

Wood Sector Media Budget Allocation: Comparison of Republic of North Macedonia and some South-Eastern European Countries

Izdvajanja za medije iz proračuna tvrtki drvnog sektora: usporedba Republike Sjeverne Makedonije s nekim zemljama jugoistočne Europe

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ABSTRACT • *The aim of this paper is to analyse and compare the official media reports published in the Republic of North (RN) Macedonia and some other South-Eastern European Countries, such as Croatia, Bosnia and Herzegovina, Serbia, and Bulgaria. According to the official results from Nielsen Arianna, IPSOS, and Alma Quattro, Macedonian furniture companies mainly allocate their media budget to television channels with an amount of EUR 4.786.710, which is 6.7 times lower than the amount allocated by Croatian furniture companies to the same media (EUR 32.223.506). The conclusion is that the media budget of Macedonian furniture companies is on a very low level, compared to selected South-Eastern European Countries, mainly because 74 % of the total number of furniture companies are micro enterprises with up to ten employees, which affects the media budget.*

Key words: advertising; furniture; media budget allocation; promotion; wood industry

SAŽETAK • *Cilj je ovog rada analiza i usporedba službenih medijskih izvještaja objavljenih u Republici Sjevernoj Makedoniji i u nekoliko drugih zemalja jugoistočne Europe poput Hrvatske, Bosne i Hercegovine, Srbije i Bugarske. Prema službenim rezultatima agencija Nielsen Arianna, IPSOS i Alma Quattro, makedonske tvrtke za proizvodnju i prodaju namještaja za medijske aktivnosti iz proračuna izdvajaju najviše sredstva za oglašavanje na televizijskim kanalima u odnosu na druge načine oglašavanja. Riječ je o 4 786 710 EUR, što je 6,7 puta manje od iznosa što ga izdvajaju hrvatske tvrtke za proizvodnju i prodaju namještaja za isti način oglašavanja (32 223 506 EUR). Iz toga se može zaključiti da je proračun medijskih aktivnosti makedonskih tvrtki za proizvodnju i prodaju*

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namještaja na vrlo niskoj razini u usporedbi s nekim promatranim državama jugoistočne Europe. Razlog tomu je vjerojatno činjenica da su u Sjevernoj Makedoniji u ukupnom broju tvrtki za proizvodnju i prodaju namještaja 74 % njih mikrotvrtke koje imaju do deset zaposlenih, što utječe na izdvajanja iz njihova proračuna za medije.

Ključne riječi: oglašavanje; namještaj; izdvajanja iz proračuna za medije; promocija; drvna industrija

1 INTRODUCTION

1. UVOD

The main objective of advertising, as one of the promotional and marketing communications tools, is to communicate and create brand awareness, build brand image and to initiate and support the consumer buying behaviour. Advertising was the most important marketing communications tool in the previous century, but is now evolving towards more interactive marketing communication in the 21st century. Using the traditional media channels i.e. television, print, radio and outdoor, it is now supported with the digital media, such as internet, mobile, social media and two-way communications. As presented in the research by Žujo (2011), who analysed the EFFIE index, USD 400 billion are spent on advertising per year in the world, and this amount increases at least by 5 % each year.

Worldwide, the media buying is constantly growing, especially the digital media. In 2019, for the first time, the budget allocated to digital media was higher than the total media advertising spending on all other media, with a trend for further growth (emarketer.com, 2019). Selected South-Eastern European countries (SEE countries) and the Republic of North Macedonia are following the same trend of media buying, but are still far from the world figures. The integration of traditional and digital media presented by Petrovska *et al.* (2018) presents a relatively even distribution of advertising through both traditional and digital media, and the new media are changing so fast that mobile media are becoming the dominant form of media. However, the digital media buying in general is still lower than the traditional media buying, and the same applies to the furniture industry. Most of the media buying in the South East Europe is on television, radio and print media, although outdoor, flyers and brochures cover a significant share of the market (Žujo, 2011).

The furniture industry in the Republic of North Macedonia and in most of the selected SEE countries is a strategic sector, as this area is rich with forest resources. Therefore, this is one of the first industries in the Republic of Macedonia, and it has survived through years of different crises, reforms and changes (Stefanovska-Petkovska *et al.*, 2019). Glavonjić *et al.* (2009) also stressed the importance of furniture industry in the SEE countries as the forest richest area in Europe with the strategic location for transport to EU, Middle East, and other regions.

