

**ANALYSIS AND EVOLUTION OF THE ADVERTISING MARKET IN THE  
REPUBLIC OF MOLDOVA**

**Associate professor PhD Rodica BURBULEA**

*Universitatea Agrară de Stat din Moldova  
burbulea2000@rambler.ru*

**Associate professor PhD Veronica MOVILEANU**

*Universitatea Agrară de Stat din Moldova*

**Associate professor PhD Viorel MELNIC**

*Universitatea Agrară de Stat din Moldova*

**I. INTRODUCTION**

The trends of the advertising market in the world are characterized by a concentration of capital, by increasing the specialization processes of the advertising agencies, and at the same time, by diversifying their range of the provided services. The high level of professionalism, the strengthening of the research base, the optimization of the management structure and style of the respective agencies has become today's important feature. In this respect, the implementation and improvement of the management of the advertising services market in the Republic of Moldova, in the conditions of accession to the European Union, is an extremely necessary and important subject.

The domestic advertising market is quite fragmented, but with a rich potential for rapid growth. Therefore, it attracted the attention of the operators from this branch. However, there are some legislative impediments, which delay the elaboration of long-term strategies in this field.

The carrying out of this study involved the use of qualitative methods, the secondary analysis of the relevant official documents. The desk-research analysis (non-exhaustive analysis) included: the legislation in the field of media, official statistics related to the media, the grid of television programs, and the structure of the sites / portals.

**II. GENERAL ASPECTS ABOUT ADVERTISING MARKET IN THE REPUBLIC OF MOLDOVA**

In the Republic of Moldova, advertising placement is regulated by the Audiovisual Code (Chapter III), the European Convention on Transfrontier Television, the Law on Advertising no. 1227 of 27.06.97 (published in the Official Gazette no. 067 of 16.10.97) and the normative decisions of the ACC: the Decision of the ACC no. 141 of 18.10.2011 "On the conditions of sponsorship of the programs on political topics and news programs and their correspondence with the provisions of the legal acts in force"; the ACC Decision no.133 of 23.12.2009 "On the broadcasting of advertising spots of alcoholic products within the services of radio and TV programs"; the ACC Decision no.13 of 11.02.2010 "On the broadcasting of commercials of pharmaceutical products within the services of radio and TV programs". By Law no. 165 of 11.07.2012 there were made modifications and supplements to the Audiovisual Code of the Republic of Moldova no. 260-XVI of July 27, 2006 which contains new legal rules regarding the placement of products, as a form of advertising.

For the last 15 years, the Law on Advertising, adopted in 1997, has been amended 13 times, which requires the creation of a new draft law, which would guide the advertising market. It becomes imperative for this market to be monitored by competent and qualified bodies, to carry out an audit and to quantify the market share of each media channel, as well as to ensure fair competition and transparency in sponsoring and orienting media channels revenues.

However, broadcasters make deviations or erroneously perceive certain details of advertising placement. Thus, according to the "Report on the activity of A.C.C. from the Republic of Moldova in 2017", all the 23 monitored television stations have blatantly violated the advertising broadcasting rules.

The most serious situation attested is the misperception of the notion of product placement in the audiovisual programs. Deviations were also found when the advertising spots were not delimited by optical and acoustic signals compared to other parts of the program service, exceeding the advertising broadcast time within an hour of broadcasting as provided by the Audiovisual Code, the insertion, in the program services, of the masked advertising and teleshopping, sponsoring news programs, running promotional announcements and contests

containing references to the name or brand of an alcoholic beverage; failure to cover the advertising retranslated from another state, etc.

National authorities, such as the NBS, the CC or the ACC, do not separately present comprehensive data with regard to the field of advertising in their annual reports.

The NBS, for example, includes in the "Statistical Yearbook of the Republic of Moldova" the "Culture" and "Sport" compartments but they are limited only to the data on the circulation of books, magazines, newspapers.

The CC, in the activity reports for 2012-2013, 2014 and 2015 included the section "Unfair competition and advertising", but, each time, the reported cases on unfair competition and the results of their investigation are listed. Certainly, it is necessary information, but the data that present a general and truthful picture of the advertising market and show whether or not there are dominant positions and, above all, abuses of dominant positions are completely missing. However, the Competition Law establishes the legal framework for the protection of competition, including the prevention and counteracting of anti-competitive practices and unfair competition, the achievement of economic concentrations in the market, establishes the legal framework regarding the activity and competence of the CC and the responsibility for infringing the competition law. Obviously, without accurate and complete data on the advertising market, the authority responsible for competition cannot fully honor its tasks.

