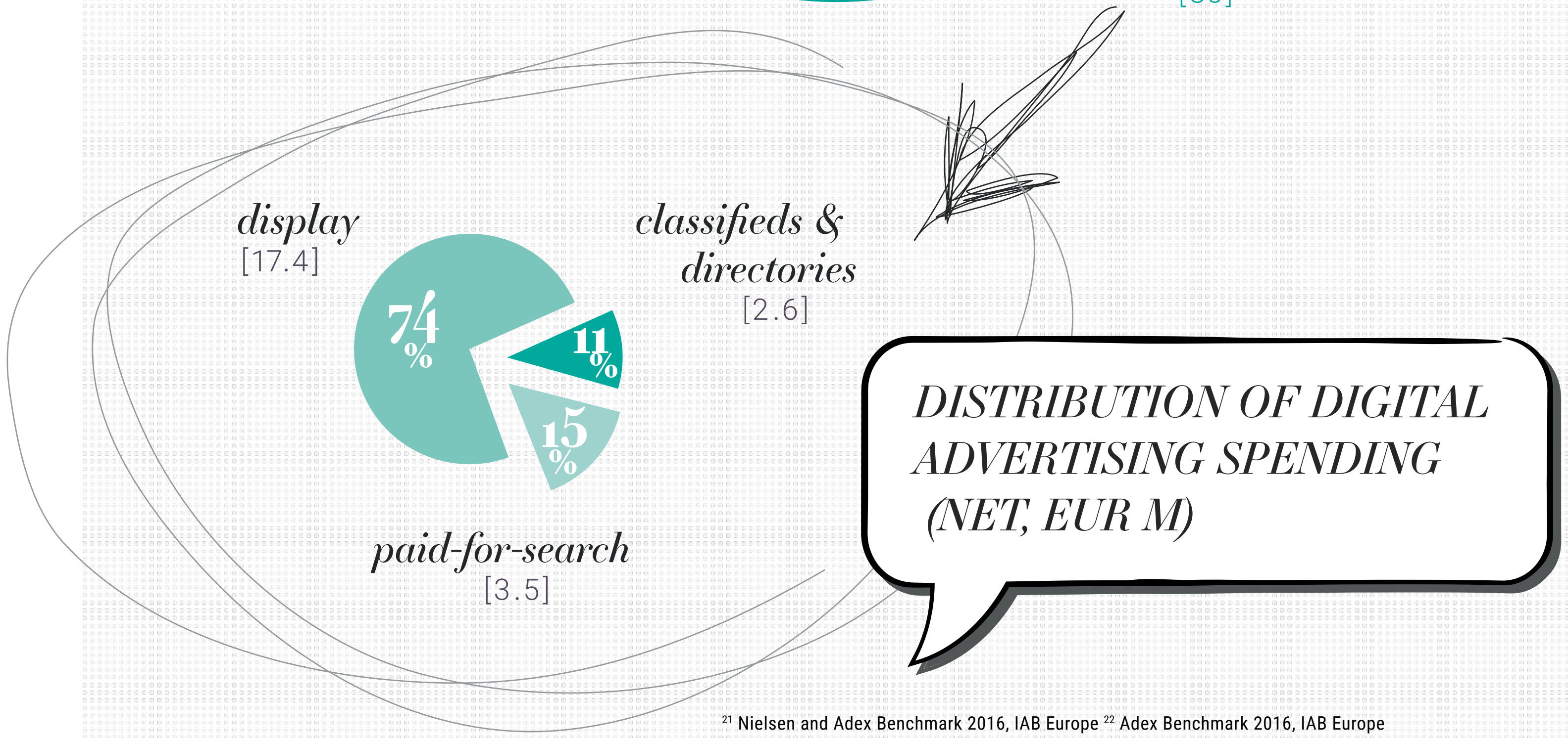
Nonetheless, local advertisers do not recognize this situation. 25% of all media consumption takes place at a digital level, but advertisers spend only around 10% of the budget on online ads. They spend more money on places where people used to be than where people are right now. Considering the fact that Serbs spend more time online than the world average, yet online advertising budgets are excessively low, it can be concluded that the main characteristic of our digital legion is delay.

Let's see what that means in practice. It is worth starting with global digital trends. The three most relevant ones are the growth of mobile, online video advertising and influencer marketing. Mobile advertising is imbued with advertising budget growth, but when it comes to increase rates in terms of those browsing via mobile phones and that of mobile advertising budget, a slight delay can be observed. A number of factors have contributed to this state of affairs: the inertness of the advertising market, technical imperfections, unregulated mobile standards, etc. The share of mobile internet usage is very high – 35-70% depending on the site –, but the majority of the online budget is spent on desktop advertising nevertheless. According to IAB, the share of mobile is only 30%, compared to desktop (70%). However, the rate of mobile advertising increased by 248% in 2016 compared to 2015, which might suggest that the era of delay has come to an end.

A similar phenomenon could be observed in terms of online video advertising, where a 133% growth was experienced in 2016.

One of the most appealing trends is definitely influencer marketing. Advertising categories such as cosmetics, jewelry and electronics are the most attracted to this form of native advertising. Among brands, L'Oréal, Pandora, Huawei are the ones using this kind of promotion the most. Soon enough, the domestic influencer market will become too small, because it happens every too often nowadays that an advertiser exploits the available influencer artillery, so the competition cannot find anybody else. For instance, when Rauch decided to incorporate influencers in their media strategy, they came to discover that Coca-Cola had already concluded exclusive contracts with relevant influencers.





[21] Nielsen and Adex Benchmark 2016, IAB Europe [22] Adex Benchmark 2016, IAB Europe

THE MOST VISITED WEBSITES (TOP20)[25]

real users, monthly average

news portal	blic.rs	1,708,587
news portal	kurir.rs	1,452,686
news portal	b92.net	1,037,520
online classifieds marketplace	kupujemprodajem.com	951,135
news portal	telegraf.rs	925,998
news portal	novosti.rs	728,574
news portal	srbijadanas.com	680,277
online classifieds marketplace for cars	polovniautomobili.com	643,984
news aggregation portal	naslovi.net	555,082
news portal	alo.rs	554,968
news portal	mondo.rs	543,801
serbian cities maps	planplus.rs	488,663
online classifieds marketplace	kupindo.com	483,142
news and entertainment portal	prva.rs	454,915
news portal	espreso.rs	452,912
online classifieds marketplace for cars	mojauto.rs	441,171
online classifieds marketplace	limundo.com	432,235
online classifieds marketplace	halooglasi.com	429,631
entertainment portal	pulsonline.rs	422,701
public broadcast service rts	rts.rs	422,354

Mobile broadband penetration[24]

(% of the population)

49%

Smartphone penetration[25]

(% of the population)

53%

[25] Gemius, 2016 [24] TGI, 2016 [25] The Connected Consumer, Google, 2016

However, the biggest trend that is definitely sentenced to delay is the use of programmatic advertising. Even though programmatic takes up a considerable share on developed markets, the Serbian environment does not yet provide a fertile ground for its successful implementation. Taking into consideration that the cornerstones of programmatic are Demand Side Platform (DSP), Supply Side Platform (SSP) and Data Management Platform (DMP), it is fair to say that unfortunately, Serbia does not satisfy these requirements, especially DMP, because data cannot be acquired. Programmatic is offered by some agencies, but the quality of data is very questionable. Another, more important flaw related to programmatic is that our advertisers generally do not measure the effects of online advertising efficiently enough, therefore, they are still unable to define key product indicators for future Programmatic ads. However, this is essential for programmatic to fulfil its purpose.

The lack of data infrastructure as well as the lack of meaningful measurement of the effects of advertising generates an inability to define sustainable KPIs. This, and the fact that the value of the online market amounts only for Net 24 million EUR (according to IAB), answer the question why the demand for programmatic is still very low on the local market. It will grow for sure, but again, with delay.

One's digital past is someone's digital future: as we propel ourselves to our own digital future, we need to work hard and be devoted to achieve our goals. First, we have to increase the level of internet penetration. Even though we are at 65% according to Eurostat, which is sufficient enough when observed through the prism of our standards and when compared to the neighbouring countries with similar attributes, there is still room from development. Second, we should introduce and implement laws and regulations related to the Internet that are currently absent. In addition, Internet should be incorporated into the school curriculum on an enhanced level, starting from elementary schools. Last, but not least, we, adults must start using the Internet in a multi-faceted way, exploiting its full potential. We should use it for education, fruitful collaborations, the development of smaller businesses, inspiration, brainstorming, business development, shopping and spreading information instead of cheap self-promotion by means of tastelessly photoshopped pictures on social media. Until this happens, we still will be strong in terms of television, without any substantial change compared to previous years, where the only delay refers to time shift channel viewing and measurement.

INTERNET PENETRATION
% of the population[26]

70%

INTERNET USERS BY GENDER[27]

male	female
50%	50%

INTERNET USERS BY AGE[28]

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60-69]	age [70-75]
10%	23%	22%	21%	15%	9%	n.a.

THE MOBILE DISPLAY AD SPENDING GREW THE MOST IN SERBIA *IN THE WHOLE OF EUROPE, WITH 327% YOY.*

PURPOSE OF USE
% of users[29]

Getting information	Searching for information	36%
	E-mailing	28%
	News	31%
Social networking	Using instant messaging	18%
Downloading	Movies	13%
	Music	22%
Entertainment	Listening to the radio	11%
	Watching movies, videos online	25%
	Online games	13%
Administration	Electronic banking	9%

INTERNET USERS BY HOUSEHOLD SIZE[30]

NR OF MEMBERS IN FAMILY

1 members/family	2 members/family	3 members/family	4 members/family	5+ members/family
[6%]	[17%]	[25%]	[29%]	[18%]

INTERNET USERS BY SEL SOCIAL GRADE CATEGORIES[31]

SEL 1	14%
SEL 2	28%
SEL 3	34%
SEL 4	24%

Online shoppers (% of the population)[32]

10

CONSUMER DURABLES[33]
in % of households

61.3% | 41.2% | 96.1% | 39.1% | 60.6%

[26] TGI, 2016 [27-33] TGI, Mediana Adria

CROatIA

Andrea Andrassy is a top Croatian influencer: a columnist, a radio host, a copywriter, a prominent stand-up comedian and a major cheese fan. A woman of many talents. Life took her to the field of journalism, and her column "A City Girl's Diary" on Index.hr earned major fame: her pieces are among the most read ones today. You can find her on Facebook, Instagram and Twitter.

Photo: Karmen Poznić

Ready to Get Engaged?

Yes, it's true that when people love you, they don't date others; they spend their time with you. Like in any other relationship, it is as simple and as difficult as that. That is why brands on the Croatian market understand – now more than ever – that content marketing can be used as a leverage to build strong relationships with their consumers.

I Promise to Inspire You and to Laugh with You

Although content marketing is not a new segment of marketing communications, its importance has rapidly grown in recent years. Content marketing now plays one of the leading roles in the improvement of relationships between brands and consumers. Branded pages don't entertain with their flashy designs anymore: nowadays, they provide live interaction, relevant information, and content twenty-four-seven.

90% of the leading brands on the Croatian market invest in content marketing. Moreover, brands understand that content marketing means the continuous creation of content that their customers actually read and share. Besides, brands are more than willing to build an audience with subscribers who allow them to take up space in their already overcrowded newsfeed. Furthermore, intending to achieve good sales results, brands aspire to create content which provides their customers with relevant information, teaches them something new, and allows them to have some fun.

The logic behind this relationship is clear: brands provide useful and interesting content to potential customers continuously and consistently, hoping that they will reward the brand with the purchase of their products and services as well as loyalty to the brand in return. To put it simply, Croatian brands embrace the idea of investing in valuable and reputable content and generating strong relationships instead of forcing customers to buy their products with the classic advertising methods.

This approach is very different from traditional advertising because it assumes well-researched, genuine and authentic content that is favoured by the target audience. Although classic advertising and content marketing methods are observed separately for the most part, the results of REZ's research and strategy for the purpose of the International Content Marketing Forum (ICMF) show that the integration and synergy of these two forms of communication are necessary, since the two are considered an invincible communication duo.

TOP CHANNELS BY NUMBER OF USERS
% OF POPULATION 15+/18+[1]

YOUTUBE	67%
FACEBOOK	53%
INSTAGRAM	20%

1| YosuTube
% of the population 18+[2]

67%

2| Facebook
% of the population 15+[3]

53%

THE MOST POPULAR BRAND[7]
BIPA HRVATSKA [DRUGSTORE]
Number of local fans
385,037

BIPA

USERS BY GENDER[4]

male	female
51%	49%

USERS BY AGE[5]

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60+]
11%	36%	24%	15%	8%	6%

USERS BY DEVICE[6]

MOBILE	DESKTOP
89%	58%

3| Instagram
% of the population 15+[8]

20%

USERS BY GENDER[9]

male	female
46%	54%

USERS BY AGE[10]

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60+]
18%	49%	20%	8%	3%	2%

WATCHING VIDEO CONTENT FROM SHARING SERVICES
% of the population 16-74[11]

80%

BY GENDER (% OF THE GROUP)[12]

male	female
81%	79%

BY AGE (% OF THE GROUP)[13]

age [16-24]	age [25-34]	age [35-44]	age [45-54]	age [55-64]	age [65-74]
96%	94%	83%	72%	55%	41%

Video advertising (€m)[16]
6

Video share of display (%)[17]
24.6

Video advertising YoY growth (%)[18]
80

BY EDUCATION[14]

None or low	Medium	High
71%	79%	87%

BY INCOME QUARTILES[15]

4th (highest)	88%
3rd	87%
2nd	80%
1st (lowest)	77%

[1] Own calculation based on Google AdWords and Facebook Ads Manager, March 2017 [2] Own calculation based on Google AdWords, March 2017 [3-6] Own calculation based on Facebook Ads Manager, March 2017 [7] socialbakers.com, March 2017 [8-10] Own calculation based on Facebook Ads Manager, March 2017 [11-15] 16-74 years old, Eurostat, 2016 [16-18] Adex Benchmark 2016, IAB Europe

Without You, I'm Nothing

High-quality content has numerous benefits for the brand. The easiest and best way to create relevant content for the brand's target audience is by asking potential consumers. Nowadays, the number of ways to do that is endless, starting from online surveys to user comments on Facebook pages. Ultimately, high-quality content can help a particular brand position itself as an expert in a particular industry. With that in mind, content marketing increases brand visibility, and it strengthens brand awareness as well as brand credibility.

However, without proper targeting, the benefits of high-quality content do not reach their full potential. Leading experts agree that it is indispensable to reach the audience through the targeted promotion of an original content. In the Croatian market, promotion of your original content is considered to be a significant factor in terms of success, and decision makers in the marketing departments of companies invest significant amounts of money into promoting their content in order to increase reach and their audience.

Furthermore, social networks have become an integral part of everyday life and 40% of Croats visit Facebook on a daily basis. Facebook is by far the most popular social network on the Croatian market, followed by Instagram, LinkedIn, Twitter and Pinterest, while Tumblr, Flickr and Vine are not as popular in this country. 30% of Facebook users follow brands – companies, products and services – that they like. Consequently, social media agencies and content providers on the Croatian market are finding new communication mechanisms to offer users more attractive ways of content marketing consumption. Nowadays, there is a blooming trend of 360-degree videos, live videos, interactive videos, infographic and reaction buttons that leading brands are using as an effective way to stand out from the competitive market.

We Will Build Our Own Community

Due to the latest trends on the Croatian market, an important marketing audience known as the "YouTube generation" appeared on the scene. Croatia has a few successful marketing examples like the development of the largest regional network of YouTubers, Joomboos that achieved a major breakthrough only a few months after its launch.

Following global trends, research suggests that these young audiences are immune to professional titles, brands and established authorities and react only if someone is important and authentic enough to gain their trust.

As a result, the local market is witnessing the rise of micro-influencers with a more authentic and organic approach to promotion. These social influencers have a much more compact target audience, and, since they don't have many followers, they can afford to interact with them at an increased level.

Taking these content marketing trends and the highly competitive marketing landscape into account, it seems that besides producing high-value content, having a good distribution network as well as engaged communities are also a must.

Till Bad Strategy Tears Us Apart

Among European countries, Croatia shows that more than one-fifth of the total marketing budget is directed at the production and distribution of marketing content. In the year to come, Croatian companies and organizations will increase their budget for content-marketing projects, and now, more than ever, they will give advantage to quality over quantity. By 2020, the largest increase of investment in content marketing is expected in the Croatian and the Polish markets.

The general conclusion should not come as a surprise: in the following years, a considerably larger emphasis will be put on content marketing. However, the main challenge across all regional countries lies in the fact that most of the companies still lack a clear content marketing strategy.

The absence of strategic approach in the planning and implementation of relevant and consistent content is the largest obstacle to the growth of content marketing. We must not forget that content marketing is an important tool in terms of promoting and selling services and products as well as generating strong relationships between brands and consumers, making them interact happily ever after.

CONTENT MARKETING Q&A *Croatia*

WHICH CONTENT MARKETING TOOLS ARE THE MOST COMMON ON THE LOCAL MARKET? 1.

For web content analytics: Google Analytics and gemiusAudience
For social content: SocialBakers, Sprinklr, Hootsuite, Mediatoolkit
Direct marketing: Mailchimp.

WHICH CONTENT MARKETING TOOLS DEVELOP THE MOST DYNAMICALLY? 2.

Many content marketing tools are quite different from each other, but on the Croatian market Google Analytics has shown significant developments; it is currently the leader in the segment. However, Croats also use the world's most popular CMS and blogging software, WordPress and also MailChimp which uses an email marketing software to create a subscriber base as well as to automate and personalize emails.

NAME THE MOST IMPORTANT PLATFORMS IN YOUR COUNTRY FROM A CONTENT MARKETING POINT OF VIEW. LIST THEM ACCORDING TO THEIR IMPORTANCE/ POPULARITY IN DESCENDING ORDER. 3.

It's no surprise that on the Croatian market Facebook, Instagram, Twitter and Pinterest are considered the top social media channels for marketers. In addition, Facebook is the leading platform, Instagram is the most dinamically growing one, and Twitter, alongside with Pinterest, is used depending on the characteristics of the given marketing campaign.

NAME THE TOP10 INFLUENCERS ON THE LOCAL MARKET. 4.

CHANNEL	NUMBER OF SUBSCRIBERS	PROFILE
Jelena Perić	1,000,000	beauty & fashion v/blogger
Ella Dvornik	423,299	travel, gastro, fashion
Tomislav Gustin	260,637	fitness
Božena Abrlić	250,824	beauty & fashion
Ana Perduv	244,032	beauty & fashion
Antonija Blaće	237,681	lifestyle
Luka Bulić	236,594	lifestyle
Andrea Andrassy	237,667	beauty, travel, gastro, lifestyle
Ivan Šarić	112,288	lifestyle
Bloger Krule	104,488	humour

Source: mediatoolkit.com

NAME 5 BRANDS THAT USE INFLUENCERS THE MOST OFTEN ON THE LOCAL MARKET. 5.

There are various brands on the Croatian market that reach their target audience with the help of influencers.
They can be divided into the following categories:

1. Beauty & health brands (e.g. Nivea, BIPA,s L'Oreal, Philips)
2. Tourist agencies and hotels (e.g. Atlas, IstraTurist)
3. Food and culinary brands (e.g. PIK Vrbovec, Podravka, Jamnica, Ledo)
4. Beer industry (e.g. Karlovačko, Becks, Ožujsko...)

HOW WOULD YOU DEFINE THE FOLLOWING TERMS WITH YOUR OWN WORDS? 6.

- **Native advertisement** Good idea to engage with users in a way that does not impede the normal behaviour of users in a given channel, but it is scarcely used by brands and agencies in Croatia. Generally speaking, it has to be smartly defined, strategically planned and well executed.
- **Branded content** To put it simply, brands and advertisers are forced to DO much more than just to TALK. Branded content is starting to make a difference in terms of brand perception and the engagement of the audience.
Good branded content has to give the user a greater value, either by providing a useful tool, an amusement or a reward, often going beyond the brand itself.

Authors of the Chapter on Content Marketing

HRVOJE HRVATIN

EXECUTIVE DIRECTOR

1&0 (PART OF THE IMAGO OGILVY ADVERTISING AGENCY)

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I started my career at MediaCom as a media planner, working on leading domestic and global brands, with an emphasis on digital campaigns. Today, at 1&0 – a sister agency of Imago – I deal with strategic planning and the creative segment of online campaigns, along with community management for some of our clients. Even though 1&0 is a small team of people, apart from the social media segment, we have successfully implemented some of the biggest campaigns and online projects in Croatia for clients such as Konzum, Ledo, Reebok, Franck, Jamnica and Juicy.

Ana joined Imago Ogilvy as a junior copywriter 4 years ago. With a degree in media and communication, completed with her natural curiosity in everything around her, she works on generating creative concepts for Croatian and international brands. She especially enjoys exploring new technologies and developing digital communication strategies.

ANA BURAZER

COPYWRITER

IMAGO OGILVY

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WE CAN ranking
0.47% 6
(in 2016: 6
0.44%)

ANNAMARIJA JURAKOVIĆ

EXECUTIVE DIRECTOR

ADVANS MEDIA COMMUNICATIONS

ANAMARIJA.JURAKOVIC@ADVANS.HR

CORE DATA[19]

Political system	Parliamentary republic
Capital	Zagreb
Area	56,594 km^2
Official language	Croatian
Population	4,170,000
Population density (people per km^2)	75
Time zone	CET (UTC+1) CEST (UTC+2)
Currency	Croatian Kuna

ECONOMIC DATA[20]

GDP (billion, EUR)	45,819.0
GDP per capita (EUR)	11,000
PPP (billion, current international dollar)	95.063
PPP per capita (current international dollar)	22,795.312
HDI	0.827
GDP growth (estimate, %)	1.9
Government gross debt (% of GDP)	84.379
Industrial production (estimated growth rate, %)	3.5
Unemployment rate (% of total labor force)	14.958
Inflation (consumer prices, annual %)	-1
Current account balance (billion, USD)	1.961
Number of households	1,494,100
Number of persons in households	2.8
Labor force participation rate (% of total population aged 15+)	52.1

[19] europa.eu; IMF World Economic Outlook, April 2017; data.worldbank.org; localtimes.info
[20] Eurostat, 2016; IMF World Economic Outlook, April 2017; Human Development Report 2016; CIA World Factbook; ilo.org

Author of the Article about the Local Media Market

A Period of Political and Corporate Turmoil

I have been with Advans for 12 years now. It might seem a long time, but the enthusiasm and the excitement for what I do is unwavering. Although the media sector made a 180 degree turn in the last decade, I still find it one of the most dynamic branches. What's more, the fact that our clients are our partners and we are true partners of our clients is a formula that brings and ensures success and performance.

A Period of Political and Corporate Turmoil

2016 WAS A BUSTLING YEAR FOR CROATIA. WE HAD PARLIAMENTARY ELECTIONS TWICE LAST YEAR. 2016 WAS ALL ABOUT POLITICS, ELECTIONS AND COMMERCIAL CAMPAIGNS, EVEN OUTSIDE THE ELECTION PERIODS. THE MARKET AND THE BUDGETS WOULD HAVE PROBABLY BEEN MORE FAVORABLE IF IT HADN'T BEEN FOR THE UNSTABLE POLITICAL CLIMATE. THE KARMA OF 2016 CONTINUED IN 2017, AND WE ALMOST ENDED UP HAVING NEW ELECTIONS RECENTLY, BUT THE GOVERNMENT WAS BROKEN UP INSTEAD AND A NEW COALITION WAS FORMED.

The Fall of an Empire

The most important event in 2017 was and certainly will be the "fall" of Agrokor. Agrokor is the biggest private company in Croatia and one of the biggest in Southeast Europe. Here in Croatia, Agrokor was a state within the state. However, they announced that they were on the brink of bankruptcy. The state got involved, the board – all family members – resigned, and a new board was set up with the mission to save what they can.

The true impact of Agrokor's indebtedness on the economy and the entire market is yet to come, but the forecasts do not augur well for them. Agrokor has over 70 companies in its portfolio. It is the protagonist in food production and agriculture. A retail leader. Everyone in Croatia is directly or indirectly linked to Agrokor.

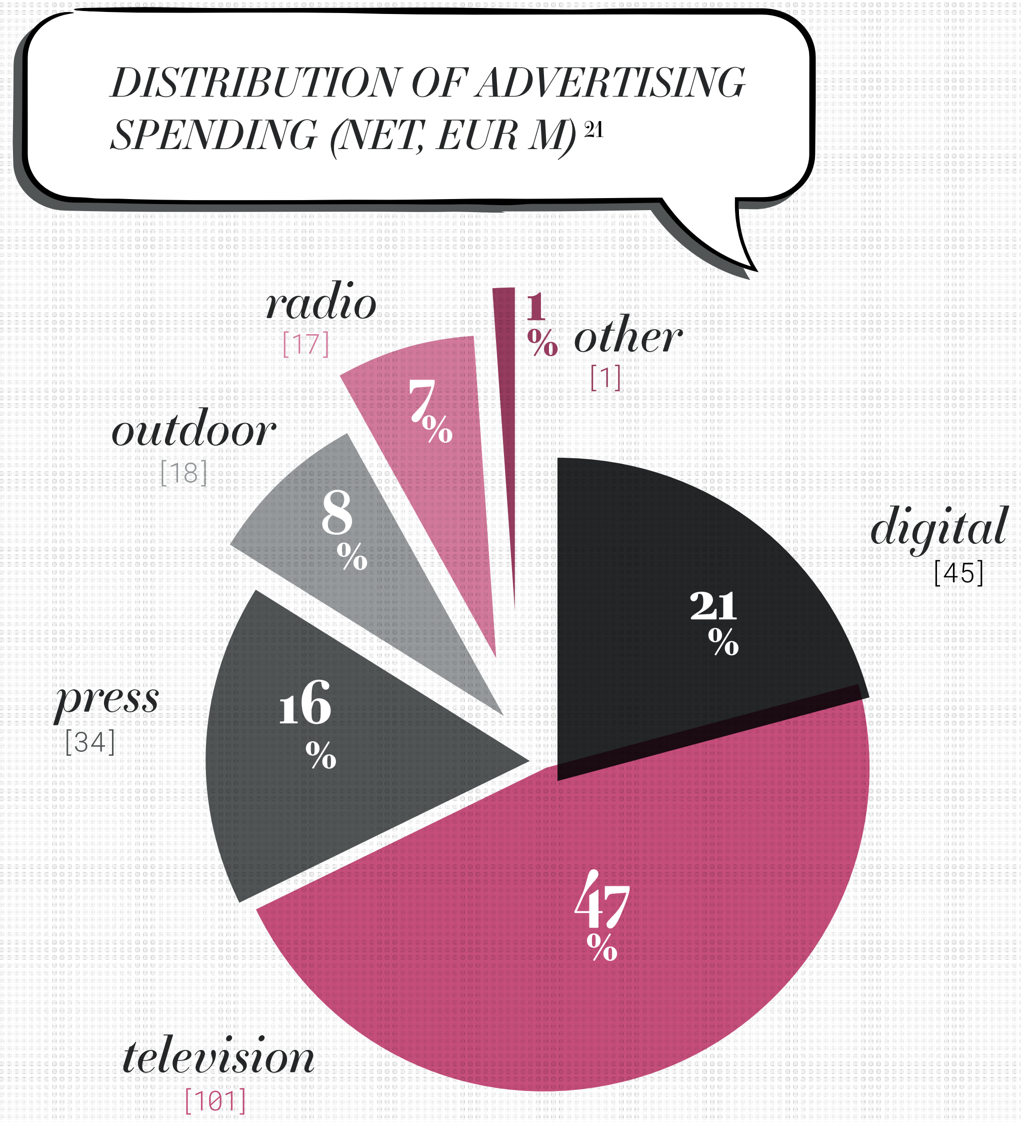
When it comes to media, Agrokor companies had been the biggest spenders up until now, so the arrangements within different categories may be subject to change in 2017, and the market might experience a budget cutback. In January, we predicted market growth and figured that the instability of 2016 was finally behind us, but as summer settles in, all we see are fogginess and uncertainty for the second half of 2017.

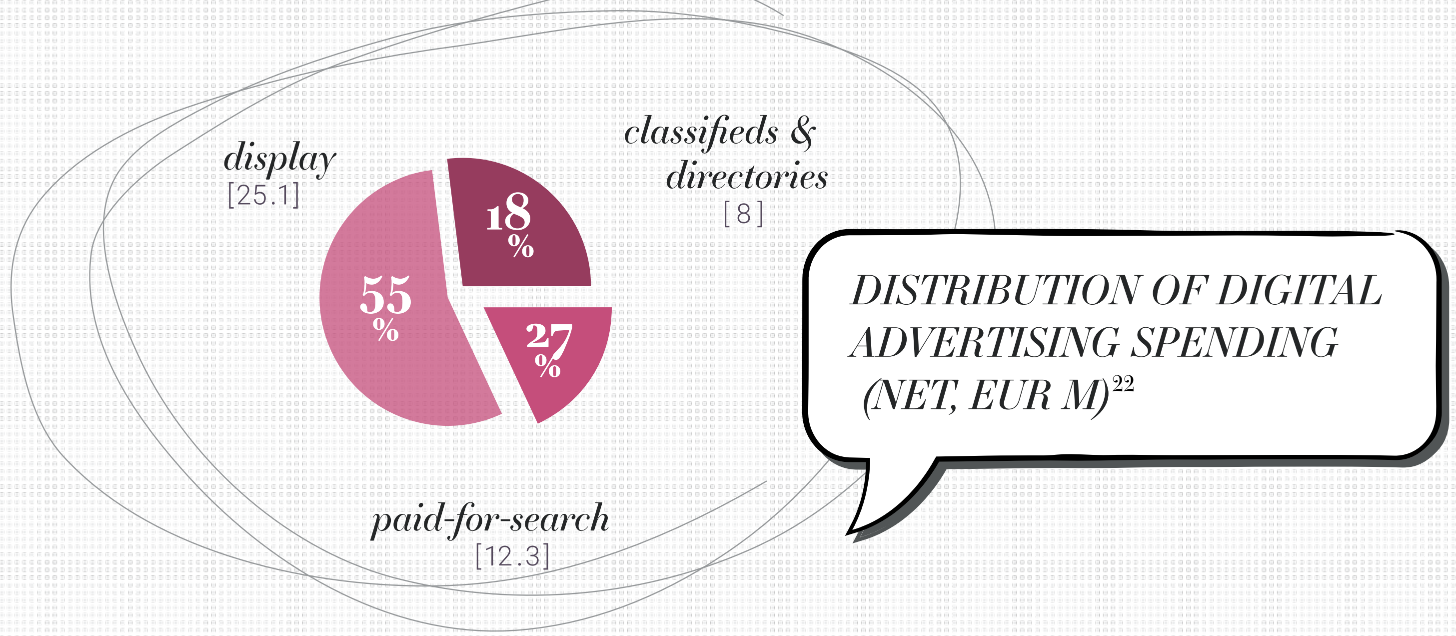
Going Digital with Slow but Steady Steps

Let's rivet our attention on the developments of 2016 on the local media market. The buzz and hype is still about the fact that "we are going digital". And we are. Slow as a turtle or a snail. But we are going to get there once, of that I am sure.

