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Readers should understand that the data contained in the Media Fact Book is as actual and accurate as the sources could provide at the moment the book was written.

Your comments and suggestions are welcome as a valuable input for the future editions of this book.
After three years of continuous steady growth the Romanian media market is ready to close the gap with 2008 levels in the next two years to come.

The advertising industry is usually at the forefront of the overall economic evolutions and so, the positive impact of the recent economic boom upon the Romanian advertising and media industry was obvious starting 2015.

Romania registered in 2017 the largest economic growth in the EU endorsed by the highest consumption growth, also being fueled by the highest salary rises and one of the largest growths of the employment rate.

Too good to be true!

But is true … which is the cost of this wellbeing?

On a hand - the inflation comes back in full force (5% in 2017 and a higher rate in 2018).

And on another hand the spending grown significantly as a result of salary rises and with incomes below levels that could ensure the sustainable coverage of the spending, the Romanian budget deficit becomes the main source of concern for officials in 2018.

In the same period, direct foreign investment has dropped and
the external debt has risen.

Given such developments, the enthusiasm of economic growth at an equally fast pace in the future has tempered.

As the media spend per capita in Romania is far behind the global average or the European average, there is room for temperate growth in advertising volumes for Romania in the following years, as long as the economy will also maintain a healthy growth.

The multinational and Romanian companies started investing much more in new brands, in product innovation and in brand.

There are new categories & segments emerging on the market, mostly due to legislative changes (e.g. betting). Also new clients are entering the market in already existing categories and accounting for >3% of the market. Organic increases are recorded in existing categories (pharma, confectionary, hygiene & cleaning & cosmetics, business, banking, residential, etc).

Nonetheless, the number of advertising clients had a stable evolution. Big clients increased by almost 30%, thus resulting into erosion of medium and small advertisers’ position. This volume growth leads to a heavy, unprecedented sold-out situation on the market starting with 2016 and continuing in 2017 and 2018 (all available minutes in Prime Time for all 62 TV channels were sold between March and December 2017).

Due to inventory being constantly exceeded by demand, media pricing inflation was a natural consequence. The market is regulated in terms of cost by the increasing demand and limited supply, therefore 2017 was the year of aggressive cost inflation.

In 2017, TV not only kept leadership (66%), but drove the total market growth with 14%.

Although Digital and Mobile are following the global ascending trend, but at a slower pace, the consumption of linear TV continues to be strong and steady in Romania. TV maintains the broadest reach media vehicle and captures the highest share of advertising driving revenue growth through cost inflation.

Digital kept the second place on the media stage – maintaining its 18% share in 2017. The first half of 2018 has been marked by data security concerns: the Facebook–Cambridge Analytica scandal and the coming into effect of GDPR. Unfortunately for the advertising industry, GDPR comes as a source of uncertainty, in an already volatile environment.

But let’s see what happened by reading this edition of Media Fact Book!
Mediabrands was created by Interpublic Group (NYSE: IPG) in 2007 to manage all of its global media related assets. Today Mediabrands manages and invests $37 billion in global media, employs over 8,500 diverse and daring marketing communication specialists and operates in over 130 countries.

IPG Mediabrands is a new world agency group designed with dynamic marketing at its core. Our speed, agility and data smarts ensure we continue to create growth for many of the world’s biggest brands. IPG Mediabrands’ network of agencies includes Initiative, BPN, UM. Its roster of specialist service agencies include Magna Global, Cadreon, Ansible, Mediabrands Publishing, Identity, Ensemble and the IPG Media Lab.

In Romania IPG Mediabrands consolidates over 25% market share being the most powerful international media group. With over 100 media specialists, IPG Mediabrands Romania manages the media activities of a wide array of ‘blue-chip’ clients in most categories: telecom, finance, automotive, soft drinks, food, retail, DIY, beer, alcoholic drinks, IT & technology, cosmetics, etc.
Overview

TV viewing remains a strong habit in the CEE, therefore TV advertising is still the most cost-efficient way to reach mass audiences rapidly. On the other hand, Internet is the fastest growing medium by audience and media investments and its uptrend will continue in the following years, with digital media channels reach performance getting closer to Television.

Video on demand services continue to change people TV watching habits, while portable devices availability generate a significant growth area for video content consumption. In this context, most advanced markets in the region, such as Czech Republic, are more and more focused on monetizing multi-screening and integrating Big Data in marketing modelling analysis.

The Analysis

Despite some political uncertainty in the region in 2017, the CEE economic growth continued to boost in 2018. The regional economy was marked by a tremendous growth over the past year on the back of strong demand from the EU, a major trading partner - booming investments, tight labour markets, accommodative and fiscal stimulus in the region.

Available economic indicators for the first quarter of 2018 suggest that the CEE economy reflects a strong momentum, with many of the drivers of last year’s strong growth still in place. Household consumption is on the rise, supported by increasing salaries and lower unemployment rates. Regional GDP is forecast to have grown a healthy 4.4% in the first quarter of 2018, with significant growth potential by the end of the year - Romania is projected to be the fastest-growing economy this year, with GDP estimated at 4.5%, Poland & Slovenia are also expected to achieve fast growth rates this year of above 4.0%. On the other end of the spectrum, Croatia is projected to reflect the lowest growth, with an expansion of 2.8%. (Source: http://www.focus-economics.com).

Clearly, almost ten years later from its debut, the recession’s impact on CEE media markets is less visible in most of the countries and two different patterns can be noticed in terms of the media spend / capita evolution vs. 2008.

In several countries, such as Czech Republic (+39%), Albania (+31%), Slovakia (+16%), Bulgaria (+15%) and Montenegro (+10%), the media spend / capita has a strong positive dynamics, correlated with a positive economic trend, while Slovenia managed also to enter the positive trend last year.

On the other side there are countries that still reflect significant gaps, such as Croatia (-34%), Romania (-24%), Poland (-18%), Hungary (-34%) and Serbia (-15%), being still impacted by the 2008 economic crisis, but at the same time showing a consistent year-on-year growth of their media budgets.
The CEE media market size map is represented by three clusters: the first includes Poland and the Czech Republic gathering yearly over 3.5 billion Euro in net value, the second consists of middle size markets such as Hungary and Romania with over 400 million Euro each, while the third and largest cluster gathers countries with less than 400 million Euro net yearly investments.

In terms of Net media spend /capita, the region looks rather heterogeneous, with Czech Republic (165 €), Slovenia (77 €), Slovakia (62 €) proving to be the most expensive, while Romania is closer to the lower end with 21 € media spend/capita in 2017.

The consumers’ media habits shift from off-line media towards a more integrated multiscreen consumption has a continuous and visible mark on the local markets media mix. The increase of the Digital share in the media mix is most visible in Slovakia (35%), Czech Republic (33%) and Poland (29%). Other countries are now between 12-20%, except of Bosnia & Herzegovina and FYR Macedonia which reflect surprisingly low media investment shares for 2017.

Generally, TV retains high shares of spending between 50% and 70% in most of the countries, except Czech Republic (34%), Hungary (37%), Slovakia (45%) and Poland (48%). Print retains over 15% of media market share in Hungary, Croatia, Czech Republic and Serbia. Radio generally has a share below 10% throughout the region, with the highest level in Czech Republic, Croatia and Poland.

In general, the TV shares in the media mix tend to correlate with the ATS (average time spent viewing), except of Albania, Romania, Bosnia & Herzegovina and Serbia have the highest ATS level on commercial targets, while Moldova, the Czech Republic and Montenegro, the lowest. Another exception is Hungary, where the low TV share of 37% in total net media investment is not correlated to the quite high ATS of 4.9 hours / day.
The increasing demand for video content as well as the need to be connected 24/7 continues to grow continuously in our region, being supported every day by new and more affordable technologies.

The Internet penetration of urban population is of over 70% in the large majority of the countries, with the exception of Albania and Bosnia & Herzegovina. At the opposite end, the countries with the highest internet reach in urban are Slovenia (90%), FYR Macedonia (87%), Moldova (84%), Bulgaria (83%) and Czech Republic (82%).

In terms of daily usage, the consumption map is split in three groups: first group consists Slovenia and Romania with over 80% daily usage among urban population, the second and largest group gathers countries with daily usage between 70% and 80%, while Hungary, Slovakia, Bosnia & Herzegovina, Bulgaria and Moldova reflect a daily internet usage of their urban population below 70%.

More people in our region access social media networks every day and no doubt that Facebook is the most popular of all, with the exception of Serbia (36%) and Moldova (26%), the Facebook users' amount to over 45% of the total population of each country. Facebook is extremely popular among the Internet users across CEE, more than 65% of them being the social network's users in each country except Moldova.

Perspectives for 2018

Consumer prices inflation is seen rising this year after averaging 2.0% in 2017. Higher commodities prices and the economic boost will fuel slightly higher price pressures. Inflation is expected to average 2.5% this year, unchanged from last month's forecast. (Source: http://www.focus-economics.com).

These factors will also influence the local advertising markets, which are expected to reflect a steady growth by 2020, powered by Internet and TV.