The furniture industry in the Republic of North Macedonia is decreasing, as a number of furniture companies have closed their facilities in the last decades. The last State Statistical report presented the share of furniture in the manufacturing industry of just 14 %. Another fact indicating the furniture low share is the average share of 6 % of employees of furniture in-

dustry in the manufacture industry (Stankević Šumanska *et al.*, 2017). According to the number of employees, the furniture industry of the Republic of North Macedonia is mostly made of micro companies (74 %), followed by small companies (13.5 %), and middle and large companies (12.5 %).

The same situation is present in other SEE countries. As presented by Jelačić *et al.* (2012), Croatia, Serbia and Slovenia are showing a decrease in the wood processing and furniture manufacturing (Jelačić, 2010) as well as a decrease in the number of employees in all these three countries, even though Slovenia has been an EU member state since 2012. However, the entrance of IKEA is affecting the furniture industry of these countries, as well as the media buying investments, as presented further in this paper.

The aim of this paper is to analyse the official media monitoring report for TV, radio, print, outdoor and internet in the Republic of North Macedonia, compared to several other countries as Serbia, Bulgaria, Bosnia and Herzegovina and Croatia in the period from 2013 to 2018.

2 RESEARCH METHODS

2. METODE ISTRAŽIVANJA

For this paper, we have considered data from official media monitoring agencies for the selected SEE countries. *AGB Nielsen* is the official media monitoring agency in most of the countries in this region, for monitoring the insertions of TV commercials on all national television channels and Gross Rating Point (GRP) index on the same television channels. For the reports, the agencies also use Rating Cost (RC) as media investment monitoring, even though CPP (Cost Per Point) has already been implemented in these countries.

Ipsos Strategic Plus is the official media monitoring agency for radio and print advertising in Croatia, Serbia and Slovenia. As this agency is not an official monitoring house for the Republic of North Macedonia, there are no official reports for this country for print media and radio channels. The data for these media is collected through interviews with media directors from several media agencies. The official media allocation is then analysed using the methodology of RC.

The outdoor media allocation is reported by the agency *Alma Quattro* as the official agency for Serbia. No other country of selected SEE countries is officially monitored for outdoor advertising; therefore, we also use internal, not official data from advertising agencies from the Republic of North Macedonia, as financial investments (RC) for media allocation.

For monitoring television advertising, the insertions of television commercials and Gross Rating Points (GRP) index of television channels are consid-

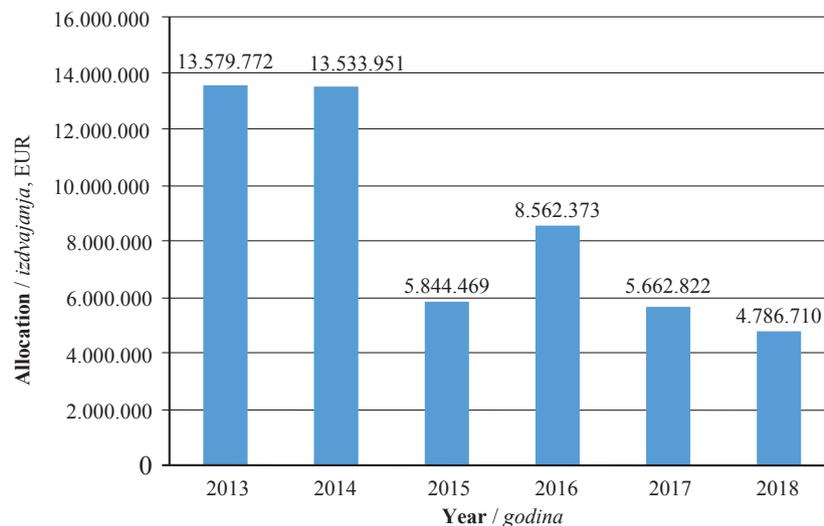


Figure 1 Media buying allocation for furniture in Republic of North Macedonia from 2013 to 2018 in euros

Slika 1. Izdvajanja za kupnju medijskog prostora za oglašavanje namještaja u Republici Sjevernoj Makedoniji od 2013. do 2018. (u eurima)

ered. An insertion is the number of broadcasting of specific television commercials on one television channel. GRP index is a standard measure in advertising, which measures the advertising impact. It is calculated as a percentage of the target market reached, multiplied by the exposure frequency.

$$GRP = reach \times frequency \quad (1)$$

Reach is the number of individuals or homes that saw an ad at least once in your campaign schedule. Frequency is the average number of times a household or a person saw.

Research period is from 2013 to 2018, which covers the period after recession, and years of growth and new development, with EU integration opportunities. Overall, a descriptive statistical analysis was performed for data processing, analysis and developing research results.

3 RESULTS AND DISCUSSION

3. REZULTATI I RASPRAVA

In the first part of the study, the results are presented for the Republic of North Macedonia, followed by the results for some of SEE countries, Serbia, Bulgaria, Bosnia and Herzegovina, and Croatia.