TV is the no.1 medium on the market. Around 50% of the net market budget is estimated to be spent on TV. The share of online, on the other hand, is around 20%. The latter shows a growing tendency and the market is getting more educated and aware of the advantages of online marketing, but the budget allocated for it is increasing at a slow pace.

When it comes to online trends, native is the hype word this year. Classic display is being cast out, and it is different content solutions that we come across on national and local websites.





[21] Own calculation based on hura.hr, 2017 and Adex Benchmark 2016, IAB Europe [22] Adex Benchmark 2016, IAB Europe

THE MOST VISITED WEBSITES (TOP20)[25]
real users, monthly average

news, sports, lifestyle, fashion, health and family	24sata.hr	1 476 714
news, sports, lifestyle, home decoration, cooking, culture	jutarnji.hr	1 338 579
news, sports, lifestyle, fashion, health and family, video content from NOVA TV (video streaming)	dnevnik.hr	1,325,963
classified ads	njuskalo.hr	1,289,550
news, lifestyle, health, home decoration, cooking	vecernji.hr	1,279,362
news, lifestyle, health, cooking	net.hr	1,128,964
news, sports, lifestyle, home decoration, cooking, culture	tportal.hr	1,108,841
news, sports, lifestyle, video content from RTL (video streaming)	rtl.hr	1,096,966
forums with different topics	forum.hr	768,172
the biggest specialized portal about cooking (owned by Podravka company)	coolinarika.hr	742,336
news, lifestyle, fashion, health, home decoration, cooking, family	slobodnadalmacija.hr	722,058
news and columns (tabloid)	express.hr	626,747
news and politics, sports, lifestyle, home decoration, cooking, culture	telegram.hr	598,170
specialized business and lifestyle portal	poslovni.hr	504,776
employment search and info (specialized portal for classified ads for job search)	moj-posao.net	389,889
news, sports, lifestyle, video content from RTL (video streaming)	hrt.hr	367,781
local news and info	mojkvart.hr	344,835
specialized portal for TV content	mojtv.hr	272,727
specialized technology online portal	bug.hr	268,683
lifestyle, fashion, health, cooking, travel and family topics	zivim.hr	267,461

Mobile broadband penetration[24]
(% of the population)
78%

Smartphone penetration[25]
(% of the population)
65%

[23] Gemius Audience, December 2016 [24] digital-agenda-data.eu, European Commission, 2016 [25] The Connected Consumer, Google, 2016

A significant amount of the budget is spent on Google and YouTube ads. The number of ads on social media platforms has increased a great deal in parallel with the growing number of users. To confirm that notion, the number of Instagram users doubled in the first four months of 2017.

Video as a format is going viral; not only in terms of YouTube, but there is also a growing share of video ads on websites, the major content originating from TV.

No significant changes have taken place on the TV market. The same players rule the national TV and IPTV field. The three major national TV stations have a strict sales and pricing policy, so it is difficult to cut the TV budget and still offer reasonable prices. On the other hand, IPTV shows signs of growth in terms of budget. Except for Fox Media sales house, RTL has started to sell its IPTV channels in 2016 and continued to do so in 2017. IPTV service is still available for only a limited number of people, as only 51% of households have access to it. You can blame the poor IPTV infrastructure and the excellent national terrestrial signals for this state of affairs.

The rest of the mediums are as if they were hibernating: we cannot account for tremendous changes. Radio is pretty much stable, but budgets show a slow growing trend. OOH has also been growing, mainly due to the expansion of the digital city light networks in bigger cities. Unfortunately, there are bad news in the newsfeed of print as the sector has continued shrinking. The number of sold copies of the biggest daily newspaper decreased by 24% compared to last year, and two other big national dailies fell back by 6% as well.

The biggest print houses own the biggest websites as well, and nowadays – more than ever – they focus on the development of online platforms. They have launched several new sites and the re-design of old ones is underway. It is intriguing that besides print houses, the most popular websites are owned by TV stations, and a telecom company. Taking a look at the top10 websites, there is only one that has nothing to do with big media houses.

Walking Without a Common Denominator

The lack of ADEX data is still present on the market. There is no data available about online ADEX whatsoever, and it creates an issue. We have not seen any OOH ADEX in 2016, but recently providers had changed their mind suddenly, and released the data for 2016 and 2017. The fact that we have two research database websites and agencies and websites are using them both stirs the market up. In 2017, we had a situation when a big website was not satisfied with the results and decided to exclude itself from the research altogether, sticking to the one showing better results for them.

To sum up, not much changed in the field of media, but life goes on, and smaller changes occur all the time. We still have to find out though, what is going to happen to Agrokor in the months to come, and how the developments will affect the media market.

INTERNET PENETRATION
% of the population[26]

74%

INTERNET USERS BY GENDER[27]

male	female
50%	50%

INTERNET USERS BY AGE[28]

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60-69]
14%	18%	25%	22%	17%	6%

CROATIAN PEOPLE – NEARLY 80% OF THE POPULATION – *WATCH THE MOST VIDEO CONTENT FROM SHARING SERVICES.*

PURPOSE OF USE
% of users[29]

Getting information	Searching for information	63%
	E-mailing	64%
	News	59%
Social networking	Using instant messaging	60%
Downloading	Music	33%
Entertainment	Listening to the radio	13%
	Watching movies, videos online	32%
	Online games	21%
Administration	Electronic banking	33%

INTERNET USERS BY HOUSEHOLD SIZE[30]

NR OF MEMBERS IN FAMILY

1 members /family	2 members /family	3 members /family	4 members /family	5+ members /family
[7%]	[19%]	[23%]	[29%]	[21%]

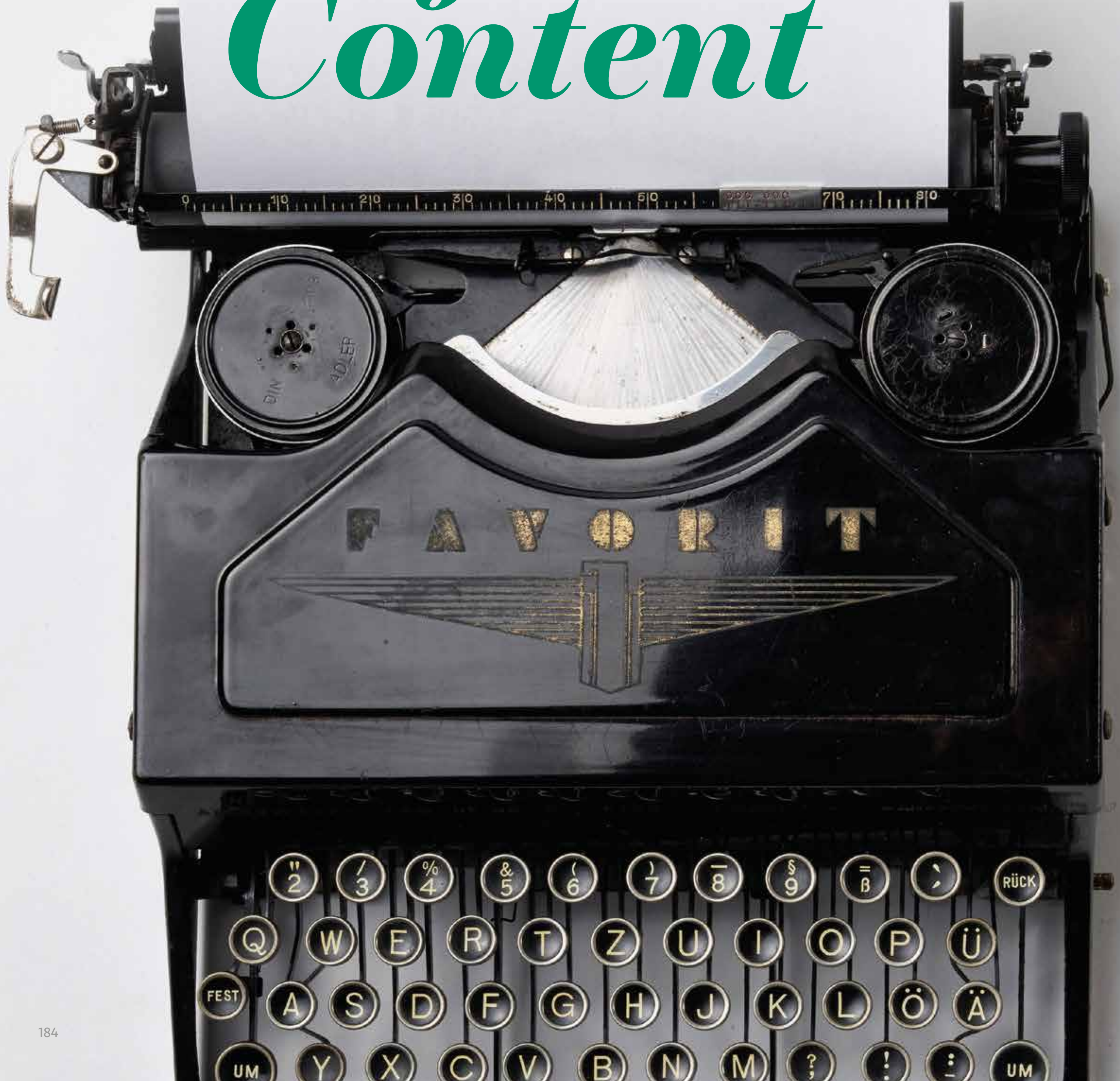
Online shoppers (% of the population)[31]

33

[26] 16-74 years old, Eurostat, 2016 [27-30] Brand Puls, Wave II 2016 [31] European Ecommerce Report 2017, Ecommerce Europe

Sandra Aleksieva is a PR professional with 8 years of professional experience in digital advertising and marketing. She is also the founder of the most popular culinary website in Bulgaria, www.1001recepti.com. The site has over 30,000 unique visits and more than 120,000 impressions on a daily basis. Her culinary brand has a strong social media presence with almost 270,000 followers of the official FB page and it also has a FB group. Clients such as Coca-Cola and Nestle collaborate with her to present their products in the digital sphere. Sandra believes that personal attitude is the foundation of good advertising and this is her motivation in developing as an influencer.

The Reign of Content



Two decades ago, Bill Gates wrote a highly successful article and came up with one of the most citied quotes in the world of online marketing: “Content is king”. In 2017, his words still ring true and it feels like its reign in the world of Bulgarian digital marketing has just begun.

While the biggest markets are overloaded with information and it’s getting harder and harder to get results with content marketing, brands operating in smaller markets such as ours can achieve remarkable results by paying attention and creating less but far more interesting, high-quality content.

For the past decades, Bulgaria has been undergoing a slow transition to a marketing economy and it is apparent that we are still struggling to keep up with the current trends. As of 2017, the country ranks 27th in the DESI (Digital Economy and Society Index) which means that we have made noteworthy progress, but the low performance in digital skills, the digitisation of businesses and public services are still slowing down the further developments of our digital economy and society.

According to Europe’s Digital Progress Report (EDPR), Bulgarians are really active when it comes to social media. However, they engage in online activities much less than other Europeans. The good news is that their number is constantly increasing and the proliferation of under-utilized digital marketing opportunities create the perfect environment in which powerful content strategies can thrive. Unfortunately, it still seems like the business sector underestimates the power of content in terms of influencing customers’ purchase decisions, and companies do not invest in creating compelling stories behind their products.

TOP CHANNELS BY NUMBER OF USERS

% OF POPULATION 15+/18+[1]

FACEBOOK	56%
YOUTUBE	50%
VBOX7	21%
INSTAGRAM	13%

1| Facebook

% of the population 15+[2]

56%

USERS BY GENDER[3]

USERS BY AGE[4]

male	female
50%	50%

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60+]
12%	28%	24%	19%	10%	7%

THE MOST POPULAR BRAND[6]

SAMSUNG BULGARIA [ELECTRONICS]

Number of local fans

599,049

SAMSUNG

USERS BY DEVICE[5]

MOBILE	DESKTOP
85%	65%

2| YouTube

% of the population 18+[7]

50%

3| Vbox7

% of the population 15+[8]

21%

USERS BY GENDER[9]

USERS BY AGE[10]

male	female
53%	47%

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60+]
11%	25%	24%	18%	14%	8%

WATCHING VIDEO CONTENT FROM SHARING SERVICES

% of the population 16-74[11]

37%

BY GENDER (% OF THE GROUP)[12]

male	female
39%	36%

BY AGE (% OF THE GROUP)[13]

age [16-24]	age [25-34]	age [35-44]	age [45-54]	age [55-64]	age [65-74]
53%	46%	38%	26%	21%	11%

Video advertising (€m)[16]

9

Video share of display (%)[17]

26.7

Video advertising YoY growth (%)[18]

19.6

BY EDUCATION[14]

None or low	Medium	High
38%	36%	39%

BY INCOME QUARTILES[15]

4th (highest)	43%
3rd	34%
2nd	35%
1st (lowest)	34%

[1] Own calculation based on Google AdWords and Facebook Ads Manager, March 2017 and Gemius, June 2017 [2-5] Own calculation based on Facebook Ads Manager, March 2017 [6] socialbakers.com, March 2017
[7] Own calculation based on Google AdWords, March 2017 [8-10] Own calculation based on Gemius, June 2017 [11-15] 16-74 years old, Eurostat, 2016 [16-18] Adex Benchmark 2016, IAB Europe

So How Can Bulgarian Brands Engage with Customers Today?

There is no doubt that brands still have a long way to go to be able to comprehend content marketing and make their objectives consistent with it. In Bulgaria, businesses focus more on their short-term goals instead of thinking ahead and exploiting the potentials of content marketing as a tool to achieve long-term results. Although it has been proven to have a huge commercial impact, brands have not yet understood what content marketing is all about, and how they can use it effectively. The good news is that they are ready to experiment and add new formats and tactics to the tried-and-true strategies they have already been using.

Since Bulgaria is one of the emerging markets in Europe, local brands are trying to catch up with the increasing demand for content, hoping to maximise the effectiveness of their marketing strategies. It means that they are following European trends and are working on creating meaningful content their audience is actively searching for.

Now, let's examine the top content marketing trends that have the biggest impact on the local businesses.

FIRST: A New Approach to Strategic Content Development Processes

The usual content strategies that we have used so far can no longer ensure that our message will meet the target audience. The overwhelming amount of content that is produced daily makes it harder and harder for brands to engage and connect with the users. We all expect content to be informative and relevant, which means that brands need to start utilizing content intelligence in order to identify leading metrics that will help them produce personalized or at least highly segmented content. In order to cut through the clutter, boost engagement and connect with people, brands are slowly starting to change their content strategy to meet the ever-growing demands of the readers. They invest more in understanding the users as well as targeting and customising content, based on personal interests and behaviour. Content strategies are evolving with consumers' needs coming first, and brands that can learn to use the power of user insights and data will be the ones that will thrive in the coming years.

SECOND: Video

Recent years have been pivotal in the world of digital marketing in Bulgaria. Traditional advertising has been evolving and digital marketing has become the centre of attention for many brands. In the past year, video has emerged and we are seeing more and more successful campaigns created around that idea. This comes as no surprise, as the biggest players in the world are investing in video as a medium of choice, and the spotlight is definitely on shorter-form content. According to Mary Meeker's Internet trends report for 2017, by the end of the year, video content will represent 74% of the global Internet traffic. Unfortunately, things are a little bit different in Bulgaria, where traditional media platforms remain the most preferred source of information. However, there is an increase in digital media consumption and video is on the rise. It is clear that YouTube is still dominant, but new revenue sources such as Facebook and Instagram are slowly catching up by targeting new audiences and providing fresh content creation tools.

THIRD: Influencer Marketing

As media consumption habits evolve, brands are starting to recognise influencer marketing as the new game-changer in the industry. The trend has exploded last year, and according to Linqia's report – 'The State of Influencer Marketing' –, 86% of marketers have utilized it, 94% of whom have found engaging influencers effective. On the Bulgarian market, the trend is still pretty new and most brands struggle on how to best implement it in their overall digital marketing strategy. The good news is that more and more brands turn to influencers and popular content creators to reach new audiences and develop a better understanding of younger users. On the other hand, we're seeing more and more 'niche' influencers gaining an audience in their own terms, which makes it easier for brands to connect with their target groups in an era when ad blockers are on the rise, and traditional TV viewership is declining.

With the rise of YouTube and Instagram as popular channels and the appearance of new tools on the local market, working with influencers to connect with users and create meaningful collaborations is easier than working with celebrities, which doesn't always prove to be effective.

When brands first turned to influencer marketing as the new go-to tactic, they had a very short-term approach to the relationship with influencers – they collaborated with them for a new launch or just for the duration of a campaign which did not bring good results for either side. 2016, however, marked a turning point with the emersion of a different approach. Brands have come to realize the potential in creating sustainable impact by building strong relationships with certain influencers, and consequently turning them into long-term advocates of the brand.

As the need for content keeps growing with no sign of slowing down, it is becoming apparent that in the near future, influencers will work with brands and agencies as content creators, helping the ideas come to life as partners, instead of just one-time contractors.

On this ever-changing landscape, the client-agency dynamic is also changing and evolving, especially on emerging markets such as ours. This creates a good opportunity to redefine the relationship between the client and the agency, in a way that will benefit both sides equally. While the market is slowly but surely shifting to digital channels and technologies, now – more than ever – clients and agencies must build solid foundations of their relationship, based on trust and clear communication. Until now, this relationship has been very agency-centric, meaning that most clients simply approved or rejected content, but did not participate in the act of creation. On top of this, many brands separate their digital and traditional communication to the extent that they work with different agencies simultaneously, which leads to differences and inconsistency within the brand message. Given the current dynamics, the players of this game should understand for real that agencies and clients should work together as a team in order to build trust and transparency that are the building blocks of every successful agency-client relationship.

CONTENT MARKETING Q&A *Bulgaria*

WHICH CONTENT MARKETING TOOLS ARE THE MOST COMMON ON THE LOCAL MARKET? 1.

Social media is the primary tool for implementing any successful content marketing strategy locally. As of 2016, 75% of Internet users in Bulgaria use social media to connect with one another and to have fun. This makes it the perfect medium to deliver your content into the hands of your customers. Other significant content marketing tools that are proven effective in Bulgaria include email marketing campaigns and blog posts.

WHICH CONTENT MARKETING TOOLS DEVELOP THE MOST DYNAMICALLY? 2.

An increasing number of brands use paid native promotion, hence making a shift towards creating useful, interesting, and highly targeted content to a given target audience. Another tool that brands have embraced recently is one of the most versatile and profitable digital marketing methods: video storytelling. The third "tool" that has shown the most progress lately is engaging influencers and trendsetters for brand endorsement.

NAME THE MOST IMPORTANT PLATFORMS IN YOUR COUNTRY FROM A CONTENT MARKETING POINT OF VIEW. LIST THEM ACCORDING TO THEIR IMPORTANCE/ POPULARITY IN DESCENDING ORDER. 3.

1. Facebook
2. YouTube
3. Blogs
4. Instagram
5. Vbox7

NAME THE TOP10 INFLUENCERS ON THE LOCAL MARKET. 4.

Since the influencer marketing trend is just about to set its foot in Bulgaria, there is not enough research and data to generate a list of the top 10 influencers on the market.

NAME 5 BRANDS THAT USE INFLUENCERS THE MOST OFTEN ON THE LOCAL MARKET. 5.

Lidl, Nestlé, Coca-Cola, Mall Serdika Center, Philips

HOW WOULD YOU DEFINE THE FOLLOWING TERMS WITH YOUR OWN WORDS? 6.

- **Native advertisement –** Native advertising is one of the most discussed content marketing trends today. A native ad is an ad that matches the user's experience and the expectations of the page on which it is placed, giving the impression that it is meant to be there. It is a welcome change that promotes relevant high-quality content instead of traditional ads that interrupt the consumers during their user journey, but do not offer anything in return.
- **Branded content –** Branded content is a content tool that uses entertainment to convey a brand message without selling products directly. It is a very effective device for both agencies and brands to boost revenue and to connect with their target audiences at a more personal level.

DOROTEYA SLAVCHOVA

COPYWRITER

THE SMARTS

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I am a copywriter and a digital marketing specialist with a rich portfolio filled with articles, advertisement copy, and marketing content. I started my career as a junior copywriter in an dvertising agency 4 years ago, where mostly I focused on traditional media. I am currently working at the digital department of The Smarts – one of the biggest ad agencies in the country. I strongly believe in the power of combining creativity and technology to embrace new opportunities in advertising.

Author of the Chapter on Content Marketing

WE CAN ranking

0.44% 7

(in 2016: 7
0.42%)

CORE DATA[19]

Political system	Parliamentary republic
Capital	Sofia
Area	110,370 km²
Official language	Bulgarian
Population	7,114,000
Population density (people per km²)	66
Time zone	EET (UTC+2) EEST (UTC+3)
Currency	Bulgarian lev

ECONOMIC DATA[20]

GDP (billion, EUR)	47,364.1
GDP per capita (EUR)	6,600
PPP (billion, current international dollar)	144.598
PPP per capita (current international dollar)	20,326.698
HDI	0.794
GDP growth (estimate, %)	3
Government gross debt (% of GDP)	27.8
Industrial production (estimated growth rate, %)	2.8
Unemployment rate (% of total labor force)	7.6
Inflation (consumer prices, annual %)	-0.7
Current account balance (billion, USD)	2.201
Number of households	2,939,800
Number of persons in households	2.5
Labor force participation rate (% of total population aged 15+)	54.1

[19] europa.eu; IMF World Economic Outlook, April 2017; data.worldbank.org; localtimes.info
[20] Eurostat, 2016; IMF World Economic Outlook, April 2017; Human Development Report 2016; CIA World Factbook; ilo.org

SIMONA TENCHEVA

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Bulgarian Media Market: On the Path of Growth

Simona is the Chief Operating Officer and also the Media Director of Argent, responsible for the operative management and team leadership as well as for ensuring high quality clients service. She is also a member of the Network Leadership of Local Planet – an independent media agency network – where she manages the development of the Local Planet CEE regional hub. Having 20+ years background in the communications industry, prior to joining Argent, Simona worked for several media owners and media agencies, managing sales, various strategic projects, corporate development and key partnerships.

Bulgarian Media Market: On the Path of Growth

AFTER YEARS OF DOWNTREND, THE BULGARIAN MARKET STARTED TO STABILIZE IN 2015, AND THE POSITIVE TREND CONTINUED IN 2016. AS A NATURAL CONSEQUENCE OF THE IMPROVED ECONOMIC SITUATION, THE ADVERTISING INVESTMENTS HAVE STARTED TO GROW AS WELL, ALBEIT SLOWLY. THE SECTORS WITH THE HIGHEST MEDIA ADSPENDING REMAIN THE SAME: PHARMACEUTICAL, FMCG, FINANCIAL SERVICES, TELECOMMUNICATIONS, RETAIL AND AUTOMOTIVE.

Television Remains Popular and Becomes More Expensive

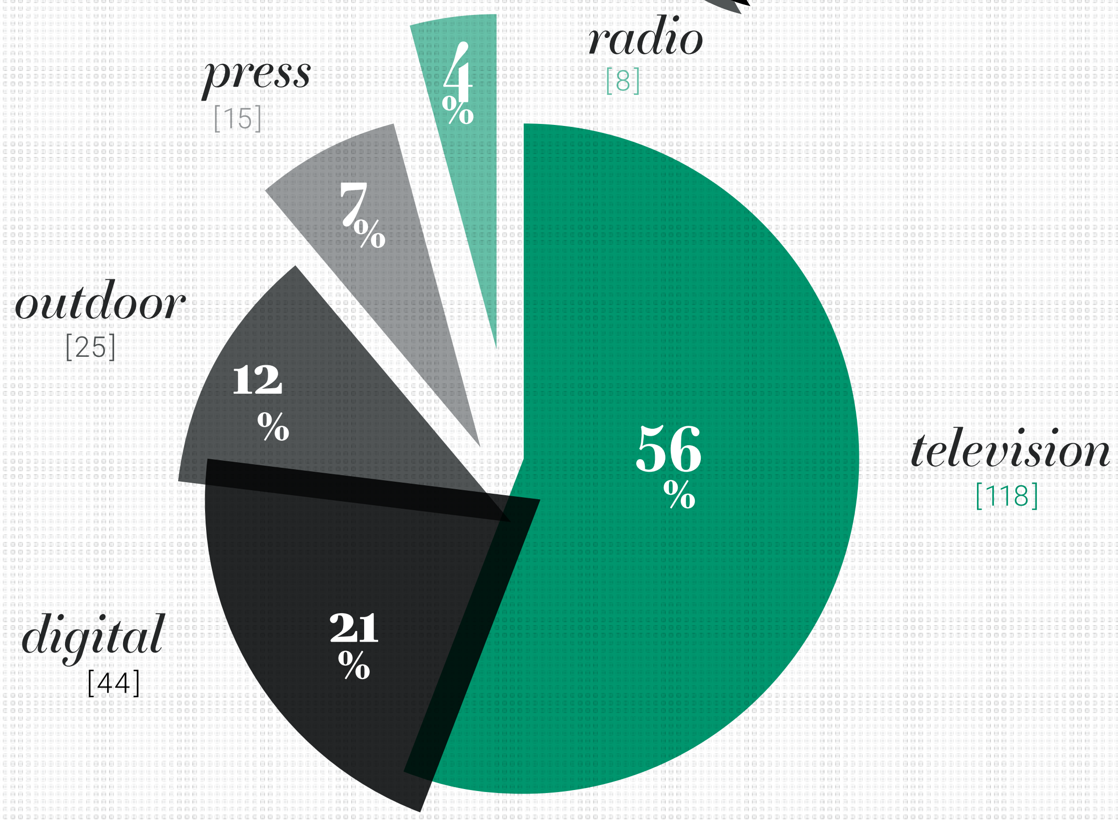
The position of television remained the same, alongside with the viewership time; people have been watching TV for an average of 3 hours during prime time for the last couple of years. However, the number of viewers are more divided nowadays, due to the huge variety of channels and programs. TV is still the protagonist concerning budget spending as well, and in the foreseeable future it is likely to remain the main medium for advertising investments.

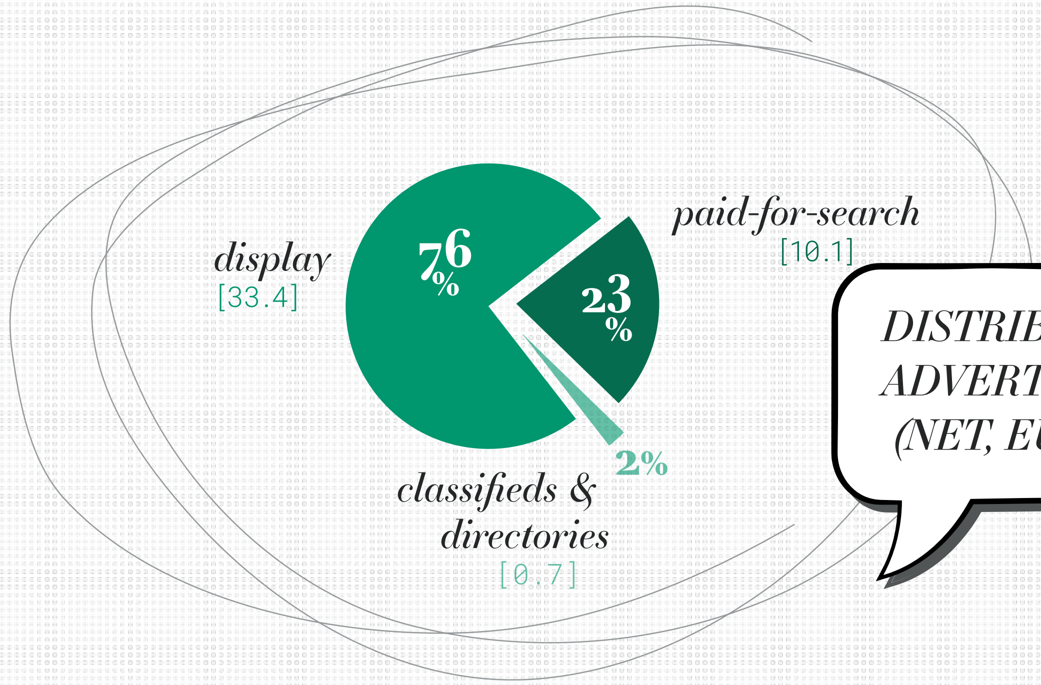
The downward trend in prices in terms of TV advertising that we had been witnessing during the last decade is no longer valid. According to our estimates for the first half of 2017, the price of target rating points (TRPs) has increased by 5-10%. We expect TV prices to slowly but steadily keep increasing. TV channels anticipate a similar future and it will allow them to invest more and improve the TV content. Current developments may also help end the cluttered ad break situation and increase the visibility of the aired commercials. It would be great news, considering that the saturation of ad breaks reached their breaking point in 2015 and 2016. The number of commercials aired in 2016 was 3,420,324 – 3,421,602 in 2015 – with an average length of 26 seconds.

The current situation with two official TV audience measurement tools (GARB and Nielsen) causes significant inconveniences, not only to the clients, but also to their media agencies. The discrepancies in the results undermine the trustworthiness of TV as an advertising channel.

The Bulgarian TV market is not that spacious as to allow the emersion of a new player who would try to challenge the duopoly of the two major TV groups, NBG and BMG. Their sales rules would not change significantly, whereas the development of programmatic TV (the automation of audience-based TV advertising through a software platform) and addressable TV technologies by IPTV providers could be expected. Consequently, the joint tracking of TV and digital campaigns could be realized.