The ACC, in the activity reports for 2014, 2015 and 2016, also included the compartment "Compliance with the conditions for placing the advertising". But, as in the case of the CC, the compartment does not contain complex data with reference to the market of audiovisual advertising, but it lists the decisions of the ACC adopted in public meetings either after monitoring the placement of the advertising by the broadcasters or following notifications. The ACC could, at least, estimate, analyze the market for audiovisual advertising, given that it has the data of the annual turnover of each broadcaster.

It should be mentioned that, in *the Roadmap for the media development* in the Republic of Moldova, elaborated at the first edition of the Media Forum in October 2015, and completed at the second edition of December 2016, the recommendations include: "The annual evaluation by the CC of the advertising market and of ownership concentration in the media field and including these data in the annual activity report of the CC "; "The annual evaluation by the ACC of the ownership regime of the broadcasters and of the audiovisual advertising market, the inclusion of these data in the annual activity report of the ACC". Both authorities, however, ignored the recommendations. In the absence of a presentation and, subsequently, of an analysis of the advertising market, the level of concentration of ownership and / or control in this sector cannot be evaluated and, even more, it cannot be prevented.

In Moldova, for some years, the most complete data regarding the advertising market, although estimated, have been presented by a non-governmental institution - AAPM, in annual analyses of the advertising market. A summary of the data included in the analyses from 2013-2016 is presented in the table below (see table 1).

**Table 1. The evolution of advertising expenses in the Republic of Moldova**

Year	Total advertising market (estimated)	Total TV advertising (mil. euro /%)	TV advertising distributors /% share of total TV advertising			
			Casa Media	Alkasar	Nova Tv	Others
2013	25,5 mil euro	14,83 mil (58%)	45%	20%	27%	7%
2014	24,8 mil euro	14,48 mil (59%)	52%	21%	13%	14%
2015	22,3 mil euro	12,40 mil (55%)	50%	21%	15%	14%
2016	21,5 mil euro	11,8 (54%)	59%	13%	12%	16%

Source: Own processing of AAPM data, available on ( <http://www.aapm.md/rus/obzori-rinka-reklami-moldovi.html>)

Starting from the annual allocations in the Broadcasters Support Fund, which, according to the legislation, is supplemented by the contribution of 1% of the turnover of each broadcaster, we can determine the value of the audiovisual advertising market in the Republic of Moldova (figure 1).

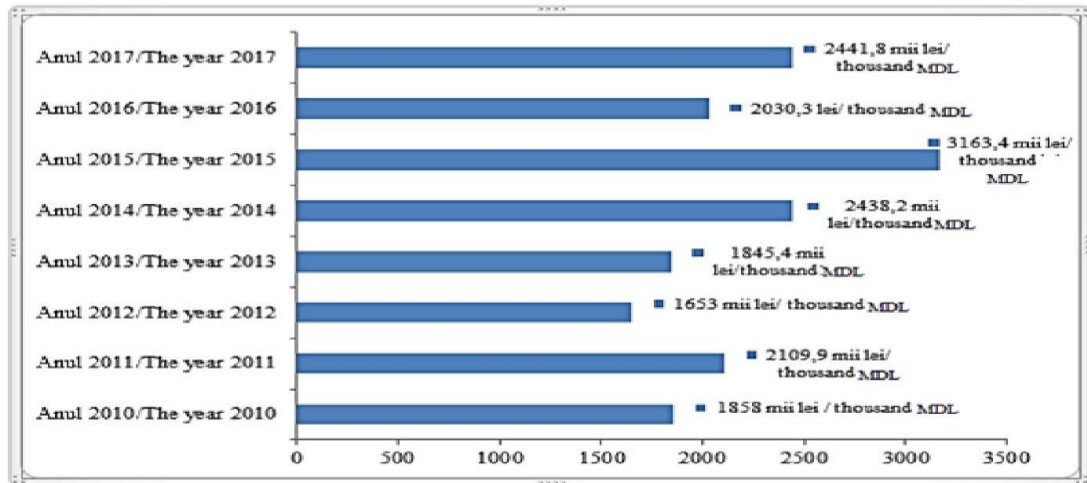


Figure 1. The dynamics of the value of the audiovisual advertising market in the period 2010-2017

Source: elaborated by the authors

From the above figure, it can be concluded that the market for audiovisual advertising consists of an average capacity of 2419.34 thousand lei (author's calculations based on sliding arithmetic average). This discrepancy in the audiovisual advertising market is also caused by the decrease in the number of radio broadcasters (table 2).

