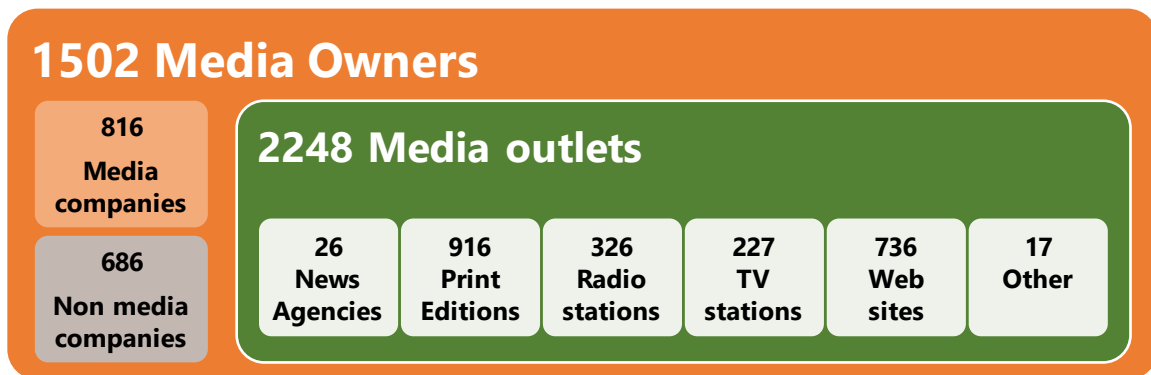


USAID Strengthening Media Systems Project

Strategic Media Market Analysis (SMMTA)

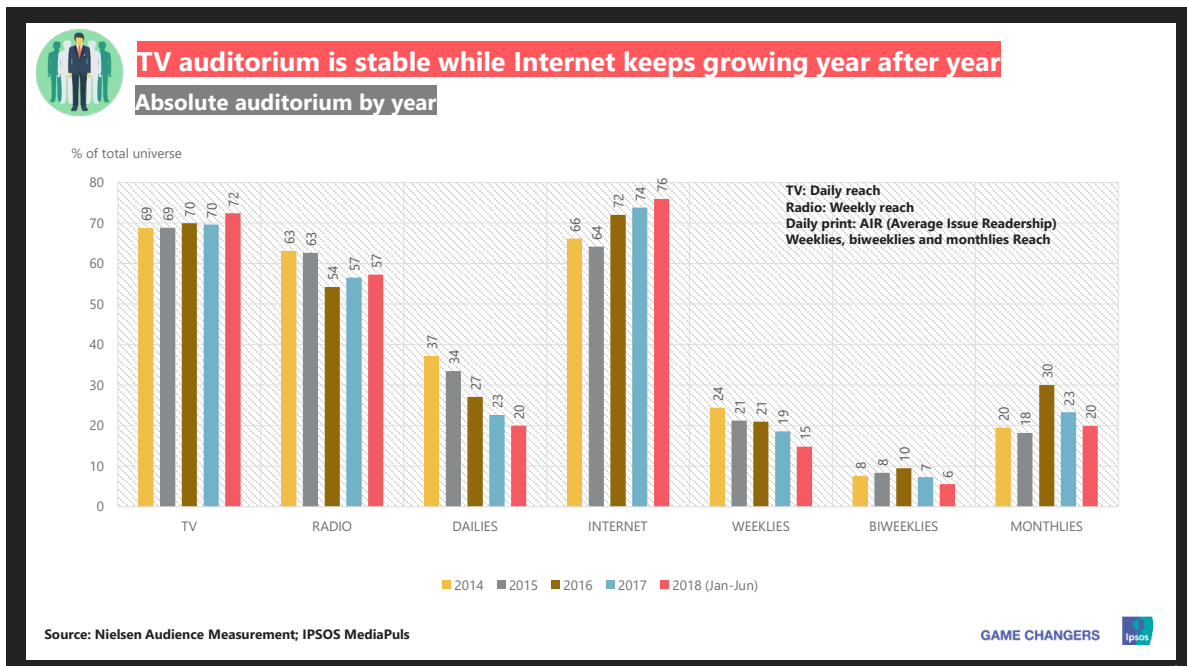
Executive summary

Who are the players on the media market?

