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## Key issues of the advertising market in BiH and how to overcome them

Advertising market in Bosna and Herzegovina have for years been mostly recognized through negative trends. As far as the nature and number of media houses operating here is concerned, we do not lack behind regional countries and European Union countries. Unfortunately, all other aspects of advertising market seem undeveloped or have negative trend in this sense. In terms of market values, it is the fact that total investments in advertising market in BiH are on a significant decline. Thus, according to estimates conducted by ADEX for 2017, nett investments evaluated to some BAM 70.000.000, 00 as oppose to 2008 where this figure reached almost BAM 110.000.000, 00. During this period, the number of media houses increased, but the number of active advertisers decreased on the other hand.

Apart from market devaluation, there have been other non – affirmative and negative impacts, considered crucial for the development of electronic, online and printed media houses, with experts highlighting certain amount of irregularities in the outdoor advertising sector.

Surveys and researches, regarding media consumption according to which there has been a high degree of mistrust within media industry due to many controversies that followed, altogether represented the only factor that should influence the decision in regard which media houses should be selected for investments and to what amount. Although the mistrust has been obvious, most clients in BiH are mostly driven with this particular principle. Besides, market game between public and private media houses presented every party involved with serious problem, causing this the devaluation of advertising prices.

Media industry representatives have for a long period of time identified the need for further development and advancement of the entire advertising process, pursuant to regional and global applicable trends and unfortunately, this could not be implemented without all participants of market agencies, including clients and media representatives taking part in this process.

BiH, before any other regional country, has had relevant institutions – the JIC association (Joint Industry Committee). Establishment of associations – industry institutions has never been followed by adequate and relevant market parties. These institutions have been struggling to sustain in the market and have not had capacity to fulfil and meet their authentic requirements, which included advocating and operations required for developing and strengthening advertising market, based on transparency and fair competition principles.

As far as legislative directly related to media field in BiH is concerned, many would admit that legal provision are almost completely harmonised with legal provisions in most European countries. The situation on the other hand is still far off from being considered as regular and settled, since there have been number of laws, being literally copied from other countries, still remaining as non - adopted, contradictory and could not be implemented as such. Certain legal parts have not even been clearly defined and leave many with doubts. Bosna and Herzegovina is the only regional country with no Law on Advertising on a state level and the most significant amount of advertising money is accordingly outflowing outside and abroad.

The above mentioned issues and long lasting problems that ruin the advertising market in BiH, including possible effective solutions shall be discussed in this E-Journalist edition with **Senad Zaimovic**, Executive Director of Fabrika agency; **Adis Kadric**, RGS MEDIA Executive Director; **Belma Buljubašić**, Assistant Professor at the Faculty of Political Sciences at University of Sarajevo; **Ekrem Dupanovic**, Media Marketing magazine Editor; and **Bedrana Kaletovic**, journalist from Tuzla.

Arman Fazlić, urednik E-novinara



## Advertising industry in Bosnia and Herzegovina: BH media existence jeopardized

By: Senad Zaimović

### Deceits and dilemmas

For the period of last twenty years, advertising in BiH has had its ups and downs. During the last decade, advertising industry has recorded a significant economic progress. Investment growth in advertising field has influenced the growth and development of other industries associated with marketing sector. This mainly concerned the production of TV sitcoms (origin. Viza za budućnost, Crna hronika, Lud zburjen normalan etc). Considerable share in production costs has been covered by incomes deriving from marketing industry.

What caused the investment growth in advertising field during the 2000?

Post war economy indicated certain growth and accordingly, it resulted in an increase of business optimism related to investments in advertising field. We should not neglect special nor financial help provided by the international community, mostly by USAID subcontracting agencies including: Internews and Irex Pro Media. This help was implemented through vast number of projects associated with TV production and it comprised of knowledge and skills transfer to marketing agencies (USAID World learning). Advertising agencies representatives were provided with an opportunity to become familiar with actual work and to gain knowledge and skills through visits to various media houses and agencies in Poland and Latvia. TV producers, journalists and media entrepreneurs (owners) were able to visit their pendants in America. American agencies helped in creating important institutions for BH market with UMI - United Media Industry, as one of the most important institution in this field. UMI has been in charge with telemetry in BiH. TV stations and agencies had their own representatives – delegates in Managing Boards and UMI Assembly. Managing Board almost always included the members from public TV sector and agencies as well. For the period of first four years, Adnan Bilal had been the president of this institution, coming from the public sector. Senad Zaimovic from agency sector followed. At present, Elvir Svrakic is the president of UPI and he comes from commercial TV sector. Apart from UMI, many other associations emerged, including PEN (Private Electronic Media), AEM (Association of Electronic Media). All these institutions emerged with partial or complete help and assistance provided by international agencies.

### What seems to be a problem then?

Establishing associations – industry - based institutions has not been followed by appropriate activities by market participants. BiH had, before any other regional country, institutions – associations, including JIC (Joint Industry Committee). The institutions are currently ranked very low and can hardly sustain in media branch since they managed to prevail more as a result of individual enthusiasm, rather than general industry interest. The common sense conclusion then follows: Taking into consideration that institutions are considered as “God’s gift” and supported and helped by international organizations, and had not been formed as “sui generis”, that is, formed as part of a network and results deriving from industry interests, so therefore they have neither met and fulfilled their primary function, looking from long – term perspective, nor have they operated with the capacity required for their operating upon which they had, in the first place, been formed and established.

### Media

Market game between public and private media houses resulted in the devaluation

### Press releases

21 Aug 2018  
BHJA Steering Board: Strong condemnation of attacks against BHRT crew

27 July 2018  
Assaults on Klix and Al Jazeera Balkans journalists condemned

### Media on media

7 Aug 2018  
Man threatening Klix (web site) journalists arrested

31 July 2018  
Public budget money: Non – transparency present among both, media and institutions

### Vacancies

Emisia Consulting d.o.o. is hiring a Content Manager for sports news. Deadline for application is 25 Aug 2018

The Network for Building Peace is hiring Media Professional / Consultant for the Design and Delivery. Deadline application is 26 Aug 2018.