DISTRIBUTION OF ADVERTISING SPENDING (NET, EUR M)[21]





DISTRIBUTION OF DIGITAL ADVERTISING SPENDING (NET, EUR M)[22]

[21] Experts estimate of the market based on IPSOS Bulgaria, 2016 and Adex Benchmark 2016, IAB Europe [22] Adex Benchmark 2016, IAB Europe

THE MOST VISITED WEBSITES (TOP20)[23]

real users, monthly average

email	abv.bg	2,065,464
video sharing site	vbox7.com	1,854,729
classifieds	olx.bg	1,674,565
news	nova.bg	1,307,925
e-drugstore	framar.bg	1,235,266
women lifestyle	zajenata.bg	1,231,668
news	vesti.bg	1,192,889
news	blitz.bg	1,090,340
news	dir.bg	1,077,024
forum	bg-mamma.com	1,034,666
news	actualno.com	970,215
weather forcast	sinoptik.bg	963,361
online shopping	pazaruvaj.com	946,005
autos	mobile.bg	940,860
classifieds	bazar.bg	835,491
news	dnes.bg	828,815
women lifestyle	edna.bg	799,603
news	24chasa.bg	781,620
sport	gong.bg	767,967
sport	sportal.bg	751,861

Mobile broadband penetration[24]
(% of the population)
81.9%

Smartphone penetration[25]
(% of the population)
53%

[23] Gemius, December 2016 [24] digital-agenda-data.eu, European Commission, 2016 [25] The Connected Consumer, Google, 2016

Mobile, Programmatic and E-Commerce on the Rise

Internet has become an integral part of our lives, with almost 4.4 million active users on a monthly basis and with 92% of Bulgarian companies having Internet access. Over 80% of the users surf the Internet on a daily basis.

Being the second strongest medium for the last few years, the share of digital advertising in the media mix has continued to increase. According to IAB Bulgaria, the total digital ad spending for 2016 amounts to over 40 million EUR, 10 million more than the previous year. As a matter of fact, it is the only segment of the Bulgarian advertising market that is expected to show a double-digit growth rate in the years to come.

According to Gemius, the mobile traffic accounts for 34% of the total traffic of the Bulgarian online media (it was 23% in 2015). As a result, there was a significant growth in mobile display advertising (about 85%) and it is yet far from reaching its full potential.

Programmatic increased its share of the total net display advertising from 7.5% in 2015 to 12% in 2016. In addition, it will become crucial to media agencies soon, as it generates consumer data and insights that make it possible to deliver a personalized message seamlessly, at the right time and on a large scale.

There is a constant growth in the online shopping and group buying volumes. Many online shops and marketplaces have started to advertise on TV, following the results of the latest marketing researches on media consumption habits. As it turns out, the majority of Internet users surf the web while watching TV. The market research of Blue Point on the correlation between TV and Internet media usage showed that 80% of those watching TV – 98.3% of the examined pool watch TV regularly – surf the Internet as a second medium at the same time.

Print, Radio, OOH: Sharing the Remainder

The rest of the available advertising media (print, radio, out-of-home and cinema) keep playing a supporting role in the media mix. Their absolute cost can be considered relatively low but due to the lack of any relevant measurement, cost per contact could not be calculated properly.

In line with global trends, the local print industry is suffering from the significant, continuing decrease of circulations, the lack of reader interest and the declining share in the media mix. Radio and OOH-related spending will likely keep a modest growth rate; and they are reasonable alternatives for regionally targeted campaigns. We also anticipate the first giant steps in OOH digitalization to be made that will enable advertisers to have a greater variety of options and higher flexibility.

** Sources (listed alphabetically): AdEx, Be Media Consultant, Blue Point, European commission Spring 2017 Economic Forecast, GARB, Gemius, IAB Bulgaria, Ipsos Bulgaria, National Statistical Institute Bulgaria, Nielsen Admosphere Bulgaria, Progress Consult, Statcounter, Argent Agency estimations*

INTERNET PENETRATION
% of the population[26]

62%

INTERNET USERS BY GENDER[27]

male	51%
female	49%

INTERNET USERS BY AGE[28]

age [15-24]	age [25-34]	age [35-44]	age [45-54]	age [55+]
18%	22%	23%	19%	18%

BULGARIA HAS THE HIGHEST SHARE OF ONLINE VIDEOS *WITHIN DISPLAY ADS: 26.7%.*

PURPOSE OF USE
% of users[29]

Getting information	Searching for information	65%
	E-mailing	77%
	News	68%
Social networking	Social media	80%
Entertainment	Listening to the radio	40%
	Watching movies, videos online	23%
	Online games	32%
Administration	Electronic banking	7%

INTERNET USERS BY HOUSEHOLD SIZE[30]

NR OF MEMBERS IN FAMILY

1 members /family	2 members /family	3 members /family	4 members /family	5+ members /family
[11%]	[28%]	[29%]	[23%]	[8%]

Online shoppers
(% of the population)[31]

17

CONSUMER DURABLES[32]
in % of households

49.5% **52.1%** **99.1%**

[26] 16-74 years old, Eurostat, 2016 [27-28] Gemius, February 2016 [29] National Statistical Institute, Bulgaria, 2016 [30] Gemius, March 2017 [31] E-Commerce Foundation Team, 2016
[32] National Statistical Institute, Bulgaria, 2016

RUSSIA

Maria Minogarova first made an appearance in "Russia's Next Top Model" on TV, and she is still one of the most demanded models for advertising campaigns and fashion shows in Russia. Maria is not only a model and a popular guest at events in Moscow, but also a prominent vlogger with a sharp sense of humor and an outstanding personality.

Influencer Marketing – The New Age of Brand Communication

Reviewing the history of Russian advertising is a rather complex task. It only goes back some 20 years, while the American advertising history is much older. However, this can also be an advantage.

Russian marketing history can be divided into two chapters: the first is represented by people from the older generation – those who were there at the very beginning of the local advertising story. They took inspiration from the West and tried to adapt it to the Russian post-Soviet culture. Starting from the early 2000s, another generation of advertisers – cool guys with bold ideas of their own – landed on the market. They travelled fearlessly, read, observed, learnt foreign languages and spent a lot of time mingling with foreigners. They looked at the West with fresh eyes, seeing the people living and working as equals and they refused to accept Western creative patterns as a standard.

In Russia, young professionals join the workforce at the age of 21-22, bringing a fearless and fresh approach to the table, that can give rise to unique and crazy ideas. At that age, people are unfamiliar with limits and not afraid of rolling out the most insane ideas. This is what makes Russian campaigns stand out.

How to Reach 92 Percent

The impact of this approach can be observed in the content marketing solutions of progressive teams. We consider ourselves lucky because Louder has opened its doors exactly 10 years ago, and it grew up with brave young people who have always been up to creating something new.

During our work with the strongest international brands, we learnt to put efficiency first in every campaign. We deploy diverse communication methods, assessing the results continuously and recently it has come to our attention that 92% of consumers rely on the recommendations from influencers. Based on our decade-long experience, we have crafted a comprehensible, efficient and up-to-date service, and by doing so, we became the first ones to provide unequaled influencer marketing services in Russia a few years ago.

Influencer marketing has nothing to do with purchasing posts from bloggers and celebrities; most of them lack creativity and originality. Payed blogger posts with hashtags have been recognized as purely promotional materials for a while, as they just create an excessive amount of content.

Influencer campaigns are not about pushing the brand message into people's faces everywhere, but rather about engaging relevant communities. You have to implement the brand policy into the everyday life of major opinion leaders – those respected by their like-minded peers. Campaigns must provide the newsfeed of the audience with an added value, that is, credible content from a trusted voice.

TOP CHANNELS BY NUMBER OF USERS
% OF POPULATION 12+/15+/16+[1]

Channel	%
YOUTUBE	43%
VKONTAKTE	37%
FACEBOOK	26%
ODNOKLASSNIKI	25%
INSTAGRAM	22%

2| Vkontakte
% of the population 12-64[3]

37%

USERS BY GENDER[4]

male	female
47.0%	53.0%

USERS BY AGE[5]

age [12-17]	age [18-24]	age [25-34]	age [35-44]	age [45-54]	age [55-64]
7%	14%	29%	21%	16%	15%

USERS BY DEVICE[6]

ANDROID	iOS
65%	12%

1| YouTube
% of the population 16-64[2]

43%

3| Facebook
% of the population 15+[7]

26%

USERS BY GENDER[8]

male	female
45%	55%

USERS BY AGE[9]

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60+]
12%	45%	28%	9%	4%	2%

USERS BY DEVICE[10]

MOBILE	DESKTOP
94%	14%

THE MOST POPULAR BRAND[11]
BURGER KING [FAST FOOD CHAIN]
Number of local fans
508,254

WATCHING VIDEO CONTENT FROM YOUTUBE
% of the population 16-64[12]

43%

BY GENDER (% OF THE GROUP)[13]

male	female
51%	49%

BY AGE (% OF THE GROUP)[14]

age [16-24]	age [25-34]	age [35-44]	age [45-54]	age [55-64]
19%	27%	22%	17%	15%

BY EDUCATION[15]

Medium	High
37%	65%

BY INCOME THIRDS[16]

Income third	%
3rd (highest)	42%
2nd	46%
1st (lowest)	7%

Video advertising (€m)[17]
112

Video share of display (%)[18]
13.9

Video advertising YoY growth (%)[19]
15.2

[1] Own calculation based on Google AdWords, Facebook Ads Manager, Mediascope (powered by TNS), WEB-Index, March 2017 [2-5] Mediascope (powered by TNS), WEB-Index, March 2017 [6] Ipsos Comcon, OnLife, 2016-2 [7-10] Own calculation based on Facebook Ads Manager, March 2017 [11] socialbakers.com, March 2017 [12-16] Mediascope (powered by TNS), WEB-Index, March 2017 [17-19] Adex Benchmark 2016, IAB Europe

Influencer Marketing Tactics

Influencer marketing tools fall into two categories based on their goals. Those in the first category are to connect brands to their target audience via leading opinion leaders of the lifestyle category. The other set of tools should help tell stories through tailor-made influencer marketing campaigns and collaborations with the best content creators.

However, in order to be able to provide quality service, an agency must have a reasonable degree of expertise. Agencies have to be equipped with a huge pool of tools and established relationships between brands, and influencers should be honored, as their activity pay off during campaigns.

Not every agency can provide this kind of high-quality service and Russian clients are aware of this. Provided that a marketing team aspires after efficiency, they have to be on the same page with the target audience in terms of culture. We often look for trendsetters to join our team because if our network of social media influencers is not enough for a good reach, we can attract one of them to work with us.

Assessment and research takes up a considerable part of every campaign. The concept of targeting and its significance are well known. Influencer marketing is no exception in this sense: prior to launching a campaign, the team conducts a research in the fields relevant for the brand, let it be art, music, fashion or lifestyle. This process enables us to provide up-to-date information and useful tips about the local scenes, e.g. sectors not yet targeted by competitors. Consequently, quality research is the heart of each and every project and may come out at 40% of the workload within a project.

The communications team – as the point of contact for influencers – creates the communication hub, a creative pool within which the brand can operate. Here, only the team's imagination can set a limit to creativity and the achievement of the goal to make the brand live up to its potential. Brand activity must be in line with their objectives 100% in order to have the best possible approach to each campaign.

Product Integration

This slice of the cake deserves particular attention: we have experienced the power of product integration first-hand. The Superstar campaign for Adidas Originals – ran by Louder – made Moscow and the agglomeration fall in love with the legendary sport shoes again. We deployed a highly diverse set of activation tools, and the Superstar Moscow art space became the core store of the project in the very heart of Moscow, hosting the main brand activations. The product integration included multiple stages which helped present the brand from different angles, for the largest possible audience. Fashion photography collaborations, fashion shows and look books worked for a given group of people, while theatre performances appealed to another type of target audience, hence we created brand-related content for all. In addition, we placed the products in the communities relevant to the brand, e.g. popular bands and the crew of a barber shop in the city. Every activation took place with the intention of identifying potential target groups and reaching them in as great numbers as possible.

The major objectives of product integration are to increase the visibility of the product, attract the attention of the public and connect the product to the target audience directly.

As a result of the strong integration mechanics of the project – that is, the close collaboration with influencers throughout the campaign in events and promotions –, we discovered that content started to be replicated after a while. Three stripes on a pair of sneakers are easy to spot on social media: they became a must-have pair for city fashionistas. The campaign had a significant impact on the user-generated content (UGC) ratio as well as the Net Promoter Score (NPS) of the brand.

Promoting Lovemarks

Engaging influencers and celebrities in brand marketing has become indispensable in Russia, and the majority of big brands are seeking to secure a big name for themselves. However, when it comes to influencer marketing, clients should have a clear understanding of its goals and the right approach. Brands must be open-minded and have a cutting-edge team working for them. A significant number of alcohol brands collaborate with influencers because it is a legal way to expand their circle of followers. Brands such as Heineken, Bacardi, Martini and Miller have been engaging opinion leaders in their campaigns for years.

However, one-time collaborations and influencer marketing differ significantly, as the latter strives for long-term relationships, building a channel and a community with the influencers to win brand loyalty. We work on building mutually beneficial relations between brands and their communities, involving opinion leaders.

Those unfamiliar with the real intention of influencer marketing might misinterpret it entirely. If someone underestimates its goals, they deceive the clients since they mistake an active, long-term relationship for a one-time show. Numerous agencies provide one-time collaborations, but they rarely do the trick. However, real influencer marketing includes long-term relations, loyalty and integrated campaigns, hence it is an excellent tool for brands.

Brands develop new ways of gaining popularity each and every day. Integrating brands into music videos and branded content solutions are among the top-notch marketing tools nowadays. With that in mind, influencer marketing is one of the few tools that can transform a brand into a lovemark, embracing the brand philosophy and the cultural values of the customers.

CONTENT MARKETING Q&A *Russia*

WHICH CONTENT MARKETING TOOLS ARE THE MOST COMMON ON THE LOCAL MARKET? *1.*

At Louder, we work a lot with influencers, and consider this tool as a fair promise to brands. From our experience, it is vital to promptly locate a brand on social media. Russia is burgeoning in the digital world, rendering new tools for digital professionals each day.

In May, the major Russian player Yandex – a company specializing in Internet-related services and products – launched a platform for bloggers, newsmakers and brands. This unique service allows for the creation of mobile storytelling formats and creates in-platform appearance. In addition, user conversion accounting tools are popular. The website Mediator was used commonly until Russian developers came up with an alternative analytic tool called .io which is more wide-spread now.

WHICH CONTENT MARKETING TOOLS DEVELOP THE MOST DYNAMICALLY? *2.*

We have just developed our own Influencer Marketing™ DB tool and use it regularly. In terms of development, marketing automatization systems have been growing rapidly. For instance, Emarsys, Mailchimp and Getresponse transformed from email marketing systems into marketing automatization systems. In addition, more and more brands and agencies extensively use brand mention tools such as Brand Analytics, YouScan, Kribrum, Nippel, JagaJam and BrandSpotter.

NAME THE MOST IMPORTANT PLATFORMS IN YOUR COUNTRY FROM A CONTENT MARKETING POINT OF VIEW. LIST THEM ACCORDING TO THEIR IMPORTANCE/ POPULARITY IN DESCENDING ORDER. *3.*

It is rather tricky to give a clear-cut answer, because different projects require different tools. Every service is unique and has its own audience. We can share which platforms are vital for the market, but there are not many. It would be great if Russia started to develop services like Hootsuite and sprinklr, as well as platforms like NeoReach and TapInfluence for collaborations with social influencers.

NAME THE TOP10 INFLUENCERS ON THE LOCAL MARKET. *4.*

These people represent or combine various criteria necessary for successful brand representation: social media reach, appeal to the proper target audiences and powerful impact. The most important criterion for any influencer and the most important attribute for brands is a vivid personality, because an influencer's personal charm provides greater value to brand representation in social media than just numbers.

CHANNEL	NUMBER OF SUBSCRIBERS	PROFILE
Ivan Urgant	6,400,000	TV Host
Sergey Shnurov	2,300,000	Musician
Ksenia Sobchak	5,000,000	TV Host
Timati	9,600,000	Hip-Hop Artist
Kate Clapp	6,200,000	Vlogger
Murad Osmann	4,600,000	Photographer
Nastya Ivleeva	4,000,000	TV Host
Yury Dud'	248,000	Vlogger
Ivan Dorn	645,000	Musician
Irina Gorbacheva	1,800,000	Actress

Source: Instagram, Q2 2017

NAME 5 BRANDS THAT USE INFLUENCERS THE MOST OFTEN ON THE LOCAL MARKET. *5.*

Brands that work with influencers are mostly related to the lifestyle segment, as the very nature of the products has its own appeal to opinion leaders. Alcoholic beverages brands also engage influencers frequently, since it is one of the few tools they can legally use for promotion. Several photo brands have entered the influencer marketing scene lately, which comes as no surprise considering that Instagram, the most active platform for influencers is also based on photo content.

1. Adidas Originals
2. Martini
3. Reebok
4. Nike
5. Tinkoff Bank

HOW WOULD YOU DEFINE THE FOLLOWING TERMS IN YOUR OWN WORDS? *6.*

- **Native advertisement:** It is a set of services provided by editors, aimed at creating unique content for a brand which seems organic and genuine for the audience. A native ad can constitute a singular project or it can be integrated into an existing campaign. In both cases, the main objective is the viral effect of the content, by means of exploiting the peculiarities of the given platform.
- **Branded content:** In many instances, branded content covers a bigger area than native advertisements. It can include native ads, product placements, branding and other tools. Branded content is triggered by brands, not by the media, and its primary goal is to appeal to customers by the nature of the given product or service.

Author of the Chapter on Content Marketing

Anna has a strong professional experience in marketing strategy and show management. She has been working on the development of business communications at Red Bull Moscow and Austria.

In 2007, the integrated communication agency Louder was founded in Moscow, where Anna acted as a co-founder and a managing partner. Following the merge with Serviceplan Russia in 2015, she became the managing partner of both agencies. Louder – part of Serviceplan Group – was ranked number 8 among the top Russian marketing agencies by the main Russian creativity rating of the Russian Assocation of Advertising Agencies (AKAR) in 2016. The latest international prizes of Louder include EuBEA, the Globes, Cristal Festival and others.

ANNA ANTONOVA

MANAGING PARTNER

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WE CAN ranking

0.42% 8 ↑

(in 2016: 11
0.38%)

ANNA MAZURINA

MANAGING DIRECTOR

INITIATIVE RUSSIA / ADV GROUP

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CORE DATA[20]

Political system	Federal semi-presidential republic
Capital	Moscow
Area	17,098,242 km²
Official language	Russia
Population	143,440,000
Population density (people per km²)	9
Time zone	UTC+2 to +11
Currency	Russian Ruble

ECONOMIC DATA[21]

GDP (billion, EUR)	1,158.357
GDP per capita (EUR)	8,076
PPP (billion, current international dollar)	3,799.696
PPP per capita (current international dollar)	26,489.824
HDI	0.804
GDP growth (estimate, %)	-0,8
Government gross debt (% of GDP)	17.04
Industrial production (estimated growth rate, %)	0.7
Unemployment rate (% of total labor force)	5.51
Inflation (consumer prices, annual %)	7.2
Current account balance (billion, USD)	22.202
Number of households	54,560,627
Number of persons in households	2.6
Labor force participation rate (% of total population aged 15+)	63.1

[20] cis-legislation.com; CIA World Factbook; IMF World Economic Outlook, April 2017; data.worldbank.org; localtimes.info
[21] Own calculation based on WEO April 2017 and Central Bank of the Russian Federation; IMF World Economic Outlook, April 2017; Human Development Report 2016; CIA World Factbook; gks.ru;ilo.org

All data is ab out 2016. The online sources were consulted in March 2017. EUR-RUB exchange rate: 74.14 (2016 average exchange rate published by the European Central Bank).

Author of the Article about the Local Media Market

Under the Law and Other Developments

Anna has been working in the media industry for 20 years – both in the agency business and on the client side. She started her career as a TV buyer, but she also worked in planning and communications planning. Later on, Anna was promoted to leadership positions. In 2016, she took the position of Managing Director at Initiative Russia / ADV Group. Anna has a diverse expertise in the development of elaborating media strategies in many sectors, such as the FMCG, the automotive, the telecommunications, the mobile producer, the entertainment and the home appliances industries.

Under the Law and Other Developments

2016 AS A WHOLE WAS SUCCESSFUL FOR THE RUSSIAN ADVERTISING MARKET. THE ADVERTISING INDUSTRY ADAPTED TO THE ECONOMIC SITUATION AND, ACCORDING TO THE ASSOCIATION OF COMMUNICATION AGENCIES OF RUSSIA (AKAR), THE TOTAL VOLUME OF THE ADVERTISING MARKET WAS NET 360 BILLION ROUBLES, WHICH IS 11% MORE THAN IN 2015.

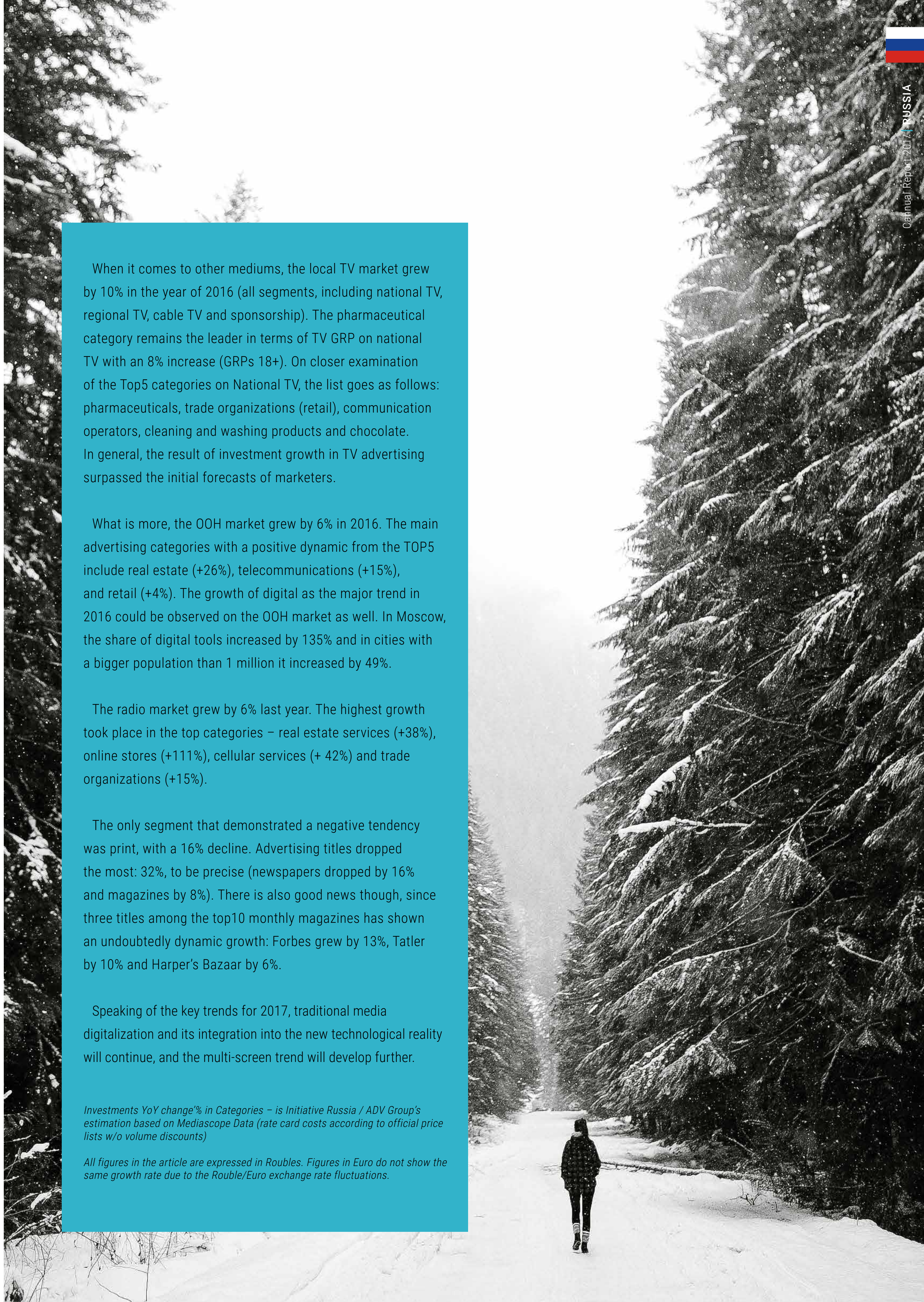
The year was busy both in terms of legislative changes and of events that altogether are likely to change the market situation in the future. The biggest TV vendors – Perviy Channel, VGTRK, STS Media and Gazprom Media – joined forces and formed the National Advertising Alliance (NAA) in September 2016. NAA consolidated the TV sales of the founders, controlling almost 100% of the Russian TV Market. They aspire to increase the TV advertising costs by 15% in 2017.

In June 2016, the State Duma passed a bill banning foreign-owned companies from undertaking TV audience measurement research in the country and limiting foreign ownership in any news provider at 20%. As a consequence, Kantar Media (part of WPP) had to sell 80% of TNS – the main TV audience measurement company in Russia –, to the state centre "VTSIOM-Media" and it was renamed as Mediascope. The new company was chosen by the industry regulator Roskomnadzor as the official telemetry for the next three years.

The Ministry of Industry and Trade recognized the – in certain respects – insecure status of outdoor ad carriers. A great number of constructions on Russian roads do not meet the current safety requirements. With that in mind, the government adopted new rules – having taken effect from 1 March 2016 –, according to which advertising elements should not dazzle motorists, nor should the design of the ad limit the visibility of the road. The regulations also prohibit the installation of advertising structures at perilous areas of streets, railway crossings, as well as in tunnels and overpasses or anywhere in the vicinity of these.

As for the dynamics of the key media channels, all media showed growth except for the press. The main market growth driver was still the digital segment; the budget allocated for this branch of the industry continues to grow gradually.

By the end of 2016, the Internet reached a volume of 136 billion Roubles and showed the biggest growth compared to other media with 21%. If we take a closer look at the changes taken place on the Internet, we can see that the share of online video grew by 18%, contextual advertising by 16% and the proportion of banners by 32%. The key advertising categories are the following: household appliances (+12%), telecom (+10%), as well as medicines & natural supplements (+9%).



When it comes to other mediums, the local TV market grew by 10% in the year of 2016 (all segments, including national TV, regional TV, cable TV and sponsorship). The pharmaceutical category remains the leader in terms of TV GRP on national TV with an 8% increase (GRPs 18+). On closer examination of the Top5 categories on National TV, the list goes as follows: pharmaceuticals, trade organizations (retail), communication operators, cleaning and washing products and chocolate. In general, the result of investment growth in TV advertising surpassed the initial forecasts of marketers.

What is more, the OOH market grew by 6% in 2016. The main advertising categories with a positive dynamic from the TOP5 include real estate (+26%), telecommunications (+15%), and retail (+4%). The growth of digital as the major trend in 2016 could be observed on the OOH market as well. In Moscow, the share of digital tools increased by 135% and in cities with a bigger population than 1 million it increased by 49%.

The radio market grew by 6% last year. The highest growth took place in the top categories – real estate services (+38%), online stores (+111%), cellular services (+ 42%) and trade organizations (+15%).

The only segment that demonstrated a negative tendency was print, with a 16% decline. Advertising titles dropped the most: 32%, to be precise (newspapers dropped by 16% and magazines by 8%). There is also good news though, since three titles among the top10 monthly magazines has shown an undoubtedly dynamic growth: Forbes grew by 13%, Tatler by 10% and Harper's Bazaar by 6%.

Speaking of the key trends for 2017, traditional media digitalization and its integration into the new technological reality will continue, and the multi-screen trend will develop further.

Investments YoY change'% in Categories – is Initiative Russia / ADV Group's estimation based on Mediascope Data (rate card costs according to official price lists w/o volume discounts)

All figures in the article are expressed in Roubles. Figures in Euro do not show the same growth rate due to the Rouble/Euro exchange rate fluctuations.

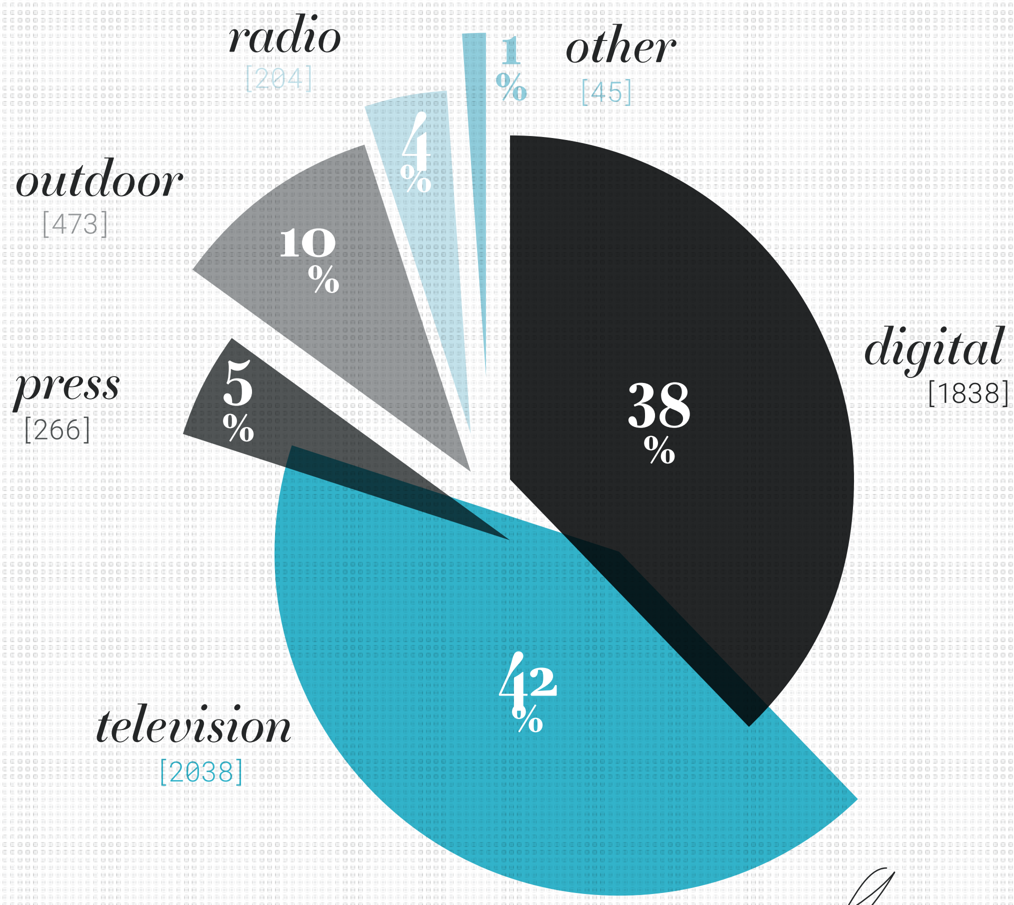
THE MOST VISITED WEBSITES (TOP20)[24]
real users, monthly average

search engine	Yandex	52,402,800
search engine	Mail.ru	49,212,500
social media	Vk.com	45,989,600
video-sharing website	Youtube.com	44,399,400
search engine	Google (ru+com)	41,430,100
social media	Odnoklassniki.ru	30,553,700
internet encyclopedia	Wikipedia.org	27,413,000
classified	Avito.ru	23,444,600
trade	Aliexpress.com	21,950,100
social media	Facebook.com	21,055,100
social media	Instagram.com	14,577,400
search engine	Rambler	14,275,400
entertainment	Kinopoisk.ru	13,644,000
blog	LiveJournal.com	13,105,600
weather forecast	Gismeteo.ru	12,447,000
mobile services	Mts.ru	11,772,500
entertainment	Kinogo.club	11,701,500
news	Kp.ru	11,623,700
news	Fb.ru	11,306,400
news	Ria.ru	11,005,900

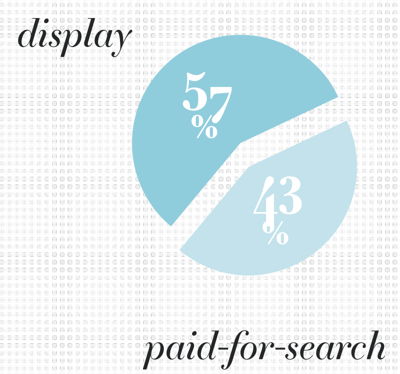
Mobile broadband penetration[25]
(% of the population)
73%

Smartphone penetration[26]
(% of the population)
61%

DISTRIBUTION OF ADVERTISING SPENDING (NET, EUR M)[22]



DISTRIBUTION OF DIGITAL ADVERTISING SPENDING (NET, EUR M)[23]



[24] Web Index, Mediascope powered by TNS (12-64 y.o., 0 ths. +) [25] Ministry of Telecom and Mass Communication [26] The Connected Consumer, Google, 2016

[22-23] AKAR, 2016. EUR-RUB exchange rate: 73.99 (2016 average exchange rate published by the Central Bank of the Russian Federation).