The positive economic trend will continue to push up the demand for TV air time, generating severe sold-out situations on most TV channels and creating strong premises for TV cost inflation in the next couple of years – Czech Republic, Romania and Bulgaria are more likely to face this situation in the next year.

More media houses are expected to merge, growing sales of multimedia advertising kits – the purchase of individual media will continue to decline, while cross media will get a bigger role year on year.
MACRO ANALYSIS

The consumption-heated pot of economic growth is boiling over

The largest economic growth in the EU! The highest consumption growth! The highest salary rises! One of the largest growths of the employment rate! These are only some of the record indicators achieved last year that seem to tell an impressive success story about the Romanian economy.

The exhilaration of the superlative-packed headlines that have flooded the business media at every single monthly or quarterly statistical report has, nonetheless, started to deflate faster than even the pessimistic analysts were expecting. The economy handbook is retaliating, showing, once again, just as it has shown so many times in the past, that payback time is always due following recipes for artificially sustained growth. That an economic growth resulted from discretionary salary rises, pressing on the consumption accelerator and having no connection to what the country can produce, cannot live on free of adverse effects.

The inflation is above the 5% threshold! We will most likely have the biggest current account deficit in the EU this year! The budget is on a deficit after only two months of 2018, while the upper threshold of 3% might not be observed by the end of the year! Interests are rising! The LEU currency is depreciating! The Government is desperately looking for new sources of money and has eyed private pension funds! Investments are, once again, cut! The political crisis is firing up again! These are the new headlines that record the forecasts of a year in which, although the economy is going to continue growing, powered by the consumption engine, we will begin to feel the effects of the imbalances that have thus been created.

Even revised from 7% to 6.9%, Romania’s economic growth in 2017 remains one of the strongest in Europe and around the world. Romania produced 858.33 billion lei last year. The GDP rose, in real terms, by 6.9% compared to 2016, a level that was revised in April by the National Statistics Institute (INS) from the previously
estimated 7%. A growth that greatly exceeded previous estimates from analysts and the National Commission for Prognosis. The latter projected, in October 2016, an economic growth of 5.2% for 2017, which it improved to 5.6% after several months, and then again to 6.1%.

The nearly 7% growth achieved in the end was a record for the post-crisis era, considering that consumption, initially estimated to go up by 4.7%, achieved an almost double growth, on the background of significant salary rises in the public sector – by 2.2%. The industrial sector, too, outperformed the initial 5.3% growth estimates, with an actual growth of almost 8%, and an additional surprise came from agriculture, where last year's growth was more than double compared to the 2016 end-of-year estimates of 1.9%.

Romania also registered the fourth largest growth in the European Union in terms of employment rate. For persons aged 20 to 64 years, the employment rate rose by 2.5 percentage points from 2016, to 68.8%. Only Bulgaria, Slovenia and Portugal had larger growths. At EU level, the employment rate rose by 1.1%, to 72.2%, a new record level, and also rose in all member states, except for Denmark, which reflects the continent's economic recovery.

Less good numbers were achieved, however, in terms of investments. Gross fixed capital formation had a growth three times smaller than the ambitious projection of 6.9% the National Commission for Prognosis initially foresaw for the investments evolution. The construction sector performed four times worse than the Commission had expected, considering that construction projects went down in the public sector, in particular.

The recipe for spectacular economic growth was, once again, pressing on the consumption accelerator, while pushing the brakes on investments. A model that eventually attracts adverse effects.

Inflation comes back in full force

The annual inflation rate reached 5% in March 2017, above the latest estimates by the National Bank (BNR), who has constantly underestimated the evolution of inflation lately. BNR has hit pause on strengthening the monetary policy and has, for a while, tolerated excess liquidity in the banking system, that, although low in March, is maintained at a historically high level of 17 billion lei.

After two years of price stability, inflation is thus back in full force. If the trend continues, BNR faces the risk of missing the 2.5% +/- 1 percentage point target, considering that February estimates show an annual inflation rate of 3.5% at the end of the year, hitting the upper limit of the range. Prices went up by 0.3% in March, compared to February, maintaining the same monthly growth rate as in the previous month, while BNR had estimated a drop of almost 0.2% and a pickup in April, followed by a slower drop until autumn.

Reality has not confirmed previous estimates either. BNR estimated that inflation, in annual terms, would only go above 5% starting with April, when increases in beverage taxes are also scheduled, and would be kept within the 5-5.1% range until June, when it peaks. Due to the basic effects produced by rises of fuel taxes in the autumn of last year, annual inflation is expected to gradually drop towards 3.5% at the end of the year, compared to 3.3% in December of 2017. However, commercial bank analysts expect levels above BNRs inflation target at the end of the year, towards 3.7%.

The usual measures taken by central banks in such situations, of a monetary policy of increased interest rates, were decided by BNR in a cautious and reserved manner. Although analysts anticipated a key rate growth, the central bank chose to maintain its level at 2.25%, during the institution’s last meeting on monetary policy. Governor Mugur Isărescu justified its cautiousness by showing that a higher interest could lead to the appreciation of the LEU and the further damaging of the balance of payments, considering that interest rate differential would attract speculative capitals.

Tax cuts have affected the estimates of BNR, that was advocating that the numbers would have looked much better without the VAT cut. The central bank has gradually started to withdraw the liquidity excess on the market, attracting deposits from banks, an initiative signaling the end of the current policy of deliberately maintaining interest rates at low levels, that was favorable to debtors. Last year’s growth of the ROBOR rates has already caused discontent among Romanians that have loans, many of these for the Prima Casa (“First House”) programme, taken on historically low interest rates. The political power has called the central bank to account for the rise of installment rates, and more recently, for the rise of inflation. Up until now, BNR has protected debtors but monetary relaxation also helps the state, who can keep taking loans at a cheap rate, while a rise of interest rates could threaten the deficit target,
set at a limit of 3% of the GDP. In fact, the state needs an inflationist growth to regulate spendings that are established nominally, and BNR has not taken radical measures against inflation for the growth of which it criticizes the Government's fiscal policy, which impacts elements of inflation that are outside the control of the central bank, such as administered prices and volatile prices.

Deficits are going off the charts

With spendings grown significantly as a result of salary rises and with incomes below levels that could ensure the sustainable coverage of spendings, the budget deficit becomes the main source of concern for officials in 2018. A paradox after two years of record economic growth in the region.

An evolution at least equally concerning is experienced by the external balance that is paying the price for the same increase of consumption, fueled by salary rises, without support from what the internal economy can produce. The explosion of imports has aggravated the situation of the current account of the country in the first two months, with the deficit rising by 140%. In commodity trading the deficit has deepened by almost 40%, to close to 1.6 billion Euro, considering that commodity imports rose by 1.5 billion Euro, to 11.5 billion Euro. A difference that could not be compensated by surplus in other areas, that have lowered compared to the same period of last year.

In the same period, direct foreign investment have dropped and the external debt has risen.

Given such developments, the enthusiasm of economic growth at an equally fast pace in the future has tempered. In order to avoid the risk of budget deficits going above the 3% of GDP threshold, the state will have to appeal to a restrictive fiscal policy, that could lead to the slowing down of economic growth, to 4.4% in 2018 and 3.6% in 2019, as expected by analysts. By transferring social contributions entirely to employees' responsibility beginning with this year, the Government has slowed down net salary rise, making salary rises in the public sector implemented in January 2018 partly void. January data show many companies have not increased gross salaries enough to compensate for this contribution transfer from employers to employees.

Consequently, the covert tax increase will not be enough to maintain the budget deficit below 3% of the GDP in 2018-2019 because the increase of social contributions has been accompanied by a reduction of the income tax, from 16% to 10%.

As the Government has not implemented any of the compensating measures recommended by the European Commission in December 2017, the risk that Romania is subject to a new procedure of excessive deficit remains high, particularly in 2019. The Government could try to keep the deficit under control by cutting public investments for a fifth year in a row and increasing taxes. Measures that would force even the most abrupt tempering down of the private consumption, considering the slowing down of salary rises, the high inflation and the interest rate growth – factors that will affect the recently approved loans, as well.

In addition, less optimistic perspectives await public investments and infrastructure works (amounting to two thirds of the construction production), European funds (whose co-financing is limited by spendings on social assistance) and productive investments (due to the unpredictable taxing system, larger financing costs, the likely slowing down of the internal consumption and the loss of external competitiveness due to a rise of salaries that is faster than that of productivity).
# MEDIA MARKET

## Overview

In 2017 the Romanian Media market consolidated its growing trend, reaching 412 Mio Euro by the end of the year (+13% vs. 2016).

For 2018, we currently estimate that the market will continue the up-trend with a 10% growth vs. 2017, at an estimated net value of 455 Mio Euro.

In 2017, the market growth was driven by a spectacular increase of the TV investments, resulting in +14% vs. 2016, from 240 Mio Euro to 273 Mio Euro.

Besides TV, other media channels like Online, Radio and OOH also increased in 2017, while Print remained the only medium, with a negative evolution.