Radio M is hiring a speaker / editor. Deadline for application is 16 Sep 2018

*Market game between public and private media houses resulted in the devaluation of commercial marketing prices. Market prices have been formed based on public budget allocation amounts. Public service, due to problems with the collection of money for RTV Tax Fees was forced to turn its business operations and activities to commercial program contents.*





*Under such circumstances, commercial media houses have been compelled to follow low advertising prices, which were in contrast with investing in production and quality – based programs. Additionally, their viewership share has been worsening from year to year. Also, the so called, media spill over, as specialized and exceptionally well designed and produced global programs coming from neighboring countries and broadcasted through cable TV operators made a significant impact on total advertising potential. Domestic and local audience has been turning their attention vastly towards program contents broadcasted from neighboring countries, mostly including TV sitcoms, and music TV shows.*

of commercial marketing prices. Market prices have been formed based on public budget allocation amounts. Public service, due to problems with the collection of money for RTV Tax Fees was forced to turn its business operations and activities to commercial program contents. Program scheme contents have constantly contained commercial contents, including telenovelas. Sitcoms have been directed and targeted towards to most powerful common merchandise advertising sector, that is, directed to most demanding target advertising group: female persons aged between 19 and 49 years old. Bearing in mind the RTV Tax Fee incomes, including the absence of prompt reactions to offers towards the market and conditions of requirements necessary for the financing of fundamental expenses and costs, public TV media houses have created lowest possible advertising prices which represented the limiting and bordering point of economical sustainability of commercial media houses. Under such circumstances, commercial media houses have been compelled to follow low advertising prices, which were in contrast with investing in production and quality – based programs. Additionally, their viewership share has been worsening from year to year. Also, the so called, media spill over, as specialized and exceptionally well designed and produced global programs coming from neighboring countries and broadcasted through cable TV operators made a significant impact on total advertising potential. Domestic and local audience has been turning their attention vastly towards program contents broadcasted from neighboring countries, mostly including TV sitcoms, and music TV shows. Decline in advertising investments caused selling of certain TV stations, such as ATV Banjaluka and Pink BiH.

Advertising has been following these trends and practices, resulting in an increasing number of international advertisers conquering BiH market as available (free of charge) value through arrangements with international advertising branch offices located outside BiH, that is, balk – affordable and cheap buying of commercial time on TV programs provided by TV cable operators (film/movies program, sport venues, music TV shows etc.), which consequently had impact of production industry. Specialized agencies and production houses minimized the production of domestic / local programs; agencies would operate with minimum quantities of quality communications materials (printed materials, audio and video advertisements). Considering the deficiency of creative materials (this is particularly the case with radio stations) for the purposes of advertisers, they would make their production aimed for advertising budgets where they in return offer free-of-charge PR or audio and video advertisements. There are no strategically – planned campaigns, based on investigative, survey and other required tools. Consequently, campaigns would as result have no success at all. Advertisers, often being unmotivated to invest in advertising and associated industries suffer as well. Film workers (actors, stenographers, stylists, cameramen, directors of photography etc.) have insignificant engagements and almost no work at all either.

Public service does not fulfill its legal duty to invest the third of its income into outer production. Simply, public sector is also experiencing difficult and hard situation as far as its market survival is concerned. Taking into account that the best price that can be accomplished on advertising market is approximately BAM 35.00 for one hour of viewership (CPP) and if we hypothetically say that the viewership of certain program is 10% at the state level (BiH) (which in fact is quite optimistic estimate), then during certain contract (for instance domestic / local TV sitcom), we could ensure and acquire maximum income amounting around BAM 8.400.00 which is certainly in insufficient amount of money to cover expenses and costs of relatively solid and quality – based program. Each episode should require double the amount of BAM 8.400.00, if we take into account fixed and variable – fixed expenses that every TV station has, then investing into domestic / local production actually seems as mission impossible. TV stations instead decide to purchase low – cost, mostly Turkish sitcoms with reasonable price of EUR 1.500.00 to 2.000, 00 per episode.

#### Telemetry

For the period of last four or five years, TV industry has been facing a high degree of public mistrust and non-confidence as far as the information regarding telemetry is concerned. After eight years, Mareco Index Bosnia – MiB (a subcontractor of global investigating and market survey company – TNS) has been replaced with Audience Measurement – AM (also a subcontractor of equally global investigating and survey company; namely, Nielsen).

Many controversies followed the introduction of the new provider in BiH. Namely, the state Institute for Measurement of BiH has passed the legal act that



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### Actual cases:

**Klix.ba and Al Jazeera Balkans information (news) journalists** – 27 July 2018, during the protests of war veterans held in Sarajevo, one of the protestors, namely Esma Turulja, had used a metal bar to assault and injure Klix.ba reporter. She additionally caused conflict with Al Jazeera Balkans reporter who was trying to protect his colleague. Esma Turulja continued with offensive behaviour insulting and verbally assaulting other journalists that were following these rallies.

**Selma Učanbarlić (Centre for Investigative Reporting)** – Sarajevo Municipal Court passed a temporary decision ordering dr. Emir Talirevic to pay a compensational fine to Centre for Investigative Reporting (CIN), including Selma Učanbarlić, a CIN female reporter based on defamation, libel and insults charges against him.

all people - meters must be checked, tested and go through detailed analyses in laboratories, (and they must undergo checking and appropriate calibration process) as if they had been referring to electricity or water consumption meter, instead of referring to an instrument based on relevant domestic house panels. AM established a laboratory, registered and declared their own people - meters as legally valid and useful. MIB was neither capable nor they wanted to hand their own meters to competitor's laboratory, taking into consideration that the issue was strictly related to the protection of their own software and industrial know – how principles. The Institute for Measuring had at the same time, ordered all media houses and agencies that using the MIB services was illegal. Besides, the MIB was under the UMI competence and was obliged to fulfill the sharing of costs and expenses amongst the members; allow temporarily the audit that would be launched by the commissions appointed by the UMI official authorities (there had been several cases where media houses had been complaining about the quality of provided information). AM refused to formalize the cooperation with the UMI and AM defined the prices according to their own plans. Few agencies and media houses officially complained to the Competition Council of Bosnia and Herzegovina, which previously issued the permit and fined the AM, because they had been charging different rates for identical provided services, as the dominant organization in the market - in this case the only organization. Mistrust and disbelief in the quality of provided information (and this is what media planners and media staff are very familiar with): loyal programs, including TV sitcoms or daily or night central news cannot have obvious discrepancies on daily basis.