3.1 Media buying allocation in Republic of North Macedonia

3.1. Izdvajanja za kupnju medijskog prostora u Republici Sjevernoj Makedoniji

As there are limited officially published results for media buying only for television in the Republic of North Macedonia, the rest of the data are collected through interviews from advertising agencies. The media buying budget allocated to television (TV) in the Republic of North Macedonia for the period from 2013 to 2018 is presented in Figure 1. The results show a sudden decrease of the total TV media budget allocation in the year 2015, while in 2018 the media budget is 2.8 times lower than that in 2014.

Overall, media budget allocation is in favour of television media buying, as other media budget investments are much lower comparing to television budget, as presented in Figure 2. The outdoor media budget was EUR 120,000, only EUR 15,000 was invested in radio and EUR 25,000 in internet (just for banner advertising), as we could not provide more information for other internet advertising. The data for other media was collected by interviews from advertising agencies, so they are not from an official media monitoring house, as it does not exist in the Republic of North Macedonia.

Analysing the total media budget allocation in 2018 for the furniture industry, it is noticeable that it is in favour of television media buying, as other media budget investments are much lower comparing to television budget, as presented in Figure 2. The outdoor media budget was EUR 120,000, only EUR 15,000 was invested in radio and EUR 25,000 in internet ad-

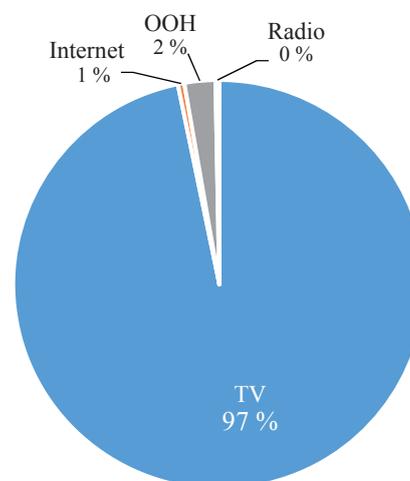


Figure 2 Total media budget allocation for furniture in 2018 in Republic of North Macedonia

Slika 2. Ukupna izdvajanja za medije iz proračuna tvrtki u Republici Sjevernoj Makedoniji za oglašavanje namještaja u 2018.

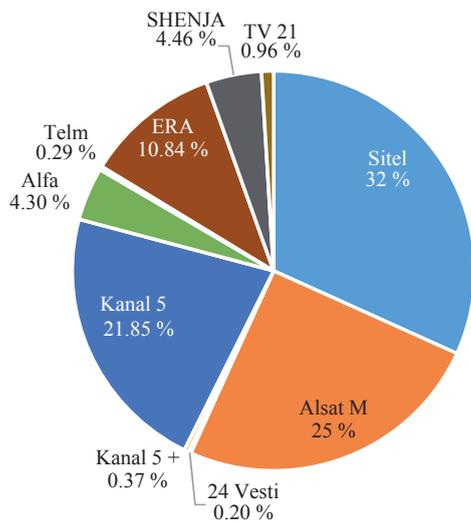


Figure 3 Total TV media budget allocation for furniture companies in 2018 in Republic of North Macedonia
Slika 3. Ukupna izdvajanja za TV medije iz proračuna tvrtki za proizvodnju i prodaju namještaja u Republici Sjevernoj Makedoniji u 2018.

vertising, just for banner advertising, not including other types of internet advertising.

The analysis of the budget allocation to TV media shows that most TV investments are made in the main national TV stations as presented in Figure 3. *Sitel* TV station has a share of 32 % of the total media budget allocation to TV media for furniture in the Republic of North Macedonia. *Alsat M* TV station, which is an Albanian national TV station, also has a share of 25 %, considering the fact that Albanian population is a minority in this country. Then follows *Kanal 5*, a TV station with a share of 22 % of the TV media budget allocation. These are the three top TV stations, which

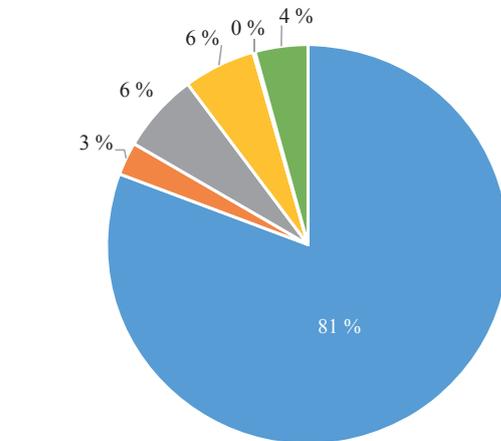


Figure 4 Total TV media budget allocation by furniture companies categories in 2018 in Republic of North Macedonia (in %)

Slika 4. Ukupna izdvajanja za TV medije iz proračuna tvrtki za proizvodnju i prodaju namještaja u Republici Sjevernoj Makedoniji prema kategorijama proizvoda u 2018. (u postotcima)

account for a share of 79 % of the total TV media budget allocation for furniture in the Republic of Macedonia. The rest of the TV stations (*Era*, *Shenja*, *Alfa* and *TV21*) have a smaller share, namely 21 % of the total TV media budget for furniture in the Republic of North Macedonia.