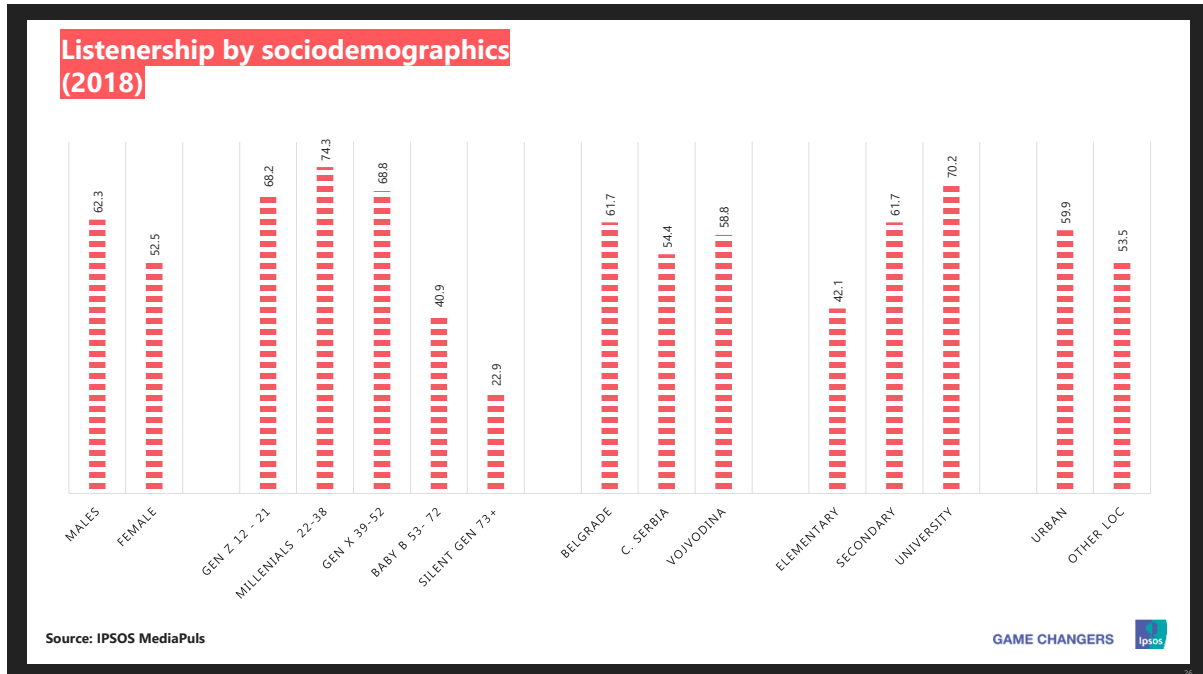


- Supply side includes media outlets and media services they provide
- Demand side refers to media audiences (trends, preferences, habits) and advertisers (presented through media buying and media planning agencies)

What are audience preferences?

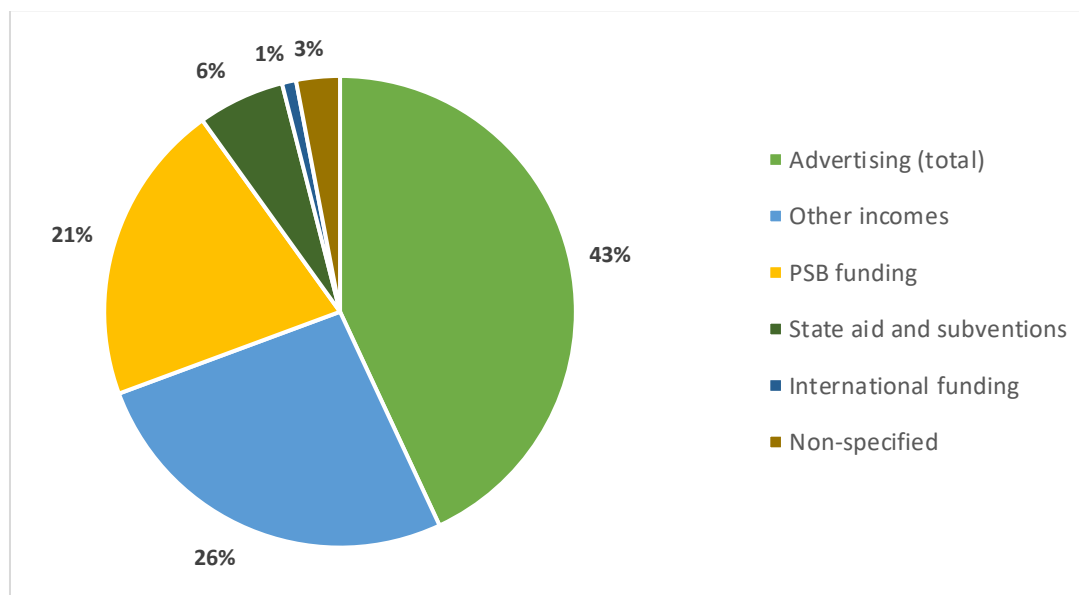


- Television and radio audiences are relatively stable, while TV maintains the largest audience share
- Daily newspapers are facing a steady decline
- The Internet media audience is steadily increasing, but with a slight slowdown in growth, which is due to technical challenges related to Internet penetration and Serbian demographic trends