Table 2. The dynamics of the audiovisual market development in the Republic of Moldova during the last 21 years (1997-2017)

Years	Number of radio broadcasters	Years	Number of radio broadcasters
1997	35	2008	265
1998	79	2009	274
1999	88	2010	280
2000	112	2011	261
2001	127	2012	252
2002	140	2013	234
2003	154	2014	218
2004	207	2015	207
2005	211	2016	211
2006	245	2017	183
2007	267	01.01.2018	183

Source: elaborated by the authors

We can note, with minor exceptions (2008), that from 1997 to 2010, the number of radio broadcasters increases and from 2011 to 2018 there is a decrease of radio broadcasters on the audiovisual market.

Advertising agencies work with almost all types of media, but most actively with television and online media. In 2016, the advertising market in the media was dominated by the television stations, which attracted 55% of the total advertisements (259.2 million lei) compared to Romania, where the share of TVs in the advertising market in the media was 64%, in Ukraine - 44.7% and in the Russian Federation - 45.7%.

Also during this period, the main distributors of advertising in the field of audiovisual were the companies:

- The Media House, which sold advertising for: "TV Prime", "TV Channel 2", "TV 4", "TV Channel 3", "Ren TV", "TV Publika", with a share of 50% from the advertising market;
- Alkasar, which sold advertising for: "TV 7", "TNT Bravo", "STS" and "NTV" - with a market share of 21%;

- Nova TV, which sold advertising for: "RTR", "Super TV", "Ru TV" - with a 15% market share;
- The other active companies comprised a segment of 14% ("TV Moldova 1", "PRO TV", "Realitatea TV" and "TV Acasa").

In 2016, 5 television channels: "Prime TV", "RTR", "TV 7", "TV Moldova 1" and "TV Channel 2", with a cumulative audience of 44%, recorded 58% of the advertising. Another 11 televisions, with a cumulative audience of 22%, made use of 42% of the advertising market. Starting from the fact that the advertising market in the Republic of Moldova constituted 0.3% of the GDP, at that moment, that is, 22.3 million euros (465.3 million lei), it follows that the five television stations acquired 12.93 million euro, and the remaining 9.37 million euros were acquired by the other 11 televisions.

Today, there are 4 advertising houses in the Republic of Moldova:

- The Media House ("TV Prime", "TV Channel 2", "TV Channel 3", "Ren TV", "TV Publika", "CTC-Mega", "Familia Domashny", "N4", "Ren-Moldova");
- Exclusive Sales House ("Exclusive TV", "Accent-TV", "NTV-Moldova");
- Nova TV ("RTR-Moldova" and online portals);
- PRO Digital ("PRO TV", "Acasa in Moldova").

For the last two years the TV market has been varying between 14-15 million euros, of which 25% remain in the advertising agencies, and the rest (75%) go to the TVs related to Casa Media and Nova TV .

As for online media, in 2016, most of the advertising was directed to news and entertainment sites (for example: "protv.md", "perfecte.md"), social networks ("Ok.ru") and commercial ads ("999.md"), the main criterion for choosing the platform for placing the advertisement being the number of visits. In the online environment, the most advertising was sold in 2015. The leaders of the online media were: Media Contact, with a market share of 61.8%; Number, with a share of 35.89%; Alkasar - 13.8%; Pro Digital - 16.65%.

The increase in the share of online media, on the advertising market of the Republic of Moldova, also occurred due to the fact that the Internet penetration rate constituted 71%, compared to Ukraine where this indicator was 43%, Romania - 56%, Russia - 70.5%, Estonia - 84.2%.

Advertising through radio and print media is declining. For example, on the radio advertising decreased from 1 million euros in 2010 to 0.6 million euros in 2015, and in 2016 it amounted to only 0.56 million euros.

In 2015, the number of advertising spots decreased by 17% compared to 2014, constituting about 400 thousand lei, of which 1/4 were covered by the 15 largest advertising providers. Even large advertising providers have cut their budgets for radio. For example, "Orange", from the third position, in 2014, ranked 6<sup>th</sup> in 2015.

When it comes to advertising in the print media, we can see that the budgets for this channel have decreased from 3.6 million euros, in 2010, to 2.5 million euros, in 2012-2013, then reaching 1.2 million euro, in 2016.

Outdoor advertising recorded the dynamics of budgets from 6.1 million euros, in 2010, to 4.9 million euros, in 2011. Then, in 2015, it constituted 5.18 million euros, and in 2016, it reached 4.75 million euros. Advertising is placed on 15 types of surfaces, including billboards, LEDs, panels, advertising in public transport stations, consoles.