Digital increased from 64 Mio Euro to 73 Mio Euro (+14% vs. 2016), Radio reached 23 Mio Euro from 20 Mio Euro (+15% vs. 2016), OOH went up to 29 Mio Euro from 28 Mio Euro, while Print slowly decreased by 5% vs. 2016.

### Total net Ad-spend by medium (Million €) - Estimation

<table>
<thead>
<tr>
<th>Year</th>
<th>TOTAL (Mil €)</th>
<th>TV</th>
<th>Print</th>
<th>Radio</th>
<th>OOH</th>
<th>Internet</th>
</tr>
</thead>
<tbody>
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<td>2013</td>
<td>305</td>
<td>193</td>
<td>19</td>
<td>18</td>
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<td>273</td>
<td>13</td>
<td>23</td>
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<td>73</td>
</tr>
<tr>
<td>2018 est.</td>
<td>455</td>
<td>300</td>
<td>13</td>
<td>26</td>
<td>31</td>
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</tr>
</tbody>
</table>

Source: Initiative
Market Analysis

For Television 2017 was another year of growth. In terms of sold inventory, the TV market was stable vs. 2016, driving a two digits advertising investments increase for the second consecutive year: 273 Mio Euro revenue vs. 240 Mio Euro in 2016, and 14% CPP average inflation.

The total 18-49 Urban GRP30 sold by the TV channels in 2017 was of 2.170 Mio, of which 33% were sold by CME, 24% by Antena Group, 10% by Dogan Media and 3% by Prima Broadcasting. In terms of advertising revenues, CME kept the leading position with 47%, followed by Antena Group with 25%, Dogan Media with 10%, and Prima Broadcasting Group with 2%.

Digital media channels maintained their positive dynamics with +14% vs 2016. The major change from Google from the advertising industry perspective was the new Adwords experience, an update which came with many useful improvements such as better view of reports from overview (instant graph with most important info and insights regarding account, campaigns and ad groups), promotion extensions, easier and more accurate conversion tracking, Trueview for action campaigns (to increase leads generated on Youtube by prominent call2action and headline overlays to video ads).

The clear leader in Romania, Facebook, maintained the highest increase up to 9.8 mil users vs 8.4 at the end of 2016. Facebook made changes to the ads interface, main one being the end of Power Editor while integrating all features in the Ads manager. Transparency and brand safety were also important themes of 2017, probably also as steps forward for 2018 GDPR preparing.

For OOH, as expected, after a prolonged period of deflation or at best flat evolution, 2017 was the first year to register a 5% increase of the OOH market, with an estimated net investment of 29 Mio Euro. This trend was driven by significant and constant investments coming from categories like Retailers, Banks (which are making a comeback), FMCG and Telecommunications which continued to allocate significant budgets to OOH advertising, permanently expanding and improving the visibility of their networks.
2017 proved to be very good for Radio, as the market managed to sustain the previous year growing trend up to 23 Mio Euro. Radio audience proves to be quite stable from one year to another, as people tend to show a strong loyalty to their Radio consumption routine.

In 2017 the radio daily reach was stable at urban level, while in Bucharest, the audience reflected a shift from weekdays (3 pp lower daily reach) towards weekend (4.5 pp higher performance) especially due to the smartphones audio streaming enhanced capabilities.

Despite the 6% drop in gross advertising revenues vs. 2016, AG Radio Holding remained the Radio market leader with a revenue share of 27%, followed by Europe Development International with 25% (grew by 2% vs 2016). Media Camina comes 3rd with a stable gross revenue share of 23%.

Print market continued to erode slowly. In 2017, the estimated Print advertising market revenue was of 13.4 Mio Euro (-5% vs. 2016). The major difficulties which occurred during the recession (distributions networks problems, DNA investigations etc.) continued to impact the print press industry.

Following modern consumers’ media consumption trends, Print editorial content continued to shift to digital platforms, as the print press readers continue to diminish every day.

Attractive & various inserts lost their appeal during the last couples of years, being less and less capable to stop the decrease of print publications sold circulation.

The only time of the year when circulation registered higher levels is the traditional summer holiday (July to September), while former peak seasons for sales and ad revenues (April – May and November – December) register significantly lower levels.

Top Investors

2017 main categories are similar to 2016, with “Pharma” on first position, closely followed by “Mobile telecommunications” and “Cosmetics, hygienic, hair care & cleaners”; all three reflecting the highest estimated net media investments. “Retailers”, “Electronics & domestic appliances” and “Sweets” went up in the ranking, while “Beer”, “Cars & 4x4 vehicles” and “Milk products” dropped. “Banking & insurance services” kept stable. “Restaurants, coffee shops, fast foods” entered in top categories.
In 2017 Zdrovit continued the aggressive media presence becoming #1 investor and generating the Pharma category increase along other advertisers such as Sandoz, Biofarm and Omega Pharma. Despite Telekom's and Vodafone's lower budgets in 2017 the “Mobile Telecommunications” category remains stable on the second place.

“Cosmetics, hygiene, hair care & cleaners” category growth was driven by higher budgets from Zdrovit, Beiersdorf, L’Oreal, Johnson & Johnson, Sarantis and Ficosota.

Lidl managed to defend its leadership among Retailers, fighting with Carrefour but also with the raising budgets of Penny Market and Kaufland.

Altex and Flanco were the main investors in “Electronics & domestic appliances”, both with bigger budgets in 2017.

The Banking sector was marked by significant investment coming from players like ING Group, BCR, BRD, Banca Transilvania and Piraeus Bank, but at the same time registered a major drop of NBFI’s which put their investments on hold, to prepare their business approach under the new law regulations in force from March 2018.

Group Dacia Renault, the biggest spender in “Cars & 4x4 vehicles” diminished investment generating the total category drop in 2017, and so did Heineken and Molson Coors in the Beer category.

New entry in top categories of “Restaurants, coffee shops, fast foods” was driven by bigger budgets from players such as McDonald’s and Pizza Hut + KFC.

Perspectives for 2018

Initiative’s forecast for 2018 is that the media market will continue its up-trend, and is expected to grow by 10% vs. 2017, reaching 455 Mio Euro by the end of 2018.

Television is expected to grow by 10% (from 273 Mio Euro to 300 Mio Euro), Online by 16% (from 73 Mio Euro to 85 Mio Euro), Radio by 10% (from 23 Mio Euro to 26 Mio Euro) and OOH is estimated to increase by 5% (from 29 Mio Euro to 31 Mio Euro). Print is the only medium which is expected to decrease by 5%.

TV: although Digital and Mobile are following the global ascending trend, but at a slower pace, the consumption of linear TV continues to be strong and steady in Romania. TV maintains the broadest reach and captures the highest share of advertising, driving revenue growth through cost inflation.

We estimate that the inflationary trend will keep up the same fast track - 15% CPP market inflation, showing a strong increase of 10% in the advertising spend.

In terms of programming acquisition, the big surprise of 2018 is disclosed by Exatlon on Kanal D, which achieved very good audiences and placing the channel on a strong ascending trend.

Also, this year, National Television broadcasts FIFA World Cup from Russia.

Online:

The hot topic of 2018 will be around Data protection, respectively GDPR, which will impact all companies in their relationships with their customers, but also internal processes and professional standards.

The first half of 2018 has been marked by two events related to personal data security: the Facebook – Cambridge Analytica scandal and the coming into effect of GDPR. They both underscore a need that businesses better manage personal data and that they grow up from a data hunter’s mind set to that of a more discerning data curator.

For the advertising industry, GDPR comes as a source of uncertainty, in an already volatile environment.
Naturally, immediate concerns are related to the changes required to keep performing our activities, with as little disruption as possible. But on the long term, the new rules should become a driver for more responsible behaviours, for both businesses and individuals.

OOH: in 2018, Bucharest City Hall promised to come with a reform, especially in downtown. It is not yet clear if this will represent the expected Implementation Norms of the new OOH Law, or just a slight change of the existing status. The market is looking forward to see their decisions.

2018 start was no exception regarding the expected low occupancy rate during the first quarter, while April reflected a significantly higher percentage of all rental units, with few premium locations remaining available for rent.

Radio: the main Radio networks will continue to be flexible and open to special projects and creative contests. Radio driven campaigns which will continue to engage listeners in social media will continue to be the main pillar of their long term strategy. PR and marketing activities, events and concerts partnerships will further represent the main triggers for advertising investments.

Print: integrated print – online advertising packages, exclusive offers and events partnerships will continue to be used by publishers in their attempt to stop the print media ad revenues decline. Special projects, dedicated supplements and spin-offs will be additional tools used to improve business results.
TELEVISION

Overview

Television continued its increasing trend, reaching the level of 273 Mio Euro at the end of 2017 (+14% vs. 2016).

The number of monitored channels slightly grew during the last years: 59 in 2014, 60 in 2015 – 2017, up to 62 in April 2018. The most relevant change was the rebranding of the CME Group TV stations: Acasa TV and Acasa Gold were renamed Pro2 and Pro Gold, Sport.ro became Pro X, while Pro TV and Pro Cinema kept their well known identity. Another rebranding was Dolce Sport which became Telekom Sport.