- Radio programs are especially popular among younger generations, partly because radio has become predominantly a source of entertainment (rather than news)

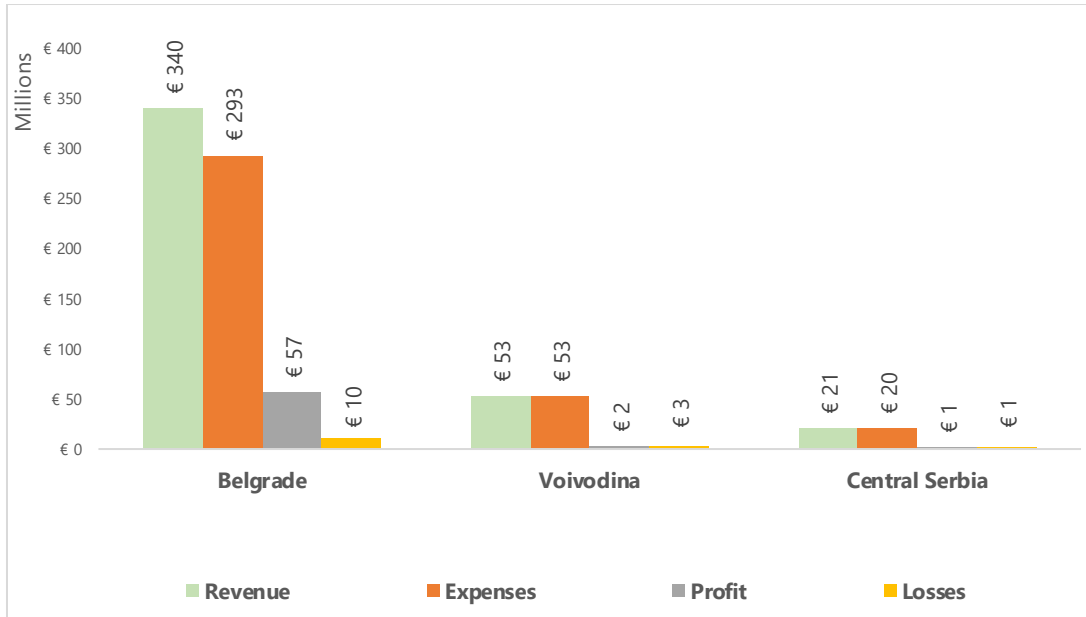
What are the main revenue streams?



- Total value of media market is €414 million

- The bulk of revenue (43%) comes from advertising (€178.2 million), followed by 26% (€ 107.6 million) comprised of incomes generated through other sources and services media are providing¹
- The funding for two public broadcasters represents a significant portion of the media market, accounting for €85.75 million (or 21%), while state funding counts for €24.65 million (or 6%).

How revenues are dispersed per region?

