

The Top 100 report

A marketing communication prediction for 2011

!nventa

Predicting the Future

To predict the future is doomed to fail. More so today than before as the reality has gone more and more complex. The irony is, we are in a bigger and bigger need to succeed in our predictions as the choices have multiplied and the wrong decision risks to be more wrong today than before.

So how shall we predict the future? When it comes to the area of marketing and communication we simply decided to ask the most influential people in the country – the marketing heads of the top 100 companies in Croatia - what they intend to do till the end of 2011.

Naturally, people tend to over estimate how much that will change in the close future and under estimate how much will change in the long run, but with such strong determination as demonstrated in this report, we can conclude that something is about to happen. And that something is „online“!

It seems likely that Croatia in the coming years will experience a similar development of the online channels as have been seen already in more mature countries such as UK, Sweden and Denmark. And if to take the analogy even further, that means that those who dare to take the first serious steps will be the long term winners.

Enjoy the reading!

Zagreb, Dec 2010.

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Thanks!

Thanks to all the 43 participating companies.

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Introduction

The ambition with this report is to give an overview of how companies active in Croatia intend to develop their marketing communication until the end of 2011. Specifically, the top 100 companies, in terms of media spend, were contacted as well as additionally a few other companies assessed as extra important .

The report is an attempt to interpret a complex reality in the near future. The report do not provide the absolute truth, but we hope it will be a source for inspiration and maybe also give guidance for your own marketing descisions.

The survey was carried out during July-September 2010 by Inventa d.d. in cooperation with the Swedish Trade Council.

Definitions

The report separates all communication into Paid, Owned and Earned media.

Paid Media

This means all communication channels which organisations (companies, brands) pay for to get exposure in. This is also called advertising.

Owned Media

This means all communication channels which are under the organisation's own control and which communicates directly to a certain target group. Owned media is further divided into digital channels (web, email, sms/mms), personal channels (events, sales meetings, telemarketing, POS) and materials (DM, leaflets)

Earned Media

This means communication channels that either is not possible to pay for or is not yet commercialised. This is often defined as public relations, but includes also all kinds of word of mouth marketing.

The communication mix

The decision makers indicated in the survey how they plan to use* various communication channels until the end of 2011 and the outcome is shown below.

*The term „use“ is a somewhat vague expression and does not necessarily mean a subsequent budget re-allocation, but gives nevertheless an indication of where the companies are heading.

The communication mix

Paid media

The biggest media by far in Croatia, TV, is likely to see a slight decrease in 2011. The same is true for radio and OOH. Print media, daylies as well as magazines, is heading for another dramatic drop.

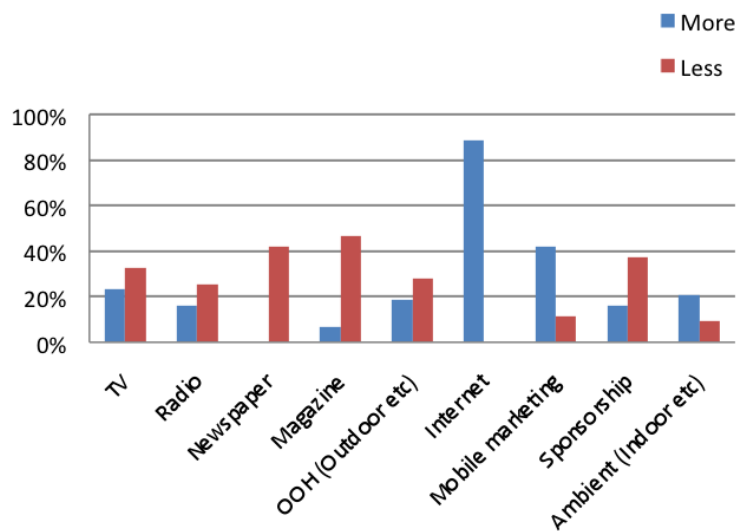
The real winner seems to be internet, which 88% of the respondents plan to increase and noone plan to decrease. One shall however remember that this increase is to happen from a very low start level of around 2-3% of the total media spend.

Taken together, paid media is likely to decrease in 2011 as the respondents plan to decrease all traditional way of advertising that today consume the majority of the budgets.

In addition to „tradition“ and how „mature“ a certain channel is, the relative cost level also effect its popularity as well as how easy it is to reach ones target group and follow up the result: The cost to reach 1000 people online was significantly decreased during 2010, and with some providers it was possible to get prices on par with TV advertising which so far had been the cheapest media. In the most developed countries, such as UK and Sweden, the online prices are generally cheaper than TV (driven by the „unlimited inventory“), and it is believed that Croatia will head in the same direction, even though the drop will not be as drastic going forward as during 2010.