INTERNET PENETRATION
% of the population[27]

73%

INTERNET USERS BY GENDER[28]

male	46%
female	54%

INTERNET USERS BY AGE[29]

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60-69]	age [70-75]
8%	28%	24%	19%	13%	8%	0%

RUSSIA SPENT THE MOST ON ONLINE VIDEO ADVERTISING IN 2016: *MORE THAN 112 MILLION EUR.*

PURPOSE OF USE
% of users[30]

Getting information	Searching for information	86%
	E-mailing	67%
	News	60%
Social networking	Using instant messaging	29%
Downloading	Movies	46%
	Music	46%
Entertainment	Listening to the radio	16%
	Watching movies, videos online	46%
	Online games	27%
Administration	Electronic banking	25%

INTERNET USERS BY HOUSEHOLD SIZE[31]

NR OF MEMBERS IN FAMILY

1 members /family	2 members /family	3 members /family	4 members /family	5+ members /family
[11%]	[27%]	[33%]	[23%]	[7%]

INTERNET USERS BY ESOMAR SOCIAL GRADE CATEGORIES[32]

AB	9%
C1	23%
C2	36%
DE	33%

Online shoppers (% of the population)[33]

29

CONSUMER DURABLES[34]
in % of households

43.9% | 48.3% | 98.7% | 10% | 44.5%

27-32 RosIndex, Ipsos Comcon (10 + y.o., 100 ths.+), 2016 [33] European Ecommerce Report 2017, Ecommerce Europe [34] Mediascope (powered by TNS), TGI/Marketing Index, Russia 100 000+, 2016

the Baltics

You can find Viesturs Kančs on Instagram as @oposumi, which is the Latvian word for his favourite animal, opossum. Viesturs was one of the very first Instagram users in Latvia who have gained lot of popularity for sharing his inspiring travel photos and stories. From time to time, Viesturs collaborates with his favourite brands such as MINI, Makia and Reebok, among others.

Content Marketing in the Baltic States: An Overview of the Past and the Present

In the Baltics, as everywhere else, content marketing is a rapidly growing genre. More and more of the resources allocated for advertising are spent on this branch, and there is a constant search for new, innovative approaches. There is always room for novelties; you just have to be creative, brave and sometimes even crazy enough to offer something that has never been seen before.

Naturally, not everyone is ready yet to go down on this path and it is understandable; if you have a stable company with a good reputation, you will probably consider it twice before introducing an unusual marketing strategy which might not even work. In addition, you do not only risk your reputation, but also your money.

A growing number of companies start to understand that a good idea is not enough in content marketing: you cannot expect that after sharing an interesting material on social media it will automatically go viral. Similarly to traditional advertising, you have to spend money for both production and promotion.

The Scandalous Arrival of Content Marketing in the Baltics

If you consider the history of content marketing in the Baltics, it is worth describing one case in details. In 2009, on a late Sunday afternoon, one Latvian student reported that he had seen a meteor-like object falling from the sky, and afterwards he found a 20-meter wide crater on a field close to the Estonian border. He uploaded a video on YouTube in which he and his friends approached the crater.

No wonder that the news attracted world-wide media, scientific and public interest quickly. However, scientists drew the conclusion soon that the meteorite was not real and that the crater was a man-made hole. A few days later, the telecommunications company Tele2 announced that it was a publicity stunt to launch a marketing campaign.

The event received mixed reactions: some claimed that it was a violation of ethics, while other saw it as a bold move to get attention. It has undoubtedly been the most famous marketing campaign in Latvia so far and in a sense, it was the first chapter of content marketing.

The Time of Paradigm Shift

As you can imagine, campaigns like this are not something that happen in the Baltics on a daily basis; they are quite rare actually. Most companies use common methods in content marketing. They have accounts on the most popular social networks where they inform their followers about new products, services and special prices and organize contests in which they usually give away their products as the prize. By doing this, they hope to get the maximum number of shares and new followers. They also publish articles and sponsored materials on their own and other websites as well as in traditional media, or they have their blogs, or pay well-known bloggers for promotion.

The fact that the new mediums are interactive is one of their main benefits, even though this potential is usually not fully used, because a great number of content is way too informative to engage readers in an active dialogue. Some companies propose tasks to their followers and the new international trend of using emoji reactions for voting has found its way to the Baltics as well. However, it is fair to say that the changing from one-sided communication to interactive communication takes time, and this paradigm shift does not happen in a day. All in all, we are still on the path of learning.

TOP CHANNELS BY NUMBER OF USERS

% OF POPULATION 15+/18+[1]

YOUTUBE	75%
FACEBOOK	60%
INSTAGRAM	25%

1| YouTube

% of the population 18+[2]

75%

2| Facebook

% of the population 15+[3]

60%

USERS BY GENDER[4]

USERS BY AGE[5]

male	*female*
45.0%	55.0%

age [15-19]	*age* [20-29]	*age* [30-39]	*age* [40-49]	*age* [50-59]	*age* [60+]
11%	30%	25%	17%	10%	7%

THE MOST POPULAR BRAND[7]

TELIA EESTI (IT AND TELECOM)

Number of local fans

93,250

USERS BY DEVICE[6]

MOBILE	DESKTOP
83%	74%

3| Instagram

% of the population 15+[8]

25%

USERS BY GENDER[9]

USERS BY AGE[10]

male	*female*
41%	59%

age [15-19]	*age* [20-29]	*age* [30-39]	*age* [40-49]	*age* [50-59]	*age* [60+]
19%	45%	22%	9%	5%	2%

WATCHING VIDEO CONTENT FROM SHARING SERVICES

% of the population[11]

66%

BY GENDER (% OF THE GROUP)[12]

male	*female*
71%	61%

BY AGE (% OF THE GROUP)[13]

age [16-24]	*age* [25-34]	*age* [35-44]	*age* [45-54]	*age* [55-64]	*age* [65-74]
88%	84%	67%	58%	41%	32%

BY EDUCATION[14]

% of the group

None or low	*Medium*	*High*
72%	65%	64%

BY INCOME QUARTILES[15]

% of the group

4th (highest)	75%
3rd	67%
2nd	57%
1st (lowest)	53%

[1] Own calculation based on Google AdWords and Facebook Ads Manager, March 2017 [2] Own calculation based on Google AdWords, March 2017 [3-6] Own calculation based on Facebook Ads Manager, March 2017 [7] socialbakers.com, March 2017 [8-10] Own calculation based on Facebook Ads Manager, March 2017 [11-15] 16-74 years old, Eurostat, 2016

LATVIA

TOP CHANNELS BY NUMBER OF USERS
% OF POPULATION 15+/18+[16]

YOUTUBE	60%
FACEBOOK	50%
DRAUGIEM	27%
INSTAGRAM	22%

1| YouTube
% of the population 18+[17]

60%

2| Facebook
% of the population 15+[18]

50%

THE MOST POPULAR BRAND[22]
SPORTLAND [SPORTS STORE]
Number of local fans
53,807

USERS BY GENDER[19]

male	*female*
44%	56%

USERS BY AGE[20]

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60+]
12%	32%	25%	16%	9%	6%

USERS BY DEVICE[21]

MOBILE	DESKTOP
86%	66%

3| Draugiem
% of the population 15+[23]

27%

USERS BY GENDER[24]

male	*female*
40%	60%

USERS BY AGE[25]

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60+]
9%	25%	25%	19%	14%	8%

WATCHING VIDEO CONTENT FROM SHARING SERVICES
% of the population[26]

60%

BY GENDER (% OF THE GROUP)[27]

male	*female*
64%	56%

BY AGE (% OF THE GROUP)[28]

age [16-24]	age [25-34]	age [35-44]	age [45-54]	age [55-64]	age [65-74]
74%	75%	64%	50%	40%	33%

BY EDUCATION[29]
% of the group

None or low	*Medium*	*High*
66%	57%	62%

BY INCOME QUARTILES[30]
% of the group

4th (highest)	67%
3rd	59%
2nd	54%
1st (lowest)	54%

[16] Own calculation based on Google AdWords and Facebook Ads Manager, March 2017 and Draugiem.lv, July 2017 [17] Own calculation based on Google AdWords, March 2017 [18-21] Own calculation based on Facebook Ads Manager, March 2017 [22] socialbakers.com, March 2017 [23-25] Own calculation based on Draugiem.lv, July 2017 [26-30] 16-74 years old, Eurostat, 2016

TOP CHANNELS BY NUMBER OF USERS
% OF POPULATION 15+/18+[31]

YOUTUBE	74%
FACEBOOK	61%
INSTAGRAM	17%

1| YouTube
% of the population 18+[32]

74%

2| Facebook
% of the population 15+[33]

61%

USERS BY GENDER[34]

male	female
45%	55%

USERS BY AGE[35]

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60+]
14%	32%	23%	15%	10%	6%

USERS BY DEVICE[36]

MOBILE	DESKTOP
80%	67%

THE MOST POPULAR BRAND[37]
PILDYK [PRE-PAID TELECOM SERVICES]
Number of local fans
183,242

3| Instagram
% of the population 15+[38]

17%

USERS BY GENDER[39]

male	female
39%	61%

USERS BY AGE[40]

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60+]
24%	49%	17%	6%	2%	1%

LITHUANIA

WATCHING VIDEO CONTENT FROM SHARING SERVICES
% of the population[41]

61%

BY GENDER (% OF THE GROUP)[42]

male	female
65%	58%

BY AGE (% OF THE GROUP)[43]

age [16-24]	age [25-34]	age [35-44]	age [45-54]	age [55-64]	age [65-74]
84%	75%	63%	44%	35%	27%

BY EDUCATION[44]
% of the group

None or low	*Medium*	*High*
75%	53%	66%

BY INCOME QUARTILES[45]
% of the group

4th (highest)	68%
3rd	58%
2nd	59%
1st (lowest)	54%

[31] Own calculation based on Google AdWords and Facebook Ads Manager, March 2017 [32] Own calculation based on Google AdWords, March 2017 [33-36] Own calculation based on Facebook Ads Manager, March 2017 [37] socialbakers.com, March 2017 [38-40] Own calculation based on Facebook Ads Manager, March 2017 [41-45] 16-74 years old, Eurostat, 2016

Give Us Something Useful and Visual!

Although it is hardly a novelty and definitely not a local feature, but one has to keep themselves to two basic rules to get people's attention: first, you have to provide people with something useful and second, it must contain a visual element. Using visual solutions as the main medium to convey the message is even better.

As a Lithuanian blogger put it into words, nowadays consumers – more than ever – want to spend their time and money on valuable and useful things, therefore, when they search for information, they are extremely selfish. How should you adapt to people's changing behaviour? It is part of human nature. There have been times when you engage people's attention with something unique and unfamiliar, yet nowadays it is getting extremely difficult to surprise the audience, since you do not even have to step outside your home to explore the world. Consequently, you can get people's attention if you offer them something that is useful, makes them look better, increases their quality of life and saves them money (while spending money).

Among all the content you can find on the Internet, one of most popular topics is cooking. No wonder that when I asked my Lithuanian colleague to name the most successful content marketing campaign in Lithuania in 2016, she named two and both of them were related to cuisine.

As for visual materials, we all know the people take in visual information easier and quicker than written text. It is a crucial thing to keep in mind, especially on today's social media. The growth of online video has continued in 2016 and it keeps on growing in 2017 as well. It comes as no surprise that a very successful Estonian campaign from 2016 also included video content: a betting company created a video series and – here comes the surprise – a newspaper. In this campaign, the oldest media, print was paired with the new, currently ruling media.

Nostalgia for the Good Old Days

When the world changes so rapidly around you, you cling onto the stable and familiar things around you. It used to be the characteristics of older generations to long for the good old days when the grass was greener, yet nowadays an increasing number of young people fall into the same category.

A research carried out about the media habits of teens in Latvia in 2016 found that many of them crave for the old days, that is, the time before smartphones, tablets and social networks. This tendency is considered in content marketing strategies by including old photos, stories about old times, vintage looks and comparisons of past and present practices.

Facebook Is Still in the Lead

Facebook still comes first in the list of the most important platforms in all the Baltic states (edited: from a content marketing point of view). 2016 marked a turning point in Facebook's history because of the changes related to the News Feed algorithm. Unfortunately, it was not good news from a content marketing point of view because as a result, organic reach has decreased significantly, and advertisers now have to pay closer attention to their reach "strategies".

I might be a bit subjective, but I cannot help but mention the Latvian social network draugiem.lv which was launched prior to Facebook and it used to be more popular among Latvians than its international competitor. However, it has been experiencing a setback in recent years as more and more people switch networks to stay in touch with their international friends, follow international pages and be members of international groups. Yet, the site still exists and is highly appreciated in terms of content marketing.

The Benefits of Trust

As it was already mentioned, companies in the Baltic states are becoming increasingly conscious about content marketing and its methods, which results in the fact the agency-client relationship is improving as well. There are less misunderstandings about processes and the costs related to them. However, there is still room for development, especially when it comes to the trust that is given by the clients.

Trust is indispensable in general, but it is exceptionally important in the case of content marketing. The atmosphere in social media changes in a flash, so you have to react fast in order to be effective. However, if an agency managing a social media account has to go through long processes to get approval for every word they want to publish, the best ideas might not be since they are not relevant anymore. In addition, we would love to be given more credit when we come up with unusual ideas, but clients can be understood as well, since they risk huge amounts of money as well as their reputation. All in all, agencies need more trust and respect as well.

CONTENT MARKETING Q&A *The Baltics*

WHICH CONTENT MARKETING TOOLS ARE THE MOST COMMON ON THE LOCAL MARKET? *1.*

The most popular tool is Socialbakers which allows both ad and community analysis and management on Facebook, Twitter, Instagram, Pinterest and Google. HttPool, Hootsuite and the Business Manager of Facebook are often used as well. In Latvia, the local social network Draugiem is still quite popular and it is used regularly in content marketing. Some agencies have developed their own tools, yet there is a risk that they will not be able to keep up with the development of social media.

WHICH CONTENT MARKETING TOOLS DEVELOP THE MOST DYNAMICALLY? *2.*

I would like to say Socialbakers and HttPool, but the others follow in their footsteps as well.

NAME THE MOST IMPORTANT PLATFORMS IN YOUR COUNTRY FROM A CONTENT MARKETING POINT OF VIEW. LIST THEM ACCORDING TO THEIR IMPORTANCE/ POPULARITY IN DESCENDING ORDER. *3.*

1. Facebook
2. Draugiem.lv (only in Latvia)
3. Instagram
4. YouTube
5. Twitter
6. LinkedIn (it is very useful for the professional representation of a brand for business purposes)

NAME THE TOP10 INFLUENCERS ON THE LOCAL MARKET. *4.*

As Facebook is the most popular platform in all Baltic states, the following numbers are that of the local fans of the most popular influencers on Facebook:

ESTONIA

CHANNEL	NUMBER OF SUBSCRIBERS	PLATFORM	PROFILE
Kerli	589,777	Facebook	Singer
Puppey	480,551	Facebook	Sportsman
greteklein	78,600	Instagram	Singer, actress
karmen_pedaru	59,300	Instagram	Fashion
liislemsalu	55,600	Instagram	Fashion
kristelaaslaid	54,300	Instagram	Singer
getter	40,172	Facebook	Singer
tanjamihhailova	37,500	Instagram	Singer
paljasporgand	27,400	Instagram	Health, fitness
mallukaz	22,100	Instagram	Lifestyle

LATVIA

CHANNEL	NUMBER OF SUBSCRIBERS	PLATFORM	PROFILE
Anna Osmushkina	379,412	Facebook	Fashion
Kaspars Daleckis Photography	350,259	Facebook	Photograph
Kristaps Porzingis	315,651	Facebook	Sportsman
Nils Ušakovs	220,245	Facebook	Mayor of Riga
agnijagrigule	66,700	Instagram	Fashion
annaturanova	41,400	Instagram	Fashion
AlinaKellerOfficial	44,500	Instagram	Fashion
oposumi	32,000	Instagram	LifeStile
annapannalv	27,600	Instagram	Culinary
signemeirane	20,900	Instagram	Culinary

LITHUANIA

CHANNEL	NUMBER OF SUBSCRIBERS	PLATFORM	PROFILE
Jonas Valančiūnas	224,055	Facebook	Sportsman
GiedRé	180,256	Facebook	Musician
Natalie Shau	162,553	Facebook	Artist
Linas Kleiza	142,488	Facebook	Sportsman
monika_salciute	137,000	Instagram	Internet personality
agne_stiliusos	135,000	Instagram	Fashion
simutee	123,000	Instagram	Fashion
gabrielegz	69,200	Instagram	Fashion
Indrė Stonkuvienė	54,000	Facebook	Lifestyle
Vaida Kurpiene	43,275	Facebook	Culinary

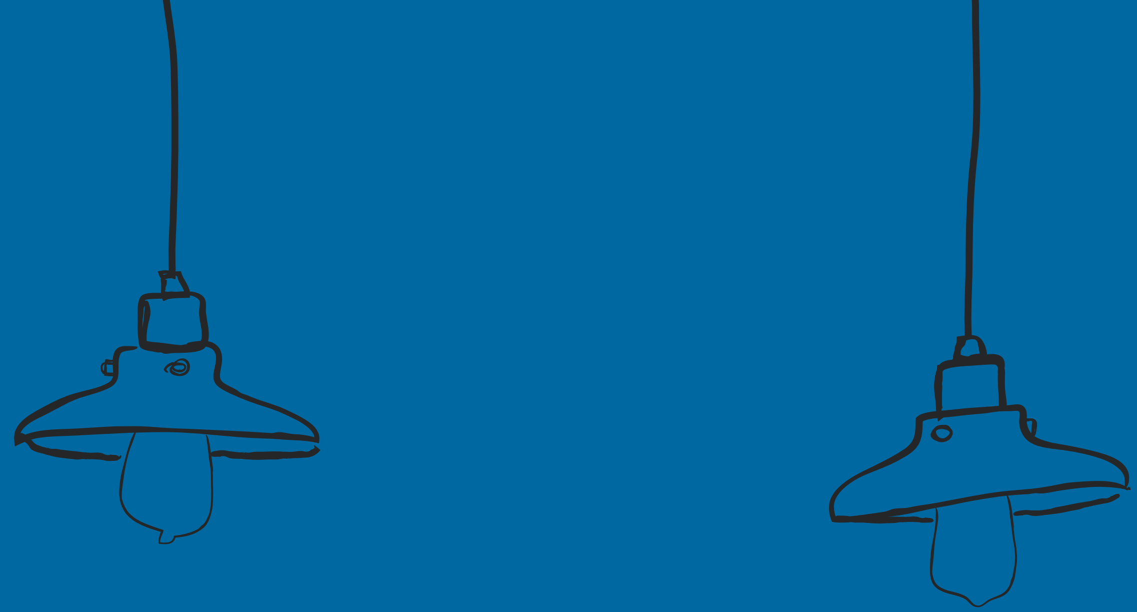
NAME 5 BRANDS THAT USE INFLUENCERS THE MOST OFTEN ON THE LOCAL MARKET. *5.*

(1) Coca-Cola
(2) Tele2
(3) Samsung
(4) L'Oréal
(5) Swedbank (in Estonia and Latvia) and Švyturys Brewery (in Lithuania)

The first four brands that use influencers the most often are the same in all the Baltic States.

HOW WOULD YOU DEFINE THE FOLLOWING TERMS WITH YOUR OWN WORDS? *6.*

- **Native advertisement:** When deploying native ads, the advertiser takes into account the characteristics of a platform and the interests of their users. The content is incorporated into the platform as if it was part of it, and it cannot be considered a classic advertisement. If it were, it would be seen as foreign and therefore would be rejected by the real natives of the platform, the users.
- **Branded content:** Branded content is any content that can be associated with a brand from a costumer's point of view.



Maija comes from the academic world: she is working at the University of Latvia, her specialty being philosophy. Yet, she has also been working as a copywriter for some years, and lately has also given a try to content marketing. In 2016, Maija and her colleague, Ģirts Jankovskis, carried out a research for media agency "Creative Media Baltic" on the media habits of teens in Latvia. The results were published in their book under the title "Being There and Together".

MAIJA JANKOVSKA

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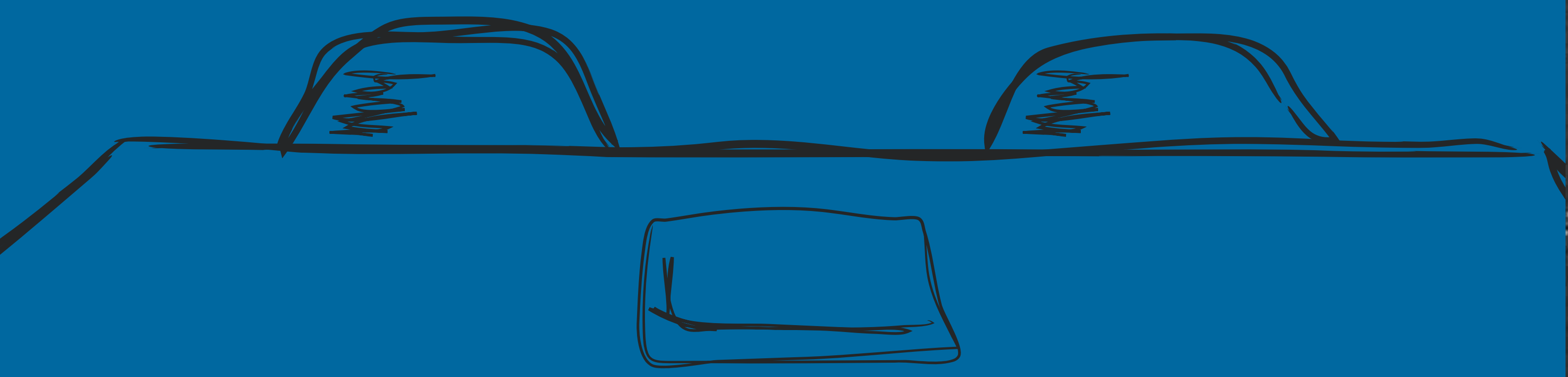
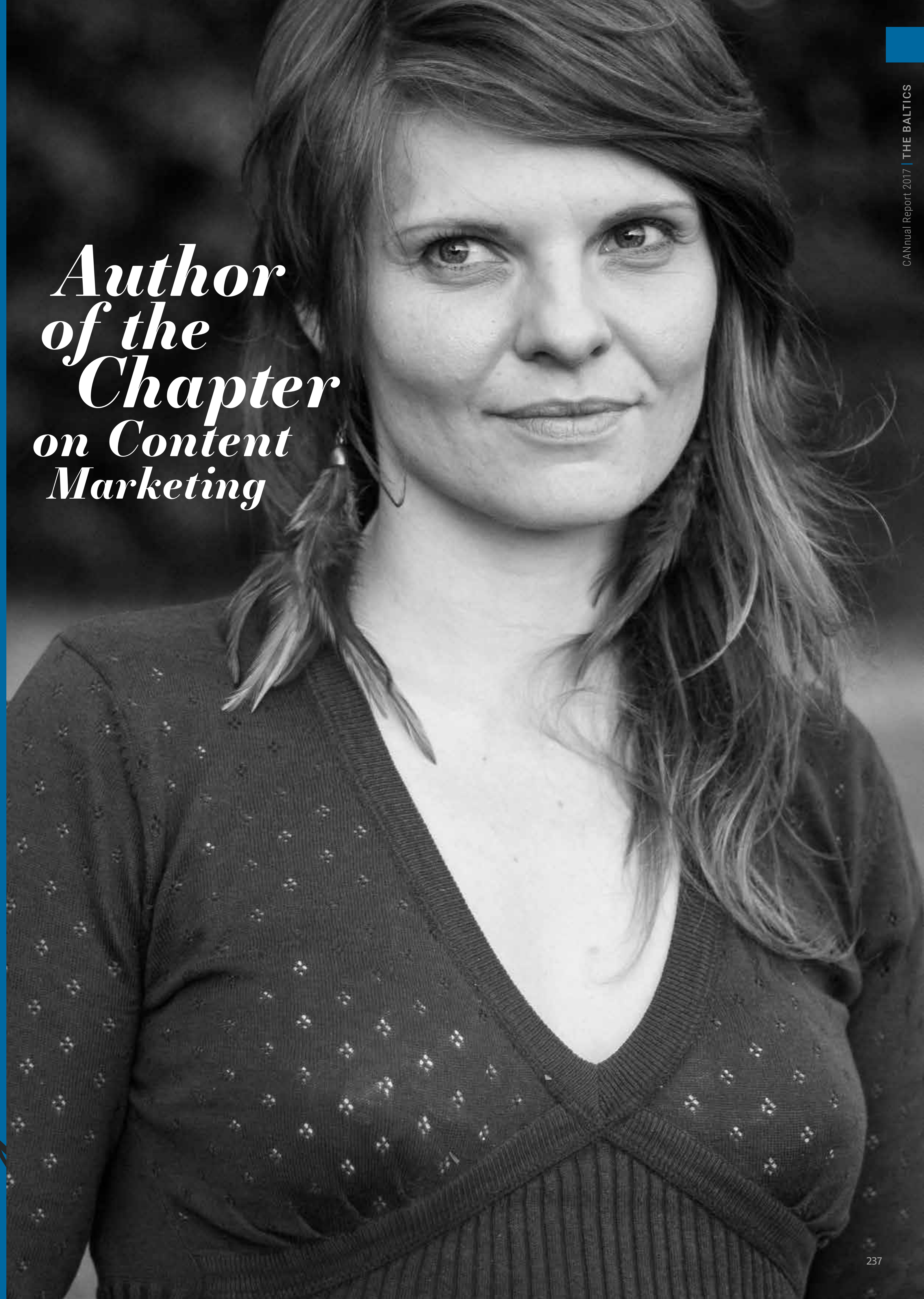


Author of the Chapter on Content Marketing



ESTONIA

CORE DATA[46]

Political system	Parliamentary republic
Capital	Tallinn
Area	45,227 km²
Official language	Estonian
Population	1,312,000
Population density (people per km²)	31
Time zone	EET (UTC+2), EEST (UTC+3)
Currency	Euro

WE CAN ranking
0.41% 9↓
(in 2016: 8 0.42%)

[46] europa.eu; IMF World Economic Outlook, April 2017; data.worldbank.org; localtimes.info
[47] Eurostat, 2016; IMF World Economic Outlook, April 2017; Human Development Report 2016; CIA World Factbook; ilo.org

ECONOMIC DATA[47]

GDP (billion, EUR)	20,916.4
GDP per capita (EUR)	15,900
PPP (billion, current international dollar)	38.451
PPP per capita (current international dollar)	29,312.897
HDI	0.865
GDP growth (estimate, %)	1.5
Government gross debt (% of GDP)	9.487
Industrial production (estimated growth rate, %)	3
Unemployment rate (% of total labor force)	6.911
Inflation (consumer prices, annual %)	0.3
Current account balance (billion, USD)	0.613
Number of households	571,600
Number of persons in households	2.2
Labor force participation rate (% of total population aged 15+)	61.8

LATVIA

CORE DATA[48]

Political system	Parliamentary republic
Capital	Riga
Area	64,573 km²
Official language	Latvian
Population	1,969,000
Population density (people per km²)	32
Time zone	EET (UTC+2), EEST (UTC+3)
Currency	Euro

WE CAN ranking
0.31% 13↓
(in 2016: 12 0.32%)

[48] europa.eu; IMF World Economic Outlook, April 2017; data.worldbank.org; localtimes.info
[49] Eurostat, 2016; IMF World Economic Outlook, April 2017; Human Development Report 2016; CIA World Factbook; ilo.org

ECONOMIC DATA[49]

GDP (billion, EUR)	25,021.3
GDP per capita (EUR)	12,800
PPP (billion, current international dollar)	50.622
PPP per capita (current international dollar)	25,709.805
HDI	0.830
GDP growth (estimate, %)	2.5
Government gross debt (% of GDP)	34.339
Industrial production (estimated growth rate, %)	2.6
Unemployment rate (% of total labor force)	9.640
Inflation (consumer prices, annual %)	-0.4
Current account balance (billion, USD)	0.409
Number of households	832,700
Number of persons in households	2.4
Labor force participation rate (% of total population aged 15+)	60.4

LITHUANIA

CORE DATA[50]

Political system	Parliamentary republic
Capital	Vilnius
Area	65,286 km²
Official language	Lithuanian
Population	2,871,000
Population density (people per km²)	46
Time zone	EET (UTC+2), EEST (UTC+3)
Currency	Euro

WE CAN ranking
0.36% 12↑
(in 2016: 13 0.31%)

[50] europa.eu; IMF World Economic Outlook, April 2017; data.worldbank.org; localtimes.info
[51] Eurostat, 2016; IMF World Economic Outlook, April 2017; Human Development Report 2016; CIA World Factbook; ilo.org

ECONOMIC DATA[51]

GDP (billion, EUR)	38,637.4
GDP per capita (EUR)	13,500
PPP (billion, current international dollar)	86.051
PPP per capita (current international dollar)	29,972.331
HDI	0.848
GDP growth (estimate, %)	2.6
Government gross debt (% of GDP)	40.014
Industrial production (estimated growth rate, %)	3.3
Unemployment rate (% of total labor force)	7.861
Inflation (consumer prices, annual %)	1.5
Current account balance (billion, USD)	-0.379
Number of households	1,331,500
Number of persons in households	2.3
Labor force participation rate (% of total population aged 15+)	59.5

ANITA KOLESNIKOVA

MEDIA DIRECTOR
CREATIVE MEDIA BALTIC
ANITA@CMBALTIC.LV

Anita has more than 10 years of experience in the advertising industry, excellent media director skills of various media and social campaigns. She is developing and implementing integrated communication campaigns, with a focus on media targets and results. She is experienced in implementing a wide range of international media campaigns. Anita has developed, managed and coordinated local and international multimedia campaigns for customers such as Royal Unibrew (CIDO group alcoholic and soft drinks), Hesburger, DELL, Bonduelle, and Jysk.