This resulted in the decrease of advertising investments.

Traditional advertising industry has been struck financially and digital media. More and more investments decide to direct their businesses to this particular advertising sector. On one hand, advertising price is significantly lower and targeting accuracy according to demographic and other associated segments is on the other hand higher. We have witnessed great problems with printed media houses being forced to shut down. Unfortunately, this trend shall continue in future. Competition houses will be even more sharpened with the introduction of IPTV (Netflix) outlined by vast choice of selection of on demand movies, including sitcoms and similar programs produce with high quality.

### Public Broadcasters

The following special question is what will happen to public services and what will their role be in the near future?

### What can be done?

It would be required to strengthen the institutions as self – regulatory industrial factor. Authorized state agency (RAK), along tax institutions should provide monitoring of commercial advertisements in order to determine tax duties for launching of commercial advertisements posted through various regional or global media contents. The resulting incomes could be incorporated with budget means; including special funds and they could ensure incentives and encouraging of the production of various program contents. This way could ensure local / domestic advertising sector equal conditions in the market and television production (including producers, actors, directors, and cameramen, directors of photography, stenographers, and stylists) should have continuous artistic engagement and employment.





## Stability or instability of all of the three pillars of commercial advertising industry in BiH: commercial advertisers, agencies and media houses

By: Ekrem Dupanović

When we talk about the situation in media field and commercial marketing market in Bosnia and Herzegovina, we can talk about the number of problems that disable market development of these two, rather important industries for any country, including Bosnia and Herzegovina. As marketing industry relies on the three pillars – commercial advertisers, media houses and agencies – let us analyse the stability situation, that is, let us observe the instability of every single of the three above listed pillars.

When we talk about commercial advertising, we somehow almost always focus on agencies and media houses as our first priorities in regard with this issue. Commercial advertisers are almost always placed in the third place although, according to my personal opinion, they should be considered as most important factor of the three above listed pillars, since agencies would have no one to sell their creative ideas to, and media would have no one to sell their space to, and thus would not be able to finance their plans for which they obviously require financial means, that is, money. When we analyse and observe commercial advertisers in Bosnia and Herzegovina (those that advertise and those that should advertise), then we can surely state that this particular part of commercial advertising industry is vastly underdeveloped. We have excellent agencies that are capable of providing services to international clients, we have media houses (more or less) but if we were to make careful and thorough selection, there have been those entities whose work has been recognised by the public and we do have advertisers that consider commercial advertising as mere expenditures and costs and they would, if possible and often by all means, be rather satisfied if they could somehow avoid and bypass spending money on commercial advertising. What may be considered as good news is the fact that the number of those entities that decide to invest their financial means and spend their money on advertising is very limited in BiH market.

This means that the marketing potential is significant, but it still needs to be launched and started and also, commercial advertisers additional education is necessary and required, since they should be taken care of, just like sensitive plants and herbs. Some agencies in BiH boast that they have never had to knock on clients' door offering them business cooperation, instead they loud that clients had to come to see them first instead. Commercial advertising potential relies on small and medium sized enterprises, although everyone is aiming for the big companies and no one seems to be willing to invest in smaller enterprises. Currently, leading world companies launched their businesses literally from their garages (Microsoft and Apple). Also, Coca Cola was first produced in some small chemist shop. They were all small at the beginning. However, agencies only want the big ones and big ones consider themselves powerful and put pressure on agencies and media houses, that is, they cut the branch they sit on. They want agencies to act promptly and immediately and for lowest possible charges and they also put pressure on media houses, demanding great media discounts and special prices until they (one day) completely destroy them. And if and when this happen, where would they advertise then?

In order to get out of this magic circle, agencies should, at least those that are considered as big agencies, open a special position, that is, they should employ and engage a person that would research the market concerning small and medium enterprises and their needs, visit these on regular basis and instigate them to invest money in commercial advertising. This should be done slowly and carefully.

It should be implemented on step by step basis, possibly, with no daily frustration interfering. They should perhaps add a new link to their official web sites, titled for instance, Creative Boutique or something similar, inserting price lists of their services suitable and affordable for small and medium size enterprises, because perhaps, small size companies feel embarrassed and feel that they need thousands of BAM to knock on agency door when requiring marketing services. They should be encouraged, additionally educated in this field and motivated.

As far as I am aware, no marketing agency in BiH is focused on small and medium sized enterprises.

If we were to follow common sense and apply logic, another pillar of commercial advertising are agencies that act as agents between advertisers and media

*Kada analiziramo bosanskohercegovačke oglašivače (one koji oglašavaju i one koji bi trebali oglašavati) onda možemo kazati da je taj dio oglašivačke industrije najnerazvijeniji. Imamo odlične agencije koje mogu servisirati i međunarodne klijente, imamo kakve-takve medije, ali kada bi se probralo ima onih koji se ističu među svojom publikom, i imamo oglašivače za koje je oglašavanje trošak koji bi, ako je ikako moguće, najradije izbjegli. To da je malo onih koji oglašavaju je dobra vijest. To znači da je potencijal tržišta velik, samo ga treba pokrenuti, treba raditi na edukaciji oglašivača, treba ih njegovati kao biljke.*