In the city of Chisinau, in 2015, there were 6529 constructions for the placement of outdoor advertising. In this segment of the advertising market, over 20 economic agents operate, among which we can mention: "EpaMedia" (20% of the market share), "Standart" (12%), "Valoinform" (8%), "Artprint" with 7% of the market share and "Cebacot" with 5%, "Casalot" and "Aquarelle" (4% each), "Neorama", "Mold-press" and "Panonimedia" 3% each.

In 2016 159 companies operated on the outdoor advertising market in Chisinau, of which 111 had their own panels. According to the Association of Advertising Agencies, at the end of 2014, in Chisinau, 2019 panels were installed, and at the end of 2015 - 1862 panels. Thus, the volume of transactions on the outdoor advertising market is 110 million lei per year, totaling together with the panels a number of 6.5 thousand units.

These years, the biggest areas were occupied by: advertising in communications, food, construction, services and household goods of social character.

Outdoor advertising is the most popular type of advertising due to its accessibility and the possibility to contract with a large number of potential customers. Outdoor advertising has a variety of exposure techniques, such as advertising panels installed at city entrances on strategic areas of national roads, at crossroads; advertising on facade panels; light boxes, metal and / or plastic constructions; advertising by means of transport, etc.

The provisional regulation on the authorization and placement of advertising devices from 2007 prohibits the placement of outdoor advertising in any form in the area that includes the following territories and objectives of the Chisinau municipality: Great National Assembly Square, Parliament buildings and the Presidency with the adjacent territory, the assemblies and the monuments of architecture and culture, including the territories in the immediate neighborhood, the territories directly adjacent to the monuments, the buildings of worship, the Stephen the Great and Holy Public Garden, the Cathedral Park "Nasterea Maicii Domnului".

Although most of these objectives are in the historical center of the city, neither the Regulation nor the Law of 1997 provide for rules restricting the placement of outdoor advertising in the whole historical center (included in the perimeter of A. Mateevici street, Albișoara street, Ismail street, Stephen the Great and Holy Boulevard, Ciuflea Street, L. Tolstoi Street, Pan Halippa Street). Therefore, although these territories and objectives are exempt from the placement of advertising, all other buildings within them remain available for outdoor advertising.

And the density of the panels and their diversity attract criticism from the society, which results in a negative impact on this form of the advertising market. Thus, according to the Center for Journalistic Investigations, in the period 2012-2016, 375 panels were dismantled, and on 20.10.2017, the "Provision no. 1008-d regarding the suspension of outdoor advertising in Chisinau", which provisionally prohibited the placement of outdoor advertising (advertising devices, located on the ground, on the walls and roofs of buildings) until a new Chisinau City Council approved the Regulation regarding the placement / relocation of outdoor advertising in the municipality.

Due to the legislative gaps, the outdoor advertising is criticized as being unsightly, it damages the architectural aspect of the city, it endangers the safety in road traffic, etc., and therefore, the following measures would be imposed:

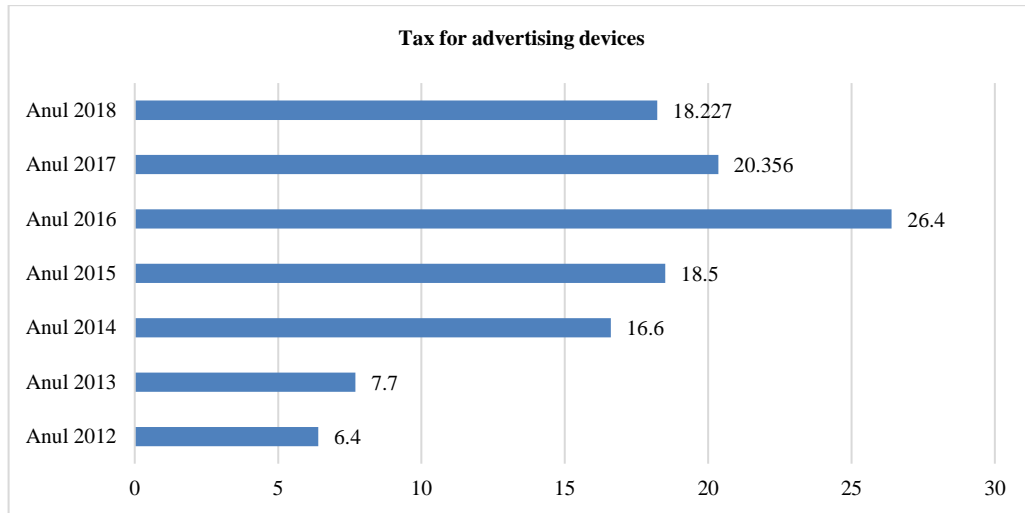
- To delimit Chisinau in areas with restricted and prohibited outdoor advertising, according to Paris model. According to "Chisinau City Center Zonal Urban Plan" and "Chisinau City Urban Planning Regulation": "the area located within the administrative territory of the Buiucani, Centru, Râșcani sectors, which includes the historical center of Chisinau municipality with the status of protected area of national importance", to be restricted or even prohibited external advertising;

- To develop and impose a unique stylistic concept for outdoor advertising in certain areas of the historical center of the city;

- To improve public control over the exposure of billboards.