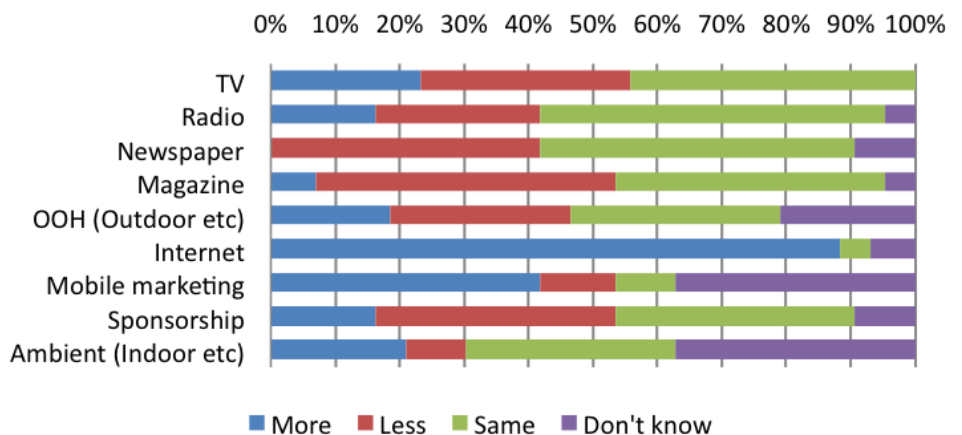
Media mix changes for 2011

How do you think your company will use paid media channels from today until the end of 2011?



Paid Media trends for 2011

How do you think your company will use paid media channels from today until the end of 2011?



The communication mix

Owned media

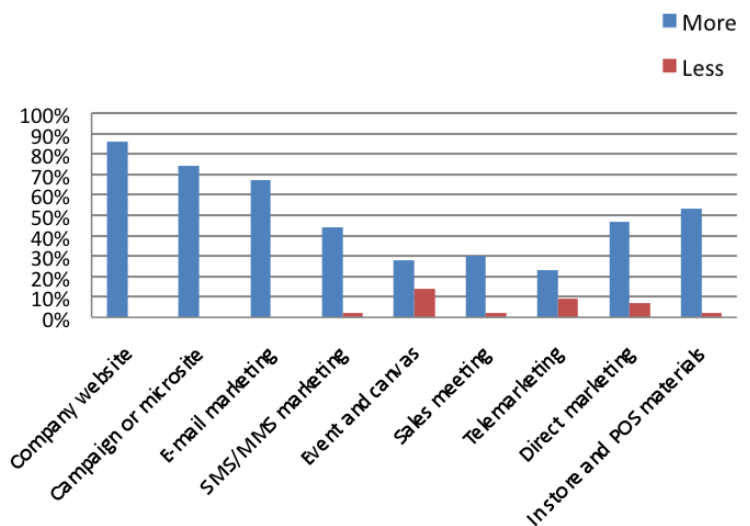
The trend to invest in own media channels in general and in own online channels in particular is unanimous. As concluded before, the budget is most likely coming from paid media.

When it comes to corporate websites, it seems that companies now are to update the first version of their websites, which in many cases have been around for many years now. In some cases, these sites are simply outdated in terms of technology, design and content.

Other companies are now ready to follow up all the traffic that is coming to their sites and start to better optimise the site and start to work more structured with conversion and in some cases even take the first steps towards online sales.