*Everything seems to be changing globally, except in Bosnia and Herzegovina, where things are still the same or even worse, they are going backwards. No one seems to be interested in making concrete steps in regard with media industry and advertising industry as well. Every talk about this issue ends up with conclusions that our market is jeopardized or even endangered with "intruders", that is, media houses and agencies coming from neighbouring countries and that our poor media houses and agencies are not adequately protected by the state. Media owners and entrepreneurs are convinced that media market in Bosnia and Herzegovina is most open market in Europe. In order to release such thesis and theories, one should be familiar with European media market, instead of just commenting the situation in Serbia or Croatia only*

houses. There are many things going on in this relationship, but let's just say that they can be marked positively as a result of their creativity and professionalism applied, although they may be divided into two groups and should perhaps be separated with a wall, where the remaining group should be thrown into rubbish bin. Their major disadvantage is that they do very little or in fact do nothing, as far as market development is concerned, including additional education of their potential clients and the fact that they are slower than agencies coming from neighbouring countries in terms of introducing new forms of commercial advertising and technologies as new tools and mechanisms that should be brought closer to their potential clients. Their greatest defect is that they, in their intention to develop the market, fail to use collective synergy and refuse to, under any circumstances, accept to establish the association of advertising industry that should set and define the rules of marketing manners and insist on their implementation. Instead, they favour market anarchy which is exactly what has been happening for years in BiH market. The marketing rules should, above any other things, assist them in having protection from disloyal and illegal competitive agencies from neighbouring countries, where certain agencies enter this market as if it were a jungle. Such association should help agencies (including media houses as well) to use collective synergy and additionally educate and train their potential clients and challenge their need for commercial advertising and once their potential clients do make a decision to invest in advertising, the agencies should then have fair and competitive fight in terms of who shall provide their clients with most appropriate services and prices. After all, this particular industry does require the law on advertising. Who should initiate its passing and should draft its content?

#### **Association and association only.**

Only through such association, the experts can make their contribution in writing and drafting the law on advertising. Anything apart from this would be enforced solution to this problem. But, having in mind that many crucial laws in this country have been initiated and launched by outer factors, advertisers perhaps also wait from someone from the outside to solve and sort out this problematic issue for them. Thus, panel discussion covering this rather sensitive issue, was held one month ago and was organized by the European Commission officials in association with the Association of BiH Journalists, Media Centre and Council of Europe. We are grateful for their help, but if I were representing an agency or advertisers, I would feel embarrassed if European Commission had to conduct the survey and research, showing the results on who I were, how I should act in the future and what I should do in order to be what I want. Although, as media representative, I still feel slightly embarrassed. The fact that European Commission had to finance the releasing of the article, in regard with the survey, research and panel, since no media house had professional consciousness and were completely unaware about the crucial importance regarding the discussion that was held a month ago in the European Commission building, does speak about media houses and their unawareness regarding this problem.

It would be pointless to talk about the significance of media industry in relation with the development of democracy, economy, culture, art and all other social fields. Surveys and researches conducted at the European Union level proved and confirmed that one euro invested in advertising industry generates four euros of GDP so consequently, it seems senseless to launch any further discussion regarding the significance of advertising industry and its impact on the development of economy and living standard in any society. In order to utilize media and advertising sectors with the purpose of accomplishing the above mentioned benefits and goals, we should all work on their development, organise them properly and enable them to follow modern trends, including continual advancement of their quality level. Media industry has been changing constantly under the influence of digital media sources, including technology development. Traditional media, particularly printed media, can hardly survive at present by having their editions sold at newsagent shops, including the selling of their ads, because they have been constantly forced to seek new business models in order to sustain in the local market. They often establish other businesses from which they finance daily newspapers and magazines. By applying new changes in media, changes in advertising industry shall follow accordingly.

Everything seems to be changing globally, except in Bosnia and Herzegovina, where things are still the same or even worse, they are going backwards. No one seems to be interested in making concrete steps in regard with media industry and advertising industry as well. Every talk about this issue ends up with conclusions that our market is jeopardized or even endangered with "intruders", that is, media houses and agencies coming from neighbouring countries and that our poor media houses and agencies are not adequately protected by the state. Media owners and entrepreneurs are convinced that media market in Bosnia and Herzegovina is most open market in Europe. In order to release



*As far as media is concerned, an old saying perhaps best resembles present situation in BiH, and this old saying is: "Small plash is full of crocodiles". There are too many media on this market.*

*If we were to follow European standards, I should say that we are amongst the very few countries with the largest number of media houses operating in our market in comparison with the population of BiH. Based on what?*

such thesis and theories, one should be familiar with European media market, instead of just commenting the situation in Serbia or Croatia only (and these so called experts have never even been anywhere apart from Serbia and Croatia, yet they have the audacity to make comments and remarks about the situation in EU countries), presenting thus the public with personal and unofficial views and opinions about this issue and with complete ignorance about European market and it is regulated. Cable TV operators cross borders and provide their potential clients with an opportunity to advertise in BiH market. What duties they have in respect with tax bodies in BiH should concern tax office official authorities, instead of having Communication Regulatory Agency using their competence and enforcing certain rules, such as darkening the screen when certain TV channels from neighbouring countries broadcast particular sport venues. In order to protect local television and public services and their inability, the CRA has deprived public audience in BiH with possibility to watch live sport venues that our local televisions do not broadcast, because they cannot pay for TV rights for these sports event and they have no money because they are incapable of making money. Therefore, BiH general audience have no possibility to watch world events and they seem to be hostages held between the useless televisions, along with even more useless marketing on one hand, and the force imposed by the Communication Regulatory Agency on the other hand. So much about BiH market as being considered as the most open market in Europe, as claimed in the article posted in previous E – Bulletin edition issued by BiH Journalists.

As far as media is concerned, an old saying perhaps best resembles present situation in BiH, and this old saying is: "Small plash is full of crocodiles". There are too many media on this market.

If we were to follow European standards, I should say that we are amongst the very few countries with the largest number of media houses operating in our market in comparison with the population of BiH. Based on what? Based on media literacy, based on developed economy that is capable of financing media houses through advertisements, or based on habits of consuming media contents and quality of contents..? No! None of these parameters could be used to be described and to be considered as media heaven, so the question is how come we ended up with such number of media houses operating in BiH market and who created such enormous media scene anyway? We could say they were most probably created the local political parties, so they (media houses) could implement general political interests. We could hardly talk about free and independent media field in BiH, regardless to how some people tend to prove otherwise. There are very few media houses that operate independently from political influences. Just by taking a look at most popular daily newspapers (in terms of edition figures) and weekly magazines, and after having read the editorials posted by their chief editors, we can identify and recognize political biasness and their "ethnic" jerseys. Also, by looking at local media houses (cantonal televisions and radio stations), that make up significant part of media scene, we can see that they are completely dependent on political authorities that support them financially. They are often poor in terms of contents and production quality (printed material and television), as they are struggling in their fight to win over the decreasing part of marketing share in the local market and they use all means necessary in their fight. Who suffers the most in these kinds of battles? Of course, it's the readers, viewers and listeners.

