

Online advertising revenue – the current state of the domestic market

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Abstract

The aim of the article is to describe the specific aspects of online advertising as a tool of marketing communication. In the evaluation, the direction of the topic article summarizes the theoretical bases of internet marketing. The contribution also focuses its attention on the area of Internet advertising revenue in the domestic market, where on the analysis describes the current state of the proceeds of this form of promotion. Another object of the article is to evaluate and demonstrate the possible further developments in this field and to point out the pitfalls.

Key words Marketing, Internet Advertising Online advertising revenues, Trends

1. INTRODUCTION

It is important to highlight the fact that more than last fifteen years has seen the striking emergence of new internet platforms for social-media, e-commerce, online media, marketing and other activities. Without any arguments we can state that growth of these platforms can be named as dramatic. These and other internet platforms all take advantage of how the internet has lowered a range of economic costs: the cost of creating and distributing certain types of products and services, the cost of acquiring information about these goods, the cost of collecting and using data on consumer preferences and behavior. These changes have helped make internet platforms particularly dynamic and innovative, and inspired a great deal of economic research (Levin 2011). In relation to the use of modern technology to distinguish several concepts, Kotler (2007) defines e-business (online business), which is understood as the use of electronic platforms (intranet, extranet and internet) for the implementation of business organizations. Author adds that the Internet and other modern technologies allow organizations to realize their business activities more quickly and efficiently. E-business then includes the total electronic exchange of information in an organization or between a company and its customers.

The internet and its online environment develops rapidly and it gives marketers many modern and more effective options of realisation as well as provides options to measure the efficiency of their marketing campaigns. Together with technological development of this new media tool, this enables to create further opportunities for reaching target groups. The importance of online marketing is growing, as we can observe changes in the ways people communicate, but also in the ways they spend their free time. Suhányi (2011) states that in most cases, the competitive advantage does not lie only in a quality product or a great idea, but it is actually marketing and an optimal use of its tools that can on a decisive level decide about the success or failure of a product or service in the market. In this plane can be Internet marketing tools considered as a highly relevant. Internet marketing is also a specific part e-business (online business), a strategic process of creation, distribution, promotion and pricing of products offered to target markets through the Internet, electronic tools and smart mobile devices – smartphones (Kurtz 2011; Kotler 2009).

As Scott (2010) states, with the advent of the Internet, a new platform has opened up for the organisations to promote their products, services or brands. New and modern rules that the Internet has brought into marketing, have contributed a new dimension into the communication between the organisation and the consumer, especially by creating direct and effective relations. The online environment of the Internet offers opportunities to reach a narrow customer segment directly, while the costs represent only a fraction of large advertising budgets. Online Internet environment represents a dimension of continuous progress, which constantly pushes the possibilities for marketers and their marketing strategies, online advertising area including. Technological progress develops opportunities online advertising, as marketers offer a wide range of options for creative use, cost-effectiveness and immediate monitoring of progress of advertising campaigns.

Online Internet environment for marketing activities offer organizations a wide range of possibilities of promotion, dissemination of information about the product, service or brand, which represents an undeniable advantage and strong position of the communication channel. It should be emphasized that the funds invested in marketing activities in the online environment are compared to those of other forms of promotion negligible, while internet advertising is available continuously. Targeting of online marketing to selected target groups that the organization intends to reach, in comparison with conventional methods much better targeted. High level of interaction helps to efficiently build good relationships with customers (Janouch 2011).

Literature offers different views on the issue of internet marketing, such as the definition of the author Nondek (2000), who perceives e-marketing as a process. He stated that marketing on the Internet is qualitatively new form of marketing that can be characterized as a process control satisfying human needs information, services or merchandise using the Internet. Author Sedláček (2006) most accurately defines the concept of Internet marketing, which defines as the use of the Internet to achieving marketing objectives. In practice, we can meet also with the concept of e-marketing, which is used as a synonym for another internet marketing, in which we include also mobile marketing. In the case of this wider conception can about e-marketing speak of using the Internet and other information and communication technologies to achieving marketing objectives of the organization.

It can be said that electronic marketing has over other forms of promotion many advantages. Author Kobiela (2009) in this regard that e-marketing allows accurate targeting of advertising campaigns, where with the help of the Internet it is possible to hit a large number of potential customers with a relatively small volume of invested funds. At the same time, these e-marketing tools have the possibility of accurately measuring their efficiency.