TV stations such as Da Vinci Learning, E! Entertainment, Look TV and Look Plus started to be monitored and no channel exit the monitoring system.

Analogue cable, Digital Cable and Direct to Home transmissions kept the same level in 2017 vs. 2016, while terrestrial reception type dropped slightly.

In 2017 the TV market reflected an inflation trend in all its commercial aspects.

Last year the commercial universe for the buying target registered another contraction (4% lower than the previous year, when it decreased by 7%). Thus, the market CPM inflation was 18% and set up the CPM at 2.79 Euro for 18-49 urban, from 2.37 Euro in 2016. For Urban and National targets, the CPM resulted in 1 Euro and 0.53 Euro versus 0.89 Euro and 0.46 Euro in 2016.

Regarding the sold inventory, the TV market was stable vs. 2016, driving a two digits advertising investments increase for the second consecutive year, and setting a new record since 2009 - 273 Mio Euro advertising revenues vs. 240 Mio Euro in 2016, and 14% CPP average inflation.

Graph 2: 2016 – 2017 sold GRP30” (’000) by month (all 18-49, urban target)

Source: Kantar Media & Initiative Media Estimation
The average commercial rating decrease of 2% (18-49, urban, 07:00-26:00) and the boost of TV spending in Q1 (+14% sold inventory) led faster the market to high sell-out rates. Nevertheless, along the year, the market loading slowed down showing that the clutter was partially solved and the inflation policies paid off, finally. Overall, market ended in an average loading level of 93% for All Day, 98% for Prime Time, and 90% for Off Prime Time.

The total 18-49 Urban GRP30” sold by the TV channels in 2017 was 2,170 Mio, of which 33% were sold by CME, 24% by Antena Group, 10% by Dogan Media and 3% by Prima Broadcasting. In terms of advertising revenues, CME kept leading position with 47%, followed by Antena Group with 25%, Dogan Media with 10%, and Prima Broadcasting Group with 3%.

Channels Performance and Profile

2017 maintained the top 3 TV stations ranking as in 2016: Pro TV kept the leading position (Rtg. 4.6%, Shr. 23.4% / All 18-49 urban), with better performance compared to previous year, followed by Antena 1 (Rtg. 2.9%, Shr. 14.9%) and Kanal D (Rtg. 1.5%, Shr. 7.8%), both last channels reflected lower ratings.

Romania TV was placed 4th with Rtg. 0.7%, Shr. 3.5%, performing better than Antena 3 (Rtg. 0.6%, Shr. 3.0%) Prima TV (Rtg. 0.6%, Shr. 2.8%), and National TV (Rtg. 0.3%, Shr. 1.8%).

Other top 10 TV channels, with comparable performance are: Disney Jr. (Rtg. 0.4%, Shr. 2.0%), Digi 24 (Rtg. 0.4%, Shr. 1.9%) and Antena Stars (Rtg. 0.4%, Shr. 1.8%).
In 2017, main channels continued their programming strategy based on local productions with high preference among large audience groups and capable to deliver high return on investment.

Pro TV continued to be the TV market engine, with established shows like “Romani au talent”, “Visuri la cheie”, “Masterchef”, “Ferma Vedetelor”, “Vocea Romaniei”, “Jocuri de celebratitie” and new ones like “Uite cine danseaza”, “Vocea Romaniei Junior”, and “Gospodar cau n evasta”. It also continued to raise its investments in local quality fiction productions such as the well-known “Las Fierbititi”, “Atletico Textila” and the more recent local series “Ai nostri”.

Antena 1 stayed competitive by improving the content quality for its talent shows, “Te cunosc de undeva”, “Te pui cu blondelie”, “Za Za Sing”, “Tumor”, “Fantastic Show”, “Insula fulbirii”, “Next Star”, “X Factor” and the most successful cooking show on the market, “Chefi la cutite” which has repeatedly won the Prime Time battle for audience share.

Talent shows and cooking programs are the most popular among Romanians since 2012: “Romani au talent” remained the most appreciated talent show, followed by “Vocea Romaniei”, both on Pro TV and reflecting the highest audience.

Romanian TV market is dominated by generalist TV channels, which have a large addressability and enforced their leading position year by year, leaving a smaller share for niche channels. Despite this fact, new niche channels are launched periodically, and they manage to gain loyal audiences. In 2017 niche channels like Discovery, AMC, TLC, Film Cafè, Comedy Central, AXN, Paramount, Disney Jr., achieved higher audience (Rtg % all 18-49 U) compared to 2016.

As TV channels tend to change their programming approach, in time, the audience profiles tend to shift, as a result of this continuous effort: last year audience profile analysis shows that PRO TV and Prima TV have a younger audience profile, balanced between genders, while Antena 1, Kanal D and National TV show a significant skew towards female audiences. Besides, Kanal D, TVR1 and National TV reflected a high preference among 65+ years old viewers.
Generally, News channels reflect a balanced viewership by gender, a more mature age profile and AB social grades, except Digi 24 which manages to build loyal viewers among younger male TV viewers with AB social grades from urban areas.
The women thematic channels had a quite dynamic change in terms of audience profile: Diva gained older women audience (55+) from cities >100k, Pro 2 managed to attract more young women (18-34 aged) but with lower social grades. Antena Stars was more stable, while Happy Channel and TLC became more visible in large cities and Bucharest. TLC also consolidates audience among women with social grades ABC, while TV Paprika lost impact on younger audiences.

The movies and TV series thematic channels also seemed stable, without significant changes.
Perspectives for 2018

Although Digital and Mobile are following the global ascending trend, but at a slower pace, the consumption of linear TV continues to be strong and steady in Romania. TV maintains the broadest reach and captures the highest share of advertising, driving revenue growth through cost inflation.

We estimate that the inflationary trend will keep up the same fast track, around 15% CPP average inflation, showing an increase of 10% in the advertising spend.

In terms of programming acquisition, the big surprise of 2018 is disclosed by Exatlon on Kanal D, which achieved very good figures and placing the channel on a strong ascending trend. The first couple cooking show will be launched on Kanal D, too - “Cine-i Chefu?”

Also, this year, National Television broadcasts FIFA World Cup from Russia.

If we look at the facts, over the last years, linear TV reveals almost the same key features. There is a high segmentation, with over 60 monitored channels and 80 unmonitored (Others Referenced). Nonetheless, year after year, the market is increasingly fueled by the same TV pillars, by leveraging popular content to increase their audience share.

Ad prices are controlled by demand fluctuations where often inventory gets sold out at periods of high retail sales, private consumption and favorable macro-economic conditions.

Last but not least, as long as viewers are gaining access to a massive amount of nonlinear online content, the traditional broadcasters carry on the expansion of their online content, through live streaming, commercial and free platforms, too.

Meanwhile, consumer preferences and mobility are dragging TV into the future, along with technological breakthroughs. Multiple screen viewing is now a mainstream habit: 59% of Romanian internet users go online on other devices, while watching TV (Google Connected Consumer Survey).

An important driver in the evolution of viewing habits is the penetration of video-on-demand services (VOD), which enables flexible consumption of TV programs. In this respect, Romania ranks lowest in Europe, far behind other countries in our region, although Romanians feature among the highest daily consumers of online videos (on any connected device).

For the time being, linear TV is still the norm, while online content is massively consumed on devices such as smartphones or laptops. But this may rapidly change, as people update to new technology and VOD providers push their services in integrated packages. The gradual disconnection from the traditional linear programming attribute of what we refer to as "TV" is a fundamental shift. And it’s rather a matter of “when”, than “if”.

Currently, the streaming of video content is driven by TV broadcasters (ProTV Plus, Antena Play, KanalD Live), commercial platforms (Netflix, HBO GO) and free sharing platforms (Youtube, Facebook). There is a thin line between commercial platforms and TV streaming provided by broadcasters, therefore some of them are hybrid ones - they deliver popular media brands broadcasted by TV stations, but also exclusive video on demand (e.g. Eurosport Player, Voyo, Digi Online).

With this paradigm in mind, we have to re-acknowledge the central role of TV in media planning, but also consider the separation of TV programming from TV devices, which will significantly impact our industry in the near future.
INTERNATIONAL OUTLOOK

Market overview

2017 was the year digital ad spending finally exceeded TV, respectively Digital ad spending reached $209 billion worldwide (41% of the market), while TV brought in $178 billion (35% of the market), according to Magna IPG Mediabrands. Google and Facebook maintained the biggest share with 61% of online investments and accounting for 25% from all media advertising.
Probably the major change from Google from the advertising industry perspective was the new Adwords experience, an update which came with many useful improvements such as better view of reports from overview (instant graph with most important info and insights regarding account, campaigns and ad groups), promotion extensions, easier and more accurate conversion tracking, Trueview for action campaigns (to increase leads generated on Youtube by prominent call2action and headline overlays to video ads).