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## Advertising market and marketing in BiH, from the perspective of most listened radio station

By: Adis Kadrić

Advertising market in Bosnia and Herzegovina, looking from the aspect of types, kinds and number of media houses, surely does not lack behind in comparison with regional countries and we could easily say that it does not lack behind in comparing with European Union countries either. Unfortunately, our positive and affirmative trends terminate there, because all other aspects of advertising market still remain underdeveloped or tend to have non – affirmative and negative trends in this particular field. When we talk about advertising market, we should launch our discussion with its value as our starting point. It is the fact that total investments in advertising industry are decreasing, so therefore according to estimates by ADEX for 2017, the investments for 2017 amounted some BAM 70.000.000, 00, as oppose to the amount invested in 2008, where this figure amounted almost BAM 110.000.000, 00.

During this period, we experienced no decline in the number of media houses or an increase, in terms of the number of active advertisers, instead, we even terminated with large number of media houses, taking some part of nett ADEX. Apart from market decline, different types of media houses gained additional negative influences, as far as their business operations are concerned, including the following facts: television stations gained greater number of cable connections and programs, loss of TV rights concerning sport venues and open public mistrust, and, according to certain surveys and researches, printed media had to fight their biggest competitors, namely, online media houses that managed to take away their audience. OOH providers also terminated with useless space provided. The only positive and affirmative trends in this period appeared in online media and radio stations. Penetration of internet connections, smart phones and use of social media sources altogether represented crucial factors that would result in an increase of online media audience (viewers). These factors should surely and even during the forthcoming period, increase the scope of online media and their influence, because their use shall continually increase. Radio benefits could be seen through an increasing number of listeners that use new technologies in order to listen to their favourite radio stations, and also through an increasing number of cars and the time they spend in them. Signal streaming through online platform has become more frequent as well.

Currently, almost every radio station broadcast its signal through online streaming, if not through its platform, then through large scale global platforms used for radio program and content listening. According to last information provided by the MUP of Sarajevo Canton (Police Authorities), the total number of registered personal cars and vehicles during the period of last seven years has increased by 45%, so during last year the total number of registered cars in Sarajevo Canton reached 129.133, which meant that almost every third citizen of Sarajevo had its own personal vehicle. Additionally, the time drivers and passengers spent in cars and vehicles also increased, especially due to traffic jams, so we became aware of the fact that radio program was mostly consumed during the driving time and it then also became clear and obvious that radio broadcasting range has drastically increased as well.

Online media in Bosnia and Herzegovina have had all the technology they can use to demonstrate transparent and undoubtedly their reach to public audience (listeners) by using more than one reliable way. Radio surveys

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*Surveys and researches regarding the media consumption represent the only factor that should influence the decision about which radio station should be chosen for investments to what extent and amount should these investments go. Most clients in Bosnia and Herzegovina are led by this particular principle, although it is not a simple principle to follow. Apart from surveys and researches conducted, there are different factors that influence the decision about the above mentioned investments, including the advertisement prices, survey and research confidentiality, media status, results and experience from previous campaigns etc.*

and researches in Bosnia and Herzegovina was conducted by Media Plus Agency through CAPI, CAWI and CATI methods using a sample. Media Plus has been considered as standard sample for almost six years, as far as media and advertising market concerning information regarding radio consuming is concerned. Survey and researches have been conducted for all radio stations in BiH and in two stages for every station that the examinee can hear the following: Radio stations listened yesterday for at least 5 minutes period (daily range), listening during the previous days during 15 minutes intervals (ratings), radio stations listened for at least 5 minutes during the last week (weekly range) and favourite radio station. Listening information conducted seven years ago by other agencies and using different methods did not deviate significantly comparing to those conducted at present and we can surely vouch that survey and research results provided can be considered, treated and finally used as most appropriate solution for radio market in Bosnia and Herzegovina. We do believe and hope that in future we shall have more agencies, radio stations and clients that will be willing to buy radio surveys and researches, so we could eventually have large scale sample cases examined, or have ore examining stages and perhaps including advertising monitoring that would provide us with detailed view of gross ADEX radio advertising. Currently, these radio survey and researches fulfil and meet all requirements of radio market in BiH.

We at the RSG media (RSG Radio, Antenna Sarajevo, and Radio Mix) use surveys and researches for making program decisions that result in directing of our programs towards the wishes by our listening audience, and also use them for media planning of campaigns in our radio programs. Work results in radio do not come that easy since it takes long time to accomplish listening results and to win audience hearts which is what the survey and researches conducted in fact proved and confirmed. Radio audience is very hard to "win over". We have been building our audience for almost 25 years and we do intend to improve from year to year and to offer more, so we could boast that, according to surveys and researches, we have been most listened radio station in BiH and in Sarajevo alone, three



*So called “Television clients” are still not advertising in other media houses, so therefore, five of the biggest TV advertisers are impossible to find in any radio station. If we, as radio and media industry, manage to launch monitoring of radio marketing, we believe that we may be able to advance radio advertising. Our experiences during the implementation of radio campaigns proved that by using the most appropriate approach and strategic planning of radio communication, clients could attain positive results with reaching target groups, and that they are more determined to include radio advertising into their media mix.*



out of four most listened radio stations came from our portfolio.

Surveys and researches regarding the media consumption represent the only factor that should influence the decision about which radio station should be chosen for investments to what extent and amount should these investments go. Most clients in Bosnia and Herzegovina are led by this particular principle, although it is not a simple principle to follow. Apart from surveys and researches conducted, there are different factors that influence the decision about the above mentioned investments, including the advertisement prices, survey and research confidentiality, media status, results and experience from previous campaigns etc. Our experiences showed that surveys and researches, regarding the radio program consumption correspond with campaign results that clients accomplish with the appropriate investments in advertising on radio stations. We are convinced that with the increase of users of radio surveys and researches, mostly to the benefit of clients, the decisions on investments for radio advertising shall be more accurate and shall provide entities involved in this process with better results.