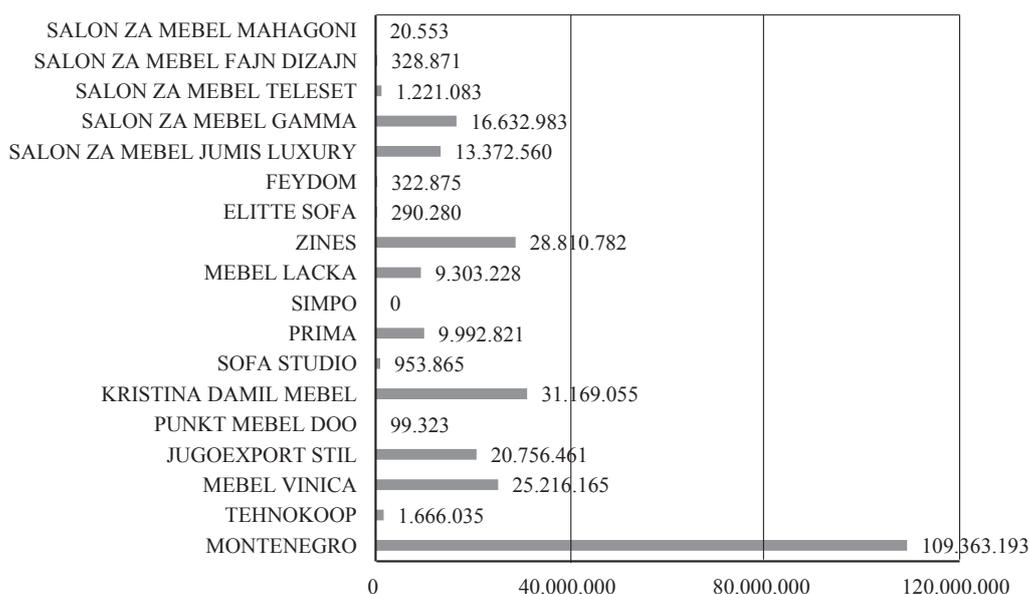


Figure 5 Total TV media budget allocation in euros for category: Home furniture and furniture stores in 2018 in Republic of North Macedonia

Slika 5. Ukupna izdvajanja za TV medije iz proračuna u Republici Sjevernoj Makedoniji za kategoriju kućnog namještaja i prodavaonice namještaja u 2018. (u eurima)

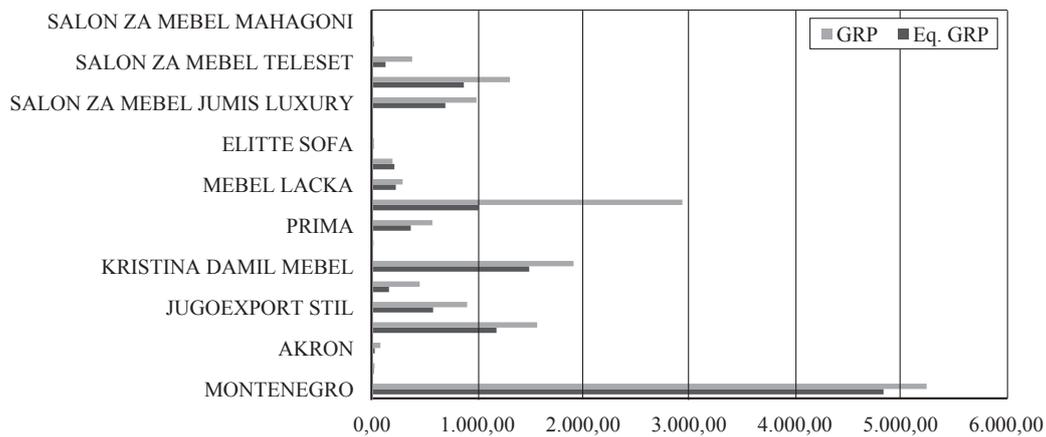


Figure 6 Equal GRP and GRP overview of furniture companies for category *Home furniture and stores* in 2018
Slika 6. Pregled ujednačenoga GRP-a i GRP-a tvrtki za namještaj za kategoriju kućnog namještaja i prodavaonice namještaja u 2018.