Implementation of e-marketing on the other hand, it also has its drawbacks, the authors Karlíček - Král (2011) for major disadvantages internet promotion authors considers that internet marketing affects only Internet population. For further serious disadvantage author considers saturation of online advertising. More and more users become resistant to this form of promotion, which means that users are learned overlook advertisements. This phenomenon is called banner blindness. The organization that chooses to implement e-marketing should follow the rule of thirds "should determine the budget for its online marketing and then allocate one third of the creation of websites, one-third on their promotion and one third for their maintenance." (Levinson 2011, p. 184)

The authors Lošťáková (2009); Janouch (2011) appropriately notes that the Internet has fundamentally contributed to mass customization when the customer has the opportunity to create their product from standard components. Or mass personalization in case, where the customer is approached individually, while he offered a standard product. Internet environment can focus attention not only to customers with the greatest value for the organization, but also increasingly to smaller customers, respectively customers who do not bring the organization to such a high value. And also the immediacy of response that takes place between the participants in the communication process (organization - the target group). The objective in this case is to follow the target groups in their work on the Internet in a way that their attention was directed us set way.

It should be emphasized that the implementation of the web page itself is not enough. In this regard, the author Scott (2009) recommended that the marketing strategy organization which uses only a web page should develop marketing activities in the online environment and the strategy to include as many other tools that have the potential customer can now get. Under this extension of e-marketing tools Author includes: webpage; e-mail marketing; corporate blog; profiles on social networks (Facebook, Twitter, LinkedIn, etc.); search results (SEM - search engine marketing; SEO - search engine optimization) and products of the search engines (Google); online videos (YouTube).

The individual components of the marketing mix and online communication in the Internet environment are areas that are very closely linked, which significantly helps in promoting new products and services, reaching out to new target groups of customers as well as help build a positive image. This form of communication has certain positive characteristics, it is mainly the possibility of precise targeting, personalization, interactivity, multimedia content usability, simple measurability and efficiency at relatively low cost (Karlíček - Král 2011, p. 171).

2. CURRENT STATUS OF THE ISSUE ON THE DOMESTIC MARKET

Consider a firm promotes its products or itself through several Internet media with a fixed Inter-net marketing budget and models the budget allocation decisions as a competitive game, in which each firm

formulates its own optimization model that is influenced by the competitor's moves as well. Internet marketing refers to the strategies of selling products or services online. The basic problem of forming such strategies is to determine the marketing efforts on selected online marketing channels, such as search engine submission, banner purchase, website design, online promotions and e-mail marketing (Zao – Zhu 2010). Online Internet environment has become for marketers areas with increased importance, reflecting annually increasing marketing expenditure in this area, as well as increased revenue. What is essential to emphasize is that the statistics from recent years supported the views of experts expect in the years to even stronger growth promotion in this area and the associated expenditure growth.

The trend, which we describe can also be seen in terms of our market, where the confirmation of our claims we present results of analysis of revenue from online advertising in Slovakia for 2013 by the Association of IAB Slovakia (2014), whose members are obliged to report every half its revenue from the web advertising. IAB Slovakia (formerly the Association of Internet Media) has been operational since May 2005 as an association of entities operating in the Slovak Internet market, whose main objective is to inform about Internet and its possibilities as an advertising medium. It currently has 37 members IAB Slovakia. Volumes published data relevant reported 21 members. The data consist of media-net-net value of advertising on member servers IAB Slovakia and qualified estimate sales IAB Slovakia Slovak and international non-servers. The reporting is anonymous and subsequent disclosure takes place every six months. As shown in Figure 2 in 2013, expressed in absolute terms, Net / Net Internet advertising market recorded an annual increase of 17.5% (9.8 million EUR) from 56 million in 2012 to 65.8 million EUR in 2013. It is important to emphasize that these values represent net value-media space, without including agency commissions and bonuses, as well as media partnerships. It is worth noting that the average annual growth in revenue from online advertising starting in 2007 is 33.58%. As Figure 3 indicates the largest annual growth in revenue was recorded in 2011, which accounted for 80.08%. On the other hand, in 2009 due to the global economic crisis was recorded on-year decline in revenue from online advertising of 5.42%.