According to report provided by Communication Regulatory Agency in Bosnia and Herzegovina, 146 radio stations have permits for broadcasting, including 77 private radio stations, 61 public, 3 non – profit, 3 public services and 2 radio stations broadcasting their program with middle and short range waves. ADEX net estimates of radio market, during the last ten years evaluate some BAM 6.500.000,00. Estimates that radio market can offer and provide enough media space, since marketing block have not been fully used, can certainly be considered as affirmative and positive fact. Unfortunately, the prices of TV advertising which are considered as reasonably low, indirectly dictate the prices of radio advertising, so the pricing policies by radio stations must to some extent follow the TV media houses pricing policies as well. According to estimates, the most active advertisers investing most of their money in radio advertising include large scale retail networks and OTP pharmaceutical industry, including financial institutions (banks and insurance companies), while categories that include telephone and communication operators are some of the least active advertisers in radio stations. So called “Television clients” are still not advertising in other media houses, so therefore, five of the biggest TV advertisers are impossible to find in any radio station. If we, as radio and media industry, manage to launch monitoring of radio marketing, we believe that we may be able to advance radio advertising. Our experiences during the implementation of radio campaigns proved that by using the most appropriate approach and strategic planning of radio communication, clients could attain positive results with reaching target groups, and that they are more determined to include radio advertising into their media mix. Naturally, we are on the other hand, aware of the fact, that radio advertising is not the only entity that can make profit in this business chain. Entire advertising market should be developed equally, and this cannot be achieved without active engagement of all entities involved, that is, without agencies, clients and media houses.

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## Business transparency in media field may be accomplished through new legislatives and legal and transparent audience viewership measurement

By: Belma Buljubašić

From numerous obstacles disabling professional media operating in Bosnia and Herzegovina, non – transparent commercial advertising industry and non – transparent media ownership are among most notable ones. This all derives as a result of inaccurate legislative and allows many political and economic pressures imposed on media houses and these pressures are sometimes so interlaced that we often find difficult to distinct political from economic pressures, especially when it comes commercial advertising of public institutions that often direct their commercial advertising activities to loyal media houses, thus buying silence in regard with countless affairs in business sphere, including political parties whose employees of the above mentioned institutions in fact come from.

Legislative related to media in BiH at first sight seems as well – organized legislative and many would confirm that, as far as this specific issue is concerned, BiH does not lack behind in comparison with developed European countries. However, the situation in reality is still far away from being considered as well – organized, because many laws have been literally copied from European countries laws, yet they have never been fully adopted and implemented; they often seem contradictory and certain parts of these laws have never been clearly defined and have left with many people with serious doubts regarding their meaning and implementation. The existing laws and codes, related to commercial advertising industry have also been considered contradictory which once again left space and room to many doubts and dilemmas.

Bosnia and Herzegovina is the only regional country with no Law on Advertising at the state level and most money deriving from commercial advertising does not terminate in BiH, on the contrary, it ends up in neighbouring countries.

Apart from the Law on Advertising, there are two key laws missing in Bosnia and Herzegovina and these concern media regulations as per following:

1. Law on media ownership transparency;
2. Law on media financing

The absence of these three laws enables the occurrence of many affairs and manipulations, which results in economic and political pressures which again puts media houses in an awkward position. Having this in mind, one of the most important way of media financing is commercial advertising incomes, which makes it clear that passing of this law would be required in order to regulate media market in BiH.

However, the problem is much more complex than it seems. There is no precise statistics in BiH about viewership, readership or number of active listeners for any media house, as this should be necessary and required for commercial advertising industry and this problem additionally provides space and room for many manipulations and inaccurate information provided to the public. Capital.ba, a local web site from Banjaluka posted an interesting article about this particular issue using a sample of OBN TV stations. Namely, Radio and Television of the Republic of Srpska had on 22 April 2016 switched off television transmitters of OBN TV due to debts and OBN had highest viewership rate for the following two days in BiH and its audience viewership even increased after the switching off their transmitter than during the previous period.

The problem was also the fact that there is only one agency for audience viewership measuring in Bosnia and Herzegovina, namely Audience Measurement, with many entities doubting and seriously questioning the accuracy and information they provide the public with, and that was, according to Ekrem Dupanovic, illegally granted by the Institute for Measurement of BiH with work permit for this particular and rather demanding job, since it is the only agency with its own laboratory used to service, repair and maintain people meters and required equipment, so it can additionally issue certificates to itself in regard with equipment maintenance.

Many BiH media representatives posted and released articles and texts pursuant to illegal and non – transparent appointing of this particular agency for audience

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*What has been indicated as yet another and rather serious problem in marketing industry in BiH is commercial advertisements being broadcasted through cable TV operators from neighbouring countries, which means that BiH citizens can watch these commercials and ads that had been paid for in their origin countries and BiH is consequently losing additional incomes and these TV stations simply get free space and room for commercial advertising in BiH market.*

measurement.

In 2015, six legal entities engaged Valicon (an independent survey and research agency from Slovenia) and the results after they had conducted the required surveys and researches only proved that their results were nowhere near those provided by Audience Measurement.

This agency was fined with BAM 30.000,00 and its director (Damir Avdic) was additionally fined with BAM 5.000,00 due to illegal business actions, after seven legal entities had launched a procedure against them with the Competition Council of BiH. Although they were obliged to pay their fine within eight days and they also violated this. As it was shown in media sources, the Competition Council of BiH exposed this fine on 39 pages and they indicated several discrepancies which included the enforced conditioning pursuant to contract signing, price changes during the business year without solid foundations, banning the users to have access to information that they had paid for (survey and research services etc.). Capital.ba released the information that advertisers spend around BAM 50, 0 million on an annual level for commercial advertising with most of this amount going to TV commercials and ads which displayed a perfect way to manipulate with audience viewership figures.