However, by analyzing the composition of the revenues of the municipal budget, starting from 2012 and up to now, and especially "The tax for advertising devices", we can conclude that (figure 2) the outdoor advertising

market was on the rise until 2016, then, since 2017, there has been a decrease. However, this advertising sector suffered losses as a result of the dismantling process. In 2015, the municipal budget was supplemented by the outdoor advertising account with 18.5 million lei compared to 27.7 million lei, due to the fact that the commercial space was reduced by 1800 m2.



**Figure 2. The evolution of the revenues of Chisinau municipality resulting from "Tax for advertising devices", in millions of lei**

Source: elaborated by the authors

### III. CONCLUSIONS

The advertising market in the Republic of Moldova is a developing market, which, according to the report of the "Vivaki" Agency (Petre & Nicola (2004)), targets an investment volume of 22.3 million euros.

In the Republic of Moldova, the placement of advertising is regulated by legal norms, but, nevertheless, this legal framework also has imperfections.

The imperfections are generated by the provisional nature of the Regulation of the placement of the outdoor advertising, as well as by the legislative insufficiency regarding the online advertising, but also by the fact that this market has not been sufficiently monitored yet.

It would be necessary to set up independent agencies specialized in audit and monitoring, to evaluate, quantify this market, including the operators that already operate within it.

It cannot be said that there is no control of this market, because, through the "Law on Advertising", the following bodies that are responsible for the control and self-regulation of advertising are stipulated: the Competition Council, the Audiovisual Coordinating Council, the Municipal Council, etc. However, the reports of these bodies are insufficient for the development of strategies for the development of this sector.

Following the SWOT analysis of the advertising market in the Republic of Moldova, we can conclude that it can be targeted on the following media channels: TV, radio, print media; outdoor advertising, cinema and Internet advertising.

In the case of the online TV advertising market and outdoor advertising, large segments can be targeted, while radio advertising market, print media, including cinema advertising market are already targeting market niches.

The channel that seems to be very fast is the digital one, which attracts the consumers of other media channels due to the advantages it offers: availability, speed, permanent exposure of the advertising message, the cost of the spot, etc. Therefore, it is imperative that both the companies that need promotion and the consumers / users are given more notice in the cyber space. Firms need to invest as much as possible in their web pages and update them, and consumers are beginning to trust and be up to date with new information technologies.

As for the outdoor advertising, it has special effects in attracting consumers' interest, either due to the exposure size, or the location, or the exposure creativity. However, this type of advertising must be regulated and coordinated with the City Urbanism Plan, the Road Police Inspectorate, the Advertising Agencies and the civil society. Thus, this type of advertising can be stimulated and this market can become quite transparent.

We can conclude that the local advertising market is a profitable business for the Republic of Moldova, taking into account the following proposals, which should be systematized in a strategic plan, and namely:

1. Improving the legislative framework on online advertising and the placement of outdoor advertising;

2. Creating, attracting, supporting independent monitoring and auditing agencies in measuring the audience of radio / TV and Internet channels, market shares of media channels, etc.;
3. Orientating the sources accumulated in the "Broadcasters Support Fund" to improving and making the advertising market more efficient;
4. Promoting free competition through the chain;
5. Decreasing the number of disputes: withdrawal of broadcasters' licenses;
6. Transparency of the operators within this branch: television channels, radio frequencies, publishers, etc.;
7. Transparency of the operators' sources of financing within this market and where the obtained revenues go.

#### **IV. REFERENCES**

1. Vivaki Agency Moldova. (2016) Analysis of the advertising market in Moldova for 2016. [online] [accessed October 29, 2018]. Available: <http://vivaki.md/en/analiza-datelor/2016>.
2. Decision no.15 / 1 of December 22, 2017 regarding the approval of the municipality's budget.
3. Petre D., Nicola M. (2004). Introduction to Advertising, Communication Publishing House, Bucharest, 2004.
4. Chisinau in 2018 in the second reading (2018) Available online: [https://www.chisinau.md/public/files/anul\\_2018/buget\\_2018/DOC\\_20180102152526.PDF](https://www.chisinau.md/public/files/anul_2018/buget_2018/DOC_20180102152526.PDF). [accessed September 21, 2018].