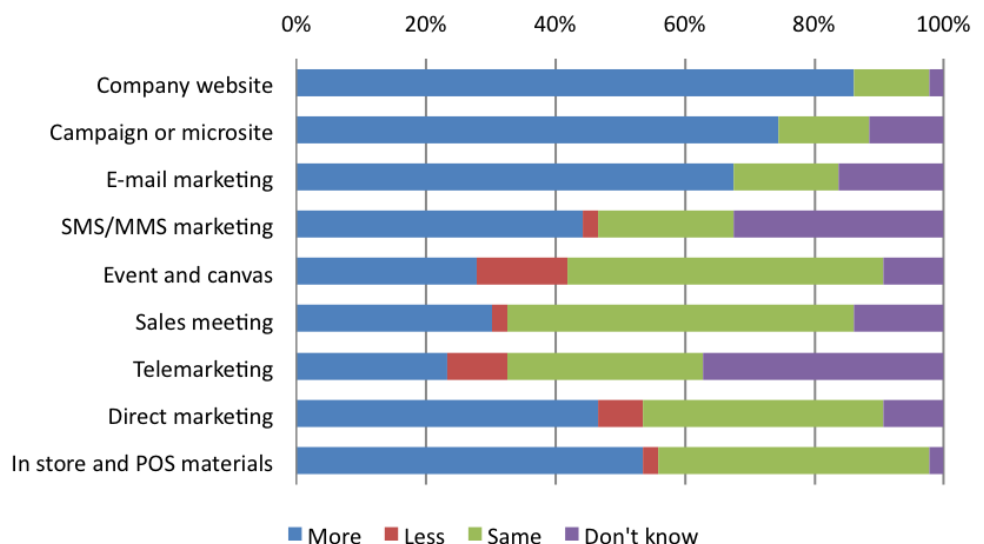
Own Media mix changes for 2011

How do you think your company will use own media channels from today until the end of 2011?



Own Media trends for 2011

How do you think your company will use own media channels from today until the end of 2011?



The communication mix

Earned media

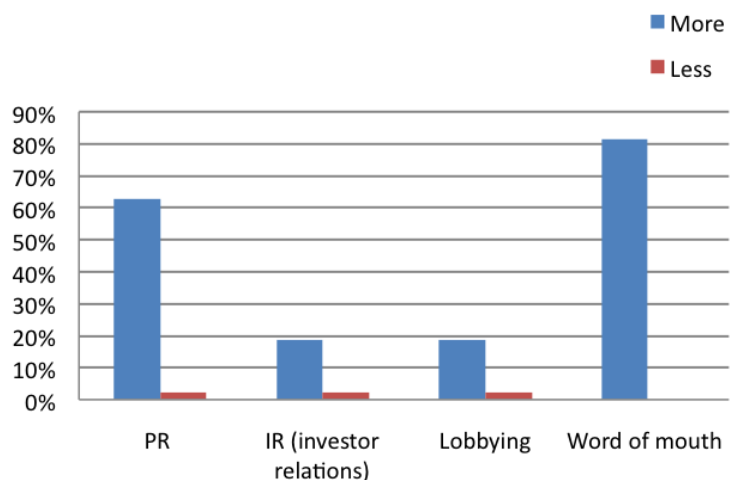
To put resources into stimulating and influencing the earned media channels is another non disputed growth area for 2011, especially PR and „word of mouth“ (viral marketing, social media etc).

The growth of earned media is a trend not only seen in Croatia, but globally. In parallell to the ever increasing investments into paid media, resulting into a more and more cluttered mass media landscape, the consumers trust and interest have fallen. It is then natural for companies to try to let other, more objective sources, speak for them.

Especially attractive to try to trigger is so called „peer recommendation“, i.e. to let other consumers recommend your product. Such „word of mouth“ has always existed, but with the birth of social media, the reach of a single statement, posted on Facebook for example, is now so many times bigger, to the extent it is actually comparable with mass media broadcasting.

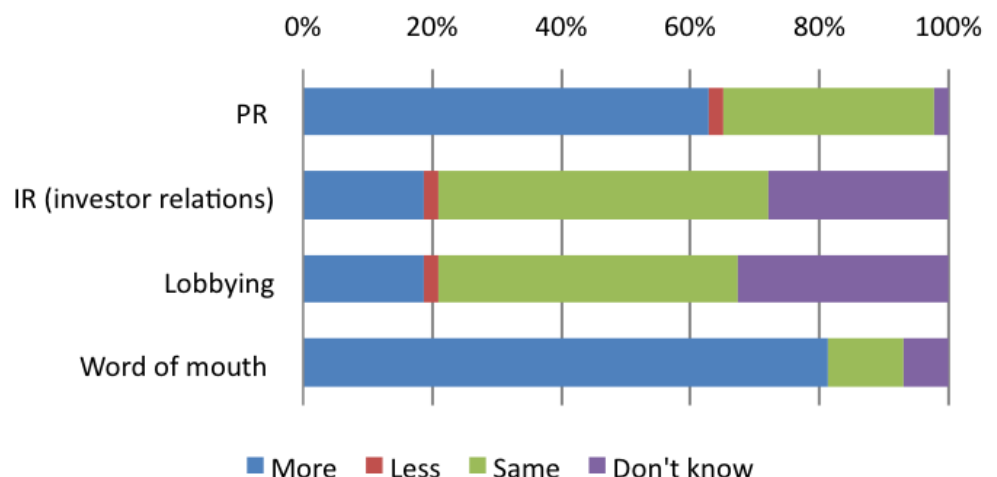
Earned Media mix changes for 2011

How do you think your company will use opinion driven media channels from today until the end of 2011?



Earned Media trends for 2011

How do you think your company will use opinion driven media channels from today until the end of 2011?