The Media Market in the Baltic States in 2016

We – the people of the Baltic states – love to think of ourselves as a strongly united community, especially during the Eurovision voting or in such emotional moments as the anniversary of the Baltic Way. The latter took place in August 1989, when around 2 million people formed a human chain across the Baltics states in a peaceful demonstration against the USSR. However, in everyday life, each country has a separate life, talks in its own language and people are usually better informed about what is happening somewhere else in the world than in their neighbouring countries. So, in reality we are not that united. For example, if we talk about the media market in 2016, the scene differs from country to country.

The Latvian scene has not changed much since 2015, neither in terms of mediums, nor in terms of the growth of the media advertising market. Unfortunately, it is unlikely that the situation is going to be any different this year; we are happy if the budget remains the same. This negative trend is proven by the fact that the marketers with the biggest purchasing power are determined to cut their advertising expenditure, since they believe that they have been spending too much. All in all, the current status of affairs does not look very promising.

We had had high hopes for a budget increase in the light of the approaching municipal elections, but these expectations – regrettably for the media market – weren't met. There are not going to be as many politicians smiling at us at each corner, as they are moving to the social media in ever-increasing numbers, sometimes extremely successfully. To set an example, Nils Ušakovs – the current mayor of Riga – is not only famous for his cats, he also has a huge number of followers on Facebook in Latvia.

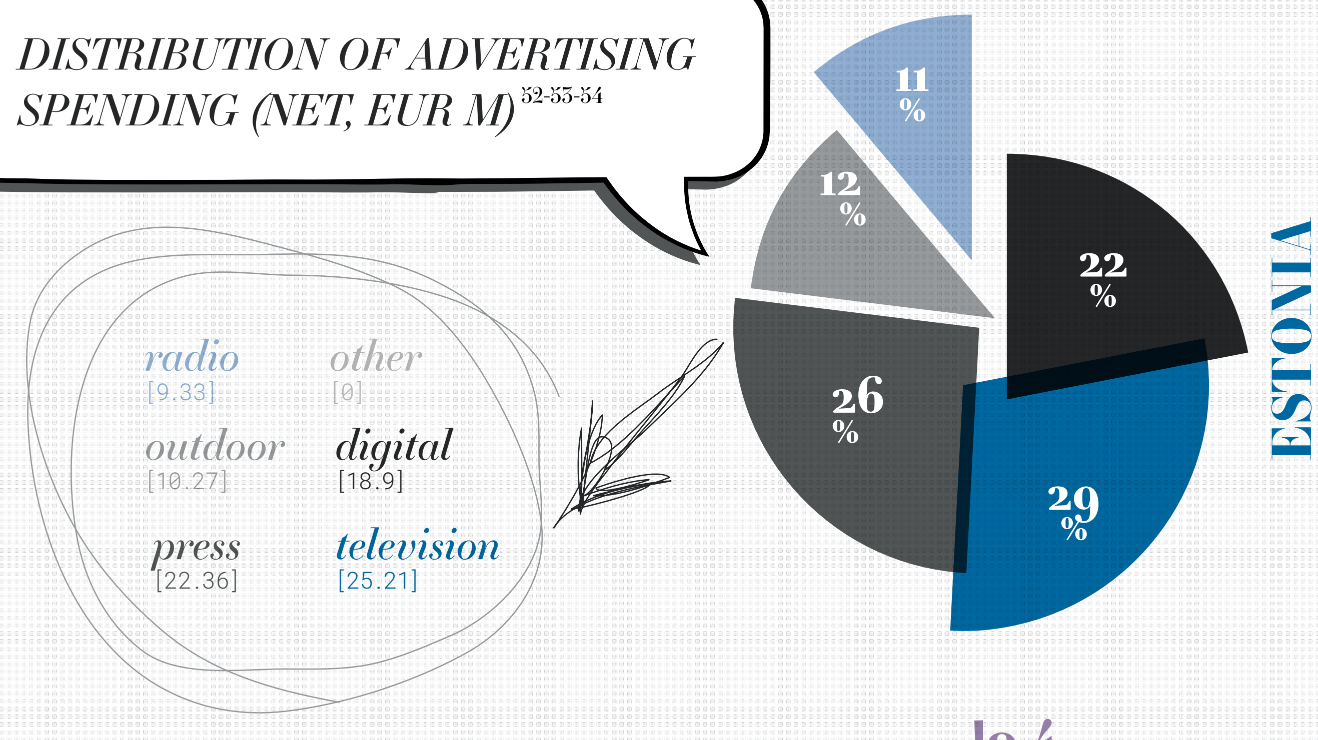
In spite of this, the Estonian market has been experiencing a steady growth (+8%) in the media advertising market, press having been the only medium experiencing a setback. In Lithuania, the advance in 2016 was even greater: one might say that the 18% growth is an outstanding performance. This positive change took place partly due to digital advertising which increased by 54%. A misanthrope would say that this development is related to areas that are difficult to monitor – e.g. social media, video-on-demand and Google search –, but the results speak for themselves as the digital mediums are becoming the protagonists everywhere.

The latest advertising data suggest that advertisers have finally started to acknowledge digital solutions, as digital advertising holds the first place in the budget allocation steadily. In addition, television responded to the changes taken place nowadays, by elaborating more online content, offering new opportunities for advertising.

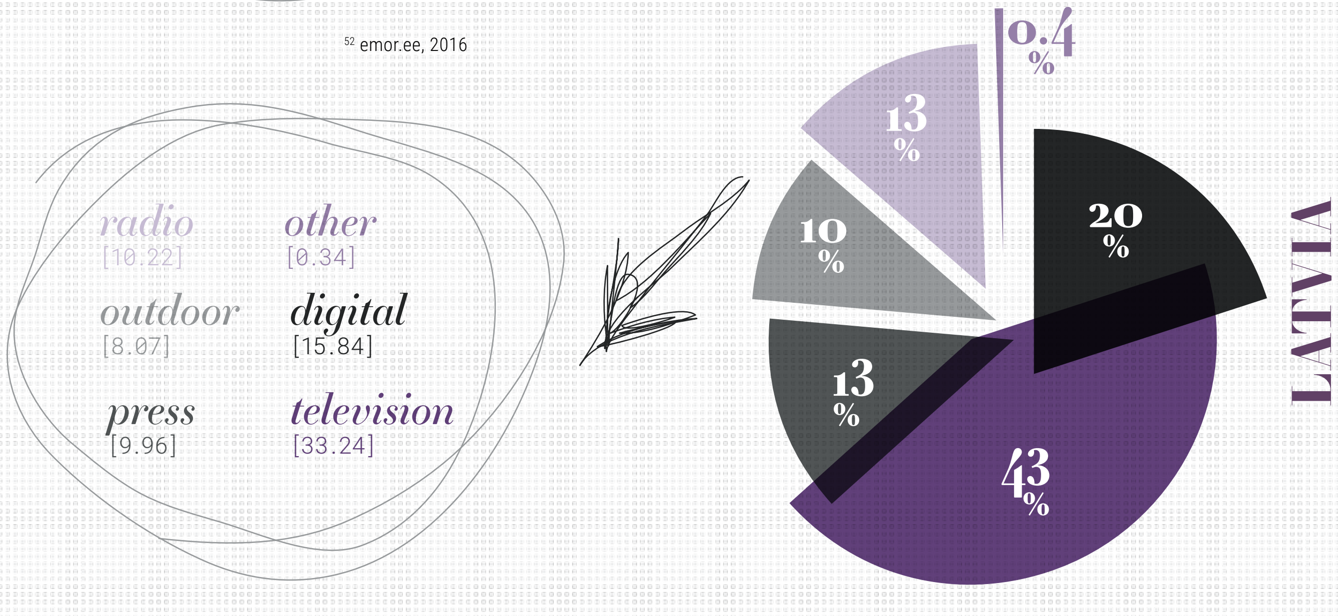
The biggest event of 2016 in the local scene was the introduction of TV channel TNT to the Baltic states. It did not take long for the Russian entertainment channel to become one of the most popular ones in terms of TV-viewing time among those aged 18-49. The channel offers a wide variety of comedy shows and TV series. To quote a person who really knew what comedy was about – namely, Charlie Chaplin – "a day without laughter is a day wasted", and by taking a look at the statistics, many people in the Baltic States seem to agree with him.

As one comes in, another one leaves. This happened in Latvia with TV5's – the only Russian-language TV channel – disappearance. The event lead to a discussion about the necessity for a public TV channel in Russian (TV5 was a commercial one), aiming at the Russian-speaking minority living in Latvia.

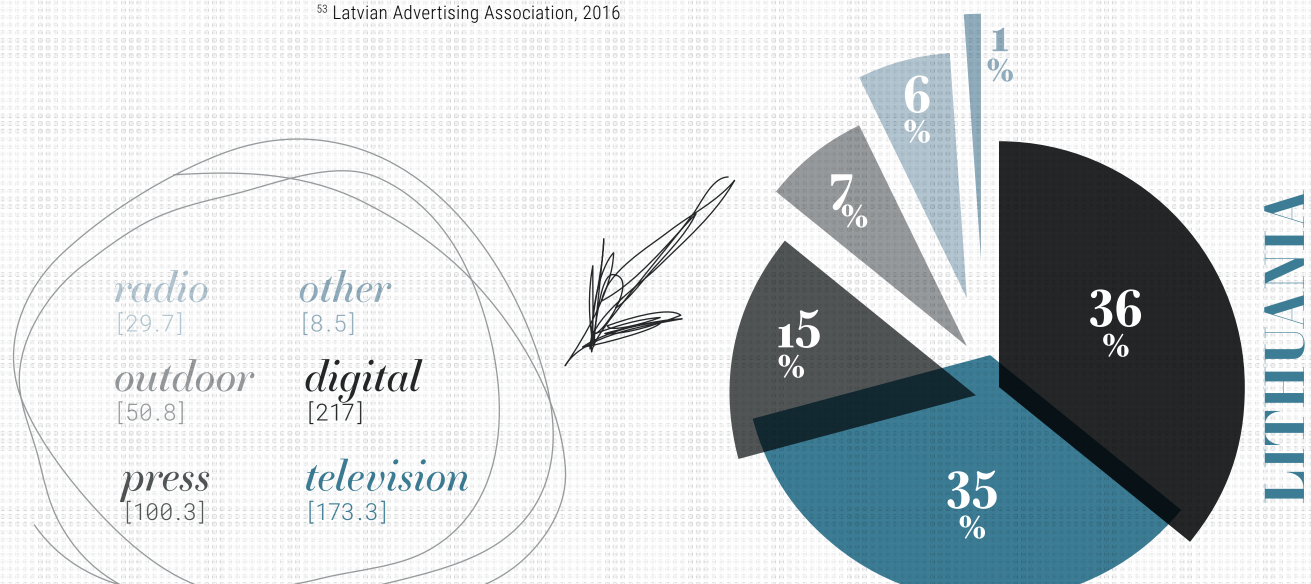
DISTRIBUTION OF ADVERTISING SPENDING (NET, EUR M)[52-53-54]



[52] emor.ee, 2016



[53] Latvian Advertising Association, 2016



[54] Kantar TNS, 2016

A Russian channel was launched in Estonia in 2015. Even though that channel has a difficult time gathering a crowd of regular viewers, Estonians consider it a long-term project to improve society, so they do not care about ratings for the time being.

Another important development took place in connection with the payment system of TV commercials. A growing number of TV channels use consolidated ratings which not only consider live stream, but viewing on the same day as well as time-shifted viewing. This is crucial since interactive television is gaining popularity in the Baltics. Estonia already introduced this change at the end of 2015; Latvia followed in its footsteps in 2016, and the process is under way in Lithuania. Some media groups followed through the change already in 2016, whereas others did at the beginning of 2017, and there are still some who stick to selling live-stream only.

THE MOST VISITED WEBSITES (TOP20)[55]

real users, monthly average

ESTONIA

online news	postimees.ee Total	598,307
online news	delfi.ee Total	582,523
lifestyle	delfi.ee/Naistekas	356,955
online news	postimees.ee	356,446
entertainment news	delfi.ee/Publik	325,741
online news	ohtuleht.ee	313,670
business news	delfi.ee/Arileht	313,317
entertainment news	postimees.ee/elu24	278,301
online news	delfi.ee/EPL	274,913
online news	postimees.ee-Maakonnalehed	262,032
online news	delfi.ee/Maaleht	249,541
news aggregator	neti.ee	237,041
car sales	auto24.ee	234,280
news aggregator	neti.ee	228,705
online news	postimees.ee/Kv.ee	226,965
sport	delfi.ee/Sport	223,179
car sales	auto24.ee	221,396
consumer news	tarbija24	218,139
lifestyle	naine24	214,961
world news	maailm.postimees.ee	211,784

Mobile broadband penetration[56]
(% of the population)
116%

Smartphone penetration[57]
(% of the population)
63%

[55] Gemius Audience, December 2016 [56] digital-agenda-data.eu, European Commission, 2016 [57] The Connected Consumer, Google, 2016

LATVIA

THE MOST VISITED WEBSITES (TOP20)[58]

real users, monthly average

free e-mail portal	inbox.lv	893,107
news site	delfi.lv	878,835
news site	tvnet.lv	803,341
social network	draugiem.lv	530,454
VOD	skaties.lv	485,407
news site	jauns.lv	476,075
search engine	salidzini.lv	397,900
news site	lsm.lv	375,449
newspaper website	la.lv	370,078
search engine	1188.lv	348,230
free e-mail portal	mail.ru	323,943
newspaper website	nra.lv	319,922
news site	focus.lv	316,251
online classifieds marketplace	zl.lv	281,721
Latvian laws Internet version	likumi.lv	259,843
real estate trade	city24.lv	250,808
price comparisons	kurpirkt.lv	245,822
newspaper website	vesti.lv	244,904
news site	mixnews.lv	241,719
social network	ok.ru	189,589

Mobile broadband penetration[59]
(% of the population)
78%

Smartphone penetration[60]
(% of the population)
57%

[58] Gemius, 2016 [59] digital-agenda-data.eu, European Commission, 2016 [60] The Connected Consumer, Google, 2016

LITHUANIA

THE MOST VISITED WEBSITES (TOP20)[61]

real users, monthly average

Search engine	www.google.lt (www.google.com)	1,565,000
News site	www.delfi.lt	1,119,000
Email services	www.gmail.com	1,056,000
News site	www.15min.lt	832,000
News site	www.lrytas.lt	598,000
Wheather	www.gismeteo.lt	563,000
VOD	Delfi TV	385,000
VOD	Lrytas TV	232,000
News site	www.alfa.lt	225,000
Private announcements	www.skelbiu.lt	211 000
Auto ads	www.autogidas.lt	176,000
VOD	TV3 Play	173,000
VOD	www.lnkgo.lt	116 000
News site/email	www.yahoo.com	114 000
News site	www.lzinios.lt	100,000
News site	www.tv3.lt	94,000
VOD	LRT Mediateka	76,000
News site/VOD	www.lrt.lt	69,000
Private announcements	www.alio.lt	63,000
Private announcements	www.plius.lt	55,000

Mobile broadband penetration[62]
(% of the population)
75%

Smartphone penetration[65]
(% of the population)
56%

[61] galileo, 2016 [62] digital-agenda-data.eu, European Commission, 2016 [63] The Connected Consumer, Google, 2016

ESTONIA

INTERNET PENETRATION
% of the population[64]

88%

INTERNET USERS BY GENDER[65]

male	female
48%	52%

INTERNET USERS BY AGE[66]

age	[15-19]	[20-29]	[30-39]	[40-49]	[50-59]	[60-69]	[70-75]
%	6%	18%	19%	18%	18%	13%	8%

ESTONIA HAS THE HIGHEST MOBILE BROADBAND PENETRATION IN THE REGION: *THERE ARE 116 SUBSCRIBERS PER 100 PEOPLE.*

PURPOSE OF USE
% of users[67]

Getting information	Searching information	73%
	E-mailing	70%
	News	64%
Social networking	Using instant messaging	51%
Entertainment	Listening to the radio	17%
	Watching movies, videos online	20%
	Online games	28%

INTERNET USERS BY HOUSEHOLD SIZE[68]

NR OF MEMBERS IN FAMILY

1 members /family	2 members /family	3 members /family	4 members /family	5+ members /family
[27%]	[33%]	[19%]	[13%]	[8%]

INTERNET USERS BY ESOMAR SOCIAL GRADE CATEGORIES[69]

AB	34%
C1	12%
C2	12%
DE	42%

Online shoppers (% of the population)[71]

56

CONSUMER DURABLES[70]
in % of households

71% · 73% · 96% · 54% · 53%

[64] 16-74 years old, Eurostat, 2016 [65-66] Kantar Emor Internet Base Survey, 2016 [67-68] Kantar Emor Internet Base Survey, 2016 [69] TNSAtlas survey in Estonia, 2016 [70] Kantar Emor Atlas survey, 2016
[71] European Ecommerce Report 2017, Ecommerce Europe

INTERNET PENETRATION
% of the population[72]

81%

INTERNET USERS BY GENDER[73]

male	49%
female	51%

INTERNET USERS BY AGE[74]

age	[15-19]	[20-29]	[30-39]	[40-49]	[50-59]	[60-69]	[70-75]
	7%	23%	23%	20%	17%	8%	2%

INTERNET USERS BY HOUSEHOLD SIZE[76]

NR OF MEMBERS IN FAMILY

members/family	1	2	3	4	5+
	[14%]	[31%]	[26%]	[19%]	[10%]

LATVIA

LATVIA HAS THE HIGHEST SHARE OF RADIO AD SPENDING: *13% OF THE ADVERTISING PIE IS SPENT ON RADIO ADVERTISING.*

INTERNET USERS BY ESOMAR SOCIAL GRADE CATEGORIES[77]

AB	35%
C1	14%
C2	25%
DE	26%

PURPOSE OF USE
% of users[75]

Getting information	Searching information	90%
	E-mailing	93%
	News	93%
Social networking	Using instant messaging	85%
Downloading	Movies	59%
	Music	77%
Entertainment	Listening to the radio	53%
	Watching movies, videos online	93%
	Online games	59%
Administration	Electronic banking	85%

Online shoppers (% of the population)[79]

44

CONSUMER DURABLES[78]
in % of households

57% | 59% | 97% | 47% | 41%

[72] 16-74 years old, Eurostat, 2016 [73-78] Kantar TNS - Atlas/TNS Digital [79] European Ecommerce Report 2017, Ecommerce Europe

INTERNET PENETRATION
% of the population[80]

75%

INTERNET USERS BY GENDER[81]

male 48%

female 52%

INTERNET USERS BY AGE[82]

7%	18%	16%	18%	20%	21%
age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60-69]

INTERNET USERS BY HOUSEHOLD SIZE[84]

NR OF MEMBERS IN FAMILY

1 members/family	2 members/family	3 members/family	4 members/family	5+ members/family
[20%]	[35%]	[22%]	[17%]	[7%]

THE ONLINE AD SPENDING GREW THE MOST IN LITHUANIA *WITHIN EUROPE, BY 54% YOY*

INTERNET USERS BY ESOMAR SOCIAL GRADE CATEGORIES[85]

AB	21%
C1	13%
C2	17%
DE	49%

PURPOSE OF USE
% of users[85]

Getting information	Searching information	75%
	E-mailing	66%
	News	71%
Social networking	Using instant messaging	63%
Downloading	Movies	33%
	Music	33%
Entertainment	Listening to the radio	33%
	Watching movies, videos online	39%
	Online games	31%
Administration	Electronic banking	58%

Online shoppers
(% of the population)[87]

33

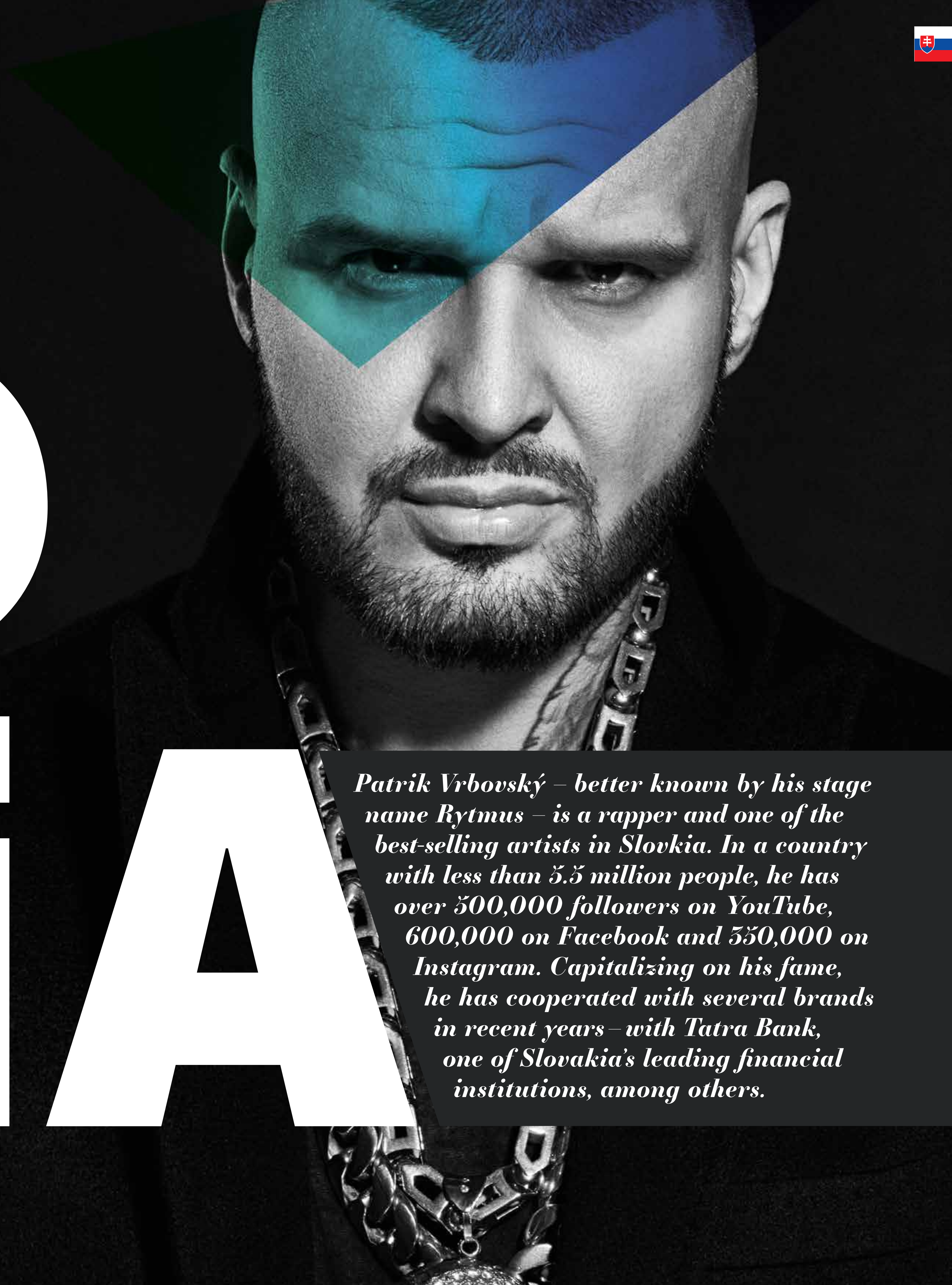
CONSUMER DURABLES[86]
in % of households

70% 52% 95% 18% 37%

LITHUANIA

[80] 16-74 years old, Eurostat, 2016 [81-85] TNS atlas, 2016 [86] TNS Atlas; TV Establishment survey, 2016 [87] European Ecommerce Report 2017, Ecommerce Europe

SlovakiA

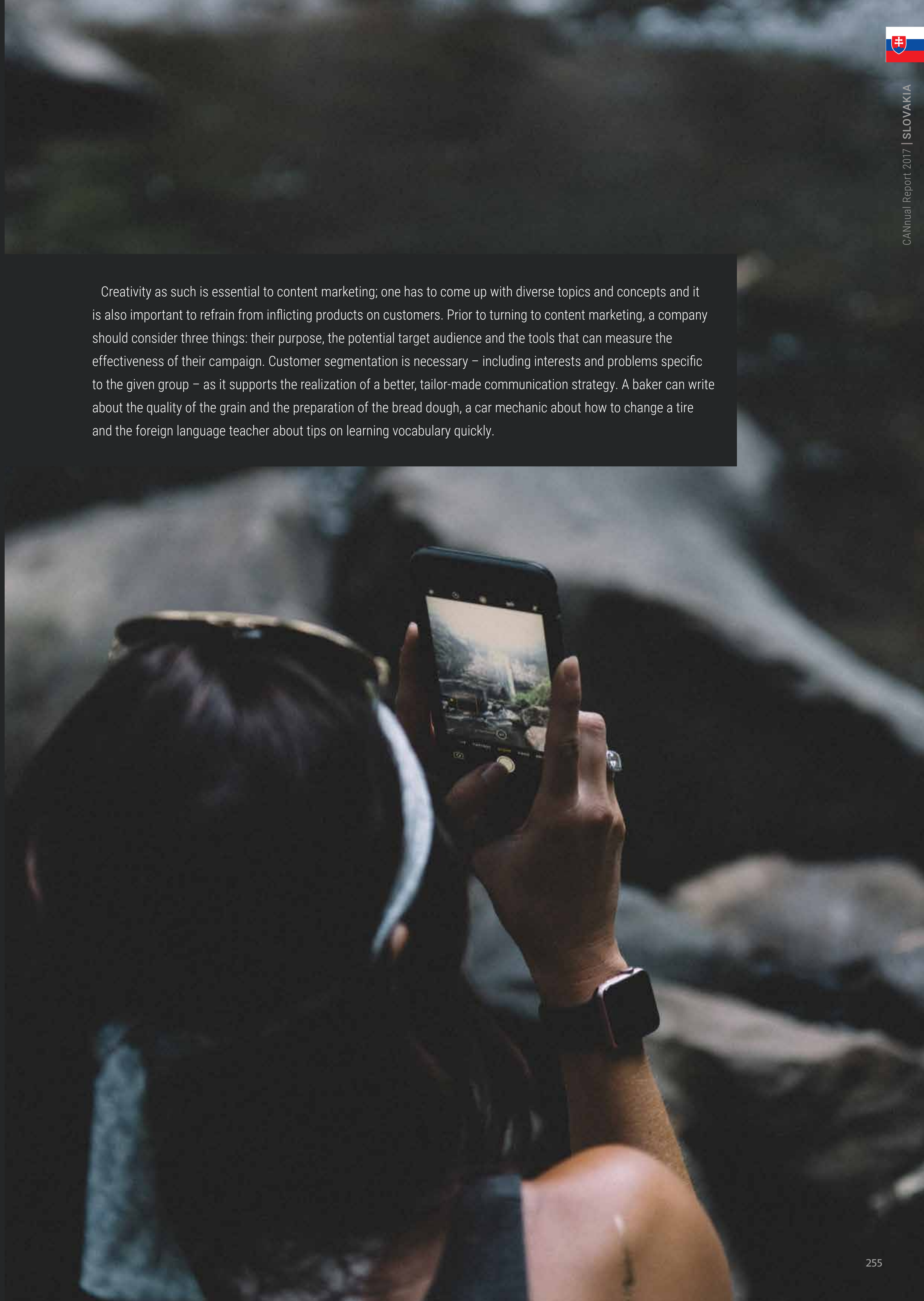


Patrik Vrbovský – better known by his stage name Rytmus – is a rapper and one of the best-selling artists in Slovkia. In a country with less than 5.5 million people, he has over 500,000 followers on YouTube, 600,000 on Facebook and 350,000 on Instagram. Capitalizing on his fame, he has cooperated with several brands in recent years – with Tatra Bank, one of Slovakia's leading financial institutions, among others.

The Benefits of Content Marketing

The undeniable advantage of content marketing is that your campaign never ends. At the times of adblockers and the reduced efficiency of traditional promotional media, content marketing and marketing associated with people having social impact provide an excellent way to create long-term and strong relationships with clients and potential customers. This approach shifts the role of brands and their communication from the sole purpose of sales to concern. Content marketing enables clients to show themselves in a better light, as entities caring for the common good, looking for long-term solutions that benefit everyone. Adequate content marketing combines stories and brand activity, and it presents how the given market player stands out from the rest of the competitors. Customers can also benefit from it as they get to be in touch with the brand before, during and after the purchase.

Internet marketing "authority" Sean McPheat divides marketing into old and new marketing. According to him, "old marketing" is aimed to deliver a one-way message from the brand to the customer. However, when it comes to "new marketing", the more appealing and creative your marketing campaign is, the more customers you can appeal to. Nowadays target groups are better informed and they prefer the truth to deception; they demand value in exchange for the time and money invested and they can get it online. Consequently, your campaign never ends since it does not vanish from the Internet. With that in mind, content marketing demands an enormous commitment from the company that opts for it. The new positioning of content marketing is represented by a number of agencies in the Slovak Republic already, and it appears in online and offline solutions as well. Content marketing is given an increasing role in strategies and it has also an effect on customer service, let it be online or offline support.



Creativity as such is essential to content marketing; one has to come up with diverse topics and concepts and it is also important to refrain from inflicting products on customers. Prior to turning to content marketing, a company should consider three things: their purpose, the potential target audience and the tools that can measure the effectiveness of their campaign. Customer segmentation is necessary – including interests and problems specific to the given group – as it supports the realization of a better, tailor-made communication strategy. A baker can write about the quality of the grain and the preparation of the bread dough, a car mechanic about how to change a tire and the foreign language teacher about tips on learning vocabulary quickly.