Facebook
As usual, Facebook made changes to the ads interface, main one being the end of Power Editor while integrating all features in the Ads manager.

From the formats perspective, Facebook launched "Collection Ads", which combine video, slideshow or image on mobile devices (specially designed for e-commerce purposes - the idea is to offer nice/useful info through video for example, and offer in the same time opportunity to do a 2nd step, such as to discover more or even to buy).

Other area in focus was analytics, offering now the possibility for offline conversions tracking (linking Facebook interface with CRMs or uploading data).

Transparency and brand safety were also important themes of 2017, probably also as steps forward for 2018 GDPR preparing.

In terms of brand safety, Facebook made available the possibility to exclude 5 inappropriate categories: debatable social issues, mature, tragedy & conflict, dating and gambling.

Also Facebook has doubled its people who identify and remove content violations and fake accounts and announced they are making efforts to fight fake news and click baits.

ROMANIA
Internet Penetration (INS)

Source: Eurostat
To enable a YOY comparison, we kept the same age bracket of 16-74 years, showing a growth of 3% vs 2016 (from 70% in 2016 to 73% in 2017).

All age groups have increased, with 16-24 y.o. as the most active, followed by 25-34 y.o. and 35-44 y.o. We should also consider what is happening to the younger segment. For example, looking at Tralala channel from Youtube and seeing 90+ million video views in December 2017, we might have a clue on how much time is spent online even by the 1-3 years segment.
**Online Activities (SNA)**
Looking at the online activities, in 2017 we noticed a stable trend of search for info and online games, even if one of the top trend in Google Search 2017 was Clash Royale (the game sensation of the year), a decreasing trend of email, and an increasing one of social network usage and video watching.

**Frequent Online Activities**

**Mobile – Connections**

Mobile penetration increased in 2017 to 85% (from 75% in 2016), at 16.6 mil broadband connections (7.6 mil of them 4G vs. 3.7 mil in 2016). Helped by increasingly better data offers from telecom players, the average monthly data consumption increased from 0.63 GB in 2016 up to 1.2 GB in 2017 (monthly average traffic per connection).

**Social Media Networks**
The clear leader in Romania, Facebook, maintained the highest number up to 9.8 mil users vs 8.4 at the end of 2016. It is followed by LinkedIn (which grew from 1.74 mil users in 2016 to 1.82 mil users in 2017, important numbers considering it has a prominent business perspective), Skype, TPU (local), Instagram and Twitter.

Source: Zelist Monitor, 2017
Romanian Advertising Market

2017 revealed an increase of the online advertising budgets share of 14% vs 2016, from 64 Mio Euro to 73 Mio Euro. Google and Facebook kept the leading position with 66% share of digital market, while local display had a stable evolution and reached 20.6 Mio Euro. Programmatic (excluding Adwords tools) maintained the same fast track versus previous year and increased by 80%.

Also, according to the traffic perspective, the websites ranking follows the spending pattern. While the highest traffic international platforms international are (in this order according to Alexa.com): Google.com, Youtube.com, Facebook.com, Baidu.com, Wikipedia.org, Yahoo.com, Google.co.in (Indian), Reddit.com, Romanians follow the same trend: Google.ro, Youtube.com, Google.com, Facebook.com, Yahoo.com, Olx.ro, Wikipedia.org, Emag.ro, Filelist.ro (ranking takes into account a combination of average daily visitors and page views).

Portfolio Changes

Romanian Publishers/Media sales houses main updates:

The most important move of 2017 was made by Digi which internalized the sales of their properties (Digi24.ro, DigiSport.ro and Profm.ro), after ending the contract with EAD.

Other significant changes/updates: Burda entered EAD portofolio, Automarket moved from IBU PRO to Internet Corp, Cancan internalized sales, Mediafax launched Comedy mall (mainly entertainment VIPS & vloggers who build custom content for the platform).

International players represented locally by sales houses: Hitpool started to represent Spotify for RO, while Yahoo (important platform for Romanian users represented by Charge ads) was taken over by Oath (worldwide).

Local Display Categories
Source: Sati, visits December 2017

Main Local Media Sales Houses

Source: Sati, visits December 2017

Local ranking: main websites categories at the end of 2017 were news, sport, women lifestyle, while the top of media sales houses which represent them was ThinkDigital, Ringier, Protv, eAD, Antena, Arbomedia, InternetCorp, Convergent, Realitatea and Dogan.

Main Local Websites

Source: Gemius Romania Admonitor 2017 - report based on advertising campaigns broadcast and monitored by gemiusDirectEffect and AdOcean

The top of main websites is, and will probably remain so for many years, dominated by main local classifieds site, Olx.ro, followed by Stirileprotv.ro, basically the leader of regular publishers, which managed to capitalize best the mobile potential (highest traffic from mobile among all players), and continued by Adevarul.ro, Digi24.ro, Sport.ro and Libertatea.ro.

Adformats

According to Gemius Ad monitor report for H2.2017, 91.36% of campaigns had standard ads, while 30.81% of them used rich media formats. In terms of share of impressions, regular ads had 90.94%, while rich media only 9.06% - still low, considering that rich media formats have a superior average viewability of 57.3% vs 48.7% of standard, and almost triple CTR – 0.96% vs 0.34%.
Even if mobile delivered significant higher CTR (0.98% vs 0.39% on desktop), share of impressions of mobile ads (tracked by Gemius) was still under desktop (43.92% vs 52.54%). Also, rich media formats were less used on mobile devices (27.94% vs 48.09% on desktop), even if we already have years of promoting video + mobile as a great mix of online media.

According to GPEC, in 2017 Romanians bought online products worth of 2.8 billion representing an increase of 40% vs 2016 (when estimations had been around 1.8-2 billion). Total spend is even bigger, considering these 2.8 billion include only physical products (e-tail) and exclude services, utilities payments, air tickets, hotels, tickets to events or downloadable content (all of them becoming more and more an online acquisition). With 7.67 mil euro/day (average of Romanian online spend), e-commerce share from total retail grew from 4% in 2016 to 5.6% in 2017. As in previous years, Black Friday represented an important event with an estimation of over 200 mil euro (vs 2016 with 130 mil or 2015 with 100 mil). 70% of the traffic of the 7,000 online shops was generated through mobile devices (+20% vs 2016), and for some of players who have dedicated mobile apps, conversion rates also surpassed desktop. Same positive trend regards card payments, which grew from 8% in 2016 to 12-14% in 2017 and there is still plenty of place to grow.
Perspectives 2018:
The hot topic of 2018 will be around Data protection, respectively GDPR, which will impact all companies in their relationships with their customers, but also internal processes and professional standards. Companies must become aware of the data they hold and get to a clear “data hygiene”.

Adopting a culture of data protection
The first half of 2018 has been marked by two events related to personal data security: the Facebook – Cambridge Analytica scandal and the coming into effect of GDPR. They both underscore a need that businesses better manage personal data and that they grow up from a data hunter’s mind set to that of a more discerning data curator.

This conversation is not limited to collection for business purposes. In 2017, a third of Romanian IP addresses (2.89 million) were affected by cybersecurity alerts. Over 80% of the alerts were related to vulnerable systems – not updated, unsecure or ineffectively configured. Such systems had not been compromised yet, but could become easy targets for cyber criminals (source: CERT-RO). This stands as yet another symptom of an underdeveloped culture of data protection.

For the advertising industry, GDPR comes as a source of uncertainty, in an already volatile environment. Naturally, immediate concerns are related to the changes required to keep performing our activities, with as little disruption as possible. But on the long term, the new rules should become a driver for more responsible behaviours, for both businesses and individuals.

GDPR pushes companies to become more aware of the data they own. Advertising platforms and software developers are embedding data protection into their products. Everybody living in this environment – advertising professionals and consumers alike – will be exposed to a new mind set, where personal data comes with purpose and accountability. Beyond the unavoidable red tape, this may be the crystallizing moment for a new social skill, essential for a digital world – common sense about personal data.
OVERVIEW

2017 proved to be very good for Radio, as the market managed to sustain the previous year growing trend of 15% in total spent, up to 23 Mio Euro.

The Radio stations continued their effort to consolidate and monetize the audience through attractive marketing campaigns, concerts and events. As engaging the listeners, especially the young ones, is extremely difficult, Radio stations sales strategies have continued on the path of radio content integration with social media.

The Radio market was very dynamic in 2017, with several important events unfolding during the year:

Radio ZU launched the first morning broadcast from a train on the move, on the way to “Forza ZU” concert, which was held in Constanta – the event gathered on the “Modern” beach more than 85 thousand people. On a more serious note, in the week prior to 2017 Christmas, together with Bucharest City Hall, station’s DJ were on air 24/7 supporting the social campaign “Orașul Faptelor Bune”, meant to make big or small wishes come true. Radio ZU also extended its network in Calarasi, Suceava and Vaslui.

Europa FM had a visual identity change last year, adopting a fresh new image and bringing together “the voice of million Romanians” on only one frequency. At the same time, it provides the same high quality content, fresh information and well-documented news.