What has been indicated as yet another and rather serious problem in marketing industry in BiH is commercial advertisements being broadcasted through cable TV operators from neighbouring countries, which means that BiH citizens can watch these commercials and ads that had been paid for in their origin countries and BiH is consequently losing additional incomes and these TV stations simply get free space and room for commercial advertising in BiH market.

Unfortunately, this is just a minor part of this vast problem. The situation is alarming and if serious approach to solving countless problems directly concerning media houses fail, political pressures shall be even more frequent and financing of many media houses shall be jeopardized. Bosnia and Herzegovina shall continue to lose money from advertisers and media professionalism, which is poor anyway, shall continue to decline even more.

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## Local media houses fighting for their piece of local marketing action

**The state does provide financial support, yet people should still make their own living!**

*Paradigm of imposing personal financial means, deriving from marketing advertisers, is directly related to the development of media field, that is, directly related to willingness to create marketing industry looked at from different perspective and to ensure legislative, that would eventually regulate commercial marketing market at the state level and also to stop considering and treating the state as strategic partner at different governing levels.*

By: Bedrana Kaletović

Tuzla Canton Government had, at the beginning of August this year, decided to grant financial means as part of their expenditure item regulation, namely "Media support", and some BAM 78.000,00 shall be dispersed and distributed to media houses and non – profit organizations that, among other activities, also provide general public audience with news information. Buying of media loyalty by governing authorities at all levels is nothing uncommon, though it often represents a non – transparency in terms of getting the above mentioned grants allocated, including unclear criteria for allocation and finally, a complete lack of professional supervision and monitoring of allocated public budget grants and financial means granted to local media houses. It is estimated that governing authorities annually allocate over BAM 30, 0 million, dispersing these financial means (money) to different media houses and this kind of financial support often represents a crucial and survival condition to many media houses in BiH. This particularly concerns local RTV houses that receive most of their financial support from city council, municipal or cantonal public budget sources.

In Bosnia and Herzegovina, a country with over 38 TV stations (26 private and 12 public TV stations), 134 radio stations (71 private and 63 public), registered 12 media service providers at request and still unclear number of internet web sites, getting money is not an easy task to achieve.

"Disloyal and illegal competition also represents a great problem especially as far as television is concerned. RTV Slon is the only private TV house in Tuzla Canton and all our competitors have been financially secured, since they regularly receive money from public budget sources which additionally allows them to offer their marketing space at much lower process than what we can. Private media houses cannot afford this type of low – price marketing, because, having in mind that with lower prices and limited time period for commercial advertising, no private house can ensure sufficient funds required for normal business operating", claims Damir Djapo, RTV SLON chief-in-editor.

Large scale advertisers' marketing cake for Bosnia and Herzegovina has been decimated for years. The facts only confirm that most agencies representing clients in neighbouring countries, through cable TV operators and regional TV stations, launch their commercial advertisements to BiH market. Thus, more than half the amount of money aimed for BiH market is dispersed even before it is placed to BiH market and what does reach BiH market is mostly dispersed between TV houses with national coverage or dispersed between public service broadcasters so local media are left with local market only, including small scale advertisers.

### Legal Framework Required

"Greatest problem with commercial advertising in our media is the fact that our marketing market has been overloaded with media houses appearing from neighbouring countries, and I am mostly referring to the following TV houses: PINK, Nova, Fox, and RTL etc.

In this way the amount of money paid for commercial advertising and directed to these media houses literally flows to other countries and as a result, BiH is thus losing tens of millions of BAM and the taxes paid accordingly also improve the budget of neighbouring countries. When I say that BiH is losing tens of millions BAM I specifically refer to local media houses and loses they suffer, including losses at the state budget level", claims Dr. Mirza Mehmedovic, a

*The solution to this problem according to our collocutors, is the passing of the Law on Electronic Media at the state level, which would eventually regulate the commercial advertising market, that is, this Law would primarily be focused on protecting local and domestic electronic media houses.*



*“To a certain level, we decided to abandon the traditional way of selling the marketing space and this new and most recent method proved to be very efficient since we introduced our own modus and marketing policies. At present, we operate as partners to almost all professional and serious marketing agencies representing serious and professional clients. Agencies use relevant sources regarding statistics and viewership figures (Dotmetrics), but visits are not the only and sole reason why certain number of media houses area targeted as clients. The level of media seriousness, including the content that may accomplish readership, as well as many other factors are taken into consideration too. New media houses gradually take the lead in comparison with traditional media houses in every possible way, including the marketing issues”, claims Nermin Krdzalic, director of DSO “Unomedia”, a company that stands behind Tuzlanski.ba, a local web site from Tuzla.*

university professor at the Faculty of Journalism in Tuzla University.

He also claimed that most money stays in Sarajevo, because most of the above listed media houses have their seats in Sarajevo.

The solution to this problem according to our collocutors, is the passing of the Law on Electronic Media at the state level, which would eventually regulate the commercial advertising market, that is, this Law would primarily be focused on protecting local and domestic electronic media houses.

“The absence of such law has brought the media houses in BiH to where they currently are. Until present and as far as the regulation of legal legislative is concerned, including this particular field, only PEM (Association of Private Radio and TV Stations) had launched several initiatives, however unfortunately, no concrete step and action had been taken in order to improve this specific situation. Although it is obvious that legal regulation could only make advancement in media market, clearly for some individuals or groups, the solution to this vast problem does not represent their area of interest”, reckons Djapo.

Assistant Professor Dr Mehmdagic believes that present problem of media financing is directly related with the lack of strategic development of media system in general.