TOP CHANNELS BY NUMBER OF USERS
% OF POPULATION 15+/18+[1]

YOUTUBE	60%
FACEBOOK	54%
INSTAGRAM	15%

1| YouTube
% of the population 18+[2]

60%

2| Facebook
% of the population 15+[3]

54%

USERS BY GENDER[4]
USERS BY AGE[5]

male 48%
female 52%

12%	33%	25%	16%	8%	6%
age [15-19]	*age* [20-29]	*age* [30-39]	*age* [40-49]	*age* [50-59]	*age* [60+]

THE MOST POPULAR BRAND[7]
LIDL SLOVENSKO [SUPERMARKET]
Number of local fans
368,956

USERS BY DEVICE[6]
84% MOBILE
68% DESKTOP

3| Instagram
% of the population 15+[8]

15%

USERS BY GENDER[9]
USERS BY AGE[10]

male 46%
female 54%

23%	49%	17%	7%	2%	2%
age [15-19]	*age* [20-29]	*age* [30-39]	*age* [40-49]	*age* [50-59]	*age* [60+]

WATCHING VIDEO CONTENT FROM SHARING SERVICES
% of the population[11]

41%

BY GENDER
(% OF THE GROUP)[12]

male 42%
female 39%

BY AGE
(% OF THE GROUP)[13]

61%	49%	38%	33%	23%	17%
age [16-24]	*age* [25-34]	*age* [35-44]	*age* [45-54]	*age* [55-64]	*age* [65-74]

BY EDUCATION[14]
% of the group

50%	36%	49%
None or low	*Medium*	*High*

BY INCOME QUARTILES[15]
% of the group

4th (highest)	46%
3rd	37%
2nd	36%
1st (lowest)	45%

[1] Own calculation based on Google AdWords and Facebook Ads Manager, March 2017 [2] Own calculation based on Google AdWords, March 2017 [3-6] Own calculation based on Facebook Ads Manager, March 2017 [7] socialbakers.com, March 2017 [8-10] Own calculation based on Facebook Ads Manager, March 2017 [11-15] 16-74 years old, Eurostat, 2016

The star of online marketing – founder of KISSmetrics and Crazy Egg –, Neil Patel started his speech at the Marketing Festival in 2013 with the following lines: “Content marketing is good for everyone. Even a pizzeria can write recipes or tell how many degrees the oven is set to. Start with at least one post a week and gradually increase the frequency.” Katerina Borovanska – the Managing Director of FREYA, a Czech content marketing agency – has the following advice to marketers: “Generate high-quality, original and authentic content, strong as a ballast. Only such content can deliver the results you promise.”

Recommendations for the use of B2B content marketing might prove to be a challenge for marketing managers and their agencies, as abandoning traditional channels and investing in content marketing can come across as a risk. However, it is undeniable that traditional channels can also convey messages to the customers. I believe that B2B managers assess the classical B2C advertising in their private lives and that has an effect on their professional approach. Nevertheless, the art of content marketing – which involves the profound knowledge of the products and the ability to portray them in the form of superb content – provides a better opportunity for effective communication than conventional advertising.

You need to scrutinize whether your product is credible enough and it is, examine whether content marketing is the best tool for your campaign. And you need a comprehensive campaign. If the basics of marketing do not apply – e.g. the product does not meet the customer’s needs or the pricing is inadequate –, even the best content marketing campaign won’t help. The same goes for classical marketing communications. However, the above-mentioned examples show that if the given product or service is relevant to the target group, the right content marketing tools can elevate them to a next level. Creatives and marketers should not forget about credibility though. Compiling interesting content is not as complicated as it sounds, but realizing the ideas and – at the same time – supporting certain product features can be demanding. Customers might not pay such close attention to all of this, but one should not tempt fate.

Influencers in Slovakia

We also have influences in Slovakia who gained success and glory thanks to the Internet. The king of the Slovak Internet is YouTuber Gogo, who mainly dominates YouTube (with 1.4 million followers), but is also active on Instagram (482,000 followers) and Facebook (186,000 followers just from Slovakia). For now, he has the greatest influencing power over the most online generations. In addition, there are 7 other young vloggers with more than 100,000 subscribers.

Taking a look at the Slovak situation on Socialbakers, it turns out that Facebook is rather about classical celebrities. The rappers Rytmus and Majk Spirit both have more than 265,000 followers, the TV and radio moderator duo Junior and Marcel has 261,000, while another duo – Adela and Sajfa – has 206,000 followers. To mention the sport section, the cyclist Sagan has 196,000 followers and the tennis player Cibulková has 194,000 subscribers. A pop singer also has a big fan club (197,000 people), and it is worth mentioning the stand-up comedian called Evelyn, whose fan base is about 125,000 people. Adela Banasova – a TV presenter and radio host – is famous for getting involved in social matters and her articles on the news site called HN are also very popular.

The marketing campaign of the Slovak Tatra Bank and its “Rytmus Academy” has taken place recently and it stands out due to its high efficiency. However, Unicredit already collaborated with an influencer back in 2012, when they used the viral video "Som čarovný" and its creator to support their products. Nowadays, another YouTuber has made his way to the banking sector: Selassie joined forces with Slovenská sporiteľňa (the Erste Bank Group).

Let’s take a look at another branch: the AVIS car rental company has been recently promoted by the Pastels dance group in their online clips. The clip “Modern Dancing” has received more than 105,000 views on Facebook and 40,000 on YouTube.

There is an interesting phenomenon: the cooperation between manufacturers and influencers to create separate brands or limited editions. To set an example, Kristína Kormúthová – a Slovak presenter and celebrity – started cooperating with a local sneaker manufacturer and presented her KK Shoes brand to market, which she now promotes on her social platforms and she helps to design a collection, too. Consequently, the brand has a strong media representation now and it has reached new channels to present their products.

The rules that apply to business management apply to marketing too. If you want something to prosper and be effective, it is ideal to involve the best people in the process. While companies need proactive managers, advertising needs well-known people with a lot of fans.

Slovak influencers are no worse than American or British ones, and they are more affordable. What’s more, collaborations with influencers provide a great opportunity for medium-sized brands to enrich their marketing with being present on trendy platforms to increase their sales. However, brands should ensure that the promoted service or product is impeccable, because the promotion otherwise will be rather counterproductive and it might even damage the popularity of the given influencer.

CONTENT MARKETING Q&A *Slovakia*

WHICH CONTENT MARKETING TOOLS ARE THE MOST COMMON ON THE LOCAL MARKET? *1.*

Definitely blogs and the connected social media.
Most influencers and companies use complex marketing strategies to promote and reach people with their content (e.g. newsletters, public speaking, cross sharing, etc.).

WHICH CONTENT MARKETING TOOLS DEVELOP THE MOST DYNAMICALLY? *2.*

Actually, a number of agencies, specializing in influencers and bloggers, have been founded. The quality of service and strategy planning is increasing constantly. Now every company can order content marketing as a standard advertising service. In addition, the national contest 'Blogger of the Year' is getting more and more popular.

NAME THE MOST IMPORTANT PLATFORMS IN YOUR COUNTRY FROM A CONTENT MARKETING POINT OF VIEW. LIST THEM ACCORDING TO THEIR IMPORTANCE/ POPULARITY IN DESCENDING ORDER. *3.*

Nielsen Admosphere Slovakia published the results of their survey with the title "Are you following celebrities or inspiring persons (influencers) on your social media accounts?" and the results came as no surprise at all. 70% of the online community uses Facebook, 44% goes for YouTube, 23% of them scrolls down on Instagram searching for influencers, 19% follows nobody, 9% prefers Twitter, 6% Snapchat, 4% Pinterest, 4% has no social media accounts at all, and 2% of people goes for LinkedIn and 1% prefers Tumblr.

Facebook, YouTube and Instagram are the king of the content marketing platforms undoubtedly. Some companies or well-known businessmen are active on LinkedIn, but most of them post the same content on Facebook, which is still preferred as a place of discussion (consider shares, comments, reactions and private messages). In Slovakia, Twitter is not very popular.

NAME THE TOP 10 INFLUENCERS ON THE LOCAL MARKET. *4.*

CHANNEL	NUMBER OF SUBSCRIBERS	PROFILE
Gogoman (Daniel Strauch)	2,755,607	Gaming vlogger
Peter Sagan	2,147,410	Professional cyclist
Miroslav Stoch	1,871,927	Football player
Rytmus (Patrik Vrbovsky)	1,444,120	Rapper
Mike Spirit	1,388,478	Rapper
Dominika Cibulkova	1,114,864	Tennis player
Martin Skrtel	1,099,401	Football player
Exploited	1,011,329	YouTuber
Lucy Pug	770,208	YouTuber
Menameselassie	731,468	YouTuber

Source: cumulative number of fans on Facebook, YouTube, Instagram, Twitter

NAME 5 BRANDS THAT USE INFLUENCERS THE MOST OFTEN ON THE LOCAL MARKET. *5.*

Tatra banka (Raiffeisen Group), Slovenska sporitelna (Erste Group), Red Bull, Unicredit banka, Lidl.

HOW WOULD YOU DEFINE THE FOLLOWING TERMS WITH YOUR OWN WORDS? *6.*

- **Native advertisement:** Advertising produced in the same form and with the same function as a standard media content. All in all, it is integrated into the given platform and gives the impression that it was published by the editorial staff of the platform.

- **Branded content:** It is a content aiming to promote a company, product or service and it might use a visual representation of the subject of advertising. Consequently, the relation between the content and the brand is obvious.

My whole professional carrer is happening somewhere between math, data, marketing communications, event management and sports. I started at the full-service ad agency DraftFCB as Account Manager, and then I moved to sports management and marketing, having worked as Secretary General of the Slovak Canoe Slalom Federation (which is still the most succesful Slovak Olympic sports federation).

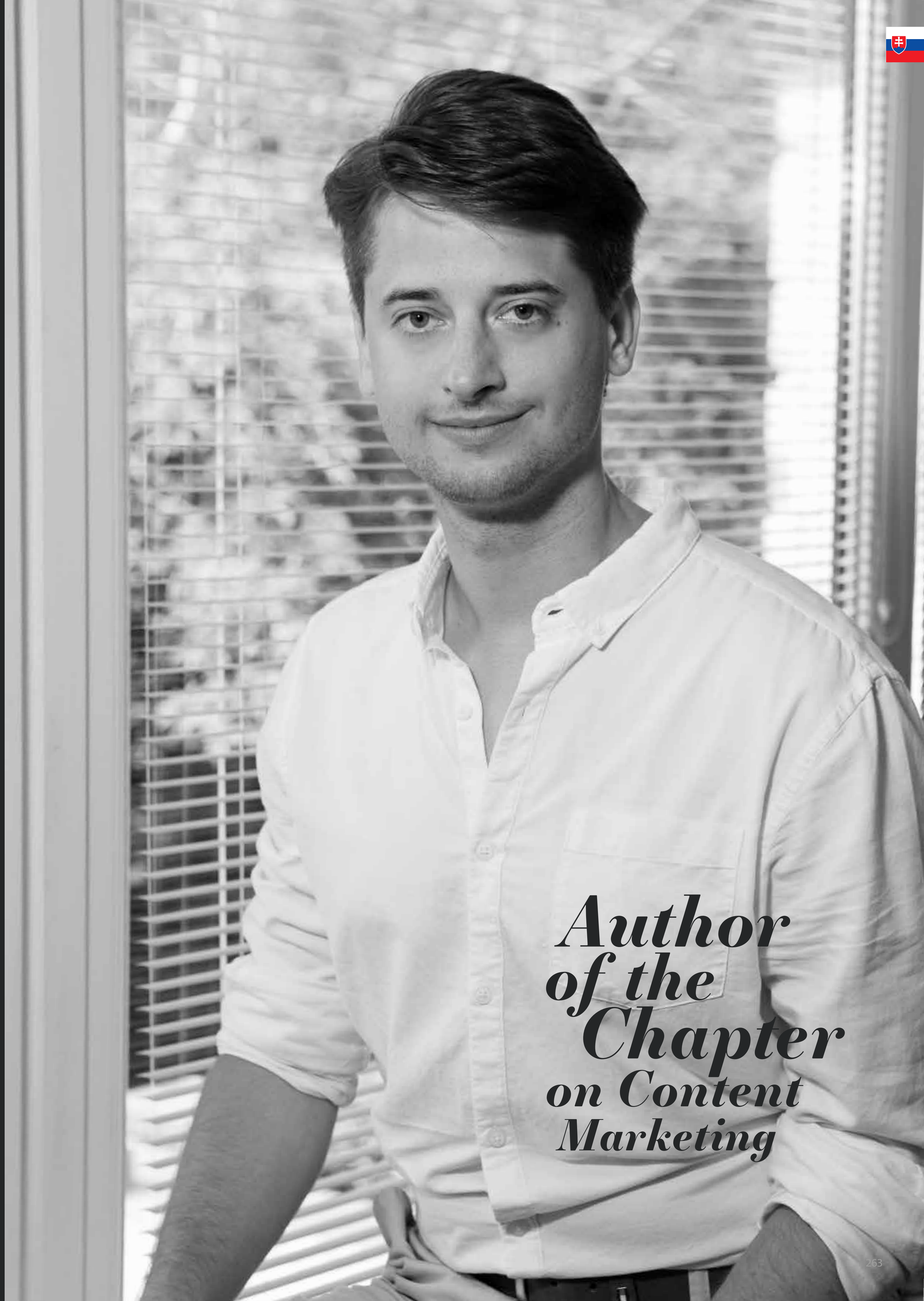
After 5 years in sports, I dived into the media agency world as an expert in excel datasheets. So my journey in Branding_CAN began. In 2015, I was the Pavilion Director of Slovakia at EXPO Milano 2015 and now I am back in Branding_CAN as an Account Director. It is always very interesting to see what comes next.

JÁN ŠÁCHA

ACCOUNT DIRECTOR

BRANDING_CAN

JAN@BRANDING.SK



Author of the Chapter on Content Marketing

WE CAN ranking

0.39% 10

(in 2016: 10 0.39%)

CORE DATA[16]

Political system	Parliamentary republic
Capital	Bratislava
Area	49,035 km²
Official language	Slovak
Population	5,426,000
Population density (people per km²)	113
Time zone	CET (UTC+1), CEST (UTC+2)
Currency	Euro

ECONOMIC DATA[17]

GDP (billion, EUR)	80,958.0
GDP per capita (EUR)	14,900
PPP (billion, current international dollar)	170.052
PPP per capita (current international dollar)	31,338.806
HDI	0.845
GDP growth (estimate, %)	3.4
Government gross debt (% of GDP)	52.265
Industrial production (estimated growth rate, %)	4.3
Unemployment rate (% of total labor force)	9.658
Inflation (consumer prices, annual %)	-0.3
Current account balance (billion, USD)	0.318
Number of households	1,846,900
Number of persons in households	2.8
Labor force participation rate (% of total population aged 15+)	59.3

[16] europa.eu; IMF World Economic Outlook, April 2017; data.worldbank.org; localtimes.info
[17] Eurostat, 2016; IMF World Economic Outlook, April 2017; Human Development Report 2016; CIA World Factbook; ilo.org

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Author of the Article about the Local Media Market

I started my job at Branding as an assistant in 1999, working my way through the departments to finally end up in research, which I led for a few years. Some ten plus years later, I switched focus to digital as the field offers endless opportunities for a strategist with research in his veins. Today, I head my own digital media project, Cink, offering research, strategy and online buying across the media market with Branding_CAN as my major client. I have 4 kids and I find it a real challenge to teach them how to take part in the world of tech without losing focus of what really matters: friendships, books, music, critical thinking and playing “analogue” games with their friends and family.

Rearrangements and Growing Figures

IT IS BEST TO MAP THE DEVELOPMENTS OF THE SLOVAK MEDIA MARKET IN 2016 BASED ON THE SIZE OF MEDIA INVESTMENTS.

The demand for TV advertising is constantly increasing, causing the advertising breaks to be cluttered on all commercial TV stations, with as high as 15 spots per ad break. With that in mind, the major limitation on the Slovak TV market concerns our inventory. Practically, all available GRPs are provided by two TV groups – namely Markiza Group and JOJ Group, with 6 channels altogether – that amount for approximately 62% of the viewership. The remaining 38% of the viewers spend their time on cable and international TV channels that are available only marginally for Slovak advertisers. This distribution of national and "other" channels has been the same for years, so the fight for available GRPs takes place between the two above-mentioned TV groups.

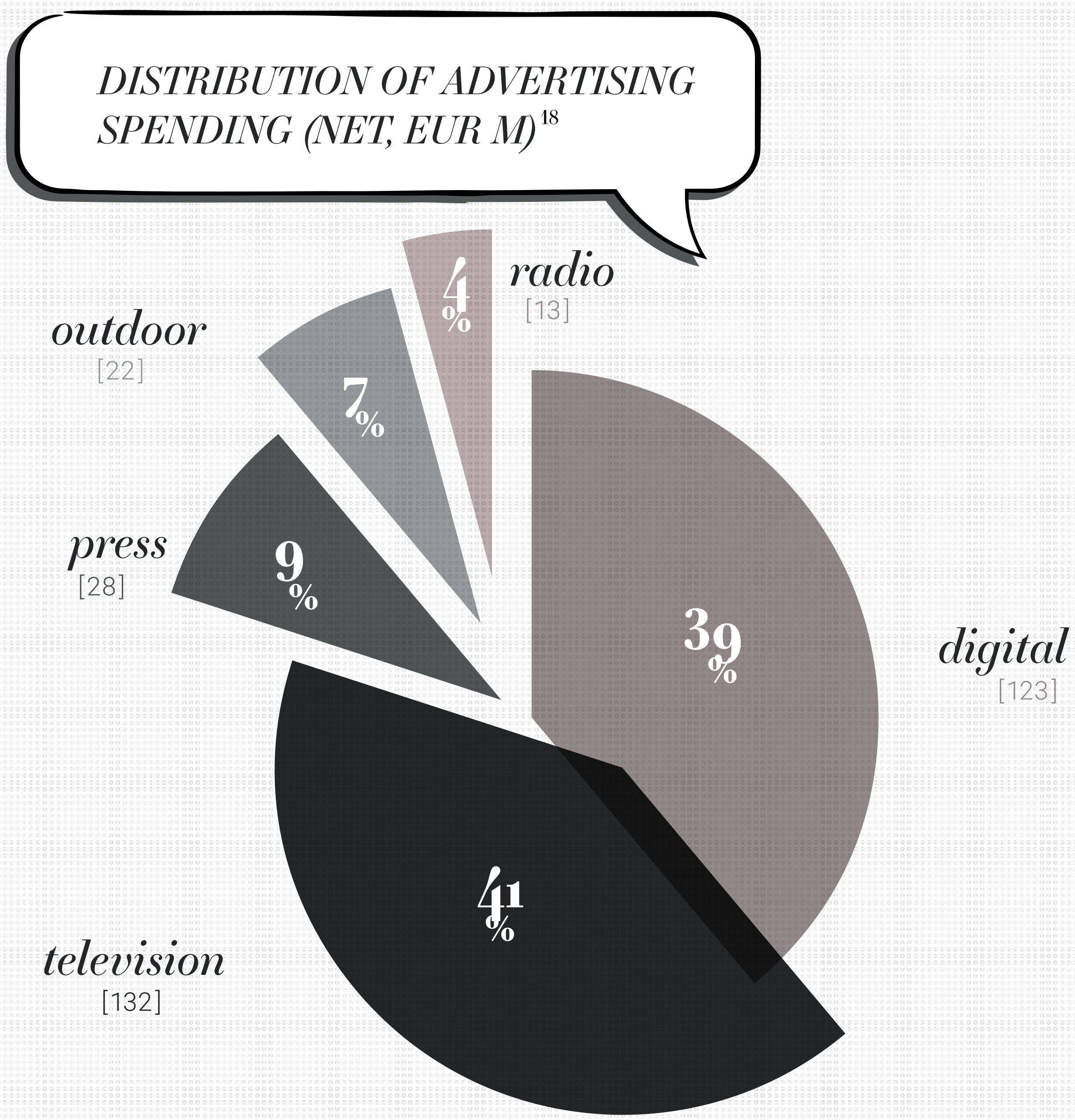
Considering this situation, the Markiza Group (the stronger of the two) ceased its terrestrial transmission (DVB-T) due to an international CME policy. Consequently, they disappeared from approximately 11% of the DVB-T-only households. This resulted in an instant decline of market share, bringing Markiza and JOJ to equal level of shares in January-February 2017. An educational TV campaign helped to slightly increase Markiza's shares in March, but the final chapter of the story is still being written.

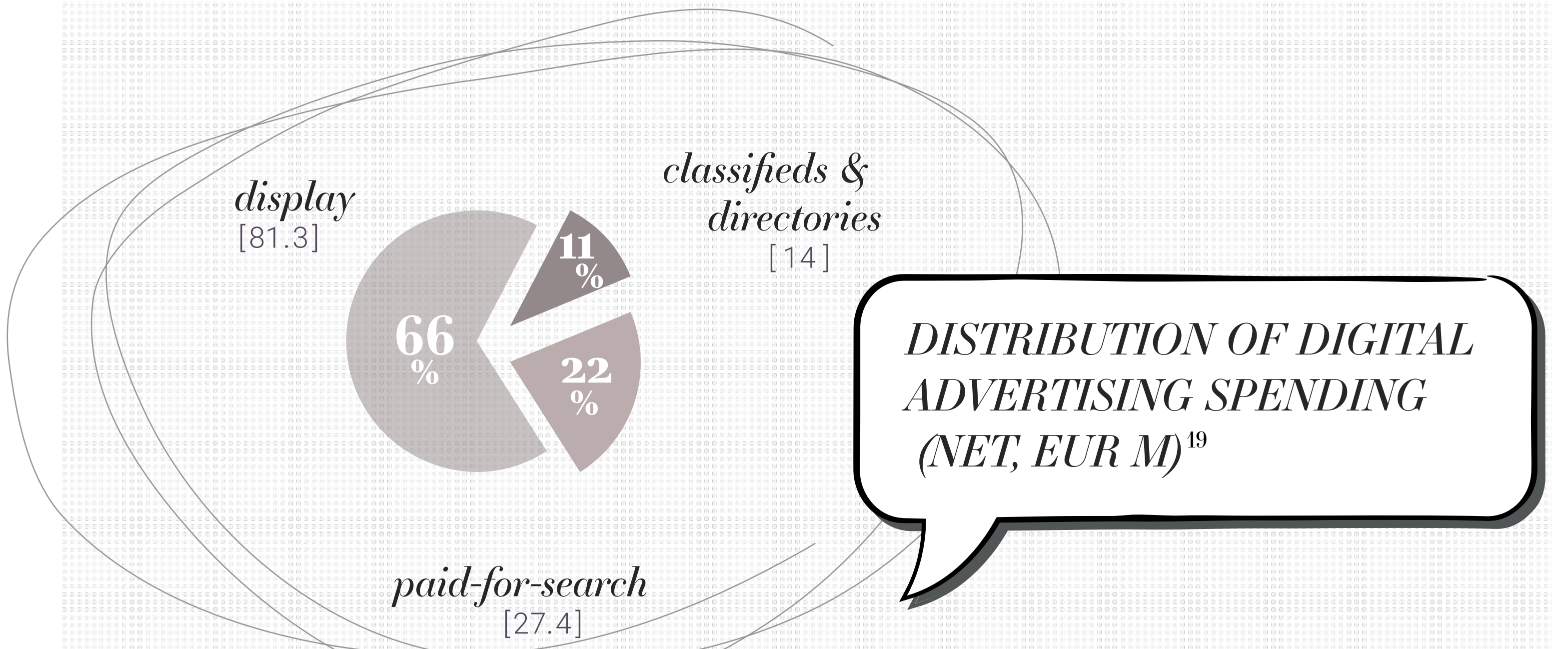
Both TV groups have promised increased investments into their programming, hoping for an audience and inventory growth. Considering the slight but continuous decline of watch time (most evident with young audiences), this will prove to be a tough job.

In terms of penetration, online keeps on growing slowly but surely, currently being at 80%, the figure being above 90% among 15-49-year-old people. In parallel with the growing smartphone penetration – around 60% in terms of the total population and 83% among young people – the share of browsing via mobile phones is also increasing, currently standing at 46%. However, these growing figures come as no surprise.

Online ad investments keep growing by double-digit (23% increase in 2016 according to IAB Slovakia) with Google and Facebook being the top 2 media. RTB and Programmatic keeps growing as well, and this channel may rise to be number 3 within the next couple of years. Video is the top-growing format. Not much of news here, either.

Two notes on interesting advertising opportunities: Strossle is a new platform for promoting content in a media native environment; Content Agency is a new agency representing Slovak bloggers making it easier for advertisers to connect and exploit this popular channel.





[18] Agency estimation and Adex Benchmark 2016, IAB Europe [19] Adex Benchmark 2016, IAB Europe

THE MOST VISITED WEBSITES (TOP20)[20]

real users, monthly average

news	azet.sk	2,230,492
news	zoznam.sk	1,861,921
news	sme.sk	1,677,061
news	aktuality.sk	1,565,163
news	atlas.sk	1,383,681
news	cas.sk	1,341,821
product comparison portal	heureka.sk	1,272,860
bazzar	bazos.sk	1,219,423
news	topky.sk	1,176,697
news	pluska.sk	1,095,432
news	pravda.sk	1,041,806
bazzar	bazar.sk	633,046
news	webnoviny.sk	609,098
news	centrum.sk	587,367
economic	hnonline.sk	579,863
video	joj.sk	533,298
jobs	profesia.sk	518,592
economic	etrend.sk	517,417
news	tvnoviny.sk	489,002
video	markiza.sk	477,710

A more personal insight is this: clients grow more sophisticated and demanding by the month. The amount of work required to meet clients' demands is steadily growing and reporting campaign CTRs is no longer an adequate output from a media agency. This requires the development of new processes and a tighter cooperation between media and marketing teams. And it is good, because we have the chance to do our work better for the benefit of the client. What then needs some figuring is how to translate this increased workload into remuneration models. But that is work in progress, too.

The remaining offline media are relatively stable with few interesting news to report. Print readership keeps declining slowly and ad investments are relatively stable. Radios, after a very successful 2015 (with 16% ad investment growth) had a stable 2016 (with zero growth – but a 0 decline). The OOH market is also stable with changes amounting to +-5% annually. BigMedia keeps dominating with a 40% share of ad investments. Cinema ad expenditures keep an overall rising trend, and a growing number of visitors. In 2016, it increased YoY by 25%.

Mobile broadband penetration[21]

73.4%

Smartphone penetration[22]

56%

[20] AIM Monitor - IAB Slovakia – Gemius, March 2017 [21] digital-agenda-data.eu, European Commission, 2016 [22] The Connected Consumer, Google, 2016

INTERNET PENETRATION
% of the population[25]

83%

INTERNET USERS BY GENDER[24]

male	49%
female	51%

INTERNET USERS BY AGE[25]

age	[15-19]	[20-29]	[30-39]	[40-49]	[50-59]	[60-69]	[70-75]
	11%	23%	25%	18%	14%	7%	2%

SLOVAKIA HAS THE BIGGEST SHARE OF ONLINE SHOPPERS. *56% OF THE POPULATION SHOPPED ONLINE IN 2016.*

PURPOSE OF USE
% of users[26]

Getting information	Searching information	59%
	E-mailing	77%
	News	45%
Social networking	Using instant messaging	32%
Downloading	Movies	7%
	Music	23%
Entertainment	Listening to the radio	28%
	Watching movies, videos online	29%
	Online games	20%
Administration	Electronic banking	41%

INTERNET USERS BY HOUSEHOLD SIZE[27]

NR OF MEMBERS IN FAMILY

1	2	3	4	5+
members /family [13%]	members /family [28%]	members /family [27%]	members /family [22%]	members /family [10%]

INTERNET USERS BY ESOMAR SOCIAL GRADE CATEGORIES[28]

AB	23%
C1	16%
C2	7%
DE	54%

Online shoppers (% of the population)[29]

56

CONSUMER DURABLES[30]
in % of households

57% | 52.8% | 93% | 36.4% | 32.3%

[25] 16-74 years old, Eurostat, 2016 [24-28] TNS 2016 (internet user/last week) [29] European Ecommerce Report 2017, Ecommerce Europe [30] TGI, Q4 2016

SloVenia

Tanja Žagar is a leading Slovenian singer, a pianist and a professor of music pedagogy. She began her career at the age of 14 when she joined the music group Foxy Teens, with which she achieved enviable success. They attended many international music festivals and gained huge popularity. After nine years in the band, she entered the music scene as an independent performer and has been very successful in the past decade. As an influencer, she is the most active on Facebook.

The History and Trends of Content Marketing in the Local Market

It is evident that content marketing – in other words, the creation and transmission of valuable content to attract and convert prospects into costumers and then costumers into regular customers – is not a new concept in Slovenia. And of course, with the increase of communication on social media, the demand for relevant, punctual and appropriate content has become even greater.

The goal to transmit the desired content to target groups remains the same, but the tools that enable more efficient content advertising are changing rapidly. Slovenian companies and organizations are becoming increasingly aware of the fact that in addition to products and services, the transfer and distribution of relevant content is of great importance. They help customers and other stakeholders make a choice, decide which products and services they want to use, or at least generate a sense of a connection with them.

Most Important Trends, Formats and Platforms

The concept of content marketing in Slovenia could be divided into two subclasses: classical content marketing and digital content marketing, which is connected to more modern digital media and communication channels. A content marketing strategy can be a blend of classical and digital content marketing.

The trend in content consumption to move from traditional platforms (radio, TV, OOH) to more modern ones (Internet and social media) is not a novelty, but the process is unfortunately very slow. As expected, the younger generations – generations below 35- 40 – switch to more modern platforms much quicker. As a result, companies are riveting their focus as well: from advertising on radio, OOH and TV to online.

Smaller companies that act on intuition, are proven to have a bigger success. They write blogs, post recipes, advice, they comment on other blogs, send news; in other words, they establish relationships. In addition, they also boost online sales.

These transitions are slower in larger companies.
The problem in Slovenia lies in rigid company management(s), which accept non-progressive ideas, rely on old viewpoints and stick with old concepts, which have nothing to do with modern communication. I have reason to believe that the root of the problem is hidden in the fear of the unknown and the unpredictable outcome. The concerns derive from the fact that content marketing is still impossible to measure: let's consider the underlying risk in the ratio between media investment and final reach, views and comments, etc. and the increase in sales. As long as traditional media produces good sales results, content marketing and social media will only sit in the back seat.