Magic FM continued to be on air in December with “Santa’s radio”, a collection of most popular Christmas songs from around the world.

Rock FM’s morning program “Morning Glory” was relaunched with a new host, Razvan Exarhu, while Adrian Despot and Hefe present a new one hour program called “Playground” every Wednesday evening.

Pro FM launched in September a new morning show “Dimineata Blana cu Ramona si Cotofana”.

Digi FM started 2017 with a new slogan “Ca Sa Stii”, changing also the station’s dynamics, with News broadcasts being aired every thirty minutes.

Virgin Radio is a radio for the young generation, broadcasting since 9th January on Radio 21 frequency.
Radio Guerrilla had the most dynamic evolution, adding eleven new programs to their broadcast and also expanding their coverage in Roman, Vatra Dornei, Suceava and Brasov.

Radio Itsy Bitsy, the only radio station dedicated exclusively to families with kids, was very active with special events for 1st June – Children’s Day and “In Direct cu Mos Craciun” during winter and with a very powerful social campaign which resulted in making the CNA to request TV channels to broadcast starting March 2017 the message “Pentru sanatatea emotionala a copilului dumneavoastra, petreceti cat mai mult timp impreuna cu el.” New cities covered are: Iasi and Baia Mare.

Smart FM added several new frequencies to its network in 2017: Ploiesti, Targoviste, Campulung, Alba Iulia, Campina, Snagov, Putna. The most impactful events supported by the station were “Smart Folk You Vama Veche” and „Gala Smart Folk You Bucuresti”, both promoting good quality folk and rock music open air concerts.

MARKET ANALYSIS

Despite the 6% drop in gross advertising revenues vs. 2016, AG Radio Holding remained the Radio market leader with a revenue share of 27%, followed by Europe Development International with 25% (grew by 2% vs 2016). Grupul Media Camina comes 3rd with a stable gross revenue share of 23%. RCS & RDS preserved the fourth position with 12% as in 2016. The public radio, Societatea Romana de Radiodifuziune remains on the 5th place with 8% market share, having a marginal 1% increase compared to previous year. Radio Guerrilla ranked 6th, achieving the most significant growth from all – from 1% in 2016 to 5% in 2017.

AUDIENCE ANALYSIS

Radio audience proves to be quite stable from one year to another, as people tend to show a strong loyalty to their Radio consumption routine.

In 2017 the radio daily reach was stable at urban level (74.4% vs 74.7% in 2016), while in Bucharest, the audience reflected a shift from weekdays (3 pp lower daily reach) towards weekend (4.5 pp higher performance) especially due to the smartphones.
In 2017 the most common place where people are listening to Radio programs remains “at home”, although it shows a slight decrease, while the hectic urban lifestyle managed to grow the Radio listening “in the car” by almost 3 pp compared to 2016. In general, most of the urban population spend less than one hour listening to the Radio, the youngest age group (14-17 years old) being in the lightest users. Medium to heavy consumption is growing starting 25 years old and remains stable after the age of 35. This is why, Radio media campaigns still require a high number of spots / day to build-up a significant target audience coverage throughout this medium.

Mapping the urban Radio audience in terms of age and gender, we can see on the extremes the Radio stations with significant skew towards mature women audiences, such as Romantic FM and Radio stations with a high preference among young men, such as Vibe FM.

Rock FM, Digi FM, Radio Guerilla, Pro FM and Virgin Radio reflect a more masculine audience profile, while Kiss FM and Magic FM are preferred more by women. Radio ZU seems to have a more balanced men – women audience profile. In terms of age, the listeners of Europa FM and Romania Actualitati are more mature (44+ y.o.), and with a male skew.
The audience performance analysis confirmed Radio ZU as the leading radio station in Bucharest, with a marginal decrease in daily reach (15.1% vs 15.7% in 2016), followed by the public station Radio Romania Actualitati (1.7 pp drop vs. 2016) and Kiss FM growing by almost 1 pp. The second tier of stations consists of Europa FM ranked 4th with a rather stable evolution and Magic FM on 5th place with a very slight decrease compared to 2016. Last places are for Pro FM with a stable performance of 6.5% and Rock FM with a 1.6pp decrease vs. 2016.

At urban level, Kiss FM consolidated its leadership at 14.6% daily reach, followed by Radio ZU with 12.7% and Radio Romania Actualitati with 11.4% daily reach, despite a marginal audience loss. Europa FM (9.8%) was stable and kept 4th place, being followed at a significant gap by Pro FM (5.8%) with a lower performance vs. 2016. Digi FM improved its performance by almost 1 pp, reaching an average daily reach of 4.2%.

The local Radio stations continue to represent an important communication vehicle for advertisers which need to implement local or regional campaigns with tailor-made messages. In 2017 the local Radio developed a strategy of attracting advertising budgets through special projects, contests and live actions at the same time with developing their resources by opening new radio frequencies, extending their networks, launching new broadcasts.

Arbomedia remains the most important local Radio sales-house through its partnership with 96 local stations that cover 37 Romanian counties.

PERSPECTIVES FOR 2018

The main Radio networks will continue to be flexible and open to special projects and creative contests. Radio driven campaigns which will continue to engage listeners in social media will continue to be the main pillar of their long term strategy. PR and marketing activities, events and concerts partnerships will further represent the main triggers for advertising investments.

The end of 2018 is expected to reveal a higher increase than previous years (+10% vs 2017).
OVERVIEW

In 2017, the estimated Print advertising market revenue was of 13.4 million Euro. The major difficulties which occurred during the recession (distributions networks problems, DNA investigations etc.) continued to impact the print industry, which continued the downtrend in 2017.

Following modern consumers’ media consumption trends, Print editorial content continued to shift to digital platforms, as the print readers continue to diminish every day.

Attractive & various inserts lost their appeal during the last couples of years, being less and less capable to stop the decrease of print publications sold circulation.

The only time of the year when circulation registered higher levels is the traditional summer holiday (July to September), while former peak seasons for sales and ad revenues (April – May and November – December) register significantly lower levels.

To stop the decline of the advertising revenues, print publishers have permanently adapted their offering with integrated package offers for the print and digital properties in their portfolio. The focus becomes higher on digital exposure and video content on their sites, tailor-made supplements and exclusive deals.

MARKET ANALYSIS

The readership declined was steeper from one measurement wave to another in 2017 compared to previous years. The dailies readers dropped by almost 8% from one wave to another, while weekly publications followed the same trend (-10%). The most significant drop decline was for monthlies, as their readership decreased on average by 17%.
On the other hand, Readers’ preferences are quite stable during the years: women continue to prefer glossy magazines which offer them quality specialized content (beauty, fashion, lifestyle and career), followed by weekly publications which focus their content mostly on topics like family, healthcare, cooking and parenting. The 2017 male audience interested in monthlies dropped by 10% vs. 2016, while their preference for general interest and sport daily newspapers content remains constant.

Looking at the daily newspapers readers profile from a demographic perspective, we learn that Libertatea has a balanced men-women profile, while Click is preferred mostly by women. Quality newspapers Evenimentul Zilei and Adevarul profiles are very similar, with a predominant male 44-54 y.o. base of readers, while Romania Libera reflects the most mature readers’ profile.

Read mostly by men, Ziarul Financiar reflects the youngest profile (53% of readers are 25-44 y.o.)

Women glossy magazines is the largest print category on the market, given the high interest urban women show for beauty, fashion and lifestyle content. Elle, Cosmopolitan, Psychologies age profiles are younger (20-35y.o) and have medium-high social grades (ABC), with high interest in fashion and design trends as well as personal development.
Digital Media

Glamour, Unica & Avantaje complete each other on the ABC social grades cluster, but with different demographics: Glamour covers the youngest female public (20-35 y.o), Unica readers are mostly 35-44 y.o, while Avantaje covers best the 44+ y.o. age segment.

Viva, Femeia and Ioana magazines cover all together the BCD social grades with the same age profile 44+ y.o.

In terms of rate card advertising revenues Ringier decreased 7% vs 2016 and Adevarul Holding increased 2% vs 2016, both reflecting the same market share (20%).

Ringier’s portfolio consists of glossy magazines which are leaders in their segments, still the general decline of monthlies explains the 7% drop, while Adevarul Holding sales policy based on package deals improved the 2017 ad revenues result. Burda came third with a 1% growth due to several spin-offs and special supplements. On the 4th place is Mediafax with a flat evolution (11% market share). The last in top 5 comes Convergent Media which gained 1% market share in 2017.

REGIONAL PRESS

Local publications continued in 2017 the downturn of national press, with several titles being closed or moving content online.

Despite the general negative trend, there are some local titles which proved strong, having high circulation levels vs national titles: Sibiu 100%, Jurnal Aradean, Bihari Naplo, Tribuna, Gazeta de Sud, Monitorul de Suceava, Jurnal Bihorean, Crisana, Agenda, Monitorul de Botosani, Bihoreanul.

As in 2016, in 2017 the advertising space for the most important local publications have been managed by two main sales-houses Arbomedia and Midas Media.