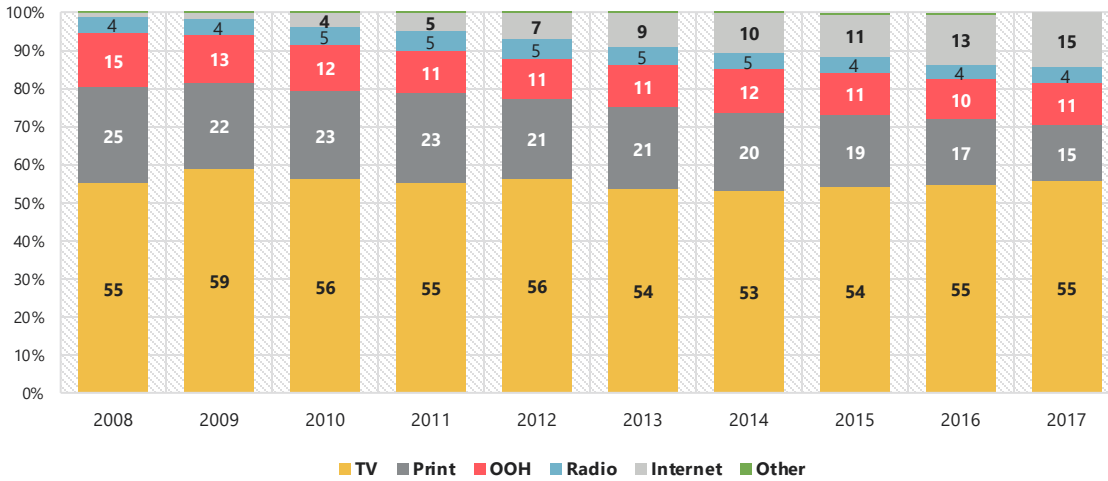


- The media market in Serbia is unbalanced when it comes to geographical dispersion of media outlets (media with the highest revenues operate in the capital and other big cities).

What are trends on digital scene?

¹ Other media incomes include sales of print editions of newspapers (daily and periodical print sold); incomes based on TV distributors payments for TV channels content distribution; resales of own media contents to other media; incomes based on organization media and professional events, etc.)

The structure of advertising market in Serbia in 2008 – 2017.



- Extensive growth of the digital media share in total advertising expenditures is considerable, doubling in only five years (2012 – 2017).
- As estimates of media buying agencies show, 50% of total digital advertising in the Serbian market goes directly to global providers and ad services (Google and Facebook), while the remaining 50% remains for local Internet media (publishers) and ad providers.

OPPORTUNITY FOR CHANGE

Forecasts of near to mid-term trends in media market operations

- The ongoing process of media consolidation, characterized by smaller outlets/companies being bought by larger media entities, will impact the position of TV in the market. This is an ongoing process in Serbia, as illustrated by Telekom Srbija, a company in state ownership, which recently acquired two smaller cable operators (Radius Vektor, AvCom).
- Digital marketing is underrepresented on the media market due to unclear ROI indicators, at least when it comes to FMCG (fast-moving consumer goods) categories, and significant migration of advertisers to global digital platforms (Google, Facebook).
- The process of media consolidation, especially in the domains of print and online media clusters, will continue, and this will negatively affect local and regional media, especially those that are not diversified along various communication platforms.
- The increasing share of cable channels, both local and foreign, in total TV share, accompanied by the acquisition of small cable operators by two dominant players (Telekom Srbija and SBB), will have negative effects on the sustainability of local and regional electronic, and even digital, media.
- Media that are not established according to business principles, but rather work as promoters of certain ideas and interests, will face difficulty obtaining support on the market
- Between 11% and 14% of those polled reported being ready to pay for content or finance particular media outlets. Exploiting this audience will not be attainable without a clear strategy, well-defined objectives, and active campaigns

Alternatives in decision-making in advertising

In Serbia, while decision-making models have not changed for the last 20 years, the character of media, and the scope and character of the audience for each media type have been subject to significant changes.

Many of the changes have been caused by technological development, including:

- The growth of online platforms such as YouTube, Facebook, Instagram, Google;
- The stagnation of traditional TV which still attracts a significant audience share in Serbia.
- The development of different methodologies in media measurement that respond to changing media habits and audience preferences;
- A significant increase in cross-media consumption and variations (including short and simultaneous consumption habits).

Recommendations for improvement

- Traditional media need to switch to new business models that are more cost-effective and adapted to digital circumstances. This means they should become digital first, with print editions as a supplement.
- Diversification of revenues is a condition for the sustainability of professional journalism, and an important step is adaptation of business models to consumers needs. Competent media users are an important part of new business models in digital, and there is a need to empower them through various programs of media and digital literacy.
- Small and local media should join forces (through networks, coalitions) and explore opportunities for joint ad sales at the local, regional and national levels – this could potentially provide them greater access to advertisers.
- The future of local and regional media should be considered important and will need institutionalized and tailored approaches for support. Any further support to local and small media should take their business model as a point of departure, but also consider local economic conditions, media capacities and diversification of potential revenue streams, and the building of communities.

Why metrics matters?

- The extended use of data in decision-making process to allocate advertising funds
- Clients on both sides (demand and supply) look for reliable and verified data, and this is where the Serbian digital media sector needs investments
- Currently, TV in Serbia has the most accepted and clear measuring model, which explains why TV still has an advantage over digital (for advertisers, it is still hard to estimate Return on Investment in the digital media sector)
 - New media and ICT have introduced new metrics and systems of measurement, and new indicators for evaluation of media impact, so there are alternatives to traditional measurement models (such as Content Insight) that should be explored.