TOP CHANNELS BY NUMBER OF USERS
% OF POPULATION 15+/18+[1]

Channel	%
YOUTUBE	80%
FACEBOOK	54%
INSTAGRAM	17%

1| YouTube
% of the population 18+[2]

80%

2| Facebook
% of the population 15+[3]

54%

USERS BY GENDER[4]

male	female
51%	49%

USERS BY AGE[5]

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60+]
10%	32%	25%	17%	10%	6%

THE MOST POPULAR BRAND[7]
LIDL SLOVENIJA [SUPERMARKET]
Number of local fans
224,080

USERS BY DEVICE[6]

MOBIL	DESKTOP
85%	66%

3| Instagram
% of the population 15+[8]

17%

USERS BY GENDER[9]

male	female
48%	52%

USERS BY AGE[10]

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60+]
20%	46%	20%	9%	3%	2%

WATCHING VIDEO CONTENT FROM SHARING SERVICES
% of the population[11]

63%

BY GENDER (% OF THE GROUP)[12]

male	female
63%	64%

BY AGE (% OF THE GROUP)[13]

age [16-24]	age [25-34]	age [35-44]	age [45-54]	age [55-64]	age [65-74]
78%	72%	64%	61%	49%	29%

Video advertising (€m)[16]
3

Video share of display (%)[17]
12.7

Video advertising YoY growth (%)[18]
122

BY EDUCATION[14]
% of the group

None or low	Medium	High
58%	63%	67%

BY INCOME QUARTILES[15]
% of the group

Quartile	%
4th (highest)	71%
3rd	54%
2nd	59%
1st (lowest)	58%

[1] Own calculation based on Google AdWords and Facebook Ads Manager, March 2017 [2] Own calculation based on Google AdWords, March 2017 [3-6] Own calculation based on Facebook Ads Manager, March 2017
[7] socialbakers.com, March 2017 [8-10] Own calculation based on Facebook Ads Manager, March 2017 [11-15] 16-74 years old, Eurostat, 2016
[16-18] Adex Benchmark 2016, IAB Europe

Agency-client Relationship

It is getting clearer and clearer that the effectiveness of content marketing is closely related to a strategic approach that originates from the core principles of content marketing. (It is very important that different – e.g. research and sales – departments take their part in the elaboration of the content marketing strategy, not just the marketing and the PR departments!) These principles connect them from the production to the distribution of content, via monitoring reactions and effects. Establishing a relationship with the target group is of the utmost importance. An active relationship does not only make them vendors, but they also become communication partners to the users.

It is important to write interesting stories with a purpose, and to share them with potential and existing users, through your own channel or via other means of modern communication. An expert approach to content can help companies and organizations have a better connection and relationship with their stakeholders, and I do not mean solely buyers but business partners and stockholders as well, or anybody who is effected by their success. Once they have a stable relationship, they can reach their desired communication (recognition, understanding and branding) and business (sales and customer loyalty) goals more effectively.

It is fair to say that fast-changing communication environment for companies in Slovenia is developing in two directions. On one hand, the market is getting much more content-oriented, and it is hard to tell the difference between an advertisement and a good article nowadays. This trend was given a special name – "native advertisement" – and is developed by numerous large media houses. The second interesting trend in classical advertisement is that the number of ads and paid promotions keep on growing ferociously, advertising not only products, but also content and stories, through which companies promote their brands, products and services.

Advertisements and classical paid advertising spaces in the mass and online media have started to take on the functions of content marketing. It is indispensable to be aware of this phenomenon, especially when it comes to the changes made in the algorithms of posting content on e.g. Facebook. Currently, unadvertised posts reach only 10% of the followers, whom the brands had previously gained with great difficulty. Experts anticipate that this percentage will fall close to zero in the future.

To summarize what you have just read, the solution is to divert focus from conventional company descriptions on content that is relevant and interesting to the target audience. But an overwhelming proportion of marketing content is still incomprehensible and uninteresting, and it is amusing only for those who created it. So companies and organizations have to understand and digest the fact that besides their products and services, they also have to produce and distribute relevant content to get closer to their customers and other stakeholders. Needless to say, the realization of this has to be paired with the skilled use of social media mechanisms.

Most Active Brands in the Field

As I mentioned before, smaller companies seem to be slightly more effective in content marketing as opposed to some larger companies, but on the other hand, larger companies with bigger budgets invest more in advertising. For instance, in 2014, 21% of small and medium-sized and 36% of the bigger companies invested in online advertising.

The list of Slovenian companies that have successfully integrated content marketing into their business strategies includes Zavarovalnica Triglav, NLB, Akrapovič, Porsche Slovenija, Ljubljanske mlekarne, Mercator, Škoda Slovenije, Gospodarska zbornica Slovenije, Unicredit Bank, Lidl Slovenija, Azimut, Morela okulisti and Si.mobil.

CONTENT MARKETING Q&A *Slovenia*

WHICH CONTENT MARKETING TOOLS ARE THE MOST COMMON ON THE LOCAL MARKET? *1.*

Composing content marketing tools, Enriching, Evernote, Google docs, Adobe Creative Cloud, surveys, Odgovorim dobim, Market-agent, Talk Online Panel, PlusPet, Analytics, Social Bakers, Google Analytics

WHICH CONTENT MARKETING TOOLS DEVELOP THE MOST DYNAMICALLY? *2.*

The content marketing tool that has developed the most significantly in Slovenia is Adobe Creative Cloud. This is largely due to the very large set of tools that Adobe Creative Cloud can offer and also because of their wide scope of potential use.

NAME THE MOST IMPORTANT PLATFORMS IN YOUR COUNTRY FROM A CONTENT MARKETING POINT OF VIEW. LIST THEM ACCORDING TO THEIR IMPORTANCE/ POPULARITY IN DESCENDING ORDER. *3.*

The most important platforms in Slovenia from a content marketing point of view are as follows: Facebook, Instagram, YouTube, Twitter, Snapchat.

NAME THE TOP 10 INFLUENCERS ON THE LOCAL MARKET. *4.*

The list mostly includes successful Slovenian athletes and media personalities from the world of music and TV. To mention a few: Goran Dragič, Klemen Slakonja, Bine Volčič, Nina Pušlar, Denis Avdić, Filip Flisar, Ilka Štuhec, Tanja Žagar, Jurij Zrnec, Peter Prevc, Alenka Košir and the Cavazza family.

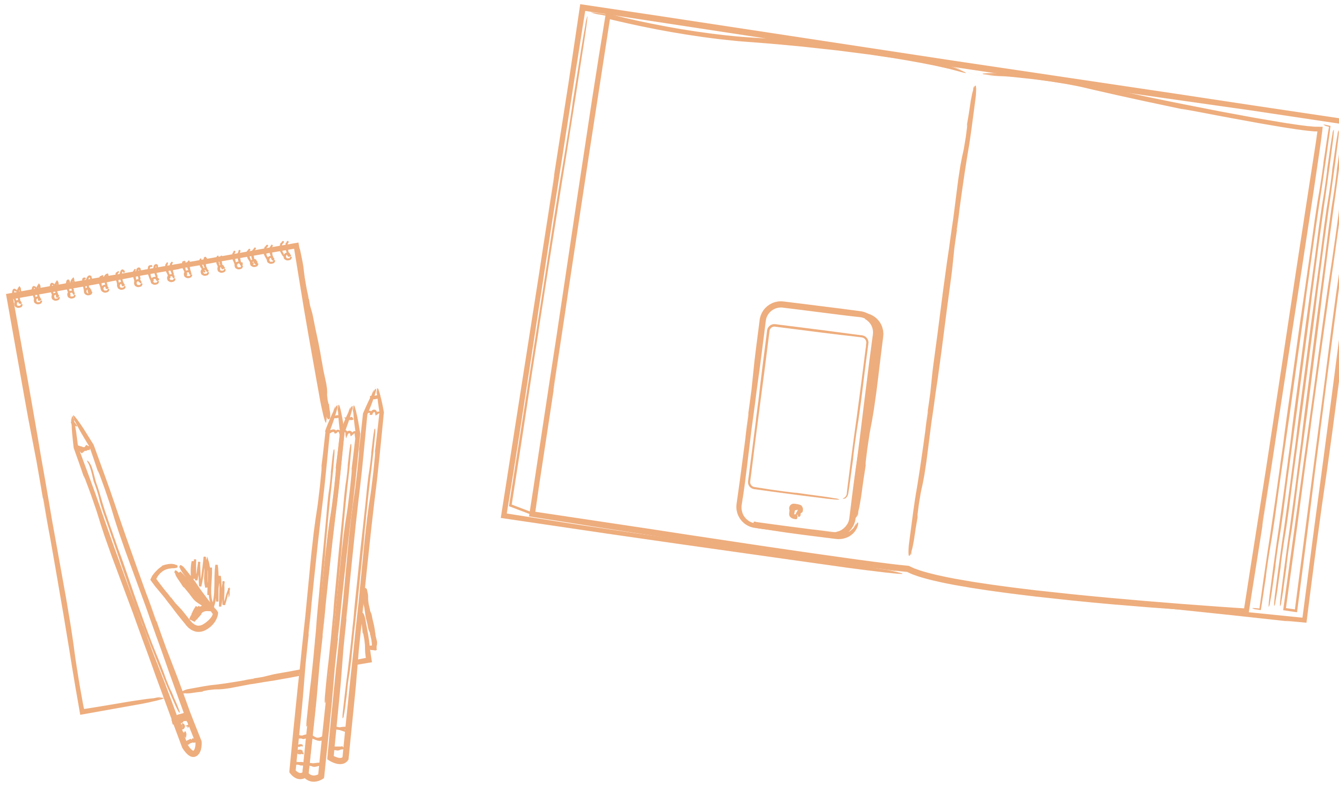
NAME 5 BRANDS THAT USE INFLUENCERS THE MOST OFTEN ON THE LOCAL MARKET. *5.*

Brands in our country that use influencers the most often are the following: Mercator, Lidl, TUŠ, BMW, Ford, Gorenje and Pivovarna Laško.

HOW WOULD YOU DEFINE THE FOLLOWING TERMS WITH YOUR OWN WORDS? *6.*

- **Native advertisement:** Native advertisement is advertisement that is tailor-made for the platform on which it appears. Article, audio or video material is produced in a manner that fits the advertising platform. The content is matched to other media that also appears on this platform.

- **Branded content:** Branded content is any form of advertising that uses "content" – typically articles, videos and infographics, both on websites and social media – to support, represent or promote a product or service. It differs from classic advertising in the sense that it does not function openly as a brand promotion tool, but rather as a tool for information or entertainment. Branded content promotes the brand through funding content creation and branding content often as "sponsored".



Sonja holds a degree in Economics from the University of Ljubljana. She has been the CSD of PAN advertising since 1994. She is the team leader account of the major clients of the agency and has managed several award-winning campaigns. She has extensive experience in the automotive, cosmetics, bank, food, health and the clothing industries. She is also a member of the Slovenian Advertising Chamber.

WE CAN ranking

0.39% 11

(in 2016: 1 0.54%)

CORE DATA[19]

Political system	Parliamentary republic
Capital	Ljubljana
Area	20,273 km²
Official language	Slovenian
Population	2,064,000
Population density (people per km²)	102
Time zone	CET (UTC+1), CEST (UTC+2)
Currency	Euro

ECONOMIC DATA[20]

GDP (billion, EUR)	39,769.1
GDP per capita (EUR)	19,300
PPP (billion, current international dollar)	66.229
PPP per capita (current international dollar)	32,084.867
HDI	0.890
GDP growth (estimate, %)	2.3
Government gross debt (% of GDP)	78.906
Industrial production (estimated growth rate, %)	2
Unemployment rate (% of total labor force)	7.908
Inflation (consumer prices, annual %)	-0.2
Current account balance (billion, USD)	3.009
Number of households	882,700
Number of persons in households	2.5
Labor force participation rate (% of total population aged 15+)	57

[19] europa.eu; IMF World Economic Outlook, April 2017; data.worldbank.org; localtimes.info
[20] Eurostat, 2016; IMF World Economic Outlook, April 2017; Human Development Report 2016; CIA World Factbook; ilo.org

BOJAN POPOVIĆ

MEDIA DIRECTOR

DIRECT MEDIA, SLOVENIA

BOJAN.POPOVIC@DIRECTMEDIA.SI

Winds of Change

With over 10 years of media agency experience, Bojan Popović has gained extensive knowledge of the Slovenian media landscape, having worked with some of the largest international and domestic advertisers. He began his professional career at Mayer McCann as a Media Account Manager and Media Director. Since 2015, he has been working as the Media Director of the Slovenian office of Direct Media, the leading media system in the South-East European region.

Winds of Change

In a market that was defined by uncertainty during the last couple of years, 2016 marked a year of changes, especially on the – still dominant – TV market. These developments indicate that we may have indeed started sailing into more optimistic waters, leaving the recession period behind.

The media market continued to increase in 2016; Mediana IBO reported a 15% growth in rate card investments compared to 2015. The increase in TV investments has been steady as a rock for years, and it remains the undisputed leader in the market. Even though TV is dominant beyond doubt, it is not as predominant as it is in the rest of the Adriatic region (3.5 hours vs. 4+ hours, respectively). Despite the fact that the proportion of people watching TV in live is decreasing, time-shift-viewing (TSV) has started to increase with the growing number of video content distribution channels and TV providers offering TSV in low-cost or free trial promotions.

2016 and the beginning of 2017 marked a period of major changes on the TV market. They were set in motion at the beginning of 2016, when cost per point based cable TV channels began charging a minimal price for measured values of average minute rating (AMR) 0.0, as these values amounted for as much as 50-60% on some of their channels. The next significant development was the monetization of time-shift-viewing in November 2016, when all major TV stations (except for the public TV Slovenija) began charging for TSV campaign realizations following the release of statistical data by AGB Nielsen. In most cases, they use consolidated data (live & 7 days of TSV) as a basis for cost calculations.

TV stations kept pace with the changes in early 2017. The change in the pricing of TV spots forced advertisers to cut down the number of their spots and achieve additional inventory in a market where cluttered ad breaks have been a problematic issue for years.

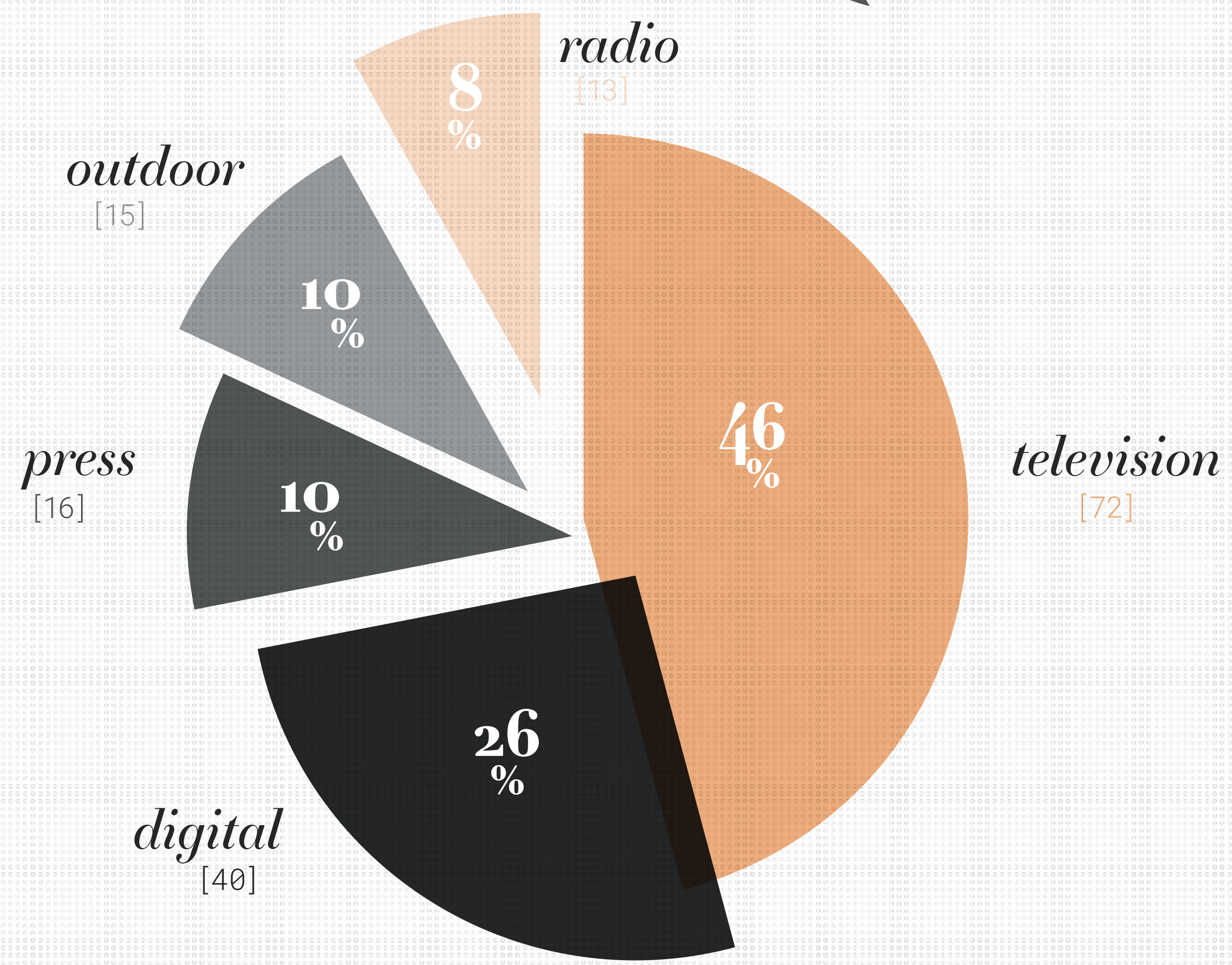
An interesting development took place in the Slovenian TV landscape in January: the largest commercial TV station 'Pro Plus' ceased terrestrial broadcast, watched by 15% of households, of two of its channels, 'POP TV' and 'Kanal A', while they struck a deal with the largest TV providers.

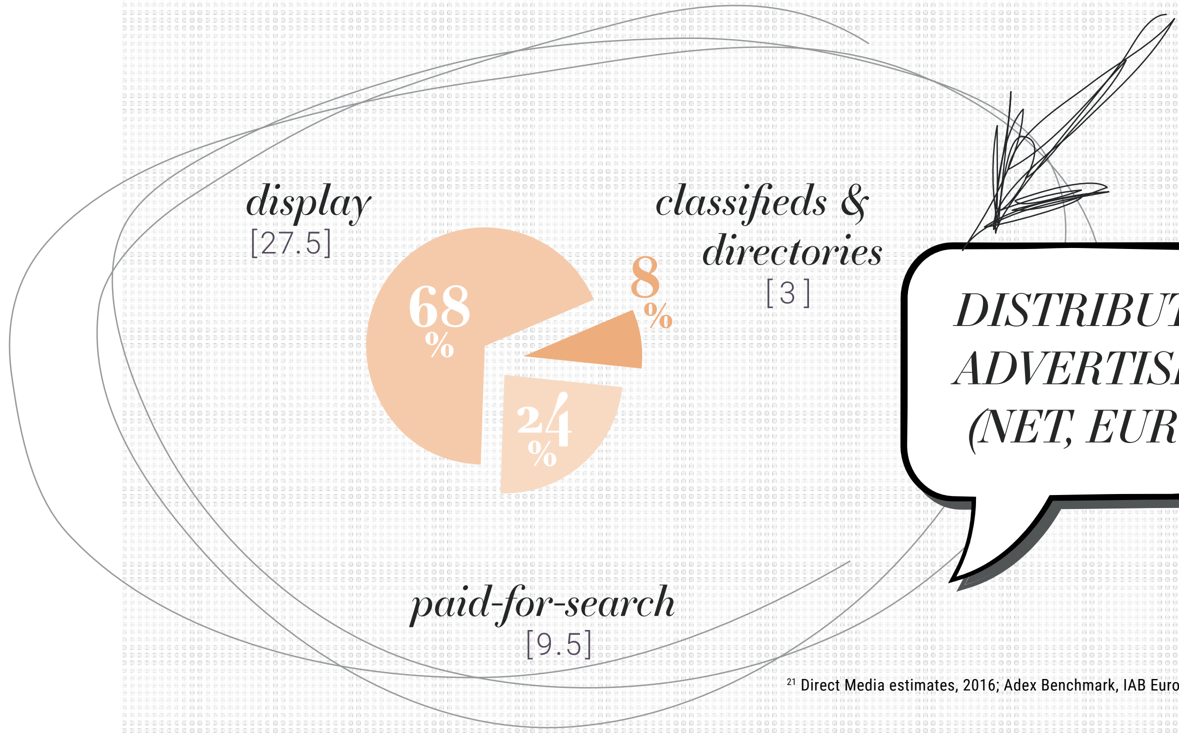
No official data has been released yet, but the number of IPTV and satellite-based households are expected to increase. There is a lot of speculation going on in terms of the effects of this change on the ratings of 'Pro Plus' in the long run, but it hasn't been affected yet. Planet TV – the main competitor of Pro Plus – has also followed Pro Plus on the path of the cessation of terrestrial broadcasting.

These developments reflect the evolution of TV in Slovenia in recent years. During the economic recession, TV stations began coping with lower budgets by becoming more affordable even to smaller clients who had not considered TV advertising until then. In a market that had already been wrestling occasional overbooked months – and the steady decrease of TV viewership in general –, this created an almost year-round cluttered TV issue in the last couple of years. Consequently, TV stations increased their prices and made the above mentioned alterations, hoping that it would be beneficial for the whole market in the long run.

Print, radio and OOH all preserved their status, with minor changes compared to 2015 (+/- 1%). This circumstance illustrates the trend that has been pervasive in recent years. The global trend of decline in print is still present, with many titles reporting drops in circulation. Some titles changed their ownership, such as the ex-Krater media magazines Lady and Jana, which are now issued by Adria Media, while Obrazi and Stop are now published by Večer.

DISTRIBUTION OF ADVERTISING SPENDING (NET, EUR M)[21]





DISTRIBUTION OF DIGITAL ADVERTISING SPENDING (NET, EUR M)[22]

[21] Direct Media estimates, 2016; Adex Benchmark, IAB Europe, 2016 [22] Adex Benchmark, IAB Europe, 2016

The radio landscape is still dominated by a few larger stations and networks, with Radio 1 and the rapidly growing Radio Aktual taking the lead. The public station, Radio Slovenija has been maintaining a steady audience and Radio Center network is currently attempting to make a comeback to the top with the help of their strong digital platform and the increasingly popular Rock Radio. A number of smaller local stations – often forgotten by larger national advertisers – joined a "local national" network in the beginning of 2017, aiming to compete with national stations by providing a high-reach alternative.

OOH reached its peak regarding the number of locations, as an increasing number of municipalities have started taking a stricter approach to saturation The trend is shifting to premium locations and networks, such as citylights and metro lights, some of which are fully booked for almost a year in advance (e.g. exclusive citylight networks downtown).

Digital remains the most rapidly growing channel, but there is still a lot of room and potential for development, as programmatic has just begun to scratch the surface of its capabilities. Direct buying remains the main form of trade for the time being. Social media has become an intricate part of almost all digital campaigns, and so has mobile, which is also growing quickly, bringing on some new formats.

THE MOST VISITED WEBSITES (TOP20)[23]

real users, monthly average

news	24ur.com	628,824
news	siol.net	529,851
news / tabloid	slovenskenovice.si	505,707
second-hand sales	bolha.com	499,173
news	zurnal24.si	469,163
news	rtvslo.si	460,099
forums	med.over.net	413,559
search engine	najdi.si	370,137
news / tabloid	svet24.si	337,459
news	delo.si	296,205
online phonebook	itis.si	292,611
business info	bizi.si	279,613
news aggregation site	hudo.com	241,957
health	vizita.si	236,770
cooking	okusno.je	228,124
female lifestyle	zadovoljna.si	218,208
radio	radio1.si	201,823
news	dnevnik.si	199,690
male lifestyle	moškisvet.com	174,433
parenting	bibaleze.si	147,221

Mobile broadband penetration[24]
(% of the population)
56.9%

Smartphone penetration[25]
(% of the population)
63%

[23] MOSS, Dec 2016 [24] digital-agenda-data.eu, European Commission, 2016 [25] The Connected Consumer, Google, 2016

INTERNET PENETRATION
% of the population[26]

76%

INTERNET USERS BY GENDER[27]

male	51%
female	49%

INTERNET USERS BY AGE[28]

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60-69]	age [70-75]
8%	15%	21%	21%	18%	14%	5%

THE VIDEO AD SPENDING GREW
THE MOST IN SLOVENIA, BY 122% YOY.

PURPOSE OF USE
% of users[29]

Getting information	Searching information	85%
	E-mailing	88%
	News	69%
Social networking	Using instant messaging	61%
Downloading	Movies	36%
	Music	52%
Entertainment	Listening to the radio	36%
	Watching movies, videos online	54%
	Online games	29%
Administration	Electronic banking	45%

INTERNET USERS BY HOUSEHOLD SIZE[30]

NR OF MEMBERS IN FAMILY

1 members/family	2 members/family	3 members/family	4 members/family	5+ members/family
[10%]	[28%]	[25%]	[24%]	[13%]

INTERNET USERS BY SOCIAL GRADE CATEGORIES[31]

SEL 1 (first 10%)	12%
SEL 2 (first 20%)	23%
SEL 3 (first 30%)	33%
SEL 4 (first 40%)	32%

***Online shoppers* (% of the population)[33]**

40

CONSUMER DURABLES[33]
in % of households

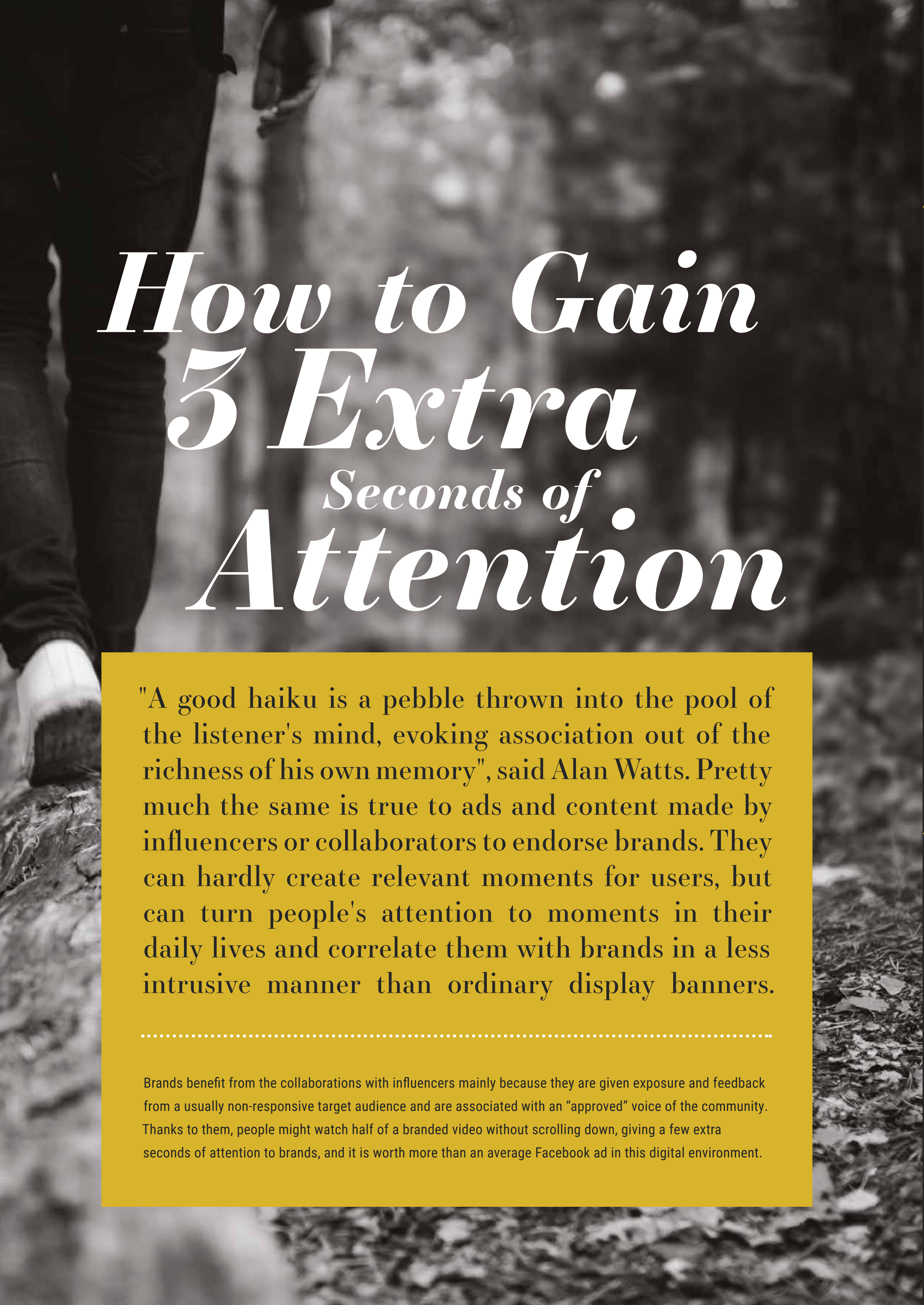
90.1%	67.5%	97.3%	58.7%	60.3%

[26] 16-74 years old, Eurostat, 2016 [27-31] TGI Slovenia, 2016 [32] European Ecommerce Report 2017, Ecommerce Europe [33] TGI Slovenia, 2016

ROMANIA

Photo: Andrei Nica – Sendalstudio

Vicki Nicola is a Romanian fashion influencer who loves written words as well as aesthetics in all its forms. She owns www.vickipedia.ro, her personal lifestyle blog and www.petocuri.ro, a popular website dedicated to fashion and visual arts. She cooperates with brands like Mercedes and H&M on these platforms. Vicki also writes for Harper's Bazaar Romania and is dedicated to put a new generation of PR specialists to the trade by teaching Fashion PR as part of Naked PR, an educational project aspiring to bring communications students and professionals to a new level.



How to Gain 3 Extra Seconds of Attention

"A good haiku is a pebble thrown into the pool of the listener's mind, evoking association out of the richness of his own memory", said Alan Watts. Pretty much the same is true to ads and content made by influencers or collaborators to endorse brands. They can hardly create relevant moments for users, but can turn people's attention to moments in their daily lives and correlate them with brands in a less intrusive manner than ordinary display banners.

Brands benefit from the collaborations with influencers mainly because they are given exposure and feedback from a usually non-responsive target audience and are associated with an "approved" voice of the community. Thanks to them, people might watch half of a branded video without scrolling down, giving a few extra seconds of attention to brands, and it is worth more than an average Facebook ad in this digital environment.

The History of Content as a Business in Romania

We can say that the history of content marketing in Romania started around 2010 when a series of blogs were started as an extension of a personal brand (or vice versa). A couple of good writers, journalists and skilled amateurs started writing, gained readership and then got bigger as time passed.

Cristian Manafu was one of those pioneers. The former journalist has been blogging about media, the Internet, advertising, blogging in general and technology since 2007 and he received a great deal of recognition from bloggers and the online community.

The innovators quickly realized that to evolve in the content marketing business, you need a direction and a vision. Around 2011 or 2012, acknowledged bloggers started to have an editorial approach. They knew the interests of their audience – approximately 3 million Romanians were reading blogs at the time – and how to maintain their interest. They started recording more video content, promoting articles with Google AdWords and specializing in subjects such as fashion, beauty, cooking, travelling, tech, marketing, relationships, fitness and parenting. Chef Adrian Hadean now owns a full platform for cooking, while fashion blogger Vicki Nicola has two content platforms, vickipedia.ro focusing on her own persona and experiences, and petocuri.ro dealing with everything that is cool and funky.