PERSPECTIVES FOR 2018
Integrated print – online advertising packages, exclusive offers and events partnerships will continue to be used by publishers in their attempt to stop the print media ad revenues decline. Special projects, dedicated supplements and spin-offs will be additional tools used to improve business results.

As publishers will continue to develop online and video content and will strengthen their social media presence, print press will get a much smaller share in their advertising revenues, as business and consumers media habits will move forward.

In 2018, the print market is expected to further decrease by 5% vs. 2017.
Overview

As expected, after a prolonged period of deflation followed by a stable one, 2017 was the first year to register a 5% increase of the OOH market, with an estimated net investment of 29 Mio. Euro.

The OOH Law was approved, but we are still waiting for the Implementation Norms, necessary to make it applicable. The Law draws a new background for the industry, setting new rules, limits and imposing strict standards. Among them, the off-limits zones where outdoor advertising is possible only on specific supports or completely forbidden, as in the historic sites. Meshes cannot be decorated over glass walls of a building unless it is a construction or a renovation site. Panels’ size is restricted only to 4x3 m and 1.2x1.8 m. The large ones must have a minimum of 100 m between them, and the small ones will have to be placed at 50 m distance from one another.

Last but not least, the OOH Law requires that panels could be installed in public places only after a public auction was conducted, which puts almost every existing OOH advertising structure currently situated in Bucharest public areas outside the new legislation.

As The City Hall proposed a set of Implementation Norms which are impossible to be put in practice in the current market situation, these were rejected by the major players in the OOH advertising market. A dedicated company for managing the outdoor public space was found by the City Hall, but it is not yet operational.

There have been several public reactions and inquiries about the delay of implementing the new law, but without the approved norms everything remained in the same status quo.

As already mentioned, despite the uncertain legislative framework, the OOH market had a very dynamic year with sold-out situations and a slight different approach in pricing -we are not yet in the inflation zone, but we are definitely past the discount period. This trend was driven by significant and constant investments coming from categories like Retailers, Banks (which are making a comeback), FMCG and Telecommunications which continued to allocate significant budgets to OOH advertising, permanently expanding and improving the visibility of their networks.

In Q1 2017 BRAT launched the Frequency Study on Outdoor advertising, which is going to be complementary to the already existing OOH Monitoring System - this is a turnover point which is going to change the perspective and add market value for the Industry.
For the first time in years, Metrorex held an auction for its train fleet that is covering the entire subway network. The winners are Euromedia and Business Commitment and the contracts are in force from the 1st of February 2018. Spectacular Group of Companies is during a law process against Metrorex, and its’ entire network is suspended until the end of the trial.

In Bucharest, the Transit media contracts are still being signed directly with RATB, the public transportation company.

The 2017 estimated market shares for the main vendors are: Euromedia & Affichage Romania (45%), Getica (10%), and with a significant fragmentation (45%) in smaller providers.

The OOH players continued to build-up their Bucharest and national networks, the most dynamic ones being Euromedia, New Age and Way Media.

In terms of format types, the networks development was concentrated mostly on backlight, the dominant format in the local outdoor industry, with an estimated 45% of the locations, followed by billboards with 19% and city lights / bus-shelters with 14%. The rest of 22% consists mostly of roll-overs, mesh, prisms, unipoles, flags and special projects.

Indoor ads
Brand Management is the main player in the indoor and in-store categories. There were no significant changes in the indoor campaigns investors ranking, the highest budgets continued to come from Banking, followed closely by FCMG, Automotive, Entertainment, Airlines and Fashion industries.

Indoor ads in office buildings represent the only segment that managed to increase revenues, mainly through innovative special projects. The segment’s main shares are claimed by Elevate and Invent Media. The largest budgets were allocated by Banking.
FCMG, Automotive, Airlines and Pharma.
Info Sanatate remains the only niche player which has the Digital Signage TV Analytics, the first Frequency study for indoor advertising implemented in our country - the study was conducted by GBD Research and is endorsed by organizations such as ARMA & ARIA.

Digital Outdoor
Phoenix Media, the market leader, launched an integrated service platform that allows its clients to manage in real time their campaigns. They have also signed a partnership with Think Digital, aiming to develop cross-media projects.
In 2017, Media Advertising and Vision Media Plus continued to operate in the Digital outdoor segment, with their existing support networks.

Digital Indoor refers to plasma screens distributed across networks in crowded places. Blitz TV maintained its contract with Metrorex for the subway LCD network.

Perspectives for 2018
2018 start was no exception regarding the expected low occupancy rate during the first quarter, while April reflected a significantly higher percentage of all rental units, with few premium locations remaining available for rent.
In 2018, Bucharest City Hall promised to come a Reform, especially in the Central Areas. It is not yet clear if this will represent the expected Implementation Norms, or just a slight change of the existing status. The market is expecting their decisions.
In the territory, cities as Cluj and Suceava have already started to implement their local Regulatory Norms and to announce public auctions. Others are expected to follow, which is most likely to influence existing prices, as it already brought higher levels for the local taxes. Most probably this will lead to fewer structures and differentiated costs for the same type / size of panel from one city to another.

Indoor is expected to maintain a steady evolution, maintaining the current status.
Despite the rather uncertain context related to the implementation of the new OOH Law, the 2018 outdoor budgets look solid and it is expected that at the end of the year the net market will register a 5% increase, with an estimated total of 31v Mio. Euro.
Overview

In Romania the media associations established standards for all audience measurements and monitoring services, therefore the research market is syndicated and only a few research companies are validated as data providers.

I. TV DATA MEASUREMENT

ARMA (Romanian Association for Audience Measurement) decided to continue the collaboration with Kantar Media for 2016-2019, after a tender that took place in 2014. The number of monitored and reported households remained the same (1320), but the structure became completely new compared with the previous panel. ARMA also continued to supervise the research for technical specifications project expected to provide data regarding online watching, on any device, through the internet (Virtual Meter, Return Path data) - the study is meant to merge with SNMATV, to obtain in the future more accurate audience data, especially for niche channels.

In 2016 ARMA and Kantar Media conducted a pilot project “Social TV” (Twitter TV Ratings and Facebook), which delivered the first results in the first quarter of 2017. Kantar Twitter TV Ratings enable broadcasters to keep track of the conversations about their programs and help them maximize audience engagement, while agencies and advertisers get additional data that inform better planning and buying decisions, to reach socially engaged viewers.

Audience measurement for TV is available on the market on daily basis since August 2001, with restricted access to detailed audience data only through ARMA membership, the organization that represents the beneficiaries’ interest in relationship with the research data provider.
Kantar Media is the audience data provider for the TV Audience Measurement (TAM) survey as of January 2012 and continues the contract for 2016-2019.

TAM system is a quantitative research, which measures the TV usage among Romanian population – minute by minute viewing reported, 24/7, using tele-control people-meters. The universe covers all private households in Romania with a working television set and all individuals aged 4+ from the respective households. People who have spent last year more than 3 consecutive months outside the country are classified as ‘migrants’, and are not included in the survey universe.

The National representative panel captures different viewing habits of all Romanians, regardless of their geographical or demographic data. The gross number of installed panel is of 1,320 households, while the daily reporting panel is of minimum 1,200 households.

Guest viewing in a panel member home is measured, the exact age and gender of the guest viewers being collected. Consolidated TV viewing is also available as a metric, and is defined as live viewing plus any time-shift viewing taking place within seven days from the original transmission.

ARMA is constantly facing the challenge of a rapid TV market growth - from 30 monitored channels in 2007 to 60 channels in 2014. At the end of 2017 and up to March 2018, 62 TV channels are monitored.

Monitoring data is available for a relatively wide range of TV channels, nevertheless only ARMA members have access to detailed spots by spot analytics, along with correction factors applicable to spots with length different from 30 seconds.

In March 2018, Instar Analytics, an updated version of InfoSys+ was launched in the Romanian market, replacing the old analysis software for TV audience and monitoring data. This software is widely used by both broadcasters and agencies in over 35 countries which use Kantar Media as the TV data provider.

II. NON-TV DATA MEASUREMENT

BRAT is a non-profit, independent organization for the media and advertising industry, whose members are media owners (publishers), media agencies and advertisers. BRAT is conducting in Romania the online, out of home and print media measurement.

Internationally, BRAT is member of relevant worldwide media and advertising organizations such as: IFABC (www.ifabc.org), EMRO (www.emro.org), I-JIC (www.i-jic.org).

ONLINE

BRAT is the only provider of industry recognized information regarding traffic and audience data of the online properties, through the SATI survey. The hybrid method used for traffic measurement, audience and profiles of the websites visitors is compliant with IFABC guidelines regarding traffic measurement and follows the most advanced online measurement methods.

SATI currently measures more than 200 websites, including video / audio streaming and mobile apps measurement. Starting 2017, SATI publishes real time results, both for traffic results and for users’ profile (gender, age, income, social grade etc.).