Further analysis of the total TV media budget allocation for furniture in the Republic of North Macedonia shows the advertisers on each TV station for every month in 2018. Six different categories of furniture companies invest their media budget in TV, namely the companies: 1. for home furniture and furniture stores, 2. for furniture and bath equipment, 3. for lightning, 4. for carpets, floors, curtains and other textile products, 5. for office furniture and rest, and 6. for kitchen furniture. The biggest advertisers are companies for home furniture and furniture stores with 81 % in the total TV media budget allocation, as presented in Figure 4.

Considering the furniture companies that advertise on TV in the Republic of North Macedonia, we can

analyse their TV media budget in order to identify the biggest advertiser. In the category *Home furniture and furniture stores*, the biggest advertiser is the furniture company *Montenegro* with TV media budget 3.5 times higher than that of the second advertiser, *Kristina Damil*, as presented in Figure 5.

Analysing the category *Home furniture and furniture stores* in terms of GRP, the most efficient was *Montenegro* with 5243 GRP, as presented in Figure 6.

Examining the reach of the same category of furniture companies, *Montenegro* and *Simpo* have the biggest reach with 100 % reach1+, meaning that this TV commercial reaches the target group at least once, as presented in Figure 7.

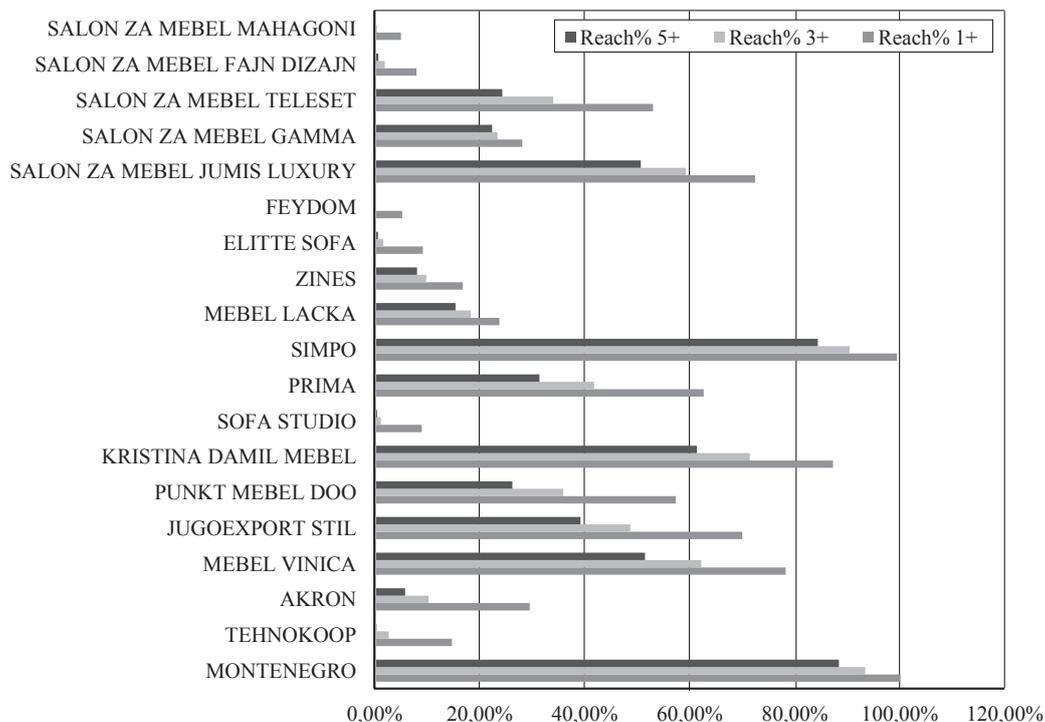


Figure 7 Reach of TV media allocation of furniture companies - category *Home furniture and furniture stores* in Republic of North Macedonia for 2018

Slika 7. Doseg proračunskih izdvajanja za TV medije tvrtki za proizvodnju i prodaju namještaja za kategoriju kućnog namještaja i prodavaonica namještaja u 2018. u Republici Sjevernoj Makedoniji

3.2 Results of media buying allocation for other selected SEE countries

3.2. Rezultati izdvajanja za kupnju medijskog prostora u drugim promatranim SEE zemljama

In the next part, the results of media budget allocation are presented for different SEE countries, in order to make a further comparison analysis with the available data from the region.