“It is the fact that media concentration is mostly represented in Sarajevo. There are no media houses in Tuzla Canton that would actually represent serious and legal competition to bigger media houses in Sarajevo. Ever since the end of war, no media house has been established in Tuzla Canton that would have the capacity to cover the entire Tuzla Canton region or even the North – East Region of Bosnia, although this issue may be considered as media politics issue”

#### **New media and traditional way of work**

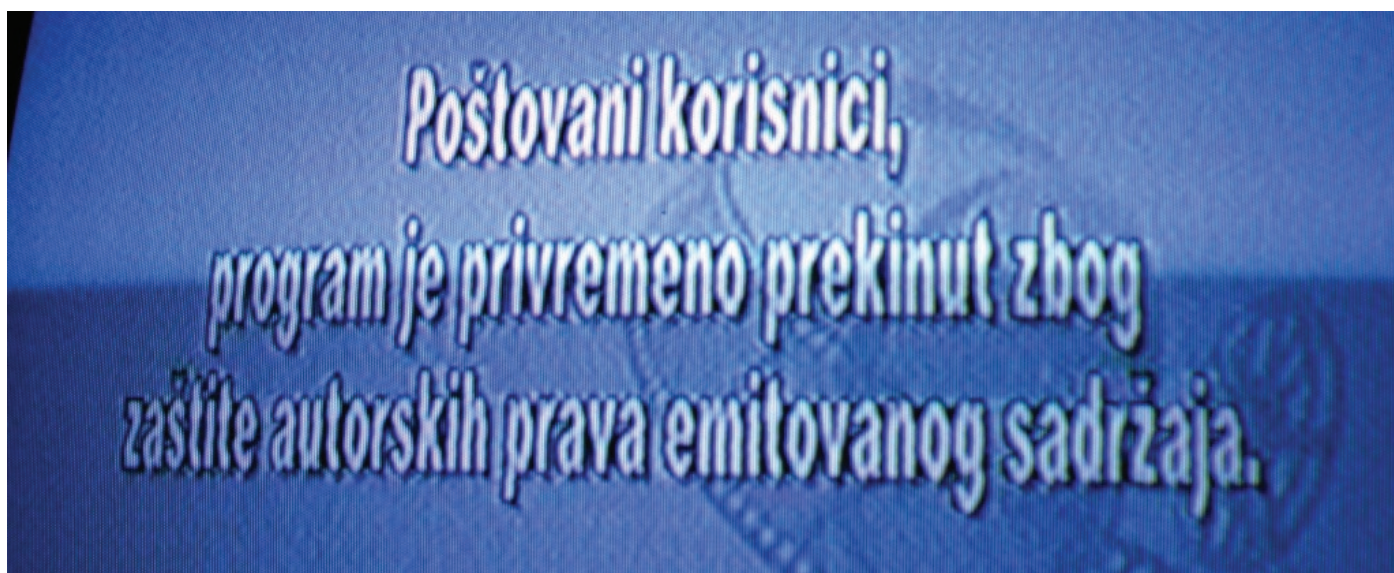
The conflict between digital and classical advertising manner has been an ongoing issue for a long period of time and this may be considered as mere technology conflict. Television sometimes displays a dominant media source and since then it has lost significant number of its viewers who have decided to direct their interests into digital world, which can be considered as specific revolution that cannot be ignored as such. It is considered that, until the end of 2006, some 4, 5 billion people had smart mobile phones and that, according to survey and research conducted by New York times experts, every third person of Millennials generation (persons between 18 and 34 years), has been watching online contents and programs than watching television. Technology dictate path has presented media houses with new form and shape of work, including commercial advertising, and social media have also introduced a completely new way of communicating with their viewers and users. The question is to what extent can local media houses follow this particular type of marketing game and thus provide themselves with more than just assets required for their normal work.

“Advertisers mostly make combination with all three media houses and this actually depends on the public audience they want to address. The reality confirms that media are divided in accordance with the consumers’ age (to some extent). Television program is mainly followed by older viewers, while the internet is dominant with younger generation and its development caused the growth of a trend and influence imposed by radio stations with constant increase of the number of radio listeners. Therefore, the radio incomes, at least in our house, have increased by almost 50%.

Internet advertising could increase as well, but global social media and networks represent great obstacle and problem in this particular field, since there are many local advertisers that decide to advertise on global media networks. Additionally, cash flow to the above mentioned global media networks has been noted and there is very little money left for local online media houses. Television on the other hand, remains stable and thus represents most dominant, but also, most expensive media source for commercial advertising”, claims Mr. Djapo from RTV Slon.

And while classic sale of marketing space to some media still represents crucial way of reaching commercial advertisers, new media houses have somehow managed to turn this work – operating pyramid scheme upside down. As in many things, there are several different views and opinions about this.





## Impressum

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“To a certain level, we decided to abandon the traditional way of selling the marketing space and this new and most recent method proved to be very efficient since we introduced our own modus and marketing policies. At present, we operate as partners to almost all professional and serious marketing agencies representing serious and professional clients. Agencies use relevant sources regarding statistics and viewership figures (Dotmetrics), but visits are not the only and sole reason why certain number of media houses are targeted as clients. The level of media seriousness, including the content that may accomplish readership, as well as many other factors are taken into consideration too. New media houses gradually take the lead in comparison with traditional media houses in every possible way, including the marketing issues”, claims Nermin Krdzalic, director of DSO “Unomedia”, a company that stands behind Tuzlanski.ba, a local web site from Tuzla.

New media analysts claim that we mostly spend our time focusing on the number of viewers, instead of focusing on their engagement and the time they spend at different platforms. Media organisations present reports to those that pay most money or those that place orders for specific surveys and researches, at the same time, including most viewed, read or listened source, which eventually creates confusion with the public audience, but also creates confusion with advertisers as well.

“Absence and lack of adequate measurement of listening and viewership is still the greatest problem in marketing industry. As far as radio is concerned, for years there has been no agency that would measure the figures of listeners, so advertisers and agencies have accordingly been randomly choosing radio stations they wanted to work with. On the other hand, the situation with television is quite different, since there is agency in charge with measurement but it does not cover TV stations with national coverage and the measurement is done on limited number of audience which for local media houses, such as RTV Slon, cannot represent and display actual and real figures as far as viewership is concerned”, stated Djapo who also claimed that clicking on the web site add still represents the most appropriate and tested measure in terms of commercial advertisement and its visibility.

“Clicks on ads may on one hand bring profit looking from short term perspective, but looking from long – term distance, particularly as far as reputation is concerned, including images or corporate advertising, real visits and ways on how to keep the visitor on this online platform, are much more important. Mere clicks following attractive headlines, that often do not represent any news, on the contrary, cause disappointment due to “opening” of the text or article being offered and they indicate that, in terms of future perspective, additional education for advertisers would be necessary and required as well”, claimed Djapo.

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