Online Traffic data is delivered by SATI from October 2007. Measurement results are delivered through 3 main “access gates”: Cxense Insight online application (each publisher can access own results), SATI web application (all SATI members share data for all measured websites) and BRAT website:

The Cxense Insight app offers real time detailed reports: all types of traffic metrics on URL or site level, source of traffic information, content analysis for all the websites pages, video / audio streaming results and daily-updated socio-demographic user profiles.
SATI web app (www.sati.ro) offers 3 main types of reports:
- traffic results on URL and site level, split by device type and geolocation (every 3 hours update)
- traffic results for top 20 articles for each website which is measured in SATI (every 3 hours update)
- detailed traffic results for every website based on geolocation (daily update).

BRAT website (www.brat.ro) generates 3 main traffic metrics for each website (views, sessions and unique clients) split on geolocation and device type.

Audience and profile data is delivered by SATI from June 2008. Audience and profiles measurement consists of:
- The number of visitors per month per website delivered by SATI for people 14 -74 years old, living in Romania.
- The users profiles were estimated since 2017 for all the users of the websites (following some basic criteria) on a daily basis and delivered in the Cxense Insights application (members only access)
- Since March 2016, both the audience data and the basic demographics for each website measured are publicly available on BRAT website, and in more details on SATI web application (only for members).

SATI DMP (Data Management Platform)
Starting October 2017, some publishers and media agencies have decided to build their own DMP as an addition to the data provided by SATI, by sharing the info collected in SATI for all their users.

Being a syndicated project, this is the biggest DMP available on the market, with first party results collected directly from the participating websites. The users profiles are estimated using advanced methods and techniques using the online survey results of SATI (approx. 10,000 questionnaires by month) and the users behavior, including the content consumption on all the participating websites (over 100 websites). The current volumes on a monthly basis exceed 1.3 billion page views in the SATI DMP, more websites being currently in the integration phase.

SATI DMP offers by its own application the usual functionalities, such as:
- Creation and evaluation of audience segments (demographic profiles, buying intent, visitor interests based segments etc.)
- Audience segments analysis: volume, users behavior, both on site or URL level and easy comparison of two or more segments
- Usage of audience segments for advertising campaigns targeting.

The data management allows for both a general usage of the shared information at the user level (sociodemographic profile and content consumption behavior) and a private information usage of from one publisher / entity and available in the DMP only for its own users. The private / general information can be used then by the entity which owns the right for the private data, for better use in targeting ads campaigns or capturing insights for their own users.

AdMonitoring (MIPO)
Advertising spending figures for online campaigns are delivered by BRAT since August 2011, through the MIP Online project. Currently, the survey tracks its members’ campaigns on more than 2,500 Romanian websites, belonging both to BRAT members and non-members.

The results are published on a daily basis with the information regarding all the online campaigns launched the day before and once per week (every Tuesday) with a complete overview of the previous week, including details such as volumes, rate card prices, client/category names, etc.)

PRINT

BRAT provides to the market comprehensive data for the print industry: readership and readers profiles, circulation audit and
advertising expenditures, the results provided by BRAT being the only ones recognized by the advertising industry.

Circulation Audit
BRAT provides circulation figures for all print and electronic publication through the audit of circulations, done on a yearly basis by an external audit company. Since 2009, circulation audit includes physical verification of the print run, for all the titles. The audit result is public on the BRAT website, including audit result, publishers’ quarterly declaration and fieldwork control. BRAT audits more than 110 publications, with national and local distribution.

Readership and readers profiles (SNA)
- Readership measurement is offered through SNA FOCUS survey, which, besides readership data, offers a wide range of demographic information and consumption of goods and services data.
- The survey includes over 60 publications. The main metric offered by SNA FOCUS is the AIR (Average Issue Readership), which measure the number of people reading an average issue of a given title, using the well-known and accepted ‘recent reading method’.
- The annual sample size of 16,400 interviews is representative for national universe of persons 14-74 years old, about 15.5 million individuals.

SESAME is the data analysis software, which enables target definition, crosstab generation, cluster analysis, duplication analysis, media ranking and media planning optimization.

AdMonitoring (MIPPS) delivers data regarding print campaigns advertising expenditure since January 2011, through the MIP Presa Scrisa project. Currently, the monitoring includes more than 190 Romanian publications. Results are published on a daily basis, containing information about all the campaigns launched in the current day, and once per week (every Thursday) with a complete previous week overview, including details such as: volumes, rate card prices, client / category names, etc.).

OUT - OF - HOME
The most recent Romanian market accomplishment is the start in 2017 of the BRAT SAO project, aiming to put in place an audience measurement system for the Romanian outdoor advertising industry.

Audience and “passing by persons” profiles (SAO)
SAO survey generates audience measurement along with demographic information and data regarding the mobility (travel) habits of the measured population.

The study includes 3 main parts: travel survey, panel inventory and VAC calculator, evaluating the number of people passing by the visible area of a panel (generates the media planning database). The yearly sample size of 15,000 interviews is representative for the biggest 11 cities from Romania, 14-74 years old, representing approximately 3.5 million persons. The data analysis software is QUANTUM (target definition, panels’ visualization and configuration on the map and media planning).

AdMonitoring (MIP OOH) delivers advertising expenditure details for OOH campaigns since May 2012, through BRAT’s MIP OOH project. Currently, the database includes more than 15,000 panels, belonging to 13 Outdoor companies. Results are published once per week (every Monday) with a complete overview of the previous week, including details such as: volumes, rate card prices, client / category names, etc.)
RADIO

AdMonitoring (MIP Radio) offers advertising expenditure results for radio campaigns since July 2011, through BRAT’s MIP Radio project. Currently, the reporting includes main 11 national radio networks.

Results are released on daily bases with details regarding the campaigns launched in the previous day, and once per week (every Tuesday) with a complete overview of the previous week, including details such as volumes, rate card prices, client/category names, etc.

BRAT puts together the results of the four monitoring projects (print, online, radio and OOH) integrating data in the same online application, sharing same definitions, rules and classification of goods, services, clients and brands (Media Monitor).

STRATEGY AND CROSS-MEDIA ANALYSIS

FOCUS is BRAT survey that measures general media consumption, consumption of goods and services, as well as lifestyle and behavioural characteristics of the urban population.

It covers about 350 product categories and 3,500 brands usage, media consumption, attitudes, leisure activities and demographics. The yearly sample of 7,000 interviews is representative for urban universe of 14-74 years old, approximately 8.7 million individuals.

SESAME is the software for data analysis (target definition, crosstab generation and cluster analysis).

BRAT Perspectives for 2018:

PRINT: Report digital replicas of the publication in the same audit certificate as the printed distribution. First results will be published at 2018 end (for April 2017-March 2018).

STRATEGY AND MULTIMEDIA: Extend measurement of product and services in rural area, by extending FOCUS universe from 8.7 million to 15.6 million people. First results expected in 2020.

Out of Home audience study (SAO): First audience results expected to be published at the end of 2018 or in first part of 2019.

INTERNET MIPO (AdMonitoring): Start measuring and reporting the reach and profile of online advertising campaigns. First results are expected at the end of 2018.

Radio Audience Measurement Survey (SAR)

Starting 2016, after the public tender from 2015, Radio Audience Association (ARA) decided to declare IMAS Marketing & Polls and Mercury Research the winners of the technical and financial offers competition. Together they will conduct the research activity for radio audience measurement until the end of 2019.

Radio Audience Measurement Survey (SAR) is a syndicated research program in co-operation with the industry JIC, Radio Audience Association (ARA). The service is available since June 2004.

The radio audience measurement for SAR is based on the “Day
after recall” method (the remembrance is aided by recalling the activities conducted during the day before the interview), used by most of the international measuring systems.

Starting 2008, SAR delivers audience data in three waves per year. The universe covers urban and rural population, living in private households in urban and rural areas, aged 11+ years old, in accordance with official statistics.

Data collection is currently done through CATI (computer assisted web interview) and in home face-to-face interviews, using CAPI method (Computer Assisted Personal Interview) in rural areas.

The audience data is reported for 20 radio stations (national wide), and separately for 22 stations in Bucharest area.

The data analysis software (MasoR) was significantly improved in 2016 (better compute modules, new graphic experience and developed a media planning section which can be used for radio campaigns planning). The audience segmentation considers all the variables in the questionnaire on the basis of which the user can build specific target groups.

Perspectives for 2018:

In 2018 the number of interviews conducted in the rural area using CATI methodology and the number of interviews conducted using mobile phones’ numbers will increase as follows:

- 65% of the total rural interviews are made using CATI technology, up to 15 percent from the previous year;
- 75% of the total number of interviews are made using mobile telephony (Bucharest, urban and rural), up to 5% from the previous year.

Presently there is no syndicated study to measure traffic data or the demographic structure of cinema goers, although main cinema chains do conduct ad-hoc client research projects in order to measure those indicators. Reports from those studies are available, in variable amounts, to media agencies.

Demographic profiles and data concerning the consumption of brands and services by cinema goers are indirectly available from the SNA-Focus. Starting 2012 the results are available for the main Cinema chains, for the big cities, and for type of cinema in the rest of the cases.