The barriers

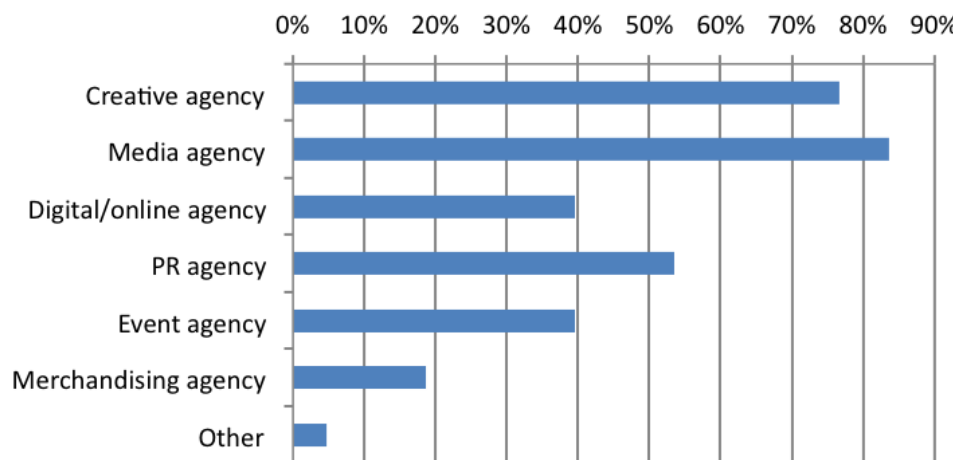
So the companies, both the marketing heads and the top management, want to go more online, not just with paid banners and search, but also intensifying the job with own and earned channels. Furthermore, almost all companies have some experience from online communication (95%) and it is mainly a positive experience. So, what has stopped them from going more online so far?

The main barriers are primarily three things: There is no budget assigned for online; there is no person internally that can coordinate and manage the online activities and there is not enough agency support. To „walk the talk“ and make reality of the online ambitions shown in this report requires initiatives in all these areas.

A first step in such a process can be to set up a pitch to nominate a digital agency in addition to the more traditional, already existing ones. As shown in below graph, most companies do not yet have the online responsibility assigned to anyone.

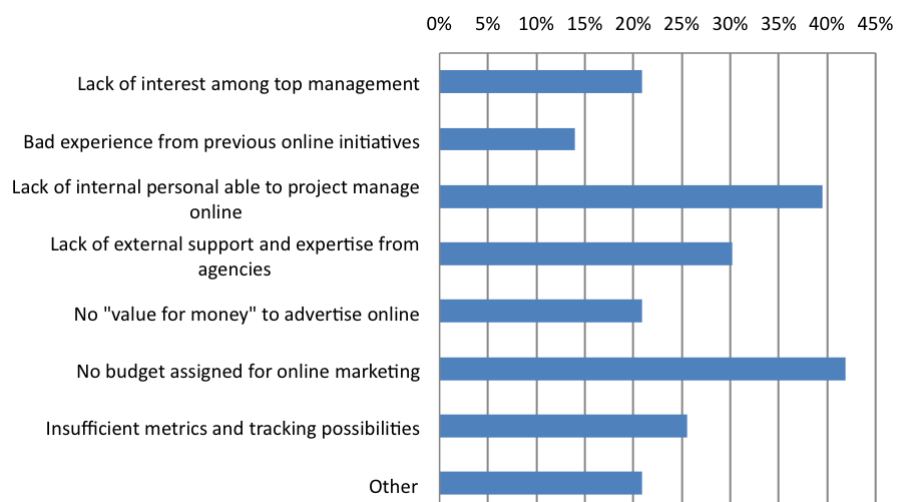
Current agencies

What type of agencies do you currently cooperate with (share %)?



Barriers to overcome before online can increase

What is preventing your company from dedicating more attention to online channels (share %)?



Objectives and future

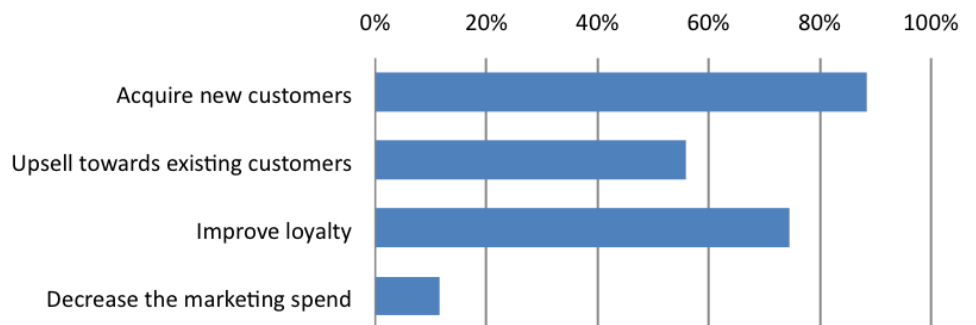
Europe and Croatia are still in the middle of the worst economical crisis since the 1930s, but among the top 100 companies, the focus seems to move from cost cuttings to growth stimulating actions:

To take in new customers is the most important objective for 2011, valid for 88% of the companies, meanwhile only 12% state decreased marketing spend is of big importance.