Bloggers focus on quality content and choose their brand collaborations wisely. The more illustrious ones transformed from casual writers into entrepreneurs with huge communities, monthly brand campaigns and trainings. As of February 2017, there were 93,403 blogs in Romania, with 9,869 active blogs, 125,709 posts and 124,282 comments.

The New Generation of Content Creators

Nowadays, there is a strong competition between bloggers and vloggers, the veterans who have their own audience and the newcomers who step into an already established market with video content and younger communities on their side.

There are plenty of talented young people who speak the language of their peers and started vlogging sooner than their predecessors. They started from scratch and managed to transform their passions into a fun job and career. There are a lot of them out there, but not every one of them is visible. There are about 20 big names in the industry, and they have been producing content and working with brands for years. If you dig deeper, you can find 11-12-year-old kids who can easily make a video with 20,000 views and have 10,000 subscribers. Brands have difficulty achieving numbers without a serious media investment. Since the blogosphere is so divided, vloggers and Instragrammers usually choose general topics with a different approach to offer something natural and unique or focus on niched communities to create a different kind of content from a different perspective.

It is worth engaging influencers for target audiences starting from parents and tech geeks to young adults, but one has to keep in mind that millennials and teens respond the best to this type of advertising.

TOP CHANNELS BY NUMBER OF USERS
% OF POPULATION 15+/18+[1]

FACEBOOK	54%
YOUTUBE	48%
INSTAGRAM	14%

1| Facebook
% of the population 15+[2]

54%

THE MOST POPULAR BRAND[6]
LIDL ROMANIA [SUPERMARKET]
Number of local fans
1,623,111

USERS BY GENDER[3]
USERS BY AGE[4]

male	female
50%	50%

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60+]
15%	29%	24%	18%	8%	6%

USERS BY DEVICE[5]

MOBILE	DESKTOP
90%	49%

2| YouTube
% of the population 18+[7]

48%

3| Instagram
% of the population 15+[8]

14%

USERS BY GENDER[9]
USERS BY AGE[10]

male	female
48%	52%

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60+]
27%	43%	17%	10%	3%	2%

WATCHING VIDEO CONTENT FROM SHARING SERVICES
% of the population[11]

25%

BY GENDER (% OF THE GROUP)[12]

male	female
26%	24%

BY AGE (% OF THE GROUP)[13]

age [16-24]	age [25-34]	age [35-44]	age [45-54]	age [55-64]	age [65-74]
33%	31%	24%	18%	15%	7%

Video advertising (€m)[16]
2

Video share of display (%)[17]
3.1

Video advertising YoY growth (%)[18]
24.6

BY EDUCATION[14]
% of the group

None or low	*Medium*	*High*
22%	23%	31%

BY INCOME QUARTILES[15]
% of the group

4th (highest)	31%
3rd	22%
2nd	18%
1st (lowest)	18%

[1] Own calculation based on Google AdWords and Facebook Ads Manager, March 2017 [2-5] Own calculation based on Facebook Ads Manager, March 2017 [6] socialbakers.com, March 2017
[7] Own calculation based on Google AdWords, March 2017 [8-10] Own calculation based on Facebook Ads Manager, March 2017 [11-15] 16-74 years old, Eurostat, 2016 [16-18] Adex Benchmark 2016, IAB Europe

Platforms

Of course, there are several trending platforms in Romania. There are 9.6 million active Facebook users on a monthly basis, 8.6 million of them using it also on mobile. Instagram is another important social network with 2.4 million accounts, while YouTube has 8.8 million visitors each month, so 8 out of 10 local Internet users consume its content.

With these figures, it's fair to say that when it comes to influencer and content recommendation for brands, to each his own. Influencers are usually chosen based on the platform they are most successful on.

The Battle of the Most Famous Influencers

Content marketing is a living organism, constantly improving to suit the target group's needs and this is something that agencies take into consideration when making proposals for brands. At the moment, it's all about original video content that works the best for the younger audience, the target segment of the new wave vloggers.

When it comes to younger influencers, agencies and brands should learn to take it easy in terms of control. Briefs shouldn't be strict and you have to let influencers add their own value and voice, otherwise the result will be a sterile branded content. Brands also have to consider their own characteristics. An edgy, bold influencer might not be a suitable choice for a calm and safe brand. You have to know that message you want to convey, the audience you want to target and the result you want to achieve.

The content produced by influencers aims to make the target audience read more or watch more videos about the subject or the brand. It is all about raising awareness, prompting action and turning people into loyal customers. This does not happen overnight though. Taking that into consideration, brands have changed from one-time to long-term collaborations. It seems that we are witnessing a sort of fight for popular influencers, as the biggest brands cannot be associated with someone who is already linked to a competitor.

A local case related to telecom brands can be cited as an example. BRomania, one of the most popular influencers in Romania – presenting insightful and humorous situations to the online public – collaborated with Vodafone alongside with Antonia, a famous local singer. BRomania created a video for Halloween in 2016 which received over 38 million views on Facebook in 3 days (now it was viewed more than 50 million times), over 400,000 shares and tens of thousands of comments. Due to the huge wave of reactions the video generated, BRomania got parts in several Vodafone TV commercials. In response, Telekom now works with Deliric - a famous Romanian hip-hop singer with relevant online presence – and you can hear his voice in their new TV spot series. The main spot is an emotional manifesto for the liberation of the Internet, and it magically conveys what freedom means to Romanians.

What Bold Brands Do

From a content marketing point of view, the busiest categories are the ones represented by key opinion leaders, but there are also others that make use of the complex media inventory. Here we consider FMCG brands with a focus on beverages, snacks, dining, telecom brands and cosmetics.

Big FMCG brands are bold enough to use influencers instead of more traditional methods of advertising. In the Pepsi Uber Jet campaign, Pepsi offered a one-of-a-kind experience at Electric Castle, a famous Romanian music festival for 4 friends: VIP access to the festival and a ride to Cluj with Uber Jet, a private plane for the gang. The vlogger Mariciu prepared a teaser for the campaign and he documented the whole series of event on his vlog and Facebook Live. His daily vlog style suited the campaign perfectly; it was a match made in vloggin' heaven.

Agencies have come to realize that you cannot develop campaigns with the general public in mind and with the aim of mass appeal. You have to think in segments instead and pick your target audience accordingly, based on data and cultural trends. We implement plenty of tools to follow through this approach, starting from closed Facebook groups for insights to Data Management Platforms which give us a broader understanding of what consumers use and find relevant. This method enables us to come up with a different media mix, where the campaign is realized via segments and various channels.

Content marketing and the engagement of influencers in general do not only help promote big events and cultural moments, but they also help connect their communities emotionally to "micro" daily moments. If a brand is present in that moment in a natural way, it can make a difference and spark the interest of the consumer in the surrounding noise.

CONTENT MARKETING Q&A *Romania*

WHICH CONTENT MARKETING TOOLS ARE THE MOST COMMON ON THE LOCAL MARKET? *1.*

In our agency, we use measuring tools such as SimilarWeb, Facebrands and ZeList. SimilarWeb is used for website performance (you can also make comparisons), Facebrands has valuable insights regarding Facebook pages and user interaction, and we use ZeList to monitor expressions.

Another interesting tool dedicated to content marketing is Post For Rent. It is an automatic, data-driven market place for influencer marketing. They basically sell reach and personalized branded content created by prominent individuals. However, the most reliable tool for each agency are their own influencer databases they filter and keep up-to-date.

WHICH CONTENT MARKETING TOOLS DEVELOP THE MOST DYNAMICALLY? *2.*

The ones related to measuring performance and sentiment analysis. We are currently looking into Crimson Hexagon, which is a tool aiming to measure user sentiment related to images. In addition, we are also investigating how to get more relevant consumer insights using Data Management Platforms.

NAME THE MOST IMPORTANT PLATFORMS IN YOUR COUNTRY FROM A CONTENT MARKETING POINT OF VIEW. LIST THEM ACCORDING TO THEIR IMPORTANCE/ POPULARITY IN DESCENDING ORDER. *3.*

Facebook
Instagram
YouTube

NAME THE TOP10 INFLUENCERS ON THE LOCAL MARKET. *4.*

CHANNEL	NUMBER OF SUBSCRIBERS	PROFILE
Antonia	1,000,000 (Instagram)	singer
Inna	1,500,000 (Instagram)	singer
BRomania	1,200,000 (Facebook) 300,000 (YouTube)	vlogger
Smiley	3,300,000 (Facebook)	singer
Tequila	1,000,000 (YouTube)	vlogger
Mikey Hash	1,200,000 (YouTube)	vlogger
Vali Petcu	n/a	blogger
Andreea Raicu	866,602 (Facebook)	model, stylist, TV presenter
Cristian China Birta	n/a	blogger
Andreea Esca	496,023 (Facebook)	news anchor

NAME 5 BRANDS THAT USE INFLUENCERS THE MOST OFTEN ON THE LOCAL MARKET. *5.*

A few categories – FMCG, cosmetics and telecommunications – tend to join forces with influencers regularly. We have worked on campaigns with brands that belong to these categories. From our clients, Pepsi, Henkel and McDonald's are the ones working the most often with influencers.

HOW WOULD YOU DEFINE THE FOLLOWING TERMS WITH YOUR OWN WORDS? *6.*

- **Native advertisement** includes all types of paid content that are naturally integrated in the platform where they are posted and can be treated as native content by users, offering a relevant, contextual experience connected with the brand. In my opinion, online video, written advertorials and sponsored content all belong to this category.
- **Branded content** is a piece of content that is created by the brand itself and not by a publisher or an influencer.

Motto:

"The credit belongs to the man who is actually in the arena, who errs, who comes short again and again, who knows great enthusiasms, the great devotions; who spends himself in a worthy cause."

(Theodore Roosevelt)

Author of the Chapter on Content Marketing

CATALINA CIOREI

DIGITAL STRATEGY & NEW BUSINESS DIRECTOR

THEGROUP

CATALINA.CIOREI@WECAN.NET

Catalina has been in love with stories and the Internet ever since she had got her Bachelor degree at the Faculty of Journalism and Communication Studies at the University of Bucharest. However, it had not been until she started working in MRM Worldwide Romania that she realized that advertising can combine the two in more meaningful and impactful ways than she had ever imagined. Having experience in FMCG, finance and auto brands, she believes in creating memorable projects that manage to establish and reinforce common values between brands and their customers. She is currently the New Business & Strategy Director of the digital agency of the biggest and most innovative communication group in Romania – thegroup.

WE CAN ranking

0.20% 14

(in 2016: 14
0.19%)

COSTIN GRIGORAS

MEDIA DIRECTOR

MEDIA INVESTMENT (THEGROUP)

COSTIN.GRIGORAS@WECAN.NET

CORE DATA[19]

Political system	Semi-presidential republic
Capital	Bucharest
Area	238,391 km^2
Official language	Romanian
Population	19,760,000
Population density (people per km^2)	86
Time zone	EET (UTC+2, EEST (UTC+3)
Currency	Romanian Leu

ECONOMIC DATA[20]

GDP (billion, EUR)	169,578.1
GDP per capita (EUR)	8600
PPP (billion, current international dollar)	441.601
PPP per capita (current international dollar)	22,347.880
HDI	0.802
GDP growth (estimate)	5%
Government gross debt (percent of GDP)	39.196
Industrial production (estimated growth rate, %)	2
Unemployment rate (percent of total labor force)	6.000
Inflation (consumer prices, annual %)	-1,1%
Current account balance (billion, USD)	-4.56
Number of households	7,469,700
Number of persons in households	2.7
Labor force participation rate (% of total population aged 15+)	55.5

[19] europa.eu; IMF World Economic Outlook, April 2017; data.worldbank.org; localtimes.info [20] Eurostat, 2016; IMF World Economic Outlook, April 2017; Human Development Report 2016; CIA World Factbook; ilo.org

Author of the Article about the Local Media Market

The Advent of Programmatic

I am an engineer specialized in electric drives, but have never practiced the profession. I got my first job at Grey Worldwide as junior media planner a long time ago (1999). Since then, I have had the chance to develop media campaigns for a lot of clients from almost all existing categories in the Romanian market. When I joined thegroup in 2012, I realized that it was essential to combine audience figures with the understanding of the consumers, to identify needs and wishes to better customize communication and reach them at the most relevant touch-points possible.

The Advent of Programmatic

IN 2016, THE ROMANIAN MEDIA MARKET CONFIRMED OUR 8% GROWTH ESTIMATE IN THE NET MEDIA SPENDING. THIS RATIO – ESTIMATED TO BE THE SAME FOR 2017 – INVOLVES BOTH TV (7%) AND ONLINE (15%), WHILE ALL THE OTHER MEDIA STAYED APPROXIMATELY AT THE SAME LEVEL AS IN 2014-2015.

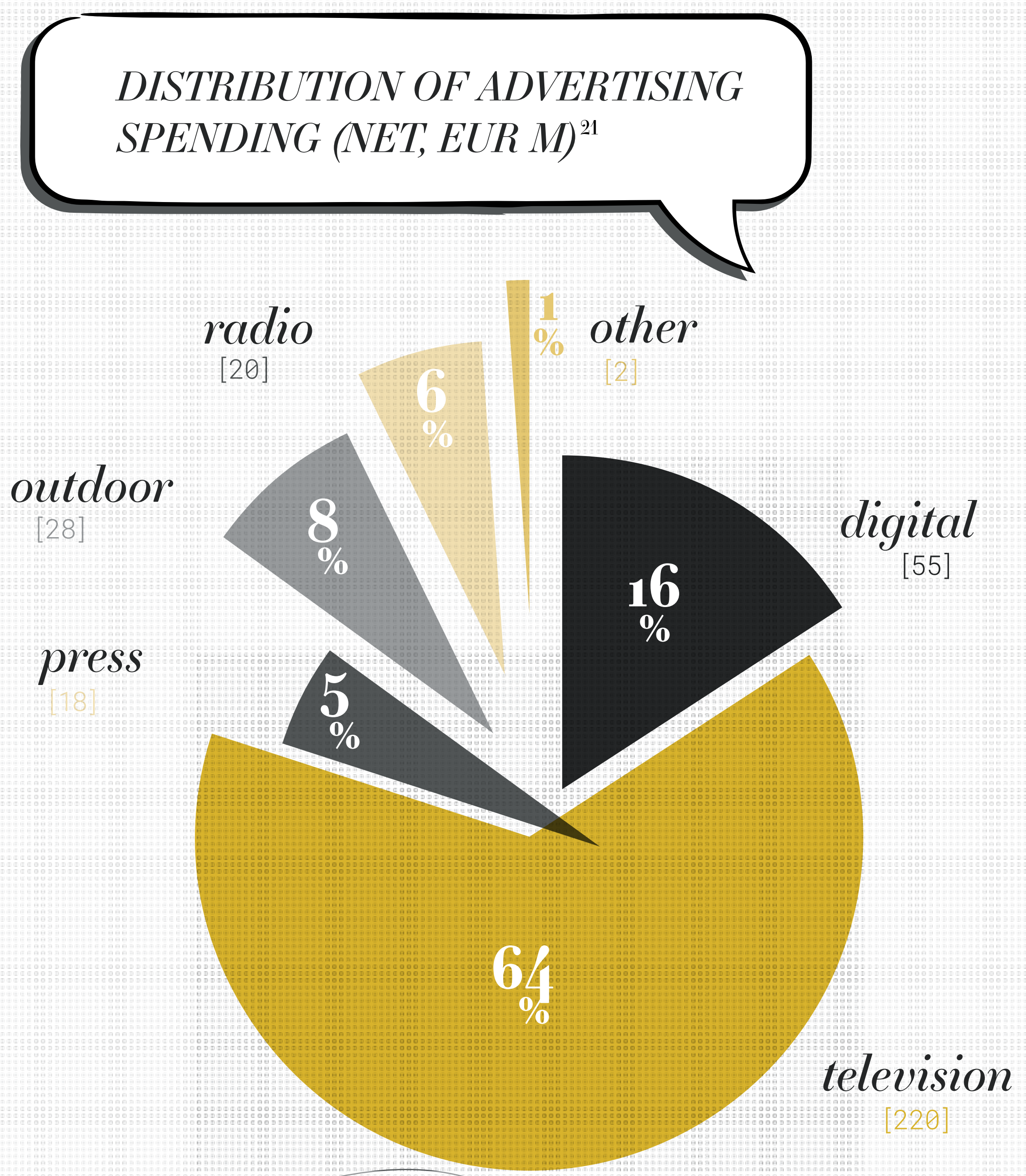
The most advertised categories of 2016 remain the same as in 2015: pharmaceuticals (+17% compared to 2015), stores (42% growth), sweets and chocolate, telecommunications, beer and financial services. The share of online betting companies has increased a great deal as well, but they are not among the top advertisers due to the limited time slot available to them (they can screen only after 10 PM).

TV continues to dominate the market, as it is the favourite medium of most advertisers, given the high reach potential and the low CPT. TV represents approximately 60% of the estimated budget.

The trend which started in 2015 – with all TV stations being sold out in almost all time slots year around –, continued in 2016. The autumn of 2016 brought, from almost all TV stations, significant increases of premium taxes (programs, positions, etc.), this being, in fact, a hidden price growth. All important TV suppliers prepared new sales policies for negotiations related to 2017, including new increases in terms of both basic prices and additional conditions (e.g. linear/non-linear viewing, seasonality indexes, premium program taxes and premium positioning).

These developments prompted agencies and clients to seek new advertising methods – i.e. product placement and content production – to avoid cluttered breaks. The market is currently dominated by Pro TV and Antena 1, the two of them competing with one other by coming up with new solutions. If one takes a look at their spring and autumn grids, they have a maximum of 2 movies in the primetime a week, all other programs being local productions.

An important legal change took place in July 2015: the so-called Emergency Government Ordinance (OUG) of 2013 was amended. In accordance with the amendment, clients could make payments through media agencies, thus obtaining the status of intermediaries. The original law of 2013 banned media agencies from being a sales agent between TV stations and advertisers, leaving the latter two to deal directly with each other, and by that, changing the whole set of procedures in the industry. April 2017 marked a turning point as the Ordinance was abolished. Practically, now we are back to where we were around April 2013. Since the prices for 2017 have already been negotiated, changes are expected to occur in 2018.



[21] Media Investment Estimate and Adex Benchmark 2016, IAB Europe [22] Adex Benchmark 2016, IAB Europe

THE MOST VISITED WEBSITES (TOP20)[23]

real users, monthly average

classifieds	olx.o	9,704,464
general news	stirileprotv.ro	6,944,792
general news	adevarul.ro	6,819,270
general news	libertatea.ro	6,404,562
entertainment	a1.ro	5,026,676
general news	realitatea.net	4,649,931
general news	rtv.net	4,619,436
general news	digi24.ro	4,556,022
tabloids	cancan.ro	4,383,566
tabloids	spynews.ro	3,787,011
lifestyle - women	unica.ro	3,663,247
lifestyle	tasta.ro	3,638,124
general news	antena3.ro	3,615,854
sport	sport.ro	3,189,356
tabloids	vocea.biz	3,188,323
tabloids	click.ro	3,166,600
health	sfatulmedicului.ro	3,143,162
entertainment	protv.ro	3,129,002
tabloids	wowbiz.ro	3,121,024
health	csid.ro	3,092,677

Mobile broadband penetration[24]

(% of the population)

71%

Smartphone penetration[25]

(% of the population)

53%

[23] SATI - traffic analysis, Period: April 2017 [24] digital-agenda-data.eu, European Commission, 2016 [25] The Connected Consumer, Google, 2016

The digital market has continued to develop in terms of programmatic. thegroup continues to remain the only communication group of agencies that had created two specialized companies for programmatic buying. The first one is called Quantum Data Science, specialized in data profiling, cookies management as well as analyses of campaigns, websites and third party providers. The other company is Prometheus, delivering programmatic advertising campaign powered by big data, excellent advertising technologies, proprietary data algorithms and creative capabilities.

The rest of the programmatic solutions in the market are developed abroad, so they are not customized for delivering Romanian campaigns. Digital suppliers do their utmost to adapt to the ever-changing market scene, but when it comes to certain smaller agencies, they have a long way to go to develop tools to deliver campaign programmatically.

Programmatic provides opportunities to other media as well. Phoenix Media, a digital OOH supplier has been making significant investments in technologies and software related to targeting and measurement. Developments are expected later in 2017 and in 2018.

Classical OOH is still favorable for advertisers with strong local presence or national networks. There were no significant changes in this branch, since the draft law that may affect the OOH market is in abeyance for the time being.

It comes as no surprise that print has continued its decreasing tendency. Only a handful of monthly titles managed to present good figures, the others lost readers or even switched to online. There is a growing number of insolvent titles. Two major publishers – Ringier and Burda – rule the scene, owning the majority of the popular titles. Print and digital negotiations usually take place in parallel.

Radio is more or less stagnating, used as a tool for promotion, targeted campaigns, as well as reaching people while driving or waiting in public spaces. There are a couple of advertisers from the pharmaceutical sector that have to rely on radio even if their budget suggests otherwise. In addition, a new international player entered the market by purchasing a local station – Radio 21 –, and rebranding it as Virgin Radio.

In conclusion, TV remains the most effective and cheapest medium, so cluttered and sold-out breaks will likely remain a major issue for agencies. This status of affairs will probably lead to a price increase in the following period and a growing slice of the TV budget will be allocated for online appearance. In this respect, online TV is significant player as it is coming to the spotlight. Last but not least, branded content and content marketing solutions will continue to serve as a good alternative for classical advertising.

INTERNET PENETRATION

% of the population[26]

66%

INTERNET USERS BY GENDER[27]

male	female
51%	49%

INTERNET USERS BY AGE[28]

age [15-19]	age [20-29]	age [30-39]	age [40-49]	age [50-59]	age [60-69]	age [70-75]
12%	26%	25%	19%	11%	6%	1%

ROMANIA HAS THE HIGHEST AVERAGE TV VIEWING TIME IN THE REGION:

329 MINUTES A DAY.

PURPOSE OF USE

% of users[29]

Getting information	Searching information	69%
	E-mailing	73%
	News	68%
Social networking	Using instant messaging	48%
Downloading	all kind of things (software, movies, etc)	44%
Entertainment	Listening to the radio	45%
	Watching movies, videos online	58%
	Online games	44%
Administration	Electronic banking	34%

INTERNET USERS BY HOUSEHOLD SIZE[30]

NR OF MEMBERS IN FAMILY

1 members/family	2 members/family	3 members/family	4 members/family	5+ members/family
[17%]	[28%]	[28%]	[18%]	[9%]

INTERNET USERS BY ESOMAR SOCIAL GRADE CATEGORIES[31]

AB	32%
C1	11%
C2	28%
DE	30%

Online shoppers (% of the population)[32]

12

CONSUMER DURABLES[33]

in % of households

46.2%

95%

61.3%

28.4%

[26] 16-74 years old, Eurostat, 2016 [27-28] SNA Focus, Period: Nov14-May 2016, National Area 14-74 years old [29] SATI, Period: Mar16-Mai16; Universe: Internet Users 14-74 years old, National Area [30-31] SNA Focus, Period: Nov14-May 2016, National Area 14-74 years old [32] European Ecommerce Report 2017, Ecommerce Europe [33] SNA Focus, Period: Nov14-May 2016, National Area 14-74 years old; Kantar Media, Period: Dec 2016-Feb 2017, National Area

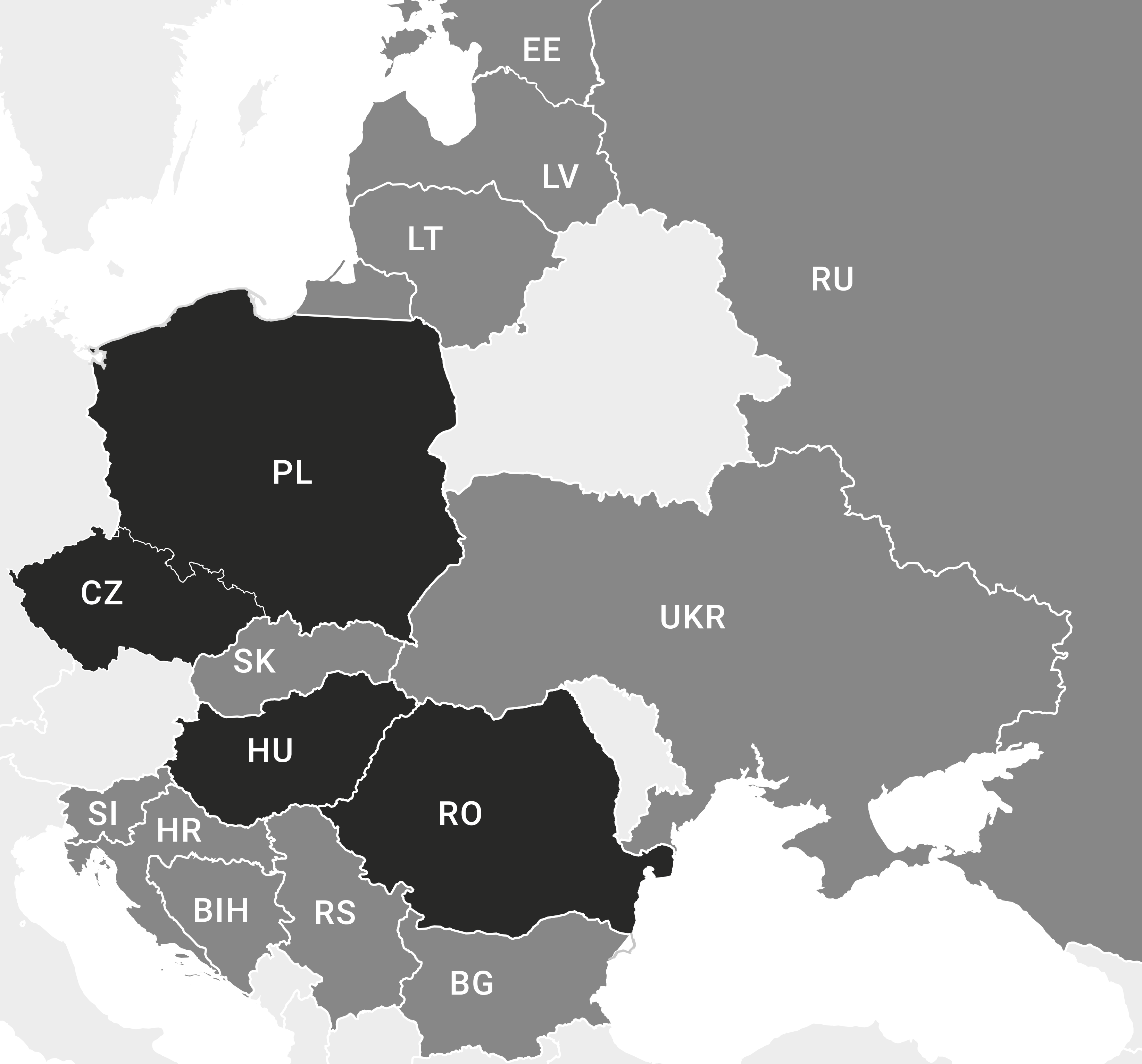
WE CAN *Affiliate Network*

weCAN is an affiliate network that was founded by strong and successful independent agencies of Central and Eastern Europe in 2010.

The network's engine is weCAN Ltd., an enterprise founded by four outstanding agencies based in the key markets of the region: Café ommunications (Hungary), Comtech CAN (Czech Republic), thegroup (Romania) and Walk (Poland).

Covering 16 countries from the Baltics to Bulgaria and from Slovenia to Russia, weCAN Ltd. and their Affiliate Partner agencies are capable of designing and executing efficient creative, media, digital, relationship marketing, social media and PR projects as well as integrated campaigns–spanning across borders.

weCAN–Turning different into efficient.



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LÁSZLÓ SZARVAS

INTERNATIONAL BUSINESS DEVELOPMENT DIRECTOR

CAFÉ COMMUNICATIONS, HUNGARY

LASZLO.SZARVAS@WECAN.NET

"We have known each other for years and developed methods and infrastructure for sharing experience, pitching together and managing client accounts. We hold Annual Meetings, have an internal exchange program, an intranet, a common database, among others. WeCAN is a true network."

Laszlo is a founding partner of Café Communications, and has over 20 years of experience in marketing communications. He is an all-rounder, as he not only worked on both the client and agency sides of the playground, but as a TV news editor and a producer too. For 10 years, he has been overseeing Café's subsidiaries in the CEE region, and his greatest achievement so far has been the establishment of the affiliate network of independent media, creative and digital agencies, weCAN. László is a father of three children and a passionate basketball player.

"No one knows local markets better than local experts. weCAN collects and analyses data and figures from local partners and publishes a report about the CEE advertising industry that is shown to the public at the CANnual Conference. In addition, we developed the unique weCAN Ranking which lists the countries based on the weight of their advertising market in the overall economic performance."

Jan has been working in the advertising industry for 20 years. During this period, he learnt to truly understand brands and how to develop them further by using all communication tools. He worked on numerous '360-degree branding' campaigns at Ogilvy and Mather. In 2008, he became the Managing Director of Comtech, where he deployed all the knowledge he had gained before. He is a member of the presidium of Czech advertising agencies, AKA. Jan has two children, and he is a professional cyclist, racing at Sparta Praha.

JAN RAUSCHERT

MANAGING DIRECTOR

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“We are able to work across borders. Both geographical and disciplinary ones. A kick-off meeting with 3-4 teams from different countries and with eventually various specializations – creative, digital, content, media or PR – results in unique and efficient solutions.”

Szymon is a business associate at WALK, an integrated communication agency, and a board member of the Marketing Communication Association SAR. He has spent over 20 years in the advertising business so far, and he is a co-founder of WALK, being in charge of new business and development.

His greatest passion is travelling. Lonely Simon is a concept that involves roaming around the globe alone with a backpack. For over 10 years, Szymon has been travelling the world in search of inspiration, unusual phenomena, revelations, and challenges. He is a motivational speaker and a provocateur: a radical who combines an uncompromising spirit with the ability to get along with others which is a rare concurrence. His life motto: "The journey is the reward."

“We grew up here. Based on decades of experience and thorough knowledge of CEE markets, weCAN agencies have a deep understanding of both the insights of local consumers as well as the drivers of key players of these economies.”

Zoltan is a leading entrepreneur in the marketing communications industry. With over 20 years of experience in the profession, Zoltan is the president & founder of thegroup, the market leader communication company in Romania since 2007, operating in the fields of brand, reputation and relationship building. thegroup developed gradually – adding value through innovation – various areas of expertise, starting from media planning & buying, advertising, digital and strategic marketing and public relations to events management since its launch in 2005.

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