The Republic of Serbia, as a neighbouring country of the Republic of North Macedonia, and the bigger furniture market, invests mainly in TV as presented in Figure 8. The biggest increase of the media budget investments is due to the entrance of IKEA in 2017. Television has the dominant investment allocation, followed by print media and out of home (OOH). Unfortunately, internet and radio are not included, as there is no official monitoring agency for internet and radio media.

For Croatia, official monitoring reports are available for all the media. Therefore, we have an overall picture and comparable results for the media allocation of all furniture companies. The results are presented in Figure 9 for the last 6 years for all the media channels such as TV, internet, OOH, radio and print. The biggest media budget was allocated to TV channels as in most of the countries.

Analysing each media budget allocation during the last six years, as presented in Table 1, TV media budget investments show growth from 2013 to 2018. Internet media budget shows a sudden increase in 2018. Internet investment in 2018 is forty times higher than in 2013, showing an increase of 251 % and a positive trend for media allocation in accordance with the use of internet and digital media. The rest of the media budget allocations also present an increase in the media budget, but much lower. We can notice a three times increase in TV, two times increase of the budget in outdoor advertising, very small increase of media budget allocation in radio advertising, and even a decrease in print. All these data are in accordance with the trends of the world media budget allocation presented above.

Bosnia and Herzegovina has official media buying reports only for TV and print media. From Figure 10, it is obvious that TV media budget investments are much higher than the print media investments, which is also common in other countries. In this country, the TV budget decreases, the same as in the Republic of North Macedonia.

For Bulgaria, official monitoring reports are available only for television, radio and print media, as

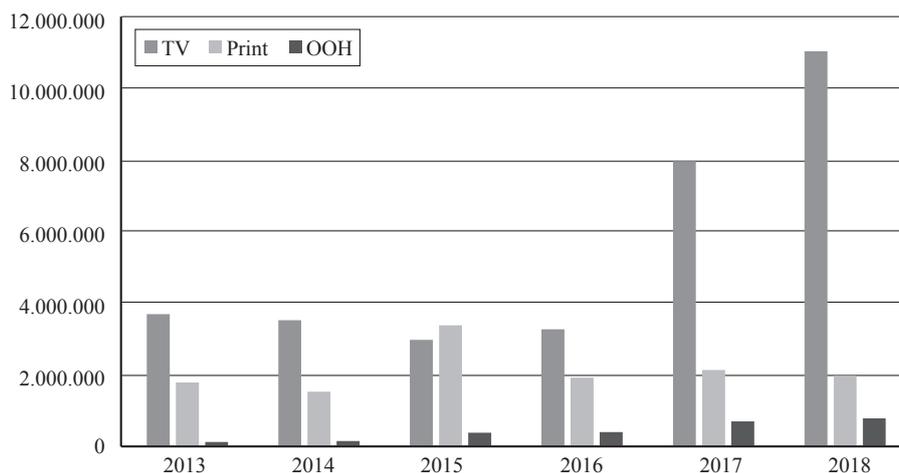


Figure 8 Media budget allocation for furniture companies in Republic of Serbia in euros
Slika 8. Izdvajanja za medije iz proračuna tvrtki za proizvodnju i prodaju namještaja u Republici Srbiji (u eurima)

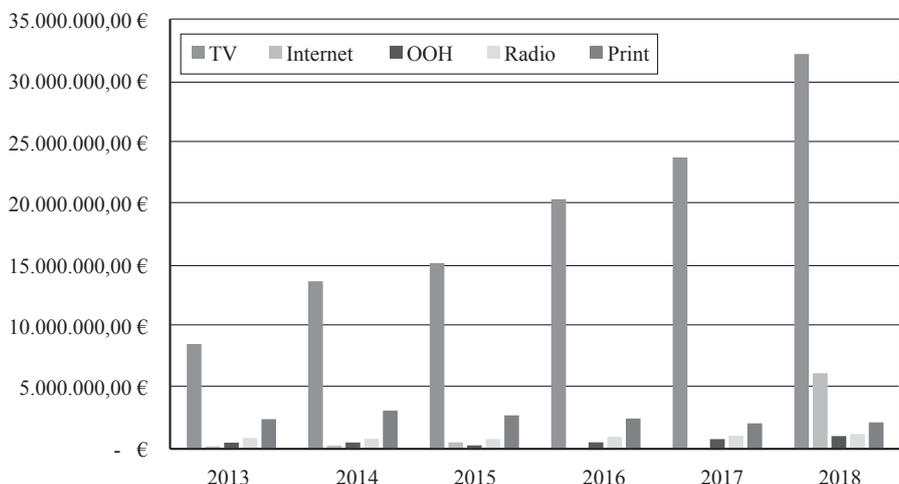


Figure 9 Media budget allocation for furniture companies in Republic of Croatia in euros
Slika 9. Izdvajanja za medije iz proračuna tvrtki za proizvodnju i prodaju namještaja u Republici Hrvatskoj (u eurima)