Looking at the operational focus, the companies consequently want to increase the purchase consideration rate by stimulating, engage and interact with the target audience. Here lies another reason to why internet is upweighted in importance, as such interactivity aint possible with the traditional broadcasting channels.

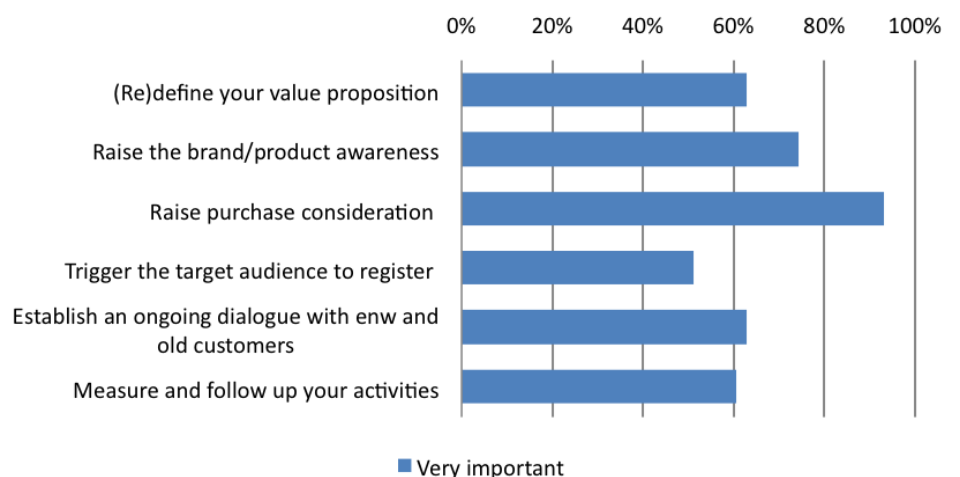
Marketing objectives for 2011

How would you rank the importance of the below marketing objectives from today and until the end of 2011?



Communication objectives for 2011

How would you rank the importance of the below communication objectives for your company from today and until the end of 2011?



Summary and conclusions

This survey took place in the middle of the worst global recession since the 1930s. Changed circumstances obviously force companies to adjust their marketing communication, and for the close future, till the end of 2011, the survey gives three clear trends:

1. More and more of the communication will happen online.
2. Budgets will be re-allocated from traditional paid media channels such as TV, OOH, print and radio to channels that are owned and controlled by the companies themselves, online as well as offline.
3. As the trust for paid advertising has steadily decreased, companies will allocate more resources to stimulate advocacy from other, more independent and trusted sources. PR will see an increase, but above all, „everybody“ wants to tap into the viral potential of social media

So far, those who have been experts in mass broadcasting channels have become strategic partners to the marketing departments. But with the evolvement of digital, direct and continuous communication through owned and earned media channels, the knowledge of the targetted customers will become so much more important.

This will emphasise the needs of a different kind of agency support; with a deeper business and strategy experience, who understands the digital generations of today and with ability to guide the companies through the jungle of online touch points.

Short about Inventa

Inventa is a digital media and communication company that generates online attention for brands and products using both paid, owned and earned media channels. Inventa is a full service online agency offering strategy AND implementation; media AND creativity.

The Inventa team combines senior expertise from both the agency and client side, with local as well as international backgrounds.

Inventa's work is divided into 5 areas:

1. Inventa Strategy and Creativity: A deep business understanding is the starting point for the development of the right strategy and creation of engaging ideas
2. Inventa Media: Planning, buying, ad-serving, optimisation and follow up of digital media channels in order to achieve the maximum result at the lowest cost
3. Inventa Social Media: Social media success in 6 steps, starting with social media monitoring and including influence planning and feeding
4. Inventa Conversion: Website goal definition, website analysis and search and conversion optimisation in order to both lead and take care of the traffic to a website.
5. Inventa production: Design, copywriting, banner and website production is done inhouse meanwhile application, database creation are handled through close partnerships.