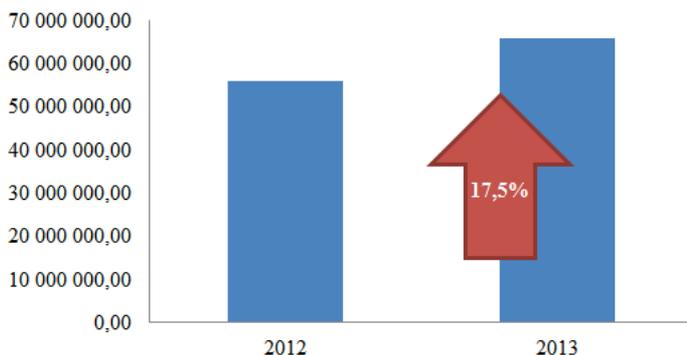


Fig. 2 The growth in revenue from online advertising in Slovakia
Source: Own elaboration according to IAB Slovakia

For a closer view of the individual instruments making up the absolute values of income dominates in the period of 2013 search segment (Paid for search - search by keyword, text link at the top or side of a

search result page as a predefined expression) with a share of 38.26% (25 2 million EUR) and the annual growth rate of 24.49%. Other segments exceeding 30% share threshold is banner advertisement (Display Advertising) with a share of 35.86% (23.6 million EUR) and the annual growth rate of 10.67%. Observed Classifieds & Directories segment, representing the line advertising - text advertising for the specific product or service (eg. website with job vacancies estate websites, Online Listings, auctions, etc.) recorded a share of 24.01% (3.4 million EUR) with an annual growth rate at 26.99%. Other studied group of instruments constituting a share of revenues 1.87% (1.2 million EUR), with an annual decrease in revenue 38.70% (IAB Slovakia, 2014).

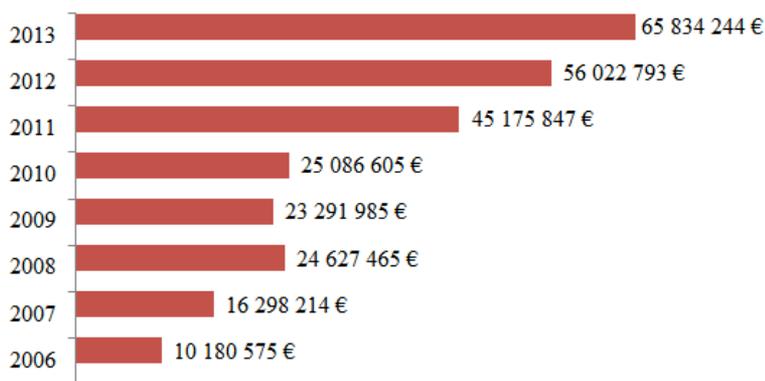


Fig. 3 Total revenue from online advertising in Slovakia

Source: Own elaboration according to IAB Slovakia

According to estimates by media networks ZenithOptimedia (Czwitkovics 2014) achieve real spending on Internet advertising in Slovakia for 2013 € 45 million. Annual growth in their amounted to 28.6%. For comparison (to IAB value of growth), expenditure has risen faster in Russia (26.8%) and Turkey (24.3%). On the other hand, grew more slowly in the case of the United Kingdom (16.2%), Hungary (16%), Austria (15.7%), Norway (14.7%), Italy (13.3%) and Romania (13%).

3. CONCLUSION

Internet marketing has undergone life cycle of excessive vitality and investment slump and failure to stable maturity. This is evidenced by the fact that customers are increasingly seeking products, services and prices comfortably in the Internet environment (Kotler 2007). The opportunities offered by online Internet environment, not only for marketing agencies are possible ways of creative use of a wide variety of ad formats, cost-effectiveness, immediate monitoring of progress, monitoring of advertising campaigns, and their management in real time. Those factors push the online environment of the Internet as a medium to the forefront against traditional media and forms of advertising. The proof is achieved revenue from online advertising within the Slovak market, where annual growth of revenue in 2013 amounted to 17.5% of the final value of 65.8 million EUR, which was the third highest annual jump among other European countries. Our present is characterized by constant innovation in the field of technology in order to minimize costs, as well as global efforts to maximize the penetration of Internet connection than in developed countries and even to the remotest corners of the world. With the growing

number of households, individuals - potential customers daily acceding to this new medium, we observe the associated growth advertisers growth of invested funds in this area, as well as overall growth in importance of the online environment in terms of its use of advertising. It should be noted that the potential of this medium in terms of marketing activities is not particularly limited. This marketing tool and its components can be used not only in sales but also with proper segmentation in image building and promotion of products, brands, or even entities regional government administration.

Research purpose, Project

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