Table 1 Media budget allocation in Republic of Croatia in euros

Tablica 1. Izdvajanja za medije iz proračuna tvrtki za proizvodnju i prodaju namještaja u Republici Hrvatskoj (u eurima)

	2013	2014	2015	2016	2017	2018
TV	8,515,446.91	13,638,540.26	15,126,280.39	20,357,297.45	23,767,665.61	32,223,506.36
Internet	153,835.39	218,167.60	475.834,43	24,571.07	28,676.11	6,128,253.93
OOH	448,283.85	465,277.74	228,857.36	479,724.31	736,219.79	983,068.11
Radio	833,955.79	762,924.08	742,343.68	938,777.89	1,018.786.71	1,156,569.87
Print	2,369,033.34	3,072,157.12	2,678,766.82	2,428,685.55	2,026,551.96	2,104,427.34

Source: Developed from the authors

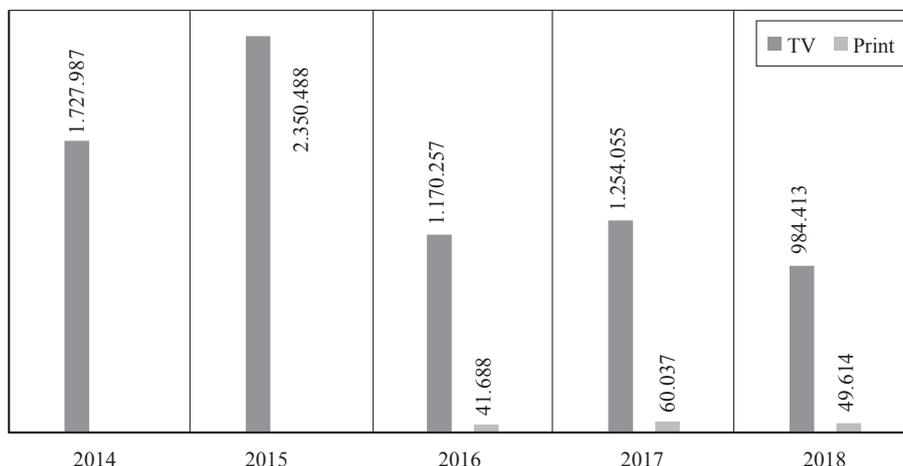


Figure 10 Media budget allocation for furniture companies in Republic of Bosnia and Herzegovina in euros

Slika 10. Izdvajanja za medije iz proračuna tvrtki za proizvodnju i prodaju namještaja u Republici Bosni i Hercegovini (u eurima)

presented in Figure 11. The increase of TV media budget allocation is 2.8 times higher in comparison with 2013. The rest of the monitored media present a decrease in the media budget allocation, both in radio and print media.

3.3 Comparison of media buying allocation of Republic of North Macedonia and some SEE countries for 2018

3.3. Usporedba izdvajanja iz proračuna za kupnju medijskog prostora u Republici Sjevernoj Makedoniji s nekim SEE zemljama u 2018.

We have also made the comparison analysis of the results of media budget allocation of the Republic of North Macedonia and several SEE countries, including Serbia, Bosnia and Herzegovina, Croatia and

Bulgaria. For the comparison, we used the results from the official monitoring houses for media monitoring available for each country. Therefore, not all used media are presented, as in some countries there are no official reports of monitoring for all media, such as internet and outdoor.

The Republic of North Macedonia and Bosnia and Herzegovina present the highest investment in television media buying, around 90 % of the total media buying investment, and much smaller investment in outdoor and print media, while the rest of the media have not been covered by official reporting. However, despite the lack of official reports, the media such as internet and radio are much less used by the furniture companies in these two countries.

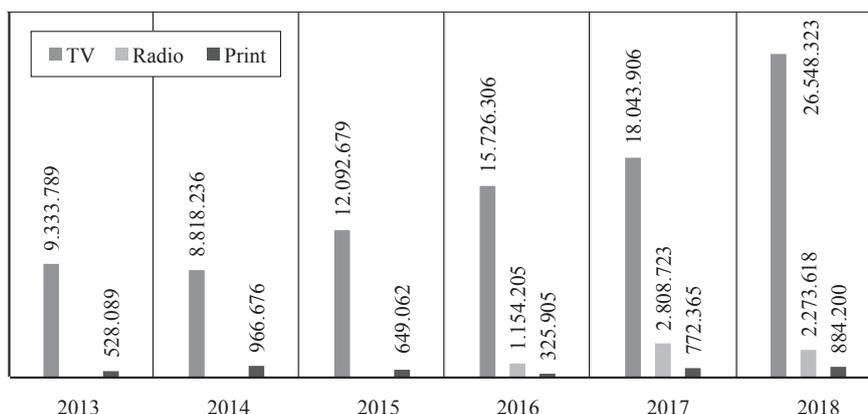


Figure 11 Media budget allocation for furniture companies in Republic of Bulgaria in euros

Slika 11. Izdvajanja za medije iz proračuna tvrtki za proizvodnju i prodaju namještaja u Republici Bugarskoj (u eurima)

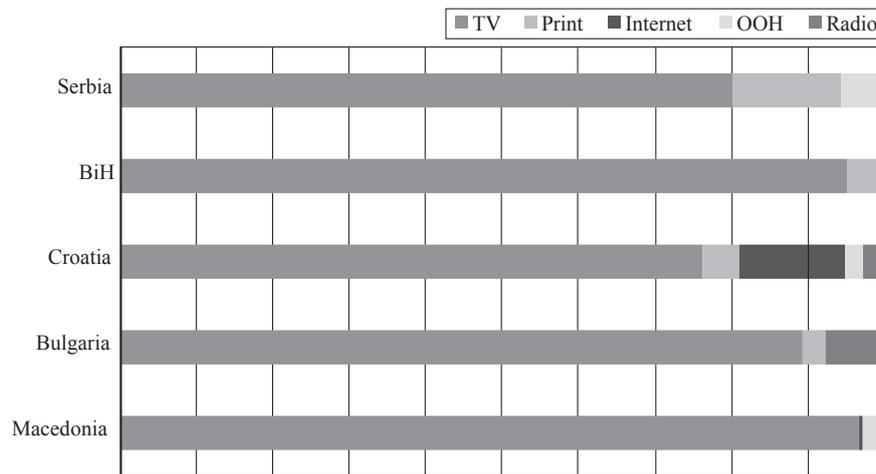


Figure 12 Media budget allocation for furniture companies in selected SEE countries in (%) in 2018

Slika 12. Izdvajanja za medije iz proračuna tvrtki za proizvodnju i prodaju namještaja u promatranim SEE zemljama u 2018. (u postocima)

Another specific point for these countries, as seen in Figures 1 and 10, is that the budget for television is decreasing in both countries, which is not the case in any other country from the region. The television media budget allocation is increasing in Serbia, Croatia and Bulgaria, as furniture companies invest more in this medium (as shown in Figures, 8, 9 and 11).

The TV media budget in Croatia and Serbia is below 80 % from the total media budget allocation as shown in Figure 12. In Serbia, the rest of the media budget is allocated to print media, while in Croatia the budget is increasingly allocated to internet media, following the world trends.

According to the presented results for media budget allocation in the Republic of North Macedonia and several SEE countries, the media buying in Croatia is the highest with EUR 42.595.823 in 2018, followed by Bulgaria with EUR 29.706.141, Serbia with EUR 13.710.096, Republic of North Macedonia with EUR 4.786.710, and Bosnia and Herzegovina with EUR 1.034.027. The media buying budget of furniture companies in the Republic of North Macedonia is nine times less than that of the Croatian furniture companies.

4 CONCLUSION

4. ZAKLJUČAK

Limitations of this research are that there are no official reports for all the media in all SEE countries, or for monitoring of internet in most of the selected SEE countries, except in Croatia.

The results also show a decrease of media budgets in the Republic of North Macedonia and Bosnia and Herzegovina. Opposite of this, in Croatia, Serbia and Bulgaria media investments are growing, with the increase in internet advertising in Croatia, and decrease in television advertising following the world trends. Both Croatia and Bulgaria are part of EU, and these two countries and Serbia were affected by the appearance of IKEA and its heavy media investments.

As the Macedonian furniture market shows an overall decrease in the number of companies and em-

ployees, a decrease is also reflected on the media buying in the country. Internet advertising is growing, but it is still under the world trends. Having in mind that in the Republic of North Macedonia most of the furniture companies are small sized, the television investments are not a priority, and they should be shifted into new and digital media, combining the social media, paid search engine and developing mobile applications, as well as mobile advertising.

The recommendation for further research in this area would be to analyse the effects of promotion on customer purchase decisions and media usage habits, as important preconditions for developing more relevant customer-oriented marketing communications for furniture companies. The customer focus should be a basic point for overall development of the value of furniture companies.

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